

Vote 3

Agriculture and Rural Development

R thousand	2020/21			
	Special adjustments appropriation	Adjusted appropriation	Decrease	Increase
Operational budget	2 372 102	2 457 104		85 002
MEC remuneration ¹	1 978	1 978		
Total amount to be appropriated	2 374 080	2 459 082		85 002
<i>of which:</i>				
Current payments	1 943 735	1 938 287	(5 448)	
Transfers and subsidies	316 759	343 275		26 516
Payments for capital assets	113 586	177 520		63 934
Payments for financial assets	-	-		
Responsible MEC	MEC for Agriculture and Rural Development			
Administering department	Agriculture and Rural Development			
Accounting Officer	Head: Agriculture and Rural Development			

1. Vision and mission

Vision

The vision of the Department of Agriculture and Rural Development (DARD) is: *An inclusive, sustainable and radically transformed agricultural sector that builds thriving communities in balance with nature.* It is noted that this has changed from the *EPRE* in line with the newly tabled Strategic Plan.

Mission

The department's mission is: *To maximise agricultural potential through comprehensive farmer support and technological services for inclusive growth and sustainable rural development.* This has changed from the *EPRE* in line with the newly tabled Strategic Plan.

2. Strategic outcomes

The impact and outcomes of the department are as follows:

- Effective and efficient corporate and financial support services to the department.
- Improved household food security in the province.
- Improved farmer development for increased agricultural production, sector growth and inclusive rural economy.
- Reduced outbreak cases of Controlled and Notifiable Animal Diseases.
- Increased research knowledge production, agricultural education and training.

3. Summary of adjusted estimates for the 2020/21 financial year

The main appropriation of the department was R2.548 billion in 2020/21. During the year, the Covid-19 pandemic resulted in the department's budget being reduced by R174.077 million (both equitable share and conditional grant allocations) in order to fund the provincial response to Covid-19 and this was formalised with the tabling of the Special Adjustments Estimate in July. Following the Special Adjustments Estimate, the department received an additional allocation totalling R161.533 million, which was offset by a budget cut of R76.531 million in respect of the wage-bill, as well as a cut on

¹ At the time of going to print, the proclamation determining the 2020 salary adjustment relating to public office bearers had not been signed, hence this amount remains unchanged from the 2020/21 *EPRE*.

conditional grants to assist in funding the SAA rescue plan, resulting in a net decrease of R85.002 million. The amount to be appropriated in the 2020/21 Second Adjustments Estimate is thus R2.459 billion, and the adjustments are explained as follows:

- *Roll-overs:* An amount of R89.633 million was rolled over from 2019/20 and was allocated under Programme 1: Administration and Programme 2: Agriculture, as explained below:
 - National Treasury approved a roll-over of R42.423 million for the Comprehensive Agricultural Support Programme (CASP) grant. These funds were committed by year-end and relate to infrastructure projects such as animal housing, irrigation, boreholes, fencing, as well as departmental vehicles for extension services. In addition, the roll-over caters for the Extended Recovery Programme (ERP) pillar of the CASP grant relating to uniforms, laptops and accommodation for Extension Officers that travelled a long distance to attend the extension summit held in March 2020, as well as training on improvements in the systems that are used by the Extension Officers. These funds were allocated to Programme 2 against *Goods and services* (R20.524 million), *Buildings and other fixed structures* (R14.469 million) and *Machinery and equipment* (R7.430 million).
 - National Treasury approved a roll-over of R29.038 million in respect of the Ilima/Letsema Projects grant. These committed funds relate to irrigation schemes, as well as boreholes, dam scooping and farming supplies. These funds were allocated to Programme 2 against *Buildings and other fixed structures* (R27.129 million) and *Goods and services* (R1.909 million).
 - The department received an equitable share roll-over of R18.172 million. This roll-over relates to the purchase of departmental vehicles ordered through the Department of Transport using the transversal contract, as well as a four-wheel tractor purchased for the Cedara agricultural research farm. These funds were allocated to Programmes 1 (R17.143 million) and 2 (R1.029 million) against *Machinery and equipment*.
- *Virement between programmes:* The department undertook the following virements across programmes:
 - Programme 3: Rural Development shows a decrease of R7.939 million relating to savings against *Compensation of employees* due to vacant posts (R854 000), *Goods and services* as a result of slow implementation of the agri-hubs, mega-nurseries and seed bank projects (R6.986 million), as well as from *Transfers and subsidies to: Higher education institutions* in respect of a donation for the Postgraduate Research and Innovation Day at the University of KwaZulu-Natal (UKZN) which will no longer be held due to Covid-19 regulations (R99 000). These savings were moved to *Goods and services* in Programme 2 to cater for the purchase of poultry feed which was ordered in 2019/20 but paid for in 2020/21.

The department undertook further virements across sub-programmes, sub-sub-programmes and economic categories within programmes, as explained in Section 4. The increases in *Transfers and subsidies to: Departmental agencies and accounts* relating to the Agri-business Development Agency (ADA) was approved by Provincial Treasury.

These virements are permissible in terms of the PFMA and Treasury Regulations. Several virements within programmes require Legislature approval, and these are highlighted in grey under the relevant programmes and are summarised below:

Legislature approval is required for the decrease under Programme 3 as this decrease exceeds 8 per cent of the surrendering programme. The decreases in *Transfers and subsidies to: Higher education institutions* and *Transfers and subsidies to: Public corporations and private enterprises*, as well as the decrease in *Payments for capital assets* for the Vote as a whole, also require Legislature approval.

- *Shifts:* The department did not undertake any shifts across programmes, but shifts were undertaken across economic categories and sub-programmes within programmes, as explained in Section 4.
- *Other adjustments:* The department's budget allocation was decreased by a net amount of R4.631 million as follows:

- o The department's budget was cut by R73.718 million which is a portion of the R25.300 billion cut from the provincial sphere by National Treasury. This cut is meant to reduce growth of the public sector wage bill and is implemented against the provision made for the 2020 cost-of-living adjustment which is unlikely to be implemented before the end of the financial year. The cut was effected against *Compensation of employees* in respect of all three programmes.
- o The department's conditional grant budget was cut by R2.009 million against CASP, R653 000 against the Ilima/Letsema Projects grant and R151 000 against the Land Care grant in line with the reductions made by National Treasury to source funding for the rescue plan for SAA. The reduction was implemented against *Compensation of employees* (R564 000), *Goods and services* (R151 000), *Transfers and subsidies to: Public corporations and private enterprises* (R1.252 million), as well as *Buildings and other fixed structures* (R846 000).
- o National Treasury issued Government Gazette No. 43702 in-year whereby the National Department of Co-operative Governance allocated R4 million to DARD with regard to the Provincial Disaster Relief grant in respect of drought relief. These funds were allocated under Programme 2, against *Buildings and other fixed structures* for the scooping of 17 dams.
- o The department and ADA submitted requests towards the KZN Economic Relief Fund and, after rating these against a set of criteria, four of the requests receive an allocation of R67.900 million from this fund. The department is allocated R40.500 million for livestock intervention, R15 million for food relief, as well as R10 million for mechanisation and R2.400 million for ADA in respect of River Valley Farms CC. These funds were allocated under Programme 2, against *Goods and services* (R35 million), *Transfers and subsidies to: Departmental agencies and accounts* (R2.400 million), *Transfers and subsidies to: Public corporations and private enterprises* (R20.500 million) and *Machinery and equipment* (R10 million).

Tables 3.1 and 3.2 reflect a summary of the 2020/21 adjusted appropriation of the department, summarised according to programme and economic classification.

Note that further details of adjustments at economic classification level are provided in *Annexure – Vote 3: Agriculture and Rural Development*.

