



DEPARTMENT OF AGRICULTURE

Annual report

2004/05

2005

Published by
Department of Agriculture

Design and layout by
Directorate Agricultural Information Services

Obtainable from
Resource Centre
Directorate Agricultural Information Services
Private Bag X144
Pretoria
0001

Printed in the Republic of South Africa by
Government Printer, Pretoria

ISBN 1-86871-172-2
RP 165/2005



Foreword by the Minister

In moving into the second decade of democracy in South Africa, the emphasis has shifted from high-level political, economic and administrative change to consolidating delivery infrastructure and hastening the pace of delivery. In agriculture, it has become clear that accelerated delivery hinges on the sector's commitment to realise the vision set in the *Strategic plan for South African agriculture* in 2001 of creating "a united and prosperous agricultural sector".



Thoko Didiza

Over the past year, there have been a number of platforms and projects in which stakeholders have set aside narrow or vested agendas for the sake of broader unity and prosperity. One need only consider the outstanding spirit of co-operation within bodies such as the Agricultural Trade Forum, where a diverse range of stakeholders are working together to ensure we present a consistent, coherent and united front on international agricultural trade matters. We have also seen a growing trend towards public-private partnerships and investments, as well as mentoring relationships between established agriculture and emerging farmers, who are sharing skills, knowledge and even infrastructure.

While encouraging, it is also so that these examples of commonality and reciprocity tend to be limited and often too fragmented to make a significant impact on the dynamics of participation within the sector. As the debate on the Agricultural Broad-based Black Economic

Empowerment (AgriBEE) Framework has revealed, following its launch in July 2004, parts of the sector remain unconvinced about the imperative of achieving fundamental transformation. Predictably, the deepest divisions concerned land ownership and the setting of specific empowerment targets.

The reality is that, of all economic sectors, agriculture has arguably done the least to promote transformation. One need only look at the ongoing disparities in land ownership, the shocking literacy rate among farm workers, the ongoing skills shortages and the scarcity of developing farmers in mainstream agriculture to see that this is not political hyperbole. Empowerment is not based on ideology but on basic economic fundamentals. Quite simply, stability and growth in the sector cannot be achieved while only one part of it is actively participating. No sector or economy can grow unless it incorporates all its citizens.

This department has repeatedly said that broad-based agricultural black economic empowerment must be defined and achieved through an inclusive and transparent process, based on extensive consultation and the participation of all stakeholders. I believe we as government are keeping our side of the bargain, having given every stakeholder the opportunity to voice their views through the representative AgriBEE Steering Committee, which is driving the consultation process. This invitation remains open and I would appeal to those within the sector who have misgivings to use this vehicle of expression instead of airing their views in less appropriate public channels or sidelining themselves in this critical debate.

I would urge stakeholders to note that the department is committed to meeting the deadline set for finalising the AgriBEE Framework and concluding an AgriBEE charter before the end of 2005.

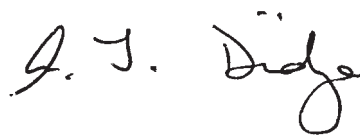
A second major challenge undertaken during the year was the launch of the Comprehensive Agricultural Support Programme (CASP) in August 2004. CASP represents the most co-ordinated, concerted effort yet to ensure the sustainability and commercial viability of emerging farmers and the beneficiaries of agrarian reform. CASP adds the vital element of post-settlement support to the work already done to promote the participation of previously disadvantaged individuals through access to land. As the implementation of CASP gains momentum over the next three years, we expect

major improvements in the production capacity of developing farmers and in the flow-through effect on national food security and sector growth and income generation.

Yet another challenge of 2004/05 was dealing with various outbreaks of plant and animal diseases, which not only had the potential to undermine national food security but also jeopardise South Africa's access to international markets. In virtually all cases, these outbreaks were swiftly and effectively contained, owing largely to the high level of co-operation and quick action taken by the national Department of Agriculture, the provincial departments of agriculture, and stakeholders in the areas affected. We are committed to further improving South Africa's capacity to ensure safe, high-quality agricultural production and will intensify the drive to comply with international standards.

A clear indication of the progress already made was the lifting during 2004/05 of the Chinese Government's ban on South African animal products, imposed in 2000 after an outbreak of foot-and-mouth disease in KwaZulu-Natal. Not only has China resumed animal product imports from South Africa, it has also extended agricultural ties by concluding the citrus protocol with this country in June 2004.

My thanks and appreciation to all within the sector who contributed to the modest but meaningful gains made during the year under review in realising the potential of the agricultural sector in the interests of all South Africa's citizens.



Ms Thoko A. 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 2004 to 31 March 2005.

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke that curves upwards at the end.

Mr Masiphula Mbongwa

ACTING DIRECTOR-GENERAL, DEPARTMENT OF AGRICULTURE



Contents

Acronyms	viii
Acts referenced in this report	x
PART 1: General information	1
PART 2: Programme performance	21
Administration	
– Administration and Governance	
– Financial Management	
Farmer Support and Development	
Agricultural Trade and Business Development	
Economic Research and Analysis	
Agricultural Production	
Sustainable Resources Management and Use	
National Regulatory Services	
Communication and Information Management	
Programme Planning, Monitoring and Evaluation	
PART 3: Report of the Audit Committee	131
PART 4: Annual financial statements	133
PART 5: Human resources management	213

Acronyms

AADP	African Agricultural Development Programme	FanGR	Farm Animal Genetic Resources
ABET	adult basic education and training	FANR	Food, Agriculture and Natural Resources
ACP	African, Caribbean and Pacific	FAO	Food and Agriculture Organisation of the United Nations
ADA	Agricultural debt account	FARA	Forum for Agricultural Research in Africa
ADMA	Agricultural Debt Management Act	FET	Further Education and Training
AGIS	Agricultural Geographical Information System	FICOSA	Financial Co-operatives of South Africa
AHS	African horsesickness	FINREC	financial record system for farms and enterprises
AgriBEE	Agricultural Broad-based Black Economic Empowerment	FIVIMS	Food Insecurity and Vulnerability Information Mapping System
AgriSETA	Agricultural Sector Education and Training Authority	FMD	foot-and-mouth disease
AIS	Animal Identification System	FSC	Financial Services Co-operative
APAC	Association of Principals of Agricultural Colleges	FVO	Food and Veterinary Office
APHIS	Animal and Plant Inspection Services	GCIS	Government Communication and Information System
API	Agricultural Product Inputs	GEF	Global Environment Facility
ARC	Agricultural Research Council	GFAR	Global Forum on Agricultural Research
ASRDC	Agriculture and Sustainable Rural Development Committee	GMO	genetically modified organism
ATF	Agricultural Trade Forum	HPAI	highly pathogenic avian influenza
BACS	Basic Animal Care System	IAPSC	Inter-African Phytosanitary Council
BAS	Basic Accounting System	IBSA	India, Brazil, South Africa
BCOCC	Border Control Operational Coordinating Committee	ICID	International Commission on Irrigation and Drainage
BMC	bovine malignant catarrhal fever	ICM	(SADC's) Integrated Committee of Ministers
BSE	bovine spongiform encephalopathy	ICT	information communication technology
CASP	Comprehensive Agricultural Support Programme	IFSNP	Integrated Food Security and Nutrition Programme
CCAW	Consultative Committee on Agricultural Water	INTERGIS	Integrated Registration and Genetic Information System
CCSSIS	Coordinating Committee on Small-scale Irrigation Support	IP	intellectual property
CDI	Co-operative Development Initiative	IPGRI	International Plant Genetic Resources Institution
CHET	cysticercosis, hydatidosis, echinococcosis and taeniasis	IPPC	International Plant Protection Convention
CG	Cairns Group	IPR	intellectual property right
CGIAR	Consultative Group on International Agricultural Resources	IPS	identity preservation system
COLEACP	Europe-African-Pacific Liaison Committee	IRPS	International Relations, Peace and Security
COMBUD	Computerised Budget (income/cost budgets for farm enterprises)	ISNAR	International Service for National Agricultural Research
CPAC	Central Primary Co-operative	ISO/IEC	International Standardisation Organisation/International Electrochemical Commission
CPPP	Community Public Private Partnership	ISPM	international standards for phytosanitary measure
DBSA	Development Bank of Southern Africa	ISRDP	Integrated Sustainable Rural Development Programme
DEXCO	Departmental Executive Committee	ISTA	International Seed Testing Association
DMC	Departmental Management Committee	IT	information technology
DoA	Department of Agriculture	ITAC	Information Technology Acquisition Centre (SITA)
DPLG	Department of Provincial and Local Government	ITCA	Intergovernmental Technical Committee for Agriculture
DPW	Department of Public Works	ITCA-VWG	Intergovernmental Technical Committee for Agriculture Veterinary Working Group
DRC	Democratic Republic of Congo	ITPGRFA	International Treaty on Plant Genetic Resources for Food and Agriculture
dti	Department of Trade and Industry	IWMI	International Water Management Institute
EAP	Employee Assistance Programme	JCC	Joint Cooperation Council
ED	endocrine disrupter	JCPS	Justice, Crime Prevention and Security
EFTA	European Free Trade Agreement		
EIA	environmental impact assessment		
ELISA	enzyme linked immunosorbent analysis		
EPRD	European Programme on Reconstruction and Development		
EU TDCA	European Union Trade, Development and Co-operation Agreement		

KIMS	Knowledge and Information Management Systems	PPECB	Perishable Products Export Control Board
KRA	key result area	PRA	Pest Risk Analysis
LADA	Land Assessment in Dryland Areas	PRRS	porcine reproductive and respiratory syndrome
LDS	(National) Livestock Development Strategy	PSETA	Public Service Sector Education and Training Authority
LSU	large stock unit	PSR	Public Service Regulations
LIMS	Laboratory Information Management System	QAP	Quality Assurance Programme
LMO	living modified organism	RAMP	Repairs and Maintenance Programme
LOGIS	logistical information system	RPPO	Regional Plant Protection Organisation
LRAD	Land Redistribution for Agricultural Development	RRSU	Regional Remote Sensing Unit
MAFISA	Micro-agricultural Financial Institutions of South Africa	RVAC	Regional Vulnerability Assessment Committee
MAPP	Multicountry Agricultural Productivity Programme	R&D	Research and Development
MDSS	Management Decision Support System	SAAFQIS	South African Agricultural Food and Quarantine Inspection Services
MERCOSUR	Mercado Comm Del Sur	SABC	South African Broadcasting Corporation
Micro FINREC	micro financial record system for farms and enterprises	SABS	South African Bureau of Standards
MIS	Marketing Information System	SACU	South African Customs Union
MISP	Master Information System Plan	SACU/SPS	Southern African Customs Union/Sanitary and Phytosanitary
MPCC	multipurpose community centre	SADC	Southern African Development Community
MRL	Maximum Residue Limit	SANAS	South African National Accreditation System
MTA	Standard Material Transfer Agreement	SANDEF	South African National Defence Force
MTEF	Medium Term Expenditure Framework	SANSOR	South African National Seed Organisation
NAFU	National African Farmers' Union	SA-PIP	South African Pesticide Initiative Programme
NAI	notifiable avian influenza	SAPS	South African Police Service
NAMC	National Agricultural Marketing Council	SAQA	South African Qualifications Authority
NAP	National Action Plan	SARIA	Southern African Regional Irrigation Association
NARF	National Agricultural Research Forum	SASCO	South African Students Congress
NBSAP	National Biodiversity Strategy and Action Plan	SECO	Swiss State Secretariat for Economic Affairs
NEPAD	New Partnership for Africa's Development	SETASA	Sector Education and Training Authority for Secondary Agriculture
NERPO	National Emergent Red Meat Producers' Organisation	SITA	State Information Technology Agency
NEWS	national early warning system	SMME	small, medium and micro enterprises
NPPO	National Plant Protection Organisation	SOP	standard operating procedure
NRM	National Resource Management	SPFS	Special Programme on Food Security
NPGRC	National Plant Genetic Resources Centre	SPGRC	SADC Plant Genetic Resources Centre
NQF	National Qualifications Forum	STANSA	Standards South Africa
NRS	National Regulatory System	SSSN	(SADC) Seed Security Network
NSC	National Seed Collection	StatsSA	StatisticsSA
NVAC	National Vulnerability Assessment Committee	TCART	(SADC) Technical Committee on Agricultural Research and Training
NWGA	National Wool Growers' Association	UNCTAD	United Nations Conference on Trade and Development
OBP	Onderstepoort Biological Products	UN/ECE	United Nations/Economic Commission for Europe
OECD	Organisation for Economic Cooperation and Development	UPOV	Union for the Protection of new Varieties
OIE	International Office of Epizootics	USDA	United States Department of Agriculture
OSTS	Official Seed Testing Station	WOCAT	World Overview of Conservation Approaches and Technologies Programme
PAETA	Primary Agricultural Education and Training Association	WOZA	Wine-online System
PAIA	Promotion of Access to Information Act	WPM-VAM	World Food Programme – Vulnerability Assessment and Monitoring
PBR	Plant Breeders' Rights	WTO	World Trade Organisation
PDA	Provincial Department of Agriculture		
PEP	post exposure prophylaxis		
PIMSA	Programme Management Office System		

Acts referenced in the report

- Access Control to Public Premises and Vehicles Act, 1985 (Act No. 53 of 1985)
- Administration of Estates Act, 1965 (Act No. 66 of 1965)
- Agricultural Credit Act, 1966 (Act No. 28 of 1966)
- Agricultural Debt Management Act, 2001 (Act No. 45 of 2001)
- Agricultural Pests Act, 1983 (Act No. 36 of 1983)
- Agricultural Product Standards Act, 1990 (Act No. 119 of 1990)
- Agricultural Research Act, 1990 (Act No. 86 of 1990)
- Animal Diseases Act, 1984 (Act No. 35 of 1984)
- Animal Health Act, 2002 (Act No. 7 of 2002)
- Animal Identification Act, 2002 (Act No. 6 of 2002)
- Animal Improvement Act, 1998 (Act No. 62 of 1998)
- Animal Protection Act, 1962 (Act No. 71 of 1962)
- Appropriation Act, 2004 (Act 15 of 2004)
- Biodiversity Act, 2004 (Act No. 10 of 2004)
- Companies Act, 1973 (Act No. 61 of 1973)
- Conservation of Agricultural Resources Act, 1983 (Act No. 43 of 1983)
- Co-operatives Act, 1981 (Act No. 91 of 1981)
- Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996)
- Deeds Registries Act, 1937 (Act No. 47 of 1937)
- Division of Revenue Act, 2004 (Act No. 5 of 2004)
- Employment Equity Act, 1998 (Act No. 55 of 1998)
- Fencing Act, 1963 (Act No. 31 of 1963)
- 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)
- Insolvency Act, 1936 (Act No. 24 of 1936)
- KwaZulu-Natal Cane Growers' Association Act Repeal Act, 2002 (Act No. 24 of 2002)
- Land and Agricultural Development Bank Act, 2002 (Act No.15 of 2002)
- Liquor Products Act, 1989 (Act No. 60 of 1989)
- Livestock Brands Act, 1962 (Act No. 87 of 1962)
- Livestock Improvement Act, 1977 (Act No. 25 of 1977)
- Marketing of Agricultural Products Act, 1996 (Act No. 47 of 1996)
- Meat Safety Act, 2000 (Act No. 40 of 2000)
- Medicines and Related Substances Act, 1965 (Act No. 101 of 1965)
- National Environment Management Biodiversity Act, 2004 (Act No.10 of 2004)
- National Environmental Management Act, 1998 (Act No. 107 of 1998)
- Onderstepoort Biological Products Incorporation Act, 1999 (Act No. 19 of 1999)
- Perishable Products Export Control Act, 1983 (Act No. 9 of 1983)
- Plant Breeders' Rights Act, 1976 (Act No. 15 of 1976)
- Plant Improvement Act, 1976 (Act No. 53 of 1976)
- Promotion of Access to Information Act, 2000 (Act No. 2 of 2000)
- Promotion of Administrative Justice Act, 2000 (Act No. 3 of 2000)
- Public Audit Act, 2004 (Act No. 25 of 2004)
- Public Finance Management Act, 1999 (Act No.1 of 1999)
- Security by Means of Moveable Property Act, 1993 (Act No. 57 of 1993)
- State Land Disposal Act, 1961 (Act No. 48 of 1961)
- State Tender Board Act, 1968 (Act No. 86 of 1968)
- Subdivision of Agricultural Land Act, 1970 (Act No. 70 of 1970)
- Unfair Discrimination Act, 2002 (Act No. 52 of 2002)
- Veterinary and Para-veterinary Professions Act, 1982 (Act No. 19 of 1982)



PART 1

General information

Director-General's overview

With the restructuring and consolidation of previous years now behind us, the Department of Agriculture entered the 2004/05 financial year eager to test our ability to provide the quality of leadership that will take the agricultural sector on an upward growth path.



Masiphula Mbongwa
ACTING DIRECTOR-GENERAL

Our starting point was to ensure that all activities and projects undertaken were stringently aligned with our strategic objectives and legislative mandate. At all times, we were guided by the *Strategic plan for the Department of Agriculture 2004* (shortly referred to as the *Strategic plan*), as approved by Parliament in April 2004. Working towards clear, measurable targets, the department held regular reviews to assess performance and ensure that all programmes were concentrating strictly on the priorities and deliverables set in the *Strategic plan*.

This annual report has been structured to correspond with the eight priority areas set in the *Strategic plan*.

COMPREHENSIVE AGRICULTURAL SUPPORT PROGRAMME (CASP)

Launched by the Minister for Agriculture and Land Affairs on 17 August 2004, CASP was a core focus of the department in 2004/05 as it represents an important step forward in our strategy to promote agricultural production among previously disadvantaged individuals and communities.

Where previously the focus was largely on providing access to agricultural land, CASP has a new dimension in the form of post-settlement support. This includes improved access to financing and credit for small-scale farmers and co-operatives, as well as six pillars of nonfinancial support services. These are information and knowledge management, technical and advisory assistance, training and capacity building, market and business development, on and off-farm infrastructure services and regulatory services.

Consequently, CASP addresses past gaps by incorporating all the critical success factors needed to support the sustainability and commercial viability of emerging farmers and land reform beneficiaries.

The first step was to align all existing farmer support services with the six CASP pillars. This step was crucial as service provision takes place through the provincial departments of agriculture, necessitating parity across the provinces and consistency in delivery. To ensure alignment, the Department of Agriculture is responsible for the overall co-ordination of CASP services, including the evaluation of provincial business plans and monitoring of performance.

In terms of access to finance, the department responded quickly to government's policy shift on agricultural financing, as announced by President Thabo Mbeki in his *State of the nation address* in May 2004. This shift involves giving priority to the implementation of the Micro-agricultural Financial Institutions of South Africa (MAFISA), the first state-run scheme to offer micro and retail agricultural financial services on a large scale. MAFISA, which could potentially reach up to 10 million beneficiaries over the next 10 years, will focus purely on small-scale and communal agricultural players, with the Land Bank dealing with the commercial sector.

In preparing for the launch of MAFISA, scheduled for May 2005, the department developed a concept business plan. This was approved by Cabinet in January 2005, and makes provision for a three-tier structure. The three tiers consist of a national wholesaler structure for access to capital markets and corporate banking, a provincial structure that services local banks, and a local structure comprising retail financial services co-operatives.

AGRICULTURAL BROAD-BASED BLACK ECONOMIC EMPOWERMENT (AgriBEE)

The major empowerment event of the year was the launch of the *AgriBEE Framework*, published by the Minister in July 2004 for public comment. Based on a report of the comments received by the AgriBEE Steering Committee, most stakeholders broadly support AgriBEE. However, there were widely varying views on land-related issues and on the modalities for achieving agricultural empowerment. Following further consultation, the AgriBEE Charter is expected to be concluded in the 2005/06 financial year.

Far from being an exclusively domestically focused issue, agricultural economic empowerment is also influenced by international trade developments. While the interests of developing countries have tended to be overlooked in multilateral negotiations on agricultural reform, there were positive signs of a more inclusive approach during 2004/05. An example is the World Trade Organisation Framework for Agriculture, which was concluded in July 2004 and showed an improved focus on the development agenda.

To demonstrate our own commitment to AgriBEE, the department actively explored opportunities to award tenders and contracts to economically empowered suppliers and local communities. This will gain momentum through the implementation of CASP, as many of the support services available lend themselves to black empowerment and local participation.

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. Within the Social Services Cluster, the department drives the food production component of the programme, which seeks to build a culture of self-sustenance through home and communal food production, especially among food-insecure or vulnerable communities. We also promote food security by promoting sound farming practices and sustainable land and water use, and co-ordinating drought relief.

The home food production component of the IFSNP commenced in 2002 with a pilot project, which has seen agricultural starter packs being distributed to almost 18 600 households across the country. During 2004/05, with the aim of broadening distribution to many more food-insecure or vulnerable people, the department prepared norms and standards for identifying beneficiaries and streamlining starter pack delivery. In the coming financial year, we expect the number of households benefiting to treble to 62 000.

To enable developing farmers to use land resources effectively, thus improving food security and alleviating poverty, the department commenced a mechanisation services support project. Focusing on the use of power hoes, this project targets resource-poor farmers in 11 rural development nodes, covering 64 local municipalities. We also drafted a strategy on alternative energy sources such as wind, solar and bio-matter for agricultural production.

Since drought is a major threat to food security, we developed a draft Drought Management Plan, based on input from organised agriculture and the provincial departments of agriculture. Once approved by the Minister and discussed with stakeholders, it will be aligned with the National Disaster Management Framework of the Department of Provincial and Local Government.

Drought relief continued during 2004/05, reaching almost 53 500 farmers, the majority of them small-scale farmers in all provinces except Gauteng. In total, R247,75 million was paid out. A further R30,4 million was paid to farmers affected by the 2000 floods.

Ongoing efforts were made to enhance policy and controls against agricultural pests, with new policies developed on control of the brown locust and blackfly. We also drafted a policy on high-potential and unique agricultural land, along with a Livestock Development Strategy, an Aquaculture Policy and guidelines on food and animal crop species.

AFRICAN AGRICULTURAL DEVELOPMENT PROGRAMME (AADP)

The AADP is the department's framework for restoring agricultural growth, rural development and food security in the African region.

As South Africa is widely seen as a leader in applying genetically modified organisms (GMOs) in the developing world, the department received numerous requests from other African countries for assistance in developing their own legislation. During the year, we hosted delegations from Lesotho, Angola, Zambia, France and the United States Grain Council, all relating to GMOs and biosafety.

A key challenge facing developing countries is regional harmonisation of plant health standards in accordance with international requirements. In May 2004, the department took part in the Inter-African Phytosanitary Council meeting, held in Dakar, Senegal, to discuss compliance with international plant health standards, so as to improve access to foreign markets.

Good progress was made in contributing to the Multi-country Agricultural Productivity Programme (MAPP), which is a financing mechanism for NEPAD's AADP. The department hosted an SADC MAPP stakeholder workshop to agree on the guiding principles of MAPP. These include a strong focus on food security, improved access to regional and international markets, and cooperation on technology development and integration.

In early March 2005, a Regional Vulnerability Assessment Committee meeting was convened in Johannesburg. This was part of a series of rolling assessments in all SADC countries, aimed at identifying the most vulnerable communities needing food relief and support.

In addition, the department continued to provide regulatory and technical assistance to other countries through various bilateral and multilateral agreements.

NATIONAL REGULATORY SERVICES (NRS)

South Africa's return to the global trading community has underlined the importance of effective domestic systems for ensuring that agricultural produce meets world safety and quality standards. This was starkly highlighted during the year by various outbreaks of plant and animal diseases, and the ensuing response from international agencies and trading partners.

The department moved quickly to contain disease outbreaks, while at the same time strengthening safety and quality control legislation. This included drafting new red meat and animal health regulations, promulgating new standards for plant and animal imports and exports, and amending the animal diseases regulations by adding diseases such as avian influenza to the list of controlled diseases.

We also stepped up border control and security and introduced innovations such as the use of Sedupe-sniffer dogs at Johannesburg International Airport to assist with the interception of controlled agricultural goods.

Owing to the decisive action taken by the department and the provincial departments of agriculture to contain outbreaks of foot-and-mouth disease (FMD), South Africa was able to retain its foot-and-mouth disease-free status.

Following the outbreak of highly pathogenic avian influenza, the department voluntarily stopped exports of poultry and poultry products until the outbreak had been successfully dealt with. This was in the interests of safeguarding the international credibility of South Africa's agricultural sector and of reassuring our trading partners. Trading was later resumed, excluding ostrich products, on a compartment basis.

NATURAL RESOURCES MANAGEMENT (NRM)

The major focus during 2004/05 was on conservation agriculture, rainwater harvesting, water relief for drought-afflicted farmers, renewable and alternative energy, capacity building and community empowerment through the LandCare Programme.

LandCare is demonstrating its potential for job creation as well as resource conservation. To date, at least 2 000 temporary job opportunities have been created, mainly in the rural development nodes, and the department expects to achieve the target of providing 9 600 job opportunities over a four-year period. The LandCare programme was expanded during

2004/05 so as to deepen its impact and strengthen the focus on community involvement and capacity building. The expanded programme also provides for investment in Green Lungs projects within the Urban Renewal Development Programme.

During the year, rainwater harvesting was extended to the Eastern Cape, KwaZulu-Natal and North West Provinces. It is already widely used in the eastern Free State, where more than 1 050 households are involved in rainwater harvesting for food production.

We continued implementing water runoff control infrastructure, as well as construction projects to control storm water and reduce erosion potential on cultivated land. Major borehole-drilling and rehabilitation operations were undertaken in Limpopo Province after the drought disaster was declared in four districts, as well as in KwaZulu-Natal, where a tank dip project is under way.

In response to growing demand for guidance on cropping for energy, the department developed an interim position on biodiesel. This interim position highlights the need for environmental impact assessments and for economic viability studies for any crop grown for biodiesel purposes. The department also published policies on sustainable development in agriculture and on aquaculture.

KNOWLEDGE AND INFORMATION MANAGEMENT SYSTEMS (KIMS)

This priority area focuses on the management of knowledge and information, in the interests of building a knowledge-driven agricultural sector. During the year under review, the department introduced a number of innovations designed to improve stakeholders' access to information and ability to do business efficiently.

A prime example is the Wine Online Export System, launched in 2004/05, which enables industry players to access export and analysis certificates in just half a day, compared to the three to six days for manual processes. Another example is the Agricultural Geographic Information System (AGIS), which recorded 729 000 hits during the year. To further enhance AGIS, Census 2000 information has been incorporated in the system.

The use of technology is also improving the department's internal efficiency and project management capacity. During the year, we implemented a database for Land Redistribution for Agricultural Development (LRAD), enabling the department to accurately track the status of each LRAD project in the country. We are also sharing our systems with neighbouring countries, such as Mozambique, where we are deploying the Animal Identification System.

As the official source of agricultural statistics in South Africa, the department seeks to add value to stakeholders' activities by providing reliable, up-to-date information on the performance of the agricultural sector. During the year under review, we compiled the annual economic accounts, reflecting the performance of the agricultural sector for 2004/05. The statistics were made available to StatsSA and the Reserve Bank for incorporation into the country's national accounting system. The private consumption expenditure on foodstuffs, which indicates the amount that South Africans spend on food, was also calculated and made available for 2004/05.

Furthermore, the department produced monthly updates of important macro-economic indicators to determine trends in the agricultural sector. These included the volume index of production, farming requisites price index, producer price index, land price index, interest rate index, farm debt, the volume and value of agricultural imports and exports, the food basket of farm products, which indicates the producers' share in the consumer's Rand, and the volume, value and prices of fresh produce sold on the major markets.

RESEARCH AND DEVELOPMENT (R&D)

Recent Cabinet changes to the governance system for science and technology have added to the department's R&D responsibilities. As from 1 April 2005, we will have full budgetary responsibility for the Agricultural Research Council (ARC), with implications for monitoring and evaluating its performance. We also lead the National Agricultural Research Forum (NARF), which is developing a long-term research, technology dissemination and technology development strategy for the country's agricultural system.

During the year under review, the department drafted an Agricultural Biotechnology Strategy, defining the strategic direction in which biotechnological solutions can be applied for sustainable agriculture. We were also involved in discussions with the Department of Environmental Affairs and Tourism on the National Biodiversity Strategy and Action Plan, so as to ensure agricultural biodiversity is taken into account.

CONCLUSION

Despite the challenges posed during the year by ongoing drought and outbreaks of animal and plant diseases, the Department of Agriculture was able to meet most of the objectives set in the *2004 Strategic plan* while consolidating its capacity to improve service delivery in the coming year. On behalf of the top management team, I thank the Minister for Agriculture and Land Affairs for her effective leadership during the year under review, and also extend my appreciation to the members of the Portfolio Committee on Agriculture and Land Affairs as well as members of the Select Committee on Land and Environmental Affairs for their expertise and guidance. Owing to the level of political and strategic leadership provided to the department, we have been able to rise above the constraints presented by the staff shortages encountered by almost all programmes. On this note, I believe it is appropriate to thank all employees of the department for their commitment to the development of the agricultural sector and their willingness to tackle ever-increasing work volumes with characteristic optimism and efficiency.



Masiphula Mbongwa

ACTING 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 2004 to 31 March 2005. Aggregates are compared with the period 1 April 2003 to 31 March 2004.

GROSS FARM INCOME

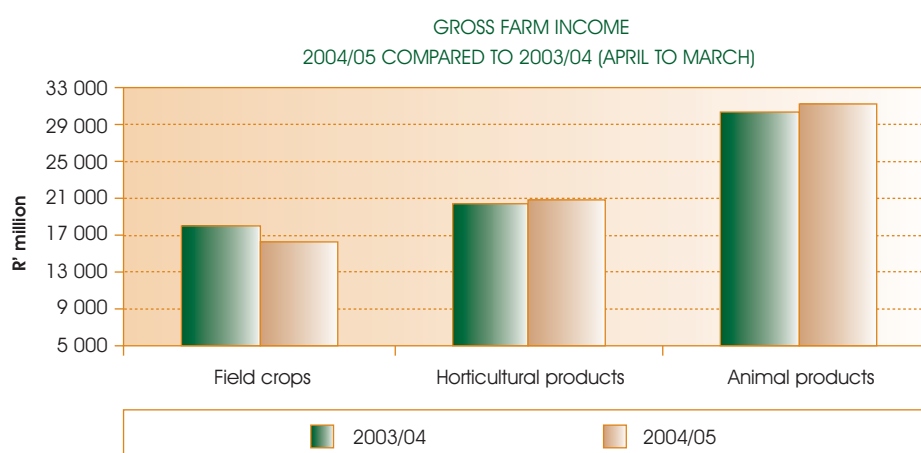
Gross income refers to that part of agricultural production marketed at basic prices. It also includes production for own consumption valued at the same prices.

Gross income from all agricultural products amounted to R68 298 million for the year that ended on 31 March 2005, which is 0,6% lower than the previous year. This decrease can mainly be attributed to the decrease of 9,7% in the gross income from field crops. Animal products contributed 45,8%, horticultural products 30,5% and field crops 23,7% to the gross farm income.

The gross income from animal products amounted to R31 286 million—an increase of 2,8%. The gross income from cattle and calves slaughtered increased by 16,5% and that of pigs slaughtered by 10,0%. These increases can mainly be attributed to the increases in the prices that producers received for slaughtered stock. Income from poultry, meat and eggs showed even more moderate increases of 0,6 and 0,9%, respectively.

The income from horticultural products increased by 2,4% to R20 824 million. The income from deciduous and other summer fruit increased by 18,9%, mainly as a result of an increase in production and prices received for deciduous fruit. However, the gross income from vegetables decreased by 7,0% to R6 333 million. The average producer price of vegetables decreased significantly during the year under review.

The gross income from field crops decreased by 9,7% and amounted to R16 188 million. The decrease of 39,3% in the income from tobacco, 31,0% in the case of oats, 29,2% from barley, 14,5% from wheat, and 11,5% from maize are the main contributors to this decrease. The reason for these decreases is mainly the result of a decrease in producer prices of field crops.

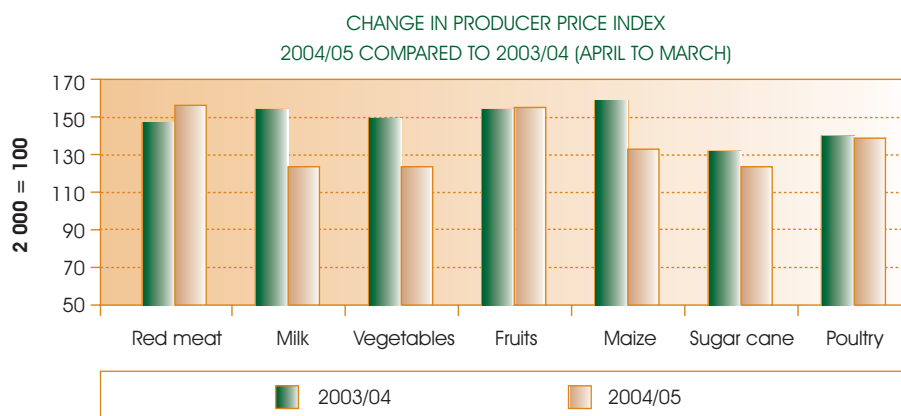


INTERMEDIATE EXPENDITURE

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 6,3% to R39 785 million. Expenditure on farm feeds remained the biggest expenditure item, accounting for 28,8%, followed by 11,2% for farm services, 10,5% for fuel and 8,8% for fertilisers. Large increases occurred in the expenditure on fuel, which increased by 23,5%, and for packing material, which increased by 13,3%.

PRICES RECEIVED, PRICES PAID BY FARMERS AND TERMS OF TRADE

On average, prices received by farmers for all agricultural products decreased by 8,9%. The weighted average prices of field crops decreased by 16,5%, mainly because of decreases in the prices of hay, oilseeds, summer grains and cotton, which decreased by 21,2%, 20,2%, 19,3% and 14,6%, respectively. Prices of horticultural products decreased by 8,0%. Fruit prices increased by 0,9%, whilst vegetable prices decreased by 17,3%. The average prices of animal products decreased by 2,8%, mainly as the result of a decrease of 19,5% in dairy products and 15,0% in pastoral products. Prices of slaughtered stock, however, increased by 6,3%.



The prices paid for farming requisites, including machinery and implements, material for fixed improvements as well as intermediate goods and services, increased by 3,5% compared to an increase of 3,2% the previous year. Prices increased by 15,5% for fuel, 9,7% for fencing material and 7,1% for seeds and plants. However, prices for tractors and dips and sprays decreased by 4,7% and 2,5%, respectively.

The decrease in prices received compared to the increase in prices paid by farmers resulted in a decrease of 12,0% in 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 8,9% in the gross margin (gross income to intermediate expenditure). Net farm income decreased by 21,2% to R13 025 million, due to increases in intermediate expenditure as well as factor payments, i.e. labour, rent and interest payments. This also contributed to a decrease of 18,4% in the cash flow of farmers.

CONCLUSION

During the 12 months that ended on 31 March 2005, the gross income of farmers decreased, due to considerable decreases in the producer prices of almost all the primary agricultural products, but in particular that of hay, grain sorghum, wool, milk, vegetables and maize. Expenditure on production inputs and services increased. The net farm income was lower for the second consecutive year. Expectations are that the gross and net farm income of farmers for 2005 will not improve significantly due to the expected pressure on prices that farmers will receive for their products.

The Ministry

The main purpose of the office of the Minister is to render parliamentary, media liaison, administrative, secretarial, personal and advisory support to the Minister and Deputy Minister and to ensure that they are able to execute their governmental obligations and mandated functions in an obstacle-free environment.

The Department of Agriculture derives its mandate from the Public Service Act, 1994 (Proclamation 103 of 1994), while the President appoints the political principals. The Ministerial Handbook provides guidelines on the number and appointment of staff members within the Ministry, while special advisors are appointed in terms of Cabinet directives.

INSTITUTIONS REPORTING TO THE EXECUTIVE AUTHORITY

The following public entities report directly to the Minister:

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

Regular meetings were held and various issues pertaining to the public entities were discussed and addressed.

BILLS SUBMITTED TO THE LEGISLATURE DURING THE FINANCIAL YEAR

In a constantly changing agricultural sector, the policy and legislative environment is reflected in the amendments to, or replacement of, legislation. During the review period, the South African Abattoir Corporation Act Repeal Bill was approved by Cabinet, paving the way for tabling in Parliament.

The President also approved the proclamation for the transfer of the Co-operatives Act to the Department of Trade and Industry. In a further proclamation, the Minister for Agriculture and Land Affairs was given the powers to dispose of certain land not granted by the Presidency.

PARLIAMENTARY QUESTIONS

In total, 48 questions pertaining to agriculture were asked in Parliament. Thirty-three written replies and 15 oral replies were provided in response to these questions.

MINISTERIAL VISITS ABROAD

The Minister travelled extensively during the period under review and undertook 11 visits to the following foreign countries:

Tanzania (9–15 May 2004):

To constitute a technical support team during the Extraordinary Summit on Agriculture and Food Security

Brazil (13–24 June 2004):

Attend the United Nations Conference on Trade and Development (UNCTAD) XI Pre-conference, G-77 Ministerial meeting, 40th Anniversary celebration, G20 Ministerial meeting, UNCTAD XI Conference and Interactive Round Table on Gender and Trade

People's Republic of China (14–18 September 2004):	Part of a preparatory technical team and thereafter part of the team of the Deputy President's State visit
Belgium (14–19 November 2004):	Part of a Presidential delegation to the European Union
Belgium (19–23 November 2004):	Attendance of the SA-EU Joint Cooperation Council (JCC) as well as meetings of the Trade Cooperation Committee and of Senior Officials
Germany (21–30 January 2005):	Participation in the policy conference of the International Green Week
The Netherlands (22–24 January 2005):	Participation in the <i>ad hoc</i> follow-up committee meeting of the Inter Academy Council Report on Science and Technology to improve food security and agricultural productivity in Africa
Senegal (4–5 February 2005):	Attend the International Forum: "Dakar Agricole" based on the theme "Africa and the worldwide agricultural breakdown"
India (19–21 February 2005):	Attend the Ministerial meeting of the G-20 Alliance
India (18–20 March 2005):	Attend the Ministerial G-20 Alliance meeting
Colombia (30 March to 1 April 2005):	Attend the Cairns Group (CG) Ministerial 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 abroad, 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 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 always will 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

The key clients of the department are:

- 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

In terms of policy, legislation, setting strategic priorities, advice, norms and standards, information, monitoring and evaluation, supervision and reporting

National regulatory 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, community partnerships and agricultural human resources 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
ACTING DIRECTOR-GENERAL



Attie Swart
ACTING DEPUTY DIRECTOR-GENERAL
Agricultural Economics and
Business Development



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



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 over 30 pieces of legislation. Underpinning this definition of 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. 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 needs to continuously adjust through amendments and sometimes replacement 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 Breeder's Rights Act, 1976	Act No. 15 of 1976
Plant Improvement Act, 1976	Act No. 53 of 1976
Co-Operatives Act, 1981	Act No. 91 of 1981
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 Act, 1984	Act No. 35 of 1984
Liquor Products Act, 1989	Act No. 60 of 1989
Agricultural Research Act, 1990	Act No. 86 of 1990
Agricultural Products Standards Act, 1990	Act No. 112 of 1990
Agricultural Produce Agents Act, 1992	Act No. 12 of 1992
South African Abattoir Corporation Act, 1992	Act No. 120 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-Natal Cane Growers' Association Act Repeal Act, 2002	Act No. 24 of 2002

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, 1983 (Act No. 9 of 1983).

Functions

The functions of the board are to:

- Control the export shipment of perishable products from the Republic and the order of shipment of these at all ports,
- Make recommendations on the handling of perishable products when moved to and from railway trucks and other vehicles or cold stores,
- Promote 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, the board must furnish the Minister and all registered exporters with a report on its activities during that financial year 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, 1990 (Act No. 86 of 1990).

Functions

The functions of the council are to:

- Establish and control facilities in those fields of research, development and transfer of technology which the council may determine from time to time.
- Promote co-operation between the Republic and other countries with regard to research, development and transfer of technology in other countries, etc.

Accountability arrangements

In terms of section 22(3) of the Agricultural Research Act, 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 terms of section 3 of the Marketing of Agricultural Products Act, 1996 (Act No. 47 of 1996).

Functions

The functions of the council are to:

- Prepare and submit to the Minister for consideration statutory measures and changes to statutory measures which the Minister may direct it to prepare.
- Monitor the application of statutory measures and report on this to the Minister, and evaluate and review these measures at least every two years.

Accountability arrangements

The accounting officer shall in terms of section 8A (4) (C) furnish the Minister with a year-end financial statement within four months after the end of each financial year.

Onderstepoort Biological Products

Onderstepoort Biological Products (OBP) has been incorporated in terms of section 2 of the Onderstepoort Biological Products Incorporation Act, 1999 (Act No. 19 of 1999).

Functions

The functions of the OBP are to:

- Manufacture and distribute vaccines and other biological products pertaining to animals.

Accountability arrangement

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

Land and Agricultural Development Bank

The bank was established in terms of section 1 of the Land Bank Act, 1912 (Act No. 18 of 1912), which was repealed by section 53 of the Land Bank Act, 1944 (Act No. 13 of 1944), and which was again repealed by the Land and Agricultural Development Bank Act, 2002 (Act No. 15 of 2002).

Functions

The functions of the Land and Agricultural Development Bank are to:

- Promote equitable ownership of agricultural land, in particular the increase of ownership of agricultural land by historically disadvantaged persons,
- Promote and facilitate agricultural entrepreneurship, etc.

Accountability arrangements

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

Office of the Director-General

The purpose of the Office of the Director-General is to provide strategic leadership and extensive managerial and administrative support to the department.

OBJECTIVES



Bafedile Bopape
EXECUTIVE MANAGER

The objectives of this office are to provide leadership, strategic direction, policy advice, decision-making support and financial oversight for the department. The office has the overall responsibility for overseeing and monitoring the performance of the department against its intended strategic goals. It is also responsible for ensuring that proper alignment exists within departmental programmes and broad government objectives.

The office endeavours to achieve its objectives through the establishment of frameworks for the co-ordination and implementation of national policy and the development and implementation of quality standards. It focuses on identifying organisational risks, developing and implementing appropriate risk management policies and implementing and encouraging the realisation of organisational values.

ACHIEVEMENTS

Improved office administration

During the period under review, standard operating procedures (SOP) and service delivery standards were developed to improve service delivery. To co-ordinate administration, the Office of the Director-General and the Ministry were merged with effect from 1 November 2004. The SOPs of both offices have also been merged to facilitate the workflow.

The procedures for the handling of submissions were improved by implementing a proper registry system. The turnaround time for the handling of submissions has also been improved by instituting new administrative procedures. Overall, good progress was made in improving on the response time of submissions and in meeting the service delivery standards.

Oversight committee meetings

To ensure effective management in the department, weekly oversight meetings were held, which were attended by the Director-General, Deputy Directors-General and the Chief Operational Officer. As this committee reports to the Departmental Executive Committee (DEXCO), there has been improved co-ordination of departmental operations and follow-up on issues in the system.

Quarterly review meetings

To review performance progress in the department, Senior Management members meet every quarter. An integrated approach has been implemented to co-ordinate activities related to the eight key priority areas of the department set in the *Strategic plan*.

Transformation

The Transformation Unit engaged staff on transformation and employment equity through quarterly meetings of the Transformation Forum and the Employment Equity and Transformation Consultative Forum. A key sub-structure of the

Consultative Forum is the Disability Forum, which has devised several strategies to ensure the department is able to recruit people with disabilities and create a conducive, barrier-free environment.

On 1 October 2004, the directorate filed the department's Employment Equity report, as required by the Employment Equity Act. This report showed that good progress had been made in improving the representation of black people and women at senior management level, with these groups accounting for nearly 65 % and 36 %, respectively, of senior managers. At top management level, representation is 100 % black of whom 50 % are women. To enhance commitment to employment equity among senior managers, employment equity targets have been incorporated into their performance agreements. Other transformation, skills development, governance and culture change imperatives will also be integrated into these performance contracts.

All departmental tenders are adjudicated on the basis of the Preferential Procurement Policy Framework Act that promotes black economic empowerment. During 2004/05, the Transformation Unit commenced discussions with Directorate Procurement and Asset Management to ensure a more streamlined, integrated approach to preferential procurement.

Internal Audit

Internal Audit renders an independent and objective assurance and consulting service, designed to add value and improve the department's operations. It assists the department to achieve its objectives by bringing a systematic, disciplined approach to evaluating and improving the effectiveness of risk management, control and governance processes.

Internal Audit reports functionally to the Audit Committee and administratively to the Director-General. The Audit Committee reports annually on the effectiveness of the Internal Audit Directorate.

The directorate derives its mandate from the Public Finance Management Act of 1999 and the Treasury Regulations.



Ramalingam Reddy
SENIOR MANAGER

OBJECTIVES

Internal Audit is a management tool that guides the department towards meeting its objectives efficiently and effectively. To achieve this, it follows a process that provides reasonable assurance of effective and efficient resources, reliable financial information and reporting and compliance with applicable laws and regulations.

Internal Audit also assists the Director-General in achieving the objectives of the department by evaluating and developing recommendations for the enhancement or improvement of the processes through which objectives and values are established and communicated, the accomplishment of objectives is monitored, accountability is assured and corporate values are preserved. Furthermore, it also assists management in identifying and evaluating risks in the department, as well as evaluating management strategy to manage these risks.

ity is assured and corporate values are preserved. Furthermore, it also assists management in identifying and evaluating risks in the department, as well as evaluating management strategy to manage these risks.

ACHIEVEMENTS

During the year under review, Internal Audit produced 13 internal audit reports, in accordance with the Internal Audit Plan, performed audit investigations, assisted in the assessment and maintenance of good governance within the department, and conducted risk assessments.

The work performed by Internal Audit was submitted to the Audit Committee, which expressed satisfaction with the quality of work but was concerned about the limited audit coverage area owing to lack of capacity within the directorate.

The recommendations made by Internal Audit were approved by management and implemented as recommended.

Security Services

The purpose of the directorate is to secure personnel, state assets and information through the development and implementation of security policies. It also represents the department in the Criminal Justice Cluster and other security forums so as to provide advisory services regarding security issues to the Ministry and the office of the Director-General.



Isaac Miti
ACTING SENIOR MANAGER

The mandate of the directorate is to provide for the safeguarding of public premises, vehicles, the protection of people by means of the Access Control to Public Premises and Vehicles Act, 1985 (Act No. 53 of 1985), and the implementation of the national information security policy and the minimum information security standards approved by Cabinet on 4 December 1996.

OBJECTIVES

The objective of the directorate is to promote a safe and secure working environment by rendering physical, protective professional advisory security services.

ACHIEVEMENTS

A new security policy was approved and was posted on the department's intranet. An awareness programme will be conducted to ensure the policy is understood and adhered to by officials.

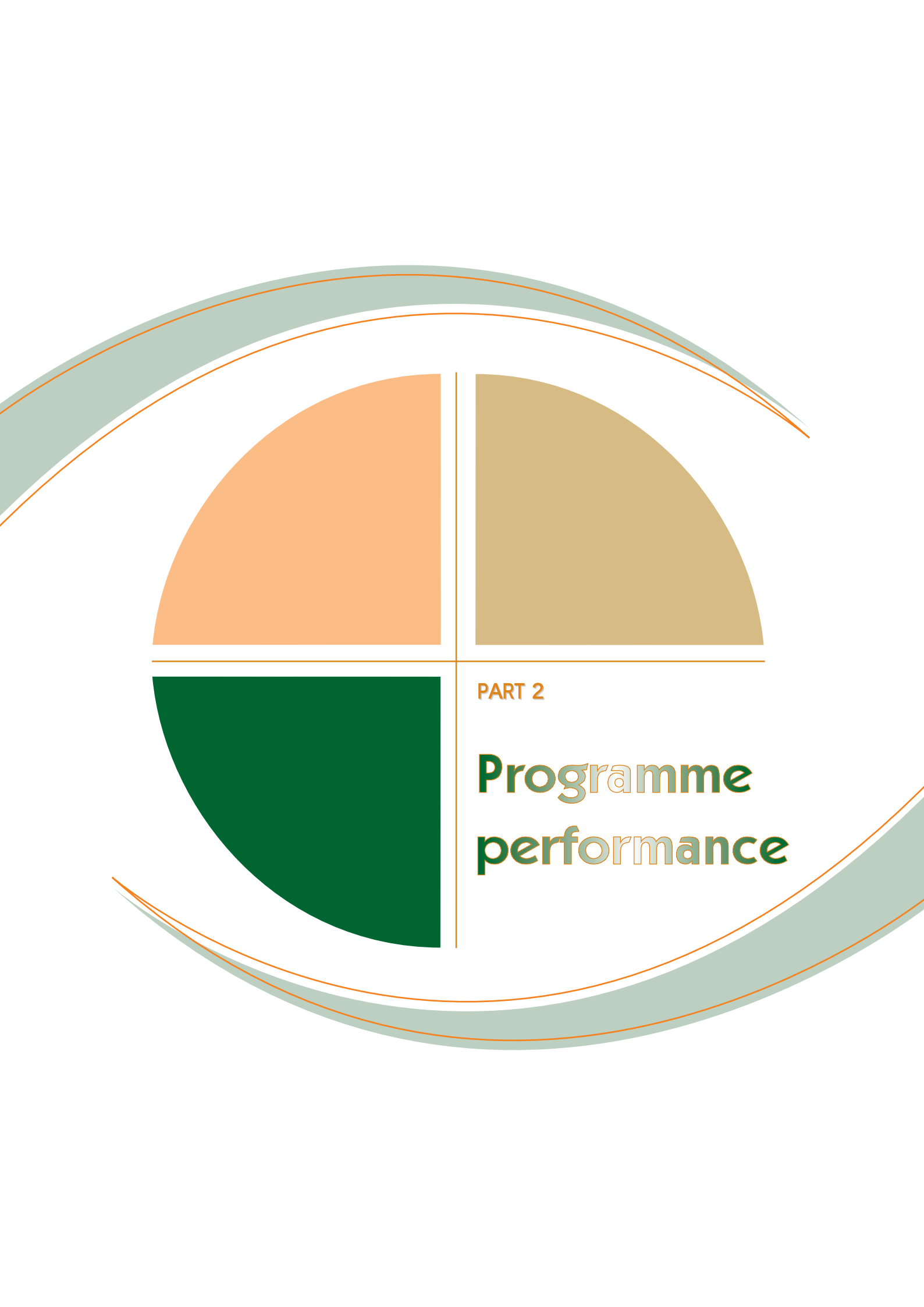
The directorate introduced an intranet-based system for access control permit applications. An improved template for access cards was developed as a first step towards replacing the current system, which is outdated.

Evacuation and emergency procedures at agricultural buildings were tested and assessed during quarterly drills at all buildings.

Security arrangements were strengthened at various buildings and offices, including the Stellenbosch office and the Grootfontein Agricultural Development Institute. The directorate oversaw the awarding of a tender for private security at the Genetic Resources and Variety Control complex in Roodeplaat, as well as at the Maize Board Building. This tender came into effect on 1 October 2004 and will run until 30 September 2006.

Security service standards are in compliance with the minimum information security standards policy through customer surveys, written comments from officials, members of the public and the National Intelligence Agency and the South African Police Services.





PART 2

Programme performance

Programme performance

VOTED FUNDS

Appropriation	Main appropriation	Adjusted appropriation	Actual amount spent	Underexpenditure
ENE	R1 306 228 000	R1 449 391 000	R1 386 841 000	R62 550 000
Responsible Minister	Minister for Agriculture and Land Affairs			
Administering department	Department of Agriculture			
Accounting Officer	Director-General			

AIM

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

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 risk by formulating strategies for disaster management, quality assurance, food safety, and plant and animal health.

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

Programme 1 **Administration** provides the department with political and strategic leadership as well as management and administration services.

Programme 2: **Farmer Support and Development** promotes stability, competitiveness, growth and transformation in the agricultural sector by developing policies governing farmer settlement, food security, rural development, the registration of co-operatives and agricultural risk and disaster management.

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

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

Measurable objective Increase access to resources and opportunities in the sector and to markets for agricultural products, domestically and internationally, in order to optimise growth, employment, income and equity in agriculture.

Programme 4	Economic Research and Analysis provides the necessary information for developing and monitoring the agricultural sector.
<i>Measurable objective</i>	Provide timely, accurate agricultural economic and statistical information to relevant stakeholders and other interested parties to improve decision making.
Programme 5	Agricultural Production promotes agricultural research, productivity and sustainability.
<i>Measurable objective</i>	To provide national leadership for increased sustainable (and competitive) agricultural productivity, genetic resources management, research, technology development and transfer.
Programme 6	Sustainable Resources Management and Use develops, implements and monitors policies for the management and use of land and water resources in agriculture.
<i>Measurable objective</i>	Promote the sustainable use of agricultural resources by implementing policies, norms and standards.
Programme 7	National Regulatory Services develops and monitors risk management strategies, policies and legislation for food safety and for the control of animal and plant diseases.
<i>Measurable objective</i>	Manage risks associated with food and agricultural pests and diseases.
Programme 8	Communication and Information Management manages and co-ordinates communication, education and international relations.
<i>Measurable objective</i>	Effective internal and external communication and information management through the implementation of a proper strategy and a structured plan.
Programme 9	Programme Planning, Monitoring and Evaluation consolidates and supports strategic and operational management in the department.
<i>Measurable objective</i>	Support the design and monitor the implementation of the department's strategic plan to ensure improved organisational performance.

ACHIEVEMENTS

Highlights of the department's achievements during 2004/05 in relation to key measurable objectives include the following:

Programme	Highlights of achievements
1. Administration	- Identified and addressed critical skills shortages in the public agricultural sector. - Developed a qualitative ICT oversight model for effective ICT governance. - Reduced agricultural debt by 9,9 % through the debt recovery programme. - Introduced the Standard Code of Accounts in line with National Treasury requirements.
2. Farmer Support and Development	- Planned and co-ordinated departmental inputs for the roll-out of agricultural support services through CASP - Prepared the Drought Management Plan for Ministerial approval. - Co-ordinated the Drought Relief Scheme and the 2000 Flood Relief Scheme. - Developed the concept business plan for the implementation of the Micro-agricultural Financial Institutions of South Africa (MAFISA) - Drafted norms and standards to extend the distribution of agricultural starter packs for home production.
3. Agricultural Trade and Business Development	- Provided support and expertise for sector consultation on the draft AgriBEE Framework. - Developed guidelines for the establishment of agricultural marketing infrastructure in terms of CASP. - Identified and developed bilateral and multilateral trade opportunities and positions with the emphasis on improving market access and dismantling trade barriers for exports from Southern Africa. - Advanced the development agenda in multilateral agricultural reform negotiations.

Programme	Highlights of achievements (<i>continued</i>)
4. Economic Research and Analysis	• Issued monthly forecasts on field crop production. • Co-ordinated the agricultural policy review of South Africa by the Organisation for Economic Co-operation and Development (OECD). • Developed a computerised financial record system for farms and enterprises (Micro FINREC). • Completed four quarterly economic review and forecast reports for the agricultural sector. • Compiled the monthly food security bulletin and submitted these to the regional early warning unit of SADC.
5. Agricultural Production	• Prepared norms and standards for extension and advisory services to improve productivity, particularly among resource-poor farmers. • Developed final drafts of policies on aquaculture, animal welfare, veld and forages and game farming, and drafted the Agricultural Biotechnology Strategy. • Developed a Plant Production Strategy for South Africa, which formed the basis for development of policies on production of grain, fruit, vegetable, industrial, organic and indigenous crops. • Facilitated the implementation of the Multi-country Agricultural Productivity Programme (MAPP). • Published the Genetically Modified Organisms Amendment Bil. • Co-ordinated South Africa's participation in the International Treaty on Plant Genetic Resources for Food and Agriculture.
6. Sustainable Resources Management and Use	• Developed guidelines for on and off-farm infrastructure for small-scale irrigation and stock-watering systems in terms of CASP. • Initiated a mechanisation services support project for resource-poor farmers in 11 rural development nodes. • Prepared or revised pest control policies (eg blackfly and locust control). • Commenced implementation of the extended LandCare programme. • Co-ordinated the implementation of water runoff control infrastructure and borehole-drilling operations. • Developed an interim position on biodiesel.
7. National Regulatory Services	• Developed a Basic Animal Health Care System to create an enabling environment for beginner farmers. • Introduced new fruit cultivars via closed quarantine evaluation. • Successfully contained outbreaks of animal and plant diseases. • Participated effectively in international sanitary and phytosanitary standard-setting bodies. • Prepared a concept amendment bill of the Meat Safety Act of 2000 and published the Red Meat Regulations. • Promulgated standards for Food Hygiene and Food Safety of Regulated Agricultural Food Products of Plant Origin. • Facilitated regional harmonisation of plant health standards in accordance with the International Plant Protection Convention (IPPC). • Regulated and monitored imports and exports of plant and animal products. • Conducted pest risk analyses and risk assessments
8. Communication and Information Management	• Co-ordinated Female Farmer of the Year awards. • Facilitated China's lifting of the ban on SA red meat products. • Concluded a citrus protocol with China. • Strengthened agricultural ties with India-Brazil-South Africa (IBSA). • Signed service level agreements on ABET programmes for 16 000 farmworkers per year. • Managed the bursary scheme and internships. • Trained 282 emerging small-stock farmers through the Grootfontein Agricultural Development Institute.
9. Programme Planning, Monitoring and Evaluation	• Validated and verified all CASP project data and compiled a CASP project database. • Facilitated the completion of CASP implementation guidelines. • Reviewed CASP implementation to date.

OVERVIEW OF THE SERVICE DELIVERY ENVIRONMENT

As a department with linkages across the agricultural sector and the broader economy, the Department of Agriculture both influences and is influenced by developments within the external environment in which we operate. While some

external changes can be anticipated and accommodated, at least to a certain extent, it is not possible to plan for every contingency, particularly when changes arise in the international arena, where the department and the South African government have limited influence.

During the year under review, the department's activities were strongly influenced by a number of international agricultural developments, which in turn affected the demand for agricultural services, as well as the department's capacity to meet this demand.

A prime example is the worldwide trend towards the strengthening of health, quality and safety standards for imports and exports of agricultural products. During 2004/05, international agencies and multilateral organisations such as the World Trade Organisation and European Union either adopted or started implementing stringent new safety and quality standards, compelling their members and trading partners to align domestic control systems and legislation.

In the case of South Africa, the importance of aligning and enhancing control systems was starkly highlighted by various outbreaks of plant and animal diseases and the subsequent response from international agencies. Although constrained by ongoing staff shortages, the department responded well to these challenges and was able to provide satisfactory evidence of the country's commitment to complying with international standards.

South Africa's return to the international agricultural community has also resulted in a dramatically expanded work volume in terms of bilateral and multilateral relations. As the number of countries having relations with South Africa grows, so too does the complexity and scope of the agreements to be managed. This was evident during 2004/05, when the department engaged in a wide range of negotiations and initiatives to establish relations in Europe, the East and across Africa.

Domestically, the department had to contend with challenges such as widespread drought, outbreaks of animal and plant diseases, and the 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 inject additional resources into some areas while still attending to the original objectives to which it was committed.

OVERVIEW OF ORGANISATIONAL ENVIRONMENT

The work done over the past few years to strengthen the department's service delivery capacity by harnessing technology and streamlining governance and control systems has provided a sound base from which to implement, manage and monitor priority projects.

However, one constraint that continues to hamper service delivery is the ongoing shortage of skilled personnel, particularly at management level and in specialised fields such as agricultural engineering and the veterinary sciences. These shortages not only detract from the department's ability to deliver services to the agricultural sector but also affect performance against the budget.

During the year under review, virtually all programmes within the department reported difficulties in filling key vacancies, and the overall vacancy rate for 2004/05 stood at 26,6%, compared to 29% in the previous year. Skills shortages were especially prevalent in programmes such as Agricultural Production, which ran with less than half the budgeted headcount, and National Regulatory Services, which experienced a serious shortage of animal health specialists during outbreaks of various diseases.

As skills backlogs cannot be erased overnight, the department has adopted a phased approach towards addressing the problem. This started in 2004/05 with the two occupational categories, Agricultural engineers and veterinarians, experiencing the most pressing skills shortages. It is expected that the remuneration and leave improvements recommended for these categories will go some way towards alleviating the shortage of high-level skills and enhancing the department's ability to recruit and retain specialists.

Good co-ordination between the department and the provincial departments of agriculture is critical for streamlined service delivery, particularly in implementing CASP. During the year under review, the department identified inadequate

co-ordination and lack of standardisation as potential obstacles and so made a concerted effort to improve information flow with the provinces, while setting and monitoring consistent standards and processes for the delivery of services. These efforts have already improved the level of co-ordination at national and provincial level and will be reinforced in the coming financial year.

STRATEGIC OVERVIEW AND KEY POLICY DEVELOPMENTS

The past decade has been characterised by ongoing policy changes in the agricultural sector, with the initial emphasis on improving participation and deregulating and liberalising the sector. These broad policy changes have paved the way for a sharper focus on equitable participation, poverty and hunger alleviation, and on developing the capacity of emerging farmers and the beneficiaries of agrarian reform projects. This focus was strengthened during the year under review through a number of important policy developments.

The launch of CASP in August 2004 has created a new core priority area for the Department of Agriculture. CASP has brought a new dimension to the drive to promote participation in agricultural activities among previously disadvantaged individuals and communities. It effectively fills past policy gaps in that it emphasises post-settlement farmer support and advisory services, in contrast to the earlier approach, which concentrated mainly on the provision of access to agricultural land. As the success of CASP depends mainly on effective co-ordination between the department and the provincial departments of agriculture, considerable attention was paid during 2004/05 to aligning all support services to the six CASP service pillars, while putting in place mechanisms to ensure sound and consistent planning, implementation and monitoring. It is to the credit of all parties concerned that the alignment process was addressed without disrupting existing support activities or diverting attention from other priority areas.

