

Estimates of Public Expenditure

2009

Agriculture

**National Treasury
Republic of South Africa**



ISBN: 978-2-621-38384-3

RP: 01/2009

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Published by the National Treasury

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Printed by FormeSet Printers Cape (Pty) Ltd

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Vote 23

Agriculture

Budget summary

R thousand	2009/10				2010/11	2011/12
	Total to be appropriated	Current payments	Transfers and subsidies	Payments for capital assets	Total	Total
MTEF allocation						
Administration	388 582	331 981	33 253	23 348	416 896	448 100
Production and Resources Management	300 175	188 758	105 140	6 277	465 755	683 394
Agriculture Support Services	1 696 136	181 638	1 514 318	180	1 732 178	1 951 725
Trade and Agricultural Development	77 107	51 005	25 972	130	84 268	91 220
Food Safety and Biosecurity	330 759	321 062	6 270	3 427	390 034	428 033
Total expenditure estimates	2 792 759	1 074 444	1 684 953	33 362	3 089 131	3 602 472
Executive authority	Minister of Agriculture and Land Affairs					
Accounting officer	Director-General of Agriculture					
Website address	www.nda.agric.za					

Aim

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

Programme purposes

Programme 1: Administration

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

Programme 2: Production and Resources Management

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

Programme 3: Agriculture Support Services

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

Programme 4: Trade and Agricultural Development

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

Programme 5: Food Safety and Biosecurity

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

Strategic overview: 2005/06 – 2011/12

The agricultural sector's contribution to the economy

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

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

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

Current challenges

Accelerating the pace of land and agrarian reform

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

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

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

Dealing with the rapid rise in food prices

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

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

Ensuring disease free animal and plant products

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

Support to emerging black farmers

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

Key policy developments

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

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

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

Selected performance and operations indicators

Table 23.1 Agriculture

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

Table 23.1 Agriculture (continued)

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

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

Expenditure estimates

Table 23.2 Agriculture

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
R thousand								
1. Administration	247 757	279 727	333 933	368 649	368 649	388 582	416 896	448 100
2. Production and Resources Management	341 639	225 620	233 231	553 357	523 357	300 175	465 755	683 394
3. Agriculture Support Services	1 005 920	1 287 988	2 370 003	1 475 309	1 425 309	1 696 136	1 732 178	1 951 725
4. Trade and Agricultural Development	49 939	47 386	60 941	69 186	69 186	77 107	84 268	91 220
5. Food Safety and Biosecurity	263 744	383 235	334 661	471 247	433 147	330 759	390 034	428 033
Total	1 908 999	2 223 956	3 332 769	2 937 748	2 819 648	2 792 759	3 089 131	3 602 472
Change to 2008 Budget estimate				403 077	284 977	165 001	337 976	682 384

Economic classification

	718 301	871 808	869 844	1 006 251	998 151	1 074 444	1 181 599	1 276 746
Current payments								
Compensation of employees	358 716	434 839	448 766	550 132	542 032	649 601	725 595	787 426
Goods and services	358 866	435 485	420 759	456 119	456 119	424 843	456 004	489 320
<i>of which:</i>								
Administrative fees	20 329	22 506	27 202	37 135	37 135	37 831	44 410	51 027
Advertising	6 504	11 606	9 048	4 936	4 936	5 360	6 421	6 883
Assets less than R5 000	7 967	5 414	5 519	9 419	9 419	13 784	15 295	15 406
Audit costs: External	3 592	5 102	3 998	4 875	4 875	5 204	5 541	5 987
Bursaries: Employees	1 454	1 684	1 741	2 026	2 026	3 189	3 744	3 884
Catering: Departmental activities	897	1 080	547	592	592	1 173	1 293	1 402
Communication	16 009	13 639	16 284	25 150	25 150	22 709	24 487	25 624
Computer services	20 022	15 976	16 187	27 856	27 856	36 848	28 754	30 225
Consultants and professional services: Business and advisory services	2 702	581	9 103	2 090	2 090	46 050	47 982	48 578
Consultants and professional services: Infrastructure and planning	56 907	62 994	58 644	57 461	57 461	35 630	40 643	42 297
Consultants and professional services: Laboratory service	–	–	–	575	575	712	683	545
Consultants and professional services: Legal costs	1 558	1 805	1 959	1 466	1 466	1 023	956	1 018
Contractors	14 146	11 699	14 575	11 070	11 070	14 436	14 536	15 090
Agency and support / outsourced services	51 506	55 892	36 443	43 071	43 071	25 005	26 989	28 199
Entertainment	249	267	406	350	350	330	330	330
Inventory: Food and food supplies	719	731	738	772	772	1 276	1 370	1 453

Table 23.2 Agriculture (continued)

R thousand	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
Economic classification								
Current payments	718 301	871 808	869 844	1 006 251	998 151	1 074 444	1 181 599	1 276 746
<i>Inventory: Fuel, oil and gas</i>	10 379	13 270	13 177	16 095	16 095	15 379	16 970	19 073
<i>Inventory: Learner and teacher support material</i>	–	7	11	253	253	222	226	274
<i>Inventory: Materials and supplies</i>	2 495	6 340	2 490	3 131	3 131	7 513	7 907	9 273
<i>Inventory: Medical supplies</i>	2 491	3 091	2 215	798	798	950	1 074	1 206
<i>Inventory: Other consumables</i>	13 396	15 156	21 827	7 070	7 070	7 491	9 180	9 791
<i>Inventory: Stationery and printing</i>	9 934	12 056	12 898	14 188	14 188	10 820	12 166	12 664
<i>Lease payments</i>	8 179	10 963	10 675	13 534	13 534	17 644	19 307	20 579
<i>Owned and leasehold property expenditure</i>	6 984	8 779	10 006	8 786	8 786	12 514	13 816	14 685
<i>Travel and subsistence</i>	68 105	107 092	90 543	80 832	80 832	58 761	63 578	66 668
<i>Training and development</i>	16 943	26 202	19 860	29 191	29 191	14 900	17 446	19 314
<i>Operating expenditure</i>	3 783	4 364	8 687	10 629	10 629	3 715	4 294	4 598
<i>Venues and facilities</i>	11 616	17 189	25 976	42 768	42 768	24 374	26 606	33 247
Financial transactions in assets and liabilities	719	1 484	319	–	–	–	–	–
Transfers and subsidies	1 134 087	1 292 075	2 418 783	1 888 950	1 778 950	1 684 953	1 871 171	2 286 851
Provinces and municipalities	411 209	401 805	762 099	898 378	868 378	877 206	1 117 263	1 437 489
Departmental agencies and accounts	385 711	532 790	522 169	612 723	612 723	567 544	653 160	742 528
Universities and technikons	–	–	3 806	6 245	6 245	4 000	4 228	4 470
Public corporations and private enterprises	146 775	245 523	1 000 095	155 643	105 643	197 210	55 295	58 612
Foreign governments and international organisations	155 074	9 974	32 865	33 830	33 830	32 493	34 399	36 453
Non-profit institutions	779	7 664	5 780	17 632	17 632	6 270	6 596	6 906
Households	34 539	94 319	91 969	164 499	134 499	230	230	393
Payments for capital assets	56 611	60 073	44 142	42 547	42 547	33 362	36 361	38 875
Buildings and other fixed structures	17 780	23 427	5 208	23 104	23 104	22 517	25 177	27 329
Machinery and equipment	33 423	34 842	37 068	18 303	18 303	10 745	11 069	11 421
Biological and cultivated assets	11	79	527	320	320	–	–	–
Software and other intangible assets	5 397	1 725	1 339	820	820	100	115	125
Total	1 908 999	2 223 956	3 332 769	2 937 748	2 819 648	2 792 759	3 089 131	3 602 472

Expenditure trends

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

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

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

An additional R650 million is allocated to enhance agricultural production over the MTEF period. These funds will be transferred to the provincial departments of agriculture as conditional grants for projects such as the

upgrading of the Vaalharts/Taung and Makhathini irrigation schemes and the food massification (mass food production) programme in Eastern Cape.

Savings and reprioritisation

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

Infrastructure spending

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

Departmental receipts

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

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

Table 23.3 Departmental receipts

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

Programme 1: Administration

Expenditure estimates

Table 23.4 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08		2009/10	2010/11	2011/12
R thousand							
Minister ¹	837	582	908	1 612	1 709	1 811	1 913
Deputy Minister ¹	685	839	904	1 328	1 407	1 492	1 575
Management	26 334	27 246	30 514	43 465	42 794	45 637	48 322
Corporate and Financial Services	96 801	99 305	113 111	134 537	140 621	147 051	157 268
Operations Management	77 041	103 229	143 141	118 535	121 821	129 426	137 483
Office accommodation	46 059	48 526	45 355	69 172	80 230	91 479	101 539
Total	247 757	279 727	333 933	368 649	388 582	416 896	448 100
Change to 2008 Budget estimate				12 555	10 904	13 191	27 892