Table 3.1 : Summary by programmes

R thousand	Special adjustments appropriation	Second adjustments appropriation					Total second adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Administration	606 024	17 143	-	-	-	(21 347)	(4 204)	601 820
2. Agriculture	1 689 571	72 490	-	7 939	-	21 463	101 892	1 791 463
3. Rural Development	78 485	-	-	(7 939)	-	(4 747)	(12 686)	65 799
Total	2 374 080	89 633	-	-	-	(4 631)	85 002	2 459 082
Amount to be voted								85 002

Table 3.2 : Summary by economic classification

R thousand	Special adjustments appropriation	Second adjustments appropriation					Total second adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	1 943 735	22 433	-	11 116	436	(39 433)	(5 448)	1 938 287
Compensation of employees	1 166 325	-	-	(20 136)	1 207	(74 282)	(93 211)	1 073 114
Goods and services	777 318	22 433	-	30 880	(771)	34 849	87 391	864 709
Interest and rent on land	92	-	-	372	-	-	372	464
Transfers and subsidies to:	316 759	-	-	11 887	(7 019)	21 648	26 516	343 275
Provinces and municipalities	2 216	-	-	-	-	-	-	2 216
Departmental agencies and accounts	185 291	-	-	4 949	-	2 400	7 349	192 640
Higher education institutions	99	-	-	(99)	-	-	(99)	-
Public corporations and private enterprises	119 295	-	-	(419)	(7 019)	19 248	11 810	131 105
Households	9 858	-	-	7 456	-	-	7 456	17 314
Payments for capital assets	113 586	67 200	-	(23 003)	6 583	13 154	63 934	177 520
Buildings and other fixed structures	77 582	41 598	-	(23 268)	6 583	3 154	28 067	105 649
Machinery and equipment	35 434	25 602	-	265	-	10 000	35 867	71 301
Biological assets	570	-	-	-	-	-	-	570
Land and subsoil assets	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-
Total	2 374 080	89 633	-	-	-	(4 631)	85 002	2 459 082
Amount to be voted								85 002

4. Changes to programme purposes and service delivery measures

There are no changes to the programme purposes. However, there were changes made to the department's service delivery measures to align the targets originally published in the 2020/21 *EPRE* with the department's revised 2020/21 APP, which was published after the *EPRE*. The department tabled a revised APP to address the impact of Covid-19. These are included in Tables 3.7 and 3.10. The revised targets take into consideration the budget cuts implemented in the Special Adjustments Estimate.

4.1 Programme 1: Administration

The primary role of Programme 1 is to support the line function components of the department in achieving their goals. Tables 3.3 and 3.4 summarise the 2020/21 adjusted appropriation of Programme 1, summarised according to sub-programme and economic classification. Details of the main adjustments, which resulted in an overall decrease of R4.204 million in the special adjustments appropriation of Programme 1, are given in the paragraphs following the tables.

Table 3.3 : Programme 1: Administration

R thousand	Special adjustments appropriation	Second adjustments appropriation					Total second adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Office of the MEC	24 687			(1 065)		(482)	(1 547)	23 140
2. Senior Management	51 050			(2 505)		(4 230)	(6 735)	44 315
3. Corporate Services	332 167			27 838		(10 002)	17 836	350 003
4. Financial Management	162 139	17 143		(17 773)		(6 128)	(6 758)	155 381
5. Communication Services	35 981			(6 495)		(505)	(7 000)	28 981
Total	606 024	17 143	-	-	-	(21 347)	(4 204)	601 820
Amount to be voted								(4 204)

Table 3.4 : Summary by economic classification

R thousand	Special adjustments appropriation	Second adjustments appropriation					Total second adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	552 009	-	-	13 123	-	(21 347)	(8 224)	543 785
Compensation of employees	249 326			(6 081)		(21 347)	(27 428)	221 898
Goods and services	302 683			18 832			18 832	321 515
Interest and rent on land				372			372	372
Transfers and subsidies to:	9 819	-	-	542	-	-	542	10 361
Provinces and municipalities	1 210						-	1 210
Departmental agencies and accounts	3 289			(1 297)			(1 297)	1 992
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions							-	-
Households	5 320			1 839			1 839	7 159
Payments for capital assets	44 196	17 143	-	(13 665)	-	-	3 478	47 674
Buildings and other fixed structures	25 959			(14 959)			(14 959)	11 000
Machinery and equipment	18 237	17 143		1 294			18 437	36 674
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets							-	-
Total	606 024	17 143	-	-	-	(21 347)	(4 204)	601 820
Amount to be voted								(4 204)

Roll-overs – Programme 1: Administration: R17.143 million

Of the equitable share roll-over of R18.172 million, an amount of R17.143 million was allocated to *Machinery and equipment* against the sub-programme: Financial Management in Programme 1. These funds relate to departmental vehicles ordered in 2019/20 through the Department of Transport using the transversal contract. These vehicles were ordered in 2019/20, but delivered and paid for in 2020/21.

Virement – Programme 1: Administration

The department undertook virements across the sub-programmes where savings were identified in respect of operational costs such as communication, travel and subsistence, fleet services, operating

leases, stationery and advertising, as well as the slow implementation of infrastructure projects which were impacted on by the nationwide lockdown under the sub-programmes: Office of the MEC, Senior Management, Financial Management and Communications. These savings were moved to the sub-programme: Corporate Services to augment the budget for security services escalation costs, upgrade of the security infrastructure and increased cost of Microsoft licences affected by unfavorable exchange rates. The department also undertook virements affecting economic classifications as follows:

- Savings of R6.081 million were identified within the programme against *Compensation of employees* across all sub-programmes, because of delays in filling vacant posts due to lengthy recruitment processes, exacerbated by Covid-19.
- There were also savings of R1.297 million identified against *Transfers and subsidies to: Departmental agencies and accounts* in respect of the skills development levy due to vacant posts resulting in a lower wage bill. The contribution in respect of the skills development levy is legislated and is dependent on the department's actual wage bill.
- Savings of R14.959 million were identified against *Buildings and other fixed structures* due to slow progress on projects implemented by Department of Public Works (DOPW) such as the construction of new local offices at uMzimkhulu and eDumbe which was affected by the nationwide lockdown.

These savings were moved within Programme 1 as follows:

- R18.832 million was moved to *Goods and services* to fund the investigations undertaken by the Special Investigating Unit (SIU) (R2 million) which were not budgeted for, to cater for the upgrading of the security infrastructure such as CCTV, biometric access, etc. for the entire department, and for additional security guards in district offices which were not budgeted for (R11.298 million), as well as to provide for an increase in Microsoft licence fees due to the exchange rate impacting on this cost (R5.534 million).
- R372 000 was moved to *Interest and rent on land*, largely in respect of the payment of interest on an arrear salary payment to a former employee.
- R1.839 million was moved to *Transfers and subsidies to: Households* across all sub-programmes to cater for staff exit costs which were higher than budgeted for.
- R1.294 million was moved to *Machinery and equipment* in respect of IT cabling which was ordered in 2019/20 but delivered and paid for in 2020/21.

The above virements account for the movements across sub-programmes, and are permissible in terms of the PFMA and Treasury Regulations.

Legislature approval is required for the decrease in *Transfers and subsidies to: Departmental agencies and accounts*, as well as the decrease in *Payments for capital assets* in respect of *Buildings and other fixed structures*, as the capital budget for the Vote as a whole was decreased.

Other adjustments – Programme 1: Administration: (R21.347 million)

The special adjustments appropriation of Programme 1 was cut by R21.347 million against *Compensation of employees* and this cut was made against all sub-programmes. This relates to the provision made for the 2020 cost-of-living adjustment as this matter is currently in court and is unlikely to be resolved before the end of the financial year.

4.2 Programme 2: Agriculture

Programme 2 has two main core functions, namely Agriculture and Veterinary Services. Agriculture encompasses crop production, livestock farming, land use and land reform (a national priority run by DARD at a provincial level). Veterinary services entails animal disease control, prevention of zoonotic diseases, and ensuring safety of food products of animal origin. The information for the programme is given at sub-programme and sub-sub-programme level because of the level of detail required by the sector.

Tables 3.5 and 3.6 summarise the 2020/21 Special adjusted appropriation of Programme 2 according to sub-programme, sub-sub-programme and economic classification. Details of the main adjustments, which resulted in an overall increase of R101.892 million, are given in the paragraphs after the tables.

