

VOTE 26

*Agriculture, Forestry
and Fisheries*



National Treasury

BUDGET 2012

ESTIMATES OF NATIONAL EXPENDITURE



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

Estimates of National Expenditure

2012

National Treasury

Republic of South Africa

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The Estimates of National Expenditure 2012 e-publications are compiled with the latest available information from departmental and other sources. Some of this information is unaudited or subject to revision.

The Estimates of National Expenditure e-publications for individual votes are available on www.treasury.gov.za.

Compared to the abridged version of the Estimates of National Expenditure, these publications contain more comprehensive coverage of goods and services, transfers and subsidies, and public entities. Additional tables are included containing information on the main and adjusted appropriation, with revised spending estimates for the current financial year, on skills training, conditional grants to provinces and municipalities, public private partnerships and information on donor funding. Expenditure information at the level of service delivery is also included, where appropriate.

Foreword

The current global economic context is characterised by high levels of uncertainty. Against this backdrop, South Africa's development depends largely on government improving its level and quality of service delivery in support of the inclusive and equitable economic roadmap, as contained in the new growth path. The 2012 Budget is an important tool of government for giving effect to these objectives, and this Budget allocates resources to specific interventions that will be actioned over the period of the medium term expenditure framework (MTEF). Growth in spending focuses particularly on infrastructure development, job creation, enterprise support and the enhancement of local government delivery.

South Africa's fiscal stance and public spending programmes are focused on long term structural transformation. Over the next three years of the MTEF period, government priorities will continue to be realised within a sustainable fiscal trajectory, which balances current needs with intergenerational equity. In line with this, spending baselines have undergone rigorous review, areas of inefficiency and lower priority have been identified, and funds have been redirected towards government's key priorities, both new and existing. This has been done in recognition of the relationship between the composition of spending and fiscal sustainability over the long term. Here, the balance between consumption and investment is extremely important. Even the distribution of consumption spending between wages, goods and services and transfers is significant, as is the balance between the functional categories expenditure (such as education, health and economic services). Underspensing on key priorities undermines the aims of the spending proposed within MTEF Budgets.

Since introducing the functional approach to budget decision-making in 2009, transparency and coordination in budgeting has been enhanced, largely due to the participation by the stakeholders responsible for delivery across all spheres of government. South African budget reforms, especially the intensified focus on budget trade-offs and the composition of expenditure, will lead to greater accountability and improved control.

It is not enough to demonstrate a change in the composition of budgeted expenditure; nor is it enough to pinpoint the specific actions required and proposed within the Budget. Success will only be achieved when we can demonstrate that a shift in the composition of actual expenditure has taken place, together with the achievement of improved delivery targets.

This year, the layout of this publication has been altered substantially. The focus is on linking more closely expenditure planned with targeted performance. Specific focus is on the outcomes to which institutions contribute and the output and other performance measures supporting them. The sections covering employee numbers, personnel budgets and the purpose and key activities of each subprogramme within a vote are now more prominent, giving expression to the budget and service delivery. This publication still indicates details per vote of the allocation of new monies, monies reprioritised between or within budget programmes, and Cabinet approved budget reductions over the period ahead. Compared to the abridged version of the Estimates of National Expenditure, the e-publications for each vote contain more comprehensive coverage of goods and services, transfers and subsidies, and public entities. Additional tables are included, containing information on: the main and adjusted appropriation, with revised spending estimates for the current financial year; skills training; conditional grants to provinces and municipalities; public private partnerships; and donor funding. Expenditure information at the level of service delivery is also included, where appropriate.

The expenditure estimates of departments are the outcome of a rigorous administrative and executive process. Treasury budget analysts, under the guidance of the Ministers' Committee on the Budget, follow a wide-ranging intergovernmental consultative process, working closely with the policy and budget teams of departments and entities to ensure that government priorities are appropriately funded within the available resource envelope. The Treasury is grateful for the contribution of these teams. Appreciation is also due to the people in the Treasury team, who worked with great diligence to produce a high quality document that provides a comprehensive account of government's spending and performance plans.



Lungisa Fuzile
Director General: National Treasury

Introduction

The Estimates of National Expenditure publications

The Estimates of National Expenditure publications are important accountability documents, which set out the details in relation to planned expenditure and planned performance at the time of the tabling of the Budget. Estimates of National Expenditure publications continue to make a significant contribution to the changes relating to budgeting by programme. As part of these ongoing efforts, several changes have been made to the 2012 Estimates of National Expenditure publications. Departments still provide information on the key objectives of each subprogramme within a programme, and note the activities carried out, the number of personnel responsible for undertaking these activities and the funding allocations supporting this. This year in the 2012 publications, information on expenditure and performance is more closely linked under the 'expenditure trends' section, with a brief discussion on the impact of budget allocations on the achievement of outputs over the seven-year period. In addition, an explanation of the personnel trends, per programme by salary level, over the seven years in relation to compensation of employees has also been included. Finally, information on Cabinet approved cost reduction measures and other budget reprioritisation has been included per programme.

The 2012 abridged Estimates of National Expenditure publication, and the separate Estimates of National Expenditure e-publications for each vote are the product of an extensive consultative review process of budgets and policy, and policy implementation by programme, and include the latest improvements in non-financial performance information. These publications provide the details of the spending estimates for the next three financial years (2012/13 to 2014/15), expenditure outcomes for the past three years (2008/09 to 2010/11) and revised estimates for the current financial year (2011/12). Information is provided on performance targets over the seven year period as well as changes in these, as they relate to trends in planned expenditure.

The e-publications for individual votes contain more comprehensive coverage of goods and services, transfers and subsidies, and public entities. Additional tables are included containing information on: the main and adjusted appropriation, with revised spending estimates for the current financial year; skills training; conditional grants to provinces and municipalities; public private partnerships; and donor funding. Expenditure information at the level of service delivery is also included, where appropriate.

A consolidated account, summarising the Estimates of National Expenditure publication information across votes, is provided in the form of a narrative and summary tables in the Introduction chapter, which is included in the front pages of the abridged version of the Estimates of National Expenditure. A write-up containing the explanation of the information that is contained in each section of the publications has also been included in the abridged version of the Estimates of National Expenditure. Like the separate Estimates of National Expenditure e-publications for each vote, the abridged Estimates of National Expenditure publication is also available on www.treasury.gov.za.

Agriculture, Forestry and Fisheries

**National Treasury
Republic of South Africa**



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Vote 26

Agriculture, Forestry and Fisheries

Budget summary

R thousand	2012/13				2013/14	2014/15
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	612 935	604 446	1 553	6 936	656 688	688 626
Agricultural Production, Health and Food Safety	1 891 603	494 720	1 358 530	38 353	1 948 464	2 117 217
Food Security and Agrarian Reform	1 408 635	178 379	1 197 336	32 920	1 600 263	1 713 033
Trade Promotion and Market Access	212 033	123 547	87 920	566	223 832	243 630
Forestry	1 261 775	690 696	520 769	50 310	1 193 538	1 194 229
Fisheries	411 791	158 834	252 957	-	352 905	372 410
Total expenditure estimates	5 798 772	2 250 622	3 419 065	129 085	5 975 690	6 329 145
Executive authority	Minister of Agriculture, Forestry and Fisheries					
Accounting officer	Director General of Agriculture, Forestry and Fisheries					
Website address	www.daff.gov.za					

Aim

Lead, support and promote agricultural, forestry and fisheries resources management through policies, strategies and programmes to enhance sustainable use, and to achieve economic growth, job creation, food security, rural development and transformation.

Programme purposes

Programme 1: Administration

Purpose: Provide strategic leadership, management and support services to the department.

Programme 2: Agricultural Production, Health and Food Safety

Purpose: Manage the risks associated with animal diseases, plant pests, genetically modified organisms and the registration of products used in agriculture. Promote food safety and create an enabling environment for increased and sustainable agricultural production.

Programme 3: Food Security and Agrarian Reform

Purpose: Facilitate and promote food security and agrarian reform programmes and initiatives.

Programme 4: Trade Promotion and Market Access

Purpose: Ensure value chain integration, and facilitate market access for agriculture, forestry and fisheries products.

Programme 5: Forestry

Purpose: Develop and facilitate the implementation of policies and targeted programmes to ensure the management of forests, and the sustainable use and protection of land and water. Manage agricultural risks and disasters.

Programme 6: Fisheries

Purpose: Promote development, management, monitoring and sustainable use of marine living resources and the development of the fisheries sector.

Strategic overview: 2008/09 – 2014/15

The Department of Agriculture, Forestry and Fisheries' legal mandate covers the agriculture, forestry and fisheries value chains, from inputs, production and value adding, to retailing. The department aims to create effective national regulatory services and risk management systems by establishing and maintaining effective early warning and mitigation systems to manage the risks associated with food, diseases, pests, natural disasters and trade. The department is working towards the sustained management of natural resources by promoting environmentally sustainable production systems and the efficient use of natural resources to ensure the protection of indigenous genetic resources and to improve livelihoods. This strategic goal underpins government's food security initiative to improve production systems, by promoting efficient production, handling and processing of food, commodities fibre and timber. By coordinating the provision of training and extension support, the department will ensure increasingly profitable production of food, fibre and timber products by subsistence, smallholder and commercial producers.

Outcomes based approach

In relation to government's outcomes based performance management approach, the department directly contributes to: decent employment through inclusive economic growth (outcome 4) through improved support to small business and cooperatives (output 2); vibrant, equitable and sustainable rural communities and food security for all (outcome 7) through sustainable agrarian reform (output 1), improved access to affordable and diverse food (output 2), improved rural services to support livelihoods (output 3), and rural job creation linked to skills training and promoting economic livelihoods (output 4); and environmental assets and natural resources that are well protected and continually enhanced (outcome 10) by protecting the country's biodiversity (output 4).

The department is focusing on policy development that targets smallholder producers, the implementation of the Zero Hunger programme, job creation, and broader levels of economic participation.

Focus over the medium terms

The agriculture, forestry and fisheries sectors contributed 2.4 per cent to GDP in 2010, a decrease from 2.9 per cent in 2009. By contrast, the tertiary sector contributed 67.2 per cent. In total, the agriculture, forestry and fisheries sector employs approximately 625 000 workers. The agriculture value chain is one of the priority sectors in government's industrial policy action plan 2 for economic growth and job creation. With the implementation of agro-processing initiatives under this plan and plans to elevate agriculture to a priority sector in the new growth path, the department will attempt to reverse declining employment trends over the medium to long term. Resources will be redirected to smallholder farmer support programmes, such as extension services, and farmer training and market access support.

The department will continue to facilitate increased growth, income, private and public investment, and access to domestic and international markets for South African agricultural, forestry and fisheries products. Sustainable job opportunities in the value chain will ensure improved social and working conditions in the sector. All these functions are critical for the department to ensure comprehensive support for rural development and food security. Facilitating greater economic participation by previously disadvantaged individuals, and increased equity and wider ownership may also contribute towards a transformed and united sector.

Selected performance indicators

Table 26.1 Agriculture, Forestry and Fisheries

Indicator	Programme	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of smallholder farmers supported per year to increase production ¹	Agricultural Production, Health and Food Safety	–	–	–	18 194	18 026	18 104	17 754
Number of biosecurity standards, operating procedures and directives issued each year	Agricultural Production, Health and Food Safety	2	2	2	2	3	3	3
Number of farmers benefiting from production guidelines and other interventions per year	Agricultural Production, Health and Food Safety	500	1 000	2 000	5 000	10 000	15 000	20 000
Number of trainees on industry focused farmer training programmes per year	Food Security and Agrarian Reform	1 000	2 000	3 000	3 000	4 000	4 000	4 000
Number of beneficiaries accessing the comprehensive agricultural support programme each year	Food Security and Agrarian Reform	37 900	26 300	32 175	33 000	35 000	35 000	35 000
Number of farmers awarded production loans under the Micro Agricultural Financial Institutions of South Africa scheme each year	Food Security and Agrarian Reform	150	5 324	5 500	6 000	6 500	7 000	7 500
Number of new smallholder farmers established per year	Food Security and Agrarian Reform	–	–	5 000	15 000	15 000	15 000	15 000
Number of cooperatives established per year	Food Security and Agrarian Reform	–	–	–	90	108	126	144
Number of commodity associations established per year	Food Security and Agrarian Reform	–	–	–	12	12	12	9
Number of extension personnel accessing extension recovery plan packages per year	Food Security and Agrarian Reform	2 000	2 350	2 567	2 975	3 300	3 500	3 500
Number of smallholder producers accessing appropriate training per year	Food Security and Agrarian Reform	–	–	5 000	15 000	15 000	15 000	15 000
Number of new jobs created in agro-processing per year	Trade Promotion and Market Access	–	11 400	46 000	28 410	10 820	11 870	13 021
Number of hectares revitalised for irrigation per year ²	Forestry	28 874	30 000	33 000	250	250	250	250
Number of trees planted in the Million Trees programme per year ³	Forestry	1 million	1 million	1 million	100 000	120 000	150 000	100 000
Number of jobs created through the community works programme and expanded public works programme in rural areas per year	Forestry	–	–	–	65	60	60	60
Number of hectares of degraded indigenous forests and woodlands rehabilitated per year	Forestry	–	–	800	800	10 000	10 000	10 000
Number of hectares of land under rehabilitation per year	Forestry	–	–	–	150 000	150 000	150 000	150 000
Number of hectares planted/afforested per year	Forestry	–	–	–	10 000	10 000	10 000	10 000

Table 26.1 Agriculture, Forestry and Fisheries (continued)

Indicator	Programme	Past			Current 2011/12	Projections		
		2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
Number of small growers supported per year	Forestry	-	-	-	2 500	1 000	1 000	1 000
Number of jobs created through the refurbishment of category B and C plantations per year	Forestry	-	-	150	250	2 300	2 700	2 200
Number of assessments conducted per year to determine the state of resources in the fisheries sector	Fisheries	21	21	22	22	22	22	22
Number of research projects conducted per year on the feasibility of South Africa's aquaculture species	Fisheries	2	2	2	2	2	2	2
Number of aquaculture (fish farming) pilot projects launched per year	Fisheries	2	3	1	1	3	2	2
Number of job opportunities, as measured by full time equivalents, created through the expanded public works programme per year ⁴	Fisheries	-	-	978	1 100	1 091	-	-
Number of fish farms established per year	Fisheries	-	-	-	3	3	3	3
Number of fish processing units established per year	Fisheries	-	-	-	2	3	3	2
Number of community projects implemented through Working for Fisheries per year	Fisheries	-	-	-	10	15	15	10

1. The process started in 2011/12.

2. Targets were revised as previous projections were not achievable. The revised projections are more realistic.

3. Targets were revised to reflect what the national department is responsible for and exclude what is done by provincial departments.

4. Projections could not be provided for this indicator as funding is not available in the last two years of the MTEF period.

Expenditure estimates

Table 26.2 Agriculture, Forestry and Fisheries

Programme	Audited outcome			Adjusted appropriation 2011/12	Revised estimate	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11			2012/13	2013/14	2014/15
R thousand								
Administration	430 354	785 060	481 228	574 472	574 472	612 935	656 688	688 626
Agricultural Production, Health and Food Safety	1 167 641	1 029 230	1 234 407	1 689 757	1 689 757	1 891 603	1 948 464	2 117 217
Food Security and Agrarian Reform	797 934	900 619	1 048 454	1 253 940	1 253 940	1 408 635	1 600 263	1 713 033
Trade Promotion and Market Access	186 614	185 218	145 333	205 398	205 398	212 033	223 832	243 630
Forestry	804 143	861 587	682 129	895 350	895 350	1 261 775	1 193 538	1 194 229
Fisheries	178 213	200 041	259 113	345 532	345 532	411 791	352 905	372 410
Total	3 564 899	3 961 755	3 850 664	4 964 449	4 964 449	5 798 772	5 975 690	6 329 145
Change to 2011 Budget estimate				244 708	244 708	486 740	472 482	550 865

Economic classification

Current payments	1 602 689	1 724 288	1 755 364	2 033 575	2 033 575	2 250 622	2 398 995	2 540 136
Compensation of employees	931 287	1 082 214	1 189 923	1 296 769	1 296 769	1 502 560	1 576 956	1 658 499
Goods and services	671 399	641 323	564 246	734 981	734 981	746 424	820 287	879 799
of which:								
Administrative fees	38 744	51 509	45 008	53 515	53 515	60 702	62 767	64 754

Table 26.2 Agriculture, Forestry and Fisheries (continued)

R thousand	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
Economic classification								
<i>Advertising</i>	14 906	10 311	13 629	9 242	9 242	9 655	10 535	11 393
<i>Assets less than the capitalisation threshold</i>	8 131	7 344	4 727	39 680	39 680	44 334	46 369	50 117
<i>Audit cost: External</i>	4 878	7 339	9 949	11 872	11 872	12 200	12 993	13 552
<i>Bursaries: Employees</i>	1 887	2 439	2 332	3 595	3 595	4 055	3 960	4 335
<i>Catering: Departmental activities</i>	1 844	1 462	2 593	2 842	2 842	3 240	3 509	3 803
<i>Communication</i>	30 824	31 079	23 421	20 878	20 878	28 502	36 991	40 025
<i>Computer services</i>	24 877	21 065	20 226	38 299	38 299	33 217	34 695	35 105
<i>Consultants and professional services: Business and advisory services</i>	27 820	49 547	45 296	35 528	35 528	37 082	40 132	43 208
<i>Consultants and professional services: Infrastructure and planning</i>	62 585	34 175	12 366	21 385	21 385	17 622	18 718	21 778
<i>Consultants and professional services: Laboratory services</i>	459	834	337	785	785	723	817	823
<i>Consultants and professional services: Legal costs</i>	2 122	3 095	1 979	1 640	1 640	898	1 783	1 589
<i>Contractors</i>	14 268	12 787	14 581	53 051	53 051	34 994	38 134	44 295
<i>Agency and support / outsourced services</i>	76 298	51 875	59 940	61 807	61 807	59 135	72 003	77 442
<i>Entertainment</i>	341	321	297	446	446	473	473	473
<i>Fleet services (including government motor transport)</i>	13 750	14 876	10 847	9 517	9 517	9 433	11 693	14 923
<i>Inventory: Food and food supplies</i>	645	366	1 226	1 523	1 523	1 714	1 996	2 395
<i>Inventory: Fuel, oil and gas</i>	4 662	3 924	2 293	5 082	5 082	8 002	9 100	10 821
<i>Inventory: Learner and teacher support material</i>	228	147	93	179	179	345	416	393
<i>Inventory: Materials and supplies</i>	6 259	7 435	3 779	6 030	6 030	7 173	7 341	9 627
<i>Inventory: Medical supplies</i>	2 570	10 252	161	2 895	2 895	2 589	2 696	3 826
<i>Inventory: Medicine</i>	–	–	8 370	11 677	11 677	1 063	1 110	1 172
<i>Inventory: Other consumables</i>	57 651	56 107	24 378	47 824	47 824	60 848	66 727	70 477
<i>Inventory: Stationery and printing</i>	14 263	12 129	13 243	21 647	21 647	20 840	23 642	25 544
<i>Lease payments</i>	13 441	17 479	20 443	33 172	33 172	58 062	61 959	68 798
<i>Property payments</i>	23 652	20 190	14 723	54 385	54 385	37 605	40 421	42 820
<i>Transport provided: Departmental activity</i>	–	21	566	30	30	20	20	20
<i>Travel and subsistence</i>	164 731	175 689	133 143	128 647	128 647	125 275	136 986	140 712
<i>Training and development</i>	23 061	14 543	37 740	31 807	31 807	35 891	37 276	40 014
<i>Operating expenditure</i>	6 444	7 341	8 573	12 007	12 007	11 150	11 246	12 085
<i>Venues and facilities</i>	30 058	15 642	27 987	13 994	13 994	19 342	23 487	23 215
<i>Rental and hiring</i>	–	–	–	–	–	240	292	265
<i>Interest and rent on land</i>	3	751	1 195	1 825	1 825	1 638	1 752	1 838
Transfers and subsidies	1 903 756	2 155 041	1 983 747	2 785 304	2 785 304	3 419 065	3 443 385	3 655 343
Provinces and municipalities	898 309	974 202	1 126 210	1 652 183	1 652 183	2 066 912	2 147 959	2 194 046
Departmental agencies and accounts	696 896	682 353	792 928	1 007 843	1 007 843	1 271 365	1 211 217	1 370 097
Higher education institutions	6 251	1 900	–	2 712	2 712	5 800	6 050	6 300
Foreign governments and international organisations	35 303	29 667	29 629	35 238	35 238	22 540	22 117	23 937
Public corporations and private enterprises	98 340	438 790	8 337	39 923	39 923	37 382	40 166	42 541

Table 26.2 Agriculture, Forestry and Fisheries (continued)

R thousand	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
Economic classification								
Non-profit institutions	17 232	14 300	6 696	12 206	12 206	13 251	13 859	16 433
Households	151 425	13 829	19 947	35 199	35 199	1 815	2 017	1 989
Payments for capital assets	57 507	81 952	111 301	145 570	145 570	129 085	133 310	133 666
Buildings and other fixed structures	22 494	22 807	47 121	43 032	43 032	36 860	38 441	40 138
Machinery and equipment	34 036	58 619	62 397	102 176	102 176	91 837	94 430	93 054
Biological assets	550	111	13	–	–	310	319	327
Software and other intangible assets	427	415	1 770	362	362	78	120	147
<i>of which:</i>								
Capitalised compensation	9 567	11 638	17 835	13 255	13 255	15 045	15 798	16 587
Capitalised goods and services	13 268	8 822	46 347	57 458	57 458	64 148	65 980	64 486
Payments for financial assets	947	474	252	–	–	–	–	–
Total	3 564 899	3 961 755	3 850 664	4 964 449	4 964 449	5 798 772	5 975 690	6 329 145

Expenditure trends

The spending focus over the medium term will be on making transfer payments to the Agricultural Research Council (R2.9 billion); the National Agricultural Marketing Council (R99.2 million); the Land and Agricultural Development Bank of South Africa in respect of the broad based black economic empowerment framework for agriculture (R99.8 million); conditional grants to provinces for the comprehensive agricultural support programme, LandCare and Ilima/Letsema (R6.4 billion); public corporation and private enterprises (R20.3 million); and international organisations for membership fees (R68.6 million).

