

DEPARTMENT OF AGRICULTURE



Annual report

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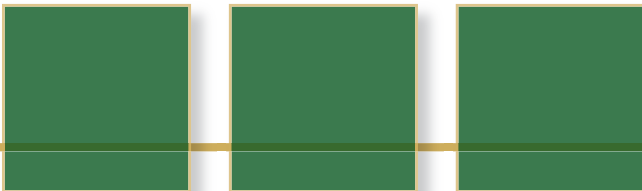
Foreword by the Minister



Ms Thoko Didiza (MP)
MINISTER FOR AGRICULTURE AND LAND AFFAIRS

In his State of the Nation Address in 2006, President Thabo Mbeki emphasised the importance of the *Age of Hope* that our nation and country is now entering. This *Age of Hope* extends to all farmers and farmer organisations, producers, workers, consumers, land owners and landless communities, by highlighting our promises of addressing skewed land ownership patterns and ensuring safe and sustainable food production. During the past two years the Department of Agriculture has shifted its emphasis to a greater focus on improving service delivery infrastructure, increasing our capacities and speeding up the pace of delivery in pursuit of our vision of “a united and prosperous agricultural sector” as set out in 2001 in *The strategic plan for South African agriculture*.

There is reason for the agricultural sector to celebrate the *Age of Hope*. One of the highlights of the past year was the Summit on Land and Agrarian Reform held in Johannesburg in July 2005. The message of hope was expressed by the delegates at the summit in proclaiming that “genuine progress gives us hope for the future”. The hope of millions of our rural people for the future growth of the rural economy, agrarian reform and poverty eradication in agriculture is a complex tapestry of economic, social and cultural factors, which continues to direct the actions of this



department. Progress over the past decade in providing access to agricultural land was reviewed and dialogue encouraged among key partners and stakeholders on the best way to accelerate access to land. The call to improve support services to newly settled farmers posed a great challenge to the department to improve support services in order to contribute to the broader goals of job creation and poverty reduction.

Significant progress has been made in the implementation of the Comprehensive Agricultural Support Programme (CASP), launched in 2004. Since then an amount of R450 million has been allocated to CASP, facilitating, *inter alia*, the establishment of 12 co-operatives in three rural development nodes. The further implementation of CASP still remains a major challenge to our strategy to promote agricultural production among previously disadvantaged individuals and communities. Post-settlement support is of vital importance in the improvement of the production capacity of emerging farmers.

To improve access to finance, the department worked together with the financial sector in launching the Micro-agricultural Financial Institutions of South Africa (Mafisa) in May 2005. The scheme is administered by the Land Bank and provides micro and retail agricultural financial services to economically active, poor rural households, small farmers and agribusinesses. An amount of R1 billion over a five-year period was made available and approximately 10 million potential beneficiaries will be able to apply for financial services.

The plight of the food insecure has never been more important than it is today. It has been recognised that a more integrated approach should be followed and in response, the Integrated Food Security and Nutrition Strategy was developed and endorsed by Cabinet as a priority Social Cluster programme. Agricultural development becomes critical in providing vulnerable communities with the hope for a better life, free from poverty, hunger and unemployment. This will be achieved through the implementation of the Household Food Production Programme (HFPP).

The Food Insecurity and Vulnerability Information Mapping System (FIVIMS) was finalised and piloted in the Sekhukhune nodal point in Limpopo Province. The programme deals with vulnerable groups, household food security and post settlement support. It was introduced to the public at the World Food Day celebrations in Kimberley during October 2005.

Finalising the Agricultural Broad-based Black Economic Empowerment (AgriBEE) framework and Charter in 2005 was a major challenge for the department. Following a broad, inclusive and transparent consultation process, it culminated in a national AgriBEE indaba in Midrand during December 2005. The indaba marked a key achievement in our quest to comply with the Broad-Based Black Economic Empowerment Act, Act No. 53 of 2003. The AgriBEE Charter and Scorecard were finalised and upon the signing of the Agricultural Sector Charter all initiatives will become fully operational and proposed AgriBEE systems will be implemented.

The national LandCare Programme was rolled out to all provinces. A total amount of R40 million was allocated to the programme. Of 89 projects that were approved, 45 are in the nodal areas and benefited 53 206 people. The agritourism project, an extension of the LandCare Programme, was launched in Pretoria during December 2005. Altogether 56 agritourism projects have been identified and will be implemented in 21 nodal areas. These projects will be extended with support from the Independent Development Trust, creating approximately 2 500 jobs.

The department applied rigorous sanitary and phytosanitary measures to ensure that the agricultural industry makes inroads into new and existing international markets. To this end, South Africa managed to increase citrus exports to Japan, utilising market opportunities created by the citrus crop failure in the USA. We also managed to obtain an export permit for exporting citrus to Iran. We will continue to engage with trade partners to address concerns and promote sound agricultural trade export.

Outbreaks of avian influenza and Classical Swine fever were contained successfully. South Africa was then declared free from avian influenza. We also managed to curb the outbreak of Classical Swine fever. These outbreaks were swiftly and effectively contained, largely because of the high level of co-operation and quick action taken by the department, provincial departments of agriculture and stakeholders in the areas affected.

However, the country has to remain alert in order to prevent further outbreaks of the disease. We are also prepared to offer diplomatic and technical assistance to other African states in combating the scourge of the avian influenza virus.

Critical factors for the effective growth and transformation of the agricultural sector are skills development and the broadening of access to agricultural education and training at all levels. The inadequacies in the current education system were addressed by means of the development of the Agricultural Education and Training (AET) Strategy by

the department and its partners to restructure and reorient the system and meet the education needs of small-scale and emerging farmers. The strategy was launched in September 2005 after extensive consultation with various stakeholders within and outside the agricultural sector.

As a catalyst and foundation for economic development, land and agrarian reform is well positioned to contribute towards the Accelerated and Shared Growth Initiative of South Africa (ASGISA). The sector can make a meaningful and substantive impact on the eradication of poverty and advancement of economic growth to improve the quality of life of all South Africans, particularly those in rural areas. During 2006, departmental programmes will be aligned with the broader aspirations of ASGISA.

It is clear that we cannot achieve the gains we pursue in the agricultural sector without galvanising our resources to address the organisation and capacity of the department, while strengthening the partnerships we have established through the process of developing *The strategic plan for South African agriculture* of November 2001. Within the agricultural sector, this shared growth will continue to be guided by the sector plan's strategic imperatives of increasing productivity and competitiveness, increasing employment, addressing poverty and ensuring sustainability. All these imperatives are in line with the Millennium Development Goals of the United Nations.

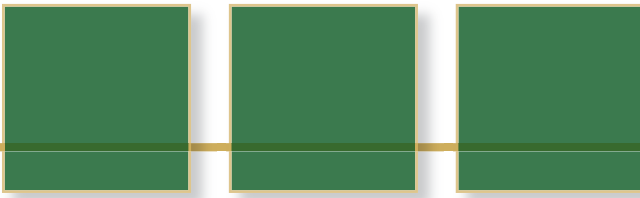
I would like to extend my sincere thanks to all people within the agricultural sector, as well as to our partners, for their efforts and commitment in realising the potential of the sector to ensure a safe, sustainable and prosperous agrarian future for all South Africa's citizens.



Ms Thoko Didiza (MP)

MINISTER FOR AGRICULTURE AND LAND AFFAIRS





The Honourable Minister
FOR
Agriculture and Land Affairs

Ms Thoko Didiza

Dear Minister

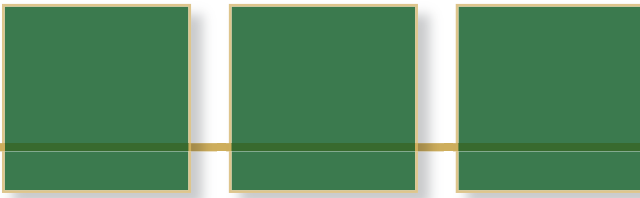
I have the pleasure of presenting the annual report of the Department of Agriculture for the period 1 April 2005 to 31 March 2006.



Mr Masiphula Mbongwa

DIRECTOR-GENERAL: DEPARTMENT OF AGRICULTURE

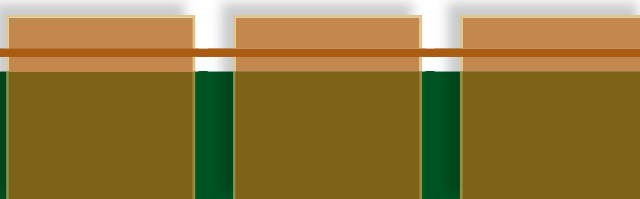


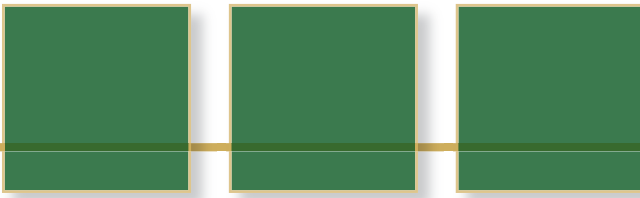


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Acronyms and Acts

ACRONYMS

AADP	African Agricultural Development Programme	FIVIMS	Food Insecurity and Vulnerability Information Mapping System
ABET	Adult Basic Education and Training	FMD	foot-and-mouth disease
ADA	Agricultural Debt Account	FNB	First National Bank
ADMA	Agricultural Debt Management Act	FoodBEV	Food and Beverages
AET	Agricultural Education and Training	FSQA	Food Safety and Quality Assurance
AGIS	Agricultural Geo-referenced Information System	FTA	free trade agreement
AgriBEE	Agricultural Broad-based Black Economic Empowerment	GADI	Grootfontein Agricultural Development Institute
AgriSETA	Agricultural Sector Education and Training Authority	GCIS	Government Communication and Information System
AH	Animal Health	GDP	Gross Domestic Product
AI	avian influenza	GMO	genetically modified organism
APHIS	Animal and Plant Health Inspection Services	GOPC	Governance and Operational Policy Committee
ARC	Agricultural Research Council	GR	Genetic Resources
ARC All	ARC-Animal Improvement Institute	HET	Higher Education and Training
ARC GCI	ARC-Grain Crops Institute	HFPP	Household Food Production Programme
ARC ISCW	ARC-Institute for Soil, Climate and Water	HFSP	Household Food Security Programme
ASGISA	Accelerated and Shared Growth Initiative of South Africa	HOA	home owner's allowance
ASRDC	Agriculture and Sustainable Rural Development Committee	ICT	information and communication technology
ATF	Agricultural Trade Forum	IDP	Integrated Development Plan
AusAID	Australian Aid for Development	IFSNP	Integrated Food Security and Nutrition Programme
BEE	Black Economic Empowerment	ILRI	International Livestock Research Institute
BSE	bovine spongiform encephalopathy	INTERGIS	Integrated Registration and Genetic Information System
CAADP	Comprehensive African Agricultural Development Plan	IPGRI	International Plant Genetic Resources Institute
CABI	Commonwealth Agricultural Bureau International	IPR	intellectual property right
CASP	Comprehensive Agricultural Support Programme	ISPM	international standards for phytosanitary measures
CMA	Catchment Management Agency	ISRDP	Integrated Sustainable Rural Development Programme
CPAC	Central Primary Agricultural Co-operative	IT	information technology
CSF	Classical Swine fever	ITCA	Intergovernmental Technical Committee for Agriculture
DBSA	Development Bank of Southern Africa	JMC	Joint Ministerial Committee
DEXCO	Departmental Executive Committee	JWG	Joint Working Group
DG	Director-General	KIMS	Knowledge and Information Management Systems
DITC	Departmental Information Technology Committee	KRA	key result area
D: LUSM	Directorate Land Use and Soil Management	KZN	KwaZulu-Natal
DoA	Department of Agriculture	LIMS	laboratory information management system
DORA	Division of Revenue Act	LOGIS	logistical information system
dti	Department of Trade and Industry	LRAD	Land Redistribution for Agricultural Development
DWAF	Department of Water Affairs and Forestry	LUSM	Land Use and Soil Management
EPWP	Expanded Public Works Programme	Mafisa	Micro-agricultural Financial Institutions of South Africa
EU	European Union	M&E	monitoring and evaluation
FAO	Food and Agriculture Organization	MinMec	Ministers and Members of Executive Councils
FANR	Food, Agriculture and Natural Resources	MoU	Memorandum of Understanding
FARA	Forum for Agricultural Research in Africa	MPCC	multipurpose community centre
FET	Further Education and Training		
FICOSA	Financial Co-operatives of South Africa		
FINREC	Financial Record System for Farms and Enterprises		

MRL	Maximum Residue Limit	SADC	South African Development Community
NAMPO	National Maize Producers' Organisation (now called GPO = Grain Producers' Organisation)	SADC-FANR	South African Development Community-Food, Agriculture and Natural Resources
NAFU	National African Farmers' Union	SAMDI	South African Management and Development Institute
NARF	National Agricultural Research Forum	SANAS	South African National Accreditation Scheme
NBS	Natal Building Society	SA PIP	South African Pesticide Initiative Programme
NCOP	National Council of Provinces	SASOL	South African Synthetic Oil and Lubricants
NEPAD	New Partnership for Africa's Development	SECO	Swiss State Secretariat for Economic Affairs
NIFAL	National Intergovernmental Forum for Agriculture and Land	SETA	Sector Education and Training Authority
NQF	National Qualifications Framework	SITA	State Information Technology Agency
NRS	National Regulatory Services	SMME	small, medium and micro enterprises
OECD	Organisation for Economic Co-operation and Development	SPFS	Special Programme on Food Security
OBP	Onderstepoort Biological Products	SPOT	Satellite Pour l'Observation de la Terre (commercial earth observation satellite)
OIE	Office International des Epizooties	SPS	sanitary and phytosanitary
OHS	Occupational Health and Safety	STC	Science and Technology Committee
PDA	Provincial Department of Agriculture	SUAR	sustainable use of agricultural resources
PDI	previously disadvantaged individual	TAP	Technical Assistance Programme
PIMSA	Project Information Management System for Agriculture	TCP	Technical Co-operation Programme
PPECB	Perishable Products Export Control Board	UNISA	University of South Africa
PRRS	porcine reproductive and respiratory syndrome	UP	University of Pretoria
QMS	Quality Management System	URP	Urban Renewal Programme
RAMP	Repairs and Maintenance Programme	USA	United States of America
R&D	research and development	USAID	United States Agency for International Development
RDP	Reconstruction and Development Programme	USDA	United States Department of Agriculture
RSA	Republic of South Africa	WFP	World Food Programme
SC	Steering Committee	WfW	Working for Water
SAAU	South African Agricultural Union	WRC	Water Research Commission
SABC	South African Broadcasting Corporation	WTO	World Trade Organisation
SABS	South African Bureau of Standards	WTO SPS	World Trade Organisation Agreement on the Application of Sanitary and Phytosanitary
SACU	South African Customs Union	WUID	Water Use and Irrigation Development

ACTS

- Agricultural Debt Management Act, 2001 (Act No. 45 of 2001)
- Agricultural Pests Act, 1983 (Act No. 36 of 1983)
- Agricultural Research Act, 1990 (Act No. 86 of 1990)
- Animal Health Act, 2002 (Act No. 7 of 2002)
- Appropriation Act, 2005 (Act No. 4 of 2005)
- Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003)
- Disaster Management Act, 2002 (Act No. 57 of 2002)
- Division of Revenue Act, 2004 (Act No. 5 of 2004)
- Fertilizers, Farm Feeds, Agricultural Remedies and Stock Remedies Act, 1947 (Act No. 36 of 1947)
- Genetically Modified Organisms Act, 1997 (Act No. 15 of 1997)
- Intergovernmental Relations Framework Act, 2005 (Act No. 13 of 2005)
- Land and Agricultural Development Bank Act, 2002 (Act No.15 of 2002)
- Land Bank Act, 1912 (Act No. 18 of 1912)
- Land Bank Act, 1944 (Act No. 13 of 1944)
- Liquor Products Act, 1989 (Act No. 60 of 1989)
- Marketing of Agricultural Products Act, 1996 (Act No. 47 of 1996)
- Meat Safety Act, 2000 (Act No. 40 of 2000)
- Onderstepoort Biological Products Incorporation Act, 1999 (Act No. 19 of 1999)
- Perishable Products Export Control Act, 1983 (Act No. 9 of 1983)
- Plant Improvement Act, 1976 (Act No. 53 of 1976)
- Public Finance Management Act, 1999 (Act No.1 of 1999)
- South African Abattoir Corporation Act Repeal Act, 2005 (Act No. 17 of 2005)



General information

Director-General's overview



Masiphula Mbongwa
DIRECTOR-GENERAL: AGRICULTURE

During the past year the Department of Agriculture continued to ensure that all activities and projects undertaken were aligned with our strategic objectives and priorities within the legislative mandate. We were guided by the *Strategic plan for the Department of Agriculture 2005* (shortly referred to as the *Strategic plan 2005*), as approved by Parliament in April 2005.

In reflecting on what we have achieved in the 2005/06 financial year and the challenges we faced in meeting certain targets we had set for ourselves, it became clear that the focus should be on the eight departmental priority areas set in the *Strategic plan 2005* and how to improve effective service delivery in these areas. Government's ASGISA Programme provides an additional, more recent focus area.

AFRICAN AGRICULTURAL DEVELOPMENT PROGRAMME (AADP)

In contributing towards regional stability and the sustainable development of the economies of African countries, South Africa experienced an increased demand by individual African countries for technical assistance and support

in the field of agriculture. Given the increased demand, we have realised that these requests can no longer be managed through normal bilateral arrangements but rather through a technical assistance programme (TAP), namely the AADP. An investment by South Africa in the form of a TAP is considered to be an important enabler for regional development, which has the potential for long-term benefits for South Africa and implementation of international priorities determined by Cabinet. Our objective is to contribute towards improved economic conditions on the continent through engagement with the New Partnership for Africa's Development (NEPAD), thereby providing the opportunity to focus on strengthening relations with other African countries, promoting trade both bilaterally and multilaterally.

We have maintained close relationships with the Food and Agriculture Organization (FAO) of the United Nations. A regional meeting took place in Mali in January 2006 and we are working with the FAO Africa Regional Office, NEPAD Secretariat and the Forum for Agricultural Research in Africa (FARA) to ensure follow-up on the resolutions of the meeting.

AGRICULTURAL BROAD-BASED BLACK ECONOMIC EMPOWERMENT (AGRIBEE)

Following an extensive consultation process with agricultural stakeholders, the draft AgriBEE Charter was launched at a national indaba in Midrand, Johannesburg during December 2005. From the beginning of 2006, stakeholders started a process of communicating the draft charter to their constituents, in collaboration with provinces. The AgriBEE Charter and Scorecard were completed in early 2006 and submitted to the Minister for approval. The charter builds upon the draft that was widely accepted at the indaba. Improvements were made by the inclusion of the key recommendations of the indaba and it was aligned with two BEE codes of good practice. The charter signifies a key joint initiative to address real transformation of the sector in a practical and firm but balanced way.

The implementation plans for the cotton and fruit industries were completed and it is expected that the implementation plan for the grain strategy will be finalised in the coming financial year. All these processes will be subjected to monitoring and evaluation systems for benchmarking and reviewing of broad-based BEE activities within the sector, to ensure the broadening of access to agriculture.

COMPREHENSIVE AGRICULTURAL SUPPORT PROGRAMME (CASP)

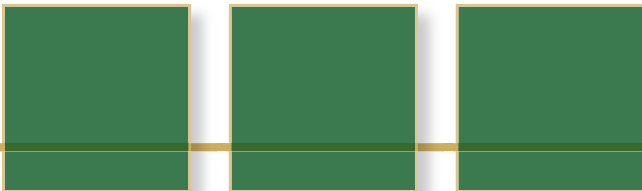
Launched by the Minister for Agriculture and Land Affairs in 2004, CASP aims to promote agricultural production and provide post-settlement support to emerging farmers. The department continued to direct the process of capacitating the provinces with regard to planning, implementation, information dissemination and reporting, in order to achieve the desired output. CASP includes improved access to financing and credit for small-scale farmers and co-operatives, as well as the six pillars of nonfinancial support services, namely information and knowledge management, technical and advisory assistance, training and capacity building, market and business development, on/off-farm infrastructure services and regulatory services.

During the 2005/06 financial year, an amount of R250 million was allocated to CASP. To date 53 205 farmers were assisted through CASP in the nine provinces and 21 017 households were beneficiaries. The progress in the CASP implementation can be attributed to a number of interventions:

- The department's top management team and representatives from the National Treasury visited the provinces to provide assistance.
- The CASP Secretariat regularly interacted with provincial officials through visits and workshops which aimed at aligning programmes so as to fast-track implementation.
- Implementation plans were discussed at the National Intergovernmental Forum for Agriculture and Land (NIFAL), previously known as MinMec.

An agricultural micro-finance scheme was developed to create access to finance for farmers, especially beneficiaries of the state-directed Land Restitution, Redistribution and Land Tenure Reform Programme. The scheme was launched as Mafisa in 2005, as a pilot in the Limpopo, Eastern Cape and KwaZulu-Natal provinces and will be rolled out to the other provinces in 2006. Steering committees in the provinces are being established that will be responsible for facilitating implementation.

Livestock farming by black emerging farmers is often characterised by poor productivity and overstocking, which subsequently leads to overgrazing. In addressing this challenge, the department developed a Livestock Develop-



ment Strategy, which will enhance support to rural poor farmers in realising the economic value of their assets. The successful Mount Ayliff goat project offers an opportunity for upscaling goat production in other suitable areas.

INTEGRATED FOOD SECURITY AND NUTRITION PROGRAMME (IFSNP)

The IFSNP is part of government's broader strategy to eradicate hunger and malnutrition and to increase food production. As the lead department within the Social Cluster for the implementation of IFSNP, the department assisted with the development of technology and training modules, as well as the dissemination of information with the aim of providing assistance by increasing levels of household food production. This was done in collaboration with other government departments and relevant stakeholders, including nongovernmental organisations, schools and communities.

The Food Insecurity and Vulnerability Mapping System (FIVIMS) pilot survey was completed in the Sekhukhune nodal point in the Limpopo Province. The outcome of this survey will be used to create a model for food insecurity and determine a programme of action for the Social Cluster. Guidelines were completed for the Household Food Security Programme (HFSP).

As part of the Mechanisation Programme, priority was given to the promotion of small-scale mechanisation support to food security projects. The programme aims to increase food crop productivity among smallholder and resource-poor farmers and food producers in rural development nodes in order to improve food security and reduce poverty. During the period under review, 330 power hoes were handed over to municipalities in presidential nodes.

KNOWLEDGE AND INFORMATION MANAGEMENT SYSTEMS (KIMS)

This priority area is regarded as a key enabler in establishing a knowledge-directed agricultural sector. KIMS plays a major role in realising the department's aim of efficient and effective functioning and improved service delivery, as well as in improving access to information for our stakeholders.

Value-added services within the department's knowledge portal continue to increase and the broader community is starting to use this resource more productively. A number of innovations were developed during the period under review to improve stakeholders' access to information.

Reliable, up-to-date statistical information on the performance of the agricultural sector was provided monthly and quarterly. This included quarterly monitoring of the economic performance of the sector and monthly forecasts on the production of field crops on a provincial basis. Statistics were made available to Statistics SA and the Reserve Bank for incorporation into the country's national accounting system. Overviews of economic changes and the impact on the sector were published on a regular basis. The department also launched a project information management system, PIMSA, which will provide clients with real-time information on agricultural and related projects.

Marketing information booklets in all official languages were developed, printed and distributed. These booklets cover the basics of agricultural marketing and are targeted at developing farmers in all provinces, through the Multi-purpose Community Centres (MPCCs). A web-based integrated agricultural marketing information system was developed to provide agricultural marketing information to farmers in rural development nodes.

An electronic database on multilateral science and R&D organisations was developed with the assistance of the Directorate Information and Communication Technology. It was published on both the departmental Intranet and the Internet and is currently available online.

The need to fast-track the development of knowledge and skills required in the sector value chain and to ensure that the skills development systems, including the SETAs, are well-resourced and that delivery will be in accordance with the skills demand, has been a high priority for the department during the period under review. The Agricultural Education and Training (AET) Strategy was developed to address human resource challenges in the agricultural sector. This strategy embraces agriculture as one of the major economic areas in which a great number of rural communities can participate.

In collaboration with the AgriSETA, 16 000 farmworkers benefited from adult basic education and training (ABET) during 2005/06. A total of 12 farming qualifications ranging from NQF levels 1 to 5, were developed.

NATURAL RESOURCES MANAGEMENT (NRM)

Climate change resulted in periodic droughts and intermittent flooding, causing a decline in the yields of various harvests. A drought management plan, in line with the Disaster Management Act of 2002, was approved and is being gazetted for public comment. This plan is a response to disasters relating to drought and makes provision for animal feed and water. The declaration of 2006 as the *International Year to Combat Land Degradation and Desertification* will assist in galvanising our resources to combat the effects of climate change on agricultural production.

An area of approximately 5000 ha was protected from soil erosion through the construction of soil conservation works. We strive to ensure that unique or high-potential land is retained for agricultural purposes and a policy was developed accordingly. The community-based LandCare Programme was expanded from focusing on rehabilitation and reclamation to include eco-agriculture.

NATIONAL REGULATORY SERVICES (NRS)

Dealing with several outbreaks of highly contagious diseases has been a major challenge for the department over the past year. This has underlined the importance of regulating the safety of animal products and putting measures in place to ensure that the country is free from animal diseases.

Two major outbreaks of animal diseases occurred in 2005. The first was notifiable avian influenza H5N2, which resulted in job and income losses for the ostrich and poultry industries. The ostrich industry lost 26 000 birds at a cost of R34 million. Job losses amounted to 4 000. Export revenue loss as a result of the disease came to R600 million. After the completion of a control and eradication campaign and comprehensive surveillance countrywide, the country was declared free from the disease in November 2005.

The second outbreak, Classical Swine fever in the Eastern and Western Cape provinces, had a major negative effect on food security and incomes. Altogether 106 000 pigs were culled. This was, however, offset by the department's efforts in controlling the outbreak and preventing it from spreading to other provinces, thereby averting a national disaster. A voluntary ban was placed on the export of pigs and pork. It is expected that the budget for swine fever control will increase to about R100 million in the next financial year.

The department embarked on a national media campaign to inform South Africans of its contingency plans for avian influenza. Radio advertisements were broadcast on 11 SABC radio stations and television advertisements on SABC 1, 2, 3 and eTV.

We aim to engage with all government departments and industry clients on all aspects of animal health promotion and disease control. There is still a great need to be on the alert for avian flu and contingency plans, which have been developed in collaboration with the Department of Health, are in place.

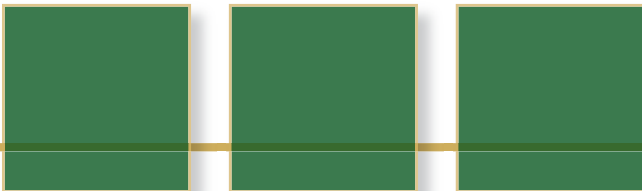
A rise in tourism and trade in regulated agricultural products increased the possibility of illegal importation of agricultural products, which poses the risk of various diseases and pests. Capacity at all ports of entry was strengthened in order to effectively manage the risks posed by animal and plant diseases and to ensure the safety and good quality of agricultural products. A 50 to 80 km fence will be constructed as a deterrent to the possible spread of foot-and-mouth disease in the Kruger National Park.

The revision of the Agricultural Pests Act of 1983 is in its final stages—an amendment process in order to bring it in line with the latest national and international developments. The amended Act, that will be in line with national requirements and harmonised with international standards, will ensure effective prevention of the spread of pests.

A new biosafety and biosecurity unit was created in the department to deal with emerging diseases and improve on biosecurity and food safety measures.

RESEARCH AND DEVELOPMENT (R&D)

Science councils have been transferred back under the full administrative responsibility of the relevant line function departments, following the implementation of the new governance framework for science and technology. The department therefore assumed full budgetary responsibility for the Agricultural Research Council (ARC) as from 1 April 2005, including co-ordinating, resourcing, developing and overseeing the national agricultural research system.



The Research and Development Strategy was drafted in 2005 and presented to the National Agricultural Research Forum (NARF). The aim in formulating this strategy was to provide guidelines for agricultural research, and promote the development and transfer of technology. The implementation of the strategy will further strengthen the department's efforts to mobilise additional resources for agricultural research. In the 2005/06 financial year, additional projects to an amount of R41 million, involving the ARC were approved as a means to boost efforts towards the development of appropriate production technologies.

ACCELERATED AND SHARED GROWTH INITIATIVE OF SOUTH AFRICA (ASGISA)

In our endeavour to contribute towards ASGISA, the department started a process of developing detailed business plans for identified ASGISA projects. Five key areas, in which our contribution can be maximised, have been identified. These include livestock development, establishment of new and the rehabilitation of existing irrigation schemes, biofuels, land rehabilitation and the development of agricultural development corridors. Through programmes such as CASP, Mafisa and AgriBEE assistance will be provided to the emerging farming sector.

CONCLUSION

In conclusion, we realise that there are major challenges facing us in the year ahead. However, with the policies, strategies and programmes that we have established, we will surely succeed in contributing towards poverty eradication and in providing support to emerging farmers to ensure that their businesses become commercially viable in the long term.

I would like to use this opportunity to thank the Minister for her effective leadership, and the Deputy Minister and the chairpersons of the Parliamentary committees for their expertise and guidance. I also want to extend my appreciation to the leadership and staff of all the agriculture state-owned enterprises, the agribusiness community and farmer organisations that assist us in ensuring that we meet our commitments to the South African agricultural public. Finally, I thank my management team and all the staff members in the department for their commitment to the development of the agricultural sector and their willingness to take on ever-increasing work volumes with characteristic optimism and efficiency.



Masiphula Mbongwa

DIRECTOR-GENERAL: AGRICULTURE

Economic overview

This report gives an overview of the major macro-economic trends of the agriculture sector for the period 1 April 2005 to 31 March 2006. Aggregates are compared with the period 1 April 2004 to 31 March 2005.

GROSS FARM INCOME

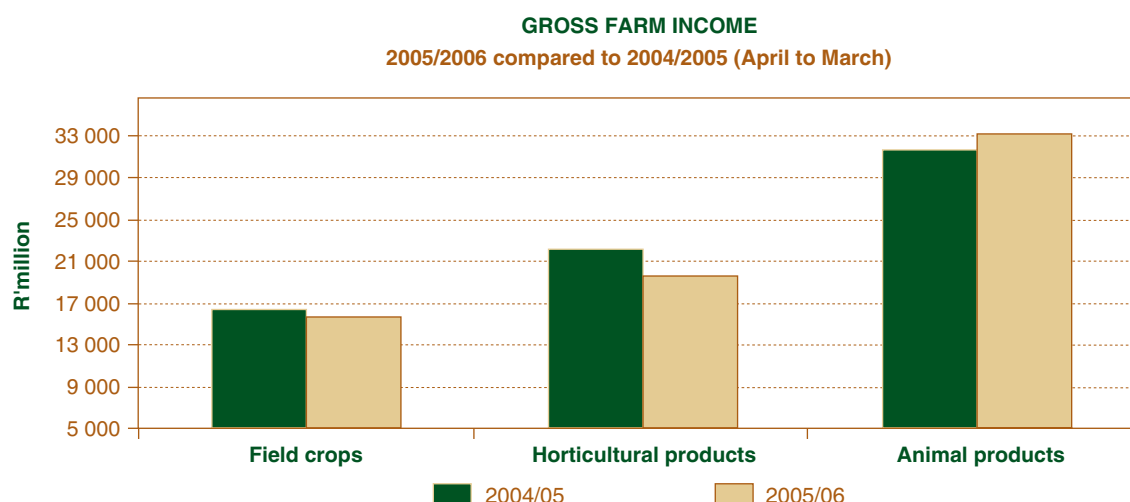
Gross income refers to the agricultural production that is marketed at basic prices. It also includes production for own consumption valued at the same prices.

Gross income from all agricultural products amounted to R68 515 million for the year ended 31 March 2006. The fact that this is lower than the previous year can largely be attributed to the decrease of 10,7% in the gross income from horticultural products. Animal products contributed 48,7%, horticultural products 28,6% and field crops 22,7% to the gross farm income.

The gross income from animal products amounted to R33 334 million—an increase of 5,3%. The gross income from the slaughtering of cattle and calves increased by 16,5% and that from the slaughtering of sheep by 8,1%. These increases can largely be attributed to the increases in the prices that producers received for slaughtered stock. Income from milk decreased by 8,2%.

The income from horticultural products decreased by 10,7% to R19 619 million. The income from deciduous and other summer fruit decreased by 27,7%, mainly as a result of a decrease in production. However, the gross income from vegetables increased by 8,8% to R7 069 million. The average producer price of vegetables decreased significantly during the year under review.

The gross income from field crops decreased by 5,0% to R15 563 million. The decrease resulted from decreases of 41,9% in the income from tobacco, 10,5% in the income of sunflowers and 5% in the income from maize. The reason for these decreases is mainly the result of a decrease of 15,3% in the producer prices of field crops.



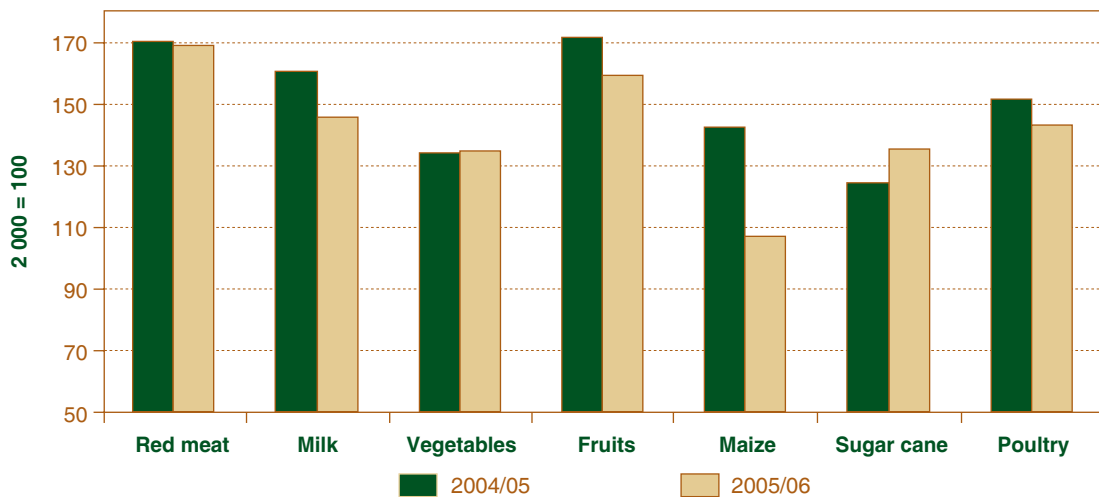
INTERMEDIATE EXPENDITURE

Intermediate expenditure refers to the value of the goods and services that were purchased to be consumed as inputs during the process of production. Intermediate expenditure increased by 5,4% to R41 958 million. Expenditure on farm feeds remained the biggest expenditure item, accounting for 28,4% of the total expenditure. This was followed by 12% for fuel, 11,6% for farm services and 10,5% for maintenance of machinery and equipment. Large increases occurred in the expenditure on fuel, which increased by 27,2%, while the price paid by farmers for fertiliser increased by 8,3%.

PRICES RECEIVED AND PAID BY FARMERS AND TERMS OF TRADE

On average, the prices received by farmers for all agricultural products decreased by 2,2%. The weighted average prices of field crops decreased by 15,3%. This was mainly the result of decreases in the prices of cotton and summer and winter grains, which decreased by 30,8%, 28,0% and 14,4%, respectively. Prices of horticultural products increased by 3,6%. Fruit prices increased by 1%, while vegetable prices increased by 9,8%. The average prices of animal products increased by 17,5%, largely as the result of an increase of 8% in animals slaughtered and 2,8% in poultry. However, dairy products decreased by 1,65%.

CHANGE IN PRODUCER PRICE INDEX
2005/2006 compared to 2004/2005 (April to March)



The prices paid for farming requisites, including machinery and equipment, material for fixed improvements and intermediate goods and services, increased by 1,9% compared to an increase of 3,2% the previous year. Fuel prices increased by 3,4%, while prices paid by farmers for fertilisers increased by 8,3%.

The decrease in prices received, compared to the increase in prices paid by farmers, resulted in a weakening of the domestic terms of trade. The terms of trade indicate the extent to which producer prices in agriculture keep pace with the prices of farming requisites.

GROSS MARGIN, NET FARM INCOME AND CASH FLOW

The decrease in gross farm income compared to an increase in intermediate expenditure resulted in a decrease of 2,2% in the gross margin (gross income – intermediate expenditure = gross margin). Net farm income decreased by 28,3% to R11 114 million owing to increases in intermediate expenditure and factor payments such as labour, rent and interest payments. This also contributed to a decrease of 26% in the cash flow of farmers.

CONCLUSION

During the 2005/06 financial year, the gross income of farmers decreased, owing to considerable decreases in the producer prices of cotton, summer grains, winter cereals and oilseeds. Expenditure on production inputs and services increased. The net farm income was lower. Expectations are that the gross farm income for 2006/07 will not improve significantly as a result of the expected pressure on prices that farmers will receive for their products.

The Ministry

The purpose of the office of the Minister is to provide leadership and set national policy on agricultural development and land reform.

This is done through:

- Issuing policy directives [Cabinet memoranda, draft legislation, regulations, policy discussion documents, meetings (MinMec, management), public statements (including speeches)]
- Providing leadership and motivation to management, staff and partners in agricultural development and land reform
- Executing constitutional and legislative mandates.

PUBLIC ENTITIES REPORTING TO THE MINISTER

The following public entities report directly to the Minister:

- The Agricultural Research Council
- The Land and Agricultural Development Bank
- The National Agricultural Marketing Council
- Onderstepoort Biological Products
- The Perishable Products Export Control Board
- Ncera Farms

BILLS SUBMITTED TO THE LEGISLATURE

The following Bills were submitted to the legislature during the period under review:

- South African Abattoir Corporation Act Repeal Act of 2005 was finalised by Parliament in September 2005 and sent to the President for assent.
- Genetically Modified Organisms Amendment Bill is still in full consideration by the Portfolio Committee for Agriculture and Land Affairs.

MINISTERIAL VISITS TO FOREIGN COUNTRIES

The Minister travelled extensively during the period under review and undertook 12 visits to the following foreign countries for various purposes:

Angola (18–22 April 2005)	Attendance of the 1 st session of the Joint Ministerial Committee (JMC) between South Africa and Angola
Ghana (5–6 May 2005)	Representing the department during the NEPAD: Implementing the Comprehensive African Agricultural Development Programme (CAADP) Agenda Continental Wrap-up meeting
France (22 –27 May 2005)	Attendance of the 73 rd General Session of the World Organisation for Animal Health (OIE)
Italy (23–26 May 2005)	Participating in the 31 st Session of the Committee on World Food Security
Lesotho (8–10 June 2005)	Attendance of the SADC Integrated Committee of Ministers meeting
China (11–13 July 2005)	Attendance of the WTO Mini-Ministerial event
Botswana (20–21 July 2005)	Attendance of a restructuring process meeting with the Directorate Food, Agriculture and Natural Resources (FANR)



Pakistan (9–10 September 2005)	Attendance of the G20 Senior Officials meeting and the Ministerial meeting
Namibia (28–29 September 2005)	Official Ministerial visit to discuss bilateral issues between the two countries
Italy (16–26 November 2005)	Attendance of the United Nations Food and Agriculture Organization's Council and Conference meeting
Mali (30 January to 2 February 2006)	Participating in the FAO Regional Conference meeting
Brazil (7 March to 10 March 2006)	Participating in the international conference on Agrarian and Rural Development meeting

Mission statement

VISION

The vision of the Department of Agriculture is that of **a united and prosperous agricultural sector**.

MISSION

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
- Ensuring knowledge and information management.

OBJECTIVES

To fulfil its mandate and meet its commitment to the National Strategy for Agricultural Development, the department has set a number of medium-term strategic objectives. These are to:

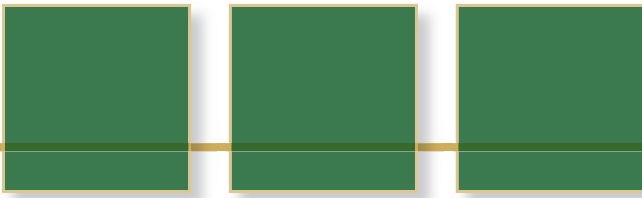
- Guide and support equitable access to resources for agricultural development
- Enhance the economic performance of the sector
- Ensure sustainable natural resource management and use
- Promote and support the participation of black people, women, youth and the disabled in agriculture
- Ensure consumer confidence in agricultural products and services
- Achieve departmental service excellence.