Table 3.5 : Programme 2: Agriculture

R thousand	Special adjustments appropriation	Second adjustments appropriation					Total second adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Sustainable Resource Management	88 178	-	-	(11 462)	-	2 497	(8 965)	79 213
Engineering Services	14 842			(4 702)		(277)	(4 979)	9 863
Land Care	53 777			(6 013)		(350)	(6 363)	47 414
Land Use Management	14 275			(608)		(607)	(1 215)	13 060
Disaster Risk Management	5 284			(139)		3 731	3 592	8 876
2. Farmer Support and Development	1 115 146	71 461	-	44 941	-	15 341	131 743	1 246 889
Farmer-Settlement and Development	333 605	60 207		39 293		20 995	120 495	454 100
Extension and Advisory Services	670 823	11 254		(32 531)		(30 654)	(51 931)	618 892
Food Security	110 718			38 179		25 000	63 179	173 897
3. Veterinary Services	207 700	-	-	(1 437)	-	12 164	10 727	218 427
Animal Health	169 302			3 196		13 512	16 708	186 010
Veterinary Public Health	7 096			(948)		(202)	(1 150)	5 946
Veterinary Laboratory Services	31 302			(3 685)		(1 146)	(4 831)	26 471
4. Research and Technology Development	173 970	1 029	-	(14 208)	-	(5 643)	(18 822)	155 148
Research	108 827			(7 866)		(4 802)	(12 668)	96 159
Research Infrastructure Support	65 143	1 029		(6 342)		(841)	(6 154)	58 989
5. Agricultural Economic Services	13 850	-	-	(936)	-	-	(936)	12 914
Agri-Business Support and Development	13 850			(936)			(936)	12 914
6. Structured Agricultural Education and Training	90 727	-	-	(8 959)	-	(2 896)	(11 855)	78 872
Higher Education and Training	77 908			(4 857)		(2 265)	(7 122)	70 786
Further Education and Training (FET)	12 819			(4 102)		(631)	(4 733)	8 086
Total	1 689 571	72 490	-	7 939	-	21 463	101 892	1 791 463
Amount to be voted								101 892

Table 3.6 : Summary by economic classification

R thousand	Special adjustments appropriation	Second adjustments appropriation					Total second adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	1 313 605	22 433	-	7 333	436	(13 339)	16 863	1 330 468
Compensation of employees	878 632			(13 201)		(48 188)	(61 389)	817 243
Goods and services	434 881	22 433		20 534	436	34 849	78 252	513 133
Interest and rent on land	92						-	92
Transfers and subsidies to:	306 841	-	-	9 944	(7 019)	21 648	24 573	331 414
Provinces and municipalities	1 006						-	1 006
Departmental agencies and accounts	182 002			6 246		2 400	8 646	190 648
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises	119 295			(1 919)	(7 019)	19 248	10 310	129 605
Non-profit institutions							-	-
Households	4 538			5 617			5 617	10 155
Payments for capital assets	69 125	50 057	-	(9 338)	6 583	13 154	60 456	129 581
Buildings and other fixed structures	51 623	41 598		(8 309)	6 583	3 154	43 026	94 649
Machinery and equipment	16 932	8 459		(1 029)		10 000	17 430	34 362
Heritage assets							-	-
Specialised military assets							-	-
Biological assets	570						-	570
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets							-	-
Total	1 689 571	72 490	-	7 939	-	21 463	101 892	1 791 463
Amount to be voted								101 892

Roll-overs – Programme 2: Agriculture: R72.490 million

An amount of R72.490 million was rolled over from 2019/20 and this was allocated to Programme 2, as explained below:

- Of the equitable share roll-over of R18.172 million, an amount of R1.029 million was allocated under the sub-programme: Research Infrastructure Support against *Machinery and equipment* in respect of a four-wheel tractor purchased for the Cedara agricultural research farm.
- National Treasury approved a roll-over of R42.423 million for the CASP grant. These funds relate to infrastructure projects such as animal housing, irrigation, boreholes, fencing, as well as departmental vehicles for extension services. In addition, the roll-over caters for the ERP pillar of the CASP grant relating to uniforms, laptops and accommodation for Extension Officers that travelled a long

distance to attend the extension summit held in March 2020, as well as training on improvements in the systems used by the Extension Officers. These funds were allocated to the sub-programme: Farmer Support and Development under *Goods and services* (R20.524 million), *Buildings and other fixed structures* (R14.469 million) and *Machinery and equipment* (R7.430 million).

- National Treasury approved a roll-over of R29.038 million in respect of the Ilima/Letsema Projects grant, relating to irrigation schemes, as well as boreholes, dam scooping and farming supplies. These funds were allocated under the sub-programme: Farmer Support and Development against *Buildings and other fixed structures* (R27.129 million) and *Goods and services* (R1.909 million).

Virement – Programme 2: Agriculture: R7.939 million

Extensive virements were undertaken within the programme whereby savings were identified on operational costs such as communication, travel and subsistence, fleet services, operating leases, stationery and advertising, etc. due to the nationwide lockdown under various sub-programmes and sub-sub programmes. These savings were moved to the sub-programme: Farmer Support and Development to fund animal feed and mechanisation services which was inadequately budgeted for. In addition, the department undertook the following virement across programmes:

- Programme 2 was increased by R7.939 million against *Goods and services* and against the sub-programme: Farmer Support and Development in respect of poultry feed which was ordered in 2019/20 but delivered and paid for in 2020/21. These savings were identified from Programme 3 against *Compensation of employees* due to vacant posts (R854 000), *Goods and services* as a result of slow implementation of the agri-hubs, mega-nurseries and seed bank projects (R6.986 million), as well as from *Transfers and subsidies to: Higher education institutions* in respect of a donation for the Postgraduate Research and Innovation Day at UKZN, as mentioned.

Further to the above, the following virements were undertaken within Programme 2, between sub-programmes and economic classification:

- Savings of R24.458 million were identified within the programme as follows:
 - R13.201 million was identified against *Compensation of employees* due to vacant posts across all sub-programmes because of lengthy recruitment processes, exacerbated by Covid-19.
 - Savings of R1.919 million were identified against *Transfers and subsidies to: Public corporations and private enterprises* in respect of the Soil Conservation Subsidy. These funds will not be utilised in 2020/21 as the department is reviewing its process to ensure full inclusivity of all qualifying farmers.
 - Savings of R8.309 million were identified against *Buildings and other fixed structures* in respect of the allocation for irrigation development in the Makhathini area in respect of the Ilima/Letsema Projects grant. A portion of the above-mentioned conditional grant roll-over relates to irrigation schemes, and this has freed up some of the equitable share funds.
 - Savings of R1.029 million were identified against *Machinery and equipment* in respect of the purchase of new specialised agricultural equipment due to delays in the procurement process which were exacerbated by the national lockdown.
- The total savings of R24.458 million were moved within the programme as follows:
 - R12.595 million was moved to *Goods and services* to fund a shortfall in mechanisation services including ploughing and planting services as these were under-budgeted for.
 - R6.246 million was moved to *Transfers and subsidies to: Departmental agencies and accounts* under the Farmer Support and Development sub-programme to fund Ntingwe Tea Estate's shortfall on their salaries and wages, as well as production inputs and equipment. This assistance is required because Ntingwe Tea Estate's revenue collection is insufficient to cover their full operational costs. The department is the majority shareholder in the entity. In line with the rationalisation of public entities recommendations, ADA is now responsible for the administration of Ntingwe Tea Estate, hence the transfer to ADA was increased.

- o R5.617 million was moved to *Transfers and subsidies to: Households* to fund higher than anticipated staff exit costs.

The increase against *Transfers and subsidies to: Departmental agencies and accounts* relating to ADA was approved by Provincial Treasury. The above virements account for the movements across sub-programmes. These virements are permissible in terms of the PFMA and Treasury Regulations.

Legislature approval is required for the decrease in *Transfers and subsidies to: Public corporations and private enterprises* in respect of the Soil Conservation Subsidy, as well as *Payments for capital assets* in respect of *Buildings and other fixed structures* and *Machinery and equipment*, as the capital budget for the Vote as a whole was decreased.

Shifts – Programme 2: Agriculture

An amount of R7.019 million was shifted within Programme 2 under the sub-programme: Farmer Support Development, from *Transfers and subsidies to: Public corporations and private enterprises* to *Goods and services* (R436 000) and *Buildings and other fixed structures* (R6.583 million) in respect of projects under the CASP grant that will be implemented by the department and not through direct funding, such as the installation of irrigation systems, refurbishment of tunnels, as well as construction a pack-house, etc. The purpose of the funds remains unchanged.

