

Vote 23

Agriculture

Budget summary

R million	2009/10				2010/11	2011/12
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	388.6	332.0	33.3	23.3	416.9	448.1
Production and Resources Management	300.2	188.8	105.1	6.3	465.8	683.4
Agriculture Support Services	1 696.1	181.6	1 514.3	0.2	1 732.2	1 951.7
Trade and Economic Development	77.1	51.0	26.0	0.1	84.3	91.2
Food Safety and Biosecurity	330.8	321.1	6.3	3.4	390.0	428.0
Total expenditure estimates	2 792.8	1 074.4	1 685.0	33.4	3 089.1	3 602.5
Executive authority	Minister of Agriculture and Land Affairs					
Accounting officer	Director-General of Agriculture					
Website address	www.nda.agric.za					

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 sufficient governance; and ensuring knowledge and information management.

Programme purposes

Programme 1: Administration

Purpose: Provide strategic leadership, management, corporate and financial services and operations management.

Programme 2: Production and Resources Management

Purpose: Optimise agricultural productivity and profitability through the identification of opportunities, the sustainable use and protection of land, water and genetic resources, and infrastructure development to ensure household food security.

Programme 3: Agriculture Support Services

Purpose: Develop appropriate policies and targeted programmes for equitable access to the agricultural sector for the promotion of shared growth and commercial viability of emerging farmers. Provide risk and disaster management. Provide agricultural education and training, extension and advisory services, scientific research and technology development.

Programme 4: Trade and Agricultural Development

Purpose: Facilitate market access for agricultural products. Provide agricultural economic and statistical services.

Programme 5: Food Safety and Biosecurity

Purpose: Manage the risks associated with animal and plant diseases and pests, and genetically modified organisms. Register products used in the agriculture. Promote food safety to safeguard human life.

Strategic overview: 2005/06 – 2011/12

The agricultural sector's contribution to the economy

While national income statistics suggest that the agricultural sector presently accounts directly for 3 per cent of GDP, agriculture's contribution to the overall economy is much greater than this. The sector's strong indirect role in the economy is a function of its backward and forward links to other sectors. Its demand for goods such as fertilisers, chemicals and implements forms links back to the manufacturing sector, while forward links are formed through the supply of raw materials to industry.

In terms of exports, agriculture contributes about R30 billion annually. The sector's share of the country's total exports is about 8 per cent, and processed agricultural products constitute about 60 per cent of all agricultural exports. Formal agriculture provides both contract and seasonal employment for about 800 000 workers, and the smallholder sector provides full or part time employment for at least a further 1 million households. This represents about 8.5 million people. Agro-processing and the food industry are major sources of employment and the number of jobs created per unit of investment is higher in agriculture compared to other sectors. This implies that growth in agricultural output overall has a greater impact on employment creation.

Over the medium term, the department intends to: increase agricultural production by supporting farmers, agrarian reform beneficiaries, entrepreneurs and agribusiness; improve access to markets for agricultural products, and maintain effective biosecurity and risk management systems.

Current challenges

Accelerating the pace of land and agrarian reform

A major challenge for the Department of Agriculture has been to accelerate the pace of land and agrarian reform and to initiate an integrated programme for rural development. The land and agrarian reform project was developed during 2007/08 to provide a new framework for delivery and collaboration on land reform and agricultural support to accelerate the rate and sustainability of transformation. Over the MTEF period, objectives of the land and agrarian reform project are to:

- increase the number of black entrepreneurs in the agribusiness industry by 10 per cent
- provide universal access to agricultural support services for emerging black farmers
- increase agricultural production by emerging black farmers by 10 per cent under the Ilima/Letsema campaign
- increase agricultural trade by previously disadvantaged people by 10 to 15 per cent.

The land and agrarian reform project will provide agricultural and other support services in one-stop shop service centres located close to farming and rural beneficiaries. National, provincial and local governments are committed to jointly implementing this initiative to accelerate land and agrarian reform.

Dealing with the rapid rise in food prices

A second challenge for the department is the rapid rise in food prices. Contributing factors include the low availability of grains worldwide, increased demand, unfavourable weather conditions, the rise in fuel prices and high agricultural input costs – especially fertiliser. In 2007, Cabinet instructed the government departments in

the social and economic clusters to expand programmes that support groups and communities that are vulnerable to high food prices. These include providing agricultural starter packs for household vegetable production and promoting food gardens as a short term intervention. In support of this imperative, additional funds were allocated for production projects, such as the revitalisation of irrigation schemes, mass food production and the construction of a rooibos tea processing plant during 2008/09. More funds have also been made available for accelerating and improving agricultural crop production through the Ilema/Letsema campaign. The campaign was initiated by the Department of Agriculture as a national effort to ensure that no land lies fallow and that communities and all role players leverage land as a resource to fight poverty and hunger, and increase food security.

Ensuring disease free animal and plant products

A third challenge for the department is to ensure that animal and plant products are disease free, thus protecting public health. This is an ongoing priority as it has a direct bearing on the sector's ability to produce safe and nutritious food, as well as optimising trade opportunities. Inspection services at all South African land, sea and air ports of entry are being upgraded.

Support to emerging black farmers

Initiatives by the Micro Agricultural Financial Institutions of South Africa and the comprehensive agricultural support programme are ongoing. The department intends to increase the number of financial institutions providing loans to emerging black farmers, and is expanding extension services through the comprehensive agricultural support programme.

Key policy developments

To support beneficiaries of land reform and other black farmers, norms and standards for extension and advisory services have been developed. Strategies have also been designed for agricultural education and training, and research and development.

The department distinguishes between the strategic management, project management and performance management processes, and has developed synergies between them to improve performance. The department completed the development of its project management policies, processes, methodology, procedures and templates for its project management support office at the end of October 2008, and has provided project planning support to 64 departmental initiatives in 2008/09.

Other key areas of focus include food safety and biosecurity. The department is developing an effective inspectorate service at all ports of entry to ensure law enforcement and compliance with regulations that control the import and export of agricultural products. The sniffer dog unit at OR Tambo International Airport will be expanded to other ports of entry. The plant health component is also receiving special attention to respond to constraints that currently expose the agricultural sector to risks associated with plant pests and diseases. The department's science based decision making system, which complies with international and national biosecurity obligations and responsibilities, will be strengthened in support of the agricultural industries.

Selected performance and operations indicators

Table 23.1 Agriculture

Indicator	Programme	Past			Current	Projections		
		2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Number of hectares to be revitalised for irrigation each year	Production and Resources Management	–	–	–	28 874	30 000	33 000	36 000
Number of trainees on industry focused farmer training programme each year	Agriculture Support Services	671	803	903	1 000	2 000	3 000	4 000

Table 23.1 Agriculture (continued)

Indicator	Programme	Past			Current	Projections		
		2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Number of beneficiaries accessing the comprehensive agricultural support programme each year	Agriculture Support Services	89 000	67 000	51 276	37 900	35 000	32 000	32 000
Number of farmers awarded production loans under the Micro Agricultural Financial Institutions of South Africa scheme each year	Agriculture Support Services	–	5 230	2 200	150	7 000	10 000	15 000
Number of emerging farmers trained in agricultural marketing each year	Trade and Agricultural Development	–	–	–	100	450	450	450
Number of biosecurity standards, operating procedures and directives issued each year	Food Safety and Biosecurity	–	–	7	10	9	10	10

The department has revised its 2008 selected performance indicators to bring them in line with its strategic planning for 2009/10. The new indicators are based on the new programme of action.

