

Vote 24

Agriculture

R thousand	2007/08 To be appropriated	2008/09	2009/10
MTEF allocations			
Administration	283 335	290 430	310 416
Livelihoods, Economics and Business Development	886 951	917 660	883 478
Bio-security and Disaster Management	243 611	261 174	274 422
Production and Resources Management	247 780	258 341	265 623
Sector Services and Partnerships	619 489	657 351	666 475
Total	2 281 166	2 384 956	2 400 414
Direct charges against the National Revenue Fund	–	–	–
Total expenditure estimates	2 281 166	2 384 956	2 400 414
Economic classification			
Current payments	921 407	986 647	1 045 727
Transfers and subsidies	1 308 824	1 355 696	1 313 638
Payments for capital assets	50 935	42 613	41 049
Total expenditure estimates	2 281 166	2 384 956	2 400 414
Executive authority	Minister for Agriculture and Land affairs		
Accounting officer	Director-General of Agriculture		

Aim

The Department of Agriculture aims to lead and support sustainable agriculture and promote rural development through: ensuring access to sufficient, safe and nutritious food; eliminating skewed participation and inequity in agriculture; maximising growth, employment and income in the sector; improving the sustainable management of natural agricultural resources and ecological systems; ensuring effective and efficient governance; and ensuring knowledge and information management.

Programme purposes

Programme 1: Administration

Provide the department with political and strategic leadership and management, and manage capital works and infrastructure.

Programme 2: Livelihoods, Economics and Business Development

Promote equitable access to the agricultural sector, the growth and commercial viability of emerging farmers, and food security and rural development. Facilitate market access for South African agricultural products nationally and internationally by developing and implementing appropriate policies and targeted programmes. Promote broad based black economic empowerment (BEE) in the sector.

Programme 3: Bio-Security and Disaster Management

Develop and implement policies for food safety, agricultural disaster risk management and for preventing and controlling animal and plant diseases.

Programme 4: Production and Resources Management

Manage productivity and sustainability in agriculture, monitor and control genetically modified organisms, and develop and implement policies and legislation on the sustainable use of agricultural land and water resources.

Programme 5: Sector Services and Partnerships

Manage and co-ordinate intergovernmental, stakeholder and international relations, agricultural education and training, extension and advisory services, and scientific research and technology development.

Strategic overview: 2003/04 – 2009/10

The Department of Agriculture plays a key role in the development of South African agriculture and its profitability and international competitiveness. One of the department's key strategic goals is to improve the long-term productivity and ecological sustainability of South Africa's natural agricultural resources.

The department revised its programme structure in 2005/06, reducing its nine programmes to five, in order to refocus and align its functions. The department is now in a better position to: increase access to the agricultural sector, through the broad based BEE framework for agriculture (AgriBEE) initiative; contribute to eradicating poverty; support emerging farmers and ensure that their businesses are commercially viable in the long term; and ensure that South Africa is free from animal and plant diseases.

Support for beneficiaries of land reform and other black farmers

The comprehensive agricultural support programme (CASP) provides post-settlement support to targeted beneficiaries of land reform and other black farmers who have acquired land through private means. Implementation started in 2004/05, focusing mainly on providing on- and off-farm infrastructure. Over the past two years, the department has provided agricultural support to land and agrarian reform projects, which contribute towards food security, job creation and poverty alleviation. In order to provide comprehensive support, the focus of the programme was expanded, with a decision that 70 per cent of CASP expenditure should be on land reform projects, 10 per cent on food security projects, 10 per cent on training, 5 per cent on animal health services, and 5 per cent on marketing.

Since its inception, implementation has been hampered by a lack of capacity (for example, a shortage of agricultural economists and engineers), a lack of proper planning, long procurement procedures and a lack of alignment with other government programmes. However, the provincial departments of agriculture stepped up service delivery in the latter half of 2005/06 and in 2006/07.

To date CASP has reached 53 709 beneficiaries, of which 19 518 were part of the land reform project.

The provision of infrastructure such as dipping tanks has led to better control of animal diseases. Some emerging farmers are now practising good veld management and proper breeding as a result of camp subdivision. Beneficiaries of food security projects are producing well and selling their produce at a better price. Some irrigation schemes have now started to function. Marketing information is more easily accessible in some provinces and sales of livestock have improved due to the marketing infrastructure provided.

Micro-financial services for poor rural households, small farmers and agribusinesses

The Micro-Agricultural Financial Institutions of South Africa (MAFISA) extends micro-financial services to economically active poor rural households, small farmers and agribusinesses. It provides loans to emerging farmers who were not served by the Land Bank or other financial institutions. The Land Bank administers MAFISA on behalf of the department. Provincial departments also play a role by assisting potential clients to complete application forms and by disseminating information. Credit evaluation committees assess applications before submitting them to the relevant development finance institutions participating in the scheme as retail intermediaries. There are currently four provincial development finance institutions disbursing MAFISA funds.

Some of the challenges in implementing the scheme have been the grant mindset of the potential clients, a lack of accountability in the evaluation and administration process, and a lack of financial experience among extension officers and credit evaluation committees. To improve administration, provinces have dedicated agricultural economists to MAFISA to assist applicants with operational plans, and the training of credit evaluation committees is continuing in collaboration with the Agricultural Sector Education and Training Authority (AgriSETA).

The department is currently reviewing the MAFISA pilot phase to inform the full scale rollout of the scheme. The review will be finalised by April 2007.

Broad based BEE framework for agriculture

The broad based BEE framework for agriculture (AgriBEE) is the department's response to eliminating inequities, improving access to and participation in agricultural opportunities, deracialising land and enterprise ownership and unlocking the entrepreneurial potential in the sector. The framework was developed in collaboration with other agriculture stakeholders and is the basis for the sector transformation charter and codes of good practice. The charter will be submitted to the Department of Trade and Industry for gazetting and the AgriBEE steering committee will develop codes of good practice in 2007/08. As guided by the Department of Trade and Industry, AgriBEE activities will continue for 10 years, after which a review will be undertaken by the BEE Advisory Council. There will be periodic reviews of broad based BEE in the sector, and progress will be reported to the minister and the council.

Biosecurity and disaster risk management

Ensuring food safety and adequate protection for animal and plant health remains a major challenge for the department, as globalisation and the opening of markets place additional demands on the management of risks associated with cross-boundary animal and plant diseases. The main goal is to ensure that South Africa is free from these diseases and thus that the agricultural sector is sustainable, through the development of an efficient and effective national biosecurity risk management system.

To meet the challenges associated with the increasing volumes of food being traded internationally, namely increased market participation and increased consumer confidence in South African agricultural products, reduced pest and disease outbreaks and the early detection of risks are required. The availability of qualified professionals in certain scarce skills environments, such as veterinarians, pathologists, entomologists and virologists, is a constraint on the department's capacity to deliver quality regulatory oversight.

Optimising productivity through the sustainable use of resources

The department continues to monitor the level of degradation of South African land using various degradation indexes including soil, rangeland and vegetation degradation indexes. Five of the provinces – KwaZulu-Natal, North West, Northern Cape, Mpumalanga and Eastern Cape – have been identified as the most degraded parts of South Africa.

The LandCare programme was established not only to address the degradation problem, but also to encourage South Africans to use natural resources in a way that improves their quality of life and that of future generations. The aim of the programme is thus to encourage sustainable methods of cultivation, grazing and harvesting natural resources to improve food security and employment.

The programme has changed the prescriptive approach of provincial departments of agriculture, which now place a greater emphasis on a participatory planning, development and implementation approach. Provincial agricultural extension officers are encouraged to work with communities instead of implementing projects on their behalf. This has also led to the introduction of area wide, regional and catchments planning, with the Western Cape Department of Agriculture adopting and testing this concept. Following interprovincial study tours, Limpopo and Eastern Cape provinces have also begun to use the participatory approach.

LandCare awareness activities, targeting land users, school children and youth, have made rural communities in the provinces more aware of the value of the natural resource base both for agricultural production and for ensuring rural livelihoods. Free State, Mpumalanga and Western Cape have taken the lead in developing successful models for the Junior Landcare component of the programme. Certain projects have led to a marked increase in production on high potential land through the use of conservation farming methods and in-field water harvesting. Grazing lands have been brought into a sustainable management system through correct fencing into camps and suitable water reticulation systems, and in some instances through the removal of alien invader vegetation. Certain identified wetlands used for agricultural purposes are being protected through improved management practices, such as the Koringkoppies water harvesting project in Limpopo.

Expenditure estimates

Table 24.1 Agriculture

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2003/04	2004/05	2005/06			2006/07	2007/08	2008/09
R thousand								
1. Administration	191 876	210 223	217 481	244 206	240 189	283 335	290 430	310 416
2. Livelihoods, Economics and Business Development	70 719	268 880	628 582	719 346	704 124	886 951	917 660	883 478
3. Bio-security and Disaster Management	421 437	343 173	388 365	536 964	530 458	243 611	261 174	274 422
4. Production and Resources Management	136 027	162 143	195 191	215 633	211 961	247 780	258 341	265 623
5. Sector Services and Partnerships	374 717	423 764	477 212	651 481	640 898	619 489	657 351	666 475
Total	1 194 776	1 408 183	1 906 831	2 367 630	2 327 630	2 281 166	2 384 956	2 400 414
Change to 2006 Budget estimate				409 982	369 982	87 676	85 300	

Table 24.1 Agriculture (continued)