Other adjustments – Programme 2: Agriculture: R21.463 million

The department's budget allocation shows a net increase of R21.463 million as follows:

- National Treasury issued Government Gazette No. 43702 in-year whereby the National Department of Co-operative Governance allocated R4 million to DARD with regard to the Provincial Disaster Relief grant in respect of drought relief. These funds were allocated under Programme 2 to the sub-programme: Farmer Support and Development, against *Buildings and other fixed structures* for the scooping of 17 dams.
- The department and ADA submitted requests towards the KZN Economic Relief Fund and, after rating these against a set of criteria, four of the requests receive R67.900 million from this fund. The department is allocated R40.500 million for livestock intervention, R15 million for food relief, R10 million for mechanisation and R2.400 million for ADA for River Valley Farms CC. These funds were allocated against *Goods and services* (R35 million), *Transfers and subsidies to: Departmental agencies and accounts* (R2.400 million), *Transfers and subsidies to: Public corporations and private enterprises* (R20.500 million) and *Machinery and equipment* (R10 million).
- This increase was offset by several cuts being effected against the special adjustments appropriation of Programme 2 of R50.437 million in respect of the following:
 - o R47.624 million was reduced against *Compensation of employees* under all sub-programmes. This relates to the provision made for the 2020 cost-of-living adjustment as this matter is currently in court and is unlikely to be resolved before year-end, as mentioned.
 - o R2.813 million was cut against *Compensation of employees* (R564 000), *Goods and services* (R151 000), *Transfers and subsidies to: Public corporations and private enterprises* (R1.252 million) and *Buildings and other fixed structures* (R846 000) to fund the SAA recovery plan. These cuts were implemented by National Treasury against the CASP, Ilima/Letsema Projects and Land Care conditional grants.

Service delivery measures – Programme 2: Agriculture

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

The wording of a number of measures was corrected to align to the revised APP and this is highlighted in bold italics. The department revised several targets in line with the revised APP and these are included under the Revised target column. The department also introduced six new measures and these are indicated as “New” in the 2020/21 Original target column. The department has removed two measures, and these are indicated by a strike-through.

Table 3.7 : Service delivery measures – Programme 2: Agriculture

Outputs	Performance indicators	Performance targets		
		2020/21 Original target	2020/21 Mid-year actual	2020/21 Revised target
1. Sustainable Resource Management				
1.1 Engineering services	<ul style="list-style-type: none"> No. of agricultural infrastructure established <i>by the department</i> No. of agricultural infrastructure rehabilitated <i>by the department</i> No. of km-fenced <i>kilometre of fence erected for agricultural use</i> 	90 95 320	32 9 386	96 22 543
1.2 Land use management	<ul style="list-style-type: none"> No. of agro-ecosystem management plans developed No. of ha protected to improve agricultural production <i>Percentage of Subdivision of Agricultural Land Act applications to change land use submitted to National Department (DLRRD) within 30 days</i> No. of farm management plans developed 	10 7 000 10	- 100% 12	1 100% 1
1.3 Disaster risk management	<ul style="list-style-type: none"> No. of disaster relief schemes managed No. of disaster risk reduction programmes managed <i>No. of disaster risk early warning campaigns conducted</i> 	3 4	1	1
1.4 Land care	<ul style="list-style-type: none"> No. of green jobs created <i>No. of people employed on Land Care EPWP programme</i> No. of ha of agricultural land rehabilitated <i>through the Land Care Programme</i> 	1 100 8 800	1 026 4 720	1 120 5 500
2. Farmer Support and Development				
2.1 Farmer-settlement and development	<ul style="list-style-type: none"> No. of smallholder producers <i>supported with agricultural production inputs</i> No. of <i>black</i> commercial <i>producers</i> supported <i>with agricultural production inputs</i> No. of female farmer projects supported by the department No. of youth farmer projects supported by the department No. of projects for persons with disability supported by the department No. of land reform farms supported by the department 	3 750 100 New New New New	5 709 29 94 14 3 5	4 138 31 27 27 7 35
2.2 Extension and advisory services	<ul style="list-style-type: none"> No. of smallholder producers supported with agricultural advice No. of ha under irrigation used by smallholder farmers No. of jobs created <i>through departmental infrastructure and mechanisation interventions</i> 	25 000 4 500 800	4 423 534	4 567 576
2.3 Food security	<ul style="list-style-type: none"> No. of ha planted for food production No. of households supported with agricultural food production initiatives 	12 000 22 361	2 136 8 766	16 162 17 968
3. Veterinary Services				
3.1 Animal health	<ul style="list-style-type: none"> No. of <i>visits to epidemiological units</i> for veterinary interventions No. of rabies vaccinations 	20 000 35 000	18 155 206 225	
3.2 Veterinary export control	<ul style="list-style-type: none"> No. of export control certificates issued 	2 500	2 082	
3.3 Veterinary public health	<ul style="list-style-type: none"> Percentage level of abattoir compliance to meet safety legislation No. of rural auction sales facilitated by the department Approved Goat Production Improvement Strategy 	100% New New	100% 12 -	10 1
3.4 Veterinary laboratory services	<ul style="list-style-type: none"> No. of laboratory tests performed according to prescribed standards 	90 000	77 259	
4. Research and Technology Development Services				
4.1 Research	<ul style="list-style-type: none"> No. of research projects implemented to improve agricultural production 	80	43	59
4.2 Technology transfer services	<ul style="list-style-type: none"> No. of scientific papers published No. of research presentations made at peer reviewed events No. of research presentations made at technology transfer events <i>to disseminate information on research and technology developed to clients, peers and scientific community</i> 	6 12 228	- - 107	5 1 83
4.3 Infrastructure Support Services	<ul style="list-style-type: none"> No. of research infrastructure managed 	6	-	
5. Agricultural Economic Services				
5.1 Production economics and marketing support	<ul style="list-style-type: none"> No. of agri-businesses <i>beneficiaries</i> supported with marketing services No. of agri-businesses <i>clients</i> supported with production economic services 	40 2 000	245 247	300 350

Table 3.7 : Service delivery measures – Programme 2: Agriculture

Outputs	Performance indicators	Performance targets		
		2020/21 Original target	2020/21 Mid-year actual	2020/21 Revised target
5.2	Macroeconomics support	4	3	
5.3	Agro-processing support	20	228	300
6.	Structured Agricultural Education and Training			
6.1	Higher Education and Training	90	-	
6.2	Agricultural skills development	1 200	73	460
	• No. of interventions in school programmes <i>career awareness activities implemented to promote agriculture</i>	4	-	25

4.3 Programme 3: Rural Development

The aim of the programme is to initiate, plan and monitor development in specific rural areas (comprehensive rural development project sites) across the three spheres of government and to facilitate rural development initiatives by engaging communities on priorities and to institutionalise and support community organisational structures.

Tables 3.8 and 3.9 reflect a summary of the 2020/21 Special adjusted appropriation of Programme 3, summarised according to sub-programme and economic classification.

Details of the main adjustments, which resulted in an overall decrease of R12.686 million, are given in the paragraphs below the tables.

Table 3.8 : Programme 3: Rural Development

R thousand	Special adjustments appropriation	Second adjustments appropriation					Total second adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts	Other adjustments		
1. Rural Development Co-ordination	5 432			(157)		(191)	(348)	5 084
2. Social Facilitation	73 053			(7 782)		(4 556)	(12 338)	60 715
Total	78 485	-	-	(7 939)	-	(4 747)	(12 686)	65 799
Amount to be voted								(12 686)

Table 3.9 : Summary by economic classification

R thousand	Special adjustments appropriation	Second adjustments appropriation					Total second adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts	Other adjustments		
Current payments	78 121	-	-	(9 340)	-	(4 747)	(14 087)	64 034
Compensation of employees	38 367			(854)	1 207	(4 747)	(4 394)	33 973
Goods and services	39 754			(8 486)	(1 207)		(9 693)	30 061
Interest and rent on land							-	-
Transfers and subsidies to:	99	-	-	1 401	-	-	1 401	1 500
Provinces and municipalities							-	-
Departmental agencies and accounts							-	-
Higher education institutions	99			(99)			(99)	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises				1 500			1 500	1 500
Non-profit institutions							-	-
Households							-	-
Payments for capital assets	265	-	-	-	-	-	-	265
Buildings and other fixed structures							-	-
Machinery and equipment	265						-	265
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets							-	-
Total	78 485	-	-	(7 939)	-	(4 747)	(12 686)	65 799
Amount to be voted								(12 686)

Virement – Programme 3: Rural Development: (R7.939 million)

The department undertook virements from Programme 3 to Programme 2, as well as within Programme 3, resulting in a net decrease of R7.939 million in respect of this programme under the sub-programmes: Rural Development Co-ordination and Social Facilitation as follows:

- Savings of R7.939 million were identified against *Compensation of employees* under all sub-programmes due to vacant posts (R854 000), *Goods and services* as a result of slow implementation of the agri-hubs, mega-nurseries and seed bank projects (R6.986 million), as well as from *Transfers and subsidies to: Higher education institutions* in respect of a donation for the Postgraduate Research and Innovation Day at UKZN (R99 000) which will no longer be made. These savings were moved to Programme 2 in respect of poultry feed which was ordered in 2019/20, as mentioned.
- In addition to the above, the following virement was undertaken within Programme 3, between economic classification:
 - R1.500 million was moved from *Goods and services* due to slow implementation of the agri-hubs, mega-nurseries and seed bank projects to *Transfers and subsidies to: Public corporations and private enterprises* for the Tembe Marula Development Trust for operationalising the Marula plant within Programme 3. This increased transfer was approved by Provincial Treasury.

