

Vote 3

Agriculture and Rural Development

R thousand	2019/20			
	Main appropriation	Adjusted appropriation	Decrease	Increase
Operational budget	2 424 963	2 586 568		161 605
MEC remuneration ¹	1 978	1 978		
Total amount to be appropriated	2 426 941	2 588 546		161 605
<i>of which:</i>				
Current payments	2 070 454	2 176 767		106 313
Transfers and subsidies	208 053	315 783		107 730
Payments for capital assets	148 434	95 996	(52 438)	
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.*

Mission statement

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

2. Strategic objectives

Strategic policy direction: The department's strategic direction is biased towards food security at subsistence and household level, thereby addressing poverty, inequality and unemployment.

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

- **Corporate governance and integrated service delivery:** Provision of sound and transparent corporate and financial management systems.
- **Develop and promote the agricultural potential in KwaZulu-Natal:** Promotion of optimal agricultural production for improved economic development and job creation.
- **Sustainable natural environmental management:** Promotion of natural resource conservation for improved agricultural production.
- **Promote sustainable rural livelihoods:** Improve access to services in rural areas through co-ordination.

3. Summary of adjusted estimates for the 2019/20 financial year

The main appropriation of the department was R2.427 billion in 2019/20. During the year, the department received an additional net allocation totalling R161.605 million, thus increasing the budget to R2.589 billion. The main reasons for this increase, as well as other adjustments, are summarised below, and explained in detail in Section 4.

¹At the time of going to print, the proclamation determining the 2019 salary adjustment relating to public office bearers had not been signed, hence this amount remains unchanged from the 2019/20 EPRE.

- *Roll-overs:* An amount of R165.056 million was rolled over from 2018/19 and was allocated under Programme 1: Administration and Programme 2: Agriculture, as explained below:
 - National Treasury approved a roll-over of R68.304 million in respect of the Comprehensive Agricultural Support Programme (CASP) grant. These funds relate to training, uniforms and protective clothing for Extension Officers (R3.619 million), animal feed for all districts to assist piggery farmers, fertilizer for sugarcane projects in iLembe, as well as fertilizer and herbicides (R58.853 million). In addition, the roll-over caters for upgrades and the construction of a sport complex at Owen Sithole College of Agriculture (OSCA) (R1.451 million), livestock and livestock fodder for agricultural projects (R278 000), as well as fencing material at Inhunga Farm in the Harry Gwala District, irrigation schemes, animal handling facilities, etc. (R4.103 million). These funds were allocated to Programme 2 against *Goods and services* (R62.854 million), as well as *Buildings and other fixed structures* (R5.450 million).
 - National Treasury approved a roll-over of R26.424 million in respect of the Ilima/Letsema Projects grant, relating to fertilizer, seeds, insecticides and chemicals (R20.624 million), fencing material, as well as mechanisation projects, such as ploughing and planting (R5.800 million). These funds were allocated to *Goods and services* in Programme 2.
 - National Treasury approved a roll-over of R2.697 million in respect of the Land Care grant. The roll-over relates to the supply and delivery of protective clothing, fertilizer, insecticides, as well as the supply and delivery of building and construction material for the prevention of soil erosion. These funds were allocated to Programme 2 against *Goods and services*.
 - The department received an equitable share roll-over of R67.631 million for veterinary supplies and services (R6.904 million), KZN Goat Project (R3.113 million), agricultural services such as seeds, fertilizer, insecticides, fencing and irrigation material (R52.398 million), computer and security services (R3.550 million) and maintenance of office buildings (R1.666 million). These were allocated to *Goods and services* in Programme 1 (R5.216 million) and Programme 2 (R62.415 million).
- *Virement between programmes:* Savings of R16.628 million were identified under Programme 1 and Programme 3 as follows:
 - Savings of R11.509 million were identified under Programme 1 against *Compensation of employees* due to vacant posts (R1.509 million), as well as *Building and other fixed structures* as a result of slow progress by the Department of Public Works (DOPW) in securing additional office accommodation in respect of district offices and the implementation of rehabilitation and upgrade projects at departmental offices (R10 million).
 - Savings of R5.119 million were identified from Programme 3: Rural Development against *Goods and services* due to limited capacity within the department to expand the Unemployed Agriculture Graduates Youth Programme (UAGYP). These savings were realised after the department undertook an evaluation of capacity within the department, whereafter a decision was taken to not expand the programme, but to maintain the number of graduates at 205 in 2019/20.

These savings of R16.628 million were moved to *Goods and services* in Programme 2 to assist livestock farmers affected by drought, and provide additional crop production inputs such as fertilizer, seeds, seedlings and chemicals. This was in response to a Provincial Executive Council directive that the department should plant at least 16 000 hectares, instead of the planned 12 000 hectares.

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), *Transfers and subsidies to: Higher education institutions* in respect of a donation to the University of KwaZulu-Natal, as well as *Transfers and subsidies to: Public corporations and private enterprises* for farmer development and support, were 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 is higher than 8 per cent of the main appropriation. The decrease in *Payments for capital assets* in respect of *Buildings and other fixed structures* also requires Legislature approval as capital for the Vote as a whole decreases. Note that, however, the net decrease in capital is only R14.085 million, because an amount of R52.137 million was moved within capital infrastructure as a capital transfer.

- *Shifts*: The department undertook the following shifts across programmes:
 - R3.798 million was shifted within *Goods and services* from Programme 1 to Programme 2 in respect of personal protective equipment and clothing, as the purchase costs are now centralised under Programme 2. The purpose of the funds remains unchanged.
 - R34.859 million was moved from *Goods and services* under Programme 2 relating to security services costs for the district and local offices to the same category under Programme 1, as these costs are now centralised under Programme 1. The purpose of the funds remains unchanged.

Other shifts were also undertaken within sub-programmes and across economic classification, as explained in Section 4.

- *Other adjustments*: The department's budget allocation was decreased by R3.451 million due to a portion of the Ilima/Letsema Projects grant being shifted from being a direct conditional grant to a newly created indirect conditional grant held under the Department of Agriculture, Land Reform and Rural Development (DALRRD). These funds were reduced from Programme 2 against *Goods and services*. This is to fund the National Food and Nutrition Survey aimed at setting the baseline for poverty, vulnerability and food insecurity in the country to enable the country to do food forecasting. The survey will be done by the Human Science Research Council (HSRC) in a uniform manner benefitting both the provinces and DALRRD.

Tables 3.1 and 3.2 reflect a summary of the 2019/20 adjusted appropriation of the department, summarised according to programme and economic classification. Note that further details of adjustments at economic classification level are provided in *Annexure – Vote 3: Agriculture and Rural Development*.

