



ADA

Agribusiness Development Agency

An entity of the KwaZulu-Natal Department of
Agriculture and Rural Development
Promoting Agribusiness through Partnerships & Knowledge

AGRIBUSINESS
DEVELOPMENT AGENCY

Annual Report
2024-2025



- AGRIBUSINESS DEVELOPMENT AGENCY -
ANNUAL REPORT 2024/2025

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Part A:

GENERAL INFORMATION

1. PUBLIC ENTITY'S GENERAL INFORMATION

REGISTERED NAME: Agribusiness Development Agency Trust

REGISTRATION NUMBER: IT 2041/1999/N

PHYSICAL ADDRESS: 5 Cascades Crescent
Cascades Office Park
Montrose
Pietermaritzburg
3201

POSTAL ADDRESS: Private Bag X01
Montrose
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3202

TELEPHONE NUMBER/S: +27 33 347 8600

EMAIL ADDRESS: info@ada-kzn.co.za

WEBSITE ADDRESS: www.ada-kzn.co.za

EXTERNAL AUDITORS: Auditor General of South Africa
Town Bush Office Park
460 Town Bush Road
Block B, Cascades
Pietermaritzburg 3201

BANKER: Standard Bank
Shop 91, Midlands Mall
Sanctuary Road
Pietermaritzburg 3201

COMPANY/ BOARD SECRETARY: Ms Sibongakonke Mkhwanazi

2. LIST OF ABBREVIATIONS/ACRONYMS

ADA	Agribusiness Development Agency
AfCFTA	African Continental Free Trade Area
AGOA	African Growth & Opportunity Act
AGSA	Auditor General South Africa
APAP	Agricultural Policy Action Plan
APP	Annual Performance Plan
B-BBEE	Broad-Based Black Economic Empowerment
BPR	Business Process Re-engineering
BRICS	Brazil, Russia, India, China and South Africa
CASP	Comprehensive Agricultural Support Programme
CEO	Chief Executive Officer
DARD	Department of Agriculture and Rural Development
DFI	Development Financial Institution
DMA	Disease Management Area
DPME	Department of Planning, Monitoring & Evaluation
EDTEA	Department of Economic Development Tourism and Environmental Affairs
FMD	Foot and Mouth Disease
FSC	Full Storage Capacity
G20	Group of Twenty – international forum of 20 countries
GDP	Gross Domestic Product
GNU	Government of National Unity
GPU	Government of Provincial Unity
HR	Human Resource
HRM	Human Resource Management
KZN	KwaZulu-Natal
MEC	Member of the Executive Council
MTDP	Medium Term Development Plan
MTEF	Medium-Term Expenditure Framework
MTSF	Medium Term Strategic Framework
NDP	National Development Plan
PFMA	Public Finance Management Act
PGDS	Provincial Growth and Development Plan
PMS	Performance Management System
Q	Quarter
USD	United States Dollar
RASET	Radical Agrarian Socio-Economic Transformation
SARB	South African Reserve Bank
SCM	Supply Chain Management
SONA	State of the Nation Address
SOPs	Standard Operating Procedures
SOPA	State of the Province Address
SRD	Social Relief of Distress
Stats SA	Statistics South Africa
WOAH	World Organization of Animal Health
ZAR	South African Rand



3. FOREWORD BY THE EXECUTIVE AUTHORITY

MS. T. P. MADLOPHA-MTHETHWA, MPL

MEC: KWAZULU-NATAL DEPARTMENT OF AGRICULTURE AND RURAL DEVELOPMENT

It is with immense pride and a deep sense of responsibility that I present the 2024/25 Annual Report of the Agribusiness Development Agency (ADA), an entity that remains central to the economic transformation and empowerment of black commercial farmers and Agri-entrepreneurs within the agricultural sector of the KwaZulu-Natal (KZN) province.

ACHIEVEMENTS IN RELATION TO POLICY DIRECTIVES, THE MEDIUM-TERM STRATEGIC FRAMEWORK DEVELOPMENT PLAN (MTDP), AND OUTCOMES

With the commencement of the seventh administration during the 2024/25 financial year, the Government of National Unity adopted three (3) key Strategic Priorities, namely:

- Priority 1: Drive inclusive growth and job creation.
- Priority 2: Reduce poverty and tackle the high cost of living.
- Priority 3: Build a capable, ethical, and developmental state.

In addition, the Medium-Term Strategic Framework (MTSF) was replaced with Medium-Term Development Plan (MTDP). The MTDP is designed to streamline the three (3) key Strategic priorities and emphasize practical implementation to achieve tangible results. The ADA realigned its service delivery programmes and initiatives to reflect this.

Through the implementation of impactful agribusiness support programmes, the ADA has continued to drive inclusive agricultural development and enterprise transformation. This includes targeted efforts to empower black commercial farmers and Agri-preneurs particularly (youth, women, and people with disabilities) alongside ongoing institutional reforms aimed at strengthening governance, improving efficiency, and enhancing accountability across the organisation.

A major institutional milestone in the financial year under review was the appointment of a new Board of Trustees in September 2024, this leadership renewal will strengthen corporate governance, improve oversight, and sharpen the strategic focus of the entity to meet its developmental and transformational mandate with greater impact. I am confident that the Board is comprised of individuals with vast experience, who will steer the ADA in a direction that ensures responsiveness to the province's developmental and transformational priorities.

CHALLENGES IN THE FINANCIAL YEAR UNDER REVIEW

While I remain encouraged by the many accomplishments, the year was not without its share of challenges. Of significant concern was the leadership instability at the Executive Management level.

During the year under review, I appointed an interim Acting Chief Executive Officer as of October 2024 due to the term of the previous Acting Chief Executive Officer which ended on 30 September 2024. Both Acting executives performed their duties with determination and commitment under trying circumstances. Their stewardship kept the institution stable and service delivery largely uninterrupted. However, I must candidly acknowledge that such transitions inevitably affect decision-making timelines, and long-term planning of the entity. The appointment of a long-term CEO remains a high priority in the coming financial year to ensure continuity and to drive the entity's strategic mandate effectively.

During the 2024/25 financial year, the Audit-General's outcome remained unchanged, continuing to be a qualified audit with findings, consistent with the previous year's results. Management at ADA has committed to working towards achieving a clean audit for the 2025/26 financial year by implementing and monitoring an audit improvement plan with adherence to policies, procedures, and robust internal control measures.

STRATEGIC FOCUS OVER THE MEDIUM - TO LONG - TERM PERIOD

Looking ahead, the ADA's strategic focus remains on deepening its developmental and transformational impact by fostering inclusive growth, unlocking opportunities for the rural economies, and responding to a dynamic and rapidly evolving agricultural landscape within the KwaZulu-Natal Province. Over the medium to long term, the ADA will prioritise:

- Strengthening key commodity value chain participation for emerging and commercial farmers;
- Scaling up support for climate-resilient and sustainable agricultural practices;
- Enhancing collaboration with public and private sector stakeholders;
- Supporting the development of agro-processing hubs to stimulate job creation and economic growth;
- Strengthening enterprise development and commercialization among black farmers and Agripreneurs to enable them to participate meaningfully in formal markets and within various commodity value chains;
- Strengthening the institution and optimising performance, this will be advanced through the finalisation of key executive appointments and the refinement of governance systems.

The Board of Trustees will be instrumental in steering this strategic transformation, ensuring that ADA evolves into a high-impact, service delivery-driven public entity that consistently delivers on its strategic objectives and enhances its impact within the agribusiness sector of the KwaZulu-Natal Province.

ACKNOWLEDGMENTS AND APPRECIATION

I wish to extend my heartfelt gratitude to all stakeholders who have contributed to the ADA's efforts during the year under review. To the Board, I thank you for your oversight thus far and look forward to your strategic guidance and the fresh insights you will continue to bring to this vital institution. I acknowledge the Acting CEO, Executive Committee, Management Committee,

and all ADA staff for their commitment, professionalism, and hard-working attitude despite leadership transitions and various operational challenges.

To our farmers, Agripreneurs, partners, and stakeholders across the province – your resilience, innovation, and partnership continue to inspire and strengthen our resolve. Your contributions have not only uplifted local economies but also aligned with our collective goal of achieving food security and sustainable agribusinesses in the KwaZulu-Natal Province.

CONCLUSION

As we reflect on the strides made during 2024/25, it is evidence that the lessons, challenges, and achievements of the past year have laid a solid foundation for what lies ahead. The momentum we have built must now serve as a springboard for deeper, more sustained impact.

Looking ahead to 2025/26, we must now convert this momentum into attaining a clean audit and decisive action anchored by data-driven planning, strong governance, and high-impact partnerships. With renewed leadership and a focused strategy aligned to the Medium-Term Development Plan (MTDP) strategic priorities of Government of National Unity (GNU) and Government of Provincial Unity (GPU), the ADA is strategically positioned to accelerate agricultural transformation across KwaZulu-Natal.

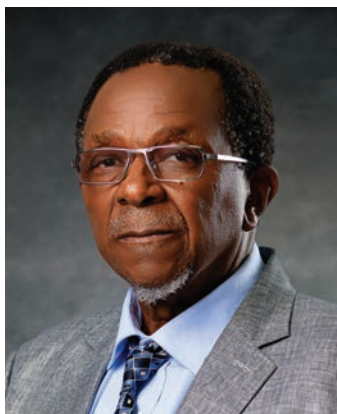
Let us remain resolute in driving a sustainable and inclusive agricultural revolution, one that empowers marginalised communities, builds resilient livelihoods, and unlocks long-term economic growth for all.



.....
Ms T. P. Madlopha-Mthethwa, MPL

MEC: KwaZulu-Natal Department of Agriculture and Rural Development

Date: 31 July 2025



4. FOREWORD BY THE CHAIRPERSON

MR SIBUSISO LUCKY GUMBI

CHAIRPERSON OF THE BOARD

INTRODUCTION

It is with great honour and a profound sense of duty that I present the 2024/25 Annual Report of the Agribusiness Development Agency (ADA). As the Chairperson of the newly appointed Board of Trustees, which assumed its 3-year term of office in September 2024, I am both humbled and proud to lead this institution at a time of great opportunity and profound transformation. Our appointment signalled a renewed commitment to enhancing the ADA's contribution to inclusive growth, transformation, and sustainability of the agribusiness sector in KwaZulu-Natal (KZN).

The ADA remains a pivotal role player in advancing the province's agrarian reform agenda in supporting the development and transformation of emerging black commercial farmers and enabling inclusive participation across the various agricultural value chains. The 2024/25 financial year saw the entity continue its strategic intent towards steering agricultural transformation of the intended agribusinesses, and expanded enterprise growth through specific initiatives, targeted support programmes, and key strategic partnerships.

In November 2024, the ADA Board held a two-day strategic planning session on the 13th and 14th to develop the 5-year strategy (2025 to 2030) for the entity together with management and key stakeholders. Prior to this Strategic Planning Session, the newly appointed Board undertook a visit to the Makhathini Irrigation Scheme in uMkhanyakude District on the 12th of November 2024. The visit provided us with valuable insights into the condition of the irrigation scheme. This visit helped the Board to clearly identify the necessary steps required to revitalize the scheme and ensure its sustainability for the farmers in the area.

HIGH - LEVEL OVERVIEW OF THE ENTITY'S STRATEGY AND THE PERFORMANCE OF THE PUBLIC ENTITY IN ITS RESPECTIVE SECTOR

During the 2024/25 financial year, the ADA made good progress on its programmes. For example, Programme 4: Infrastructure Development and Programme 2: Comprehensive Capacity both performed exceptional,

with both programmes (2 & 4) maintaining a consistent 100% performance throughout the review period. In Programme 3: Value Chain and Enterprise Development, the ADA regressed from the 2023/24 financial year and achieved an overall performance of 29% for this programme. Though there was notable regression in the Programme 3 performance, the ADA was able to support 37 of 40 black-owned agribusinesses. This is an indication of the positive impact that the ADA continues to make in the agribusiness sector. The shortfall highlights areas for further improvement and support within this programme.

During the 2024/25 financial year, the entity exceeded its target by supporting 18 women, surpassing the target of 16. While it supported 11 out of the targeted 16 youth, there was an opportunity for further growth in market access, with 4 achievements against a target of 16. Additionally, the entity supported 1 out of 2 agribusiness enterprises owned by persons with disabilities, demonstrating progress in inclusive support and improvement. Throughout the year, 93 jobs were sustained, and the entity successfully created 100 new jobs, approaching the set target of 120 for new jobs, reflecting a strong commitment to employment growth. This contributed towards the Government of National Unity and Government of Provincial Unity MTDP Strategic Priority 1: Drive inclusive economic growth and job creation. This progress was made despite a delay in the approval of the 2024/25 CASP project list.

The ADA's support in the 2024/25 financial year Consisted of, but was not limited to, the provision of Agricultural Implements and operational inputs, establishment of Infrastructure capacity building and Technical Assistance. The support of ADA contributed to improved agricultural outputs, job creation and sustainability, and increased economic activity.

We as the Board acknowledge that there is more to be done, these achievements affirm the ADA's continued relevance and impact in the agribusiness development landscape.

STRATEGIC RELATIONSHIPS

Strategic Partnerships remained central to the ADA, throughout the year, we maintained and expanded our collaborative efforts with our shareholder KwaZulu-Natal Department of Agriculture and Rural Development (KZN DARD), Traditional Authorities, Commodity Organisations, Financial Institutions, and Development Finance partners. The ADA continued its partnership with the National Skills Fund which started back in 2023/24 and is set to end in September 2025/26. This partnership is set to empower approximately 700 youth through learnership programmes (Animal and Plant Production, Nature Conservation and Water Waste Treatment) throughout the KwaZulu-Natal Province.

The ADA currently is also in partnership with UNIZULU aimed at identifying intended beneficiaries who may benefit from the assistance of the ADA in order to empower them to participate in identified projects for value chain and catalytic projects. The Board has considered the changes and opportunities in the different commodities in the agricultural sector and has identified key role players which it aims to partner with during the course of the 2025/26 financial year. Strategic relationships have been instrumental in unlocking opportunities for collaboration, leveraging financial resources, – knowledge sharing, and expanding the reach of our existing programmes. The ADA's ability to leverage through these networks has proven essential to achieving the necessary scale and sustainability.

KEY CHALLENGES FACED BY THE BOARD

While we celebrate our achievements and progress, as a Board we recognise the constraints and challenges that affected our operations during the year under review. During the 2024/25 financial year, the Board of Trustees faced a range of challenges that necessitated a multifaceted approach. These challenges included but not limited to:

- Fiscal constraints experienced over continuous declining budget year after year;
- Capacity constraints due to staff leaving the organization;
- Finalization of the Business Process Re-engineering;
- Leadership instability (Short-term Chief Executive Officer and Vacancy of the Chief Operations Officer);
- Lack of good governance practices and;
- Resolving Ntingwe Tea Estate Governance Issues

Recognizing the critical nature of these issues, the Board collectively prioritised addressing them throughout the year, including halting the filling of non-critical vacant positions, improving internal controls and policies, engaging the Department of Agriculture, Rural

Development on the appointment of a Ntingwe Board, appointing interim CEOs to lead the organization whilst expediting the processes to long-term appointments to key executive positions.

THE STRATEGIC FOCUS OVER THE MEDIUM TO LONG TERM PERIOD

As part of the transitional process from the sixth to the seventh administration of Government, the Board of Trustees together with Management and employees of the ADA developed a new five-year strategic plan for the period 2025 to 2030 in November 2024, aligned with the three (3) MTDP Strategic Priorities of Government. This approach aims to enhance service delivery towards achieving the entity's envisaged long-term impact for sustainability and transformation in the agribusiness sector. Looking ahead, the Board of Trustees is resolute in charting a bold and forward-looking path for the ADA and therefore has prioritized the following key strategic areas over the medium- and long-term period:

1. Institutional stabilisation and Governance: Strengthening internal governance systems, stabilising leadership, and fostering a performance-driven culture. This further includes:
 - Resolving Governance issues at Ntingwe Tea Estate,
 - The amalgamation/rationalization of the DARD public entities
2. Scaling Impact: Enhancing the reach and efficiency of support to black commercial farmers and Agripreneurs, with a strong focus on strengthened value chain integration and enterprise sustainability.
3. Streamlining and integrating the functions of KwaZulu-Natal Farming Enterprise (KZNFE) within the ADA to achieve strategic coherence and operational efficiency.
4. The implementation and operationalization of Bhambanana Abattoir.
5. The Board aims to prioritize support of sustainable and impactful enterprises that are geared towards commercialization for the agribusiness sector in the province.
6. Strategic partnerships: Deepening collaborative efforts with public and private sector role players, in order to drive collective impact and co-investment.
7. Attainment of a clean audit, and
8. Stability within the entity and improved leadership,
9. Implementing the Makhathini Irrigation Turnaround Strategy and Ntingwe Tea Estate Recapitalisation plan (2025-2033).

ACKNOWLEDGEMENTS / APPRECIATION

I extend my heartfelt appreciation to the Honourable MEC Ms. Thembeni Madlopha-Mthethwa for her continued support and leadership provided to the ADA. To the Acting CEO Mr Mduduzi Jeremiah Mfusi, the Executive Management, Management, and employees of the entity, I wish to express my sincere gratitude for their commitment, dedication, perseverance, and service during the past year.

To my fellow Board members, I commend you for your dedication and strategic insights you bring to the governance of the ADA. Together, we are committed to restoring stability, driving innovation, and positioning the ADA as a centre of excellence in the agribusiness sector in the Province of KwaZulu-Natal.

CONCLUSION

The 2024/25 audit outcome remains unchanged with a qualified audit similar to the previous year of 2023/24, the Board remains dedicated to driving positive change. We are committed to implementing a comprehensive turnaround strategy focused on addressing the identified challenges and gaps by strengthening internal controls and ensuring the effective implementation of policies. Our ultimate goal is to deliver improved and efficient service delivery, particularly in promoting food security within the agribusiness sector. Additionally, we will prioritize the appointment of a long-term CEO in the upcoming financial year to provide stable and strong leadership for the organization's future success.



Mr Sibusiso Lucky Gumbi

Agribusiness Development Agency

Date: 31 July 2025



5. CHIEF EXECUTIVE OFFICER'S OVERVIEW

MR MDUDUZI JEREMIAH MFUSI

ACTING CHIEF EXECUTIVE OFFICER

INTRODUCTION

It is both an honour and a privilege to present the Agribusiness Development Agency (ADA) Annual Report for the 2024/25 financial year. Representing ADA is a significant responsibility, one that I approach with both pride and a strong sense of duty, especially as the entity continues to drive meaningful progress within the agribusiness sector.

This report serves as a comprehensive overview of ADA's activities and performance throughout the 2024/25 financial year. It not only reflects on the challenges faced and the milestones achieved but also outlines the strategic initiatives and solutions aimed at addressing emerging opportunities and challenges for the 2025/26 financial year.

GENERAL FINANCIAL REVIEW OF THE PUBLIC ENTITY

The ADA's total adjusted budget for the 2024/25 financial year amounted to R269,297 million. Majority of the budget was received from the Department of Agriculture, Rural Development (DARD) and the balance from our partnerships. This budget allocation reflects the strategic priorities of the organization across its various programmes. Programme 1: Finance and Administration received an allocation of R107,388 million, supporting core operational functions and financial management. Programme 2: Comprehensive Capacity Building received R41,349 million, aimed at strengthening skills and institutional development. Programme 3: Enterprise Value Chain Development has a budget of R 36,942 million, focused on fostering enterprise growth and sustainability. Lastly, Programme 4: Infrastructure has been allocated R 83,617 million, dedicated to infrastructure development and maintenance. These allocations underscore our commitment to balanced and targeted investment across all key areas to achieve our strategic objectives for the year.

SPENDING TRENDS OF THE PUBLIC ENTITY

Overall, the entity utilized approximately 91% of its annual adjusted budget of R269,297 million. This

expenditure encompasses a wide range of operational and project-related costs, including goods and services, ADA projects, water and electricity bills, and other essential operational costs. The high level of budget utilization reflects the entity's commitment to executing its planned activities and projects effectively within the allocated financial resources. It also demonstrates disciplined financial management, ensuring that resources are directed towards key priorities while maintaining fiscal responsibility. This spending pattern indicates a balanced approach to resource allocation, enabling the entity to achieve its strategic objectives while remaining within its financial limits.

CAPACITY CONSTRAINTS AND CHALLENGES FACING THE ENTITY

We acknowledge some of the challenges faced by the entity during the last year of the sixth administration are due to the transition into the seventh administration. The moratorium placed on the filling of vacant positions adversely impacted the entity in its efforts to enhance operational efficiencies. This had a ripple effect with the increased workload, delays in service delivery resulting in reduced access to service and support of our intended beneficiaries and in delivering on our mandate. High staff turnover and the attrition rate remain a thorny matter to the entity in delivering on its mandate.

The financial cliff and the imposition of budget cuts across Government dampened our operational capacity. The most immediate impact was a decrease in the resources available to carry out essential functions. Despite these challenges, the entity remained positive in delivering on its mandate. The appointment of the new ADA Board of Trustees during the 2024/25 financial year came with a new strategic vision for the entity and has ignited a renewed optimism as we ushered in the new dawn, in the 2025/26 financial year with the recently adopted five-year strategic plan.

DISCONTINUED KEY ACTIVITIES

There were no discontinued activities.

NEW OR PROPOSED KEY ACTIVITIES

Aligned with the objectives of the CASP and provincial development priorities, the entity is prioritizing infrastructure investments that serve as a catalyst for enhanced value chain development, production expansion, and job creation. In this process, preference is given to funding projects that empower vulnerable groups such as the youth, women, and people living with disability, ensuring inclusive participation and equitable sector growth.

ADA initiated a partnership with the National Skills Fund (NSF), securing R50 million to fund youth skills development in the agricultural sector for over a three-year period, commencing in 2023/24 financial year. The initiative aims to enhance economic participation by equipping the youth with relevant agri-business and technical skills.

With the decision made by the Portfolio Committee in February 2025 to integrate KZN Farming Enterprise (KZNFE) into the ADA, its activities will be incorporated, coordinated and streamlined alongside those of the ADA.

REQUEST FOR ROLL-OVER OF FUNDS

The Entity has unspent funds as disclosed in the Annual Financial Statements.

SUPPLY CHAIN MANAGEMENT

The ADA continues to implement its systems, policies and procedures which guide all Supply Chain Management activities.

ALL CONCLUDED UNSOLICITED BID PROPOSALS FOR THE YEAR UNDER REVIEW

There were no unsolicited bid proposals during the year under review.

SUPPLY CHAIN MANAGEMENT PROCESSES AND SYSTEMS

The ADA Supply Chain Management unit has Standard Operating Procedures (SOPs) which guides the procurement processes and systems with adherence to the Constitution, PFMA, Treasury Regulations and any other guidelines as issued by National Treasury.

STRATEGIC CHALLENGES EXPERIENCED DURING THIS FINANCIAL YEAR

During the 2024/25 financial year, the ADA faced significant leadership and operational challenges that impacted stability and continuity of the entity. The entity experienced changes in leadership, including two different Acting Chief Executive Officers (ACEOs), further with the transitioning between the outgoing (previous) and incoming (new) Board of Trustees. Additionally, the absence of a Chief Operations Officer (COO) for an extended period contributed to operational instability within the Projects Unit. These shifts temporarily affected the organization's ability to execute its strategic

initiatives seamlessly. Furthermore, the ushering in of the seventh government administration brought about a national and provincial environment focused on unity.

Other Key Challenges:

Financial Constraints / Budget cuts

Over the years, most government departments and entities have adapted to a challenging fiscal environment, resulting in adjustments to budgets across the board. Despite these financial constraints, the entity has proactively implemented cost-effective measures to ensure continued operations, such as coordinating planned trips efficiently and leveraging virtual platforms for meetings whenever possible. Project sustainability has been affected as grant received has been declining and therefore limited support the entity would have provided fully. Given the amalgamation / rationalization of entities there is a need to consider changing the PFMA listing of the ADA from a schedule 3C to 3D in order to enable the entity to collect / generate revenue for self-sustainability and viability in the long run.

Sustainability of Makhathini Irrigation Scheme

Despite extensive support over the years aimed at farmer development, the agricultural potential of the Makhathini area remains constrained. Factors such as low productivity, limited yields, and a lack of collaboration among farmers and landowners have hindered growth. Additionally, uncoordinated government interventions have impacted the overall viability of farming operations. These challenges also impede the socio-economic upliftment of local farmers. Furthermore, the absence of targeted infrastructure investment has adversely affected maintenance, service delivery, and operational efficiency within the scheme. Elevated operational costs continue to pose significant obstacles, underscoring the need for strategic interventions to unlock the area's true agricultural potential.

Ntingwe Tea Sustainability

The Ntingwe Tea Estate primarily exists to create employment opportunities for the community of Nkandla and surrounding areas and it is seen as a catalyst for economic growth and rural development through economic spin-offs. The entity has experienced challenges in finalizing the rationalisation and/or amalgamation processes of Ntingwe over the years and I am hopeful that the developed recapitalisation plan 2025-2033 will revive the estate to full profitable operations and provide secure jobs for local communities.

Job security of employees

Over the years, the entity has continued to evolve, underscoring the importance of enhancing our institutional capacity. In line with this, ADA has adjusted its approach to staffing, with recent vacancies advertised in 2025/26 offering a five-year contract. This strategic

initiative is designed to foster a more stable and skilled team, dedicated to advancing our long-term vision and sustainable growth.

Organizational restructuring

In the 2023/24 period, the entity commenced a Business Process Re-engineering (BPR) initiative. Phase 1, which focused on implementation, has been successfully completed. However, Phase 2 is currently on hold pending further deliberation with the newly appointed Board during 2024/25. Phase 1 involved an organizational re-design aimed at activating long-overdue strategic priorities. This re-design is intended to differentiate functions across structures, enhance profit generation, foster innovation, promote growth, and strengthen alliances, thereby positioning the entity for sustained success.

AUDIT REPORT MATTERS

The ADA received a qualified audit outcome for the 2024/25 financial year, maintaining consistency with the previous year, 2023/24 financial year. Although this marks a slight regression from the 2022/23 financial year, when an unqualified audit with findings was achieved, it provides a clear baseline for targeted improvements moving forward.

The key areas identified for improvement include:

- Addressing material misstatements in the Annual Financial Statements related to compliance with the Public Finance Management Act (PFMA).
- Enhancing the accuracy of performance information reported in the Annual Performance Report.
- Strengthening compliance with relevant legislation.

While the overall performance of the entity has remained steady, it is important to acknowledge that the number of material instances of non-compliance has increased compared to the prior year. This presents an opportunity to focus on strengthening controls and adherence to regulations.

On a positive note, progress has been made in managing general expenses, reflecting ongoing efforts to improve financial management.

ADA management has made a firm commitment to restoring the entity's unqualified audit status for the 2025/26 financial year. This will be achieved through monitoring the improvement plan that was developed and the implementation of robust corrective measures. We remain committed to building on these gains and implementing strategies to achieve better compliance and performance in the future.

OUTLOOK/ PLANS FOR THE FUTURE TO ADDRESS FINANCIAL CHALLENGES

The entity recognizes the need for a more resilient and adaptable financial strategy to navigate the current economic climate. In response, the entity is taking deliberate steps to improve its financial sustainability and ensure continued support for agribusiness development initiatives. Internally, the entity is implementing precise financial controls and refining its budgeting processes to ensure more efficient use of available resources. These controls include but not limited to: cost cutting measures on travel through costed and planned trips per quarter, automating systems (promoting paperless) and utilizing technological systems / innovations for approvals, document packs and etc.

Collaborative initiatives and the development of strategic partnerships with Development Finance Institutions (DFIs), Sector Education and Training Authorities (SETAs), and other financial institutions through blended finance and leveraging are being pursued to help mitigate the impact of future budget cuts and to support the sustainability of implemented projects. These actions will collectively help the entity to manage financial pressures more effectively, maintain service delivery, and continue driving meaningful development in the agricultural sector.

Due to the financial constraints experienced in Government, certain activities that were funded through equitable share in 2024/25 financial year may fall short in the 2025/26 financial year. Innovative models are being developed and strategic partnerships with relevant stakeholders are being pursued to address this challenge.

EVENTS AFTER THE REPORTING DATE

After the reporting date, the Entity's Board and Executive Management conducted oversight visits to some of ADA supported projects during the month of June 2025, demonstrating strong governance and operational oversight.

On the 8th of May 2025, KZN Premier A.T. Ntuli, along with MECs Ms. T. P. Madlopha-Mthethwa and Mr. M. Khawula, visited Ntingwe Tea Estate, emphasizing its potential for employment and economic growth in the Nkandla and King Cetshwayo districts. Additionally, in April 2025, South Africa hosted G20 Agriculture Working Group and Food Security Task Force meetings in Durban, with ADA participating to influence global food security. Throughout this period, the Entity's continued service delivery initiatives reaffirm its commitment to directly serving communities.

Looking ahead to the 2025/26 financial year, project implementation will rely solely on Comprehensive Agricultural Support Programme (CASP) funding provided through KZN DARD.

ECONOMIC VIABILITY

The ADA has aligned its assessment of projects to the Comprehensive Agricultural Support Programme (CASP) funding criteria requirements since the 2023/24 financial year. Projects are evaluated against their economic viability, social impact, and strategic importance. This ensures that projects chosen for implementation are economically and environmentally sustainable while addressing the triple challenges of poverty, inequality and unemployment, including their contribution towards Regional and National food security which have been the fulcrum of the socio-economic development agenda of Government.

The economic viability of the agribusiness sector in KwaZulu-Natal remains a cornerstone of the provincial economy, contributing significantly to GDP, job creation, and food security. Despite global and local economic headwinds, including fluctuating commodity prices, climate change impacts, and infrastructure challenges, the resilience and adaptability of our emerging commercial farmers and Agri-entrepreneurs continue to drive sectoral growth. Key sub-sectors, from horticulture to livestock, demonstrate robust potential, for attracting investment and fostering innovation that underpins sustainable development and transformation across within the rural and urban landscapes.

At ADA, we are acutely focused on enhancing this economic viability by fostering an environment conducive to growth and stability. Our initiatives are designed to empower emerging commercial farmers, facilitation of market access, promote climate-smart agricultural practices, and encourage value addition through processing and beneficiation. By strategically investing in capacity building, technology adoption, and infrastructure development, we aim to mitigate risks, unlock new opportunities, and ensure that KwaZulu-Natal's agribusiness sector not only thrives but also remains competitive and inclusive for the benefit of all stakeholders in the coming years.

ACKNOWLEDGEMENT/ APPRECIATION

I would like to express my sincere appreciation to the Board of the ADA led by the Board Chairperson, Mr SL Gumbi, Executive Management, Management, our dedicated employees, and all stakeholders for their unwavering support and commitment to advancing agricultural development and rural empowerment in KZN. The success of ADA's mission hinges on the collective efforts of all stakeholders working in alignment to achieve our mandate, vision, and core values. Together, we are driving the growth of the agribusiness sector in KZN, enriching the lives of our citizens and fostering sustainable economic development. I am grateful for the progress we have made during the 2024/25 financial year and the many accomplishments we have achieved together. I am hopeful and look forward to reporting on and sharing highlights of the next successful financial year.

OTHER

Despite the economic challenges faced during the 2024/25 financial year, the entity has maintained a stable financial footing, demonstrating resilience and prudent management. Our revenue streams, primarily from government grants and subsidies, continue to support our key projects and strategic initiatives.

We remain focused on cost management and efficient resource allocation to sustain service delivery and project implementation. Looking ahead, we are confident that continued support and strategic partnerships will enable us to achieve our objectives and enhance our contribution to the KwaZulu-Natal economy and South Africa at large. We also remain committed to strengthening governance practices and addressing past irregularities to uphold the highest standards of transparency and accountability.



.....
Mr Mduduzi Jeremiah Mfusi
 Acting Chief Executive Officer
 Agribusiness Development Agency
 Date: 31 July 2025

6. STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF ACCURACY FOR THE ANNUAL REPORT

To the best of my knowledge and belief, I confirm the following:

All information and amounts disclosed in the annual report is consistent with the annual financial statements audited by the Auditor General of South Africa.

The annual report is complete, accurate and is free from any omissions.

The annual report has been prepared in accordance with the guidelines on the annual report as issued by National Treasury.

The Annual Financial Statements (Part F) have been prepared in accordance with the GRAP standards applicable to the public entity.

The Accounting Authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.

The Accounting Authority is responsible for establishing and implementing a system of internal control has been designed to provide reasonable assurance as to the integrity and reliability of the performance information, the human resources information and the annual financial statements.

The external auditors are engaged to express an independent opinion on the annual financial statements.

In our opinion, the annual report fairly reflects the operations, the performance information, the human resources information and the financial affairs of the public entity for the financial year ended 31 March 2025.

Yours faithfully



Acting Chief Executive Officer

Name: Mr Mduduzi Jeremiah Mfusi

Date: 31 July 2025

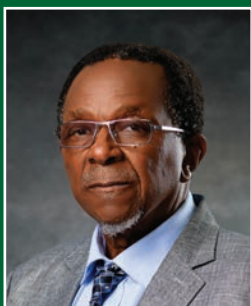


Chairperson of the Board

Name: Mr Sibusiso Lucky Gumbi

Date: 31 July 2025

6.1. Agribusiness Development Agency Board Of Trustees



Mr Sibusiso Lucky Gumbi
Board Chairperson



Mr Ntokozo Innocent Mafuleka
Deputy Chairperson



iNkosi Siphiwe Sydney Kunene
Board Member



Mrs Thokozile Joyce Gumede
Board Member



Mr Abednego Mbuyiseni Nxumalo
Board Member



Ms Dianetse Kindness Mokoatle
Board Member



Dr. Sifiso Mboneni Ntombela
Board Member



Ms Zethembile Primrose Mbatha
Board Member



Mr Innocent Bheki Dladla
Board Member



Ms Lumka Sibanyoni
Independent Audit &
Risk Chairperson

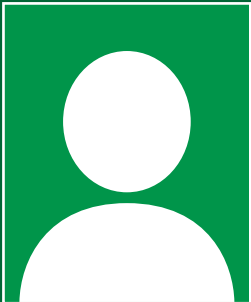


Ms Sibongakonke Mkhwanazi
Board Secretary

6.2. Members of The Executive Committee



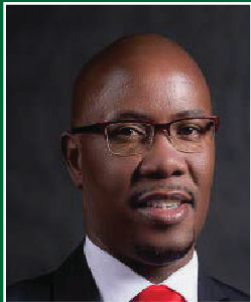
Mr Mduduzi Jeremiah Mfusi
Acting Chief Executive Officer



Vacant
Chief Operation Officer



Ms Mathobi Winfrieda Mkhize
Chief Financial Officer



Mr Thabiso Joseph Selai
General Manager:
Corporate Services

7. STRATEGIC OVERVIEW

ADA Mandate

To provide holistic agricultural support services to entrant black commercial farmers who have acquired land through Government's Land Reform Programme, and on a private basis.

The ADA is a vehicle that facilitates the growth of a strong, transformed, diversified, dynamic, competitive and sustainable agribusiness industry in KwaZulu-Natal focusing on projects that are catalytic in nature.

Redress economic inequality in agriculture resulting from unfair discrimination against historically disadvantaged commercial farmers through:

- Support;
- Business rescue;
- Opportunities to acquire shares/interests in agriculture commercial enterprises;
- Investment and participation in the agriculture value chain;
- Promotion and support of agribusiness ventures; and
- Creating:
 - Employment opportunities;
 - Schemes; and
 - Business enterprises

ADA Vision, Mission and Values

7.1. Vision

A diverse, deracialised, prosperous, and sustainable agribusiness sector in KwaZulu-Natal.

7.2. Mission

ADA strives to facilitate, establish, promote and support the growth of enterprises owned and managed by the targeted groups along the agricultural value chains through partnerships in order to achieve a transformed agribusiness sector in KwaZulu-Natal.

7.3. ADA Values

All ADA officials are committed to values associated with:

- **Integrity**
We commit ourselves to ensuring our purpose, practices and values are ethically sound at all times.
- **Accountability**
We take accountability for all our actions in dealing with our clients, stakeholders and mindful of possible consequences emanating from our decisions.
- **Excellence**
We commit to providing quality services and products to all our clients at all times, consistent with the spirit of Batho Pele.
- **Innovation**
We commit to strive for continuous improvements through innovation and promoting a learning organizational culture.
- **Efficiency and effectiveness**
We commit to providing economic and competent expertise in the agriculture sector.

National Department of Agriculture, Land Reform & Rural Development Impact Statement

"An effective land and agrarian reform programme that ensures food security, economic growth and spatial transformation."

ADA Principal Commitment to achieving the National Department of Agriculture Land Reform & Rural Development Impact Statement

“To improve socio-economic conditions through the development of sustainable agribusiness in KwaZulu- Natal, being a Leader of Society in Agrarian Transformation”.

Outcomes Aligned to the National and ADA Impact Statements

Outcome 1:

Improved governance and accountability.

Outcome 2:

Improved market access and value chain participation.

Outcomes aligned to National Strategic Priorities

Number of Agribusinesses supported to participate in the commodity value chains

- Infrastructure development
- Equipment support
- Production inputs and stock
- Blended finance
- Market Access

8. LEGISLATIVE AND OTHER MANDATES

8.1. Legislative Mandates

The ADA derives its mandates from the following policy and legislative imperatives:

- Cabinet Resolution No. 79 of 29 July 2009 authorizing the establishment of an Entity to support entrant commercial black farmers
- Comprehensive Agricultural Support Programme (CASP) as contained in the Division of Revenue Act (DORA)
- Land Reform Policy Guidelines and the Department of Rural Development and Land Reforms
- Amended Deed of Trust for the KwaZulu-Natal Agricultural Development Trust, trading as the Agribusiness Development Agency (ADA)
- Cabinet Resolution No. 245 of 11 November 2009 transferring the KwaZulu-Natal Agricultural Development Trust from the KwaZulu-Natal Department of Agriculture, Environmental Affairs and Rural Development to the Department of Economic Development

ADA is a Provincial Entity established to provide holistic agricultural support services to entrant black commercial farmers who have acquired land through the government’s Land Reform Programme, and on a private basis.