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

Economic classification

	205 509	240 701	286 189	306 551	331 981	355 567	382 470
Current payments							
Compensation of employees	96 537	107 130	120 473	145 788	172 074	183 400	193 375
Goods and services	108 686	133 504	165 682	160 763	159 907	172 167	189 095
of which:							
Administrative fees	20 110	22 278	26 973	33 925	37 086	43 614	50 113
Advertising	2 550	7 262	1 886	1 576	1 803	1 932	2 044
Assets less than R5 000	4 924	2 048	2 524	3 016	3 107	3 181	3 247
Audit costs: External	3 592	5 040	3 998	4 783	5 184	5 499	5 967
Bursaries: Employees	269	375	592	573	1 021	1 071	1 131
Catering: Departmental activities	359	460	531	477	492	537	577
Communication	10 033	8 352	10 946	18 502	15 624	16 442	17 147
Computer services	17 717	13 412	14 559	15 956	18 545	19 017	20 146
Consultants and professional services: Business and advisory services	–	345	1 019	662	1 437	1 606	1 752
Consultants and professional services: Infrastructure and planning	986	1 213	4 018	5 017	6 119	5 936	6 402
Consultants and professional services: Legal costs	201	247	960	315	50	53	56
Contractors	1 232	1 408	4 917	1 601	2 764	2 081	2 195
Agency and support / outsourced services	9 523	13 494	9 788	12 111	5 250	5 554	5 845
Entertainment	155	168	301	229	206	206	206
Inventory: Food and food supplies	–	–	–	1	20	23	27
Inventory: Fuel, oil and gas	1 752	1 808	2 106	2 021	2 330	2 564	2 784
Inventory: Learner and teacher support material	–	–	–	46	16	22	28
Inventory: Materials and supplies	386	728	440	294	729	792	860
Inventory: Medical supplies	–	–	–	–	3	2	2
Inventory: Other consumables	571	614	583	918	1 095	1 192	1 291
Inventory: Stationery and printing	4 395	5 693	5 534	4 767	3 868	4 081	4 287
Lease payments	3 522	6 093	8 286	9 730	13 351	14 533	15 413
Owned and leasehold property expenditure	6 430	7 852	9 445	8 786	11 537	12 577	13 473
Travel and subsistence	10 805	18 208	33 407	21 656	17 375	18 619	19 608
Training and development	2 761	4 391	4 635	3 268	4 097	4 760	5 226
Operating expenditure	756	995	2 815	1 964	929	961	1 011
Venues and facilities	5 657	11 020	15 419	8 569	5 869	5 312	8 257
Financial transactions in assets and liabilities	286	67	34	–	–	–	–

Table 23.4 Administration (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Economic classification							
Transfers and subsidies	16 553	11 326	33 785	34 585	33 253	35 238	37 357
Provinces and municipalities	363	195	123	100	80	80	80
Departmental agencies and accounts	420	540	500	586	650	726	788
Public corporations and private enterprises	326	55	105	47	50	53	56
Foreign governments and international organisations	15 074	9 974	32 865	33 830	32 473	34 379	36 433
Households	370	562	192	22	–	–	–
Payments for capital assets	25 695	27 700	13 959	27 513	23 348	26 091	28 273
Buildings and other fixed structures	17 236	16 453	5 116	23 104	22 517	25 177	27 329
Machinery and equipment	6 659	10 498	8 108	4 099	731	799	819
Software and other intangible assets	1 800	749	735	310	100	115	125
Total	247 757	279 727	333 933	368 649	388 582	416 896	448 100
Details of transfers and subsidies							
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	363	195	123	100	80	80	80
Regional Services Council levies	276	74	–	–	–	–	–
Vehicle licenses	87	121	123	100	80	80	80
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	420	540	500	586	650	726	788
South African Management Development Institution: Donation	–	70	–	–	–	–	–
Primary Agriculture Sector Education and Training Authority	420	470	500	586	650	726	788
Public corporations and private enterprises							
Private enterprises							
Other transfers							
Current	326	55	105	47	50	53	56
Claims against the state	326	14	55	–	–	–	–
Non life insurance premium	–	41	50	47	50	53	56
Foreign governments and international organisations							
Current	15 074	9 974	32 865	33 830	32 473	34 379	36 433
International Union for the Protection of New Varieties of Plants	257	321	–	390	313	328	344
Commonwealth Agricultural Bureau International	246	142	138	168	229	235	247
Consultative Group on International Agricultural Research	–	–	7 681	3 889	3 535	3 700	3 900
Food and Agriculture Organisation of the United Nations: Capacity building	–	–	14 498	12 000	12 000	12 720	13 483
Food and Agriculture Organisation of the United Nations: Membership fees	10 203	7 924	8 762	11 468	9 789	10 492	11 235
Foreign rates and taxes	22	6	97	169	10	11	12
International Commission of Agricultural Engineering	3 094	–	–	55	60	63	65
International Cotton Advisory Council	–	149	136	157	164	173	181
International Dairy Federation	137	30	30	31	33	34	35
International Grains Council	117	129	133	189	146	153	160
International Seed Testing Association	28	42	–	60	63	66	69
Office International de la Vigne et du Vin	375	456	544	614	424	438	459
Office International des Epizooties	530	703	794	540	567	595	624

Table 23.4 Administration (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Foreign governments and international organisations							
Current	15 074	9 974	32 865	33 830	32 473	34 379	36 433
Organisation for Economic Cooperation and Development	65	72	52	100	140	111	112
International Fund for Agricultural Development	-	-	-	4 000	5 000	5 260	5 507
Households							
Social benefits							
Current	370	562	192	22	-	-	-
Employer social benefit	370	562	192	22	-	-	-

Expenditure trends

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

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

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

Programme 2: Production and Resources Management

- *Agricultural Production* focuses on creating an enabling environment for increased and sustainable agricultural production through appropriate policies, legislation, norms and standards, technical guidelines and services, and on ensuring national food security. It also administers the Animal Improvement Act (1988), the Plant Breeders' Rights Act (1976), and the Plant Improvement Act (1976).
- *Engineering and Resources Management* facilitates the development of agricultural infrastructure and the use of agricultural resources. Other activities include: auditing natural resources; controlling migratory pests; rehabilitating and protecting agricultural land; and administering the community based LandCare programme.

Objectives and measures

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

Service delivery and spending focus

South Africa is the first country in Africa, and only the second (after Argentina) in the southern hemisphere, to be awarded a special stamp for its animal recording system by the international animal recording committee. This international recognition serves as a benchmark for the quality of standards and service delivery in the application of the animal recording system.

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

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

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

Expenditure estimates

Table 23.5 Production and Resources Management

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R thousand							
Management	–	105	1 387	1 689	1 933	1 951	2 026
Agriculture Production	173 433	42 807	51 356	351 442	99 846	254 429	456 095
Engineering and Resource Management	168 206	182 708	180 488	200 226	198 396	209 375	225 273
Total	341 639	225 620	233 231	553 357	300 175	465 755	683 394
Change to 2008 Budget estimate				294 122	34 433	183 478	387 658

Economic classification

	142 499	152 934	163 580	192 962	188 758	201 242	215 526
Current payments							
Compensation of employees	61 418	78 857	85 841	100 907	115 859	122 873	130 815
Goods and services	80 904	73 695	77 739	92 055	72 899	78 369	84 711
<i>of which:</i>							
Administrative fees	219	228	229	1 042	507	531	619
Advertising	1 311	1 455	1 310	763	418	451	464
Assets less than R5 000	759	787	932	1 773	1 599	1 869	1 955
Audit costs: External	–	62	–	–	20	42	20
Bursaries: Employees	189	197	323	541	626	658	571
Catering: Departmental activities	254	261	3	56	220	242	247
Communication	2 536	1 572	1 538	1 842	1 197	1 139	1 161
Computer services	998	1 062	485	395	1 035	1 190	1 222
Consultants and professional services: Business and advisory services	–	55	–	13	8 360	9 917	10 025
Consultants and professional services: Infrastructure and planning	23 983	13 119	17 374	24 980	13 630	14 814	15 149
Consultants and professional services: Laboratory service	–	–	–	1	162	180	135
Consultants and professional services: Legal costs	234	257	317	1 002	300	321	328
Contractors	6 396	4 482	4 652	5 603	8 724	9 214	9 450
Agency and support / outsourced services	3 122	1 231	1 547	3 192	1 185	1 607	1 729
Entertainment	28	28	31	34	34	34	34
Inventory: Food and food supplies	–	1	15	1	–	–	–
Inventory: Fuel, oil and gas	4 908	7 448	5 905	9 155	8 033	8 908	10 262
Inventory: Learner and teacher support material	–	2	–	10	–	–	–
Inventory: Materials and supplies	976	4 098	1 003	1 937	5 564	5 778	6 981
Inventory: Medical supplies	1	2	6	5	3	4	5
Inventory: Other consumables	7 629	8 134	14 881	1 908	1 466	1 616	1 745
Inventory: Stationery and printing	1 429	1 517	1 216	1 947	1 029	1 476	1 085
Lease payments	414	457	417	768	1 275	1 392	1 467
Owned and leasehold property expenditure	24	27	37	–	345	516	378

Table 23.5 Production and Resources Management (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Economic classification							
Current payments	142 499	152 934	163 580	192 962	188 758	201 242	215 526
<i>Travel and subsistence</i>	20 374	22 546	17 646	20 989	10 227	10 308	11 147
<i>Training and development</i>	1 484	1 429	2 201	994	1 225	1 233	1 277
<i>Operating expenditure</i>	649	724	3 490	1 526	382	411	429
<i>Venues and facilities</i>	2 987	2 514	2 181	11 578	5 333	4 518	6 826
Financial transactions in assets and liabilities	177	382	–	–	–	–	–
Transfers and subsidies	182 672	60 816	54 961	354 810	105 140	258 225	461 495
Provinces and municipalities	40 244	56 065	46 965	223 306	101 720	254 805	458 075
Departmental agencies and accounts	2 128	2 250	2 500	67 500	3 000	3 000	3 000
Universities and technikons	–	–	3 606	3 604	200	200	200
Public corporations and private enterprises	–	269	73	60 000	–	–	–
Foreign governments and international organisations	140 000	–	–	–	20	20	20
Non-profit institutions	300	1 115	230	100	–	–	–
Households	–	1 117	1 587	300	200	200	200
Payments for capital assets	16 468	11 870	14 690	5 585	6 277	6 288	6 373
Buildings and other fixed structures	–	6 714	92	–	–	–	–
Machinery and equipment	13 259	4 410	14 598	5 430	6 277	6 288	6 373
Software and other intangible assets	3 209	746	–	155	–	–	–
Total	341 639	225 620	233 231	553 357	300 175	465 755	683 394
Details of transfers and subsidies							
Provinces and municipalities							
Provinces							
Provincial revenue funds							
Current	40 000	55 735	46 725	223 003	101 417	254 502	457 772
LandCare Programme Grant: Poverty relief and infrastructure development grant	40 000	55 735	46 725	51 003	51 417	54 502	57 772
Ilima / Letsema projects	–	–	–	96 000	50 000	200 000	400 000
Agricultural starter packs	–	–	–	76 000	–	–	–
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	244	330	240	303	303	303	303
Regional Services Council levies	–	59	–	–	–	–	–
Vehicle licences: Municipalities	244	271	240	303	303	303	303
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	2 128	2 250	2 500	67 500	3 000	3 000	3 000
Water Research Commission	2 128	2 250	2 500	2 500	3 000	3 000	3 000
Eastern Cape Rural Finance Corporation	–	–	–	65 000	–	–	–
Universities and technikons							
Current	–	–	3 606	3 604	200	200	200
University of Stellenbosch	–	–	3 606	3 604	–	–	–
University of Pretoria	–	–	–	–	200	200	200
Public corporations and private enterprises							
Public corporations							
Other transfers							
Current	–	–	–	60 000	–	–	–
Development Bank of Southern Africa	–	–	–	60 000	–	–	–