Table 3.1 : Summary by programmes

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Administration	567 101	5 216	-	(11 509)	31 061	-	24 768	591 869
2. Agriculture	1 827 866	159 840	-	16 628	(31 061)	(3 451)	141 956	1 969 822
3. Rural Development	31 974	-	-	(5 119)	-	-	(5 119)	26 855
Total	2 426 941	165 056	-	-	-	(3 451)	161 605	2 588 546
Amount to be voted								161 605

Table 3.2 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	2 070 454	159 606	-	(49 842)	-	(3 451)	106 313	2 176 767
Compensation of employees	1 195 333	-	-	(100 664)	8 074	-	(92 590)	1 102 743
Goods and services	875 030	159 606	-	50 822	(8 074)	(3 451)	198 903	1 073 933
Interest and rent on land	91	-	-	-	-	-	-	91
Transfers and subsidies to:	208 053	-	-	107 730	-	-	107 730	315 783
Provinces and municipalities	2 159	-	-	-	-	-	-	2 159
Departmental agencies and accounts	129 357	-	-	7 128	-	-	7 128	136 485
Higher education institutions	-	-	-	100	-	-	100	100
Foreign governments and international organisations	-	-	-	-	-	-	-	-
Public corporations and private enterprises	66 773	-	-	93 567	-	-	93 567	160 340
Non-profit institutions	-	-	-	-	-	-	-	-
Households	9 764	-	-	6 935	-	-	6 935	16 699
Payments for capital assets	148 434	5 450	-	(57 888)	-	-	(52 438)	95 996
Buildings and other fixed structures	100 832	5 450	-	(66 222)	-	-	(60 772)	40 060
Machinery and equipment	47 032	-	-	8 334	-	-	8 334	55 366
Heritage assets	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-
Biological assets	570	-	-	-	-	-	-	570
Land and subsoil assets	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-
Total	2 426 941	165 056	-	-	-	(3 451)	161 605	2 588 546
Amount to be voted								161 605

4. Changes to programme purposes and service delivery measures

There are no changes to the programme purposes. However, there have been some minor changes to service delivery measures to align the targets originally published in the 2019/20 EPRE with the department's APP, which was published after the EPRE. These are included in Tables 3.7 and 3.10.

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 2019/20 adjusted appropriation of Programme 1, summarised according to sub-programme and economic classification. Details of the main adjustments, which resulted in an overall increase of R24.768 million in the main appropriation of Programme 1, are given in the paragraphs following the tables.

Table 3.3 : Programme 1: Administration

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Office of the MEC	16 475			6 009			6 009	22 484
2. Senior Management	47 259			11 694			11 694	58 953
3. Corporate Services	293 430	5 216		945	31 061		37 222	330 652
4. Financial Management	173 659			(29 840)			(29 840)	143 819
5. Communication Services	36 278			(317)			(317)	35 961
Total	567 101	5 216	-	(11 509)	31 061	-	24 768	591 869
Amount to be voted								24 768

Table 3.4 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	507 458	5 216	-	(2 419)	31 061	-	33 858	541 316
Compensation of employees	241 093			(9 540)			(9 540)	231 553
Goods and services	266 365	5 216		7 121	31 061		43 398	309 763
Interest and rent on land							-	-
Transfers and subsidies to:	9 348	-	-	910	-	-	910	10 258
Provinces and municipalities	1 200						-	1 200
Departmental agencies and accounts	3 048			(217)			(217)	2 831
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions							-	-
Households	5 100			1 127			1 127	6 227
Payments for capital assets	50 295	-	-	(10 000)	-	-	(10 000)	40 295
Buildings and other fixed structures	29 345			(10 000)			(10 000)	19 345
Machinery and equipment	20 950						-	20 950
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets							-	-
Total	567 101	5 216	-	(11 509)	31 061	-	24 768	591 869
Amount to be voted								24 768

Roll-overs – Programme 1: Administration: R5.216 million

Of the equitable share roll-over of R67.631 million, an amount of R5.216 million was allocated to *Goods and services* against the sub-programme: Corporate Services in Programme 1. These funds relate to outstanding commitments for computer and security services (R3.550 million) and maintenance of office buildings (R1.666 million).

Virement – Programme 1: Administration: (R11.509 million)

The department undertook virements from Programme 1 to Programme 2, as well as within Programme 1, resulting in a net decrease of R11.509 million in respect of this programme as follows:

- Savings of R11.509 million were identified under Programme 1 under all sub-programmes, except for the Office of the MEC sub-programme, against *Compensation of employees* due to vacant posts (R1.509 million), as well as against *Building and other fixed structures* because of slow progress by DOPW on securing office accommodation in respect of district offices and the implementation of rehabilitation and upgrades at departmental offices under the Financial Management sub-programme (R10 million). These savings were moved to Programme 2 against *Goods and services* to provide assistance such as animal feed and veterinary remedies to livestock farmers affected by drought, as well as additional crop production inputs such as fertilizer, seeds, seedlings and chemicals. This increase was in response to a Provincial Executive Council directive in 2019/20, that the department should plant at least 16 000 hectares instead of the 12 000 hectares initially planned, as mentioned.
- In addition to the above, the following virements were undertaken within Programme 1, between sub-programmes and economic classifications:
 - Savings of R8.031 million were identified within the programme against *Compensation of employees* across all sub-programmes, except for the Office of the MEC sub-programme, because of delays in the filling of vacant posts, and savings of R217 000 were 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. These savings were moved as follows:
 - R1.127 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.
 - R7.121 million was moved to *Goods and services* under the Senior Management sub-programme to fund the investigations undertaken by the Special Investigating Unit (SIU) which were not budgeted for.

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 *Payments for capital assets* in respect of *Buildings and other fixed structures*, as capital expenditure for the Vote as a whole is decreased.

Shifts – Programme 1: Administration: R31.061 million

A net amount of R31.061 million was shifted from Programme 2 to Programme 1 as follows:

- R3.798 million was shifted from *Goods and services* in the Corporate Services sub-programme under Programme 1 to the same category in Programme 2 in respect of the purchase of personal protective equipment and clothing, as these costs are now centralised under Programme 2. The purpose of the funds remains unchanged.
- R34.859 million was moved from various sub-programmes against *Goods and services* under Programme 2 relating to security services costs for the district and local offices to the same category under Programme 1, as these costs are now centralised under Programme 1. The purpose of the funds remains unchanged.

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.

Vote 3: Agriculture and Rural Development

Tables 3.5 and 3.6 summarise the 2019/20 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 R141.956 million, are provided in the paragraphs following the tables.

