



AGRIBUSINESS
DEVELOPMENT AGENCY

ANNUAL
REPORT
2023 / 2024



- AGRIBUSINESS DEVELOPMENT AGENCY -

ANNUAL REPORT 2023/2024

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PART A

GENERAL INFORMATION

1.1 PUBLIC ENTITY'S GENERAL INFORMATION

REGISTERED NAME	:	AGRIBUSINESS DEVELOPMENT AGENCY TRUST
REGISTERED NUMBER	:	IT 2041/1999/N
PHYSICAL ADDRESS	:	5 CASCADES CRESCENT CASCADES OFFICE PARK MONTROSE PIETERMARITZBURG 3201
POSTAL ADDRESS	:	PRIVATE BAG X01 MONTROSE PIETERMARITZBURG 3202
TELEPHONE NUMBER	:	+27 33 347 8600
E-MAIL 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 RD, BLOCK B, CASCADES PIETERMARITZBURG 3201
BANKER	:	ABSA BANK 5 CHATTERTON ROAD TOWNHILL, PIETERMARITZBURG 3201
BANKER	:	STANDARD BANK SHOP 91, MIDLANDS MALL SANCTUARY ROAD PIETERMARITZBURG 3201
COMPANY/BOARD SECRETARY	:	MS SIBONGAKONKE MKHWANAZI

1.2 LIST OF ABBREVIATIONS / ACRONYMS

4IR	Fourth Industrial Revolution
ADA	Agribusiness Development Agency
AGSA	Auditor General South Africa
APAP	Agricultural Policy Action Plan
APP	Annual Performance Plan
ARDC	Agriculture & Rural Development Portfolio Committee
ARC	Audit & Risk Committee
AWG	Action Working Group
B-BBEE	Broad-Based Economic Empowerment
BPR	Business Process Re-engineering
CASP	Comprehensive Agricultural Support Programme
CEO	Chief Executive Officer
CFO	Chief Financial Officer
COVID-19	Corona Virus Disease of 2019
DAFF	Department of Agriculture, Forestry and Fisheries
DALRRD	Department of Agriculture, Land Reform and Rural Development
DARD	Department of Agriculture and Rural Development
DFI	Development Financial Institution
DORA	Division of Revenue Act
DUT	Durban University of Technology
DWYPD	Department of Women, Youth and Persons with Disabilities
EDTEA	Economic Development, Tourism and Environmental Affairs
EE	Employment Equity
EXCO	Executive Committee
FPC	Finance Portfolio Committee
FAO	Food and Agriculture Organization
FMD	Food and Mouth Disease
FMPPI	Framework for Managing Programme Performance Information
FSPAPP	Framework for Strategic Plans and Annual Performance Plans
GBV	Gender Based Violence
GBVF	Gender Based Violence Forum
GDP	Gross Domestic Product
GNU	Government of National Unity
GWMEF	Government Wide Monitoring and Evaluation Framework
HOD	Head of Department
HR	Human Resource
HRM	Human Resource Management
HRRC	Human Resource Recommendation Committee
IEH	Industrial Economic Hubs
IMF	International Monetary Fund
IP	Industrial Plan
IPAP	Industrial Policy Action Plan
ITGC	Information Technology Governance Controls
IoT	Internet of Things

KZN	KwaZulu-Natal
LRA	Labour Relations Act
MANCO	Management Committee
MEC	Member of Executive Council
MPL	Member of Provincial Legislature
MTBPS	Medium Term Budget Policy Statement
MTDP	Medium Term Development Plan
MTEF	Medium Term Expenditure Framework
MTSF	Medium Term Strategic Framework
NDP	National Development Plan
NEPF	National Evaluation Policy Framework
NERSA	National Energy Regulator of South Africa
NGP	New Growth Path
OHS	Occupational, Health and Safety
PEMP	Poverty Eradication Master Plan
PFMA	Public Finance Management Act
PGDP	Provincial Growth and Development Plan
PGDS	Provincial Growth and Development Strategy
PFC	Projects Finance Committee
PRRC	Projects Recommendations and Review Committee
RASET	Radical Agrarian Socio-Economic Transformation
SA	South Africa
SARB	South African Reserve Bank
SAWS	South African Weather Service
SCM	Supply Chain Management
SCOPA	Standing Committee on Public Accounts
SEDA	Small Enterprise Development Agency
SEZ	Special Economic Zone
SOPA	State of the Province Address
STI	Science, Technology and Innovation
SWOT	Strengths, Weaknesses, Opportunities and Threats
VR	Virtual Reality
WEP	Women Empowerment Programme
WOAH	World Organization of Animal Health
WRC	Water Research Commission



FOREWORD BY

The Member of the Executive Council (MEC)

MS T. P. MADLOPHA-MTHETHWA, MPL

MEC: KwaZulu-Natal Department of Agriculture and Rural Development

It is a privilege to table the Annual Report of the Agribusiness Development Agency (ADA) for the 2023/24 financial year. ADA is an entity of the Kwa-Zulu Natal Department of Agriculture and Rural Development (DARD) that has a mandate to advance agribusiness value chain development, growth and transformation in the Province of Kwa-Zulu Natal.

The Annual Report is a legislative requirement for the entity in terms of the Public Finance Management Act (PFMA) and National Treasury Guidelines informed by the need for public institutions to maintain open and transparent governance systems.

The Annual Report intended for the consumption of oversight structures, stakeholders and the general public, provides insight on the state of the Entity's financial position and service delivery achievements in line with the approved Annual Performance Plan. For assurance to these stakeholders, the Annual Report is audited by the Auditor-General of South Africa.

As the term of the sixth administration has ended and the journey of the seventh administration has begun, we take pride in the work that the entity has done to improve the agribusiness prospects for black farmers and producers in the province of KwaZulu-Natal. The accomplishments of the 2023/24 financial year will also contribute to achievements registered from 2019-2024 of this medium-term.

At the beginning of the term of the sixth administration, the government announced seven (7) priorities of focus for government. ADA has made significant contribution towards the achievement of the following priorities during the sixth administration: Priority 1 - Capable, Ethical and Developmental State; Priority 2: Economic transformation and job creation and

Priority 3: Education, Skills and Health. With the start of seventh administration, the government will now be focused on three (3) key 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.

The Department has sought to create a multi-prong approach to agricultural development. The Department focuses on primary agriculture, farmer support, infrastructure development and commercialization of the sector and relies on Agribusiness Development Agency to intensify value chain development to increase the cohort of black farmers in the sector and agribusiness value chain.

We have seen progress made by the agribusinesses that are beneficiaries of ADA's support and the difference they are making in the sector. Our vision is to see an increase in the number of profitable and sustainable agribusinesses in the province of KwaZulu-Natal. ADA provides project support, facilitates construction of agribusiness infrastructure and conduct trainings to empower beneficiaries to run successful businesses.

In the previous financial year, the ADA regressed on their AG audit outcome from an unqualified audit opinion to a qualified opinion. The entity has given assurances that they will address their shortcomings with enhanced internal controls to improve the outcome during the next audit.

The financial performance of the entity will be closely monitored during the 2024/25 financial year with the necessary audit improvements.

During the course of this financial year, there were governance challenges that necessitated leadership changes at the board and management level to offer stability to the entity. We wish to commend the board for continuing to oversee the institution and for the management to execute their mandate.

It is pleasing to note that the staff members of ADA remain committed to serving the agribusiness fraternity. I would like to express gratitude to the Board Chairperson, Board of Trustees, Executive Management, Management and staff of the ADA for their continued effort and support in ensuring the success of the entity. In addition, I wish to thank

the Head of the Department of KZNDARD and his management team for working closely with the entity and providing the necessary support throughout the financial year. We are hopeful that the entity is headed in the right direction and will continue to drive agribusiness development and growth with excellence towards achievement of service delivery



.....
MS T. P. MADLOPHA-MTHETHWA, MPL
 MEC: KwaZulu-Natal Department of Agriculture
 and Rural Development



FOREWORD BY

The Chairperson of the Board

MR THEMBINKOSI WILLIES MCHUNU

Chairperson of The Board

INTRODUCTION

It is an honor and privilege to serve as the Accounting Authority of the Agribusiness Development Agency (ADA). It is with great gratification to present the ADA 2023/24 financial year.

The ADA begun the 2023/24 financial year on the backdrop of the previous financial year audit outcome with the determination to improve overall performance in the financial year under review. However, this was not attained as we had hoped and are hopeful that our overall performance will improve in the next audit.

Reflecting on the performance of the 2023/24 financial year, it is crucial to report that the ADA was seized with numerous upheavals, making it partially a challenging year. During the 2023/24 financial year, members of the Board were suspended by the former Hon. MEC pending an investigation which resulted in the Board being dysfunctional. To circumvent the impact of the suspension of Board members an interim Board was appointed in February 2024 for a period of 90 days.

The position of the Chief Executive Officer remains vacant, however, two officials acted in the position during the financial year. The shift in Governance and leadership allowed for the continued operations and oversight of the entity.

Stemming from the Board Strategic Planning Session held in November 2022, a resolution was taken to conduct the Business Process Re-engineering. The entity assumed the process in the 2023/24 financial year, which phase one (1) of the BPR has been concluded. As of the end of 2023/24 financial year, the BPR process is due for the implementation of phase one results.

The comprehensive process ought to be concluded by the end of the 2024/25 financial year.

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

The exploration and transition from a Schedule 3C provincial public entity to a Schedule 3D provincial public entity is one of the primary strategic focuses to enable the entity to generate revenue. Accomplishing this target, the entity will be able to support more enterprises and Agri-entrepreneurs within the province through partnerships leveraged funding from external stakeholders.

The entity is working to implement a more integrated approach to partnership development hence a strategic interchange for the entity was introduced of an innovative indicator that will fall under Finance and Administration Programme.

Another key strategic focus is the solidification of stakeholder relations and communication by taking a more active role in seeking stakeholder support and identifying partnerships. Thus far, to accomplish this goal, the Projects Unit have been involved in collaborating with pertinent stakeholders in a timely manner.

The ADA is still urged to support the vulnerable groups namely; women, youth, and people with disabilities as a priority. The ADA was able to support 67 agribusinesses in the 2023/24 financial year with various interventions, from agricultural infrastructure, mentorships, production inputs and market access.

The agribusinesses that the ADA supported were designed with a multi-year implementation strategy in mind, as this made sure that the support was implemented throughout. With the assistance from the ADA, these businesses have been able to create sustainable jobs and capacitated 468 individuals within the agribusiness sector to expand their

knowledge and skills set required within the industry. The individuals were trained on meat processing, farmer business management, record keeping, agricultural marketing, and global gap standards of the agricultural industry, all this for the main purpose of enhancing the commercialization of their businesses. The individuals who benefited from these trainings and jobs were all from the targeted groups in accordance with the entity's mandate.

From the 2023/24 financial year audit outcome, the Board has made a commitment that an audit improvement plan will be developed by management and monitored by the Board to ensure identified issues and concerns stemming from the audit are addressed in order to improve the entity's overall performance in the next audit.

STRATEGIC RELATIONSHIPS

The ADA guarantees that one of the primary strategic goals is to strengthen its stakeholder relationships with domestic and possible global partners due to the entity's strategy and performance within the agribusiness industry. Therefore, strategic partnership formation with key stakeholders is a critical matter for the organization. Developing strategic alliances is essential to realizing our mission and revolutionizing the agribusiness industry, partnerships are essential.

During the 2023/24 financial year, ADA established a partnership with the National Skills Fund (NSF) to capacitate 700 youth through learnership programmes (animal and plant production, nature conservation and water waste treatment). Further to this, the entity established partnerships with five (5) more strategic relationships through the signing of Memorandum of Understanding (MOU) for the purposes of the following key aspects; training and mentorships, and business incubation. The objectives for the provision of these trainings were to ensure that youth are part of the provincial overall initiatives to fight and reduce poverty as well as to make additional contributions to food security.

The South Africa's economic landscape, which is geared towards agriculture, stands as a cornerstone, deeply rooted in the nation's history and pivotal to its future prosperity. Recognizing the importance of agriculture, the establishment of Agri-Hubs emerges as a transformative initiative, poised to reshape the agricultural sector and, by extension, contribute significantly to the nation's socio-economic development.

During the State of the Province address (SOPA) 2023/24, the Premier at the time, Honourable Ms Nomusa Dube-Ncube pronounced to advance the implementation of the Agri-hubs and the commercial mechanization initiatives. It is also in the vision of the

new KZN Premier, Honourable Mr Thamsanqa Ntuli to invest in communities by building Agri-hubs in KZN to accelerate local economic development. Through the KZN DARD, the programme had been initiated for this specific goal. The strategic plan under this initiative is for the ADA to support enterprises that will feed into Agri-hubs.

In the 2024/25 financial year the ADA will ensure that our support will be for projects that are aligned to the Agri-Hubs' emphasis on specific commodities. This will reflect our dedication to driving meaningful and progressive change in agriculture.

The entity will continue to forge strategic alliances with key stakeholders in the 2024/25 financial year.

CHALLENGES FACED BY THE BOARD

In the 2023/24 financial year the Board of Trustees was seized with challenges that required multifaceted approaches. Collectively it was decided to deem these challenges as critical throughout the year and were able to establish relevant mechanism to moderate them as the Board while continuously and strategically in collaboration with the Executive Management of the entity with support, and guidance from our shareholder, KZN DARD.

These identified challenges were as follows;

1. The revenue collection process at the Makhathini Irrigation Scheme for the supply of water services and the costly maintenance of the scheme;
2. Functionality of the Board;
3. The recruitment of the Chief Executive Officer position; and
4. The unexpected budget cuts during the MTEF period affected the strategic direction of the entity.

THE STRATEGIC FOCUS OVER THE MEDIUM TO LONG TERM PERIOD

The Board of Trustees will undertake the development of a new strategic plan given the transition between the sixth and seventh administration.

A reflective process will ensue to assist the impact of the prior five-year strategic focus to allow the Board to draw on the development of the new five-year strategic plan for the seventh administration for better service delivery and achievement of impact in sustainability.

To secure the entity's long-term viability, the Board of Trustees ensured that the following areas were strategically prioritized over the medium and long terms:

1. Business Process Re-engineering (BPR) is undertaken to coordinate and optimize all operations and procedures in an efficient and effective manner and to further assess the organization's strategy, mandate, vision, and mission;
2. That our strategic focus over the medium period includes facilitating the readiness of our supported agribusinesses in the DARD's implementation of the Agri-Hubs in the upcoming financial year (2024/25), with an emphasis on the prioritized six key commodities value chain.
3. The Board will seek to prioritize driving support towards sustainable and impactful Enterprises for commercialization; and
4. The Board will conduct a feasibility to ascertain the long-term viability of becoming a schedule 3D listed public entity.

In the KwaZulu-Natal's agricultural landscape, the ADA continues to be an exclusive entity that is vital to food security and socio-economic progress. The organization is empowered by its mandate to promote inclusive participation, economic growth, and transformation in the agricultural sector as an effort by the Board to create a lasting impact in pursuing this objective.

ACKNOWLEDGEMENTS / APPRECIATION

I would like to acknowledge the leadership of the Honourable MEC, Ms. Thembeni-Madlopha Mthethwa and the firm support from the Department of Agriculture and Rural Development (DARD), in assisting and driving the ADA to deliver on its mandate effectively.

I also extend my deepest appreciation to ADA Board members who stood in office during the financial year under review. As we draw close to the end of term for the interim board members, I am pleased that most of our set goals were achieved, and some are work in progress.

I further wish to thank the Acting CEO, Dr. Nonhlanhla Myeni, the Executive Management, Management, and employees of the entity for ensuring service delivery to our targeted groups promptly and in a timely manner.

CONCLUSION

Despite the unfavourable audit outcome of the entity, as the Board we are committed to instituting rigorous improvements through a turnaround strategy that will address the identified challenges and gaps through enhanced internal controls and effective implementation of policies towards ensuring effective and efficient service delivery for food security in the agribusiness sector.



.....
MR THEMBINKOSI WILLIES MCHUNU

Chairperson of The Board
31 July 2024



OVERVIEW BY

The Chief Executive Officer

DR NONHLANHLA MYENI

Acting Chief Executive Officer

1. INTRODUCTION

It is with humility that I express my appreciation for the opportunity to serve the Agribusiness Development Agency as an Accounting Officer during latter part of the 2023/24 financial year under the auspices of the Honourable MEC for Agriculture and Rural Development and the Board of Trustees for the entity.

The ADA has embarked on a new trajectory of fostering radical transformation in its governance systems with the intention to bolster confidence from its strategic partners. The ADA's thrust to improving its governance structure and systems was hinged on improving Governance; addressing the areas of concern as encapsulated in our AG Audit Improvement Plan; Service Delivery Improvement (programmes and projects) and Strengthening Institutional Capacity. These interventions bode well with the new mandate ushered by the Government of National Unity (GNU) which has adopted a pragmatic stance illuminated in the three (3) strategic priorities of the 7th Administration, i.e. to drive inclusive growth and job creation; to reduce poverty and tackle the high cost of living; and to build a capable, ethical and developmental state.

As the ADA, we reaffirm our resolute commitment to build a growing and inclusive economy embedded in the fundamental principles delineated in the Statement of Intent, in which Government has committed to pursue rapid, inclusive and sustainable economic growth. This posture will underpin our strategic thrust of harnessing Government's ultimate objective of building a united, non-racial and prosperous society through deliberate efforts of massive participation by the previously disadvantaged majority in the agricultural sector markets and value-chains. The ADA will heed the clarion call made by the Honourable Premier to accelerate programmes aimed at championing youth development initiatives as one of the new Government's apex priorities.

We stand at the cusp of pivotal development. Our mandate demands we prioritize key strategic areas: bolstering service delivery mechanisms; driving sectoral transformation and fortifying our agribusiness enterprises. These imperatives are not mere objectives; they are the cornerstone upon which our future success will be built.

The agricultural hallmark of South Africa presents a landscape rich with complexity. We face challenges that range from climate variability to market access issues, yet within these challenges lie untapped opportunities. Our strategies will harness innovation to mitigate these challenges, ensuring growth that is both sustainable and equitable. In response to the myriad of challenges that impeded growth in the agricultural sector, our strategic focus has been realigned with the Agri-Hubs through extensive support towards commodities that aligns with this programme.

In the 2023/24 financial year, one of our strategic focus was the continuation of redefining and redesigning the organizational structure through the Business Process Re-Engineering (BPR) process. The completion of this process will culminate to the adoption of a new organizational structure that will create guaranteed streamlining of the ADA's business processes, which will enhance our efficacy in delivering services. The Phase One (1) included organizational redesign, focusing on the organizational structure, skills audit, and development of job descriptions. Phase Two (2) focuses on implementation and is envisaged for completion by the end of the 2024/25 financial year. This Phase includes matching and placement of staff, implementation of the new grading system and effecting culture change, to mention a few.

2. GENERAL FINANCIAL REVIEW OF THE PUBLIC ENTITY

ADA is funded mainly by the KwaZulu-Natal Department of Agriculture and Rural Development (DARD). The entity also receives an allocation from DARD for the operations of Ntingwe Tea Estate (Pty) Ltd operations. The company employs over 70% women and has capacity to employ over 800 seasonal employees during peak harvesting periods at full production levels. Ntingwe Tea Estate produces black and green tea and sells it in bulk to the local market and supplies to twenty-seven hospitals within the KZN province. The revenue from sales is reinvested into the operations of the Ntingwe Tea Estate to improve the plantation, ensure maintenance of the factory, production, and marketing activities.

The ADA is also responsible for the provision of water services for the Makhathini Irrigation scheme in uMkhanyakude District. Significant improvement has been realized through the Debt Collection Strategy implemented by the entity. Revenue collection has slightly improved in the 2023/24 financial year, and it is anticipated that control measures that have been put in place will yield more positive results in outer years.

The entity further entered into partnership with the National Skills Fund (NSF), with an injection of a staggering amount of R50 million that is aimed at empowering the youth through impartation of skills for improved economic participation within the agricultural sector.

3. SPENDING TRENDS OF THE ENTITY

The ADA total adjusted budget amounted to R 232,973 million for the 2023/24 financial year. Of the R232,990 million it includes an allocation where the entity entered into principal agent relationships as disclosed in the financial statements. This includes roll-over funds of R10 million from the 2022/23 financial year. The entity spent 91% of the budget. The entity will continue to receive funds for the 2024-27 Medium Term Expenditure Framework (MTEF) period, with severe budget cuts of R20 million (from the previous financial year). Due to these eventualities, the ADA had to moderately reduce the expenditure on operational activities and projects to accommodate these budget cuts.

4. CAPACITY CONSTRAINTS AND CHALLENGES FACING THE ENTITY

The position of the Chief Executive Officer (CEO) remains vacant. Whilst the vacancy of the CEO's position places the entity in a precarious situation of instability, service delivery has never been hampered, as the role has been effectively carried out by an acting CEO. However, there are several other key strategic positions that remain vacant, and

these will be filled when approval has been obtained from relevant authorities.

5. DISCONTINUED KEY ACTIVITIES

There are no discontinued activities.

6. NEW OR PROPOSED KEY ACTIVITIES

The new key activity is the implementation of the BPR.

7. REQUEST FOR ROLL-OVER OF FUNDS

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

8. SUPPLY CHAIN MANAGEMENT PROCESSES AND SYSTEMS

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

9. ALL CONCLUDED UNSOLICITED BID PROPOSALS FOR THE YEAR UNDER REVIEW

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

10. STRATEGIC CHALLENGES EXPERIENCED DURING THIS FINANCIAL YEAR

Due to budget constraints experienced nationally, the ADA experienced financial challenges which led to the implementation of cost-cutting measures. The ADA experienced a high turnover of staff and an unresolved issue of permanency of staff; however, it is anticipated that this matter will be addressed when the BPR process has been completed, which is expected to be completed by the end of the 2024/25 financial year.

11. AUDIT REPORT MATTER

Whilst the entity has experienced challenges in some of its systems and processes, significant progress has been recorded in other areas of governance where deficiencies were previously identified by the Auditor General. It is important to highlight that there were no misstatements identified on the annual performance report for the third time in a row which is showing the strength in the Planning, Monitoring & Evaluation Unit. Significant improvements were noted in comparison to the previous financial year for Revenue Management; and Procurement and Contract Management.

It is worth noting that the agency slightly regressed in 2023/24 financial year. However, this will be rectified in the new financial year where deficiencies have been noted. Stringent measures will be put in place to curb recurrence of audit findings that can potentially affect the entity's favourable audit opinion. A more watertight AG Improvement Plan will be devised to ensure that the entity achieves a clean audit in the new financial year, going forward.

12. OUTLOOK/PLANS FOR THE FUTURE TO ADDRESS FINANCIAL CHALLENGES

The KZN DARD has established a Special Purpose Vehicle (SPV) to accelerate the implementation of the Agri-hubs and the commercial mechanization programme. This SPV will attract investment, boost production, and establish both domestic as well as export markets for farmers in the Province of KwaZulu-Natal. The Agri-hubs programme is a strategy that seeks to facilitate agro-processing infrastructure for raw primary products that links producers with formal markets. This strategy will ensure that producers remain in business because they can supply products that meet or comply with stringent market standards. ADA has a role to play in the implementation of Primary production agribusiness enterprises through the establishment of new entrant farmers and rapid acceleration of existing farmers with substantial throughput that responds to the demand of the Agri-hubs. Funded projects will largely be aligned to this programme during the MTEF to ensure their sustainability, which will impact on the economic growth of the province and ameliorate the scourge of food insecurity.

The ADA will be exploring the feasibility and possible support for Cannabis/Hemp oil projects in line with the KZN DARD Cannabis Master Plan and planned intervention. This is a new niche project area.

13. EVENTS AFTER THE REPORTING DATE

There were no events after the reporting date.

14. ECONOMIC VIABILITY

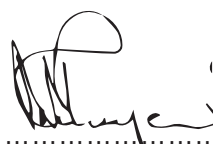
The ADA has aligned its assessment of projects for funding to the Comprehensive Agricultural Support Programme (CASP) since the 2023/24 financial

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.

15. ACKNOWLEDGEMENT/S OR APPRECIATION

As we reflect on another year of progress and achievement, I would like to extend my heartfelt appreciation to all our internal and external stakeholders who have played a part in our journey. The support, dedication and partnership has been instrumental in shaping our success, and we look forward to continuing this journey together, striving for even greater heights in years ahead.

I wish to express my heartfelt gratitude for the unwavering support received from the Honourable MEC for KZN DARD, Mrs TP Madlopha-Mthethwa, the Management of the Department of Agriculture and Rural Development led by the HOD, Mr ZN Dlamini, the Board of the ADA led by the Board Chairperson, Mr TW Mchunu, and the entire Management and staff of the ADA.



DR NONHLANHLA MYENI

Acting Chief Executive Officer Agribusiness
Development Agency
31 July 2024

1.6 STATEMENT OF RESPONSIBILITY AND CONFIRMATION OF THE ACCURACY OF 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.

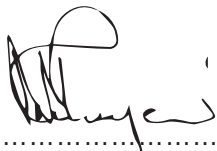
The Accounting Authority is responsible for the preparation of the annual financial statements and for the judgements made in this information.

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 entity for the financial year ended 31 March 2024.

Yours faithfully

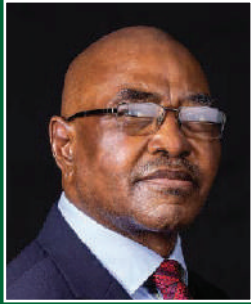


.....
Acting Chief Executive Officer
Name: Dr NP Myeni
Date: 31 July 2024



.....
Chairperson of the Board
Name: Mr TW Mchunu
Date: 31 July 2024

BOARD OF TRUSTEES



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Chairperson of the Board



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Interim Board Member



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Interim Board Member



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Interim Board Member



Mr Sifundza Masango
Interim Board Member



Ms Sibongakonke Mkwanaazi
Board Secretary (Acting)

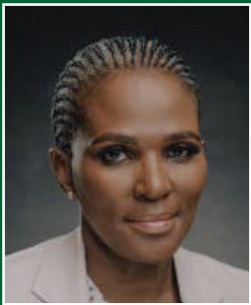
MEMBERS OF THE EXECUTIVE COMMITTEE



Ms Nonhlanhla Myeni
Acting Chief Executive Officer



Mr Siyabonga Mazibuko
Chief Operations Officer



Ms Mathobi Mhize
Chief Financial Officer



Mr Thabiso Selai
*General Manager:
Corporate Services*

1.7 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



VISION

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



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.