The above virements account for the movements across sub-programmes. These virements are permissible in terms of the PFMA and Treasury Regulations.

Legislature approval is required for the decrease against Programme 3 as the decrease exceeds 8 per cent of surrendering programme. The reduction in *Transfers and subsidies to: Higher education institutions* also requires Legislature approval.

Shifts – Programme 3: Rural Development

An amount of R1.207 million was moved within the sub-programme: Social Facilitation and within Programme 3 from *Goods and services* to *Compensation of employees* in respect of the appointment of 35 graduates as part of the implementation of the mega-nurseries and seed-bank projects. These projects were budgeted for under *Goods and services* but the unemployed graduates partaking in these projects are paid against *Compensation of employees*. The purpose of the funds remains unchanged.

Other adjustments – Programme 3: Rural Development: (R4.747 million)

The special adjustments appropriation of Programme 3 under all sub-programmes was cut by R4.747 million against *Compensation of employees*. This relates to the provision for the 2020 cost-of-living adjustment as this matter is currently in court and is unlikely to be resolved before year-end.

Service delivery measures – Programme 3: Rural Development

Table 3.10 shows the service delivery measures relating to Programme 3. The department revised three targets in line with the revised APP and these are included under the Revised target column. The department also introduced three new measures and these are indicated as “New” under the 2020/21 Original target. The department has removed three measures, and these are indicated by a strike-through.

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

Outputs	Performance indicators	Performance targets		
		2020/21 Original target	2020/21 Mid-year actual	2020/21 Revised target
1. Integrated Co-ordination of implementation for Rural Development				
1.1 Integrated rural development	<ul style="list-style-type: none"> Develop a KZN programme of action aligned to Outcome 7 No. of structures co-ordinated in line with Comprehensive Rural Dev. Prog. Outcome 7 performance reports submitted for the province No. of Agri-hubs business plans developed No. of seed mega-nurseries established 	1 2 4 New New	 1 -	 1 2

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

Outputs	Performance indicators	Performance targets		
		2020/21 Original target	2020/21 Mid-year actual	2020/21 Revised target
2. Rural Enterprise and Industry Development				
2.1 Maximisation of agricultural profitability for benefit of society	<ul style="list-style-type: none"> No. of <i>rural development</i> projects supported <i>with mentorship</i> No. of graduates enrolled into <i>Unemployed Agriculture Graduates Programme</i> 	50 New	25 -	 280

5. Specifically and exclusively appropriated allocations

Table 3.11 shows the amounts that are specifically and exclusively appropriated for specific purposes in terms of the KZN Adjustments Appropriation Act.

Note that conditional grant funds and transfers to the public entity, ADA (which are also specifically and exclusively appropriated funds) are not included here, as they are discussed in Sections 8 and 9.

Details of the main adjustments, which resulted in an overall increase of R65.500 million in respect of the department's specifically and exclusively appropriated funding, are provided in the paragraph following the table.

Table 3.11 : Summary of specifically and exclusively appropriated funding

R thousand	Special adjustments appropriation	Second adjustments appropriation					Total second adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Prog. 2: Livestock intervention						40 500	40 500	40 500
2. Prog. 2: Food relief						15 000	15 000	15 000
3. Prog. 2: Mechanisation						10 000	10 000	10 000
Total	-	-	-	-	-	65 500	65 500	65 500
Amount to be voted								65 500

- Other adjustments:* The department submitted requests towards the KZN Economic Relief Fund and, after these were rated against a set of criteria, three requests received funding of R65.500 million from this fund. The department is allocated R40.500 million for livestock intervention, R15 million for food relief, as well as R10 million for mechanisation. These funds were allocated against *Goods and services* (R35 million), *Transfers and subsidies to: Public corporations and private enterprises* (R20.500 million) and *Machinery and equipment* (R10 million).

6. Gifts, donations and sponsorships

The department is not envisaging any gifts, donations and sponsorships above R100 000 in 2020/21.

7. Infrastructure

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

Details of the main adjustments, which resulted in an overall increase of R18.646 million, are provided in the paragraphs following the tables.

Table 3.12 : Summary of infrastructure payments by category

R thousand	Special adjustments appropriation	Second adjustments appropriation					Total second adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Existing infrastructure assets	47 989	23 575	-	(9 284)	1 948	3 154	19 393	67 382
Maintenance and repair: Current	10 337			(2 337)			(2 337)	8 000
Upgrades and additions: Capital	27 388			(17 869)	1 948		(15 921)	11 467
Refurbishment and rehabilitation: Capital	10 264	23 575		10 922		3 154	37 651	47 915
New infrastructure assets: Capital	39 930	18 023		(16 321)	4 635		6 337	46 267
Infrastructure transfers	-	-	-	-	-	-	-	-
Infrastructure transfers: Capital							-	-
Infrastructure transfers: Current							-	-
Infrastructure: Payments for financial assets							-	-
Infrastructure: Leases	39 386			(7 084)			(7 084)	32 302
Non infrastructure							-	-
Capital infrastructure	77 582	41 598	-	(23 268)	6 583	3 154	28 067	105 649
Current infrastructure	49 723	-	-	(9 421)	-	-	(9 421)	40 302
Total	127 705	41 598	-	(32 689)	6 583	3 154	18 646	145 951
Amount to be voted								18 646

- **Roll-overs:** An amount of R41.598 million was rolled over from 2019/20, comprising the following:
 - R14.469 million was rolled over in respect of the CASP grant against *New infrastructure assets: Capital* for infrastructure projects such as irrigation, boreholes, fencing, as mentioned.
 - R27.129 million was rolled over in respect of the Ilima/Letsema Projects grant against *New infrastructure assets: Capital* for infrastructure projects such as irrigation (R3.554 million), as well as *Refurbishment and rehabilitation: Capital* in respect of irrigation schemes, boreholes, dam scooping and farming supplies (R23.575 million), as mentioned.
- **Virements:** The department undertook the following virements affecting the infrastructure allocation:
 - The decrease of R2.337 million against *Maintenance and repair: Current* is in respect of correcting the allocation relating to the maintenance of district offices which was erroneously duplicated in the main budget and this therefore does not affect any other table.
 - *Upgrades and additions: Capital* was reduced by R17.869 million in respect of slow progress on the planned pack-house at Jozini, as well as projects implemented by DOPW such as the construction of district offices in eDumbe and uMkhanyakude and these savings were moved to *Goods and services* for security services and poultry feed which were under-budgeted for.
 - *Refurbishment and rehabilitation: Capital* was increased by R10.922 million to cater for boreholes, broiler houses, diptanks, and fencing projects that commenced in 2019/20 and these projects are a continuation of projects from 2019/20. These funds were moved from savings under *Goods and services*.
 - Savings of R16.321 million were identified against *New infrastructure assets: Capital* due to the slow progress on projects implemented by DOPW (R6 million) and reprioritisation of irrigation projects under the Ilima/ Letsema Projects grant (R10.321 million). These savings were moved to *Goods and services* to provide for security services such as CCTV and biometric access for the department as a whole, as well as to mechanisation services such as ploughing which were under-budgeted for.
 - Savings of R7.084 million were identified against *Infrastructure: Leases* in respect of office leases as a result of DOPW not securing additional accommodation for eight local offices. These savings were moved within *Goods and services* to provide for costs related to fleet services because the estimated savings moved in the Special Adjustments Estimate were too high in this regard.

Legislature approval is required for the decrease in *Capital infrastructure*, as the capital budget for the Vote as a whole was decreased.

- **Other adjustments:** The department's budget allocation shows a net increase of R3.154 million. In this regard, National Treasury issued Government Gazette No. 43 702 in-year whereby the National

Department of Co-operative Governance allocated R4 million to DARD with regard to the Provincial Disaster Relief grant in respect of drought relief. These funds were allocated under Programme 2, against *Refurbishment and rehabilitation: Capital*. This increase was offset by a reduction of R846 000 against the same category to fund the SAA recovery plan. These cuts were implemented by National Treasury against the CASP, Ilima/Letsema Projects and Land Care conditional grants.