Another critical development was the change in government policy on agricultural financing, as announced by President Thabo Mbeki in his *State of the nation address* in May 2004. The key shift being made is a far greater emphasis on access to finance for emerging farmers and co-operatives through the implementation of the Micro-agricultural Financial Institutions of South Africa (MAFISA). As a result of this announcement, the department reprioritised its work on agricultural financing to prepare for the implementation of MAFISA. This entailed drafting the Bill on the Agricultural Credit Scheme, which sets the legislative framework for the financial services and products envisaged. The department also prepared a concept business plan for MAFISA, which was approved by Cabinet in January 2005, and prepared for the launch of two provincial pilot projects.

A third key policy development was the launch in July 2004 of the draft AgriBEE Framework, in which the department has invested substantial management time and attention. The consultation process was then extended to allow for further debate on the empowerment scorecard and targets, without jeopardising the target date of the end of 2005 for concluding the AgriBEE Charter. The department remains committed to this timeframe and so will continue to devote high-level resources and expertise to this priority area.

DEPARTMENTAL REVENUE, EXPENDITURE AND OTHER SPECIFIC TOPICS

Collection of departmental revenue

As this revenue source is mainly derived from services rendered with regard to the import and export of agricultural products, market trends play a major role in the demand for services from the department and therefore the revenue received. This makes it extremely difficult to estimate the expected revenue and the department depends largely on the statistics of previous years to calculate the expected receipts. Owing to the variances mentioned between the targets and the actual revenue, the department regards this variance as acceptable.

By means of concerted efforts to recover outstanding debt, the department succeeded in substantially exceeding the target on interest recovery.

Receipts	2001/2002 Actual	2002/2003 Actual	2003/2004 Actual	2004/2005 Actual	2004/2005 Target	% deviation from target
	R'000	R'000	R'000	R'000	R'000	R'000
Non-tax revenue						
Sales of goods and services other than capital assets	46 400	50 146	54 556	62 732	49 684	26
Administrative fees	42 004	46 348	50 807	58 252	47 637	22
Sales of goods and services	3 252	3 723	3 740	4 477	2 044	119
Sale of scrap, waste and other used current goods	1 144	75	9	3	3	0
Transfers received	614	10	13	-	-	-
Public corporations and private enterprises	614	10	13	-	-	-
Fines, penalties and forfeits	1	21	1	16	4	300
Interest, dividends and rent on land	17 181	11 484	10 937	14 193	9 800	44
Interest	16 405	10 261	10 279	13 994	9 550	46
Rent on land	776	1 223	658	199	250	-20
Sales of capital assets (capital revenue)	-	-	9 003	11 865	11 859	-
Other capital assets	-	-	9 003	11 865	11 859	-
Financial transactions (recovery of loans and advances)	8 355	12 801	161 019	11 814	15 967	-26
Total departmental receipts	72 551	74 462	235 529	100 620	87 314	15

Departmental expenditure

The table indicates how actual expenditure differed from planned expenditure. With the exception of an additional allocation of R100,0 million for drought relief and R5,163 million that was rolled over from the previous financial year, the adjustments and virements were mainly to provide funds to Programme 7: National Regulatory Services where the department had to contend with the unforeseen outbreak of foot-and-mouth disease in the Limpopo Province, avian influenza in the Eastern Cape Province and blue ear disease among pigs in the Western Cape Province. The total expenditure in this regard amounted to R101,3 million.

Programmes	Voted 2004/05	Rollovers and adjustments	Virement	Total voted	Actual expenditure	Variance
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	157 798	13 730	5 162	176 690	169 838	6 852
Farmer Support and Development	260 936	100 336	-24 374	336 898	330 044	6 854
Agricultural Trade and Business Development	43 137	-4 218	-3 114	35 805	26 759	9 046

(Departmental expenditure continued)

Programmes	Voted 2004/05	Rollovers and adjustments	Virement	Total voted	Actual expenditure	Variance
	R'000	R'000	R'000	R'000	R'000	R'000
Economic Research and Analysis	22 486	1 161	-1 892	21 755	16 108	5 647
Agricultural Production	371 653	4 654	-6 757	369 550	368 496	1 054
Sustainable Resources Manage- ment and Use	165 469	-4 872	-1 253	159 344	143 219	16 125
National Regulatory Services	194 656	27 841	33 677	256 174	246 666	9 508
Communication and Information Management	82 797	5 508	-949	87 356	83 405	3 951
Programme Planning, Monitoring and Evaluation	7 296	-977	-500	5 819	2 306	3 513
TOTAL	1 306 228	143 163	-	1 449 391	1 386 841	62 550

Transfer payments

TRANSFERS TO PROVINCES

CONDITIONAL GRANTS MADE TO PROVINCES

The table indicates the conditional grants that were made to the provinces.

Name of province	Nature of transfer	Amount transferred	Estimated expenditure
		R'000	R'000
Eastern Cape	LandCare	8 766	2 646
	CASP	38 043	12 250
	Drought relief	8 000	-
Free State	LandCare	3 370	1 931
	CASP	16 870	1 495
	Drought relief	17 000	-
Gauteng	LandCare	1 785	1 448
	CASP	4 582	2 600
KwaZulu-Natal	LandCare	7 240	7 240
	CASP	37 016	37 016
	Drought relief	18 000	8 198
Limpopo	LandCare	2 044	1 736
	CASP	33 428	22 996
	Drought relief	2 000	54
Mpumalanga	LandCare	7 744	5 454
	CASP	18 903	16 045
	Drought relief	2 000	-
Northern Cape	LandCare	2 685	2 685
	CASP	10 518	10 518
	Drought relief	26 000	26 000

(Conditional grants continued)

Name of province	Nature of transfer	Amount transferred	Estimated expenditure
		R'000	R'000
North West	LandCare	6 370	6 370
	CASP	26 875	26 875
	Drought relief	18 000	18 000
Western Cape	LandCare	3 796	3 166
	CASP	13 765	11 707
	Drought relief	9 000	366
TOTAL		343 800	226 796

- **LandCare**

The purpose of the grant is to address the degradation of natural agricultural resources and improve the socio-economic status of food security of rural communities.

- **CASP**

The purpose of the grant is to enhance the provision of support services to promote and facilitate agricultural development.

FUNDS WITHHELD DURING THE YEAR

The total allocated funds were transferred.

CERTIFICATION OF PRIMARY BANK ACCOUNTS

All monies transferred were paid into each province's primary bank account as per the certificate signed by the Accounting Officer in terms of section 14 (1) of the Division of Revenue Act of 2004.

MONITORING MECHANISMS

During the period under review, the provincial departments submitted monthly and quarterly reports on financial and nonfinancial performance. Regular visits were also undertaken to assess progress on implementation. The visits were undertaken by monitoring teams made up of the Departmental Management Committee (DMC), a member of the CASP Secretariat and representatives from the Farmer Support Unit who are based in the provinces. These provincial visits were made twice during the year. The role of the monitoring teams is to conduct on-site visits and to monitor progress being made at the implementation level.

The North West Provincial Department of Agriculture, however, raised concerns on the management and execution of CASP projects by agents. An investigation by the department revealed serious shortcomings and possible misappropriation of project funds. The shortcomings have been reported to the Auditor-General and the North West Provincial Department of Agriculture.

EXTENT OF ACHIEVEMENT OF THE PURPOSE AND OUTPUTS

- **LandCare**

LandCare is about developing and implementing integrated approaches to natural resource management in South Africa, which are efficient, sustainable, equitable and consistent with the principles of ecologically sustainable development. During the period under review approximately 105 LandCare projects were funded.

The outputs on VeldCare entailed the promotion of best grazing systems and erosion prevention practices to improve production. For SoilCare, rural farmers in KwaZulu-Natal, Eastern Cape and Mpumalanga were introduced to sustainable agricultural production systems such as reducing soil acidity, diversification, management of inputs

and conservation tillage. Projects involving the youth included the promotion of food security at homes and at schools, awareness of sustainable agriculture, and stimulating the formation of youth clubs and small projects. In addition a number of small community grants were funded that contributed to the ability of resource-poor communities to manage land, water and related vegetation in a sustainable and self-reliant manner.

- **CASP**

Despite implementation challenges faced by the provincial departments, preliminary results indicate that progress has been made in implementing the programme since its inception in 2004. However, there are some provinces that will roll over the funds from the 2004/05 financial year to the 2005/06 financial year. In such instances, it is anticipated that most of the projects will be finalised during that year.

The highlights include an LRAD beneficiary who is a co-owner of the Thaba Bosiu dairy farm in the Magaliesberg area. The farm has 11 dairy cows and produces 120 ℓ of milk per day in summer. From the profits of the sale of milk, the dairy has bought a milking machine and a trailer. The farm also bought two Nguni heifers and three ewes. Each ewe lambs twins and therefore the number of sheep increased to nine. The farm employs two full-time employees. This case study is an example of how the CASP intervention has made a difference to the lives of the many beneficiaries. Further interventions relating to training and capacity building have also been identified.

The Mosely project, which is an LRAD farm situated in Barberton, with 41 beneficiaries is also an example of the progress made in the implementation of CASP. The farm is 68 ha in size. A greenhouse of 0,5 ha has been built through support from the CASP programme. The farm has no water rights but is still negotiating with the Department of Water Affairs to obtain such rights. There are three boreholes operating on the farm from the previous owner that will be utilised for fertigation. Discussions with the Local Irrigation Board for 3 ha of water rights are in process. Through CASP the project has erected a greenhouse, and renovated and repaired the fertigation infrastructure. A supplier of Woolworths has approached the Mosely beneficiaries to assist via his contract to market their products.

- **Drought relief**

Funds were only made available in the Adjustments Estimate and had to be gazetted in terms of the Division of Revenue Act of 2004. This resulted in payments only being made to provincial departments in January 2005, which was too late for meaningful expenditure by the provinces before the end of March 2005.

FUNDS RETAINED AND UTILISED FOR THE ADMINISTRATION OF THE ALLOCATION

No portion of the allocation was retained by the department for administration purposes.

NONCOMPLIANCE WITH THE ACT

The department confirms that every effort was made to ensure compliance with the provisions of the Act.

TRANSFERS TO LOCAL GOVERNMENTS

The table indicates the payments that were made to various municipalities. These payments were for services rendered as indicated.

Name of municipality	Nature of transfer	Amount transferred	Estimated expenditure
		R'000	R'000
Various	Regional services council levies	1 061	872
Various	Vehicle licences	398	313
Various	Vehicle licences	35	34
Various	Municipal rates and taxes	550	–
TOTAL		2 044	1 219

TRANSFERS TO PUBLIC ENTITIES

The table indicates the various transfers that were made during the financial year to the different public entities.

Name of entity	Nature of transfer	Amount transferred	Estimated expenditure
		R'000	R'000
National Agricultural Marketing Council	Baseline allocation	10 601	10 601
Agricultural Research Council	Baseline allocation	342 144	342 144
Ncera Farms (Pty) Ltd	Baseline allocation	2 240	2 240
Water Research Commission	Water delivery	500	500
National Student Financial Aid Scheme	Bursary scheme	5 300	5 300
Public Service Education and Training Authority	Training	361	360
Eskom	Electricity delivery	44	31
Kalahari East Water Board	Water delivery	19	9
TOTAL		361 209	361 185

- National Agricultural Marketing Council (NAMC)**

The core mandate of the NAMC is to do investigations and advise the Minister for Agriculture and Land Affairs on agricultural marketing policies and applications and to co-ordinate agricultural marketing policy in relation to national economic, social and development policies as well as international trends and developments.

- Agricultural Research Council (ARC)**

The ARC is a statutory body and is the principal agricultural research institution in South Africa. The ARC provides agricultural research and development, technology and support to the agricultural community. In addition, the ARC is also the custodian of South Africa's national collections of insects, spiders, mites, nematodes and fungi as well as the SA Gene Bank of rhizobia, plant viruses, antisera, phytopathogens and plant protecting bacteria.

- Ncera Farms (Pty) Ltd**

This is a public company, with the department as the sole shareholder. It is situated in the Eastern Cape on state-owned land and is dedicated to assisting small and emerging farmers through providing various services to the surrounding rural communities in the form of advice, extension services and training.

Section 38(1)(i) of the Public Finance Management Act of 1999, has been adhered to in the above instances.

The rest of the payments are in respect of services rendered to the department.

TRANSFERS TO FOREIGN ORGANISATIONS

As indicated in the table, the payments made were in respect of membership fees to international organisations.

Name of organisation	Nature of transfer	Amount transferred	Estimated expenditure
		R'000	R'000
International Dairy Federation	Membership fee	20	20
Office International des Epizooties	Membership fee	1 547	1 547
International Seed Testing Association	Membership fee	62	62
Organisation for Economic Co-operation and Development	Membership fee	102	102
International Union for the Protection of New Varieties (of plants)	Membership fee	560	560

(Transfers continued)

Name of organisation	Nature of transfer	Amount transferred	Estimated expenditure
		R'000	R'000
International Grains Council	Membership fee	232	232
Office International de la Vigne et du Vin	Membership fee	216	216
Food and Agriculture Organisation of the United Nations	Membership fee	9 893	9 893
Commonwealth Agricultural Bureau International	Membership fee	172	172
Regional Early Warning Unit for Food Security	Membership fee	164	164
Foreign rates and taxes	Rates and taxes	30	30
TOTAL		12 998	12 998

Capital investment, maintenance and asset management plan

CAPITAL INVESTMENT

Building projects currently in progress include an accommodation wing at the Plant Health Quarantine Station at Stellenbosch due for completion by October/November 2005.

Concerning plans to close down/downgrade any current facility it can be stated that the Animal Quarantine Station in Durban will be relocated to another site in conjunction with the Department of Public Works (DPW), owing to a property development programme undertaken by the Durban Municipality at the site where the Quarantine Station is currently situated.

To deal with the maintenance backlog at various government-owned buildings during the MTEF period, the department has made an effort to address the problem by inviting status quo reports in terms of the Repairs and Maintenance Programme (RAMP) of the DPW. Depending on the availability of the allocated capital works budget, a priority list will be submitted to the DPW. The relocation of the Animal Quarantine Station in Durban, which is under negotiation with the DPW, will be managed in terms of the MTEF.

There were no developments relating to the above that are expected to impact on the department's current expenditure.

MAINTENANCE

The department's maintenance expenditure is within the planned expenditure framework for the current financial year.

Concerning expenditure above or below the property industry norms it can be reported that all expenditure for maintenance and repairs is finalised in terms of normal procurement processes and is therefore market related.

During the period under review the maintenance backlog owing to the RAMP at Harvest House in Pretoria has been reduced. The implementation of the Energy Saving project at Agriculture Place (Pretoria) is also contributing to reduced maintenance costs regarding electric light fittings. Both projects are progressing according to schedule and are supervised by the DPW.



Plant Health Quarantine Station at Stellenbosch

PROGRAMME 1

Administration

The Administration Programme is responsible for the overall management of the department and ensures organisation-wide compliance with internal audit, security and governance principles. It oversees and monitors performance against the department's overall strategic objectives and provides strategic leadership through the activities of the Minister, the Deputy Minister and the office of the Director-General.

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

Administration and Governance focuses on human resources management, information and communication technology systems and legal and secretariat services.

Financial Management provides financial services, procurement and asset management, debt management and disbursement, as well as budget and planning support.

ADMINISTRATION AND GOVERNANCE

AIM

Administration and Governance specialises in internal support services, specifically human resources, information and communication technology, and legal and secretariat services.

OBJECTIVE

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

ADMINISTRATION AND GOVERNANCE STRUCTURE

Administration and Governance comprises three directorates:

Human Resources Management ensures that the department attracts and retains skilled employees and meets its commitments as a caring, responsible and legally compliant employer.

Information and Communication Technology Systems provides technology and information communication technology (ICT) support services that promote effective service delivery to the department's customers.

Legal and Secretariat Services co-ordinates all legal services on behalf of the department and provides secretariat services to the Minister for Agriculture and Land Affairs and the office of the Director-General.

ADMINISTRATION AND GOVERNANCE OVERVIEW

The range of new agricultural programmes introduced across the department, such as CASP, has intensified the focus on effective management of technology and human resources. This has also gone hand in hand with an increase in demand for legal support in terms of agricultural legislation, contracts, agreements and investigations.

During the year, a key human resources focus area was to identify and address critical skills shortages that could potentially hamper the effectiveness of the public agricultural sector. As a starting point, the two occupational categories experiencing the most severe skills shortages, namely Agricultural Engineers and Veterinarians, were targeted. In response, several far-reaching recommendations were made to address these shortages within the public service recruitment, retention and remuneration framework.

In deploying technology as an enabler of service delivery, this component reached a milestone by developing the new qualitative ICT oversight model, which has enhanced the quality and accuracy of a wide range of information management systems used within the department. Improvements were also made to existing systems such as the Agricultural Geographic Information System (AGIS). Within the broader government ICT environment, this component played a key role in developing regulations and procurement policy for the State Information Technology Agency (SITA).

Demand from within the department for legal support increased during the year. The drafting, review or proclamation of key legislation were co-ordinated, while also identifying Acts in need of urgent review, fulfilling its enforcement role and representing the department at civil proceedings and tribunals.

Human Resources Management

The department's ability to attract and retain talented employees has become a key focus area given the ongoing shortage of high-level skills and growing competition from other sectors for scarce technical, research and management skills.



Isaac Miti
SENIOR MANAGER

Against this background, it is critical to create a working environment in which performance is rewarded, employees are given scope for career development and best practices are applied to labour relations, employment equity, and health and safety. The role of this directorate is to support the department in fulfilling its commitments as a caring, responsible and legally compliant employer.

OBJECTIVES AND OUTPUTS FOR 2004/05

Ongoing shortages of agricultural skills could potentially hamper the department's effectiveness. Hence, a critical deliverable for the year was to identify the most pressing skills shortages and to address these within the framework of public service recruitment and retention policies.

A related output was to extend the Employee Assistance Programme (EAP) since staff shortages in many areas have increased the demands made on employees, highlighting the importance of comprehensive wellness facilities.

ACHIEVEMENTS

During the year, the directorate conducted an intensive investigation into skills shortages within the public agricultural sector.

After a workshop in February 2005, a number of far-reaching recommendations were made. Among these, we recommended a phased approach towards addressing skills shortages, with the initial focus on agricultural engineers and veterinarians. The main reasons identified for the serious problems being experienced in attracting and retaining these professionals relate to remuneration and the lack of access to sabbatical leave.

In terms of staff wellness, the directorate made preparations to introduce a Staff Health and Wellness Centre, offering a broad range of health, fitness and medical services. The Minister approved the post establishment for the centre in December 2004. Apart from offering physical fitness facilities, counselling services and health screening for staff in high-risk occupations, the centre will present HIV/Aids awareness and health promotion programmes, conduct health risk assessment and safety audits as well as monthly clinics for lifestyle diseases. A qualified occupational medical practitioner will manage the centre's activities through an outsourcing arrangement.

During the year, the directorate also oversaw the convening of 13 Job Evaluation Panel meetings and co-ordinated the performance assessments of all senior managers.

The restructuring of the Directorate Human Resources Management to incorporate Employee Development was finalised.

Information and Communication Technology Systems

Aware of the enabling potential of technology, the department has increasingly been leveraging ICT capabilities to support service delivery. What started out a few years ago as a small-scale, capital-intensive and to some extent fragmented effort has evolved into a resilient, scaleable ICT infrastructure that is adding value throughout the agricultural sector.



Nico van Sittert
SENIOR MANAGER

OBJECTIVES AND OUTPUTS FOR 2004/05

As a service provider to the department, the work schedule of this directorate is determined by the objectives of customer-facing programmes and our performance is measured against the service standards set in the *Strategic plan*. Based on these service standards, the directorate's key objectives for the year were to:

- Undertake strategic planning on ICT opportunities, applications and deployment.
- Participate in formulating government-wide ICT strategies and policies.
- Develop supporting ICT standards, norms, guidelines, best practices and procedures for the department, in line with government-wide ICT guidelines but customised to the department's specific requirements.
- Initiate, conclude, manage and control Service Level Agreements and contracts with suppliers of ICT goods and services to ensure value for money and relevant ICT solutions.
- Manage and drive the Agricultural Geographic Information System (AGIS) in support of government initiatives and management decision making.
- Oversee project management with regard to special and unusually comprehensive technology deployment projects.
- Provide general and specialised advice on ICT to all levels of the department and, when requested, to external stakeholders.
- Undertake ICT service management with regard to ICT services provided directly to the department's customers.

ACHIEVEMENTS

ICT support for customer-facing projects

CASP is a strategic priority that affects almost all programmes within the department, and so is a priority for this directorate. By April 2004, we had prepared a preliminary Information Management Plan, which was approved internally and then submitted to the State Information Technology Agency (SITA) for the next stage of development.

Other major customer-facing projects that benefited from the directorate's ICT expertise, specifically our new qualitative ICT oversight model, were FIVIMS, Marketing Information System (MIS), Programme Management Office System (PIMSA) and the Wine-online System (WOZA). The oversight model, developed and implemented, has enhanced the quality and accuracy of these projects' reporting and information management functions.

Several technical and systems refinements were made to AGIS, which has gained strong credibility among external stakeholders. During the year under review, no fewer than 729 000 hits were recorded on AGIS. To further build the capacity of AGIS to support decision making, the directorate published Census 2000 data on the system.

Good progress was made in preparing for the implementation of the database developed to support the Land Redistribution for Agricultural Development (LRAD) project. Developed on behalf of the Farmer Settlement Directorate, the new database will improve the management of LRAD projects by enabling the department to track the status of each project, across all nine provinces. It is also linked to the National Farmers Register.

In a new development, this time in Mozambique, the directorate started negotiations with that country to deploy the Animal Identification System. This system, developed in-house at the request of our Agricultural Production Programme, is already being used by the South African Police Service (SAPS) and will also be deployed to Southern African Development Community countries on request.

ICT policy, strategy and planning

In fulfilling its broader role within the government-wide ICT environment, the directorate was a leading participant in the development of regulations and procurement policies of SITA.

Internally, we developed or reviewed a number of critical ICT policies. This included updating the department's Master System Plan, which all government departments are obliged to have in line with the policy of the Department of Public Service and Administration.

Given the rapid take-up of electronic communication within the department and the sector, it has been necessary to revisit ICT utilisation. Policies and procedures either developed or revised/updated during 2004/05 included the e-mail, Internet and telecommunications policies and the ICT oversight governance model.

Internal efficiency improvements

To improve the department's decision-making capacity, the directorate developed the Management Decision Support System (MDSS), which provides easy reference to decisions taken in management meetings.

Another major internal ICT project involved extending the department's electronic communications infrastructure to the border posts at Lebombo, Nakop and Beit Bridge. This technology was also improved by implementing Laser links, thereby reducing infrastructure costs, and by migrating the server environment to Windows 2003 and the latest Exchange software.

The extensive use being made of the directorate's services is underlined by the growth in user statistics in 2004/05: Amongst others, we recorded 668 000 Intranet hits, 154 061 website hits and 729 000 AGIS hits. Total traffic across all electronic modes, including e-mail, Internet, web access and remote access, came to 268 million for the year.

Legal and Secretariat Services

In a department with such a large stakeholder base and complex legislative environment, it stands to reason that a wide range of legal activities are undertaken. This directorate co-ordinates all legal services on behalf of the department, from drafting and amending national agricultural legislation to preparing legal contracts, helping to investigate breaches of the law and co-ordinating civil litigation. We also handle the legal aspects of establishing agricultural



Ndivhuo Rabuli
ACTING SENIOR MANAGER

boards and councils appointed by the Minister, as well as the appointment of board members.

CORE OBJECTIVES AND OUTPUTS FOR 2004/05

Although the performance of this directorate directly supports the ability of customer-facing programmes to meet their strategic objectives, our deliverables are not spelt out in the department's annual *Strategic plan*. The reason for this is that other programmes draw on our services as and when required, calling for a high level of flexibility and responsiveness on our part. In other words, our outputs are dictated by customer needs and the progress made in projects requiring legal input. Performance is assessed against the departmental service standards.

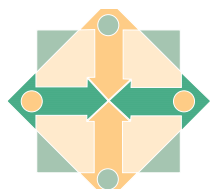
ACHIEVEMENTS

The drafting, review and/or proclamation of several key pieces of legislation were co-ordinated by this directorate during the year. In 2004, Cabinet approved the South African Abattoir Corporation Act Repeal Bill, paving the way for its tabling in Parliament.

Our work also resulted in the President approving the proclamation for the transfer of the Co-operatives Act to the Department of Trade and Industry. In a further proclamation, the Minister for Agriculture and Land Affairs was given the powers to dispose of certain land not granted by the Presidency.

In addition, the directorate identified five Acts requiring urgent review in the next financial year, 2005/06. These Acts are: Fertilizers, Farm Feeds, Agricultural Remedies and Stock Remedies Act of 1947; Subdivision of Agricultural Land Act of 1970; Plant Breeders' Rights Act of 1976; Agricultural Pests Act of 1990, and the marketing of the Agricultural Products Act of 1996.

The directorate also fulfilled its enforcement role by assisting with investigations into a suspected offence of the Fertilizers, Farm Feeds, Agricultural Remedies and Stock Remedies Act of 1947. As a result, during the year under review, a Durban company was convicted of using incorrect labelling and misleading information on the chemical chlordane. The conviction led to the granting of an order for the destruction of the goods.



NAMC



In terms of civil law processes, the directorate attended a Development Facilitation tribunal hearing in Hoedspruit, Mpumalanga, and successfully objected to the proposed subdivision of prime agricultural land.

The directorate, through the Secretariat Services component, completed preparations for the establishment of the Agricultural Produce Agents Council, which was appointed on 20 July 2004. Another task was to prepare for the appointment of the Board of Onderstepoort Biological Products. Radio invitations for nominations were issued in 2004, after which a selection panel was convened. The panel's recommendations were then submitted to the Minister for Agriculture and Land Affairs, who approved the appointment of the board members and notified Cabinet of the appointments.

A similar process was followed in selecting board members for the National Agricultural Marketing Council, as well as the appointment of one new board member to the Agricultural Research Council.

FINANCIAL MANAGEMENT

AIM

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.



Tommie Marais
ASSISTANT DIRECTOR-GENERAL

OBJECTIVES

As a key support service, the objective of Financial Management is to provide an enabling environment that supports the achievement of departmental objectives. The service standards are used in measuring performance.

FINANCIAL MANAGEMENT STRUCTURE

Financial Management consists of three directorates and a subdirectorate, Budgets.

Financial Services renders a financial support service that includes cashflow management, compilation of the annual financial statements, reconciliation of accounts, banking services, payment of salaries and allowances, and revenue collection. The directorate also manages audit queries and matters relating to the Standing Committee on Public Accounts.

Debt Management and Disbursement is responsible for the management of agricultural debt and relevant securities, including claims in insolvent and deceased estates.

Procurement and Asset Management renders support services such as tender administration, supply chain management, transport, accommodation and its maintenance.

The **Subdirectorate Budgets** is responsible for budgetary planning, co-ordination and expenditure reporting. This includes co-ordinating the department's state of expenditure inputs, Medium-term Expenditure Committee submissions, and the Estimate of National Expenditure inputs.

FINANCIAL MANAGEMENT OVERVIEW

Over the past four years, the budget allocations made to the Department of Agriculture have increased steadily, rising from R662 million in 2000/01 to R1,3 billion in the year under review. This trend has been accompanied by a corresponding increase in the responsibilities and performance of the Financial Management component, as is clear from an analysis of activities during the year under review.

In financial services, the emphasis was on finalising the accounting system changes required by the National Treasury and on improving financial controls through training and inspections at departmental offices.

Debt recovery improved dramatically, with the subprogramme succeeding in reducing agricultural debt by 9,9 %. We also achieved a significant reduction in the number of debtors and debtor accounts.

In procurement and asset management, progress was made in improving supply chain efficiency through the development of an electronic supplier database, the compilation of new tender delegations and restructuring of regional procurement offices.

Financial Management continued to meet its obligations for the timeous submission of the department's Medium-term Expenditure and Estimate of National Expenditure inputs.



Dirk Henrico
SENIOR MANAGER

Financial Services

OBJECTIVES AND OUTPUTS FOR 2004/05

The main focus during the year was on improving financial administration and internal controls, and on managing changes to the Basic Accounting System.

ACHIEVEMENTS

By 1 April 2004, according to schedule set by the National Treasury, the directorate was ready to introduce the Standard Chart of Accounts and to phase out the former Basic Accounting System (BAS) codes. This followed the changes made to the BAS, which necessitated the introduction of the new accounting codes.

Good progress was made in improving financial controls through an accelerated programme of financial inspections at departmental offices, with a total of 25 inspections conducted during the year. To improve loss management capacity in the interests of safeguarding departmental assets, the directorate managed the training of 27 loss control officers. Training was also provided to 35 cashiers and petty cash officials, to ensure proper verification and quality-checking of travel and subsistence claims and petty cash advances.

In the year under review the directorate faced a 322 % increase in subsistence and travel claims and a 238 % increase in overtime claims, owing to the department's campaigns to combat the outbreaks of avian influenza and foot-and-mouth disease. Despite this enormous increase, the directorate was able to erase the claims backlog without in any way compromising on verification standards or delaying other financial management activities.



Johan Venter
SENIOR MANAGER

Debt Management and Disbursement

OBJECTIVES AND OUTPUTS FOR 2004/05

The directorate was required to continue improving its debt recovery record, while reducing the number of debtors on the department's books and raising efficiency in the administration of claims in deceased and insolvent estates. In addition to complying with the Public Finance Management Act of 1999, the Treasury Regulations and Departmental Financial Instructions, the directorate's work was governed by six Acts of Parliament:

- Agricultural Debt Management Act of 2001
- Deeds Registries Act of 1937
- Administration of Estates Act of 1965

- Insolvency Act of 1936
- Security by Means of Moveable Property Act of 1993
- State Land Disposal Act of 1961.

ACHIEVEMENTS

In a three-year record for the debt recovery programme, the directorate achieved a 9,9 % reduction in the Agricultural Debt Account during 2004/05. This compares favourably with the 9,4 % reduction in the previous financial year and the 8,6 % decrease in 2002/03.

For the period under review, R74,8 million in debt was recovered, while R34,8 million was written off as irrecoverable debt in terms of the Agricultural Debt Management Act of 2001. As a result, the total outstanding debt in the Agricultural Debt Account stood at R618,9 million on 31 March 2005, compared to R686,8 million at the end of March 2004. The account ended the year with a credit balance of R1 105,6 million.

The success of the debt recovery programme, which comes on the back of refinements to the Debt Management Information System, is also reflected in the decline in the number of debtors and debtor accounts. The number of debtors decreased by 15,7 %, from 4 540 in March 2004 to 3 827 at the end of the financial year, while the number of accounts was reduced from 6 921 to 5 817, a decrease of 15,9 %.

Furthermore, following steps taken in accordance with the agricultural debt securities frameworks, 76 % of accounts on the Debtors System have now been classified as having sufficient securities. Altogether 2 293 inspections of debtor securities were conducted during the year.

In administering claims in insolvent and deceased estates, the directorate's work saw a total amount of R6,8 million paid to the department as dividends.



Roewyn Danster
SENIOR MANAGER

Procurement and Asset Management

OBJECTIVES AND OUTPUTS FOR 2004/05

For the year under review, the directorate's key deliverables were to streamline the supply chain by developing electronic processes, restructuring regional offices and developing new policy and procedure for handling office accommodation requirements.

ACHIEVEMENTS

To support greater supply chain efficiency, the directorate continued developing an electronic supplier database with value-adding functions such as the capacity to manage electronic quotations. Development work was in the final stages by the end of 2004/05, with implementation of the system scheduled for the forthcoming financial year.

In terms of policy development, the directorate compiled new tender delegations, which were approved in April 2005. Another development was the drafting of a policy on official residential accommodation.

The restructuring of the department's regional offices continued, with the assistance of the Department of Public Works, the aim being to reduce the number of offices while improving service delivery and internal control.

Other service delivery improvements included the appointment of an agency to handle travel and office accommodation arrangements and the identification of new disposal depots in Stellenbosch, Pretoria and Middelburg in the Eastern Cape.

In a significant achievement for the directorate, the Stellenbosch office was placed first in the public service on the LOGIS balanced scorecard for 2003/04. The other stores, Pretoria and Grootfontein Agricultural Development Institute (GADI), also reached the top five.



Koos Geldenhuys
DEPUTY DIRECTOR

Subdirectorate Budgets

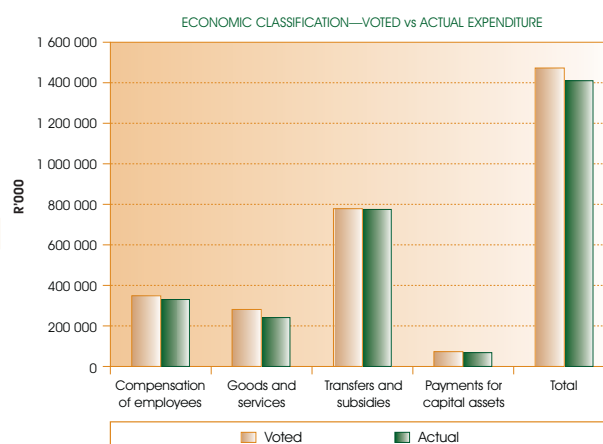
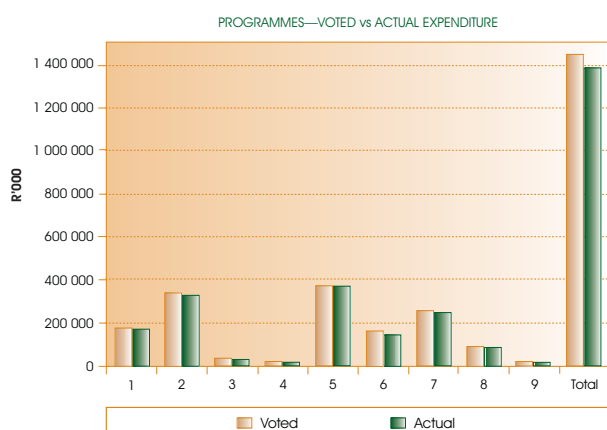
OBJECTIVES AND OUTPUTS FOR 2004/05

The subdirectorate's work is strictly regulated by the Public Finance Management Act of 1999, Treasury Regulations, the Treasury Guidelines: Preparing Budget Submissions, the Division of Revenue Act of 2004 and the Departmental Financial Instructions. These dictate the timeframes and content of budgetary and financial reporting requirements.

ACHIEVEMENTS

In all cases, the subdirectorate met the deadlines for the submission of the department's MTEF inputs, estimate of national expenditure, the adjustments estimate and the monthly early warning report to the National Treasury.

The following graphs show the actual spending by the department for the 2004/05 financial year, including a comparison with voted funds.





PROGRAMME 2

Farmer Support and Development

AIM

The programme develops national policies, norms and standards for farmer settlement and support, food security and rural development, agricultural finance and co-operative development and agricultural risk and disaster management.



Sam Malatji
ACTING ASSISTANT DIRECTOR-GENERAL

PROGRAMME STRUCTURE

The programme comprises four directorates:

Farmer settlement provides emerging farmers with access to state-owned land, chiefly through the Land Redistribution for Agricultural Development (LRAD) programme, and the leasing of land with an option to purchase, and supports emerging farmers in developing commercially viable agricultural operations.

Agricultural Finance and Co-operative Development promotes equitable access to finance by emerging farmers and co-operatives.

Food Security and Rural Development contributes to national food security by promoting agricultural production among emerging farmers and vulnerable households.

Agricultural Risk and Disaster Management develops policies and systems to ensure that agricultural enterprises can anticipate disasters and grow and develop in the aftermath of disasters.

PROGRAMME OVERVIEW

In the ongoing drive to eliminate inequity in the agricultural sector, the programme followed a multipronged approach towards ensuring the commercial viability of emerging farmers. This approach incorporated all the critical success factors for commercial sustainability, from improved access to credit and land to post-settlement support and drought assistance schemes.

Access to finance, a major obstacle faced by many developing farmers and co-operatives, is set to improve dramatically through the forthcoming implementation of the Micro-agricultural Financial Institutions of South Africa (MAFISA). During the year under review, the programme prepared the legislative framework for MAFISA, in the form of the Bill on Agricultural Credit Scheme, and commenced with the consultative process. As a precursor to the national roll-out, launch pilot sites were established in three provinces, namely Limpopo, the Eastern Cape and KwaZulu-Natal.

Support services available to emerging farmers and co-operatives were substantially extended during 2004/05 through the launch of the Comprehensive Agricultural Support Programme (CASP). More than 45 200 farmers and 21 000 households benefited from these post-settlement services, which included technical and advisory services, training and capacity building, and on and off-farm infrastructure services.

To evaluate the commercial viability of existing land reform projects, a pilot study of 145 projects was undertaken in Mpumalanga, North West Province and the Free State. The results will be used to develop a comprehensive re-engineering plan for projects that are not fully functioning or are struggling to become viable.

The programme, which is responsible for the food production component of the interdepartmental Integrated Food Security and Nutrition Programme (IFSNP), prepared to extend the distribution of home production starter packs to many more food-insecure households. To date, starter packs have been distributed to just over 18 000 households and this will increase to more than 60 000 through the extended programme.

Since drought and erratic weather patterns, along with land degradation, pose a severe threat to national food security and agricultural sector growth, the programme intensified efforts to improve drought management. A draft Drought Management Plan was drafted during the year and has been submitted to the Minister for Agriculture and Land Affairs. Once finalised, the plan will be aligned with the National Disaster Management Framework managed by the Department of Provincial and Local Government.

The transfer of the Registrar of Co-operatives to the Department of Trade and Industry (dti) was finalised during the period under review. All co-operative development activities are reported under the review of the Directorate Agricultural Finance and Co-operative Development.

KEY OUTPUTS, INDICATORS AND TARGETS

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

Directorate	Output	Measure/indicators	Target	Status/comment
Farmer Settlement	900 commercial farmers	Number of viable commercial farmers	Increased wealth creation in agriculture and rural areas	45 245 farmers/21 017 households benefited from CASP. Infrastructural development programmes and projects are beginning to show progress
	All unencumbered state land transferred/ disposed of	Extent of farmland transferred to the previously disadvantaged	Reduced poverty and inequalities in land enterprise ownership	All unencumbered agricultural state land managed by DoA disposed of through leasing with an option to purchase
Agricultural Finance and Co-operative Development	15 village banks	Number of village banks		11 Village banks established
	30 viable agricultural co-operatives	Number of registered agricultural co-operatives	Improved community-based financial services system	82 Agriculture co-operatives registered and operational
Food Security and Rural Development	200 000 households linked to IFSNP projects	Number of vulnerable people	Reduction of number of food insecure and malnourished people	18 575 households received home production starter packs, and 240 000 households received food parcels through the IFSNP programme
Agricultural Risk and Disaster Management	Reduction in agricultural risks	Implementation of a disaster and risk management programme and provision of advisory services to farmers	Implementation of programme throughout 2004 and advisories to be provided monthly	Drought management plan approved by DEXCO and submitted to the Minister for final approval
Registrar of Co-operatives	Transfer of function to the Department of Trade and Industry (dti)	Finalisation of transfer	By June 2004	Transferred to the dti on 1 April 2005

Directorate Farmer Settlement

The commercial viability of emerging farmers in South Africa depends on the level of support they receive, not just in acquiring agricultural land but in post-settlement capacity building and access to services. The Directorate Farmer Settlement contributes directly to this by ensuring a sound policy framework and service delivery platform for the settlement and support of new farmers from previously disadvantaged communities.



Sam Malatji
SENIOR MANAGER

CORE OBJECTIVES AND OUTPUTS FOR 2004/05

In previous years, the directorate's performance was assessed in terms of growth in the number of commercially viable farmers settled, based on an annual target of 100 farmers per province in the medium term.

During the year under review, however, the directorate's role was broadened as a result of the launch in August 2004 of CASP. Designed to raise the level and quality of agricultural support to emerging farmers, the launch of CASP has added to the portfolio of the directorate, which is now responsible for planning and co-ordinating departmental inputs for the rolling out of agricultural support services available through CASP. The directorate retained its existing responsibilities in terms of farmer settlement through the LRAD Programme.

ACHIEVEMENTS

CASP

Support available to emerging farmers through CASP includes amongst others the following: information and knowledge management, technical and advisory assistance, training and capacity building, market and business development, on and off-farm infrastructure services and regulatory services. These services are delivered by the provincial departments of agriculture, with the directorate overseeing planning, funding and delivery procedures and processes, as well as monitoring service delivery.

Immediately after the launch of CASP in August 2004, the directorate took part in an exercise designed to ensure alignment of CASP activities at national, provincial and local level. During September, the directorate then participated in visits to the provinces, at which procedures and processes were outlined for the rolling out of CASP support services. For example, to obtain CASP funding, provincial departments are expected to submit comprehensive business plans, as well as to prepare quarterly progress reports.

Although launched almost five months into the financial year, solid progress had been made in implementing CASP by 31 March 2005. According to the quarterly reports from the provinces, a total of 45 245 farmers plus 21 017 households benefited from the programme during the year, equating to an investment of over R125 million.

Farmer-to-Farmer Mentorship Policy

Another important CASP-related achievement was the preparation of a final draft policy for Farmer-to-Farmer Mentorships, intended to encourage mentorship relationships between established agriculture and emerging farmers.

The draft policy was presented to stakeholders, including provincial departments, the private sector and agricultural unions, at a workshop held on 20 October 2004, where it was favourably received. A decision was taken to further develop the draft policy by appointing a representative task team, whose recommendations were incorporated into the

refined policy. This was then re-submitted to departmental top management for approval. The policy document was approved at the level of the Agriculture and Sustainable Rural Development Committee (ASRDC) and has been submitted to the Departmental Executive Committee (DEXCO) for final approval.

Appraisal of land reform projects

The directorate commissioned a pilot study in three provinces, namely Mpumalanga, North West and Free State, to evaluate existing land reform projects. The aim is to develop a comprehensive re-engineering plan for those projects that are not commercially viable. About 145 land and agrarian reform projects, (mainly LRAD), were sampled across three provinces to assess their commercial viability.

According to the research findings, some projects are operational, while others are still non-functional and therefore do not meet the land reform objective of commercial viability. There were a number of reasons for the nonfunctionality of some projects, including conflict among and within groups, loss of interest from some of the beneficiaries, lack of adequate infrastructure and insufficient farm income.

As part of the re-engineering plan for the land and agrarian reform projects, the three studies recommended the introduction of the mentorship programme for beneficiaries, in view of capacity problems within the provincial departments of agriculture. The need for co-ordination between government departments in the implementation of land reform projects emerged as a crucial element for the economic viability of projects. Small groups or individuals should be preferred, as these are less likely to encounter loss of interest and a range of managerial problems that ultimately lead to project failure.

Other land delivery achievements for the year under review include:

- The granting of 19 new land leases and the renewal of two leases for the use of state-owned land by emerging farmers, bringing the total number of leases granted to date to 88.
- The granting of two approvals by the Department of Public Works for the disposal of state-owned land through LRAD.
- The collection of land rentals totalling R112 510,59 for the year under review.
- The adoption of a new debtor system that allows beneficiaries (lessees) to pay their rent into their nearest Standard Bank account, thus reducing the burden or inconvenience of having to travel long distances to pay their rent.



Jenetha Mahlangu
SENIOR MANAGER

Agricultural Finance and Co-operative Development

Lack of access to agricultural credit and capital is a major stumbling block in the path of emerging and small-scale farmers, as well as co-operatives. During the year under review, this directorate played a leading role in preparing and refining the policy environment that will broaden access to financing, putting cost-effective financial services within the reach of up to 10 million potential beneficiaries over the next 10 years.

CORE OBJECTIVES AND OUTPUTS FOR 2004/05

According to the department's *Strategic plan*, the directorate's key deliverables for the year were linked to CASP, IFSNP, AgriBEE, and AADP.

ACHIEVEMENTS

CASP and AgriBEE

In his *State of the nation address* in May 2004, President Thabo Mbeki announced sweeping changes to government's policy on agricultural financing. Chiefly, the shift would see increasing support for the rural poor previously denied access to fair, cost-effective credit. As a result, the directorate reprioritised the establishment of the Agriculture Credit Scheme so as to fast track the implementation of MAFISA.

It is important for MAFISA to have its own founding legislative framework. No such framework exists currently, as the Agricultural Credit Act was repealed by the Agricultural Debt Management Act of 2001. The latter was enacted with the sole purpose of recovering agricultural debt and so is not suitable for the financial services and products envisaged through MAFISA.

This vacuum is being addressed through the Bill on Agricultural Credit Scheme. The Bill has been drafted and the consultation process has started within the department and the Agricultural Finance Development Working Group, which includes commercial banks, development finance institutions and locally based user-owned finance institutions.

In the mean time, good progress has been made in preparing for the launch of MAFISA, the first state-owned scheme to provide micro and retail agricultural financial services on a large scale.

Cabinet in January 2005 approved the concept business plan for the scheme in principle, covering among others the following matters: strategic objectives of the scheme; envisaged products and services; the target market; envisaged service provision criteria; envisaged lending policy and parameters; major performance indicators and envisaged institutional arrangements.

The concept business plan for MAFISA, which could potentially reach 10 million beneficiaries by 2015, provides for a consolidated three-tier financial system that will be phased in over time:

- Tier one : a national wholesaler structure for access to capital markets and corporate banking.
- Tier two : a provincial apex structure that services local banks.
- Tier three : local retail financial services co-operatives.

In the first phase, the initial emphasis will be on the provincial and local structures, and on establishing closer working relationships among the national, provincial and local structures. During the year, launch pilot sites were established at Sekhukhune in Limpopo Province, OR Tambo in the Eastern Cape, and Mkhanyakude in KwaZulu-Natal.

In March 2005, the directorate undertook a study visit to India to expand our knowledge base on working with self-help groups with regard to their social capital building, savings mobilisation and linkages to enterprise development. This study will benefit MAFISA by promoting the savings-first approach for South African self-help groups.

IFSNP

During the year under review, the directorate made good progress in establishing a sound policy environment and support programmes for the development of agricultural co-operatives, particularly in the rural nodes.

In 2004, we completed the task of drafting a policy and strategy for Co-operative Development, and initiated the process of eliciting public comment. An important feature of the new policy is its emphasis on ensuring synergy with other strategic programmes, particularly CASP and AgriBEE.

With the consultation process in motion, the directorate continued with the existing programme of facilitating the establishment of agricultural co-operatives and of promoting awareness, training and capacity building.

Highlights of this programme during 2004/05 follow on the next page.

- Establishment of 130 agricultural co-operatives across the nine provinces.
- Establishment of five new financial services co-operatives in Mpumalanga and Limpopo.
- Assistance provided to the Financial Services Co-operatives (FSCs) in registering the Apex body for these co-operatives. This body was also linked to other service providers for capacity development, training and community mobilisation. Furthermore, by August 2004, the auditing of all FSCs had been completed, after which a final audit report was compiled.
- The introduction and extension of service delivery structures for co-operative development. One of the new structures established during the year was the Bojanala Co-operative Development Hub in North West Province.
- A total of 40 co-operative business planning workshops and awareness workshops were conducted during 2004/05.

Food Security and Rural Development

By 2015, government aims to reduce by half the number of food-insecure households in South Africa, currently estimated at 2,2 million and mostly concentrated in the rural areas. The Directorate Food Security and Rural Development drives the agricultural policy and infrastructure backbone that supports government's plans to promote food security within South Africa's borders and in neighbouring Southern African countries.



Mangi Ramabenyane
SENIOR MANAGER

In fulfilling this role, the directorate is responsible for developing, implementing and reviewing food security policy and legislation, as well as for designing, planning and implementing integrated food security programmes and providing information on food security and agricultural and rural development.

CORE OBJECTIVES AND OUTPUTS FOR 2004/05

The main emphasis was on promoting national and regional food security, through IFSNP. However, certain deliverables were also linked to CASP.

ACHIEVEMENTS

IFSNP

Food security has ranked high on the national agenda since 1994. Although the plight of the poor and malnourished has improved in the first decade of democracy, there has been growing recognition that a more integrated approach is needed to ensure sustainable results as opposed to quick-fix aid projects. Thus, as a matter of urgency, the directorate revisited national food security policy while improving existing food security programmes.

The 1997 Food Security Policy Discussion Document was reviewed and a White Paper prepared for comment by the Departmental ASRD committee. This document was referred back to the directorate for amendments and in anticipation of the Cabinet memorandum on the right of access to food, which was still outstanding at the end of the financial year. In the mean time, the directorate is making plans to ensure a comprehensive consultation process once a draft policy has been approved.

The Food Security Bill has been drafted and went through consultation with various stakeholders to investigate the need for food security legislation. The directorate participated in the development of the approved voluntary guidelines on the right to food.

The directorate also made good progress in drafting an annual report on food security, which is due to be released early in the next financial year.

Food Insecurity and Vulnerability Information Mapping System (FIVIMS)

Developed in the previous financial year, this system supports effective decision making and ongoing surveillance of vulnerable and potentially vulnerable areas within the country. Mapping data is drawn from StatsSA, based on household expenditure information.

During the year under review, a second iteration of the FIVIMS model was tested and demonstrated to the FIVIMS advisory panel set up to critique the system and advise on its ongoing development.

A tender to the value of R2,3 million was awarded to a consortium of six institutions to establish and pilot a FIVIMS programme in the Sekhukhune Integrated Sustainable Rural Development Programme Node (ISRDP). This programme seeks to profile the food-insecure population and will also serve as a decision-making and monitoring tool. The pilot programme was implemented during the year under review and, once tested, will be expanded to other ISRDP nodes. The organisations involved in the project are the Human Sciences Research Council, the Council for Scientific and Industrial Research, the Agricultural Research Council, the universities of the Western Cape, Cape Town and Witwatersrand and a private IT company.

CASP

In the year under review, the directorate drafted norms and standards to extend the distribution of agricultural starter packs for home food production. The aim is to reach 62 000 food-insecure or vulnerable households across the provinces in the 2005/06 financial year. There has been a pressing need for standard operating procedures, as project identification and planning for beneficiaries has tended to be fragmented.

The starter-pack project was initiated in 2002 and, to date, starter packs have been delivered to 18 575 households, representing a total investment of just over R37 million. This is part of the IFSNP goal of building a culture of self-sustenance through home and communal gardens, as well as business-focused enterprises.

Agricultural Risk and Disaster Management



Ikalafeng Kgakatsi
SENIOR MANAGER

For the past five years, the dry conditions prevailing over most of South Africa and the Southern African Development Community region have highlighted the importance of effective agricultural risk and disaster management. While some degree of crisis management is inevitable in a sector so vulnerable to unpredictable weather patterns, the directorate strives to be as proactive as possible. Through the use of early-warning systems, we aim to anticipate rather than react and, through advance planning, we endeavour to ensure a co-ordinated, targeted response to assistance schemes and post-disaster recovery and rehabilitation.

OBJECTIVES AND OUTPUTS FOR 2004/05

The department's *Strategic plan* spelt out a number of critical deliverables for the directorate. Chiefly, these were to formulate and

implement a drought management plan, facilitate the drafting of the agricultural risk and disaster management plans, develop an agricultural climate change policy framework, reimburse farmers who were affected by the cold spell of 2002 and issue early warning monthly advisories to the sector. The directorate was also required to design and implement disaster schemes, assist farmers during droughts, empower extension and technology transfer officers to interpret weather and climate information for farmers, and raise awareness in the sector about risk and disaster management.

ACHIEVEMENTS

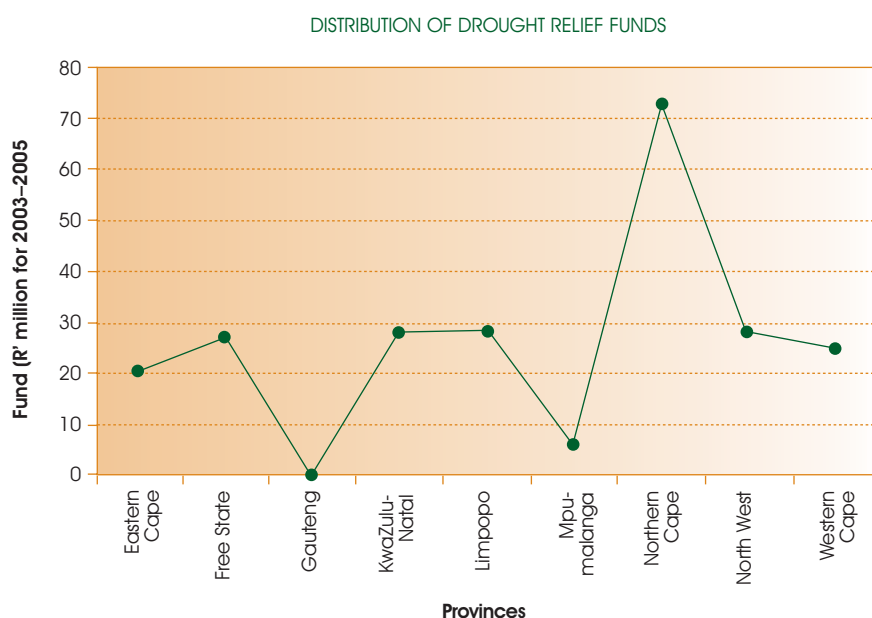
The directorate's performance for 2004/05 should be seen in the context of key departmental priorities such as CASP, IFSNP and AADP.

CASP

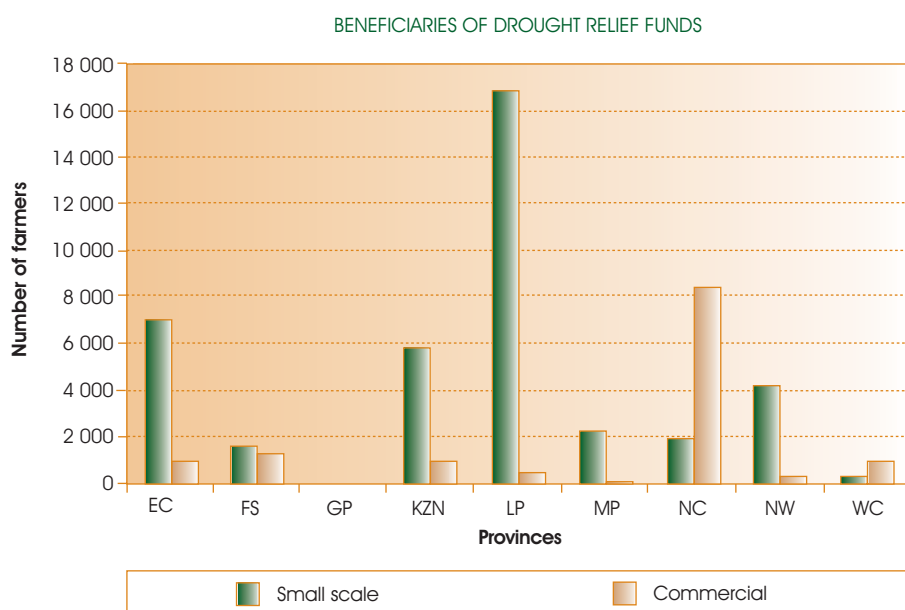
During the year, a task team developed a draft Drought Management Plan, previously known as the Drought Management Strategy. The directorate incorporated all inputs, including feedback from workshops with organised agriculture and the provincial departments of agriculture, and submitted the draft to the Departmental Executive Committee (DEXCO). After approving the draft Drought Management Plan, DEXCO recommended it be submitted to the Minister for approval. A consultation process with all stakeholders will then follow.

Once finalised, the Drought Management Plan will be aligned with the National Disaster Management Framework of the Department of Provincial and Local Government (DPLG). The alignment process will also include the other components of the directorate's agricultural risk and disaster management planning, including the Agricultural Assistance Schemes Strategy and the Disaster Management Plan.

Although the directorate is still working on the agricultural risk and disaster management plans, following the recent release of the DPLG's National Disaster Management Framework, the directorate is already implementing some of the procedures for addressing risk and disaster management.



During the year, at least 53 497 farmers participated in the Drought Relief Scheme, of which 2 176 were communal, 37 823 small scale and 13 498 commercial. By March 2005, an amount of R247,75 million for drought relief had been transferred to the eight provinces except Gauteng. The directorate assisted provincial departments of agriculture with the implementation of the drought relief schemes. The graphs set out the beneficiaries of drought relief and the distribution per province.



The table below shows how fodder was distributed to farmers who benefited from drought assistance during the year.

Provinces	Commercial farmers		Small-scale farmers		Fodder tons		Total farmers	Total tons
	NO.	LSU	NO.	LSU	Commer- cial Farmers	Small- scale Farmers		
Eastern Cape	578	79 116	5 199	71 204	8 286	7 850	5 777	16 136
North West	265	2 600	2 461	17 227	8 198	8 711	2 726	16 909
Western Cape	642	19 260	261	7 830	12 182	10 554	903	22 736
Northern Cape	9 675	212 535	5 712	62 925	44 586	8 325	15 387	52 911
Mpumalanga	35	870	2 256	22 724	75	3 258	2 291	3 333
Free State	1 309	14 338	1 118	8 198	6 882	3 935	2 427	10 817
KwaZulu-Natal	1 094	21 880	5 794	57 940	12 554	11 888	6 888	24 442
Limpopo	522	15 660	12 815	116 515	12 692	8 924	13 337	21 616
Total	14 120	366 259	35 616	364 563	105 455	63 445	49 736	168 900

Note: Fodder price/ton ranged between R1 200 and R1 500 excluding transport.

For farmers affected by the 2000 floods, an amount of R30,4 million was paid out through the 2000 Flood Relief Scheme. The beneficiaries included 194 communal farmers, who received assistance totalling R2,09 million, 230 small-scale farmers, who received R1,75 million, and 547 commercial farmers, who received R26,60 million.

In co-ordinating and monitoring the drought relief expenditure, personnel from the directorate visited the affected provinces to assess grazing conditions and to monitor the implementation and administration of drought assistance.

IFSNP

Early warning systems in weather and climate information are already a priority for the directorate. During the year, the National Agrometeorological Committee met four times to analyse weather/climate information and to consider the conditions in the provinces. This committee brought together specialists from within the department, representatives from the provincial departments of agriculture and experts in the field of weather and climate. A monthly advisory for the agricultural sector was produced and disseminated to various stakeholders, and was also posted on the de-

partmental and Agricultural Geo-referenced Information System (AGIS) web-sites.

In addition, the directorate facilitated four awareness workshops on agricultural risk and disaster management, attended by approximately 240 people representing organised agriculture and farmers, the provincial departments of agriculture and other directorates in the department.

An awareness programme on weather/climate interpretation was undertaken in the Free State for a total of 49 extension officers, economists, engineers and information officers.



Some of the livestock that benefited from fodder supplied through the drought assistance feeding scheme

The World Conference on Disaster Reduction, held in January 2005 in Japan, highlighted the need for proactive measures that will build community resilience and reduce vulnerability to future disaster risks. The conference, at which the directorate was represented, also underlined the importance of establishing a National Early Warning System in South Africa and urged decision-makers and policy makers to allocate more resources to predisaster activities such as risk assessments and early warning.

The directorate attended the tenth climate change conference of parties in Argentina, which focused on countries' vulnerability to the direct and indirect impacts of climate change. These impacts include the costs of mitigation and adaptation, potential loss of markets, and possible threats to sustainable development and poverty alleviation efforts, including agriculture and food security.

AADP

The directorate participated in the eighth Southern Africa Regional Climate Outlook Forum, held in Zimbabwe. Scientists from regional and international communities, including users of climate forecasts, attended. The consensus climate forecast for the October 2004 to March 2005 rainfall season for Southern Africa was issued, stating that for the northern part of the SADC region, normal to above normal rainfall could be expected, while the rest of the region could expect normal to below normal rainfall.

The directorate also attended the regional agrometeorological workshop in Zimbabwe to discuss the application of climatic information for sustaining agricultural production and food security in the SADC region. The workshop provided training or skills enhancement of staff from the national early warning systems (NEWS) and World Food Programme-Vulnerability Assessment and Monitoring (WFP-VAM) in the use of tools and methodologies for agricultural season monitoring as well as integrating new and current remote sensing data and GIS tools in the season monitoring systems of the Regional Remote Sensing Unit (RRSU) and WFP-VAM.

The National Vulnerability Assessment Committee (NVAC)/Regional Vulnerability Assessment Committee (RVAC) meeting was convened in Johannesburg in early March 2005. The purpose of these committees is to conduct a series of rolling ties and population groups who need to be provided with relief support. assessments in all six SADC countries, to evaluate and quantify the size and location of the most vulnerable communities and population groups who need to be provided with relief support.

The VAC system has also moved beyond its original mandate to begin to analyse the underlying causes of prolonged and repeated hunger and vulnerability during emergencies, paving the way for more sustainable poverty-orientated relief and development programmes. The five-year programme of action was drawn up at the March 2005 meeting.

PROGRAMME 3

Agricultural Trade and Business Development

AIM

This programme promotes international and domestic market access and black economic empowerment, and interacts with the National Agricultural Marketing Council, which advises the Minister on statutory marketing issues.

PROGRAMME STRUCTURE

The programme comprises three directorates:

Business and Entrepreneurial Development develops strategies for the growth of strategic agricultural industries, and promotes equity.

Marketing implements policies to improve domestic market access.

International Trade develops policies for agricultural trade, and negotiates and manages international trade agreements.

PROGRAMME OVERVIEW



Attie Swart
ASSISTANT DIRECTOR-GENERAL

Increasing the participation of black farmers and agribusiness entrepreneurs in local and international markets was a strong thrust of this programme's activities during 2004/05, as can be seen from our substantial contributions to developing guidelines for Agricultural Broad-based Black Economic Empowerment (AgriBEE) and the Comprehensive Agricultural Support Programme (CASP).

AgriBEE

Domestically, the core empowerment event of the year was the launch by the Minister of an AgriBEE Framework for public comment in July 2004 as promised in the President's 2004 *State of the nation address*.

The sector-wide consultation process around the AgriBEE Framework was managed by a broad-based AgriBEE Steering Committee appointed by the Minister and the programme provided two members, as well as a technical support team and secretariat. Based on

a report of the comments received, it was clear that while most stakeholders were in favour of AgriBEE, there were widely varying views on the targets that should be set and on the modalities for achieving agricultural empowerment. This necessitated further consultation and negotiations on the content of the framework and scorecard. It is expected that the AgriBEE Charter will be concluded in 2005.