VALUES

- **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.”

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

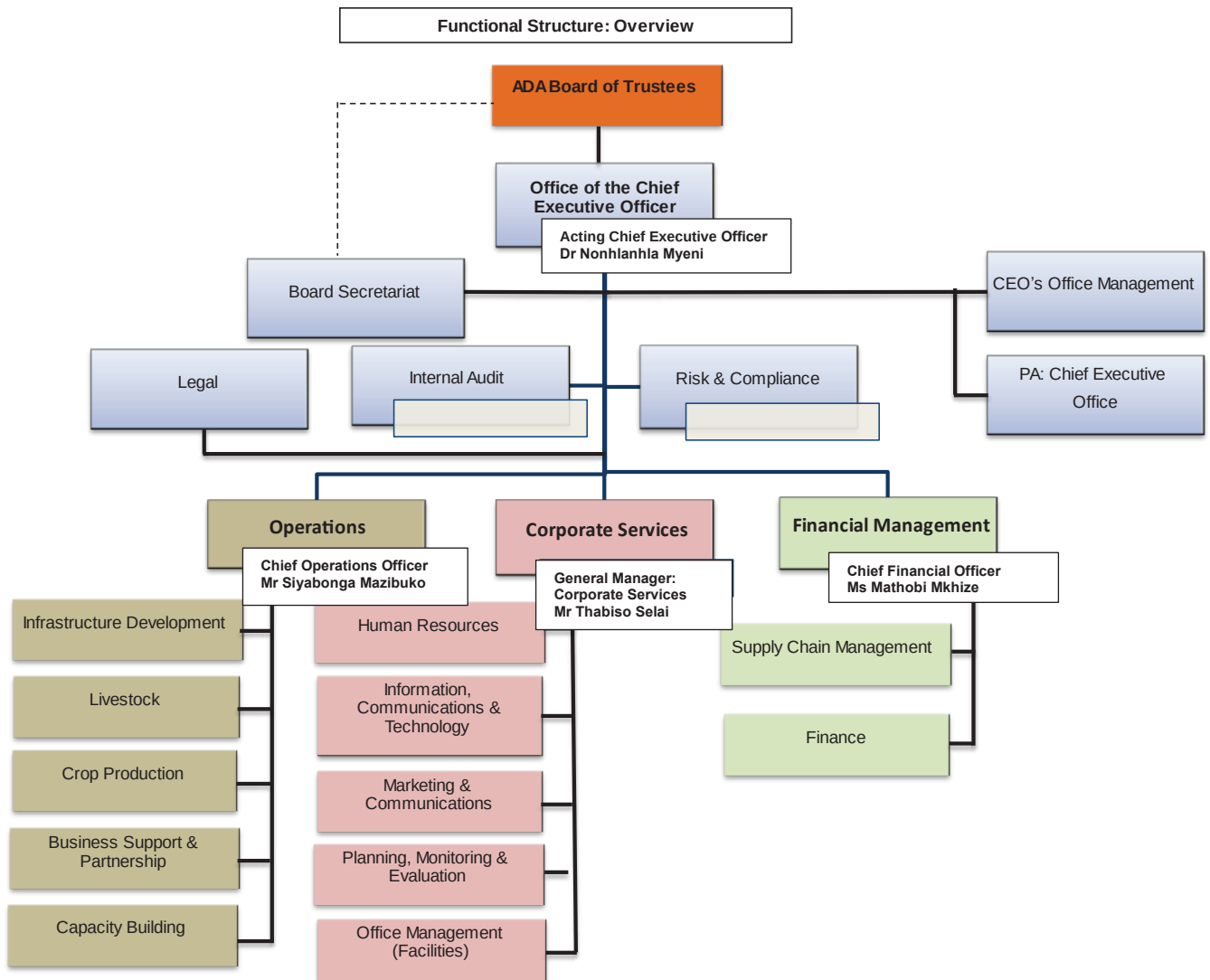
1.8 LEGISLATIVE AND OTHER MANDATES

The Agribusiness Development Agency (ADA) is a Schedule 3C Provincial Public Entity in KwaZulu Natal in terms of the PFMA.

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

- | | |
|---|--|
| <ul style="list-style-type: none"> • Cabinet Resolution No. 79 of 29 July 2009 authorizing the establishment of an Entity to support entrant commercial black farmers • The National Policy Governing the Comprehensive Agricultural Support Programme (CASP) • Land Reform Policy Guidelines and the Department of Rural Development and Land Reforms, Land Reform Recapitalization Programme • 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 Development Trust from the Department of Agriculture, Environmental Affairs and Rural Development to the Department of Economic Development • The Constitution of the Republic of South Africa, Act No. 108 of 1996 • Public Finance Management Act (PFMA), No. 1 of 1999 | <ul style="list-style-type: none"> • Broad-Based Black Economic Empowerment (B-BBEE) • National Treasury Regulations Gazette 23463 • Labour Relations Act (LRA), No. 66 of 1995 • Companies Act, No. 3 of 2011 • Occupational Health and Safety (OHS) Act, No. 85 of 1999 • The National Development Plan (NDP), 2030 – “Chapter 6: An integrated inclusive rural economy” • Medium Term Strategic Framework (MTSF) • Nine Point Plan – “Number 2: Revitalization of Agriculture and Agro-processing value chain” • New Growth Path (NGP) • Industrial Policy Action Plan (IPAP) • Agricultural Policy Action Plan (APAP) • Poverty Eradication Master Plan (PEMP) |
|---|--|

1.9 Organizational Structure





PART B

PERFORMANCE INFORMATION

2.1 AUDITOR'S REPORT: PREDETERMINED OBJECTIVES

The AGSA currently performs the necessary audit procedures on the performance information to provide findings engagement in the form of an audit conclusion. The audit conclusion on the performance against predetermined objectives is included in the report to management.

Refer to page 94 of the Auditors report, published as Part F: Financial Information.

2.2 OVERVIEW OF PERFORMANCE

2.2.1 SERVICE DELIVERY ENVIRONMENT – EXTERNAL SITUATIONAL ANALYSIS

Agriculture and Land Distribution

KwaZulu-Natal is a province in South Africa known for its diverse agricultural sector because of its topography and varied climatic regions. Agriculture plays a significant role in the province's economy, providing employment and contributing to food production. Some key aspects of agriculture and land distribution as it relates to the Province of KwaZulu-Natal include:

Land distribution: In South Africa, more especially KwaZulu-Natal this has been a very prominent issue. The government has implemented various land reform programmes to address historical land inequalities and promote equitable land distribution. Land reform efforts often involve land restitution, redistribution, and tenure reform.

Crop Production: KwaZulu-Natal is known for its diverse range of crops due to its varied climate and topography. Common crops grown in the province include sugarcane, maize, citrus fruits, subtropical fruits, vegetables, and timber.

Livestock: Livestock farming is also a significant part of the agricultural sector in KwaZulu-Natal. Cattle, poultry, sheep, pigs, and goats are among the commonly raised livestock.

Commercial and Subsistence Farming: KwaZulu-Natal has a mix of commercial and subsistence farming. Commercial farming often focuses on cash crops and export-oriented agriculture, while subsistence farming is crucial for local food security.

Challenges: Like many other parts of South Africa, KwaZulu-Natal faces challenges related to land tenure, access to resources, and agricultural productivity. Climate change and water scarcity can also impact farming in the region.

Agribusiness: Agribusinesses, including processing and marketing, are essential components of the agricultural value chain in the province. These businesses play a role in adding value to agricultural products.

(Service delivery Improvement Plan 2020-2024)

It is important to note that land reform in South Africa is a complex and contentious issue, and progress has been slow and faced with various challenges. Balancing the need for land reform with property rights and economic stability is a delicate task. The government has been working to find a balance that addresses historical injustices while promoting economic growth and stability.

The ADA has aligned all our programmes to work in unison with those of the National Development Plan (NDP) to ensure that the 2030 vision regarding land reform is achieved, creating a safe and viable economy within all sectors of government.

(Service delivery Improvement Plan 2020-2024)

The ADA has officially entered into the 7th Administration. General elections were held on the 29th of May 2024, the outcome of the elections resulted in a Government of National Unity (GNU) which will strengthen and provide direction for the 7th Administration. The New government has outlined its three (3) strategic priorities which received full support from Cabinet Lekgotla. Cabinet will further convene and engage on a further strategy to evaluate the Medium-Term Development Plan 2024-2029, which will convert into a comprehensive plan for achieving the priorities selected during the following five (5) years.

Government (Departments and Entities) will be required to develop new five-year strategic plans that are aligned with the new manifesto and priorities of government for the long-term period. It is anticipated that policies will be reviewed and amended in alignment with the national and provincial priorities.

(President Cyril Ramaphosa, 2024)

Agricultural Diseases

Foot and Mouth Disease

In a report released by the Department of Agriculture, Land Reform and Rural Development (DALRRD) dated 31 July 2024, it noted that KwaZulu-Natal had a total of 149 cases of the Foot and Mouth Disease (FMD) with last reported case on the 10th of May 2024 (Please see Table below: Summary of open and closed outbreaks per province in the previous FMD free zone without vaccination since 2021. 267 cases were reported in South Africa, however 175 of these cases are still open, KZN carrying the highest number of open outbreaks of 132. According to the report, 127 open outbreaks are related to communal dip tanks. Seventeen (17) cases of outbreaks have been closed with the World Organization of Animal Health (WOAH) as stated in table below.

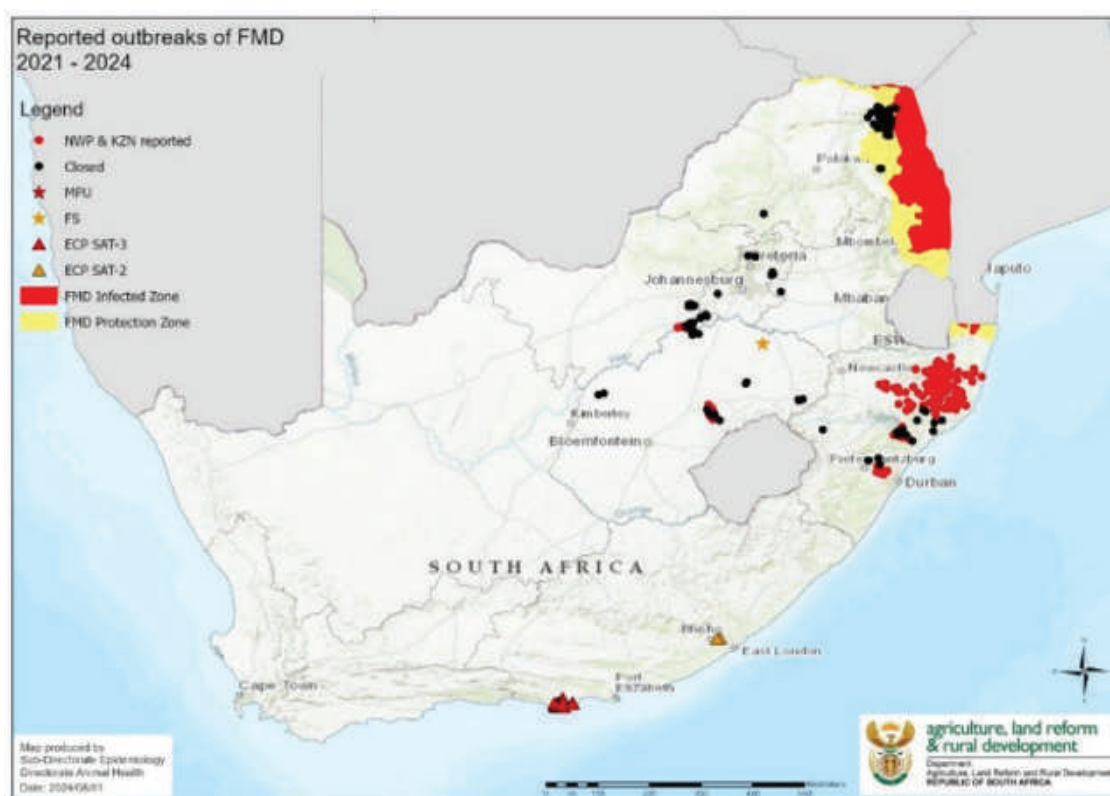
The table below shows a summary of open and closed outbreaks across seven (7) Provinces in South Africa.

Table 1: Summary of open and closed outbreaks per province in the previous FMD free zone without vaccination since 2021

Province	Number of open outbreaks	Number of closed outbreaks	Total number of outbreaks	Start date of last reported outbreak
Free State	20	21	41	07 Feb 2024
Gauteng	0	7	7	30 Aug 2024
KwaZulu-Natal	132	17	149	10 May 2024
Limpopo	0	8	8	25 Apr 2022
Mpumalanga	0	21	21	02 Aug 2022
North West	0	18	18	22 Nov 2022
Eastern Cape	23	0	23	01 July 2024
Totals	175	92	267	

(Department of Agriculture, Land Reform and Rural Development, 2024)

Figure 1: Open and closed FMD outbreaks in the previous FMD free zone without vaccination since 2021



(Department of Agriculture, Land Reform and Rural Development, 2024)

Here are some key points regarding foot-and-mouth disease in KwaZulu-Natal:

Outbreaks: FMD outbreaks can occur sporadically, and they have been reported in different regions of KwaZulu-Natal over the years. The province, like other parts of South Africa, has experienced periodic outbreaks of the disease.

Control Measures: The South African government, through the Department of Agriculture, Forestry and Fisheries (DAFF), typically implements strict control measures in response to FMD outbreaks. These measures may include quarantine zones, movement restrictions on livestock, culling of infected animals, and vaccination campaigns.

Impact on Livestock Industry: FMD outbreaks can have a significant impact on the livestock industry in KwaZulu-Natal. Trade restrictions may be imposed on the movement of animals and animal products, affecting both local and international trade. The disease can lead to financial losses for farmers and disruptions in the supply chain.

Vaccination: Vaccination is one of the key strategies used to prevent and control FMD. Vaccination campaigns may be carried out in affected areas to build immunity among livestock populations.

Surveillance and Monitoring: Regular surveillance and monitoring of livestock populations in KwaZulu-Natal and other affected areas are essential to detect and respond to FMD outbreaks promptly.

Biosecurity Measures: Farmers and livestock owners are encouraged to implement biosecurity measures to reduce the risk of FMD transmission, including controlling the movement of animals, practicing good hygiene, and reporting any suspected cases to authorities

(Department of Agriculture, Land Reform and Rural Development, 2022)

The ADA projects were indirectly affected by the outbreak of this disease that commenced in May 2021, 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 pro-active 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)

According to the Department of Agriculture, Land Reform and Rural Development (DALRRD), the new highly pathogenic avian influenza (HPAI H5) outbreaks have been ongoing since April 2023 and to date. A total of 22 cases of the HPAI H5 were reported to WOA which consisted of five (5) Provinces; namely: KwaZulu-Natal, Western Cape, Mpumalanga, North West and Northern Cape of the 22 only 4 outbreaks were from KZN under three (3) local Municipality as shown in table 2 below were reported. According to the report, only 11 cases of the new avian influenza were resolved on the 5 Provinces with 0 cases resolved in Kwa-Zulu Natal. A total of 108 outbreaks of the HPAI H7 were reported across 8 Provinces in South Africa, of the 108 only 1 case was in Kwazulu-Natal (Msinga local municipality). To try and curb the outbreak, research is underway on the development of a HPAI H7 vaccine.

Table 2: Affected Local Municipality Per Province for HPAI H5 in Poultry

Province and Local Municipality per province	Breeders	Broilers	Layers	Ostrich	Poultry (chicken)	Grand Total
06 KWAZULU-NATAL	3	-	-	-	1	4
609 Mpofana	0	-	-	-	1	1
611 The Msunduzi	2	-	-	-	-	2
612 Mkhambathini	1	-	-	-	-	1

Avian influenza is a viral infection found in domestic poultry and a wide range of other birds. Wild waterfowl and shorebirds are often sub clinically affected carriers of the virus. In poultry, low-pathogenicity strains can cause subclinical infections; however, some strains typically cause respiratory signs or decreased egg production.

KwaZulu-Natal had a total of 5 outbreak; 4 HPAI H5 and 1 HPAI H7. No projects of the ADA were affected. However, the ADA did put preventative measures in place such as ensuring that the chicken coups were cleaned and sanitized to standard, and that all poultry were vaccinated accordingly.

(Department of Agriculture, Land Reform and Rural Development, 2024)

Drought

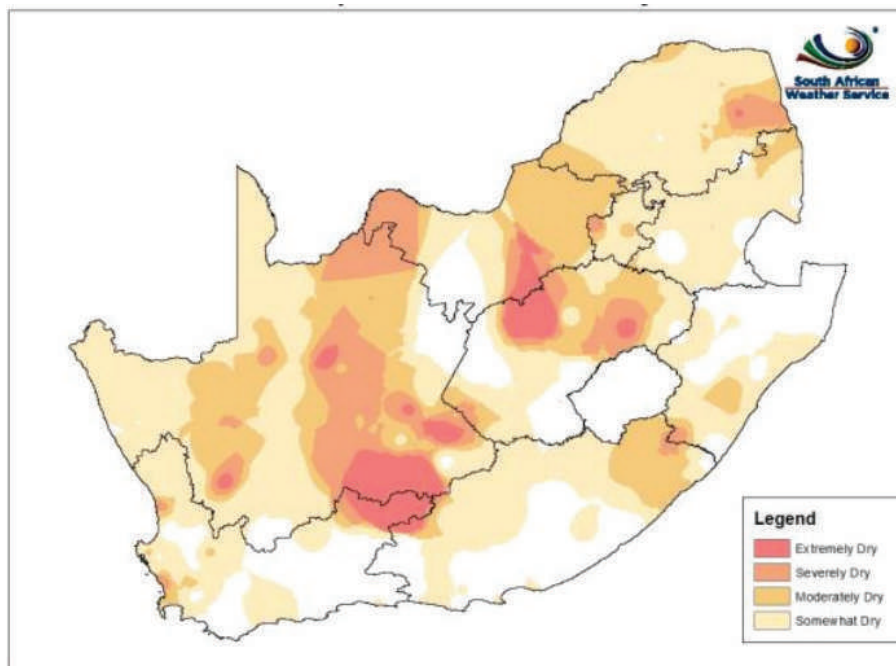
According to the South African Weather Service (SAWS) Drought bulletin dated June 2024, it was noted that during a 3 months period, April – June 2024 statistics indicated that KwaZulu-Natal experienced below normal rainfall and this led to a decrease by 1,2 % from the previous year in terms of dam full capacity, this still poses as a threat to KZN in experiencing drought. Crop and livestock production is threatened when a drought persists, irrigation becomes incredibly difficult to implement, and the projection of yields is reduced affecting revenue generation and pose as a threat to the sustainability of agribusinesses. These conditions affect food security and leave households and communities vulnerable. The table below compares the average dam level per province during the week of July 8th, 2024 to the same time the previous year.

Table 3: Provincial Dam levels in the week of 8th of July 2024 and for the same period in 2023

Provinces	% Of Full Capacity	
	Last Year	This Week
	08/07/2023	08/07/2024
Eastern Cape	79.4	82.8
Free State	98.5	84.5
Gauteng	99.2	85.9
KwaZulu-Natal	90.9	89.7
Limpopo	87.9	80.9
Mpumalanga	97.9	93.7
Northern Cape	93.8	77.2
Northwest	88.7	73.7
Western Cape	88.2	75.4

(South African Weather Service, 2024)

Figure 2: Short to medium-term SPI Maps for 1-month (June 2024; top), 3-month (April to June 2024; middle) and 6-month (January 2023 to June 2024; bottom)



(South African Weather Service, 2024)

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

Opening of Parliament Address by President Cyril Ramaphosa

On the 18th of July 2024, President Cyril Ramaphosa opened parliament. In the address by the President, he articulated the intended focus and foundation of the Government of National Unity (GNU) going forward was declared to the public with wide representation from various political parties who will craft and implement a common programme to build a better, more equal and just South Africa in the 5 years.

The GNU has decided to devote the next 5 years to activities that will achieve three (3) strategic priorities:

- i. Drive inclusive growth and job creation
- ii. Reduce poverty and tackle the high cost of living
- iii. Build a capable, ethical and developmental state

The President briefly reflected on the last 30 years of democracy as a significant milestone. He also acknowledged upheavals and accomplishments. The GNU will undertake any activity that contributes to long-term, rapid economic development; transformative growth that drives wealth and opportunity redistribution.

(President Cyril Ramaphosa, 2024)

State of the Nation Address

KwaZulu-Natal Floods and the effects on Agriculture

During the State of the Nation Address (SONA) held in February 2024, the President of the Republic of South Africa, Mr Cyril Ramaphosa, focused on economic recovery as a topic of concern, he noted that the South African (SA) government remain resolute that the economic re-calibration and reconstruction of the budget and together with the recovery plan which has set targets to address infrastructure and export development will certainly assist in the recovery of the economies GDP. 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 2023/24 financial year, the ADA facilitated support to 32 agribusiness enterprises with various agribusiness Infrastructure such as hydroponic tunnels; Irrigation; packhouse facilities to name but a few.

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.

In the Inaugural State of the Province address held on the 31st of July 2024, Honourable Mr Thamsanqa Ntuli, acknowledged the 1151 families that were affected by the flood in the Durban Metro and committed to move the victims to their permanent homes.

(Honourable Ntuli, SOPA 2024)

In April 2023, heavy rainfall caused severe flooding and landslides affecting the south and south-eastern part of South Africa. Particularly, in the Provinces of KwaZulu-Natal and Eastern Cape, authorities reported loss of lives, infrastructure damage and inundated cropland. Disaster Charter 755 was activated for South Africa.

Natural disasters like drought, floods, storms, and cyclones cause significant socio-economic damage and losses, as well as negatively impacting the agricultural sector. Although there were no projects supported by the ADA that were affected by the floods in 2023, the ADA remains ready to assist its beneficiaries who are affected by floods, or any destruction should such an incident occur. The new KZN Premier, Honourable Mr Thamsanqa Ntuli during his SOPA recently held on the 31st of July 2024; committed to rebuilding the provincial economy post-COVID-19 pandemic, post-unrest, post-natural disasters and to reinforce direction and coordination.

(President Cyril Ramaphosa, SONA 2024; and Honourable Premier Ntuli, SOPA 2024)

Loadshedding/Restoring Energy Security in Agriculture

Farmers that rely on irrigation have all expressed concerns that persistent loadshedding is negatively affecting production. In key field crops, roughly 20% of maize, 15% of soybean, 34% of sugarcane, and nearly half of the

wheat production are produced under irrigation. This was stated in a statistical report by Statistics South Africa released in January 2023. The blackouts have created problems at every step of the agricultural production chain, affecting crop irrigation, processing and storage. Stores have also taken costly measures to keep produce from spoiling on the shelves, Solly (2024).

Improvements were noted in the 2024 as the country has been without loadshedding for more than 150 days which have provided relief to our farmers and enabled good production and narrowed concerns on food security. Some parts of South Africa have experienced load reduction which aim a purpose of addressing issues of illegal connections and overloading in specific areas. In the SONA held in February 2024, the President Cyril Ramaphosa at the time outlined the five key interventions, namely to:

- fixing Eskom's coal-fired power stations and improve the availability of existing supply;
- enable and accelerate private investment in generation capacity;
- accelerate procurement of new capacity from renewables, gas and battery storage;
- unleash businesses and households to invest in rooftop solar; and
- fundamentally transform the electricity sector to achieve long-term energy security.

The president addressed the concerns over reliable sources of energy supply and that he was sure that the government had found a way to curve loadshedding and that this will be rolled out in the new financial year. This has also been a concern for the ADA, and we have in the past assisted our beneficiaries with generators and solar pumps to assist the business operations of the supported agribusinesses.

In the opening of parliament in July 2024, The President instilled hope to South Africans that the GNU had identified opportunities in renewable energy for inclusive growth through solar and wind resources. Renewable energy has the power to create major investments and steer the nation towards green manufacturing. The GNU have come up with a Just Energy Transition Plan, this plan sets out to also create opportunities of employment and economical growth with more than R1.5 trillion Investment set towards It.

(President Cyril Ramaphosa, SONA 2024)

Employment In Agriculture – Economic Growth

At the SONA address in February 2024, the President noted that the economy needs to grow much faster if we want to drop the unemployment rate in South Africa. During the President Cyril Ramaphosa's Opening of Parliament Address in July 2024, he indicated that Government had created almost 2 million jobs and will aim to create more as the GNU.

(President Cyril Ramaphosa, SONA 2024)

Between Q1-2024 and Q4-2023, employment grew in six industries. The agriculture industry saw a 2.3% rise (21 000) in employment, reaching 941 000 workers. In Q1:2024, agricultural employment increased by 46.6% in the North West province, followed by Gauteng (23.1%) and Mpumalanga (21.1%). Conversely, the Western Cape Province experienced the largest decrease of 8.0%, followed by KwaZulu-Natal (7.0%). Quarterly estimates indicate that agricultural employment grew by 2.3% (21 000) in the first quarter of 2024. In the fourth quarter of 2023, women engaged in agriculture climbed by 8 000 (2.8%), while males increased by 13 000 (2.1%) compared to Q4 2023.

Table 4: Agricultural employment by province

Employment by Agriculture per province	Jan-Mar 2023	Oct-Dec 2023	Jan-Mar 2024	Qtr.-to qtr. change	Year-on-year change	Qtr.-to qtr. change	Year-on-year change
	Thousand					Percentage %	
Total Agriculture	888	920	941	21	54	2.3%	6.1%
Western Cape	251	234	215	-19	-36	-8.0%	-14.2%
Eastern Cape	90	96	99	3	9	3.0%	10.3%
Northern Cape	41	58	54	-3	14	-6.1%	33.3%
Free State	82	73	79	5	-3	7.1%	-3.8%

Employment by Agriculture per province	Jan-Mar 2023	Oct-Dec 2023	Jan-Mar 2024	Qtr.-to qtr. change	Year-on-year change	Qtr.-to qtr. change	Year-on-year change
	Thousand					Percentage %	
KwaZulu-Natal	143	153	143	-11	-1	-7.0%	-0.5%
North West	45	53	77	25	32	46.6%	71.1%
Gauteng	32	38	47	9	15	23.1%	46.7%
Mpumalanga	81	86	105	18	24	21.1%	29.9%
Limpopo	124	129	123	-6	-	-4.4%	-0.6%

(Department of Statistics South Africa, Trading Economics and National Agricultural Marketing Council, 2024)

In the first quarter of 2024 in South Africa, employment in the formal non-agricultural sector dropped by 67,000, or 0.6%, reducing the total from 10,731,000 in December 2023 to 10,664,000 by March 2024. To narrow it down to the Province of KwaZulu-Natal, employment rose from 2.64 million in April-June 2023 to a high of 2.89 million in January-March 2024, before falling to 2.84 million in April-June 2024. This marks a 7.6% increase over the year but a 1.7% decline from the previous quarter, suggesting overall job growth despite recent declines. Unemployment in KwaZulu-Natal grew consistently, climbing from 1.19 million in April-June 2023 to 1.28 million in April-June 2024. This represents a 3.7% rise over the quarter and an 8.0% increase year-over-year, indicating that although more individuals are joining the labor market, not all are securing jobs.