In the execution of this mandate, ADA will focus on:

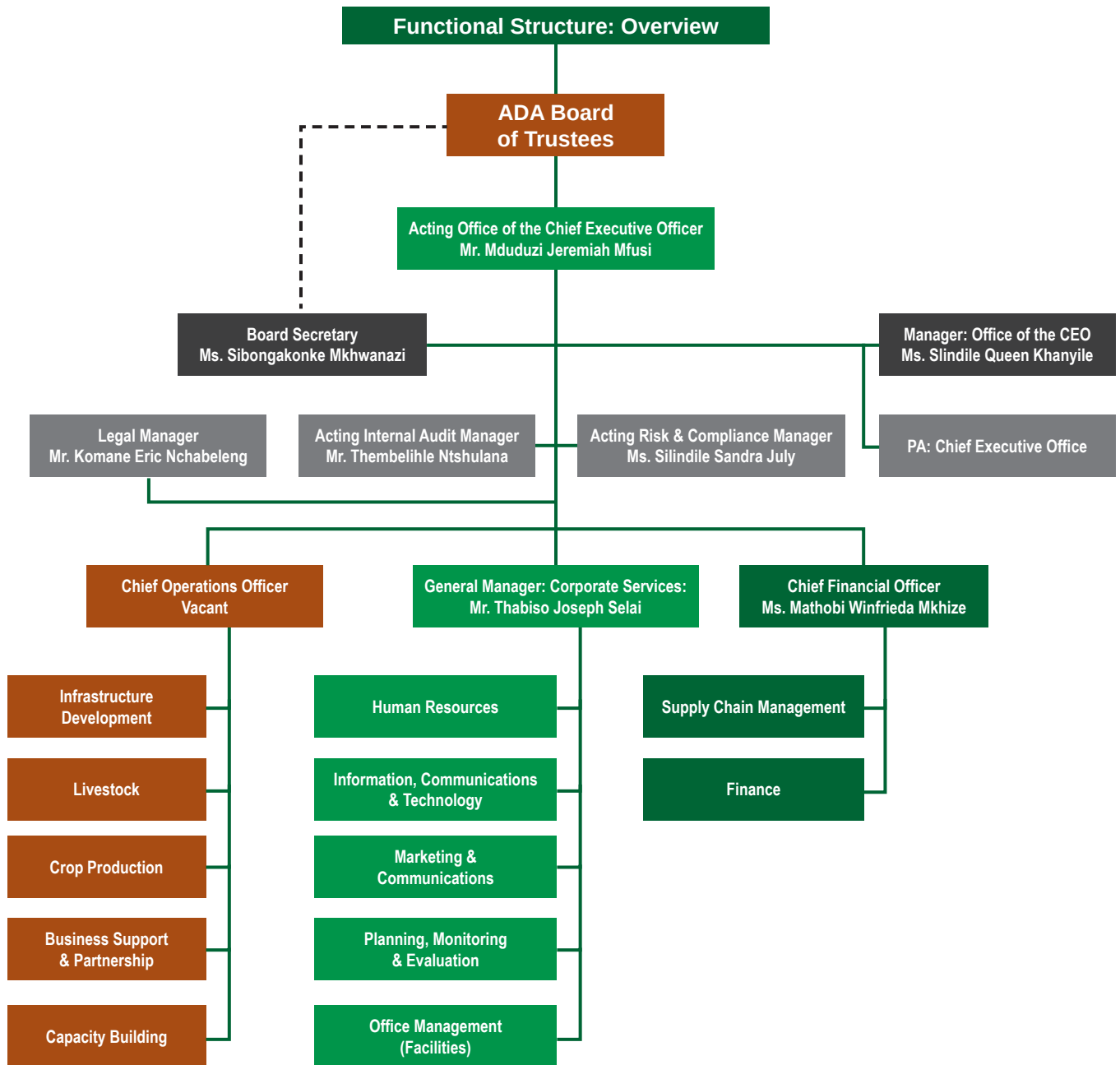
- Developing and coordinating support to commercial farmers;
- Developing and providing efficient business rescue support systems for distressed commercial farmers;
- Providing historically disadvantaged farmers with opportunities of, directly or indirectly acquiring shares or interest in commercial agricultural enterprise;
- Encouraging and promoting investment and meaningful economic participation by previously disadvantaged commercial farmers in the agriculture value chain;
- Promoting and supporting agribusiness ventures pioneered and run by previously disadvantaged persons;
- Facilitating access to markets for commercial farmers through strategic partnerships and direct government interventions;

- Providing skills transfer, capacity building, support and mentorship programmes to commercial farmers; and
- Contributing to the creation of employment opportunities;
- Also incorporated are the responsibilities and functions performed by Mjindi Farming, Ntingwe Tea (Pty) Ltd and Natal Trust Farms

The ADA was established under provincial legislation as a Schedule 3C Public Entity which is guided by the following legislation, strategic documents and policies in implementing its mandate:

- The Constitution of the Republic of South Africa Act 108 of 1996
- Public Finance Management Act (PFMA) Act 1 of 1999
- Broad-Based Black Economic Empowerment (B-BBEE)
- National Treasury Regulations, Guidelines and Instruction Notes
- Labour Relations Act (LRA) Act 66 of 1995
- Companies Amendment Act 3 of 2011
- Occupational Health and Safety (OHS) Act 85 of 1999
- The National Development Plan (NDP) 2030
- Agricultural & Agro-processing Master Plan (AAMP)
- Medium Term Strategic Framework (MTSF)
- Medium Term Development Plan (MTDP)
- Nine Point Plan
- New Growth Path (NGP) Framework
- Industrial Policy Action Plan (IPAP)
- Industrial Policy Action Plan2 (IPAP2)
- Agribusiness Development Agency Planning, Monitoring and Evaluation Policy Framework
- Agribusiness Development Agency 2020/21 – 2024/25 Strategic Plan
- DPME Guidelines for Implementation Revised Framework for Strategic Plans and Annual Performance Plans (2019)
- DPME Revised Framework for Strategic Plans and Annual Performance Plans (FSPAPP) (2019)
- The National Treasury Framework for Managing Programme Performance Information (FMPPi)
- Government Wide Monitoring & Evaluation Framework (GWM&EF)
- National Evaluation Policy Framework of 2019 (NEPF)
- Provincial Growth & Development Plan (PGDP)
- 2035 KZN Provincial Growth & Development Strategy (PGDS)
- Agricultural Policy Action Plan (APAP)
- Poverty Eradication Master Plan (PEMP)

9. ORGANISATIONAL STRUCTURE





Part B:

PERFORMANCE INFORMATION

1. AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

The AGSA/auditor currently performs the necessary audit procedures on the performance information to provide findings engagements in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management, with material findings being reported under the Predetermined Objectives heading in the Report on other legal and regulatory requirements section of the auditor's report.

Refer to page 101 of the Report of the Auditors, published as Part F: Financial Information.

2. OVERVIEW OF PERFORMANCE

2.1. Service Delivery Environment - External Situational Analysis

On the 18th of July 2024, the President of South Africa, His Excellency Cyril Ramaphosa delivered the Opening of Parliament Address, ushering in the 7th Administration. On the backdrop of the National General Elections held on 29 May 2024, a Government of National Unity (GNU) was formed.

The voice of the people has led to the facelift of the governance and political landscape of the Republic. The resounding message of the people of the republic is the need for change, for unity, for dynamic thinking towards addressing the triple threat of inequality, poverty and unemployment faced by many in South Africa.

The Government of National Unity has adopted three (3) strategic priorities of Government, namely:

1. **Drive inclusive economic growth and job creation;**
2. **Reduce poverty and tackle the high cost of living; and**
3. **Building a capable, ethical, and developmental state.**

In the State of the Province Address (SOPA) on 28 February 2025, the Honourable Premier of KwaZulu-Natal, Mr Thamsanqa Ntuli, reiterated the alignment of the Province to the three national strategic priorities as follows:

- First, to drive inclusive growth and create jobs—because a strong and dynamic economy is the foundation of a prosperous nation.
- Second, to reduce poverty and address the high cost of living—ensuring that all South Africans can live with dignity.
- Third, to build a capable, ethical, and developmental state—one that delivers efficiently, transparently, and in the best interest of the people.

Linked to the national strategic priorities, the Honourable Premier pronounced in the SOPA (28 February 2025), the following eight focus areas for the Province of KwaZulu-Natal, namely:

- Rebuilding the economy;
- Strengthening local government and governance;
- Sustainable development;
- Improving healthcare and education;
- Delivering better human settlement and infrastructure;
- Improving community safety;
- Mitigating climate change; and
- Building a capable, ethical and developmental state.

The Medium Term Development Plan, 2024 – 2029 was adopted by the Cabinet on 27 February 2025. The MTDP is a comprehensive framework guiding government action and priorities for the 7th Administration. It is rooted in principles of inclusivity, poverty eradication, economic growth and sustainable development. This Plan marks a critical phase in

achieving the National Development Plan (NDP) Vision 2030, as it is the final medium term development plan before the 2030 deadline. The MTDP incorporates three strategic priorities that were outlined by President Ramaphosa in his Opening of Parliament Address on 18 July 2024 (refer to the three priorities mentioned above).

The MTDP 2024-2029 will enable better alignment between plans and budgets by streamlining priorities and emphasising practical implementation. It establishes a clear link between the NDP's transformative vision and tangible results on the ground. This governance approach prioritises impact and outcomes.

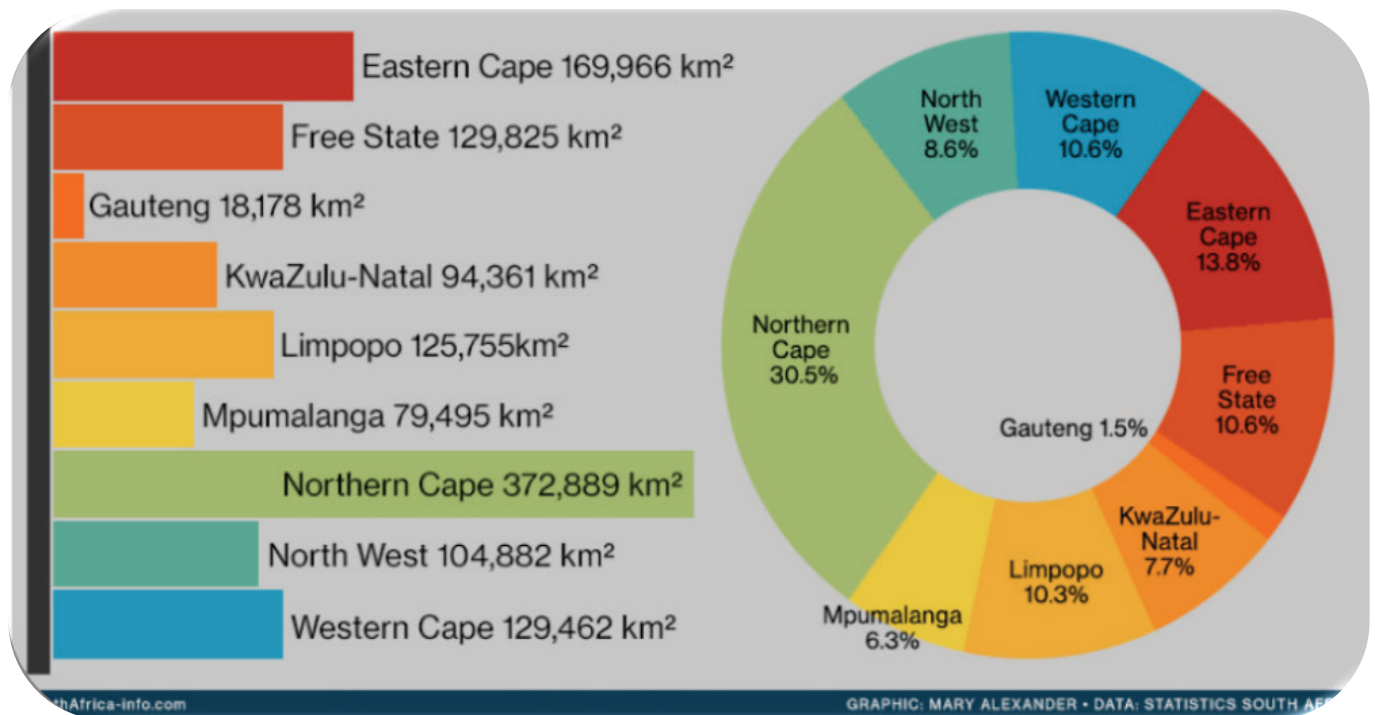
(Department of Planning, Monitoring and Evaluation, 2025)

Agriculture and Land Distribution

Agriculture is a key part of KwaZulu-Natal's economy, supported by its diverse climate and landscape. The province produces a wide range of crops and livestock, involving both commercial and subsistence farming. Land reform remains a major issue, with government efforts aimed at fairer access. The sector faces challenges such as land tenure, resource constraints, climate change, and loadshedding. Agribusiness adds value through processing and marketing.

(Service delivery Improvement Plan 2020-2024)

Figure 1: Nine Provinces of South Africa – Land Area



(Alexander and Stats SA, 2022)

Figure 1, based on Stats SA Census 2022 data, illustrates the provincial land area distribution. The Northern Cape holds the largest share at 30.5%, followed by the Eastern Cape at 13.8%. KwaZulu-Natal ranks as the seventh largest province by land area, accounting for 7.7%. However, when considering agricultural activity, the Western Cape leads significantly with 25%, while KwaZulu-Natal contributes 8.5%. KwaZulu-Natal's contribution is smaller relative to its land size but remains significant in certain crop and livestock sectors.

(AgriBook and Sihlobo, 2019)

The process of land reform in South Africa is recognized as complex and contentious, encountering various challenges that have resulted in slow progress. Finding a balance between rectifying historical land injustices and safeguarding property rights and economic stability remains a delicate undertaking for the government. The ADA is committed to supporting the National Development Plan's (NDP) 2030 vision for land reform. The ADA has aligned all programmes to work in unison with the NDP, contributing to the goal of creating a safe and viable economy across all government sectors and supporting the crucial objectives of land reform.

According to an article from The Presidency of the Republic of South Africa, President Cyril Ramaphosa, in his State of the Nation Address on 6 February 2025, underscored the government's acceleration of land redistribution. He highlighted the use of various tools, including land restitution and expropriation, to enhance agricultural output. Furthermore, President Ramaphosa signed the Expropriation Bill into law on 23 January 2025. This legislation is anticipated to improve access to land, thereby contributing to the reduction of hunger and fostering economic growth.

(The Presidency of the Republic of South Africa, 2025)

Agricultural Diseases

Foot and Mouth Disease (FMD)

As of July 2025, South Africa has reported a total of 270 FMD outbreaks across five provinces. Of these, 21 outbreaks have been resolved, while 249 remain unresolved. Eastern Cape recorded 40 outbreaks, with 38 ongoing and two resolved, and has not reported new cases since September 2024. KwaZulu-Natal is the most affected province, with 191 outbreaks—172 active and 19 resolved. Since May 2025, Gauteng has reported 32 outbreaks, North West has four active outbreaks, and Mpumalanga has three outbreaks.

(South African Government, 2025)

To mitigate the further spread of the virus, Minister of Agriculture John Steenhuisen has decided to expand the boundaries of the DMA. This action aims to regulate the movement of cloven-hoofed animals—including cattle, sheep, and goats—and their by-products within the affected regions. FMD outbreaks in KwaZulu-Natal have occurred sporadically over the years, strict control measures such as quarantine zones, movement restrictions, culling infected animals, and vaccination campaigns.

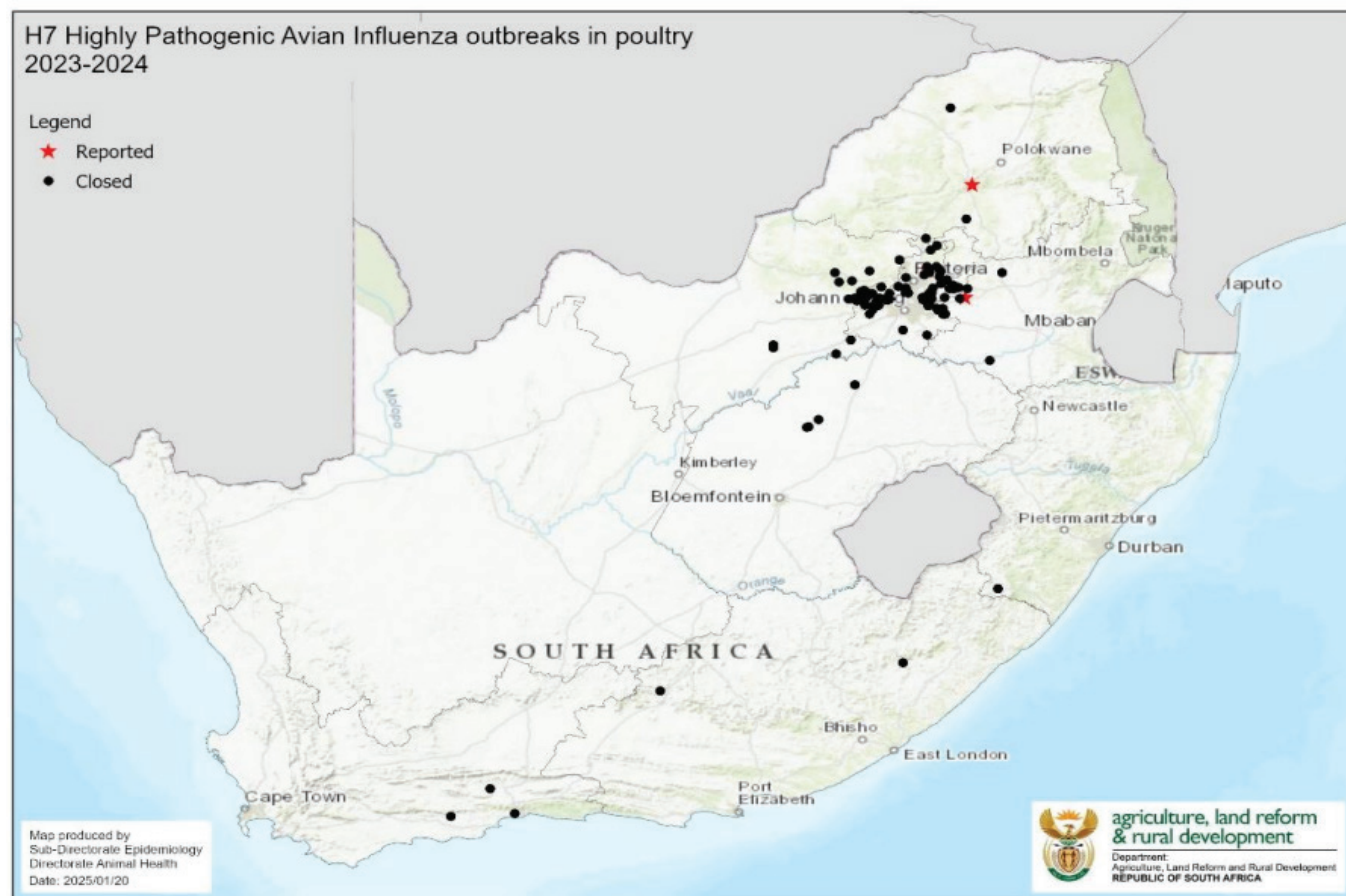
(Department of Land Reform and Rural Development and Dr. Maja, 2025)

The ADA projects were indirectly affected by the Foot and Mouth outbreak of this disease, although none of the livestock projects reported cases of this infection, this outbreak did affect trade and breeding of livestock for some of our farmers. This affected the project implementation timelines. ADA continues to be proactive in ensuring that all its livestock projects are provided with adequate vaccines to mitigate against the continued spread of the disease.

Avian Flu (HPAI H5 and HPAI H7)

Statistically, since March 2023, a total of 44 highly pathogenic avian influenza (HPAI H5) cases have been reported across six South African provinces—KwaZulu-Natal, Western Cape, Mpumalanga, North West, Gauteng, and Northern Cape—with KwaZulu-Natal accounting for 6 outbreaks. All HPAI H5 cases have been resolved and the events closed. Additionally, there have been 116 outbreaks of HPAI H7 reported across eight provinces, with only 1 case in KwaZulu-Natal (See figure 2 below). Ongoing research is making progress toward developing a vaccine for HPAI H7 to help control the outbreaks.

Figure 2: Spatial distribution of the HPAI H7 poultry event



(Department of Agriculture, Land Reform and Rural Development, 2025)

To try curb the occurrence of the avian influenza, the ADA has supported various poultry projects across KwaZulu-Natal with vaccines and has ensured that proper infrastructure such as poultry houses are built in good condition.

Climate Change and Extreme Weather Conditions

Persistent Floods

Between 1989 and 2010, South Africa experienced 77 significant floods, with KwaZulu-Natal and the Eastern Cape frequently impacted. Since June 2024, severe flooding has caused substantial economic damage, infrastructure destruction, and loss of life. The region, still recovering from floods in April 2022 and 2023 that resulted in over 400 deaths and disrupted key infrastructure like Durban's port, has seen declines in growth, employment, and investment. Disaster Charter 755 was activated for the country, and in February 2025, KwaZulu-Natal faced further flooding and mudslides.

(Department of Water and Sanitation, 2025)

These disruptions, particularly affecting agricultural imports and exports, have strained economic activity. Floods can have a significant and often negative impact on the agricultural sector, as this has led to crop damage, soil erosion, and the displacement of livestock. Local authorities and agricultural agencies typically assess the extent of the damage and implement measures to support affected farmers and communities in the aftermath of such events. The rising frequency of storms and flooding in these provinces is attributed to climate change and environmental mismanagement, further threatening regional economic stability. In 2022, 4 ADA supported agribusiness enterprises were affected by the floods; with major damage on infrastructure as well as to land, causing soil degradation. Since then, we have not had any reported incidents of the supported agribusiness enterprises affected by climate change or extreme weather conditions. The figure below shows the impact of climate change on food security:

(National Sea Rescue Institute, 2024)

Figure 3: Impact of climate change on food security



(Onyeaka et al., 2024)

The KZN Premier, Honourable Mr Thamsanqa Ntuli during his SOPA 2025 held on the 28th of February 2025 indicated that approximately 11 lives were lost which were reported; and is still committed to providing transitional homes to 1151 people affected by floods back in 2022 at Durban Metro (as previously stated during his Inaugural State of the Province Address held on 31 July 2024). The figure above indicates a number of factors that impact security in South Africa.

(President Cyril Ramaphosa, 2024 and Honourable Premier Ntuli, 2024 and 2025)

Water Availability - Dam Capacity

South Africa is grappling with a severe water crisis caused by aging infrastructure, mismanagement, and environmental challenges. This has led to water shortages across many regions, impacting both urban and rural populations. Rural communities, in particular, are hit hardest; some still depend on river water and tanks for their needs. This situation makes it incredibly difficult for these impoverished areas to engage in any form of agriculture, whether subsistence or commercial, since they mostly rely on rainfall that has become increasingly unreliable in some parts of South Africa.

The table below compares the dam storage capacity across provinces for the month of July 2025 (week 21 July - 29 July 2025) compared to the week in July 2024.

Table 1: South African State of Dams – Tuesday 29 July 2025

FSC = full storage capacity in million cubic meters

Means latest available data

Province	Nett FSC million m ³	This Week (%)	Last Week (%)	Last Year (%)
Eastern Cape	1731	82	82	82
Free State	15657	101	101	83
Gauteng	128	99	100	87
Kindom of Lesotho*	2363	95	96	84
Kingdom of Eswatini*	334	97	98	96
Kwazulu-Natal	4910	97	97	88
Limpopo	1485	86	87	79
Mpumalanga	2538	98	99	92
North West	866	101	101	72
Northern Cape	147	95	96	83
Western Cape	1918	79	79	92
Total	32077	97	97	85

(Afriwix, 2025)

KwaZulu-Natal (KZN) has a full storage capacity of 4,910 million cubic meters. This week, it has utilized approximately 97% of its available capacity, which is consistent with the percentages reported last week (97%) and last year (88%). This indicates that KZN is maintaining a high level of water storage utilization, close to its maximum capacity, and this level has remained stable over the recent week. The data suggests that KZN's water storage is relatively well-managed compared to some other provinces, and its storage levels are not showing significant declines or increases at this time.

The ADA has assisted and will continue to assist agribusiness enterprises with resource-based infrastructure such as rehabilitation of dams, installation of irrigations systems, complemented with the drilling and equipping of boreholes with sufficient storage i.e. Jojo tanks to reduce the impact of the drought to allow for continued farming activities and operations. There were no projects that were affected by drought because of these interventions.

Impact of increased severity in natural disasters on risk planning and budgeting

The current and continued changes in global climate influences the occurrences of natural disasters which are increasing in both intensity and frequency, with detrimental impacts on social, economic and environmental sectors. Natural disasters cause significant budgetary pressures with fiscal impacts and wider long-term implications for development. During the 2024/25 financial year the ADA considered the implications of increased severity in natural disasters through risk mitigation.

State of the Nation Address

During the State of the Nation Address (SONA) on 6 February, 2025, President Cyril Ramaphosa briefly highlighted the crucial role of the agricultural sector in South Africa's economy. He emphasized the need for revitalization of the harbours, which are vital for agricultural exports and play a significant role in the country's growth strategy.

The President also addressed pressing issues affecting the sector, including:

- **Dilapidated Infrastructure:** The poor state of infrastructure which poses a challenge to efficiency and productivity within the agricultural sector.

- **Stock Theft and Rural Crime:** These issues have significant repercussions for farmers, particularly black-owned agribusiness enterprises, which have been disproportionately affected. The rise in crime poses a setback to growth and threatens the sustainability of various agricultural projects.
- **Expansion of agricultural markets:** Through Quality Standards and Certifications: Assisting farmers in meeting international quality standards and obtaining necessary certifications to access new markets confidently. The ADA has supported various agribusiness enterprises with product testing, product labelling and interpretation of results which has assisted them with market access; this is achieved through Programme 3: Enterprise value chain and Development.
- **Alleviation of poverty and tackling high cost of living:** The ADA aims to contribute to this priority through the existing Programmes which are Programme 3: Enterprise & Value Chain Development and Programme 4: Infrastructure Development.

The challenges and opportunity highlighted during the SONA 2025 underscore the necessity for targeted interventions to enhance infrastructure, strengthen security, and support the resilience of agribusinesses, particularly those owned by black entrepreneurs. President Ramaphosa's focus on these areas reflects the government's recognition of the agricultural sector's potential to contribute to economic recovery and development in the country.

- **Opportunity of being a leader in cannabis production:** The opportunity for South Africa to become a leader in cannabis production presents a significant avenue for economic growth and product diversification, particularly in response to global demand for cannabis products. Here are several key strategies that can facilitate this potential:

1. Strategic Marketing Initiatives:

- **Brand Development:** South Africa can develop a unique brand identity for its cannabis products, emphasizing quality, sustainability, and local heritage.
- **Market Research:** Conducting in-depth market analysis to identify target demographics and tailor marketing strategies to meet consumer preferences domestically and internationally.
- **Partnerships and Collaborations:** Collaborating with established companies and stakeholders in the cannabis industry to leverage expertise and market access.

2. Infrastructure Development:

- **Cultivation Facilities:** Investing in state-of-the-art cultivation and processing facilities to ensure high-quality production.
- **Logistics and Distribution:** Improving transportation and logistics networks to facilitate efficient supply chains from farms to markets both locally and globally.
- **Research and Development:** Establishing research hubs to innovate and develop new cannabis products, including medicinal and wellness offerings.

3. Adequate Financial Support:

- **Access to Capital:** Creating funding programs and financial services tailored to support vulnerable groups, including black farmers and small-scale operators.
- **Grants and Subsidies:** Implementing grant schemes and subsidies to help new entrants in the cannabis market mitigate initial costs and risks. With the grant funding support from the Agricultural Development Agency (ADA), farmers may require blended financing from other financial institutions to enhance the development of their agribusiness enterprises and ensure their long-term sustainability. This combined approach to financing can provide the necessary capital and resources to support growth, innovation, and resilience in the agricultural sector.
- **Training and Capacity Building:** Providing training programs and resources to equip farmers and entrepreneurs with the knowledge and skills necessary for successful cannabis cultivation and business operations. These are opportunities that might find expression on ADA's Programme 2: Comprehensive Capacity Building.

The ADA contributes to infrastructure development and or rehabilitation of infrastructure for the supported agribusinesses, for inclusive participation and transformation within the agribusiness sector. In the 2024/25 financial year, the ADA successfully surpassed its target of supporting 12 enterprises with infrastructure planning, extending support to a total of 13 enterprises. Additionally, 19 enterprises received support for agricultural infrastructure, such as irrigation systems, packhouse facilities, electricity installation, fencing, and more. This achievement reflects the organization's commitment to fostering robust agribusiness development and infrastructure enhancement.

Energy Action Plan

During the SONA 2025 on 6 February, 2025, President Cyril Ramaphosa reaffirmed the government's ongoing commitment to investing in Eskom and stabilizing the energy sector. The measures introduced through the Energy Action Plan have successfully reduced both the severity and frequency of load shedding, resulting in over 300 days without outages since March 2024. While occasional load shedding still indicates ongoing constraints in energy supply, the positive trend reflects progress in reforming the country's energy system to achieve long-term energy security.

As these reforms continue, the Just Energy Transition is gaining momentum, aligning with the country's carbon reduction commitments at a manageable pace and scale. Recognizing that electricity prices for farmers have increased, making energy costs more challenging, it is increasingly necessary for farmers to invest in solar systems to enhance energy independence and reduce operational costs. To support beneficiaries amidst these energy challenges, the ADA has previously assisted agribusinesses by providing generators and solar pumps. In the 2024/25 financial year, the ADA supported multiple projects involving electricity installations and generator procurement. This support has alleviated energy issues for farmers, boosting production and contributing to food security.

(President Cyril Ramaphosa, SONA 2025)

Employment and unemployment in South Africa – Economic Growth

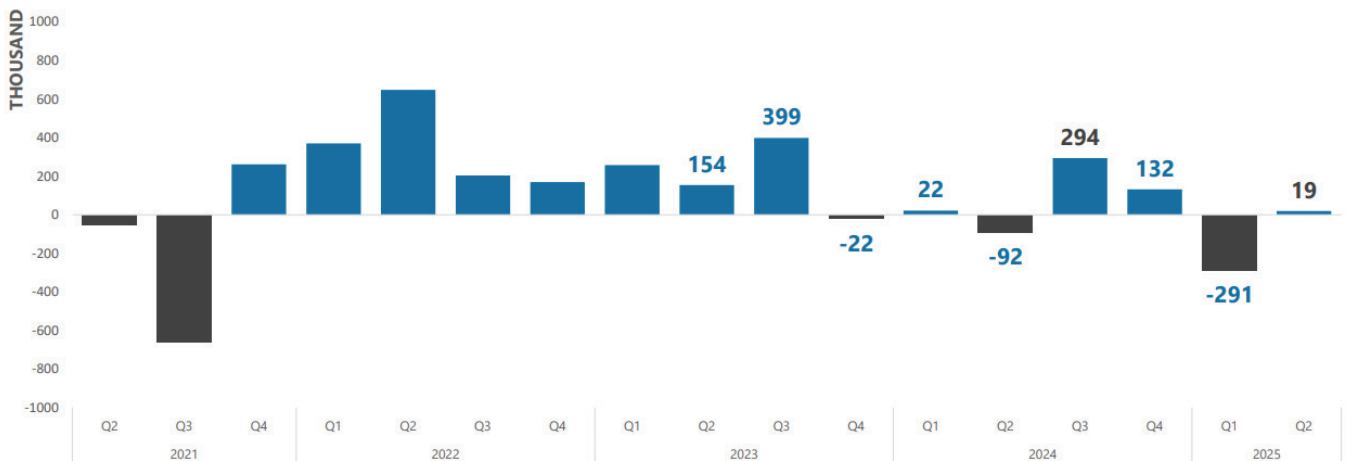
During SONA 2025 on the 6th of February 2025, President Cyril Ramaphosa announced the R20 billion transformation fund established as a significant step towards promoting economic inclusivity and supporting black-owned and small business enterprises in South Africa. This transformation fund will enable and serve as an opportunity to contribute towards MTDP Strategic Priority 1: Drive inclusive economic growth and job creation.

(President Cyril Ramaphosa, SONA 2025)

In Q2:2025, employment increased by approximately 19,000 individuals, following a decline of 291,000 in Q1 2025 (See Figure 4 below). During the same period, the number of unemployed persons rose by 140,000, resulting in a 0.3 % point increase in the official unemployment rate from 32.9% in Q1 2025 to 33.2% in Q2 2025. The expanded (broad) unemployment rate decreased by 0.2% points, from 43.1% in Q1:2025 to 42.9% in Q2:2025. Additionally, the number of discouraged workers decreased by approximately 28,000 compared to Q2 2024.

In KwaZulu-Natal, the official unemployment rate stood at 33.4% in Q2 2025, representing an increase of 1.1 percentage points from the previous quarter. The expanded unemployment rate in the province was 47.9%, up by 4.8 percentage points from the previous quarter. KwaZulu-Natal remains the third-lowest province in terms of official unemployment rate among the nine provinces.

Figure 4: Employment changes Q2:2021- Q2:2025 (Quarter-on-quarter)



(Maluleke and Stats SA, 2025)

In Q2:2025, only 4 out of 10 industries experienced employment increases, representing a slight decline compared to Q1:2025, when 5 industries saw employment growth. The agriculture sector experienced a decrease of 24,000 jobs in Q2:2025, a decline of 2.6%. This contrasts with the previous quarter, during which the sector gained 6,000 jobs, reflecting a 0.7% increase. Figure 6 below illustrates agricultural employment across various industries in Q2:2025.

(Maluleke and Stats SA, 2025)

Figure 5: Quarter-on-quarter change in employment by industry ('000) (Q1:2025 and Q2:2025)

Quarter-on-quarter change in employment by industry ('000) (Q1:2025 and Q2:2025)



(Maluleke and Stats SA, 2025)

During the 2024/25 period, the ADA generated 100 new jobs and sustained more than 80 existing positions. Promoting sustainable farming practices and supporting small-scale farmers could further enhance rural employment. The trade industry once again saw the largest employment increase of 2.7%, followed by Private households at 2.6% (See figure 5 above). The six industries having showed a decline can be witnessed in the official unemployment decline between the two quarters from 32.9% to 33.2% , an increase of 0.3%. Youth unemployment (ages 15-24) and (25 – 36) remains at a record high of 62.2% and 40.5% respectively. The unemployment rate for women stands at 35,9

% in Q2:2025. The ADA continues to prioritize youth and women employment as well as providing support through targeted funding and capacity-building initiatives aimed at fostering job creation in agribusiness.

The GNU aims to alleviate unemployment in youth through massive investment in infrastructure in MTDP Strategic Priority 1: Drive inclusive economic growth and job creation.

(Stats SA, 2025 and Trading Economics, 2025)

Economic Outlook

Global Outlook

Global economic growth is expected to moderate. Global GDP growth is expected to slightly slow from 3.2% in 2024 to 3.1% in 2025 and 3.0% in 2026, impacted by increased trade barriers in G20 countries and rising geopolitical and policy uncertainties, which dampen investment and household spending. Inflation is forecasted to be higher than previously anticipated but will gradually decline as economic growth weakens, with headline inflation dropping from 3.8% in 2025 to 3.2% in 2026.

However, core inflation is likely to remain above central bank targets in many countries by 2026. Risks include potential further fragmentation of the global economy, which could slow growth and increase inflation if trade barriers rise further. Elevated inflation might lead to tighter monetary policies and market disruptions. Conversely, a more stable policy environment and agreements to lower tariffs, along with structural reforms, could boost growth and reduce uncertainty. Figure 6 below shows global GDP growth trend between over three year period.

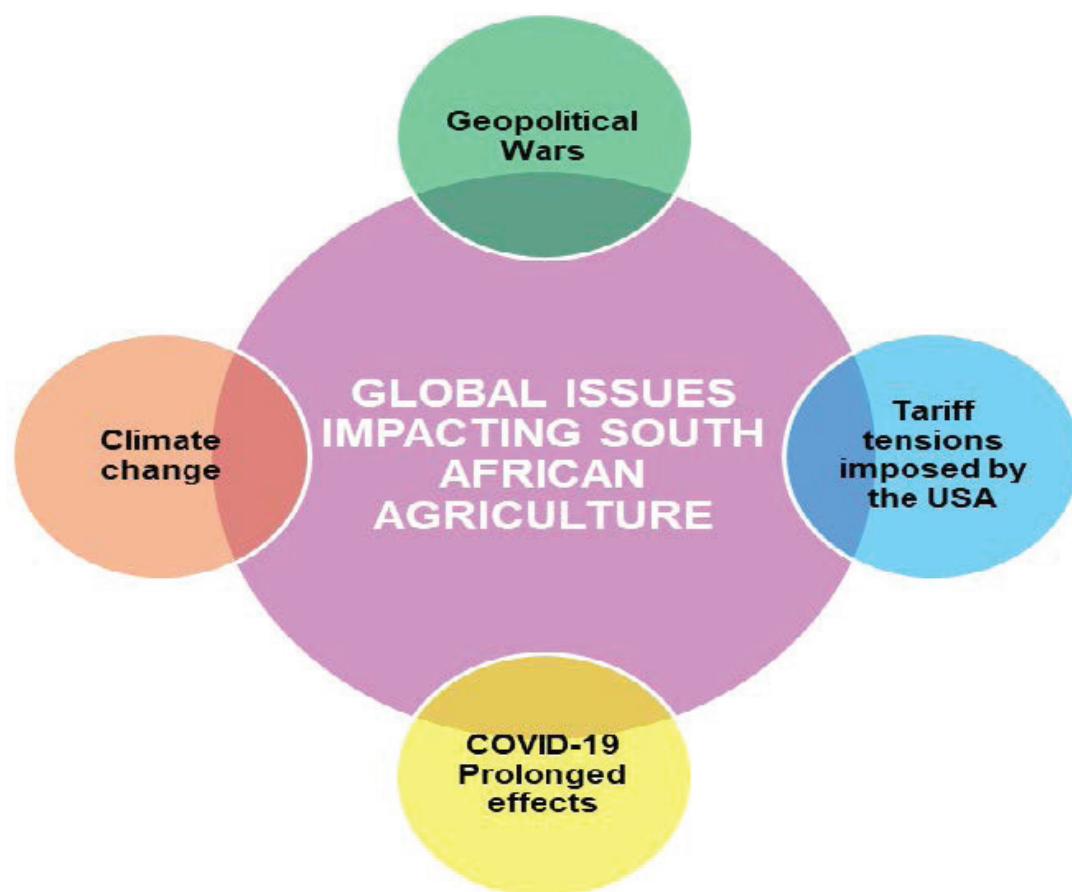
(OECD, 2025)

Figure 6: Global GDP Growth and Major Contributing Countries



(OECD and World Bank, 2025)

Figure 7: Global Issues/events impacting Agriculture



Tariff Tensions by the USA:

On the 2nd of April 2025, the USA President announced reciprocal tariffs on imports from over 180 countries, including South Africa, which faces a 30% tariff, commencing from the 7th of August 2025. The South African President, Mr Cyril Ramaphosa indicated that South Africa will not reiterate but will try and negotiate with the USA. This situation further creates uncertainty around the African Growth and Opportunity Act (AGOA), which currently allows duty-free agricultural exports.