DEPARTMENTAL VALUES STATEMENT

The departmental values are underpinned by the ethos of “Vuk’uzenzele”. This concept builds on the meaning of the word through its direct interpretation of “self-reliance” in capturing the spirit of South Africans at home and in foreign countries, expressed by President Mbeki in his State of the Nation Address in 2002, as people who want to “lend a hand in the national effort to build a better life”.

Recognising that being in the public service is indeed already a privilege to be able to serve the nation and having adopted the principles of Batho Pele—the challenge is now to respond comprehensively to the call for action. The six departmental values that support the above context are therefore:

Bambanani	We believe that the sum of our collective efforts will and should be greater than the total of our individual efforts.
Drive	We are purposeful and energised in all that we do.
Excellence	We are committed to exceeding our customers’ expectations for quality, responsiveness and professional excellence.
Innovation	We motivate and reward creativity, innovation and new knowledge generation that support outstanding performance.
Integrity	We maintain the highest standards of ethical behaviour, honesty and professional integrity.
Maak ’n plan	We will always find a way to make it happen.



The departmental management is committed to ensuring the creation of an environment within which all the staff members can live through these values.

KEY CLIENTS

- Provincial departments of agriculture
- Public entities working in the agricultural sector
- Consumers of agricultural products
- Processors, traders and exporters of agricultural products
- Producers of agricultural products
- Agricultural services providers
- International organisations working in agriculture.

KEY PRODUCTS AND SERVICES

The key products and services of the department are:

National leadership

Provide leadership in terms of policy, legislation, setting strategic priorities, advice, norms and standards, information, monitoring and evaluation, supervision and reporting.

National regulatory services

Provide services with respect to national legislation, regulations, controls, auditing services and inspection services.

National co-ordination services

Facilitate provincial and public entities co-ordination, international agreements, professional networks, public, private and community partnerships, and agricultural human resource development.

National agricultural risk management

Manage early warning systems, disaster management policy, response, recovery, mitigation and preparedness, pest control and plant and diseases control.

Top management



Masiphula Mbongwa
DIRECTOR-GENERAL



Phil Mohlahlane
DEPUTY DIRECTOR-GENERAL
Agricultural Economics and Business Development



Vangile Titi
DEPUTY DIRECTOR-GENERAL
Planning, Monitoring, Evaluation and Communication



Njabulo Nduli
DEPUTY DIRECTOR-GENERAL
Agricultural Production and Resources Management



Luvuyo Mabombo
CHIEF OPERATING OFFICER
Operations Management and Governance

Legislative mandate

The department derives its core mandate from Section 27(1)(b) of the Constitution. It is currently responsible for about 30 pieces of legislation. Underpinning the scope of the mandate of the Department of Agriculture, is the understanding of agriculture as being inclusive of all economic activities, from the provision of farming inputs and farming to adding value to all agricultural activities. In view of the reality that the agricultural sector is continuously subjected to changes in the production and marketing environment, the policy and legislative environment that governs the sector has to be adjusted continuously through amendments and the replacement of some pieces of legislation.

The Department of Agriculture is primarily responsible for all agriculture-related legislation. The following list of Acts reflects the legislative mandate of the department:

Performing Animals Protection Act, 1935	(Act No. 24 of 1935)
Fertilizers, Farm Feeds, Agricultural Remedies and Stock Remedies Act, 1947	(Act No. 36 of 1947)
Animal Protection Act, 1962	(Act No. 71 of 1962)
Fencing Act, 1963	(Act No. 31 of 1963)
Subdivision of Agricultural Land Act, 1970	(Act No. 70 of 1970)
Plant Breeders' Rights Act, 1976	(Act No. 15 of 1976)
Plant Improvement Act, 1976	(Act No. 53 of 1976)
Veterinary and Para-veterinary Professions Act, 1982	(Act No. 19 of 1982)
Perishable Products Export Control Act, 1983	(Act No. 9 of 1983)
Agricultural Pests Act, 1983	(Act No. 36 of 1983)
Conservation of Agricultural Resources Act, 1983	(Act No. 43 of 1983)
Animal Diseases Amendment Act, 1991	(Act No. 18 of 1991)
Liquor Products Act, 1989	(Act No. 60 of 1989)
Agricultural Research Act, 1990	(Act No. 86 of 1990)
Agricultural Product Standards Act, 1990	(Act No. 119 of 1990)
Agricultural Produce Agents Act, 1992	(Act No. 12 of 1992)
Groot Constantia Trust Act, 1993	(Act No. 58 of 1993)
Societies for the Prevention of Cruelty to Animals Act, 1993	(Act No. 169 of 1993)
Marketing of Agricultural Products Act, 1996	(Act No. 47 of 1996)
Agriculture Laws Extension Act, 1996	(Act No. 87 of 1996)
Genetically Modified Organisms Act, 1997	(Act No. 15 of 1997)
Animal Improvement Act, 1998	(Act No. 62 of 1998)
Agricultural Laws Rationalisation Act, 1998	(Act No. 72 of 1998)
Onderstepoort Biological Products Incorporation Act, 1999	(Act No. 19 of 1999)
Meat Safety Act, 2000	(Act No. 40 of 2000)
Agricultural Debt Management Act, 2001	(Act No. 45 of 2001)
Animal Identification Act, 2002	(Act No. 6 of 2002)
Land and Agricultural Development Bank Act, 2002	(Act No. 15 of 2002)
KwaZulu Cane Growers' Association Act Repeal Act, 2002	(Act No. 24 of 2002)
South African Abattoir Corporation Act Repeal Act, 2005	(Act No. 17 of 2005)

Statutory bodies

The Department of Agriculture administers the following statutory bodies:

- Perishable Products Export Control Board
- Agricultural Research Council
- National Agricultural Marketing Council
- Onderstepoort Biological Products
- Land and Agricultural Development Bank
- Ncera Farms

PERISHABLE PRODUCTS EXPORT CONTROL BOARD

The board was established in terms of Section 2 of the Perishable Products Export Control Act of 1983 and has the following functions:

- Controls the export shipment of perishable products from the Republic of South Africa and the order of shipment of these at all ports.
- Makes recommendations on the handling of perishable products when moved to and from railway trucks and other vehicles or cold stores.
- Promotes uniform freight rates for the export of perishable products, with due allowance for particular perishable products, port of export and means of conveyance, etc.

Accountability arrangements

In terms of Section 16 of the Perishable Products Export Control Act of 1983, the board must furnish the Minister and all registered exporters with a report on its activities within six months after the end of each financial year.

AGRICULTURAL RESEARCH COUNCIL

The council was established in terms of Section 2 of the Agricultural Research Act of 1990 and has the following functions:

- Establishes and controls facilities in the fields of research, development and the transfer of technology which the council may determine from time to time.
- Promotes co-operation between the Republic of South Africa and other countries with regard to research, development and the transfer of technology to other countries, etc.

Accountability arrangements

In terms of Section 22(3) of the Agricultural Research Act of 1990, the council shall furnish the Minister with an annual report of its activities at the end of each financial year.

NATIONAL AGRICULTURAL MARKETING COUNCIL

The council was established in term of Section 3 of the Marketing of Agricultural Products Act of 1996 and has the following functions:

- Prepares and submits to the Minister for consideration statutory measures and changes to statutory measures.
- Monitors the application of statutory measures and reports on this to the Minister. Evaluates and reviews these measures at least every two years.

Accountability arrangements

The accounting officer shall, in terms of Section 8(A)(4)(c) of the Marketing of Agricultural Products Act of 1996, furnish the Minister with a year-end financial statement within four months after the end of each financial year.

ONDERSTEPSPOORT BIOLOGICAL PRODUCTS

Onderstepoort Biological Products (OBP) was established in accordance with Section 2 of the Onderstepoort Biological Products Incorporation Act of 1999.

The OBP manufactures and distributes vaccines and other biological products pertaining to animals.

Accountability arrangements

The OBP, as a national government business enterprise, is, in terms of Section 55 of the Public Finance Management Act of 1999, entitled to submit to the Minister the audited financial statements and annual report within five months of the end of the financial year.



LAND AND AGRICULTURAL DEVELOPMENT BANK (trading as THE LAND BANK)

The bank was established in terms of Section 3 of the Land Bank Act of 1912, continued to exist in terms of Section 3 of the Land Bank Act of 1944 and currently exists under the name of the Land and Agricultural Development Bank of South Africa, in terms of the Land and Agricultural Development Bank Act of 2002, despite the repeal of these Acts.

The functions of the Land and Agricultural Development Bank are as follows:

- Promotes equitable ownership of agricultural land, in particular the increase of ownership of agricultural land by historically disadvantaged persons.
- Provides wholesale as well as retail financing for commercial and developing farming sectors and other agriculture-related businesses.
- Administers the agricultural credit scheme, Mafisa, on behalf of the department.

Accountability arrangements

In terms of Section 35(3) of the Land and Agricultural Development Bank Act of 2002, the board must ensure that budgets, annual reports and an audited financial statement are submitted in accordance with the provision of the Public Finance Management Act of 1999.

NCERA FARMS (PTY) LTD

Ncera Farms is a public company listed under Schedule 3B of the Public Finance Management Act of 1999, with the department as the sole shareholder. Ncera Farms is situated at Kidd's Beach near East London in the Eastern Cape on state-owned land of approximately 3 102 ha.

The primary function of Ncera Farms is to assist small and emerging farmers through the provision of various services such as advice, extension services, training and ploughing.

Accountability arrangements

The board of directors of the company is accountable to the department and reports to the Minister for Agriculture and Land Affairs as the executive authority.



*P*rogramme
performance

Programme performance

VOTED FUNDS

Appropriation	Main appropriation	Adjusted appropriation	Actual amount spent	Under-expenditure
ENE	R1 684 738 000	R1 967 768 000	R1 878 008 000	R89 760 000
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 agriculture; maximising growth, employment and income in the sector; improving the sustainable management of natural agricultural resources and ecological systems; ensuring effective and efficient governance; and ensuring accurate knowledge and information management.

KEY MEASURABLE OBJECTIVES, PROGRAMMES AND ACHIEVEMENTS

The strategic role of the department is to facilitate the transformation objectives for agricultural development, food security and growth of the sector and the sustainable use of natural resources.

To achieve this, the department provides support for the growth and transformation of the agricultural sector, poverty eradication and rural development, and for establishing farmer support programmes. These include access to technology, markets, finance, information and training. The department also seeks to mitigate risks by formulating strategies for disaster management, quality assurance, food safety, and plant and animal health.

The activities of the Department of Agriculture are organised into nine programmes:

Programme 1 Administration provides the department with political and strategic leadership and management.

Programme 2 Farmer Support and Development promotes stability, competitiveness, growth and transformation in the agricultural sector by developing policies for farmer settlement, food security, rural development, co-operative development and agricultural risk and disaster management.

Measurable objective Improve emerging farmers' access to and sustained participation in agriculture through appropriate policies and targeted programmes that will ensure viable farm businesses.

Programme 3 Agricultural Trade and Business Development develops policies on access to national and international markets and promotes broad-based black economic empowerment (BEE) in the sector.

Measurable objective Improve the development of agribusiness, competitive markets and the international trade environment through providing better opportunities and more equitable access in order to maximise growth, employment and equity in the sector.

Programme 4 Economic Research and Analysis provides information for developing and monitoring the agricultural sector.

Measurable objective Provide timely, accurate and pertinent agricultural economic and statistical information quarterly to inform decision making on production by all participants in the agricultural sector.

Programme 5 Agricultural Production promotes agricultural research, productivity and sustainability, and monitors and controls genetically modified organisms.

Measurable objective Provide information and technology on agricultural production systems to increase agricultural productivity and profitability.

Programme 6 Sustainable Resources Management and Use develops, implements and monitors policies on managing and using land and water resources in agriculture.

Measurable objective Conserve natural agricultural resources through developing, implementing and monitoring policies and norms and standards aimed at promoting the sustainable use of agricultural resources.

Programme 7 National Regulatory Services develops and monitors risk management policies for controlling animal and plant diseases and for food safety.

Measurable objective Reduce the occurrence of animal and plant diseases through development, implementation and monitoring of policies that ensure proper maintenance of and improvement in management systems for animal and plant disease control.

Programme 8 Communication and Information Management manages and co-ordinates communication, education and international relations.

Measurable objective Provide for effective internal and external communication and information management through a communication strategy.

Programme 9 Programme Planning, Monitoring and Evaluation consolidates and supports strategic and operational management in the department.

Measurable objective Improve organisational performance by supporting operational units to implement and monitor the department's strategic plan and by undertaking programme evaluation and impact assessments.

ACHIEVEMENTS

Highlights of the department's achievements during 2005/06 in relation to key measurable objectives include the following:

Programme	Highlights of achievements
1: Administration	Financial and administrative support services were rendered in terms of predetermined service standards.
2: Farmer Support and Development	<ul style="list-style-type: none"> As part of CASP support services, a total of 542 projects were managed and 89 000 beneficiaries were assisted. Altogether 84 agricultural co-operatives were established in the nine provinces. A FIVIMS pilot project was completed in the pilot area of Sekhukhune. A drought management plan was developed, approved, gazetted for public comment and workshops were held in three provinces for broader inputs.
3: Agricultural Trade and Business Development	<ul style="list-style-type: none"> Altogether 42 200 agricultural marketing information booklets were distributed to all provinces and some municipalities. These booklets are available in all official languages spoken in South Africa. The draft AgriBEE Charter was completed and submitted to the Minister for consideration and approval. A report was completed on African trade potential.

Programme	Highlights of achievements
4: Economic Research and Analysis	<ul style="list-style-type: none"> • To improve the accuracy of crop estimates, a new producer independent crop estimate system was developed and implemented in the Free State, North West, Mpumalanga and Gauteng provinces. This new system, which is partially funded by the Maize Trust, will complement the existing point frame sampling system. Preliminary results from the new system are very promising. • The DoA co-operated with the OECD in a study to review the agricultural policies of South Africa. The report was finalised after a peer review process at the OECD, which turned out to be a resounding success from a developing country perspective.
5: Agricultural Production	<ul style="list-style-type: none"> • The goat-milk production scheme was developed and expanded for implementation to all provinces. In addition, a Goat Productivity Improvement Programme was developed as part of contributions to ASGISA for implementation in 2006/07. • Norms and standards for extension and advisory services were implemented in all provinces and printed copies were distributed to each extension officer. • The Plant Improvement Act was reviewed and recommendations are to be implemented in 2006/07. In addition, production guidelines on various crops were published. • The GMO Amendment Bill was approved by Cabinet and Parliament.
6: Sustainable Resources Management and Use	<ul style="list-style-type: none"> • Tools have been secured to improve data capturing for fixed point monitoring and surveillance systems, potential areas of livestock production, changes in land use and possible management of LandCare and CASP projects. • The SPOT 5 imagery system was piloted in priority areas for the Soil Protection Strategy (highly erodible Mthatha catchment in the eastern Cape and high-potential soils in KwaZulu-Natal Midlands and Limpopo). • As part of the Mechanisation Programme 330 power hoes were handed over to municipalities in presidential nodes, following the signing of an MoU between the DoA and the Department of Provincial and Local Government.
7: National Regulatory Services	<ul style="list-style-type: none"> • A task team was established with various stakeholders to develop food control legislation. The process is still in its initial stages. • Involvement in SADC workshops regarding the harmonisation of phytosanitary regulations in the seed trade continued. • The plant health policy of South Africa was approved and published. • Following a successful control and eradication campaign and countrywide surveillance, South Africa was declared free from avian influenza, thereby averting a devastating threat to the poultry industry. • Safeguarding the internationally recognised status of the FMD free zone was achieved without vaccination by means of the intensification of surveillance activities and by implementing the national contingency plan. An intensive awareness strategy was implemented. • Eastern Cape small-scale farmers were trained on the quality aspects of table potatoes. These farmers are marketing their potatoes at the Mthatha Fresh Produce Market. • Six line function training manuals were completed and the existing standard operating procedures were restructured.
8: Communication and Information Management	<ul style="list-style-type: none"> • Agricultural information in a wide range of media was disseminated—10 issues of <i>AgriNews</i> published, 32 InfoPaks reprinted, radio programmes broadcast on commercial and public broadcasting services and daily updating of website information. • The launch of the Agricultural Education and Training Strategy culminated in the signing of a statement of intent by all the stakeholders in Agricultural Education and Training on 30 September 2005. The stakeholders who signed are the Min-

Programme	Highlights of achievements
8: Communication and Information Management (<i>cont.</i>)	<p>ister for Agriculture and Land Affairs, Chairperson of the Board of FoodBEV SETA, Presidents of AgriSA and NAFU, Chairpersons of the Association of Principals of Agricultural Colleges, Association of Agricultural Teachers of South Africa and Higher Education South Africa. The strategy brings about one agenda for Agricultural Education and Training for the first time in the history of South African agricultural education.</p> <ul style="list-style-type: none"> • The number of farmers and farmworkers trained in small-stock management increased from 200 in 2004/05 to 614 in 2005/06. • Various protocols on the import and export of agricultural commodities between South Africa and China were completed and are ready for signing. This opens an opportunity for South African farmers to benefit from the huge Chinese market.
9: Programme Planning, Monitoring and Evaluation	<ul style="list-style-type: none"> • PIMSA was launched nationally. • The M&E system for organisational performance was established.

OVERVIEW OF THE SERVICE DELIVERY ENVIRONMENT

The department operates in an environment with linkages across the agricultural sector and the broader economy, both of which influence and are, in turn, influenced by developments within this environment. While some external changes can be anticipated and accommodated to a certain extent, it is not possible to plan for every contingency, particularly when changes arise in cases where the department has limited influence.

During the year under review, the department had to contend with challenges such as outbreaks of animal and plant diseases, widespread drought and severe skills development backlogs throughout the agricultural sector. In many cases, these developments necessitated a reprioritisation of funding and other resources, requiring the department to provide additional resources in some areas, while still attending to the original objectives to which we were committed in the *Strategic plan 2005*.

During the period under review, the department had a great impact on service delivery in the following areas.

Risk management and assessment for animal disease control

- InfoPaks were distributed on Classical Swine fever and skin conditions in dogs. These will assist farmers in coping better and will promote understanding of the diseases during outbreaks. With such information, outbreaks can even be avoided, as farmers will have improved and informed disease control mechanisms.
- Regulations for a new animal health policy, with inputs from the provinces, have been completed. The latter inputs to the policy will be included before dissemination to the targeted audience.

Training of marking operators

A marking operators' course was presented to black marking operators as a contribution towards black economic empowerment.

Permits, registrations, certificates, protocols

The department concentrated on the following services in order to promote participation of South African agriculture in the global environment:

- Export of table potatoes to Zambia. An agreement was concluded with our Zambian counterparts.
- Verification of the good agricultural practices for effective control of regulated pests for enhanced trade relations between South Africa and the USA was completed.
- Negotiations took place for the visit of a USDA APHIS expert to evaluate the application of the good agricultural practices documents.
- Training of exporters on phytosanitary certification was undertaken.



Mafisa and mentorship

The LRAD database was completed and officials have been trained to provide mentorship for the beneficiaries. The Mpumalanga Province has been identified for the roll-out of a mentorship policy.

Inspections

Numerous policies and InfoPaks on pesticides such as the pesticide policy, were issued during the period under review, as well as an operational manual for the African Stockpile system and a policy document for accreditation of analytical laboratories. Implementation and maintenance of the Wine on Line system, food control system, provincial audits, policies on stock remedies, animal feeds and also export certification supervisory services were completed.

Soil conservation and water management

A number of projects were completed and are operational:

- KwaZulu-Natal dipping tank project: 48 boreholes were drilled
- Access roads project in Rust de Winter, Limpopo Province
- Sigeni water runoff control project in KwaZulu-Natal
- Sekgopo water runoff control project
- School Food Gardens project: 25 boreholes were drilled.

Foot-and-mouth disease (FMD) border fencing

The Punda Maria project is in progress and will provide assistance in border control for animal disease management. At Phalaborwa the existing damaged FMD border fence was removed and replaced by a new fence.

Issuing market access import and export permits

All import and export permits due were issued on time.

Seed testing and auditing services

Altogether 294 samples were tested for purity and for germination. These consisted of 93 trade control samples and 201 import samples.

Plant quarantine and plant health diagnostic services

Registration and approval for the participation of production units and packhouses for citrus exports through special programmes (China, EU, Japan, South Korea and the USA) for the 2005 export season was a major achievement.

Project management system

The Directorate Water Use and Irrigation Development effectively installed a project management system during the year under review. This system enables the directorate to plan, implement and report on projects in detail. It also provides the required output to PIMSA and other reports. The effective use of information and available tools has resulted in improved planning and implementation of projects.

CONSTRAINTS

The following constraints that had an adverse impact on service delivery were identified.

Lack of human resources

During 2005/06, a lack of sufficient human resources impacted negatively on the department's capacity to render services. This was mainly as a result of the high vacancy rate and severe skills development backlog in the agricultural sector.

Information technology services

With regard to information technology services, the following problems were identified:

- SITA was appointed to develop an agricultural marketing information system. However, a new service provider had to be appointed to complete the system after SITA's contract was terminated as a result of a lack of commitment to complete the project on time. The appointment of a new contractor impacted negatively on the planned timely conclusion of the project.
- Combud system—problems were experienced with the use of the programme and understanding commercial production systems, especially with regard to the capturing of the correct data on the Combud system, which is used mainly by economists.
- The implementation and stabilisation of the Wine on Line/LIMS interface took longer than expected, which resulted in an increase in costs and difficulty to remain within the approved budgets.

Legal services

With respect to legal services the following adversely affected performance:

- The lack of legal experts who are literate in the other official languages
- The harmonisation of amendments with existing legislation, especially with regard to genetic resources.

OVERVIEW OF THE ORGANISATIONAL ENVIRONMENT

At the end of 2005 the department's organisational structure was reviewed in order to align it with our strategic objectives, strategies and programmes. This led to the restructuring of the macro-organisational structure with an emphasis on strengthening the department's capacity to provide an overview of the implementation of national programmes, including programmes under ASGISA.

The new, improved structure became effective on 1 April 2006. The aims of the restructuring were to enhance the organisation's performance, increase the level of resource utilisation, improve service delivery, ensure better co-ordination between different parts of the organisation, and to assist in adapting to the changing needs of our clients. Further objectives of the process were to streamline activities, focusing on client needs, and to increase accountability so that personnel can be held directly accountable for their performance. Another important consideration was flexibility—to be able to respond quicker to future demands and to adapt to changing environmental influences.

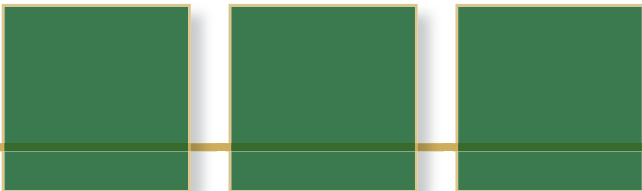
The first phase of the restructuring process involved the macro-organisational structure. Refinement investigations will be conducted into the organisational units during the second phase in 2006/07.

Amendments included the reorganisation of the Branch Agricultural Production and Resources Management into two programmes to deal with all emerging diseases and to improve biosecurity and food safety measures. The Subprogramme International, Intergovernmental and Stakeholder Relations was created. It includes International Relations and Intergovernmental Relations (to give effect to the Intergovernmental Relations Framework Act of 2005) and Stakeholder Relations (to promote and facilitate relations with stakeholders to improve service delivery). To facilitate the alignment of the organisational structure with the budget structure, the current "branches" will be renamed "programmes" to consolidate budget control and performance within a programme.

STRATEGIC OVERVIEW AND KEY POLICY DEVELOPMENTS

The most important challenge for the agricultural sector was to provide sufficient and affordable food. This was not only important in the international and regional context, but also at household level. The importance of agriculture manifests in its contribution to the GDP, its backward and forward linkages in the economy, its share of the labour force, and its contribution as an earner of foreign exchange.

Since 1994, agriculture has provided more and better opportunities for participants in the sector through increased access to foreign markets, smallholder participation in value chains (emerging farmers now have access to equity ownership in AgriBEE, enabling them to increase production), institutional change, and greater co-operation among the major role players in the sector. Furthermore, deregulation of local and international markets and preferential trade agreements with a number of countries and trading blocs have created significant trade opportunities for South African agriculture and farmers.



Another important challenge for the department has been ensuring that animal and plant products are disease-free, therefore improving public health. This still remains a priority as it has a direct bearing on agriculture's ability to provide safe and nutritious food to the South African public, as well as the country's ability to take advantage of trade opportunities.

In order for agriculture to provide for national and household food security, it is critical that the problem of land degradation—the most serious threat to agricultural biodiversity—be addressed. To this end, the department continued with the implementation of the LandCare Programme that promotes sustainable land use practices in commercial and subsistence farming areas. The Agricultural Geo-referenced Information System (AGIS) provides tools for identifying areas that are affected and also indicates how sensitive the natural resource base is to degradation.

Agricultural credit scheme

Mafisa is a government intervention to spread micro-credit and saving services to economically active, poor, rural people and households, small farmers and agribusinesses. The objectives of the scheme are to contribute to stimulating the extension of financial markets and economic growth, to improve national household food security, to increase employment in the rural areas (thereby reducing migration to urban centres) and to reduce poverty and inequalities in land and enterprise ownership. The scheme focuses particularly on women, youth and the disabled.

The credit scheme was launched in Limpopo, Eastern Cape and KwaZulu-Natal and was then rolled out to the other provinces. Provincial steering committees are responsible for implementation. Institutions will be participating in the scheme as financial intermediaries, once their capacity for outreach has been established.

Comprehensive Agricultural Support Programme

Over the past number of years, considerable resources have been directed at providing access to land for agricultural production to previously disadvantaged individuals. However, farmer support and advisory services have not kept pace with the disbursement of land grants. CASP is a central focus for the department, targeting the beneficiaries of land and agrarian reform. The programme is a response to the lack of adequate provision for agricultural development.

Provincial departments of agriculture, as implementing agents for the support programme, initially focused on providing infrastructure; however, it became clear that to achieve the intended results a full roll-out of the programme was needed. In the first years, significant underspending and roll-overs also indicated that provincial departments were facing capacity constraints. Recommendations to improve the provision of agricultural support include reviewing grant conditions, business processes relating to the identification and approval of projects, business plans and timeframes for reporting.

Agricultural BEE framework

The AgriBEE framework is the department's contribution to improving equitable access to and participation in agricultural opportunities, deracialising land and enterprise ownership and unlocking the full entrepreneurial potential in the sector. The framework was developed in collaboration with agricultural stakeholders.

Business models are being tested with selected commodity groups and local development organisations on how best to integrate emerging participants into mainstream agriculture. Evaluation and monitoring systems for AgriBEE activities are being established by means of implementation and monitoring workshops at the national, provincial, regional and local levels. Selected service providers will conduct training workshops on the impact and relevance of AgriBEE on local municipality delivery levels and the agricultural sector.

DEPARTMENTAL REVENUE, EXPENDITURE AND OTHER SPECIFIC TOPICS

Collection of departmental revenue

The department's collected revenue is in line with its annual budget for the sale of goods and services. The sale of scrap, which had an additional inflow of R8,201 million, was not included in the budget. A transfer of R300 000 as a donation, not budgeted for, was received to cover expenses in respect to the Female Farmer of the Year Awards. Interest of approximately R9 million due on 31 March 2006 was not received from the Land and Agricultural Development Bank.

	2002/03 Actual R'000	2003/04 Actual R'000	2004/05 Actual R'000	2005/06 Target R'000	2005/06 Actual R'000	% deviation from target R'000
Non-tax revenue						
Sales of goods and services other than capital assets	50 146	54 556	62732	55 799	71 695	28
Administrative fees	46 348	50 807	58 252	47 643	59 023	
Sales of goods and services	3 723	3 740	4 477	8 156	4 456	
Sale of scrap, waste and other used current goods	75	9	3	–	8 216	
Transfers received	10	13	–	–	300	
Public corporations and private enterprises	10	13	–	–	300	
Fines, penalties and forfeits	21	1	16	3	54	1 700
Interest, dividends and rent on land	11 484	10 937	14 193	9 358	1 596	(83)
Interest	10 261	10 279	13 994	9 236	654	
Rent on land	1 223	658	199	250	942	
Sales of capital assets (capital revenue)	–	9 003	11 865	271	208	(23)
Other capital assets	–	9 003	11 865	271	208	
Financial transactions (recovery of loans and advances)	12 801	161 019	11 814	2 016	2 283	13
Total departmental receipts	74 462	235 529	100 620	67 447	76 136	13

Departmental expenditure

The table indicates how actual expenditure differed from planned expenditure. The virements that were effected between the programmes were mainly to provide funds for the outbreak of Classical Swine fever during September 2005 in the Eastern Cape Province. At that point in time the estimated cost to combat the disease was R39,93 million for which an additional amount of R20,4 million was allocated to the department in the Adjustments Estimate. The department, through prioritising its budget and shifts between programmes, contributed R19,5 million. However, the disease spread, and is still ongoing, forcing the department to provide more funds for this purpose. Not all claims in respect of the campaign were received before the end of the financial year and the department has requested that its surplus for 2005/06 be rolled over to 2006/07 to provide for this campaign in the latter part of the year.

Programmes	Voted for 2005/06	Roll-overs and adjustments	Virement	Total voted	Actual expenditure	Variance
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	170 480	(1 676)	(3 643)	165 161	159 758	5 403
Farmer Support and Development	476 791	250 749	(12 757)	714 783	696 728	18 055
Agricultural Trade and Business Development	95 783	(27 747)	(5 443)	62 593	38 764	23 829
Economic Research and Analysis	25 590	(2 110)	(1 878)	21 602	17 760	3 842
Agricultural Production	407 648	8 505	502	416 655	414 250	2 405
Sustainable Resources Management and Use	177 252	(1 386)	(5 967)	169 899	168 206	1 693
National Regulatory Services	230 513	31 639	26 758	288 910	267 331	21 579
Communication and Information Management	92 716	25 056	2 586	120 358	108 716	11 642
Programme Planning, Monitoring and Evaluation	7 965	–	(158)	7 807	6 495	1 312
Total departmental expenditure	1 684 738	283 030	–	1 967 768	1 878 008	89 760

Transfer payments

TRANSFERS TO PROVINCES

Name of institution	Amount transferred	Estimated expenditure
	R'000	R'000
Eastern Cape Province	65 552	65 552
Free State Province	39 088	39 088
Gauteng Province	7 727	7 727
KwaZulu-Natal Province	59 270	59 270
Limpopo Province	66 786	66 786
Mpumalanga Province	44 129	44 129
Northern Cape Province	35 148	35 148
North West Province	54 594	54 594
Western Cape Province	37 706	37 706
Total	410 000	410 000

These transfers include payments in respect of LandCare (R40 million), CASP (R250 million) which provides post-settlement support to targeted beneficiaries of land reform, and funds provided for drought relief (R120 million). Some provinces experienced capacity and procurement problems and were unable to spend their full allocations for the year. These constraints are being attended to with intervention and assistance from the department.

TRANSFERS TO LOCAL GOVERNMENTS

Name of institution	Amount transferred	Estimated expenditure
	R'000	R'000
Various governments		
– Regional Services Council	1 124	992
– Vehicle licences municipalities	598	298
– Vehicle licences provincial department	70	42
Total	1 792	1 332

TRANSFERS TO PUBLIC ENTITIES

Name of institution	Amount transferred	Estimated expenditure
	R'000	R'000
National Agricultural Marketing Council	13 961	13 961
Agricultural Research Council	360 902	360 902
Ncera Farms (Pty) Ltd	2 377	2 372
Total	377 240	377 235

The National Agricultural Marketing Council undertakes investigations and advises the Minister for Agriculture and Land Affairs on agricultural marketing policies. The Agricultural Research Council is a statutory body and is the principal agricultural research institution in South Africa. The National Student Financial Aid Scheme was appointed by the department to manage its external bursary scheme for students undertaking studies in the agricultural field.

TRANSFERS TO FOREIGN ORGANISATIONS

Name of institution	Amount transferred	Estimated expenditure
	R'000	R'000
Office International des Epizooties	540	530
International Seed Testing Association	30	28
Organisation for Economic Co-operation and Development	95	65
International Union for the Protection of New Varieties	282	257

Name of institution	Amount transferred	Estimated expenditure
	R'000	R'000
International Grains Council	117	117
Office International de la Vigne et du Vin	382	375
Food and Agriculture Organisation of the United Nations	10 203	10 203
International Commission of Agricultural Engineering	2 961	–
Consultative Group on International Agricultural Research	3 094	3 094
Commonwealth Agricultural Bureau International	247	246
Regional Food Security Training Programme	2	–
Foreign rates and taxes	150	22
International Cotton Advisory Council	138	137
World Food Programme	140 000	140 000
Total	158 241	155 074

With the exception of foreign rates and taxes (R150 000) and the contribution to the World Food Programme (R140 million) the rest of the transfers represent membership fees to organisations approved by Parliament.

TRANSFERS TO DEPARTMENTAL AGENCIES

Name of institution	Amount transferred	Estimated expenditure
	R'000	R'000
Water Research Commission	2 128	2 128
National Student Financial Aid Scheme	8 300	8 300
Public Service Education and Training Authority (now called AgriSETA)	420	420
Total	10 848	10 848

TRANSFERS TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

Name of institution	Amount transferred	Estimated expenditure
	R'000	R'000
ESKOM	38	–
Red Meat Industry Forum	1	–
Land and Agricultural Development Bank of SA	144 000	144 000
Claims against the State	420	413
Non-life insurance premiums	45	–
Total	144 504	144 413

TRANSFERS TO NON-PROFIT INSTITUTIONS

Name of institution	Amount transferred	Estimated expenditure
	R'000	R'000
National Emergent Red Meat Producers' Organisation	300	300
Fruit industry	179	179
Poultry industry	300	300
Total	779	779

TRANSFERS TO HOUSEHOLDS

Name of institution	Amount transferred	Estimated expenditure
	R'000	R'000
Porcine respiratory and reproductive syndrome	3 000	2 985
Avian influenza	4 930	4 930
Social benefits	2 277	1 344
Classical Swine fever	34 270	25 366
AgriBEE	5 000	–
Total	49 477	34 625

CAPITAL INVESTMENT, MAINTENANCE AND ASSET MANAGEMENT PLAN

Capital investment

The only project currently in progress is the building of additional office space at the Plant Health Quarantine Station, Stellenbosch. The proposed completion date is March 2007.

The Animal Quarantine Station (Durban) is to be relocated to a site identified by the Department of Agriculture and the Department of Public Works. A Property Development Programme is being undertaken by the Durban Municipality at the site where the Quarantine Station is currently situated, hence the need for relocation.

A priority list, depending on the availability of the allocated capital works budget, is in the process of being submitted to the Department of Public Works following the terms of the Memorandum of Understanding between the Department of Public Works and the Department of Agriculture.

Maintenance

The maintenance expenditure was kept within the planned expenditure framework for the 2005/06 financial year. All expenditure for maintenance and repairs was finalised in terms of the normal procurement processes and was therefore market related.

The maintenance backlog at various government-owned buildings occupied by the department is being addressed in terms of a Repairs and Maintenance Programme (RAMP). A RAMP amounting to R20 million over a three-year period is currently in process at Harvest House. The RAMP at Harvest House is on schedule and is being supervised by the Department of Public Works. The backlog in the maintenance of buildings has, therefore, decreased accordingly. The implementation of the Energy Saving Project at Agriculture Place is also contributing to a decrease in the maintenance costs regarding electric light fittings.

A RAMP has also been registered with the Department of Public Works for the upgrade of the Maize Board Building, focusing on repairs to the electrical power supply system and the air-conditioning system.

Asset management

Asset holdings have changed over the period of review through disposal of assets by means of public auctions held at Stellenbosch, Grootfontein Agricultural Development Institute (GADI) and Head Office.

The department is using LOGIS as an asset management system. All procurement of assets is captured on the asset register by means of receipts. The asset register is also monitored/updated on a monthly basis. In addition, the asset register is maintained by means of annual stocktaking. The current state of capital stock procured during the period under review is good.

It is envisaged that the department will commence with the building of an additional office building at Plant Health Quarantine Station in Stellenbosch during the 2006/07 financial year.

The Department of Public Works handles the necessary tendering processes for building projects. The prescribed Supply Chain Management processes are adhered to by the department for the procurement of moveable assets.

PROGRAMME 1

Administration

Administration conducts the overall management of the department and provides strategic leadership and corporate services through the activities of the Minister and senior management. It provides financial, procurement, legal and IT services; an internal audit; human resource management and secretariat services. The programme also deals with agricultural debt collection.

The programme has two main components, namely Administration and Governance, and Financial Management.

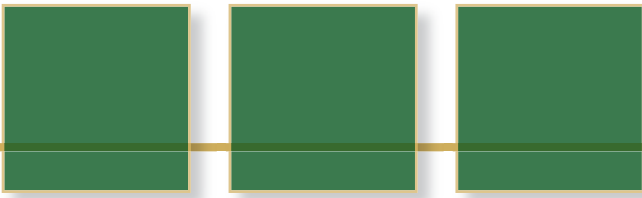
Administration and Governance

This component provides the internal infrastructure of support that enables customer-oriented programmes to meet their strategic objectives through optimal use of people, information communication technology and legal expertise.

Financial Management



Tommie Marais
ASSISTANT DIRECTOR-GENERAL



This component ensures sound financial management, evaluates the feasibility of programmes and projects, renders financial and supply chain management services, manages agricultural debt and co-ordinates budgetary matters. At all times, these activities are governed by the Public Finance Management Act of 1999, the Treasury Regulations and the Departmental Financial Instructions.

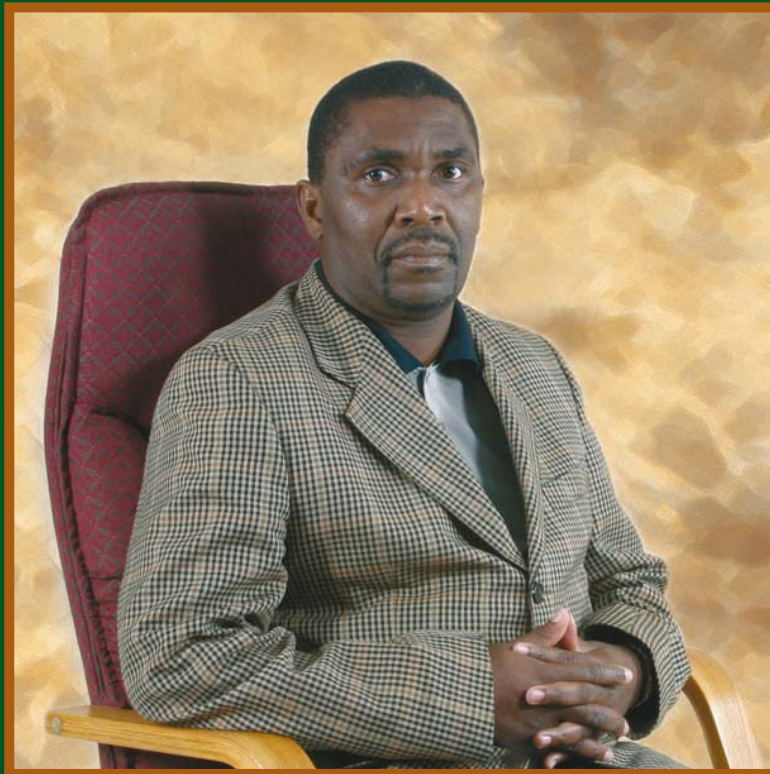
MEASUREMENT OF PERFORMANCE

A key result area of this programme is overall effective, efficient and timely delivery on the department's mandate within the allocated resources. Performance of this programme is therefore measured in terms of predetermined service standards as captured in the *Strategic plan 2005*.

Support services were rendered in terms of providing an enabling environment that supports the achievement of departmental objectives. Reporting on these services is not included in this report.

PROGRAMME 2

Farmer Support and Development



Sam Malatji
ASSISTANT DIRECTOR-GENERAL

PURPOSE

To promote stability, competitiveness, growth and transformation in the agricultural sector by developing policies for farmer settlement, food security and rural development, agricultural finance and co-operative development as well as risk and disaster management.

MEASURABLE OBJECTIVE

Improve emerging farmers' access to land and sustained participation in agriculture through appropriate policies and targeted programmes that will ensure viable farm businesses.