Table 23.5 Production and Resources Management (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Details of transfers and subsidies							
Public corporations and private enterprises							
Private enterprises							
Other transfers							
Current	-	269	73	-	-	-	-
Claims against the state	-	269	73	-	-	-	-
Foreign governments and international organisations							
Current	140 000	-	-	-	20	20	20
World Food Programme	140 000	-	-	-	-	-	-
Consultative group on international agricultural research	-	-	-	-	20	20	20
Non-profit institutions							
Current	300	1 115	230	100	-	-	-
Food and Trees for Africa	-	1 000	50	-	-	-	-
Grassland Society donation	-	10	-	-	-	-	-
Milk Producers Organisation: Donation	-	40	-	-	-	-	-
World Conference on Animal Production	-	-	-	100	-	-	-
South African Pork Producers Organisation: Donation	-	65	-	-	-	-	-
South African Poultry Association	300	-	-	-	-	-	-
Aquaculture Association of South Africa	-	-	40	-	-	-	-
National Red Meat Producers Organisation: Sponsorship	-	-	40	-	-	-	-
South African Sheep Shearing Federation: Sponsorship	-	-	100	-	-	-	-
Households							
Social benefits							
Current	-	767	1 587	300	200	200	200
Employer social benefit: Cash	-	767	1 587	300	200	200	200
Households							
Other transfers to households							
Current	-	350	-	-	-	-	-
Claims against the state	-	350	-	-	-	-	-

Expenditure trends

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

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

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

Programme 3: Agricultural Support Services

- *Livelihoods Development Support* facilitates the provision of post-settlement support to emerging farmers and agricultural development finance, and promotes black economic empowerment (BEE) and farmer cooperatives. It further manages agricultural risk and disasters by providing compensation for victims and funding for the repair of damaged infrastructure. It also manages the transfer of funds to the comprehensive agricultural support programme, Micro Agricultural Financial Institutions of South Africa, AgriBEE and Ncera Farms. Funding is provided on the basis of approved business plans and service level agreements between the department and these entities.

- *Sector Services and Research* directs and supports agricultural education, training, extension, research and advisory services in support of targeted groups. It also manages the transfer of funds to the Agricultural Research Council. Funding is mainly used for salaries, and other personnel related costs.

Objectives and measures

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

Service delivery and spending focus

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

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

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

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

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

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

Expenditure estimates

Table 23.6 Agriculture Support Services

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R thousand							
Management	1 789	1 393	1 846	12 322	2 080	2 097	2 226
Livelihoods Development Support	556 816	676 188	1 779 291	747 269	905 455	739 185	794 137
Sector Services and Research	447 315	610 407	588 866	715 718	788 601	990 896	1 155 362
Total	1 005 920	1 287 988	2 370 003	1 475 309	1 696 136	1 732 178	1 951 725
Change to 2008 Budget estimate				(71 157)	132 601	138 771	245 014

Table 23.6 Agriculture Support Services (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Economic classification							
Current payments	116 947	158 511	150 451	185 847	181 638	189 685	203 734
Compensation of employees	46 455	55 891	63 214	79 207	84 765	88 586	95 631
Goods and services	70 492	102 556	87 237	106 640	96 873	101 099	108 103
<i>of which:</i>							
Administrative fees	–	–	–	1 207	80	87	93
Advertising	1 126	1 245	1 996	1 280	1 815	2 117	2 363
Assets less than R5 000	684	755	625	1 669	2 139	1 834	1 701
Audit costs: External	–	–	–	92	–	–	–
Bursaries: Employees	269	359	108	145	430	416	480
Catering: Departmental activities	284	314	–	31	305	301	347
Communication	554	634	806	1 667	2 243	2 340	2 475
Computer services	155	57	204	136	426	407	454
Consultants and professional services: Business and advisory services	32	136	16	1 379	33 988	34 908	35 482
Consultants and professional services: Infrastructure and planning	30 509	46 930	35 376	22 963	12 490	13 443	13 966
Consultants and professional services: Laboratory service	–	–	–	10	–	–	–
Consultants and professional services: Legal costs	–	12	–	–	60	10	11
Contractors	2 179	3 353	2 269	1 237	1 623	1 687	1 653
Agency and support / outsourced services	5 654	10 234	6 617	13 849	3 587	4 431	4 938
Entertainment	33	33	33	34	34	34	34
Inventory: Food and food supplies	719	723	723	768	852	890	936
Inventory: Fuel, oil and gas	1 299	1 365	1 543	1 662	2 504	2 640	2 787
Inventory: Learner and teacher support material	–	–	6	120	182	177	188
Inventory: Materials and supplies	498	519	539	538	462	462	486
Inventory: Medical supplies	52	63	57	50	–	–	–
Inventory: Other consumables	852	1 184	869	1 028	1 986	2 038	2 193
Inventory: Stationery and printing	1 445	1 656	1 841	1 910	1 973	2 104	2 294
Lease payments	246	265	263	540	923	952	1 041
Owned and leasehold property expenditure	495	861	483	–	530	610	710
Travel and subsistence	9 874	10 866	13 784	13 866	12 968	13 802	13 329
Training and development	10 659	17 922	11 016	22 984	5 894	7 014	8 090
Operating expenditure	521	570	545	416	762	759	867
Venues and facilities	2 353	2 500	7 518	17 059	8 617	7 636	11 185
Financial transactions in assets and liabilities	–	64	–	–	–	–	–
Transfers and subsidies	886 160	1 122 554	2 215 437	1 285 183	1 514 318	1 542 294	1 747 778
Provinces and municipalities	370 107	345 454	715 010	674 972	775 406	862 378	979 334
Departmental agencies and accounts	369 202	509 290	498 149	522 178	537 922	620 616	705 588
Universities and technikons	–	–	200	2 641	3 800	4 028	4 270
Public corporations and private enterprises	146 372	245 182	999 893	74 496	197 160	55 242	58 556
Non-profit institutions	479	2 549	2 000	10 866	–	–	–
Households	–	20 079	185	30	30	30	30
Payments for capital assets	2 813	6 923	4 115	4 279	180	199	213
Machinery and equipment	2 802	6 844	3 869	4 062	180	199	213
Biological and cultivated assets	11	79	–	–	–	–	–
Software and other intangible assets	–	–	246	217	–	–	–
Total	1 005 920	1 287 988	2 370 003	1 475 309	1 696 136	1 732 178	1 951 725

Table 23.6 Agriculture Support Services (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Details of transfers and subsidies							
Provinces and municipalities							
Provinces							
Provincial revenue funds							
Current	370 000	345 403	715 000	674 961	775 394	862 365	979 321
Comprehensive agricultural support programme grant	250 000	300 000	415 000	438 124	544 631	577 611	622 458
Disaster management	–	–	300 000	–	60 000	–	–
Drought relief	120 000	–	–	–	–	–	–
Flood disaster	–	45 403	–	–	–	–	–
Agriculture disaster management grant	–	–	–	136 837	–	–	–
Comprehensive agricultural support programme grant: Extension services	–	–	–	100 000	170 763	284 754	306 863
Comprehensive agricultural support programme grant: Land and agrarian reform programme colleges	–	–	–	–	–	–	50 000
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	107	51	10	11	12	13	13
Regional Services Council levies	107	41	–	–	–	–	–
Vehicle licences: Municipalities	–	10	10	11	12	13	13
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	316 314	452 158	438 161	459 311	468 877	501 757	537 416
Water Research Commission	–	–	750	–	–	–	–
Owen Sithole Agricultural College: Capacity building small medium and micro enterprises development	–	–	–	1 000	1 000	1 060	1 123
Tompi Seleka Agricultural Training Centre: Capacity building small medium and micro enterprises development	–	–	–	1 000	1 000	1 060	1 124
Perishable Products Export Control Board	–	600	600	600	–	–	–
National Student Financial Aid Scheme	8 300	8 300	8 300	5 022	8 500	8 867	9 371
Agriculture Research Council: Baseline allocation	288 429	418 649	385 227	403 717	428 508	459 109	492 237
Forum for Agricultural Research in Africa: General assembly	–	10 000	–	–	–	–	–
Agricultural Research Council: Intergis	1 625	1 723	1 809	1 896	2 023	2 144	2 273
Agriculture Research Council: Crop forecast	5 250	5 460	5 678	5 905	9 127	9 675	10 256
Agriculture Research Council: Diagnostic services	7 210	7 426	15 797	16 171	16 719	17 722	18 785
Agriculture Research Council: AgriBEE	5 500	–	–	–	–	–	–
Agriculture Research Council: Onderstepoort Veterinary Institute upgrading of exotic diseases Onderspoort Biological Products	–	–	20 000	24 000	–	–	–
Eisenburg Agriculture College	–	–	–	–	1 000	1 060	1 124
Taung Agricultural College	–	–	–	–	1 000	1 060	1 123
Capital	52 888	57 132	59 988	62 867	69 045	118 859	168 172
Agriculture Research Council: Baseline allocation	44 888	47 132	49 488	51 863	57 303	62 554	67 260
Agriculture Research Council: Agricultural research and infrastructure	8 000	10 000	10 500	11 004	11 742	12 446	13 193
Agriculture Research Council: Renovations and upgrading	–	–	–	–	–	43 859	87 719
Universities and technikons							
Current	–	–	200	2 641	3 800	4 028	4 270
Fort Hare University: Community development centres	–	–	–	1 000	1 900	2 014	2 135
Free State University: Capacity building small medium and micro enterprises development	–	–	–	1 641	1 900	2 014	2 135
University of Pretoria	–	–	200	–	–	–	–