Effects of the 30% tariffs:

- Disrupted trade flows and increased import/export costs for South African agricultural products.
- Limited access to the USA market for certain exports, affecting revenue and market diversification.
- Likely to create uncertainty for farmers and exporters, making long-term planning more challenging.

Geopolitical Wars have impacted South African in the following:

- Led to global supply chain disruptions, affecting the availability and prices of agricultural inputs like fertilizers, seeds, and machinery.
- Caused market instability, reducing demand for exports and affecting farmers' income.
- Increased fuel and transportation costs, raising production expenses.

COVID-19 Prolonged Effects:

- Increased operational costs due to health protocols and logistics challenges, squeezing profit margins.
- Led to business shutdowns affecting jobs

Climate Change:

- Resulted in unpredictable weather patterns, droughts, floods, and heatwaves, damaging infrastructure, crops and reducing yields.
- Increased costs for irrigation and adaptation strategies, impacting profitability.
- Threatened water security, crucial for agriculture, especially in water-scarce regions.

(Fast Company , 2025)

South African Outlook

South Africa is a member of the Group of 20 (G20) countries and is a developing nation in terms of its economy. Economic growth is expected to gain momentum over the next three years, with South Africa's GDP forecasted to rise by 0.6% in 2024, 1.6% in 2025, and 1.7% in 2026 while the G20 GDP relatively declines from 33% in 2024, 3.1% in 2025 and in 2026 to 2.9%. These projections are subject to change based on evolving global and domestic economic conditions.

(OECD, 2025)

Inflation and Interest rates

Consumer Price Index is currently at 3%, as of 30 June 2025. The South African Reserve Bank (SARB) enacted a reduction in the repo rate by 25 basis points, from 7.25% to 7%. Consequently, the prime lending rate was adjusted to 10.50%, down from 10.75% with effect from 01 August 2025. This monetary policy action is anticipated to:

- Alleviate financial burdens on farmers with lower loan interest rates;
- Allow farmers to access loans at low interest rates for sustainable growth;
- Encourage investment, helping to alleviate inflation;
- Support gradual consumption growth through rising purchasing power and employment; and
- Pave the way for further monetary policy relaxation in 2025, aiding economic growth.

(South African Reserve Bank, 2025)

Impact of inflation rates and interest rates on the cost of capita on businesses

Reducing the policy interest rate has the potential to boost economic activity while also leading to an increase in inflation. With lower interest rates, individuals are incentivized to spend more and save less. Additionally, lower rates decrease the repayment burden on loans, prompting more individuals to take out loans for significant investments such as new tractors, solar energy systems, and other similar purchases. Within the past two years there has been a steady rise in inflation and businesses have been faced with higher supply chain costs reducing the profit margin. Loadshedding, load reduction, unfavourable exchange rates and higher lending rates has become evident on the bottom line. Due to these changes budgets cuts across the sectors within government departments have become inevitable which has a huge impact on economic growth.

Exports and Imports

The exchange rate from USD to ZAR is 17,7117 ZAR on 21 August 2025, with a low of 17.516 ZAR, on the 13th of August 2025, an average of 18.141 ZAR over this period and a high of 19.742 ZAR on 8 April 2025.

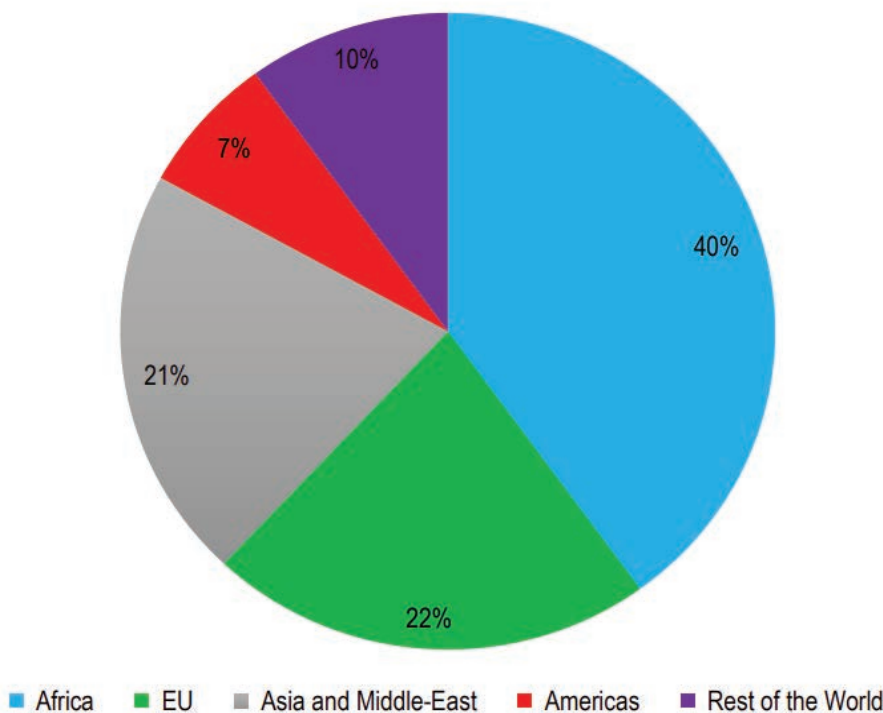
(Exchange-rates.org, 2025)

In 2024, South Africa's agricultural exports reached a peak of US\$13.7 billion, marking a 3% increase compared to the previous year. In Q2:2025, exports totalled US\$3.71 billion, representing a 0.35% rise from Q1:2025 and a 10% increase relative to the same quarter in the prior year, based on Trade Map data. The primary export commodities during Q2:2025 included citrus, apples and pears, maize, wine, nuts, fruit juices, dates, pineapples, avocados, grapes, and wool, among other products.

In Q2:2025, Africa remained the dominant market for South Africa's agricultural exports, accounting for 40% of the total, followed by the EU with 22%, and combined Asia and the Middle East with 21%. The Americas represented 7%, with notable export products including citrus, fruit juices, wine, nuts, and various fruits (See Figure 8 below). U.S. exports increased by 26% year-over-year to US\$161 million, despite ongoing tariff concerns, possibly due to a temporary 90-day tariff pause. The U.S. consistently accounts for approximately 4% of South Africa's agricultural exports since the initiation of AGOA, highlighting its significance despite its smaller share relative to other regions.

In Q2:2025, South Africa's agricultural imports totalled US\$1.81 billion, reflecting a 0.13% decrease from Q1: 2025 and a 5% decline compared to the same quarter in the previous year. This reduction was primarily due to lower volumes and values of key imported products such as wheat, palm oil, poultry, and whisky. Despite the decline in imports, the agriculture sector achieved a trade surplus of US\$1.90 billion in Q2:2025, representing a 29% increase year-over-year.

Figure 8: South Africa's agricultural exports by region in Q2:2025



(Sihlobo, Agricultural Business Chamber and Trade Map, 2025)

Despite having a substantial number of farmers, particularly in the poultry sector, South Africa faces ongoing challenges in meeting domestic demand for poultry products, especially chicken, which often necessitates imports. Local farmers have identified several significant barriers preventing them from scaling up from small-scale to commercial operations. These factors have also been vocalised by ADA's project beneficiaries in previous years. These challenges include:

- **Rising Costs of Inputs:** Increasing prices for feed, equipment, and other essential supplies are squeezing profit margins for farmers.
- **Elevated Interest Rates:** Higher borrowing costs make it more difficult for farmers to finance expansion or operational needs.
- **Restrictive Loan Application Processes:** Particularly impacting black farmers, the complexity and difficulty of securing loans hinder access to necessary capital for growth.
- **Persistent Increases in Oil and Fuel Prices:** These increases affect transportation costs and the overall operating expenses of poultry production.

- **Loadshedding:** The frequent power outages experienced in recent years disrupt farming operations, affecting productivity and efficiency.

These factors collectively pose significant obstacles to improving domestic poultry production, leaving the sector vulnerable to continued dependence on imports.

South African Fiscal Cliff

The term Fiscal Cliff is typically used to describe a situation where government's spending exceeds its revenue, leading to a significant budget deficit.

The National Treasury has determined that a strategic approach to fiscal management is essential, integrating proactive debt strategies with prudent spending to enhance the primary fiscal balance. This approach aims to lower the risk premium and elevate confidence levels, thereby encouraging investment and fostering job creation.

(Kumwenda-Mtambo, 2024, Minister Godongwana and National Treasury, 2025)

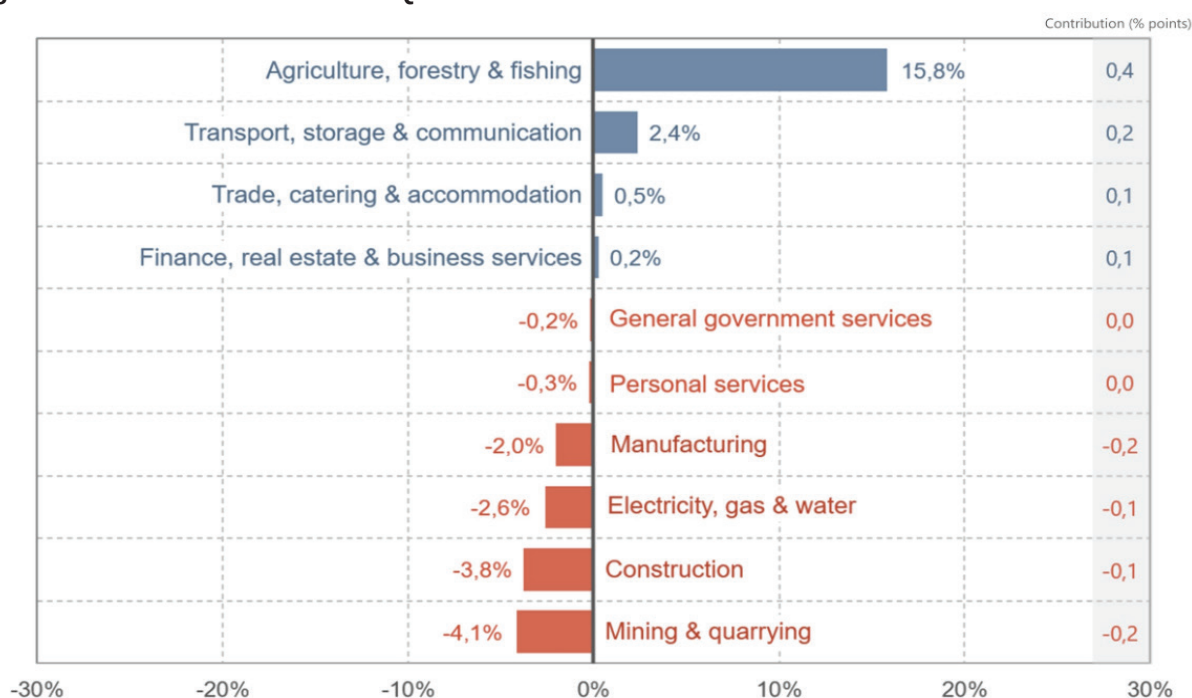
South African GDP

South Africa's GDP experienced a marginal quarterly increase of 0.1% in Q1:2025, a downward revision from the previously reported 0.4% growth in the prior quarter. Four out of ten sectors showed positive growth, led by agriculture (+15.2%) attributed by an increase mainly driven by heightened economic activity in horticulture and animal product industries. Transport (+2.4%), trade (+0.5%), and finance (+0.2%). Conversely, manufacturing and mining declined significantly by 2.0% and 4.1%, respectively, primarily due to ongoing infrastructural inefficiencies (See figure 10 below).

On the demand side, household consumption contributed positively (+0.4%), alongside inventory accumulation. However, net trade detracted from GDP growth, as exports (+1%) were outstripped by a larger increase in imports (+2%). Fixed investment decreased by 1.7%, and contributed as per the respective figures. Government expenditure fell slightly by 0.1%. Year-over-year, GDP grew by 0.8% in Q1, consistent with Q4's growth rate, which was the highest annual growth observed in the past year.

(Stats SA, 2025)

Figure 9: Four Industries Grew in Q1:2025



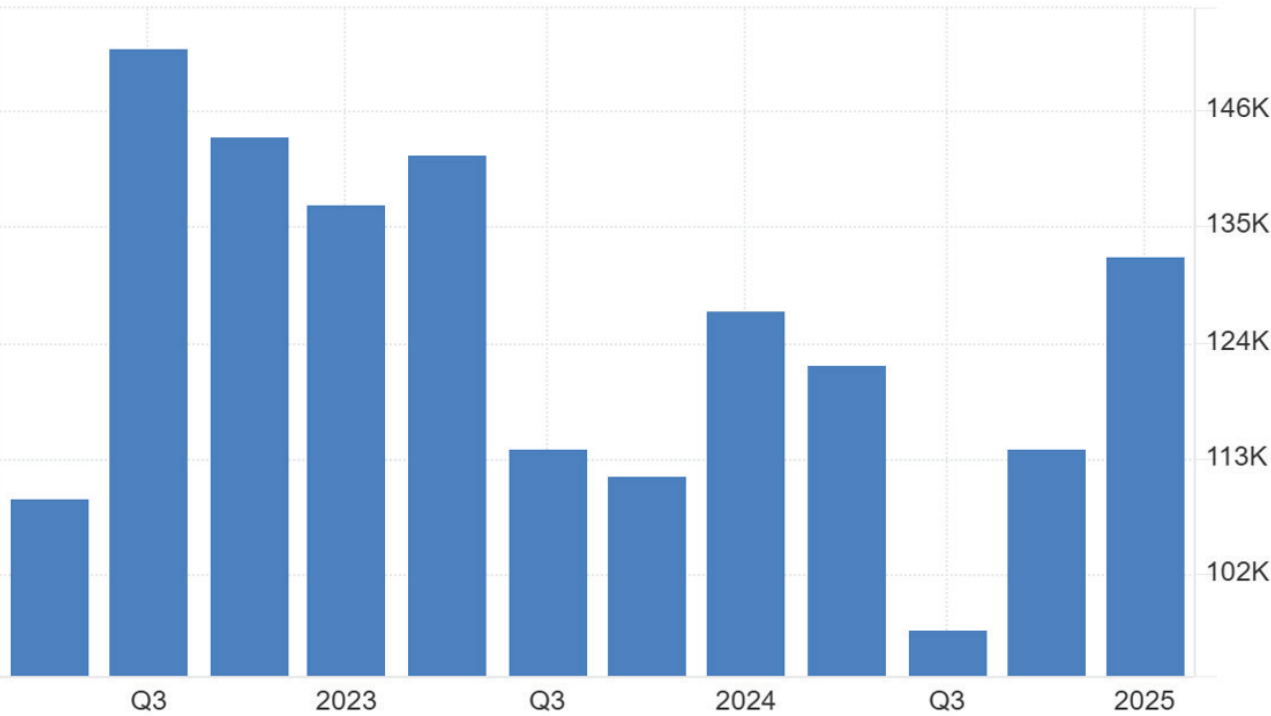
(Stats SA, 2025)

Quarterly Performance of the Agricultural GDP

Between 1993 and 2025, the GDP from agriculture in South Africa averaged approximately 87,426.22 ZAR million. The highest recorded value was about 151,405.47 ZAR million in Q3 2022, while the lowest was approximately 43,536.51 ZAR million in Q1:1993. The figure below shows a trend in the Agricultural GDP between Q1:2022 – Q1:2025.

(Trading Economics and Stats SA, 2025.)

Figure 10: Trend in the Agricultural GDP Q2:2022 – Q1:2025



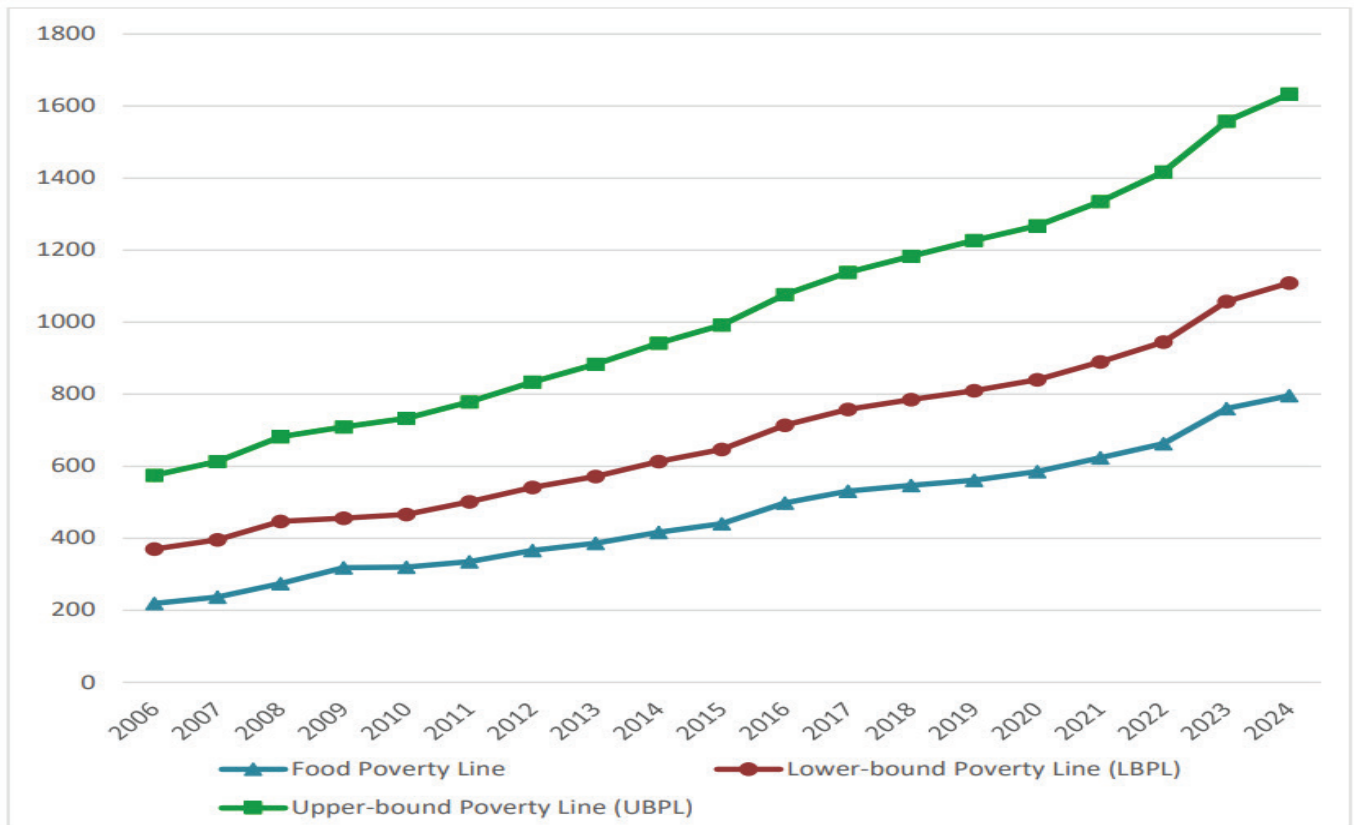
(Trading Economics and Stats SA, 2025)

Poverty and Food Security Levels in South Africa

The cost of living in South Africa has increased, making it difficult for people to access sufficient water and food, as granted by the Constitution. The population is estimated to be 61.7 million, emphasizing the need for food security and job opportunities. The national poverty lines have been adjusted to reflect inflation, with the 2024 values being: R796 (food poverty line), R1,109 (lower-bound poverty line), and R1,634 (upper-bound poverty line) as reflected in figure 11 below, indicating a significant increase in the standard of living costs.

(Geodatos, 2025 and Stats SA, 2024)

Figure 11: Inflation-adjusted National Poverty lines, 2006-2024 (per person per month in rands)



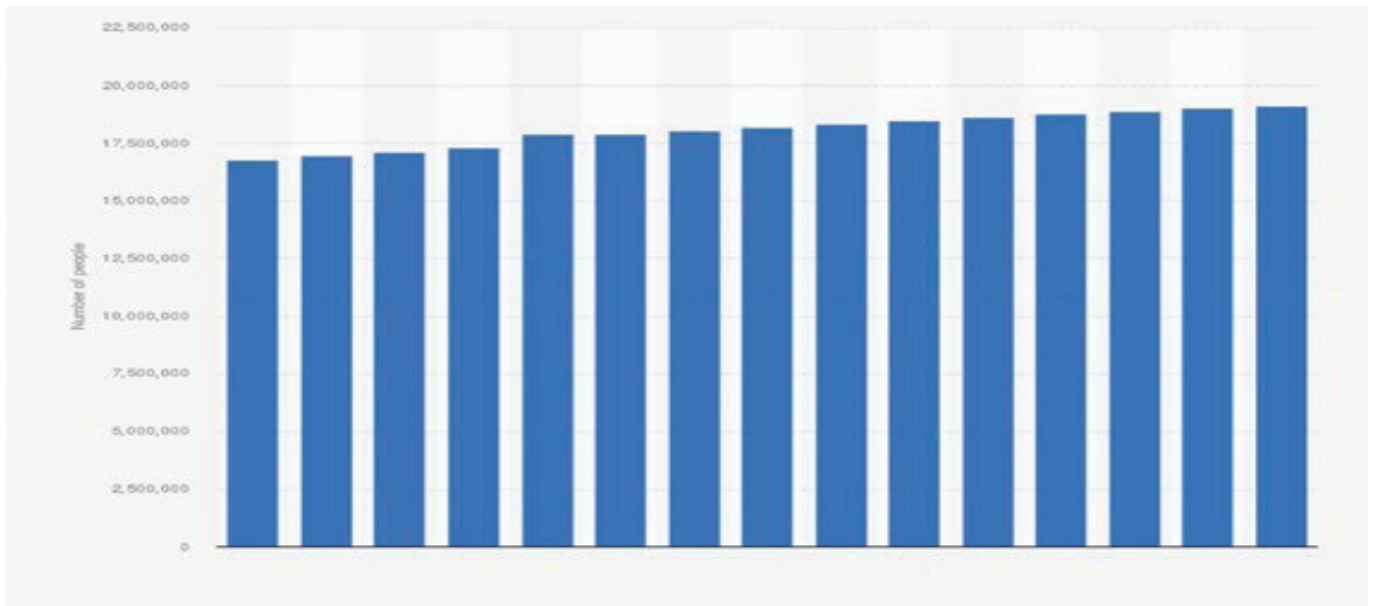
(Stats SA, 2024)

Unemployment, widespread poverty, rising living costs, and climate changes have collectively increased food prices and limited affordable nutrition for many South Africans. Consumer price inflation is at 3% in June 2025, up by 0.2% from May 2025. Despite significant government spending on food security programs like child support grants and school feeding schemes, food insecurity remains a major issue across several provinces. Challenges in implementation and inter-departmental coordination have hampered progress. To improve food security, the government plans to address income poverty, enhance the SRD Grant, and provide land titles to enable citizens to establish gardens, especially in rural and township areas.

(SARB, 2025 and BusinessTechSA, 2024)

The ADA's support through its programmes has contributed immensely to the agricultural sector, specifically to the KZN economy in terms of job creation thereby contributing to greater accessibility to food and water. Farmers are the backbone of agriculture and by supporting them through the ADA programmes 2, 3 and 4, long term sustainability is enhanced and poverty alleviated. The graph below indicates and forecasts the number of people living in poverty in SA from 2016-2030. The ADA has considered that food security and curbing poverty is one of the main priorities of the GNU and as such has implemented strategies to help build a more inclusive, sustainable economy through our programmes and focusing on capacity building to help train and mentor our beneficiaries for long term benefit.

Figure 12: Forecasts of the Number of people living in poverty in SA from 2016-2030



(Galal, 2023)

Expansion of BRICS

BRICS, a coalition of five major emerging economies (Brazil, Russia, India, China, and South Africa), aims to strengthen economic ties and trade among its members and partners. The BRICS has expanded to 20 countries, 10 members and 10 partners with the recent addition of Vietnam in 2025. This expansion presents new market opportunities for South Africa, as BRICS now accounts for approximately 44% of global GDP.

(Norton, 2025)

During the 16th BRICS summit, held from 22-24 October 2024, themed “Strengthening Multilateralism for Equitable Global Development and Security,” President Ramaphosa noted that South Africa’s trade with BRICS has grown at an average annual rate of 10% from 2017 to 2021. By 2022, trade reached R830 billion, a significant increase from R487 billion in 2017.

Economic benefits and Spin-offs of SA Membership in BRICS:

- A source of foreign direct investment in critical sectors such as mining, automotive, transportation, clean energy, financial services, and information technology (IT).

The article by Rajopaul (2024) highlights key economic advantages South Africa has gained, including:

- Expanded trade opportunities;
- Increased foreign direct investment in vital sectors like infrastructure development. Strengthened trade and economic partnerships with new countries, boosting areas such as tourism;
- Opportunities for partnerships in green economy investments;
- Collaboration on global objectives such as energy security and availability (especially renewable energy), technological progress, and workforce enhancement through skills training; and
- Greater political influence through association with a broader political alliance.

(Dhivana Rajopaul, 2024)

The ADA can benefit from the opportunities created by the expanded BRICS.

Group of 20 Countries

In November 2025, South Africa will be hosting the G20 summit where the President of the Republic of South Africa, His Excellency Mr Cyril Ramaphosa and his team aim to promote the interests of both Africa and the Global South in terms of promoting the notion of **solidarity**, **equality**, and **sustainable development**. South Africa has hosted various high level working groups meetings. These meetings will spike economic discussions that will advantage South Africa and others at large. Focusing on global challenges such as corruption, food security, disaster risk reduction, agriculture, and tourism. The ADA was recently invited to participate in the G20 Working Group meeting held from 23-25 April 2025, which was hosted by Minister of Agriculture, Mr. John Steenhuisen. During the event, Ntingwe Tea was showcased, highlighting the quality and potential of local agricultural enterprises on an international platform.

Agriculture Working Group

The group established four key priorities:

- Promoting inclusive market participation and food security;
- Empowering youth and women in agrifood systems;
- Fostering innovation and technology transfer and
- Building climate resilience for sustainable agriculture

(South African Government News Agency, 2025)

Provincial KwaZulu-Natal Economic Outlook

On the 31st of January 2024, His Excellency President Cyril Ramaphosa oversaw the shipment of the first goods (which included but not limited to Fresh Produce, Pharmaceutical goods) from South Africa's Port of Durban headed for Kenya and Ghana under the African Continental Free Trade Area (AfCFTA), as part of the expanded trade agreement between South Africa other African countries to trade more freely with one another.

The Province of KZN has about 6.5 million hectares of agricultural land, 18% is of arable and 82% is suitable for farming of livestock. Macadamia nuts are being grown in the KZN South Coast area, and the ADA has supported various macadamia nuts projects in the previous financial years and will again in 2025/26. The ADA support is currently a 100% grant, narrowing the gap currently experienced by black emerging farmers when applying for a loan or blended finance.

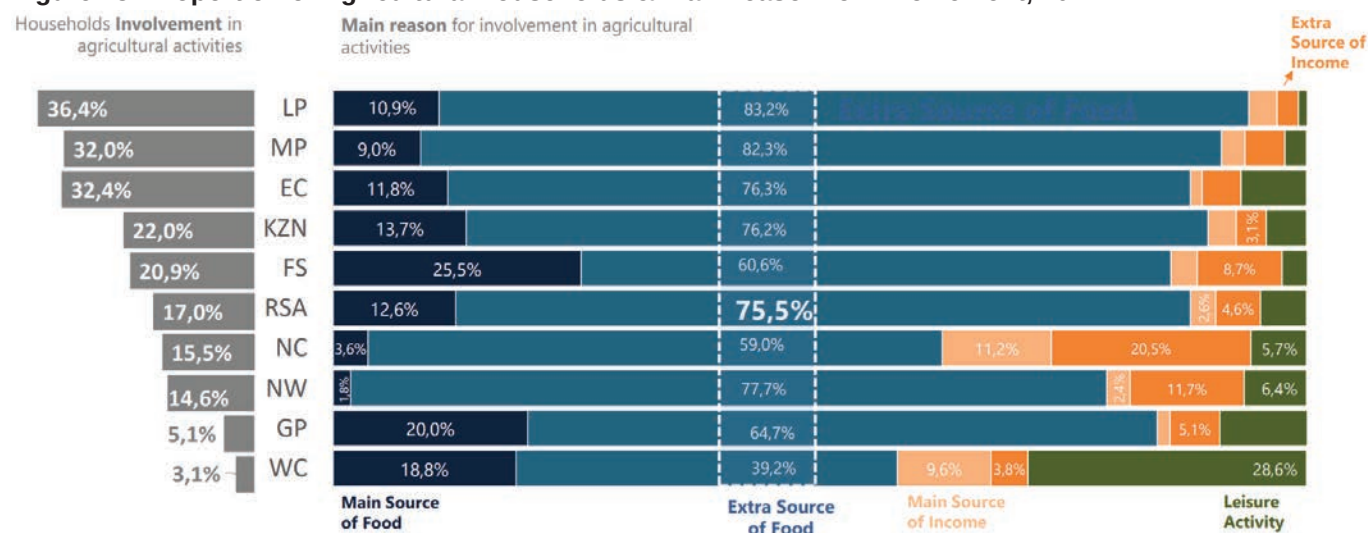
(Young, 2024)

In his State of the Province Address on the 28th of February 2025, the Honourable Premier of KwaZulu-Natal Mr Thamsanqa Ntuli briefly highlighted on the agricultural sector, with major focus in ensuring food security, continuation of support to the vulnerable groups, and agricultural growth through infrastructure investment. The ADA has taken cognizance of these key take-away points and will endeavour to support the implementation aligned to these points. In this regard the ADA is committed to supporting enterprises that are in dire need of economic recovery driven by a practical turnaround strategy for Agri- entrepreneurs and agribusinesses.

(Honourable Premier Ntuli, 2025)

General Household Survey

In the most recent the general household survey conducted by Stats SA, published in May 2023, as referenced below, it was noted that agriculture plays an important role in the process of economic development and can contribute significantly to household food security.

Figure 13: Proportion of Agricultural households & main reason for involvement, 2024


(Stats SA and Maluleke, 2025)

The above graph shows that 17.0% of households across South Africa were involved in agricultural activities, this is a 0.4% decline from the 2023 survey. The 12.6% was for main source of food, 75.5% to produce additional food; 2.6% of households had agriculture as their main source of income and 4.6% as an extra source of income. In KZN, 22.0% of households were involved in agricultural activities, this is a decline of 0.2% from the 2023 survey. The ADA is committed in contributing towards food security across the province through programme 3 – 4 as well as fostering in impact for households to participate in the agricultural atmosphere.

(Stats SA and Maluleke, 2025)

Economic Recovery Plan

Recovery and Reform, include interventions to restore the economy through the three (3) MTDP Strategic Priorities. In essence the reconstruction and recovery plan seeks to build a South African economy that meets the needs of all citizens. An economy that will create enough jobs for all who seek employment, reduce high cost of living amongst all South Africans and create a better life for all. From the mentioned commitments by the Premier, the ADA will translate these commitments into its programmes, as applicable. The ADA supports initiatives and programmes that address the three MTDP Strategic Priorities which will be implemented through ADA's four service delivery programmes. The priorities of Government are supported through our existing programmes and associated indicators.

Radical Agrarian Socio-Economic Transformation (RASET) Programme

The RASET model aims to enhance the food production and supply value chain for underprivileged farmers and emerging agro-businesses. It seeks to establish alternative pathways to bypass structural barriers in existing value chains, thereby creating opportunities for youth and women, increasing food security, expanding market access for previously disadvantaged farmers, reducing reliance on government support, and promoting more efficient use of agricultural land.

Through its Programme 3: Enterprise and Value Chain Development, the ADA has facilitated market access opportunities such as product testing, exhibitions, and supply linkages. The target for market access in 2024/25 was set at 16 projects; however, only 3 projects were supported, with the remaining projects deferred to the 2025/26 financial year. Despite these challenges, ADA plans to expand market linkages and opportunities in 2025/26 through the RASET programme and the piloted market incubation initiative.

(KwaZulu-Natal Provincial Government, 2023 and Mncube et al. , 2024)

Agricultural Hubs

Following the PEC's recent decision in February 2025 to integrate KZN Farming Enterprise into ADA, along with the Agrihubs, business development, and mechanization efforts, the goal is to promote strategic alignment and enhance operational efficiency.

The focus will be on developing and or expanding its support to the key commodity value-chains:

1. Fresh Produce Hub
2. Beef Hub
3. Lamb & Mutton Hub
4. Pork Hub
5. Broiler Hub
6. Grain Hub
7. Dairy Hub.

Operation Vula

Operation Vula was adopted as an overarching programme to drive Radical Economic Transformation. Through this programme the province has focused on sector development, training and business incubation focusing on small, medium and micro enterprises, as key drivers of economic growth, innovation and job creation in our province.

(KZN Department of Economic Development, Tourism and Environmental Affairs, 2024)

The ADA has considered the outcomes of this programme which are covered within our Programmes Comprehensive Capacity Building, Enterprise and Value Chain Development as well as Infrastructure Development. In the 2025/26 financial year the ADA is planning to support 30 enterprises which also comprises of support towards the targeted vulnerable groups such as women, youth and persons with disabilities.

Comprehensive Agricultural Support Programme (CASP)

The Comprehensive Agricultural Support Programme (CASP) is a national government initiative that provides conditional grants to provincial departments of agriculture. Its aim is to deliver effective agricultural support services, promote development, and assist beneficiaries involved in land restitution, redistribution, and other initiatives targeting historically disadvantaged producers—especially those who have acquired land privately and are engaged in value-adding activities or exports. In the 2024/25 financial year, the ADA CASP projects had an adjusted budget of approximately R60,832 million, to support various commodity projects under CASP. The ADA intends to continue pursuing CASP's objectives in 2025/26 with funding from the provincial Department of Agriculture and Rural Development.

Lekgotla Resolutions and SOPA Pronouncements

The ADA has incorporated key resolutions taken from previous Lekgotla and SOPA pronouncements which impact the entity and has adapted the revised priorities of government and resolutions of the new administration for implementation thereof (where applicable). The ADA will continue to implement the audit improvement plan and standard operating procedures by all business units that have been developed for more efficiency in the organization. The provincial lekgotla that was held in February 2025 and subsequently the Provincial Executive Council has resolved that the KwaZulu-Natal Farming Enterprise functions be streamlined and integrated with the Agribusiness Development Agency to achieve strategic coherence and operational efficiency.

Agro-processing Sector

Agro-processing is vital for promoting economic growth, reducing poverty, and fostering economic inclusion. Recognizing its potential to drive broad-based development, national strategies have been developed to maximize its impact. KwaZulu-Natal (KZN) offers favourable resources and conditions to establish various agro-processing hubs, creating employment opportunities along the entire value chain and supporting secondary businesses.

Currently, the sector is predominantly controlled by large, well-established companies with significant market share, which has led to monopolistic tendencies. To promote local production and processing, there is a need to improve access to funding, transform the sector, and create an enabling environment that encourages local enterprise development.

KZN is strategically positioned to influence the agricultural sector positively due to several advantages:

- Existing and developing infrastructure that can attract investment.
- Proximity to Gauteng and access to a robust logistical network (rail, road, sea), facilitating trade and distribution.
- Strategic location near two major ports (Durban and Richards Bay) and the Dube Trade Port, offering export opportunities.
- Rich natural resources, making it the second most industrialized province and having the third highest export propensity nationally.
- International borders with Lesotho, Mozambique, and Swaziland, and borders with Eastern Cape, Free State, and Mpumalanga provinces, providing a gateway for international trade.

(Department of Agriculture and Rural Development, n.d)

These factors position KZN as a key hub for agro-processing development, with the potential to expand both domestic and international markets. During 2024/25, the entity experienced a challenge in providing support to Agroprocessors but will endeavour to support in the next financial year.

2.2. Organisational Environment – Internal Situational Analysis

Following the general elections in May 2024, a new chapter began with the appointment of the Honourable Ms. Thembeni Madlopha-Mthethwa as the Member of the Executive Council (MEC) for the KwaZulu-Natal Department of Agriculture and Rural Development. The Honourable MEC's initial engagement with the Agribusiness Development Agency (ADA) Board of Trustees and Executive Management took place in Pietermaritzburg on June 27, 2024. This meeting served to provide the MEC with insights into the strategic priorities and operational aspects of the entity, including any challenges hindering the fulfillment of its mandate. During this engagement, the Honourable MEC shared her observations and reiterated her key areas of focus, emphasizing a commitment to collaborative efforts (moving away from working in silos) and a strong dedication to championing programs that empower women and youth.