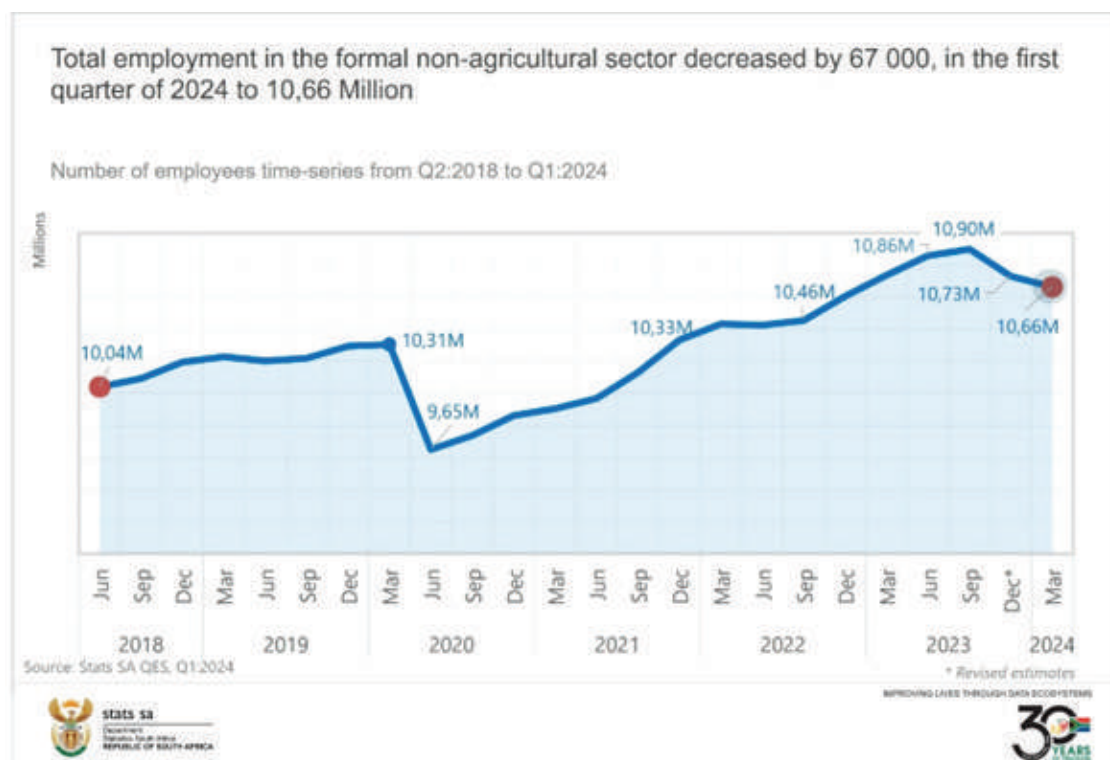
(Department of Statistics South Africa and Economic Development, Tourism and Environmental Affairs 2024)

The unemployment rate in South Africa as in the second quarter of 2024 is 33,5%. As with the unemployment rate, young people experience underemployment at far higher rates than older persons. With 60,8% and 41,7% experienced between age groups 15-24 years and 25-34 years. The GNU aims to alleviate unemployment in youth through priority 1; that is through massive investment in infrastructure.

The youth unemployment rate refers to the share of the workforce aged 15 to 24 that is currently not working but is actively searching for work, as reported by Statistics SA in the Quarter 2 report of 2024 on youth and unemployment.

(Department of Statistics South Africa and Trading Economics, 2024)

Figure 3: Total Employment in the formal non-agricultural sector



(Department of Statistics South Africa and Trading Economics, 2024)

Economic Outlook

The global economy is still recovering from three major adverse events which shocked the nation into an economic recession; these were the US-China conflict, the COVID-19 pandemic and the Russia-Ukraine war which triggered arguably the most economically disruptive period since World War II. All of these events had a major impact on The Ukraine – Russia war import-export for the economy. Geopolitical conflict is an important factor influencing the volatility risk of commodity markets. This has resulted in sizeable economic and financial shocks with the prices of agricultural products, energy and raw materials soaring.

As two major suppliers of energy, food and fertilizer commodities, the Ukraine – Russia war has caused disruption in supply to both developed and developing countries. The disruption to global food chains has driven up prices fuelling a cost-of-living crisis. The President emphasised during opening of Parliament in July 2024 the GNU will try to tackle the effects of geopolitical conflict through priority 2: To reduce poverty and tackle the high cost of living. This will be done through exemption from VAT of various basket of food items, fuel prices and other.

(President Cyril Ramaphosa, 2024 and Marco, 2023)

Despite facing obstacles like ongoing services inflation and trade conflicts, the global economy is anticipated to grow steadily at 3.1% in 2024 and 3.2% in 2025. As the Russia-Ukraine war intensifies, and countries continue to tighten monetary policies to cool inflation and demand. However, the full impact of monetary policy tightening is unlikely to be realized before 2024.

In an online article by the Royal African Society, it noted that geopolitical conflict is an important factor influencing the volatility risk of commodity markets. The Ukraine – Russia war has resulted in sizeable economic and financial shocks with the prices of agricultural products, energy and raw materials soaring. As two major suppliers of energy, food and fertilizer commodities, the Ukraine – Russia war has caused disruption in supply to both developed and developing countries. The disruption to global food chains has driven up prices fueling a cost-of-living crisis. Because of the SA stance on the ongoing Ukraine-Russia war this has resulted in a plunge of the rand and an aggressive sell-off of local stocks and bonds which does not look good for the economy on the long-term.

(Dambre and Macro, 2023)

According to the Budget Review Economic outlook report submitted by National Treasury, South Africa's 2023 GDP growth prediction has been reduced to 0.6% owing to power outages, freight train and port maintenance issues, and high living costs. The medium-term prognosis has somewhat improved, with an average growth rate of 1.6% projected, up from 1.4% in the 2023 Medium-Term Budget Policy Statement. Since 2012, GDP growth has averaged 0.8%, which is insufficient to alleviate rising unemployment and poverty. Long-term growth relies on boosting energy, freight rail, and port capacity, as well as reducing structural impediments to economic activity. The economic growth plan prioritizes macroeconomic stability and structural changes. The International Monetary Fund (IMF) projects that inflation in advanced economies will decrease from 4.6% in 2023 to 2.6% in 2024, and further to 2% in 2025. South Africa as a developing nation, Headline inflation is expected to decrease from 6% in 2023 to 4.9% in 2024 and further to 4.6% in 2025, as the inflation rates for food and fuel continue to fall.

(National Treasury, 2024)

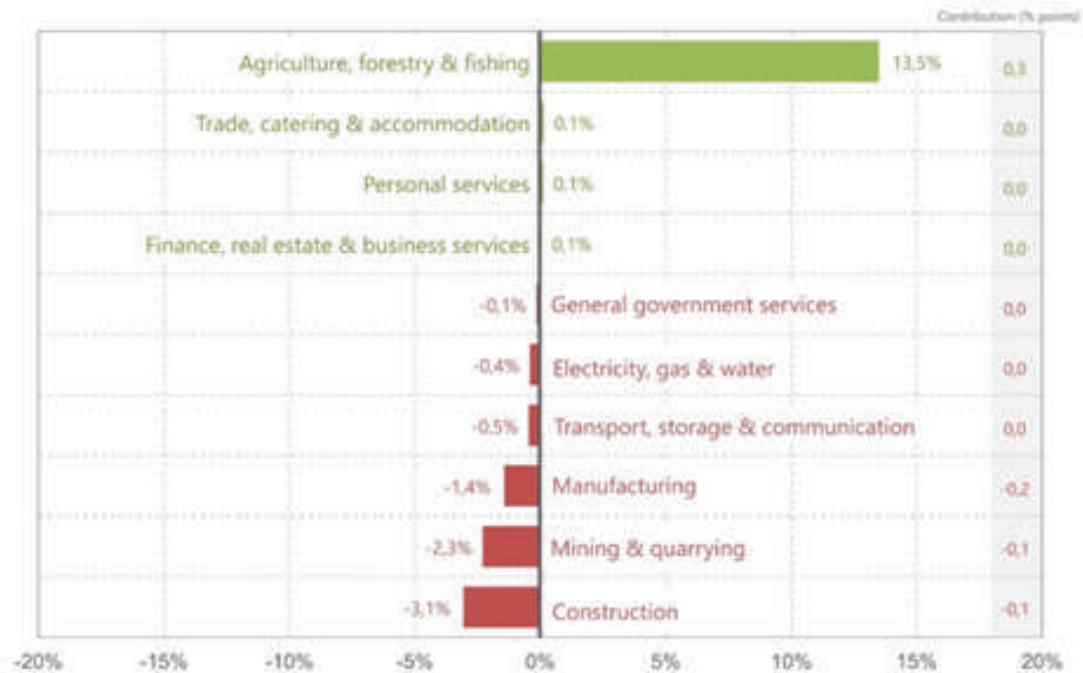
South African GDP

In Q1 2024, the South African economy shrank by 0.1% compared to a revised 0.3% growth in Q4 2023. Out of ten economic activities, six saw declines, including mining (-2.3%) and construction (-3.1%). In contrast, agriculture emerged as the primary positive contributor, growing by 13.5%, largely due to a robust horticulture sector that saw increased fruit production, see figure 4 below. On a year-on-year basis, GDP increased by 0.5% in Q1 2024, following a revised 1.4% growth in the prior quarter and falling slightly short of market expectations of a 0.6% rise.

(Trading economics, 2024)

Figure 4: Six industries recorded a decline in production in Q1: 2024

Industry growth rates – Q1: 2024 compared with Q4: 2023 (constant 2015 prices, seasonally adjusted). GDP contracted by 0.1%



(Department of Statistics, 2024b)

Poverty and Food Security Levels

In South Africa a notable proportion of the population is food insecure, for instance, from almost 18 million households, 15% and 6% respectively have inadequate and severe inadequate access to food as noted in a report published by the Academy of Science of South Africa in October 2023. Food insecurity was found to be highest in northern KwaZulu-Natal, with 91 out of 140 households (65.5%) struggling to access food.

In an abstract taken from Science Direct Online, it notes that food insecurity is one of the national priorities in South Africa and that the government has taken to implementing cash transfers as one of the ways to alleviate this problem. Although this is one way to solve the problem, this is not sustainable and is only a short-term solution.

(Mncube et al., 2023)

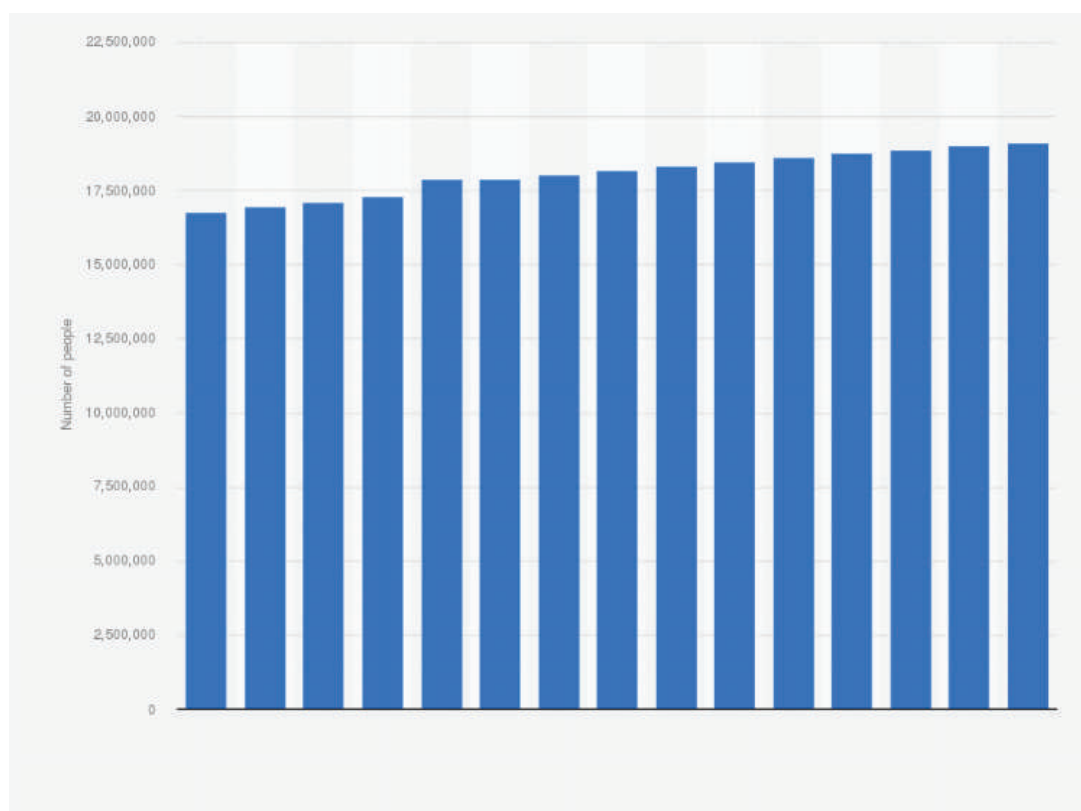
Agriculture is central to fostering economic growth, reducing poverty, and improving food security in South Africa. More than 70 percent of the rural population depends on agriculture for their livelihoods, and regional economic growth has been constrained by poor performance in the agriculture sector.

(Department of Statistics South Africa, 2024)

The poverty rate in South Africa for 2023 came in around 18.2 million people in South Africa are living in extreme poverty, with the poverty threshold at 1.90 U.S. dollars daily. This means that 162,859 more people were pushed into poverty compared to 2022. Moreover, the headcount was forecast to increase in the coming years. The GNU is set to reduce poverty through priority 2 outlined during the Opening of Parliament in July by the President by tackling income poverty, the SRD Grant, provision of title deeds for land which will allow citizens to establish gardens and contribute to food security therefore reducing poverty in rural and township areas.

(President Cyril Ramaphosa and Department of Statistics South Africa, 2024)

Figure 5: Forecasts of the Number of people living in poverty in SA from 2016-2030



(Galal, 2023)

The ADA has considered that food security and curving hunger is one of the main priorities of our GNU and as such has implemented strategies to help build a more inclusive, sustainable economy through our programmes. Focusing on capacity building as our core programme to help train and mentor our beneficiaries for long term benefit.

(Galal, 2023)

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. According to the Medium-Term Budget Policy Statement, 1 November 2023, the main budget deficit has increased by R54.7 billion compared with the 2023 budget estimates. South Africa's economy has performed dismally since its miracle transition to democracy. From 1994 to 2022, GDP per capita, an imperfect measure of average living standards, increased by 22%. By comparison, over the same period, GDP per capita growth in local currencies was 783% in China, 337% in Vietnam, 315% in Ethiopia, 285% in India and 216% in Poland, according to the World Bank. In South Africa GDP per capita in 2022 was lower than it was in 2007. It is expected to decline for another three years. By the end of 2025, the country will have had 18 years of declining average living standards. South Africa is now an unviable country that has record levels of unemployment, poverty and inequality, Gcubule (2023). Figure 1: Government revenue since 2016/17. Note: 2023/24* are Budget projections; 2023/24** are Institute of Economic Justice (IEJ) estimates.

Figure 6: Government revenue since 2016/17

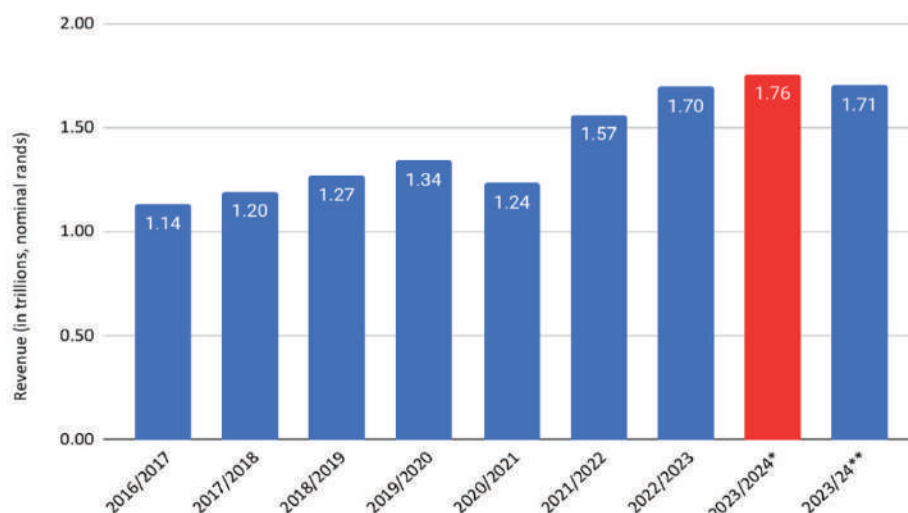


Figure 6: Government revenue since 2016/17. Note: 2023/24* are Budget projections; 2023/24** are Institute of Economic Justice (IEJ) estimates.

(Source: National Treasury, various Budget Reviews, Annexure Table 2, own calculations)

Due to the unavailability of budget and the rising annual budget deficits have reached an extent where the government will have to borrow an average of R553 billion per year over the medium term. This requires significant measures to avoid a fiscal crisis including substantial budget cuts.

ADA experienced and continues to experience major budget cuts which have impacted our project and the number of projects which we could support significantly. The budget shortfall for ADA requires re-focus and reprioritisation as reflected in the 2024/25 Annual Performance Plan. The ADA has considered this issue and has adjusted its support to project to align to the budget cuts and reprioritisation of funds for the 2024-2025 financial year.

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

Decreasing the policy interest rate can stimulate economic activity and cause inflation to rise. Lower interest rates encourage people to spend more and save less. Lower rates reduce the amount needed to pay off debt and that means more people will borrow money for major purchases like a new vehicle.

In July 2024, the South African Reserve Bank maintained the repo rate at 8.25%, its highest level in 15 years, for the seventh consecutive meeting, meeting market expectations. Despite this, two policymakers advocated for a 25 basis point cut. The central bank emphasized that maintaining a restrictive policy is necessary to keep inflation at 4.5% and deemed the current stance appropriate given the ongoing inflation risks. It is imperative to note that conditions of high inflation would negatively impact the level of investment. This then decreases the rate of investment in projects and encouraging speculative investment, causing failure of development, and economic instability.

Increased interest rates negatively impact businesses as the cost of capital needed to take on expansion and growth initiatives becomes higher.

(South African Reserve Bank, 2023 and Trading economics 2024)

Within the past two years there has been a steady rise in inflation and business have been faced with higher supply chain costs reducing the profit margin. Loadshedding, load reduction, unfavorable 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.

The ADA had adjusted its 2023-2024 budget to ensure that the support provided was in line with the budget while still gaining impact on the service provided to the projects and its community.

Agriculture, Trade, Personal Services and finance on GDP performance

The Agriculture, Finance, Personal services and Trade sectors were the most significant contributors to GDP in Quarter 1: 2024 and although transport contributed in the growth last quarter, this was not the case in quarter 1: 2024. The manufacturing sector showed a decline as well as the electricity, gas & water industries. The decline in the six industries led to the GDP contracting by 0,1%.

With the decline in GDP performance, Agriculture contributed the highest to the GDP, with a staggering 13,5%. This was mainly associated with a rise in the horticulture sector that saw increased fruit production. The ADA continues to provide support in this value chain year-after-year. The finance, real estate & business services, Trade, catering & accommodation and Personal services industry were the second positive contributors, tied in second place, expanding by 0,1%.

(Department of Statistics South Africa, 2024)

Science Technology and Innovation (STI)

The 2019 White paper signaled a need to shift our focus to be more innovative in our thinking towards technology. In 2021 the Department of Science and Innovation developed a decadal plan which highlighted the STI priorities supported by government towards the 2030 vision. The plan focuses mainly on Education, Health, Energy and Agriculture. The objective was to kickstart a South African hydrogen economy through the creation of a hydrogen Valley. Although this plan is not applicable to KZN as yet, it is believed that the outcomes of this project will certainly benefit the farming industry and agriculture as a whole. This programme is aligned to the Fourth Industrial Revolution (4IR) movement, in this regard the ADA has begun to research more innovative methods of farming, considering the use of drones and how to link technology/software tools to machinery for on/off infrastructure implements.

(Department of Science and Technology, 2019)

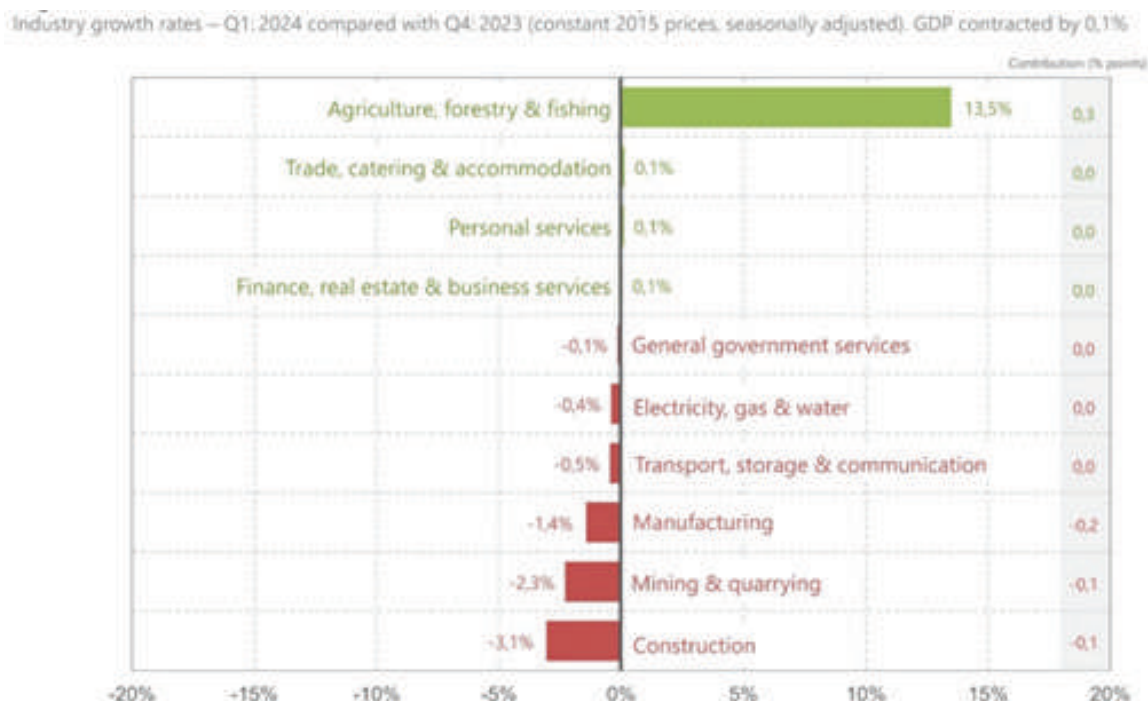
As part of the plans for 2024/25 financial year, the ADA will continue to source up to date information on the latest technology to assist farmers and entrepreneurs to work smarter and be more effective and efficient.

Economic Recovery From COVID-19: Not All Industries Are Equal

Figures released by Statistics South Africa show that the country's GDP declined by 0,1% in quarter 1, April to June 2024 compared to a rise of 0,3% in the previous quarter 4 of 2023. This decline was driven by the six industries shown in the figure below.

(Department of Statistics South Africa, 2024)

Six industries recorded a decline in production in Q1: 2024

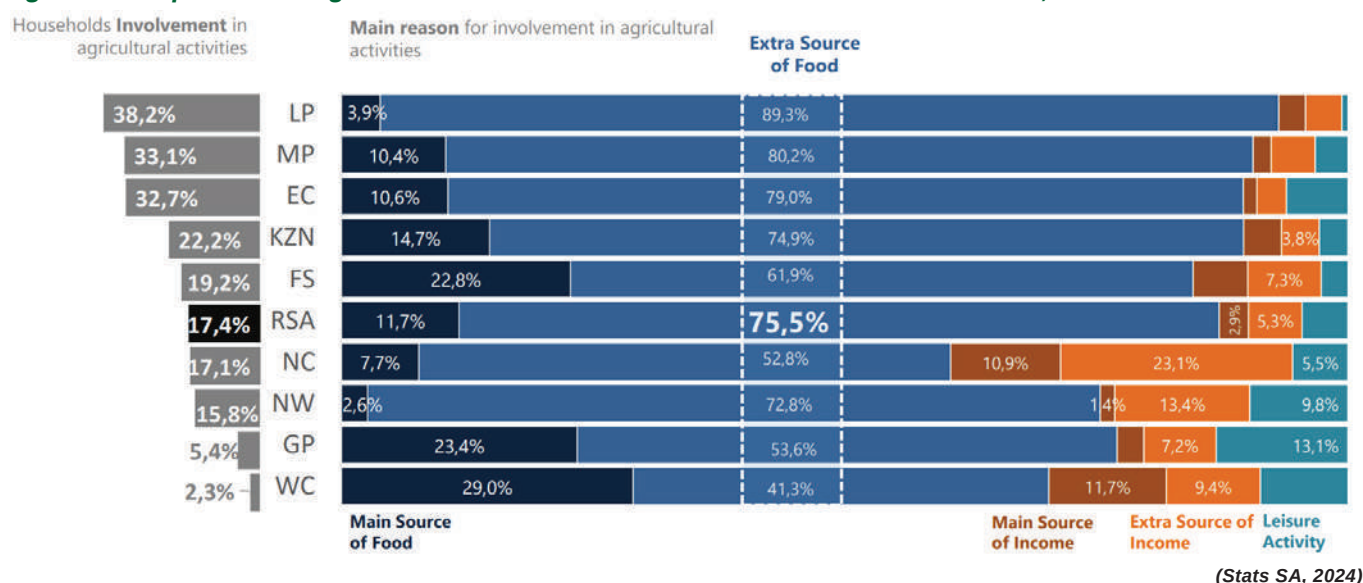


(Department of Statistics South Africa, 2024)

General Household Survey

In the most recent general household survey conducted by Stats SA, published in May 2024, 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 7: Proportion of Agricultural households & main reason for involvement, 2023.