Other notable activities that supported empowerment during the year included the drafting of norms and standards for agricultural marketing infrastructure, the training of SMME facilitators, and the production and dissemination of marketing training manuals in 11 official languages.

Agricultural economic empowerment is not purely a domestic issue but one that is closely linked with world trade developments and the move towards agricultural reform. During 2004/05, this programme worked closely with the Department of Trade and Industry (dti) and our partners in the Southern African Customs Union (SACU) to ensure that agricultural reform and development issues remained firmly on the global trade negotiating agenda.

This programme was actively involved in all phases of the World Trade Organisation (WTO) negotiations on the Doha development agenda, which resumed during the year after the breakdown at the Cancun meeting in the year before. The WTO Framework for Agriculture, concluded in July 2004, showed an improvement in favour of developing country interests, largely due to the coherence and focus of the G20 group, in which the programme participated on behalf of the department.

CASP

The grain, fruit and cotton strategies progressed well during the report period. The programme agreed with the agro-processing unit of the dti that all new commodity strategies would be developed jointly between the two departments. The benefits that clients can expect to flow from this are greater synergies and more co-ordinated support.

The design specifications for the marketing information system, aimed at meeting the requirements of farmers in the rural development nodes, were completed during 2004/05. Procurement, particularly delays for the development of IT systems, has retarded the conclusion of this important project.

The department utilises preferential and free trade agreements to drive and accelerate the growth and competitiveness of South Africa's agricultural sector. During 2004/05, the programme developed concrete proposals and positions for SACU free-trade negotiations with Mercosur, the European Free Trade Agreement (EFTA) and the United States. SACU successfully maintained its position against concessions on products subject to market-distorting subsidies.

KEY OUTPUTS, INDICATORS AND TARGETS

Measurable objective: Increase access to resources and opportunities in the sector and to markets for agricultural products, domestically and internationally, in order to optimise growth, employment, income and equity in agriculture.

Directorate	Output	Indicator/measure	Target	Status/comment
Business and Entrepreneurial Development	Agricultural industry-based business partnerships	Partnerships developed	Four commodity action plans concluded	Cotton, grain, fruit strategies well advanced/ concluded
		SMME operators trained for excellence in entrepreneurship	30 trainers trained	22 trainers trained
Marketing	Targeted domestic marketing support	Number of farmers in rural development nodes reached with marketing information facilitated by DoA	Majority of LRAD farmers in three development nodes	11 000 marketing training manuals distributed to provincial departments for farmers
International Trade	Negotiating positions and plans	The number of issue-based positions developed	10 position papers or reports on opportunities and constraints	Report target exceeded. Agricultural Trade Forum advised of all negotiations and opportunities



Liako Moahloli
SENIOR MANAGER

Business and Entrepreneurial Development

In the interests of a united, prosperous agricultural sector, the directorate encourages partnerships between established agricultural enterprises and emerging farmers and entrepreneurs. This promotes skills transfer and facilitates access to mainstream emerging farmers to participate in markets (both domestic and global) and business opportunities. It also gives established agriculture the opportunity to contribute to transformation of the agricultural sector in a way that is mutually beneficial. The directorate's new structure and establishment was concluded and the recruitment process stepped up in the reporting period. Some intended outputs were delayed due to staff shortages and the prioritisation of AgriBEE.

Items which could not be attended to for these reasons include a report on high-value niche enterprises, establishment of entrepreneurial guidelines and niche enterprise identification. The department

decided not to implement a planned mentorship scheme until a policy on this matter had been concluded. The Programme Agricultural Production has subsumed the development of a wool industry strategy into the development of the Livestock Development Strategy and the Potato Industry Strategy was not commenced due to the industry not being in a position to undertake such a venture yet.

OBJECTIVES AND OUTPUTS FOR 2004/05

According to the department's Strategic plan for the year, the directorate was required to contribute to AgriBEE and CASP.

ACHIEVEMENTS

AgriBEE

An AgriBEE Steering Committee was appointed by the Minister to drive the empowerment consultation process within the agricultural sector. Following the launch in July 2004 of the AgriBEE Framework, the Steering Committee met regularly to review progress made with the consultation process, with regard to targeted consultation with youth, emerging groups, organised agriculture, people with disabilities, organised labour, farmworkers and women, including rural women. This directorate provided support and the secretariat to the Steering committee.

Overall consultations on the AgriBEE Framework were concluded on 20 December 2004. In all, more than 50 written submissions were received from individuals, associations, provincial unions, commodity groups, agribusinesses and organised agriculture.

The Steering Committee met twice in January and February 2005 to consolidate and analyse the written comments received, and to make high-level recommendations to the Minister for Agriculture and Land Affairs. In summary, there was widespread support within the agricultural sector for the AgriBEE Framework, with merely two areas needing further negotiation to reach consensus. These were land-related issues and the setting of specific empowerment targets. The next step is to finalise a proposal for a framework to the Minister, including scorecard weightings and targets based on the outcome of the consultation process.

CASP

The directorate's key contributions to CASP centred on the development of strategies for the grain, fruit and cotton industries, as well as a strategy for small, medium and micro enterprise (SMME) development and a policy for agribusinesses.

In the case of the Fruit Industry Strategy, a final report compiled by consultants was debated within the three key fruit industry constituencies, namely deciduous, subtropical and citrus. The strategy was then submitted to a joint fruit industry council for finalisation and for a decision on an implementation plan. Provincial consultations will be held and it is hoped that the strategy will be finalised shortly.

The draft Grain Industry Strategy was agreed upon at a stakeholder workshop held in February 2005 and will be ratified at the next meeting in June 2005. The only outstanding issue is the appointment of a project manager who will drive the Grain Industry Strategy Implementation Plan.

A stakeholder meeting was held in December 2004 to review the Cotton Industry Strategy and plan the way forward for the implementation process. Immediate challenges facing the industry were assessed and a joint meeting was recommended with ITAC, the dti and the Directorate International Trade to discuss tariffs, subsidised imports, WTO issues and issues between producers and spinners in the value chain.

The directorate adopted the South African excellence model as a management tool for SMMEs in agriculture and related businesses. Two models were completed and tested—one for the existing businesses as in five provinces' nodal areas and the entry model in the Free State and Mpumalanga. The next step was to initiate the training of facilitators. By 31 March 2005, 22 people had completed the facilitation course; five of them graduates without working experience who could benefit from doing internships within businesses. The students will undergo Agricultural Management Development Programme training at Stellenbosch University. The training is to be followed by attachment with established agribusinesses, arranged by the Directorate Education and Training. They will afterwards be considered for establishing their own businesses as part of promoting and empowering youth in agriculture.

The directorate also engaged into partnership with the Co-operative Development Initiative (CDI) to identify emerging agribusinesses in nodal areas, identify their needs and link them with existing established agribusinesses. The directorate, in conjunction with CDI, will also implement the South African excellence model for agriculture and related businesses in the identified nodal areas. The existing SMME model will be used for existing agribusinesses and the entry-level model will be used for emerging agribusinesses. Eleven potential nodal projects have been identified.

A framework for representative emergent groups emanating from ITCA deliberations was accepted by the DoA management. The directorate developed a directive for its attendance at the International Cotton Advisory Council supporting the reduction and removal of distorting subsidies by developed countries that harm developing industries.



Billy Morokolo
SENIOR MANAGER

Marketing

Emerging farmers and agribusiness entrepreneurs in South Africa face many challenges in entering and competing in domestic markets. Entry barriers and input costs are high and emerging farmers and entrepreneurs have to compete against well-established commercial enterprises with extensive marketing and distribution networks. The directorate, while serving the entire agricultural value chain, places special emphasis on promoting equitable access to markets by historically disadvantaged farmers and agribusinesses.

OBJECTIVES AND OUTPUTS FOR 2004/05

According to the department's *Strategic plan*, the directorate's deliverables for the year were linked to CASP and AgriBEE.

Certain intended deliverables were unfortunately not completed or delayed, for example an unexpected procurement delay which retarded the marketing information system, and which will now be piloted and launched in 2005.

A Strategy for Restructuring of National Fresh Produce Markets was presented to management, but requires further consultation and work. The *Agricultural marketing review* was delayed to expand the review committee through a public nomination process.

ACHIEVEMENTS

CASP

The Directorate Marketing contributed to CASP by developing norms and standards for the establishment of agricultural marketing infrastructure, as well as by providing marketing information, training and capacity-building services, and managing market access permits for imports and exports.

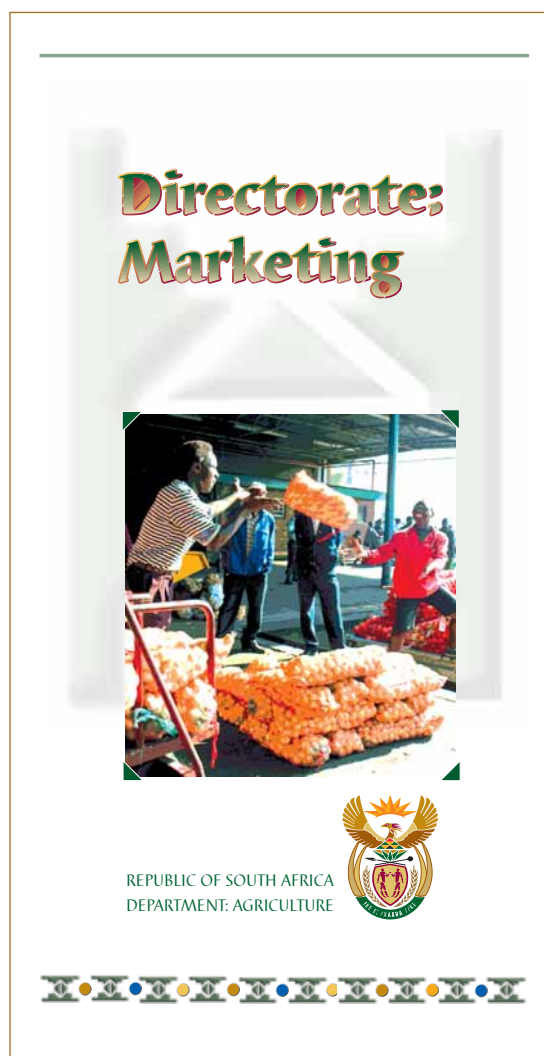
Norms and standards

The national norms and standards (guidelines) for establishing agricultural marketing infrastructure are aimed specifically at supporting agrarian reform beneficiaries in the rural development nodes. As part of the process of finalising the guidelines, the directorate undertook a detailed assessment of the status of existing marketing infrastructure in five development nodes. The results led to the setting of guidelines that were extensively discussed with provincial government. These guidelines will give provinces and municipalities clear criteria for evaluating marketing infrastructure requests from farmers and agribusiness entrepreneurs.

Capacity-building and training

To build the marketing capacity of emerging farmers and entrepreneurs, the directorate continued developing and distributing information booklets covering specific aspects of agricultural marketing. This work started in 2003 with the production of a training manual on the basic principles of agricultural marketing, targeting beneficiaries of the LRAD Programme and other agrarian reform projects. During 2004/05, the directorate took this a step further by translating the manual, initially available in English only, into 10 other local languages. More than 11 000 copies were distributed to all provinces and, in some cases, are being used to train farmers and extension officers. A tender was issued during the year, paving the way for the appointment of a service provider to develop agricultural training materials suitable for accreditation by the South African Qualifications Authority (SAQA).

In another capacity-building milestone of 2004/05, the directorate collaborated with the Community Public Private Partnership (CPPP) Programme of the Development Bank of Southern Africa (DBSA). This involved the joint presentation of market access training workshops to farmers and extension officers in Gauteng, Limpopo and KwaZulu-Natal.



Agricultural marketing information system

During the year, the directorate initiated the development of a web-based integrated agricultural marketing information system, designed specifically to also cater for the needs of farmers in rural development nodes. The State Information Technology Agency (SITA) was appointed to develop the computer system.

Market access permits

The directorate administered and issued import and export permits for a range of agricultural products covered by preferential and free trade agreements. These permits facilitate bilateral trade and allow local manufacturers to access raw materials at internationally competitive prices. During 2004/05, a total of 1 335 permits were issued to facilitate trade, of which 1 058 were import permits issued to local importers. These permits saved the local importers an estimated R300 million in import duties. A further 277 export permits were allocated to local exporters in terms of preferential market access arrangements.

The table details the products for which export permits were issued.

Products	Quantities
Cheese	6 250 tons
Cut flowers	2 965 tons
Strawberries	288 tons
Canned fruits	68 265 tons
Fruit juices	6 555 tons
Sparkling wine	562 500 litres
Wine	45 197 000 litres

AgriBEE

While a percentage of such preferential trade permits is reserved for SMMs and new importers, in recent years a worrying trend has been the low number of permit applications from small, medium and micro agribusinesses. During 2004/05, the directorate addressed this by developing a communications campaign targeting these entrepreneurs and highlighting the benefits of applying for import and export permits. Since the start of the campaign in October 2004, which uses print media and television, there has been an improvement in the application rate among entrepreneurs, along with an increase in enquiries about import and export support incentives. The project will run until the directorate is satisfied with the level of response among agribusinesses.

KIMS

National Agricultural Marketing issues were included in the ITCA Agricultural Economist Standing Committee.



International Trade

The success of commercial and emerging farmers in penetrating and participating competitively in international markets depends in no small measure on access to in-depth intelligence on market opportunities and constraints, as well as support in negotiating a favourable trading environment and in initiating and strengthening trading relationships.

The directorate supports this by analysing, developing, participating in and advising on bilateral and multilateral trade policy, in collaboration with the dti. In terms of the new SACU agreement, the partners interact as a group in trade negotiations. In this way, we create and strengthen the knowledge and relationship base for successful market entry, while also ensuring that empowerment and development issues receive international attention.



Gerda van Dijk
SENIOR MANAGER

OBJECTIVES AND OUTPUTS FOR 2004/05

The directorate's key deliverables for the year were linked to CASP, AgriBEE and the AADP.

Certain intended outputs were not achieved, mainly due to factors beyond the department's control. Government's negotiating priorities meant that technical reconnaissance visits and trade negotiating positions for India, China and Nigeria were not required in the reporting period. Global WTO negotiating delays included the retardation of WTO modalities and commitment schedules.

ACHIEVEMENTS

CASP

In 2004/05, the directorate supported two of the six CASP service pillars, namely information and knowledge management, and marketing and business development. We did this by identifying and devel-

oping bilateral and multilateral trading opportunities and positions, with the emphasis on improving market access and dismantling trade barriers for exports from Southern Africa. At the same time it was necessary to ensure that the region's development needs, as well as unfair trade practices, are addressed.

In all, we produced more than 10 negotiation position papers, plans and reports, as indicated as a deliverable in the department's *Strategic plan*. This included agricultural positions on the EU enlargement and the EU TDCA review. These were fed back to the Agricultural Trade Forum (ATF), through which the directorate ensures that stakeholders actively benefit from the market intelligence gathered on international trade, and at the same time have the opportunity to influence negotiating positions.

In December 2004, a fixed preference agreement was concluded between SACU and Mercosur, extending mutual preferential access for a limited number of agricultural products. However, the fact that only 151 tariff lines were included limited the value of the agreement and highlighted the sensitivities on both sides regarding the agricultural sector.

The fifth and sixth rounds of free trade agreement negotiations between SACU and the United States were held in May and June 2004, with both parties taking somewhat polarised positions. It appeared that the US was focusing more on second-phase issues such as investment and intellectual property rights, rather than on market access. By contrast, SACU wished to concentrate on market access issues, including addressing the influence of subsidised exports to SACU. For this reason, as well as the impact of the presidential elections and changes in the United States Administration, no further negotiation sessions were held during 2004/05, although the United States proposed a meeting early in the next financial year.

SACU negotiations with the European Free Trade Area (EFTA) continued, with the fourth round taking place in September 2004. SACU's position was based on the need to focus on market access issues rather than on second-phase matters. The directorate also looked at ways of successfully addressing in the agreement the export of subsidised products from EFTA countries. After a further meeting in December 2004 to address outstanding issues, the directorate revisited the EFTA tariff requests. The aim is to resume negotiations in April 2005 so as to conclude an agreement.

AgriBEE

In terms of the Doha development agenda, multilateral negotiations under the WTO continued in 2004/05, with the aim of reaching agreement on international agricultural reform. These negotiations are highly complex given the wide range of parties represented and their divergent interests.

With regard to the WTO negotiations, the directorate made inputs into the declaration of the Ministers of Trade of the African Union, ensuring that the development interests of Africa are taken into account. The approved declaration is very similar to the positions taken by the G20 group of countries, of which five African countries, South Africa included, are members. The coherence and focus of the G20 group contributed significantly to the WTO Framework for Agriculture that was concluded in July 2004. This framework showed a clear improvement in favour of developing country interests.

From October 2004 onwards, the directorate continued its active involvement in all WTO agricultural negotiating meetings. This included attending monthly special negotiating sessions in Geneva, Switzerland, to agree on modalities for further reform in agricultural trade, and interacting with the G20 group, the Africa Group and the Cairns Group.

Towards the end of the financial year, some progress had been made towards agreeing on an end date for the phasing out of export subsidies. On the other pillars of the negotiations, such as market access and domestic support, much work remains to be done. With regard to market access, protracted negotiations were held before agreement was eventually reached on a methodology for converting non ad valorem tariffs to ad valorem equivalents. In terms of the framework agreement agreed upon in August 2005, modalities for further reform need to be agreed upon by the WTO Ministerial meeting to be held in December 2005.

AADP

Briefly, the AADP is intended to encourage intra-African trade and address core constraints, such as those raised during the United Nations' Food and Agriculture Organisation (FAO) African Regional Conference held in Johannesburg in February 2004. The directorate decided to replace the proposed trade workshops with a more coherent initiative to address the challenges to intra-African trade identified at the FAO regional conference. This is being pursued in collaboration with other departments in the IRPS cluster. An intra-Africa market research project was commenced but was not concluded.

In support of the AADP, the directorate met with a wide range of stakeholders during 2004/05, including the dti, the Secretariat of the New Partnership for Africa's Development (NEPAD), SACU and the Southern African Development Community (SADC). The main aim was to achieve greater clarity on the work being done to promote intra-African trade and to more clearly define key role players.

Several milestones were reached in achieving greater trade co-ordination and collaboration. In July 2004, SACU signed a new agreement, leading to the creation of new institutions such as a full agricultural liaison committee reporting directly to the SACU Commission. Within the SADC, work continued on the implementation of the SADC trade protocol, along with preparations for the protocol to be reviewed. As a result, the directorate gathered critical information for the market research report it is compiling on intra-African trade.

KIMS

Six weekly meetings of the regular Agricultural Trade Forum were arranged by the department to provide regular feedback and receive inputs on trade matters. Briefings were made to parliament and the Portfolio Committee on Agricultural Trade Matters.

PROGRAMME 4

Economic Research and Analysis

AIM

Economic Research and Analysis aims to render agricultural economic and statistical services in support of economic development and an equitable agricultural sector.

PROGRAMME STRUCTURE

The programme comprises two directorates:

Production and Resource Economics interprets, analyses and provides timely sector, production and resource economics information and advice to relevant stakeholders for improved decision making.

Agricultural Statistics collects and manages agricultural statistics in support of effective decision making. This includes the monitoring and projection of trends in agriculture, food security and food utilisation.



Rodney Dredge

ACTING ASSISTANT DIRECTOR-GENERAL

PROGRAMME OVERVIEW

Programmes across the department rely on accurate, up-to-date agricultural statistics and economic analysis for effective planning and implementation of projects. Although the activities of the Economic Research and Analysis Programme cut across a number of departmental key priorities, its primary strategic outputs for 2004/05

contributed mostly towards the Comprehensive Agricultural Support Programme (CASP), Integrated Food Security and Nutrition Programme (IFSNP), Research and Development (R&D) and Knowledge and Information Management Systems (KIMS).

CASP

During the year under review, the newly established Agricultural Economics Standing Committee of the Intergovernmental Technical Committee for Agriculture (ITCA) held quarterly meetings to enhance networking and co-operation within the sector. This committee is involved with the development of standardised analytical tools and databases for economic and farm management policy analysis.

Monthly forecasts were released on the production of important field crops on a provincial basis. Improvements to the forecasting system are being addressed by means of a contract awarded to an Agricultural Research Council (ARC) led Consortium. The aim is to improve the accuracy of the forecasts/estimates to within 5 % of actual harvest.

IFSNP

Food security is a matter of common interest across the Southern African Development Community (SADC). The programme contributed through its *Food security bulletin*, which was submitted every month to the Regional Early Warning Unit of the SADC.

In response to numerous requests from clients, the programme established an electronic billboard on the department's website to host food security statistics.

KIMS

To monitor the economic performance of the agricultural sector, the programme published quarterly overviews of economic changes and their impact on the sector. To fill information gaps, Statistics SA (StatsSA) undertook a census of commercial agriculture in 2002 and a statistical report was released in September 2004, while a financial and production statistics report was released in March 2005.

These reports reflect that commercial farming has become leaner, with a drop in the number of farmers and a smaller labour force. Farming income has increased and debt declined, indicating improved competitiveness and profitability of the sector. It should be pointed out, however, that 2002 was a good year for the agricultural sector, in that the weak Rand and fears of a drought pushed up the prices of agricultural products to peak levels, resulting in relatively large income gains for farmers.

R&D

This programme took the lead in co-ordinating the agricultural policy review of South Africa being conducted by the Organisation for Economic Cooperation and Development (OECD).

In November 2004, an OECD delegation visited South Africa to finalise a Letter of Intent, prepare a final framework for the study and identify local experts to assist in compiling a draft report. Since the delegation's visit, the study framework has been changed to reflect South African agricultural priorities and the programme has facilitated interaction between the OECD and local experts.

KEY OUTPUTS, INDICATORS AND TARGETS

Measurable objective: Provide timely, accurate agricultural economic and statistical information to relevant stakeholders and other interested parties to improve decision making.

Directorate	Output	Indicator/measure	Target	Status/comment
Production and Resource Economics	Economic reports on constraints and opportunities within and impacting on the agricultural sector	Number of reports released on time	3 reports released by March 2005	<i>Reports released:</i> Quarterly economic review and forecast Multi-market analysis of the impact of trade restrictions on importing live animals into SA. Published industry brochures for maize and wheat
Agricultural Statistics	Statistical reports reflecting trends and economic performance of the sector	Number of publications released	Five publications for key stakeholders reflecting performance and trends in the agricultural sector by March 2005	<i>Reports published:</i> – Abstract of agricultural statistics – Trends in the agricultural sector – Economic review of the South African agriculture – Crops and markets – Food security bulletin – Statistics on fresh produce markets

Production and Resource Economics

This directorate provides strategic information and advice on the performance of the agricultural sector and on the economics of agricultural production and resources, with the aim of supporting growth and equity within the sector.

ACHIEVEMENTS

The outputs published in the *Strategic plan* were reprioritised for greater emphasis on service delivery. Priority was given to reports for general consumption and the development of national information systems and agricultural economics analysis tools that are vital for service delivery at lower government levels.



Ben van Wyk
SENIOR MANAGER

Although some progress has been made with the implementation of the latest extended functions and organisational structure of the directorate, serious difficulties have been experienced in recruiting and retaining appropriately trained and skilled agricultural economists/economists for production and resource economics, as well as macro-economic sector analysis. This has a decisive impact on the ability of the directorate to deliver on all its commitments for the year under review.

Outputs that were mostly effected by reprioritisation and/or capacity constraints included the feasibility of regular surveys on household food security; availability of information for equity analyses; the production cost of maize; a comprehensive economic review of the agricultural sector; establishment of forums for networking and a national agricultural economics research agenda; the report on national and human resources; the report on the productivity of agricultural resources; and guidelines for economic analysis of sustainable resource use.

Several important outputs attended to during the reporting year that were not part of the published *Strategic plan* for 2004, are also reflected in this report. Examples of such outputs are the multi-market analysis of the impact of trade restrictions on importing live animals into South Africa, agricultural industry brochures and reporting on Africa/Sub-Saharan Africa's economic outlook/performance.

CASP

A key deliverable was the completion of the development of a computerised financial record system for farms and enterprises, known as the Micro FINREC system. This system is intended to also support emerging farmers as an economic and financial farm planning and management tool, as well as a database for advice on economic trends. After completing the development phase during the year under review, the directorate prepared for implementation by scheduling training sessions for agricultural economists in the provincial departments of agriculture during April 2005.

The directorate also participated in the updating of the computerised COMBUD system program, aimed at enabling farm planners and advisors to compile effective enterprise budgets for inter alia emerging farmers. The first round of training took place before the end of the financial year.

IFSNP

The feasibility of regular surveys on the household food security project was postponed in the prioritisation process and will now receive attention in the first quarter of 2005/06.

AgriBEE

Progress with an investigation into the availability of information for equity analysis relating to access to agricultural resources was delayed by difficulties in obtaining the prescribed number of quotations for outsourcing the project. Further efforts will be made in the new financial year.

AADP

In response to a request by the department's management to establish regular reporting on the economic review of African countries, the economic review of Sub-Saharan Africa has been introduced as a regular item in the Quarterly economic review and forecast reports.

R&D

In the process of reprioritisation the report on natural and human resources has been scaled down to an internal pilot project. The report has been completed and will be used in future for updates on a regular basis.

The directorate is the official point of contact in South Africa for the agricultural policy review being undertaken by the Organisation for Economic Cooperation and Development (OECD). Following a visit by an OECD delegation in November 2004, the directorate assisted in finalising the Letter of Intent for the survey. The preliminary results of this survey will be utilised for agricultural policy exchanges between OECD member and leading G20 countries during the OECD Committee for Agriculture meetings scheduled for June 2005. A final report is expected towards the end of 2005.

The directorate initially envisaged the launch of a national stakeholder's consultation forum, with a view to seeking consensus on an agricultural economic research agenda. Due to the reprioritisation process this exercise has been postponed to next year. However, as a starting point, a workshop was initiated to explore a tentative national research agenda for resource economic analysis. Although this agenda will be refined in the coming financial year, it provides a solid platform for more formal and broader stakeholder consultation on an agricultural economics research agenda.

Work commenced on a production cost survey of maize in partnership with the University of the Free State with the aim of establishing a sound methodology for this type of farm survey. In another development aimed at improving the national standardisation of methodologies for economic analysis at farm level, the directorate completed the update of a final draft of the Afrikaans version of economics terminology and calculation methods and made good progress with the English version.

Despite delays due to capacity constraints, preparations for the production of a comprehensive economic review of the agricultural sector reached an advanced stage by the end of the financial year. Following final editing, it will be available in the first half of the 2005/06 financial year.

KIMS

Four Quarterly economic review and forecast reports for the agricultural sector were completed during the reporting year. The last two reports have also been posted on the departmental website.

The directorate also produced a pilot report on the productivity of agricultural resources, which will be used as a guideline for similar updates in future.

Another milestone was reached when the directorate completed an inventory of existing economic analytical tools used by the departments of agriculture on national and provincial level. This is also aimed at standardising methodologies used by Government for economic analysis at farm level.

Cost-benefit analysis has become a major tool to evaluate projects for economic and financial viability. The directorate embarked on the evaluation of an existing cost-benefit analysis manual for public projects to determine its present validity and more general use for public agricultural projects. The evaluation was completed during the year and the present manual was regarded as still suitable for the general evaluation of public projects.

The two outputs relating to a report on the economic performance of different farming types and the development of guidelines for typical farm models had to be postponed to 2006 because of reprioritisation combined with a continued lack of production economics capacity in the directorate.

NRM

Two projects were attended to during the reporting year as part of a multi-year effort to establish guidelines for economic analysis of sustainable resource use. The first project entailed a combined effort in consultation with the IICA

Agricultural Economics Standing Committee and LandCare Working Group to develop an economic incentive policy for sustainable resource use. A final draft policy has been completed for evaluation at the LandCare Working Group early in the 2005/06 financial year. The second project focuses on guidelines for the adoption of best management practices by farmers for sustainable resource use. The study had been successfully outsourced, but the completion of the study was delayed because of poor responses from the targeted participants during the empirical part of the study. Results are expected during the second quarter of the next financial year.

Agricultural Statistics

The directorate is the official source of agricultural statistics in South Africa. Although it has no legal or statutory authority to compel stakeholders to provide agricultural data, the response from the sector tends to be high as clients value the statistics and research findings generated by the directorate. Statistics on agricultural trends are widely used by other government departments, financial institutions, universities, producer organisations, input suppliers, agricultural co-operatives, etc.



Rodney Dredge
SENIOR MANAGER

Some of the key statistical projects undertaken include national and provincial agricultural production and capital accounts, calculations of macro-economic indicators such as the producer price and land price indices, and monthly crop forecasts.

ACHIEVEMENTS

CASP

The directorate actively participated in the activities of the Agricultural Economics Standing Committee of ITCA, launched to build national capacity on economic and statistical issues, and to enhance co-ordination and co-operation. Although this committee has revealed skills needs in the provinces and parastatals, it has provided an opportunity for the pooling of scarce resources.

To enhance the efficient functioning of the grain market, monthly forecasts were released on the production of summer grain crops such as maize, sunflower seed, soya-beans, sorghum, groundnuts and dry beans, as well as winter cereal crops such as wheat, barley, canola and sweet lupins, on a provincial basis. Forecasts were also released regarding farmers' intentions to plant summer grain and winter cereal crops for the 2005/06 season. To enhance the accuracy of the crop forecasts, a contract was previously awarded to an ARC-led consortium to develop an improved statistically sound forecasting system.

Livestock estimates, indicating numbers for August, were released in November 2004, while estimates, indicating numbers for November 2004, were released in February 2005.

IFSNP

The food security bulletin, incorporating cereal balance sheets, is compiled on a monthly basis and submitted to the regional early warning unit of the SADC for inclusion in the regional food balance sheet. Furthermore, the annual food balance sheet was updated, based on commodity information that became available during the production seasons. The food balance sheet provides an indication of the country's total food consumption, as well as of the per capita consumption of the most important foodstuffs.

MAIZE: PRODUCTION, CONSUMPTION AND STOCKS (1 000 TONS)



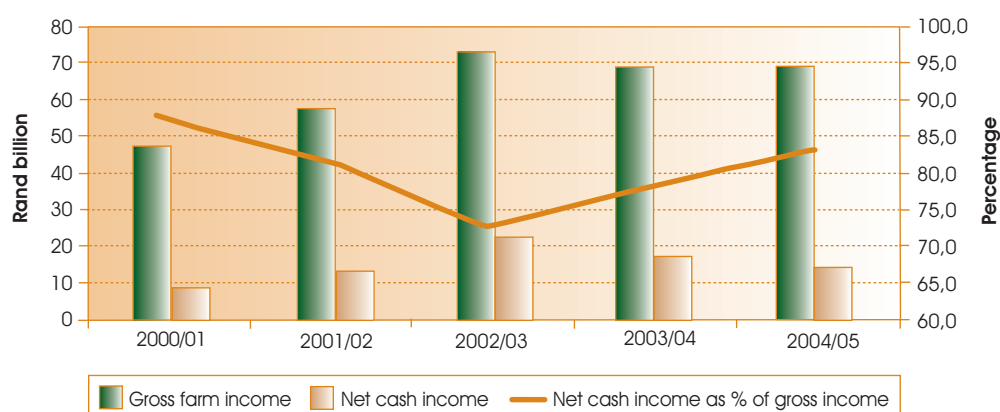
KIMS

In September 2004, the department and StatsSA jointly released a statistical report on commercial agriculture in South Africa, based on the census launched by StatsSA in August 2002. This report was followed in March 2005 by a second report, highlighting financial and production statistics in the commercial farming sector. The census on which both reports were based covered 45 818 farming units registered for VAT, meaning annual turnover exceeded R300 000.

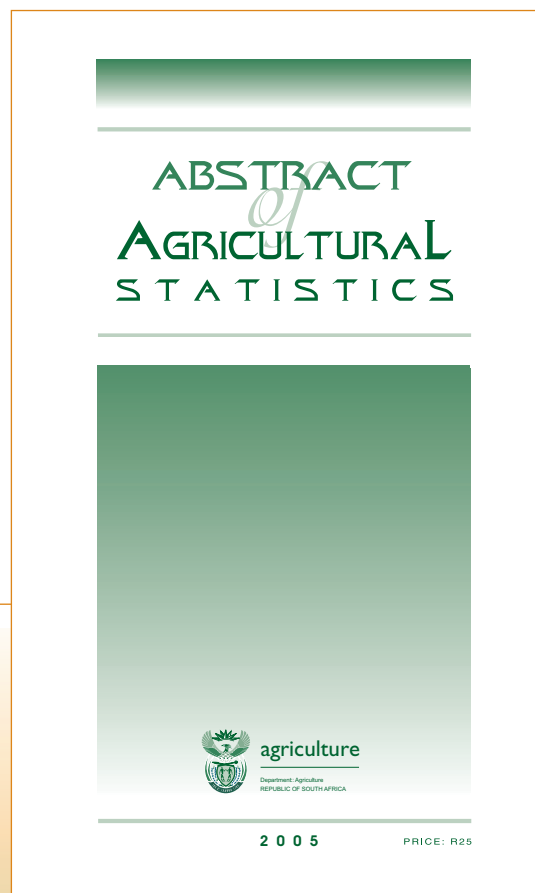
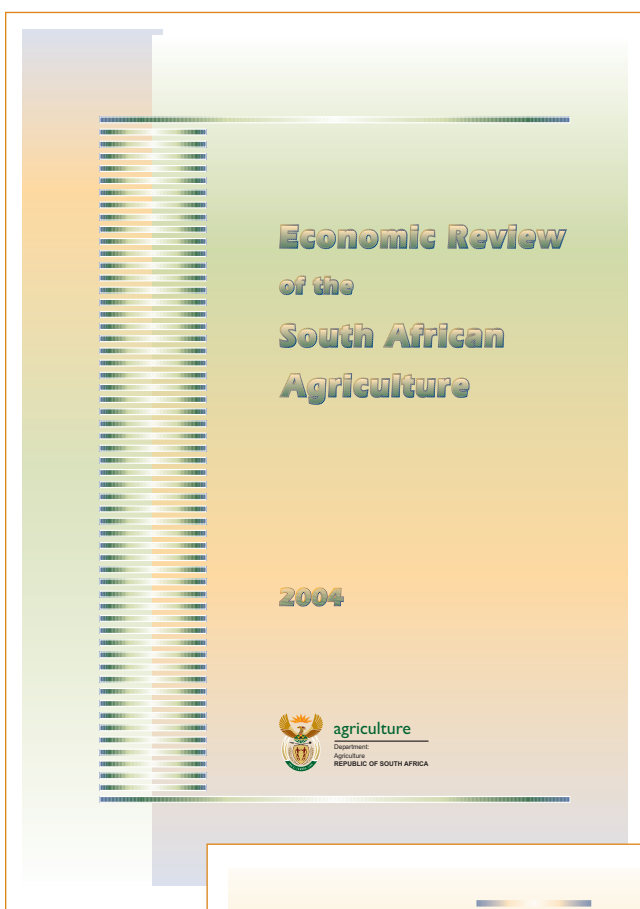
Although the census provided useful information on the commercial farming sector, it does not shed any light on the number of new and emerging farmers who have entered the market during the past 10 years, nor does it assess the effectiveness of the land redistribution policies. While a decrease of about 25 % was recorded in full-time farming employment, the percentage of casual workers employed increased from approximately 40 to 50 %. Thus, further research is needed into employment figures, including the interpretation of trends such as the increase in casual labour.

The directorate oversaw the compilation of the annual economic accounts, reflecting the performance of the agricultural sector for 2004/05. The statistics were made available to StatsSA and the Reserve Bank for incorporation into the country's national accounting system. The private consumption expenditure on foodstuffs, which indicates the amount that South Africans spend on food, was also calculated and made available for 2004/05.

GROSS FARM INCOME, NET CASH INCOME AND TOTAL PRODUCTION COST AS % OF GROSS INCOME



Furthermore, the directorate produced monthly updates of important macro-economic indicators to determine trends in the agricultural sector. These included the volume index of production, farming requisites price index, producer price index, land price index, interest rate index, farm debt, the volume and value of agricultural imports and exports, the food basket of farm products, which indicates the producers' share in the consumer's Rand, and the volume, value and prices of fresh produce sold on the major markets.



PROGRAMME 5

Agricultural Production

AIM

Agricultural Production aims to increase agricultural productivity by providing national leadership for sustainable production and supporting agricultural research, technology development and transfer. Working with the provincial departments of agriculture, the Agricultural Research Council (ARC) and other partners, the programme identifies and promotes strategic research and other interventions that promote increased productivity and mitigate the effects of climate change and migratory pests.



Shadrack Moephuli
ASSISTANT DIRECTOR-GENERAL

PROGRAMME STRUCTURE

The programme consists of the following four directorates and provides for budget transfers to the ARC:

Animal and Aquaculture Production Systems facilitates improvements in agricultural productivity, with the emphasis on sustainable animal and aquaculture production systems, and administers the Animal Improvement Act of 1998.

Genetic Resources Management supports the sustainable use of genetic resources for food and agriculture through a national management system. The directorate administers the Plant Breeders' Rights Act of 1976 and the Genetically Modified Organisms Act of 1997, and is the National Competent Authority for the Cartagena Protocol on Biosafety.

Plant Production Systems provides leadership and support to the plant production sector to ensure food security, economic development and global competitiveness through sustainable plant production. It administers the Plant Improvement Act of 1976.

Scientific Research and Development provides leadership in agricultural research, technology dissemination, and technology development and uptake. The directorate, which administers the Agricultural Research Act of 1990, funds and monitors the performance of the ARC, as well as providing leadership and support to the National Agricultural Research Forum (NARF).

PROGRAMME OVERVIEW

Low agricultural productivity and declining production efficiencies pose a threat to national food security and also undermine the sustainable development, competitiveness and growth of the agricultural sector. Some of the causes of these production trends, as identified by the department during the period 1994 to 2002, include unsustainable agricultural practices, climate change, pests and diseases and a lack of information, among others. This programme seeks to raise agricultural productivity by providing effective leadership to the sector, guided by key annual events such as the President's *State of the nation* address, the Minister's Annual Budget Speech and the department's overall priority-setting process.

In terms of the *Strategic plan*, the Comprehensive Agricultural Support Programme (CASP) was identified as the area in which this programme could make the most significant impact on agricultural production. At the same time, the programme contributed to a range of other departmental priorities, as summarised below.

CASP

The programme's starting point was to identify the types of agricultural support most needed for improved agricultural productivity and efficiency. With this in mind, we engaged extensively with stakeholders, including local government, farmers, agro-processors, national and provincial departments, consumers, research and educational institutions, and civil society organisations.

Based on this feedback, the programme concentrated on creating an enabling environment through appropriate policy, legislation, norms and standards, technical guidelines and other services. For example, consensus was reached with the provincial departments of agriculture on norms and standards for extension and advisory services, which are pre-requisites for effective service delivery geared towards improving agricultural productivity, particularly among resource-poor farmers.

There is strong evidence that the progress made in setting norms and standards has raised confidence levels within the sector and led to productivity improvements for major crops such as maize, sorghum and sunflower. According to the Crop Estimates Committee's reports, production of these crops has improved markedly among commercial farmers in areas with limited rainfall.

AgriBEE

A central theme during the year was to ensure that agricultural support included in the AgriBEE Framework will, once concluded, facilitate increased agricultural productivity.

Meanwhile, the programme initiated a number of economic empowerment initiatives, regionally and domestically. We encouraged the ARC to participate in projects within NEPAD's African Agricultural Development Programme (AADP), as well as in the Challenge Programme for Sub-Saharan Africa in the Limpopo River basin, run by the Consultative Group of International Agriculture Centre. These subregional projects are intended to promote the development of small, medium and micro-enterprises among black people, particularly farmers, through pilot projects.

In South Africa, the programme allocated additional funding for the participation of black farmers in the Animal Improvement Schemes, as well as in animal breeding. Given that many of these initiatives were at early stages of implementation during 2004/05, the greatest impact to date has been on awareness of support mechanisms for increased agricultural productivity.

AADP

The programme's involvement led to a strong focus on agricultural production in bilateral agreements with countries such as Angola, Botswana, Democratic Republic of Congo, Lesotho, Mozambique, Senegal, Zambia, Malawi, Uganda, Algeria and Tunisia. Of great value to these countries is advice on livestock and plant production, as well as agricultural research and development, with special emphasis on project planning, partnerships, access to information and linkages for increased trade.

In addition, the programme facilitated the implementation of the Multi-country Agricultural Productivity Programme (MAPP), which is a financing mechanism for NEPAD's AADP. A draft proposal for implementing MAPP was compiled, focusing mainly on agricultural research for development through the Forum for Agricultural Research in Africa (FARA).

IFSNP

Although food security can be attained through a variety of approaches, the programme believes the key is increased food production, particularly among resource-poor farmers. For this reason, we promoted the production, processing and consumption of nutritious alternative foods through household food production and, where possible, for income generation. A case in point was the project proposal developed in 2004/05 through AADP, with expertise and funding from the United Nations Food and Agriculture Organisation (FAO). Although implementation was delayed due to administrative concerns, norms and standards for household food production were finalised during the year.

NRM

The sustainable use of natural resources is an important theme for this programme, which has been contributing to the conservation of a number of plant species important in food and agriculture through effective management of the National Gene Bank.

During 2004/05, the programme published the policy on agriculture in sustainable development and engaged with a variety of stakeholders on how this policy could be implemented. The main challenges are to ensure effective compliance, monitoring and evaluation.

The programme attended to a wide range of conservation matters. These included advising Cabinet on South Africa's approach to the ratification of the International Treaty on Plant Genetic Resources for Food and Agriculture, and participating in consultations with various government and private sector agencies on best practices for the management of game farms. These discussions led to the drafting of two policies, the national veld and forage policy and the game farming policy. Both policies make a point of focusing on norms and standards for communal areas and the development of small, medium and micro enterprises (SMMEs).

Another policy development was the draft policy on aquaculture, which supports effective water usage and sets norms and standards for sustainable productivity of a protein source. During the consultation process, it again became clear that access to information and skills development is critical for sustainable agricultural productivity. For this reason, specific training has been identified for aquaculture.

NRS

During 2004/05, the programme reviewed the Plant Improvement Act of 1976 to determine its effectiveness in facilitating the productivity of farmers, particularly beneficiaries of land reform, communal farmers and other developing producers. Specific amendments were recommended and will be developed during the next financial year. Recommendations were also made for amendments to the Plant Improvement Schemes, with the aim of facilitating access to new varieties and revising agricultural practices such as zoning in the case of potato seed production. Effective disease management has emerged as a key concern among producers, along with compliance to the Act.

An effective intellectual property rights regime is increasingly seen as crucial for agricultural productivity and the growth of the sector. During 2004/05, the programme oversaw consultations on the development of a policy on intellectual property rights in agriculture, as the basis for any possible amendments to the Plant Breeders' Rights Act of 1976.

A report was then published noting the positive impact on farmers' access to new varieties as a result of South Africa's Plant Breeders' Rights Act and its membership of the Union for the Protection of New Varieties (UPOV). However, some gaps were also noted, the main one being the cost barriers encountered by land reform beneficiaries in gaining access to new varieties protected by intellectual property rights. Whereas the country's intellectual property rights system has been conducive to commercial production using new varieties, it has failed to facilitate increased productivity in communal areas and among land reform beneficiaries.

The absence of an appropriate intellectual property rights system has adversely affected the sustainable use of genetic resources in the country's livestock sector. Indigenous animal breeds have often been used to increase productivity in other countries with little or no acknowledgement of South Africa's contribution, as in the case of the improved Boer goat. This has hampered domestic access to animal genetic resources for breeding purposes, especially by resource-poor farmers. Thus, all livestock producers or custodians of indigenous genetic resources have a special responsibility to observe the new Biodiversity Act of 2004. It should be noted that norms and standards are in place, through the Animal Improvement Act of 1998, to guard against genetic defects and animal diseases.

Since 1999, when the Genetically Modified Organisms Act of 1997 was implemented, there has been a significant increase in the number of South African farmers planting genetically modified maize. As a percentage of total maize production in 2004, genetically modified crops accounted for 10 %, compared to 1 % previously. To ensure the GMO Act is aligned with international agreements, the programme reviewed the Act during the year. This resulted in the drafting of an amendment Bill, which has been approved by Cabinet for Parliament to amend.

R&D

South Africa's agricultural research and technology development capacity is poised to benefit from several high-level changes and improvements introduced during 2004/05.

Since the ability to transfer information and skills through an effective agricultural extension and advisory service is central to successful technology dissemination and development, the programme paid particular attention to the development of norms and standards for these services. These were developed and approved during the year, for implementation in 2005/06.

The recent Cabinet approval to improve the governance system for science and technology has added to the programme's responsibilities. As from 1 April 2005, the programme will have full budgetary responsibility for the ARC, with implications for monitoring and evaluating its performance. The programme has also assumed leadership of the NARF, which has been given the task of developing a long-term research, technology dissemination and technology development strategy for the country's agricultural system. The programme is also leading the departmental Science and Technology Committee, with the aim of harnessing science and technology to improve agricultural production.

KEY OUTPUTS, INDICATORS AND TARGETS

Measurable objective: To provide national leadership for increased sustainable (and competitive) agricultural productivity, genetic resources management, research, technology development and transfer.

Directorate	Output	Measure/indicator	Target	Status/comment
Animal and Aquaculture Production Systems	Animal production strategies and guidelines	Implementation of strategies and distribution of guidelines	Launch Livestock Development Strategy by end March 2004	Animal Improvement Policy approved. Livestock Development Strategy approved by ITCA for implementation in 2005/06
		Implementation of Animal Improvement Policy		
	Aquacultural production strategies and guidelines	Implementation of aquaculture projects	Launch of programme during 2004/05	Policy on Aquaculture approved and under consultation with provinces for revamping of 3 pilot sites in 2005/06
	Animal production database (INTERGIS)	Functional INTERGIS with increased number of black participants	Full INTERGIS operational in first quarter of 2004	INTERGIS fully operational by June 2004
	Training manual and programmes for animal production	Production guidelines available for use in training	Farmer participation in INTERGIS	Increased number of participants in milk recording scheme and INTERGIS
Plant Production Systems	Policy on Agriculture in Sustainable Development	Policy published for public awareness and compliance	Monitoring and evaluation systems available in 2005/06	Policy published, relevant norms and standards, monitoring and evaluation under development for implementation in 2005/06
	Plant Production Strategy for South Africa	Approved strategy, increased plant production	Farmers accessing production guidelines in 2004	The strategy has been approved for implementation and it has formed the basis for development of policies on grain, fruit, industrial crops, indigenous crops, ornamental plants and vegetable crops as well as production guidelines
	Plant production guidelines	Publication of production guidelines for ornamental plants, industrial crops and indigenous crops	Production guidelines completed during 2004/05	Guidelines for 27 crops have been completed (e.g. basil, lavender, buchu, chamomile, cowpea, millet, sorghum, pigeon pea, marula, amaranthus, protea, morning glory, carnation, etc.

(Key outputs continued)

Directorate	Output	Measure/Indicator	Target	Status/Comment
Scientific Research and Development	Strategy and policy on agricultural research, technology development and transfer	Increased funding for agricultural research, technology development and transfer	Funds transferred to ARC by 1 April 2004	Funds transferred to ARC by 1 April 2004 included an increase for the budget of the ARC. Draft for strategy under development. Consultations with stakeholders and experts on developing the strategy; however progress has been delayed due to changes in the governance system for science and technology as approved by Cabinet during 2004; and changes in the relationship with ISNAR and debates within NARF
	Strategy on financing agricultural research and technology development	Agricultural research and technology development responsive to national priorities	Increased funds for financial year 2005/06	Identified specific areas that require increased funding to maintain status of ARC. Motivated for additional funding of public goods and meeting shortfalls within the parliamentary grant. Discussions on funding mechanisms for ARC continuing during financial year 2005/06
	IRP and technology specific strategies (e.g. Agri-Biotech)	Increased agricultural production associated with innovation and new technologies	Implementation of IPR Policy in agriculture in 2005/06	Agriculture Biotech Strategy approved and to be implemented in 2005/06. IPR policy under development and consultation with key stakeholders. Complexity of IPR issues delaying the finalisation of the policy
Genetic Resources Management	Biosafety Policy	National Biosafety Policy for effective governance of GMO	Implementation of Biosafety Policy in 2005/06	Policy approved and recommended to Minister for the publication in the <i>Government Gazette</i>
	Amendment of the GMO Act	GMO Act aligned with Cartagena protocol on Biosafety	Implementation of amended GMO Act in 2004/05	Amendment Bill under discussion in Cabinet, delays due to further negotiations on implementation of elements of the Cartagena protocol on Biosafety and public consultation
	Signing and ratification of the International Treaty on Plant Genetic Resources for Food and Agriculture (ITPGRFA)	South Africa a member of the ITPGRFA	Membership of ITPGRFA in 2004	Consultations and the lack of finality on the Standard Material Transfer Agreement have delayed ratification of the ITPGRFA
	Report on the status of animal genetic resources	Knowledge of South Africa's animal genetic resources	Published report on status of Animal Genetic Resources in 2004	Differences in ICT systems between the DoA and FAO have delayed conclusion of the report. The report is under development and should be finalised during 2005/06
	Amendment of the Plant Breeders' Rights Act	Amended Plant Breeders' Rights Act	Amended Act in 2004/05	Stakeholder consultations continuing in order to refine issues that require amendment. Amendment is also dependant on South Africa's new IPR policy

Animal and Aquaculture Production Systems

Animal and aquaculture production is often exposed to a variety of risks, particularly those associated with animal diseases, food safety and the use of genetically modified organisms. The incidence of animal diseases, as well as non-compliance with regulations, can adversely effect production quality, human and animal health and, in some instances, environmental conservation. This underlines the importance of a well-defined policy framework, regulatory compliance and clear production norms and standards.



Keith Ramsay
ACTING SENIOR MANAGER

OBJECTIVES AND OUTPUTS FOR 2004/05

According to the *Strategic plan*, the directorate's deliverables for the year were linked to all departmental priorities, from CASP through to NRS.

ACHIEVEMENTS

CASP

To ensure a sound animal production policy framework in support of CASP, the directorate tackled an ambitious policy-making and strategy-planning programme. Final drafts of policies on aquaculture, animal welfare, veld and forages and game farming were compiled and, by the end of the financial year, were being prepared for publication.

Norms and standards for game farming are under development and will be finalised during the next financial year.

The National Livestock Development Strategy (LDS) was submitted to and approved by the Intergovernmental Technical Committee for Agriculture (ITCA). It has been aligned with key activities in the Animal Improvement Policy, as well as a National Animal Production and Improvement Programme. As part of this process, the directorate established sector-working groups for ostriches, aquaculture, beef cattle and poultry, and held two workshops to establish a fully representative dairy sector-working group.

As part of the LDS, the directorate started with the development of a national fodder bank/database to act as a buffer during national emergencies and as a reference base for feed during dry periods. This initiative should be finalised during the 2005/06 financial year and will link to a decision-making tool for stockfarmers.

To support the draft animal welfare policy, the directorate reviewed a number of welfare codes of conduct for farming with animals. These codes, which were adapted for consideration as regulations, include guidelines for sale yards, feed-lots, pigs, ostriches and road transport of livestock.

Owing to an increase in departmental funding, good progress was made in enhancing the animal improvement schemes, with emerging farmers as key beneficiaries. Funds were made available for the national databank and for the national beef cattle recording and evaluation scheme.

The ARC was contracted to train and deploy interns as milk-recording officers for the national milk-recording scheme. This training programme, due to commence in the next financial year, will prepare the participating interns for possible employment as recorders, graders and inseminators, and as future dairy farmers. Feedback from the industry indicates that a number of the larger commercial producers will rejoin the national milk-recording scheme when the new service commences.

During 2004/05, the directorate continued to link clients with the most suitable service providers in animal nutrition, assisted reproduction technology, game farming and aquaculture. We also provided animal production advisory services to

a growing client base, with an increasing number of requests from groups and individuals seeking advice on start-up farming with poultry, goats, pigs and dairy cattle.

Catfish production guidelines developed by Rhodes University were adapted for use in electronic and hard copy format and an article on drought feeding was published in NERPO news as a precursor to more detailed guidelines. To assist new and established pig farmers, the ARC was contracted to develop a pig management flow chart. This has been completed and will be published as a production guideline during the next financial year. A start was made with a practical rabbit production book, to be published in the next financial year. Work continued on a revised ostrich production manual, which is a joint venture between the SA Ostrich Business chamber, the Western Cape Department of Agriculture and the directorate. This manual will be published during the next financial year.

Although the Animal Identification Act of 2002 is now administered by the Directorate Animal Health, this directorate continued to provide technical assistance and advice where necessary. This was largely in the form of information and training on animal marking and the practical implications of the legislation for stockowners. In addition, we assisted with the training and evaluation of animal markets for the resource-poor sector.

IFSNP

Apart from developing the Livestock Development Strategy, aimed at improving the value-adding and production capacity of the livestock sector, the directorate worked on a range of policies, norms, standards and guidelines designed to improve food security through sustainable animal and aquaculture production. These included the Aquaculture Policy, which has been approved for implementation through pilot projects in selected provinces. We also developed guidelines on food and animal crop species, which were well received across the animal production sector.

NERPO news was used as a medium to communicate with emergent beef cattle producers and a series of articles, including topics such as drought feeding, handling facilities and standard procedures, were published during the year under review.

AADP

The directorate contributed to the development of the SADC livestock sector through ongoing liaison with the 13 member countries. This focused largely on animal breeders' and keepers' rights and collective production-related interventions for the meeting of the FAO's Intergovernmental Technical Working Group on Animal Genetic Resources.

The directorate also supported the continuation of the regional Farm Animal Genetic Resources (FanGR) project. This project, being jointly run by the SADC, United Nations Development Programme and the FAO, was discussed at the annual general meeting of the SADC livestock sector, held in Malawi in April 2004. While the Sub-committee for Veld, Animal Production and Marketing did not meet during the year, the directorate maintained electronic communication with most member countries.

During the year, the directorate continued to assist South Africa's SADC and NEPAD partners in terms of bilateral and multilateral agreements. Technical assistance on animal identification and improvement was provided to Mozambique, training in ostrich production to Algeria, and assisted reproduction technology to Uganda, Angola and Algeria.

AgriBEE

The main focus was on ensuring support for animal breeding schemes and on developing an implementation plan for the participation of resource-poor farmers. Once changes to the animal improvement schemes have been approved, the directorate expects a positive impact on animal management, productivity and income-generation among new entrants.

A number of breed evaluation and impact studies were conducted during 2004/05, some of which may offer opportunities to small-scale farmers. An example was the impact study completed on the miniature Kentshire breed, registration of which will include limited use in smallholder farm systems.

A framework for a national goat development programme was finalised for implementation during the next financial

year. This will include a programme to commercialise indigenous goats and a programme to develop a milk goat model for smallholder farmers and industries.

R&D

A programme to revive existing farmer support centres for integrated service delivery is under development. This will include an animal bank to facilitate access to improved breeding material. An evaluation of all existing provincial facilities and breeding schemes was conducted as part of a national breed survey and this information will be used to identify suitable pilot centres for implementation during the next two financial years.

NRS

The year under review was the first full year of implementation of the Animal Improvement Act of 1998, which this directorate administers. The Act provides for the maintenance and establishment of animal improvement schemes, the characterisation and evaluation of new breeds in co-operation with the Directorate of Genetic Resources, and the issuing of authorisations for the importation and exportation of animals, semen and embryos.

The Integrated Registration and Genetic Information System (INTERGIS) became fully functional during the year and the ARC was appointed to manage the facility. The increase in participation in milk recording by Jersey cattle breeders clearly shows that the system is adding value to animal recording and improvement.

In evaluating new animal breeds, the following studies were completed or continued during 2004/05:

- Impact study completed on the miniature Kentshire breed.
- Trials with New Zealand hybrid bulls (Jersey-Holstein) for bulk milk production off pastures in the Western Cape.
- Evaluation of the Montbeillarde breed, for potential dairy cross-breeding.
- On-farm trials with Belgian blue, Marchigiana and Beefalo cattle, which have the potential for collective beef production off communally grazed veld.
- Evaluation of the Pustertaler cattle breed, leading to a decision to develop a composite using the Nguni as the mother breed. This composite will be known as the Supertaler.

Applications were received for evaluation of two cattle breeds, the Thabapua (naturally polled Brazilian Zebu breed) and Ankole (African breed with characteristic large horns).

The Animal Improvement Act has had a positive impact on the monitoring and control of genetic material imported and sold. This was clearly illustrated by the increase during 2004/05 in the registration of donor animals and authorisations to export semen and embryos. There was a definite trend among all sectors towards voluntary compliance and the use of prescribed written warranties. Only one serious contravention of the Act was reported during the year.

The table below shows the authorisations dealt with by the Animal Improvement section, which is part of this directorate.

TABLE 1: IMPORT/EXPORT AUTHORISATIONS

Animals for breeding purposes *	3 523
Other animals (slaughter, shows, competitions, grazing, finishing in feedlots) **	1 457 581
Semen – number of doses	486 544
Embryos	563
Poultry – grandparent/parent lines	62 137
Import of ostrich eggs	12 052
Import of ostrich chicks	16 500
Export of ostrich eggs	16 530
Export of ostrich chicks	12 228

* 670 horses, 299 sheep, 1452 goats and 866 cattle, 53 camels, 3 donkeys, 180 Alpacas

** 391 095 cattle, 484 492 sheep, 581 237 goats, 757 horses

During the year, 89 cattle, 413 sheep/goats and 13 horses were exported for breeding purposes and 650 cattle, and 786 sheep/goat embryos were exported. Most of this genetic material was from indigenous and locally developed breeds and efforts are now under way to draft a policy on animal breeders and keepers rights, taking the guidelines developed by SADC and the African Union into consideration. The table below sets out the registrations dealt with during the year.

TABLE 2: REGISTRATIONS

Registration of donor animals (collection and sale of semen)	43
Registration of reproduction operators (inseminators, semen collectors, embryo collectors)	268
Registration of centres (semen and embryo collection centres)	6

Plant Production Systems

South Africa's agricultural sector produces a vast range of plant crops, from staple grains through to fruit and vegetables, industrial crops and indigenous and organic plant products. This diversity creates many growth opportunities for the sector, particularly if value is added to raw plant material on South African soil, resulting in higher export earnings and enabling emerging farmers to compete effectively in high-value niche markets.



Thabo Ramashala
SENIOR MANAGER

OBJECTIVES AND OUTPUTS FOR 2004/05

The deliverables set for this directorate during the year under review, as spelt out in the *Strategic plan*, were mainly linked to CASP, IFSNP and AgriBEE.

ACHIEVEMENTS

CASP

The directorate's contribution to CASP in 2004/05 spanned the full spectrum of plant crops, from staples such as grain through to niche-market areas such as indigenous plant products and ornamental plants. In a number of cases, the directorate's work was specifically geared to supporting production by emerging and beginner farmers.

A critical development during the year was a review of the Plant Improvement Act of 1976, which this directorate administers, the aim being to assess its effectiveness in supporting and developing the

plant production sector. After several meetings with stakeholders, the directorate hosted a review workshop to obtain detailed input. This feedback was published in a report, which will be used to develop the Policy on Plant Improvement. The report will also form the basis of any amendments to the Act and to the plant improvement schemes.

Briefly, the review highlighted a number of issues that need to be addressed urgently. These include the limited participation of black farmers in the certification scheme, and the perceived lack of adequate penalties for contraventions of the Plant Improvement Act.

Grain production

The grain industry is one of the largest in South African agriculture, producing between 25 % and 30 % of the total gross annual value of agricultural production. It is therefore important that the grain sector be developed and supported to maintain its competitive advantage and ensure the country's long-term national food security.

In an important step towards this, the directorate consulted widely with industry stakeholders during 2004/05 on the Policy on Grain Production. Elements of this policy, which is ready to be implemented, have been incorporated into the country's Grain Strategy, ensuring sector-wide co-ordination. During the year, we also developed production guidelines for cereal grains (maize and wheat), grain legumes (dry beans and soya-beans) and oilseeds, specifically sunflower.

Fruit production

As an export-driven sector and a significant player on international markets, South Africa's diverse fruit industry is an important earner of foreign exchange and so a major contributor to economic growth. To support the industry in realising its growth potential, the directorate drafted a Policy on Fruit Production during the year under review. This policy provides a broad framework for accelerated industry support and development.

Furthermore, the directorate developed eight draft guidelines for the production of strawberries, mangoes, avocados, bananas, litchis, apples and oranges. More guidelines are due to be developed in the next financial year.

Vegetables

South African vegetables are mostly produced for the domestic market, with less than five percent of annual crops exported as fresh and processed vegetables. Increased exports could result in increased farm income, and contribute to poverty alleviation particularly in the rural areas. In particular, there is growing demand locally and internationally for specialty products such as baby vegetables. To provide a framework for the development of vegetable production, the directorate drafted the Policy on Vegetable Production during the year and continued drafting production guidelines. To date, 11 guidelines have been developed, including guidelines for ginger, cabbage, celery, cucumber, garlic and sweet potato.

Industrial crops

South Africa produces four main categories of industrial crops, namely fibre crops, essential oils, medicinal plants and beverages. While the industrial crop sector has great potential, given the country's rich botanical biodiversity, a substantial number of plant species have yet to be explored. This is especially the case for essential oils and in the production of unique beverage crops such as rooibos and honeybush tea.

As the success of this crop sector depends on strong agricultural support, the directorate has taken the lead by developing a Policy on Industrial Plants. This policy document outlines measures needed to develop the sector to its full potential. Another important step forward was taken through the drafting of production guidelines for 11 industrial crops, covering essential oils, fibre crops and field crops.