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2003/04	2004/05	2005/06	2006/07		2007/08	2008/09	2009/10
R thousand								
Economic classification								
Current payments	532 258	581 732	715 961	941 914	901 914	921 407	986 647	1 045 727
Compensation of employees	273 086	320 093	357 132	490 029	462 820	500 191	541 471	583 080
Goods and services	258 247	260 709	358 110	451 885	439 094	421 216	445 176	462 647
<i>of which:</i>								
<i>Communication</i>	9 783	10 912	16 007	16 774	14 774	17 317	17 943	18 767
<i>Computer services</i>	12 934	13 142	20 022	8 936	5 936	9 005	8 840	9 168
<i>Consultants, contractors and special services</i>	55 595	57 449	113 931	123 570	115 779	147 919	150 042	161 574
<i>Inventory</i>	38 407	43 003	39 412	46 441	46 441	24 978	24 282	25 393
<i>Maintenance, repairs and running costs</i>	11 640	12 247	16 631	17 124	17 124	18 807	19 434	19 156
<i>Operating leases</i>	20 252	23 686	26 337	30 267	30 267	10 656	11 398	11 999
<i>Travel and subsistence</i>	66 066	63 143	67 584	97 341	97 341	53 333	56 023	58 529
<i>Municipal services</i>	6 249	6 560	6 984	–	–	11 633	12 221	12 547
Financial transactions in assets and liabilities	925	930	719	–	–	–	–	–
Transfers and subsidies	633 213	761 821	1 134 306	1 373 213	1 373 213	1 308 824	1 355 696	1 313 638
Provinces and municipalities	67 138	345 006	411 332	401 886	401 886	462 082	484 249	530 205
Departmental agencies and accounts	319 122	358 905	385 711	522 790	522 790	513 969	540 828	549 785
Universities and technikons	–	–	–	–	–	200	200	200
Public corporations and private enterprises	16 687	2 352	146 785	245 226	245 226	249 920	249 010	148 110
Foreign governments and international organisations	15 294	12 998	155 074	15 646	15 646	30 915	28 664	29 498
Non-profit institutions	180	2 628	779	2 965	2 965	1 000	1 000	1 000
Households	214 792	39 932	34 625	184 700	184 700	50 738	51 745	54 840
Payments for capital assets	29 305	64 630	56 564	52 503	52 503	50 935	42 613	41 049
Buildings and other fixed structures	20 237	36 892	17 780	28 032	28 032	31 183	23 104	21 009
Machinery and equipment	9 068	24 383	33 376	23 790	23 790	18 689	18 544	19 022
Cultivated assets	–	175	11	–	–	–	–	–
Software and other intangible assets	–	3 180	5 397	681	681	1 063	965	1 018
<i>of which: Capitalised compensation</i>	10 790	17 462	21 329	22 223	22 223	30 271	32 666	34 136
Total	1 194 776	1 408 183	1 906 831	2 367 630	2 327 630	2 281 166	2 384 956	2 400 414

Expenditure trends

Departmental expenditure grows at an average annual rate of 12,3 per cent from 2003/04 to 2009/10. Expenditure grew sharply from R1,4 billion in 2004/05 to R2,4 billion in 2006/07 due to unforeseen expenditure, particularly the department's contribution to the World Food Programme (R140 million), the drought relief initiative (R120 million), and combating the outbreak of classical swine fever in Eastern Cape (R230,9 million).

Transfer payments account for a significant portion of the department's budget, including to the Agricultural Research Council, the National Agricultural Marketing Council, and the Land Bank (for MAFISA), and for conditional grants to provinces for CASP and LandCare.

Over the MTEF period, expenditure is expected to grow at a slower average annual rate of 2,6 per cent, from R2,3 billion in 2007/08 to R2,4 billion in 2009/10.

Infrastructure spending

Expenditure on infrastructure fluctuates considerably between 2004/05 and 2008/09, increasing sharply by 51,5 per cent from 2004/05 to 2005/06, and declining substantially by 21 per cent in 2006/07. The change in expenditure is due to project specific allocations, such as for an elephant proof fence along the foot and mouth disease border fence in 2005/06. Expenditure is expected to increase from R48 million in 2006/07 to R67 million in 2007/08, an average annual increase of 39 per cent, and then decline by 10,6 per cent in 2008/09. This is due to additional allocations for the construction of a new quarantine station. Examples of infrastructure spending include: erection of key soil conservation structures, upgrading of existing infrastructure and acquisition of new offices, among others. All of these projects are small, costing less than R20 million.

Spending on science and technology

The department's science and technology activities aim to ensure that the research efforts of the Agricultural Research Council (ARC), university faculties of agriculture, the provincial departments of agriculture, and other agricultural research institutions are focused on the strategic priorities of sustaining competitiveness and profitability, broadening access to and use of appropriate technologies, and sustaining the natural resource base for agricultural development.

Scientific and technical education and training (STET) covers all activities comprising specialised non-university higher education and training, higher education and training leading to a university degree, postgraduate and further training, and organised lifelong training for scientists and engineers. The department's scientific technical and education training programmes include the professional development programme run jointly by the department and the ARC, the department's graduate and postgraduate bursary schemes (internal and external) targeting scarce skills in agricultural engineering and veterinary sciences, and subsidies for science and technology activities in sector institutions.

Scientific and technological innovation (STI) is the transformation of an idea into a new or improved product, a new or improved operational process, or a new approach to a social service. The department's scientific and technological innovation programmes include: programmes at the ARC on contract research and development; research activities at the Grootfontein Agricultural Development Institute; the exotic diseases division of the Onderstepoort Veterinary Institute on animal diseases; vaccines development by the Onderstepoort Biological Products (OBP) and core primary research undertaken by the ARC and funded by the department for the maintenance of national assets and the provision of national services.

Science and technology services (STS) are activities that support research and experimental development and contribute to the generation, dissemination and application of scientific and technical knowledge, including patenting, geological surveys, standards generation, operation of libraries and national scientific databases.

The table shows that between 2006/07 and 2009/10 expenditure grows steadily by 5 per cent across all the science and technology activities.

Rands	2006/07	2007/08	2008/09	2009/10
STS	15 412 727	16 106 300	16 831 084	17 840 949
STI	46 638 000	48 736 710	50 929 862	53 985 653
STET	398 426 000	416 355 170	435 091 153	461 196 622
Science and technology activities (Total)	460 476 727	481 198 180	502 852 098	533 023 223

Departmental receipts

A significant portion of revenue is derived from the sale of goods and services, including statutory services such as registering fertilisers, farm feeds, agricultural remedies and brands; drilling boreholes; analysing soil; issuing import and export certificates for agricultural products; issuing liquor control permits; and providing quarantine and inspection services. Other receipts come from interest payments.

Revenue from the sale of goods and services increased at an average annual rate of 7,9 per cent between 2003/04 and 2005/06, due to increased activities in the export of agricultural products. The department's disposal of redundant capital assets, such as heavy duty earth moving equipment and machinery, however, resulted in an overall decline in revenue over this period. The decline in income under financial transactions is accounted for by once-off income of R56,1 million from loans recovered in 2003/04 and R100 million unspent disaster funding, which was surrendered to the National Revenue Fund. The decline in interest received is due to a loan to the Land Bank, on which the department used to receive annual interest of R9 million. The loan has now been converted to capital in the bank's books.

Table 24.2 Departmental receipts

	Audited outcome			Adjusted appropriation	Medium-term receipts estimate		
	2003/04	2004/05	2005/06		2006/07	2007/08	2008/09
R thousand							
Departmental receipts	235 529	100 620	76 136	71 871	59 151	62 313	65 429
Sales of goods and services produced by department	54 547	62 729	63 479	59 930	56 231	59 232	62 194
Sales of scrap, waste and other used current goods	9	3	8 216	5	5	5	5
Transfers received	13	–	300	–	–	–	–
Fines, penalties and forfeits	1	16	54	3	3	3	3
Interest, dividends and rent on land	10 937	14 193	1 596	9 424	166	174	183
Sales of capital assets	9 003	11 865	208	325	380	415	436
Financial transactions in assets and liabilities	161 019	11 814	2 283	2 184	2 366	2 484	2 608
Total	235 529	100 620	76 136	71 871	59 151	62 313	65 429

Programme 1: Administration

The *Administration* programme conducts the overall management of the department and provides centralised corporate services, such as financial management, human resources services, legal and security services and internal audits. It also deals with collecting agricultural debt.

Expenditure estimates

Table 24.3 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term receipts estimate		
	2003/04	2004/05	2005/06		2006/07	2007/08	2008/09
R thousand							
Minister ¹	921	791	837	885	938	985	1 034
Management	60 186	65 105	73 301	88 247	93 401	97 816	104 292
Corporate Services	88 480	80 478	97 284	100 264	119 006	127 051	135 017
Capital Works	19 468	36 870	17 236	20 670	31 183	23 104	21 009
Property Management	22 821	26 979	28 823	34 140	38 807	41 474	49 064
Total	191 876	210 223	217 481	244 206	283 335	290 430	310 416
Change to 2006 Budget estimate				(2 989)	21 503	15 278	

1. Payable as from 1 April 2006. Salary: R707 956. Car allowance: R176 988.

Economic classification							
Current payments	167 179	164 196	191 855	218 443	249 620	264 781	286 721
Compensation of employees	86 088	82 163	90 695	113 072	127 766	135 877	148 339
Goods and services	80 926	81 285	100 874	105 371	121 854	128 904	138 382
<i>of which:</i>							
<i>Communication</i>	5 665	6 192	10 448	10 828	10 890	10 982	11 457
<i>Computer services</i>	10 520	10 950	16 806	6 661	5 682	5 134	5 346
<i>Consultants, contractors and special services</i>	8 093	8 484	9 810	9 197	17 074	17 317	18 158
<i>Inventory</i>	7 283	7 891	6 771	7 064	4 398	4 424	4 620
<i>Maintenance, repairs and running costs</i>	2 428	2 806	2 906	2 017	2 961	2 985	3 120
<i>Operating leases</i>	18 126	21 350	23 212	27 200	7 348	7 798	8 164
<i>Travel and subsistence</i>	6 474	6 711	8 520	9 312	11 461	12 022	12 606
<i>Municipal services</i>	6 249	6 560	6 984	–	6 770	6 995	7 213
Financial transactions in assets and liabilities	165	748	286	–	–	–	–
Transfers and subsidies	273	863	1 475	1 239	685	716	766
Provinces and municipalities	201	324	359	178	95	100	105
Departmental agencies and accounts	–	360	420	540	500	541	583
Public corporations and private enterprises	72	64	326	49	54	55	57
Households	–	115	370	472	36	20	21
Payments for capital assets	24 424	45 164	24 151	24 524	33 030	24 933	22 929
Buildings and other fixed structures	19 468	36 870	17 236	20 670	31 183	23 104	21 009
Machinery and equipment	4 956	5 626	6 612	3 610	1 791	1 772	1 857
Software and other intangible assets	–	2 668	303	244	56	57	63
Total	191 876	210 223	217 481	244 206	283 335	290 430	310 416

Table 24.3 Administration (continued)

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term receipts estimate		
	2003/04	2004/05	2005/06		2006/07	2007/08	2008/09
R thousand							
Details of major transfers and subsidies:							
Departmental agencies and accounts							
Current	–	360	420	540	500	541	583
South African Management Development Institute: Donation	–	–	–	70	–	–	–
Primary Agriculture Sector Education and Training Authority	–	360	420	470	500	541	583

Expenditure trends

Expenditure on *Administration* has increased steadily, growing at an average annual rate of 8,4 per cent from R191,9 million in 2003/04 to R244,2 million in 2006/07. The bulk of expenditure has been on compensation of employees, followed by goods and services.

