

REPORT OF THE PORTFOLIO COMMITTEE ON AGRICULTURE, RURAL DEVELOPMENT, LAND AND ENVIRONMENTAL AFFAIRS

2014/15 SECOND QUARTER REPORT OF THE DEPARTMENT OF AGRICULTURE, RURAL DEVELOPMENT, LAND AND ENVIRONMENTAL AFFAIRS (VOTE 5)

1. INTRODUCTION

The Portfolio Committee on Agriculture, Rural Development, Land and Environmental Affairs (the Committee) has a Constitutional mandate, in terms of Section 114(2)(b) of the Constitution of the Republic of South Africa (Act 108 of 1996) read with Rule 131 of the Mpumalanga Provincial Legislature to oversee the performance of the Department of Agriculture, Rural Development, Land and Environmental Affairs (the department) and hold it accountable through various measures.

The consideration and scrutiny of the Second Quarterly Performance Report for the 2014/2015 financial year is a tool the Committee use to determine whether the department has proper plans and programmes to realise its strategic objectives and ultimately to deliver basic services to the citizens of Mpumalanga.

The Committee tables this report, in accordance with the provisions of the Rules and Orders of the Mpumalanga Provincial Legislature, as an account of its oversight work done for consideration and adoption in order to monitor the performance of the department for the 2014/2015 financial year.

2. METHOD OF WORK

The Honourable Speaker of the Legislature referred the 2014/15 Second Quarterly Performance Report to the Committee for deliberations and report back to the House, in accordance with Rule 131 (4) and Rule 28 of the Rules and Orders of the Mpumalanga Provincial Legislature.

The Research Section, after analysing the 2014/15 Second Quarter Report briefed the Committee on the progress made by the department in implementing the second quarterly targets as set out in the 2014/15 Annual Performance Plan. The Committee was briefed on 11 March 2015. The Committee met with the department on 19 March 2015 to deliberate on the department's Second

Quarter Report. Subsequently, the Committee considered its draft Committee Report on 25 March 2015.

3. PROGRESS REPORT ON THE IMPLEMENTATION OF HOUSE RESOLUTIONS EMANATING FROM THE FIRST QUARTER REPORT

The Committee considered an updated report on the progress made by the department in implementing previous House Resolutions emanating from the 2014/15 First Quarter Report. The progress report is reflected in this Committee Report to provide a comprehensive perspective (see Annexure A).

4. MEC'S OVERVIEW OF THE 2014/15 SECOND QUARTER REPORT

The MEC tendered an apology for the meeting as he was attending a MINMEC meeting in Cape Town. However, the Committee raised a concern that the apology of the MEC was not submitted in writing.

5. ANALYSIS OF THE SECOND QUARTER REPORT

5.1. BUDGET ANALYSIS

5.1.1. Spending per Programme

The Department has been allocated **R1 071 404 000** for the 2014/15 financial year in terms of the 2014/15 Appropriation. For the second quarter, it managed to spend **R 319 392 000**, which is 30% of the allocated budget and falling below the 50% benchmark by 20%. None of the nine programmes reached the 50% spending benchmark. The worst under-expenditure is seen in programmes 6 & 8 at 10% & 17% respectively.

Table 1 below indicates the spending of the department per programme.

Table 1: Spending per program

| PROGRAMME | Budget 2014/15 R'000 | Expenditure R'000 | Percentage % |
|--|----------------------------|----------------------|-----------------|
| Administration | 135 299 | 59 329 | 44 |
| Sustainable Resource Management | 62 473 | 22 439 | 36 |
| Farmer Support and Development | 449 956 | 112 367 | 25 |
| Veterinary Services | 114 541 | 48 322 | 42 |
| Research and Technology Development Services | 47 900 | 19 625 | 41 |
| Agricultural Economics Services | 42 762 | 4 130 | 10 |
| Structured Agricultural Education and Training | 71 365 | 28 668 | 40 |

| | | | |
|--------------------------------|------------------|----------------|-----------|
| Rural Development Coordination | 147 108 | 24 517 | 17 |
| Environmental Affairs | • | • | • |
| TOTAL | 1 071 404 | 319 392 | 30 |

The Committee noted with concern the low expenditure on the **Farmer Support and Development** and **Rural Development Coordination** Programmes. The department reported that the re-planning process that the department had to undertake immediately after the up-liftment of curatorship caused the low expenditure.