Ornamental plants

South Africa is the world's leading exporter of proteas, accounting for more than half of all proteas sold on the world market. Other important ornamental plants that are exported are gladioli, roses, flower bulbs and chrysanthemum cuttings. In recognition of the importance of these plants, the directorate developed a Policy on Ornamental Plants. Draft guidelines for several ornamental crops were completed, as the lack of information on these has been highlighted as a constraint on production and growth.

Indigenous and alternative food crops

This sector is relatively small, dominated by subsistence production and characterised by crops on which little research has been done. Recently, however, there has been a growing realisation that indigenous crops can enhance food security and South Africa's competitiveness regarding niche products in local and export markets. During 2004/05, the directorate developed the Policy on Indigenous Crops, outlining critical interventions needed to develop this sector. The next challenge will be to align the policy with the Department of Science and Technology's Policy on Indigenous Knowledge Systems.

To date, the directorate has drafted guidelines for the following indigenous crops: Amaranthus, Bambara groundnut, cassava, cowpeas, millet, pigeon peas, sorghum and marula.

Organic production

Organic farming in South Africa, although still small in scale, is growing in importance owing to global consumer demand for organically produced products. The challenge facing the sector is to develop a unified, consistent definition of organic farming, given the various different forms of organic production, such as biodynamic farming, permaculture and natural farming. There is also a need to focus strongly on the participation of black farmers in the organic farming sector.

Against this backdrop, the directorate in 2004/05 developed the Policy on Organic Production. It identifies possible interventions to support development, highlights major trends in the sector, and proposes a coherent policy framework aimed at putting the sector on a high-growth path.

Other activities

The directorate has developed a Drought Mitigation Plan for plant production. This was part of the input towards the Drought Management Strategy that was co-ordinated by the Directorate Agricultural Risk Management. The directorate will make use of this information to produce a brochure on drought mitigation for the plant production sector during the course of 2005/06 financial year.

IFSNP

In virtually all cases, the policies and guidelines developed by the directorate for CASP also have a direct bearing on national food security. This is especially the case for plant crops that lend themselves to small-scale production, such as indigenous plant products, organic plant production, industrial crops and specialty vegetables.

However, the directorate also initiated or continued with a number of projects aimed specifically at promoting food security through sustainable plant production. A case in point is the research being done on the production of alternative staple crops, intended to reduce the country's dependence on maize, which is vulnerable to drought. Research projects have been commissioned to develop improved varieties of sorghum, millet, cowpeas, bambara groundnut and cassava. These projects focus on improving the taste of these crops, as well as their resistance to unfavourable climatic conditions.

In addition, the directorate commenced a process of enhancing its contribution to the rural development nodes, in line with government's Integrated Rural Development Strategy. To this end, meetings were held with 13 municipalities, the aim being to ascertain their future crop production plans and assess the level of support needed from the directorate.

Other activities

The directorate developed guidelines for starter packs as part of the Household Food Production Programme, which was developed in 2003/2004. This was part of the contribution to the Special Programme on Food Security (SPFS) that is co-ordinated by the Directorate Food Security and Rural Development.

AADP

South Africa has been nominated as a member of the Steering Committee for the SADC Seed Security Network (SSSN), enabling the country to play a leading role in ensuring availability of good quality seed in the region. During 2004/05, the directorate participated in SSSN meetings at which the harmonisation of seed testing in the region was discussed.

The directorate also presented a course on seed testing to a group of scientists from SADC member states. This course was held in Lusaka, Zambia from 17 to 30 October 2004, with the aim of contributing to the harmonisation of seed regulations. The directorate, which was represented by two officials, will also be able to use the knowledge gained to promote the local production of seed by smallholder farmers.

NRS

Seed testing services are important in ensuring the physical and physiological quality of seeds. Availability of good quality seeds is important in enhancing food security and ensuring fair trade in seed. The seed-testing activities for 2004/05 are summarised in the table below:

Activities	Progress reported
Testing of official samples to ensure compliance with prescribed standards in the national legislation.	335 samples were tested of which 670 were for trade control and 55 were for imported seed. 258 purity and germination tests were conducted on these samples. 7 % of samples did not comply with the requirements. Recommendation was made to withdraw these non-conforming seed lots.
Issuing of international certificates as ISTA-accredited seed testing station.	1 691 samples were received. 1 582 certificates were issued. - Majority of requests were for maize, <i>Zea mays</i> (348) followed by dry beans, <i>Phaseolus vulgaris</i> (56).
Testing of samples for the private sector to assist with quality control	112 samples received for testing. 13 samples were received for identification by the National Seed Collection taxonomist.
Testing of samples for the National Gene Bank for quality purposes.	362 samples were received for testing. 4 samples received for identification.
Investigation of disputes and complaints in the seed trade with regard to seed quality	- Received and investigated 36 disputes from the seed trade. - Results were reported without bias.
Assist with drafting and maintaining standards for legislation with regard to seed quality for optimum requirements in Plant Improvement Act.	16 crops are currently being investigated for superior seed quality requirements. 8 crops are being considered for inclusion. - Responses—requests for results have been received from 14 companies. - Regulations of Plant Improvement Act amended accordingly.
Development and improvement of seed testing methods and techniques	Investigations completed and final recommendations made for optimum germination methods for <i>Allium fistulosum</i> , <i>Beta vulgaris</i> , <i>Eragrostis</i> spp., <i>Ornithopus sativus</i> , <i>Medicago/Trifolium</i> and <i>Sorghum alnum</i> .
Seed identification to improve the National Seed Collection (NSC)	140 seed identifications for official purposes were conducted of which 94 were positively identified. 688 seed samples checked and updated with ISTA stabilised plant names to date. - Continued updating of NSC with ISTA stabilised plant names has taken place. 4 books have been purchased for NSC in order to assist with accurate identification. 5 training sheets on seed identification for problematic crops prepared and presented at the November workshop given to OSTs seed analysts. 25 successful identifications made for seed sector (includes 1 for Zambia).
Participation in the activities of International Seed Testing Association (ISTA) and maintenance of Quality Assurance Programme (QAP)	- The Official Seed Testing Station is participating in compulsory proficiency testing programme of ISTA. Purity and seed germination had been conducted and results submitted for 3 samples of grass species. - Inputs had been made to germination committee regarding possible rules changes during 2005 and 2006. - Maintenance undertaken and continued. - Finalised adaptation of current QAP to revised ISTA standard. - Participated in a <i>Brassica napus</i> referee test—purity and germination, as well as <i>Triticum aestivum</i>—moisture and Tetrazolium.
Maintenance of the ISTA Quality Assurance Programme to ensure continued accreditation, as well as accurate and reliable results.	
Implementation and co-ordination of a programme to promote standardisation nationally and in SADC region	The questionnaire for the annual laboratory survey had been distributed for completion by all registered seed testing laboratories. The information collected is vital for establishing the magnitude of seed testing activities they carry out.
Development of a new computerised Seed Analysis System	This system is developed with the assistance of Directorate Information and Communication Technology. Phase 1 and 2 have been completed. The system is aimed at enhancing standardisation, avoiding duplication and eliminating human error as far as possible.

Genetic Resources Management

The increasing use of biotechnology for agricultural production presents fresh challenges for legislators, regulators and policy-makers, internationally and in South Africa. Understandably, consumer interest in the use of genetic material for food production is running high, calling for accelerated engagement, education and awareness campaigns. With new treaties and protocols being developed at a rapid pace in the global arena, it is essential to ensure that South African laws, policies and norms and standards are aligned with international trends and are clearly and consistently enforced.



Julian Jaftha
SENIOR MANAGER

OBJECTIVES AND OUTPUTS FOR 2004/05

This directorate is South Africa's National Competent Authority in terms of the Cartagena Protocol on Biosafety, an international agreement that aims to ensure standards are set and enforced for the use of living modified organisms (LMOs). Given the legal, safety, economic and environmental implications linked to the use of LMOs for food and agricultural production, it stands to reason that the directorate's deliverables for the year were geared mainly towards the department's NRS priorities.

At the same time, we also made a meaningful contribution to CASP, the IFSNP, the AADP and R&D.

ACHIEVEMENTS

CASP

Amending the Genetically Modified Organisms (GMO) Act of 1997 was a priority to ensure alignment with the provisions of the Cartagena Protocol on Biosafety. A related priority was effective regulation to ensure the safe application of the technology by the sector, including small-scale farmers.

During 2004, the GMO Amendment Bill was published in the *Government Gazette* (R2166 of No 26848) for public comment. Comments were received from a wide range of stakeholders and interested parties, including members of Parliament, the media, the Medicines Control Council, processing companies, animal feed and grain industry representatives, scientific and legal institutions, church groups and organisations representing farming, environmental and civil society interests. Where relevant, these comments were considered and included in the revised GMO Amendment Bill, which in January 2005 was presented to the Minister for submission to Cabinet. The Bill was still under consideration by the Minister at the end of the financial year.

Since biosafety is a national concern, the directorate developed a Biosafety Policy to provide mechanisms for the safe application and use of biotechnology, with special reference to the use of GMOs. This policy, designed to strengthen the economy and enhance livelihood without harming public health or the environment, was reviewed by the department's Science and Technology Committee, which recommended it be submitted to top management for approval.

A key element of the Biosafety Policy is that it seeks to establish common measures and criteria for risk assessment, environmental and socio-economic impact assessment of GMOs, and also to build capacity in this regard. Secondly, it aims to promote and facilitate access to information not classified as confidential, and to create public awareness of and participation in the biosafety regulatory framework. Thirdly, the policy aims to encourage regional co-operation by harmonising regulatory oversight in biosafety.

Since commodity groups such as Potato SA, Grain SA, the Animal Feed Manufacturers' Association and the SANSOR Committee on GMOs, are involved in the development or use genetic modified crops, the directorate participated in some of their strategic working groups in an advisory capacity.

IFSNP

In promoting national food security, the directorate's main deliverable was to co-ordinate South Africa's participation in the International Treaty on Plant Genetic Resources for Food and Agriculture. This treaty came into effect on 29 June 2004, 90 days after the depositing of the fortieth instrument of ratification, acceptance, approval or accession. Despite entering into force in June 2004, various substantive items of the treaty still need to be finalised. These include the funding strategy, the terms of the Standard Material Transfer Agreement (MTA), draft rules of the Governing Body and matters of compliance and noncompliance.

In preparation for South Africa's ratification of the treaty, a Cabinet memorandum, together with an implementation plan, was submitted for domestic approval. Upon ratification, South Africa will become part of a global system that provides access to plant genetic resources for food and agriculture and will share in the potential benefits that may stem from this.

AADP

As South Africa is widely seen as a leader in applying GMOs in the developing world, the directorate receives frequent requests from other countries, especially in Africa, seeking to apply South African experience in developing their own legislative frameworks. During the year, the directorate hosted delegations from Lesotho, Angola, Zambia, France and the United States Grain Council, all relating to GMOs and biosafety.

Representatives of this directorate attended a workshop on implementation of Article 8 of the Cartagena Protocol on Biosafety, and later also the International Symposium on the Biosafety of GMOs. As these workshops highlighted new developments in the field, particularly in assessing new risks, we gained knowledge and insight that will be valuable when national legislation or procedures are amended to meet new international requirements.

Through the Department of Environmental Affairs and Tourism, the directorate made inputs to the Secretariat of the Cartagena Protocol on Biosafety, relating to experiences in implementing the provisions of Article 18 of the Protocol. We also participated through survey questionnaires on liability and redress, as well as on the functioning of the Biosafety Clearing House.

Since South Africa is part of the SADC Plant Genetic Resources Network, duplicate samples are stored at the SADC Plant Genetic Resources Centre (SPGRC) in Lusaka, Zambia. This network creates capacity-building opportunities, while at the same time enhancing risk management strategy. A total number of 337 accessions were delivered to the SPGRC during this reporting period.

R&D

The directorate drafted the Agricultural Biotechnology Strategy, setting out the strategic direction in which biotechnological solutions would be applied in support of sustainable agriculture. The draft document was submitted to the Minister for approval for its publication in the *Government Gazette*. Following this consultation process and incorporation of additional inputs, the document will be submitted to Cabinet for approval and implementation. The strategy also recognises that much of the public remains unaware or uninformed of the important scientific developments and therefore a key output is the development of a Communication Strategy on Agricultural Biotechnology.

The Department of Environmental Affairs and Tourism is currently developing the National Biodiversity Strategy and Action Plan (NBSAP), which will form the basis of the National Biodiversity Framework envisaged in Chapter 3 of the Biodiversity Act. The directorate has been involved in these discussions to ensure that the management of biological diversity, as it pertains to agriculture, is taken into account.

NRS

Intellectual property rights in agriculture

As spelt out as a deliverable in the department's *Strategic plan for 2004*, the directorate prepared a draft policy on intellectual property (IP) rights in agriculture. This policy aims to provide an adequate level of protection for innovations while encouraging economic growth and ultimately contributing to the country's developmental agenda

In drafting the new policy, the directorate took into account the Indigenous Knowledge Systems Policy, approved by Cabinet in November 2004, the provisions of biopiracy and access and benefit sharing as stated in the Biodiversity Act of 2004, commitments under international IPR regimes and other related domestic legislation. In this context, the directorate compiled a draft discussion document highlighting the various problems associated with IP in agriculture in South Africa, including: skewed ownership of IP rights, exploitation of the country's rich biodiversity, the application of IP to traditional knowledge, the impact of IP on development, innovation at public sector research institutions and negotiations with other countries and international bodies.

Identity Preservation System

The directorate continued its involvement in a project to develop an identity preservation system (IPS) of non-genetically modified foods in South Africa, convened by Standards South Africa (STANSA), a division within the SABS.

The Technical Committee (TC) 5140, under STANSA, with representatives from all stakeholders within the agricultural sector, is responsible for the development of guidelines for the implementation of an IP system in South Africa. The guidelines will be compiled in three parts, with part one covering general requirements of an IPS system, part two covering an IPS for production, storage, handling and transportation activities, and part three providing for an IPS for sampling and testing protocols. The first part has been approved and will soon be published as a STANSA standard. These guidelines will support requests from industry for national guidelines with specifications pertaining to non-GMO consignments.

Plant Breeders' Rights Act

As part of its mandatory functions, the directorate granted 277 plant breeders' rights to various applicants during the year, compared to 311 in 2003/04. The decrease may have been due to delays in the process of declaring species/varieties of plants before assigning plant breeders' rights to a variety. Most of the rights issued during the year were for ornamental plants, followed by fruits, vegetables and agricultural crops.

The Plant Breeders' Rights Act provides measures for the protection of the intellectual property rights (IPR) of plant breeders. Amendment of the Act is required to align it with recent developments in the area of intellectual property rights protection, to incorporate provisions to align it with recently promulgated legislation (Biodiversity Act) and approved government policies (Indigenous Knowledge Systems Policy) and to take into account the developmental agenda of the government.

In view of these changes in the external environment which need to be addressed in the amendment of the Plant Breeders' Rights Act, this output will be achieved along a phased approach namely: A Plant Breeders' Policy will be formulated which will provide the basis for the amendment of the Act within the next two years.

During this financial year a draft report on the required amendments was compiled based on consultations with various stakeholders (including the Plant Breeders' Rights Committee). These amendments include:

- Definitions
- Register of plant breeders' rights
- Persons eligible for applying for PBR
- Priority and dating of applications
- Criteria for rejection of an application
- Publication of the application
- The appeal process

- Management of licences
- Termination of PBR
- Authorising a body or organisation to conduct inspections related to possible infringements of PBR.

GMO Act processes

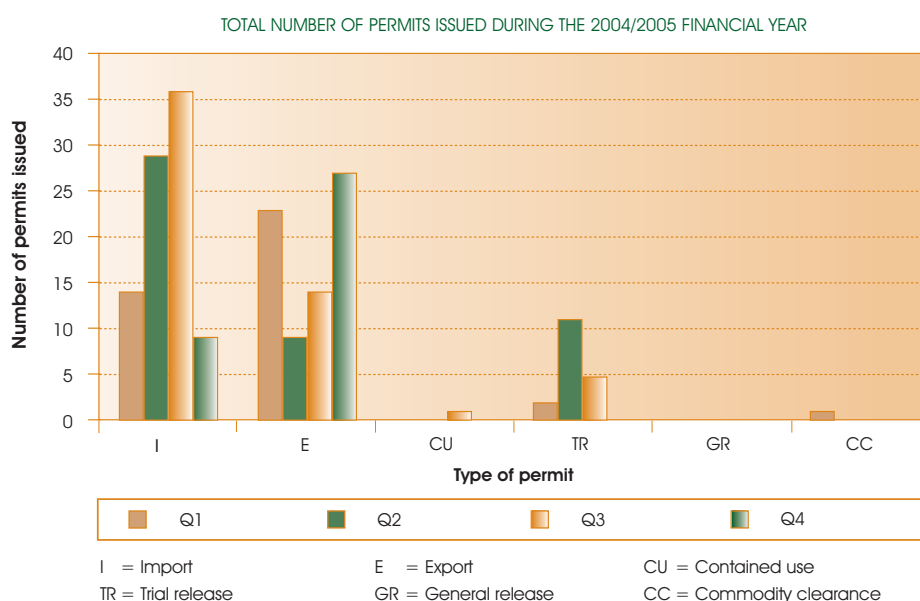
Under the GMO Act, any person aggrieved by a decision of the Executive Council of the GMO Act, representing six government departments, may appeal to the Minister. In 2004/05, one appeal, lodged by Winstanley Smith & Cullinan, on behalf of the Biowatch Trust, was processed. This appeal was against the decision of the Executive Council to authorise commercial growing of maize event Bt11, which is genetically modified maize resistant to certain lepidopteran pests. As was the case with the first appeal in terms of the GMO Act, the decision of the Executive Council in this appeal was also upheld. Confirmation of the decision is a reflection of the effectiveness of the domestic biosafety regulatory system.

The directorate was also involved in a court case (the matter of Biowatch versus the Department of Agriculture), which was heard in the Pretoria High Court on 24 and 25 May 2004. This matter related to a request by Biowatch (in 2001) for access to all documentation on the administration of the GMO Act. It was the decision of the department to provide some of the information while protecting the confidential business information contained in much of the documentation requested at that point. Biowatch considered this information inadequate and therefore sought relief from the High Court. The court ruling on the matter was received on 23 February 2005. Although the court ordered the directorate to provide the information requested, it is important to note that the ruling confirmed the department's responsibility to protect confidential information. The directorate complied with the court order.

Modern biotechnology is fairly new and many people are still uninformed or misinformed about GMOs. To create awareness and facilitate participation in GMO regulation, the directorate frequently provides information through the Promotion of Administrative Justice Act of 2000 or the Promotion of Access to Information Act (PAIA) of 2000. Information is also available on the departmental website. During this financial year, the directorate processed 11 requests submitted through PAIA.

GMO permits

A total number of 195 GMO permits were issued in 2004/05. The figure below describes the total number of permits issued for various activities under the GMO Act.



Apart from import and export permits issued under the GMO Act, one permit was issued for contained use, 17 permits were issued authorising trial release (potato, cotton, maize) and one commodity clearance permit (maize) was issued.

No general release permits were issued. Concerns are still being raised by the cotton industry, especially the small-scale farmers, on the delay in approving stacked cotton for commercial growing in South Africa. This would, in the opinion of Cotton SA and small-scale farmers, prevent the cotton industry from declining every year.

Applications pending included two general release applications, six commodity clearance applications, five trial release applications and two contained use applications. Two clinical trials are under way.

2004/05 was the first year in which the anti-GMO movement made active inputs into almost all trial, general and commodity clearance applications submitted to the department. Although this is a good indication that public participation in the regulation of GMOs has increased, it is concerning to note that applications take a considerably longer time period to be processed, which impacts negatively on the regulatory process and industries' perception of government's ability to manage public participation.

GMO status certificates

The directorate also issued a number of certificates which certify the GMO status of export consignments. In terms of genetically modified commodities, maize (a total of 322 084 MT, which is 36 % of the volumes exported last year) has been the biggest export commodity with 100 250 MT cotton being exported (three times more than last year). It should also be kept in mind that only GM maize, cotton and soya-bean has general release clearance in South Africa.

The total number of accessions (samples of specific plant species) stored at the NPGRC increased to over 6 000 during this reporting period. These included 5 068 landrace accessions and 1 300 commercial varieties of landrace accessions. To obtain sufficient seed amounts, a total of 738 accessions were planted for multiplication purposes and characterisation of more than 70 % of these accessions was completed.

KIMS

Awareness campaigns on the management of genetic resources continued to empower the general public through routine dissemination of information in the form of brochures and information leaflets. In this reporting period, the directorate completed the updating of the current information brochure and produced two new brochures to take into account more recent developments in the field of biosafety and conservation of genetic resources.

Scientific Research and Development



Ramagwai Sebola
SENIOR MANAGER

The recent Cabinet decision to improve the governance system for science and technology has added to the directorate's responsibilities. These include taking full budgetary responsibility for the Agricultural Research Council (ARC), with implications for monitoring and evaluating its performance. The directorate also leads the National Agricultural Research Forum (NARF) and the departmental Science and Technology Committee.

OBJECTIVES AND OUTPUTS FOR 2004/05

Since a sound knowledge and technology base is the cornerstone of agricultural development and growth, the directorate's contribution throughout the year spanned the entire agricultural value chain and all departmental priorities, as spelt out in the *Strategic plan*.

ACHIEVEMENTS

CASP

This directorate led the R&D and Technology Transfer Task Team for CASP during 2004/05 and, through this process, identified the cost drivers and spending pressures for public goods research, national services and technology transfer. Information on current spending and shortfalls was captured from the ARC and the provincial departments of agriculture, and incorporated into the department's presentation to the National Treasury.

In another development designed to support the agricultural sector's knowledge and research capacity, the directorate led a task team to address the problem of skills mobility. Figures received from both the provinces and the ARC on their current R&D capacities indicated a sharp decline. The task team's work will be used to develop indicators for a sector-specific study, using the agricultural census as baseline information.

An effective agricultural extension and advisory service is central to the successful transfer of information, skills and technology within the country's agricultural sector. During the year, after developing norms and standards for these services, the directorate consulted widely with the provincial departments of agriculture, the ARC and various professional bodies. The norms and standards, which were approved by the Interdepartmental Technical Committee on Agriculture, uphold consistent standards of service delivery, professionalism and accountability. The directorate is also compiling a Monitoring and Evaluation Plan to ensure that the norms and standards are consistently implemented across the provinces.

IFSNP

In terms of food security, the directorate's main contribution during 2004/05 was to drive the delivery of projects under NEPAD's AADP. The process is funded by the FAO, and aims to develop alternative crops that are safe and nutritious, have high usability and strong potential for social upliftment and the development of small, medium and micro enterprises (SMMEs).

The implementation plan of AADP projects is still being finalised while administrative concerns are clarified. Discussions were held with the SADC and NEPAD to identify early actions for implementing AADP projects.

AADP

As a research hub, this directorate has played a leading role in co-ordinating research and development activities aimed at promoting Africa's agricultural production and trading capacity.

During the year, the directorate hosted the SADC Technical Committee on Agricultural Research and Training (TCART) meeting, with financial support from the Forum for Agricultural Research in Africa (FARA). This was a milestone considering that the last meeting of this nature was held three years ago, because the SADC was undergoing restructuring. In the interim, there was little clarity on how R&D should be co-ordinated within the SADC to maximise participation in regional and international agricultural research agencies such as FARA, the Global Forum on Agricultural Research (GFAR) and the Consultative Group on International Agricultural Research (CGIAR).

The significance of the TCART meeting in 2004 was that clear proposals and recommendations were made on the structure and composition of the R&D co-ordination unit within the SADC's Food, Agriculture and Natural Resources (FANR) unit. The proposed structure will be endorsed once approved by the SADC's Integrated Committee of Ministers (ICM).

The directorate arranged a SADC Multi-country Agriculture Productivity Programme (MAPP) stakeholder workshop, in conjunction with the FARA and the ARC. At the workshop, delegates agreed on the guiding principles of MAPP, including a strong focus on key elements of the SADC's Plan of Action for enhancing agriculture and food security. Other guiding principles are that the programme will strive to improve regional and international market access, emphasise the integration of regional technology and co-operate on technology development systems.

In addition, the directorate participated in the Joint Management Committee meeting between South Africa and Mozambique. Although research issues were not the central focus, research will gain momentum in the 2005/06 when

the ARC will visit Mozambique to assess the state of its research facilities and assist in reconstructing and developing these.

The directorate participated in the India, Brazil and South African (IBSA) bilateral discussions held in Cape Town during 2004. India has invited South Africa and Brazil to visit India to learn more about their technology dissemination and extension services.

In servicing multilateral agreements, the directorate liaised with CGIAR on the disbursement of funds. According to the proposed allocations, CGIAR centres in the SADC will be given priority.

AgriBEE

Provincial departments were requested to provide information on the nature of advice required by the Land Redistribution for Agricultural Development (LRAD) beneficiaries on technology requirements, as well as technical advisory services. This is to ensure that targeted support is provided to the LRAD clients.

NRS

The Policy on Research Management was approved by the department during 2004/05. This paved the way for the development of a Memorandum of Understanding with the ARC and the signing of a Service Level Agreement on specific projects, valued at R16 million over three years.

This policy culminated in the consolidation of the department's R&D budget under a single budget item within this directorate. This allows the department, for the first time, to provide an account of all its expenditure on scientific research. Monitoring and evaluation of these projects led to the disbursement of 75 % of the total costs, the remainder of which will be covered within the 2005/06 allocation.

The first draft of the Research and Development Strategy was shared with the Department of Science and Technology and presented at the NARF steering committee for dissemination. This will be finalised for implementation in the 2005/06 financial year.



PROGRAMME 6

Sustainable Resources Management and Use

AIM

This programme promotes sound management and sustainable use of land and water resources in agriculture.

PROGRAMME STRUCTURE

The programme consists of two directorates, both of which operate under the Conservation of Agricultural Resources Act of 1983:

Land Use and Soil Management focuses on the conservation of land resources. Its major activities are natural resource auditing, migratory pest control, rehabilitation of agricultural land resources, protection of high-potential agricultural land and LandCare.

Water Use and Irrigation Development focuses on agricultural infrastructure development and irrigation. Key activities are the rehabilitation of irrigation schemes, establishment of conservation structures, rainwater harvesting, agricultural infrastructure, provision of water to rural communities and maintenance of foot-and-mouth disease (FMD) border fencing.



Sizwe Mkhize
ASSISTANT DIRECTOR-GENERAL

PROGRAMME OVERVIEW

While land degradation and water shortages are countrywide phenomena, resource-poor farmers are among the most vulnerable, hence the programme's emphasis during the year on supporting and empowering the developing component of the agricultural sector.

AADP

Limited contributions were made to other African countries as few requests for advisory services were received from such countries. However, through the Southern African Regional Irrigation Association (SARIA), technical information sharing took place particularly among Lesotho, Botswana and Kenya.

AgriBEE

The programme developed land suitability maps to guide oil crop production, such as soya-bean and sunflower, for biodiesel purposes. This information will guide emerging farmers' planning process, including business risk management and niche markets.

Borehole drilling operations and water control construction projects were identified as ideal empowerment opportunities for local communities and contractors in the future. During the year, more than 40 boreholes were drilled for Land Redistribution for Agricultural Development (LRAD) beneficiaries throughout the country, and plans for more than 250 boreholes were developed for the dipping tank project in KwaZulu-Natal.

CASP

In line with the CASP deliverables set in the *Strategic plan*, the programme developed guidelines for on and off-farm infrastructure for small-scale irrigation and stock-watering systems. These guidelines were developed in consultation with the provincial departments of agriculture so as to ensure their relevance to provincial needs and initiatives.

The programme also facilitated institutional development among all provinces for the provision of professional engineering services to projects. As a result, project management and technical co-operation have been aligned, in turn creating an enabling environment in which provinces can consistently apply agricultural water guidelines, monitor and evaluate norms and standards, and provide engineering support for projects.

IFSNP

To assist resource-poor farmers in 11 rural development nodes, the programme initiated a mechanisation services support project. This project focuses on the use of power hoes and will benefit at least 64 local municipalities within the Ugu, Umzinyathi, Zululand, Umkhanyakude, Bophlavela, Alfred Nzo, Ukhahlamba, OR Tambo, Sekhukhune, Maluti-A-Phofung and Chris Hani Presidential Nodes. The aim is to enable developing farmers to use land resources effectively, thus improving food security and alleviating poverty.

A draft strategy on alternative energy sources in agriculture is being finalised. This document highlights the importance of energy sources other than conventional electricity in the short to medium term, particularly for the resource-poor, emerging farmers and LRAD beneficiaries. These groups either fall outside the electricity grid or cannot afford the cost of the limited power required. Alternative energy sources being explored include wind, solar and bio-matter.

NRM

The major focus during 2004/05 was on conservation agriculture, rainwater harvesting, agricultural on and off-farm infrastructure, mechanisation support, renewable and alternative energy, capacity building and community empowerment within the LandCare Programme and Expanded Public Works Programme.

In the early part of the year, there were sporadic outbreaks of FMD, along with severe drought and migratory pest problems in the Orange River Valley. As a result, the programme focused on FMD border maintenance and regular inspections, as well as water provision for rural communities and emerging and commercial farmers. Drought also influenced the type and occurrence of pests over the growing season.

Rainwater harvesting was extended to the Eastern Cape, KwaZulu-Natal and North West Provinces. It is already widely used in the eastern Free State, where more than 1 050 households are involved in rainwater harvesting for food production.

In response to growing demand for guidance on cropping for energy, the programme developed an interim position on biodiesel. This interim position addresses the use of plant species, including alien species that are not commonly grown in South Africa. It also highlights the need for environmental impact assessments and for economic viability studies for any crop grown for biodiesel purposes. The aim is to protect emerging farmers whose resources are sensitive to cost factors and production incomes.

NRS

The programme resumed the maintenance of FMD border fencing, with the aim of preventing livestock and game from neighbouring countries entering grazing land within South Africa. This has improved collaboration among DoA, the South African National Defence Force (SANDF) and the South African Police Service (SAPS).

KEY OUTPUTS, INDICATORS AND TARGETS

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

Directorate	Output	Indicator	Target	Status
Water Use and Irrigation Development	Policy on mechanisation for small-scale farmers	Mechanisation Policy	December 2004	Mechanisation programme is implemented in 11 Presidential Nodes (64 local municipalities and a total of 330 projects will benefit).

(Key outputs continued)

Directorate	Output	Indicator	Target	Status
Land Use and Soil Management	Alternative energy sources in agriculture	Draft policy document exists	March 2005	Draft strategy document exists and is being enhanced
	On and Off-farm Infrastructure Policy	On and Off-farm Infrastructure Policy incorporated and implemented within CASP	June 2004	On and off-farm infrastructure guidelines are being implemented within CASP
	Draft Policy on Biodiesel	Draft policy document	March 2005	Interim position on biodiesel production exists
	Policy on Expanded LandCare Programme	Departmental position on expanded LandCare Programme	December 2004	Departmental position on expanded LandCare exists
	Farmers' Charter	Farmer discussions within provinces take place and farmers' charter available	December 2004	Community mobilisation and capacity building is underway in all provinces
	Revised Policy on Control of Brown Locust	Revised control strategy is in place	March 2005	Biological control research is underway. Some delays with ARC research contracts affected this output

Land Use and Soil Management

Land degradation poses a severe threat to biodiversity and agricultural sustainability. Faced with high annual soil losses through wind and water erosion, as well as unsustainable farming practices, South Africa is in serious need of effective natural resource management systems and programmes. The Directorate Land Use and Soil Management has specialist expertise that addresses a number of the issues needed to promote effective natural resource management through its LandCare programme, resource auditing and monitoring, administration of land use affecting agricultural land, provision of information on the Agricultural Geographical Information System (AGIS), and the control of migratory pests.



Bonga Msomi
SENIOR MANAGER

In fulfilling these functions, the directorate operates under the following Acts:

- Conservation of Agricultural Resources Act of 1983
- Agricultural Pests Act of 1983
- Subdivision of Agricultural Land Act of 1970
- Fencing Act of 1963

OBJECTIVES AND OUTPUTS FOR 2004/05

Effective land use and soil management underpin almost all departmental objectives, including CASP, the Integrated Food Security and Nutrition Programme (IFSNP), NRS and NRM. Thus, objectives and outputs were set for the directorate in each of these priority areas during 2004/05.

ACHIEVEMENTS

CASP

During the year, the directorate provided advice to farmers on alien species being introduced for biodiesel production. Several national workshops were held with stakeholders and provinces visited to discuss the implications of these plant species on agriculture and limited natural resources. As an alternative to the use of alien species, the directorate developed land use maps showing areas that are suitable for soya-bean and sunflower production, two main crops that could also be used as feedstock for biodiesel. This information will be especially valuable to emerging farmers and will enhance their planning processes, including risk management and the development of niche markets.

The main focal point of support to the provinces for CASP was in co-ordinating and managing the monthly and quarterly reporting processes required in terms of the Division of Revenue Act of 2004, and the compilation, submission and approval of the CASP provincial business plans for 2005/2006.

IFSNP

Migratory pests

Agricultural pests such as blackfly, locust and quelea pose an ongoing threat to agricultural production, and therefore food security, calling for enhanced policy and control measures.

LOCUST CONTROL

During the year, the directorate identified the need to revise the current Locust Control Policy, specifically focusing on control methods. The Science and Technology Committee recommended that research be conducted in this regard. A research proposal was developed to investigate ways of improving current control methods and consequently submitted to the Directorate Scientific Research and Development for approval. The approval was granted in December 2004 and, as this was too late in the year to commence research, the project was postponed to the 2005/06 financial year.

Locust control continued, with spraying taking place on 61 farms, targeting 934 hopper bands and 324 adult swarms. A small-scale, build-up-type outbreak occurred in two locust districts, namely Marydale and Groblershoop, where spraying was undertaken. Locusts in the solitary phase were also spotted in the Kenhardt, Carnarvon, Prieska, Calvinia East and Vanwyksvlei districts.

BLACKFLY CONTROL

The directorate submitted a Blackfly Control Policy to DEXCO and it was recommended that additional resources should be shifted into developing effective biological-based methods of blackfly control. A research proposal was developed and submitted to the Directorate Scientific Research and Development for approval. This proposal was, however, not approved in the 2004/05 financial year.

In terms of blackfly control, monitoring was undertaken in the far western Orange River section, covering 74 sites, in the middle Orange River section (177 sites monitored), and in the eastern Orange River section (218 sites monitored). Small-scale blackfly outbreaks were reported from the middle Orange River, Gariep and Keimoes regions. Three blackfly control operations took place and 12 540 ℓ of Bti larvicide were used and the average larvae count dropped from seven to three.

QUELEA CONTROL

Altogether 263 reports of outbreaks of redbilled quelea were received from a number of small-grain farmers, and 231 precontrol inspections were carried out. With 263 outbreaks reported in all, 174 control operations were done. A total of 88 911 000 quelea were controlled on 975 ha of the roosts. The average success rate was 85,82 %.

High-potential and unique agricultural land

In another project aimed at promoting food security through effective land use, the directorate drafted a policy on high-potential and unique agricultural land. This was done in collaboration with the provincial departments of agricul-

ture, land and housing, and nature conservation, as well as the Department of Environmental Affairs and Tourism and the Department of Water Affairs and Forestry. The intention is to ensure that unique or high-potential land is retained for agricultural purposes.

NRM

The LandCare programme is the main focal point of this aspect of the directorate's work. This programme has great potential, not only in terms of addressing resource conservation but also in contributing to the creation of temporary jobs, as a number of LandCare projects are located in Presidential Nodes. To date, at least 2 000 temporary job opportunities have been created and the programme is on track to achieve the target of 9 600 job opportunities over a four-year period.

The directorate concluded the monitoring of natural agricultural resources in two Integrated Strategic Rural Development Programme (ISRDP) nodes with the verification of project results by means of field investigations and the department's helicopter.

Extended LandCare Programme

It is against the background of addressing the objectives of the Expanded Public Works Programme that the LandCare Programme was expanded during 2004/05, commencing with a policy review led by this directorate. Some of the highlights of this policy include a stronger focus on community involvement and capacity building, and a commitment to investing in the Urban Renewal Programme through a proposed Green Lungs/Urban Agriculture project.

Building on this revised policy framework, the directorate advertised four tenders in May 2004 for the appointment of contractors to implement the proposed projects of the extended LandCare Programme. After completing the tender process, contracts were awarded for Eco-Technology transfer focusing on water harvesting in the Alice district of the Eastern Cape Province, Green Lungs/Urban Agriculture focusing on the planting of fruit trees and vegetables in the Gauteng, Limpopo, Mpumalanga and North West provinces, development of Agri-tourism and the implementation of a Public Participation and Awareness programme, including capacity building, for all provinces.

Other highlights of the LandCare Programme during 2004/05:

- A scoping study was conducted to assess the capabilities of colleges of agriculture to run LandCare courses, with the aim of embedding this into their *curricula*. As part of the study, the *LandCare skills development handbook* has been made available to training institutions.
- A workshop with training providers was held in June 2004 to discuss the implementation of a LandCare learnership, the aim being to link the training provided by the directorate to the National Skills Development Programme.
- During April 2004, a mentorship programme was held to review progress on LandCare activities that promote the involvement of women from previously disadvantaged communities.
- The National Biennial LandCare Conference was held in Stellenbosch during 2004, to deal with issues such as the strengthening of land care in the provinces and collaboration with land-care networks in Australia, Uganda, Kenya, the United States and the Philippines.

International involvement

South Africa is involved together with a number of other countries (Australia, Uganda, Kenya, the United States and the Philippines) in establishing an international LandCare network.

South Africa is among the leaders in the World Overview of Conservation Approaches and Technologies Programme (WOCAT) and a member of the International LandCare Network. The directorate is taking the lead in the development of the International WOCAT mapping system by utilising technology developed through AGIS. This directorate played a pivotal role during 2004/05 in ensuring that all national stakeholders were included and able to contribute to conservation technologies.

The directorate developed a Technical Cooperation Programme (TCP) project proposal on the Land Assessment in Dryland Areas (LADA) Programme, which could be funded by the United Nations' Food and Agriculture Organisation (FAO).

The directorate participated in the Commission on Sustainable Development 12 in 2004, at which a range of issues influencing land use and natural resources were discussed. These included sustainable development, human settlements and water and sanitation.

An ongoing project on which work continued during the year was the LADA Programme, which is funded by the Global Environment Facility (GEF) as a United Nations' FAO project.

Combating desertification

The revision of the National Action Plan (NAP) on the Convention to Combat Desertification was completed and approved by Cabinet on 11 November 2004. This document guides and informs national and provincial activities involving agriculture and natural resources, with the aim of promoting best practices while combating desertification.

Subdivision of Agricultural Land Act of 1970

During the year, the directorate handled a total of 1 154 change of land use applications for subdivision of agricultural land, of which 69 were not approved because of nonviability, and 1 569 letters were written to the Deeds Office regarding enquiries on zoned agricultural land in terms of the Subdivision of Agricultural Land Act. A total of 2 718 new applications for subdivision were received and 1 161 approvals to subdivide agricultural land were issued, while 144 applications to subdivide agricultural land were not approved because of nonviability and noncompliance with national norms and standards. Altogether 3 684 telephone and 3 195 fax enquiries were received and processed regarding the Subdivision of Agricultural Land Act and 2 348 referrals were made to PDAs and DoA. A total of 37 cases involving the Act were dealt with.

Relatively few applications were received to change the use of prime and unique agricultural land, which is an indication of the success of discussions held with municipalities and other role-players throughout the year on national norms and standards.

Conservation of Agricultural Resources Act of 1983

A wide-ranging programme of inspections was conducted under the Conservation of Agricultural Resources Act of 1983 to address possible contraventions of legislation and regulations pertaining to land use and soil management.

Enforcement of legislation

- 546 awareness raising sessions were conducted to inform 5 940 land users on the objectives of the Conservation of Agricultural Resources Act
- 665 inspections were conducted to address new malpractices on 59 779 ha, involving 869 land users
- 1066 inspections were conducted on 169 417 ha with existing malpractices, involving 1 416 land users
- 69 inspections were conducted on 10 069 ha where malpractices were successfully resolved, involving 63 land users
- 9 permissions for the cultivation of virgin land cultivation (about 466 ha) were approved
- 180 cases involving the Subdivision of Agricultural Land Act applications were inspected.
- 15 court cases were initiated, involving 15 land users on 944 ha of land
- 77 inspections were done on existing Weed Scheme participants, involving 33 034 ha
- 132 inspections were done on new Weed Scheme applicants, involving 14 495 ha.

NRS

In its enforcement capacity, the directorate resumed the maintenance of FMD border fencing during the year, in collaboration with the SAPS and the SANDF. This is aimed at preventing livestock from neighbouring countries and game from entering grazing areas within South Africa.



At van Coller
SENIOR MANAGER

Water Use and Irrigation Development

As a water-poor country, South Africa's agricultural sector faces numerous natural and man-made challenges in managing water resources effectively and sustainably. Apart from overcoming natural climatic and geographical challenges, mainly in the form of erratic and varied rainfall, the sector has to contend with the legacy of skewed water resource management due to past apartheid policies, as well as the sometimes conflicting requirements of players within the sector. In rising to these challenges, the Directorate Water Use and Irrigation Development has consistently promoted water management policies and practices geared to sustainability and equity, while achieving a delicate balance between agricultural requirements and conservation considerations.

The directorate operates under the Conservation of Agricultural Resources Act of 1983.

OBJECTIVES AND OUTPUTS FOR 2004/05

Since water is a critical input in every agricultural activity, the directorate's objectives and outputs spanned all departmental priorities spelt out in the *Strategic plan*, from CASP through to AgriBEE and NRS.

ACHIEVEMENTS

CASP

Of the six CASP service pillars, the main pillars to which the directorate contributed were on and off-farm infrastructure, emphasising small-scale irrigation and stock-watering systems, and technical advice in the form of engineering services.

Since a clear policy framework provides the platform for infrastructure delivery, the directorate attended to a number of policy matters. Amongst others, we updated the on and off-farm infrastructure guidelines, drafted a renewal energy guideline, and developed guidelines on fencing, stock-watering systems and the revitalisation of small-scale irrigation schemes.

Together with the Department of Water Affairs, we drafted a groundwater development guideline and initiated a process for the systematic testing of borehole water quality, particularly for water used both by people and livestock.

In the interests of sector-wide collaboration, the directorate worked with stakeholders such as municipalities and the Department of Provincial and Local government in drafting a memorandum of understanding on the Mechanisation Support Programme for Small-scale Farmers. A pilot project will speed up the process of delivering mechanisation support to small-scale farmers in 11 Presidential Nodes, reaching a total of 64 municipalities and benefiting 330 projects across the nine provinces.

Through a similar level of collaboration with the provinces, the directorate developed an institutional framework for agricultural water resources development, as well as for the rehabilitation of small-scale irrigation schemes. The task of facilitating irrigation scheme rehabilitation in provinces was entrusted to the Consultative Committee on Agricultural Water (CCAW), which will work closely with the Coordinating Committee on Small-scale Irrigation Support (CCSIS). Most relevant state bodies at national and provincial levels are represented on the latter.

Infrastructure and construction projects

Encouraging progress was made in implementing water runoff control infrastructure, as well as in construction projects to control storm water and reduce erosion potential on cultivated land. Construction work at Elukwatini, Mpumalanga, was completed and, despite poor weather, projects approached completion at Sekgopo in Limpopo Province, Sigeni in KwaZulu-Natal, and Engcobo in the Eastern Cape.

Major borehole-drilling operations were undertaken in Limpopo Province to support the interventions on the drought disaster that was declared in this area. The following districts were addressed in the Limpopo Province: Sekhukhune Fetakgomo, where 22 boreholes were drilled and 12 rehabilitated, Mogalakwena (42 boreholes drilled and 38 rehabilitated), Lephalala (eight boreholes drilled and 24 rehabilitated), Blouberg (23 boreholes drilled and three rehabilitated). In most cases, the boreholes drilled or rehabilitated were for livestock watering and domestic water supply.

As part of the CASP interventions in Qwa-Qwa, eight boreholes were drilled and one was rehabilitated. Similarly, in the Chris Hani rural development node, eight boreholes were drilled and three rehabilitated.

In KwaZulu-Natal, where the directorate is working on a joint dip tank project with the provincial department of agriculture, 117 boreholes were drilled and 17 rehabilitated. This project provides water to dipping tanks as part of the CASP project to improve animal health.

Other highlights of the directorate's contribution to CASP during 2004/05 were:

- The commissioning of a number of research projects, including on-farm development projects and the promotion of small-scale mechanisation. Appropriate technologies are being developed for small-scale mechanisation, and methodologies for training and support have been established.
- A tender was finalised for the supply of 330 power hoes units as part of the mechanisation support programme.
- A striking improvement was noted in the level of networking with all the provinces. This has created an enabling environment for the effective application of guidelines on agriculture water use, on and off-farm infrastructure and engineering support services, as well as in monitoring and evaluating engineering norms and standards.

AgriBEE

In working towards sourcing all building materials for projects awarded on tender to previously disadvantaged people, particularly from local communities, the directorate finalised most tenders during November 2004.

For the future, the directorate empowered local communities and staff for possible roles as contractors, particularly for drilling of boreholes and construction work.

IFSNP

The main focus during the year was on water-harvesting technologies and water provision for rural communities, farm workers and livestock in drought-stricken areas. A total of 27 boreholes were drilled at community gardens participating in the household food production component of the IFSNP.

To enhance food security, particularly for the rural poor, the directorate accelerated its work on alternative cropping technologies. An example is the use of in-field rainwater-harvesting techniques on vertisols to promote stable crop production for small-scale and subsistence farmers. During the year, comparisons were made between infield rainwater harvesting and conventional tillage practices, and were demonstrated to local farmers in the Free State, Eastern Cape and KwaZulu-Natal. Technology adoption has been impressive, with many households benefiting. In many instances,

farmers have been obtaining good yields with crops such as maize, sunflower, beans and pumpkins, with certain crops doubling the normal yield.

AADP

One of the biggest water management dilemmas facing African farmers is the cost of drainage, putting drainage systems out of the reach of many. This commonly results in water logging, which in turn leads to reduced yields and salinisation. There is a definite need for low-cost drainage systems suitable for African soils but, at present, there is no effective solution. For this reason, the directorate seeks to draw on international expertise through the Southern African Regional Irrigation Association (SARIA), the Africa Working Group and the International Commission on Irrigation and Drainage (ICID).

Collaborative work on water management issues also continued with the International Water Management Institute (IWMI), FAO, SARIA and ICID.

NRM

The rainwater harvesting project and mechanisation support programme will contribute towards formulating a strategy to promote the adoption of conservation agriculture. This will be enhanced by the exposure given to extension personnel and leading farmers in most provinces to conservation farming techniques.

The directorate also developed an interim position on biodiesel. This was in the light of growing demand for guidance on cropping for energy, with an increasing number of requests received for the use of various plant species, some of them alien, other than crop species commonly grown in South Africa. The interim position on biodiesel highlights the need for environmental impact assessment (EIA) for alien and non-mainstream crops. Moreover, it indicates the need for economic viability studies for any crop that is grown for biodiesel purposes. The aim is to protect emerging farmers whose resources are sensitive to cost factors and production incomes.

Issues such as Schedule 1 water, water tariffs, catchment water assessment, runoff and streamflow-reduction are being addressed by the provincial engineering forums and the CCAW. They will also investigate drought relief, water user associations and water infrastructure in support of agricultural development.



PROGRAMME 7

National Regulatory Services

AIM

The programme develops and monitors risk management strategies, policies and legislation for food safety and the control of animal and plant diseases.

OBJECTIVE

National Regulatory Services underpins all departmental strategic objectives in that goals set for growth and equity within the agricultural sector go hand in hand with effective risk management, safety and quality control. As such, the programme's objectives influence the entire agricultural value chain, from production through to trade and the marketing of products.



Eben Rademeyer
ACTING ASSISTANT DIRECTOR-GENERAL

PROGRAMME STRUCTURE

The programme comprises four directorates:

Food Safety and Quality Assurance promotes the consumption of safe, quality agricultural food products of animal and plant origin, thus ensuring access to safe and nutritious food.

Animal Health manages risks associated with animals and animal products, and assists in the negotiation of protocols for the import and export of these.

Plant Health manages risks associated with plants and plant products, and assists in the negotiation of protocols for their import and export.

South African Agricultural Food and Quarantine Inspection Services ensures that imported and exported goods are safe and of high quality.

PROGRAMME OVERVIEW

South Africa's readmission to the global trading community has highlighted the importance of effective domestic systems for ensuring that agricultural produce, whether for domestic or external consumption, meets world safety and quality standards. This was underlined during the year by various outbreaks of plant and animal diseases, and the subsequent investigations and requests received from domestic clients and international agencies.

It became clear that, in line with World Trade Organisation (WTO) rules, South Africa must urgently strengthen its domestically focused systems and support, not only in the legislative arena but also among industry and producers. A priority in this regard is better co-ordination among all role players, including national and provincial departments, local authorities, public and private sector entities, and producers.

The ongoing shortage of high-level skills within National Regulatory Services is also cause for concern. Current staffing levels are insufficient to render the required core services, especially considering the expansion of the department's activities domestically, regionally and internationally. The programme estimates that an additional 700 employees are needed, with a budget implication of R100 million over the next five years.

CASP

Apart from completing a number of policies and legislation that support the delivery of CASP services, the programme introduced several new products and services aimed at creating an enabling environment for emerging or beginner farmers. These include a basic animal health care system that will improve animal health in rural areas, improve the animal management knowledge and skills of beginner farmers, and assist in improving the nutritional status of the rural poor and people living with HIV/Aids, such as by improving zoonotic disease control.

Also in support of CASP, the programme assisted farmer associations to improve harvesting and post-harvesting handling, and provided quality control training to emerging farmers and extension officers.

As CASP-related support is rolled out further, it is envisaged that the requirements for NRS services will change, calling for proactive realignment on the part of this programme.

IFSNP

Several outbreaks of highly contagious animal diseases, some of which occurred in South Africa for the first time, were experienced during the year, posing a potential food security threat in certain provinces. Hardest hit was the Western Cape, which experienced outbreaks of African horsesickness and pigs were tested positive for the porcine reproductive and respiratory syndrome.

The Eastern Cape was the first to report highly pathogenic avian influenza, but went on at great cost to eradicate the disease by eliminating affected and in-contact birds. In the process, the programme's staff gained valuable disease control experience and data.

An outbreak of foot-and-mouth disease (FMD) occurred in the FMD control area in the Limpopo Province. The programme successfully contained the outbreak and managed to keep the rest of South Africa free from the disease.

During the year under review, the European Food Safety Agency assessed South Africa for bovine spongiform encephalopathy (BSE) risk and assigned an unfavourable rating. As this was not accepted by many domestic traders, an objection was lodged with the European Union and more information is awaited.

The department and the European Union (EU) signed a joint project aimed at ensuring that South African fresh produce complies with the EU's reviewed maximum residue level for pesticides. EU markets currently absorb up to 70 % of fresh produce exports from South Africa, and this agreement is designed to ensure that the country's produce continues to have access to these markets. In terms of the agreement, the EU pledged 4,8 million Euro, which the South African sector must match in Rand values. The funds will be used for research into alternative chemicals or production practices. The emerging farmer component, aimed at creating awareness around these new requirements and capacity building, is an important element of this programme.

NRS

Three key factors acted as drivers for NRS services regarding trade and marketing of products. One was local producers' desire for diversified foreign export markets in the face of increasing economic pressure. Another was the growing number of binational and multinational engagements, especially in terms of the NEPAD initiative and negotiations on various free trade agreements. Thirdly, there was a need to align national legislation and policy with international norms and standards.

To access global agricultural markets, South African exporters and importers must meet the standards and regulatory measures set by the importing country. The processes involved demand high levels of technical capacity and skills from the department, which must constantly build on its record of credibility so as to facilitate trade.

During the year, two major inspections were conducted by trading partners or potential trading partners. The Animal and Plant Inspection Services (APHIS) of the United States Department of Agriculture (USDA) and the Food and Veterinary Office (FVO) of the EU conducted intensive audits of veterinary services. At the time of reporting, the EU had sent a pre-



Beagles are used as sniffer dogs to identify illegal substances that could promote the spreading of diseases

liminary report, which identified several major shortcomings in South Africa's Veterinary Services. The USDA's report is still awaited.

NRS participated in the multilateral organisations of interest, in particular the sanitary and phytosanitary standard-setting bodies of the WTO. These are the Codex Alimentarius Commission, which is responsible for food safety standards, the International Plant Protection Convention (IPPC), responsible for plant health issues, and the International Office of Epizootics (OIE), responsible for inter alia, animal health issues. In this way, South Africa ceases to be a 'standard taker' only and instead ensures that the views of the country and other developing nations are taken into account.

Emphasis was placed on border control and security in the light of animal and plant diseases outbreaks. During the year, various agricultural actions were taken to strengthen capacity and reduce risks. Apart from employing additional personnel and formulating a human resources plan, the programme in October 2004 launched a pilot project involving the deployment of sniffer dogs (beagles) at Johannesburg International Airport to assist with the interception of controlled agricultural goods.

The Border Control Operational Coordinating Committee (BCOCC) was capacitated and is attending to land ports, sea-ports and airports to co-ordinate the activities of various government departments involved at these access points. The BCOCC is an operational committee established in the JCPS-cluster system.

A new web-based system was developed in partnership with the wine industry, to allow wine exporters to apply online for export certificates. The system, which went live in September 2004, enables exporters to apply for certificates required by importing countries and to track the progress of applications. This has greatly improved service delivery: export certificates are now issued within 30 minutes, as opposed to two days, and VI1 documents and analysis certificates are issued within a day, compared to the previous average of five to eight days.

Infrastructural development and maintenance was conducted at quarantine stations, with a view to ensuring the use of internationally benchmarked facilities and so support the credibility of systems and processes used in South Africa. As part of this, the programme took ownership of a new analytical laboratory in Stellenbosch where pesticide analysis is conducted on fruit and vegetables.

KEY OUTPUTS, INDICATORS AND TARGETS

Measurable objective: Manage risks associated with food and agricultural pests as well as animal and plant diseases.

Directorate	Output	Indicators/measurement	Target	Status/comment
Food Safety and Quality Assurance	Liquor Products Amendment Bill	Number of Acts reviewed and put in place	Policies, guidelines legislation approved by March 2005	Submitted February 2004, discussions took place, also with Legal Services. To be resubmitted Q1 2005
	Reviewed Act No. 36 of 1947	Number of policies approved		Pesticide Policy approval Q1 2005. Rest of policies scheduled for approval in 2005/2006
Plant Health	Approved Food Safety Policy			Food control system establishment approved in principle by Minister–March 2005
	Approved Pesticide Policy			
	Plant pest risk management systems, policies legislation standards protocols and agreements	Number of updated policies and legislation Number of protocols negotiated Number of pest risk analyses done	Policies, legislation, protocols and pest risk analysis done by March 2005	- Draft Plant Health Policy developed - Draft Agricultural Pests Act Amendment Bill developed and submitted to Legal Services for comment - Bilateral Protocol for exporting citrus fruit to China concluded - Pest risk analysis (PRA) for importing apples and pears from China drafted - PRA-/Regulation-based import permits issued: 3 892
Animal Health	Animal diseases risk management systems, policies, legislation, standards, protocols and agreements	Number of updated policies and legislation	Policies, legislation, protocols and animal disease risk analysis done by March 2005	- The Basic Animal Care System [BACS] was given a green light by the ITCA VS working group. Obtaining DEXCO approval is the final stage - The Categorisation of Animal Diseases Policy was approved by DEXCO-STC and the ITCA-VWG and will be resubmitted to DEXCO - The Policy on Bovine Brucellosis was referred back by DEXCO-STC to the ITCA-VWG to obtain more detailed input from the provinces - A Policy on Snouts (bovine malignant catarrh/BMC) was agreed upon with all role-players and stakeholders and noted by DEXCO - A wildlife Tuberculosis Control Protocol is in the first draft stages - Proclamation of Animal Health Act awaits finalisation of the Regulations - A process has started to investigate the current delegations to provinces in terms of the Animal Diseases Act of 1984 - The Export Certification Policy was developed and finalised. Apart from the completion of the policy, a protocol for certifying officers involved in this policy was developed and sent to all provinces 12 import permits updated 9 export health certificates negotiated 22 import health certificates negotiated 7 new import permits drafted - Policy for HPAL compartmentalisation drafted and implemented 4 risk assessments done
		Number of protocols negotiated	Veterinary procedural notices drafted and existing documents updated	
SAAFQIS				
	Inspection, border control, diagnostic and analytical services	Service delivery percentage change Assurance level	Inspections, analytical and diagnostic services done by March 2005	- K9 dog unit was deployed as pilot project at Johannesburg International Airport–dogs efficiency rate increased from 70 to 93 % from 3rd to 4th quarter - National surveillances ensure detection, control and or eradication of regulated pests - Exotic and non-exotic pests intercepted due to detainment in quarantine system of open quarantine evaluation established for low-risk propagating material - Appointment of additional border control personnel. Implementation of quality systems is near completion in order to apply for accreditation - Maintenance, development and upgrading of infrastructure

Food Safety and Quality Assurance



Morongoe Rathebe
SENIOR MANAGER

The international competitiveness of South Africa's agricultural sector depends increasingly on its ability to meet global safety and quality control standards for exports. At the same time, in the interests of national food security, it is essential to ensure that plant, animal and agricultural products brought into the country comply with equally stringent safety and quality standards. The directorate supports this by providing a well-structured policy and regulatory environment and supporting the sector in complying with safety and assurance standards and regulations.

As such, the directorate administers the following Acts:

- Agricultural Product Standards Act of 1990
- Fertilizers, Farm Feeds, Agricultural Remedies and Stock Remedies Act of 1947
- Liquor Products Act of 1989
- Meat Safety Act of 2000

OBJECTIVES AND OUTPUTS FOR 2004/05

The following key objectives were spelt out for the directorate in the department's *Strategic plan*:

- CASP and AgriBEE: the directorate supported emerging and beginner farmers in operationalising food production safety standards through technical and advisory assistance and capacity-building services.
- IFSNP: the emphasis was on preparing food safety and control legislation, strategy and policy that promotes access to safe, nutritious food for all South Africans.
- NRS: the directorate refined the policy, legislative and regulatory environment governing the use of farm feeds, fertilisers and remedies used in the agricultural sector.

ACHIEVEMENTS

CASP and AgriBEE

If emerging farmers are to successfully penetrate domestic and international markets, it is essential that they are aware of and begin to operationalise best-practice production, harvesting and post-harvesting standards. With this in mind, the directorate launched a pilot project in Stutterheim in the Eastern Cape, aimed at providing technical and advisory assistance to broiler farmers. This pilot project will enable the directorate to determine how to assist emerging farmers in operationalising existing food safety regulations so that they can begin to factor in on-farm food safety approaches.

Another important focus area was the safe use of approved chemicals and pesticides among emerging and beginner farmers. This is critical given the requirements of the European Union in terms of its new chemical residue regulations. Although these regulations apply to all South African producers, established and emerging, it is a priority to establish what chemicals are used in the emerging sector and to determine chemical residue levels. The work done in this regard during 2004/05 is discussed in detail under the section on NRS.

During the year, the new guidelines on the registration of farm feeds were finalised and published on the API website. A guide on the use of herbicides was also published. This was the eighteenth edition of the guide, which is published at least every two years.

IFSNP

The South African public is becoming increasingly aware of challenges in food safety and the effect of changing farming systems, pesticide use and global trade on the safety of the food they consume. During the year, the directorate actively addressed the need to boost consumer confidence in agricultural food products. The emphasis was on preparing food safety and control legislation, strategy and policy that promotes access to safe, nutritious food for all South Africans. These activities are discussed in the section on NRS, below.

NRS

Domestically focused activities

A concept amendment bill of the Meat Safety Act of 2000 was compiled and, in September 2004, the Red Meat Regulations were published and promulgated. The directorate also launched a microbiological surveillance programme to raise awareness of bacteriological contamination in abattoirs. This programme, which is running in all the provinces, aims to develop a baseline for microbiological contamination of meat from abattoirs across the country. All export abattoirs had been visited by 31 March 2005, and negotiations for a service contract with the abattoirs reached the final stage. This contract will assist with relationship management between the department as a service provider and our clients, the individual abattoirs.

To ensure proper law enforcement in terms of the Meat Safety Act of 2000, training was provided to stock theft officials of the South African Police Service. Discussion workshops were also held with officials from the Western Cape, Mpumalanga and Free State on the production of electronic extension material for training purposes.

In promoting plant food safety, an important development was the promulgation of new standards, known as Food Hygiene and Food Safety of Regulated Agricultural Food Products of Plant Origin. These standards require the application of universal principles of traceability, as well as good agricultural and manufacturing practices. Apart from helping to inspire consumer confidence in the origins and preparation of food products, the new standards ensure that South Africa meets the requirements of its trading partners.

Another priority was to address the legislative and regulatory overlap in terms of the registration and regulation of veterinary medicines. These activities are undertaken under both the Fertilizers, Farm Feeds, Agricultural Remedies and Stock Remedies Act of 1947 and the Medicines and related Substances Act of 1965, administered by the Departments of Agriculture and Health respectively. Thus, several meetings were held with the Department of Health to identify and start addressing some of the cross-cutting issues.

The directorate also met with the Department of Water Affairs and Forestry to focus on all toxicants of which endocrine disrupters compounds form an important part. The Department of Water Affairs and Forestry agreed to formalise a plan mapping out the role that the directorate will play in the programme.

The fertiliser regulations were published for comment and a workshop was held with stakeholders. Comments were incorporated and the final regulations are in the process of being published.

Information packages on the control of ectoparasites and vaccination programme for poultry were finalised. The documents are being translated into at least one African language and will be published in 2005/06.

In view of the impending review of regulations for the tobacco production industry, the directorate met with the Tobacco RSA Research Committee to discuss registration requirements of agrochemicals.

Internationally focused activities

In the international arena, the directorate participated in multilateral bodies to ensure that the views of South Africa and other developing bodies are taken into account in the activities of safety-setting bodies for food safety. These include the Codex Alimentarius, Organisation for Economic Co-operation and Development (OECD) and UN/ECE.

