

Vote 3

Agriculture and Rural Development

R thousand	2016/17			
	Main appropriation	Adjusted appropriation	Decrease	Increase
Operational budget	2 168 822	2 214 840		46 018
MEC remuneration ¹	1 822	1 902		80
Total amount to be appropriated	2 170 644	2 216 742		46 098
<i>of which:</i>				
Current payments	1 742 000	1 576 383	(165 617)	
Transfers and subsidies	249 496	465 965		216 469
Payments for capital assets	179 148	174 394	(4 754)	
Payments for financial assets	-	-		
Responsible MEC	MEC for Agriculture and Rural Development			
Administering department	Agriculture and Rural Development			
Accounting Officer	Head: Agriculture and Rural Development			

1. Vision and mission

Vision

The vision of the Department of Agriculture and Rural Development (DARD) is: *A united, sustainable and vibrant agricultural sector with thriving rural communities in balance with nature.*

Mission

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

2. Strategic objectives

Strategic policy direction: The department has taken into account the policy direction and priorities of national and provincial government, as well as its mandate in order to come up with its priority activities.

DARD's new approach to agrarian reform is built on the foundation of sound scientific agricultural technology, and the optimal use of resources as captured in the commodity approach. The next level in the reform is based on a sound business model that will support the development and running of the "farming business". To penetrate the value chain, an agro-processing building block is also advocated so that value is added to primary agricultural production for best value in the market place and to improve shelf life.

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

Rural development, agrarian reform and social and economic infrastructure development

- Provide technical support, extension, specialist advisory services and progressive training and mentorship to households and farmers.
- Provide and develop support systems and infrastructure for sustainable land use, agricultural development and comprehensive rural development.

¹ At the time of going to print with the 2016/17 EPRE, the proclamation determining the 2015 salary adjustment relating to office bearers had not been signed, hence this amount remained unchanged from the 2015/16 EPRE. Similarly, at the time of going to print with this document, the proclamation determining the 2016 salary adjustment relating to office bearers has not been signed. As such, the above-mentioned adjustment now aligns the MEC's salary to the 2015 salary level.

- Ensure the prevention, control and/or eradication of animal diseases.
- Create and facilitate improved access to a stable and diversified food supply for improved nutritional well-being and improvement in household income.
- Undertake appropriate adaptive agricultural research and technology development and transfer, to advance agriculture.

Creation of decent work opportunities and ensuring economic growth and infrastructure development

- Create access to local and international markets for local agricultural products.
- Develop commercial farming entrepreneurs and agri-business.
- Enhance linkages with international entities, partners, stakeholders and all spheres of government.

3. Summary of adjusted estimates for the 2016/17 financial year

The Main Appropriation of the department was R2.171 billion in 2016/17. During the year, the department received an additional allocation totalling R46.098 million, resulting in the revised budget of R2.217 billion. The main reasons for this increase, as well as other adjustments, are summarised below, and explained in detail in Section 4.

- *Roll-overs:* An amount of R46.098 million was rolled over from 2015/16 to 2016/17, as follows:
 - R8.089 million in respect of motor vehicles, for which orders were placed in 2015/16 but were not delivered by year-end, resulting in an amount of R8.089 million being rolled over and allocated to Programme 1: Administration (R5.023 million) under the Financial Management sub-programme and Programme 2: Agriculture (R3.066 million) under Farmer Support and Development against *Machinery and equipment*. There is a need for departmental vehicles to enable the department to perform its duties effectively.
 - R27.733 million relates to boreholes, stock watering dams and the rehabilitation of diptanks. The funds were not spent in 2015/16 but orders were issued by year-end. These funds were allocated to *Buildings and other fixed structures* under Programme 2 in the Farmer Support and Development sub-programme and the Veterinary Services sub-programme.
 - R10.276 million in respect of feed, fodder and animal medicine for which orders were issued by year-end. The general supply of animal feed was limited, due to the high demand across the country as a result of the drought. These funds were allocated against *Goods and services* under Programme 2 in the Veterinary Services sub-programme and the Farmer Support and Development sub-programme.
- *Virement between programmes:* The following virements were undertaken across programmes:
 - Savings of R3 million were identified against *Goods and services* under Programme 2 and were moved to Programme 3: Rural Development against *Higher education institutions* to fund the partnership with the University of Zululand (UNIZULU) for the establishment and operationalisation of the Centre for Sustainable and Integrated Rural Development. The objective of the Memorandum of Understanding (MOU) between the department and UNIZULU is to collaborate on formal education, non-formal education, outreach, schools programme, etc. This R3 million was offset by savings of R700 000 under *Compensation of employees* in Programme 3 which were moved to *Transfers and subsidies to: Households* in Programme 2, resulting in a net decrease of R2.300 million in Programme 2, and an equivalent increase in Programme 3.

In addition to the above virements across programmes, the department undertook extensive virements within programmes, affecting sub-programmes, sub-sub-programmes and economic classifications, details of which are provided per programme in Section 4 below.

The above virements are permissible in terms of the PFMA and Treasury Regulations. The increase in transfers and subsidies was approved by Provincial Treasury, while the reduction in capital (discussed under the programme) requires Legislature approval. In addition, the virement to Programme 3 exceeds the 8 per cent threshold, and therefore Legislature approval is required.

- *Shifts*: The department undertook the following shifts:
 - o R455 000 was shifted from Programme 2 to Programme 1 in respect of motor vehicle licence fees within *Transfers and subsidies to: Provinces and municipalities*. This is due to the fact that the bulk of departmental vehicles are budgeted for under Programme 1. The purpose of the funds remains unchanged.
 - o R4.265 million shifted within Programme 1 from *Goods and services* to *Transfers and subsidies to: Households* to correct the classification for external bursaries. The purpose of the funds remains unchanged.
 - o R73.686 million from *Goods and services* and R35.576 million from *Buildings and other fixed structures* was shifted to *Transfers and subsidies to: Public corporations and private enterprises* to cater for projects funded through direct transfer payments such as the SA Sugar Association (R28.115 million), Inqanawe Tunnels (R3.054 million), Rapid Dawn 1064 CC (R1.474 million), River Valley Project (R1.200 million), Siyathuthuka Farms (R4.099 million), Independent Development Trust (IDT) (R20.326 million), Nyezenhle Holdings – Roadside Abattoir (R7 million), Uthukela Local House of Traditional Leaders Development Trust (R18.245 million), Sizisizwe Trading Enterprise Co-operative (R4.728 million), Copperfield Dairy (R6.500 million), Izobuya Nini Trading Enterprise CC (R1.500 million), Indlovu Family CC (R7.521 million), as well as Ekuphileni Poultry and Agricultural Farming Primary Co-operative (R5.500 million). These shifts are within Programme 2 and the purpose of the funds remains unchanged.

Tables 3.1 and 3.2 reflect a summary of the 2016/17 adjusted appropriation of the department, summarised according to programme and economic classification. Note that further details of adjustments at economic classification level are provided in *Annexure – Vote 3: Agriculture and Rural Development*.