Subsequently, on the 25th of September 2024, the Honourable MEC Ms. Thembeni Madlopha-Mthethwa introduced the newly appointed ADA Board members. The Board is led by the new ADA Board Chairperson, Mr. Sibusiso Lucky Gumbi. In September 2024, the Honourable MEC appointed a new nine-member Board for a three-year term. The official inauguration of the new Board took place on the 30th of September 2024. Furthermore, following the end of acting for Ms Thuledu Khumalo who was appointed in October 2024 for a period of 6 months as CEO, the Honourable MEC appointed Mr Mduduzi Jeremiah Mfusi as the new Acting CEO effective 14 April 2025. The entity has experienced challenges with temporary leadership and short-term Board contracts in recent years, which has impeded progress on strategic matters.

Recognizing agriculture's critical role, the ADA remains dedicated to fostering agricultural commercialization and agro-processing enterprises. This is achieved through targeted interventions in Capacity Building, Enterprise and Value Chain Development, and Infrastructure Development. The ADA's funding model for projects has shifted from equitable share to obtaining funding from the Comprehensive Agricultural Support Programme (CASP). This requires that future projects align with the CASP funding scope. These projects are selected based on the key commodity and value chain priorities of both the KwaZulu-Natal Department of Agriculture and Rural Development and the ADA.

The ADA is committed to driving accelerated growth and transformation within the KwaZulu-Natal livestock sector. This sector has faced significant challenges since 2022 due to foot and mouth disease outbreaks, and the ongoing

impact of avian flu in the province is still evident. Livestock projects, including beef, layers, goats, and intensive sheep enterprises and crop production projects were supported in 2024/25 and will continue to receive support and be implemented in the 2025/26 financial year.

Leadership changes occurred in 2024 and 2025 at the executive and administrative levels. These include the appointment of the new KZN DARD MEC, the new ADA Board, and the Acting Chief Executive Officer at the ADA, as previously mentioned. The entity acknowledges the importance of filling critical positions such as CEO, COO, HR Manager, and others. The ADA will prioritize completing the recruitment processes for these key roles during the 2025/26 financial year.

Budget

The objective of this 7th Administration of the democratic Republic of South Africa, which encompasses a GNU is to tackle the triple challenge of inclusive growth and job creation, reduce poverty, and high cost of living and build a capable, ethical and developmental state. With an aim to restructure the KZN economy, various discussions are to be held with various stakeholders including the ADA. On August 15th, 2024, the Honourable MEC of the KwaZulu-Natal Department of Agriculture and Rural Development, Ms. Thembeni Madlopha-Mthethwa, presented the budget overview for the 2024/25 financial year. The total Vote 3 Budget for this period was R2,608,385 billion, which included ADA's allocation. Specifically, ADA received an estimated budget of R269,297,000 million for all its programmes for the 2024/25 financial year.

(Hon. Thembeni KaMadlopha-Mthethwa, 2024)

During the 2022/23 and 2023/24 periods, ADA faced budget adjustments that prompted a strategic reallocation of resources to maintain service delivery. Despite these budget considerations, the organization's overall performance significantly improved over the years: from 69.5% in 2019/20, to 75% in 2020/21, 78% in 2021/22, reaching 91% in 2022/23, and achieving 96% in 2023/24. While performance experienced a decline to 72% in 2024/25 due to challenges, the overall trend reflects a strong trajectory of progress and resilience.

The budget cuts have however impacted negatively on the rendering of support to prospective beneficiaries. ADA receives an average of over 160 applications annually from applicants, but unfortunately due to budget constraints, the entity is able to assist a limited number of applicants. In the 2024/25 financial year ADA's equitable share reduced to obtaining majority of the funds from the Comprehensive Agricultural Support Programme (CASP) which requires that the ADA projects fall within the funding scope of the CASP. This change caused an initial lag in project implementation for the 2023/24 and 2024/25 financial years. ADA supported the objectives of CASP through the conditional grant from the provincial Department of Agriculture and Rural Development with projects selected based on the key commodity and value chain focus.

In the 2024/25 financial year, the budgets were reduced in the three-year Medium-Term Expenditure Framework (MTEF) budget which is aligned with the Comprehensive Agricultural Support Programme (CASP) and equitable share funding allocations.

During the DARD Vote3 budget Speech held on the 29th of July 2025, the Honourable MEC, Thembeni KaMadlopha-Mthethwa indicated that ADA will receive an allocation of R214 million rand for the 2025/26 financial year.

(Hon. Thembeni KaMadlopha-Mthethwa, 2025)

Ntingwe Tea Project

Ntingwe Tea Estate, a strategic priority project of the ADA, aligns with national and provincial government priorities under the GNU, particularly focusing on inclusive growth and job creation. It has significantly contributed to employment through ADA programs, with recent developments including a recapitalisation plan (2025–2033) initiated after a visit by KZN Premier Ntuli on the 8th of May 2025, aimed at creating more jobs in Nkandla.

The estate's primary purpose is to produce high-quality teas that compete domestically and internationally in flavor, briskness, and quality. It aspires to be a preferred employer in Nkandla and to support community upliftment. With optimal production capacity, the estate aims to supply local markets and expand into export markets, fostering potential local and international partnerships.

In the 2024/25 financial year, Ntingwe Tea contributed to the commercial sector via the Value Chain Development and Market Access programme. The estate actively participated in exhibitions and international events, enhancing its market visibility and reach.

Staff Complement and Staff Wellness

The ADA recognizes the importance of staff wellness for productivity and healthy living and has implemented a comprehensive wellness programme to promote work-life balance and staff engagement. Established in the 2023/24 financial year, the programme offers health screenings, employee assistance services, lifestyle education, and physical activities. Regular surveys gather staff feedback, enabling the organization to refine and enhance the programme continuously for the ongoing well-being of its employees. During the 2024/25 financial year, service provider MARPEMED was appointed to provide the above services to staff. The contract ended in June 2025. The processes to appoint a new service provider is currently underway.

Business Process Re-engineering (BPR)

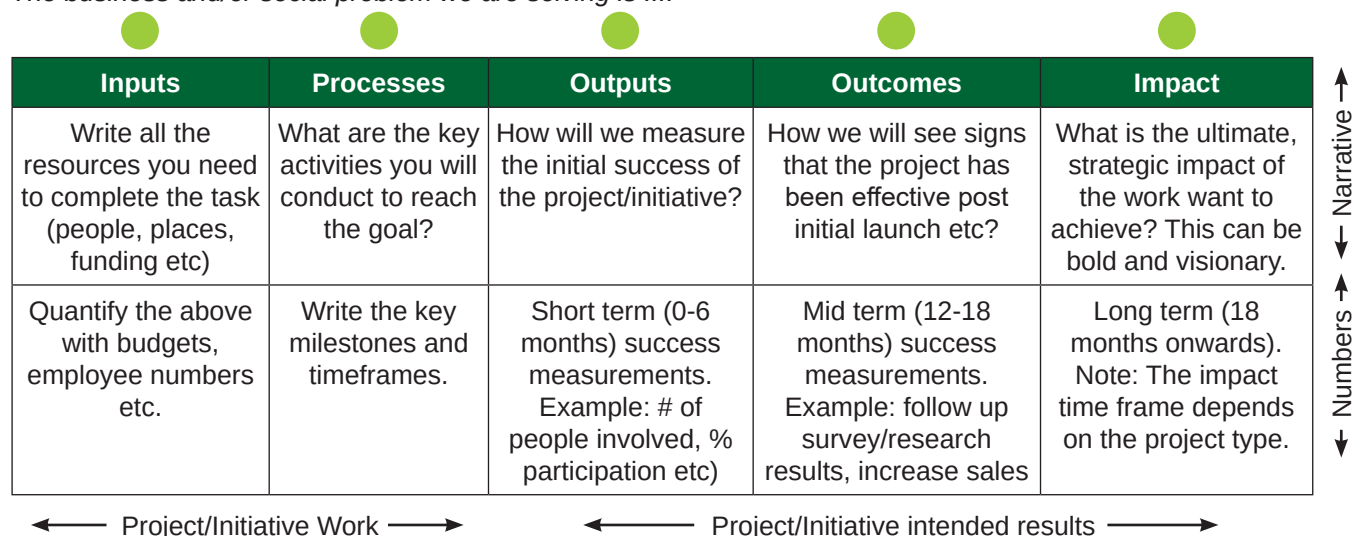
The Business Process Reengineering (BPR) initiative led to the development of a new organizational structure for ADA, aligned with its mandate and aimed at improving internal coordination and service delivery. The restructuring redefined lines of accountability to enable ADA to offer more comprehensive support to its beneficiaries. Following a resolution by the previous ADA Board of Trustees in November 2022 to review and rationalize the organization, the BPR process was initiated with two phases. Phase One was completed during the tenure of the previous Board however, phase 2 which is the implementation has been on hold due to the newly Board appointed in October 2024 that needs to be acquainted with work completed and recommendations of phase one. There is a plan in workshopping the new Board members during the 2025/25 financial year.

Theory of Change and the use of Logic Frameworks

The ADA adopted the Theory of Change as a strategic tool to map out clear pathways for achieving desired impacts. This approach provides a detailed logic framework, outlining the results chain, assumptions, and risks, based on research of various planning methodologies. Additionally, ADA utilized a SWOT analysis to assess internal strengths and weaknesses, as well as external opportunities and threats impacting its mandate. To support goal-oriented project planning and evaluation, the organization also implemented the Logical Framework Approach, which offers a systematic process for designing, monitoring, and improving service delivery. This framework aligns with ADA's strategic objectives, as illustrated in the corresponding diagram.

Figure 15: Theory of Change model

The business and/or social problem we are solving is



(Baker, 2019)

2.3. Key policy developments and legislative changes

- Approved Bad Debt Provision & Write Off Policy
- Comprehensive Agricultural Support Programme (CASP)
- KwaZulu-Natal Farming Enterprise (KZNFE) - The provincial lekgotla subsequently the Provincial Executive Council resolved that the KwaZulu-Natal Farming Enterprise functions be streamlined and integrated with the Agribusiness Development Agency to achieve strategic coherence and operational efficiency.

2.4. Progress towards achievement of institutional Impacts and Outcomes

2.4.1 Programme 1: Finance and Administration

OUTCOMES	OUTPUTS	OUTPUT INDICATORS	TIME FRAMES	5YR TARGET (2020/21 - 2024/25)	ACHIEVEMENT TO DATE
Improved governance & accountability	Audit Improvement	Number of quarterly financial management reports submitted to Provincial Treasury in line with the budget planning table.	Quarterly	20	20
		Percentage of supplier's valid invoices paid within 30 days.	Quarterly	100%	99,4% (The under achievement of 0,6% was due to the years: 2020/21 (98%), 2021/22 (99,5%), 2022/23 (99,5%), 2023/24 (100%) and 2024/25 (100%)). During the aforementioned financial years 0,6% invoices were not paid within 30 days due to the late submission of supporting documents from service providers to process payment.
		Number of approved procurement plans submitted to Provincial Treasury.	Quarterly	15	8 (The under achievement was due to the revision of the indicator in 2022/23, and the focus was on the development, approval and submission of the procurement plan). The Quarterly procurement reports were removed as part of the APP as they were not strategic.
		Number of annual strategic documents produced on planning and reporting as per statutory requirements (APP 2025/26, SP 2025 – 2029, AR 2023/24)	Quarterly	10 (APP and AR) 1(SP)	APP (5) and AR (5) 1(SP)

OUTCOMES	OUTPUTS	OUTPUT INDICATORS	TIME FRAMES	5YR TARGET (2020/21 - 2024/25)	ACHIEVEMENT TO DATE
		Number of Entity Evaluation Plans adopted for implementation	Annual	1	1
		Number of Entity Evaluations conducted in line with the Evaluation Plan	Annual	1	0 (The Entity was unable to conduct the Entity Evaluation as planned due to the budget constraints).

2.4.1. Programme 1: Finance and Administration Cont'd...

OUTCOMES	OUTPUTS	OUTPUT INDICATORS	TIME FRAMES	5YR TARGET (2020/21 - 2024/25)	ACHIEVEMENT TO DATE
Improved governance & accountability	Audit Improvement	Percentage of actions completed in line with the approved IT Implementation Plan.	Quarterly	100%	92.5% (The under achievement of 7.5% was due to year 2020/21 (83%), 2021/22 (87%)). During the aforementioned financial years, 2020/21, there were delays in policy review processes and in 2021/22 there were budgetary constraints.
		Percentage of internal audits conducted in line with the approved audit plan.	Quarterly	100%	95.8% (The under achievement of 4.2% was due to year 2020/21 (90%), 2023/24(91%) and 2024/25 (94%)). During the aforementioned financial years, 4.2% of audits were not completed due to budgetary constraints
	Update Risk Management Plan	Percentage of actions completed in line with the approved Risk Management implementation Plan.	Quarterly	100%	96.3% (The under achievement of 3.8% was due to year 2021/22 (85%), due to delays in approval of Risk Management documents).
		Number of updated and reviewed risk management plans	Quarterly	4	2 (Indicator was discontinued after the 2020/21 financial year and merged into one new indicator "Percentage of actions completed in line with the approved Risk Management implementation Plan.")
	Improved Governance Matters	Number of project lists approved by the Board of Trustees	Annual	1	1 (Indicator was discontinued after the 2021/22 financial year).
		Number of Corporate Services Strategies adopted for implementation	Annual	1	1

OUTCOMES	OUTPUTS	OUTPUT INDICATORS	TIME FRAMES	5YR TARGET (2020/21 - 2024/25)	ACHIEVEMENT TO DATE
	Fully capacitated organizational structure	Number of funded positions occupied relative to the improved structure (organogram)	Annual	200	201 (Indicator was discontinued after the 2021/22 financial year).
	Improved stakeholder relations	Number of stakeholder engagement meetings held	Quarterly	12	12 (Indicator was discontinued after the 2021/22 financial year)

2.4.1. Programme 1: Finance and Administration Cont'd...

OUTCOMES	OUTPUTS	OUTPUT INDICATORS	TIME FRAMES	5YR TARGET (2020/21 - 2024/25)	ACHIEVEMENT TO DATE
Improved governance & accountability	Improved stakeholder relations	Percentage of actions completed in line with the approved Marketing and Communications Implementation Plan	Quarterly	100%	85%
		Number of Partnership Plans adopted	Annual	1	1
		Partnerships established to support agribusiness	Quarterly	14	12 (Indicator was discontinued after the 2023/24 financial year)

2.4.2. Programme Two: Comprehensive Capacity Building

OUTCOMES	OUTPUTS	OUTPUT INDICATORS	TIME FRAMES	5YR TARGET (2020/21 - 2024/25)	ACHIEVEMENT TO DATE
Improved Market access and value chain participation	Increased number of agribusiness entrepreneurs participating across commodity value chains	Number of training plans developed in line with training requests (2025/26)	Annually	3	3
		Number of training sessions facilitated for targeted groups	Quarterly	150	210
		Number of enterprises supported through capacity building initiatives	Quarterly	170	534
		Number of entrepreneurs trained in their related agribusiness enterprises	Quarterly	400	478

OUTCOMES	OUTPUTS	OUTPUT INDICATORS	TIME FRAMES	5YR TARGET (2020/21 - 2024/25)	ACHIEVEMENT TO DATE
	Transformed, skilled agri-entrepreneurs that are competitive in the sector	Number of individuals trained in the agribusiness sector	Quarterly	1500	2244

2.4.3. Programme Three: Enterprise and Value Chain Development

OUTCOMES	OUTPUTS	OUTPUT INDICATORS	TIME FRAMES	5YR TARGET (2020/21 - 2024/25)	ACHIEVEMENT TO DATE
Improved market access and value chain participation	Developed investment in strategic value chains where the province has potential comparative advantage	Number of enterprises supported in agribusiness	Quarterly	120	288
		Number of enterprises supported with operational inputs	Quarterly	60	47 (Indicator was discontinued and incorporated under “ Number of enterprises supported in agribusiness “after the 2021/22 financial year).
		Number of exhibitions facilitated for the supported agribusiness enterprises	Annually	18	7 (Indicator was discontinued and incorporated under “ Percentage of actions completed in line with the approved Marketing and Communications Implementation Plan “after the 2021/22 financial year).
		Number of agribusiness enterprises supported towards market access	Quarterly	110	93
	Facilitate and promote investments in the agribusiness to foster transformation	Number of youth owned enterprises supported within agribusiness	Quarterly	80	82
		Number of women owned enterprises supported within agribusiness	Quarterly	100	143
		Number of supported agribusiness enterprises owned by persons with disabilities	Annually	5	5
		Number of funding application strategies developed	Annually	1	1

OUTCOMES	OUTPUTS	OUTPUT INDICATORS	TIME FRAMES	5YR TARGET (2020/21 - 2024/25)	ACHIEVEMENT TO DATE
	To create and sustain jobs directly and indirectly along the agricultural value chain	Number of jobs facilitated in the supported agribusiness enterprises created and/or sustained in the supported agribusiness enterprises	Annually	900	1063 (Indicator was segregated into new and sustained jobs after 2022/23).
		Number of new jobs facilitated in the supported agribusiness enterprises	Annually	405	407
		Number of jobs sustained in the supported agribusiness enterprises	Annually	155	174

2.4.4. Programme Four: Infrastructure Development

OUTCOMES	OUTPUTS	OUTPUT INDICATORS	TIME FRAMES	5YR TARGET (2020/21 - 2024/25)	ACHIEVEMENT TO DATE
Improved market access and value chain participation	To provide technical support to all infrastructure development projects	Number of frameworks developed in line with the NDP Infrastructure master plan	Annually	1	1
		Number of enterprises supported with infrastructure planning	Quarterly	47	52
		Number of enterprises supported with agro- processing infrastructure	Quarterly	40	25 (Indicator was discontinued after the 2021/22 financial year and merged into one new indicator with two other indicators for infrastructure).
		Number of enterprises supported with resource- based infrastructure	Quarterly	20	26 (Indicator was discontinued after the 2021/22 financial year and merged into one new indicator with two other indicators for infrastructure).
		Number of enterprises supported with physical infrastructure	Quarterly	60	32 (Indicator was discontinued after the 2021/22 financial year and merged into one new indicator with two other indicators for infrastructure).
		Number of enterprises supported with agricultural infrastructure	Quarterly	50	66

OUTCOMES	OUTPUTS	OUTPUT INDICATORS	TIME FRAMES	5YR TARGET (2020/21 - 2024/25)	ACHIEVEMENT TO DATE
	To maintain the area around and along the irrigation canal	Number of kilometers maintained to ensure functionality of irrigation scheme	Quarterly	140	196.65 (Indicator was discontinued after the 2021/22 financial year and merged into one new indicator with two other indicators for infrastructure).
	To maintain the pumps which create pressure to supply water to irrigation canals	Number of pump sets serviced to ensure water supply	Quarterly	136	136 (Indicator was discontinued after the 2021/22 financial year and merged into one new indicator with two other indicators for infrastructure).
Improved market access and value chain participation	To maintain pipe network for distribution of water supply	Number of infrastructure equipment maintained to ensure constant water supply to the scheme	Quarterly	80	166 (Indicator was discontinued after the 2022/23 financial year and merged into one new indicator with two other indicators for infrastructure).

2.4.5. Programme Four: Infrastructure Development cont'd...

OUTCOMES	OUTPUTS	OUTPUT INDICATORS	TIME FRAMES	5YR TARGET	ACHIEVEMENT TO DATE
Improved market access and value chain participation	To ensure an effective and functioning irrigation system	Number of infrastructure maintenance plans adopted for implementation	Quarterly	3	3
		Percentage of activities completed in line with the infrastructure maintenance plan	Quarterly	100%	100%

3. INSTITUTIONAL PROGRAMME PERFORMANCE INFORMATION

3.1. Programme 1: Finance and Administration

3.1.1. Purpose of The Programme:

This programme is focused on promoting an effective and efficient administration of the entity by promoting good governance towards implementing effective management systems and achieving improved audit outcomes. In ensuring this improvement, capacitation of staff remains a priority for the entity through various training interventions to enhance service delivery.

3.1.1.1. Programme 1: Outcomes, Outputs, Output Indicators, Targets and Actual Achievements Table

PROGRAMME 1: FINANCE AND ADMINISTRATION							
Outcome	Output	Output Indicator	Audited Actual Performance 2022/2023	Audited Actual Performance 2023/2024	Planned Annual Target 2024/2025	** Actual Achievement 2024/2025	Deviation from planned target to Actual Achievement for 2024/2025
Improved governance and accountability	Audit Improvement	Number of quarterly financial management reports submitted to Provincial Treasury in line with the budget planning table	4	4	4	4	0
		Percentage of supplier's valid invoices paid within 30 days	99.5%	100%	100%	100%	0%
		Number of approved procurement plans, and quarterly reports submitted to Provincial Treasury	1	1	1	1	0
		Number of annual strategic documents produced on planning and reporting as per statutory requirements (APP 2025/26, SP 2025 – 2029, AR 2023/24)	2	2	3	3	0
							Target Achieved.
							Target Achieved.
							Target Achieved.
							Target Achieved.

PROGRAMME 1: FINANCE AND ADMINISTRATION CONT'D...								
Outcome	Output	Output Indicator	Audited Actual Performance 2022/2023	Audited Actual Performance 2023/2024	Planned Annual Target 2024/2025	** Actual Achievement 2024/2025	Deviation from planned target to Actual Achievement for 2024/2025	Reasons for deviations
Improved governance and accountability	Audit Improvement	Number of Entity Evaluation Plans adopted for implementation	New indicator	1	-	-	-	No target due in the 2024/25 financial year.
		Number of Entity Evaluations conducted in line with the Evaluation Plan	New indicator	New indicator	1	0	0	Target Not Achieved. The Entity was unable to conduct the Entity Evaluation as planned due to budget constraints.
		Percentage of actions completed in line with the approved IT Implementation Plan	- No target due in the 2022/23 Financial year. Indicator not part of the 2022/23 APP	100%	100%	100%	0%	Target Achieved.
		Percentage of internal audits completed in line with the approved audit plan	104.2%	91%	100%	94%	-6%	Target Not Achieved. 22 of 23 Planned audits were completed as per the approved Internal Audit Implementation Plan for the 2024/25 financial year. 1 Audit planned to be completed, could not be conducted due to budget constraints.

PROGRAMME 1: FINANCE AND ADMINISTRATION CONT'D...								
Outcome	Output	Output Indicator	Audited Actual Performance 2022/2023	Audited Actual Performance 2023/2024	Planned Annual Target 2024/2025	** Actual Achievement 2024/2025	Deviation from planned target to Actual Achievement for 2024/2025	Reasons for deviations
Improved governance and accountability	Audit Improvement	Percentage of actions completed in line with the approved Risk Management implementation plan	100%	100%	100%	100%	0%	Target Achieved.
	Improved Governance matters	Number of Corporate Services Strategies developed adopted for implementation	New indicator	1	-	-	-	No target due in the 2024/25.
		Percentage of actions completed in line with the approved Marketing and Communications Implementation Plan	- No target due in the 2022/23 Financial year. Indicator not part of the 2022/23 APP	100%	100%	100%	0%	Target Achieved.
		Partnerships established to support agribusiness	4	6	-	-	-	No target due in the 2024/25 financial year.
		Number of Partnerships Plans adopted	New Indicator	New Indicator	1	1	0	Target Achieved.

Linking performance with budgets

The programme budget was used to facilitate support towards the provision of core support services. All reported achievements can be linked to expenditure and available human resources to achieve the desired performance to ensure good governance, effective management and administration of the institution.

3.2. Programme 2: Comprehensive Capacity Building

3.2.1. Purpose of the programme:

This programme seeks to enhance the knowledge and skill of beneficiaries and other role players in the agribusiness sector. It opens the opportunity for the ADA to respond to prospective clients while they await inclusion on the project list for funding and implementation. It further provides a mechanism for provision of capacity building to agribusiness enterprises and/or Agri entrepreneurs who require soft skills to enhance their business and/or knowledge. Training may be extended to address direct production capacity needs for existing ventures or building the capacity of the agribusiness enterprises in relation to the respective commodity value chain. The trainings are provided to entrepreneurs, enterprises, groups and individuals.

3.2.1.1. Programme 2: Outcomes, Outputs, Output Indicators, Targets and Actual Achievements Table

PROGRAMME 2: COMPREHENSIVE CAPACITY BUILDING								
Outcome	Output	Output Indicator	Audited Actual Performance 2022/2023	Audited Actual Performance 2023/2024	Planned Annual Target 2024/2025	** Actual Achievement 2024/2025	Deviation from planned target to Actual Achievement for 2024/2025	Reasons for deviations
Improved market access and value chain participation	Increased number of agribusiness entrepreneurs participating across commodity value chains	Number of training plans developed in line with training requests (2025/26)	1	1	1	1	0	Target Achieved.
		Number of training sessions facilitated for targeted groups	35	39	20	26	+6	Target Exceeded. 6 Additional training sessions were facilitated during the financial year within the approved budget for the 2024/25 financial year.

PROGRAMME 2: COMPREHENSIVE CAPACITY BUILDING								
Outcome	Output	Output Indicator	Audited Actual Performance 2022/2023	Audited Actual Performance 2023/2024	Planned Annual Target 2024/2025	** Actual Achievement 2024/2025	Deviation from planned target to Actual Achievement for 2024/2025	Reasons for deviations
Improved market access and value chain participation	Increased number of agribusiness entrepreneurs participating across commodity value chains	Number of enterprises supported through capacity building initiatives	81	117	40	65	+27	Target Exceeded. 27 Additional Enterprises were trained through various capacity building initiatives during the financial year within the approved budget for the 2024/25 financial year.
		Number of entre-preneurs trained in their related agribusiness enterprises	94	115	50	86	+36	Target Exceeded. 36 Additional Entrepreneurs were trained through various capacity building initiatives during the financial year within the approved budget for the 2024/25 financial year.
Transformed skilled Agri-entrepreneurs that are competitive in the sector		Number of individuals trained within the agribusiness sector	408	468	300	354	+54	Target Exceeded. 54 Additional Individuals were trained through various capacity building initiatives during the financial year within the approved budget for the 2024/25 financial year.

Linking performance with budgets

The programmes budget was used to ensure facilitation of accredited training programmes and skills training to participants in the agribusiness sector. All reported achievements can be linked to expenditure and available human resources in the achievement of the desired performance towards the capacitation of our intended beneficiaries and targeted groups within the agribusiness sector. The training programmes and skills training were delivered through contact sessions and virtual platforms have allowed for expanded reach to support participants in different areas within the province.

3.3. Programme 3: Enterprise and Value Chain Development

3.3.1. Purpose of The Programme:

This programme is aimed at creating institutional reforms and incentives to unlock business opportunities and help create financially productive and self-sustaining black agribusiness enterprises in the province. Through this programme the ADA creates an environment which is favourable for agribusiness enterprises and agribusiness Agri-entrepreneurs to unlock business opportunities upstream and downstream the value chain and to access markets, through institutional reforms, investments and incentives for the relevant and respective value chains.

3.3.1.1. Programme 3: Outcomes, Outputs, Output Indicators, Targets and Actual Achievements Table

PROGRAMME 3: ENTERPRISE AND VALUE CHAIN DEVELOPMENT								
Outcome	Output	Output Indicator	Audited Actual Performance 2022/2023	Audited Actual Performance 2023/2024	Planned Annual Target 2024/2025	** Actual Achievement 2024/2025	Deviation from planned target to Actual Achievement for 2024/2025	Reasons for deviations
Improved market access and value chain participation	Developed investment in strategic value chains where the province has potential comparative advantage	Number of enterprises supported in Agribusiness	52	67	40	37	-3	Target Not Achieved. The under achievement of 3 enterprises that were planned to be supported with agro-processing equipment was due to the secondment of 1 personnel within the Business Development Unit to the KZN FE. Subsequently, there was unanticipated workload from new project applications resulting in the delayed implementation for agro-processing support.

PROGRAMME 3: ENTERPRISE AND VALUE CHAIN DEVELOPMENT CONT'D...								
Outcome	Output	Output Indicator	Audited Actual Performance 2022/2023	Audited Actual Performance 2023/2024	Planned Annual Target 2024/2025	** Actual Achievement 2024/2025	Deviation from planned target to Actual Achievement for 2024/2025	Reasons for deviations
Improved market access and value chain participation	Improved market access and enhanced export capacities, import substitutions and linkages across priority value chains	Number of agribusiness enterprises supported towards market access	26	21	16	4	-12	Target Not Achieved. The underachievement of 12 Enterprises due to be supported with market access through product testing, was due to the secondment of 1 personnel within the Business Development Unit to the KZN FE. Subsequently, there was unanticipated workload from new project applications resulting in the delayed implementation for product testing support.
	Facilitate and promote investments in the agribusiness to foster transformation	Number of youth owned enterprises supported within the agribusiness	18	28	16	11	-5	Target Not Achieved. The underachievement of 5 youth owned Enterprises due to be supported with market access through product testing, was due to the secondment of 1 personnel within the Business Development Unit to the KZN FE. Subsequently, there was unanticipated workload from new project applications resulting in the delayed implementation for product testing support.
			Number of women owned enterprises supported within agribusiness	30	40	16	18	+2

PROGRAMME 3: ENTERPRISE AND VALUE CHAIN DEVELOPMENT CONT'D...								
Outcome	Output	Output Indicator	Audited Actual Performance 2022/2023	Audited Actual Performance 2023/2024	Planned Annual Target 2024/2025	** Actual Achievement 2024/2025	Deviation from planned target to Actual Achievement for 2024/2025	Reasons for deviations
Improved market access and value chain participation	Facilitate and promote in- vestments in the agribusiness to foster transformation	Number of supported agribusiness enterprises owned by persons with disabilities	1	2	2	1	-1	Target Not Achieved. The underachievement of 1 Enterprises owned by persons with disability due to be supported with market access through product testing, was delayed due to the secondment of 1 personnel within the Business Development Unit to the KZN FE. Subsequently, there was unanticipated workload from new project applications resulting in the delayed implementation for product testing support.
	To create and sustain jobs directly and indirectly along the agricultural value chain	Number of jobs created and/or sustained in the supported agribusiness enterprises	438	-	-	-	-	No target due in the 2024/25 financial year.
		Number of new jobs facilitated in the supported agribusiness enterprises	New indicator	307	120	100	-20	Target Not Achieved. 20 New Jobs facilitated in the supported agribusiness enterprises could not be confirmed as the supporting evidence was not verifiable

PROGRAMME 3: ENTERPRISE AND VALUE CHAIN DEVELOPMENT CONT'D...								
Outcome	Output	Output Indicator	Audited Actual Performance 2022/2023	Audited Actual Performance 2023/2024	Planned Annual Target 2024/2025	** Actual Achievement 2024/2025	Deviation from planned target to Actual Achievement for 2024/2025	Reasons for deviations
Improved market access and value chain participation	To create and sustain jobs directly and indirectly along the agricultural value chain	Number of jobs sustained in the supported agribusiness enterprises	New indicator	81	80	93	+13	Annual Target Exceeded. 13 Additional jobs were sustained during the 2024/25 FY within the approved budget.

Linking performance with budgets

The programmes budget was used in the facilitation of support to the intended agribusiness enterprises in the agribusiness sector. All reported achievements can be linked to expenditure and available human resources to achieve the desired performance towards value chain development through investment, inclusive participation and transformation of the agribusiness sector. In addressing inclusive participation and transformation in the agribusiness sector, the entity provided targeted support to vulnerable groups (women, youth and persons with disability) and provision of product testing for products developed by the agribusiness enterprises to enable them to participate in the formal sector which is highly regulated.

3.4. Programme 4: Infrastructure Development

3.4.1. Purpose of the programme:

This programme seeks to support agribusiness enterprises with related agricultural and agro-processing infrastructure. The investment in agricultural infrastructure ensures the greater participation in the entire agricultural value chain. The infrastructure ranges from construction of pack houses, feedlots, installation of irrigation systems, hydroponic tunnels, construction of animal handling facilities and feed mills. This programme is also aimed at building infrastructure and releasing constraints for the development of enterprises in the infrastructure arena. With the rationalization/amalgamation process, the operations of Mjindi Farming (Pty) Ltd and support to Ntingwe Tea Estates have been included. Infrastructure development is key imperative of government on both provincial and national level.

3.4.1.1. Outcomes, Outputs, Output Indicators, Targets and Actual Achievements Table

PROGRAMME 4: INFRASTRUCTURE DEVELOPMENT							
Outcome	Output	Output Indicator	Audited Actual Performance 2022/2023	Audited Actual Performance 2023/2024	Planned Annual Target 2024/2025	** Actual Achievement 2024/2025	Deviation from planned target to Actual Achievement for 2024/2025
Improved market access and value chain	To provide technical support to all infrastructure development projects	Number of Infrastructure Frameworks developed in line with the NDP Infrastructure master plan	1	-	-	-	No target due in the 2024/25 financial year.
		Number of enterprises supported with infrastructure planning	8	12	12	14	+2 Target Exceeded. 2 Additional enterprises were supported with infrastructure designs within the approved budget for the 2024/25 financial year.

PROGRAMME 4: INFRASTRUCTURE DEVELOPMENT							
Outcome	Output	Output Indicator	Audited Actual Performance 2022/2023	Audited Actual Performance 2023/2024	Planned Annual Target 2024/2025	** Actual Achievement 2024/2025	Deviation from planned target to Actual Achievement for 2024/2025
Improved market access and value chain	To provide technical support to all infrastructure development projects	Number of enterprises supported with agricultural infrastructure	15	32	12	19	+7
	To maintain the pipe network for distribution of water supply	Number of infrastructure equipment maintained to ensure constant water to the irrigation scheme	84	-	-	-	-
	To ensure an effective and functioning irrigation system	Number of infrastructure maintenance plans adopted for implementation Percentage of activities completed in line with the infrastructure maintenance plan	New indicator New indicator	2 100%	1 100%	1 100%	0 0%
							Target Exceeded. The over-achievement of 7 enterprises supported with agricultural infrastructure was due to roll over projects from the 2023/24 FY that completed implementation in the 2024/25 FY. No target due in the 2024/25 financial year. Target Achieved. Target Achieved.

Linking performance with budgets

The programmes budget was used for the provision of infrastructure related activities to support the intended agribusiness enterprises in the agribusiness sector. All reported achievements can be linked to expenditure and available human resources to achieve the desired performance towards infrastructure development and maintenance through investment and provision of technical expertise within the agribusiness sector.

Linking performance with budgets

Expenditure	2024/2025			2023/2024		
Programme Name	Budget	Actual Expenditure	(Over)/ Under Expenditure	Budget	Actual Expenditure	(Over)/ Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Finance & Administration	107 389	103 579	3 810	112 238	106 980	5 258
Comprehensive Capacity Building	41 349	29 567	11 782	3 540	2 998	542
Enterprise Value Chain	36 942	34 983	1 959	31 243	30 774	469
Infrastructure Development	83 617	77 083	6 534	70 018	66 806	3 212
Total	269 297	245 212	24 085	217 039	207 558	9 481

The total expenditure of R245,212 million is on cash basis, whereas expenditure on Annual Financial Statements is on accrual basis. An under expenditure of R24,085 million resulted from goods and services that were procured during the year end but had not been delivered by year end and invoices with were received after year end.

Strategy to overcome areas of under performance

The strategies to overcome future under expenditure are stricter in-year monitoring and conclusion of procurement processes earlier, in February every year, to enable service providers to deliver before the end of March each year.

4. REVENUE COLLECTION

ADA revenue collections was below the estimated budget and the under collection. This was due to challenges experienced in collection such as, poor water supply services coursed by continuous aged irrigation infrastructure breakdowns and outdated technology. The measures implemented to ensure effective collection was to handover the debtors to the collection Agency.

The irrigation scheme requires huge capital injection for it to adequately service the debtors and the debtor will in turn be able to pay as per the agreement.

Source of revenue	2024/2025			2023/2024		
	Estimate	Actual Amount	(Over)/ Under	Estimate	Actual Amount	(Over)/ Under
		Collected	Collection		Collected	Collection
	R'000	R'000	R'000	R'000	R'000	R'000
DARD	213 205	213 205	-	201 853	202 954	(1 101)
DARD – Rollover	11 423	11 423	-	10 011	10 011	-
NSF	39 008	33 678	5 330	-	-	-
Sundry Income	127	162	(35)	106	130	(24)
Interest Revenue	848	1 547	(699)	1 336	718	618
Revenue from sales	4 686	4 378	308	3 733	4 140	(407)
Total	269 297	264 393	4 904	217 039	217 953	(914)

5. CAPITAL INVESTMENT

Infrastructure	2024/2025			2023/2024		
	Budget	Actual Expenditure	(Over)/ Under Expenditure	Budget	Actual Expenditure	(Over)/ Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Computer Equipment	213	213	-	627	627	-
Furniture & Fittings	1	1	-	184	184	-
Other Assets	-	-	-	137	137	-
Sundry equipment	2 497	2 497		1 146	1 898	(752)
Workshop equipment	21	21	-	-	-	-
Fences and Gates	8	8	-	14	14	-
Total	2 740	2 740	-	2 108	2 860	(752)

During the 2024/25 financial year, Infrastructure projects completed within the year aligned with initial plans. The Makhathini irrigation scheme remains in ongoing maintenance, with activities repeating annually as scheduled. Looking ahead, some functions related to Makhathini are slated to be transferred to the Department of Water and Sanitation starting in the 2026/27 financial year, with plans to down-grade or close certain facilities accordingly. Maintenance of infrastructure was successfully carried out as planned, ensuring the integrity and sustainability of assets. The transfer of bulk water infrastructure assets from the Makhathini irrigation scheme is expected to influence current expenditure, prompting a reconfiguration of the operational budget. Although no major maintenance projects were undertaken by ADA during this period, the Department of Agriculture and Rural Development (DARD) completed two significant maintenance initiatives to support operational efficiency. The aging infrastructure continues to pose challenges, negatively impacting service delivery; to address this, ADA applied to Infrastructure South Africa (ISA) for a bankable business plan aimed at attracting investment and accelerating progress in reducing the maintenance backlog.