The review and harmonisation of European regulations on Maximum Residue Levels (MRLs) of pesticides tolerated in fresh horticultural products poses severe challenges for the Europe-African-Pacific Liaison Committee (COLEACP)

exporters of those products to Europe. To assist these exporters, the ACP Group and the European Commission developed a Pesticides Support Programme. This is aimed at strengthening the competitiveness of the private horticultural sector, particularly small and medium-sized enterprises, and at promoting their sustainability.

In a related development, the South African Pesticides Initiative Programme (SA-PIP) was launched at the initiative of a number of South African producer organisations and the government. Running parallel to the COLEACP programme, the new initiative emphasises the needs of emerging black farmers. Funding is provided from the European Programme on Reconstruction and Development (EPRD).

This directorate has the overall responsibility of ensuring the success of SA-PIP and so has contracted the management of the programme to the Perishable Products Export Control Board (PPECB). Achievements to date include:

- A contract was entered into with SABS for Regulation Development (Maximum Chemical Residue limit trials).
- The first annual report of SA-PIP (2004) was drafted and approved.
- Communication with COLEACP PIP was established, resulting in the preparation of a collaborative agreement. In this way, SA-PIP will gain from the experience of COLEACP in African Caribbean Pacific countries, along with capacity-building inputs.
- The Emerging Farmers Database was developed to help empower farmers who demonstrate the potential to export, as well as those already exporting and demonstrating responsible use of pesticides.
- Twenty farm managers in Polokwane, Limpopo Province, were trained as Frontline Trainers (Managers). They are in turn expected to train emerging farmers or operators in their communities.

A regulatory issue of concern to the local wine production sector is the European Union's deliberation on the use of the so-called "traditional expressions" Ruby, Tawny and Vintage. South Africa submitted the documentation required in terms of EU labelling Regulation 753/2002 in May 2004 and sent additional information requested by the EU in August 2004. South Africa has informed the EU about the importance of the issue and the urgency of concluding it.

In 2004, the Chinese authority registered their dissatisfaction via WTO regarding the South African regulations that set the moisture content for ready-to-sell groundnuts at 7 %. The directorate responded to the Chinese authority, using scientific research confirming the 7 % moisture content level. This research confirms that moisture levels exceeding 7 % in groundnuts invariably lead to fungal growth and mycotoxin production.

Another development was the drafting of vegetable export standards and requirements, comprising 42 different vegetable crops. These standards include all miniature or baby vegetables and will be implemented in the 2005/06 season.

The proposed draft local standards for plums and prunes, peaches and nectarines, apples, pears and table grapes were discussed at a meeting with the deciduous fruit industry. The majority of role players pledged their support for the standards.

The new export standards and requirements for persimmons were also developed in the year under review. Since persimmons are a fairly new product for South Africa and information on quality parameters was lacking, this information had to be sourced from countries such as Israel and New Zealand. Consequently, a standard was drafted in conjunction with PPECB, the persimmons industry and all role-players.

Liquor Products Division

Throughout the year, through the Liquor Products Division, the directorate continued to regulate and monitor liquor imports and exports, with the following highlights:

- The Wine Online Export System was launched, enabling members of the industry register to gain access to services offered under the Liquor Products Act. Services include export certificates, analysis certificates and VI1, which are obtained online within half a day. Previously this exercise took three to six days to complete. Workshops with all role players in the wine industry were held to familiarise them with the service.

- During the year, the division registered a total number of 80 633 export certificates. Despite a considerable increase in the number of export applications, the number of rejected applications decreased more than 75 %. This indicates that clients are improving their data capturing accuracy and gaining confidence in online applications.
- A total number of 72 660 VI1 clearing documents for wine and other analysis certificates were issued on request to clear consignments in the importing country, compared to 62 996 in the previous year. This is an increase of 13,2 % compared to the same period for 2004.
- Import applications remained more or less the same as in the previous year, although there was a year-on-year increase of 98 % in the total number of import certificates in the last quarter of the year. This could be attributed to the strengthening Rand, making it more profitable and cheaper to import rather than export wine.

Plant Health

Plant pests and diseases have the potential to cause massive economic losses unless addressed in a consistent, co-ordinated way. Not only can plant-related pest risks jeopardise the country's food security through crop losses, they can also undermine the agricultural sector's access to highly regulated international markets.

Given South Africa's rising international trade profile, both for imports and exports, there is an obvious need to strengthen the agricultural sector's capacity to ensure effective plant health regulatory systems and to manage and reduce risks associated with pests in international trade.



Marinda Visser
SENIOR MANAGER

OBJECTIVES AND OUTPUTS FOR 2004/05

The directorate's key objectives for the year were to support sector growth, national food security and South Africa's international competitiveness by contributing to:

- CASP: the emphasis was on policy-making and capacity-building so as to prevent the entry and spread of pests in international trade, to ensure the availability of healthy seed and other propagation material, and to raise awareness of plant health regulatory matters to achieve greater stakeholder participation.
- AgriBEE: this cross-cutting departmental objective necessitated the identification of tender opportunities for previously disadvantaged communities, as well as assistance in the issuing of trade permits and negotiation of protocols.
- AADP: harmonised legislation and regulatory measures in terms of plant health requirements is a prerequisite for promoting intra-African trade.
- NRS: for South Africa to access global agricultural markets, national legislation and policy must be aligned with international norms and standards.

ACHIEVEMENTS

CASP

During the year under review, draft Plant Health and Plant Import Policies were developed, combined as recommended by the Departmental Executive Science and Technology Committee, and resubmitted for approval.

The Plant Health Policy is a framework to assist in reducing pest risk associated with plants, plant products and other regulated articles. Although its focus is mainly on international trade and on preventing the entry of pests that pose a risk to the South African agricultural sector, the policy is also designed to prevent the spread of pests within the country, and to ensure the availability of sound plant propagation material. Emerging farmers are a key constituency in this regard.

After being approved within the department, the Plant Health Policy will enter a consultation phase. It will then be implemented in terms of the Agricultural Pests Act of 1983 and in harmony with other relevant Acts. A draft Plant Health Curriculum and Promotion document, as well as an Internal Communication Strategy for Plant Health, was also formulated during the year.

The development of early-warning systems for specific quarantine pests of high risk progressed well. This initiative will benefit the entire agricultural sector, including subsistence, small and developing farmers with few resources, by guarding against the entry and spread of new plant pests. Through the development of effective contingency plans to deal with outbreaks of foreign pests and diseases and their negative effects, the early-warning systems will also help to secure local and international markets.

For the domestic fruit industry, the introduction of exotic fruitflies remained the highest risk with regard to loss of export markets and the cost of control. It is clear that a complete early-warning system needs to be developed for exotic species, with the ports of entry as the focus points.

The promotion of plant health matters through information and training packages continued. A new range of postcards was printed with messages relating to the declaration of agricultural products by international travellers, and awareness information was disseminated at various ports of entry, as well as at embassies and exhibitions. Information packages were also developed for the early-warning component. Furthermore, the directorate assisted in updating the website of the National Plant Protection Organisation, which we run in partnership with our sister directorate, the South African Agricultural Food and Quarantine Inspection Services (SAAFQIS).

AgriBEE

To access global agricultural markets, exporters and importers must meet the standards and regulatory measures set by the importing country.

A major market access breakthrough was achieved when a protocol for exporting citrus fruit to the People's Republic of China was approved towards the end of the citrus export season, after more than three years of negotiations. The necessary inspections and approvals were done by SAAFQIS, and one container of fruit was successfully exported.

Liaison is currently in progress with the relevant authorities in the People's Republic of China to make this market more accessible to South African citrus producers. Producers face significant challenges in meeting the strict requirements of this protocol, especially in respect of false codling moth and other pests of concern. Commitment to the effective reduction of such pests is vital for access to markets in China and the United States. As a result, working with SAAFQIS and industry, the directorate is developing systems approaches to pest control.

Other export protocols that have reached advanced stages of negotiation include the export of citrus to Thailand, clementines to Japan, persimmons to Israel, and table grapes to Mexico and Japan.

AADP

A key challenge facing developing countries is regional harmonisation of plant health standards in accordance with the requirements of the International Plant Protection Convention (IPPC). In Africa, a further challenge is facilitating communication between National Plant Protection Organisations.

In May 2004, the Inter African Phytosanitary Council met in Dakar, Senegal, to discuss the challenges faced by African countries in complying with international plant health standards, so as to improve access to foreign markets. Two representatives of the Directorate Plant Health and one from SAAFQIS participated.

Representatives of this directorate participated in an IPPC workshop on Pest Risk Analysis (PRA) presented in Ethiopia in October 2004. Two participants underwent “train the trainer” skills development, which will form the basis of the schedule for the directorate’s newly appointed PRA team, and ensure that it functions on an internationally acceptable level.

One representative of this directorate and one from SAAFQIS participated in the Technical Consultation meeting among Regional Plant Protection Organisations (RPPOs). This was held jointly in Kenya between the Inter-African Phytosanitary Council (IAPSC) of the African Union and the Kenyan Plant Health Inspection Services. Discussions focused on implementing international standards in handling fresh horticultural products for export.

The directorate also participated in an international workshop on the treatment of wood packaging materials for international trade, in line with the relevant international standard. Held in Canada, the workshop was intended to ensure practical implementation of this standard in South Africa, especially among emerging farmers, and to assist in facilitating trade through the harmonisation of regulatory measures in the Southern African Development Community (SADC).

In November 2004, members of the SADC Plant Protection Experts met in Maseru, Lesotho, to assess progress against the SADC Plant Protection Plan. A second objective was to discuss the draft Regional Migrant Pest Control Strategy. The directorate participated in this important multilateral meeting, which provided valuable technical information and enabled member countries and trading partners to strengthen relationships.

NRS

To ensure access to global agricultural markets, South African legislation, standards and procedures must be aligned with international norms. This directorate administers the Agricultural Pests Act of 1983, in accordance with the World Trade Agreement on the Application of Sanitary and Phytosanitary Measures (WTO–SPS) agreement. We also manage the relationship with the IPPC and its international standards for phytosanitary measures (ISPMs). In terms of the IPPC, this directorate is the national phytosanitary contact point for South Africa.

In accordance with the departmental strategy for improved participation in international standard-setting bodies, the directorate submitted country comments on six draft International Standards for Phytosanitary Measures to the Secretariat of the IPPC. The comments were formulated during six workshops and finalised at an SADC/IPPC workshop held in Pretoria.

Our challenge for the coming year is to involve more departmental and national role-players in providing technical inputs for the setting of international standards. This will help to ensure a high standard of inputs that address our needs and concerns.

During 2004/05, as part of the legislative alignment process, the directorate held a further workshop on envisaged amendments to the Agricultural Pests Act. Subsequently, a draft Agricultural Pests Act Amendment Bill was submitted to the Legal Services directorate, which advised that the promulgation of a new Act should be considered in view of the large number of proposed amendments. The main challenge is to promulgate legislation that is in line with national requirements and harmonised with international standards, and that will ensure effective prevention of the spread of pests.

Besides bringing national phytosanitary legislation into line with relevant international principles and standards, it is also necessary to take into consideration the newly promulgated National Environmental Management Biodiversity Act of 2004 and the National Environmental Management Act of 1998.

With this in mind, the directorate participated in interdepartmental meetings in respect of the implementation of the Biodiversity Act. Task teams, working groups and workshops were identified, and further meetings are to be held early in the next reporting year. The aim is to formulate effective and practical regulations that support national requirements and international agreements, norms and standards for effective risk management regarding the import of plants with the potential to endanger biodiversity and the agricultural sector.

In conjunction with SAAFQIS, phytosanitary market access meetings were held with industry representatives every two months in the fresh fruit and vegetable working group forum.

In addition, two national co-ordination meetings were held to facilitate the export of citrus and deciduous fruit, respectively. The department's official assignee in terms of phytosanitary cold treatments, the Perishable Products Export Control Board (PPECB) and the Agricultural Research Council, also participated as the aim is to maintain and increase market access, and to meet the challenge of increasingly stringent phytosanitary conditions for the various export programmes. This can only be achieved through effective partnerships and sharing of responsibility between the DoA and the various agricultural industries, producers and other national role-players, as well as through active participation in international standard-setting initiatives.

Protocols

Apart from concluding the citrus export protocol with the People's Republic of China and continuing other multilateral negotiations for protocols with Israel, Thailand, Japan and Mexico, the directorate provided technical information for a number of bilateral and multilateral engagements during the year.

In this context, the directorate participated in the Nigeria-South Africa Joint Bi-national Commission meeting held in Durban in September 2004, as well as in a technical fact-finding mission to Nigeria. Since the purpose of the visit to Nigeria was to enhance bilateral trade in agriculture, it included the discussion of matters relating to plant production and research, as well as sanitary and phytosanitary issues.

The directorate also participated in the fourth South Africa-Russian Federation Joint Intergovernmental Committee on Trade and Economic Co-operation in Pretoria in November 2004.

Pest risk analyses and plant import permits

Pest risk analyses (PRAs) and risk assessments were continuously in progress in respect of import permit applications for plant commodities and biological control agents. During the year, 4 573 applications for import permits were received, of which 3 976 permits could be issued in terms of existing import requirements. The remaining 597 applications had to be scheduled for pest risk assessment, as import requirements had not yet been formulated. In total, 390 risk assessments were completed during this period.

Animal Health

The outbreak of various contagious animal diseases in recent years has tested the directorate's disease-containment capabilities. In virtually all cases, outbreaks have been swiftly and effectively controlled, and prevented from spreading further. In the process, the directorate has gained invaluable experience in promoting animal health, which has been translated positively into strengthening the legal, policy and regulatory framework for which we are responsible.



Bothle Modisane
ACTING SENIOR MANAGER

In fulfilling these responsibilities, which have a direct impact on national food security and the sector's international competitiveness, the directorate operates under the Animal Diseases Act of 1984 and the Meat Safety Act of 2000, as well as applicable regulations.

OBJECTIVES AND OUTPUTS FOR 2004/05

In line with the department's *Strategic plan* for the year, the following objectives and deliverable were set for this directorate:

CASP: effective animal health care practices are crucial to the economic viability of emerging farmers.

ISNP: the directorate was required to develop a primary animal health care system that increases access to animal health services.

AADP: the focus was on assisting the South African Development Community to finalise a Foot-and-Mouth Disease Policy, in the interests of promoting safe intra-African trade in animals and animal products.

NRS: the emphasis was on aligning South African animal health laws, policies, regulations and standards with those applying in the international arena.

ACHIEVEMENTS

CASP

In building the capacity of the agricultural sector to follow sound animal health practices, it is vital to ensure that supportive policy and legislation are in place. Not only should these be relevant, appropriate and in line with best practices, they should also be accessible to all stakeholders within the agricultural sector, particularly the emerging sector.

Language use has a direct bearing on accessibility and, for this reason, the directorate is proud of its contribution during the year to the promotion of multilingual communication. A case in point is the Animal Identification Act of 2002, the administration of which was transferred to the directorate on 1 April 2004. One of the first steps taken was to change the Animal Identification System (AIS) to make provision for multilingual certificates of registration. By March 2005, the forms had already been translated into isiXhosa, isiZulu and Sepedi, and the Setswana translation was being finalised. The AIS will then be adjusted to print certificates in the preferred language of the client.

In another development designed to promote CASP, the directorate drafted the regulations that will accompany the proclamation of the Animal Health Act, and also developed a Policy on the Categorisation of Animal Diseases. This policy was approved within the department, paving the way for the commencement of the consultative process.

IFSNP

Having identified a need for improved animal health care, especially in rural areas, the directorate developed a Basic Animal Care (BAC) system. In February 2005, the Veterinary Group within the department assessed and approved the system, which will be implemented in the next financial year.

The BAC system has a number of important primary health care activities. These include improving zoonotic disease control in animals by launching the cysticercosis, hydatidosis, echinococcosis and taeniasis (CHET) control programme. This will in turn contribute to an improvement of the nutritional status of the poor and people living with HIV/Aids.

AADP

The directorate provided information to assist the SADC Livestock Sector Technical Committee in drafting an SADC Policy on Foot-and-Mouth Disease (FMD). Also during the year, we contributed to the discussions on a Southern African Customs Union/Sanitary and Phytosanitary (SACU/SPS) agreement, as part of the department's programme of bilateral and multilateral negotiations.

Furthermore, the directorate continued to provide regulatory and technical assistance for agricultural strategy on Africa. This included distributing the directorate's rabies manual to our African counterparts.

NRS

Aligning national animal health laws, policy, regulations and standards with those used internationally was a crucial part of the directorate's work during 2004/05.

Acts, policies and regulations

A wide range of animal health policies and regulations were prepared during the year.

- The Export Certification Policy was developed and finalised, and a Protocol for Certifying Officers in terms of this policy was developed and sent to all provinces.

- The Policy on Bovine Brucellosis was referred to the provinces for more detailed input.
- A Policy on Bovine Malignant Catarrhal fever (BMC), commonly known as snotsiekte, was agreed upon with all role-players and stakeholders.
- The Animal Health Regulations were drafted in preparation for the promulgation of the new Animal Health Act. These regulations will be finalised once the provinces have had the opportunity to provide more detailed inputs.
- Urgent amendments to the Animal Diseases Regulations of the Animal Diseases Act were submitted in February 2005. These amendments relate to the listing of highly pathogenic avian influenza (HPAI), notifiable avian influenza (NAI) and avian influenza (other than HPAI/NAI) as controlled diseases.
- A process was started to investigate the current delegations to the provinces in terms of the Animal Diseases Act of 1984.
- A comprehensive contingency plan for avian influenza was drawn up in consultation with all role-players and stakeholders, and continues to be discussed as a dynamic document.

Permits, certificates and protocols

During the 2004/05 financial year, 12 import permits were updated, nine export health certificates and 22 import health certificates were negotiated, and seven new import permits were drafted. In addition, four risk assessments were conducted, and the policy for highly pathogenic avian influenza (HPAI) compartmentalisation was drafted and implemented.

During the year, the directorate consulted stakeholders about the updating of the Buffalo Control Protocol, and the Foot-and-Mouth Disease Control Protocol. Both are dynamic documents that require regular review. The development of a Wildlife Tuberculosis Control Protocol was also embarked upon.

Advisory services on border control

The draft document for a Border Control Strategy as compiled by the National Regulatory Services Programme was discussed and inputs were made into the BCOCC Strategic Plan for an Integrated Approach to the Governance of Border Control. This approach is being prepared at the request of the JCPS Cluster.

Accreditation of veterinary laboratories

In October 2003, the directorate completed a draft report on the current status of accreditation of veterinary laboratories. The next step is to convert the report into a project with timeframes, which will be done in collaboration with the Programme Planning Directorate within the department. In the mean time, the department continues to facilitate the implementation of Quality Management Systems that comply with the requirements of the international guideline ISO/IEC 17025.

General disease control during 2004/05

FOOT-AND-MOUTH DISEASE (FMD)

The FMD controlled area in South Africa is under constant surveillance with regular inspections of all cloven hoofed animals, twice yearly vaccination of all cattle in the buffer zone and strict movement control of all cloven-hoofed animals and their products in the buffer and surveillance zones.

As a result of the routine surveillance in the area, FMD was detected on 26 June 2004, west of Letaba Ranch and immediately south of the Letaba River in the FMD buffer control zone of Limpopo Province. The diagnosis was confirmed as FMD virus serotype SAT-2 by the Exotic Diseases Laboratory at the Onderstepoort Veterinary Institute.

Intensive inspections and vaccination of susceptible animals in the outbreak area commenced immediately. Strict movement control of all cloven-hoofed animals and their products was instituted by means of road blocks in the whole surrounding area (surveillance area) with a complete embargo on all movements from the affected areas of the buffer and surveillance zones (quarantine area).

The quarantine area comprised an approximately 25 km wide square block next to the western border of the Kruger National Park and Letaba Ranch encompassing an area from 5 km south to 20 km north of the Letaba River flowing from west to east into Letaba Ranch.

Movement controls in the quarantine and surveillance areas were maintained by regular inspections and the maintenance of stock registers, intensive extension activities in the affected communities and combined veterinary, military and police roadblocks around the area.

The large-scale vaccination of cattle in the outbreak area commenced on Monday, 12 July 2004. More than 95 % of cloven-hoofed animals in the outbreak area were vaccinated by Friday, 6 August 2004, and booster vaccinations were administered during the following month. A third vaccination of all cattle in the whole area was conducted at the end of November 2004 and during the first week of December 2004.

All vaccinated cattle were branded with a permanent F-brand on the right hand side of the neck to permanently identify them as FMD-vaccinated animals. Control measures will remain in force throughout the whole of the vaccinated area for the next two years.

The last cases were seen on 19 November 2004 and the area was declared free of infection on 19 February 2005. The infection was successfully contained within the FMD control zones and did not influence South Africa's FMD free status.

AFRICAN HORSESICKNESS (AHS)

Towards the end of February 2004, an outbreak of African horsesickness (AHS) was discovered in the surveillance zone of the AHS controlled area of the Western Cape Province. The isolated virus was typed as AHS Serotype 1, which is a rare occurrence in South Africa.

All of the cases were in local horses that had been kept permanently in the surveillance zone for AHS and had therefore not received the annual AHS vaccinations that are compulsory in the AHS infected areas of South Africa. The surveillance zone acts as an early-warning system for the AHS free zone in and around Cape Town and horses are therefore normally not vaccinated against the disease, in accordance with the export protocol negotiated with the European Commission. The disease thus showed limited spread in the AHS surveillance zone. Until the end of April 2004, a total of 18 horses had died and a further 19 had shown clinical disease with symptoms typical for AHS but had not died.

In order to safeguard the status of the AHS free zone, all movements of horses into the AHS controlled areas of the Western Cape are under strict permit control. Despite extensive efforts, no illegal movements of horses into the outbreak area of the surveillance zone could be detected. The most likely scenario is that the disease may have been introduced during the legal movement of a healthy horse that carried the disease but did not show any symptoms.

As soon as the outbreak was detected, highly effective disease control measures were instituted by the Western Cape Veterinary Services in consultation with the national directorate. In addition, strict movement controls were imposed on the movement of horses into, within and out of the affected areas as well as the movement of horses from the rest of the county into the AHS controlled areas of the Western Cape.

All provinces were notified of the additional control measures for the movement of horses to the Western Cape. Press releases served to keep the public informed. The excellent co-operation between the industry and Veterinary Services allowed for the effective enforcement of the control measures.

These measures served to limit the spread of the disease and were highly successful in ensuring that the status of the AHS free zone was not threatened at any stage. With the advent of the cold season, the midges responsible for transmitting AHS have died and the outbreak has thus come to its natural end. There has also been a noticeable decline of AHS outbreaks reported from the rest of the country during June 2004.

As a result of the outbreak in the Western Cape, the export of horses from the AHS free zone was stopped temporarily. According to EU legislation this official ban can remain in place for two years. However, an official submission has been made to the EU, and negotiations have started with the EU and other importing countries, in which it is argued that the

status of the AHS free zone used for export purposes was never threatened and that this should allow for the resumption of normal trade earlier rather than later.

NEWCASTLE DISEASE (NCD)

An outbreak of velogenic Newcastle disease occurred in young broiler breeders, broilers and non-commercial chickens in the Camperdown and Richmond districts of the KwaZulu-Natal Province during September 2004.

This was confirmed by virus isolation and RT-PCR. Velogenic Newcastle disease occurred in KwaZulu-Natal from September to November 2004. Two outbreaks of velogenic Newcastle disease occurred in the Eastern Cape Province during December 2004.

South Africa is not recognised as free from Newcastle disease and outbreaks occur sporadically every five to seven years.

Newcastle disease is a controlled and notifiable disease in South Africa, and vaccination is compulsory for all chickens, ostriches and racing pigeons.

HIGHLY PATHOGENIC AVIAN INFLUENZA (HPAI)

Eastern Cape Province

An outbreak of avian influenza was detected in ostriches in the Blue Crane Route Municipality Area of the Eastern Cape Province at the beginning of August 2004. The disease was first found on two ostrich farms around the towns of Bedford and Somerset-East in the Eastern Cape Province.

A controlled zone was established. It contained an inner infected zone of a 3 km radius around the infected farm Endor, a middle quarantine zone of 10 km, and an outer surveillance zone of 30 km radius from the epicentre around the infected radius.

In order to establish the extent of possible subclinical infections, sero-surveillance was initiated on all ostrich farms and in chickens within the surveillance zone.

As a result of a strengthened surveillance programme, three other farms within the same locality were found to be positive. The virus was identified and confirmed as HPAI H5N2 avian influenza virus by the Onderstepoort Veterinary Institute and later confirmed by the Weybridge International Veterinary Laboratory in the UK.

A decision was taken to destroy all ostriches and poultry in the infected zone. A total of 23 665 ostriches, and almost 600 chickens, ducks, geese and turkeys were killed in the Somerset East and Grahamstown areas. Carcasses were buried after being covered with quick lime. Ostriches on a game farm, Boskeydel, were captured and killed by a professional hunter. Culling was finally completed on 30 September 2004.

In the Camdeboo Municipality Area (previously known as the Graaff Reinet Municipality Area) situated approximately 180 km to the north west of the Blue Crane Municipality Area, samples collected from ostriches tested positive and subsequent culling took place during the week commencing on 8 December 2004.

The first tests on ostriches were conducted near Jansenville in the Ikwezi Municipality Area on 10 August 2004, following the outbreak in the Blue Crane Route Municipality Area and the PCR results were found to be positive for avian influenza virus. Culling commenced during the week of 6 December 2004. Compensation has been paid to all farmers whose animals have been destroyed as a result of these disease control measures. The total number of ostriches slaughtered in the infected area of the Eastern Cape Province until 4 October 2004, was 23 665.

It must be emphasised that the infection of H5 avian influenza (HPAI) on the farms in the Grahamstown, Camdeboo and Ikwezi Municipality Areas did not represent a spread of the disease, but was discovered through performing backward and forward tracing of movements of ostriches from the infected farms in the Blue Crane Route Municipality Area in the Eastern Cape Province.

It is also important to note that the three municipalities are all in the Western Region of the Eastern Cape Province.

Restocking on one farm in the Blue Crane Route Municipality Area commenced on 1 November 2004. All the necessary bio-security measures were put in place at this farm and the ostriches (sentinel birds) for restocking were obtained from flocks that had been tested twice in the preceding three months and found to be negative for avian influenza. The 1 000 sentinel birds (40–70 kg of body weight) remained under quarantine for six weeks and were retested on days 1, 15 and 29 after introduction. A strict restocking protocol was followed to the letter and strict biosecurity measures were adhered to.

The quarantine was lifted and the end of the outbreak was officially declared on 14 January 2005. Retesting of ostrich farms in the Eastern Cape Province has so far yielded negative results and the eradication campaign seems to have been successful.

Western Cape Province

On 13 August 2004, following the outbreak of avian influenza in the Eastern Cape Province, the national Directorate Animal Health issued an instruction to all provinces to conduct a national serological survey on avian influenza. During this countrywide survey, a number of suspicious results on serology were found in ostriches from 125 farms in the Western Cape Province. Thus far, all attempts at virus isolation or identification by PCR have been unsuccessful.

All suspicious ostrich farms were put under quarantine. All ostrich farms in the Western Cape Province were placed under restricted veterinary movement control measures in February 2005 to safeguard the animal health status of the rest of the country. Further surveillance is being conducted with the aim of declaring South Africa free of notifiable avian influenza, according to international guidelines.

Additional measures for South Africa

The department voluntarily stopped exports of potentially infectious and contagious poultry and poultry products from South Africa until the outbreak has been dealt with successfully. This precautionary measure has been taken to safeguard the international credibility of South Africa's agricultural industry. South Africa received a number of enquiries on those animals and animal products exported long before the outbreak and would like to assure its trading partners that most poultry and poultry products exported from South Africa, were exported long before the outbreak. Later on, after noticing that the disease affected only ostriches up to now, other poultry products, excluding ostrich products, could be traded on a compartment basis.

Countrywide surveillance is continuing.

PORCINE REPRODUCTIVE AND RESPIRATORY SYNDROME (PRRS) OUTBREAK

Serum samples from pigs in Kuils River in the Cape Flats area of the Western Cape Province tested positive for PRRS at the Onderstepoort Veterinary Diagnostic Laboratory on 10 June 2004.

PRRS had never been diagnosed in South Africa before, and thus was handled as a controlled animal disease. Immediate control measures were instituted, which included strict quarantine measures on the affected farm, movement controls, and limited controlled slaughter of pigs under strict biosecurity measures which included abattoir hygiene measures.

Initial limited surveillance revealed that the disease was present in several other piggeries in the Western Cape Province including a large number of backyard piggeries in the Cape Flats. Preliminary investigations regarding the possible source of the infection revealed the illegal feeding of uncooked swill to pigs being the most likely route of introduction of the disease into South Africa, with limited spread via aerosol within the affected areas.

An abortion storm occurred in the infected piggeries, with more than 30 % of all sows either aborting or having whole litters stillborn.

A rapid surveillance exercise was conducted. Back-tracing from infected properties throughout South Africa and enzyme linked immunosorbent analysis (ELISA) testing of samples, indicated that the disease seemed to be limited to the Cape Flats and to farms in the Malmesbury area.

It was decided to slaughter out the remaining animals on the known affected properties. An incentive was paid to the affected farmers to forfeit their animals to the state for controlled slaughter and was subject to an undertaking of thorough disinfection of the farms and delay of repopulation for at least six weeks after the last positive pig was removed from the area.

A total of 6 774 pigs from 47 infected farms (46 small farmers and one commercial unit) were slaughtered. At the beginning of October 2004 it was possible to finally lift the embargo on the sale and the movement of pigs in the area.

Follow-up serological surveys indicated new cases during December and quarantine was instituted once again. Slaughtering out of pigs on affected properties is currently under way and further movement control measures are being implemented to prevent the disease from spreading to the rest of the country.



South African Agricultural Food Quarantine and Inspection Service (SAAFQIS)

As South Africa's official inspection service for food products produced in the country, and entering or leaving its borders, the directorate directly contributes to the protection of animal, human and plant health and life. By ensuring the availability of products of acceptable international quality and health status, the directorate supports national food security and the growth of the sector through access to domestic, regional and international markets.

Apart from being a signatory member of all relevant international organisations, the directorate operates according to the following national Acts:



Eben Rademeyer
SENIOR MANAGER

- Agricultural Pests Act of 1983
- Agricultural Products Standards Act of 1990
- Plant Improvement Act of 1976
- Plant Breeders' Rights Act of 1976
- Liquor Products Act of 1989
- Genetically Modified Organisms Act of 1997
- Fertilizers, Farm Feeds, Agricultural Remedies and Stock Remedies Act of 1947
- Animal Protection Act of 1962
- Livestock Brands Act of 1962
- Livestock Improvement Act of 1977
- Veterinary and Para-veterinary Professions Act of 1982
- Animal Diseases Act of 1984
- Animal Improvement Act of 1998
- Meat Safety Act of 2000
- Animal Identification Act of 2002
- Animal Health Act of 2002

OBJECTIVES AND OUTPUTS FOR 2004/05

The directorate's work cut across all departmental strategic priorities and spanned the full agricultural value chain. This multifaceted function is evident in the objectives and deliverables set for the directorate during the year:

CASP: the directorate provide technical and knowledge support to the entire agricultural sector, particularly emerging farmers. This included assessing new cultivars and delivering diagnostic and analytical laboratory services, as well as quality management, inspection, audit and quarantine services.

NRS: the directorate safeguarded domestic markets and ensured access to global markets by ensuring that imports and exports of plant and animal products met national and international standards.

ACHIEVEMENTS

CASP

During 2004/05, the directorate introduced a total 746 new cultivars, mostly for traditional deciduous fruit crops such as apricot, cherry, peach and apple, via a closed quarantine evaluation system. The importation of these new sources of genetic material will enable researchers and breeders to contribute towards the continued competitiveness of the deciduous fruit and wine industries.

More than 33 323 plant health diagnostic procedures, covering the disciplines of Entomology, Nematology, Plant Pathology, Virology and Phytoplasmatology, were performed during the year. This resulted in the interception of a number of exotic insects and mite species.

Sound quality management is critical to ensure that emerging farmers have access to domestic and international markets. During the year, the directorate upgraded the Laboratory Information Management System (LIMS), with the aim of making it more user-friendly and extending performance measurement functionalities. Another advantage of upgrading the LIMS from version 3 to version 5 is that the latest version can interface electronically with the Wine Online System developed for liquor export certification administration. Testing of the upgraded system was completed and, pending a few minor systems adjustments, is ready for implementation.

The directorate's various animal quarantine offices handled a total of 199 902 266 tons of imported animal and meat products. In the case of exports, these offices handled 69 078 631 tons of animal and meat products.

NRS

This directorate's regulatory function provides an enabling environment for CASP and for national food security, in the form of the IFSNP. Our role is to ensure that the business and regulatory environment is conducive for agricultural development and food safety, while complying with international agreements and standards.

In the international arena, the directorate applies the principles set in relevant World Trade Organisation (WTO) agreements, specifically those on the application of sanitary and phytosanitary measures, the application of technical barriers to trade and the convention on biodiversity. We also subscribe to the standards of the International Plant Protection Convention (IPPC), Codex Alimentarius, the International Union of the Protection of New Varieties (UPOV), the International Seed Testing Association (ISTA), and other recognised bodies.

Accreditation of analytical laboratories

This was an important priority during the year in order to comply with European Union (EU) requirements for accredited analytical laboratory facilities for the monitoring of agro-chemical residue levels in or on regulated fresh agricultural produce exported to EU countries.

Implementation of the ISO 17025 standard in the directorate's analytical laboratories reached the stage where formal applications can now be logged at the South African National Accreditation System (SANAS) with a view to initiating the formal document review process pertaining to the Quality Manual.

The directorate's analytical laboratory in Stellenbosch plays an important regulatory role as it renders analytical laboratory services to support exports, imports and national trade control programmes for regulated agricultural products. During 2004/05, more than 2 260 regulated export samples were analysed for chemical residue, as the following table indicates:

TABLE 1: REGULATED EXPORT SAMPLES ANALYSED FOR CHEMICAL RESIDUE

Number of samples analysed	2 269
Number of samples with traces pesticides	1 325
Number of samples exceeded MRL	99

In addition, over 34 000 analyses were done for the purposes of wine certification, liquor exports and imports, and national trade control. These are known as core function analyses.

TABLE 2: CORE FUNCTION ANALYSES DURING 2004/05

Type of sample	Number of samples analysed
Wine certification	19 983
Liquor Export	12 989
Liquor Import	565
National trade control	997

National trade control

In terms of international obligations, import requirements cannot be more stringent than existing requirements for local markets. It is therefore imperative to tighten national controls to sustain import requirements.

During 2004/05, the directorate engaged in numerous national control surveys and audits. These were geared towards the sustainable management of natural agricultural resources and ecological systems, as well as ensuring access to safe and nutritious food and setting up proper government structures for effective regulatory services.

The golden cyst nematode detection survey is to be extended towards a delimiting survey in areas where the pest was detected.

The karnal bunt survey indicates steady spread of the pest around the Orange River/Vaal River irrigation areas but not to the extent that South Africa needs to uplift its free zone status in terms of the IPPC. The finalisation of the karnal bunt survey is expected during April 2005.

Serious transgressions occurred under the Liquor Product Act with a number of operations carried out with the South African Revenue Service and the South African Police Service. Problems experienced with bulk wine in foil bags are the addition of artificial sweeteners, sorbic acid exceeding the prescribed maximum and the dilution of wine. By the end of the year, these matters were still under investigation by the SAPS.

To facilitate imports and exports, the directorate continued implementing procedures to ensure that South Africa is able to comply with the IPPC's international standard for phytosanitary measures for regulating the treatment of wood-packaging material in international trade. A Standard Operating Procedure was drafted in January 2005 to standardise enforcement of the wood packaging regulations on imported wood packing material.

Imports

The Agricultural Pests Act of 1983 prescribes phytosanitary measures that should be complied with before consignments of regulated articles are allowed entry into South Africa.

The increase in trade and tourism has increased the risk of regulated articles being conveyed through air travel, either as hand luggage or cargo. To enhance domestic capacity to intercept controlled agricultural goods, the directorate launched a pilot project at Johannesburg International Airport, involving the deployment from October 2004 onwards of sniffer dogs. International flights are targeted, hand luggage is inspected and controlled goods are confiscated.

The presence of the beagles, coupled with existing inspection processes, has significantly reduced risks posed by pests, while also contributing to greater public awareness. During the last quarter of 2004/05, the canines intercepted 1 103 products from a total of 1 178 responses. The dogs' efficiency rate increased from 70 % at the start of the pilot project to 93 % in March 2005.

During the year, a large variety of produce from different countries was imported via sea containers. The main products were wood from Malaysia, rice from Thailand, honey and nuts from China, dates from Iran, kiwi fruit from New Zealand and Italy, garlic from Argentina and tobacco from Tanzania.

Import control is mainly executed by port of entry point control but due to lack of inspection facilities at most of the existing designated ports of entry, consignments are given an extended detention and are therefore inspected inland, mostly at the importer's premises. This situation will change as border control activities and infrastructure are strengthened.

During the year, 1 878 consignments were given extended detention by port officials and inspected inland, with 26 consignments intercepted for noncompliance with phytosanitary requirements.

In terms of liquor imports, the directorate conducted more than 770 visits, analysed 290 samples and handled 256 applications for exemption certificates.

TABLE 3: IMPORT CONTROL FOR LIQUOR PRODUCTS

	Consignments imported	Consignments approved	Consignments rejected
Bulk	441	439	6
Bottled	1 249	1 161	93
Number of visits	776		
Samples analysed	290		

Certificates issued for exemptions received: 256

Exports

Different export control functions were carried out to support increasing food trade and distribution, while improving income opportunities by minimising risks associated with regulated articles and ensuring compliance with international obligations.

Timber was the main focus of export inspections done by seaports. The timber is destined for China, Indonesia, Malaysia, Seychelles, Vietnam, Mayotte and Mauritius.

The focus on special programmes conducted with various countries is of utmost importance as they reflect on the ability of the South African National Plant Protection Organisation (NPPO) to reduce risk to levels acceptable to the importing country. The maintenance of special programmes is usually a precursor towards entering new markets.

Four inspectors from the United States Department of Agriculture were in South Africa doing pre-clearance export inspections on South African citrus exports. During the year, 13 shipments were made to the United States, consisting of a total of 6 006 042 cartons. The main reason for rejections was quarantine pest infestations, namely fruitfly, false codling moth, grain bugs and mealybugs.

Two Korean inspectors were also in South Africa to do preclearance inspections for the Korean programme. In total 428 125 cartons were exported. The main reason for rejections was quarantine pest infestations, namely false codling moth, mealybugs and scale insects.

Technical phytosanitary experts for export control from the People's Republic of China visited South Africa to evaluate orchards, packing facilities and systems for the export of citrus fruit to China. Orchards of five producers were approved.

The following table outlines the export controls taken in respect of liquor products.

TABLE 4: EXPORT CONTROL FOR LIQUOR PRODUCTS

	Number of applications received	Number approved	Number rejected
Bulk	2 372	2 269	103
Bottled	62 522	61 498	944



PROGRAMME 8

Communication and Information Management

AIM

This programme provides agricultural news and information services, manages international relations, and facilitates skills development and training of new and established farmers.

PROGRAMME STRUCTURE

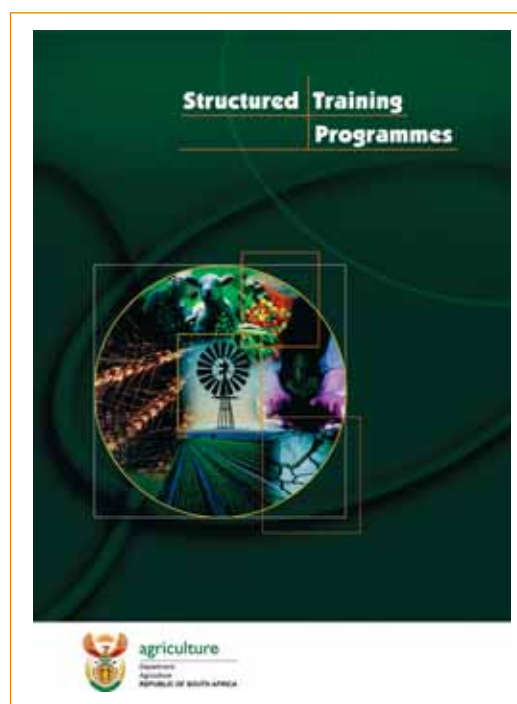
The programme comprises four directorates:

Agricultural Information Services provides agricultural news, information and communication services.

International Relations promotes and protects South African agricultural interests by facilitating, co-ordinating and supporting bilateral and multilateral agreements.

Education and Training facilitates the supply of appropriate skills to meet the skills requirements of the agricultural sector.

Grootfontein Agricultural Development Institute trains and develops new and established stockfarmers.



PROGRAMME OVERVIEW

The year under review saw this programme making a number of breakthroughs in skills development, black economic empowerment and international relations.

We played an important part in organising the launch of two major departmental initiatives. First was the launch, in July 2004, of the Agricultural Broad-based Black Economic Empowerment (AgriBEE) Framework. Then, in August, the Comprehensive Agricultural Support Programme (CASP) was launched to promote the commercial viability of emerging farmers and land reform beneficiaries. The Female Farmer of the Year awards competition was co-ordinated once again in October 2004 to give recognition and acknowledgement to the important role women play in agriculture. These awards, initiated in 1999, have encouraged many female farmers, especially black women, to enter the farming sector. The competition is aimed at a broad spectrum, including emerging and commercial farmers.

In international relations, the focus of 2004/05 was largely on consolidating the African agenda and strengthening South-South co-operation. This work resulted in significant achievements for the agricultural sector, notably the development of the Africa technical exchange programme, progress with the African Agricultural Development Programme (AADP), the lifting of the ban by the Chinese government on South African red meat products due to foot-and-mouth disease, and the assistance provided to the government of Mali in combating a locust plague outbreak in that country.

Considering the extremely high rate of illiteracy among many farmworkers, adult basic education and training (ABET) remained a priority during the year. In a development that will benefit 16 000 farmers a year for the next three years, the programme signed ground-breaking service level agreements with the agricultural sector education and training authority on the provision of ABET programmes. To improve the supply of high-level skills in the sector, the programme awarded 114 new bursaries to BEE candidates to undertake tertiary level studies.

The Grootfontein Agricultural Development Institute, which offers training to small-stock farmers, had an outstanding year. Enrolment rates reached their highest levels since the 1950s and the overall pass rate rose to 98 %. The institute also accelerated training for emerging farmers, of whom 282 were trained during 2004/05, which was well above the target set.

KEY OUTPUTS, INDICATORS AND TARGETS

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

Directorate	Output	Measure/indicators	Target	Status/comment
Agricultural Information Services	Informed commercial and emerging farmers	Number of agriculture-related radio broadcasts, publications and campaigns aimed at educating emerging and established farmers	By end March 2005	Eight agriculture-related radio programmes broadcast
			Monthly radio broadcasts on SABC and community radio stations	
			12 <i>AgriNews</i> publications	11 regular issues of <i>AgriNews</i> and one special edition published
			24 info packs	20 info packs published
			4 major campaigns	Nampo, Female Farmer of the Year Awards, World Food Day and 16 Days of Activism of No Violence Against Women and Children
International Relations	Strengthened agricultural relations in Africa	Number of bilateral visits undertaken	1 visit to every SADC country	Visits to nine countries completed. Swaziland, Mauritius and Seychelles still to be completed
Education and Training	Implementation of a bursary scheme for agricultural studies	Number of learners registered for agricultural studies	120 learners registered at different higher education institutes	164 learners registered at different higher education institutes
Grootfontein Agricultural Development Institute	Trained emerging farmers	Number of emerging farmers successfully trained	200 emerging farmers with 75 % pass rate	282 emerging farmers and 3 826 student enrolments for short courses. Pass rate: 98 %

Agricultural Information Services

The wealth of knowledge contained within the department would have little value if not shared with agricultural sector stakeholders, whose growth and viability depends increasingly on access to value-adding information. This directorate supports the development of knowledge-driven agriculture by providing agricultural information services, co-ordinating communication campaigns and events management including internal communication and rendering communication support services.



Steve Galane
SENIOR MANAGER

OBJECTIVES AND OUTPUTS FOR 2004/05

Effective communication is an enabler for all programmes within the department, hence the incorporation of the directorate's deliverables into all priorities set in the *Strategic plan* for the year under review.

ACHIEVEMENTS

CASP

The directorate assisted in organising and planning the launch of CASP, held in KwaZulu-Natal on 17 August 2004, with the Minister for Agriculture and Land Affairs as the keynote speaker. We then targeted all the key beneficiaries of CASP, emerging and established farm-

ers, through a wide range of communication channels, including exhibitions, youth day events, radio broadcasts and printed information packages.

The directorate organised and participated in an exhibition at the annual Nampo Harvest Day, held in Bothaville in May 2004. Organised by Grain SA, the event attracted 560 exhibitors, who collectively exhibited produce worth between R350 million and R400 million. The Department of Agriculture's exhibition focused on land care and natural resources management.

A number of information days and exhibitions were targeted specifically at emerging farmers. These events included the Limpopo Agricultural Show in September 2004, the launch of a multi-purpose community centre (MPCC) in Atteridgeville in November and a farmers' day held in Soshanguve in February 2005. Approximately 200 emerging farmers from Gauteng attended the Soshanguve event to learn about farming with groundnuts and bambara, both of which are crops that grow well in dry conditions. Other events in which the directorate participated were the World Wetlands Day exhibition, held in KwaZulu-Natal Province in February 2005. No departmental event was organised to celebrate Youth Day.

To assist extension officers and animal health technicians in training developing farmers, the directorate published 18 information packs on topics such as pig care, legal identification marks and causes of diseases in animals. We also published 27 booklets on topics such as agricultural credit for farmers, agricultural credit schemes and LandCare. Info packs were also provided to MPCCs in nine provinces.

IFSNP

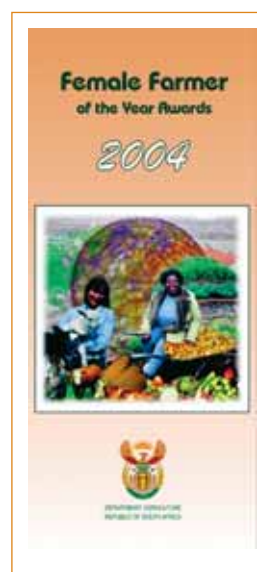
The directorate focused intensively on issues such as land degradation and water shortages, as these are among the leading causes of food insecurity. In June 2004, the directorate prepared a communication strategy for the Food Insecurity Vulnerability Information and Mapping System (FIVIMS), which was approved for implementation.

An exhibition was put up at the Agri-Food Expo, held at Gallagher Estate in Midrand from 18 to 20 July 2004. The directorate also helped arrange LandCare awareness days and workshops, and produced a special LandCare edition of *AgriNews*, the department's stakeholder newsletter.

World Food Day was celebrated on 16 October 2004 with a seminar on Biodiversity and Food Security, which coincided with the Female Farmer of the Year awards.

The directorate published two info packs on solar drying of fruit and vegetables and small-scale egg production, as well as flyers and brochures on genetically modified organisms. Info packs were also provided to MPCCs in all nine provinces.

Through special media releases and website material, the directorate ensured that the department's monthly weather reports and climate-change advisories were widely disseminated. No radio programmes were broadcast on the IFSNP because of a lack of capacity and funding.



AgriBEE

The department formally launched the draft AgriBEE Framework in July 2004, followed in September by the collation of comments on the draft framework. To raise awareness of the unfolding AgriBEE process, the directorate facilitated a series of radio programmes on AgriBEE during September 2004. These programmes were broadcast live from studios of the Government Communication and Information System (GCIS), in 11 official languages. Using the National Community Radio Forum satellite link-up, broadcasts were also made through 34 community radio stations. In total eight radio programmes were broadcast.

In addition, the directorate developed a special AgriBEE web page on the department's website, which was regularly updated to reflect the latest developments.

To highlight the role being played by women, particularly black women, in agriculture, the directorate co-ordinated nominations for the Female Farmer of the Year awards which included advertising the awards nationally in the media and organising the national awards ceremony. At the gala dinner held in Pretoria on 16 October 2004, the sector paid tribute to outstanding women farmers in four categories and two special awards. The overall winner was Ms Thamsanga Zimu from KwaZulu-Natal, who also received the award for Top Producer for National Markets. Other awards went to Ms Margaret Tshilande of Limpopo (Top Producer for Export Markets), Ms Selebaleng Ratshikana of North West (Top Producer for Informal Markets), and Ms Francina Gumede of Gauteng (Top Producer for Household Use). In addition, a new special award for Aspirant Young Female Farmer was made to Ms Lindie van Deventer of the Northern Cape and Ms Doret Smit of the Western Cape.

NRS

A departmental exhibition was planned and organised at the Royal Agricultural Show, held from 30 May to 3 June 2004 in Pietermaritzburg.

Although no radio programmes were broadcast on animal or plant health issues during the period under review, programmes will be broadcast on SABC and community radio stations from the 2005/06 financial year.

A campaign strategy was drafted for the distribution of information to MPCCs. Nine MPCCs were identified in the nine provinces and packaged information on animal diseases was distributed to them.

NRM

Whenever possible, the directorate saw to it that the departmental website was updated daily so as to ensure that stakeholders had access to the latest, most up-to-date information. All info packs, newsletters and other publications are available on the website.

Computerisation of library functions proceeded slowly because of insufficient capacity in the library. As soon as the newly appointed staff members have been trained, this process will be accelerated.

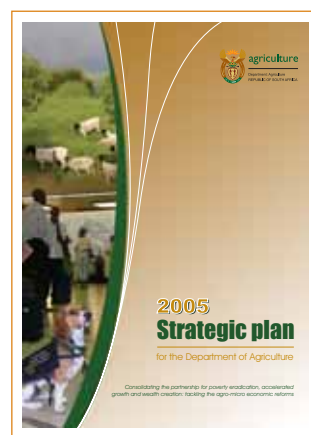
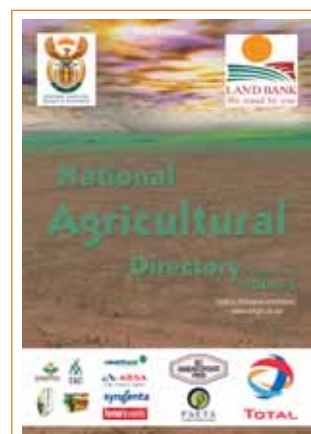
KIMS

User profiles were compiled by staff members in the Information Centre (library) and approximately 8 778 electronic searches were executed on the Sabinet, AGRIS and CABDirect databases to provide information to clients.

General

The directorate delivered on the following objectives as set out in the *Strategic plan*:

- In support of government's initiative to celebrate 10 years of democracy, the logo was featured on all exhibition material such as posters, banners and brochures, as well as other printed material. No targeted projects were, however, organised because of a lack of capacity.
- The *National agricultural directory 2004/05* was published and distributed to government departments, provincial departments of agriculture, agribusinesses, agricultural organisations and farmers. This directory contains valuable information of the agricultural sector and is a truly comprehensive national resource for agriculture.
- Eleven regular issues of *AgriNews*, the monthly external newsletter, and one special edition on LandCare were published and distributed to leaders in the agricultural sector, other government departments, Portfolio Committee members, the media and provinces. It featured articles on speeches by the Minister, departmental programmes and projects and success stories and experiences in all nine provinces.
- Although no communication forum meetings were held, a telephone conference system was used to communicate mainly with the provinces on communication issues.
- Five issues of *WezoLimo*, the internal departmental newsletter, were published and distributed to staff members.
- Approximately 7 975 publications were sold and more than 104 500 publications, including info packs and *AgriNews*, were distributed nationally and internationally.
- The *Annual report 2003/04* was published on CD and in print format, and was tabled in Parliament by 30 September 2004.
- The Agricultural Budget Vote exhibition was organised in support of the National Assembly Budget Vote in Parliament on 8 June 2004.
- Posters, brochures and nomination forms were developed for the Employee of the Year awards. However, the event was cancelled due to a lack of interest from staff members, despite repeated calls for participation.
- An internal event was organised to celebrate World Aids Day on 1 December 2004.
- Two brown bag seminars were held in November and December 2004 for staff members in support of the government campaign of 16 Days of Activism of No Violence Against Women and Children. Issues highlighted during these brown bag sessions were the Stigma involving HIV and Aids and substance abuse.
- DEXCO approval was obtained for the Internal Communication Strategy, which will be implemented in the department from 1 April 2005.



- The *Strategic plan 2005* was published and distributed and tabled in Parliament on 29 March 2005.
- A total of 38 media releases were issued during the period under review.

International Relations

South Africa's readmission to the global economy has brought significant benefits to the domestic agricultural sector through increased market access and export growth potential. It has also been accompanied by an expanded volume of work in developing bilateral and multinational relations with a greater number of countries and organisations, while managing a multiplicity of bilateral and multilateral agreements. A deliberate foreign policy objective for the

South African government has been the country's contribution to growth and development in Africa through participation in NEPAD.

The focus for the year was thus on strengthening and co-ordinating relations with Africa and on reinforcing South-South co-operation. This directorate's role is to co-ordinate the development of the country's International Agricultural Strategy and manage its international agricultural relationships in support of this strategy.



June Josephs
SENIOR MANAGER

OBJECTIVES AND OUTPUTS FOR 2004/05

Although the directorate's activities are externally focused, our work directly supports the department's strategic priorities and translates into direct benefits for the domestic agricultural sector.

ACHIEVEMENTS

Access to international markets is crucial for the growth of the domestic agricultural sector. During 2004/05, the directorate played a key role in negotiations aimed at removing access barriers and strengthening South Africa's South-South relations with countries such as Brazil, China and India.

The directorate was instrumental in persuading China to lift the ban on South African red meat, imposed after an outbreak of foot-and-mouth-disease. China's announcement on the lifting of the ban followed several meetings with the Chinese Ministry of Agriculture and the quarantine authorities. The year also saw the department concluding a citrus protocol with China, opening up a new market for South Africa's citrus fruit industry.

A memorandum of understanding was also concluded with China to facilitate regular discussions with that country on sanitary and phytosanitary matters. This memorandum provided for the establishment of a sanitary and phytosanitary committee, which has already started technical information exchange on the combating of avian influenza.

Agricultural ties with India and Brazil were strengthened when the Agriculture Working Group of the India-Brazil-South Africa (IBSA) trilateral was launched in Cape Town in February 2005. The next step is to arrange an IBSA conference, to be hosted by India, to set research priorities and work on a mechanism for prior consultation on trade issues. The three countries are also working together to establish a technical implementation committee for the IBSA fund pilot project on agriculture and livestock development in Guinea Bissau.

Through the attaché in Rome and management-level engagement, 2004/05 also saw an intensive and strengthened participation in the UN Food and Agriculture Organisation (FAO) committees and council. South Africa participated actively in the council meetings, as well as in debates around the future of the FAO and its workplan.

AgriBEE

Discussions were held at ministerial level between South Africa and Ethiopia on a joint co-operation project for processing leather skins and hides. The beneficiaries would be emerging farmers in South Africa working with tanneries in Ethiopia, particularly on making their leather-processing technologies accessible. Following these discussions, the directorate took part in a South Africa-Ethiopia technical visit and the Department of Trade and Industry commenced a feasibility study.

Opportunities for emerging cotton farmers and sharing of international best practice were pursued through the International Cotton Advisory Committee's Standing Committee, on which South Africa is represented.

AADP

A technical assistance and exchange programme has long been required as a delivery mechanism for South Africa's contribution to the NEPAD AADP. During the year, the directorate finalised the AADP model, ensuring that areas of technical assistance and principles for partnerships are clearly defined. This model thus provides a sound institutional framework for the department's work in Africa. The next step is to establish the trust that will consider project proposals.

In the mean time, technical assistance projects are continuing through the department's normal bilateral channels.

Among SADC countries, bilateral engagements took place with Angola, Malawi, Lesotho, Democratic Republic of Congo (DRC), Mozambique, Namibia, Tanzania, Zambia and Zimbabwe. Significant work has been done with the DRC, with two agricultural bilateral visits taking place. A multidisciplinary departmental team visited DRC following the Presidential Task Team where the areas of co-operation were agreed on, including assistance with the restructuring process. The Chief Operations Officer led a second delegation to the DRC to provide assistance in the restructuring workshop, in which the DRC Ministry of Agriculture is a key player.

In Mozambique, follow-up action was undertaken to implement the action plans devised under the bilateral agreement between South Africa and Mozambique in the area of agricultural co-operation. Projects for implementation were prioritised and a joint mission was undertaken to the African Development Bank in Tunisia to raise funds and to lobby for technical assistance. The Bank agreed to this support and undertook to favourably consider joint projects. Project areas are being further developed into project proposal documents. Furthermore, the directorate participated in the broader interdepartmental delegation of the Joint Commission to Mozambique. The Minister also led a group of investors to a Joint Investment Promotion conference held in Moamba on the border between South Africa and Mozambique.

Other AADP-related initiatives

- Hosting Lesotho officials who visited South Africa to study the domestic fruit and vegetable industry. This focused on the full industry value chain, the sanitary and phytosanitary regime, inspection systems and marketing and distribution.
- Hosting a grain marketing study tour for Zambia.
- Facilitating Ministerial-level participation in Dakar Agricole and processing the Senegal Africa Bilateral Agreement.
- Facilitating a tour of Western Cape fruit farms and fruit processing plants by an Angolan delegation led by that country's Prime Minister.
- Continued advice and support to African-Caribbean-Pacific (ACP) countries in preparation for ACP EU Trade Agreements.

R&D

As part of the IBSA trilateral arrangement, the three countries explored research collaboration. This was raised by Brazil at the IBSA Trilateral meeting in Cape Town. India has agreed to host a conference to set joint research priorities.

KIMS

The Multilateral Strategy workshop was held, with the aim of developing a department-wide perspective on the scope and ambit of various components of multilateral work in conventions and standards-setting bodies. A follow-up workshop is planned for 2005/06 so that the strategy can be finalised.

The directorate published the *A-Z of African agriculture* as a resource booklet, which profiles agriculture and demographic information of African countries, for government and industry stakeholders.

NRM

During the year, the FAO's committees on Fisheries and Forestry met in Rome, culminating in the Rome Declaration on Fisheries and the Tsunami outcome. South Africa's attaché in Rome facilitated the country's participation.

Education and Training

Skills development and the broadening of access to agricultural education and training at all levels are critical success factors for the growth and transformation of the agricultural sector. Currently, only 2 % of Africans and Coloureds employed in the sector have matric or a higher qualification, highlighting the need for fast-tracked training equity.



Mkhululi Mankazana
SENIOR MANAGER

OBJECTIVES AND OUTPUTS FOR 2004/05

Skills development is needed across the agricultural value chain and throughout the sector, but particularly among new and emerging farmers and food-insecure communities. Thus, the directorate's deliverables for the year placed great emphasis on supporting CASP, IFSNP and AgriBEE.

ACHIEVEMENTS

CASP and IFSNP

An adult literacy breakthrough was reached when the directorate concluded service level agreements that will see 16 000 farmworkers a year receiving training in adult basic education and training (ABET). Major funding for the project will come from the AgriSETA, formerly known as the Primary Agricultural Education and Training Association (PAETA) and the Sector Education and Training Authority for Secondary

Agriculture (SETASA). The department, through its AgriBEE human resources development fund, will support ABET in the sector through a partnership agreement with AgriSETA. A second agreement was signed for the development of training manuals focused on best practices in farming.

To date, a total of 12 farming qualifications, ranging from NQF level one to five, have been developed in partnership with the sector education and training authority.

The directorate made good progress in preparing a report on the status of training conducted in enterprises registered with sector education and training authorities. Part one of this report was approved by the Agricultural Sustainable Rural Development Committee for tabling to the Department of Labour. The second part of the report, which will focus mainly on the emerging sector, is due to be released in August 2005.

A second report, consisting of a sector trends analysis, was referred back to the Human Sciences Research Council for further analysis. The final draft, comprising a 10-year review, is expected at the end of May 2005.

Another training deliverable for the year was a packaged skills programme for the department's personnel. A Workplace Skills Programme was approved by the department and submitted to the PAETA and to the Public Service Sector Education and Training Authority (PSETA). A total of 1 062 departmental officials completed skills programmes, also known as short courses. Another 20 officials completed various international training programmes, funded through bilateral and multilateral agreements. In addition, the directorate has developed a manual on available structured training programmes offered by various public institutions for the benefit of the emerging sector. The manual is available on the departmental website and intranet.

The launch of the Agricultural Education and Training (AET) Strategy was postponed to the end of September 2005 due to technicalities of implementing the strategy. The strategy for training, recruitment and retention of veterinarians was handed over to the Interdepartmental Technical Committee for Agriculture (ITCA) working group on Veterinary Services and the working group on Human Resources Management and Development for further discussion and processing.

AgriBEE

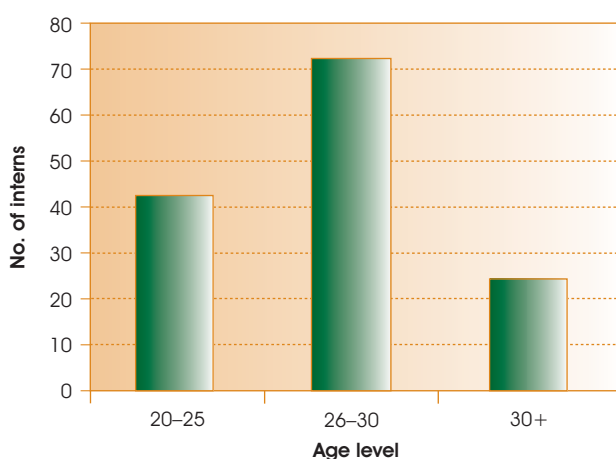
The directorate contributed to empowerment through the external bursary scheme, the policies on youth and women in agriculture, and the Experiential Learning and Internship Programme.