The allocation for capital works is in this programme. Expenditure amounted to R36,8 million in 2004/05 due to additional allocations in 2004/05 for the purchase of the Maize Board building, the renovation of Harvest House, and the finalisation of the analytical laboratory in Stellenbosch. It declined to R17,2 million in 2005/06 as these projects were completed.

The devolution of leases and accommodation charges from the Department of Public Works in April 2006 resulted in a marked increase in the programme's budget, particularly property management spending, which grew by 18,4 per cent between 2005/06 and 2006/07, having grown by 6,8 per cent between 2004/05 and 2005/06. These increases were counterbalanced by the transfer of the deputy minister's office to the Department of Land Affairs in 2005.

Programme 2: Livelihoods, Economics and Business Development

The *Livelihoods, Economics and Business Development* programme promotes equitable access to the agricultural sector, the growth and commercial viability of emerging farmers, and food security and rural development; facilitates market access for South African agricultural products nationally and internationally by developing and implementing appropriate policies and targeted programmes; promotes broad based BEE in the sector; and provides economic and statistical services to support economic growth and development in the sector.

Apart from the *Management* subprogramme, there are four subprogrammes:

- *Livelihoods Development Support* provides post-settlement support to emerging farmers; promotes farmer co-operatives, agricultural development finance and village banks; and is responsible for food security policies and legislation, programmes and information.
- *Trade and Business Development* facilitates international and domestic market access for South African agricultural products and promotes broad based BEE in the sector. It also interacts with the National Agricultural Marketing Council.
- *Economic and Statistical Services* provides for the collection and analysis of agricultural statistics, monitors and evaluates the economic performance of the sector and produces quarterly reports on sector trends. It also interacts with Statistics South Africa.

- *National Agricultural Marketing Council* provides for transfers to the NAMC. The NAMC advises the minister on the efficacy of the national food and agricultural marketing systems.

Expenditure estimates

Table 24.4 Livelihoods, Economics and Business Development

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term receipts estimate		
	2003/04	2004/05	2005/06		2006/07	2007/08	2008/09
R thousand							
Management	1 628	1 486	600	1 903	1 998	2 044	2 084
Livelihoods Development Support	33 124	224 529	571 458	568 060	731 436	752 930	704 480
Trade and Business Development	12 428	16 157	24 803	112 726	113 544	119 920	130 403
Economic and Statistical Services	13 430	16 107	17 760	23 947	26 653	28 807	31 714
National Agricultural Marketing Council	10 109	10 601	13 961	12 710	13 320	13 959	14 797
Total	70 719	268 880	628 582	719 346	886 951	917 660	883 478
Change to 2006 Budget estimate				(27 437)	(32 230)	(33 784)	
Economic classification							
Current payments	57 331	52 409	73 633	134 512	157 517	167 507	186 771
Compensation of employees	22 631	31 161	41 255	57 895	65 253	69 747	81 243
Goods and services	34 700	21 222	32 373	76 617	92 264	97 760	105 528
<i>of which:</i>							
<i>Communication</i>	347	261	411	880	752	813	888
<i>Computer services</i>	351	203	140	975	1 105	1 109	1 107
<i>Consultants, contractors and special services</i>	10 410	6 433	6 516	36 896	55 006	57 172	61 278
<i>Inventory</i>	2 429	1 561	1 367	2 595	2 594	2 906	2 371
<i>Maintenance, repairs and running costs</i>	1 735	1 148	4 831	7 580	1 183	1 211	1 304
<i>Operating leases</i>	339	153	616	759	362	385	438
<i>Travel and subsistence</i>	11 798	7 179	8 999	15 453	12 063	12 885	14 022
<i>Municipal services</i>	–	–	–	–	1 050	1 070	1 000
Financial transactions in assets and liabilities	–	26	5	–	–	–	–
Transfers and subsidies	12 324	215 298	550 644	582 597	728 270	748 942	695 437
Provinces and municipalities	70	200 100	250 127	300 060	415 000	434 918	478 410
Departmental agencies and accounts	10 109	10 601	13 961	12 710	13 320	13 959	14 797
Public corporations and private enterprises	1 965	2 247	146 376	245 177	249 866	248 955	148 053
Foreign governments and international organisations	–	–	140 000	–	–	–	–
Non-profit institutions	180	2 269	179	2 850	–	–	–
Households	–	81	1	21 800	50 084	51 110	54 177
Payments for capital assets	1 064	1 173	4 305	2 237	1 164	1 211	1 270
Buildings and other fixed structures	–	22	–	–	–	–	–
Machinery and equipment	1 064	1 151	2 505	2 169	854	892	939
Software and other intangible assets	–	–	1 800	68	310	319	331
Total	70 719	268 880	628 582	719 346	886 951	917 660	883 478

Table 24.4 Livelihoods, Economics and Business Development (continued)

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term receipts estimate		
	2003/04	2004/05	2005/06		2006/07	2007/08	2008/09
R thousand							
Details of major transfers and subsidies:							
Provinces							
Current	–	200 000	250 000	300 000	415 000	434 918	478 410
Comprehensive agricultural support programme grant	–	200 000	250 000	300 000	415 000	434 918	478 410
Departmental agencies and accounts							
Current	10 109	10 601	13 961	12 710	13 320	13 959	14 797
National Agricultural Marketing Council	10 109	10 601	13 961	12 710	13 320	13 959	14 797
Public corporations							
Current	1 585	2 240	146 372	245 177	249 866	248 955	148 053
Ncera Farms (Pty) Ltd	1 585	2 240	2 372	2 177	1 866	1 955	2 053
Land and Agricultural Bank of SA	–	–	144 000	243 000	248 000	247 000	146 000

Expenditure trends

Expenditure in this programme more than doubled between 2004/05 and 2005/06. R200 million was allocated for the comprehensive agricultural support programme (CASP) when it was introduced in 2004/05, significantly increasing the budget from R70,7 million in 2003/04 to R268,9 million in 2004/05. Between 2004/05 and 2005/06, expenditure increased sharply by 133,8 per cent from R268,9 million to R628,6 million, mainly due to the additional allocations of R140 million for the World Food Programme, R150 million for the inception of MAFISA, R50 million for the implementation of the AgriBEE programme and a R3,3 million increase in the funding for the National Agricultural Marketing Council. In 2006/07, R9,6 million was included for Statistics South Africa's preparations for an agricultural census in 2007 and a sample survey of large scale farming done on behalf of the department.

Service delivery objectives and indicators

Recent outputs

To further the Millennium Development Goal of reducing poverty and food insecurity by half by the year 2015, the special programme for food security has been extended to all provinces. 66 364 households across all provinces were provided with agricultural production packages in the third quarter of 2006/07. This is higher than the target of 62 000 households. The food insecurity and vulnerability information management system was piloted in Ga-Sekhukhune district, Limpopo, and launched in October 2006.

By the end of September 2006, the MAFISA had approved 900 loan applications to the value of R24 million against a target of 2 000. MAFISA is demand driven and requires better awareness among emerging farmers to achieve its targets.

In line with the target of establishing 80 new agricultural co-operatives, 84 have been established, fully registered and linked to financial services and business. The department facilitated training and capacity building for all these co-operatives through accredited training institutions and agricultural colleges.

The agricultural trade strategy is currently under review and the first draft, incorporating industry inputs, has been developed. The strategy will also incorporate the outcomes of the marketing review process and the department's trade tariff policy, both presently under way.

A report on norms and standards for establishing agricultural marketing infrastructure has been completed. The department initiated a process to review the agricultural marketing environment and the report is ready to be submitted to the minister with specific recommendations to revisit the Agricultural Marketing Act (1996). The report on the status of agro-logistics in South Africa has also been completed, and is being discussed with other government departments (such as transport, and trade and industry), public entities (such as the National Agricultural Marketing Council and Spoornet), and the industry, to inform the development of a comprehensive agro-logistics strategy and an investment plan.

In 2005/06, the department issued 1 373 import and export permits in terms of the European Free Trade Area-Southern African Customs Union (EFTA-SACU) free trade agreement. 17 commodity based agricultural marketing value chain profiles were produced and published. These profiles are used by farmers to understand the agricultural marketing structures of different industries.

The trade permit allocation policy has been amended and was gazetted in October 2005. The purpose of the amendment was to adjust the allocation principle to favour new entrants and SMMEs.

Commodity based agricultural marketing training materials for grain, livestock, horticulture and industrial products have been produced, as well as a facilitators' guide for using the materials.

The implementation plan for the cotton industry has been completed. It is expected that the grain industry's implementation plan will be concluded in the near future, and the fruit industry is in the process of developing its strategy.

Wool from Eastern Cape is now better graded due to the provision of shearing sheds to small scale wool producers who previously used to get poor wool quality because of the poor quality sheds. Their wool price has increased by 60 per cent and has resulted in better income.

To improve the accuracy of crop estimates, a new producer independent crop estimation system has been developed and implemented in the Free State, North West, Mpumalanga and Gauteng. The system, which is partially funded by the Maize Trust, will complement the existing point frame sampling system.

The department co-operated with the Organisation for Economic Co-operation and Development (OECD) in a study to review South Africa's agricultural policies and an OECD country report was released. Other reports and publications include the quarterly economic review and forecast, abstract of agricultural statistics, trends in the agricultural sector, economic review of the agricultural sector, crops and markets, and sales of fruit and vegetables on fresh produce markets.

The National Agricultural Marketing Council produced a report on the competitiveness of key agricultural industries in South Africa, drawing comparisons with international competitors in order to improve the sector's understanding of issues affecting international agricultural industry competitiveness.

The council continued to implement the food price monitoring project in collaboration with the department, producing an annual food cost review and four quarterly food price trends.

In 2005/06, the council continued with its outreach programme, through which emerging black farmers were informed about the Marketing of Agricultural Products Act (1996) and various industry structures

(trusts and forums) and how farmers can benefit from these. 20 workshops, attended by more than 1 500 farmers, were held country wide.

Selected medium-term output targets

Livelihoods, Economics and Business Development

Measurable objective: Improve emerging farmers' access to and sustained participation in agriculture and improve food security in the medium term, through providing better opportunities and more equitable access, in order to maximise growth and employment in the sector.