Part C:

GOVERNANCE

1. INTRODUCTION

Corporate governance embodies processes and systems by which public entities are directed, controlled and held to account. In addition to legislative requirements based on a public entity's enabling legislation, and the Companies Act, corporate governance with regard to public entities is applied through the precepts of the Public Finance Management Act (PFMA) and run in tandem with the principles contained in the King's Report on Corporate Governance.

Parliament, the Executive Authority and the Accounting Authority of the public entity are responsible for corporate governance.

In terms of King IV, Corporate Governance is defined as the exercise of ethical and effective leadership by the governing body, in our case, the Board of Trustees, towards the achievement of:

- Ethical culture
- Good performance
- Effective control
- Legitimacy

2. PORTFOLIO COMMITTEES

Parliament exercises its role through evaluating the performance of the public entity by interrogating their budget expenditure performance, annual financial statements and other relevant documents which have to be tabled as well as any other documents tabled from time to time. The Standing Committee on Public Accounts (SCOPA) reviews the budget expenditure performance, annual financial statements and the audit reports of the external auditor. The Agriculture and Rural Development Portfolio Committee (ARDPC) and Finance Portfolio Committee (FPC) exercise oversight over the budget performance and service delivery performance of public entity and, as such, review the non-financial information contained in the annual reports of the public entity and assess service delivery impact and enhancing economic growth.

The ADA reports to the Agriculture and Rural Development Portfolio Committee (ARDPC), the Finance Portfolio Committee (FPC) and the Standing Committee on Public Accounts (SCOPA).

The following meetings were attended for SCOPA and Portfolio Committee

DATE OF MEETING	MEETING ATTENDED	ADA INPUT
22 October 2024	Agriculture and Rural Development Portfolio Committee Meeting	Presentations on: - APP 2024/25 - Budget 2024/25 - Tabling of 2023/24 4th Quarter Report And - Presentation of 2024/25 Q1 Quarter Report
21 November 2024	Finance Portfolio Committee Meeting	Presentations on: - Q2 Budget Performance - Mid-Year Budget Performance and Resolutions
06 December 2024	Agriculture and Rural Development Portfolio Committee Meeting	Presentations on: - 2023/24 Annual Report - Q1 and Q2 2024/25 – Budget Performance - Q1 and Q2 – Performance Report
31 January 2025	Agriculture and Rural Development Portfolio Committee Meeting	Presentations on: - APP 2025/26 - Draft budget 2025/26 - Projects supported in Zululand

DATE OF MEETING	MEETING ATTENDED	ADA INPUT
14 February 2025	Agriculture and Rural Development Portfolio Committee Meeting	Presentations on: - Q3 Performance Report - ADA Makhathini Irrigation Scheme Turnaround Strategy - SCOPA Responses
25 February 2025	SCOPA	Follow-up Hearings
18 March 2025	Agriculture and Rural Development Portfolio Committee Meeting	Makhathini Irrigation Scheme Oversight visit

3. EXECUTIVE AUTHORITY

As we began the 2024/25 financial year, a new 7th administrative leadership was established with the appointment of Ms. T.P. Madlopha-Mthethwa as the Honourable Member of the Executive Council (MEC) in June 2024. She is now the new Executive Authority of the ADA.

The MEC in their capacity as the Executive Authority of the KwaZulu-Natal Department of Agriculture and Rural Development (DARD), holds the Board of Trustees accountable for managing and controlling the governance of the ADA in compliance with its mandate and prescribed legal regulations. During the 2024/25 financial year the ADA submitted reports to the Executive Authority for approval. These documents were subsequently recommended by the Board of Trustees and approved by the Member of Executive Council (MEC). The dates of submission of the above noted documents are listed in the table below:

No	REPORTS SUBMITTED TO THE EXECUTIVE AUTHORITY	PERIOD OF SUBMISSION
1	Quarter 4 Performance Information Report - 2023/24	06 May 2025
2	Annual Report for 2023/24	14 August 2024
3	Quarter 1 Performance Information Report - 2024/25	14 August 2024
4	Quarter 2 Performance Information Report - 2024/25	09 November 2024
5	Quarter 3 Performance Information Report - 2024/25	31 January 2025
6	Annual Performance Plan 2025/26	31 March 2025

4. THE ACCOUNTING AUTHORITY / BOARD

Introduction

The importance and purpose of the Board is:

- Approving the corporate strategy, business plans, budgets, and monitoring management closely in implementing its mandate;
- Ensuring that the ADA complies with all relevant laws and regulations and codes of best practice; and
- Ensuring Risk Management processes are in place.

The role of the Board is as follows:

The Board is responsible and accountable for the public entity's overall performance and strategic direction which entails the following:

- The setting of the strategic direction and goals of the ADA;
- The monitoring of performance outputs towards service delivery in relation to those set in the Strategic Plan;

- To oversee management's implementation of the strategies of the entity;
- Appoint committees of the ADA as may be appropriate in relation to the policies and processes;
- Assist in the discharge of the entity's responsibilities;
- Ensure procedures and practices are in place to protect the ADA assets and reputation;
- Monitor financial outcomes and the integrity of financial reporting, in particular approving annual budgets and longer-term strategic and business plans;
- Ensure effective audits are conducted and compliance systems are in place to protect the entities assets and to minimize the possibility of the ADA operating beyond legal requirements or beyond acceptable risk parameters;
- Monitor compliance with regulatory requirements and ethical standards; and
- Ensure the Board is constituted in such a manner as to represent the interests of the government and all business stakeholders.

Board Charter

As recommended by the King IV Code, the Board has a charter setting out its responsibilities, which should be disclosed in the annual report. At a minimum, the charter should confirm:

- The board's responsibilities for the adoption of the strategic plan;
- Monitoring of operational performance and financial management;
- Determination of policy processes to ensure the integrity of the entity's risk management and internal controls; and
- Communication policy, director selection, orientation and evaluation.

The Board of Trustees fulfil its primary governance roles and responsibilities by:

- Steering the entity and setting its strategic direction;
 - Approving policies and planning that give effect to the strategy and the direction provided;
 - Overseeing and monitoring of implementation and execution by management; and
 - Ensuring accountability for organizational performance by means of among others, reporting and disclosure.
- During the review period, the ADA Board conducted a two-day strategic planning session, leading to the successful formulation of the organizational strategy for 2025-2030 and the Annual Performance Plan for 2025/2026. Additionally, the strategic overview, including the vision, mission, and values, was revised to align with the new strategic direction.

Delegation:

Through the different well-structured Board sub-committees, the Board delegates certain functions but without abdicating its own responsibilities. Delegations are formal and involve:

- Formal Terms of Reference which are established and approved and reviewed annually for each sub- committee of the Board,
- The sub-committees are appropriately constituted with due regard to the skills required by each committee,
- A framework for delegating authority to management has been established and approved by the Board.

Composition of the Board

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g: Audit committee / Ministerial task team)	No. of Meetings attended
Mr Thembinkosi Willies Mchunu	Chairperson	13 September 2021	13 September 2024	Matric Certificate in Labour, Governance and Policy development	Governance and strategy; Peace and Stability matters, Labour relations matters; social cohesion matters. Leadership skills; Risk management; policy and procedure development	KZN Planning Committee and Ntingwe Tea Estate	None	29
iNkosi Mbhekiseni Petros Mazibuko	Deputy Chairperson	13 September 2021	13 September 2024	Police Science, Social Psychology and Public Management Political Science	Leadership skills, communication , dispute resolution and public management	Ntingwe Tea Estate and uMzinyathi Royal House.	HRRC	18
Ms Dianetse Kindness Mokoatle	Board member	13 September 2021	13 September 2024	National Diploma in Agriculture B Tech Agricultural Management	Agriculture, public development, governance, facilitation, project management; livestock breeding and farming	Ntingwe Tea Estate	HRRC & PFC	20
Mr Masango Sifundza	Interim Board member	16 May 2024	16 August 2024	M. Sc. in Agricultural Economics; BSc in Agriculture; Diploma in Agriculture Education, Diploma in Financial Management; Advance Diploma in Financial Management and Certificate in Credit Management agriculture	Strategy Development, Policy development; compliance; financial management; agriculture (crop and animal production and health) ; business management; agricultural economics; risk management and labour issues, and general	None	HRRC & PFC	20

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g: Audit committee / Ministerial task team)	No. of Meetings attended
Mr Wiseman Sizwe Mchunu	Interim Board member	16 May 2024	16 August 2024	Science Foundation Course; National Certificate on Local Government and Project Management; Certificate in Governance and Leadership; Certificate in Advanced Governance and Public Leadership	Strategy development; Policy development; Compliance and risk management; project management; budget and finance management; corporate governance	Richards Bay Industrial Development Zone	ARC & PFC	17
Mrs Sibusisiwe Ngcobo	Interim Board member	16 May 2024	16 August 2024	Secondary Teacher's Diploma; Degree in Home Economics; Master of Social Science (Policy and Development)	Strategy development; Policy development; Compliance and risk management; project management; budget and finance management; corporate governance	iSimangaliso Wetlands Park Authority; South African Council of Planners; KZN Sharks Board; Global Environmental Facilities; Small Grant Programme (implemented by UNDP); SASOPSBIZZ	ARC & PFC	19
Advocate Thalente Mhlongo	Interim Board member	16 May 2024	16 August 2024	Diploma in Police Admin; Bachelor of Laws; Post Grad. Advanced Certificate in Alternative Dispute Resolution; Commissioner course	Labour matters, legislative and legal interpretation; legal writing; dispute resolution; litigation; Compliance.	Agricultural Sector Education Training Authority	HRRC & ARC	20

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g: Audit committee / Ministerial task team)	No. of Meetings attended
NEW BOARD SEPTEMBER 2024 - 2026								
Mr Sibusiso Lucky Gumbi	Chairperson	23 September 2024	23 September 2027	Matric, B. Arts, Hon. Degree Development Studies, Diploma in Business Management, Diploma in Financial Management, Diploma Salesman, Basic Admin.	Governance, financial management, Leadership and rural development	None	PFC	24
Mr Ntokozo Innocent Mafuleka	Deputy Chairperson	23 September 2024	23 September 2027	BA Environmental Planning and Municipal Finance Management	Governance, Strategy development, financial management, and human resources management	uMzinyathi Development Agency	HRRC & PFC	13
Ms Dianetse Kindness Mokoatle	Board member	23 September 2024	23 September 2027	National Diploma in Agriculture B Tech Agricultural Management	Agriculture, public development, governance, facilitation, project management; livestock breeding and farming	Ntingwe Tea Estate	ARC	13

Name	Designation (in terms of the Public Entity Board structure)	Date appointed	Date resigned	Qualifications	Area of Expertise	Board Directorships (List the entities)	Other Committees or Task Teams (e.g: Audit committee / Ministerial task team)	No. of Meetings attended
NEW BOARD SEPTEMBER 2024 - 2026								
Mrs Thokozile Joyce Gumede	Board member	23 September 2024	23 September 2027	Matric, Diploma in Nursing Science, Midwife, and Advanced Certificate Public Management	Leadership, governance, administration, public development, and public administration	None	PFC	19
Ms Zethembile Primrose Mbatha	Board member	23 September 2024	23 September 2027	Farm Planning, LLB, TEFL, Broiler Production	Agriculture, finance, and legal interpretation	None	HRRC	15
Dr Sifiso Mboneni Ntombela	Board member	23 September 2024	23 September 2027	Matric; BSc: Agricultural Economics; Hon. Agricultural Economic; Msc: Agricultural Economic and PhD: Agricultural Economic	Strategy development; Policy development; Compliance and risk management; project management; budget and finance management; corporate governance and agricultural economic development	AEASA	None	13
iNkosi Sipiwe Kunene	Board member	23 September 2024	23 September 2027	Matric, SSTTD, B Pead, Diploma in Negotiation Skills and Leadership, and good governance	Leadership, governance, administration, and public development	None	HRRC	12
Mr Abednigo Mbuyiseni Nxumalo	Board member	23 September 2024	23 September 2027	Matric, Bachelor of Arts, Diploma of Education, and Bachelor of Education.	Leadership and administration	None	ARC	14
Mr Innocent Bheki Dladla	Board member	23 September 2024	23 September 2027	Matric, B. Admin. Degree, Diploma in Mining Eng., Hon. in Human Resources Dev, Hon. in Policy and Development and MBA.	Leadership, governance, administration, public development and public administration	None	ARC	14

01 March 2024 to 16 August 2024

Committee	No. of meetings held	No. of members	Name of members
Human Resources and Remuneration Committee	5	4	iNkosi Mbekiseni Petros Mazibuko Mr Masango Sifundza Ms Dianetse Kindness Mokoatle Adv. Thalente Elliot Mhlono
Projects and Finance Committee	5	4	Mr Masango Sifundza Ms Dianetse Mokoatle Mr Wiseman Sizwe Mchunu Ms Sibusisiwe Ngcobo
Audit and Risk Committee	5	4	Ms Lumka Sibanyoni Adv. Thalente Mhlono Mr Wiseman Sizwe Mchunu Ms Sibusisiwe Ngcobo

23 October to date

Committee	No. of meetings held	No. of members	Name of members
Human Resources and Remuneration Committee	2	3	iNkosi Sipiwe Kunene Mr Ntokozo Innocent Mafuleka Ms Zethembile Primrose Mbatha
Projects and Finance Committee	7	3	Mrs Thokozile Joyce Gumede Mr Ntokozo Innocent Mafuleka Mr Sibusiso Lucky Gumbi
Audit and Risk Committee	4	4	Ms Lumka Sibanyoni Ms Dianetse Mokoatle Mr Innocent Bheki Dladla Mr Abednego Mbuyiseni Nxumalo

Remuneration of board members

Name	Remuneration	Other allowance	Other re-imbursements	Total
Mr TW Mchunu	R 199 043,00	R 00, 00	R 20 146, 70	R 219 189, 70
iNkosi MPM Mazibuko	R 84 867, 00	R 22 230 00	R 42 035, 22	R 149 132, 22
Mr LS Gabela	R 18 993, 75	R 00, 00	R 4 076, 00	R 23 069, 75
Ms DK Mokoatle	R 146 230, 75	R 44 916, 00	R 74 032, 54	R 265 179, 29
Mr M Sifundza	R 77 615, 25	R 33 972, 00	R 44 224,18	R 155 811, 43
Mr WS Mchunu	R 86 659, 25	R 26 828	R 7 424, 69	R 120 911, 94
Mrs SM Ngcobo	R 81 263, 25	R 26 980, 00	R 1 685, 00	R 109 928, 25
Adv. ET Mhlono	R 75 867, 25	R 24 282, 00	R 24 290, 00	R 124 439, 25
Mr SL Gumbi	R 164 852, 50	R 17 936, 00	R 122 070, 17	R 304 858,67
Mr NI Mafuleka	R 00	R 00	R 43 718, 92	R 43 718, 92
Ms ZP Mbatha	R89 357,25	R 5 396, 00	R 25 674, 24	R120 427, 49
iNkosi SS Kunene	R 64 967,50	R 8 892, 00	R 31 979, 33	R 103 838, 83
Mrs TJ Gumede	R 78 457, 50	R 29 374, 00	R 38 727, 57	R 146 559, 07
Mr IB Dladla	R 54 175, 50	R 10 184, 72	R 8 094, 00	R 72 454, 22
Mr AM Nxumalo	R 64 967,50	R 10 792, 00	R 38 379, 96	R 114 138, 96
Dr SM Ntombela	R 00	R 00	R 19 834, 15	R 19, 834, 15
Ms L Sibanyoni	R 88 920, 00	R 84 474, 00	R 16 250, 81	R 189 644, 81

5. RISK MANAGEMENT

The ADA has a functional Risk Management unit that reports to the Chief Executive Officer and is overseen by the Audit & Risk Committee. As a public entity, the institution is guided by the Public Sector Risk Management Framework. The entity has developed its own Risk Management Framework that is reviewed on an annual basis to ensure its relevance and adherence.

The ADA assesses its risks on a continuous basis to identify and rank the risks that affect the organization at the strategic and operational levels. The implementation of action plans identified to mitigate the various categories of risks are monitored continuously and emerging risks are flagged and included in the organization's risk profile.

The progress on implementation of action plans and identified emerging risks are reported to the CEO on a monthly basis and on a quarterly to the Audit & Risk Committee which provides an oversight role over the process of risk management in the organization.

6. INTERNAL AUDIT UNIT

Internal audit provides assurance by assessing and reporting on the effectiveness of governance, risk management, and control processes designed to help the organization achieve its strategic, operational, financial and compliance objectives.

The key activities and objectives of internal audit are:

- To be an independent, objective, assurance and consulting unit that is designed to add value and improve the operations of the ADA; and
- To assist the management of the ADA to accomplish their objectives by bringing a systematic and disciplined approach in evaluating and improving the effectiveness of internal controls, governance and risk management processes.

The following operational internal audits were conducted during the 2024/25 financial year:

- Review of the 2023/24 Annual Performance Report
- Review of the 2023/24 Annual Financial Statements
- Audit of Q4 of 2023/24 Performance Information
- Audit of Q1 of 2024/25 Performance Information
- Review of the 2023/24 Draft Annual Report
- Review of Draft 2025/26 Annual Performance Planning
- Audit of Q1 of 2024/25 Supply Chain Management
- Audit of Q1 of 2024/25 Project Expenditure
- Audit of Q2 of 2024/25 Performance Information
- Audit of Q2 of 2024/25 Supply Chain Management
- Audit of Q2 of 2024/25 Project Expenditure
- Review of the 2024/25 Interim Financial Statements
- Audit of Governance Matters
- Audit of Q3 of 2024/25 Performance Information
- Audit of Q3 of 2024/25 Supply Chain Management

- Audit of Q3 of 2024/25 Project Expenditure
- Audit of the 2024/25 Interim Financial Statements
- Audit of Q4 of 2024/25 Supply Chain Management
- Audit of Q4 of 2024/25 Project Expenditure
- Review of 2025/26 Draft Annual Performance Planning
- Audit of Asset Management
- Audit of Compliance with Laws and Regulations: Revenue Management and Consequence Management

The following core internal audit services were undertaken in order to achieve the above strategic objective:

- The review of and adherence to legislation, regulations, policies and procedures, and contracts;
- The review of internal controls and systems within the agreed business processes;
- The examination of financial and operating information for management;
- Special assignments ;
- Performance information review;
- Review on project expenditure
- Review of the Internal Audit Charter
- Review of the Audit Committee Charter

Legislated Audit

- Performance Information Audits (Quarterly)
- Review of the Draft Annual Report
- Review of the Interim Financial Statements
- Review of the Annual Financial Statements

Internal Audit follow up on the Internal Audit reports for the 2024/25 financial year were:

- Follow up audit on implementation of AGSA findings (2023/24) financial year)
- Internal Audit follow up on the following reports:
- Procurement and Contract Management
- Project Expenditure
- Human Resource Management
- Revenue Management
- Information and Communication Technology
- Risk and Compliance Management
- Annual Financial Statement

7. AUDIT AND RISK COMMITTEE

The key activities of the Audit and Risk Committee are:

- Financial Reporting Oversight: Reviewing and monitoring the integrity and accuracy of financial statements before they are presented to the board.
- Internal Controls and Compliance: Assessing the effectiveness of internal control systems and ensuring adherence to applicable laws, regulations, and policies.
- Internal Audit Review: Overseeing the internal audit function, including reviewing audit plans, findings, and management responses.
- Risk Management: Identifying, evaluating, and monitoring organizational risks, and ensuring appropriate mitigation strategies are in place.
- Whistleblowing and Ethical Standards: Monitoring mechanisms for reporting misconduct and promoting ethical behaviour within the organization.

The objectives of the Audit and Risk Committee are:

- To ensure the integrity and transparency of financial reporting.
- To provide independent oversight of financial and operational risks.
- To enhance the organization's risk management framework.
- To ensure compliance with legal, regulatory, and internal policy requirements.
- To support effective governance and accountability within the organization.

The table below discloses relevant information on the audit committee members

Attendance of Audit and Risk Committee meetings by members 1 April 2024 to 31 March 2025

Name	Qualifications	Internal or external	If internal, position in the public entity	Date appointed	Date Resigned	No. of Meetings attended
Ms L Sibanyoni (Independent Chairperson)	National Diploma Cost and Management Accounting; Post Graduate Diploma Business Management, Imports & Exports Practitioner Skills, Master of Business Administration – Dissertation pending	External	n/a	01 July 2023	n/a	18
Mr WS Mchunu	Science Foundation Course; National Certificate on Local Government and Project Management; Certificate in Governance and Leadership; Certificate in Advanced Governance and Public Leadership	External	None	13 February 2024	16 August 2024	5
Adv. ET Mhlongo	Diploma in Police Admin; Bachelor of Laws; Post Grad. Advanced Certificate in Alternative Dispute Resolution; Commissioner course	External	None	13 February 2024	16 August 2024	4

Name	Qualifications	Internal or external	If internal, position in the public entity	Date appointed	Date Resigned	No. of Meetings attended
Mrs SM Ngcobo	Secondary Teacher's Diploma; Degree in Home Economics; Master of Social Science (Policy and Development)	External	n/a	13 February 2024	16 August 2024	6
Mr IB Dladla	Matric, B. Admin. Degree, Diploma in Mining Eng., Hon. in Human Resources Dev, Hon. in Policy and Development and MBA.	External	n/a	23 October 2024	To date	3
Mr AM Nxumalo	Matric, Bachelor of Arts, Diploma of Education, and Bachelor of Education.	External	n/a	23 October 2024	To date	4
Ms DK Mokoatle	National Diploma in Agriculture B Tech Agricultural Management	External	n/a	23 October 2024	To date	4

8. COMPLIANCE WITH LAWS AND REGULATIONS

Compliance with legislation is one of the prioritized management areas within the ADA and in all its activities. The ADA management strives to ensure that proper procedures are followed and that the policies are adhered to.

Legal services as a support function is tasked with the responsibility to monitor compliance with applicable prescripts and report to the CEO on the status of compliance across the institution. Legal Services ensures that the entity remain compliant with governance laws and regulations on an on-going basis.

Legal services is responsible for, inter alia, the following:

- the drafting, review and editing of policy and contract documents to ensure compliance with all statutory and regulatory prescripts;
- furnishing of legal opinions, advice and support;
- defending and/or instituting legal action against and/or for the ADA (Litigation);
- presentations to officials and review and commentary on case law to empower and capacitate the said officials;
- to ensure compliance with PAJA, PAIA and POPIA; and
- providing support to Human Resources to ensure compliance with the Labour Relation Act, Employment Equity Act and the Basic Condition of Employment Act (BCEA).

9. FRAUD AND CORRUPTION

The ADA has adopted a zero-tolerance approach and have developed measures to effectively deal with fraud and corruption. A risk appetite and tolerance statement were developed and approved during the 2024/25 financial year.

The entity has an approved Fraud and Anti-Corruption Policy which was formulated in line with the provisions of the public sector risk management framework. Staff awareness sessions are conducted annually and the electronic copy of the policy on Fraud and Anti-Corruption policy is accessible to staff via staff communiqué and the ADA intranet.

There are various reporting channels available to the ADA staff and other stakeholders to use in the reporting of suspected fraudulent activities and these channels are published on the intranet, ADA Social Media platforms and the Website.

During the 2024/25 financial year, the entity utilized the Whistleblowers Ethics Hotline to help prevent fraud and corruption. In June 2025, a new service provider, Vuvuzela Hotline, was appointed to continue supporting this function.

10. MINIMISING CONFLICT OF INTEREST

To prevent conflicts of interest, the ADA requires all senior officials and members of bid committees to sign declaration of interest forms annually and before each bid committee meeting. If a member identifies a potential conflict, they are required to recuse themselves from participating in the relevant discussions.

Regarding Supply Chain Management (SCM), officials and other stakeholders are trained on the code of conduct, which emphasizes conflict of interest as a key principle. They are expected to acknowledge this by signing the code of conduct and declaration of interest forms at each bid or ad hoc meeting involving SCM matters. In cases where a conflict arises, individuals must disclose it and withdraw from the deliberations.

For service providers and suppliers, conflict of interest is addressed as a specific condition within bid requirements. The bid conditions specify that bidders must not undertake any work that conflicts with existing obligations to other clients or that could compromise their ability to serve the Entity's best interests.

11. CODE OF CONDUCT

The ADA's conduct is guided by an approved Code of Ethics and Conduct, which is regularly reviewed to align with current governance standards. The updated Code, outlining key ethical principles, is set to be presented to the oversight committee in 2024/25 and further refined in 2025/26. To promote transparency and accountability, all officials are required to declare interests during recruitment, bid evaluations, and other key meetings.

12. HEALTH SAFETY AND ENVIRONMENTAL ISSUES

The 2022/23 financial year saw the ADA prioritize Occupational Health & Safety (OHS). A new OHS policy, approved by the Board in January 2022, and accompanying Standard Operating Procedures were put in place. To ensure effective implementation, an OHS Committee, featuring employee safety representatives as per the OHS Act 85 of 1993, was established.

Key safety initiatives implemented during the year included the prominent display of emergency evacuation plans and safety posters at Jozini and Pietermaritzburg offices, staff training on emergency procedures, and the provision of Personal Protective Equipment and Clothing. During 2024/25, accredited training was also provided to appointed First Aiders in workplace emergency response. The organization reported two partial Injuries On Duty incidents to the Department of Employment and Labour during this period.

13. COMPANY / BOARD SECRETARY

The Companies Act 71 of 2008 prescribes that all public and state-owned companies are required to have a company secretary. The roles and responsibilities of the company secretary are outlined in Section 88 (1) - (2) of the Act. Given that the ADA is a trust, the Board Secretary fills the role of a Company Secretary and is responsible for the secretariat function of the Board and its sub-committees by ensuring compliance with statutory and regulatory requirements as well as ensuring that the decisions of the Board of Trustees are implemented. This is undertaken and achieved through:

- Ensuring proper functioning of the Board and its sub-committees;
- providing the directors of the company collectively and individually with guidance as to their duties, responsibilities and powers;
- Ensuring that the ADA complies with the company laws and makes Trustees aware of any laws affecting the organization;

- Ensuring that minutes of all shareholders meetings, board meetings and the meetings of any committees of the directors, or of the company's audit committee, are properly recorded in accordance with this Act
- Provides governance oversight in the formulation of the ADA strategy and business plan;
- Ensuring compliance with corporate governance practices within the ADA in line with legal requirements;
- Providing advisory and secretariat services to the Board as well as effectively managing the secretariat unit of the board, and its sub-committees to ensure that they function effectively and comply with the Terms of Reference;
- Development of meeting agendas; convening of Board and sub-committee meetings; ensuring proper recording of minutes, Board resolutions and implementation thereof.

14. SOCIAL RESPONSIBILITY

In the 2024/25 financial year, the Agricultural Development Agency (ADA) encountered significant financial constraints that severely hindered its ability to implement the planned social responsibility initiatives. Although the entity had developed a comprehensive framework for social development programs targeting engagement in agriculture with rural empowerment, youth, women, and people living with disabilities and overall support for historically disadvantaged communities, while its original plans were aligned with ADA's mandate to uplift marginalized agricultural communities, these initiatives could not be realized due to the unavailability of funds.

The ADA acknowledges the impact this shortfall may have had on the stakeholders and communities it serves and remains committed to reprioritizing social responsibility in future financial planning cycles, seeking alternative funding models, and strengthening partnerships to ensure more resilient delivery of its mandate.



15. AUDIT COMMITTEE REPORT

MS LUMKA SIBANYONI

INDEPENDENT CHAIRPERSON OF THE AUDIT & RISK COMMITTEE

We are honoured to submit our report for the financial year ended 31 March 2025.

Audit Committee Responsibility

The Audit Committee confirms compliance with Section 51 (1)(a)(ii) of the Public Finance Management Act and Treasury Regulation 27.1. It has adopted a formal charter, followed its guidelines and fulfilled all responsibilities. The Audit and Risk Committee also performed its statutory duties as required.

Statutory Duties

The Audit and Risk Committee has prepared this report to outline its obligations in accordance with Section 51(1)(a)(ii) of the Public Finance Management Act (PFMA) and Treasury Regulation 27.1. The Committee's operations are further informed by the principles articulated in the KING IV Code of Corporate Governance, encompassing the following core responsibilities:

- Supporting the Board in assessing the sufficiency and effectiveness of internal control mechanisms, governance frameworks, accounting procedures, information systems, risk management strategies and audit processes within the Agribusiness Development Agency's (ADA) routine activities.
- Facilitating robust communication among the Board, Management, External Auditors and Internal Auditors regarding issues within the Committee's scope.
- Ensuring comprehensive coverage of risk and compliance matters related to ADA's operations in both Internal and External audits.
- Overseeing that any accounting or auditing issues identified during internal and external audits are addressed promptly and effectively.
- Monitoring ADA's adherence to all relevant legal and regulatory requirements, including those outlined in the PFMA and Treasury Regulations.

- Safeguarding the independence and objectivity of both Internal and External Auditors.

The Effectiveness of Internal Control

Our review of the Internal Audit findings, based on the entity's risk assessments, identified certain weaknesses, which were communicated to the public entity.

Details of internal audit activities for the year are provided in section 6 of the Governance section of the Annual Report.

The Audit and Risk Committee met routinely with management, internal audit and the Auditor-General to oversee financial reporting, review the AFS, address prepayments and irregular expenditure and monitor audit findings. The Committee approved and tracked the internal audit plan, evaluated internal controls and oversaw risk management.

Governance was reinforced through the implementation of combined assurance, comprehensive fraud prevention reviews, and strict adherence to the PFMA, Treasury Regulations, and King IV guidelines. The Committee provided quarterly updates to the Board. The Entity's financial and risk management controls were structured to ensure effectiveness, efficiency, and transparency, fully complying with Section 51 of the Public Finance Management Act No. 01 of 1999 and the recommendations set forth by King IV.

The following internal audit work was completed during the year under review:

- Execution of the approved audit plan
- Assessment of internal controls
- Follow-up on prior-year audit findings
- Support to the Audit and Risk Committee

The following were areas of concern:

- Management's response rate to Internal Audit
- Timely resolution of follow-up issues
- Strengthening governance, compliance and accountability

The Audit and Risk Committee has identified areas for improving internal controls, based on reports from Internal Audit, the Auditor-General South Africa and auditor findings that noted significant deficiencies. The Committee recognises risks in collecting long outstanding debts and is aware management has strengthened controls, including engaging a debt collection agency. The Committee will monitor progress on these efforts in the coming year.

Fraud and Corruption

ADA prioritises fraud prevention to maintain trust and integrity. Its Fraud Prevention Policy affirms a commitment to transparency and zero tolerance for unethical behaviour. The Declaration of Interest Policy helps manage conflicts of interest, supporting ADA's values. Together, these policies promote good governance and safeguard the Agency's resources and reputation.

In-Year Management and Monthly/Quarterly Report

The public entity submitted required monthly and quarterly reports to the Treasury and Executive Authority. These were reviewed by the Audit and Risk Committee, which also assessed performance management alongside Internal Audit for 2024/25, in line with the approved plan.

Both internal and external audits rated internal controls as satisfactory, though some concerns remain. Management and the Board have reasonable assurance that major risks are managed and most targets for 2024/25 were met.

Evaluation of Financial Statements

The Audit and Risk Committee has conducted a comprehensive review of the AFS prepared by the public entity. The entity has maintained compliance with the PFMA by consistently submitting monthly and quarterly reports to the KZN Provincial Treasury, which were subsequently presented to the Audit and Risk Committee for evaluation and feedback.

The Committee finds the financial information provided to be adequate, consistent, reliable and accurate. Prior to submission to the Office of the Auditor-General South Africa (AGSA), the Committee undertook an in-depth examination of the AFS, focusing on key areas including:

- Confirmed the entity's status as a going concern.
- Financial judgements and estimates being the evaluation of significant judgements and estimates reported in the AFS.
- Engagements through discussions and review of the AFS with both the Board and AGSA.
- Scrutiny of management and audit reports.
- Consideration of material audit adjustments identified during the audit process.

Additionally, the review encompassed:

- Assessing the appropriateness of accounting policies;
- Thorough evaluation of management's assumptions in preparing the AFS;
- Examination of significant accounting and reporting issues and their impact on the AFS;
- Verification that the AFS are complete and align with prescribed accounting practices and all information available to the Committee;
- Obtaining assurance from management regarding the completeness and accuracy of the AFS.

The Committee will maintain its engagement with management to oversee the implementation of audit action plans addressing factors contributing to the entity's regression in audit status. Furthermore, the Committee affirms its satisfaction with the independence, work and conclusions reached by the Auditor-General South Africa as external auditors.

Accordingly, on 29 May 2025, the Audit and Risk Committee recommended the Annual Financial Statements to the Board for approval.

Auditor's Report

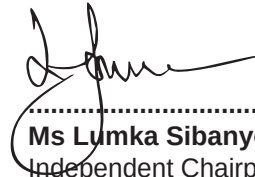
We have reviewed the entity's implementation plan for audit issues raised in the prior year and we are satisfied that the matters have been adequately resolved except for the following:

- Repeat material misstatements
- Control deficiencies
- Governance weaknesses
- Internal control failures
- Ineffective consequence management
- Vacancies in leadership

The Audit and Risk Committee states its role in supporting the Board to maintain governance standards, aiming to achieve a clean audit. The Committee acknowledges the contributions of Board Members, Management and the Auditor-General. These combined efforts contribute to the Committee's activities and the Entity's operations.

The Audit and Risk Committee recommended the approval of the audited Annual Financial Statements and the audit opinion for the financial year ending 31 March 2025. Subsequently, these Financial Statements and the audit opinion were duly approved by the Board for inclusion in the Entity's Annual Report for the financial year ended 31 March 2025.

The Audit Committee concurs and accepts the conclusions of the external auditor on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the auditor.



Ms Lumka Sibanyoni

Independent Chairperson of the Audit & Risk Committee
Agribusiness Development Agency
31 July 2025

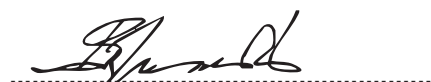
16. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

The following table has been completed in accordance with the compliance to the BBBEE requirements of the BBBEE Act of 2013 and as determined by the Department of Trade, Industry and Competition.

Name of Sphere of Government / Public Entity / Organ of State :	Agribusiness Development Agency
Registration Number (If Applicable):	IT 2041/1999/N
Physical Address:	5 Cascades Crescent, Montrose, Pietermaritzburg, 3201
Type of Sphere of Government / Public Entity / Organ of State:	Public Entity
Organisation Industry / Sector	Agribusiness/Agriculture

Has the Sphere of Government / Public Entity / Organ of State applied any relevant Code of Good Practice (B-BBEE Certificate Levels 1 – 8) with regards to the following:		
Criteria	Circle relevant answer	Attachment
Determining qualification criteria for the issuing of licences, concessions or other authorisations in respect of economic activity in terms of any law	Not Applicable	Not Applicable
Developing and implementing a preferential procurement policy	Yes	The ADA currently has an approved Supply Chain Management Policy
Determining qualification criteria for the sale of state-owned enterprises	Not Applicable	Not Applicable
Developing criteria for entering into partnerships with the private sector	Not Applicable	Not Applicable
Determining criteria for the awarding of incentives, grants and investment schemes in support of Broad Based Black Economic Empowerment	Yes	The ADA has a Funding Policy that support the Black owned enterprises that entity support.

APPROVED BY:



Mr Sibusiso Lucky Gumbi
Chairperson of The ADA Board
Date: 31 July 2025



Part D:

**HUMAN RESOURCE
MANAGEMENT**

1. INTRODUCTION

The objective of the Human Resources Management unit is to develop and maintain effective human resource management policies, processes, and systems. These policies, processes and systems are to ensure that the ADA is adequately staffed, capacitated and empowered with relevant skills and knowledge to enable the ADA to achieve its existential and strategic mandate.

Harmonious employment relations between employees and management play a vital role in creating a conducive work environment, thereby yielding an effective, productive and agile organization that delivers on its strategic objectives. Employees and Management of the ADA are expected to conduct themselves in a manner that is consistent with acceptable ethical standards; in adherence with government laws and regulations of South Africa.

Priorities for the 2024/25 financial year

During the period under review, the Human Resource Management (HRM) Unit focused on the following HR activities:

- Monitoring and managing the leave management system and procedures;
- Implementing the employment equity (EE) plan;
- Implementation of the Employee Performance management system;
- Implementation of the employee wellness programme;
- Facilitating conflict and dispute resolution management;
- Conducting a holistic risk review of HR together with the Risk and Compliance unit to determine and assess all risks; and
- Conducting a skills need analysis with unit managers and development of a workplace skills development plan

Drawing from the above priorities, the following areas were attended to:

Training

It is vital that we ensure that all employees continuously improve their skills through appropriate and current learning opportunities which ensure their ability to meet the needs of the ever-transforming agricultural environment and specific technical expertise. When skills gaps are identified, the appropriate training interventions are sought to bridge the gaps towards ensuring capable staff are able to provide effective and efficient service delivery.

During the 2024/25 financial year, the Human Resources Management (HRM) unit facilitated the provision of planned training for employees with prioritized training interventions that were identified.

The table below indicates the trainings which were facilitated in the 2024/25 financial year:

NAME OF TRAINING SESSION	NO. OF EMPLOYEES TRAINED
1. Sage XP	7
2. Case Ware	7
4. First Aid Training	22

Employee Wellness Programme

MARPEMED was re-appointed as the service provider for the ADA wellness programme in July 2024 to support and enhance employee well-being. The scope of services includes, but is not limited to, employer- and self-referred counselling, wellness awareness initiatives, general health screenings, and executive health assessments. The ongoing performance and delivery of wellness services by MARPEMED continues as part of the ADA's commitment to employee health and support.