5.1.2. Conditional Grants

The Committee requested the department to indicate the implication of the low expenditure on Conditional Grants. The department reported that the implication of the low expenditure on the conditional grant is a reflection of the slow movement of the projects funded by the grants. The department indicated that these were mainly infrastructure projects. Furthermore, the department reported that they will request a roll-over of all committed budgets.

5.1.3. Spending per Economic Classification

The Committee noted that the department had not indicated the Economic Classifications budget for the second quarter in the report. Subsequently, the department submitted the Economic Classification Expenditure for the second quarter.

Table 2 below indicates the spending of the department per Economic Classification:

| PROGRAMME | Budget 2014/15 R'000 | Expenditure R'000 | Percentage % |
|---|----------------------------|----------------------|-----------------|
| Current Payments | 720 425 | 298 474 | 41 |
| Compensation of Employees | 487 148 | 226 267 | 46 |
| Goods and services | 233 277 | 72 207 | 31 |
| Current Transfers and subsidies | 299 139 | 16 235 | 5 |
| Departmental agencies and accounts | 1 500 | - | 0 |
| Public corporations and private enterprises | 4 000 | - | 0 |
| Households | 293 639 | 16 235 | 6 |
| Payments for Capital Assets | 51 840 | 4 683 | 9 |
| Buildings and other fixed structures | 49 632 | 3 502 | 7 |
| Machinery and Equipment | 2 208 | 1 181 | 53 |
| TOTAL | 1 071 404 | 319 392 | 30 |

5.2. PROGRAMMES AND SUB-PROGRAMMES

The Committee deliberated on the performance of the department for each programme as follows:

5.2.1. PROGRAMME 1: ADMINISTRATION

The purpose of this programme is to ensure that all nine-core function programmes of the department are adequately provided with political leadership; strategic leadership (planning, organising and monitoring), corporate support services; financial management support; and public communication support services.

The Committee made the following observations on Programme 1:

a) Spending Pattern

The programme had a budget allocation of **R135 299 000** and spent **R 59 324** which is 44% spending. The programme failed to reach the benchmark of 50% by 6%. The programme has spent 160% on payments for capital assets, which is more than three times the 50% benchmark for the second quarter. The expenditure for transfers and subsidies was at 15%.

Table 3 below, outlines the spending of the programme.

Table 3: Spending outline of the programme

| Administration | Adjusted budget R'000 | Actual expenditure as at 30 September 2014 R'000 | % spent |
|-----------------------------|--------------------------|--|-----------|
| Compensation of employees | 86 103 | 39 762 | 46 |
| Goods and services | 43 973 | 17 991 | 41 |
| Transfers and subsidies | 4 670 | 668 | 15 |
| Payments for Capital assets | 553 | 883 | 160 |
| Total | 135 299 | 59 324 | 44 |

The Committee raised a concern on the 160% spending on **Payments for Capital Assets sub-programme**. The department reported that they acquired additional capital assets (tractors) to increase the capacity to deliver the Masibuyele Emasimini Programme. The budget for which is classified under transfers and subsidies (households). Furthermore, the department reported that the budget will be shifted to Capital Assets at the end of the financial year.

b) Programme Performance

This programme achieved 7 of its 10 targets (70%) in the 2nd quarter of the 2014/15 financial year.

The Committee noted that the **Human Resource Development sub-programme** failed to assess 1 668 employees on performance management, instead 1 292 were assessed. This translates to 376 employees not assessed in the quarter. The Committee requested the Accounting Officer to indicate whether there is a system in place that enforces each staff member to have a performance agreement and whether quarterly assessments were being conducted timeously.