The Internship Programme was initiated to enhance employment opportunities of unemployed graduates and to afford learners at tertiary institutions the opportunity of practical work experience as a requirement in obtaining their degrees and diplomas. The recruitment process included the advertisement of vacancies in the major national newspapers, screening of applications and the selection and placement of successful candidates at various directorates in the department. Interns received orientation training by their individual directorates and attended generic training courses to equip them for the workplace. Monthly reports were submitted to monitor and evaluate their progress.

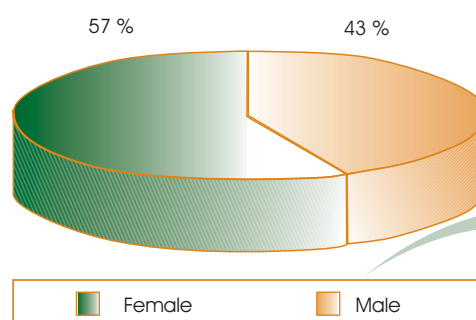
The first cycle of the programme was concluded at the end of July 2004. Out of a total of 96 interns placed in various directorates at the beginning of August 2003, a total of 46 had secured jobs by the end of their contracts in 2004. All the interns were awarded certificates of participation.

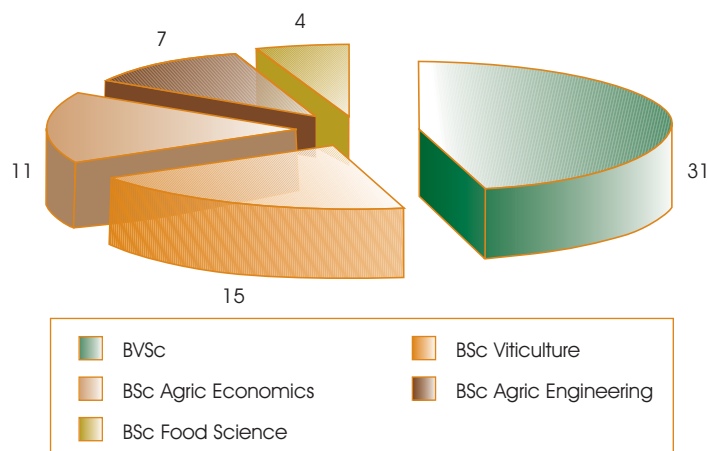
The second cycle began with an intake of 138 interns in August 2004 (79 were black females, 59 black males and no disabled person). A detailed report on the internship programme was presented to the Employment Equity and Transformation Forum. A total of 44 interns have resigned. Out of those who resigned, 38 have found jobs while the other six are furthering their studies on a full-time basis. A total of 101 interns successfully completed a Certificate in Project Management at NQF level 04 from the University of South Africa.

BREAKDOWN OF INTERNS PER AGE CATEGORY



BREAKDOWN OF INTERN BENEFICIARIES IN TERMS OF GENDER (AUGUST 2004)



LEARNERS REGISTERED FOR BSc DEGREES, $n = 68$ 

The aim of the external bursary scheme is to develop people outside the department in agriculture-related disciplines, especially young people from the previously disadvantaged groups. As part of this scheme, a total of 114 new bursaries were awarded to learners at higher education institutions for 2004/05, bringing the total number of learners enrolled to 164. In all, 199 learners are benefiting from the bursary scheme. In addition to the awarding of the bursaries an annual report on the training of departmental officials in 2003 was submitted to PSETA and PAETA.

The directorate developed the Policy on Youth Involvement in Agriculture. At the request of top management, the policy is being revised to incorporate products and services that the department will provide to the youth. A draft policy framework on Women Involvement in Agriculture was developed and approved. The next step will be the tabling of the draft policy at ITCA, in preparation for discussion with the provinces.

A plan to transform colleges of agriculture into the Further Education and Training sector was approved by DEXCO. A progress report on the college transformation process was forwarded to ITCA, Provincial Heads of Departments and Association of Principals of Agricultural Colleges (APAC).



Tino Herselman
ACTING SENIOR MANAGER

Grootfontein Agricultural Development Institute

Small-stock farming is the core expertise of the institute, which provides formal and informal training to the youth and previously disadvantaged small-stock farmers. The institute has also built a knowledge base that supports the profitability and sustainability of the small-stock sector and enhances natural resources management in small-stock producing areas.

OBJECTIVES AND OUTPUTS FOR 2004/05

Since the youth and previously disadvantaged farmers are the institute's key customers, most of our deliverables for the year were linked to CASP. Two other priorities were R&D and KIMS.

ACHIEVEMENTS

CASP

During 2004/05, the institute presented 103 accredited short courses with a total student enrolment of 3 826, as well as 19 skills development courses with 399 students, of whom 282 were emerging farmers. This was well above the target of 200 set for the training of emerging farmers.

The institute achieved an exceptionally high pass rate of 98 % during the year. This was mainly due to the modular approach, meaning that the curriculum is presented in the form of separate short courses, and the high standard of tuition. During the annual diploma ceremony, 29 students received the Higher Certificate in Agriculture and 26 students the Diploma in Agriculture. The winner of the national John Deere award for 2004 was Louis Hugo, a student at the institute, who was chosen from 2 600 students nominated by 11 colleges of agriculture.

Student numbers continue to rise, as a result of a concerted marketing campaign and the institute's status as an accredited tertiary education institution. For the 2005 academic year, the institute attracted a record number of full-time students – higher, in fact, than at any time since the 1950s. Enrolments among previously disadvantaged communities increased by 23 % compared to the previous year, as a result of targeted marketing in the sheep and goat-producing areas.

Good progress was made with a project to establish group-breeding schemes for woolled sheep in 16 different communities in the communal areas of the Eastern Cape. The project aims at empowering these communities to breed high-quality rams for own use and neighbouring communities. The project is part of a bigger woolled sheep improvement project of the Eastern Cape Department of Agriculture and the National Wool Growers' Association (NWGA).

During the year, officials from the institute gave talks at 63 information days and approximately 2 750 farmers attended. A total of 62 % of farmers attending these days were from previously disadvantaged groups.

R&D

During the reporting period, a research project monitoring the impact of the NWGA woolled sheep improvement initiative gained further momentum through progeny testing. This was conducted in four communities in the communal areas, as well as four commercial farms.

The research projects for the development and evaluation of adapted sheep and goat genotypes, as well as new breeding procedures to enhance sustainable natural resources management and use and projects to investigate other problems experienced by the small-stock industries, made good progress.

The institute published two scientific and seven popular articles and presented 23 papers at national and international scientific congresses as part of the R&D programme. Three radio talks and two television inserts were also broadcast during the year. Excellent co-operation and financial support were obtained from all three small-stock industries, namely the red meat, wool and mohair industries.

KIMS

The institute's website was further developed and all post-1990 scientific publications can now be accessed electronically. The titles and objectives of all the research projects are listed and students can also access their examination results from the website. The website address is: <http://gadi.agric.za>



PROGRAMME 9

Programme Planning, Monitoring and Evaluation

AIM

This programme facilitates strategic and operational planning within the department and also co-ordinates projects.

PROGRAMME STRUCTURE

The programme consists of two directorates:

Programme Planning supports the department in strategic and operational planning and provides centralised project management services for the department.

Monitoring and Evaluation monitors and evaluates the impact of departmental policies.

PROGRAMME OVERVIEW

The scope and scale of the department's mandate, and its far-reaching impact on the agricultural sector and the broader economic impact, necessitates a single point of contact and control for all project planning, co-ordination and management. The programme fulfils this role, thereby ensuring that the department delivers the right services to the right stakeholders, at the right time, at the right level and according to budget.

KEY OUTPUTS, INDICATORS AND TARGETS

Measurable objective: Support the design and monitor the implementation of the department's strategic plan to ensure improved organisational performance.

Directorate	Output	Measure/indicators	Target	Status/comment
Programme Planning	Project management framework, strategic and operational plans	The change in organisational performance as a result of timeous strategic and operational plans and enforcing the project management approach to all	All departmental programmes have approved strategic and operational plans	A standardised template was used in compiling all operational plans. Operational plans posted on intranet
			All projects are properly managed by March 2005	Project management information system acquired
Monitoring and Evaluation	An information-tracking and monitoring system	The change in access to information to monitor service delivery	A cost-effective agricultural information tracking and monitoring system developed and used in all programmes by March 2005	Performance measures against departmental priority areas were developed and approved



Amanda Shokane
SENIOR MANAGER

Programme Planning

In order to achieve improved service delivery, all departmental strategic priorities need to be aligned and centrally co-ordinated. Programme and project planning plays a pivotal role in facilitating this process.

OBJECTIVES AND OUTPUTS FOR 2004/05

Below are the major contributions by this directorate in supporting the department to deliver on its priority programmes as captured in the department's *Strategic plan*.

ACHIEVEMENTS

CASP

During the period under review, the project management system was procured. This was preceded by the drafting of tender specifications, adjudication and awarding of a tender to the service provider. It is envisaged that the system will be piloted and utilised in various programmes during 2005/06.

The directorate forms part of the CASP Programme Management Unit. Before and after CASP was launched in August 2004, the directorate ensured and maintained project management support within the department by consolidating project data and information on all projects that are supported by the department.

As a critical starting point, the directorate validated and verified all project data and then collated the data onto a comprehensive CASP project database. The preliminary compilation of this database was completed on 31 July 2004, in time for the official CASP launch.

As an immediate next step, the directorate facilitated the completion of CASP implementation guidelines, covering each of the six pillars of CASP. Different Intergovernmental Technical Committee task teams were established that compiled these guidelines. During 2004/05 the on and off-farm infrastructure guidelines were completed, followed by the phasing in of guidelines for the other five pillars, namely information and knowledge management, technical and advisory assistance, training and capacity building, market and business development, and regulatory services. This will be the output for the 2005/06 financial year.

In October 2004, the directorate led a review of CASP implementation to date. The cluster leaders reported on progress and cost-drivers and heads of departments committed themselves to providing detailed business plans for the CASP roll-out in 2005/06. The National Treasury, which participated in the review, underlined the importance of adhering to the fiscal framework, given the R750 million allocated to CASP in the provinces over the three years to March 2007.

Pertaining to CASP implementation, a second progress review session was held at the end of January 2005, where the national assessment panel assessed CASP and LandCare business plans from the provincial departments of agriculture. The assessment team, of which this directorate forms part, agreed on the way forward and the implementation strategy as outlined in the business plans for the financial year 2005/06.

The outcome of the assessment forum was that the final business plans were due to be submitted on time and be approved by the Minister on 23 March 2005.

IFSNP

The directorate was also instrumental in the process of aligning programme structures of the provincial departments with those of the National Treasury's intergovernmental fiscal review process. The successful implementation of a uniform programme structure that reflects government contributions at provincial and national spheres of government was the result.

KIMS

The strategic and operational framework was developed and approved by DEXCO. This framework was workshopped to all programmes and directorates. Although some directorates have implemented the framework, there is a need to ensure that all directorates comply to it.

With regard to the *Strategic plan*, the directorate consolidated departmental inputs. As an implementation framework for the strategic outputs, various programmes were encouraged to develop operational plans emanating from the strategic outputs. Operational plans were then generated by each programme, reflecting the department's strategic outputs.

Apart from the consolidation of *Strategic plan* inputs, the directorate played an important role in ensuring that the key programmes that are set by the department are supported accordingly.

Monitoring and Evaluation



Mogokare Seleke
SENIOR MANAGER

To monitor service delivery in the department, an information monitoring and tracking system needs to be in place and used in all programmes. This directorate plays an essential role in monitoring the implementation of the department's Strategic plan to ensure improved organisational performance.

OBJECTIVES AND OUTPUTS FOR 2004/05

Although the directorate will only be fully operational in the 2005/06 financial year, performance measures against departmental priority areas were developed and approved. The key deliverables for the year were linked to AgriBEE and KIMS. Certain intended outputs could not be achieved, because of a lack of capacity during 2004/05.

ACHIEVEMENTS

KIMS

The building blocks for establishing a performance management strategy have been developed over a period of two years. These building blocks are key performance areas, strategic objectives, key priority areas and outcomes. In developing a performance measurement strategy, the intention is to use key priority areas as our starting point, because these can be used as intermediate outcomes to be achieved within three to five years.

The approved key result areas reflect departmental programmes and an overview of the departmental budget and budget trends, a summary of high-level deliverables per quarter (extracted from operational plans at programme level) and presented in relation to each of our strategic priorities. This reflects the manner in which the different programmes contribute to strategic priorities.

AgriBEE

In keeping with the commitment to establish organisational excellence, the department commissioned a sector-wide client survey and initiated a systematic approach to internal self-assessment based on the guiding principles of the excellence model. The client survey was instrumental in confirming the products and services provided by the department and also indicated that the department was still on course with its priorities.



PART 3

**Report of
the Audit
Committee**

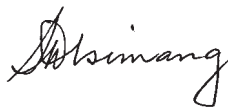
REPORT OF THE AUDIT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2005

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 that 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.



Mrs F.N. Msimang

CHAIRPERSON



PART 4

Annual financial statements

**DEPARTMENT OF AGRICULTURE
VOTE 26**

**ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2005**

Report of the Accounting Officer	135
---	-----

Reports of the Auditor-General	145
---	-----

Financial statements

Departmental (Vote 26)

Accounting policies	147
Appropriation statement	153
Notes to the appropriation statement	168
Statement of financial performance	171
Statement of financial position	172
Statement of changes in net assets	173
Cash flow statement	174
Notes to the annual financial statements	175
Disclosure notes to the annual financial statements	184
Annexures	187

Agricultural debt account

Balance sheet	206
Income statement	207
Statement of changes in equity	208
Cash flow statement	209
Notes to the annual financial statements	210

**DEPARTMENT OF AGRICULTURE
VOTE 26**

**REPORT OF THE ACCOUNTING OFFICER
for the year ended 31 March 2005**

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 policy decisions and strategic issues

Farmer support and advisory services have not kept pace with the disbursement of land grants due to a lack of resources being directed towards those activities. To rectify the situation the department introduced the Comprehensive Agriculture Support Programme (CASP) and by doing so provided post settlement support services to targeted beneficiaries. The provincial departments of agriculture were mandated to implement CASP and an amount of R200,0 million was allocated for this purpose during 2004/05. An amount of R750,0 million is earmarked for this programme over the relevant MTEF period.

1.2 Significant events that have taken place during the year

- During the latter half of June 2004, a foot-and-mouth disease (FMD) outbreak was confirmed in the Limpopo Province and the department was compelled to institute immediate actions in order to contain the disease as well as to prevent the spreading thereof outside the "red line" buffer zone and thus endanger the country's FMD-free status. After spending an amount of R57,6 million, the department and its partners, the relevant provincial department of agriculture, the South African Police Service, the South African National Defence Force and certain local authorities, successfully contained the disease.
- At the beginning of August 2004, avian influenza was detected on two of 15 ostrich farms in the Middleton area of the Somerset East municipal area. More than 1 000 out of a total of 9 000 ostriches died and the drastic step to slaughter the remainder thereof had to be taken in order to prevent the spreading of the disease. Furthermore, veterinary officials from the provincial departments as well as officials from the South African Police Service, the South African National Defence Force and the Department of Health were called upon to assist with the set up of roadblocks and the slaughtering of all ostriches and poultry in the area. The disease was successfully contained at a total cost of R41,7 million.

1.3 Project planning during the year

• AgriBEE

In order to improve equitable access to and participation in agricultural opportunities, deracialise land and enterprise ownership as well as unlocking the full entrepreneurial potential in the sector, the department, in collaboration with other agriculture stakeholders, developed the AgriBEE framework. The process will culminate in an AgriBEE charter before the end of 2005.

• Agricultural Credit Scheme

This scheme is a government intervention to spread micro-credit and saving services to economically active, poor rural people and households, small farmers and agribusinesses. The scheme will contribute to stimulating the extension of financial markets and economic growth; improving national food security; increasing employment in the rural areas; and reducing poverty and inequalities in land and enterprise ownership. The department will administer the scheme in collaboration with financial institutions which will provide technical, management, advisory and outreach support. Funds accumulated in the agricultural debt account (please refer to paragraph 12.1 and 12.2 of this report) will be utilised to fund the scheme. An amount of R150,0 million has been allocated in the 2005/06 financial year for this purpose, R200,0 million in 2006/07 and R250,0 million in 2007/08.

1.4 Budget allocation

Main estimate
Plus: Adjustments estimate
Total amount appropriated
Less: Actual expenditure
Surplus

R'000

1 306 228
143 163
1 449 391
1 386 841
62 550

**DEPARTMENT OF AGRICULTURE
VOTE 26**

**REPORT OF THE ACCOUNTING OFFICER
for the year ended 31 March 2005**

	R'000	R'000
1.5 Actual expenditure		
• In terms of input cost:		
Compensation of employees	306 469	
Goods and services	216 970	
Transfers and subsidies	761 906	
Payment for capital assets	100 559	1 385 904
• In terms of programmes:		
Programme 1: Administration	169 838	
Programme 2: Farmer Support and Development	330 044	
Programme 3: Agricultural Trade and Business Development	26 759	
Programme 4: Economic Research and Analysis	16 108	
Programme 5: Agricultural Production	368 496	
Programme 6: Sustainable Resources Management and Use	143 219	
Programme 7: National Regulatory Services	246 666	
Programme 8: Communication and Information Management	83 405	
Programme 9: Programme Planning, Monitoring and Evaluation	2 306	1 386 841
	2004/05	2003/04
1.6 Spending trends		
• In terms of input cost as a percentage of total actual expenditure:		
Compensation of employees	22,1 %	23,5 %
Goods and services	15,6 %	18,2 %
Transfers and subsidies	54,9 %	52,7 %
Payment for capital assets	7,3 %	5,5 %
• In terms of programmes as a percentage of total actual expenditure:		
Programme 1: Administration	12,2 %	13,3 %
Programme 2: Farmer Support and Development	23,8 %	24,0 %
Programme 3: Agricultural Trade and Business Development	1,9 %	1,9 %
Programme 4: Economic Research and Analysis	1,2 %	1,2 %
Programme 5: Agricultural Production	26,6 %	26,9 %
Programme 6: Sustainable Resources Management and Use	10,3 %	10,4 %
Programme 7: National Regulatory Services	17,8 %	15,3 %
Programme 8: Communication and Information Management	6,0 %	6,9 %
Programme 9: Programme Planning, Monitoring and Evaluation	0,2 %	0,1 %
• In terms of total actual spending as a percentage of the total appropriated amount:	95,7 %	94,2 %
• If specific services rendered by the department are analysed in terms of actual spending, the following spending trends come to the fore: South African agricultural food, quarantine and inspection services amounted to R75,8 million or 5,5%; animal health to R30,1 million or 2,2% (excluding disease combat-ing); food safety and quality assurance to R30,1 million or 2,2%; water use and irrigation development to R49,4 million or 3,6%; land use and soil management to R45,8 million or 3,3%; scientific research and development to R15,7 million or 1,1%; capital works to R36,9 million or 2,7%; comprehensive agri-cultural support programme to R200,0 million or 14,4%; LandCare to R46,8 million or 3,4%; member-ship fees to international organisations to R13,0 million or 0,9%; the Agricultural Research Council to R342,1 million or 24,7%; the National Agricultural Marketing Council to R10,6 million or 0,8%; and the combating of foot-and-mouth disease and avian influenza, respectively to R57,6 million or 4,2% and R41,7 million or 3,0%.		

**DEPARTMENT OF AGRICULTURE
VOTE 26**

**REPORT OF THE ACCOUNTING OFFICER
for the year ended 31 March 2005**

1.7 Underspending

An amount of R62,550 million or 4,3 % of the total appropriation of R1 449,4 million was not spent by the department. The underspending can be attributed to certain LandCare contracts not being finalised in time, vacancies not filled timeously which also had a carry-through effect on spending on administration, inventories and equipment, invoices not submitted timeously as well as computer contracts not renewed in time. Because the phasing in of Programme 9: Programme Planning, Monitoring and Evaluation is as yet not finalised, spending was less than provided for.

1.8 Departmental receipts

An amount of R87,3 million was provided for departmental receipts in the Adjustments Estimate for 2004/05. However, an amount of R100,6 million was received. The deviation of R13,3 million resulted from drought relief funds paid back to the department by the provincial departments of agriculture of Limpopo and Mpumalanga.

2. Services rendered by the department

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

- Registration of co-operatives
- Provide information regarding trade matters
- Reporting on trade matters
- Issuing of import and export permits in terms of free trade agreements
- Food price monitoring
- Monthly crop forecasts for summer grains and winter cereals
- Quarterly estimate of livestock numbers
- Food balance sheets to monitor food security issues
- Calculation of food utilisation
- Economic performance of the sector
- Economic trends for the sector
- Commodity statistics
- Farm profiles and sector demographics
- Statistical publications
- Quarterly reports on the Economic Review
- Publication of industry brochure (maize and wheat)
- Report on the Medium Term Economic Review of the Agricultural Sector
- National Computerised Record System for Farmers (Micro-Finrec)
- Import/export of genetically modified organisms (GMOs)
- Contained use of genetically modified organisms
- Issues of GMO status certificates
- Registration of facilities
- Registration as inseminators, collectors, transplanters and invocators
- Registration of premises as a centre
- Approval of an animal to donate genetic material
- Authorise the import of an animal/genetic material into the RSA
- Authorise the export of an animal/genetic material from the RSA
- Issuing of a plant export certificate
- Variety listing
- Regulate the subdivision of agricultural land
- Control migratory pests
- Eradication of invasive weeds
- Drilling of boreholes
- Construction of key soil conservation works
- Construction of access roads for fire prevention
- Issuing of import permits (plants)
- Registration and approval of production units and packhouses for export of fresh fruit

**DEPARTMENT OF AGRICULTURE
VOTE 26**

**REPORT OF THE ACCOUNTING OFFICER
for the year ended 31 March 2005**

- Develop early warning systems for the detection of exotic pests
- Issuing import/export permits (animals)
- Registration of brands
- Combating animal diseases (such as foot-and-mouth disease and avian influenza)
- Inspections at official ports of entry
- National plant and plant product inspections
- Plant quarantine and plant health diagnostic services
- Animal quarantine and diagnostic services
- Analytical laboratory services with regard to agricultural products
- National inspection services on plants and propagating material
- Export certificates for liquor products
- Export exemption certificates
- Import certificates for liquor products
- Meat inspection at export abattoirs
- Registration of fertilisers, farm feeds, agricultural remedies or stock remedies
- Allocation of external bursaries
- Education to and training of new entrants
- Soil, water and plant analysis

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 and approved by the National Treasury. In terms of departmental policy, tariffs are adjusted annually to further phase in cost recovery in full for services rendered.

2.3 Free services

Free services are rendered by the Directorate: Water Use and Irrigation Development as far as the drilling of new boreholes, the rehabilitation of existing boreholes, construction of key soil conservation works and the construction of access roads for fire prevention are concerned. The cost of these free services is as follows:

	<u>R'000</u>
• Drilling of new boreholes/rehabilitation of existing boreholes (KwaZulu-Natal, Kgalagadi, Lephalale, Mogalakwena, Sekhukhune, Limpopo, Qwa-Qwa)	6 847
• Construction of key soil conservation works (Elukwatini, Engcobo, Sekgopo, Sigeni)	3 768
• Construction of access roads for fire prevention (Rust de Winter)	<u>47</u>
	10 662

2.4 Inventories

The following inventories are listed in note 5.2 to the annual financial statements:

	<u>R'000</u>
Domestic consumables	3 424
Agricultural consumables	5 963
Learning and teaching support material	77
Food and food supplies	1 963
Fuel, oil and gas	8 791
Laboratory consumables	2 651
Other consumables	670
Parts and other maintenance material	8 420
Stationery and printing	11 496
Veterinary supplies	8
Medical supplies	<u>10</u>
	43 473

3. Utilisation of donor funds

The European Union has made an amount of R5,17 million available for the SA Pesticides Initiative Programme (SA PIP).

**DEPARTMENT OF AGRICULTURE
VOTE 26**

**REPORT OF THE ACCOUNTING OFFICER
for the year ended 31 March 2005**

Exports of horticultural produce, including fresh citrus fruit, table grapes, deciduous fruit, subtropical fruit, vegetables, flowers, nuts and processed fruit (canned pineapples, juice, dried fruit and wine) to the European Union (EU) represent one of the RSA's main export sectors with a total value of approximately EUR 740 million. The RSA is highly dependent on this market as 70–75% of the total exports of horticultural products are destined for this market. Due to its agro-climate, the RSA has a major insect problem which requires the use of large quantities of insecticides. According to current EU regulations, some 400 chemical compounds are to be effectively withdrawn from use on export crops. The EU has made an amount of R5,17 million available to the RSA via the RDP Fund in order to assist exporters in complying with the Maximum Residue Limit (MRL) for food safety and consumer protection, in particular related to pesticide regulations. The Perishable Produce Exports Control Board (PPECB), as well as the SA Bureau for Standards, is the only accredited local laboratories with the capacity to conduct the MRL trials and pesticide residue analysis acceptable by the EU. PPECB, being the RSA's official certification agency for exports, has been awarded this amount to conduct the necessary research in order for exporters to comply with the stringent requirements of the EU.

4. Capacity constraints

Competent and qualified personnel are not always readily available and the personnel turnover in the department can be classified as high. Out of an establishment of 3 351 posts, more than 800 posts were vacant on 31 March 2005. In order to rectify the situation, a retention policy is being developed and a policy on employee assistance implemented. Human resources management is also being revisited in order to fine tune the delegations and thus streamline the total process of advertisements, appointments and promotions.

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 sectors. 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 to its board and the Minister of Agriculture 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 on agricultural marketing policies. The council is accountable to its chairperson and board and to the Minister of Agriculture in her capacity 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 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 of Agriculture.

**DEPARTMENT OF AGRICULTURE
VOTE 26**

**REPORT OF THE ACCOUNTING OFFICER
for the year ended 31 March 2005**

- Ncera Farms (Pty) Ltd (national government business enterprise and listed in Schedule 3: Part B).

Ncera is a public company and the department is the sole shareholder. The purpose of the company is to assist small and emerging farmers through various services such as advice, extension services and others. The board is accountable and reports to the Minister of Agriculture as the executive authority.

5.1 Payments to public entities:

Entity	Budget R'000	Actual R'000
Land Bank*	–	–
ARC	342 144	342 144
NAMC	10 601	10 601
OBP*	–	–
PPECB*	–	–
Ncera Farms	2 240	2 240

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

6. Transfer payments made

	Voted R'000	Actual R'000
• Kalahari East Water Board	19	9
• Mankwe Financial Services Cooperative	30	30
• Qudeni Financial Services Cooperative	6	6
• Nkandla Financial Services Cooperative	12	12
• Ngavuma Financial Services Cooperative	10	10
• Financial Co-op SA (FICOSA)	1 000	1 000
• Comprehensive Agricultural Support Programme (PDAs)	200 000	200 000
• Ncera Farms (Pty) Ltd	2 240	2 240
• Drought relief (PDAs)	100 000	100 000
• National Red Meat Producers' Organisation	185	185
• Cotton industry	645	645
• Fruit industry	250	250
• Poultry industry	250	–
• National Agricultural Marketing Council	10 601	10 601
• National African Farmers' Union	500	–
• Grain Industry Project Management	300	–
• International Conference of Agricultural Economists	131	130
• Food and Trees for Africa	80	80
• Water Research Commission	500	500
• Eskom	44	32
• Porcine respiratory and reproductive syndrome	2 000	2 000
• SA Wine and Vine Association	284	278
• Avian influenza	36 271	36 270
• Public Service Education and Training Authority	361	360
• Agricultural Research Council	342 144	342 144
• LandCare Programme	43 800	43 800
• International Dairy Federation	20	20
• Office International des Epizooties	1 548	1 547
• International Seed Testing Association	62	62
• Organisation for Economic Co-operation and Development	102	102
• International Union for the Protection of New Varieties (of plants)	561	560
• International Grains Council	233	232

**DEPARTMENT OF AGRICULTURE
VOTE 26**

**REPORT OF THE ACCOUNTING OFFICER
for the year ended 31 March 2005**

	Voted	Actual
	R'000	R'000
• Office International de la Vigne et du Vin	380	216
• Plant Genetic Resources Centre	405	–
• Food and Agriculture Organisation of the United Nations	9 894	9 893
• International Commission of Agricultural Engineering	50	–
• Consultative Group on International Agricultural Research	1 870	–
• Commonwealth Agricultural Bureau International	204	172
• Regional Early Warning Unit for Food Security	330	164
• Regional Food Security Training Programme	250	–
• Foreign rates and taxes	40	30
• National Student Financial Aid Scheme	5 300	5 300
• Social benefits	1 754	1 660
• Non-life insurance premiums	470	73
• Claims against the state	78	75
• Regional Services Council levies, vehicle licences and municipal rates and taxes	2 044	1 219
	<u>767 258</u>	<u>761 906</u>

For further information in this regard, please refer to Annexure 1A to 1I of the financial statements.

7. Corporate governance arrangements

The Audit Committee and the Internal Audit unit have 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). Meetings are held regularly to discuss with the Head of Internal Audit, the Office of the Auditor-General and the acting Chief Financial Officer, audit findings and the responses of management on risk management in the department.

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

The Audit Committee also recommended that the Internal Audit section should be enlarged to enable them to audit the identified high-risk areas in the department.

8. Discontinued activities

Two activities have been discontinued at the end of the 2004/05 financial year, namely the payment of leave gratuity to the Agricultural Research Council and financial assistance to Intergis. Leave gratuity to the ARC amounted to R6,9 million and was discontinued as the original agreement between the department and the council came to an end. The financial assistance to Intergis was a once-off in order to finalise the development of IRIS. The discontinuation of these two activities will have no effect on the operations of and service delivery by the department.

9. New activities

Two new activities are included in the department's Estimate of National Expenditure for 2005/06, namely AgriBEE and the Agricultural Credit Scheme (MAFISA). Please refer to paragraph 1.3 of this report for further detail.

10. Performance information

As was mentioned in the previous annual report, the Accounting Officer implemented a process whereby programme and senior managers report on a quarterly basis on progress made against targets taken up in the relevant strategic plan and estimate of national expenditure. Detail in this regard is taken up in the programme performance part of this annual report.

**DEPARTMENT OF AGRICULTURE
VOTE 26**

**REPORT OF THE ACCOUNTING OFFICER
for the year ended 31 March 2005**

11. SCOPA resolution

The department did not appear before the Standing Committee on Public Accounts, following the annual report of 2003/04, and therefore, in this regard, no report is submitted.

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 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 abovementioned Act prescribes the agricultural debt account and all debt recovered are paid 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 as at 31 March 2005 is as follows:

Total debt outstanding	–	R618 901 795
Number of debtors	–	3 827
Number of accounts	–	5 817
Net amount recovered (2004/05)	–	R74 752 716
Credit balance in the agricultural debt account	–	R1 105 509 281

12.3 The 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, purchase 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 Flowing from previous reports the status of the Production Loan Scheme for Small and Beginner Farmers and multiple debts 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 R494 567 (interest) on 31 March 2005. In terms of a resultant offer, total payments of R521 500 were received. However, as Grovida defaulted on this offer, the matter was again referred to the State Attorney. Following new repayment arrangements during the 2004/05 financial year, a total amount of R21 500 was received.

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 2005. The matter is currently with the State Attorney. It is the considered opinion that the outstanding debt is irrecoverable and that the matter may result in the write-off of the debt.

12.4.1.3 Shiela Primary Co-op

The co-operative is under liquidation. On 31 March 2005 the outstanding debt amounted to R970 547 (capital) and R970 547 (interest). As the proceeds that were 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 liquidator is in the process of finalising the matter.

**DEPARTMENT OF AGRICULTURE
VOTE 26**

**REPORT OF THE ACCOUNTING OFFICER
for the year ended 31 March 2005**

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 2005. 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 2005. 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. Based on an investigation by Price Waterhouse Coopers into the financial position of CPAC, the matter regarding the way forward is currently being decided on in consultation with the Registrar of Co-operatives, the Department of Agriculture, Conservation and Environment of North West Province and the State Attorney. As the assets of CPAC are of relatively little value, it is the considered opinion that the outstanding debt is irrecoverable and that it will have to be written off.

12.4.1.5 Saron

The co-operative is under liquidation. On 31 March 2005 the outstanding debt amounted to R737 600 (capital) and R737 600 (interest). The liquidator indicated that the liquidated co-operative is insolvent. As the debt is irrecoverable, it is the considered opinion that the outstanding debt may be written off during the 2005/06 financial year.

12.4.1.6 Production loans (administrative costs)

The outstanding amount originated from overpayments of administration fees to the agents mentioned in paragraphs 12.4.1.1, 12.4.1.2, 12.4.1.3 and 12.4.1.5 that managed the above loan schemes. Recovery or the write-off of the debt will also be applicable in this instance. On 31 March 2005 the outstanding debt amounted to R3 868 591 (capital) and R3 863 860 (interest).

12.4.1 Multiple debt

12.4.2.1 Conversion of marginal ploughed lands

This debt originated from 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. Due to severe drought many of the participants were unable to comply with the conditions. It is likely that most of the debt will be written off, based on viz major, insolvency or prescription, while other cases are still with the State Attorney for the recovery of the debt. On 31 March 2005 the outstanding debt under this scheme amounted to R139 794 in comparison with R245 148 on 31 March 2004.

12.4.2.2 Emergency drought relief and interim veld recovery

This debt originated from non-compliance with the prescripts of the scheme by the participants. The State Attorney is in process of recovering the outstanding debt amounting to R802 483 on 31 March 2005.

12.4.2.3 Farm labourer housing subsidy

This debt originated from the non-adherence by participants to the conditions of the scheme. The State Attorney is in the process of recovering the outstanding debt. On 31 March 2005 the outstanding debt amounted to R185 971.

12.4.2.4 Flood damage

This debt originated from non-adherence to the conditions of the scheme. A claim has been proved against the deceased estate of the debtor and as insufficient dividends were awarded to meet the debt, the outstanding balance will be written off during the 2005/06 financial year. On 31 March 2005 the outstanding debt amounted to R19 015.

**DEPARTMENT OF AGRICULTURE
VOTE 26**

**REPORT OF THE ACCOUNTING OFFICER
for the year ended 31 March 2005**

Approval

The annual financial statements set out on pages 153 to 212 have been 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 2005

**REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE
FINANCIAL STATEMENTS OF (VOTE) 26 – DEPARTMENT OF AGRICULTURE
FOR THE YEAR ENDED 31 MARCH 2005**



1. AUDIT ASSIGNMENT

The financial statements as set out on pages 153 to 205, for the year ended 31 March 2005, 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). These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements, based on the audit.

2. NATURE AND SCOPE

The audit was conducted in accordance with Statements of South African Auditing Standards. 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.

Furthermore, an audit includes an examination, on a test basis, of evidence supporting compliance in all material respects with the relevant laws and regulations which came to my attention and are applicable to financial matters.

The audit was completed in accordance with Auditor-General Directive No. 1 of 2005.

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

3. AUDIT OPINION

In my opinion, the financial statements fairly present, in all material respects, the financial position of the Department of Agriculture at 31 March 2005 and the results of its operations and cash flows for the year then ended, in accordance with prescribed accounting practice and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999), as amended.

4. EMPHASIS OF MATTER

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

4.1 Control over fixed assets

As previously reported, the audit still revealed various cases where assets could not be physically verified or traced to the asset register at the national office and at other regional offices. This was also confirmed by the findings of internal audit at one of the regional offices.

5. APPRECIATION

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

S. A. Fakie

AUDITOR-GENERAL

Pretoria
28 July 2005

**REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE
FINANCIAL STATEMENTS OF (VOTE) 26 – AGRICULTURAL DEBT ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2005**



1. AUDIT ASSIGNMENT

The financial statements as set out on pages 206 to 212, for the year ended 31 March 2005, 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) and section 6(1) (2) of the Agricultural Debt Management Act, 2001 (Act No. 45 of 2001). These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements, based on the audit.

2. NATURE AND SCOPE

The audit was conducted in accordance with Statements of South African Auditing Standards. 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.

Furthermore, an audit includes an examination, on a test basis, of evidence supporting compliance in all material respects with the relevant laws and regulations which came to my attention and are applicable to financial matters.

The audit was completed in accordance with Auditor-General Directive No. 1 of 2005.

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

3. AUDIT OPINION

In my opinion, the financial statements fairly present, in all material respects, the financial position of the agricultural debt account at 31 March 2005 and the results of its operations and cash flows for the year then ended, in accordance with prescribed accounting practice and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999), as amended.

4. EMPHASIS OF MATTER

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

4.1 Debtors system

As reported in my previous year's audit report, the following shortcomings were still identified on the debtors system:

- The system is purely a debt recovery system and does not maintain a general ledger or a trial balance. The general ledger and trial balance are prepared manually.
- The debtors aging analysis produced by the system does not provide sufficient management information to manage and monitor arrears.

The department is still in process of enhancing the debtors system.

5. APPRECIATION

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

S. A. Fakie

AUDITOR-GENERAL
Pretoria
28 July 2005

**DEPARTMENT OF AGRICULTURE
VOTE 26**

**ACCOUNTING POLICIES
for the year ended 31 March 2005**

The annual 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 annual 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), the Treasury Regulations for Departments and Constitutional Institutions issued in terms of the Act and the Division of Revenue Act, 2004 (Act No. 5 of 2004). The following issued, but not yet effective Standards of Generally Recognised Accounting Practice, have not been fully complied with in the annual financial statements: GRAP 1, 2 and 3.

1. Basis of preparation

The annual 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. Under the accrual basis of accounting transactions and other events are recognised when incurred and not when cash is received or paid.

2. Revenue

Appropriated funds

Voted funds are the amounts appropriated to a department in accordance with the final budget known as the Adjusted Estimates of National Expenditure. Unexpended voted funds are surrendered to the National Revenue Fund, unless stated otherwise.

Departmental revenue

Tax revenue

A tax receipt is defined as compulsory, irrecoverable revenue collected by entities. Tax receipts are recognised as revenue in the statement of financial performance on receipt of the funds.

Sale of goods and services other than capital assets

This comprises the proceeds from the sale of goods and/or services produced by the entity. Revenue is recognised in the statement of financial performance on receipt of the funds.

Fines, penalties and forfeits

Fines, penalties and forfeits are compulsory receipts imposed by court or quasi-judicial body. Revenue is recognised in the statement of financial performance on receipt of the funds.

Interest, dividends and rent on land

Interest and dividends received are recognised upon receipt of the funds, and no provision is made for interest or dividends receivable from the last receipt date to the end of the reporting period. These are recognised as revenue in the statement of financial performance of the department and then transferred to the National Revenue Fund.

Revenue received from the rent of land is recognised in the statement of financial performance on receipt of the funds.

Sale of capital assets

The proceeds from the sale of capital assets are recognised in the statement of financial performance on receipt of the funds.

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.

**DEPARTMENT OF AGRICULTURE
VOTE 26**

**ACCOUNTING POLICIES
for the year ended 31 March 2005**

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

Local and foreign aid assistance

Local and foreign aid assistance is recognised in the statement of financial performance on receipt of funds. Where amounts are expensed before funds are received, a receivable is raised. Where amounts have been inappropriately expensed using local and foreign aid assistance, a payable is raised. In the situation where the department is allowed to retain surplus funds, these funds are shown as a reserve.

3. Expenditure

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. The expenditure is classified as capital where the employees were involved on a full-time basis on capital projects during the financial year. All other payments are classified as current expense.

Social contributions include the entity's 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.

Short-term employee benefits

The cost of short-term employee benefits is expensed in the statement of financial performance in the reporting period when the final authorisation for payment is effected on the system. Short-term employee benefits that give rise to a present legal or constructive obligation, are disclosed as a disclosure note to the annual financial statements and are not recognised in the statement of financial performance.

Long-term employee benefits and other post employment benefits

- Termination benefits

Termination benefits are recognised and expensed only when the final authorisation for payment is effected on the system.

- Medical benefits

The department provides medical benefits for its employees through defined benefit plans. Employer contributions to the fund (two thirds of an employee's monthly contribution, but limited to R1 014 per month) are incurred when the final authorisation for payment is effected on the system. No provision is made for medical benefits in the annual financial statements of the department.

Contract workers, however, who prefer to provide their own medical contributions, receive a cash amount equal to 30% of their basic salary that includes a government contribution for medical benefits.

In the case of members of the Senior 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.

- Post-employment retirement benefits

The department provides retirement 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 (15% of the basic salary of an employee) to the fund are expended when the final authorisation for payment to the fund is effected on the system. No provision is made for retirement benefits in the annual financial statements of the department. Any potential liabilities are disclosed in the annual financial statements of the National Revenue Fund and not in the annual financial statements of the employer department.

**DEPARTMENT OF AGRICULTURE
VOTE 26**

**ACCOUNTING POLICIES
for the year ended 31 March 2005**

Other employee benefits

Obligations arising from leave entitlement, thirteenth cheque and performance bonus that are reflected in the disclosure notes have not been paid for at year-end.

Goods and services

Payments made for goods and/or services are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the system. The expense is classified as capital if the goods and services were used on a capital project.

Interest and rent on land

Interest and rental payments resulting from the use of land, are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the system. This item excludes rental on the use of buildings or other fixed structures.

Financial transactions in assets and liabilities

Financial transactions in assets and liabilities include bad debts written off. Debts are written off when identified as irrecoverable. Debts written off are limited to the amount of savings and/or underspending available to the department. The write-off occurs at year-end or when funds are available. No provision is made for irrecoverable amounts. Irrecoverable debts are written off according to the following approved write-off policy:

- (a) The debtor has neither assets nor income; or
- (b) all reasonable efforts to trace the debtor have failed; or
- (c) the state's claim against an insolvent estate or an estate that was administered as insolvent:
 - had been proved properly and insufficient or no dividends were awarded to meet the debt; or
 - was not proved owing to a danger of contribution or because no dividends were available for distribution; or
- (d) on account of the weak financial position of an estate, the danger exists that if the debt is proved, a contribution will have to be paid to the estate; or
- (e) there is no possibility, now or in the foreseeable future, of collection; or
- (f) the debtor is no longer a resident in South Africa; there are no apparent means of collecting the debt and there is no evidence that the debtor will return to South Africa; or
- (g) the debtor is deceased and there is no known estate; or
- (h) the debtor or his dependants would be deprived of the minimum essential means of livelihood; or
- (i) the assets of the debtor or of the estate of the debtor are indispensable to the debtor's dependants or are of relatively little value; or
- (j) the settlement of the claim of the state will be in the best interest of the state; or
- (k) the State Attorney/Head: Legal Services/Public Protector has made a recommendation to that effect and the department is in agreement therewith; or
- (l) the amount outstanding represents the outstanding balance on the account after payment for the initial service was made and of which further recovery is regarded to be uneconomical; or
- (m) in other circumstances the Assistant Director-General: Financial Management approves; or
- (n) the outstanding amount is less than the estimated cost of recovery.

Unauthorised expenditure

Unauthorised expenditure is defined as:

- The overspending of a vote or a main division within a vote, or

DEPARTMENT OF AGRICULTURE
VOTE 26

ACCOUNTING POLICIES
for the year ended 31 March 2005

- expenditure that was not made in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

Such expenditure is treated as a current asset in the statement of financial position until such expenditure is approved by the relevant authority, recovered or written off as irrecoverable.

Irregular expenditure

Irregular expenditure is defined as:

Expenditure, other than unauthorised expenditure, incurred in contravention or not in accordance with a requirement of any applicable legislation, including:

- The Public Finance Management Act, 1999, or
- the State Tender Board Act, or any regulations made in terms of this Act, or
- any provincial legislation providing for procurement procedures in that provincial government.

It is treated as expenditure in the statement of financial performance. If such expenditure is not condoned and it is possibly recoverable, it is disclosed as receivable in the statement of financial position at year-end.

Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is defined as:

Expenditure that was made in vain and would have been avoided had reasonable care been exercised, therefore:

- it must be recovered from a responsible official (a debtor account should be raised), or
- the vote (if responsibility cannot be determined).

Such expenditure is treated as a current asset in the statement of financial position until such expenditure is recovered from the responsible official or written off as irrecoverable.

4. Transfers and subsidies

Transfers and subsidies include all irrecoverable payments made by the entity. Transfers and subsidies are recognised as an expense when the final authorisation for payment is effected on the system.

5. Expenditure for capital assets

Capital assets are assets that can be used repeatedly and continuously in production for more than one year. 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.

6. Investments

Investments include; investments in associates; joint ventures; investments in controlled entities and other investments.

Investments are shown at cost. On disposal of an investment, the surplus/(deficit) is recognised as revenue in the statement of financial performance.

7. Receivables

Receivables are not normally recognised under the modified cash basis of accounting. However, receivables included in the statement of financial position arise from cash payments that are recoverable from another party, when the payments are made.

**DEPARTMENT OF AGRICULTURE
VOTE 26**

**ACCOUNTING POLICIES
for the year ended 31 March 2005**

Receivables for services delivered are not recognised in the statement of financial position as a current asset or as income in the statement of financial performance, as the annual financial statements are prepared on a modified cash basis of accounting, but are disclosed separately as part of the disclosure notes to enhance the usefulness of the annual financial statements.

8. Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with banks, short-term investments in money market instruments and demand deposits. Cash equivalents are short-term highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

9. Payables

Payables are not normally recognised under the modified cash basis of accounting. However, payables included in the statement of financial position arise from advances received that are due to the National Revenue Fund or another party.

10. Lease commitments

Lease commitments for the period remaining from the reporting date until the end of the lease contract are disclosed as part of the disclosure notes to the annual financial statements. These commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance as the annual financial statements are prepared on the cash basis of accounting.

Operating lease expenditure is expensed when the payment is made.

Finance lease expenditure is expensed when the payment is made, but results in the acquisition of the asset under the lease agreement. A finance lease is not allowed in terms of the Public Finance Management Act, 1999.

11. Accruals

This amount represents goods/services that have been received, but no invoice has been received from the supplier at the reporting date, or an invoice has been received but final authorisation for payment has not been effected on the system. These amounts are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance as the annual financial statements are prepared on a modified cash basis of accounting, but are, however, disclosed as part of the disclosure notes.

12. Contingent liability

This is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future event not wholly within the control of the department; or a present obligation that arises from past events but is not recognised because:

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

Contingent liabilities are not recognised in the statement of financial position, but the information is disclosed as part of the disclosure notes.

13. Commitments

This amount represents goods/services that have been approved and/or contracted, but no delivery has taken place at the reporting date. These amounts are not recognised in the statement of financial position as a liability

DEPARTMENT OF AGRICULTURE
VOTE 26

ACCOUNTING POLICIES
for the year ended 31 March 2005

or as expenditure in the statement of financial performance as the annual financial statements are prepared on a modified cash basis of accounting, but are, however, disclosed as part of the disclosure notes.

14. Capitalisation reserve

The capitalisation reserve represents an amount equal to the value of the investment and/or loans capitalised. On disposal, repayment or recovery, such amounts are transferred to the National Revenue Fund.

15. Recoverable revenue

Recoverable revenue represents payments made and recognised in the statement of financial performance as an expense in previous years due to non-performance in accordance with an agreement, which have now become recoverable from a debtor. Repayments are transferred to the National Revenue Fund as and when the repayment is received.

16. Comparative figures

Where necessary, comparative figures have been restated to conform to the changes in the presentation in the current year. The comparative figures shown in these annual financial statements are limited to the figures shown in the previous year's audited annual financial statements and such other comparative figures that the department may reasonably have available for reporting. Reclassification of expenditure has occurred due to the implementation of the Standard Chart of Accounts. It is not practical to present comparative amounts in the cash flow statement as this would involve reclassification of amounts dating back to the 2002/03 year-end.

**DEPARTMENT OF AGRICULTURE
VOTE 26**

**APPROPRIATION STATEMENT
for the year ended 31 March 2005**

Appropriation per programme									
	2004/05							2003/04	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1. Administration									
Current payment	137 875	(4 935)	(3 328)	129 612	125 979	3 633	97,2	131 166	129 977
Transfers and subsidies	457	137	–	594	494	100	83,2	529	489
Expenditure for capital assets	33 196	4 798	8 490	46 484	43 365	3 119	93,3	29 928	26 799
2. Farmer Support and Development									
Current payment	58 225	(220)	(25 374)	32 631	26 059	6 572	79,9	39 724	33 222
Transfers and subsidies	302 547	15	1 000	303 562	303 467	95	100,0	247 071	246 791
Expenditure for capital assets	500	205	–	705	518	187	73,5	3 169	1 994
3. Agricultural Trade and Business Development									
Current payment	26 145	(223)	(3 114)	22 808	14 870	7 938	65,2	25 128	11 738
Transfers and subsidies	12 774	–	–	12 774	11 707	1 067	91,6	10 510	10 310
Expenditure for capital assets	–	223	–	223	182	41	81,6	625	489
4. Economic Research and Analysis									
Current payment	23 413	(415)	(1 892)	21 106	15 714	5 392	74,5	18 387	13 087
Transfers and subsidies	172	–	–	172	155	17	90,1	225	22
Expenditure for capital assets	62	415	–	477	239	238	50,1	542	321
5. Agricultural Production									
Current payment	33 910	(514)	(7 357)	26 039	25 148	891	96,6	9 574	7 145
Transfers and subsidies	342 308	5	–	342 313	342 254	59	100,0	309 030	309 027
Expenditure for capital assets	89	509	600	1 198	1 094	104	91,3	738	665
6. Sustainable Resources Management and Use									
Current payment	111 146	(41 051)	(1 253)	68 842	54 031	14 811	78,5	72 071	61 207
Transfers and subsidies	45 373	(39)	–	45 334	45 046	288	99,4	38 522	36 912
Expenditure for capital assets	4 078	41 090	–	45 168	44 142	1 026	97,7	21 265	24 118
7. National Regulatory Services									
Current payment	178 754	(2 829)	30 406	206 331	197 917	8 414	95,9	189 859	171 090
Transfers and subsidies	36 304	454	3 271	40 029	39 853	176	99,6	369	325
Expenditure for capital assets	7 439	2 375	–	9 814	8 896	918	90,6	9 990	9 120
8. Communication and Information Management									
Current payment	69 624	(1 187)	(5 916)	62 521	62 422	99	99,8	67 848	63 467
Transfers and subsidies	17 014	–	5 456	22 470	18 927	3 543	84,2	17 231	16 296
Expenditure for capital assets	1 667	1 187	(489)	2 365	2 056	309	86,9	1 728	1 409

**DEPARTMENT OF AGRICULTURE
VOTE 26**

**APPROPRIATION STATEMENT
for the year ended 31 March 2005**

Appropriation per programme									
	2004/05							2003/04	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
9. Programme Planning, Monitoring and Evaluation									
Current payment	6 264	(50)	(500)	5 714	2 236	3 478	39,1	4 294	984
Transfers and subsidies	10	–	–	10	3	7	30,0	2	1
Expenditure for capital assets	45	50	–	95	67	28	70,5	577	285
Total	1 449 391	–	–	1 449 391	1 386 841	62 550	95,7	1 250 102	1 177 290
Reconciliation with statement of financial performance									
Departmental revenue received				100 620				235 529	
Local and foreign assistance				5 170				498	
Actual amounts per statement of financial performance (Total revenue)				1 555 181				1 486 129	
Local and foreign aid assistance					5 170				498
Actual amounts per statement of financial performance Expenditure					1 392 011				1 177 788

**DEPARTMENT OF AGRICULTURE
VOTE 26**

**APPROPRIATION STATEMENT
for the year ended 31 March 2005**

Appropriation per economic classification									
	2004/05							2003/04	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual payment	Variance	Payment as % of final appropriation	Final appropriation	Actual payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payment									
Compensation of employees	354 969	(30 848)	(2 520)	321 601	306 469	15 132	95,3	291 742	277 201
Goods and services	290 387	(21 524)	(15 808)	253 055	216 970	36 085	85,7	262 623	214 582
Financial transactions in assets and liabilities	–	948	–	948	937	11	98,8	276	276
Transfers and subsidies									
Provinces and municipalities	343 800	–	–	343 800	343 800	–	100,0	68 000	67 000
Departmental agencies and accounts	353 606	–	5 300	358 906	358 905	1	100,0	319 442	319 441
Foreign governments and international organisations	15 909	–	40	15 949	12 998	2 951	81,5	16 213	15 294
Public corporations and private enterprises	2 767	84	–	2 851	2 428	423	85,2	2 784	2 719
Non-profit institutions	4 764	(43)	1 006	5 727	3 845	1 882	67,1	1 907	1 785
Households	36 113	531	3 381	40 025	39 930	95	99,8	215 000	214 792
Payment for capital assets									
Buildings and other fixed structures	28 278	38 166	8 600	75 044	74 859	185	99,8	40 170	37 760
Machinery and equipment	15 200	10 892	1	26 093	22 581	3 512	86,5	31 945	27 440
Biological or cultivated assets	–	175	–	175	175	–	100,0	–	–
Software and other intangible assets	3 598	1 619	–	5 217	2 944	2 273	56,4	–	–
Total	1 449 391	–	–	1 449 391	1 386 841	62 550	95,7	1 250 102	1 177 290

**DEPARTMENT OF AGRICULTURE
VOTE 26**

**DETAIL PER PROGRAMME 1 – ADMINISTRATION
for the year ended 31 March 2005**

Programme per subprogramme	2004/05							2003/04	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual payment	Variance	Payment as % of final appropriation	Final appropriation	Actual payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1.1 Minister									
Current payment	791	1	–	792	791	1	99,9	922	921
1.2 Deputy Minister									
Current payment	643	1	–	644	643	1	99,8	736	736
1.3 Management									
Current payment	34 516	664	(1 000)	34 180	32 233	1 947	94,3	27 055	26 567
Transfers and subsidies	160	25	–	185	161	24	87,0	95	85
Expenditure for capital assets	315	338	–	653	375	278	57,4	791	726
1.4 Corporate services									
Current payment	101 925	(6 354)	(2 328)	93 243	91 562	1 681	98,2	102 453	101 753
Transfers and subsidies	297	112	–	409	333	76	81,4	291	261
Expenditure for capital assets	4 603	4 460	(110)	8 953	6 120	2 833	68,4	7 282	6 605
1.5 Capital works									
Expenditure for capital assets	28 278	–	8 600	36 878	36 870	8	100,0	21 855	19 468
1.6 Thefts and losses									
Current payment	–	753	–	753	750	3	99,6	143	143
Total	171 528	–	5 162	176 690	169 838	6 852	96,1	161 623	157 265

Economic classification	2004/05							2003/04	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual payment	Variance	Payment as % of final appropriation	Final appropriation	Actual payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payment									
Compensation of employees	87 267	(3 510)	(2 990)	80 767	78 293	2 474	96,9	80 478	80 395
Goods and services	50 608	(2 178)	(338)	48 092	46 936	1 156	97,6	50 688	49 582
Financial transactions in assets and liabilities	–	753	–	753	750	3	99,6	143	143
Transfers and subsidies									
Public corporations and private enterprises	124	24	–	148	97	51	65,5	61	57
Non-profit institutions	292	63	–	355	313	42	88,2	325	289
Households	41	50	–	91	84	7	92,3	–	–
Payment for capital assets									
Buildings and other fixed structures	28 278	–	8 600	36 878	36 870	8	100,0	21 855	19 468
Machinery and equipment	2 060	3 117	(110)	5 067	4 037	1 030	79,7	8 073	7 331
Software and other intangible assets	2 858	1 681	–	4 539	2 458	2 081	54,2	–	–
Total	171 528	–	5 162	176 690	169 838	6 852	96,1	161 623	157 265

**DEPARTMENT OF AGRICULTURE
VOTE 26**

**DETAIL PER PROGRAMME 2 – FARMER SUPPORT AND DEVELOPMENT
for the year ended 31 March 2005**

Programme per subprogramme	2004/05							2003/04	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual payment	Variance	Payment as % of final appropriation	Final appropriation	Actual payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
2.1 Management									
Current payment	847	–	(135)	712	337	375	47,3	904	852
Transfers and subsidies	83	–	–	83	82	1	98,8	5	2
Expenditure for capital assets	–	–	–	–	–	–	0,0	22	21
2.2 Farmer Settlement									
Current payment	25 818	(254)	(7 755)	17 809	12 446	5 363	69,9	10 981	7 945
Transfers and subsidies	202 300	15	–	202 315	202 292	23	100,0	1 592	1 591
Expenditure for capital assets	500	26	–	526	401	125	76,2	1 535	1 528
2.3 Agricultural Finance and Co-operative Development									
Current payment	5 408	70	(213)	5 265	5 262	3	99,9	8 170	5 715
Transfers and subsidies	87	–	1 000	1 087	1 070	17	98,4	454	392
Expenditure for capital assets	–	–	–	–	–	–	0,0	438	155
2.4 Food Security and Rural Development									
Current payment	18 176	(30)	(15 593)	2 553	2 518	35	98,6	15 005	14 793
Transfers and subsidies	59	–	–	59	11	48	18,6	10	5
Expenditure for capital assets	–	150	–	150	90	60	60,0	770	125
2.5 Agricultural Risk Management									
Current payment	4 191	(29)	(995)	3 167	3 102	65	97,9	1 960	1 808
Transfers and subsidies	100 010	–	–	100 010	100 006	4	100,0	245 005	244 796
Expenditure for capital assets	–	29	–	29	27	2	93,1	260	165
2.6 Registrar of Co-operatives									
Current payment	3 785	–	(683)	3 102	2 372	730	76,5	2 704	2 109
Transfers and subsidies	8	–	–	8	6	2	75,0	5	5
Expenditure for capital assets	–	–	–	–	–	–	0,0	144	–
2.7 Thefts and losses									
Current payment	–	23	–	23	22	1	95,7	–	–
Total	361 272	–	(24 374)	336 898	330 044	6 854	98,0	289 964	282 007

**DEPARTMENT OF AGRICULTURE
VOTE 26**

**DETAIL PER PROGRAMME 2 – FARMER SUPPORT AND DEVELOPMENT
for the year ended 31 March 2005**

Economic classification	2004/05							2003/04	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual payment	Variance	Payment as % of final appropriation	Final appropriation	Actual payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current									
Compensation to employees	22 470	(830)	(3 527)	18 113	17 380	733	96,0	13 264	10 662
Goods and services	35 755	587	(21 847)	14 495	8 657	5 838	59,7	26 460	22 560
Financial transactions in assets and liabilities	–	23	–	23	22	1	95,7	–	–
Transfers and subsidies									
Provinces and municipalities	300 000	–	–	300 000	300 000	–	100,0	30 000	30 000
Public corporations and private enterprises	2 289	15	–	2 304	2 270	34	98,5	2 023	1 965
Non-profit institutions	167	–	1 000	1 167	1 116	51	95,6	48	34
Households	91	–	–	91	81	10	89,0	215 000	214 792
Capital									
Buildings and other fixed structures	–	23	–	23	22	1	95,7	–	–
Machinery and equipment	500	182	–	682	496	186	72,7	3 169	1 994
Total	361 272	–	(24 374)	336 898	330 044	6 854	98,0	289 964	282 007

DEPARTMENT OF AGRICULTURE
VOTE 26

DETAIL PER PROGRAMME 3 – AGRICULTURAL TRADE AND BUSINESS DEVELOPMENT
for the year ended 31 March 2005

Programme per subprogramme	2004/05							2003/04	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual payment	Variance	Payment as % of final appropriation	Final appropriation	Actual payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
3.1 Management									
Current payment	1 029	73	–	1 102	1 087	15	98,6	1 176	1 035
Transfers and subsidies	2	–	–	2	2	–	100,0	2	2
Expenditure for capital assets	–	–	–	–	–	–	0,0	9	–
3.2 Business and Entrepreneurial Development									
Current payment	8 791	(123)	(1 860)	6 808	3 123	3 685	45,9	6 873	2 294
Transfers and subsidies	2 144	–	–	2 144	1 084	1 060	50,6	369	183
Expenditure for capital assets	–	49	–	49	24	25	49,0	240	161
3.3 Marketing									
Current payment	7 175	(51)	(1 254)	5 870	4 088	1 782	69,6	9 502	2 571
Transfers and subsidies	12	–	–	12	8	4	66,7	17	5
Expenditure for capital assets	–	51	–	51	36	15	70,6	199	178
3.4 International Trade									
Current payment	9 150	(123)	–	9 027	6 572	2 455	72,8	7 577	5 838
Transfers and subsidies	15	–	–	15	12	3	80,0	13	11
Expenditure for capital assets	–	123	–	123	122	1	99,2	177	150
3.5 National Agricultural Marketing Council									
Transfers and subsidies	10 601	–	–	10 601	10 601	–	100,0	10 109	10 109
3.6 Thefts and losses									
Current payment	–	1	–	1	–	1	0,0	–	–
Total	38 919	–	(3 114)	35 805	26 759	9 046	74,7	36 263	22 537

Economic classification	2004/05							2003/04	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual payment	Variance	Payment as % of final appropriation	Final appropriation	Actual payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current									
Compensation of employees	14 241	(58)	(1 860)	12 323	8 508	3 815	69,0	9 075	7 069
Goods and services	11 904	(166)	(1 254)	10 484	6 362	4 122	60,7	16 053	4 669
Financial transactions in assets and liabilities	–	1	–	1	–	1	0,0	–	–
Transfers and subsidies									
Departmental agencies and accounts	10 601	–	–	10 601	10 601	–	100,0	10 109	10 109
Non-profit institutions	2 173	–	–	2 173	1 106	1 067	50,9	401	201
Capital									
Machinery and equipment	–	223	–	223	182	41	81,6	625	489
Total	38 919	–	(3 114)	35 805	26 759	9 046	74,7	36 263	22 537