The ADA launched an internal wellness programme with the establishment of the Employee Wellness and Staff Engagement Committee, comprised of employees from various business units. This committee was created to support the implementation of ongoing activities aimed at enhancing staff morale and promoting active employee participation and engagement.

Achievements and challenges

The ADA had the following achievements during the year under review:

- Implementation of the Performance Management System (PMS)
- Transitioning from manual to electronic filing systems
- More effort continues to be made to employ persons with disabilities.

The ADA was faced with the following HR challenges:

- Outdated HR policies and adherence to processes;
- Uncertainty regarding job security; and
- Low staff morale, both, due to changes occurring in the organization, directly related to the amalgamation of the entities and staff contracts.

During the year under review, several of the previously identified challenges were addressed. This involved reviewing of HR policies, implementing appropriate HR procedures, establishing an employee wellness committee, and engaging with staff to resolve workplace issues. Additionally, employees are actively using MARPEMED's services to seek support for stress and anxiety, mainly related to job security and burnout. Ongoing efforts will continue into the 2025/26 financial year to find sustainable solutions for security concerns.

2. HUMAN RESOURCE OVERSIGHT STATISTICS

The public entity must provide the following key information on human resources. All the financial amounts must agree to the amounts disclosed in the annual financial statements. Where considered appropriate provide reasons for variances.

2.1 Personnel related expenditure

Personnel Cost by programme/ activity/ objective

Programme/activity/objective	Total Expenditure for the entity (R'000)	Personnel Expenditure (R'000)	Personnel exp. as a % of total exp. (R'000)	No. of employees	Average personnel cost per employee (R'000)
Finance & Administration	103 579	67 143	64.83%	98	685
Total	103 579	67 143	64.83%	98	685

Personnel cost by salary band

Level	Personnel Expenditure (R'000)	% of personnel exp. to total personnel cost (R'000)	No. of employees	Average personnel cost per employee (R'000)
Top Management (Level 16 and up)	1761	2.62%	0	0
Senior Management (Level 13 - 15)	11 210	16.71%	8	1 401
Professional qualified (Level 11 - 12)	18 820	28.03%	17	1 107
Skilled (Level 9 - 10)	12 340	18.38%	17	726
Semi-skilled (Level 5 - 8)	22 251	33.14%	52	428
Unskilled (Level 3 - 4)	761	1.13%	4	190
TOTAL	67 143	100%	98	685

Performance Rewards

Programme//activity/objective	Performance rewards	Personnel Expenditure (R'000)	% of performance rewards to total personnel cost (R'000)
Top Management	Not applicable. The ADA did not pay performance rewards		
Senior Management			
Professional qualified			
Skilled			
Semi-skilled			
Unskilled			
TOTAL			

Training Costs

Programme//activity/objective	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Training Expenditure as a % of Personnel Cost.	No. of employees trained	Avg training cost per employee
Top Management (Level 16 and up)	1761	-	-	-	-
Senior Management (Level 13 - 15)	11 210	-	-	-	-
Professional qualified (Level 11 - 12)	18 820	3	0.016%	2	1.5
Skilled (Level 9 - 10)	12 340	5	0.041%	7	0.714
Semi-skilled (Level 5 - 8)	22 251	3	0.013%	19	0.158
Unskilled (Level 3 - 4)	761	87	11.43%	3	29
Total	67 143	98	0.15%	31	3

Employment and vacancies

Programme/activity/objective.	2023/2024 No. of Employees	2024/2025 Approved Posts	2024/2025 No. of Employees	2024/2025 Vacancies	% of vacancies
Finance and Administration	107	130	98	32	24.6

Programme/activity/objective.	2023/2024 No. of Employees	2024/2025 Approved Posts	2024/2025 No. of Employees	2024/2025 Vacancies	% of vacancies
Top Management (Level 16 and up)	0	1	0	1	0.77%
Senior Management (Level 13 - 15)	9	9	8	1	0.77%
Professional qualified (Level 11 - 12)	19	25	17	8	6.2%
Skilled (Level 9 - 10)	20	21	17	4	3.1%
Semi-skilled (Level 5 - 8)	55	61	52	9	6.9%
Unskilled (Level 3 - 4)	4	13	4	9	6.9%
TOTAL	107	130	98	32	24.6%

During the 2024/25 financial year, concerted efforts were made to fill senior management and highly skilled supervisory posts through targeted recruitment campaigns, including public advertisements on widely accessed platforms. Some vacancies have remained unfilled for a minimum of six to twelve months. The delay is caused largely by the process of seeking approval for the advertising of positions that needs to be granted by Office of the Premier. To address these challenges, the organisation has implemented a range of measures to attract and retain talent, offering career development and training opportunities, and promoting a supportive work environment with clear pathways for professional growth. Additionally, partnerships with academic and professional institutions are being explored to create a pipeline of skilled professionals for future vacancies.

Employment changes

Salary Band	Employment at beginning of period	Appointments	Terminations	Employment at end of the period
Top Management	0	0	-	-
Senior Management	9	0	1	8
Professional qualified	19	0	2	17
Skilled	20	0	3	17
Semi-skilled	55	0	3	52
Unskilled	4	0	0	4
Total	107	0	9	98

Reasons for staff leaving

Reason	Number	% of total no. of staff leaving
Death	0	0
Resignation	8	8.2
Dismissal	0	0
Retirement	1	1.02
Ill health	0	0
Expiry of contract	0	0
Other	0	0
Total	9	9.2

Staff leaving was due to the following reasons:

- The resignation of employees pursuing alternative employment opportunities that offer enhanced job security, improved compensation, and greater prospects for career advancement.
- The employee has reached the stipulated retirement age and has accordingly exited the organization in line with retirement policy.

Labour Relations: Misconduct and disciplinary action

Nature of disciplinary Action	Number
Verbal Warning	N/a
Written Warning	
Final Written warning	
Dismissal	

Equity Target and Employment Equity Status

Levels	MALE							
	African		Coloured		Indian		White	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0	-	-	-	-	-	-	-
Senior Management	4	-	-	-	1	-	-	-
Professional qualified	7	-	-	-	-	-	-	-
Skilled	6	-	-	-	-	-	-	-
Semi-skilled	33	-	-	-	-	-	-	-
Unskilled	4	-	-	-	-	-	-	-
TOTAL	54	-	-	-	1	-	-	-

Levels	FEMALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	Current	Target	Current	Target	Current	Target	Current	Target
Top Management	0	-	-	-	-	-	-	-
Senior Management	3	-	-	-	-	-	-	-
Professional qualified	13	-	-	-	-	-	-	-
Skilled	12	-	-	-	-	-	-	-
Semi-skilled	10	-	-	-	-	-	1	-
Unskilled	4	-	-	-	-	-	-	-
TOTAL	42	-	-	-	-	-	1	-

Levels	Disabled Staff			
	Male		Female	
	Current	Target	Current	Target
Top Management	No Disabled Staff			
Senior Management				
Professional qualified				
Skilled				
Semi-skilled				
Unskilled				
TOTAL				



Part E:

PFMA COMPLIANCE REPORT

1. IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE AND MATERIAL LOSSES

1.1. Irregular expenditure

a) Reconciliation of irregular expenditure

Description	2024/2025	2023/2024
	R'000	R'000
Opening balance	94 914	104 195
Adjustment to opening balance: Add	1 280	
Opening balance as restated	96 194	0
Add: Irregular expenditure confirmed	721	357
Less: Irregular expenditure condoned	0	(10 639)
Less: Irregular expenditure not condoned and removed	0	0
Less: Irregular expenditure recoverable ¹	0	0
Less: Irregular expenditure not recoverable and written off	0	0
Closing balance	96 915	94 914

The following adjustments were made to the opening balance and it was restated:

The irregular expenditure that was identified by Auditor General during 2023/2024 financial year audit which amounted to R 7, 975 000 relating to budget, a determination test was conducted and an amount of R 1 280 012 has been confirmed.

2024/25 financial year:-

The irregular expenditure incurred in 2024/2025 financial year relates to Travelling agency Service provider with an amount of R 525 060,02 and a balance of R 195 969,52 which relates to two Cleaning Service providers who supplied fraudulent COIDA documents during quotation's submission in 2023/24 financial year, this amount was paid in 2024/2025 financial year.

Reconciling notes

Description	2024/2025	2023/2024
	R'000	R'000
Irregular expenditure under assessment in 2023/2024 financial year	0	1 280
Irregular expenditure that relates to 2023/2024 financial year and identified in the 2024/25 financial year	0	0
Irregular expenditure for the current year	721	1 357
Total	721	2 637

The irregular expenditure that was under assessment in 2023/2024 financial year amounted to R 7, 975 000 relating to budget, however an amount of R 1 280 012 has been confirmed and restated.

The irregular expenditure incurred in 2024/2025 financial year relates to Travelling agency Service provider with an amount of R 525 060,02 and a balance of R 195 969,52 relates to two Cleaning Service providers who supplied fraudulent COIDA documents during quotation's submission in 2023/24 financial year, this amount was paid in 2024/2025 financial year.

b) Details of irregular expenditure (under assessment, determination, and investigation)

Description ³	2024/2025	2023/2024
	R'000	R'000
Irregular expenditure under assessment	6 447	7 975
Irregular expenditure under determination	721	106
Irregular expenditure under investigation	0	1250
Total	7168	9 330

The irregular expenditure under assessment relates to an irregular expenditure identified by the auditor general (Office lease contract).

c) Details of irregular expenditure condoned

Description	2024/2025	2023/2024
	R'000	R'000
Irregular expenditure condoned	0	10 639
Total	0	10 639

d) Details of irregular expenditure removed - (not condoned)

Description	2024/2025	2023/2024
	R'000	R'000
Irregular expenditure NOT condoned and removed	0	0
Total	0	0

e) Details of irregular expenditure recoverable

Description	2025/2024	2023/2024
	R'000	R'000
Irregular expenditure recovered	0	0
Total	0	0

f) Details of current and previous year irregular expenditure written off (irrecoverable)

Description	2024/2025	2023/2024
	R'000	R'000
Irregular expenditure written off	0	0
Total	0	0

Additional disclosure relating to Inter-Institutional Arrangements

- g) Details of non-compliance cases where an institution is involved in an inter-institutional arrangement (where such institution *is not* responsible for the non-compliance)

Description
N/A
Total

- h) Details of irregular expenditure where an institution is involved in an inter-institutional arrangement (where such institution *is* responsible for the non-compliance).

Description	2024/2025	2023/2024
	R'000	R'000
N/A	0	0
Total	0	0

- i) Details of disciplinary or criminal steps taken as a result of irregular expenditure

Disciplinary steps taken
In the current year, recommended disciplinary actions on the irregular expenditure incurred are due to be actioned by the office of the Chief Executive Officer.
In the previous year, 2023/2024 financial year three(3) responsible officials were issued with written warning letters.

1.2. Fruitless and wasteful expenditure

- a) Reconciliation of fruitless and wasteful expenditure

Description	2024/2025	2023/2024
	R'000	R'000
Opening balance	32	32
Adjustment to opening balance	30	0
Opening balance as restated	62	0
Add: Fruitless and wasteful expenditure confirmed	118	0.203
Less: Fruitless and wasteful expenditure recoverable ⁶	0	0
Less: Fruitless and wasteful expenditure not recoverable and written off	0	0
Closing balance	180	32

The Fruitless and Wasteful Expenditure incurred in the current year amounts to a total amount of R 147 942,88, which is made up by Eskom interest charges where the entity was incorrectly charged with an amount of R 2 503, 57, an amount of R 115 439,31 which relates to SARS Penalty and interest charge and an amount of R 30 000 which relates to a fruitless and wasteful expenditure incurred in 2022/23 financial year, discovered in 2023/24 financial year and was not disclosed in the 2023/2024 Annual financial statements.

Reconciling notes

Description	2024/2025	2023/2024
	R'000	R'000
Fruitless and wasteful expenditure that was under assessment	0	0
Fruitless and wasteful expenditure that relates to 2022/2023 and identified in 2023/2024	0	30
Fruitless and wasteful expenditure that relates to 2023/2024 and identified in 2024/2025	0	0
Fruitless and wasteful expenditure for the current year	117 942	0,20
Total	117 942	30,2

The Fruitless and Wasteful Expenditure amount of the 2023/24 financial year was understated by R 30 000,00 which relates to a Fruitless and Wasteful Expenditure incurred in 2022/23 financial year.

b) Details of fruitless and wasteful expenditure (under assessment, determination, and investigation)

Description ⁸	2024/2025	2023/2024
	R'000	R'000
Fruitless and wasteful expenditure under assessment	0	0
Fruitless and wasteful expenditure under determination	0	0
Fruitless and wasteful expenditure under investigation	0	0
Total	0	0

c) Details of fruitless and wasteful expenditure recoverable

Description	2025/2024	2023/2024
	R'000	R'000
Fruitless and wasteful expenditure recovered	0	0
Total	0	0

d) Details of fruitless and wasteful expenditure not recoverable and written off

Description	2024/2025	2023/2024
	R'000	R'000
Fruitless and wasteful expenditure written off	0	0
Total	0	0

e) Details of disciplinary or criminal steps taken as a result of fruitless and wasteful expenditure

Disciplinary steps taken	
1.	The Fruitless, Wasteful and Expenditure amounting to R 30 000,00 incurred in 2022/2023 financial year and assessed in 2023/24 financial year was assessed and presented to Loss control committee to recommend disciplinary actions for the office of the CEO to action.
2.	The Fruitless, Wasteful and Expenditure amounting to R 117 942 ,88 incurred in 2024/25 financial year was assessed and presented to the Loss control committee to recommend disciplinary actions for the office of the CEO to action.
3.	The Fruitless, Wasteful and Expenditure amounting to R 2 503 incurred in 2024/25 financial year and assessed, a letter was sent to Eskom to correct the incorrect charge to the entity.
4.	The Fruitless, Wasteful and Expenditure amounting to R 2 206,09 incurred in 2022/23 financial year and assessed, a letter was sent to Eskom to correct the incorrect charge to the entity.

1.3. Additional disclosure relating to material losses in terms of PFMA Section 55(2)(b)(i) &(iii))

a) Details of material losses through criminal conduct

Material losses through criminal conduct	2024/2025	2023/2024
	R'000	R'000
Theft	0	0
Other material losses	0	0
Less: Recoverable	0	30
Less: Not recoverable and written off	0	0
Total	0	30

b) Details of other material losses

Nature of other material losses	2024/2025	2023/2024
	R'000	R'000
N/A	0	0
Total	0	0

c) Other material losses recoverable

Nature of losses	2024/2025	2023/2024
	R'000	R'000
N/A	0	0
Total	0	0

d) Other material losses not recoverable and written off

Nature of losses	2024/2025	2023/2024
	R'000	R'000
N/A	0	0
Total	0	0

2. LATE AND/OR NON-PAYMENT OF SUPPLIERS

Description	Number of invoices	Consolidated Value
		R'000
Valid invoices received	199	34 961
Invoices paid within 30 days or agreed period	199	34 961
Invoices paid after 30 days or agreed period	0	0
Invoices older than 30 days or agreed period (<i>unpaid and without dispute</i>)	0	0
Invoices older than 30 days or agreed period (<i>unpaid and in dispute</i>)	0	0

3. SUPPLY CHAIN MANAGEMENT

3.1. Procurement by other means

Project description	Name of supplier	Type of procurement by other means	Contract number	Value of contract R'000
Boardview software license renewal for a period of twelve months	Gijima Holdings (Pty) Ltd	Sole Supplier	ADAS14PO00014	154
Renewal of corporate membership with the Institute of Directors South Africa.	The Institute of Directors South Africa	Sole Distributor	ADAS14PO00013	33
Implementation of the SANLAM Umbrella Fund as a pension fund scheme.	Optimum Group	Continuation of previous work	N/A	N/A
ADA exhibiting at the 2024 Royal Show	The Royal Agricultural Society of Natal	Sole Supplier	ADAS14PO00010	4
Rental of office space for the ADA for a period of five years from 1 June 2024 to 31 May 2029	Ziningi Properties	Other Means	N/A	43 702
Renewal of membership with The Institute of Internal South Africa.	The Institute of Internal Auditors South Africa (IIASA)	Sole Supplier	ADAS14PO00042	3
Farms license renewal for a period of twelve months 01/09/2024- 31/08/2025	Gestion Financiere Strategique	Sole Supplier	ADAS14PO00048	27
Farms system year end roll over	Gestion Financiere Strategique	Sole Supplier	MJIN14PO00051	24
Renewal of Caseware software for a period of twelve months.	Adapt IT (Pty) Ltd	Sole Supplier	ADAS14PO00066	118
Training on the new version of caseware	Adapt IT (Pty) Ltd	Sole Supplier	ADAS14PO00070	50
Travel Management Services for a period of 1 month.	Tourvest Travel Services	Continuation of previous work	N/A	N/A
Total				44 115

3.2. Contract variations and expansions

Project description	Name of supplier	Contract modification type (Expansion or Variation)	Contract number	Original contract value	Value of previous contract expansion/s or variation/s (if applicable)	Value of current contract expansion or variation
				R'000	R'000	R'000
Extension of contract period for the support of the Agribusiness Development Agency strategic planning processes.	HR Matters	Expansion	ADAS13PO00103	919	NA	N/A
Expansion of ADA Security services for a period of 1 month	Sbusokuhle Trading	Expansion	ADAS14PO00115	998	N/A	83
Variation of the original contract for the Ysoft order- Outdated quotation rates had increased	Konica Minolta	Expansion	ADAS14PO00012		N/A	10
Security services for a burnt building at Mjindi.	Nomasulumane Trading and Projects	Variation	MJIN14PO00036	8,400	N/A	222
Total						315



Part F:

FINANCIAL INFORMATION

1. Report of the auditor-general to the KwaZulu-Natal Provincial Legislature on Agribusiness Development Agency Trust

Report on the audit of the financial statements

Qualified opinion

1. I have audited the financial statements of the Agribusiness Development Agency Trust set out on pages 112 to 164, which comprise the statement of financial position as at 31 March 2025, statement of financial performance, statement of changes in net assets, cash flow statement and statement of comparison of budget information with actual information for the year then ended, as well as notes to the financial statements, including a summary of significant accounting policies.
2. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Agribusiness Development Agency Trust as at 31 March 2025 and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practice (SA standards of GRAP) and the requirements of the Public Finance Management Act 1 of 1999 (PFMA).

Basis for qualified opinion

Irregular expenditure

3. The irregular expenditure incurred during the current financial year under audit was not included in the notes to the financial statements, as required by section 55(2)(b)(i) of the PFMA. Expenditure was incurred in contravention with National Treasury Supply Chain Management (SCM) Instruction No. 03 of 2021-22. Consequently, irregular expenditure stated at R0, 72 million included in note 42 to the financial statements was understated by R7, 28 million.

Receivables from exchange transactions: allowance for impairment

4. The provision for impairment of debtors was not calculated in accordance with the Standard of GRAP 104, *Financial Instruments* in the prior year. The allowance for impairment was calculated using an incorrect rate and formula errors. Consequently, the corresponding figures of allowance for impairment included in the receivables from exchange transactions of R45, 23 million in note 5 to the financial statements is misstated by R6, 81 million. This had a resultant impact on the deficit for the period and on the accumulated surplus.

Prepayments: direct transfers

5. I was unable to obtain sufficient appropriate audit evidence of whether all prepayments were recorded due to the status of the accounting records. The entity did not have adequate systems of internal control for the recording of all transactions and events and could not reconcile the transactions and events to the financial statements. I could not confirm whether all prepayments were correctly recorded by alternative means. Consequently, I was unable to determine whether

any adjustments were necessary to prepayments stated at R57, 36 million (2023-24: R24, 59 million) in note 4 to the financial statements.

Project expenditure: direct transfers

6. I was unable to obtain sufficient appropriate audit evidence that project expenditure for the current and previous year had been properly accounted for, due to the status of the accounting records. The entity did not have adequate systems of internal control for the verification and recording of project expenditure. I was unable to confirm whether all the project expenditure was correctly recorded by alternative means. Consequently, I was unable to determine whether any adjustment was necessary to project expenditure in the current and previous year, stated at R30, 68 million and R52, 83 million, respectively, in note 31 to the financial statements.

Context for opinion

7. I conducted my audit in accordance with the International Standards on Auditing (ISAs). My responsibilities under those standards are further described in the responsibilities of the auditor-general for the audit of the financial statements section of my report.
8. I am independent of the entity in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA code) as well as other ethical requirements that are relevant to my audit in South Africa. I have fulfilled my other ethical responsibilities in accordance with these requirements and the IESBA code.
9. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

Emphasis of matter

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

Material losses

11. As disclosed in note 30 to the financial statements, material losses of R5, 57 million was incurred as a result of a write-off of irrecoverable trade debtors.

Responsibilities of the accounting authority for the financial statements

12. The accounting authority is responsible for the preparation and fair presentation of the financial statements in accordance with the SA standards of GRAP and the requirements of the PFMA; and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
13. In preparing the financial statements, the accounting authority is responsible for assessing the entity's ability to continue as a going concern; disclosing, as applicable, matters relating to going concern; and using the going concern basis of accounting unless the appropriate governance

structure either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the auditor-general for the audit of the financial statements

14. My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.
15. A further description of my responsibilities for the audit of the financial statements is included in the annexure to this auditor's report. This description, which is located at page 109 to page 111 of the annexure to the auditor's report, forms part of my auditor's report.

Report on the annual performance report

16. In accordance with the Public Audit Act 25 of 2004 (PAA) and the general notice issued in terms thereof, I must audit and report on the usefulness and reliability of the reported performance information against predetermined objectives for the selected material performance indicators presented in the annual performance report. The accounting authority is responsible for the preparation of the annual performance report.
17. I selected the following material performance indicators related to Enterprise and value chain development presented in the annual performance report for the year ended 31 March 2025. I selected those indicators that measure the entity's performance on its primary mandated functions and that are of significant national, community or public interest.
 - Number of new jobs facilitated in the supported agribusiness enterprises
 - Number of jobs sustained in the supported agribusiness enterprises
 - Number of enterprises supported in agribusiness
 - Number of agribusiness enterprises supported towards market access
 - Number of youth owned enterprises supported within the agribusiness
 - Number of women owned enterprises supported within agribusiness
 - Number of supported agribusiness enterprises owned by persons with disabilities
18. I evaluated the reported performance information for the selected material performance indicators against the criteria developed from the performance management and reporting framework, as defined in the general notice. When an annual performance report is prepared using these criteria, it provides useful and reliable information and insights to users on the entity's planning and delivery on its mandate and objectives.

19. I performed procedures to test whether:

- the indicators used for planning and reporting on performance can be linked directly to the entity's mandate and the achievement of its planned objectives.
- all the indicators relevant for measuring the entity's performance against its primary mandated and prioritised functions and planned objectives are included.
- the indicators are well defined to ensure that they are easy to understand and can be applied consistently, as well as verifiable so that I can confirm the methods and processes to be used for measuring achievements.
- the targets can be linked directly to the achievement of the indicators and are specific, time bound and measurable to ensure that it is easy to understand what should be delivered and by when, the required level of performance as well as how performance will be evaluated.
- the indicators and targets reported on in the annual performance report are the same as those committed to in the approved initial or revised planning documents.
- the reported performance information is presented in the annual performance report in the prescribed manner.
- there is adequate supporting evidence for the achievements reported and for the reasons provided for any over- or underachievement of targets.

20. I performed the procedures to report material findings only; and not to express an assurance opinion or conclusion.

21. I did not identify any material findings on the reported performance information for the selected indicators.

Other matters

22. I draw attention to the matters below.

Achievement of planned targets

23. The annual performance report includes information on reported achievements against planned targets and provides explanations for over- or under- achievements. This information should be considered in the context of the material findings on the reported performance information.

24. The table that follows provides information on the achievement of planned targets and lists the key indicators that were not achieved as reported in the annual performance report. The reasons for any underachievement of targets are included in the annual performance report on pages 53 to 63.

Enterprise and value chain development

<i>Targets achieved: 29%</i> <i>Budget spent: 95%</i>		
Key indicator not achieved	Planned target	Reported achievement
Number of enterprises supported in agribusiness	40	37
Number of agribusiness enterprises supported towards market access	16	4
Number of youth owned enterprises supported within the agribusiness	16	11
Number of supported agribusiness enterprises owned by persons with disabilities	2	1
Number of new jobs facilitated in the supported agribusiness enterprises	120	100

Material misstatements

25. I identified material misstatements in the annual performance report submitted for auditing. These material misstatements were in the reported performance information for enterprise and value chain development. Management subsequently corrected all the misstatements, and I did not include any material findings in this report.

Report on compliance with legislation

26. In accordance with the PAA and the general notice issued in terms thereof, I must audit and report on compliance with applicable legislation relating to financial matters, financial management and other related matters. The accounting authority is responsible for the entity's compliance with legislation.

27. I performed procedures to test compliance with selected requirements in key legislation in accordance with the findings engagement methodology of the Auditor-General of South Africa (AGSA). This engagement is not an assurance engagement. Accordingly, I do not express an assurance opinion or conclusion.

28. Through an established AGSA process, I selected requirements in key legislation for compliance testing that are relevant to the financial and performance management of the entity, clear to allow consistent measurement and evaluation, while also sufficiently detailed and readily available to report in an understandable manner. The selected legislative requirements are included in the annexure to this auditor's report.

29. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Expenditure management

30. Effective and appropriate steps were not taken to prevent irregular expenditure, as required by section 51(1)(b)(ii) of the PFMA. As reported in the basis for qualified opinion the R0, 72 million disclosed in note 42 to the financial statements does not reflect the full extent of the irregular expenditure incurred. The majority of the irregular expenditure was caused by non-compliance with National Treasury SCM Instruction No. 03 of 2021-22.
31. Effective steps were not taken to prevent fruitless and wasteful expenditure, as disclosed in note 42 to the annual financial statements, as required by section 51(1)(b)(ii) of the PFMA. The majority of the fruitless and wasteful expenditure was caused by interest and penalties.

Consequence management

32. Disciplinary steps were not taken against some of the officials who had incurred or permitted irregular expenditure, as required by section 51(1)(e)(iii) of the PFMA.
33. Disciplinary steps were not taken against some of the officials who had incurred or permitted fruitless and wasteful expenditure, as required by section 51(1)(e)(iii) of the PFMA.

Procurement and management

34. Some of the goods and services of a transaction value above R1 000 000 were procured without inviting competitive bids and deviations were approved by the accounting authority but it was practical to invite competitive bids, as required by Treasury Regulation 16A6.1, paragraph 3.3.1 of NTI 02 of 2021-22, paragraph 4.1 of NTI 03 of 2021-22 and TR 16A6.4.

Annual financial statements, performance reports and annual reports

35. The financial statements submitted for auditing were not prepared in accordance with the prescribed financial reporting framework and supported by full and proper records, as required by section 55(1) (a) and (b) of the PFMA. Material misstatements of expenditure and disclosure items identified by the auditors in the submitted financial statements were corrected and the supporting records were provided subsequently, but the uncorrected material misstatements and supporting records that could not be provided resulted in the financial statements receiving a qualified opinion.

Other information in the annual report

36. The accounting authority is responsible for the other information included in the annual report. The other information referred to does not include the financial statements, the auditor's report and those selected material indicators in the scoped-in programme presented in the annual performance report that have been specifically reported on in this auditor's report.
37. My opinion on the financial statements and my reports on the audit of the annual performance report and compliance with legislation do not cover the other information included in the annual report and I do not express an audit opinion or any form of assurance conclusion on it.

38. My responsibility is to read this other information and, in doing so, consider whether it is materially inconsistent with the financial statements and the selected material indicators in the scoped-in programme presented in the annual performance report or my knowledge obtained in the audit, or otherwise appears to be materially misstated.
39. The other information I obtained prior to the date of this auditor's report is disclosure of irregular, fruitless and wasteful expenditure, and the other information (except for disclosure of irregular, fruitless and wasteful expenditure) is expected to be made available to me after 30 July 2025.
40. If, based on the work I have performed on the other information that I obtained prior to the date of this auditor's report, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.
41. When I do receive and read the outstanding information, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance and request that the other information be corrected. If the other information is not corrected, I may have to retract this auditor's report and re-issue an amended report as appropriate. However, if it is corrected this will not be necessary.

Internal control deficiencies

42. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with applicable legislation; however, my objective was not to express any form of assurance on it.
43. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion, and the material findings on compliance with legislation included in this report.
44. Management did not prioritise an action plan to address significant audit findings from the prior year, this resulted in repeat findings as well as additional findings. There was no basic discipline with regard to financial and compliance reporting during the year. This is partly attributable to instability in senior management positions resulting in the tone not being set from the top.

Material irregularities

45. In accordance with the PAA and the Material Irregularity Regulations, I have a responsibility to report on material irregularities identified during the audit.

Material irregularities in progress

46. I identified a material irregularity during the audit and notified the accounting authority, as required by material irregularity regulation 3(2). By the date of this auditor's report, the response of the accounting authority was not yet due. This material irregularity will be included in next year's auditor's report.

Other reports

47. I draw attention to the following engagements conducted. These reports did not form part of my opinion on the financial statements or my findings on the reported performance information or compliance with legislation.
48. The entity had two investigations covering the period 2016-17 to 2023-24 relating to fraud. One investigation was completed and management is implementing the recommendations, while one investigation was still in progress at the date of this report.

Auditor-General

Pietermaritzburg

30 July 2025



AUDITOR-GENERAL
SOUTH AFRICA

Auditing to build public confidence

Annexure to the auditor's report

The annexure includes the following:

- The auditor-general's responsibility for the audit
- The selected legislative requirements for compliance testing

Auditor-general's responsibility for the audit

Professional judgement and professional scepticism

As part of an audit in accordance with the ISAs, I exercise professional judgement and maintain professional scepticism throughout my audit of the financial statements and the procedures performed on reported performance information for selected material performance indicators and on the entity's compliance with selected requirements in key legislation.

Financial statements

In addition to my responsibility for the audit of the financial statements as described in this auditor's report, I also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks; and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made
- conclude on the appropriateness of the use of the going concern basis of accounting in the preparation of the financial statements. I also conclude, based on the audit evidence obtained, whether a material uncertainty exists relating to events or conditions that may cast significant doubt on the ability of the entity to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements about the material uncertainty or, if such disclosures are inadequate, to modify my opinion on the financial statements. My conclusions are based on the information available to me at the date of this auditor's report. However, future events or conditions may cause an entity to cease operating as a going concern
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and determine whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Communication with those charged with governance

I communicate with the accounting authority regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the accounting authority with a statement that I have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on my independence and, where applicable, actions taken to eliminate threats or safeguards applied.

Compliance with legislation – selected legislative requirements

The selected legislative requirements are as follows:

Legislation	Sections or regulations
National Treasury Instruction No. 5 of 2020/21	Paragraph 4.8; 4.9; 5.3
Second Amendment National Treasury Instruction No. 5 of 2020/21	Paragraph 1
Erratum National Treasury Instruction No. 5 of 2020/21	Paragraph 2
National Treasury Instruction No. 1 of 2021/22	Paragraph 4.1
National Treasury Instruction No. 4 of 2015/16	Paragraph 3.4
National Treasury SCM Instruction No. 4A of 2016/17	Paragraph 6
National Treasury SCM Instruction No. 03 of 2021/22	Paragraph 4.1; 4.2 (b); 4.3; 4.4(a); 4.17; 7.2; 7.6
National Treasury SCM Instruction No. 11 of 2020/21	Paragraph 3.4(a); 3.4(b); 3.9
National Treasury SCM Instruction No. 2 of 2021/22	Paragraph 3.2.1; 3.2.4; 3.2.4(a); 3.3.1
National Treasury Practice Note 5 of 2009/10	Paragraph 3.3
National Treasury Practice Note 7 of 2009/10	Paragraph 4.1.2
Preferential Procurement Policy Framework Act 5 of 2000	Section 1; 2.1(a); 2.1(f)
Preferential Procurement Regulations, 2022	Paragraph 4.1; 4.2; 4.3; 4.4; 5.1; 5.2; 5.3; 5.4
Preferential Procurement Regulations, 2017	Paragraph 4.1; 4.2; 5.1; 5.3; 5.6; 5.7; 6.1; 6.2; 6.3; 6.6; 6.8; 7.1; 7.2; 7.3; 7.6; 7.8; 8.2; 8.5; 9.1; 10.1; 10.2; 11.1; 11.2
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

2. AgriBusiness Development Agency Trust

(Registration number IT 2041/1999/N)

Annual Financial Statements for the year ended 31 March 2025

General Information

Country of incorporation and domicile	South Africa
Nature of business and principal activities	The Agribusiness Development Agency (ADA) is a public entity that was established in 2009 to serve as a special purpose vehicle to drive socio-economic transformation in the agricultural and agribusiness sector in KwaZulu Natal. The agency provide holistic agricultural support services to entrant commercial farmers, focusing mainly on previously disadvantaged farmer, who have acquired land through the government land reform programme and on private basis. The ADA also aims to develop strategies to address inequities, create opportunities for the farmers to participate in the value chain, provide access to markets and foster sustainability in the agricultural sector.
Members of the Board of Trustees	Mr Sibusiso Lucky Gumbi - Chairperson Mr Ntokozo Innocent Mafuleka - Deputy chairperson Ms Thokozile Joyce Gumede Mr Sipiwe Sydney Kunene Mr Innocent Bheki Dladla Ms Zethembile Primrose Mbatha Ms Dianetse Kindness Mokoatle Mr Sifiso Mboneni Ntombela Mr Abednego Mbuyiseni Nxumalo
Registered office	5 Cascades Crescent Cascades Office Park Montrose Pietermaritzburg 3202
Postal address	Private Bag X01 Cascades Montrose 3202
Bankers	Standard Bank
Auditors	Auditor - General South Africa
Secretary	Ms Sibongakonke Mkhwanazi
Company registration number	IT 2041/1999/N
Preparer	The annual financial statements were internally compiled by: Thina Dinga Acting Chief Financial Officer

AgriBusiness Development Agency Trust

(Registration number IT 2041/1999/N)

Annual Financial Statements for the year ended 31 March 2025

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The reports and statements set out below comprise the annual financial statements presented to the provincial legislature:

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Abbreviations used:

NSF	National Skills Fund
PFMA	Public Finance Management Act
GRAP	Generally Recognised Accounting Practice
UIF	Unemployment Insurance Fund
ADA	Agribusiness Development Agency
DARD	Department of Agriculture and Rural Development
PMB	Pietermaritzburg
COGTA	Department of Cooperative Governance and Traditional Affairs

AgriBusiness Development Agency Trust

(Registration number IT 2041/1999/N)

Annual Financial Statements for the year ended 31 March 2025

Board's Responsibilities and Approval

The Board (Accounting Authority) is required by the Public Finance Management Act (Act 1 of 1999), to maintain adequate accounting records and is responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is the responsibility of the board to ensure that the annual financial statements fairly present the state of affairs of the entity as at the end of the financial year and the results of its operations and cash flows for the period then ended. The external auditors are engaged to express an independent opinion on the annual financial statements and was given unrestricted access to all financial records and related data.

The annual financial statements have been prepared in accordance with Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

The annual financial statements are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The board acknowledge that it is ultimately responsible for the system of internal financial control established by the entity and place considerable importance on maintaining a strong control environment. To enable the board to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or deficit in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the entity and all employees are required to maintain the highest ethical standards in ensuring the entity's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the entity is on identifying, assessing, managing and monitoring all known forms of risk across the entity. While operating risk cannot be fully eliminated, the entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The board is of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or deficit.

The board has reviewed the entity's cash flow forecast for the year to 31 March 2026 and, in the light of this review and the current financial position, it is satisfied that the entity has or has access to adequate resources to continue in operational existence for the foreseeable future.

The entity is wholly dependent on the government grants for continued funding of operations. The annual financial statements are prepared on the basis that the entity is a going concern and that the entity has neither the intention nor the need to liquidate or curtail materially the scale of the entity.

The external auditors are responsible for independently reviewing and reporting on the entity's annual financial statements. The annual financial statements have been examined by the entity's external auditors and their report is presented on page 108.