Table 3.1 : Summary by programmes

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Administration	486 144	5 023	-	-	455	-	5 478	491 622
2. Agriculture	1 673 278	41 075	-	(2 300)	(455)	-	38 320	1 711 598
3. Rural Development	11 222	-	-	2 300	-	-	2 300	13 522
Total	2 170 644	46 098	-	-	-	-	46 098	2 216 742
Amount to be voted								46 098

Table 3.2 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	1 742 000	10 276	-	(97 942)	(77 951)	-	(165 617)	1 576 383
Compensation of employees	983 934	-	-	(17 210)	-	-	(17 210)	966 724
Goods and services	757 995	10 276	-	(80 732)	(77 951)	-	(148 407)	609 588
Interest and rent on land	71	-	-	-	-	-	-	71
Transfers and subsidies to:	249 496	-	-	102 942	113 527	-	216 469	465 965
Provinces and municipalities	1 466	-	-	(14)	-	-	(14)	1 452
Departmental agencies and accounts	131 350	-	-	(435)	-	-	(435)	130 915
Higher education institutions	-	-	-	3 000	-	-	3 000	3 000
Foreign governments and international organisations	-	-	-	-	-	-	-	-
Public corporations and private enterprises	83 792	-	-	98 377	109 262	-	207 639	291 431
Non-profit institutions	25 207	-	-	-	-	-	-	25 207
Households	7 681	-	-	2 014	4 265	-	6 279	13 960
Payments for capital assets	179 148	35 822	-	(5 000)	(35 576)	-	(4 754)	174 394
Buildings and other fixed structures	136 190	27 733	-	-	(35 576)	-	(7 843)	128 347
Machinery and equipment	42 267	8 089	-	(5 711)	-	-	2 378	44 645
Heritage assets	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-
Biological assets	636	-	-	711	-	-	711	1 347
Land and subsoil assets	-	-	-	-	-	-	-	-
Software and other intangible assets	55	-	-	-	-	-	-	55
Payments for financial assets	-	-	-	-	-	-	-	-
Total	2 170 644	46 098	-	-	-	-	46 098	2 216 742
Amount to be voted								46 098

4. Changes to programme purposes and service delivery measures

The department has not changed the purpose of any of its programmes. It is noted that there have been a few minor changes to service delivery measures to align the targets originally published in the 2016/17 EPRE with the department's APP, which was published after the 2016/17 EPRE.

4.1 Programme 1: Administration

The primary role of Programme 1 is to support the line function components of the department in achieving their goals. Tables 3.3 and 3.4 summarise the 2016/17 adjusted appropriation of Programme 1, summarised according to sub-programme and economic classification. Details of the main adjustments, which resulted in an overall increase of R5.478 million, are given in the paragraphs below.

Table 3.3 : Programme 1: Administration

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Office of the MEC	12 920			-			-	12 920
2. Senior Management	38 301			171			171	38 472
3. Corporate Services	213 771			13 963			13 963	227 734
4. Financial Management	190 386	5 023		(14 156)	455		(8 678)	181 708
5. Communication Services	30 766			22			22	30 788
Total	486 144	5 023	-	-	455	-	5 478	491 622
Amount to be voted								5 478

Table 3.4 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	433 010	-	-	135	(4 265)	-	(4 130)	428 880
Compensation of employees	201 857			(8 419)			(8 419)	193 438
Goods and services	231 153			8 554	(4 265)		4 289	235 442
Interest and rent on land							-	-
Transfers and subsidies to:	4 192	-	-	(135)	4 720	-	4 585	8 777
Provinces and municipalities	770				455		455	1 225
Departmental agencies and accounts	2 952			(435)			(435)	2 517
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions							-	-
Households	470			300	4 265		4 565	5 035
Payments for capital assets	48 942	5 023	-	-	-	-	5 023	53 965
Buildings and other fixed structures	26 775						-	26 775
Machinery and equipment	22 167	5 023					5 023	27 190
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets							-	-
Total	486 144	5 023	-	-	455	-	5 478	491 622
Amount to be voted								5 478

Roll-overs – Programme 1: Administration: R5.023 million

R5.023 million was rolled over and allocated to the Financial Management sub-programme against *Machinery and equipment* in respect of the purchase of motor vehicles, for which orders were placed but not delivered by year-end. There is a need for departmental vehicles to enable the department to perform its duties effectively.

Virement – Programme 1: Administration

Various virements were undertaken within the programme both at sub-programme and economic classification level, which resulted in no change to the allocation for the programme. The detail of the virements is explained below:

- Savings of R8.854 million were identified within the programme as follows:

- o R8.419 million from *Compensation of employees* due to delays in the filling of vacant budgeted posts such as Deputy Director General: Rural Development, Chief Director: Scientific Research, Chief Director: Veterinary Services, Director: Supply Chain Management.
- o R435 000 from *Transfers and subsidies to: Departmental agencies and accounts* in respect of a provision for payments to PSETA. In terms of a National Treasury circular, departments with sector SETAs no longer need to transfer funds to PSETA from 2015/16 onwards.

These savings were moved as follows:

- o R300 000 was moved to *Transfers and subsidies to: Households* within Programme 1, in respect of higher than anticipated staff exit costs.
- o R8.554 million was moved to *Goods and services* within Programme 1 for the training of staff, as well as the new SITA Service Level Agreement in respect of the department's IT.

The above virements account for the movements across sub-programmes. The virements are permissible in terms of the PFMA and Treasury Regulations. The reduction in transfers and subsidies does not require Legislature approval, as it is not gazetted.

Shifts – Programme 1: Administration: R455 000

The department undertook the following shifts, where the purpose of the funds remains unchanged:

- R4.265 million was shifted within Programme 1 from *Goods and services* to *Transfers and subsidies to: Households* to correct the classification for external bursaries.
- R455 000 was shifted from Programme 2 to Programme 1 in respect of motor vehicle licence fees against *Transfers and subsidies to: Provinces and municipalities*. This is due to the fact that most departmental vehicles are budgeted for under Programme 1.

4.2 Programme 2: Agriculture

Programme 2 has two main core functions, namely Agriculture and Veterinary services. Agriculture encompasses crop production, livestock farming, land use and land reform (a national priority run by DARD at provincial level), as well as veterinary services which entails animal disease control, prevention of zoonotic diseases, and ensuring safety of food products of animal origin.

Tables 3.5 and 3.6 summarise the 2016/17 adjusted appropriation of Programme 2 according to sub-programme, sub-sub programme and economic classification. Details of the main adjustments, which resulted in an overall increase of R38.320 million, are provided in the paragraphs following the tables.