Table 23.6 Agriculture Support Services (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Details of transfers and subsidies							
Public corporations and private enterprises							
Public corporations							
Other transfers							
Current	146 372	245 177	999 866	74 496	197 160	55 242	58 556
Land and Agricultural Bank of South Africa: Micro-Agriculture Finance Initiative of South Africa	144 000	196 000	248 000	22 100	146 000	-	-
Ncera Farms	2 372	2 177	1 866	2 395	2 550	2 800	2 968
Land and Agricultural Bank of South Africa: AgriBEE	-	47 000	50 000	50 000	48 610	52 442	55 588
Land and Agricultural Bank of South Africa: Recapitalisation	-	-	700 000	-	-	-	-
Red Meat Industry Forum	-	-	-	1	-	-	-
Public corporations and private enterprises							
Private enterprises							
Other transfers							
Current	-	5	27	-	-	-	-
Red Meat Industry Forum	-	-	1	-	-	-	-
Claims against the state	-	5	26	-	-	-	-
Non-profit institutions							
Current	479	2 549	2 000	10 866	-	-	-
Cooperative Development Initiative	-	324	-	-	-	-	-
Cooperative Development Initiative: Agri-Business	-	211	-	-	-	-	-
Fruit industry	179	-	-	-	-	-	-
National African Farmers Union	-	1 000	-	-	-	-	-
Rural women	-	-	1 000	-	-	-	-
Farmer Development Trust	-	1 000	-	-	-	-	-
Agribusiness Linking Projects: Capacity building small medium and micro enterprises development	-	-	-	400	-	-	-
Cotton SA	-	-	-	4 500	-	-	-
National African Farmers Union	-	-	-	5 000	-	-	-
National Movement for Rural Woman	-	-	-	966	-	-	-
Agricultural Economists of South Africa: Donation	-	14	-	-	-	-	-
National Red Meat Producers Organisation	300	-	1 000	-	-	-	-
Households							
Social benefits							
Current	-	79	185	30	30	30	30
Employer social benefit	-	79	185	30	30	30	30
Households							
Other transfers to households							
Current	-	20 000	-	-	-	-	-
Broad based black economic empowerment for agriculture (AgriBEE) programme	-	20 000	-	-	-	-	-

Expenditure trends

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

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

Over the medium term, expenditure in the comprehensive agricultural support programme is projected to increase at an average annual rate of 22.1 per cent, from R538.1 million in 2008/09 to R979.3 million in 2011/12. This is mainly due to additional allocations of R50 million and R318 million for upgrading agricultural colleges, and inflation related adjustments.

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

Public entities

Agricultural Research Council

Strategic overview: 2005/06 – 2011/12

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

Six objectives form the basis of its strategic plan:

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

Selected performance and operations indicators

Table 23.7 Agricultural Research Council

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

Service delivery and spending focus

The Agricultural Research Council exceeded performance expectations in a number of areas. A significant success was completing the sequencing of 48 Southern African types of virus isolates of foot and mouth disease from different regions and countries within Southern Africa. Understanding the genetic sequences of these isolates will enable researchers to develop and select effective vaccine strains with greater specificity. The availability of such vaccines within South Africa, and the continent, will contribute vastly to disease management and increased livestock productivity.

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

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

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

Expenditure estimates

Table 23.8 Agricultural Research Council: Activity information

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Generate, develop and apply new knowledge and technology	94 235	100 394	104 192	123 275	135 887	146 039	158 631
Sustainable use and management of natural resources	131 928	140 550	145 868	172 585	190 931	205 559	223 485
Enhance nutrition, food security and safety	125 646	133 858	138 922	164 367	181 182	194 717	211 508
Enhance the ability of the agricultural sector to manage and mitigate agricultural risks	131 928	140 550	145 868	172 585	190 241	204 453	222 083
Technology transfer	81 669	87 007	90 298	106 837	117 768	126 565	137 479
Other activities	87 017	92 704	96 211	113 833	122 451	129 850	140 808
Total expense	652 424	695 063	721 358	853 482	938 460	1 007 184	1 093 994

Table 23.9 Agricultural Research Council: Financial information

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Statement of financial performance							
Revenue							
Non-tax revenue	304 433	202 827	241 410	320 102	352 958	367 246	391 361
<i>Agricultural research revenue</i>	304 433	202 827	241 410	320 102	352 958	367 246	391 361
Transfers received	360 902	500 390	488 499	514 556	525 422	607 509	691 723
Total revenue	665 335	703 217	729 909	834 658	878 380	974 755	1 083 084
Expenses							
Current expense	652 424	695 063	721 358	853 482	938 460	1 007 184	1 093 994
Compensation of employees	395 965	415 974	416 080	471 654	518 819	555 136	599 547
Goods and services	240 586	267 964	288 482	363 151	396 490	422 504	456 023
Depreciation	15 774	10 608	16 787	18 669	23 141	29 533	38 412
Interest, dividends and rent on land	99	517	9	9	10	11	12
Total expenses	652 424	695 063	721 358	853 482	938 460	1 007 184	1 093 994
Surplus / (Deficit)	12 911	8 154	8 550	(18 824)	(60 080)	(32 429)	(10 910)

Table 23.9 Agricultural Research Council: Financial information (continued)

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Statement of financial position							
Carrying value of assets	396 960	523 246	548 826	584 123	617 690	692 641	809 369
<i>of which: Acquisition of assets</i>	33 254	63 575	42 668	54 325	57 303	105 064	155 720
Investments	1 236	2 231	2 227	2 226	2 226	2 226	2 226
Inventory	14 279	16 331	14 435	14 869	16 356	15 910	16 058
Receivables and prepayments	114 456	60 849	80 326	57 158	62 873	67 274	72 656
Cash and cash equivalents	152 823	96 656	59 103	13 256	(72 854)	(185 216)	(314 241)
Total assets	679 754	699 313	704 918	671 632	626 291	592 835	586 069
Capital and reserves	197 473	205 630	214 180	195 355	135 275	102 846	91 935
Post-retirement benefits	31 999	30 345	27 451	27 451	27 451	27 451	27 451
Trade and other payables	413 650	420 213	425 977	417 100	428 668	425 198	426 355
Provisions	36 632	43 125	37 310	31 725	34 898	37 341	40 328
Total equity and liabilities	679 754	699 313	704 918	671 632	626 291	592 835	586 069

Expenditure trends

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

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

Public entities

Ncera Farms

Strategic overview: 2005/06 – 2011/12

Ncera Farms is a schedule 3B company in terms of the Public Finance Management Act (1999). The company has a mandate to perform development functions on identified land administered by the Department of Agriculture. The Minister of Agriculture and Land Affairs approved the establishment of a service centre at Ncera during the latter half of 2004. The centre provides the following services to farmers settled on Ncera land as well as to the neighbouring communities: agricultural extension services, land preparation, layout and contract ploughing, training and advice on fresh produce production and marketing, preparation of business plans and financial record keeping, training in communication skills, budgeting, banking, entrepreneurial skills, and computer literacy and other services.

Selected performance and operations indicators

Table 23.10 Ncera Farms

Indicator	Activity / Objective/ Programme/ Project	Past			Current	Projections		
		2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Number of people attending training in life skills each year	Service centre	–	–	90	100	100	100	100
Number of people completing technical training courses each year	Service centre	–	–	–	12	15	15	15
Number of people completing training in farming and agricultural practices each year	Service centre	–	–	–	5	5	5	5
Number of hectares of land belonging to disadvantaged farmers ploughed and disked each year	Service centre	–	–	–	80ha	90ha	100ha	120ha
Number of hectares of land belonging to disadvantaged farmers sprayed each year	Service centre	–	–	–	22ha	50ha	50ha	60ha
Number of hectares of land belonging to disadvantaged farmers planted each year	Service centre	–	–	–	25ha	60ha	60ha	80ha

Service delivery and spending focus

In 2007/08, Ncera Farms finalised the establishment of a service centre for administration and training. The centre provides for 12 learners to be trained in communication skills, budgeting, banking entrepreneurial skills, and computer literacy. A workshop provides space for mechanical services for the farm and the surrounding community, as well as for training in mechanical and preventative maintenance.

A reservoir and 2 vegetable tunnels were completed and 2 boreholes were drilled. An agricultural advisor and a mechanic were appointed for the new farmers and the surrounding community.