Table 3.5 : Programme 2: Agriculture

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Sustainable Resource Management	96 390	2 697	-	(5 700)	(1 001)	-	(4 004)	92 386
Engineering Services	28 044			(5 700)	(1 001)		(6 701)	21 343
Land Care	51 471	2 697					2 697	54 168
Land Use Management	11 908						-	11 908
Disaster Risk Management	4 967						-	4 967
2. Farmer Support and Development	1 168 026	148 788	-	78 784	(17 271)	(3 451)	206 850	1 374 876
Farmer-Settlement and Development	285 593	82 890		30 345			113 235	398 828
Extension and Advisory Services	668 432	3 619		(2 130)	(17 271)		(15 782)	652 650
Food Security	214 001	62 279		50 569		(3 451)	109 397	323 398
3. Veterinary Services	212 060	6 904	-	(11 736)	389	-	(4 443)	207 617
Animal Health	170 607	6 482		(5 189)	339		1 632	172 239
Veterinary Public Health	8 941						-	8 941
Veterinary Laboratory Services	32 512	422		(6 547)	50		(6 075)	26 437
4. Research and Technology Development	226 676	-	-	(40 814)	(8 050)	-	(48 864)	177 812
Research	144 186			(36 662)	662		(36 000)	108 186
Research Infrastructure Support	82 490			(4 152)	(8 712)		(12 864)	69 626
5. Agricultural Economic Services	11 540	-	-	(710)	-	-	(710)	10 830
Agri-Business Support and Development	11 540			(710)			(710)	10 830
6. Structured Agricultural Education and Training	113 174	1 451	-	(3 196)	(5 128)	-	(6 873)	106 301
Higher Education and Training	90 808	1 451		(3 196)	(5 128)		(6 873)	83 935
Further Education and Training (FET)	22 366						-	22 366
Total	1 827 866	159 840	-	16 628	(31 061)	(3 451)	141 956	1 969 822
Amount to be voted								141 956

Table 3.6 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	1 531 164	154 390	-	(42 151)	(31 061)	(3 451)	77 727	1 608 891
Compensation of employees	942 894			(91 105)			(91 105)	851 789
Goods and services	588 179	154 390		48 954	(31 061)	(3 451)	168 832	757 011
Interest and rent on land	91						-	91
Transfers and subsidies to:	198 705	-	-	106 701	-	-	106 701	305 406
Provinces and municipalities	959						-	959
Departmental agencies and accounts	126 309			7 345			7 345	133 654
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises	66 773			93 567			93 567	160 340
Non-profit institutions							-	-
Households	4 664			5 789			5 789	10 453
Payments for capital assets	97 997	5 450	-	(47 922)	-	-	(42 472)	55 525
Buildings and other fixed structures	71 487	5 450		(56 222)			(50 772)	20 715
Machinery and equipment	25 940			8 300			8 300	34 240
Heritage assets							-	-
Specialised military assets							-	-
Biological assets	570						-	570
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets							-	-
Total	1 827 866	159 840	-	16 628	(31 061)	(3 451)	141 956	1 969 822
Amount to be voted								141 956

Roll-overs – Programme 2: Agriculture: R159.840 million

An amount of R159.840 million was rolled over from 2018/19, as explained below:

- Of the equitable share roll-over of R67.631 million, an amount of R62.415 million was allocated to *Goods and services* in this programme for veterinary supplies and services (R6.904 million) under the Veterinary Services sub-programme, the KZN Goat Project (R3.113 million), as well as agricultural services such as seeds, fertilizer, insecticides, fencing and irrigation material (R52.398 million) under the Farmer Support and Development sub-programme.

- R68.304 million was approved for roll-over in respect of the CASP grant. These funds relate to training, uniforms and protective clothing for Extension Officers (R3.619 million), as well as animal feed for all districts to assist piggy farmers, fertilizer for sugarcane projects in iLembe, and fertilizer and herbicides (R58.853 million). In addition, the roll-over caters for upgrades and the construction of a sport complex at OSCA (R1.451 million), livestock and livestock fodder for agricultural projects (R278 000), as well as fencing material at Inhunga Farm in the Harry Gwala District, irrigation schemes, animal handling facilities, etc. (R4.103 million). These funds were allocated against *Goods and services* (R62.854 million), as well as *Buildings and other fixed structures* (R5.450 million) under the Farmer Support and Development sub-programme (R66.853 million) and the Structured Agricultural Education and Training sub-programme (R1.451 million).
- National Treasury approved a roll-over of R26.424 million in respect of the Ilima/Letsema Projects grant. These funds relate to fertilizer, seeds, insecticides, and chemicals (R20.624 million), as well as fencing material and various mechanisation projects, such as ploughing and planting (R5.800 million). These funds were allocated to Programme 2 against *Goods and services* under the Farmer Support and Development sub-programme.
- National Treasury approved a roll-over of R2.697 million in respect of the Land Care grant. The roll-over relates to the supply and delivery of protective clothing, fertilizer, insecticides, as well as the supply and delivery of building and construction material for the prevention of soil erosion. These funds were allocated to *Goods and services* in the Sustainable Resource Management sub-programme.

Virement – Programme 2: Agriculture: R16.628 million

The department undertook virements from savings under Programmes 1 and 3 to Programme 2, resulting in an increase of R16.628 million, as follows:

- Savings of R11.509 million were identified under Programme 1 against *Compensation of employees* due to vacant posts, as well as slow progress by DOPW in securing additional office accommodation in respect of district offices and the implementation of rehabilitation and upgrades at departmental offices. There were also savings of R5.119 million identified from Programme 3 under the Social Facilitation sub-programme against *Goods and services* due to limited capacity within the department to expand the UAGYP. These savings were realised after the department undertook an evaluation of capacity within the department, whereafter a discussion was taken to not expand the programme, but maintain the number of graduates at 205 in 2019/20. These savings were moved to this programme against *Goods and services* under the Farmer Support and Development sub-programme to provide assistance such as animal feed and veterinary remedies to livestock farmers affected by drought, as well as additional crop production inputs such as fertilizer, seeds, seedlings and chemicals. This increase was in response to a Provincial Executive Council directive in 2019/20, that the department should plant at least 16 000 hectares instead of the 12 000 hectares initially planned, as mentioned.

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

- Savings of R189.849 million were identified within the programme as follows:
 - R91.105 million was identified against *Compensation of employees* due to vacant posts across all sub-programmes. Of this, R7.500 million relates to vacant posts funded by the CASP grant.
 - A reprioritisation of R42.376 million was undertaken against *Goods and services* under the CASP grant, after an evaluation was undertaken by DALRRD and the national assessment panel on the status of the projects in the draft business plan. This resulted in a revised business plan which was approved by DALRRD in October 2019, with many projects falling in the category for direct funding according to the department's Agriculture Development Funding Policy of 2018.
 - Savings of R146 000 were identified against *Transfers and subsidies to: Public corporations and private enterprises* in respect of the South African Sugarcane Research Institute (SASRI) because R42 000 was overpaid to SASRI in 2018/19 and this amount is therefore deducted from this year's transfer, as well as relating to the Soil Conservation Subsidy (R104 000). The department will not

be granting new subsidies in respect of the Soil Conservation Subsidy, as the 2019/20 allocation was utilised to pay for 2018/19 claims.

- o Similar to *Goods and services*, an amount of R56.222 million was identified against *Buildings and other fixed structures* in respect of the revised business plan for the CASP grant approved by DALRRD in October 2019, with many projects falling in the category for direct funding according to the department's Agriculture Development Funding Policy of 2018.
- The total savings of R189.849 million were moved within the programme as follows:
 - o R74.702 million was moved to *Goods and services* to provide for additional crop production inputs such as fertilizer, seeds, seedlings and chemicals. This was to cater for the increase in the number of hectares to be planted under the Farmer Support and Development sub-programme, in line with Provincial Executive Council directive in 2019/20, that the department should plant at least 16 000 hectares instead of 12 000 hectares, as well as to cater for livestock farmers affected by the drought by providing assistance such as animal feed and veterinary remedies.
 - o R7.345 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 management of Ntingwe Tea Estate, hence the increase in transfer was made to ADA.
 - o R93.713 million was moved to *Transfers and subsidies to: Public corporations and private enterprises* under the Farmer Support and Development sub-programme in respect of various private enterprises such as Qhawe (Poultry production), Liberty Farmers Co-op (Beef production), Karabos Enterprise (Beef production), etc. that qualify to receive direct funding to implement the revised and approved CASP business plan. These projects are both current (R41.576 million) and capital (R52.137 million) in nature, and are listed in Table 3.14.
 - o R5.789 million was moved to *Transfers and subsidies to: Households* to fund higher than anticipated staff exit costs, as well as claims against the state in respect of a vehicle damaged in an accident.
 - o R8.300 million was moved to *Machinery and equipment* to acquire additional vehicles and computers under the Extension and Recovery Pillar of the CASP grant in line with the revised business plan for the grant which was approved by the national department.