Subprogramme	Output	Measure/Indicator	Target
Livelihoods Development Support	Post-settlement support to land reform beneficiaries	Increased number of comprehensive agricultural support programme (CASP) beneficiaries	From 67 366 to 80 000 beneficiaries
	Agricultural food production packages	Number of households receiving agricultural food production packages	6 364 households
	Dispose of all unencumbered state land	Number of hectares disposed of by July 2007	10 000 hectares
	Accelerate implementation of MAFISA	Number of emerging farmers and rural entrepreneurs accessing MAFISA products	4 000 farmers and entrepreneurs
Trade and Business Development	AgriBEE charter, scorecards and codes	Charter and codes finalised	March 2008
	AgriBEE Equity Fund	Percentage of ownership	10% of ownership of all assisted agricultural enterprises comprising of farm workers and 20% of ownership towards designated groups
	Sector specific strategies incorporating broad based BEE	Number of strategies aligned with broad based BEE guidelines and norms	2 strategies
Economic and Statistical Services	Reports on the performance of economic and statistical services to the sector	Number of reports published and information documents released	10 economic reviews, 15 topical reports, 6 statistical reports, 2 economic maps

Programme 3: Bio-Security and Disaster Management

The *Bio-Security and Disaster Management* programme is responsible for ensuring food safety and managing the risks posed by animal diseases and plant pests. The programme also develops an agricultural disaster risk management policy framework for providing early warnings and post-disaster support to farmers.

Apart from the *Management* subprogramme, there are two subprogrammes:

- *Plant Health and Inspection Services* focuses on sound plant health risk management frameworks, contributes to a compliance system for assessing potential risks associated with GMOs, and regulates border and national inspection services on regulated agricultural products intended for import, export and local trade.
- *Food, Animal Health and Disaster Management* manages animal diseases and helps negotiate protocols for importing and exporting animals and animal products, ensures that animal products are of good quality and safe for consumption, and develops the agricultural disaster risk management policy framework.

Expenditure estimates

Table 24.5 Bio-security and Disaster Management

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term receipts estimate		
	2003/04	2004/05	2005/06		2006/07	2007/08	2008/09
R thousand							
Management	1 590	1 658	1 751	1 888	1 981	2 027	2 118
Plant Health and Inspection Services	55 303	58 110	66 470	88 272	99 929	105 100	113 569
Food, Animal Health and Disaster Management	364 544	283 405	320 144	446 804	141 701	154 047	158 735
Total	421 437	343 173	388 365	536 964	243 611	261 174	274 422
Change to 2006 Budget estimate				291 025	(14 485)	(20 207)	
Economic classification							
Current payments	159 811	194 265	225 294	312 320	236 169	254 024	266 953
Compensation of employees	87 927	122 831	131 277	194 336	162 359	173 238	184 535
Goods and services	71 708	71 285	93 766	117 984	73 810	80 786	82 418
<i>of which:</i>							
<i>Communication</i>	<i>2 568</i>	<i>2 504</i>	<i>2 809</i>	<i>2 639</i>	<i>3 137</i>	<i>3 417</i>	<i>3 586</i>
<i>Computer services</i>	<i>1 334</i>	<i>1 325</i>	<i>2 317</i>	<i>684</i>	<i>1 447</i>	<i>1 753</i>	<i>1 877</i>
<i>Consultants, contractors and special services</i>	<i>12 190</i>	<i>12 027</i>	<i>35 692</i>	<i>21 915</i>	<i>23 103</i>	<i>23 114</i>	<i>25 337</i>
<i>Inventory</i>	<i>11 473</i>	<i>11 455</i>	<i>9 560</i>	<i>11 117</i>	<i>5 874</i>	<i>6 741</i>	<i>7 403</i>
<i>Maintenance, repairs and running costs</i>	<i>2 151</i>	<i>1 948</i>	<i>2 123</i>	<i>3 258</i>	<i>2 871</i>	<i>3 140</i>	<i>3 323</i>
<i>Operating leases</i>	<i>717</i>	<i>924</i>	<i>1 343</i>	<i>1 722</i>	<i>1 888</i>	<i>2 034</i>	<i>2 142</i>
<i>Travel and subsistence</i>	<i>34 420</i>	<i>33 983</i>	<i>31 968</i>	<i>44 106</i>	<i>15 001</i>	<i>15 095</i>	<i>15 769</i>
<i>Municipal services</i>	<i>–</i>	<i>–</i>	<i>–</i>	<i>–</i>	<i>1 931</i>	<i>2 123</i>	<i>2 220</i>
Financial transactions in assets and liabilities	176	149	251	–	–	–	–
Transfers and subsidies	259 628	139 803	154 244	214 959	291	288	301
Provinces and municipalities	30 236	100 268	120 305	45 563	–	–	–
Departmental agencies and accounts	–	–	–	8 000	–	–	–
Public corporations and private enterprises	14 600	15	68	–	–	–	–
Non-profit institutions	–	279	–	–	–	–	–
Households	214 792	39 241	33 871	161 396	291	288	301
Payments for capital assets	1 998	9 105	8 827	9 685	7 151	6 862	7 168
Buildings and other fixed structures	769	–	544	62	–	–	–
Machinery and equipment	1 229	8 687	8 198	9 607	7 151	6 862	7 168
Software and other intangible assets	–	418	85	16	–	–	–
Total	421 437	343 173	388 365	536 964	243 611	261 174	274 422
Details of major transfers and subsidies:							
Provinces							
Provincial revenue funds							
Current	30 000	100 000	120 000	45 403	–	–	–
Drought relief	–	100 000	120 000	45 403	–	–	–
Disaster management	30 000	–	–	–	–	–	–

Expenditure trends

Expenditure on the programme decreased from R421,4 million in 2003/04 to R343,2 million in 2004/05, and then increased significantly to R537 million in 2006/07, a fluctuation that resulted from sporadic outbreaks of animal diseases.

The *Food, Animal Health and Disaster Management* subprogramme accounts for a significant part of the expenditure, due to unforeseen expenditure to control outbreaks in 2004 of foot and mouth disease and avian influenza (R57,6 million and R41,7 million respectively). Classical swine fever was detected in the middle of 2005 in Eastern Cape, and to date more than R300 million has been spent in combating it. Furthermore, the department was allocated R100 million in 2004/05 and R120 million in 2005/06 for farmers who were affected by drought. These funds were transferred to the provincial departments of agriculture under specific conditions to purchase and transport fodder. As a result, expenditure grew at an average annual rate of 8,4 per cent between 2003/04 and 2006/07.

Expenditure grows steadily at an average annual rate of 6 per cent over the MTEF period.

Service delivery objectives and indicators

Recent outputs

Participation in the border control operational co-ordinating committee (BCOCC) was strengthened. The number of interceptions of non-compliant exports was reduced by 15 per cent and interceptions of non-compliant imports increased by 20 per cent, due to the employment of additional staff at strategic locations and sniffer dog inspections at OR Tambo International Airport. Inspections and auditing services increased by 25 per cent, with an emphasis on special programmes for fruit and liquor exports, trade control for compliance for a variety of agricultural products, and border control inspections.

International engagements with trading partners were improved with the aim of maintaining existing markets and accessing new ones, including bilateral negotiations with countries such as the People's Republic of China and the US on citrus exports. Control measures to promulgate new ports of entry and regulate the movement of citrus within South Africa were published. A comprehensive exotic fruit-fly trapping protocol was drafted to ensure control. Intensified promotion and awareness on plant health matters at ports of entry was conducted.

A discussion document on the drought management plan was approved by the minister in August 2005, followed by a national consultative workshop with all the stakeholders in November. Road shows were held in all provinces, attended by provincial officials, organised agriculture, NGOs, farmers and municipalities. Weather and climate awareness campaigns were conducted in eight provinces from April 2005 to date, attended by about 400 officials.

A discussion document on climate change was discussed at the climate change workshop for the agricultural sector held in February 2006, where inputs on the climate change sector plans were received from various stakeholders and incorporated into the draft sector plan.

Early warning climate advisories were issued on a monthly basis and there were awareness campaigns on broad risk and disaster risk management issues. Approximately 27 000 farmers were reached through these campaigns.

62 470 farmers participated in the drought relief scheme, of which 52 259 were small scale farmers and 10 211 commercial farmers.

Since 2003, there have been several outbreaks of highly contagious exotic animal diseases. The Western Cape was hit by African horse sickness, classical swine fever and porcine reproductive and respiratory syndrome, Limpopo by foot and mouth disease, and Eastern Cape by avian influenza and classical swine fever. These outbreaks were successfully eradicated or contained, and surveillances carried out. Due to changing international disease patterns, the import policy on birds was revised to increase the sanitary requirements, and the avian influenza contingency plan was drafted with the Department of Health. The plan has been implemented, with six-monthly surveillances since the last outbreak in 2004 and monitoring of wild birds.

The Animal Identification Act (2002) was promulgated and the regulations published, and a rollout programme has been initiated.

The South African pesticide initiative programme, set up to assist the horticultural sector to continue to comply with new EU legislation on pesticide use and maximum residue levels, is now in its third year and progressing well. Five out of twelve applicants have been selected as part of the capacity building arm of the programme for emerging farmers. The aim is to strengthen good agricultural practice in order to improve the potential of participants to export to the EU. Over 4 000 participants in the export market will benefit from this project, envisaged to be launched in 2007.

An agri-export technologists' sponsorship programme has been initiated, a joint programme with the Perishable Product Export Control Board aimed at addressing the information gap around export requirements among emerging farmers. 25 out of the 100 students that will go through the programme have been trained. All students are from previously disadvantaged backgrounds and will be required to mentor emerging farmers.

The department is in the process of developing a database of emerging horticulture farmers with the assistance of the Citrus Growers Association and other stakeholders. Training in responsible pesticide use as well as the integration of emerging farmers into existing grower associations has begun.

Selected medium-term output targets

Bio-security and Disaster Management

Measurable objective: Reduce the incidence of animal and plant diseases and pests and ensure compliance with international and national agricultural risk and disaster management measures through improved risk management systems.