The annual financial statements set out on page 4, which have been prepared on the going concern basis, were approved by the board on 31 May 2025 and were signed on its behalf by:



Mr Sibusiso Lucky Gumbi - Chairperson

AgriBusiness Development Agency Trust

(Registration number IT 2041/1999/N)

Annual Financial Statements for the year ended 31 March 2025

Statement of Financial Position as at 31 March 2025

Figures in Rand	Note(s)	2025	2024 Restated*
Assets			
Current Assets			
Inventories	3	3 479 026	5 026 116
Prepayments	4	55 682 379	23 385 875
Receivables from exchange transaction	5	15 836 604	20 038 491
Cash and cash equivalents	6	17 966 515	20 896 194
		92 964 524	69 346 676
Non-Current Assets			
Investment property	7	2 497 931	2 571 347
Property, plant and equipment	8	45 510 464	48 852 492
Intangible assets	9	447 494	536 993
Deposits	10	3 036 423	2 887 041
		51 492 312	54 847 873
Total Assets		144 456 836	124 194 549
Liabilities			
Current Liabilities			
Finance lease obligation	11	302 025	239 517
Operating lease liability	12	1 075 918	-
Payables from exchange transactions	13	7 815 677	9 443 607
Unspent conditional grants and receipts	14	63 604 923	27 257 034
Provisions	15	3 553 239	2 970 273
Payables from non exchange transactions	16	6 173 962	11 285 222
Deposits received	17	5 160	6 207
		82 530 904	51 201 860
Non-Current Liabilities			
Finance lease obligation	11	55 291	114 973
Total Liabilities		82 586 195	51 316 833
Net Assets		61 870 641	72 877 716
Share capital / contributed capital	18	5 000	5 000
Accumulated surplus		61 865 641	72 872 716
Total Net Assets		61 870 641	72 877 716

* See Note 36

AgriBusiness Development Agency Trust

(Registration number IT 2041/1999/N)

Annual Financial Statements for the year ended 31 March 2025

Statement of Financial Performance

Figures in Rand	Note(s)	2025	2024 Restated*
Revenue			
Revenue from exchange transactions			
Water supply revenue		11 288 129	10 571 109
Project management fees		773 220	-
Rental income		308 725	253 543
Recoveries	21	-	30 000
Sundry Income	21	6	130
Interest	22	8 971 298	7 534 224
Total revenue from exchange transactions		21 341 378	18 389 006
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & subsidies	23	178 057 549	199 136 868
Total revenue	19	199 398 927	217 525 874
Expenditure			
Employee related costs	24	(67 143 122)	(66 049 106)
Administration	25	(2 827)	(2 643)
Depreciation and amortisation	26	(5 773 784)	(5 747 354)
Impairment of direct transfers	36	-	(3 114 965)
Finance costs	27	(22 159)	(13 513)
Lease rentals on operating lease	20	(9 462 067)	(7 032 730)
Debt Impairment	29	(14 645 700)	(2 866 051)
Bad debts written off	30	(5 572 750)	-
Repairs and Maintenance	8	(3 353 713)	(5 174 659)
Project Expenditure	31	(41 250 549)	(66 202 978)
Water and electricity	32	(37 013 942)	(31 960 011)
Loss on disposal of assets		(148 560)	(606 881)
Inventory write-downs		(737 777)	-
General Expenditure	33	(25 279 053)	(25 578 335)
Total expenditure		(210 406 003)	(214 349 226)
(Deficit) surplus for the year		(11 007 076)	3 176 648

* See Note 36

AgriBusiness Development Agency Trust

(Registration number IT 2041/1999/N)

Annual Financial Statements for the year ended 31 March 2025

Statement of Changes in Net Assets

Figures in Rand	Share capital / contributed capital	Accumulated surplus / (deficit)	Total net assets
Opening balance as previously reported	5 000	68 938 181	68 943 181
Adjustments			
Correction of errors 36		757 887	757 887
Restated* Balance at 01 April 2023	5 000	69 696 068	69 701 068
Changes in net assets			
Deficit for the year		3 176 648	3 176 648
Total changes		3 176 648	3 176 648
Opening balance as previously reported (Restated)	5 000	68 697 341	68 702 341
Adjustments			
Correction of errors 36		4 175 376	4 175 376
Restated* Balance at 01 April 2024 as restated*	5 000	72 872 717	72 877 717
Changes in net assets			
Deficit for the year		(11 007 076)	(11 007 076)
Total changes		(11 007 076)	(11 007 076)
Balance at 31 March 2025	5 000	61 865 641	61 870 641
Note(s)	18		

* See Note 36

AgriBusiness Development Agency Trust

(Registration number IT 2041/1999/N)

Annual Financial Statements for the year ended 31 March 2025

Cash Flow Statement

Figures in Rand	Note(s)	2025	2024 Restated*
Cash flows from operating activities			
Receipts			
Funds received from (on behalf of) principal		27 737 505	16 432 901
Sale of goods and services		4 587 532	4 064 246
Grants		213 205 000	201 853 001
Interest		1 697 592	1 819 139
Sundry Income		6	130
Recoveries		-	30 000
Rental income		70 514	253 543
		247 298 149	224 452 960
Payments			
Employee costs		(67 092 240)	(66 670 479)
Suppliers		(147 826 884)	(137 678 498)
Finance costs		(22 158)	(13 513)
Funds paid on behalf of principal		(32 848 765)	(6 026 637)
		(247 790 047)	(210 389 127)
Net cash flows from operating activities	34	(491 898)	14 063 833
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(2 740 323)	(2 859 786)
Proceeds from sale of property, plant and equipment	8	692 093	18 270
Net cash flows from investing activities		(2 048 230)	(2 841 516)
Cash flows from financing activities			
Deposits		(1 047)	-
Finance lease payments		(388 504)	(336 412)
Net cash flows from financing activities		(389 551)	(336 412)
Net increase/(decrease) in cash and cash equivalents		(2 929 679)	10 885 905
Cash and cash equivalents at the beginning of the year		20 896 194	10 010 289
Cash and cash equivalents at the end of the year	6	17 966 515	20 896 194

The accounting policies on pages 9 to 24 and the notes on pages 25 to 53 form an integral part of the annual financial statements.

* See Note 36

AgriBusiness Development Agency Trust

(Registration number IT 2041/1999/N)

Annual Financial Statements for the year ended 31 March 2025

Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
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Figures in Rand

Statement of Financial Performance

Revenue

Revenue from exchange transactions

Sale of goods	7 462 000	(2 649 000)	4 813 000	4 658 052	(154 948)	1
Entity revenue other than sales	1 395 000	(547 000)	848 000	1 697 592	849 592	2
Total revenue from exchange transactions	8 857 000	(3 196 000)	5 661 000	6 355 644	694 644	

Revenue from non-exchange transactions

Transfer revenue

Departmental transfers: DARD	201 205 000	23 423 000	224 628 000	213 205 000	(11 423 000)	3
Principal Funds - NSF	29 511 000	9 497 000	39 008 000	24 426 607	(14 581 393)	4
Total revenue from non-exchange transactions	230 716 000	32 920 000	263 636 000	237 631 607	(26 004 393)	

Total revenue	239 573 000	29 724 000	269 297 000	243 987 251	(25 309 749)	
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Expenditure

Compensation of employees	(59 524 000)	(7 402 000)	(66 926 000)	(64 817 819)	2 108 181	5
Goods and services	(178 250 000)	(21 620 000)	(199 870 000)	(178 284 308)	21 585 692	6
Capital expenditure	(1 799 000)	(702 000)	(2 501 000)	(2 740 323)	(239 323)	
Total expenditure	(239 573 000)	(29 724 000)	(269 297 000)	(245 842 450)	23 454 550	

Deficit before taxation	-	-	-	(1 855 199)	(1 855 199)	
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Actual Amount on Comparable Basis as Presented in the Budget and Actual Comparative Statement	-	-	-	(1 855 199)	(1 855 199)	
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Variance between actual and budget amounts are presented and explained in Note 46 and 47

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Accounting Policies

Figures in Rand	Note(s)	2025	2024
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1. Significant account policies

The principal accounting policies applied in the preparation of these annual financial statements are set out below.

1.1 Basis of preparation

The annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP), issued by the Accounting Standards Board in accordance with section 55(1)(b) of the Public Finance Management Act (Act 1 of 1999).

These annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention as the basis of measurement, unless specified otherwise.

These accounting policies are consistent with the previous period.

1.2 Presentation currency

These annual financial statements are presented in South African Rand, which is the functional currency of the entity.

1.3 Going concern assumption

These annual financial statements have been prepared based on the expectation that the entity will continue to operate as a going concern for at least the next 12 months.

1.4 Materiality

Omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the information item, or a combination of both, could be the determining factor.

Assessing whether an omission or misstatement could influence decisions of users, and so be material, requires consideration of the characteristics of those users. The Framework for the Preparation and Presentation of Financial Statements states that users are assumed to have a reasonable knowledge of government, its activities, accounting and a willingness to study the information with reasonable diligence. Therefore, the assessment takes into account how users with such attributes could reasonably be expected to be influenced in making and evaluating decisions.

1.5 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, rather than for:

- use in the production or supply of goods or services or for
- administrative purposes, or
- sale in the ordinary course of operations.

Investment property is recognised as an asset when, it is probable that the future economic benefits or service potential that are associated with the investment property will flow to the entity, and the cost or fair value of the investment property can be measured reliably.

Investment property is initially recognised at cost. Transaction costs are included in the initial measurement.

Costs include costs incurred initially and costs incurred subsequently to add to, or to replace a part of, or service a property. If a replacement part is recognised in the carrying amount of the investment property, the carrying amount of the replaced part is derecognised.

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Accounting Policies

1.5 Investment property (continued)

Cost model

Investment property is carried at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is provided to write down the cost, less estimated residual value over the useful life of the property, which is as follows:

Item	Useful life
Property - buildings	50 years

The entity separately discloses expenditure to repair and maintain investment property in the notes to the annual financial statements (see note 8).

1.6 Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the entity; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognised.

Items such as spare parts, standby equipment and servicing equipment are recognised when they meet the definition of property, plant and equipment.

Property, plant and equipment is carried at cost less accumulated depreciation and any impairment losses.

Property, plant and equipment are depreciated on the straight-line basis over their expected useful lives to their estimated residual value.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Buildings	Straight-line	50 years
Furniture and fixtures	Straight-line	7-15 years
Motor vehicles	Straight-line	5-8 years
Office equipment	Straight-line	10 years
Computer equipment	Straight-line	6-8 years
Leasehold improvements	Straight-line	Remaining lease period

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1.6 Property, plant and equipment (continued)

Building upgrades	Straight-line	15 years
Sundry equipments	Straight-line	10-20 years
Other fixed assets	Straight-line	3-5 years
Workshop equipment and implements	Straight-line	10 years
Finance lease	Straight-line	2-3 years
Fences and gates, boards and water provision	Straight-line	10-15 years
Specialised trucks and trailers	Straight-line	15 - 20 years

The depreciation method used reflects the pattern in which the asset's future economic benefits or service potential are expected to be consumed by the entity. The depreciation method applied to an asset is reviewed at least at each reporting date and, if there has been a significant change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset, the method is changed to reflect the changed pattern. Such a change is accounted for as a change in an accounting estimate.

1.7 Impairment of non-cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Non-cash-generating assets are assets other than cash-generating assets.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets managed with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the entity; or
- the number of production or similar units expected to be obtained from the asset by the entity.

Identification

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The entity assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the entity estimates the recoverable service amount of the asset.

Irrespective of whether there is any indication of impairment, the entity also tests a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset was tested for impairment before the end of the current reporting period.

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Accounting Policies

1.7 Impairment of non-cash-generating assets (continued)

Value in use

Value in use of non-cash-generating assets is the present value of the non-cash-generating assets remaining service potential.

The present value of the remaining service potential of a non-cash-generating assets is determined using the following approach:

Recognition and measurement

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

When the amount estimated for an impairment loss is greater than the carrying amount of the non-cash-generating asset to which it relates, the entity recognises a liability only to the extent that is a requirement in the Standards of GRAP.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

1.8 Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the entity or from other rights and obligations.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

Item	Depreciation method	Average useful life
Computer software	Straight-line	3-8 years

1.9 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or a residual interest of another entity.

Financial assets and liabilities are recognised when the entity becomes a party to the contractual provisions of the financial instrument.

Receivables from exchange transactions.

Trade receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in surplus or deficit when there is objective evidence that the asset is impaired.

Key material risks affecting the debtors, significant financial difficulties of the debtor, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the estimated future cash inflows.

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Accounting Policies

1.9 Financial instruments (continued)

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

Payables from exchange transactions.

A liability is a present obligation arising from past events the settlement of which is expected to result in an outflow of economic benefits or service potential.

Payables from exchange transactions arise where an entity has received an asset or services or has liabilities extinguished and must directly give approximately equal value to another entity in exchange.

Payables from exchange transactions are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Payables from non-exchange transactions.

Payables from non-exchange transactions are payables that are not exchange transactions.

Payables from exchange transactions are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value

Cash and cash equivalents are measured at amortised cost.

Credit risk.

Credit risk refers to the risk that a counterpart will default on its contractual obligations resulting in financial loss to the entity.

The credit risk consists mainly of trade and other receivables from exchange transactions, cash deposits and cash and cash equivalents.

The entity only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party, such as Standard Bank and ABSA.

Trade receivables comprises mainly water dispersed to farmers at the Makhathini Irrigation Scheme and property rental. Management evaluates credit risk relating to customers' financial condition on an ongoing basis, and have presented in these financial statements net of allowance for credit losses.

In case of debtors whose accounts become in arrears, it is endeavoured to collect such accounts by levying interest, demand for payments, hand over for collection, and disconnection of service, as a last resort, and which ever procedure is applicable in terms of the revenue collection and debt management policy

Liquidity risk.

Liquidity risk is the risk encountered by an entity in the event of difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset.

The entity has sufficient funds and adequate funding sources to service its financial liabilities.

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1.9 Financial instruments (continued)

Interest rate risk.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The entity manages its exposure to interest rate risk by ensuring that trade payables are paid within 30 days from the date of receipt of invoice.

1.10 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of operations less the estimated costs of completion and the estimated costs necessary to make the sale, exchange or distribution.

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

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

The cost of inventories is assigned using the

- Spares : first-in, first-out (FIFO) formula.
- Consumables: Weighted average cost method.

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1.11 Prepayments

A prepayment is an expenditure that is paid for in one accounting period, but for which the underlying asset will not be entirely consumed until a future period. Prepayment is initially recognised as an asset and measured at cost

The major classes of prepayment are Direct transfers, prepayment for goods and services and prepayment for software licences.

Direct transfers are funds transferred by the entity into the beneficiary's bank account and the beneficiary becomes responsible for the procurement of goods and services as per the provisions of the funding agreement between the beneficiary and the entity.

Prepayment is disclosed as current assets in the statement of Financial Position. Once consumption of the asset has occurred, the prepaid expense is removed from the statement of financial position and reported in that period as an expense on the statement of financial performance.

Direct transfers are consumed and reported as an expense when the goods and services have been received by the beneficiary.

Direct transfers are subsequently measured at cost less impairment. Appropriate allowances for estimated losses are recognised in surplus or deficit when there is objective evidence that the right to receive goods or services by the beneficiary is impaired.

In assessing whether there is any indication that a direct transfer may be impaired, an entity shall consider, as a minimum, the following indications:

- Key material risks affecting the direct transfers.
- Significant delays in the delivery of promised good or services.
- Internal reporting that indicates that the performance of the obligations, by the supplier in terms of the agreement are not probable

The allowance amount recognised is measured as the difference between the asset's carrying amount and the estimated cost of goods or services expected to be received less refunds.

The carrying amount of the direct transfers is reduced using an allowance account.

1.12 Leases

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

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

Finance leases - lessee

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

The discount rate used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease.

Minimum lease payments are apportioned between the finance charge and reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate on the remaining balance of the liability.

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

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Accounting Policies

1.12 Leases (continued)

Operating leases - lessor

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

Initial direct costs incurred in negotiating and arranging operating leases are added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease revenue.

The aggregate cost of incentives is recognised as a reduction of rental revenue over the lease term on a straight-line basis.

The aggregate benefit of incentives is recognised as a reduction of rental expense over the lease term on a straight-line basis.

Income for leases is disclosed under revenue in statement of financial performance.

Operating leases - lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

1.13 Share capital / contributed capital

Contributed capital is the initial contribution made by the KwaZulu-Natal Provincial Government.

1.14 Provisions and contingencies

Provisions are recognised when:

- the entity has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the best estimate of the expenditure expected to be required to settle the present obligation at the reporting date.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. Provisions are reversed if it is no longer probable that an outflow of resources embodying economic benefits or service potential will be required, to settle the obligation.

Where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as an interest expense.

A provision is used only for expenditures for which the provision was originally recognised.

Provisions are not recognised for future operating surplus.

If an entity has a contract that is onerous, the present obligation (net of recoveries) under the contract is recognised and measured as a provision.

Contingent assets and contingent liabilities are disclosed as and when there is possible obligation or a present obligation that may, but probable will not require an outflow of economic resources.

1.15 Commitments

Items are classified as commitments when an entity has committed itself to future transactions that will normally result in the outflow of cash.

Disclosures are required in respect of unrecognised contractual commitments.

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1.16 Revenue from exchange transactions

Revenue is the gross inflow of economic benefits or service potential during the reporting period when those inflows result in an increase in net assets, other than increases relating to contributions from owners.

An exchange transaction is one in which the entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services or use of assets) to the other party in exchange.

Fair value is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Measurement

Revenue is measured at the fair value of the consideration received or receivable, net of trade discounts and volume rebates.

Rendering of services

When the outcome of a transaction involving the rendering of services can be estimated reliably, revenue associated with the transaction is recognised by reference to the stage of completion of the transaction at the reporting date. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the economic benefits or service potential associated with the transaction will flow to the entity;
- the stage of completion of the transaction at the reporting date can be measured reliably; and
- the costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

Interest

Revenue arising from the use by others of entity assets yielding interest:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the entity, and
- The amount of the revenue can be measured reliably.

Interest is recognised using the effective interest rate method for financial instruments, and using the nominal interest rate method for statutory receivables. Interest levied on transactions arising from exchange or non-exchange transactions is classified based on the nature of the underlying transaction.

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Accounting Policies

1.17 Revenue from non-exchange transactions

Exchange transactions are transactions in which one entity receives assets or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of cash, goods, services, or use of assets) to another entity in exchange.

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, an entity either receives value from another entity without directly giving approximately equal value in exchange, or gives value to another entity without directly receiving approximately equal value in exchange.

Recognition

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the entity satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Measurement

Revenue from a non-exchange transaction is measured at the amount of the increase in net assets recognised by the entity.

When, as a result of a non-exchange transaction, the entity recognises an asset, it also recognises revenue equivalent to the amount of the asset measured at its fair value as at the date of acquisition, unless it is also required to recognise a liability. Where a liability is required to be recognised it will be measured as the best estimate of the amount required to settle the obligation at the reporting date, and the amount of the increase in net assets, if any, recognised as revenue. When a liability is subsequently reduced, because the taxable event occurs or a condition is satisfied, the amount of the reduction in the liability is recognised as revenue.

Grants and other donor income

Bequests that satisfy the definition of an asset are recognised as assets and revenue when it is probable that the future economic benefits or service potential will flow to the entity, and the fair value of the assets can be measured reliably.

Unspent grants

When conditional grants are received they are initially recognised as a liability. Once the entity has complied with all the conditions of the grant received, the grant is re-allocated from liability and recognised in the statement of financial performance.

Project management fees

Revenue arising as a project management fee is recognised when the condition as set out in the agreement with the funder have been met.

1.18 Accounting by principals and agents

Identification

An agent is an entity that has been directed by another entity (a principal), through a binding arrangement, to undertake transactions with third parties on behalf of the principal and for the benefit of the principal.

A principal is an entity that directs another entity (an agent), through a binding arrangement, to undertake transactions with third parties on its behalf and for its own benefit.

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

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Accounting Policies

1.18 Accounting by principals and agents (continued)

Identifying whether an entity is a principal or an agent

When the entity is party to a principal-agent arrangement, it assesses whether it is the principal or the agent in accounting for revenue, expenses, assets and/or liabilities that result from transactions with third parties undertaken in terms of the arrangement.

The assessment of whether an entity is a principal or an agent requires the entity to assess whether the transactions it undertakes with third parties are for the benefit of another entity or for its own benefit.

Binding arrangement

The entity assesses whether it is an agent or a principal by assessing the rights and obligations of the various parties established in the binding arrangement.

Where the terms of a binding arrangement are modified, the parties to the arrangement re-assess whether they act as a principal or an agent.

Assessing which entity benefits from the transactions with third parties

When the entity in a principal-agent arrangement concludes that it undertakes transactions with third parties for the benefit of another entity, then it is the agent. If the entity concludes that it is not the agent, then it is the principal in the transactions.

The entity is an agent when, in relation to transactions with third parties, all three of the following criteria are present:

- It does not have the power to determine the significant terms and conditions of the transaction.
- It does not have the ability to use all, or substantially all, of the resources that result from the transaction for its own benefit.
- It is not exposed to variability in the results of the transaction.

Where the entity has been granted specific powers in terms of legislation to direct the terms and conditions of particular transactions, it is not required to consider the criteria of whether it does not have the power to determine the significant terms and conditions of the transaction, to conclude that it is an agent. The entity applies judgment in determining whether such powers exist and whether they are relevant in assessing whether the entity is an agent.

Recognition

The entity, as a principal, recognises revenue and expenses that arise from transactions with third parties in a principal-agent arrangement in accordance with the requirements of the relevant Standards of GRAP.

The entity, as an agent, recognises only that portion of the revenue and expenses it receives or incurs in executing the transactions on behalf of the principal in accordance with the requirements of the relevant Standards of GRAP.

The entity recognises assets and liabilities arising from principal-agent arrangements in accordance with the requirements of the relevant Standards of GRAP.

1.19 Comparative figures

Where necessary, comparative figures have been reclassified to conform to changes in presentation in the current year. Changes in accounting policies and fundamental errors are also restated in the prior year figures.

1.20 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure was classified in accordance with the nature of the expense and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

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1.21 Irregular expenditure

Irregular expenditure as defined in section 1 of the PFMA is expenditure other than authorised expenditure incurred in contravention of all that is not in accordance with a requirement of any applicable legislation including :

1.21.1 this act; or

1.21.2 the State Tender Board Act 1968 (Act no. 86 of 1968), or any regulations made in terms of the act; or

1.21.3 any provincial legislation providing for procurement procedures in that provincial government.

Accounting authorities of public entities must report on cases of irregular expenditure in the format and period prescribed in Appendix A of the Irregular expenditure Framework.

Irregular expenditure is recorded in the notes to the financial statements when it has been confirmed.

1.22 Segment information

A segment is an activity of an entity:

- that generates economic benefits or service potential (including economic benefits or service potential relating to transactions between activities of the same entity);
- whose results are regularly reviewed by management to make decisions about resources to be allocated to that activity and in assessing its performance; and
- for which separate financial information is available.

Reportable segments are the actual segments which are reported on in the segment report. They are the segments identified above or alternatively an aggregation of two or more of those segments where the aggregation criteria are met.

Measurement

The amount of each segment item reported is the measure reported to management for the purposes of making decisions about allocating resources to the segment and assessing its performance. Adjustments and eliminations made in preparing the entity's financial statements and allocations of revenues and expenses are included in determining reported segment surplus or deficit only if they are included in the measure of the segment's surplus or deficit that is used by management. Similarly, only those assets and liabilities that are included in the measures of the segment's assets and segment's liabilities that are used by management are reported for that segment. If amounts are allocated to reported segment surplus or deficit, assets or liabilities, those amounts are allocated on a reasonable basis.

If management uses only one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities in assessing segment performance and deciding how to allocate resources, segment surplus or deficit, assets and liabilities are reported in terms of that measure. If management uses more than one measure of a segment's surplus or deficit, the segment's assets or the segment's liabilities, the reported measures are those that management believes are determined in accordance with the measurement principles most consistent with those used in measuring the corresponding amounts in the entity's financial statements.

1.23 Related parties

A related party is a person or an entity with the ability to control or jointly control the other party, or exercise significant influence over the other party, or vice versa, or an entity that is subject to common control, or joint control.

Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Joint control is the agreed sharing of control over an activity by a binding arrangement, and exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the parties sharing control (the ventures).

Related party transaction is a transfer of resources, services or obligations between the reporting entity and a related party, regardless of whether a price is charged.

Significant influence is the power to participate in the financial and operating policy decisions of an entity, but is not control over those policies.

Management are those persons responsible for planning, directing and controlling the activities of the entity, including those charged with the governance of the entity in accordance with legislation, in instances where they are required to perform such functions.

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Accounting Policies

1.23 Related parties (continued)

Close members of the family of a person are those family members who may be expected to influence, or be influenced by that person in their dealings with the entity.

The entity is exempt from disclosure requirements in relation to related party transactions if that transaction occurs within normal supplier and/or client/recipient relationships on terms and conditions no more or less favourable than those which it is reasonable to expect the entity to have adopted if dealing with that individual entity or person in the same circumstances and terms and conditions are within the normal operating parameters established by that reporting entity's legal mandate.

Where the entity is exempt from the disclosures in accordance with the above, the entity discloses narrative information about the nature of the transactions and the related outstanding balances, to enable users of the entity's financial statements to understand the effect of related party transactions on its annual financial statements.

1.24 Events after reporting date

Events after reporting date are those events, both favourable and unfavourable, that occur between the reporting date and the date when the financial statements are authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the reporting date (adjusting events after the reporting date); and
- those that are indicative of conditions that arose after the reporting date (non-adjusting events after the reporting date).

The entity will adjust the amount recognised in the financial statements to reflect adjusting events after the reporting date once the event occurred.

The entity will disclose the nature of the event and an estimate of its financial effect or a statement that such estimate cannot be made in respect of all material non-adjusting events, where non-disclosure could influence the economic decisions of users taken on the basis of the financial statements.

1.25 Impairment of cash-generating assets

Cash-generating assets are assets used with the objective of generating a commercial return. Commercial return means that positive cash flows are expected to be significantly higher than the cost of the asset.

Impairment is a loss in the future economic benefits or service potential of an asset, over and above the systematic recognition of the loss of the asset's future economic benefits or service potential through depreciation (amortisation).

Carrying amount is the amount at which an asset is recognised in the statement of financial position after deducting any accumulated depreciation and accumulated impairment losses thereon.

A cash-generating unit is the smallest identifiable group of assets used with the objective of generating a commercial return that generates cash inflows from continuing use that are largely independent of the cash inflows from other assets or groups of assets.

Costs of disposal are incremental costs directly attributable to the disposal of an asset, excluding finance costs and income tax expense.

Depreciation (Amortisation) is the systematic allocation of the depreciable amount of an asset over its useful life.

Fair value less costs to sell is the amount obtainable from the sale of an asset in an arm's length transaction between knowledgeable, willing parties, less the costs of disposal.

Recoverable amount of an asset or a cash-generating unit is the higher its fair value less costs to sell and its value in use.

Useful life is either:

- the period of time over which an asset is expected to be used by the entity; or
- the number of production or similar units expected to be obtained from the asset by the entity.

Judgments made by management in applying the criteria to designate assets as cash-generating assets or non-cash-generating assets, are as follows:

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Accounting Policies

1.25 Impairment of cash-generating assets (continued)

[Specify judgments made]

1.26 Employee benefits

Employee benefits are all forms of consideration given by an entity in exchange for service rendered by employees.

A qualifying insurance policy is an insurance policy issued by an insurer that is not a related party (as defined in the Standard of GRAP on Related Party Disclosures) of the reporting entity, if the proceeds of the policy can be used only to pay or fund employee benefits under a defined benefit plan and are not available to the reporting entity's own creditors (even in liquidation) and cannot be paid to the reporting entity, unless either:

- the proceeds represent surplus assets that are not needed for the policy to meet all the related employee benefit obligations; or
- the proceeds are returned to the reporting entity to reimburse it for employee benefits already paid.

Termination benefits are employee benefits payable as a result of either:

- an entity's decision to terminate an employee's employment before the normal retirement date; or
- an employee's decision to accept voluntary redundancy in exchange for those benefits.

Other long-term employee benefits are employee benefits (other than post-employment benefits and termination benefits) that are not due to be settled within twelve months after the end of the period in which the employees render the related service.

Vested employee benefits are employee benefits that are not conditional on future employment.

Composite social security programmes are established by legislation and operate as multi-employer plans to provide post-employment benefits as well as to provide benefits that are not consideration in exchange for service rendered by employees.

A constructive obligation is an obligation that derives from an entity's actions where by an established pattern of past practice, published policies or a sufficiently specific current statement, the entity has indicated to other parties that it will accept certain responsibilities and as a result, the entity has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

1.27 Expenditure

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1.27.1 General Expenditure

Expenses are decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrence of liabilities that result in decreases in net asset.

The point at which an expense is recognised is dependent on the nature of the transaction or other event that gives rise to the expense.

Where future economic benefits are consumed immediately or soon after acquisition, for example, travel and subsistence, security cost, and other operating expenses, the expense is recognised in the reporting period in which the acquisition of the future economic benefit occurs.

Where future economic benefits are expected to be consumed over several reporting periods e.g., non-current assets, expenses (depreciation) are allocated systematically to the reporting period during which the future economic benefits are expected to be consumed.

Where expenditure produces no future economic benefits e.g., fines or penalties paid, an expense is recognised immediately; and where a liability is incurred without the recognition of an asset an expense is recognised simultaneously with the recognition of the liability.

1.27.2 Water and electricity

The water expense is made up of the purchase of raw water from the Department of Water & Sanitation for Makhathini Irrigation Scheme and the entity is billed annually as per the licence allocation.

The expense from water purchases is recognised and reported as an expense upon receipt of the invoice.

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1.27 Expenditure (continued)

The electricity expense is made up of the electricity bill for pump stations for the Makhathini Irrigation Scheme. The expenditure for electricity is recognised and reported as expense based on the electricity consumption for each month for the applicable pump station

1.27.3 Project expenditure

Expenses are decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrence of liabilities that result in decreases in net assets.

The entity project expenditure is made up of the following items:

- Direct transfers
- Expenditure procured through internal procurement process.

Direct Transfers

Direct transfers are funds transferred by the entity into the beneficiary's bank account and the beneficiary becomes responsible for the procurement of goods and services as per the provisions of the funding agreement between the beneficiary and the entity.

The point at which an expense is recognised is dependent on the nature of the transaction or other event that gives rise to the expense.

ADA recognises the expenditure when the expenditure has been incurred by the beneficiary and reduces the prepayment asset account.

In some instances, the beneficiary will make a prepayment to the implementing service provider for infrastructure, labour, and production inputs.

For infrastructure prepayment, the expenditure will be recognised and reported as an expense using the progress report from a qualified engineer against the approved funding amount of the activity as per Schedule 2 of the funding agreement.

For production inputs and labour these are consumed and reported as an expense when the goods or services have been received by the beneficiary.

Expenditure procured through internal procurement process.

Expenses are decreases in economic benefits or service potential during the reporting period in the form of outflows or consumption of assets or incurrence of liabilities that result in decreases in net assets.

The other expenses included in the project expenditure is the Ntingwe Tea grant funding, capacity building initiatives, product testing and Agro processors which are implemented using the internal procurement process.

The point at which an expense is recognised is dependent on the nature of the transaction or other event that gives rise to the expense.

Where future economic benefits are consumed immediately or soon after acquisition, for example, employee related costs, training, and other operating expenses, the expense is recognised in the reporting period in which the acquisition of the future economic benefit occurs.

Where expenditure produces no future economic benefits e.g., fines or penalties paid, an expense is recognised immediately; and where a liability is incurred without the recognition of an asset an expense is recognised simultaneously with the recognition of the liability.

1.28 Budget information

The approved budget is prepared on a cash basis and presented by economic classification linked to performance outcome objectives.

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Accounting Policies

1.28 Budget information (continued)

The approved budget covers the financial period from 2024/04/01 to 2025/03/31.

The budget for the economic entity includes all the entities approved budgets under its control.

The annual financial statements and the budget are not on the same basis of accounting therefore a comparison with the budgeted amounts for the reporting period have been included in the Statement of comparison of budget and actual amounts.

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2. New standards and interpretations

2.1 Standards and interpretations issued, but not yet effective

The entity has not applied the following standards and interpretations, which have been published and are mandatory for the entity's accounting periods beginning on or after 01 April 2025 or later periods:

IGRAP 22 - Foreign currency transactions and consideration

GRAP 104 - Financial instruments

3. Inventories

Spare parts	3 393 106	4 856 430
Fuel (Diesel, Petrol)	85 920	169 686
	3 479 026	5 026 116

Obsolete spare parts amounting to R737 777 were written down to net realisable value.

Inventory pledged as security

No Inventory was pledged as security.

4. Prepayments

Prepayment for software licences	575 886	592 444
Prepayment for goods and services	859 158	1 317 687
Direct transfers	57 362 300	24 590 709
Provision for impairment of direct transfers	(3 114 965)	(3 114 965)
	55 682 379	23 385 875

Prepayment on software are for license fees paid partly for 2025 and 2026 financial year.

Transfers comprises of funds which have been unused by the beneficiaries as at 31 March 2025. Impairment of R3 114 965 relate to prepayment that could not be accounted for by the beneficiaries due to missing supporting documents.

Prepayment of goods and services relates to funds paid in respect of services that are not yet due e.g. staff training and office rentals

5. Receivables from exchange transactions

Gross balances

Trade receivables	74 559 450	64 843 395
Staff Debtors	89 051	100 050
Other Receivables	659 759	36 539
Interest receivable	408 255	292 719
	75 716 515	65 272 703

Less: Allowance for impairment (59 879 911) (45 234 212)

Financial asset receivables included in consumer debtors above 75 716 515 65 272 703

Net receivables from transactions 15 836 604 20 038 491

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5. Receivables from exchange transactions (continued)

Trade debtors

Age Analysis

Current (0 - 30 days)	1 010 821	1 162 697
31 - 60 days	1 407 285	1 411 148
61 - 90 days	1 497 940	1 385 965
91 - 120 days	1 583 803	1 438 469
121 - 150 days	1 236 211	1 174 834
151 - 180 days	1 094 714	1 420 203
181+ days	66 728 677	56 850 078
Provision for impairment	(59 879 911)	(45 234 212)
	14 679 540	19 609 182

Reconciliation of allowance for impairment

Opening balance	(45 234 212)	(42 368 161)
Provision for impairment	(14 645 700)	(2 866 051)
	(59 879 912)	(45 234 212)

Receivables past due but not impaired

Relating specifically to trade debtorsRelating specifically to trade debtors

Trade receivables which are more than 30 days past due but are impaired. At 31 March 2025, R2 653 788 (2024: R1 460 616).

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

Heading	2025	2024
30 days past due	84 469	43 951
60 days past due	11 677	(143 945)
90 days past due	(37 281)	31 584
120 days past due	(86 183)	33 233
150 days past due	(450 967)	(58 160)
180+ days past due	3 132 103	1 553 953
	2 653 818	1 460 616

6. Cash and cash equivalents

Cash on hand	1 474	932
Bank balances	17 965 041	20 895 262
	17 966 515	20 896 194

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7. Investment property

	2025		2024	
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation
				Accumulated depreciation and accumulated impairment
				Carrying value
Investment property	2 865 012	(367 081)	2 497 931	2 865 012
				(293 665)
				2 571 347

Reconciliation of investment property - 2025

	Opening balance	Depreciation	Total
Investment property	2 571 347	(73 416)	2 497 931

Reconciliation of investment property - 2024

	Opening balance	Depreciation	Total
Investment property	2 644 764	(73 417)	2 571 347

Amounts recognised in surplus or deficit

Rental revenue from Investment property	178 551	243 424
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8. Property, plant and equipment

	2025			2024		
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value
Buildings	23 862 136	(3 794 460)	20 067 676	24 787 231	(3 137 361)	21 649 870
Finance Lease asset	1 008 258	(630 852)	377 406	639 088	(290 879)	348 209
Furniture and fixtures	3 210 672	(2 001 900)	1 208 772	3 209 603	(1 689 614)	1 519 989
Motor vehicles	4 069 465	(2 814 545)	1 254 920	4 069 465	(2 370 944)	1 698 521
Computer equipment	7 782 683	(3 956 687)	3 825 996	7 569 584	(3 065 157)	4 504 427
Leasehold improvements	302 400	(302 400)	-	302 400	(283 793)	18 607
Other fixed assets	475 651	(292 933)	182 718	475 651	(230 934)	244 717
Sundry equipment	15 979 220	(4 433 520)	11 545 700	13 481 728	(3 326 630)	10 155 098
Specialised trucks	12 425 416	(6 436 217)	5 989 199	12 425 416	(5 148 973)	7 276 443
Fences and gates	1 436 173	(876 422)	559 751	1 428 327	(735 853)	692 474
Workshop equipment	1 830 173	(1 331 847)	498 326	1 809 355	(1 065 218)	744 137
Total	72 382 247	(26 871 783)	45 510 464	70 197 848	(21 345 356)	48 852 492

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8. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2025

	Opening balance	Additions	Disposals	Depreciation	Total
Buildings	21 649 870	-	(840 653)	(741 541)	20 067 676
Finance Lease assets	348 209	369 171	-	(339 974)	377 406
Furniture and fixtures	1 519 989	1 069	-	(312 286)	1 208 772
Motor vehicles	1 698 521	-	-	(443 601)	1 254 920
Computer equipment	4 504 427	213 099	-	(891 530)	3 825 996
Leasehold improvements	18 607	-	-	(18 607)	-
Other fixed assets	244 717	-	-	(61 999)	182 718
Sundry equipment	10 155 098	2 497 491	-	(1 106 889)	11 545 700
Specialised trucks	7 276 443	-	-	(1 287 244)	5 989 199
Fences and Gates	692 474	7 846	-	(140 569)	559 751
Workshop equipment	744 137	20 818	-	(266 629)	498 326
	48 852 492	3 109 494	(840 653)	(5 610 869)	45 510 464

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8. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2024

	Opening balance	Additions	Disposals	Depreciation	Total
Buildings	22 412 520	-	-	(762 650)	21 649 870
Finance Lease assets	350 582	336 412	-	(338 785)	348 209
Furniture and fixtures	1 639 303	184 138	-	(303 452)	1 519 989
Motor vehicles	2 191 526	-	-	(493 005)	1 698 521
Computer equipment	4 760 857	626 452	(17 604)	(865 278)	4 504 427
Leasehold improvements	37 214	-	-	(18 607)	18 607
Other fixed assets	188 688	137 114	-	(81 085)	244 717
Sundry equipment	9 890 931	1 898 150	(607 547)	(1 026 436)	10 155 098
Specialised trucks	8 563 686	-	-	(1 287 243)	7 276 443
Fences and gates	823 006	13 932	-	(144 464)	692 474
Workshop equipment	1 007 571	-	-	(263 434)	744 137
	51 865 884	3 196 198	(625 151)	(5 584 439)	48 852 492

Pledged as security

No Property plant and equipment has been pledged as security for any liabilities of the entity.