Expenditure increased from R3.6 billion in 2008/09 to R5 billion in 2011/12, at an average annual rate of 11.7 per cent, and is projected to increase to R6.3 billion over the medium term, at an average annual rate of 8.4 per cent. The historical increase is due to funds transferred to the department from the departments of water affairs and environmental affairs for forestry and fishery in 2009/10 and 2010/11. The increase over the medium term is due to increases in the conditional grant allocation for the comprehensive agricultural support programme, Ilima/Letsema, and LandCare. These allocations are projected to increase from R1.7 billion in 2011/12 to R2.2 billion in 2014/15, at an average annual rate of 9.9 per cent. Expenditure on consultants is expected to decrease from R59.3 million in 2011/12 to R56.3 million in 2012/13, due to the conclusion of the programme to combat the avian influenza and foot and mouth disease outbreaks in 2011/12.

The department receives additional allocations of R551.7 million, R507.3 million and R610.5 million over the medium term for the following:

- R27.9 million, R31 million and R34.5 million to improve conditions of service
- R8.7 million in 2012/13 for the Working for Fisheries component of the expanded public works programme incentive
- R398.2 million, R299 million and R298.2 million for the disasters and flood damaged infrastructure component of the comprehensive agricultural support programme
- R77 million, R128 million and R195 million for the Agricultural Research Council for the economic competitiveness and support package
- R33 million, R42 million and R75 million for provincial and rural agricultural colleges for the economic competitiveness and support package
- R2.8 million, R3 million and R3.2 million to be transferred from the Department of Water Affairs for the forestry function's accommodation costs
- R6 million, R6.3 million and R6.6 million for improvements to conditions of service for the Agricultural Research Council

- R1 million, R1.1 million and R1.1 million for improvements to conditions of service for the National Agricultural Marketing Council
- A Cabinet approved baseline cut of R416.3 million was also made over the MTEF period (R114.8 million, R124.5 million and R146.9 million), details of which are discussed in the subprogrammes where applicable.

Infrastructure spending

The department is funding numerous small infrastructure projects, which are in various stages of implementation. The total cost of the project is estimated at R1.3 billion, including R76 million for fences along South Africa's borders with Zimbabwe and Mozambique to manage the spread of foot and mouth disease, R24.9 million to drill and fit boreholes for agricultural purposes in rural communities across the country, and R22 million for the Lesotho border fence. R55 million in 2012/13 and R45 million in 2013/14 will be used for fencing under the LandCare programme grant. Between 2008/09 and 2010/11, the department spent R145.4 million on these small infrastructure projects, and expects to spend R180.9 million on these over the medium term.

Personnel information

Table 26.3 Details of approved establishment and personnel numbers according to salary level¹

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of posts additional to the establishment	Actual			Mid-year ²	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Department	7 094	7 094	185	2 796	7 042	7 094	7 083	7 056	7 056	7 056
Salary level 1 – 6	4 348	4 348	134	1 410	4 334	4 348	4 335	4 309	4 309	4 309
Salary level 7 – 10	2 134	2 134	28	1 168	2 237	2 163	2 127	2 147	2 147	2 147
Salary level 11 – 12	481	481	15	163	362	452	489	468	468	468
Salary level 13 – 16	131	131	8	55	109	131	132	132	132	132
Administration	1 093	1 093	120	705	992	1 093	1 078	1 078	1 078	1 078
Salary level 1 – 6	534	534	101	391	488	534	519	519	519	519
Salary level 7 – 10	413	413	10	238	384	413	413	413	413	413
Salary level 11 – 12	90	90	3	50	81	90	90	90	90	90
Salary level 13 – 16	56	56	6	26	39	56	56	56	56	56
Agricultural Production, Health and Food Safety	1 489	1 489	3	537	1 466	1 489	1 492	1 492	1 492	1 492
Salary level 1 – 6	617	617	1	325	656	617	619	619	619	619
Salary level 7 – 10	720	720	–	185	704	720	715	715	715	715
Salary level 11 – 12	137	137	2	18	92	137	143	143	143	143
Salary level 13 – 16	15	15	–	9	14	15	15	15	15	15
Food Security and Agrarian Reform	499	499	10	323	497	499	499	499	499	499
Salary level 1 – 6	309	309	–	152	272	309	309	309	309	309
Salary level 7 – 10	137	137	2	139	182	137	134	134	134	134
Salary level 11 – 12	40	40	8	23	33	40	43	43	43	43
Salary level 13 – 16	13	13	–	9	10	13	13	13	13	13
Trade Promotion and Market Access	158	158	4	105	148	158	159	159	159	159
Salary level 1 – 6	29	29	–	21	18	29	29	29	29	29
Salary level 7 – 10	95	95	2	69	110	95	96	96	96	96
Salary level 11 – 12	20	20	1	13	13	20	19	19	19	19
Salary level 13 – 16	14	14	1	2	7	14	15	15	15	15
Forestry	3 251	3 251	39	1 126	3 201	3 251	3 251	3 224	3 224	3 224
Salary level 1 – 6	2 721	2 721	24	521	2 692	2 721	2 721	2 695	2 695	2 695
Salary level 7 – 10	443	443	14	537	445	443	443	443	443	443
Salary level 11 – 12	72	72	–	59	49	72	72	71	71	71
Salary level 13 – 16	15	15	1	9	15	15	15	15	15	15
Fisheries	604	604	9	–	738	604	604	604	604	604
Salary level 1 – 6	138	138	8	–	208	138	138	138	138	138
Salary level 7 – 10	326	326	–	–	412	355	326	346	346	346
Salary level 11 – 12	122	122	1	–	94	93	122	102	102	102
Salary level 13 – 16	18	18	–	–	24	18	18	18	18	18

¹ Data has been provided by the department and may not necessarily reconcile with official government personnel data.

² As at 30 September 2011.

As at 30 September 2011, the department had an establishment of 7 094 funded posts, of which 6 171 were filled. The number of filled posts is expected to increase to 6 634 over the medium term as a result of the lifting of a moratorium on the filling of vacant posts. There were 926 vacancies within the department, 356 of which were in salary levels 7 to 9. Most vacancies were in the *Forestry* programme. The ratio of support staff to line staff was 1:7. In April 2011, the department undertook a reconfiguration exercise and implemented a new organisational structure.

Departmental receipts

Table 26.4 Receipts

R thousand	Audited outcome			Adjusted estimate	Revised estimate	Medium-term receipts estimate		
	2008/09	2009/10	2010/11	2011/12		2012/13	2013/14	2014/15
Departmental receipts	254 006	250 534	156 961	122 011	139 327	144 916	150 602	156 978
Sales of goods and services produced by department	107 693	108 883	126 973	93 613	109 081	112 900	117 070	121 874
Sales by market establishments	5 351	2 843	2 864	1 910	2 417	2 980	3 360	3 535
of which:								
Market establishment: Dwelling	4 894	2 295	2 499	1 458	1 918	2 100	2 380	2 445
Market establishment: Rental parking - Covered and open	15	239	251	-	-	326	330	340
Market establishment: Rental other machinery and equipment	187	1	-	130	177	210	260	310
Sales of wool/skin	255	308	114	322	322	344	390	440
Administration fees	55 498	75 143	88 226	60 133	72 094	74 100	76 570	79 899
of which:								
Farm feeds registration	3 842	5 353	11 233	8 600	9 200	9 800	10 100	11 600
Plant breeders rights registration	2 334	2 124	1 991	2 500	4 300	4 500	5 000	5 500
Stock remedy	3 921	627	754	4 446	4 800	4 900	5 100	5 300
Inspection fees: Statutory services	26 998	47 718	50 272	31 200	40 300	41 000	42 300	43 000
Other administration fees	18 403	19 321	23 976	13 387	13 494	13 900	14 070	14 499
Other sales	46 844	30 897	35 883	31 570	34 570	35 820	37 140	38 440
of which:								
Services rendered: Boarding service-private	967	1 348	1 109	1 400	1 800	1 900	2 050	2 200
Services rendered: Commission insurance	768	805	60	1 100	1 300	1 460	1 660	1 800
Services rendered: Course fees	750	1 389	-	1 300	1 600	1 800	1 950	2 100
Laboratory services: Plant	654	1 088	1 041	1 600	2 100	2 260	2 580	2 840
Other sales	43 705	26 267	33 673	26 170	27 770	28 400	28 900	29 500
Sales of scrap, waste, arms and other used current goods	4	4	28	8	8	9	10	11
of which:								
Sales of waste paper	4	4	28	8	8	9	10	11
Transfers received	80	9	9	-	2	3	3	3
Fines, penalties and forfeits	10	53	43	30	45	4	4	4
Interest, dividends and rent on land	9 752	12 519	8 130	11 930	13 761	15 000	15 965	16 961
Interest	9 386	11 758	7 240	11 230	11 230	12 300	12 915	13 561
Rent on land	366	761	890	700	2 531	2 700	3 050	3 400
Sales of capital assets	330	1 605	513	500	500	1 000	1 050	1 103
Transactions in financial assets and liabilities	136 137	127 461	21 265	15 930	15 930	16 000	16 500	17 022
Total	254 006	250 534	156 961	122 011	139 327	144 916	150 602	156 978

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, providing quarantine and inspection services, and the sale of wood products from commercial forestry operations. Other receipts accrue from interest payments, rent on land, sales of capital assets, and financial transactions in assets and liabilities. Total revenue is projected to increase from R139.3 million in 2011/12 to R157 million in 2014/15, at an average annual rate of 4.1 per cent, due to tariff increases.

Programme 1: Administration

Expenditure estimates

Table 26.5 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R thousand							
Ministry	22 095	24 119	31 749	20 715	27 195	28 644	29 973
Department Management	15 155	17 405	21 042	19 560	29 132	33 252	35 804
Financial Administration	137 094	481 425	119 784	148 826	139 940	148 228	155 047
Internal Audit	3 455	4 758	8 775	7 306	7 832	8 257	8 629
Corporate Services	79 794	85 083	107 038	123 674	133 084	151 439	159 446
Stakeholder Relations, Communication and Legal Services	31 615	34 254	48 487	40 908	43 707	46 083	48 236
Policy, Planning, Monitoring and Evaluation	74 863	55 166	59 297	104 113	87 210	89 097	92 792
Office Accommodation	66 283	82 850	85 056	109 370	144 835	151 688	158 699
Total	430 354	785 060	481 228	574 472	612 935	656 688	688 626
Change to 2011 Budget estimate				(722 486)	(848 025)	(776 419)	(821 966)

Economic classification

	372 135	381 724	442 565	551 838	604 446	647 997	679 828
Current payments							
Compensation of employees	181 642	208 395	241 446	276 588	315 981	327 506	343 037
Goods and services	190 493	173 329	200 880	274 981	288 239	320 236	336 536
<i>of which:</i>							
Administrative fees	35 519	49 143	43 987	50 445	57 826	59 567	61 371
Advertising	3 522	2 132	2 251	2 642	3 253	3 408	4 385
Assets less than the capitalisation threshold	1 294	1 016	1 837	2 490	2 811	2 596	3 217
Audit cost: External	4 878	7 339	9 949	11 872	12 200	12 993	13 552
Bursaries: Employees	555	824	781	858	1 032	915	1 170
Catering: Departmental activities	265	309	1 532	613	757	790	925
Communication	14 985	15 906	12 077	8 434	14 509	22 424	23 099
Computer services	15 193	14 909	16 691	26 845	18 330	18 999	18 870
Consultants and professional services: Business and advisory services	92	16 491	12 652	12 182	18 319	19 042	19 992
Consultants and professional services: Infrastructure and planning	14 084	–	–	–	–	–	–
Consultants and professional services: Legal costs	557	415	313	89	130	143	145
Contractors	2 156	3 748	5 960	1 341	2 470	7 659	9 980
Agency and support / outsourced services	35 865	12 574	20 158	15 960	9 327	9 736	10 589
Entertainment	226	163	172	284	294	294	294
Fleet services (including government motor transport)	2 312	2 717	2 511	1 729	2 394	2 705	3 131
Inventory: Food and food supplies	463	–	–	–	3	3	3
Inventory: Fuel, oil and gas	241	145	23	145	72	83	144
Inventory: Learner and teacher support material	70	38	22	26	5	8	11
Inventory: Materials and supplies	291	1 006	477	354	411	539	689
Inventory: Medical supplies	–	8	5	5	3	3	3
Inventory: Medicine	–	–	–	–	5	5	5
Inventory: Other consumables	762	879	983	1 275	833	932	1 038
Inventory: Stationery and printing	4 919	4 423	4 640	6 705	7 323	8 354	8 655
Lease payments	7 592	7 535	15 790	31 652	54 187	57 935	61 956
Property payments	8 404	4 612	7 873	46 283	31 859	33 839	34 733

Table 26.5 Administration (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic classification							
Transport provided: Departmental activity	–	–	15	–	–	–	–
Travel and subsistence	20 613	17 218	31 497	38 912	29 338	33 807	34 401
Training and development	4 997	3 392	2 687	4 003	5 437	5 807	6 507
Operating expenditure	1 717	1 868	2 970	2 739	2 356	2 462	2 550
Venues and facilities	8 921	4 519	3 027	7 098	12 725	15 158	15 091
Rental and hiring	–	–	–	–	30	30	30
Interest and rent on land	–	–	239	269	226	255	255
Transfers and subsidies	30 908	371 877	7 341	3 816	1 553	1 649	1 731
Provinces and municipalities	130	156	63	101	35	56	56
Departmental agencies and accounts	586	650	1 144	1 273	1 518	1 593	1 675
Public corporations and private enterprises	22 677	367 443	2 988	2 308	–	–	–
Non-profit institutions	5 000	30	100	–	–	–	–
Households	2 515	3 598	3 046	134	–	–	–
Payments for capital assets	27 299	31 421	31 238	18 818	6 936	7 042	7 067
Buildings and other fixed structures	19 200	22 490	12 482	7 057	4 000	4 000	4 000
Machinery and equipment	7 945	8 638	17 053	11 631	2 936	3 022	3 047
Software and other intangible assets	154	293	1 703	130	–	20	20
of which:							
Capitalised goods and services	–	–	846	9 463	2 375	2 444	2 495
Payments for financial assets	12	38	84	–	–	–	–
Total	430 354	785 060	481 228	574 472	612 935	656 688	688 626

Details of transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	586	650	1 144	1 273	1 518	1 593	1 675
Primary Agriculture Sector Education and Training Authority	586	650	1 144	1 273	1 518	1 593	1 675
Non-profit institutions							
Current	5 000	30	100	–	–	–	–
Limpopo Youth Orchestra	–	10	–	–	–	–	–
Nokane Primary School	–	10	–	–	–	–	–
Agri South Africa	–	10	–	–	–	–	–
National African Farmers Union	5 000	–	–	–	–	–	–
Cape Agency for Sustainable and Integrated Development in Rural Areas	–	–	100	–	–	–	–
Households							
Social benefits							
Current	380	1 065	3 046	134	–	–	–
Employee social benefits	380	1 065	3 046	134	–	–	–
Households							
Other transfers to households							
Current	2 135	2 533	–	–	–	–	–
Claims against the state	–	3	–	–	–	–	–
Female Farmer competition	2 135	2 530	–	–	–	–	–

Table 26.5 Administration (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Details of transfers and subsidies							
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	130	156	63	101	35	56	56
Vehicle licences	130	156	63	101	35	56	56
Public corporations and private enterprises							
Public corporations							
Other transfers to public corporations							
Current	22 100	367 000	1 653	2 308	-	-	-
Forest Sector Charter Council	-	-	1 653	2 308	-	-	-
Land and Agriculture Development Bank of South Africa	22 100	367 000	-	-	-	-	-
Public corporations and private enterprises							
Private enterprises							
Other transfers to private enterprises							
Current	577	443	1 335	-	-	-	-
Claims against the state	577	443	1 335	-	-	-	-

Expenditure trends

Expenditure increased from R430.4 million in 2008/09 to R574.5 million in 2011/12, at an average annual rate of 10.1 per cent, due to once-off allocations of R22.1 million in 2008/09 and R367 million in 2009/10 for the Micro Agricultural Financial Institutions of South Africa scheme. Over the medium term, spending is projected to increase to R688.6 million, at an average annual rate of 6.2 per cent, due to the incorporation of the fishery and forestry function into the department. Furthermore, the oversight role of the Micro Agricultural Financial Institutions of South Africa, which was previously in the *Agricultural Production, Health and Food Safety* programme, is now included in this programme.

Spending in the *Office Accommodation* subprogramme increased from R66.3 million in 2008/09 to R109.4 million in 2011/12, at an average annual rate of 18.2 per cent, due to the acquisition of offices for forestry personnel and as a result of consolidating offices in other centres. In addition, R2.7 million was transferred from the Department of Water Affairs in 2011/12 for lease accommodation, as a result of the reorganisation. Over the medium term, expenditure in this subprogramme is projected to increase to R158.7 million, at an average annual rate of 13.2 per cent.

Expenditure on consultants decreased from R14.7 million in 2008/09 to R12.3 million in 2011/12, at an average annual rate of 5.9 per cent, and is expected to increase to R20.1 million over the medium term, at an average annual rate of 18 per cent. Consultants are mainly used for research, external audit services and task teams appointed by the director general.

Programme 2: Agricultural Production, Health and Food Safety

- *Management* oversees and manages the programme. This subprogramme had a staff complement of 3 and a total budget of R1.9 million in 2011/12, of which 100 per cent was used for compensation of employees and for goods and services.
- *Inspection and Laboratory Services* provides leadership, guidance and support to ensure compliance with agricultural legislation and regulatory frameworks. The programme also oversees the effective implementation of risk management strategies, such as quarantine services for the importation of animals, and plans for regulated agricultural products. It had a staff complement of 885 and a total budget of

R252.9 million in 2011/12, of which 84.7 per cent was used for compensation of employees. R9.6 million was identified as savings in 2012/13.