Subprogramme	Output	Measure/Indicator	Target
Plant Health and Inspection Services	Strategy on the evaluation and certification of regulated articles	Approved strategy	March 2008
	Risk profiling system for regulated articles	Approved system	March 2008
	Expansion plan for sniffer dogs at ports of entry	Approved rollout programme	June 2007
	Plant Protection Bill	Approved Plant Protection Bill	March 2008
Food, Animal Health and Disaster Management	Climate awareness campaigns and advisories	Increase in percentage of transfer technology officers reached in terms of disaster risk	10% increase in officers reached annually
	Manage veterinary biosecurity risks	Reports on contingency plans completed	March 2008
		Report on surveillance and sound rapid-response for veterinary biosecurity risks completed	September 2007
	Food control strategy	Approved strategic plan for food control system for South Africa.	March 2008

Programme 4: Production and Resources Management

The *Production and Resource Management* programme focuses on creating an enabling environment for increased and sustainable agricultural production through appropriate policies, legislation, norms and standards, technical guidelines and other services. The programme supports agricultural research and technology development and transfer through its interaction with the Agricultural Research Council.

Apart from the *Management* subprogramme, there are two subprogrammes:

- *Agricultural Production* facilitates improvements in agricultural productivity with an emphasis on sustainable animal, aquaculture and plant production systems, and administers the Animal Improvement Act (1998), the Plant Breeders' Rights Act (1976) and the Plant Improvement Act (1976).
- *Engineering, Energy, Resource Use and Management* facilitates the development of agricultural infrastructure and the use of agricultural resources. Other activities include auditing natural resources, controlling migratory pests, rehabilitating and protecting agricultural land and running the community based LandCare programme.

Expenditure estimates

Table 24.6 Production and Resources Management

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term receipts estimate		
	2003/04	2004/05	2005/06		2006/07	2007/08	2008/09
R thousand							
Management	–	–	–	754	1 057	1 081	1 130
Agricultural Production	14 610	18 925	26 977	41 861	50 236	52 966	54 456
Engineering, Energy, Resource Use and Management	121 417	143 218	168 214	173 018	196 487	204 294	210 037
Total	136 027	162 143	195 191	215 633	247 780	258 341	265 623
Change to 2006 Budget estimate				(24 881)	(5 265)	(6 297)	
Economic classification							
Current payments	97 680	109 370	135 254	141 342	187 492	195 779	200 537
Compensation of employees	51 717	53 909	61 418	80 068	96 760	103 270	107 787
Goods and services	45 953	55 454	73 659	61 274	90 732	92 509	92 750
<i>of which:</i>							
<i>Communication</i>	<i>954</i>	<i>1 487</i>	<i>1 667</i>	<i>1 900</i>	<i>2 062</i>	<i>2 220</i>	<i>2 303</i>
<i>Computer services</i>	<i>477</i>	<i>501</i>	<i>726</i>	<i>535</i>	<i>556</i>	<i>610</i>	<i>587</i>
<i>Consultants, contractors and special services</i>	<i>11 923</i>	<i>14 116</i>	<i>29 190</i>	<i>7 118</i>	<i>44 883</i>	<i>44 483</i>	<i>48 352</i>
<i>Inventory</i>	<i>14 476</i>	<i>18 769</i>	<i>17 465</i>	<i>22 379</i>	<i>9 013</i>	<i>6 975</i>	<i>7 577</i>
<i>Maintenance, repairs and running costs</i>	<i>4 328</i>	<i>5 159</i>	<i>6 096</i>	<i>3 642</i>	<i>10 018</i>	<i>10 252</i>	<i>9 493</i>
<i>Operating leases</i>	<i>321</i>	<i>346</i>	<i>351</i>	<i>48</i>	<i>707</i>	<i>810</i>	<i>873</i>
<i>Travel and subsistence</i>	<i>10 379</i>	<i>11 586</i>	<i>12 697</i>	<i>16 515</i>	<i>10 754</i>	<i>11 816</i>	<i>11 702</i>
<i>Municipal services</i>	<i>–</i>	<i>–</i>	<i>–</i>	<i>–</i>	<i>1 241</i>	<i>1 366</i>	<i>1 437</i>
Financial transactions in assets and liabilities	10	7	177	–	–	–	–

Table 24.6 Production and Resources Management (continued)

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term receipts estimate		
	2003/04	2004/05	2005/06		2006/07	2007/08	2008/09
R thousand							
Transfers and subsidies	36 608	45 194	43 469	59 417	51 227	53 471	55 944
Provinces and municipalities	36 558	44 222	40 434	56 047	46 977	49 221	51 680
Departmental agencies and accounts	–	500	2 128	2 250	2 750	2 750	2 750
Universities and technikons	–	–	–	–	200	200	200
Public corporations and private enterprises	50	26	9	–	–	–	–
Non-profit institutions	–	80	600	115	1 000	1 000	1 000
Households	–	366	298	1 005	300	300	314
Payments for capital assets	1 739	7 579	16 468	14 874	9 061	9 091	9 142
Buildings and other fixed structures	–	–	–	7 300	–	–	–
Machinery and equipment	1 739	7 485	13 259	7 221	8 391	8 519	8 543
Software and other intangible assets	–	94	3 209	353	670	572	599
<i>of which: Capitalised compensation</i>	<i>10 790</i>	<i>17 462</i>	<i>21 329</i>	<i>22 223</i>	<i>30 271</i>	<i>32 666</i>	<i>34 136</i>
Total	136 027	162 143	195 191	215 633	247 780	258 341	265 623
Details of major transfers and subsidies:							
Provinces							
Current	36 400	43 800	40 000	55 735	46 725	48 969	51 417
LandCare programme grant: Poverty relief and infrastructure development grant	36 400	43 800	40 000	55 735	46 725	48 969	51 417
Departmental agencies and accounts							
Current	–	500	2 128	2 250	2 750	2 750	2 750
Water Research Commission	–	500	2 128	2 250	2 750	2 750	2 750

Expenditure trends

Expenditure grew at an average annual rate of 16,6 per cent from R136 million in 2003/04 to R215,6 million in 2006/07. Over the MTEF period, expenditure is expected to grow at an average annual rate of 3,5 per cent, considerably lower than the average annual rate for the years under review. The programme administers the LandCare conditional grant allocation, which was R36,4 million in 2003/04 and grew to R40 million in 2005/06. These funds are transferred to the provinces for project implementation.

The bulk of expenditure goes towards goods and services, followed by compensation of employees and transfers to provinces. In 2005/06, 330 power hoes were handed over to municipalities in presidential nodes at a cost of R7,3 million, as part of the mechanisation programme.

Service delivery objectives and indicators

Recent outputs

Several policies and strategies were developed to promote sustainable agricultural production, including on animal improvement, aquaculture, wildlife ranching, indigenous crops, ornamental plants and biosafety. In addition, the livestock development strategy was developed and is being implemented. The draft strategy on regional co-operation on biosafety was developed within the comprehensive African agricultural development programme.

The department also developed production guidelines for farmers, extension officers and other clients on small-scale egg production, household broiler production, management of small farm piggeries, animal traction, veld management, vegetable production, ornamental plants and indigenous crop production.

South Africa acceded to the Cartagena Protocol on Biosafety in 2003 and already had a functional biosafety regulatory framework in the Genetically Modified Organisms Act (1997), but some provisions of the protocol required amendments to the act. Following extensive consultations, the amendment bill was approved and will be presented to the president for promulgation in 2007.

The natural resources atlas was developed, providing access to a comprehensive set of data and a framework for strategic planning at national and provincial levels for the implementation of national programmes, such as land redistribution and LandCare, and international conventions on biodiversity, climate change and land assessment for long-term sustainability.

In line with creating an enabling environment for sustainable agricultural production, the department focused on supporting production priorities identified by provinces relating to: key soil conservation infrastructure; groundwater development for stock watering and food security garden development; and the construction of the disease control border fence.

In 2003, the department established a project planning unit that assists provinces with area wide planning and has implemented a project management system. Strategies on mechanisation, energy use, animal traction and biofuels are in the process of development. A groundwater development atlas has been created to inform provinces on groundwater potential. A draft strategy on irrigation development has been developed to enable and guide the development of irrigation as well as to improve water use efficiency.

Selected medium-term output targets

Production and Resources Management

Measurable objective: Improvement of the productivity and profitability in the agricultural sector and sustainable use and protection of land and water resources.

Subprogramme	Output	Measure/indicator	Target
Agricultural Production	Animal improvement programme	Livestock support and mentorship programmes for black farmers concluded	March 2008
	Information management system on plant production	Database for fruits, grain and vegetables published on agricultural geographic information system	March 2008
	Plant and farm animal genetic resources conservation programme	Status report on establishment of farm conservation projects published	March 2008
Engineering, Energy, Resource Use and Management	Land rehabilitation programme	Published national action plan	March 2008
	Irrigation development programme	Status report on water use efficiency programme on 50 000 ha of irrigated land published	March 2008
	Infrastructure development programme for biofuels	Infrastructure database established	December 2007

Programme 5: Sector Services and Partnerships

The *Sector Services and Partnerships* programme provides services to the sector and the department in the areas of intergovernmental, stakeholder and international relations, and manages and co-ordinates education and training. The programme also supports the Grootfontein Agricultural Development Institute, which provides training to the sector. It also guides agricultural research and extension and advisory services.

Apart from *Management*, there are three subprogrammes:

- *Sector Services* focuses on policy and strategy for agricultural education and training, research, extension and advisory services.
- *Intergovernmental and Stakeholder Relations* provides leadership and co-ordination in all facets of international relations in agriculture, and co-ordinates intergovernmental and stakeholder relations nationally.
- *Agricultural Research Council (ARC)*. The subprogramme provides for transfers to the council. The ARC's primary mandate is to conduct research, develop and transfer technology that promotes agriculture and the industry.