SERVICE DELIVERY OBJECTIVES AND INDICATORS

Directorate	Output	Measure/ indicators	Actual performance against target	
			Target	Actual
Farmer Settlement	Viable farm businesses	Proportion of viable farm businesses	Seventy percent of beneficiaries of land reform have viable farm businesses by March 2006	<p>Although multiple efforts are made to achieve this target, such as consolidating information on the farm data, especially LRAD farms, the measure of viability is difficult as it can only be assessed in years to come.</p> <p>CASP support services are progressing well as the alignment process is beginning to take shape. A total of 542 projects and 89 000 beneficiaries were assisted as of the end of March 2006.</p>
Agricultural Finance and Co-operative Development	Agricultural co-operatives established	Number of co-operatives established	Eighty new agricultural co-operatives established by March 2006	A total of 84 agricultural co-operatives have been established in the nine provinces.
Food Security and Rural Development	Food Insecurity Vulnerability Information Mapping System (FIVIMS)	Number of ISRDP development nodes reached with FIVIMS	Twelve ISRDP nodes reached by March 2006	<p>FIVIMS pilot project has been completed in one node. The resultant further work and consultations with cluster departments necessitated the development of the FIVIMS model for SA.</p> <p>FIVIMS phase II project with five components has been finalised and implementation started in January 2006. Atlas maps for Sekhukhune have been produced and are in use by the local municipalities as part of the IDP.</p>
Agricultural Risk and Disaster Management	Agricultural risk and disaster management measures	Increase in the percentage of farmers reached	Twenty percent increase in farmers reached annually	<p>Target is not quantifiable as there is no benchmark and further progress depends on the provinces. Early warning monthly advisories and climate change discussion information is disseminated to provinces on a monthly basis.</p> <p>The drought management plan was developed (in line with the Disaster Management Act of 2002), approved, gazetted for public comment and workshops were held in three provinces for broader inputs. The process is continuing.</p>

SERVICE DELIVERY ACHIEVEMENTS

Outputs of the programme, as specified in the *Strategic plan 2005*, are reported per quarter.

First quarter

- Farmer-to-farmer mentorship policy was approved by DEXCO and submitted to ITCA.
- Technical problems were experienced with the development of the system for the electronic database of LRAD projects. However, information on LRAD projects was collected and kept manually while IT problems were being sorted out.
- As part of the audit on unencumbered agricultural state land, the disposal of Ncera farms (Eastern Cape) and Hanover (North West) are in progress.
- A debtor system for rental payments was adopted and farmers have started utilising the system.
- Agriculture credit policy (lending scheme policy) for Mafisa was drafted and submitted for approval. A credit committee was appointed for Mafisa implementation.
- A service level agreement was concluded between the department and the Land Bank, and the Mafisa budget was transferred to the Land Bank. A MoU between the department and the Post Bank was also finalised.
- A national SADC food security status report was finalised and submitted to SADC-FANR.
- All relevant stakeholders were consulted to finalise the draft food security policy. Guidelines were completed for the HFSP. SPFS project activities: 70% complete in KwaZulu-Natal and the Eastern Cape.
- FIVIMS pilot report was finalised and a hand-over workshop was conducted on 4 May 2005.
- Early warning climate advisories for the agricultural sector were produced on a monthly basis and distributed electronically to national and provincial management including other stakeholders through e-mails, faxes and on the departmental and the AGIS websites. Brochures and banners on coping strategies during various disasters were developed and displayed and/or distributed during workshops.
- The draft drought management plan was submitted to the Minister for approval.

Second quarter

- The first draft of the integrated co-operative development system was completed and will be incorporated into the guidelines on co-operative development and implementation plan on mobilisation of farmer organisation and self-help groups.
- A questionnaire was designed by ICT for the development of a co-operative data analysis system and was submitted to the provinces for data capturing.
- A database template was developed for Financial Services Co-operatives to compile a Mafisa database.
- A total of 45 co-operatives were established.
- Mafisa was implemented as a pilot in the Sekhukhune nodal point in Limpopo Province on 30 May 2005.
- Household Food Production Programme (HFPP) guidelines were finalised. The provinces were briefed on HFPP guidelines and future implementation as well as the allocation of budgets to implement HFPP projects. The IF-SNP task team drafted a chronic food insecurity baseline arising from FIVIMS.
- The drought management plan was approved by DEXCO and the Minister for gazetting.
- The draft agricultural climate change discussion document was presented at STC (subcommittee of DEXCO).

Third quarter

- The disposal of unencumbered agricultural state land is in progress. The submission for the disposal of Ncera farms (Eastern Cape), and Hanover farms (North West) are awaiting ministerial approvals.
- Mafisa was implemented as a pilot in the OR Tambo nodal point in the Eastern Cape Province on 5 July 2005. Provincial Steering Committees were also established to oversee the implementation of Mafisa. The Mafisa monitoring project has been initiated and preliminary analysis is being done on the applications received so far.
- A final draft of the food security policy was submitted to DEXCO. A draft Food Security Bill is in its final stage.
- A FIVIMS pilot survey was conducted in the pilot area of Sekhukhune. The outcome from the survey will be to create a model of food insecurity and determine a programme of action for the social cluster.
- Weather/climate awareness workshops were conducted in seven provinces. A report on an awareness programme on weather and climate for transfer of technology was produced.



Fourth quarter

- FIVIMS was presented to the relevant senior management members of other social cluster departments, departmental directorates and structures such as PIMSA, National Disaster Management centre and the ISRDP/URP joint task team.
- Mafisa was implemented as a pilot in the Mkhanyakude nodal point in KwaZulu-Natal Province on 9 October 2005.
- A service provider was appointed to assist in the establishment of a permanent Food Security Forum.
- An information working group under the IFSNP task team was established and a service provider for the development of the FIVIMS model was recruited.
- The agricultural disaster management plan was drafted and submitted to DEXCO for approval.
- A drought mapping project proposal was finalised with the ARC to establish a database of disaster prone areas (vulnerability assessment).
- A report on awareness on agricultural risk and disaster management was finalised.

CHALLENGES AND RESPONSES TO CHALLENGES

- Challenge 1** Institutionalisation of FIVIMS and integration of other IFSNP related databases and information.
- Response to challenge 1* Development of FIVIMS model: A service provider was recruited by WFP to review international and national modelling experiences, including findings from the pilot phase to assist in identifying the best modelling approach for SA. Roll-out and further testing the system and handing over to relevant municipalities took place.
- Challenge 2** There are numerous mentorship programmes which are being implemented in the provinces and are not standardised with the guidelines in the national farmer mentorship policy.
- Response to challenge 2* Discussions are continuing with the provinces and stakeholders to align the current policies with the national framework.
- Challenge 3** The LRAD database system is disabled owing to the fact that some provincial offices are still without access to the Intranet.
- Response to challenge 3* Continue to liaise with the Directorate Information and Communication Technology of the department and provide ICT facilities to all national project co-ordinators who are working in the provinces in order to update the database on a continuous basis.

Agricultural Trade and Business **Development**



Attie Swart
ASSISTANT DIRECTOR-GENERAL

PURPOSE

To develop policies to enhance access to national and international markets and promote broad-based black economic empowerment in the sector.

MEASURABLE OBJECTIVE

Promote the development of agribusinesses, competitive markets and a freer international trade environment by providing agribusiness development support, equitable market access and trade opportunities in order to maximise growth, employment and equity in the sector.

SERVICE DELIVERY OBJECTIVES AND INDICATORS

Directorate	Output	Measure/indicators	Actual performance against target	
			Target	Actual
Business and Entrepreneurial Development	Agricultural business partnerships	Number of commodity action plans focusing on value addition	Four commodity action plans by March 2006	Plans for cotton and grain accepted by the DoA and the fruit commodity action plan nearing conclusion.
International Trade	Negotiating positions and plans	Number of issue-based positions developed	Ten position papers and reports on opportunities and constraints by March 2006	Agricultural Trade Forum informed six-weekly on all negotiations and opportunities. Altogether 29 position papers and reports were produced by March 2006.
Marketing	Marketing information	Number of farmers in rural development nodes reached by department's marketing information project	The majority of LRAD farmers in 3 ISRDP nodes by 2006	A total of 42 200 marketing information booklets were distributed to all provincial departments for re-distribution to farmers.

SERVICE DELIVERY ACHIEVEMENTS

Further information on outputs of the programme, as specified in the *Strategic plan 2005*, is provided per quarter.

First quarter

- The draft AgriBEE implementation plan was finalised and submitted to the AgriBEE Steering Committee (SC).
- Norms and standards for the establishment of agricultural marketing infrastructure were completed and submitted to DEXCO for approval.
- The SACU technical visit to India was postponed by the Department of Trade and Industry as a result of a delay in the negotiating agenda.
- Commodity-based agricultural marketing value chains/industry profiles were drafted.

Second quarter

- A large-scale AgriBEE scorecard was drafted and the AgriBEE framework was finalised. The SC presented the final AgriBEE report to the Minister.
- The agricultural SMME Strategy was aligned to CASP and submitted to DEXCO for approval. The Grain Strategy has been finalised and is awaiting DEXCO approval.
- Draft commodity-based agricultural marketing value chains/industry profiles were completed. Further enhancement of the profiles is in progress.
- The development of an agricultural marketing information system is in progress.
- Parliamentary Committees were briefed on agricultural trade matters.
- The development of an Agro-logistics Strategy is in progress.
- The impact study on SACU/India free trade agreement (FTA) was completed.

Third quarter

- AgriBEE charter and scorecard were approved in principle at the AgriBEE Indaba held on 6–7 December 2005.

- The Grain Strategy and SMME Strategy were finalised and are awaiting DEXCO approval.
- The national launch of the agricultural marketing information system was postponed as a result of the technical complexity of the system. The launch can only take place once SITA has concluded the development of the project.
- Draft agricultural marketing training material for grains, livestock, horticulture and industrial products was produced.
- Good progress is being made to update information for the market access constraints in Africa.
- The market research report on intra-Africa trade is due in the fourth quarter. Studies on Nigeria and Tanzania were completed, but progress is slow because of new officials who are still in training.
- The permit allocation policy was amended.

Fourth quarter

- The AgriBEE Section 12 charter process is at a final stage. An operational manual for the AgriBEE fund was drafted, discussed at DEXCO and approved in principle. A draft brochure on AgriBEE offerings was compiled.
- Draft country reports on intra-African trade and market access constraints were completed for Angola, Kenya, Mozambique, Ghana and the Democratic Republic of the Congo.
- The draft report on market access constraints in Africa was completed.
- The development of the agricultural marketing information system is unduly delayed by SITA's inability to provide the required expertise to complete the system as agreed.
- The agricultural marketing environment review is in progress. A publication inviting public comment was issued in six major print media and comments are still coming through.
- Inputs on norms and standards for training on agricultural marketing skills development were provided.
- The report on norms and standards was concluded and the document will be submitted to the Minister for approval as a national guideline towards an agricultural marketing infrastructure investment plan.
- The China study of economic impact on proposed SACU/China FTA was completed.
- The Department of Trade and Industry has not yet announced the start of negotiations concerning the SACU visit to China.

CHALLENGES AND RESPONSES TO CHALLENGES

- Challenge 1** A great deal of time is spent on staff induction and training.
- Response to challenge 1* Finalise staffing gaps and expose new recruits to the working environment in order to familiarise them with the challenges.
- Challenge 2** The planned technical visit to India with ATF members and the Department of Trade and Industry has been postponed repeatedly by the Department of Trade and Industry owing to delays in the negotiating agenda.
- Response to challenge 2* Greater focus and further resources will be given to the WTO, India, China and intra-Africa trade initiative.
- Challenge 3** SITA is unable to complete the computerised marketing information system in time as a result of the technical complexity of the system.
- Response to challenge 3* SITA's contract was terminated due to non-delivery and a new service provider was appointed to develop the system. The system is planned to be operational by the end of June 2006.

PROGRAMME 4

Economic Research and Analysis



Rodney Dredge
ASSISTANT DIRECTOR-GENERAL

PURPOSE

To provide information for developing and monitoring the agricultural sector.

MEASURABLE OBJECTIVE

Provide timely, accurate and pertinent agricultural economic and statistical information on a quarterly basis to inform decision making on production by all participants in the agricultural sector.

SERVICE DELIVERY OBJECTIVES AND INDICATORS

Directorate	Output	Measure/indicators	Actual performance against target	
			Target	Actual
Production and Resource Economics	Reports on production and resource economics	Number of reports published on time	By March 2006: Nine economic reviews (7 quarterly and 2 annual); Fifteen topical reports; Three brochures	Reports released: <ul style="list-style-type: none"> • Four quarterly and 1 annual economic review and forecast • Annual Africa economic review and outlook • African economic maps depicting country-specific macro-economic indicators • Terminology guidelines for economic analysis at farm level • Incentive-based framework to promote sustainable resource utilisation in agriculture • Equity in agricultural natural resource access/use • Updated national public research agenda for resource economics • Industry brochures for tomatoes, dairy, wool, beef and citrus • Weekly price watch • OECD study on an agricultural policy review for South Africa
Agricultural Statistics	Statistical reports on economic performance and trends	Number of reports published on time	Five statistical reports published by March 2006	Reports published: <ul style="list-style-type: none"> • <i>Abstract of agricultural statistics</i> • <i>Trends in the agricultural sector</i> • <i>Economic review of South African agriculture</i> • <i>Crops and markets</i> • <i>Statistics on fresh produce markets</i>

SERVICE DELIVERY ACHIEVEMENTS

Outputs of the programme, as specified in the *Strategic plan 2005*, are reported per quarter.

First quarter

- Monthly crop forecasts and the quarterly livestock estimate were released.
- The quarterly monitoring report on the economic performance of the sector was compiled and statistics were made available to Statistics SA and the Reserve Bank for incorporation into the country's national accounting system.
- The quarterly *Agricultural economic review and forecast* report, the monthly *Food security bulletin*, the *Crops and markets* quarterly report and the *Economic review of South African agriculture* were issued.

Second quarter

- Monthly crop forecasts and the quarterly livestock estimate were released.

- The quarterly monitoring report on the economic performance of the sector was compiled.
- Industry brochure on wool was issued and the quarterly *Agricultural economic review and forecast* report was produced.
- An African economic map depicting country-specific macro-economic indicators was produced.
- The monthly *Food security bulletin*, the *Crops and markets* quarterly report and the *Annual fresh produce statistics* report were issued.
- Terminology guidelines for economic analysis at farm level were produced and distributed to appropriate stakeholders.
- Information on short-term economic viability of soya-beans and sunflower production as part of the biofuels initiative was released.

Third quarter

- Monthly crop forecasts and the quarterly livestock estimate were released.
- The quarterly monitoring report on the economic performance of the sector was compiled.
- Industry brochures on tomatoes and the dairy industry as well as the quarterly *Agricultural economic review and forecast* report were issued.
- The first annual *Africa economic review and outlook* report, the monthly *Food security bulletin*, the *Crops and markets* quarterly report and the weekly price watch reports were released.
- The OECD agricultural policy review study and peer review exercise were completed and officially launched. The outcome of the study will be used to measure Government's intervention in the sector.
- The Micro FINREC system was installed for implementation in the provincial departments of agriculture.

Fourth quarter

- Monthly crop forecasts and the quarterly livestock estimate were released.
- The quarterly monitoring report on the economic performance of the sector was compiled.
- The monthly *Food security bulletin*, the *Crops and markets* quarterly report, the *Economic review of the South African agriculture* report, the *Abstract of agricultural statistics* publication, the report on *Trends in the agricultural sector*, the quarterly and annual *Agricultural economic review and forecast* reports were released.
- A draft report on equity in agricultural natural resource access/use, and on energy demand in agriculture was produced.
- Industry brochures for beef and citrus and weekly price watch reports were published.
- An incentive-based framework to promote sustainable resource utilisation in agriculture was finalised.
- The national public research agenda for resource economics was updated.
- The review of the best management practices in agriculture was completed.

CHALLENGES AND RESPONSES TO CHALLENGES

Challenge 1 Large number of carry-over issues which could not be dealt with during the period under review as a result of capacity constraints.

Response to challenge 1 Some of the economic outputs published in the *Strategic plan 2005* were reprioritised for greater emphasis on service delivery. Priority was given to the development of national information systems and agricultural economics analysis tools. Although some progress was made with the implementation of the latest extended functions and the organisational structure of the Directorate Production and Resource Economics, difficulties were experienced in recruiting and retaining suitably skilled agricultural economists for this directorate. This has impacted on the ability of the directorate to deliver on all its commitments for the year under review. An appropriate human resource strategy is currently being developed.

Challenge 2 Inadequate analytical and advisory capacity.

Response to challenge 1 The department will always need analytical capacity to monitor the sector and advise on the different policy options it can adopt. It is prudent to start building such capacity immediately. The programme is therefore addressing the human resource challenge for agricultural economists in co-operation with other economics directorates and the Directorate Education and Training within the department, as well as within the provincial departments of agriculture. National and provincial workshops were held in order to get clarity on the different categories of agricultural economists that are needed, achieve agreement on the functions of these different categories, explore the skills and training requirements of agricultural economists and to explore the possibility of an interdepartmental internship programme. Even if the department is able to attract qualified professionals, appreciation of their role will still be required in order to retain them as employees.

Challenge 3 Lack of a comprehensive and accurate statistical database on the agricultural sector.

Response to challenge 3 To enhance the effective planning, implementation and support of development initiatives, the department has to strengthen and maintain its statistics management capacity at a level commensurate with the strategic importance of the function. Furthermore, additional capacity and financial backing are needed to provide evidence for assessing the department's success in meeting its objectives.

Challenge 4 Improving the accuracy of the monthly crop forecasts/estimates.

Response to challenge 4 Improvements to the forecasting system are being addressed by means of a contract awarded to an ARC-led consortium. To complement the existing point frame sample system, a new producer-independent survey system is being developed and implemented in the North West, Free State, Mpumalanga and Gauteng provinces. This new system entails the incorporation of in-season satellite and airborne and remote earth observation imagery into the crop estimation system. The aim is to improve the accuracy of the forecasts/estimates to within 5% of actual harvest.

PROGRAMME 5

Agricultural Production



Shadrack Moephuli
ASSISTANT DIRECTOR-GENERAL

PURPOSE

To promote agricultural research, productivity and sustainability as well as to monitor and control genetically modified organisms.

MEASURABLE OBJECTIVE

Provide information and technology on agricultural production systems so as to increase productivity and profitability.

SERVICE DELIVERY OBJECTIVES AND INDICATORS

Directorate	Output	Measure/ indicators	Actual performance against target	
			Target	Actual
Animal and Aqua Production	Systems for improving animal and aquacultural production	Functional milk recording scheme, goat-milk production models and poultry programmes	By March 2006	Goat-milk production scheme expanded to all provinces. Document on norms and standards for sustainable aquaculture was compiled and is undergoing consultations with stakeholders. Poultry and livestock support programmes were developed.
Plant Production	Production guidelines, programmes and projects	Publication of product specific production guidelines, programmes and projects	For grain, fruit and industrial crops by March 2006	Guidelines for fruit, industrial and vegetable crops were completed.
Scientific Research and Development	Policy and programme on agricultural advisory services	Programme on agricultural advisory services in all provinces	By March 2006	Provision of advisory services—printed and distributed more than 1 000 copies of the norms and standards on extension and advisory services to all provinces. The directorate received business plans from five provinces (Limpopo, KZN, Mpumalanga, Eastern Cape and Western Cape) on advisory services used for implementation.
Genetic Resources	Amendment to Genetically Modified Organisms Act of 1997	Cabinet's approval of Amended GMO Act of 1997	By September 2005	Cabinet approved the tabling of the Amendment Bill in May 2005. The bill was tabled for debate at the Portfolio Committee for Agriculture and Land Affairs in Parliament during October 2005.

SERVICE DELIVERY ACHIEVEMENTS

Further information on outputs of the programme, as specified in the *Strategic plan 2005*, is provided per quarter.

First quarter

- The status report on the Integrated Registration and Genetic Information system (INTERGIS) was completed.
- The aquaculture programme in Limpopo, Mpumalanga and KZN was completed and provincial co-ordinators were identified. The poultry support programme was developed in collaboration with the South African Poultry Association and the livestock support programme in collaboration with the ARC-AII.
- The Livestock Development Strategy was approved by ITCA.
- The game farming policy was approved and the ostrich and smallholder pig production guidelines are being finalised for publication. Sites have been created on the AGIS website for information on small-stock and aquaculture.

- Production guidelines for grain, industrial crops, ornamental plants, indigenous and vegetable crops are in different stages of development. Policies on organic farming, fruit production and industrial crops were drafted and submitted to STC and DEXCO. The review of the Plant Improvement Act is in progress.
- A template for business plans for extension advisory services was discussed and agreed on by the provinces. A draft database on multilateral science and R&D organisations was developed with ICT.
- Amendments of the GMO Act were published in the *Government Gazette* and the comments received were incorporated into the second draft that was approved by the Minister.

Second quarter

- Production guidelines are still in the process of being finalised. Information brochures for fruit, vegetables and industrial crops were drafted.
- Research projects were commissioned via the ARC for sorghum, millet, cowpea, bambara, groundnut, cassava, cotton, amaranthus, amadumbe and honeybush tea.
- The Minister approved norms and standards for business plans for agricultural advisory services in the provinces.
- Annual reports on R&D projects were commissioned in 2004/05—only preliminary reports are available from the ARC.
- Implementation of a prioritised R&D agenda—priorities and a research agenda were determined to develop a draft R&D Strategy.
- An agricultural intellectual property rights policy was drafted and is under consultation.
- Amendments to the GMO Act were approved by Cabinet.
- The Agricultural Biotechnology Strategy was published in the *Government Gazette*.
- The DITC approved the development of a National Biosafety Clearing House system. The system is still under development.

Third quarter

- The policy on organic farming has not been finalised yet. The policy on indigenous crops was approved by DEXCO for external consultation. The review of the Plant Improvement Act is still in progress.
- The report on the review of the Agricultural Research Act was completed and inputs from stakeholders were incorporated. The electronic database on multilateral science and R&D organisations was placed on the departmental Intranet and Internet and is currently available.
- Implementation of ad hoc research projects with the ARC and other R&D project proposals for 2005/06—a draft R&D Strategy will be discussed at the next NARF Steering Committee meeting in February 2006 and will ensure consensus on the governance structure and financial mechanisms for agricultural research.
- Five provinces completed business plans for agricultural advisory services i.e. Limpopo, KwaZulu-Natal, Mpumalanga, Eastern Cape and Western Cape.
- Three on-farm pilot projects on seed multiplication in the Eastern Cape, KwaZulu-Natal and Mpumalanga were put into operation. The website development for the Biosafety Clearing House database was completed.
- An awareness promotion on alternative food crops was carried out by an exhibition at the Extension Officers' Summit in Polokwane, Limpopo from 12 to 14 October 2005. Information leaflets on conservation landraces of farmers' varieties were distributed at the exhibition.
- The GMO auditors' manual was completed.
- The agricultural intellectual property rights policy draft was revised.
- The GMO Amendment Bill was presented to the Parliamentary Portfolio Committee for Agriculture and Land Affairs and published for further consultations. Public hearings were scheduled for January 2006.
- The policy on plant breeders' rights was merged with the agricultural intellectual property rights policy.

Fourth quarter

- Business plans were developed and programmes linked to the accelerated and shared growth initiative (ASGISA) goat productivity improvement programme and livestock development programme.

CHALLENGES AND RESPONSES TO CHALLENGES

Challenge 1 With business plans for the development of goat-milk production schemes done, the challenge is securing funding for upscaling the current goat projects (Kgalagadi, Umzimvubu and UP goat milk) within ASGISA.

Response to challenge 1 An awareness programme for participation in the scheme to facilitate resource mobilisation and to obtain additional resources to support upscaling within the context of ASGISA.

Challenge 2 Difficulty in obtaining accurate information for South African conditions and the need to verify this by external experts.

Response to challenge 2 The programme must have access to reference material, such as the CABI digital library, on various crops.

PROGRAMME 6

Sustainable Resources Management and Use



Sizwe Mkhize
ASSISTANT DIRECTOR-GENERAL

PURPOSE

To develop, implement and monitor policies on managing and using land and water resources in agriculture.

MEASURABLE OBJECTIVE

Conserve natural agricultural resources through developing, implementing and monitoring policies as well as norms and standards aimed at promoting the sustainable use of natural agricultural resources.

SERVICE DELIVERY OBJECTIVES AND INDICATORS

Directorates	Output	Measure/ indicators	Actual performance against target	
			Target	Actual
Water Use and Irrigation Development	Groundwater atlas	Fixed point monitoring in all 19 quaternary catchments	By March 2006	<p>The underground water atlas has been developed. Data from more than 210 000 boreholes on the national geohydrology database were captured.</p> <p>The atlas is on a 1:250 000 scale. Refinement of the atlas to a scale of 1:50 000 will be done jointly with DWAF over the next three years to be used at district level for planning of the development of groundwater for stock watering purposes.</p> <p>At present the data can be used at provincial level to plan groundwater development for stock watering purposes. The use of the atlas combined with other available tools has increased success rates on projects by 50%.</p>
Land Use and Soil Management	Soil loss map	Fixed point monitoring in all provinces	2 000 sites by March 2006	<p>The 2 000 sites for the monitoring system were selected by means of a random stratified sampling technique. All baseline data for the sites were extracted. The field survey techniques were finalised.</p> <p>All sites are currently being visited and evaluated in terms of their suitability.</p> <p>The first progress report was completed.</p> <p>The SPOT 5 imagery system was piloted in priority areas for the Soil Protection Strategy (highly erodable Mthatha catchments in the Eastern Cape and high-potential soils in KZN midlands and Limpopo).</p>

SERVICE DELIVERY ACHIEVEMENTS

Outputs of the programme, as specified in the *Strategic plan 2005*, are reported per quarter.

First quarter

- Guidelines for DORA projects: the final business plan formats and guidelines for CASP and LandCare were circulated to the provinces and finalised after receiving comments.
- As part of the report on advisory engineering support, a scoping report for the area-wide planning of Sterkspruit was prepared. A technical evaluation of Hydrex products was also undertaken and a report submitted to all provincial engineers. Seven boreholes were drilled for school gardens.
- A strategy for effective upgrading and maintenance of the FMD border fences was developed. An implementation plan was added to the strategy and this provided plans and specifications for the total fence. The upgrading of the FMD border fence will progress according to budget availability.
- Draft 12 of the SUAR Bill was finalised.

- Funds were requested from AusAID for activities for a period of one year to develop a report on the establishment of the LandCare network for Africa.

Second quarter

- The Rust de Winter project consisting of 200 km of access roads, firebreaks and water runoff control structures on the roads in Limpopo (1999–2005), the Sigeni project consisting of the repair of flood damaged water runoff control infrastructure on 10 000 ha in KwaZulu-Natal (1999–2005) as well as the Sekgopo project consisting of the removal of invasive plants and the construction of water runoff control infrastructure on 2 000 ha in Limpopo (2001–2005) were completed.
- A Southern African Regional Irrigation Association workshop was held in February 2006 in Pretoria. Countries presented a status report on irrigation in their countries and highlighted opportunities and concerns. Mr Felix Reinders of the Agricultural Research Council was elected as Vice-President of the International Committee on Irrigation and Drainage with Africa as the area of responsibility. Continued technical support from South African experts and knowledge and information exchange through a partnership with the Water Research Commission are main thrusts to improve water use in Africa.
- The SUAR Bill was presented to the DEXCO subcommittees STC and ASRDC for recommendation as well as to DEXCO for approval.
- Literature of fixed-point agricultural resource monitoring systems used in other countries was reviewed to develop a suitable system for South Africa.

Third quarter

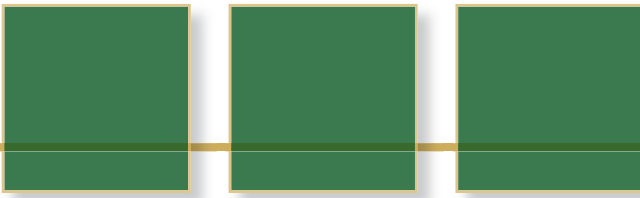
- Altogether 71 boreholes were drilled for the KwaZulu-Natal dipping tank project, of which 33 were successful. These boreholes were in support of the enhanced animal health project in the province involving the repair and upgrading of dipping tanks for improved animal health management.
- In support of LandCare and the CASP, 12 boreholes were drilled (3 at Mthatha and 9 at Calvinia), of which 11 were successful.
- An area wide planning and scoping report on agricultural infrastructure for Sterkspruit, requested by the Eastern Cape Province, was completed. The province will be responsible for detailed project implementation.
- The SADC biofuel initiative focuses on nonfood crops as feedstock. South Africa has taken the opposite view, namely that crops that can be used both for food and biofuel production are targeted to ensure food security and address the yearly production variations experienced as a result of climate factors. While biofuel provides an opportunity to agriculture, the sustainable use of agricultural resources and economic viability issues have to be addressed appropriately.
- The guidelines for on/off-farm infrastructure support under the CASP were revisited and adjustments made according to the input received by the task team appointed.
- Advisory engineering support was provided on request from the provinces. While 31 minor requests involving technical matters were dealt with, the two major interventions were the Sterkspruit and Vaalharts/Taung projects, where 2 170 man days were spent on collecting information to draft scoping reports for the projects. The provinces involved were also exposed to the area wide project planning approach.
- The upscaling of rainwater harvesting was supported by means of a contribution to develop training material as part of the existing strategy to the Water Research Commission project from which more than 10 000 people are presently benefiting.
- The guidelines for DORA projects were submitted to the National Treasury and were finalised.
- The report on DORA project administration—monthly expenditure reports (June to November 2005) for both the CASP and LandCare grants (2005/06) were submitted to the National Treasury. The second quarterly report on expenditure and outputs was submitted to the Select Committee on Finances of the NCOP. The report on DORA project administration was completed.
- The development of a fixed-point agricultural resource monitoring system is in progress and is 70% complete.

Fourth quarter

- There was no request for advisory engineering support in Africa during the financial year. Owing to a lack of engineering capacity to actively network with African countries no contact was initiated. Information is awaited from Angola to determine the extent of support required on projects identified by them. Once the information is received, the required expertise will be facilitated according to need.
- A total of 330 power hoes were procured and distributed to the wards that fall within the Integrated Sustainable Rural Development Nodes and also qualify for Project Consolidate under the mechanisation support programme. Provinces that have benefited from the programme so far are KwaZulu-Natal, Eastern Cape, Free State and Limpopo. An estimated 6000 ha will be cultivated with the distributed power hoes.
- Altogether 56 boreholes were drilled for food gardens at schools in support of the IFSNP in partnership with the Department of Water Affairs and Forestry and Roundabout Pumps (53 in Limpopo and 3 in Northern Cape), of which 37 were successful.
- The research report on rehabilitation of small-scale irrigation schemes with the aim of increasing water use efficiency was completed. The results have been workshopped and the final report will be published by the Water Research Commission. The recommendations will be implemented in the water infrastructure rehabilitation project under ASGISA.
- The SUAR Bill was submitted for the commencement of the legislative process.

CHALLENGES AND RESPONSES TO CHALLENGES

- Challenge 1** Agreeing on the variable and fine-tuning of measurements when modeling soil loss may take time.
- Response to challenge 1* The first version of the predicted soil loss map is shared with the aim of further improving variables.
- Challenge 2** Spatial positioning of data points and their relevance to all parameters may prove to be a major challenge.
- Response to challenge 2* Experts worldwide have been consulted for their input.
- Challenge 3** Existing facilities are not always linked (located) to farming areas and are therefore not totally relevant to agricultural needs.
- Response to challenge 3* Further engaged with the Department of Water Affairs and Forestry in the speedy establishment of CMA in all catchments for sound participation by society.
- Challenge 4** The drilling of boreholes and construction work by the Directorate Water Use and Irrigation Development presented a problem with respect to responsibility, i.e. whether responsibility lies with the department, the provincial department or the local authorities.
- Response to challenge 4* The responsibility for drilling has moved from solely that of the national department to a shared responsibility where provinces and local governments identify and fund drilling projects. This demand cannot be met by the DoA alone and the drilling work done through the Directorate Water Use and Irrigation Development will focus on those projects where support is provided in cases where the demand cannot be met by provincial and local interventions and water development is linked to food security issues.
- Challenge 5** The Directorate Water Use and Irrigation Development was instructed not to acquire any construction equipment. The challenge is that the equipment that is now in use is old and should be replaced.
- Response to challenge 5* Agricultural structures and groundwater development equipment will be replaced after a decision by the departmental Management Committee that the function should be carried out and teams should be aligned with the changed environment. National construction teams



will focus on the FMD border fence and drilling teams will focus on food security issues.

The replacement schedule for construction equipment was developed and additional funding will be required to implement this. The first new construction equipment will be purchased in the 2007/08 financial year. Mobile homes and other camping requirements will be addressed in the 2006/07 financial year.

Challenge 6 The Directorate Land Use and Soil Management is challenged by poor reporting from the provinces.

Response to challenge 6 All LandCare and CASP co-ordinators in the provinces were visited and the various reporting templates workshopped with staff members involved in compiling reports in order to improve the standard of reporting by the provinces.

National Regulatory Services



Eben Rademeyer
ACTING ASSISTANT DIRECTOR-GENERAL

PURPOSE

To develop and monitor risk management policies for the control of animal and plant diseases and food safety.

MEASURABLE OBJECTIVE

Reduce the occurrence of animal and plant diseases through the development, implementation and monitoring of policies that ensure proper maintenance of and improvement in management systems for animal and plant disease control.

SERVICE DELIVERY OBJECTIVES AND INDICATORS

Directorate	Output	Measure/ indicators	Actual performance against target	
			Target	Actual
Food Safety and Quality Assurance	Food control legislation	Approved draft Food Control Act	By March 2006	A task team was established for this purpose. This long-term deliverable involves 14 acts dealing with food control and 14 different stakeholders will be involved in drafting the legislation. The consultation process is still in the initial stages.
Plant Health	Plant pest risk management systems and legislation	Improved plant pest risk management systems and revised legislation on norms	Updated systems and legislation by March 2006	<p>The directorate has worked on the following during the financial year:</p> <ul style="list-style-type: none"> • Involvement in SADC workshops regarding the harmonisation of phytosanitary regulations in the seed trade • Working towards one standard import condition for plants and plant products from Lesotho and Swaziland because there are no regulatory pests of concern to South Africa • Implementing the exotic fruitfly detection programme • Approval and publication of the plant health policy of South Africa • The revision of the Agricultural Pests Act is in its final stages before presentation to DEXCO. A submission is currently being finalised to this effect • Other regulations also revised are amendments to the Citrus Foundation Block, Regulation R1013 and the Cotton Regulation
Animal Health	Co-ordinated animal health system	Improvement in animal disease reporting	By March 2006	The directorate continues to safeguard the internationally recognised status of the FMD-free zone without vaccination through the intensification of surveillance activities, the empowering of provinces to implement the current National Contingency Plan and an extensive awareness strategy. In addition, the directorate facilitated the organisation of an SADC workshop on avian influenza under the auspices of the FAO from 7–9 March 2006 to ensure the regional harmonisation of prevention and control strategies.

Directorate	Output	Measure/ indicators	Actual performance against target	
			Target	Actual
South African Agricultural Food, Quarantine and Inspection Services	Effective and improved border control, national plant and plant product inspection services and plant and animal quarantine	Improvement in the level of service delivery	By March 2006	<p>Engaged SADC members on the harmonised application of ISPM 15: guidelines for regulating wood packaging in international trade.</p> <p>Eastern Cape small-scale farmers were trained on the quality aspects of table potatoes. These farmers are marketing their produce at the Mthatha Fresh Produce Market.</p> <p>Six line function training manuals were completed and the existing standard operating procedures were restructured.</p> <p>Two reports were compiled, one on services rendered and another on the retained regulated articles.</p>

SERVICE DELIVERY ACHIEVEMENTS

Further information on outputs of the programme, as specified in the *Strategic plan 2005*, is provided per quarter.

First quarter

- Export standards for citrus, plums, peaches, flowers, cherries, apricots, apples, pears, table grapes, vegetables, soya-beans, leguminous seeds, buckwheat, drybeans, wheat, grass and feed products, onions, groundnuts, potatoes, yams, eggs and honeybush tea were drafted and amended.
- The mid-term review of SA PIP by the visiting EU monitoring delegation took place.
- The cycle of microbiological surveillance programme was successfully completed in the provinces of the Free State, Gauteng, Mpumalanga, KwaZulu-Natal and Western Cape.
- The following regulations were approved and gazetted for public comments: Agricultural Remedies, Stock Remedies, Fertiliser, Farm Feeds and Pest Control Operators' Regulations.
- Altogether 879 import permits were issued for plants, plant products and related regulated articles and 161 applications were submitted for pest risk analysis.
- The draft of the categorisation of the animal diseases policy will be resubmitted to DEXCO, including the amendments. The draft regulations for the new Animal Health Act of 2002 will also be submitted. The import policy on animal products will be submitted to the STC.
- Analytical laboratory services were rendered to beneficiaries of CASP.
- An operational plan for the management of bacterial blight was finalised.
- The protocol for the export of raw hides and skins to the EU and Turkey was finalised and implemented.

Second quarter

- Technical advisory information packages on pesticides were drafted. Draft InfoPaks on the control of ectoparasites and on the vaccine programme for poultry were compiled. The review of the Deciduous and Subtropical Fruit Regulations is in progress.
- Regulations relating to the grading, packing and marking of canned foodstuffs were signed by the Minister.
- Groundnut Regulations, export standards and requirements for onions and buckwheat standards were completed and published in the *Government Gazette*.

- As part of the AADP the department visited the Kenyan Pesticide Regulatory Authority to share knowledge and information on the management of pesticides and to establish co-operation and learn from each other's systems to improve service delivery.
- The department engaged with Working for Water (WfW) by visiting their head office to discuss the WfW project that involved pest control operators to ensure compliance with the requirements of the Fertilizers, Farm Feeds, Agricultural Remedies and Stock Remedies Act of 1947.
- The following draft policies were developed and presented at the STC meetings for discussion: pesticide management policy, policy for animal feeds, stock remedies policy and fertiliser policy.
- The Exotic Fruitfly Detection Programme, which forms part of the early warning system, is in progress. The plant health policy was approved by the STC and will be presented to the ASRDC.
- Approximately 2834 import permits were issued and 483 applications were sent for pest risk analysis.
- A decision was taken that amendments to the Draft Agricultural Pests Act will be published as a new bill.
- Four courses to train animal health technicians as marking operators were presented in the Free State. Four export facilities for veterinary services were approved. An InfoPak on skin conditions in dogs was completed.
- Four SADC officials were trained on WTO SPS.
- Export of citrus to Japan and Korea was concluded.

Third quarter

- An operational manual for the African stockpile system was completed and submitted for approval. An assessment visit was undertaken to the CASP Stutterheim Poultry Programme. The development of the Wine on Line Phase II was completed.
- Amendments to export standards and requirements for plums and prunes, apricots, table grapes and cherries were published.
- An article on the microbiological surveillance project was published in the *AgriNews*.
- The brucellosis surveillance proposal was finalised in consultation with the Directorate Animal Health.
- The pamphlet on *Purchasing of safe meat* was finalised and submitted to the Directorate Agricultural Information Services for design, layout and printing.
- The Liquor Products Amendment Bill was republished for public comment and the comments were discussed with role players and included in the amendment.
- The African Stockpiles Programme was approved by the World Bank and the national action plan was produced by all the role players.
- The department is participating in the phasing out of methyl bromide. One official attended an international training workshop on the phasing out of methyl bromide and possible alternatives. A Cabinet memo and a national action plan for methyl bromide management were submitted to DEXCO.
- The department submitted policy documents to SANAS as part of the application for the accreditation of laboratories. However, the moving of Pretoria laboratories to Block W in Agriculture Place will affect the timing of the application for accreditation.
- Information material was developed for technical advisory packages to promote plant health matters which included early warning stickers, a *Bactrocera invadens* poster and a draft pamphlet on plant health policies and standards.
- The importation of hazelnut trees from Italy, with the aim of establishing a multimillion Rand industry in the Eastern Cape Province in which local communities will be involved, was approved. Extensive risk assessment regarding pest and weed potential for planting hazelnut trees was completed.
- A total of 958 import permits were issued and 171 applications were sent for pest risk analysis. The Stellenbosch office issued 37 permits for the importation of genetic material of 199 varieties of pome, stone and berry fruit, and 1 permit for the importation of a commercial quantity of apple rootstocks from France. A consignment of rooted strawberry plants was rejected and returned to the exporting country after it was found that the plants were infested with mites and aphids and also had unacceptable volumes of soil on their roots.

- A total of 17 black marking operators, who completed training, were registered on the national register. The review of primates and bird import requirements is in progress. InfoPaks were compiled on Classical Swine fever for national distribution.
- The export of potatoes to Zambia was concluded. Verification was done of the good agricultural practices for effective control of regulated pests for the USA. Negotiations took place for the visit of a USDA APHIS expert to evaluate the application of the good agricultural practice documents. Delimiting surveys were undertaken in the Northern Cape, Limpopo and Free State.
- The plant health policy was approved by DEXCO and comments will be incorporated before publication for public comment. Policies for animal feeds and stock remedies were also approved by DEXCO. The categorisation of the animal diseases policy was approved by DEXCO and the policy is being prepared for public comment.