8. Conditional grants

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

Details of the main adjustments, which resulted in an overall increase of R72.648 million in the conditional grant allocation, are given in the paragraphs following the tables.

Table 3.13 : Summary of changes to conditional grants

R thousand	Special adjustments appropriation	Second adjustments appropriation					Total second adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
2. Agriculture	223 929	71 461	-	-	-	1 187	72 648	296 577
CASP grant	151 655	42 423				(2 009)	40 414	192 069
Ilima/Letsema Projects grant	54 926	29 038				(653)	28 385	83 311
Land Care grant	12 701					(151)	(151)	12 550
EPWP Integrated Grant for Provinces	4 647						-	4 647
Provincial Disaster Relief grant						4 000	4 000	4 000
3. Rural Development	11 440	-	-	-	-	-	-	11 440
CASP grant	11 440						-	11 440
Total	235 369	71 461	-	-	-	1 187	72 648	308 017
Amount to be voted								72 648

Table 3.14 : Summary of conditional grants by economic classification

R thousand	Special adjustments appropriation	Second adjustments appropriation					Total second adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	70 539	22 433	-	21 122	436	(715)	43 276	113 815
Compensation of employees	19 606					(564)	(564)	19 042
Goods and services	50 933	22 433		21 122	436	(151)	43 840	94 773
Interest and rent on land							-	-
Transfers and subsidies to:	114 491	-	-	-	(7 019)	(1 252)	(8 271)	106 220
Provinces and municipalities							-	-
Departmental agencies and accounts							-	-
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises	114 491				(7 019)	(1 252)	(8 271)	106 220
Non-profit institutions							-	-
Households							-	-
Payments for capital assets	50 339	49 028	-	(21 122)	6 583	3 154	37 643	87 982
Buildings and other fixed structures	43 994	41 598		(21 655)	6 583	3 154	29 680	73 674
Machinery and equipment	6 345	7 430		533			7 963	14 308
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets							-	-
Total	235 369	71 461	-	-	-	1 187	72 648	308 017
Amount to be voted								72 648

- **Roll-overs:** An amount of R71.461 million was rolled over from 2019/20 and allocated to Programme 2, comprising the following:
 - National Treasury approved a roll-over of R42.423 million for the CASP grant. These funds relate to infrastructure projects such as animal housing, irrigation, boreholes, fencing, as well as departmental vehicles for extension services. In addition, the roll-over caters for the ERP pillar of the CASP grant relating to uniforms, laptops and accommodation for Extension Officers that travelled a long distance to attend the extension summit held in March 2020, as well as training on improvements in the systems that are used by the Extension Officers. These funds were allocated to Programme 2 against *Goods and services* (R20.524 million), *Buildings and other fixed structures* (R14.469 million) and *Machinery and equipment* (R7.430 million).

- o National Treasury approved a roll-over of R29.038 million in respect of the Ilima/Letsema Projects grant. These funds relate to irrigation schemes, as well as boreholes, dam scooping and farming supplies. These funds were allocated to Programme 2 against *Buildings and other fixed structures* (R27.129 million) and *Goods and services* (R1.909 million).
- *Virements*: Virements were undertaken within grants but across economic classifications. In this regard, R21.655 million was reduced from *Buildings and other fixed structures* relating to irrigation development in the Makhathini area in respect of the Ilima/Letsema Projects grant, taking into account the approved roll-over from 2019/20, as mentioned. These funds were moved to *Goods and services* to cover a shortfall in respect of mechanisation services including ploughing and planting (R21.122 million), as well as to *Machinery and equipment* for agricultural equipment (R533 000).

Legislature approval is required for the decrease in *Payments for capital assets* in respect of *Buildings and other fixed structures*, as the capital budget for the Vote as a whole is decreased.

- *Shifts*: An amount of R7.019 million was shifted from *Transfers and subsidies to: Public corporations and private enterprises* to *Goods and services* (R436 000) and *Buildings and other fixed structures* (R6.583 million) in respect of projects under the CASP grant that will be implemented by the department and not through direct funding, such as the installation of irrigation systems, refurbishment of tunnels, as well as construction a pack-house, etc. The purpose of the funds remains unchanged.
- *Other adjustments*: The budget allocation shows a net increase of R1.187 million as follows:
 - o National Treasury issued Government Gazette No. 43 702 in-year which sees the National Department of Co-operative Governance allocated R4 million to DARD with regard to the Provincial Disaster Relief grant in respect of drought relief. These funds were allocated to Programme 2, against *Buildings and other fixed structures*.
 - o This increase was offset by a reduction of R2.813 million against the CASP (R2.009 million) grant, Ilima/Letsema Projects grant (R653 000) and the Land Care grant (R151 000) to fund the SAA recovery plan, as mentioned. The reduction was implemented against *Compensation of employees* (R564 000), *Goods and services* (R151 000), *Transfers and subsidies to: Public corporations and private enterprises* (R1.252 million), as well as *Buildings and other fixed structures* (R846 000).

9. Transfers and subsidies

Table 3.15 shows the summary of transfers and subsidies by programme and main category.

The table includes transfers made to the department's public entity, namely ADA which is specifically and exclusively appropriated in terms of the KZN Second Adjustments Appropriation Act.

Details of the main adjustments, which resulted in an overall increase of R26.516 million in the transfers and subsidies allocation, are provided in the paragraphs following the table.

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

R thousand	Special adjustments appropriation	Second adjustments appropriation					Total second adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Administration	9 819	-	-	542	-	-	542	10 361
Provinces and municipalities	1 210	-	-	-	-	-	-	1 210
Motor vehicle licences	1 210	-	-	-	-	-	-	1 210
Departmental agencies and accounts	3 289	-	-	(1 297)	-	-	(1 297)	1 992
Skills Development Levy	3 289	-	-	(1 297)	-	-	(1 297)	1 992
Households	5 320	-	-	1 839	-	-	1 839	7 159
Staff exit costs	220	-	-	1 839	-	-	1 839	2 059
External bursaries	5 100	-	-	-	-	-	-	5 100
2. Agriculture	306 841	-	-	9 944	(7 019)	21 648	24 573	331 414
Provinces and municipalities	1 006	-	-	-	-	-	-	1 006
Motor vehicle licences	966	-	-	-	-	-	-	966
Municipal agencies and funds	40	-	-	-	-	-	-	40
Departmental agencies and accounts	182 002	-	-	6 246	-	2 400	8 646	190 648
Agri-business Development Agency	182 001	-	-	6 246	-	2 400	8 646	190 647
TV and radio licences	1	-	-	-	-	-	-	1

