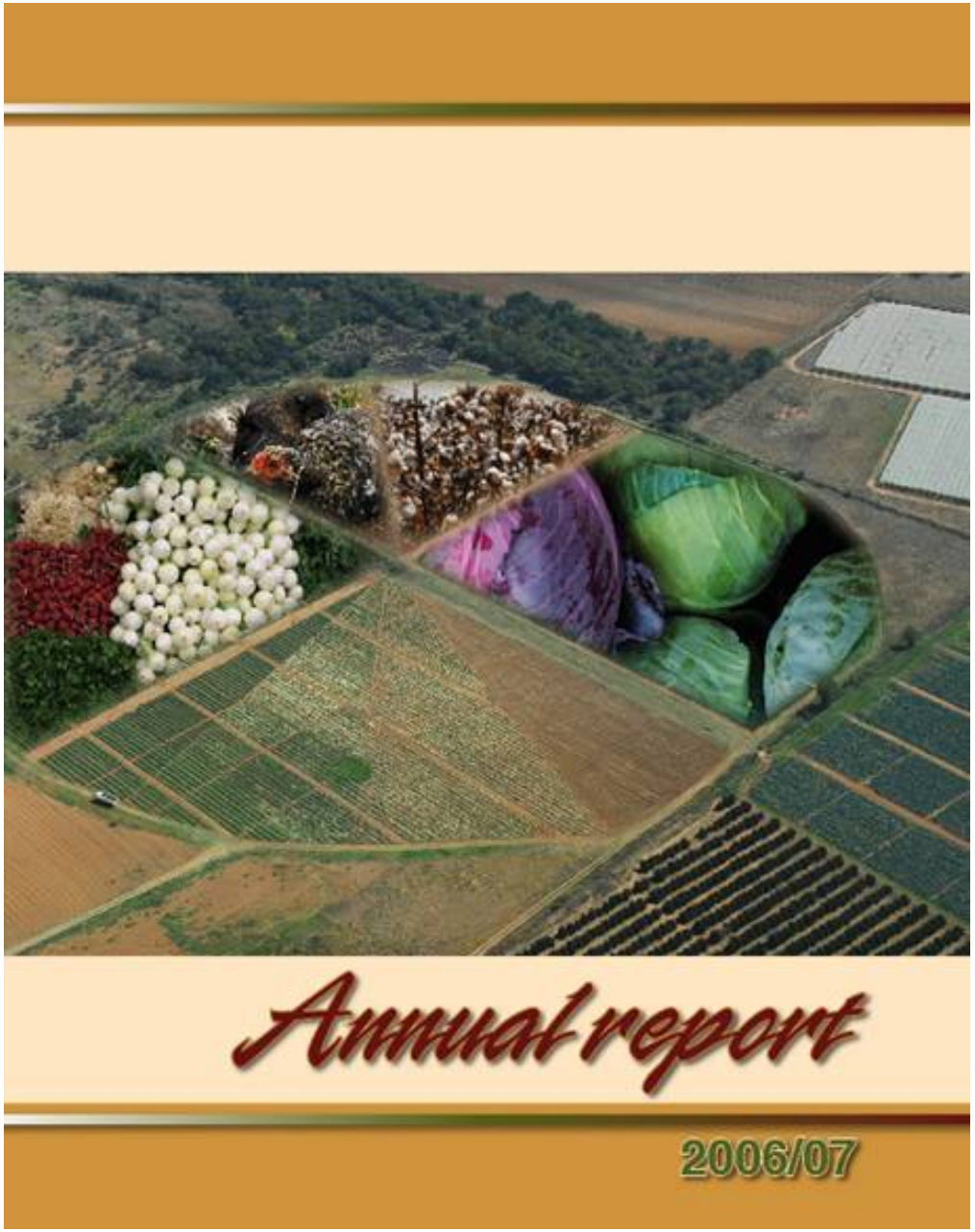

agriculture
Department:
Agriculture
REPUBLIC OF SOUTH AFRICA

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DEPARTMENT OF AGRICULTURE

Annual report

2006/07

2007

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Foreword by the Minister

Ms Lulu Xingwana (MP)
Minister for Agriculture and Land Affairs

In renewing our pledge—a national partnership to build a better life for all—we embarked on the objective to grow the agricultural land, transform our country's skewed ownership patterns of land and focus on enterprises. These remain critical success factors in our endeavour to strengthen and promote agricultural support services and to eradicate poverty. When we launched Operation Gijima in November 2006, we committed ourselves to fast-track service delivery of departmental programmes that offer support to emerging farming communities in our country. Operation Gijima has identified various areas for speedy implementation, as well as acceleration of service delivery with regard to the implementation of the 2005 Land Summit resolutions, implementation of the Agricultural Broad-based Black Economic Empowerment (AgriBEE) Charter and the promotion of family farming.

At the same time, the Ilima/Letsema Campaign was announced to expand, and give leverage to departmental programmes such as the Comprehensive Agricultural Support Programme (CASP), Micro-agricultural Financial Institutions of South Africa (Mafisa), Land Redistribution for Agricultural Development (LRAD), and AgriBEE, where we intend to increase access to, and participation of black people in agriculture, transform the sector and generate economic growth.

Through Letsema, we started promoting the productive use of fallow land and encouraging rural communities to utilise the land for household food production. We specifically want to encourage the participation of women and the youth in land and agrarian reform, in order to overcome poverty and hunger.

In his 2007 State of the Nation Address, President Thabo Mbeki re-emphasised the importance of improving access to micro-finance, in particular with regard to Mafisa which was first announced in his State of the Nation Address in May 2004. During 2006/07, we embarked on a process of aligning Mafisa with other support programmes, such as LandCare, CASP and LRAD, and commenced processes to establish a comprehensive Special Purpose Vehicle (SPV) towards accelerated land redistribution and provide a "one-stop shop" for all land and agricultural support services for land reform beneficiaries.

Funding mechanisms for LRAD were revised, in order to ensure the ability to deliver according to scale in our effort to meet the target of redistributing 30% of agricultural land by 2014.

Utilising it as a primary instrument to transform the agricultural sector, we believe that increased access to, and participation by black people, as well as the generation of economic growth, could be accomplished through AgriBEE. To take AgriBEE further, we will focus on strengthening stakeholder relations by ensuring that plans are in harmony and aligned with score-card targets. Furthermore, we will promote AgriBEE projects through various mechanisms such as trusts.

The focus of CASP was expanded and 70% of expenditure would be directed towards land reform projects. The turnaround strategy for projects, in which emerging black farming communities were resettled, was also addressed. To that end, one of the projects, the Tshivhase Tea Estate in Limpopo, one of the world's finest premium teas, which is also 100% organic, will reap its first harvest in 2007.

In October 2006, the Women in Agriculture and Rural Development (WARD) Programme was launched to advance and promote meaningful participation of rural women, youth and people with disabilities. WARD branches were further launched in other provinces.

This means that this designated group now has easy access to support programmes such as CASP, Mafisa, Land Bank products and other capacity-building programmes to support job creation and poverty alleviation. The launch of WARD formed part of a build-up towards the 4th World Congress of Rural Women to be hosted by South Africa during April 2007.

The high level of food prices in recent months has been a great concern. Food prices affect the capacity of the majority of poor people, especially women and children, to buy food.

Because of limited agricultural resources, disaster risk management is a high priority area for the agricultural sector. Regular early warning advisories were issued, drought assessments conducted and information provided to the National Disaster Management Advisory Forum. These monthly advisories contain data aimed at informing the farming community about the latest status of farming activities, hazards that may affect farmers, such as droughts and floods, as well as the expected weather conditions. We will continue to study climatic changes, as well as the impact of the current drought on both the consumer and the producer.

In terms of economic growth and poverty alleviation, agriculture remains a critical sector of the country's economy. Our programmes crafted to address the challenges facing the department in the form of further accelerating the pace of agricultural reform, reducing food insecurity, promoting service delivery and strengthening support to emerging farmers are gaining implementation momentum.

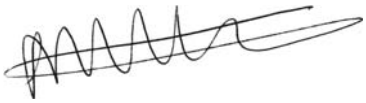
We have focused on further improving skills development and empowering women and the youth to enable them to play a meaningful role towards the growth and transformation of the sector. Our bursary holders have increased, with the focus on women. Our programmes are realising progress in the transformation and ownership of agricultural enterprises. In collaboration with the Umsobomvu Youth Fund, three farms producing grapes, cash crops and lucerne, provide youth development exposure in the Northern Cape, the Free State and North West provinces.

At a workshop held in September 2006, the African LandCare Network (ALN) was established in co-operation with participants from East African countries in support of sustainable resource management. The ALN will further promote land care as a community-based approach, aimed at resolving many of the environmental problems and poverty issues experienced by the majority of African countries. Through this programme, a network of LandCare Projects is built as a general strategy to deliver on the Millennium Development Goals for Africa.

Recent developments within the New Partnership for Africa's Development's (NEPAD's) Comprehensive African Agricultural Development Programme (CAADP), and the commitment by heads of state to increase investment in the agricultural sector to 10% of national budgets, are encouraging. To support this programme, South Africa was requested to host the General Assembly of the Forum for Agricultural Research in Africa during June 2007.

We strengthened our strategic trade position with bilateral negotiations with the People's Republic of China and the United States of America. We will continue to strengthen our relations with other countries on the African continent, our India, Brazil and South African co-operation (IBSA) partners, as well as Europe and North America.

May I take this opportunity to extend my sincere gratitude to all stakeholders in the agricultural sector, as well as to our partners, for the commitment they have displayed in realising our long-term vision of *"A united and prosperous agricultural sector"*. Together we will strive towards economic prosperity for all our people and a better life for all.



Ms Lulu Xingwana (MP)

MINISTER FOR AGRICULTURE AND LAND AFFAIRS

The Honourable Minister

FOR

Agriculture and Land Affairs

Ms Lulu Xingwana (MP)

Dear Minister

I have the pleasure of presenting the Annual report of the Department of Agriculture for the period 1 April 2006 to 31 March 2007.

Mr Masiphula Mbongwa

DIRECTOR-GENERAL: DEPARTMENT OF AGRICULTURE

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Acronyms

AADP	African Agricultural Development Programme
ABET	Adult Basic Education and Training
AFNOR	Association Française de Normalisation
AGIS	Agricultural Geo-referenced Information System
AgriBEE	Agricultural Broad-Based Black Economic Empowerment
AgriSETA	Agricultural Sector Education and Training Authority
AHS	African horse sickness
AI	avian influenza
AIS	Animal Identification System
ALN	African LandCare Network
API	Agricultural Product Input
ARC	Agricultural Research Council
ARC-GCI	Grain Crops Institute
ARC-IIC	Institute for Industrial Crops
ARC-ISCW	Institute for Soil, Climate and Water
ARC-ITSC	Institute for Tropical and Subtropical Crops
ARC-OVI	Onderstepoort Veterinary Institute
ARC-VOPI	Vegetable and Ornamental Plant Institute
ASGISA	Accelerated and Shared Growth Initiative of South Africa
ASRDC	Agriculture and Sustainable Rural Development Committee
AU	African Union
BEE	Black Economic Empowerment
CAADP	Comprehensive African Agricultural Development Programme
CASP	Comprehensive Agricultural Support Programme
CBO	community based organisation
CCAW	Consultative Committee on Agricultural Water
CCSSIS	Co-ordinating Committee on Small-scale Irrigation Support
CCTV	close circuit TV
CD	compact disk
CD: ESRM	Chief Directorate: Engineering Services and Resources Management
CG	Cairns Group
CGA	Citrus Growers' Association
CGIAR	Consultative Group on International Agricultural Research
CSF	classical swine fever
DBC	Departmental Budget Committee
D: AES	Directorate: Agricultural Engineering Services
D: ET & ES	Directorate: Education, Training and Extension Services
DEXCO	Departmental Executive Committee
DFI	Departmental Financial Instructions
DG	Director-General
D: HRM	Directorate: Human Resources Management
D: LS	Directorate: Legal Services
D: LUSM	Directorate: Land Use and Soil Management
DoA	Department of Agriculture
DoE	Department of Education
DORA	Division of Revenue Act
DPSA	Department of Public Service and Administration
DPW	Department of Public Works
DVD	digital video disk
EAP	Employee Assistance Programme
EETCF	Employment Equity and Transformation Consultative Forum
EFTA	European Free Trade Association
EPMS	Employee Performance Management System
EU	European Union
FAO	Food and Agriculture Organization
FET	Further Education and Training
FIFA	Federation International Football Association
FINREC	Financial Record System for Farms and Enterprises
FIVIMS	Food insecurity and Vulnerability Information Mapping System
FMD	foot-and-mouth disease
FTA	free trade agreement
GADI	Grootfontein Agricultural Development Institute
GG	Government Garage
GMO	genetically modified organism
GOPC	Governance and Operational Policy Committee
HDI	historically disadvantaged individual
HOA	home owner's allowance
HOD	Head of Department
HR	human resources
IBSA	India, Brazil and South Africa co-operation
ICT	Information Communication Technology
IFSNP	Integrated Food Security and Nutrition Programme
IOD	injury on duty
ISO	International Standardisation Organisation
ISRD	Integrated Sustainable Rural Development
ISTA	International Seed Testing Association
ITCAL	Intergovernmental Technical Committee for Agriculture and Land
ITIL	Information Technology Infrastructure Library
JE	job evaluation
JMC	Joint Management Committee
KAP	knowledge, attitude, practices
kbps	kilobits per second
KIMS	Knowledge and Information Management Systems
KNP	Kruger National Park
LAN	Local Area Network
LED	local economic development
LMIS	Logistical Management Information System
LOGIS	Logistical Information System
LRAD	Land Redistribution for Agricultural Development

Mafisa	Micro-agricultural Financial Institutions of South Africa
MEC	Member of the Executive Council
MoU	Memorandum of Understanding
MPO	Milk Producers' Organisation
MRL	maximum residue limit
NAET	National Agricultural Education and Training
NAETFEC	National Agricultural Education and Training Forum Executive Committee
Nafu	National African Farmers' Union
NAI	notifiable avian influenza
NAMC	National Agricultural Marketing Council
NCOP	National Council of Provinces
NEPAD	New Partnership for Africa's Development
Nerpo	National Emergent Red Meat Producers' Organisation
NGO	nongovernmental organisation
NIFAL	National Intergovernmental Forum for Agriculture and Land
NMTIP	National Medium-term Investment Programme
NRM	Natural Resources Management
NRS	National Regulatory Services
NWGA	National Wool Growers' Association
OBP	Onderstepoort Biological Products
ODC	Organisation Development Committee
OECD	Organisation for Economic Co-operation and Development
OHS	Occupational Health and Safety
PABX	Private Automatic Branch Exchange
PBR	plant breeder's right
PDA	Provincial Department of Agriculture
PDI	previously disadvantaged individual
PFMA	Public Finance Management Act
PGRFA	plant genetic resources for food and agriculture
PILIR	Policy and Procedures on Incapacity and Ill-health Retirement
PIMSA	Project Information Management System for Agriculture
PoA	Plan of Action
PPECB	Perishable Products Export Control Board
PRA	pest risk analysis
PSCBC	Public Service Co-ordinating Bargaining Council
PSR	Public Service Regulations
QRM	Quarterly Review Meeting
R&D	Research and Development
RAC	Royal Agricultural College
RAMP	Repairs and Maintenance Programme
RISDP	Regional Indicative Strategic Development Programme
SACU	Southern African Customs Union
SADC	Southern African Development Community
SAFEX	South African Futures Exchange
SA GAAP	Statements of Generally Accepted Accountancy Practice in South Africa
SAGIS	South African Grain Information Service
SAMIC	South African Meat Industry Company
SANAS	South African National Accreditation System
SANAT	South African Network of Animal Traction
SANPARKS	SA National Parks
SAPIP	South African Pesticide Initiative Programme
SASCO	South African Students' Congress
SAVVEM	Suid-Afrikaanse Verbandversekeringsmaat-skappy Beperk
SAWIS	South African Wine Industry Information and Systems
SDI	Service Delivery Improvement
SEDA	Small Enterprise Development Agency
SLA	service level agreement
SMME	small, medium and micro-enterprises
SMS	Senior Management Service
SOP	standard operating procedure
SPAM	unsolicited e-mail/spyware
SPFS	Special Programme for Food Security
SPOT	Satellite Pour l'Observation de la Terre (commercial earth observation satellite)
SPS	sanitary and phytosanitary
SPV	Special Purpose Vehicle
STC	Science and Technology Committee
TBT	Trade Barrier to Trade Agreement of the WTO
ToR	Terms of Reference
UK	United Kingdom
UPOV	International Union for the Protection of New Varieties
USA	United States of America
USDA	United States Department of Agriculture
UTF	Unilateral Trust Fund
VCT	voluntary counselling and testing
WARD	Women in Agriculture and Rural Development
WIC	Wine Industry Council
WSUS	Windows Software Update Service
WTO	World Trade Organisation

Acts referenced in the report

- 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 Improvement Act, 1998 (Act No. 62 of 1998)
- Animal Product Standards Act, 1990 (Act No.119 of 1990)
- Appropriation Act, 2005 (Act No. 4 of 2005)
- Broad-Based Black Economic Empowerment Act, 2003 (Act No. 53 of 2003)
- Co-operatives Act, 1981 (Act No.91 of 1981)
- Disaster Management Act, 2002 (Act No. 57 of 2002)
- Division of Revenue Act, 2006 (Act No. 2 of 2006)
- Employment Equity Act, 1998 (Act No. 55 of 1998)
- Fertilizers, Farm Feeds, Agricultural Remedies and Stock Remedies Act, 1947 (Act No. 36 of 1947)
- Genetically Modified Organisms Amendment Act, 2006 (Act No. 23 of 2006)
- Land and Agricultural Development Bank Act, 2002 (Act No.15 of 2002)
- Land Bank Act, 1912 (Act No. 18 of 1912)
- Land Bank Act, 1944 (Act No. 13 of 1944)
- Liquor Products Act, 1989 (Act No. 60 of 1989)
- Marketing of Agricultural Products Act, 1996 (Act No. 47 of 1996)
- Onderstepoort Biological Products Incorporation Act, 1999 (Act No. 19 of 1999)
- Perishable Products Export Control Board Act, 1983 (Act No. 9 of 1983)
- Plant Improvement Act, 1976 (Act No. 53 of 1976)
- Promotion of Access to Information Act, 2000 (Act No. 2 of 2000)
- Promotion of Equality and Prevention of Unfair Discrimination Act, 2000 (Act No. 4 of 2000)
- Public Finance Management Act, 1999 (Act No.1 of 1999) (amended by Act No. 29 of 1999)
- Water Research Act, 1971 (Act No. 34 of 1971)

1

General Information

Director-General's overview

Masiphula Mbongwa
Director-General: Agriculture

In pursuing our vision of creating *"A united and prosperous agricultural sector",* the department focused mainly on ensuring that all our activities and projects undertaken were guided by the *Strategic plan for the Department of Agriculture 2006* (referred to as the *Strategic Plan 2006*), as approved by Parliament during March 2006. Working towards clear, measurable targets and objectives, quarterly reviews were held to assess performance and to ensure that the department's service delivery was in line with the deliverables of the 2006/07 financial year.

The departmental programme structure was revised on 1 April 2006, reducing its nine programmes to five. By restructuring the department, functions were realigned, enabling acceleration and improvement of service delivery. In this annual report, we will focus on the department's achievements in the eight priority areas as stated in the *Strategic Plan 2006.*

AFRICAN AGRICULTURAL DEVELOPMENT PROGRAMME (AADP)

On the African continent, South Africa is considered as a lead country and plays a major role in agricultural development and trade issues. During the period under review, the department continued participating actively in initiatives aimed at integrating the SADC region, to improve the regional economy through increased market access and economic activities for our agricultural products.

In this regard, the Department of Agriculture (DoA) is advancing the objectives and aspirations of the NEPAD programme for agriculture, referred to as the Comprehensive African Agricultural Development Programme (CAADP). Despite some challenges facing the region, the Southern African Development Community (SADC) Trade Protocol, which makes provision for our products to be traded freely within the region, is on track for implementation in 2008. The SADC heads of state have endorsed the advantages of integrating the region, as stipulated in the Regional Indicative Strategic Development Programme (RISDP). In this context, we are preparing for a SADC customs union for 2010.

The SADC is South Africa's major trading partner after the European Union (EU). The value of agricultural trade in the country has grown by 44 % over the past six years—i.e. since the implementation of the Free Trade Agreement (FTA). However, South African agricultural exports to the region occasionally showed signs of a decline, resulting from the trade diversion towards more lucrative markets in China and the Middle East. Initiatives to strengthen economic integration will consolidate and improve regional market access for all agricultural products in the region.

The Southern African Customs Union/European Free Trade Association (SACU/EFTA) negotiations were concluded and signed in June 2006 and ratified by South Africa, Botswana and the EFTA member states in November

2006. Ratification by the other SACU member states is underway. This agreement will come into force once all the other SACU member states have completed the ratification process, which is envisaged for the middle of 2007.

Our national agricultural trade intelligence was improved through a strategic partnership with the International Trade Centre, resulting in national access to the Market Access Maps. This allows national agencies, government departments, companies and industry associations access to information on world market entry barriers. Access was also obtained to the Euro Monitor database, which enables officials of the DoA to acquire detailed, current information on foreign markets for agricultural products, thereby enabling project planning and determining the trade potential of small and commercial farmers.

With the technical co-operation and support of the Food and Agriculture Organization (FAO), the development of the National Medium-term Investment Programme (NMTIP) was co-ordinated to serve as a framework for the implementation of CAADP at national level. Bankable investment project profiles were developed to focus national efforts and actions on specific areas of project development and funding.

The WTO's Doha Development Round negotiations were suspended during July 2006. The core negotiating issues revolved around agriculture and the inability or unwillingness of key members to redress highly distorted trade measures that frustrate the development ambitions of developing countries. Since then, much work had been done, individually and in collaboration with our alliance partners in the WTO, to facilitate a resumption of negotiations. Negotiations were formally resumed in Geneva in early February 2007.

AGRICULTURAL BROAD-BASED BLACK ECONOMIC EMPOWERMENT (AgriBEE)

During 2006/07, the draft AgriBEE Charter was finalised, discussed with the Portfolio Committee on Agriculture and Land Affairs, and was approved by the Minister. The charter is now in its final stages of being gazetted and will thereafter be implemented.

Enabling small agricultural businesses to grow and add value to their operation, constitutes a key AgriBEE focal area. Coupled with the development of specific industrial policy options, AgriBEE will support agricultural and agro-processing business ventures that have strong links with ASGISA impact strategies. A direct result of this, is the increase in the number of sustainable black agricultural businesses that are participating actively in the value chain. Additional to this is the establishment of partnerships that promote shared efforts and benefits. By creating an enabling environment, combined with dedicated agricultural business support, the second economy could be mainstreamed successfully.

The positioning of AgriBEE, together with its policy instruments, will support the implementation of sustainable empowerment efforts in agriculture. During the past two years, efforts were directed towards increased levels of skills development, targeting black people, and also testing empowerment models.

Through the External Bursary Scheme, the International Training Programme, the Experiential and Internship Programme, the Agri-industry Development Programme, the Master Mentorship and Mentorship Development Programme, and the Adult Basic Education and Training (ABET) Programme the DoA's investment in advanced human capital to support the sector, began empowering women and youth. Since the introduction of the bursary scheme in 2003, R18,9 million in bursaries has been allocated towards various degrees in identified scarce skills within the sector. A total of 383 bursaries were awarded over the past four years, and a further 100 bursaries are planned for 2007/08. In 2006/07, about 160 graduates were placed as interns in the DoA and in agricultural commodity organisations.

COMPREHENSIVE AGRICULTURAL SUPPORT PROGRAMME (CASP)

During 2004/05, CASP was established to expand the provision of post-settlement support to targeted beneficiaries of land and agrarian reform programmes. Since inception, R750 million has been spent on boreholes, animal handling facilities, poultry houses, shearing sheds and irrigation equipment to support beneficiaries. These beneficiaries further received training and technical advice, and they were also instructed in knowledge management and in market-related business development.

To accelerate service delivery and provide co-ordinated support services to the farming community, the alignment of Mafisa with other departmental support programmes, such as LandCare, CASP and LRAD, is underway. In addition, preparations for the establishment of a comprehensive one-stop service commenced.

Mafisa was launched in the previous financial year as a pilot project in Limpopo, the Eastern Cape and KwaZulu-Natal. By the end of January 2007, approximately 5 170 small and micro-agro-enterprises were assisted to the amount of R41 009 333.

In support of ASGISA, a Livestock Development Strategy was developed in collaboration with the ARC, and approved by the Intergovernmental Technical Committee for Agriculture and Land (ITCAL), and the National Intergovernmental Forum for Agriculture and Land (NIFAL). This programme will increase the overall productivity of the livestock sector, through interventions based on the critical needs of a broad client base. Furthermore, goat production is our priority area for black farmers.

