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VOTE 11
2005/06

FREE STATE PROVINCIAL GOVERNMENT
DEPARTMENT OF AGRICULTURE



Vision

To be the leader in the field of agriculture which ensures that there is a place for those who wish to farm and achieve social and economic development for our community through the services we deliver.

Mission

To provide agriculture development and support to the people of the Free State through:

- Commitment to new and established farmers;
- Co-operation with all our stakeholders; and
- Innovative and creative research and development



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PART 1

GENERAL INFORMATION

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1.1 Submission of the annual report to the executive authority

The Honourable Executive Authority for Agriculture: Mr. M C Mokitlane

Dear Sir

I have the honour of hereby submitting to you and the Free State Provincial Treasury and Legislature, the Annual Report of the Free State Department of Agriculture for 2005/06.

This Report reflects the performance of the Department against its goals, measurable objectives and performance measures for the twelve months under review and is submitted in terms of Sections 40(1)(d) and 40(1)(e) of the Public Finance Management Act, 1999 (Act 1 of 1999), as amended by Act 29 of 1999.

Yours faithfully,



.....
I L Silinda: Acting HOD &
Accounting Officer: Agriculture
31 August 2006

1.2 Introduction by the head of the institution

The past year has again presented many challenges to the Department, its staff and the clients they serve. Dry conditions in many parts of the province resulted in severe declines in crop and forage yields, as well as shortages of water in many areas. This caused difficulties for both grain and livestock producers. The outbreak of Classical Swine Fever in the Eastern Cape and the veld fires in the Eastern Free State necessitated a quick change in many planned activities as the focus shifted towards dealing with these challenges. The Department was found wanting as we had to deploy our officials, especially from the Veterinary Services Branch to the Gariep Dam, Aliwal North and Sterkspruit to man roadblocks to ensure that Classical Swine Fever does not spread to the Free State. Our Agricultural Economists and Extension Officers had to assist with the distribution of fodder in terms of the Drought Relief Programme.

There were also some positive achievements despite the challenging conditions. For the first time in many years did the Department manage to invest substantial amounts for the direct and indirect benefit of a great number of emerging and established farmers. The following programmes were, amongst others, involved:

- Comprehensive Agricultural Support Programme (CASP): R36, 463 million was spent on providing infrastructure support in the form of windmills, fences, handling facilities, boreholes and water reticulation.
- LandCare: R3, 505 million was used to rehabilitate farm infrastructure and the veld. A total of 857 learners benefited from our Junior LandCare project.
- Provincial Infrastructure Grant (PIG): R3, 7 million was used to renovate the Glen College of Agriculture and R3, 5 million was used to purchase five mobile veterinary clinics. These will enable the Department to reach clients in the remote and rural areas of the Free State and it will assist with the prevention and control of diseases.
- Production inputs: R3, 738 million was spent to support farmers with production inputs such as fertilizer, seed, diesel and pesticides, livestock and chickens.
- Mechanization: The Department spent R4, 9 million on mechanisation modules and implements to assist 96 farmers. These included tractors and implements.
- Food Security: The Department spent R1, 4 million on chickens and chicken feed to benefit 1 300 households and another 1 929 families benefited from R1, 2 million in the form of agricultural starter packages that included garden tools, seed and fertilizer. The Department partnered with the Department of Education to launch a programme to provide 50 specially identified schools with garden essentials.
- Drought Relief: R28, 494 million was spent to benefit farmers who were subjected to dry conditions and veld fires.

Farming, and the agricultural sector have been, and will continue to be in a rapid state of change. This means that the Department must be well positioned for the future and will use all its resources to the greatest benefit of its clients and the sector. In 2005/06, Executive Management was assigned to lead in the revitalisation of the Department to accommodate this rapid state of change and new policy directives. Information and ideas were gathered from staff, client groups and key individuals in the Province. From that process a new organizational structure was determined. Areas and programmes that required more attention were prioritised and included in the new organigram. These programmes include:

- Disaster and Risk Management;
- Supply Chain Management;
- AgriBEE;
- Value Adding (Beneficiation); and
- Agricultural Economics.

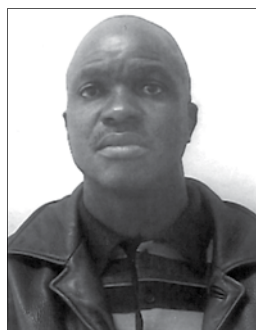
This process led to the splitting of what used to be the Chief Directorate: Agricultural Development and Technical Services with ten (10) directorates into two Chief Directorates namely the Chief Directorate: Specialised Support Services comprising of Sustainable Resource Management, Agricultural Economics, Glen Development Institute, Veterinary Services and Farmer Settlement and Support and the second, the Chief Directorate: Operations comprised of the five Districts managed by Senior Managers. The process also led to the fusion of what used to be called the Chief Directorate: Finance with 2 Directors and the Chief Directorate: Corporate Services with 2 Directors into one Chief Directorate called the Chief Directorate: Finance and Corporate Services. The savings realised from this exercise will be used to appoint more field staff (Technicians).

The Department would not have achieved all this without the guidance, leadership and support of the Member of the Executive Council (MEC), members of its Executive Management, Senior Management and the ordinary members of staff, especially at the lower level. Their extraordinary level of commitment during trying times made all the difference. I thank you all for your trust in my leadership and in my judgement. To our clients and stakeholders, your unwavering understanding and support while the Department was grappling with the challenges we faced during 2005/06 made us all strong and led us to believe in ourselves. We would like to commit ourselves to making 2006/07 an even more memorable year.

I thank you



.....
I L Silinda
Acting Head of Department
Date: 31 August 2006.



1.3 Information on the Ministry

The Office of the MEC does not only house the Ministry's executing authority, but serves as the guardian of policy issues of the Department. The MEC's Office regards all departmental programmes as a concrete manifestation of political responsibility. The Department, under the leadership of the Office of the MEC, liaises with the Provincial Legislature and the Executive Council on the execution of the Government agenda on agriculture, e.g. the implementation of programmatic tasks as determined and constitutional imperatives.

The 2005/06 activities of the Ministry were highlighted by the extensive and sufficiently empathetic approach by the MEC to acquaint with the situation on the ground, through public outreach and interactive programmes. The status of projects and resources, both natural assets and human capital, were the spearhead of the exercise. The improvement of the Department and clients' interaction, as well as the inculcation of the values of "Batho Pele", took very high precedence on the one hand. On the other, the promotion of an integrated strategic planning and implementation between the Department, Municipalities and other stakeholders were discussed with the move to promote the Department to the larger public media.

The Parliamentary issues and the visit of the National Assembly delegation were duly dealt with. In the Provincial Land Summit held in 2005, the Office led in the drawing up of the Provincial Memorandum.

No institutions fell under the Executive Authority's control during the reporting period.

No Bills were submitted to the Legislature during the past financial year.

Ministerial visits abroad:

PLACE	DATE	PURPOSE
Thailand	02 – 09 October 2005	The Premier granted permission for the Chairpersons of Political Clusters, the Director General, two Technical Cluster Chairpersons and the Cluster Manager for Governance and Administration to attend the "Project Planning International Executive Course" in an endeavour to gain more and better understanding on how to implement the goals of the Free State Growth and Development Strategy (FSGDS) and projects thereof.
Malaysia	10 – 12 October 2005	Continuation of the same course.
Singapore	13 – 15 October 2005	Same as above.

1.4 Mission statement

The mission of the Department is as follows:

"To provide agricultural development and support to the people of the Free State through:

- Commitment to new and established farmers;
- Co-operation with all our stakeholders; and
- Innovative and creative research and development."

1.5 Legislative mandate

The Department of Agriculture is an integral part of the South African Public Service established in terms of section 197 of the Constitution as read with section 7(1) and 7(2) of the Public Service Act (Act No. 103 of 1994).

It derives its administrative mandate from both national and provincial executive authority.

No changes in the current mandates of the Department have been effected.

The mandate is currently vested in the following statutes:

A. Transformation legislation.

- The Constitution of the Republic of South Africa Act, 1996 (Act No. 108 of 1996)
- Employment Equity Act, 1998 (Act No. 55 of 1998)
- Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000)
- Labour Relations Act, 1995 (Act No. 66 of 1995)
- Basic Conditions of Employment Act, 1997 (Act No. 75 of 1997)
- Skills Development Act, 1998 (Act No. 97 of 1998)
- Skills Development Levies Act, 1999 (Act No. 9 of 1999)
- South African Qualifications Act, 1995 (Act No. 58 of 1995)
- South African Qualifications Regulations
- National Education Policy Act, 1996 (Act No. 27 of 1996)
- Further Education and Training Act, 1998 (Act No. 98 of 1998)
- General and Further Education and Training Quality Assurance Act, 2001 (Act No. 58 of 2001)
- Employment of Education and Training Act, 1998 (Act No. 76 of 1998)
- Higher Education and Training Act, 1997 (Act No. 101 of 1997)
- Adult Basic Education Training Act, 2000 (Act No. 52 of 2000)
- Land Redistribution Policy for Agricultural Development
- Designated Areas Development Act, 1997 (Act No. 87 of 1997)
- Land Reform Act, 1997 (Act No. 3 of 1997)

[Note: Some of the Acts listed under this heading are vital components of the Transformation Legislation enacted by our government which are also part of the mandates under Land and Land Reform, Land Care and so on. Where this is the case, the Act in question is repeated under the appropriate heading.]

B. Veterinary and animal health related legislation

- Veterinary and Para-Veterinary Professions Act, 1982 (Act No.19 of 1982)
- Animal Diseases Act, 1984 (Act No. 35 of 1984)
- Abattoir Hygiene Act, 1992
- Problem Animals Control Ordinance, 1978 (ORD No. 38 of 1965)
- Livestock Brands Act, 1962 (Act No. 87 of 1962)
- Livestock Improvement Act, 1977 (Act No. 25 of 1977)
- South African Abattoir Corporation Act, 1992 (Act No. 120 of 1992)
- Meat Safety Act, 2000 (Act No. 40 of 2000)
- Animal Improvement Act, 1998 (Act No. 62 of 1998)
- South African Medicines and Medical Devices Regulatory Authority Act, 1998 (Act No.132 of 1998)
- The International Animal Health Code of the World Organisation for Animal Health (OIE-Office International des Epizooties)
- The International Code for Laboratory Diagnostic Procedure for Animal Diseases of the World Organisation for Animal Health.
- The Sanitary and Phytosanitary Agreement of the World Trade Organisation (WTO)

C. Plant and Crop related legislation

- Water Services Act, 1997 (Act No.108 of 1997)
- Act on Marketing of Agricultural Products, 1996 (Act No. 47 of 1996)
- Codex Alimentarius of the World Health Organisation (WHO) and Food and Agricultural Organisation (FAO) (International Code on Food Safety).
- Agricultural Pests Act, 1983 (Act No. 36 of 1983)
- Agricultural Research Act, 1990 (Act No. 86 of 1990)
- Agricultural Product Standards Act, 1990 (Act No. 119 of 1990)
- Agriculture Produce Agents Acts, 1992 (Act No. 12 of 1992)
- Agricultural Development Fund Act, 1993 (Act No. 175 of 1993)
- Perishable Product Export Control Act, 1982
- Agricultural Products Standards Act, 1990
- Fertilisers, Farm feeds, Agricultural remedies and Stock remedies Act, 1947
- Agricultural Credit Act, 1966 (Act No. 28 of 1966)
- Marketing Act, 1968 (Act No. 59 of 1968)
- Plant Breeder's Right Act (Act No. 15 of 1976)
- Plant Improvement Act, 1976 (Act No. 53 of 1976)

D. Soil Conservation and Landcare

- Engineering Services Act (Act No. 46 of 2000)
- Land Redistribution Policy for Agricultural Development
- Designated Areas Development Act, 1997 (Act No. 87 of 1979)
- Soil user planning ordinance (Ordinance 15 of 1985)
- Fertilisers, Farm feeds, Agricultural Remedies and Stock Remedies Act, 1947 (Act No. 36 of 1947)
- Conservation of Agricultural Resources Act, 1983
- Atmospheric Pollution Prevention Act, 1973
- National Water Act (Act No. 43 of 1998)
- National Environmental Management Act, (Act No. 107 of 1998)
- Environment Conservation Act (Act No. 73 of 1989)
- Genetically Modified Organisms Act, 1997 (Act No. 15 of 1997)

E. Land and land reform

- Land Reform Act, 1997 (Act No. 3 of 1997)
- Conservation of Agricultural Resources Act (Act No. 43 of 1983)
- Subdivision of Agricultural Land Act, 1970 (Act No. 70 of 1970) (pending repeal)
- Provision of Land and Assistance Act, 1993 (Act No. 126 of 1993)
- Nature and Environmental Conservation Ordinance 19 of 1974
- Nature Reserve Validation Ordinance, Ordinance 3 of 1982

F. Administrative Legislation

The Department of Agriculture's administrative functions are regulated by a number of national transversal laws and regulations.

- Employment Equity Act (Act No. 55 of 1998)
- Local Government: Municipal Property Rates Act, (Act No. 6 of 2004)
- Public Finance Management Act (Act No. 1 of 1999 as amended by Act No. 29 of 1999)
- Division of Revenue Act (Annually)
- Preferential Procurement Policy Framework Act (Act No. 5 of 2000)
- Companies Act (Act No. 61 of 1973)
- Extension of Security of Tenure Act (Act No. 62 of 1997)
- Public Service Act (Act No. 103 of 1994) and Regulations, 2001
- Labour Relations Act (Act No. 66 of 1995)
- Basic Conditions of Employment Act (Act No. 75 of 1997)
- Skills Development Act (Act No. 97 of 1998)
- National Archives Act (Act No. 43 of 1996)
- Promotion of Access to Information Act (Act No. 2 of 2000)
- Occupational Health and Safety Act (Act No. 85 of 1993)
- Compensation for Occupational Injuries and Diseases Act (Act No. 130 of 1993)
- Collective Agreements
- National Treasury Regulations
- Provincial Treasury Instructions
- Administrative Justice Act (Act No. 3 of 2000)
- Public Holidays Act (Act No. 6 of 1994)
- The National Constitution of South Africa (Act No. 108 of 1996)
- Adult Basic Education and Training Act (Act No. 52 of 2000)
- Skills Development Act (Act No. 98 of 1998)
- Skills Development Levies Act (Act No. 9 of 1999)
- South African Qualifications Act (Act No. 58 of 1995)
- South African Qualifications Regulations
- National Education Policy Act (Act No. 27 of 1996)
- Further Education and Training Act (Act No. 98 of 1998)
- General and Further Education and Training Quality Assurance Act (Act No. 58 of 2001)
- Employment of Education and Training Act (Act No. 76 of 1998)
- Government Employees Pension Law (1996)
- Unemployment Insurance Act (Act No. 30 of 1966)
- Income Tax Act, 1962 – 4th standard
- Higher Education and Training Act (Act No. 101 of 1997)
- Further Education and Training Act (Act No. 98 of 1998)

PART 2

PROGRAMME PERFORMANCE

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PART 2

PROGRAMME PERFORMANCE

Part 2 of the Annual Report deals with the performance of the Department at programme level and follows the format outlined by the National Treasury in their "Guide for the preparation of Annual Reports, Provincial Departments, Agriculture, for the year ended 31 March 2006." The Department also chose this particular format of reporting in 2003/04 and 2004/05, thus ensuring comparability between those particular reports, the current one and future annual reports, all of which will be based on the generic programme structure of Provincial Departments of Agriculture, introduced in 2004/05.

2.1 Voted Funds

The following funds were voted during 2005/06:

Appropriation	Main Appropriation	Adjusted Appropriation	Actual Amount Spent	(Over)/Under Expenditure
R'000	R'000	R'000	R'000	R'000
307 700	225 565	82 135	298 710	8 990
Responsible MEC	MEC for Agriculture			
Administering Dept	Department of Agriculture			
Accounting Officer	Deputy Director-General: Agriculture			

2.2 Aim of the Vote

The aim of the Vote for the Department was "to be the leader in the field of agriculture that ensures that there is a place for those who wish to farm and achieve social and economic development for our community through the services we deliver". This vision defines the need for agriculture to play a significant role in sustainable social and economic development.

2.3 Summary of programmes

The Department followed the generic seven-programme budget structure during the year under review, in the process ensuring comparability with the Annual Reports of 2003/04 and 2004/05. The activities of the Department were organised in the following seven programmes:

Programme	Sub-programme
1. Administration	1.1. Office of the MEC 1.2. Senior Management 1.3. Corporate Services 1.4. Financial Management 1.5. Community Projects Fund Support Programme

Programme	Sub-programme
2. Sustainable Resource Management	1.1. Engineering Services 1.2. Landcare 1.3. Resource Planning and Management of Communal Land
3. Farmer Support and Development	1.1. Farmer Settlement 1.2. Farmer Support Services 1.3. Food Security
4. Veterinary Services	4.1 Animal Health 4.2 Export Control 4.3 Veterinary Public Health 4.4 Veterinary Lab Services
5. Technology, Research and Development Services	5.1 Research 5.2 Information Services 5.3 Infrastructure Support Services
6. Agricultural Economics	6.1 Marketing Services 6.2 Macro-economics and Statistics
7. Structured Agricultural Training	7.1 Tertiary Education 7.2 Further Education and Training (FET)

2.4 Overview of the service delivery environment for 2005/06

The Free State Department of Agriculture delivered its services to its traditional client base of an estimated 300 000 people during 2005/06. These include small-scale and peri-urban farmers, emerging farmers, farm workers, beneficiaries of the Land Reform Programme, commercial farmers as well as learners on various agricultural programmes. The change in the political leadership of the Department early in the year under review brought about a measure of stability fully conducive for agricultural development in the Province. The Department maintained and even strengthened its relationships with other stakeholders in provincial agriculture.

The Department of Agriculture, in its Strategic Plan for 2005/10, tasked itself once again with the following areas of focus viz. agricultural production and processing, food security, land reform and the development of communal land. The enormity and complexity of these challenges notwithstanding, the Department believes that it had quite significant achievements in all areas. Special reference will be made to these achievements in subsequent sections of this Report. The Department is of the opinion that it continues to push back the frontiers of widespread and endemic poverty, household food insecurity and high levels of unemployment that especially plague the rural areas of the province, where poverty is said to run at approximately 41, 3 per cent.

Although agriculture contributes significantly to the provincial economy by being the third largest contributing sector at 4, 6 per cent, it remains relatively small in a national and international context. The result is that the sector enjoys a disproportionate exposure to national and international macro-economic parameters. The South African Rand remained strong against the currencies of most of its trading partners, resulting in less attractive export opportunities for the sector. The continued downward trend in the producer prices of those agricultural commodities mostly produced in the Province has put further pressure on commercial and emerging producers alike. The Free State processes only 11 per cent of its primary agricultural production, in the process exposing itself even further to influences on the sector from forces outside its borders and mostly outside of its direct control. The medium-term prospects for the adding of value to the grain crops produced in the province have been enhanced lately as a result of the renewed interest in bio-fuels.

Interest rates have stabilised during the period under review, representing some positive sentiments as far as the debt burden of mainly commercial farmers is concerned. The Department regrets having to report that, despite an environment of reported modest inflation, the terms of trade in agriculture (the extent to which producer prices in agriculture keep pace with the prices of farming requisites) has again deteriorated by 3, 7 per cent. The major contributor to this decrease has been the weakening in the terms of trade for field crops of 8, 7 per cent. The position is not much better for either horticulture or animal production. Even some commercial farmers struggle to survive under these conditions. It also makes the planning of development projects extremely difficult and many projects are not considered to be viable and sustainable, even under the best of planning scenarios.

The provincial agricultural economy is constantly under threat from natural disasters and endemic and foreign animal diseases. The drought of 2003/04 continued up to the latter half of 2005/06, resulting in a critical shortage of grazing, fodder and in some cases even water for human and animal consumption. The Department spent an unprecedented R28, 494 million on Disaster Management, comprising of Drought Relief, Emergency Water Supply Schemes and Cold Spell Disaster Relief. The rate at which this programme could be rolled out was negatively impacted upon by the large number of applications received, the administrative processes involved and the procurement prescripts currently in force in government. Some R8, 096 million was spent on the Food Security Programme.

Components of Veterinary Services of the Department were at the time of reporting still successfully warding off a threat of Classical Swine Fever from the southern provinces of the country. A considerable amount of human and other resources are involved, possibly impacting negatively on the line functions of Animal Health. The expenses associated with the campaign are recovered from the National Department of Agriculture.

2.5 Overview of the organisational environment for 2005/06

The financial year under review was run under conditions conducive for political, organisational and administrative stability. This statement is born out by the excellent spending and investment performance of the Department during 2005/06 during which 97 per cent of the voted budget was spent. The regional offices are now fully established and the management structure is in place at that level. There is, however, still a shortage of field-, specialised- and even some categories of administrative staff to deal with all project-related matters and this position will be addressed during 2006/07. The Executive Management Echelon of the Department has been strengthened further with the appointment of a Chief Director for Agricultural Support Services. A further restructuring of the Department has been approved late 2005/06 and this structure will be implemented during 2006/07 to the maximum extent possible.

The Department is continuously working on the better integration of its strategic planning, budgeting, monitoring and reporting cycle. Both the Strategic Plan and Budget Statement 2 are based on the generic seven-programme structure gazetted by Treasury. The Department still finds it difficult to manage its functions on a matrix basis because the organisational structure does not fully reflect the functional structure of its budget. It has become imperative that an increased measure of convergence between standardised structures is in future sought in the interest of enhanced management of the Department.

The budget for 2005/06 was, in broad terms, adequate for most current purposes. The Department would like to see its relative share of the annual provincial budget permanently elevated to a level commensurate with its contribution to the Gross Geographical Product of the Province.

The Department is still running the Glen College of Agriculture as an integral departmental entity because no decision has yet been taken by the National Departments of Agriculture and Education regarding the future of agricultural colleges. Full compliance with the standards set by the Higher Education Quality Committee is, however, at all times sought.

The start made with the upgrading of government farming infrastructure at Glen from the Provincial Infrastructure Grant (P.I.G.) in 2004/05, continued right through the financial year and will be completed during 2006/07.

2.6 Strategic overview and key policy developments for the 2005/06 financial year

The Department mainly followed the course it set out on in 2004/05. The redirection of unspent capital funds rolled over from 2004/05 to 2005/06, enabled the Department to engage in a R8, 983 million Mechanisation and Input Programme. The training services provided and facilitated by the Department were also extended to emerging farmers under the CASP grant. This training programme is to continue into at least 2006/07. These programmes all constitute a policy shift for the Department.

The Department used to dispose of its surplus livestock bred at Glen by means of an annual auction. This practice fell in disuse for a number of years, aggravating the pressure on the grazing and forage resources at the farm. Approval has now been given to reinstate the annual auction and the first in a series is scheduled to take place in May 2006.

2.7 Departmental receipts

Although the Department was not traditionally seen as a significant contributor to provincial revenue, it exceeded its budget for the collection of revenue by 38 per cent. An amount of R2, 677 million was collected, mostly from financial transactions and the sale of goods and services, as against a budget for receipts of R1, 942 million. Aggregate collection was down quite considerably on the figure of R3, 857 million for the previous financial year, as a result of the failure to collect land rent as an agency function on behalf of the Department of Land Affairs and the postponement of the livestock auction into 2006/07. The tariff structure for chargeable services is market-related and is reviewed annually. All surplus produce is sold at market-related prices.

The Department in 2005/06 received two cash donations worth R40 000 in respect of the annual "Female Farmer of the Year" award.

The following categories of revenue were collected during 2005/06:

Departmental Revenue	Actual Collection 2004/05 (R'000)	Budgeted Collection 2005/06 (R'000)	Actual Collection 2005/06 (R'000)	% Deviation from target
Current Revenue	3 826	1 196	2 677	37, 8
Tax Revenue	-	-	-	-
Non-Tax Revenue	3 826	1 196	2 677	37, 8
Capital revenue	31	746	-	(100)
Sale of surplus farm equipment	31	746	-	(100)
Departmental revenue	3 857	1 942	2 677	37, 8

The Department is constantly investigating ways to improve upon the level of revenue collection. The full commercialisation of all farming activities at Glen is still under investigation. Monthly inspections at all points of collection of revenue ensured full compliance with all regulatory requirements.

Departmental Own Revenue	Actual Collections 2004/05 (R'000)	Budgeted Collection 2005/06 (R'000)	Actual Collection 2005/06 (R'000)	% Deviation from target
Sales by market establishments	-	-	2	..
Administrative fees	17	4	56	1 300
Other sales	2 524	792	1 742	119, 9
Interest receivables	40	400	25	(93, 8)
Sale : Capital tangible assets	30	746	-	(100)
Revenue from financial assets : Receivables	374	-	433	..
Revenue from financial assets: Other receipts	872	-	419	..
TOTAL	3 857	1 942	2 677	37, 8

The following challenges were identified in the specific case of the collection of revenue:

<p>Challenge 1: Collection of tariffs in cases of emergencies</p> <p>The collection of tariffs during cases of veterinary emergencies has always been a problem. The events usually take place after hours and far from any recognised point of collection of revenue.</p>
<p>Response to Challenge 1</p> <p>The policy will now be established that no diagnostic results will in future be made available if the dues are not fully paid. An arrangement was also made that money can be paid into the Department's bank account directly.</p>
<p>Challenge 2: Full financial exploitation of government infrastructure</p> <p>The considerable investment of government in infrastructure warrants its full exploitation. The Free State Department commands a significant portfolio of fixed government property all over the province.</p>
<p>Response to Challenge 2</p> <p>The challenge to fully exploit the commercial rent opportunities presented by idle government infrastructure will be addressed by identification and commitment of such infrastructure to commercial exploit.</p>

Issues pertaining to revenue requiring ongoing attention

- The keeping of proper records and registers.
- The continuous increase in the capacity of the Department to collect revenue.
- Monthly reconciliations to ensure that all revenue is collected.
- Compilation of a revenue database.

2.8 Departmental payments

The overall outcome of the financial year was characterised by a very small measure of under-expenditure. This stands in stark contrast to the previous financial year during which aggregate under-expenditure amounted to R80, 272 million. The current amount of under-expenditure can almost exclusively be attributed to the rate at which Disaster Management Relief could be disbursed, given the capacity of the Department to deal with a programme of R33 million in one year.

Programmes	Voted for 2004/05	Roll-overs and Adjustments	Virement	Total voted	Actual Expenditure	Variance
Administration	74 174	19 551	886	94 611	93 776*	835
Sustainable Resource Management	28 239	41 962	(964)	69 237	61 823	7 414
Farmer Support and Development	64 645	20 763	1 648	87 056	86 843	213
Veterinary Services	24 065	(2)	247	24 310	24 203	107
Technology Research and Development Services	20 490	(145)	(1 496)	18 849	18 731	118
Agricultural Economics	2 530	-	(200)	2 330	2 111	219
Structured Agricultural Training	11 422	6	(121)	11 307	11 223	84
Total	225 565	82 135	-	307 700	298 710	8 990

*Including Special Functions i.e. Thefts & losses

<p>Challenge 1: Spending of the annual appropriation The annual budget has never been fully spent since 1994. The reasons for this should be identified and addressed. The year under review came very close.</p>
<p>Response to Challenge 1 A more integrated planning, programming, budgeting and reporting cycle needs to be established in the Department. Programme and Functional Managers will have to be appointed to ensure management of the budget to closer tolerances.</p>
<p>Challenge 2: Implementation of projects from conditional grants The biggest single threat and eventual contributing factor to the level of under-expenditure recorded in 2005/06 was the slow spending rate from conditional grants. The reasons for this should be identified and addressed.</p>
<p>Response to Challenge 2 The Department should have a schedule of well prepared and approved projects that can be implemented from conditional grants at relatively short notice and with sufficient human resources in place to deal with the programmes.</p>
<p>Challenge 3: Notification of additional funding Notification of additional funding for the management of disasters, special projects and the like is usually given in the Adjustment Estimates late in the calendar year. Insufficient time is usually left for proper implementation of the schemes. This was also the case in the year under review.</p>
<p>Response to Challenge 3 Early indications of additional funding should be given, if possible.</p>

Issues requiring ongoing attention

- The appointment of Programme and Sub-programme (Functional) Managers and the design and implementation of systems to enhance the accuracy of estimates of projected monthly expenditure requires ongoing attention.
- The planning and preparation of viable agricultural projects should receive continuous attention.
- Management of government transport assigned to the Department should, from a cost management point of view, always receive attention.
- The organisational structure cum establishment of the Department should over the medium term be aligned with the budget structure to ensure a more accurate and earlier reflection of expenditure against specific functions of departmental activity.
- The numbers of staff performing the core operations of the Department should be strengthened.

2.9 Programme Performance / Service Delivery Achievements

This section of the chapter is devoted to a few programme-specific and mainly structural remarks against which the recorded outcomes of section 2.10 should be judged.

The size of Programme 1: Administration of the Free State Department of Agriculture, both in terms of the number of staff assigned to it and its budget, relative to the resources assigned to its line functions, was extensively discussed in the Annual Report for 2003/04. Nothing has changed since and the eventual budget assigned to the Programme, also incorporating rollovers and redirected funds, constituted 30, 7 per cent of the total budget of the Department. This position is bound to change in 2006/07 because of the anticipated termination of the Community Projects Fund Support Programme and the restructuring of Senior Management to allow for some development work to be performed from Programmes 2: Sustainable Resource Management and 3: Farmer Support and Development. Spending on Administration, defined to also include the Executive Authority and Senior Management of the Department, as well as the Community Projects Fund Support Programme (CPF-SP), constituted 31, 3 per cent of departmental expenditure in 2005/06.

2.10 Service Delivery Achievements

Programme 1: ADMINISTRATION

Although it has not been the practice to set measurable objectives, performance measures and target outputs for Administration or its sub-programmes, the Annual Report for 2003/04 reflected on the unique assignment of the Community Projects Fund Support Programme (CPF-SP) to Programme 1 of the Free State Department of Agriculture. A single disbursement of R10, 117 million took place from voted funds in 2005/06.

Programme 2: SUSTAINABLE RESOURCE MANAGEMENT

Strategic goal 1: Sustainable utilisation of natural resources

Strategic objective: To provide a support service to research units, to enhance the sustainable utilization of natural agricultural resources, to conserve the environment, to plan and develop agricultural engineering products and to render advice to farmers and other institutions.

Sub-Programme 2.1: Engineering Services

Service delivery achievements

The Free State experienced a severe drought at the beginning of 2005, very much like the situation at the beginning of the previous financial year. Much of the engineering capacity for the first half of the financial year was spent on the implementation of the Emergency Water Supply Scheme announced by the National Department of Agriculture in November 2005. The in-field installation of water supplies for this scheme to the value of R2 million was done by the Unit. This programme was handled over and above the normal programme for the year.

