

# Vote 3

## Agriculture and Rural Development

R thousand	2014/15			
	Main appropriation	Adjusted appropriation	Decrease	Increase
Operational budget	2 131 391	2 168 211		36 820
MEC remuneration	1 735	1 735		
<b>Total amount to be appropriated</b>	<b>2 133 126</b>	<b>2 169 946</b>		<b>36 820</b>
<i>of which:</i>				
Current payments	1 759 836	1 775 611		15 775
Transfers and subsidies	178 412	192 657		14 245
Payments for capital assets	194 878	201 678		6 800
Payments for financial assets	-	-		
Responsible MEC	Mr. V.C Xaba, MEC for Agriculture and Rural Development			
Administering department	Agriculture and Rural Development			
Accounting Officer	Head: Agriculture and Rural Development			

### 1. Vision and mission

It must be noted that the Vision and Mission of the department has changed subsequent to the *Explanatory Memorandum of the EPRE*, in line with the department's revised strategic plan and annual performance plan, which take into account the shift of Environmental Affairs and Conservation to Vote 4: DEDTEA.

#### Vision

The vision of the Department of Agriculture and Rural Development (DARD) is: *A thriving agricultural sector with sustainable, business oriented rural development and food security for all.*

#### Mission

The department's mission is: *To create and sustain a conducive environment for agriculture and rural development that is business oriented, scientifically informed, commodity focused and recognises local opportunities.*

### 2. Strategic objectives

**Strategic policy direction:** The department seeks to align its operations and strategic position with the overall aim of government to achieve accountability and effective service delivery for all citizens of the province. By working in partnership with other government departments and key stakeholders, the department will strive to address poverty and food insecurity through maximising the use and management of natural resources, and will explore strategies to improve social and economic livelihoods of rural communities to fulfill its new mandate, rural development.

The department has set the following goals and strategic objectives in order to achieve this:

#### *Rural development, agrarian reform and social and economic infrastructure development*

- Provide technical support, extension, specialist advisory services and progressive training and mentorship to households and farmers.
- Provide and develop support systems and infrastructure for sustainable land use, agricultural development and comprehensive rural development.

- Ensure the prevention, control and/or eradication of animal diseases.
- Create and facilitate improved access to a stable and diversified food supply for improved nutritional well-being and improvement in household income.
- Undertake appropriate adaptive agricultural research and technology development and transfer, to advance agriculture.

***Creation of decent work opportunities and ensuring economic growth and infrastructure development***

- Create access to local and international markets for local agricultural products.
- Develop commercial farming entrepreneurs and agri-business.
- Enhance linkages with international entities, partners, stakeholders and all spheres of government.

### **3. Summary of adjusted estimates for the 2014/15 financial year**

The main appropriation of the department was R2.133 billion in 2014/15. During the year, the department's budget was increased by R36.820 million.

The main reasons for the increase, as well as other adjustments, are summarised below and explained in detail in Section 4:

- *Roll-overs:* The approved roll-over from 2013/14 of R31.800 million was allocated to Programme 2: Agriculture against *Goods and services* as follows:
  - R23 million was allocated to *Goods and services* relating to lime ordered in 2013/14 but only delivered and paid for in 2014/15. This roll-over is in respect of the Ilima/Letsema Projects conditional grant.
  - R8.800 million was rolled-over for the construction of sheds at district offices for the department's mechanisation programme. The department subsequently requested permission to divert these funds, as well as the R8.500 million already in the 2014/15 baseline for this purpose, to fund the Rural Development Co-ordination function, and this was approved by Provincial Treasury.
- *Virement between programmes:*
  - The department undertook no virements between programmes. However, the department undertook several virements across sub-programmes and economic categories within programmes, the main ones being the following:
    - Within Programme 2, reprioritisation of R4.382 million was undertaken within *Goods and services* to assist Ntingwe Tea Estate (R4.361 million) to meet its payroll commitments for a three-month period. This amount was transferred to Ithala Development Finance Corporation (Ithala) under *Transfers and subsidies to: Public corporations and private enterprises* after obtaining the necessary Provincial Treasury approval for a new transfer payment. The balance of R21 000 was allocated to *Transfers and subsidies to: Provinces and municipalities* for motor vehicle licence fees
    - A virement of R2 million was undertaken from *Payments for capital assets (Buildings and other fixed structures)* to *Transfers and subsidies to: Public corporations and private enterprises* in respect of the final transfer to People's Bio Oil (Pty) Ltd for the Moringa project. This transfer was inadvertently omitted in the main budget, and this oversight is now corrected.
    - The department requested permission to divert R8.500 million already in the 2014/15 baseline for the construction of sheds, as mentioned above, to fund the Rural Development Co-ordination function, and this was approved by Provincial Treasury. This virement was from *Buildings and other fixed structures* to *Goods and services* within Programme 2 against the Extension and Advisory Services sub-sub-programme.

