

# Vote 26

## Agriculture

	2004/05 To be appropriated	2005/06	2006/07
MTEF allocations	R 1 306 228 000	R 1 484 701 000	R1 631 834 000
Statutory amounts	-	-	-
Responsible Minister	Minister for Agriculture and Land Affairs		
Administering Department	Department of Agriculture		
Accounting Officer	Director-General of Agriculture		

### Aim

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

### Programme purpose and measurable objectives

#### Programme 1: Administration

**Purpose:** Provide the department with political and strategic leadership, and management and administration services.

#### Programme 2: Farmer Support and Development

**Purpose:** Promote stability, competitiveness, growth and transformation in the agricultural sector, by developing policies governing farmer settlement, food security, rural development, the registration of co-operatives and agricultural risk and disaster management.

**Measurable objective:** Promote equitable access to and sustained participation of emerging farmers in the sector by developing appropriate policies and co-ordinating implementation with provincial agricultural departments.

#### Programme 3: Agricultural Trade and Business Development

**Purpose:** Develop policies governing access to national and international markets, and promote black economic empowerment (BEE) in the sector.

**Measurable objective:** Expand market access for South African agricultural products locally and internationally by implementing relevant policies and programmes, with a particular focus on black economic empowerment.

#### Programme 4: Economic Research and Analysis

**Purpose:** Provide the necessary information for developing and monitoring the agricultural sector.

**Measurable objective:** Support decision-making by all participants in the agricultural sector, by providing timely, accurate and pertinent agricultural, economic and statistical information on a quarterly basis.

### **Programme 5: Agricultural Production**

**Purpose:** Promote agricultural research, productivity and sustainability.

**Measurable objective:** Develop policies and technologies to enhance the output and management of livestock and plant production systems, and promote sustainable agricultural practices to increase productivity and profitability.

### **Programme 6: Sustainable Resources Management and Use**

**Purpose:** Develop, implement and monitor policies for the management and use of land and water resources in agriculture.

**Measurable objective:** Promote the sustainable use of agricultural resources by implementing policies, norms and standards.

### **Programme 7: National Regulatory Services**

**Purpose:** Develop and monitor risk management policies for the control of animal and plant diseases, food safety and the use of genetically modified organisms.

**Measurable objective:** Maintain and improve management systems, through policies and legislation that ensure a reduction in animal and plant diseases in the medium term.

### **Programme 8: Communication and Information Management**

**Purpose:** Manage and co-ordinate communication, education and international relations.

**Measurable objective:** Effective internal and external communication and information management, through the implementation of a proper strategy and a structured plan.

### **Programme 9: Programme Planning, Monitoring and Evaluation**

**Purpose:** Consolidate and support strategic and operational management in the department.

**Measurable objective:** Improved organisational performance by providing support to operational units in implementing the department's strategic plan.

## **Strategic overview and key policy developments: 2000/01 – 2006/07**

Agriculture plays an important economic role, employs a significant number of people, has a significant impact on rural areas, and, most importantly, impacts on food supply. The national Department of Agriculture, with its main partners in government and the private sector, has implemented a number of initiatives in recent years which have shown agriculture to be an engine for economic growth and social development. Central to these initiatives have been commitments to reducing poverty in South Africa and on the continent, broadening access to agriculture, and increasing productivity and profitability within the sector. In line with these commitments, the Department of Agriculture, in collaboration with its industry partners, adopted the Agriculture Sector Strategy in 2001, with a vision of a 'united and prosperous agricultural sector'.

### *Policy changes*

Government has implemented several process and policy changes which have had a positive impact on morale and institutional arrangements in the agricultural sector, improving participation while deregulating and liberalising the sector. The policy changes have included: the closure of the marketing boards and the Agricultural Credit Board; abolishing certain tax concessions; reductions in direct subsidies; implementing labour legislation in the sector; and establishing programmes such as Farmer Settlement and Scientific Research and Development as well as the constitution of bodies such as the National Agricultural Research forum. While these changes have allowed progress to be made in improving access to agriculture, the department still faces the challenge of further eradicating poverty and hunger, promoting growth and development in the sector, ensuring food safety through meeting acceptable health standards, and responding on time and appropriately to the ever-changing environment within which it operates.

### *Debt*

By the end of 2003, the department had recovered R1,1 billion of agricultural debts from commercial farmers who were assisted through loans from the former Agricultural Credit Board (abolished in 1998), which have since been paid into the Agricultural Debt Account in accordance with the Agricultural Debt Management Act (45 of 2001). The debt is managed and disbursed according to the provisions of this Act. Discussions are currently under way about how best these funds can be used to benefit the sector.

### *Drought*

Due to its geographical location some parts of South Africa are prone to drought. The low levels of rainfall in the 2002/03 summer season have persisted and the drought conditions currently affecting some parts of the country have had an adverse impact on farmers and rural communities. The most affected provinces are Limpopo, Mpumalanga, KwaZulu Natal, Northern Cape and parts of Eastern Cape, North West and Free State. The extent of the drought poses a major challenge to government. In response, the department has formed a task team to monitor and assess the situation, with a view to providing monthly advisories on climactic conditions to enhance good decision-making about production. Financial assistance has also been made available to affected farmers.

### *Support and advice services*

In the past seven years, considerable resources have been directed at providing access to land for agricultural production to previously disadvantaged individuals, but farmer support and advisory services have not kept pace with the disbursement of land grants due to a lack of resources being directed towards those activities. The department aims to provide post-settlement support services through the Comprehensive Agriculture Support Programme (CASP) to the targeted beneficiaries of land reform, and to other producers who have acquired land through private means and are, for example, engaged in value-adding enterprises domestically or involved in export. The programme is a core area of focus for the department, and will make interventions in six priority areas: information and knowledge management; technical and advisory assistance; financial support; training and capacity building; marketing and business development; and on-and-off farm infrastructure. The programme is based on the concept of public-private-community co-operation service delivery. The department will follow a three-pronged strategy to take this programme forward, namely: working to align all support services to the six priority areas; phasing in basic support services related to on-and-off farm infrastructure; and developing a policy for agricultural financing.

The provincial departments of agriculture have been mandated to implement the farmer support services within the CASP policy framework. They will be required to develop partnerships with

the private sector in order to facilitate implementation. Additional resources have been made available through conditional grants and equitable share allocations over the MTEF period to enable the provincial departments of Agriculture to phase in the strategic interventions outlined by the CASP. The provincial departments are expected to use these resources to prioritise the development and rehabilitation of dipping infrastructure in communal grazing areas, which will improve animal health and the productivity of livestock farming, and to step up capacity-building and technical advisory programmes to enable land reform beneficiaries to effectively and efficiently use their land.

#### *Food security*

The Integrated Food Security and Nutrition Programme aims to achieve physical, social and economic access to safe and nutritious food for all South Africans. The department has piloted food production support together with support for the effective management of natural resources. In collaboration with other departments in the Social Services Cluster, the department will scale this programme up to contribute towards achieving government's broader objectives of eradicating hunger and malnutrition and increasing food production. Increasingly, the department will also investigate and facilitate initiatives to expand the variety of foods consumed, particularly to increase the nutrition status of the poor. Although most of the intervention activities for this programme reside within the Food Security and Rural Development directorate, other directorates in the department will contribute to issues relating to food security in their specific areas of operation.

One of the recent challenges faced by the department was the sharp increase in food prices during 2002 and the impact it had on the poor and on food security in the Southern African region. The package of relief measures introduced as a result has helped to cushion the impact of inflation on vulnerable groups. The Food Pricing Monitoring Committee, instituted to assist with this, has since issued reports indicating that food prices have normalised after the spike in October 2002 when the relief measures were introduced.

#### *Agricultural research*

The proper housing and maintenance of public assets, such as the national collections of insects, arachnids, nematodes and fungi, is of utmost importance to the well-being of South African agriculture. Currently, the Agricultural Research Council (ARC) is responsible for the maintenance of the infrastructure to house these collections, while the NDA uses them in its day-to-day import and export control functions. Without maintaining these collections to approved norms and standards, the department will not be able identify and institute preventative measures on time, should animal and plant diseases need to be identified for international trade in agricultural products. The department's involvement in this will continue to be through the contribution of funds to the ARC.

#### *Disease control and management*

Agriculture's contribution to the economy rests on the country's ability to prevent the introduction of diseases and alien species and combat animal and plant diseases, such as foot and mouth disease, and bovine spongiform encephalopathy (BSE), as well its ability to efficiently and effectively manage disease outbreaks. South Africa's foot and mouth disease-free status is threatened by the resurgence of the disease in neighbouring countries such as Zimbabwe and Mozambique. The risk has been managed successfully to date through co-operation between the national and provincial departments of agriculture, and will require further intervention. This entails: the strengthening of border control; providing support to ensure that the transfrontier conservation parks do not pose a national and international threat; and increased control at ports of entry through the introduction of sniffer dogs, x-ray machines and increased human capacity.

## Expenditure estimates

Table 26.1: Agriculture

Programme	Expenditure outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome			2004/05	2005/06	2006/07
R thousand	2000/01	2001/02	2002/03	2003/04				
1 Administration	93 975	114 479	136 735	157 418	151 319	157 798	166 785	176 738
2 Farmer Support and Development	13 672	100 998	122 678	292 396	286 935	260 936	328 330	383 060
3 Agricultural Trade and Business Development	12 711	18 822	14 500	37 380	37 380	43 137	45 952	48 542
4 Economic Research and Analysis	12 208	25 173	14 496	20 054	20 054	22 486	24 426	26 074
5 Agricultural Production	276 878	271 246	280 031	319 342	319 342	371 653	402 436	445 283
6 Sustainable Resources Management and Use	124 865	123 413	121 754	139 533	135 482	165 469	180 378	195 878
7 National Regulatory Services	139 172	157 205	152 104	197 932	197 932	194 656	241 298	255 976
8 Communication and Information Management	49 847	59 798	74 957	80 775	80 775	82 797	86 858	91 551
9 Programme Planning, Monitoring and Evaluation	–	–	18	5 272	4 872	7 296	8 238	8 732
<b>Total</b>	<b>723 328</b>	<b>871 134</b>	<b>917 273</b>	<b>1 250 102</b>	<b>1 234 091</b>	<b>1 306 228</b>	<b>1 484 701</b>	<b>1 631 834</b>
Change to 2003 Budget Estimate				177 903	161 892	290 577	364 692	