The above graph shows that 17,4% of households across South Africa were involved in agricultural activities; 11,7% was for main source of food, 75% to produce additional food; 5,3% was for extra income and 2,9% as a main source of income during the reference period.

In KZN, 22,2% of households were involved in agricultural activities; 14,7% as a main source of food, 74,9% for additional source of food and 3,8% for extra source of income. The 3 leading provinces in terms of involvement in agricultural activities was Limpopo (38,2%) followed by Mpumalanga (33,1%) and Eastern Cape (32,7%). 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.

(Department of Statistics South Africa, 2024)

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.

In the 2024/25 financial year the ADA has considered the implications of increased severity in natural disasters through risk mitigation.

(South African Reserve Bank, 2023)

State of the Province Address - KZN

The new KZN Premier, Honourable Thamsanqa Ntuli during his KZN State of the Province Address (SOPA) recently held on the 31st of July 2024; committed in rebuilding a post-pandemic and post-unrest, post-natural disasters economy and to reinforce direction and coordination. The Honourable Premier rearticulated the 3 priorities of the GNU and indicated that Economic transformation and inclusive growth remain key economic growth pillars and a strategy to tackle unemployment and development initiatives more specifically among the vulnerable groups (youth, women and people with disabilities). He also noted that we needed to narrow the gap of gender-based inequality and poverty.

EIGHT KEY TAKE-AWAYS FROM THE KZN STATE OF THE PROVINCE ADDRESS 2024 ON THE 31ST OF JULY 2024 BY THE NEW PREMIER

1. Reaffirming Commitments
2. Economic Growth and Job Creation
3. Addressing Poverty and Improving Housing
4. Infrastructure and Development
5. Youth Empowerment and Innovation
6. Community Safety and Crime Prevention
7. Gender-Based Violence and Climate Change
8. Health and Education

(Honourable Premier Ntuli, 2024)

The ADA has taken cognizance of these 8 key take-away points and will endeavor 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.

(SOPA, 2024)

Economic Recovery Plan

Recovery and Reform - which includes interventions to restore the economy through the 3 strategic priorities and feed into the 8 key take-aways from the recently appointed KZN Premier highlighted above.

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, ADA will translate into the programmes and form part of implementation.

The ADA supports initiatives and programmes that address the key priorities 3 strategic priorities of GNU and will be implemented through its four programmes. The priorities of Government are supported through our existing programmes and associated indicators.

Radical Agrarian Socio-Economic Transformation (RASET) Programme

RASET model is aimed at improving the value chain of food production and supply for underprivileged farmers and emerging agro-businesses. It also seeks to create an alternative value chain in order to bypass structural barriers associated with the existing value chain. The model will also assist in creating opportunities for youth and women, increase food security, improve market opportunities for previously disadvantaged farmers and reduce dependency on state support as well as increasing agricultural land utilization.

The ADA through its Programme 3: Enterprise and Value Chain Development, has facilitated opportunities for expansive market access (i.e., product testing; exposure through exhibitions) and linkages (i.e., supplying the market). The ADA will in the new financial year seek to create further market access linkages and opportunities through the RASET programme and the piloted market incubation programme.

(KwaZulu-Natal Provincial Government and Ncube, 2024)

Agricultural Hubs

The Agri-hubs initiative stands as a pivotal element in the ADA's agricultural development strategy. These hubs, serving as a cornerstone for agricultural advancement and efficacy, are integral to our commitment to promoting sustainable and inclusive growth within the sector. Through a focused lens on key commodities, the Agri-Hubs offer a targeted framework for our interventions and investments, ensuring alignment with the distinct needs and potential of various agricultural areas. Our support for projects that synergizes with the Agri-Hubs' emphasis on specific commodities reflects our dedication to driving meaningful and progressive change in agriculture.

(IOL, 2024)

This commitment is a key aspect of fostering a supportive ecosystem for agribusinesses, with a special focus on empowering marginalized groups such as women, youth, and disabled persons. ADA's efforts aim to fortify their role in building a resilient and thriving agricultural future. The focus will be on developing and or expanding its support to the following key commodity value-chains:

1. Red meat value chain (beef, cattle & sheep)
2. Animal feed value chain & feed processing
3. White meat value chain with an emphasis to re-establish the poultry (broiler) industry
4. Intensive horticulture and high value crops corridor programme focusing on township and semi- urban economy
5. Goat production value chain as the major contributor to rural economy
6. Piggery Value Chain

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. Realizing that they can be key drivers of economic growth, innovation and job creation in our province.

(SOPA, 2022)

The ADA has considered the outcomes of this programme which are covered within our programme Comprehensive Capacity Building, Enterprise and Value Chain Development as well as Infrastructure Development. In the 2024/25 financial year the ADA has planned to support 40 enterprises which also comprises of support towards the targeted vulnerable groups such as women, youth and persons with disabilities.

Comprehensive Agricultural Support Programme

The Comprehensive Agricultural Support Programme (CASP) is a national government initiative to support provincial departments of agriculture, through a conditional grant.

The purpose of the CASP is to provide effective agricultural support services, promote and facilitated agricultural development by targeting beneficiaries of land restitution and redistribution and other previously disadvantaged producers who have acquired land through private means and are engaged in value-adding enterprises domestically or involved in exports.

The ADA will support the objectives of CASP in 2024/25 through the conditional grant from the provincial Department of Agriculture and Rural Development.

Lekgotla Resolutions

The ADA has incorporated key resolutions taken from previous Lekgotla meetings which impact the entity and will further adapt the revised priorities of government and resolutions of the new administration for implementation thereof (where applicable).

Medium-Term Development Plan (MTDP 2024-2029) Alignment

The Medium Term Strategic Framework (MTSF) has been renamed the Medium Term Development Plan (MTDP) under the 7th administration by the new GNU. The MTDP is the implementation plan from of the NDP. The MTDP 2024-2029 has been drafted and is currently being reviewed and will be adopted. According to a presentation report recently shared by the Department of Planning, Monitoring & Evaluation (DPME), the initial draft of the MTDP 2024-2029 has been developed using insights from a review of the methodology, which includes findings from evaluative reviews like the 30 Year Review, NDP 10 Year Review, the Indlulamithi Scenarios 2035, sector workshops, and various other sources. We need to rebuild and restore public confidence in South Africa through the 3 identified strategic priorities through catalyzing development opportunities and removing structural impediments to equality, opportunity and freedom. We need to move with speed as we focus on planning and implementation.

(Department of Planning, Monitoring & Evaluation, 2024)

Resolutions were taken during Lekgotla such as focusing on Infrastructure support, Capacity building, as well as ADA's commitment to work towards the reattainment of a clean audit outcome through the implementation of a vigorous audit improvement plan to improve performance and enhance efficiencies towards service delivery. These areas of support can be found across the 4 programmes of the ADA.

To ensure that the indicators and targets are aligned to the mandate of the MTDP, under the 7th Administration soon to be adopted. This plan is aligned to that of the DARD outcomes and complements the MTDP 2024-2029. As mentioned above, the MTDP is still in the draft phase which will impact the new Provincial and National priorities. During the 2022/23 financial year the ADA updated and realigned its planned activities to the provincial MTSF plan by identifying the programmes and indicators aligned to the NDP 2030. This document is a working document and will continually be updated and submitted to the KZN Office of the Premier and Action Working Groups I, B, C (AWG I, B, C) on a quarterly basis.

Agro-processing Sector

Agro-processing plays an important role in supporting economic development and thus contributing to poverty reduction and economic inclusion. As a result of its potential to contribute to broad-based economic development, various strategies have been developed at a national level to optimize the impact of agro-processing.

KwaZulu-Natal continues to offer favorable resources and conditions that can be developed for various hubs within the agro-processing sector.

Opportunities exist within the agribusiness sector through creation of employment is dominant, for secondary business to set up processing activities and create employment through the entire value chain. The agro-processing sector is still controlled to a great extent by large and well-established companies which historically have a large market share, giving them monopoly in production and processing; thus, the importance of building local production and processing by making funds accessible, transforming the sector and creating an enabling environment to drive this.

KwaZulu-Natal (KZN) remains well-placed to impact the agricultural sector in that it has, amongst other advantages, the following:

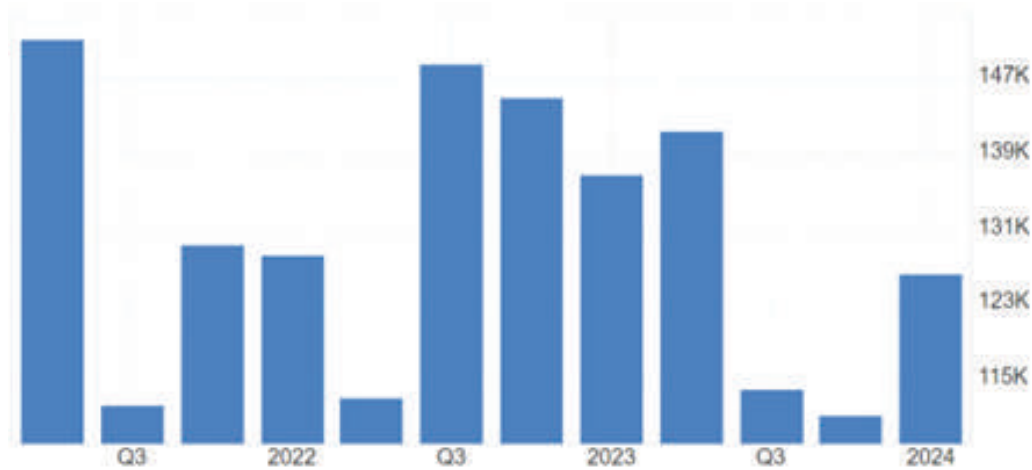
- Some developed and developing infrastructure which are essential to stimulate investment for the province.
- KZN has an important competitive advantage due to its proximity and logistical network (freight, rail, road and sea) to the Gauteng province, Durban markets and two of the busiest Ports in Africa (Durban and Richards Bay). The Dube Trade Port also offers opportunities for export.
- Abundant in natural resources, it has the second highest level of industrialization and the third highest export propensity in the country.
- It has international borders with Lesotho, Mozambique and Swaziland, with national borders with the provinces of the Eastern Cape, Free State and Mpumalanga. There is clearly an opportunity for international trade to gain access and grow the sizeable national market, using KwaZulu-Natal as a base.

(Department of Agriculture and Rural Development)

Quarterly Improvements in the performance of the Agricultural GDP

South Africa's agricultural GDP climbed to 126412 ZAR million in the first quarter of 2024, up from 111379 ZAR million in the fourth quarter of 2023. South Africa's GDP from agriculture averaged 86719.44 ZAR Million from 1993 to 2024, with an all-time high of 151353.13 ZAR Million in the second quarter of 2021 and a record low of 43536.51 ZAR Million in the first quarter of 1993.

Figure 9: The chart below shows a trend in the Agricultural GDP over 3 years



(Trading economics, 2024)

Expansion of BRICS

BRICS refers to a partnership of 5 leading emerging countries (Brazil, Russia, India, China, South Africa) which seeks to establish deeper ties between member countries and cooperate on economic expansion, including trade. The expansion of BRICS members to include Saudi Arabia, Iran, Ethiopia, Egypt, Argentina and the United Arab Emirates to join from 1 January 2024 creates new market opportunities and expanded market access for South Africa.

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

Cyber Vulnerabilities

In an environment where digital technologies are rapidly expanding, cyber security is becoming increasingly critical to protect digital assets and reduce the cost of costly security incidents. Cyber security protects digital systems, networks and data from unauthorized access, theft or damage. According to the IBM Security's annual Cost of Data Breach Report, the average data breach costs for South African organizations reached an all-time high of R49,5 million in 2023, an 8% increase over the last 3 years.

(Seacom, 2023)

The ADA has identified measures and technologies for 2024/25 to address cyber vulnerabilities and adoption of advanced technologies to improve efficiencies.

2.2.2 ORGANIZATIONAL ENVIRONMENT – INTERNAL SITUATIONAL ANALYSIS

Internal Situational Analysis

The ADA mandate is the driving force behind the programmes which we have developed and have planned targets set for achievement. Agriculture was declared a critical sector and as such was exempt from the harshest lockdown regulations as it is the major contributor to food security and the survival of human beings. However, the consequences and effects which the COVID-19 pandemic had on the country and in particular job losses in the agriculture sector are an unintended consequence.

The KwaZulu-Natal Province and South Africa will continue to see this pandemic as a major spoke in the wheel of government's ambition to increase employment in agriculture and agro-processing by 1 million jobs by 2030. The pandemic rollover effects are the number 1 contribution towards slowing down the impact which the ADA would have made in 2023/2024 financial year. Despite this the ADA is still determined to continue to support

enterprises towards agricultural commercialization and agro-processing through appropriate and suitable interventions for Capacity Building, Enterprise & Value Chain Development and Infrastructure Development.

The ADA funding support has moved from equitable share as its main source of funding to obtaining funds from the Comprehensive Agricultural Support Programme (CASP). This means that the projects which the ADA will focus on must fall within the funding scope of the CASP programme. The ADA plan to support 40 agribusiness enterprises in the 2024/25 financial year, towards reaching its key commodities which are focused on sustainability and full value chain participation. These were selected based on key commodity and value chain focus of the KwaZulu Natal Department of Agriculture and Rural Development and ADA.

In the SOPA address delivered on the 28th of February 2024 by the then Premier of KZN, Honourable Ms Nomusa Dube-Ncube she noted that the ADA must continue to drive livestock projects, as this sector was hindered in 2022/23 as well due to the foot and mouth disease breakout then. Livestock projects (including but not limited to beef, layers, goats and intensive sheep enterprises) will continue to be supported and implemented in the 2024/25 financial year. This is also evident to the recent KZN SOPA delivered by the new KZN Premier, Honourable Thamsanqa Ntuli on the 31st of July 2024 in activating economic growth and job creation through major investments in projects with emphasis on Agri-Hubs; this is one of the three (3) priorities of the new Government National Unity (GNU).

There were changes in leadership in 2023 and 2024 at both the executive and administrative levels, namely the appointment of the new KZN DARD MEC, Head of Department (HOD) for KZN DARD, and the appointment of new Acting Chief Executive Officer at the ADA.

The entity understands the importance of filling key critical positions such as that of the CEO and HR Manager. The entity will endeavor to complete the recruitment processes for these and other critical positions (that have since become vacant) during the 2024/25 financial year.

The ADA is exploring the feasibility and possible support for Cannabis/Hemp oil projects in further support of the KZN DARD Cannabis Master Plan and planned intervention. This is a new niche project area.

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. A budget of R1,4 billion has been allocated towards project investments at the Dube Trade Port. The Premier pledged to invest R2 billion in the future towards local economic development through Agri-Hubs. Furthermore, the new Premier aims to invest in the Youth of KZN by injecting R100 million towards an Empowerment Fund. This will aid innovation, economic growth and job creation.

(Honourable Premier Ntuli, 2024)

In the 2022/23 financial year the programme budgets were reduced by 30% due to budget cuts stemming from the impact of COVID 2019. Further to this, the entity's budget was cut by R20 million during the 2023/24 financial year which had some bearing on the four programmes.

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.

Ntingwe Tea Project

Ntingwe Tea Estate is a catalytic strategic priority project of the ADA. It aims to address both national and provincial government priorities under the GNU; more specifically priority 1: inclusive growth and job creation. Ntingwe Tea Estate has contributed tremendously to job creation; in terms of new jobs created and sustained realized under the ADA programmes.

The purpose of Ntingwe Tea Estate is to produce superior quality teas that compete with well established brands in the market in terms of flavour, briskness, and quality. It aims to be the employer of choice in Nkandla and contribute to the development and upliftment of the surrounding communities. Given its potential optimal production and processing levels it is envisaged that tea could be supplied to the local market with a huge

propensity for the export market. This in turn would attract potential establishment of partnerships both locally and internationally.

In the 2023/24 financial year the Ntingwe Tea project impacted the commercial sector through the Value Chain Development and Market Access programme for the entity. ADA was able to source off-takers / markets of the tea produce as well as ensure sales of the tea at the various exhibitions which the ADA participated in, and the tea was show cased.

Staff Complement and Staff Wellness

Productivity and healthy living go hand-in-hand. Accordingly, the ADA embraces staff wellness as a business imperative, and has put in place a well-structured wellness programme designed to encourage an equitable work- life balance. The ADA has developed an employee wellness programme to assist with employee wellness and staff engagement. The committee is liable to assist with the programme which was established in 2023/24 financial year and has done an exemplary job in addressing staff work and personal issues.

The programme provides health screenings, an employee assistance programme, healthy lifestyle information, educational talks and physical activities. Annually designed surveys which provide valuable feedback to the organization regarding the lifestyle and wellbeing of its staff members. Survey responses are used to continuously develop and redefine the wellness programme for the ongoing benefit of staff.

The Human Resource Unit, together with the Risk Management unit, have begun reviewing the HR policies. This review has ensured that it addresses aspects of gender-based violence and femicide (GBVF) such as sexual harassment in the workplace and recruitment in addressing gender disparities with regard to women in management roles to support and enhance Women Empowerment to bring gender balance and equality at all levels of management.

In the State of the Province Address (SOPA) on Wednesday 28 February 2024, the then KwaZulu-Natal Premier Honourable Ms Nomusa Dube-Ncube commended provincial government officials for working tirelessly to respond to devastating floods and the July 2021 riots, as well as other challenges. The new Premier of KZN Honourable Thamsanqa Ntuli also reflected on the social unrest of July 2021 and acknowledged this caused a major setback on some businesses as they had to close doors. Honourable Premier Ntuli pledged to provide financial and technical support through the Department of Economic Development Tourism and Environmental Affairs (EDTEA) to assist those affected.

(Makhaye, 2024)

During the SOPA address held in February and July 2024, the Premiers (then and current) noted that GBVF against women and children are a shameful blight on our hard-won freedom and democracy. Even with the commencement of a drive against this crime, it seems that there is still an increase in GBVF which may require more resources to combat. The new Premier urged the need to continue to fight this blight through the Provincial Integrated Plan.

Business Process Re-engineering (BPR)

The BPR process has resulted in the adoption of a new organisational structure that was designed to ensure full alignment with the mandate of ADA, as well as to enhance internal coordination and address efficiencies. Lines of accountability have been redefined and designed in a manner that will enable ADA to provide an improved holistic service to its beneficiaries.

As a result of the amalgamation/rationalisation of entities, the ADA Board of Trustees took a resolution in November 2022 for BPR process to review the entities organisation design and address efficiencies for service delivery. The BPR process is a two phased process of which phase one started in April 2023 and ended in December 2023. Phase One (1) included organisational redesign, focused on the organisational structure, skills audit and development of job descriptions. Phase two of the BPR process is in the implementation phase which commenced in August 2024. This will include matching and placing of staff, implementation of the new grading system and effecting culture change, to mention but a few. It is envisaged that the process should be completed by the end of the 2024/25 financial year.

2.2.3 Key Policy Developments and Legislative Changes

The recent policy developments and legislative changes are the following:

- Revenue Collection and Debt Management Policy;
- Provision for Bad Debts and Write Off
- Funding policy
- Employee Performance Management Policy and Procedures
- Marketing and Communications Policy
- Supply Chain Management Policy

2.2.4 Progress towards Achievement of Institutional Impacts and Outcomes

2.2.4.1 Programme One: Finance and Administration

OUTCOMES	OUTPUTS	OUTPUT INDICATORS	TIME FRAMES	5 YR TARGET	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%	98%
		Number of approved procurement plans submitted to Provincial Treasury	Quarterly	15	7
		Number of annual strategic documents produced on planning and reporting as per statutory requirements (APP 2022/23 and AR 2020/21)	Quarterly	10	9
		Percentage of actions completed in line with the approved IT Implementation Plan	Quarterly	100%	70,25% (This indicator was removed for the 2022/23 financial year as we were focusing on more strategic indicators)
		Percentage of internal audits conducted in line with the approved audit plan	Quarterly	100%	95,6%
		Percentage of actions completed in line with the approved Risk Management implementation Plan	Quarterly	100%	92,5%

OUTCOMES	OUTPUTS	OUTPUT INDICATORS	TIME FRAMES	5 YR TARGET	ACHIEVEMENT TO DATE
	Improved Governance Matters	Number of project lists approved by the Board of Trustees	Annually	3	2 (This indicator was discontinued in the 2022/23 financial year)
		Number of reports produced on the rationalization of Mjindi Farming	Annually	1	0 (This indicator was discontinued in the 2020/21 financial year as the process was moved to DARD)
	Fully capacitated Organizational Structure	Number of funded positions occupied relative to the approved structure (organogram)	Annually	90	107 (This indicator was discontinued in the 2021/22 financial year)
	Improved Stakeholder Relations	Number of stakeholder engagement meetings held	Quarterly	20	16 (Indicator was discontinued in the 2020/21 financial year)
		Number of Partnerships established to support agribusiness	Quarterly	12	12

2.2.4.2 Programme Two: Comprehensive Capacity Building

OUTCOMES	OUTPUTS	OUTPUT INDICATORS	TIME FRAMES	5YR TARGET	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 (2023/24)	Annually	3	2
		Number of training sessions facilitated for targeted groups	Quarterly	150	200
		Number of enterprises supported through capacity building initiatives	Quarterly	170	624
		Number of entrepreneurs trained in their related agribusiness enterprises	Quarterly	400	630
	Transformed, skilled agri-entrepreneurs that are competitive in the sector	Number of individuals trained in the agribusiness sector	Quarterly	1500	2129

2.2.4.3 Programme Three: Enterprise and Value Chain Development

OUTCOMES	OUTPUTS	OUTPUT INDICATORS	TIME FRAMES	5YR TARGET	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	363
		Number of enterprises supported with operational inputs	Quarterly	60	61 (Indicator was discontinued after the 2021/22 financial year)
		Number of exhibitions facilitated for the supported agribusiness enterprises	Annually	18	15 (Indicator was discontinued after the 2021/22 financial year)
		Number of agribusiness enterprises supported towards market access	Quarterly	110	105
	Facilitate and promote investments in the agribusiness to foster transformation	Number of youth owned enterprises supported within agribusiness	Quarterly	80	75
		Number of women owned enterprises supported within agribusiness	Quarterly	100	130
		Number of supported agribusiness enterprises owned by persons with disabilities	Annually	5	2
		Number of funding application strategies developed	Annually	1	1 (Indicator was discontinued after the 2021/2022 financial year)
		Number of project applications packaged and presented to committees for approval	Quarterly	40	0 (Indicator was discontinued after the 2021/2022 financial year)
	To create and sustain jobs directly and indirectly along the agricultural value chain	Number of jobs created and sustained in the supported agribusiness enterprises	Annually	1500	1707

2.2.4.4 Programme Four: Infrastructure Development

OUTCOMES	OUTPUTS	OUTPUT INDICATORS	TIME FRAMES	5YR TARGET	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	60	72
		Number of enterprises supported with agro-processing infrastructure	Quarterly	40	30 (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	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 physical infrastructure	Quarterly	60	41 (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	47
	To maintain pipe network for distribution of water supply	Number of irrigation infrastructure equipment maintained to ensure constant water supply to the scheme	Quarterly	80	166

2.3. INSTITUTIONAL PERFORMANCE INFORMATION PROGRAMME

2.3.1 PROGRAMME 1: FINANCE AND ADMINISTRATION

Purpose of the Programme:

This programme is dedicated to the provision of core support services to ensure good governance, effective management and administration of the institution. This is done through developing and implementing effective management systems for Finance; Supply Chain Management; Human Resources; Planning, Monitoring & Evaluation; Legal Services; Risk & Compliance Management; Office Management; Internal Audit; Marketing & Communications and Information Technology. This programme also plays a pivotal role in supporting other existing programmes within the institution to enable them to render quality service to our clients.

Strategic Outcomes and Actual Achievements:

PROGRAMME 1: FINANCE AND ADMINISTRATION							
Outcome	Output	Output Indicator	Audited Actual Performance 2021//2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	** Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement for 2023/2024
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%	99,5%	100%	100%	0%
		Number of approved procurement plans, and quarterly reports submitted to Provincial Treasury	5	1	1	1	0
		Number of annual strategic documents produced on planning and reporting as per statutory requirements (APP 2024/25 and AR 2022/23)	2	2	2	2	0
		Number of Entity Evaluation Plans adopted for implementation	New indicator	New indicator	1	1	0
							Target Achieved.
							Target Achieved.
							Target Achieved.
							Target Achieved.

PROGRAMME 1: FINANCE AND ADMINISTRATION							
Outcome	Output	Output Indicator	Audited Actual Performance 2021//2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	** Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement for 2023/2024
		Percentage of actions completed in line with the approved IT Implementation Plan	87%	- No target due in the 2022/23 Financial year. Indicator not part of the 2022/23 APP	100%	100%	0%
		Percentage of internal audits completed in line with the approved audit plan	100%	104,2%	100%	91%	-9%
		Percentage of actions completed in line with the approved Risk Management implementation plan	85%	100%	100%	100%	0%
	Improved Governance matters	Number of project lists approved by the Board of Trustees	1	-	-	-	-
							No target due in the 2023/24 financial year. Indicator was reviewed and discontinued, not part of the 2022/23 and 2023/24 APPs.

PROGRAMME 1: FINANCE AND ADMINISTRATION								
Outcome	Output	Output Indicator	Audited Actual Performance 2021//2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	** Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement for 2023/2024	Reasons for deviations
		Number of Corporate Services Strategies developed adopted for implementation	New indicator	New indicator	1	1	0	Target Achieved.
	Fully capacitated organizational structure	Number of funded positions occupied relative to the approved structure (organogram)	107	-	-	-	-	No target due in the 2023/24 financial year. Indicator was reviewed and discontinued, not part of the 2022/23 and 2023/24 APPs.
		Improved stakeholder relations	Percentage of actions completed in line with the approved Marketing and Communications	54.5%	No target due in the 2022/23 Financial year. Indicator not part of the 2022/23 APP	100%	100%	0%
		Number of stakeholder engagement meetings held	8	-	-	-	-	No target due in the 2023/24 financial year. Indicator was reviewed and discontinued, not part of the 2022/23 and 2023/24 APPs.
		Number of Partnerships established to support agribusiness	2	4	6	6	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.