- *Plant Production and Health* increases agricultural productivity by emphasising a sustainable plant production system, the efficient use of genetic resources, and managing risks associated with plant pests, diseases and genetically modified organisms. This subprogramme had a staff complement of 274 and a total budget of R483.9 million in 2011/12, of which 86 per cent was used for Ilima/Letsema, a conditional grant which aims to increase agricultural production. In 2011/12, interventions were undertaken in Free State, North West and KwaZulu-Natal to ensure access to and the improvement of indigenous genetic resources for food and agriculture. Further detections of the African invader fruit fly (*bactrocera invadens*) in Limpopo have been successfully contained. The sterile insect technique has been successfully rolled out against the Mediterranean fruit fly (*ceratitis capitata*) in Western Cape, using a combination of grower levies and departmental funding, at a cost of R6.9 million, to support production, sustain export related jobs, provide smallholder and subsistence level food security. R10 million has been identified as savings in 2012/13 in respect of travel and subsistence, other consumables, and assets less than R5 000.
- *Animal Production and Health* improves livestock production by: implementing sustainable animal production and health strategies, projects and programmes founded on sound animal disease risk management principles; providing an informed extension service and sustainable natural resource management; and providing veterinary public health through appropriate interventions. This subprogramme had a staff complement of 410 and a total budget of R195.5 million in 2011/12, of which 33.4 per cent was used for the primary animal health care programme for the appointment of veterinarians through the compulsory community service programme, and to provide toolkits to animal health technicians. R5.3 million has been identified in 2012/13 for a function shift from this subprogramme to the *Inspection and Quarantine Services* subprogramme for meat inspections and bursaries for veterinarians. An additional saving of R2.5 million in 2012/13 was identified on travel and subsistence, other consumables and assets less than R5 000.
- *Agricultural Research* provides transfers to the Agricultural Research Council. It has no staff.

Objectives and measures

- Focus on new and existing farmers by strengthening the implementation of comprehensive support programmes in all provinces and production strategies and related services on an ongoing basis.
- Improve compliance with the agricultural production, animal and plant health related legislation, biosecurity and food safety frameworks and the effective implementation of risk management strategies by:
 - continuing with 4 major surveillance programmes to monitor incidences of animal and plant diseases and pests
 - strengthening the regulatory framework for animal disease control and veterinary public health through implementing animal health and production schemes, projects and programmes by March 2013
 - increasing the number of regulatory interventions (inspection, quarantine and audits) from 52 500 in 2011/12 to 57 750 by March 2013
 - facilitating the registration of 2 520 agricultural production inputs by March 2013
 - facilitating the development and implementation of 3 regulatory instruments by March 2013.
- Support smallholder farmers towards achieving sustainable production by:
 - maintaining regulatory support services and the development and implementation of technical support (norms and standards and guidelines) in 2012/13
 - improving the competitiveness of smallholder farmers in animal production through the implementation of the respective production strategies in 2012/13.

Expenditure estimates

Table 26.6 Agricultural Production, Health and Food Safety

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R thousand							
Management	1 520	1 870	1 915	1 878	2 029	2 140	2 236
Inspection and Laboratory Services	169 021	193 708	223 358	252 945	282 642	301 185	315 691
Plant Production and Health	219 375	104 185	255 189	483 881	483 106	507 080	532 100
Animal Production and Health	263 169	192 314	131 679	195 543	188 351	206 368	222 973
Agricultural Research	514 556	537 153	622 266	755 510	935 475	931 691	1 044 217
Total	1 167 641	1 029 230	1 234 407	1 689 757	1 891 603	1 948 464	2 117 217
Change to 2011 Budget estimate				797 834	897 346	900 068	1 013 060

Economic classification

Current payments	298 805	400 573	390 794	478 071	494 720	530 611	561 019
Compensation of employees	200 919	253 196	282 927	301 328	352 719	369 645	388 766
Goods and services	97 886	147 377	107 805	176 530	141 864	160 811	172 091
<i>of which:</i>							
Administrative fees	509	183	200	332	253	313	371
Advertising	2 848	5 169	4 013	2 042	2 166	2 136	2 191
Assets less than the capitalisation threshold	1 753	2 014	1 317	32 155	32 699	33 973	37 260
Bursaries: Employees	743	793	821	1 256	1 329	1 284	1 339
Catering: Departmental activities	27	25	48	53	63	94	101
Communication	3 663	3 893	3 685	3 764	3 712	4 052	4 168
Computer services	8 537	3 358	2 295	8 691	1 915	2 279	2 390
Consultants and professional services: Business and advisory services	37	139	11 252	2 355	174	164	173
Consultants and professional services: Infrastructure and planning	3 288	2 209	1 263	893	951	1 610	2 099
Consultants and professional services: Laboratory services	457	707	302	723	700	791	796
Consultants and professional services: Legal costs	927	2 310	1 327	1 248	718	1 590	1 394
Contractors	2 440	2 001	2 426	19 206	7 657	8 085	9 429
Agency and support / outsourced services	13 931	23 893	13 351	12 191	6 606	15 056	15 853
Entertainment	34	38	38	44	47	47	47
Fleet services (including government motor transport)	4 344	5 589	5 332	4 459	2 736	2 892	3 083
Inventory: Food and food supplies	–	21	1	10	11	13	15
Inventory: Fuel, oil and gas	327	420	438	718	2 603	2 816	2 953
Inventory: Learner and teacher support material	9	1	2	28	27	29	30
Inventory: Materials and supplies	841	1 209	876	2 024	3 105	3 250	4 433
Inventory: Medical supplies	2 463	10 151	148	2 769	2 461	2 575	3 704
Inventory: Medicine	–	–	8 309	11 616	1 014	1 057	1 115
Inventory: Other consumables	7 927	6 074	6 240	20 880	28 296	32 823	34 167
Inventory: Stationery and printing	4 447	3 911	4 066	5 747	5 191	6 329	6 360
Lease payments	1 438	3 567	362	297	369	388	401
Property payments	351	1 642	1 921	2 552	2 127	2 039	2 072
Travel and subsistence	28 179	64 082	31 860	31 363	27 141	28 325	28 866
Training and development	3 211	1 793	2 278	3 454	2 571	2 345	2 498
Operating expenditure	1 420	1 955	2 354	4 261	4 264	3 700	4 053
Venues and facilities	3 735	230	1 280	1 399	958	756	730
Interest and rent on land	–	–	62	213	137	155	162

Table 26.6 Agricultural Production, Health and Food Safety (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic classification							
Transfers and subsidies	852 197	617 252	833 275	1 167 767	1 358 530	1 377 802	1 514 848
Provinces and municipalities	96 001	50 001	192 557	405 010	415 804	438 462	460 631
Departmental agencies and accounts	579 556	537 153	622 266	755 510	935 475	931 691	1 044 217
Higher education institutions	3 604	–	–	–	–	–	–
Public corporations and private enterprises	21 475	20 073	1 015	281	–	–	–
Non-profit institutions	6 766	6 270	6 596	6 906	7 251	7 649	10 000
Households	144 795	3 755	10 841	60	–	–	–
Payments for capital assets	15 719	11 126	10 302	43 919	38 353	40 051	41 350
Buildings and other fixed structures	2 058	–	–	5	200	110	60
Machinery and equipment	13 307	11 036	10 235	43 813	38 153	39 941	41 290
Biological assets	311	78	–	–	–	–	–
Software and other intangible assets	43	12	67	101	–	–	–
<i>of which:</i>							
<i>Capitalised goods and services</i>	–	–	1 044	1 966	1 818	1 815	1 962
Payments for financial assets	920	279	36	–	–	–	–
Total	1 167 641	1 029 230	1 234 407	1 689 757	1 891 603	1 948 464	2 117 217
Details of transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	516 689	468 108	503 407	543 479	719 173	830 092	936 522
Agricultural Research Council	451 689	468 108	503 407	543 479	719 173	830 092	936 522
Eastern Cape Rural Finance Corporation	65 000	–	–	–	–	–	–
Capital	62 867	69 045	118 859	212 031	216 302	101 599	107 695
Agricultural Research Council	62 867	69 045	118 859	212 031	216 302	101 599	107 695
Non-profit institutions							
Current	6 766	6 270	6 596	6 906	7 251	7 649	10 000
Deciduous Fruit Producers' Trust	6 000	6 270	6 596	6 906	7 251	7 649	10 000
South African Sheep Shearing Federation: Sponsorship	100	–	–	–	–	–	–
Onderstepoort Centenary Organising Committee	666	–	–	–	–	–	–
Households							
Social benefits							
Current	1 196	2 649	2 318	60	–	–	–
Employee social benefits	1 196	2 649	2 318	60	–	–	–
Households							
Other transfers to households							
Current	143 599	1 106	8 523	–	–	–	–
Claims against the state	13	26	14	–	–	–	–
Classical Swine Fever	143 565	1 080	8 509	–	–	–	–
Foot and mouth disease: Limpopo	21	–	–	–	–	–	–
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	1	1	57	10	6	6	6
Vehicle licence fees	1	1	57	10	6	6	6

Table 26.6 Agricultural Production, Health and Food Safety (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Details of transfers and subsidies							
Public corporations and private enterprises							
Private enterprises							
Other transfers to private enterprises							
Current	21 475	20 073	1 015	281	-	-	-
Claims against the state	382	20 073	49	-	-	-	-
Blueliliesbush Dairy Farming	21 093	-	-	-	-	-	-
Grasslands Group of Companies	-	-	966	281	-	-	-
Higher education institutions							
Current	3 604	-	-	-	-	-	-
University of Stellenbosch	3 604	-	-	-	-	-	-
Provinces and municipalities							
Provinces							
Provincial Revenue Funds							
Current	96 000	50 000	192 500	405 000	415 798	438 456	460 625
Ilima/Letsema projects grant	96 000	50 000	192 500	405 000	415 798	438 456	460 625

Expenditure trends

Expenditure increased from R1.2 billion in 2008/09 to R1.7 billion in 2011/12, at an average annual rate of 13.1 per cent, and is projected to increase to R2.1 billion over the medium term, at an average annual rate of 7.8 per cent. The increase in both periods is due to additional allocations of R200 million in 2010/11, R400 million in 2011/12 and R420 million in 2012/13 to further strengthen Ilima/Letsema projects, and a new allocation of R314.6 million over the medium term for the implementation of compulsory community service for veterinarians in the primary animal health care programme. As part of the economic competitiveness and support package, R400 million (R77 million, R128 million, R195 million) over the medium term, has been allocated to the Agricultural Research Council for research into crop production, production of animal vaccines, extension services for smallholder farmers, university research, and the maintenance of national collections/gene banks. The oversight role of the transfer payment to the Agricultural Research Council, which was previously in the *Administration* subprogramme, now resides in the *Agricultural Research* subprogramme.

3 473 subsistence farmers were supported through the Ilima/Letsema projects. 1 415 emerging beef farmers with a total herd size of 15 113 animals were served under the Kaonofatso ya Dikgomo national animal improvement scheme in 2011/12. 591 farmers with 729 herds of dairy cattle and 17 goat herds were involved in milk recording under the national milk recording and improvement scheme. Two feedlot facilities were established in cooperation with the Limpopo and Eastern Cape departments of agriculture, at a cost of R1.5 million.

The cotton strategy, developed in conjunction with industry, was finalised and endorsed by stakeholders in the cotton industry in 2011/12. Considerable progress was achieved in 2011/12 in reviewing the grain and fruit strategies. These three strategies constitute the pillars of the production strategy. A set of regulations for plums, prunes, nectarines and peaches was submitted to the World Trade Organisation for notification. Research solutions on wheat production and cultivation were completed in 2011/12, and included clear recommendations on the appropriate cultivars to be used in the northern and southern production areas. Over the medium term, 9 animal schemes per year will be implemented and monitored, 1 commodity strategy (red meat, milk, poultry and pigs) will be implemented each year, 20 export facilities will be inspected per year, and 24 laboratories will be approved each year.

Expenditure on consultants increased from R4.7 million in 2008/09 to R5.2 million in 2011/12, at an average annual rate of 3.5 per cent, and is expected to decrease to R4.5 million over the medium term, at an average

annual rate of 5 per cent. Consultants are used mainly for: legal services; activities related to avian influenza, foot and mouth disease and classical swine flu; laboratory services; and research.

Programme 3: Food Security and Agrarian Reform

Objectives and measures

- Enhance the provision of support services to promote and facilitate agricultural development targeting smallholder producers by:
 - developing smallholder producers to increase their productivity through technical and advisory services, and training and capacity building programmes, on and off farm infrastructure development, marketing and business development, information and knowledge management, and the facilitation of financial services by March 2014
 - managing the development process for the food security policy and adopting the following legislation over the medium term: the Plant Improvement Act (1976), and the Animal Improvement Act (1988), the Meat Safety Act (2000), the Animal Diseases Act (1994)
 - providing appropriate training to 45 000 smallholder producers, coordinating sector transformation programmes and implementing vulnerable workers summit resolutions over the medium term
 - providing an extension recovery plan support package to 21 000 extension personnel over the medium term
 - facilitating the improvement of the production systems of smallholder producers to achieve food security and livelihoods over the medium term.

Subprogrammes

- *Management* oversees and manages the programme. This subprogramme had a staff complement of 3 and a total budget of R2.1 million in 2011/12, of which 100 per cent was used for compensation of employees and goods and services.
- *Food Security* facilitates smallholder producers' development and provides implements and infrastructure. This subprogramme had a staff complement of 244 and a total budget of R781.7 million in 2011/12, of which 87.7 per cent was transferred as a conditional grant to all provinces in respect of the comprehensive agricultural support programme. 7.4 per cent was used for coordination and support activities geared towards increasing the number of smallholder farmers from 220 000 to 250 000 by 2014, through conducting assessments and providing engineering advice and post-settlement support.
- *Sector Capacity Development* provides sector education and training, sector colleges and sector transformation, and facilitates and coordinates key special programmes such as the implementation of the resolutions on vulnerable workers in the sector, and the female entrepreneur annual awards. This subprogramme had a staff complement of 206 and a total budget of R139.5 million in 2011/12, of which 37.7 per cent was used for compensation of employees, 33.8 per cent was transferred as a conditional grant to support colleges to provide training and build infrastructure, and 8.4 per cent was used for sector training.
- *National Extension Support Services* develops national extension policies and funds the training and capacity building of extension services at the frontline level. This subprogramme had a staff complement of 8 and a total budget of R330.7 million in 2011/12, of which 92.3 per cent was used for the extension recovery programme by means of a conditional grant. The main objective is to ensure that all extension officers are registered with a number of professional bodies to improve their professionalism and accountability.

Expenditure estimates

Table 26.7 Food Security and Agrarian Reform

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R thousand							
Management	10 691	2 891	19 311	2 064	2 348	2 466	2 586
Food Security	610 660	649 550	644 117	781 729	868 755	1 021 066	1 069 453
Sector Capacity Development	76 583	77 415	111 088	139 451	188 346	208 363	250 929
National Extension Support Services	100 000	170 763	273 938	330 696	349 186	368 368	390 065
Total	797 934	900 619	1 048 454	1 253 940	1 408 635	1 600 263	1 713 033
Change to 2011 Budget estimate				9 745	28 922	41 271	67 317

Economic classification

Current payments	168 490	153 041	168 091	151 798	178 379	195 205	206 751
Compensation of employees	76 147	89 127	78 324	90 929	109 753	115 507	121 071
Goods and services	92 343	63 914	89 748	60 810	68 584	79 657	85 641
<i>of which:</i>							
<i>Administrative fees</i>	809	688	98	362	240	249	259
<i>Advertising</i>	1 369	719	1 386	686	907	1 396	1 150
<i>Assets less than the capitalisation threshold</i>	589	645	242	302	960	999	1 399
<i>Bursaries: Employees</i>	282	373	292	542	422	395	528
<i>Catering: Departmental activities</i>	26	25	45	68	60	61	63
<i>Communication</i>	1 847	1 891	1 726	1 510	1 859	1 799	2 139
<i>Computer services</i>	164	326	242	743	729	1 026	1 138
<i>Consultants and professional services: Business and advisory services</i>	899	273	126	312	198	308	268
<i>Consultants and professional services: Infrastructure and planning</i>	12 533	7 124	2 003	1 890	2 834	3 470	4 299
<i>Consultants and professional services: Laboratory services</i>	2	127	35	60	23	26	27
<i>Consultants and professional services: Legal costs</i>	81	290	32	–	–	–	–
<i>Contractors</i>	7 930	5 885	656	827	223	235	347
<i>Agency and support / outsourced services</i>	4 576	3 031	7 249	7 685	11 314	12 871	14 326
<i>Entertainment</i>	30	33	28	31	44	44	44
<i>Fleet services (including government motor transport)</i>	5 609	5 362	1 758	1 836	1 646	3 306	4 363
<i>Inventory: Food and food supplies</i>	182	345	1 019	1 032	1 169	1 424	1 774
<i>Inventory: Fuel, oil and gas</i>	2 370	1 918	393	545	832	964	1 211
<i>Inventory: Learner and teacher support material</i>	147	108	60	42	57	108	65
<i>Inventory: Materials and supplies</i>	2 033	1 965	425	303	443	568	534
<i>Inventory: Medical supplies</i>	64	55	3	11	7	6	6
<i>Inventory: Medicine</i>	–	–	61	51	41	45	49
<i>Inventory: Other consumables</i>	2 920	3 866	4 940	6 853	3 454	4 291	4 115
<i>Inventory: Stationery and printing</i>	1 615	1 267	1 199	1 616	1 359	1 522	2 040
<i>Lease payments</i>	315	436	60	127	67	70	123
<i>Property payments</i>	915	574	639	366	210	253	343
<i>Transport provided: Departmental activity</i>	–	21	–	–	–	–	–
<i>Travel and subsistence</i>	17 507	15 630	13 741	11 320	12 112	14 179	14 004
<i>Training and development</i>	13 576	7 464	30 283	20 368	23 716	24 792	26 121
<i>Operating expenditure</i>	583	676	413	957	709	1 012	881
<i>Venues and facilities</i>	13 370	2 797	20 594	365	2 749	3 988	3 805
<i>Rental and hiring</i>	–	–	–	–	200	250	220

Table 26.7 Food Security and Agrarian Reform (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic classification							
Interest and rent on land	–	–	19	59	42	41	39
Transfers and subsidies	622 829	735 749	843 857	1 064 499	1 197 336	1 370 495	1 469 965
Provinces and municipalities	614 325	715 654	828 921	1 039 664	1 137 062	1 301 323	1 367 109
Departmental agencies and accounts	5 622	9 100	10 224	13 838	47 300	55 710	88 876
Higher education institutions	7	–	–	2 712	5 800	6 050	6 300
Foreign governments and international organisations	–	–	–	500	–	–	–
Public corporations and private enterprises	2 476	2 619	2 809	4 292	3 117	3 288	3 485
Non-profit institutions	–	8 000	–	2 000	2 500	2 500	2 500
Households	399	376	1 903	1 493	1 557	1 624	1 695
Payments for capital assets	6 612	11 732	36 416	37 643	32 920	34 563	36 317
Buildings and other fixed structures	–	–	34 639	33 605	32 460	34 121	35 857
Machinery and equipment	6 540	11 719	1 764	4 038	455	436	453
Biological assets	40	13	13	–	–	–	–
Software and other intangible assets	32	–	–	–	5	6	7
<i>of which:</i>							
Capitalised compensation	9 567	11 638	17 835	13 255	15 045	15 798	16 587
Capitalised goods and services	13 268	8 822	17 088	20 940	17 725	18 659	19 632
Payments for financial assets	3	97	90	–	–	–	–
Total	797 934	900 619	1 048 454	1 253 940	1 408 635	1 600 263	1 713 033
Details of transfers and subsidies							
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	5 622	9 100	10 224	13 838	47 300	55 710	88 876
Water Research Commission	–	–	–	1 200	1 200	600	–
National Student Financial Aid Scheme	5 022	8 500	9 624	12 038	12 500	12 478	13 206
Perishable Products Export Control Board	600	600	600	600	600	632	670
Provincial and Rural Agricultural Colleges	–	–	–	–	33 000	42 000	75 000
Foreign governments and international organisations							
Current	–	–	–	500	–	–	–
International Tropical Timber Organisation	–	–	–	500	–	–	–
Non-profit institutions							
Current	–	8 000	–	2 000	2 500	2 500	2 500
Colleges in the Sector	–	–	–	2 000	2 500	2 500	2 500
Food Bank South Africa	–	8 000	–	–	–	–	–
Households							
Social benefits							
Current	399	374	698	231	232	233	234
Employee social benefits	399	374	698	231	232	233	234
Households							
Other transfers to households							
Current	–	2	1 205	1 262	1 325	1 391	1 461
Claims against the state	–	2	3	–	–	–	–
Bursaries: Non-employees	–	–	1 202	1 262	1 325	1 391	1 461

Table 26.7 Food Security and Agrarian Reform (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Details of transfers and subsidies							
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	201	260	214	267	262	262	262
Vehicle licence fees	201	260	214	267	262	262	262
Public corporations and private enterprises							
Public corporations							
Other transfers to public corporations							
Current	2 395	2 550	2 790	4 291	3 116	3 287	3 484
Ncera Farms	2 395	2 550	2 790	4 291	3 116	3 287	3 484
Public corporations and private enterprises							
Private enterprises							
Other transfers to private enterprises							
Current	81	69	19	1	1	1	1
Claims against the state	81	69	19	–	–	–	–
Red Meat Industry Forum	–	–	–	1	1	1	1
Higher education institutions							
Current	7	–	–	2 712	5 800	6 050	6 300
University of Pretoria	–	–	–	500	800	800	800
University of Fort Hare	–	–	–	1 712	3 500	3 750	4 000
Nelson Mandela Metropolitan University	7	–	–	–	–	–	–
University of KwaZulu-Natal	–	–	–	500	1 500	1 500	1 500
Provinces and municipalities							
Provinces							
Provincial revenue funds							
Current	614 124	715 394	828 707	1 039 397	1 136 800	1 301 061	1 366 847
Comprehensive agricultural support programme grant: Colleges for infrastructure	–	–	–	50 000	52 500	55 388	58 711
Comprehensive agricultural support programme grant: Infrastructure	438 124	544 631	554 769	680 507	762 094	905 746	947 813
Comprehensive agricultural support programme grant: Extension recovery plan	100 000	170 763	273 938	308 890	322 206	339 927	360 323
Comprehensive agricultural support programme grant: Agricultural starter packs	76 000	–	–	–	–	–	–

Expenditure trends

Expenditure increased from R797.9 million in 2008/09 to R1.3 billion in 2011/12, at an average annual rate of 16.3 per cent, due to an increase in spending in the *National Extension Support Services* subprogramme as a result of the extension recovery plan component of the comprehensive agricultural support programme conditional grant introduced in 2008/09. Expenditure on consultants was 2.2 per cent of the total compensation of employees in 2011/12.