The department reported that they are implementing the Provincial Performance and Development System to ensure that officials sign performance contracts in the first quarter of the financial year and level 1-12 submit quarterly performance assessments and SMS submit 6 monthly.

The Committee also noted that the **Government Information Technology sub-programme** has not achieved the target of connecting 2 remote offices to government network. The department reported that they have requested the Provincial Treasury: ICT Services Directorate to connect Malekutu and Elukwatini extension offices to the government network. The Provincial Treasury is addressing the matter. In addition, the department reported that currently, the two extension offices have been provided with 3G and cell phones for accessibility.

5.2.2. PROGRAMME 2: SUSTAINABLE RESOURCE MANAGEMENT

The purpose of this programme is to ensure that communities are provided with agricultural infrastructure development services to ensure sustainable development and management of agricultural resources. The programme plays a key role in promoting the expanded Public Works programme (EPWP) in the rehabilitation of degraded land.

The Committee made the following observations on Programme 2:

a) Spending Pattern

The programme was allocated a budget of **R62 473 000**. The expenditure for the second quarter was **R22 439 000** or 36% of the allocated budget. The programme failed to reach the benchmark of 50% by 14%. Table 4 below outlines the spending of the programme:

Table 4: Spending of the programme

| Sustainable Resource Management | Adjusted budget R'000 | Actual expenditure as at 30 September 2014 R'000 | % spent |
|---------------------------------|--------------------------|--|-----------|
| Compensation of employees | 45 442 | 19 469 | 43 |
| Goods and services | 9 663 | 2 412 | 25 |
| Transfers and subsidies | 7 368 | 558 | 8 |
| Payments for Capital assets | • | • | • |
| Total | 62 473 | 22 439 | 36 |

b) Programme Performance

Programme 2 achieved 78% (14 out of 18) of its targets in the second quarter of the 2014/15 financial year.

The Committee noted that the **Agricultural disaster and risk management sub-programme** could not achieve the target of ensuring that 2 290 farmers receive early warning information and has reported that challenges with the service provider led to the contract being terminated. The Committee requested the department to indicate the legal implications of terminating the contract with the service provider. The department reported that there were no legal implications as the service provider initiated the termination of the contract and the department accepted it.

The Committee also requested the department to indicate the progress made so far in ensuring that the target is achieved in the 2014/15 financial year. The department reported that a contract with MTN has been entered into as of 1 October 2014. In addition, the department reported that in the third quarter, 26 711 farmers were reached using the bulk SMS through the service by MTN.

5.2.3. PROGRAMME 3: FARMER SUPPORT AND DEVELOPMENT

This is the central service delivery programme in the department, which is responsible for delivering district level services in support of the agrarian reform and rural development.

The Committee made the following observations on Programme 3:

a) Spending Pattern

The programme was allocated a budget of **R449 956 000**. The expenditure for the quarter was **R 112 367 000** or 25% of the allocated budget. The programme failed to reach the benchmark of 50% by 25%. Table 5 below outlines the spending of the programme:

Table 5: Budget per sub-programme

| Farmer Support Services | Adjusted budget R'000 | Actual expenditure as at 30 September 2014 R'000 | % spent |
|-----------------------------|--------------------------|--|-----------|
| Compensation of employees | 143 019 | 68 704 | 48 |
| Goods and services | 103 419 | 32 874 | 32 |
| Transfers and subsidies | 203 376 | 10 789 | 5 |
| Payments for Capital assets | 142 | - | 0 |
| Total | 449 956 | 112 367 | 25 |

The Committee noted with concern the slow expenditure on the programme and requested the department to indicate the reasons for the under expenditure and the measures that will be put in place to ensure that the expenditure in the programme is improved.