- R750 000 was moved from *Goods and services* to *Transfers and subsidies to: Non-profit institutions* toward the department’s commitment to improve the facilities at Zakhe Agricultural College.
- o Details of these virements are provided per programme in Section 4 below. All of the virements within programmes are permissible in terms of the PFMA and Treasury Regulations and, where applicable, were approved by Provincial Treasury (such as the increase in *Transfers and subsidies*, as explained in detail in Section 4). It is noted that, although *Payments for capital assets (Buildings and other fixed structures)* shows a reduction in Table 3.2, the virement was to *Capital transfers* as evident in Table 3.13 below, and therefore there is no reduction in capital.
- *Shifts*: The only shift undertaken by the department was between economic classification and the initial purpose for the funds did not change. It is explained as follows:
  - o R5.300 million was moved from *Goods and services* to *Transfers and subsidies to: Non-profit institutions* within Programme 2 relating to the KZN Outreach Programme, where the department has entered into a partnership with the Animal Anti-Cruelty League (AACL) to cater for sterilisation, vaccination and parasite control (internal and external) on dogs and cats. The funds were allocated under *Goods and services* at the time of the main budget as the partnership agreement had not yet been finalised.
- *Other adjustments*: Other adjustments, totalling a net amount of R5.020 million, were undertaken as follows:
  - o R6.377 million was moved from the Office of the Premier (OTP) to correct an amount that was suspended during the centralisation of parts of the communications budget under OTP. This amount was re-allocated to the Communications sub-programme in Programme 1: Administration against *Goods and services*.
  - o R1.823 million was moved from the OTP to correct an amount that was suspended during the centralisation of bursaries budget under OTP. This amount was re-allocated to the Corporate Services sub-programme in Programme 1 against *Goods and services*.
  - o This was offset by the following deductions amounting to R3.180 million from the department’s budget:
    - R1.205 million relating to previous years’ irregular expenditure. Cabinet approved that, where departments were unable to provide sufficient justification for the irregular expenditure, it becomes a first charge against the vote. This was effected in Programme 1 against *Goods and services*.
    - R1.975 million, being the remainder of the Environmental Affairs and Conservation function shift, was moved from Programme 1 from both *Compensation of employees* and *Goods and services*. These funds were moved to Vote 4: Economic Development, Tourism and Environmental Affairs and relate to the administration portion of this function shift. These amounts are only moved now, as the exact amount to be moved had not been determined when the main budget was tabled.

Tables 3.1 and 3.2 below reflect a summary of the 2014/15 adjusted appropriation of the department, summarised according to programme and economic classification.

**Table 3.1: Summary by programmes**

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Unforeseeable/		Virement	Shifts	Other adjustments		
		Roll-overs	unavoidable					
1. Administration	329 191	-	-	-	-	5 020	5 020	334 211
2. Agriculture	1 803 935	31 800	-	-	-	-	31 800	1 835 735
<b>Total</b>	<b>2 133 126</b>	<b>31 800</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5 020</b>	<b>36 820</b>	<b>2 169 946</b>
Amount to be voted								<b>36 820</b>

Table 3.2: Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
<b>Current payments</b>	<b>1 759 836</b>	<b>31 800</b>	-	<b>1 555</b>	<b>(5 300)</b>	<b>5 020</b>	<b>33 075</b>	<b>1 792 911</b>
Compensation of employees	887 517	-	-	(15 660)	-	(1 679)	(17 339)	870 178
Goods and services	872 319	31 800	-	17 215	(5 300)	6 699	50 414	922 733
Interest and rent on land	-	-	-	-	-	-	-	-
<b>Transfers and subsidies to:</b>	<b>178 412</b>	-	-	<b>8 945</b>	<b>5 300</b>	-	<b>14 245</b>	<b>192 657</b>
Provinces and municipalities	533	-	-	255	-	-	255	788
Departmental agencies and accounts	106 410	-	-	4 361	-	-	4 361	110 771
Higher education institutions	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-
Public corporations and private enterprises	65 252	-	-	2 000	-	-	2 000	67 252
Non-profit institutions	-	-	-	750	5 300	-	6 050	6 050
Households	6 217	-	-	1 579	-	-	1 579	7 796
<b>Payments for capital assets</b>	<b>194 878</b>	-	-	<b>(10 500)</b>	-	-	<b>(10 500)</b>	<b>184 378</b>
Buildings and other fixed structures	140 687	-	-	(10 500)	-	-	(10 500)	130 187
Machinery and equipment	53 092	-	-	-	-	-	-	53 092
Heritage assets	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-
Biological assets	586	-	-	-	-	-	-	586
Land and subsoil assets	-	-	-	-	-	-	-	-
Software and other intangible assets	513	-	-	-	-	-	-	513
<b>Payments for financial assets</b>	-	-	-	-	-	-	-	-
<b>Total</b>	<b>2 133 126</b>	<b>31 800</b>	-	-	-	<b>5 020</b>	<b>36 820</b>	<b>2 169 946</b>
Amount to be voted								<b>36 820</b>

#### 4. Changes to programme purposes and service delivery measures

The programmes of the department, namely Administration and Agriculture, largely conform to the uniform programme structure prescribed for the Agriculture sector, with Programme 2 reflecting the structure at sub-sub-programme level. Taking into account the movement of the Environmental Affairs and Conservation functions to DEDTEA, the department's budget structure will be reviewed in the 2015/16 MTEF, with the aim of doing away with the sub-sub-programme structure.

With regard to service delivery measures, it must be noted that the targets are in line with the APP.

##### 4.1 Programme 1: Administration

The primary role of Programme 1 is to support the line function components of the department in achieving their goals.

Tables 3.3 and 3.4 give a summary of the 2014/15 adjusted appropriation of Programme 1, summarised according to sub-programme and economic classification.

Details of the main adjustments, which resulted in an overall increase of R5.020 million, are provided in the paragraphs following the tables.