Table 3.5 : Programme 2: Agriculture

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Sustainable Resource Management	88 808	-	-	2 453	-	-	2 453	91 261
Engineering Services	34 337			(1 453)			(1 453)	32 884
Land Care	37 832			4 000			4 000	41 832
Land Use Management	13 202			(94)			(94)	13 108
Disaster Risk Management	3 437						-	3 437
2. Farmer Support and Development	1 154 348	30 309	-	(16 755)	(455)	-	13 099	1 167 447
Farmer-settlement and Development	488 319	27 243		(22 344)			4 899	493 218
Extension and Advisory Services	617 129	3 066		(10 511)	(455)		(7 900)	609 229
Food Security	48 900			16 100			16 100	65 000
3. Veterinary Services	145 959	10 766	-	18 017	-	-	28 783	174 742
Animal Health	108 935	10 766		18 100			28 866	137 801
Veterinary Public Health	8 752						-	8 752
Veterinary Laboratory Services	28 272			(83)			(83)	28 189
4. Research and Technology Development Services	159 058	-	-	(5 763)	-	-	(5 763)	153 295
Research	100 376			(6 062)			(6 062)	94 314
Infrastructure Support Services	58 682			299			299	58 981
5. Agricultural Economic Services	7 492	-	-	32	-	-	32	7 524
Agri-Business Support and Development	7 492			32			32	7 524
6. Structured Agricultural Education and Training	117 613	-	-	(284)	-	-	(284)	117 329
Higher Education and Training	100 799			(284)			(284)	100 515
Further Education and Training (FET)	16 814						-	16 814
Total	1 673 278	41 075	-	(2 300)	(455)	-	38 320	1 711 598
Amount to be voted								38 320

Table 3.6 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	1 298 068	10 276	-	(97 377)	(73 686)	-	(160 787)	1 137 281
Compensation of employees	775 610			(8 091)			(8 091)	767 519
Goods and services	522 387	10 276		(89 286)	(73 686)		(152 696)	369 691
Interest and rent on land	71						-	71
Transfers and subsidies to:	245 304	-	-	100 077	108 807	-	208 884	454 188
Provinces and municipalities	696			(14)	(455)		(469)	227
Departmental agencies and accounts	128 398						-	128 398
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises	83 792			98 377	109 262		207 639	291 431
Non-profit institutions	25 207						-	25 207
Households	7 211			1 714			1 714	8 925
Payments for capital assets	129 906	30 799	-	(5 000)	(35 576)	-	(9 777)	120 129
Buildings and other fixed structures	109 415	27 733		-	(35 576)		(7 843)	101 572
Machinery and equipment	19 800	3 066		(5 711)			(2 645)	17 155
Heritage assets							-	-
Specialised military assets							-	-
Biological assets	636			711			711	1 347
Land and subsoil assets							-	-
Software and other intangible assets	55						-	55
Payments for financial assets							-	-
Total	1 673 278	41 075	-	(2 300)	(455)	-	38 320	1 711 598
Amount to be voted								38 320

Roll-overs – Programme 2: Agriculture: R41.075 million

The roll-over of R41.075 million relates to various outstanding commitments from 2015/16 that were paid in 2016/17, and includes:

- An amount of R10.276 million in respect of feed, fodder and animal medicine for which orders were issued by year-end. The general supply of animal feed was limited in 2015/16, due to the high demand across the country as a result of the drought. These funds were allocated under *Goods and services* in the Animal Health sub-sub-programme against the Veterinary Services sub-programme (R4.631 million) and Farmer-settlement and Development sub-sub-programme in the Farmer Support and Development sub-programme (R5.645 million).
- R27.733 million relates to boreholes, stock watering dams and the rehabilitation of diptanks. The funds were not spent in 2015/16, but orders were issued by year-end. These funds were allocated to *Buildings and other fixed structures* in the Farmer-settlement and Development sub-sub-programme under the Farmer Support and Development sub-programme (R21.598 million) and the Animal Health sub-sub-programme under the Veterinary Services sub-programme (R6.135 million).
- R3.066 million in respect of motor vehicles, for which orders were placed but not delivered by year-end, resulting in the funds being rolled over and allocated to the Extension Advisory Services sub-sub-programme under the Farmer Support and Development sub-programme against *Machinery and equipment*.

Virement – Programme 2: Agriculture: (R2.300 million)

Extensive virements were undertaken within the programme, at sub-programme, sub-sub-programme and economic classification level, which resulted in an overall decrease of R2.300 million. The detail of the virements is explained below:

- R3 million was reprioritised from *Goods and services* to Programme 3 against *Transfers and subsidies to: Higher education institutions* to fund the partnership agreement with UNIZULU for the establishment of the Centre of Sustainable and Integrated Rural Development. The objective of the MOU between the department and UNIZULU is to collaborate on formal education, non-formal education, outreach, schools programme, etc., as mentioned above. This was offset by a virement of R700 000 from savings under *Compensation of employees* in Programme 3 which were moved to Programme 2 to offset a shortfall with regard to staff exit costs under *Transfers and subsidies to: Households*. This resulted in a net reduction of R2.300 million in respect of Programme 2.

- In addition to the above, savings of R100.102 million were identified across various sub-programmes and economic classification within Programme 2, as follows:
 - R8.091 million against *Compensation of employees* due to delays in filling vacant posts such as District Managers for eight districts due to slow recruitment processes, and unplanned staff exits.
 - R86.286 million from *Goods and services* in respect of the reprioritisation of projects. These funds were for Communal Estate projects and these projects were moving slower than anticipated.
 - R14 000 under *Transfers and subsidies to: Provinces and municipalities* in respect of municipal rates at Owen Sithole College of Agriculture (OSCA) which were over-budgeted for.
 - R5.711 million against *Machinery and equipment* due to challenges in respect of service providers not meeting the specifications for high tech laboratory equipment. This will only be re-advertised and procured in the next financial year.

These savings were moved within Programme 2 as follows:

- R98.377 million against *Transfers and subsidies to: Public corporation and private enterprises* to use the Masisizane Fund as the implementing agent for the acquisition of tractors and implements, training of operators of the equipment, capacitating farmers through education, training and skills transfer, etc.
- R1.014 million against *Transfer and subsidies to: Households* in respect of staff exit costs.
- R711 000 against *Biological assets* to offset the shortfall as a result of the purchase of animals for research purposes under this category.

These virements are permissible in terms of the PFMA and Treasury Regulations, but the reduction in capital requires Legislature approval, while the increase in transfers was approved by Provincial Treasury.

Shifts – Programme 2: Agriculture: (R455 000)

The department undertook the following shifts:

- R455 000 was shifted from this programme under the Extension Advisory Services sub-sub-programme in the Farmer Support and Development sub-programme to Programme 1 under the Financial Management sub-programme in respect of motor vehicle licence fees against *Transfers and subsidies to: Provinces and municipalities*. The purpose of the funds remains unchanged.
- R73.686 million was moved from *Goods and services* and R35.576 million from *Buildings and other fixed structures* to *Transfers and subsidies to: Public corporations and private enterprise* to cater for projects funded through direct transfer payments such as the SA Sugar Association (R28.115 million), Inqanawe Tunnels (R3.054 million), Rapid Dawn 1064 CC (R1.474 million), River Valley Project (R1.200 million), Siyathuthuka Farms (R4.099 million), IDT (R20.326 million), Nyezenhle Holdings – Roadside Abattoir (R7 million), Uthukela Local House of Traditional Leaders Development Trust (R18.245 million), Sizisizwe Trading Enterprise Co-operative (R4.728 million), Copperfield Dairy (R6.500 million), Izobuya Nini Trading Enterprise CC (R1.500 million), Indlovu Family CC (R7.521 million), as well as Ekuphileni Poultry and Agricultural Farming Primary Co-operative (R5.500 million), as mentioned. These shifts are within Programme 2 and the purpose of the funds remains unchanged. Also, it is noted that the R35.576 million moved from *Buildings and other fixed structures* remains a capital transfer, hence there is no reduction in capital.