The Engineering Unit has, in addition to their strategic goals, also implemented the actual construction and provision of handling facilities for cattle and sheep and water supply systems for beneficiaries of the Land Reform Programme. The implementation of these facilities up to the purchasing and installation phase, which is normally a district function, stretched the Unit's capacity beyond its capability.

Addressing the mechanisation needs of the newly established farmers is a major national challenge for the Land Reform Programme because of the high cost involved and the low capital reserves of the farmers. The Unit, in this regard, developed a mechanisation support policy to address this need.

The Department provided several mechanisation modules and sets of implements to a number of groups of Land Reform farmers in terms of its Mechanisation Policy. The value of the mechanisation equipment provided in this way amounted to R4,9 million. These systems support more than 96 Land Reform farmers. It is obvious that the mechanisation needs is a major restrictive matter for new farmers, because of the high capital as well as running costs involved. It also needs intensive planning and specialised technical human resource inputs to address the dire need with limited financial resources.

The Unit was able to reach many of its goals as set out in the Strategic Plan, despite the additional demand on services outside of the operational plan such as the Emergency Water Supply, the implementation of projects in districts and the provision of mechanisation services. Some re-prioritisation had, however, to be made that led to certain specific targets not being met.

The major constraint is still the shortage of staff in the Unit due to a restrictive staff structure and the general scarcity of engineering skills which is a national phenomenon in all fields of engineering. This is also reflected in the several unsuccessful recruitment efforts for engineers. The Unit has this year again lost some experienced capacity that will further increase the pressure, until funding for a new and adjusted establishment structure to address the need can be found.

Measurable Objective	Performance Measure	Actual Outputs 2004/05	Target Outputs 2005/06	Actual Outputs 2005/06	Deviation from Target	
					Units	%
Develop an operational strategy and policy on value adding for agro – beneficiaries	A strategy and policy document for value adding to farm produce	0	1	0	1	(100)
Support infrastructure development for value adding projects	Number of projects supported per district:					
	Xhariep	1	2	0	2	(100)
	Motheo	2	3	4	1	33
	Lejweleputswa	2	5	0	5	(100)
	Thabo Mofutsanyane	2	6	0	6	(100)
	Fezile Dabi	2	4	0	4	(100)
Hydroponics strategy and policy for projects developed	A strategy and policy document for hydroponics projects	0	1	0	1	(100)
Hydroponics infrastructure developed	Number of projects supported					
	Xhariep	3	1	2	1	100
	Motheo	0	1	1	0	0
	Lejweleputswa	0	1	0	1	(100)
	Thabo Mofutsanyane	3	0	0	0	0
	Fezile Dabi	0	0	0	0	0

Measurable Objective	Performance Measure	Actual Outputs 2004/05	Target Outputs 2005/06	Actual Outputs 2005/06	Deviation from Target	
					Units	%
Utilisation of natural resources	Compliance with requests from Department of Water Affairs (%)	100	100	100	0	0
	Compliance of Soil Conservation works to engineering standards (%)	100	100	100	0	0
	Number of conservation projects supported	5	5	8	3	60
	Number of water sources developed	20	76	138	62	82
	Number of water source quality tests performed and corrective recommendations made for utilisation.	10	61	96	35	57
	Number of projects supported with energy sources	10	34	5	29	(85)
	Number of irrigation projects designed/supported	20	36	24	12	(33)
	Number of farm structures planned and designed	34	88	49	39	(44)
	Number of farm mechanization systems planned	0	19	14	5	(26)
	Number of projects supported with construction supervision:					
	Xhariep	2	5	4	1	(20)
	Motheo	5	3	11	8	267
	Lejweleputswa	0	38	12	26	(68)
Supply of technical information to our clients	Number of cases of technology transfers resulting in tangible results	45	120	97	23	(19)
	Number of cases where ARC technology transfers have made a positive impact	8	8	2	6	(75)
Partnerships with stakeholders established and maintained	No of partnerships maintained	10	20	40	20	100
	No of projects benefiting from partnerships	30	40	223	183	458

Specific challenges and responses

Challenges (Internal)	Response
1. Current manpower of the sub-directorate is completely unrealistic to address the needs.	1. The Department's restructuring exercise addresses this issue seriously and a comprehensive adjustment was consequently approved. This has however still to be funded. The services of the Agricultural Engineering Institute of the ARC was utilised as support. Initial utilisation of consulting Engineers was done which will increase in the next year.
2. Recruitment of staff is very difficult due to scarce skills.	2. Submissions to remediate the situation were made at National level. These were approved in principle, provided funding can be mobilised.

Challenges (External)	Response
1. Address basic water needs of emerging farmers	New financing scheme separated from project- specific business plans for this general need must be developed.
2. Development of a scheme for utilising 3 000 Ha water rights from the Orange River.	Utilise possible funding from the ASGISA initiative during next year and outsource tasks. Some policy development and outsourcing proposals were already made.
3. Address the mechanisation need of new farmers.	The high establishment cost of these services to either farmers or government needs a new creative approach for which actions would be necessary at national level next year.

Issues requiring ongoing attention

The recruitment of personnel with scarce skills requires ongoing attention.

Sub-Programme 2.2: Landcare

LandCare projects, conforming to national and international standards and requirements, and of which 14 were implemented in the Free State in 2005/06, were executed by the Department as part of its normal Landcare (arch. soil conservation) programme.

Service delivery achievements

Landcare activities during 2005/06 concentrated on the actions to conserve the natural resources of the province, the training of land users in the sustainable utilisation of our natural resources whilst striving for optimum production. A successful awareness campaign was launched in the districts in this regard. These activities were performed over the whole of the Free State.

The LandCare projects were implemented in the districts and the focus was on the sustainable use of our natural resources. The LandCare programme in total strives towards being community driven and government supported. In this regard, two communities were assisted in establishing active LandCare Committees, namely Bethulie and Tierpoort.

During the 2005/06 financial year, the LandCare Programme funded fourteen projects to the value of R3, 505 million. The original budget of R2, 0 million was supplemented with rollover funds amounting to R1, 514 million.

The implementation of the Civil Mobilization Project was very successful in all five districts, the aim being to make the people aware of LandCare. More than eight hundred learners from the Xhariep and Motheo districts visited the Aasvoëlberg Outdoor Centre during the financial year and they took part in an environmental awareness programme presented there. The Department of Education supports the Junior LandCare Programme which compliments their Outcome Based Education approach.

The following projects were implemented during the 2005/06 financial year:

PROJECT NAME	Town	District
Aasvoëlberg Junior LandCare	Zastron	Xhariep
Ebenezer Landcare	Koffiefontein	Xhariep
Ipopeng	Botshabelo	Motho
Molimo O Lerato	Botshabelo	Motho
Donga Rehabilitation Research	Botshabelo	Motho
Puthanang Midlands 2	Thaba Nchu	Motho
Rankelenyane	Thaba Nchu	Motho
Basia LandCare	Thaba Nchu	Motho
Klipfontein	Hobhouse	Motho
Letsoara	Ladybrand	Motho
Heelgoed Farming	Warden	Thabo Mofutsanyane
Lejoaneng Hlabologa	Phuthaditjhaba	Thabo Mofutsanyane
Weltevrede LandCare	Phuthaditjhaba	Thabo Mofutsanyane
Civil Mobilization	Province	5 Districts

The training of beneficiaries once again played an important role in the implementation of these projects and it is this province's belief that empowering the beneficiaries with knowledge is the first and most important step towards the successful implementation of projects. The Department of Labour assisted with training some beneficiary groups with great success. Training was also conducted by the Cape Gate Company (Sharon Wire Mills) to groups who received fencing material from the Department. Five Awareness Campaigns were launched in the districts. The aim was to create awareness for the LandCare and CASP programmes.

In terms of financial expenditure, the Programme did well. An amount of R 416 169 was spent on temporary job creation by employing members from groups of beneficiaries. All the groups of beneficiaries took part in the construction of their own fences, reticulation systems and gabion structures.

As a result of restricted capacity within the sub-programme, constant trade-offs were made between implementing the LandCare programme and assisting farmers in terms of the more traditional soil conservation works. This shortage of Soil Conservation technicians will have a negative affect on the status of our natural resources in the long run. It is essential that all vacant posts are filled without delay, because training and the development of practical skills need to be conducted.

Measurable Objective	Performance Measure	Actual Outputs 2004/05	Target Outputs 2005/06	Actual Outputs 2005/06	Deviation from Target	
					Units	%
To ensure proper utilisation of resources through farm planning	Number of farm plans developed and successfully implemented per district:					
	Xhariep	6	6	6	0	0
	Motheo	5	5	6	1	20
	Lejweleputswa	4	4	12	8	200
	Thabo Mofutsanyane	7	7	9	2	29
	Fezile Dabi	8	8	10	2	25
Compliance with principles of conservation and the Agricultural Resources Act (Act 43 of 1983) Sub division of Agricultural Resource Act 70 of 1970	Farmers compliant with CARA (%)	100	100	100	0	0
	All applications for the ploughing of virgin soil dealt with to standard (%)	100	100	100	0	0
	Applications for land zoning, subdivisions and consolidations dealt with to standard (%)	100	100	100	0	0
Coordination and management of the Conservation and Agricultural Resources Act (Act 43 of 1983)	Number of farms planned and infrastructure checked	30	30	43	13	43
Coordination of the LandCare programme	Number of projects planned per district:					
	Xhariep	2	2	2	0	0
	Motheo	10	8	8	0	0
	Lejweleputswa	0	0	0	0	0
	Thabo Mofutsanyane	4	1	1	0	0
	Fezile Dabi	0	0	0	0	0
	Number of projects implemented and supported per district:					
	Xhariep	2	2	2	0	0
	Motheo	10	8	8	0	0
	Lejweleputswa	0	0	0	0	0
	Thabo Mofutsanyane	4	1	1	0	0
	Fezile Dabi	0	0	0	0	0
	Awareness campaigns and training sessions on LandCare and CARA	5	5	7	2	40

Specific challenges and responses and issues requiring ongoing attention

The filling of vacant posts requires ongoing attention.

Sub-Programme 2.3: Resource Planning and Management of Communal Land

Service delivery achievements

This sub-programme was during 2005/06 once again exclusively used for the management of the Provincial Infrastructure Grant (P.I.G.). A budgeted amount of R16, 569 million was supplemented by rollover funds amounting to R7, 739 million to provide the Department with a budget for infrastructure development of R24, 308 million. The Department had sufficient time to plan its investment programme for the year under review and also to learn from its experiences encountered during the previous financial year. Although implementation started late, the entire budget, with the exception of an insignificant amount of R3 000, was spent. A fair portion of the funds eventually went into the upgrading of government structural infrastructure at Glen. The Provincial Infrastructure Grant was, however, not extended into 2006/07.

Specific challenges and responses

Challenge	Response
1. Management of commonages and the lack of a policy. Municipalities are not clear on their role and they are not currently providing full support to the Commonage Management Committees.	1. A Commonage Management Policy and a Commonage Development Plan need to be piloted.
2. Non-availability of lease agreements with municipalities.	2. Negotiations with various municipalities to avail leases to land users.
3. Lack of financial support to develop commonages.	3. The Department should come up with a funding strategy, as commonage development is one of the departmental priorities.

Issues requiring ongoing attention

The management of tribal, communal and municipal commonage land in terms of access and protection of natural resources need ongoing attention.

Programme 3: Farmer Support and Development

Strategic objective: To provide extension and training to farmers with special emphasis to developing or emerging farmers, implementation of the land reform programme and agricultural-rural development projects.

Sub-Programme 3.1: Farmer Settlement

To provide training and co-ordination of the implementation of the Land Reform Beneficiary programme including the administration, management and disposal of Agricultural State Land.

Service delivery achievements

This sub-programme, from which the Comprehensive Agricultural Support Programme (CASP) was managed, was funded for the first time in 2004/05 and continued into 2005/06. The conditional grant was sourced from the National Department of Agriculture and gazetted in terms of the Division of Revenue Act, 2005. The initial allocation of R21, 088 million was later supplemented by rollovers of R15, 375 million to allow for a total amount of R36, 463 million to be spent on projects. The Department takes pride in reporting that the entire grant was spent during 2005/06, in the process contributing substantially towards agricultural development in developing societies in the Province.

The Department successfully assisted LRAD projects with CASP and PIG Grants for on-farm infrastructure development (reservoirs, windmills, water reticulation, handling facilities and pipelines, fencing and storage facilities) to the total budget of R36, 463 million. Ten (10) percent of the CASP budget was also used to train the beneficiaries of projects.

Additional to the outreach training given by the Non-Formal Training Unit of the Department of Agriculture, farmers attended short courses at Glen Institute for training on subjects such as large and small stock management, grazing management, plant production etc.

Measurable Objectives	Performance Measure	Actual Outputs 2004/05	Target Outputs 2005/06	Actual Outputs 2005/06	Deviation from Target	
					Units	%
Actively promote and support all pre and post farmer settlement processes and their beneficiaries, particularly identified farmers from commonage land to their own land	Number of land reform projects supported per district:					
	Xhariep	27	56	56	0	0
	Motheo	120	61	77	16	26
	Lejweleputswa	41	177	201	24	14
	Thabo Mofutsanyane	157	177	402	225	127
	Fezile Dabi	33	55	32	23	(42)
	Number of training sessions held per district:					
	Xhariep	26	40	40	0	0
	Motheo	22	60	43	17	(28)
	Lejweleputswa	44	66	40	26	(40)
	Thabo Mofutsanyane	30	80	0	80	(100)
	Fezile Dabi	30	50	76	26	52
	Feedback to clients on issues raised (%)	100	100	100	0	0
Continuous promotion of and awareness campaigns on LRAD farms	Number of farmers moved from commonages to own land	7	30	32	2	7
	Number of emerging farmers linked with commercial farmers	11	150	196	46	31
	Number of campaigns to be conducted per district	3	3	12	9	300
	Strategy in operation (%)	50	100	82	18	(18)
Liaison with local government to influence credit control policies on behalf of "indigent status" farmers	Successful negotiations regarding service disconnections (%)	10	20	20	0	0

Measurable Objectives	Performance Measure	Actual Outputs 2004/05	Target Outputs 2005/06	Actual Outputs 2005/06	Deviation from Target	
					Units	%
Benchmark best practices in farmer settlement processes and support, within the Province and across the country	Number of benchmarking exercises	3	6	73	67	1 116
Review the applicability of the current 'extension services' approach to the needs of emerging farmers.	Relevance of advice given (%)	100	100	96	4	(4)
	Advice given in time (%)	75	90	91	1	1

Specific challenges and responses

Challenge	Response
1. Timely response to the training needs of the beneficiaries.	1. Develop a training programme and follow it up.
2. Training on land-use planning and feasibility studies.	2. Staff to be trained on land-use planning and feasibility studies.
3. Shortage of specific categories of field staff and logistical support.	3. Vacant posts should be filled and adequate transport, amongst others, should be allocated to all ward offices.
4. Failure to provide financial support to farmers resulted in some of the officials being reluctant to visit farmers.	4. Departmental funding such as CASP and the Infrastructure Grant should be supplemented by a scheme for the provision of agricultural production inputs at reasonable terms.
5. Appointment of a manager for the grants.	5. The matter is currently looked into.

Issues requiring ongoing attention

The development of user-friendly information packages for the training of beneficiaries needs ongoing attention, as well as the development and implementation of an intensive campaign to train LRAD beneficiaries.

Sub-Programme 3.2: Farmer Support Services

To provide and facilitate training of commercial and emerging farmers, including the co-ordination of rural agricultural projects. These services, formerly referred to as "extension services", form part of the core services of the Department.

Service delivery achievements

The Strategic Plan for South African Agriculture focuses on eliminating skewed participation in the agricultural sector by reducing in-equality in land and enterprise ownership. The Department worked more closely with district and local structures in strengthening service delivery. In this regard, the support services will strive towards increasing the number of viable commercial farmers graduating from the Previously Disadvantaged Communities.

Measurable Objectives	Performance Measure	Actual Outputs 2004/05	Target Outputs 2005/06	Actual Outputs 2005/06	Deviation from Target	
					Units	%
To create and support linkages between the Agricultural Sector, other relevant sectors and particularly local government	Role player database established for all districts (%)	80	100	91	9	(9)
	Number of meetings attended with stakeholders:					
	Xhariep	5	7	52	45	643
	Motheo	4	6	35	29	483
	Lejweleputswa	7	9	54	45	500
	Thabo Mofutsanyane	16	18	54	36	200
	Fezile Dabi	8	10	13	3	30
	Number of WAC's established:					
	Xhariep	3	5	64	59	1 180
	Motheo	7	9	6	3	(33)
	Lejweleputswa	3	5	6	1	20
	Thabo Mofutsanyane	13	15	10	5	(33)
	Fezile Dabi	4	6	0	6	(100)
	Number of projects where multiple stakeholders are involved per district:					
	Xhariep	31	55	55	0	0
	Motheo	15	16	39	23	144
	Lejweleputswa	12	13	57	44	338
	Thabo Mofutsanyane	25	10	52	42	420
	Fezile Dabi	10	12	45	33	275
	Number of other stakeholder projects where DoA provides support per district:					
	Xhariep	21	55	22	33	(60)
	Motheo	21	29	26	3	(10)
	Lejweleputswa	42	43	21	22	(51)
	Thabo Mofutsanyane	35	30	23	7	(23)
	Fezile Dabi	35	40	5	35	(88)
	Number of farmer days conducted per district:					
	Xhariep	10	10	31	21	210
	Motheo	15	10	8	2	(20)
	Lejweleputswa	10	10	7	3	(30)
	Thabo Mofutsanyane	17	10	11	1	10
	Fezile Dabi	5	10	1	9	(90)
	Number of Pitso ya Temo's conducted per district:					
	Xhariep	7	17	17	0	0
	Motheo	17	13	9	4	(31)
	Lejweleputswa	15	15	3	12	(80)
	Thabo Mofutsanyane	17	10	2	8	(80)
	Fezile Dabi	10	15	8	7	(47)

Measurable Objectives	Performance Measure	Actual Outputs 2004/05	Target Outputs 2005/06	Actual Outputs 2005/06	Deviation from Target	
					Units	%
Provision of technical, financial and advice services to clients, specifically designed for accessibility by new entrants to the sector	Number of new project business plans approved for CPF-SP funding per district:					
	Xhariep	12	20	0	20	(100)
	Motheo	33	44	0	44	(100)
	Lejweleputswa	10	30	0	30	(100)
	Thabo Mofutsanyane	38	48	0	48	(100)
	Fezile Dabi	20	30	0	30	(100)
	Number of commercial farmers supported per district:					
	Xhariep	562	700	1 540	840	120
	Motheo	600	775	310	465	(60)
	Lejweleputswa	150	160	10	150	(94)
	Thabo Mofutsanyane	1 245	180	65	115	(64)
	Fezile Dabi	170	180	1 346	1 166	648

Measurable Objectives	Performance Measure	Actual Outputs 2004/05	Target Outputs 2005/06	Actual Outputs 2005/06	Deviation from Target	
					Units	%
Agricultural infrastructure development, specifically the provision of basic infrastructure requirements	On farm infrastructure developed on FALA properties:					
	Xhariep	0	5	0	5	(100)
	Motheo	0	3	0	3	(100)
	Lejweleputswa	0	0	0	0	0
	Thabo Mofutsanyane	0	3	0	3	(100)
	Fezile Dabi	0	2	0	2	(100)
	On farm infrastructure development on own financed farms/plots:					
	Xhariep	0	1	6	5	83
	Motheo	0	8	6	2	(25)
	Lejweleputswa	0	6	1	5	(83)
	Thabo Mofutsanyane	0	12	3	9	(75)
	Fezile Dabi	0	10	0	10	(100)
	On farm infrastructure development on restitution projects:					
	Xhariep	0	2	8	6	300
	Motheo	0	6	0	6	(100)
	Lejweleputswa	0	1	0	1	(100)
	Thabo Mofutsanyane	0	0	0	0	0
	Fezile Dabi	0	1	0	1	(100)
	On farm infrastructure development on LRAD projects:					
	Xhariep	0	15	192	177	1180
	Motheo	0	41	22	19	(46)
	Lejweleputswa	0	61	11	50	(82)
	Thabo Mofutsanyane	0	69	85	16	23
	Fezile Dabi	0	30	4	26	(87)
	On farm infrastructure development on donated land:					
	Fezile Dabi	0	1	0	1	(100)
	On farm infrastructure development on special projects:					
	Thabo Mofutsanyane	0	3	8	5	167
	Off farm infrastructure support – facilitating, up-grading and construction of access roads:					
	Motheo	0	1	0	1	(100)
	Fezile Dabi	0	1	0	1	(100)

Measurable Objectives	Performance Measure	Actual Outputs 2004/05	Target Outputs 2005/06	Actual Outputs 2005/06	Deviation from Target	
					Units	%
Active participation in Agricultural research processes	Number of information packages disseminated per district:					
	Xhariep	0	20	8	12	(60)
	Motheo	0	20	5	15	(75)
	Lejweleputswa	0	20	0	20	(100)
	Thabo Mofutsanyane	0	20	8	12	(60)
	Fezile Dabi	0	20	17	3	(15)
	Number of consultative meetings with the Research Unit per district:					
	Xhariep	3	4	10	6	150
	Motheo	3	4	3	1	(25)
	Lejweleputswa	3	4	16	12	300
	Thabo Mofutsanyane	3	4	1	3	(75)
	Fezile Dabi	3	4	0	4	(100)

Specific challenges and responses

Challenge	Response
Lack of capacity to address the needs	Clearly defined policy on outsourcing and the appointment of services providers is in place. The SCM appointment of technical staff is in process

Outstanding

Issues requiring ongoing attention

- Planning and focusing on specific strategic projects that will result in a higher impact on the livelihoods of beneficiaries.
- Establish linkages with research institutions and keep constant contact with them.

Sub-Programme 3.3: Food Security

To co-ordinate and implement various food security projects as highlighted and adopted in the Integrated Food Security Strategy for South Africa.

Service delivery achievements

In compliance with the Integrated Food Security Strategy for South Africa, which aims to ensure food security for all South Africans, the Free State Department of Agriculture developed a household food security starter pack policy and employed Food Security officers to implement the policy with the help of the Extension Officers. The standard household food security package (starter pack) includes gardening tools (spades, forks, rakes, watering cans), seed, fertilizer, wheelbarrows, 20 pullets on the point of lay, cages and 8 bags of laying mash.

Provincial Food Security stakeholders identified their needs, where after the Food Security officers from Agriculture requested production inputs for 1 929 households and community projects. The objectives of the community projects as stated in the Strategic Plan could not be accomplished because of a request from the FS Department of Education. That Department requested that 50 schools be assisted with production inputs. The clinics of the Department of Health could also not be assisted because of the priority given to the 50 schools.

Beneficiaries from the 2004/05 projects were provided with further quantities of mash to sustain the production of eggs. One thousand three hundred households were provided with 20 layers each but could not afford to purchase feed for the chickens, hence the intervention to avoid a high rate of mortality. This experience calls for the Department to consider purchasing enough feed for a whole production cycle because of the small number of chickens provided. It is unlikely that 20 chickens in the backyard can generate enough income for beneficiaries to survive and to also continue feeding the birds (layers). The capacity to store chicken feed for an entire cycle is another challenge which can be confronted by arrangements with cooperatives for beneficiaries to collect feed from them using vouchers. The beneficiaries from 1 000 In-field Water Harvesting projects in Thaba Nchu were provided with garden tools to further strengthen their projects which were already performing well. The beneficiaries from these projects managed to purchase their own seed from the previous year's proceeds and they were happy that the project was contributing towards the improvement of their lives.

Measurable Objectives	Performance Measure	Actual Outputs 2004/05	Target Outputs 2005/06	Actual Outputs 2005/06	Deviation from Target	
					Units	%
Improved homestead food production	Number of new homestead gardens and poultry projects established per district:					
	Xhariep	260	160	375	215	134
	Motheo	300	200	436	236	118
	Lejweleputswa	490	200	768	568	284
	Thabo Mofutsanyane	500	300	545	245	233
	Fezile Dabi	150	120	400	280	233
Establish and support community gardens	Number of new community gardens established:	10				
	Xhariep		1	0	1	(100)
	Motheo		1	10	9	900
	Lejweleputswa		1	13	12	1 200
	Thabo Mofutsanyane		3	4	1	25
	Fezile Dabi		1	1	0	0
Conduct an analysis of the precise need for food security interventions	Analysis completed (%)	100	100	98	2	(2)
	Incorporation of recommendations in programme (%)	85	100	88	12	(12)

Measurable Objectives	Performance Measure	Actual Outputs 2004/05	Target Outputs 2005/06	Actual Outputs 2005/06	Deviation from Target	
					Units	%
Implementation and support of homestead livestock projects	Number of small community poultry projects established per district:					
	Xhariep	8	12	0	12	(100)
	Motheo	10	15	158	143	953
	Lejweleputswa	10	15	200	185	1 233
	Thabo Mofutsanyane	14	18	6	12	(66)
	Fezile Dabi	12	16	0	16	(100)
	Number of small stock homestead projects established per district:					
	Xhariep	2	0	0	0	0
	Motheo	10	15	1	14	(93)
	Lejweleputswa	2	0	0	0	0
	Thabo Mofutsanyane	4	10	0	10	(100)
	Fezile Dabi	2	0	0	0	0
	Number of large stock homestead production (dairy) projects established per district:					
	Xhariep	1	0	0	0	0
	Motheo	1	0	0	0	0
	Lejweleputswa	1	3	0	3	(100)
	Thabo Mofutsanyane	1	3	0	3	(100)
	Fezile Dabi	1	0	0	0	0
Establishment of the technology of hydroponics throughout the Province	Number of hydroponics projects implemented	3	0	8	8	100
Establishment of the technology of in-field water harvesting through the Province	Number of in-field water harvesting projects implemented:					
	Xhariep	4	2	16	14	700
	Motheo		3	1 000	997	100
	Lejweleputswa		1	0	1	(100)
	Thabo Mofutsanyane		1	0	1	(100)
	Fezile Dabi		1	0	1	(100)

Specific challenges and responses

Challenges	Responses
1. The sustainability of projects is questionable, given their size and the funds invested.	1. To continue funding projects especially those doing well to ensure continuity.
2. The Provincial Food Security Committee mandate weakened through a lack of support from member departments	2. Request the HOD of the lead department (Agriculture) to popularize the Committee.

Issues requiring ongoing attention

The question of having an integrated and well-coordinated Provincial Food Security Programme in place remains an issue requiring ongoing attention.

Programme 4: VETERINARY SERVICES

To provide veterinary services to clients, ensure healthy animals and the welfare of the people of South Africa.

Sub-Programme 4.1: Animal Health

To facilitate and provide animal disease control services in order to protect the animal population against highly infectious and economic diseases, through the implementation of the Animal Disease Act (Act 35 of 1984) or Animal Health Act (Act 7 of 2002) and primary animal health programmes/projects.

Service delivery achievements

This sub-programme is responsible for providing acceptable animal health services by controlling and preventing animal diseases which will in turn permit the certification for export of healthy animals and animal products. The Animal Health section also promotes epidemiological services such as contingency plans and risk assessment. Although the section experienced a series of disease occurrences such as New Castle Disease, Brucellosis, Rabies and Sheep Scab, the dedicated officials combated and managed to put under control the occurrences of these diseases.

Disease surveillance and control have been the major activities of Animal Health during the past year. Compulsory surveillance of Avian Influenza has been conducted throughout the whole province. The testing of ostriches and commercial and non-commercial chickens have been carried out on an ongoing basis with each property being tested twice in the year. As a result of the 2005 survey, South Africa declared itself free of notifiable Avian Influenza (NAI), and was therefore able to export.

The mandatory surveillance of Bovine Spongiform Encephalosis (BSE) ensures that South Africa is able to export once the status of this disease is scientifically proven through laboratory testing. Animal Health Technicians assist the Meat Inspectors in collecting the required samples from the abattoirs to be tested in Pretoria.

A country-wide surveillance of Classical Swine Fever (CSF) was instituted following the outbreak of this disease in the Western and Eastern Cape Provinces. The Free State was among provinces identified to be at risk and therefore mandated to establish four check-points for movement control of all pigs and pig products from the Eastern Cape. A Joint Operation Committee (JOC) was also established in order to manage the checkpoints accordingly. The JOC consists of the SANDF, the SAPS, Disaster Management, Traffic Authorities and the Departments of Agriculture. As a result of the establishment of these movement control check-points, no spillage of CSF has yet been reported in the province. An amount of R3, 5 million has so far been spent on the maintenance of the check-points.

Five mobile clinics have been purchased for the five districts. This will improve animal disease control and enable the officials to access the developing communities in the province. An amount of R3, 5 million was spent on the purchase of these mobile clinics. The Department has also spent R1, 2 million equipping the veterinary officials with remedies and instruments in order to deliver the services expected by the communities.