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

The increases against *Transfers and subsidies to: Departmental agencies and accounts* relating to ADA, and against *Transfers and subsidies to: Public corporations and private enterprises* in respect of farmer development and support, were approved by Provincial Treasury.

Legislature approval is required for the decrease in *Payments for capital assets* in respect of *Buildings and other fixed structures*, as capital expenditure for the Vote as a whole is decreased. Note that however, the net decrease is only R14.085 million because an amount of R52.137 million is moved within infrastructure as a capital transfer.

Shifts – Programme 2: Agriculture: (R31.061 million)

A net amount of R31.061 million was shifted from Programme 2 to Programme 1 as follows:

- R3.798 million was shifted from *Goods and services* under Programme 1 from the Corporate Services sub-programme to the same category in Programme 2 in respect of the purchase of personal protective equipment and clothing, as these costs are now centralised under Programme 2. The purpose of the funds remains unchanged.

- R34.859 million was moved from various sub-programmes against *Goods and services* under Programme 2 relating to security services costs for the district and local offices to the same category under Programme 1, as these costs are now centralised under Programme 1. The purpose of the funds remains unchanged.

Other adjustments – Programme 2: Agriculture: (R3.451 million)

The department's budget allocation was decreased by R3.451 million under the Farmer Support and Development sub-programme against *Goods and services* due to part of the Ilima/Letsema Projects grant being shifted from being a direct conditional grant to a newly created indirect conditional grant held under the DALRRD. This is to fund the National Food and Nutrition Survey aimed at setting the baseline for poverty, vulnerability and food insecurity in the country to enable the country to do food forecasting. The survey will be done by the HSRC in a uniform manner benefitting both DALRRD and the provinces.

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 three measures was corrected to align to the APP and this is highlighted in bold italics. The department revised several targets in line with the APP and these are included under the Revised target column.

Table 3.7 : Service delivery measures – Programme 2: Agriculture

Outputs	Performance indicators	Performance targets			
		2019/20 Original target	2019/20 Mid-year actual	2019/20 Revised target	
1. Sustainable Resource Management					
1.1	Engineering services	<ul style="list-style-type: none"> • No. of agricultural infrastructure established • No. of agricultural infrastructure rehabilitated • No. of km fenced 	85 84 300	29 8 164	104 225 543
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 • No. of farm management plans developed 	10 6 500 10	- 1680 3	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 	1 1	- 1	
1.4	Land care	<ul style="list-style-type: none"> • No. of green jobs created • No. of ha of agricultural land rehabilitated 	1 000 8 800	1 026 4914	
2. Farmer Support and Development					
2.1	Farmer-settlement and development	<ul style="list-style-type: none"> • No. of smallholder producers supported • No. of commercial farmers supported 	3 200 90	2 368 163	1 458 31
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 interventions</i> 	22 500 1 429 710	5 493 754 403	9 787 1 554 840
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 	11 310 21 096	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 	40 000	7 437	15 000
3.2	Veterinary export control	<ul style="list-style-type: none"> • No. of export control certificates issued 	1 848	707	
3.3	Veterinary public health	<ul style="list-style-type: none"> • <i>Average Percentage level of abattoir compliance of all operating abattoirs in the province</i> to meat safety legislation 	100%	-	
3.4	Veterinary laboratory services	<ul style="list-style-type: none"> • No. of laboratory tests performed according to prescribed standards 	65 000	44 730	85 000
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	-	70
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 	5 11 228	- 4 107	
4.3	<i>Infrastructure Support Services</i>	<ul style="list-style-type: none"> • No. of research infrastructure managed 	6	-	

Table 3.7 : Service delivery measures – Programme 2: Agriculture

Outputs	Performance indicators	Performance targets		
		2019/20 Original target	2019/20 Mid-year actual	2019/20 Revised target
5. Agricultural Economic Services				
5.1 Production economics and marketing support	<ul style="list-style-type: none"> No. of agri-businesses supported with marketing services No. of agri-businesses supported with production economic services 	30 2 000	17 566	
5.2 Macroeconomics support	<ul style="list-style-type: none"> No. of economic reports compiled 	4	2	
5.3 Agro-processing support	<ul style="list-style-type: none"> No. of agro-processing initiatives supported 	10	1	
6. Structured Agricultural Education and Training				
6.1 Higher Education and Training	<ul style="list-style-type: none"> No. of students graduated from agricultural training institutions 	90	-	
6.2 Agricultural skills development	<ul style="list-style-type: none"> No. of participants trained in skills development programmes in the sector No. of interventions in school programmes 	1 200 4	984 2	2 400 2

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 2019/20 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 R5.119 million, are given in the paragraphs below the tables.

Table 3.8 : Programme 3: Rural Development

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Rural Development Co-ordination	6 934						-	6 934
2. Social Facilitation	25 040			(5 119)			(5 119)	19 921
Total	31 974	-	-	(5 119)	-	-	(5 119)	26 855
Amount to be voted								(5 119)

Table 3.9 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	31 832	-	-	(5 272)	-	-	(5 272)	26 560
Compensation of employees	11 346			(19)	8 074		8 055	19 401
Goods and services	20 486			(5 253)	(8 074)		(13 327)	7 159
Interest and rent on land							-	-
Transfers and subsidies to:	-	-	-	119	-	-	119	119
Provinces and municipalities							-	-
Departmental agencies and accounts							-	-
Higher education institutions				100			100	100
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions							-	-
Households				19			19	19
Payments for capital assets	142	-	-	34	-	-	34	176
Buildings and other fixed structures							-	-
Machinery and equipment	142			34			34	176
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets	-	-	-	-	-	-	-	-
Total	31 974	-	-	(5 119)	-	-	(5 119)	26 855
Amount to be voted								(5 119)

Virement – Programme 3: Rural Development: (R5.119 million)

The department undertook virements from Programme 3 to Programme 2, as well as within Programme 3, resulting in a net decrease of R5.119 million in respect of this programme as follows:

- Savings of R5.119 million were identified under Programme 3 in the Social Facilitation sub-programme against *Goods and services* due to limited capacity within the department to expand the UAGYP. These savings were realised after the department undertook an evaluation of capacity within the department, whereafter a decision was taken to maintain the number of graduates at 205 in 2019/20. These savings were moved to Programme 2 against *Goods and services* to provide for additional crop production inputs such as fertilizer, seeds, seedlings and chemicals. This increase was in response to a Provincial Executive Council directive in 2019/20, that the department should plant at least 16 000 hectares instead of the 12 000 initially planned, as mentioned.
- The following virements were undertaken within sub-programmes in Programme 3, between economic classification:
 - o Savings of R153 000 were identified within the programme against *Compensation of employees* (R19 000), as well as *Goods and services* (R134 000). These savings were moved as follows:
 - R100 000 was moved to *Transfers and subsidies to: Higher education institutions* to provide for prizes to be awarded at the Postgraduate research and innovation symposium in respect of the University of KwaZulu-Natal.
 - R19 000 was moved to *Transfers and subsidies to: Households* to cater for staff exit costs which were higher than budgeted for.
 - R34 000 was moved to *Machinery and equipment* in respect of replacement furniture.