Early warning climate advisories were issued to the agricultural sector on a monthly basis, with a view to assist farmers in managing climatic risks. An awareness campaign on broad risk and disaster management issues was also launched to create an awareness of strategies for risk management. To date, 62 470 farmers benefited from the drought relief scheme.

INTEGRATED FOOD SECURITY AND NUTRITION PROGRAMME (IFSNP)

In support of ASGISA, and to promote the Millennium Development Goals of halving poverty and food insecurity by 2015, the Special Programme for Food Security (SPFS) was expanded to all nine provinces. During the year under review, 66 364 households received agricultural production packages. Altogether 10 % of the total CASP budget was allocated to projects that contribute directly towards food security.

The DoA plays a leading role within the Social Sector Cluster with regard to the implementation of the IFSNP. This involves collaboration with relevant stakeholders to assist in the development and dissemination of suitable technologies, information and training modules, with a view to providing assistance in increasing the levels of household food production.

High on the priority list are several national policies and programmes, aimed at the ultimate goal of improving the welfare and raising the national nutritional levels of the population. Some of these initiatives include projects such as:

- Ziyazondla in the Eastern Cape
- Siyavuna in KwaZulu-Natal
- Asibuyele Masimini in Mpumalanga, as well as a number of other Household Food Production Programmes countrywide.

Lastly, the DoA lead the World Food Day celebrations held in Pietermaritzburg, KwaZulu-Natal, on 16 October 2006, under the theme "*Investing in agriculture for food security*".

KNOWLEDGE AND INFORMATION MANAGEMENT SYSTEMS (KIMS)

Through this priority area, the DoA is able to provide a knowledge-directed sector. As such the Agricultural Geo-referenced Information System (AGIS) provides access to comprehensive, integrated and current agricultural information, and constantly remains one of our most important electronic systems. *Via* the new web-based Project Information Management System for Agriculture (PIMSA), information on agriculture and related projects has been accessible.

During the year under review, an Agricultural Marketing Information System was developed to address information requirements of producers, processors, manufacturers and consumers, to assist them with good business decision making. The system also channels basic agricultural marketing information to the farming community across South Africa, and beyond our borders. For instance, this system is hyperlinked to the South African Grain Information Services (SAGIS), the Freshmark System, United States Department of Agriculture (USDA), FAO, South African Futures Exchange (SAFEX), AgriTV, First National Bank Agricultural Services, South African Meat Industry Company (SAMIC) and many others.

The DoA further provided monthly and quarterly sector performance information. Forecasts on the production of field crops to provinces were made monthly, while quarterly monitoring results on the economic performance of the sector were also made available. In addition, the DoA published regular overviews of economic changes and their impact on the sector.

To improve the accuracy of crop estimates, a new producer-independent crop estimate system was developed and implemented in the Free State, North West, Mpumalanga and Gauteng. This new system, partially funded by the Maize Trust, will complement the existing point-frame sampling system.

NATURAL RESOURCES MANAGEMENT (NRM)

The DoA revised its focus on LandCare projects to concentrate on the implementation of area-wide planning projects instead of small projects. This approach will assist in addressing problems with resources within a subcatchment area to accommodate a wide range of beneficiaries and open up opportunities for community capacity-building, while at the same time raising awareness.

The programme was established to promote productivity through the sustainable use of natural resources, improve food security and create employment opportunities. During the past financial year, R45 million was spent on 118 projects. A total of 72 856 beneficiaries were supported through these projects which created an estimated 201 703 part-time jobs.

In order to increase awareness of human-induced activities that impact on agriculture, a Climate Change-related Plan of Action was adopted. The agricultural sector will be affected by climate change, and therefore the DoA emphasised adaptation and mitigation strategies, such as the support of risk management initiatives, as well as research on large-scale epidemics. Research areas to support these strategies were establishing adaptation priorities, estimates of greenhouse gas-generation, as well as carbon dynamics.

During the current summer rainfall season (2006/07), drought conditions returned in many areas, following a period of high rainfall during the latter part of the previous financial year. An amount of R468 million was allocated for the purchasing and transportation of fodder, repairing existing as well as drilling new boreholes in the Free State, KwaZulu-Natal, Limpopo, Mpumalanga, North West, Eastern Cape, Northern Cape and Western Cape provinces. The DoA also commenced developing a Drought Management Plan, in collaboration with provincial departments of agriculture and other stakeholders, based on the National Disaster Management Framework and the Disaster Management Act of 2002.

NATIONAL REGULATORY SERVICES (NRS)

By means of increased border control measures, we managed to reduce the number of interceptions of noncompliant exports. Through strengthened human resources capacities and the increased deployment of Sedupe K9 (sniffer dogs), controls were tightened further and a 20 % increase in interceptions realised. During the year under review, inspection and auditing services increased by 25 %, with special emphasis on programmes for the exportation of fruit and liquor, trade control for compliance pertaining to a variety of agricultural products and border control. In addition, we conducted an intensive promotion and awareness campaign on plant health at ports of entry.

International engagements with trading partners were expanded to promote international trade in agricultural products. These included bilateral negotiations with the People's Republic of China and the United States of America on citrus exports. Bilateral negotiations with Japan on the export of table grapes are also well underway. Control measures to promulgate new ports of entry and regulate the movement of citrus within South Africa were published. Furthermore, a comprehensive exotic fruitfly trapping protocol was drafted to ensure control.

The DoA has successfully managed to contain various outbreaks of animal and plant diseases and protected the sector and its integrity internationally. An outbreak of classical swine fever in the Eastern Cape was contained successfully, through the culling of infected pigs, compensation and restocking, as well as running an information campaign.

Similarly, African horse sickness was also contained and export of horses resumed safely in October 2006. Furthermore, the eradication of an outbreak of avian influenza (H5N2 virus) among ostriches in the Western Cape also resulted in the resumption of export trade. In addition, we continued with extensive surveillance of ostriches and chickens countrywide.

RESEARCH AND DEVELOPMENT (R&D)

To ensure the success of agricultural productivity, the DoA's research agenda was promoted *via* networks such as the National Agricultural Research Forum (NARF), the National Science and Technology Forum, the Water Research Commission, ITCAL and NIFAL.

Following a consultation process with all major stakeholders within the national agricultural research system, a draft R&D Strategy was formulated. Inputs from these consultations were consolidated into a strategy, and would be endorsed by the NARF in June 2007. The DoA co-ordinated and managed *ad hoc* short-term research projects by means of service-level agreements with the Agricultural Research Council (ARC). Altogether 41 research and development projects to the amount of R42 million were commissioned during the 2006/07 financial year.

CONCLUSION

In order to align the departmental structure with the strategic objectives, strategies and programmes, the organisational structure was reviewed at the end of 2005. Subsequently, a new organisational structure was implemented on 1 April 2006. This has strengthened the department's capacity, enhanced organisational performance and dealt with the implementation of national programmes.

After the macroorganisational structure had been implemented, refinement investigations were conducted during 2006/07, to further streamline the functional operation of programmes and subprogrammes.

On behalf of top management, I would like to thank the Minister for her political leadership and the Deputy Minister and Chairpersons of the Parliamentary Committees for their expertise and guidance. I would also like to extend my appreciation to all the state-owned agricultural enterprises, the agri-business community and farmer organisations for their support and dedication to ensure that we meet our commitments to the South African public. Finally, I wish to thank my management team and staff members of the department for their dedication and hard work in pursuit of our objectives in terms of Gijima.

Masiphula Mbongwa

DIRECTOR-GENERAL: AGRICULTURE

Economic overview

This is an overview of the major macro-economic changes in the agricultural sector for the period 1 April 2006 to 31 March 2007. Aggregates are compared with the period 1 April 2005 to 31 March 2006.

GROSS FARMING INCOME

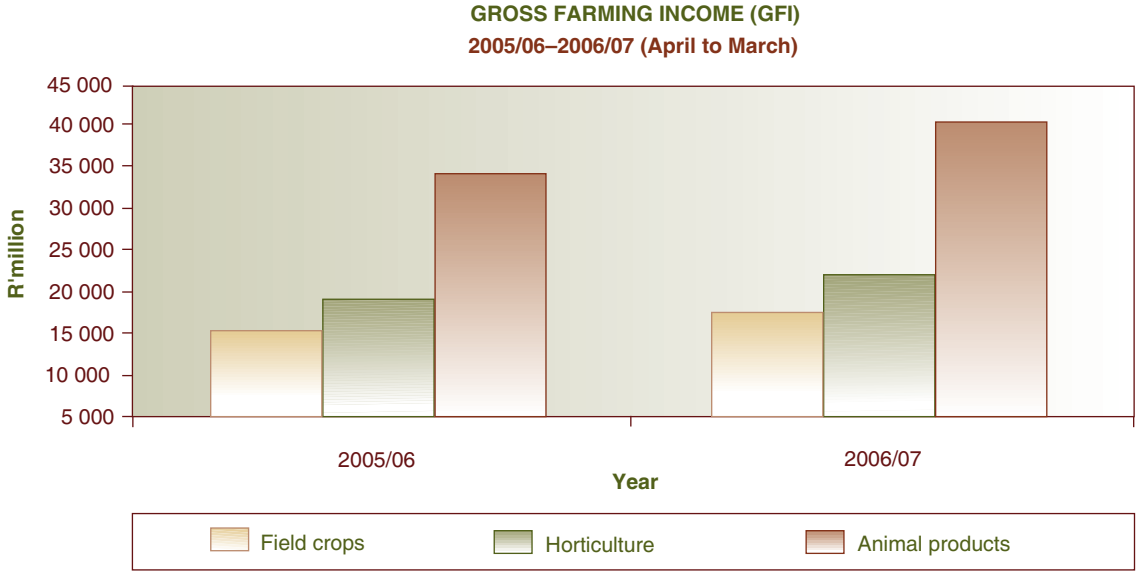
Gross farming income refers to agricultural production that is both sold in the market-place and used for own consumption, valued at basic prices.

Gross income from all agricultural products amounted to R80 913 million for the year ended 31 March 2007, which is 16,5 % higher than the previous year. This increase can mainly be attributed to an increase of 18,9 % from the sale of animal products, 14,9 % from horticultural products and 13,1 % from the sale of field crops.

Gross income from field crops increased by 13,1 % and totalled R17 715 million. Income from maize decreased by 1,4 % and that from tobacco by 28,0 %. Income from sugar-cane increased by 23,1 %, while that from wheat rose by 61,7 %.

The income from horticultural products increased by 14,9 %, as a result of an increase of 30,7 % in the income from deciduous and other fruit, and a 31,9 % increase in income from citrus fruit. The increase in income from deciduous fruit is attributed to a rise in production. Income from vegetables decreased by 9,6 %.

Income from animal products showed an increase of 18,9 %, i.e. from R34 390 million to R40 888 million. This was mainly the result of an increase in the income from animals slaughtered.



EXPENDITURE ON INTERMEDIATE PRODUCTION INPUTS

Expenditure on intermediate production inputs refers to the value of goods and services purchased to be used as inputs during the production process.

Expenditure on intermediate goods and services increased by 9,6 % to R45 891 million for the year ended 31 March 2007. Expenditure on fertilisers showed the biggest increase, namely 23,8 %, followed by expenditure on building and fencing materials, which rose by 12,4 %. Expenditure on farm feeds, farm services, seeds and plants, and repairs and maintenance increased by 11,3 %, 10,8 %, 7,5 % and 5,8 %, respectively.

Farm feeds constituted the biggest contribution to expenditure on intermediate inputs, accounting for 28,6 %, followed by fuel with 12,4 %, with farm services contributing 11,7 %.

PRICES RECEIVED AND PRICES PAID BY FARMERS, AS WELL AS TERMS OF TRADE

On average, prices received by farmers for their products increased by 21,2%. The weighted average price of field crops increased by 49,1%, which was mainly due to an increase in the price of summer grains (104,1%), winter grains (27,8%) and oil seeds (21,1%).

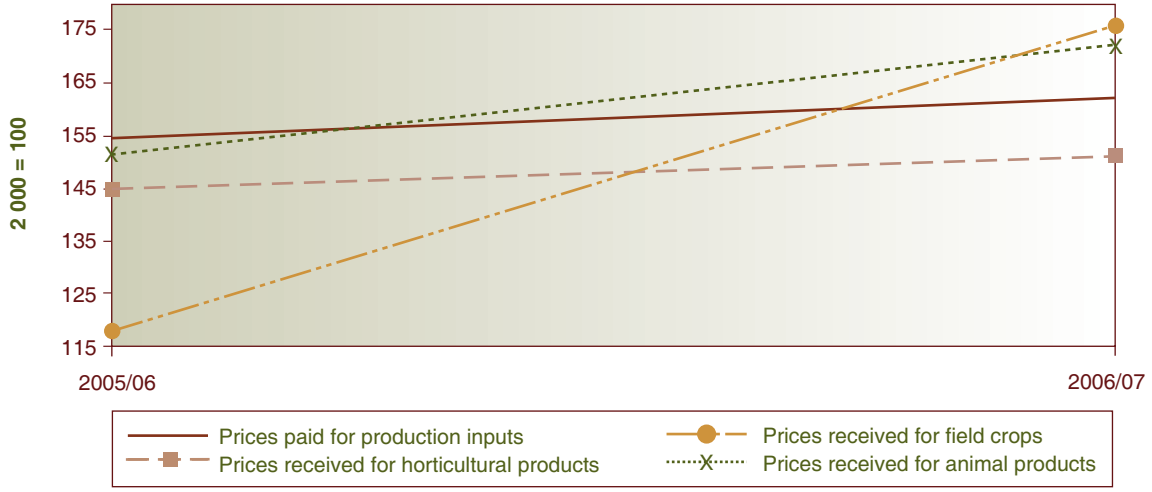
Prices of horticultural products increased by 4,1%. Prices of vegetables increased by 9,8%, while prices of fruit showed a slight increase of 0,6%.

The prices of animal products increased by 34,1% on average. The average price of pastoral products rose by 23,0%, while prices received for animals slaughtered for red meat increased by 21,8%. Prices for poultry and the price of milk rose by 10,3% and 3,8%, respectively.

The prices paid for farming requisites, including machinery and implements, material for fixed improvements, as well as intermediate goods and services, increased by 5,4%, compared to 1,9% in the previous year. Prices for fuel showed an increase of 9,8%, while prices paid by farmers for animal health, crop protection, feeds, and maintenance and repairs increased by 7%, 8%, 7,5% and 7,2%, respectively.

The relatively sharp increase in prices received, compared to the increase in prices paid by farmers, resulted in an increase of 15,0% in the domestic terms of trade.

PRICES PAID AND RECEIVED BY FARMERS
2005/06–2006/07 (April to March)



NET FARM INCOME AND CASH FLOW

An increase of 16,5% in gross farm income, compared to an increase of 9,6% in expenditure on intermediate production inputs, resulted in a rise in farming profit by 57,2% to R18514 million. Interest payments increased slightly due to higher interest rates. Labour and rent payments increased by approximately 4% and 7%, respectively.

The rise in the net income of farmers had a positive impact on their cash flow.

CONCLUSION

During the period under review, the gross income of farmers rose by 16,5 %, as a result of increased income from field crops and horticultural and animal products. The higher income could mainly be attributed to the continuing increasing trend in the prices that farmers received for their products. In addition to this, farming expenses showed a slight increase compared to the previous period.

The Ministry

The purpose of the Office of the Minister is to provide leadership and determine national policy in terms of agricultural development and land reform.

This is done by:

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

PUBLIC ENTITIES REPORTING TO THE MINISTER

The following public entities report directly to the Minister:

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

BILLS SUBMITTED TO THE LEGISLATURE

During the period under review the Genetically Modified Organisms Amendment Act of 2006 was finalised by Parliament and sent to the President for assent.

MINISTERIAL VISITS TO FOREIGN COUNTRIES

During the period under review, 12 visits were undertaken to the foreign countries below, for a variety of purposes:

Country	Date	Purpose
Mozambique	10 to 12 April 2006	Attendance of the Agricultural Sector Joint Management Committee (JMC) meeting
Israel	7 to 14 May 2006	Visit the 2006 Agritech Exhibition, as well as selected agricultural businesses and entrepreneurs
United Kingdom	3 to 10 June 2006	Launch of an African Land and Food Fellowship Initiative at the South African High Commission in London and the Royal Agricultural College (RAC)
Nigeria	9 to 10 June 2006	Attendance of the Technical Session of the Africa Fertiliser Summit
Mozambique	28 to 30 June 2006	Attendance of the Presidential Bilateral Commission
Lesotho	10 to 18 August 2006	Attendance of the SADC Council meeting and summit
India	9 to 13 September 2006	Accompanying the Deputy-President on an official visit as part of a binational tour
Australia	20 to 22 September 2006	Attendance of the 20th Anniversary Group Ministerial meeting

Country	Date	Purpose
Senegal	24 to 26 September 2006	Attendance of the Joint Women's Heritage Day Celebrations, organised by the South African Embassy
Belgium	14 November 2006	Attendance of the SA-EU Ministerial Joint Co-operation Council
Gabon	27 November to 1 December 2006	Participation in the African Technical Experts and Ministers of Agriculture meeting, as well as an African Union (AU) meeting
Spain and Italy	19 to 23 March 2007	Meeting with the Italian Minister of Agriculture and FAO Director-General to discuss possible areas of co-operation between the two countries for 2007, as well as a meeting with the organisers of the 3rd World Congress of Rural Women in Spain.

Mission statement

VISION

The vision of the DoA is one of *A united and prosperous agricultural sector.*

MISSION

The department 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 the following as its medium-term strategic objectives:

- 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

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 “selfreliance” in capturing the spirit of South Africans at home and in foreign countries, expressed by President Mbeki in his State of the Nation Address in 2002, as people who want to “lend a hand in the national effort to build a better life”.

Recognising that being in the public service is indeed already a privilege (to be able to serve the nation and having adopted the principles of Batho Pele)—the challenge is now to respond comprehensively to the call for action.

The 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 by these values.

KEY CLIENTS

The key clients of the DoA 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 DoA 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 resource development.
National agricultural risk management	Manage early warning systems, disaster management policy, response, recovery, mitigation and preparedness, pest control and plant and diseases control.

Top management

Masiphula Mbongwa
Director-General

Njabulo Nduli
Deputy Director-General: Biosecurity, and Disaster Management

Luvuyo Mabombo
Chief Operating Officer

Vangile Titi
Deputy Director-General: Sector Services and Partnerships

Phil Mohlahlane
Deputy Director-General: Livelihoods, Economics and Business Development

Tommie Marais
Deputy Director-General: Administration

Attie Swart
Chief Programmes Officer

Legislative mandate

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

The DoA is primarily responsible for all agriculture-related legislation. The following Acts reflect the legislative mandate of the department:

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

STATUTORY BODIES

The department administers the following statutory bodies:

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

Perishable Products Export Control Board

The Perishable Products Export Control Board (PPECB) was established in terms of Section 2 of the Perishable Products Export Control Act of 1983, and its functions are as follows:

- It controls the export shipments of perishable products from the Republic of South Africa and the order of shipment of these products at all ports.
- It makes recommendations pertaining to the handling of perishable products when being moved to and from railway trucks and other vehicles, as well as cold stores.
- It promotes uniform freight rates for the export of perishable products, with due allowance for specific perishable products, port of export and means of conveyance, etc.

Accountability arrangements

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

Agricultural Research Council

The council was established in terms of Section 2 of the Agricultural Research Act of 1990, and its functions are as follows:

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

Accountability arrangements

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

National Agricultural Marketing Council

The National Agricultural Marketing Council (NAMC) was established in terms of Section 3 of the Marketing of Agricultural Products Act of 1996, and its functions are as follows:

- It prepares and submits statutory measures and changes to statutory measures to the Minister for consideration.
- It monitors the application of statutory measures and reports on these to the Minister, and evaluates and reviews these measures at least every two years.

Accountability arrangements

In terms of Section 8(A)(4)(c) of the Marketing of Agricultural Products Act of 1996, the accounting officer must 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) was established in terms of Section 2 of the Onderstepoort Biological Products Incorporation Act of 1999.

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

Accountability arrangements

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

Land and Agricultural Development Bank

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

The functions of the Land Bank are as follows:

- It promotes equitable ownership of agricultural land; and the increase of ownership of agricultural land by historically disadvantaged persons in particular.
- It provides wholesale as well as retail financing to the commercial and developing farming sectors, as well as to other agriculture-related businesses.
- It administers the agricultural credit scheme, Mafisa, on behalf of the department.

Accountability arrangements

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

Ncera Farms (Pty) Ltd

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

The primary function of Ncera Farms is to assist small and emerging farmers, by providing a variety of services, such as advice, extension services, training and information on ploughing methods.

Accountability arrangements

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

2

Programme performance

Programme performance

VOTED FUNDS

Appropriation	Main appropriation	Adjusted appropriation	Actual amount spent	Under-expenditure
ENE	R1 957 648 000	R2 367 630 000	R2 218 894 000	R148 736 000
Responsible Minister	Minister for Agriculture and Land Affairs			
Administrating department	Department of Agriculture			
Accounting Officer	Director-General of Agriculture			

AIM

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

KEY MEASURABLE OBJECTIVES, PROGRAMMES AND ACHIEVEMENTS

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

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

The activities of the DoA are organised in five programmes:

Programme 1 **Administration** provides the department with political and strategic leadership and management, and manages capital investments.

Programme 2 **Livelihoods, Economics and Business Development** promotes equitable access to the agricultural sector, the growth and commercial viability of emerging farmers, and food security and rural development. Facilitates market access for South African agricultural products nationally and internationally by developing and implementing appropriate policies and targeted programmes. Promotes broad-based Black Economic Empowerment (BEE) in the sector. Provides information for developing and monitoring the sector.

Measurable objective Improve emerging farmers' access to and sustained participation in agriculture, and improve food security in the medium term through providing better opportunities and more equitable access in order to maximise growth and employment in the sector.

Programme 3 **Biosecurity and Disaster Management** develops and implements policies for food safety, agricultural risk and disaster management and for controlling animal and plant diseases.

Measurable objective Reduce the incidence of animal and plant diseases and ensure compliance with international and national agricultural risk and disaster management measures through improved risk management systems.

Programme 4 **Production and Resources Management** manages productivity and sustainability in agriculture, monitors and controls genetically modified organisms and develops and implements policies and legislation on the sustainable use of agricultural land and water resources.

Measurable objective Improvement of the productivity and profitability in the agricultural sector and the more sustainable use of land and water resources.

Programme 5 **Sector Services and Partnerships** manages and co-ordinates stakeholder and international relations, agricultural education and training, extension and advisory services, and scientific research and development.

Measurable objective Maximise growth in the sector through providing skills, agricultural education and support services to emerging and established farmers.

ACHIEVEMENTS

Highlights of the department's achievements during 2006/07 in relation to key measurable objectives include the following:

Programme	Highlights of achievements
1. Administration	Financial and administrative support services were rendered in terms of predetermined service standards.
2. Livelihoods, Economics and Business Development	The Food Insecurity and Vulnerability Information Mapping System (FIVIMS) report was launched on 12 October 2006 as part of work to map out food insecurity profiles that have been developed and published for 13 Integrated Sustainable Rural Development (ISRD) nodes. A total of 280 community based organisations (CBOs) and 90 co-operatives were identified and trained on social mobilisation, enterprise development and micro-finance in collaboration with the Job for Growth Micro Enterprise and Micro Finance Programme. As part of CASP support services, 741 projects were managed and 46 627 beneficiaries assisted. As part of the development and improvement of the crop estimation system, in-season satellite and airborne images have been combined with the existing point-frame statistical methodology to keep the system at the cutting edge of technology and to ensure cost efficiency, accuracy and quantitative assessments. The newly developed economic record system for farmers, i.e. FINREC, which could be used as a valuable analytical tool and a source of accurate empirical information for policy and farm advice on a national basis, was tested. To improve access to information the in-house trade intelligence systems as well as the national availability of trade information were increased. Market access maps were made available nationally through the International Trade Centre. South Africa, together with its SACU partner states, concluded a free trade agreement with the European Free Trade Association (EFTA—Switzerland, Lichtenstein, Norway and Iceland).
3. Biosecurity and Disaster Management	Import protocols for exporting table grapes and tobacco leaf, respectively, from South Africa to China were completed and signed in South Africa in February 2007. Export standards for citrus and subtropical fruit were gazetted and the Food Business Operator Codes were reactivated. A notice for publication of comments on the new regulations regarding control over the sale of organically produced products in South Africa was finalised. Draft regulations on vegetables were released for public comments upon receiving principle approval from the Minister for their development. The situation in all the foot-and-mouth-disease (FMD) buffer zones remained under close surveillance aimed at early detection and effective combating of any outbreaks.