Expenditure estimates

Table 23.2 Agriculture

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
R million	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
1. Administration	247.8	279.7	333.9	368.6	368.6	388.6	416.9	448.1
2. Production and Resources Management	341.6	225.6	233.2	553.4	523.4	300.2	465.8	683.4
3. Agriculture Support Services	1 005.9	1 288.0	2 370.0	1 475.3	1 425.3	1 696.1	1 732.2	1 951.7
4. Trade and Economic Development	49.9	47.4	60.9	69.2	69.2	77.1	84.3	91.2
5. Food Safety and Biosecurity	263.7	383.2	334.7	471.2	433.1	330.8	390.0	428.0
Total	1 909.0	2 224.0	3 332.8	2 937.7	2 819.6	2 792.8	3 089.1	3 602.5
Change to 2008 Budget estimate				403.1	285.0	165.0	338.0	682.4

Economic classification

	718.3	871.8	869.8	1 006.3	998.2	1 074.4	1 181.6	1 276.7
Current payments								
Compensation of employees	358.7	434.8	448.8	550.1	542.0	649.6	725.6	787.4
Goods and services	358.9	435.5	420.8	456.1	456.1	424.8	456.0	489.3
<i>of which:</i>								
Administrative fees	20.3	22.5	27.2	37.1	37.1	37.8	44.4	51.0
Advertising	6.5	11.6	9.0	4.9	4.9	5.4	6.4	6.9
Assets less than R5 000	8.0	5.4	5.5	9.4	9.4	13.8	15.3	15.4
Audit costs: External	3.6	5.1	4.0	4.9	4.9	5.2	5.5	6.0
Bursaries (employees)	1.5	1.7	1.7	2.0	2.0	3.2	3.7	3.9
Catering: Departmental activities	0.9	1.1	0.5	0.6	0.6	1.2	1.3	1.4
Communication	16.0	13.6	16.3	25.2	25.2	22.7	24.5	25.6
Computer services	20.0	16.0	16.2	27.9	27.9	36.8	28.8	30.2
Consultants and professional services: Business and advisory services	2.7	0.6	9.1	2.1	2.1	46.1	48.0	48.6
Consultants and professional services: Infrastructure and planning	56.9	63.0	58.6	57.5	57.5	35.6	40.6	42.3
Consultants and professional services: Laboratory service	–	–	–	0.6	0.6	0.7	0.7	0.5
Consultants and professional services: Legal costs	1.6	1.8	2.0	1.5	1.5	1.0	1.0	1.0
Contractors	14.1	11.7	14.6	11.1	11.1	14.4	14.5	15.1

Table 23.2 Agriculture (continued)

R million	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
Economic classification								
Agency and support / outsourced services	51.5	55.9	36.4	43.1	43.1	25.0	27.0	28.2
Inventory: Food and food supplies	0.7	0.7	0.7	0.8	0.8	1.3	1.4	1.5
Inventory: Fuel, oil and gas	10.4	13.3	13.2	16.1	16.1	15.4	17.0	19.1
Inventory: Materials and supplies	2.5	6.3	2.5	3.1	3.1	7.5	7.9	9.3
Inventory: Medical supplies	2.5	3.1	2.2	0.8	0.8	1.0	1.1	1.2
Inventory: Other consumables	13.4	15.2	21.8	7.1	7.1	7.5	9.2	9.8
Inventory: Stationery and printing	9.9	12.1	12.9	14.2	14.2	10.8	12.2	12.7
Lease payments	8.2	11.0	10.7	13.5	13.5	17.6	19.3	20.6
Owned and leasehold property expenditure	7.0	8.8	10.0	8.8	8.8	12.5	13.8	14.7
Travel and subsistence	68.1	107.1	90.5	80.8	80.8	58.8	63.6	66.7
Training and development	16.9	26.2	19.9	29.2	29.2	14.9	17.4	19.3
Operating expenditure	3.8	4.4	8.7	10.6	10.6	3.7	4.3	4.6
Venues and facilities	11.6	17.2	26.0	42.8	42.8	24.4	26.6	33.2
Financial transactions in assets and liabilities	0.7	1.5	0.3	–	–	–	–	–
Transfers and subsidies	1 134.1	1 292.1	2 418.8	1 889.0	1 779.0	1 685.0	1 871.2	2 286.9
Provinces and municipalities	411.2	401.8	762.1	898.4	868.4	877.2	1 117.3	1 437.5
Departmental agencies and accounts	385.7	532.8	522.2	612.7	612.7	567.5	653.2	742.5
Universities and technikons	–	–	3.8	6.2	6.2	4.0	4.2	4.5
Public corporations and private enterprises	146.8	245.5	1 000.1	155.6	105.6	197.2	55.3	58.6
Foreign governments and international organisations	155.1	10.0	32.9	33.8	33.8	32.5	34.4	36.5
Non-profit institutions	0.8	7.7	5.8	17.6	17.6	6.3	6.6	6.9
Households	34.5	94.3	92.0	164.5	134.5	0.2	0.2	0.4
Payments for capital assets	56.6	60.1	44.1	42.5	42.5	33.4	36.4	38.9
Buildings and other fixed structures	17.8	23.4	5.2	23.1	23.1	22.5	25.2	27.3
Machinery and equipment	33.4	34.8	37.1	18.3	18.3	10.7	11.1	11.4
Biological and cultivated assets	0.0	0.1	0.5	0.3	0.3	–	–	–
Software and other intangible assets	5.4	1.7	1.3	0.8	0.8	0.1	0.1	0.1
Total	1 909.0	2 224.0	3 332.8	2 937.7	2 819.6	2 792.8	3 089.1	3 602.5

Expenditure trends

Expenditure increased from R1.9 billion in 2005/06 to R3.3 billion in 2007/08, and is expected to grow at a further average annual rate of 7.0 per cent over the medium term, to reach R3.6 billion in 2011/12. The increase of 49.9 per cent in 2007/08 was due to a once-off allocation to the Land Bank for the purpose of recapitalisation.

Transfer payments account for on average 63 per cent of the department's budget, apart from 2007/08, when they topped 72.6 per cent due to the once-off allocation to the Land Bank. In 2009/10, the following transfer payments were made: R525.4 million to the Agricultural Research Council; R48.6 million to the Land Bank; R146 million to the Micro Agricultural Financial Institutions of South Africa; R816.8 million to the provincial departments of agriculture for the comprehensive agricultural support programme, LandCare, Ilima/Letsema and veld fires interventions; R197.2 million to public corporations and private enterprises; and R32.5 million to international organisations.

The allocation to the comprehensive agricultural support programme is expected to rise from R538.1 million in 2008/09 to R979.3 million in 2011/12, at an average annual rate of 22.1 per cent, mainly due to increased transfers for assistance to emerging black farmers and communities. This growth also explains the increases of 10.6 per cent and 16.6 per cent in total expenditure in 2010/11 and 2011/12.

An additional R650 million is allocated to enhance agricultural production over the MTEF period. These funds will be transferred to the provincial departments of agriculture as conditional grants for projects such as the upgrading of the Vaalharts/Taung and Makhathini irrigation schemes and the food massification (mass food production) programme in Eastern Cape.

Savings and reprioritisation

In aggregate, savings of R55.9 million in 2009/10, R65.3 million in 2010/11 and R68 million in 2011/12 have been identified in goods and services (including communication, consultants, entertainment and travel and subsistence items) and transfer payments to departmental agencies and public corporations.

Infrastructure spending

The department's spending on infrastructure is R62.5 million in 2009/10 and falls into the small projects category. With the exception of funds made available to build a new quarantine station in Durban (R12.4 million), a new office block in Stellenbosch (R3.3 million), erect and maintain border fences to control the spread of foot and mouth disease (R19 million) and drill bore holes (R16 million), the balance (R11.8 million) of the funds is for maintaining existing infrastructure.

Departmental receipts

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

Other receipts accrue from interest payments, rent on land and financial transactions in assets and liabilities. The substantial increase in total revenue in 2008/09 was mainly due to repayments by provinces of unspent conditional grants amounting to R106.9 million and which is reflected under financial transactions in assets and liabilities. Furthermore, the increase from 2007/08 to 2009/10 in interest, dividends and rent on land and financial transactions in assets and liabilities is due to the incorporation of the agricultural debt account debtors into the department's books since the repeal of the Agricultural Debt Management Act (2001) in September 2008.

Table 23.3 Departmental receipts

	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
R thousand								
Departmental receipts	76 136	94 614	82 049	218 273	191 174	103 450	105 250	106 962
Sales of goods and services produced by department	63 479	59 168	65 621	59 228	56 103	59 215	61 822	65 315
Sales of scrap, waste, arms and other used current goods	8 216	43	204	6	6	5	5	8
Transfers received	300	–	26	29	29	–	–	–
Fines, penalties and forfeits	54	3	92	10	17	3	3	3
Interest, dividends and rent on land	1 596	1 391	1 483	18 500	2 866	17 183	17 194	16 206
Sales of capital assets	208	211	9 957	500	150	436	462	500
Financial transactions in assets and liabilities	2 283	33 798	4 666	140 000	132 003	26 608	25 764	24 930
Total	76 136	94 614	82 049	218 273	191 174	103 450	105 250	106 962

Programme 1: Administration

Expenditure estimates

Table 23.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Minister ¹	0.8	0.6	0.9	1.6	1.7	1.8	1.9
Deputy Minister ¹	0.7	0.8	0.9	1.3	1.4	1.5	1.6
Management	26.3	27.2	30.5	43.5	42.8	45.6	48.3
Corporate and Financial Services	96.8	99.3	113.1	134.5	140.6	147.1	157.3
Operations Management	77.0	103.2	143.1	118.5	121.8	129.4	137.5
Office accommodation	46.1	48.5	45.4	69.2	80.2	91.5	101.5
Total	247.8	279.7	333.9	368.6	388.6	416.9	448.1
Change to 2008 Budget estimate				12.6	10.9	13.2	27.9

1. From 2008/09, the current payments relating to the total remuneration package of political office bearers are shown, before this only salary and car allowances are included. Administrative and other subprogramme expenditure may in addition include payments for capital as well as transfers and subsidies.