Expenditure estimates

Table 23.11 Ncera Farms: Financial information

R thousand							
Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Revenue							
Non-tax revenue	435	879	1 046	729	875	862	862
Sale of goods and services other than capital assets	–	868	1 027	657	858	850	850
<i>of which:</i>							
<i>Sales by market establishments</i>	–	868	1 027	657	858	850	850
<i>Other non-tax revenue</i>	435	11	19	72	17	12	12
Transfers received	2 372	2 177	1 866	2 395	2 564	2 800	2 984
Total revenue	2 807	3 056	2 912	3 124	3 439	3 662	3 846
Expenses							
Current expense	1 505	2 755	2 981	3 124	3 439	3 662	3 846
Compensation of employees	–	–	–	1 991	2 062	2 156	2 264
Goods and services	1 466	2 660	2 852	1 048	1 292	1 426	1 510
Depreciation	39	95	129	85	85	80	72
Transfers and subsidies	2	–	–	–	–	–	–
Total expenses	1 507	2 755	2 981	3 124	3 439	3 662	3 846
Surplus / (Deficit)	1 300	301	(69)	–	–	–	–
Statement of financial position							
Carrying value of assets	1 503	2 277	1 924	2 068	1 983	1 903	1 831
<i>of which: Acquisition of assets</i>	<i>1 082</i>	<i>871</i>	<i>35</i>	<i>229</i>	<i>–</i>	<i>–</i>	<i>–</i>
Inventory	811	798	761	761	761	761	761
Receivables and prepayments	68	27	19	16	16	16	16
Cash and cash equivalents	657	296	598	541	703	803	847
Total assets	3 039	3 398	3 302	3 386	3 463	3 483	3 455
Accumulated surplus / deficit	2 963	(26 800)	(28 736)	(31 046)	(33 525)	(36 245)	(39 157)
Capital and reserves	–	30 065	31 931	34 326	36 890	39 630	42 514
Trade and other payables	42	96	59	60	60	60	60
Provisions	34	37	47	46	38	38	38
Total equity and liabilities	3 039	3 398	3 301	3 386	3 463	3 483	3 455

Expenditure trends

Transfers from the Department of Agriculture constitute a yearly average of 75 per cent of total revenue over the seven-year period. Revenue is also generated from the sale of dairy products (mostly milk), livestock and vegetable products. Transfers received in 2006/07 decreased by 8.2 per cent due to a once-off cash injection in 2005/06 for the new service centre (finalised in 2007/08). Transfers received over the MTEF period grow at an average annual rate of 7.6 per cent to reach R3 million in 2011/12. Sales by market establishments grew by 18.3 per cent in 2007/08 due to the sale of redundant equipment, which yielded a profit of R101 670.

Spending on goods and services grew by 81.4 per cent in 2006/07 due to the erection of the service centre. This contributed to the strong growth in spending between 2005/06 and 2008/09. Spending over the seven-year period grows at an average annual rate of 16.9 per cent.

Ncera Farms has adequate cash to cover the deficit in 2007/08. Cash is projected to grow at an average annual rate of 16.1 per cent over the MTEF period. However, the balance sheet reflects accumulated deficits from 2006/07 to 2011/12.

Perishable Products Export Control Board

Strategic overview: 2005/06 – 2011/12

The Perishable Products Export Control Board is an official certification agency operating on behalf of the South African government to provide control over all perishable products destined for export. The board operates under the mandate of two acts: the Perishable Products Export Control Act (1983) broadly requires the board to ensure the orderly export of perishables and monitor the proper maintenance of a continuous cold chain; and the Agricultural Products Standards Act (1990) broadly requires the board to monitor minimum quality standards for perishable exports, as required by government and bilateral agreements with importing countries. The board has a mandate to conduct food safety audits on registered food business operators. It has established itself locally and internationally as a leading institution on research and development in the cold chain environment, and specifically on container technology (airflow), packaging design and temperature management.

Selected performance and operations indicators

Table 23.12 Perishable Products Export Control Board

Indicator	Activity/ Objective/ Programme/ Project	Past			Current	Projections		
		2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Number of incidences of the quality of phytosanitary nature reported each year	Enhance credibility of export certificate		0	0	130	120	110	100
Number of previously disadvantaged students sponsored to attend training courses each year	Capacity building	0	30	25	26	30	30	30
Number of emerging farmers certified by Global Gap each year	Support export competitiveness of South African perishable product industries	0	0	0	22	44	52	62
Value of investment in industry supported research and development programmes each year	Support export competitiveness of South African perishable product industries	R70 000	R1.8m	R1.4m	R4.2m	R4.6m	R5.1m	R5.6m

Service delivery and spending focus

The mycotoxin analytical laboratory was accredited by the internationally recognised South African National Accreditation Association. The South African pesticides incentive programme (a European Union funded project) sponsored 24 previously disadvantaged individuals to attend an agri-export technician training course, co-funded over 344 research projects and field trials for responsible crop protection, and trained 694 emerging farmers on responsible pesticide handling. About 6 000 individuals from the emerging farming sector attended numerous related training workshops over a 3-year period.

The board has become 1 of only 6 certification bodies represented on the Global Gap certification body committee, which aims to standardise the implementation of certification, thus upholding good agricultural practice. (Global Gap is a private sector body that sets voluntary standards for the certification of agricultural products worldwide.)

Expenditure estimates

Table 23.13 Perishable Products Export Control Board: Financial information

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
Statement of financial performance	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Revenue							
Non-tax revenue	94 876	103 915	118 018	136 460	145 012	159 294	175 008
Sale of goods and services other than capital assets	79 084	85 317	97 535	112 461	122 083	134 291	147 720
of which:							
Administrative fees	79 084	85 317	97 535	112 461	122 083	134 291	147 720
Other non-tax revenue	15 792	18 598	20 483	23 999	22 929	25 003	27 288
Total revenue	94 876	103 915	118 018	136 460	145 012	159 294	175 008
Expenses							
Current expense	100 645	96 888	104 221	120 680	145 012	159 294	175 008
Compensation of employees	71 320	69 637	76 103	86 336	97 487	107 233	117 954
Goods and services	27 956	26 242	27 410	33 189	46 479	51 126	56 234
Depreciation	1 365	1 002	700	1 155	1 046	935	820
Interest, dividends and rent on land	4	7	8	–	–	–	–
Total expenses	100 645	96 888	104 221	120 680	145 012	159 294	175 008
Surplus / (Deficit)	(5 769)	7 027	13 797	15 780	(0)	0	(0)
Statement of financial position							
Carrying value of assets	9 032	6 096	13 419	15 764	14 998	14 313	13 712
of which: Acquisition of assets	756	86	350	3 500	280	250	220
Investments	16 530	23 041	28 190	28 190	28 190	28 190	28 190
Receivables and prepayments	9 928	13 157	15 783	15 783	15 783	15 783	15 783
Cash and cash equivalents	10 861	15 652	26 272	39 707	40 473	41 158	41 758
Total assets	46 351	57 946	83 664	99 444	99 444	99 444	99 443
Accumulated surplus / deficit	32 107	39 135	60 609	76 389	76 389	76 389	76 388
Trade and other payables	8 436	18 181	21 867	21 867	21 867	21 867	21 867
Provisions	5 808	630	1 188	1 188	1 188	1 188	1 188
Total equity and liabilities	46 351	57 946	83 664	99 444	99 444	99 444	99 443

Expenditure trends

Income from statutory services increased on average by between 8 per cent and 10 per cent since 2003. This is mainly due to increased export volumes in perishable products. The revised income estimate shows an improvement on the original budget as the citrus and stone industries have had a good production and export season.

Since 2001, levies for citrus and deciduous fruits – the largest exports - increased by an average of between 4.8 per cent and 6.8 per cent.

For the next three years, volumes are expected to stabilise at the current levels due to the current economic slowdown.

Total spending on compensation of employees and goods and services grows at an average annual rate of 15.5 per cent in 2008/09 and 20.4 per cent in 2009/10. Container loading was decentralised from harbour to inland, and the board's statutory mandate to attend all container loadings required the appointment of additional contract staff. This was coupled with record volumes of goods to be exported in 2008/09. Travel costs also increased, which was further aggravated by the sharp increases in fuel prices.

Over the seven-year period the board's cash and cash equivalents grow at an average annual rate of 25.2 per cent. Accumulated surplus grows at an average annual rate of 15.5 per cent over that period.

Programme 4: Trade and Agricultural Development

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

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

Objectives and measures

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

Service delivery and spending focus

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

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

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

Expenditure estimates

Table 23.14 Trade and Agricultural Development

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R thousand							
Management	600	1 455	1 235	2 005	2 401	2 393	2 529
Trade and Marketing Development	31 579	30 842	36 255	45 252	52 121	57 584	62 255
Economic and Statistical Services	17 760	15 089	23 451	21 929	22 585	24 291	26 436
Total	49 939	47 386	60 941	69 186	77 107	84 268	91 220
Change to 2008 Budget estimate				449	2 156	5 092	7 703
Economic classification							
Current payments	32 673	33 931	42 898	46 217	51 005	55 300	57 740
Compensation of employees	23 029	24 333	26 327	31 983	39 934	42 231	44 546
Goods and services	9 639	9 598	16 571	14 234	11 071	13 069	13 194
of which:							
Administrative fees	–	–	–	333	128	140	161
Advertising	264	276	460	152	215	193	209
Assets less than R5 000	258	262	156	351	431	450	477
Bursaries: Employees	231	247	155	124	139	145	169
Catering: Departmental activities	–	12	10	21	36	40	43
Communication	298	306	254	321	223	244	264

Table 23.14 Trade and Agricultural Development (continued)

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R thousand							
Economic classification							
Current payments	32 673	33 931	42 898	46 217	51 005	55 300	57 740
Computer services	468	541	442	538	524	553	591
Consultants and professional services: Business and advisory services	2 664	33	8 067	7	5	5	5
Consultants and professional services: Infrastructure and planning	–	–	–	2 726	–	–	–
Consultants and professional services: Legal costs	–	–	16	26	–	–	–
Contractors	128	138	53	247	63	67	74
Agency and support / outsourced services	1 034	1 166	527	2 403	2 146	2 223	2 339
Entertainment	15	17	19	25	25	25	25
Inventory: Fuel, oil and gas	6	10	8	78	13	16	13
Inventory: Learner and teacher support material	–	–	–	26	–	–	–
Inventory: Materials and supplies	4	103	3	33	119	120	125
Inventory: Other consumables	24	28	46	16	13	17	24
Inventory: Stationery and printing	819	826	1 106	842	350	371	392
Lease payments	98	109	110	198	121	137	150
Travel and subsistence	2 822	4 087	4 012	4 607	4 011	4 170	4 429
Training and development	298	652	586	139	317	333	360
Operating expenditure	112	237	357	231	191	198	212
Venues and facilities	96	548	184	790	2 001	3 622	3 132
Financial transactions in assets and liabilities	5	–	–	–	–	–	–
Transfers and subsidies	14 458	12 736	17 590	22 459	25 972	28 818	33 315
Provinces and municipalities	190	17	–	–	–	–	–
Departmental agencies and accounts	13 961	12 710	17 020	22 459	25 972	28 818	33 152
Public corporations and private enterprises	9	4	–	–	–	–	–
Households	298	5	570	–	–	–	163
Payments for capital assets	2 808	719	453	510	130	150	165
Machinery and equipment	2 505	719	453	478	130	150	165
Software and other intangible assets	303	–	–	32	–	–	–
Total	49 939	47 386	60 941	69 186	77 107	84 268	91 220
Details of transfers and subsidies							
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	190	17	–	–	–	–	–
Regional Services Council levies	190	17	–	–	–	–	–
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	13 961	12 710	17 020	22 459	25 972	28 818	33 152
National Agricultural Marketing Council	13 961	12 710	17 020	22 459	25 972	28 818	33 152
Public corporations and private enterprises							
Private enterprises							
Other transfers							
Current	9	4	–	–	–	–	–
Claims against the state	9	4	–	–	–	–	–
Households							
Social benefits							
Current	298	5	570	–	–	–	163
Employer social benefit	298	5	570	–	–	–	163

Expenditure trends

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

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

Public entities

National Agricultural Marketing Council

Strategic overview: 2005/06 – 2011/12

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

Between 2004/05 and 2007/08, the council transformed itself from an organisation whose functions were limited to investigations and advising on statutory measures to being the main agency for agricultural marketing. The council has worked closely with industry in developing and maintaining effective information and market intelligence systems that are helping to position South Africa strategically in global markets. Over the past three years, the council has developed a credible programme of economic and market research that tracks economic trends and provides valuable market intelligence aimed at enhancing competitiveness and the future positioning of agriculture in global markets.