2.3.2 PROGRAMME 2: COMPREHENSIVE CAPACITY BUILDING

Purpose of the programme:

This programme seeks to avail capacity building support to agribusiness enterprises that lack adequate allocation to fund the capacity building of their staff. It also seeks to allow for the provision of “after funding support” to agribusiness enterprises that may be gaining market share but could benefit from training initiatives funded by the ADA. It opens the opportunity for the ADA to respond to prospective clients whilst they await inclusion on the project list. It further provides a mechanism for extending capacity to agribusinesses whose growth is currently limited by lack of human capital. Training may be extended to address direct production capacity needs for existing ventures or building the capacity of the agribusinesses ahead of diversification into a new industry or enhanced participation along the value chains. Training may also be provided to groups who require the training to help build their businesses.

STRATEGIC OUTCOMES AND ACTUAL ACHIEVEMENTS:

PROGRAMME 2: COMPREHENSIVE CAPACITY BUILDING							
Outcome	Output	Output Indicator	Audited Actual Performance 2021//2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	** Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement for 2023/2024
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 (2024/25)	New Indicator	1	1	1	0
		Number of training sessions facilitated for targeted groups	79	35	35	39	+4
							Target Exceeded. 4 Additional training sessions were facilitated due to increased demand, which were not part of the initial plan and had no budgetary implications on the approved budget for the 2023/24 financial year as these additional training sessions were conducted by ADA staff.

PROGRAMME 2: COMPREHENSIVE CAPACITY BUILDING							
Outcome	Output	Output Indicator	Audited Actual Performance 2021//2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	** Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement for 2023/2024
		Number of enterprises supported through capacity building initiatives	90	81	70	117	+47
		Number of entrepreneurs trained in their related agribusiness enterprises	109	94	100	115	+15
	Transformed skilled Agri-entrepreneurs that are competitive in the sector	Number of individuals trained within the agribusiness sector	597	408	450	468	+18
							Target Exceeded. 47 Additional Entrepreneurs were trained through various capacity building initiatives during the financial year within the approved budget for the 2023/24 financial year.
							Target Exceeded. 15 Additional Entrepreneurs were trained through various capacity building initiatives during the financial year within the approved budget for the 2023/24 financial year.
							Target Exceeded 18 Additional Individuals were trained through various capacity building initiatives during the financial year within the approved budget for the 2023/24 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 that were established during the COVID-19 pandemic in prior years. Virtual platforms have allowed for expanded reach to support participants in different areas within the province.

2.3.3 PROGRAMME 3: ENTERPRISE AND VALUE CHAIN DEVELOPMENT

Purpose of the programme:

This programme is aimed at creating institutional reforms and incentives to unlock business opportunities and to help create financially productive and self-sustaining agribusiness enterprises for designated groups in the province. The Enterprise and Value Chain Development programme creates an environment that ensures enterprises deliver their finished product/s to the market and focuses on linking our beneficiaries to the market whilst ensuring that their products are of the quality standards required by the off taker in order to unlock agribusiness opportunities across the entire value chains.

In promoting responsiveness, the programme seeks to address needs as they arise during the financial year for initiatives that warrant a prompt response and where the intervention will have a multiplier effect. The programme seeks to address the non-tangible capacity needs of the business ranging from product testing to securing exhibition space at events that are attended by possible clients and off-takers.

Strategic Outcomes and Actual Achievements:

PROGRAMME 3: ENTERPRISE AND VALUE CHAIN DEVELOPMENT								
Outcome	Output	Output Indicator	Audited Actual Performance 2021//2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	** Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement for 2023/2024	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	78	52	56	67	+11	Target Exceeded. The over-achievement was due to enterprises that were supported and not part of the 2023/24 project list (i.e., Deferred projects from 2022/23; Special Interventions; Intergovernmental projects; Agro-processors)
		Number of enterprises supported with operational inputs	33	-	-	-	-	No target due in the 2023/24 financial year. Indicator not planned for in the 2023/24 FY.

PROGRAMME 3: ENTERPRISE AND VALUE CHAIN DEVELOPMENT								
Outcome	Output	Output Indicator	Audited Actual Performance 2021//2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	** Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement for 2023/2024	Reasons for deviations
	Improved market access and enhanced export capacities, import substitutions and linkages across priority value chains	Number of agribusiness enterprises supported towards market access	26	26	20	21	+1	Target Exceeded. The over-achievement was due to a large number of qualifying applications received for product testing and the total number of sample analyses was accommodated within the available budget allocation.
		Number of exhibitions facilitated for the supported agribusiness enterprises	5	-	-	-	-	No target due in the 2023/24 financial year. Indicator not planned for in the 2023/24 FY.
	Facilitate and promote in- vestments in the agribusiness to foster transformation	Number of youth owned enterprises supported within the agribusiness	19	18	20	28	+8	Target Exceeded. The over-achievement was due to the additional youth owned enterprises that were supported and not part of the 2023/24 project list (i.e., Deferred projects from 2022/23; Special Interventions; Intergovernmental project; Agro-processor)
	Facilitate and promote in- vestments in the agribusiness to foster transformation	Number of women owned enterprises supported within agribusiness	39	30	20	40	+20	Target Exceeded. The over-achievement was due to the additional women enterprises that were supported and projects not part of 2023/24 project list (i.e., Special Interventions; Market Access; Agro-processors; Intergovernmental project).

PROGRAMME 3: ENTERPRISE AND VALUE CHAIN DEVELOPMENT							
Outcome	Output	Output Indicator	Audited Actual Performance 2021//2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	** Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement for 2023/2024
		Number of supported agribusiness enterprises owned by persons with disabilities	1	1	2	2	0
		Number of Funding Application Strategies developed	1	-	-	-	-
		Number of jobs created and/or sustained in the supported agribusiness enterprises	362	438	-	-	-
	To create and sustain jobs directly and indirectly along the agricultural value chain	Number of new jobs facilitated in the supported agribusiness enterprises	New indicator	New indicator	285	307	+22
							Target Exceeded. The over-achievement was due to projects that were deferred from the 2022/23 financial year to the 2023/24 financial year inclusive of enterprises that were not part of the 2023/24 financial year project list such as Special Intervention projects and Agro-processors.
							Target Achieved.
							No target due in the 2023/24 financial year. Indicator not planned for in the 2023/24 FY.
							No target due in the 2023/24 financial year. Indicator not planned for in the 2023/24 FY.

PROGRAMME 3: ENTERPRISE AND VALUE CHAIN DEVELOPMENT								
Outcome	Output	Output Indicator	Audited Actual Performance 2021//2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	** Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement for 2023/2024	Reasons for deviations
		Number of jobs sustained in the supported agribusiness enterprises	New indicator	New indicator	75	81	+6	Target Exceeded. The over-achievement was due to projects that were deferred from the 2022/23 financial year to the 2023/24 financial year inclusive of enterprises that were not part of the 2023/24 financial year project list such as Special Intervention projects and Agro-processors.

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.

2.3.4 PROGRAMME 4: INFRASTRUCTURE DEVELOPMENT

Purpose of the programme:

The programme seeks to support agribusiness enterprises with related infrastructure to remove the constraints that are faced within the agribusiness sector. The origins of the programme lie in the Comprehensive Agricultural Support Programme (CASP) funding mechanism among others. Agribusiness infrastructures are assessed and funding unlocked to address the infrastructure needs of the identified agribusinesses for support. Once assessments are finalized, they are normally followed by agricultural engineering designs and or specifications that inform the needs of the business and the available funding.

Strategic Outcomes and Actual Achievements:

PROGRAMME 4: INFRASTRUCTURE DEVELOPMENT								
Outcome	Output	Output Indicator	Audited Actual Performance 2021//2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	** Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement for 2023/2024	Reasons for deviations
Improved market access and value chain	To provide technical support to all infrastructure development projects	Number of Infrastructure Frameworks developed in line with the NIDP Infrastructure master plan	New indicator	1	-	-	-	No target due in the 2023/24 financial year. Indicator not planned for the 2023/24 FY.
		Number of enterprises supported with infrastructure planning	18	8	12	12	0	Target Achieved.
		Number of enterprises supported with agricultural infrastructure	New indicator	15	22	32	+10	Target Exceeded. 10 Additional enterprises that were not part of the project list were supported with agricultural infrastructure (i.e., Special Intervention projects; Intergovernmental projects and Agro-processors)
		Number of enterprises supported with agro- processing infrastructure	16	-	-	-	-	No target due in the 2023/24 financial year. Indicator not planned for the 2023/24 FY.

PROGRAMME 4: INFRASTRUCTURE DEVELOPMENT								
Outcome	Output	Output Indicator	Audited Actual Performance 2021//2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	** Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement for 2023/2024	Reasons for deviations
		Number of enterprises supported with resource- based infrastructure	16	-	-	-	-	No target due in the 2023/24 financial year. Indicator not planned for the 2023/24 FY.
		Number of enterprises supported with physical infrastructure	19	-	-	-	-	No target due in the 2023/24 financial year. Indicator not planned for the 2023/24 FY.
	To maintain the area around and along the irrigation canal	Number of kilometers maintained to ensure functionality of irrigation scheme and irrigation canal	54.03km	-	-	-	-	No target due in the 2023/24 financial year. Indicator not planned for the 2023/24 FY.
	To maintain the pumps which create pressure to supply water to the irrigation canals	Number of pump sets serviced to ensure water supply	64	-	-	-	-	No target due in the 2023/24 financial year. Indicator not planned for the 2023/24 FY.
	To maintain the pipe network for distribution of water supply	Number of infrastructure equipment maintained to ensure constant water to the irrigation scheme	82	84	-	-	-	No target due in the 2023/24 financial year. Indicator not planned for the 2023/24 FY.

PROGRAMME 4: INFRASTRUCTURE DEVELOPMENT							
Outcome	Output	Output Indicator	Audited Actual Performance 2021//2022	Audited Actual Performance 2022/2023	Planned Annual Target 2023/2024	** Actual Achievement 2023/2024	Deviation from planned target to Actual Achievement for 2023/2024
	To ensure an effective and functioning irrigation system	Number of infrastructure maintenance plans adopted for implementation	New indicator	New indicator	2	2	0
		Percentage of activities completed in line with the infrastructure maintenance plan	New indicator	New indicator	100%	100%	0%
							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	2023/2024			2022/2023		
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	112 238	106 980	5 258	111 624	107 740	3 884
Comprehensive Capacity Building	3 540	2 998	542	6 415	5 955	460
Enterprise Value Chain	31 243	30 774	469	58 300	52 698	5 602
Infrastructure Development	70 018	66 806	3212	66 011	65 946	65
Total	217 039	207 558	9 481	242 350	232 339	10 011

The total expenditure of R207,558 million is on cash basis, whereas expenditure on Annual Financial Statements is on accrual basis. An under expenditure of R9, 481 million resulted from goods and services that were procured as at year end but had not been delivered.

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.

2.4 Revenue collection

ADA revenue collections have exceeded the estimated budget despite the challenges due to water disruptions because of the aged irrigation infrastructure and outdated technology. These water disruptions have resulted in low crop yield.

The measures implemented to ensure effective collection were constant follow-up, sending final demand letters prior to handing the debtors to the collection Agency, building customer relationship with the debtors.

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	2023/2024			2022/2023		
	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	201 853	202 954	(1 101)	219 962	216 962	0
DARD – Rollover	10 011	10 011	0	15 376	15 376	0
MICSETA	-	-	-	2 878	2 651	227
Sundry Income	106	130	(24)	134	139	(5)
Gain on disposal of assets	-	-	-	-	109	(109)
Interest Revenue	1 336	718	618	1 000	870	130
Revenue from sales	3 733	4 140	(407)	3 000	2 780	220
Total	217 039	217 953	(914)	242 350	238 887	382

Source of revenue	2023/2024			2022/2023		
	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
Revenue from sales	3 733	4 140	(407)	3 000	2 935	65
Sundry income	106	130	(24)	134	139	5
Interest	1 336	718	618	1 000	870	130
Gain on disposal of assets	-	-	-	-	109	(109)
Total	5 175	4 988	187	4 134	3 944	81

2.5 Capital investment

Infrastructure	2023/2024			2022/2023		
	Budget	Actual Expenditure	(Over)/Under Expenditure	Budget	Actual Expenditure	(Over)/ Under Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000
Repairs and Maintenance/ Leasehold improvements	5 865	5 175	690	5 976	6 202	(226)
Total	5 865	5 175	690	5 976	6 202	(226)



PART C

GOVERNANCE

3.1 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 is applied through the precepts of the Public Finance Management Act (PFMA) and run in tandem with the principles contained in the King 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

3.2 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).

3.3 Executive Authority

The Executive Authority of the ADA was under the leadership of the Honourable Member of the Executive Council (MEC), Mr B.M. Zuma. As we have entered the 2024/25 financial year, with the entry of the new administration (7th), the Honourable Member of Executive Council (MEC), Ms T.P. Madlopha – Mthethwa was recently appointed in June 2024.

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 2023/24 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 - 2022/23	May 2023
2	Annual Report for 2022/23	28 August 2023
3	Quarter 1 Performance Information Report - 2023/24	28 August 2023
4	Quarter 2 Performance Information Report - 2023/24	11 December 2023
5	Quarter 3 Performance Information Report - 2023/24	11 March 2024
6	Annual Performance Plan and Budget for 2024/25	25 March 2024

No issues were raised by Executive Authority in the above reports submitted with except for the entity to institute Improvements as Identified by the AGSA Audit of the 2022/23 financial year.

3.4 The Accounting Authority/The Board of Trustees

3.4.1. 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

3.4.2. 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.

3.4.3 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 period under review, the ADA Board held a three (3) day strategic planning session, which resulted in the successfully reconfirmation of the organizational strategy; re-emphasized the strategic overview (vision, mission and values) and risk identification.

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 DIRECTOR- SHIPS (LIST OF ENTITIES)	OTHER COMMITTEES OF TASK TEAMS (E.G AUDIT COMMITTEES ETC)	NO. OF STAKE- HOLDER ENGAGE- MENT / PROJECT VISITS	NO OF MEETINGS ATTENDED
Mr TW Mchunu	Chairperson	13 September 2021	N/A	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 Provincial Planning Commission	N/A	23	32
Inkosi Mazibuko	Deputy Chairperson	13 September 2021	N/A	Police Science, Social Psychology and Public Management Political Science	Leadership skills, communication, dispute resolution and public management	N/A	Human Resources and Remunerations Committee	03	14
Ms T Ntshangase	Member	13 September 2021 to 13 September 2023	N/A	B Com Degree in Supply Chain Management and Economics, Post Graduate Diploma in Project Management; Certificate in Leadership; Currently completing an MBA in Sustainable Business	Project management; Strategic Business plan and execution; Corporate governance and strategy; Risk Management; Policy and procedure development; Finance budgeting and cost management ; and profitability and cost analysis	PSIRA Council	Projects and Finance Committee; and Audit and Risk Committee	01	09

NAME	DESIGNATION (IN TERMS OF THE PUBLIC ENTITY BOARD STRUCTURE)	DATE APPOINTED	DATE RESIGNED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTOR- SHIPS (LIST OF ENTITIES)	OTHER COMMITTEES OF TASK TEAMS (E.G AUDIT COMMITTEES ETC)	NO. OF STAKE- HOLDER ENGAGE- MENT / PROJECT VISITS	NO OF MEETINGS ATTENDED
Ms D Mokoatle	Member	13 September 2021	N/A	National Diploma in Agriculture B Tech Agricultural Management	Agriculture, public development, facilitation, project management; livestock breeding and farming	N/A	Projects and Finance Committee; and Human Resources and Remunerations Committee	05	46
Ms S Cele	Member	13 September 2021	N/A	National Certificate: Banking; Bachelor of Science in Agriculture (Agribusiness and Horticulture); Currently completing Master of Science in Food Security	Finance and investment management; Agri economics; Banking; Agriculture and crop and horticulture farming	N/A	Projects and Finance Committee; Human Resources and Remunerations Committee; and Audit and Risk Committee	04	40
Mr LS Gabela	Member	13 September 2021	N/A	Basic Computer Skills Governance and Leadership Certificate Manager Development Diploma Post Grad. Diploma in Economic Principles Master of Business Administration	Corporate governance and strategy; Auditing; Risk management; policy and procedure development; Finance;	KwaZulu Natal Gaming and Betting Board; Dube Trade Port Corporation; uShaka Marine World; Professionals Board on Optometry and Dispensing Opticians	Human Resources and Remunerations Committee; and Audit and Risk Committee	5	40
Mr NN Mngadi	Member	13 September 2021	N/A	Certificate in Management Diploma in Management	Labour matters; Policy and procedure development; dispute resolution; project management; Risk management;	N/A	Projects and Finance Committee; and Audit and Risk Committee	6	32

NAME	DESIGNATION (IN TERMS OF THE PUBLIC ENTITY BOARD STRUCTURE)	DATE APPOINTED	DATE RESIGNED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTOR- SHIPS (LIST OF ENTITIES)	OTHER COMMITTEES OF TASK TEAMS (E.G AUDIT COMMITTEES ETC)	NO. OF STAKE- HOLDER ENGAGE- MENT / PROJECT VISITS	NO OF MEETINGS ATTENDED
Mrs SM Ngcobo	Member (Interim)	07 February 2024 to 07 May 2024	N/A	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	Projects and Finance Committee; and Audit and Risk Committee	0	7
Mr MM Sifundza	Member (Interim)	07 February 2024 to 07 May 2024	N/A	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	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 agriculture	N/A	Human Resources and Remunerations Committee; and Projects and Finance Committee	1	6

NAME	DESIGNATION (IN TERMS OF THE PUBLIC ENTITY BOARD STRUCTURE)	DATE APPOINTED	DATE RESIGNED	QUALIFICATIONS	AREA OF EXPERTISE	BOARD DIRECTOR- SHIPS (LIST OF ENTITIES)	OTHER COMMITTEES OF TASK TEAMS (E.G AUDIT COMMITTEES ETC)	NO. OF STAKE- HOLDER ENGAGE- MENT / PROJECT VISITS	NO OF MEETINGS ATTENDED
Advocate ET Mhlongo	Member (Interim)	07 February 2024 to 07 May 2024	N/A	Diploma in Police Admin; Bachelor of Laws; Post Grad. Advance Certificate in Alternative Dispute Resolution; Commissioner course	Labour matters; legislative and legal interpretation; legal writing; dispute resolution; litigation; Compliance.	Agricultural Sector Education Training Authority	Human Resources and Remunerations Committee; and Audit and Risk Committee	3	6
Mr SW Mchunu	Member (Interim)	07 February 2024 to 07 May 2024	N/A	Science Foundation Course; National Certificate on Local Government and Project Management; Certificate in Governance and Leadership; Certificate in Advanced Governance and Public Leadership	Governance; strategy development; leadership and policy development	Richards Bay Industrial Development Zone	Projects and Finance Committee; and Audit and Risk Committee	1	6

REMUNERATION OF BOARD MEMBERS

Board Member Name	Remuneration (R)	Committee	Other allowance	Other reimbursements	Total (R)
Mr TW Mchunu - Chairperson	307 134, 50	Board	-	96 568, 52	403 703, 02
Inkosi M Mazibuko - Deputy chairperson	76 953, 50	Board	-	73 635,52	150 589, 02
Ms Thandeka Ntshangase	40 685,50	Board	-	6 925, 70	47 611, 20
Mr NN Mngadi	129 827, 25	Board	-	90 847, 46	220 674, 25
Mr LS Gabela	130 071, 25	Board	-	92 044, 90	222 116, 15
Ms D Mokoatle	137 921, 25	Board	-	150 016, 90	287 944, 15
Ms S Cele	124 431, 25	Board	-	129 961, 29	254 392, 54
Adv. ET Mhlongo (from 21 February 2024)	10 792,00	Board	-	12 589,00	23 381, 00
Mrs SM Ngcobo (from 21 February 2024)	8 094, 00	Board	-	0, 00	8 094, 00
Mr SW Mchunu (from 21 February 2024)	8 094, 00	Board	-	0, 00	8 094, 00
Mr MM Sifundza (from 21 February 2024)	10 792,00	Board	-	26 226, 93	37 018, 93
Ms Lumka Sibanyoni – Independent Chairperson	44 460, 00	Board (Audit and Risk Committee- Independent Chairperson)	-	13 217, 97	57 677, 97
Ms Lumka Sibanyoni – Independent Chairperson	88 920, 00	Audit and Risk Committee	-	-	88 920, 00
Mr Lucky Gabela	43 814, 00	Audit and Risk Committee	-	-	43 814, 00
Mr Nkosenhle Mngadi	13 490, 00	Audit and Risk Committee	-	-	13 490, 00
Ms Sinethemba Cele	8 094, 00	Audit and Risk Committee	-	-	8 094, 00
Ms T Ntshangase	5 396, 00	Audit and Risk Committee	-	-	5 396, 00
Adv. ET Mhlongo (from 21 February 2024)	5 396, 00	Audit and Risk Committee	-	-	5 396, 00
Mrs SM Ngcobo (from 21 February 2024)	8 094, 00	Audit and Risk Committee	-	-	8 094, 00
Mr SW Mchunu (from 21 February 2024)	5 396, 00	Audit and Risk Committee	-	-	5 396, 00
Inkosi MPM Mazibuko - Chairperson	22 230, 00	Human Resource and Remuneration Committee	-	-	22 230, 00
Ms S Cele (until 09 November 2023)	13 490, 00	Human Resources and Remuneration Committee	-	-	13 490, 00
Ms D Mokoatle	16 188, 00	Human Resources and Remuneration Committee	-	-	16 188, 00
Mr LS Gabela	17 936, 00	Human Resources and Remuneration Committee	-	-	17 936, 00
Adv. ET Mhlongo (from 21 February 2024)	2 698, 00	Human Resources and Remuneration Committee	-	-	2 698, 00
Mr MM Sifundza (from 21 February 2024)	2 698, 00	Human Resources and Remuneration Committee	-	-	2 698, 00

Board Member Name	Remuneration (R)	Committee	Other allowance	Other reimbursements	Total (R)
Ms S Cele (Chairperson from January 2023)	44 460, 00	Projects and Finance Committee	-	-	44 460, 00
Mr NN Mngadi	24 282, 00	Projects and Finance Committee	-	-	24 282, 00
Ms T Ntshangase	5 396, 00	Projects and Finance Committee	-	-	5 396, 00
Ms D Mokoatle (Chairperson from 21 February 2024)	40 318, 00	Projects and Finance Committee	-	-	40 318, 00
Mr LS Gabela (from 09 November 2023)	17 936, 00	Projects and Finance Committee	-	-	17 936, 00
Mrs SM Ngcobo (from 21 February 2024)	5 396, 00	Projects and Finance Committee	-	-	5 396, 00
Mr SW Mchunu (from 21 February 2024)	2 689, 00	Projects and Finance Committee	-	-	2 689, 00
Mr MM Sifundza (from 21 February 2024)	5 396, 00	Projects and Finance Committee	-	-	5 396, 00
	2 134 458,19		-	691 989,69	2 826 447,88

3.5 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.

3.6 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 following operational internal audits were conducted during the 2023/24 financial year:

- Review of the 2022/23 Annual Performance Report
- Review of the 2022/23 Annual Financial Statements
- Performance Information Audit of Q4 – 2022/23 financial year
- Human Resource Management Audit
- Performance Information Audit of Q1 - 2023/24 financial year
- Review of the 2022/23 Draft Annual Report
- Procurement and Contract Management - Bi-annually
- Project Expenditure Audit - Bi-annually

- Performance Information Audit of Q2 – 2023/24 financial year
- Performance Information Audit of Q3 – 2023/24 financial year
- Review of the 2024/25 Draft Annual Performance Plan
- Information Systems Audit (General controls)
- Revenue Management Audit
- Consequence Management Audit
- Expenditure Management Audit
- Marketing and Communications Audit

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

- The review of and adherence to the Acts, regulations, policies, 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 Information systems audit
- 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 2023/24 financial year were:

- Follow up audit on implementation of AGSA findings (2022/23) financial year)
- Internal Audit follow up on the following report-
- Procurement and Contract Management
- Project expenditure
- Human Resource Management
- Record Management
- Information System Audit
- Annual Financial Statement

3.7 AUDIT AND RISK COMMITTEE

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.

Attendance of Audit and Risk Committee meetings by members 1 April 2023 to 31 March 2024

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	Chairperson from 01 July 2024	n/a	12
Mr. Lucky Gabela (Acting ARC Chairperson)	Master of Business Administration (MBA) Post Graduate Diploma in Economics Principles Practical Economics in South African Certification	External	n/a	Member as from 19 October 2021 Interim ARC Chairperson from 20 January 2022 to 30 June 2024	n/a	8
Ms. Thandeka Ntshangase (Member)	Matric; B.com Degree Supply Chain Management and Economics and Post Grad. Diploma in Project Management	External	n/a	19/10/2021	14 September 2023	3
Mr. Nkosenhle Mngadi (Member)	Certificate in Management Diploma in Management	External	n/a	19/10/2021	n/a	6
Ms. Sinethemba Cele (Member)	Bachelor of Science in Agriculture (Agribusiness and Horticulture)	External	n/a	20/01/2022	n/a	4
Adv. Elliot Thalente Mhlongo (Interim Member)	National Diploma in Policing, LLB, Commissioner Course, Alternative Dispute Resolution in Labour, Divorce, Mediation and International Commercial Arbitration Course.	External	n/a	21/02/2024	n/a	2
Mrs Sibusisiwe Maureen Ngcobo (Interim Member)	Secondary Teacher's Diploma, Degree in Home Economics, Master of Social Science	External	n/a	21/02/2024	n/a	3

NAME	QUALIFICATIONS	INTERNAL OR EXTERNAL	IF INTERNAL, POSITION IN THE PUBLIC ENTITY	DATE APPOINTED	DATE RESIGNED	NO. OF MEETINGS ATTENDED
Mr Sizwe Wiseman Mchunu (Interim Member)	Science Foundation Course, National Certificate on Local Government and Project Management; Certificate- Governance & Leadership and Certificate- Advance Governance and Public Leadership	External	n/a	21/02/2024	n/a	2

3.8 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).