Economic classification

	2005.5	240.7	286.2	306.6	332.0	355.6	382.5
Current payments	205.5	240.7	286.2	306.6	332.0	355.6	382.5
Compensation of employees	96.5	107.1	120.5	145.8	172.1	183.4	193.4
Goods and services	108.7	133.5	165.7	160.8	159.9	172.2	189.1
of which:							
Administrative fees	20.1	22.3	27.0	33.9	37.1	43.6	50.1
Advertising	2.6	7.3	1.9	1.6	1.8	1.9	2.0
Assets less than R5 000	4.9	2.0	2.5	3.0	3.1	3.2	3.2
Audit costs: External	3.6	5.0	4.0	4.8	5.2	5.5	6.0
Bursaries (employees)	0.3	0.4	0.6	0.6	1.0	1.1	1.1
Catering: Departmental activities	0.4	0.5	0.5	0.5	0.5	0.5	0.6
Communication	10.0	8.4	10.9	18.5	15.6	16.4	17.1
Computer services	17.7	13.4	14.6	16.0	18.5	19.0	20.1
Consultants and professional services:	–	0.3	1.0	0.7	1.4	1.6	1.8
Business and advisory services							
Consultants and professional services:	1.0	1.2	4.0	5.0	6.1	5.9	6.4
Infrastructure and planning							
Consultants and professional services:	0.2	0.2	1.0	0.3	0.1	0.1	0.1
Legal costs							
Contractors	1.2	1.4	4.9	1.6	2.8	2.1	2.2
Agency and support / outsourced services	9.5	13.5	9.8	12.1	5.3	5.6	5.8
Inventory: Fuel, oil and gas	1.8	1.8	2.1	2.0	2.3	2.6	2.8
Inventory: Materials and supplies	0.4	0.7	0.4	0.3	0.7	0.8	0.9
Inventory: Other consumables	0.6	0.6	0.6	0.9	1.1	1.2	1.3
Inventory: Stationery and printing	4.4	5.7	5.5	4.8	3.9	4.1	4.3
Lease payments	3.5	6.1	8.3	9.7	13.4	14.5	15.4
Owned and leasehold property expenditure	6.4	7.9	9.4	8.8	11.5	12.6	13.5
Travel and subsistence	10.8	18.2	33.4	21.7	17.4	18.6	19.6
Training and development	2.8	4.4	4.6	3.3	4.1	4.8	5.2
Operating expenditure	0.8	1.0	2.8	2.0	0.9	1.0	1.0
Venues and facilities	5.7	11.0	15.4	8.6	5.9	5.3	8.3
Financial transactions in assets and liabilities	0.3	0.1	0.0	–	–	–	–
Transfers and subsidies	16.6	11.3	33.8	34.6	33.3	35.2	37.4
Provinces and municipalities	0.4	0.2	0.1	0.1	0.1	0.1	0.1
Departmental agencies and accounts	0.4	0.5	0.5	0.6	0.7	0.7	0.8
Public corporations and private enterprises	0.3	0.1	0.1	0.0	0.1	0.1	0.1
Foreign governments and international organisations	15.1	10.0	32.9	33.8	32.5	34.4	36.4
Households	0.4	0.6	0.2	0.0	–	–	–

Table 23.4 Administration (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Payments for capital assets	25.7	27.7	14.0	27.5	23.3	26.1	28.3
Buildings and other fixed structures	17.2	16.5	5.1	23.1	22.5	25.2	27.3
Machinery and equipment	6.7	10.5	8.1	4.1	0.7	0.8	0.8
Software and other intangible assets	1.8	0.7	0.7	0.3	0.1	0.1	0.1
Total	247.8	279.7	333.9	368.6	388.6	416.9	448.1

Details of selected transfers and subsidies

Foreign governments and international organisations							
Current	10.2	7.9	23.3	27.5	26.8	28.5	30.2
Food and Agriculture Organisation of the United Nations: Capacity building	–	–	14.5	12.0	12.0	12.7	13.5
Food and Agriculture Organisation of the United Nations: Membership fees	10.2	7.9	8.8	11.5	9.8	10.5	11.2
International Fund for Agricultural Development	–	–	–	4.0	5.0	5.3	5.5

Expenditure trends

Expenditure rises steadily over the seven-year period, from R247.8 million in 2005/06 to R448.1 million in 2011/12, at an average annual rate of 10.4 per cent.

The allocations for the *Minister* and *Deputy Minister* subprogrammes grew by a significant 77.5 per cent and 46.9 per cent in 2007/08 and 2008/09 due to large increases in remuneration. The increases of 52.5 per cent and 42.4 per cent in the *Office Accommodation* and *Management* subprogrammes in 2008/09 were due to inflation related adjustments.

Expenditure in payments for capital assets increased by 97.1 per cent between 2007/08 and 2008/09 due to R12 million budgeted for in 2007/08 but not spent, for a new quarantine station in Durban.

Programme 2: Production and Resources Management

- *Agricultural Production* focuses on creating an enabling environment for increased and sustainable agricultural production through appropriate policies, legislation, norms and standards, technical guidelines and services, and on ensuring national food security. It also administers the Animal Improvement Act (1988), the Plant Breeders' Rights Act (1976), and the Plant Improvement Act (1976).
- *Engineering and Resources 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 administering the community based LandCare programme.

Objectives and measures

- Increase agricultural production by:
 - implementing targeted animal and crop production programmes and providing support services such as Ilima/Letsema to increase food production by 2 per cent per year over the medium term
 - increasing the area of farm land under sustainable management practices to approximately 3 700 hectares of land per year over the medium term
 - increasing the number of beneficiaries adopting sustainable production technologies and practices by 100 per year over the medium term.

Service delivery and spending focus

South Africa is the first country in Africa, and only the second (after Argentina) in the southern hemisphere, to be awarded a special stamp for its animal recording system by the international animal recording committee.

This international recognition serves as a benchmark for the quality of standards and service delivery in the application of the animal recording system.

The department and its commodity partners continued to implement master mentorship programmes for emerging farmers within the wool, red meat and dairy industries, which included training on animal husbandry, sheep shearing, general dairy herd management, milk recording services, and livestock improvement through the introduction of breeding animals.

The area wide planning undertaken in 2007/08 in Northern Cape and North West on the Vaalharts/Taung irrigation scheme and in KwaZulu-Natal on the Makhathini irrigation scheme, provided the necessary information for implementing major rehabilitation projects. These are aimed at replacing and upgrading irrigation infrastructure to increase agricultural production in the Ilema/Letsema programme. This programme receives an additional R650 million over the medium term for implementation.

Through the LandCare programme, 4 664 beneficiaries received support to protect 2 428 hectares of land and improve the soil management systems implemented on 5 047 hectares of range land in 2007/08.