In September 2005, the Minister of Agriculture and Land Affairs appointed a committee to review the agricultural marketing environment. The committee recommended that the act be redrafted. It is expected that over the MTEF period, a new act for marketing agricultural products will be passed by Parliament. The new act is expected to clearly articulate the role of the council in relation to statutory measures, management of trusts, transformation, export promotion, public information management, trade, market development, market intelligence, trusts, and consumer protection.

Selected performance and operations indicators

Table 23.15 National Agricultural Marketing Council

Indicator	Activity/ Objective/ Programme/ Project	Past			Current	Projections		
		2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Number of agro-food chains and section 7 investigations reports published each year	Mapping and understanding food chains	4	3	3	3	3	3	3
Number of quarterly food price trend reports published each year	Information management	4	4	4	4	4	4	4
Number of annual food cost reviews published each year	Information management	1	1	1	1	1	1	1
Number of input cost trend reports published each year	Information management	–	–	1	1	1	1	1
Number of statutory measures investigations undertaken each year	Statutory measures	6	8	5	9	15	15	15
Number of marketing schemes for black farmers designed and implemented each year	Agribusiness development	–	–	2	2	2	2	2
Number of black owned agribusinesses attending local and international trade shows each year	Promotions	–	–	15	30	20	20	30

Service delivery and spending focus

In 2007/08, 12 industries collected statutory levies. Approximately R204 million was spent on industry functions, of which 42 per cent was spent on research, 20 per cent on emerging farmer development projects or transformation, 15 per cent on information and 10 per cent on export promotion.

In partnership with Cornell University in the United States, the council hosted 2 training courses aimed at building the capacity of small agribusinesses, which covered marketing and women in agriculture related industries. The objective of the courses was to prepare black agribusinesses to meet the challenges of global agro-food systems.

The council's food price monitoring initiative is a continuation of the food price monitoring project initiated at the request of Cabinet in 2003 in response to high food prices at that time. The council published 4 quarterly food price trends and an annual food cost review in 2007/08.

Expenditure estimates

Table 23.16 National Agricultural Marketing Council: Financial information

R thousand Statement of financial performance	Audited outcome			Revised estimate	Medium-term estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Revenue							
Non-tax revenue	2 400	929	542	3 481	895	850	850
<i>Other non-tax revenue</i>	2 400	929	542	3 481	895	850	850
Transfers received	12 163	12 710	17 020	22 459	25 972	28 818	33 152
Total revenue	14 563	13 639	17 562	25 940	26 867	29 668	34 002
Expenses							
Current expense	12 287	18 979	17 539	25 940	26 867	29 668	34 002
Compensation of employees	7 393	8 243	9 069	11 441	14 443	16 609	18 240
Goods and services	4 551	10 346	8 128	14 145	12 025	12 628	15 249
Depreciation	277	321	254	312	350	380	450
Interest, dividends and rent on land	66	69	88	42	49	51	63
Transfers and subsidies	194	-	-	-	-	-	-
Total expenses	12 481	18 979	17 539	25 940	26 867	29 668	34 002
Surplus / (Deficit)	2 082	(5 340)	23	-	-	-	-
Statement of financial position							
Carrying value of assets	837	969	749	923	923	743	443
<i>of which: Acquisition of assets</i>	158	145	48	486	350	200	150
Investments	4 449	-	-	-	-	-	-
Receivables and prepayments	806	70	68	62	130	160	210
Cash and cash equivalents	141	253	1 618	185	52	37	32
Total assets	6 233	1 292	2 435	1 170	1 105	940	685
Accumulated surplus / deficit	5 197	(143)	(1200)	(120)	(120)	(120)	(120)
Borrowings	442	-	-	-	-	-	-
Trade and other payables	594	860	2 082	795	750	635	420
Liabilities not classified elsewhere	-	575	473	495	475	425	385
Total equity and liabilities	6 233	1 292	2 435	1 170	1 105	940	685

Expenditure trends

Over the MTEF period, the council's allocations grow from R26 million in 2009/10 to R28.8 million in 2010/11 and R33.2 million in 2011/12, showing average annual growth of 13 per cent.

In 2007/08, an additional request of R3.7 million was granted by the Department of Agriculture to meet the growing needs of the company, bringing the transfers received to R17 million.

Non-tax revenue refers to interest income. In 2008/09, the council received some sponsorship income, though it is not guaranteed and cannot be accurately projected for the MTEF period.

In 2006/07 and 2007/08, the number of staff grew significantly in line with the expanding agribusiness division. This resulted in an increase in related costs, such as travel and accommodation for staff's research activities. New offices also had to be rented to accommodate the new staff.

Programme 5: Food Safety and Biosecurity

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

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

Objectives and measures

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

Service delivery and spending focus

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

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

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

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

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

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

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

Expenditure estimates

Table 23.17 Food Safety and Biosecurity

Subprogramme	Audited outcome			Adjusted	Medium-term expenditure estimate			
	2005/06	2006/07	2007/08	appropriation	2008/09	2009/10	2010/11	2011/12
R thousand								
Management	1 751	1 777	645	1 955	2 090	2 093	2 218	
Plant Health and Inspection Services	69 069	87 447	102 209	153 838	194 804	247 317	277 131	
Food and Veterinary Services	192 924	294 011	231 807	315 454	133 865	140 624	148 684	
Total	263 744	383 235	334 661	471 247	330 759	390 034	428 033	
Change to 2008 Budget estimate				167 108	(15 093)	(2 556)	14 117	
Economic classification								
Current payments	220 673	285 731	226 726	274 674	321 062	379 805	417 276	
Compensation of employees	131 277	168 628	152 911	192 247	236 969	288 505	323 059	
Goods and services	89 145	116 132	73 530	82 427	84 093	91 300	94 217	
<i>of which:</i>								
<i>Administrative fees</i>	–	–	–	628	30	38	41	
<i>Advertising</i>	1 253	1 368	3 396	1 165	1 109	1 728	1 803	
<i>Assets less than R5 000</i>	1 342	1 562	1 282	2 610	6 508	7 961	8 026	
<i>Bursaries: Employees</i>	496	506	563	643	973	1 454	1 533	
<i>Catering: Departmental activities</i>	–	33	3	7	120	173	188	
<i>Communication</i>	2 588	2 775	2 740	2 818	3 422	4 322	4 577	
<i>Computer services</i>	684	904	497	10 831	16 318	7 587	7 812	
<i>Consultants and professional services: Business and advisory services</i>	6	12	1	29	2 260	1 546	1 314	
<i>Consultants and professional services: Infrastructure and planning</i>	1 429	1 732	1 876	1 775	3 391	6 450	6 780	
<i>Consultants and professional services: Laboratory service</i>	–	–	–	564	550	503	410	
<i>Consultants and professional services: Legal costs</i>	1 123	1 289	666	123	613	572	623	
<i>Contractors</i>	4 211	2 318	2 684	2 382	1 262	1 487	1 718	
<i>Agency and support / outsourced services</i>	32 173	29 767	17 964	11 516	12 837	13 174	13 348	
<i>Entertainment</i>	18	21	22	28	31	31	31	
<i>Inventory: Food and food supplies</i>	–	7	–	2	404	457	490	
<i>Inventory: Fuel, oil and gas</i>	2 414	2 639	3 615	3 179	2 499	2 842	3 227	
<i>Inventory: Learner and teacher support material</i>	–	5	5	51	24	27	58	
<i>Inventory: Materials and supplies</i>	631	892	505	329	639	755	821	
<i>Inventory: Medical supplies</i>	2 438	3 026	2 152	743	944	1 068	1 199	
<i>Inventory: Other consumables</i>	4 320	5 196	5 448	3 200	2 931	4 317	4 538	
<i>Inventory: Stationery and printing</i>	1 846	2 364	3 201	4 722	3 600	4 134	4 606	
<i>Lease payments</i>	3 899	4 039	1 599	2 298	1 974	2 293	2 508	
<i>Owned and leasehold property expenditure</i>	35	39	41	–	102	113	124	
<i>Travel and subsistence</i>	24 230	51 385	21 694	19 714	14 180	16 679	18 155	
<i>Training and development</i>	1 741	1 808	1 422	1 806	3 367	4 106	4 361	
<i>Operating expenditure</i>	1 745	1 838	1 480	6 492	1 451	1 965	2 079	
<i>Venues and facilities</i>	523	607	674	4 772	2 554	5 518	3 847	
Financial transactions in assets and liabilities	251	971	285	–	–	–	–	
Transfers and subsidies	34 244	84 643	97 010	191 913	6 270	6 596	6 906	
Provinces and municipalities	305	74	1	–	–	–	–	
Departmental agencies and accounts	–	8 000	4 000	–	–	–	–	
Public corporations and private enterprises	68	13	24	21 100	–	–	–	
Non-profit institutions	–	4 000	3 550	6 666	6 270	6 596	6 906	
Households	33 871	72 556	89 435	164 147	–	–	–	
Payments for capital assets	8 827	12 861	10 925	4 660	3 427	3 633	3 851	
Buildings and other fixed structures	544	260	–	–	–	–	–	
Machinery and equipment	8 198	12 371	10 040	4 234	3 427	3 633	3 851	
Biological and cultivated assets	–	–	527	320	–	–	–	
Software and other intangible assets	85	230	358	106	–	–	–	
Total	263 744	383 235	334 661	471 247	330 759	390 034	428 033	

