

Agriculture

Aim

The aim of the Department of Agriculture is to guide and support agricultural development through trade promotion, development of enterprises, investment in human resources, management of agricultural resources and the provision of efficient, responsive and cooperative governance.

Policy developments

South African agricultural policy has undergone a substantial revision after the Uruguay Round of the World Trade Organisation (WTO), in particular in the conversion from quantitative import controls to tariffs. The protectionist trade measures of major trading partners contribute to disparities in international agricultural trade and affect South Africa's global competitiveness. The Department analyses and monitors developments in both regional and international agricultural markets to reduce the effects of distortions and to exploit opportunities to increase export earnings.

In cooperation with the Department of Trade and Industry, the Department concluded a Trade, Development and Cooperation Agreement with the European Union (EU). It consulted the agricultural industry and established a successful administration procedure to exploit export opportunities resulting from the agreement.

The Marketing of Agricultural Products Act of 1996 phased out the agricultural commodity boards that had regulated the marketing of agricultural commodities. Since January 1998, the agricultural sector has been operating in a deregulated environment. The Department has undertaken the following initiatives to enhance access to both the domestic and international agricultural markets, as well as to increase the international competitiveness of the agricultural sector:

- The conclusion of the General Export Incentive Scheme.
- Market price support deregulation.
- Amendments to legislation relating to intellectual property rights.
- Phasing out farmer support programmes.

Reduced transfers to the Agricultural Research Council (ARC) account for the main change in the medium-term estimates. In 1999/00 the transfer to the Council was reduced from R292,0 million to R272,0 million. This amount was supplemented by a rollover of R20,0 million that year. The total transfer to the ARC declines further to R273,8 million in 2000/01, R244,1 million in 2001/02 and R224,5 million in 2002/03.

Expenditure estimates

Table 25.1 Expenditure by programme

R million	Expenditure outcome			Revised estimate	Medium-term expenditure estimate		
	1996/97	1997/98	1998/99	1999/00	2000/01	2001/02	2002/03
Administration	60,0	68,8	79,3	115,9	118,0	123,8	129,4
Agricultural support and development	23,0	35,7	97,9	44,4	60,2	63,1	66,0
Sustainable resource use and management	88,2	88,6	124,5	117,9	133,8	140,3	146,7
Agricultural production	51,1	74,9	72,5	90,5	92,7	102,0	106,7
Agricultural trade and economic policy and analysis	35,0	31,2	17,2	14,8	21,2	22,3	23,3
Auxiliary and associated services	534,2	668,2	340,1 ¹	305,2	283,8	255,0	235,5
Departmental vote	818,8³	967,5	731,5	688,7	709,6	706,5	707,7
Public Works ²	1,3	9,3	7,8	13,5	14,0	14,1	14,7
Total	820,1	976,8	739,3	702,1	723,7	720,6	722,3
Change to 1999 Budget estimate	–	–	–	18,7	(0,8)	(24,0)	–

¹ Incorporates authorised losses of R7,0 million in 1998/99.

² Appropriated on Vote 26: Public Works.

³ Includes R27,3 million for a transfer to ARC for improvements of conditions of service.

- *Administration* relates to legal and office support services, policy formulation and financial administration.
- *Agricultural support and development* comprises communication, international agricultural relations, human resources development, farmer settlement and development, and business and institutional development.
- *Sustainable resource use and management* entails agricultural land resource management, promotion of agricultural water use and conservation, and control of high-quality genetic resources.
- *Agricultural production* includes promotion of animal and plant health, and setting animal health, feed, pesticide and remedies standards to prevent the spread of diseases.
- *Agricultural trade and economic and policy analysis* advises on international agricultural trade policy and agricultural trade initiatives, provides agricultural statistics, and covers the transfer payment to the National Agricultural Marketing Council.
- *Auxiliary and associated services* covers contributions to the Agricultural Research Council, loans to small farmers and subsidies to sugar farmers.