Measurable Objectives	Performance Measure	Actual Outputs 2004/05	Target Outputs 2005/06	Actual Outputs 2005/06	Deviation from Target	
					Units	%
Provision of efficient Animal Health Services	Number of controlled disease cases attended to per district:					
	Xhariep	1 500	6 000	11 674	5 674	95
	Motheo	3 000	10 000	9 101	899	(9)
	Lejweleputswa	2 000	12 000	14 623	2 623	22
	Thabo Mofutsanyane	3 000	22 000	17 836	4 164	(19)
	Fezile Dabi	2 000	40 000	32 088	7 912	(20)
	Number of non-controlled disease cases attended to per district:					
	Xhariep	1 000	1 000	3 180	2 180	218
	Motheo	2 500	2 500	3 725	1 225	49
	Lejweleputswa	1 500	1 500	3 230	1 730	115
	Thabo Mofutsanyane	4 000	4 000	3 135	865	(22)
	Fezile Dabi	1 500	1 500	3 882	2 382	159
	Number of animals inspected					
	Xhariep	150 000	60 000	73 780	13 780	23
	Motheo	25 000	40 000	42 395	2 395	6
	Lejweleputswa	10 000	20 000	14 168	5 832	(29)
	Thabo Mofutsanyane	35 000	250 000	194 716	55 284	(22)
	Fezile Dabi	22 000	8 000	15 798	7 798	97
	Number of animals vaccinated:					
	Xhariep	10 000	5 000	2 645	2 355	(47)
	Motheo	20 000	5 000	33 693	28 693	574
	Lejweleputswa	13 000	5 000	4 128	872	(17)
	Thabo Mofutsanyane	25 000	10 000	7 519	2 481	(25)
	Fezile Dabi	29 500	5 000	8 028	3 028	61
	Number of livestock treated					
	Xhariep	65 000	40 000	31 806	8 194	(20)
	Motheo	40 000	30 000	25 065	4 935	(16)
	Lejweleputswa	8 000	5 000	1 247	3 753	(75)
	Thabo Mofutsanyane	40 000	15 000	18 264	3 264	22
	Fezile Dabi	15 000	5 000	3 680	1 320	(26)
	Number of other animals treated:					
	Xhariep	4 000	3 000	4 769	1 769	60
	Motheo	4 000	3 000	7 412	4 412	147
	Lejweleputswa	4 000	1 000	982	18	(18)
	Thabo Mofutsanyane	6 000	10 000	16 937	6 937	69
	Fezile Dabi	4 000	1 000	1 770	770	77
Compliance with the Animal Disease Act 35/1984	Number of non-compliance cases reported:					
	Xhariep	4	3	3	0	0
	Motheo	4	3	3	0	0
	Lejweleputswa	4	3	2	1	(33)
	Thabo Mofutsanyane	4	3	1	2	(66)
	Fezile Dabi	4	3	7	4	133

Measurable Objectives	Performance Measure	Actual Outputs 2004/05	Target Outputs 2005/06	Actual Outputs 2005/06	Deviation from Target	
					Units	%
Promote livestock identification	Number of owners registered per district:					
	Xhariep	40	40	45	5	13
	Motheo	100	100	83	17	(17)
	Lejweleputswa	40	40	216	176	440
	Thabo Mofutsanyane	90	90	145	55	61
	Fezile Dabi	90	90	170	80	89
	Number of animals branded/ tattooed per district:					
	Xhariep	2 000	2 000	723	1 277	(64)
	Motheo	2 500	2 500	307	2 193	(88)
	Lejweleputswa	2 000	2 000	2 223	223	11
	Thabo Mofutsanyane	7 000	5 000	5 692	692	14
	Fezile Dabi	7 000	5 000	2 887	2 113	(42)
Support to PDI farmers	Number of training or information sessions held per district:					
	Xhariep	47	20	267	247	1 235
	Motheo	47	30	23	7	(23)
	Lejweleputswa	53	30	148	118	393
	Thabo Mofutsanyane	52	30	219	189	630
	Fezile Dabi	43	20	74	54	270
	Number of clients supported through animal health technical support per district:					
	Xhariep	1 000	500	2 885	2 385	477
	Motheo	2 500	2 500	12 001	9 501	380
	Lejweleputswa	3 000	2 500	4 084	1 584	63
	Thabo Mofutsanyane	4 750	2 000	4 564	2 564	128
	Fezile Dabi	4 750	2 000	4 901	2 901	145
Movement control of all animals	Number of movement permits issued per district:					
	Xhariep	10	5	20	15	300
	Motheo	12	15	83	68	453
	Lejweleputswa	20	10	7	3	(30)
	Thabo Mofutsanyane	20	10	40	30	300
	Fezile Dabi	15	10	131	121	1 210

Specific challenges and responses

Challenge	Response
1. Training of veterinary officials	1. Training should be arranged on an annual basis.
2. A shortage of staff	2. The Department has initiated the process of requesting additional funding for posts

Issues requiring ongoing attention

- The appointment of state veterinarians to all vacant posts so that service delivery to emerging farmers can be delivered to all communities, that animal diseases can be properly controlled and that exports can be certified according to the requirements and with full knowledge of the state veterinarians.
- A budget sufficient for the total need for medicine, equipment and other operational activities.
- To upgrade clinics for service delivery.
- Continuous professional development by approval to attend courses and workshops for veterinarians and all veterinary officials.

Sub-Programme 4.2: Export Control

To provide control measures including health certification, in order to facilitate the importation and exportation of animals and animal products as well as to implement Risk Assessment measures in order to assess the impact of various animal disease outbreaks and the risk of importing or exporting animals or animal products from/to other countries.

Service delivery achievements

The Free State is a province with a large livestock and/or game farming component resulting in large numbers of animals and animal products being exported to SADC and other African countries, as well as to countries all over the world, including the European Union.

There are three export abattoirs, one meat processing plant and nine dairy product plants registered as well as 10 taxidermists and one tannery. These facilities export products like cheese, whole milk, milk powder, baby food, condensed milk, hunting trophies and curios, hides and skins processed for the industry.

Furthermore, game carcasses harvested in the Free State Province are transported to venison export facilities in other provinces. Large numbers of live animals and livestock embryos are also exported, especially to neighbouring countries like Namibia, Botswana and Lesotho. The veterinary officials have to inspect the facilities and issue health certificates and permits for these products.

BSE Program: Veterinary Public Health has submitted 800 routine samples.
This surveillance programme is ongoing.

Residue Monitoring Sampling Programme: Routine random sampling of animal products is done to survey for the presence of residues of veterinary drugs, environmental chemicals and agricultural compounds in carcasses to determine if additional control measures by Government are required. Samples of various organs from the various species are collected for analysis by the Onderstepoort Veterinary Institute.

Inspection of sterilization installations: Sterilization installations which render carcass meal must be monitored to ensure that the temperature, time and pressure of their cooking processes comply with legislation.

Measurable Objectives	Performance Measure	Actual Outputs 2004/05	Target Outputs 2005/06	Actual Outputs 2005/06	Deviation from Target	
					Units	%
Compliance with Meat Safety Act ensured	Number of Inspections of export facilities and establishments:	4	5	30	25	500
	Number of hunters registered for game harvesting per district:					
	Xhariep	5	5	8	3	60
	Motheo	10	10	1	9	(90)

Measurable Objectives	Performance Measure	Actual Outputs 2004/05	Target Outputs 2005/06	Actual Outputs 2005/06	Deviation from Target	
					Units	%
To support and expand export	Number of products exported per district:					
	Xhariep	100	2 500	5 380	2 880	115
	Motheo	1 000	10 000	12 561	2 561	26
	Lejweleputswa	1 000	10 000	57 053	47 053	470
	Thabo Mofutsanyane	25 000	50 000	62 018	12 018	24
	Fezile Dabi	50 000	25 000	24 902	98	(0.4)
	Number of animals exported per district:					
	Xhariep	500	50	78	28	56
	Motheo	5 000	5 000	20 573	15 573	311
	Lejweleputswa	10 000	1 000	2 078	1 078	108
	Thabo Mofutsanyane	10 000	1 000	12 063	11 063	1 106
	Fezile Dabi	10 000	1 000	28 505	27 505	2 750
	Training support to exporters per district:					
	Fezile Dabi	12	0	30	30	100
Set and monitor standards for quality control of agricultural products in line with export market requirements	Number of registrations of farms/export facilities per district:					
	Xhariep	2	5	1	4	(80)
	Motheo	5	15	0	15	(100)
	Lejweleputswa	2	10	0	10	(100)
	Thabo Mofutsanyane	5	5	1	4	(80)
	Fezile Dabi	2	5	3	2	(40)
	Number of residue samples collected per district:					
	Xhariep	0	0	0	0	0
	Motheo	10	10	78	68	680
	Lejweleputswa	10	10	40	30	300
	Thabo Mofutsanyane	0	0	447	447	100
	Fezile Dabi	10	10	30	20	200
Risk assessment	Number of BSE samples collected per district:					
	Xhariep	100	100	87	13	(13)
	Motheo	200	200	102	98	(49)
	Lejweleputswa	250	250	354	104	42
	Thabo Mofutsanyane	100	100	35	65	(65)
	Fezile Dabi	150	150	27	113	(82)

Specific challenges and responses

Challenge	Response
1. To certify for export and inspect farms for registration for export.	1. This challenge can be met by having more veterinarians in place and the establishment of an Export Unit.
2. To inspect all export facilities.	2. Increase the number of meat inspectors by funding unfunded posts.

Sub-Programme 4.3: Veterinary Public Health

To co-ordinate and implement various Food Safety projects, including the implementation of the Meat Safety Act (Act 40 of 2000), and prevention of Zoonotic or food borne diseases.

Service delivery achievements

This sub-programme ensures product safety as well as administration of the Meat Safety Act. This is done through the inspection of abattoirs and facilities such as meat processing and dairy plants.

One of the goals of the sub-directorate is to improve the hygiene status of its abattoirs, therefore the officials of Veterinary Public Health performed 394 routine abattoir inspections and audited Hygiene Assessments (HAS) at all of the abattoirs in the province. (HAS is the cornerstone of our inspection services in order to scientifically evaluate the hygiene in the abattoirs in the province).

Apart from direct training in meat inspection, abattoir hygiene, good manufacturing practices, slaughter techniques and game harvesting in the form of exhibitions and extension work by VPH officials, several formal training sessions were facilitated by officials. These include abattoir hygiene and slaughter techniques to abattoir personnel and Good Manufacturing Practices (GMP) and Hazard Analysis Critical Control Point (HACCP) courses to 40 abattoir managers and inspection personnel as well as to the Veterinarians of the Department.

During the year 444 650 Cattle, 568 447 Sheep, 145 292 pigs and 25 926 995 head of poultry were slaughtered and inspected in the province. Condemned material was processed by sterilization installations where carcass and blood meal were produced. During the year, 4 sterilization installations were inspected and registered in the province.

Thirty warnings of non-compliance with the act were issued and 10 directives to stop slaughter for not complying with the Essential National Standards were issued during the year. Fifteen complaints regarding illegal slaughtering were received and investigated which resulted in training being given, abattoirs being planned or the stopping of illegal activities. A Forum between the sub-directorate, the local authority and the SA Police Service and the Stock Theft Unit was established in order to stop the illegal slaughtering as it is not only unsafe and unhygienic, but it also provides a market for stolen stock.

Measurable Objective	Performance Measure	Actual Outputs 2004/05	Target Outputs 2005/06	Actual Outputs 2005/06	Deviation from Target	
					Units	%
Dissemination of information to farmers and other stakeholders	Number of information sessions per district	4	5	153	148	2 960

Measurable Objective	Performance Measure	Actual Outputs 2004/05	Target Outputs 2005/06	Actual Outputs 2005/06	Deviation from Target	
					Units	%
Compliance with the Meat Safety Act	Number of HAS inspections per district:					
	Xhariep	29	29	13	16	(55)
	Motheo	25	25	16	9	(36)
	Lejweleputswa	28	28	20	8	(29)
	Mofutsanyane	30	30	5	25	(83)
	Fezile Dabi	38	38	7	31	(82)
	Number of abattoir Registrations per district:					
	Xhariep	29	29	49	20	69
	Motheo	25	25	43	18	72
	Lejweleputswa	28	28	60	32	114
	Thabo Mofutsanyane	30	30	19	11	(37)
	Fezile Dabi	38	38	48	10	26
	Number of inspections of sterilization plants per district:					
	Motheo	2	2	8	6	300
	Lejweleputswa	1	1	8	7	700
	Fezile Dabi	1	1	5	4	400
	Number of investigations concerning illegal slaughtering per district:					
	Xhariep	5	2	6	4	200
	Motheo	2	2	6	4	200
	Lejweleputswa	2	2	6	4	200
	Thabo Mofutsanyane	2	2	5	3	150
	Fezile Dabi	2	2	1	1	(50)

Specific challenges and responses

Challenge	Response
1. Successful decentralisation of the VPH functions.	1. To establish effective communication and reporting structures from the districts to functional management.
2. New red meat regulations have been promulgated under the Meat Safety Act that requires all abattoirs to now be managed in accordance with approved hygiene management systems. The main challenge is to reach all targets and implement this monitoring process at 150 abattoirs with only 6 meat inspectors in the province.	2. These systems are complicated and must be effectively communicated to all abattoirs and the implementation thereof must be supervised and monitored. This can only be achieved by increasing the number of meat inspectors.

Issues requiring ongoing attention

The training of all veterinarians in the province who have now being assigned veterinary public health functions must be undertaken. All vacancies of long standing should be regarded as critical posts and be filled.

Sub-Programme 4.4: Veterinary Laboratory Services

To provide support services to veterinary personnel, medical practitioners and farmers with regard to Diagnostic service and Epidemiological investigations of Animal Disease outbreaks.

Service delivery achievements

The two laboratories provide diagnostic services for the eradication of animal diseases. The analysis carried out by the veterinary diagnostic laboratories are essential for food security, human and animal health and particularly for export purposes. The laboratories have also installed LIMS (Laboratory Information Monitoring System) which has improved the effective running of the Laboratories. The following diagnostic tests for the eradication of diseases are done at the Laboratories: Bacteriology, Serology, reproduction, Post Mortems and Specialized Antigen detections. The laboratories are also collecting revenue as they render services to all the communities at large.

Measurable Objectives	Performance Measure	Actual Outputs 2004/05	Target Outputs 2005/06	Actual Outputs 2005/06	Deviation from Target	
					Units	%
Diagnosis and eradication of diseases	Number of reports generated (submissions)	218 000	4 500	4 604	104	2
	Number of tests performed	218 000	235 000	165 884	69 116	(29)
Diagnostic laboratory services provided to Provincial communities	Number of Post mortems done	450	550	1 113	563	102
	Number of bacteriological tests	36 000	18 000	17 789	211	(1)
	Number of serological tests	150 000	170 000	146 964	23 036	(14)
	Number of reproduction tests	6 300	6 000	5 166	834	(14)
	Number external /internal parasite diagnostics	8 000	8 000	7 864	136	(2)
	Number of specialized Antigen detections	350	1 000	327	673	(67)
	Number of mastitis tests	13 000	13 000	12 922	78	(0.6)
	Number of Abattoir Monitoring tests	2 300	2 000	267	1 733	(87)
	Number of Bio-chemical tests	700	1 200	2 699	1 499	125
	Number of other test smear examinations	130	6 000	2 019	3 981	(66)

Measurable Objectives	Performance Measure	Actual Outputs 2004/05	Target Outputs 2005/06	Actual Outputs 2005/06	Deviation from Target	
					Units	%
Increased submissions and revenue	Revenue collected (R'000)	120	130	1 594	1 464	1 126
	Campaigns to promote the usage of laboratory services	4	4	3	1	(25)

Specific challenges and responses

Challenge	Response
1. Implementation of quality management systems (QMS).	1. The training of staff in quality management systems.
2. Appointment of sufficiently qualified people	2. The appointment of suitably qualified staff is an ongoing process.

Programme 5: TECHNOLOGY, RESEARCH AND DEVELOPMENT SERVICES

To render Agricultural research service and development of information systems with regard to crop production technology, animal production technology and resource utilisation technology.

Sub-programme 5.1: Research

To facilitate, conduct and co-ordinate the identification of Agricultural Research needs, development/adapting or transferring appropriate technology to farmers and to participate in multi-disciplinary Agricultural Development projects.

Service delivery achievements

In general, the service delivery achievements of the Research Unit can be described as satisfactorily. Most targets were achieved or surpassed with a number of targets not being achieved due to, amongst others, the following reasons:

The capacity constraint in terms of staff numbers was particularly felt at the lower levels where the practice to compensate for services performed outside of normal working hours by means of time off, distracted from continuity quite considerably.

The environment for research was further clouded by the general state of infrastructure on the research farm Glen. Fencing and stock watering facilities were in constant need of attention and the farm was overstocked. Late in the year, a process was however started to get rid of all the surplus animals on the farm.

Measurable Objective	Performance Measure	Actual Outputs 2004/05	Target Outputs 2005/06	Actual Outputs 2005/06	Deviation from Target	
					Units	%
Optimisation of Agricultural production	Number of demand-led research trials in progress	14	14	11	3	(21)
	Number of client-initiated technical support contacts	929	800	863	63	8
	Number of soil samples analysed (current capacity can handle up to 1 200).	1 414	1 200	595	605	(50)
	Number of water samples analysed	56	60	863	803	1 338
Agro-processing initiatives	Facilitation of demonstration in awareness creation of value adding/ agro-processing	1	2	0	2	(100)
Research and Development of alternative agricultural product ranges /systems	Number of alternatives investigated, tested and recommendations made (products or systems)	3	3	3	0	0
Research coordinated to ensure relevance, efficiency and effectiveness and transfer of technology	Agricultural Research Coordinating Forum established and maintained (%)	70	100	90	10	(10)
Optimisation of natural resource utilisation and management	Number of research trials in operation	7	8	8	0	0
	Number of resource surveys conducted	26	20	21	1	5
Customised, specialised information provided	Number of research findings published	4	7	6	1	(14)
	Number of farmer information days organised	2	5	4	1	(20)
	Number of information packages developed or updated	5	15	16	1	7
	Updating field services on the current situation in terms of info packages (reports)	1	2	0	2	(100)
Non-formal training provided	Number of short courses provided	1	2	2	0	0

Specific challenges and responses

Challenge	Response
1. The infrastructure of the Glen farm in general, but fences and water reticulation in particular, does not support research fully. This impact negatively on the accountability of research results and intensifies inputs and time spent on these projects, allowing less time to concentrate on other issues at stake.	1. Budget allocations did allow Research to start to address the situation, however, only certain priority areas could be addressed and the situation must receive constant attention. Annual allocation of a substantial amount additional to the budget will have to be approved to enable the Unit to make meaningful improvements in the situation.
2. To attract, recruit and retain suitably qualified and experienced research scientific personnel along with funding to support them. If this challenge can't be addressed the continuity of research programmes, which is very important in the research context, will remain a problem, as well as efforts to apply transformation. Staff shortages at a lower level are also impacting negatively on the capacity to do research.	2. The challenge will remain until such time as programmes are put in place to develop the previously disadvantaged individuals to consider a career in Research. Salary structures will also have to be reviewed to ensure that qualified experienced staff is retained. Some of these issues can be addressed through an integrated approach between Research and Tertiary Institutions where the establishment of a Research Forum can play a role. Efforts to improve the staffing position at lower level by redeployment of staff additional to the establishment were unsuccessful.
3. A lot of time of the Research Unit is spent on functions other than its core functions.	3. All activities should be critically looked at and the responsibility for each determined in order for the Research Unit to focus on its core business.

Issues requiring ongoing attention

- Development of the infrastructure of the farm Glen.
- Research properly resourced to enable them to meaningfully address their mandate.
- Extension staff capacitated to reduce the time spent on technical support by Researchers.

Sub-Programme 5.2: Information Services

To co-ordinate the development and dissemination of information to clients, including the development and utilisation of various Information Systems (e.g. GIS)

Service delivery achievements

The Farming Information Section renders a service whereby specialized agricultural technical information is made available to its clients, the main focus being the field staff of the Department.

A comprehensive climate conditions and outlook report was distributed monthly. At the end of the year, an SMS service was also activated through which important information can be distributed to farmers in a short space of time. The initial response in this regard was very positive.

Formal associations with various companies and institutions were maintained to add to the service the Section provided.

The WARD GIS program was maintained and further developed in terms of the updating of information that was available. The database on Land Reform farms, which is linked to the departmental Monitoring and Evaluation System, was updated as information became available. This data can be displayed geographically.

The Farming Information Section was further involved with the Disaster Management Programme of the Department. It entailed assisting the Agricultural Economics Section with information regarding climatic conditions, helping them to identify those areas most affected by the drought, and also by taking the lead in the Veld Fire Disaster Relief Programme.

Not reaching some of the targets set out in the Strategic Plan can be attributed to these functions not being capacitated through both human and material resources.

Measurable Objectives	Performance Measure	Actual Outputs 2004/05	Target Outputs 2005/06	Actual Outputs 2005/06	Deviation from Target	
					Units	%
Distribute climate outlook and information packages.	Number of climate reports distributed per district:					
	Xhariep	96	96	159	63	66
	Motheo	60	60	69	9	15
	Lejweleputswa	96	96	159	63	66
	Thabo Mofutsanyane	180	180	288	108	60
	Fezile Dabi	0	60	109	49	82
	Other	36	36	1 813	1 777	4 936
	Number of information packages distributed and updated	1 575	1 500	70	1 430	(95)
GI system operational and maintained.	Number of new datasets developed or acquired.	2	2	14	12	600
	Number of existing datasets updated.	10	11	16	5	45
	Number of maps developed.	55	60	125	65	108
	Number of maps printed, reprinted and distributed.	800	700	492	208	(30)
	Number of WARD GIS programs installed and updated to users.	31	50	55	5	10
	Number of information reports developed and distributed	1	2	30	28	1 400
An effective early warning system	Early Warning Committees established.	0	5	6	1	20
	Early Warning Workgroups held.	0	20	6	14	(70)
	Agricultural Conditions Reports compiled and distributed.	10	12	13	1	8
Soil Classification Unit formed and functional	Implementation plan drawn up and approved. (%)	0	100	0	100	(100)
	Implementation plan implemented. (%)	0	100	0	100	(100)
	No of farms surveyed.	0	10	0	10	(100)
	No of land use plans	0	10	0	10	(100)

Measurable Objectives	Performance Measure	Actual Outputs 2004/05	Target Outputs 2005/06	Actual Outputs 2005/06	Deviation from Target	
					Units	%
Agricultural Information Management System implemented and functional.	Implementation plan drawn up and approved. (%)	50	100	0	100	(100)
	Implementation plan implemented. (%)	0	100	0	100	(100)

Specific challenges and responses

Challenge	Response
1. Raise the status of the Land Reform database to 95 %	1. Fill the GIS post at Bloemfontein Prioritise this task. Make it part of extension officer's key responsibilities.
2. Draw up a reporting system for land reform.	2. Fill GIS post.
4. Establish Agricultural Information Management Unit.	4. Draw up an Information Management Plan. Motivate and fill the relevant posts on the structure.

Issues requiring ongoing attention

- All the data sets on the GIS system and the WARD GIS program must be updated and maintained.
- GIS information must be disseminated using reports, maps and the WARD GIS programme.
- The climate outlooks must be summarised, translated and distributed on a monthly basis.
- The Agricultural Conditions report must be compiled and distributed on a monthly basis.
- The mandate of the Farming Information Unit needs to be increased, backed by proper capacitating of the Unit in terms of human resources and funding.

Sub-Programme 5.3: Infrastructure Support Services

To provide and maintain infrastructure facilities for the line function to perform their research and other functions, i.e. experiment farms.

Service delivery achievements

Although it seems as though Infrastructure Support Services (Glen Farm) has not performed too well against its targeted outputs for 2005/06, and there is room for improvement, much needed maintenance projects have been initiated. These include the renovation of the men's hostel, the kitchen and dining hall, the Directors' office block, the MEC's office block, the Sport stadium, refurbishment of the front entrance and a six kilometre security fence around the greater campus and research area. The maintenance of irrigation and electrical installations continued this year. Day-to-day maintenance has been carried out to restore any interruptions that occurred to essential services, of which purified water supply, electricity supply, sewage plant and waste disposal are the most important. Excellent summer rains, motivated staff and equipment in good repair have resulted in a major improvement in the management and up-keep of the gardens and grounds. The maintenance of machinery and equipment, that forms the back-bone of the mechanical operations pool on the farm, has been on-going and a large portion of the budget has been applied to this. Seven new implements have been acquired that will replace old, redundant equipment. A concerted effort will continue to be made during 2006/07, and beyond, to restore the farm to its former glory.

Measurable Objectives	Performance Measure	Actual Outputs 2004/05	Target Outputs 2005/06	Actual Outputs 2005/06	Deviation from Target	
					Units	%
An appropriate range of facilities provided to support Research, Formal and Non-formal Training activities	Processes and procedures for supporting research, formal and non-formal training in place (%)	80	90	70	20	(22)
	Basic infrastructure operating optimally in support of research, formal and non-formal training (%)	75	85	70	15	(18)
	Practical on- farm training schedule developed and implemented for Glen students	4	52	6	46	(88)
Physical and financial database for Glen Farm be set up	Management information systems for capturing and utilisation of farm records developed and maintained (%)	70	80	80	0	0
Optimisation of production while demonstrating examples of good agricultural practice	Appropriate existing farming enterprises depicting good agricultural practices, improved in support of research, formal and non-formal training	1	1	1	0	0
	Appropriate new farming enterprises developed.	1	1	0	1	(100)
Maintenance and upgrading of Glen infrastructure, essential services and environment	Basic infrastructure and essential services operating optimally enabling an environment conducive to teaching, learning and research (%)	80	90	50	40	(44)
	Grounds and sports facilities upgraded and maintained (%)	40	75	40	35	(47)

Specific challenges and responses

Challenge	Response
1. Depleting staff component.	1. Maintain staff motivation levels. Ensure that all newly vacated posts are filled with appropriately experienced officials. Continue to motivate for additional staff. Introduction of overtime payment. Introduction of seasonal temporary staff.
2. Continue addressing the backlog of maintenance.	2. Apply available budget to maintenance projects in the most effective manner and with the most positive impact on strategic objectives.
3. Budgetary constraints.	3. Implement further measures to ensure economical sustainable use of all resources.

Issues requiring ongoing attention

- Adequate staffing levels.
- Systematic replacement of old tractors and implements.
- Increased fodder production volumes and quality.
- Eradication of declared problem plants.
- Systematic re-levelling of the flood-land irrigation blocks.
- Refurbishment of grazing camp fences and stock water facilities.
- Continuation of the refurbishment programme to address the back-log of much needed infrastructure maintenance.

Programme 6: AGRICULTURAL ECONOMICS

To provide economic support to internal and external clients with regard to marketing, statistical information including financial feasibility and economic viability studies.

Sub-programme 6.1: Marketing Services

To identify and disseminate information on marketing opportunities for value adding and provide Farm Economics support to other programmes and clients (external clients, financial feasibility and viability studies).

Service delivery achievements

During the 2005/06 financial year, marketing, farm management and production economic information was provided to clients telephonically, via e-mail or personal contacts with clients. These included the supply of prices of fruit and vegetables on the fresh produce markets in the Province, as well as meat prices to extension officers and students, the calculation of input and mechanization costs, compilation of enterprise budgets, calculation of stocking rates, income potential of certain enterprises, etc. Information on a number of different business entities and SARS requirements were also provided to emerging farmers to enable them to make use of tenders that were put out by the Department of Correctional Services. Follow-up meetings regarding development projects and to keep track of implementation and to provide these projects with production and marketing advice, were conducted on a regular basis.

With regard to the promotion of sustainable agricultural development, it should be noted that a Provincial Business Plan for the implementation of CASP was compiled and submitted to the National Department of Agriculture. Feasibility and viability studies were further drafted and evaluated to determine the sustainability of projects, and business plans were compiled and evaluated as inputs to applications for CPF-SP and other funds. Progress in this regard by far exceeded the target that was set in the beginning of the year.

In order to promote access to markets, industrial projects were assisted to form linkages with mainstream markets. Agricultural products to which value were added were sold by the beneficiaries of the projects at several arts and crafts markets and the annual Arts Festival. A major link was also established with SASOL – the project was requested to weave the companies' logo for display in their Head Office.

Workshops to inform emerging farmers of the new marketing environment and the benefits of the formation of commodity groups in order to adapt to this new environment, were conducted in all District Municipalities in collaboration with the National Agricultural Marketing Council.

A study group for emerging farmers was also established during the year with the assistance of one of the officials in the Section. Regular meetings, where the farmers were addressed by commercial farmers and other stakeholders in the industry on important agricultural issues, were held.

During the 2004/05 financial year, R15 million was made available to the province for Drought Relief in the form of fodder for large stock and the transportation thereof. These funds were received in November 2004. It is important to note that approximately R2, 1 million of the R10 million that was received for the 2003/04 Drought Relief Scheme was not taken up by farmers and was added to the R15 million for disbursement. In total, R17, 107 million was disbursed to farmers for the subsidization of fodder and the transport of fodder to farms from these schemes during the 2005/06 financial year. The number of emerging/developing and commercial farmers who benefited from this scheme numbered 3 960 and 2 615 respectively. The corresponding number of livestock units involved were 33 934 and 38 611 respectively.

During November 2005, an additional R16 million was received for Drought Relief. Approximately 9 800 assessment forms were received from farmers in need of assistance. It was decided to disburse 60% of the allocated funds to the areas worst affected by the drought, i.e. the Xhariep District Municipality, the western part of the Lejweleputswa District Municipality as well as a small portion of the Motheo District Municipality. Farmers in these areas were assisted during February 2006. Approximately R9, 3 million was paid to suppliers for the provision of fodder and transport to 922 small scale, 119 medium scale and 927 large scale farmers by the end of March 2006. Information pamphlets on drought management guidelines and brochures on the registration of livestock identification marks were distributed to the abovementioned farmers.

Measurable Objective	Performance Measure	Actual Outputs 2004/05	Target Outputs 2005/06	Actual Outputs 2005/06	Deviation from Target	
					Units	%
Preparation of, and proactive dissemination of marketing information	Number of agricultural economic newsletters issued	3	6	0	6	(100)
	Number of Market Trend documents prepared	1	1	0	1	(100)
	No of agricultural economic newsletters issued	1	1	0	1	(100)

Measurable Objective	Performance Measure	Actual Outputs 2004/05	Target Outputs 2005/06	Actual Outputs 2005/06	Deviation from Target	
					Units	%
Promotion and support of access to markets	Strategy developed for market development (%)	25	100	0	100	(100)
	No of market research projects conducted/ marketing plans produced per district	1	1	0	1	(100)
	No of client consultation sessions	49	30	35	5	17
	No of agricultural marketing courses presented per district	1	1	1	0	0
	No of projects per district successfully linked to agricultural markets	1	1	3	2	200
Promotion and support of sustainable agricultural development	Number of farm evaluation and research cases:	13	24	36	12	50
	Number of feasibility and viability studies compiled	22	26	237	211	812
	Number of business plans evaluated	12	15	26	11	73
	No of client consultation sessions	176	150	258	108	72
	Number of farm management courses presented per district	2	2	3	1	50
Coordination of risk and disaster management	Development of disaster management plans (%)	50	100	0	100	(100)
	Assessment of disasters (%)	100	100	100	0	0
	Coordination of relief actions (%)	100	100	100	0	0
Establishment of cooperatives for farming and agro-beneficiaries	Strategy developed (%)	0	100	0	100	(100)

Measurable Objective	Performance Measure	Actual Outputs 2004/05	Target Outputs 2005/06	Actual Outputs 2005/06	Deviation from Target	
					Units	%
Development and maintenance of agricultural and development economic tools, aids and criteria	Number of budgets developed and updated per district:					
	Xhariep	19	45	6	39	(87)
	Motheo	19	20	0	20	(100)
	Lejweleputswa	32	45	10	35	(78)
	Thabo Mofutsanyane	48	50	3	47	(94)
	Fezile Dabi	14	25	2	23	(92)
	Number of commercial study groups supported per district:					
	Xhariep	2	2	2	0	0
	Motheo	0	0	0	0	0
	Lejweleputswa	0	0	0	0	0
	Thabo Mofutsanyane	0	0	0	0	0
	Fezile Dabi	0	0	0	0	0
Establishment and maintenance of agricultural economic linkages with stakeholders	Linkages established and maintained (%)	0	100	100	0	0

Sub-Programme 6.2: Macro-economics and Statistics

To develop databases on various economic statistics and trends, develop and analyse various economic models and evaluate International/National and local policies on the Agricultural Sector.