Table 23.17 Food Safety and Biosecurity (continued)

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
R thousand							
Details of transfers and subsidies							
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	305	74	1	-	-	-	-
Regional Services Council levies	305	74	-	-	-	-	-
Vehicle licences	-	-	1	-	-	-	-
Departmental agencies and accounts							
Departmental agencies (non-business entities)							
Current	-	8 000	4 000	-	-	-	-
Agricultural Research Council	-	8 000	-	-	-	-	-
Perishable Products Export Control Board	-	-	4 000	-	-	-	-
Public corporations and private enterprises							
Private enterprises							
Other transfers							
Current	68	13	24	21 100	-	-	-
Claims against the state	68	13	24	-	-	-	-
Blueilliesbush Dairy Farming	-	-	-	21 100	-	-	-
Non-profit institutions							
Current	-	4 000	3 550	6 666	6 270	6 596	6 906
Entomology Congress	-	-	500	-	-	-	-
Collaborative International Pesticides Analytical Council Ltd	-	-	50	-	-	-	-
Deciduous Fruit Producer Trust: Area wide pest control programme	-	4 000	3 000	6 000	6 270	6 596	6 906
Onderstepoort Centenary Organising Committee	-	-	-	666	-	-	-
Households							
Social benefits							
Current	591	288	1 059	205	-	-	-
Employer social benefit	591	288	1 059	205	-	-	-
Households							
Other transfers to households							
Current	33 280	72 268	88 376	163 942	-	-	-
Claims against the state	-	150	-	-	-	-	-
Avian influenza	-	12 467	-	-	-	-	-
Classical swine fever	33 280	59 624	88 376	163 900	-	-	-
Foot and mouth disease: KwaZulu-Natal	-	27	-	-	-	-	-
Foot and mouth disease: Limpopo	-	-	-	42	-	-	-

Expenditure trends

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

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

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

Public entity

Onderstepoort Biological Products

Strategic overview: 2005/06 – 2011/12

Onderstepoort Biological Products operates in terms of the Onderstepoort Biological Products Incorporation Act (1999). It is a state owned company developing, manufacturing and distributing more than 50 different vaccines against viral, bacterial and protozoal diseases for veterinary use. The company also distributes other biological products such as therapeutic serum and, in terms of an agreement with its sister company, the Agricultural Research Council-Onderstepoort Veterinary Institute, diagnostic reagents.

The company is renowned for its knowledge of tropical diseases in Africa as well as the rest of the world. This encompasses re-emerging trans-boundary diseases, as well as those that have been spreading into new areas, such as Bluetongue in Europe and Rift Valley fever in the Northern parts of Africa and the Middle East. These present new markets for the company's portfolio of products but also an opportunity to strengthen its position with new products. As part of a growth initiative, the company also intends looking at the sourcing of products from overseas partners for the local poultry market.

Selected performance and operations indicators

Table 23.18 Onderstepoort Biological Products

Indicator	Past			Current	Projections		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Number of publications supporting Onderstepoort Biological Products' vaccines each year	0	0	0	0	4	4	4
Number of doses of vaccines (various products) produced	0	0	0	0	73 million	83 million	90 million
Percentage of cost of sales over sales	1%	1%	1%	1%	1%	1%	1%
Current asset ration	4.9:1	6.9:1	8.2:1	7.1:1	8.1:1	8.0:1	9.2:1

Service delivery and spending focus

Onderstepoort Biological Products sells vaccines when customers require them. It also makes vaccines available if there is an outbreak of a disease affecting the sector.

In 2007/08, the company qualified for the International Organisation for Standardisation's 9001:2000 certificate, which recognises that customer satisfaction has been assured.

The company has established an intellectual property management system, supported by its intellectual property policy. The company earns royalties from its patented products. While the company has developed some vaccines (for example, the bluetongue vaccine), its facilities are not compliant with international quality control and manufacturing principles (the standard required in Europe for one to be able to sell vaccines to the European market). To overcome this, the company has partnered with a European company to make the vaccine available to the European market, and it charges a percentage (royalty) for each vaccine sold.

Expenditure estimates

Table 23.19 Onderstepoort Biological Products: Financial information

R thousand	Audited outcome			Revised estimate	Medium-term estimate		
Statement of financial performance	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Revenue							
Non-tax revenue	77 437	71 424	80 076	86 000	99 600	106 648	114 991
Sale of goods and services other than capital assets	72 119	64 704	70 385	78 300	90 900	97 718	105 535
<i>of which:</i>							
<i>Sales by market establishments</i>	72 119	64 704	70 385	78 300	90 900	97 718	105 535
<i>Other non-tax revenue</i>	5 318	6 720	9 691	7 700	8 700	8 930	9 456
Total revenue	77 437	71 424	80 076	86 000	99 600	106 648	114 991
Expenses							
Current expense	66 731	78 333	79 087	89 347	97 408	104 447	111 090
Compensation of employees	32 204	31 781	33 337	39 900	43 400	46 872	50 153
Goods and services	29 051	37 021	36 271	39 898	43 800	47 304	50 615
Depreciation	5 476	9 531	9 479	9 549	10 208	10 271	10 322
Total expenses	67 114	76 498	79 030	89 347	97 408	104 447	111 090
Surplus / (Deficit)	10 323	(5 074)	1 046	(3 347)	2 192	2 201	3 901
Statement of financial position							
Carrying value of assets	88 016	84 226	78 515	71 706	65 102	57 297	50 492
<i>of which: Acquisition of assets</i>	65 311	7 907	4 112	2 740	5 603	2 466	3 517
Investments	80 339	–	–	–	–	–	–
Inventory	12 473	15 234	15 891	23 700	27 523	29 063	35 545
Receivables and prepayments	10 549	4 383	2 468	8 456	10 187	11 426	5 983
Cash and cash equivalents	325	73 121	79 542	78 910	88 726	95 431	105 265
Total assets	191 702	176 964	176 416	182 772	191 538	193 217	197 284
Accumulated surplus / deficit	167 663	162 590	163 634	166 405	175 030	175 471	178 119
Trade and other payables	15 902	12 136	10 428	13 501	13 467	14 478	15 636
Provisions	5 435	1 398	1 571	1 913	2 029	2 181	2 356
Liabilities not classified elsewhere	2 702	840	783	954	1 011	1 087	1 174
Total equity and liabilities	191 702	176 964	176 416	182 773	191 538	193 217	197 284

Expenditure trends

Revenue from sales of goods and services increased at an average annual rate of 13.6 per cent between 2007/08 and 2009/10. Total revenue is projected to grow at an average annual rate of 10.2 per cent over the MTEF period. The major contributor is the two annual price increases which are normally between an average of 10 and 15 per cent.

Spending on compensation of employees grows by 19.7 per cent in 2008/09 due to salary increases, the filling of new posts, training and bursaries. Goods and services expenditure grew at an average annual rate of 11.2 per cent between 2005/06 and 2008/09. Over the MTEF period, this slows to an average annual rate of 8.3 per cent due to increased commodity prices.

Spending over the MTEF period is projected to grow at an average annual rate of 7.5 per cent. The company has adequate cash and reserves to fund the projected R3.4 million deficit in 2008/09. Cash and cash equivalents grow at an average annual rate of 162.1 per cent over the seven-year period.

Provincial expenditure

Total provincial expenditure grows at an average annual rate of 7.9 per cent over the medium term. Agriculture is a concurrent function shared by the national and provincial spheres. Apart from the equitable share, funds are made available to departments as conditional grants.

Expenditure by province

Table 23.20 Expenditure estimates by province

Provinces	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08			2008/09	2009/10	2010/11
R thousand								
Eastern Cape	787 327	871 799	1 070 680	1 243 641	1 271 402	1 408 766	1 379 379	1 494 331
Free State	298 710	227 011	292 186	372 495	359 495	400 515	434 501	486 888
Gauteng ¹	102 520	127 967	188 482	229 646	229 646	246 253	250 457	277 123
KwaZulu-Natal ¹	789 552	841 991	722 445	1 278 246	1 255 246	1 315 411	1 504 637	1 634 285
Limpopo	980 785	1 023 818	1 003 822	1 099 700	1 103 030	1 185 110	1 340 316	1 438 837
Mpumalanga ¹	414 462	380 388	529 920	657 149	669 018	701 786	767 139	836 788
Northern Cape	132 306	148 260	219 645	257 031	274 557	250 217	298 999	349 268
North West ¹	321 711	440 442	419 128	575 223	575 223	530 296	581 933	650 776
Western Cape	258 515	266 386	325 623	376 644	376 644	398 607	457 087	515 520
Total	4 085 888	4 328 062	4 771 932	6 089 775	6 114 260	6 436 960	7 014 449	7 683 815

1. Programme 1: Administration has been calculated on a pro rata basis as a result of the combination of the agriculture function with other provincial functions.
Source: Estimates of Provincial Expenditure 2009 (2009 Provincial Budget Statements)

KwaZulu-Natal, Eastern Cape and Limpopo are predominantly rural provinces and have large areas of land under agriculture, including farms acquired through land restitution and redistribution programmes. Spending in these provinces is thus higher than in urban provinces. Average annual growth over the seven-year period is 12.9 per cent for KwaZulu-Natal, 11.3 per cent for Eastern Cape, and 6.6 per cent for Limpopo. Gauteng has the smallest budget, which grows at an average annual rate of 18 per cent over the same period. The significantly higher increase is because it is growing off a low base.