Table 25.2 Economic classification of expenditure

R million	Expenditure outcome			Revised estimate 1999/00	Medium-term expenditure estimate		
	1996/97	1997/98	1998/99		2000/01	2001/02	2002/03
Current							
Personnel	167,6	161,3	167,9	182,9	215,0	226,0	236,9
Transfer payments	504,5	619,1	350,7	299,1	278,4	250,0	230,7
Other	84,0	110,2	169,9	143,0	155,4	167,8	174,9
Capital							
Transfer payments	29,4	29,1	14,2	14,5	14,5	14,5	14,5
Acquisition of capital assets	34,6	57,0	36,6	62,7	60,3	62,3	65,3
Total	820,1	976,7	739,3	702,1	723,7	720,6	722,3

Spending on personnel rises from 20,4 per cent of total expenditure on the Agriculture vote in 1996/97 to 32,8 per cent in 2002/03, mainly owing to additional spending of R12,1 million resulting from the transfer of the Grootfontein Development College from the Northern Cape in 2000/01.

Current transfers, which consist of payments to the Agricultural Research Council and the National Agricultural Marketing Council, decline from R504,5 million or 61,5 per cent of total spending in 1996/97 to R230,7 million or 31,9 per cent of total spending in 2002/03. The decline is largely due to the decrease in transfers to the ARC over the medium-term period.

Programme 1: Administration

Table 25.3 Programme expenditure

R million	Budget estimate	Adjusted appropriation 1999/00	Revised estimate	Medium-term expenditure estimate		
				2000/01	2001/02	2002/03
1999 Budget	110,5	115,9	115,9	115,2	118,1	–
2000 Budget	–	–	–	118,0	123,8	129,5
Change to 1999 Budget estimate	–	5,4	5,4	2,8	5,7	–

Administration includes all supporting functions, agricultural debt collection and the management of the relevant debt securities. The debt is primarily from loans granted by the former Agricultural Credit Board. At the end of December 1999, the Agricultural Credit Account held R960,8 million of debt owed to the Department by 8 057 debtors. The Agricultural Credit Board ceased its direct credit extension function in October 1997 and the Agricultural Credit Committees were dissolved in March 1998.

Programme 2: Agricultural support and development

Table 25.4 Programme expenditure

R million	Budget estimate	Adjusted appropriation 1999/00	Revised estimate	Medium-term expenditure estimate		
				2000/01	2001/02	2002/03
1999 Budget	47,7	44,4	44,4	49,1	50,5	–
2000 Budget	–	–	–	60,2	63,1	66,0
Change to 1999 Budget estimate	–	(3,3)	(3,4)	11,1	12,6	–

Agricultural support and development facilitates, supports and coordinates international relations and agreements regarding agricultural matters. Agricultural land reform, communication and farmer support also form part of this programme.

The baseline estimates increase to R60,2 million in 2000/02 and R66,0 million in 2002/03 owing to additional expenditure associated with the transfer of the Grootfontein Development College from the Northern Cape in 2000/01.

Outputs and service delivery trends

Table 25.5 Agricultural support and development: Key activities and outputs

Key activities	Outputs
International agricultural relations	Accession to agricultural conventions and protocols, bilateral agricultural agreements
Agricultural communication	Dissemination of agricultural information by means of <i>InfoPaks</i> , radio and television programmes aimed at new and upcoming farmers
Development of human resources	Training of human resources at agricultural college

South Africa's readmission to global agricultural trade necessitated the establishment of a framework for cooperation with multilateral organisations such as the Food and Agricultural Organisation (FAO) of the United Nations (UN). International cooperation also includes:

- Establishing and maintaining multilateral and bilateral agreements
- Facilitating trade and international plant and animal disease control
- Technology exchange
- Collaboration on common problems
- Accessing foreign financial and expertise
- Helping agricultural development in sub-Saharan Africa.