**DEPARTMENT OF AGRICULTURE
VOTE 26**

**DETAIL PER PROGRAMME 4 – ECONOMIC RESEARCH AND ANALYSIS
for the year ended 31 March 2005**

Programme per subprogramme	2004/05							2003/04	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual payment	Variance	Payment as % of final appropriation	Final appropriation	Actual payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
4.1 Management									
Current payment	909	–	–	909	129	780	14,2	959	489
Transfers and subsidies	2	–	–	2	–	2	0,0	2	1
Expenditure for capital assets	–	–	–	–	–	–	0,0	51	49
4.2 Production and Resource Economics									
Current payment	8 627	(135)	(1 892)	6 600	4 825	1 775	73,1	7 256	2 450
Transfers and subsidies	149	–	–	149	140	9	94,0	208	6
Expenditure for capital assets	22	135	–	157	12	145	7,6	218	1
4.3 Statistics									
Current payment	13 877	(285)	–	13 592	10 756	2 836	79,1	10 172	10 148
Transfers and subsidies	21	–	–	21	15	6	71,4	15	15
Expenditure for capital assets	40	280	–	320	227	93	70,9	273	271
4.4 Thefts and losses									
Current payment	–	5	–	5	4	1	80,0	–	–
Total	23 647	–	(1 892)	21 755	16 108	5 647	74,0	19 154	13 430

Economic classification	2004/05							2003/04	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual payment	Variance	Payment as % of final appropriation	Final appropriation	Actual payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current									
Compensation of employees	12 831	(897)	(1 000)	10 934	8 090	2 844	74,0	8 596	7 213
Goods and services	10 582	477	(892)	10 167	7 620	2 547	74,9	9 791	5 874
Financial transactions in assets and liabilities	–	5	–	5	4	1	80,0	–	–
Transfers and subsidies									
Non-profit institutions	172	–	–	172	155	17	90,1	225	22
Capital									
Machinery and equipment	62	415	–	477	239	238	50,1	542	321
Total	23 647	–	(1 892)	21 755	16 108	5 647	74,0	19 154	13 430

**DEPARTMENT OF AGRICULTURE
VOTE 26**

**DETAIL PER PROGRAMME 5 – AGRICULTURAL PRODUCTION
for the year ended 31 March 2005**

Programme per subprogramme	2004/05							2003/04	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual payment	Variance	Payment as % of final appropriation	Final appropriation	Actual payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
5.1 Management									
Current payment	1 024	112	–	1 136	1 126	10	99,1	838	788
Transfers and subsidies	2	–	–	2	2	–	100,0	2	2
Expenditure for capital assets	11	24	–	35	27	8	77,1	153	150
5.2 Animal and Aqua Production									
Current payment	3 700	(865)	(259)	2 576	2 565	11	99,6	3 495	2 349
Transfers and subsidies	125	–	–	125	79	46	63,2	4	3
Expenditure for capital assets	–	130	–	130	125	5	96,2	207	152
5.3 Plant Production									
Current payment	10 696	(4 401)	(513)	5 782	5 838	(56)	101,0	4 307	3 350
Transfers and subsidies	34	5	–	39	26	13	66,7	10	8
Expenditure for capital assets	18	292	600	910	845	65	92,9	355	351
5.4 Scientific Research and Development									
Current payment	18 490	4 640	(6 585)	16 545	15 619	926	94,4	934	658
Transfers and subsidies	3	–	–	3	3	–	100,0	1	1
Expenditure for capital assets	60	63	–	123	97	26	78,9	23	12
5.5 Agricultural Research Council									
Transfers and subsidies	342 144	–	–	342 144	342 144	–	100,0	309 013	309 013
Total	376 307	–	(6 757)	369 550	368 496	1 054	99,7	319 342	316 837

Economic classification	2004/05							2003/04	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual payment	Variance	Payment as % of final appropriation	Final appropriation	Actual payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current									
Compensation to employees	11 152	(3 646)	(772)	6 734	6 725	9	99,9	5 858	4 481
Goods and services	22 758	3 132	(6 585)	19 305	18 423	882	95,4	3 716	2 664
Transfers and subsidies									
Departmental agencies and accounts	342 144	–	–	342 144	342 144	–	100,0	309 013	309 013
Public corporations and private enterprises	20	–	–	20	–	20	0,0	–	–
Non-profit institutions	34	–	–	34	20	14	58,8	17	14
Households	110	5	–	115	90	25	78,3	–	–
Capital									
Machinery and equipment	89	509	600	1 198	1 094	104	91,3	738	665
Total	376 307	–	(6 757)	369 550	368 496	1 054	99,7	319 342	316 837

**DEPARTMENT OF AGRICULTURE
VOTE 26**

**DETAIL PER PROGRAMME 6 – SUSTAINABLE RESOURCES MANAGEMENT AND USE
for the year ended 31 March 2005**

Programme per subprogramme	2004/05							2003/04	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual payment	Variance	Payment as % of final appropriation	Final appropriation	Actual payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
6.1 Management									
Current payment	1 556	(285)	–	1 271	1 189	82	93,5	1 327	776
Transfers and subsidies	3	–	–	3	3	–	100,0	2	2
Expenditure for capital assets	10	42	–	52	50	2	96,2	35	33
6.2 Water Use and Irrigation Development									
Current payment	41 531	(40 260)	3 770	5 041	4 933	108	97,9	29 665	21 692
Transfers and subsidies	1 050	(61)	–	989	981	8	99,2	443	435
Expenditure for capital assets	3 129	40 559	–	43 688	43 460	228	99,5	19 433	22 958
6.3 Land Use and Soil Management									
Current payment	68 059	(513)	(5 023)	62 523	47 902	14 621	76,6	41 031	38 691
Transfers and subsidies	44 320	22	–	44 342	44 062	280	99,4	38 077	36 475
Expenditure for capital assets	939	489	–	1 428	632	796	44,3	1 797	1 127
6.4 Thefts and losses									
Current payment	–	7	–	7	7	–	100,0	48	48
Total	160 597	–	(1 253)	159 344	143 219	16 125	89,9	131 858	122 237

Economic classification	2004/05							2003/04	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual payment	Variance	Payment as % of final appropriation	Final appropriation	Actual payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current									
Compensation of employees	48 579	(16 737)	(5 023)	26 819	24 987	1 832	93,2	40 129	38 350
Goods and services	62 567	(24 321)	3 770	42 016	29 037	12 979	69,1	28 387	22 855
Financial transactions in assets and liabilities	–	7	–	7	7	–	100,0	2	2
Transfers and subsidies									
Provinces and municipalities	43 800	–	–	43 800	43 800	–	100,0	38 000	36 000
Departmental agencies and accounts	500	–	–	500	500	–	100,0	–	–
Public corporations and private enterprises	255	26	–	281	26	255	9,3	52	52
Non-profit institutions	588	(89)	–	499	469	30	94,0	470	860
Households	230	24	–	254	251	3	98,8	–	–
Capital									
Buildings and other fixed structures	–	38 143	–	38 143	37 967	176	99,5	18 216	18 194
Machinery and equipment	3 748	3 181	–	6 929	6 168	761	89,0	6 602	5 924
Software and other intangible assets	330	(234)	–	96	7	89	7,3	–	–
Total	160 597	–	(1 253)	159 344	143 219	16 125	89,9	131 858	122 237

**DEPARTMENT OF AGRICULTURE
VOTE 26**

**DETAIL PER PROGRAMME 7 – NATIONAL REGULATORY SERVICES
for the year ended 31 March 2005**

Programme per subprogramme	2004/05							2003/04	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual payment	Variance	Payment as % of final appropriation	Final appropriation	Actual payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
7.1 Management									
Current payment	1 047	188	–	1 235	1 210	25	98,0	1 080	1 072
Transfers and subsidies	2	1	–	3	2	1	66,7	2	2
Expenditure for capital assets	–	11	–	11	11	–	100,0	58	41
7.2 Food Safety and Quality Assurance									
Current payment	31 572	(924)	(1 204)	29 444	29 155	289	99,0	28 651	27 117
Transfers and subsidies	494	204	–	698	663	35	95,0	87	82
Expenditure for capital assets	162	168	–	330	317	13	96,1	783	723
7.3 Genetic Resources									
Current payment	5 863	(136)	(1 500)	4 227	3 851	376	91,1	4 544	3 354
Transfers and subsidies	18	–	–	18	7	11	38,9	17	16
Expenditure for capital assets	14	135	–	149	140	9	94,0	94	65
7.4 Plant Health									
Current payment	9 516	(137)	(3 601)	5 778	5 598	180	96,9	8 915	6 833
Transfers and subsidies	12	179	–	191	190	1	99,5	15	9
Expenditure for capital assets	74	133	–	207	180	27	87,0	642	578
7.5 Animal Health									
Current payment	53 476	737	42 311	96 524	89 988	6 536	93,2	83 335	71 586
Transfers and subsidies	35 353	–	3 271	38 624	38 503	121	99,7	76	56
Expenditure for capital assets	1 910	(432)	–	1 478	908	570	61,4	1 400	761
7.6 South African Food Quarantine and Inspections Services									
Current payment	77 280	(2 709)	(5 600)	68 971	67 966	1 005	98,5	63 205	60 999
Transfers and subsidies	425	70	–	495	488	7	98,6	172	160
Expenditure for capital assets	5 279	2 360	–	7 639	7 340	299	96,1	7 013	6 952
7.7 Thefts and losses									
Current payment	–	152	–	152	149	3	98,0	129	129
Total	222 497	–	33 677	256 174	246 666	9 508	96,3	200 218	180 535

**DEPARTMENT OF AGRICULTURE
VOTE 26**

**DETAIL PER PROGRAMME 7 – NATIONAL REGULATORY SERVICES
for the year ended 31 March 2005**

Economic classification	2004/05							2003/04	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual payment	Variance	Payment as % of final appropriation	Final appropriation	Actual payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current									
Compensation of employees	116 316	(2 543)	12 891	126 664	125 757	907	99,3	98 469	94 860
Goods and services	62 438	(438)	17 515	79 515	72 011	7 504	90,6	91 261	76 101
Financial transactions in assets and liabilities	–	152	–	152	149	3	98,0	129	129
Transfers and subsidies									
Public corporations and private enterprises	79	18	–	97	34	63	35,1	75	69
Non-profit institutions	635	(16)	–	619	554	65	89,5	294	256
Households	35 590	452	3 271	39 313	39 265	48	99,9	–	–
Capital									
Buildings and other fixed structures	–	–	–	–	–	–	0,0	99	98
Machinery and equipment	7 439	1 956	–	9 395	8 492	903	90,4	9 891	9 022
Software and other intangible assets	–	419	–	419	404	15	96,4	–	–
Total	222 497	–	33 677	256 174	246 666	9 508	96,3	200 218	180 535

**DEPARTMENT OF AGRICULTURE
VOTE 26**

**DETAIL PER PROGRAMME 8 – COMMUNICATION AND INFORMATION MANAGEMENT
for the year ended 31 March 2005**

Programme per subprogramme	2004/05							2003/04	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual payment	Variance	Payment as % of final appropriation	Final appropriation	Actual payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
8.1 Management									
Current payment	748	(677)	–	71	70	1	98,6	966	624
Transfers and subsidies	2	–	–	2	–	2	0,0	1	1
Expenditure for capital assets	20	–	–	20	–	20	0,0	11	6
8.2 Agricultural Information Services									
Current payment	17 863	(449)	324	17 738	17 856	(118)	100,7	15 423	14 624
Transfers and subsidies	56	–	–	56	53	3	94,6	31	22
Expenditure for capital assets	390	466	–	856	622	234	72,7	685	606
8.3 International Relations									
Current payment	11 300	(70)	(953)	10 277	10 026	251	97,6	19 275	17 191
Transfers and subsidies	15 936	–	115	16 051	13 089	2 962	81,5	16 232	15 308
Expenditure for capital assets	–	–	111	111	109	2	98,2	480	259
8.4 Education and Training									
Current payment	18 308	(487)	(5 300)	12 521	12 558	(37)	100,3	11 691	10 638
Transfers and subsidies	376	–	5 306	5 682	5 680	2	100,0	902	901
Expenditure for capital assets	–	232	–	232	193	39	83,2	53	50
8.5 Grootfontein Agricultural Development Institute									
Current payment	21 405	494	13	21 912	21 911	1	100,0	20 492	20 389
Transfers and subsidies	644	–	35	679	105	574	15,5	65	64
Expenditure for capital assets	1 257	489	(600)	1 146	1 132	14	98,8	499	488
8.6 Thefts and losses									
Current payment	–	2	–	2	1	1	50,0	1	1
Total	88 305	–	(949)	87 356	83 405	3 951	95,5	86 807	81 172

**DEPARTMENT OF AGRICULTURE
VOTE 26**

**DETAIL PER PROGRAMME 8 – COMMUNICATION AND INFORMATION MANAGEMENT
for the year ended 31 March 2005**

Economic classification	2004/05							2003/04	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual payment	Variance	Payment as % of final appropriation	Final appropriation	Actual payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current									
Compensation of employees	38 498	(2 427)	(239)	35 832	35 629	203	99,4	34 236	33 741
Goods and services	31 126	1 238	(5 677)	26 687	26 792	(105)	100,4	33 611	29 725
Financial transactions in assets and liabilities	–	2	–	2	1	1	50,0	1	1
Transfers and subsidies									
Departmental agencies and accounts	361	–	5 300	5 661	5 660	1	100,0	320	319
Foreign governments and international organisations	15 909	–	40	15 949	12 998	2 951	81,5	16 213	15 294
Public corporations and private enterprises	–	1	–	1	1	–	100,0	573	576
Non-profit institutions	693	(1)	6	698	109	589	15,6	125	107
Households	51	–	110	161	159	2	98,8	–	–
Capital									
Machinery and equipment	1 257	1 267	(489)	2 035	1 813	222	89,1	1 728	1 409
Biological or cultivated assets	–	175	–	175	175	–	100,0	–	–
Software and other intangible assets	410	(255)	–	155	68	87	43,9	–	–
Total	88 305	–	(949)	87 356	83 405	3 951	95,5	86 807	81 172

**DEPARTMENT OF AGRICULTURE
VOTE 26**

**DETAIL PER PROGRAMME 9 – PROGRAMME PLANNING, MONITORING AND EVALUATION
for the year ended 31 March 2005**

Programme per subprogramme	2004/05							2003/04	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual payment	Variance	Payment as % of final appropriation	Final appropriation	Actual payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
9.1 Project Planning									
Current payment	3 556	(44)	–	3 512	2 220	1 292	63,2	2 371	983
Transfers and subsidies	7	–	–	7	3	4	42,9	2	1
Expenditure for capital assets	45	39	–	84	56	28	66,7	442	285
9.2 Monitoring and Evaluation									
Current payment	2 708	(11)	(500)	2 197	12	2 185	0,5	1 922	–
Transfers and subsidies	3	–	–	3	–	3	0,0	–	–
Expenditure for capital assets	–	11	–	11	11	–	100,0	135	–
9.3 Thefts and losses									
Current payment	–	5	–	5	4	1	80,0	1	1
Total	6 319	–	(500)	5 819	2 306	3 513	39,6	4 873	1 270

Economic classification	2004/05							2003/04	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual payment	Variance	Payment as % of final appropriation	Final appropriation	Actual payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current									
Compensation of employees	3 615	(200)	–	3 415	1 100	2 315	32,2	1 637	430
Goods and services	2 649	145	(500)	2 294	1 132	1 162	49,3	2 656	552
Financial transactions in assets and liabilities	–	5	–	5	4	1	80,0	1	1
Transfers and subsidies									
Non-profit institutions	10	–	–	10	3	7	30,0	2	2
Capital									
Machinery and equipment	45	42	–	87	60	27	69,0	577	285
Software and other intangible assets	–	8	–	8	7	1	87,5	–	–
Total	6 319	–	(500)	5 819	2 306	3 513	39,6	4 873	1 270

**DEPARTMENT OF AGRICULTURE
VOTE 26**

**NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2005**

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

Detail of these transactions can be viewed in note 8 (Transfers and subsidies) and Annexure 1 (B-K) to the annual financial statements.

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

Detail of these transactions can be viewed in note 1 (Annual appropriation) to the annual financial statements.

3. Detail on financial transactions in assets and liabilities

Detail of these transactions per programme can be viewed in note 6 [Details of special functions (theft and losses)].

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

4.1 Per programme	Voted funds after virement R'000	Actual expenditure R'000	Deviation R'000	%
Administration	176 690	169 838	6 852	3,87
Farmer Support and Development	336 898	330 044	6 854	2,03
Agricultural Trade and Business Development	35 805	26 759	9 046	25,26
Economic Research and Analysis	21 755	16 108	5 647	25,95
Agricultural Production	369 550	368 496	1 054	0,28
Sustainable Resources Management and Use	159 344	143 219	16 125	10,11
National Regulatory Services	256 174	246 666	9 508	3,71
Communication and Information Management	87 356	83 405	3 951	4,52
Programme Planning, Monitoring and Evaluation	5 819	2 306	3 513	60,37

Items under which main savings occurred:

Administration **R'000**

Vacancies have not been filled, which led to savings under compensation of employees and goods and services. Information technology could not be purchased in time due to procurement problems at SITA

Compensation of employees (vacancies)	2 474
Goods and services	1 156
Machinery and equipment	1 030
Software and other tangible assets	2 081
Total	6 741

Farmer Support and Development

Due to vacancies not filled savings occurred under the items compensation of employees and goods and services

Compensation of employees (vacancies)	733
Goods and services	5 838
Total	6 571

**DEPARTMENT OF AGRICULTURE
VOTE 26**

**NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2005**

Agricultural Trade and Business Development

R'000

Vacancies that have not been filled led to savings under the items compensation of employees and goods and services. Transfer payments were not made as planned

Compensation of employees (vacancies)	3 815
Goods and services	4 122
Non-profit institutions	1 067
Total	9 004

Economic Research and Analysis

Due to vacancies that have not been filled savings occurred under the items compensation of employees and goods and services

Compensation of employees (vacancies)	2 844
Goods and services	2 547
Total	5 391

Agricultural Production

Because of the programme still being phased in expenditure was less than planned

Goods and services	882
Total	882

Sustainable Resources Management and Use

Due to vacancies that have not been filled savings occurred under the items compensation of employees and goods and services while not all the funds for infrastructure development and poverty relief (LandCare) were paid out due to a lack of projects and a number of power hoes have not been procured

Compensation of employees (vacancies)	1 832
Goods and services	12 979
Software and other intangible assets	761
Total	15 572

National Regulatory Services

Vacancies that have not been filled led to savings under the items compensation of employees and goods and services

Compensation of employees (vacancies)	907
Goods and services	7 504
Machinery and equipment	903
Total	9 314

Communication and Information Management

Vacancies that have not been filled led to savings under the items compensation of employees and goods and services and a foreign membership renewal was received too late for payment

**DEPARTMENT OF AGRICULTURE
VOTE 26**

**NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2005**

Communication and Information Management (<i>continued</i>)	R'000
Compensation of employees (vacancies)	203
Provinces and municipalities	589
Foreign governments and international organisations	2 951
Total	3 743

Programme Planning, Monitoring and Evaluation

The programme has not been fully operational, which resulted in underspending under the items compensation of employees and goods and services

Compensation of employees (vacancies)	2 315
Goods and services	1 162
Total	3 477

4.2 Per economic classification

Current expenditure

Compensation of employees	15 132
Goods and services	36 085
Financial transactions in assets and liabilities	11
Total	51 228

Transfer and subsidies

Departmental agencies and accounts	1
Public corporations and private enterprises	423
Foreign governments and international organisations	2 951
Non-profit institutions	1 882
Households	95
Total	5 352

Payments for capital assets

Buildings and other fixed structure	185
Machinery and equipment	3 512
Software and other intangible assets	2 273
Total	5 970

**DEPARTMENT OF AGRICULTURE
VOTE 26**

**STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 31 March 2005**

	<i>Notes</i>	2004/05 R'000	2003/04 R'000
REVENUE			
Annual appropriation	1	1 449 391	1 250 102
Departmental revenue	2	100 620	235 529
Local and foreign aid assistance	3	5 170	498
TOTAL REVENUE		<u>1 555 181</u>	<u>1 486 129</u>
EXPENDITURE			
Current expenditure			
Compensation of employees	4	306 469	277 201
Goods and services	5	216 970	214 582
Financial transactions in assets and liabilities	6	937	276
Local and foreign aid assistance	3	5 170	498
Total current expenditure		<u>529 546</u>	<u>492 557</u>
Transfers and subsidies	8	761 906	620 031
Expenditure for capital assets			
Buildings and other fixed structures	9	74 859	37 760
Machinery and equipment	9	22 581	27 440
Biological or cultivated assets	9	175	–
Software and other intangible assets	9	2 944	–
Total expenditure for capital assets		<u>100 559</u>	<u>65 200</u>
TOTAL EXPENDITURE		<u>1 392 011</u>	<u>1 177 788</u>
NET SURPLUS FOR THE YEAR		<u>163 170</u>	<u>308 341</u>
Reconciliation of net surplus/(deficit) for the year			
Voted funds to be surrendered to the Revenue Fund	14	62 550	72 812
Departmental receipts to be surrendered to the Revenue Fund	15	100 620	235 529
NET SURPLUS FOR THE YEAR		<u>163 170</u>	<u>308 341</u>

**DEPARTMENT OF AGRICULTURE
VOTE 26**

**STATEMENT OF FINANCIAL POSITION
at 31 March 2005**

	<i>Notes</i>	2004/05 R'000	2003/04 R'000
ASSETS			
Current assets		86 201	22 781
Unauthorised expenditure	7	663	663
Cash and cash equivalents	10	70 197	7 299
Prepayments and advances	11	1 192	1 318
Receivables	12	14 149	13 501
Non-current assets		19 783	20 844
Investments	13	19 783	20 844
TOTAL ASSETS		<u>105 984</u>	<u>43 625</u>
LIABILITIES			
Current liabilities		73 814	13 899
Voted funds to be surrendered to the Revenue Fund	14	62 550	9 491
Departmental revenue to be surrendered to the Revenue Fund	15	8 990	3 722
Payables	16	2 274	686
Non-current liabilities			
Payables	17	19 492	20 713
TOTAL LIABILITIES		<u>93 306</u>	<u>34 612</u>
NET ASSETS		<u>12 678</u>	<u>9 013</u>
Represented by:			
Recoverable revenue		12 678	9 013
TOTAL		<u>12 678</u>	<u>9 013</u>

DEPARTMENT OF AGRICULTURE
VOTE 26

STATEMENT OF CHANGES IN NET ASSETS
for the year ended 31 March 2005

	Notes	2004/05 R'000	2003/04 R'000
Recoverable revenue			
Opening balance		9 013	68 592
Debts written off	6.1	(937)	(276)
Debts raised		4 602	135 881
Prior year adjustment		—	(195 184)
Closing balance		12 678	9 013
TOTAL		12 678	9 013

**DEPARTMENT OF AGRICULTURE
VOTE 26**

**CASH FLOW STATEMENT
for the year ended 31 March 2005**

	<i>Notes</i>	2004/05 R'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts		1 542 794
Annual appropriated funds received		1 449 391
Departmental revenue received		88 755
Local and foreign aid assistance received	3	5 170
Net (increase)/decrease in working capital		(522)
 Surrendered to Revenue Fund		(104 843)
Current payments		(528 118)
Transfers and subsidies paid		(761 906)
Net cash flow available from operating activities	18	147 927
 CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for capital assets		(100 559)
Proceeds from sale of capital assets	2	11 865
Net cash flows from investing activities		(88 694)
 CASH FLOWS FROM FINANCING ACTIVITIES		
Increase/(decrease) in loans received		3 665
Net cash flows from financing activities		3 665
 Net increase in cash and cash equivalents		62 898
 Cash and cash equivalents at the beginning of the period		7 299
Cash and cash equivalents at end of period		70 197

**DEPARTMENT OF AGRICULTURE
VOTE 26**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2005**

1. Annual appropriation

1.1 Included are funds appropriated in terms of the Appropriation Act for national departments (voted funds):

	Final appro- piation	Actual funds received	Variance over/ (under)	Total appro- piation 2003/04
	R'000	R'000	R'000	R'000
Administration	176 690	169 838	6 852	161 623
Farmer Support and Development	336 898	330 044	6 854	289 964
Agricultural Trade and Business Development	35 805	26 759	9 046	36 263
Economic Research and Analysis	21 755	16 108	5 647	19 154
Agricultural Production	369 550	368 496	1 054	319 342
Sustainable Resources Management and Use	159 344	143 219	16 125	131 858
National Regulatory Services	256 174	246 666	9 508	200 218
Communication and Information Management	87 356	83 405	3 951	86 807
Programme Planning, Monitoring and Evaluation	5 819	2 306	3 513	4 873
Total	1 449 391	1 386 841	62 550	1 250 102

2. Departmental revenue to be surrendered to revenue fund
Description

	Notes	2004/05 R'000	2003/04 R'000
Sales of goods and services other than capital assets		62 732	23 046
Fines, penalties and forfeits		16	1
Interest, dividends and rent on land		14 193	10 937
Sales of capital assets		11 865	9 003
Financial transactions in assets and liabilities	2.1	11 814	192 529
Transfer received consists of:		–	13
Gifts, donations and sponsorships received	Annex 1J	–	13
Total revenue collected		100 620	235 529
Departmental revenue collected		100 620	235 529

2.1 Financial transactions in assets and liabilities
Nature of loss recovered

Other	11 814	192 529
	11 814	192 529

The amount of R11,8 million includes stale cheques, debt recoveries, inspection fees and drought relief funds paid back.

**DEPARTMENT OF AGRICULTURE
VOTE 26**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2005**

3. Local and foreign aid assistance

3.1 Assistance received in cash	Opening balance	Revenue	Expenditure	Closing balance
Name of donor and purpose	R'000	R'000	R'000	R'000
Foreign				
European Union (Pesticides Initiative Programme)	–	5 170	5 170	–
	–	5 170	5 170	–

4. Compensation of employees

	2004/05	2003/04
	R'000	R'000
4.1 Salaries and wages		
Basic salary	186 807	169 259
Performance awards	7 088	7 061
Service based	446	7 414
Compensative/circumstantial	37 961	11 599
Periodic payments	5 197	2 221
Other non-pensionable allowances	27 865	39 649
	265 364	237 203
4.2 Social contributions		
4.2.1 Short-term employee benefits		
Pension	27 845	26 490
Medical	13 193	13 457
UIF	–	1
Bargaining council	64	50
Insurance	3	–
	41 105	39 998
Total compensation of employees	306 469	277 201
Average number of employees	2 661	2 582

**DEPARTMENT OF AGRICULTURE
VOTE 26**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2005**

	<i>Notes</i>	2004/05 R'000	2003/04 R'000
5. Goods and services			
Advertising		4 908	4 858
Attendance fees (including registration fees)		3 776	6 595
Bank charges and card fees		581	218
Bursaries (employees)		1 523	6 889
Communication		11 341	10 432
Computer services		13 145	–
Consultants, contractors and special services		37 176	88 085
Courier and delivery services		517	410
Drivers licences and permits		63	–
Entertainment		421	373
External audit fees	5.1	1 923	2 693
Equipment less than R5 000		8 332	–
Freight service		206	–
Government motor transport		–	1 991
Inventory	5.2	43 473	32 615
Learnerships		–	1 066
Legal fees		651	981
Licence agency fees		–	47
Maintenance, repairs and running cost		13 058	8 327
Medical services		55	29
Operating leases		3 363	8 349
Personnel agency fees		78	–
Photographic services		1	–
Plants, flowers and other decorations		14	–
Printing and publications		522	1 063
Professional bodies and membership fees		32	5 980
Resettlement cost		841	262
Roadworthy tests		3	–
School and boarding fees		367	–
Subscriptions		176	–
Storage of furniture		93	–
Taking over of contractual obligations		302	–
Owned leasehold property expenditure		348	–
Translations and transcriptions		12	–
Travel and subsistence	5.3	64 100	32 129
Venues and facilities		5 521	–
Protective, special clothing and uniforms		47	937
Town and regional planning		1	253
		216 970	214 582

**DEPARTMENT OF AGRICULTURE
VOTE 26**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2005**

	<i>Notes</i>	2004/05 R'000	2003/04 R'000
5.1 External audit fees			
Regularity audits		1 923	2 693
Total external audit fees		1 923	2 693
5.2 Inventory (purchased during the year)			
Other inventory		–	8
Domestic consumables		3 424	1 152
Agricultural		5 963	4 564
Learning and teaching support material		77	–
Food and food supplies		1 963	–
Fuel, oil and gas		8 791	7 609
Laboratory consumables		2 651	1 722
Other consumables		670	6 605
Parts and other maintenance material		8 420	3 375
Stationery and printing		11 496	7 558
Veterinary supplies		8	–
Medical supplies		10	22
Total inventory		43 473	32 615
5.3 Travel and subsistence*			
Local		54 817	20 333
Foreign		9 283	11 796
Total travel and subsistence		64 100	32 129

* Foot-and-mouth disease and avian influenza resulted in a drastic increase in travel and subsistence expenditure

6. Financial transactions in assets and liabilities

Debts written off	6.1	937	276
		937	276
6.1 Bad debts written off			
Nature of debts written off			
Uneconomical		52	58
To settle or to waive the claim to the advantage of the state		885	218
		937	276
6.2 Recoverable revenue debts written off			
Uneconomical		(52)	(58)
To settle or to waive the claim to the advantage of the state		(885)	(218)
		(937)	(276)

**DEPARTMENT OF AGRICULTURE
VOTE 26**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2005**

	<i>Notes</i>	2004/05 R'000	2003/04 R'000
7. Unauthorised expenditure			
7.1 Reconciliation of unauthorised expenditure			
Opening balance		663	663
Unauthorised expenditure awaiting authorisation		663	663
7.2 Unauthorised expenditure			
Incident	Disciplinary steps taken/criminal proceeding		
A course for the introduction of English (1998/99)	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 the department by provinces. No disciplinary steps were taken as no official in the department could be held responsible	527	527
Total		663	663
8. Transfers and subsidies			
Provinces	<i>Annex 1B</i>	343 800	66 400
Departmental agencies and accounts	<i>Annex 1D</i>	358 905	319 441
Foreign governments and international organisations	<i>Annex 1G</i>	12 998	15 294
Public corporations and private enterprises	<i>Annex 1F</i>	2 428	2 719
Non-profit organisations	<i>Annex 1H</i>	3 845	1 385
Households	<i>Annex 1I</i>	39 930	214 792
		761 906	620 031
9. Expenditure for capital assets			
Buildings and other fixed structures	<i>Annex 4</i>	74 859	37 760
Machinery and equipment	<i>Annex 4</i>	22 581	27 440
Biological or cultivated assets	<i>Annex 4</i>	175	–
Software and other intangible assets	<i>Annex 5</i>	2 944	–
Total		100 559	65 200

**DEPARTMENT OF AGRICULTURE
VOTE 26**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2005**

	2004/05 R'000	2003/04 R'000
The following amount for compensation of employees has been included	<u>17 462</u>	<u>10 790</u>

10. Cash and cash equivalents

Consolidated Paymaster-General Account	69 682	6 019
Cash receipts	331	1 114
Cash on hand	182	164
Cash in transit	<u>2</u>	<u>2</u>
	<u>70 197</u>	<u>7 299</u>

11. Prepayments and advances

Travel and subsistence	1 192	1 178
Prepayments	<u>–</u>	<u>140</u>
	<u>1 192</u>	<u>1 318</u>

12. Receivables

	<i>Notes</i>	Less than one year	One to three years	Older than three years	Total	Total
Amounts owing by other entities	<i>Annex 6</i>	817	181	50	1 048	727
Staff debtors	<i>12.1</i>	29	–	–	29	24
Clearing accounts	<i>12.2</i>	40	3	–	43	2 633
Other debtors	<i>12.3</i>	8 816	2 282	1 931	13 029	10 117
		<u>9 702</u>	<u>2 466</u>	<u>1 981</u>	<u>14 149</u>	<u>13 501</u>

Amounts of R521 000 (2004: R1 018 356) included above may not be recoverable, but have not been written off in the statement of financial performance

	2004/05 R'000	2003/04 R'000
12.1 Staff debtors		
Sal: Disallowance account	–	14
Sal: Deduction disallowance account	7	1
Sal: Tax debt	<u>22</u>	<u>9</u>
	<u>29</u>	<u>24</u>
12.2 Clearing accounts		
Disallowance dishonoured cheques	33	1
Disallowance miscellaneous	<u>10</u>	<u>2 632</u>
	<u>43</u>	<u>2 633</u>

**DEPARTMENT OF AGRICULTURE
VOTE 26**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2005**

	<i>Notes</i>	2004/05 R'000	2003/04 R'000
12.3 Other debtors			
Nature of advances			
Debt account		1 614	2 059
Inspection fees: Capital account		8 919	6 664
Inspection fees: Interest account		1 470	1 219
Inspection fees: Interest account (suspense)		1 024	–
Claims recoverable public entities		2	74
Credits debt account		–	59
Credits agricultural business debt account		–	42
		13 029	10 117

13. Investments

Investee	Nature of investment			
Ncera Farms	Shares	<i>Annex 2A</i>	1	1
OBP	Shares	<i>Annex 2A</i>	1	1
JS Pistorius Trust Fund	Testimonial grant		62	58
Greenberg Trust Fund	Testimonial grant		28	26
SAAU Fund	Statutory levies		112	104
Abattoir Industry Fund	Statutory levies		19 288	20 523
Drilling deposits	Deposits for drilling services		291	131
			19 783	20 844

14. Voted funds to be surrendered to the Revenue Fund

Opening balance	9 491	7 245
Transfer from statement of financial performance	62 550	72 812
Voted funds not requested/not received	–	(63 321)
Paid during the year	(9 491)	(7 245)
Closing balance	62 550	9 491

15. Departmental revenue to be surrendered to Revenue Fund

Opening balance	3 722	2 451
Transfer from statement of financial performance	100 620	235 529
Paid during the year	(95 352)	(234 258)
Closing balance	8 990	3 722

16. Payables – current

	<i>Notes</i>	30 days	30+ days	Total	Total
Advances received	16.1	274	404	678	362
Clearing accounts	16.2	156	1 440	1 596	324
		430	1 844	2 274	686

**DEPARTMENT OF AGRICULTURE
VOTE 26**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2005**

	<i>Notes</i>	2004/05 R'000	2003/04 R'000
16.1 Advances received			
Plant breeders' rights		97	97
Drilling deposits		307	265
Citrus Growers' Association		274	–
		678	362

16.2 Clearing accounts

Pension recoverable	31	–
Salary: ACB recalls	49	5
Salary: Pension fund	2	9
Salary: Income tax	1 511	191
Salary: Bargaining Council	–	1
Salary: Garnishee order	1	4
Salary: Reversal control	–	13
Salary: Regional Services Council	1	–
Debtors accounts with credit balances	–	101
Telephone control	1	–
	1 596	324

17. Payables – non-current

	<i>Note</i>	One to two years	Two to three years	More than three years	Total	Total
Other payables	17.1	–	–	19 492	19 492	20 713
		–	–	19 492	19 492	20 713

	2004/05 R'000	2003/04 R'000
17.1 Other payables		
Ncera Farms	1	1
OBP	1	1
JS Pistorius Trust Fund	62	58
Greenberg Trust Fund	28	26
Abattoir Industry Fund	19 288	20 523
SAAU levies	112	104
	19 492	20 713

DEPARTMENT OF AGRICULTURE
VOTE 26

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2005

	<i>Notes</i>	2004/05 R'000	2003/04 R'000
18. Reconciliation of net cash flow from operating activities to surplus/(deficit)			
Net surplus as per statement of financial performance		163 170	
Non-cash movements			
Increase in receivables – current		(648)	
Decrease in prepayments and advances		126	
Decrease in other non-current assets		1 061	
Increase in payables – current		1 588	
Decrease in non-current liabilities		(1 221)	
Proceeds from sale of equipment		(11 865)	
Surrenders		(104 843)	
Capital expenditure		100 559	
Net cash flow generated by operating activities		147 927	
19. Appropriated funds and departmental revenue surrendered			
Appropriated funds surrendered		62 550	7 245
Departmental revenue surrendered		95 352	234 258
		157 902	241 503

**DEPARTMENT OF AGRICULTURE
VOTE 26**

**DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2005**

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>	2004/05 R'000	2003/04 R'000
20. Contingent liabilities				
Liable to	Nature			
Housing loan guarantees	Employees	<i>Annex 3</i>	2 923	3 891
Other guarantees		<i>Annex 3</i>	99 925	99 824
Other departments (unconfirmed balances)		<i>Annex 7</i>	9 956	1 629
Other			39	–
			112 843	105 344
21. Commitments per programme				
Current expenditure				
Approved and contracted			51 108	4 212
			51 108	4 212
Capital expenditure				
Approved and contracted			6 620	2 615
			6 620	2 615
Total commitments			57 728	6 827
22. Accruals				
By economic classification				
	30 days	30+ days		
Goods and services	45	9 789	9 834	67
Machinery and equipment	40	–	40	70
	85	9 789	9 874	137
Listed by programme level				
Administration			13	5
Farmer Support and Development			32	–
Economic Research and Analysis			196	–
Agricultural Production			311	–
Sustainable Resources Management and Use			28	87
National Regulatory Services			9 235	40
Communication and Information Management			55	5
Programme Planning, Monitoring and Evaluation			4	–
			9 874	137
Confirmation balances with other departments		<i>Annex 7</i>	5 905	983
			5 905	983

An amount of R9,160 million represents claims in respect of foot-and-mouth disease control received too late for payment

**DEPARTMENT OF AGRICULTURE
VOTE 26**

**DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2005**

	2004/05 R'000	2003/04 R'000
23. Employee benefits		
Leave entitlement	38 043	37 501
Thirteenth cheque	9 175	7 959
Performance bonus	5 480	4 049
	52 698	49 509

Due to a formula change that has not been amended on Persal, the amount indicated under Employee benefits is overstated by an estimated R42 000,00.

24. Lease commitments

24.1 Operating leases

	Buildings and other fixed structures	Machinery and equipment	Total	Total
Not later than 1 year	–	1 339	1 339	–
Later than 1 year and not later than 3 years	–	947	947	1 087
Later than 3 years	–	352	352	491
Total present value of lease liabilities	–	2 638	2 638	1 578

25. Irregular expenditure

25.1 Reconciliation of irregular expenditure

Opening balance	3 903	3 903
Irregular expenditure awaiting condonement	3 903	3 903
Analysis		
Prior years	–	3 903
	–	3 903

26. Senior management personnel

The aggregate compensation of the senior management of the department and the number of individuals determined on a full-time equivalent basis receiving compensation within this category, showing separately major classes of key management personnel and including a description of each class for the current period and the comparative period. Detail on each type of compensation should also be disclosed.

DEPARTMENT OF AGRICULTURE
VOTE 26

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2005

	2004/05 R'000	2003/04 R'000
26. Senior management personnel (<i>continues</i>)		
– Minister, Deputy Ministers and Director-General	2 568	2 280
– Deputy Directors-General	2 564	2 010
– Chief Financial Officer (acting)	644	602
	<u>5 776</u>	<u>4 892</u>

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2005

ANNEXURE 1B
STATEMENT OF CONDITIONAL GRANT PAID TO DEPARTMENTS

NAME OF DEPARTMENT	GRANT ALLOCATION			TRANSFER		SPENT			2003/04
	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
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%
Infrastructure Development and Poverty Relief (LandCare)									
Eastern Cape Province	3 500	-	5 266	8 766	8 766	100,0	8 766	2 647	30,2
Free State Province	2 000	-	1 370	3 370	3 370	100,0	3 370	1 922	57,0
Gauteng Province	1 600	-	185	1 785	1 785	100,0	1 785	1 446	81,0
KwaZulu-Natal Province	4 000	-	3 240	7 240	7 240	100,0	7 240	7 264	100,3
Limpopo Province	-	-	2 044	2 044	2 044	100,0	2 044	1 736	84,9
Mpumalanga Province	5 500	-	2 244	7 744	7 744	100,0	7 744	5 500	71,0
Northern Cape Province	2 000	-	685	2 685	2 685	100,0	2 685	1 665	62,0
North West Province	5 000	-	1 370	6 370	6 370	100,0	6 370	6 370	100,0
Western Cape Province	3 500	-	296	3 796	3 796	100,0	3 796	3 215	84,7
Subtotal	27 100	-	16 700	43 800	43 800	100,0	43 800	31 765	72,5
									36 400

DEPARTMENT OF AGRICULTURE
VOTE 26ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2005ANNEXURE 1B (continued)
STATEMENT OF CONDITIONAL GRANT PAID TO DEPARTMENTS

NAME OF DEPARTMENT	GRANT ALLOCATION			TRANSFER		SPENT			2003/04
	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
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%
Comprehensive Agricultural Support Programme									
Eastern Cape Province	38 043	-	-	38 043	38 043	100,0	38 043	12 270	32,3
Free State Province	16 870	-	-	16 870	16 870	100,0	16 870	1 432	8,5
Gauteng Province	4 582	-	-	4 582	4 582	100,0	4 582	7 182	156,7
KwaZulu-Natal Province	37 016	-	-	37 016	37 016	100,0	37 016	38 397	103,7
Limpopo Province	33 428	-	-	33 428	33 428	100,0	33 428	22 996	68,8
Mpumalanga Province	18 903	-	-	18 903	18 903	100,0	18 903	15 759	83,4
Northern Cape Province	10 518	-	-	10 518	10 518	100,0	10 518	7 674	73,0
North West Province	26 875	-	-	26 875	26 875	100,0	26 875	26 875	100,0
Western Cape Province	13 765	-	-	13 765	13 765	100,0	13 765	14 932	108,5
Subtotal	200 000	-	-	200 000	200 000	100,0	200 000	147 517	73,8
									-

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2005

ANNEXURE 1B (continued)
STATEMENT OF CONDITIONAL GRANT PAID TO DEPARTMENTS

NAME OF DEPARTMENT	GRANT ALLOCATION			TRANSFER		SPENT			2003/04
	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
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%
Disaster Management (Drought Relief)									
Eastern Cape Province	8 000	-	-	8 000	8 000	100,0	8 000	-	0,0
Free State Province	17 000	-	-	17 000	17 000	100,0	17 000	-	0,0
KwaZulu-Natal Province	18 000	-	-	18 000	18 000	100,0	18 000	8 198	45,5
Limpopo Province	2 000	-	-	2 000	2 000	100,0	2 000	54	2,7
Mpumalanga Province	2 000	-	-	2 000	2 000	100,0	2 000	-	0,0
Northern Cape Province	26 000	-	-	26 000	26 000	100,0	26 000	12 297	47,3
North West Province	18 000	-	-	18 000	18 000	100,0	18 000	28 000	155,6
Western Cape Province	9 000	-	-	9 000	9 000	100,0	9 000	253	2,8
Subtotal	100 000	-	-	100 000	100 000	100,0	100 000	48 802	48,8
TOTAL	327 100	-	16 700	343 800	343 800	100,0	343 800	228 084	66,3

Reporting in terms of Section 18(1) of DORA is included in the annual report under programme performance on conditional grants and earmarked funds.

DEPARTMENT OF AGRICULTURE
VOTE 26

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2005

ANNEXURE 1D
STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

AGENCY/ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2003/04
	Appro- piation Act	Roll overs	Adjust- ments	Total available	Actual transfer	% of available funds transferred	
	R'000	R'000	R'000	R'000	R'000	%	
National Agricultural Marketing Council	10 601	-	-	10 601	10 601	100,0	10 109
Agricultural Research Council	338 393	-	3 751	342 144	342 144	100,0	309 013
Water Research Commission	500	-	-	500	500	100,0	-
National Student Financial Aid Scheme	-	-	5 300	5 300	5 300	100,0	-
Public Service Education and Training Authority	361	-	-	361	360	99,7	319
TOTAL	349 855	-	9 051	358 906	358 905	100,0	319 441

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2005

ANNEXURE 1F
STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

NAME OF PUBLIC CORPORATION/PRIVATE ENTERPRISE	TRANSFER ALLOCATION				TRANSFER				2003/04
	Appropriation Act	Roll overs	Adjustments	Total available	Actual transfer	% of available funds transferred	Capital	Current	
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	
Public corporations									
Eskom	29	-	15	44	31	70,5	-	31	-
Kalahari East Water Board	19	-	-	19	9	47,4	-	9	-
Ncera Farms (Pty) Ltd	2 240	-	-	2 240	2 240	100,0	-	2 240	1 585
Subtotal	2 288	-	15	2 303	2 280	99,0	-	2 280	1 585
Private enterprises									
Claims against the state	-	-	78	78	75	96,2	-	75	701
Non-life insurance premiums	479	-	(9)	470	73	15,5	-	73	53
Village Bank	-	-	-	-	-	-	-	-	380
Subtotal	479	-	69	548	148	27,0	-	148	1 134
TOTAL	2 767	-	84	2 851	2 428	85,2	-	2 428	2 719

DEPARTMENT OF AGRICULTURE
VOTE 26

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2005

ANNEXURE 1G

STATEMENT OF TRANSFERS TO FOREIGN GOVERNMENT AND INTERNATIONAL ORGANISATIONS

FOREIGN GOVERNMENT/ INTERNATIONAL ORGANISATION	TRANSFER ALLOCATION		TRANSFER				2003/04
	Appro- priation Act	Roll overs	Adjustments	Total available	Actual transfer	% of avail- able funds transferred	Appro- priation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers							
International Dairy Federation	20	-	-	20	20	100,0	-
Office International des Epizooties	510	-	1 038	1 548	1 547	99,9	1 079
International Seed Testing Association	53	-	9	62	62	100,0	-
Organisation for Economic Co-operation and Development	93	-	9	102	102	100,0	153
International Union for the Protection of New Varieties (of plants)	280	-	281	561	560	99,8	278
International Grains Council	130	-	103	233	232	99,6	119
Office International de la Vigne et du Vin	380	-	-	380	216	56,8	93
Plant Genetic Resources Centre	405	-	-	405	-	0,0	-
Food and Agriculture Organisation of the United Nations	9 894	-	-	9 894	9 893	100,0	9 898
International Commission of Agricultural Engineering	50	-	-	50	-	0,0	-
Consultative Group on International Agricultural Research	3 310	-	(1 440)	1 870	-	0,0	3 310
Commonwealth Agricultural Bureau International	204	-	-	204	172	84,3	187
Regional Early Warning Unit for Food Security	330	-	-	330	164	49,7	-
Regional Food Security Training Programme	250	-	-	250	-	0,0	177
Foreign rates and taxes	-	-	40	40	30	75,0	-
TOTAL	15 909	-	40	15 949	12 998	81,5	15 294

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2005

ANNEXURE 1H
STATEMENT OF TRANSFERS TO NON-PROFIT ORGANISATIONS

NON-PROFIT ORGANISATIONS	TRANSFER ALLOCATION		TRANSFER				2003/04
	Appro- piation Act	Roll overs	Adjustments	Total available	Actual transfer	% of avail- able funds transferred	Appro- piation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers							
National Red Meat Producers' Organisation	185	-	-	185	185	100,0	-
Cotton industry	645	-	-	645	645	100,0	-
Fruit industry	250	-	-	250	250	100,0	-
Poultry industry	250	-	-	250	-	0,0	-
National African Farmers' Union (NAFU)	500	-	-	500	-	0,0	-
Grain Industry Project Management	300	-	-	300	-	0,0	-
International Conference of Agricultural Economists	131	-	-	131	130	99,2	-
Food and Trees for Africa	80	-	-	80	80	100,0	-
SA Wine and Vine Association	284	-	-	284	278	97,9	-
Mankwe Financial Services Cooperative	30	-	-	30	30	100,0	-
Qudeni Financial Services Cooperative	6	-	-	6	6	100,0	-
Nkandla Financial Services Cooperative	12	-	-	12	12	100,0	-
Ngavuma Financial Services Cooperative	10	-	-	10	10	100,0	-
Financial Cooperatives of South Africa (FICOSA)	-	-	1 000	1 000	1 000	100,0	-
Cooperative Development Initiative	-	-	-	-	-	0,0	180

DEPARTMENT OF AGRICULTURE
VOTE 26

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2005

ANNEXURE 1H (*continued*)
STATEMENT OF TRANSFERS TO NON-PROFIT ORGANISATIONS

NON-PROFIT ORGANISATIONS	TRANSFER ALLOCATION		TRANSFER				2003/04
	Appro- priation Act	Roll overs	Adjustments	Total available	Actual transfer	% of avail- able funds transferred	Appro- priation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Regional Services Council levies	1 113	-	(52)	1 061	872	82,2	819
Vehicle licences municipalities	398	-	-	398	313	78,6	386
Vehicle licences provincial department	35	-	-	35	34	97,1	-
Municipal rates and taxes	565	-	(15)	550	-	0,0	-
TOTAL	4 794	-	933	5 727	3 845	67,1	1 385

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2005

ANNEXURE 11
STATEMENT OF TRANSFERS TO HOUSEHOLDS

HOUSEHOLDS	TRANSFER ALLOCATION		TRANSFER				2003/04
	Appro- piation Act	Roll overs	Adjustments	Total available	Actual transfer	% of avail- able funds transferred	Appro- piation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers							
Porcine respiratory and reproductive syndrome	2 000	-	-	2 000	2 000	100,0	-
Avian influenza	33 000	-	3 271	36 271	36 270	100,0	-
Social benefits	1 113	-	641	1 754	1 660	94,6	-
Disaster aid	-	-	-	-	-	-	214 792
TOTAL	36 113	-	3 912	40 025	39 930	99,8	214 792

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2005ANNEXURE 1J
STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2004/05	2003/04
		R'000	R'000
Received in cash			
International Plant Genetic Resources Institute (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 baskets used during the Presidential Inauguration Ceremony	20	-
Several gifts/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

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2005

ANNEXURE 1K

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE AND REMISSIONS, REFUNDS AND PAYMENTS MADE AS AN ACT OF GRACE FOR THE YEAR ENDED 31 MARCH 2004

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2004/05	2003/04
		R'000	R'000
Paid in cash			
ARC (Biosystematic division)	Attending the International Symposium on Scale Insects in Turkey	-	10
Prime Minister of Israel, Director-General OIV and Minister of Agriculture of Algeria	Gifts for international guests	-	1
Farmers	Prices for the winners of the Female Farmer of the Year	-	36
National African Farmers' Union	Sponsor a presidential gala table	-	18
TOTAL		-	65

DEPARTMENT OF AGRICULTURE
VOTE 26

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2005

ANNEXURE 2A
STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO ENTITIES AS AT 31 MARCH 2005

Name of public entities	Nature of business	Relevant Act	State entity's PFMA schedule type (state year end if not 31 March)	% held		% held		Number of shares		Cost of investment		Profit/(loss) for the year		Are the losses guaranteed?
				03/04	04/05	03/04	04/05	03/04	04/05	03/04	04/05	03/04	04/05	
										R'000	R'000	R'000	R'000	Yes/No
Controlled entities														
Ncera Farms (Pty) Ltd	Farmer support and related activities in Kidd's Beach district	Companies Act, 1973 (Act No. 61 of 1973)	3B	100,0	100,0			1 000	1 000					No
Onderstepoort Biological Products (Pty) Ltd	Manufacturing of vaccines and related products to animal care industries	Onderstepoort Biological Products Incorporation Act, 1999 (Act No. 19 of 1999)	3B	100,0	100,0			1 000	1 000					No
TOTAL										-	-	-	-	

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2005

ANNEXURE 3
STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2005—LOCAL

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2004	Guarantees issued during the year	Guarantees released during the year	Guaranteed interest for year ended 31 March 2005	Closing balance 31 March 2005	Realised losses in respect of claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000
Standard Bank	Housing	687	629	66	249	—	446	—
Cape of Good Hope Bank	Housing	26	26	—	13	—	13	—
Nedbank Ltd	Housing	251	286	77	38	—	325	—
First Rand Bank FNB	Housing	425	456	124	223	—	357	—
BOE Bank Ltd	Housing	16	16	—	—	—	16	—
Nedbank (included BOE Bank)	Housing	59	59	—	40	—	19	—
ABSA	Housing	1 239	1 230	194	448	—	976	—
Old Mutual Bank	Housing	17	25	26	17	—	34	—
Peoples Bank (FBC FID)	Housing	84	84	—	19	—	65	—
Peoples Bank (NBS Div)	Housing	216	180	—	55	—	125	—
FNB (formerly Saambou)	Housing	521	425	—	252	—	173	—
Old Mutual Bank (Ned/Perm)	Housing	454	430	—	85	—	345	—
United Bank	Housing	12	12	—	—	—	12	—
GBS Mutual Bank	Housing	16	16	—	16	—	—	—
Green Star Home Loans	Housing	17	17	—	—	—	17	—
Subtotal		4 040	3 891	487	1 455	—	2 923	—

DEPARTMENT OF AGRICULTURE
VOTE 26

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2005

ANNEXURE 3 (*continued*)
STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2005—LOCAL

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2004	Guarantees issued during the year	Guarantees released during the year	Guaranteed interest for year ended 31 March 2005	Closing balance 31 March 2005	Realised losses in respect of claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000
Land Bank	Grain loans to co-operatives	200 000	7 096	—	—	101	7 197	—
Land Bank	Consolidation of debt	100 000	92 728	—	—	—	92 728	—
Subtotal		300 000	99 824	—	—	101	99 925	—
TOTAL		304 040	103 715	487	1 455	101	102 848	—

**DEPARTMENT OF AGRICULTURE
VOTE 26**

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2005**

ANNEXURE 4

PHYSICAL ASSET MOVEMENT SCHEDULE FOR THE YEAR ENDED 31 MARCH 2005

	Opening balance R'000	Additions R'000	Disposals R'000	Transfers in R'000	Transfers out R'000	Closing balance R'000
Buildings and other fixed structures	-	74 859	37 967	-	-	-
Dwellings	-	-	-	-	-	-
Other structures	-	37 967	37 967	-	-	-
Capital work in progress	-	36 892	-	-	-	-
Machinery and equipment	-	22 581	11 399	33	360	-
Computer equipment	-	8 054	10	-	-	-
Furniture and office equipment	-	713	637	-	44	-
Other machinery and equipment	-	10 049	2 160	33	22	-
Transport assets	-	3 765	8 592	-	294	-
Biological or cultivated assets	-	175	-	-	-	-
	-	97 615	49 366	33	360	-

PHYSICAL ASSET MOVEMENT SCHEDULE FOR THE YEAR ENDED 31 MARCH 2004

	Opening balance R'000	Additions R'000	Disposals R'000	Transfers in R'000	Transfers out R'000	Closing balance R'000
Buildings and other fixed structures	-	37 760	18 194	-	-	-
Dwellings	-	-	-	-	-	-
Non-residential buildings	-	19 566	-	-	-	-
Other structures	-	18 194	18 194	-	-	-
Machinery and equipment	-	27 440	-	-	-	-
Computer equipment	-	10 817	-	-	-	-
Furniture and office equipment	-	1 947	-	-	-	-
Other machinery and equipment	-	6 642	-	-	-	-
Transport assets	-	8 034	-	-	-	-
TOTAL	-	65 200	18 194	-	-	-

**DEPARTMENT OF AGRICULTURE
VOTE 26**

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2005**

ANNEXURE 5

SOFTWARE AND OTHER INTANGIBLE ASSETS MOVEMENT SCHEDULE AS AT 31 MARCH 2005

	Opening balance	Additions	Disposals	Transfers in	Transfers out	Closing balance
	R'000	R'000	R'000	R'000	R'000	R'000
Patents, copyrights, brand names and trademarks	–	603	–	–	–	603
Computer software	–	2 341	–	–	–	2 341
TOTAL	–	2 944	–	–	–	2 944

**DEPARTMENT OF AGRICULTURE
VOTE 26**

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2005**

ANNEXURE 6**INTERGOVERNMENT RECEIVABLES**

Government entity	Confirmed balance outstanding		Unconfirmed balance outstanding	
	31/03/2005 R'000	31/03/2004 R'000	31/03/2005 R'000	31/03/2004 R'000
National departments				
Department of Foreign Affairs	19	–	65	34
South African National Defence Force	–	–	–	8
National Treasury	–	9	–	–
Department of Trade and Industry	–	–	132	133
Department of Justice and Constitutional Development	–	–	115	104
Department of Health	–	–	38	–
National Prosecuting Authority	–	–	6	–
National Intelligence Agency	5	–	–	–
Department of Public Works	–	–	78	–
Department of Land Affairs	–	–	25	–
Department of Home Affairs	–	–	6	–
Department of Water Affairs and Forestry	–	–	33	–
Gauteng Province				
Department of Agriculture, Conservation, Environment and Land Affairs	–	–	15	23
Mpumalanga Province				
Department of Education	–	–	12	12
Department of Public Works, Roads and Transport	–	–	–	10
Department of Agriculture, Conservation and Environment	50	–	35	85
Department of Water Affairs	–	–	23	–
North West Province				
Department of Agriculture, Conservation and Environment	–	–	218	185
Department of Roads and Public Works	–	13	7	–
Department of Health	–	–	–	10
Department of Water Affairs	70	–	–	–
Limpopo Province				
Department of Agriculture	–	–	–	19
Department of Public Works	–	–	58	–

**DEPARTMENT OF AGRICULTURE
VOTE 26**

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2005**

ANNEXURE 6 (continued)

INTERGOVERNMENT RECEIVABLES

Government entity	Confirmed balance outstanding		Unconfirmed balance outstanding	
	31/03/2005 R'000	31/03/2004 R'000	31/03/2005 R'000	31/03/2004 R'000
KwaZulu-Natal Province				
Department of Agriculture and Environmental Affairs	–	–	–	17
Department of Labour	–	–	24	–
Northern Cape Province				
Department of Agriculture, Land Reform, Environment and Conservation	–	–	–	44
Free State Province				
Department of Agriculture	–	–	4	21
Department of Social Development	10	–	–	–
TOTAL	154	22	894	705

**DEPARTMENT OF AGRICULTURE
VOTE 26**

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2005**

ANNEXURE 7**INTERGOVERNMENT PAYABLES**

Government entity	Confirmed balance outstanding		Unconfirmed balance outstanding	
	31/03/2005 R'000	31/03/2004 R'000	31/03/2005 R'000	31/03/2004 R'000
Department				
Amounts not included in statement of financial position				
Current				
National departments				
South African Police Service	25	—	3 633	261
Department of Labour	6	—	—	—
South African National Defence Force	4 954	—	—	—
Department of Water Affairs and Forestry	7	—	—	—
Department of Justice	911	463	—	42
Department of Correctional Services	—	—	761	—
Parliament	2	—	—	—
South African Management Development Institute	—	4	—	28
Department of Transport	—	—	—	33
Limpopo Province				
Department of Transport	—	—	4 053	—
Department of Agriculture	—	—	338	—
Mopani District Municipality	—	—	687	—
Mpumalanga Province				
Department of Agriculture, Conservation and Environment	—	—	109	—
Northern Cape Province				
Department of Agriculture, Land Reform Environment and Conservation	—	—	340	—
Western Cape Province				
Department of Transport and Public Works	—	—	33	—
Department of Agriculture	—	250	—	34
Free State Province				
Provincial Treasury	—	—	2	—
Department of Transport and Public Works	—	266	—	1 231
TOTAL	5 905	983	9 956	1 629

AGRICULTURAL DEBT ACCOUNT

BALANCE SHEET
as at 31 March 2005

		1 April 2004 to 31 March 2005	18 March 2003 to 31 March 2004
	Notes	R'000	R'000
ASSETS			
Non-current assets		1 258 844	1 224 023
Investment	2	1 102 953	1 025 953
Long-term loans to farmers	3.1	155 891	198 070
Current assets		358 457	420 995
Short-term loans	3.2	161 703	186 652
Accounts receivable	4	194 198	231 497
Cash and cash equivalents	5	2 556	2 846
		1 617 301	1 645 018
EQUITY AND LIABILITIES			
Capital and reserves		1 616 987	1 644 449
Accumulated reserves		1 616 987	1 644 449
Current liabilities		314	569
Accounts payable		314	569
		1 617 301	1 645 018

AGRICULTURAL DEBT ACCOUNT

INCOME STATEMENT
for the year ended 31 March 2005

		1 April 2004 to 31 March 2005	18 March 2003 to 31 March 2004
	<i>Notes</i>	R'000	R'000
INCOME			
Revenue	6	12 844	63 703
Sundry income		71	10
Total income		12 915	63 713
EXPENDITURE			
Administrative expenses		109	21
Bond protection	7	425	915
Irrecoverable amounts written off		34 843	36 269
Provision for doubtful debts		5 000	4 000
Total expenditure		40 377	41 205
Retained (deficit)/surplus for the year		(27 462)	22 507
Accumulated funds – beginning of the period		1 644 449	1 621 942
Accumulated funds – end of the period		1 616 987	1 644 449

AGRICULTURAL DEBT ACCOUNT

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2005

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

AGRICULTURAL DEBT ACCOUNT

CASH FLOW STATEMENT
for the year ended 31 March 2005

		1 April 2004 to 31 March 2005	18 March 2003 to 31 March 2004
	<i>Notes</i>	R'000	R'000
Cash flows from operating activities			
Cash generated by operating activities	9.1	74 267	20 438
Interest received		2 443	2 968
Net cash from operating activities		76 710	23 406
Cash flows from financing activities			
Increase in investment		77 000	28 966
Net cash utilised in financing activities		77 000	28 966
Increase/(decrease) in cash and cash equivalents		(290)	(5 560)
Cash and cash equivalents at the beginning of the period	9.2	2 846	8 406
Cash and cash equivalents at the end of the period	9.2	2 556	2 846

AGRICULTURAL DEBT ACCOUNT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2005**1. Accounting policies**

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 implementation of the Basic Accounting System by the department and termination of the related accounting interface with the former Financial Management System for the agricultural debt account (ADA), resulted in the prior period end figures being updated from 18 March 2003 up to 31 March 2004. 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 Investments

Surplus funds are invested at the Corporation for Public Deposits at a zero interest rate due to a decision of Cabinet on 24 January 1996 in this regard.

1.4 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 debt into account.

1.5 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.

1.6 Bond protection

Costs related 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).

1.7 Financial instruments

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

Cash and cash equivalents, investments, 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 agricultural debt account is mandated by the ADMA to collect all outstanding debts or write these off if it is not economical to collect. These loans are carried 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.

AGRICULTURAL DEBT ACCOUNT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2005

- 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 ADA has received an exemption from compliance with AC 133: Financial Instruments: Recognition and Measurement from the National Treasury.