Over the medium term, expenditure is projected to increase to R1.7 billion, at an average annual rate of 11 per cent. This is due to an increase of R267.3 million in allocations to the comprehensive agricultural support programme conditional grant. As part of the economic competitiveness and support package, R150 million has been allocated to the department for the provincial and rural agricultural colleges over the MTEF period.

The department drafted the Zero Hunger strategy and implementation plan and the draft food security policy in 2011/12. In addition, in partnership with the Food and Agriculture Organisation, the department approved and implemented 14 proposals on Telefood programmes, at a cost of US\$128 004. The departmental partnership model (sustainable farming model) pilot project provides comprehensive support to targeted smallholders to enable them to collaborate with agribusiness to produce crops. The project is run in conjunction with Grain South Africa, Agri South Africa, Noord-wes Koöperasie and Vrystaat Koöperasie Beperk. The project assisted 15 grain farmers in North West and Free State to grow bitter sorghum, maize, sunflower and beans. The market for these grains was secured through Grain South Africa and Noord-wes Koöperasie. 650 hectares of grain crops were planted. Over the medium term, the focus will be on implementing the approved Zero Hunger strategy and implementing the policy on mechanisation support. 15 000 producers will receive comprehensive production support.

Expenditure on consultants decreased from R13.5 million in 2008/09 to R2.3 million in 2011/12, at an average annual rate of 44.6 per cent, and is expected to increase to R4.6 million over the medium term, at an average annual rate of 26 per cent. Consultants are used mainly for engineering services and subsistence farming.

Programme 4: Trade Promotion and Market Access

Objectives and measures

- Increase growth, income and sustainable job opportunities by developing and implementing the fisheries charter and the integrated sector small, medium and micro enterprises (SMME) strategies, facilitating the improvement of efficient value chains, and creating an enabling environment for SMMEs within the sector by 2012/13.
- Coordinate government food security initiatives by facilitating the incorporation of smallholder farmers into commodity groups and cooperatives and ensuring the implementation of the agro-processing strategy through the establishment of 108 cooperatives and 12 commodity associations by 2012/13.
- Increase market access for South African and African agricultural, forestry and fisheries products domestically and internationally by participating in 25 trade negotiations and the implementation sessions of trade agreements by 2012/13.

Subprogrammes

- *Management* oversees and manages the programme. In 2011/12, this subprogramme has a staff complement of 3 and a total budget of R2.3 million, of which 100 per cent was used for compensation of employees and goods and services.
- *International Relations and Trade* facilitates, coordinates and supports international relations and creates an enabling environment for increased regional integration and market access regionally and internationally for agriculture, forestry and fisheries products. It does this by participating in bilateral and multilateral trade negotiations, implementing established trade agreements, and providing export awareness and market analysis training. This subprogramme had a staff complement of 76 and a total budget of R81.8 million in 2011/12, of which 47.1 per cent was used for compensation of employees and 24.7 per cent was used for membership fees for international organisations.
- *Cooperatives and Rural Enterprise Development* provides leadership and support in implementing programmes and initiatives to ensure the promotion and participation of emerging businesses. This subprogramme had a staff complement of 53 and a total budget of R72.6 million in 2011/12, of which 46.2 per cent was used for the transfer payment in respect of the AgriBEE Sector Charter and 32 per cent was used for goods and services. Activities are geared towards facilitating and supporting the development of businesses to ensure the transformation of the agriculture, forestry and fisheries sectors in 2012/13. R10.4 million in 2012/13 has been identified as savings to supplement the shortfall in respect of departmental attachés abroad.

- *Agro-processing and Marketing* develops and implements support programmes to promote market access and value addition for agriculture, forestry and fisheries products. This subprogramme had a staff complement of 27 and a total budget of R48.6 million in 2011/12, of which 67.2 per cent was used as a transfer payment to the National Agricultural Marketing Council. The subprogramme is geared towards implementing marketing and agro-processing strategies.

Expenditure estimates

Table 26.8 Trade Promotion and Market Access

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R thousand							
Management	1 201	709	1 268	2 344	2 533	2 672	2 792
International Relations and Trade	83 376	79 602	85 436	81 846	89 066	93 814	103 108
Cooperatives and Rural Enterprise Development	70 746	67 305	17 463	72 617	74 136	78 265	85 991
Agro-processing and Marketing	31 291	37 602	41 166	48 591	46 298	49 081	51 739
Total	186 614	185 218	145 333	205 398	212 033	223 832	243 630
Change to 2011 Budget estimate				13 632	28 607	30 334	20 145

Economic classification

	69 305	75 130	83 586	103 651	123 547	131 007	145 004
Current payments							
Compensation of employees	37 401	41 274	48 698	56 734	71 855	76 245	79 094
Goods and services	31 904	33 856	34 884	46 898	51 670	54 739	65 886
<i>of which:</i>							
<i>Administrative fees</i>	683	207	160	539	285	300	361
<i>Advertising</i>	509	546	2 489	878	713	623	690
<i>Assets less than the capitalisation threshold</i>	436	427	205	837	294	862	804
<i>Bursaries: Employees</i>	96	156	167	313	296	324	333
<i>Catering: Departmental activities</i>	200	94	136	304	599	640	676
<i>Communication</i>	640	632	591	706	757	795	1 102
<i>Computer services</i>	466	459	158	314	340	350	477
<i>Consultants and professional services: Business and advisory services</i>	92	8	1	15 208	12 980	13 523	15 295
<i>Consultants and professional services: Infrastructure and planning</i>	4 217	7 440	8 319	8 562	9 114	9 617	11 194
<i>Consultants and professional services: Legal costs</i>	11	24	–	–	–	–	–
<i>Contractors</i>	158	43	37	259	6	7	10
<i>Agency and support / outsourced services</i>	4 680	3 626	5 050	2 135	7 238	7 071	8 712
<i>Entertainment</i>	23	44	26	40	38	38	38
<i>Fleet services (including government motor transport)</i>	284	197	277	247	889	945	1 500
<i>Inventory: Food and food supplies</i>	–	–	–	–	12	12	12
<i>Inventory: Fuel, oil and gas</i>	66	46	67	232	147	153	167
<i>Inventory: Learner and teacher support material</i>	–	–	9	70	50	54	58
<i>Inventory: Materials and supplies</i>	21	141	9	188	142	151	211
<i>Inventory: Medical supplies</i>	–	–	–	3	7	7	7
<i>Inventory: Other consumables</i>	63	45	452	105	81	84	136
<i>Inventory: Stationery and printing</i>	928	737	675	1 234	1 170	1 234	1 908
<i>Lease payments</i>	700	2 938	3 263	784	2 919	3 018	5 732
<i>Property payments</i>	2 548	636	18	52	20	21	22
<i>Travel and subsistence</i>	12 390	7 716	10 905	9 322	10 409	11 022	11 929
<i>Training and development</i>	238	577	333	648	635	686	1 025
<i>Operating expenditure</i>	474	1 418	1 254	750	1 430	1 524	1 868

Table 26.8 Trade Promotion and Market Access (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic classification							
<i>Venues and facilities</i>	1 981	5 699	283	3 168	1 089	1 666	1 604
<i>Rental and hiring</i>	–	–	–	–	10	12	15
Interest and rent on land	–	–	4	19	22	23	24
Transfers and subsidies	116 916	109 595	60 928	100 787	87 920	92 212	98 026
Provinces and municipalities	–	–	101	–	–	–	–
Departmental agencies and accounts	23 332	29 360	31 194	36 049	31 115	33 095	35 033
Higher education institutions	2 640	1 900	–	–	–	–	–
Foreign governments and international organisations	35 303	29 667	29 629	34 738	22 540	22 117	23 937
Public corporations and private enterprises	50 175	48 623	1	30 000	34 265	36 878	39 056
Non-profit institutions	5 466	–	–	–	–	–	–
Households	–	45	3	–	–	122	–
Payments for capital assets	393	489	777	960	566	613	600
Machinery and equipment	393	489	777	931	551	596	580
Software and other intangible assets	–	–	–	29	15	17	20
<i>of which:</i>							
<i>Capitalised goods and services</i>	–	–	139	148	143	152	158
Payments for financial assets	–	4	42	–	–	–	–
Total	186 614	185 218	145 333	205 398	212 033	223 832	243 630

Details of transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	23 332	29 360	31 194	36 049	31 115	33 095	35 033
National Agricultural Marketing Council	22 459	28 360	31 194	36 049	31 115	33 095	35 033
Tompi Seleke Agricultural Training Centre	873	1 000	–	–	–	–	–
Foreign governments and international organisations							
Current	35 303	29 667	29 629	34 738	22 540	22 117	23 937
Consultative Group on International Agricultural Research	3 889	4 043	3 633	3 700	4 000	3 862	5 000
International Union for the Protection of New Varieties of Plants	390	405	383	430	500	455	500
Commonwealth Agricultural Bureau International	155	144	–	170	138	138	138
Food and Agriculture Organisation of the United Nations	23 469	23 083	23 583	24 063	11 500	11 000	11 500
Foreign Rates and Taxes	228	144	138	45	101	101	101
International Cotton Advisory Council	193	–	143	330	168	168	168
International Dairy Federation	40	50	50	55	50	50	50
International Grains Council	134	144	126	170	170	170	169
International Seed Testing Association	53	60	43	115	70	70	90
Organisation for Economic Cooperation and Development	98	45	261	470	240	213	270
International Fund for Agricultural Development	4 997	–	–	3 640	3 790	4 000	4 000
International Commission of Agricultural Engineering	–	–	–	–	313	390	415
International Organisation of Vine and Wine	612	582	455	500	500	500	476
World Organisation for Animal Health	1 045	967	814	1 050	1 000	1 000	1 060

Table 26.8 Trade Promotion and Market Access (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Details of transfers and subsidies							
Non-profit institutions							
Current	5 466	-	-	-	-	-	-
Cotton South Africa	4 500	-	-	-	-	-	-
National Movement of Rural Women	966	-	-	-	-	-	-
Households							
Social benefits							
Current	-	45	-	-	-	122	-
Employee social benefits	-	45	-	-	-	122	-
Households							
Other transfers to households							
Current	-	-	3	-	-	-	-
Claims against the state	-	-	3	-	-	-	-
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	-	-	101	-	-	-	-
Vehicle licence fees	-	-	101	-	-	-	-
Public corporations and private enterprises							
Public corporations							
Other transfers to public corporations							
Current	50 000	48 610	-	30 000	34 265	36 878	39 056
Forest Sector Charter Council	-	-	-	-	3 165	3 531	3 708
Land and Agricultural Development Bank of South Africa	50 000	48 610	-	30 000	31 100	33 347	35 348
Public corporations and private enterprises							
Private enterprises							
Other transfers to private enterprises							
Current	175	13	1	-	-	-	-
Claims against the state	175	13	1	-	-	-	-
Higher education institutions							
Current	2 640	1 900	-	-	-	-	-
Fort Hare University Community Development Centres	1 000	-	-	-	-	-	-
University of the Free State	1 640	1 900	-	-	-	-	-

Expenditure trends

Expenditure increased from R186.6 million in 2008/09 to R205.4 million in 2011/12, at an average annual rate of 3.2 per cent. Over the medium term, expenditure is projected to increase to R243.6 million, at an average annual rate of 5.9 per cent. The increase over the MTEF period is mainly to adjust for inflation.

In 2008/09, 49 farmers gained access to financial assistance and R973 926 was disbursed to improve the livelihoods of farmers and entrepreneurs. In the same year, 32 733 land and agrarian reform beneficiaries (comprehensive agricultural support programme supported beneficiaries) were supported. In 2009/10, 12 crop estimate reports and 4 quarterly livestock estimates were released, and 7 reports on business intelligence and trade opportunities were developed and published. In 2010/11, a feasibility report on the establishment of fresh produce collation and storage facilities for the Industrial Development Corporation, the Land Bank, and the Department of Trade and Industry for possible funding was completed. Based on the preliminary data for 2010,

some 43 per cent of agricultural export was destined for markets other than the European Union and the Southern African Development Community (SADC).

Over the medium term, the focus will be on establishing 12 commodity associations per year, and 378 sustainable rural cooperatives in the agriculture, forestry and fisheries sectors will be established (108, 126 and 144) over the MTEF period. In 2012/13, a horticulture value chain network will be established, a livestock value chain network will be established in 2013/14, and a forestry and fisheries value chain network will be established in 2014/15. Spending will also focus on the continuation of the agribusiness programme.

Expenditure on consultants increased from R4.3 million in 2008/09 to R23.8 million in 2011/12, at an average annual rate of 76.5 per cent, and is expected to increase to R26.5 million over the medium term, at an average annual rate of 3.7 per cent. Consultants are used mainly for forestry and soil conservation services.

Programme 5: Forestry

Objectives and measures

- Ensure the sustainable management of the department's plantations, natural (indigenous) forests and woodlands, realise social, environmental and economic benefit by administering, implementing and enforcing the National Forests Act (1998) and the National Veld and Forest Fire Act (1998) in line with government's outcome 10 over the medium term.
- Increase the ability of the sector to improve livelihoods by implementing the greening programme, including the Million Trees programme, and setting and establishing support mechanisms for participatory forest management and community forestry over the medium term.
- Implement a disaster risk management system to reduce, mitigate and avoid, where possible, the impacts of natural hazards by developing and implementing the disaster risks mitigation strategies over the medium term.
- Develop and implement climate change adaption plans by facilitating the approval process for climate change adaptation and mitigation plans over the medium term.
- Rehabilitate irrigation schemes by revitalising 250 hectares for smallholder farmer irrigation schemes in 2012/13.
- Ensure sustainable management and efficient use of indigenous forests and woodlands by rehabilitating 10 000 hectares of degraded and indigenous forests and woodlands per year.
- Improve livelihoods by facilitating the creation of 1 300 full time equivalent through the expanded public works programme over the medium term.

Subprogrammes

- *Management* oversees and manages the programme. This subprogramme had a staff complement of 3 and a total budget of R4 million in 2011/12, of which 100 per cent was used for compensation of employees, and goods and services.
- *Forestry Operations* implements forestry related programmes and strategies in all provinces by ensuring the sustainable management of state forests, implementing and enforcing relevant legislation, implementing forest enterprise development and livelihood programmes, monitoring lease agreements, and gathering forestry information and ensuring access to that information. This subprogramme had a staff complement of 2 154 and a total budget of R388.6 million in 2011/12, of which 70.1 per cent was used for compensation of employees. Focus is placed on the maintenance of forestry operations by: performing sustainable forest management audits; applying the criteria, indicators and standards for plantations and indigenous forests; and developing and implementing annual plans on operations, including the planting of 40 000 hectares of plantations over the MTEF period.
- *Forestry Oversight and Regulation* develops policies and strategies to support sustainable forest management; liaises on international sustainable forest management; liaises at the sector level; provides sector foresight; conducts research; administers relevant legislation; manages forestry data, spatial and non-spatial information, and knowledge systems; is responsible for smallholder development, supporting black

economic empowerment; develops strategies and interventions that enable communities to make use of forest resources and forest products to improve their livelihoods; and manages transfer processes and post-transfer administration and regulation, including the management of delegations and lease agreements. Over the MTEF period, the programme will provide support to 10 000 new small growers. This subprogramme had a staff complement of 36 and a total budget of R57.3 million in 2011/12, of which 52.4 per cent was used for compensation of employees. R7.3 million has been identified as savings on travel and subsistence and computer services. R24.1 million has been reprioritised to supplement the shortfall on the allocation for fisheries property management in the *Administration* programme.

- *Natural Resources Management* facilitates the development of infrastructure and the sustainable use of natural resources by providing an enabling framework for the sustainable management of woodlands and indigenous forests; ensuring the efficient development and revitalisation of irrigation schemes and efficient water use by the sector; facilitating climate change mitigation and adaptation, risk and disaster management; and promoting, regulating and coordinating the sustainable use of natural agricultural resources. Over the medium term, the programme is responsible for developing and implementing disaster risks mitigation strategies, developing and implementing climate change adaptation plans, and rehabilitating 3 200 hectares of indigenous forests and woodlands. This subprogramme had a staff complement of 735 and a total budget of R445.6 million in 2011/12, of which 19.8 per cent was used for compensation of employees. 67.8 per cent was used for the LandCare conditional grant and agricultural disasters in respect of flood damaged infrastructure, and the prevention and mitigation of disaster risks such as compensating farmers for losses suffered in combating the avian influenza outbreak and locust plagues. R7.7 million has been identified as savings in respect of contractors.