Service delivery achievements

The Agricultural Economic Information and Statistics Database was updated on a continuous basis in order to ensure that relevant and reliable data and information is available to render sound agricultural economic advice to clients of the Section and the Department.

A Disaster Management Database was also maintained during the year with updated information on farmers who participated in the Drought Relief Scheme of 2004/05, as well as farmers who were assessed for the 2005/06 scheme. This database forms part of the Project Management Database of the Department.

The PROVIDE-project (Provincial Decision-making Enabling Project) again needs mentioning under this sub-programme. The Agricultural Economics Section provided inputs for this project via a Steering Committee and a Project Committee. This project was finalized during the 2005/06 financial year.

Measurable Objectives	Performance Measure	Actual Outputs 2004/05	Target Outputs 2005/06	Actual Outputs 2005/06	Deviation from Target	
					Units	%
Establishment of an economic- statistics database	Database maintained (%)	100	100	100	0	0
	Number of information documents compiled	4	5	4	1	(20)

Specific challenges and responses

Challenge	Response
1. Increased demand for agricultural economic services far exceeds the current capacity.	1. The newly approved structure for the Agricultural Economics Section, which will align the Section with the current demand for its services, should be funded and implemented as soon as possible.
2. Staff turnover remains a concern and the current levels of posts make it difficult to maintain and source an experienced staff component.	2. The newly approved structure for the Agricultural Economics Section, to bring the Section in line with structures at the National Department of Agriculture, as well as with the other PDA's, should be funded and implemented as soon as possible.
3. The ongoing administration of the Drought Relief Scheme by the Section, due to the lack of a Disaster Management Unit in the Department, contributed to the fact that certain targets could not be reached.	3. The newly approved structure for the Department provides for the establishment of a Disaster Management Unit.

Programme 7: STRUCTURED AGRICULTURAL TRAINING

To facilitate and provide education to all participants in the agricultural sector and to establish a knowledgeable and competitive sector.

Sub-programme 7.1: Tertiary Education

To provide formal education on a post grade 12 level (NQF levels 5 to 8) to anybody who qualifies and has the desire to obtain a formal qualification.

Service delivery achievements

Relationships with various stakeholders were maintained and new ones were established. As such, the College has relations with 15 stakeholders. These stakeholders were employed in various aspects of the training process of students and made a marked difference mainly to the practical experience of students. Stakeholders also bring the College into contact with farmers in need of training for which short courses are presented.

Student numbers increased to a new record high. One hundred and seventy three students were registered for the 2005 academic year compared to 152 last year. Of this number, 95 per cent were from the Free State Province and 64 were female students. Unfortunately, the budget for the year did not keep track with the intake of students, putting pressure on the working capital, especially for the provision of food to the College. This will result in the College in future having to scale down on student numbers to match the budget.

Payment of student fees is now an established culture. All students have to pay their tuition and hostel fees or else they are excluded from any further studies. Fortunately, bursaries for all new entrants coming from the Free State were available.

The College also proved that it was able to extend its wings further than just the campus. College personnel presented 12 short courses to 284 clients throughout the Free State. These courses were well accepted by the attendants.

Measurable Objective	Performance Measure	Actual Outputs 2004/05	Target Outputs 2005/06	Actual Outputs 2005/06	% Deviation from Target	
					Units	%
To improve the image of the College	Maintain full HEQC accreditation status (%)	100	100	100	0	-
	A marketing strategy developed, implemented, maintained and reviewed (%)	50	100	95	5	(5)
	Develop and maintain a number of partnerships and linkages with relevant industries and role players	2	10	13	3	30
	Review old curriculum and develop and implement a new curriculum for the College	1	1	1	0	0
Customised support for non-formal training provided	Develop and / or present customised short courses	5	7	12	5	71
	Number of learners supported through mentorships	15	20	15	5	(25)
Provide an efficient learner support service	A well equipped, functional library and computer centre maintained (%)	100	100	90	10	(10)
	Quality hospitality services that is responsive to the needs of the learners provided (%)	75	100	75	25	(25)
	Effective counselling support provided (%)	75	100	65	35	(35)

Specific challenges and responses

Challenge	Response
1. To attract and retain suitably qualified staff. Without qualified staff the College cannot provide quality training and maintain HEQC accreditation	1. To set proper appointment criteria and fill all posts
2. To increase practical training of students in order to deliver a better trained product to the industry	2. To make adaptations to the curriculum to concentrate more on the practice than on theory

Issues requiring ongoing attention

- To fill all posts with appropriate by qualified lecturers and supply quality training
- To develop and maintain facilities and services that will enable a more holistic approach to the development of learners.
- To improve the image of the College as provider of quality training.

Sub-Programme 7.2: Further Education and Training (FET)

To provide non-formal training within the proviso's of NQF levels 1 to 4 and in the form of short courses to anybody who desires to participate, with special emphasis on emerging farmers and farm workers.

Service delivery achievements

The training environment in which the Department operates has changed drastically from normal skills imparting to training for empowerment. The Non-formal Training Unit (NOFTU) is not only required to train farmers, it also has to align itself with the Skills Development legislation which places specific demands and requirements on us as training providers as well as on the services / offerings that we provide. Another complexity that we are faced with is the clients that we serve. The agricultural development scene in the Free State is characterised by a wide variety of actual and potential clients at various stages of agri-business development, and also of personal development, knowledge and skills base, as well as experience. In order to serve these clients we have to understand and analyse their varying needs according to the above criteria so that we adapt our training strategies to their particular needs.

In response to the above, the Unit last year started to adopt a new approach to determining the training needs of clients. We are no more just providers of training solutions, but have to be involved in determining these needs to ensure that the training we offer, or outsource, is needs-driven and that training plans are put in place before any training takes place.

As a Unit, we have also been successful in ensuring that the Department buys into the idea of making provision for a training budget during the business planning phase of the project. This is a breakthrough even though it has not yet been fully implemented, seeing that in the past training was regarded as an afterthought remedy, rather than as an empowering tool, which contributes to the strengthening of the business idea.

In terms of the Human Resource Development Strategy of government, NOFTU played a critical role in ensuring that the Department nurtures future agricultural candidates in terms of the internship and experiential training that it co-ordinated on behalf of HRD. About 28 agricultural interns were placed in different line functions of the Department to gain workplace experience. One of these interns was successfully placed with one of the big commercial banks' agricultural desks which had paved the way for us to work closely with the private sector in providing valuable workplace experience to our unemployed graduates. Some of these graduates have since been employed by other organisations that were able to realise their potential.

In terms of farmer training, despite the critical staff shortage, the Unit was able to reach 809 farmers and 1 277 food security beneficiaries through a combination of training offered directly by the Unit, as well as outsourced training through special funds made available by the Department. About R570 751 was used for outsourced training of emerging farmers and we reached about 550 farmers in this way. This translates into approximately just over one thousand rand on average for each farmer for attending ten days of training in three agricultural generic areas, i.e. finance (4 days), farm management (3 days) and marketing (3 days), a ratio which is very encouraging indeed. The outsourcing initiative contributed to the BEE targets of the Department because various PDI training providers, transport providers, caterers and accommodation providers were involved in this initiative. Through this process we were able to assist in registering new small-scale entrepreneurs on the Department's supplier database.

Despite the above achievements, for the past eight years the Unit has been plagued by a lack of personnel capacity, as well as the availability of sufficient operational budget. In addition, the absence of a dedicated training budget has also hampered our progress in terms of sourcing services where we are not able to provide the service ourselves, especially with regard to specialised training services. In terms of capacity, the Unit has only 3 scientists who could be termed senior trainers. The other four people are junior trainers at the level of technician and auxiliary officers. Frequent incapacitation of the existing staff often leads to the inability of the Unit to fulfil its mandate of addressing the skills needs of the Free State farmers.

Measurable Objectives	Performance Measure	Actual Outputs 2004/05	Target Outputs 2005/06	Actual Outputs 2005/06	Deviation from Target	
					Units	%
Non-formal Training restructured to meet new challenges	A facility to house non-formal Training (%)	100	100	100	0	0
	Internal Strategic plan in place (%)	0	100	60	40	(40)
Compliance with relevant SETA requirements	Number of staff accredited as ETD facilitators	3	5	0	5	(100)
	A quality management system in place (%)	0	100	60	40	(40)
	Number of training manuals procured	4	4	0	4	(100)
	Number of accredited training courses	0	4	0	4	(100)
	Provisional accreditation acquired (%)	0	100	0	100	(100)

Measurable Objectives	Performance Measure	Actual Outputs 2004/05	Target Outputs 2005/06	Actual Outputs 2005/06	Deviation from Target	
					Units	%
Skills development program established and operational	Training Forum of Government/Business/ Training provider established to articulate sector training needs and training strategies (%)	100	100	90	10	(10)
	Number of training needs determined and plans to address the needs in place for approved farmer settlement projects, especially gazetted infrastructure projects and other special projects	60	60	75	15	25
	Number of farmers attending training in different short courses:					
	Xhariep	400	400	175	225	(56)
	Motheo	600	600	14	586	(98)
	Lejweleputswa	680	680	20	660	(97)
	Thabo Mofutsanyane	820	820	107	713	(87)
	Fezile Dabi	570	570	0	570	(100)
	Number of course presentations by internal trainers	150	150	82	68	(450)
	Number of external courses presented	50	50	23	27	(54)
	Number of farmers attending external (outsourced) training	500	500	538	38	8
	Number of food security beneficiaries trained	1 526	1 526	1 289	237	(16)
	Develop policy for farm worker training %	0	100	0	100	(100)
	Number of clients supported through:					
Sponsorship from the Financial and other sectors	1. Learnerships	5	5	0	5	(100)
	2. Internships	20	20	28	8	40
	3. Experiential learning programmes	20	20	14	6	(30)
Sponsorship from the Financial and other sectors	Funding sourced for emerging farmers' training (R'000)	1 000	1 500	4 900	3 400	227

Measurable Objectives	Performance Measure	Actual Outputs 2004/05	Target Outputs 2005/06	Actual Outputs 2005/06	Deviation from Target	
					Units	%
Facilitation of staff technical skills development according to personal development plans and sector needs as identified by HR	Number of technical training interventions facilitated in line with the workplace skills plan and skills audit of the Department as requested by HR	10	10	75	65	650
A database of trained farmers and farm workers	A Training Information Management System developed, implemented and maintained (%)	0	100	75	25	(25)
Business development support system implemented	Strategy on business development support in place (%)	0	100	0	100	(100)
Strategy on mentorship of new farmers in place	Mentorship strategy in place (%)	0	100	0	100	(100)
Induction training course for all potential entrants into the agricultural economy	Number of inductees	0	200	0	100	(100)

Specific challenges and responses

Challenge	Response
1. Critical staff shortages and insufficient operational budget	<ul style="list-style-type: none"> - Long term : The newly envisaged structure of the Department makes provision for more staff to be recruited at a higher level - Short term: The present vacant posts to be filled as soon as possible and alternative measures be devised to declare two or more posts as critical and to be filled as soon as possible.
2. Aligning training manuals to Unit standards as well as accreditation of such materials.	<ul style="list-style-type: none"> - The buying of already accredited materials can be cost effective for the Department. This should be accompanied by partnerships in terms of technical support in the use of the materials.
3. Retention of staff and boosting staff morale	<ul style="list-style-type: none"> - New job evaluations and incentive scheme to bolster intrinsic motivation

4. The ever increasing number of farmers.	<ul style="list-style-type: none"> - Designing and testing new innovative approaches/ strategies to training, including the use of recent graduates to train at food security projects so that experienced staff can concentrate on emerging LRAD farmers. - A tender has been put out for the training of 25 food security officials, and after training a request will be made to deploy them in all Districts - Making funds available for outsourcing of services for which we do not have expertise on
5. The disjointed nature of farmer training initiatives in the Province	<ul style="list-style-type: none"> - NOFTU to provide direction and leadership. A tender has been put out to source expertise to assist with the process of drawing up a training strategy policy document for farmer training in the Free State.

Issues requiring ongoing attention

- Critical staff shortages
- Strategic positioning of the Unit in the Province
- Training and accreditation of staff as Education and Training practitioners as well as procurement of accredited training material
- Building management capacity to deal with the complex task of outsourcing.

2.11 Transfer payments

The Department made transfer payments to only three categories of entities during 2005/06 viz. Regional Municipalities, PAETA as the sectoral SETA and private households.

An amount of R413 000 was paid to the five Regional Services Councils in the Free State. Annexure 1E of the Annual Financial Statements gives a breakdown of the figure to the level of each Council. The corresponding figure for 2004/05 was R375 000.

The sectoral SETA for agriculture is the Primary Agriculture Education and Training Authority (PAETA). This institution was paid 0, 1 per cent of the departmental payroll in terms of its Act. Services are still to be rendered.

An amount of R27, 355 million was paid to households in respect of leave gratuities and disaster assistance. A total amount of R26, 387 million for Cold Spell Disaster Relief, Drought Relief and for the Emergency Water Supply Schemes was paid to households. This amount represented almost all the funds made available by the National Department of Agriculture, supplemented by an amount of R58 808 from departmental own sources. An amount of R968 000 was paid as leave gratuities upon retirement, resignation or to estates.

An amount of R10, 117 million, representing the final amount budgeted by the Department since 1997/98 as its contribution towards the Community Projects Fund Support Programme, was disbursed to the Unit during the financial year under review. The Project Management Unit, an internal departmental unit and implementing agent of the Programme, will still be spending from its donor funds until the programme runs out in late 2006/07.

NAME OF INSTITUTION	AMOUNT TRANSFERRED
FS Provincial Regional Services Councils	413 000
PAETA	130 000
Households	27 355 000
Community Projects Fund Support Programme	10 117 000
Total	38 015 000

The nature of the payments made in the financial year under review did not require of the Department to certify compliance with section 38(1)(j) of the Act.

2.12 Conditional grants

(a) Overview of conditional grants

Four conditional grants were, once again, made available to the Department in 2005/06. The annual LandCare grant was voted at R2, 0 million, supplemented by R1, 514 million in the Adjustment Act of that year. The purpose of the grant was to address the degradation of natural resources and improve the socio-economic status of rural communities. A Disaster Management Conditional Grant of R17, 0 million was rolled over from 2004/05, supplemented by an additional R16, 0 million in the Adjustment Act of 2005. The purpose of the grants was to alleviate the impact of the drought, still prevailing in the province. An amount of R2, 0 million was made available for Emergency Water Supply Schemes as part of the R17, 0 million. The balance of R15, 0 million was used for the purchase and distribution of stock feed. An amount of R2 107 442, 25 was also spent on Drought Relief from non-budgeted funds originating from 2003/04.

An amount of R16, 569 million of the Provincial Infrastructure Grant (P.I.G.) was awarded the Department in 2005/06, supplemented by rollovers of R7, 739 million from 2004/05. The grant was a conditional one between the National and Provincial Treasuries from which the Department benefited indirectly. A conditional grant in respect of the Comprehensive Agricultural Support Programme (CASP) was awarded the Department a second time in 2005/06. An amount of R21, 088 million was made available, supplemented by rollover funds of R15, 375 million from 2004/05. The purpose of this grant was to provide for on- and off-farm farming infrastructure associated with the Land Reform Programmes of government. The Department of Agriculture succeeded in cultivating sufficient levels of in-house capacity and expertise to almost fully implement both two conditional grants.

Summary of Conditional Grants for 2005/06 (R)

Conditional Grant	Total Allocation	Total transfers
LandCare	3 514 000	3 514 000
Disaster Management	33 000 000	33 000 000
Provincial Infrastructure Grant	24 308 000	24 308 000
Comprehensive Agricultural Support Programme	36 463 000	36 463 000
TOTAL	97 285 000	97 285 000

(b) Reporting on the grants

Province	Total Allocation	Total transfers
Free State Province	97 285 000	97 285 000
TOTAL	97 285 000	97 285 000

- (c) Quarterly payments were made in the case of each of the two gazetted grants in terms of the published schedule, thus ensuring full compliance with sections 33, 34, and 35 of the Act.
- (d) The transferring department did not retain any funds from the grants to cover any administrative expenses associated with the grant. The receiving department, however, and only in the case of the LandCare grant, had a budget for administrative expenses as an approved "project" under the grant. The funds were used to up-grade training hardware, print and publish promotional LandCare material and to organise workshops and conferences on LandCare issues.

- (e) The Department at all times, and to the best of its ability, endeavoured to ensure compliance with the conditions of the grants. Regular reporting to the relevant treasuries and departments concerned was done in terms of the In-Year-Monitoring and Management Report, the Report on the spending of Conditional Grants to the FS Provincial Treasury, the Infrastructure Model, the DORA Report, and others relating to the Free State Growth and Development Programme, and the provincial and national Expanded Public Works Programmes.
- (f) Payments from all these grants were very encouraging during the year under review. The CASP grant was fully spent, the LandCare conditional grant was spent down to the last R9 000 and only R3 000 of the Provincial Infrastructure Grant was not spent. The Department is pleased to report that, despite the vast numbers of applications received for assistance under the Disaster Management Programme, almost 80 per cent could still be disbursed. The administrative processes involved were such that the programme will only be concluded in 2006/07.

The Department is of the opinion that the development objectives set for all these conditional grants have been met during the year. There has been a deviation from the gazetted projects to allow for others of priority to be implemented instead, as well as to bridge any possible slack in the planning process of others. This issue will be dealt with at the appropriate level. We are convinced that the Department contributed greatly towards the alleviation of poverty, the development and maintenance of government infrastructure, the support of emerging farmers, the better utilisation of natural resources and the alleviation of suffering as a result of natural disasters.

The Department would once again like to point out that its ability to plan and successfully implement agricultural projects from grants is severely restrained by a shortage of skilled staff and specific categories of funds. The grants do not provide for the funding of the drafting of business plans, the appointment of Implementing Agents, the departmental working capital associated with project planning and implementation or the provision of operating capital for beneficiaries of the grants. This will have to be addressed in future grants if the programmes are to succeed.

- (g) The Department complied with all requirements of the Division of Revenue Act, 2005, except for the reference to the schedule of gazetted projects referred to in section 2.12(f).

2.13 Capital investment, maintenance and asset management plan

Capital Investment

The capital investment programme of the Department for 2005/06 consisted mainly of the capital portions of three conditional grants, as well as a nominal provision of R1, 3 million for capital expenditure from the balance of voted funds. The Department, however, during the course of the financial year supplemented its capital budget from voted current funds and rollovers, to eventually have a capital budget for spending of some R8, 602 million. It can be reported that 89, 3 per cent of this budget for capital items was eventually spent.

- (a) The Department has not commissioned the construction of buildings or other structures during the year under review for the sake of adding to government assets and infrastructure. If any building projects were indeed initiated, it was agricultural project-related and for the benefit of beneficiaries and communities. It is against this background therefore stated that the Department did not commission any new building project during 2005/06, none were completed and nothing is in process.
- (b) All facilities presently occupied by the Department are safe for human habitation. A vast upgrading programme is currently underway to upgrade the college and hostel facilities at the Glen College of Agriculture. These were funded from the Provincial Infrastructure Grant. The funding of the spill-over into 2006/07 still needs to be resolved in the absence of a similar grant.
- (c) There is still a substantial backlog in respect of the maintenance of government buildings and installations. The Department envisaged spending an amount of at least R0, 5 million from its nominal budget each year on the maintenance of the government infrastructure it commands. This has to date not been possible as a result of budgetary constraints. Some of the electrical and water supply installations at Glen benefited from the Provincial Infrastructure Grant and the Department is of the opinion that a recurrent grant of this nature is the only way to substantially deal with the backlog, currently estimated at R20 million.

- (d) Stated developments will impact on the funds available to the Department to execute its core functions. The Department has not yet been in a position to free up some funds to redirect them towards these applications and we also do not have the expertise to supervise and certify structural work of this nature.

Asset Management

- (a) No disposals of assets were performed during the year under review. Scrapped items were moved to the disposal store at Glen from where disposals will be handled in the next financial year. There were only minor losses due to theft and these were appropriately reported on in the Annual Financial Statements.
- (b) An Asset Management System is in use since 2003/04. The Asset Register was maintained and updated on a continuous basis.
- (c) It is estimated that 45 per cent of the Department's capital stock is in a good condition, 50 per cent in a fair condition and five (5) per cent in poor condition.
- (d) The only maintenance projects undertaken in the financial year under review were those reported on in paragraph 2.13.
- (e) No facilities were either closed down or downgraded during the period under review.
- (f) The renovation of bulk infrastructure of a general engineering nature at Glen will be carried forward into 2006/07.
- (g) The normal Supply Chain Management Procedures are in place.

Maintenance

- (a) Some progress was made with addressing the maintenance backlog during the period under review. A programme of restoration of Glen was initiated from the Provincial Infrastructure Grant at Glen and the college and some farm facilities specifically benefited from the grant. The backlog in the other areas has in fact increased because the Department was unable to free up any more funds to have them redirected towards maintenance. The Department also does not have the expertise to supervise and certify any structural work outside of the most obvious. The upgrading of the College was done under the supervision of the Department of Public Works, Roads and Transport.
- (b) The National Treasury's Asset Management Guidelines are used.

Specific challenges and responses

Challenge 1: Maintenance of fixed government property
There are at least 51 ward and district offices throughout the province that needs to be leased, monitored, maintained and/or renovated and the staff must be trained for emergencies.
Response to Challenge 1
The Accommodation Unit of the Department must be adequately staffed, trained and funded.

Issues requiring ongoing attention

- The day-to-day maintenance of government property with limited resources requires ongoing attention.
- Making full use of, and ensuring 100 per cent occupation of government property at all times.

PART 3

REPORT OF THE AUDIT COMMITTEE

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REPORT OF THE AUDIT COMMITTEE
for the year ended 31 March 2006

We are pleased to present our report for the financial year ended 31 March 2006.

Audit Committee Members and Attendance:

The Audit Committee consisted of the members listed hereunder. During the current year, five (5) meetings were held.

Name of Member	Meetings Attended	Apologies
Mr Victor Nondabula (Chairperson) (Chairperson to 30 November 2005)	5	0
Mr Nthimotse Tim Mokhesi (Current Chairperson) (Member to 30 November 2005. Reappointed)	3	2
Mr Lehlohonolo Thamsanqa Motsoasele (Member to 30 November 2005)	4	1

All three (3) members of the Audit Committee are independent, with no interest in the management or conduct of the business of the department. It should however be noted that the term of office of the above-mentioned Audit Committee members expired on the 30th of November 2005. The department did not extend the term of office of the above-mentioned members to the end of the financial year nor did it appoint the new committee members to fill vacant positions. Therefore the department did not have an effective Audit Committee after 30 November 2005 to the end of the financial year. The report should be noted with this shortcoming in mind. The Department however has since appointed a new Audit Committee with effect from 1 April 2006. The new committee comprises of the following members:

Mr N Mokhesi (Chairperson)	Appointed 1 April 2006
Mr J Motlounj	Appointed 1 April 2006
Mr L Mosuhli	Appointed 1 April 2006

The current Members have had an opportunity to engage with the Auditor General's report and the management letter thereon,

Audit Committee Responsibility

The committee reports that it has complied with its responsibilities arising from section 38 (1) (a) of the PFMA and Treasury Regulations 3.1 Section 38 (1) (a) of the PFMA states that, the Accounting Officer for a department must ensure that the department has a system of internal audit under the control and direction of an audit committee complying with and operating in accordance with regulations and instructions prescribed in terms of sections 76 and 77. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

The effectiveness of internal control

The system of controls is designed to provide cost effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed. In line with the PFMA and the King II Report on Corporate Governance requirements, Internal Audit provides the Audit Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Audit, the Audit Report on the Annual Financial Statements and management letter of the Auditor-General, it was noted that there were notable instances of breach of controls. Accordingly, we can report that the system of internal controls for the period under review was, not as effective and efficient, as it should be.

The Audit committee is however pleased to report that management has put mechanisms and action plans in place to deal with identified weaknesses. Management has further undertaken to report to the Audit Committee on a regular basis on progress made in this regard.

However, without qualifying our opinion, attention is drawn to the following areas of control weakness, which were also noted by the Auditor-General in his disclaimer and emphasis of matter:

- Compensation of employees
- Safeguarding of assets.
- Failure to procure goods and services in some instances through proper procurement policy and legislative framework.
- Non-compliance with laws and regulations
- Uncertainties regarding the contractual obligations under the Community Project Fund Support Programme (PMU Fund)

Management needs to institute effective measures to address control weaknesses in these areas on a sustainable basis. The Audit Committee is also concerned of the failure of management to respond to Audit queries raised by the Auditor General. The Audit committee further notes and is highly concerned of the consistent failure of management to resource the internal audit division qualified personnel. The Audit Committee therefore puts on record that failure by management to address this problem impacts significantly on the Audit Committee's ability to fulfil its legislative and mandated role as required by PFMA and accompanying Treasury Regulations. The Audit Committee therefore urges management to address this problem without any further delay.

The quality of in year management and monthly / quarterly reports submitted in terms of the PFMA and the Division of Revenue Act

The Audit Committee is satisfied with the content and quality of monthly and quarterly reports issued during the year under review.

Evaluation of Financial Statements

The Audit Committee has

1. Reviewed and discussed the audited annual financial statements to be Included in the annual report with the Accounting Officer;
2. Reviewed the Auditor-General's management letter and management responses thereto
- 3 Reviewed changes in accounting policies and practices;
- 4 Reviewed significant adjustments resulting from the audit.

Conclusion

The Audit Committee concurs and accepts the Auditor-General's conclusions on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor-General.



.....
N MOKHESI
Chairperson of the Audit Committee

18/08/2006

Date

PART 4

ANNUAL FINANCIAL STATEMENTS

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Report by the Accounting Officer to the Executive Authority and the Free State Provincial Legislature.

1. General review of state of financial affairs

1.1 Introduction

It is with a sense of great achievement that the Free State Department of Agriculture herewith presents its Report by the Accounting Officer for 2005/06. Over the years, the performance of the Department was characterised by an underlying trend towards an increased annual measure of under-expenditure since 1994/95. Aggregate under-expenditure peaked at R80, 272 million in 2004/05, largely as a result of the political and practical considerations cited in the Management Report of that particular financial year. The financial year under review was started and finished under conditions of political and administrative stability at both provincial and departmental level, fully supportive of the favourable spending and investment climate in the Free State. The Department concluded the 2005/06 financial year with an aggregate amount of under-expenditure of only R8, 990 million, or 2, 9 per cent of the Adjusted Appropriation. The corresponding figures for 2004/05 were R80, 272 million and 31, 2 per cent respectively. The measure of under-expenditure is largely the result of the Disaster Management Programme of R16 million, received late November 2005, the Department was expected to implement in that particular year.

The year was characterised by a nominal appropriation of R225 565 000, fully aligned with the MTEF baseline already published in 2004/05. The original budget came with a significant measure of investment capital at the hand of the Comprehensive Agricultural Support Programme (CASP), the Provincial Infrastructure Grant (PIG) and the LandCare conditional grant. These grants were supplemented by rollover funds from 2004/05 of R66, 135 million, plus an additional appropriation of R16 million in respect of Disaster Management. The final appropriation for 2005/06 amounted to R307 700 000, relative to a figure of R257 283 000 for the previous financial year.

The Department is proud to report that it spent an amount of R28, 494 million on Disaster Management. Some of it was, however, from non-voted funds from previous grants. Implementation of the programme was not without its problems, but the Department can safely state that it also, in the process, contributed to broader objectives through the creation of supply and logistical opportunities for emerging entrepreneurs. A relatively small amount of only R6, 672 million out of an appropriated amount of R33 million will in all probability be rolled over to 2006/07.

In conclusion, I would like to thank all members of staff of the Department who have shown an extraordinary level of commitment and trust in my leadership and in my judgement during the past year. The stakeholders and beneficiaries of departmental activities, who exercised considerable restraint during the re-alignment of priorities after 2004, have been rewarded with a formidable performance.

1.2 Financial review

Net surplus for the Year

The net surplus for the year decreased from R80, 272 million in 2004/05 to only R8, 990 million in 2005/06. The Department spent 97, 1 per cent of its Adjusted Appropriation of R307 700 000, the only notable exception being the Disaster Management conditional grant.

Current Expenditure

Of the total final appropriation for compensation of R132, 922 million, 99, 9 per cent was spent during the year under review. The budget for compensation was actively managed down from an initial R139, 860 million in the interest of increased levels of operating and investment capital. A total of 99, 6 percent of voted funds for the procurement of goods and services was spent.

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Transfer payments

Transfer payments were made by the Department in the following broad categories:

- Payments to Regional Service Councils of which 74 per cent was once again spent. The unspent balance can be attributed to having had funded vacancies at the end of the financial year.
- The sectoral SETA (PAETA) was paid the mandatory 0, 1 per cent levy amounting to R130 000.
- A final and full payment of R10 117 000 was made to the Community Projects Fund Support Programme during 2005/06. This transaction exhausted all previous rollovers since the inception of the Fund in 1997/98.
- The spending performance against the Disaster Management conditional grants of R33 million has already been referred to in paragraph 1.1 of this Report. An amount of R1 999 419, 47 from a rolled over amount of R2 million was spent on the Emergency Water Supply Scheme of government. Drought Relief accounted for R24 328 431, 68 of R31 million. Cold Spell Disaster Relief payments of R58 808, 30 were made against a voted amount of R500 000, normally budgeted for Disaster Management by the Department itself. An amount of R2 107 442, 25 was also spent on Drought Relief from a suspense account originating from 2003/04. An application was made to have the unspent amount of R6 672 000 rolled over from 2005/06 to 2006/07.

Capital Expenditure

The capital budget of the Department for 2005/06, apart from the conditional grants, amounted to a mere R1, 3 million at the outset of the financial year. This figure was during the course of the financial year supplemented by roll-over funds and re-directed voted current funds to eventually amount to a more respectable R8 601 865.

The Department takes pride in reporting that 89, 3 per cent of this capital budget for 2005/06 was eventually spent. This stands in stark contrast with the mere 21, 4 per cent spent during 2004/05. The capital spending performance of the Department was greatly enhanced by the early notification of the approval of rollovers from 2004/05 to 2005/06. An application was lodged with the Provincial Treasury to have the unspent committed balance of R920 000 rolled over from 2005/06 to 2006/07.

Spending from capital conditional grants

It was recorded that 99, 7 per cent of the combined nominal and rolled over budget for LandCare for 2005/06 was spent. Only an amount of R9 000 was not disbursed as a result of problems with the registration of a supplier of labour. The unspent amount should qualify for roll over to 2006/07.