Fourth quarter

- The translation of legislation was completed: the Meat Safety Act was translated into Setswana, Tshivenda, Xitsonga and isiZulu. The Red Meat Regulations was translated into Setswana, Xitsonga and isiZulu.
- A final report on food safety was published and an article was published in *AgriNews*.
- The draft Poultry Regulations were promulgated by the Minister and the regulations were published in *Government Gazette* No. 8402 on 24 February 2006. These were approved by the Minister for publication for public comment.
- Major changes are still being incorporated in the draft (English and Afrikaans) of the new regulations regarding control over the sale of products originally produced in South Africa. Proposed requirements for the “barn egg” were incorporated into the final draft of the new regulations regarding free range eggs, poultry meat and egg barns in South Africa.
- Comments were received from the drafting committee and incorporated in the draft proposed Agricultural Pests Act. Submission for the presentation of the proposed draft Bill before DEXCO is in progress.
- Amendments to the export standards and requirements for citrus, apples and pears were published.
- Export requirements and new requirements for Quality Management Systems (QMS) were combined in a summary document and discussed at the QMS Steering Committee Meeting.
- Positive outcomes were received on the Wine and Spirit Agreement with regard to the use of the terms “ruby”, “tawny” and “vintage”. The EU allowed the RSA to use these terms under certain conditions as published in the EU official journal.
- The project to install a High Performance Liquid Chromatograph system to be used for benomyl and carben-dazim in the Stellenbosch laboratories was completed. The interface of the instruments with the Laboratory Information Management system has also been completed successfully.
- Technical advisory information packs were prepared on the use of dips and dipping management under stock remedies.
- New information packs on animal identification were compiled. Information packs on Classical Swine fever were distributed at road blocks, taxi ranks, bus and train stations and were translated into Afrikaans, isiXhosa, isiZulu, seSotho and English.
- Plant health pamphlets were developed and reprinted. Awareness posters and roller banners on plant health were edited and reprinted. A draft poster for the awareness project—movement of propagation material—was developed. A pamphlet on the purchasing of safe meat was compiled and will be published shortly.
- Strict quarantine measures were imposed on an importer of strawberry plants in the Gauteng Province after they contravened the import protocol. Eight commercial consignments involving olive, walnut, hazelnut and strawberry cuttings were detained until all diagnostic procedures were completed.
- Altogether 1 926 fresh fruit samples were analysed for chemical residue and 2% (39) of the consignments were rejected owing to exceeding the MRL. About 854 samples were analysed for the presence of human pathogens. Two samples were rejected for export and 45 exceeded the limit for total bacterial count.
- The Minister approved the pesticide policy for publication for public comment.



CHALLENGES AND RESPONSES TO CHALLENGES

- Challenge 1** Outbreaks of serious animal diseases.
Response to challenge 1 Improvement of communication with the provinces.
- Challenge 2** Establishing a co-ordinated approach to address the challenges facing the department with regard to food safety and quality.
Response to challenge 2 National Analytical Services adopted a management strategy to enable management by function and not by site.
- Challenge 3** Lack of management personnel in the Directorate Plant Health.
Response to challenge 3 Management posts filled.
- Challenge 4** Insufficient human resources for inspection services.
Response to challenge 4 Entrance protection of national industries and maintenance of global markets' share by addressing personnel on the directorate's establishment.
- Challenge 5** Comments on food control legislation not received within requested time frame from relevant stakeholders.
Response to challenge 5 Send reminders to involved parties on a frequent basis. Strict adherence to due dates shall be enforced.

Communication and Information Management



Mkhululi Mankazana
ASSISTANT DIRECTOR-GENERAL

PURPOSE

To manage and co-ordinate communication, education and international relations.

MEASURABLE OBJECTIVE

Provide for effective internal and external communication and information management through a communication strategy.

SERVICE DELIVERY OBJECTIVES AND INDICATORS

Directorate	Output	Measure/ indicators	Actual performance against target	
			Target	Actual
Agricultural Information Services	Information in a range of media	Number of publications Frequency of website updates	Twelve issues of <i>AgriNews</i> Twelve InfoPaks Monthly updates	Ten <i>AgriNews</i> issues were published. Two issues were combined because of a lack of news during certain periods, i.e. December. No new InfoPaks were compiled because of a lack of capacity to develop content. Thirty two existing InfoPaks that were out of stock were reprinted. Information is updated daily on receipt.
International Relations	African Agricultural Development Programme (AADP) Trust	AADP Trust established and all members appointed	By November 2005	The Oversight Committee of the DoA reviewed this output. A decision was taken that the AADP should be treated as a line function budget item. An amount of R5 million was sourced for this purpose.
Education and Training	An agricultural human resource development review report	Report on review findings integrated into departmental programmes	By August 2005	A ten-year human resource development review report was approved by DEXCO. The report was successfully integrated into a number of DoA programmes, particularly the Agricultural Education and Training Strategy for Agricultural and Rural Development and the external bursary scheme in terms of scarce skills financing. In addition, the implementation of a master mentorship programme was started, which resulted in the training of 163 master mentors from various commodities and agricultural consulting firms.
Grootfontein Agricultural Development Institute	Trained emerging farmers	Number of emerging farmers trained successfully	200 emerging farmers with 75% pass rate	A total of 614 emerging farmers were trained.

SERVICE DELIVERY ACHIEVEMENTS

Outputs of the programme, as specified in the *Strategic plan 2005*, are reported per quarter.

First quarter

- An exhibition was set up for the Budget Vote in Parliament on 6 April 2005. The Directorate Agricultural Information Services organised and participated in the departmental exhibition at the annual NAMPO Harvest Day in Bothaville, from 16 to 21 May 2005 and participated in the National Youth Day celebrations held in Kimberley on 16 June 2005. The Directorate Food Safety and Quality Assurance represented the department at the Royal Agricultural Show in Pietermaritzburg from 27 May to 5 June 2005.
- Communication support was provided for the Mafisa launch at Nebo in Limpopo Province on 30 May 2005 by publishing flyers. The mechanisation programme launch was postponed to the third quarter.
- No radio programmes were broadcast because of a lack of capacity.

- The AgriBEE Consultative Indaba was postponed to the third quarter.
- Two issues of *AgriNews* and *WezoLimo* were published.
- Approximately 31 InfoPak titles on animal health were distributed to MPCCs in all provinces (one MPCC per province).
- The Indonesia agreement was signed. An Angola/South Africa joint committee was established and inaugurated at Ministerial level in Angola. The Brazil/SA SPS agreement was finalised.
- South African co-operation with China in a joint working group in support of IFSNP was finalised.
- The institutional mechanism model for the AADP administration was finalised.
- Altogether 93 interns attended soft skills training courses at UNISA. A total of 1 499 learners registered at colleges of agriculture and 668 learners graduated.
- Packaged accredited training programmes were approved by the ASRDC.
- The policy framework and implementation plan on youth involvement in agriculture was approved by DEXCO.
- Three articles on successful youth entrepreneurs in the agricultural field were published.
- A total of 32 short courses were presented for farmers (95% pass rate for 1 414 learners) and 11 skills development courses were presented to 121 learners.

Second quarter

- Radio interviews were broadcast on SABC and community radio stations regarding the Land Summit in July 2005. This included TV coverage during July 2005 on all SABC TV and international channels. Support was provided to the Directorate Land Use and Soil Management to arrange weekly radio broadcasts on community radio stations in the provinces for the LandCare awareness campaign (May to end of July 2005). A radio interview was broadcast on swine fever on Motsweding FM.
- A departmental exhibition was set up at the Pretoria Show from 29 August to 4 September 2005. The directorates Food Safety and Quality Assurance, Animal Health and Genetic Resource Management jointly exhibited. An exhibition was also co-ordinated for the Gauteng Agri-food Expo from 24 to 26 July 2005 at Gallagher Estate, Midrand. The Directorate Land Use and Soil Management set up an exhibition at the Mpumalanga Agricultural Show from 9 to 13 August 2005. The launch of the marketing information system was postponed to the second quarter of 2006. The system is not set up yet and is controlled by the Directorate Marketing. Communication support will be provided for the launch.
- The proposal for a new layout of the website to incorporate Government's corporate branding was finalised as part of the re-engineering of the site.
- Three issues of *AgriNews* and one issue of *WezoLimo* were published
- The departmental *Annual report 2004/05* was published and tabled in Parliament on 29 September 2005.
- The USAID Grant agreement was amended (USAID increased funding) and sent to the National Treasury.
- The FAO: TCP 2905 NEPAD/CAADP agreement was signed.
- The FAO: TCP on the Mycotoxins agreement was signed.
- The *Ten-year human resource development review* on agricultural further and higher education and training provisions was published as well as annual reports on the Experiential and Internship Programme.
- The Agricultural Education and Training (AET) Strategy for Agriculture and Rural Development in South Africa was launched. Communication support was provided for the launch on 30 September 2005 at Caesar's Palace in Boksburg. Radio interviews were arranged as well as coverage on AgriTV.
- Altogether 22 short courses and four skills development courses were presented to 83 learners (66 PDIs).

Third quarter

- Media coverage and support was arranged for the AgriBEE Consultative Indaba, held at Gallagher Estate in Midrand, Gauteng on 6 and 7 December 2005. The Minister was interviewed on SABC TV Morning Live and SAFM. Radio interviews were also conducted on several SABC and community radio stations.

- Radio messages on Classical Swine fever “roadblock notification” were broadcast from 27 December 2005 to 7 January 2006 on SAFM, Umhlobo Wenene, Radio Sonder Grense and an interview was broadcast on Teemaneng community radio station. Another interview was broadcast on Mohodi community radio station on animal and plant production.
- Communication support was provided for the launch of the Mechanisation Programme held on 9 October 2005 to coincide with the Ministerial Imbizo at Jozini Local Municipality, KwaZulu-Natal. World Food Day was celebrated on 16 October 2005 in Kimberley, Northern Cape. This included a public march. Radio interviews were conducted and there was coverage on AgriTV during the preceding week. A joint exhibition including the directorates Genetic Resources Management and Food Safety and Quality Assurance was co-ordinated at the Ma-cufe show in Bloemfontein from 30 September to 8 October 2005.
- A total of 28 InfoPaks were reprinted. No new InfoPaks were compiled because of a lack of capacity.
- The Directorate Information and Communication Technology was requested to pre-investigate the proposed layout of the website to incorporate Government’s corporate branding as part of the re-engineering of the site.
- Two issues of *AgriNews* and *WezoLimo* were published.
- An internal launch was held in support of the campaign 16 Days of Activism against the Abuse of Women and Children on 25 November 2005. The department also participated in the interdepartmental postcard project.
- RSA/WTO Trade Negotiations—the Minister and a departmental delegation accompanied the Minister of Trade and Industry to the WTO trade negotiations in Hong Kong, China.
- The Minister led the South African delegation to the FAO Annual Conference in Rome, Italy.
- The RSA/Botswana agricultural sector co-operation agreement was signed by the Minister during the State visit by the President of Botswana to South Africa.
- The amended protocol for the import and export of agricultural commodities between South Africa and China was ready for signing.
- The progress report on citrus protocol between South Africa and China was completed (prepared by the Directorate Plant Health)
- The feasibility study on the implications of introducing a community service for veterinarians was submitted to DEXCO for approval of the methodology.
- The joint ASRDC and STC approved the norms and standards for sectoral training programmes. The commodity-based Mentorship Programme was implemented.
- The policy on women’s involvement in agriculture was approved by DEXCO.
- Altogether 22 short courses were presented with a pass rate of 91 %. A total of 48 learners received the Higher Certificate and 23 the National Diploma in Agriculture. A total of 20 skills development courses were presented in further education with an attendance of 411 (381 PDIs).

Fourth quarter

- Radio interviews were broadcast on Mafisa and indigenous plants on Mohodi FM and Radio Teemaneng. Radio advertisements were broadcast on avian influenza on 11 SABC radio stations, SABC 1, 2, 3 and eTV from February 2006.
- The World Wetlands Day exhibition was held on 2 February 2006 in St Lucia, KwaZulu-Natal. Exhibitions were also staged at the Makhoba Village Green Revolution launch in Matatiele in the Eastern Cape on 12 January 2006, the Limpopo Agricultural Show from 2 to 4 March in Polokwane and at the Decade of Education for Sustainable Development Expo, 3 to 10 March 2006 in Mpumalanga. The Budget Vote exhibition was held on 28 March 2006 at the Parliament Buildings, Cape Town. Exhibitions were also staged at the SASOL Sci Fest held in Grahamstown from 21 to 29 March 2006 and at the African International Investment Expo from 27 to 31 March 2006.
- No new InfoPaks were compiled, but four InfoPaks were reprinted, namely *Test your soil*, *Soil erosion*, *Maize production* and *Sorghum*.

- Two issues of *AgriNews* and one issue of *WezoLimo* were published.
- The *Strategic plan 2006* was published, presented to the Portfolio Committee and tabled in Parliament on 14 March 2006.
- A draft External Communication Strategy was submitted to the GCIS by the end of March 2006. It has also been submitted to the DEXCO subcommittee GOPC for approval.
- The proposed MoU for co-operation and SPS agreement with Thailand is in progress.
- A total of 53 learning manuals that include a learner guide, a facilitator guide and an assessor guide were developed.
- A progress report on the implementation of a pilot project to create agricultural awareness was produced.
- The annual report on the external bursary scheme was printed and distributed to the relevant parties.
- The annual report on the implementation of the Experiential Training and Internship Programme was finalised for printing.
- The first trend analysis report on agricultural graduates and enrolments in FET and HET was completed.
- A total of 22 short courses were presented in higher education with a 95% pass rate. Seven skills development courses in further education were presented—131 people attended, including 120 PDIs.
- The GADI training report was published and distributed to stakeholders and training institutions.
- The accreditation of the FET Programme of GADI with AgriSETA is in process.

CHALLENGES AND RESPONSES TO CHALLENGES

- Challenge 1** The process of developing the governance framework document for colleges of agriculture is making slow progress.
- Response to challenge 1* Appoint an investigation team in collaboration with the FET Chief Directorate from the Department of Education and agree on a joint time frame with the Ministers of Education and Agriculture.
- Challenge 2** Accessing funds from the Department of Labour's National Skills Fund is a challenge owing to changes in their funding strategy.
- Response to challenge 2* Use the National Agricultural Education and Training Forum to create a co-ordinating structure which should include provincial departments of labour to formulate funding projects for the provinces.
- Challenge 3** Consultation processes around the finalisation of the R&D Strategy are taking too long.
- Response to challenge 3* Set deadlines with key stakeholders within the National Agricultural Research Forum to finalise the submission of inputs not later than 30 June 2006.
- Challenge 4** The Further Education and Training Bill, which is out for public comment, if finalised in its current state, will be an impediment to the department's vision of having colleges of agriculture as centres of learning excellence.
- Response to challenge 4* Lobby and forward departmental inputs through the DG's office. The bill should allow Further Education and Training Colleges to offer industry-specific higher education programmes at NQF level 5.
- Challenge 5** Lack of capacity for content development of InfoPaks.
- Response to challenge 5* Employ more personnel with the requisite skills.

PROGRAMME 9

Programme Planning, Monitoring and Evaluation



Vangile Titi

DEPUTY DIRECTOR-GENERAL (acting as ASSISTANT DIRECTOR-GENERAL)

PURPOSE

To consolidate and support strategic and operational management in the department.

MEASURABLE OBJECTIVE

Improve organisational performance by supporting operational units to implement and monitor the department's strategic plan and by undertaking programme evaluations and impact assessments.

SERVICE DELIVERY OBJECTIVES AND INDICATORS

Directorate	Output	Measure/indicators	Actual performance against target	
			Target	Actual
Programme Planning	Project management framework	Number of directorates using the management-by-project approach	Twenty five directorates using the management-by-project approach by March 2006	Piloted the system, using LandCare and CASP projects in Directorate Land Use and Soil Management.
Monitoring and Evaluation	Organisational performance assessment report	Frequency of organisational assessment reports	Quarterly reports available by March 2006	Organisational performance reports were completed, including the annual performance report of the department.

SERVICE DELIVERY ACHIEVEMENTS

Further information on outputs of the programme, as specified in the *Strategic plan 2005*, is provided per quarter.

First quarter

- The Project Information Management System for Agriculture (PIMSA) was installed for the project management office.
- Eight directorates participated in the strategic and operational framework implementation.
- The service excellence model and analytical tools were developed.

Second quarter

- The assessment of PIMSA variables *vis-à-vis* an Excel database was completed.
- The midterm organisational performance report was finalised.
- Performance measures were defined with monitoring mechanisms against KRAs.

Third quarter

- An internal PIMSA awareness campaign was run in the department to expose directorates to the system. A preliminary survey was conducted in the Northern Cape, Eastern Cape and Western Cape to collect project information data in an EPWP reporting format.
- A report was compiled on the directorates' implementation of the strategic and operational framework.
- A report was completed on the organisational achievements of the third quarter.
- CASP monitoring templates and analytical tools were completed.

Fourth quarter

- PIMSA was launched nationally on 17 March 2006.
- The CASP performance analysis report was completed.
- A report on organisational performance for the fourth quarter was finalised.
- The annual performance report was completed.
- The M&E system for organisational performance was established.



CHALLENGES AND RESPONSES TO CHALLENGES

Challenge 1 Capacity limitations in terms of strategic and project planning as well as monitoring and evaluation skills.

Response to challenge 1 Pursue internal skills development and training initiatives.



Report of
the Audit Committee

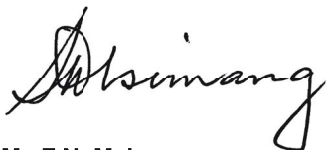
REPORT OF THE AUDIT COMMITTEE

The committee was constituted in terms of the Public Finance Management Act, 1999 (Act No. 1 of 1999), and had two external members. During the year under review, the committee held several meetings to review and guide the Internal Audit Component in achieving its objectives.

The committee, amongst others, monitored the following:

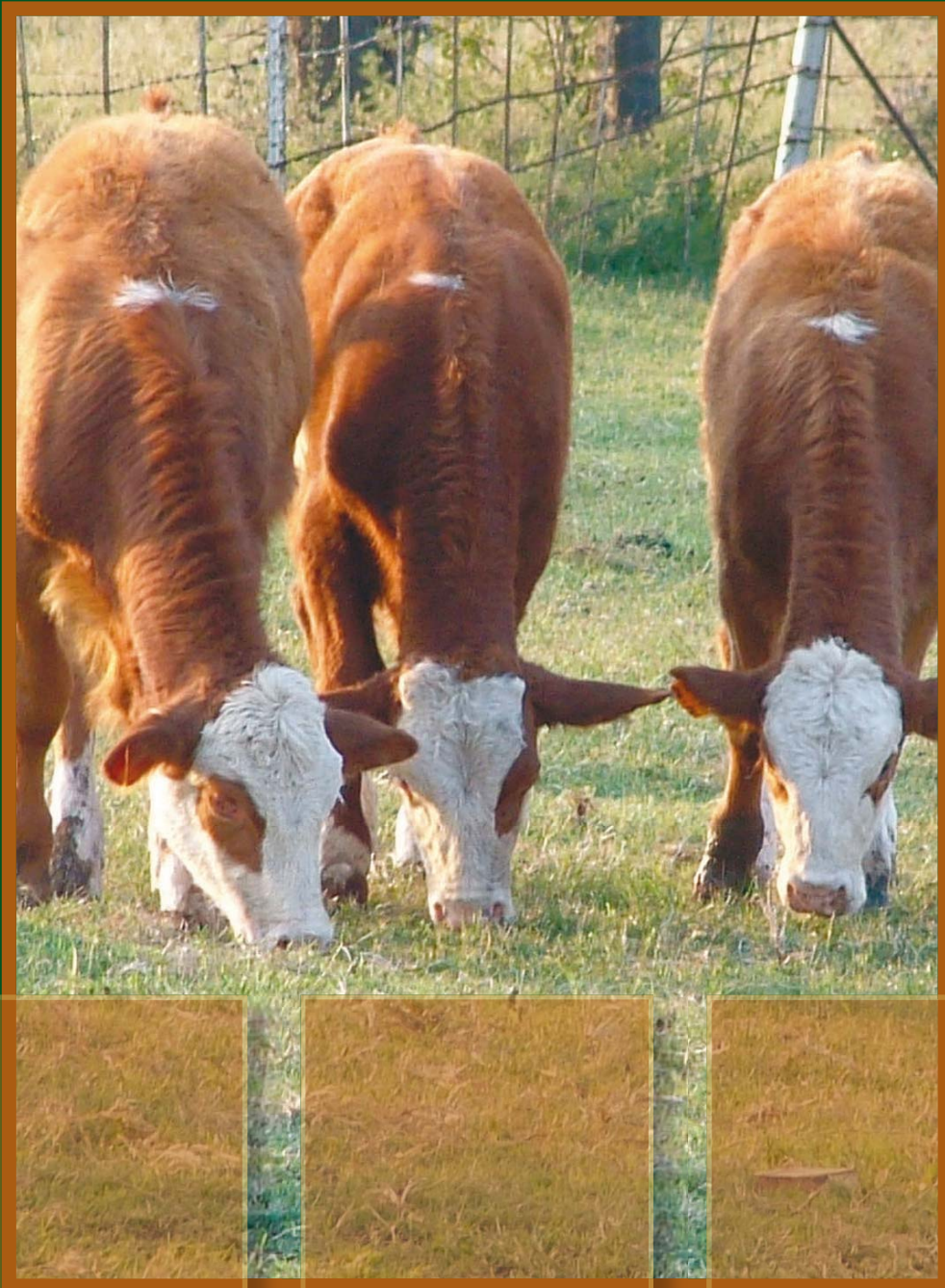
- Compliance with the internal audit charter;
- Compliance with the requirements of the Public Finance Management Act, 1999 (Act No. 1 of 1999);
- The audit plan and risk assessment of the department;
- Interacted with the external auditors to ensure that more cost effective and efficient audits were performed and that the work of the Internal Audit Component was aligned with the external audit objectives;
- The internal controls were adequate to protect the assets of the organization;
- That the system of internal control ensured that transactions were recorded in the correct periods;
- That all internal audit reports reflected the result and the findings of the audit and those recommendations for improvement, and where necessary, for the prevention of fraud were communicated to the Accounting Officer.

Reports of the Internal Audit Component were reviewed. No serious problems with regard to internal controls or cases of non-compliance to the requirements of the Public Finance Management Act, 1999 were revealed.



Ms F.N. Msimang

CHAIRPERSON



Annual financial **statements**

DEPARTMENT OF AGRICULTURE
VOTE 25

ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2006

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**REPORT OF THE ACCOUNTING OFFICER
for the year ended 31 March 2006**

Report by the Accounting Officer to the Executive Authority and Parliament of the Republic of South Africa.

1. General review of the state of financial affairs

1.1 Important strategic issues:

The Comprehensive Agriculture Support Programme (CASP) was introduced by the Department during the 2004/05 financial year in order to provide post settlement support to targeted beneficiaries. An amount of R250,0 million was allocated during 2005/06 to the Provincial Departments of Agriculture and managed through the prescripts of the Division of Revenue Act, 2005 (Act No. 1 of 2005). The Agricultural Credit Scheme (Mafisa) was also introduced during 2005/06. Funds accumulated in the Agricultural Debt Account (please refer to paragraph 12.1 and 12.2 of this report) are utilised to fund the Scheme. The amount of R150,0 million allocated during 2005/06 will be increased to R200,0 million in the 2006/07 financial year.

1.2 Significant events that have taken place during the year:

- A total amount of R140,0 million was requested by the World Food Programme from the South African Government for humanitarian food assistance in the SADC region. The countries for which assistance was required included Lesotho, Malawi, Mozambique, Namibia, Swaziland, Zambia and Zimbabwe. Funds were appropriated by Parliament in the Adjustments Estimate of 2005/06 and paid to the World Food Programme during February 2006.
- Over the past number of years, most parts of the country experienced drought conditions. In some provinces this resulted in livestock mortalities, poor grazing and shortage of water for livestock. During the 2003/04 financial year the Department developed a drought relief scheme to assist affected farmers. Despite late rainfalls in some parts of the country during the latter half of the 2004 summer season, that resulted in an improvement in grazing conditions, provinces such as Mpumalanga, Western and Northern Cape and Limpopo still experienced drought conditions and have exhausted funds made available for this purpose during the 2004/05 financial year. An additional amount of R120,0 million was appropriated by Parliament, again in the Adjustments Estimate for 2005/06, to assist more than 41 000 communal farmers and 6 000 commercial farmers. The number of livestock involved, was approximately 586 000.
- During the latter half of 2004 a foot-and-mouth disease (FMD) outbreak occurred in the Limpopo Province and avian influenza (AI) in the Eastern Cape. Expenditure in this regard spilled over to the 2005/06 financial year and R21,1 million and R6,9 million were paid for FMD and AI, respectively. During 2005/06 Classical Swine fever was detected in both the Eastern and Western Cape Provinces. In order to eradicate the disease an amount of R73,4 million was paid out, mainly to the Eastern Cape up to 31 March 2006. However, the disease has not been eradicated yet and it is estimated that a further amount of R157,0 million will have to be paid out.

	R'000	R'000
1.3 Budget allocation		
Main estimate		1 684 738
<i>Plus:</i> Adjustments estimate		<u>283 030</u>
Total amount appropriated		1 967 768
<i>Less:</i> Actual expenditure		<u>1 878 008</u>
Surplus		89 760

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	R'000	R'000
1.4 Actual expenditure		
• In terms of input cost:		
Compensation of employees	357 132	
Goods and services	330 007	
Transfers and subsidies	1 134 306	
Payment for capital assets	<u>56 563</u>	1 878 008
• In terms of programmes:		
Programme 1: Administration	159 758	
Programme 2: Farmer Support and Development	696 728	
Programme 3: Agricultural Trade and Business Development	38 764	
Programme 4: Economic Research and Analysis	17 760	
Programme 5: Agricultural Production	414 250	
Programme 6: Sustainable Resources Management and Use	168 206	
Programme 7: National Regulatory Services	267 331	
Programme 8: Communication and Information Management	108 716	
Programme 9: Programme Planning, Monitoring and Evaluation	<u>6 495</u>	1 878 008
	2005/06	2004/05
1.5 Spending trends		
• In terms of input cost as a percentage of total actual expenditure:		
Compensation of employees	19,0	22,1
Goods and services	17,6	15,6
Transfers and subsidies	60,4	54,9
Payment for capital assets	3,0	7,3
• In terms of programmes as a percentage of total actual expenditure:		
Programme 1: Administration	8,5	12,2
Programme 2: Farmer Support and Development	37,1	23,8
Programme 3: Agricultural Trade and Business Development	2,1	1,9
Programme 4: Economic Research and Analysis	0,9	1,2
Programme 5: Agricultural Production	22,1	26,6
Programme 6: Sustainable Resources Management and Use	9,0	10,3
Programme 7: National Regulatory Services	14,2	17,8
Programme 8: Communication and Information Management	5,8	6,0
Programme 9: Programme Planning, Monitoring and Evaluation	0,3	0,2
• In terms of total actual spending as a percentage of the total appropriated amount:	95,4	95,7
• If specific services rendered by the Department are analysed in terms of actual spending, the following trends in expenditure emerge: Land Use and Soil Management amounted to R41,7 million or 2,2%; Water Use and Irrigation Development to R61,4 million or 3,3%; Food Safety and Quality Assurance to R28,8 million or 1,5%; Agricultural Product Inspection Services to R86,4 million or 4,6%; Animal Health (excluding animal diseases) to R39,7 million or 2,1%; Agricultural Information Services to R26,1 million or 1,4%; Scientific Research and Development to R32,4 million or 1,7%; Membership		

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**REPORT OF THE ACCOUNTING OFFICER
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fees to international organisations to R15,1 million or 0,8%; capital works to R17,2 million or 0,9%; Transfer payments to the Agricultural Research Council and the National Agricultural Marketing Council to respectively R360,9 million or 19,2%; and R14,0 million or 0,7%; Comprehensive Agricultural Support Programme to R250,0 million or 13,3%; drought relief to R120,0 million or 6,4%; Mafisa to R146,4 million or 7,8%; World Food Programme to R140,0 million or 7,5%; and Animal diseases (FMD, CSF, AI, PRRS) to R104,3 million or 5,6%.

1.6 Underspending

An amount of R89,760 million or 4,6% of the total appropriation of R1 967,8 million was not spent by the Department during this financial year. The underspending can be attributed to vacancies not being filled timeously, which also had a carry through effect on spending on goods and services. Not all the funds appropriated for AgriBEE, being a new initiative, were spent and claims amounting to R20,0 million for Classical Swine fever were not received in time. Because of exchange rate fluctuations membership fees to international organisations were less than budgeted for.

1.7 Departmental receipts

An amount of R67,4 million was estimated for departmental receipts in the Estimate of National Expenditure for 2005/06. However, an amount of R76,1 million was received. The increase of R8,7 million resulted from the sale of departmental assets already written off. For further information, please refer to Part 2 (Programme Performance) of this report and specifically to departmental revenue, expenditure and other specific topics.

2. Services rendered by the Department

2.1 Some of the more important services rendered by the Department are as follows:

- Advisory services to small-stock farmers
- Education to and training of new entrants
- Agricultural campaigns
- Allocation of external bursaries
- Soil, water and plant analyses
- Registration of fertilisers, farm feeds, agricultural remedies and/or stock remedies
- Meat inspection at export abattoirs
- Import certificates for liquor products
- Export exemption certificates
- Export certificates for liquor products
- National inspection services on plants and propagating material
- Analytical laboratory services with regard to agricultural products
- Animal quarantine and diagnostic services
- Plant quarantine and plant health diagnostic services
- National plant and plant product inspections
- Inspections at official ports of entry
- Combating animal diseases
- Registration of brands
- Issuing import/export permits (animals)

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- Developing early warning systems for the detection of exotic pests
- Registration and approval of production units and packhouses for export of fresh fruit
- Issuing of import permits (plants)
- Construction of access roads for fire prevention
- Construction of key soil conservation works
- Drilling of boreholes
- Eradication of invasive weeds
- Control migratory pests
- Regulating the subdivision of agricultural land
- Variety listing
- Issuing of plant export certificates
- Authorisation of the export of animal/genetic material from the RSA
- Authorisation of the import of animal/genetic material into the RSA
- Approval of an animal to donate genetic material
- Registration of a premises as a centre
- Registration of inseminators, collectors, transplanters and invocators
- Registration of facilities
- Issuing of GMO status certificates
- Contained use of genetically modified organisms
- Import/export of genetically modified organisms
- Veld and pasture management
- National computerised record system for farmers
- Publication of industry brochures (maize and wheat)
- Quarterly economic review reports
- Statistical publications
- Farm profiles and sector demographics
- Commodity statistics
- Economic trends for the sector
- Economic performance of the sector
- Calculation of food utilisation
- Food balance sheets to monitor food security issues
- Quarterly estimate of livestock numbers
- Monthly crop forecasts for summer grains and winter cereals
- Food price monitoring
- Issuing of import and export permits in terms of free trade agreements
- Reporting on trade matters
- Providing information regarding trade matters
- Compilation of a policy for business and entrepreneurial development

2.2 Tariff policy

In terms of section 76(2)(f) of the Public Finance Management Act, 1999 (Act No. 1 of 1999), a tariff structure was developed by the Department and approved by the National Treasury. Amendments to the approved structure are effected in consultation with the National Treasury. In terms of departmental policy, and if at all feasible, tariffs are adjusted annually to further phase in cost recovery in full for services rendered.

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**REPORT OF THE ACCOUNTING OFFICER
for the year ended 31 March 2006**

2.3 Free services

The following free services were rendered by the Directorate Water Use and Irrigation Development:

	R'000
• Construction of waterways and contourbanks	2 705
• Drilling of boreholes	1 646
• Drilling of boreholes for school gardens	1 241
• Rehabilitation of boreholes	558
• Sighting and drilling of boreholes at dipping tanks	3 799
• Providing access roads for fire prevention	181
	<u>10 130</u>

2.4 Inventories

Inventory items are managed by means of the Logistical Information System (LOGIS). The Department has three stores namely Headquarters (Pretoria), Grootfontein Agricultural Development Institute (GADI) at Middelburg, Eastern Cape and Stellenbosch. Inventory items such as stationery, cleaning material and food are kept at the stores. The total value of the balance on hand of inventory items as at 31 March 2006 was R547 039.

3. Utilisation of donor funds

During the 2004/05 financial year, the European Union (EU) has made an amount of R5,170 million available for the South African Pesticides Initiative Programme (SA PIP). An amount of R5,590 million was again made available for this purpose by the EU for 2005/06.

According to current EU regulations, approximately 400 chemical compounds will be effectively withdrawn from use on export crops from South Africa to the EU. The Perishable Products Export Control Board (PPECB) and the SA Bureau of Standards are the only accredited local laboratories that can conduct the MRL trials and pesticide residue analysis acceptable to the EU. The PPECB, being South Africa's official certification agency for exports, has been appointed to conduct the necessary research in order for exporters to comply with the stringent requirements of the EU.

4. Capacity constraints

The personnel turnover in the Department can still be classified as high. On an establishment of 3399 posts only 2 530 posts were filled on 31 March 2006. In order to rectify the situation the Department was restructured with effect from 1 April 2006. The previous nine programmes were decreased to five and certain key management posts advertised.

5. Public entities

In terms of section 48(1) and Schedules 2 and 3 of the Public Finance Management Act, 1999 (Act No. 1 of 1999), the Public Entities that function within the sphere of the Department of Agriculture, are classified as follows:

- Land and Agricultural Bank of South Africa (major public entity and listed in Schedule 2).
- The Land Bank, constituted in terms of the Land and Agricultural Development Bank Act, 2002 (Act No. 15 of 2002), operates as a development finance institution within the agricultural and agribusiness sec-

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tors. The Department does not contribute financially to the Bank and funds will only be transferred to the Bank in instances where agency services are rendered.

- Agricultural Research Council (ARC) (national public entity and listed in Schedule 3: Part A).
 - The ARC is a statutory body established in terms of the Agricultural Research Act, 1990 (Act No. 86 of 1990). The ARC reports through its president and its board and the Minister of Agriculture and Land Affairs as the executive authority.
 - National Agricultural Marketing Council (NAMC) (national public entity and listed in Schedule 3: Part A).
 - The NAMC was established in terms of the Marketing of Agricultural Products Act, 1996 (Act No. 47 of 1996). The council undertakes investigations and advises the Minister of Agriculture and Land Affairs on agricultural marketing policies. The council is accountable to its chairperson and board and to the Minister for Agriculture and Land Affairs as executive authority.
 - Onderstepoort Biological Products Ltd (OBP) (national government business enterprise and listed in Schedule 3: Part B).
 - OBP was established in accordance with the Onderstepoort Biological Products Incorporation Act, 1999 (Act No. 19 of 1999). It is a biotechnical company, which manufactures vaccines and related products for the global animal healthcare industry. The Department of Agriculture is the sole shareholder. The company is accountable to its board and the Minister for Agriculture and Land Affairs as the executive authority.
 - Perishable Products Export Control Board (PPECB) (national public entity and listed in Schedule 3: Part A).
 - The PPECB, established in terms of the Perishable Products Export Control Board Act, 1983 (Act No. 9 of 1983), must ensure that perishable products intended for export from South Africa meet international quality standards. The board is in the final instance accountable and reports to the Minister for Agriculture and Land Affairs.
 - Ncera Farms (Pty) Ltd (national government business enterprise and listed in Schedule 3: Part B).
- Ncera Farms is a small public company and the Department of Agriculture is the sole shareholder. The purpose of the company is to assist small and emerging farmers in the Kidd's Beach area of the Eastern Cape through various services such as advice, extension services, ploughing services and more. The board is accountable and reports to the Minister for Agriculture and Land Affairs as the executive authority.
- Transfer payments in support of these public entities

	Voted R'000	Actual R'000
Land Bank*	–	–
Agricultural Research Council	360 902	360 902
National Agricultural Marketing Council	13 961	13 961
Onderstepoort Biological Products Ltd*	–	–
Perishable Products Export Control Board*	–	–
Ncera Farms (Pty) Ltd	2 377	2 372

* Any payments to these entities were either for agency services or services rendered.

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All the above entities must, in terms of section 55(3) of the Public Finance Management Act, 1999 (Act No. 1 of 1999) submit annual reports, including financial statements, to Parliament and the relevant executive authority through the accounting officer of the Department.

6. Transfer payments made

	Voted R'000	Actual R'000
• Regional services council levies	1 124	992
• LandCare	40 000	40 000
• Comprehensive Agricultural Support Programme	250 000	250 000
• Agricultural Research Council	360 902	360 902
• National Agricultural Marketing Council	13 961	13 961
• Membership fees to international organisations	18 091	15 052
• Foreign rates and taxes	150	22
• Drought relief	120 000	120 000
• Mafisa	144 000	144 000
• Classical Swine fever	34 270	25 366
• Avian influenza	4 930	4 930
• Porcine respiratory and reproductive syndrome	3 000	2 985
• World Food Programme	140 000	140 000
• National Students Financial Aid Scheme	8 300	8 300
• Service Sector Education and Training Authority	420	420
• Red Meat Industry Forum	1	–
• National Red Meat Producers' Organisation	300	300
• Fruit industry	179	179
• Poultry industry	300	300
• Water Research Commission	2 128	2 128
• Ncera Farms (Pty) Ltd	2 377	2 372
• AgriBEE	5 000	–
• ESKOM	38	–
• Social benefits	2 277	1 344
• Non-life insurance premiums	45	–
• Claims against the state	420	413
• Vehicle licences (provincial)	70	42
• Vehicle licences (municipal)	598	298
	<u>1 152 881</u>	<u>1 134 306</u>

7. Corporate governance arrangements

The internal audit unit as well as the Audit Committee has been functional since 1997 and the composition of the Audit Committee is in line with the requirements of the Public Finance Management Act, 1999 (Act No. 1 of 1999). Audit findings and the responses of management on risk management in the Department are discussed with the Office of the Auditor-General, the internal audit unit and the acting Chief Financial Officer during meetings of the committee.

The committee examined the issues raised by the Auditor-General in their management letter to the Department and ensured that management responded on issues raised. The committee also reviewed the accounting policies and the effectiveness of internal control in the Department.

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During the financial year a new risk assessment was undertaken and a new risk management plan compiled that will be implemented during the 2006/07 financial year.

8. Discontinued activities

Two activities were discontinued at the end of the 2005/06 financial year, namely assistance for drought relief and a transfer to the World Food Programme. According to budgetary systems, funding for these kind of programmes will be undertaken when the need arises. The discontinuation of these activities will therefore have no effect on the operations of and service delivery by the Department. Two further functions of the Department, namely the Office of the Deputy Minister for Agriculture and Land Affairs and the Registrar of Co-operatives, were transferred to the Department of Land Affairs and the Department of Trade and Industry, respectively.

9. New activities

No new activities are provided for in the 2006/07 financial year.

10. Performance information

Performance information will, for the first time, be audited. The relevant information is taken up in Part 2 of this report.

11. SCOPA resolution

The Department did not appear before the Standing Committee on Public Accounts, following the annual report of 2004/05 and, therefore, no report is submitted in this regard.

12. Agricultural debt

12.1 General

Agricultural debt is managed in accordance with the provisions of the Agricultural Debt Management Act, 2001 (Act No. 45 of 2001), and debt management frameworks. According to the Act, agricultural debt is defined as any amount contractually or statutorily owed to the state as a result of financial assistance, loans or subsidies in terms of the provisions of the Agricultural Credit Act, 1966 (Act No. 28 of 1966), and other related legislation or financial assistance schemes.

12.2 Agricultural Debt Account

Section 3(1) of the Agricultural Debt Management Act, 2001 (Act No. 45 of 2001), provides for the Agricultural Debt Account and payments that result from the recovery of agricultural debt are deposited into this account. Funds in the account are disbursed in accordance with the provisions of section 5 of the abovementioned Act. The status of the account on 31 March 2006 is as follows:

Total debt outstanding	–	R510 863 765
Number of debtors	–	3 054
Number of accounts	–	4 518
Net amount recovered (2005/06)	–	R69 268 115
Credit balance in the Agricultural Debt Account	–	R1 026 499 552

An amount of R150,0 million was, in terms of section 5 of the mentioned Act, transferred from the Agricultural Debt Account to the National Revenue Fund, appropriated on the Department's budget and utilised for the funding of Mafisa.