Expenditure estimates

Table 26.9 Forestry

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R thousand							
Management	2 479	3 765	4 097	3 968	4 286	4 522	4 725
Forestry Operations	385 845	416 120	392 291	388 552	451 170	472 455	502 892
Forestry Oversight and Regulation	44 902	51 926	44 225	57 261	48 165	54 241	54 711
Natural Resources Management	370 917	389 776	241 516	445 569	758 154	662 320	631 901
Total	804 143	861 587	682 129	895 350	1 261 775	1 193 538	1 194 229
Change to 2011 Budget estimate				124 639	359 298	257 846	252 697

Economic classification

	603 537	619 869	539 483	603 858	690 696	727 398	772 420
Current payments							
Compensation of employees	344 761	396 271	407 683	426 831	493 418	521 276	551 417
Goods and services	258 773	222 847	130 929	175 762	196 067	204 844	219 645
<i>of which:</i>							
Administration fees	1 224	1 288	563	1 837	2 098	2 338	2 392
Advertising	6 658	1 745	3 490	2 994	2 616	2 972	2 977
Assets less than the capitalisation threshold	4 059	3 242	1 126	3 896	7 570	7 939	7 437
Bursaries: Employees	211	293	271	626	976	1 042	965
Catering: Departmental activities	1 326	1 009	832	1 804	1 761	1 924	2 038
Communication	9 689	8 757	5 342	6 464	7 665	7 921	9 517
Computer services	517	2 013	840	1 706	11 903	12 041	12 230
Consultants and professional services: Business and advisory services	26 700	32 636	21 265	5 471	5 411	7 095	7 480
Consultants and professional services: Infrastructure and planning	28 463	17 402	781	10 040	4 723	4 021	4 186
Consultants and professional services: Laboratory services	–	–	–	2	–	–	–
Consultants and professional services: Legal costs	546	56	307	303	50	50	50

Table 26.9 Forestry (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Economic classification							
Contractors	1 584	1 110	5 502	31 418	24 638	22 148	24 529
Agency and support / outsourced services	17 246	8 751	14 132	23 836	24 650	27 269	27 962
Entertainment	28	43	33	47	50	50	50
Fleet services (including government motor transport)	1 201	1 011	969	1 246	1 768	1 845	2 846
Inventory: Food and food supplies	–	–	206	481	519	544	591
Inventory: Fuel, oil and gas	1 658	1 395	1 372	3 442	4 348	5 084	6 346
Inventory: Learner and teacher support material	2	–	–	13	206	217	229
Inventory: Materials and supplies	3 073	3 114	1 992	3 161	3 072	2 833	3 760
Inventory: Medical supplies	43	38	5	107	111	105	106
Inventory: Medicine	–	–	–	10	3	3	3
Inventory: Other consumables	45 979	45 243	11 763	18 711	28 184	28 597	31 021
Inventory: Stationery and printing	2 354	1 791	2 663	6 345	5 797	6 203	6 581
Lease payments	3 396	3 003	968	312	520	548	586
Property payments	11 434	12 726	4 272	5 132	3 389	4 269	5 650
Transport provided: Departmental activity	–	–	551	30	20	20	20
Travel and subsistence	86 042	71 043	45 140	37 730	46 275	49 653	51 512
Training and development	1 039	1 317	2 159	3 334	3 532	3 646	3 863
Operating expenditure	2 250	1 424	1 582	3 300	2 391	2 548	2 733
Venues and facilities	2 051	2 397	2 803	1 964	1 821	1 919	1 985
Interest and rent on land	3	751	871	1 265	1 211	1 278	1 358
Transfers and subsidies	193 110	214 478	110 078	247 262	520 769	415 099	373 477
Provinces and municipalities	187 853	208 391	104 568	207 408	514 011	408 118	366 250
Departmental agencies and accounts	4	–	–	–	3 000	3 000	3 000
Public corporations and private enterprises	1 537	32	1 524	3 042	–	–	–
Non-profit institutions	–	–	–	3 300	3 500	3 710	3 933
Households	3 716	6 055	3 986	33 512	258	271	294
Payments for capital assets	7 484	27 184	32 568	44 230	50 310	51 041	48 332
Buildings and other fixed structures	1 236	317	–	2 365	200	210	221
Machinery and equipment	5 851	26 737	32 568	41 763	49 742	50 435	47 684
Biological assets	199	20	–	–	310	319	327
Software and other intangible assets	198	110	–	102	58	77	100
of which:							
Capitalised goods and services	–	–	27 230	24 941	42 087	42 910	40 239
Payments for financial assets	12	56	–	–	–	–	–
Total	804 143	861 587	682 129	895 350	1 261 775	1 193 538	1 194 229

Details of transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	4	–	–	–	3 000	3 000	3 000
Claims against the state	4	–	–	–	–	–	–
Water Research Commission	–	–	–	–	3 000	3 000	3 000
Non-profit institutions							

Table 26.9 Forestry (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Details of transfers and subsidies							
Current	–	–	–	3 300	3 500	3 710	3 933
International Wildland Fire Conference	–	–	–	100	–	–	–
Forestry South Africa	–	–	–	3 200	3 500	3 710	3 933
Households							
Social benefits							
Current	14	339	3 455	631	258	271	294
Employee social benefits	14	339	3 455	631	258	271	294
Households							
Other transfers to households							
Current	3 702	5 716	531	32 881	–	–	–
Claims against the state	2	7	531	–	–	–	–
Avian Influenza	–	–	–	32 881	–	–	–
Bursaries: Non-Employees	3 700	5 709	–	–	–	–	–
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	13	74	66	76	159	162	169
Claims against the state	–	–	11	15	5	5	5
Forestry Arbor City Awards	–	–	–	–	100	100	100
Vehicle licence fees	13	74	55	61	54	57	64
Public corporations and private enterprises							
Public corporations							
Other transfers to public corporations							
Current	1 408	–	–	3 042	–	–	–
Forest Sector Charter Council	1 297	–	–	3 042	–	–	–
Forestry and Agriculture Biotechnology Institution	111	–	–	–	–	–	–
Public corporations and private enterprises							
Private enterprises							
Other transfers to private enterprises							
Current	129	32	1 524	–	–	–	–
Claims against the state	129	32	1 524	–	–	–	–
Provinces and municipalities							
Provinces							
Provincial revenue funds							
Current	187 840	208 317	104 502	207 332	513 852	407 956	366 081
Land care programme: Poverty relief and infrastructure development grant	51 003	51 417	54 502	57 772	115 661	108 997	67 837
Comprehensive agricultural support programme grant: Agricultural disaster management grant	136 837	156 900	50 000	149 560	–	–	–
Comprehensive agricultural support programme grant: Disasters - Flood damaged infrastructure	–	–	–	–	398 191	298 959	298 244

Expenditure trends

Expenditure increased from R804.1 million in 2008/09 to R895.4 million in 2011/12, at an average annual rate of 3.6 per cent, and is expected to increase to R1.2 billion over the medium term, at an average rate of 10.1 per cent. The increase between 2011/12 and 2014/15 is due to allocations of R55 million in 2012/13 and R45

million in 2013/14 for the LandCare fencing project. The increase of R34 million in 2011/12, R57 million in 2012/13 and R60 million in 2013/14 is to provide funding for forestry operations in Mpumalanga. Additional funds of R398.2 million in 2012/13, R299 million in 2013/14 and R298.2 million in 2014/15 are also allocated through the comprehensive agriculture support programme for disaster relief and the rehabilitation of flood damaged infrastructure.

Over the medium term, 32 million hectares of degraded indigenous forests and woodland will be rehabilitated. About 2 500 small growers will be supported per year over the medium term.

12 213 green jobs were created through the forestry livelihoods strategy and the LandCare programme in 2010/11. 1 000 hectares were afforested in the Eastern Cape and 1 962 hectares in KwaZulu-Natal in 2010/11. In 2011/12, 25 fire protection associations were registered in terms of the National Forests Act (1998), and 571 commercial farmers, 2 024 smallholders and 2 134 subsistence farmers adopted land use best practices. A disaster vulnerability assessment was conducted in 2010/11 in terms of the department's LandCare programme and three vulnerable areas were identified in the south-western parts of the Free State. Weather and climate capacity building workshops were conducted in North West and Limpopo.

Programme 6: Fisheries

Objectives and measures

- Promote the conservation and sustainable use of marine resources and rebuilding of depleted fish stocks by:
 - developing the stock recovery strategy for hake, abalone, West Coast rock lobster and line fish by 2013/14
 - undertaking fishery specific research to inform the setting of total allowable catches and total allowable efforts, in 22 fishing sectors per year until 2014/15
 - finalising and implementing the small scale fisheries policy by 2012/13.
- Grow the marine fisheries sector by broadening the scope of the aquaculture sector through the national aquaculture strategy by 2012/13 and establish 12 smallholder producer associations by 2014/15.
- Improve compliance with and enforcement of the Marine Living Resources Act (1998) by developing and implementing the integrated fisheries security strategy by 2012/13.
- Facilitate transformation, job creation and the promotion of economic livelihoods through the Working for Fisheries programme by implementing 50 community projects by 2014/15, and developing and finalising the fisheries sector charter by 2013/14.

Subprogrammes

- *Management* oversees and manages the programme. This subprogramme had a staff complement of 2 and a total budget of R264 000 in 2011/12, of which 100 per cent was used for compensation of employees.
- *Aquaculture* provides public support and integrated management to promote aquaculture growth and fisheries development. This subprogramme had a staff complement of 105 and a total budget of R24.6 million in 2011/12, of which 100 per cent was used for compensation of employees.
- *Monitoring Control and Surveillance* protects and promotes the sustainable use of marine living resources. This subprogramme had a staff complement of 252 and a total budget of R60.3 million in 2011/12, of which 100 per cent was used for compensation of employees.
- *Marine Resources Management* manages and regulates marine living resources. This subprogramme had a staff complement of 50 and a total budget of R14.7 million in 2011/12, of which 100 per cent was used for compensation of employees.
- *Fisheries Research and Development* conducts research to promote the sustainable use and development of fisheries resources and ecosystems. This subprogramme had a staff complement of 116 and a total budget of R44.5 million in 2011/12, of which 100 per cent was used for compensation of employees.
- *Marine Living Resources Fund* receives transfers for the management and sustainable use of marine living resources to supplement the revenue received from levies on fish and fish products, permits and application

fees, and the proceeds from the sale of confiscated fish and fish products. As this programme is a conduit for the transfer of funds to an entity, the Marine Living Resources Fund, it has no staff. In 2011/12, R201.2 million was transferred, of which R6.3 million was for operations, R80.4 million for Working for Fisheries and R166.2 million for vessel operations.

Expenditure estimates

Table 26.10 Fisheries

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11		2011/12	2012/13	2013/14
R thousand							
Management	832	885	143	264	1 873	1 967	2 065
Aquaculture	13 710	14 206	23 692	24 620	25 471	26 745	28 082
Monitoring Control and Surveillance	37 708	39 196	54 287	60 254	66 484	69 809	73 298
Marine Resources Management	15 772	16 394	14 242	14 715	15 930	16 727	17 564
Fisheries Research and Development	22 395	23 270	38 649	44 506	49 076	51 529	54 105
Marine Living Resources Fund	87 796	106 090	128 100	201 173	252 957	186 128	197 296
Total	178 213	200 041	259 113	345 532	411 791	352 905	372 410
Change to 2011 Budget estimate				21 344	20 592	19 382	19 612

Economic classification

Current payments	90 417	93 951	130 845	144 359	158 834	166 777	175 114
Compensation of employees	90 417	93 951	130 845	144 359	158 834	166 777	175 114
Transfers and subsidies	87 796	106 090	128 268	201 173	252 957	186 128	197 296
Departmental agencies and accounts	87 796	106 090	128 100	201 173	252 957	186 128	197 296
Households	-	-	168	-	-	-	-
Total	178 213	200 041	259 113	345 532	411 791	352 905	372 410

Details of transfers and subsidies

Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	87 796	106 090	128 100	201 173	252 957	186 128	197 296
Marine Living Resources Fund	87 796	106 090	128 100	201 173	252 957	186 128	197 296
Households							
Social benefits							
Current	-	-	168	-	-	-	-
Employee social benefits	-	-	168	-	-	-	-

Expenditure trends

Expenditure increased from R178.2 million in 2008/09 to R345.5 million in 2011/12, at an average annual rate of 24.7 per cent, and is expected to increase to R372.4 million over the medium term, at an average annual rate of 2.5 per cent. The increase in both periods is due to increased allocations for vessel operations and function shifts from the Department of Environmental Affairs. The transfer of rights policy, the small scale fisheries policy, and the policy on the transfer of commercial fishing rights were gazetted in 2010/11.

Over the medium term, the focus will be on establishing 80 aquaculture farms and implementing the small scale fisheries policy.

Public entities and other agencies

Agricultural Research Council

Overview 2008//09 – 2014/15

The Agricultural Research Council was established by the Agricultural Research Act (1990). The council is a science institution that conducts fundamental and applied research with partners to generate knowledge, develop human capital, and foster innovation in agriculture through technology development and transfer, and the dissemination and commercialisation of research results.

The council's strategic objectives and related outputs are aligned with the department's mission, and are directed at: ensuring access to sufficient, safe and nutritious food; eliminating skewed participation and inequality in the sector; maximising growth, job creation and income in agriculture; and enhancing the sustainable management of natural agricultural resources and ecological systems. Technology development and transfer aim at improving agricultural production, food security and growth, which in turn will result in poverty alleviation. The council carries out its functions in accordance with the approved strategic and business plans.

Performance

To ensure the competitiveness of South African fruit producers, the council developed and released 6 new stone fruit cultivars for use by dried fruit producers and processors under the name Colorburst. This initiative is expected to have a positive impact on communities, through income generation and job creation over a 10-year period. Estimates suggest that these nectarine varieties will expand production areas by 10 per cent in the future, thereby earning farmers about R16 million per year on 200 hectares of land.

In response to nutritional deficiency, the council released new sweet potato cultivars, Bophelo and Purple Sunset. These varieties are high in vitamin A and will be grown by smallholder farmers and sold to a large multinational food processing and marketing company. The initiative is expected to help to reduce malnutrition in communities and generate income and create jobs for smallholder farmers.

In 2010/11, a further 14 600 citrus, mango, banana, macadamia, guava and litchi trees were planted using the council's cultivars, bringing the total number of trees now established in 52 villages country wide to more than 100 000. Most of the trees are already bearing well and safe, nutritious fruit cultivated without the use of toxic chemicals is available to the communities. This initiative is estimated to have created 500 jobs within these communities, resulting in increased income and some measure of poverty alleviation.

The council has increased its output of publications and presentations, and continues with its development of scientific methods, the maintenance of genetic stock, and research and intellectual property filings.

Selected performance indicators

Table 26.11 Agricultural Research Council

Indicator	Programme/Activity/Objective/Project	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of scientific publications produced per year	Sustainable use and management of natural resources	1 242	149	168	178	189	200	210
Number of scientific presentations conducted per year	Enhanced nutrition, food security and safety	347	80	93	271	323	342	359
Number of scientific methods developed per year to improve output or production	Improved ability of the sector to manage and mitigate agricultural risks	384	123	321	892	1 039	1 101	1 156
Number of accessions/genetic stock maintained per year	Improved ability of the sector to manage and mitigate agricultural risks	–	68 951	4 259 072	4 344 253	4 431 139	4 519 761	4 610 157

Table 26.11 Agricultural Research Council

Indicator	Programme/Activity/Objective/Project	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of research information disseminated to the sector per year	Improved efficiency and competitiveness of the sector	770	1 722	1 454	1 830	2 408	2 552	2 680
Number of training courses per year	Improved operational and organisational efficiency and effectiveness	150	2 001	1 396	6 121	7 131	7 559	7 937
Number of new intellectual property rights filings completed per year	Enhanced nutrition, food security and safety	10	27	21	15	18	19	20
Number of technology packages (packaged solutions/ licences) per year)	Improved efficiency and competitiveness of the sector	500	215	5	3	3	3	3

Programmes/activities/objectives**Table 26.12 Agricultural Research Council**

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Sustainable use and management of natural resources	108 886	108 188	113 563	117 215	147 131	152 527	173 590
Enhanced nutrition, food security and safety	155 551	154 554	162 233	167 450	208 901	220 753	244 557
Improved ability of the sector to manage and mitigate agricultural risks	155 551	154 554	162 233	159 078	199 106	235 216	255 229
Improved efficiency and competitiveness of the sector	155 722	154 554	162 295	167 450	194 901	225 753	246 557
Transformed agrarian landscape	100 937	100 472	105 390	113 029	132 234	157 259	179 926
Improved operational and organisational efficiency and effectiveness	101 107	100 461	105 452	113 029	132 234	142 259	152 926
Total expense	777 755	772 781	811 165	837 252	1 014 507	1 133 767	1 252 783

The Agricultural Research Council had a total budget of R837.3 million in 2011/12, of which 62.6 per cent was used for compensation of employees.

Savings and cost effectiveness measures

Over the medium term, the council's savings and cost effectiveness measures will continue to relate to: implementing effective controls on project management and monitoring of expenditure by continuously reviewing its projects and programmes; reviewing policies and strategies; leveraging the relationship between the council and industry partners to optimising costs along the value chain and identifying areas for further collaborative efforts; increasing the use of doctoral students on projects to help reduce personnel costs; and applying adequate and cost effective maintenance of building assets, including analyses of life cycle costs.

These measures have resulted in operational savings of R24 million for 2010/11 and R5.2 million in 2011/12. Further savings of R7.4 million in 2012/13, R4.8 million in 2013/14, and R2.3 million in 2014/15 have been identified. The council will continue to drive continuous improvements in its operations to ensure value for money service delivery.

Expenditure estimates

Table 26.13 Agricultural Research Council

Statement of financial performance				Revised estimate	Medium-term estimate		
	Audited outcome				2011/12	2012/13	2013/14
R thousand	2008/09	2009/10	2010/11				
Revenue							
Non-tax revenue	291 680	298 200	280 360	307 432	323 555	343 265	366 598
Sale of goods and services other than capital assets	255 722	292 524	266 392	292 813	308 137	326 922	349 275
<i>of which:</i>							
Research Income	255 722	292 524	266 392	292 813	308 137	326 922	349 275
Other non-tax revenue	35 958	5 676	13 968	14 619	15 418	16 343	17 323
Transfers received	469 993	532 850	590 168	709 390	869 592	868 723	970 002
Total revenue	761 673	831 050	870 528	1 016 822	1 193 147	1 211 988	1 336 601
Expenses							
Current expenses	777 755	772 781	811 165	837 252	1 014 507	1 133 767	1 252 783
Compensation of employees	467 039	490 215	510 882	523 832	586 007	636 168	687 422
Goods and services	296 292	264 765	281 614	290 433	403 714	470 837	534 287
Depreciation	14 253	17 795	18 607	22 986	24 786	26 762	31 074
Interest, dividends and rent on land	171	6	62	–	–	–	–
Total expenses	777 755	772 781	811 165	837 252	1 014 507	1 133 767	1 252 783
Surplus / (Deficit)	(16 082)	58 269	59 364	179 570	178 639	78 220	83 817
Statement of financial position							
Carrying value of assets	649 317	649 129	666 041	775 199	896 640	1 033 299	1 136 600
<i>of which:</i>							
Acquisition of assets	62 100	17 721	38 724	132 071	146 227	163 421	134 374
Investments	2 236	2 011	2 158	2 150	2 150	2 150	2 150
Inventory	18 075	13 329	11 485	11 952	12 408	13 152	13 942
Receivables and prepayments	63 869	79 962	64 915	71 407	78 548	86 402	95 043
Cash and cash equivalents	34 966	73 457	163 448	196 879	250 164	192 521	173 565
Total assets	768 465	817 888	908 047	1 057 587	1 239 909	1 327 525	1 421 299
Accumulated surplus / (deficit)	389 262	447 979	506 923	686 496	865 135	943 356	1 027 173
Capital and reserves	112 276	111 476	111 274	111 340	111 032	111 159	111 295
Accrued interest	–	–	–	–	1	2	3
Deferred income	63 474	43 474	43 474	43 860	43 860	43 860	43 860
Trade and other payables	130 582	128 202	148 421	125 830	128 347	136 047	144 210
Provisions	72 872	86 758	97 955	90 061	91 536	93 100	94 758
Total equity and liabilities	768 466	817 889	908 047	1 057 587	1 239 911	1 327 525	1 421 299

Expenditure trends

The spending focus over the medium term will be on: smallholder farming, in particular livestock improvement schemes and crop production; agro-processing, in order to create jobs; research coordination through the establishment of research chairs at universities; and the maintenance of national assets.

The council is funded mainly from government transfers and income generated from applied research and other projects. Revenue increased from R761.7 million in 2008/09 to R1 billion in 2011/12, at an average annual rate of 10.1 per cent, and is expected to increase to R1.3 billion over the medium term, at an average annual rate of 9.5 per cent. The growth in revenue has been driven mainly by increased government transfers to fund new agricultural research programmes, the upgrading and replacing of ageing machinery and equipment, and the construction of a factory for manufacturing a vaccine against foot and mouth disease. As part of the economic competitiveness and support package, R400 million has been allocated to the council over the MTEF period for research into crop production, production of animal vaccines, extension services for smallholder farmers, university research, and maintenance of national collections/gene banks.