Programme	Highlights of achievements
3. Biosecurity and Disaster Management (*cont.*)	Negotiations with the stakeholders are also ongoing to strengthen the fence around the FMD-infected Kruger National Park (KNP) complex. Classical swine fever (CSF) remained under control, with only the eastern regions of the Eastern Cape Province affected. Roadblocks instituted by the neighbouring provinces around the entire Eastern Cape Province remained in place up to April 2007. The notifiable avian influenza (NAI) outbreak was kept under control and extensive surveillance will be continued. Road shows were conducted on the Agricultural Drought Management Plan in all nine provinces. An awareness programme on weather/climate was launched.
4. Production and Resources Management	Animal Recording and Improvement Schemes were gazetted as Regulations to the Animal Improvement Act of 1998 and are currently managed by the ARC. A guideline document for the registration of facilities where genetically modified organisms (GMOs) are used and norms and standards for GMO testing were developed to contribute towards the safe and responsible use of GMOs. Production guidelines for fruit, grain crops, ornamental plants, industrial crops, vegetables and indigenous crops were developed to provide farmers with valuable information to improve productivity as well as increase production. A national soil map index was developed to provide baseline information for the Soil Protection Strategy.
5. Sector Services and Partnerships	A National Agricultural Education and Training Forum Executive Committee (NAETFEC) was established to guide and advise the Minister in all matters pertaining to agricultural education in South Africa. A partnership agreement was signed with the FAO to assist the DoA in the capacity building for South African Professionals in the fields of agriculture and food security with initial emphasis on international development co-operation. A Sectoral Master Mentorship Programme was implemented for the development and support of more than 6 958 benificiaries in partnership with the National Wool Growers' Association (NWGA), Wine Industry Council (WIC), Citrus Growers' Association (CGA), National Emergent Red Meat Producers' Organisation (NERPO), the Movement on Agricultural Youth Co-operatives and Shungu Women in Agribusiness. Agricultural relations in the SADC region were strengthened by participation in the Programme on Multilateral Engagements.

OVERVIEW OF THE SERVICE DELIVERY ENVIRONMENT

The DoA's service delivery environment is influenced by the agricultural sector and the broader economy of the country. Changes within any of these sectors have an influence on the department's activities and scope of delivery.

The Batho Pele principles, stipulated by the Department of Public Service and Administration (DPSA) policy and legislation, underpin the service delivery approach and explain the way in which the department plans implementation of service delivery in a practical and sustainable manner. The DoA sees planning as an ongoing process of continuous improvement, which will be reflected in the subsequent Service Delivery Improvement Plans to be identified and managed.

Constraints which had an effect on service delivery during the year under review, included the restructuring process and a lack of capacity.

Restructuring process

The restructuring process and its related activities, while necessary in a quest for improved service delivery, placed a heavy strain on the daily business of the department. Some of the business units experienced a greater change

in management, and some functions were relocated to other line function positions, while some business units had to join new subprogrammes. The readjustment period slowed down implementation and also impacted on the planning activities of the DoA.

Lack of capacity and resources

There is a greater need now, not experienced in the past, for co-ordinated operational planning in directorates because directorates are tasked with deliverables beyond their capacity during or across the various quarters. The high vacancy rate within directorates also meant that some of the strategic plan deliverables, intended to take place during the financial year in question, could not be completed, owing to the fact that the filling of positions took longer than expected.

To meet the challenges associated with the increasing volumes of food being traded internationally, reduced pest and disease outbreaks, as well as early detection of risks, extending capacity is crucial. The limited availability of qualified professionals in specific fields, characterised by a scarcity of skilled professionals, such as veterinarians, pathologists, entomologists and virologists, places a constraint on the DoA's capacity to render quality regulatory supervision.

OVERVIEW OF THE ORGANISATIONAL ENVIRONMENT

After reviewing the department's organisational structure at the end of 2005, a new improved structure was implemented on 1 April 2006. The review resulted in the restructuring of the macroorganisational structure, so as to align it with the strategic objectives, strategies and programmes of the department, in order to enhance organisational performance. The main objectives of the restructuring process were to accelerate and improve service delivery and to increase flexibility to adapt to changing environmental influences. During 2006, refinement investigations were conducted as the second phase of implementation.

An Organisation Development Committee (ODC) was established in 2006 to facilitate organisational refinement and post establishment management in the DoA to ensure good corporate governance. The ODC will also monitor the filling of vacancies and initiate the development of policies to ensure that the post establishment is managed in the most effective way.

Owing to a lack of standardisation between the national and provincial departments of agriculture, in respect of salaries offered to professionals on the same level, a job evaluation (JE) co-ordination process was initiated to bring posts in the agricultural sector into alignment. This was done in compliance with a directive from the DPSA, dated 26 March 2004, stipulating that, when the upgrading of an entire occupational category or certain levels within an occupational category was considered, a specific JE co-ordination process had to be followed. During the period under review, a total of 12 occupational classes were subjected to the JE co-ordination process, resulting in seven occupational classes being implemented as from 1 April 2007.

STRATEGIC OVERVIEW AND KEY POLICY DEVELOPMENTS

The DoA plays a key role in the development of South African agriculture and the profitability and international competitiveness of the sector. One of the department's key strategic goals is to improve the long-term productivity and ecological sustainability of South Africa's natural agricultural resources.

In 2005/06, the department revised its programme structure, reducing its nine programmes to five, in order to improve service delivery and to refocus and align its functions. The DoA is currently in a better position to increase access to the agricultural sector, *via* the AgriBEE initiative; to make a contribution to the eradication of poverty; to support emerging farmers and ensure that their businesses are commercially viable in the long term; and to ensure that South Africa is free from animal and plant diseases.

Support for beneficiaries of land reform, and for other black farmers

Through CASP, post-settlement support is provided to targeted beneficiaries of land reform and other black farmers who have acquired land through private means. The implementation of CASP started in 2004/05, focusing mainly on providing on and off-farm infrastructure. However, a lack of capacity such as a shortage of agricultural economists and engineers, a lack of timeous and proper planning, long procurement procedures and a lack of alignment

with other government programmes, impacted negatively on the implementation of CASP. During the second half of 2005/06, and in 2006/07, significant improvements were made with provincial departments of agriculture improving service delivery. To date, CASP has reached 53 709 beneficiaries, 19 518 of whom form part of the land reform project.

Over the past two years, the department provided agricultural support to land and agrarian reform projects that contribute towards food security, job creation and poverty alleviation. The focus of the programme was expanded, with a decision that 70% of CASP expenditure should be on land reform projects, 10% on food security projects, 10% on training, 5% on animal health services and 5% on marketing.

The provision of infrastructure, such as dipping tanks, resulted in improved control of animal diseases among emerging farmers. Other improvements were better veld management and proper breeding practises as a result of subdividing animal camps. Beneficiaries of food security projects are doing well and selling their products at higher prices. Some irrigation schemes have now come into operation as well. Marketing information is more easily accessible in some provinces and sales of livestock have improved as a result of the marketing infrastructure provided.

Microfinancial services for poor rural households, small-scale farmers and agri-businesses

Mafisa provides access to finance for farmers, especially beneficiaries of the land restitution, redistribution and land tenure reform programmes. The Land Bank administers Mafisa on behalf of the department and provincial departments of agriculture also play a role by assisting potential clients to complete application forms and by disseminating information. Credit evaluation committees assess applications before submission to the relevant development finance institutions, which are participating in the scheme as retail intermediaries. Currently, four development finance institutions assist in the disbursement of Mafisa funds in the provinces.

Challenges experienced in the implementation of the scheme included a lack of accountability in the evaluation and administration processes, still developing economic and/or financial experience among extension officers and credit evaluation committees at provincial level. Intervention measures included assigning Agricultural Economists to assist applicants with operational plans, and training credit evaluation committees in collaboration with the AgriSETA.

Agricultural Broad-based Black Economic Empowerment

The framework for AgriBEE is a sectoral empowerment framework intended to eliminate inequities, facilitate access to, and promote participation in agricultural opportunities, to deracialise land and enterprise ownership, and unlock the entrepreneurial potential in the sector. The framework was developed in collaboration and consultation with agricultural stakeholders and constitutes the basis for the Sector Transformation Charter and codes of good practice. The charter will be submitted to the Department of Trade and Industry for gazetting and the AgriBEE steering committee will develop codes of good practice during 2007/08.

Biosecurity and disaster risk management

Ensuring food safety and adequate protection for animal and plant health remain major challenges for the department. With globalisation, the opening of markets and trade in agricultural products have placed additional demands on the management of risks associated with cross-border animal and plant diseases. The main objective is to ensure that South Africa is free from these diseases, resulting in a sustainable agricultural sector. The department strives to minimise risks associated with disease outbreaks through the development of an efficient and effective Biosecurity Risk Management System.

Sustainable use of natural resources

Using various degradation indexes, including soil, rangeland and vegetation degradation indexes, the department continues to monitor the degradation of South African land. Five of the country's provinces, namely KwaZulu-Natal, North West, the Northern Cape, Mpumalanga and the Eastern Cape were identified as the most degraded parts of South Africa.

The LandCare Programme was established, not only to address the degradation problem, but also to encourage South Africans to use natural resources in a way that would improve their quality of life, and the quality of life of

future generations. The aim is therefore to encourage sustainable methods of cultivation, grazing and harvesting of natural resources, in order to improve food security and employment.

Through this programme, the presciptive approach of provinces has changed and greater emphasis is now placed on participatory planning, development and an implementation approach to projects. Extension officers are encouraged to work with communities, instead of implementing projects on their behalf. This has resulted in the introduction of regional and catchment-area planning, with the Western Cape Department of Agriculture becoming the first to adopt and test this concept. Following interprovincial study tours, Limpopo and the Eastern Cape have also started using the participatory approach.

LandCare awareness activities, which targeted land users, schoolchildren and the youth, made rural communities more aware of the value of the natural resource base, for both agricultural production and ensuring a rural livelihood. The Free State, Mpumalanga and the Western Cape took the lead in developing successful models for the Junior LandCare component of the programme.

DEPARTMENTAL REVENUE, EXPENDITURE AND OTHER SPECIFIC TOPICS

Collection of departmental revenue

The department's collected revenue, for the sale of goods and services, is in line with its annual budget. An amount of approximately R9 million was still included in the adjustment estimate, under interest expected from the Land Bank. However, this amount is no longer payable to the department and has now been excluded from the estimation of revenue. Included in the amount received under financial transactions in assets and liabilities, is an amount of R32 million in respect of a refund received from the provincial departments of agriculture in KwaZulu-Natal and in the Eastern Cape, pertaining to unspent funds allocated for drought relief.

The department started with the implementation of an enhanced control process of revenue collected from its different offices, in order to ensure identification of revenue collected per office, as well as updating procedural manuals at all revenue collection points. Departmental policy on revenue was also reviewed and the changes that were made will facilitate reconciliation between services rendered and revenue collected.

	2003/04 Actual	2004/05 Actual	2005/06 Actual	2006/07 Target	2006/07 Actual	% deviation from target
	R'000	R'000	R'000	R'000	R'000	
Nontaxable revenue						
Sales of goods and services other than capital assets	54 556	62 732	71 695	59 930	59 211	1
Administrative fees	50 807	58 252	59 023	56 916	55 477	
Sales of goods and services	3 740	4 477	4 456	3 014	3 691	
Sale of scrap, waste and other used current goods	9	3	8 216	5	43	
Transfers received	13	–	300	–	–	
Public corporations and private enterprises	13	–	300	–	–	
Fines, penalties and forfeits	1	16	54	3	3	–
Interest, dividends and rent on land	10 937	14 193	1 596	9 424	1 391	(85)
Interest	10 279	13 994	654	9 257	888	
Rent on land	658	199	942	167	503	
Sales of capital assets (capital revenue)	9 003	11 865	208	325	211	(35)
Other capital assets	9 003	11 865	208	325	211	

	2003/04 Actual	2004/05 Actual	2005/06 Actual	2006/07 Target	2006/07 Actual	% deviation from target
	R'000	R'000	R'000	R'000	R'000	
Financial transactions (recovery of loans and advances)	161 019	11 814	2 283	2 184	33 798	1 447
Total departmental receipts	**235 529**	**100 620**	**76 136**	**71 871**	**94 614**	**32**

DEPARTMENTAL EXPENDITURE

The table illustrates the extent to which the department used its budget during the period under review, and includes the adjustments made to the original budget allocation. The main contributor to a surplus amount of R148 072 million was the slow movement in the payments of claims in respect of the campaign combating CSf. A significant number of claims were still outstanding as at financial year-end. The result is reflected under the Biosecurity and Disaster Management Programme. The surplus under Programme 2: Livelihoods, Economics and Business Development, resulted from funds that were not spent under the AgriBEE and LRAD Programmes, as well as the agricultural census. Generally, there was an underspending on the items, compensation of employees and goods and services, which was as a result of vacancies across all the programmes.

Programmes	Voted for 2006/07	Roll-overs and adjustments	Virement	Total voted	Actual expenditure	Variance
	R'000	R'000	R'000	R'000	R'000	R'000
Administration	247 195		(2 800)	244 395	227 027	17 368
Livelihood, Economics and Business Development	746 783		(46 886)	699 897	680 563	19 334
Biosecurity and Disaster Management	245 939	230 925 75 219	(21 013)	531 070	434 622	96 448
Production and Resources Management	240 514		(14 726)	225 788	217 908	7 880
Sector Services and Partnerships	477 217	103 838	70 896 14 529	666 480	659 438	7 042
Total	**1 957 648**	**409 982**	**–**	**2 367 630**	**2 219 558**	**148 072**

Transfer payments

TRANSFERS TO PROVINCES

Name of institution	Amount transferred	Estimated expenditure
	R'000	R'000
Eastern Cape Province	80 514	80 514
Free State Province	29 206	29 206
Gauteng Province	10 323	10 323
KwaZulu-Natal Province	65 879	65 879
Limpopo Province	58 093	58 093
Mpumalanga Province	32 705	32 705
Northern Cape Province	21 927	21 927
North West Province	45 113	45 113
Western Cape Province	57 378	57 378
Total	**401 138**	**401 138**

The table includes transfers to provinces in respect of the CASP, LandCare and flood disaster relief to the Eastern Cape and Western Cape. CASP is aimed at making provision for agricultural support to targeted beneficiaries of the

Land and Agrarian Programmes, while the LandCare Programme was established to address the degradation of natural/agricultural resources in the country, as well as to improve the socio-economic status and food security of rural communities. These transfers were administered in accordance with the Division of Revenue Act (DORA) of 2006. The Act contains frameworks, which prescribe specific monitoring mechanisms, in order to ensure that provinces achieve their envisaged goals. Monitoring mechanisms employed included quarterly progress reports on output against plans, as well as quarterly visits to provinces by the national department to monitor performance and provide support.

TRANSFERS TO LOCAL GOVERNMENTS

Name of institution	Amount transferred	Estimated expenditure
	R'000	R'000
Various local governments in respect of:		
Regional Services Council levies	262	
Vehicle licences: municipalities	362	
Vehicle licences: provincial departments	40	
Total	**664**	

TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

Name of institution	Amount transferred	Estimated expenditure
	R'000	R'000
Agricultural Research Council	508 390	508 390
National Agricultural Marketing Council	12 710	12 710
Water Research Commission	2 250	2 250
National Student Financial Aid Scheme	8 300	8 300
Public Service Education and Training Authority	470	470
Perishable Products Export Control Board	600	600
South African Management Development Institute (donation)	70	70
Total	**532 790**	**532 790**

The ARC was established under the Agricultural Research Act of 1990, and it is the principal agricultural research institution in South Africa. Its primary mandate is to conduct research and develop and transfer technology that promotes agriculture and its related industries. The ARC continues to be highly responsive to new needs expressed by its clients, supporting it with a good performance in the development and transfer of technologies to, and for the benefit of the resource-poor farming sector. In line with its statutory mandate of transferring technology, the following research products and technologies were transferred to resource-poor farmers: cotton production management strategies, evaluation and selection of seeds, integrated natural resource management strategies, the promotion of urban agriculture, water conservation strategies, the commercialisation of bee-keeping, disease appraisal, beef production, field testing of contagious abortion in cattle, a legume protein programme, mushroom farming and its commercialisation, quality fruit production strategies, an indigenous crops programme, and agricultural research for development. These products and technologies have contributed to sustainable job creation and income generation in communities previously excluded from meaningful participation in agriculture.

The NAMC was established in terms of the Marketing of Agricultural Products Act of 1996, and provides strategic advice to the Minister for Agriculture and Land Affairs on agricultural marketing, in order to ensure improved market access for all participants, marketing efficiency, the optimisation of export earnings, as well as the viability of the agricultural sector. As part of its responsibilities, the NAMC undertakes investigations into agricultural marketing and marketing policy, and does annual reviews of all statutory levies collected by various industries, in accordance with the Act. The NAMC provides guidelines on statutory levies to the industry, so that a proportion of the proceeds is used to fund the empowerment of previously disadvantaged individuals in the areas of training, exposure and market access. The NAMC runs an annual outreach programme for the latter, aimed at informing emerging black farmers about the marketing environment.

The Water Research Commission is a statutory entity, established in terms of section 2 of the Water Research Act of 1971. The commission undertakes research projects that are funded by the DoA. As part of a monitoring process, the department evaluates the achievements of these research projects against the predetermined deliverables set out in the Memoranda of Agreement. The commission periodically provides the department with reports on all its research projects.

The National Student Financial Aid Scheme was developed with the primary objective of managing the department's external bursary scheme for students undertaking studies in the agricultural field.

The PPECB is a statutory organisation that conducts its business in terms of the Perishable Products Export Control Act of 1983. In its early years, the export products under its control comprised mainly deciduous and citrus fruit, however, the product range soon expanded to include fish, meat, flora and other perishable products. There are now over 200 product types under the board's control. In terms of the requirements of the Agricultural Product Standards Act of 1990, the PPECB also operates as assignee for the department. It is listed as a Public Finance Management Act (PFMA) of 1999, Schedule 3A entity. The board controls all perishable exports from South Africa, to the value of approximately R9 billion a year. At the end of the 2005/06 financial year, the PPECB had dealt with in excess of 2 500 exporters, 200 products and 500 product varieties.

TRANSFERS TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

Name of institution	Amount transferred	Estimated expenditure
	R'000	R'000
Ncera Farms (Pty) Ltd	2 177	2 177
The Land Bank	243 000	243 000
Private enterprises	0	0
Claims against the State	305	305
Total	**245 482**	**245 482**

Ncera Farms (Pty) Ltd is a public company, listed under Schedule 3B of the PFMA, with the department as the sole shareholder. It is situated in the Eastern Cape on state-owned land of approximately 3102 ha. Its purpose is to provide extension services, training and other agricultural support services to settled farmers and neighbouring communities, who are able to plant their own crops. The Minister for Agriculture and Land Affairs, in her capacity as the executive authority of Ncera Farms, approved the establishment of a service centre during October 2004. The service centre will provide an extensive range of services to the farmers who will be settled on the farm. The infrastructure of the centre should be finalised by early 2007/08.

The Land Bank operates as a development finance institution within the agricultural and agri-business sectors and is regulated by the Land and Agricultural Development Bank Act of 2002. It provides a range of finance options to a broad spectrum of clients within the agricultural sector, including wholesale and retail financing for commercial and developing farmers, co-operatives and other agriculture-related businesses. It provides long, medium and short-term loans to all agricultural sectors. The bank is the sole shareholder in the Suid-Afrikaanse Verband-versekeringsmaatskappy Beperk (SAVVEM), a company that provides mortgage insurance cover to the bank's clients. The bank also manages the funds transferred from the department for Mafisa.

TRANSFERS TO FOREIGN ORGANISATIONS

Name of institution	Amount transferred	Estimated expenditure
	R'000	R'000
Office International des Epizooties	703	703
International Seed Testing Association	42	42
Organisation for Economic Co-operation and Development	72	72
International Union for the Protection of New Varieties	321	321
International Grains Council	129	129
Office International de la Vigne et du Vin	456	456
Food and Agriculture Organization of the United Nations	7 924	7 924
International Commission of Agricultural Engineering	53	53

Name of institution	Amount transferred	Estimated expenditure
	R'000	R'000
Consultative Group on International Agricultural Research	3 209	3 209
Commonwealth Agricultural Bureau International	142	142
International Dairy Federation	30	30
International Cotton Advisory Council	149	149
Foreign rates and taxes	6	6
Total	**9 974**	**9 974**

The above table reflects the membership fees that the department pays to organisations approved by Parliament.

TRANSFERS TO NON-PROFIT INSTITUTIONS

Name of institution	Amount transferred	Estimated expenditure
	R'000	R'000
Co-operative Development Initiative	535	535
Grassland Society (donation)	10	10
SA Pork Producers' Organisation (donation)	65	65
Milk Producers' Organisation (donation)	40	40
Agricultural Economists of SA	14	14
Farmer Development Trust	1 000	1 000
National African Farmers' Union	1 000	1 000
Sterile Insect Technique	4 000	4 000
Food and Trees for Africa	1 000	1 000
Total	**7 664**	**7 664**

TRANSFERS TO HOUSEHOLDS

Name of institution	Amount transferred	Estimated expenditure
	R'000	R'000
Avian influenza	12 467	12 467
Social benefits	1 701	1 701
Classical swine fever	59 624	59 624
Claims against the state	500	500
AgriBEE	20 000	20 000
FMD (KwaZulu-Natal)	27	27
Total	**94 319**	**94 319**

Conditional grants and earmarked funds

During the period under review, the department administered two conditional grants, namely CASP and LandCare. The first is a Schedule 4 grant, while the latter is a Schedule 5 grant. CASP had a total allocation of R300 million for 2006/07, while the LandCare Programme had an allocation of R44 500 million. The allocation for LandCare was adjusted by an amount of R11 235, bringing the total for the year to R55 735 million.

Funds in respect of these grants were transferred on a quarterly basis—10 % in the first quarter, 35 % in the second quarter, 35 % in the third quarter, while the last 20 % was transferred during the fourth quarter.

Outline of the purpose, and expected outputs of grants

CASP

The primary purpose of the programme is to make provision for agricultural support to targeted beneficiaries of the Land and Agrarian Programmes.

Via implementation of CASP, the following outputs are expected:

- Increased access to, and an improvement in the quality of agricultural support services provided to targeted beneficiaries—i.e. advisory services, information and knowledge management, training and capacity-building, market and business development support, and financial on and off-farm infrastructure, such as dipping facilities.
- Improvement in the capacity of provincial departments to deliver agricultural support services.
- An increased number of targeted beneficiaries (from the Land and Agrarian Reform Programmes) getting access to public agricultural support services.
- Increased access by resource-poor farmers to timeous market and technical information.
- An improvement in the availability of on and off-farm infrastructure, supporting targeted farmers—for example dipping facilities, fencing, the rehabilitation of irrigation schemes, etc.
- An increase in the number of LRAD beneficiaries who have access to markets, market information and training with regard to markets.

On average, 70% of these targets were achieved. Owing to the ongoing nature of the projects, some outputs are still in the process of being achieved.

LANDCARE

The LandCare Programme was established to address the degradation of natural/agricultural resources in the country and improve the socio-economic status and food security of rural communities. Not only is this programme aimed at addressing problems experienced with degradation, but also to encourage South Africans to use natural resources in a way that would improve their quality of life and the quality of life of future generations. The programme's specific outputs for the period under review were measured by means of the following criteria:

- The number of beneficiaries and kilometres of irrigation channels.
- Hectares of veld under improved management systems.
- The number of beneficiaries benefiting from improved production systems.
- The number of farmers benefiting from farming practices reducing the depletion of soil fertility, as well as acidity.
- The number of awareness activities, illustrating how the inappropriate use of agricultural resources impacts negatively on the resource base—i.e. project launches, farmers' days, etc.
- The number of young people benefiting from sound management practices.

Transfer of funds

Funds were transferred and deposited into the primary bank accounts of each province, in accordance with the provisions of DORA and the approved payment schedule. The first and second quarter transfers to North West Province were delayed because of implementation problems experienced in the province's Department of Agriculture, Conservation and Environment. However, all the funds were ultimately transferred.

The figures in respect of the conditional grants paid to provinces are included as Annexure 1C of the Annual Financial Statements.

CAPITAL INVESTMENT, MAINTENANCE AND ASSET MANAGEMENT PLAN

Capital investment

During February 2007, the Department of Public Works (DPW) was instructed to proceed with the design for the construction of the new Durban Quarantine Station. An amount of R15 million towards this project will be transferred from the DoA's capital works budget to the DPW.

In terms of a Memorandum of Understanding, a priority list of newly identified capital works projects will be submitted to the DPW.

Maintenance

Daily maintenance was carried out in terms of normal procurement processes and within the planned expenditure framework for 2006/07. The Repairs and Maintenance Project (RAMP) at Harvest House is 90% complete. Instruc-

tions were issued to the DPW to commence with basic repairs and maintenance projects at Agriculture Place and Sefala Building. These projects will be funded by the capital works budget of the DoA.