### Economic classification

<b>Current payments</b>	<b>387 992</b>	<b>426 756</b>	<b>460 006</b>	<b>589 430</b>	<b>587 019</b>	<b>678 407</b>	<b>776 164</b>	<b>835 230</b>
Compensation of employees	202 413	220 115	248 823	303 571	300 945	360 299	388 538	412 671
Goods and services	184 540	205 781	210 785	285 859	285 859	318 108	387 626	422 559
Interest and rent on land	–	–	–	–	–	–	–	–
Financial transactions in assets and liabilities	1 039	860	398	–	215	–	–	–
Unauthorised expenditure	–	–	–	–	–	–	–	–
<b>Transfers and subsidies to:</b>	<b>325 849</b>	<b>425 205</b>	<b>417 401</b>	<b>619 702</b>	<b>611 102</b>	<b>594 600</b>	<b>674 441</b>	<b>760 871</b>
Provinces and municipalities	18 593	29 050	24 762	38 989	37 389	228 181	291 154	345 722
Departmental agencies and accounts	285 171	289 532	283 349	320 707	320 707	351 234	369 155	400 930
Universities and technikons	–	–	–	–	–	–	–	–
Foreign governments & international organisations	16 661	21 623	23 490	24 003	24 003	14 385	14 132	14 219
Public corporations & private enterprises	–	–	–	803	803	800	–	–
Non-profit institutions	–	–	800	200	200	–	–	–
Households	5 424	85 000	85 000	235 000	228 000	–	–	–
<b>Payments for capital assets</b>	<b>9 487</b>	<b>19 173</b>	<b>39 866</b>	<b>40 970</b>	<b>35 970</b>	<b>33 221</b>	<b>34 096</b>	<b>35 733</b>
Buildings and other fixed structures	475	5 171	24 195	24 340	19 340	16 260	17 236	18 270
Machinery and equipment	6 483	9 418	12 174	13 210	13 210	13 273	13 058	13 391
Cultivated assets	–	–	–	–	–	–	–	–
Software and other intangible assets	2 529	4 584	3 497	3 420	3 420	3 688	3 802	4 072
Land and subsoil assets	–	–	–	–	–	–	–	–
<b>Total</b>	<b>723 328</b>	<b>871 134</b>	<b>917 273</b>	<b>1 250 102</b>	<b>1 234 091</b>	<b>1 306 228</b>	<b>1 484 701</b>	<b>1 631 834</b>

### Expenditure trends

Total expenditure increased steadily between 2000/01 and 2003/04, rising from R723,3 million to a projected R1,3 billion. Total expenditure is expected to continue to grow over the next three years, rising to R1,6 billion in 2006/07, an annual average increase over the seven-year period of 14,5 per cent.

Expenditure between 2001/02 and 2003/04 has been increased by the allocation of R255,0 million (R85,0 million per annum) for flood relief over the three years, following the floods of 1999/00. An additional once-off allocation of R150,0 million was made in 2003/04 for agricultural disaster management (drought, cold spells and floods), boosting the department's budget for this year in the *Farmer Support and Development* programme. Allocations to this programme for future years have also increased as additional resources have been made available for conditional grants to supplement provincial budgets to improve and increase farmer support services within the CASP framework.

The allocation for LandCare projects, under the *Sustainable Resources Management and Use* programme, has been increased from R18,0 million in 2000/01 to R38,0 million in 2003/04 and subsequently to R44,5 million in 2006/07.

A significant increase is anticipated in compensation of employees from 2004/05 onwards, mainly due to the filling of vacant posts following the finalisation of the Public Sector Co-ordinated Bargaining Council Resolution 7 of 2002 and the approval of the department's new structure. Transfers dominate the department's expenditure with an amount of R594,6 million for 2004/05, of which approximately 57,0 per cent or R338,4 million will be a transfer payment to the Agricultural Research Council, under the *Agricultural Production* programme.

## Departmental receipts

The department derives its revenue mainly from the sale of goods and the rendering of services such as drilling services, soil analysis, import/export certification, issuing of liquor control permits, quarantine and inspection services. Total revenue received from the sale of these goods and services increased from R20,0 million in 2000/01 to R23,9 million in 2002/03 and subsequently decreased to R17,5 million due to a shift in the method of payments to a revenue stamp system for certain services, which redirects the revenue towards the National Revenue Fund instead. However, revenue from the sales of goods and services is expected to rise again to R21,6 million in 2006/07. Significant albeit unpredictable revenues are also earned from interest payments. The fluctuations in this source of revenue derive from a shift in definition of vehicle subsidies from loans to allowances, which resulted in a drop in revenue from R17,2 million in 2001/02 to R11,8 million in 2003/04.

**Table 26.2: Departmental receipts**

R thousand	Revenue outcome			Adjusted appropriation	Medium-term revenue estimate		
	Audited	Audited	Preliminary outcome				
	2000/01	2001/02	2002/03		2003/04	2004/05	2005/06
Tax receipts	-	-	-	-	-	-	-
Sales of goods and services produced by department (excl capital assets)	19 956	21 313	23 891	17 537	19 296	19 591	21 550
Sales of scrap, waste, arms and other used current goods (excl capital assets)	-	1 144	75	7	-	-	-
Transfers received	-	614	10	16	-	-	-
Fines, penalties and forfeits	-	1	21	1	1	1	1
Interest, dividends and rent on land	16 459	17 181	11 484	11 819	13 002	14 303	15 733
Sales of capital assets	-	-	-	8 927	-	-	-
Financial transactions in assets and liabilities	45 705	32 298	38 981	27 228	29 951	32 946	36 241
<b>Total departmental receipts</b>	<b>82 120</b>	<b>72 551</b>	<b>74 462</b>	<b>65 535</b>	<b>62 250</b>	<b>66 841</b>	<b>73 525</b>

## Programme 1: Administration

The *Administration* programme conducts the overall management of the department and provides strategic leadership and corporate services through the activities of the Minister, the Deputy Minister and senior management. It also provides financial, procurement, administrative, legal and IT services, an internal audit function, human resources management, and secretariat services in support of intergovernmental relations. Within this programme, there is also a component that deals with agricultural debt collection.

### Expenditure estimates

**Table 26.3: Administration**

Subprogramme	Expenditure outcome				Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome					
R thousand	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	
Minister <sup>1</sup>	733	783	825	746	791	831	872	
Deputy Minister <sup>2</sup>	584	562	657	607	643	675	709	
Management	25 175	22 637	25 798	28 447	32 564	34 582	36 622	
Corporate Services	67 008	85 326	85 260	103 278	107 540	113 461	120 265	
Capital Works	475	5 171	24 195	24 340	16 260	17 236	18 270	
<b>Total</b>	<b>93 975</b>	<b>114 479</b>	<b>136 735</b>	<b>157 418</b>	<b>157 798</b>	<b>166 785</b>	<b>176 738</b>	
Change to 2003 Budget Estimate				4 327	(4 886)	(4 910)		

<sup>1</sup> Payable as from 1 April 2003. Salary: R597 228. Car allowance: R149 307.

<sup>2</sup> Payable as from 1 April 2003. Salary: R485 412. Car allowance: R121 353.

#### Economic classification

	90 349	103 126	107 264	128 348	137 073	145 029	153 731
<b>Current payments</b>	<b>90 349</b>	<b>103 126</b>	<b>107 264</b>	<b>128 348</b>	<b>137 073</b>	<b>145 029</b>	<b>153 731</b>
Compensation of employees	54 858	59 789	68 938	81 499	86 310	90 104	95 405
Goods and services	34 600	42 646	38 172	46 849	50 763	54 925	58 326
Interest and rent on land	–	–	–	–	–	–	–
Financial transactions in assets and liabilities	891	691	154	–	–	–	–
Unauthorised expenditure	–	–	–	–	–	–	–
<b>Transfers and subsidies to:</b>	<b>162</b>	<b>176</b>	<b>203</b>	<b>266</b>	<b>264</b>	<b>275</b>	<b>292</b>
Provinces and municipalities	162	176	203	266	264	275	292
Departmental agencies and accounts	–	–	–	–	–	–	–
Universities and technikons	–	–	–	–	–	–	–
Foreign governments & international organisations	–	–	–	–	–	–	–
Public corporations & private enterprises	–	–	–	–	–	–	–
Non-profit institutions	–	–	–	–	–	–	–
Households	–	–	–	–	–	–	–
<b>Payments for capital assets</b>	<b>3 464</b>	<b>11 177</b>	<b>29 268</b>	<b>28 804</b>	<b>20 461</b>	<b>21 481</b>	<b>22 715</b>
Buildings and other fixed structures	475	5 171	24 195	24 340	16 260	17 236	18 270
Machinery and equipment	914	1 899	2 077	1 769	1 493	1 502	1 575
Cultivated assets	–	–	–	–	–	–	–
Software and other intangible assets	2 075	4 107	2 996	2 695	2 708	2 743	2 870
Land and subsoil assets	–	–	–	–	–	–	–
<i>Of which: Capitalised compensation</i>	–	–	–	–	–	–	–
<b>Total</b>	<b>93 975</b>	<b>114 479</b>	<b>136 735</b>	<b>157 418</b>	<b>157 798</b>	<b>166 785</b>	<b>176 738</b>

#### Details of transfer payments and subsidies:

Provinces and municipalities							
<b>Municipalities</b>							
<b>Current</b>	<b>162</b>	<b>176</b>	<b>203</b>	<b>266</b>	<b>264</b>	<b>275</b>	<b>292</b>

Regional Services Council levies	162	176	203	266	264	275	292
<b>Total</b>	<b>162</b>	<b>176</b>	<b>203</b>	<b>266</b>	<b>264</b>	<b>275</b>	<b>292</b>

### Expenditure trends

Expenditure on *Administration* has been increasing steadily, rising from R94,0 million in 2000/01 to R157,4 million in 2003/04 and expected to increase to R176,7 million in 2006/07, an annual average increase of 11,1 per cent. Significant increases in expenditure were experienced in 2002/03, mainly as a result of funds rolled over to finalise capital works at various border posts, and in 2003/04 for the purchase of the Maize Board building.

### Programme 2: Farmer Support and Development

*Farmer Support and Development* focuses on: developing norms and standards for the settlement of emerging farmers; food security; rural development; registration of co-operatives; and agricultural risk and disaster management. The programme consists of six subprogrammes including one responsible for managerial functions:

- Farmer Settlement provides emerging farmers with land through the disposal of state owned agricultural land and facilitates the provision of agricultural support to ensure their commercial viability.
- Agricultural Finance and Co-operative Development develops policies in support of the development of farmer co-operatives and a sustainable agricultural financial services system.
- Food Security and Rural Development develops policies and norms and standards to ensure food security; maintains the national food security management system and finances projects on household food security.
- Agricultural Risk Management develops the policy framework for agricultural disaster management within which early warnings and post disaster support are provided to agricultural enterprises.
- Registrar of Co-operatives registers all the co-operatives in South Africa.