The department reported that the re-planning process that the department had to undertake affected the general expenditure under goods and services, as there were reduced activities. In addition, the department reported that the expenditure under EPWP grant was also affected as the appointment format of drivers and site managers was changed. The process also affected the implementation and expenditure of infrastructure projects under CASP grant.

To respond to the concern of the Committee on how the department was going to ensure that the expenditure in the programme was improved, the department reported that as part of the acceleration plan, the department has prioritised the fast tracking of the appointment of contractors to implement infrastructural projects. Furthermore, the department reported that consulting engineers will be appointed to assist PMU with the development of specifications, plans, designs and implementation of infrastructural projects.

b) Programme Performance

Programme 3 achieved 64% (7 out of 11) of its targets in the 2nd quarter of the 2014/15 financial year.

The Committee noted that the **Food Security sub-programme** only achieved 1 target planned for the quarter (conducting 21 food security awareness campaigns). The programme could not achieve the target of **Planting and ploughing for subsistence farmers, Establishment of food gardens, Maintaining of EPWP jobs** and **Compilation of livestock farm assessment reports**. For the past 4 financial years the target of ploughing and planting land was never achieved in the second quarter. The Committee requested the department to indicate how the under- performance is going to be addressed in the 2014/15 financial year.

The department reported that they developed and implemented an acceleration plan for the ploughing and planting session. In addition, during the process under review, the department fast tracked the repairs of tractors, purchase of new tractors and the appointment of private tractor owners to assist in the ploughing and planting for farmers. The department has planted and ploughed over **35 000 hectares** for both subsistence and commercial farmers. Furthermore, the department reported that this contributed towards the creation of over **400 EPWP** job opportunities involved in the ploughing and planting of the fields.

5.2.4. PROGRAMME 4: VETERINARY SERVICES

The purpose of this programme is to promote animal health, welfare and production in the province. Through veterinary public health programmes the health and welfare of both humans and animals are also promoted.

The Committee made the following observations on Programme 4:

a) Spending Pattern

The programme has a budget allocation of **R114 541 000** and spent **R48 322 000** which is 42% of the allocated budget. The programme failed to reach the benchmark of 50% by 8%. Table 6 below outlines the spending of the programme:

Table 6: Spending of the programme

| Veterinary Services | Adjusted budget R'000 | Actual expenditure as at 30 September 2014 R'000 | % spent |
|-----------------------------|--------------------------|--|-----------|
| Compensation of employees | 91 318 | 43 245 | 47 |
| Goods and services | 13 952 | 4 630 | 33 |
| Transfers and subsidies | . | 447 | |
| Payments for Capital assets | 9 271 | . | 0 |
| Total | 114 541 | 48 322 | 42 |

The Committee noted the spending of **R447 000** on Transfers and subsidies and requested the department to provide a reason for the spending on a non-budgeted line item. The department reported that the amount was a misallocated expenditure on animal medicines, which will be transferred to the correct segment during the final adjustment period in March.

The Committee requested the department to indicate the measures that will be put in place to ensure that the reported under-spending in the programme is improved. The department reported that the filling of vacant funded posts will contribute in the expenditure of Compensation of Employees budget. The procurement of additional vehicles for the mobility of Animal Health

Technicians, Veterinary Nurses and other field workers will increase the expenditure on goods and services as there will be an increase in S&T related claims from the services provided by the officials. The funds that had been set aside for dealing with Animal Health challenges have been directed towards the procurement of vehicles, which will ensure spending of capital assets allocation.

b) Programme Performance

The department achieved 23% or 5 of the 22 planned targets in this programme.

The Committee noted that the **Public health and food safety sub-programme**, and the **Veterinary laboratory services sub-programme** could not achieve the planned targets due to limited human resource capacity. The Committee requested the department to provide a progress report on the recruitment of staff related to Programme 4. The department reported that by the end of the 3rd Quarter, 10 posts of the 14 Animal Health Technician (AHT) vacant posts were successfully filled. In addition, the department reported that the other 4 posts may not be filled in the current financial year following the provincial moratorium placed on filling of posts. The department also highlighted the concern that Veterinary doctors were among the scarce skills challenge that the country was faced with. Subsequently, the department had to conduct a headhunt process to fill the vacant positions.