Asset management

During the 2006/07 financial year, the department disposed of assets to the value of R638 448,62, located at the Stellenbosch and Grootfontein Agricultural Development Institute. Losses as a result of theft during the period under review amounted to R1 051 million.

In order to ensure effective control over the department's assets, almost 48 000 items were physically barcoded. The department's asset registers are also updated on a continuous basis, as and when assets are procured or disposed of, by means of the Logistical Information System (LOGIS). The department will also embark on a project to record the current condition of the department's capital stock on LOGIS.

In co-operation with the DPW, the department completed 90 % of the RAMP at Harvest House Building. The department instructed the DPW to commence with the RAMP at Agriculture Place and Sefala Building.

No facilities were closed down or downgraded during the period under review.

During February 2007, the DPW was instructed to proceed with the design for the construction of a new quarantine station in Durban. An amount of R15 million will be transferred towards this project from the department's capital works budget to the DPW.

The DPW was furthermore instructed to investigate the possibility of building an administrative block at the Stellenbosch Plant Quarantine Station.

PROGRAMME 1

Administration

Tommie Marais
Deputy Director-General

PURPOSE

The Administration programme provides the DoA with political and strategic leadership and management and manages capital investments.

This programme comprises two subprogrammes:

- **Human Resources and Legal Services** provides internal infrastructure support services to enable customer-orientated programmes to meet their strategic objectives through the optimal use of human resources, legal expertise and security services.
- **Financial Management** ensures sound financial management, evaluates the feasibility of programmes and projects, renders financial and supply chain management services, manages agricultural debt collection and co-ordinates budgetary matters. The activities are at all times governed by the Public Finance Management Act of 1999, Treasury Regulations and the Departmental Financial Instructions (DFI).

SERVICE DELIVERY ACHIEVEMENTS

Performance of this programme is measured in terms of predetermined service standards as captured in the *Strategic plan 2006*. Reports on support services rendered by the Directorates: Information and Communication Technology, Internal Audit and the Transformation Unit have also been included, because of budgetary purposes.

Human Resources Management

During the previous financial year, the directorate mainly focused on finalising the Policy on Official Housing and the Policy on Funeral Arrangements for Employees of the DoA. Other policies are still in progress and include the Retention Policy, the Policy on Recruitment and Selection, the Mentorship Policy, the Secondment Guidelines, the Working Hours Policy, the Employee Development Policy and the Resettlement Policy.

Furthermore, the directorate worked on the JE co-ordination process with the provincial departments of agriculture (PDAs).

Legal Services

In terms of legislation, the GMO Amendment Bill was passed by the National Assembly and the National Council of Provinces. The directorate also worked on the Liquor Products Amendment Bill, the Sustainable Utilisation of Agri-

cultural Resources Bill, and the Pounds Bill, which is en route to the Minister for approval for publication in the *Government Gazette*.

During the period under review, the directorate worked on litigation issues such as the Osborne matter—a claim against the department for compensation for culled animals, the Million Dollar Pigeon Race and Premier Residential Property vs Minister, Hartley & Insel matters. Contract matters included 16 contracts, of which six were finalised and the others were reported as still awaiting a response from the line function directorates. A total of 34 opinions were handled. As part of client and public interaction, the Plant Improvement Amendment Bill, the Agricultural Debt Management Amendment Bill, the Agricultural Development Finance Bill, and the National Food Security Bill were discussed with directorates. Eleven requests were received, six were granted, two were refused and only three still need to be finalised in terms of the Promotion of Access to Information Act of 2000 (Amendment of the Schedule). The directorate also dealt with the appointment of members of the board of the Agricultural Produce Agents. Intergovernmental issues included several meetings to debate the Federation of International Football Association (FIFA) Special Measures Bill. Intergovernmental workshops were also held on the introduction of a Regulatory Impact Assessment in South Africa.

Security Services

During the year under review, security evaluations were conducted at the DoA offices at ports of entry. Close circuit television (CCTV) cameras were installed at the main entrances and exit doors of Harvest House, Delpen, Roodeplaat Evaluation Centre and the Sefala Building, as well as at the overhead bridge. The Information and Communication Technology (ICT) Security Policy was reviewed, proper fire alarm systems were installed at the Delpen and Sefala Buildings and the current fire alarm system in Agriculture Place was upgraded. Sensitive areas were zoned, security surveys and security measures implemented at the regional offices. A Registry Procedure Manual and a Records Management Policy were drafted.

The directorate focused on the site hand-over, the inspection and testing of electronic access control and installing a CCTV system at the Plant Quarantine Station in Stellenbosch and at Agriculture Place. Standard door-lock cylinders were replaced with Mul-T-lock high-security profile cylinders in sensitive areas. Awareness programmes on the utilisation of the file plan and registry procedures were conducted. Access cards were issued to all employees in Agriculture Place, Harvest House, Delpen, Roodeplaat and in the Sefala Building. A Key Control Policy was drafted. The directorate was also responsible for establishing a database and the commissioning of an electronic access control system, CCTV guard monitoring and the asset management system.

Information and Communication Technology

During the year under review the directorate was responsible for the installation of a Private Automatic Branch Exchange (PABX) system in Silverton, as well as the installation of a Local Area Network (LAN) and PABX cabling for the Stellenbosch offices. As part of the RAMP project, the LAN and PABX systems in Parliament and Harvest House were upgraded. The internet line was upgraded from 1 536 to 1 790 kilobits per second (kbps).

As part of its service delivery support to the DoA, the directorate developed a Food Business Operator System, an Asset Management System and the Nafu membership registration system. Major changes to the Agricultural Product Input (API) System were completed. Changes were implemented on the Animal Identification System (AIS) for Mozambique and 130 maps were created for customers. The directorate also worked on the Logistical Management Information System (LMIS), the implementation of the main server for AGIS, the Information Technology Infrastructure Library (ITIL) client survey, the implementation of a SPAM device (which assists the department with e-mail management), as well as the LRAD System.

A new Telephone Management System was implemented for the DoA and Windows Software Update Service (WSUS) servers were implemented in Silverton, Stellenbosch, Durban and at the Grootfontein Agricultural Development Institute (GADI). E-mail access for the Roodeplaat offices was created.

Financial Services

During the year under review, the directorate focused on the compilation of a procedural manual, which could be used to guide the expenditure processes with regard to disasters. A departmental manual was compiled to manage

the reporting of losses and damages suffered. The investigation on the project to transfer PASTEL debt to the Debtor System was completed but indications were that it would not be economical to go ahead with the enhancement to the Debtor System. It was therefore decided not to continue with this project.

Debt Management

During the year under review, the directorate concentrated on rendering products and services on agricultural debt recovery, which included administering repayment agreements, administering claims with regard to insolvent and deceased estates, attending to the execution of auctions and administering write-offs. The directorate also focused on administering restrictions on debt securities, administering deeds documentation, maintaining the Debt Securities Register, carrying out inspections of debt securities as well as the disbursement of funds in the Agricultural Debt Account. New areas of focus for the directorate included the adaptation of the Operational and Procedural Frameworks for placement on the departmental intranet site.

Supply Chain Management

The directorate is responsible for managing 15 key products and services and achieved a success rate of 90 % with regard to rendering services within the required standards. During the year under review the directorate focused on products and services such as demand management, acquisition management, logistical management, asset management and transport management. Other service delivery improvements included documenting the Policy on the Repair and Maintenance of Vehicles and incorporating it into Chapter 15 of the DFI and developing and implementing the LMIS. The possible participation in both the Specification and Evaluation Committees were investigated. The directorate implemented a barcode system to improve control over moveable assets, and almost 45 000 items in 109 offices throughout South Africa were barcoded.

Internal Audit

Internal Audit was mainly required to issue opinions on decisions taken and the performance of audit investigations. The directorate also provided assessments and assistance in terms of the maintenance of good governance, monitoring the conducting of risk assessments as well as evaluating and monitoring the implementation of the Risk Management Strategy.

A revenue audit was conducted at the OR Thambo Airport, the Directorate: Agricultural Product Inspection Services and Directorate: Animal Health. Other audit-related activities included a disease management audit, the DORA audit, the Stellenbosch audit, Scorpion investigations, general controls, the establishment of an anticorruption mechanism and debt management. Visits were undertaken to the provinces and a follow-up audit report was produced.

Transformation

During the year under review the Transformation Unit focused on ensuring compliance with Cabinet Resolutions with regard to equity targets for women at Senior Management Service (SMS) level, ensuring that the targets for the appointment of people with disabilities at SMS level were achieved and ensuring staff development/empowerment and information knowledge management in the DoA. In addition, the unit was responsible for the proper implementation of the Employee Performance Management System (EPMS) within the department and developing the Batho Pele Plan of Action (PoA) for the DoA.

The unit concentrated on products and services, including advisory services, best practices *via* research and benchmarking, facilitating the implementation of the Employment Equity Act of 1998 as well as the management of, and reporting on Government's Batho Pele PoA. The unit also assisted in facilitating responses to queries raised by employees by using an electronic system Talk to the Director-General (DG) and ensuring the review of policies and programmes in accordance with transformation and change management imperatives. The unit further participated in structured departmental meetings, such as JE, Governance and Operational Policy Committee (GOPC), Employment Equity and Transformation Consultative Forum (EETCF), Departmental Budget Committee (DBC) and ICT Committee, in order to provide direction with regard to transformation issues and identifying transformation projects and facilitating the implementation thereof.

CLIENT NEEDS SURVEY

Client needs surveys were conducted in quarter two and four to determine the service ratings in terms of predetermined service standards as specified in the *Strategic plan 2006*.

HUMAN RESOURCES MANAGEMENT

Type of service	Service rating (%)					
	Excellent		Satisfactory		Unsatisfactory	
	Q2	Q4	Q2	Q4	Q2	Q4
Performance management systems	0	0	83	82	17	18
Training	0	0	50	63	50	38
Recruitment	0	7	67	64	33	29

Performance management systems: A total of 83% of clients rated the service as satisfactory in the second quarter, and this decreased to 82% in the fourth quarter. However, 17% of clients rated the service as unsatisfactory in the second quarter, and this increased to 18% in the fourth quarter.

Training: A total of 50% of clients rated the service as satisfactory in the second quarter, but this increased to 63% in the fourth quarter. However, 50% of clients rated the service as unsatisfactory in the second quarter, but this decreased to 38% in the fourth quarter.

Recruitment: A total of 7% of clients rated the service as excellent in the fourth quarter. A total of 67% of clients rated it as satisfactory in the second quarter, and this decreased to 64% in the fourth quarter. A total of 33% of clients rated the service as unsatisfactory in the second quarter, but this decreased to 29% in the fourth quarter.

LEGAL SERVICES

Type of service	Service rating (%)					
	Excellent		Satisfactory		Unsatisfactory	
	Q2	Q4	Q2	Q4	Q2	Q4
Legal advisory services	0	14	100	86	0	0
Legislation: drafting and amendments	0	0	67	100	0	0

Legal advisory services: A total of 14% of clients rated the service as excellent in the fourth quarter. However, 100% of clients rated the service as satisfactory in the second quarter, but this decreased to 86% in the fourth quarter.

Legislation—drafting and amendments: A total of 67% of clients rated the service as satisfactory in the second quarter, however this increased to 100% in the fourth quarter.

INFORMATION AND COMMUNICATION TECHNOLOGY

Type of service	Service rating (%)					
	Excellent		Satisfactory		Unsatisfactory	
	Q2	Q4	Q2	Q4	Q2	Q4
AGIS	0	0	50	67	50	33
Availability of transversal connections	0	0	100	100	0	0
E-mail services	14	8	86	85	0	8
Information backup	0	0	100	67	0	33
Internet services	17	8	83	83	0	8
Intranet	0	0	86	86	14	14
IT help desk	0	0	89	86	0	14
Systems development	0	0	75	71	25	29
Telephone services and video conferencing	0	0	75	83	25	17

AGIS: A total of 50% of clients rated the service as satisfactory in the second quarter, but this increased to 67% in the fourth quarter. However, 50% of clients rated the service as unsatisfactory in the second quarter, but this decreased to 33% in the fourth quarter.

Availability of transversal connections: A total of 100% of clients rated the service as satisfactory in both the second and fourth quarters.

E-mail services: A total of 14% of clients rated the service as excellent in the second quarter, but this decreased to 8% in the fourth quarter. However, 86% rated the service as satisfactory in the second quarter, and this decreased to 85% in the fourth quarter. On the other hand, 8% of clients rated the service as unsatisfactory in the fourth quarter.

Information backup: A total of 100% of clients rated the service as satisfactory in the second quarter, but this decreased to 67% in the fourth quarter. However, 33% of clients rated the service as unsatisfactory in the fourth quarter.

Internet services: A total of 17% of clients rated the service as excellent in the second quarter, but this decreased to 8% in the fourth quarter. However, 83% of clients rated the service as satisfactory in both the second and fourth quarters. On the other hand, 8% of clients rated the service as unsatisfactory in the fourth quarter.

Intranet: A total of 86% of clients rated the service as satisfactory in both the second and fourth quarters. However, 14% rated the service as unsatisfactory in both the second and fourth quarters.

IT help desk: A total of 89% of clients rated the service as satisfactory in the second quarter, and this decreased to 86% in the fourth quarter. However, 14% rated the service as unsatisfactory in the fourth quarter.

Systems development: A total of 75% of clients rated the service as satisfactory in the second quarter, and this decreased to 71% in the fourth quarter. However, 25% of clients rated the service as unsatisfactory in the second quarter, and this increased to 29% in the fourth quarter.

Telephone services and video conferencing: A total of 75% of clients rated the service as satisfactory in the second quarter, and this increased to 83% in the fourth quarter. However, 25% of clients rated the service as unsatisfactory in the second quarter, but this decreased to 17% in the fourth quarter.

FINANCIAL MANAGEMENT

Type of service	Service rating (%)					
	Excellent		Satisfactory		Unsatisfactory	
	Q2	Q4	Q2	Q4	Q2	Q4
Administration of tenders	0	14	100	86	0	0
Booking and issuing of air tickets, rental vehicles and taxi services	0	13	89	87	11	0
Budgetary assistance	0	38	75	50	25	13
Financial advice	0	11	100	89	0	0
Issuing of GG vehicles	0	9	88	73	12	18
Issuing of stationery	12	15	88	85	0	0
Maintenance/upgrading and allocation planning of accommodation	0	0	20	60	80	40
Payment of overtime	0	0	100	100	0	0
Payment of salaries and allowances	0	15	100	85	0	0
Payment of service providers	0	8	100	77	0	15
Payment of subsistence and transport advances	0	7	100	93	0	0
Payment of subsistence and transport claims	0	7	88	86	12	7
Payment of supplementary salaries	0	25	100	75	0	0
Processing of requests for subsidised vehicles	0	0	50	80	50	20
Procurement of goods and services	0	0	67	64	33	36
Reporting on expenditure	14	0	57	0	29	0

Administration of tenders: A total of 14% of clients rated the service as excellent in the fourth quarter. However, 100% of clients rated the service as satisfactory in the second quarter, but this decreased to 86% in the fourth quarter.

Booking and issuing of air tickets, rental vehicles and taxi services: A total of 13% of clients rated the service as excellent in the fourth quarter. However, 89% of clients rated the service as satisfactory in the second quarter, and this decreased to 87% in the fourth quarter. On the other hand, 11% of clients rated the service as unsatisfactory in the second quarter.

Budgetary assistance: A total of 38% of clients rated the service as excellent in the fourth quarter. However, 75% rated the service as satisfactory in the second quarter, but this decreased to 50% in the fourth quarter. On the other hand, 25% of clients rated the service as unsatisfactory in the second quarter, but this decreased to 13% in the fourth quarter.

Financial advice: A total of 11% of clients rated the service as excellent in the fourth quarter. However, 100% rated the service as satisfactory in the second quarter, but this decreased to 89% in the fourth quarter.

Issuing of Government Garage (GG) vehicles: A total of 9% of clients rated the service as excellent in the fourth quarter. However, 88% rated the service as satisfactory in the second quarter, but this decreased to 73% in the fourth quarter. On the other hand, 12% of clients rated the service as unsatisfactory in the second quarter, and this increased to 18% in the fourth quarter.

Issuing of stationery: A total of 12% of clients rated the service as excellent in the second quarter, and this increased to 15% in the fourth quarter. However, 88% rated the service as satisfactory in the second quarter, and this decreased to 85% in the fourth quarter.

Maintenance/upgrading and allocation planning of accommodation: A total of 20% of clients rated the service as satisfactory in the second quarter, but this increased to 60% in the fourth quarter. On the other hand, 80% of clients rated the service as unsatisfactory in the second quarter, but this decreased to 40% in the fourth quarter.

Payment of overtime: A total of 100% of clients rated the service as satisfactory in both the second and fourth quarters.

Payment of salaries and allowances: A total of 15% of clients rated the service as excellent in the fourth quarter. However, 100% rated the service as satisfactory in the second quarter, but this decreased to 85% in the fourth quarter.

Payment of service providers: A total of 8% of clients rated the service as excellent in the fourth quarter. However, 100% rated the service as satisfactory in the second quarter, but this decreased to 77% in the fourth quarter. On the other hand, 15% of clients rated the service as unsatisfactory in the fourth quarter.

Payment of subsistence and transport advances: A total of 7% of clients rated the service as excellent in the fourth quarter. However, 100% rated the service as satisfactory in the second quarter, but this decreased to 93% in the fourth quarter.

Payment of subsistence and transport claims: A total of 7% of clients rated the service as excellent in the fourth quarter. However, 88% rated the service as satisfactory in the second quarter, and this decreased to 86% in the fourth quarter. On the other hand, 12% of clients rated the service as unsatisfactory in the second quarter, but this decreased to 7% in the fourth quarter.

Payment of supplementary salaries: A total of 25% of clients rated the service as excellent in the fourth quarter. However, 100% rated the service as satisfactory in the second quarter, but this decreased to 75% in the fourth quarter.

Processing of requests for subsidised vehicles: A total of 50% of clients rated the service as satisfactory in the second quarter, but this increased to 80% in the fourth quarter. On the other hand, 50% of clients rated the service as unsatisfactory in the second quarter, but this decreased to 20% in the fourth quarter.

Procurement of goods and services: A total of 67% of clients rated the service as satisfactory in the second quarter, and this decreased to 64% in the fourth quarter. On the other hand, 33% of clients rated the service as unsatisfactory in the second quarter, and this increased to 36% in the fourth quarter.

Reporting on expenditure: In the second quarter, a total of 14% of clients rated the service as excellent, 57% of clients rated the service as satisfactory, and 29% of clients rated it as unsatisfactory.

PROGRAMME 2

Livelihoods, Economics and Business Development

Phil Mohlahlane
Deputy Director-General

PURPOSE

Promote equitable access to the agricultural sector, promote growth and the commercial viability of emerging farmers, as well as food security and rural development. The programme facilitates market access for South African agricultural products nationally and internationally, by developing and implementing appropriate policies and targeted programmes. It promotes Broad-based Black Economic Empowerment in the sector and provides information for developing, and monitoring of the sector.

The programme comprises three subprogrammes:

- **Livelihoods Development Support** provides post-settlement support to emerging farmers, promotes farmer cooperatives and village banks and is responsible for food security policy and legislation, programmes and information.
- **Trade and Business Development** facilitates international and domestic market access for South African agricultural products and promotes BEE in the sector. It also interacts with the NAMC.
- **Economic and Statistical Services** provides for the collection and analysis of agricultural statistics, monitors and evaluates the economic performance of the sector and produces quarterly reports on sector trends. It also interacts with Statistics South Africa.

MEASURABLE OBJECTIVE

To improve emerging farmers' access to, and sustained participation in agriculture, and to improve food security in the medium term, by providing improved opportunities and more equitable access, in order to maximise growth and employment in the sector.

Sub-programme	Output	Performance indicator/ measure	Actual performance	
			Target	Actual achievement
Livelihoods Development Support	Improved household food security	Number of food insecure households reached	62 000 household food production packages	A total of 66 364 households, in all nine provinces, were reached *via* the agricultural production packages. The 7% variance could be attributed to the introduction of the 10% CASP budget ring-fenced for food security projects.
	Roll-out of Mafisa	Number of farmers awarded loans	2 000 farmers	A total of 5 109 farmers have been awarded loans so far. The demand for production loans among farmers within the pilot nodal points far exceeded the estimates, hence the number of actual beneficiaries far exceed the estimated target of 2 000 farmers.
Trade and Business Development	Sector-specific strategies	Number of strategies	Two strategies	The Small, Medium and Micro Enterprises (SMME) Strategy will be sent to a reputable educational institution for evaluation of the concept and finalisation. The Minister's consultations regarding the charter scorecard are underway. An agreement on the AgriBEE Finance Scheme was signed with the Land Bank and the structures and processes are being finalised. A draft Trade Strategy was developed, incorporating the outcomes of the marketing review process. The Tariff Policy, as well as the Agro-logistics Implementation Strategy was developed. The Agro-logistics Implementation Strategy is progressing.
Economic and Statistical Services	Reports on the performance of the sector	Number of reports published	Six statistical reports, ten economic reviews and six topical reports	An economic review and forecast report was published (KIMS). Agro-economic maps were developed (NRM). An internal report on the impact of technological changes in the sector was finalised (NRS). The *Weekly price watch* was published on the website as well as establishment of a biofuel industry (KIMS). The following economic reviews and topical reports were published: Annual update of the economic map for African countries; quarterly *Economic review and forecast* report; quarterly Economic analytical report (agricultural industry analysis); industry brochure on sugar cane; and the *Weekly price watch*.

Sub-programme	Output	Performance indicator/ measure	Actual performance	
			Target	Actual achievement
Economic and Statistical Services (*cont.*)	Reports on the performance of the sector	Number of reports published	Six statistical reports, ten economic reviews and six topical reports	The following statistical reports on economic performance and trends were published: Monthly crop estimate and forecast reports (CASP); *Livestock estimate* report (CASP); the *Food security bulletin* (IFSNP); report on the *Economic review of the sector for 2005/06* (KIMS); report on *Crops and markets*; report on *Statistics of fresh produce*; *Crops and markets for 2005*; report on *Trends in the agricultural sector*; Statistics SA released a report on the results of the *2005 Agricultural survey* in October and a report on the *2005 Survey of large-scale agriculture*.

SERVICE DELIVERY ACHIEVEMENTS

Outputs of the programme, as specified in the *Strategic plan 2006*, are reported per quarter.

First quarter

During the first quarter, progress was made with the disposal and management of state agricultural land. A total of 6 424 ha were disposed to 26 lessees in North West (Klipdrift, Klipplaat, Geduld), Northern Cape (Khorkam), Free State (Delarey), Western Cape (Baviaanskloof) and Eastern Cape (Cambria—Bankop/Ontverwagt). Subdivision of two properties was done in KwaZulu-Natal (Rooipoort 166 divided into 2 portions and Rondekoppe 419 divided into 3 portions). The total amount of R4 638 691 has been spent on state agricultural land on infrastructure improvement on 76 farms in the country. The CASP report has been completed and the report on recommendations is being finalised.

The Departmental Executive Committee (DEXCO) approved the third draft Food Security Policy document to provide the necessary operational guidelines.

CASP projects were formed into co-operatives and included the Ga-Nchabeleng Poultry Project, the Strydkraal CASP Fencing Project and the Thulamahshi CASP Project.

Regarding Mafisa, provinces spent an overall amount of R18 million from 2005 to date. A call centre operator was appointed with the establishment of the Mafisa Call Centre.

Two co-operatives were linked with the Limpopo Business Support Agency for the purpose of assisting them with financing, namely the Molototsi Farmers' Co-operative and the Makgofe Poultry Project. On-the-job training was conducted at the Thengwe Farmers' Co-operative, the Molototsi Farmers' Co-operative, the Thembalethu Farmers' Co-operative and the Kadishi Farmers' Co-operative. Pre-establishment workshops, aimed at the establishment of new co-operatives, were held at the Vhudimbilu Village, Dingdale Irrigation Scheme, the Bushbuckridge Co-operative Service Centre, Sanari Livestock Farmers (Mutale Local Municipality), Mapate Orchard Farmers, the Groot Marico Community Empowerment Co-operative, the Masebe Co-operative (Rooigrond), the Makauspan Community Co-operative and the Mahube Agricultural Co-operative (Rietpan).

A Southern African Customs Union (SACU) strategic planning workshop was held, and inputs were submitted. Based on inputs by member states, the SACU Secretariat developed an action plan for priority activities over a short, medium and long-term period. An economic impact study, pertaining to the SACU-India FTA, was completed. An analysis of offensive interests was largely completed.

Section 12 of the AgriBEE Charter (in terms of the Broad-Based Black Economic Empowerment Act of 2003) was submitted to the Minister..