### Expenditure estimates

**Table 26.4: Farmer Support and Development**

Subprogramme	Expenditure outcome				Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome					
R thousand	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	
Management	555	591	630	931	974	1 231	1 305	
Farmer Settlement	4 511	5 209	10 221	24 352	234 489	300 361	353 415	
Agricultural Finance and Co-operative Development	2 759	1 219	4 325	8 914	5 818	6 203	6 575	
Food Security and Rural Development	2 766	7 878	11 956	15 785	10 340	10 906	11 559	
Agricultural Risk Management	1 027	85 418	93 450	238 970	5 016	5 243	5 559	
Registrar of Co-operatives	2 054	683	2 096	3 444	4 299	4 386	4 647	
<b>Total</b>	<b>13 672</b>	<b>100 998</b>	<b>122 678</b>	<b>292 396</b>	<b>260 936</b>	<b>328 330</b>	<b>383 060</b>	
Change to 2003 Budget Estimate				146 047	201 007	251 225		

#### Economic classification

	12 022	14 481	36 081	55 305	58 121	75 666	80 229
<b>Current payments</b>							
Compensation of employees	7 843	5 207	9 924	17 887	24 129	25 369	26 707
Goods and services	4 179	9 274	26 146	37 418	33 992	50 297	53 522
Interest and rent on land	-	-	-	-	-	-	-

Financial transactions in assets and liabilities	-	-	11	-	-	-	-
Unauthorised expenditure	-	-	-	-	-	-	-

	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome		2004/05	2005/06	2006/07
R thousand	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
<b>Transfers and subsidies to:</b>	<b>1 650</b>	<b>86 517</b>	<b>86 597</b>	<b>237 091</b>	<b>202 315</b>	<b>252 464</b>	<b>302 619</b>
Provinces and municipalities	26	17	32	68	200 075	250 079	300 083
Departmental agencies and accounts	1 624	1 500	1 565	1 585	2 240	2 385	2 536
Universities and technikons	-	-	-	-	-	-	-
Foreign governments & international organisations	-	-	-	-	-	-	-
Public corporations & private enterprises	-	-	-	438	-	-	-
Non-profit institutions	-	-	-	-	-	-	-
Households	-	85 000	85 000	235 000	-	-	-
<b>Payments for capital assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>500</b>	<b>200</b>	<b>212</b>
Buildings and other fixed structures	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	500	200	212
Cultivated assets	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-
<i>Of which: Capitalised compensation</i>	-	-	-	-	-	-	-
<b>Total</b>	<b>13 672</b>	<b>100 998</b>	<b>122 678</b>	<b>292 396</b>	<b>260 936</b>	<b>328 330</b>	<b>383 060</b>

**Details of transfer payments and subsidies:**

<b>Provinces and municipalities</b>							
<b>Provincial Revenue Funds</b>							
<b>Current</b>	-	-	-	-	<b>200 000</b>	<b>250 000</b>	<b>300 000</b>
Support to Settled Farmers	-	-	-	-	200 000	250 000	300 000
<b>Municipalities</b>							
<b>Current</b>	<b>26</b>	<b>17</b>	<b>32</b>	<b>68</b>	<b>75</b>	<b>79</b>	<b>83</b>
Regional Services Council levies	26	17	32	68	75	79	83
<b>Departmental agencies and accounts (Entities)</b>							
<b>Current</b>	<b>1 624</b>	<b>1 500</b>	<b>1 565</b>	<b>1 585</b>	<b>2 240</b>	<b>2 385</b>	<b>2 536</b>
Ncera Farms (Pty) Ltd	1 624	1 500	1 565	1 585	2 240	2 385	2 536
<b>Private enterprises (Other transfers)</b>							
<b>Current</b>	-	-	-	<b>438</b>	-	-	-
Agricultural Finance and Co-operative Development: Village banks	-	-	-	438	-	-	-
<b>Households (Other transfers to households)</b>							
<b>Current</b>	-	<b>85 000</b>	<b>85 000</b>	<b>235 000</b>	-	-	-
Flood Relief Scheme	-	85 000	85 000	-	-	-	-
Agricultural disaster management	-	-	-	235 000	-	-	-
<b>Total</b>	<b>1 650</b>	<b>86 517</b>	<b>86 597</b>	<b>237 091</b>	<b>202 315</b>	<b>252 464</b>	<b>302 619</b>

**Expenditure trends**

Expenditure on *Farmer Support and Development* has been heavily affected by the allocation of funds for the Flood Relief Scheme in response to the floods in 1999/00 as well as an additional amount of R150,0 million that was made available in 2003/04 for Agricultural Disaster Management (drought, cold spell and floods). Total spending on the programme rose from

R13,7 million in 2000/01 to R292,4 million in 2003/04, and is expected to rise to R383,1 million in 2006/07.

Apart from the flood relief and disaster management funds, the programme has seen significant underlying growth in expenditure, particularly on the Farmer Settlement subprogramme, which provides support to new farmers. Expenditure is expected to grow from R4,5 million in 2000/01 to R353,4 million in 2006/07, an annual average increase of 106,9 per cent. This is due to increased resources being allocated for transfers to provinces through conditional grants in the current MTEF period to expand the provision of farmer support services within the CASP framework. Accompanying this has been a large increase in the spending on compensation of employees and goods and services, as much of the farmer settlement support consists of providing advice and services.

## Service delivery objectives and indicators

### Recent outputs

#### *Food security*

The programme continued to engage with land reform and food security concerns, both nationally and in the SADC region. It played a support role in both the drafting of the National Food Emergency Scheme, in response to the high food prices in the country, and in South Africa's regional contribution of 100 000 tons of maize to SADC via the World Food Programme.

#### *Risk insurance*

In line with the 2003 output targets, the Agricultural Risk Insurance Bill was amended and resubmitted to Cabinet for publication in the Government Gazette. This Bill and the implementation of the proposed agricultural risk insurance scheme have been deferred until the policy has been further developed. The intention is to incorporate agricultural risk within the overall disaster management framework.

#### *Co-operatives*

A draft policy and strategy on agricultural co-operative development has been submitted to the Integrated Technical Committee on Agriculture for further inputs. A concept paper for capacity building in co-operatives has been formulated to take the Agricultural Finance and Co-operative Development subprogramme forward. The transfer of the Registrar of Co-operatives function to the Department of Trade and Industry could not be effected due to the administrative process involved, but is expected to be finalised by June 2004.

## Medium-term output targets

### Farmer Support and Development

**Measurable objective:** Promote equitable access to and sustained participation of emerging farmers in the sector by developing appropriate policies and co-ordinating implementation with provincial agricultural departments.

Subprogramme	Output	Measure/Indicator	Target
Farmer Settlement	Viable farm businesses	An increased number of viable farm businesses	10% decrease in the failure rate of new and established farms
Agricultural Finance and Co-operative Development	An agricultural co-operative development programme	Approved policy and strategy on agricultural co-operative development	Implementation of the agricultural co-operative development programme to begin by April 2004
Food Security and Rural Development	Reduced food insecurity	Number of food security projects implemented	48 new projects implemented in targeted areas by March 2005
Agricultural Risk Management	Reduction in agricultural risks	Implementation of a disaster and risk management programme and	Implementation of programme throughout 2004 and advisories to

		provision of advisory services to farmers	be provided monthly
Registrar of Co-operatives	Transfer of the function to the Department of Trade and Industry	Finalisation of transfer	By June 2004

### Programme 3: Agricultural Trade and Business Development

*Agricultural Trade and Business Development* promotes trade, market access and black economic empowerment, and financially supports the National Agricultural Marketing Council through five subprogrammes. Activities include: developing policies, strategies and industry action plans to encourage the growth of agricultural industries and ensure transformation within them; developing and implementing policies and programmes to improve access to domestic markets, and promoting trade; promoting access to international agricultural markets and managing international trade agreements; and advising the Minister on the efficacy of food and agricultural marketing systems.

### Expenditure estimates

**Table 26.5: Agricultural Trade and Business Development**

Subprogramme	Expenditure outcome				Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome					
R thousand	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	
Management	–	628	805	987	1 031	1 403	1 487	
Business and Entrepreneurial Development	1 620	6 170	1 890	8 599	11 065	11 957	12 657	
Marketing	1 284	1 299	1 819	9 871	11 275	11 868	12 582	
International Trade	3 138	3 790	4 774	7 814	9 165	9 627	10 199	
National Agricultural Marketing Council	6 669	6 935	5 212	10 109	10 601	11 097	11 617	
<b>Total</b>	<b>12 711</b>	<b>18 822</b>	<b>14 500</b>	<b>37 380</b>	<b>43 137</b>	<b>45 952</b>	<b>48 542</b>	
Change to 2003 Budget Estimate				2 432	6 266	6 472		

#### Economic classification

	6 028	11 861	9 267	26 871	31 690	34 806	36 872
<b>Current payments</b>							
Compensation of employees	4 458	8 586	6 800	9 713	14 776	16 154	17 276
Goods and services	1 568	3 275	2 467	17 158	16 914	18 652	19 596
Interest and rent on land	–	–	–	–	–	–	–
Financial transactions in assets and liabilities	2	–	–	–	–	–	–
Unauthorised expenditure	–	–	–	–	–	–	–
<b>Transfers and subsidies to:</b>	<b>6 683</b>	<b>6 961</b>	<b>5 233</b>	<b>10 509</b>	<b>11 447</b>	<b>11 146</b>	<b>11 670</b>
Provinces and municipalities	14	26	21	35	46	49	53
Departmental agencies and accounts	6 669	6 935	5 212	10 109	10 601	11 097	11 617
Universities and technikons	–	–	–	–	–	–	–
Foreign governments & international organisations	–	–	–	–	–	–	–
Public corporations & private enterprises	–	–	–	365	800	–	–
Non-profit institutions	–	–	–	–	–	–	–
Households	–	–	–	–	–	–	–
<b>Payments for capital assets</b>	<b>–</b>						
Buildings and other fixed structures	–	–	–	–	–	–	–
Machinery and equipment	–	–	–	–	–	–	–
Cultivated assets	–	–	–	–	–	–	–
Software and other intangible assets	–	–	–	–	–	–	–
Land and subsoil assets	–	–	–	–	–	–	–
<i>Of which: Capitalised compensation</i>	–	–	–	–	–	–	–
<b>Total</b>	<b>12 711</b>	<b>18 822</b>	<b>14 500</b>	<b>37 380</b>	<b>43 137</b>	<b>45 952</b>	<b>48 542</b>

	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome				
R thousand	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
<b>Details of transfer payments and subsidies:</b>							
<b>Provinces and municipalities</b>							
<b>Municipalities</b>							
<b>Current</b>	<b>14</b>	<b>26</b>	<b>21</b>	<b>35</b>	<b>46</b>	<b>49</b>	<b>53</b>
Regional Services Council levies	14	26	21	35	46	49	53
<b>Departmental agencies and accounts (Entities)</b>							
<b>Current</b>	<b>6 669</b>	<b>6 935</b>	<b>5 212</b>	<b>10 109</b>	<b>10 601</b>	<b>11 097</b>	<b>11 617</b>
National Agricultural Marketing Council	6 669	6 935	5 212	10 109	10 601	11 097	11 617
<b>Private enterprises (other transfers)</b>							
<b>Current</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>365</b>	<b>800</b>	<b>-</b>	<b>-</b>
National Red Meat Producers Organisation	-	-	-	185	-	-	-
Co-operative development initiative	-	-	-	180	-	-	-
Organisational development	-	-	-	-	500	-	-
Grain industry project management	-	-	-	-	300	-	-
<b>Total</b>	<b>6 683</b>	<b>6 961</b>	<b>5 233</b>	<b>10 509</b>	<b>11 447</b>	<b>11 146</b>	<b>11 670</b>

## Expenditure trends

Expenditure on this programme grew from R12,7 million in 2000/01 to R37,4 million in 2003/04, and is expected to reach R48,5 million in 2006/07, an annual average increase of 25,0 per cent over the seven-year period. Much of this growth is being targeted at promoting trade and increasing domestic market access, particularly for the new farmers settled under the Land Reform for Agriculture Development scheme. This strong growth has been accompanied by a significant increase in expenditure on goods and services, including domestic and foreign travel and consultant and special services, rising from R1,6 million in 2000/01 to R19,6 million in 2006/07, an annual average increase of 52,3 per cent.