Through agricultural communication, almost two million previously disadvantaged and small-scale farmers are reached via radio services in several African languages. The Department also disseminates agricultural information through the *Ziyamila/Di a Mela* and *Agriforum 2000* programmes on SABC television.

Each year, the Department publishes 25 editions of *Agricultural News*, directed towards the farming community in South Africa. *InfoPaks* reached about 200 000 subsistence farmers in 1999/00, helping to strengthen household food security and increase the production and marketing of agricultural commodities. Seven *InfoPaks* on HIV/Aids were compiled in all official languages and distributed by extension officers among farmers and farm workers.

Agricultural statistics are maintained and updated on a monthly and quarterly basis to determine trends in the agricultural sector. The information is disseminated in a number of publications,

including the *Abstract of Agricultural Statistics*, *Economic Review of South African Agricultural Sector*, and *Trends in the Agricultural Sector*, among others.

The Department hosts the annual Female Farmer of the Year competition, which is aimed at making farming women and their contribution to the economy more visible.

The Department assists farmers with the formation of cooperatives, registers new cooperatives and administers the Cooperatives Act of 1981. This assistance creates an environment that is conducive to the development of agribusiness and farmer organisations. In 1999 1 252 cooperatives were registered, compared to 1 129 in 1998.

Policy developments

Agricultural support and development supports the Village Financial Services Cooperatives and aims to make banking services accessible to rural areas and mobilise community savings for development. In 1998 an exemption from the Banks Act was granted which permitted village cooperatives to offer an appropriate package of financial services. Since this exemption, village financial cooperatives have been replicated in Mpumalanga, KwaZulu-Natal, Eastern Cape and Northern Province.

Programme 3: Sustainable resource use and management

Table 25.6 Programme expenditure

R million	Budget estimate	Adjusted appropriation 1999/00	Revised estimate	Medium-term expenditure estimate		
				2000/01	2001/02	2002/03
1999 Budget	131,1	125,9	117,9	135,0	138,0	–
2000 Budget	–	–	–	133,8	140,3	146,7
Changes to 1999 Budget estimate	–	(5,2)	(13,2)	(1,2)	2,3	–

The *Sustainable resource use and management* programme entails agricultural land resource management, promotion of agricultural water conservation, and sustainable use of genetic resources for food and agriculture. The programme includes an allocation of R25 million each year to land care poverty relief projects, described below.

Outputs and service delivery trends

Table 25.7 Sustainable resource use and management: Key activities and outputs

Key activities	Outputs
Agricultural land resource management	Policies, legislation, norms and standards Land care procedural guidelines Geographic Information System (GIS) based information technology and research reports on sustainable agricultural resource use Control actions relating to migrating pests and certain declared weeds
Agricultural water use and management	Rehabilitation and reclamation of agricultural resources Prevent the degradation of agricultural resources
Genetic resource promotion	Amendment of the Plant Breeders' Rights legislation Implementation of the Genetically Modified Organisms Act of 1977

In 1999, the Department undertook 64 red-bellied quelea control operations to prevent the birds from damaging wheat crops in Gauteng, Northern Province, Free State and North West. Similar exercises are carried out to prevent crop damage by locusts.

The Department also completed 4 067 inspections to enforce national norms and standards on resource use and management. It finalised about 1 600 applications for the subdivision of agricultural land.

The programme aims to protect 50 000 hectares each year from erosion. To this end, approximately 200 conservation structures were built in 1999/00. Over the next three years, about 1 448 small-scale farmers will benefit from the rehabilitation initiative.

To promote industrial agriculture, 2 000 inspections are carried out each year during which samples of plant propagating materials are evaluated and tested for quality. The samples are subjected to 4 000 quality control tests at the Rooodeplaas Evaluation Centre.