Expenditure estimates

Table 24.7 Sector Services and Partnerships

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term receipts estimate		
	2003/04	2004/05	2005/06		2006/07	2007/08	2008/09
R thousand							
Management	1 367	1 459	1 789	2 121	2 232	2 322	2 426
Sector Services	31 579	56 937	86 085	110 842	78 429	91 193	90 098
Intergovernmental and Stakeholder Relations	32 758	23 224	28 436	48 128	50 329	49 280	51 043
Science vote	289 013	312 742	333 317	465 781	380 039	398 280	424 982
VAT on baseline	–	–	–	–	54 676	57 300	61 141
Leave gratuity	7 500	6 901	–	–	–	–	–
Intergis	2 000	5 501	1 625	1 723	1 809	1 896	2 023
Crop forecast	5 000	5 000	5 250	5 460	5 678	5 905	6 301
Diagnostic services	5 500	7 000	7 210	7 426	15 797	16 171	16 719
Agricultural research and infrastructure	–	5 000	8 000	10 000	10 500	11 004	11 742
AgriBEE	–	–	5 500	–	–	–	–
Onderstepoort Veterinary Institute upgrading of exotic diseases	–	–	–	–	20 000	24 000	–
Biological Products							
Total	374 717	423 764	477 212	651 481	619 489	657 351	666 475
Change to 2006 Budget estimate				174 264	118 153	130 310	
Economic classification							
Current payments	50 257	61 492	89 925	135 297	90 609	104 556	104 745
Compensation of employees	24 723	30 029	32 487	44 658	48 053	59 339	61 176
Goods and services	24 960	31 463	57 438	90 639	42 556	45 217	43 569
<i>of which:</i>							
<i>Communication</i>	249	468	672	527	476	511	533
<i>Computer services</i>	252	163	33	81	215	234	251
<i>Consultants, contractors and special services</i>	12 979	16 389	32 723	48 444	7 853	7 956	8 449
<i>Inventory</i>	2 746	3 327	4 249	3 286	3 099	3 236	3 422
<i>Maintenance, repairs and running costs</i>	998	1 186	675	627	1 774	1 846	1 916
<i>Operating leases</i>	749	913	815	538	351	371	382
<i>Travel and subsistence</i>	2 995	3 684	5 400	11 955	4 054	4 205	4 430
<i>Municipal services</i>	–	–	–	–	641	667	677
Financial transactions in assets and liabilities	574	–	–	–	–	–	–

Table 24.7 Sector Services and Partnerships (continued)

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term receipts estimate		
	2003/04	2004/05	2005/06		2006/07	2007/08	2008/09
R thousand							
Transfers and subsidies	324 380	360 663	384 474	515 001	528 351	552 279	561 190
Provinces and municipalities	73	92	107	38	10	10	10
Departmental agencies and accounts	309 013	347 444	369 202	499 290	497 399	523 578	531 655
Public corporations and private enterprises	–	–	6	–	–	–	–
Foreign governments and international organisations	15 294	12 998	15 074	15 646	30 915	28 664	29 498
Households	–	129	85	27	27	27	27
Payments for capital assets	80	1 609	2 813	1 183	529	516	540
Machinery and equipment	80	1 434	2 802	1 183	502	499	515
Cultivated assets	–	175	11	–	–	–	–
Software and other intangible assets	–	–	–	–	27	17	25
Total	374 717	423 764	477 212	651 481	619 489	657 351	666 475
Details of major transfers and subsidies:							
Departmental agencies and accounts							
Current	281 966	298 487	316 314	442 158	417 411	436 711	464 573
Agricultural Research Council	281 966	293 187	308 014	433 258	408 511	427 689	455 826
National Student Financial Aid Scheme	–	5 300	8 300	8 300	8 300	8 422	8 747
Perishable Products Export Control Board	–	–	–	600	600	600	–
Capital	27 047	48 957	52 888	57 132	79 988	86 867	67 082
Agricultural Research Council	27 047	48 957	52 888	57 132	79 988	86 867	67 082
Foreign governments and international organisations							
Current	15 294	12 998	15 074	15 646	30 915	28 664	29 498
Office International des Epizooties	1 079	1 547	530	706	515	517	543
International Seed Testing Association	–	62	28	56	58	60	63
Organisation for Economic Co-operation & Development	153	102	65	96	96	98	103
International Union for the Protection of New Varieties of Plants	278	560	257	283	284	285	300
International Grains Council	119	232	117	133	133	135	142
Office International de la Vigne et du Vin	93	216	375	456	385	387	406
Food & Agriculture Organisation of the United Nations capacity building	–	–	–	–	15 000	12 000	12 000
Food and Agriculture Organisation of the United Nations: Membership fees	9 898	9 893	10 203	10 122	10 630	11 347	11 914
International Commission of Agricultural Engineering	–	–	3 094	53	55	57	60
Consultative Group on International Agricultural Research	3 310	–	–	3 209	3 210	3 211	3 372
Commonwealth Agricultural Bureau International	187	172	246	207	208	209	219
International Dairy Federation	–	20	137	25	30	32	34
Foreign rates and taxes	–	30	22	151	161	171	179
International Cotton Advisory Council	–	–	–	149	150	155	163

Expenditure trends

Expenditure increased steadily from R374,7 million in 2003/04 to R477,2 million in 2005/06, an average annual increase of 12,9 per cent. Between 2005/06 and 2006/07, expenditure increased sharply by 36,5 per cent, and then declines by 4,9 per cent from R651,5 million in 2006/07 to R619,5 million in 2007/08. The significant increase in 2006/07 is as a result of an additional allocation of R103,8 million for augmenting the ARC's parliamentary grant for value added tax (VAT). In 2005, the VAT status of all public entities was reviewed, resulting in the reclassification of the ARC as a full VAT entity. Over the MTEF period, additional allocations of R54,7 million, R57,3 million and R61,1 million are also to augment the ARC's parliamentary grant for VAT, and overall expenditure is expected to grow steadily at an average annual rate of 3,7 per cent.

Between 2004/05 and 2005/06, R12,6 million was spent on external bursaries for students doing agriculture related studies.

Transfers dominate the programme, with the bulk of these being to the Agricultural Research Council.

Service delivery objectives and indicators

Recent outputs

Through the Food and Agriculture Organisation's technical co-operation support, the department has co-ordinated the development of a national medium-term investment programme as a framework for implementing the comprehensive African agricultural development programme at national level. Bankable investment project profiles have been developed to focus national efforts and actions on specific areas of project development and funding.

Since the introduction of the external bursary scheme in 2003, R18,9 million has been invested in students doing various degrees in the identified scarce skills categories in the agricultural sector. 383 bursaries have been awarded in the past four years.

Skills development is critical for the success of the Accelerated Shared Growth Initiative for South Africa (ASGISA). In 2006/07, about 160 graduates were interned in the department and agricultural commodity organisations. About 800 emerging farmers have received hands-on training in various fields of farm management through the Grootfontein Agricultural Development Institute. 10 000 farmers are receiving commodity driven mentorship programmes, and 2 251 farm workers are receiving adult basic education and training in line with the objectives of the draft transformation charter. All the participants in these various forms of training are the beneficiaries of the agrarian and land reform programme. A skills audit of extension personnel at the provincial departments of agriculture has been conducted and training will be rolled out from April 2007.

Following the launch of the national agricultural education and training strategy in September 2005, the department facilitated the establishment of the national agricultural education and training (NAET) forum executive committee. The forum will operate along the lines of the national agricultural research forum and will deal with agricultural education and training. The forum executive committee will advise the Minister for Agriculture and Land Affairs.

The draft research and development strategy has been consulted with all the major stakeholders in the national agricultural research system and inputs are being consolidated. The strategy will be endorsed by the national agricultural research forum in June 2007. The department has co-ordinated and managed

ad hoc short-term research projects through service level agreements with the Agricultural Research Council. During 2006/07, 41 research and development projects costing R42 million were commissioned.

Selected medium-term output targets

Sector Services and Partnerships

Measurable objective: Maximise growth in the sector through providing skills, agricultural education and support services to emerging and established farmers, including women, youth and the disabled.

Subprogramme	Output	Measure/indicator	Target
Sector Services	Performance improvement plan for the extension and advisory services	Approval of the plan by the sector partners	March 2008
	Agricultural research and development strategy	Adoption of the strategy by sector partners	June 2007
	Training and mentorship of agrarian and land reform beneficiaries	Number of beneficiaries trained and mentored in 2007/08	10 000 beneficiaries
Intergovernmental and Stakeholder Relations	Strengthened international agricultural relations	Number of signed bilateral and multilateral agreements in 2007/08	4 agreements
	Strengthened intergovernmental and stakeholder relations	Protocol on the implementation of norms and standards signed and implemented	March 2008

Public entities and other agencies

Agricultural Research Council

The Agricultural Research Council (ARC) was established under the Agricultural Research Act (1990), and is the principal agricultural research institution in South Africa. Its primary mandate is to conduct research and develop and transfer technology that promotes agriculture and the related industries. The ARC continues to be highly responsive to new needs expressed by its clients, supporting this with good performance in the development and transfer of technologies to and for the resource poor farming sector. In line with its statutory mandate of transferring technology, the following research products and technologies were transferred to resource poor farmers: cotton production management strategies, evaluation and selection of seeds, integrated natural resource management strategies, promotion of urban agriculture, water-conservation strategies, beekeeping commercialisation, disease appraisal, beef production, field testing of contagious abortion in cattle, legume protein programme, mushroom farming and commercialisation, quality fruit production strategies, indigenous crops programme, and agricultural research for development. These products and technologies have contributed to sustainable job creation and income generation in communities previously excluded from participating meaningfully in agriculture.

In its quest to build a better organization, the ARC has made good progress in implementing a performance appraisal system.

The ARC gets an annual grant from the department and other revenue comes from services provided to clients, including the national and provincial departments of agriculture. Transfers to the council are R476,8 million, R500,3 million and R504,8 million over the MTEF period, and including allocations for specific research activities. Revenue decreased from R237,2 million in 2004/05 to R213,7 million in 2005/06 as a result of some short- and medium-term research contracts not being renewed.