Service delivery measures – Programme 2: Agriculture

Table 3.7 shows the service delivery measures relating to Programme 2, including both customised measures prescribed for the Agriculture sector, as well as several measures, which are not prescribed by the sector.

It must be noted that not all the targets fall in line with the APP, which was tabled subsequent to the EPRE, and this accounts for the amounts reflected in the Revised target column. New measures were introduced in the APP after the EPRE was published, and these are indicated as “New” in the Original target column and targets are shown in the Revised target column.

Table 3.7 : Service delivery measures – Programme 2: Agriculture

Outputs		Performance indicators	Performance targets		
			2016/17 Original target	2016/17 Mid-year actual	2016/17 Revised target
1. Sustainable Resource Management					
1.1	Engineering services	<ul style="list-style-type: none">No. of agricultural engineering advisory reports preparedNo. of designs with specification for agricultural engineering solutions providedNo. of agricultural infrastructure established	180 250 337	116 175 126	12
1.2	Infrastructure	<ul style="list-style-type: none">No. of dip tanks constructedNo. of dip tanks rehabilitatedNo. of boreholes establishedNo. of irrigation schemes rehabilitatedNo. of irrigation schemes developedNo. of km of fencing erectedNo. of dams establishedNo. of projects of animal houses implemented (piggery, poultry, etc)No. of agro-processing facilities established	30 78 80 2 34 450 77 26 12	10 10 45 - 7 280 19 4 14	
1.3	Land use	<ul style="list-style-type: none">No. of ha of agricultural land protected through guiding subdivision / rezoning / change of agricultural land useNo. of natural resource assessments completedNo. of soil profiles described (NRS)No. of ha of vegetation sites surveyed e.g. veld condition assessment	4 000 16 5 000 5 000	3 167 12 436 58	400 61
1.4	Disaster risk management	<ul style="list-style-type: none">No. of disaster relief schemes managedNo. of disaster risk reduction programmes managed	1 1	- 2	
1.5	Land care	<ul style="list-style-type: none">No. of green jobs created through land careNo. of ha protected/rehabilitated to improve agricultural productionNo. of awareness campaigns conducted at schools on Land Care	2 000 6 500 New	1 930 6 677 2	970 8 000 10
2. Farmer Support and Development					
2.1	Farmer-settlement and development	<ul style="list-style-type: none">No. of smallholder producers receiving supportNo. of commercial farmers supported	3 150 275	6 827 12	
2.2	Specialist agricultural advisory services	<ul style="list-style-type: none">No. of scientific evaluation reports on commodity based projectsNo. of scientific value adding reports on diversified agricultural productsNo. of agricultural business plans assessed	90 22 330	61 19 116	
2.3	Mentorship	<ul style="list-style-type: none">No. of projects mentored	50	4	
2.4	Extension and advisory services	<ul style="list-style-type: none">No. of smallholder producers supported with agricultural adviceNo. of ha under irrigation used by smallholder farmersNo. of jobs createdNo. of communal estates established	15 000 2 500 1 000 74	14 693 1 000 416 5	
2.5	Crop production	<ul style="list-style-type: none">No. of ha of maize establishedNo. of ha of beans establishedNo. of ha of vegetables establishedNo. of ha of soya bean establishedNo. of ha of cotton establishedNo. of ha of sugarcane establishedNo. of ha of groundnuts rehabilitatedNo. of ha of banana establishedNo. of ha of macadamia establishedNo. of ha of citrus fruits establishedNo. of ha of pineapple established	15 500 5 800 700 1 600 1 000 1 445 665 13 150 105 25	40 128 25 - - 10 61 - - - -	
2.6	Food security	<ul style="list-style-type: none">No. of households benefitting from agricultural food security initiativesNo. of hectares cultivated for food production in communal areas and land reform projectsNo. of community gardens establishedNo. of household gardens establishedNo. of institutional gardens supportedNo. of food security livestock projects established (goats, layers & indigenous chickens)No. of food security tunnels establishedNo. of food security mushroom projects resuscitated	2 130 25 865 170 1 370 190 - 198 60	3 712 61 10 18 7 4 8 -	400

Table 3.7 : Service delivery measures – Programme 2: Agriculture

Outputs	Performance indicators	Performance targets		
		2016/17 Original target	2016/17 Mid-year actual	2016/17 Revised target
3. Veterinary Services				
3.1 Animal health	<ul style="list-style-type: none"> No. of epidemiological units visited for veterinary interventions Animals vaccinated control / notifiable diseases No. of animals surveyed for diseases (TB, CA, rabies, AI, NCD, nagana, BSE) 	20 000 1 500 000 68 000	3 656 526 338 23 235	
3.2 Export control	<ul style="list-style-type: none"> No. of clients serviced for animal products export control 	500	226	1500
3.3 Veterinary public health	<ul style="list-style-type: none"> % level of abattoir compliance to meat safety legislation No. of inspections of facilities processing animal product and by-product No. of inspections to further processing facilities 	100% 705 600	78% 452 33	
3.4 Veterinary laboratory services	<ul style="list-style-type: none"> No. of veterinary laboratory quality control tests which meets ISO 17025 standards No. of tests performed 	65 000 150 000	24 071 74 217	
4. Research and Technology Development Services				
4.1 Research and technical development	<ul style="list-style-type: none"> No. of research and technology development projects implemented to improve agricultural production No. of samples analysed 	96 35 000	- 19 495	
4.2 Infrastructure and support services	<ul style="list-style-type: none"> No. of research infrastructure managed 	11	-	
4.3 Technology transfer services	<ul style="list-style-type: none"> No. of scientific papers published (nationally or internationally) No. of presentations made at scientific events (nationally or internationally) 	11 101	- 217	
5. Agricultural Economic Services				
5.1 Agri-business support and development	<ul style="list-style-type: none"> No. of agri-businesses supported with agricultural economics services toward accessing markets No. of clients benefitted from agricultural economic advice provided No. of functional agro-processing facilities established 	40 1 000 6	18 523 5	30
5.2 Macro-economic support	<ul style="list-style-type: none"> No. of agricultural economic information responses provided No. of economic reports compiled 	800 5	567 2	4
6. Structured Agricultural Education and Training				
6.1 Higher education and training (HET)	<ul style="list-style-type: none"> No. of agricultural HET graduates 	500	-	90
6.2 Further education and training (FET)	<ul style="list-style-type: none"> No. of participants trained in agricultural skills development programmes No. of intervention in revitalisation of agricultural schools No. of interventions in schools programmes 	2 400 5 4	1 835 - -	2 500 8

4.3 Programme 3: Rural Development

This is a fairly new programme created in 2015/16 with the aim to initiate, plan and monitor development in specific rural areas (comprehensive rural development project sites) across the three spheres of government and to facilitate rural development initiatives by engaging communities on priorities and to institutionalise and support community organisational structures.