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- 12.3 Agricultural debt, administered in terms of the Act, mentioned, consists of debt that resulted from loan assistance to farmers and prospective farmers granted by the former Agricultural Credit Board for payment of debt, construction of improvements, purchasing of farms, farming equipment and production inputs and furthermore, other debt that resulted from other financial assistance schemes with regard to the Production Loan Scheme for Small and Beginner Farmers and multiple debt that resulted from the implementation of certain subsidy schemes.
- 12.4 Following from previous reports the status of the Production Loan Scheme for Small and Beginner Farmers and multiple debt is again reported on:
- 12.4.1 Production Loan Scheme for Small and Beginner Farmers
- 12.4.1.1 Grovida
- The State Attorney was requested on 29 April 1999 to take steps to recover the outstanding debt, which amounted to R1 030 321 (capital) and R565 097 (interest) on 31 March 2006. In terms of the resultant offer, total payments of R521 500 were received. However, as Grovida defaulted on this resultant offer, the matter was again referred to the State Attorney. Following a new repayment arrangement, payments to the amount of R9 000 were received during the 2005/06 financial year.
- 12.4.1.2 Bakgaga Bakopa
- The State Attorney was requested on 7 September 1999 to take steps to recover the outstanding debt, which amounted to R728 585 (capital) and R728 585 (interest) on 31 March 2006. As the debt is irrecoverable, it is the considered opinion that the outstanding debt may be written off during the 2006/07 financial year. The State Attorney issued a write-off execution. Following a *nulla bona* return of service by the Sheriff, the State Attorney recommended that the outstanding debt be written off based on the fact that it would be uneconomical to pursue. The Registrar of Co-operatives also indicated that the co-operative is dormant and that the name of the co-operative will be removed from the register.
- 12.4.1.3 Shiela Primary Co-op
- The co-operative is under liquidation. At 31 March 2006 the outstanding debt amounted to R970 547 (capital) and R970 547 (interest). As the proceeds realised from the selling of the assets of the liquidated co-operative were insufficient to meet the debt, the debt is irrecoverable and may result in a write-off. The liquidation and distribution account is awaited.
- 12.4.1.4 Central Primary Co-operative (CPAC)
- The State Attorney was requested on 29 June 1999 to assist with the recovery of the outstanding debt, which amounted to R3 600 000 (capital) and R3 600 000 (interest) on 31 March 2006. In respect of the 1994 production loan debt, which was taken over by CPAC, the outstanding debt amounted to R3 079 640 (capital) and R3 079 640 (interest) on 31 March 2006. As was previously reported, the option of judicial management in terms of section 237(A) of the Co-operatives Act, 1981 (Act No. 91 of 1981), did not materialise. In order to establish the financial position of CPAC and the possibility to revive CPAC, the DBSA funded an investigation by PricewaterhouseCoopers. In the report, various recommendations were made regarding the revival of



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CPAC and it was revealed that the assets of CPAC are of relatively little value and that CPAC has a limited income. A meeting took place on 3 November 2005 between the Management Committee of CPAC, the Registrar of Co-operatives, the Department of Agriculture, Conservation and Environment of the North West Province and the national Department of Agriculture. It was emphasised that the issues pertaining to the revival of CPAC should be separated from CPAC's debt commitments towards its creditors. In order to decide the way forward regarding CPAC's outstanding debt, it was agreed that Financial Statements for 2004/05 must be submitted to the Office of the Registrar of Co-operatives. These statements are still awaited. Based on the above, it is the considered opinion that the debt is irrecoverable and may result in a write-off.

12.4.1.5 Saron

The co-operative is under liquidation. At 31 March 2006 the outstanding debt amounted to R737 600 (capital) and R737 600 (interest). The liquidator indicated that the liquidated co-op is hopelessly insolvent. As the debt is irrecoverable, it is the considered opinion that the outstanding debt may be written off during the 2006/07 financial year.

12.4.1.6 Production loans (administrative costs)

The outstanding amount originated from overpayments of administration fees to agents managing the loan schemes as mentioned earlier (excluding CPAC). On 31 March 2006 the outstanding debt amounted to R3 861 147 (capital) and R3 858 236 (interest).

12.4.2 Multiple debt

12.4.2.1 Conversion of marginal ploughed lands

This debt originated from the non-compliance with the conditions of the scheme by the participants. In terms of these conditions, successful establishment of perennial pastures had to be achieved within two seasons and thereafter maintained for at least six years, failing which the subsidy plus interest have to be repaid immediately. Only one case, currently with the State Attorney, is outstanding. It is anticipated that the Department's debt will be settled in full during the 2006/07 financial year. On 31 March 2006 the outstanding debt under this scheme amounted to R5 436 in comparison to R139 794 as on 31 March 2005.

12.4.2.2 Emergency drought relief and interim veld recovery

This debt originated from the non-compliance by the participants with the prescripts of the scheme. The State Attorney is in the process of recovering the outstanding debt (amounting to R802 319 on 31 March 2006).

12.4.2.3 Farmworker housing subsidy

This debt originated from the non-adherence by participants to the conditions of the scheme. Two cases are currently outstanding. In one case, the Department is considering writing off the outstanding debt, while in the other case the Department is in the process of recovering the outstanding debt. On 31 March 2006 the outstanding debt amounted to R185 971.

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12.4.2.4 Flood damage

The outstanding debt amounted to R19 634 and was written off during the 2005/06 financial year.

Approval

The Annual Financial Statements set out on pages 83 to 162 were approved by the acting Chief Financial Officer on behalf of the Accounting Officer and in terms of delegations granted.

T. Marais
for DIRECTOR-GENERAL
31 MAY 2006

**REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS
OF VOTE 25 — THE DEPARTMENT OF AGRICULTURE
FOR THE YEAR ENDED 31 MARCH 2006**

1. AUDIT ASSIGNMENT

The Financial Statements as set out on pages 83 to 154 for the year ended 31 March 2006, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read with sections 4 and 20 of the Public Audit Act, 2004 (Act No. 25 of 2004). The fixed asset opening balances have not been audited because of the timing of guidance from National Treasury to the departments relating to the treatment, valuation and disclosure of fixed assets. These Financial Statements are the responsibility of the accounting officer. My responsibility is to express an opinion on these Financial Statements, based on the audit.

2. SCOPE

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

An audit includes:

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

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

3. BASIS OF ACCOUNTING

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

4. AUDIT OPINION

In my opinion, the Financial Statements present fairly, in all material respects, the financial position of the Department of Agriculture at 31 March 2006 and the results of its operations and its cash flows for the year then ended, in accordance with the modified cash basis of accounting determined by the National Treasury of South Africa, as described in paragraph 1.1 of the accounting policies to the Financial Statements, and in the manner required by PFMA.

5. EMPHASIS OF MATTER

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

5.1 Revenue

Policies and procedures to efficiently and effectively manage revenue in the Department were not documented which resulted in several deficiencies identified during the audit of revenue. Furthermore, reconciliations for revenue deposited against certificates and licences issued were not done throughout the year.

6. APPRECIATION

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

Shaiket Fakie

Auditor-General

Pretoria

31/07/2006



AUDITOR-GENERAL

**REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS
OF THE AGRICULTURAL DEBT ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2006**

1. AUDIT ASSIGNMENT

The financial statements as set out on pages 155 to 162, for the year ended 31 March 2006 have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996, read with sections 4 and 20 of the Public Audit Act, 2004 (Act No. 25 of 2004) and the Agriculture Debt Management Act, 2001 (Act No. 45 of 2001). These Financial Statements are the responsibility of the Accounting Officer. My responsibility is to express an opinion on these Financial Statements, based on the audit.

2. SCOPE

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

An audit includes:

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

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

3. BASIS OF ACCOUNTING

The entity's policy is to prepare Financial Statements on the basis of accounting determined by the National Treasury, as described in note 1 to the financial statements.

4. QUALIFICATION

Financial statements

Financial instruments — limitation of scope

I was unable to perform all the necessary audit procedures on the compliance with the standards on financial instruments. Therefore I could not reliably conclude on the accuracy and fair presentation of the majority of the balances disclosed in the annual financial statements.

This is due to a lack of necessary expertise, proper accounting and data management systems that could allow the Department to comply with International Accounting Standards 32 and 39 (IAS 32 and IAS 39), respectively.

The following specific issues were identified during the audit:

The Agricultural Debt Account's impairment and provisions on loans and receivables, the fair value disclosure of debtors and calculation of interest revenue do not comply with the requirements of IAS 32 and IAS39— Financial Instruments. Furthermore, the requirement to apply the standards retrospectively affects the following current and prior year balances and amounts in the annual financial statements:

- Long-term loans to farmers
- Short-term portion of long-term loans
- Accounts receivable
- Accumulated reserves
- Revenue
- Provision for doubtful debts

**REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS
OF THE AGRICULTURAL DEBT ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2006**

Consequently, as a result of lack of proper accounting system and data availability, I was unable to perform alternative audit procedures to determine the effect of noncompliance with the required accounting framework.

5. DISCLAIMER OF AUDIT OPINION

Because of the significance of the matter referred to in the preceding paragraph, I do not express an opinion on the Financial Statements.

6. APPRECIATION

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

Shauket Fakie

Auditor-General
Pretoria
31/07/2006



**DEPARTMENT OF AGRICULTURE
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**ACCOUNTING POLICIES
for the year ended 31 March 2006**

The Financial Statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the Financial Statements and to comply with the statutory requirements of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (as amended by Act No. 29 of 1999), and the Treasury Regulations issued in terms of the Act and the Division of Revenue Act, 2005 (Act No.1 of 2005).

1. Presentation of the Financial Statements

1.1 Basis of preparation

The Financial Statements have been prepared on a modified cash basis of accounting, except where stated otherwise. The modified cash basis constitutes the cash basis of accounting supplemented with additional disclosure items. Under the cash basis of accounting, transactions and other events are recognised when cash is received or paid or when the final authorisation for payment is effected on the system (not later than 31 March of each year).

1.2 Presentation currency

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

1.3 Rounding

Unless stated otherwise all financial figures have been rounded off to the nearest one thousand Rand (R1 000).

1.4 Comparative figures

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

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

2. Revenue

2.1 Appropriated funds

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

Total appropriated funds are presented in the Statement of Financial Performance.

Unexpended appropriated funds are surrendered to the National Revenue Fund, unless approval has been given by the National Treasury to roll over the funds to the subsequent financial year. These roll - over funds form part of retained funds in the Annual Financial Statements. Amounts owed to the National Revenue Fund at the end of the financial year are recognised in the Statement of Financial Position.

2.2 Departmental revenue

All Departmental revenue is paid into the National Revenue Fund when received, unless stated otherwise.



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**ACCOUNTING POLICIES
for the year ended 31 March 2006**

Amounts owed to the National Revenue Fund at the end of the financial year are recognised in the Statement of Financial Position.

2.2.1 Tax revenue

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

Tax receipts are recognised in the Statement of Financial Performance when received.

2.2.2 Sales of goods and services other than capital assets

The proceeds received from the sale of goods and/or the provision of services is recognised in the Statement of Financial Performance when the cash is received.

2.2.3 Fines, penalties and forfeits

Fines, penalties and forfeits are compulsory unrequited amounts, which were imposed by a court or quasi-judicial body and collected by the Department. Revenue arising from fines, penalties and forfeits is recognised in the Statement of Financial Performance when the cash is received.

2.2.4 Interest, dividends and rent on land

Interest, dividends and rent on land are recognised in the Statement of Financial Performance when the cash is received.

2.2.5 Sale of capital assets

The proceeds received on sale of capital assets are recognised in the Statement of Financial Performance when the cash is received.

2.2.6 Financial transactions in assets and liabilities

Repayments of loans and advances previously extended to employees and public corporations for policy purposes are recognised as revenue in the Statement of Financial Performance on receipt of the funds. Amounts receivable on the reporting date are disclosed in the Disclosure Notes to the Annual Financial Statements.

Cheques issued in previous accounting periods that expire before being banked are recognised as revenue in the Statement of Financial Performance when the cheques become stale. When the cheque is reissued the payment is made from Revenue.

2.2.7 Gifts, donations and sponsorships (transfers received)

All cash gifts, donations and sponsorships are paid into the National Revenue Fund and recorded as revenue in the Statement of Financial Performance when received. Amounts receivable on the reporting date are disclosed in the Disclosure Notes to the Annual Financial Statements.

All gifts in-kind, donations and sponsorships are disclosed at fair value in the annexures to the Annual Financial Statements.

2.3 Local and foreign aid assistance

Local and foreign aid assistance is recognised in the financial records when notification of the donation is received from the National Treasury or when the Department directly receives the cash from the donor(s). The total cash amounts received during the year is reflected in the Statement of Financial Performance as revenue.

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**ACCOUNTING POLICIES
for the year ended 31 March 2006**

All in-kind local and foreign aid assistance is disclosed at fair value in the annexures to the Annual Financial Statements.

The cash payments made during the year relating to local and foreign aid assistance projects are recognised as expenditure in the Statement of Financial Performance. A receivable is recognised in the Statement of Financial Position to the value of the amounts expensed prior to the receipt of the funds.

A payable is raised in the Statement of Financial Position where amounts were inappropriately expensed using local and foreign aid assistance. Unutilised amounts are recognised in the Statement of Financial Position.

3. Expenditure

3.1 Compensation of employees

Salaries and wages comprise payments to employees. Salaries and wages are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system (not later than 31 March of each year).

All other payments are classified as current expense.

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

3.1.1 Short-term employee benefits

Short-term employee benefits comprise of leave entitlements (capped leave), thirteenth cheques and performance bonuses. The cost of short-term employee benefits is expensed as salaries and wages in the Statement of Financial Performance when the final authorisation for payment is effected on the system (not later than 31 March of each year).

Short-term employee benefits that give rise to a present legal or constructive obligation are disclosed in the Notes to the Annual Financial Statements. These amounts are not recognised in the Statement of Financial Performance.

3.1.2 Long-term employee benefits

3.1.2.1 Termination benefits

Termination benefits such as severance packages are recognised as expenses in the Statement of Financial Performance as a transfer when the final authorisation for payment is effected on the system (not later than 31 March of each year).

3.1.2.2 Post-employment retirement benefits

The Department provides retirement benefits (pension benefits) for certain of its employees through a defined benefit plan for government employees. These benefits are funded by both employer and employee contributions. Employer contributions (13 % of the basic salary of an employee) to the fund are expensed when the final authorisation for payment to the fund is effected on the system (not later than 31 March of each year). No provision is made for retirement benefits in the financial statements of the department. Any potential liabilities are disclosed in the financial statements of the National Revenue Fund and not in the financial statements of the employer department.



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**ACCOUNTING POLICIES
for the year ended 31 March 2006**

3.1.2.3 Medical benefits

The Department provides medical benefits for certain of its employees. Employer contributions to the medical funds (two thirds of an employee's monthly contribution, but limited to R1 014 per month) are expensed when the final authorisation for payment to the fund is effected on the system (not later than 31 March of each year). Contract workers, however, who prefer to provide their own medical contributions, receive a cash amount equal to 30% of their basic salary, which includes a government contribution for medical benefits.

In the case of members of the Senior and Middle Management Service, members contribute two thirds of their total monthly contribution to a medical aid scheme from the flexible portion and one third from the basic salary of a member's annual remuneration package.

3.2 Goods and services

Payment made for goods and/or services are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system (not later than 31 March of each year). These expenses are classified as capital if the goods and services were used on a capital project.

3.3 Interest and rent on land

Interest and rental payments are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system (not later than 31 March of each year). This item excludes rental for the use of buildings or other fixed structures.

3.4 Financial transactions in assets and liabilities

Debts are written off when identified as irrecoverable. Debts written off are limited to the amount of savings and/or underspending of appropriated funds. The write-offs occur at year-end or when funds are available. No provision is made for irrecoverable amounts; however, amounts are disclosed as a disclosure note. All other losses are recognised when authorisation has been granted for the recognition thereof.

3.5 Unauthorised expenditure

When discovered, unauthorised expenditure is recognised as an asset in the Statement of Financial Position until such time as the expenditure is either approved by the relevant authority, recovered from the responsible person or written off as irrecoverable in the Statement of Financial Performance.

Unauthorised expenditure approved with funding is recognised in the Statement of Financial Performance when the unauthorised expenditure is approved and the related funds are received. If the amount is approved without funding, it is recognised as expenditure, subject to availability of savings, in the Statement of Financial Performance on the date of approval.

3.6 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is recognised as an asset in the Statement of Financial Position until such time as the expenditure is recovered from the responsible person or written off as irrecoverable in the Statement of Financial Performance.

3.7 Irregular expenditure

Irregular expenditure is recognised as expenditure in the Statement of Financial Performance. If the expenditure is not condoned by the relevant authority, it is treated as an asset until recovered or written off as irrecoverable.

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**ACCOUNTING POLICIES
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3.8 Transfers and subsidies

Transfers and subsidies are recognised as an expense when the final authorisation for payment is effected on the system (not later than 31 March of each year).

3.9 Expenditure for capital assets

Payments made for capital assets are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system (not later than 31 March of each year).

4. Assets

4.1 Cash and cash equivalents

Cash and cash equivalents are carried in the Statement of Financial Position at cost. For the purposes of the Cash Flow Statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term investments of high liquidity and bank overdrafts.

4.2 Prepayments and advances

Amounts prepaid or advanced are recognised in the Statement of Financial Position when the payments are made.

4.3 Receivables

Receivables included in the Statement of Financial Position arise from cash payments made that are recoverable from another party.

Revenue receivable but not yet collected and amounts that are potentially irrecoverable, are included in the Disclosure Notes to the Annual Financial Statements.

4.4 Investments

Capitalised investments are shown at cost in the Statement of Financial Position. Any cash flows such as dividends received or proceeds from the sale of the investment are recognised in the Statement of Financial Performance.

Investments are tested for an impairment loss whenever events or changes in circumstances indicate that the investment may be impaired. Any impairment loss is included in the Disclosure Notes to the Annual Financial Statements.

4.5 Loans

Loans are recognised in the Statement of Financial Position at the nominal amount. Amounts that are potentially irrecoverable are included in the Disclosure Notes to the Annual Financial Statements.

4.6 Inventory

Inventories on hand at the reporting date are disclosed at cost in the Report of the Accounting Officer.

4.7 Asset registers

Assets are recorded in an asset register, at cost, on receipt of the item. The cost of an asset is defined as the total cost of acquisition. Assets procured in previous financial periods, may be stated at fair value, where determinable, or R1 in instances where the original cost of acquisition or fair value cannot be established. No revaluation or impairment of assets is currently recognised in the asset register. Construction/development projects extending longer than one financial year relating to assets, are only included in the asset register on completion of the project and at the total cost incurred over the duration of the project.



**DEPARTMENT OF AGRICULTURE
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**ACCOUNTING POLICIES
for the year ended 31 March 2006**

Annexures 4 and 5 of the Disclosure Notes to the Annual Financial Statements, reflect the total movement in the asset register of assets with a cost equal to and exceeding R5000 (therefore capital assets only) for the current financial year. The movement is reflected at the cost as recorded in the asset register and not the carrying value, as depreciation is not recognised in the Financial Statements under the modified cash basis of accounting. The opening balance reflected on in Annexures 4 and 5 will include items procured in prior accounting periods and the closing balance will represent the total cost of the register for capital assets on hand.

5. Liabilities

5.1 Payables

Recognised payables mainly comprise amounts owed to other governmental entities. These payables are recognised at historical cost in the Statement of Financial Position.

5.2 Lease commitments

Lease commitments represent amounts owed from the reporting date to the end of the lease contract. These commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance but are included in the Disclosure Notes to the Annual Financial Statements.

Operating and finance lease commitments are expensed when the payments are made. Assets acquired in terms of finance lease agreements are disclosed in the Annexures to the Annual Financial Statements.

5.3 Accruals

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

Accruals are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance; however, these are included in the Disclosure Notes to the Annual Financial Statements.

5.4 Contingent liabilities

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

A contingent liability is a present obligation that arises from past events. However, it is not recognised because:

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

Contingent liabilities are included in the Disclosure Notes to the Annual Financial Statements.

5.5 Commitments

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

Commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance, but are included in the Disclosure Notes to the Annual Financial Statements.

**DEPARTMENT OF AGRICULTURE
VOTE 25**

**ACCOUNTING POLICIES
for the year ended 31 March 2006**

6. Net assets

6.1 Capitalisation reserve

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

6.2 Recoverable revenue

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

7. Key management personnel

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

Compensation paid to key management personnel, including their family members where relevant, is included in the Disclosure Notes to the Annual Financial Statements.

**DEPARTMENT OF AGRICULTURE
VOTE 25**

**APPROPRIATION STATEMENT
for the year ended 31 March 2006**

Appropriation per programme	2005/06							2004/05	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1. Administration									
Current payment	148 870	(5 135)	(3 971)	139 764	135 370	4 394	96,9	129 612	125 979
Transfers and subsidies	837	264	328	1 429	994	435	69,6	594	494
Payment for capital assets	19 097	4 871	–	23 968	23 394	574	97,6	46 484	43 365
2. Farmer Support and Development									
Current payment	70 888	(1 209)	(12 758)	56 921	39 404	17 517	69,2	32 631	26 059
Transfers and subsidies	656 452	4	1	656 457	656 436	21	100,0	303 562	303 467
Payment for capital assets	200	1 205	–	1 405	888	517	63,2	705	518
3. Agricultural Trade and Business Development									
Current payment	48 527	(700)	(5 624)	42 203	23 597	18 606	55,9	22 808	14 870
Transfers and subsidies	19 007	6	181	19 194	14 182	5 012	73,9	12 774	11 707
Payment for capital assets	502	694	–	1 196	985	211	82,4	223	182
4. Economic Research and Analysis									
Current payment	22 301	(2 201)	(1 879)	18 221	15 205	3 016	83,4	21 106	15 714
Transfers and subsidies	794	1	1	796	35	761	4,4	172	155
Payment for capital assets	385	2 200	–	2 585	2 520	65	97,5	477	239
5. Agricultural Production									
Current payment	53 905	(765)	502	53 642	51 465	2 177	95,9	30 266	28 999
Transfers and subsidies	361 799	2	–	361 801	361 795	6	100,0	342 331	342 261
Payment for capital assets	449	763	–	1 212	990	222	81,7	1 347	1 234
6. Sustainable Resources Management and Use									
Current payment	77 688	(2 688)	(5 978)	69 022	67 531	1 491	97,8	68 842	54 031
Transfers and subsidies	42 586	77	11	42 674	42 565	109	99,7	45 334	45 046
Payment for capital assets	55 592	2 611	–	58 203	58 110	93	99,8	45 168	44 142

**DEPARTMENT OF AGRICULTURE
VOTE 25**

**APPROPRIATION STATEMENT
for the year ended 31 March 2006**

Appropriation per programme	2005/06							2004/05	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
7. National Regulatory Services									
Current payment	215 678	(2 170)	21 757	235 265	224 348	10 917	95,4	202 104	194 066
Transfers and subsidies	37 943	343	5 001	43 287	34 246	9 041	79,1	40 011	39 846
Payment for capital assets	8 531	1 827	–	10 358	8 737	1 621	84,4	9 665	8 756
8. Communication and Information Management									
Current payment	90 322	(3 016)	1 579	88 885	81 327	7 558	91,5	62 521	62 422
Transfers and subsidies	26 118	108	1 007	27 233	24 046	3 187	88,3	22 470	18 927
Payment for capital assets	1 332	2 908	–	4 240	3 343	897	78,8	2 365	2 056
9. Programme Planning, Monitoring and Evaluation									
Current payment	7 868	(117)	(158)	7 593	6 340	1 253	83,5	5 714	2 236
Transfers and subsidies	10	–	–	10	7	3	70,0	10	3
Payment for capital assets	87	117	–	204	148	56	72,5	95	67
Total	1 967 768	–	–	1 967 768	1 878 008	89 760	95,4	1 449 391	1 386 841
Reconciliation with statement of financial performance									
Departmental receipts				76 136				100 620	
Local and foreign aid assistance received				5 590				5 170	
Actual amounts per statement of financial performance (total revenue)				2 049 494				1 555 181	
Local and foreign aid assistance					5 590				5 170
Actual amounts per statement of financial performance (total expenditure)					1 883 598				1 392 011

**DEPARTMENT OF AGRICULTURE
VOTE 25**

**APPROPRIATION STATEMENT
for the year ended 31 March 2006**

Appropriation per economic classification	2005/06							2004/05	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payment									
Compensation of employees	381 807	(22 811)	(13 012)	345 984	337 738	8 246	97,6	321 601	306 469
Goods and services	354 240	4 810	5 752	364 802	306 130	58 672	83,9	253 055	216 970
Financial transactions in assets and liabilities	–	–	730	730	719	11	98,5	948	937
Transfers and subsidies									
Provinces and municipalities	411 744	48	–	411 792	411 332	460	99,9	345 844	345 019
Departmental agencies and accounts	384 711	–	1 000	385 711	385 711	–	100,0	358 906	358 905
Foreign governments and international organisations	158 241	–	–	158 241	155 074	3 167	98,0	15 949	12 998
Public corporations and private enterprises	146 460	–	421	146 881	146 785	96	99,9	2 851	2 428
Non-profit institutions	600	–	179	779	779	–	100,0	3 683	2 626
Households	43 790	757	4 930	49 477	34 625	14 852	70,0	40 025	39 930
Payment for capital assets									
Buildings and other fixed structures	59 182	1 331	–	60 513	60 331	182	99,7	75 044	74 859
Machinery and equipment	25 048	12 210	–	37 258	33 376	3 882	89,6	26 093	22 581
Biological or cultivated assets	–	12	–	12	11	1	91,7	175	175
Software and other intangible assets	1 945	3 643	–	5 588	5 397	191	96,6	5 217	2 944
Total	1 967 768	–	–	1 967 768	1 878 008	89 760	95,4	1 449 391	1 386 841

**DEPARTMENT OF AGRICULTURE
VOTE 25**

**DETAIL PER PROGRAMME 1 – ADMINISTRATION
for the year ended 31 March 2006**

Programme per subprogramme	2005/06							2004/05	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1.1 Minister									
Current payment	843	–	–	843	837	6	99,3	792	791
1.2 Deputy Minister									
Current payment	–	–	–	–	–	–	–	644	643
1.3 Management									
Current payment	35 359	(785)	(1 820)	32 754	30 333	2 421	92,6	34 180	32 233
Transfers and subsidies	108	221	322	651	598	53	91,9	185	161
Payment for capital assets	45	1 027	–	1 072	913	159	85,2	653	375
1.4 Corporate services									
Current payment	112 668	(4 350)	(2 435)	105 883	103 919	1 964	98,1	93 243	91 562
Transfers and subsidies	729	43	6	778	396	382	50,9	409	333
Payment for capital assets	1 816	3 844	–	5 660	5 245	415	92,7	8 953	6 120
1.5 Capital works									
Payment for capital assets	17 236	–	–	17 236	17 236	–	100,0	6 878	36 870
1.6 Thefts and losses									
Current payment	–	–	284	284	281	3	98,9	753	750
Total	168 804	–	(3 643)	165 161	159 758	5 403	96,7	176 690	169 838

**DEPARTMENT OF AGRICULTURE
VOTE 25**

**DETAIL PER PROGRAMME 1 – ADMINISTRATION
for the year ended 31 March 2006**

Economic classification	2005/06							2004/05	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payment									
Compensation of employees	93 893	(6 417)	(3 227)	84 249	82 912	1 337	98,4	80 767	78 293
Goods and services	54 977	1 282	(1 028)	55 231	52 177	3 054	94,5	48 092	46 936
Financial transactions in assets and liabilities	–	–	284	284	281	3	98,9	753	750
Transfers and subsidies									
Provinces and municipalities	663	–	–	663	335	328	50,5	355	313
Public corporation and private enterprises	45	–	328	373	326	47	87,4	148	97
Households	129	264	–	393	333	60	84,7	91	84
Payment for capital assets									
Buildings and other fixed structures	17 236	–	–	17 236	17 236	–	100,0	36 878	36 870
Machinery and equipment	311	6 080	–	6 391	5 895	496	92,2	5 067	4 037
Software and other intangible assets	1 550	(1 209)	–	341	263	78	77,1	4 539	2 458
Total	168 804	–	(3 643)	165 161	159 758	5 403	96,7	176 690	169 838

**DEPARTMENT OF AGRICULTURE
VOTE 25**

**DETAIL PER PROGRAMME 2 – FARMER SUPPORT AND DEVELOPMENT
for the year ended 31 March 2006**

Programme per subprogramme	2005/06							2004/05	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
2.1 Management									
Current payment	1 482	–	(677)	805	251	554	31,2	712	337
Transfers and subsidies	2	–	–	2	1	1	50,0	83	82
2.2 Farmer Settlement									
Current payment	39 730	(3 841)	(8659)	27 230	18 281	8 949	67,1	17 809	12 446
Transfers and subsidies	252 416	–	–	252 416	252 399	17	100,0	202 315	202 292
Payment for capital assets	200	511	–	711	201	510	28,3	526	401
2.3 Agricultural Finance and Co-operative Development									
Current payment	6 417	(3 891)	4 101	6 627	6 626	1	100,0	5 265	5 262
Transfers and subsidies	13	3	1	17	16	1	94,1	1 087	1 070
Payment for capital assets	–	144	–	144	143	1	99,3	–	–
2.4 Food Security and Rural Development									
Current payment	11 466	2 194	(6 024)	7 636	6 780	856	88,8	2 553	2 518
Transfers and subsidies	140 011	(1)	–	140 010	140 010	–	100,0	59	11
Payment for capital assets	–	307	–	307	307	–	100,0	150	90
2.5 Agricultural Risk and Disaster Management									
Current payment	5 793	185	(499)	5 479	5 153	326	94,1	3 167	3 102
Transfers and subsidies	120 010	2	–	120 012	120 010	2	100,0	100 010	100 006
Payment for capital assets	–	113	–	113	107	6	94,7	29	27
2.6 Registrar of Co-operatives									
Current payment	–	–	–	–	–	–	–	3 102	2 372
Transfers and subsidies	–	–	–	–	–	–	–	8	6
2.7 Micro Agricultural Finance Scheme									
Current payment	6 000	4 144	(1 000)	9 144	2 313	6 831	25,3	–	–
Transfers and subsidies	144 000	–	–	144 000	144 000	–	100,0	–	–
Payment for capital assets	–	130	–	130	130	–	100,0	–	–
2.8 Thefts and losses									
Current payment	–	–	–	–	–	–	–	23	22
Total	727 540	–	(12 757)	714 783	696 728	18 055	97,5	336 898	330 044

**DEPARTMENT OF AGRICULTURE
VOTE 25**

**DETAIL PER PROGRAMME 2 – FARMER SUPPORT AND DEVELOPMENT
for the year ended 31 March 2006**

Economic classification	2005/06							2004/05	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payment									
Compensation of employees	26 572	(4)	(5 459)	21 109	20 253	856	95,9	18 113	17 380
Goods and services	44 316	(1 205)	(7 299)	35 812	19 151	16 661	53,5	14 495	8 657
Financial transactions in assets and liabilities	–	–	–	–	–	–	–	23	22
Transfers and subsidies									
Provinces and municipalities	370 067	2	–	370 069	370 062	7	100,0	300 109	300 058
Foreign governments and international organisations	140 000	–	–	140 000	140 000	–	100,0	–	–
Public corporations and private enterprises	146 385	–	1	146 386	146 373	13	100,0	2 304	2 270
Non-profit institutions	–	–	–	–	–	–	–	1 058	1 058
Households	–	2	–	2	1	1	50,0	91	81
Payment for capital assets									
Buildings and other fixed structures	–	–	–	–	–	–	–	23	22
Machinery and equipment	200	1 205	–	1 405	888	517	63,2	682	496
Total	727 540	–	(12 757)	714 783	696 728	18 055	97,5	336 898	330 044

**DEPARTMENT OF AGRICULTURE
VOTE 25**

**DETAIL PER PROGRAMME 3 – AGRICULTURAL TRADE AND BUSINESS DEVELOPMENT
for the year ended 31 March 2006**

Programme per subprogramme	2005/06							2004/05	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
3.1 Management									
Current payment	1 266	89	–	1 355	1 179	176	87,0	1 102	1 087
Transfers and subsidies	2	1	–	3	2	1	66,7	2	2
Payment for capital assets	45	–	–	45	18	27	40,0	–	–
3.2 Business and Entrepreneurial Development									
Current payment	28 469	(1 370)	(5 624)	21 475	6 137	15 338	28,6	6 808	3 123
Transfers and subsidies	5 016	–	181	5 197	190	5 007	3,7	2 144	1 084
Payment for capital assets	350	670	–	1 020	858	162	84,1	49	24
3.3 Marketing									
Current payment	8 334	686	–	9 020	6 976	2 044	77,3	5 870	4 088
Transfers and subsidies	12	–	–	12	11	1	91,7	12	8
Payment for capital assets	30	14	–	44	24	20	54,5	51	36
3.4 International Trade									
Current payment	10 458	(105)	–	10 353	9 305	1 048	89,9	9 027	6 572
Transfers and subsidies	16	5	–	21	18	3	85,7	15	12
Payment for capital assets	77	10	–	87	85	2	97,7	123	122
3.5 National Agricultural Marketing Council									
Transfers and subsidies	13 961	–	–	13 961	13 961	–	100,0	10 601	10 601
3.6 Thefts and losses									
Current payment	–	–	–	–	–	–	–	1	–
Total	68 036	–	(5 443)	62 593	38 764	23 829	61,9	35 805	26 759

**DEPARTMENT OF AGRICULTURE
VOTE 25**

**DETAIL PER PROGRAMME 3 – AGRICULTURAL TRADE AND BUSINESS DEVELOPMENT
for the year ended 31 March 2006**

Economic classification	2005/06							2004/05	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payment									
Compensation of employees	16 919	(1 057)	(981)	14 881	13 091	1 790	88,0	12 323	8 508
Goods and services	31 608	357	(4 643)	27 322	10 506	16 816	38,5	10 484	6 362
Financial transactions in assets and liabilities	–	–	–	–	–	–	–	1	–
Transfers and subsidies									
Provinces and municipalities	46	6	–	52	40	12	76,9	43	26
Dept agencies and accounts	13 961	–	–	13 961	13 961	–	100,0	10 601	10 601
Public corporations and private enterprises	–	–	2	2	2	–	100,0	–	–
Non-profit institutions	–	–	179	179	179	–	100,0	2 130	1 080
Households	5 000	–	–	5 000	–	5 000	–	–	–
Payment for capital assets									
Machinery and equipment	492	694	–	1 186	985	201	83,1	223	182
Software and other intangible assets	10	–	–	10	–	10	–	–	–
Total	68 036	–	(5 443)	62 593	38 764	23 829	61,9	35 805	26 759

**DEPARTMENT OF AGRICULTURE
VOTE 25**

**DETAIL PER PROGRAMME 4 – ECONOMIC RESEARCH AND ANALYSIS
for the year ended 31 March 2006**

Programme per subprogramme	2005/06							2004/05	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
4.1 Management									
Current payment	1 062	(118)	–	944	238	706	25,2	909	129
Transfers and subsidies	–	3	–	3	1	2	33,3	2	–
4.2 Production and Resource Economics									
Current payment	9 375	(1 600)	(1 878)	5 897	5 260	637	89,2	6 600	4 825
Transfers and subsidies	770	–	–	770	12	758	1,6	149	140
Payment for capital assets	245	1 600	–	1 845	1 782	63	96,6	157	12
4.3 Agricultural Statistics									
Current payment	11 864	(483)	(7)	11 374	9 702	1 672	85,3	13 592	10 756
Transfers and subsidies	24	(2)	1	23	22	1	95,7	21	15
Payment for capital assets	140	600	–	740	738	2	99,7	320	227
4.4 Thefts and losses									
Current payment	–	–	6	6	5	1	83,3	5	4
Total	23 480	–	(1 878)	21 602	17 760	3 842	82,2	21 755	16 108

**DEPARTMENT OF AGRICULTURE
VOTE 25**

**DETAIL PER PROGRAMME 4 – ECONOMIC RESEARCH AND ANALYSIS
for the year ended 31 March 2006**

Economic classification	2005/06							2004/05	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payment									
Compensation of employees	16 216	(1 423)	(1 878)	12 915	11 009	1 906	85,2	10 934	8 090
Goods and services	6 085	(778)	(7)	5 300	4 191	1 109	79,1	10 167	7 620
Financial transactions in assets and liabilities	–	–	6	6	5	1	83,3	5	4
Transfers and subsidies									
Provinces and municipalities	44	1	–	45	34	11	75,6	41	25
Public corporations and private enterprises	–	–	1	1	1	–	100,0	–	–
Non-profit institutions	–	–	–	–	–	–	–	131	130
Households	750	–	–	750	–	750	–	–	–
Payment for capital assets									
Machinery and equipment	385	400	–	785	720	65	91,7	477	239
Software and other intangible assets	–	1 800	–	1 800	1 800	–	100,0	–	–
Total	23 480	–	(1 878)	21 602	17 760	3 842	82,2	21 755	16 108

**DEPARTMENT OF AGRICULTURE
VOTE 25**

**DETAIL PER PROGRAMME 5 – AGRICULTURAL PRODUCTION
for the year ended 31 March 2006**

Programme per subprogramme	2005/06							2004/05	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
5.1 Management									
Current payment	4 701	(3 198)	(178)	1 325	1 308	17	98,7	1 136	1 126
Transfers and subsidies	2	251	–	253	251	2	99,2	2	2
Payment for capital assets	18	33	–	51	30	21	58,8	35	27
5.2 Animal and Aqua Production									
Current payment	4 106	3 080	(2 151)	5 035	5 031	4	99,9	2 576	2 565
Transfers and subsidies	861	(250)	–	611	611	–	100,0	125	79
Payment for capital assets	14	238	–	252	154	98	61,1	130	125
5.3 Plant Production									
Current payment	13 701	(636)	(3 429)	9 636	8 151	1 485	84,6	5 782	5 838
Transfers and subsidies	19	–	–	19	17	2	89,5	39	26
Payment for capital assets	209	373	–	582	551	31	94,7	910	845
5.4 Scientific Research and Development									
Current payment	25 094	611	6 983	32 688	32 223	465	98,6	16 545	15 619
Transfers and subsidies	3	1	–	4	4	–	100,0	3	3
Payment for capital assets	150	–	–	150	123	27	82,0	123	97
5.5 Genetic Resources									
Current payment	6 303	(622)	(732)	4 949	4 744	205	95,9	4 227	3 851
Transfers and subsidies	12	–	–	12	10	2	83,3	18	7
Payment for capital assets	58	119	–	177	132	45	74,6	149	140
5.6 Agricultural Research Council									
Transfers and subsidies	360 902	–	–	360 902	360 902	–	100,0	342 144	342 144
5.7 Thefts and losses									
Current payment	–	–	9	9	8	1	88,9	–	–
Total	416 153	–	502	416 655	414 250	2 405	99,4	373 944	372 494

**DEPARTMENT OF AGRICULTURE
VOTE 25**

**DETAIL PER PROGRAMME 5 – AGRICULTURAL PRODUCTION
for the year ended 31 March 2006**

Economic classification	2005/06							2004/05	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payment									
Compensation of employees	19 998	(2 298)	(2 459)	15 241	13 946	1 295	91,5	9 447	9 079
Goods and services	33 907	1 533	2 952	38 392	37 511	881	97,7	20 819	19 916
Financial transactions in assets and liabilities	–	–	9	9	8	1	88,9	–	–
Transfers and subsidies									
Provinces and municipalities	47	2	–	49	43	6	87,8	34	20
Dept agencies and accounts	361 152	–	–	361 152	361 152	–	100,0	342 144	342 144
Public corporations and private enterprises	–	–	–	–	–	–	–	34	7
Non-profit institutions	600	–	–	600	600	–	100,0	–	–
Households	–	–	–	–	–	–	–	119	90
Payment for capital assets									
Machinery and equipment	449	763	–	1 212	990	222	81,7	1 347	1 238
Total	416 153	–	502	416 655	414 250	2 405	99,4	373 944	372 494

**DEPARTMENT OF AGRICULTURE
VOTE 25**

**DETAIL PER PROGRAMME 6 – SUSTAINABLE RESOURCES MANAGEMENT AND USE
for the year ended 31 March 2006**

Programme per subprogramme	2005/06							2004/05	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
6.1 Management									
Current payment	1 612	(134)	(39)	1 439	1 341	98	93,2	1 271	1 189
Transfers and subsidies	3	–	–	3	2	1	66,7	3	3
Payment for capital assets	–	40	–	40	37	3	92,5	52	50
6.2 Water Use and Irrigation Development									
Current payment	7 667	1 402	(4 648)	4 421	3 501	920	79,2	5 041	4 933
Transfers and subsidies	2 427	77	10	2 514	2 488	26	99,0	989	981
Payment for capital assets	55 323	195	–	55 518	55 428	90	99,8	43 688	43 460
6.3 Land Use and Soil Management									
Current payment	68 409	(3 956)	(1 461)	62 992	62 520	472	99,3	62 523	47 902
Transfers and subsidies	40 156	–	1	40 157	40 075	82	99,8	44 342	44 062
Payment for capital assets	269	2 376	–	2 645	2 645	–	100,0	1 428	632
6.4 Thefts and losses									
Current payment	–	–	170	170	169	1	99,4	7	7
Total	175 866	–	(5 967)	169 899	168 206	1 693	99,0	159 344	143 219