Expenditure by provincial programme

Table 23.21 Expenditure estimates by provincial programme

Provincial programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08			2008/09	2009/10	2010/11
R thousand								
1. Administration ¹	808 655	887 204	1 059 899	1 229 974	1 283 902	1 268 605	1 343 660	1 451 078
2. Sustainable Resource Management	493 182	413 860	589 040	839 609	811 922	696 828	763 664	841 606
3. Farmer Support and Development	1 847 676	2 069 542	2 048 222	2 610 179	2 625 794	2 926 663	3 327 048	3 704 039
4. Veterinary Services	350 113	386 602	442 460	517 365	521 883	616 638	624 036	661 585
5. Technology Research and Development Services	333 944	309 843	312 779	459 280	457 742	477 480	485 324	514 969
6. Agricultural Economics	85 634	59 616	110 070	142 646	129 747	135 006	137 740	150 005
7. Structured Agricultural Training	166 684	201 395	209 462	290 722	283 270	315 741	332 976	360 534
Total	4 085 888	4 328 062	4 771 932	6 089 775	6 114 260	6 436 960	7 014 449	7 683 815

1. Programme 1: Administration has been calculated on a pro rata basis as a result of the combination of the agriculture function with other provincial functions.
Source: Estimates of Provincial Expenditure 2009 (2009 Provincial Budget Statements)

The bulk of spending by provincial departments of agriculture is in the *Farmer Support and Development* and *Administration* programmes, which account for more than 60 per cent of total spending over the seven-year period.

The *Farmer Support and Development* programme is made up of food security, extension services, mentorship and other support programmes for emerging farmers. This programme is allocated the biggest share of the total budget and grows at an average annual rate of 12.3 per cent over the seven-year period. The *Agricultural Economics* programme provides for marketing services and for developing databases on agricultural statistics and economic trends. It has the smallest budget share.

The aggregate average annual growth of all the programmes' budgets is 11.2 per cent between 2005/06 and 2011/12.

Provincial expenditure by economic classification

Table 23.22 Expenditure estimates by economic classification¹

Economic classification	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09		2009/10	2010/11	2011/12
R thousand								
Current payments	3 169 131	3 351 441	3 590 160	4 586 612	4 591 077	5 339 417	5 669 819	6 125 725
Compensation of employees	1 942 561	2 102 315	2 357 884	2 673 207	2 679 313	3 179 070	3 266 761	3 442 749
Goods and services	1 224 820	1 248 507	1 231 009	1 912 339	1 911 415	2 158 848	2 403 058	2 682 976
Interest and rent on land	–	–	406	5	7	–	–	–
Financial transactions in assets and liabilities	1 750	620	861	1 061	342	1 500	–	–
Transfers and subsidies	476 369	466 198	775 374	870 992	897 902	532 986	585 696	662 317
Provinces and municipalities	6 498	7 347	1 398	1 809	1 890	2 728	3 079	3 887
Departmental agencies and accounts	54 830	102 698	97 064	80 237	80 249	131 125	110 537	114 931
Universities and technikons	790	170	76	2 239	2 235	181	178	178
Public corporations and private enterprises	126 748	117 525	162 649	218 988	179 373	133 326	165 562	172 966
Non-profit institutions	24 302	17 569	6 614	21 118	21 033	25 280	28 084	29 925
Households	263 201	220 889	507 574	546 601	613 121	240 346	278 256	340 430
Payments for capital assets	440 387	510 423	406 397	632 171	625 282	564 556	758 934	895 773
Buildings and other fixed structures	131 253	366 699	208 301	417 405	367 904	393 956	582 733	675 577
Machinery and equipment	164 133	119 305	153 973	207 733	232 198	152 609	165 830	209 521
Cultivated assets	4 619	4 310	4 767	1 048	2 458	5 422	5 763	5 789
Software and other intangible assets	621	2 094	4 587	5 986	6 239	10 199	4 603	4 881
Land and subsoil assets	139 761	18 015	34 768	–	16 482	2 365	–	–
Heritage assets	–	–	–	–	–	5	5	5
Total	4 085 888	4 328 062	4 771 932	6 089 775	6 114 260	6 436 960	7 014 449	7 683 815

1. Programme 1: Administration has been calculated on a pro rata basis as a result of the combination of the agriculture function with other provincial functions.

Expenditure on compensation of employees increases by 18.7 per cent between 2008/09 and 2009/10 due to an inflation adjustment, and thereafter increases at a slow average annual rate of 8.7 per cent over the medium term. Transfers and subsidies to households decrease by 60.8 per cent from 2008/09 to 2009/10 and thereafter increase at an average annual rate of 17.8 per cent over the medium term. The peak in 2008/09 is due to once-off allocations for unforeseeable and unavoidable agricultural disasters such as drought, veld fires, cold spells and animal diseases. Payments for capital assets decrease by 9.7 per cent from 2008/09 to 2009/10, and increase at an average annual rate of 12.7 per cent over the medium term.

National Department additional tables

Table 23.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R thousand	2007/08		2007/08	2008/09			2008/09
1. Administration	337 545	349 433	333 933	356 094	12 555	368 649	368 649
2. Production and Resources Management	258 259	243 483	233 231	259 062	294 295	553 357	523 357
3. Agriculture Support Services	1 387 204	2 400 046	2 370 003	1 545 999	(70 690)	1 475 309	1 425 309
4. Trade and Agricultural Development	64 752	54 753	60 941	69 107	79	69 186	69 186
5. Food Safety and Biosecurity	237 287	426 349	334 661	304 409	166 838	471 247	433 147
Total	2 285 047	3 474 064	3 332 769	2 534 671	403 077	2 937 748	2 819 648
Economic classification							
Current payments	925 175	883 644	869 844	1 021 785	(15 534)	1 006 251	998 151
Compensation of employees	502 538	479 029	448 766	585 811	(35 679)	550 132	542 032
Goods and services	422 637	404 615	420 759	435 974	20 145	456 119	456 119
Financial transactions in assets and liabilities	–	–	319	–	–	–	–
Transfers and subsidies	1 308 869	2 524 246	2 418 783	1 473 338	415 612	1 888 950	1 778 950
Provinces and municipalities	462 084	762 088	762 099	584 301	314 077	898 378	868 378
Departmental agencies and accounts	513 969	518 469	522 169	548 627	64 096	612 723	612 723
Universities and technikons	200	3 806	3 806	7 604	(1 359)	6 245	6 245
Public corporations and private enterprises	249 963	965 772	1 000 095	299 442	(143 799)	155 643	105 643
Foreign governments and international organisations	30 915	28 915	32 865	26 618	7 212	33 830	33 830
Non-profit institutions	1 000	5 640	5 780	6 400	11 232	17 632	17 632
Households	50 738	239 556	91 969	346	164 153	164 499	134 499
Payments for capital assets	51 003	66 174	44 142	39 548	2 999	42 547	42 547
Buildings and other fixed structures	31 183	31 319	5 208	23 104	–	23 104	23 104
Machinery and equipment	18 757	33 373	37 068	15 828	2 475	18 303	18 303
Cultivated assets	–	540	527	–	320	320	320
Software and intangible assets	1 063	942	1 339	616	204	820	820
Total	2 285 047	3 474 064	3 332 769	2 534 671	403 077	2 937 748	2 819 648

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

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Permanent and full time contract employees							
Compensation (R thousand)	353 733	429 607	443 272	544 364	643 545	719 539	781 370
Unit cost (R thousand)	104	126	139	167	198	221	240
Personnel numbers (head count)	3 399	3 399	3 183	3 255	3 255	3 255	3 255
Part time and temporary contract employees							
Compensation (R thousand)	1 783	1 872	1 966	2 064	2 167	2 167	2 167
Unit cost (R thousand)	99	104	109	34	36	36	36
Personnel numbers (head count)	18	18	18	61	61	61	61
Interns							
Compensation of interns (R thousand)	3 200	3 360	3 528	3 704	3 889	3 889	3 889
Unit cost (R thousand)	40	41	44	27	28	28	28
Number of interns	81	81	81	137	137	137	137
Total for department							
Compensation (R thousand)	358 716	434 839	448 766	550 132	649 601	725 595	787 426
Unit cost (R thousand)	103	124	137	159	188	210	228
Personnel numbers (head count)	3 498	3 498	3 282	3 453	3 453	3 453	3 453

Table 23.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Compensation of employees (R thousand)	358 716	434 839	448 766	550 132	649 601	725 595	787 426
Training expenditure (R thousand)	10 919	11 201	19 860	29 191	15 150	17 446	19 314
Training as percentage of compensation	3.0%	2.6%	4.4%	5.3%	2.3%	2.4%	2.5%
Total number trained in department (head count)	951	2 305	1 911	2 103			
<i>of which:</i>							
<i>Employees receiving bursaries (head count)</i>	112	140	217	183			
<i>Leaverships trained (head count)</i>	34	35	51	23			
<i>Internships trained (head count)</i>	138	168	165	215			
Households receiving bursaries (R thousand)	8 300	8 300	7 300	5 022	8 747	9 272	9 828
Households receiving bursaries (head count)	232	247	265	273			

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

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12
Conditional grants to provinces							
2. Production and Resources Management							
Ilima / Letsema projects	–	–	–	96 000	50 000	200 000	400 000
Agricultural starter packs	–	–	–	76 000	–	–	–
LandCare programme grant: poverty relief and infrastructure development grant	40 000	55 735	46 725	51 003	51 417	54 502	57 772
3. Agriculture Support Services							
Disaster management	120 000	45 403	300 000	136 837	60 000	–	–
Comprehensive agricultural support programme grant	250 000	300 000	415 000	538 124	715 394	862 365	979 321
Total	410 000	401 138	761 725	897 964	876 811	1 116 867	1 437 093

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