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

R thousand	Special adjustments appropriation	Second adjustments appropriation					Total second adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
2. Agriculture (Continued)	306 841	-	-	9 944	(7 019)	21 648	24 573	331 414
Public corporations and private enterprises	119 295	-	-	(1 919)	(7 019)	19 248	10 310	129 605
SA Sugarcane Research Institute	2 885						-	2 885
Soil conservation subsidy	1 919			(1 919)			(1 919)	-
Khukhza Farming 01	2 374						-	2 374
Ezekhethelo Products - Beef production	1 000						-	1 000
Tasma Estate - Vegetable production	900						-	900
Phangela trading - Beef production	1 000						-	1 000
Amandlentuthko - Beef production	2 500						-	2 500
Amakhondlo Construction cc - Beef production	217						-	217
Chemdora - Beef production	1 130						-	1 130
Qhawe - Poultry production	500						-	500
Phiwo's Piggery	1 923			(1 923)			(1 923)	-
Confluence Farm - Beef production	1 850						-	1 850
Mkulama - Piggery	875						-	875
M.S. Effect Pty - Poultry broiler	2 337			(1 085)		(1 252)	(2 337)	-
Gugulethu Project - Crops and veg. production	2 542						-	2 542
Emketeni Project - Beef production	181						-	181
Shayimamba - Piggery	2 600						-	2 600
Isigawuli Layers	1 000						-	1 000
Okusha Supply	2 123			(1 873)			(1 873)	250
Concur Farm	943						-	943
Sizanani Mazulu Piggery	1 000						-	1 000
Gobelah	2 000						-	2 000
Lethukuthula Dumakude	2 000						-	2 000
Ayabonga Consulting services CC	1 400						-	1 400
Impilwenye Trading and projects (Pty) Ltd	1 157						-	1 157
Sikhangane Enterprise (Pty) Ltd	2 560						-	2 560
Inkabanhle Piggery project	1 350				69		69	1 419
HT Piggery	972				28		28	1 000
Melusane	1 654						-	1 654
Intandela Broiler Co-operative	1 300						-	1 300
KwaMthethwa Secondary Co-op	1 380						-	1 380
Sikhathi Layer	1 962						-	1 962
Sinekhona Broiler	1 000						-	1 000
Pro found	1 974						-	1 974
Nqabeshu	1 000						-	1 000
Unallocated	65 787			4 881	(65 787)		(60 906)	4 881
2 Good Farming and Agriculture					4 570		4 570	4 570
Ahirs Farm					1 817		1 817	1 817
Amandla Power Agric Pty Ltd					1 300		1 300	1 300
Bambanani Communal Property Asso					1 210		1 210	1 210
Blackhorses Holdings (Pty) Ltd					2 210		2 210	2 210
Dumain Primary Co-Op Ltd					2 300		2 300	2 300
Emagozini Livestock					2 000		2 000	2 000
Ibisi Agricultural Primary Coop					1 000		1 000	1 000
Igejay Farming Services Pty Ltd					950		950	950
Isicelankobe Pty Ltd					4 535		4 535	4 535
MAG Thomson Farming & Logistics					1 000		1 000	1 000
MGIG Investments Pty (Ltd)					3 810		3 810	3 810
Mkhize Farm					4 265		4 265	4 265
Msonotha Project (Pty) Ltd					2 796		2 796	2 796
Nontando Masimula Business Ent					1 650		1 650	1 650
Our Harvest Trading					3 235		3 235	3 235
Senameligugu					3 915		3 915	3 915
Sweet-Home Multipurpose Coop Ltd					3 960		3 960	3 960
Ubuntubethu Eggs					1 000		1 000	1 000
Ukukhanya Kwasemvunzini Primary					2 570		2 570	2 570
Unique Stripe Projects Pty Ltd					4 480		4 480	4 480
Yinhle Indalo Trading Enterprise					618		618	618
Ziyabua General Trading					1 480		1 480	1 480
Zwide Brothers Pty Ltd					2 000		2 000	2 000
Sizisizwe Primary Co-operative						4 100	4 100	4 100
MSGSM Solutions (Pty) Ltd						4 100	4 100	4 100
LRSA Trading Tsar Beef						4 100	4 100	4 100
Karabos Enterprise						4 100	4 100	4 100
Still Mac Printing and trading						4 100	4 100	4 100
Households	4 538	-	-	5 617	-	-	5 617	10 155
Staff exit costs	4 338			5 817			5 817	10 155
External bursaries	200			(200)			(200)	-
3. Rural Development	99	-	-	1 401	-	-	1 401	1 500
Higher education institutions	99	-	-	(99)	-	-	(99)	-
University of KwaZulu-Natal	99			(99)			(99)	-
Public corporations and private enterprises	-	-	-	1 500	-	-	1 500	1 500
Tembe Marula Development Trust				1 500			1 500	1 500
Total	316 759	-	-	11 887	(7 019)	21 648	26 516	343 275
Amount to be voted								26 516

- *Virement*: The department undertook the following virements affecting transfers and subsidies:
 - In respect of Programme 1:
 - Savings of R1.297 million were identified against *Departmental agencies and accounts* in respect of the skills development levy due to the vacant posts resulting in a lower wage bill and these funds were moved to *Goods and services*, as mentioned.
 - *Households* was increased by R1.839 million from *Compensation of employees* to cater for staff exit costs, which were higher than budgeted for.
 - In respect of Programme 2:
 - *Departmental agencies and accounts* was increased by R6.246 million in respect of the transfer to ADA to fund Ntingwe Tea Estate's shortfall on their salaries and wages, as well as production inputs and equipment, as mentioned.
 - Savings of R1.919 million were identified against *Public corporations and private enterprises* in respect of the Soil Conservation Subsidy. These funds will not be utilised in 2020/21 as the department is reviewing the process to ensure full inclusivity of all qualifying farmers and these funds were moved to *Goods and services*. Also, there were savings due to the nationwide lockdown which affected water licencing applications, in respect of three direct funded projects under the CASP grant amounting to R4.881 million. This amount was moved to Unallocated, pending the approval of a revised business plan.
 - R5.817 million was moved to *Households* to fund higher than anticipated staff exit costs, and this was offset by a reduction of R200 000 in respect of external bursaries, as these funds cater for training costs under *Goods and services*.
 - In respect of Programme 3, an amount of R1.500 million was moved from *Goods and services* due to slow implementation of the agri-hubs, mega-nurseries and seed bank projects to *Transfers and subsidies to: Public corporations and private enterprises* in respect of the Tembe Marula Development Trust for operationalising the Marula plant. This was offset by a reduction of R99 000 from *Transfers and subsidies to: Higher education institutions* in respect of a donation which will no longer be made for the Postgraduate Research and Innovation Day at UKZN.

The increase against *Departmental agencies and accounts* of R6.246 million in respect of ADA, as well as the increase in *Transfers and subsidies to: Public corporations and private enterprises* in respect of the Tembe Traditional Council were approved by Provincial Treasury.

Legislature approval is required for the decrease against *Public corporations and private enterprises* in respect of the Soil Conservation Subsidy, Phiwo's Piggery, M.S. Effect Pty – Poultry Broiler, and Okusha Supply. Also, the reduction in *Transfers and subsidies to: Higher education institutions* also requires Legislature approval.

- *Shifts*: An amount of R7.019 million was shifted from *Public corporations and private enterprises* to *Goods and services* (R436 000) and *Buildings and other fixed structures* (R6.583 million) in respect of projects under the CASP grant that will be implemented by the department and not through direct funding, such as the installation of irrigation systems, refurbishment of tunnels, as well as construction a pack-house, etc. The purpose of the funds remains unchanged.
- *Other adjustments*: The budget allocation shows a net increase of R21.648 million as follows:
 - The department and ADA submitted requests towards the KZN Economic Relief Fund. The department is allocated R20.500 million for livestock intervention, and R2.400 million for ADA in respect of River Valley CC. These funds were allocated against *Departmental agencies and accounts* (R2.400 million), as well as *Public corporations and private enterprises* (R20.500 million).
 - The decrease of R1.252 million relates to the cuts implemented by National Treasury to fund the SAA recovery plan, as mentioned.

10. Transfers to local government

Tables 3.16 shows the details of transfers to local government, which relate to rates in respect of OSCA College. It is noted that the amount against *Transfers and subsidies to: Provinces and municipalities* in Table 3.15 includes provision for motor vehicle licences. This amount is excluded from the transfers to local government table, as these funds will not be transferred to any municipality.

Table 3.16 : Summary of transfers to local government

R thousand	Special adjustments appropriation	Second adjustments appropriation					Total second adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Total: King Cetshwayo Municipalities	40	-	-	-	-	-	-	40
C DC28 King Cetshwayo District Municipality	40	-	-	-	-	-	-	40
Total	40	-	-	-	-	-	-	40
Amount to be voted								

11. Actual payments and revised spending projections for the rest of 2020/21

Tables 3.17 and 3.18 reflect actual payments as at the end of September 2020, projected payments for the rest of the financial year and the total revised spending in Rand value and as a percentage of the Adjusted Appropriation per programme and economic classification. The tables also show the 2019/20 Audited outcome.