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 the main appropriation of this programme.

Shifts – Programme 3: Rural Development

An amount of R8.074 million was moved from *Goods and services* to *Compensation of employees* within the Social Facilitation sub-programme. The increase was due to the appointment on PERSAL of 205 unemployed graduates who are placed on identified farms. The budget for the unemployed graduates was under *Goods and services* as it was anticipated that the department would collaborate with commodity associations as implementing agents for the placement and monitoring of these graduates. This has now changed to the department employing them directly. The original purpose of the funds has not changed.

Service delivery measures – Programme 3: Rural Development

Table 3.10 shows the service delivery measures relating to Programme 3. One target is no longer valid and is shown in the table as “n/a” in the 2019/20 Mid-year actual and Revised target columns.

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

Outputs	Performance indicators	Performance targets		
		2019/20 Original target	2019/20 Mid-year actual	2019/20 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 	1 2 4	1 5 2	
2. Rural Enterprise and Industry Development				
2.1 Maximisation of agricultural profitability for benefit of society	<ul style="list-style-type: none"> • No. of projects mentored 	50	n/a	n/a

5. Specifically and exclusively appropriated allocations

The department's only specifically and exclusively appropriated funds relate to the conditional grant funds, as well as transfers to its public entities, ADA and Mjindi Farming (Pty) (Mjindi), which are detailed in Sections 8 and 9.

6. Gifts, donations and sponsorships

The department is not envisaging any gifts, donations and sponsorships above R100 000 in 2019/20.

7. Infrastructure

Table 3.11 shows the summary of infrastructure payments per main category. Details of the main adjustments, which resulted in an overall decrease of R6.969 million, are provided in the paragraphs following the tables.

Table 3.11 : Summary of infrastructure payments by category

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts		
Existing infrastructure assets	79 522	2 114	-	(45 109)	-	(42 995)	36 527
Maintenance and repair: Current	9 798	1 666	-	-	-	1 666	11 464
Upgrades and additions: Capital	8 810	448	-	(4 000)	-	(3 552)	5 258
Refurbishment and rehabilitation: Capital	60 914	-	-	(41 109)	-	(41 109)	19 805
New infrastructure assets: Capital	31 108	5 002	-	(21 113)	-	(16 111)	14 997
Infrastructure transfers	-	-	-	52 137	-	52 137	52 137
Infrastructure transfers: Capital	-	-	-	52 137	-	52 137	52 137
Infrastructure transfers: Current	-	-	-	-	-	-	-
Infrastructure: Payments for financial assets	-	-	-	-	-	-	-
Infrastructure: Leases	-	-	-	-	-	-	-
Non infrastructure	-	-	-	-	-	-	-
Capital infrastructure	100 832	5 450	-	(14 085)	-	(8 635)	92 197
Current infrastructure	9 798	1 666	-	-	-	1 666	11 464
Total	110 630	7 116	-	(14 085)	-	(6 969)	103 661
Amount to be voted							(6 969)

- **Roll-overs:** An amount of R7.116 million was rolled over from 2018/19, comprising the following:
 - Of the equitable share roll-over of R67.631 million, an amount of R1.666 million was allocated to *Maintenance and repair: Current* against the sub-programme: Corporate Services in Programme 1. These funds relate to the maintenance of office buildings.
 - R5.450 million was rolled over in respect of the CASP grant against *Upgrades and additions: Capital* (R448 000) for upgrades and the construction of a sport complex at OSCA, and *New infrastructure assets: Capital* (R5.002 million) for fencing, irrigation and animal handling facilities.
- **Virements:** The department undertook the following virements affecting the infrastructure allocation:
 - Savings of R4.085 million were identified against *Refurbishment and rehabilitation: Capital* under the Ilima/Letsema Projects grant in respect of irrigation schemes that will not be ready for implementation in 2019/20. These savings were moved to *Goods and services* within the grant to procure production inputs and fencing material for developed irrigation schemes.
 - R10 million was reprioritised from *Upgrades and additions: Capital* (R4 million), *Refurbishment and rehabilitation: Capital* (R3 million) and *New infrastructure assets: Capital* (R3 million) to provide relief to livestock farmers affected by drought and this was allocated under *Goods and services*. This reduction merely aligns the budget to DOPW's projection of work to be done, and will not result in any planned projects being stopped in the current year.
 - The impact of the revised business plan for CASP, taking into account the status of all projects, was that some projects are now to be undertaken in 2020/21, largely as a result of water rights issues and unsuitable conditions. As such, projects that are ready for implementation will be funded through direct funding in accordance with the department's Agriculture Development

Funding Policy of 2018, resulting in the reprioritisation of R34.024 million from *Refurbishment and rehabilitation: Capital*, as well as R18.113 million from *New infrastructure assets: Capital*. These funds were moved to *Infrastructure transfers: Capital* for various private farming projects such as beef production projects, piggery projects, crop production, etc., as listed in Table 3.14.

Legislature approval is required for the decrease in *Capital infrastructure*, as capital expenditure for the Vote as a whole is decreased. Note, however, that the net decrease is only R14.085 million, because an amount of R52.137 million was moved within infrastructure as a capital transfer.

8. Conditional grants

Tables 3.12 and 3.13 provide a summary of changes to conditional grants. Details of the main adjustments, which resulted in an overall increase of R93.974 million in the conditional grant allocation, are given in the paragraphs following the tables.