Table 24.8 Financial summary for the Agricultural Research Council

	Outcome			Estimated outcome	Medium-term estimate		
	Audited	Audited	Audited		2006/07	2007/08	2008/09
R thousand	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Revenue							
Non-tax revenue	231 644	237 538	214 227	282 275	252 677	262 003	267 012
Sale of goods and services other than capital assets	217 689	224 777	203 044	271 092	241 159	250 485	255 494
<i>Of which:</i>							
<i>Agricultural research revenue</i>	<i>217 689</i>	<i>224 777</i>	<i>203 044</i>	<i>271 092</i>	<i>241 159</i>	<i>250 485</i>	<i>255 494</i>
<i>Other non-tax revenue</i>	<i>13 955</i>	<i>12 761</i>	<i>11 183</i>	<i>11 183</i>	<i>11 518</i>	<i>11 518</i>	<i>11 518</i>
Transfers received	276 140	320 708	457 186	429 552	476 823	500 256	504 767
Total revenue	507 784	558 246	671 413	711 827	729 500	762 259	771 779
Expenses							
Current expense	500 408	551 103	655 884	710 528	728 072	760 688	770 051
Compensation of employees	284 228	315 853	395 965	421 134	440 077	458 841	468 955
Goods and services	197 791	217 679	239 792	265 271	262 666	275 256	273 181
Depreciation	18 192	17 219	19 898	23 878	25 071	26 325	27 641
Interest, dividends and rent on land	197	352	229	245	258	265	273
Transfers and subsidies	1 014	1 074	1 170	1 299	1 429	1 571	1 729
Total expenses	501 422	552 177	657 054	711 827	729 500	762 259	771 779
Surplus/(Deficit)	6 362	6 069	14 359	-	-	-	-
Balance sheet data							
Carrying value of assets	375 683	380 999	392 837	1 359 778	1 320 563	1 327 613	1 322 614
Investments	845	850	1 236	1 236	1 236	1 236	1 236
Inventory	13 871	13 902	14 278	13 500	12 700	12 700	12 700
Receivables and prepayments	53 603	59 490	114 456	105 600	98 050	91 000	91 000
Cash and cash equivalents	102 679	152 412	152 823	140 000	130 000	125 000	125 000
Total assets	546 681	607 653	675 630	1 620 114	1 562 549	1 557 549	1 552 550
Capital and reserves	178 495	184 564	198 923	1 194 519	1 194 519	1 194 519	1 194 520
Borrowings	203 507	198 302	192 730	187 730	182 730	177 730	172 730
Post retirement benefits	8 997	28 440	31 999	25 000	20 000	20 000	20 000
Trade and other payables	114 566	162 191	209 718	179 165	131 000	131 000	131 000
Provisions	41 116	34 156	42 260	33 700	34 300	34 300	34 300
Total equity and liabilities	546 681	607 653	675 630	1 620 114	1 562 549	1 557 549	1 552 550
Contingent liabilities	7 375	6 944	16 831	2 437	2 387	2 387	2 387

Source: Agricultural Research Council

Land Bank

The Land Bank operates as a development finance institution within the agricultural and agribusiness sectors and is regulated by the Land and Agricultural Development Bank Act (2002). It provides a range of finance options to a broad spectrum of clients within the agricultural sector, including wholesale and retail financing for commercial and developing farmers, co-operatives and other agriculture related businesses. It provides long-, medium- and short-term loans to all agricultural sectors. The bank is the sole shareholder in the Suid-Afrikaanse Verbandversekeringsmaatskappy Beperk (SAVVEM), a company which provides mortgage insurance cover to the bank's clients. The bank also manages the funds transferred from the department for MAFISA.

At 31 March 2006, the bank's total loan portfolio was R16,4 billion, a decrease of 10,4 per cent or R1,9 billion from the previous year. The composition of the loan portfolio has shifted significantly compared to the previous year. The long term portfolio has decreased by 19,7 per cent or R1,4 billion, from R7,1 billion in 2004/05 to R5,8 billion in 2005/06, due to the decline in fixed capital expenditure in the agricultural sector. Long-term loans constitute 34,8 per cent of the total portfolio, compared to 38,8 per cent in 2004/05. The short-term portfolio decreased by 4,6 per cent or R481 million, from R10,3 billion in 2004/05 to R9,9 billion in 2005/06.

Table 24.9 Financial summary for the Land Bank

	Outcome			Estimated outcome	Medium-term estimate		
	Audited	Audited	Audited				
R thousand	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Revenue							
Non-tax revenue	2 378 810	1 894 148	2 088 180	1 746 305	2 667 048	2 796 924	2 931 300
<i>Other non-tax revenue</i>	<i>2 378 810</i>	<i>1 894 148</i>	<i>2 088 180</i>	<i>1 746 305</i>	<i>2 667 048</i>	<i>2 796 924</i>	<i>2 931 300</i>
Total revenue	2 378 810	1 894 148	2 088 180	1 746 305	2 667 048	2 796 924	2 931 300
Expenses							
Current expense	2 127 593	2 220 208	2 072 790	1 759 662	2 321 191	2 441 407	2 551 437
Compensation of employees	186 350	176 912	208 964	209 784	257 655	273 410	282 873
Goods and services	256 378	743 301	1 854 766	1 520 765	2 022 184	2 125 964	2 225 078
Depreciation	7 049	5 097	9 060	29 113	41 352	42 033	43 487
Interest, dividends and rent on land	1 677 816	1 294 898	–	–	–	–	–
Transfers and subsidies	4 607	4 042	–	8 250	8 547	9 009	9 100
Total expenses	2 132 200	2 224 250	2 072 790	1 767 912	2 329 738	2 450 416	2 560 537
Surplus/(Deficit)	246 610	(330 102)	15 390	(21 607)	337 310	346 508	370 763
Balance sheet data							
Carrying value of assets	62 098	125 023	230 920	230 283	239 000	241 000	243 000
Investments	379 397	722 704	160 620	173 603	174 000	175 000	176 000
Inventory	514 908	649 473	–	–	–	–	–
Loans	–	–	14 951 852	15 122 000	25 705 000	27 056 000	28 504 000
Receivables and prepayments	15 422 416	15 886 562	506 718	457 087	700	710	720
Cash and cash equivalents	1 984 980	1 659 293	3 041 335	2 897 770	2 672 711	3 697 337	3 599 646
Total assets	18 363 799	19 043 055	18 891 445	18 880 743	28 791 411	31 170 047	32 523 366
Capital and reserves	305 658	324 135	1 096 503	2 704 000	4 104 337	4 450 337	4 821 100
Borrowings	15 522 688	17 882 107	17 380 822	15 907 809	24 355 610	26 360 608	27 329 345
Post retirement benefits	187 344	191 053	–	–	–	–	–
Trade and other payables	2 338 406	626 646	390 170	250 000	308 128	333 820	346 666
Provisions	9 703	19 114	23 950	18 934	23 336	25 282	26 255
Total equity and liabilities	18 363 799	19 043 055	18 891 445	18 880 743	28 791 411	31 170 047	32 523 366
Contingent liabilities	18 363 799	19 043 055	18 891 445	18 880 743	28 791 411	31 170 047	32 523 366

Source: Land Bank

National Agricultural Marketing Council

The National Agricultural Marketing Council (NAMC) was established by the Marketing of Agricultural Products Act (1996), in terms of which the council provides strategic advice to the Minister of Agriculture on agricultural marketing to ensure improved market access by all participants, marketing efficiency, optimising export earnings, and the viability of the agricultural sector. Funding for the NAMC amounts to R13 million, R14 million, and R15 million over the MTEF period.

Among its responsibilities, the NAMC undertakes investigations on agricultural marketing and marketing policy, and does annual reviews of all statutory levies collected by various industries in accordance with the act. The NAMC provides guidelines to the industry on statutory levies so that a proportion of the proceeds are used to fund the empowerment of previously disadvantaged individuals in the areas of training, exposure and market access. For the latter, the NAMC does an annual outreach programme to inform emerging black farmers about the marketing environment.

Ncera Farms (Pty) Ltd

Ncera Farms (Pty) Ltd is a public company listed under schedule 3B of the Public Finance Management Act (1999) (PFMA), with the department as the sole shareholder. It is situated in Eastern Cape on state owned land of approximately 3 102ha. Its purpose is to provide extension services, training and other agricultural support services to settled farmers and neighbouring communities able to plant their own crops.

The Minister of Agriculture and Land Affairs, as the executive authority of Ncera Farms, approved the creation of a service centre in October 2004. The service centre will provide an extensive range of services to the farmers who will be settled on the farm. The infrastructure of the centre should be finalised early in 2007/08.

Onderstepoort Biological Products Ltd

Onderstepoort Biological Products Ltd (OBP) is a state owned biotechnical company established in terms of the Onderstepoort Biological Products Incorporation Act (1999) and incorporated in September 2000. The company manufactures vaccines and related products for the animal healthcare industry, serving South Africa, some parts of Africa and other foreign countries. It has become a major role-player in research, development and the manufacture of animal vaccines and related biological products, and has a dedicated vaccine production facility.

In 2005/06, OBP produced and sold 90 million doses of vaccine compared to 105 million doses 2004/05, despite production equipment difficulties. The decrease in sales revenue from R76,1 million to R72,1 million between 2004/05 and 2005/06 was largely the result of lower export volumes. Over the same period, operating profit decreased from R14,1 million to R5,1 million, and profit after tax decreased from R13,9 million to R7,5 million. The decline in profit can be attributed to the decrease in sales, as well as R4 million less foreign exchange gains, a R2 million increase in research and development expenses and a R5 million increase in staff costs.

Table 24.10 Financial summary for the Onderstepoort Biological Products Ltd

	Outcome			Estimated outcome	Medium-term estimate		
	Audited	Audited	Audited		2007/08	2008/09	2009/10
R thousand	2003/04	2004/05	2005/06	2006/07			
Revenue							
Non-tax revenue	74 394	81 494	77 360	65 145	107 309	121 010	138 457
Sale of goods and services other than capital assets	69 900	76 153	72 119	61 645	105 959	121 010	138 457
<i>Of which:</i>							
<i>Sale of vaccines and related biological products</i>	<i>69 900</i>	<i>76 153</i>	<i>72 119</i>	<i>61 645</i>	<i>105 959</i>	<i>121 010</i>	<i>138 457</i>
<i>Other non-tax revenue</i>	<i>4 494</i>	<i>5 341</i>	<i>5 241</i>	<i>3 500</i>	<i>1 350</i>	<i>–</i>	<i>–</i>
Total revenue	74 394	81 494	77 360	65 145	107 309	121 010	138 457
Expenses							
Current expense	49 707	62 060	67 037	80 608	110 687	124 621	139 668
Compensation of employees	21 549	27 509	32 204	32 657	39 103	41 449	43 936
Goods and services	25 569	31 486	28 974	39 132	61 662	68 245	75 800
Depreciation	2 589	3 065	5 859	8 819	9 922	14 927	19 932
Total expenses	57 346	67 573	69 886	80 608	110 687	124 621	139 668
Surplus/(Deficit)	17 048	13 921	7 474	(15 463)	(3 378)	(3 611)	(1 211)
Balance sheet data							
Carrying value of assets	24 926	28 981	88 016	84 956	91 579	124 911	153 813
Investments	67 065	74 045	80 339	65 339	45 501	4 338	–
Inventory	20 739	13 127	12 473	11 301	17 382	19 961	23 051
Receivables and prepayments	4 689	8 837	10 549	7 446	11 139	12 393	13 849
Cash and cash equivalents	2 675	3 334	325	(3 314)	(3 314)	(3 314)	–
Total assets	120 094	128 324	191 702	165 728	162 287	158 289	190 713
Capital and reserves	94 534	108 456	167 663	148 700	143 972	140 361	172 492
Trade and other payables	11 711	6 961	12 215	9 945	12 484	13 652	14 914
Provisions	13 849	12 907	11 824	7 083	5 831	4 276	3 307
Total equity and liabilities	120 094	128 324	191 702	165 728	162 287	158 289	190 713

Source: Onderstepoort Biological Products Ltd

Perishable Products Export Control Board

The Perishable Products Export Control Board (PPECB) is a statutory organisation which conducts its business in terms of the Perishable Products Export Control Act (1983). In its early years, export products under its control comprised mainly deciduous and citrus fruit, but the product range soon expanded to include fish, meat, flora, and other perishable products. There are now over 200 product types under the board's control. The PPECB also operates as an assignee for the department under the requirements of the Agricultural Product Standards Act (1990). It is listed as a PFMA schedule 3A entity. The board controls all perishable exports from South Africa, the value of which is approximately R9 billion a year. At the end of the 2005/06, the PPECB dealt with more than 2,500 exporters, 200 products and 500 product varieties.