Table 3.3: Programme 1: Administration

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Office of the MEC	24 239	-	-	-	-	-	-	24 239
Senior Management	50 647	-	-	(10 771)	-	-	(10 771)	39 876
Corporate Services	144 443	-	-	10 771	-	848	11 619	156 062
Financial Management	84 114	-	-	-	-	(2 205)	(2 205)	81 909
Communications	25 748	-	-	-	-	6 377	6 377	32 125
<b>Total</b>	<b>329 191</b>	-	-	-	-	<b>5 020</b>	<b>5 020</b>	<b>334 211</b>
Amount to be voted								<b>5 020</b>

Table 3.4: Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation	
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts			Other adjustments
<b>Current payments</b>	<b>284 359</b>	-	-	(1 166)	-	5 020	3 854	288 213
Compensation of employees	143 987			(15 013)		(1 679)	(16 692)	127 295
Goods and services	140 372			13 847		6 699	20 546	160 918
Interest and rent on land							-	-
<b>Transfers and subsidies to:</b>	<b>307</b>	-	-	1 166	-	-	1 166	1 473
Provinces and municipalities	307			234			234	541
Departmental agencies and accounts							-	-
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions							-	-
Households				932			932	932
<b>Payments for capital assets</b>	<b>44 525</b>	-	-	-	-	-	-	44 525
Buildings and other fixed structures	18 969						-	18 969
Machinery and equipment	25 479						-	25 479
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets	77						-	77
<b>Payments for financial assets</b>							-	-
<b>Total</b>	<b>329 191</b>	-	-	-	-	5 020	5 020	334 211
Amount to be voted								5 020

### Virement – Programme 1: Administration

Various virements were undertaken within the programme, which resulted in no change to the programme total:

- Savings of R10.771 million were identified under the sub-programme: Senior Management, mainly against *Compensation of employees* due to non-filling of vacant posts, and these were moved to the sub-programme: Corporate Services to *Goods and services* to offset higher than anticipated SITA costs and an increase in the water and electricity accounts of the department.
- In addition to the above, virements were done across sub-programmes within Programme 1 affecting economic categories. Further savings against *Compensation of employees* due to delays in filling vacant posts were moved to *Goods and services* to fund increases in the water and electricity costs. A portion of the savings was also allocated to *Transfers and subsidies to: Provinces and municipalities* (R234 000) and *Households* (R932 000) to fund the shortfall in motor vehicle licence fees and staff benefits on exiting the service, respectively.

The virements undertaken are permissible in terms of the PFMA and Treasury Regulations.

### Other adjustments – Programme 1: Administration: R5.020 million

- Other adjustments resulting in a net increase of R5.020 million were undertaken as follows:
  - R6.377 million was moved from the OTP to correct an amount that was suspended during the centralisation of parts of the communications budget under OTP. This amount was allocated back to the Communications sub-programme in Programme 1 against *Goods and services*.
  - R1.823 million was moved from the OTP to correct an amount that was suspended during the centralisation of the bursaries budget under OTP. This amount was allocated back to the Corporate Services sub-programme in Programme 1 against *Goods and services*.
  - This was offset by the following deductions of R3.180 million from the department's budget:
    - R1.205 million was deducted from the Financial Management sub-programme against *Goods and services* relating to previous years' irregular expenditure, as mentioned.

- R1.975 million was reduced from the sub-programmes: Financial Management (R1 million) and Corporate Services (R975 000), affecting *Compensation of employees* (R1.679 million) and *Goods and services* (R269 000). This is in line with the remainder of the Environmental Affairs and Conservation function shifts from the department to Vote 4, as discussed in more detail earlier.

## 4.2 Programme 2: Agriculture

The purpose of this programme remains unchanged from the *EPRE* – namely crop production, livestock farming, land use, land reform (a national priority run by DARD at provincial level), as well as veterinary services, which entails animal disease control, prevention of zoonotic diseases, and ensuring safety of food products of animal origin.

Tables 3.5 and 3.6 below reflect a summary of the 2014/15 adjusted appropriation of Programme 2, summarised according to sub-programme and economic classification. Details of the main adjustments, which resulted in an overall increase of R31.800 million in the adjusted appropriation of Programme 2, are given in the paragraphs below the tables.

**Table 3.5: Programme 2: Agriculture**

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
<b>Sustainable Resource Management</b>	<b>99 532</b>	-	-	-	-	-	-	<b>99 532</b>
Engineering Services	61 800							61 800
Land Care	37 732							37 732
<b>Farmer Support and Development</b>	<b>1 249 299</b>	<b>31 800</b>	-	<b>(3 100)</b>	-	-	<b>28 700</b>	<b>1 277 999</b>
Farmer Settlement and Development	142 393							142 393
Extension and Advisory Services	1 044 938	31 800		(3 100)			28 700	1 073 638
Food Security	61 968							61 968
<b>Veterinary Services</b>	<b>142 061</b>	-	-	-	-	-	-	<b>142 061</b>
Animal Health	142 061							142 061
<b>Research and Technology Development Services</b>	<b>166 192</b>	-	-	-	-	-	-	<b>166 192</b>
Research	166 192							166 192
<b>Agricultural Economic Services</b>	<b>3 461</b>	-	-	<b>3 100</b>	-	-	<b>3 100</b>	<b>6 561</b>
Agri-Business Support and Development	3 461			3 100			3 100	6 561
<b>Structured Agricultural Training</b>	<b>143 390</b>	-	-	-	-	-	-	<b>143 390</b>
Higher Education and Training	143 390							143 390
<b>Total</b>	<b>1 803 935</b>	<b>31 800</b>	-	-	-	-	<b>31 800</b>	<b>1 835 735</b>
<b>Amount to be voted</b>								<b>31 800</b>