Expenditure estimates

Table 23.5 Production and Resources Management

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Management	–	0.1	1.4	1.7	1.9	2.0	2.0
Agriculture Production	173.4	42.8	51.4	351.4	99.8	254.4	456.1
Engineering and Resource Management	168.2	182.7	180.5	200.2	198.4	209.4	225.3
Total	341.6	225.6	233.2	553.4	300.2	465.8	683.4
Change to 2008 Budget estimate				294.1	34.4	183.5	387.7
Economic classification							
Current payments	142.5	152.9	163.6	193.0	188.8	201.2	215.5
Compensation of employees	61.4	78.9	85.8	100.9	115.9	122.9	130.8
Goods and services	80.9	73.7	77.7	92.1	72.9	78.4	84.7
of which:							
Administrative fees	0.2	0.2	0.2	1.0	0.5	0.5	0.6
Advertising	1.3	1.5	1.3	0.8	0.4	0.5	0.5
Assets less than R5 000	0.8	0.8	0.9	1.8	1.6	1.9	2.0
Bursaries (employees)	0.2	0.2	0.3	0.5	0.6	0.7	0.6
Communication	2.5	1.6	1.5	1.8	1.2	1.1	1.2
Computer services	1.0	1.1	0.5	0.4	1.0	1.2	1.2
Consultants and professional services: Business and advisory services	–	0.1	–	0.0	8.4	9.9	10.0
Consultants and professional services: Infrastructure and planning	24.0	13.1	17.4	25.0	13.6	14.8	15.1
Consultants and professional services: Legal costs	0.2	0.3	0.3	1.0	0.3	0.3	0.3
Contractors	6.4	4.5	4.7	5.6	8.7	9.2	9.5
Agency and support / outsourced services	3.1	1.2	1.5	3.2	1.2	1.6	1.7
Inventory: Fuel, oil and gas	4.9	7.4	5.9	9.2	8.0	8.9	10.3
Inventory: Materials and supplies	1.0	4.1	1.0	1.9	5.6	5.8	7.0
Inventory: Other consumables	7.6	8.1	14.9	1.9	1.5	1.6	1.7
Inventory: Stationery and printing	1.4	1.5	1.2	1.9	1.0	1.5	1.1
Lease payments	0.4	0.5	0.4	0.8	1.3	1.4	1.5
Owned and leasehold property expenditure	0.0	0.0	0.0	–	0.3	0.5	0.4
Travel and subsistence	20.4	22.5	17.6	21.0	10.2	10.3	11.1
Training and development	1.5	1.4	2.2	1.0	1.2	1.2	1.3
Operating expenditure	0.6	0.7	3.5	1.5	0.4	0.4	0.4
Venues and facilities	3.0	2.5	2.2	11.6	5.3	4.5	6.8
Financial transactions in assets and liabilities	0.2	0.4	–	–	–	–	–

Table 23.5 Production and Resources Management (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Transfers and subsidies	182.7	60.8	55.0	354.8	105.1	258.2	461.5
Provinces and municipalities	40.2	56.1	47.0	223.3	101.7	254.8	458.1
Departmental agencies and accounts	2.1	2.3	2.5	67.5	3.0	3.0	3.0
Universities and technikons	–	–	3.6	3.6	0.2	0.2	0.2
Public corporations and private enterprises	–	0.3	0.1	60.0	–	–	–
Foreign governments and international organisations	140.0	–	–	–	0.0	0.0	0.0
Non-profit institutions	0.3	1.1	0.2	0.1	–	–	–
Households	–	1.1	1.6	0.3	0.2	0.2	0.2
Payments for capital assets	16.5	11.9	14.7	5.6	6.3	6.3	6.4
Buildings and other fixed structures	–	6.7	0.1	–	–	–	–
Machinery and equipment	13.3	4.4	14.6	5.4	6.3	6.3	6.4
Software and other intangible assets	3.2	0.7	–	0.2	–	–	–
Total	341.6	225.6	233.2	553.4	300.2	465.8	683.4

Details of selected transfers and subsidies

Provinces and municipalities

Provinces

Provincial revenue funds

Current

	40.0	55.7	46.7	223.0	101.4	254.5	457.8
LandCare programme grant: Poverty relief and infrastructure development grant	40.0	55.7	46.7	51.0	51.4	54.5	57.8
Ilima / Letsema projects	–	–	–	96.0	50.0	200.0	400.0
Agricultural starter packs	–	–	–	76.0	–	–	–

Departmental agencies and accounts

Departmental agencies (non-business entities)

Current

	2.1	2.3	2.5	67.5	3.0	3.0	3.0
Water Research Commission	2.1	2.3	2.5	2.5	3.0	3.0	3.0
Eastern Cape Rural Finance Corporation	–	–	–	65.0	–	–	–

Universities and technikons

Current

	–	–	3.6	3.6	–	–	–
University of Stellenbosch	–	–	3.6	3.6	–	–	–

Public corporations and private enterprises

Public corporations

Other transfers

Current

	–	–	–	60.0	–	–	–
Development Bank of Southern Africa	–	–	–	60.0	–	–	–

Foreign governments and international organisations

Current

	140.0	–	–	–	–	–	–
World Food Programme	140.0	–	–	–	–	–	–

Expenditure trends

Expenditure in the *Production and Resources Management* programme is expected to increase at an average annual rate of 12.3 per cent over the seven-year period, rising from R341.6 million in 2005/06 to R683.4 million in 2011/12. The 34 per cent decrease in expenditure between 2005/06 and 2006/07 was due to a once-off payment of R140 million to the World Food Organisation in 2005/06. The increase of 137.3 per cent in 2008/09 was due to once-off additional transfers of R76 million to provinces to alleviate food shortages in urban areas, and R221 million for Ilima/Letsema projects to improve agricultural production.

Over the medium term, additional allocations of R50 million, R200 million and R400 million are made to further strengthen these projects, resulting in subprogramme growth of 154.8 per cent in 2010/11 and 79.3 per cent in 2011/12.

Expenditure on payments for capital assets peaked in 2007/08 due to the purchase of a drilling rig.

Programme 3: Agricultural Support Services

- *Livelihoods and Development Support* facilitates the provision of post-settlement support to emerging farmers and agricultural development finance, and promotes black economic empowerment (BEE) and farmer cooperatives. It further manages agricultural risk and disasters by providing compensation for victims and funding for the repair of damaged infrastructure. It also manages the transfer of funds to the comprehensive agricultural support programme, Micro Agricultural Financial Institutions of South Africa, AgriBEE and Ncera Farms. Funding is provided on the basis of approved business plans and service level agreements between the department and these entities.
- *Sector Services and Research* directs and supports agricultural education, training, extension, research and advisory services in support of targeted groups. It also manages the transfer of funds to the Agricultural Research Council. Funding is mainly used for salaries, and other personnel related costs.

Objectives and measures

- Increase access to services and support for farmers, agrarian reform beneficiaries, entrepreneurs and agribusinesses by:
 - increasing the number of financial institutions accredited in terms of the Micro Agricultural Financial Institutions of South Africa to 12 institutions by the end of 2009/10
 - providing industry focused farmer training to 1 000 beneficiaries per year over the medium term
 - improving the quality of extension services through increasing the number of extension officers enrolled in skills upgrading programmes by 150 per year over the medium term.

Service delivery and spending focus

As part of its drive to upgrade extension services in all provinces, the department provided training in project management and ICT to 360 extension officers in 2007/08. A further 620 extension officers received training in computer literacy, and 232 were recruited from the provinces as part of the extension recovery plan to support the land reform programme.

495 farmers benefited from 23 pilot projects implemented in Northern, Western and Eastern Cape, as part of the farmer-to-farmer mentorship programme.

While 80 000 emerging black farmers were targeted for support by the comprehensive agricultural support programme in 2007/08, this target proved to be unrealistic, and only 37 230 emerging black farmers and 667 projects were supported.

About 21 400 farmers who suffered losses due to agricultural disasters were assisted financially.

The Black Economic Empowerment Sector Charter on Agriculture was developed and gazetted in 2008. The charter aims to provide a transformation blueprint for the agricultural sector in terms of section 12 of the Broad-Based Black Economic Empowerment Act (2003), and provides important guidelines for empowerment in the agricultural sector.

Over the medium term, the department aims to provide R2.6 billion in conditional grants to provinces for supporting farmers in areas such as infrastructure, training and advisory services and marketing, and for upgrading agricultural colleges.