	1 April 2004 to 31 March 2005	18 March 2003 to 31 March 2004
	R'000	R'000
2. Investment		
On the investment of monies in the agricultural debt account Cabinet decided that no interest will accrue to the benefit of the account	1 102 953	1 025 953
3. Loans to farmers		
3.1 Long-term loans to farmers	155 891	198 070
3.2 Short-term loans		
Short-term portion of long-term loans	18 229	25 180
Capital payable	209 902	225 223
Less: Provision for capital portion of bad debts	(66 428)	(63 751)
	161 703	186 652
4. Accounts receivable		
Interest	234 533	269 046
Less: Provision for interest portion of bad debts	(40 572)	(38 249)
Rental debt	237	349
Receivables	–	351
	194 198	231 497
5. Cash and cash equivalents		
Bank balance	2 556	2 846
	2 556	2 846
6. Revenue		
Interest income	10 401	38 411
Interest received on positive bank balance	2 443	2 968
Interest adjustment	–	22 324
	12 844	63 703

AGRICULTURAL DEBT ACCOUNT

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2005

7. Bond protection

The following immovable properties were purchased during the financial year:

- **Reference:** 4.3.2.4-514-00016 **Debtor:** J.R. Mabunda
Property purchased: Portion 8 (remaining extent) of the farm Tarentaalrand 524, Registration Division: Letaba
Province: Limpopo, in extent of 12,8480 ha
Market value: R75 000
Purchase amount: R75 000
- **Reference:** 4.3.2.4-345-02467 **Debtor:** N.J. Swart
Property purchased: Portion 5 (remaining extent) of the farm Doorndraai 282, Registration Division: KR
Province: Limpopo, in extent of 41,0702 ha
Market value: R350 000
Purchase amount: R350 000

Refer to note 1.6 which states the manner of accounting for these items.

	1 April 2004 to 31 March 2005	18 March 2003 to 31 March 2004
	R'000	R'000
8. Provision for doubtful debts		
Opening balance	102 000	98 000
Adjustment for the current period	5 000	4 000
Closing balance	<u>107 000</u>	<u>102 000</u>
9. Notes to the cash flow statement		
9.1 Reconciliation between retained surplus and cash generated by operating activities:		
Retained (deficit)/surplus for the period	(27 462)	22 507
Adjustment for interest received	(2 443)	(2 968)
	<u>(29 905)</u>	<u>19 539</u>
Movements in working capital:		
Decrease in loans and accounts receivable	104 427	334
Increase/(decrease) in accounts payable	(255)	563
	<u>74 267</u>	<u>20 437</u>
9.2 Cash and cash equivalents		
Cash and cash equivalents for the current period consist only of balances held with commercial banks. Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts		
	2 556	2 846
Cash and cash equivalents	<u>2 556</u>	<u>2 846</u>



PART 5

Human Resources Management

Human Resources Management

STATISTICS ON HUMAN RESOURCES MANAGEMENT

During the period under review, the vacancy rate has decreased from 29,2 to 26,2 % due to the timeous filling of vacant positions. Although some of the vacant posts were not funded before and only became funded during the 2004/2005 financial year, a total of 230 appointments were made and 185 promotions effected from 1 April 2004 to 31 March 2005.

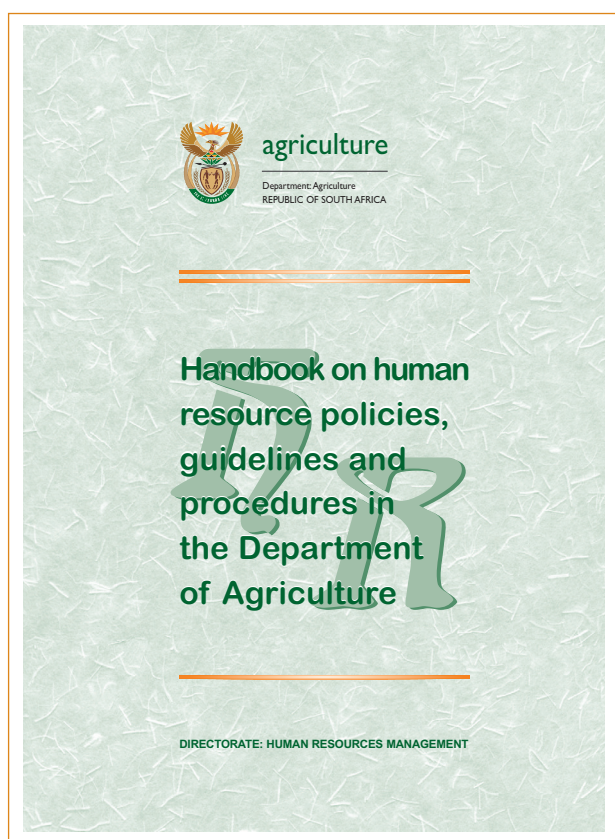
As far as job evaluation is concerned, a total of 500 posts were evaluated in terms of the Public Service Regulations' mandate. All Senior Management Service posts on the approved structure of the department were evaluated. During the financial year, the departmental Performance Management System policy was reviewed and guidelines were compiled. An assessment tool for the Senior Management Service Performance Management and Development was developed and implemented. The Directorate Human Resources Management provided training to management and all officials in the department on the implementation of the amended performance management systems.

With regard to labour relations, the new Bargaining Chamber (DBL) for the department was established. The Chamber operates under the auspices of the General Public Service Sectoral Bargaining Council (GPSSBC). All departmental resolutions entered into will be ratified by the GPSSBC. Minutes of the Departmental Bargaining Chamber also now have to be submitted to the GPSSBC. Multilateral meetings were held between the department and the recognised trade unions on a monthly basis to consult/negotiate departmental policies and guidelines as well as items tabled at the DBL.

As a result of the closure of an abattoir, negotiations with trade unions have led to the successful absorption and placing of 13 officials in terms of DoA Resolution 4/98. During the year under review the department won all the cases referred to the GPSSBC for arbitration. Two training sessions were conducted and 36 new Presiding and Investigating Officers were formally trained. Currently there are no backlogs in the finalisation of disputes, grievances and misconduct in the department. All grievances were resolved at departmental level and no cases were referred to the Public Service Commission for resolution.

Currently 0,23 % of employees with disabilities are employed in the department. The Employment Equity Transformation and Consultative Forum has, however, taken the initiative to increase the number of employees with disabilities in order to reach the target of 2 %.

These initiatives involve advising the Directorate Procurement and Asset Management to upgrade the various buildings of the department to accommodate the basic needs of people with disabilities. The Directorate Human Resources Management has, in the meantime, also amended its application forms to encourage people with disabilities to apply for vacant positions in the department.



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	Personnel expenditure	Training expenditure	Professional and special services	Personnel cost (% of total expenditure)	Average personnel cost per employee (R'000)	Employment
	(R'000)	(R'000)	(R'000)	(R'000)			
1: Administration	169 838	78 293	1 038	8 004	46,1	136	576
2: Farmer Support and Development	330 044	17 380	212	878	5,3	146	117
3: Agricultural Trade and Business Development	26 759	8 508	143	477	31,8	189	45
4: Economic Research and Analysis	16 108	8 090	100	5 154	50,2	169	48
5: Agricultural Production	368 496	6 725	241	14 201	1,8	164	41
6: Sustainable Resources Management and Use	143 219	42 449	344	13 491	29,6	90	471
7: National Regulatory Services	246 666	125 757	1 188	12 312	51,0	141	892
8: Communication and Information Management	83 405	35 629	417	2 400	42,7	131	270
9: Programme Planning, Monitoring and Evaluation	2 306	1 100	93	540	47,7	69	16
TOTAL	1 386 841	323 931	3 776	57 457	23,4	130	2 476

TABLE 1.2 PERSONNEL COSTS BY SALARY BAND

Salary bands	Personnel expenditure (R'000)	% of total personnel costs	Average personnel costs per employee (R'000)	Total personnel expenditure	Number of employees
Lower skilled (Levels 1–2)	50 400	15,6	65	323 931	765
Skilled (Levels 3–5)	32 293	10,0	84	323 931	381
Highly skilled production (Levels 6–8)	147 130	45,4	146	323 931	1 010
Highly skilled supervision (Levels 9–12)	68 159	21,0	245	323 931	275
Senior management (Levels 13–16)	25 949	8,0	564	323 931	43
TOTAL	323 931	100,0	130	323 931	2 474

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 personnel cost	Total personnel cost (R'000)
1	53 221	68,0	1 128	1,44	955	1,2	4 117	5,3	78 293
2	12 448	71,6			118	0,7	715	4,1	17 380
3	6 015	70,7			83	1,0	399	4,7	8 508
4	5 794	71,6			101	1,2	354	4,4	8 090
5	4 873	72,5			50	0,7	241	3,6	6 725
6	29 913	70,5	107	0,30	392	0,9	2 297	5,4	42 449
7	65 072	51,8	30 234	24,0	996	0,8	4 390	3,5	125 757
8	21 730	61,0	600	1,70	205	0,6	1 510	4,2	35 629
9	729	66,3	–	–	8	0,7	33	3,0	1 100
TOTAL	199 795	61,7	32 069	9,90	2 908	0,9	14 056	4,3	323 931

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 personnel cost	Total personnel cost (R'000)
Lower skilled (Levels 1–2)	29 926	59,4	3 521	7,0	348	0,7	1 949	3,9	50 400
Skilled (Levels 3–5)	20 666	64,0	5 138	15,9	392	1,2	1 836	5,7	32 293
Highly skilled production (Levels 6–8)	91 854	62,4	22 430	15,2	1 614	1,1	7 242	4,9	147 130
Highly skilled supervision (Levels 9–12)	43 801	64,3	980	1,4	554	0,8	2 117	3,1	68 159
Senior management (Levels 13–16)	13 548	52,2					912	3,5	25 949
TOTAL	199 795	61,7	32 069	9,9	2 908	0,9	14 056	4,3	323 931

2. EMPLOYMENT AND VACANCIES

The following tables summarise the number of posts on the establishment, the number of employees, vacancy rate, and any staff 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 need to 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	677	576	14,9	1
2: Farmer Support and Development—permanent	187	117	37,4	2
3: Agricultural Trade and Business Development—permanent	87	45	48,3	0
4: Economic Research and Analysis—permanent	85	48	43,5	0
5: Agricultural Production—permanent	92	41	55,4	0
6: Sustainable Resources Management and Use—permanent	610	471	22,8	2
7: National Regulatory Services—permanent	1 218	892	26,8	2
8: Communication and Information Management—permanent	381	282	26,0	1
9: Programme Planning, Monitoring and Evaluation—permanent	16	4	75,0	0
TOTAL	3 353	2 476	26,2	8

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	890	765	14,0	0
Skilled (Levels 3–5)—permanent	504	381	24,4	2
Highly skilled production (Levels 6–8)—permanent	1 330	1 010	24,1	4
Highly skilled supervision (Levels 9–12)—permanent	570	275	51,8	2
Senior management (Levels 13–16)—permanent	57	43	24,6	0
TOTAL	3 351	2 474	26,2	8

TABLE 2.3 EMPLOYMENT AND VACANCIES BY CRITICAL OCCUPATION AT END OF PERIOD

Critical occupation	Number of posts	Number of posts filled	Vacancy rate (%)	Number of posts filled additional to the establishment
Administrative related—permanent	140	71	49,3	0
Agricultural animal, oceanography, forestry and other science—permanent	119	99	16,8	0
Agriculture related—permanent	294	131	55,4	0
Aircraft pilots and related associate professionals—permanent	1	1	0	0
All artisans in the building, metal, machinery, etc.—permanent	71	53	25,4	0
Appraisers, valuers and related professionals—permanent	16	7	56,3	0
Archivists, curators and related professionals—permanent	2	2	0	0
Artisan project and related superintendents—permanent	2	0	100,0	0
Auxiliary and related workers—permanent	83	69	16,9	0
Biochemistry, pharmacology, zoology and life science technicians—permanent	31	23	25,8	0
Building and other property caretakers—permanent	32	27	15,6	0
Bus and heavy vehicle drivers—permanent	7	5	28,6	0
Chemists—permanent	3	3	0	0
Civil engineering technicians—permanent	1	0	100,0	0
Cleaners in offices, workshops, hospitals, etc.—permanent	107	96	10,3	0
Client information clerks (switchboard, reception and information clerks)—permanent	8	8	0	0
Communication and information related—permanent	9	6	33,3	0
Computer programmers—permanent	2	1	50,0	0
Computer system designers and analysts—permanent	1	1	0	0
Custodian personnel—permanent	1	0	100,0	0
Earth-moving and related plant operators—permanent	1	0	100,0	0
Economists—permanent	46	14	69,6	1
Engineering sciences related—permanent	3	1	66,7	0
Engineers and related professionals—permanent	23	18	21,7	0
Farmhands and workers—permanent	231	197	14,7	0
Farming forestry advisors and farm managers—permanent	5	4	20,0	0
Finance and economics related—permanent	80	36	55,0	0

TABLE 2.3 EMPLOYMENT AND VACANCIES BY CRITICAL OCCUPATION AT END OF PERIOD (continued)

Critical occupation	Number of posts	Number of posts filled	Vacancy rate (%)	Number of posts filled additional to the establishment
Financial and related professionals—permanent	24	17	29,2	0
Financial clerks and credit controllers—permanent	95	83	12,6	0
Food services aids and waiters—permanent	24	22	8,3	0
General legal administration and related professionals—permanent	1	1	0	0
Head of department/chief executive officer—permanent	1	0	100,0	0
Horticulturists, foresters, agricultural and forestry technicians—permanent	155	118	23,9	0
Household and laundry workers—permanent	20	19	5,0	0
Human resources and organisational development and related professionals—permanent	27	19	29,6	0
Human resources clerks—permanent	49	41	16,3	0
Human resources related—permanent	15	10	33,3	0
Information technology related—permanent	2	1	50,0	0
Language practitioners, interpreters and other communicators—permanent	14	13	7,1	0
Legal related—permanent	9	4	55,6	0
Librarians and related professionals—permanent	2	1	50,0	0
Library, mail and related clerks—permanent	74	67	9,5	1
Light vehicle drivers—permanent	8	7	12,5	0
Logistical support personnel—permanent	10	8	20,0	0
Material-recording and transport clerks—permanent	88	78	11,4	0
Mechanical engineering technicians—permanent	1	1	0	0
Messengers, porters and deliverers—permanent	65	62	4,6	0
Motor vehicle drivers—permanent	52	46	11,5	0
Motorised farm and forestry plant operators—permanent	7	6	14,3	0
Nature conservation and oceanography related technicians—permanent	58	51	12,1	0
Other administrative and related clerks and organisers—permanent	301	215	28,6	5
Other administrative policy and related officers—permanent	68	58	14,7	0
Other information technology personnel—permanent	11	7	36,4	0
Printing and related machine operators—permanent	13	9	30,8	0

TABLE 2.3 EMPLOYMENT AND VACANCIES BY CRITICAL OCCUPATION AT END OF PERIOD *(continued)*

Critical occupation	Number of posts	Number of posts filled	Vacancy rate (%)	Number of posts filled additional to the establishment
Printing planners and production controllers—permanent	1	1	0	0
Rank: Minister deputy—permanent	1	1	0	0
Rank: Minister—permanent	1	1	0	0
Regulatory inspectors—permanent	18	16	11,1	0
Risk management and security services—permanent	6	4	33,3	0
Road trade workers—permanent	20	19	5,0	0
Safety, health and quality inspectors—permanent	70	58	17,1	0
Secretaries and other keyboard operating clerks—permanent	62	46	25,8	1
Security guards—permanent	1	1	0	0
Security officers—permanent	59	48	18,6	0
Senior managers—permanent	50	40	20,0	0
Social sciences related—permanent	1	1	0	0
Statisticians and related professionals—permanent	23	19	17,4	0
Trade workers—permanent	443	357	19,4	0
Veterinarians—permanent	79	22	72,2	0
Veterinary assistants—permanent	4	4	0	0
Water plant and related operators—permanent	1	1	0	0
TOTAL	3 353	2 476	26,2	8

The information in each case reflects the situation as on 31 March 2004. 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 up-graded posts evaluated	Number of posts downgraded	% of down-graded posts evaluated
Lower skilled (Levels 1–2)	890	3	0,34				
Skilled (Levels 3–5)	504	19	3,77	10	1,98		
Highly skilled production (Levels 6–8)	1 330	381	28,65	271	20,38	12	0,90
Highly skilled supervision (Levels 9–12)	570	97	17,02	40	7,02	5	0,88
Senior Management Service Band A	40						
Senior Management Service Band B	11						
Senior Management Service Band C	5						
Senior Management Service Band D	1						
TOTAL	3 351	500	14,92	321	9,58	17	0,51

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 may 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	2			8	10
Male	44		9	14	67
TOTAL	46		9	22	77
Employees with disabilities				0	

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

TABLE 3.3 EMPLOYEES WHOSE SALARY LEVELS 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	1	9	10		
Finance and economics related	1	9	11		
TOTAL	2				2 476
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
Female					
Male	1			1	2
Total	1			1	2
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)	785	44	38	4,8
Skilled (Levels 3–5)	396	72	30	7,6
Highly skilled production (Levels 6–8)	933	80	44	4,7
Highly skilled supervision (Levels 9–12)	220	32	23	10,5
Senior Management Service Band A	32	2	3	9,4
Senior Management Service Band B	7	0	1	14,3
Senior Management Service Band C	4	0	0	0
Senior Management Service Band D	1	0	1	100,0
TOTAL	2 378	230	140	5,9

TABLE 4.2 ANNUAL TURNOVER RATES BY CRITICAL OCCUPATION

Occupation	Employment at beginning of period	Appointments	Terminations	Turnover rate
Administrative related—permanent	70	18	2	2,9
Agricultural animal, oceanography, forestry and other sciences—permanent	84	18	10	11,9
Agriculture related—permanent	86	20	4	4,7
Aircraft pilots and related associate professionals—permanent	1	0	0	0
All artisans in building, metal, machinery, etc.—permanent	57	0	3	5,3
Appraisers, valuers and related professionals—permanent	9	0	1	11,1
Archivists, curators and related professionals—permanent	0	2	1	0
Artisan, project and related superintendents—permanent	1	0	0	0
Auxiliary and related workers—permanent	65	10	6	9,2
Biochemistry, pharmacology, zoology and life science technicians—permanent	91	2	3	3,3
Building and other property caretakers—permanent	29	1	1	3,8
Bus and heavy vehicle drivers—permanent	7	0	2	28,6
Chemists—permanent	3	0	0	33,3
Civil engineering technicians—permanent	0	1	1	0
Cleaners in offices, workshops, hospitals, etc.—permanent	105	5	6	5,7
Client information clerks (switchboard, reception and information clerks)—permanent	8	0	1	12,5
Communication and information related—permanent	5	1	0	0
Community development workers—permanent	0	0	0	0
Computer programmers—permanent	0	1	0	0
Computer system designers and analysts—permanent	1	0	0	0
Diplomats—permanent	0	0	0	0
Earth-moving and related plant operators—permanent	1	0	1	100,0
Economists—permanent	27	6	2	7,4
Engineering sciences related—permanent	1	0	0	0
Engineers and related professionals—permanent	13	7	3	23,1
Farmhands and workers—permanent	198	12	9	4,5

TABLE 4.2 ANNUAL TURNOVER RATES BY CRITICAL OCCUPATION (*continued*)

Occupation	Employment at beginning of period	Appointments	Terminations	Turnover rate
Farming, forestry advisors and farm managers—permanent	6	0	0	0
Finance and economics related—permanent	27	2	1	3,7
Financial and related professionals—permanent	21	1	3	14,3
Financial clerks and credit controllers—permanent	85	15	4	4,7
Food services aids and waiters—permanent	24	0	0	0
General, legal, administration and related professionals—permanent	1	0	0	0
Head of department/chief executive officer—permanent	1	0	1	100,0
Horticulturists, foresters, agricultural and forestry technicians—permanent	64	9	2	3,1
Household and laundry workers—permanent	20	1	5	25,0
Human resources and organisational development and related professionals—permanent	30	4	2	6,7
Human resources clerks—permanent	34	2	0	0
Human resources related—permanent	8	0	1	12,5
Information technology related—permanent	1	0	0	0
Language practitioners, interpreters and other communicators	11	2	0	0
Legal related—permanent	5	0	1	20,0
Librarians and related professionals—permanent	1	0	0	0
Library, mail and related clerks—permanent	66	2	5	7,6
Light vehicle drivers—permanent	6	0	0	0
Logistical support personnel—permanent	7	0	0	0
Material-recording and transport clerks—permanent	40	5	0	0
Mechanical engineering technicians—permanent	0	2	1	0
Messengers, porters and deliverers—permanent	59	1	2	3,4
Meteorologists, statistical and related technicians—permanent	0	0	0	0
Mining geology, geophysical and related technicians—permanent	0	0	0	0
Motor vehicle drivers—permanent	50	0	4	8,0
Motorised farm and forestry plant operators—permanent	6	0	0	0
Nature conservation and oceanography related technicians—permanent	52	0	1	1,9

TABLE 4.2 ANNUAL TURNOVER RATES BY CRITICAL OCCUPATION (continued)

Occupation	Employment at beginning of period	Appointments	Terminations	Turnover rate
Other administrative and related clerks and organisers—permanent	202	22	13	6,4
Other administrative policy and related officers—permanent	57	7	3	5,3
Other information technology personnel—permanent	5	1	1	20,0
Other occupations—permanent	0	0	0	0
Printing and related machine operators—permanent	12	0	4	33,3
Printing planners and production controllers—permanent	0	1	0	0
Propulsion engineering, operators, engine room mechanics and marine engineers—permanent	0	0	0	0
Rank: Minister	1	0	0	0
Rank: Deputy Minister	1	0	0	0
Regulatory inspectors—permanent	16	0	0	0
Risk management and security services—permanent	1	3	0	0
Road trade workers—permanent	20	0	1	5
Roadworkers—permanent	0	0	0	0
Safety, health and quality inspectors—permanent	49	16	2	4,1
Secretaries and other keyboard operating clerks—permanent	52	1	2	3,8
Security guards—permanent	2	1	0	0
Security officers—permanent	42	10	0	0
Senior managers—permanent	40	1	4	10,0
Statisticians and related professionals—permanent	5	1	0	0
Supplementary diagnostic radiographers—permanent	0	0	0	0
Trade workers—permanent	366	12	18	4,9
Veterinarians—permanent	19	3	3	15,8
Veterinary assistants—permanent	4	0	0	0
Water plant and related operators—permanent	0	1	0	0
TOTAL	2 380	230	140	5,9

The major reasons why staff are leaving the department are indicated in Table 4.3

TABLE 4.3 REASONS WHY STAFF ARE LEAVING THE DEPARTMENT

Termination type	Number	Percentage of total resignations	Percentage of total employment	Total	Total employment
Death-permanent	19	13,6	0,8	140	2 476
Resignation-permanent	62	44,3	2,5	140	2 476
Dismissal-operational changes-permanent	5	3,6	0,2	140	2 476
Discharged owing to ill health-permanent	9	6,4	0,4	140	2 476
Dismissal-misconduct-permanent	0	0	0	140	2 476
Retirement-permanent	41	29,3	1,7	140	2 476
Transfers	3	2,1	0,1	140	2 476
Expiry of contract	1	0,7	0	140	2 476
TOTAL	140	100,0	5,7	140	2 476
Resignations as % of employment		5,7			

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	70	16	22,9	31	44,3
Agricultural animal, oceanography, forestry and other sciences	84	3	3,6	53	63,1
Agriculture related	86	13	15,1	36	41,9
Aircraft pilots and related associate professionals	1	0	0	0	0
All artisans in building, metal, machinery, etc.	57	0	0	47	82,5
Appraisers, valuers and related professionals	9	0	0	1	11,1
Archivists, curators and related professionals	0	0	0	0	0
Artisan project and related superintendents	0	0	0	0	0

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
Auxiliary and related workers	65	4	6,2	63	96,9
Biochemistry, pharmacology, zoology and life science technicians	91	1	1,1	77	84,6
Building and other property caretakers	26	0	0	24	92,3
Bus and heavy vehicle drivers	7	0	0	6	85,7
Chemists	3	0	0	1	33,3
Civil engineering technicians	3	0	0	0	0
Cleaners in offices, workshops, hospitals, etc..	105	1	1	97	92,4
Client information clerks (switchboard, reception and information clerks)	8	0	0	8	100,0
Communication and information related	5	1	20,0	4	80,0
Community development workers	0	0	0	0	0
Computer programmers	0	0	0	0	0
Computer system designers and analysts	1	0	0	1	100,0
Diplomats	0	0	0	0	0
Earth-moving and related plant operators	1	0	0	1	100,0
Economists	27	2	7,4	20	74,1
Engineering sciences related	1	0	0	1	100,0
Engineers and related professionals	13	3	23,1	13	100,0
Farmhands and workers	198	1	0,5	184	92,9
Farming, forestry advisors and farm managers	6	0	0	5	83,3
Finance and economics related	27	19	70,4	19	70,4
Financial and related professionals	21	0	0	15	71,4
Financial clerks and credit controllers	85	18	21,2	66	77,6
Food services aids and waiters	24	1	4,2	22	91,7
General, legal, administration and related professionals	1	0	0	0	0
Head of department/chief executive officer	1	0	0	0	0
Horticulturists, foresters, agricultural and forestry technicians	64	2	3,1	55	85,9
Household and laundry workers	20	0	0	20	100,0
Human resources, organisation development and related professionals	30	6	20,0	12	40,0

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
Human resources clerks	34	11	32,4	33	97,1
Human resources related	8	2	25,0	8	100,0
Information technology related	1	0	0	0	0
Language practitioners, interpreters and other communicators	11	0	0	9	81,8
Legal related	5	1	20,0	0	0
Librarians and related professionals	1	0	0	1	100,0
Library, mail and related clerks	66	1	1,5	63	95,5
Light vehicle drivers	6	0	0	6	100,0
Logistical support personnel	7	2	28,6	7	100,0
Material-recording and transport clerks	40	12	30,0	47	117,5
Mechanical engineering technicians	0	0	0	0	0
Messengers, porters and deliverers	59	0	0	52	88,1
Meteorologists, statistical and related technicians	0	0	0	0	0
Mining geology, geophysical and related technicians	0	0	0	0	0
Motor vehicle drivers	50	0	0	48	96,0
Motorised farm and forestry plant operators	6	0	0	6	100,0
Natural sciences related	0	0	0	0	0
Nature conservation and oceanography related technicians	52	2	3,8	47	90,4
Other administrative and related clerks and organisers	202	12	5,9	163	80,7
Other administrative policy and related officers	57	4	7,0	46	80,7
Other information technology personnel	5	0	0	3	60,0
Other occupations	0	0	0	2	0
Printing and related machine operators	12	0	0	9	75,0
Printing planners and production controllers	0	0	0	0	0
Propulsion engineering operator, engine room mechanics and marine engineers	0	0	0	0	0
Rank: Minister	1	0	0	0	0
Rank: Deputy Minister	1	0	0	0	0
Regulatory inspectors	16	0	0	16	100,0

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
Risk management and security services	1	0	0	1	100,0
Road trade workers	20	0	0	17	85,0
Roadworkers	0	0	0	0	0
Safety, health and quality inspectors	49	0	0	33	67,3
Secretaries and other keyboard operating clerks	52	2	3,8	46	88,5
Security guards	2	1	50,0	2	100,0
Security officers	42	6	14,3	37	88,1
Senior managers	40	3	7,5	1	2,5
Social sciences related	0	1	0	0	0
Statisticians and related professionals	5	0	0	3	60,0
Supplementary diagnostic radiographers	0	0	0	0	0
Trade workers	366	34	9,3	317	86,6
Veterinarians	19	0	0	7	36,8
Veterinary assistants	4	0	0	1	25,0
Water plant and related operators	0	0	0	0	0
TOTAL	2 380	185	7,8	1 913	80,4

TABLE 4.5 PROMOTIONS BY SALARY BAND

Salary band	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
Lower skilled (Levels 1–2)	785	34	4,3	778	99,1
Skilled (Levels 3–5)	396	32	8,1	292	73,7
Highly skilled production (Levels 6–8)	933	66	7,1	699	74,9
Highly skilled supervision (Levels 9–12)	220	50	22,7	142	64,5
Senior Management (Levels 13–16)	44	3	6,8	2	4,5
TOTAL	2 378	185	7,8	1 913	80,4

5. EMPLOYMENT EQUITY

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

TABLE 5.1 TOTAL NUMBER OF EMPLOYEES (INCLUDING EMPLOYEES WITH DISABILITIES) PER OCCUPATIONAL CATEGORY (SASCO)

Occupational categories	Male African	Male Coloured	Male Indian	Male White	Female African	Female Coloured	Female Indian	Female White	Total
Legislators, senior officials and managers	13	2	0	10	11	2	0	2	40
Professionals	274	43	22	204	180	24	12	145	904
Clerks	87	18	0	27	131	31	6	254	554
Service and sales workers	18	1	1	22	8	2	0	1	53
Craft and related trade workers	46	4	0	22	1	0	0	0	73
Plant, machine operators and assemblers	60	9	1	3	2	0	0	0	75
Elementary occupations	531	116	1	6	89	27	0	5	775
TOTAL	1 029	193	25	294	422	86	18	407	2 474
Employees with disabilities	1	1	1	2	0	0	0	4	9

TABLE 5.2 TOTAL NUMBER OF EMPLOYEES (INCLUDING EMPLOYEES WITH DISABILITIES) PER OCCUPATIONAL BANDS

Occupational bands	Male African	Male Coloured	Male Indian	Male White	Female African	Female Coloured	Female Indian	Female White	Total
Top management	2	0	0	0	2	0	0	0	4
Senior management	13	3	1	10	8	2	0	2	39
Professionally qualified and experienced specialists and mid-management	52	1	5	64	25	2	1	39	189
Skilled technical and academically qualified workers, junior management, supervisors, foremen	268	37	17	195	212	29	16	322	1 096
Semiskilled and discretionary decision making	163	39	0	23	88	26	1	41	381
Unskilled and defined decision making	531	113	2	2	87	27	0	3	765
TOTAL	1 029	193	25	294	422	86	18	407	2 474

TABLE 5.3 RECRUITMENT

Occupational bands	Male African	Male Coloured	Male Indian	Male White	Female African	Female Coloured	Female Indian	Female White	Total
Senior management	0	0	1	0	0	1	0	0	2
Professionally qualified and experienced specialists and mid-management	10	0	1	1	3	0	0	1	16
Skilled technical and academically qualified workers, junior management, supervisors, foremen	37	3	1	2	42	2	5	4	96
Semiskilled and discretionary decision making	21	2	0	0	34	10	1	4	72
Unskilled and defined decision making	32	0	0	0	11	1	0	0	44
TOTAL	100	5	3	3	90	14	6	9	230
Employees with disabilities	0	0	0	0	0	0	0	0	0

TABLE 5.4 PROMOTIONS

Occupational bands	Male African	Male Coloured	Male Indian	Male White	Female African	Female Coloured	Female Indian	Female White	Total
Top management	0	0	0	0	0	0	0	0	0
Senior management	3	0	0	0	0	0	0	0	3
Professionally qualified and experienced specialists and mid-management	10	0	0	6	3	1	2	7	29
Skilled technical and academically qualified workers, junior management, supervisors, foremen	27	3	0	2	42	2	4	4	84
Semiskilled and discretionary decision making	12	5	0	0	19	1	0	0	37
Unskilled and defined decision making	31	1	0	0	0	0	0	0	32
TOTAL	83	9	0	8	64	4	6	11	185
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

	Number of beneficiaries	Total employment	Percentage of total employment	Cost (R'000)	Average cost per beneficiary (R)
African, female	105	422	24,9	965	9 190
African, male	150	1 028	14,6	1 266	8 440
Asian, female	7	18	38,9	55	7 857
Asian, male	10	24	40,0	191	19 100
Coloured, female	17	86	19,8	113	6 647
Coloured, male	47	192	24,4	269	5 723
White, female	203	403	49,9	2 474	12 187
White, male	130	292	44,2	1 912	14 708
Employees with disabilities	0	9	0		
TOTAL	669	2 474	27,0	7 245	10 830

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)	141	765	18,4	441	3 128
Skilled (Levels 3–5)	79	381	20,7	357	4 519
Highly skilled production (Levels 6–8)	325	1 010	32,2	2 720	8 369
Highly skilled supervision (Levels 9–12)	118	275	42,9	2 096	17 763
TOTAL	663	2 431	27,3	5 614	8 468

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	71	31,0	388	17 636
Agricultural animal, oceanography, forestry and other sciences	28	99	28,3	279	9 964
Agriculture related	26	131	19,8	384	14 769
Aircraft pilot and related associate professionals	0	1	0	0	0
All artisans in building, metal, machinery, etc.	3	53	5,7	19	6 333
Appraisers, valuers and related professionals	0	7	0	0	0
Archivists, curators and related professionals	1	2	50,0	18	18 000
Auxiliary and related workers	18	69	26,1	85	4 722
Biochemistry, pharmacology, zoology and life science technicians	29	23	126,1	264	9 103
Building and other property caretakers	5	27	18,5	13	2 600
Bus and heavy vehicle drivers	0	5	0	0	0
Chemists	0	3	0	0	0
Civil engineering technicians	0	0	0	0	0
Cleaners in offices, workshops, hospitals, etc.	42	96	43,8	139	3 310
Client information clerks (switchboard, reception and information clerks)	2	8	25,0	21	10 500
Communication and information related	5	6	83,3	104	20 800
Community development workers	0	0	0	0	0
Computer programmers	1	1	100,0	26	26 000
Computer system designers and analysts	1	1	100,0	14	14 000
Earth-moving and related plant operators	0	0	0	0	0
Economists	11	14	78,6	97	8 818
Engineering sciences related	0	1	0	0	0
Engineers and related professionals	0	18	0	0	0
Farmhands and workers	18	197	9,1	46	2 556
Farming, forestry advisors and farm managers	1	4	25,0	7	7 000

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)
Finance and economics related	11	36	30,6	155	14 091
Financial and related professionals	3	17	17,6	25	8 333
Financial clerks and credit controllers	5	83	6,0	36	7 200
Food services aids and waiters	15	22	68,2	60	4 000
General legal administration and related professionals	1	1	100,0	32	32 000
Head of department/chief executive officer	0	0	0	0	0
Horticulturists, foresters, agricultural and forestry technicians	20	118	16,9	152	7 600
Household and laundry workers	1	19	5,3	4	4 000
Human resources and organisation development and related professionals	4	19	21,1	60	15 000
Human resources clerks	22	41	53,7	234	10 636
Human resources related	9	10	90,0	223	24 778
Information technology related	0	1	0	0	0
Language practitioners, interpreters and other communicators	4	13	30,8	33	8 250
Legal related	1	4	25,0	23	23 000
Librarians and related professionals	1	1	100,0	7	7 000
Library, mail and related clerks	36	67	53,7	223	6 194
Light vehicle drivers	5	7	71,4	24	4 800
Logistical support personnel	2	8	25,0	17	8 500
Material-recording and transport clerks	17	78	21,8	82	4 824
Messengers, porters and deliverers	40	62	64,5	147	3 675
Motor vehicle drivers	1	46	2,2	3	3 000
Meteorologists, statistical and related technicians	0	1	0	0	0
Motorised farm and forestry plant operators	3	6	50,0	13	4 333
Nature conservation and oceanography related technicians	9	51	17,6	73	8 111
Other administrative and related clerks and organisers	73	215	34,0	418	5 726

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)
Other administrative policy and related officers	28	58	48,3	293	10 464
Other information technology personnel	2	7	28,6	42	21 000
Printing and related machine operators	1	9	11,1	7	7 000
Printing planners and production controllers	0	1	0	0	0
Regulatory inspectors	1	16	6,3	7	7 000
Risk management and security services	0	4	0	0	0
Road trade workers	0	19	0	0	0
Safety health and quality inspectors	31	58	53,4	319	10 290
Secretaries and other keyboard operating clerks	39	46	84,8	346	8 872
Security guards	0	1	0	0	0
Security officers	10	48	20,8	58	5 800
Senior managers	5	40	15,0	153	25 500
Social sciences related	0	1	0	0	0
Statisticians and related professionals	3	19	15,8	35	11 667
Trade workers	28	357	7,8	75	2 679
Veterinarians	22	22	100,0	471	21 409
Veterinary assistants	2	4	50,0	17	8 500
TOTAL	669	2 474	27,0	5 771	8 626

TABLE 6.4 PERFORMANCE RELATED REWARDS (CASH BONUS) BY SALARY BAND FOR SENIOR MANAGEMENT SERVICE

SMS band	Number of beneficiaries	Total employment	Percentage of Total employment	Cost (R'000)	Average cost per beneficiary (R)	% of SMS wage bill	Personnel cost SMS (R'000)
Band A	5	34	14,7	82	20 500	0,5	16 604
Band B	0	5	0	0	0	0	0
Band C	1	4	25,0	71	71 000	1,7	4 068
Band D	0	0	0	0	0	0	0
TOTAL	6	43	14,0	153	30 600	0,7	20 672

7. FOREIGN WORKERS

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

8. LEAVE UTILISATION FOR THE PERIOD 1 JANUARY 2004 TO 31 DECEMBER 2004

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)	3 042	100,0	342	23,6	9	439	1 448	3 042
Skilled (Levels 3–5)	2 328	85,4	273	18,9	9	478	1 448	1 988
Highly skilled production (Levels 6–8)	5 726	79,6	676	46,7	8	2 038	1 448	4 556
Highly skilled supervision (Levels 9–12)	937	74,9	152	10,5	6	673	1 448	702
Senior management (Levels 13–16)	49	100,0	5	0,3	10	67	1 448	49
TOTAL	12 082	85,6	1 448	100,0	8	3 695	1 448	10 337

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)	260	100	6	25,0	43	37	260	24
Skilled (Levels 3–5)	63	100	1	4,2	63	11	63	24
Highly skilled production (Levels 6–8)	177	100	15	62,5	12	61	177	24
Highly skilled supervision (Levels 9–12)	55	100	2	8,3	28	45	55	24
Senior management (Levels 13–16)	0	0	0	0	0	0	0	0
TOTAL	555	100	24	100,0	23	154	555	24

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)	19 362,48	25	765
Skilled (Levels 3–5)	8 868,08	23	381
Highly skilled production (Levels 6–8)	20 871,00	21	1 010
Highly skilled supervision (Levels 9–12)	5 059,00	18	275
Senior management (Levels 13–16)	931,00	22	43
TOTAL	55 091,56	22	2 474

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 Dec. 2004	Number of employees	Total capped leave available at 31 Dec. 2004	Number of employees as at 31 Dec. 2004
Lower skilled (Levels 1–2)	583	6	49	96	30 525	620
Skilled (Levels 3–5)	259	5	36	48	9 444	262
Highly skilled production (Levels 6–8)	732	5	48	146	33 130	686
Highly skilled supervision (Levels 9–12)	134	4	60	35	11 344	190
Senior management (Levels 13–16)	2	1	97	2	1 266	13
TOTAL	1 710	5	48	327	85 709	1 771

TABLE 8.5 - LEAVE PAYOUTS

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

Reason	Total amount (R'000)	Number of employees	Average payment per employee (R)
Leave payout for 2004/05 owing to non-utilisation of leave for the previous cycle	23	5	4 600
Capped leave payouts on termination of service for 2004/05	420	110	3 818
Current leave payout on termination of service for 2004/05	93	28	3 321
TOTAL	536	143	3 748

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
Directorate Animal Health, Food Safety and Quality Assurance, Plant Production, Water Use and Irrigation Development, South African Food Quarantine and Inspection Services, Land Use and Soil Management, Farmer Settlement and Genetic Resources	- Awareness programmes: - Calender events - HIV/Aids outreach programmes to regional offices - Flu vaccination - Condom Week - Dissemination of information - Provision of protective equipment - First Aid measures as part of the universal precautions protocol, by treating immediately with antiretroviral drug. This is known as post exposure prophylaxis (PEP) - Among those who can benefit are: - People accidentally exposed to infected blood and body fluids in the workplace (cleaning staff and healthcare workers) - Victims of rape and violence whose assailants are suspected of being infected - People who have been potentially exposed because another prevention method has failed - Zidovudine is effective in preventing mother-to-child transmission and also an effective prophylaxis medication - Based on the available information, Zidovudine remains the first drug of choice for PEP regimens - Physical fitness assessment programme and preventative health promotion programme to create awareness and self management - Voluntary Confidential Counselling and Testing: Employees are not forced to take an HIV test. These should be done on informed consent and information obtained must be kept confidential

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

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
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		Ms Maria Sekgobela HIV/Aids Coordinator and 21 members from different directorates. • There is no specific budget for HIV and Aids programmes. • All directorates are responsible and will allocate funds as and when applicable.
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		EAP programmes • Stress management • Substance abuse information • Supervisory training in respect of EAP • Trauma management • HIV and Aids • Life skills orientation
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		C. Malahlela – Food Safety and Quality Assurance A. Davies – Animal and Aqua Production T. Zwart – Animal Health D.J. Tladi – Land Use and Soil Management S. Skhosana – Food Safety and Quality Assurance S. Shezi – Human Resources Management A. Seutlwadi – Agricultural Statistics S. Seeletse – Human Resources Management R.R. Sebifelo – Office of the DG F.J. Potgieter – Information and Communication Technology J. Phangiso – SA Agricultural Food Quarantine Inspection Services C. Nortier – Agricultural Information Services S.P. Nkosi – Human Resources Management M. Mubva – Human Resources Management L. Motlhathudi – Human Resources Management M. Motlathledi – Debt Management and Disbursements S. Moltenos – Water Use and Irrigation Development T. Molepo – Scientific Research and Development M. Mogoane – International Relations D. Mogale – Marketing K.S. Mathonjwa – Security Services P. Marota – Procurement and Asset Management C. Malothe – Water Use and Irrigation Development L.M. Letoaba – Legal Services C. Legodi – Farmer Settlement M. Lebeloane – Human Resources Management R. Hefer – Food Safety and Quality Assurance S. Dlamini – Human Resources Management C. Benjamin – Education and Training K. Nokeri – Financial Services

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.			
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		Approved HIV/Aids Policy of the Department of Agriculture Incorporated: 1. Employment Equity Act, 1998. 2. 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		Positive response during our HIV/Aids outreach programmes at regional offices. Voluntary confidential counselling and testing: Employees are not forced to take an HIV test. These should be done on informed consent and information obtained must be kept confidential. Knowledge, attitude, practices study is in progress.
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		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.

10. LABOUR RELATIONS

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

TABLE 10.1 COLLECTIVE AGREEMENTS

Subject matter	Date
1. Policy on determining professionals	24 May 2004
2. Policy on remunerative work outside the employ of the department	24 May 2004
3. Smoking Policy	24 May 2004
4. HIV/Aids Policy	10 December 2004
5. Policy on pirate software	30 March 2005

TABLE 10.2 MISCONDUCT AND DISCIPLINARY HEARINGS FINALISED

Outcomes of disciplinary hearings	Number	Percentage of total	Total
Correctional counselling	1	6,25	1/16
Verbal warning	0	0	0/16
Written warning	3	18,75	3/16
Final written warning	4	25,00	4/16
Suspended without pay	3	18,75	3/16
Fine	0	0	0/16
Demotion	0	0	0/16
Dismissal	3	18,75	3/16
Not guilty	2	12,50	2/16
Case withdrawn	0	0	0/16
TOTAL	16	100,00	16/16

TABLE 10.3 TYPES OF MISCONDUCT ADDRESSED AND DISCIPLINARY HEARINGS

Type of misconduct	Number	% of total
Misuse of government vehicle	2	10,535
Malpractice, corruption and nepotism	1	5,260
Abscondment	1	5,260
Damage of government vehicle	1	5,260
Theft	1	5,260
Absent without authorisation	1	5,260
Alcohol abuse	2	10,535
Mismanagement of State finances	2	10,535
Insubordination	1	5,260
Rape	1	5,260
Assault	2	10,535
Prejudicing the discipline	1	5,260
Prejudicing the administration of the department	1	5,260
Unlawfully utilising State property	1	5,260
Fraud	1	5,260
TOTAL	19	100,000

TABLE 10.4 GRIEVANCES LODGED

Number of grievances addressed	Number	% of total
Resolved	10	43,48
Not resolved	13	56,52
TOTAL	23	100,00

TABLE 10.5 DISPUTES LODGED

Number of disputes addressed	Number	% of total
Upheld	1	8,33
Dismissed	6	50,00
Still pending	5	41,67
TOTAL	12	100,00

TABLE 10.6 STRIKE ACTIONS

Strike actions	–
Total number of person working days lost	60
Total cost (R'000) of working days lost	7 448,48
Amount (R'000) recovered as a result of no work no pay	7 448,48

TABLE 10.7 PRECAUTIONARY SUSPENSIONS

Precautionary suspensions	–
Number of people suspended	3
Number of people whose suspension exceeded 30 days	3
Average number of days suspended	65
Cost (R'000) of suspensions	125

11. SKILLS DEVELOPMENT

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

TABLE 11.1.1 TRAINING NEEDS IDENTIFIED

Occupational group	Gender	Training needs identified								
		Financial management	Project management	Financial accounting	Performance management	Problem solving	Conflict management	Computer skills	Report writing skills	First aid
Legislators, senior officials and managers	Male	12	12	0	1	3	3	19	2	0
	Female	6	6	0	0	3	2	8	5	0
Professionals	Male	14	25	0	1	10	7	35	8	0
	Female	8	26	0	1	7	6	40	9	0
Technicians and associate professionals	Male	17	16	0	11	13	0	6	12	0
	Female	9	8	0	2	6	10	8	4	0
Clerks	Male	11	9	8	4	9	1	14	2	0
	Female	14	6	17	10	7	2	40	6	0
Service and sales workers	Male	0	0	0	0	8	6	1	4	0
	Female	4	4	0	0	4	0	0	2	1
Plant and machine operators and assemblers	Male	0	0	0	0	0	0	0	0	0
	Female	0	0	6	6	0	0	0	0	0
TOTAL		95	112	31	36	70	37	171	54	1

TABLE 11.1.2 TRAINING NEEDS IDENTIFIED

Occupational group	Gender	Training needs identified								
		ABET*	Time management*	Statistics skills	Statistics software	Data management	Office management	Diversity management	Organisational skills	Inter-personal communication
Legislators, senior officials and managers	Male	0	8	0	3	1	4	18	3	0
	Female	0	3	0	2	0	3	14	2	0
Professionals	Male	0	7	6	6	8	6	6	6	0
	Female	0	7	6	6	6	6	6	6	3

TABLE 11.1.2 TRAINING NEEDS IDENTIFIED (continued)

Occupational group	Gender	Training needs identified								
		ABET*	Time management*	Statistics skills	Statistics software	Data management	Office management	Diversity management	Organisational skills	Inter-personal communication
Technicians and associate professionals	Male	0	4	0	0	0	0	3	0	10
	Female	0	0	0	0	0	0	3	0	4
Clerks	Male	0	3	0	0	2	2	2	2	1
	Female	0	11	0	0	7	10	6	6	7
Service and sales workers	Male	0	5	0	0	0	0	0	0	0
	Female	0	3	0	0	3	0	0	0	0
Elementary occupations	Male	112	0	0	0	0	0	0	0	0
	Female	22	0	0	0	0	0	0	0	0
TOTAL		134	51	12	17	27	31	58	25	25

TABLE 11.1.3 TRAINING NEEDS IDENTIFIED

Occupational group	Gender	Training needs identified							
		Economics	Communi- cation skills	Agric. sector knowledge	Management skills	Fleet manage- ment skills	Logistics skills	Supply chain manage- ment	Risk manage- ment
Legislators, senior officials and managers	Male	3	0	3	12	0	0	0	0
	Female	2	3	2	13	0	0	0	0
Professionals	Male	6	6	6	1	0	5	4	0
	Female	6	6	6	3	0	8	5	0
Technicians and associate professionals	Male	0	3	0	18	8	4	0	0
	Female	2	0	0	12	3	8	0	10
Clerks	Male	6	2	2	6	0	0	0	0
	Female	0	6	6	24	0	0	0	25
Service and sales workers	Male	0	0	0	0	0	0	0	0
	Female	0	0	0	2	0	0	0	0
TOTAL		25	26	25	91	11	25	9	35

TABLE 11.1.4 TRAINING NEEDS IDENTIFIED

Occupational group	Gender	Training needs identified							
		Quality management	Executive facilitation	Basic and advanced GIS	Environmental management	EPMS	Legal knowledge	Plant identification	Secretarial skills
Legislators, senior officials and managers	Male	2	0	0	0	0	1	0	0
	Female	0	1	0	0	0	0	0	0
Professionals	Male	5	0	3	0	0	0	0	0
	Female	3	0	1	0	0	0	0	3
Technicians and associate professionals	Male	3	0	0	5	1	12	10	0
	Female	3	0	6	2	1	5	1	0
Clerks	Male	0	0	0	0	0	0	0	3
	Female	0	0	1	0	0	0	0	11
TOTAL		16	1	11	7	2	18	11	17

TABLE 11.1.5 TRAINING NEEDS IDENTIFIED

Occupational group	Gender	Training needs identified							
		ICDL	Procurement and asset mgt	Transport management	Departmental orientation	Petty cash management	Assertiveness skills	Labour relations mgt	Meeting procedures
Legislators, senior officials and managers	Male	8	0	0	0	0	0	9	0
	Female	6	0	0	0	0	0	4	0
Professionals	Male	12	0	0	0	1	0	0	0
	Female	7	0	0	0	2	1	0	0
Technicians and associate professionals	Male	25	0	1	5	2	0	0	0
	Female	4	1	0	4	2	0	0	0
Clerks	Male	0	0	0	0	0	1	1	0
	Female	8	5	1	0	0	1	4	5
Elementary occupations	Male	0	0	0	0	0	0	0	0
	Female	0	0	0	0	0	1	0	0
TOTAL		70	6	2	9	7	4	18	5

TABLE 11.1.6 TRAINING NEEDS IDENTIFIED

Occupational group	Gender	Training needs identified							
		MS project	Milk analysis	Poultry management	Liquor skills	Plant quarantine	Firewall	Competitive intelligence	Business communications
Legislators, senior officials and managers	Male	0	0	0	0	0	1	1	3
	Female	0	0	0	0	0	0	0	0
Professionals	Male	3	0	0	0	0	0	0	0
	Female	1	0	0	0	0	0	2	1
Technicians and associate professionals	Male	0	0	0	0	0	0	0	0
	Female	0	1	0	0	0	0	0	0
Service and sales workers	Male	0	0	0	0	0	0	0	0
	Female	1	0	0	0	0	0	0	0
Skilled agricultural and fishery workers	Male	0	0	0	2	0	0	0	0
	Female	0	0	1	1	1	0	0	0
TOTAL		5	1	1	3	1	1	3	4

TABLE 11.1.7 TRAINING NEEDS IDENTIFIED

Occupational group	Gender	Training needs identified							
		Business etiquette	Strategy management	Speed reading skills	Business plan writing	MSCE 2003	Customer service/ client orientation	Public speaking	Advanced wetland mgt
Legislators, senior officials and managers	Male	1	3	1	2	0	4	0	0
	Female	0	0	0	1	0	1	0	0
Professionals	Male	0	0	2	1	1	0	0	0
	Female	0	0	3	3	0	0	0	0
Technicians and associate professionals	Male	0	0	0	0	0	3	6	9
	Female	1	3	1	0	1	4	6	1
Clerks	Male	0	0	0	0	0	0	0	0
	Female	0	0	0	1	0	6	0	0
TOTAL		2	6	7	8	2	18	12	10

TABLE 11.1.8 TRAINING NEEDS IDENTIFIED

Occupational group	Gender	Training needs identified							
		Afrikaans Communi- cation	French communi- cation	IsiXhosa communi- cation	Health and safety mgt	BAS	Service level agree- ments	Assertive- ness skills	ISPM directive
Legislators, senior officials and managers	Male	0	1	0	0	0	1	0	0
	Female	0	0	0	0	0	3	0	0
Professionals	Male	0	1	0	1	0	2	0	0
	Female	0	0	0	2	0	3	0	0
Technicians and associate professionals	Male	3	0	3	0	1	1	0	0
	Female	0	0	0	1	0	0	0	0
Clerks	Male	0	0	0	0	0	0	2	0
	Female	0	0	0	0	0	0	2	0
Service and sales workers	Male	0	0	0	0	0	0	0	0
	Female	0	0	0	1	0	0	0	0
Plant and machine operators and assemblers	Male	0	0	0	0	0	0	0	0
	Female	0	0	0	0	0	0	0	1
TOTAL		3	2	3	5	1	10	4	1

TABLE 11.1.9 TRAINING NEEDS IDENTIFIED

Occupational group	Gender	Training needs identified							
		Compressor and HAZCHEM	HACCP	Driving skills	Sensor skills	EUROP GAP	Advanced investigation	Food safety	A+
Legislators, senior officials and managers	Male	0	0	0	0	0	1	0	0
	Female	0	0	0	0	0	0	0	0
Professionals	Male	0	0	0	0	0	0	0	0
	Female	0	0	0	0	0	0	0	2
Technicians and associate professionals	Male	0	2	0	0	2	2	2	0
	Female	0	0	0	0	1	0	0	0
Clerks	Male	0	0	0	0	0	0	0	0
	Female	0	0	0	0	0	0	0	1

TABLE 11.1.9 TRAINING NEEDS IDENTIFIED (continued)

Occupational group	Gender	Training needs identified							
		Compressor and HAZCHEM	HACCP	Driving skills	Sensor skills	EUROP GAP	Advanced investigation	Food safety	A+
Skilled agricultural and fishery workers	Male	0	2	0	2	0	0	0	0
	Female	0	1	0	0	0	0	0	0
Plant and machine operators and assemblers	Male	62	0	53	0	0	0	0	0
	Female	0	0	0	0	0	0	0	0
Elementary occupations	Male	0	1	0	0	0	0	0	0
	Female	0	0	0	0	0	0	0	0
TOTAL		62	6	53	2	3	3	2	3

TABLE 11.1.10 TRAINING NEEDS IDENTIFIED

Occupational group	Gender	Training needs identified									
		N+	PABX tel system	DELPHI	System analysis	SAL management	Milk analysis	Plant quarantine	Call centre mgt	Finance and budgeting skills	Mentorship
Legislators, senior officials and managers	Male	0	0	0	0	0	0	0	0	1	1
	Female	0	0	0	0	0	0	0	0	1	1
Professionals	Male	0	0	2	1	0	0	0	0	0	0
	Female	2	0	0	1	1	0	0	0	0	0
Technicians and associate professionals	Male	0	0	0	0	0	0	0	0	0	0
	Female	0	0	0	0	0	1	0	0	0	0
Clerks	Male	0	0	0	0	0	0	0	0	0	0
	Female	1	1	1	1	1	0	0	1	0	0
Skilled agricultural and fishery workers	Male	0	0	0	0	0	0	0	0	0	0
	Female	0	0	0	0	0	0	1	0	0	0
TOTAL		3	1	3	3	2	1	1	1	2	2

TABLE 11.1.11 TRAINING NEEDS IDENTIFIED

Occupational group	Gender	Training needs identified									
		Co-operative development	Presentation skills	Human resources management	Deeds registration skills	Learner-ship assessment skills	Skills development facilitation	Intern, personal and executive personal ass	Policy and strategy development	Moderation skills	HRD skills
Legislators, senior officials and managers	Male	0	4	3	5	8	1	0	3	2	0
	Female	1	3	2	8	4	2	0	1	1	2
Professionals	Male	3	4	3	0	1	0	0	1	0	0
	Female	1	3	1	0	0	1	1	1	1	1
Technicians and associate professionals	Male	2	4	2	0	0	0	0	0	0	0
	Female	3	6	3	0	0	0	0	0	0	0
Clerks	Male	9	9	9	6	0	0	0	0	0	0
	Female	5	5	7	6	0	0	0	0	0	0
Service and sales workers	Male	0	0	0	0	0	0	0	0	0	0
	Female	4	4	6	0	0	0	0	0	0	0
TOTAL		28	42	36	25	13	4	1	6	4	3

Training provided

TABLE 11.2.1 SUMMARY OF THE QUARTERLY TRAINING REPORT: APRIL – JUNE 2004 SHORT SKILLS BASED PROGRAMMES

CESM	African	Coloured	Indian	White	Male	Female	Total
Computer courses	33	1	1	8	17	26	43
Financial courses	1	0	0	3	1	3	4
Science and engineering	3	1	0	6	6	4	10
Human resources	145	7	9	77	120	118	238
Management courses	11	1	0	3	5	10	15
TOTAL	193	10	10	97	149	161	310

TABLE 11.2.2 SUMMARY OF THE QUARTERLY TRAINING REPORT: JULY – SEPTEMBER 2004 SHORT SKILLS BASED PROGRAMMES

CESM	African	Coloured	Indian	White	Male	Female	Total
Agriculture and renewable resource	13	3	0	5	10	11	21
Computer science and data technology	14	2	0	11	12	15	27
Business, commerce and management	48	3	1	8	26	34	60
Engineering and engineering technology	7	3	1	3	6	8	14
Humanities	130	9	2	34	105	70	175
TOTAL	212	20	4	61	159	138	297

TABLE 11.2.3 SUMMARY OF THE QUARTERLY TRAINING REPORT: OCTOBER – DECEMBER 2004 SHORT SKILLS BASED PROGRAMMES

CESM	African	Coloured	Indian	White	Male	Female	Total
Agriculture and renewable resource	29	2	1	3	30	5	35
Computer science and data technology	24	8	2	11	28	17	45
Business, commerce and management	59	11	1	54	57	68	125
Engineering and engineering technology	6	1	0	5	7	5	12
Humanities	29	4	0	15	32	16	48
TOTAL	147	26	4	88	154	111	265

TABLE 11.2.4 SUMMARY OF THE QUARTERLY TRAINING REPORT: JANUARY – APRIL 2005 SHORT SKILLS BASED PROGRAMMES

CESM	African	Coloured	Indian	White	Male	Female	Total
Agriculture and renewable resource	23	2	2	7	14	20	34
Computer science and data technology	36	1	0	5	18	24	42

TABLE 11.2.4 SUMMARY OF THE QUARTERLY TRAINING REPORT: JANUARY – APRIL 2005 SHORT SKILLS BASED PROGRAMMES (continued)

CESM	African	Coloured	Indian	White	Male	Female	Total
Business, commerce and management	24	2	2	38	37	30	67
Engineering and engineering technology	4	2	1	2	5	4	9
Humanities	23	3	0	14	22	17	39
TOTAL	110	10	5	66	96	95	191

12. INJURY ON DUTY

The following tables provide basic information on injury on duty,

TABLE 12.1 - INJURY ON DUTY

Nature of injury on duty	Number	% of total
Required basic medical attention only	36	1,50
temporary total disablement		
Permanent disablement		
Fatal	1	0,04
TOTAL	37	1,50

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. Consultant to develop appropriate policies/norms/standards/legislation for animal disease control and promotion of animal health	1	2 years	548 400
2. Consultant to develop/maintain and administer proficiency testing programme	1	2 years	228 000

TABLE 13.1 REPORT ON CONSULTANT APPOINTMENTS USING APPROPRIATED FUNDS (continued)

Project title	Total number of consultants who worked on the project	Duration: Work days	Contract value in Rand
3. Consultant Information Content Manager	1	2 years	295 920
4. Consultant to conduct the analyses of animal tissue samples. Milk, hen's eggs and honey (Residue Monitoring Programme)	4	9 months	8 000 000
5. I.W. van der Vyver (Personnel Management)	1	10 days	19 892
6. S.A. Boer Goat (course)	1	2 days	2 800
7. Dorper Sheep Breed Course	1	5 days	3 822
8. Drakensbergers Test Course	1	3 days	2 000
9. S.A. Boer Goat (Mutton Merino Course)	1	3 days	1 250
10. S.A. Dohne Merino Course	1	2 days	3 306
11. ARC (Prof. Game Farming Course)	1	7 days	6 523
12. ARC (Prof. Game Farming Course)	1	10 days	5 965
13. P.D. Grobbelaar (Wool Course)	1	3 days	38 300
14. I.W. van der Vyver (Agric. Extension)	1	12 days	17 542
15. S.A. Mutton Merino Course	1	2 days	2 600
16. C.J. Uys (Problem Animal Course)	1	1 day	1 710
17. S.A. Boer Goat Course	1	3 days	2 500
18. @Strichnet Ass (Ostrich Course)	1	12 days	4 300
19. P.D. Grobbelaar (Wool Classing Course)	1	25 days	36 520
20. Study on Calculating S.A.'s Producer Subsidy Estimates (PSEs)	1	6 months	43 320
21. Labat (Client needs survey project)	1	1 day	25 000 000
22. Deloitte (Assessment of the Dept Management Committee)	1	1 day	83 882
23. Provision of guidelines in terms of delivery service standards for employees in the Directorate International Relations	1	1 day	11 042
24. Dr J.P. Biden – Private Veterinarian	1	91 days	75 417
25. Dr P. Jordaan – Private Veterinarian	1	87 days	105 108
26. Dr F.J.H. Boonzaier – Private Veterinarian	1	158 days	90 720

TABLE 13.1 REPORT ON CONSULTANT APPOINTMENTS USING APPROPRIATED FUNDS (*continued*)

Project title	Total number of consultants who worked on the project	Duration: Work days	Contract value in Rand
27. Dr F.J.H. Boonzaaier – Private Veterinarian	1	76 days	47 200
28. Team Building Exercise	1	1 day	3 250
29. Survey to adopt environmentally preferred technologies in agriculture	1	6 months	99 269
30. Expert's workshop on the economics of resource utilisation	8	2 days	99 885
31. Incentive programme to promote sustainable utilisation of resources in agriculture	2	33 days	27 900
32. Editing of the report – Medium-term agricultural sector economic review report	2	28 days	28 050
33. CASP Project Manager	1	3 months	115 200
34. Report on LandCare training constraints	1	2 months	86 100
Total number of projects	Total individual consultants	Total duration: Work days	Total contract value in Rand
34	46		35 137 693