The council's core business is research and development and technology transfer, which account for 86.5 per cent of the total budget, while 13.5 per cent is allocated for support services. Expenditure grew from R777.8 million in 2008/09 to R837.3 million in 2011/12, at an average growth rate of 2.5 per cent, and is projected to increase to R1.3 billion over the medium term, at an average annual rate of 14.4 per cent. The increase in expenditure over the medium term will cater for increased research and development, and technology transfer. The increase in research activities will result in additional personnel and operational costs.

The council's outputs have mainly been research and the development of cultivars suited to Southern Africa's weather patterns, and developing tools and methodologies to mitigate agricultural risks. This is evident in the increased number of scientific publications, technology transfer packages and new products being made available to the sector. These initiatives will continue over the MTEF period, with the focus on vaccine development, livestock improvement, agro-processing and smallholder farming.

Spending on compensation of employees increased from R467 million in 2008/09 to R523.8 million in 2011/12, at an average annual rate of 3.9 per cent, and is projected to increase to R687.4 million over the medium term, at an average annual rate of 9.5 per cent. The increases in both periods are due mainly to adjustments for improved conditions of service.

Personnel Information

Table 26.14 Agricultural Research Council

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of vacant posts	Actual			Mid- year ¹	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive board members	1	1	–	1	1	1	1	1	1	1
Executive management	8	4	4	4	4	4	4	4	4	4
Senior management	55	27	28	41	23	25	27	30	35	40
Middle management	164	87	77	82	100	85	87	95	100	105
Professionals	598	442	156	450	450	435	442	460	470	480
Skilled	1 165	742	423	806	781	739	742	850	880	950
Semi-skilled	494	466	28	470	441	454	466	475	480	494
Very low skilled	595	557	38	602	551	502	557	560	595	595
Total	3 080	2 326	754	2 456	2 351	2 245	2 326	2 475	2 565	2 669
Compensation (R thousand)				467 039	490 215	510 882	523 832	586 007	636 168	687 422
Unit cost (R thousand)				190	209	228	225	237	248	258

1. As at 30 September 2011.

As at the 30 September 2011, the number of filled posts declined to 2 326 from 2 456 in 2008/09. The council had a high vacancy rate due to unfunded posts. The vacancies are particularly evident in the scientific staff category. The council expects to increase its headcount from 2 326 in 2011/12 to 2 669 over the medium term, to focus on smallholder farming, agro-processing, biotechnology and climate change research.

Marine Living Resources Fund

Overview: 2008/09 – 2014/15

The Marine Living Resources Fund was established in terms of the Marine Living Resources Act (1998). It is the main source of funding for the fisheries management branch of the national Department of Agriculture, Forestry and Fisheries. The fund's mandate and core business is to manage the development and sustainable use of South Africa's marine resources, and protect the integrity and quality of the marine ecosystem. The fund covers the operational costs of an administrative and support component, and the five delivery subprogrammes.

The organisation regulates the use of marine resources by administering fishing rights, permits and licences. Key activities include: developing and implementing a policy framework for allocating and managing long term fishing rights in 20 commercial fishing sectors; facilitating and managing the transfer of commercial fishing rights; conserving and protecting seals, seabirds and shorebirds; developing a policy and management framework for the subsistence fishing sector; monitoring fish stocks to prevent over-exploitation or negative

impacts on the integrity of marine ecosystems; and developing management strategies to rebuild depleted fish stocks.

The key strategic priorities for the fisheries sector over the medium term include: conducting annual fishery specific research to inform the setting of total allowable catches and effort in 22 fishing sectors; investigating the feasibility of two potential new fisheries; implementing the stock-recovery strategy for hake, abalone, West Coast rock lobster and line fish; finalising and implementing the small scale subsistence fisheries policy; broadening the scope of the aquaculture sector by launching 12 aquaculture pilot projects by 2014/15; developing and finalising a fisheries charter to meet transformation targets within the fishing sector; developing and implementing the integrated fisheries security strategy to ensure better compliance, monitoring and enforcement efforts; and promoting job creation and sustainable economic livelihoods by implementing 50 community projects through the Working for Fisheries programme by 2014/15.

Performance

Between 2008/09 and 2011/12, the fund successfully carried out scientific surveys and research on total allowable catch and effort in 21 fisheries, and a strategy was developed and implemented to protect hake and help the recovery of abalone stocks.

15 cases and tip-offs were investigated in accordance with service standards and 6 cases were registered. Altogether, 38 921 units of abalone were seized as well as 926 units of West Coast rock lobster and one vessel. The hake recovery strategy yielded good results and there is evidence that stocks are being renewed. The inspection of the targeted 74 fish processing establishments was completed. An additional 35 establishments were inspected and some were warned to acquire the necessary documentation so they could continue to do business. Abalone diving surveys were completed and the stock assessment report on Eastern Cape abalone was reviewed in 2010/11.

Selected performance indicators

Table 26.15 Marine Living Resources Fund

Indicator	Activity/ Objective/ Programme/ Project	Past			Current 2011/12	Projections		
		2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
Number of annual assessments conducted per year to determine the state of resources in the fisheries sector	Marine resources research	22	22	22	22	22	22	22
Number of research projects conducted per year on the feasibility of South Africa's aquaculture species	Aquaculture and economic development	2	2	2	2	2	2	2
Number of aquaculture (fish farming) pilot projects launched per year	Aquaculture and economic development	2	3	1	1	3	2	2
Number of job opportunities, as measured by full time equivalents, created through the expanded public works programme per year ¹	Aquaculture and economic development	-	-	-	1 100	1 091	-	-

1. Funding had not been provided for 2013/14 and 2014/15.

Programmes/activities/objectives

Table 26.16 Marine Living Resources Fund

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Administration	84 853	74 927	53 985	83 766	54 491	54 393	53 919
Marine resource management	12 780	9 166	10 122	13 617	24 609	21 153	20 969
Aquaculture and economic development	33 338	24 151	80 978	100 684	98 435	20 322	20 817
Marine resources research	108 282	123 863	94 475	106 461	129 197	139 419	137 869
Monitoring, control and surveillance	112 096	140 937	97 849	108 112	132 712	142 441	140 865
Total expense	351 349	373 044	337 409	412 640	439 444	377 728	374 439

The Marine Living Resources Fund had a total budget of R412.6 million in 2011/12, of which 91.1 per cent was used for compensation of employees.

Savings and cost effectiveness measures

Due to budget cuts in 2010/11, the entity reprioritised its budget by decreasing asset acquisition by R13.5 million and reducing lease payments by R4.3 million. Expenditure is reviewed against budget on a monthly basis and reprioritised. The fund has identified areas of possible saving over the medium term by implementing the following measures: using the resources of other units within the entity to supplement monitoring, control and surveillance efforts; travelling more cost efficiently and cutting down on international travel without compromising international relations; using resources and assets more efficiently; investing in research technology to reduce the use of external capacity; and rescheduling timeframes for some projects. These measures are not expected to impact on the fund's ability to deliver on its mandate. R3.2 million in savings is expected to be realised over the medium term.

Expenditure estimates

Table 26.17 Marine Living Resources Fund

Statement of financial performance				Revised estimate	Medium-term estimate		
R thousand	Audited outcome			2011/12	2012/13	2013/14	2014/15
	2008/09	2009/10	2010/11				
Revenue							
Non-tax revenue	128 659	130 182	136 974	185 995	170 138	191 600	177 143
Sale of goods and services other than capital assets	119 515	120 148	129 997	141 803	143 138	168 900	157 493
<i>of which:</i>							
Administration fees	81 620	93 823	103 310	106 803	108 138	133 900	122 493
Sales by market establishments	–	3	–	–	–	–	–
Other sales	37 895	26 322	26 687	35 000	35 000	35 000	35 000
Other non-tax revenue	9 144	10 034	6 977	44 192	27 000	22 700	19 650
Transfers received	212 463	236 057	142 510	226 645	269 306	186 128	197 296
Total revenue	341 122	366 239	279 484	412 640	439 444	377 728	374 439
Expenses							
Current expenses	351 349	373 044	337 409	412 640	439 444	377 728	374 439
Goods and services	307 495	331 023	297 275	375 990	404 644	344 278	342 189
Depreciation	43 847	42 021	40 134	36 650	34 800	33 450	32 250
Interest, dividends and rent on land	7	–	–	–	–	–	–
Total expenses	351 349	373 044	337 409	412 640	439 444	377 728	374 439
Surplus / (Deficit)	(10 227)	(6 805)	(57 925)	–	–	–	–

Table 26.17 Marine Living Resources Fund (continued)

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Statement of financial position							
Carrying value of assets	433 332	417 347	383 568	364 376	345 876	330 176	317 626
<i>of which:</i>							
Acquisition of assets	17 819	26 037	12 554	17 458	16 300	17 750	19 700
Inventory	4 553	2 747	2 797	–	–	–	–
Receivables and prepayments	10 023	11 404	13 935	13 000	12 000	17 329	19 000
Cash and cash equivalents	78 858	85 134	77 691	70 000	71 000	68 000	66 879
Total assets	526 766	516 632	477 991	447 376	428 876	415 505	403 505
Accumulated surplus / (deficit)	464 337	457 532	393 505	393 505	393 505	393 505	393 505
Capital reserve fund	13 901	10 905	51 146	25 000	–	–	–
Deferred income	13 002	14 874	5 558	3 000	5 371	2 000	–
Trade and other payables	35 526	33 321	27 782	25 871	30 000	20 000	10 000
Total equity and liabilities	526 766	516 632	477 991	447 376	428 876	415 505	403 505

Expenditure trends

The spending focus over the medium term will be on rolling out the small scale fisheries policy, decentralising services provided in terms of the Marine Living Resources Act (1998), increasing sea days for the research and patrol vessels and replacing the research fleet.

The fund receives transfers from the department and generates revenue from levies on fish and fish products, licence and permit fees, fines and confiscations, and harbour fees. Revenue increased from R341.1 million in 2008/09 to R412.6 million in 2011/12, at an average annual rate of 6.5 per cent, as a result of an increase in financial assistance for vessel operating costs. Over the medium term, revenue is expected to decrease to R374.4 million, at an average annual rate of 3.2 per cent, due mainly to an allocation for the Working for Fisheries projects component of the expanded public works programme coming to an end in 2012/13. This decrease over the medium term is partially offset by an increase in revenue from levies, licences, permits and application fees, the tariffs of which were all increased from October 2010. The increase in administration fees in 2013/14 is as a result of the expected increase in grant of rights fees due to the allocation of rights process.

Expenditure increased from R351.3 million in 2008/09 to R412.6 million in 2011/12, at an average annual rate of 5.5 per cent, and is expected to decrease to R374.4 million over the medium term, at an average annual rate of 3.2 per cent, due mainly to a decrease in financial assistance for Working for Fisheries projects from 2013/14.

Personnel information

As at the 30 September 2011, the vacancy rate was 14 per cent, due to the moratorium in place on the filling of posts. The vacancy rate is expected to decrease to 12 percent in 2014/15.

National Agricultural Marketing Council

Overview: 2008/09 – 2014/15

The National Agricultural Marketing Council was established in terms of the Marketing of Agricultural Products Act (1996) to: provide strategic advice to the minister on all agricultural marketing issues, improve market efficiency and market access by all participants, optimise export earnings, and enhance the viability of the agricultural sector.

This council's mandate is to facilitate the sustainable and profitable participation in the agricultural economy by all stakeholders, recognising the need to maintain and increase commercial production to build international competitiveness, and address the historical legacies and biases that have resulted in skewed access and representation.

Over the medium term, the council will focus on addressing issues such as high food prices, high input costs, trade and collaboration, within the political and sectoral policy guidelines that govern its work. To encourage

new entrants into agriculture and gain access to markets, the council will implement marketing support measures and provide marketing incentives, lower private standards and farmer group certification transaction costs for black farmers, and set hard transformation targets for every industry using any of the statutory measures in the Marketing of Agricultural Products Act (1996), as envisaged in the AgriBEE Sector Charter.

The council will continue to collaborate with industry partners, private institutions and donors, to leverage mutually beneficial programmes that will influence production growth, in order to find a solution to the problem of high food prices. The council's market and economic research centre aims to enhance the market's understanding of the impulses that drive food inflation, by researching and publishing reports on agro-food chains and continuing with section 7 investigations. (In accordance with section 7 of the Marketing of Agricultural Products Act (1996), in 2009, the council was requested by the Minister for Agriculture and Land Affairs to investigate the wheat-to-bread value chain and more specifically the rising price of bread, a staple for many consumers.) These reports provide information pertaining to agricultural marketing statutory measures, quarterly food price trends, annual food cost reviews and annual food cost trends. The agribusiness development division will monitor employment trends and support mechanisms for the agricultural sector target, by organising at least 3 marketing schemes aimed at providing markets for black farmers. The number of marketing schemes organised is projected to increase to 4 over the medium term.

Performance

The market and economic research centre division's goal is to publish 10 agro-food chain reports, which includes the section 7 investigations. The target for 2012/13 is 11 reports, increasing to 12 in 2013/14 and 15 in 2014/15. The division is also responsible for publishing the food price trend reports on a quarterly basis. 100 per cent compliance was achieved for this indicator between 2008/09 and 2010/11. This division also publishes the annual food cost review report. The target for the cost trends reports was 4 per year between 2009/10 and 2011/12, but this increases to 6 reports over the MTEF period.

The statutory measures division has successfully increased the number of statutory measure investigations per year, from 9 in 2008/09 to 18 in 2010/11. The target for 2011/12 was 21, and is projected to increase from 25 in 2012/13 to 30 in 2014/15.

The agribusiness development division has designed and implemented 2 marketing schemes between 2008/09 and 2011/12. These schemes are aimed at providing markets for black farmers. The target for 2012/13 is increased to 3, and to 4 for 2013/14 and 2014/15. The agribusiness development division aimed to assist 120 black owned agribusinesses to attend local and international trade shows in 2011/12. Over the medium term, this target increases to 200.

Selected performance indicators

Table 26.18 National Agricultural Marketing Council

Indicator	Activity/ Objective/ Programme/ Project	Past			Current 2011/12	Projections		
		2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
Number of agro food Chains and section 7 investigation reports published per year	Market and economic research centre	3	7	9	10	11	12	15
Number of quarterly food price trend reports published per year	Market and economic research centre	4	4	4	4	4	4	4
Number of annual food cost reviews published per year	Market and economic research centre	1	1	1	1	1	1	1
Number of annual cost trends reports published per year	Market and economic research centre	1	4	4	4	6	6	6
Number of statutory measures investigations undertaken per year	Statutory measures	9	15	18	21	25	28	30

Table 26.18 National Agricultural Marketing Council

Indicator	Activity/ Objective/ Programme/ Project	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of marketing schemes designed and implemented per year aimed at providing markets for black farmers	Agribusiness development	2	2	2	2	3	4	4
Number of black owned agribusiness to attend local and international trade shows.	Agribusiness development	30	40	88	120	150	180	200

Programmes/activities/objectives**Table 26.19 National Agricultural Marketing Council**

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Markets and economic research council	6 806	8 403	11 254	11 191	9 692	10 556	11 189
Statutory measures	1 337	1 642	2 138	1 956	1 992	2 133	2 261
Agribusiness development	3 403	3 316	3 082	3 167	3 176	3 365	3 567
Agricultural trusts	607	1 437	2 473	1 285	1 418	1 484	1 573
National Red meat development programme	–	–	–	2 950	–	–	–
Finance and administration	7 025	8 527	8 026	8 934	8 619	9 089	9 586
Human resources	3 647	3 441	3 792	3 237	3 166	3 353	3 554
Office of the CEO	1 160	2 780	3 389	3 292	2 364	2 501	2 652
Council, audit and risk Committee	762	580	529	1 387	1 388	1 464	1 552
Total expense	24 747	30 126	34 683	37 399	31 815	33 945	35 934

The National Agricultural Marketing Council had a total budget of R37.4 million in 2011/12, of which 55.4 per cent was used for compensation of employees.

Savings and cost effectiveness measures

To realise savings, the council reduced its communications costs, staff costs, and travelling costs. A new telephone policy was implemented requiring staff members to pay for private calls. All entertainment expenditure was cut and strict travel controls instituted.

Savings of R70 000 over the medium term are expected as a result and have been allocated to the agribusiness development programme. The council's baseline allocation has been reduced by R175 000 in 2013/14 and R220 000 in 2014/15.

Expenditure estimates**Table 26.20 National Agricultural Marketing Council**

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Statement of financial performance							
Revenue							
Non-tax revenue	3 568	3 148	2 491	1 350	700	850	900
<i>Other non-tax revenue</i>	3 568	3 148	2 491	1 350	700	850	900
Transfers received	22 459	28 360	31 194	36 049	31 115	33 095	35 033
Total revenue	26 027	31 508	33 685	37 399	31 815	33 945	35 933

Table 26.20 National Agricultural Marketing Council (continued)

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Statement of financial performance							
Expenses							
Current expenses	24 747	30 126	34 683	37 399	31 815	33 945	35 934
Compensation of employees	11 610	15 125	20 917	20 731	20 668	22 064	23 388
Goods and services	12 697	14 499	13 210	16 030	10 560	11 385	12 125
Depreciation	388	474	532	600	545	452	374
Interest, dividends and rent on land	52	28	24	38	42	44	47
Total expenses	24 747	30 126	34 683	37 399	31 815	33 945	35 934
Surplus / (Deficit)	1 280	1 382	(998)	-	-	-	(1)
Statement of financial position							
Carrying value of assets	1 563	1 588	1 458	1 160	781	487	287
<i>of which:</i>							
<i>Acquisition of assets</i>	1 245	503	449	302	166	158	174
Inventory	-	34	38	12	13	10	10
Receivables and prepayments	62	795	262	72	39	72	67
Cash and cash equivalents	2 424	3 911	1 606	2 040	3 363	3 327	3 307
Total assets	4 049	6 328	3 364	3 284	4 196	3 896	3 671
Accumulated surplus / (deficit)	1 160	2 540	1 542	1 542	1 542	1 542	1 542
Finance lease	326	287	303	240	220	172	180
Deferred income	426	1 133	531	531	531	531	531
Trade and other payables	2 137	2 368	988	971	1 903	1 651	1 418
Total equity and liabilities	4 049	6 328	3 364	3 284	4 196	3 896	3 671

Expenditure trends

Over the medium term, the council will focus its spending on agribusiness development, which will continue with the export promotions programme and linking farmers to markets.

The council is primarily funded from government grants, income generated from investments in interest bearing accounts, and from sponsorship projects. Revenue increased from R26 million in 2008/09 to R37.4 million in 2011/12, at an average annual rate of 12.8 per cent, due to allocations of R3 million in 2009/10, R5 million in 2010/11 and R8 million in 2011/12 for export promotion. Revenue is expected to decrease over the medium term to R35.9 million, at an average annual rate of 1.3 per cent.

Expenditure increased from R24.7 million in 2008/09 to R37.4 million in 2011/12, at an average annual rate of 14.8 per cent, due to the export promotion programme. In this period, the council published 12 food price monitoring reports and a food cost review. The council conducted research and published reports on 8 agro-food chains, and 1 section 7 investigation report on ethical trade issues in the horticulture sector.

Over the medium term, expenditure is expected to decrease to R35.9 million, at an average annual rate of 1.3 per cent. Expenditure on compensation of employees is expected to increase from R20.7 million in 2011/12 to R23.4 million in 2014/15, at an average annual rate of 4.1 per cent, to provide for improved conditions of service. Over the same period, goods and services spending is expected to decrease from R16 million to R12.1 million, at an average annual rate of 8.9 per cent, due to the allocations for export promotion ending in 2011/12.

Personnel information

Table 26.21 National Agricultural Marketing Council

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment								
	Number of posts on approved establishment	Number of funded posts	Number of vacant posts	Actual			Mid- year ¹	Medium-term estimate				
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15		
Executive board members	9	9	–	508	397	478	219	507	537	569		
Executive management	7	7	–	5 153	6 776	7 582	2 565	7 596	8 251	8 747		
Middle management	19	19	2	3 439	4 947	9 312	4 711	9 429	9 951	10 548		
Professionals	8	8	–	1 300	1 550	1 820	1 069	1 488	1 577	1 672		
Skilled	7	7	–	900	1 100	1 300	795	1 198	1 270	1 346		
Semi-skilled	3	3	–	310	355	425	303	451	478	506		
Total	53	53	2	11 610	15 125	20 917	9 661	20 668	22 064	23 388		
Compensation (R thousand)				11 610	15 125	20 917	20 731	20 668	22 064	23 388		
Unit cost (R thousand)				1	1	1	2	1	1	1		

1. As at 30 September 2011.

As at 30 September 2011, the number of filled posts grew by 9.7 per cent, from 41 in 2008/09 to 45 in 2011/12, in line with the expanding research and agribusiness activities, to ensure that the council meets its set targets and strategic objectives. Over the medium term, expenditure on compensation of employees is set to increase by 4.1 per cent. The vacancy rate is currently at 15 per cent and this will not change over the medium term due to prevailing cost savings measures.