Tables 3.8 and 3.9 reflect a summary of the 2016/17 adjusted appropriation of Programme 3, summarised according to sub-programme and economic classification.

Details of the main adjustments, which resulted in an overall increase of R2.300 million, are given in the paragraphs below the tables.

Table 3.8 : Programme 3: Rural Development

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Rural Development Coordination	4 492			1 849			1 849	6 341
2. Social Facilitation	6 730			451			451	7 181
Total	11 222	-	-	2 300	-	-	2 300	13 522
Amount to be voted								2 300

Table 3.9 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	10 922	-	-	(700)	-	-	(700)	10 222
Compensation of employees	6 467			(700)			(700)	5 767
Goods and services	4 455						-	4 455
Interest and rent on land							-	-
Transfers and subsidies to:	-	-	-	3 000	-	-	3 000	3 000
Provinces and municipalities							-	-
Departmental agencies and accounts							-	-
Higher education institutions				3 000			3 000	3 000
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions							-	-
Households							-	-
Payments for capital assets	300	-	-	-	-	-	-	300
Buildings and other fixed structures							-	-
Machinery and equipment	300						-	300
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets	-	-	-	-	-	-	-	-
Total	11 222	-	-	2 300	-	-	2 300	13 522
Amount to be voted								2 300

Virement – Programme 3: Rural Development: R2.300 million

Various virements were undertaken affecting the programme both at sub-programme and economic classification level, which resulted in an overall increase of R2.300 million. The detail of the virements is explained below:

- Savings of R700 000 were identified under *Compensation of employees* as a result of vacant posts due to delays in the finalisation of the matching and placing process of staff. The matching and placing of staff into the new structure is a process which involved organised labour and, due to the large number of employees within the department, the process could not be finalised by the end of 2015/16. These savings were moved to Programme 2 to offset the shortfall with regard to staff exit costs against *Transfers and subsidies to: Households*.
- R3 million was moved from Programme 2 to *Transfer and subsidies to: Higher education institutions* under Programme 3 in the Rural Development Co-ordination sub-programme for the department's contribution to the development of the Centre for Sustainable and Integrated Rural Development at UNIZULU.

The above virements are permissible in terms of the PFMA and Treasury Regulations and the required Treasury approval was obtained in respect of the increase in transfers. The virement from Programme 2 to Programme 3 exceeds the 8 per cent threshold, and therefore Legislature approval is required.

Service delivery measures – Programme 3: Rural Development

Table 3.10 shows the service delivery measures relating to Programme 3. Many new measures were introduced in the APP after the *EPRE* was published, and these are indicated as “New” in the Original target column and targets are shown in the Revised target column.

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

Outputs	Performance indicators	Performance targets		
		2016/17 Original target	2016/17 Mid-year actual	2016/17 Revised target
1. Rural Development	Co-ordination			
1.1 Effective Rural Development monitoring and evaluation	<ul style="list-style-type: none"> No. of KZN Interdepartmental task team meetings convened to track rural development implementation District rural development plans integrated into IDPs No. of youth, women and people with disabilities who participate in rural development project 	4 11 2 000	1 - -	

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

Outputs	Performance indicators	Performance targets		
		2016/17 Original target	2016/17 Mid-year actual	2016/17 Revised target
	<ul style="list-style-type: none"> Develop outcome 7 performance reports for the province No. of reported sub-outcomes verified No. of impact assessments completed No. of statistical review reports produced 	4 2 2 2	2 - - -	
2. Social Facilitation				
2.1 Sustainable enterprises & industries promoted in areas with economic potential	<ul style="list-style-type: none"> increased participation in the value chain of prioritised commodities Develop rural development plans for each of the 4 pillars – River catalytic, Agri-villages, Communal estates and Land Reform No. of Agri-businesses supported with agricultural economics advice towards accessing markets & sustainable participation in value chains No. of clients who have benefited from agricultural economic and advice provided No. of agricultural economic information responses provided No. of economic reports provided No. of Agri-businesses supported with business entity advice Develop a youth in agribusiness empowerment model No. of business entities (incl co-ops) equipped with rural enterprise development skills No. of projects mentored No. of agricultural graduates deployed in rural projects No. of reports on implementation of the agri-park strategy for each district No. of partnerships brokered promoting rural development No. of women owned enterprises supported to participate in agricultural value chains 	4 New New New 65 1 110 50 50 4 5 11	1 - - - 55 1 100 4 2 2 42	10 1 000 800 4 65 1 110 50 50 4 5 11

5. Specifically and exclusively appropriated allocations

Table 3.11 shows the amounts that are specifically and exclusively appropriated for specific purposes in terms of the 2016/17 KZN Adjustments Appropriation Act. Note that transfers to public entities and conditional grants (which are also specifically and exclusively appropriated funds) are not included here, as they are discussed in Sections 8 and 9 below.

There was no amendment to the amount of R50 million allocated for drought relief. It is noted that the department will receive additional funding in the form of an indirect grant in respect of additional fodder via the Comprehensive Agricultural Support Programme (CASP) grant, and the province was advised of this by National Treasury.

Table 3.11 : Summary of specifically and exclusively appropriated funding

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Prog. 2: Drought Relief	50 000	-	-	-	-	-	-	50 000
Total	50 000	-	-	-	-	-	-	50 000
Amount to be voted								

6. Gifts, donations and sponsorships

The department is not envisaging any gifts, donations and sponsorships above R100 000 during the current financial year.

7. Infrastructure

Table 3.12 shows the summary of infrastructure payments per main category.

Details of the main adjustments, which resulted in an overall increase of R9.407 million, are provided in the paragraphs following the tables.

Table 3.12 : Summary of infrastructure payments by category

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Existing infrastructure assets	108 005	6 135	-	(18 326)	-	-	(12 191)	95 814
Maintenance and repair: Current	26 654			(18 326)			(18 326)	8 328
Upgrades and additions: Capital							-	-
Refurbishment and rehabilitation: Capital	81 351	6 135					6 135	87 486
New infrastructure assets: Capital	54 839	21 598	-	-	(35 576)	-	(13 978)	40 861
Infrastructure transfers	-	-	-	-	35 576	-	35 576	35 576
Infrastructure transfers: Capital					35 576		35 576	35 576
Infrastructure transfers: Current							-	-
Infrastructure: Payments for fin assets							-	-
Infrastructure: Leases							-	-
Capital infrastructure	136 190	27 733	-	-	-	-	27 733	163 923
Current infrastructure	26 654	-	-	(18 326)	-	-	(18 326)	8 328
Total	162 844	27 733	-	(18 326)	-	-	9 407	172 251
Amount to be voted								9 407

- *Roll-overs*: An amount of R27.733 million was allocated in respect of the following:
 - *Refurbishment and rehabilitation: Capital* was allocated an amount of R6.135 million which relates to the rehabilitation of diptanks. The funds were not spent in 2015/16, but orders were issued by year-end.
 - *New infrastructure assets: Capital* was increased by R21.598 million in respect of boreholes, stock watering dams and diptanks. The funds were not spent in 2015/16 but orders were issued by year-end.
- *Virements*: The decrease of R18.326 million against *Maintenance and repair: Current* is in respect of an incorrect allocation for repairs of agricultural infrastructure. This category was inadvertently over-budgeted for in the *EPRE*.
- *Shifts*: An amount of R35.576 million is shifted from direct payment for *New infrastructure assets: Capital* to *Infrastructure transfers: Capital* in respect of projects where the department's CASP grant portion is transferred to the beneficiaries. The department provides 50 per cent of the funding to farmers as support and the farmer must provide the other 50 per cent. These beneficiaries include Copperfield Dairy, Izobuya Nini Trading Enterprise CC, Indlovu Family CC, as well as Ekuphileni Poultry and Agricultural Farming Primary Co-operative. The original purpose of the funds remains unchanged.