Table 3.12 : Summary of changes to conditional grants

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
2. Agriculture	291 864	97 425	-	-	-	(3 451)	93 974	385 838
CASP grant	199 351	68 304					68 304	267 655
Ilima/Letsema Projects grant	75 253	26 424				(3 451)	22 973	98 226
Land Care grant	12 418	2 697					2 697	15 115
EPWP Integrated Grant for Provinces	4 842						-	4 842
Total	291 864	97 425	-	-	-	(3 451)	93 974	385 838
Amount to be voted								93 974

Table 3.13 : Summary of conditional grants by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	205 418	91 975	-	(18 460)	-	(3 451)	70 064	275 482
Compensation of employees	25 844			(7 500)			(7 500)	18 344
Goods and services	179 574	91 975		(10 960)		(3 451)	77 564	257 138
Interest and rent on land							-	-
Transfers and subsidies to:	29 863	-	-	66 382	-	-	66 382	96 245
Provinces and municipalities							-	-
Departmental agencies and accounts	29 863			(27 331)			(27 331)	2 532
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises				93 713			93 713	93 713
Non-profit institutions							-	-
Households							-	-
Payments for capital assets	56 583	5 450	-	(47 922)	-	-	(42 472)	14 111
Buildings and other fixed structures	48 204	5 450		(56 222)			(50 772)	(2 568)
Machinery and equipment	8 379			8 300			8 300	16 679
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets							-	-
Total	291 864	97 425	-	-	-	(3 451)	93 974	385 838
Amount to be voted								93 974

- *Roll-overs*: An amount of R97.425 million was rolled over from 2018/19 and allocated to Programme 2, comprising the following:
 - R68.304 million was approved for roll-over for the CASP grant, relating to training, uniforms and protective clothing for Extension Officers (R3.619 million), animal feed for all districts to assist piggery farmers, fertilizer for sugarcane projects in iLembe, as well as fertilizer and herbicides (R58.853 million). In addition, the roll-over caters for upgrades and the construction of a sport complex at OSCA (R1.451 million), livestock and livestock fodder for agricultural projects (R278 000), as well as fencing material at Inhunga Farm in the Harry Gwala District, irrigation schemes, animal handling facilities, etc. (R4.103 million). These funds were allocated against *Goods and services* (R62.854 million), and *Buildings and other fixed structures* (R5.450 million).

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- o National Treasury approved a roll-over of R26.424 million in respect of the Ilima/Letsema Projects grant. These funds relate to fertilizer, seeds, insecticides, and chemicals (R20.624 million), as well as fencing material, various mechanisation projects, such as ploughing and planting (R5.800 million). These funds were allocated to *Goods and services* under the Farmer Support and Development sub-programme.
- o National Treasury approved a roll-over of R2.697 million in respect of the Land Care grant. The roll-over relates to the supply and delivery of protective clothing, fertilizer, insecticides, as well as the supply and delivery of building and construction material for the prevention of soil erosion. These funds were allocated against *Goods and services*.
- *Virements*: Virements were undertaken within grants but across economic classifications, as follows:

In respect of CASP:

- o Savings of R7.500 million, identified against *Compensation of employees* due to vacant posts, were moved to *Machinery and equipment* to acquire additional vehicles and computers under the Extension and Recovery Pillar in line with the approved revised business plan for the grant.
- o R41.576 million was reprioritised from *Goods and services* to *Transfers and subsidies to: Public corporations and private enterprises* for various private enterprises that qualify to receive direct funding to implement their approved business plans such as beef and crop production projects, piggery projects, etc. In addition, R800 000 was moved to *Machinery and equipment* to acquire additional computers under the Extension and Recovery Pillar in line with the revised grant business plan. This was offset by an increase from *Transfers and subsidies to: Departmental agencies and accounts* due to the change in the funding mechanism for ADA. The department took a decision to change the source of funding of ADA projects from CASP, to only be funded from the equitable share. This movement of R27.331 million to *Goods and services* is only visible in this table as the purpose and value of projects have not changed, only the source of funding.
- o A reprioritisation of R52.137 million was undertaken from *Buildings and other fixed structures* to *Transfers and subsidies to: Public corporations and private enterprises* for various private enterprises that qualify to receive direct funding to implement their approved business plans, such as beef and crop production, piggery projects etc., as mentioned, and as listed in Table 3.14.

In respect of the Ilima/Letsema Projects grant:

- o R4.085 million was reprioritised in respect of irrigation scheme projects that will not be ready for implementation under *Buildings and other fixed structures* in 2019/20, and moved to *Goods and services* for production inputs and fencing material for irrigation schemes completed.

The increase against *Transfers and subsidies to: Public corporations and private enterprises* in respect of farmer development and support was approved by Provincial Treasury.

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

- *Other adjustments*: The department's budget allocation was decreased by R3.451 million due to part of the Ilima/Letsema Projects grant under *Goods and services* being shifted from being a direct conditional grant to a newly created indirect conditional grant held under DALRRD. This is to fund the National Food and Nutrition Survey aimed at setting the baseline for poverty, vulnerability and food insecurity in the country to enable the country to do food forecasting. The survey will be done by the HSRC in a uniform manner benefitting both the provinces and DALRRD, as mentioned.

9. Transfers and subsidies

Table 3.14 shows the summary of transfers and subsidies by programme and main category. The table includes transfers made to the department's public entities, namely ADA and Mjindi, which are specifically and exclusively appropriated in terms of the KZN Adjustments Appropriation Act. Details of the main adjustments, which resulted in an overall increase of R107.730 million in the transfers and subsidies allocation, are provided in the paragraphs following the table.