The transfer payment to the National Agricultural Marketing Council is included under this programme. This grew from R6,7 million in 2000/01 to an expected R11,6 million in 2006/07, an annual average increase of 9,7 per cent.

## Service delivery objectives and indicators

### Recent outputs

Following inputs by a reference group a draft BEE strategy was completed, and consultation with key stakeholders is underway to finalise it.

The Agricultural Sector Plan was adopted at commodity level through a process of consultation with industry representatives to determine specific industry action plans, which are now at various stages of implementation.

An Agricultural Trade Strategy was developed in consultation with the Agricultural Trade Forum. Position papers for the negotiations between the Southern African Customs Union and the United States were drafted, discussed and supported by the International Chamber of Commerce.

The department participated in and made inputs at a meeting of the Economic Commission for Africa to draft a position paper for Africa on the World Trade Organisation agriculture negotiations.

### Medium-term output targets

#### Agricultural Trade and Business Development

**Measurable objective:** Expand market access for South African agricultural products locally and internationally by implementing relevant policies and programmes, with a particular focus on black economic empowerment.

Subprogramme	Output	Measure/Indicator	Target
Business and Entrepreneurial Development	Agriculture industry-based business partnerships	Expansion of industry-based business partnerships	3 commodity plans concluded by end March 2005
Marketing	Targeted domestic marketing support	Proportion of LRAD beneficiaries in number of rural development nodes reached	70% reached in 3 development nodes by March 2005
International Trade	Negotiating positions and plans	Number of positions developed that reflect opportunities and constraints to markets	10 new position papers and reports by March 2005

### Programme 4: Economic Research and Analysis

*Economic Research and Analysis* supports the establishment and management of national agriculture databases, and provides for the collection and analysis of statistics on agriculture and food security through three subprogrammes. The programme monitors and evaluates the economic state and performance of the sector, producing quarterly reports on sector trends.

### Expenditure estimates

Table 26.6: Economic Research and Analysis

Subprogramme	Expenditure outcome				Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome					
R thousand	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	
Management	974	693	613	1 012	1 061	1 312	1 390	
Production and Resource Economics	1 783	3 680	3 094	8 046	9 037	9 501	10 071	
Statistics	9 451	20 800	10 789	10 996	12 388	13 613	14 613	
<b>Total</b>	<b>12 208</b>	<b>25 173</b>	<b>14 496</b>	<b>20 054</b>	<b>22 486</b>	<b>24 426</b>	<b>26 074</b>	
Change to 2003 Budget Estimate				(3 671)	(4 103)	(4 154)		

#### Economic classification

	12 190	25 157	13 676	19 822	22 442	24 380	26 025
<b>Current payments</b>							
Compensation of employees	5 827	5 302	6 604	9 667	14 141	14 735	15 611
Goods and services	6 359	19 855	7 072	10 155	8 301	9 645	10 414
Interest and rent on land	–	–	–	–	–	–	–
Financial transactions in assets and liabilities	4	–	–	–	–	–	–
Unauthorised expenditure	–	–	–	–	–	–	–
<b>Transfers and subsidies to:</b>	<b>18</b>	<b>16</b>	<b>820</b>	<b>232</b>	<b>44</b>	<b>46</b>	<b>49</b>
Provinces and municipalities	18	16	20	32	44	46	49
Departmental agencies and accounts	–	–	–	–	–	–	–
Universities and technikons	–	–	–	–	–	–	–
Foreign governments & international organisations	–	–	–	–	–	–	–
Public corporations & private enterprises	–	–	–	–	–	–	–
Non-profit institutions	–	–	800	200	–	–	–
Households	–	–	–	–	–	–	–

	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome		2004/05	2005/06	2006/07
R thousand	2000/01	2001/02	2002/03	2003/04			
<b>Payments for capital assets</b>	-	-	-	-	-	-	-
Buildings and other fixed structures	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	-	-	-
Cultivated assets	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-
<i>Of which: Capitalised compensation</i>	-	-	-	-	-	-	-
<b>Total</b>	<b>12 208</b>	<b>25 173</b>	<b>14 496</b>	<b>20 054</b>	<b>22 486</b>	<b>24 426</b>	<b>26 074</b>

**Details of transfer payments and subsidies:**

Provinces and municipalities							
Municipalities							
Current	18	16	20	32	44	46	49
Regional Services Council levies	18	16	20	32	44	46	49
Non-profit institutions							
Current	-	-	800	200	-	-	-
International Conference of Agricultural Economists	-	-	800	200	-	-	-
<b>Total</b>	<b>18</b>	<b>16</b>	<b>820</b>	<b>232</b>	<b>44</b>	<b>46</b>	<b>49</b>

**Expenditure trends**

Expenditure on *Economic Research and Analysis* grew very rapidly from R12,2 million in 2000/01 to R20,1 million in 2003/04, an annual average increase of 18,0 per cent. Total expenditure is expected to continue growing over the MTEF period, but at a more moderate pace of 9,1 per cent per year to reach R26,1 million in 2006/07. The largest subprogramme, Statistics, has seen significant growth, along with the Production and Resource Economics subprogramme. These increases have been spent mainly on compensation of employees and goods and services to expand the services provided by the programme, in particular the statistics services. Expenditure on compensation of employees is expected to continue to increase following the filling of vacant posts. Much of the future increase in allocations will be spent on the development and implementation of an improved crop forecasting system.

**Service delivery objectives and indicators****Recent outputs***Food prices*

The department participated in a government initiative to commission an urgent study on the sharp increase in food prices. Steps were taken to monitor changes in food commodity prices more closely and to evaluate the causes of these changes.

*Agricultural economics*

A National Agricultural Economics Working Group was established to enhance co-ordination and build national capacity. The group has started producing overviews of economic changes and their impact on the agricultural sector.

*Crop forecasting*

Improvements to the crop forecasting system are also being addressed through a contract awarded to a consortium led by the Agricultural Research Council. The department will continue to produce reports on trends in and the performance of the agriculture sector to support and improve good decision-making by all stakeholders.

**Economic Research and Analysis**

<b>Measurable objective:</b> Support decision-making by all participants in the agricultural sector, by providing timely, accurate and pertinent agricultural, economic and statistical information on a quarterly basis.			
<b>Subprogramme</b>	<b>Output</b>	<b>Measure/Indicator</b>	<b>Target</b>
Production and Resource Economics	Reports on constraints and opportunities in the agricultural sector	Number of reports that contribute to informed decisions by all stakeholders in the sector	3 comprehensive reports by March 2005
Statistics	Statistical reports on trends in and the economic performance of the agricultural sector	Availability of information on trends and economic performance	5 statistical reports published by March 2005

**Programme 5: Agricultural Production**

*Agricultural Production* develops policies to enhance the sustainable production of agricultural products. It works with the provinces and the Agricultural Research Council to identify and support strategic research and interventions to increase productivity and mitigate the effects of climate change and migratory pests through five subprogrammes. Activities include: facilitating the development of policies and instruments to enhance livestock production, including game and aquaculture; supporting a combination of traditional farming practices and agricultural sciences to promote productive and sustainable agriculture; and identifying research priorities, and mobilising resources and directing public sector investment towards these priorities.

**Expenditure estimates****Table 26.7: Agricultural Production**

Subprogramme	Expenditure outcome				Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome					
R thousand	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	
Management	–	–	–	993	1 011	1 338	1 419	
Animal and Aqua Production	–	–	1 738	3 846	10 026	15 548	21 069	
Plant Production	–	–	2 504	4 532	10 863	16 419	21 730	
Scientific Research and Development	–	–	737	958	11 360	13 458	14 288	
Agricultural Research Council	–	–	–	–	–	–	–	
Baseline: Science vote	268 378	262 746	266 552	289 013	312 742	333 838	362 508	
Pension fund	5 500	5 500	–	–	–	–	–	
Leave gratuity	2 000	2 000	6 500	7 500	6 901	–	–	
SA Stud Book	1 000	1 000	2 000	2 000	1 560	1 625	1 723	
Crop forecast	–	–	–	5 000	5 000	5 000	5 120	
Diagnostic services	–	–	–	5 500	7 000	7 210	7 426	
Maintenance infrastructure	–	–	–	–	5 000	8 000	10 000	
IRIS (INTERGIS)	–	–	–	–	190	–	–	
<b>Total</b>	<b>276 878</b>	<b>271 246</b>	<b>280 031</b>	<b>319 342</b>	<b>371 653</b>	<b>402 436</b>	<b>445 283</b>	
Change to 2003 Budget Estimate				313 765	365 015	394 652		

2004 Estimates of National Expenditure

	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited 2000/01	Audited 2001/02	Preliminary outcome 2002/03		2004/05	2005/06	2006/07
R thousand							
<b>Economic classification</b>							
<b>Current payments</b>	-	-	4 969	10 319	33 225	46 726	58 463
Compensation of employees	-	-	3 262	5 937	11 766	12 483	14 332
Goods and services	-	-	1 707	4 382	21 459	34 243	44 131
Interest and rent on land	-	-	-	-	-	-	-
Financial transactions in assets and liabilities	-	-	-	-	-	-	-
Unauthorised expenditure	-	-	-	-	-	-	-
<b>Transfers and subsidies to:</b>	<b>276 878</b>	<b>271 246</b>	<b>275 062</b>	<b>309 023</b>	<b>338 428</b>	<b>355 710</b>	<b>386 820</b>
Provinces and municipalities	-	-	10	10	35	37	43
Departmental agencies and accounts	276 878	271 246	275 052	309 013	338 393	355 673	386 777
Universities and technikons	-	-	-	-	-	-	-
Foreign governments & international organisations	-	-	-	-	-	-	-
Public corporations & private enterprises	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-
<b>Payments for capital assets</b>	-	-	-	-	-	-	-
Buildings and other fixed structures	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	-	-	-
Cultivated assets	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-
<i>Of which: Capitalised compensation</i>	-	-	-	-	-	-	-
<b>Total</b>	<b>276 878</b>	<b>271 246</b>	<b>280 031</b>	<b>319 342</b>	<b>371 653</b>	<b>402 436</b>	<b>445 283</b>

**Details of transfer payments and subsidies:**

<b>Provinces and municipalities</b>							
<b>Municipalities</b>							
<b>Current</b>	-	-	10	10	35	37	43
Regional Services Council levies	-	-	10	10	35	37	43
<b>Departmental agencies and accounts (Entities)</b>							
<b>Current</b>	<b>262 378</b>	<b>254 246</b>	<b>258 052</b>	<b>281 966</b>	<b>294 436</b>	<b>310 785</b>	<b>339 645</b>
Agricultural Research Council	262 378	254 246	258 052	281 966	294 436	310 785	339 645
<b>Capital</b>	<b>14 500</b>	<b>17 000</b>	<b>17 000</b>	<b>27 047</b>	<b>43 957</b>	<b>44 888</b>	<b>47 132</b>
Agricultural Research Council	14 500	17 000	17 000	27 047	43 957	44 888	47 132
<b>Total</b>	<b>276 878</b>	<b>271 246</b>	<b>275 062</b>	<b>309 023</b>	<b>338 428</b>	<b>355 710</b>	<b>386 820</b>

**Expenditure trends**

Funds were sourced from the department's budget to establish this programme in April 2002. The Scientific Research and Development and the Agricultural Research Council subprogrammes were transferred from the *Sustainable Resources Management and Use* programme. The consequent growth in expenditure on *Agricultural Production* will be focused on promoting increased agricultural production, higher investments in agricultural research, and national co-ordination of technology development and transfer.