Only an amount of R3 000 of the total Provincial Infrastructure Grant of R24, 308 million was not spent in 2005/06. This performance was possible because a considerable volume of planning was done early in the financial year, and even in the previous financial year, from which implementation could benefit during the latter half of 2005/06. The unspent amount of only R3 000 does not qualify for rollover because it is of a current nature.

The Comprehensive Agricultural Support Programme (CASP) grant of R36 463 000 was fully spent in 2005/06 mainly as a result of the same reasons cited in the preceding paragraph. There is, however, a considerable spill-over of commitments into 2006/07 which still needs to be funded appropriately.

Revenue and Debtor Management

The Department's budget for the collection of revenue was set at R1, 942 million throughout the financial year. A total amount of R2, 677 million was eventually collected, an increase of 37, 8 per cent. The most important source of revenue remains the sale of goods and services produced by the Department, followed by financial transactions in assets and liabilities.

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Unauthorised Expenditure

No unauthorised expenditure was incurred during the year under review. Approval to write off an amount of R28 000 from 2003/04 has not yet been granted by the Legislature.

Accounts Payable

Accounts payable have decreased from R2, 139 million in 2004/05 to only R25 000 in 2005/06 as a result of the clearance of the control account for Advances from the National Department of Agriculture.

General

The adjusted budget of the Department and the spending pattern are comprehensively dealt with in the Annual Financial statements. Table 1 provides an overview of the financial performance during the 2005/06 financial year:

Table 1: Spending trends per Programme, 2005/06

Programmes	Total Appropriation 2005/06 R'000	Actual Spending 2005/06 R'000	Variance over/ (under) 2005/06 R'000	Actual Spending 2004/05 R'000
Administration	94 611	93 579	(1 032)	66 825
Sustainable Resource Management	69 237	61 823	(7 414)	12 196
Farmer Support & Development	87 056	86 843	(213)	45 723
Veterinary Services	24 310	24 203	(107)	22 075
Technology, Research & Development Services	18 849	18 731	(118)	18 398
Agricultural Economics	2 330	2 111	(219)	1 973
Structured Agricultural Training	11 307	11 223	(84)	9 744
Special programmes	-	197	197	77
Total	307 700	298 710	8 990	177 011

2. Services rendered by the Department

2.1 The following external services were rendered by the Department:

- External communication services,
- Community Projects funding services,
- Agricultural engineering services,
- Landcare and LandCare services,
- Infrastructure development services,
- Comprehensive agricultural support services,
- Agricultural extension services,
- Food security services,
- Animal health and diagnostic services,

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- Export control services,
- Veterinary public health services,
- Veterinary laboratory and analytical services,
- Research and dissemination of information services,
- Farming information services,
- Agricultural economic services, and
- Formal and non-formal training.

The following internal services were performed by components of the Department:

- Political and management services,
- Internal communication services,
- Internal audit, legal, labour relations and special services,
- Strategic planning and M&E services,
- Human resource management services,
- Departmental support services,
- Financial management, financial administration, revenue collection and procurement services, and
- Farm and facility management services.

2.2 Tariff policy

The Department collected R2, 677 million from the sale of goods and services produced, interest, dividends, rent on land and financial transactions in assets and liabilities. The Department did not have a specific tariff policy in place for the year, but the rates charged for specific chargeable services are reviewed annually. The following services were performed against set rates:

- Veterinary professional and laboratory diagnostic and analytical services;
- Veterinary inspections and the issue of certificates and permits;
- Soil and water analysis performed at Glen; and
- Formal training.

Revenue collected from rendering these services was supplemented quite substantially by the sale of surplus farm produce and the sale of redundant or obsolete capital items. There was, however, no auction of surplus livestock in the year under review.

2.3 Free services

Most of the core services by the Department to commercial and emerging farmers are delivered free of any charge. Examples of these include engineering, landcare, extension, some animal disease control, general advisory and some non-formal training services. An element of subsidy is involved in the Disaster Management Programme implemented on behalf of the National Department of Agriculture. It was not possible to accurately cost these services, generally regarded to be provided by government free of charge.

2.4 Inventories

The Department envisages scaling down its central warehouse at Glen because of practical considerations around stock levels, transport and distribution of supplies, and the decentralization of offices of the Department.

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3. Capacity constraints

The capacity constraints experienced by the Department are largely focused on its continued ability to implement and service development projects on an acceptable scale with the current component of staff. The field staff of the Department are only now acquiring some of the project implementation and project management skills required to professionally support what was implemented and what is about to be implemented. A revised organisational structure was approved by the Executive Authority late in the financial year and its implementation should contribute towards alleviation of the shortage. Conflict resolution amongst the beneficiaries of projects remains an issue and very few people in the Department are actually skilled to assist. The Department will be seeking supplementary funding from Treasury in early 2006/07 to address the matter of an increase in the number of field staff.

There are a number of strategic administrative vacancies, most notably at Supply Chain Management. Administrative capacity will be created with the utmost measure of discretion, always keeping the shortage of field staff in mind.

4. Utilisation of donor funds

The Department and the European Union are involved in the implementation of projects from the Community Projects Fund Support Programme. The Department has been contributing towards the project expenses since 1997/98 and the final contribution of R10, 117 million was made in 2005/06. No contribution was, however, received from the EU in the financial year under review.

The Department received a few grants during 2005/06. An amount of R215 150 was received from seven donors to cover some of the expenses associated with the annual "Female Farmer of the Year" competition.

5. Organisations to whom transfer payments were made

Transfer payments are referred to in section 1.2 of the Report. These transfer payments were made in terms of laws, duly signed agreements and the terms pertaining to the conditional grants made available by the National Department of Agriculture.

6. Corporate governance arrangements

The Department participated in the Provincial Fraud Prevention Forum, an institution headed by the Office of the Premier. The Internal Audit Unit has been functional since November 2002 and the Audit Committee since November 2003. Both the Committee and the Unit are operating according to the approved terms of reference / charters. All internal auditors are members of the Institute of Internal Auditors, a professional body that regulates the activities and conduct of internal auditors.

The Financial Control section in the Department is fully operational and has achieved a great measure of success during the past financial year. The Supply Chain Management Framework is now fully applied in the Department.

7. Asset management

During the year under review, the Department of Agriculture embarked upon a process of ensuring that assets are captured in the asset register and the Department established an Asset Management Unit. The shortage of staff in the Unit was addressed by the secondment of staff from other functions. The minimum requirements of compliance were met, despite the backlog.

8. Events after the reporting date

The Department is unaware of any material event after the reporting date and of such a nature that it will have a material influence on the Annual Financial Statements for 2005/06.

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9. Performance information

The Department runs an in-house Monitoring and Evaluation System specifically designed for its own management and reporting requirements. The Department also reported to various institutions and levels of government employing reporting templates designed and prescribed specifically for that purpose. The In-Year-Monitoring and Management Reports, the DORA Reports, the FSGDP and Provincial EPWP Reports and a variety of other financial and non-financial reports on departmental performance, can be cited in this regard.

10. PROPAC resolutions

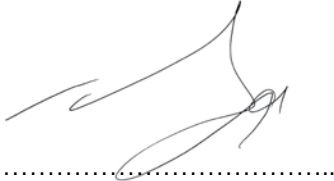
The Department of Agriculture is still dealing with the following table of resolutions of the Provincial Public Accounts Committee of the Free State.

Reference to previous audit report and PROPAC resolutions	Subject	Progress made on PROPAC resolutions
Resolution 29/2003	Forensic audit investigation: Ditswakotleng Fresh Farm Production Project	Not finalized
Resolution 5/2005	Collection of receivables	Not finalized
Resolution 12/2005	Services provincial departments require from municipalities	Finalized
Resolution 70/2005	Subsistence and travel advances and claims	Not finalized
Resolution 81/2005	Supporting documents	Finalized
Resolution 84/2005	Responsibility to report all fraudulent activities	Finalized
Resolution 85/2005	Capacity building	Not finalized
Resolution 86/2005	Unauthorised, irregular and fruitless and wasteful expenditure	Finalized
Resolution 87/2005	Policy for granting overseas study assistance	Finalized
Resolution 88/2005	Thefts and losses	Finalized
Resolution 89/2005	Late payments of creditors	Finalized
Resolution 90/2005	Purchasing of vehicles for Members of the Executive Committee	Finalized
Resolution 91/2005	Directives received from Members of the Executive Committee	Finalized

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Approval

The annual financial statements set out in pages 76 to 124 have been approved by the Accounting Officer.



.....
Mr. I L Silinda
Acting Accounting Officer

31 May 2006



AUDITOR - GENERAL

REPORT OF THE AUDITOR-GENERAL TO THE FREE STATE LEGISLATURE ON THE FINANCIAL STATEMENTS OF VOTE 11 – DEPARTMENT OF AGRICULTURE FOR THE YEAR ENDED 31 MARCH 2006

1. AUDIT ASSIGNMENT

The financial statements as set out on pages 76 to 124, for the year ended 31 March 2006, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read with sections 4 and 20 of the Public Audit Act, 2004 (Act No. 25 of 2004). The fixed asset opening balances have not been audited because of the timing of guidance from National Treasury to the departments relating to the treatment, valuation and disclosure of fixed assets. These financial statements are the responsibility of the accounting officer.

2. SCOPE

The audit was conducted in accordance with the International Standards on Auditing read with General Notice 544 of 2006, issued in Government Gazette no. 28723 of 10 April 2006 and General Notice 808 of 2006, issued in Government Gazette no. 28954 of 23 June 2006. Those standards require that I plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements
- assessing the accounting principles used and significant estimates made by management
- evaluating the overall financial statement presentation.

I believe that the audit provides a reasonable basis for my opinion.

3. BASIS OF ACCOUNTING

The department's policy is to prepare financial statements on the modified cash basis of accounting determined by the National Treasury, as described in accounting policy 1.1 to the financial statements.

4. QUALIFICATION

4.1 Incorrect and inconsistent classification of expenditure

The department did not utilise the functions on BAS to correctly classify expenditure between conditional grants and normal voted funds or to correctly allocate expenditure to the different conditional grants and the various projects. The required posting categories were not identified and created on BAS during the budget phase, resulting in a material number of expenditure transactions being incorrectly and inconsistently disclosed as either current or capital in nature in the Appropriation Statement and Statement of Financial Performance.

Based on the error identified in the sample tested, expenditure for goods and services is overstated by R7 921 000, transfers and subsidies is understated by R195 000, building and other fixed structures is overstated by R13 232 000, machinery and equipment is understated by R18 010 000, biological and cultivated assets is understated by R2 661 000 and software and other intangible assets is understated by R287 000.

Supporting documentation submitted by the department also did not provide sufficient audit evidence to confirm that expenditure incurred by the department on behalf of projects during the year under review was accurately classified as conditional grant project expenditure. Consequently, it was not possible to confirm the accuracy of the classification of expenditure totaling R165 723 000 as disclosed in the Appropriation Statement and Statement of Financial Performance for the year ended 31 March 2006 or that unauthorised expenditure was not incurred during the year under review.

4.2 Conditional grant expenditure

Owing to the lack of a policy framework regarding the accounting for project expenditure and deficiencies in the department's budget process, the department budgeted for conditional grant expenditure which was earmarked for the support of identified projects as capital expenditure and not as transfer payments.

Notwithstanding the fact that the department budgeted for capital conditional grant expenditure in the sum of R48 114 000 to support various projects, expenditure totaling R55 459 000 was included in the additions to capital tangible assets on Annexure 3 to the financial statements.

The fact that expenditure related to the various projects necessitated the disposal of the assets so recorded on Annexure 3 to the financial statements, and the disclosure of donations made in kind to beneficiaries of projects in Annexure 1F to the financial statements. The department, however, did not provide adequate documentation regarding the individual beneficiaries of projects to whom the donations, totaling R55 459 000, were made and did not disclose detail of the beneficiaries in Annexure 1F to the financial statements.

Evidence supporting the receipt of the donated assets by the various projects could not be provided and attempts to physically verify the existence of the projects proved fruitless. It was therefore not possible to perform all the procedures and obtain all the explanations that we deemed necessary to verify the accuracy and validity of conditional grant expenditure totaling R90 601 000, as disclosed in Annexure 1A to the financial statements, the existence of the projects supported or that conditional grants specifically and exclusively appropriated for the support of projects were expended in accordance with the approved business plans. It could also not be confirmed that irregular expenditure was not incurred due to non-compliance with the Division of Revenue Act, 2006.

4.3 Compensation of employees

The accuracy and validity of expenditure in respect of compensation of employees totaling R132 790 000, as disclosed in note 3 to the financial statements, could not be verified owing to the following:

- (a) Thirty two employees could not be physically verified despite all possible alternative procedures being performed. The employees represented 33% of the sample tested and their remuneration for the year under review totaled R2 998 631.
- (b) Three officials were identified that were transferred to other departments whilst the department is still paying their salaries. The department has not taken steps to recover the overpayment of salaries which amounted to R87 357 at year end.
- (c) Four instances were identified where employees were appointed without the approval of the accounting officer.
- (d) In numerous instances, officials did not certify the payrolls as evidence that they have received their salaries.

4.4 Fixed assets (Annexure 3)

The completeness, existence and valuation of the department's capital tangible asset movement for the year, amounting to R2 555 000, as disclosed in Annexure 3 to the financial statements, could not be verified owing to the following:

- (a) Additions other than project expenditure according to BAS amounted to R2 555 000 whilst according to the LOGIS reports, the additions amounted to R1 918 000. The department did not provide appropriate audit evidence to explain the unreconciled difference of R637 000.
- (b) The department did not perform a physical asset count to reconcile to the LOGIS asset register during the year under review. We were also unable to trace numerous assets from the floor to the asset register and from the asset register to the floor. These deficiencies in internal control are attributable to the lack of monitoring controls regarding assets.

4.5 Irregular expenditure

- (a) The department did not recognise the following irregular expenditure totaling R52 016 960 as required by section 40(3)(b)(i) of the PFMA:
 - (i) Competitive bids were not invited and reasonable and justifiable grounds did not exist to deviate from the bid process for purchases in excess of R100 000 per case, totaling R31 864 171.
 - (ii) The required number of quotations were not obtained for the purchase of goods and services amounting to R20 152 789.

Due to the fact that the goods and services were not procured in accordance with the Preferential Procurement Policy Framework Act, 2000 (Act No. 5 of 2000) and Treasury Regulation 16A6, the expenditure is considered to be irregular expenditure as defined in section 1 of the PFMA.

- (b) The department did not contract for goods and services in accordance with an appropriate procurement and provisioning system which is fair, equitable, transparent and competitive during the year under review as required by section 217(1) of the Constitution, as no competitive bids were invited during the year under review and reasonable and justifiable grounds to deviate from the bid process did not always exist.

As a result, sufficient audit evidence could not be obtained to confirm the completeness of irregular expenditure as reported in paragraph 4.5(a).

The root cause for the non-compliance was the direct impact of a lack of skilled capacity within the department to develop, implement and monitor an appropriate procurement and provisioning system and control mechanisms to ensure that funds are utilised in accordance with the budget and the legislative framework.

5. DISCLAIMER OF OPINION

Because of the significance of the matters in the preceding paragraph, I do not express an opinion on the financial statements.

6. EMPHASIS OF MATTER

Without further qualifying the audit opinion, attention is drawn to the following matters:

1.1 Non-compliance with laws and regulations

- (a) Payments to suppliers

Payments to suppliers amounting to R26 275 700 were not made within thirty days of date of receipt of invoice, as required by Treasury Regulation 8.2.3, due to management policies and procedures not being adequately followed.

- (b) Quarterly internal audit reports

The department did not provide evidence that the internal audit section submitted quarterly reports on the progress against the annual internal audit plan to the audit committee as required by Treasury Regulation 3.2.7. Internal audit did, however, report to the audit committee on ad-hoc assignments.

- (c) Section 16(1)(b) of the National Environmental Management Act

In terms of section 16(1)(b) of the National Environmental Management Act, 1998 (Act No. 107 of 1998), every organ of state must report annually within four months of the end of its financial year on the implementation of its adopted environmental management plan or environmental implementation plan to the Director General and the Committee.

Evidence that the department reported to the Committee and the Director-General of Department of Tourism, Environmental and Economic Affairs for the 2004-05 financial year, could not be submitted to audit.

6.2 Financial Management

According to section 38(1)(a)(i) of the PFMA, the accounting officer must ensure that the department has, and maintains, an effective, efficient and transparent system of financial and risk management and internal control. Contrary to the mentioned section, several deficiencies in financial management and internal control were noted of which the more significant are the following:

6.2.1 Budget process

A policy framework is not in place to regulate the budget process and evidence could not be provided that adequate supervision and review of the preparation of the departmental budget exists to ensure that all working programmes are accurate and complete.

6.2.2 Expenditure management

Expenditure totaling R1 908 239 was not supported by original supporting documentation as the payments were effected based on copies of invoices.

6.2.3 Human resource management

The following weaknesses regarding human resource management resulted due to a lack of properly implemented monitoring controls:

(i) Leave

Instances were identified where leave was taken without it being pre-approved and leave forms could not always be found on the officials' files. The department did not maintain an attendance register that is reconciled to the leave register to ensure that all leave taken was captured on PERSAL.

(ii) Vacancy rate

The department has a vacancy rate of 10% which is hampering service delivery.

6.2.4 Inventory management

The department did not perform physical counts of inventory to reconcile to the inventory register during the year under review. We were also unable to trace numerous items from the floor to the inventory register and from the inventory register to the floor. These deficiencies in internal control are attributable to the lack of monitoring controls regarding inventory.

6.3 Performance information

Contrary to section 40(3)(a) of the PFMA, the following deficiencies were identified regarding the performance against predetermined objectives reported in the annual report:

- (a) Although standard formats and templates for the annual report were prescribed by the National Treasury, the department did not report on the performance against predetermined objectives of the Administration programme.
- (b) No clear link between the measurable objectives as per the strategic plan, annual performance plan and the quarterly reports could be established.
- (c) Although the annual report discloses specific challenges and responses, the reasons for not achieving the targeted objectives were not disclosed.
- (d) The department was unable to provide supporting documentation to substantiate the reported performance on several programme objectives.

7. Significant uncertainties

7.1 Community Project Fund Support Programme (PMU Fund)

(a) Audit of the PMU Fund

With reference to PROPAC resolution 5/2005, it should be noted that the audit of the PMU Fund since the establishment thereof has not been finalised. The department submitted the financial statements of the PMU Fund for the year ended 31 March 2006 for audit purposes on 14 July 2006. The audit of the financial statements will commence in due course and the following uncertainties must be reported on:

- whether the internal control system is in accordance with terms of the finance agreement;
- whether the funds have been used in accordance with the conditions laid down in the contractual basis of the PMU Fund; and
- the quantity of non-eligible expenditure.

(b) Possible contingent liability

The PMU Fund is a joint venture between the department and the EC. Programme activities terminated on 12 July 2006 and administrative closure of the programme is 12 January 2007.

Should the fund fail to submit a claim within six months following the expiry date, the commitment of the community will lapse. Furthermore, should the fund or the Commission fail to fulfill its obligations under the agreement, the other party shall, after giving written notice, be entitled to suspend or terminate the agreement. In the event that the Commission terminates the agreement in terms of the above, the Commission reserves the right to claim the repayment in full or in part of the sums already paid to the fund from the department.

Due to the fact that the financial statements of the PMU fund have not been audited yet, it is not possible to determine whether the department has fulfilled its obligations under the agreement. A significant uncertainty exists regarding a possible contingency due to non-adherence of the terms of the agreement. The total agreement amount was set at 17 000 000 euros. The liability should the fund not have adhered to the agreement, will however be limited to the amounts claimed.

8. APPRECIATION

The assistance rendered by the staff of the Department of Agriculture during the audit is sincerely appreciated.



B J K van Niekerk for Auditor-General

Bloemfontein

28 July 2006



A U D I T O R - G E N E R A L

FREE STATE DEPARTMENT OF AGRICULTURE
VOTE 11
ACCOUNTING POLICIES
for the year ended 31 March 2006

The Financial Statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the Financial Statements and to comply with the statutory requirements of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the Act and the Division of Revenue Act, Act 1 of 2005.

1. Presentation of the Financial Statements

1.1 Basis of preparation

The Financial Statements have been prepared on a modified cash basis of accounting, except where stated otherwise. The modified cash basis constitutes the cash basis of accounting supplemented with additional disclosure items. Under the cash basis of accounting transactions and other events are recognised when cash is received or paid or when the final authorisation for payment is effected on the system (by no later than 31 March of each year)..

1.2 Presentation currency

All amounts have been presented in the currency of the South African Rand (R) which is also the functional currency of the department.

1.3 Rounding

Unless otherwise stated all financial figures have been rounded to the nearest one thousand Rand (R'000).

1.4 Comparative figures

Prior period comparative information has been presented in the current year's financial statements. Where necessary figures included in the prior period financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements.

A comparison between actual and budgeted amounts per major classification of expenditure is included in the appropriation statement.

2. Revenue

2.1 Appropriated funds

Appropriated funds are recognized in the financial records on the date the appropriation becomes effective. Adjustments to the appropriated funds made in terms of the adjustments budget process are recognized in the financial records on the date the adjustments become effective.

Total appropriated funds are presented in the statement of financial performance.

Unexpended appropriated funds are surrendered to the Provincial Revenue Fund, unless approval has been given by the Provincial Treasury to rollover the funds to the subsequent financial year. Amounts owing to the Provincial Revenue Fund at the end of the financial year are recognized in the statement of financial position.

FREE STATE DEPARTMENT OF AGRICULTURE
VOTE 11
ACCOUNTING POLICIES
for the year ended 31 March 2006

2.2 Departmental revenue

All departmental revenue is paid into the Provincial Revenue Fund when received, unless otherwise stated. Amounts owing to the Provincial Revenue Fund at the end of the financial year are recognized in the statement of financial position.

2.2.1 Tax revenue

Tax revenue consists of all compulsory unrequited amounts collected by the department in accordance with laws and or regulations (excluding fines, penalties & forfeits).

Tax receipts are recognized in the statement of financial performance when received.

2.2.2 Sales of goods and services other than capital assets

The proceeds received from the sale of goods and/or the provision of services is recognized in the statement of financial performance when the cash is received.

2.2.3 Fines, penalties & forfeits

Fines, penalties & forfeits are compulsory unrequited amounts which were imposed by a court or quasi-judicial body and collected by the department. Revenue arising from fines, penalties and forfeits is recognized in the statement of financial performance when the cash is received.

2.2.4 Interest, dividends and rent on land

Interest, dividends and rent on land are recognized in the statement of financial performance when the cash is received.

2.2.5 Sale of capital assets

The proceeds received on sale of capital assets are recognized in the statement of financial performance when the cash is received.

2.2.6 Financial transactions in assets and liabilities

Repayments of loans and advances previously extended to employees and public corporations for policy purposes are recognised as revenue in the statement of financial performance on receipt of the funds. Amounts receivable at the reporting date are disclosed in the disclosure notes to the annual financial statements.

Cheques issued in previous accounting periods that expire before being banked are recognised as revenue in the statement of financial performance when the cheque becomes stale. When the cheque is reissued the payment is made from Revenue.

FREE STATE DEPARTMENT OF AGRICULTURE
VOTE 11
ACCOUNTING POLICIES
for the year ended 31 March 2006

2.2.7 Gifts, donations and sponsorships (transfers received)

All cash gifts, donations and sponsorships are paid into the Provincial Revenue Fund and recorded as revenue in the statement of financial performance when received. Amounts receivable at the reporting date are disclosed in the disclosure notes to the financial statements.

All in-kind gifts, donations and sponsorships are disclosed at fair value in the annexure to the financial statements.

2.3 Local and foreign aid assistance

Local and foreign aid assistance is recognized in the financial records when notification of the donation is received from the National Treasury or when the department directly receives the cash from the donor(s). The total cash amounts received during the year is reflected in the statement of financial performance as revenue.

All in-kind local and foreign aid assistance are disclosed at fair value in the annexure to the annual financial statements

The cash payments made during the year relating to local and foreign aid assistance projects are recognized as expenditure in the statement of financial performance. A receivable is recognized in the statement of financial position to the value of the amounts expensed prior to the receipt of the funds.

A payable is raised in the statement of financial position where amounts have been inappropriately expensed using local and foreign aid assistance. Unutilized amounts are recognized in the statement of financial position.

3. Expenditure

3.1 Compensation of employees

Salaries and wages comprise payments to employees. Salaries and wages are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year). Capitalised compensation forms part of the expenditure for capital assets in the statement of financial performance¹.

All other payments are classified as current expense.

Social contributions include the entities' contribution to social insurance schemes paid on behalf of the employee. Social contributions are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the system.

¹ This accounting policy is only relevant where the department elects to capitalise the compensation paid to employees involved on capital projects.

FREE STATE DEPARTMENT OF AGRICULTURE
VOTE 11
ACCOUNTING POLICIES
for the year ended 31 March 2006

3.1.1 Short term employee benefits

Short term employee benefits comprise of leave entitlements (capped leave), thirteenth cheques and performance bonuses. The cost of short-term employee benefits is expensed as salaries and wages in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

Short-term employee benefits that give rise to a present legal or constructive obligation are disclosed in the notes to the financial statements. These amounts are not recognized in the statement of financial performance.

3.1.2 Long-term employee benefits

3.1.2.1 Termination benefits

Termination benefits such as severance packages are recognized as an expense in the statement of financial performance as a transfer when the final authorization for payment is effected on the system (by no later than 31 March of each year).

3.1.2.2 Post employment retirement benefits

The department provides retirement benefits (pension benefits) for certain of its employees through a defined benefit plan for government employees. These benefits are funded by both employer and employee contributions. Employer contributions to the fund are expensed when the final authorisation for payment to the fund is effected on the system (by no later than 31 March of each year). No provision is made for retirement benefits in the financial statements of the department. Any potential liabilities are disclosed in the financial statements of the National/Provincial Revenue Fund and not in the financial statements of the employer department.

The department provides medical benefits for certain of its employees. Employer contributions to the medical funds are expensed when the final authorisation for payment to the fund is effected on the system (by no later than 31 March of each year).

3.2 Goods and services

Payments made for goods and/or services are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year). The expense is classified as capital if the goods and services were used on a capital project.

3.3 Interest and rent on land

Interest and rental payments are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year). This item excludes rental for the use of buildings or other fixed structures.

FREE STATE DEPARTMENT OF AGRICULTURE
VOTE 11
ACCOUNTING POLICIES
for the year ended 31 March 2006

3.4 Financial transactions in assets and liabilities

Debts are written off when identified as irrecoverable. Debts written-off are limited to the amount of savings and/or under spending of appropriated funds. The write off occurs at year-end or when funds are available. No provision is made for irrecoverable amounts but amounts are disclosed as a disclosure note.

All other losses are recognised when authorisation has been granted for the recognition thereof.

3.5 Unauthorized expenditure

When discovered unauthorized expenditure is recognized as an asset in the statement of financial position until such time as the expenditure is either approved by the relevant authority, recovered from the responsible person or written off as irrecoverable in the statement of financial performance.

Unauthorized expenditure approved with funding is recognized in the statement of financial performance when the unauthorized expenditure is approved and the related funds are received. Where the amount is approved without funding it is recognized as expenditure, subject to availability of savings, in the statement of financial performance on the date of approval.

3.6 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is recognized as an asset in the statement of financial position until such time as the expenditure is recovered from the responsible person or written off as irrecoverable in the statement of financial performance.

3.7 Irregular expenditure

Irregular expenditure is recognized as expenditure in the statement of financial performance. If the expenditure is not condoned by the relevant authority it is treated as an asset until it is recovered or written off as irrecoverable.

3.8 Transfers and subsidies

Transfers and subsidies are recognised as an expense when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

3.9 Expenditure for capital assets

Payments made for capital assets are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year)..

4. Assets

4.1 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.

FREE STATE DEPARTMENT OF AGRICULTURE
VOTE 11
ACCOUNTING POLICIES
for the year ended 31 March 2006

4.2 Prepayments and advances

Amounts prepaid or advanced are recognized in the statement of financial position when the payments are made.

4.3 Receivables

Receivables included in the statement of financial position arise from cash payments made that are recoverable from another party.

Revenue receivable not yet collected is included in the disclosure notes. Amounts that are potentially irrecoverable are included in the disclosure notes.

4.4 Investments

Capitalised investments are shown at cost in the statement of financial position. Any cash flows such as dividends received or proceeds from the sale of the investment are recognised in the statement of financial performance.

Investments are tested for an impairment loss whenever events or changes in circumstances indicate that the investment may be impaired. Any impairment loss is included in the disclosure notes.

4.5 Loans

Loans are recognized in the statement of financial position at the nominal amount. Amounts that are potentially irrecoverable are included in the disclosure notes.

4.6 Inventory

Inventories on hand at the reporting date are disclosed at cost in the disclosure notes.

4.7 Asset Registers

Assets are recorded in an asset register, at cost, on receipt of the item. Cost of an asset is defined as the total cost of acquisition. Assets procured in previous financial periods, may be stated at fair value, where determinable, or R1, in instances where the original cost of acquisition or fair value cannot be established. No revaluation or impairment of assets is currently recognized in the asset register. Projects(of construction/development) running over more than one financial year relating to assets, are only brought into the asset register on completion of the project and at the total cost incurred over the duration of the project. Annexure 4 and 5 of the disclosure notes, reflects the total movement in the asset register of assets with a cost equal to and exceeding R5 000 (therefore capital assets only) for the current financial year. The movement is reflected at the cost as recorded in the asset register and not the carrying value, as depreciation is not recognized in the financial statements under the modified cash basis of accounting. The opening balance reflected on Annexure 4 and 5 will include items procured in prior accounting periods and the closing balance will represent the total cost of the register for capital assets on hand.

The mayor assets against the R1,00 value on the Asset Register are not included in the Annual Financial Statements due to the non materiality thereof.

5. Liabilities

5.1 Payables

Recognised payables mainly comprise of amounts owing to other governmental entities. These payables are recognised at historical cost in the statement of financial position.

5.2 Lease commitments

Lease commitments represent amounts owing from the reporting date to the end of the lease contract. These commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes.

Operating and finance lease commitments are expensed when the payments are made. Assets acquired in terms of finance lease agreements are disclosed in the annexure to the financial statements.

5.3 Accruals

Accruals represent goods/services that have been received, but where no invoice has been received from the supplier at the reporting date, or where an invoice has been received but final authorisation for payment has not been effected on the system.

Accruals are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes.

5.4 Contingent liabilities

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the department; or

A contingent liability is a present obligation that arises from past events but is not recognised because:

- It is not probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; or
- The amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are included in the disclosure notes.

5.5 Commitments

Commitments represent goods/services that have been approved and/or contracted, but where no delivery has taken place at the reporting date.

Commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes.