Table 3.14 : Summary of transfers and subsidies by programme and main category

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Unforeseeable/			Other			
		Roll-overs	unavoidable	Virement	Shifts	adjustments		
1. Administration	9 348	-	-	910	-	-	910	10 258
Provinces and municipalities	1 200	-	-	-	-	-	-	1 200
Motor vehicle licences	1 200							1 200
Departmental agencies and accounts	3 048	-	-	(217)	-	-	(217)	2 831
Skills Development Levy	3 048			(217)			(217)	2 831
Households	5 100	-	-	1 127	-	-	1 127	6 227
Staff exit costs	100			1 127			1 127	1 227
Bursaries	5 000							5 000
2. Agriculture	198 705	-	-	106 701	-	-	106 701	305 406
Provinces and municipalities	959	-	-	-	-	-	-	959
Motor vehicle licences	921							921
Municipal agencies and funds	38							38
Departmental agencies and accounts	126 309	-	-	7 345	-	-	7 345	133 654
Agri-business Development Agency	126 308			7 345			7 345	133 653
TV and radio licences	1							1
Public corporations and private enterprises	66 773	-	-	93 567	-	-	93 567	160 340
Mjindi	62 094							62 094
SA Sugarcane Research Institute	2 760			(42)			(42)	2 718
Soil Conservation Subsidy	1 919			(104)			(104)	1 815
Omangena Ngophala - Piggery				1 426			1 426	1 426
Mithabela Estates (Pty) Ltd - Beef production				820			820	820
Ezekhethelo Products - Beef production				3 100			3 100	3 100
Amahlubi 1985 - Beef production				2 000			2 000	2 000
Athayabonga layers - Poultry production				1 451			1 451	1 451
Ntombikazazi corporation - Beef production				3 151			3 151	3 151
Njorjo - Beef production				2 000			2 000	2 000
Mtuba mini farm - Beef production				1 660			1 660	1 660
Cebolakhe piggery and projects - Piggery				2 000			2 000	2 000
Ozone projects - Piggery				2 130			2 130	2 130
Tasma Estate - Vegetable production				3 000			3 000	3 000
Phangela trading - Beef production				3 000			3 000	3 000
Amandlentuthko - Beef production				1 500			1 500	1 500
Wonderdream civils and plant hire - Beef production				1 500			1 500	1 500
Enhlanhlani - Beef production				1 150			1 150	1 150
Mampontshi Piggery - Piggery				3 870			3 870	3 870
Nozinkaniso cc - Beef production				3 338			3 338	3 338
Amakhondlo Construction cc - Beef production				3 793			3 793	3 793
Chemdora - Beef production				2 100			2 100	2 100
Nyamayangwe - Beef production				2 480			2 480	2 480
Qhawe - Poultry production				1 000			1 000	1 000
Liberty Farmers Co-op - Beef production				4 813			4 813	4 813
Karabos Enterprise - Beef production				4 000			4 000	4 000
Still Mac Printing and Trading - Beef production				4 000			4 000	4 000
Mabhelasenge Comm. Trust - Beef production				2 900			2 900	2 900
Ingcaka youth cooperative - Vegetable production				1 300			1 300	1 300
Clothier farm - Vegetable production				1 300			1 300	1 300
Esavidi Tea Tree - Tea tree production				2 000			2 000	2 000
Masinga Investment Co-operative - Piggery				1 025			1 025	1 025
Masande Piggery - Piggery				2 000			2 000	2 000
Olwasini macademia nursery - Nursery				1 170			1 170	1 170
Phivo's Piggery - Piggery				250			250	250
Masisukume Tunnels - Vegetable production				1 250			1 250	1 250
Ibutho Tunnels - Vegetable production				1 799			1 799	1 799
Mtolo farming co-op - Vegetable production				600			600	600
Confluence Farm - Beef production				2 000			2 000	2 000
Peppers & Veggies - Crop production				1 788			1 788	1 788
Atlas Fresh Produce - Vegetable production				2 000			2 000	2 000
Mandlay piggery - Piggery				3 000			3 000	3 000
Senzokuhle - Piggery				325			325	325
Isinganga - Piggery				1 340			1 340	1 340
Mlulama - Piggery				1 000			1 000	1 000
M.S. Effect Pty - Poultry broiler				1 137			1 137	1 137
Gugulethu Project - Crops and vegetable production				1 023			1 023	1 023
Emketeni Project - Beef production				1 000			1 000	1 000
Bergvillet 4 - Livestock production				724			724	724
Shayimamba - Piggery				2 000			2 000	2 000
Mush Global - Leased land				1 500			1 500	1 500
Households	4 664	-	-	5 789	-	-	5 789	10 453
Staff exit costs	4 464			5 743			5 743	10 207
Claims against the state				46			46	46
External bursaries	200							200
3. Rural Development	-	-	-	119	-	-	119	119
Higher education institutions	-	-	-	100	-	-	100	100
University of KwaZulu-Natal				100			100	100
Households	-	-	-	19	-	-	19	19
Staff exit costs				19			19	19
Total	208 053	-	-	107 730	-	-	107 730	315 783
Amount to be voted								107 730

- *Virement*: The department undertook the following virements affecting transfers and subsidies:
 - o In respect of Programme 1:
 - Savings of R217 000 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. The contribution in respect of the skills development levy is legislated and is dependent on the department's actual wage bill.
 - *Households* was increased by R1.127 million from *Compensation of employees* to cater for staff exit costs, which were higher than budgeted for.
 - o In respect of Programme 2:
 - *Departmental agencies and accounts* was increased by R7.345 million in respect of ADA 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, as mentioned.
 - Savings of R146 000 were identified against *Public corporations and private enterprises* in respect of SASRI because R42 000 was overpaid to SASRI in 2018/19 and this amount is therefore deducted from this year's transfer, as well as relating to the Soil Conservation Subsidy (R104 000). The department will not be granting new subsidies in respect of the Soil Conservation Subsidy and the 2019/20 allocation was utilised to pay for 2018/19 claims.
 - R93.713 million was moved to *Public corporations and private enterprises* in respect of various private enterprises that qualify to receive direct funding to implement their approved business plans. These projects are both current (R41.576 million) and capital (R52.137 million) in nature and include projects such as piggery projects, beef production, livestock production, etc.
 - R5.789 million was moved to *Households* to fund higher than anticipated staff exit costs (R5.743 million), as well as claims against the state in respect of a vehicle damaged in an accident (R46 000).
 - o In respect of Programme 3, an amount of R100 000 was moved from *Goods and services* to *Higher education institutions* to provide for prizes to be awarded at the Postgraduate research and innovation symposium in respect of the University of KwaZulu-Natal. In addition, an amount of R19 000 was moved from *Compensation of employees*, within the programme, to *Households* to fund higher than anticipated staff exit costs.

The increase against *Public corporations and private enterprises* in respect of farmer development and support was approved by Provincial Treasury.

Legislature approval is required for the decrease against *Public corporations and private enterprises* in respect of SASRI and the Soil Conservation Subsidy.

10. Transfers to local government

Table 3.15 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 3.14 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 3.15: Summary of transfers to local government

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts		
Total: King Cetshwayo Municipalities		38	-	-	-	-	38
C DC28	King Cetshwayo District Municipality	38	-	-	-	-	38
Total		38	-	-	-	-	38
Amount to be voted							-

11. Actual payments and revised spending projections for the rest of 2019/20

Tables 3.16 and 3.17 reflect actual payments as at the end of September 2019, 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 2018/19 Audited outcome.

Table 3.16 : Actual payments and revised spending projections by programme

R thousand	2018/19 Audited outcome	Adjusted appropriation	Actual payments		Projected payments		Projected actual
			April 2019 - September 2019	% of budget	October 2019 - March 2020	% of budget	
1. Administration	490 025	591 869	235 902	39.9	355 967	60.1	591 869
2. Agriculture	1 619 583	1 969 822	762 387	38.7	1 207 435	61.3	1 969 822
3. Rural Development	17 088	26 855	9 176	34.2	17 679	65.8	26 855
Total	2 126 696	2 588 546	1 007 465	38.9	1 581 081	61.1	2 588 546

Table 3.17 : Actual payments and revised spending projections by economic classification

R thousand	2018/19 Audited outcome	Adjusted appropriation	Actual payments		Projected payments		Projected actual
			April 2019 - September 2019	% of budget	October 2019 - March 2020	% of budget	
Current payments	1 694 113	2 176 767	879 458	40.4	1 297 309	59.6	2 176 767
Compensation of employees	1 023 233	1 102 743	529 078	48.0	573 665	52.0	1 102 743
Goods and services	670 871	1 073 933	350 379	32.6	723 554	67.4	1 073 933
Interest and rent on land	9	91	1	1.1	90	98.9	91
Transfers and subsidies to:	320 815	315 783	98 112	31.1	217 671	68.9	315 783
Provinces and municipalities	1 626	2 159	779	36.1	1 380	63.9	2 159
Departmental agencies and accounts	122 649	136 485	53 314	39.1	83 171	60.9	136 485
Higher education institutions	92	100	-	-	100	100.0	100
Foreign governments and international organisations	-	-	-	-	-	-	-
Public corporations and private enterprises	171 426	160 340	34 647	21.6	125 693	78.4	160 340
Non-profit institutions	-	-	-	-	-	-	-
Households	25 022	16 699	9 372	56.1	7 327	43.9	16 699
Payments for capital assets	110 079	95 996	29 895	31.1	66 101	68.9	95 996
Buildings and other fixed structures	63 165	40 060	23 196	57.9	16 864	42.1	40 060
Machinery and equipment	46 695	55 366	6 699	12.1	48 667	87.9	55 366
Heritage assets	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-
Biological assets	219	570	-	-	570	100.0	570
Land and subsoil assets	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-
Payments for financial assets	1 689	-	-	-	-	-	-
Total	2 126 696	2 588 546	1 007 465	38.9	1 581 081	61.1	2 588 546

The actual expenditure as at mid-year amounted to R1.007 billion or 38.9 per cent of the adjusted budget. All programmes show low levels of spending with Programme 1 at 39.9 per cent, Programme 2 at 38.7 per cent and Programme 3 at 34.2 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 financial year. The department is projecting to fully spend its budget after taking into account all movements of funds and additional allocations contained in the Adjustments Estimate.