Following the 1998 Presidential Job Summit, R25 million was allocated to the Land care programme in 2000/01. This is a community-based programme that assists communities to work towards the sustainable management of soil, water and vegetation, thereby alleviating rural poverty through greater food security and the creation of sustainable jobs. Thus far, 65 land care and four junior land care projects have been implemented. The junior land care programmes in the Northern Province, Eastern Cape, KwaZulu-Natal and North West aim to involve young people in this initiative.

Table 25.8 Distribution of land care projects

Number of projects	Focused investment	Small community grants components
Eastern Cape	2	1
Free State	–	2
KwaZulu-Natal	2	9
Mpumalanga	1	6
Northern Cape	–	2
Northern Province	5	8
North West	13	–
Western Cape	–	5
Total	23	33

The focused investment component includes key infrastructure projects, while the community grants component includes projects that provide assistance to communities to rehabilitate land erosion and manage grazing through fencing, among others.

Policy developments

A discussion document, *Implementation Framework for the Land Care Programme*, was issued in February 1999 to guide the implementation of the programme.

Programme 4: Agricultural production

Table 25.9 Programme expenditure

R million	Budget estimate	Adjusted appropriation 1999/00	Revised estimate	Medium-term expenditure estimate		
				2000/01	2001/02	2002/03
1999 Budget	60,3	90,5	90,5	62,7	64,3	–
2000 Budget	–	–	–	92,7	102,0	106,7
Change to 1999 Budget estimate	–	30,2	30,2	30,0	37,7	–

Agricultural production is responsible for the regulation, promotion and auditing of animal production and health, plant production, safe and effective use of production inputs and veterinary public health. The programme is also responsible for import and export control that involves:

- Border control to prevent the introduction and spread of diseases
- Monitoring and inspection at all entry ports to prevent unlawful entry of animals and animal products into South Africa.

The rise in the medium-term estimates to R92,7 million in 2000/01, R102,0 million in 2001/02 and R106,7 million in 2002/03 is due mainly to the shift of the plant and animal quality control subprogramme from the *Sustainable resource and management* programme in 1999/00.

Outputs and service delivery trends

Table 25.10 Agricultural production: Key activities and outputs

Key activities	Outputs
Promotion and audit of animal production and health	Early warning system for disease outbreak Prevention of entry of infectious diseases into the country Protocols for export of animals and animal products Policy, norms, standards and guidelines for animal disease control Veterinary epidemiological and statistical data Norms and standards with regard to animal management and production Managing the National Agricultural Residue Monitoring Programme Implementation of Hygiene Assessment system for abattoirs
Agricultural production inputs	Registration of agricultural production inputs in terms of the Fertilisers, Farm Feeds, Agricultural Remedies and Stock Remedies Act of 1947
Regulate and audit the availability of healthy plant material and the quality of agricultural products	Prevent distribution of agricultural pests Publication and regulation of norms for certain agricultural products Analysis of certain agricultural products to ensure compliance with prescribed standards in local and foreign markets

About 93 per cent of the 450-kilometre fence of the Kruger National Park has been upgraded to prevent the spread of diseases such as foot-and-mouth, tuberculosis and corridor disease to neighbouring communities.

A database of animal disease serves as an early warning system regarding possible outbreaks and enables the Department to alert the provinces and neighbouring countries in time.

Import and Export Control now issues an average of 2 000 import permits per month for meat and meat products. This represents a 66,0 per cent decrease from 1998. Previously issued free of charge, permits now cost R60. About 28 000 export applications for liquor products were received in 1999. The Liquor Products division issued 34 000 export liquor permits, which generated R2 million in revenue.

The Hygiene Assessment System has been implemented at abattoirs to maintain uniform standards of hygiene performance. The system will receive legal status once the Meat Safety Bill has been promulgated in 2000.

The Department carries out inspections to ensure compliance with the Fertilisers, Farm Feeds, Agricultural Remedies and Stock Remedies Act of 1947 and to ensure food safety. Registration fees for agricultural production inputs generated revenue of R3,5 million in 1999/00.