A status report on agrologistics was completed and the Agrologistics Implementation Strategy and model were developed. The Trade Permit Allocation Policy was amended. The amendment makes provision for 10% of the total quota to be allocated to black agribusiness entrepreneurs in all product groups.

The National Food Pricing Monitoring Unit was established at the NAMC in collaboration with the NAMC and Statistics South Africa. The Directorate: Marketing and the NAMC visited seven provinces during the quarter to train provincial food price monitors on food price collection.

Commodity-based agricultural marketing training materials and information tool kits were developed, and 90 farmers were trained on the agricultural marketing approach in Mpumalanga Province. A national web-based Agricultural Marketing Information System was developed and launched in March 2007.

Monthly *Food security bulletins* were compiled and submitted to the Regional Early Warning Unit of the SADC. The quarterly *Livestock estimate* was released, indicating numbers for February 2006. Monthly crop forecasts were released on the area planted and on the production of summer grain and winter cereal crops on a provincial basis. The second report on intended plantings of winter cereal crops for the 2006 season was also released. The quarterly *Crops and markets* publication, providing short-term market and economic indicators, was released and is available on the DoA website.

Provincial reports of the 2002 Agricultural Census were released by Statistics SA and are available on the DoA website. An *OECD report on an agricultural policy review for South Africa* was released. The annual Economic map for African countries has been completed. The quarterly *Economic review and forecast* report was compiled and published on the DoA website and the *Weekly price watch* (on agricultural commodities) was completed and also published on the DoA website. An economic incentive-based framework was completed to promote sustainable resource use in agriculture.

Second quarter

By the second quarter, a total of 66 364 beneficiaries, in all nine provinces, were reached *via* the agricultural production packages. A training needs assessment was conducted at provincial level and a Training Programme Framework was presented and discussed at the Food Security Working Group's bimonthly meeting, which took place in Qwaqwa, in the Free State Province from 4 to 6 September 2006. The FAO finalised the terms of reference (ToR) to appoint an independent consultant, under the Unilateral Trust Fund (UTF) agreement, to facilitate the training. The field testing and validation of food insecurity information among local users was completed by March 2007. The user needs assessment, an overall situation analysis of field testing, and information pertaining to the validation of food insecurity were completed. A more refined livelihood survey was designed and implemented at Sekhukhune, with the intention of using it during a further roll-out in other nodes. Further information products were developed and are being utilised for engagement with different stakeholders. These products include Statistics in brief, the FIVIMS brochure, information briefs, digital video disks (DVDs) and posters of food insecurity profiles for all ISRD nodes.

Mafisa was rolled out to the Northern Cape Province and expanded to other districts in the pilot provinces. In Limpopo it was expanded to the Capricorn district, the Vhembe district, and the Sekhukhune district. It was also expanded to other districts in KwaZulu-Natal. Mafisa champions were identified and trained in the North West Province and in the Western Cape.

Inputs on ToR were submitted to the SACU Technical Liaison Committee. An integrated Agricultural Trade and Marketing Policy Framework document was completed as well as an economic impact study on the SACU-China FTA. Desktop studies for the compilation of a report on Intra-African Agricultural Trade in selected countries were completed.

A total of 120 farmers were trained in Gauteng Province on livestock and horticulture marketing. The training workshop was organised in collaboration with the PDAs.

The draft Agrologistics Strategy and an implementation plan and model are in place. The National Food Pricing Monitoring Unit, which was established at the NAMC, is now operational.

The quarterly *Crops and markets* publication was released and is available on the DoA website, as well as on compact disk (CD). The quarterly *Livestock estimate*, indicating numbers for May 2006, was also released as well as monthly estimates for the production of summer and winter crops. Monthly *Food security bulletins* were compiled

and submitted to the Regional Early Warning Unit of the SADC and the *Report on the economic review of the sector for 2005/06* was released.

Statistics SA released the report on the *2005 Survey of large-scale agriculture*, which is available on the DoA website. A first draft report on the economic evaluation of the FMD Programme was completed. The annual *Africa economic review and outlook* report was completed and published on the DoA website. The quarterly *Economic review and forecast* report and the *Weekly price watch* (on agricultural commodities) were completed and published on the DoA website. The draft updated industry brochure for sunflowers was completed.

Third quarter

During the third quarter, ToR for the review of the Mafisa pilot project were developed. During the period October to December 2006, R13 million was disbursed to the Eastern Cape *via* Uvimba as part of Mafisa, benefiting a total of 4 005 clients.

Three SPFS projects were assessed in Limpopo, i.e. Makopi, Tswelopele and Bambanani Poultry. The total expenditure incurred to implement the projects amounted to R5 088 312. A total of 176 beneficiaries jointly own these projects, of whom 66 % are women. Steady progress has been made with regard to the livelihood of beneficiaries. Five SPFS projects were reviewed in the Eastern Cape. The expenditure incurred to implement these projects totalled R1 448 794, with 296 joint beneficiaries, of which 19 % were women. These projects produce mostly vegetables, poultry and field crops, such as maize. Five SPFS projects were identified in KwaZulu-Natal for this process. A total amount of R1 640 000 was spent to implement these projects, with 220 beneficiaries, of which 70 % were women.

During this quarter, the department submitted inputs for the SADC mid-term review report on rules of origin and nontariff barriers.

Statistics for 2005 on fresh produce markets were released. Hard copies were printed and CDs written and distributed according to the distribution list, as well as on request. The quarterly *Crops and markets* publication was released and is available on the DoA website, as well as on CD. Monthly estimates were released for the production of summer and winter crops as well as the quarterly *Livestock estimate*, indicating numbers for August 2006. Monthly *Food security bulletins* were compiled and submitted to the Regional Early Warning Unit of the SADC. The *Report on the economic review of the sector for 2005/06* was released and Statistics SA released the report on the results of *2005 Agricultural Survey*. A new quarterly economic analytical report (agricultural industry analysis) was completed and made available on the DoA website. An internal macroeconomic report on the impact of technological change in the agricultural sector, was completed. The quarterly *Economic review and forecast* report was completed and published on the DoA website.

The update of the annual Economic map for African countries was completed. A set of experimental agro-economic maps based on census data has also been completed for further evaluation. The testing of the newly developed FINREC economic record system for farmers has commenced. The *Weekly price watch* (on agricultural commodities) was completed and published on the DoA website. A draft report on the farm economics of feedstock crops for biofuel production was completed. A draft report on energy demand for different farming categories was completed.

Fourth quarter

To facilitate capacity-building with regard to the Food Security Programme stakeholders, the FAO finalised the ToR for the appointment of national consultants to compile a curriculum including thematic areas such as monitoring, marketing, agro-processing and development planning. This process will be followed by training of trainers workshops. The FIVIMS project was promoted in different provinces *via* the presentation of nodal information, which is relevant to the particular province.

The DoA commenced developing a training manual in conjunction with the Jobs for Growth Programme as part of the Mafisa roll-out process. A total of 280 members of CBOs were trained on micro-finance principles. A total of 475 applications from Limpopo (Capricorn district), to the value of R11 884 439 were approved. Altogether 311 of the beneficiaries are women, and they were allocated a total amount of R7 774 239. Managers, as well as extension officers, were appointed to the district. In the Eastern Cape, 39 applicants received loans to the value of R2 902 400, of whom ten applicants were female, and the amount of R437 000 was allocated to them. In the Northern Cape, 4

women received Mafisa loans to the value of R10 200. In KwaZulu-Natal, a total of 21 applications, of which the outcome is not known yet, were submitted to the Land Bank. A total amount of R23 400 was allocated to 30 beneficiaries in the Eastern Cape during this quarter and is still in the processes of disbursement and repayment.

The total number of CASP projects approved for the 2006/07 financial year was 874. Altogether 741 of these projects were completed with a total number of 46 627 beneficiaries, 24 885 women and 6 716 youth.

A total of five co-operative service structures were established, namely Tshwaranang and Dr J S Moroka Secondary Co-operative, which comprises seven primary co-operatives for commodities such as livestock, poultry, maize, vegetables, dairy, as well as sewing and manufacturing; three service centres were established in Limpopo, namely Sekhukhune and Waterberg, focusing on maize and Vhembe on livestock; and one service centre for poultry in Molopo in North West.

The purchase of 28 Submeter GPS instruments for the effective operation of the LRAD system were purchased at R2,7 million. These will enable officials to collect and update data on land reform projects.

Approximately 622 agricultural co-operatives and self-help groups were profiled during this quarter. In KwaZulu-Natal, 129 agricultural co-operatives and 372 self-help groups (14 in Umgungundlovu, 66 in Zululand, 83 in Thukela, 54 in Umzinyathi, 131 in Ilembe, 139 in Uthungulu, five in Ugu, six in Umkhambathini and three in Umlazi) were profiled. In Mpumalanga, three agricultural co-operatives and 39 self-help groups were profiled in the Ehlanzeni District Municipality. In Limpopo, 79 self-help groups (23 in Vhembe, 19 in Capricorn, nine in Mopani, ten in Waterberg and 18 in the Sekhukhune district) were profiled.

Customised commodity plans were implemented pertaining to grain, fruit, cotton, livestock and aquaculture. Regarding the implementation of these customised commodity plans, it was reported, *via* ASGISA, that 24 agricultural co-operatives were established for various commodities. Two vegetable co-operatives were established in Bushbuckridge (Mpumalanga); eight co-operatives for poultry, vegetables and livestock were established in Zululand (KwaZulu-Natal); five co-operatives for livestock were established in the Sekhukhune and Aganang Municipalities; nine co-operatives for livestock, poultry and vegetables were established in the Bophirima, Central and Bojanala districts in North West.

The *AgriBEE Charter* was published and the Minister submitted the Section 12 Charter and indicative Scorecards to the Minister of Trade and Industry for publication in the *Government Gazette*.

A number of projects were approved for AgriBEE funding in the provinces. These include the Paprika Project in the Eastern Cape: R1 million; the Ostrich Empowerment Project in the Eastern Cape: R4 million; the Flower Project: R1 million; the Goat Project in Limpopo: 3,4 million; a packhouse facility in Limpopo: R5 million and fresh produce satellite markets in the provinces: R20 million.

Monthly *Food security bulletins* were released, and became available on the DoA website. Monthly estimates for the production of summer and winter crops as well as quarterly *Livestock estimates*, indicating numbers for November 2006, were released. The *Economic review of the South African agriculture for 2006* was released and the *Abstract of agricultural statistics* for the sector was published. A report on *Trends in the agricultural sector* for 2006 was also published. A quarterly report on *Crops and markets* was completed and made available on the DoA website and an updated draft report on the economic evaluation of FMD was completed. A final draft report of the consultants on energy demand in agriculture was received and is currently being evaluated. The quarterly *Economic review and forecast* report as well as the *Weekly price watch* (on agricultural commodities) was completed and published on the DoA website.

CHALLENGES AND THE RESPONSE TO CHALLENGES

Output	Challenges	Response to challenges
Amend Trade Permit Allocation Policy to accommodate black agribusiness entrepreneurs.	The permit take-up rate by the designated group is still very low.	The directorate published notices in all the mainstream agricultural media, as well as in the *Government Gazette* to promote the permits. Information brochures are also used to inform the broader public about the permits.

Output	Challenges	Response to challenges
Produce an agricultural marketing review report.	A delay in the appointment of the Review Committee resulted in the postponement of the finalisation of the project. A critical challenge was to get a response from emerging farmers, as they do not have practical experience of both regulated and deregulated marketing systems.	A sponsored and facilitated session was held with members of the Nafu to ensure that their inputs are taken into account.
Produce an agro-logistics status report.	The main challenge is to integrate the infrastructure requirements of the established sector with those of the emerging sector.	An integrated infrastructure development approach is being followed, in conjunction with the Department of Transport.
ASGISA self-help enterprise development of job creation	Finalising the MoA with the ASGISA agency (Independent Development Trust) for the transfer of funds.	Participation in strategic meetings with ASGISA partners to get a clear direction and to clarify roles and responsibilities.
Publish ten economic reviews and six topical reports.	A large number of carry-over issues from previous periods, insufficient analytical and advisory capacity, a large number of vacant posts and lack of suitably qualified and skilled personnel.	Appointment of suitably qualified and skilled staff members. Addressing the HR challenge facing agricultural economists regarding recruitment, retention and training. Development of a national public research agenda for agricultural economics.
Viable farming businesses	Some provinces are still experiencing capacity problems.	Empowerment of land and agrarian reform beneficiaries.

PROGRAMME 3

Biosecurity and Disaster Management

Njabulo Nduli
Deputy Director-General

PURPOSE

To develop and implement policies with regard to food safety, agricultural risk and disaster management, as well as in terms of controlling animal and plant diseases.

The programme comprises two subprogrammes:

- **Plant Health and Inspection Services** focuses on policies and systems to control plant diseases and on making sure that illegal agricultural products do not enter and leave South Africa. It also ensures that plant products are of good quality.
- **Food, Animal Health and Disaster Management** manages animal diseases and assists in negotiating protocols for importing and exporting food, animals and animal products, makes sure that food (including animal products) is of good quality and safe, and develops the agricultural risk and disaster management policy framework.

MEASURABLE OBJECTIVE

To reduce the incidence of animal and plant diseases and ensure compliance with international and national agricultural risk and disaster management measures, *via* improved risk management systems.

Subprogramme	Output	Performance indicator/ measure	Actual performance	
			Target	Actual achievement
Plant Health and Inspection Services	Efficient regulatory systems and integrated control measures	Agricultural Pests Act of 1983 as amended	March 2007	Drafting of the Agricultural Pests Act. Amendment of the Plant Protection Bill: a draft of the ToR was completed and submitted to Legal Services for vetting. Comments on the draft ToR for assignees were sent back to Legal Services.
Food, Animal Health and Disaster Management	Reduced incidence of animal diseases	Improved physical controls, established in all high-risk areas	March 2007	The fence around the KNP is being strengthened using railroad tracks.

Subprogramme	Output	Performance indicator/ measure	Actual performance	
			Target	Actual achievement
Food, Animal Health and Disaster Management (*cont.*)				SA National Parks (SANPARKS) was encouraged to take control of the KNP fence, and community contracts to upgrade and maintain the fence, have already commenced. The fence in the Olifant's River area was strengthened. The fence around the Madimbo Corridor was strengthened. CSF is still confined to the Eastern Cape. New outbreaks of other diseases, e.g. African horse sickness (AHS), were reported. Rabies seems to be causing problems in cats, dogs and humans. AI in ostriches was brought under control. Imports of pork, live poultry and poultry products were suspended, owing to outbreaks of CSF and AI in Hungary and the United Kingdom (UK), respectively. Exporting of horses was suspended, owing to the AHS outbreak closer to the disease-free area. Surveillance of CSF and AI continues in the rest of the country. New outbreaks of rabies were reported in Limpopo.
	Effective food control	Food Control Strategy to be approved by Cabinet	March 2007	A meeting of the Technical Committee resolved to appoint a contractor to prepare a concise country profile, which will guide the compilation of the Food Control Strategy. The Directorate: Food Safety and Quality Assurance, in conjunction with representatives from the Department of Trade and Industry and the Department of Health evaluated a tender to appoint a contractor to prepare a country profile to direct the Food Control Strategy. The committee was of the opinion that the tender should be re-advertised. Tenders were re-evaluated on 16 March 2007 and a recommendation was made to the departmental Bid Committee, which was scheduled to meet on 25 April 2007.
	Agricultural risk and disaster management	Risk and disaster information to be provided to farmers	A total of 40 000 farmers to be reached	Approximately 35 000 farmers were reached.
	Early Warning and Biosecurity Disaster Management Systems	The number of reports on projects compiled	Two reports	An awareness programme on weather/climate was launched, aimed at the transfer of technology, and two reports were compiled.

SERVICE DELIVERY ACHIEVEMENTS

Further information on outputs of the programme, as specified in the *Strategic plan 2006,* is provided per quarter.

First quarter

During the first quarter of 2006/07 draft pest risk analyses (PRAs) for the import of apples and pears from China were completed by the DoA. A draft PRA, as well as corresponding draft import protocols, were completed and provided to China. An amended protocol for exporting citrus from South Africa to China was signed and is currently in operation. A draft import protocol was received for the export of table grapes from South Africa to China and communication on a draft protocol for the export of tobacco from South Africa to China was completed. A protocol for the export of persimmons from South Africa to Israel was concluded.

The compilation of a compendium of maximum residue limits (MRLs) for pineapples was completed. The first draft of the Wheat Product Regulations has been compiled and completed. Reasons for the compilation of the new draft of Wheat Product Regulations were to align these with the current format of other regulations, and to update and incorporate new wheat products, which have emerged since the promulgation of the current regulations.

The consultation process and the draft on groundnut export standards and requirements have been completed. The draft export standards and requirements for potatoes have been completed and published for comments by stakeholders. Draft export standards and requirements for leguminous seeds have been completed and sent out to all role players for comments.

A submission on WTO Trade Barrier to Trade Agreement (TBT) Notification on sorghum has been sent to the DG for approval. It is anticipated that a formal notification through the WTO (TBT) will be made in the 2nd quarter of the financial year 2006/07.

Dry Beans Local Regulations was amended in order to address concerns, which came from the Dry Beans Organisation regarding the removal of the lowest class. Maize Product Regulations was updated in order to bring them in line with new maize products that have emerged since the promulgation of the current applicable regulations. Drafting of new regulations regarding control over the sale of free-range eggs and poultry meat and barn eggs in South Africa has been completed as well as the drafting of new regulations regarding control over the sale of organic products in South Africa. The drafting of export regulations and new requirements for a quality management system has been completed.

Food safety and hygiene requirements for regulated agricultural food products from plant origin intended for export, have been implemented. Amendments to the Red Meat Regulations were completed and sent to the Minister for approval. Amendments of export standards and requirements for frozen fruit and vegetables have been completed. Final draft amendments on the composition and labelling of milk and other dairy products have been completed and consulted with the representative organisations in the dairy industry. A notice for publication in the *Government Gazette* was drafted. The final draft of the standards and requirements for the export of poultry eggs as well as the final draft of the regulations for poultry eggs destined to be sold in South Africa has been accepted by the industry. A submission to publish the WTO Notification was sent out in the second quarter.

South Africa has signed the Grant Agreement on the African Stockpile Programme with the World Bank. The Animal Feeds Policy was published for public comments in the *Government Gazette* on 14 April 2006. Comments were analysed and a workshop will be held during the second quarter of the 2006/07 financial year. The Pesticide Management Policy was published for public comments in the *Government Gazette* on 14 April 2006. Comments were analysed and a workshop will be held during the second quarter of the 2006/07 financial year. The Stock Remedies Policy was discussed at DEXCO and recommended for publication for public comments. The policy was submitted for Ministerial approval for publication for public comments. The draft Fertiliser Policy was completed and circulated to members of the Programme: Production and Resources Management as well as the Programme: Biosecurity and Disaster Management for comments.

The Agricultural Remedies Regulations was completed and submitted for ministerial approval. The draft Stock Remedies Regulations was submitted for Ministerial approval for publication as regulation. The regulations were approved and will be published during the second quarter of the 2006/07 financial year. The draft Fertiliser Regulations was submitted for Ministerial approval for publication as regulations and is awaiting Ministerial approval. The draft Farm Feeds Regulations was published in the *Government Gazette* for public comments on 14 April 2006 and will be finalised during the second quarter. The draft Pest Control Operators' Regulations was finalised and submitted for Ministerial approval for publication as regulation. The requirements for registration of stock remedies were finalised and incorporated into the regulations.

During this quarter an early warning monthly advisory was issued to clients.

Second quarter

A list of draft standard operating procedures (SOPs) for the Directorate: Agricultural Product Inspection Services was updated and made available.

Comments from the industry and PPECB regarding the amendments to table grapes, apricots, peaches and nectarines, plums and prunes, apples and pears export standards were incorporated into the export standards and requirements under the Animal Product Standards Act of 1990. Discussions regarding comments received on the proposed amendments of subtropical fruit standards and requirements were held at an annual grading meeting on 16 August 2006, in Tzaneen. Amendments to the export standards will be published in the third quarter.

Notice was sent to the industry to update their food business operator codes, which is a requirement for food safety certification. A guideline document was developed to assist the industry in this process. In this quarter 702 codes were updated and 756 deleted and 8 013 have not been updated yet with regard to new requirements from a total of 9 046 codes.

The WTO Notification on the new regulations regarding control over the sale of free-range eggs and poultry meat and barn eggs in the Republic of South Africa was published on 28 July 2006 with a due date of 25 September 2006 for comments. Copies of the regulations were provided to Malaysia, India, USA, sanitary and phytosanitary (SPS) and TBT enquiry points, Canada, EU and the Association Française de Normalisation (AFNOR) as requested. Drafting of new regulations regarding control over the sale of organic products in South Africa has been finalised and these have been sent to the industry for comments. Amendments to the Red Meat Regulations were published in the *Government Gazette* on 1 September 2006. Standards and requirements for the export of poultry eggs were gazetted on 14 July 2006 and a WTO Notification on the regulations for poultry eggs destined to be sold in South Africa was completed.

The export standards and requirements for groundnuts, including new definitions and new methods of inspection, were gazetted on 18 August 2006. The export standards and requirements for potatoes were revised in order to ensure compliance with OECD requirements and were gazetted on 18 August 2006. A WTO (TBT) Notification on sorghum was done with a final date for close of comments on 29 September 2006. The export standards and requirements for leguminous seeds were gazetted on 18 August 2006.

An Action Plan on awareness around the Fertilizers, Farm Feeds, Agricultural Remedies and Stock Remedies Act of 1947 (also referred to as Act 36 of 1947) was developed and an awareness workshop was held in Durban to launch the plan. An Awareness Plan on Food Safety and Quality that focuses on the 2nd economy was developed. Workshops were held on the Animal Feeds Policy and the Pesticide Management Policy to discuss the comments on the draft policies

The draft Stock Remedies Policy was approved by the Minister for publication for public comment. The draft Fertiliser Policy was completed and submitted to the departmental Science and Technology Committee (STC) where it was recommended for submission to DEXCO. The Agricultural Remedies Regulations was approved by the Minister for publication and was published in the *Government Gazette* on 29 September 2006. The Stock Remedies Regulations was approved by the Minister for publication and was published in the *Government Gazette on* 29 September 2006. The Fertiliser Regulations was submitted to the Minister for approval for publication. The Farm Feeds Regulations was submitted for Ministerial approval for publication in the *Government Gazette* for public comments. The Pest Control Operators Regulations has been completed and approved by the Minister for publication. The draft document on the requirements for registration of stock remedies was finalised and incorporated into the regulations regarding the registration of stock remedies.

Some animal owners were trained in animal identification and marking. Awareness programmes, focusing on the second economy, were developed and implemented in Mpumalanga.

The implementation of the 2004/05 Drought Relief Scheme was completed as well as the implementation of the 2005/06 Drought Relief Scheme in the Mpumalanga and Limpopo provinces. The implementation of the Cold Spell Relief Scheme of 2001 was completed in the Mpumalanga and Free State provinces.

An early warning monthly advisory report was issued to clients. A report was also compiled on Disaster Assistance Schemes (Flood Relief Scheme, Drought Relief Scheme and Cold Spell Relief Scheme).

An awareness programme on weather and climate, aimed at the transfer of technology, was launched in two provinces and a report is available.

Third quarter

With regard to the management and development of early warning systems for foreign pests on plants, surveillance was carried out in Barberton, at Beit Bridge, in the Cape, Komatipoort, Tzaneen, Musina, Levubu, Malelane and Groblersbrug. Surveillance results have been received from all the trapping stations, and training was provided to individuals, assisting with surveillance in Nakop, Vioolsdrif, Port Elizabeth, East London and Durban.

A meeting on the General Trade Agreement was held in Brussels, Belgium. The outstanding technical issues under the Wine and Spirits Agreement were again underlined during the meeting and the South African delegation articulated its discontent with the slow progress on the outstanding issues. However, ongoing technical liaison took place between the South African and EU technical experts during the quarter when trade issues arose.

Consultative workshops on the Policy on Indigenous Crops, were held in the Western Cape and in North West. The policy is aimed at creating a framework for the development of the indigenous food crops sector in the country.

Amendments of table grapes, peaches and apricots export standards were gazetted on 27 October 2006 as well as amendment of apples, pears and plums export standards on 20 October 2006. Discussions regarding the amendment of the subtropical fruit export standards and requirements were held at an annual grading meeting on 16 August 2006, in Tzaneen. A WTO Notification on the new regulations regarding control over the sale of free-range eggs and poultry meat and barn eggs in South Africa was published. Copies of the regulations were provided to Malaysia, India, USA SPS and TBT enquiry points, Canada, EU and AFNOR as requested. The third draft of the new regulations regarding control over the sale of organic products in the Republic of South Africa has been completed and published for public comments. Amendments to the frozen fruit and vegetables export standards and quirements were finalised and submitted to the Executive Officer of the Agricultural Product Standards Act of 1990 for approval.