**Table 3.6: Summary by economic classification**

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
<b>Current payments</b>	<b>1 475 477</b>	<b>31 800</b>	-	<b>2 721</b>	<b>(5 300)</b>	-	<b>29 221</b>	<b>1 504 698</b>
Compensation of employees	743 530			(647)			(647)	742 883
Goods and services	731 947	31 800		3 368	(5 300)		29 868	761 815
Interest and rent on land								-
<b>Transfers and subsidies to:</b>	<b>178 105</b>	-	-	<b>7 779</b>	<b>5 300</b>	-	<b>13 079</b>	<b>191 184</b>
Provinces and municipalities	226			21			21	247
Departmental agencies and accounts	106 410			4 361			4 361	110 771
Higher education institutions								-
Foreign governments and international organisations								-
Public corporations and private enterprises	65 252			2 000			2 000	67 252
Non-profit institutions				750	5 300		6 050	6 050
Households	6 217			647			647	6 864
<b>Payments for capital assets</b>	<b>150 353</b>	-	-	<b>(10 500)</b>	-	-	<b>(10 500)</b>	<b>139 853</b>
Buildings and other fixed structures	121 718			(10 500)			(10 500)	111 218
Machinery and equipment	27 613							27 613
Heritage assets								-
Specialised military assets								-
Biological assets	586							586
Land and subsoil assets								-
Software and other intangible assets	436							436
<b>Payments for financial assets</b>								-
<b>Total</b>	<b>1 803 935</b>	<b>31 800</b>	-	-	-	-	<b>31 800</b>	<b>1 835 735</b>
<b>Amount to be voted</b>								<b>31 800</b>

**Roll-overs – Programme 2: Agriculture: R31.800 million**

The department received a total roll-over of R31.800 million made up of R23 million for the liming programme under the Ilima/Letsema Projects conditional grant, as well as R8.800 million in respect of the equitable share, which was originally allocated for the provision of sheds for the mechanisation programme at district level. However, the department requested permission to divert these funds, as well as the R8.500 million already in the 2014/15 baseline for this purpose, to fund the Rural Development Co-ordination function, and this was approved by Provincial Treasury. Both roll-overs are allocated against the Extension and Advisory Services sub-sub-programme under the Farmer Support and Development sub-programme in the *Goods and services* category.

**Virement – Programme 2: Agriculture**

The department reprioritised an amount of R3.100 million within *Compensation of employees* from the sub-programme: Farmer Support and Development: Extension and Advisory Services to the sub-programme: Agricultural Economic Services: Agri-Business Support and Development, as insufficient funding was allocated for the economics component following the drive to improve the capacity of this component.

In addition to the above, the following virements across economic categories within Programme 2 are included in Table 3.6:

- Savings of R647 000 due to staff exits and vacant posts were moved from *Compensation of employees* to *Transfers and subsidies to: Households* to fund employee benefits paid from this category, such as leave gratuities. The shortfall is largely due to unplanned staff exits.
- The department requested permission to divert R8.500 million already in the 2014/15 baseline to fund the Rural Development Co-ordination function, and this was approved by Provincial Treasury. These funds were therefore moved from *Buildings and other fixed structures* to *Goods and services* within the Extension and Advisory Services sub-sub-programme.
- Reprioritisation of R4.382 million was undertaken from *Goods and services* within Farmer Support and Development: Extension and Advisory Services to assist the Ntingwe Tea Estate (R4.361 million) to meet its payroll commitments for a three-month period. This amount was transferred to Ithala under *Transfers and subsidies to: Public corporations and private enterprises* after obtaining the necessary Provincial Treasury approval for a new transfer payment. The balance of R21 000 was allocated to *Transfers and subsidies to: Provinces and municipalities* for motor vehicle licence fees.
- A virement of R2 million was undertaken from *Payments for capital assets (Buildings and other fixed structures)* to *Transfers and subsidies to: Public corporations and private enterprises* in respect of the final transfer to People's Bio Oil (Pty) Ltd for the Moringa project. This amount was inadvertently omitted in the main budget, and this oversight is now corrected.
- R750 000 was moved within the Higher Education and Training sub-sub-programme from *Goods and services* to *Transfers and subsidies to: Non-profit institutions* in line with the department's commitment to improve the facilities at Zakhe Agricultural College.

These virements are permissible in terms of the PFMA and Treasury Regulations, and the following points are noted:

- The required Treasury approval was granted for the increases in *Transfers and subsidies* in respect of Ithala (Ntingwe Tea Estate), People's Bio Oil (Pty) Ltd and Zakhe Agricultural College.
- Although there is a reduction of R2 million in capital, there was an increase of the same amount in capital transfers in respect of People's Bio Oil (Pty) Ltd, and therefore Legislature approval is not required as the net capital amount was not changed (see infrastructure table below).
- However, the decrease in capital of R8.500 million in respect of the funds diverted from the construction of sheds for the mechanisation programme to the Rural Development Co-ordination function requires Legislature approval.

**Shifts – Programme 2: Agriculture**

The only shift undertaken in this programme was an amount of R5.300 million shifted from *Goods and services* to *Transfers and subsidies to: Non-profit institutions* relating to the KZN Outreach Programme where the department has entered into a partnership with the Animal Anti-Cruelty League. The funds were allocated under *Goods and services* at the time of the main budget as the partnership agreement had not yet been finalised. The initial purpose for the funds remains unchanged.

**Service delivery measures – Programme 2: Agriculture**

Table 3.7 shows the service delivery measures relating to Programme 2, including both customised measures prescribed for the Agriculture sector, as well as several measures which are not prescribed by the sector. The term “Annual” indicates that the targets are measured on an annual basis. It must be noted that all the targets fall in line with the APP, which was tabled subsequent to the *EPRE*.