Policy developments

The Agricultural Product Standards of 1990 has been amended, following the enactment of the new Constitution and the signing of the Agreement on Trade Related Aspects of Intellectual Property Rights.

The Fertilisers, Farm Feeds, Agricultural Remedies and Stock Remedies Act of 1947 is being rewritten and relevant regulations are being revised. The Department has proposed draft regulations for pet foods to the relevant industry association.

Programme 5: Agricultural trade and economic and policy analysis

Table 25.11 Programme expenditure

R million	Budget estimate	Adjusted appropriation 1999/00	Revised estimate	Medium-term expenditure estimate		
				2000/01	2001/02	2002/03
1999 Budget	42,6	14,8	14,8	44,6	45,6	–
2000 Budget	–	–	–	21,2	22,3	23,3
Change to 1999 Budget estimate	–	(27,8)	(27,8)	(23,4)	(23,3)	–

Agricultural trade and economic and policy analysis advises on international agricultural trade policy and agricultural trade initiatives, facilitates trade in terms of trade agreements, supports domestic market access, collects and disseminates agricultural statistics and performs economic and policy analysis of the agricultural sector.

The baseline estimates are revised downwards to R21,2 million in 2000/01, R22,3 million in 2001/02 and R23,3 million in 2002/03.

The programme includes transfer payments to the National Agricultural Marketing Council of R6,7 million 2000/01, increasing to R7,2 million in 2002/03.

Outputs and service delivery trends

Table 25.12 Agricultural trade and economic and policy analysis: Key activities and outputs

Key activities	Outputs
International trade advice and negotiations	Advice on trade policy Implementation of South Africa's multilateral commitments Undertaking trade negotiations Representing the Department in international relations in the field of trade and marketing
Trade administration	Allocating and issuing permits in terms of trade agreements Secretarial service to Agricultural Trade Forum Facilitating market access for small scale farmers Advice on defensive trade measures Monitoring utilisation of permits
Statistical information collation	Generation, collation, verification, maintenance and dissemination of agricultural statistical information
Economic and policy analysis	Analysis of the economic impact of the external environment on the agricultural sector Analysis of the competitiveness and diversity of the agricultural sector Analysis of the availability of agricultural resources and their efficient use

Based on an analysis of trade and tariffs and comprehensive consultations with the agricultural sector, a broad negotiation objective and specific issues were identified for the next WTO negotiations.

The ARC undertook a number of short-term research projects, following the variability of the 1999 crop forecasts for summer crops. Similar projects will be undertaken for the winter cereal forecasts during 2000.

A pilot survey of small-scale farms in the former homelands will be conducted this year to compile a statistical base to set targets and assess growth, particularly in the black farming sector. Annual sample farm surveys will begin in 2000/01 and will include data on all types of farming in all regions, especially the emerging sector.

Policy developments

Bilateral agricultural trade forms a critical component of the trade pact between South Africa and the European Union (EU), signed in Pretoria in October 1999. In terms of this agreement, South Africa will give preferential market access to 83 per cent of EU agricultural exports to South Africa. In turn, the EU will give preferential market access to 74 per cent of South Africa's agricultural exports to the EU. The EU also granted South Africa export quotas for a number of products originally excluded from the negotiations.

Programme 6: Auxiliary and associated services

Table 25.13 Programme Expenditure

R million	Budget estimate	Adjusted appropriation 1999/00	Revised estimate	Medium-term expenditure estimate		
				2000/01	2001/02	2002/03
1999 Budget	277,8	305,2	305,2	303,9	314,0	–
2000 Budget	–	–	–	283,8	255,1	235,5
<i>Transfer to ARC</i>	–	–	292,9	273,8	244,1	224,5
Change to 1999 Budget estimate	–	27,4	27,4	(20,1)	(58,9)	–

Transfer payments to the Agricultural Research Council comprise over 95 per cent of the *Auxiliary and associated services* programme. The baseline estimates are revised downwards to R283,8 million in 2000/01, R255,1 million in 2001/02, and R235,5 million in 2002/03 reflecting a 23,3 per cent change in the transfer payments to the ARC between 1999/00 and 2002/03.