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

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation	
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts			Other adjustments
Current payments	2 070 454	159 606	-	(49 842)	-	(3 451)	1 066 313	2 176 767
Compensation of employees	1 195 333	-	-	(100 664)	8 074	-	(92 590)	1 102 743
Salaries and wages	1 015 044	-	-	(75 362)	8 074	-	(67 288)	947 756
Social contributions	180 289	-	-	(25 302)	-	-	(25 302)	154 987
Goods and services	875 030	159 606	-	50 822	(8 074)	(3 451)	198 903	1 073 933
Administrative fees	2 468	-	-	2 094	-	-	2 094	4 562
Advertising	1 645	-	-	11 794	-	-	11 794	13 439
Minor assets	7 578	305	-	(1 712)	-	-	(1 407)	6 171
Audit cost: External	6 914	-	-	6 892	-	-	6 892	13 806
Bursaries: Employees	1 089	-	-	97	-	-	97	1 186
Catering: Departmental activities	4 679	-	-	(1 295)	-	-	(1 295)	3 384
Communication (G&S)	42 545	-	-	(17 764)	-	-	(17 764)	24 781
Computer services	60 678	1 792	-	1 252	-	-	3 044	63 722
Cons. & prof serv: Business and advisory services	825	-	-	9 039	-	-	9 039	9 864
Infrastructure and planning	72 034	17 248	-	(111)	(7 969)	(3 451)	5 717	77 751
Laboratory services	25	-	-	(7)	-	-	(7)	18
Scientific and technological services	-	-	-	-	-	-	-	-
Legal costs	3 610	-	-	(1 242)	-	-	(1 242)	2 368
Contractors	47 869	2 741	-	16 559	-	-	19 300	67 169
Agency and support / outsourced services	19 512	188	-	(1 889)	-	-	(1 701)	17 811
Entertainment	-	-	-	-	-	-	-	-
Fleet services (incl gov't motor transport)	42 565	-	-	(27)	-	-	(27)	42 538
Housing	-	-	-	-	-	-	-	-
Inventory: Clothing material and accessories	4	-	-	-	-	-	-	4
Inventory: Farming supplies	226 729	117 926	-	37 398	-	-	155 324	382 053
Inventory: Food and food supplies	-	-	-	-	-	-	-	-
Inventory: Fuel, oil and gas	3 543	176	-	610	-	-	786	4 329
Inventory: Leamer and teacher support material	2 090	-	-	(610)	-	-	(610)	1 480
Inventory: Materials and supplies	26 745	3 521	-	(22)	-	-	3 499	30 244
Inventory: Medical supplies	1 071	1 313	-	-	-	-	1 313	2 384
Inventory: Medicine	10 500	5 463	-	-	-	-	5 463	15 963
Medsas inventory interface	-	-	-	-	-	-	-	-
Inventory: Other supplies	-	-	-	-	-	-	-	-
Consumable supplies	24 038	3 699	-	7 612	-	-	11 311	35 349
Consumable: Stationery, printing and office supplies	8 729	349	-	(1 143)	-	-	(794)	7 935
Operating leases	51 867	83	-	(16 199)	-	-	(16 116)	35 751
Property payments	88 197	3 463	-	6 966	-	-	10 429	98 626
Transport provided: Departmental activity	10 356	-	-	(9 619)	-	-	(9 619)	737
Travel and subsistence	81 261	-	-	5 500	-	-	5 500	86 761
Training and development	15 315	1 339	-	(3 941)	(105)	-	(2 707)	12 608
Operating payments	9 331	-	-	1 457	-	-	1 457	10 788
Venues and facilities	1 168	-	-	(873)	-	-	(873)	295
Rental and hiring	50	-	-	6	-	-	6	56
Interest and rent on land	91	-	-	-	-	-	-	91
Interest	-	-	-	-	-	-	-	-
Rent on land	91	-	-	-	-	-	-	91
Transfers and subsidies to	208 053	-	-	107 730	-	-	107 730	315 783
Provinces and municipalities	2 159	-	-	-	-	-	-	2 159
Provinces	2 121	-	-	-	-	-	-	2 121
Provincial Revenue Funds	-	-	-	-	-	-	-	-
Provincial agencies and funds	2 121	-	-	-	-	-	-	2 121
Municipalities	38	-	-	-	-	-	-	38
Municipalities	-	-	-	-	-	-	-	-
Municipal agencies and funds	38	-	-	-	-	-	-	38
Departmental agencies and accounts	129 357	-	-	7 128	-	-	7 128	136 485
Social security funds	-	-	-	-	-	-	-	-
Entities receiving transfers	129 357	-	-	7 128	-	-	7 128	136 485
Higher education institutions	-	-	-	100	-	-	100	100
Foreign governments and international organisations	-	-	-	-	-	-	-	-
Public corporations and private enterprises	66 773	-	-	93 567	-	-	93 567	160 340
Public corporations	62 094	-	-	-	-	-	-	62 094
Subsidies on production	-	-	-	-	-	-	-	-
Other transfers	62 094	-	-	-	-	-	-	62 094
Private enterprises	4 679	-	-	93 567	-	-	93 567	98 246
Subsidies on production	-	-	-	-	-	-	-	-
Other transfers	4 679	-	-	93 567	-	-	93 567	98 246
Non-profit institutions	-	-	-	-	-	-	-	-
Households	9 764	-	-	6 935	-	-	6 935	16 699
Social benefits	4 564	-	-	6 889	-	-	6 889	11 453
Other transfers to households	5 200	-	-	46	-	-	46	5 246
Payments for capital assets	148 434	5 450	-	(57 888)	-	-	(52 438)	95 996
Buildings and other fixed structures	100 832	5 450	-	(66 222)	-	-	(60 772)	40 060
Buildings	57 740	1 451	-	(34 824)	-	-	(33 373)	24 367
Other fixed structures	43 092	3 999	-	(31 398)	-	-	(27 399)	15 693
Machinery and equipment	47 032	-	-	8 334	-	-	8 334	55 366
Transport equipment	21 923	-	-	7 500	-	-	7 500	29 423
Other machinery and equipment	25 109	-	-	834	-	-	834	25 943
Heritage assets	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-
Biological assets	570	-	-	-	-	-	-	570
Land and sub-soil assets	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-
Total	2 426 941	165 056	-	-	-	(3 451)	161 605	2 588 546
Amount to be voted								161 605