The Committee requested the Accounting Officer to assure the Committee that no arears will be negatively affected by the 4 positions that have not been filled. She also reported that a plan has been developed to allocate the veterinary doctors to ensure that all arears receive the necessary support.

The Committee requested the department to indicate measures that will be put in place to ensure that the all the targets planned for programme 4 are achieved in 2014/15 financial year. The department reported that they have purchased government vehicles whereby some will be allocated to the programme to increase mobility of AHT and animal nurses to reach more beneficiaries. In addition, the department reported that they have fast tracked the construction of dip tanks to ensure that more beneficiaries are reached as planned.

5.2.5. PROGRAMME 5: TECHNOLOGY, RESEARCH AND DEVELOPMENT

The programme has a responsibility to provide agricultural research services and to develop and transfer appropriate agricultural technologies to improve agricultural productivity, both in crop and

animal production. It also establishes and strengthens partnerships with other agricultural research institutions.

The Committee made the following observations on Programme 5:

a) Spending Pattern

The programme was allocated **R47 900 000** and managed to spend **R19 625 000** or **41%** of the allocated budget. The programme failed to reach the benchmark of 50% by **9%**. Table 7 below outlines the spending of the programme:

Table 7: Spending of the programme

| Research and Technology Development Services | Adjusted budget R'000 | Actual expenditure as at 30 September 2014 R'000 | % spent |
|--|--------------------------|--|-----------|
| Compensation of employees | 36 729 | 16 916 | 46 |
| Goods and services | 8 871 | 2 411 | 27 |
| Transfers and subsidies | 2300 | 298 | 13 |
| Payments for Capital assets | • | • | • |
| Total | 47 900 | 19 625 | 41 |

The Committee requested the department to indicate the measures that will be put in place to ensure that the spending of the programme is improved. The department reported that the post of the Scientific Manager has been filled. Furthermore, the department reported that they have appointed the Agricultural Research Council for the implementation of the fruit fly awareness programme through the commissioning of traps and farmer awareness.

In addition, the department reported that the construction of the aquaculture facility has been surrendered to Treasury, mainly because of land acquisition challenges. The Committee enquired from the department if this will not affect the baseline of the department. The department reported that the surrendering of the budget for the construction of the aquaculture facility will affect the baseline of the department. Furthermore, the department reported that aquaculture facility will not be constructed in the financial year under review.

b) Program Performance

The department managed to achieve 3 of the 5 planned targets for the quarter, that is, 60% achievement of planned targets.

The Committee noted that the programme could not achieve the target of conducting 41 assessments and has reported that the application period for the MESP was extended to 12 September 2014 to reach more interested livestock farmers. The Committee requested the department to provide progress made in ensuring that the target is achieved in the 2014/15 financial year. The department reported that the target was achieved in the third quarter with 101 projects or farms of farm assessment reports being compiled.

5.2.6. PROGRAMME 6: AGRICULTURAL ECONOMICS

The programme is responsible for providing timely and relevant support to internal and external clients with regard to agricultural marketing, statistical information, agricultural feasibility and viability studies in order to ensure sustainable agriculture and rural development.