**Table 3.7: Service delivery measures – Programme 2: Agriculture**

Outputs	Performance indicators	Performance targets		
		2014/15 Original target	2014/15 Mid-year actual	2014/15 Revised target
<b>1. Sustainable Resource Management</b>				
1.1	Engineering services			
	• No. of agricultural engineering advisory reports prepared	12		6
	• No. of designs with specification for agricultural engineering solutions provided	250		59
	• No. of clients provided with engineering advice in official visits	272		58
	• No. of final certificates issued for infrastructure constructed	240		71
1.2	Infrastructure			
	• No. of diptanks rehabilitated	40		2
	• No. of new diptanks established	10		4
	• No. of boreholes established	50		14
1.3	Land use			
	• No. of recommendations on subdivision/rezoning/change of agricultural land use	280		98
1.4	Disaster risk management			
	• No. of early warning advisory reports issued	12		-
1.5	Land care			
	• No. of awareness campaigns conducted on land care	10		3
	• No. of capacity building exercises conducted within approved land care projects	5		4
	• No. of beneficiaries trained within capacity building skills transfer	250		236
	• No. of farm land hectares improved through conservation measures	20		-
	• No. of beneficiaries practicing sustainable production technologies and practices	40		-
	• No. of degraded hectares rehabilitated	6 500		1 819
	• No. of green jobs created through land care	2 000		2 293
	• No. of km of fencing erected under land care	85		3
<b>2. Farmer Support and Development</b>				
2.1	Farmer-settlement and development			
	• No. of farm assessments completed	55		21
	• No. of farm plans completed	55		15
	• No. of smallholder farmers supported	100		59
	• No. of commercial farmers supported	22		18
2.2	Specialist agricultural advisory services			
	• No. of scientific evaluation reports on commodity based projects	90		21
	• No. of on farm research reports	22		-
	• No. of scientific value adding reports on diversified crops	60		16
	• No. of agricultural business plans supported	110		6
2.3	Mentorship			
	• No. of projects mentored (constant)	30		10
2.4	Value adding and product handling			
	• No. of agri-processing courses presented	40		24
	• No. of clients trained in agri-processing	480		390
2.5	Extension and advisory services			
	• No. of agricultural demonstrations facilitated	11 788		3 293
	• No. of farmers' days held	469		103
	• No. of functional commodity groups supported (constant)	10		10
	• No. of consultations to farmers	63 450		25 059
	• No. of farmers reached through consultation	18 982		6 085
2.6	Crop production			
	• No. of hectares of maize established under the mechanisation prog.	14 500		-
	• No. of hectares of beans established under the mechanisation prog.	5 850		7
	• No. of hectares of other crops established	1 365		92
	• No. of hectares limed	1 500		-
2.7	Infrastructure			
	• No. of earth dams constructed	50		-
2.8	Irrigation			
	• No. of irrigation schemes established	50		-
	• No. of irrigation schemes revitalised	30		-



Table 3.7: Service delivery measures – Programme 2: Agriculture

Outputs	Performance indicators	Performance targets		
		2014/15 Original target	2014/15 Mid-year actual	2014/15 Revised target
2.9	Food security	<ul style="list-style-type: none"> <li>No. of verified food insecure households supported</li> <li>No. of food security status reports compiled</li> <li>No. of community gardens established</li> <li>No. of household gardens established</li> <li>No. of tunnels established</li> <li>No. of institutional gardens supported</li> <li>No. of people trained within the Food Security programme</li> </ul>	550 000 4 100 1 100 385 200 30 000	23 048 1 54 1 603 - 138 360
2.10	Co-operatives	<ul style="list-style-type: none"> <li>No. of agricultural co-operatives established</li> <li>No. of established agricultural co-operatives linked to the market</li> </ul>	150 60	53 24
<b>3. Veterinary Services</b>				
3.1	Animal health	<ul style="list-style-type: none"> <li>No. of animal vaccinations against controlled animal diseases</li> <li>No. of animals vaccinated against Anthrax</li> <li>No. of animals vaccinated against Rabies</li> <li>No. of cattle vaccinated against Brucellosis</li> <li>No. of poultry vaccinated against New Castle Disease</li> <li>No. of primary animal health care (PAHC) interactions held</li> <li>No. of animals attended to during PAHC sessions</li> <li>No. of official veterinary movement documents issued</li> <li>No. of animals surveyed for diseases</li> <li>No. of animal health information days held (knowledge transfer)</li> <li>No. of animals tested with skin TB test</li> <li>No. of CA samples collected</li> <li>No. of dipping sessions</li> <li>No. of inspections for regulatory purposes</li> </ul>	797 000 499 140 416 000 32 892 172 430 1 260 358 940 260 5 300 212 8 000 39 679 1 200 29 5000	203 594 155 887 158 059 9 006 86 555 1 290 220 367 145 1 278 53 2 292 7 843 1 189 230 002
3.2	Primary animal health care	<ul style="list-style-type: none"> <li>No. of cattle dewormed</li> <li>No. of sheep/goats dewormed</li> </ul>	165 640 116 806	84 092 88 374
3.3	Export control	<ul style="list-style-type: none"> <li>No. of veterinary export certificates issued</li> <li>No. of export establishments registered</li> </ul>	890 20	308 2
3.4	Veterinary public health	<ul style="list-style-type: none"> <li>No. of abattoir inspections conducted</li> <li>No. of abattoirs registered</li> <li>No. of facilities processing animal product and by-product inspected</li> <li>No. of public awareness sessions held</li> <li>No. of illegal slaughtering investigations held</li> <li>No. of contact sessions (days) held with all role-players</li> </ul>	1 156 43 496 12 16 20	267 - 204 96 22 22
3.5	Veterinary laboratory services	<ul style="list-style-type: none"> <li>No. of control audit reports</li> <li>No. of external quality control reports</li> <li>No. of specimens tested</li> <li>No. of food safety specimens tested</li> <li>No. of abattoir hygiene monitoring specimens tested</li> <li>No. of specimens tested for controlled/notifiable diseases</li> <li>No. of specimens tested for non-controlled/non-notifiable diseases</li> <li>No. of tests performed</li> <li>No. of epidemiological studies conducted</li> <li>No. of necropsy specimens processed</li> </ul>	25 55 110 000 760 60 68 000 45 600 170 000 2 600	6 22 43 965 492 18 22 864 20 251 61 968 3 331
3.6	Animal identification	<ul style="list-style-type: none"> <li>No. of animals subjected to identification measures</li> </ul>	4 000	1 041
3.7	Veterinary empowerment	<ul style="list-style-type: none"> <li>No. of farmers supported in veterinary matters</li> <li>No. of veterinary facilities supported</li> </ul>	40 000 15	40 385 4
<b>4. Research and Technology Development Services</b>				
4.1	Research and technology development services	<ul style="list-style-type: none"> <li>No. of research projects plans approved which address specific commodity's production constraints</li> <li>No. of research projects implemented which address specific commodity's production constraints</li> <li>No. of research projects completed which address specific commodity's production constraints</li> <li>No. of scientific papers published</li> <li>No. of presentations made at scientific events</li> <li>No. of samples analysed</li> <li>No. of mushroom packs produced</li> </ul>	18 69 19 11 4 34 200 220 000	10 - - - 2 21 448 37 374
4.2	Infrastructure and support services	<ul style="list-style-type: none"> <li>No. of research infrastructure provided</li> <li>No. of research infrastructure maintained</li> </ul>	11 11	- -