6. Net Assets

6.1 Capitalization reserve

The capitalisation reserve comprises of financial assets and/or liabilities originating in a prior reporting period but which are recognised in the statement of financial position for the first time in the current reporting period. Amounts are transferred to the Provincial Revenue Fund on disposal, repayment or recovery of such amounts.

6.2 Recoverable revenue

Amounts are recognised as recoverable revenue when a payment made and recognised in a previous financial year becomes recoverable from a debtor.

7. Related party transactions

Related parties are departments that control or significantly influence the other entities in making financial and operating decisions. Specific information with regards to related party transactions is included in the disclosure notes.

8. Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the department.

Compensation paid to key management personnel including their family members where relevant, is included in the disclosure notes.

9. Public private partnerships

A public private partnership (PPP) is a commercial transaction between the department and a private party in terms of which the private party:

- Performs an institutional function on behalf of the institution; and/or
- acquires the use of state property for its own commercial purposes; and
- assumes substantial financial, technical and operational risks in connection with the performance of the institutional function and/or use of state property; and
- receives a benefit for performing the institutional function or from utilizing the state property, either by way of:
 - consideration to be paid by the department which derives from a Revenue Fund;
 - charges fees to be collected by the private party from users or customers of a service provided to them; or
 - a combination of such consideration and such charges or fees.

A description of the PPP arrangement, the contract fees and current and capital expenditure relating to the PPP arrangement is included in the disclosure notes.

FREE STATE DEPARTMENT OF AGRICULTURE
VOTE 11
APPROPRIATION STATEMENT
for the year ended 31 March 2006

Appropriation per programme									
		2005/06						2004/05	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1. Administration									
Current payment	75,779	(58)	886	76,607	76,558	49	99.9%	70,364	66,038
Transfers and subsidies	11,960	-	-	11,960	11,367	593	95.0%	13,282	133
Payment for capital assets	5,986	58	-	6,044	5,654	390	93.5%	1,327	654
2. Sustainable Resource Management									
Current payment	17,370	(451)	(964)	15,955	15,812	143	99.1%	12,481	8,543
Transfers and subsidies	33,528	-	-	33,528	26,407	7,121	78.8%	17,528	242
Payment for capital assets	19,303	451	-	19,754	19,604	150	99.2%	14,374	3,411
3. Farmer Support and Development									
Current payment	54,495	(751)	1,488	55,232	55,231	1	100.0%	43,558	42,658
Transfers and subsidies	141	-	-	141	104	37	73.8%	102	95
Payment for capital assets	30,772	751	160	31,683	31,508	175	99.4%	26,856	2,970
4. Veterinary Services									
Current payment	23,824	(164)	247	23,907	23,903	4	100.0%	22,658	21,569
Transfers and subsidies	80	-	-	80	65	15	81.3%	69	55
Payment for capital assets	159	164	-	323	235	88	72.8%	692	451
5. Technology Research and Development Services									
Current payment	19,622	(137)	(1,533)	17,952	17,916	36	99.8%	18,493	17,406
Transfers and subsidies	70	-	-	70	44	26	62.9%	63	43
Payment for capital assets	653	137	37	827	771	56	93.2%	1,373	949
6. Agriculture Economics									
Current payment	2,524	(126)	(200)	2,198	2,032	166	92.4%	2,379	1,947
Transfers and subsidies	6	-	-	6	6	-	100%	8	5
Payment for capital assets	-	126	-	126	73	53	57.9%	44	21
7. Structured Agricultural Training									
Current payment	11,182	(180)	(121)	10,881	10,887	4	100.00%	10,647	9,374
Transfers and subsidies	30	-	-	30	23	7	76.7%	34	23
Payment for capital assets	216	180	-	396	323	73	81.6%	951	347
8. Special Functions									
Current payment	-	-	-	-	197	(197)	0.0%	-	77
Transfers and subsidies	-	-	-	-	-	-	0.0%	-	-
Payment for capital assets	-	-	-	-	-	-	0.0%	-	-
Subtotal	307,700	-	-	307,700	298,710	8,990	97.1%	257,283	177,011

FREE STATE DEPARTMENT OF AGRICULTURE
VOTE 11
APPROPRIATION STATEMENT
for the year ended 31 March 2006

Statutory Appropriation									
Current payment				-		-	0.0%		
Transfers and subsidies				-		-	0.0%		
Payment for capital assets				-		-	0.0%		
TOTAL	307,700	-	-	307,700	298,710	8,990	97.1%	257,283	177,011
Reconciliation with Statement of Financial Performance									
Prior year unauthorised expenditure approved with funding				-				1,339	
Departmental revenue received				735				2,041	
Local and foreign aid assistance received				-				-	
Actual amounts per Statements of Financial Performance (Total revenue)				308,435				260,663	
Investments acquired and capitalised during the current financial year, but expensed for appropriation purposes									
Other payments in Appropriation Statement, not accounted for in Statement of Financial Performance									
Local and foreign aid assistance									
Prior year unauthorised expenditure approved									1,339
Prior year fruitless and wasteful expenditure condoned									
Actual amounts per Statements of Financial Performance (Expenditure)					298,710				178,350

FREE STATE DEPARTMENT OF AGRICULTURE
VOTE 11
APPROPRIATION STATEMENT
for the year ended 31 March 2006

Appropriation per economic classification									
	2005/06							2004/05	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payment									
Compensation of employees	139,578	(2,619)	(4,037)	132,922	132,790	132	99.9%	126,832	123,858
Goods and services	65,218	752	3,840	69,810	69,540	270	99.6%	53,750	43,013
Interest and rent on land	-	-	-	-	-	-	0.0%	-	-
Financial transactions in assets and liabilities	-	-	-	-	197	(197)	0.0%	-	77
Transfers and subsidies to:									
Provinces and municipalities	558	-	-	558	413	145	74.0%	507	375
Departmental agencies and accounts	140	-	-	140	130	10	92.9%	11,579	123
Universities and technikons	-	-	-	-	-	-	0.0%	-	-
Foreign governments and international organisations	-	-	-	-	-	-	0.0%	-	-
Public corporations and private enterprises	-	-	-	-	-	-	0.0%	-	-
Non-profit institutions	10,117	-	-	10,117	10,117	-	100.00%	-	-
Households	35,000	-	-	35,000	27,355	7,645	78.2%	19,000	762
Gifts and donations	-	-	-	-	-	-	0.0%	-	-
Payment for capital assets									
Buildings and other fixed structures	47,637	688	2	48,327	49,712	(1,385)	102.9%	40,815	5,992
Machinery and equipment	3,663	3,203	195	7,061	4,962	2,099	70.3%	4,489	2,666
Biological or cultivated assets	5,579	(2,000)	-	3,359	3,340	239	93.3%	64	-
Software and other intangible assets	210	(24)	-	186	154	32	82.8%	247	145
Land and subsoil assets	-	-	-	-	-	-	0.0%	-	-
Total	307,700	-	-	307,700	298,710	8,990	97.1%	257,283	177,011

FREE STATE DEPARTMENT OF AGRICULTURE
VOTE 11
DETAIL PER PROGRAMME 1 - ADMINISTRATION
for the year ended 31 March 2006

Programme per subprogramme	2005/06							2004/05	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
Administration	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1.1 Office of the MEC									
Current payment	3,343	83	120	3,546	3,544	2	99.9%	2,853	2,861
Transfers and subsidies	9	-	-	9	7	2	77.8%	8	-
Payment for capital assets	500	(295)	-	205	112	93	54.6%	60	13
1.2 Senior Management									
Current payment	11,653	885	221	12,759	12,756	3	100.0%	6,336	4,564
Transfers and subsidies	22	-	-	22	14	8	63.6%	17	11
Payment for capital assets	5,183	-	-	5,183	5,008	175	96.6%	174	64
1.3 Corporate Services									
Current payment	40,987	(10)	1,930	42,907	42,904	3	100.0%	40,164	40,142
Transfers and subsidies	1,760	-	-	1,760	1,189	571	67.6%	1,755	84
Payment for capital assets	303	37	-	340	224	116	65.9%	875	448
1.4 Financial Management									
Current payment	13,345	(629)	(400)	12,316	12,276	40	99.7%	19,605	17,648
Transfers and subsidies	34	-	-	34	27	7	79.4%	11,500	38
Payment for capital assets	-	286	-	286	281	5	98.3%	181	93
1.5 Community Projects Fund Support Programme									
Current payment	6,451	(387)	(985)	5,079	5,078	1	100.0%	1,406	823
Transfers and subsidies	10,135	-	-	10,135	10,130	5	100.0%	2	-
Payment for capital assets	-	30	-	30	29	1	96.7%	37	36
TOTAL	93,725	-	886	94,611	93,579	1,032	98.9%	84,973	66,825

Economic Classification	2005/06							2004/05	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payment									
Compensation of employees	51,241	(1,411)	(1,439)	48,391	49,055	(664)	101.4%	44,764	43,738
Goods and services	24,538	1,352	2,325	28,215	27,503	712	97.5%	25,600	21,636
Interest and rent on land	-	-	-	-	-	-	0.0%	-	-
Financial transactions in assets and liabilities	-	-	-	-	-	-	0.0%	-	-
Transfers and subsidies to:									
Provinces and municipalities	203	-	-	203	152	51	74.9%	203	133
Departmental agencies and accounts	140	-	-	140	130	10	92.9%	11,579	123
Universities and technikons	-	-	-	-	-	-	0.0%	-	-
Foreign governments and international organisations	-	-	-	-	-	-	0.0%	-	-
Public corporations and private enterprises	-	-	-	-	-	-	0.0%	-	-
Non-profit institutions	10,117	-	-	10,117	10,117	-	100.0%	-	-
Households	1,500	-	-	1,500	968	532	64.5%	1,500	540
Gifts and donations									
Payment for capital assets	-	-	-	-	-	-	0.0%	-	-
Buildings and other fixed structures	3,433	-	-	3,433	3,342	91	97.3%	-	-
Machinery and equipment	2,393	59	-	2,452	2,222	230	90.6%	1,190	586
Biological or cultivated assets	-	-	-	-	-	-	0.0%	-	-
Software and other intangible assets	160	-	-	160	90	70	56.3%	137	69
Land and subsoil assets	-	-	-	-	-	-	0.0%	-	-
Total	93,725	-	886	94,611	93,579	1,032	98.9%	84,973	66,825

FREE STATE DEPARTMENT OF AGRICULTURE
VOTE 11
DETAIL PER PROGRAMME 2 - SUSTAINABLE RESOURCE MANAGEMENT
for the year ended 31 March 2006

Programme per subprogramme	2005/06							2004/05	
	Adjusted	Shifting of	Virement	Final	Actual		Payment	Final	Actual
	Appropriation	Funds		Appropriation	Payment	Variance	as % of final appropriation	Appropriation	Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
2.1 Engineering Services									
Current payment	1,994	(222)	(229)	1,543	1,524	19	98.8%	2,004	1,483
Transfers and subsidies	5	-	-	5	4	1	80.0%	8	-
Payment for capital assets	10	222	-	232	95	137	40.9%	60	45
2.2 Landcare									
Current payment	6,807	-	(735)	6,072	5,950	122	98.0%	6,281	6,210
Transfers and subsidies	33,523	-	-	33,523	26,403	7,120	78.8%	17,520	242
Payment for capital assets	3,554	-	-	3,554	3,542	12	99.7%	3,564	2,008
2.3 Resource Planning and Management of Communal Land									
Current payment	8,569	(229)	-	8,340	8,338	2	100.0%	4,196	850
Transfers and subsidies	-	-	-	-	-	-	0.0%	-	-
Payment for capital assets	15,739	229	-	15,968	15,967	1	100.0%	10,750	1,358
TOTAL	70,201	-	(964)	69,237	61,823	7,414	89.3%	44,383	12,196

Economic Classification	2005/06							2004/05	
	Adjusted	Shifting of	Virement	Final	Actual		Payment	Final	Actual
	Appropriation	Funds		Appropriation	Payment	Variance	as % of final appropriation	Appropriation	Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payment									
Compensation of employees	7,188	-	(851)	6,337	6,450	(113)	101.8%	7,736	-
Goods and services	10,182	(451)	(113)	9,618	9,361	257	97.7%	4,475	6,661
Interest and rent on land	-	-	-	-	-	-	0.0%	-	1,881
Financial transactions in assets and liabilities	-	-	-	-	-	-	0.0%	-	-
Transfers and subsidies to:									
Provinces and municipalities	28	-	-	28	20	8	71.4%	28	-
Departmental agencies and accounts	-	-	-	-	-	-	0.0%	-	21
Universities and technikons	-	-	-	-	-	-	0.0%	-	-
Foreign governments and international organisations	-	-	-	-	-	-	0.0%	-	-
Public corporations and private enterprises	-	-	-	-	-	-	0.0%	-	-
Non-profit institutions	-	-	-	-	-	-	0.0%	-	-
Households	33,500	-	-	33,500	26,387	7,113	78.8%	17,500	-
Gifts and donations									
Payment for capital assets									
Buildings and other fixed structures	18,753	-	-	18,753	19,054	(301)	101.6%	14,195	-
Machinery and equipment	-	475	-	475	107	368	22.5%	-	221
Biological or cultivated assets	500	-	-	500	421	79	84.2%	-	3,289
Software and other intangible assets	50	(24)	-	26	23	3	88.5%	75	60
Land and subsoil assets	-	-	-	-	-	-	0.0%	-	63
Total	70,201	-	(964)	69,237	61,823	7,414	89.3%	44,383	12,196

FREE STATE DEPARTMENT OF AGRICULTURE
VOTE 11
DETAIL PER PROGRAMME 3 - FARMER SUPPORT AND DEVELOPMENT
for the year ended 31 March 2006

Programme per subprogramme	2005/06							2004/05	
	Adjusted	Shifting of	Virement	Final	Actual		Payment	Final	Actual
	Appropriation	Funds		Appropriation	Payment	Variance	as % of final appropriation	Appropriation	Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
3.1 Farmer Settlement									
Current payment	6,088	(693)	-	5,395	5,395	-	100.0%	10,705	10,581
Transfers and subsidies	-	-	-	-	-	-	0.0%	96	21
Payment for capital assets	30,375	693	-	31,068	31,068	-	100.0%	11,065	943
3.2 Farmer Support Services									
Current payment	38,751	(1 8)	1,873	40,606	40,605	1	100.0%	29,161	29,014
Transfers and subsidies	136	-	-	136	101	35	74.3%	-	74
Payment for capital assets	377	23	160	560	397	163	70.9%	16,678	1,937
3.3 Food Security									
Current payment	9,656	(40)	(385)	9,231	9,231	-	100.0%	3,692	3,063
Transfers and subsidies	5	-	-	5	3	2	60.0%	56	-
Payment for capital assets	20	35	-	55	43	12	78.2%	113	90
TOTAL	85,408	-	1,648	87,056	86,843	213	99.8%	70,516	45,723

Economic Classification	2005/06							2004/05	
	Adjusted	Shifting of	Virement	Final	Actual		Payment	Final	Actual
	Appropriation	Funds		Appropriation	Payment	Variance	as % of final appropriation	Appropriation	Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payment									
Compensation of employees	35,656	(5)	(350)	35,301	33,953	1,348	96.2%	29,097	32,595
Goods and services	18,839	(745)	1,838	19,932	21,278	(1,346)	106.8%	14,461	10,063
Interest and rent on land	-	-	-	-	-	-	0.0%	-	-
Financial transactions in assets and liabilities	-	-	-	-	-	-	0.0%	-	-
Transfers and subsidies to:									
Provinces and municipalities	141	-	-	141	104	37	73.8%	102	95
Departmental agencies and accounts	-	-	-	-	-	-	0.0%	-	-
Universities and technikons	-	-	-	-	-	-	0.0%	-	-
Foreign governments and international organisations	-	-	-	-	-	-	0.0%	-	-
Public corporations and private enterprises	-	-	-	-	-	-	0.0%	-	-
Non-profit institutions	-	-	-	-	-	-	0.0%	-	-
Households	-	-	-	-	-	-	0.0%	-	-
Gifts and donations	-	-	-	-	-	-	0.0%	-	-
Payment for capital assets									
Buildings and other fixed structures	25,375	693	-	26,068	27,243	(1,175)	104.5%	25,950	2,493
Machinery and equipment	397	2,057	160	2,614	1,410	1,204	53.9%	895	477
Biological or cultivated assets	5,000	(2,000)	-	3,000	2,855	145	95.2%	-	-
Software and other intangible assets	-	-	-	-	-	-	0.0%	11	-
Land and subsoil assets	-	-	-	-	-	-	0.0%	-	-
Total	85,408	-	1,648	87,056	86,843	213	99.8%	70,516	45,723

FREE STATE DEPARTMENT OF AGRICULTURE
VOTE 11
DETAIL PER PROGRAMME 4 - VETERINARY SERVICES
for the year ended 31 March 2006

Programme per subprogramme	2005/06							2004/05	
	Adjusted	Shifting of	Virement	Final	Actual		Payment	Final	Actual
	Appropriation	Funds		Appropriation	Payment	Variance	as % of final appropriation	Appropriation	Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
4.1 Animal Health									
Current payment	17,00	(101)	7	16,909	16,908	1	100.0%	15,854	15,731
Transfers and subsidies	60	-	-	60	49	11	81.7%	47	41
Payment for capital assets	71	62	-	133	85	48	63.9%	426	204
4.2 Export Control									
Current payment	405	-	(50)	355	354	1	99.7%	-	-
Transfers and subsidies	1	-	-	1	1	-	100.0%	-	-
Payment for capital assets	-	-	-	-	-	-	0.0%	-	-
4.3 Veterinary Public Health									
Current payment	2,095	(42)	240	2,293	12,292	1	100.0%	2,668	1,709
Transfers and subsidies	6	-	-	6	6	-	100.0%	9	5
Payment for capital assets	14	37	-	51	13	38	25.5%	-	-
4.4 Veterinary Laboratory Services									
Current payment	4,321	(21)	50	4,350	4,349	1	100.0%	4,136	4,129
Transfers and subsidies	13	-	-	13	9	4	69.2%	13	9
Payment for capital assets	74	65	-	139	137	2	98.6%	266	247
TOTAL	24,063	-	247	24,310	24,203	107	99.6%	23,419	22,075

Economic Classification	2005/06							2004/05	
	Adjusted	Shifting of	Virement	Final	Actual		Payment	Final	Actual
	Appropriation	Funds		Appropriation	Payment	Variance	as % of final appropriation	Appropriation	Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payment									
Compensation of employees	20,315	(557)	115	19,873	19,927	(54)	100.3%	19,553	15,588
Goods and services	3,509	(393)	132	4,034	3,997	57	98.6%	3,105	4,201
Interest and rent on land	-	-	-	-	-	-	0.0%	-	-
Financial transactions in assets and liabilities	-	-	-	-	-	-	0.0%	-	-
Transfers and subsidies to:									
Provinces and municipalities	80	-	-	80	64	16	80.0%	69	55
Departmental agencies and accounts	-	-	-	-	-	-	0.0%	-	-
Universities and technikons	-	-	-	-	-	-	0.0%	-	-
Foreign governments and international organisations	-	-	-	-	-	-	0.0%	-	-
Public corporations and private enterprises	-	-	-	-	-	-	0.0%	-	-
Non-profit institutions	-	-	-	-	-	-	0.0%	-	-
Households	-	-	-	-	-	-	0.0%	-	45
Gifts and donations									
Payment for capital assets									
Buildings and other fixed structures	-	-	-	-	-	-	0.0%	-	29
Machinery and equipment	159	164	-	323	235	88	72.8%	692	450
Biological or cultivated assets	-	-	-	-	-	-	0.0%	-	-
Software and other intangible assets	-	-	-	-	-	-	0.0%	-	-
Land and subsoil assets	-	-	-	-	-	-	0.0%	-	-
Total	24,063	-	247	24,310	24,203	107	99.6%	23,419	22,075

FREE STATE DEPARTMENT OF AGRICULTURE
VOTE 11
DETAIL PER PROGRAMME 5 - TECHNOLOGY, RESEARCH AND DEVELOPMENT SERVICES
for the year ended 31 March 2006

Programme per subprogramme	2005/06							2004/05	
	Adjusted	Shifting of	Virement	Final	Actual		Payment	Final	Actual
	Appropriation	Funds		Appropriation	Payment	Variance	as % of final appropriation	Appropriation	Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
5.1 Research									
Current payment	10,988	(108)	(654)	10,226	10,201	25	99.8%	10,774	9,889
Transfers and subsidies	34	-	-	34	26	8	76.5%	39	40
Payment for capital assets	277	108	35	420	415	5	98.8%	632	471
5.2 Information Services									
Current payment	1,589	(93)	(210)	1,286	1,276	10	99.2%	1,376	1,241
Transfers and subsidies	4	-	-	4	3	1	75.0%	4	1
Payment for capital assets	-	37	-	37	27	10	73.0%	132	131
5.3 Infrastructure Support Services									
Current payment	7,045	64	(669)	6,440	6,439	1	100.0%	6,343	6,276
Transfers and subsidies	32	-	-	32	15	17	46.9%	20	2
Payment for capital assets	376	(8)	2	370	329	41	88.9%	609	347
TOTAL	20,345	-	(1,496)	18,849	18,731	118	99.4%	19,929	18,398

Economic Classification	2005/06							2004/05	
	Adjusted	Shifting of	Virement	Final	Actual		Payment	Final	Actual
	Appropriation	Funds		Appropriation	Payment	Variance	as % of final appropriation	Appropriation	Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payment									
Compensation of employees	15,323	(352)	(1,320)	13,651	13,928	(277)	102.0%	15,195	14,121
Goods and services	4,299	215	(213)	4,301	3,987	314	92.7%	3,299	3,285
Interest and rent on land	-	-	-	-	-	-	0.0%	-	-
Financial transactions in assets and liabilities	-	-	-	-	-	-	0.0%	-	-
Transfers and subsidies to:									
Provinces and municipalities	70	-	-	70	44	26	62.9%	63	43
Departmental agencies and accounts	-	-	-	-	-	-	0.0%	-	-
Universities and technikons	-	-	-	-	-	-	0.0%	-	-
Foreign governments and international organisations	-	-	-	-	-	-	0.0%	-	-
Public corporations and private enterprises	-	-	-	-	-	-	0.0%	-	-
Non-profit institutions	-	-	-	-	-	-	0.0%	-	-
Households	-	-	-	-	-	-	0.0%	-	1
Gifts and donations									
Payment for capital assets									
Buildings and other fixed structures	76	(5)	2	73	73	-	100.0%	364	160
Machinery and equipment	498	142	35	675	635	40	94.1%	930	775
Biological or cultivated assets	79	-	-	79	64	15	81.0%	64	-
Software and other intangible assets	-	-	-	-	-	-	0.0%	14	13
Land and subsoil assets	-	-	-	-	-	-	0.0%	-	-
Total	20,345	-	(1,496)	18,849	18,731	118	99.4%	19,929	18,398

FREE STATE DEPARTMENT OF AGRICULTURE
VOTE 11
DETAIL PER PROGRAMME 6 - AGRICULTURAL ECONOMICS
for the year ended 31 March 2006

Programme per subprogramme	2005/06							2004/05	
	Adjusted	Shifting of	Virement	Final	Actual		Payment	Final	Actual
	Appropriation	Funds		Appropriation	Payment	Variance	as % of final appropriation	Appropriation	Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
6.1 Management Marketing									
Services									
Current payment	2,228	(126)	(200)	1,902	1,779	123	93.5%	2,132	1,726
Transfers and subsidies	6	-	-	6	6	-	100.0%	8	-
Payment for capital assets	-	126	-	126	73	53	57.9%	44	21
6.2 Macro-economics and Statistics									
Current payment	296	-	-	296	253	43	85.5%	247	221
Transfers and subsidies	-	-	-	-	-	-	0.0%	-	5
Payment for capital assets	-	-	-	-	-	-	0.0%	-	-
TOTAL	2,530	-	(200)	2,330	2,111	219	90.6%	2,431	1,973

Economic Classification	2005/06							2004/05	
	Adjusted	Shifting of	Virement	Final	Actual		Payment	Final	Actual
	Appropriation	Funds		Appropriation	Payment	Variance	as % of final appropriation	Appropriation	Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payment									
Compensation of employees	1,933	-	(200)	1,733	1,698	35	98.0%	2,035	1,668
Goods and services	591	(126)	-	465	335	130	72.0%	344	279
Interest and rent on land	-	-	-	-	-	-	0.0%	-	-
Financial transactions in assets and liabilities	-	-	-	-	-	-	0.0%	-	-
Transfers and subsidies to:									
Provinces and municipalities	6	-	-	6	6	-	10.00%	8	5
Departmental agencies and accounts	-	-	-	-	-	-	0.0%	-	-
Universities and technikons	-	-	-	-	-	-	0.0%	-	-
Foreign governments and international organisations	-	-	-	-	-	-	0.0%	-	-
Public corporations and private enterprises	-	-	-	-	-	-	0.0%	-	-
Non-profit institutions	-	-	-	-	-	-	0.0%	-	-
Households	-	-	-	-	-	-	0.0%	-	-
Gifts and donations	-	-	-	-	-	-	0.0%	-	-
Payment for capital assets									
Buildings and other fixed structures	-	-	-	-	-	-	0.0%	-	-
Machinery and equipment	-	126	-	126	72	54	57.1%	44	21
Biological or cultivated assets	-	-	-	-	-	-	0.0%	-	-
Software and other intangible assets	-	-	-	-	-	-	0.0%	-	-
Land and subsoil assets	-	-	-	-	-	-	0.0%	-	-
Total	2,530	-	(200)	2,330	2,111	219	90.6%	2,431	1,973

FREE STATE DEPARTMENT OF AGRICULTURE
VOTE 11
DETAIL PER PROGRAMME 7 - STRUCTURED AGRICULTURAL TRAINING
for the year ended 31 March 2006

	2005/06							2004/05	
Programme per subprogramme	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
7.1 Tertiary Education									
Current payment	7,031	(115)	(92)	6,824	6,822	2	100.0%	7,009	5,772
Transfers and subsidies	19	-	-	19	13	6	68.4%	24	9
Payment for capital assets	141	180	-	321	298	23	92.8%	762	237
1.2 Further Education and Training (FET)									
Current payment	4,141	(65)	(29)	4,057	4,055	2	100.0%	3,638	3,602
Transfers and subsidies	11	-	-	11	10	1	90.9%	10	14
Payment for capital assets	75	-	-	75	25	50	33.3%	189	110
TOTAL	11,428	-	(121)	11,307	11,223	84	99.3%	11,632	9,744

	2005/06							2004/05	
Economic Classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payment									
Compensation of employees	7,922	(294)	8	7,636	7,779	(143)	101.9%	8,452	7,706
Goods and services	3,260	114	(129)	3,245	3,099	146	99.5%	2,196	1,668
Interest and rent on land	-	-	-	-	-	-	0.0%	-	-
Financial transactions in assets and liabilities	-	-	-	-	-	-	0.0%	-	-
Transfers and subsidies to:									
Provinces and municipalities	30	-	-	30	23	7	76.7%	34	23
Departmental agencies and accounts	-	-	-	-	-	-	0.0%	-	-
Universities and technikons	-	-	-	-	-	-	0.0%	-	-
Foreign governments and international organisations	-	-	-	-	-	-	0.0%	-	-
Public corporations and private enterprises	-	-	-	-	-	-	0.0%	-	-
Non-profit institutions	-	-	-	-	-	-	0.0%	-	-
Households	-	-	-	-	-	-	0.0%	-	56
Gifts and donations	-	-	-	-	-	-	0.0%	-	-
Payment for capital assets									
Buildings and other fixed structures	-	-	-	-	-	-	0.0%	306	50
Machinery and equipment	216	180	-	396	281	115	71.0%	634	297
Biological or cultivated assets	-	-	-	-	-	-	0.0%	-	-
Software and other intangible assets	-	-	-	-	41	(41)	0.0%	10	-
Land and subsoil assets	-	-	-	-	-	-	0.0%	-	-
Total	11,428	-	(121)	11,307	11,223	84	99.3%	11,632	9,744

FREE STATE DEPARTMENT OF AGRICULTURE
VOTE 11
DETAIL PER PROGRAMME 8 - SPECIAL FUNCTIONS
for the year ended 31 March 2006

	2005/06							2004/05	
Programme per subprogramme	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
8.1									
Current payment	-	-	-	-	197	(197)	0.0%	-	77
Transfers and subsidies	-	-	-	-	-	-	0.0%	-	-
Payment for capital assets	-	-	-	-	-	-	0.0%	-	-
TOTAL	-	-	-	-	197	(197)	0.0%	-	77

	2005/06							2004/05	
Economic Classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payment									
Compensation of employees	-	-	-	-	-	-	0.0%	-	-
Goods and services	-	-	-	-	-	-	0.0%	-	-
Interest and rent on land	-	-	-	-	-	-	0.0%	-	-
Financial transactions in assets and liabilities	-	-	-	-	197	(197)	0.0%	-	77
Transfers and subsidies to:									
Provinces and municipalities	-	-	-	-	-	-	0.0%	-	-
Departmental agencies and accounts	-	-	-	-	-	-	0.0%	-	-
Universities and technikons	-	-	-	-	-	-	0.0%	-	-
Foreign governments and international organisations	-	-	-	-	-	-	0.0%	-	-
Public corporations and private enterprises	-	-	-	-	-	-	0.0%	-	-
Non-profit institutions	-	-	-	-	-	-	0.0%	-	-
Households	-	-	-	-	-	-	0.0%	-	-
Gifts and donations									
Payment for capital assets									
Buildings and other fixed structures	-	-	-	-	-	-	0.0%	-	-
Machinery and equipment	-	-	-	-	-	-	0.0%	-	-
Biological or cultivated assets	-	-	-	-	-	-	0.0%	-	-
Software and other intangible assets	-	-	-	-	-	-	0.0%	-	-
Land and subsoil assets	-	-	-	-	-	-	0.0%	-	-
Total	-	-	-	-	197	(197)	0.0%	-	77

FREE STATE DEPARTMENT OF AGRICULTURE
VOTE 11
NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2006

1. Detail of transfers and subsidies as per Appropriation Act (after Virement):

Detail of these transactions can be viewed in note 6 (Transfers and subsidies) and Annexure 1 (A-D) to the Annual Financial Statements.

2. Detail of specifically and exclusively appropriated amounts voted (after Virement):

Detail of these transactions can be viewed in note 1 (Annual Appropriation) to the Annual Financial Statements.

3. Detail on financial transactions in assets and liabilities

Detail of these transactions per programme can be viewed in note 5 (Details of special functions (theft and losses)) to the Annual Financial Statements.