The budget allocation for the programme grew from R280,0 million in 2002/03 to an expected R445,3 million in 2006/07, an annual average increase of 12,3 per cent. Transfers to the

Agricultural Research Council account for the bulk of expenditure, representing 86,9 per cent of the total allocation in 2006/07.

## Service delivery objectives and indicators

### Recent outputs

#### *Increasing agricultural production*

This programme was established during 2002/03 to ensure food security through increased agricultural production. The programme initially comprised only two subprogrammes: Animal and Aqua Production and Plant Production. Both focused on identifying clients and their needs, providing services to them, and promoting working relations. However, the programme has now been expanded in order to align the programme structure with the strategic plan, to include research into priorities for the sector and mobilising resources towards those priorities, through the Scientific Research and Development subprogramme. The other new programme, Agricultural Research Council, provides for transfers to the council.

In line with the 2003 output targets, a draft policy on agriculture and sustainable development is awaiting approval. The policy focuses on production practices while incorporating the outcomes of NEPAD and SADC initiatives. A framework for the livestock development strategy was also finalised.

### Medium-term output targets

#### Agricultural Production

**Measurable objective:** Develop policies and technologies to enhance the output and management of livestock and plant production systems, and promote sustainable agricultural practices to increase productivity and profitability.

Subprogramme	Output	Measure/Indicator	Target
Animal and Aqua Production	Livestock development policy	Approved policy	By March 2005
Plant Production	Plant improvement scheme	Approved scheme	By March 2005
Scientific Research and Development	Research and development strategy	Strategy available	Strategy implemented by March 2005

## Programme 6: Sustainable Resources Management and Use

*Sustainable Resources Management and Use* develops policies and norms and standards on the management and use of land and water resources in agriculture. Activities include: providing access to water resources by providing borehole and irrigation infrastructure to those previously excluded from commercial farming; developing and implementing policy, legislation and projects supporting sustainable agriculture; and providing for the community based LandCare programme.

## Expenditure estimates

**Table 26.8: Sustainable Resources Management and Use**

Subprogramme	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome		2004/05	2005/06	2006/07
R thousand	2000/01	2001/02	2002/03	2003/04			
Management	530	680	647	1 462	1 269	1 365	1 448
Water Use and Irrigation Development	43 576	48 456	47 108	52 891	60 362	67 827	75 945
Land Use and Soil Management	75 335	74 277	73 999	85 180	103 838	111 186	118 485
Financial Support Measures	5 424	-	-	-	-	-	-
<b>Total</b>	<b>124 865</b>	<b>123 413</b>	<b>121 754</b>	<b>139 533</b>	<b>165 469</b>	<b>180 378</b>	<b>195 878</b>
Change to 2003 Budget Estimate				(301 804)	(261 176)	(264 893)	

**Economic classification**

<b>Current payments</b>	<b>96 940</b>	<b>91 078</b>	<b>91 940</b>	<b>95 839</b>	<b>133 073</b>	<b>135 022</b>	<b>145 839</b>
Compensation of employees	37 131	39 890	41 006	45 410	49 082	51 557	54 658
Goods and services	59 708	51 073	50 888	50 429	83 991	83 465	91 181
Interest and rent on land	-	-	-	-	-	-	-
Financial transactions in assets and liabilities	101	115	46	-	-	-	-
Unauthorised expenditure	-	-	-	-	-	-	-
<b>Transfers and subsidies to:</b>	<b>23 510</b>	<b>28 500</b>	<b>24 127</b>	<b>38 142</b>	<b>27 248</b>	<b>40 154</b>	<b>44 663</b>
Provinces and municipalities	18 086	28 500	24 127	38 142	27 248	40 154	44 663
Departmental agencies and accounts	-	-	-	-	-	-	-
Universities and technikons	-	-	-	-	-	-	-
Foreign governments & international organisations	-	-	-	-	-	-	-
Public corporations & private enterprises	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-
Households	5 424	-	-	-	-	-	-
<b>Payments for capital assets</b>	<b>4 415</b>	<b>3 835</b>	<b>5 687</b>	<b>5 552</b>	<b>5 148</b>	<b>5 202</b>	<b>5 376</b>
Buildings and other fixed structures	-	-	-	-	-	-	-
Machinery and equipment	3 961	3 358	5 186	5 025	4 578	4 626	4 686
Cultivated assets	-	-	-	-	-	-	-
Software and other intangible assets	454	477	501	527	570	576	690
Land and subsoil assets	-	-	-	-	-	-	-
<i>Of which: Capitalised compensation</i>	-	-	-	-	-	-	-
<b>Total</b>	<b>124 865</b>	<b>123 413</b>	<b>121 754</b>	<b>139 533</b>	<b>165 469</b>	<b>180 378</b>	<b>195 878</b>

**Details of transfer payments and subsidies:**

<b>Provinces and municipalities</b>							
<b>Provincial Revenue Funds</b>							
<b>Current</b>	<b>17 971</b>	<b>28 376</b>	<b>24 000</b>	<b>38 000</b>	<b>27 100</b>	<b>40 000</b>	<b>44 500</b>
LandCare projects	17 971	28 376	24 000	38 000	27 100	40 000	44 500
<b>Municipalities</b>							
<b>Current</b>	<b>115</b>	<b>124</b>	<b>127</b>	<b>142</b>	<b>148</b>	<b>154</b>	<b>163</b>
Regional Services Council levies	115	124	127	142	148	154	163
<b>Households (Social benefits)</b>							
<b>Current</b>	<b>5 424</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Financial Support Measures: Subsidies to farmers	5 424	-	-	-	-	-	-
<b>Total</b>	<b>23 510</b>	<b>28 500</b>	<b>24 127</b>	<b>38 142</b>	<b>27 248</b>	<b>40 154</b>	<b>44 663</b>

## Expenditure trends

Expenditure on this programme has seen a moderate annual average increase of 3,8 per cent from 2000/01 to 2003/04, with slight fluctuations in between. The growth in the allocation to the LandCare projects, from R18,0 million in 2000/01 to an expected R44,5 million in 2006/07, under the Land Use and Soil Management subprogramme, has contributed significantly to increasing overall programme expenditure by an annual average of 7,8 per cent over the seven-year period. These projects are directed at rural communities to improve their capacity to use and manage their natural resources wisely, thereby ensuring the long-term sustainability of the ecological system.

## Service delivery objectives and indicators

### Recent outputs

#### *Increasing access to water*

As part of promoting access to water to people previously excluded from commercial farming, *Sustainable Resources Management and Use* has provided infrastructure in rural communities through 337 bored water holes, and 16 revitalised irrigation schemes.

#### *LandCare projects*

In line with the 2003 targets, the department led and managed the LandCare projects, through which 5 000 hectares of high potential land was protected from degradation resulting from poor farming practices and erosion. Through these projects the department has successfully monitored and eradicated sporadic outbreaks of black fly, quelea and locust infestations in affected areas. In the forthcoming MTEF period, the LandCare programme will be expanded further.

### Medium-term output targets

#### **Sustainable Resources Management and Use**

<b>Measurable objective:</b> Promote the sustainable use of agricultural resources through the implementation of policies, norms and standards.			
<b>Subprogramme</b>	<b>Output</b>	<b>Measure/Indicator</b>	<b>Target</b>
Water Use and Irrigation Development	Revitalised irrigation schemes	Number of irrigation schemes revitalised	16 existing schemes in each identified province
Land Use and Soil Management	Sustainable use of agricultural resources	Expansion of effective LandCare projects	Restore 6 000 hectares of high potential land subjected to erosion by March 2005

## Programme 7: National Regulatory Services

*National Regulatory Services* is responsible for: managing the risks associated with animal and plant diseases; food safety, including the use of genetic resources and the importing and exporting of food; and bio-safety legislation pertaining to agricultural products entering South Africa and genetically modified products. The programme develops policy and legislation, and implements compliance and operational support systems.

## Expenditure estimates

Table 26.9: National Regulatory Services

Subprogramme	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome		2004/05	2005/06	2006/07
R thousand	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
Management	787	760	932	997	1 049	1 388	1 472
Food Safety and Quality Assurance	27 026	25 729	26 891	31 278	32 383	34 591	36 673
Genetic Resources	5 301	7 170	4 837	4 669	5 458	6 433	6 859
Plant Health	4 737	8 228	6 366	9 794	11 206	12 321	13 060
Animal Health	48 942	43 652	51 142	77 825	53 101	75 548	80 305
South African Food, Quarantine and Inspection Services	52 379	56 339	60 416	73 369	91 459	111 017	117 607
Onderstepoort Biological Products Ltd.	-	9 851	1 520	-	-	-	-
Border Fencing	-	3 222	-	-	-	-	-
Upgrading Laboratories	-	2 254	-	-	-	-	-
<b>Total</b>	<b>139 172</b>	<b>157 205</b>	<b>152 104</b>	<b>197 932</b>	<b>194 656</b>	<b>241 298</b>	<b>255 976</b>
Change to 2003 Budget Estimate				12 524	(12 251)	(13 769)	

## Economic classification

<b>Current payments</b>	<b>137 460</b>	<b>143 067</b>	<b>145 531</b>	<b>191 467</b>	<b>188 112</b>	<b>234 822</b>	<b>249 327</b>
Compensation of employees	66 536	75 135	82 308	99 560	119 687	135 756	143 747
Goods and services	70 887	67 890	63 036	91 907	68 425	99 066	105 580
Interest and rent on land	-	-	-	-	-	-	-
Financial transactions in assets and liabilities	37	42	187	-	-	-	-
Unauthorised expenditure	-	-	-	-	-	-	-
<b>Transfers and subsidies to:</b>	<b>208</b>	<b>10 086</b>	<b>1 777</b>	<b>334</b>	<b>344</b>	<b>385</b>	<b>402</b>
Provinces and municipalities	208	235	257	334	344	385	402
Departmental agencies and accounts	-	9 851	1 520	-	-	-	-
Universities and technikons	-	-	-	-	-	-	-
Foreign governments & international organisations	-	-	-	-	-	-	-
Public corporations & private enterprises	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-
<b>Payments for capital assets</b>	<b>1 504</b>	<b>4 052</b>	<b>4 796</b>	<b>6 131</b>	<b>6 200</b>	<b>6 091</b>	<b>6 247</b>
Buildings and other fixed structures	-	-	-	-	-	-	-
Machinery and equipment	1 504	4 052	4 796	6 131	6 200	6 091	6 247
Cultivated assets	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-
<i>Of which: Capitalised compensation</i>	-	-	-	-	-	-	-
<b>Total</b>	<b>139 172</b>	<b>157 205</b>	<b>152 104</b>	<b>197 932</b>	<b>194 656</b>	<b>241 298</b>	<b>255 976</b>

## Details of transfer payments and subsidies:

<b>Provinces and municipalities</b>							
<b>Municipalities</b>							
<b>Current</b>	<b>208</b>	<b>235</b>	<b>257</b>	<b>334</b>	<b>344</b>	<b>385</b>	<b>402</b>
Regional Services Council levies	208	235	257	334	344	385	402
<b>Departmental agencies and accounts (Entities)</b>							
<b>Current</b>	<b>-</b>	<b>9 851</b>	<b>1 520</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Onderstepoort Biological Products Ltd	-	9 851	1 520	-	-	-	-
<b>Total</b>	<b>208</b>	<b>10 086</b>	<b>1 777</b>	<b>334</b>	<b>344</b>	<b>385</b>	<b>402</b>

## Expenditure trends

Total expenditure has grown from R139,2 million in 2000/01 to an expected R256,0 million in 2006/07, an annual average increase of 10,7 per cent. The growth has been focused on the strengthening, upgrading and maintenance of border control facilities and improving animal disease surveillance. In 2002/03, R61,0 million in additional funds was allocated over two years to enhance the control of cross-border animal and plant diseases and maintain South Africa's foot and mouth disease-free status through the South Africa Food, Quarantine and Inspection Services subprogramme.