**DEPARTMENT OF AGRICULTURE
VOTE 25**

**DETAIL PER PROGRAMME 6 – SUSTAINABLE RESOURCES MANAGEMENT AND USE
for the year ended 31 March 2006**

Economic classification	2005/06							2004/05	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payment									
Compensation of employees	28 793	(1 511)	(2 627)	24 655	24 368	287	98,8	26 819	24 987
Goods and services	48 895	(1 177)	(3 521)	44 197	42 994	1 203	97,3	42 016	29 037
Financial transactions in assets and liabilities	–	–	170	170	169	1	99,4	7	7
Transfers and subsidies									
Provinces and municipalities	40 405	4	–	40 409	40 380	29	99,9	44 219	44 189
Dept agencies and accounts	1 878	–	–	1 878	1 878	–	100,0	500	500
Public corporations and private enterprises	–	–	11	11	9	2	81,8	281	26
Non-profit institutions	–	–	–	–	–	–	–	80	80
Households	303	73	–	376	298	78	79,3	254	251
Payment for capital assets									
Buildings and other fixed structures	41 506	1 130	–	42 636	42 551	85	99,8	38 143	37 967
Machinery and equipment	13 733	(1 376)	–	12 357	12 349	8	99,9	6 929	6 168
Software and other intangible assets	353	2 857	–	3 210	3 210	–	100,0	96	7
Total	175 866	–	(5 967)	169 899	168 206	1 693	99,0	159 344	143 219

**DEPARTMENT OF AGRICULTURE
VOTE 25**

**DETAIL PER PROGRAMME 7 – NATIONAL REGULATORY SERVICES
for the year ended 31 March 2006**

Programme per subprogramme	2005/06							2004/05	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
7.1 Management									
Current payment	1 771	2 774	(37)	4 508	340	4 168	7,5	1 235	1 210
Transfers and subsidies	2	–	–	2	1	1	50,0	3	2
Payment for capital assets	15	–	–	15	15	–	100,0	11	11
7.2 Food Safety and Quality Assurance									
Current payment	33 537	(3 294)	(1 570)	28 673	28 003	670	97,7	29 444	29 155
Transfers and subsidies	175	(4)	–	171	162	9	94,7	698	663
Payment for capital assets	369	231	–	600	594	6	99,0	330	317
7.3 Plant Health									
Current payment	8 773	(745)	(565)	7 463	7 189	274	96,3	5 778	5 598
Transfers and subsidies	20	2	–	22	18	4	81,8	191	190
Payment for capital assets	176	198	–	374	367	7	98,1	207	180
7.4 Animal Health									
Current payment	83 129	2 308	27 041	112 478	108 717	3 761	96,7	96 524	89 988
Transfers and subsidies	37 576	5	4 930	42 511	33 504	9 007	78,8	38 624	38 503
Payment for capital assets	2 024	–	–	2 024	1 760	264	87,0	1 478	908
7.5 South African Agricultural Food, Quarantine and Inspection Services									
Current payment	88 468	(3 213)	(3 367)	81 888	79 848	2 040	97,5	68 971	67 966
Transfers and subsidies	170	340	71	581	561	20	96,6	495	488
Payment for capital assets	5 947	1 398	–	7 345	6 001	1 344	81,7	7 639	7 340
7.6 Thefts and losses									
Current payment	–	–	255	255	251	4	98,4	152	149
Total	262 152	–	26 758	288 910	267 331	21 579	92,5	251 780	242 668

**DEPARTMENT OF AGRICULTURE
VOTE 25**

**DETAIL PER PROGRAMME 7 – NATIONAL REGULATORY SERVICES
for the year ended 31 March 2006**

Economic classification	2005/06							2004/05	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payment									
Compensation of employees	134 795	(6 132)	3 777	132 440	131 965	475	99,6	123 951	123 403
Goods and services	80 883	3 962	17 725	102 570	92 132	10 438	89,8	78 001	70 518
Financial transactions in assets and liabilities	–	–	255	255	251	4	98,4	152	149
Transfers and subsidies									
Provinces and municipalities	347	10	–	357	307	50	86,0	335	276
Public corporations and private enterprises	30	–	71	101	68	33	67,3	83	27
Non-profit institutions	–	–	–	–	–	–	–	284	278
Households	37 566	333	4 930	42 829	33 871	8 958	79,1	39 309	39 265
Payment for capital assets									
Buildings and other fixed structures	440	201	–	641	544	97	84,9	–	–
Machinery and equipment	8 091	1 536	–	9 627	8 109	1 518	84,2	9 246	8 348
Software and other intangible assets	–	90	–	90	84	6	93,3	419	404
Total	262 152	–	26 758	288 910	267 331	21 579	92,5	251 780	242 668

**DEPARTMENT OF AGRICULTURE
VOTE 25**

**DETAIL PER PROGRAMME 8 – COMMUNICATION AND INFORMATION MANAGEMENT
for the year ended 31 March 2006**

Programme per subprogramme	2005/06							2004/05	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
8.1 Management									
Current payment	1 768	(1 626)	–	142	92	50	64,8	71	70
Transfers and subsidies	2	–	–	2	–	2	–	2	–
Payment for capital assets	–	–	–	–	–	–	–	20	–
8.2 Agricultural Information Services									
Current payment	22 125	(1 261)	4 736	25 600	25 361	239	99,1	17 738	17 856
Transfers and subsidies	51	11	–	62	61	1	98,4	56	53
Payment for capital assets	232	1 146	–	1 378	703	675	51,0	856	622
8.3 International Relations									
Current payment	11 754	1 017	–	12 771	12 770	1	100,0	10 277	10 026
Transfers and subsidies	18 254	74	–	18 328	15 151	3 177	82,7	16 051	13 089
Payment for capital assets	–	518	–	518	515	3	99,4	111	109
8.4 Education and Training									
Current payment	31 566	(2 738)	(3 150)	25 678	18 456	7 222	71,9	12 521	12 558
Transfers and subsidies	7 735	7	1 000	8 742	8 742	–	100,0	5 682	5 680
Payment for capital assets	–	270	–	270	160	110	59,3	232	193
8.5 Grootfontein Agricultural Development Institute									
Current payment	23 109	1 592	(7)	24 694	24 648	46	99,8	21 912	21 911
Transfers and subsidies	76	16	7	99	92	7	92,9	679	105
Payment for capital assets	1 100	974	–	2 074	1 965	109	94,7	1 146	1 132
8.6 Thefts and losses									
Current payment	–	–	–	–	–	–	–	2	1
Total	117 772	–	2 586	120 358	108 716	11 642	90,3	87 356	83 405

**DEPARTMENT OF AGRICULTURE
VOTE 25**

**DETAIL PER PROGRAMME 8 – COMMUNICATION AND INFORMATION MANAGEMENT
for the year ended 31 March 2006**

Economic classification	2005/06							2004/05	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payment									
Compensation of employees	40 795	(2 763)	–	38 032	37 839	193	99,5	35 832	35 629
Goods and services	49 527	(253)	1 579	50 853	43 488	7 365	85,5	26 687	26 792
Financial transactions in assets and liabilities	–	–	–	–	–	–	–	2	1
Transfers and subsidies									
Provinces and municipalities	115	23	–	138	124	14	89,9	698	109
Departmental agencies and accounts	7 720	–	1 000	8 720	8 720	–	100,0	5 661	5 660
Foreign governments and international organisations	18 241	–	–	18 241	15 074	3 167	82,6	15 949	12 998
Public corporations and private enterprises	–	–	7	7	6	1	85,7	1	1
Households	42	85	–	127	122	5	96,1	161	159
Payment for capital assets									
Machinery and equipment	1 300	2 791	–	4 091	3 292	799	80,5	2 035	1 813
Biological or cultivated assets	–	12	–	12	11	1	91,7	175	175
Software and other intangible assets	32	105	–	137	40	97	29,2	155	68
Total	117 772	–	2 586	120 358	108 716	11 642	90,3	87 356	83 405

**DEPARTMENT OF AGRICULTURE
VOTE 25**

**DETAIL PER PROGRAMME 9 – PROGRAMME PLANNING, MONITORING AND EVALUATION
for the year ended 31 March 2006**

Programme per subprogramme	2005/06							2004/05	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
9.1 Project Planning									
Current payment	4 026	561	(7)	4 580	4 578	2	100,0	3 512	2 220
Transfers and subsidies	6	–	–	6	4	2	66,7	7	3
Payment for capital assets	47	17	–	64	63	1	98,4	84	56
9.2 Monitoring and Evaluation									
Current payment	3 842	(678)	(157)	3 007	1 757	1 250	58,4	2 197	12
Transfers and subsidies	4	–	–	4	3	1	75,0	3	–
Payment for capital assets	40	100	–	140	85	55	60,7	11	11
9.3 Thefts and losses									
Current payment	–	–	6	6	5	1	83,3	5	4
Total	7 965	–	(158)	7 807	6 495	1 312	83,2	5 819	2 306

**DEPARTMENT OF AGRICULTURE
VOTE 25**

**DETAIL PER PROGRAMME 9 – PROGRAMME PLANNING, MONITORING AND EVALUATION
for the year ended 31 March 2006**

Economic classification	2005/06							2004/05	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payment									
Compensation of employees	3 826	(1 206)	(158)	2 462	2 355	107	95,7	3 415	1 100
Goods and services	4 042	1 089	(6)	5 125	3 980	1 145	77,7	2 294	1 132
Financial transactions in assets and liabilities	–	–	6	6	5	1	83,3	5	4
Transfers and subsidies									
Provinces and municipalities	10	–	–	10	7	3	70,0	10	3
Payment for capital assets									
Machinery and equipment	87	117	–	204	148	56	72,5	87	60
Software and other intangible assets	–	–	–	–	–	–	–	8	7
Total	7 965	–	(158)	7 807	6 495	1 312	83,2	5 819	2 306

**DEPARTMENT OF AGRICULTURE
VOTE 25**

**NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2006**

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

Detail of these transactions can be viewed in Note 7 (Transfers and subsidies) of the Notes to the Annual Financial Statements and Annexure 1 (A–L) in the Annexures to the Annual Financial Statements.

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

Detail of these transactions can be viewed in Note 1 (Annual appropriation) of the Notes to the Annual Financial Statements.

3. Detail on financial transactions in assets and liabilities

Detail of these transactions per programme can be viewed in Note 6 (Financial transactions in assets and liabilities) of the Notes to the Annual Financial Statements.

4. Explanations of material variances from amounts voted (after virement):

4.1 Per programme	Final appropri- ation	Actual expendi- ture	Variance	Variance as a % of final appropri- ation
	R'000	R'000	R'000	%
Administration	165 161	159 758	5 403	3,27
Farmer Support and Development	714 783	696 728	18 055	2,52
Agricultural Trade and Business Development	62 593	38 764	23 829	38,06
Economic Research and Analysis	21 602	17 760	3 842	17,78
Agricultural Production	416 655	414 250	2 405	0,57
Sustainable Resources Management and Use	169 899	168 206	1 693	0,99
National Regulatory Services	288 910	267 331	21 579	7,46
Communication and Information Management	120 358	108 716	11 642	9,67
Programme Planning, Monitoring and Evaluation	7 807	6 495	1 312	16,80

Administration

As a result of vacancies not filled, savings occurred under the items compensation of employees (R1,3 million) and goods and services (R3,1 million). A further saving occurred as a result of the delay in delivery of IT equipment (R686 000).

Farmer Support and Development

Vacancies not filled led to savings under the items compensation of employees (R856 000) and goods and services (R3,2 million) while not all the funds for Mafisa (R6,8 million) and LRAD support (R5,4 million) were spent.

Agricultural Trade and Business Development

Vacancies not filled led to savings under the items compensation of employees (R1,7 million) and goods and services (R1,6 million). Funds appropriated for AgriBEE (R19,8 million) were not spent.

Economic Research and Analysis

Vacancies not filled led to savings under the items compensation of employees (R1,9 million) and goods and services (R1,1 million).

**DEPARTMENT OF AGRICULTURE
VOTE 25**

**NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2006**

Agricultural Production

Vacancies not filled led to savings under the items compensation of employees (R1,2 million) and goods and services (R800 000).

Sustainable Resources Management and Use

Vacancies not filled led to savings under the items compensation of employees (R280 000) and goods and services (R1,2 million).

National Regulatory Services

Vacancies not filled led to savings under the item compensation of employees (R475 000). Claims in respect of the Classical Swine fever combating campaign (R20,0 million) have not been received timeously from the Provincial Department of Agriculture of the Eastern Cape.

Communication and Information Management

Funds earmarked for AgriBEE (R7,0 million) were not spent. Because of the exchange rate fluctuations, membership fees to international organisations were less than budgeted for (R3,0 million).

Programme Planning, Monitoring and Evaluation

Vacancies not filled led to savings under the items compensation of employees (R107 000) and goods and services (R1,1 million).

4.2 Per economic classification	R'000
Current expenditure	
Compensation of employees	8 256
Goods and services	58 747
Financial transactions in assets and liabilities	11
Total	<u>67 014</u>
Transfers and subsidies	
Provinces and municipalities	460
Public corporations and private enterprises	96
Foreign governments and international organisations	3 167
Households	14 852
Total	<u>18 575</u>
Payments for capital assets	
Buildings and other fixed structures	97
Machinery and equipment	3 882
Biological assets	1
Software and other intangible assets	191
Total	<u>4 171</u>

**DEPARTMENT OF AGRICULTURE
VOTE 25**

**STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 31 March 2006**

	<i>Notes</i>	2005/06 R'000	2004/05 R'000
REVENUE			
Annual appropriation	1	1 967 768	1 449 391
Departmental revenue	2	76 136	100 620
Local and foreign aid assistance	3	5 590	5 170
TOTAL REVENUE		2 049 494	1 555 181
EXPENDITURE			
Current expenditure			
Compensation of employees	4	337 738	306 469
Goods and services	5	306 130	216 970
Financial transactions in assets and liabilities	6	719	937
Local and foreign aid assistance	3	5 590	5 170
Total current expenditure		650 177	529 546
Transfers and subsidies	7	1 134 306	761 906
Expenditure for capital assets			
Buildings and other fixed structures	8	60 331	74 859
Machinery and equipment	8	33 376	22 581
Biological or cultivated assets	8	11	175
Software and other intangible assets	8	5 397	2 944
Total expenditure for capital assets		99 115	100 559
TOTAL EXPENDITURE		1 883 598	1 392 011
SURPLUS		165 896	163 170
SURPLUS FOR THE YEAR		165 896	163 170
Reconciliation of net surplus for the year			
Voted funds	14	89 760	62 550
Departmental revenue	15	76 136	100 620
SURPLUS FOR THE YEAR		165 896	163 170

**DEPARTMENT OF AGRICULTURE
VOTE 25**

**STATEMENT OF FINANCIAL POSITION
at 31 March 2006**

	<i>Notes</i>	2005/06 R'000	2004/05 R'000
ASSETS			
Current assets		40 777	86 201
Unauthorised expenditure	9	663	663
Cash and cash equivalents	10	23 394	70 197
Prepayments and advances	11	4 722	1 192
Receivables	12	11 998	14 149
Noncurrent assets		18 889	19 783
Investments	13	18 889	19 783
TOTAL ASSETS		59 666	105 984
LIABILITIES			
Current liabilities		31 919	73 814
Voted funds to be surrendered to the Revenue Fund	14	27 429	62 550
Departmental revenue to be surrendered to the Revenue Fund	15	2 473	8 990
Payables	16	2 017	2 274
Noncurrent liabilities			
Payables	17	18 889	19 492
TOTAL LIABILITIES		50 808	93 306
NET ASSETS		8 858	12 678
Represented by:			
Recoverable revenue		8 858	12 678
TOTAL		8 858	12 678

**DEPARTMENT OF AGRICULTURE
VOTE 25**

**STATEMENT OF CHANGES IN NET ASSETS
for the year ended 31 March 2006**

	<i>Notes</i>	2005/06 R'000	2004/05 R'000
Recoverable revenue			
Opening balance		12 678	9 013
Transfers		(3 820)	3 665
Debts written off	6.2	(719)	(937)
Debts recovered		(36 125)	(33 150)
Debts raised		33 024	37 752
Balance at 31 March		8 858	12 678

**DEPARTMENT OF AGRICULTURE
VOTE 25**

**CASH FLOW STATEMENT
for the year ended 31 March 2006**

	<i>Notes</i>	2005/06 R'000	2004/05 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		1 986 955	1 543 316
Annual appropriated funds received	1.1	1 905 437	1 449 391
Departmental revenue received		75 928	88 755
Local and foreign aid assistance received	3	5 590	5 170
Net (increase)/decrease in working capital		(1 636)	1 066
Surrendered to Revenue Fund		(145 203)	(104 843)
Current payments		(650 177)	(529 546)
Transfers and subsidies paid		(1 134 306)	(761 906)
Net cash flow available from operating activities	18	55 633	148 087
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets		(99 115)	(100 559)
Proceeds from sale of capital assets	2	208	11 865
Decrease in investments		894	1 061
Net cash flows from investing activities		(98 013)	(87 633)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in net assets		(3 820)	3 665
Decrease in non-current payables		(603)	(1 221)
Net cash flows from financing activities		(4 423)	2 444
Net increase/(decrease) in cash and cash equivalents		(46 803)	62 898
Cash and cash equivalents at the beginning of the period		70 197	7 299
Cash and cash equivalents at end of period	19	23 394	70 197

**DEPARTMENT OF AGRICULTURE
VOTE 25**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2006**

1. Annual appropriation

1.1 Included are funds appropriated in terms of the Appropriation Act for National Departments (Voted funds)

	Final appropria- tion	Actual funds received	Funds not requested/ not received	Appropria- tion received 2004/05
	R'000	R'000	R'000	R'000
Administration	165 161	160 000	5 161	176 690
Farmer Support and Development	714 783	699 000	15 783	336 898
Agricultural Trade and Business Development	62 593	40 000	22 593	35 805
Economic Research and Analysis	21 602	20 000	1 602	21 755
Agricultural Production	416 655	415 000	1 655	369 550
Sustainable Resources Manage- ment and Use	169 899	169 000	899	159 344
National Regulatory Services	288 910	285 000	3 910	256 174
Communication and Information Management	120 358	110 437	9 921	87 356
Programme Planning, Monitoring and Evaluation	7 807	7 000	807	5 819
Total	<u>1 967 768</u>	<u>1 905 437</u>	<u>62 331</u>	<u>1 449 391</u>

A request was submitted to the National Treasury to roll an amount of R89,177 million over to 2006/07 to provide for expenditure relating to the Classical Swine fever outbreak which could not be paid before the end of the financial year.

**DEPARTMENT OF AGRICULTURE
VOTE 25**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2006**

	<i>Notes</i>	2005/06 R'000	2004/05 R'000
2. Departmental revenue to be surrendered to Revenue Fund			
Sales of goods and services other than capital assets	2.1	71 695	62 732
Fines, penalties and forfeits		54	16
Interest, dividends and rent on land	2.2	1 596	14 193
Sales of capital assets	2.3	208	11 865
Financial transactions in assets and liabilities	2.4	2 283	11 814
Transfer received	2.5	300	–
Total revenue collected		76 136	100 620
Total		76 136	100 620
2.1 Sales of goods and services other than capital assets			
Sales of goods and services produced by the Department		63 479	62 729
Administrative fees		59 023	58 252
Other sales		4 456	4 477
Sales of scrap, waste and other used current goods		8 216	3
Total		71 695	62 732
2.2 Interest, dividends and rent on land			
Interest		654	13 994
Rent on land		942	199
Total		1 596	14 193
2.3 Sale of capital assets			
Other capital assets		208	11 865
Total		208	11 865
2.4 Financial transactions in assets and liabilities			
Nature of loss recovered			
Loans		–	11
Other receipts, including recoverable revenue		2 283	11 803
Total		2 283	11 814
2.5 Transfers received			
Other governmental units		300	–
Total		300	–

**DEPARTMENT OF AGRICULTURE
VOTE 25**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2006**

	<i>Notes</i>	2005/06 R'000	2004/05 R'000
3. Local and foreign aid assistance			
Assistance received in cash: Other			
Foreign			
Opening balance		–	–
Revenue		5 590	5 170
Expenditure		5 590	5 170
Current		5 590	5 170
Closing balance		–	–
4. Compensation of employees			
4.1 Salaries and wages			
Basic salary		211 770	186 807
Performance awards		9 946	7 088
Service based		1 018	446
Compensative/circumstantial		33 251	37 961
Periodic payments		5 811	5 197
Other nonpensionable allowances		34 617	27 865
Total		296 413	265 364
4.2 Social contributions			
4.2.1 Employer contributions			
Pension		27 271	27 845
Medical		13 981	13 193
Bargaining council		67	64
Insurance		6	3
Total		41 325	41 105
Total compensation of employees		337 738	306 469
Average number of employees		2 528	2 661

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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2006**

	<i>Notes</i>	2005/06 R'000	2004/05 R'000
5. Goods and services			
Advertising		6 504	4 908
Attendance fees (including registration fees)		8 747	3 776
Bank charges and card fees		372	581
Bursaries (employees)		1 732	1 523
Communication		15 846	11 341
Computer services		19 695	13 145
Consultants, contractors and special services		113 243	37 176
Courier and delivery services		565	517
Tracing agents and debt collections		5	–
Drivers' licences and permits		29	63
Entertainment		394	421
External audit fees	5.1	3 591	1 923
Equipment less than R5 000		7 641	8 332
Freight service		85	206
Inventories	5.2	29 408	43 473
Legal fees		1 150	651
Maintenance, repairs and running costs		10 787	13 058
Medical services		70	55
Operating leases		4 500	3 363
Personnel agency fees		4	78
Photographic services		1	1
Plants, flowers and other decorations		64	14
Printing and publications		525	522
Professional bodies and membership fees		33	32
Resettlement cost		959	841
Roadworthy tests		1	3
School and boarding fees		478	367
Subscriptions		222	176
Storage of furniture		200	93
Taking over of contractual obligations		616	302
Owned leasehold property expenditure		634	348
Translations and transcriptions		27	12
Travel and subsistence	5.3	62 905	64 100
Venues and facilities		9 680	5 521
Protective, special clothing and uniforms		77	47
Training and staff development		5 340	–
Town and regional planning		–	1
Total		306 130	216 970

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	<i>Notes</i>	2005/06 R'000	2004/05 R'000
5.1 External audit fees			
Regulatory audits		3 466	1 923
Other audits		125	–
Total external audit fees		<u>3 591</u>	<u>1 923</u>
5.2 Inventory			
Domestic consumables		4 444	3 424
Agricultural consumables		3 595	5 963
Learning and teaching support material		8	77
Food and food supplies		892	1 963
Fuel, oil and gas		6 381	8 791
Laboratory consumables		2 173	2 651
Other consumables		583	670
Parts and other maintenance material		1 867	8 420
Stationery and printing		9 409	11 496
Veterinary supplies		42	8
Medical supplies		14	10
Total inventory		<u>29 408</u>	<u>43 473</u>
5.3 Travel and subsistence			
Local		48 172	54 817
Foreign		14 733	9 283
Total travel and subsistence		<u>62 905</u>	<u>64 100</u>
6. Financial transactions in assets and liabilities			
Debts written off	6.1	719	937
Total		<u>719</u>	<u>937</u>
6.1 Debts written off			
Nature of debts written off			
Uneconomical		214	52
Claims settled or waived to the advantage of the state		505	885
Total		<u>719</u>	<u>937</u>
6.2 Recoverable revenue debts written off			
Uneconomical		(214)	(52)
Claims settled or waived to the advantage of the state		(505)	(885)
Total		<u>(719)</u>	<u>(937)</u>

**DEPARTMENT OF AGRICULTURE
VOTE 25**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2006**

	<i>Notes</i>	2005/06 R'000	2004/05 R'000
7. Transfers and subsidies			
Provinces and municipalities	<i>Annex 1C, 1F</i>	411 332	345 019
Departmental agencies and accounts	<i>Annex 1G</i>	385 711	358 905
Foreign governments and international organisations	<i>Annex 1J</i>	155 074	12 998
Public corporations and private enterprises	<i>Annex 1I</i>	146 785	2 428
Nonprofit institutions	<i>Annex 1K</i>	779	2 626
Households	<i>Annex 1L</i>	34 625	39 930
Total		1 134 306	761 906
8. Expenditure for capital assets			
Buildings and other fixed structures	<i>Annex 4</i>	60 331	74 859
Machinery and equipment	<i>Annex 4</i>	33 376	22 581
Biological or cultivated assets	<i>Annex 4</i>	11	175
Software and other intangible assets	<i>Annex 5</i>	5 397	2 944
Total		99 115	100 559
The following amount for compensation of employees has been included in expenditure for capital assets:		19 394	17 462
9. Unauthorised expenditure			
9.1 Reconciliation of unauthorised expenditure			
Opening balance		663	663
Unauthorised expenditure awaiting authorisation		663	663
9.2 Analysis of unauthorised expenditure			
Incident	Disciplinary steps taken/criminal proceedings		
A course for the introduction of English (1998/1999)	Procurement prescripts were not followed. The responsible official was verbally reprimanded due to the fact that there was no loss to the state	136	136
Organising of workshops in provinces to plan a national irrigation policy (1999/2000)	Extension of the number of workshops from 27 to 65 by provinces without consulting the Department. Expenditure was claimed from the Department by the provinces. No disciplinary steps were taken as no official in the Department could be held responsible	527	527
Total		663	663

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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2006**

	<i>Notes</i>	2005/06 R'000	2004/05 R'000			
10. Cash and cash equivalents						
Consolidated Paymaster-General Account		22 974	69 682			
Cash receipts		230	331			
Cash on hand		159	182			
Cash with commercial banks		31	2			
		<u>23 394</u>	<u>70 197</u>			
11. Prepayments and advances						
Travel and subsistence		1 406	1 192			
Advances paid to other entities		3 316	–			
Total		<u>4 722</u>	<u>1 192</u>			
12. Receivables						
	<i>Notes</i>	Less than one year	One to three years	Older than three years	Total	Total
Staff debtors	<i>12.1</i>	100	–	–	100	29
Other debtors	<i>12.2</i>	4 363	3 051	1 872	9 286	13 072
Claims recoverable	<i>Annex 6</i>	2 414	–	198	2 612	1 048
Total		<u>6 877</u>	<u>3 051</u>	<u>2 070</u>	<u>11 998</u>	<u>14 149</u>
12.1 Staff debt						
Sal: Deduction disallowance account					40	7
Sal: Tax debt					17	22
Sal: Reversal control					38	–
Sal: Pension fund					5	–
Total					<u>100</u>	<u>29</u>
12.2 Other debtors						
Debt account					894	1 614
Inspection fees: Capital account					6 856	8 919
Inspection fees: Interest account					1 337	1 470
Inspection fees: Interest account (suspense)					–	1 024
Claims recoverable public entities					4	2
Disallowance dishonoured cheques					121	33
Disallowance miscellaneous					74	10
Total					<u>9 286</u>	<u>13 072</u>

Included in the amount of R6,856 million was an amount of R2 148 262,00 in respect of outstanding debt for longer than 120 days as at 31 March 2006. After year end an amount of R875 592,00 was paid.

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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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	<i>Notes</i>	2005/06 R'000	2004/05 R'000
13. Investments			
Noncurrent			
Shares and other equity			
Ncera Farms (Pty) Ltd		1	1
Onderstepoort Biological Products (Pty) Ltd		1	1
JS Pistorius Trust Fund		66	62
Greenberg Trust Fund		30	28
SAAU Fund		119	112
Abattoir Industry Fund		18 672	19 288
Drilling deposits		–	291
Total		<u>18 889</u>	<u>19 783</u>
Analysis of noncurrent investments			
Opening balance		19 783	20 844
Additions in cash		13	174
Disposals for cash		(907)	(1 235)
Closing balance		<u>18 889</u>	<u>19 783</u>
14. Voted funds to be surrendered to the Revenue Fund			
Opening balance		62 550	9 491
Transfer from Statement of Financial Performance		89 760	62 550
Voted funds not requested/not received	14.1	(62 331)	–
Paid during the year		(62 550)	(9 491)
Closing balance		<u>27 429</u>	<u>62 550</u>
14.1 Voted funds not requested/not received			
Funds to be rolled over		89 220	10 359
Funds not to be requested		62 331	–
		<u>151 551</u>	<u>10 359</u>
15. Departmental revenue to be surrendered to the Revenue Fund			
Opening balance		8 990	3 722
Transfer from Statement of Financial Performance		76 136	100 620
Paid during the year		(82 653)	(95 352)
Closing balance		<u>2 473</u>	<u>8 990</u>

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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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16. Payables – current

Description	Notes	30 days	30+ days	2005/06 Total R'000	2004/05 Total R'000
Advances received	16.1	–	1 063	1 063	678
Clearing accounts	16.2	246	708	954	1 596
Total		<u>246</u>	<u>1 771</u>	<u>2 017</u>	<u>2 274</u>

16.1 Advances received

Plant breeders' rights	17	97
Drilling deposits	13	307
Citrus Growers' Association	1 033	274
Total	<u>1 063</u>	<u>678</u>

16.2 Clearing accounts

Pension recoverable	–	31
Salary: ACB recalls	5	49
Salary: Pension fund	–	2
Salary: Income tax	949	1 511
Salary: Garnishee order	–	1
Regional services council	–	1
Telephone control	–	1
Total	<u>954</u>	<u>1 596</u>

17. Payables – non-current

	Notes	One to two years R'000	Two to three years R'000	More than three years R'000	Total R'000	Total R'000
Other payables	17.1	–	–	18 889	18 889	19 492
Total		<u>–</u>	<u>–</u>	<u>18 889</u>	<u>18 889</u>	<u>19 492</u>

17.1 Other payables

Ncera Farms (Pty) Ltd	1	1
Onderstepoort Biological Products (Pty) Ltd	1	1
JS Pistorius Trust Fund	66	62
Greenberg Trust Fund	30	28
Abattoir Industry Fund	18 672	19 288
SAAU levies	119	112
Total	<u>18 889</u>	<u>19 492</u>

**DEPARTMENT OF AGRICULTURE
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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2006**

	<i>Notes</i>	2005/06 R'000	2004/05 R'000
18. Net cash flow available from operating activities			
Net surplus/(deficit) as per Statement of Financial Performance		165 896	163 170
(Increase)/decrease in receivables – current		2 151	(648)
(Increase)/decrease in prepayments and advances		(3 530)	126
Increase/(decrease) in payables – current		(257)	1 588
Proceeds from sale of capital assets		(208)	(11 865)
Surrenders to Revenue Fund		(145 203)	(104 843)
Expenditure on capital assets		99 115	100 559
Voted funds not requested/not received		(62 331)	–
Net cash flow generated by operating activities		<u>55 633</u>	<u>148 087</u>
19. Reconciliation of cash and cash equivalents for cash flow purposes			
Consolidated Paymaster-General Account		22 974	69 682
Cash receipts		230	331
Cash on hand		159	182
Cash with commercial banks		31	2
Total		<u>23 394</u>	<u>70 197</u>

**DEPARTMENT OF AGRICULTURE
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**DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2006**

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

	<i>Notes</i>	2005/06 R'000	2004/05 R'000	
20. Contingent liabilities				
Nature				
Liable to				
Housing loan guarantees	<i>Annex 3A</i>	2 440	2 924	
Other guarantees	<i>Annex 3A</i>	94 791	99 925	
Claims against the Department	<i>Annex 3B</i>	–	–	
Other departments (interdepartmental unconfirmed balances)	<i>Annex 7</i>	23 002	9 956	
Other	<i>Annex 3B</i>	31	39	
Total		120 264	112 844	
21. Commitments				
Current expenditure				
Approved and contracted		36 742	51 108	
Subtotal		36 742	51 108	
Capital expenditure				
Approved and contracted		5 271	6 620	
Subtotal		5 271	6 620	
Total commitments		42 013	57 728	
22. Accruals				
By economic classification	30 days R'000	30+ days R'000	Total R'000	Total R'000
Goods and services	121	255	376	9 834
Machinery and equipment	94	21	115	40
Total	215	276	491	9 874
Listed by programme level				
Administration			151	13
Farmer Support and Development			–	32
Agricultural Trade and Business Development			15	–
Economic Research and Analysis			40	196
Agricultural Production			95	311
Sustainable Resources Management and Use			31	28
National Regulatory Services			97	9 235
Communication and Information Management			32	55
Programme Planning, Monitoring and Evaluation			30	4
Total			491	9 874
Confirmed balances with other Departments		<i>Annex 7</i>	380	5 905
Total			380	5 905

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**DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2006**

	<i>Notes</i>	2005/06 R'000	2004/05 R'000		
23. Employee benefits					
Leave entitlement		37 841	38 043		
Thirteenth cheque		9 764	9 175		
Performance awards		8 326	5 480		
Total		<u>55 931</u>	<u>52 698</u>		
24. Lease commitments					
24.1 Operating leases					
	Land R'000	Buildings and other fixed structures R'000	Machinery and equipment R'000	2005/06 Total R'000	2004/05 Total R'000
Not later than one year	–	–	1 684	1 684	1 339
Later than 1 year and not later than 5 years	–	–	1 030	1 030	1 299
Total present value of lease liabilities	<u>–</u>	<u>–</u>	<u>2 714</u>	<u>2 714</u>	<u>2 638</u>
				2005/06 R'000	2004/05 R'000
25. Irregular expenditure					
25.1 Reconciliation of irregular expenditure					
Opening balance		3 903		3 903	
Irregular expenditure — current year		2 714		–	
Irregular expenditure awaiting condonement		<u>6 617</u>		<u>3 903</u>	
Analysis					
Current		2 714		–	
Prior years		<u>3 903</u>		<u>3 903</u>	
Total		<u>6 617</u>		<u>3 903</u>	

The current expenditure is in respect of the lease of photo copiers in terms of the state contract entered into by the National Treasury

**DEPARTMENT OF AGRICULTURE
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**DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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26. Key management personnel

	No. of individuals	2005/06 Total	2004/05 Total
Political office bearers	1	1 010	963
Officials			
Levels 15 and 16	5	3 667	4 065
Level 14	4	2 325	2 722
Family members of key management personnel		–	–
Total		<u>7 002</u>	<u>7 750</u>

27. Provisions

	2005/06 R'000	2004/05 R'000
Potential irrecoverable debts		
Other debtors	2 768	521
Claims recoverable	198	–
Total	<u>2 966</u>	<u>521</u>

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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2006

ANNEXURE 1C
STATEMENT OF CONDITIONAL GRANT PAID TO PROVINCES

Name of province/grant	Grant allocation			Transfers		Spent			2004/05 Division of Revenue Act R'000	
	Division of Revenue Act	Roll overs	Adjust- ments	Total available	Actual transfer	% of avail- able funds transferred	Amount received by Department	Amount spent by Department		% of avail- able funds spent by Department
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000		%
Infrastructure development and poverty relief (LandCare)										
Eastern Cape Province	8 000	-	-	8 000	8 000	100,0	-	8 000	100,0	8 766
Free State Province	2 000	-	-	2 000	2 000	100,0	-	2 000	100,0	3 370
Gauteng Province	2 000	-	-	2 000	2 000	100,0	-	2 000	100,0	1 785
KwaZulu-Natal Province	8 000	-	-	8 000	8 000	100,0	-	8 000	100,0	7 240
Limpopo Province	5 000	-	-	5 000	5 000	100,0	-	5 000	100,0	2 044
Mpumalanga Province	5 500	-	-	5 500	5 500	100,0	-	5 500	100,0	7 744
Northern Cape Province	2 000	-	-	2 000	2 000	100,0	-	2 000	100,0	2 685
North West Province	5 000	-	-	5 000	5 000	100,0	-	5 000	100,0	6 370
Western Cape Province	2 500	-	-	2 500	2 500	100,0	-	2 500	100,0	3 796
Subtotal	40 000	-	-	40 000	40 000	100,0	-	40 000	100,0	43 800
Comprehensive Agricultural Support Programme										
Eastern Cape Province	47 552	-	-	47 552	47 552	100,0	-	47 552	100,0	38 043
Free State Province	21 088	-	-	21 088	21 088	100,0	-	21 088	100,0	16 870
Gauteng Province	5 727	-	-	5 727	5 727	100,0	-	5 727	100,0	4 582
KwaZulu-Natal Province	46 270	-	-	46 270	46 270	100,0	-	46 270	100,0	37 016
Limpopo Province	41 786	-	-	41 786	41 786	100,0	-	41 786	100,0	33 428
Mpumalanga Province	23 629	-	-	23 629	23 629	100,0	-	23 629	100,0	18 903

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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2006

ANNEXURE 1C (cont.)
STATEMENT OF CONDITIONAL GRANT PAID TO PROVINCES

Name of province/grant	Grant allocation				Transfers		Spent			2004/05
	Division of Revenue Act	Roll overs	Adjustments	Total available	Actual transfer	% of available funds transferred	Amount received by Department	Amount spent by Department	% of available funds spent by Department	Division of Revenue Act
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
Comprehensive Agricultural Support Programme (cont.)										
Northern Cape Province	13 148	-	-	13 148	13 148	100,0	-	13 148	100,0	10 518
North West Province	33 594	-	-	33 594	33 594	100,0	-	33 594	100,0	26 875
Western Cape Province	17 206	-	-	17 206	17 206	100,0	-	17 206	100,0	13 765
Subtotal	250 000	-	-	250 000	250 000	100,0	-	250 000	100,0	200 000
Disaster management (drought relief)										
Eastern Cape Province	-	-	10 000	10 000	10 000	100,0	-	10 000	100,0	8 000
Free State Province	-	-	16 000	16 000	16 000	100,0	-	16 000	100,0	17 000
Gauteng Province	-	-	-	-	-	-	-	-	-	18 000
KwaZulu-Natal Province	-	-	5 000	5 000	5 000	100,0	-	5 000	100,0	2 000
Limpopo Province	-	-	20 000	20 000	20 000	100,0	-	20 000	100,0	2 000
Mpumalanga Province	-	-	15 000	15 000	15 000	100,0	-	15 000	100,0	26 000
Northern Cape Province	-	-	20 000	20 000	20 000	100,0	-	20 000	100,0	18 000
North West Province	-	-	16 000	16 000	16 000	100,0	-	16 000	100,0	9 000
Western Cape Province	-	-	18 000	18 000	18 000	100,0	-	18 000	100,0	-
Subtotal	-	-	120 000	120 000	120 000	100,0	-	120 000	100,0	100 000
Total	290 000	-	120 000	410 000	410 000	100,0	-	410 000	100,0	343 800

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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
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ANNEXURE 1F
STATEMENT OF UNCONDITIONAL GRANTS AND TRANSFERS TO MUNICIPALITIES

Name of municipality	Grant allocation			Transfers		Spent			2004/05	
	Amount R'000	Roll overs R'000	Adjust- ments R'000	Total available R'000	Actual transfer R'000	% of avail- able funds transferred %	Amount received by municipality R'000	Amount spent by municipality R'000	% of avail- able funds spent by municipality %	Total available R'000
Regional Services Council levies	1 154	-	(30)	1 124	992	88,3	992	-	-	-
Vehicle licences, municipalities	360	-	238	598	298	49,8	298	-	-	-
Vehicle licences, provincial Department	70	-	-	70	42	60,0	42	-	-	-
Total	1 584	-	208	1 792	1 332	74,3	1 332	-	-	-

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**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
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**ANNEXURE 1G
STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS**

Departmental agency and account	Transfer allocation				Transfer		2004/05 Appropriation Act R'000
	Adjusted Appropriation Act R'000	Roll overs R'000	Adjustments R'000	Total available R'000	Actual transfer R'000	% of available funds transferred %	
National Agricultural Marketing Council	13 961	-	-	13 961	13 961	100,0	10 601
Agricultural Research Council	360 902	-	-	360 902	360 902	100,0	342 144
Water Research Commission	2 128	-	-	2 128	2 128	100,0	500
National Students' Financial Aid Scheme	7 300	-	1 000	8 300	8 300	100,0	5 300
Public Service Education and Training Authority	420	-	-	420	420	100,0	361
Total	384 711	-	1 000	385 711	385 711	100,0	358 906

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**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
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**ANNEXURE 11
STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES**

Name of public corporation/ private enterprise	Transfer allocation			Expenditure			2004/05 Appropriation Act R'000		
	Adjusted Appropriation Act R'000	Roll overs R'000	Adjustments R'000	Total available R'000	Actual transfer R'000	% of available funds transferred %		Capital R'000	Current R'000
Public corporations									
Eskom	38	-	-	38	-	0,0	-	-	44
Kalahari East Water Board	-	-	-	-	-	-	-	-	19
Ncera Farms (Pty) Ltd	2 377	-	-	2 377	2 372	99,8	-	-	2 240
Red Meat Industry Forum	-	-	1	1	-	0,0	-	-	-
Land and Agricultural Bank of SA	144 000	-	-	144 000	144 000	100,0	-	-	-
Subtotal	146 415	-	1	146 416	146 372	-	-	-	2 303
Private enterprises									
Claims against the State	-	-	420	420	413	98,3	-	-	78
Non-life insurance premiums	45	-	-	45	-	0,0	-	-	470
Subtotal	45	-	420	465	413	-	-	-	548
Total	146 460	-	421	146 881	146 785	-	-	-	2 851

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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2006