**Table 3.7: Service delivery measures – Programme 2: Agriculture**

Outputs	Performance indicators	Performance targets		
		2014/15 Original target	2014/15 Mid-year actual	2014/15 Revised target
4.3	Technology transfer services	<ul style="list-style-type: none"> <li>No. of presentations made at technology transfer events</li> <li>No. of demonstration trials conducted</li> <li>No. of articles in media</li> <li>No. of information packs disseminated (developed)</li> <li>No. of technology transfer events conducted</li> </ul>	4 14 6 21 18	2 - - 5 10
<b>5. Agricultural Economic Services</b>				
5.1	Agri-business support and development	<ul style="list-style-type: none"> <li>No. of agri-businesses supported with agricultural economics advice toward accessing markets</li> <li>No. of agricultural economic studies conducted</li> <li>No. of clients supported with agricultural economic advice</li> <li>No. of smallholder farmers accessing marketing information</li> <li>No. of new enterprise budgets developed</li> <li>No. of enterprise budgets updated</li> <li>No. of marketing/statistical reports developed</li> </ul>	20 40 2 000 1 500 4 98 6	8 7 324 83 - - 1
5.2	Macro-economic support	<ul style="list-style-type: none"> <li>No. of macro-economic information requests responded to</li> <li>No. of macro-economic reports developed</li> </ul>	1 500 4	768 1
<b>6. Structured Agricultural Education and Training</b>				
6.1	Further education and training	<ul style="list-style-type: none"> <li>No. of trained farmers receiving certification</li> <li>No. of learners completing accredited skills programmes</li> <li>No. of learners completing non-accredited short courses</li> </ul>	2 500 400 300	1 681 211 156
6.2	Higher education and training (HET)	<ul style="list-style-type: none"> <li>No. of students registered into accredited HET qualifications</li> <li>No. of students completing accredited HET qualifications</li> </ul>	315 90	- -

## 5. Gifts, donations and sponsorships

The department is not envisaging any gifts, donations and sponsorship in excess of R100 000 during the current financial year.

## 6. Infrastructure

Table 3.8 illustrates the adjusted appropriation of infrastructure payments per main category. Details of the main adjustments, which resulted in an overall decrease of R8.500 million, are provided in the paragraphs following the table.

**Table 3.8: Summary of infrastructure payments by category**

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
<b>Existing infrastructure assets</b>	<b>105 405</b>	-	-	(2 000)	(36 230)	-	(38 230)	67 175
Maintenance and repair: Current	24 199						-	24 199
Upgrades and additions: Capital							-	-
Refurbishment and rehabilitation: Capital	81 206			(2 000)	(36 230)		(38 230)	42 976
<b>New infrastructure assets: Capital</b>	<b>59 481</b>			(8 500)	36 230		27 730	87 211
<b>Infrastructure transfers</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2 000</b>	<b>-</b>	<b>-</b>	<b>2 000</b>	<b>2 000</b>
Infrastructure transfers: Capital				2 000			2 000	2 000
Infrastructure transfers: Current							-	-
<b>Infrastructure: Payments for fin assets</b>								
<b>Infrastructure: Leases</b>								
Capital infrastructure	140 687	-	-	(8 500)	-	-	(8 500)	132 187
Current infrastructure	24 199	-	-	-	-	-	-	24 199
<b>Total</b>	<b>164 886</b>	<b>-</b>	<b>-</b>	<b>(8 500)</b>	<b>-</b>	<b>-</b>	<b>(8 500)</b>	<b>156 386</b>
<b>Amount to be voted</b>								<b>(8 500)</b>

- Virements:** The following virements were undertaken against the infrastructure budget of the department resulting in a decrease of R8.500 million, as follows:

- o R2 million was moved from *Refurbishment and rehabilitation: Capital to Infrastructure transfers: Capital* relating to the final payment to People's Bio Oil (Pty) Ltd, which is a community upliftment-based private business, for the Moringa project, as previously mentioned.
- o The department requested permission to divert R8.500 million in the 2014/15 baseline for the construction of sheds for the mechanisation programme to fund the Rural Development Co-ordination function. This was deducted from *New infrastructure assets: Capital* and moved to *Goods and services* in Programme 2. This reduction in capital was approved by Provincial Treasury in principle, but requires Legislature approval.
- *Shifts*: R36.230 million was moved from *Refurbishment and rehabilitation: Capital to New infrastructure assets: Capital* within Programme 2 to correct the original budget allocation. The majority of agricultural projects at Makhathini relate to new structures as opposed to rehabilitation/refurbishment. As this shift falls within Capital, it is not evident in the tables above, which reflect shifts at economic classification level. The original purpose of the funds has not changed, but it has merely been classified against the correct infrastructure category.