The Committee made the following observations on Programme 6:

a) Spending Pattern

The programme had a budget allocation of **R42 762 000** and spent **R4 130 000** which is 10% spending on the budget allocation for this programme. Table 8 below outlines the spending of the programme:

Table 8: Spending of the programme

| Agriculture Economics | Adjusted budget R'000 | Actual expenditure as at 30 September 2014 R'000 | % spent |
|-----------------------------|--------------------------|--|-----------|
| Compensation of employees | 8 820 | 2 950 | 33 |
| Goods and services | 6 917 | 496 | 7 |
| Transfers and subsidies | • | • | • |
| Payments for Capital assets | 27 025 | 684 | 3 |
| Total | 42 762 | 4 130 | 10 |

The Committee requested the department to indicate the reasons for the under-spending programme. The department reported that the under expenditure was caused mainly by the high vacancy rate in the programme due to the high staff turnover of economists. In addition, the department reported that the second contributing under expenditure is on the Fresh Produce Market that took longer to take off, however the Mpumalanga Economic Growth Agency (MEGA) has finalised the appointments of service providers and the expenditure will improve in the fourth quarter.

b) Programme Performance

The programme achieved only 44%, 4 of the 9 planned targets.

The department reported that the under-performance is due to limited human resource capacity caused by 5 municipalities that do not have Agricultural Economists. The Committee requested the department to indicate the progress made so far in ensuring that the planned targets are achieved in the 2014/15 financial year. The department reported that the programme has deployed Agricultural Economists in the Municipalities without personnel to beef up the capacity and ensure that the set targets are achieved.

5.2.7. PROGRAMME 7: STRUCTURED AGRICULTURAL TRAINING

This programme is responsible for the provision of agricultural training services at the Higher Education and Training (HET) and Further Education and Training (FET) levels.

The Committee made the following observations on Programme 7:

a) Spending Pattern

This programme was allocated **R71 365 000** and managed to spend **R28 668 000** in the second quarter. The department therefore spent 40% of the allocated budget for this programme. Table 8 below outlines the spending of the programme:

Table 8: Spending of the programme

| Structured Agriculture Education and Training | Adjusted budget R'000 | Actual expenditure as at 30 September 2014 | % spent |
|---|--------------------------|---|-----------|
| Compensation of employees | 47 435 | 22 601 | 48 |
| Goods and services | 11 381 | 3 191 | 28 |
| Transfers and subsidies | • | 58 | 58 |
| Payments for Capital assets | 12 549 | 2 818 | 22 |
| Total | 71 365 | 28 668 | 40 |

The Committee noted that the programme has spent **R58 000.00** on Transfers and Subsidies and that money was not budgeted for at the beginning of the financial year. The department reported that the amount was leave gratuity payment for a retired employee. Furthermore, the department reported that the money will be re-allocated during the final adjustment period.

The Committee requested the department to indicate the reasons for the under-spending of the budget on goods and services and payments for capital assets. The department reported that the slow expenditure on Goods and Services was a result of the University taking over some of the maintenance at the Mbombela campus as part of the incorporation process. The under expenditure on Payment of Capital Assets was caused by the late appointment of service providers for the construction projects in Marapyane.

b) Programme Performance

The programme has achieved 2 of the 3 targets planned for the quarter.

The Committee noted that programme did not achieve the target of 38 Farm-aids attending non-accredited training and has reported that the number of farm aids who turned at the training courses were less than planned. This target could not be achieved in the 2013/14 financial year and the same reason was provided.

5.2.8. PROGRAMME 8: RURAL DEVELOPMENT COORDINATION

The objectives of the programme are to coordinate CRDP in the Province, to support agrarian reform by facilitating land acquisition applications in the Province, to solicit baseline information from rural communities and to mobilize poor households in the seven most deprived municipalities targeted for CRDP. The function of this programme is coordination, facilitation and convening stakeholder meetings in rural communities.