## Service delivery objectives and indicators

### Recent outputs

#### *Foot and mouth disease*

The programme has successfully mitigated and combated certain risks associated with animal and plant diseases such as the recent foot and mouth disease outbreaks and Karnal Bunt (a crop disease particularly affecting wheat) in the Northern Cape. However, the challenges are ongoing and need continuous monitoring. The most important achievement has been the reinstatement of South Africa's foot and mouth disease-free status by the World Organisation for Animal Health. To maintain this status and to continue to reduce the risks of cross-border animal diseases, increased vigilance was exercised on all international disease-control fences, especially those bordering on neighbouring countries that are infected with foot and mouth disease.

#### *Regulatory mechanisms*

To strengthen regulatory functions, the new Animal Health Act (7 of 2002) was passed by Parliament and is awaiting promulgation. The Animal Improvement Regulations and dipping policy have been completed, as well as the risk assessment guidelines on genetically modified organisms. Furthermore, good progress has been made with infrastructure development at the quarantine station in Stellenbosch.

## Medium-term output targets

### National Regulatory Services

**Measurable objective:** Maintain and improve management systems, through policies and legislation that ensure a reduction in animal and plant diseases in the medium term

Subprogramme	Output	Measure/Indicator	Target
Food Safety and Quality Assurance	Improved food safety	Approved food safety policy	Implementation of policy to begin by April 2005
Genetic Resources	Increased management and control of risks associated with products resulting from biotechnology	Approved bio-safety policy	Implementation of policy to commence by April 2005
Plant Health	Improved plant pest risk management systems and legislation	New legislation drafted and existing ones revised	Updated systems and legislation by March 2005
Animal Health	Reduction in animal diseases	Animal disease risk management systems, policies, legislation standards and agreements in place	Updated animal health legislation and information systems by March 2005
South African Food, Quarantine and Inspection Services	Effective and improved border control, quarantine and analytical services	Improvement in level of service delivery	Improvement of service delivery up to 80% by end March 2005

## Programme 8: Communication and Information Management

*Communication and Information Management* provides agricultural news and information, facilitates and manages international relations, including paying membership fees to international organisations, and facilitates skills development and the training of new and existing farmers.

### Expenditure estimates

**Table 26.10: Communication and Information Management**

Subprogramme	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome		2004/05	2005/06	2006/07
R thousand	2000/01	2001/02	2002/03	2003/04			
Management	–	–	893	978	1 011	1 385	1 468
Agricultural Information Services	12 576	13 713	14 111	14 730	16 009	16 957	17 946
International Relations	17 241	21 950	32 954	36 257	29 617	30 671	32 048
Education and Training	3 337	4 360	6 516	8 445	13 584	14 238	15 056
Grootfontein Agricultural Development Institute	16 693	19 775	20 483	20 365	22 576	23 607	25 033
<b>Total</b>	<b>49 847</b>	<b>59 798</b>	<b>74 957</b>	<b>80 775</b>	<b>82 797</b>	<b>86 858</b>	<b>91 551</b>
Change to 2003 Budget Estimate				4 841	705	69	

### Economic classification

<b>Current payments</b>	<b>33 003</b>	<b>37 986</b>	<b>51 260</b>	<b>56 195</b>	<b>67 432</b>	<b>71 534</b>	<b>76 075</b>
Compensation of employees	25 760	26 206	29 981	32 261	36 793	38 396	40 712
Goods and services	7 239	11 768	21 279	23 934	30 639	33 138	35 363
Interest and rent on land	–	–	–	–	–	–	–
Financial transactions in assets and liabilities	4	12	–	–	–	–	–
Unauthorised expenditure	–	–	–	–	–	–	–
<b>Transfers and subsidies to:</b>	<b>16 740</b>	<b>21 703</b>	<b>23 582</b>	<b>24 097</b>	<b>14 498</b>	<b>14 249</b>	<b>14 343</b>
Provinces and municipalities	79	80	92	94	113	117	124
Departmental agencies and accounts	–	–	–	–	–	–	–
Universities and technikons	–	–	–	–	–	–	–
Foreign governments & international organisations	16 661	21 623	23 490	24 003	14 385	14 132	14 219
Public corporations & private enterprises	–	–	–	–	–	–	–
Non-profit institutions	–	–	–	–	–	–	–
Households	–	–	–	–	–	–	–
<b>Payments for capital assets</b>	<b>104</b>	<b>109</b>	<b>115</b>	<b>483</b>	<b>867</b>	<b>1 075</b>	<b>1 133</b>
Buildings and other fixed structures	–	–	–	–	–	–	–
Machinery and equipment	104	109	115	285	457	592	621
Cultivated assets	–	–	–	–	–	–	–
Software and other intangible assets	–	–	–	198	410	483	512
Land and subsoil assets	–	–	–	–	–	–	–
<i>Of which: Capitalised compensation</i>	–	–	–	–	–	–	–
<b>Total</b>	<b>49 847</b>	<b>59 798</b>	<b>74 957</b>	<b>80 775</b>	<b>82 797</b>	<b>86 858</b>	<b>91 551</b>

### Details of transfer payments and subsidies:

<b>Provinces and municipalities</b>							
<b>Municipalities</b>							
<b>Current</b>	<b>79</b>	<b>80</b>	<b>92</b>	<b>94</b>	<b>113</b>	<b>117</b>	<b>124</b>
Regional Services Council levies	79	80	92	94	113	117	124

R thousand	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome		2004/05	2005/06	2006/07
	2000/01	2001/02	2002/03	2003/04			
<b>Foreign governments and international organisations</b>							
<b>Current</b>	<b>16 661</b>	<b>21 623</b>	<b>23 490</b>	<b>24 003</b>	<b>14 385</b>	<b>14 132</b>	<b>14 219</b>
Office International des Epizooties	298	318	620	600	510	510	510
International Seed Testing Association	18	21	36	35	53	53	60
Organisation for Economic Co-operation and Development	62	24	34	85	93	93	110
International Union for the protection of new varieties of plants	263	416	336	340	280	280	280
International Grains Council	104	120	174	180	130	120	120
Office International de la Vigne et du Vin	282	350	439	440	380	380	380
Plant Genetic Resources Centre - SADC	120	165	282	283	405	185	185
Food and Agriculture Organisation of the United Nations	7 645	10 577	16 301	14 445	8 500	8 500	8 500
International Commission of Agricultural Engineering	18	19	25	25	50	50	50
International Fund for Agricultural Development	3 602	-	-	2 300	-	-	-
Consultative Group on International Agricultural Research	3 603	5 656	4 278	4 300	3 200	3 197	3 200
Commonwealth Agricultural Bureau International	161	188	242	245	204	174	174
Regional Early Warning Unit for Food Security - SADC	265	3 769	459	460	330	290	290
Regional Food Security Training Programme - SADC	220	-	264	265	250	300	360
<b>Total</b>	<b>16 740</b>	<b>21 703</b>	<b>23 582</b>	<b>24 097</b>	<b>14 498</b>	<b>14 249</b>	<b>14 343</b>

### Expenditure trends

Total expenditure grew rapidly between 2000/01 and 2003/04, rising from R49,8 million to R80,8 million, an annual average increase of 17,5 per cent, and is expected to reach R91,6 million in 2006/07. The growth has mainly been driven by two subprogrammes, International Relations and Grootfontein Agricultural Development Institute.

Funding for the International Relations subprogramme is expected to rise from R17,2 million in 2000/01 to R32,0 million in 2006/07, an annual average increase of 10,9 per cent. This increase is mainly driven by currency fluctuations and the fact that membership contributions to international organisations are made in US dollars. Funding for the Grootfontein Agricultural Development Institute began in 2000/01 at R16,7 million, and is expected to rise to R25,0 million in 2006/07, due to the expansion of the programmes for developing newly settled farmers.

### Service delivery objectives and indicators

#### Recent outputs

##### Awards

The department has been repositioned in the South African corporate environment by means of advertorials and advertisements in key corporate publications. As a result, the department and the Director-General received the awards for Top Performing Government Department and Best Director-General from the Top 300 Companies publication.

The department has once more successfully staged the annual Female Farmer of the Year competition.

#### *International relations*

The department played a major role in preparations for the World Summit on Sustainable Development (WSSD), and was responsible for developing and managing a ministerial bilateral programme during the summit. Following South Africa's entry into global markets, the department's international relations have expanded and many new opportunities have been created to develop bilateral and multilateral agreements. Offices in Brussels and Rome have been reopened and a new office has been established in China.

#### *Africa*

The department will continue to contribute towards improved economic conditions in the rest of Africa through engagement with NEPAD. The department was instrumental in the development of NEPAD's agriculture programme, known as the Comprehensive African Agriculture Development Programme (CAADP), and has developed a mechanism, the African Agriculture Development Programme, for mutually beneficial partnerships with other SADC countries. Among other benefits, this mechanism will assist in the implementation of programmes and projects that stand on the four pillars of the CAADP: Land and Water Infrastructure, Market Access, Food Security, and Research and Development.

### **Medium-term output targets**

#### **Communication and Information Management**

<b>Measurable objective:</b> Effective internal and external communication and information management, through the implementation of a proper strategy and a structured plan.			
<b>Subprogramme</b>	<b>Output</b>	<b>Measure/Indicator</b>	<b>Target</b>
Agricultural Information Services	Informed commercial and emerging farmers	Number of agriculture-related radio broadcasts, publications and campaigns aimed at educating emerging and established farmers	By end March 2005:  Monthly radio broadcasts on SABC stations and community stations 12 Agrinews publications 24 info packs 4 major campaigns
International Relations	Strengthened agricultural relations in Africa	Number of bilateral visits undertaken	1 visit to every SADC country
Education and Training	Implementation of a bursary scheme for agricultural studies	Number of learners registered for agricultural studies	120 learners registered at different higher education institutions
Grootfontein Agricultural Development Institute	Trained emerging farmers	Number of emerging farmers successfully trained	200 emerging farmers with 75% pass rate

### **Programme 9: Programme Planning, Monitoring and Evaluation**

*Programme Planning, Monitoring and Evaluation* consolidates and supports strategic and operational planning in the department and facilitates knowledge management through tracking and monitoring.