3.9 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 was developed and approved during the 2023/24 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 will be conducted annually and the electronic copy of the policy on Fraud and Anti-Corruption policy is accessible to staff via staff communicate 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 published on the intranet, ADA Social Media platforms and the Website.

The previous Whistle blowing service provider Vuvuzela was appointed for a period of 12 months to curb the threat of fraud and corruption.

On 19 September 2023, the ADA appointed a new Whistle blowing service provider known as Whistleblowers for a 12-month period to combat fraud and corruption. Workshops were organized at both the Pietermaritzburg and Makhathini offices on 16 and 17 October 2023 (respectively) to inform employees about the hotline platform available and the necessity of reporting fraud. The sessions were well received by staff from both Pietermaritzburg and Makhathini offices.

This service provider makes use of multi-channels, multilingual 24-hour ethics hotline services operated by skilled information agents, supported by an advanced report quality assurance process. The service is made use of by our employees, suppliers, customers, and other third parties who wish to report any irregularities within the entity.

3.10 MINIMIZING CONFLICT OF INTEREST

To minimize conflict of interest, the ADA has enforced that all senior officials and those that sit on bid committees sign declaration of interest forms annually and at every Bid committee meetings. In instances where a member has identified possible areas of conflict, they have had to recuse themselves from the meeting.

- a. SCM officials and other role players to SCM are familiarized with the code of conduct; of which conflict of interest is mentioned as one of the pillars. The officials and other role players are required to acknowledge by signing the code of conduct and declaration of interest forms at every bid committee meeting / any ad hoc meetings intended for deliberating on SCM issues. Whenever there is a conflict of interest, the individual/s will disclose and be recused from the deliberations.
- b. With regards to conflict of interest – service providers / suppliers; the issue of conflict of interest is contained as one of the special conditions of a bid. The clause states that bidders should not perform any assignment that would conflict with their prior or current obligations to other clients, or that may place them in a position of not being able to carry out the assignment in the best interest of the Entity.

3.11 CODE OF CONDUCT

The conduct of board members and employees of the Entity is governed by the ADA Code of Ethics and Conduct, which has been approved by the board and circulated to all employees. The ADA is currently reviewing its Code of Ethics policy which outlines ethical values that underpin ethical behavior across the ADA. This will be presented to the committee for review and approval in the 2023/24 financial year.

Declarations of interest are completed by the ADA officials during all interviews, bid adjudication, bid evaluation and other management meetings when necessary.

3.12 HEALTH SAFETY AND ENVIRONMENTAL ISSUES

An OHS policy was developed and subsequently approved by the Board in January 2022. OHS Standard Operating Procedures have been developed. The ADA established an Occupational Health & Safety (OHS) Committee in line with the OHS Policy and to oversee its implementation thereof. The OHS Committee members are appointed employee safety representatives in line with the OHS Act 85 of 1993. In terms of the OHS Act, evacuation signatures and posters are visibly placed at the ADA offices in Pietermaritzburg and Jozini. During the financial year, the ADA procure some of the required OHS material and safety gear for the offices.

3.13 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 fulfills 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.

3.14 SOCIAL RESPONSIBILITY

During the 2023/24 financial year, the entity succumbed to significant budget constraints which came to full effect in the Mid-term budget review. Evident was the reduced budget allocations for the Social Responsibilities of the entity. However, the entity managed to contribute to the International Day of Senior Citizens, an initiative belonging to the UN General Assembly that was earmarked for the 1st of October a day devoted to the elderly, which South Africa commemorates the day as the National Older Persons Week and Social Development Month.

The Agribusiness Development Agency (ADA) achieved in meeting its corporate social responsibility when the entity participated in the 2023 International Day for Senior Citizens in uMkhanyakude District Municipality hosted by the KwaZulu-Natal Provincial government and its State-Owned Entities (SOE's) and agencies. A total of eight (8) senior citizen-owned cooperatives received a donation of dry beans from the entity in an effort to assist with capacitating their agricultural projects and to increase production. This initiative is in support and recognition of the National Spatial Development Framework (NSPF) 2022 which amongst other issues seeks to address the following:

- (a) Food security - A condition of having reliable access to a sufficient quantity of affordable and nutritious food through locally grown produce and/or imports. Food security exists when people at all times have physical and economic access to sufficient, safe and nutritious food to meet their dietary needs and food preferences for an active and healthy life.
- (b) Ruralisation - The process by which, (1) people choose to remain in rural areas because there are viable economic opportunities, move back to towns and villages in rural areas from urban areas, and/or build/renovate houses in these areas as 'homes' for their current needs, or with a view to retirement; and (2) the State plans for the development of rural areas in a systemic and holistic way as economically viable, ecologically-significant, and productive quality living spaces.



3.15 AUDIT & RISK COMMITTEE REPORT

BY THE INDEPENDENT CHAIRPERSON

MS LUMKA SIBANYONI
ARC Chairperson

As the Audit and Risk Committee we are pleased to present our report for the financial year ended 31 March 2024.

Audit and Risk Committee Responsibility

In the execution of its duties, the Audit and Risk Committee has performed the following statutory duties and hereby reports as follows:

Statutory Duties

The Audit and Risk Committee has compiled this report to delineate its responsibilities under Section 51(1)(a) (ii) of the Public Finance Management Act (PFMA) and Treasury Regulation 27.1. The Committee's activities are also guided by the principles of the KING IV Code of Corporate Governance, which include the following key responsibilities:

- Assisting the Board in evaluating the adequacy and effectiveness of internal control systems, governance, accounting practices, information systems, risk management, and auditing processes within the Agribusiness Development Agency's (ADA) day-to-day operations.
- Facilitating and promoting communication among the Board, Management, External Auditors, and Internal Auditors on matters falling within the Committee's remit.
- Ensuring that risk and compliance areas of ADA operations are comprehensively addressed in both Internal and External audits.
- Ensuring that any accounting and auditing concerns identified during internal and external audits are promptly and effectively addressed.
- Ensuring ADA's compliance with legal and regulatory provisions, including the PFMA and Treasury Regulations.
- Upholding the independence and objectivity of the Internal and External Auditors.

The Effectiveness of Internal Control

Our review of the findings of the Internal Audit work, which was based on the risk assessments conducted in the public entity revealed certain weaknesses, which were then raised with the public entity.

The internal audit work completed during the year under review is detailed on 3.6 of the Governance section of the Annual Report.

The system of internal controls employed by the Entity in financial and risk management is designed to be effective, efficient, and transparent, in alignment with Section 51 of the Public Finance Management Act No. 01 of 1999 and the recommendations of the King IV Report on Corporate Governance.

The following were areas of concern:

- Management response rate to Internal Audit
- Effective and efficient management of issues identified for follow-up
- The need for strengthened governance, compliance and accountability

The Audit and Risk Committee believes there is room for improvement for controls and areas of concern. This conclusion is drawn from the various reports issued by Internal Audit, the Audit Report on the Annual Financial Statements, and the Management Report of the Auditor General South Africa (AGSA), where significant deficiencies in the system of internal control were identified.

The Audit and Risk Committee is also cognisant of the risks faced by the Entity regarding the collection of outstanding debtors from the Makhathini Irrigation Scheme and the effectiveness of the collection strategies. Management has assured the Committee that controls over debt collection are being strengthened, including the appointment of a debt collection agency to assist with the recovery of outstanding debts. The Audit and Risk Committee will continue to monitor progress in this area in the year ahead.

In-Year Management and Monthly/Quarterly Report

The entity has submitted monthly and quarterly reports to the Executive Authority. These reports were presented to the Audit and Risk Committee for review and feedback. The Audit and Risk Committee has reviewed the quarterly performance reports and the Internal Audit reports on performance management for the 2023/24 financial year, in alignment with the Entity's approved performance plan.

The Audit and Risk Committee reports that both internal and external audit assessments have rated the effectiveness of internal controls in performance management as satisfactory. These controls offer Management and the Board reasonable assurance that significant risks are being effectively managed.

The Entity successfully achieved 96% of its set targets for the 2023/24 financial year.

Evaluation of Financial Statements

We have reviewed the Annual Financial Statements prepared by the public entity. The entity has been consistently reporting monthly and quarterly to the KZN Provincial Treasury, in accordance with the requirements of the Public Finance Management Act (PFMA). These reports were presented to the Audit and Risk Committee for review and feedback.

The Committee is generally satisfied with the sufficiency, consistency, worthiness and accuracy of the financial information provided by the Entity.

The Audit and Risk Committee has thoroughly reviewed the Annual Financial Statements (AFS) prior to their submission to the Office of the Auditor-General South Africa (AGSA). The review focused on the following areas:

1. Going Concern: Confirmed that the entity continues to be a going concern.
2. Financial Judgements and Estimates: Reviewed significant financial reporting judgements and estimates as disclosed in the AFS.
3. Engagement with Board and AGSA: Reviewed and discussed the AFS with the Board and AGSA.
4. Management and Audit Reports: Reviewed and discussed the Management and Audit Reports.
5. Audit Adjustments: Reviewed the significant adjustments resulting from the audit.

The review also encompassed the following key areas:

- The appropriateness of accounting policies.
- The assumptions made by management in the preparation of the Financial Statements were carefully evaluated.
- Significant accounting and reporting issues were examined, with a clear understanding of their impact on the annual financial statements.
- The Annual Financial Statements were reviewed and found to be complete and consistent with prescribed accounting practices, as well as with information known by the Committee.

- Assurance was obtained from Management regarding the completeness and accuracy of the Annual Financial Statements.

The Audit and Risk Committee will maintain ongoing engagement with Management to review the audit action plans addressing issues that contributed to the Entity's further regression in its audit status. The Committee is satisfied with the work, independence, and conclusions of the Auditor General South Africa as the external auditors.

The Audit and Risk Committee recommended the Annual Financial Statements for approval to the Board on the 23rd of May 2024.

Auditor's Report

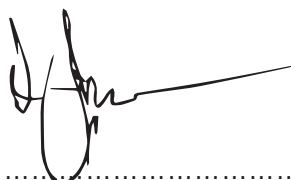
We have reviewed the entity's implementation plan for audit issues raised in the prior year and we are satisfied that the matters have been adequately resolved except for the following:

- Material misstatement in the Annual Financial Statements (non-compliance with the PFMA)
- Expenditure Management
- Prepayments

The Audit and Risk Committee remains dedicated to supporting the Board in its pursuit of strong governance practices, with the ultimate goal of achieving a clean audit. We are grateful for the ongoing cooperation and support from the Members of the Board and Management, as well as the valuable contributions from the Auditor General South Africa. Together, these efforts have significantly strengthened the work of the Committee and the overall integrity of the Entity.

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 2024. 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 2024.

The Audit and Risk Committee concurs and accepts the conclusions of the Auditor General South Africa 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 General South Africa.



MS LUMKA SIBANYONI

*Independent Chairperson of the Audit & Risk Committee
Agribusiness Development Agency
31 July 2024*

3.16. B-BBEE COMPLIANCE PERFORMANCE INFORMATION

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
Organization Industry / Sector	Agribusiness / Agriculture

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

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 licenses, concessions or other authorizations 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 to support the black owned enterprises which we support.

APPROVED BY:



.....
MR TW MCHUNU
 CHAIRPERSON OF THE BOARD
 DATE: 31 JULY 2024



PART D

HUMAN RESOURCES MANAGEMENT

4.1 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 2023/24 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 2023/24 financial year, the Human Resources Management (HRM) unit facilitated the provision of planned training for employees with prioritized training interventions that were identified. Part of skills development for our employees also included the processing of bursaries for qualifying employees to further their tertiary qualifications.

The table below indicates the trainings which were facilitated in the 2023/24 financial year:

NAME OF TRAINING SESSION	NO. OF EMPLOYEES TRAINED
1. Risk Training	3 (includes 1 intern)
2. Sage 300 People Training	6 (includes 1 intern)
3. Bursaries	7
4. IODSA Training	7

Recruitment – Attracting and recruiting a skilled and capable workforce

During the 2023/24 financial year a number of key positions were filled. When conducting recruitment, candidates are selected according to the skills and competencies required to function effectively and meet the strategic objectives of the Entity. Whilst the HRM unit has successfully recruited a number of individuals during the course of the financial year, the staff turnover due to the resignations is a matter of great concern and creates gaps in some areas of service delivery. The cost-cutting measures require an extensive approval process which impacts on turnaround times for recruitment and consequently affects internal capacity.

Employee Performance Management

The Employee Performance Management Development System (EPMDS) and policy was approved in the 2023/24 financial year.

Employee Wellness Programme

The MARPEMED was re-appointed in July 2024 as a service provider for the ADA wellness programme to enhance the well-being of employees. The scope of the employee wellness service provider included but was not limited to employer and employee-self referral for counseling services, wellness awareness, screenings and executive health screenings.

In February 2023 the ADA launched its internal wellness Programme where a committee of employees from various business units was formed, the *Employee Wellness and Staff Engagement Committee*. The Committee was established to assist with the rolling out of all the activities planned to improve staff morale and encourage employee participation & engagement. The employees were given a survey this assisted the committee to gauge where the major concerns were leading to low staff morale.

Achievements and challenges

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

- The automated leave management system was implemented; and
- The employment plan has been implemented and targets for the year were partially achieved. 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.

It is noted that the above-listed challenges were, however, addressed during the year under review. This includes review and approval of HR policies; institution of appropriate HR processes; establishment of employee wellness committee and employment engagements.

4.2 HUMAN RESOURCE OVERSIGHT STATISTICS

4.2.1 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.	NO. OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE (R'000)
<i>Finance & Administration</i>	R 106 980	R 63 915	59,74%	108	592
Total	R 106 980	R 63 915	59,74%	108	592

Personnel cost by salary band

LEVEL	PERSONNEL EXPENDITURE (R'000)	% OF PERSONNEL EXP. TO TOTAL PERSONNEL COST	NO. OF EMPLOYEES	AVERAGE PERSONNEL COST PER EMPLOYEE (R'000)
Top Management (Level 16 and up)*	1 761	2,75%	0	1 761
Senior Management (Level 13 - 15)	12 258	19,18%	8	1 532
Professionally qualified (Level 11 - 12)	18 152	28,40%	20	908
Skilled (Level 9 - 10)	12 655	19,80%	20	633
Semi-skilled (Level 5 - 8)	18 407	28,80%	57	323
Unskilled (Level 3-4)	682	1,07%	3	227
TOTAL	63 915	100%	108	592

*Please note acting allowance paid for vacant position

Performance Rewards

PROGRAMME / ACTIVITY/ OBJECTIVE	PERFORMANCE REWARDS	PERSONNEL EXPENDITURE (R'000)	% OF PERFORMANCE REWARDS TO TOTAL PERSONNEL COST
Top Management (Level 16 and up)	Not applicable. The ADA did not pay performance rewards		
Senior Management (Level 13 - 15)			
Professionally qualified (Level 11 - 12)			
Skilled (Level 9 - 10)			
Semi-skilled (Level 5 - 8)			
Unskilled (Level 3 – 4)			
TOTAL			

Training Costs

PROGRAMME/ACTIVITY/ OBJECTIVE (SALARY BAND)	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)	1 761	-	-	-	-
Senior Management (Level 13 - 15)	12 258	18	0,03%	5	4
Professionally qualified (Level 11 - 12)	18 152	6	0,009%	3	2
Skilled (Level 9 - 10)	12 655	24	0,04%	3	8
Semi-skilled (Level 5 - 8)	18 407	36	0,06%	2	18
Unskilled	682	25	0.04%	2	12
TOTAL	63 915	109	0,17%	15	7

Employment and vacancies

PROGRAMME / ACTIVITY / OBJECTIVE	2022/23 NO. OF EMPLOYEES	2023/24 APPROVED POSTS	2023/24 NO. OF EMPLOYEES	2023/24 VACANCIES	% OF VACANCIES
Finance & Administration	111	130	107	23	17.69%

PROGRAMME / ACTIVITY / OBJECTIVE	2022/23 NO. OF EMPLOYEES	2023/24 APPROVED POSTS	2023/24 NO. OF EMPLOYEES	2023/24 VACANCIES	% OF VACANCIES
Top Management (Level 16 and up)	0	1	0	1	0.77%
Senior Management (Level 13 - 15)	9	9	9	0	0%
Professionally qualified (Level 11 - 12)	20	25	19	6	4.60%
Skilled (Level 9 - 10)	20	21	20	1	0.77%
Semi-skilled (Level 5 - 8)	60	61	55	6	4.61%
Unskilled	2	13	4	9	6.92%
Total	111	130	107	23	17.69%

Employment changes

SALARY BAND	EMPLOYMENT AT BEGINNING OF PERIOD	APPOINTMENTS	TERMINATIONS	EMPLOYMENT AT END OF THE PERIOD
Top Management (Level 16 and up)	0	0	0	0
Senior Management (Level 13 - 15)	8	1	0	9
Professionally qualified (Level 11 - 12)	20	1	2	19
Skilled (Level 9 - 10)	20	1	1	20
Semi-skilled (Level 5 - 8)	57	3	5	55
Unskilled (Level 3 – 4)	3	1	0	4
Total*	108	7	8	107

*The total no of employees excludes interns

Reasons For Staff Leaving

REASON	NUMBER	% OF TOTAL NO. OF STAFF LEAVING
Death	1	10%
Resignation	6	60%
Dismissal	0	0%
Retirement	1	10%
Ill health	-	-
Expiry of contract	0	0%
Other (internal promotion)	2	20%
TOTAL	10	100%

Staff leaving was due to the following reasons:

- The unfortunate and untimely death of an employee;
- The resignation of employees who received better employment opportunities elsewhere which include job security and better pay; and
- An employee had reached the retirement age

Labour Relations: Misconduct and disciplinary action

Nature of disciplinary Action	Number
Verbal Warning	4
Written Warning	0
Final Written warning	0
Dismissal	0

LEVEL	FEMALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET
Top Management (Level 16 and up)	0	-	-	-	-	-	-	-
Senior Management (Level 13-15)	3	-	-	-	-	-	-	-
Professionally qualified (Level 11-12)	13	-	-	-	-	-	-	-
Skilled (Level 9 - 10)	13	-	1	-	-	-	-	-
Semi-skilled (Level 5 - 8)	18	-	-	-	1	-	1	-
Unskilled	-	-	-	-	-	-	-	-
TOTAL	47	-	1	-	1	-	1	-

Equity Target and Employment Equity Status

LEVEL	MALE							
	AFRICAN		COLOURED		INDIAN		WHITE	
	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET	CURRENT	TARGET
Top Management (Level 16 and up)	0	-	-	-	-	-	-	-
Senior Management (Level 13-15)	5	-	-	-	1	-	-	-
Professionally qualified (Level 11-12)	7	-	-	-	-	-	-	-
Skilled (Level 9 - 10)	6	-	-	-	-	-	-	-
Semi-skilled (Level 5 - 8)	35	-	-	-	-	-	-	-
Unskilled	4	-	-	-	-	-	-	-
TOTAL	57	-	-	-	1	-	-	-

Equity: Disabled Staff

LEVELS	DISABLED STAFF			
	MALE		FEMALE	
	CURRENT TARGET	TARGET	CURRENT TARGET	CURRENT TARGET
Top Management (Level 16 and up)	None			
Senior Management (Level 13-15)				
Professionally qualified (Level 11-12)				
Skilled (Level 9 - 10)				
Semi-skilled (Level 5 - 8)				
Unskilled (Level 3 – 4)				
TOTAL				



PART E

PFMA COMPLIANCE REPORT

5.1 Irregular, Fruitless and Wasteful Expenditure and Material Losses

5.1.1 Irregular Expenditure

a. Reconciliation of irregular expenditure

Description	2023/2024	2022/2023
	R'000	R'000
Opening balance	104 195	123 589
Adjustment to opening Balance	0	0
Opening balance as restated	0	0
Add: Irregular expenditure confirmed	1 357	3 217
Less: Irregular expenditure condoned	(10 639)	(22 611)
Less: irregular expenditure not condoned and removed	0	0
Less: Irregular expenditure recoverable	0	0
Less: Irregular expenditure not recovered and written off	0	0
Closing Balance	94 914	104 195

Irregular expenditure incurred in 2023/24, amount to R1 356 962, 10. Of that amount, R1 247 807,10 relates to two cleaning service providers who supplied fraudulent COIDA documents with their quotation. The balance of R109 155 relates to overpayments without the necessary variation orders.

Reconciling Notes

Description	2023/2024	2022/2023
	R'000	R'000
Irregular expenditure under assessment in 2022/23	0	0
Irregular expenditure that relates to 2022/23 and identified in 2023/24	0	0
Irregular expenditure for the current year	1 357	3 217
Total	1 357	3 217

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

Description	2023/2024	2022/2023
	R'000	R'000
Irregular expenditure under assessment	7 975	0
Irregular expenditure under determination	106	798
Irregular expenditure under investigation	1 250	0
Total	9 330	798

c. Details of irregular expenditure condoned

Description	2023/2024	2022/2023
	R'000	R'000
Irregular expenditure condoned	10 639	22 611
Total	10 639	22 611

The Irregular Expenditure condoned totaling R798 401.24 relates to irregular expenditure incurred in the 2022/2023 financial year and the balance of R8 419 180.00 relates to irregular expenditure that was incurred in 2021/2022 and the balance of R1 421 058.89 was incurred prior to the 2021/2022 financial year.

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

Description	2023/2024	2022/2023
	R'000	R'000
Irregular expenditure NOT condoned and removed	0	0
Total	0	0

e. Details of irregular expenditure recoverable

Description	2023/2024	2022/2023
	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	2023/2024	2022/2023
	R'000	R'000
Irregular expenditure written off	0	0
Total	0	0

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	2023/2024	2022/2023
	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 three (3) responsible officials were issued with written warning letters.
In the previous year, 2022/2023 financial year three (3) responsible officials were issued with written warning letters.

5.1.2 Fruitless and wasteful expenditure

a. Reconciliation of fruitless and wasteful expenditure

Description	2023/2024	2022/2023
	R'000	R'000
Opening Balance	32	30
Adjustment to opening balance	0	0
Opening balance as restated	0	0
Add: Fruitless and wasteful expenditure confirmed	0.203	46
Less: Fruitless and wasteful expenditure written off	0	(44)
Less: Fruitless and wasteful expenditure recoverable	0	0
Closing Balance	32	32

Fruitless and Wasteful Expenditure incurred in the current year was interest charges on Eskom on overdue account. Eskom invoice was received after the due date. Msunduzi Municipality also charged interest on overdue accounts while the invoices were actually paid on time.

Reconciling Notes

Description	2023/2024	2022/2023
	R'000	R'000
Fruitless and wasteful expenditure that was under assessment	0	0
Fruitless and wasteful expenditure that relates to the prior year and identified in the current year	0	0
Fruitless and wasteful expenditure for the current year	0,20	46
Closing Balance	0,20	46

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

Description	2023/2024	2022/2023
	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	2023/2024	2022/2023
	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	2023/2024	2022/2023
	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
None

5.1.3 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	2023/2024	2022/2023
	R'000	R'000
Theft	0	145
Other material losses	0	0
Less: Recoverable	30	0
Less: Not recoverable and written off	0	0
Total	30	145

b. Details of other material losses

Nature of other material losses	2023/2024	2022/2023
	R'000	R'000
N/A	0	0
Total	0	0

c. Other material losses recoverable

Nature of losses	2023/2024	2022/2023
	R'000	R'000
N/A	0	0
Total	0	0

d. Other material losses not recoverable and written off

Nature of losses	2023/2024	2022/2023
	R'000	R'000
N/A	0	0
Total	0	0

5.2 LATE AND/OR NON-PAYMENT OF SUPPLIERS

DESCRIPTION	NUMBER OF INVOICES	CONSOLIDATED VALUE
Valid Invoices received	983	225 015
Invoices paid within 30 days or agreed period	983	225 015
Invoices paid after 30 days or agreed period	0	0
Invoices older than 30 days or agreed period (unpaid and without dispute)	0	0
Invoices older than 30 days or agreed period (unpaid and in dispute)	0	0

5.3 SUPPLY CHAIN MANAGEMENT

5.3.1 Procurement by other means/Deviations

Date	Project Description	Name of supplier	Type of procurement by other means	Contract number	Value of contract R'000
Finance & Administration	Marketing	The Royal Agricultural Society of Natal	Deviation – sole source	ADAS13PO00006	8
Finance & Administration	HR	Sage South Africa (Pty) Ltd	Deviation – single source	ADAS13PO00007	105
Finance & Administration	Finance	Gestion Financiere Strategique	Deviation – sole source	ADAS13PO00041	21
Finance & Administration	Finance	Gestion Financiere Strategique	Deviation – sole source	ADAS13PO00063	22
Finance & Administration	Office Management	Konica Minolta South Africa	Deviation – single source	ADAS13PO00127	81
Finance & Administration	IT	Ntambo Technologies	Deviation – sole source	ADAS13PO00128	13

5.3.2 Contract variations and expansions

No	Project Description	Name of Supplier	Contract modification type (expansion / variation)	Contract Number	Original contract value	Value of contract expansion or variation of contract (if applicable)	Value of previous contract expansion or variation of contract
					R'000	R'000	R'000
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A



PART F

FINANCIAL INFORMATION

Report of the auditor-general to 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 104 to 152, which comprise the statement of financial position as at 31 March 2024, statement of financial performance, statement of changes in net assets and cash flow statement 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 2024 and its financial performance and cash flows for the year then ended in accordance with the South African Standards of Generally Recognised Accounting Practise (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 section 53(4) of PFMA. Consequently, irregular expenditure stated at R1, 36 million included in note 43 to the financial statements was misstated by R7, 98 million.

Prepayments

4. 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 recorded by alternative means. Consequently, I was unable to determine whether any adjustments were necessary to prepayments stated at R31, 86 million in note 4 to the financial statements.

Receivables from exchange transactions: Allowance for impairment

5. 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. Consequently, the corresponding figures of allowance for impairment included in the receivables from exchange transactions of R43,13 million in note 5 to the financial statements is overstated by R5, 85 million. This also has an impact on the deficit for the period and on the accumulated surplus.

General expenses

6. General expenses was not classified as required by GRAP 1, *Presentation of financial statements* in the prior year. Consequently, the corresponding figure of general expenses of R25,87 million as disclosed in note 32 to financial statements was overstated by an estimated amount of R2, 35 million.