Information on international MRLs from the USA, Malaysia, Taiwan, Switzerland, New Zealand, Germany, Canada and India was collected and documents were updated during the quarter. A tender for the establishment of an MRL Information Desk was published. The tender evaluation process took place on 15 December 2006.

The first draft of the wheat products regulations has been compiled and completed. The Regulations on Sorghum has been completed and sent to the Minister for approval. The Regulations on Dry Beans was amended in order to address concerns, which were raised by the Dry Beans Organisation regarding the removal of the lowest class. Most comments received were not in support of the proposed changes and as a result the process of promulgation was temporarily put on hold. Upon receiving the principle approval from the Minister, the draft Regulations on Vegetables (local and national) was released for public comments. Maize Products Regulations was updated to align them with new maize products that have emerged since the promulgation of the current applicable regulation.

As part of the action plan on awareness around Act No. 36 of 1947, consultative workshops were held with various stakeholders, including the PDAs in Mpumalanga and Limpopo provinces, input suppliers and industry role players.

The Directorate: Food Safety and Quality Assurance hosted two officials from the Kenya Pesticide Regulatory Authority during November 2006. The purpose of the visit was:

- To discuss and share knowledge/information on pesticide regulation.
- For the Kenyan delegation to observe and have an understanding of the South African pesticide regulatory system.
- As a follow-up to the visit made by the South African delegation to the Kenya Pesticide Regulatory Authority.

A workshop to discuss the comments and further consult on the Animal Feeds Policy was held. A committee was formed to finalise the policy. A reconciled draft was circulated to the drafting committee for their comments. Comments were subsequently received from 3 members out of 5. The administrative issues still have to be dealt with separately. The comments on the draft Pesticide Management Policy were incorporated in the policy document. The Stock Remedies Policy was published in the *Government Gazette* for public comments. The comments are being analysed. The draft Fertiliser Policy was discussed at the STC and all the inputs were incorporated. The policy will be submitted to DEXCO. The draft Fertiliser Regulations was discussed at the STC and all the inputs incorporated. The policy will be submitted to DEXCO. The draft Farm Feeds Regulations was finalised and published for implementation in the *Government Gazette*. The draft Pest Control Operators Regulations—The unit standards from the Agricultural Sector Education and Training Authority (AgriSETA) were finalised. The registration requirements must be in alignment with the unit standards before publication.

The first draft of the Sector Plan on Climate Change was completed and is currently available. An early warning monthly advisory was issued to clients. The report on the SADC climate forum, held in Botswana, was made available.

An awareness programme on weather and climate, aimed at the transfer of technology, was launched in two provinces and a report is available.

A workshop on weather and climate, aimed at the transfer of technology, was also held in the Eastern Cape during October 2006.

Fourth quarter

During this quarter biosecurity and disaster management training was provided to individuals assisting with surveillance in the Groblersburg, Oshoek Border and Cape Town districts. Surveillance is being carried out in Barberton, at Beit Bridge, in Cape Town, Durban, East London, Groblersburg, the Hex River Valley, Hoedspruit, Komatipoort, Lebombo, Malelane, Musina, Nakop, Nelspruit, in the Northern Cape, in Oshoek, Port Elizabeth, Pretoria, Stellenbosch, Tzaneen and Vioolsdrif. The first traps were set at the Lebombo and Oshoek border posts.

The development of a Fruitfly Detection Programme was completed.

Ongoing technical liaison took place between South Africa and the EU technical experts during the quarter when trade issues arose in terms of the Wine and Spirits Agreement between South Africa and the EU.

Draft Codex Standards for cheese and various other dairy products were incorporated in local standards as well as dispensations granted since July 2000.

Amendments to the citrus export standards were gazetted on 23 February 2007. Amendments of subtropical fruit export standards and requirements were gazetted on 23 February 2007. The draft Regulations on Vegetables was released for public comments upon receiving the principle approval from the Minister for their development. A notice for publication of comments on the new regulations regarding control over the sale of organic products in the Republic of South Africa was finalised.

Food Business Operator Codes database—35 new codes were issued, 1 394 codes were updated and 7 codes were reactivated.

A user requirement document for the development of the Web Services interface between Wine Online and the South African Wine Industry Information and Systems (SAWIS) Mapper database has been completed and approved.

Comments were incorporated in the Animal Feeds Policy and further consultation with stakeholders is in progress. Comments on the Pesticide Management Policy were also incorporated and further consultation with stakeholders is in progress. Comments were included in the Stock Remedies Policy. The second draft of the Fertiliser Policy was completed after incorporation of comments from STC and was submitted for tabling at a DEXCO meeting. A meeting was held with the pest control industries on 25 March 2007 to discuss the regulations.

A Quality Manual, to satisfy compliance with the International Standardisation Organisation (ISO) 17025 accreditation standard was developed for both laboratories in the Directorate: Food Safety and Quality Assurance and was submitted to the South African National Accreditation System (SANAS) for document review.

A meeting was held between the DoA (Directorate: Food Safety and Quality Assurance) and National Treasury to discuss the possibility of extending the duration and expanding the scope of the present South African Pesticide Initiative Programme (SAPIP). The Directorate: Food Safety and Quality Assurance participated at the Polokwane Show in Limpopo targeting farmers and consumers on awareness creation around issues of food safety and quality assurance. The directorate also participated at the Rand Easter Show held in Nasrec, Johannesburg, targeting commercial industry role players such as exporters, manufacturers and agro-processors as well as consumers.

In an animal health report on the H5N1 AI virus, it was reported that the new regulations, in terms of the Animal Diseases Act of 1984, for the keeping of ostriches, as well as the accompanying protocol, had been introduced in September 2006, and that South Africa had been declared officially free from the highly pathogenic NAI at the end of October 2006. Slow progress is being made in the ongoing negotiations with the Western Cape Province and the ostrich industry, aimed at achieving verifiable implementation of the protocol to prevent the introduction and spread

of the AI virus on individual farms and therefore forming compartments free from AI for export purposes. The intensive surveillance of all ostrich farms is continuing.

The implementation of the control protocol, combined with the introduction of biosecurity measures on all ostrich farms, is aimed at the complete eradication of even the low pathogenic variety of the H5N1 AI virus, in order to reduce the risk of its mutation to a highly pathogenic form. The protocol is having the intended effect and the number of farms considered to be seropositive for NAI has been reduced considerably. The introduction of a compartmentalisation approach continues to pay off and exports to the EU, which have started again at the beginning of November 2006, are continuing.

CSF remains under control, with only the Eastern Cape being affected. The roadblocks, however, are still in place. The request to extend the campaign until the end of April 2007 was successful, following a submission to the Minister and subsequent letters to the Minister of Defence and the Minister of Safety and Security. The rabies situation in KwaZulu-Natal and Limpopo received considerable attention. The DoA facilitated the implementation of a comprehensive control strategy in KwaZulu-Natal and in Limpopo. A task team was established to handle the challenges. Gauteng also ran a rabies campaign over the Christmas season. An FMD outbreak was reported in the FMD buffer zone, adjacent to Punda Maria in the Kruger National Park, and was combated successfully. South Africa's export status was not affected negatively, because the outbreak never endangered the status of the FMD-free zone. The ban on affected commodities from Botswana was partially lifted after successful control measures were implemented.

Agricultural Drought Management Plan road shows were conducted in all nine provinces. A report is available. An early warning monthly advisory was issued to clients. A socio-economic study on the impact that drought and drought assistance schemes have on sustainable development in agriculture was conducted in three provinces and a report is available. An awareness programme on weather and climate, aimed at the transfer of technology, was launched in two provinces and a report is available.

CHALLENGES AND THE RESPONSE TO CHALLENGES

Output	Challenges	Response to challenges
Food control legislation	The development of a food control system requires knowledge of the current situation and the development of a national food control strategy.	Acquire a suitable consultant to compile a country profile that will inform the development of the food control strategy.
	A significant increase in the volume of imported plant material resulted in an increase in the percentage of plants dying in quarantine detention. The inferior quality of plant material and insufficient manpower to maintain plants successfully are the main contributing factors.	Submissions were made to acquire additional posts. Importers/agents are involved in the monitoring of plants to ensure that rapid action is taken to increase the plants' chances of survival. An intensive skills development programme was initiated.
Co-ordinated Animal Health System	Staff shortages and an increase in the challenges facing the provinces with regard to nationally co-ordinated approaches to animal disease control.	Address staff shortages by trying to appoint qualified staff members and by improving the working conditions and salaries of veterinarians. An improvement in communication with the provinces was also identified as being important.
Reduced incidence of animal diseases	Rabies vaccination is not sufficient and more has to be done in this respect.	Intense countrywide rabies awareness and vaccination campaigns have to be organised.
Early Warning and Biosecurity Disaster Management Systems	Participation was characterised by the inadequate circulation of information and poor participation by high-level staff members during meetings.	Improved collaboration with the provinces, as well as high-level consultations.

PROGRAMME 4

Production and Resources Management

PURPOSE

To manage productivity and sustainability in agriculture, monitor and control genetically modified organisms and develop and implement policies and legislation on the sustainable use of agricultural land and water resources.

The programme comprises two subprogrammes:

- **Agricultural Production** facilitates improvements in agricultural productivity, with the emphasis on sustainable plant, animal and aquaculture production systems and administers the Animal Improvement Act of 1998.
- **Engineering, Energy, Resource Use and Management** facilitates the development of agricultural infrastructure. Other activities include auditing natural resources, controlling migratory pests, rehabilitating and protecting agricultural land and running the community-based LandCare Programme.

MEASURABLE OBJECTIVE

Improvement of productivity and profitability in the agricultural sector and the more sustainable use of land and water resources.

Subprogramme	Output	Performance indicator/ measure	Actual performance	
			Target	Actual achievement
Agricultural Production	Plant production guidelines and animal improvement and development programmes	Availability of a national aquaculture programme, a goat productivity improvement programme, and a feedlot/grass lot programme	March 2007	A service level agreement was signed for the Feedlot Programme and the programme was implemented. Business plans for a Goat Productivity Improvement and Aquaculture Programme were completed. The Animal Improvement Scheme was gazetted; a provincial Aquaculture Programme was implemented; and the Livestock Support Programme for Black Farmers was implemented.
		Publication of product-specific production guidelines, programmes and projects	March 2007	Guidelines were developed for essential oil crops, indigenous crops, the establishment and management of nurseries, compost-making, urban and peri-urban animal agriculture, as well as guidelines on animal traction. Community-based models for the agro-processing of fruit and vegetables, essential oils and cut-flower production were developed, and production guidelines for fruit and ornamental plants were developed.
Engineering, Energy, Resource Utilisation and Management	Implementation of the Plan for Infrastructure Development	Availability of an implementation plan that increases water-use efficiency on 50 000 ha of irrigated land	March 2007	The irrigation strategy is 80 % complete. The FMD border fence is under construction. A strategy is available and will be discussed within the DEXCO Committee.

Subprogramme	Output	Performance indicator/ measure	Actual performance	
			Target	Actual achievement
Engineering, Energy, Resource Utilisation and Management (*cont.*)	Soil Protection Strategy	Baseline information for three catchment areas	February 2007	A national soil map index was developed to provide baseline information for the Soil Protection Strategy. Baseline information was collected from all three catchment areas. A pilot project is already underway in the Eastern Cape.

SERVICE DELIVERY ACHIEVEMENTS

Outputs of the programme, as specified in the *Strategic plan 2006*, are reported per quarter.

First quarter

During the first quarter of 2006/07, posters on household food production were created. Information brochures on establishing a nursery and on establishing and managing a fruit farm were finalised.

The Aquaculture Programme was implemented in all nine provinces during this quarter.

A total of 2 043 inspections, involving 1 337 new cases, were conducted to find solutions for degraded resources and improve land-use practices on 24 563 ha. A total of 2 520 existing cases were handled in the auditing of land users' co-operation, in order to rectify malpractices on 31 210 ha of land. In approximately 117 cases malpractices were successfully resolved on 6 371 ha. A total of 20 court cases on 150 ha were initiated, where land users refused to comply with directives, of which six cases were concluded successfully on 161 ha. A total of 92 applications, relating to CA Regulations, were processed.

Technical support for CASP and for land reform projects was provided up to June 2006. A mechanisation programme for black farmers was completed. A total of 178 boreholes were drilled for household food security gardens at schools, providing 138 schools with water for food gardens, benefiting 54 327 pupils.

Second quarter

Community-based models were developed on the production of vegetables under protection, on a sorghum seed production scheme and on the production of medicinal plants and household food production.

With regard to permits, certificates, authorisations and registrations, the following activities were carried out during this quarter: permits for 11 registered premises were renewed; 49 OECD certificates were issued; 170 authorisations for the importation of 4 334 varieties of seed crops (78 kinds of plants), and authorisations for the importation of 136 varieties of fruit crops (nine kinds of plants), were issued.

The Animal Improvement Scheme was finalised and sent to the Minister for publication in the *Government Gazette*. An aquaculture newsletter was published and 100 copies were distributed to the provinces.

The draft Strategy on Regional Co-operation on Biosafety was presented to the STC on 22 September 2006. The Policy on the Sustainable Use of Genetic Resources for Food and Agriculture was approved by the STC. A country report, on the status of farm animal genetic resources, was finalised by the ARC and by officials from the Directorate: Genetic Resources and the Directorate: Animal and Aquaculture Production. The report will be submitted to the Minister for approval before submission to the FAO.

A consultative report on the plant breeder's rights (PBR) amendments was completed. PBR information was published in the *Government Gazette* of 15 August 2006. A report on South African PBR activities was submitted to the UPOV for consideration at the October 2006 Council meeting. An on-farm multiplication project report was completed and submitted. An edition of the South African Plant Variety Journal was published in 2006 as well as the Variety list: fruit, was published in August 2006.

Conservation, characterisation and utilisation of plant genetic resources for food and agriculture (PGRFA)—The Gene Bank presently maintains 5 651 wild and land-race accessions (an increase of more than 100 since the previous reporting) and approximately 1 300 open-pollinated varieties. Two collection missions were carried out during the quarter, namely one in North West, the Taung and Ditsobotla districts in particular, and one in KwaMhlanga's Nkangala and Mbibane districts. Other Gene Bank procedures include, multiplications: harvesting, seed cleaning

and purity of 148 land-race accessions; germination testing: 135 accessions; characterisation: cob and seed characters of 200 maize accessions are in progress; storage: 388 tissue cultures. All strawberry accessions (102) were subcultured. Restoration: 98 land-race accessions.

The Portfolio Committee on Agriculture and Land Affairs held public hearings on the GMO Amendment Bill from 17 to 19 January 2006. The Bill was approved by the Portfolio Committee on 13 March 2006 and by the National Assembly on 18 May 2006.

A draft guideline/position paper on wetlands in agriculture was developed. The drafting of the position paper was commissioned to the ARC-Institute for Soil, Climate and Water (ISCW), under the guidance of the DoA, and was co-funded by the Water Research Commission. Complementary to this, are two studies that were conducted simultaneously on wetland delineation, in order to refine the existing guidelines in this regard, as well as a study on the sustainable utilisation of wetlands.

Third quarter

During this quarter, the Programme on the Commercialisation of Indigenous Crops was compiled and finalised. An information brochure on establishing a nursery was also finalised.

In the Declaration of animal breeds, a list of animal breeds was finalised and sent to the Minister for publication in the *Government Gazette*. Business plans for the National Schools Egg and Milk Programme were finalised, and an MoU was developed between the DoE and the Milk Producers' Organisation (MPO). A training programme for NEPAD partners, linked to the International Schools Milk Conference Programme, was completed and a report of the proceedings was published.

The guideline document for the registration of GMO facilities was completed. On-farm multiplication projects were expanded to three farmers in KwaZulu-Natal and to seven in Mpumalanga.

The departmental position paper on liability and redress was completed which details South Africa's position regarding liability which may arise as a result of activities involving GMOs. The status report on Annexure 1 species was completed.

Training in all the Land Use and Soil Management provincial offices on selected sites was completed. The evaluation of all sites within a 150 km radius of Pretoria was completed. The acquisition of SPOT 5 data was finalised with the CSIR. Members were selected to serve in the working group, and the ToR were reviewed. The transfer of funds to the Eastern Cape, for implementation of the Soil Protection Business Plan, was finalised. An agri-land system (including online application, management and tracking systems, and a dedicated e-mail address) was developed to manage subdivision applications.

A 39 km fence was erected at Kosi Bay. At Punda Maria and at Altien, a 6 km elephant fence was completed and at the Letaba River, 3,6 km of elephant fence. At Kruidfontein, 1 km of normal fencing was erected and a campsite was established. At Malala Drift, a 1 km area between the existing fences was cleared of obstacles and old vegetation.

The DoA and the Department of Environmental Affairs and Tourism compiled draft Regulations on Invasive Alien Species in a joint effort.

Fourth quarter

The Directorate: Plant Production compiled a document that profiles the potential crops that could be used as feedstock for biofuel production. This document includes all the important technical data, and it will form part of the DoA's contribution towards the development of a national strategy. The Directorate: Production and Resource Economics compiled a revised report on on-farm economics of the production of feedstock for biofuels, incorporating the latest production cost figures (2005/06) received from Grain SA. The incorporation of data on sugar cane (2005/06 production costs) and some concluding remarks, are the only outstanding information required to complete the report. Production cost calculations for soya-beans have not been finalised yet.

The compilation of a community-based agro-processing model for fruit and vegetables was completed. The model forms part of a pilot project at Bushbuckridge in the Bohlabela district of Mpumalanga, which is one of the rural nodes. About 20 farmers are participating in this initiative. The compilation of a community-based model for essential oils was completed. This model currently forms part of a pilot project in the OR Tambo and Chris Hani districts in the Eastern Cape, which are rural nodes, and about 50 farmers are participating. The other pilot site is at Hammanskraal in Gauteng, and it involves ten farmers. The compilation of a community-based cut-flower production model was also completed and forms part of a pilot project in the Ugu district of KwaZulu-Natal, which is also a rural

node. About 15 farmers are involved. A brochure on the establishment and management of a fruit farm was compiled and video scripts on food gardens were completed.

In terms of the administration of the Plant Improvement Act of 1976, there were 11 newly registered premises, while permits for 57 registered premises were renewed. Two authorisations were issued for the sale of Table 8 varieties (under the Plant Improvement Act); 16 OECD certificates were issued; 192 importation authorisations for 1 053 varieties of seed crops were issued; 32 import authorisations for 104 varieties of fruit crops were issued; and 44 applications for the recognition of new varieties were received.

The Directorate: Plant Production commissioned a total of 35 research projects at various ARC institutes.

Two projects, entitled the Participatory Development of Provincial Aquaculture Programmes for Improved Rural Food Security and Livelihood Alternatives and the China-South African Aquaculture Capacity-building Programme were implemented.

During this quarter a national mandate PGRFA species list was finalised and the National Gene Bank Management Strategy was completed.

The Portfolio Committee on Agriculture and Land Affairs held public hearings on the GMO Amendment Bill from 17 to 19 January 2006. Relevant comments were incorporated into the Amendment Bill. The Bill was approved by the Portfolio Committee on 13 March 2006 and by the National Assembly on 18 May 2006. The department attended the first briefing session with the NCOP on 19 June 2006. The NCOP approved the Amendment Bill on 8 August 2006. The Amendment Bill was then forwarded to the President for assent. Prior to this process, the Bill had to be translated into Afrikaans. A draft of the Afrikaans version was received from Parliament. Concerns with regard to the translated terminology were forwarded to Parliament. The final Afrikaans translation was submitted to the President on 13 March 2007 for assent.

With regard to support for biofuel production, several meetings and discussions were held (national, provincial and sectoral) to direct the contribution of DoA to the national Biofuels Industrial Strategy for South Africa. Information was received from the Western Cape on the estimated potential of planting crops to be used for biofuels. The draft strategy document was released by Cabinet for public comment. Monthly meetings were held with the provinces on possible projects, in order to create an implementation plan by June 2007. This task was completed by the end of the 2006/07 financial year.

A total of 211 boreholes were drilled for the Dipping Tank Project (KwaZulu-Natal), providing 129 dipping tanks with water, while 4 138 people have benefited from the intervention since the inception of the project. Agricultural engineering information available on AGIS: The Project Management System at the Directorate: Agricultural Engineering Services is fully implemented and operational. Data produced by the system can be placed on PIMSA. The irrigation design manual was placed on AGIS.

CHALLENGES AND THE RESPONSE TO CHALLENGES

Outputs	Challenges	Response to challenges
Strategy for Biofuel Production (Biofuels Task Team)	The national process is very slow, thus implying that crucial information, which will enable DoA to make a contribution is not available (e.g. economics of biofuel).	Continue to engage stakeholders and other departments in the development of the national strategy.
Strategy and implementation plan to improve water-use efficiency in irrigation	The non-availability of ASGISA funding to develop detailed plans will reduce the momentum.	Where opportunities have been identified, CCAW members will be asked to prioritise their funds for planning of projects.
Plant production guidelines	Difficulties are experienced in obtaining information on some crops that are relevant to South African conditions.	The purchasing of reference material.
Conservation of animal genetic resources	No SLA was entered into with ARC on this project and therefore it was difficult to establish the agreed roles and responsibilities. There are verification discrepancies in the collected data.	A workshop to discuss and verify the contents of the report and a submission to the Minister for approval for it to be submitted to the FAO.
National Schools Egg and Milk Programme	Getting support from the Department of Education (DoE) to include milk in the menus provided to schools within the National Schools Nutrition Programme.	Several meetings and workshops with the DoE were arranged to highlight the importance of milk and to provide a ready market for milk from emerging farmers.

PROGRAMME 5

Sector Services and Partnerships

Vangile Iti
Deputy Director-General

PURPOSE

To manage and co-ordinate stakeholder and international relations, agricultural education and training, extension and advisory services as well as scientific research and development.

The programme has two subprogrammes:

- **Sector Services** focuses on policy and strategy for agricultural education and training, research, extension and advisory services and manages the transfer of funds to the ARC.
- **Intergovernmental and Stakeholder Relations** provides leadership and co-ordination in all facets of international relations within agriculture and co-ordinates intergovernmental and stakeholder relations nationally.

The programme provides services to the sector and the department in the areas of intergovernmental, stakeholder and international relations, manages and co-ordinates education and training and the GADI. It also guides agricultural research and extension and advisory services.

MEASURABLE OBJECTIVE

Maximise growth in the sector by providing skills, education and support services to emerging and established farmers.

Subprogramme	Output	Performance indicator/ measure	Actual performance	
			Target	Actual achievement
Sector Services	Governance framework for colleges of agriculture	Availability of framework	March 2007	Approval was obtained from the DG to appoint a technical team to support the Directorate: Education, Training and Extension Services, in proposing a future governance model for colleges of agriculture. A team of three specialists was appointed to conduct a study on the most feasible model for the governance of colleges of agriculture. Based on the need for consultation with all the relevant stakeholders the target date for the finalisation of the project was shifted to 30 June 2007.

Subprogramme	Output	Performance indicator/ measure	Actual performance	
			Target	Actual achievement
Sector Services (*cont.*)	Training of 800 beneficiaries	Number of trained farmers	March 2007	A total of 807 beneficiaries completed their training.
Inter-governmental and Stakeholder Relations	Strengthened agricultural relations in the region	Number of bilateral regional visits	Visits to all SADC countries	Participated in the Programme on Multilateral Engagements, in terms of the Lesotho and Gambia Summit. A delegation from the Madagascar litchi industry was hosted. South Africa also hosted the Joint Management Committee (JMC) with Mozambique.

SERVICE DELIVERY ACHIEVEMENTS

Further information on outputs of the programme, as specified in the *Strategic plan 2006,* is provided per quarter.

First quarter

During the first quarter, 89 proposals for research and development (R&D) projects were listed, and were considered for funding in the 2006/07 financial year.

A draft status report on planning the hosting of the African Agricultural Week in 2007, was consolidated for presentation at the Agricultural and Sustainable Rural Development Committee (ASRDC)/STC meeting.

A total of 14 WTO negotiating sessions on agriculture were attended and interacted with alliances (G20, Cairns Group [CG] and Africa Group) to ensure sufficient space is available in all the areas of the negotiations to support CASP.

Second quarter

The GADI Research Report was submitted to the ASRDC. Twenty-two courses (GADI training) were presented to full-time students at higher education institutions. Twenty-three Further Education and Training (FET) courses were offered and attended by 385 farmers, including 290 previously disadvantaged individuals (PDIs). One scientific paper was presented at the 8th World Congress on Genetics Applied to Livestock in Brazil.

Zakhe Training College in Pietermaritzburg, KwaZulu-Natal will receive retired Belgian agricultural trainers who will provide intermittent training of at least 3 months. Retired professors of horticulture and farm management in Flanders were identified. A draft business plan was submitted to the DoA and Belgian parliamentarians to mobilise funding for engaging Belgians in agricultural schools in South Africa. This was done with the assistance of a funding initiative from Belgian Socialist Party parliamentarians.