Ncera Farms

Overview: 2008/09 – 2014/15

Ncera Farms is a schedule 3B company in terms of the Public Finance Management Act (1999). The company was established to provide agricultural extension services, support the mechanisation of agricultural production, train and advise farmers on crop, vegetable and animal production, market agricultural products, and support animal improvement schemes targeting nearby farmers and communities.

In December 2010, the administration of Ncera Farms was assigned to the acting deputy director general of food security and agrarian reform in the department, to develop a turnaround strategy and to facilitate the appointment of a chief executive officer and board of directors. This was preceded by a period of weak leadership by the board and the underperformance of Ncera Farms in 2010/11, necessitating the development of a turnaround strategy, to improve the institution's financial performance and regain stakeholder support. The turnaround strategy for the company was approved by the minister in November 2011 for tabling in Parliament.

The focus over the medium term is to transform Ncera Farms into an academy for farmer development and support services. The company will provide computer and agriculture training to 75 students, and the farm workshop will continue to provide mechanical services to the farm and surrounding communities, and training in mechanical and preventative maintenance. The dairy unit was considered to be unsustainable and is to be phased out over the medium term. It had received a subsidy of R200 000 per year.

Performance

The increase in services rendered to farmers, such as ploughing, increased by 68.3 per cent from 30 hectares in 2008/09 to 85 hectares in 2010/11, and is projected to decline to 55 hectares in 2014/15, due to lower demand for ploughing services from adjacent farming communities. The number of learners receiving computer training increased by 6.8 per cent, from 57 learners in 2008/09 to 65 learners in 2010/11, but is expected to decline by 61.5 per cent to 25 learners in 2014/15 as demand for the service wanes.

Selected performance indicators

Table 26.22 Ncera Farms

Indicator	Programme/Activity/Objective	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Number of hectares of land serviced for disadvantaged farmers per year:	Service centre							
-ploughed		30ha	36ha	85ha	45ha	50ha	50ha	55ha
-disked		30ha	36ha	85ha	45ha	50ha	50ha	55ha
-sprayed		5ha	6ha	5ha	5ha	5ha	5ha	5ha
-planted		20ha	30ha	40ha	20ha	20ha	20ha	25ha
Number of people trained per year:	Service centre							
-computer		57	90	65	45	25	25	25
-technical		12	25	10	10	10	10	10
-agriculture		5	36	5	5	25	25	25

Programmes/activities/objectives

Table 26.23 Ncera Farms

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Livestock, training, Goats, contract ploughing and vegetables	3 358	3 673	3 349	5 707	3 755	4 185	4 910
Total expense	3 358	3 673	3 349	5 707	3 755	4 185	4 910

Ncera Farms had a total budget of R5.7 million in 2011/12, of which 51 per cent was used for compensation of employees.

Savings and cost effectiveness measures

The entity is in the process of having its training programmes accredited by the agriculture sector education and training authority. Once accredited, the entity will recover the cost of the courses from attendees. This is expected to reduce expenditure over the medium term. The organisation will also source funds from various sector partners and recruit participants for the programmes to be implemented over the medium term.

Expenditure estimates

Table 26.24 Ncera Farms

Statement of financial performance

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Revenue							
Non-tax revenue	1 174	957	1 076	1 416	639	898	1 426
Sale of goods and services other than capital assets	1 113	884	834	1 373	639	898	1 426
<i>of which:</i>							
<i>Sales by market establishments</i>	1 113	884	834	1 373	639	898	1 426
<i>Other non-tax revenue</i>	61	73	242	43	–	–	–
Transfers received	2 395	2 550	2 790	4 291	3 116	3 287	3 484
Total revenue	3 569	3 507	3 866	5 707	3 755	4 185	4 910
Expenses							
Current expenses	3 358	3 673	3 349	5 707	3 755	4 185	4 910
Compensation of employees	2 090	2 024	1 680	2 910	3 376	3 603	3 577
Goods and services	1 162	1 531	1 564	2 679	235	418	1 149
Depreciation	106	118	105	118	144	164	184
Total expenses	3 358	3 673	3 349	5 707	3 755	4 185	4 910

Table 26.24 Ncera Farms (continued)

Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
R thousand							
Surplus / (Deficit)	211	(166)	517	-	-	-	-
Statement of financial position							
Carrying value of assets	2 052	1 934	1 830	1 912	2 992	3 150	3 306
<i>of which:</i>							
Acquisition of assets	232	-	-	200	1 224	322	340
Inventory	920	1 074	1 307	1 307	1 307	1 307	1 307
Receivables and prepayments	10	17	18	16	16	16	16
Cash and cash equivalents	602	412	715	955	209	209	209
Total assets	3 584	3 437	3 870	4 190	4 524	4 682	4 838
Accumulated surplus / (deficit)	(26 658)	(33 635)	(35 909)	(35 909)	(35 909)	(35 909)	(35 909)
Capital and reserves	30 063	36 876	39 666	39 986	40 320	40 478	40 634
Trade and other payables	103	197	113	113	113	113	113
Provisions	76	-	-	-	-	-	-
Total equity and liabilities	3 584	3 438	3 870	4 190	4 524	4 682	4 838

Expenditure trends

Over the medium term, the spending focus will continue to be on training people in computer literacy, entrepreneurship, communication, budgeting and banking, and in tractor maintenance, contract ploughing, land preparation and soil conversation.

Transfers from the department constitute 82.8 per cent of the company's total revenue for 2012/13. Other revenue is generated from the sale of dairy products, livestock and vegetables. Total revenue increased from R3.6 million in 2008/09 to R5.7 million in 2011/12, at an average annual rate of 16.9 per cent, and is expected to decrease to R4.9 million, at an average annual rate of 4.9 per cent over the medium term. The increase between 2008/09 and 2011/12 is attributable to an increase in transfers received and sales. The decrease over the medium term is due to a once off allocation of R1.3 million in the 2011 adjustments budget process for office block and farmhouse repairs, and mechanisation requirements for farm workshops.

Expenditure grew from R3.4 million in 2008/09 to R5.7 million in 2011/12, at an average annual rate of 19.3 per cent, and is projected to decrease over the medium term to R4.9 million, at an average annual rate of 4.9 per cent. The increase between 2008/09 and 2011/12 is mostly due to increased spending on feeds, medicines, spare parts, fuel and lubricants, telephones, water and electricity, and compensation of employees. The decrease over the medium term is due to the once-off nature of the allocation of R1.3 million in the 2011 adjusted estimates. Spending on compensation of employees is projected to increase from R2.9 million in 2011/12 to R3.6 million in 2014/15, at an average annual rate of 7.1 per cent, due to adjustments for improved conditions of services.

452 people were trained in computer literacy, entrepreneurship, communication, budgeting and banking, tractor maintenance, contract ploughing, and land preparation. In providing advice on soil conversation, 408 hectares were serviced. All these outputs were serviced at an average annual cost of R3.5 million.

Personnel information

Table 26.25 Ncera Farms

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of vacant posts	Actual			Mid- year ¹	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive management	1	–	–	1	1	1	1	1	1	1
Senior management	2	–	–	2	2	2	1	1	1	1
Middle management	4	–	–	4	4	4	5	5	5	5
Professionals	–	–	–	–	–	–	–	2	2	2
Semi-skilled	28	–	–	28	28	28	28	37	37	37
Total	35	–	–	35	35	35	35	46	46	46
Compensation (R thousand)				2 090	2 024	1 680	2 910	3 376	3 603	3 577
Unit cost (R thousand)				60	58	48	83	73	78	78

1. As at 30 September 2011.

As at 30 September 2011, Ncera Farms had an establishment of 35 posts, all of which were filled. Over the medium term, the number of filled posts is expected to grow to 46. The post of chief executive officer was filled in June 2011, and the personal assistant to the chief executive officer post was filled in October 2011. The number of filled posts increases by 9 farm workers over the medium term, due to the implementation of the turnaround strategy.

Onderstepoort Biological Products

Overview: 2008/09 – 2014/15

Onderstepoort Biological Products was established by the Onderstepoort Biological Products Incorporation Act (1999) as a company with the government as the initial shareholder. The sole purpose of corporatisation was to ensure financial viability to sustain the strategic capabilities in veterinary vaccines manufacturing for future generations. The entity's mandate is to prevent and control animal diseases that impact on food security, human health and livelihoods. The vision of the company is to become a global biotech manufacturer of animal health products.

The global animal health industry is estimated to be worth US\$18.5 billion and is driven by the continued growth of the human population, urbanisation and an increase in disposable income. This presents an opportunity to grow the livestock sector in the developing world, as projected by the Food and Agricultural Organisation. Sales of vaccines and related animal health products are projected to grow at a compound annual growth of 5 per cent until 2015.

With the government's drive to deliver services focusing on the 12 key outcomes, livestock production has been identified as a critical component in achieving rural economic development and food security (outcome 7). The company is strategically positioned to contribute to ensuring food security by continuing to support the commercial and emerging livestock sectors, especially in combating diseases. Due to the ageing of the facility, funding for the recapitalisation of the manufacturing plant is required to ensure that the business is competitive, profitable and sustainable.

The company's 2009 strategic plan identified increasing profitability, sales value and market share, gaining access to rural farmers, establishing a vaccine bank, accessing funding for recapitalisation of the manufacturing plant and developing new products and human capital as critical for its success. It is continuing to work on these priorities.

The company structures its activities through four programmes: production and financial performance, which focus on building a profitable, sustainable and socially responsible bio-manufacturing company; human resources, which builds a highly skilled workforce, focusing on innovation to improve manufacturing efficiencies and develop new products; and research and development, which focuses on the development of technical knowledge with the aim of developing new products to drive future growth.

Performance

The South African animal health industry has seen good growth in the last three years. Official figures from the South African Animal Health Association show a 6.5 per cent total growth in sales, from R1.5 billion in 2008 to R1.7 billion in 2010, and a 3.9 per cent growth in the vaccine segment, from R445 million in 2007/08 to R480 million in 2009/10. In 2011/12, R1.2 million was budgeted for employee training and skills development. This amount has been increased to R1.3 million in 2012/13.

In 2011/12, the company approved capital expenditure of R75 million to upgrade the manufacturing facility. This investment is expected to increase production efficiencies and reduce the cost of sales. In the same year, R8.5 million was allocated to research, while R36 million has been budgeted over the MTEF period for research and development projects.

Selected performance indicators

Table 26.26 Onderstepoort Biological Products

Indicator	Activity/Objective/ Programme/ Project	Past			Current 2011/12	Projected		
		2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
Number of publications supporting Onderstepoort Biological Products vaccines per year	Research and development	–	–	4	4	3	4	5
Number of doses of vaccines (various products) produced per year	Production	–	74 million	83 million	67 million	78 million	80 million	85 million
Percentage of cost of sales over sales per year	Financial performance	61% (R51.67m)	36% (R36.15m)	34% (R54.47m)	30% (R34.39m)	36% (R50.17m)	33% (R52.09m)	30% (R49.72m)
Percentage of training budget over sales per year	Human resources	–	0.9% (R800 000)	0.4% (R500 000)	1% (R1 200 000)	0.9% (R1 300 000)	1% (R1 500 000)	1.1% (R1 800 000)

Programmes/activities/objectives

Table 26.27 Onderstepoort Biological Products

R thousand	Audited outcome			Revised estimate 2011/12	Medium-term estimate		
	2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
Strategic objective 1 (SO 1):	47 056	49 384	77 742	67 591	69 322	83 897	83 370
Strategic objective 2 (SO 2):	42 862	37 423	68 662	36 796	58 942	58 744	61 681
Strategic objective 3 (SO 3):	4 503	2 002	1 411	9 422	13 206	11 401	11 971
Total expense	94 421	88 808	147 815	113 809	141 471	154 041	157 022

The Onderstepoort Biological Products Limited had a total budget of R113.8 million in 2011/12, of which 48.6 per cent was used for compensation of employees.

Savings and cost effectiveness measures

The company has begun negotiating with the suppliers of its cartons, shipping boxes and plastic bottles to reduce the cost of goods procured from them. Savings of R500 000 in 2012/13, R350 000 in 2013/14 and R200 000 in 2014/15 are expected as a result.

The company is also reviewing current printing practices to reduce waste and its environmental impact. Savings of R100 000 in 2012/13, R50 000 in 2013/14 and R30 000 in 2014/15 are expected as a result. Further savings of R1 million in 2011/12, R500 000 in 2012/13 and R200 000 in 2013/14 are expected from optimising business processes.

Expenditure estimates

Table 26.28 Onderstepoort Biological Products

Statement of financial performance				Revised	Medium-term estimate		
R thousand	Audited outcome			estimate			
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Revenue							
Non-tax revenue	94 576	111 340	169 328	119 360	142 505	159 701	167 686
Sale of goods and services other than capital assets	83 801	101 621	160 193	114 647	139 370	157 857	165 749
<i>of which:</i>							
<i>Sales by market establishments</i>	83 801	101 621	160 193	114 647	139 370	157 857	165 749
<i>Other non-tax revenue</i>	10 775	9 719	9 135	4 713	3 135	1 844	1 936
Total revenue	96 526	111 340	169 328	119 360	143 163	159 701	167 686
Expenses							
Current expenses	94 421	86 542	140 018	111 651	141 471	154 041	157 022
Compensation of employees	38 426	40 067	60 556	55 285	60 322	66 895	70 240
Goods and services	47 365	40 307	70 327	47 118	73 902	71 233	74 795
Depreciation	8 629	6 167	9 135	9 248	7 247	15 913	11 987
Total expenses	94 421	88 808	147 815	113 809	141 471	154 041	157 022
Surplus / (Deficit)	2 106	22 532	21 512	5 551	1 692	5 659	10 664
Statement of financial position							
Carrying value of assets	69 962	68 595	61 574	127 926	145 875	151 952	139 965
<i>of which:</i>							
<i>Acquisition of assets</i>	1 681	4 261	3 452	75 600	25 196	21 990	–
Inventory	19 741	28 579	19 288	28 672	27 755	25 755	23 655
Receivables and prepayments	8 259	7 437	11 305	15 646	6 364	5 564	4 724
Cash and cash equivalents	81 179	102 407	150 617	68 731	62 178	68 960	99 171
Taxation	1 166	2 309	4 221	35 734	35 734	35 734	35 734
Total assets	180 307	209 327	247 006	276 709	277 906	287 965	303 249
Accumulated surplus / (deficit)	171 771	151 534	173 046	178 597	180 289	185 948	196 612
Capital and reserves	–	1	1	50 001	50 669	63 469	60 109
Finance lease	–	2 988	9 804	–	–	–	–
Deferred income	–	38 711	35 734	35 734	35 734	35 734	35 734
Trade and other payables	6 918	10 401	17 643	9 301	8 801	801	9 201
Provisions	1 618	5 693	10 777	3 076	2 413	2 013	1 593
Total equity and liabilities	180 307	209 328	247 006	276 709	277 906	287 965	303 249

Expenditure trends

The spending focus over the medium term will be on improving systems and procedures to streamline operations such as research and development and the development of new vaccines to address customer demands; providing support for the livestock industry by supplying vaccines; establishing a vaccine bank in partnership with government; and upgrading the ageing manufacturing plant (R14 million in 2012/13) to improve efficiencies.

Total revenue increased from R96.5 million in 2008/09 to R119.4 million in 2011/12, at an average annual rate of 7.3 per cent, primarily due to sales by market establishment, resulting from an increase in demand from neighbouring countries. Over the medium term, revenue is expected to increase to R167.7 million, at an average annual rate of 12 per cent, due to the market launch in September 2010 of new products such as the Clone 13 vaccine B-Phermal, and Chlamysure, as well as the company's entry into new market segments. Vaccine sales account for 95 per cent of the revenue.

Expenditure increased from R94.4 million in 2008/09 to R113.8 million in 2011/12, at an average annual rate of 6.4 per cent, and is expected to increase over the medium term to R157 million, at an average annual rate of 11.3 per cent. Personnel costs are expected to increase by 9.1 per cent, from R55.3 million in 2011/12 to R60.3 million in 2012/13, due to adjustments for improved conditions of service and the filling of one vacancy.

Over the same period, spending on goods and services is expected to increase by 56.8 per cent, from R47.1 million in 2011/12 to R73.9 million in 2012/13, because of research and development costs. Expenditure on this item is expected to continue to increase to R74.8 million in 2014/15, at an average annual rate of 16.7 per cent, due to new research and development initiatives.

In 2009/10, a total of 74 million doses of vaccines were produced for the Rift Valley Fever outbreak. Actual production in 2010/11 was 83 million. 4 research publications were published in 2010/11 in various research topics and 4 other publications were published in 2011/12. It is expected that publications in research and development will increase to 5 in 2014/15, while the production of doses of vaccines will increase to 243 million over the medium term.

Personnel information

Table 26.29 Onderstepoort Biological Products

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of vacant posts	Actual			Mid- year ¹	Medium-term estimate		
				2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
Executive board members	-	-	-	-	-	-	5	5	-	-
Executive management	-	-	-	-	-	-	7	7	-	-
Senior management	-	-	-	-	-	-	22	24	-	-
Professionals	-	-	-	-	-	-	73	73	-	-
Semi-skilled	-	-	-	-	-	-	70	70	-	-
Very low skilled	-	-	-	-	-	-	31	31	-	-
Total	-	-	-	-	-	-	208	210	-	-
Compensation (R thousand)				38 426	40 067	60 556	55 285	60 322	66 895	70 240
Unit cost (R thousand)				-	-	-	266	287	-	-

1. As at 30 September 2011.

As at 30 September 2011, the ratio of support staff to line function staff was 1:5. Recruitment was under way to fill 9 vacancies, including the positions of chief executive officer and chief financial officer, to relieve the staff acting in these 2 positions. In 2011/12 R1 million was provided for the training of personnel.

Perishable Products Export Control Board

Overview: 2008/09 – 2014/15

The Perishable Products Export Control Board is an official certification agency operating on behalf of government to control all perishable export products. The board derives its mandate from the Perishable Products Export Control Act (1983), which requires it to ensure the orderly export of perishables and monitor the maintenance of a continuous cold chain, and the Agricultural Products Standards Act (1990), requiring the board to monitor minimum quality standards and bilateral agreements with importing countries.

The board's strategic objectives over the medium term are to: enhance confidence in South Africa's exporting systems and export products; support the competitiveness of South Africa's perishable products exporting industries; strengthen the board's credibility as a source of reliable information; sustain confidence in the country's quality assurance and food safety systems for local perishable product markets; ensure compliance with South African food safety and quality standards for imported perishable products; approve the employment equity strategy with specific targets, supported by a training programme; implement the harmonisation programme; and benchmark South African food safety systems against globally recognised good agricultural practice.

Performance

The board will undertake 40 depot and port audits per year over the medium term. Under the agriculture export technology programme, an average of 30 previously disadvantaged students will be trained per year over the medium term. The value of investment in industry and research over the medium term remains constant at R4.7 million per year. The number of training interventions aimed at addressing skills gaps and ensuring that systems are standardised is projected to grow to 12 per year over the medium term. Once the desired level is

achieved, resource allocation to this will be reduced. The demand for Mycotoxin testing is expected to grow to 16 000 in 2014/15.