The Committee made the following observations on Programme 8:

a) Spending Pattern

The programme was allocated a budget of **R147 108 000**. The expenditure for the quarter was **R 24 517 000**, which translate to 17% spending. Table 9 below outlines the spending of the programme:

Table 9: Spending of the programme

| Rural Development | Adjusted budget R'000 | Actual expenditure as at 30 September 2014 R'000 | % spent |
|-----------------------------|--------------------------|--|---------|
| Compensation of employees | 28 282 | 12 620 | 45 |
| Goods and services | 35 101 | 8 202 | 23 |
| Transfers and subsidies | 83 725 | 3 695 | 4 |
| Payments for Capital assets | . | . | . |

| | | | |
|-------|---------|--------|----|
| Total | 147 108 | 24 517 | 17 |
|-------|---------|--------|----|

The Committee noted with concern the under expenditure in this programme and requested the department the reasons for the under expenditure. The department reported that the under spending was caused by the re-planning process that the department has to undertake immediately after the swearing in of the new administration. In addition, the department reported the underspending was also caused by the vacancy within the programme.

b) Programme Performance

The programme had 16 targets and managed to achieve 6 of the targets, which translates to 38% achievement of planned targets.

The programme could not achieve the target of 6 investors participating in Mpumalanga Rural development and has indicated that investors are hesitant to sign agreements with the community. The department reported that investors are participating the Mpumalanga Rural Development Programme, though they are unwilling to sign agreements with the communities. In addition, the department reported that this target and the performance indicator matrix will be reviewed in the next financial year. The performance indicator matrix stipulates that the supporting documents should be the signed contract proving the attainment of the target.

5.2.9. PROGRAMME 9: ENVIRONMENTAL AFFAIRS

The programme is responsible for facilitating sustainable development through environmental planning and coordination, greener governance, environmental awareness and capacity building, integrated pollution and waste management as well as promote biodiversity management.

a) Spending Pattern

The department reported that the budget for this programme was still with the Department of Economic Development and Tourism and it will be included in the department's vote after the adjustment appropriation period.

b) Performance of the Programme

The programme has achieved 12 targets out of the 12 targets that were planned for the quarter.

The Committee noted that the programme has reported about programme performance indicators that are not in the 2014/15 Annual Performance Plan that was tabled in the Legislature. The department reported that a revised APP was submitted in the Legislature on 05 August 2015.

6. FINDINGS

After considering the 2014/15 Second Quarter Report of the department, the Committee made the following findings:

7.1. The spending by the department was below the 50% benchmark. The department spent 30% of its allocated budget during the second quarter. All the programmes of the department were below the 50% expenditure benchmark. Programme 6 (**Agricultural Economics**), Programme 8 (**Rural Development**) and Programme 3 (**Farmer Support**) being the slowest spending programmes in the second quarter.

7.2. The department achieved 57% of its planned targets for this quarter (60 out of 106 planned targets).

7.3. The department had a low expenditure on conditional grants due to slow movement of infrastructure projects.

7.4. The Committee made the following findings on the material difference between the first tabled Annual Performance Plan and the Revised Annual Performance Plan by the department:

a) The initial Annual Performance Plan was Tabled in accordance with Mpumalanga Appropriation Act 4 of 2014 and Rule 190 (4) of Mpumalanga Provincial Legislature Rules And Orders 2013.

b) Subsequent to the adoption of the Committee report on the 2014/15 Annual Performance Plan (APP) by the House, the department Tabled a Revised Annual Performance Plan in accordance with the Mpumalanga Appropriation Adjustment Act 5 of 2014 and Rule 194 (2) on the 5th August 2014.

c) Programme 9 (**Environmental Affairs**) belonged to the Department of Economic Development and Tourism in accordance with vote 6 of the Mpumalanga Appropriation Act 4 of 2014 with a budget allocation of **R 81 208 000**.

d) Programme 9 in accordance with Vote 5 of the Adjustment Appropriation Act 5 of 2014 was formally transferred to the Department of Agriculture, Rural Development, Land and Environmental Affairs with a budget allocation of **R 81 208 000**.

7.6. The Committee notes with concern the misallocations that are done by the department on non-budgeted items. This was noted in **Programme 1, Programme 4 and Programme 7**;

7.7. The department had not reported on the Expenditure per Economic Classification on their Second Quarter Report.

8. RECOMMENDATIONS

The Committee recommends that:

8.1. The department must closely monitor the spending of all programmes in comparison with service delivery to ensure that service delivery is not compromised by the under spending. Furthermore, the department must ensure that there is no march-spike on the budget in the fourth quarter without the accompanying service delivery being rendered.