Outputs and service delivery trends

Table 25.14 Auxiliary and associated services: Key activities and outputs

Key activities	Outputs
Financial support measures	Agricultural finance support measures, including interest on Land Bank loans granted to full-time farmers in former designated areas
Transfer payments to the ARC	

The Department subsidises the interest payable on 598 loans to the Land Bank. These loans enable 381 sugar cane farmers to re-establish sugar cane crops destroyed during the floods of 1984. This programme will be terminated during 2000/01.

Public entities reporting to the Minister responsible for Agriculture

South African Abattoir Corporation

Abakor was established as a public company in terms of the Abattoir Industry Act of 1976 to provide slaughtering services to the government. Abakor also processes and markets offal. It holds 50 per cent in Abaros Joint Venture and 100 per cent of Bio-Lush (Pty) Ltd. The company's assets decreased by 37,4 per cent, from R264,5 million in 1998 to R165,5 million in 1999. Long-term liabilities decreased from R51,8 million in 1998 to R30,8 million in 1999 and turnover declined from R290,5 million in 1998 to R139,6 million in 1999, mainly due to the sale of capital assets. Company losses amounted to R79,6 million in 1999, compared with R29,6 million in 1996.

Abakor has undertaken the following actions to improve its financial situation:

- Certain of the less profitable abattoirs were sold or put up for sale
- R40 million owed to the Meat Board was swapped for a 50 per cent shareholding
- The Land Bank took over the Abakor loan from ABSA, increasing it from R25 million to R30 million.

National Agricultural Marketing Council

The NAMC was established in January 1997 in accordance with the Marketing of Agricultural Products Act of 1996 to advise the Minister on the marketing of agricultural products. It facilitated the abolishment of all agricultural commodity boards by January 1998. Transfers to the NAMC are voted on the *Agricultural trade and economic policy and analysis* programme and amount to R6,7 million 2000/01, rising to R7,2 million in 2002/03.

Agricultural Research Council

The ARC is a parastatal governed by the Agricultural Research Act of 1990. The 14 regional institutes of the ARC are arranged into commodity clusters to support cross-cutting agricultural research and related sectors. Transfers to the ARC, voted on the *Auxiliary and associated services* programme, decline from R292,0 million in 1999/00 to R273,8 million in 2000/01, R244,1 million in 2001/02 and R224,5 million in 2002/03. However, the ARC will compete for supplementary research funding from the Innovation Fund on the Arts, Culture, Science and Technology vote.

Land Bank

The Land Bank is a statutory development finance institution established to provide retail and wholesale finance consistent with sound business principles. The Land Bank aims to:

- Finance agricultural producers and agribusiness
- Deliver cost-effective products responsive to the needs of clients
- Deliver competitive services backed by a visible marketing strategy and financial customer service
- Render efficient and transparent processes using modern and streamlined technologies
- Have a client-orientated, professional workforce that reflects the market in which the Land Bank operates
- Accept social responsibility by contributing to financial, employment and environmental sustainability and encouraging good labour practice.

The assets of the Land Bank were valued at an estimated R15,4 million in 1999/00, compared with R12,4 million in 1998. The increase in profit, from R100 million in 1997 to R555 million in 1999, resulted from an alignment of the interest rates with commercial rates and a successful funding strategy. In 1999, the Land Bank provided loans worth R223,3 million to previously disadvantaged farmers – an increase of 130 per cent compared to 1998.

Onderstepoort Biological Products

The Onderstepoort Biological Products is a directorate of the Department and is managed as a government business enterprise. It produces and markets a variety of vaccines and related biological products in local and international markets. It operates on a trading account that is subsidised by Government and will be corporatised on 1 April 2000 to become a state-owned public company.