## 7. Conditional grants

Tables 3.9 and 3.10 provide a summary of changes to conditional grants. The only change to the main appropriation is in respect of the roll-over of R23 million received for the liming programme under the Ilima/Letsema Projects grant against *Goods and services*. This relates to the supply and delivery of lime for the liming programme, where orders were issued for three regions of the department. The service providers were unable to deliver the lime and submit invoices before 31 March 2014.

**Table 3.9: Summary of changes to conditional grants**

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Unforeseeable/		Virement	Shifts	Other adjustments		
		Roll-overs	unavoidable					
<b>2. Agriculture</b>	<b>296 760</b>	<b>23 000</b>	-	-	-	-	<b>23 000</b>	<b>319 760</b>
Land Care Programme grant	10 854						-	10 854
Comprehensive Agricultural Support Programme	212 632						-	212 632
Ilima/Letsema Projects grant	69 093	23 000					23 000	92 093
EPWP Integrated Grant for Provinces	4 181						-	4 181
<b>Total</b>	<b>296 760</b>	<b>23 000</b>	-	-	-	-	<b>23 000</b>	<b>319 760</b>
<b>Amount to be voted</b>								<b>23 000</b>

**Table 3.10: Summary of conditional grants by economic classification**

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Unforeseeable/		Virement	Shifts	Other adjustments		
		Roll-overs	unavoidable					
<b>Current payments</b>	<b>207 005</b>	<b>23 000</b>	-	-	-	-	<b>23 000</b>	<b>230 005</b>
Compensation of employees	15 703						-	15 703
Goods and services	191 302	23 000					23 000	214 302
Interest and rent on land							-	-
<b>Transfers and subsidies to:</b>	<b>66 465</b>	-	-	-	-	-	-	<b>66 465</b>
Provinces and municipalities							-	-
Departmental agencies and accounts	66 465						-	66 465
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions							-	-
Households							-	-
<b>Payments for capital assets</b>	<b>23 290</b>	-	-	-	-	-	-	<b>23 290</b>
Buildings and other fixed structures	15 285						-	15 285
Machinery and equipment	8 005						-	8 005
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
<b>Payments for financial assets</b>							-	-
<b>Total</b>	<b>296 760</b>	<b>23 000</b>	-	-	-	-	<b>23 000</b>	<b>319 760</b>
<b>Amount to be voted</b>								<b>23 000</b>

## 8. Transfers and subsidies

Table 3.11 below shows the summary of transfers and subsidies per programme.

Details of the main adjustments, which resulted in an increase of R14.245 million in the department's transfers and subsidies allocation, are provided below.

**Table 3.11: Summary of transfers and subsidies by programme and main category**

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
<b>1. Administration</b>	<b>307</b>	-	-	<b>1 166</b>	-	-	<b>1 166</b>	<b>1 473</b>
Provinces and municipalities	307	-	-	234	-	-	234	541
Motor vehicle licences	307			234			234	541
Households	-	-	-	932	-	-	932	932
Social benefit - Cash resources				932			932	932
<b>2. Agriculture</b>	<b>178 105</b>	-	-	<b>7 779</b>	<b>5 300</b>	-	<b>13 079</b>	<b>191 184</b>
Provinces and municipalities	226	-	-	21	-	-	21	247
Motor vehicle licences	226			21			21	247
Departmental agencies and accounts	106 410	-	-	4 361	-	-	4 361	110 771
Agri-Business Development Agency	106 410			4 361			-	106 410
Ithala Development Finance Corporation				4 361			4 361	4 361
Public corporations and private enterprises	65 252	-	-	2 000	-	-	2 000	67 252
Agric show societies	1 201						-	1 201
People's Bio Oil (Pty) Ltd				2 000			2 000	2 000
Mjindi Farming (Pty) Ltd	60 816						-	60 816
SA Sugarcane Research Institute	1 479						-	1 479
Soil Conservation Subsidy	1 756						-	1 756
Non-profit institutions	-	-	-	750	5 300	-	6 050	6 050
Animal Anti-Cruelty League					5 300		5 300	5 300
Zakhe Agricultural College				750			750	750
Households	6 217	-	-	647	-	-	647	6 864
Social benefit - Cash resources	6 217			647			647	6 864
<b>Total</b>	<b>178 412</b>	-	-	<b>8 945</b>	<b>5 300</b>	-	<b>14 245</b>	<b>192 657</b>
<b>Amount to be voted</b>								<b>14 245</b>

- *Virement*: The department undertook several virements in respect of *Transfers and subsidies*, which resulted in an increase of R8.945 million in this category, and these are summarised below:
  - *Provinces and municipalities* in Programmes 1 and 2 increased by R234 000 and R21 000, respectively, in respect of motor vehicle licence fees.
  - *Households* in Programmes 1 and 2 increased by R932 000 and R647 000, respectively, to provide for higher than anticipated staff exit costs.
  - *Departmental agencies and accounts* in Programme 2 increased by R4.361 million in respect of the transfer to Ithala to assist the Ntingwe Tea Estate. This amount provides for three months salaries and wages, as mentioned above.
  - *Public corporations and private enterprises* in Programme 2 increased by R2 million, to provide for infrastructure requirements of People's Bio Oil (Pty) Ltd in respect of the Moringa Project, as mentioned previously.
  - *Non-profit institutions* in Programme 2 increased by R750 000 to honour the department's commitment to improve the facilities at Zakhe Agricultural College.

These virements, which are permissible in terms of the PFMA and Treasury Regulations, were approved by Provincial Treasury where applicable.

- *Shift*: The department undertook one shift in respect of *Transfers and subsidies*, which resulted in a move of R5.300 million against *Non-profit institutions* in Programme 2 to cater for the transfer to Animal Anti-Cruelty League for sterilisation, vaccination and parasite control (internal and external) on dogs and cats, as mentioned earlier.