Table 3.17 : Actual payments and revised spending projections by programme

Table 5.1: Financial payments and vehicle spending projected by programme							
R thousand	2019/20 Audited outcome	Adjusted appropriation	Actual payments		Projected payments		Projected actual
			April 2020 - September 2020		October 2020 - March 2021		
			% of budget		% of budget		
1. Administration	527 197	601 820	257 491	42.8	344 329	57.2	601 820
2. Agriculture	1 941 124	1 791 463	796 724	44.5	994 739	55.5	1 791 463
3. Rural Development	21 577	65 799	19 717	30.0	46 082	70.0	65 799
Total	2 489 898	2 459 082	1 073 932	43.7	1 385 150	56.3	2 459 082

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

Table 5: Actual payments and revised opening projections by economic classification							
R thousand	2019/20 Audited outcome	Adjusted appropriation	Actual payments		Projected payments		Projected actual
			April 2020 - September 2020	% of budget	October 2020 - March 2021	% of budget	
Current payments	2 005 424	1 938 287	849 877	43.8	1 088 410	56.2	1 938 287
Compensation of employees	1 065 442	1 073 114	520 874	48.5	552 240	51.5	1 073 114
Goods and services	939 982	864 709	328 969	38.0	535 740	62.0	864 709
Interest and rent on land		464	34	7.3	430	92.7	464
Transfers and subsidies to:	409 600	343 275	186 407	54.3	156 868	45.7	343 275
Provinces and municipalities	1 697	2 216	209	9.4	2 007	90.6	2 216
Departmental agencies and accounts	136 363	192 640	98 108	50.9	94 532	49.1	192 640
Higher education institutions	100	-	-	-	-	-	-
Foreign governments and international organisations		-	-	-	-	-	-
Public corporations and private enterprises	250 376	131 105	76 827	58.6	54 278	41.4	131 105
Non-profit institutions		-	-	-	-	-	-
Households	21 064	17 314	11 263	65.1	6 051	34.9	17 314
Payments for capital assets	74 012	177 520	37 648	21.2	139 872	78.8	177 520
Buildings and other fixed structures	56 846	105 649	13 787	13.0	91 862	87.0	105 649
Machinery and equipment	17 166	71 301	23 861	33.5	47 440	66.5	71 301
Heritage assets		-	-	-	-	-	-
Specialised military assets		-	-	-	-	-	-
Biological assets		570	-	-	570	100.0	570
Land and subsoil assets		-	-	-	-	-	-
Software and other intangible assets		-	-	-	-	-	-
Payments for financial assets	862	-	-	-	-	-	-
Total	2 489 898	2 459 082	1 073 932	43.7	1 385 150	56.3	2 459 082

The actual expenditure as at mid-year amounted to R1.074 billion or 43.7 per cent of the adjusted budget. All programmes show low levels of spending with Programme 1 at 42.8 per cent, Programme 2 at 44.5 per cent and Programme 3 at 30 per cent. The low expenditure is partly due to the seasonal nature of agricultural activities, which take place in the third and fourth quarters of the year, as well as the impact of the lockdown. The department is projecting to fully spend its budget after taking into account all movements of funds and additional allocations in the Second Adjustments Estimate.

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

R thousand	Special adjustments appropriation	Second adjustments appropriation					Total second adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	1 943 735	22 433	-	11 116	436	(39 433)	(5 448)	1 938 287
Compensation of employees	1 166 325	-	-	(20 136)	1 207	(74 282)	(93 211)	1 073 114
Salaries and wages	992 574	-	-	(15 254)	1 207	(62 081)	(76 128)	916 446
Social contributions	173 751	-	-	(4 882)	-	(12 201)	(17 083)	156 668
Goods and services	777 318	22 433	-	30 880	(771)	34 849	87 391	864 709
Administrative fees	2 399	-	-	(498)	360	-	(138)	2 261
Advertising	10 579	-	-	(927)	-	-	(927)	9 652
Minor assets	7 623	-	-	(3 698)	436	-	(3 262)	4 361
Audit cost: External	7 198	-	-	3 222	-	-	3 222	10 420
Bursaries: Employees	1 000	-	-	(100)	-	-	(100)	900
Catering: Departmental activities	4 512	-	-	(2 121)	-	-	(2 121)	2 391
Communication (G&S)	27 016	-	-	(3 062)	40	-	(3 022)	23 994
Computer services	65 217	-	-	6 301	-	-	6 301	71 518
Cons. & prof serv: Business and advisory services	469	-	-	1 446	-	-	1 446	1 915
Infrastructure and planning	96 323	-	-	54 238	(40 860)	-	13 378	109 701
Laboratory services	30	-	-	(5)	-	-	(5)	25
Scientific and technological services	-	-	-	-	-	-	-	-
Legal costs	2 501	-	-	(322)	-	-	(322)	2 179
Contractors	49 264	-	-	(18 090)	-	-	(18 090)	31 174
Agency and support / outsourced services	18 480	-	-	(6 197)	33 957	(151)	27 609	46 089
Entertainment	-	-	-	-	-	-	-	-
Fleet services (incl govt motor transport)	40 553	-	-	505	-	-	505	41 058
Housing	-	-	-	-	-	-	-	-
Inventory: Clothing material and accessories	5	-	-	(5)	-	-	(5)	-
Inventory: Farming supplies	109 487	16 480	-	36 724	3 573	26 000	82 777	192 264
Inventory: Food and food supplies	-	-	-	-	-	-	-	-
Inventory: Fuel, oil and gas	3 934	-	-	(465)	-	-	(465)	3 469
Inventory: Learner and teacher support material	2 210	-	-	(501)	-	-	(501)	1 709
Inventory: Materials and supplies	21 592	2 129	-	97	1 400	-	3 626	25 218
Inventory: Medical supplies	1 242	-	-	(172)	-	-	(172)	1 070
Inventory: Medicine	11 607	-	-	70	-	9 000	9 070	20 677
Medsas inventory interface	-	-	-	-	-	-	-	-
Inventory: Other supplies	-	-	-	-	-	-	-	-
Consumable supplies	37 427	925	-	(21 264)	210	-	(20 129)	17 298
Consumable: Stationery, printing and office supplies	8 384	-	-	(5 769)	23	-	(5 746)	2 638
Operating leases	46 890	-	-	(11 373)	-	-	(11 373)	35 517
Property payments	105 780	-	-	34 334	90	-	34 424	140 204
Transport provided: Departmental activity	-	-	-	-	-	-	-	-
Travel and subsistence	78 497	1 189	-	(28 986)	-	-	(27 797)	50 700
Training and development	6 055	1 710	-	(1 720)	-	-	(10)	6 045
Operating payments	10 414	-	-	(1 211)	-	-	(1 211)	9 203
Venues and facilities	613	-	-	87	-	-	87	700
Rental and hiring	17	-	-	342	-	-	342	359
Interest and rent on land	92	-	-	372	-	-	372	464
Interest	-	-	-	372	-	-	372	372
Rent on land	92	-	-	-	-	-	-	92
Transfers and subsidies to	316 759	-	-	11 887	(7 019)	21 648	26 516	343 275
Provinces and municipalities	2 216	-	-	-	-	-	-	2 216
Provinces	2 176	-	-	-	-	-	-	2 176
Provincial Revenue Funds	-	-	-	-	-	-	-	-
Provincial agencies and funds	2 176	-	-	-	-	-	-	2 176
Municipalities	40	-	-	-	-	-	-	40
Municipalities	-	-	-	-	-	-	-	-
Municipal agencies and funds	40	-	-	-	-	-	-	40
Departmental agencies and accounts	185 291	-	-	4 949	-	2 400	7 349	192 640
Social security funds	-	-	-	-	-	-	-	-
Entities receiving funds	185 291	-	-	4 949	-	2 400	7 349	192 640
Higher education institutions	99	-	-	(99)	-	-	(99)	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-
Public corporations and private enterprises	119 295	-	-	(419)	(7 019)	19 248	11 810	131 105
Public corporations	-	-	-	-	-	-	-	-
Subsidies on production	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-
Private enterprises	119 295	-	-	(419)	(7 019)	19 248	11 810	131 105
Subsidies on production	-	-	-	-	-	-	-	-
Other transfers	119 295	-	-	(419)	(7 019)	19 248	11 810	131 105
Non-profit institutions	-	-	-	-	-	-	-	-
Households	9 858	-	-	7 456	-	-	7 456	17 314
Social benefits	4 558	-	-	7 656	-	-	7 656	12 214
Other transfers to households	5 300	-	-	(200)	-	-	(200)	5 100
Payments for capital assets	113 586	67 200	-	(23 003)	6 583	13 154	63 934	177 520
Buildings and other fixed structures	77 582	41 598	-	(23 268)	6 583	3 154	28 067	105 649
Buildings	48 252	5 294	-	(14 160)	3 785	(193)	(5 274)	42 978
Other fixed structures	29 330	36 304	-	(9 108)	2 798	3 347	33 341	62 671
Machinery and equipment	35 434	25 602	-	265	-	10 000	35 867	71 301
Transport equipment	19 120	23 494	-	-	-	-	23 494	42 614
Other machinery and equipment	16 314	2 108	-	265	-	10 000	12 373	28 687
Heritage assets	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-
Biological assets	570	-	-	-	-	-	-	570
Land and sub-soil assets	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-
Total	2 374 080	89 633	-	-	-	(4 631)	85 002	2 459 082
Amount to be voted								85 002