Expenditure estimates

Table 23.6 Agriculture Support Services

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
R million							
Management	1.8	1.4	1.8	12.3	2.1	2.1	2.2
Livelihoods Development Support	556.8	676.2	1 779.3	747.3	905.5	739.2	794.1
Sector Services and Research	447.3	610.4	588.9	715.7	788.6	990.9	1 155.4
Total	1 005.9	1 288.0	2 370.0	1 475.3	1 696.1	1 732.2	1 951.7
Change to 2008 Budget estimate				(71.2)	132.6	138.8	245.0

Table 23.6 Agriculture Support Services (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Economic classification							
Current payments	116.9	158.5	150.5	185.8	181.6	189.7	203.7
Compensation of employees	46.5	55.9	63.2	79.2	84.8	88.6	95.6
Goods and services	70.5	102.6	87.2	106.6	96.9	101.1	108.1
of which:							
Administrative fees	–	–	–	1.2	0.1	0.1	0.1
Advertising	1.1	1.2	2.0	1.3	1.8	2.1	2.4
Assets less than R5 000	0.7	0.8	0.6	1.7	2.1	1.8	1.7
Bursaries (employees)	0.3	0.4	0.1	0.1	0.4	0.4	0.5
Communication	0.6	0.6	0.8	1.7	2.2	2.3	2.5
Computer services	0.2	0.1	0.2	0.1	0.4	0.4	0.5
Consultants and professional services: Business and advisory services	0.0	0.1	0.0	1.4	34.0	34.9	35.5
Consultants and professional services: Infrastructure and planning	30.5	46.9	35.4	23.0	12.5	13.4	14.0
Contractors	2.2	3.4	2.3	1.2	1.6	1.7	1.7
Agency and support / outsourced services	5.7	10.2	6.6	13.8	3.6	4.4	4.9
Inventory: Food and food supplies	0.7	0.7	0.7	0.8	0.9	0.9	0.9
Inventory: Fuel, oil and gas	1.3	1.4	1.5	1.7	2.5	2.6	2.8
Inventory: Materials and supplies	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Inventory: Other consumables	0.9	1.2	0.9	1.0	2.0	2.0	2.2
Inventory: Stationery and printing	1.4	1.7	1.8	1.9	2.0	2.1	2.3
Lease payments	0.2	0.3	0.3	0.5	0.9	1.0	1.0
Owned and leasehold property expenditure	0.5	0.9	0.5	–	0.5	0.6	0.7
Travel and subsistence	9.9	10.9	13.8	13.9	13.0	13.8	13.3
Training and development	10.7	17.9	11.0	23.0	5.9	7.0	8.1
Operating expenditure	0.5	0.6	0.5	0.4	0.8	0.8	0.9
Venues and facilities	2.4	2.5	7.5	17.1	8.6	7.6	11.2
Financial transactions in assets and liabilities	–	0.1	–	–	–	–	–
Transfers and subsidies	886.2	1 122.6	2 215.4	1 285.2	1 514.3	1 542.3	1 747.8
Provinces and municipalities	370.1	345.5	715.0	675.0	775.4	862.4	979.3
Departmental agencies and accounts	369.2	509.3	498.1	522.2	537.9	620.6	705.6
Universities and technikons	–	–	0.2	2.6	3.8	4.0	4.3
Public corporations and private enterprises	146.4	245.2	999.9	74.5	197.2	55.2	58.6
Non-profit institutions	0.5	2.5	2.0	10.9	–	–	–
Households	–	20.1	0.2	0.0	0.0	0.0	0.0
Payments for capital assets	2.8	6.9	4.1	4.3	0.2	0.2	0.2
Machinery and equipment	2.8	6.8	3.9	4.1	0.2	0.2	0.2
Biological and cultivated assets	0.0	0.1	–	–	–	–	–
Software and other intangible assets	–	–	0.2	0.2	–	–	–
Total	1 005.9	1 288.0	2 370.0	1 475.3	1 696.1	1 732.2	1 951.7

Details of selected transfers and subsidies

Provinces and municipalities							
Provinces							
Provincial revenue funds							
Current	370.0	345.4	715.0	675.0	775.4	862.4	979.3
Comprehensive agricultural support programme grant	250.0	300.0	415.0	438.1	544.6	577.6	622.5
Disaster management	–	–	300.0	–	60.0	–	–
Drought relief	120.0	–	–	–	–	–	–
Flood disaster	–	45.4	–	–	–	–	–
Agriculture disaster management grant	–	–	–	136.8	–	–	–
Comprehensive agricultural support programme grant: Extension services	–	–	–	100.0	170.8	284.8	306.9
Comprehensive agricultural support programme grant: Land and agrarian reform project colleges	–	–	–	–	–	–	50.0

Table 23.6 Agriculture Support Services (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Details of selected transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	316.3	442.2	437.4	457.3	464.9	497.5	532.9
Perishable Products Export Control Board	–	0.6	0.6	0.6	–	–	–
National Student Financial Aid Scheme	8.3	8.3	8.3	5.0	8.5	8.9	9.4
Agricultural Research Council: Baseline allocation	288.4	418.6	385.2	403.7	428.5	459.1	492.2
Agricultural Research Council: Intergis	1.6	1.7	1.8	1.9	2.0	2.1	2.3
Agricultural Research Council: Crop forecast	5.3	5.5	5.7	5.9	9.1	9.7	10.3
Agricultural Research Council: Diagnostic services	7.2	7.4	15.8	16.2	16.7	17.7	18.8
Agricultural Research Council: AgriBEE	5.5	–	–	–	–	–	–
Agricultural Research Council: Onderstepoort Veterinary Institute upgrading of exotic diseases Onderstepoort Biological Products	–	–	20.0	24.0	–	–	–
Capital	52.9	57.1	60.0	62.9	69.0	118.9	168.2
Agricultural Research Council: Baseline allocation	44.9	47.1	49.5	51.9	57.3	62.6	67.3
Agricultural Research Council: Agricultural research and infrastructure	8.0	10.0	10.5	11.0	11.7	12.4	13.2
Agricultural Research Council: Renovations and upgrading	–	–	–	–	–	43.9	87.7
Universities and technikons							
Current	–	–	–	2.6	3.8	4.0	4.3
Fort Hare University: Community development centres	–	–	–	1.0	1.9	2.0	2.1
Free State University: Capacity building SMME development	–	–	–	1.6	1.9	2.0	2.1
Public corporations and private enterprises							
Public corporations							
Other transfers							
Current	146.4	245.2	999.9	74.5	197.2	55.2	58.6
Land and Agricultural Bank of South Africa: Micro-Agricultural Finance Initiative of South Africa	144.0	196.0	248.0	22.1	146.0	–	–
Ncera Farms	2.4	2.2	1.9	2.4	2.6	2.8	3.0
Land and Agricultural Bank of South Africa: AgriBEE	–	47.0	50.0	50.0	48.6	52.4	55.6
Land and Agricultural Bank of South Africa: Recapitalisation	–	–	700.0	–	–	–	–
Red Meat Industry Forum	–	–	–	0.0	–	–	–
Non-profit institutions							
Current	–	–	–	9.5	–	–	–
Cotton SA	–	–	–	4.5	–	–	–
National African Farmers Union	–	–	–	5.0	–	–	–
Households							
Other transfers to households							
Current	–	20.0	–	–	–	–	–
Broad based black economic empowerment for agriculture (AgriBEE) programme	–	20.0	–	–	–	–	–

Expenditure trends

Spending in the *Agriculture Support Services* programme increased at an average annual rate of 13.6 per cent between 2005/06 and 2008/09, from R1 billion to R1.5 billion, and is expected to grow at an average annual rate of 9.8 per cent over the medium term, to reach R2 billion in 2011/12.

The 28 per cent increase in 2006/07 was due to increased transfers to the Agricultural Research Council (R130 million), the Land Bank (R47 million), the Micro Agricultural Financial Institutions of South Africa (R50 million) and the comprehensive agricultural support programme (R50 million). Between 2006/07 and 2007/08, expenditure grew by 84 per cent due to once-off allocations of R300 million for agriculture disasters and R700 million to the Land Bank for recapitalisation purposes.

Over the medium term, expenditure in the comprehensive agricultural support programme is projected to increase at an average annual rate of 22.1 per cent, from R538.1 million in 2008/09 to R979.3 million in

2011/12. This is mainly due to additional allocations of R50 million and R318 million for upgrading agricultural colleges, and inflation related adjustments.

Transfers and subsidies increased by 97.3 per cent in 2007/08 due to once-off allocations for disaster management (R300 million) and the extension of the comprehensive agricultural support programme (R100 million). The increase of 45.5 per cent in goods and services in 2006/07 was due to the appointment of more consultants and professional services and the centralisation of funds for research projects.

Public entities

Agricultural Research Council

Strategic overview: 2005/06 – 2011/12

The Agricultural Research Council is a science institution that conducts fundamental and applied research with partners to generate knowledge, develop human capital, and accelerate innovation in agriculture by developing technology and disseminating information about innovative practices to sector stakeholders. It aims to commercialise its research results to support a prosperous agricultural sector.

Six objectives form the basis of its strategic plan:

- generate, develop and apply new knowledge, science and technology for agriculture to meet the demands for increased food production, food security and poverty alleviation
- promote the sustainable use and management of natural resources to ensure a competitive agricultural sector, and increased wealth for people and industries dependent on natural resource based agriculture
- improve nutrition, food security and safety by improving crop production systems, crop livestock systems and seed security
- improve the ability of the agricultural sector to manage and mitigate agricultural risks by developing and transferring technological solutions that mitigate the effects of risks and threats to the agricultural production chain from natural disasters, diseases, pests and agricultural practices
- transfer technology to disseminate solutions and technologies emanating from agricultural research and development
- achieve organisational growth and sustainability.