Selected performance indicators

Table 26.30 Perishable Products Export Control Board

Indicator	Programme/Activity/Objective	Past			Current	Projections		
		2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Depot and port audits undertaken per year	Delivery on statutory mandate	–	–	–	40	40	40	40
Number of previously disadvantaged students sponsored to attend training courses per year	Capacity building	26	30	25	25	30	30	30
Value of investment in industry research and development programmes supported per year	Support export competitiveness of South African perishable product industries	R4.2m	R4.2m	R4.7m	R4.7m	R4.7m	R4.7m	R4.m
Number of training interventions undertaken across regions per year	Capacity building	–	–	–	9	12	12	12
Harmonisation Training interventions undertaken	Capacity building	–	–	–	7	10	12	12
Number of analytical tests conducted to serve the local market per year	Departmental policy on food safety and product quality	9 000	9 500	9 575	11 000	12 000	14 000	16 000

Programmes/activities/objectives

Table 26.31 Perishable Products Export Control Board

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Perishable export quality (Core function)	112 571	121 581	144 847	161 254	176 368	185 144	199 808
Technical research and development	1 219	800	1 239	1 431	2 067	2 153	2 356
Industry training and development	1 045	1 758	2 229	2 575	5 148	5 360	5 783
Value added services	10 531	8 923	10 723	12 383	14 366	14 959	16 140
Total expense	125 366	133 062	159 039	177 643	197 950	207 616	224 086

The Perishable Products Export Control Board had a total budget of R177.6 million in 2011/12, of which 66.9 per cent was used for compensation of employees.

Savings and cost effectiveness measures

Expenditure has been reprioritised and resources diverted to core matters by the reduction of international travel costs by R130 000 per year, without compromising international relations. Savings from non-recurring projects over the medium term will amount to R7.8 million.

Expenditure estimates

Table 26.32 Perishable Products Export Control Board

Statement of financial performance				Revised estimate	Medium-term estimate		
Audited outcome			2011/12		2012/13	2013/14	2014/15
R thousand	2008/09	2009/10	2010/11				
Revenue							
Non-tax revenue	142 724	152 602	171 355	177 043	198 701	214 398	231 336
Sale of goods and services other than capital assets	118 515	145 406	164 768	170 770	192 701	207 924	224 350
<i>of which:</i>							
Administration fees	118 515	145 406	164 768	170 770	192 701	207 924	224 350
Other non-tax revenue	24 209	7 196	6 587	6 273	6 000	6 474	6 985
Transfers received	–	–	–	600	600	632	670
Total revenue	142 724	152 602	171 355	177 643	199 301	215 030	232 006
Expenses							
Current expenses	125 366	133 062	159 039	177 643	197 950	207 616	224 087
Compensation of employees	89 885	93 228	113 219	118 895	132 292	142 875	154 163
Goods and services	34 628	37 937	43 601	56 498	63 168	62 052	67 023
Depreciation	836	1 878	2 192	2 250	2 490	2 689	2 901
Interest, dividends and rent on land	17	19	27	–	–	–	–
Total expenses	125 366	133 062	159 039	177 643	197 950	207 616	224 087
Surplus / (Deficit)	17 358	19 540	12 316	–	1 351	7 414	7 919
Statement of financial position							
Carrying value of assets	16 640	15 662	16 201	19 588	18 864	18 029	17 077
<i>of which:</i>							
Acquisition of assets	4 057	1 070	2 769	5 637	1 766	1 854	1 949
Investments	46 370	63 550	76 990	69 905	60 701	70 222	79 914
Receivables and prepayments	20 803	19 597	21 477	17 500	21 696	13 820	21 678
Cash and cash equivalents	25 182	23 127	41 328	52 738	66 539	60 160	56 613
Non-current assets held for sale	–	–	–	–	–	–	–
Total assets	108 995	121 936	155 996	159 731	167 800	162 232	175 283
Accumulated surplus/(deficit)	77 967	97 508	109 805	109 805	111 156	103 742	111 661
Trade and other payables	22 570	24 311	40 207	44 823	45 566	47 205	46 444
Taxation	–	–	–	(3 383)	2 592	2 800	8 693
Provisions	8 458	117	5 985	8 485	8 485	8 485	8 485
Total equity and liabilities	108 995	121 936	155 997	159 731	167 800	162 232	175 283

Expenditure trends

The spending focus over the medium term will be on building competitive capacity in people, systems and industries to bolster worldwide confidence in South African exports.

The board's primary source of income is fees and levies for statutory services to the perishable products industry. Revenue increased from R142.7 million in 2008/09 to R177.6 million in 2011/12, at an average annual rate of 7.6 per cent, and is expected to increase to R232 million, at an average annual rate of 9.3 per cent. The average annual increase of 8.4 per cent in revenue over the seven-year period is attributable to volume growth of 2.5 per cent and a tariff increase of 5.5 per cent.

Expenditure increased from R125.4 million in 2008/09 to R177.6 million in 2011/12, at an average annual rate of 12.3 per cent, and is projected to increase to R224.1 million over the medium term, at an average annual rate of 8 per cent. The increase in both periods is mainly due to the appointment of additional staff, which in turn impacts on accommodation and travel and subsistence costs.

In contributing to the department's policy on food safety and product quality, the board conducted 28 075 analytical tests between 2008/09 and 2010/11 to serve the perishable products market in South Africa. In support of the South African perishable product exporting industry becoming more competitive, the board has

invested R13.1 million (R4.2 million in 2008/09, R4.2 million in 2009/10 and R4.7 million in 2010/11) in industry research and development programmes. An average of 30 previously disadvantaged students will be trained per year over the METF period, and harmonisation training interventions will be undertaken to address skills gaps and to improve the standardisation of systems. Investment in research and development will be constant, at R4.7 million.

Personnel information

Table 26.33 Perishable Products Export Control Board

	Personnel post status as at 30 September 2011			Number of personnel posts filled / planned for on funded establishment						
	Number of posts on approved establishment	Number of funded posts	Number of vacant posts	Actual			Mid- year ¹	Medium-term estimate		
				2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Executive board members	10	10	–	10	10	10	10	10	10	10
Executive management	5	5	1	4	5	5	5	5	5	5
Senior management	14	14	–	13	13	13	14	14	14	14
Middle management	35	35	2	28	33	33	35	35	35	35
Professionals	65	65	–	60	60	60	65	95	96	96
Skilled	210	210	–	170	180	180	210	212	215	222
Semi-skilled	7	7	–	5	5	5	7	7	7	7
Total	346	346	3	290	306	306	346	378	382	389
Compensation (R thousand)				89 885	93 228	113 219	118 895	132 292	142 875	154 163
Unit cost (R thousand)				310	304	370	344	350	374	396

1. As at 30 September 2011.

As at 30 September 2011, the board had an establishment of 346 posts. The ratio of support staff to line staff was 1:4, and 343 of 346 posts were filled. The vacant posts were due to resignations. The vacancy rate is projected to be 6 per cent over the medium term.

Compensation of employees increases from R118 million in 2011/12 to R154 million in 2014/15, at an average annual rate of 9 per cent. The number of employees increases from 344 to 396, at an average rate of 4.9 per cent.

Additional tables

Table 26.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R thousand	2010/11		2010/11	2011/12			2011/12
Administration	1 072 867	1 117 555	1 103 494	541 448	33 024	574 472	574 472
Agricultural Production, Health and Food Safety	603 674	610 243	612 141	1 647 433	42 324	1 689 757	1 689 757
Food Security and Agrarian Reform	1 048 852	1 092 041	1 048 454	1 244 195	9 745	1 253 940	1 253 940
Trade Promotion and Market Access	194 994	145 553	145 333	191 766	13 632	205 398	205 398
Forestry	649 761	754 998	682 129	770 711	124 639	895 350	895 350
Fisheries	137 836	283 464	259 113	324 188	21 344	345 532	345 532
Total	3 707 984	4 003 854	3 850 664	4 719 741	244 708	4 964 449	4 964 449
Economic classification							
Current payments	1 773 526	1 849 323	1 755 364	2 039 393	(5 818)	2 033 575	2 033 575
Compensation of employees	1 144 157	1 199 569	1 189 923	1 273 000	23 769	1 296 769	1 296 769
Goods and services	627 974	648 274	564 246	764 707	(29 726)	734 981	734 981
Interest and rent on land	1 395	1 480	1 195	1 686	139	1 825	1 825
Transfers and subsidies	1 886 518	2 069 848	1 983 747	2 567 811	217 493	2 785 304	2 785 304
Provinces and municipalities	1 117 087	1 167 340	1 126 210	1 487 476	164 707	1 652 183	1 652 183
Departmental agencies and accounts	722 881	843 545	792 928	994 919	12 924	1 007 843	1 007 843
Higher education institutions	–	2 100	–	1 400	1 312	2 712	2 712
Foreign governments and international organisations	34 497	38 207	29 629	35 238	–	35 238	35 238
Public corporations and private enterprises	2 801	3 767	8 337	38 319	1 604	39 923	39 923
Non-profit institutions	8 784	8 784	6 696	8 906	3 300	12 206	12 206
Households	468	6 105	19 947	1 553	33 646	35 199	35 199
Payments for capital assets	47 940	84 683	111 301	112 537	33 033	145 570	145 570
Buildings and other fixed structures	30 892	44 435	47 121	42 114	918	43 032	43 032
Machinery and equipment	16 197	38 068	62 397	69 640	32 536	102 176	102 176
Biological assets	–	19	13	–	–	–	–
Software and other intangible assets	851	2 161	1 770	783	(421)	362	362
Payments for financial assets	–	–	252	–	–	–	–
Total	3 707 984	4 003 854	3 850 664	4 719 741	244 708	4 964 449	4 964 449

Table 26.B Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Compensation of employees (R thousand)	1 082 214	1 144 157	1 189 923	1 296 769	1 502 560	1 576 956	1 658 499
Training expenditure (R thousand)	24 216	16 411	37 740	31 807	35 891	37 276	40 014
Training as percentage of compensation	2.2%	1.4%	3.2%	2.5%	2.4%	2.4%	2.4%
Total number trained in department (headcount)	3 408	1 671	1 456	1 109			
<i>of which:</i>							
Employees receiving bursaries (headcount)	173	173	238	1 027			
Learnerships (headcount)	23	12	27	27			
Internships (headcount)	202	219	218	218			
Households receiving bursaries (R thousand)	10 511	10 278	10 328	11 700	12 285	12 899	13 544
Households receiving bursaries (headcount)	268	260	235	267			

Table 26.C Summary of conditional grants to provinces and municipalities¹

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15
Conditional grants to provinces							
Agricultural Production, Health and Food Safety							
Ilima Letsema projects grant	96 000	50 000	192 500	405 000	415 798	438 456	460 625
Food Security and Agrarian Reform							
Comprehensive agricultural support programme grant: Infrastructure	438 124	544 631	554 769	680 507	762 094	905 746	947 813
Comprehensive agricultural support programme grant: Extension recovery plan	100 000	170 763	273 938	308 890	322 206	339 927	360 323
Comprehensive agricultural support programme grant: Colleges for infrastructure	–	–	–	50 000	52 500	55 388	58 711
Comprehensive agricultural support programme grant: Agricultural starter packs	76 000	–	–	–	–	–	–
Forestry							
Land care programme: Poverty relief and infrastructure development grant	51 003	51 417	54 502	57 772	115 661	108 997	67 837
Comprehensive agricultural support programme grant: Agricultural disaster management grant	136 837	156 900	50 000	149 560	–	–	–
Comprehensive agricultural support programme grant: Disasters - Flood damaged infrastructure	–	–	–	–	398 191	298 959	298 244
Total	897 964	973 711	1 125 709	1 651 729	2 066 450	2 147 473	2 193 553

1. Detail provided in the Division of Revenue Act (2012).

Table 26.D Summary of donor funding

Donor	Project	Departmental programme name	Period of commitment	Amount committed	Main economic classification	Spending focus	Audited outcome			Estimate 2011/12	Medium-term expenditure estimate			
							2008/09	2009/10	2010/11		2012/13	2013/14	2014/15	
R thousand Foreign In cash European Union	South African pesticides initiative programme portfolio	Agricultural production, health and food safety	Yearly	-	Public corporations and private enterprises	Agricultural Production, Health And Food Safety	-	590	15 000	-	-	-	-	-
International Center for Genetic Engineering and Biotechnology	Workshop on the biosafety of genetically modified crops	Agricultural Production, Health and Food Safety	Once off payment	157	Goods and services	Workshop	-	-	-	140	-	-	-	-
National Research Foundation (German government)	Ocean acidification of carbon dioxide increase projects	Fisheries	Yearly	128	Public corporations and private enterprises	Research	-	-	-	128	93	-	-	-
Local In cash European Union	Pilot school milk feeding scheme	Agricultural Production, Health and Food Safety	Yearly	2 500	Non-profit institutions	School milk feeding scheme	-	-	1 250	1 250	4 000	4 000	4 000	4 000
Total				2 785			-	590	16 250	1 518	4 093	4 000	4 000	4 000

Table 26.E Summary of expenditure on infrastructure

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R thousand										
Departmental infrastructure										
Foot and mouth disease border fence	20km elephant control fence and 20km normal fence	Various	600 000	28 000	30 000	31 000	24 837	24 000	25 324	26 633
Drilling	120 boreholes per year	Various	500 000	5 000	15 000	6 000	7 754	7 500	8 500	8 936
Lesotho	500km border fence erected and maintained by farmers, and compensated, as per court order	Various	60 000	-	-	763	4 145	9 000	10 000	3 000
Durban	Quarantine station	Identification	17 663	2 693	12 399	100	500	-	-	-
Stellenbosch	Additional administrative building	Construction	16 325	8 831	2 500	1 700	489	-	-	-
King Shaka International Airport	Sniffer dog kennels	Feasibility	3 526	-	-	-	70	1 941	1 174	-
Upington	Office and laboratory building	Feasibility	1 700	-	-	-	50	-	-	333
Upington	Store at locust control depot	Feasibility	1 700	-	-	-	170	-	600	1 110
Upington	Perimeter fence at locust control site	Feasibility	480	-	-	-	200	-	480	-
Stellenbosch	Chemical store	Tender	1 400	-	1 400	-	1 000	-	-	-
Grootefontein Agricultural Development Institute	New hostel accommodation for students	Feasibility	44 000	-	-	-	-	-	-	-
Cape Town	Sniffer dog kennels	Feasibility	3 886	-	-	-	70	1 941	1 174	771
Pretoria, Roodeplaat	Diagnostic laboratories	Feasibility	15 000	-	-	-	-	1 000	7 000	6 000
Pretoria, Roodeplaat	Additional office space	Feasibility	5 600	-	-	-	-	1 000	1 100	2 700
Pretoria, Agriculture Place	Upgraded ablution facilities, Agriculture Place	Feasibility	2 500	-	-	-	700	2 500	-	-
Pretoria	Upgraded reception areas: Agriculture Place, Harvest House and Sefala building	Feasibility	1 500	-	-	-	-	1 500	-	-
Pretoria	Upgraded electrical power supply at Agriculture Place	Feasibility	7 000	-	-	-	200	-	1 500	5 500
Pretoria	Central air conditioning system at Agriculture Place	Feasibility	12 000	-	-	-	-	-	-	1 500
Limpopo: Umthali district municipality	New seed bank building	Feasibility	600	-	-	-	560	600	-	-
Eastern Cape: Sterkspruit	New seed bank building	Feasibility	600	-	-	-	-	600	-	-
Upington	Waste containment dam	Feasibility	272	-	-	-	100	272	-	-
Cape Town, Milnerton	Additional office space at animal quarantine station	Feasibility	2 800	-	-	-	-	-	554	1 395
Stellenbosch: Plant health quarantine station (All buildings)	Aircon System	Feasibility	9 000	-	-	-	-	-	-	1 000
Cape Town, Ministry health	Refurbished offices for ministry	Feasibility	4 000	-	-	-	-	4 000	-	-
Stellenbosch: Plant health	Integrated security system	Feasibility	2 260	-	-	-	-	160	2 000	100
Stellenbosch: Plant health	Minor alterations	Feasibility	542	-	-	-	-	500	42	-

Table 26.E Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation 2011/12	Medium-term expenditure estimate		
				2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R thousand										
Stellenbosch, Plant Health	Minor upgrading at liquor products section	Feasibility	87	-	-	-	-	-	50	37
Stellenbosch: Plant health	Alterations to entrance, Poika Drive in terms of traffic regulations	Feasibility	500	-	-	-	-	450	50	-
Rooideplaas: Sniffer dog training facilities	Sniffer dog kennels	Feasibility	3 886	-	-	-	70	1 941	1 174	771
Mpumalanga, Skukuza: Alterations to offices/laboratories	Upgrading of existing buildings	Feasibility	1 500	-	-	-	200	1 500	-	-
Infrastructure transfers to other spheres, agencies and departments										
Animal production, health and improvement	Foot and mouth disease vaccine	Various	149 122	-	-	-	43 859	105 263	-	-
Comprehensive agricultural support programme grant: disasters - flood damaged infrastructure	Damaged agricultural infrastructure repaired and soil rehabilitation undertaken	Various	-	-	-	-	-	398 191	298 959	298 244
Crop production, improvement and protection	Research and development	Various	307 813	14 289	15 147	16 534	46 466	51 761	72 372	91 245
Animal production, health and improvement	Research and development	Various	250 317	17 619	18 676	20 387	38 382	29 016	62 121	65 115
Natural resource management	Research and development	Various	124 114	3 554	3 856	4 209	22 068	18 521	42 642	29 264
Mechanisation and engineering	Research and development	Various	38 401	1 828	1 128	1 232	14 833	6 460	6 460	6 460
Agro-processing, food technology and safety	Research and development	Various	50 137	-	-	-	6 470	15 241	6 316	22 112
Agricultural economics and commercialisation	Research and development	Various	900	-	-	-	-	200	300	400
Training and extension	Research and development	Various	26 270	-	-	-	-	5 853	9 431	10 986
Administration and corporate affairs	Research and development	Various	212 019	22 496	18 496	20 190	36 133	61 600	27 267	25 836
Maintenance										
Spitskop conservation area	Repair and maintenance of existing soil conservation infrastructure	Various	-	2 942	2 750	935	4 469	6 378	6 737	7 088
Stellenbosch: Upgrading of existing buildings	Upgrading of existing buildings	Tender	6 200	-	-	6 200	2 809	-	-	-
Middelburg: Upgrading of existing buildings	Upgrading of existing buildings	Tender	18 900	-	-	3 500	8 181	-	-	-

Table 26.E Summary of expenditure on infrastructure (continued)

Project name	Service delivery outputs	Current project stage	Total project cost	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
				2008/09	2009/10	2010/11		2012/13	2013/14	2014/15
R thousand										
Pretoria: Upgrading of Agriculture Place	Upgrading of existing buildings	Construction	5 000	-	-	2 100	2 500	-	-	-
Pretoria: Upgrading of Setela Building	Upgrading of existing buildings	Construction	12 540	-	-	5 000	2 086	3 300	-	-
Pretoria, Roodeplaat: Upgrading of offices/laboratories	Upgrading of existing buildings	Feasibility	9 000	-	-	-	150	1 000	5 500	2 000
Pretoria, Agriculture Place: Painting of internal walls	Upgrading of existing buildings	Feasibility	7 000	-	-	-	-	6 500	500	-
Kempton Park: Animal Quarantine Station: Renovations	Upgrading of existing buildings	Feasibility	5 000	-	-	-	70	750	3 000	1 250
Milnerton: Upgrading of Animal Quarantine Station	Upgrading of existing buildings	Feasibility	7 000	-	-	-	70	1 500	4 500	1 700
Bloemfontein: Upgrading of old South African Bureau of Standards Building	Upgrading of existing buildings	Feasibility	445	-	-	-	-	-	-	257
Buffelspoort: Plant quarantine station: North West	Upgrading of existing buildings	Feasibility	1 400	-	-	-	-	-	811	590
Stellenbosch Plant health quarantine station	Rehabilitation of two dams	Feasibility	2 600	-	-	-	-	600	2 000	-
Stellenbosch plant health quarantine station	Renovations of electrical substation	Feasibility	1 300	-	-	-	-	1 300	-	-
Stellenbosch: Genetic resources: Vredehuis	Upgrading of building and replacement of fence	Feasibility	3 500	-	-	-	-	500	2 500	500
Stellenbosch plant health quarantine station	Replacement of perimeter fence: Labourer houses	Feasibility	400	-	-	-	-	400	-	-
Stellenbosch plant health quarantine station	Upgrading of existing sewerage system	Feasibility	1 000	-	-	-	-	1 000	-	-
Total			2 560 705	107 252	119 952	121 250	269 661	775 739	612 138	622 833

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