ANNEXURE 1J
STATEMENT OF TRANSFERS TO FOREIGN GOVERNMENT AND INTERNATIONAL ORGANISATIONS

Foreign government/international organisation	Transfer allocation			Expenditure		2004/05 Appropriation Act R'000	
	Adjusted Appropriation Act R'000	Roll overs R'000	Adjustments R'000	Total available R'000	Actual transfer R'000		% of available funds transferred %
Transfers							
International Dairy Federation	—	—	—	—	—	20	
Office International des Epizooties	522	—	18	540	530	98,1	
International Seed Testing Association	30	—	—	30	28	93,3	
Organisation for Economic Co-operation and Development	95	—	—	95	65	68,4	
International Union for the Protection of New Varieties of Plants	282	—	—	282	257	91,1	
International Grains Council	117	—	—	117	117	100,0	
Office International de la Vigne et du Vin	382	—	—	382	375	98,2	
Plant Genetic Resources Centre	—	—	—	—	—	405	
Food and Agricultural Organisation of the United Nations	10 203	—	—	10 203	10 203	100,0	
International Commission of Agricultural Engineering	3 090	—	(129)	2 961	—	0,0	
Consultative Group on International Agricultural Research	3 088	—	6	3 094	3 094	100,0	
Commonwealth Agricultural Bureau International	124	—	123	247	246	99,6	
Regional Early Warning Unit for Food Security	—	—	—	—	—	—	
Regional Food Security Training Programme	20	—	(18)	2	—	—	
Foreign rates and taxes	150	—	—	150	22	14,7	
International Cotton Advisory Council	138	—	—	138	137	99,3	
World Food Programme	140 000	—	—	140 000	140 000	100,0	
Total	158 241	—	—	158 241	155 074	97,8	
						15 949	

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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
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ANNEXURE 1K
STATEMENT OF TRANSFERS/SUBSIDIES TO NON-PROFIT INSTITUTIONS

Non-profit institutions	Transfer allocation			Expenditure		2004/05 Appropriation Act R'000	
	Adjusted Appro- priation Act	Roll overs	Adjustments	Total available	Actual transfer		% of available funds transferred
	R'000	R'000	R'000	R'000	R'000		%
Transfers							
National Red Meat Producer's Organisation	300	-	-	300	300	100,0	185
Cotton industry	-	-	-	-	-	-	645
Fruit industry	-	-	179	179	179	100,0	250
Poultry industry	300	-	-	300	300	100,0	250
National African Farmers' Union (NAFU)	-	-	-	-	-	-	500
Grain Industry Project Management	-	-	-	-	-	-	300
International Conference of Agricultural Economists	-	-	-	-	-	-	131
Food and Trees for Africa	-	-	-	-	-	-	80
SA Wine and Vine Industry	-	-	-	-	-	-	284
Mankwe Financial Services Co-operative	-	-	-	-	-	-	30
Qudeni Financial Services Co-operative	-	-	-	-	-	-	6
Ndkandla Financial Services Co-operative	-	-	-	-	-	-	12
Ngavuma Financial Services Co-operative	-	-	-	-	-	-	10
Financial Cooperative of South Africa (FICOSA)	-	-	-	-	-	-	1 000
Total	600	-	179	779	779	-	3 683

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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2006

ANNEXURE 1L
STATEMENT OF TRANSFERS/SUBSIDIES TO HOUSEHOLDS

Households	Transfer allocation			Expenditure		2004/05 Appropriation Act R'000	
	Adjusted Appropriation Act	Roll overs	Adjustments	Total available	Actual transfer		% of available funds transferred
	R'000	R'000	R'000	R'000	R'000		%
Porcine respiratory and reproductive syndrome	3 000	—	—	3 000	2 985	99,5	2 000
Avian influenza	—	—	4 930	4 930	4 930	100,0	36 271
Social benefits	1 520	—	757	2 277	1 344	59,0	1 754
Classical Swine fever	34 270	—	—	34 270	25 366	74,0	—
AgriBEE	5 000	—	—	5 000	—	—	—
Total	43 790	—	5 687	49 477	34 625	70,0	40 025

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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2006

ANNEXURE 1M
STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED FOR THE YEAR ENDED 31 MARCH 2006

Name of organisation	Nature of gift, donation or sponsorship	2005/06	2004/05
		R'000	R'000
Received in cash			
Land Bank	Female Farmer of the Year awards 2005	300	-
Subtotal		300	-
Received in kind			
SADC	Allowance to attend a course on quantitative risk analysis	6	-
Aqua Master South Africa (Pty) Ltd	A water conditioner for irrigation purposes	26	-
International Livestock Research Institute	Allowance to attend a meeting at the ILRI Headquarters in Nairobi, Kenya	16	-
FAO	Commemoration of World Food Day in the Northern Cape	10	-
TRALAC	Workshop	5	-
German government	Attending the 3 rd international expert congress for Biofuels in Berlin, Germany	10	-
Several gifts/donations	Departmental team building day	215	55
ABSA/Land Bank	Budget speech function	-	65
Australian Agency for International Development	Support of LandCare programme	-	999
Distel/South African Dried Fruit and South African Meat Industry Council	Gift basket used during the presidential inauguration ceremony	-	20
Secretariat to the Conservation on Biological Diversity	Workshop	-	54
Monsanto/ABSA Agric.Business/NAAMC	Farewell function	-	42
Namibian Agriculture Trade Forum	Contribution towards expenditure to attend Forum meeting	-	3
Subtotal		288	1 238
Total		588	1 238

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**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2006**

**ANNEXURE 1M (cont.)
STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED FOR THE YEAR ENDED 31 MARCH 2006**

Name of organisation	Nature of gift, donation or sponsorship	2004/05	2003/04
		R'000	R'000
Received in cash			
International Plant Genetic Resources Institution (IPGRI)	Workshop	-	13
Subtotal		-	13
Received in kind			
ABSA/Land Bank	Budget speech function	65	-
Australian Agency for International Development	Support of LandCare programme	999	-
Distel/South African Dried Fruit and South African Meat Industry Council	Gift basket used during the presidential inauguration ceremony	20	-
Several gift/donations	Department's annual team building day	55	-
Secretariat to the Conservation on Biological Diversity	Workshop	54	-
Monsanto/ABSA Agric Business/NAMC	Farewell function	42	-
Namibian Agriculture Trade Forum	Contribution towards expenditure to attend forum meeting	3	-
Swiss State Secretariat for Economic Affairs (SECO)	Capacity building for surveillance for prevention of BSE and other zoonotic diseases	-	20 800
SABS	Traveling cost	-	2
Floppy Sprinkler (Pty) Ltd	Irrigation material	-	34
Subtotal		1 238	20 836
Total		1 238	20 849

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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2006

ANNEXURE 1N
STATEMENT OF LOCAL AND FOREIGN AID ASSISTANCE RECEIVED FOR THE YEAR ENDED 31 MARCH 2006

Name of donor	Purpose	Opening balance	Revenue	Expenditure	Closing balance
		R'000	R'000	R'000	R'000
Received in cash					
European Union	Pesticides Initiative Programme	–	5 590	5 590	–
Total		–	5 590	5 590	–

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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2006

ANNEXURE 10
STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE AND REMISSIONS, REFUNDS AND PAYMENTS MADE AS AN ACT OF GRACE FOR THE YEAR ENDED
31 MARCH 2006

Nature of gift, donation or sponsorship	R'000
Paid in cash	
Gifts to foreign visitors from India and China	1
Gifts to Ministers of the Democratic Republic of the Congo and Mali	1
Gifts to the Chinese hosts of the second South Africa-China JWG meeting	1
Gifts to the President of the OAE	1
Donation to the SA Sheep Shearing Federation for participation in the World Shearing and Holding Championships in Australia	100
Gift for a visit to Namibia	1
Total	105

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**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
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**ANNEXURE 2B
STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO ENTITIES AS AT 31 MARCH 2006**

Name of public entity	Nature of business	Cost of investment		Net asset value of investment		Amounts owing to entities		Amounts owing by entities	
		R'000		R'000		R'000		R'000	
		2005/06	2004/05	2005/06	2004/05	2005/06	2004/05	2005/06	2004/05
Controlled entities									
Ncera Farms (Pty) Ltd	Farmer support and related activities in Kidd's Beach district	-	-	1	1	-	-	-	-
Onderstepoort Biological Products (Pty) Ltd	Manufacturing of vaccines and related products to animal care industries	-	-	1	1	-	-	-	-
Total		-	-	2	2	-	-	-	-

DEPARTMENT OF AGRICULTURE
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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2006

ANNEXURE 3A
STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2006 — LOCAL

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2005	Guarantees issued during the year	Guarantees released/paid/cancelled/reduced during the year	Guaranteed interest outstanding as at 31 March 2006	Closing balance 31 March 2006	Realised losses not recoverable
Standard Bank	Housing	687	446	72	58	-	460	-
Nedbank (Cape of Good Hope)	Housing	26	13	-	-	-	13	-
Nedbank Ltd	Housing	251	325	66	79	-	312	-
First Rand Bank FNB	Housing	425	357	24	105	-	276	-
BOE Bank Ltd	Housing	16	16	-	16	-	-	-
Nedbank (included BOE Bank)	Housing	59	19	-	-	-	19	-
ABSA	Housing	1 239	977	12	257	-	732	-
Old Mutual Bank	Housing	17	34	28	26	-	36	-
Peoples Bank (FBC FID)	Housing	84	65	-	30	-	35	-
Peoples Bank (NBS Div)	Housing	216	125	-	54	-	71	-
FNB (formerly Saambou)	Housing	521	173	13	28	-	158	-
Old Mutual Bank (Ned/Perim)	Housing	454	345	-	46	-	299	-
United Bank	Housing	12	12	-	-	-	12	-
VBS Mutual Bank	Housing	16	-	-	-	-	-	-
Green Star Home Loans	Housing	17	17	-	-	-	17	-
Subtotal		4 040	2 924	215	699	-	2 440	-
Other								
Land Bank	Grain silo loans	200 000	7 197	-	5 134	-	2 063	-
Land Bank	Consolidation of debt	100 000	92 728	-	-	-	92 728	-
Subtotal		300 000	99 925	-	5 134	-	94 791	-
Total		304 040	102 849	215	5 833	-	97 231	-

**DEPARTMENT OF AGRICULTURE
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**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2006**

**ANNEXURE 3B
STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2006**

Nature of liability	Opening balance 01/04/2005 R'000	Liabilities incurred during the year R'000	Liabilities paid/cancelled/ reduced during the year R'000	Liabilities recoverable R'000	Closing balance 31/03/2006 R'000
Other	39	-	8	-	31
Total	39	-	8	-	31

Nature of liability	Opening balance 01/04/2005 R'000	Details of liability and recoverability	Movement during year R'000	Closing balance 31/03/2006 R'000
Ex-gratia	7	Claim: Loss of personal effects. Awaiting comments from State Attorney	-	7
Vehicle collisions: Compensation	30	Claims — Imperial cars damaged — Further recoveries still under investigation	(6)	24
Compensation claim	2	Burst pipe at crossing — claim by Metrorail paid without recourse	(2)	-

**DEPARTMENT OF AGRICULTURE
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**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2006**

ANNEXURE 4

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

	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
BUILDING AND OTHER FIXED STRUCTURES	837	60 438	60 508	767
Dwellings	827	39	221	645
Non-residential buildings	10	17 848	17 736	122
Other fixed structures	–	42 551	42 551	–
MACHINERY AND EQUIPMENT	121 029	49 356	31 869	138 516
Transport assets	32 564	12 768	5 058	40 274
Specialised military assets	34	–	12	22
Computer equipment	37 959	9 728	3 033	44 654
Furniture and office equipment	4 295	3 107	299	7 103
Other machinery and equipment	46 177	23 753	23 467	46 463
CULTIVATED ASSETS				
Cultivated assets	1 075	22	–	1 097
TOTAL CAPITAL ASSETS	122 941	109 816	92 377	140 380

The Department maintains a LOGIS asset register centrally, with assets shown per directorate. Separate registers need to be maintained to control assets on a directorate basis. A number of these directorates have not compiled asset registers per office which prohibits the physical verification of assets. Quarterly stock takes as required by the Departmental Financial Instructions have not been done but a stock take was done at year end. The current system to administer assets does not meet the requirements of the Department.

To improve the control over assets in the Department, the National Treasury has embarked on an asset management reform process to assist the Department to improve the control over assets. In order to fully comply with the asset management reform process, the Department and the National Treasury agreed on an asset implementation action plan to ensure the effective and efficient management of assets in the Department and therefore to enhance overall control over assets by 31 March 2007.

**DEPARTMENT OF AGRICULTURE
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**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2006**

ANNEXURE 4.1

ADDITIONS MOVEMENT SCHEDULE FOR THE YEAR ENDED 31 MARCH 2006

	Cash R'000	In-kind R'000	Total R'000
BUILDING AND OTHER FIXED STRUCTURES	60 331	107	60 438
Dwellings	7	32	39
Non-residential buildings	17 773	75	17 848
Other fixed structures	42 551	–	42 551
MACHINERY AND EQUIPMENT	33 376	15 980	49 356
Transport assets	9 690	3 078	12 768
Computer equipment	8 889	839	9 728
Furniture and office equipment	2 812	295	3 107
Other machinery and equipment	11 985	11 768	23 753
CULTIVATED ASSETS			
Cultivated assets	11	11	22
TOTAL CAPITAL ASSETS	93 718	16 098	109 816

**DEPARTMENT OF AGRICULTURE
VOTE 25**

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2006**

ANNEXURE 4.2

DISPOSALS MOVEMENT SCHEDULE FOR THE YEAR ENDED 31 MARCH 2006

	Cost/carrying amount R'000	Cash R'000	Profit/(loss) on disposal R'000
BUILDING AND OTHER FIXED STRUCTURES	60 508	65	(60 443)
Dwellings	221	65	(156)
Non-residential buildings	17 736	–	(17 736)
Other fixed structures	42 551	–	(42 551)
MACHINERY AND EQUIPMENT	31 869	143	(31 726)
Transport assets	5 058	115	(4 943)
Specialised military assets	12	12	–
Computer equipment	3 033	4	(3 029)
Furniture and office equipment	299	10	(289)
Other machinery and equipment	23 467	2	(23 465)
TOTAL CAPITAL ASSETS	92 377	208	(92 169)

**DEPARTMENT OF AGRICULTURE
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**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2006**

ANNEXURE 4.3

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

	Additions	Disposals	Total movement
	R'000	R'000	R'000
BUILDING AND OTHER FIXED STRUCTURES	74 859	37 967	36 892
Non-residential buildings	36 892	–	36 892
Other fixed structures	37 967	37 967	–
MACHINERY AND EQUIPMENT	22 581	11 399	11 182
Transport assets	3 765	8 592	(4 827)
Computer equipment	8 054	10	8 044
Furniture and office equipment	713	637	76
Other machinery and equipment	10 049	2 160	7 889
CULTIVATED ASSETS			
Cultivated assets	175	–	175
TOTAL CAPITAL ASSETS	97 615	49 366	48 249

**DEPARTMENT OF AGRICULTURE
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**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2006**

ANNEXURE 5

CAPITAL INTANGIBLE COST MOVEMENT SCHEDULE FOR THE YEAR ENDED 31 MARCH 2006

	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
Patents, copyrights, brand names and trademarks	2 230	224	–	2 454
Computer software	657	5 173	5 000	830
TOTAL	2 887	5 397	5 000	3 284

ANNEXURE 5.1

ADDITIONS MOVEMENT SCHEDULE FOR THE YEAR ENDED 31 MARCH 2006

	Cash R'000	In-kind R'000	Total R'000
Patents, copyrights, brand names and trademarks	224	–	224
Computer software	5 173	–	5 173
TOTAL	5 397	–	5 397

Included in this amount is R5 million expenditure in respect of the purchase of Spot 5 satellite imagery. The Department has regarded the expenditure as of a capital nature but technically it can be classified as current expenditure. To be prudent the full amount has been written off.

ANNEXURE 5.2

DISPOSALS MOVEMENT SCHEDULE FOR THE YEAR ENDED 31 MARCH 2006

	Cost/ carrying amount R'000	Cash R'000	Profit/loss on disposal R'000
Computer software	5 000	–	5 000
TOTAL	5 000	–	5 000

DEPARTMENT OF AGRICULTURE
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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2006

ANNEXURE 5.3

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

	Additions	Disposals	Total movement
	R'000	R'000	R'000
BUILDING AND OTHER FIXED STRUCTURES			
Patents, copyrights, brand names and trademarks	603	–	603
Computer software	2 341	2 341	–
TOTAL	2 944	2 341	603

**DEPARTMENT OF AGRICULTURE
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**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2006**

**ANNEXURE 6
INTERGOVERNMENT RECEIVABLES**

Government entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2006	31/03/2005	31/03/2006	31/03/2005	31/03/2006	31/03/2005
	R'000	R'000	R'000	R'000	R'000	R'000
National Departments						
Department of Foreign Affairs	-	19	17	65	17	84
Department Minerals and Energy	-	-	3	-	3	-
Department of Provincial and Local Government	1	-	-	-	1	-
Department of Trade and Industry	-	-	244	132	244	132
Department of Justice and Constitutional Development	-	-	1	115	1	115
Department of Health	-	-	30	38	30	38
National Prosecuting Authority	3	-	-	6	3	6
National Intelligence Agency	-	5	-	-	-	5
Department of Public Works	-	-	459	78	459	78
Department of Land Affairs	-	-	1,263	25	1,263	25
Department of Home Affairs	-	-	26	6	26	6
Department of Water Affairs and Forestry	26	-	57	33	83	33
SAMD	-	-	1	-	1	-
The Presidency	-	-	14	-	14	-
Department of Labour	-	-	2	-	2	-
Gauteng Province						
Department of Agriculture, Conservation, Environment and Land Affairs	-	-	-	15	-	15
Gauteng GG Transport	-	-	3	-	3	-
Provincial Government	-	-	14	-	14	-
Social Development	-	-	9	-	9	-

DEPARTMENT OF AGRICULTURE
VOTE 25

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2006

ANNEXURE 6 (cont.)
INTERGOVERNMENT RECEIVABLES

Government entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2006	31/03/2005	31/03/2006	31/03/2005	31/03/2006	31/03/2005
	R'000	R'000	R'000	R'000	R'000	R'000
Impumalanga Province						
Department of Education	-	-	-	12	-	12
Department of Agriculture, Conservation and Environment	-	50	36	35	36	85
Department of Water Affairs	-	-	14	23	14	23
Public Works	-	-	14	-	14	-
North West Province						
Department of Agriculture, Conservation and Environment	-	-	205	218	205	218
Department of Roads and Public Works	-	-	-	7	-	7
Department of Water Affairs	-	70	-	-	-	70
Limpopo Province						
Department of Public Works	-	-	-	58	-	58
KwaZulu-Natal Province						
Department of Labour	-	-	-	24	-	24
Department of Agriculture and Environment Affairs	-	-	11	-	11	-
Free State Province						
Department of Agriculture	-	-	15	4	15	4
Department of Social Development	-	10	-	-	-	10
Department of Education	-	-	10	-	10	-

**DEPARTMENT OF AGRICULTURE
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**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2006**

**ANNEXURE 6 (cont.)
INTERGOVERNMENT RECEIVABLES**

Government entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2006 R'000	31/03/2005 R'000	31/03/2006 R'000	31/03/2005 R'000	31/03/2006 R'000	31/03/2005 R'000
Northern Cape Province						
Department of Agriculture and Land Reform	-	-	21	-	21	-
Limpopo Province						
Department Roads and Transport	-	-	58	-	58	-
Department Health and Welfare	-	-	10	-	10	-
Department of Education	-	-	13	-	13	-
Western Cape Province						
Department of Agriculture	-	-	1	-	1	-
Department of Health	-	-	4	-	4	-
Department of Water Affairs and Forestry	-	-	9	-	9	-
Total	30	154	2 564	894	2 594	1 048

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**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
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**ANNEXURE 7
INTERGOVERNMENT PAYABLES — CURRENT**

Government entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2006	31/03/2005	31/03/2006	31/03/2005	31/03/2006	31/03/2005
	R'000	R'000	R'000	R'000	R'000	R'000
Departments						
Current						
National departments						
South African Police Service	–	25	87	3 633	87	3 658
Department of Labour	–	6	–	–	–	6
South African National Defence Force	–	4 954	–	–	–	4 954
Department of Water Affairs and Forestry	–	7	–	–	–	7
Department of Justice	–	911	80	–	80	911
Department of Correctional Services	–	–	1 206	761	1 206	761
Parliament	–	2	–	–	–	2
Department of Arts and Culture	–	–	130	–	130	–
Department of Foreign Affairs	–	–	2 093	–	2 093	–
SAMDI	–	–	87	–	87	–
SITA	380	–	–	–	380	–
Provincial departments						
Gauteng Province						
Department of Public Transport, Roads and Works	–	–	1 047	–	1 047	–
Limpopo Province						
Department of Transport	–	–	–	4 053	–	4 053
Department of Agriculture	–	–	–	338	–	338
Mopani District Municipality	–	–	–	687	–	687
Mpumalanga Province						
Department of Agriculture, Conservation and Environment	–	–	–	109	–	109
Northern Cape Province						
Department of Agriculture, Land Reform Environment and Conservation	–	–	–	340	–	340
Western Cape Province						
Department of Transport and Public Works	–	–	44	33	44	33
Free State Province						
Provincial Treasury	–	–	–	2	–	2
Eastern Cape Province						
Department of Agriculture	–	–	18 228	–	18 228	–
Total	380	5 905	23 002	9 956	23 382	15 861

AGRICULTURAL DEBT ACCOUNT

BALANCE SHEET as at 31 March 2006

	<i>Notes</i>	31 March 2006 R'000	31 March 2005 R'000
ASSETS			
Noncurrent assets		117 155	155 891
Long-term loans to farmers	2.1	117 155	155 891
Current assets		1 256 473	1 461 410
Short-term portion of long-term loans	2.2	93 590	161 703
Accounts receivable	3	136 384	194 198
Cash and cash equivalents	4	1 026 499	1 105 509
		1 373 628	1 617 301
EQUITY AND LIABILITIES			
Capital and reserves		987 731	1 616 987
Accumulated reserves		987 731	1 616 987
Current liabilities		385 897	314
Accounts payable	9	385 897	314
		1 373 628	1 617 301

AGRICULTURAL DEBT ACCOUNT

INCOME STATEMENT for the year ended 31 March 2006

	<i>Notes</i>	31 March 2006 R'000	31 March 2005 R'000
INCOME			
Revenue	5	22 743	12 844
Sundry income		378	71
Total income		23 121	12 915
EXPENDITURE			
Administrative expenses		25	109
Bond protection	6	–	425
Irrecoverable amounts written off		59 611	34 843
Transfer		150 000	–
Provision for doubtful debts		57 000	5 000
Provision for transfer	7.2	385 741	–
Total expenditure		652 377	40 377
Retained (deficit)/surplus for the year		(629 256)	(27 462)
Accumulated funds—beginning of the period		1 616 987	1 644 449
Accumulated funds—end of the period		987 731	1 616 987

AGRICULTURAL DEBT ACCOUNT

STATEMENT OF CHANGES IN EQUITY for the year ended 31 March 2006

	Accumulated reserves R'000
Balance at 1 April 2001	1 598 218
Retained surplus for the year	59 090
	<hr/>
Balance at 1 April 2002	1 657 308
Retained (deficit) for the period	(35 366)
	<hr/>
Balance at 18 March 2003	1 621 942
Retained surplus for the period	22 507
	<hr/>
Balance at 31 March 2004	1 644 449
Retained (deficit) for the year	(27 462)
	<hr/>
Balance at 31 March 2005	1 616 987
Retained (deficit) for the year	(629 256)
Balance at 31 March 2006	987 731
	<hr/> <hr/>



AGRICULTURAL DEBT ACCOUNT

CASH FLOW STATEMENT
for the year ended 31 March 2006

	<i>Notes</i>	31 March 2006 R'000	31 March 2005 R'000
Cash flows from operating activities			
Cash generated by operating activities	8.1	(80 758)	74 267
Interest received		1 748	2 443
Net cash from operating activities		<u>(79 010)</u>	<u>76 710</u>
Cash flows from financing activities			
Increase/(decrease) in cash and cash equivalents		(79 010)	76 710
Cash and cash equivalents at the beginning of the period	8.2	1 105 509	1 028 799
Cash and cash equivalents at the end of the period	8.2	<u>1 026 499</u>	<u>1 105 509</u>

AGRICULTURAL DEBT ACCOUNT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2006

1. Accounting policies

The Department received approval from the National Treasury for the non-compliance to Generally Accepted Accounting Practices (GAAP) in respect of the Agricultural Debt Account for the 2004/05 financial year. During the 2005/06 financial year the Department embarked on a process to enhance the Debtor System to be able to comply with the GAAP requirements. Unfortunately, the amendments took longer than anticipated and the National Treasury was again approached in October 2005 for deviation as the enhancements would not be finalised in time for the Department to comply with the GAAP standards for the 2005/06 financial year.

The National Treasury also indicated that the Agricultural Debt Account had been classified as a trading entity and as such has to comply with GAAP (however, no formal correspondence in this regard was received). It should be noted that in accordance with section 6(3) of the Agricultural Debt Management Act, 2001 (Act No. 45 of 2001) that the statements of the account should be compiled in accordance with Generally Recognised Accounting Practices. The National Treasury was informed that the Department does not agree with this viewpoint. Financial Statements were nevertheless prepared in terms of GAAP.

The Department is, however, of the opinion that, in view of the nature of the Account, namely to manage the recovery of the outstanding debt, there is no benefit in the application of these standards.

The Financial Statements are prepared on the historical cost basis. These Financial Statements are prepared in accordance with Generally Accepted Accounting Practices, except where stated otherwise. The following are the principal accounting policies used by the Agricultural Debt Account, which are consistent with those of the previous period.

1.1 Income recognition

Income is recognised on a time proportion basis.

1.2 Provision for doubtful debt

The basis for the calculation of the provision for doubtful debts for the previous and the current periods was determined, using an estimate of future write-offs, taking into account the statistical information of prior years.

1.3 Loans

Repayments and interest on loans are made and levied as per individual agreement. Various interest rates are applicable. Loans to farmers are indicated in the Financial Statements at an estimated realisable value after taking the provision for doubtful debts into account.

1.4 Interest on loans written off

The Debtors System does not distinguish between accounts identified to be written off and as a result continues to accrue for interest up to the date that the debt is written off.

1.5 Bond protection

Costs relating to the purchase of immovable properties are expensed in terms of section 8(1)(d) of the Agricultural Debt Management Act, 2001 (Act No. 45 of 2001) (ADMA) and the property is transferred to the Directorate Farmer Settlement from the Agricultural Debt Account (ADA).

1.6 Financial instruments

Financial instruments carried on the balance sheet include cash and cash equivalents, loans, receivables and payables.

AGRICULTURAL DEBT ACCOUNT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2006

Cash and cash equivalents, receivables and payables are generally carried at their estimated fair value, which is the amount for which an asset could be exchanged, or liability settled.

The ADA is mandated by the ADMA to collect all outstanding debts or write them off if it is not economical to collect. These loans are carried at amortised cost using the interest rates as per the individual agreements. The ADA is therefore exposed to the following risks:

- Interest rate risk, which is the risk that the value of a financial instrument will fluctuate due to the change in market interest rate with respect to cash and cash equivalents.
- Credit risk, which is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss with respect to loans, receivables and payables.

Recognition and measurement

The balances of the related accounts have not been restated in terms of the effect of the disclosure on financial instruments, but the effects are disclosed as follows:

- **Provision for doubtful debt**

When the provision for doubtful debt calculated in terms of paragraph 1.2 of the accounting policy is reviewed against the outstanding debt of the debtors who did not honour their contracts over the last 3 years (R54,051 million), the provision is overstated by R109,950 million.

- **Credits on debt accounts**

The Department pays over credit balances on debt accounts of which the debtor could not be traced or obtain banking details of, over to revenue as sundry income. The revenue is accordingly overstated by the amount of R378 000 and R71 000, respectively, for the 2005/06 and 2004/05 financial years.

	31 March 2006 R'000	31 March 2005 R'000
2. Loans to farmers		
2.1 Long-term loans to farmers	<u>117 155</u>	<u>155 891</u>
2.2 Short-term loans		
Short-term portion of long-term loans	15 103	18 229
Capital payable	178 178	209 902
<i>Less: Provision for capital portion of bad debts</i>	<u>(99 691)</u>	<u>(66 428)</u>
	<u>93 590</u>	<u>161 703</u>
3. Accounts receivable		
Interest	200 255	234 533
<i>Less: Provision for interest portion of bad debts</i>	(64 309)	(40 572)
Rental debt	173	237
Receivables	265	–
	<u>136 384</u>	<u>194 198</u>

AGRICULTURAL DEBT ACCOUNT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2006

	31 March 2006 R'000	31 March 2005 R'000
4. Cash and cash equivalents		
Corporation for Public Deposits Call Account	1 022 853	1 102 953
Current account balance	3 646	2 556
	1 026 499	1 105 509
5. Revenue		
Interest income	20 995	10 401
Interest received on positive bank balance	1 748	2 443
	22 743	12 844
6. Bond protection		
No immovable properties were purchased during the financial year.		
7. Short-term provisions		
7.1 Provision for doubtful debts		
Opening balance	107 000	102 000
Adjustment for the current period	57 000	5 000
Closing balance	164 000	107 000
7.2 Provision for transfer		
Provision made during the year	385 741	–

Provision is made for the transfer of funds to the National Revenue Fund for the implementation of Micro-agricultural Financial Institutions of South Africa (Mafisa). This amount has been discounted at a rate of 10,5% as per government borrowing rate, over one and two-year periods, respectively for the R200 million transfer in 2006/07 and R250 million transfer in 2007/08.

AGRICULTURAL DEBT ACCOUNT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2006

	31 March 2006 R'000	31 March 2005 R'000
8.1 Reconciliation between retained surplus and cash generated by operating activities:		
Retained (deficit)/surplus for the period	(629 256)	(27 462)
Adjustment for interest received	(1 748)	(2 443)
Provision for transfer	385 741	–
	(245 263)	(29 905)
 Movements in working capital:		
Decrease in loans and accounts receivable	164 663	104 427
Increase/(decrease) in accounts payable	(158)	(255)
	(80 758)	74 267
 8.2 Cash and cash equivalents		
Cash and cash equivalents for the current period consists of balances held with a commercial bank and an on call investment at the Corporation for Public Deposits. Cash and cash equivalents included in the Cash Flow Statement comprise the following Balance Sheet amounts.	1 026 499	1 105 509
	1 026 499	1 105 509
 9. Accounts payable		
Creditor Current Account	156	314
Micro-agricultural Financial Institutions of South Africa (Mafisa)	385 741	–
	385 897	314



Human resources management



Human resources management

STATISTICS

During the period under review the vacancy rate of the department decreased from 26,2 to 25,6%, bearing in mind that some of the vacant posts were only funded in the 2005/06 financial year.

With regard to job evaluation, a total of 196 jobs were evaluated, including all Senior Management Service posts on the approved structure of the department.

As far as labour relations are concerned the department was able to resolve 17 grievances of employees. A total of 18 disciplinary hearings were finalised and four disputes were settled.

A total of 222 new staff member were employed during the period under review and 185 staff members were promoted to higher positions.

The percentage of employees with disabilities has increased from 0,23 to 0,40%. The Employment Equity and Transformation Consultative Forum has taken initiatives to increase the number of employees with disabilities in order to reach the target of 2%. These initiatives include the advice to the Directorate Supply Chain Management and Directorate Information Communication Technology, to upgrade the various buildings and workstations to accommodate the needs of people with disabilities. The Directorate Human Resources Management also made amendments to the application form, to encourage people with disabilities to apply for positions in the department.

The labour turnover in the department has decreased from 5,7 to 4,5% with the lowest rate at Senior Management Service level.

The Employee Health and Wellness Team were able to visit 80% of our remote offices on an HIV and Health Awareness Campaign, where more than 1 000 staff members participated in the voluntary health risk assessment appraisals during the year. Many staff members came back for appropriate treatment or advice on lifestyle changes.

1. EXPENDITURE

The following tables summarise final audited expenditure by programme (Table 1.1) and by salary bands (Table 1.2). In particular, it provides an indication of the amount spent on personnel costs in terms of each of the programmes or salary bands within the department.

TABLE 1.1 Personnel costs by programme

Programme	Total expenditure (R'000)	Personnel expenditure (R'000)	Training expenditure (R'000)	Professional and special services (R'000)	Personnel cost (% of total expenditure)	Average personnel cost per employee (R'000)	Employment
Administration	159 758	82 912	2 741	4 921	51,9	33	2 533
Farmer Support and Development	696 728	20 253	280	5 043	2,9	8	2 533
Agricultural Trade and Business Development	38 764	13 091	439	2 973	33,7	5	2 533
Agricultural Research and Economic Analysis	17 760	11 009	394	665	62,0	4	2 533
Agricultural Production	414 250	13 946	658	30 717	3,4	6	2 533
Sustainable Resources Management and Use	168 206	43 762	649	28 749	26,0	17	2 533
National Agricultural Regulatory Services	267 331	131 965	1 680	35 682	49,4	52	2 533
Communication and Information Management	108 716	37 839	7 583	2 501	34,8	15	2 533
Programme Planning, Monitoring and Evaluation	6 495	2 355	96	2 681	36,3	1	2 533
Total	1 878 008	357 132	14 520	113 932	19,0	141	2 533

TABLE 1.2 Personnel costs by salary band

Salary bands	Personnel expenditure (R'000)	% of total personnel costs	Average personnel cost per employee (R'000)	Total personnel expenditure	Number of employees
Lower skilled (Levels 1–2)	44 202	12,4	99	357 132	443
Skilled (Levels 3–5)	29 413	8,2	43	357 132	673
Highly skilled production (Levels 6–8)	143 518	40,2	169	357 132	846
Highly skilled supervision (Levels 9–12)	107 321	30,0	204	357 132	526
Senior management (Levels 13–16)	26 722	7,5	593	357 132	45
Periodical remuneration	2 259	0,6	12	357 132	180
Abnormal appointment	3 697	1,0	13	357 132	288
Total	357 132			357 132	3 001

The following tables provide a summary per programme (Table 1.3) and salary bands (Table 1.4), of expenditure incurred as a result of salaries, overtime, home owner's allowance and medical assistance. In each case, the table provides an indication of the percentage of the personnel budget that was used for these items.

TABLE 1.3 Salaries, overtime, home owner's allowance (HOA) and medical aid by programme

Programme	Salaries (R'000)	Salaries as % of personnel cost	Overtime (R'000)	Overtime as % of personnel cost	HOA (R'000)	HOA as % of personnel cost	Medical ass. (R'000)	Medical ass. as % of person- nel cost	Total personnel cost (R'000)
Administration	56 585	68,2	781	0,90	1 123	1,4	8 208	9,9	82 912
Farmer Support and Development	14 526	71,7	-	-	246	1,2	807	3,9	20 253
Agricultural Trade and Business Development	9 538	72,9	-	-	105	0,8	572	4,4	13 091
Agricultural Research and Economic Analysis	7 785	70,7	-	-	108	0,9	401	3,6	11 009
Agricultural Production	10 038	72,0	6	0,04	205	1,5	579	4,2	13 946
Sustainable Resources Management and Use	30 713	70,2	162	7,20	458	1,0	2 266	5,2	43 762
National Agricultural Regulatory Services	72 993	55,3	3 099	22,10	1 126	0,9	4 526	3,4	105 844
Campaigns (FMD and Classical Swine fever)	-	-	26 121	100,00	-	-	-	-	26 121
Communication and Information Management	22 402	59,2	444	1,20	405	1,1	1 503	4,0	37 839
Programme Planning, Monitoring and Evaluation	1 672	71,0	-	-	56	2,4	68	2,9	2 355
Total	226 252	63,4	30 613	8,60	3 832	1,1	18 930	5,3	357 132

TABLE 1.4 Salaries, overtime, home owner's allowance (HOA) and medical aid by salary band

Salary bands	Salaries (R'000)	Salaries as % of personnel cost	Overtime (R'000)	Overtime as % of personnel cost	HOA (R'000)	HOA as % of personnel cost	Medical ass. (R'000)	Medical ass. as % of person- nel cost	Total personnel cost (R'000)
Lower skilled (Levels 1–2)	30 242	68,4	480	1,1	595	1,3	2 328	5,2	44 202
Skilled (Levels 3–5)	19 419	49,3	500	1,7	443	1,5	2 146	7,3	29 413
Highly skilled production (Levels 6–8)	94 035	65,5	2 148	1,5	1 582	1,1	8 752	6,1	143 518
Highly skilled supervision (Levels 9–12)	68 729	64,0	1 364	1,3	850	0,8	4 527	4,2	107 321
Senior management (Levels 13–16)	13 827	51,7	-	-	362	1,4	1 177	4,4	26 722
Periodical remuneration	-	-	-	-	-	-	-	-	2 259
Abnormal appointment	-	-	-	-	-	-	-	-	3 697
Abnormal appointment 2	-	-	26 121	-	-	-	-	-	-
Total	226 252	63,4	30 613	1,3	3 832	1,0	18 930	5,3	357 132

2. EMPLOYMENT AND VACANCIES

The following tables summarise the number of posts on the establishment, the number of employees, the vacancy rate, and whether there are any staff members who are additional to the establishment. This information is presented in terms of three key variables: programme (Table 2.1), salary band (Table 2.2) and critical occupations (Table 2.3). Departments have identified critical occupations that should be monitored. Table 2.3 provides establishment and vacancy information for the key critical occupations of the department.

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

TABLE 2.1 Employment and vacancies by programme at end of period

Programme	Number of posts	Number of posts filled	Vacancy rate %	Number of posts filled additional to the establishment
1: Administration, permanent	682	569	16,6	3
2: Farmer Support and Development, permanent	159	117	26,4	4
3: Agricultural Trade and Business Development, permanent	87	69	20,7	0
4: Economic Research and Analysis, permanent	84	55	34,5	0
5: Agricultural Production, permanent	197	132	33,0	1
6: Sustainable Resources Management and Use, permanent	584	447	23,5	0
7: National Regulatory Services, permanent	1 214	855	29,6	0
8: Communication and Information Management, permanent	376	272	27,7	1
9: Programme Planning, Monitoring and Evaluation	16	14	12,5	1
Total	3 399*	2 530**	25,6	10

* Number of posts including Minister

** Number of posts does not include 3 posts at the Department of Agriculture, Limpopo Province

TABLE 2.2 Employment and vacancies by salary band at end of period

Salary band	Number of posts	Number of posts filled	Vacancy rate %	Number of posts filled additional to the establishment
Lower skilled (Levels 1–2), permanent	865	753	12,9	0
Skilled (Levels 3–5), permanent	534	368	31,0	5
Highly skilled production (Levels 6–8), permanent	1 207	886	26,6	5
Highly skilled supervision (Levels 9–12), permanent	733	479	34,7	0
Senior management (Levels 13–16), permanent	59	43	27,1	0
Total	3 398*	2 529	25,6	10

* Number of posts excluding Minister

TABLE 2.3 Employment and vacancies by critical occupation at end of period

Critical occupations	Number of posts	Number of posts filled	Vacancy rate %	Number of posts filled additional to the establishment
Administrative related, permanent	139	89	36,0	1
Agricultural animal, oceanography, forestry and other science, permanent	134	95	29,1	0
Agriculture related, permanent	341	180	47,2	0
Aircraft pilots and related associate professionals, permanent	1	1	0,0	0
All artisans in the building, metal, machinery, etc, permanent	101	50	50,5	0
Appraisers—valuers and related professionals, permanent	19	10	47,4	0
Archivists, curators and related professionals, permanent	2	1	50,0	0
Artisan project and related superintendents, permanent	2	0	100,0	0
Auxiliary and related workers, permanent	82	71	13,4	0
Biochemistry, pharmacology, zoology and life science technicians, permanent	30	22	26,7	0
Building and other property caretakers, permanent	31	27	12,9	0
Bus and heavy vehicle drivers, permanent	7	5	28,6	0
Chemists, permanent	3	3	0,0	0
Civil engineering technicians, permanent	1	0	100,0	0
Cleaners in offices, workshops, etc., permanent	107	93	13,1	0
Client information clerks (switchboard, reception and information clerks), permanent	8	7	12,5	0
Communication and information related, permanent	9	7	22,2	0
Computer programmers, permanent	1	1	0,0	0
Computer system designers and analysts, permanent	9	4	55,6	0
Custodian personnel, permanent	1	1	0,0	0
Earth-moving and related plant operators, permanent	1	0	100,0	0
Economists, permanent	30	18	40,0	0
Engineering sciences related, permanent	3	2	33,3	0
Engineers and related professionals, permanent	23	17	26,1	0
Farmhands and workers, permanent	234	198	15,4	0
Farming, forestry advisors and farm managers, permanent	5	4	20,0	0
Finance and economics related, permanent	78	49	37,2	0
Financial and related professionals, permanent	27	20	25,9	0
Financial clerks and credit controllers, permanent	95	80	15,8	0
Food services aids and waiters, permanent	25	23	8,0	0
General legal administration and related professionals, permanent	1	1	0,0	0
Head of department/chief executive officer, permanent	1	1	0,0	0
Health sciences related, permanent	3	1	66,7	0
Horticulturists, foresters, agricultural and forestry technicians, permanent	159	120	24,5	0
Household and laundry workers, permanent	21	19	9,5	0
Human resources and organisational development and related professionals, permanent	24	16	33,3	0
Human resources clerks, permanent	47	42	10,6	3
Human resources related, permanent	13	11	15,4	0

TABLE 2.3 Employment and vacancies by critical occupation at end of period (continued)

Critical occupations	Number of posts	Number of posts filled	Vacancy rate %	Number of posts filled additional to the establishment
Information technology related, permanent	2	2	0,0	0
Language practitioners, interpreters and other communicators, permanent	18	13	27,8	0
Legal related, permanent	9	3	66,7	0
Librarians and related professionals, permanent	1	1	0,0	0
Library, mail and related clerks, permanent	70	68	2,9	0
Light vehicle drivers, permanent	8	7	12,5	0
Logistical support personnel, permanent	10	9	10,0	0
Material-recording and transport clerks, permanent	85	70	17,6	2
Mechanical engineering technicians, permanent	2	0	100,0	0
Messengers, porters and deliverers, permanent	63	59	6,3	0
Motor vehicle drivers, permanent	52	42	19,2	0
Motorised farm and forestry plant operators, permanent	7	5	28,6	0
Nature conservation and oceanographic-related technicians, permanent	58	52	10,3	0
Other administrative and related clerks and organisers, permanent	285	207	27,4	3
Other administrative policy and related officers, permanent	69	56	18,8	0
Other information technology personnel, permanent	4	3	25,0	0
Printing and related machine operators, permanent	10	8	20,0	0
Printing planners and production controllers, permanent	1	1	0,0	0
Rank: Minister, permanent	1	1	0,0	0
Regulatory inspectors, permanent	17	16	5,9	0
Risk management and security services, permanent	6	4	33,3	0
Road trade workers, permanent	20	17	15,0	0
Safety, health and quality inspectors, permanent	71	53	25,4	0
Secretaries and other keyboard operating clerks, permanent	82	62	24,4	1
Security guards, permanent	3	1	66,7	0
Security officers, permanent	59	45	23,7	0
Senior managers, permanent	52	37	28,8	0
Social sciences related, permanent	1	1	0,0	0
Statisticians and related professionals, permanent	22	21	4,5	0
Trade labourers, permanent	410	348	15,1	0
Veterinarians, permanent	78	24	69,2	0
Veterinary assistants, permanent	4	4	0,0	0
Water plant and related operators, permanent	1	1	0,0	0
Total	3 399*	2 530	25,6	10

* Number of posts including Minister

The information in each case reflects the situation as on 31 March 2006. For an indication of changes in staffing patterns over the year under review, please refer to section 4 of this report.