Training vacancies were facilitated and secured for four aquaculture specialists in Limpopo and KwaZulu-Natal.

Altogether three WTO negotiating sessions on agriculture were attended and there was interaction with alliances (G20, CG and Africa Group) to ensure sufficient space is available in all the areas of the negotiations to support CASP. A high-level meeting of the G20 and co-ordinators of other developing country groupings was attended in Rio de Janeiro as part of the South African delegation led by the Minister of Trade and Industry. The CG Ministerial Meeting was attended in Cairns, Australia as part of the South African delegation led by Minister Xingwana.

Third quarter

A total of 20 courses of the GADI Higher Education and Training Programme were presented to full-time students in higher education institutions. Seven FET courses were presented and 136 farmers (including 135 PDIs) attended these courses. A GADI Diploma Ceremony was held in December 2006, at which 37 diplomas and 37 higher certificates were awarded.

R&D projects for 2004/05, 2005/06 and 2006/07 were contracted to a number of ARC institutes, namely the Institute for Tropical and Subtropical Crops (ARC-ITSC), ARC-Infruitec, Vegetable and Ornamental Plant Institute (ARC-VOPI), Grain Crops Institute (ARC-GCI), Institute for Industrial Crops (ARC-IIC) and Onderstepoort Veterinary Institute (ARC-OVI). These institutes made formal presentations on the projects as part of the review process of R&D projects.

The Malaysian Deputy Minister visited South Africa. Meetings were held with his counterpart and the finalisation of the draft MoU was discussed and also the export of live animals and their products for breeding purposes. A Joint Working Group meeting was held in South Africa and a draft action plan for the implementation of the Aquaculture MoU was developed. Ministers endorsed the Action Plan at their meeting in China in December 2006. A high-level delegation from Limpopo PDA visited China to explore possibilities to source agriculture machinery and negotiate a training programme for the maintenance of agricultural machinery.

An SPS Ministerial meeting was held and agreements were reached on a number of areas including:

- Protocol on the export of South African table grapes and tobacco
- Export of pet food from South Africa.

The DoA participated in the International Royal Flora Show in Thailand from 01 November 2006 to 31 January 2007.

Fourth quarter

The seven FET courses offered at GADI were attended by 144 farmers, including 140 PDIs.

The Annual Report on the Consultative Group on International Agricultural Research (CGIAR) Challenges Programme and Forum for Agricultural Research in Africa-led Programmes was presented to an ASRDC/STC meeting on 30 March 2007. The report also incorporated R&D projects for 2006/07, including budgets and duration.

A master training plan, incorporating the training of 200 extension officers in generic training programmes, was discussed with public training institutions, and accepted at a meeting held at the Manhattan Hotel on 19 March 2007. A profile of extension officers was completed.

Through consolidation of the Agri-education system, all the organisations (which have SLAs with DoE, AgriSETA and Food and Beverages [FoodBEV] SETA), responded well, by each nominating a member for the NAET Forum. A submission for an official appointment was signed by the Minister, and it will be forwarded to individual members. A SLA with the AgriSETA and FoodBEV was signed on 15 March 2007 and the DG officiated at the signing ceremony.

In terms of the rationalisation of the agricultural bursary schemes, the amendments to the External Bursary Policy were completed, presented to and approved by the GOPC. A report on the rationalisation of bursaries and internships, indicating the resolutions adopted by the PDAs and DoA on reporting, the exchange of information, meetings, and monitoring and evaluation, was presented to, and approved by the ASRDC/STC Committee on 30 March 2007.

Based on the finalisation of the position of colleges of agriculture, the process to appoint a Ministerial Committee to investigate the best mechanism for transferring colleges of agriculture to the FET Sector, was concluded between the DoA and DoE. All 12 colleges responded and provided the information requested *via* a questionnaire. Seven PDAs were visited to discuss information on DoA activities with regard to colleges of agriculture. The investigation team commenced with visits to the colleges. A progress report on the transformation of colleges was completed and forwarded to the Minister as part of a briefing report.

A Chinese delegation was received and protocols for the import/export of apples, pears, grapes and tobacco were finalised and signed. Officials from the DoA visited China to discuss the framework for training in various aquaculture areas. An approach on areas of training were agreed upon.

The 4th SPS Ministerial meeting was held and agreements were reached on a number of areas and as the outcome of the meeting the following activities have been undertaken:

- Inspection of Chinese establishments for the export of cooked pork undertaken by inspectors of the Directorate: Animal Health.
- Inspection of South African tobacco establishments for export purposes to China.

- Sample certificate for the export of South African pet food forwarded to the Administration for Quality Supervision, Inspection and Quarantine for consideration.
- A questionnaire for regionalisation of Beijing for racing pigeons was completed by the Directorate: Animal Health.

Protocols for South African tobacco and table grapes were signed and two inspectors from Administration for Quality Supervision, Inspection and Quarantine visited South Africa to inspect orchards and packhouses for the 2007 export season.

The Malaysian Minister led a delegation for bilateral meetings in South Africa. Ministers agreed that officials should work towards establishing export conditions urgently. Contracts for export of goats and sheep were signed by business individuals. At a Ministerial meeting with Malaysia it was agreed that the ARC and Malaysian Agricultural Research and Development Institute establish a co-operation framework for collaborative research in fruit and livestock production and biofuels.

An FAO-capacity building agreement was signed and a project document approved by the Steering Committee.

South Africa submitted five notifications to the Committee on Agriculture in line with our notification obligations. The notifications were on the agenda of the meeting of the Committee on Agriculture. A question was received from New Zealand regarding the underfill of one of the dairy market access quotas and a written answer was provided to New Zealand. A question was also forwarded to the European Commission on their domestic support notification.

CHALLENGES AND THE RESPONSE TO CHALLENGES

Outputs	Challenges	Response to challenges
Governance framework for colleges of agriculture	Accommodating different views of various interest groups on what is considered as best governance framework for colleges.	Conduct a validation workshop after the investigations have been concluded.
Strengthening agricultural relations in the region by visiting all SADC countries	Summits and protocols remain priorities.	A PoA to strengthen the implementation of AADP in the region, *via* bilateral and multilateral engagements, will be developed. Establish an African Forum to improve the co-ordination of activities in the region.
	Human resource capacity and budget to meet international commitments.	Four assistant directors were appointed to deal with capacity problems. An attaché will be posted in Addis Ababa. The budget remains a major challenge.
	The biggest obstacle in the negotiations is the area of agriculture and particularly the United States that has to move to a more ambitious position on domestic support and the EU that has to move to a more ambitious position on market access.	Work continued within the different groupings in the WTO searching for possible solutions to some of the issues.

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Report of the Audit Committee

REPORT OF THE AUDIT COMMITTEE
for the year ended 31 March 2007

We are pleased to present our report for the financial year ended 31 March 2007.

Audit Committee members and attendance

The audit committee consists of the members listed hereunder and meets 4 times per annum as per its approved terms of reference. During the current year 2 meetings were held.

Name of member	*Number of meetings attended*
Ms F.N. Msimang (Chairperson) (Contract expired 04/05/2006)	2
Mr C. Gassiep (Contract expired 04/05/2006)	2
Ms P. Mzizi (Appointed 15/03/2007)	0
Mr T. Marais (Internal member)	2

Audit Committee responsibility

The Audit Committee did not meet in the period under review, however, all the documentation was reviewed prior to the compilation of this report.

The Audit Committee reports that it has complied with its responsibilities arising from **section 38(1)(a) of the PFMA** and **Treasury Regulation 3.1.13**.

The Audit Committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, and will regulate its affairs in compliance with this charter and will discharge all its responsibilities as contained therein.

The effectiveness of internal control

The system of control is designed to provide cost-effective assurance that assets are safeguarded and that liabilities and working capital are managed efficiently. In line with the PFMA and the King II Report on Corporate Governance requirements, Internal Audit provides the Audit Committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors, the Audit Report on the Annual Financial Statements, the matters of emphasis and management letter of the Auditor-General, it was noted that no significant or material noncompliance with prescribed policies and procedures have been reported. Accordingly, we can report that the system on internal control for the period under review was effective and efficient.

Evaluation of financial statements

The Audit Committee has

- Reviewed and discussed the audited annual financial statements be included in the Annual Report with the Auditor-General and the Accounting Officer;

DEPARTMENT OF AGRICULTURE

REPORT OF THE AUDIT COMMITTEE
for the year ended 31 March 2007

- reviewed the Auditor-General's management letter and management's response thereto; and
- reviewed significant adjustments resulting from the audit.

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

Ms P. Mzizi

CHAIRPERSON

15 August 2007

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Annual financial statements

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REPORT OF THE ACCOUNTING OFFICER
for the year ended 31 March 2007

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

1. General review of the state of financial affairs

1.1 Important strategic issues:

The Comprehensive Agricultural Support Programme (CASP), Mafisa and AgriBEE are still the more important strategic programmes managed by the department. Amounts of R300,0 million, R198,6 million and R91,0 million were voted for the mentioned services, respectively. CASP is still managed by the provincial departments of agriculture and the funds are transferred in terms of the annual Division of Revenue Act. The Department of Agriculture and the Department of Land Affairs is at this stage busy with an alignment process for strategic programmes such as CASP and LRAD.

1.2 Significant events that have taken place during the year:

During 2005/06 classical swine fever was detected in both the Eastern and Western Cape Provinces. The disease was not eradicated in the Eastern Cape and the combating campaign was sustained throughout 2006/07. In the Adjustments Estimate additional funds were provided by Parliament, bringing the total amount available to R230,9 million. At the end of the 2006/07 financial year, the disease was not eradicated yet and will again spill over to the 2007/08 financial year.

	R'000	R'000
1.3 Budget allocation		
Main estimate		1 957 648
Plus: Adjustments estimate		409 982
Total amount appropriated		2 367 630
Less: Actual expenditure		2 218 894
Unauthorised expenditure		663
Surplus		148 073

1.4 Actual expenditure

- In terms of input cost:

Compensation of employees	431 835	
Goods and services	433 721	
Transfers and subsidies	1 292 031	
Payment for capital assets	59 823	
Financial transactions in assets and liabilities	1 484	2 218 894

- In terms of programmes:

Programme 1:	Administration	227 029	
Programme 2:	Livelihoods, Economics and Business Development	680 562	
Programme 3:	Bio-security and Disaster Management	434 622	
Programme 4:	Production and Resources Management	217 244	
Programme 5:	Sector Services and Partnerships	659 437	2 218 894

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1.5 Spending trends	% R'000	% R'000
• In terms of input cost as a percentage of total actual expenditure:	2006/07	2005/06
Compensation of employees	19,5	19,0
Goods and services	19,5	17,6
Transfers and subsidies	58,2	60,4
Payment for capital assets	2,7	3,0
• In terms of programmes as a percentage of total actual expenditure:		
Programme 1: Administration	10,2	10,0
Programme 2: Livelihoods, Economics and Business Development	30,7	33,5
Programme 3: Bio-security and Disaster Management	19,6	20,7
Programme 4: Production and Resources Management	9,8	10,4
Programme 5: Sector Services and Partnerships	29,7	25,4
• In terms of total actual spending as a percentage of the total appropriated amount:	93,7	95,4

- If specific services rendered by the department are analysed, the following trends in spending came to the fore: The Comprehensive Agricultural Support Programme amounted to R300,0 million or 13,5%; AgriBEE to R91,0 million or 4,1%; Mafisa to R198,6 million or 8,9%; classical swine fever to R146,0 million or 6,6%; foot-and-mouth disease to R22,1 million or 1,0%; avian influenza to R14,1 million or 0,6%; LandCare to R63,2 million or 2,8%; flood disaster to R45,4 million or 2,0%; land use and soil management to R59,0 million or 2,7%; water use and irrigation development to R5,4 million or 0,2%; agricultural engineering services to R54,5 million or 2,5%; food safety and quality assurance to R46,4 million or 2,1%; agricultural product inspection services to R60,5 million or 2,7%; animal health (ex animal diseases) to R22,1 million or 1,0%; agricultural information services to R17,7 million or 0,8%; scientific research and development to R42,6 million or 1,9%; land settlement to R34,4 million or 1,5%; membership fees to international organisations to R10,0 million or 0,4%; Agricultural Research Council to R508,4 million or 22,9%; and the National Agricultural Marketing Council to R12,7 million or 0,6%.

- Virement

  Twelve virement approvals, including the final virement, to a value of R43,9 million, were granted during the 2006/07 financial year. Services funded through this process include the upgrade of Telkom lines; insurance on information products; ABET; locust control; mentorship programmes; the Forum for Agricultural Research in Africa through the Agricultural Research Council; the National African Farmers' Union; the Farmer Development Trust; claims against the department; and thefts and losses.

REPORT OF THE ACCOUNTING OFFICER
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1.6 Underspending

A total amount of R2 367,6 million was appropriated by Parliament for the department in the 2006/07 financial year. An amount of R148,1 million or 6,3% was not spent. Of the amount of R230,9 million voted for classical swine fever, an amount of R88,7 million was not paid out because of claims not received in time. The underspending can further be attributed to vacancies not being filled, which also had a carry through effect on spending on goods and services, capital projects not finalised yet and a transfer payment to the Independent Development Trust not being made timeously. For further detail in this regard, please refer to the notes to the Appropriation Statement.

1.7 Departmental receipts

An amount of R71,9 million was estimated for departmental receipts. However, an amount of R94,6 million was received. The increase can be attributed to drought relief funds not spent by the Eastern Cape and KwaZulu-Natal Departments of Agriculture and paid back to the national department.

2. Services rendered by the department

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

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

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

2.2 Tariff policy

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

2.3 Free services

The following free services were rendered by the Directorate: Agricultural Engineering Services:

	R'000
• Rehabilitation of riverbanks damaged in Western Cape by floods	1 114
• Drilling of boreholes for food security gardens at schools	3 512
• Drilling of boreholes for land reform farmers	530
• Drilling of boreholes at dipping tanks in KZN	812
• Sighting of boreholes for land reform farmers and food gardens	126
• Collecting and mapping of soil samples at Vaalharts	1 002
	7 096

2.4 Inventories

Inventory items are managed by means of the Logistical Information System (LOGIS). The department has three stores: At Pretoria (Head Office), Grootfontein Agricultural Development Institute (GADI) at Middelburg in the Eastern Cape and at Stellenbosch. Inventory items such as cleaning materials and stationery are kept at these stores. The total value of the balance on hand of inventory items at 31 March 2007 amounted to R460 941.

3. Utilisation of donor funds

The South African Pesticides Initiative Programme started during the 2004/05 financial year. For South Africa to comply with the European Union's new and stringent requirements for export crops – approximately 400 chemical compounds must be withdrawn from use on export crop from South Africa – the Perishable Products Export Control Board was appointed to conduct the necessary research in this regard. The programme was funded as follows by the European Union:

2004/05: R 5,170 million
2005/06: R 5,590 million
2006/07: R15,025 million

4. Capacity constraints

The personnel turnover and vacancy rate in the department is still high. The approved establishment of the department on 31 March 2007 consists of 3 189 posts of which 2 618 posts were filled. This reflects a vacancy rate of 17,9%. However, this is an improvement of 7,7% against the vacancy rate reported in the previous report. In order to further improve the filling of posts, a system of establishment management has been introduced in the department. This includes an Organisation and Development Committee responsible for work study investigations, creation of posts, the monitoring of vacant posts and the abolishment thereof if it is not needed.

DEPARTMENT OF AGRICULTURE
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REPORT OF THE ACCOUNTING OFFICER
for the year ended 31 March 2007

5. Public entities

In terms of section 48(1) and Schedule 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 Development 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. It provides a range of finance options to a broad spectrum of clients within the agricultural sector, including wholesale and retail financing for commercial and development farmers, co-operatives and other agriculture related businesses. Up to now, the department has not contributed financially to the bank and funds will only be transferred to the bank in instances where agency services are rendered. However, the department played an important role in negotiating a finance package for the turn around strategy of the bank.

- 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). Its primary mandate is to conduct research and develop and transfer of technology that promotes agriculture and related industries. The ARC reports through its CEO and Board and the Minister for Agriculture and Land Affairs as the Executive Authority.

- National Agricultural Marketing Council (NAMC)(national public entity and listed in Schedule 3: Part A)

  The NAMC was established in terms of the Marketing of Agricultural Products Act, 1996 (Act No. 47 of 1996). The council undertakes investigations and advices the Minister for Agriculture and Land Affairs on agricultural marketing policies. The council is accountable to its Chairperson and Board and to the Minister for Agriculture and Land Affairs as the 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 health care industry. The Department of Agriculture is the sole shareholder. The company is accountable to its Board and the Minister for Agriculture and Land Affairs as the Executive Authority.

- Perishable Products Export Control Board (PPECB)(national public entity and listed in Schedule 3: Part A)

  The PPECB, established in terms of the Perishable Products Export Control Act, 1983 (Act No. 9 of 1983), must ensure that perishable products intended for export from South Africa meet international quality standards. The board is in the final instance accountable and reports to the Minister for Agriculture and Land Affairs. As was mentioned in paragraph 3, the PPECB is also managing the South African Pesticide Initiative Programme on behalf of the Department of Agriculture.

- Ncera Farms (Pty) LTD (national government business enterprise and listed in Schedule 3: Part B)

  Ncera Farms is a small public company and the Department of Agriculture is the sole shareholder. The purpose of the company is to assist small and emerging farmers in the Kidd's Beach area of the Eastern

Cape through various services, such as advice, extension services, ploughing services, training and more. The board is accountable and reports to the Minister for Agriculture and Land Affairs. The creation of a service centre at Ncera was approved during the latter half of 2004 and the capital structures, such as the workshop and administrative building were finalised during this financial year. The establishment of new farmers on Ncera land should be finalised during the 2007/08 financial year.

- Transfer payments from the department in support of the following public entities

	Voted R'000	Actual R'000
Agricultural Research Council	508 390	508 390
National Agricultural Marketing Council	12 710	12 710
Ncera Farms (Pty) Ltd	2 177	2 177

Payments to any of the other mentioned entities were either for agency services or services rendered. All the above entities must, in terms of section 55(3) of the Public Finance Management Act, 1999 (Act No. 1 of 1999), submit annual reports, including financial statements, to Parliament and the Executive Authority through the Accounting Officer of the department.

6. Transfer payments made

	Voted R'000	Actual R'000
Vehicle licences (provincial)	40	40
Vehicle licences (municipal)	369	362
Regional services council levies	430	262
LandCare	55 735	55 735
Comprehensive Agricultural Support Programme	300 000	300 000
Agricultural Research Council	508 390	508 390
National Agricultural Marketing Council	12 710	12 710
Membership fees to international organisations	15 495	9 968
Foreign rates and taxes	151	6
Flood disaster	45 403	45 403
Land Bank (Mafisa)	196 000	196 000
Land Bank (AgriBEE)	67 000	67 000
Independent Development Trust	5 000	–
Classical swine fever	148 310	59 624
Avian influenza	12 537	12 467
Foot-and-mouth disease (KwaZulu-Natal)	28	27
National Student Financial Aid Scheme	8 300	8 300
Service Sector Education and Training Authority	470	470

Perishable Products Export Control Board	600	600
SAMDI	70	70
Co-operative Development Initiative	536	535
North West African Farmers' Union	1 000	–
Eastern Cape Commodity Organisation	500	–
Women in Agriculture and Rural Development	1 000	–
Grain Industry Project Management	300	–
Cotton industry	500	–
Grassland Society	10	10
Farmer Development Trust	1 000	1 000
National African Farmers' Union	1 000	1 000
Sterile Insect Technique	4 000	4 000
SA Pork Producers' Organisation	65	65
Milk Producers' Organisation	40	40
Water Research Commission	2 250	2 250
Agricultural Economists of SA	14	14
Ncera Farms (Pty) Ltd	2 177	2 177
Food and Trees for Africa	1 000	1 000
Social benefits	2 067	1 701
Nonlife insurance premiums	49	–
Claims against the State	815	805
	1 395 361	1 292 031

7. Corporate governance arrangements

A risk assessment exercise was conducted by Gobodo Risk Management during the 2005/06 financial year and completed in the 2006/07 financial year. The deliverables of the exercise included the facilities of the risk assessment, compilation of a risk management strategy, fraud prevention plan and a three-year rolling internal audit plan. The Audit Committee identified some amendments that have been incorporated into the reports. The following documents were approved by the Director-General and the Audit Committee on 26 May 2006:

- Risk Management Committee Terms of Reference
- Risk Management Policy
- Risk Management Strategy
- Strategic Risk Assessment Report
- Fraud Prevention Plan
- Internal Audit Strategic Plan and one year operation plan.

The Antifraud Charter was also signed by the Director-General on 26 May 2006 whereby a zero tolerance attitude to fraud was adopted.

The Directorate: Internal Audit distributed the risk registers to all directorates for the implementation of internal controls to minimise the risks as identified. The Fraud Prevention Plan with the Antifraud Charter and posters with the details of the National Anticorruption Hotline was also distributed to all directorates.

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

The Audit Committee as well as the Directorate: Internal Audit is functioning since the late 1990s. During 2006, the term of the former members came to an end and new members had to be appointed. This process was in the mean time finalised.

8. New activities

Provision was made for one new activity in the 2007/08 financial year. An amount of R15,0 million was provided for capacity building in co-operation with the Food and Agricultural Organization of the United Nations. Furthermore, additional funds were allocated to the department for the upgrading of the Exotic Disease Division at Onderstepoort (ARC) and the erection of a new quarantine station in Durban. In the Adjustments Estimates of 2006/07 funds were made available for VAT payable by the Agricultural Research Council. This payment was also included in the department's MTEF.

9. Performance information

Performance information is compiled on a quarterly basis and evaluated during the department's quarterly report meetings. The Directorate: Monitoring and Evaluation is responsible for the compilation of the information and comparison thereof with targets set in the department's annual Strategic plan. Performance information is again taken up in Part 2 of this report.

10. Asset management

The department disposed of assets at Stellenbosch and the Grootfontein Agricultural Development Institute during the 2006/07 financial year to the value of R638 448,42. Losses because of theft during the period under review amounted to R1,5 million.

In order to improve control over departmental assets, almost 48 000 items were physically bar coded. The department's asset register is also updated on a continuous basis as and when assets are procured or disposed of. The Logistical Information System is utilised in this regard.

11. SCOPA resolution

The department, for the first time since 2000, appeared before the Standing Committee on Public Accounts – the reason being a technical qualification by the Auditor-General on the Agricultural Debt Account. The matter is discussed in paragraph 12.

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. The Auditor-General, in his Report on the Agricultural Debt Account for 2005/06, qualified his opinion because the department did not comply with International Accounting Standards (IAS) 32 and 39. In order to rectify this and therefore prevent a re-occurrence the department reacted as follows:

12.1.1 Requested exemption for IAS 32 and 39 from the National Treasury, which was granted.

12.1.2 Appointed an audit firm to develop the necessary models in order to comply with the above standards.

12.1.3 Convened a number of meetings with the National Treasury and the Office of the Auditor-General. It was agreed between all the role players that the closure of the Agricultural Debt Account would be the correct option and that this debt then be managed as departmental debt through the books of the department and paid over to the National Revenue Fund. All funds recovered as well as the balance in the account will be ringfenced for future agricultural development. The legislative process to amend the Agricultural Debt Management Act, 2001 (Act No. 45 of 2001), and therefore close the account on 31 March 2008, should be finalised within the 2007/08 financial year.

12.2 Agricultural Debt Account

Section 3(1) of the Agricultural Debt Management Act, 2001 (Act No. 45 of 2001), provides for the Agricultural Debt account and payments that resulted from the recovery of agricultural debt are deposited into this account. Funds in the account are disbursed in accordance with the provisions of section 5 of the abovementioned Act. The status of the account at 31 March 2007 is as follows:

Total debt outstanding	–	R430 478 655
Number of debtors	–	2 541
Number of accounts	–	3 706
Net amount recovered (2006/07)	–	R 50 333 759
Credit balance in the Agricultural Debt Account	–	R876 491 713

An amount of R200 million was, in terms of section 5 of the mentioned Act, transferred from the Agricultural Debt Account to the National Revenue Fund, appropriated on the department's budget and utilised for the funding of Mafisa.

12.3 The agricultural debt administered in terms of the said Act, 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 Following from previous reports the status of the Production Loan Scheme for Small and Beginner Farmers and multiple debt is again reported on:

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

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 R698 292 (interest) on 31 March 2007. In terms of a resultant offer, total payments of R521 500 were received.

However, as Grovida defaulted on this resultant offer, the matter was again referred to the State Attorney. Following a new repayment arrangement, payments to the amount of R9 000 were received during the 2005/06 financial year and R14 082 during 2006/07.