## Expenditure estimates

**Table 26.11: Programme Planning, Monitoring and Evaluation**

Subprogramme	Expenditure outcome				Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary					
R thousand	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	
Project Planning	-	-	-	2 815	3 648	4 119	4 366	
Monitoring and Evaluation	-	-	18	2 457	3 648	4 119	4 366	
<b>Total</b>	<b>-</b>	<b>-</b>	<b>18</b>	<b>5 272</b>	<b>7 296</b>	<b>8 238</b>	<b>8 732</b>	
Change to 2003 Budget Estimate				(558)	-	-		

### Economic classification

<b>Current payments</b>	-	-	18	5 264	7 239	8 179	8 669
Compensation of employees	-	-	-	1 637	3 615	3 984	4 223
Goods and services	-	-	18	3 627	3 624	4 195	4 446
Interest and rent on land	-	-	-	-	-	-	-
Financial transactions in assets and liabilities	-	-	-	-	-	-	-
Unauthorised expenditure	-	-	-	-	-	-	-
<b>Transfers and subsidies to:</b>	-	-	-	8	12	12	13
Provinces and municipalities	-	-	-	8	12	12	13
Departmental agencies and accounts	-	-	-	-	-	-	-
Universities and technikons	-	-	-	-	-	-	-
Foreign governments & international organisations	-	-	-	-	-	-	-
Public corporations & private enterprises	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-
<b>Payments for capital assets</b>	-	-	-	-	45	47	50
Buildings and other fixed structures	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	45	47	50
Cultivated assets	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-
<i>Of which: Capitalised compensation</i>	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>18</b>	<b>5 272</b>	<b>7 296</b>	<b>8 238</b>	<b>8 732</b>

### Details of transfer payments and subsidies:

<b>Provinces and municipalities</b>							
<b>Municipalities</b>							
<b>Current</b>	-	-	-	8	12	12	13
Regional Services Council levies	-	-	-	8	12	12	13
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>8</b>	<b>12</b>	<b>12</b>	<b>13</b>

## Expenditure trends

This programme was created and funded by reprioritising the department's budget in 2002/03. Expenditure is forecast to grow strongly from R5,3 million in 2003/04 to R8,7 million in 2006/07, an annual average increase of 18,3 per cent. Due to the nature of the programme, the bulk of its expenditure is on compensation of employees and goods and services. Compensation of employees is expected to increase from R1,6 million in 2003/04 to R4,2 million in 2006/07, an annual average growth rate of 37,1 per cent over the medium term, following the finalisation of PSCBC Resolution 7 of 2002.

## Service delivery objectives and indicators

### Recent outputs

*Programme Planning, Monitoring and Evaluation* started operating fully in April 2003 and good progress has been made in the area of strategic planning in the department. The department has engaged with provincial departments of agriculture and the National Treasury as well as provincial treasuries on aligning strategic plans and budget structures. This process has yielded positive results in ensuring that both provincial departments of agriculture and the national department are equally contributing towards the agricultural sectoral mandate as prescribed in the Strategic Plan for South African Agriculture adopted in 2001. Chapter 7 of the Intergovernmental Fiscal Review served as a resource in terms of identifying the spending pressures in the sector and ensuring alignment of available resources towards them.

### Medium-term output targets

#### Programme Planning, Monitoring and Evaluation

**Measurable objective:** Improved organisational performance by providing support to operational units in implementing the department's strategic plan.

Subprogramme	Output	Measure/Indicator	Target
Project Planning	Standards and procedures for project management within the department	Approved standards and procedures	Fully implemented by 2005
Monitoring and Evaluation	A system for monitoring and evaluating departmental and sectoral performance	An approved system in place	By March 2005

## Public entities reporting to the Minister

### Agricultural Research Council

The Agricultural Research Council is established by the Agricultural Research Act (86 of 1990), to provide agricultural development, technology and support to the agricultural community. It is the principal agricultural research institution in South Africa. The ARC comprises a central office and 13 research institutes whose activities are grouped under five business divisions namely, Grains and Industrial Crops, Horticulture, Livestock, Public Support Services and Sustainable Rural Livelihoods.

Transfer payments to the council are included in the *Agricultural Production* programme. The council is expected to receive transfer payments amounting to R338,4 million in 2004/05, R355,7 million in 2005/06 and R386,8 million in 2006/07. The Council also competes for supplementary research funding from the Innovation Fund on the Science and Technology vote.

### Land Bank

The Land Bank is an agricultural development bank that provides financial services to a diverse range of clients, including rural entrepreneurs who have traditionally been denied access to credit. Clients who meet repayment and loan security criteria have access to the Land Bank's long-term loans to purchase land. Historically disadvantaged people have access to the Land Bank's Special Mortgage Bond. As a specialist financier guided by a new mandate, which requires it to promote rural development, the Land Bank focuses on:

- providing finance to all sectors of the agricultural economy
- meeting the needs of poor farmers
- contributing to rural development and promoting stability in rural areas

- matching financial sector norms for cost-efficiency, effectiveness and customer service

In 2002, the bank launched Project Gateway, a business re-engineering process aimed at making the bank better equipped to address the needs of both commercial and developing farmers, enhance business processes and systems and put the bank on a more businesslike footing.

The bank has a client base of 45 000 commercial farmers, and had advanced R2,0 billion to 15 000 development farmers by March 2003. The bank's micro-financing initiative, Step-up, has made up to R300,0 million available to over 130 000 people who were previously regarded as unbankable. It has also disbursed R129,0 million in government grants in support of the Land Redistribution for Agricultural Development programme. A further R0,8 million has been advanced to 155 beneficiaries in support of the land restitution programme.

Although the department does not contribute financially to the bank, it has high level representation on the bank's board of directors. Land Bank is operating at a loss of R1,4 billion according to its annual financial statements for the financial year ended 31 March 2003.

### **National Agricultural Marketing Council**

The Marketing of Agricultural Products Act (47 of 1996), established the National Agricultural Marketing Council in January 1997 to advise the Minister for Agriculture and Land Affairs on the marketing of agricultural products. It facilitated the abolition of all agricultural marketing boards.

Ministerial approval of the council's budget and business plan is required on an annual basis before the beginning of each financial year. Transfers to the National Agricultural Marketing Council form part of the *Agricultural Trade and Business Development* programme and amounted to R10,1 million in 2003/04. Following the high food prices in the latter part of 2002, the Food Pricing Committee is now funded through this allocation.

### **Ncera Farms (Pty) Ltd**

Ncera Farms (Pty) Ltd is a public company in which the department is the sole shareholder. The project is managed to establish small and emerging farmers. Transfers to the company form part of the *Farmer Support and Development* programme and are projected as R2,2 million in 2004/05.

The majority of the company's revenue is earned from the sale of fresh produce and livestock and is expected to average around R1,2 billion per annum between 2004/05 and 2006/07.

### **Onderstepoort Biological Products**

Onderstepoort Biological Products Ltd became a state owned public company on 6 September 2000. It produces and markets a variety of animal vaccines and related biological products for local and international markets.

The department does not contribute financially to this entity as it is financially independent and derives its revenue from the sales of vaccines and related biological products. Revenue from the sale of vaccines increased from R40,3 million in 2000/01 to a projected R99,8 million in 2006/07, an annual average increase of 16,3 percent. This increase is attributable to an increase in the number of doses sold and general increases in the price of the vaccines. The vaccines are used to prevent the spreading of animal and plant diseases such as foot and mouth disease, mad cow disease and Karnal Bunt, both locally and internationally.

**Table 26.12 Summary of revenue and expenses for the Onderstepoort Biological Products Ltd**

	Outcome			Estimated outcome	Medium-term estimate		
	Audited	Audited	Preliminary outcome		2003/04	2004/05	2005/06
R Thousand	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
<b>Revenue</b>							
<b>Tax revenue</b>	-	-	-	-	-	-	-
<b>Non-tax revenue</b>	40 317	52 876	73 065	61 325	75 430	86 744	99 756
Sale of goods and services other than capital assets	40 317	52 876	73 065	61 325	75 430	86 744	99 756
Of which:							
Vaccine sales	40 317	52 876	73 065	61 325	75 430	86 744	99 756
Interest	-	-	-	-	-	-	-
Other non-tax revenue	-	-	-	-	-	-	-
<b>Transfers received</b>	-	-	-	-	-	-	-
<b>Sale of capital assets</b>	-	-	-	-	-	-	-
<b>Total revenue</b>	<b>40 317</b>	<b>52 876</b>	<b>73 065</b>	<b>61 325</b>	<b>75 430</b>	<b>86 744</b>	<b>99 756</b>
<b>Expenses</b>							
<b>Current expense</b>	<b>34 684</b>	<b>44 837</b>	<b>53 918</b>	<b>53 648</b>	<b>70 632</b>	<b>81 987</b>	<b>93 460</b>
Compensation of employees	14 824	19 198	22 330	23 441	28 129	33 755	40 506
Use of goods and services	18 008	23 668	29 357	27 827	33 957	34 686	36 075
Depreciation	1 852	1 971	2 231	2 380	8 546	13 546	16 879
Interest, dividends and rent on land	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-
Rent on land	-	-	-	-	-	-	-
<b>Transfers and subsidies</b>	-	-	-	-	-	-	-
<b>Total expenses</b>	<b>34 684</b>	<b>44 837</b>	<b>53 918</b>	<b>53 648</b>	<b>70 632</b>	<b>81 987</b>	<b>93 460</b>
<b>Surplus / (Deficit)</b>	<b>5 633</b>	<b>8 039</b>	<b>19 147</b>	<b>7 677</b>	<b>4 798</b>	<b>4 757</b>	<b>6 296</b>
<b>Cash flow summary</b>							
Adjust surplus / (deficit) for accrual transactions	1 852	1 971	2 231	2 380	8 546	13 546	16 879
<b>Operating surplus / (deficit) before changes in working capital</b>	<b>7 485</b>	<b>10 010</b>	<b>21 378</b>	<b>10 057</b>	<b>13 344</b>	<b>18 303</b>	<b>23 175</b>
Changes in working capital	19 721	10 338	(10 876)	(3 037)	(3 246)	(2 545)	(2 696)
<b>Cash flow from operating activities</b>	<b>27 206</b>	<b>20 348</b>	<b>10 502</b>	<b>7 020</b>	<b>10 098</b>	<b>15 758</b>	<b>20 479</b>
Of which: Transfers from government	-	-	-	-	-	-	-
<b>Cash flow from investing activities</b>	<b>(148)</b>	<b>7 308</b>	<b>(1 168)</b>	<b>(20 190)</b>	<b>(30 464)</b>	<b>(30 939)</b>	<b>(32 215)</b>
<b>Cash flow from financing activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>27 058</b>	<b>27 656</b>	<b>9 334</b>	<b>(13 170)</b>	<b>(20 366)</b>	<b>(15 181)</b>	<b>(11 736)</b>

Data provided by the Onderstepoort Biological Products Ltd.

### Perishable Products Export Control Board

The Perishable Products Export Control Board is established in terms of the Perishable Products Export Control Board Act (9 of 1983). The purpose of the board is to provide for the control of perishable products intended for export from South Africa. This is done through inspections and quality control, and providing technical, development, market intelligence and information services.

The department does not make any financial contribution to this entity. The board earns its revenue by imposing per unit levies on the export of all perishable products, administered through the issuing of export inspection certificates.