8. Conditional grants

Tables 3.13 and 3.14 provide a summary of changes to conditional grants.

Details of the main adjustments, which result in no change to the overall grant allocations, are provided below the table.

It is noted that the department will receive additional funding in the form of an indirect grant in respect of additional fodder via the CASP grant, and the province was advised of this by National Treasury.

Table 3.13 : Summary of changes to conditional grants

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Administration	-	-	-	-	-	-	-	-
2. Agriculture	300 503	-	-	-	-	-	-	300 503
CASP grant	222 155						-	222 155
Ilima/Letsema Projects grant	63 876						-	63 876
Land Care Programme grant	10 632						-	10 632
EPWP Integrated Grant for Provinces	3 840						-	3 840
3. Rural Development	-	-	-	-	-	-	-	-
Total	300 503	-	-	-	-	-	-	300 503
Amount to be voted								-

Table 3.14 : Summary of conditional grants by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	245 500	-	-	-	(10 500)	-	(10 500)	235 000
Compensation of employees	17 893						-	17 893
Goods and services	227 607				(10 500)		(10 500)	217 107
Interest and rent on land							-	-
Transfers and subsidies to:	-	-	-	-	41 348	-	41 348	41 348
Provinces and municipalities							-	-
Departmental agencies and accounts							-	-
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises					41 348		41 348	41 348
Non-profit institutions							-	-
Households							-	-
Payments for capital assets	55 003	-	-	-	(30 848)	-	(30 848)	24 155
Buildings and other fixed structures	47 492				(30 848)		(30 848)	16 644
Machinery and equipment	7 511						-	7 511
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets							-	-
Total	300 503	-	-	-	-	-	-	300 503
Amount to be voted								-

- *Shifts*: The department undertook a shift of R10.500 million from *Goods and services* and R30.848 million from *Buildings and other fixed structures* to *Transfers and subsidies to: Public corporations and private enterprises* in respect of projects where the department's CASP grant portion is transferred to the beneficiaries. The department provides 50 per cent of the funding to farmers as support and the farmer must provide the other 50 per cent. Also, it is noted that the R30.848 million moved from *Buildings and other fixed structures* remains a capital transfer, hence there is no reduction in capital. The original purpose of the funds remains unchanged.

9. Transfers and subsidies

Table 3.15 shows the summary of transfers and subsidies by programme and main category. Details of the main adjustments, which resulted in an overall increase of R216.469 million in the transfers and subsidies allocation, are provided in the paragraphs before and following the tables.

- *Virement*: The following virements were undertaken at programme level:
 - In respect of Programme 1:
 - *Departmental agencies and accounts* was decreased by R435 000 in respect of a provision that was made for payments to PSETA. In terms of a circular from National Treasury, departments that have sector SETAs no longer need to transfer funds to PSETA from 2015/16 onwards.
 - *Households* was increased by R300 000 to fund the shortfall for unplanned staff exit costs.
 - In respect of Programme 2:
 - *Provinces and municipalities* was decreased by R14 000 due to municipal rates for OSCA which were over-budgeted for.
 - *Public corporations and private enterprises* was increased by R98.377 million to use the Masisizane Fund as the implementing agent for the acquisition of tractors and implements, training of operators of the equipment, capacitating farmers through education, etc.
 - *Households* was increased by R1.714 million in respect of unplanned staff exit costs.
 - In respect of Programme 3:
 - *Higher education institutions* was increased by R3 million, being the department's contribution to UNIZULU for the Centre for Sustainable and Integrated Rural Development, as mentioned.

The above virements are permissible in terms of the PFMA and Treasury Regulations, and the increase in *Public corporations and private enterprises* for the Masisizane Fund, and in *Higher education institutions* for UNIZULU was approved by Provincial Treasury.

Table 3.15 : Summary of transfers and subsidies by programme and main category

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Administration	4 192	-	-	(135)	4 720	-	4 585	8 777
Provinces and municipalities	770	-	-	-	455	-	455	1 225
Motor vehicle licences	770				455		455	1 225
Departmental agencies and accounts	2 952	-	-	(435)	-	-	(435)	2 517
Skills Development Levy	2 952			(435)			(435)	2 517
Households	470	-	-	300	4 265	-	4 565	5 035
Other transfers to households					4 265		4 265	4 265
Staff exit costs	470			300			300	770
2. Agriculture	245 304	-	-	100 077	108 807	-	208 884	454 188
Provinces and municipalities	696	-	-	(14)	(455)	-	(469)	227
Motor vehicle licences	658				(455)		(455)	203
Municipal accounts	38			(14)			(14)	24
Departmental agencies and accounts	128 398	-	-	-	-	-	-	128 398
Agri-Business Development Agency	128 397						-	128 397
TV and radio licences	1						-	1
Public corporations and private enterprises	83 792	-	-	98 377	109 262	-	207 639	291 431
Mjindi	53 183						-	53 183
Independent Development Trust (IDT)					20 326		20 326	20 326
Agricultural Show Societies	100						-	100
SA Sugarcane Research Institute	2 242						-	2 242
SA Sugar Association					28 115		28 115	28 115
Soil Conservation Subsidy	1 605						-	1 605
Inqanawe Tunnel Project					3 054		3 054	3 054
Rapid Dawn 1064 CC					1 474		1 474	1 474
River Valley Project					1 200		1 200	1 200
Siyathuthuka Farms					4 099		4 099	4 099
Communal Estates	26 662						-	26 662
Masisizane Fund				98 377			98 377	98 377
Nyezenhle Holdings - Roadside Abattoir					7 000		7 000	7 000
Uthukela Local House of Trad. Leaders Dev. Tr.					18 245		18 245	18 245
Sizisizwe Trad. Ent. Primary Co-Op.					4 728		4 728	4 728
Copperfield Dairy					6 500		6 500	6 500
Izobuya Nini Trading Enterprise CC					1 500		1 500	1 500
Indlovu Family CC					7 521		7 521	7 521
Ekuphileni Poultry and Agric. Farming Prim. Co-op.					5 500		5 500	5 500
Non-profit institutions	25 207	-	-	-	-	-	-	25 207
Zakhe Agricultural College	3 446						-	3 446
Agricultural Schools	21 761						-	21 761
Households	7 211	-	-	1 714	-	-	1 714	8 925
Social benefit - staff exit costs	7 211			1 714			1 714	8 925
3. Rural Development	-	-	-	3 000	-	-	3 000	3 000
Higher education institutions	-	-	-	3 000	-	-	3 000	3 000
University of Zululand				3 000			3 000	3 000
Total	249 496	-	-	102 942	113 527	-	216 469	465 965
Amount to be voted								216 469