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.

Underspending on conditional grants

11. As disclosed in note 14 to the financial statements, the entity materially underspent the budget by R34, 00 million (2022-23: R24, 19 million) on the allocation received from KZN Department of Agriculture and Rural Development.

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 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 xx, forms part of our 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 Programme 4: Infrastructure Development presented in the annual performance report for the year ended 31 March 2024. 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 enterprises supported with infrastructure planning
- Number of enterprises supported with agricultural infrastructure
- Percentage of activities completed in line with the infrastructure maintenance plan

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
- 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.

Report on compliance with legislation

22. 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.
23. 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.
24. 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.
25. The material findings on compliance with the selected legislative requirements, presented per compliance theme, are as follows:

Annual financial statements

26. 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 current assets, liabilities, revenue, 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

27. 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.

28. My opinion on the financial statements, the report on the audit of the annual performance report and the report on 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.
29. 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.
30. The other information I obtained prior to the date of this auditor's report is disclosure of irregular expenditure and fruitless and wasteful expenditure, and the other information (except for disclosure of irregular and fruitless and wasteful expenditure) is expected to be made available to me after 31 July 2024.
31. 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.
32. When I do receive and read the draft annual report, 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

33. 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.
34. The matters reported below are limited to the significant internal control deficiencies that resulted in the basis for the qualified opinion and the material finding on compliance with legislation included in this report.
35. The process adopted by management to review the financial statements and supporting schedules was inadequate and resulted in material audit findings. Furthermore, sufficient controls were not in place during the year to ensure that payments for projects were properly supported.

Other reports

36. I draw attention to the following engagements conducted by various parties. 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.

37. An independent consultant was appointed by the Department of Agriculture and Rural Development on the allegations of maladministration and corruption within the entity, covering the 2018-19 to 2023-24 financial periods. At the date of this report the investigation was still in progress.

Auditor - General

Pietermaritzburg

31 July 2024



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 a 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
Public Finance Management Act 1 of 1999	Section 51(1)(b)(i); 51(1)(b)(ii); 51(1)(e)(iii); 53(4); Section 54(2)(c); 54(2)(d); 55(1)(a); 55(1)(b); Section 55(1)(c)(i); 56(1); 57(b); 66(4)
Treasury Regulations, 2005	Regulation 8.2.1; 8.2.2; 16A3.2; 16A3.2(a); Regulation 16A6.1; 16A6.2(a) 16A6.2(b); Regulation 16A6.3(a); 16A6.3(b); 16A6.3(c); Regulation 16A6.3(e); 16A6.4; 16A6.5; 16A6.6; Regulation 16A7.1; 16A7.3; 16A7.6; 16A7.7; Regulation 16A8.3; 16A8.4; 16A9.1(b)(ii); Regulation 16A9.1(d); 16A9.1(e); 16A9.1(f); Regulation 16A9.2; 16A9.2(a)(ii); 30.1.1; Regulation 30.1.3(a); 30.1.3(b); 30.1.3(d); 30.2.1; Regulation 31.1.2(c); 31.2.1; 31.2.5; 31.2.7(a); Regulation 33.1.1; 33.1.3
Construction Industry Development Board Act 38 of 2000	Section 18(1)
Construction Industry Development Board Regulations 2004	Regulation 17; 25(7A)
Second amendment National Treasury Instruction No. 5 of 202/21	Paragraph 1
Erratum National Treasury Instruction No. 5 of 202/21	Paragraph 2
National Treasury instruction No 5 of 2020/21	Paragraph 4.8; 4.9; 5.3
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
Practice Note 11 of 2008/9	Paragraph 2.1; 3.1(b)
Practice Note 5 of 2009/10	Paragraph 3.3
Legislation	Sections or regulations
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; Paragraph 6.3; 6.5; 6.6; 6.8; 7.1; 7.2; 7.3; 7.5;

	Paragraph 7.6; 7.8; 8.2; 8.5; 9.1; 10.1; 10.2; Paragraph 11.1; 11.2
Prevention and Combating of Corrupt Activities Act 12 of 2004	Section 34(1)

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Annual Financial Statements for the year ended 31 March 2024

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,
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 S Mkhwanazi
Company registration number	IT 2041/1999/N
Chief financial officer	Ms M Mkhize

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Annual Financial Statements for the year ended 31 March 2024

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Abbreviations used:

GRAP	Generally Recognised Accounting Practice
PFMA	Public Finance Management Act
NSF	National Skills Fund
UIF	Unemployment fund
PMB	Pietermaritzburg
MICTSETA	Media Information and Communication Technologies Sector Education and Training Authority
COGTA	Department of Cooperative Governance and Traditional Affairs
ADA	Agribusiness Development Agency
DARD	Department of Agriculture and Rural Development

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Board's Responsibilities and Approval

The Trustees 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 Trustees 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 Trustees acknowledges that They are 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 Trustees 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 Trustees are 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 Trustees have reviewed the entity's cash flow forecast for the year to 31 March 2025 and, in the light of this review and the current financial position, they are 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 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 4.

The annual financial statements set out on page 4, which have been prepared on the going concern basis, were approved by the board of Trustees on 31 May 2024 and were signed on its behalf by:



Chairperson of the Board of Trustees

AgriBusiness Development Agency Trust

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Annual Financial Statements for the year ended 31 March 2024

Statement of Financial Position as at 31 March 2024

Figures in Rand	Note(s)	2024	2023 Restated*
Assets			
Current Assets			
Inventories	3	5 026 116	5 275 023
Prepayments	4	31 856 131	18 673 333
Receivables from exchange transaction	5	13 305 998	9 115 644
Cash and cash equivalents	6	20 896 194	10 010 289
		71 084 439	43 074 289
Non-Current Assets			
Investment property	7	2 571 347	2 644 764
Property, plant and equipment	8	48 850 826	51 865 884
Intangible assets	9	536 993	626 492
Deposits	10	2 887 041	2 709 690
		54 846 207	57 846 830
Total Assets		125 930 646	100 921 119
Liabilities			
Current Liabilities			
Finance lease obligation	11	239 517	273 209
Operating lease liability	12	-	1 814 547
Payables from exchange transactions	13	9 369 184	1 171 599
Unspent conditional grants and receipts	14	34 000 817	24 190 443
Leave accrual	15	2 970 273	3 561 002
Payables from non-exchange transactions	16	11 285 222	878 958
Deposits received	17	6 207	6 207
		57 871 220	31 895 965
Non-Current Liabilities			
Finance lease obligation	11	114 973	81 975
Total Liabilities		57 986 193	31 977 940
Net Assets		67 944 453	68 943 179
Share capital / contributed capital	18	5 000	5 000
Accumulated surplus		67 939 453	68 938 179
Total Net Assets		67 944 453	68 943 179

* See Note 35 & 37 & 36

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Annual Financial Statements for the year ended 31 March 2024

Statement of Financial Performance

Figures in Rand	Note(s)	2024	2023 Restated*
Revenue			
Revenue from exchange transactions			
Water supply revenue		10 571 109	8 804 253
Project management fees		-	605 217
Rental income		253 543	272 814
Recoveries	21	30 000	-
Sundry Income	21	130	45 000
Interest	22	7 534 224	4 330 866
Gain on disposal of assets		-	109 509
Total revenue from exchange transactions		18 389 006	14 167 659
Revenue from non-exchange transactions			
Transfer revenue			
Government grants & subsidies	23	193 143 504	211 078 022
Total revenue	19	211 532 510	225 245 681
Expenditure			
Employee related costs	24	(66 049 106)	(66 427 040)
Administration	25	(2 643)	(1 971)
Depreciation and amortisation	26	(5 749 335)	(5 632 750)
Impairment loss	8	-	(578 037)
Finance costs	27	(13 513)	(12 101)
Lease rentals on operating lease	20	(8 121 959)	(6 169 424)
Debt Impairment	29	(9 139 921)	(7 301 064)
Repairs and Maintenance	8	(5 174 659)	(6 201 770)
Project Expenses	30	(60 209 613)	(82 755 018)
Lost debtors' funds		-	(145 400)
Water and electricity	31	(31 960 011)	(27 570 793)
Loss on disposal of assets		(606 566)	-
General Expenses	32	(25 503 912)	(25 872 116)
Total expenditure		(212 531 238)	(228 667 484)
Deficit for the year		(998 728)	(3 421 803)

* See Note 35 & 37 & 36

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Annual Financial Statements for the year ended 31 March 2024

Statement of Changes in Net Assets

	Share capital / contributed capital	Accumulated surplus / deficit	Total net assets
Figures in Rand			
Opening balance as previously reported	5 000	81 457 798	81 462 798
Adjustments			
Change in accounting policy 35	-	(9 097 816)	(9 097 816)
Restated* Balance at 01 April 2022	5 000	72 359 982	72 364 982
Changes in net assets			
Deficit for the year	-	(3 421 803)	(3 421 803)
Total changes	-	(3 421 803)	(3 421 803)
Restated* Balance at 01 April 2023	5 000	68 938 181	68 943 181
Changes in net assets			
Deficit for the year	-	(998 728)	(998 728)
Total changes	-	(998 728)	(998 728)
Balance at 31 March 2024	5 000	67 939 453	67 944 453
Note(s)	18		

* See Note 35 & 37 & 36

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Annual Financial Statements for the year ended 31 March 2024

Cash Flow Statement

Figures in Rand	Note(s)	2024	2023 Restated*
Cash flows from operating activities			
Receipts			
Funds received from (on behalf of) principal		16 432 901	2 419 140
Sale of goods and services		4 064 246	2 882 361
Grants		202 954 149	220 970 638
Interest		717 991	90 780
Project management fees		-	231 480
Sundry Income		130	45 000
Recoveries		30 000	-
Rental income		253 543	272 814
		<u>224 452 960</u>	<u>226 912 213</u>
Payments			
Employee costs		(66 670 479)	(65 731 616)
Suppliers		(137 678 498)	(162 756 507)
Finance costs		(13 513)	(12 101)
Funds paid on behalf of principle		(6 026 637)	(2 419 140)
		<u>(210 389 127)</u>	<u>(230 919 364)</u>
Net cash flows from operating activities	33	14 063 833	(4 007 151)
Cash flows from investing activities			
Purchase of property, plant and equipment	8	(3 196 198)	(3 366 717)
Proceeds from sale of property, plant and equipment	8	18 270	992 887
Net cash flows from investing activities		(3 177 928)	(2 373 830)
Cash flows from financing activities			
Net increase/(decrease) in cash and cash equivalents		10 885 905	(6 380 981)
Cash and cash equivalents at the beginning of the year		10 010 289	16 391 270
Cash and cash equivalents at the end of the year	6	20 896 194	10 010 289

The accounting policies on pages 8 to 19 and the notes on pages 20 to 49 form an integral part of the annual financial statements.

* See Note 35 & 37 & 36

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Annual Financial Statements for the year ended 31 March 2024

Accounting Policies

Figures in Rand	Note(s)	2024	2023
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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 preparations

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. They are presented in South African Rand.

These accounting policies are consistent with the previous period, except for the changes set out in note 35 Changes in accounting policy.

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).

The entity discloses relevant information relating to assets under construction or development, in the notes to the annual financial statements (see note).

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 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

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Accounting Policies

1.6 Property, plant and equipment (continued)

Computer equipment	Straight-line	6-8 years
Leasehold improvements	Straight-line	Remaining lease period
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 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

1.8 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.

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, and minus any reduction (directly or through the use of an allowance account) for impairment or uncollectibility.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, an entity shall estimate cash flows considering all contractual terms of the financial instrument (for example, prepayment, call and similar options) but shall not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate (see the Standard of GRAP on Revenue from Exchange Transactions), transaction costs, and all other premiums or discounts. There is a presumption that the cash flows and the expected life of a group of similar financial instruments can be estimated reliably. However, in those rare cases when it is not possible to reliably estimate the cash flows or the expected life of a financial instrument (or group of financial instruments), the entity shall use the contractual cash flows over the full contractual term of the financial instrument (or group of financial instruments).

A financial asset is:

- cash;
- a residual interest of another entity; or

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Annual Financial Statements for the year ended 31 March 2024

Accounting Policies

1.8 Financial instruments (continued)

- a contractual right to:
 - receive cash or another financial asset from another entity; or
 - exchange financial assets or financial liabilities with another entity under conditions that are potentially favourable to the entity.

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

A financial liability is any liability that is a contractual obligation to:

- deliver cash or another financial asset to another entity; or
- exchange financial assets or financial liabilities under conditions that are potentially unfavourable to the entity.

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.

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.

A financial asset is past due when a counterparty has failed to make a payment when contractually due.

A residual interest is any contract that manifests an interest in the assets of an entity after deducting all of its liabilities. A residual interest includes contributions from owners, which may be shown as:

- equity instruments or similar forms of unitised capital;
- a formal designation of a transfer of resources (or a class of such transfers) by the parties to the transaction as forming part of an entity's net assets, either before the contribution occurs or at the time of the contribution; or
- a formal agreement, in relation to the contribution, establishing or increasing an existing financial interest in the net assets of an entity.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

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Accounting Policies

1.8 Financial instruments (continued)

Classification

The entity has the following types of financial assets (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Cash and cash equivalent	Financial asset measured at amortised cost
- Cash and cash equivalent comprise of cash on hand and deposits in the authorities name with ABSA bank; First National Bank and Standard bank.	
Receivables	Financial asset measured at amortised cost
- Receivables include trade debtors, prepayments, employee debtors and deposits. The receivables, other then deposits, are short-term in nature. Deposits are discounted only in instance where the effect is material	

The entity has the following types of financial liabilities (classes and category) as reflected on the face of the statement of financial position or in the notes thereto:

Class	Category
Trade and other payables	Financial liability measured at amortised cost
Payables include trade creditors, accruals and deposits	
The payables other than deposits are short-term in nature. Deposits are discounted only in instances where the effect is material.	Financial liability measured at amortised cost
Unspent conditional grants	Financial liability measured at amortised cost

1.9 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 of on the remaining balance of the liability.

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

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.

1.10 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.

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Accounting Policies

1.10 Inventories (continued)

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.

1.11 Cash and cash equivalents

Cash comprises cash on hand and demand deposits.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes.

Cash and cash equivalents comprise bank balances, cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less which are available on demand. ·

Bank overdrafts which are repayable on demand forms an integral part of the entity's cash management activities, and as such are included as a component of cash and cash equivalents.

1.12 Payables from exchange transactions

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

1.13 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.

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

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.

1.14 Share capital / contributed capital

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

1.15 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.

1.16 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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1.17 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.

Sale of goods

Revenue from the sale of goods is recognised when all the following conditions have been satisfied:

- the entity has transferred to the purchaser the significant risks and rewards of ownership of the goods;
- the entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- 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; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

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1.18 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.

Interest earned on grants income

Interest earned on conditional grant monies received is reflected as a "amount owing to funders" in a case where specific permission is required from the funders before it can be expended on project activities. When approval is granted, interest earned is transferred to conditional grant and is recognised as revenue in accordance with principal set out in paragraphs above.

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.

1.19 Water and electricity

Water and electricity expenditure is accounted for on accrual basis.

1.20 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.

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1.20 Accounting by principals and agents (continued)

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).

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.

1.21 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.

1.22 Fruitless and wasteful expenditure

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

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1.22 Fruitless and wasteful expenditure (continued)

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.

1.23 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.

1.24 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.

1.25 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.

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Accounting Policies

1.25 Related parties (continued)

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.

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.

1.26 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.

1.27 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.

Where an outflow of economic benefits does not result in future benefits, it is disclosed as fruitless and wasteful expenditure. 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, contracted expenditure, projects costs 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) is 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 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.

Generally, expenses are accounted for on an accrual basis at fair value. Under the accrual basis of accounting expenses are recognised when incurred usually when goods are received or services are consumed. This may not be when the goods or services are actually paid for. 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.

Major classes of expenses include:

- General expenses
- Project expenditure

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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 2024 or later periods:

Standard/ Interpretation:	Effective date: Years beginning on or after	Expected impact:
• GRAP 104 (as revised): Financial Instruments	01 April 2025	Unlikely there will be a material impact

3. Inventories

Spare parts	4 856 430	5 011 242
Fuel (Diesel, Petrol)	169 686	263 781
	5 026 116	5 275 023

Inventory pledged as security

No inventory was pledged as security.

4. Prepayments

Prepayment for software licences	592 444	385 648
Prepayment for goods and services	228 458	236 667
Direct transfers	31 035 227	18 051 016
	31 856 129	18 673 331

Prepayment on software are for license fees paid partly for 2023 and 2024 financial year.

Transfers comprises of funds which have been unused by the beneficiaries as at 31 March.

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

5. Receivables from exchange transactions

Gross balances		
Trade debtors	64 843 395	51 632 935
Staff Debtors	100 050	105 945
Other Receivables	36 539	36 539
Interest receivable	591 982	466 272
	65 571 966	52 241 691
Less: Allowance for impairment	(52 265 968)	(43 126 047)
Financial asset receivables included in consumer debtors above	65 571 966	52 241 691
Net receivables from transactions	13 305 998	9 115 644

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5. Receivables from exchange transactions (continued)

Trade debtors

Age Analysis

Current (0-30 days)	1 162 697	849 851
31-60 days	1 411 148	1 047 505
61-90 days	1 385 965	1 069 648
91-120 days	1 438 469	1 026 869
121-150 days	1 174 834	964 610
151-180 days	1 420 203	924 449
181+ days	56 850 078	45 766 897
Provision for impairment	(52 265 968)	(43 126 047)
	12 577 426	8 523 782

Reconciliation of allowance for impairment

Opening balance	(43 126 047)	(35 824 983)
Provision for impairment	(9 139 921)	(7 301 064)
	(52 265 968)	(43 126 047)

6. Cash and cash equivalents

Cash on hand	932	4 972
Bank balances	20 895 262	10 005 317
	20 896 194	10 010 289

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2023

6. Cash and cash equivalents (continued)

The entity had the following bank accounts

Account number / description	Bank statement balances			Cash book balances		
	31 March 2024	31 March 2023	31 March 2022	31 March 2024	31 March 2023	31 March 2022
ABSA Bank - 4050785995	58 100	2 414 153	558 525	58 100	2 414 159	558 525
Intingwe - 9353241794	1 002	4 722 904	7 909 774	1 002	4 722 904	7 909 774
ABSA call account - 9365551434	1 387	259 730	248 130	1 387	259 730	248 130
ABSA call account - 9270089495	18 113	1 459 259	6 481 985	18 113	1 459 259	6 481 985
ABSA call account - 9270089704	28 486	10 228	9 937	28 486	10 228	9 937
ABSA call account - 9270089819	1 530	1 064 038	1 015 387	1 530	1 064 038	1 015 387
FNB Cheque account - 52490020031	79 274	68 027	45 298	79 274	68 027	45 298
FNB Cheque account - 62146377595	272	272	272	272	272	272
FNB Cheque account - 62047000708	2 027	3 248	4 424	2 027	3 248	4 424
FNB call account - 61249051569	2	1	2	2	1	2
Standard bank - 242512968	11 236 013	-	-	11 236 013	-	-
Standard bank - 268607648	5 449 118	-	-	5 449 118	-	-
Standard bank -268607648-001	4 019 938	-	-	4 019 938	-	-
Petty cash - ADA	-	-	-	980	4 972	2 478
Petty cash - Mjindi	-	-	-	(48)	-	-
Farmers cash on hand	-	-	-	-	3 451	115 331
Total	20 895 262	10 001 860	16 273 734	20 896 194	10 010 289	16 391 543

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7. Investment property

	2024		2023	
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation
Investment property	2 865 012	(293 665)	2 571 347	2 865 012
				(220 248)
				2 644 764
Reconciliation of investment property - 2024				
Investment property	Opening balance	Depreciation	Total	
	2 644 764	(73 417)	2 571 347	
Reconciliation of investment property - 2023				
Investment property	Opening balance	Depreciation	Total	
	2 718 180	(73 416)	2 644 764	
Amounts recognised in surplus or deficit				
Rental revenue from Investment property	243 424	240 633		

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8. Property, plant and equipment

	2024		2023	
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation
Buildings	24 936 733	(3 286 864)	21 649 869	24 936 733
Finance Lease asset	639 088	(290 879)	348 209	614 175
Furniture and fixtures	3 269 618	(1 749 629)	1 519 989	3 085 480
Motor vehicles	4 069 465	(2 370 944)	1 698 521	4 069 465
Computer equipment	7 764 745	(3 260 318)	4 504 427	7 163 896
Leasehold improvements	302 400	(283 793)	18 607	302 400
Other fixed assets	666 648	(421 931)	244 717	529 534
Sundry equipment	13 658 522	(3 503 110)	10 155 412	12 476 872
Specialised trucks	12 425 416	(5 148 973)	7 276 443	12 425 416
Fences and gates, boards and water provision	2 039 949	(1 347 474)	692 475	2 026 017
Tools and loose gear	1 920 026	(1 177 869)	742 157	1 920 026
Total	71 692 610	(22 841 784)	48 850 826	69 550 014
				(17 684 130)
				51 865 884

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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	-	-	(762 651)	21 649 869
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	(17 602)	(865 280)	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	(607 234)	(1 026 435)	10 155 412
Specialised trucks	8 563 686	-	-	(1 287 243)	7 276 443
Fences and Gates	823 006	13 932	-	(144 463)	692 475
Tools and loose gear	1 007 571	-	-	(265 414)	742 157
	51 865 884	3 196 198	(624 836)	(5 586 420)	48 850 826

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8. Property, plant and equipment (continued)

Reconciliation of property, plant and equipment - 2023

	Opening balance	Additions	Disposals	Depreciation	Impairment loss	Total
Buildings	23 175 170	-	-	(762 650)	-	22 412 520
Finance Lease assets	253 977	323 915	-	(227 310)	-	350 582
Furniture and fixtures	1 507 864	422 117	-	(269 535)	(21 143)	1 639 303
Motor vehicles	2 772 878	-	-	(581 352)	-	2 191 526
Computer equipment	4 100 196	2 234 694	(883 378)	(670 137)	(20 518)	4 760 857
Leasehold improvements	74 427	-	-	(37 213)	-	37 214
Other fixed assets	102 946	160 862	-	(75 120)	-	188 688
Sundry equipment	10 401 542	500 729	-	(1 005 532)	(5 808)	9 890 931
Specialised trucks	9 850 929	-	-	(1 287 243)	-	8 563 686
Fences and gates, boards and water provision	1 536 402	21 300	-	(225 011)	(509 685)	823 006
Tools and loose gear	1 279 171	27 015	-	(277 731)	(20 884)	1 007 571
	55 055 502	3 690 632	(883 378)	(5 418 834)	(578 038)	51 865 884

Pledged as security

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

Finance lease assets disposal

The finance lease assets capitalised were disposed off with cost and accumulated depreciation of R 311 499,86 at nil proceeds.

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

5 174 659 6 201 770

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9. Intangible assets

	2024		2023			
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	4 828 366	(4 291 373)	536 993	4 828 366	(4 201 874)	626 492
Reconciliation of intangible assets - 2024						
				Opening balance	Amortisation	Total
Computer software, other				626 492	(89 499)	536 993
Reconciliation of intangible assets - 2023						
				Opening balance	Amortisation	Total
Computer software, other				766 842	(140 350)	626 492

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10. Deposits		
Msunduzi Municipality	17 000	17 000
Eskom - Opening Balance	2 669 775	2 571 244
Eskom - Interest accrued	183 179	98 531
Deposit transferred to billing	(5 828)	-
Telkom	22 915	22 915
	2 887 041	2 709 690
11. Finance lease obligation		
Minimum lease payments due		
- within one year	252 250	281 220
- in second to fifth year inclusive	118 160	82 930
	370 410	364 150
less: future finance charges	(15 920)	(8 966)
Present value of minimum lease payments	354 490	355 184
Present value of minimum lease payments due		
- within one year	239 517	273 209
- in second to fifth year inclusive	114 973	81 975
	354 490	355 184
Non-current liabilities	114 973	81 975
Current liabilities	239 517	273 209
	354 490	355 184

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 asset (liability)

Current liabilities	-	(1 814 547)
Minimum lease payment due		
Due within one year	2 314 471	8 554 088
In second to fifth year	170 701	-
	2 485 172	8 554 088

The lease relates to the right of use of the office premises for 10 years which commenced on the 1st of March 2014. Lease rentals are subjected to an 8% escalation rate per annum. A 3 months lease agreement for the extension of the office premises commenced on the 1st March 2024 with no escalation clause.

There is also another lease of 3 years with Minolta which commenced on the 1st of May 2021 with no escalation rate. The lease expires on the 30th of April 2024.

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Figures in Rand	2024	2023				
12. Operating lease asset (liability) (continued)						
Operating lease expense						
Operating lease installments	9 936 505	7 607 429				
Straight lining difference	(1 814 547)	(1 438 005)				
	8 121 958	6 169 424				
13. Payables from exchange transactions						
Trade payables	3 027 532	144 918				
Deceased Estate	67 692	57 740				
Travel Card	74 172	-				
Accrued expenses	5 685 773	614 640				
Unallocated Deposits	183 136	53 079				
Debtors with Credit Balances	330 879	301 222				
	9 369 184	1 171 599				
14. Unspent conditional grants and receipts						
Unspent conditional grants and receipts comprises of:						
DARD	34 000 817	18 436 992				
Ntingwe	-	4 644 398				
COGTA	-	1 109 053				
	34 000 817	24 190 443				
2024	Opening balance	Receipts	Interest	Payments	Project Management	Closing balance
KZN Department of Agriculture and Rural Development (DARD)	18 436 989	64 160 000	1 063 263	(49 659 437)	-	34 000 815
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)	-	-
	24 190 440	68 900 000	1 101 148	(60 190 773)	-	34 000 815
2023	Opening balance	Receipts	Interest	Payments	Project Management	Closing balance
KZN Department of Agriculture and Rural Development (DARD)	(1 761 926)	71 640 000	594 333	(52 035 418)	-	18 436 989
Ntingwe	8 126 675	20 000 000	364 654	(23 846 931)	-	4 644 398
KZN Department of Cooperative Governance and Traditional Affairs (COGTA)	8 306 686	-	48 651	(6 872 547)	(373 737)	1 109 053
	14 671 435	91 640 000	1 007 638	(82 754 896)	(373 737)	24 190 440
Conditional grants movements during the year						
Balance at the beginning of the year	24 190 443	14 671 435				
Additions during the year	70 001 148	92 647 638				
Income recognition during the year	(60 190 774)	(83 128 630)				
	34 000 817	24 190 443				

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Figures in Rand

	2024	2023
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15. Leave accrual

Reconciliation of leave accrual - 2024

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

Reconciliation of leave accrual - 2023

	Opening Balance	Additions	Total
Leave accrual	2 828 133	732 869	3 561 002

16. Payables from non-exchange transactions

National Skills Fund	9 496 542	-
Ntingwe farming	1 788 680	878 958
	11 285 222	878 958

ADA obtained funds for National Skills Fund where the funds are held on behalf of the principal (refer to note 45). A balance of R 9 496 542 was held for the principle NSF at the end of the 2023/2024 financial year.