8.2. Implement and closely monitor the acceleration plan that will assist the department in ensuring that all the planned targets are achieved. In addition, the department must review their planned targets to ensure that they are Specific, Measurable, Attainable, Realistic and Time bound (SMART).

8.3. Closely monitor the implementation of the infrastructure projects to ensure that the budget on conditional grants is spent accordingly.

8.4. With regards to the Annual Performance Plan of the department, the Committee recommends that:

a) The House adopts and approves the revised Annual Performance Plan as submitted by the department on 05 August 2014;

b) The department must implement the revised Annual Performance Plan as adopted by the House.

c) The department must ensure that planned targets for Programme 9 are achieved accordingly.

8.6. The Chief Financial Officer of the department must closely monitor the allocation of expenditure to correct budgeted items to limit the number of journals to be passed at year-end.

8.7. The department must be consistent in their reporting and ensure that minor errors are eliminated in their reports.

9. CONCLUSION

The Chairperson takes this opportunity to thank the Members of the Portfolio Committee for their active participation and constructive contributions during the deliberations on the Department of Agriculture, Rural Development, Land and Environmental Affairs' Second Quarterly Performance Report for the 2014/2015 financial year.

In addition, the Chairperson extends a word of thanks to the HOD and senior management officials for availing themselves to deliberate on matters pertaining to the department.

The Chairperson would also like to thank the support staff for contributing to the work of the Committee.

Unless otherwise stated a report detailing progress in the implementation of all recommendations in this report should be forwarded to the Committee by 29 May 2015 and thereafter on a quarterly basis.

HON. VV WINDVOEL (MPL)

DATE

**CHAIRPERSON: PORTFOLIO COMMITTEE ON
AGRICULTURE, RURAL DEVELOPMENT,
LAND AND ENVIRONMENTAL AFFAIRS**

ANNEXURE A

| HOUSE RESOLUTIONS | PROGRESS REPORTED |
|---|---|
| <p>Ensure that service delivery is not compromised by the underspending. Furthermore, the Department must ensure that the budget is properly spent as per the approved Annual Performance Plan</p> | <p>The department notes the recommendations and put several measures to ensure that that services delivery is not negatively affected. To date the overall expenditure of the department is at over 84% and according to the acceleration plans following budget adjustments.</p> |
| <p>Implement and closely monitor the acceleration plan that will assist the department in ensuring that all the planned targets are achieved.</p> | <p>The department notes the recommendations and put several measures to ensure that the acceleration plan is implemented accordingly. This included the ensuring that there is a clear procurement plan. To date the overall achievement on ploughing and planting has reached the 35 000 ha for both subsistence and commercial farmers, and 960 food gardens established ahead of the annual targets.</p> |
| <p>Ensure that the advertised positions in the department are filled by the 30 November 2014. In addition, the department must ensure that suitable qualified people are appointed in those positions</p> | <p>The Department was able to fill 15 of the advertised posts by December 31, 2014. As at March 18, 2015, 28 posts are filled and 10 bursary holders are placed as Animal Health Technicians and 5 Veterinary Specialist. Ten (10) SMS posts are on hold due to the moratorium.</p> |
| <p>Develop and implement proper internal controls that will ensure proper spending of the appropriated budget in compliance with the Public Finance Management Act (PFMA). Furthermore, the departmental must submit comprehensive report on what happened on the day the workshop was supposed to be held and the remedial action that was taken to the officials who cost the department.</p> | <p>The workshop which was scheduled on the 18 June 2014, was postponed due to the poor response from the invited participants. The workshop was then rescheduled to 30 July 2014 as a result Department has not incurred any fruitless expenditure since the workshop was postponed. The reason was that the attendance was not going to make the required number for a workshop to continue.</p> |