## 9. Transfers to local government

The department makes no transfer payments to local government. It is noted the amount reflected against *Transfers and subsidies to: Provinces and municipalities* in Table 3.11 above relates to the payment of motor vehicle licences. As this amount will not be transferred to any municipality, the table reflecting transfers to local government is excluded.

## 10. Actual payments and revised spending projections for the rest of 2014/15

Tables 3.12 and 3.13 reflect actual payments as at the end of September 2014, projected payments for the rest of the financial year in rand value and as a percentage of the adjusted appropriation per programme and economic classification, and the total revised spending. The tables also show the 2013/14 audited outcome.

**Table 3.12: Actual payments and revised spending projections by programme**

R thousand	2013/14 Audited outcome	Adjusted appropriation	Actual payments		Projected payments		Projected actual
			April '14 - September 2014	% of budget	October '14 - March 2015	% of budget	
1. Administration	321 909	334 211	144 992	43.4	189 219	56.6	334 211
2. Agriculture	1 666 564	1 835 735	680 654	37.1	1 155 081	62.9	1 835 735
<b>Total</b>	<b>1 988 473</b>	<b>2 169 946</b>	<b>825 646</b>	<b>38.0</b>	<b>1 344 300</b>	<b>62.0</b>	<b>2 169 946</b>

**Table 3.13: Actual payments and revised spending projections by economic classification**

R thousand	2013/14 Audited outcome	Adjusted appropriation	Actual payments		Projected payments		Projected actual
			April '14 - September 2014	% of budget	October '14 - March 2015	% of budget	
<b>Current payments</b>	<b>1 660 471</b>	<b>1 792 911</b>	<b>667 658</b>	<b>37.2</b>	<b>1 125 253</b>	<b>62.8</b>	<b>1 792 911</b>
Compensation of employees	834 190	870 178	423 608	48.7	446 570	51.3	870 178
Goods and services	826 281	922 733	244 050	26.4	678 683	73.6	922 733
Interest and rent on land	-	-	-	-	-	-	-
<b>Transfers and subsidies to:</b>	<b>149 189</b>	<b>192 657</b>	<b>90 755</b>	<b>47.1</b>	<b>101 902</b>	<b>52.9</b>	<b>192 657</b>
Provinces and municipalities	869	788	546	69.3	242	30.7	788
Departmental agencies and accounts	82 396	110 771	47 583	43.0	63 188	57.0	110 771
Higher education institutions	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-
Public corporations and private enterprises	55 243	67 252	38 224	56.8	29 028	43.2	67 252
Non-profit institutions	250	6 050	-	-	6 050	100.0	6 050
Households	10 431	7 796	4 402	56.5	3 394	43.5	7 796
<b>Payments for capital assets</b>	<b>178 813</b>	<b>184 378</b>	<b>67 233</b>	<b>36.5</b>	<b>117 145</b>	<b>63.5</b>	<b>184 378</b>
Buildings and other fixed structures	133 464	130 187	57 942	44.5	72 245	55.5	130 187
Machinery and equipment	44 832	53 092	9 243	17.4	43 849	82.6	53 092
Heritage assets	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-
Biological assets	517	586	48	8.2	538	91.8	586
Land and subsoil assets	-	-	-	-	-	-	-
Software and other intangible assets	-	513	-	-	513	100.0	513
<b>Payments for financial assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total</b>	<b>1 988 473</b>	<b>2 169 946</b>	<b>825 646</b>	<b>38.0</b>	<b>1 344 300</b>	<b>62.0</b>	<b>2 169 946</b>

As at mid-year, the vote as a whole and both programmes and economic classification level, are reflecting a balanced budget at year-end after the above-mentioned adjustments have been undertaken.

The level of spending in the first half of 2014/15 is below the straight-line benchmark of 50 per cent. For the vote as a whole, 38 per cent of the annual budget was spent by mid-year, with the lowest expenditure against Programme 2.

Spending on Programme 1 was, at 43.4 per cent, below the straight-line benchmark of 50 per cent, mainly due to the departmental vehicles that have been ordered and will only be received later in the financial year, as well as a number of vacant posts such as General Managers: North and South Region, SCM, Financial Management, Human Resource Management and a number of senior manager posts.

Spending on Programme 2 was low at 37.1 per cent, largely due to the seasonal nature of the agricultural projects. Also, the late rain in the current season has delayed the commencement of planting.

The following analysis is provided in terms of economic classification:

- *Compensation of employees*' expenditure is fairly close to the straight-line benchmark of 50 per cent, with 48.7 per cent spent. The department anticipates full expenditure at year-end.
- Spending on *Goods and services* is only at 26.4 per cent, which is significantly below the straight-line benchmark of 50 per cent. This is primarily due to the seasonal nature of the department's agricultural activity, as well as the late rain in the current season and expenditure is anticipated to pick up in the second half of the year.
- *Transfers and subsidies* as a whole are at 47.1 per cent and the department is projecting to fully spend the budget by year-end.
- *Buildings and other fixed structures* spending is well below the straight-line benchmark, with 44.5 per cent spent. Although expenditure is below the benchmark, there is a drastic improvement from the previous year where only 15 per cent was spent at mid-year.
- Spending on *Machinery and equipment* is extremely low at 17.4 per cent of budget but the delivery of new and replacement of departmental vehicles is only scheduled for the second half of the year, which will increase spending levels accordingly.
- Expenditure against *Software and other intangible assets* is in respect of software licences scheduled to take place as and when licences need to be renewed. *Biological assets* relates to animals for research and education purposes and is often dependent on availability of the correct breed and quality, as well as natural death of existing stock.

As at the end of the first six months, the department is projecting to remain within budget at year-end, and this is likely, taking into consideration the prior year trends.