Selected performance and operations indicators

Table 23.7 Agricultural Research Council

Indicator	Past			Current	Projections		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Number of articles published in scientific journals or other publications each year:							
Peer reviewed	193	152	300	300	300	300	300
Non-peer reviewed	586	974	1 200	1 200	1 200	1 200	1 200
Number of technology solutions developed and disseminated each year:							
Commercial	44	100	160	256	409	654	654
Resource poor	45	72	115	184	294	470	470
Number of patents and other intellectual property filed for registration	–	30	30	30	30	30	30
Number of Agricultural Research Council personnel registered for postgraduate training	–	118	148	150	208	238	238
Number of marketable products produced and released	–	8	14	26	46	83	83
Number of requests for collaboration, materials, licensing of technology, postdoctoral attraction, referees	–	353	441	500	689	861	861

Service delivery and spending focus

The Agricultural Research Council exceeded performance expectations in a number of areas. A significant success was completing the sequencing of 48 Southern African types of virus isolates of foot and mouth disease from different regions and countries within Southern Africa. Understanding the genetic sequences of these

isolates will enable researchers to develop and select effective vaccine strains with greater specificity. The availability of such vaccines within South Africa, and the continent, will contribute vastly to disease management and increased livestock productivity.

The council's research on wheat has resulted in the classification of two wheat breeding lines, Buffels and Tankwa, for production under irrigation and dry land farming conditions. Research on the Russian wheat aphid and breeding programmes for drought tolerant cultivars continues with some successes. The council has also made progress with the conversion of maize lines to quality protein maize to strengthen resistance to diseases, such as grey leaf spot and stalk rot, and improve drought tolerance.

The improvement of the cattle scheme is set to meet the needs of new entrants into farming, particularly black resource poor farmers. This scheme has continued to attract the participation of increasing numbers of black farmers in various provinces. By December 2008, the scheme had attracted at least 916 farmers from Limpopo, 160 from North West and 178 from Mpumalanga, with a total cattle population of 23 260.

The sustainable use of natural resources and the mitigation of adverse impacts of climate change have resulted in a number of research projects, such as the role of goats in facilitating seed germination, and the distribution of alien invasive plant species.

Expenditure estimates

Table 23.8 Agricultural Research Council: Activity information

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Generate, develop and apply new knowledge and technology	94.2	100.4	104.2	123.3	135.9	146.0	158.6
Sustainable use and management of natural resources	131.9	140.6	145.9	172.6	190.9	205.6	223.5
Enhance nutrition, food security and safety	125.6	133.9	138.9	164.4	181.2	194.7	211.5
Enhance the ability of the agricultural sector to manage and mitigate agricultural risks	131.9	140.6	145.9	172.6	190.2	204.5	222.1
Technology transfer	81.7	87.0	90.3	106.8	117.8	126.6	137.5
Other activities	87.0	92.7	96.2	113.8	122.5	129.9	140.8
Total expense	652.4	695.1	721.4	853.5	938.5	1 007.2	1 094.0

Table 23.9 Agricultural Research Council: Financial information

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Statement of financial performance							
Revenue							
Non-tax revenue	304.4	202.8	241.4	320.1	353.0	367.2	391.4
Agricultural research revenue	304.4	202.8	241.4	320.1	353.0	367.2	391.4
Transfers received	360.9	500.4	488.5	514.6	525.4	607.5	691.7
Total revenue	665.3	703.2	729.9	834.7	878.4	974.8	1 083.1
Expenses							
Current expense	652.4	695.1	721.4	853.5	938.5	1 007.2	1 094.0
Compensation of employees	396.0	416.0	416.1	471.7	518.8	555.1	599.5
Goods and services	240.6	268.0	288.5	363.2	396.5	422.5	456.0
Depreciation	15.8	10.6	16.8	18.7	23.1	29.5	38.4
Interest, dividends and rent on land	0.1	0.5	0.0	0.0	0.0	0.0	0.0
Total expenses	652.4	695.1	721.4	853.5	938.5	1 007.2	1 094.0
Surplus / (Deficit)	12.9	8.2	8.6	(18.8)	(60.1)	(32.4)	(10.9)

Table 23.9 Agricultural Research Council: Financial information (continued)

R million	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Statement of financial position							
Carrying value of assets	397.0	523.2	548.8	584.1	617.7	692.6	809.4
of which: Acquisition of assets	33.3	63.6	42.7	54.3	57.3	105.1	155.7
Investments	1.2	2.2	2.2	2.2	2.2	2.2	2.2
Inventory	14.3	16.3	14.4	14.9	16.4	15.9	16.1
Receivables and prepayments	114.5	60.8	80.3	57.2	62.9	67.3	72.7
Cash and cash equivalents	152.8	96.7	59.1	13.3	(72.9)	(185.2)	(314.2)
Total assets	679.8	699.3	704.9	671.6	626.3	592.8	586.1
Capital and reserves	197.5	205.6	214.2	195.4	135.3	102.8	91.9
Post-retirement benefits	32.0	30.3	27.5	27.5	27.5	27.5	27.5
Trade and other payables	413.6	420.2	426.0	417.1	428.7	425.2	426.4
Provisions	36.6	43.1	37.3	31.7	34.9	37.3	40.3
Total equity and liabilities	679.8	699.3	704.9	671.6	626.3	592.8	586.1

Expenditure trends

The Agricultural Research Council's funds are mainly derived from grants received from government transfers. Funding outside the salary bill has to be carefully used to ensure that the council meets its mandates and is still able to generate external income through providing research services. Transfers to the council over the MTEF period are R525.4 million, R607.5 million and R691.7 million.

Expenditure increased steadily between 2005/06 and 2008/09 at an average annual rate of 9.4 per cent, driven largely by inflationary increases in compensation of employees and goods and services. It is expected to rise by a further average annual rate of 8.6 per cent over the medium term, to reach R1.1 billion in 2011/12.

Programme 4: Trade and Agricultural Development

- *Trade and Marketing Development* facilitates domestic and international market access for South African agricultural products. It also manages the transfer of funds to the National Agricultural Marketing Council.
- *Economic and Statistical Services* provides for agricultural statistical services in support of economic growth and development, and an equitable agricultural sector. It also monitors and evaluates the economic performance of the sector and generates national agricultural statistics.

Funding in both these subprogrammes is mainly used for salaries, and other personnel related costs.

Objectives and measures

- Improve market access for agricultural products by:
 - increasing the number of emerging black farmers trained in agricultural marketing from 100 to 450 per year over the MTEF period
 - increasing international market access for South African agricultural products by concluding 6 negotiating positions per year over the MTEF period.
- Increase the level of public and private investment in agricultural development through improving the knowledge base in agricultural economics by publishing 14 economic reviews, 8 topical reports and 6 statistical reports by March 2010.

Service delivery and spending focus

To improve the accuracy of crop forecasts, a new producer independent crop estimation system was developed in 2007, and is currently being implemented. The new system will complement the existing point frame sampling system.

Statistics South Africa completed an agricultural census of commercial farmers on behalf of the department in 2007. The results are now being processed.

Over the medium term, the *Trade and Agricultural Development* programme will focus on increasing market access by training emerging farmers to market their own products, and promoting increased participation in international markets. The food price structure is monitored by the National Agricultural Marketing Council.