- *Shifts*: Some shifts were made at programme level, and the purpose of the funds remains unchanged:
 - In respect of Programme 1:
 - R455 000 was shifted from Programme 2 to Programme 1 in respect of motor vehicle licence fees against *Provinces and municipalities*.
 - R4.265 million was shifted within Programme 1 from *Goods and services* to *Households* to correct the classification for external bursaries.
 - In respect of Programme 2:
 - R455 000 was shifted from this programme to Programme 1 for motor vehicle licence fees against *Provinces and municipalities*.
 - R73.686 million was moved from *Goods and services* and R35.576 million from *Buildings and other fixed structures* to *Public corporations and private enterprises* to cater for projects funded through direct transfer payments such as the SA Sugar Association, Inqanawe Tunnels, Rapid Dawn 1064 CC, River Valley Project, Siyathuthuka Farms, IDT, Nyezenhle Holdings –

Roadside Abattoir, Uthukela Local House of Traditional Leaders Development Trust, Sizisizwe Trading Enterprise Co-operative, Copperfield Dairy, Izobuya Nini Trading Enterprise CC, Indlovu Family CC, as well as Ekuphileni Poultry and Agricultural Farming Primary Co-operative, as mentioned. These shifts are within Programme 2.

10. Transfers to public entities

Table 3.16 reflects transfers made by the department to public entities. There were no movements in respect of the transfers to the public entities and therefore, there was no change in the allocation.

Table 3.16 : Summary of transfers to public entities

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Agri-Business Development Agency	128 397						-	128 397
Mjindi Farming (Pty) Ltd	53 183						-	53 183
Total	181 580	-	-	-	-	-	-	181 580
Amount to be voted								

11. Transfers to local government

The department does not make any transfers to local government. It is noted that an amount of R770 000 is reflected against *Transfers and subsidies to: Provinces and municipalities* in Table 3.15 above. This relates to the payment of motor vehicle licences. As this amount will not be transferred to any municipality, the table reflecting transfers to local government is excluded.

12. Actual payments and revised spending projections for the rest of 2016/17

Tables 3.17 and 3.18 reflect actual payments as at the end of September 2016, projected payments for the rest of the financial year and the total revised spending in rand value and as a percentage of the adjusted appropriation per programme and economic classification. The tables also show the 2015/16 Audited outcome.

Table 3.17 : Actual payments and revised spending projections by programme

R thousand	2015/16 Audited outcome	Adjusted appropriation	Actual payments		Projected payments		Projected actual
			April '16 - September 2016	% of budget	October '16 - March 2017	% of budget	
1. Administration	341 761	491 622	210 363	42.8	281 259	57.2	491 622
2. Agriculture	1 855 535	1 711 598	829 699	48.5	881 899	51.5	1 711 598
3. Rural Development	1 891	13 522	5 017	37.1	8 505	62.9	13 522
Total	2 199 187	2 216 742	1 045 079	47.1	1 171 663	52.9	2 216 742

Table 3.18 : Actual payments and revised spending projections by economic classification

R thousand	2015/16 Audited outcome	Adjusted appropriation	Actual payments		Projected payments		Projected actual
			April '16 - September 2016	% of budget	October '16 - March 2017	% of budget	
Current payments	1 738 423	1 576 383	786 034	49.9	790 349	50.1	1 576 383
Compensation of employees	911 392	966 724	473 146	48.9	493 578	51.1	966 724
Goods and services	826 804	609 588	312 888	51.3	296 700	48.7	609 588
Interest and rent on land	227	71	-	-	71	100.0	71
Transfers and subsidies to:	246 968	465 965	143 358	30.8	322 607	69.2	465 965
Provinces and municipalities	1 313	1 452	620	42.7	832	57.3	1 452
Departmental agencies and accounts	101 306	130 915	27 872	21.3	103 043	78.7	130 915
Higher education institutions	-	3 000	-	-	3 000	100.0	3 000
Foreign governments and international organisations	-	-	-	-	-	-	-
Public corporations and private enterprises	112 091	291 431	107 861	37.0	183 570	63.0	291 431
Non-profit institutions	13 770	25 207	-	-	25 207	100.0	25 207
Households	18 488	13 960	7 005	50.2	6 955	49.8	13 960
Payments for capital assets	213 177	174 394	115 687	66.3	58 707	33.7	174 394
Buildings and other fixed structures	172 688	128 347	102 144	79.6	26 203	20.4	128 347
Machinery and equipment	40 139	44 645	13 441	30.1	31 204	69.9	44 645
Heritage assets	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-
Biological assets	350	1 347	51	3.8	1 296	96.2	1 347
Land and subsoil assets	-	-	-	-	-	-	-
Software and other intangible assets	-	55	51	92.7	4	7.3	55
Payments for financial assets	619	-	-	-	-	-	-
Total	2 199 187	2 216 742	1 045 079	47.1	1 171 663	52.9	2 216 742

The total expenditure at mid-year was at 47.1 per cent of the adjusted budget which is slightly below the straight-line benchmark of 50 per cent.

Spending against Programme 1 is at 42.8 per cent of the adjusted budget mainly due to vacant posts, slower than anticipated progress relating to upgrades/renovations at departmental offices, as well as once-off expenditure on departmental vehicles which are to be delivered in the second half of the year.

Programme 2 shows actual expenditure of R829.699 million or 48.5 per cent of the adjusted budget spent which is closely aligned to the straight-line benchmark of 50 per cent. This level of expenditure is high compared to trends in previous years and is mainly due to the increase in transfer payments in respect of the acquisition of mechanisation equipment, as well as the department's 50 per cent grant funded projects.

Programme 3 is a new programme utilised by the department with effect from 2015/16. The spending was low at 37.1 per cent as this function is being developed and posts still need to be filled. Also contributing to the low spending is the provision of a once off R3 million transfer payment to UNIZULU for the establishment of the centre for Sustainable and Integrated Rural Development which will be paid in the second half of the year.

As at mid-year, the department is projecting to fully spend the adjusted budget of R2.217 billion.