## **Annexure**

### **Vote 26: Agriculture**

Table 26.13: Summary of expenditure trends and estimates per programme

Table 26.14: Summary of expenditure trends and estimates per economic classification

Table 26.15: Summary of personnel numbers and compensation of employees

Table 26.16: Summary of expenditure on training

Table 26.17: Summary of information and communications technology expenditure

Table 26.18: Summary of conditional grants to provinces

Table 26.19: Summary of official development assistance expenditure

Table 26.20: Summary of expenditure on infrastructure

Table 26.13: Summary of expenditure trends and estimates per programme

R thousand	Expenditure outcome				Medium-term expenditure estimate					
	Audited		Preliminary outcome	Main appropriation	Additional appropriation	Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2000/01	2001/02	2002/03					2004/05	2005/06	2006/07
1 Administration	93 975	114 479	136 735	153 091	4 327	157 418	151 319	157 798	166 785	176 738
2 Farmer Support and Development	13 672	100 998	122 678	146 349	146 047	292 396	286 935	260 936	328 330	383 060
3 Agricultural Trade and Business Development	12 711	18 822	14 500	34 948	2 432	37 380	37 380	43 137	45 952	48 542
4 Economic Research and Analysis	12 208	25 173	14 496	23 725	(3 671)	20 054	20 054	22 486	24 426	26 074
5 Agricultural Production	276 878	271 246	280 031	306 548	12 794	319 342	319 342	371 653	402 436	445 283
6 Sustainable Resources Management and Use	124 865	123 413	121 754	140 366	(833)	139 533	135 482	165 469	180 378	195 878
7 National Regulatory Services	139 172	157 205	152 104	185 408	12 524	197 932	197 932	194 656	241 298	255 976
8 Communication and Information Management	49 847	59 798	74 957	75 934	4 841	80 775	80 775	82 797	86 858	91 551
9 Programme Planning, Monitoring and Evaluation	-	-	18	5 830	(558)	5 272	4 872	7 296	8 238	8 732
<b>Total</b>	<b>723 328</b>	<b>871 134</b>	<b>917 273</b>	<b>1 072 199</b>	<b>177 903</b>	<b>1 250 102</b>	<b>1 234 091</b>	<b>1 306 228</b>	<b>1 484 701</b>	<b>1 631 834</b>
Change to 2003 Budget Estimate						177 903	161 892	290 577	364 692	

**Table 26.14: Summary of expenditure trends and estimates per economic classification**

	Expenditure outcome				Medium-term expenditure estimate					
	Audited		Preliminary outcome	Main appropriation	Additional appropriation	Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2000/01	2001/02	2002/03					2004/05	2005/06	2006/07
<b>Current payments</b>										
<b>Compensation of employees</b>	<b>202 413</b>	<b>220 115</b>	<b>248 823</b>	<b>319 362</b>	<b>(15 791)</b>	<b>303 571</b>	<b>300 945</b>	<b>360 299</b>	<b>388 538</b>	<b>412 671</b>
- Salaries and wages	172 449	187 349	211 734	275 050	(13 487)	261 563	259 462	300 327	320 807	339 502
- Social contributions	29 964	32 766	37 089	44 312	(2 304)	42 008	41 483	59 972	67 731	73 169
<b>Goods and services</b>	<b>184 540</b>	<b>205 781</b>	<b>210 785</b>	<b>263 808</b>	<b>22 051</b>	<b>285 859</b>	<b>285 859</b>	<b>318 108</b>	<b>387 626</b>	<b>422 559</b>
Interest and rent on land	-	-	-	-	-	-	-	-	-	-
- Interest	-	-	-	-	-	-	-	-	-	-
- Rent on land	-	-	-	-	-	-	-	-	-	-
<b>Financial transactions in assets and liabilities</b>	<b>1 039</b>	<b>860</b>	<b>398</b>	-	-	-	<b>215</b>	-	-	-
Unauthorised expenditure	-	-	-	-	-	-	-	-	-	-
<b>Total current payments</b>	<b>387 992</b>	<b>426 756</b>	<b>460 006</b>	<b>583 170</b>	<b>6 260</b>	<b>589 430</b>	<b>587 019</b>	<b>678 407</b>	<b>776 164</b>	<b>835 230</b>
<b>Transfers and subsidies to:</b>										
<b>Provinces and municipalities</b>	<b>18 593</b>	<b>29 050</b>	<b>24 762</b>	<b>38 989</b>	-	<b>38 989</b>	<b>37 389</b>	<b>228 181</b>	<b>291 154</b>	<b>345 722</b>
- Provinces	17 971	28 376	24 000	38 000	-	38 000	36 400	227 100	290 000	344 500
- Provincial Revenue Funds	17 971	28 376	24 000	38 000	-	38 000	36 400	227 100	290 000	344 500
- Provincial agencies and funds	-	-	-	-	-	-	-	-	-	-
- Municipalities	622	674	762	989	-	989	989	1 081	1 154	1 222
- Municipalities	622	674	762	989	-	989	989	1 081	1 154	1 222
- Municipal agencies and funds	-	-	-	-	-	-	-	-	-	-
<b>Departmental agencies and accounts</b>	<b>285 171</b>	<b>289 532</b>	<b>283 349</b>	<b>307 627</b>	<b>13 080</b>	<b>320 707</b>	<b>320 707</b>	<b>351 234</b>	<b>369 155</b>	<b>400 930</b>
- Social security funds	-	-	-	-	-	-	-	-	-	-
- Departmental agencies (non-business entities)	285 171	289 532	283 349	307 627	13 080	320 707	320 707	351 234	369 155	400 930



**Table 26.14: Summary of expenditure trends and estimates per economic classification (continued)**

	Expenditure outcome				Revised estimate	Medium-term expenditure estimate		
	Audited		Preliminary outcome	Adjusted appropriation		2004/05	2005/06	2006/07
	2000/01	2001/02	2002/03					
R thousand								
<b>Cultivated assets</b>	-	-	-	-	-	-	-	
<b>Software and other intangible assets</b>	2 529	4 584	3 497	3 420	3 688	3 802	4 072	
<b>Land and subsoil assets</b>	-	-	-	-	-	-	-	
<i>Of which: Capitalised compensation</i>	-	-	-	-	-	-	-	
<b>Total payments on capital assets</b>	9 487	19 173	39 866	33 410	33 221	34 096	35 733	
<b>Total</b>	723 328	871 134	917 273	1 072 199	1 306 228	1 484 701	1 631 834	

**Table 26.15: Summary of personnel numbers and compensation of employees<sup>1</sup>**

Personnel numbers	2000/01	2001/02	2002/03	2003/04	2004/05
1 Administration	757	799	804	668	668
2 Farmer Support and Development	48	16	90	189	189
3 Agricultural Trade and Business Development	33	81	84	86	86
4 Economic Research and Analysis	40	46	55	85	85
5 Agricultural Production	-	-	1	91	91
6 Sustainable Resources Management and Use	637	730	730	607	607
7 National Regulatory Services	916	1 189	1 014	1 208	1 208
8 Communication and Information Management	358	341	343	407	407
9 Programme Planning, Monitoring and Evaluation	-	-	-	-	-
<b>Total</b>	<b>2 789</b>	<b>3 202</b>	<b>3 121</b>	<b>3 341</b>	<b>3 341</b>
Total compensation of employees (R thousand)	202 413	220 115	248 823	303 571	360 299
Unit cost (R thousand)	72.6	68.7	79.7	90.9	107.8

<sup>1</sup> Full-time equivalent



**Table 26.17: Summary of information and communications technology expenditure (continued)**

	Expenditure outcome				Adjusted appropriation 2003/04	Medium-term expenditure estimate			
	Audited	Audited	Preliminary outcome	2004/05		2005/06	2006/07	2006/07	
	2000/01	2001/02	2002/03						
R thousand									
<b>4 Economic Research and Analysis</b>	-	1 658	2 043	2 277	452	629	676		
Technology	-	83	342	440	452	629	676		
IT services	-	1 575	1 701	1 837	-	-	-		
<b>5 Agricultural Production</b>	-	-	70	176	166	220	342		
Technology	-	-	70	176	166	220	342		
IT services	-	-	-	-	-	-	-		
<b>6 Sustainable Resources Management and Use</b>	-	3 051	4 229	5 967	1 443	1 703	1 777		
Technology	-	1 056	1 729	3 267	674	889	914		
IT services	-	1 995	2 500	2 700	769	814	863		
<b>7 National Regulatory Services</b>	-	3 302	3 530	4 105	2 256	2 277	2 476		
Technology	-	3 302	3 530	4 105	2 256	2 277	2 476		
IT services	-	-	-	-	-	-	-		
<b>8 Communication and Information Management</b>	-	553	792	1 095	1 016	1 116	1 188		
Technology	-	553	792	1 095	1 016	1 116	1 188		
IT services	-	-	-	-	-	-	-		
<b>9 Programme Planning, Monitoring and Evaluation</b>	-	-	-	149	140	148	157		
Technology	-	-	-	149	140	148	157		
IT services	-	-	-	-	-	-	-		
<b>Total</b>	-	27 411	24 488	28 531	26 328	28 285	30 116		

Table 26.18: Summary of conditional grants to provinces<sup>1</sup>

	Expenditure outcome				Adjusted appropriation	Medium-term expenditure estimate		
	Audited		Preliminary outcome			2004/05	2005/06	2006/07
	2000/01	2001/02	2002/03	2003/04				
R thousand								
<b>6 Sustainable Resources Management and Use</b>								
Land Use and Soil Management	17 971	28 376	24 000	38 000	27 100	40 000	44 500	
LandCare projects								
<b>2 Farmer Support and Development</b>								
Farmer Settlement								
Support to Settled Farmers	-	-	-	-	200 000	250 000	300 000	
<b>Total</b>	<b>17 971</b>	<b>28 376</b>	<b>24 000</b>	<b>38 000</b>	<b>227 100</b>	<b>290 000</b>	<b>344 500</b>	

<sup>1</sup> Detail provided in the Division of Revenue Act, 2004.

Table 26.19: Summary of official development assistance expenditure

Donor	Programme / project name	Cash or kind	Expenditure outcome				Medium-term expenditure estimate		
			2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
R thousand									
Netherlands		cash	-	-	75	-	-	-	-
<b>Total</b>			-	-	75	-	-	-	-

**Table 26.20: Summary of expenditure on infrastructure**

R thousand	Projects										
	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate			Long-term planning			
	Audited	Audited	Preliminary outcome		2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10	
Small project groups	22 561	24 817	35 717	39 776	56 176	49 953	51 399	8 387	-	-	
Infrastructure transfers	-	-	-	-	5 000	8 000	1 000	-	-	-	
<b>Sub-total</b>	<b>22 561</b>	<b>24 817</b>	<b>35 717</b>	<b>39 776</b>	<b>61 176</b>	<b>57 953</b>	<b>52 399</b>	<b>8 387</b>	<b>-</b>	<b>-</b>	
Maintenance on infrastructure	-	-	19	1 920	6 600	8 400	9 871	2 500	1 715	-	
<b>Total</b>	<b>22 561</b>	<b>24 817</b>	<b>35 736</b>	<b>41 696</b>	<b>67 776</b>	<b>66 353</b>	<b>62 270</b>	<b>10 887</b>	<b>1 715</b>	<b>-</b>	