Expenditure estimates

Table 23.10 Trade and Agricultural Development

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Management	0.6	1.5	1.2	2.0	2.4	2.4	2.5
Trade and Marketing Development	31.6	30.8	36.3	45.3	52.1	57.6	62.3
Economic and Statistical Services	17.8	15.1	23.5	21.9	22.6	24.3	26.4
Total	49.9	47.4	60.9	69.2	77.1	84.3	91.2
Change to 2008 Budget estimate				0.4	2.2	5.1	7.7

Economic classification

Current payments	32.7	33.9	42.9	46.2	51.0	55.3	57.7
Compensation of employees	23.0	24.3	26.3	32.0	39.9	42.2	44.5
Goods and services	9.6	9.6	16.6	14.2	11.1	13.1	13.2
of which:							
Advertising	0.3	0.3	0.5	0.2	0.2	0.2	0.2
Assets less than R5 000	0.3	0.3	0.2	0.4	0.4	0.5	0.5
Computer services	0.5	0.5	0.4	0.5	0.5	0.6	0.6
Consultants and professional services: Business and advisory services	2.7	0.0	8.1	0.0	0.0	0.0	0.0
Consultants and professional services: Infrastructure and planning	–	–	–	2.7	–	–	–
Agency and support / outsourced services	1.0	1.2	0.5	2.4	2.1	2.2	2.3
Inventory: Stationery and printing	0.8	0.8	1.1	0.8	0.4	0.4	0.4
Travel and subsistence	2.8	4.1	4.0	4.6	4.0	4.2	4.4
Training and development	0.3	0.7	0.6	0.1	0.3	0.3	0.4
Venues and facilities	0.1	0.5	0.2	0.8	2.0	3.6	3.1
Financial transactions in assets and liabilities	0.0	–	–	–	–	–	–
Transfers and subsidies	14.5	12.7	17.6	22.5	26.0	28.8	33.3
Provinces and municipalities	0.2	0.0	–	–	–	–	–
Departmental agencies and accounts	14.0	12.7	17.0	22.5	26.0	28.8	33.2
Public corporations and private enterprises	0.0	0.0	–	–	–	–	–
Households	0.3	0.0	0.6	–	–	–	0.2
Payments for capital assets	2.8	0.7	0.5	0.5	0.1	0.2	0.2
Machinery and equipment	2.5	0.7	0.5	0.5	0.1	0.2	0.2
Software and other intangible assets	0.3	–	–	0.0	–	–	–
Total	49.9	47.4	60.9	69.2	77.1	84.3	91.2

Details of selected transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	14.0	12.7	17.0	22.5	26.0	28.8	33.2
National Agricultural Marketing Council	14.0	12.7	17.0	22.5	26.0	28.8	33.2

Expenditure trends

Expenditure in the *Trade and Agricultural Development* programme reflects an average annual increase of 10.6 per cent over the seven-year period, rising from R49.9 million in 2005/06 to R91.2 million in 2011/12. Between 2006/07 and 2007/08, expenditure increased by 28.6 per cent due to increased transfers of R4.3 million to the National Agricultural Marketing Council for capacity building and R8 million to Statistics South Africa for an agricultural survey.

Spending on payments for capital assets decreases by an average annual rate of 35.6 per cent over the seven-year period, due to the programme being fully staffed and equipped.

Programme 5: Food Safety and Biosecurity

- *Plant Health and Inspection Services* develops sound plant health risk management frameworks, contributes to a compliance system for assessing potential risks associated with genetically modified organisms, and regulates border and national inspection services on regulated agricultural products intended for import, export and local trade.
- *Food and Veterinary Services* manages animal diseases and assists with negotiating protocols for importing and exporting animals and animal products, and ensures that animal products are of good quality and safe for human consumption.

Funding in both these subprogrammes is mainly used for salaries, and other personnel related costs.

Objectives and measures

- Improve and maintain biosecurity risk management systems by:
 - Improving the regulatory framework by 2010/11
 - designing an early warning system for biosecurity risks by 2011/12
 - strengthening compliance and implementation of regulations.
- Access, improve and maintain domestic and international markets by ensuring compliance with plant and animal health measures, food safety measures, biosafety and biosecurity regulations, and the effective regulation of agrochemicals.
- Implement 9 initiatives (such as awareness campaigns) over the medium term that will improve access to biosecurity services for all beneficiaries

Service delivery and spending focus

Since 2007/08, the department intensified communications aimed at safeguarding South African agriculture and biodiversity. A warning to the public to declare all quarantined items when arriving in South Africa was advertised, and an article on import control was published in various magazines.

5 more sniffer dogs were acquired for the sniffer dog project (Sedupe K9) and 3 officials were trained on sniffer dog handling. Pest disaster management plans were finalised and circulated to relevant role players for comments. To prevent exotic fruit flies from entering South Africa from neighbouring countries, extensive trapping continued in Limpopo.

A national steering committee was established in 2007/08 to deal with contingency planning in case of an outbreak of an invasive new fruit fly (*bactrocera invadens*) in Southern Africa Development Community (SADC) countries.

25 additional scientists were recruited and inducted to the regulatory environment in order to cope with the increase in applications for genetically modified crops and vaccines.

In 2007/08, an outbreak of classical swine fever in Eastern Cape was successfully contained, and surveillance on avian influenza and classical swine fever is ongoing.

Candidates from previously disadvantaged communities in the wine industry were trained in the tasting of certified wine and grape based liquor, and served on the panels of the Wine and Spirit Board for certification and export.

Over the medium term, the programme will focus on strengthening the management and control of biosecurity risks associated with agricultural products to ensure food safety and safeguard human health.

Expenditure estimates

Table 23.11 Food Safety and Biosecurity

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R million							
Management	1.8	1.8	0.6	2.0	2.1	2.1	2.2
Plant Health and Inspection Services	69.1	87.4	102.2	153.8	194.8	247.3	277.1
Food and Veterinary Services	192.9	294.0	231.8	315.5	133.9	140.6	148.7
Total	263.7	383.2	334.7	471.2	330.8	390.0	428.0
Change to 2008 Budget estimate				167.1	(15.1)	(2.6)	14.1
Economic classification							
Current payments	220.7	285.7	226.7	274.7	321.1	379.8	417.3
Compensation of employees	131.3	168.6	152.9	192.2	237.0	288.5	323.1
Goods and services	89.1	116.1	73.5	82.4	84.1	91.3	94.2
of which:							
Administrative fees	–	–	–	0.6	0.0	0.0	0.0
Advertising	1.3	1.4	3.4	1.2	1.1	1.7	1.8
Assets less than R5 000	1.3	1.6	1.3	2.6	6.5	8.0	8.0
Bursaries (employees)	0.5	0.5	0.6	0.6	1.0	1.5	1.5
Communication	2.6	2.8	2.7	2.8	3.4	4.3	4.6
Computer services	0.7	0.9	0.5	10.8	16.3	7.6	7.8
Consultants and professional services: Business and advisory services	0.0	0.0	0.0	0.0	2.3	1.5	1.3
Consultants and professional services: Infrastructure and planning	1.4	1.7	1.9	1.8	3.4	6.5	6.8
Consultants and professional services: Laboratory service	–	–	–	0.6	0.6	0.5	0.4
Consultants and professional services: Legal costs	1.1	1.3	0.7	0.1	0.6	0.6	0.6
Contractors	4.2	2.3	2.7	2.4	1.3	1.5	1.7
Agency and support / outsourced services	32.2	29.8	18.0	11.5	12.8	13.2	13.3
Inventory: Food and food supplies	–	0.0	–	0.0	0.4	0.5	0.5
Inventory: Fuel, oil and gas	2.4	2.6	3.6	3.2	2.5	2.8	3.2
Inventory: Materials and supplies	0.6	0.9	0.5	0.3	0.6	0.8	0.8
Inventory: Medical supplies	2.4	3.0	2.2	0.7	0.9	1.1	1.2
Inventory: Other consumables	4.3	5.2	5.4	3.2	2.9	4.3	4.5
Inventory: Stationery and printing	1.8	2.4	3.2	4.7	3.6	4.1	4.6
Lease payments	3.9	4.0	1.6	2.3	2.0	2.3	2.5
Travel and subsistence	24.2	51.4	21.7	19.7	14.2	16.7	18.2
Training and development	1.7	1.8	1.4	1.8	3.4	4.1	4.4
Operating expenditure	1.7	1.8	1.5	6.5	1.5	2.0	2.1
Venues and facilities	0.5	0.6	0.7	4.8	2.6	5.5	3.8
Financial transactions in assets and liabilities	0.3	1.0	0.3	–	–	–	–
Transfers and subsidies	34.2	84.6	97.0	191.9	6.3	6.6	6.9
Provinces and municipalities	0.3	0.1	0.0	–	–	–	–
Departmental agencies and accounts	–	8.0	4.0	–	–	–	–
Public corporations and private enterprises	0.1	0.0	0.0	21.1	–	–	–
Non-profit institutions	–	4.0	3.6	6.7	6.3	6.6	6.9
Households	33.9	72.6	89.4	164.1	–	–	–
Payments for capital assets	8.8	12.9	10.9	4.7	3.4	3.6	3.9
Buildings and other fixed structures	0.5	0.3	–	–	–	–	–
Machinery and equipment	8.2	12.4	10.0	4.2	3.4	3.6	3.9
Biological and cultivated assets	–	–	0.5	0.3	–	–	–
Software and other intangible assets	0.1	0.2	0.4	0.1	–	–	–
Total	263.7	383.2	334.7	471.2	330.8	390.0	428.0

Table 23.11 Food Safety and Biosecurity (continued)

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Details of selected transfers and subsidies							
Public corporations and private enterprises							
Private enterprises							
Other transfers							
Current	–	–	–	21.1	–	–	–
Blueilliesbush Dairy Farming	–	–	–	21.1	–	–	–
Non-profit institutions							
Current	–	4.0	3.0	6.0	6.3	6.6	6.9
Deciduous Fruit Producer Trust: Area wide pest control programme	–	4.0	3.0	6.0	6.3	6.6	6.9
Households							
Other transfers to households							
Current	33.3	59.6	88.4	163.9	–	–	–
Classical swine fever	33.3	59.6	88.4	163.9	–	–	–

Expenditure trends

Expenditure in the *Food Safety and Biosecurity* programme increased at an average annual rate of 21.3 per cent between 2005/06 and 2008/09, with expenditure projected to decline at an average annual rate of 3.2 per cent over the medium term.