3. JOB EVALUATION

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

The following table (Table 3.1) summarises the number of jobs that were evaluated during the year under review. The table also provides statistics on the number of posts that were upgraded or downgraded.

TABLE 3.1 Job evaluation

Salary band	Number of posts	Number of jobs evaluated	% of posts evaluated	Number of posts upgraded	% of upgraded posts evaluated	Number of posts downgraded	% of downgraded posts evaluated
Lower skilled (Levels 1–2)	865	8	0,92	2	0,23	–	–
Skilled (Levels 3–5)	534	15	2,81	4	0,75	–	–
Highly skilled production (Levels 6–8)	1 207	107	8,86	15	1,24	13	1,08
Highly skilled supervision (Levels 9–12)	733	61	8,32	15	2,05	12	1,64
Senior Management Service Band A	41	–	–	–	–	–	–
Senior Management Service Band B	12	3	0,25	–	–	–	–
Senior Management Service Band C	5	2	0,40	–	–	–	–
Senior Management Service Band D	1	–	–	–	–	–	–
Total	3 398*	196	5,77	36	1,06	25	0,74

* Number of posts excluding Minister

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

TABLE 3.2 Profile of employees whose positions were upgraded owing to their posts being upgraded

Beneficiaries	African	Asian	Coloured	White	Total
Female	22	2	8	21	53
Male	34	2	4	36	76
Total	56	4	12	57	129
Employees with disabilities					0

The following table summarises the number of cases where remuneration levels exceeded the grade determined by job evaluation.

TABLE 3.3 Employees whose salary level exceed the grade determined by job evaluation (i.t.o. PSR 1.V.C.3)

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation	No. of employees in dept
Administrative related	2	9	10		2 530
Finance and economics related	1	9	11		
Total	3				
Percentage of total employment	0,1				

Table 3.4 is a summary of the number of beneficiaries of the above in terms of race, gender and disability.

TABLE 3.4 Profile of employees whose salary level exceeded the grade determined by job evaluation (i.t.o. PSR 1.V.C.3)

Beneficiaries	African	Asian	Coloured	White	Total
Male	1	0	0	2	3
Total	1	0	0	2	3
Employees with disabilities					0

4. EMPLOYMENT CHANGES

This section provides information on changes in employment over the financial year.

Turnover rates provide an indication of trends in the employment profile of the department. The following tables provide a summary of turnover rates by salary band (Table 4.1) and by critical occupations (Table 4.2).

TABLE 4.1 Annual turnover rates by salary band

Salary band	Employment at beginning of period	Appointments	Terminations	Turnover rate
Lower skilled (Levels 1–2)	765	49	33	4,3
Skilled (Levels 3–5)	381	31	17	4,5
Highly skilled production (Levels 6–8)	1 010	114	49	4,9
Highly skilled supervision (Levels 9–12)	275	25	10	3,6
Senior Management Service Band A	36	2	1	2,8
Senior Management Service Band B	4	0	1	25,0
Senior Management Service Band C	3	1	0	0,0
Senior Management Service Band D	0	0	0	0,0
Total	2 474	222	111	4,5

TABLE 4.2 Annual turnover rates by critical occupation

Occupation	Employment at beginning of period	Appointments	Terminations	Turnover rate
Administrative related, permanent	71	12	2	2,8
Agricultural animal, oceanography, forestry and other sciences, permanent	99	8	2	2,0
Agriculture related, permanent	131	43	3	2,3
Aircraft pilots and related associate professionals, permanent	1	0	0	0,0
All artisans in building, metal, machinery, etc., permanent	53	1	4	7,5
Appraisers, valuers and related professionals, permanent	7	0	0	0,0
Archivists, curators and related professionals, permanent	2	0	1	50,0
Artisan, project and related superintendents, permanent	0	0	0	0,0
Auxiliary and related workers, permanent	69	4	2	2,9
Biochemistry, pharmacology, zoology and life science, technicians, permanent	23	2	5	21,7
Building and other property caretakers, permanent	27	2	0	0,0
Bus and heavy vehicle drivers, permanent	5	0	0	0,0
Chemists, permanent	3	0	0	0,0
Civil engineering technicians, permanent	0	0	0	0,0
Cleaners in offices, workshops, etc., permanent	96	2	2	2,1
Client information clerks (switchboard, reception and information clerks), permanent	8	0	0	0,0
Communication and information related, permanent	6	1	1	16,7
Computer programmers, permanent	1	0	0	0,0
Computer system designers and analysts, permanent	1	1	0	0,0
Custodian personnel, permanent	0	0	0	0,0
Diplomats, permanent	0	0	0	0,0
Earth-moving and related plant operators, permanent	0	0	1	0,0
Economists, permanent	14	12	3	21,4
Engineering sciences related, permanent	1	0	0	0,0
Engineers and related professionals, permanent	18	5	2	11,1
Farmhands and workers, permanent	197	7	4	2,0
Farming, forestry advisors and farm managers, permanent	4	0	0	0,0
Finance and economics related, permanent	36	9	0	0,0
Financial and related professionals, permanent	17	0	0	0,0
Financial clerks and credit controllers, permanent	83	10	3	3,6
Food services aids and waiters, permanent	22	3	1	4,5
General, legal, administration and related professionals, permanent	1	0	0	0,0
Head of department/chief executive officer, permanent	0	0	0	0,0
Horticulturists, foresters, agricultural and forestry technicians, permanent	118	8	2	1,7
Household and laundry workers, permanent	19	3	1	5,3
Human resources and organisational development and related professionals, permanent	19	1	3	15,8
Human resources clerks, permanent	41	3	1	2,4
Human resources related, permanent	10	0	0	0,0

TABLE 4.2 Annual turnover rates by critical occupation (continued)

Occupation	Employment at beginning of period	Appointments	Terminations	Turnover rate
Information technology related, permanent	1	1	0	0,0
Language practitioners, interpreters and other communicators, permanent	13	5	1	7,7
Legal related, permanent	4	0	1	25,0
Librarians and related professionals, permanent	1	0	0	0,0
Library, mail and related clerks, permanent	67	2	0	0,0
Light vehicle drivers, permanent	7	0	0	0,0
Logistical support personnel, permanent	8	0	1	12,5
Material-recording and transport clerks, permanent	78	1	4	5,1
Mechanical engineering technicians, permanent	1	0	1	100,0
Messengers, porters and deliverers, permanent	62	3	1	1,6
Motor vehicle drivers, permanent	46	0	4	8,7
Motorised farm and forestry plant operators, permanent	6	0	1	16,7
Nature conservation and oceanography related technicians, permanent	51	6	2	3,9
Other administrative and related clerks and organisers, permanent	215	21	10	4,7
Other administrative policy and related officers, permanent	58	1	4	6,9
Other information technology personnel, permanent	7	0	1	14,3
Printing and related machine operators, permanent	9	3	2	22,2
Printing planners and production controllers, permanent	1	0	0	0,0
Rank: Minister	1	0	0	0,0
Rank: Deputy Minister	1	0	0	0,0
Regulatory inspectors, permanent	16	2	1	6,3
Risk management and security services, permanent	4	0	0	0,0
Road trade workers, permanent	19	0	2	10,5
Safety, health and quality inspectors, permanent	58	4	4	6,9
Secretaries and other keyboard operating clerks, permanent	46	5	1	2,2
Security guards, permanent	1	0	0	0,0
Security officers, permanent	48	2	3	6,3
Senior managers, permanent	40	3	2	5,0
Statisticians and related professionals, permanent	19	2	0	0,0
Social sciences related, permanent	1	0	0	0,0
Trade workers, permanent	357	21	22	6,2
Veterinarians, permanent	22	2	0	0,0
Veterinary assistants, permanent	4	1	0	0,0
Water plant and related operators, permanent	1	0	0	0,0
Total	2 476	222	111	4,5

Table 4.3 identifies the major reasons why staff members are leaving the department.

TABLE 4.3 Reasons why staff members are leaving the department

Termination type	Number	Percentage of total resignations	Percentage of total employment	Total	Total employment
Death, Permanent	27	24,3	1,1	111	2 530
Resignation, Permanent	44	39,6	1,7	111	2 530
Dismissal-operational changes, Permanent	2	1,8	0,1	111	2 530
Discharged owing to ill health, Permanent	6	5,4	0,2	111	2 530
Dismissal-misconduct, Permanent	0	0,0	0,0	0	0
Retirement, Permanent	31	27,9	1,2	111	2 530
Transfers	1	0,9	0,0	111	2 530
Expiry of contract	0	0,0	0,0	0	0
Total	111	100,0	4,4	111	2 530

Resignations as % of employment

1,7

TABLE 4.4 Promotions by critical occupation

Occupation	Employment at beginning of period	Promotions to another salary level	Salary level promotions as a % of employment	Progressions to another notch within salary level	Notch progression as a % of employment
Administrative related	71	8	11,3	30	42,3
Agricultural animal, oceanography, forestry and other sciences	99	5	5,1	51	51,5
Agriculture related	131	22	16,8	69	52,7
Aircraft pilots and related associate professionals	1	—	—	—	—
All artisans in building, metal, machinery, etc.	53	—	—	48	906
Appraisers, valuers and related professionals	7	1	14,3	5	71,4
Archivists, curators and related professionals	2	—	—	—	—
Artisan project and related superintendents	—	—	—	—	—
Auxiliary and related workers	69	1	1,4	50	72,5
Biochemistry, pharmacology, zoology and life science technicians	23	4	17,4	27	117,4
Building and other property caretakers	27	—	—	21	77,8
Bus and heavy vehicle drivers	5	—	—	5	100
Chemists	3	—	—	1	33,3

TABLE 4.4 Promotions by critical occupation (continued)

Occupation	Employment at beginning of period	Promotions to another salary level	Salary level promotions as a % of employment	Progressions to another notch within salary level	Notch progression as a % of employment
Civil engineering technicians	0	1	—	—	—
Cleaners in offices, workshops, hospitals, etc.	96	3	3,1	82	85,4
Client information clerks (switchboard, reception and information clerks)	8	—	—	8	100,0
Communication and information related	6	1	16,7	4	66,7
Community development workers	—	2	0	—	—
Computer programmers	1	—	—	—	—
Computer system designers and analysts	1	—	—	1	100,0
Custodian personnel	0	1	0	—	—
Earth-moving and related plant operators	0	—	—	—	—
Economists	14	3	21,4	2	14,3
Engineering sciences related	1	—	—	1	100,0
Engineers and related professionals	18	—	—	6	33,3
Farmhands and workers	197	6	3	183	92,9
Farming, forestry advisors and farm managers	4	—	—	5	125
Finance and economics related	36	9	25	14	38,9
Financial and related professionals	17	1	5,9	15	88,2
Financial clerks and credit controllers	83	23	27,7	51	61,4
Food services aids and waiters	22	1	4,5	19	86,4
General, legal, administration and related professionals	1	—	—	—	—
Head of department/chief executive officer	0	—	—	—	—
Horticulturists, foresters, agricultural and forestry technicians	118	7	5,9	34	28,8
Household and laundry workers	19	—	—	15	78,9
Human resources, organisation development and related professionals	19	8	42,1	8	42,1
Human resources clerks	41	8	19,5	31	75,6
Human resources related	10	2	20	9	90,0
Information technology related	1	—	—	—	—
Language practitioners, interpreters and other communicators	13	3	23,1	8	61,5
Legal related	4	—	—	3	75,0
Librarians and related professionals	1	—	—	1	100,0
Library, mail and related clerks	67	3	4,5	57	85,1
Light vehicle drivers	7	—	—	7	100,0
Logistical support personnel	8	3	37,5	3	37,5
Material-recording and transport clerks	78	11	14,1	57	73,1
Mechanical engineering technicians	1	—	—	—	—

TABLE 4.4 Promotions by critical occupation (continued)

Occupation	Employment at beginning of period	Promotions to another salary level	Salary level promotions as a % of employment	Progressions to another notch within salary level	Notch progression as a % of employment
Messengers, porters and deliverers	62	2	3,2	53	85,5
Meteorologists, statistical and related technicians	—	—	—	—	—
Mining geology, geophysical and related technicians	—	—	—	—	—
Motor vehicle drivers	46	—	—	40	87
Motorised farm and forestry plant operators	6	—	—	5	83,3
Natural sciences related	—	—	—	—	—
Nature conservation and oceanography related technicians	51	—	—	43	84,3
Other administrative and related clerks and organisers	215	23	10,7	150	69,8
Other administrative policy and related officers	58	5	8,6	39	67,2
Other information technology personnel	7	—	—	3	42,9
Other occupations	—	—	—	—	—
Printing and related machine operators	9	—	—	5	55,6
Printing planners and production controllers	1	—	—	—	—
Propulsion engineering operator, engine room mechanics and marine engineers	—	—	—	—	—
Rank: Minister	1	—	—	—	—
Rank: Deputy Minister	1	—	—	—	—
Regulatory inspectors	16	—	—	1	6,3
Risk management and security services	4	—	—	—	—
Road trade workers	19	—	—	16	84,2
Roadworkers	—	—	—	—	—
Safety, health and quality inspectors	58	—	—	44	75,9
Secretaries and other keyboard operating clerks	46	2	4,3	29	63
Security guards	1	—	—	1	100
Security officers	48	3	6,3	33	68,8
Senior managers	40	6	15	10	25
Social sciences related	1	—	—	—	—
Statisticians and related professionals	19	1	5,3	3	15,8
Supplementary diagnostic radiographers	—	—	—	—	—
Trade labourers	357	1	0,3	278	77,9
Veterinarians	22	3	13,6	7	31,8
Veterinary assistants	4	1	25	3	75
Water plant and related operators	1	—	—	—	—
Total	2 476	183	7,4	1 694	68,5

TABLE 4.5 Promotions by salary band

Salary band	Employment at beginning of period	Promotions to another salary level	Salary level of promotions as a % of employment	Progressions to another notch within salary level	Notch progression as a % of employment
Lower skilled (Levels 1–2)	765	1	0,1	649	84,8
Skilled (Levels 3–5)	381	37	9,7	260	68,2
Highly skilled production (Levels 6–8)	1 010	77	7,6	656	65,0
Highly skilled supervision (Levels 9–12)	275	61	22,2	119	43,3
Senior Management (Levels 13–16)	43	7	16,3	10	23,3
Total	2 474*	183	7,4	1 694	68,5

* Excluding Minister and Deputy Minister

5. EMPLOYMENT EQUITY

The tables in this section are based on the formats prescribed by the Employment Equity Act, Act No. 55 of 1998.

TABLE 5.1 Total number of employees (including employees with disabilities) per occupational category (SASCO)

Occupational categories	Male			Female			Total		
	African	Coloured	Indian	White	African	Coloured		Indian	White
Legislators, senior officials and managers	16	2	–	9	9	1	–	1	38
Professionals	328	47	20	193	230	23	14	136	991
Clerks	93	22	–	24	133	33	7	233	545
Service and sales workers	19	–	1	21	6	2	–	1	50
Craft and related trade workers	42	4	–	21	1	–	–	–	68
Plant, machine operators and assemblers	56	7	1	3	1	–	–	–	68
Elementary occupations	518	119	1	8	95	24	–	5	770
Total	1 072	201	23	279	475	83	21	376	2530*
Employees with disabilities	2	0	1	2	0	0	0	5	10

* Including Minister

TABLE 5.2 Total number of employees (including employees with disabilities) per occupational bands

Occupational bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	3	0	0	0	2	0	0	0	5
Senior management	17	2	1	10	6	1	0	2	39
Professionally qualified and experienced specialists and mid-management	152	10	12	125	66	6	6	63	440
Skilled technical and academically qualified workers, junior management, supervisors, foremen	230	36	8	119	230	28	12	273	936
Semiskilled and discretionary decision making	152	41	0	20	79	26	3	35	356
Unskilled and defined decision making	519	112	2	5	90	22	0	3	753
Total	1 073	201	23	279	473	83	21	376	2 529*

* Excluding Minister

TABLE 5.3 Recruitment

Occupational bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Senior management	3	0	0	0	0	0	0	0	3
Professionally qualified and experienced specialists and mid-management	15	0	1	1	6	0	1	1	25
Skilled technical and academically qualified workers, junior management, supervisors, foremen	48	3	0	1	60	0	1	1	114
Semiskilled and discretionary decision making	7	2	0	1	16	3	2	0	31
Unskilled and defined decision making	32	4	0	3	10	0	0	0	49
Total	105	9	1	6	92	3	4	2	222
Employees with disabilities	0	0	0	0	0	0	0	0	0

TABLE 5.4 Promotions

Occupational bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	1	0	0	0	0	0	0	0	1
Senior management	4	0	0	1	1	0	0	0	6
Professionally qualified and experienced specialists and mid-management	29	3	2	6	15	2	0	4	61
Skilled technical and academically qualified workers, junior management, supervisors, foremen	31	3	0	1	33	5	0	4	77
Semiskilled and discretionary decision making	15	8	0	0	11	2	0	1	37
Unskilled and defined decision making	0	1	0	0	0	0	0	0	1
Total	80	15	2	8	60	9	0	9	183
Employees with disabilities	0	0	0	0	0	0	0	0	0

TABLE 5.5 Terminations

Occupational bands	Male			Female			Total		
	African	Coloured	Indian	White	African	Coloured		Indian	White
Senior management	0	0	0	0	1	1	0	0	2
Professionally qualified and experienced specialists and mid-management	2	0	0	3	3	0	0	2	10
Skilled technical and academically qualified workers, junior management, supervisors, foremen	11	1	0	12	8	0	1	16	49
Semiskilled and discretionary decision making	8	1	0	0	4	1	0	3	17
Unskilled and defined decision making	28	0	0	1	3	1	0	0	33
Total	49	2	0	16	19	3	1	21	111
Employees with disabilities	0	0	0	0	0	0	0	0	0

TABLE 5.6 Disciplinary action

Disciplinary action	Male			Female			Total		
	African	Coloured	Indian	White	African	Coloured		Indian	White
Disciplinary action	13	3	0	6	0	1	0	2	25
Total	13	3	0	6	0	1	0	2	25

TABLE 5.7 Skills development

Occupational categories	Male			Female			Total		
	African	Coloured	Indian	White	African	Coloured		Indian	White
Legislators, senior officials and managers	218	11	0	13	90	2	0	8	342
Professionals	110	12	5	56	149	1	0	51	384
Technicians and associate professionals	287	15	11	134	166	9	6	40	668
Clerks	45	0	2	35	40	10	2	23	157
Service and sales workers	128	8	0	10	149	28	20	100	443
Skilled agriculture and fishery workers	6	1	0	0	2	0	0	1	10
Craft and related trade workers	0	0	0	0	0	0	0	0	0
Plant, machine operators and assemblers	0	0	0	0	0	0	0	0	0
Elementary occupations	174	40	0	1	18	13	0	0	246
Total	968	87	18	249	614	63	28	223	2 250
Employees with disabilities	0	0	0	0	0	0	0	0	0

6. PERFORMANCE REWARDS

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

TABLE 6.1 Performance rewards by race, gender and disability

Race, gender and disability	Number of beneficiaries	Total employment	Percentage of total employment	Cost (R'000)	Average cost per beneficiary (R)
African, female	105	474	22,2	977	9 305
African, male	148	1072	13,8	1 501	10 142
Asian, female	3	21	14,3	41	13 667
Asian, male	6	23	26,1	93	15 500
Coloured, female	16	83	19,3	128	8 000
Coloured, male	31	201	15,4	236	7 613
White, female	196	376	52,1	2 738	13 969
White, male	120	279	43,0	2 618	21 817
Employees with disabilities	0	0	0,0	0	0
Total	625	2 529	24,7	8 332	13 331

TABLE 6.2 Performance rewards by salary band for personnel below senior management service

Salary band	Number of beneficiaries	Total employment	Percentage of total employment	Cost (R'000)	Average cost per beneficiary (R)
Lower skilled (Levels 1–2)	120	753	15,9	535	4 458
Skilled (Levels 3–5)	74	368	20,1	456	6 162
Highly skilled production (Levels 6–8)	282	886	31,8	3 424	12 142
Highly skilled supervision (Levels 9–12)	135	479	28,2	3 057	22 644
Total	611	2 486	24,6	7 472	12 229

TABLE 6.3 Performance rewards by critical occupation

Critical occupations	Number of beneficiaries	Total employment	Percentage of total employment	Cost (R'000)	Average cost per beneficiary (R)
Administrative related	22	89	24,7	533	24 227
Agricultural animal, oceanography, forestry and other sciences	27	95	28,4	429	15 889
Agriculture related	21	180	11,7	483	23 000
Aircraft pilot and related associate professionals	0	1	0,0	0	0
All artisans in building, metal, machinery, etc.	10	50	20,0	89	8 900
Appraisers, valuers and related professionals	0	10	0,0	0	0
Archivists, curators and related professionals	0	1	0,0	0	0
Auxiliary and related workers	16	71	22,5	95	5 938
Biochemistry, pharmacology, zoology and life science technicians	21	22	95,5	298	14 190
Building and other property caretakers	2	27	7,4	8	4 000
Bus and heavy vehicle drivers	0	5	0,0	0	0
Chemists	1	3	33,3	13	13 000
Civil engineering technicians	0	0	0,0	0	0
Cleaners in offices, workshops, etc.	39	93	41,9	194	4 974
Client information clerks (switchboard, reception and information clerks)	4	7	57,1	52	13 000
Communication and information related	2	7	28,6	66	33 000
Community development worker	0	0	0,0	0	0
Computer programmers	0	1	0,0	0	0
Computer system designers and analysts	1	4	25,0	21	21 000
Earth-moving and related plant operators	0	0	0,0	0	0
Economists	3	18	16,7	76	25 333
Engineering sciences related	0	2	0,0	0	0
Engineers and related professionals	5	17	29,4	81	16 200
Farmhands and workers	15	198	7,6	64	4 267
Farming, forestry advisors and farm managers	0	4	0,0	0	0
Finance and economics related	20	49	40,8	431	21 550
Financial and related professionals	13	20	65,0	166	12 769
Financial clerks and credit controllers	24	80	30,0	235	9 792
Food services aids and waiters	12	23	52,2	61	5 083
General legal administration and related professionals	1	1	100,0	41	41 000
Head of department/chief executive officer	0	1	0,0	0	0
Health sciences related	0	1	0,0	0	0
Horticulturists, foresters, agricultural and forestry technicians	13	120	10,8	144	11 077
Household and laundry workers	3	19	15,8	14	4 667
Human resources and organisation development and related professionals	4	16	25,0	70	17 500
Human resource clerks	25	42	59,5	345	13 800
Human resources related	7	11	63,6	227	32 429

TABLE 6.3 Performance rewards by critical occupation (continued)

Critical occupations	Number of beneficiaries	Total employment	Percentage of total employment	Cost (R'000)	Average cost per beneficiary (R)
Information technology related	1	2	50,0	97	97 000
Language practitioners, interpreters and other communicators	5	13	38,5	57	11 400
Legal related	3	3	100,0	102	34 000
Librarians and related professionals	1	1	100,0	10	10 000
Library, mail and related clerks	28	68	41,2	234	8 357
Light vehicle drivers	5	7	71,4	26	5 200
Logistical support personnel	4	9	44,4	50	12 500
Material-recording and transport clerks	11	70	15,7	86	7 818
Messengers, porters and deliverers	33	59	55,9	163	4 939
Motor vehicle drivers	6	42	14,3	26	4 333
Meteorologists, statistical and related technicians	0	0	0,0	0	0
Motorised farm and forestry plant operators	1	5	20,0	5	5 000
Nature conservation and oceanography related technicians	7	52	13,5	88	12 571
Other administrative and related clerks and organisers	60	207	29,0	564	9 400
Other administrative policy and related officers	22	56	39,3	368	16 727
Other information technology personnel	4	3	133,3	101	25 250
Printing and related machine operators	4	8	50,0	23	5 750
Printing planners and production controllers	0	1	0,0	0	0
Regulatory inspectors	6	16	37,5	62	10 333
Risk management and security services	0	4	0,0	0	0
Road trade workers	1	17	5,9	4	4 000
Safety health and quality inspectors	22	53	41,5	287	13 045
Secretaries and other keyboard operating clerks	33	62	53,2	390	11 818
Security guards	0	1	0,0	0	0
Security officers	4	45	8,9	34	8 500
Senior managers	13	37	35,1	763	58 692
Social sciences related	0	1	0,0	0	0
Statisticians and related professionals	2	21	9,5	26	13 000
Trade workers	22	348	6,3	87	3 955
Veterinarians	13	24	54,2	409	31 462
Veterinary assistants	3	4	75,0	34	11 333
Water plant and related operators	0	1	0,0	0	0
Total	625	2 529	24,7	8 332	13 331

TABLE 6.4 Performance related rewards (cash bonus) by salary band for senior management service

SMS band	Number of beneficiaries	Total employment	% total employment	Cost (R'000)	Average cost per beneficiary (R)	% of SMS wage bill	Personnel cost SMS (R'000)
Band A	11	30	36,7	667	60 636	3,8	17 645
Band B	3	8	37,5	193	64 333	4,8	4 009
Band C	0	4	0,0	0	0	0,0	0
Band D	0	1	0,0	0	0	0,0	0
Total	14	43	32,6	860	61 429	4,0	21 654

7. FOREIGN WORKERS

No foreign nationals were employed in the department during the period under review.

8. LEAVE UTILISATION FOR THE PERIOD 1 JANUARY 2005 TO 31 DECEMBER 2005

The Public Service Commission identified the need for careful monitoring of sick leave within the public service. The following tables provide an indication of the use of sick leave (Table 8.1) and disability leave (Table 8.2). In both cases, the estimated cost of the leave is also provided.

TABLE 8.1 Sick leave

Salary band	Total days	% days with medical certification	Number of employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated cost (R'000)	Total number of employees using sick leave	Total number of days with medical certification
Lower skilled (Levels 1–2)	2 663,0	88,1	339	23,3	8	407	1 456	2 346
Skilled (Levels 3–5)	1 582,0	93,4	211	14,5	8	332	1 456	1 477
Highly skilled production (Levels 6–8)	5 051,5	80,7	663	45,5	8	1 881	1 456	4 076
Highly skilled supervision (Levels 9–12)	1 366,0	96,2	241	16,6	6	1 026	1 456	1 314
Senior management (Levels 13–16)	16,0	100,0	2	0,1	8	24	1 456	16
Total	10 678,5	86,4	1 456	100,0	7	3 670	1 448	9 229

TABLE 8.2 Disability leave (temporary and permanent)

Salary band	Total days	% days with medical certification	Number of employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated cost (R'000)	Total number of employees using sick leave	Total number of days with medical certification
Lower skilled (Levels 1–2)	838	100	29	27,9	29	128	104	838
Skilled (Levels 3–5)	627	100	23	22,1	27	142	104	627
Highly skilled production (Levels 6–8)	1 035	100	48	46,2	22	396	104	1 035
Highly skilled supervision (Levels 9–12)	54	100	4	3,8	14	37	104	54
Senior management (Levels 13–16)	0	0	0	0,0	0	0	0	0
Total	2 554	100	104	100,0	25	703	104	2 554

Table 8.3 summarises the utilisation of annual leave. The wage agreement concluded with trade unions in the PSCBC in 2000 requires management of annual leave to prevent paying out high levels of accrued leave at the time of termination of service.

TABLE 8.3 Annual leave

Salary band	Total days taken	Average per employee	Employment
Lower skilled (Levels 1–2)	17 431,00	23,8	734
Skilled (Levels 3–5)	6 728,00	20,0	338
Highly skilled production (Levels 6–8)	21 353,28	24,0	903
Highly skilled supervision (Levels 9–12)	7 743,00	17,4	445
Senior management (Levels 13–16)	83,00	21,0	4
TOTAL	53 338,28	22,0	2 424

TABLE 8.4 Capped leave

Salary band	Total days of capped leave taken	Average number of days taken per employee	Average capped leave per employee as at 31 December 2005	Number of employees who use capped leave	Total capped leave available at 31 December 2005	Number of employees as at 31 December 2005
Lower skilled (Levels 1–2)	360	5	35	67	26 447	760
Skilled (Levels 3–5)	140	5	24	28	8 717	361
Highly skilled production (Levels 6–8)	611	5	30	113	26 124	877
Highly skilled supervision (Levels 9–12)	362	7	31	52	14 656	474
Senior management (Levels 13–16)	15	5	23	3	969	43
Total	1 488	6	31	263	76 913	2 515

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

TABLE 8.5 Leave payouts

Reason	Total amount (R'000)	Number of employees	Average payment per employee (R)
Leave payout for 2004/05 owing to non-utilisation of leave for the previous cycle	4	1	4 000
Capped leave payouts on termination of service for 2004/05	402	121	3 322
Current leave payout on termination of service for 2004/05	103	24	4 292
Total	509	146	3 486

9. HIV/AIDS AND HEALTH PROMOTION PROGRAMMES

TABLE 9.1 Steps taken to reduce the risk of occupational exposure

Units/categories of employees identified to be at high risk of contracting HIV and related diseases (if any)	Key steps taken to reduce the risk
Laboratory workers	Awareness programmes
Meat inspectors	Presentation on OHS (as per the OHS Act), HIV and Aids and Health Promotion during outreach programmes
Agricultural farmers	Not mandated
Agricultural machine users	Provision of protective clothing and equipment
These people can be exposed if they come in contact with blood, dust, etc.	Presentations on HIV and Aids prevention Provision of condoms

TABLE 9.2 Details of health promotion and HIV/Aids programmes [tick Yes/No and provide required information]

Questions	Yes	No	Details, if yes
1. Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	X		Mr Isaac Miti, Senior Manager: Human Resources Management
2. Does the department have a designated unit or have you designated specific staff members to promote the health and wellbeing of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	X		Subdirectorate: Employee Health and Wellness. One OHS Officer, one EAP practitioner, one Health Promotion Officer and the Health and Wellness Co-ordinator. <ul style="list-style-type: none"> There is no specific budget for HIV and Aids Programmes.

TABLE 9.2 Details of health promotion and HIV/Aids programmes [tick Yes/No and provide required information] (continued)

Questions	Yes	No	Details, if yes
3. Has the department introduced an employee assistance or health promotion programme for your employees? If so, indicate the key elements/services of the programme.	X		<p>EAP Programmes</p> <ul style="list-style-type: none"> • Stress management • Substance abuse information • Life skills orientation • Trauma management • Financial management • Counselling • HIV and Aids support • Alignment with the ART distributors • Referrals • Advocacy • Conflict management • Health Promotion Programmes • Lifestyle disease management • Voluntary counselling and testing • Awareness campaigns • Health related workshops • Nutrition counselling
4. Has the department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	X		<p>S. Shezi – Human Resources Management L. Motlathudi – Human Resources Management M. Mubva – Human Resources Management S. Dlamini – Human Resources Management P. Marota – Procurement and Asset Management M. Lebeloane – Human Resources Management C. Malothe – Water Use and Irrigation Development S. Moltenos – Water Use and Irrigation Development R. Hefer – Food Safety and Quality Assurance F.J. Potgieter – Information and Communication Technology C. Nortier – Agricultural Information Services T. Zwarts – Animal Health M. Motlathedi – Debt Management and Disbursements K. Nokeri – Financial Services J. Phangiso – Agricultural Product Inspection Services M. Mogoane – International Relations A. Seutiwadi – Agricultural Statistics S. Skosana – Food Safety and Quality Assurance C. Benjamin – Education and Training K.S. Mathonjiwa – Security Services C. Malahlela – Food Safety and Quality Assurance</p>

TABLE 9.2 Details of health promotion and HIV/Aids programmes [tick Yes/No and provide required information] (continued)

Questions	Yes	No	Details, if yes
5. Has the department reviewed the employment policies and practices of your department to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	X		<ul style="list-style-type: none"> ▪ HIV/Aids policy of the department ▪ Stigmatisation clause added
6. Has the department introduced measures to protect HIV positive employees or those perceived to be HIV positive from discrimination? If so, list the key elements of these measures.	X		<p>HIV/Aids Policy of the Department of Agriculture incorporated:</p> <ul style="list-style-type: none"> ▪ Legal implications of discrimination explained ▪ Planning for the Management training and support ▪ Employment Equity Act ▪ Promotion of Equality and Prevention of Unfair Discrimination Act 2000.
7. Does the department encourage its employees to undergo voluntary counselling and testing? If so, list the results that you have achieved.	X		<p>The department has introduced voluntary counselling and testing and there has been a positive response. Accredited by Department of Health</p>
8. Has the department developed measures/indicators to monitor and evaluate the impact of your health promotion programme? If so, list these measures/indicators.	X		<p>Knowledge, attitude, practices study is in progress. Human Resources Management to conduct impact analysis biannually in order to understand, evaluate and monitor the evolving epidemic and how it will impact on the organisation in relation to its structure, operations, functions, knowledge and skills.</p>

10. LABOUR RELATIONS

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

TABLE 10.1 Collective agreements

Subject matter
Nii

TABLE 10.2 Misconduct and disciplinary hearings finalised, 1 April 2005 to 31 March 2006

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	1	5,5
Verbal warning	–	–
Written warning	2	11,1
Final written warning	4	22,2
Suspended without pay	2	11,1
Fine	–	–
Demotion	–	–
Dismissal	1	5,5
Not guilty	3	16,6
Case withdrawn	5	28,0
Total	18	100,0

TABLE 10.3 Types of misconduct addressed at disciplinary hearings

Type of misconduct	Number	% of total
Misuse of government vehicle	1	5,5
Malpractice, corruption and nepotism	–	–
Abscondment	2	11,1
Damage of government vehicle	1	5,5
Theft	5	28
Absent without authorisation	1	5,5
Alcohol abuse	3	16,6
Mismanagement of State finances	1	5,5
Insubordination	1	5,5
Rape	3	16,6
Operating money loan schemes	1	5,5
Assault	1	5,5
Prejudicing the discipline	3	16,1
Prejudicing the administration of the department	–	–
Illegal use of State property	–	–
Fraud	–	–
Total	18	100,0

TABLE 10.4 Grievances lodged for the period 1 April 2005 to 31 March 2006

	Number	% of total
Number of grievances resolved	17	58,6
Number of grievances not resolved	12	41,3
Total number of grievances lodged	29	100,0

TABLE 10.5 Disputes lodged with councils for the period 1 April 2005 to 31 March 2006

	Number	% of total
Number of disputes upheld	3	75
Number of disputes dismissed	1	25
Still pending	–	–
Total number of disputes lodged	4	100

TABLE 10.6 Strike actions for the period 1 April 2005 to 31 March 2006

Total number of person working days lost	31
Total cost (R'000) of working days lost	5 962,92
Amount (R'000) recovered as a result of no work no pay	5 962,92

TABLE 10.7 Precautionary suspensions for the period 1 April 2005 to 31 March 2006

Number of people suspended	1
Number of people whose suspension exceeded 30 days	–
Average number of days suspended	28
Cost (R'000) of suspensions	3 481,50

11. SKILLS DEVELOPMENT

The following tables highlight the efforts of the department with regard to skills development.

TABLE 11.1 Training needs identified

Occupational categories	Gender	Employment	Learner-ships	Skills pro-grammes and other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female			124		124
	Male			90		90
Professionals	Female			461		461
	Male			734		734
Technicians and associate professionals	Female			462		462
	Male			483		483
Clerks	Female			563		563
	Male			279		279
Service and sales workers	Female			87		87
	Male			46		46
Skilled agriculture and fishery workers	Female					
	Male					
Craft and related trade workers	Female					
	Male					
Plant and machine operators and assemblers	Female					
	Male					
Elementary occupations	Female			54		54
	Male			86		86
Gender subtotals	Female			1 751		1 751
	Male			1 718		1 718
Total				3 469		3 469

TABLE 11.2 Training provided

Occupational categories	Gender	Employment	Learner-ships	Skills pro-grammes and other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female			32	1	33
	Male			39	3	42
Professionals	Female			76	3	79
	Male			105	11	116
Technicians and associate professionals	Female			142	4	146
	Male			209	9	218
Clerks	Female			153	30	183
	Male			72	9	81
Service and sales workers	Female			8		8
	Male			10		10
Skilled agriculture and fishery workers	Female			2	2	4
	Male					
Craft and related trades workers	Female					
	Male			1		1
Plant and machine operators and assemblers	Female					
	Male					
Elementary occupations	Female		9	9		18
	Male		26	2	1	29
Gender subtotals	Female		9	422	40	471
	Male		26	438	33	497
Total			35	860	73	968

12. INJURY ON DUTIES

The following table provides basic information on injury on duties.

TABLE 12.1 Injury on duties

Nature of injury on duties	Number	% of total
Required basic medical attention only	19	100
Temporary total disablement		
Permanent disablement		
Fatal		
Total	19	100

13. UTILISATION OF CONSULTANTS

TABLE 13.1 Report on consultant appointments using appropriated funds

Project title	Total number of consultants who worked on the project	Duration: Work days	Contract value in Rand
1. Risk assessment	4	63	403 908,00
2. Amendment of the Agricultural Pests Act, 1983	1	5	10 000,00
3. Ingerop Africa—Supervision of the upgrading of Larna Dawn Dam	3	6 months	451 764,40
4. J.F. Kirsten—Appraisal of existing land reform project	5	6 months	386 750,00
5. Motswedding Communication—Video shoot LRAD projects: Gauteng	4	3	97 980,00
6. Motswedding Communication—Video shoot LRAD projects: Limpopo	4	4	157 680,00
7. Shabugwane Investments—Upgrading of the Larna Dawn Dam	2	6 months	3 904 089,48
8. Dhladhla Associates Consulting— Appointment of contractor for land reform projects	4	6 months	33 160,00
9. Emendo Town and Regional Planners— Appointment of contractor for land reform projects	5	6 months	335 160,00
10. Supply chain management	1	205	628 658,27
11. Project plan for implementation of Integrated Scorecard Framework	2	7	798 000,00
Total number of projects	Total individual consultants	Total duration: Work days	Total contract value in Rand
11	35	737	7 207 150,15

TABLE 13.2 Analysis of consultant appointments using appropriated funds, i.t.o. HDIs

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that work on the project
Risk assessment	79	93	4
Project plan for implementation of Integrated Scorecard Framework	100	100	1

No consultants were appointed using donor funds during the period under review.