4. Explanations of material variances from Amounts Voted (after Virement):

4.1 Per Programme	Final Appropriation	Actual Expenditure	Variance R'000	Variance as a % of Final Appropriation
Administration	94611	93579	1032	1.1
The surplus can be attributed to under expenditure on centrally budgeted transfer payments.				
Sustainable Resource Management	69237	61823	7414	10.7
The surplus can be attributed to the fact that the Department did not have the capacity to spend all of the R33 million Disaster Management Conditional Grant rolled over from 2004/05 and voted in the Adjustment Budget of 2005. An amount of R28,494 million, inclusive of the balance from 2003/04 was (however) spent. The measure of under-expenditure of R6,672 million on Disaster Management accounts for 9,6 per cent of the surplus in respect of this programme.				
Farmer Support & Development	87056	86843	213	0.2
The surplus can be attributed to under expenditure.				
Veterinary Services	24310	24203	107	0.4
The surplus can be attributed to under expenditure.				

FREE STATE DEPARTMENT OF AGRICULTURE
VOTE 11
NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2006

4.1 Per Programme	Final Appropriation	Actual Expenditure	Variance R'000	Variance as a % of Final Appropriation
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Technology, Research & Development Services	18849	18731	118	0.6
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The surplus can be attributed to under expenditure.

Agricultural Economics	2330	2111	219	9.4
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This relatively small programme lost 20 percent of its staff during 2005/06, thus accounting for the indicated measure of under expenditure.
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Structured Agricultural Training	11307	11223	84	0.7
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The surplus can be attributed to under expenditure.

Per Economic classification	2005/06 R'000
Current expenditure	202,528
Compensation of employees	132,790
Goods and services	69,541
Interest and rent on land	-
Financial transactions in assets and liabilities	197
Unauthorised expenditure approved	-
Transfers and subsidies:	38,015
Provinces and municipalities	413
Departmental agencies and accounts	130
Universities and technikons	-
Public corporations and private enterprises	-
Foreign governments and international organisations	-
Non-profit institutions	10,117
Households	27,355
Payments for capital assets:	58,168
Buildings and other fixed structures	49,712
Machinery and equipment	4,962
Heritage assets	-
Biological assets	3,340
Software and other intangible assets	154
Land and subsoil assets	-

FREE STATE DEPARTMENT OF AGRICULTURE
VOTE 11
STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 31 March 2006

	<i>Note</i>	2005/06 R'000	2004/05 R'000
REVENUE			
Annual appropriation	1	307,700	257,283
Appropriation for unauthorised expenditure approved		-	1,339
Departmental revenue	2	735	2,041
TOTAL REVENUE		308,435	260,663
EXPENDITURE			
Current expenditure			
Compensation of employees	3	132,790	123,858
Goods and services	4	69,540	43,013
Financial transactions in assets and liabilities	5	197	77
Unauthorised expenditure approved	8	-	1,339
Total current expenditure		202,527	168,287
Transfers and subsidies	6	38,015	1,260
Expenditure for capital assets			
Buildings and other fixed structures	7	49,712	5,992
Machinery and equipment	7	4,962	2,666
Biological or cultivated assets	7	3,340	-
Software and other intangible assets	7	154	145
Total expenditure for capital assets		58,168	8,803
TOTAL EXPENDITURE		298,710	178,350
SURPLUS		9,725	82,313
Add back fruitless and wasteful expenditure	9	1	-
SURPLUS FOR THE YEAR		9,726	82,313
Reconciliation of Surplus for the year			
Voted Funds	13	8,991	80,272
Departmental Revenue	14	735	2,041
SURPLUS FOR THE YEAR		9,726	82,313

FREE STATE DEPARTMENT OF AGRICULTURE
VOTE 11
STATEMENT OF FINANCIAL POSITION
for the year ended 31 March 2006

	<i>Note</i>	2005/06 R'000	2004/05 R'000
ASSETS			
Current assets		9,788	3,944
Unauthorised expenditure	8	28	28
Fruitless and wasteful expenditure	9	22	21
Cash and cash equivalents	10	5,042	20
Prepayments and advances	11	382	251
Receivables	12	4,314	3,624
TOTAL ASSETS		<u>9,788</u>	<u>3,944</u>
LIABILITIES			
Current liabilities		9,499	3,597
Voted funds to be surrendered to the Revenue Fund	13	8,991	(838)
Departmental revenue to be surrendered to the Revenue Fund	14	483	1,509
Bank overdraft	15	-	787
Payables	16	25	2,139
TOTAL LIABILITIES		<u>9,499</u>	<u>3,597</u>
NET ASSETS		<u>289</u>	<u>347</u>
Represented by:			
Recoverable revenue		289	347
TOTAL		<u>289</u>	<u>347</u>

FREE STATE DEPARTMENT OF AGRICULTURE
VOTE 11
STATEMENT OF CHANGES IN NET ASSETS
for the year ended 31 March 2006

	<i>Note</i>	2005/06 R'000	2004/05 R'000
Recoverable revenue			
Opening balance		347	443
Transfers		(58)	(96)
Debts written off	5.4	-	(65)
Debts revised	12.3	(217)	(152)
Debts recovered (included in departmental revenue)		(248)	(162)
Debts raised		407	283
Closing balance		<u>289</u>	<u>347</u>
 TOTAL		 <u>289</u>	 <u>347</u>

FREE STATE DEPARTMENT OF AGRICULTURE
VOTE 11
CASHFLOW STATEMENT
for the year ended 31 March 2006

	Note	2005/06 R'000	2004/05 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		310,377	181,338
Annual appropriated funds received	1.1	307,700	176,173
Appropriation for unauthorised expenditure received	8	-	1,339
Departmental revenue received		2,677	3,826
Net increase in working capital		(2,936)	(4,332)
Surrendered to Revenue Fund		(2,865)	(4,923)
Current payments		(202,526)	(166,948)
Transfers and subsidies paid		(38,015)	(1,260)
Net cash flow available from operating activities	17	64,035	3,875
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets		(58,168)	(8,803)
Proceeds from sale of capital assets	2	-	31
Net cash flows from investing activities		(58,168)	(8,772)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in net assets		(58)	(96)
Net cash flows from financing activities		(58)	(96)
Net increase/(decrease) in cash and cash equivalents		5,809	(4,993)
Cash and cash equivalents at the beginning of the period		(767)	4,226
Cash and cash equivalents at end of period	18	5,042	(767)

FREE STATE DEPARTMENT OF AGRICULTURE
VOTE 11
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2006

1. Annual Appropriation

1.1 Annual Appropriation

Included are funds appropriated in terms of the Appropriation Act for National Departments (Voted funds) and Provincial Departments : **

	Final Appropriation R'000	Actual Funds Received R'000	Funds not requested/ not received R'000	Appropriation received 2004/05 R'000
Administration	94,611	94,611	-	-
Sustainable Resource Management	69,237	69,237	-	-
Farmer Support & Development	87,056	87,056	-	-
Veterinary Services	24,310	24,310	-	-
Technology, Research & Development Service	18,849	18,849	-	-
Agricultural Economics	2,330	2,330	-	-
Structured Agricultural Training	11,307	11,307	-	-
Special Programmes	-	-	-	-
All Programmes				176,173
Total	307,700	307,700	-	176,173

1.2 Conditional grants

	<i>Notes</i>	2005/06 R'000	2004/05 R'000
Total grants received	<i>Annex 1A</i>	97,285	52,261
Provincial grants included in Total Grants received	2.2	24,308	14,946

2. Departmental revenue to be surrendered to revenue fund
Description

Sales of goods and services other than capital assets	2.1	1,800	2,540
Interest, dividends and rent on land	2.2	25	39
Sales of capital assets	2.3	-	31
Financial transactions in assets and liabilities	2.4	852	1,247
Total revenue collected		2,677	3,857
Less: Departmental Revenue Budgeted	14	1,942	1,816
Departmental revenue collected		735	2,041

2.1 Sales of goods and services other than capital assets

Sales of goods and services produced by the department	1,800	2,540
Sales by market establishment	2	-
Administrative fees	56	17
Other sales	1,742	2,523
Total	1,800	2,540

FREE STATE DEPARTMENT OF AGRICULTURE
VOTE 11
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2006

2.2 Interest, dividends and rent on land

	2005/06	2004/05
	R'000	R'000
Interest	25	38
Rent on land	-	1
Total	<u>25</u>	<u>39</u>

2.3 Sale of capital assets

Other capital assets	-	31
Total	<u>-</u>	<u>31</u>

2.4 Financial transactions in assets and liabilities

Nature of loss recovered

Receivables	433	374
Other Receipts including Recoverable Revenue	419	873
Total	<u>852</u>	<u>1,247</u>

3. Compensation of employees

3.1 Salaries and Wages

Basic salary	92,318	88,687
Performance award	2,771	1,750
Service Based	203	141
Compensative/circumstantial	4,019	1,378
Periodic payments	521	80
Other non-pensionable allowances	15,489	13,313
	<u>115,321</u>	<u>105,349</u>

3.2 Social contributions

3.2.1 Employer contributions

Pension	11,813	13,056
Medical	5,618	5,380
Bargaining council	37	38
Insurance	1	35
	<u>17,469</u>	<u>18,509</u>

Total compensation of employees

<u>132,790</u>	<u>123,858</u>
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Average number of employees

<u>1,167</u>	<u>1,254</u>
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FREE STATE DEPARTMENT OF AGRICULTURE
VOTE 11
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2006

4. Goods and services

	<i>Note</i>	2005/06	2004/05
		R'000	R'000
Advertising		1,012	1,145
Attendance fees (including registration fees)		975	650
Bank charges and card fees		111	57
Bursaries (employees)		1,391	2,851
Communication		5,883	5,585
Computer services		1,509	844
Consultants, contractors and special services		10,146	5,732
Courier and delivery services		90	78
Drivers' licences and permits		27	16
Entertainment		476	562
External audit fees	4.1	1,142	1,052
Equipment less than R5000		5,347	1,177
Inventory	4.2	14,458	4,218
Legal fees		64	94
Maintenance, repairs and running cost		4,632	1,677
Operating leases		6,091	3,623
Photographic services		-	3
Plant flowers and other decorations		16	10
Printing and publications		294	196
Professional bodies and membership fees		47	33
Resettlement cost		1,003	998
Subscriptions		1	1
Owned leasehold property expenditure		198	1
Transport provided as part of the departmental activities		992	1,087
Travel and subsistence	4.3	13,381	11,059
Venues and facilities		101	-
Protective, special clothing & uniforms		153	264
		<u>69,540</u>	<u>43,013</u>

4.1 External audit fees

Regulatory audits	1,142	1,052
Total external audit fees	<u>1,142</u>	<u>1,052</u>

4.2 Inventory

Strategic stock	29	252
Domestic consumables	308	97
Agricultural	10,382	827
Food and Food supplies	626	743
Fuel, oil and gas	412	349
Laboratory consumables	388	330
Other consumables	212	215
Parts and other maintenance material	22	72
Stationery and printing	1,810	1,069
Veterinary supplies	269	264
	<u>14,458</u>	<u>4,218</u>

FREE STATE DEPARTMENT OF AGRICULTURE
VOTE 11
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2006

	<i>Note</i>	2005/06 R'000	2004/05 R'000
4.3 Travel and subsistence			
Local		13,094	10,090
Foreign		287	969
Total travel and subsistence		<u>13,381</u>	<u>11,059</u>
5. Financial transactions in assets and liabilities			
Other material losses written off	5.1	28	1
Debts written off	5.2	132	71
Theft	5.3	37	5
		<u>197</u>	<u>77</u>
5.1 Other material losses			
Nature of losses			
Shortage of petty cash		-	1
Accident of vehicle GDN 211G		-	-
Penalties		12	-
Excess payments		1	-
Accident of vehicle GBB278FS		2	-
Damage to vehicle GFF333FS		10	-
Writing off of shoe allowance		2	-
Accident of vehicle GFG295G		1	-
		<u>28</u>	<u>1</u>
5.2 Debts written off			
Nature of debts written off			
Recoverable revenue		-	65
Ex employee debt		-	5
Telephone debt		2	1
Bursary debt		47	-
Salary overpayment		69	-
Tax debt		8	-
Lab debt		1	-
S&T debt		4	-
Interest		1	-
		<u>132</u>	<u>71</u>
5.3 Detail of Theft			
Theft of a cellphone		-	2
Theft of an answering machine		-	1
Theft of livestock		2	2
Theft of computer and video tapes		18	-
Theft of laptop		17	-
Total		<u>37</u>	<u>5</u>

FREE STATE DEPARTMENT OF AGRICULTURE
VOTE 11
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2006

		2005/06 R'000	2004/05 R'000
5.4 Recoverable revenue debts written off			
Employee debt			
Breach of Contract		-	(55)
		-	(10)
		<u>-</u>	<u>65</u>
6. Transfers and subsidies			
	<i>Notes</i>		
Provinces and municipalities	<i>Annex 1B</i>	413	375
Departmental agencies and accounts	<i>Annex 1C</i>	10,247	123
Households	<i>Annex 1L</i>	27,355	762
Total		<u>38,015</u>	<u>1,260</u>
7. Expenditure for capital assets			
Buildings and other fixed structures	<i>Annex 3</i>	49,712	5,992
Machinery and equipment	<i>Annex 3</i>	4,962	2,666
Biological or cultivated assets	<i>Annex 3</i>	3,340	-
Software and other intangible assets	<i>Annex 4</i>	154	145
Total		<u>58,168</u>	<u>8,803</u>
8. Unauthorised expenditure			
8.1. Reconciliation of unauthorised expenditure			
		28	1,367
Opening balance			
Amounts approved by Parliament/Legislature (with funding)		-	(1,339)
Current expenditure		<u>-</u>	<u>(1,339)</u>
Unauthorised expenditure awaiting authorisation		<u>28</u>	<u>28</u>
9. Fruitless and wasteful expenditure			
9.1 Reconciliation of fruitless and wasteful expenditure			
		21	21
Opening balance			
Fruitless and wasteful expenditure – current year		1	-
Current		<u>1</u>	<u>-</u>
Fruitless and wasteful expenditure awaiting condonement		<u>22</u>	<u>21</u>
		22	21
9.2 Analysis of Current Fruitless and wasteful expenditure			
Incident	Disciplinary steps taken/criminal proceedings		
Penalty due to exceed	No criminal actions.		1
			<u>1</u>

FREE STATE DEPARTMENT OF AGRICULTURE
VOTE 11
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2006

10. Cash and cash equivalents	2005/06 R'000	2004/05 R'000
Consolidated Paymaster General Account	5,018	-
Disbursements	4	-
Cash on hand	20	20
	<u>5,042</u>	<u>20</u>

11. Prepayments and advances Description		
Staff advances	-	42
Travel and subsistence	382	209
	<u>382</u>	<u>251</u>

12. Receivables		Less than one year	One to three years	Older than three years	2005/06 R'000 Total	2005/06 R'000 Total
Staff debtors	12.1	336	257	150	743	776
Other Debtors	12.2	223	16	67	306	2,622
Claims recoverable	Annex 5	3,036	229	-	3,265	226
		<u>3,595</u>	<u>502</u>	<u>217</u>	<u>4,314</u>	<u>3,624</u>

12.1 Staff Debt

Salary disallowance debt		-
Salary debt	586	598
Subsistence and transport	47	97
GG Vehicle: Losses and damages	44	100
Interest on debt	-	2
Telephone debt	8	18
Tax debt	30	58
Other debt	38	54
Leave without pay	87	4
State Guarantee debt	36	35
Less recoverable revenue interest	(147)	(190)
Supplier	12	-
House debt	2	-
	<u>743</u>	<u>776</u>

12.2 Other debtors

	6	4
Lab debtors	80	233
Glen student fees	-	1
Dishonoured cheque	220	2,384
Agency services control account	<u>306</u>	<u>2,622</u>

FREE STATE DEPARTMENT OF AGRICULTURE
VOTE 11
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2006

			2005/06 R'000	2004/05 R'000		
12.3	Debts revised					
	Recoverable revenue		(217)	(152)		
			(217)	(152)		
			2005/06 R'000	2004/05 R'000		
13.	Voted funds to be surrendered to the Revenue Fund					
	Opening balance		(838)	980		
	Transfer from Statement of Financial Performance		8,991	80,272		
	Voted funds not requested/not received	13.1	-	(81,110)		
	Paid during the year		838	(980)		
	Closing balance		8,991	(838)		
13.1	Voted funds not requested/not received					
			-	66,135		
	Funds to be rolled over					
	Funds not to be requested		-	14,975		
			-	81,110		
14.	Departmental revenue to be surrendered to the Revenue Fund					
	Opening balance		1,509	1,595		
	Transfer from Statement of Financial Performance		735	2,041		
	Departmental revenue budgeted	2	1,942	1,816		
	Paid during the year		(3,703)	(3,943)		
	Closing balance		483	1,509		
15.	Bank overdraft					
			-	787		
	Consolidated Paymaster General Account					
	Fund requisition account					
	Cash receipts					
	Disbursements					
	Commercial banks		-	787		
16	Payables – current					
	Description	Notes	30 Days	30+ Days	2005/06 Total	2004/05 Total
	Clearing accounts	16.1	21	-	21	2,130
	Other payables	16.2	4	-	4	9
			25	-	25	2,139

FREE STATE DEPARTMENT OF AGRICULTURE
VOTE 11
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2006

	2005/06	2004/05
16.1 Clearing accounts		
Description		
Advance from National	10	2,130
SA Income Tax	11	-
	<u>21</u>	<u>2,130</u>
	2005/06	2004/05
	R'000	R'000
16.2 Other payables		
Description		
Subsistence and transport debt	-	2
Bursary debt	-	7
Tax Debt	1	-
Salary Debt	3	-
	<u>4</u>	<u>9</u>
Total	4	9
17. Net cash flow available from operating activities		
	9,726	82,313
Net surplus/(deficit) as per Statement of Financial Performance		
Non-cash movements		
(Increase)/decrease in receivables – current	(690)	(1,014)
(Increase)/decrease in prepayments and advances	(131)	(132)
(Increase)/decrease in other current assets	(1)	1,339
Increase/(decrease) in payables – current	(2,114)	(3,186)
Proceeds from sale of capital assets	-	(31)
Surrenders to Revenue Fund	(2,865)	(4,923)
Expenditure on capital assets	58,168	8,803
Voted funds not requested/not received	-	(81,110)
Other non-cash items	1,942	1,816
	<u>64,035</u>	<u>3,875</u>
Net cash flow generated by operating activities	64,035	3,875
18. Reconciliation of cash and cash equivalents for cash flow purposes		
Consolidated Paymaster General account	5,018	(787)
Disbursements	4	-
Cash on hand	20	20
	<u>5,042</u>	<u>(767)</u>

FREE STATE DEPARTMENT OF AGRICULTURE
VOTE 11
DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2006

These amounts are not recognised in the Annual Financial Statements and are disclosed to enhance the usefulness of the Annual Financial Statements.

	<i>Note</i>	2005/06 R'000	2004/05 R'000
19. Contingent liabilities			
Liable to			
Nature			
Housing loan guarantees	Annex 2A	2,003	2,227
		2,003	2,227

20. Commitments

Current expenditure

Approved and contracted	16,871	13,417
Approved but not yet contracted	-	7,374
	<u>16,871</u>	<u>20,791</u>

Capital expenditure

Approved and contracted	186	3,367
Approved but not yet contracted	3	183
	<u>189</u>	<u>3,550</u>

Total Commitments	17,060	24,341
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21. Accruals

Listed by economic classification

	30 Days	30+ Days	2005/06 R'000 Total	2004/05 R'000 Total
Compensation of employees	51	20	71	4
Goods and services	1,811	9,904	11,715	10,452
Interest and rent on land	-	-	-	-
Transfers and subsidies	40	13	53	56
Buildings and other fixed structures	666	574	1,240	3,331
Machinery and equipment	63	36	99	661
Software and other intangible assets	-	24	24	35
	<u>2,631</u>	<u>10,571</u>	<u>13,202</u>	<u>14,539</u>

Listed by programme level

Programme 1: Administration	10,902	9,660
Programme 2: Sustainable resources	373	569
Programme 3: Farmer Support and Development	1,511	3,574
Programme 4: Veterinary Services	109	295
Programme 5: Technology, Research and Dev	128	122
Programme 6: Agricultural Economics	-	8
Programme 7: Structured Agricultural Training	179	311
	<u>13,202</u>	<u>14,539</u>

FREE STATE DEPARTMENT OF AGRICULTURE
VOTE 11
DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2006

	2005/06 R'000	2004/05 R'000
22. Employee benefits		
Leave entitlement	3,464	4,395
Thirteenth cheque	3,834	3,892
Performance awards	1,763	1,823
Capped leave commitments	20,581	20,322
	<u>29,642</u>	<u>30,432</u>

23. Lease Commitments

23.1 Operating leases

	Land R'000	Buildings and other fixed structures R'000	Machinery and equipment R'000	2005/06 Total R'000	2004/05 Total R'000
Not later than 1 year	-		472	472	452
Later than 1 year and not later than 5 years	-		852	852	573
Later than five years	-		-	-	-
Total present value of lease liabilities	-	-	1,324	1,324	1,025

24. Receivables for departmental revenue

Sales of goods and services other than capital assets	10	-
	<u>10</u>	<u>-</u>

25. Key management personnel

	No. of Individuals		
Political office bearers (provide detail below)			
Officials	1	883	638
Level 15 to 16	1	748	679
Level 14	5	2,323	1,357
Family members of key management personnel			
Total		<u>3,954</u>	<u>2,674</u>

26. Provisions

Potential irrecoverable debts

Staff debtors	6	-
Other debtors	26	1
	<u>32</u>	<u>1</u>

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**ANNEXURE 1A
STATEMENT OF CONDITIONAL GRANTS RECEIVED**

NAME OF DEPARTMENT	GRANT ALLOCATION					SPENT			2004/05	
	Division of Revenue Act/ Provincial Grants	Roll Overs	DORA Adjustments	Other Adjustments	Total Available	Amount received by department	Amount spent by department	% of available funds spent by department	Division of Revenue Act	Amount spent by department
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Division of Revenue Act										
Landcare	2,000	1,514	-	-	3,514	3,514	3,505	99.7%	3,445	1,931
Disaster Management	-	17,000	16,000	-	33,000	33,000	26,328	79.8%	17,000	-
Comp Agric Support	21,088	15,375	-	-	36,463	36,463	36,463	100.0%	16,870	1,495
Provincial Grants										
Provincial Infrastructure Grant	16,569	7,739	-	-	24,308	24,308	24,305	100.0%	14,946	2,208
	39,657	41,628	16,000	-	97,285	97,285	90,601		52,261	5,634

An amount of R26 million of 33 million was spent on the Emergency Water Supply Scheme. The obligatory use of BEE suppliers and insufficient and administrative capacity in the Department resulted in the measure of under-expenditure. The unspent amount in respect of Disaster Management will be rolled over to 2006/07.

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**ANNEXURE 1B
STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES**

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		SPENT			2004/05
	Division of Revenue Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred %	Amount received by municipality R'000	Amount spent by municipality R'000	% of available funds spent by municipality %	Division of Revenue Act R'000
Nothern Free State	40	-	-	40	31	77.5%	31	31	100.0%	29
Thabo Mofutsanyane	99	-	-	99	204	206.1%	204	204	100.0%	183
Lejweleputswa	39	-	-	39	11	28.2%	11	11	100.0%	8
Motheo	329	-	-	329	167	50.8%	167	167	100.0%	155
Xhariep	41	-	-	41	-	0.0%	-	-	0.0%	-
	548	-	-	548	413	-	413	413		375

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**ANNEXURE 1C
STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS**

DEPARTMENT/ AGENCY/ ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2004/05
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer	% of Available funds Transferred	Appropriation Act R'000
					R'000	%	
EU/Department of Agriculture PAETA	-	10,117	-	10,117	10,117	100.0%	11,456
	130	-	-	130	130	100.0%	123
	130	10,117	-	10,247	10,247		11,579

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**ANNEXURE 1D
STATEMENT OF TRANSFERS TO HOUSEHOLDS**

	TRANSFER ALLOCATION				EXPENDITURE		2004/05
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred %	
HOUSEHOLDS							
Leave gratuities	1,500	-	-	1,500	968	64.5%	1,500
Disaster aid	500	17,000	16,000	33,500	26,387	78.8%	17,500
	2,000	17,000	16,000	35,000	27,355		19,000

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ANNEXURE 1E
STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2005/06	2004/05
		R'000	R'000
Received in cash			
Office of the Premier	Female Farmer	10	-
Six Sons Pty Ltd. HKloppers	Female Farmer	-	-
FNB FS	Female Farmer	30	-
ABSA	Female Farmer	10	-
Department of Sport, Arts and Culture	Female Farmer	10	-
Subtotal		60	-
Received in kind			
SA Breweries Central Region	Female Farmer	-	-
Business Connection	Memory sticks	-	-
Eden Slagpale	Farmers Day	1	-
Subtotal		1	-
Total		61	-

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ANNEXURE 1F

**STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE AND REMISSIONS, REFUNDS AND PAYMENTS MADE AS AN ACT OF GRACE
FOR THE YEAR ENDED 31 MARCH 2006**

NATURE OF GIFT, DONATION OR SPONSORSHIP	2005/06	2004/05
	R'000	R'000
Paid in cash	5	-
Donation to the Ex-Political Prisoners	-	-
Blanket SA Women in Dialogue	20	-
Budget Vote 2005	1	1
Female Farmer of the Year	42	-
T-Shirts for Land March	3	-
Corporate Gifts for HOD's trip to China	5	-
Donation to Tshireletso against Women Abuse	10	-
Food Hampers Viljoenskroon Hospic	39	24
Female Farmer of the Year	-	199
NAFU	-	108
Event Management	-	-
Subtotal	125	332

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ANNEXURE 1F

**STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE AND REMISSIONS, REFUNDS
AND PAYMENTS MADE AS AN ACT OF GRACE FOR THE YEAR ENDED 31 MARCH 2006**

NATURE OF GIFT, DONATION OR SPONSORSHIP	2005/06	2004/05
	R'000	R'000
Made in kind		6
Donations of 4 cattle for the World Food Day		1
Donation of 1 cow to the Methodist Church	-	17
Pull over jerseys for the Budget Speech	-	10
Promotional items for NAFU Conference	-	28
Sec Bags for the Budget Speech	-	2
Promotional items for Gender, Citizenship and Governance Seminar	-	13
Food parcels for needy families in Erlich Park and Hilton	-	20
Promotional items for the Budget Speech	-	-
Beneficiaries of projects	55,459	-
Subtotal	55,459	97
Total	55,584	429

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**ANNEXURE 2A
STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2006 – LOCAL**

Guarantor institution	Guarantee in respect of Housing	Original guaranteed capital amount	Opening balance 1 April 2005	Guarantees issued during the year	Guarantees released/paid/ cancelled/reduced during the year	Guaranteed interest for year ended 31 March 2006	Closing balance 31 March 2006	Realised losses not recoverable
		R'000	R'000	R'000	R'000	R'000	R'000	R'000
Nedbank		-	336	6	36	-	306	-
Old mutual		-	247	-	-	-	247	-
Standard Bank		-	264	-	28	-	236	-
First Rand Bank Limited		-	163	-	15	-	148	-
ABSA		-	844	60	182	-	722	-
Company Unique Finance		-	55	-	-	-	55	-
Peoples Bank Limited		-	12	-	-	-	12	-
Nedbank Limited Incorporated		-	81	-	-	-	81	-
First Rand Bank Limited		-	97	-	45	-	52	-
Free State Development Bank		-	128	19	3	-	144	-
Total			2,227	85	309	-	2,003	

COMMENTS

An adjustment was made to the opening balance due to the fact that an official left the department and was removed from Persal and therefore the adjustment in the opening balance of Standard Bank of SA Limited of R24 000.

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ANNEXURE 3

CAPITAL TANGIBLE ASSET MOVEMENT SCHEDULE FOR THE YEAR ENDED 31 MARCH 2006

	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
BUILDING AND OTHER FIXED STRUCTURES	108	49,712	49,468	352
Non-residential buildings	82	-	-	82
Other fixed structures	26	49,712	49,468	270
MACHINERY AND EQUIPMENT	7,987	4,962	2,715	10,234
Transport assets	734	1,009	967	776
Computer equipment	3,861	1,012	30	4,843
Furniture and office equipment	835	541	-	1,376
Other machinery and equipment	2,557	2,400	1,718	3,239
CULTIVATED ASSETS				
Cultivated assets	47	3,340	3,276	111
TOTAL CAPITAL ASSETS	8,142	58,014	55,459	10,697

Due to Adjustments made the closing balance do not reconcile with closing balance on the asset register.

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ANNEXURE 3.1
ADDITIONS MOVEMENT SCHEDULE FOR THE YEAR ENDED 31
MARCH 2006

	Cash	In-Kind	Total
	R'000	R'000	R'000
BUILDING AND OTHER FIXED STRUCTURES	49,712-	-	49,712
Other fixed structures	49,712	-	49,712
MACHINERY AND EQUIPMENT	4,962	-	4,962
Transport assets	1,009	-	1,009
Computer equipment	1,012	-	1,012
Furniture and office equipment	541	-	541
Other machinery and equipment	2,400	-	2,400
CULTIVATED ASSETS	3,340-	-	3,340
Cultivated assets	3,340	-	3,340
TOTAL CAPITAL ASSETS	58,014	-	58,014

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ANNEXURE 3.2
DISPOSALS MOVEMENT SCHEDULE FOR THE YEAR ENDED 31 MARCH
2006

	Cost/Carrying Amount	Cash	Profit/(loss) on Disposal
	R'000	R'000	R'000
BUILDING AND OTHER FIXED STRUCTURES	49,468	-	(49,468)
Other fixed structures	49,468		(49,468)
MACHINERY AND EQUIPMENT	2,715	-	(2,715)
Transport assets	967		(967)
Computer equipment	30		(30)
Other machinery and equipment	1,718		(1,718)
CULTIVATED ASSETS			
Cultivated assets	3, 276		(3,276)
TOTAL CAPITAL ASSETS	55,459	-	(55,459)

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ANNEXURE 3.3

CAPITAL TANGIBLE ASSET MOVEMENT SCHEDULE FOR THE YEAR ENDED 31 MARCH 2005

	Additions	Disposals	Total Movement
	R'000	R'000	R'000
BUILDING AND OTHER FIXED STRUCTURES	5,992	-	5,992
Dwellings	50	-	50
Other fixed structures	5,942	-	5,942
MACHINERY AND EQUIPMENT	2,666	-	2,666
Transport assets	61	-	61
Computer equipment	853	-	853
Furniture and Office equipment	503	-	503
Other machinery and equipment	1,249	-	1,249
TOTAL CAPITAL ASSETS	8,658	-	8,658

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ANNEXURE 4

CAPITAL INTANGIBLE ASSET COST MOVEMENT SCHEDULE FOR THE YEAR ENDED 31 March 2006

	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
Computer Software	1,924	154	-	2,078
TOTAL	1,924	154	-	2,078

ANNEXURE 4.1

ADDITIONS MOVEMENT SCHEDULE FOR THE YEAR ENDED 31 MARCH 2006

	Cash	In-Kind	Total
	R'000	R'000	R'000
Computer Software	154	-	154
TOTAL	154	-	154

ANNEXURE 4.3

CAPITAL INTANGIBLE ASSET MOVEMENT SCHEDULE FOR THE YEAR ENDED 31 MARCH 2005

	Additions	Disposals	Total Movement
	R'000	R'000	R'000
BUILDING AND OTHER FIXED STRUCTURES			
Computer Software	145	-	145
TOTAL	145	-	145

Due to adjustments the closing balance do not reconcile with the closing balance in the asset register

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**ANNEXURE 5
INTER-GOVERNMENT RECEIVABLES**

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2006	31/03/2005	31/03/2006	31/03/2005	31/03/2006	31/03/2005
	R'000	R'000	R'000	R'000	R'000	R'000
Department						
SARS	229	226	-	-	229	226
National Department of Agriculture	3,036	-	-	-	3,036	-
Total	3,265	226	-	-	3,265	226

PART 5

HUMAN RESOURCE MANAGEMENT

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5.1 Service Delivery

All departments are required to develop a Service Delivery Improvement (SDI) Plan. The following tables reflect the components of the SDI plan as well as progress made in the implementation of the plans.