With regard to economic category:

- Spending against *Compensation of employees* was slightly low at 48.9 per cent against the annual budget. The low spending is due to delays in the filling of vacant posts such as Deputy Director General: Rural Development, Chief Director: Scientific Research, Chief Director: Veterinary Services, District Directors, Director: Supply Chain Management as a result of slow recruitment processes, as well as unplanned exits, as mentioned above.
- *Goods and services* expenditure was high at mid-year, with 51.3 per cent of the annual budget spent, as a result of the carry-over of expenditure from 2015/16 relating to feed, fodder and animal medicine for which a roll-over was approved.
- With regard to *Transfers and subsidies*:
 - Expenditure against *Provinces and municipalities* was at 42.7 per cent due to the fact that this is dependent on when vehicles were purchased.
 - Spending on *Departmental agencies and accounts* was lower than the mid-year benchmark of 50 per cent at 21.3 per cent, in line with the actual requirement for project implementation by ADA.
 - Spending on *Public corporations and private enterprises* was low compared to the mid-year benchmark at 37 per cent due to the fact that this item depends on the progress made by implementing agents and project beneficiaries.
 - Expenditure against *Households* was largely on par with mid-year benchmark at 50.2 per cent and is projecting to be fully spent.
- *Buildings and other fixed structures* was significantly high at 79.6 per cent at mid-year, largely due to the good progress on infrastructure projects in the Makhathini area, as well as the roll-over requested for boreholes and stock watering dams where invoices were processed in the first six months.
- *Machinery and equipment* was lower than the mid-year benchmark of 50 per cent. This low rate of expenditure relates mainly to vehicles ordered but not yet delivered and paid for. A roll-over in respect of vehicles ordered was approved and this category is anticipated to fully spend at year-end.
- *Biological assets* was significantly lower than the mid-year benchmark at 3.8 per cent. This relates to animals required for research and training, and these are only acquired when the correct breed is available and required.
- *Software and other intangible assets* spent R51 000 at mid-year in respect of computer licences against an annual budget of R55 000 and is projecting to be fully spent at year-end.

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

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments	
Current payments	1 742 000	10 276	-	(97 942)	(77 951)	-	1 576 383
Compensation of employees	983 934	-	-	(17 210)	-	-	966 724
Salaries and wages	839 933	-	-	(14 076)	-	-	825 857
Social contributions	144 001	-	-	(3 134)	-	-	140 867
Goods and services	757 995	10 276	-	(80 732)	(77 951)	-	609 588
Administrative fees	1 562	-	-	547	-	-	2 109
Advertising	6 450	-	-	(490)	-	-	5 960
Assets less than capitalisation threshold	8 095	-	-	(3 230)	-	-	4 865
Audit cost: External	6 004	-	-	(109)	-	-	5 895
Bursaries: Employees	5 622	-	-	(90)	(4 265)	-	1 267
Catering: Departmental activities	2 439	-	-	(76)	-	-	2 363
Communication (G&S)	29 766	-	-	2 770	-	-	32 536
Computer services	42 513	-	-	7 784	-	-	50 297
Cons & prof serv: Business and advisory services	637	-	-	(18)	-	-	619
Cons & prof serv: Infras and planning	92 918	-	-	(20 160)	(41 894)	-	30 864
Cons & prof serv: Laboratory services	445	-	-	(98)	-	-	347
Cons & prof serv: Scientific and tech services	-	-	-	-	-	-	-
Cons & prof serv: Legal costs	2 473	-	-	(213)	-	-	2 260
Contractors	43 837	-	-	(4 816)	(9 500)	-	29 521
Agency and support / outsourced services	14 683	-	-	(2 463)	-	-	12 220
Entertainment	-	-	-	-	-	-	-
Fleet services (incl. gov motor transport)	41 721	-	-	(69)	-	-	41 652
Housing	-	-	-	-	-	-	-
Inventory: Clothing material and accessories	5 521	-	-	1 026	-	-	6 547
Inventory: Farming supplies	167 543	5 645	-	(62 639)	(22 292)	-	88 257
Inventory: Food and food supplies	-	-	-	-	-	-	-
Inventory: Fuel, oil and gas	3 199	-	-	(440)	-	-	2 759
Inventory: Learner and teacher support material	1 323	-	-	30	-	-	1 353
Inventory: Materials and supplies	11 232	-	-	(2 348)	-	-	8 884
Inventory: Medical supplies	518	-	-	(154)	-	-	364
Inventory: Medicine	17 142	4 631	-	12 261	-	-	34 034
Medsas inventory interface	-	-	-	-	-	-	-
Inventory: Other supplies	4 059	-	-	343	-	-	4 402
Consumable supplies	27 143	-	-	3 135	-	-	30 278
Consumable: Stationery, printing and office supplies	9 688	-	-	(2 368)	-	-	7 320
Operating leases	30 848	-	-	646	-	-	31 494
Property payments	79 402	-	-	(2 886)	-	-	76 516
Transport provided: Departmental activity	302	-	-	190	-	-	492
Travel and subsistence	79 676	-	-	(8 791)	-	-	70 885
Training and development	9 951	-	-	406	-	-	10 357
Operating payments	9 586	-	-	1 334	-	-	10 920
Venues and facilities	1 697	-	-	244	-	-	1 941
Rental and hiring	-	-	-	10	-	-	10
Interest and rent on land	71	-	-	-	-	-	71
Interest	-	-	-	-	-	-	-
Rent on land	71	-	-	-	-	-	71
Transfers and subsidies to	249 496	-	-	102 942	113 527	-	465 965
Provinces and municipalities	1 466	-	-	(14)	-	-	1 452
Provinces	1 428	-	-	-	-	-	1 428
Provincial Revenue Funds	-	-	-	-	-	-	-
Provincial agencies and funds	1 428	-	-	-	-	-	1 428
Municipalities	38	-	-	(14)	-	-	24
Municipalities	-	-	-	-	-	-	-
Municipal agencies and funds	38	-	-	(14)	-	-	24
Departmental agencies and accounts	131 350	-	-	(435)	-	-	130 915
Social security funds	-	-	-	-	-	-	-
Entities receiving funds	131 350	-	-	(435)	-	-	130 915
Higher education institutions	-	-	-	3 000	-	-	3 000
Foreign governments and international organisations	-	-	-	-	-	-	-
Public corporations and private enterprises	83 792	-	-	98 377	109 262	-	291 431
Public corporations	57 130	-	-	(3 947)	20 326	-	73 509
Subsidies on production	-	-	-	-	-	-	-
Other transfers	57 130	-	-	(3 947)	20 326	-	73 509
Private enterprises	26 662	-	-	102 324	88 936	-	217 922
Subsidies on production	-	-	-	-	-	-	-
Other transfers	26 662	-	-	102 324	88 936	-	217 922
Non-profit institutions	25 207	-	-	-	-	-	25 207
Households	7 681	-	-	2 014	4 265	-	13 960
Social benefits	7 681	-	-	2 014	-	-	9 695
Other transfers to households	-	-	-	-	4 265	-	4 265
Payments for capital assets	179 148	35 822	-	(5 000)	(35 576)	-	174 394
Buildings and other fixed structures	136 190	27 733	-	-	(35 576)	-	128 347
Buildings	26 775	-	-	-	-	-	26 775
Other fixed structures	109 415	27 733	-	-	(35 576)	-	101 572
Machinery and equipment	42 267	8 089	-	(5 711)	-	-	44 645
Transport equipment	18 028	8 089	-	-	-	-	26 117
Other machinery and equipment	24 239	-	-	(5 711)	-	-	18 528
Heritage assets	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-
Biological assets	636	-	-	711	-	-	1 347
Land and sub-soil assets	-	-	-	-	-	-	-
Software and other intangible assets	55	-	-	-	-	-	55
Payments for financial assets	-	-	-	-	-	-	-
Total	2 170 644	46 098	-	-	-	-	2 216 742
Amount to be voted							46 098