17. Deposits received

Opening balance	6 207	6 207
Movements	-	-
	6 207	6 207

18. Share capital / contributed capital

Issued		
Ordinary	5 000	5 000

19. Revenue

Sale of goods	10 571 109	8 804 253
Project management fees	-	605 217
Rental income	253 543	272 814
Recoveries	30 000	-
Gains on disposal of assets	-	109 509
Other income	130	45 000
Interest received	7 534 224	4 330 866
Government grants & subsidies	193 143 504	211 078 022
	211 532 510	225 245 681

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Figures in Rand	2024	2023
19. Revenue (continued)		
The amount included in revenue arising from exchanges of goods or services are as follows:		
Sale of goods	10 571 109	8 804 253
Rendering of services	-	605 217
Rental of facilities and equipment	253 543	272 814
Recoveries	30 000	-
Gain on disposal of assets	-	109 509
Other income 3	130	45 000
Interest received - investment	7 534 224	4 330 866
	18 389 006	14 167 659
The amount included in revenue arising from non-exchange transactions is as follows:		
Taxation revenue		
Transfer revenue		
Government grants & subsidies	193 143 504	211 078 022
20. Lease rentals on operating lease		
Premises		
Contractual amounts	8 121 959	6 169 424
21. Sundry income		
Recoveries	30 000	-
Other income	130	45 000
	30 130	45 000
22. Interest		
Interest		
Bank	717 991	90 780
Interest charged on trade and other receivables	6 633 054	4 125 579
Interest - Eskom	183 179	114 507
	7 534 224	4 330 866
23. Government grants & subsidies		
Operating grants		
DARD - Operational	132 953 000	128 323 000
DARD - Projects	49 659 168	52 035 415
COGTA - Projects	1 146 938	6 872 547
DARD - Intingwe	9 384 398	23 847 060
	193 143 504	211 078 022

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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Figures in Rand	2024	2023
24. Employee related costs		
Basic	58 116 223	52 458 741
Medical aid - company contributions	328 472	391 654
UIF	223 475	234 378
SDL	179 104	184 948
Leave pay provision charge	(590 729)	732 869
Pension Contribution	2 212 379	4 508 397
Overtime payments	329 339	396 571
Acting allowances	1 000 108	882 840
Housing benefits and allowances	696 000	753 800
Shift and other allowance	944 627	846 516
Cash allowance	287 715	1 813 972
Leave pay	187 934	190 678
Remuneration of non-executive directors	2 134 459	3 031 676
	66 049 106	66 427 040

Employee cost for key management personnel is as follows:

Remuneration of Acting Chief Executive Officer - N Myeni

Annual Remuneration	685 736	-
Acting Allowance	303 487	-
	989 223	-

Remuneration of Chief executive officer - Z Ndlela

Annual remuneration	-	996 378
Pension	-	97 605
	-	1 093 983

Remuneration of Chief Financial Officer - WM Mkhize

Annual Remuneration	1 653 877	1 604 914
Pension	-	144 821
	1 653 877	1 749 735

Remuneration of Chief Operations Officer - SA Mazibuko

Annual remuneration	1 391 830	1 224 214
Acting Allowance	380 204	380 204
Pension	-	121 538
	1 772 034	1 725 956

Remuneration of Project Manager - M Hlela

Annual Remuneration	1 179 342	1 043 689
Pension	-	103 458
	1 179 342	1 147 147

Remuneration of Senior Manager Farmer Development and Support Services - W

Tom		
Annual Remuneration	1 046 786	1 060 295
Pension	127 842	128 347
	1 174 628	1 188 642

Remuneration of Senior Project Manager - M Hoosen

Annual Remuneration	1 196 722	1 053 036
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Figures in Rand	2024	2023
24. Employee related costs (continued)		
Pension	-	104 259
	1 196 722	1 157 295
Remuneration of Senior Project Manager - Z Mazibuko		
Annual Remuneration	1 196 722	1 052 944
Pension	-	104 247
	1 196 722	1 157 191
Remuneration of Senior Manager Infrastructure and Water Services - ME Thekiso		
Annual Remuneration	1 046 786	1 060 295
Pension	127 850	132 594
	1 174 636	1 192 889
Remuneration of Corporate Services Manager - TJ Selai		
Annual Remuneration	1 391 830	592 234
	-	-
	1 391 830	592 234
Remuneration of non-executive directors		
Annual Remuneration	1 033 703	1 482 231
Travel allowance	691 990	1 072 397
Project and Finance Committee	145 882	222 785
HR Committee Fees	77 938	140 193
Audit Committee Fees	184 946	114 070
	2 134 459	3 031 676
25. Administrative expenditure		
Administration and management fees	2 643	1 971
26. Depreciation and amortisation		
Property, plant and equipment	5 586 420	5 418 834
Investment property	73 416	73 416
Intangible assets	89 499	140 500
	5 749 335	5 632 750
27. Finance costs		
Finance leases	13 513	12 101
28. Auditors' remuneration		
Fees	2 607 382	2 707 622
29. Debt impairment		
Debt impairment	9 139 921	7 301 064

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Figures in Rand	2024	2023
30. Project expenses		
Project expenditure by classification		
Employee costs	4 861 298	9 109 001
Furniture and fittings	-	688 426
Production inputs	-	4 835 096
Training	3 246 944	3 603 602
Farming equipment	-	6 396 449
Operating expenses	3 629 373	2 800 909
Construction	1 638 217	-
Direct transfers	46 833 781	55 321 538
	60 209 613	82 755 021

The list of projects was removed from this note of the financial statements, as this disclosure was not a GRAP requirement. The users of the financial statements can be provided with the list upon request.

31. Water and electricity

Electricity	21 827 361	17 813 848
Water	10 132 650	9 756 945
	31 960 011	27 570 793

32. General expenses

Advertising	140 332	85 786
Audit fees	2 607 382	2 707 622
Bank charges	50 927	56 637
Cleaning	1 527 782	1 271 805
Computer software licenses	1 623 991	2 596 396
Consulting	1 474 783	1 924 457
Office consumables	37 119	179 510
Insurance	1 220 837	1 021 444
Recruitment costs	8 182	1 263
Marketing	1 277 373	1 063 126
Motor vehicle expenses	1 597 358	1 247 261
Stationery	223 492	484 806
Legal fees	291 148	591 774
Security	3 611 886	3 449 255
Computer expenses	1 169 931	878 809
Staff wellness	320 666	95 069
Subscriptions	9 975	33 647
Telephone and fax	1 226 869	1 504 891
Training	418 505	873 802
Electricity and water	1 707 636	688 420
Photocopying and Printing	445 171	363 356
Catering	267 170	404 280
Travel and subsistence	3 654 310	4 003 694
Other Expenses	5 917	244 869
Bursaries	224 698	-
Small assets	-	9 234
Publications	360 472	90 903
	25 503 912	25 872 116

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Figures in Rand	2024	2023
33. Cash generated from (used in) operations		
Deficit	(998 728)	(3 421 803)
Adjustments for:		
Depreciation and amortisation	5 749 335	5 632 750
Gain (loss) on sale of assets and liabilities	606 566	(109 509)
Impairment deficit	-	578 037
Debt impairment	9 139 921	7 301 064
Movements in operating lease assets and accruals	(1 814 547)	(1 438 005)
Movements in provisions	(590 729)	732 869
Interest in Deposits	(177 351)	(98 531)
Finance lease	(694)	(223 806)
Changes in working capital:		
Inventories	248 907	(424 096)
Receivables from exchange transactions	(13 330 275)	(10 016 435)
Prepayments	(13 182 798)	(4 633 205)
Payables from exchange transactions	8 197 587	(8 284 446)
Unspent conditional grants and receipts	9 810 374	9 519 009
Payables from non-exchange transactions	10 406 265	878 956
	14 063 833	(4 007 151)

34. Change in estimate

Property, plant and equipment

Depreciation effect	Effect in current year	Effect in future years	New useful life (years)	Old useful life (years)
Motor vehicle	88 348	296 418	3	5-8
Fence and gate	51 088	252 539	5	10-15
Intangible assets	50 852	536 993	7	3-8
Sundry equipment	44 366	76 701	3	10-20
Leasehold improvements	18 607	18 607	2	Remaining lease period
Other assets	4 808	4 808	3	3-5
Workshop equipment	1 220	4 880	3	10
Furniture and fittings	(1 672)	248	3	10
	257 617	1 191 194	29	51

35. Changes in accounting policy

Provision for impairment on receivables

During the current year, management changed the method for accounting policy for calculating allowance for impairment of receivables.

In the previous policies for provision for impairment on receivables, all receivables with outstanding balances but had paid 100% or more of the current years' charges were not taken into consideration.

The following provision percentage has been added to account for:

The current policy is based on percentage of average non-payment of the current charges at any particular point of assessment during the current year

The reason for the change was to provide for a more accurate policy that fully account for the provision for all outstanding receivables.

The new policy resulted in increase in accumulated allowance for impairment as at end of prior year by R 10 281 950, for which R9 097 816 relates to adjustment at the beginning of prior year and a further reduction in allowance for impairment expense in 2023 financial year by R1 184 134.

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35. Changes in accounting policy (continued)

The aggregate effect of the changes in accounting policy on the annual financial statements for the year ended 31 March 2023 is as follows:

Statement of financial position

	2023 FY	2022 FY
Provision for debt impairment		
Previously stated	32 844 097	26 727 067
Adjustment	10 281 950	9 097 816
	43 126 047	35 824 883
 Accumulated surplus		
Previously stated	-	81 457 798
Adjustment	-	(9 097 816)
	-	72 359 982

Statement of Financial Performance

Debt impairment		
Previously stated	6 116 930	-
Adjustment	1 184 134	-
	7 301 064	-

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Notes to the Annual Financial Statements

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36. Prior period errors

Error 1 - Property, plant, and equipment

In 2022/23, computer server to the value of R980 064 was erroneously expensed under computer expense instead of being capitalised. As a result of this error, property, plant, and equipment was understated by R929 019 and depreciation was understated by R51 045. Computer software were overstated by R980 064.

Error 2 - Project expenditure

Project expenditure of R1 393 058 for 2023 financial year and R1 377 313 for the 2022 financial year was not recognised. This error resulted in Prepayments and unspent conditional grants and receipts for 2022 financial year being overstated. Revenue from non-exchange transactions and project expenditure were consequently understated by the R1 393 058 for the 2023 financial year.

Error 3 - Operating lease rental

The ADA entered into a 10-year lease agreement for the leasing of Office Space on 01 March 2014 which ended 29 February 2024. In terms of the Lease Agreement, the ADA is required to pay for rent a month in advance. Due to the timing difference of the rent payment and the period in which the rent expense is incurred, the entity has then erroneously accounted for operating lease asset and liability as the difference between straight-lined rent as per the lease agreement and the prepaid rent.

Error 4 - Segment reporting

The ADA first implemented segment reporting in the 2022/2023 financial year where presentation and disclosure omitted the ADA- PMB segment disclosure and had only disclosed the ADA-Jozini (Makhathini) and certain line items ie. Revenue from non-exchange transactions.

The correction of the error(s) results in adjustments as follows:

Statement of financial position

Increase in Property, plant and equipment	-	929 019
Decrease in prepayment	-	3 116 449
Increase in unspent conditional grants and receipts	-	(3 116 449)

Statement of financial performance

Decrease in computer expense	-	(980 064)
Increase in Depreciation	-	51 045
Increase in project expenditure	-	1 393 038
Increase in revenue from non-exchange	-	(1 393 038)
Increase in operating lease expense	-	346 098

Cash flow statement

During prior year the cashflow statement was incorrectly calculated. This was correct in the current financial year. Refer to note 37 for prior year adjustment.

37. Prior-year adjustments

Presented below are those items contained in the statement of financial position, statement of financial performance and cash flow statement that have been affected by prior-year adjustments:

Statement of financial position

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Figures in Rand	2024	2023
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37. Prior-year adjustments (continued)

2023

	Note	As previously reported	Correction of error	Change in accounting policy	Restated
Property plant and equipment	8	50 936 865	929 019	-	51 865 884
Receivables from exchange transaction	5	19 397 594	-	(10 281 950)	9 115 644
Prepayments	4	21 789 780	(3 116 449)	-	18 673 331
Unspent conditional grants and receipts	14	(26 960 791)	2 770 350	-	(24 190 441)
Payables from exchange transactions	13	(2 049 922)	(635)	-	(2 050 557)
Accumulated surplus		(78 637 845)	(582 285)	8 944 541	(70 275 589)
		(15 524 319)	-	(1 337 409)	(16 861 728)

Statement of financial performance

2023

	Note	As previously reported	Correction of error	Restated
Computer expense	32	1 858 873	(980 064)	878 809
Depreciation and amortisation	26	5 581 705	51 045	5 632 750
Project expenditure	30	81 361 983	1 393 038	82 755 021
Revenue from non-exchange transactions	23	(209 684 987)	(1 393 038)	(211 078 025)
Operating lease expense	20	5 823 326	346 098	6 169 424
Net adjustments		(115 059 100)	(582 921)	(115 642 021)

Cash flow statement

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Notes to the Annual Financial Statements

Figures in Rand

37. Prior-year adjustments (continued)

2023

	Note	As previously reported	Correction of error	Restated
Cash flow from operating activities				
Suppliers		(163 552 180)	795 673	(162 756 507)
Funds received from (on behalf of) principal		2 650 620	(231 480)	2 419 140
Sale of goods		3 042 506	(160 145)	2 882 361
Grants receipts		219 963 000	1 007 638	220 970 638
Interest from bank		931 212	(840 432)	90 780
Project management fees		308 846	(75 366)	231 480
Rental income		-	272 814	272 814
Employee costs		(65 694 169)	(37 447)	(65 731 616)
Finance costs		-	(12 101)	(12 101)
		(2 352 165)	719 154	(1 633 011)
Cash flow from investing activities				
Purchase of property, plant and equipment		(2 386 653)	(980 064)	(3 366 717)
Proceeds from sale of property, plant and equipment		967 887	25 000	992 887
		(1 418 766)	(1 278 978)	(2 697 744)
Cash flow from financing activities				
Finance lease payments		(235 910)	235 910	-
		(235 910)	235 910	-

Segment reporting 2023

ADA PMB as

Revenue

Revenue from non-exchange transactions	-	(155 735 933)	(155 735 933)
Gain on disposal of assets	-	(109 509)	(109 509)
Interest revenue	-	(92 116)	(92 116)
Project management fees	-	(605 217)	(605 217)
Sundry income	-	(45 000)	(45 000)

Expenditure

Salaries and wages	-	44 804 224	44 804 224
Depreciation, amortisation and impairment	-	1 582 314	1 582 314
Goods and services	-	115 534 070	115 534 070

Assets

Receivables from exchange transactions	-	617 756	617 756
Deposits	-	17 000	17 000
Prepayment	-	18 673 331	18 673 331
Property, plant and equipment	-	6 787 956	6 787 956
Cash and cash equivalent	-	10 010 289	10 010 289
Intangible assets	-	626 492	626 492

Liabilities

Finance lease obligation	-	(355 184)	(355 184)
Operating lease liability	-	(1 814 547)	(1 814 547)
Payables from exchange transactions	-	(1 171 598)	(1 171 598)
Unspent conditional grants and receipts	-	(24 190 441)	(24 190 441)
Provisions	-	(3 561 002)	(3 561 002)
Deposits received	-	(6 207)	(6 207)

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Figures in Rand	2024	2023	
37. Prior-year adjustments (continued)			
Payables from non-exchange transactions	- (878 958)	(878 958)	
	- 10 087 720	10 087 720	
ADA Jozini	As previously reported	Correction of error	Restated
Revenue from non-exchange transactions	-	(55 342 092)	(55 342 092)
Interest revenue	(4 481 500)	242 751	(4 238 749)
Repairs and maintenance	6 148 483	53 287	6 201 770
Depreciation, amortisation and impairment	-	3 526 426	3 526 426
Debt impairment	5 963 655	-	5 963 655
Receivables from exchange transactions	18 779 838	(8 944 542)	9 835 296
	26 410 476	(60 464 170)	(34 053 694)
Net Assets	As previously reported	Correction of error	Restated
Share capital	-	(5 000)	(5 000)
Accumulated surplus	-	(70 275 588)	(70 275 588)
	-	(70 280 588)	(70 280 588)

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38. Financial instruments disclosure

Categories of financial instruments

2024

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	13 305 998	13 305 998
Cash and cash equivalents	20 896 194	20 896 194
Deposits	2 887 041	2 887 041
	37 089 233	37 089 233

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	9 369 184	9 369 184
Payable from non-exchange	11 285 222	11 285 222
Deposits	6 207	6 207
Finance lease liabilities	354 490	354 490
	21 015 103	21 015 103

2023

Financial assets

	At amortised cost	Total
Trade and other receivables from exchange transactions	9 115 644	9 115 644
Cash and cash equivalents	10 010 289	10 010 289
Deposits	2 709 690	2 709 690
	21 835 623	21 835 623

Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	1 171 600	1 171 600
Payable from non-exchange	878 958	878 958
Deposits received	6 207	6 207
Finance lease liabilities	355 184	355 184
	2 411 949	2 411 949

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Figures in Rand	2024	2023
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38. 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 and beneficiaries who owe the entity funds that were given to them as direct transfers. Cash and cash 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.

39. Commitments

Authorised operational expenditure

Approved and contracted for

• Authorised operational expenditure	7 796 623	16 623 805
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Total operational commitments

Already contracted for but not provided for	7 796 623	16 623 805
---	-----------	------------

Total commitments

Total commitments

Authorised capital expenditure	-	-
Authorised operational expenditure	7 796 623	16 623 805
	7 796 623	16 623 805

The commitments were incorrectly disclosed under approved and not contracted for in prior financial year (2022/2023) R 6 066 665. It has been correctly included in R16 623 805.

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40. Related parties

Relationships

Members of Key Management

Refer to employee cost note 24

Remuneration of non-executive directors

Refer to employee cost 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. Natal Trust farms
2. Intingwe farming (Pty) Ltd

Amounts included in Trade Payable regarding related parties

Payables from exchange transactions	1 788 680	878 958
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Receivables from exchange transactions

DARD	98 658	107 312
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Related party transactions

KZN DARD

Grant funding	183 759 106	212 455 338
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Ntingwe grant funding	4 740 000	4 644 398
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41. Going concern

As at 31 March 2024, the entity had an accumulated surplus of R 67 939 453 and that the entity's total Assets exceed its liabilities by R 67 944 453.

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.

42. Events after the reporting date

There were no events after reporting date

43. Irregular and Fruitless and Wasteful Expenditure

Irregular expenditure	1 356 962	3 217 280
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Fruitless and wasteful expenditure	203	46 255
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Closing balance	1 357 165	3 263 535
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*Refer to reconciling notes in the annual report

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43. Irregular and Fruitless and Wasteful Expenditure (continued)

Criminal or disciplinary steps taken as a result of losses, irregular and fruitless and wasteful expenditure

2024

With regard to irregular expenditure three responsible officials were issued with written warning letters.

The number of cases completed in 2023/24, there was 1 case.

2023

The number of cases completed in 2022/23, there were 3 cases.

44. 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 infrastructural 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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44. Segment Information (continued)

Segment surplus or deficit, assets and liabilities

2024

	ADA - Jozini	# ADA - PMB	Total
Revenue			
Water supply revenue	10 571 109	-	10 571 109
Rental income	253 543	-	253 543
Sundry income	-	130	130
Recoveries	30 000	-	30 000
Interest revenue	6 816 233	717 991	7 534 224
Revenue from non-exchange transactions	57 150 799	135 992 705	193 143 504
Total segment revenue	74 821 684	136 710 826	211 532 510
Entity's revenue			211 532 510
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	3 559 622	2 189 713	5 749 335
Debt Impairment	9 139 921	-	9 139 921
Goods and services	-	94 458 206	94 458 206
Total segment expenditure	70 707 122	141 824 116	212 531 238
Total segmental surplus/(deficit)	4 114 562	(5 113 290)	(998 728)

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44. Segment information (continued)

	ADA - Jozini	# ADA - PMB	Total
Assets			
Inventory	5 026 116	-	5 026 116
Receivables from exchange transactions	12 577 427	728 571	13 305 998
Deposits	2 870 041	17 000	2 887 041
Prepayment	-	31 856 131	31 856 131
Property, plant and equipment	40 516 356	8 334 470	48 850 826
Investment property	2 571 347	-	2 571 347
Cash and cash equivalents	-	20 896 194	20 896 194
Intangible assets	-	536 993	536 993
Total segment assets	63 561 287	62 369 359	125 930 646
Total assets as per Statement of financial Position			125 930 646
Liabilities			
Finance lease obligation	-	354 490	354 490
Payables from exchange transactions	6 701 568	2 667 615	9 369 183
Unspent conditional grants and receipts	-	34 000 817	34 000 817
Leave accrual	-	2 970 273	2 970 273
Payables from non-exchange transactions	-	11 285 222	11 285 222
Deposits received	-	6 207	6 207
Total segment liabilities	6 701 568	51 284 624	57 986 192
Share capital			5 000
Accumulated surplus			67 070 309
Total liabilities as per Statement of financial Position			125 061 501
2023			
	ADA - Jozini	# ADA - PMB	Total

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44. Segment information (continued)

Revenue			
Revenue from non-exchange transactions	55 342 092	155 735 931	211 078 023
Gain on disposal of assets	-	109 509	109 509
Interest revenue	4 238 749	92 117	4 330 866
Project management fees	-	605 217	605 217
Rental income	272 814	-	272 814
Water supply revenue	8 804 253	-	8 804 253
Sundry income	-	45 000	45 000
Total segment revenue	68 657 908	156 587 774	225 245 682
Entity's revenue			225 245 682
Expenditure			
Salaries and wages	21 622 816	44 804 224	66 427 040
Water and electricity	27 570 793	-	27 570 793
Repairs and maintenance	6 201 770	-	6 201 770
Depreciation, amortisation and impairment	4 050 436	1 582 314	5 632 750
Debt impairment	7 301 064	-	7 301 064
Goods and services	-	115 534 068	115 534 068
Total segment expenditure	66 746 879	161 920 606	228 667 485
Total segmental surplus/(deficit)	1 911 029	(5 332 832)	(3 421 803)
Assets			
Inventory	5 275 023	-	5 275 023
Receivables from exchange transaction	8 497 888	617 756	9 115 644
Deposits	2 692 690	17 000	2 709 690
Prepayment	-	18 673 333	18 673 333
Property, plant and equipment	45 077 928	6 787 956	51 865 884
Investment property	2 644 764	-	2 644 764
Cash and cash equivalent	-	10 010 289	10 010 289
Intangible assets	-	626 492	626 492
Total segment assets	64 188 293	36 732 826	100 921 119
Total assets as per Statement of financial Position			100 921 119

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	ADA - Jozini	# ADA - PMB	Total
44. Segment information (continued)			
Liabilities			
Finance lease obligation	-	355 184	355 184
Operating lease liability	-	1 814 547	1 814 547
Payables from exchange transactions	-	1 171 598	1 171 598
Unspent conditional grants and receipts	-	24 190 441	24 190 441
Leave accrual	-	3 561 002	3 561 002
Deposits received	-	6 207	6 207
Payables from non-exchange transactions	-	878 958	878 958
Total segment liabilities	-	31 977 937	31 977 937
Share capital contribution			5 000
Accumulated Surplus			70 275 588
Total liabilities as per Statement of financial Position			102 258 525

45. 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 year end.

The funds held on behalf of the principal is **R 9 469 056.25** (prior year: R0.00) as at year end.

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45. Principal versus Agent (continued)

Ntingwe Tea Estate

The Agribusiness Development Agency (ADA) is currently responsible for the oversight of operation at Ntingwe Tea Estate. ADA. The operational expenses are mainly paid through the utilisation of a grant from DARD. In the current year Ntingwe issued a directive granting the ADA to utilise the revenue from sales to cover any operational expenditure.

The funds held on behalf of the principle is R1 788 680 (Prior year: R878 958)

Ntingwe transactions - 2024	Opening balance	Receipts	Payments	Closing balance
Employee cost	-	-	(4 150 295)	(4 150 295)
Operating expense	-	-	(6 789)	(6 789)
Construction	-	-	(1 861 415)	(1 861 415)
Petty cash	-	-	(8 138)	(8 138)
Tea sales	878 958	6 590 152	-	7 469 110
Interest	-	346 207	-	346 207
	878 958	6 936 359	(6 026 637)	1 788 680

MICTSETA - 2023

In 2020/21 financial year, the ADA entered into an agreement with the Media Information and Communication Technologies Sector Education and Training Authority (MICTSETA) in terms of which the ADA was to implement various programmes within the agricultural sector on behalf of the MICTSETA for the benefit of the students meeting the requirements stipulated by MICTSETA. the project was finalised in 2022/2023 financial year

Expenditure incurred of R2 419 140 2022/2023 was incurred on behalf of th MICTSETA by the ADA. Expenditure and receipts from the MICTSETA are depicted in table below

No infrastructure relating to this project was capitalised in the prior years and no resources under the custody of the ADA relating to MICTSETA as at year end.

There are no funds receivable or payable to the entity as at year end.

MICTSETA - 2023	Receipts	payments	management fee
Internship	497 280	(446 100)	(51 180)
TVET Placement	511 320	(500 820)	(10 500)
IT Technical Support	398 580	(361 080)	(37 500)
IT Systems Support	407 400	(350 100)	(57 300)
Business Analysis	836 040	(761 040)	(75 000)
	2 650 620	(2 419 140)	(231 480)

46. Contingencies

There were no contingent liabilities at year end.

The 2022/23 cases were both resolved in the current financial year, with one employee's dismissal being confirmed and the other being compensated.

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