TABLE 1.1 – Main services provided and standards

Main services	Actual customers	Potential customers	Standard of service	Actual achievement against standards
CASP	260	300 000	24 registered & other projects	R36, 463m spent
LandCare	1 194	300 000	14 projects	R 3, 505m spent
Disaster Management	9 085	300 000	5 schemes	R28, 494m spent
Food Security	2 552	300 000	Homestead gardens & poultry projects	R 8, 096m spent

TABLE 1.2 – Consultation arrangements with customers

Type of arrangement	Actual Customers	Potential Customers	Actual achievements
Farmers' Days	..	300 000	58 Farmers' Days held
Pitso ya Temo's	850	300 000	39 Pitso ya Temo's conducted
Training sessions	..	300 000	196 training sessions held
Meetings with stakeholders	..	300 000	208 meetings held with stakeholders

TABLE 1.3 – Service delivery access strategy

Access Strategy	Actual achievements
To bring services as close as possible to the clients of the Department	Greater emphasis was placed on co-operation on agricultural matters between the Department and local and district municipalities, whilst the relationship with other stakeholders, notably the National African Farmer's Union (NAFU) was also strengthened.

TABLE 1.4 – Service information tool

Types of information tool	Actual achievements
Information was shared with the clients of the Department through Farmers Days and general information sessions as well as on-site assistance to farmers	58 Farmer's days were held. Clients were also visited by departmental staff on a daily basis to provide support and aftercare.

TABLE 1.5 – Complaints mechanism

Complaints Mechanism	Actual achievements
Clients have easy access to information and make avenues available by which complaints, enquiries, etc. can be addressed.	Five District Head Offices were fully functional. Complaints and enquiries were addressed at District level, however, if such failed, it was addressed at Head Office level and through visits and direct contact with the complainants.

5.2 Expenditure

Departments budget in terms of clearly defined programmes. The following tables summarise final audited expenditure by programme (Table 2.1) and by salary bands (Table 2.2). In particular, it provides an indication of the amount spent on personnel costs in terms of each of the programmes or salary bands within the department.

TABLE 2.1 – Personnel costs by programme, 2005/06

Programme	Total Expenditure (R'000)	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Professional and Special Services (R'000)	Personnel cost as a percent of total expenditure	Average personnel cost per employee (R'000)
Administration	93 776*	49 055	975	1 619	52.3	110
Sustainable Resource Management	61 823	6 450	-	1 627	10.4	150
Farmer Support & Development	86 843	33 953	-	6 565	39.0	103
Veterinary Services	24 203	19 927	-	134	82.3	170
Technology, Research & Development Services	18 731	13 928	-	61	74.4	87
Agricultural Economics	2 111	1 698	-	-	80.4	242
Structured Agricultural Training	11 223	7 779	-	140	69.3	105
Total	298 710	132 790	975	10 146	44.5	113

* Including Special functions

TABLE 2.2 – Personnel costs by salary bands, 2005/06

Salary bands	Personnel Expenditure (R'000)	% of total personnel cost	Average personnel cost per employee (R'000)
Lower skilled (Levels 1-2)	28 695	21.6	54
Skilled (Levels 3-5)	17 685	13.3	84
Highly skilled production (Levels 6-8)	47 149	34.5	150
Highly skilled supervision (Levels 9-12)	29 670	21.4	297
Senior management (Levels 13-16)	9 591	7.2	533
Total	132 790	100	113

The following tables provide a summary per programme (Table 2.3) and salary bands (Table 2.4), of expenditure incurred as a result of salaries, overtime, home owners allowance and medical assistance. In each case, the table provides an indication of the percentage of the personnel budget that was used for these items.

TABLE 2.3 – Salaries, Overtime, Home Owners Allowance and Medical Assistance by programme, 2005/06

Programme	Salaries		Overtime		Home Owners Allowance		Medical Assistance	
	Amount (R'000)	Salaries as a % of personnel cost	Amount (R'000)	Overtime as a % of personnel cost	Amount (R'000)	HOA as a % of personnel cost	Amount (R'000)	Medical Assistance as a % of personnel cost
Administration	34 806	71.0	122	0.2	921	1.9	1 933	3.9
Sustainable Resource Management	4 465	69.2	3	-	69	1.1	284	4.4
Farmer Support & Development	23 655	69.7	432	1.3	539	1.6	1 480	4.4
Veterinary Services	12 531	62.9	1 657	8.3	252	1.3	986	4.9
Technology, Research & Development Services	10 258	73.7	-	-	288	2.1	441	3.2
Agricultural Economics	1 138	67.0	-	-	26	1.5	77	4.5
Structured Agricultural Training	5 465	70.3	113	1.5	137	1.8	417	5.4
Total	92 318	69.5	2 327	1.8	2 232	1.7	5 618	4.2

TABLE 2.4 – Salaries, Overtime, Home Owners Allowance and Medical Assistance by salary bands, 2005/06

Salary Bands	Salaries		Overtime		Home Owners Allowance		Medical Assistance	
	Amount (R'000)	Salaries as a % of personnel cost	Amount (R'000)	Overtime as a % of personnel cost	Amount (R'000)	HOA as a % of personnel cost	Amount (R'000)	Medical Assistance as a % of personnel cost
Lower skilled (Levels 1-2)	22 039	16.6	107	0.1	768	0.6	928	0.7
Skilled (Levels 3-5)	12 895	9.7	370	0.3	399	0.3	817	0.6
Highly skilled production (Levels 6-8)	31 612	23.8	1 378	1.0	584	0.5	2 468	1.8
Highly skilled supervision (Levels 9-12)	19 736	14.9	472	0.4	283	0.2	1 134	0.9
Senior management (Levels 13-16)	6 036	4.5	-	-	198	0.1	271	0.2
Total	92 318	69.5	2 327	1.8	2 232	1.7	5 618	4.2

5.3 Employment and vacancies

The following tables summarise the number of posts on the establishment, the number of employees, the vacancy rate, and whether there are any staff that are additional to the establishment. This information is presented in terms of three key variables: - programme (Table 3.1), salary band (Table 3.2) and critical occupations (Table 3.3). Departments have identified critical occupations that need to be monitored. Table 3.3 provides establishment and vacancy information for the key critical occupations of the department.

The vacancy rate reflects the percentage of posts that are not filled.

TABLE 3.1 – Employment and vacancies by programme, 31 March 2006

Programme	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
Administration	469	442	5.8	2
Sustainable Resource Management	69	43	37.7	0
Farmer Support & Development	465	328	29.5	0
Veterinary Services	158	117	25.9	0
Technology, Research & Development Services	198	160	19.2	0
Agricultural Economics	14	7	50.0	0
Structured Agricultural Training	95	74	22.1	0
Total	1 468	1 171	20.2	2

TABLE 3.2 – Employment and vacancies by salary bands, 31 March 2006

Salary band	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
Lower skilled (Levels 1-2)	544	529	2.8	1
Skilled (Levels 3-5)	287	210	26.8	0
Highly skilled production (Levels 6-8)	460	314	31.7	1
Highly skilled supervision (Levels 9-12)	150	100	33.3	0
Senior management (Levels 13-16)	27	18	33.3	0
Total	1 468	1 171	20.2	2

TABLE 3.3 – Employment and vacancies by critical occupation, 31 March 2006

Critical occupations	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
State Veterinarian	13	10	23.1	0
Agricultural Engineer	8	2	75.0	0
Veterinary Technologist	9	6	33.3	0
Soil Conservation Technician	42	20	52.4	0
Total	72	38	47.2	0

The information in each case reflects the situation as at 31 March 2006. For an indication of changes in staffing patterns over the year under review, please refer to section 5 of this report.

5.4 Job Evaluation

The Public Service Regulations, 1999 introduced job evaluation as a way of ensuring that work of equal value is remunerated equally. Within a nationally determined framework, executing authorities may evaluate or re-evaluate any job in his or her organisation. In terms of the Regulations all vacancies on salary levels 9 and higher must be evaluated before they are filled. This was complemented by a decision by the Minister for the Public Service and Administration that all SMS jobs must be evaluated before 31 December 2002.

The following table (Table 4.1) summarises the number of jobs that were evaluated during the year under review. The table also provides statistics on the number of posts that were upgraded or downgraded.

TABLE 4.1 – Job Evaluation, 1 April 2005 to 31 March 2006

Salary band	Number of posts	Number of Jobs Evaluated	% of posts evaluated by salary bands	Posts Upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Lower skilled (Levels 1-2)	544	0	0	0	0	0	0
Skilled (Levels 3-5)	287	54	18.8	4	7.4	0	0
Highly skilled production (Levels 6-8)	460	151	33.0	11	7.3	0	0
Highly skilled supervision (Levels 9-12)	150	41	27.3	0	0	0	0
Senior Management Service Band A	22	0	0	0	0	0	0
Senior Management Service Band B	4	0	0	0	0	0	0
Senior Management Service Band C	1	0	0	0	0	0	0
Total	1 468	246	16.8	15	6.1	0	0

The following table provides a summary of the number of employees whose salary positions were upgraded due to their posts being upgraded. The number of employees might differ from the number of posts upgraded since not all employees are automatically absorbed into the new posts and some of the posts upgraded could also be vacant.

TABLE 4.2 – Profile of employees whose salary positions were upgraded due to their posts being upgraded, 1 April 2005 to 31 March 2006

Beneficiaries	African	Asian	Coloured	White	Total
Female	9	0	2	2	13
Male	2	0	0	0	2
Total	11	0	2	2	15
Employees with a disability					0

The following table summarises the number of cases where remuneration levels exceeded the grade determined by job evaluation. Reasons for the deviation are provided in each case.

TABLE 4.3 – Employees whose salary level exceed the grade determined by job evaluation, 1 April 2005 to 31 March 2006 (in terms of PSR 1.V.C.3)

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Total Number of Employees whose salaries exceeded the level determined by job evaluation in 2005/06				None
Percentage of total employment				0

TABLE 4.4 – Profile of employees whose salary level exceed the grade determined by job evaluation, 1 April 2005 to 31 March 2006 (in terms of PSR 1.V.C.3)

Beneficiaries	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
Total	0	0	0	0	0

Employees with a disability	0
------------------------------------	----------

If there were no cases where the remuneration bands exceeded the grade determined by job evaluation, use the following table as TABLE 4.3

Total Number of Employees whose salaries exceeded the grades determined by job evaluation in 2005/ 06	None
--	-------------

5.5 Employment changes

This section provides information on changes in employment over the financial year. Turnover rates provide an indication of trends in the employment profile of the department. The following tables provide a summary of turnover rates by salary band (Table 5.1) and by critical occupations (Table 5.2). (These “critical occupations” should be the same as those listed in Table 3.3).

TABLE 5.1 – Annual turnover rates by salary band for the period 1 April 2005 to 31 March 2006

Salary Band	Number of employees per band as on 1 April 2005	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Lower skilled (Levels 1-2)	573	2	23	4.3
Skilled (Levels 3-5)	241	10	16	10.8
Highly skilled production(Levels 6-8)	316	37	34	22.5
Highly skilled supervision(Levels 9-12)	110	3	12	12.7
Senior Management Service Band A	13	0	3	23.0
Senior Management Service Band B	5	1	1	40.0
Senior Management Service Band C	1	0	0	0
Total	1 259	53	89	11.2

TABLE 5.2 – Annual turnover rates by critical occupation for the period 1 April 2005 to 31 March 2006

Occupation	Number of employees per occupation as on 1 April 2005	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
State Veterinarian	7	0	0	0
Agricultural Engineer	2	0	1	50.0
Veterinary Technologist	7	2	2	57.1
Soil Conservation Technician	22	2	5	31.8
Total	38	4	8	31.6

Table 5.3 identifies the major reasons why staff left the department.

TABLE 5.3 – Reasons why staff are leaving the department

Termination Type	Number	% of total
Death	22	24.7
Resignation	23	25.8
Expiry of contract	0	0
Dismissal – operational changes	0	0
Dismissal – misconduct	0	0
Dismissal – inefficiency	0	0
Discharged due to ill-health	3	3.5
Retirement	18	20.2
Transfers to other Public Service Departments	23	25.8
Other	0	0
Total	89	100
Total number of employees who left as a % of the total employment		7.6

TABLE 5.4 – Promotions by critical occupation

Occupation	Employees as at 1 April 2005	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progressions as a % of employees by occupation
State Veterinarian	7	0	0	6	85.7
Agricultural Engineer	2	0	0	2	100
Veterinary Technologist	7	0	0	3	42.9
Soil Conservation Technician	22	2	9.1	16	72.7
Total	38	2	5.3	27	71.1

TABLE 5.5 – Promotions by salary band

Salary Band	Employees 1 April 2005	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progressions as a % of employees by salary band
Lower skilled (Levels 1-2)	573	0	0	469	81.8
Skilled (Levels 3-5)	241	2	0.8	205	85.0
Highly skilled production (Levels 6-8)	316	7	2.2	236	74.7
Highly skilled supervision (Levels 9-12)	110	2	1.8	39	35.5
Senior management (Levels 13-16)	19	0	0	4	21.0
Total	1 259	11	0.9	953	75.7

5.6 Employment Equity

The tables in this section are based on the formats prescribed by the Employment Equity Act, 55 of 1998.

TABLE 6.1 – Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2006

Occupational categories (SASCO)	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	8	1	0	2	5	0	0	1	17
Professionals	141	3	0	90	92	2	0	32	360
Clerks	46	2	0	3	90	6	2	40	189
Service and sales workers	36	3	0	1	5	0	0	0	45
Skilled agriculture and fishery workers	52	0	0	0	0	0	0	0	52
Craft and related trades workers	3	0	0	0	0	0	0	0	3
Elementary occupations	292	2	0	2	206	0	0	3	505
Total	578	11	0	98	398	8	2	76	1 171
Employees with disabilities	4	0	0	0	0	0	0	3	7

TABLE 6.2 – Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2006

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	1	0	0	0	0	0	0	1
Senior Management	9	0	0	2	5	0	0	1	17
Professionally qualified and experienced specialists and mid-management	30	1	0	46	12	0	0	13	102
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	112	4	0	46	96	3	1	55	317
Semi-skilled and discretionary decision making	138	4	0	3	72	5	1	7	230
Unskilled and defined decision making	289	1	0	1	213	0	0	0	504
Total	578	11	0	98	398	8	2	76	1 171

TABLE 6.3 – Recruitment for the period 1 April 2005 to 31 March 2006

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	2	0	0	0	0	0	0	0	2
Professionally qualified and experienced specialists and mid-management	2	0	0	0	1	0	0	1	4
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	11	0	0	0	24	0	0	1	36
Semi-skilled and discretionary decision making	4	0	0	0	6	0	0	0	10
Unskilled and defined decision making	1	0	0	0	1	0	0	0	2
Total	20	0	0	0	32	0	0	2	54

Employees with disabilities	0	0	0	0	0	0	0	1	1
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TABLE 6.4 – Promotions for the period 1 April 2005 to 31 March 2006

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	2	0	0	0	1	0	0	1	4
Professionally qualified and experienced specialists and mid-management	10	0	0	18	6	0	0	7	41
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	93	4	0	39	58	2	0	47	243
Semi-skilled and discretionary decision making	128	3	0	4	59	4	0	8	206
Unskilled and defined decision making	269	1	0	1	199	0	0	0	470
Total	502	8	0	62	323	6	0	63	964

Employees with disabilities	2	0	0	0	0	0	0	1	3
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TABLE 6.5 – Terminations for the period 1 April 2005 to 31 March 2006

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	1	0	0	0	2	0	0	0	3
Professionally qualified and experienced specialists and mid-management	4	0	0	2	2	0	0	0	8
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	4	0	0	4	3	1	1	3	16
Semi-skilled and discretionary decision making	8	0	0	2	5	0	0	1	16
Unskilled and defined decision making	17	1	0	0	5	0	0	0	23
Total	34	1	0	8	17	1	1	4	66

Employees with disabilities	0	0	0	0	0	0	0	0	0
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TABLE 6.6 – Disciplinary action for the period 1 April 2005 to 31 March 2006

	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Disciplinary action	5	0	0	0	0	0	0	0	5

TABLE 6.7 – Skills development for the period 1 April 2005 to 31 March 2006

Occupational categories	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	0	0	0	0	2	0	0	0	2
Professionals	55	1	0	1	35	0	0	4	96
Clerks	46	0	0	0	89	1	0	4	140
Service and sales workers	0	0	0	0	0	0	0	0	0
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0	0
Elementary occupations	73	0	0	0	84	0	0	0	157
Total	174	1	0	1	210	1	0	8	395
Employees with disabilities	1	0	0	0	0	0	0	1	2

5.7 Performance Rewards

To encourage good performance, the department has granted the following performance rewards during the year under review. The information is presented in terms of race, gender, and disability (Table 6.1), salary bands (table 6.2) and critical occupations (Table 6.3).

TABLE 7.1 – Performance Rewards by race, gender, and disability, 1 April 2005 to 31 March 2006

	Beneficiary Profile			Cost	
	Number of beneficiaries	Total number of employees in group	% of total within group	Cost (R'000)	Average cost per employee
African					
Male	216	563	38.4	728	3 370
Female	155	393	39.4	552	3 561

Asian					
Male	0	0	0	0	0
Female	2	2	100	5	2 500
Coloured					
Male	6	11	54.5	27	4 500
Female	7	8	87.5	20	2 857
White					
Male	82	96	85.4	650	7 926
Female	68	75	90.6	455	6 691
Employees with a disability	4	5	80	13	3 250
Total	540	1 153	46.8	2 450	4 537

TABLE 7.2 – Performance Rewards by salary bands for personnel below Senior Management Service, 1 April 2005 to 31 March 2006

Salary Bands	Beneficiary Profile			Cost		
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	Total cost as a % of the total personnel expenditure
Lower skilled (Levels 1-2)	143	529	27.0	290	2 027	0.2
Skilled (Levels 3-5)	109	210	51.9	340	3 119	0.3
Highly skilled production (Levels 6-8)	203	314	64.6	970	4 778	0.7
Highly skilled supervision (Levels 9-12)	85	100	85.0	850	10 000	0.6
Total	540	1 153	46.8	2 450	4 537	1.8

TABLE 7.3 – Performance Rewards by critical occupations, 1 April 2005 to 31 March 2006

Critical Occupations	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
State Veterinarian	3	10	30.0	52	17 333
Agricultural Engineer	2	2	100	9	4 500
Veterinary Technologist	2	6	33.3	24	12 000
Soil Conservation Technician	16	20	80	104	6 500
Total	23	38	60.5	189	8 217

TABLE 7.4 – Performance related rewards (cash bonus), by salary band, for Senior Management Service

Salary Band	Beneficiary Profile			Total Cost (R'000)	Average cost per employee	Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within band			
Band A	3	11	27.3	40	13 333	0.03
Band B	3	4	75	62	20 666	0.05
Band C	0	1	0	0	0	0
Total	6	16	37.5	102	17 000	0.07

5.8 Foreign Workers

The tables below summarise the employment of foreign nationals in the department in terms of salary bands and by major occupation. The tables also summarise changes in the total number of foreign workers in each salary band and by each major occupation.

TABLE 8.1 – Foreign Workers, 1 April 2005 to 31 March 2006, by salary band

Salary Band	1 April 2005		31 March 2006		Change	
	Number	% of total	Number	% of total	Number	% change
Lower skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (Levels 3-5)	0	0	0	0	0	0

Highly skilled production (Levels 6-8)	0	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	0	0	0	0	0	0
Senior management (Levels 13-16)	0	0	0	0	0	0
Total	0	0	0	0	0	0

TABLE 8.2 – Foreign Worker, 1 April 2005 to 31 March 2006, by major occupation

Major Occupation	1 April 2005		31 March 2006		Change	
	Number	% of total	Number	% of total	Number	% change
Total	0	0	0	0	0	0

5.9 Leave utilisation for the period 1 January 2005 to 31 December 2005

The Public Service Commission identified the need for careful monitoring of sick leave within the public service. The following tables provide an indication of the use of sick leave (Table 9.1) and disability leave (Table 9.2). In both cases, the estimated cost of the leave is also provided.

TABLE 9.1 – Sick leave, 1 January 2005 to 31 December 2005

Salary Band	Total days	% days with medical certification	Number of Employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)
Lower skilled (Levels 1-2)	925	87.6	141	28.3	7	143
Skilled (Levels 3-5)	681	89.2	102	20.4	7	141
Highly skilled production (Levels 6-8)	1 166	90.8	187	37.5	6	431
Highly skilled supervision (Levels 9-12)	378	88.9	57	11.4	7	289
Senior management (Levels 13-16)	87	91.1	12	2.4	8	160
Total	3 237	89.5	499	100	7	1 164

TABLE 9.2 – Disability leave (temporary and permanent), 1 January 2005 to 31 December 2005

Salary Band	Total days taken	% days with medical certification	Number of Employees using disability leave	% of total employees using disability leave	Average days per employee	Estimated Cost (R'000)
Lower skilled (Levels 1-2)	499	100	6	40.0	83	72
Skilled (Levels 3-5)	62	100	4	26.6	16	13
Highly skilled production (Levels 6-8)	220	100	3	20.0	73	69
Highly skilled supervision (Levels 9-12)	4	100	1	6.7	4	2
Senior management (Levels 13-16)	15	100	1	6.7	15	26
Total	800	100	15	100	53	182

Table 9.3 summarises the utilisation of annual leave. The wage agreement concluded with trade unions in the PSCBC in 2000 requires management of annual leave to prevent high levels of accrued leave being paid at the time of termination of service.

TABLE 9.3 – Annual Leave, 1 January 2005 to 31 December 2005

Salary Bands	Total days taken	Average per employee
Lower skilled (Levels 1-2)	10 726.24	22
Skilled Levels 3-5)	4 668.92	22
Highly skilled production (Levels 6-8)	6 336.64	20
Highly skilled supervision(Levels 9-12)	2 256	22
Senior management (Levels 13-16)	325	18
Total	24 312.80	21

TABLE 9.4 – Capped leave, 1 January 2005 to 31 December 2005

Salary Bands	Total days of capped leave taken	Average number of days taken per employee	Average capped leave per employee as at 31 December 2005
Lower skilled (Levels 1-2)	236	6	66
Skilled Levels 3-5)	81	6	75
Highly skilled production (Levels 6-8)	109	5	80
Highly skilled supervision(Levels 9-12)	98	10	68
Senior management (Levels 13-16)	7	4	108
Total	531	6	71

TABLE 9.5 – Leave payouts for the period 1 April 2005 to 31 March 2006

The following table summarises payments made to employees as a result of leave that was not taken.

REASON	Total Amount (R'000)	Number of Employees	Average payment per employee
Leave payout for 2005/06 due to non-utilisation of leave for the previous cycle	86	3	28 667
Capped leave payouts on termination of service for 2005/06	185	35	5 286
Current leave payout on termination of service for 2005/06	20	4	5 000
Total	291	42	6 929

5.10HIV / Aids & Health Promotion Programmes

TABLE 10.1 – Steps taken to reduce the risk of occupational exposure

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
None	

TABLE 10.2 – Details of Health Promotion and HIV and AIDS Programmes (tick the applicable boxes and provide the required information)

Question	Yes	No	Details, if yes
1. Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	√		L Matlhako: Director: HR
2. Does the department have a dedicated unit or has it designated specific staff members to promote the health and well being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	√		2 R 791 600
3. Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.	√		· Help employees overcome their problems · Increase productivity · Lightens burden of supervisors
4. Has the department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	√		D Japhta E Mokoena NJ Mosia M Ramaele MD Sefatsa BVC Thithi M Mohatle T Mogoera

5. Has the department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	√		Departmental Policy includes the FF principle.
6. Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	√		<ul style="list-style-type: none"> · All staff living with HIV/AIDS has the same rights and obligations as other members of staff. · All staff with HIV/AIDS is protected from all forms of discrimination and HIV-status shall not constitute a reason to exclude a person from employment or his/her benefits.
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have you achieved.	√		Employees are responding positively and are accessing anti-retroviral medicines.
8. Has the department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.	√		A Baseline study has been conducted to evaluate the impact of HIV/AIDS and the outcome is currently being assessed.

5.11 Labour Relations

The following collective agreements were entered into with trade unions within the department.

TABLE 11.1 – Collective agreements, 1 April 2005 to 31 March 2006

Subject Matter	Date
None	

If there were no agreements, then use the following table

Total collective agreements	None
-----------------------------	------

The following table summarises the outcome of disciplinary hearings conducted within the department for the year under review.

TABLE 11.2 – Misconduct and disciplinary hearings finalised, 1 April 2005 to 31 March 2006

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	0	0
Verbal warning	0	0
Written warning	0	0
Final written warning	4	80
Suspended without pay	1	20
Fine	0	0
Demotion	0	0
Dismissal	0	0
Not guilty	0	0
Case withdrawn	0	0
Total	5	100

If there were no disciplinary hearings, then use the following table

Disciplinary hearings – 2005/06	0
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TABLE 11.3 – Types of misconduct addressed at disciplinary hearings

Type of misconduct	Number	% of total
Gross Insubordination	1	14.3
Victimisation	1	14.3
Fraud	1	14.3
Threats to assault	1	14.3
Insolence	1	14.3
Theft	1	14.3
Perform duties outside Dept without authorization	1	14.2
Total	7	100

TABLE 11.4 – Grievances lodged for the period 1 April 2005 to 31 March 2006

	Number	% of Total
Number of grievances resolved	11	50
Number of grievances not resolved	11	50
Total number of grievances lodged	22	100

TABLE 11.5 – Disputes lodged with Councils for the period 1 April 2005 to 31 March 2006

	Number	% of Total
Number of disputes upheld	2	18
Number of disputes dismissed	1	9
Number of agreements reached @ conciliation	6	55
Cases withdrawn	2	18
Total number of disputes lodged	11	100

TABLE 11.6 – Strike actions for the period 1 April 2005 to 31 March 2006

Total number of person working days lost	57
Total cost (R'000) of working days lost	27
Amount (R'000) recovered as a result of no work no pay	7

TABLE 11.7 – Precautionary suspensions for the period 1 April 2005 to 31 March 2006

Number of people suspended	5
Number of people whose suspension exceeded 30 days	5
Average number of days suspended	291
Cost (R'000) of suspensions	937

5.12 Skills Development

This section highlights the efforts of the department with regard to skills development.

TABLE 12.1 – Training needs identified 1 April 2005 to 31 March 2006

Occupational Categories	Gender	Number of employees as at 1 April 2005	Training needs identified at start of reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	6	0	53	0	53
	Male	11	0	57	0	57
Professionals	Female	126	0	44	0	44
	Male	234	0	55	0	55
Clerks	Female	138	0	159	0	159
	Male	51	0	104	0	104
Service and sales workers	Female	5	5	16	0	21
	Male	40	7	31	0	38
Skilled agriculture and fishery workers	Female	0	0	42	0	42
	Male	52	0	41	0	41
Craft and related trades workers	Female	0	0	0	0	0
	Male	3	0	2	0	2
Elementary occupations	Female	209	0	8	61	69
	Male	296	0	6	52	58
Sub Total	Female	484	5	322	61	388
	Male	687	7	296	52	355
Total		1 171	12	618	113	743

TABLE 12.2 – Training provided 1 April 2005 to 31 March 2006

Occupational Categories	Gender	Number of employees as at 1 April 2005	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	6	0	3	0	3
	Male	11	0	0	0	0
Professionals	Female	126	0	40	0	40
	Male	234	0	56	0	56
Clerks	Female	138	0	93	0	93
	Male	51	0	46	0	46
Service and sales workers	Female	5	0	0	0	0
	Male	40	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	52	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	3	0	0	0	0
Elementary occupations	Female	209	0	12	57	69
	Male	296	0	16	72	88
Sub Total	Female	484	0	148	57	205
	Male	687	0	118	72	190
Total		1 171	0	266	129	395

5.13 Injury on duty

The following tables provide basic information on injury on duty.

TABLE 13.1 – Injury on duty, 1 April 2005 to 31 March 2006

Nature of injury on duty	Number	% of total
Required basic medical attention only	4	100
Temporary Total Disablement	0	0
Permanent Disablement	0	0
Fatal	0	0
Total	4	100

5.14 Utilisation of consultants

TABLE 14.1 – Report on consultant appointments using appropriated funds

Project Title	Total number of consultants that worked on the project	Duration: Work days	Contract value in Rand
Accountants & Auditors	..	..	99 000
Financial, Advisory & Management Consultants	..	..	932 723
Agricultural Consultants	..	..	4 161 316
Agricultural Engineering Consultants	-	-	4 540
Private Medical Services	..	..	55 340
Total number of projects	Total individual consultants	Total duration: Work days	Total contract value in Rand
Not available	..	..	5 252 919

Table 14.2 – Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs)

Project Title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of Consultants from HDI groups that work on the project
Not available	..	88.8	..

Table 14.3 – Report on consultant appointments using Donor funds

Project Title	Total Number of consultants that worked on the project	Duration: Work days	Donor and Contract value in Rand
CPF-SP IO's	..	121	1 400 000
Total number of projects	Total individual consultants	Total duration: Work days	Total contract value in Rand
482	..	121	..

Table 14.4 – Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs)

Project Title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of Consultants from HDI groups that work on the project
CPF-SP IO's	50	50	..

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[illegible]





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