In 2005/06, 189 million cartons of fruit were inspected, compared to 192 million in 2004/05. A further 302 million kilograms of other fruit and vegetables were inspected. Maize and grain products came to 1,9 million tons at end of March 2006, compared to 400 000 tons at the same time in 2005.

The PPECB reported an operating shortfall of R5,8 million for 2005/06. Lower than expected volumes of fruit, especially grapes and subtropical products, were exported. Total revenue amounted to R94,9 million, which includes R59,1 million from inspection services (62 per cent of total income), R20 million from sea export services (21 per cent) and R14 million from other services (15 per cent). Income received from investments amounted to R1,8 million (2 per cent).

Table 24.11 Financial summary for the Perishable Products Export Control Board

	Outcome			Estimated outcome	Medium-term estimate		
	Audited	Audited	Audited		2007/08	2008/09	2009/10
R thousand	2003/04	2004/05	2005/06	2006/07			
Revenue							
Non-tax revenue	85 823	91 248	94 850	101 198	107 270	113 707	120 529
Sale of goods and services other than capital assets	–	–	80 852	87 813	93 082	98 666	104 586
<i>Of which:</i>							
<i>Admin fees</i>	–	–	80 852	87 813	93 082	98 666	104 586
<i>Other non-tax revenue</i>	85 823	91 248	13 998	13 385	14 188	15 041	15 943
Total revenue	85 823	91 248	94 850	101 198	107 270	113 707	120 529
Expenses							
Current expense	83 407	95 410	100 285	97 654	107 269	113 710	120 531
Compensation of employees	57 442	66 172	70 731	68 529	75 278	79 794	84 582
Goods and services	24 386	28 110	28 185	28 094	30 859	32 716	34 677
Depreciation	1 575	1 122	1 364	1 027	1 128	1 196	1 268
Interest, dividends and rent on land	4	6	5	4	4	4	4
Transfers and subsidies	–	–	334	–	–	–	–
Total expenses	83 407	95 410	100 619	97 654	107 269	113 710	120 531
Surplus/(Deficit)	2 416	(4 162)	(5 769)	3 544	1	(3)	(2)

Table 24.11 Financial summary for the Perishable Products Export Control Board (continued)

	Outcome			Estimated outcome	Medium-term estimate		
	Audited	Audited	Audited		2007/08	2008/09	2009/10
R thousand	2003/04	2004/05	2005/06	2006/07			
Balance sheet data							
Carrying value of assets	7 718	9 645	8 973	7 058	7 059	7 059	7 059
Investments	24 300	24 513	25 162	28 787	28 682	28 683	28 680
Receivables and prepayments	14 923	9 676	9 676	14 050	14 051	14 051	14 051
Cash and cash equivalents	2 902	5 993	5 993	6 185	6 263	6 263	6 263
Total assets	49 843	49 827	49 804	56 081	56 055	56 056	56 053
Capital and reserves	40 586	37 876	37 852	41 420	41 421	41 418	41 416
Trade and other payables	9 257	11 951	11 952	4 781	4 781	4 781	4 781
Provisions	–	–	–	7 567	7 568	7 568	7 568
Managed funds	–	–	–	2 313	2 285	2 289	2 288
Total equity and liabilities	49 843	49 827	49 804	56 081	56 055	56 056	56 053

Source: Perishable Products Export Control Board

Additional tables

Table 24.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R thousand	2005/06		2005/06	2006/07			2006/07
1. Administration	194 287	224 599	217 481	247 665	(3 459)	244 206	240 189
2. Livelihoods, Economics and Business Development	594 317	695 074	628 582	746 783	(27 437)	719 346	704 124
3. Bio-security and Disaster Management	231 476	383 250	388 365	245 939	291 025	536 964	530 458
4. Production and Resources Management	223 126	212 361	195 191	240 514	(24 881)	215 633	211 961
5. Sector Services and Partnerships	441 532	481 308	477 212	476 747	174 734	651 481	640 898
Total	1 684 738	1 996 592	1 906 831	1 957 648	409 982	2 367 630	2 327 630
Economic classification							
Current payments	790 689	806 416	715 961	882 202	59 712	941 914	901 914
Compensation of employees	420 098	402 619	357 132	469 675	20 354	490 029	462 820
Goods and services	370 591	403 797	358 110	412 527	39 358	451 885	439 094
Financial transactions in assets and liabilities	–	–	719	–	–	–	–
Transfers and subsidies	864 993	1 145 547	1 134 306	1 042 387	330 826	1 373 213	1 373 213
Provinces and municipalities	291 583	411 745	411 332	345 173	56 713	401 886	401 886
Departmental agencies and accounts	373 970	384 711	385 711	407 032	115 758	522 790	522 790
Public corporations and private enterprises	152 422	146 460	146 785	202 226	43 000	245 226	245 226
Foreign governments and international organisations	14 700	158 241	155 074	15 646	–	15 646	15 646
Non-profit institutions	–	600	779	–	2 965	2 965	2 965
Households	32 318	43 790	34 625	72 310	112 390	184 700	184 700
Payments for capital assets	29 056	44 629	56 564	33 059	19 444	52 503	52 503
Buildings and other fixed structures	17 236	17 676	17 780	19 270	8 762	28 032	28 032
Machinery and equipment	11 210	25 008	33 376	12 778	11 012	23 790	23 790
Cultivated assets	92	–	11	–	–	–	–
Software and intangible assets	518	1 945	5 397	1 011	(330)	681	681
Total	1 684 738	1 996 592	1 906 831	1 957 648	409 982	2 367 630	2 327 630

Table 24.B Summary of personnel numbers and compensation of employees

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimates		
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
A. Permanent and full-time contract employees							
Compensation (R thousand)	271 447	314 896	352 149	484 797	494 697	535 703	577 024
Unit cost (R thousand)	82	97	104	143	146	156	167
Personnel numbers (head count)	3 324	3 261	3 399	3 399	3 399	3 445	3 445
B. Part-time and temporary contract employees							
Compensation (R thousand)	1 639	1 907	1 783	1 872	1 966	2 064	2 167
Unit cost (R thousand)	96	106	99	104	109	115	120
Personnel numbers (head count)	17	18	18	18	18	18	18
C. Interns							
Compensation of interns	–	3 290	3 200	3 360	3 528	3 704	3 889
Unit cost (R thousand)	–	41	40	41	44	46	48
Number of interns	–	81	81	81	81	81	81
Total for department							
Compensation (R thousand)	273 086	320 093	357 132	490 029	500 191	541 471	583 080
Unit cost (R thousand)	82	95	102	140	143	153	165
Personnel numbers (head count)	3 341	3 360	3 498	3 498	3 498	3 544	3 544

Table 24.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimates		
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Training and staff development							
Expenditure (R thousand)	4 518	3 757	4 760	4 788	7 696	13 546	8 616
Number of employees trained (head count)	735	739	745	748	3 373	22 788	3 582
Bursaries (employees)							
Expenditure per programme (R thousand)	1 845	1 501	1 861	2 870	2 705	2 884	3 186
Number of employees (head count)	467	470	473	473	396	422	442
Total	6 363	5 258	6 621	7 658	10 401	16 430	11 802
Number of employees	1 202	1 209	1 218	1 221	3 769	23 210	4 024

Table 24.D Summary of conditional grants to provinces and municipalities¹

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimates		
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Conditional grants to provinces							
2. Livelihoods, Economics and Business Development							
Comprehensive agricultural support programme grant	–	200 000	250 000	300 000	415 000	434 918	478 410
3. Bio-security and Disaster Management							
Drought relief: Disaster management	–	100 000	120 000	45 403	–	–	–
Disaster management	30 000	–	–	–	–	–	–
4. Production and Resources Management							
LandCare programme grant: Poverty relief and infrastructure development grant	36 400	43 800	40 000	55 735	46 725	48 969	51 417
Total	66 400	343 800	410 000	401 138	461 725	483 887	529 827

1. Detail provided in the Division of Revenue Act (2007).

Table 24.E Summary of expenditure on infrastructure

Description	Service delivery outputs	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
		2003/04	2004/05	2005/06		2006/07	2007/08	2008/09
R thousand								
Groups of small projects or programmes								
Food and mouth disease border fence (National)	350km of elephant proof fence	-	152	25 000	15 000	19 000	19 000	19 000
Rehabilitation		-	-	-	-	-	-	3 000
Water runoff control Infrastructure		13 032	11 411	2 406	2 200	-	-	-
Ground water development		9 562	17 879	15 298	8 500	11 000	11 000	11 000
Rain water harvesting		-	250	46	1 000	1 500	2 500	2 500
Key soil conservation works		-	-	-	-	2 000	2 000	3 000
Upgrading of existing infrastructure		13 420	4 646	8 400	13 700	4 430	2 500	2 625
New office accommodation		-	-	8 836	5 570	14 753	17 604	18 484
New Durban quarantine station		-	-	-	-	12 000	3 000	-
Infrastructure transfers to other spheres, agencies and departments								
Purchase of Maize Board building		-	5 000	-	-	-	-	-
Maintenance on infrastructure (capital)								
Maintenance and repairs		600	750	750	2 000	2 000	2 000	2 000
Total		36 614	40 088	60 736	47 970	66 683	59 604	61 609