Expenditure incurred to repair and maintain property, plant and equipment

Expenditure incurred to repair and maintain property, plant and equipment

included in Statement of Financial Performance

Maintenance of unspecified assets	3 353 713	5 174 659
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9. Intangible assets

	2025		2024	
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation
				Accumulated amortisation and accumulated impairment
				Carrying value
Computer software	4 828 366	(4 380 872)	447 494	4 828 366
				(4 291 373)
				536 993

Reconciliation of intangible assets - 2025

	Opening balance	Amortisation	Total
Computer software	536 993	(89 499)	447 494

Reconciliation of intangible assets - 2024

	Opening balance	Amortisation	Total
Computer software	626 492	(89 499)	536 993

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10. Deposits		
Msunduzi Municipality	17 000	17 000
Eskom - Opening Balance	2 847 126	2 669 775
Eskom - Interest accrued	149 381	183 179
Deposit utilised	-	(5 828)
Telkom	22 916	22 915
	3 036 423	2 887 041
11. Finance lease obligation		
Minimum lease payments due		
- within one year	315 537	252 250
- in second to fifth year inclusive	56 413	118 160
	371 950	370 410
less: future finance charges	(14 634)	(15 920)
Present value of minimum lease payments	357 316	354 490
Present value of minimum lease payments due		
- within one year	302 025	239 517
- in second to fifth year inclusive	55 291	114 973
	357 316	354 490
Non-current liabilities	-	114 973
Current liabilities	357 316	239 517
	357 316	354 490

ADA leases Mobile communication devices from Mobile Telephone Network (MTN) through finance lease agreement.

The devices are purchased on different dates depending on the need of the organisation, and are used for a period of 2 years after which ownership passes to ADA and immediately disposed.

Monthly installments payable varies, depending on the value of the device.

Interest rates are as per the Government Gazette interest rates have been used to determine the effective interest rate implicit in the lease.

12. Operating lease liability

Current liabilities	(1 075 918)	-
Minimum lease payment due		
Due within one year	8 294 651	2 314 471
Due in second to fifth year	29 894 742	170 701
	38 189 393	2 485 172

The lease relates to the right of use of the office premises for 5 years which commenced on the 01 June 2024 ending 31 May 2029. Office rentals are subjected to an 8% escalation rate per annum.

The entity also has various rental agreements with Konika Minolta for the right of use of Photocopier Machines. The agreements are entered into on different dates depending on the entity's needs. The rentals are not subject to annual escalations.

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12. Operating lease liability (continued)

Operating lease expense

Operating lease installments	8 386 148	8 847 277
Straight lining difference	1 075 918	(1 814 547)
	9 462 066	7 032 730

13. Payables from exchange transactions

Trade payables	6 209 278	3 027 531
Deceased Estate	-	67 692
Travel Card	-	74 172
Accrued expenses	857 323	5 760 197
Leave pay accrual	13 874	-
Unallocated Deposits	204 537	183 136
Debtors with Credit Balances	500 191	330 879
Bonus Provision	30 474	-
	7 815 677	9 443 607

14. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

DARD	62 051 651	27 257 034
Intingwe	1 553 272	-
	63 604 923	27 257 034

March 2025	Opening balance	Receipts	Interest	Payments	Closing balance
KZN Department of Agriculture and Rural Development (DARD)	27 257 034	66 421 000	1 176 337	(32 802 720)	62 051 651
Ntingwe	-	9 977 000	24 100	(8 447 828)	1 553 272
	27 257 034	76 398 000	1 200 437	(41 250 548)	63 604 923

2024	Opening balance	Receipts	Interest	Payments	Closing balance
KZN Department of Agriculture and Rural Development (DARD)	17 705 413	64 160 000	1 063 263	(55 671 642)	27 257 034
Ntingwe	4 644 398	4 740 000	-	(9 384 398)	-
KZN Department of Cooperative Governance and Traditional Affairs (COGTA)	1 109 053	-	37 885	(1 146 938)	-
	23 458 864	68 900 000	1 101 148	(66 202 978)	27 257 034

Conditional grants movements during the year

Balance at the beginning of the year	27 257 034	24 190 440
Additions during the year	77 598 437	70 001 148
Income recognition during the year	(41 250 548)	(66 934 554)
	63 604 923	27 257 034

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	2025	2024
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15. Provisions

Reconciliation of provisions - 2025

	Opening Balance	Additions	Total
Leave accrual	2 970 273	582 966	3 553 239

Reconciliation of provisions - 2024

	Opening Balance	Utilised during the year	Total
Leave accrual	3 561 002	(590 729)	2 970 273

16. Payables from non-exchange transactions

Ntingwe farming	-	1 788 680
National Skills Fund	6 173 962	9 496 542
	6 173 962	11 285 222

17. Deposits received

Opening balance	6 207	6 207
Movement	(1 047)	-
	5 160	6 207

18. Share capital / contributed capital

Issued		
Ordinary	5 000	5 000

19. Revenue

Water supply revenue	11 288 129	10 571 109
Project management fees	773 220	-
Rental income	308 725	253 543
Recoveries	-	30 000
Other income	6	130
Interest received	8 971 298	7 534 224
Government grants & subsidies	178 057 549	199 136 868
	199 398 927	217 525 874

The amount included in revenue arising from exchanges of goods or services are as follows:

Sale of goods	11 288 129	10 571 109
Rendering of services	773 220	-
Rental of facilities and equipment	308 725	253 543
Recoveries	-	30 000
Other income 3	6	130
Interest received	8 971 298	7 534 224
	21 341 378	18 389 006

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19. Revenue (continued)

The amount included in revenue arising from non-exchange transactions is as follows:

Transfer revenue		
Government grants & subsidies	178 057 549	199 136 868

20. Lease rentals on operating lease

Premises		
Contractual amounts	9 462 067	7 032 730

21. Sundry income

Recoveries	-	30 000
Sundry income	6	130
	6	30 130

22. Interest

Interest revenue		
Bank	612 691	717 991
Interest charged on trade receivables	8 188 999	6 633 054
Interest - Eskom	169 608	183 179
	8 971 298	7 534 224

23. Government grants & subsidies

Operating grants		
DARD - Operational	136 807 000	132 953 000
DARD - Projects	32 802 720	55 652 532
COGTA - Projects	-	1 146 938
DARD - Intingwe	8 447 829	9 384 398
	178 057 549	199 136 868

Conditions attached to revenue from non-exchange transactions

The ADA shall provide full and comprehensive reports on the utilisation of the grant funding. Failure to render the reports as required, will result on the transferring department seeking recovery of payment on the unspent and /or unaccounted for funds and taking any other appropriated steps they deem necessary.

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24. Employee related costs		
Basic	55 950 532	58 116 223
Medical aid - company contributions	283 337	328 472
UIF	207 132	223 475
SDL	189 223	179 104
Leave pay provision charge	582 966	(590 729)
Pension Contribution	4 370 848	2 212 379
Overtime payments	519 859	329 339
Acting allowances	1 510 080	1 000 108
Housing benefits and allowances	673 500	696 000
Shift and other allowance	239 034	944 627
Cash allowance	-	287 715
Leave pay	342 189	187 934
Board remuneration	2 274 422	2 134 459
	67 143 122	66 049 106

Employee cost for key management personnel is as follows:

Remuneration of Acting Chief Executive Officer - P.T Khumalo

Annual Remuneration	653 810	-
Acting allowance	395 337	-
	1 049 147	-

Remuneration of Acting Chief Executive Officer - N Myeni

Annual Remuneration	675 943	685 736
Acting Allowance	481 074	303 487
	1 157 017	989 223

Remuneration of Chief Financial Officer - WM Mkhize

Annual Remuneration	1 594 559	1 653 877
Pension	126 434	-
	1 720 993	1 653 877

Remuneration of Chief Operations Officer - SA Mazibuko

Annual Remuneration	926 553	1 391 830
Pension	53 290	380 204
	979 843	1 772 034

Remuneration of Project Manager - M Hlela

Annual Remuneration	1 195 441	1 179 342
Pension	92 894	-
	1 288 335	1 179 342

Remuneration of Senior Manager Farmer Development and Support Services - W Tom

Annual Remuneration	1 095 375	1 046 786
Pension	131 043	127 842
	1 226 418	1 174 628

Remuneration of Company Secretary- S Mkhwanazi

Annual Remuneration	1 186 537	1 093 128
Pension	83 136	-

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24. Employee related costs (continued)	1 269 673	1 093 128
Remuneration of Senior Project Manager - M Hoosen		
Annual Remuneration	1 305 797	1 196 722
Remuneration of Senior Project Manager - Z Mazibuko		
Annual Remuneration	1 301 515	1 196 722
Pension	9 412	-
	1 310 927	1 196 722
Remuneration of Senior Manager Infrastructure and Water Services - ME Thekiso		
Annual Remuneration	1 095 375	1 046 786
Pension	131 084	127 850
	1 226 459	1 174 636
Remuneration of Corporate Services Manager - TJ Selai		
Annual Remuneration	1 518 691	1 391 830
	-	-
	1 518 691	1 391 830
Board remuneration		
Annual Remuneration	1 365 347	1 033 703
Travel allowance	564 757	691 990
Project and finance committee	104 614	145 882
HR Committee Fees	82 384	77 938
Audit committee Fees	157 320	184 946
	2 274 422	2 134 459
- Dr N Myeni was appointed as Acting Chief Executive Officer from 1 October 2023 to September 2024.		
- Ms PT Khumalo was appointed Acting Chief Executive Officer from 11 October 2024.		
- Mr M Hlela was appointed Acting Chief Operations Officer from 1 March 2024 to 31 August 2024		
- Mr MP Kubheka was appointed as Acting Chief Financial Officer from 06 March 2025.		
25. Administrative expenditure		
Administration and management fees	2 827	2 643
26. Depreciation and amortisation		
Property, plant and equipment	5 610 869	5 584 439
Investment property	73 416	73 416
Intangible assets	89 499	89 499
	5 773 784	5 747 354
27. Finance costs		
Finance leases	22 159	13 513

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28. Auditors' remuneration

Fees	2 659 750	2 607 382
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29. Debt impairment

Debt impairment	14 645 700	2 866 051
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30. Bad debts written off

Movement	5 572 750	-
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The entity had no reasonable expectations of recovering a financial assets amounting to R5 572 750, as these debtors had passed away. The financial asset has therefore been derecognised directly against the gross carrying amount of debtors

31. Project expenses

Employee cost	5 074 471	4 861 298
Training	1 978 297	3 246 944
Operating expenses	3 521 021	3 629 373
Construction	-	1 638 217
Direct transfers	30 676 760	52 827 146
	41 250 549	66 202 978

32. Water and electricity

Electricity	26 132 192	21 827 361
Water	10 881 750	10 132 650
	37 013 942	31 960 011

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33. General expenses		
Advertising	71 488	140 332
Audit fees	2 659 750	2 607 382
Bank charges	32 700	50 927
Cleaning	1 609 042	1 527 782
Computer software licenses	1 816 413	1 623 991
Consulting	1 664 494	1 474 783
Office consumables	25 166	37 119
Insurance	1 314 835	1 220 837
Recruitment costs	-	8 182
Marketing	1 372 718	1 277 373
Motor vehicle expenses	1 527 230	1 671 781
Productions	235 121	-
Stationery	271 576	223 492
Legal fees	102 955	291 148
Security	4 084 392	3 611 886
Computer expenses	1 307 799	1 169 931
Staff wellness	356 133	320 666
Subscriptions	-	9 975
Telephone and fax	1 695 552	1 226 869
Training	190 897	418 505
Electricity and water	1 522 409	1 707 636
Photocopying and Printing	292 878	445 171
Catering	162 630	267 170
Travel and subsistence	1 874 470	3 654 310
Other Expenses	304 564	5 917
Bursaries	-	224 698
Publications	783 841	360 472
	25 279 053	25 578 335
34. Cash (used in) generated from operating activities		
(Deficit) surplus	(11 007 076)	3 176 648
Adjustments for:		
Depreciation and amortisation	5 773 784	5 747 354
Loss on sale of assets	148 560	606 881
Finance costs - Finance leases	22 159	13 315
Impairment deficit	-	3 114 965
Debt impairment	14 645 700	2 866 051
Movements in operating lease assets and accruals	1 075 918	(1 814 547)
Movements in provisions	582 966	(590 729)
Inventory losses or write-downs	(737 777)	-
Interest in Deposits	(149 377)	(177 351)
Changes in working capital:		
Inventories	2 284 869	248 907
Receivables from exchange transactions	(10 443 813)	(13 031 012)
Prepayments	(32 296 504)	(7 858 013)
Payables from exchange transactions	(1 627 935)	8 272 011
Unspent conditional grants and receipts	36 347 889	3 083 088
Payables from non exchange transactions	(5 111 261)	10 406 265
	(491 898)	14 063 833

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35. Change in estimate

Property, plant and equipment

The useful life of certain items of property, plant & equipment has been revised and the new estimate has been made. The effect of this revision is as follows:

Depreciation effect	Effect in current year	Effect in future years	Revised useful life
Motor vehicles	98 806	197 612	3

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36. Prior period errors

Error 1 - Irregular expenditure

Irregular expenditure of **R1 280 012** relating to 2023/24 was confirmed in 2024/25. This expenditure was not disclosed in the 2023/24 financial year. This, however, has been corrected and the Irregular Expenditure amount for 2023/24 has been restated.

Error 2 - Project expenditure

Project expenditure for 2023/24 financial year, amounting to **R5 993 364 (R1 186 181 - 2022/23)** was not recognised. Expenditure of **R435 762.36** was overstated in the previous years this expenditure was paid for by the beneficiary's funds, however they were erroneously accounted for by the ADA. Project expenditure to the amount of **R435 762** was paid for by the beneficiary but erroneously accounted for as the entity's project expenditure resulting in an overstatement of project expenditure in prior years. Project expenditure of **R299 262** was paid for using interest accrued in the Call Accounts, this was however erroneously recorded against prepayments account in the prior years resulting in the overstatement of the interest receivable account.

Error 3 - Receivables from exchange transactions

During 2022/23 financial year, allowance for debt impairment was erroneously calculated to be **R43 126 047.35** instead of **R42 368 160.81** resulting in this account being understated by **R757 886**, and Receivables from exchange transactions being overstated by the same amount.

During 2023/24, there was another calculation error in the computation of the allowance for debt impairment. The allowance was incorrectly calculated as **R52 265 968** instead of **R45 234 212**, resulting in the account being overstated by **R7 031 756** and Receivables from exchange transactions being understated by the same amount.

Error 4 - Property, plant and equipment

Items of property, plant and equipment were disposed off in the prior years, these assets were erroneously derecognised at their carrying value instead of derecognising the cost and accumulated depreciation thereof. Accumulated depreciation for Workshop equipment was also overstated in the previous year by **R1 980**

The items of Property plant and equipment that were affected are as follows:

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36. Prior period errors (continued)		
Property, plant and equipment	Cost	Accumulated depreciation
Buildings	149 502	(149 502)
Computer Equipment	195 161	(195 161)
Fences and gates	611 622	(611 622)
Furniture and Fixtures	60 016	(60 016)
Sundry Equipment	176 794	(176 481)
Workshop Equipment	110 671	(112 651)
Other fixed assets	190 998	(190 998)
	1 494 764	(1 496 431)
		(1 667)

Error 5 : Impairment of direct transfers

In 2023/24 financial year, a prepayment balance (Direct transfers) of **R3 114 965** could not be accounted for by the beneficiaries due to lack of supporting documents and this was an indication that prepayments were impaired, this impairment was, however, not accounted for in the financial statements. This omission resulted in an overstatement of prepayment by **R3 114 965**. Allowance for impairment of prepayments was consequently understated by the same amount.

Error 6 : Prepayments

Office rentals amounting to **R1 089 227** for April 2024 paid for in March 2024 was erroneously recognised as an expense in March instead of recognising it as prepaid expenditure. This error resulted in the understatement of the prepayment account and overstatement of the Lease rentals on operating lease account.

Error 7 : Payables from exchange transactions

Expense of **R74 423** relating to services received in 2023/24 financial year were not accounted for in the correct financial year. this error has resulted in the understatement of payables from exchange transactions and general expenses accounts

The above errors have been corrected and the financial statements have been retrospectively restated as follows

Statement of financial position

Decrease in prepayment	-	(8 470 256)
Decrease in unspent conditional grant	-	6 743 782
Increase in receivables from exchange transactions	-	7 490 379
Increase in payables from exchange transactions	-	(74 423)
Increase in accumulated Surplus	-	(4 175 376)

Statement of financial performance

Increase in project expenditure	-	5 993 365
Increase in revenue from non exchange transaction	-	(5 993 364)
Decrease in debt impairment	-	(6 273 870)
Decrease in depreciation	-	(1 980)
Increase in loss on disposal	-	315
Increase in impairment of direct transfers	-	3 114 965
Increase in general expenditure	-	74 423
Decrease in lease rentals	-	(1 089 229)

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37. Financial instruments disclosure

Categories of financial instruments

2025

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	15 836 604	15 836 604
Cash and cash equivalents	17 966 515	17 966 515
Deposits	3 036 423	3 036 423
	36 839 542	36 839 542

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	7 815 677	7 815 677
Payables from non-exchange transactions	6 173 962	6 173 962
Deposits received	5 160	5 160
Finance lease obligation	357 316	357 316
	14 352 115	14 352 115

2024

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	20 038 491	20 038 491
Cash and cash equivalents	20 895 262	20 895 262
Deposits	2 887 041	2 887 041
	43 820 794	43 820 794

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	9 443 607	9 443 607
Payable from non-exchange transactions	11 285 222	11 285 222
Deposits received	6 207	6 207
Finance lease obligation	354 490	354 490
	21 089 526	21 089 526

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37. Financial instruments disclosure (continued)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations relating in a financial loss to the entity. The entity has a sound credit control and debt management policy and obtains sufficient collateral were appropriate as means of mitigating the risk of financial loss from the default. The entity uses its own trading records to assess its clients. The entities exposure of its counterparts are monitored regularly.

Also included in the trade and other receivables is employee debt. Cash and cash equivalents are deposits placed with high credit financial institutions. The deposits comprise of grants received from department reflected in the cash and cash equivalent note. The entity limits its exposure to dealing with well established financial institutions.

Liquidity risk

Liquidity risk is the risk that the entity might encounter difficulty in meeting the current obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The entities approach to manage the liquidity is to ensure that as far as possible , that it will always have sufficient liquidity to meet it's liabilities when due under both normal and stressed conditions without incurring unacceptable losses or risking damage to the entities reputation.

The entity's exposure to liquidity risk is minimal as it is 100% funded by DARD. The annual budget are approved at the beginning of each fiscal year and draw-downs are requested at the beginning of each quarter. Cashflows are monitored monthly against budget and adjustments are made were necessary. Risk management assessments are conducted annually to assist with identifying any possible cashflows, liquidity or other risks. Liabilities are managed by insuring that all contractual payments are met on a timeous basis by paying within 30 days and if required additionally new arrangements are established at competitive rates to ensure that cashflows requirements are met.

Interest risk

Interest risk is defined as the risk that the fair value or future cashflows associated with a financial instrument will fluctuate in amounts as a result of market interest changes. The financial assets and liabilities that are sensitive to interest rate risk are cash and cash equivalents, investments and payables from exchange transactions. Although the entity's funds are subject to interest rate risk, these funds are placed with reputable financial institutions. The entity does not hedge any of its funds, but monitors the fluctuations in interest rates and obtains advise from bank officials on a regular basis.

Foreign exchange risk

The entity is not exposed to foreign exchange risk as it is not involved in any international transactions.

38. Commitments

Authorised operational expenditure

Already contracted for but not provided for

• Expenditure	3 561 427	7 796 623
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Total operational commitments

Already contracted for but not provided for	3 561 427	7 796 623
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Total commitments

Total commitments

Authorised capital expenditure	-	-
Authorised operational expenditure	3 561 427	7 796 623
	3 561 427	7 796 623

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39. Related parties

Relationships

Members of Key management

Refer to members' report note 24

Remuneration of non executive directors

Refer to note 24

Related party balances

The ADA is a public entity that falls under the control of the KZN Department of Agriculture and Rural Development (DARD). The following persons are related parties to the ADA as they are also controlled by the KZN DARD.

1. KwaZulu Natal Farming Enterprise
2. Intingwe farming (Pty) Ltd

Amounts included in Trade Payable regarding related parties

Payables from non-exchange transactions	-	1 788 680
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An amount of R486 864 was committed at year end for services to be rendered at Intingwe farming (Pty)Ltd. These commitments are included in the commitments disclosure and unspent conditional grants and receipts.

Receivables from exchange transactions

KZN Department of Agriculture and Rural Development	-	98 658
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Payables from exchange transaction

KZN Department of Agriculture and Rural Development	444 436	-
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Related party transactions

KZN DARD

Grant Funding	203 228 000	183 759 106
Ntingwe grant funding	9 977 000	4 740 000

40. Going concern

As at 31 March 2025, the entity had an accumulated surplus of R 61 865 641 and that the entity's total Assets exceed its liabilities by R 61 870 641.

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

The ability of the entity to continue as a going concern is dependent on a number of factors. The most significant of these is that the entity has signed a funding agreement with the KZN- DARD for the implementation of projects to value of R60 554 000 in the year ending 31 March 2026.

41. Events after the reporting date

Resignation and appointment of senior management

- The Acting/ Chief Executive Officer (Ms Thuledu Khumalo) resigned from ADA on the 10 April 2025.
- The Acting/ Chief Financial Officer (Mr Mpande Kubheka (CA) (SA) resigned from ADA on the 30 April 2025.
- Mr Mduduzi Mfusi was appointed as the new Acting Chief Executive Officer for the ADA from 14 April 2025.
- Ms Thina Dinga was appointed as the new Acting Chief Financial Officer from 19 May 2025.

42. Irregular and Fruitless and Wasteful Expenditure

Irregular expenditure	721 030	2 636 974
Fruitless and wasteful expenditure	117 943	30 203
Closing balance	838 973	2 667 177

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42. Irregular and Fruitless and Wasteful Expenditure (continued)

*Refer to reconciling notes in the annual report

Criminal or disciplinary steps taken as a result of losses, irregular and fruitless and wasteful expenditure

2025

Consequence management is currently being implemented by the office of the CEO for all Irregular, Fruitless and Wasteful Expenditure identified.

2024

With regards to irregular expenditure three responsible officials were issued with written warning letters.

43. Segment information

General information

Identification of segments

Management has chosen to organise the entity around differences in geographical areas. The entity has one reportable segment, based on geographical area and an administrative department and reports to management on the performance of these segments. No segments were aggregated for reporting purposes.

Segment Information reported is used by management as a basis for evaluating the segments' performances and for making decisions about the allocation of resources..

Types of goods and/or services by segment

ADA Jozini

ADA Jozini (Makhathini Irrigation Scheme) is an irrigation scheme responsible for providing support to farmers through the provision of technical agricultural support, water supply and infrastructure maintenance.

The services provided are as follows:

- Provides water to farmers at a fixed rate per hector used.
- renting out of implements to farmers
- Property rentals to small business; community and employees

Makhathini Irrigation Scheme was established in the late 1970's and is located in the Jozini Local Municipality under uMkhanyakude district of KwaZulu-Natal Province. The size of the scheme is approximately 4500 hectares under irrigation and it services over 300 farmers and 10 primary cooperatives. The ADA continues with facilitating agricultural development in the areas serviced by the Makhathini Irrigation Scheme with its focus in field crops, vegetables, and fruits. The Makhathini area has a high agricultural potential that needs to be exploited in order to benefit the local community thereby enhancing the economy of the province and the country as whole. Without the commitment and the dedication of the staff and the farmers, the area will suffer dilapidated infrastructure, particularly the canal, the underground pipes, and outdate technology at pump stations which will undermine the realization of high yields and production, resulting in the farming operations being continually affected by the shortages of water at critical times. There is therefore a great need to attend to the infrastructure to realize the untapped potential of the area. The financial results on the Makhathini irrigation scheme have been presented below:

ADA - PMB

The ADA - PMB provides administrative operations for the ADA and does not meet the requirements of reportable segment. This segment is disclosed to ensure the total segment information's transactions and balances reconcile to the entity's segment financial results.

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43. Segment information (continued)

Segment surplus or deficit, assets and liabilities

2025

	ADA - Jozini	# ADA - PMB	Total
Revenue			
Water supply revenue	11 288 129	-	11 288 129
Project management fees	-	773 220	773 220
Rental income	308 725	-	308 725
Sundry income	6	-	6
Interest revenue	8 339 447	631 851	8 971 298
Revenue from non-exchange transactions	43 636 926	134 420 623	178 057 549
Total segment revenue	63 573 233	135 825 694	199 398 927
Entity's revenue			199 398 927
Expenditure			
Salaries and wages	21 194 249	45 948 873	67 143 122
Water and electricity	37 013 942	-	37 013 942
Repairs and maintenance	3 353 713	-	3 353 713
Depreciation, amortisation and impairment	3 616 288	2 157 495	5 773 783
Debt Impairment	14 645 700	-	14 645 700
Goods and services	6 402 820	70 500 173	76 902 993
Bad debt written off	5 572 750	-	5 572 750
Total segment expenditure	91 799 462	118 606 541	210 406 003
Total segmental surplus/(deficit)	(28 226 229)	17 219 153	(11 007 076)

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43. Segment information (continued)

	ADA - Jozini	# ADA - PMB	Total
Assets			
Inventory	3 479 026	-	3 479 026
Receivables from exchange transactions	14 679 539	1 157 065	15 836 604
Deposits	3 019 423	17 000	3 036 423
Prepayment	-	55 682 379	55 682 379
Property, plant and equipment	39 140 899	6 369 565	45 510 464
Investment property	2 497 931	-	2 497 931
Cash and cash equivalents	74 077	17 892 438	17 966 515
Intangible assets	-	447 494	447 494
Total segment assets	62 890 895	81 565 941	144 456 836
Total assets as per Statement of financial Position			144 456 836
Liabilities			
Finance lease obligation	-	357 316	357 316
operating lease liability	-	1 075 918	1 075 918
Payables from exchange transactions	6 735 255	1 080 422	7 815 677
Unspent conditional grants and receipts	-	63 604 923	63 604 923
Provisions	-	3 553 239	3 553 239
Payables from non-exchange transactions	-	6 173 962	6 173 962
Deposits received	5 160	-	5 160
Total segment liabilities	6 740 415	75 845 780	82 586 195
Share capital			5 000
Accumulated surplus			61 865 641
Total net asset and liabilities as per Statement of financial Position			144 456 836

2024

ADA - Jozini # ADA - PMB Total

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43. Segment information (continued)

Revenue			
Revenue from non-exchange transactions	57 150 799	141 986 069	199 136 868
Sundry income	-	130	130
Interest revenue	6 816 233	717 991	7 534 224
Rental income	253 543	-	253 543
Water supply revenue	10 571 109	-	10 571 109
Recoveries	30 000	-	30 000
Total segment revenue	74 821 684	142 704 190	217 525 874
Entity's revenue			217 525 874
Expenditure			
Salaries and wages	20 872 909	45 176 197	66 049 106
Water and electricity	31 960 011	-	31 960 011
Repairs and maintenance	5 174 659	-	5 174 659
Depreciation, amortisation and impairment	3 557 641	2 189 713	5 747 354
Impairment of direct transfers	-	3 114 965	3 114 965
Debt impairment	2 866 051	-	2 866 051
Goods and services	-	99 437 080	99 437 080
Total segment expenditure	64 431 271	149 917 955	214 349 226
Total segmental surplus/(deficit)	10 390 413	(7 213 765)	3 176 648
Assets			
Inventory	5 026 116	-	5 026 116
Receivables from exchange transaction	19 609 183	429 308	20 038 491
Deposits	2 870 041	17 000	2 887 041
Prepayment	-	23 385 875	23 385 875
Property, plant and equipment	40 516 356	8 336 136	48 852 492
Investment property	2 571 347	-	2 571 347
Cash and cash equivalent	-	20 896 194	20 896 194
Intangible assets	-	536 993	536 993
Total segment assets	70 593 043	53 601 506	124 194 549
Total assets as per Statement of financial Position			124 194 549

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	ADA - Jozini	# ADA - PMB	Total
43. Segment information (continued)			
Liabilities			
Finance lease obligation	-	354 491	354 491
Payables from exchange transactions	6 701 568	2 742 039	9 443 607
Unspent conditional grants and receipts	-	27 257 034	27 257 034
Leave accrual	-	2 970 273	2 970 273
Deposits received	-	6 207	6 207
Payables from non-exchange transactions	-	11 285 222	11 285 222
Total segment liabilities	6 701 568	44 615 266	51 316 834
Share capital contribution			5 000
Accumulated Surplus			72 872 715
Total liabilities and net assets as per Statement of financial Position			124 194 549

44. Principal versus Agent

A principal-agent arrangement results from a binding arrangement in which one entity (an agent), undertakes transactions with third parties on behalf, and for the benefit of, another entity (the principal).

National Skills Fund

The Agribusiness Development Agency (ADA) entered into an agreement with the National Skills Fund (NSF) in terms of which the ADA is to implement various Skills Development Programmes within the agricultural sector. This includes agricultural production, nature conservation and water & wastewater treatment qualifications. All students/learners are recruited as per the relevant SETA requirements and will exit with an NQF National Certificate.

No infrastructure relating to this project was capitalised in the prior years and in the current year. There are no resources under the custody of the ADA relating to NSF at period end.

The funds held on behalf of the principal is **R6 173 962** (Prior Year: **R9 496 542**) as at 31 March 2025.

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44. Principal versus Agent (continued)

Ntingwe Tea Estate

The Agribusiness Development Agency (ADA) is currently responsible for the oversight of operations at Ntingwe Tea Estate. The operational expenses are mainly paid through the utilisation of a grant from DARD. Ntingwe issued a directive granting the ADA to utilise the revenue from sales to cover any operational expenditure.

No funds were held on behalf of the principle as at year end.

Ntingwe Tea Estate- 2025	Opening balance	Receipts	Payments	Closing balance
Employee cost	-	-	(4 225 310)	(4 225 310)
Operating expense	-	-	(874 268)	(874 268)
Insurance refund	-	150 000	-	150 000
Receipts	1 788 680	3 069 354	-	4 858 034
Interest	-	91 544	-	91 544
	1 788 680	3 310 898	(5 099 578)	-

National Skills Fund - 2025	Opening balance	Receipts	Payments	Management fees	Closing balance
Reciepts	9 496 542	24 180 845	(27 599 187)	(150 000)	5 928 200
Interest	-	245 762	-	-	245 762
	9 496 542	24 426 607	(27 599 187)	(150 000)	6 173 962

Ntingwe Tea Estate - 2024	Opening balance	Receipts	Payments	Management fee	Closing balance
Tea Sales	878 958	6 590 152	-	-	7 469 110
Interest	-	346 207	-	-	346 207
Employee cost	-	-	(4 150 295)	-	(4 150 295)
Operating expenses	-	-	(6 789)	-	(6 789)
Construction	-	-	(1 861 415)	-	(1 861 415)
Petty cash	-	-	(8 138)	-	(8 138)
	878 958	6 936 359	(6 026 637)	-	1 788 680

National Skills Fund - 2024	Opening balance	Receipt	Closing balance
Receipts	-	9 496 542	9 496 542

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45. Contingencies

Surrender of surpluses

The entity annually declares all surpluses or deficits to the KwaZulu Natal Provincial Treasury from the period 1 August to 30 September of each year, using its audited annual financial statements as the basis for calculation of surpluses or deficits.

The entity surrenders for re-depositing into the Revenue Fund, all surpluses that were realised in a particular financial year –

(a) which were not approved for retention by the KwaZulu Natal Provincial Treasury in terms of section 53(3) of the PFMA; or

(b) where no application was made to the relevant Treasury to accumulate the surplus in terms of section 53(3) of the PFMA.

The surpluses are surrendered for re-depositing into the Revenue Fund by no later than 30 November of each year, as prescribed.

Failure by the entity to submit a surplus retention request to the relevant Treasury by 30 September each year will result in the entity having to surrender the surplus to the relevant Revenue Fund by 30 November, unless there has been a delay in the finalisation of the audit.

In the case of a delay in the finalisation of the audit –

(a) a letter is sent to the relevant Treasury by the 30th September explaining the delay.

(b) a surplus retention request is submitted to the relevant Treasury within 30 days of finalising the audit.

The entity will request for the retention of surplus funds amounting to **R415 449** as per the table below:

Surplus funds	R
Cash and cash equivalents at 31 March 2025	11 792 553
Payables from exchange transactions & contractual commitments	(11 377 104)
	415 449

Cash and cash equivalents excludes cash held on behalf of the Principal.

46. Reconciliation between budget and cash flow statement

Reconciliation of budget surplus/deficit with the net cash generated from operating, investing and financing activities:

Operating activities

Actual amount as presented in the budget statement	885 124	-
Basis differences	(1 377 022)	-
Net cash flows from operating activities	(491 898)	-

Investing activities

Actual amount as presented in the budget statement	(2 740 323)	-
Basis differences	692 093	-
Net cash flows from investing activities	(2 048 230)	-

Financing activities

Basis differences	(389 551)	-
Net cash generated from operating, investing and financing activities	(2 929 679)	-

AgriBusiness Development Agency Trust

(Registration number IT 2041/1999/N)

Annual Financial Statements for the year ended 31 March 2025

Notes to the Annual Financial Statements

Figures in Rand	2025	2024
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47. Budget differences

Material differences between budget and actual amounts

1. Sale of goods and services.

The amount was invoiced but not paid by the end of the financial year.

2. Entity revenue other than sales

Interest is recognised once the funds are spent in line with the conditions of the agreement. Interest collected is more than anticipated due to lower project expenditure and higher than expected positive cash balances held throughout the year.

3. Grant revenue

An amount of R11million was received in the 2023/24 financial year and roll forwarded to be utilised in the current financial year.

4. National Skills Fund

R9,47million for implementing current year projects was received in 2023/24 financial year, while implementation for R5,1 million projects was delayed and funds will be received in the 2025/26 financial year.

5. Compensation of Employees

Expenditure for compensation of employees excludes board remuneration as this was budgeted for under goods and services. Actual expenditure was lower than anticipated due to staff resignations.

6. Goods and services

Details for the total under expenditure are provided in the table below:

Details	R
- Funds held on behalf of NSF to be disbursed in 2025/26	6 173 962
- Funds to be received and disbursed in 2025/26 from NSF	5 084 393
- Accrued expense paid in 2025/26	7 815 677
Expenditure committed at year end through purchase orders to be paid for in 2025/26	2 511 660
	21 585 692

Differences between budget and actual amounts basis of preparation and presentation

The budget and the accounting bases differ. The annual financial statements are prepared on the accrual basis using a classification based on the nature of expenses in the statement of financial performance. The annual financial statements differ from the budget, which is approved on the cash basis. The approved budget covers the year from 1 April 2024 to 31 March 2025.

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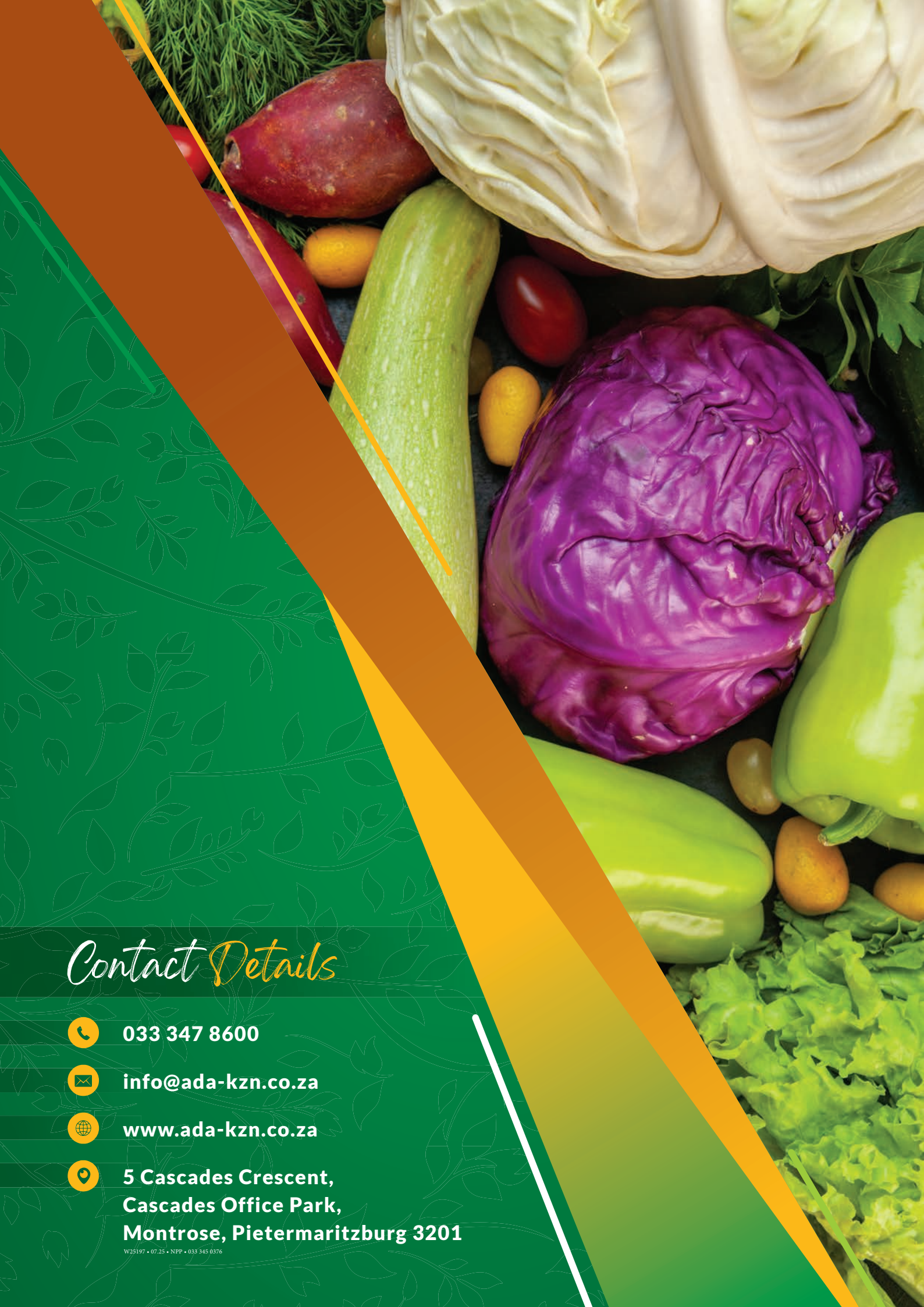
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NOTES

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