Expenditure peaked at R383.2 million in 2006/07, an increase of 45.3 per cent from R263.7 million in 2005/06, to provide for the classical swine fever and avian influenza combating campaigns. It declined again at 12.7 per cent to R334.7 million in 2007/08. The 40.8 per cent increase in expenditure between 2007/08 and 2008/09 was due to a further allocation of R163.9 million in 2008/09 to conclude the classical swine fever combating campaign.

Overall programme expenditure is expected to decrease at an average annual rate of 3.2 per cent over the medium term.

Additional tables

Table 23.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 million	2007/08		2007/08	2008/09			2008/09
1. Administration	337.5	349.4	333.9	356.1	12.6	368.6	368.6
2. Production and Resources Management	258.3	243.5	233.2	259.1	294.3	553.4	523.4
3. Agriculture Support Services	1 387.2	2 400.0	2 370.0	1 546.0	(70.7)	1 475.3	1 425.3
4. Trade and Agricultural Development	64.8	54.8	60.9	69.1	0.1	69.2	69.2
5. Food Safety and Biosecurity	237.3	426.3	334.7	304.4	166.8	471.2	433.1
Total	2 285.0	3 474.1	3 332.8	2 534.7	403.1	2 937.7	2 819.6

Economic classification							
Current payments	925.2	883.6	869.8	1 021.8	(15.5)	1 006.3	998.2
Compensation of employees	502.5	479.0	448.8	585.8	(35.7)	550.1	542.0
Goods and services	422.6	404.6	420.8	436.0	20.1	456.1	456.1
Financial transactions in assets and liabilities	—	—	0.3	—	—	—	—
Transfers and subsidies	1 308.9	2 524.2	2 418.8	1 473.3	415.6	1 889.0	1 779.0
Provinces and municipalities	462.1	762.1	762.1	584.3	314.1	898.4	868.4
Departmental agencies and accounts	514.0	518.5	522.2	548.6	64.1	612.7	612.7
Universities and technikons	0.2	3.8	3.8	7.6	(1.4)	6.2	6.2
Public corporations and private enterprises	250.0	965.8	1 000.1	299.4	(143.8)	155.6	105.6
Foreign governments and international organisations	30.9	28.9	32.9	26.6	7.2	33.8	33.8
Non-profit institutions	1.0	5.6	5.8	6.4	11.2	17.6	17.6
Households	50.7	239.6	92.0	0.3	164.2	164.5	134.5
Payments for capital assets	51.0	66.2	44.1	39.5	3.0	42.5	42.5
Buildings and other fixed structures	31.2	31.3	5.2	23.1	—	23.1	23.1
Machinery and equipment	18.8	33.4	37.1	15.8	2.5	18.3	18.3
Cultivated assets	—	0.5	0.5	—	0.3	0.3	0.3
Software and intangible assets	1.1	0.9	1.3	0.6	0.2	0.8	0.8
Total	2 285.0	3 474.1	3 332.8	2 534.7	403.1	2 937.7	2 819.6

Table 23.B Summary of personnel numbers and compensation of employees

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Permanent and full time contract employees							
Compensation (R million)	353.7	429.6	443.3	544.4	643.5	719.5	781.4
Unit cost (R million)	0.1	0.1	0.1	0.2	0.2	0.2	0.2
Personnel numbers (head count)	3 399	3 399	3 183	3 255	3 255	3 255	3 255
Part time and temporary contract employees							
Compensation (R million)	1.8	1.9	2.0	2.1	2.2	2.2	2.2
Unit cost (R million)	0.1	0.1	0.1	0.0	0.0	0.0	0.0
Personnel numbers (head count)	18	18	18	61	61	61	61
Interns							
Compensation of interns (R million)	3.2	3.4	3.5	3.7	3.9	3.9	3.9
Unit cost (R million)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Number of interns	81	81	81	137	137	137	137
Total for department							
Compensation (R million)	358.7	434.8	448.8	550.1	649.6	725.6	787.4
Unit cost (R million)	0.1	0.1	0.1	0.2	0.2	0.2	0.2
Personnel numbers (head count)	3 498	3 498	3 282	3 453	3 453	3 453	3 453

Table 23.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Compensation of employees (R million)	358.7	434.8	448.8	550.1	649.6	725.6	787.4
Training expenditure (R million)	10.9	11.2	19.9	29.2	15.2	17.4	19.3
Training as percentage of compensation	3.0%	2.6%	4.4%	5.3%	2.3%	2.4%	2.5%
Total number trained in department (head count)	951	2 305	1 911	2 103			
<i>of which:</i>							
Employees receiving bursaries (head count)	112	140	217	183			
Learnerships trained (head count)	34	35	51	23			
Internships trained (head count)	138	168	165	215			
Households receiving bursaries (R million)	8.3	8.3	7.3	5.0	8.7	9.3	9.8
Households receiving bursaries (head count)	232	247	265	273			

Table 23.D Summary of conditional grants to provinces and municipalities¹

R million	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Conditional grants to provinces							
2. Production and Resources Management							
Ilima / Letsema projects	–	–	–	96.0	50.0	200.0	400.0
Agricultural starter packs	–	–	–	76.0	–	–	–
LandCare programme grant: poverty relief and infrastructure development grant	40.0	55.7	46.7	51.0	51.4	54.5	57.8
3. Agriculture Support Services							
Disaster management	120.0	45.4	300.0	136.8	60.0	–	–
Comprehensive agricultural support programme grant	250.0	300.0	415.0	538.1	715.4	862.4	979.3
Total	410.0	401.1	761.7	898.0	876.8	1 116.9	1 437.1

1. Detail provided in the Division of Revenue Act (2009)

Table 23.E Summary of donor funding

Donor	Project	Departmental programme name	Amount committed	Main economic classification	Spending focus	Audited outcome			Estimate	Medium-term expenditure estimate		
						2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
R thousand												
Foreign												
In cash												
European Community	South African pesticides initiative programme – portfolio 791	Food Safety and Biosecurity	–	Foreign governments and international organisations	Reduction in pesticide trace elements in fruit intended for export	5 590	8 025	17 673	–	–	–	–
Total			–			5 590	8 025	17 673	–	–	–	–

Table 23.F Summary of expenditure on infrastructure

	Type of infrastructure	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
					2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
R million											
Small projects or programmes (costing less than R50 million per year)	Building	Quarantine station	Design	15.0	–	–	7.9	3.0	12.4	0.5	–
	Building	Additional office building	Construction	14.5	–	–	–	5.0	2.5	–	–
	Construction of glass house, Stellenbosch PHQS	New glass house at PHQS	New request	5.8	–	–	–	–	0.8	3.0	2.0
	Building	New laboratory	New request	20.0	–	–	–	–	–	10.0	10.0
	Building	New hostel for students	New request	30.6	–	–	–	5.0	–	–	10.6
	Repairs to buildings	Upgraded facilities	New request	23.3	–	13.1	–	10.1	6.8	11.7	4.8
	Elephant control and normal fence	20km elephant fence and 20km normal fence per year	In progress	600.0	25.0	19.7	31.8	18.6	19.0	19.0	19.0
	Boreholes	Sighting and drilling of 100 boreholes per year	In progress	–	15.3	7.1	12.6	13.1	16.0	6.0	6.0
	Farm structures	Area wide project plans	in progress	–	–	–	–	2.6	5.0	5.0	5.0
	Building	Upgraded facilities	Finalised	–	8.4	–	–	–	–	–	–
	Building	Office accommodation	Finalised	–	8.8	3.4	–	–	–	–	–
Total				709.2	57.5	43.3	52.3	57.3	62.5	55.2	57.3