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 2007. The State Attorney issued a writ of execution. Following a *nulla bona* return of service by the Sheriff, the State Attorney recommended that the outstanding debt be written off based on the fact that it would be uneconomical to pursue. The Registrar of Co-operatives also indicated that the Co-operative is dormant and that the name of the Co-operative will be struck from the register. As the debt is irrecoverable it is the considered opinion that the outstanding debt might be written off during the 2007/08 financial year.

12.4.1.3 Shiela Primary Co-op

The Co-operative is under liquidation. On 31 March 2007 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. Based on the liquidation and distribution account the outstanding debt might be written off during the 2007/08 financial year.

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 2007. 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 2007. As was previously reported, the option of judicial management in terms of section 237(A) of the Co-operatives Act, 1981 (Act No. 91 of 1981), did not materialise. In order to establish the financial position of CPAC and to establish the possibility to revive CPAC, the DBSA funded an investigation by Pricewaterhouse Coopers. In the report, various recommendations were made regarding the revival of CPAC and it was revealed that the assets of CPAC are of

relatively little value and that CPAC has a limited income. A meeting took place on 3 November 2005 with members of the Management Committee of CPAC and the Registrar of Co-operatives, the Department of Agriculture, Conservation and Environment of North West and the national Department of Agriculture. It was emphasised that the issues pertaining to the revival of CPAC should be separated from CPAC's debt commitments towards its creditors. In order to decide the way forward regarding CPAC's outstanding debt it was previously reported that financial statements for 2004/05 must be submitted to the office of the Registrar of Co-operatives. The co-operative failed to submit statements and the department will now obtain a financial report to confirm the financial position of CPAC. Based on the above, it is the considered opinion that the debt is irrecoverable and that the matter may result in the write off of the debt.

12.4.1.5 Saron

The Co-operative is under liquidation. At 31 March 2007 the outstanding debt amounted to R737 600 (capital) and R737 600 (interest). The liquidator indicated that the liquidated Co-operative is totally insolvent. As the debt is irrecoverable it is the considered opinion that the outstanding debt might be written off during the 2007/08 financial year.

12.4.1.6 Production loans (administrative costs)

The outstanding amount originated from overpayments of administration fees to agents managing the loan schemes as mentioned above (excluding CPAC). On 31 March 2007 the outstanding debt amounted to R3 861 035 (capital) and R3 858 035 (interest).

12.4.2 Multiple debt

12.4.2.1 Conversion of marginal ploughed lands

This debt originated from the noncompliance with the conditions of the scheme by participants. In terms of these conditions, successful establishment of perennial pastures had to be achieved within two seasons and thereafter maintained for at least six years, failing which the subsidy plus interest have to be repaid immediately. Only one case, currently with the State Attorney, is outstanding. It is anticipated that the department's debt will be settled in full during the 2007/08 financial year. On 31 March 2007 the outstanding debt under this scheme amounted to R5 436.

12.4.2.2 Emergency drought relief and interim veld recovery

This debt originated from the noncompliance by the participants with the prescripts of the scheme. The State Attorney is in process of recovering the outstanding

debt. On 31 March 2007 the outstanding debt under this scheme amounted to R662 755 in comparison with R802 319 on 31 March 2006.

13. Events after the reporting date

Since the closing of books on 31 March 2007, the following loans granted under the Production Loan Schemes for Small and Beginner Farmers have been written off:

- Bakgaga Bakopa Agricultural Co-operative Ltd: R1,544 million (R728 585 – capital; R728 585 – interest; and R86 595 – administrative cost).
- Shiela Primary Agricultural Co-operative Ltd: R2,068 million (R970 547 – capital; R970 547 – interest; and R127 401 – administrative cost).
- Saron Boerdery Koöperatief Bpk: R1,527 million (R737 600 – capital; R737 600 0151 – interest; and R51 637 – administrative cost).

As was referred to previously and in paragraph 12 of this report, the above debt was now written-off owing to either liquidation or irrecoverability. No further report in the above regard will therefore be submitted in future.

Approval

The Annual Financial Statements set out on pages 85 to 160 were approved by the Chief Financial Officer on behalf of the Accounting Officer and in terms of delegations granted.

T. Marais

CHIEF FINANCIAL OFFICER
for DIRECTOR-GENERAL
31 MAY 2007

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF THE DEPARTMENT OF AGRICULTURE VOTE 25 FOR THE YEAR ENDED 31 MARCH 2007

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the Department of Agriculture which comprise the statement of financial position as at 31 March 2007, appropriation statement, statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 85 to 148.

Responsibility of the accounting officer for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting determined by National Treasury, as set out in accounting policy note 1.1 to the financial statements and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA). This responsibility includes:

    - designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error
    - selecting and applying appropriate accounting policies
    - making accounting estimates that are reasonable in the circumstances.

Responsibility of the Auditor-General

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996, read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004), my responsibility is to express an opinion on these financial statements based on my audit.

4. I conducted my audit in accordance with the International Standards on Auditing and *General Notice 646 and 647 of 2007*, issued in *Government Gazette* No. 29919 of 25 May 2007. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

6. An audit also includes evaluating the:

    - appropriateness of accounting policies used
    - reasonableness of accounting estimates made by management
    - overall presentation of the financial statements.

7. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF THE DEPARTMENT OF AGRICULTURE VOTE 25 FOR THE YEAR ENDED 31 MARCH 2007

Basis of accounting

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

Opinion

9. In my opinion the financial statements present fairly, in all material respects, the financial position of the Department of Agriculture as at 31 March 2007 and its financial performance and cash flows for the year then ended, in accordance with the modified cash basis of accounting determined by the National Treasury, as set out in accounting policy note 1.1 to the financial statements and in the manner required by the PFMA.

EMPHASIS OF MATTER

Without qualifying my audit opinion, I draw attention to the following matters:

10. In terms of accounting policy 3.2, only assets with a cost in excess of R5 000 are classified as capital assets. The following assets with a cost less than R5 000 each have not been capitalised, which is in line with the said accounting policy:
    - Computer equipment (2,342 items with a value of R9,6 million)
    - Furniture and office equipment (24,867 items with a value of R22,6 million)
    - Other machinery and equipment (3,875 items with a value of R50,2 million)
    - Computer software (1368 items with a value of R2,4 million)
    - Transport assets (169 items with a value of R2,5 million)
    - Other fixed structures (71 items with a value of R2,5 million)

OTHER MATTERS

I draw attention to the following matters that are ancillary to my responsibilities in the audit of the financial statements:

11. Matters of governance

Due to the delay in appointing new members of the audit committee after the expiry of the contracts of the members of the previous audit committee, the Department of Agriculture has been without an audit committee for the period 26 July 2006 to 22 March 2007.

12. Delay in finalisation of audit

Due to the national public sector strike action during June 2007 the finalisation of the audit for the 2006/07 financial year was delayed until 31 August 2007.

OTHER REPORTING RESPONSIBILITIES

Reporting on performance information

13. I have audited the performance information as set out on pages 17 to 57.

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF THE DEPARTMENT OF AGRICULTURE VOTE 25 FOR THE YEAR ENDED 31 MARCH 2007

Responsibility of the accounting officer

14. The accounting officer has additional responsibilities as required by section 40(3) (a) of the PFMA to ensure that the annual report and audited financial statements fairly present the performance against predetermined objectives of the department.

Responsibility of the Auditor-General

15. I conducted my engagement in accordance with section 13 of the Public Audit Act, 2004 (Act No. 25 of 2004) read with *General Notice 646 of 2007*, issued in *Government Gazette No. 29919 of 28 May 2007*.

16. In terms of the foregoing my engagement included performing procedures of an audit nature to obtain sufficient appropriate audit evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgment.

17. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the audit findings reported below.

Audit findings

We draw attention to the following matters affecting the reporting of performance information:

20. **Lack of sufficient appropriate audit evidence**

- In some instances the evidence of actual performance provided was fragmented and consequently could not be clearly and conclusively matched with the target.
- In certain cases the actual achievements of measures/indicators/targets could not be substantiated by adequate evidence/source documentation.

21. **Measurable objectives not consistent**

In some cases the evidence provided to support the performance information reported in the annual report was materially inconsistent with the reported performance information.

APPRECIATION

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

S Cele

S Cele *for* Auditor-General

Pretoria

31 August 2007

AUDITOR-GENERAL

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF THE AGRICULTURAL DEBT ACCOUNT FOR THE YEAR ENDED 31 MARCH 2007

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the Agricultural Debt Account which comprise the balance sheet as at 31 March 2007, income statement, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 149 to 160.

Responsibility of the accounting officer for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with Generally Accepted Accounting Practice and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA). This responsibility includes:
   - designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error
   - selecting and applying appropriate accounting policies
   - making accounting estimates that are reasonable in the circumstances.

Responsibility of the Auditor-General

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996, read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004), my responsibility is to express an opinion on these financial statements based on my audit.

4. I conducted my audit in accordance with the International Standards on Auditing and *General Notice 647 of 2007*, issued in *Government Gazette No. 29919 of 25 May 2007*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

6. An audit also includes evaluating the:
   - appropriateness of accounting policies used
   - reasonableness of accounting estimates made by management
   - overall presentation of the financial statements.

7. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF THE AGRICULTURAL DEBT ACCOUNT FOR THE YEAR ENDED 31 MARCH 2007

Basis of accounting

8. The trading entity's policy is to prepare financial statements in accordance with Generally Accepted Accounting Practice, as set out in note 1 to the financial statements.

Basis for qualified opinion

9. The Agricultural Debt Account changed its accounting policy in respect of the measurement and recognition of receivables during the year under review in order to comply with the prescriptions of International Accounting Standard (IAS) 39: Financial Instruments: Recognition and Measurement. This new accounting policy is contained in note 4 to the annual financial statements and contains the following statement regarding the provision for impairment of trade receivables: *"The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate less the fair value of pledged securities".* Due to the nature of pledged securities (e.g. crops, harvest and movable assets) and the difficulties regarding the valuation thereof, I was unable to satisfy myself as to the fair presentation of the provision for impairment amounting to R153,775 million (2005/06: R184,616 million).

Qualified opinion

10. In my opinion, except for the effects of the matter described in the Basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Agricultural Debt Account as at 31 March 2007 and its financial performance and cash flows for the year then ended, in accordance with Generally Accepted Accounting Practice and in the manner required by the PFMA.

Emphasis of matter

I draw attention to the following matter:

11. Going concern

The Department of Agriculture is currently in the process of repealing the enabling legislation of the Agricultural Debt Account [the Agricultural Debt Management Act, 2001 (Act No. 45 of 2001)]. They envisage this process to be completed before the end of the next financial year resulting in the Agricultural Debt Account being incorporated into the Departmental Accounts and not being accounted for as a separate entity.

OTHER MATTERS

I draw attention to the following matters that are ancillary to my responsibilities in the audit of the financial statements:

12. Internal control

    - Control activities

The Agricultural Debt Account made significant strides during the year under review in developing the control activities necessary to ensure adherence to Generally Accepted Accounting Practice, however policies, procedures,

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF THE AGRICULTURAL DEBT ACCOUNT FOR THE YEAR ENDED 31 MARCH 2007

techniques and control mechanisms currently in place to ensure fair presentation of receivables in the annual financial statements have still not yet been formally documented and approved.

13. Material corrections made to the financial statements submitted for audit

In its process to produce a set of financial statements that would comply with Generally Accepted Accounting Practice, management commissioned the development of a model that would enable them to adhere to the requirements of the International Accounting Standards (especially in respect of financial instruments). Initial shortcomings in the input data fed into model, identified during the course of the audit, resulted in material corrections made to the financial statements submitted for audit amounting to a reduction in the balance for trade and other receivables of R28,7 million (2005/06: R18,7 million).

14. Delay in finalisation of audit

Due to the national public sector strike action during June 2007 the Auditor-General had to delay the finalisation of affected departments and all entities under their control. As a result, the Auditor-General's consistency review process of the audit reports could only be conducted subsequent to 31 July 2007, the consequence of which was a delay in the finalisation of the audit of this trading entity for the 2006/07 financial year.

APPRECIATION

15. The assistance rendered by the staff of the Agricultural Debt Account during the audit is sincerely appreciated.

S Cele

S Cele *for* Auditor-General

Pretoria

31 August 2007

AUDITOR-GENERAL

DEPARTMENT OF AGRICULTURE
VOTE 25

ACCOUNTING POLICIES
for the year ended 31 March 2007

The Financial Statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the Financial Statements and to comply with the statutory requirements of the Public Finance Management Act, (Act No. 1 of 1999 (as amended by Act No. 29 of 1999)), and the Treasury Regulations issued in terms of the Act and the Division of Revenue Act, 2006 (Act No. 2 of 2006).

1. Presentation of the Financial Statements

1.1 Basis of preparation

The Financial Statements have been prepared on a modified cash basis of accounting, except where stated otherwise. The modified cash basis constitutes the cash basis of accounting supplemented with additional disclosure items. Under the cash basis of accounting transactions and other events are recognised when cash is received or paid.

1.2 Presentation currency

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

1.3 Rounding

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

1.4 Comparative figures

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

1.5 Comparative figures – Appropriation Statement

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

2. Revenue

2.1 Appropriated funds

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

ACCOUNTING POLICIES
for the year ended 31 March 2007

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

Unexpended appropriated funds are surrendered to the National Revenue Fund. Amounts owing to the National Revenue Fund at the end of the financial year are recognised in the Statement of Financial Position.

2.2 Departmental revenue

All departmental revenue is paid into the National Revenue Fund when received, unless otherwise stated. Amounts owing to the National Revenue Fund at the end of the financial year are recognised in the Statement of Financial Position. Amounts receivable at the reporting date are disclosed in the disclosure notes to the annual financial statements.

2.2.1 Tax revenue

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

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

2.2.2 Sales of goods and services other than capital assets

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

2.2.3 Fines, penalties and forfeits

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

2.2.4 Interest, dividends and rent on land

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

2.2.5 Sale of capital assets

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

2.2.6 Financial transactions in assets and liabilities

Repayments of loans and advances previously extended to employees and public corporations for policy purposes are recognised as revenue in the Statement of Financial Performance on receipt of the funds.

ACCOUNTING POLICIES
for the year ended 31 March 2007

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

Forex gains are recognised on payment of funds.

2.2.7 Gifts, donations and sponsorships (transfers received)

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

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

2.3 Local and foreign aid assistance

Local and foreign aid assistance is recognised as revenue when notification of the assistance is received from the National Treasury or when the department directly receives the cash from the donor(s).

All in-kind local and foreign aid assistance is disclosed at fair value in the annexures to the annual financial statements.

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

Inappropriately expensed amounts using local and foreign aid assistance and any unutilised amounts are recognised as payables in the Statement of Financial Position.

3. Expenditure

3.1 Compensation of employees

Salaries and wages comprise payments to employees. Salaries and wages are recognised as an expense in the Statement of Financial Performance when the payment is effected on the system (by no later than 31 March of each year).

All other payments are classified as current expense.

Social contributions include the employer'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 payment is effected on the system.

3.1.1 Short-term employee benefits

Short-term employee benefits comprise of leave entitlements (including capped leave), thirteenth cheques and performance bonuses. The cost of short-term employee benefits is

expensed as salaries and wages in the Statement of Financial Performance when the payment is effected on the system (by no later than 31 March of each year).

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

3.1.2 Long-term employee benefits

3.1.2.1 Termination benefits

Termination benefits such as severance packages are recognised as an expense in the Statement of Financial Performance as a transfer (to households) when the payment is effected on the system (by no later than 31 March of each year).

3.1.2.2 Post-employment retirement benefits

The department provides retirement benefits (pension benefits) for certain of its employees through a defined benefit plan for government employees. These benefits are funded by contribution from both the employer (13%) and employee (7,5 %). Employees appointed for less than 12 months are not admitted to the pension fund and receive an allowance of 30% of their basic salary in lieu of service bonus, medial assistance, pension fund contributions and home owner's allowances. Employees with contracts exceeding 12 months have the choice to be admitted to the pension fund or to receive the allowance of 30%. Special advisors and daily paid workers are not admitted to the pension fund.

Employer contributions to the fund are expensed when the payment to the fund is effected on the system (by no later than 31 March of each year). No provision is made for retirement benefits in the financial statements of the department. Any potential liabilities are disclosed in the financial statements of the National Revenue Fund and not in the financial statements of the employer department.

The department provides medical benefits for certain of its employees who choose to become members of registered medical aid schemes.

Employer contributions with regard to the Government Employees Medical Scheme (GEMS) vary from 75 to 100%, depending on the salary level of an official and the specific option selected. Contributions are capped to a maximum of R1 900 according to a member's personal profile.

Officials who were members of a medical aid scheme on 30 June 2006 and who have not selected to become members of GEMS receive an employers contribution of two thirds of the open medical aid scheme contribution limited to a maximum of R1 014 per month.

ACCOUNTING POLICIES
for the year ended 31 March 2007

No contribution is made in respect of those officials who did not belong to a medical aid scheme before 30 June 2006 and who have not joined GEMS after 1 July 2006.

Employer contributions to the medical funds are expensed when the payment to the fund is effected on the system (by no later than 31 March of each year).

3.2 Goods and services

Payments made for goods and/or services are recognised as an expense in the Statement of Financial Performance when the payment is effected on the system (by no later than 31 March of each year). The expense is classified as capital if the goods and services were used for a capital project or an asset of R5 000 or more is purchased. All assets costing less than R5 000 will also be reflected under *goods and services.*

3.3 Interest and rent on land

Interest and rental payments are recognised as an expense in the Statement of Financial Performance when the payment is effected on the system (by no later than 31 March of each year). This item excludes rental for the use of buildings or other fixed structures. If it is not possible to distinguish between payment for the use of land and the fixed structures on it, the entire amount should be recorded under *goods and services*.

3.4 Financial transactions in assets and liabilities

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

Forex losses are recognised on payment of funds.

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

3.5 Unauthorised expenditure

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

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

3.6 Fruitless and wasteful expenditure

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

ACCOUNTING POLICIES
for the year ended 31 March 2007

3.7 Irregular expenditure

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

3.8 Transfers and subsidies

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

3.9 Expenditure for capital assets

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

4. Assets

4.1 Cash and cash equivalents

Cash and cash equivalents are carried in the Statement of Financial Position at cost.

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

4.2 Prepayments and advances

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

4.3 Receivables

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

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

4.4 Investments

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

4.5 Inventory

Inventories purchased during the financial year are disclosed at cost in the notes.

ACCOUNTING POLICIES
for the year ended 31 March 2007

4.6 Capital assets

A capital asset is recorded on receipt of the item at cost. Cost of an asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the capital asset may be stated at fair value. Where fair value cannot be determined, the capital asset is included in the asset register at R1.

Projects (of construction/development) running over more than one financial year relating to assets, are only capitalised as assets on completion of the project and at the total cost incurred over the duration of the project.

Disclosure Notes 28 and 29 reflect the total movement in the asset register for the current financial year.

5. Liabilities

5.1 Payables

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

5.2 Lease commitments

Lease commitments represent amounts owing from the reporting date to the end of the lease contract. These commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance but are included in the disclosure notes.

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

5.3 Accruals

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

Accruals are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance but are included in the disclosure notes.

5.4 Contingent liabilities

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

ACCOUNTING POLICIES
for the year ended 31 March 2007

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

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

Contingent liabilities are included in the disclosure notes.

5.1 Commitments

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

Commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance but are included in the disclosure notes.

6. Net assets

6.1 Capitalisation reserve

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

6.2 Recoverable revenue

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

7. Key management personnel

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

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

DEPARTMENT OF AGRICULTURE
VOTE 25

APPROPRIATION STATEMENT
for the year ended 31 March 2007

Appropriation per programme	2006/07							2005/06	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1. Administration									
Current payment	218 443	(8 076)	642	211 009	199 407	11 602	94,5	167 616	163 032
Transfers and subsidies	769	363	17	1 149	835	314	72,7	1 492	1 055
Payment for capital assets	24 524	7 713	–	32 237	26 787	5 450	83,1	25 417	24 151
2. Livelihoods, Economics and Business Development									
Current payment	134 512	(4 521)	(20 678)	109 313	94 273	15 040	86,2	113 233	73 633
Transfers and subsidies	582 597	22	1 229	583 848	580 513	3 335	99,4	556 437	550 644
Payment for capital assets	2 237	4 499	–	6 736	5 776	960	85,7	5 103	4 305
3. Bio-security and Disaster Management									
Current payment	312 320	(4 766)	(9 910)	297 644	291 706	5 938	98,0	236 553	225 294
Transfers and subsidies	214 959	51	4 016	219 026	130 048	88 978	59,4	163 286	154 244
Payment for capital assets	9 685	4 715	–	14 400	12 868	1 532	89,4	10 454	8 827
4. Production and Resources Management									
Current payment	141 342	(2 111)	8 206	147 437	144 821	2 616	98,2	138 786	135 254
Transfers and subsidies	59 417	137	6 259	65 813	60 791	5 022	92,4	43 585	43 469
Payment for capital assets	14 874	1 974	(4 310)	12 538	11 632	906	92,8	16 672	16 468

DEPARTMENT OF AGRICULTURE
VOTE 25

APPROPRIATION STATEMENT
for the year ended 31 March 2007

Appropriation per programme	2006/07							2005/06	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
5. Sector Services and Partnerships									
Current payment	135 297	(2 206)	4 525	137 616	136 833	783	99,4	97 964	89 925
Transfers and subsidies	515 471	50	10 004	525 525	519 844	5 681	98,9	388 081	384 894
Payment for capital assets	1 183	2 156	–	3 339	2 760	579	82,7	3 089	2 813
Total	**2 367 630**	**–**	**–**	**2 367 630**	**2 218 894**	**148 736**	**93,7**	**1 967 768**	**1 878 008**

Reconciliation with statement of financial performance				
Departmental receipts	94 614		76 136	
Local and foreign aid assistance received	15 025		5 590	
Actual amounts per statements of financial performance (total revenue)	**2 477 269**		**2 049 494**	
Local and foreign aid assistance		15 025		5 590
Prior year unauthorised expenditure approved		663		–
Actual amounts per statements of financial performance (total expenditure)		**2 234 582**		**1 883 598**

DEPARTMENT OF AGRICULTURE
VOTE 25

APPROPRIATION STATEMENT
for the year ended 31 March 2007

Appropriation per economic classification	2006/07							2005/06	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	490 029	(32 592)	(13 426)	444 011	431 835	12 176	97,3	365 388	357 132
Goods and services	451 885	10 912	(5 945)	456 852	433 721	23 131	94,9	388 034	329 287
Financial transactions in assets and liabilities	–	–	2 156	2 156	1 484	672	68,8	730	719
Transfers and subsidies									
Provinces and municipalities	401 886	91	–	401 977	401 802	175	100,0	411 792	411 332
Departmental agencies and accounts	522 790	–	10 000	532 790	532 790	–	100,0	385 711	385 711
Foreign governments and international organisations	15 646	–	–	15 646	9 974	5 672	63,7	158 241	155 074
Public corporations and private enterprises	245 226	–	5 315	250 541	245 482	5 059	98,0	146 881	146 785
Non-profit institutions	2 965	–	7 000	9 965	7 664	2 301	76,9	779	779
Households	184 700	532	(790)	184 442	94 319	90 123	51,1	49 477	34 625
Payments for capital assets									
Buildings and other fixed structures	28 032	(167)	(33)	27 832	23 427	4 405	84,2	17 877	17 780
Machinery and equipment	23 790	19 276	(3 565)	39 501	34 592	4 909	87,6	37 258	33 376
Biological or cultivated assets	–	79	–	79	79	–	100,0	12	11
Software and other intangible assets	681	1 869	(712)	1 838	1 725	113	93,9	5 588	5 397
Total	**2 367 630**	**–**	**–**	**2 367 630**	**2 218 894**	**148 736**	**93,7**	**1 967 768**	**1 878 008**

DEPARTMENT OF AGRICULTURE
VOTE 25

DETAIL PER PROGRAMME 1 – ADMINISTRATION
for the year ended 31 March 2007

Programme per subprogramme	2006/07							2005/06	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1.1 Minister									
Current payment	887	–	–	887	582	305	65,6	843	837
1.2 Management									
Current payment	85 461	(13 313)	552	72 700	67 737	4 963	93,2	71 932	68 735
Transfers and subsidies	294	36	16	346	71	275	20,5	703	648
Payment for capital assets	2 490	5 514	–	8 004	7 524	480	94,0	4 966	3 918
1.3 Corporate services									
Current payment	97 955	5 237	19	103 211	98 948	4 263	95,9	94 551	93 174
Transfers and subsidies	475	327	1	803	764	39	95,1	789	407
Payment for capital assets	1 364	2 199	–	3 563	2 810	753	78,9	3 215	2 997
1.4 Capital works									
Payment for capital assets	20 670	–	–	20 670	16 453	4 217	79,6	17 236	17 236
1.5 Property management									
Current payment	34 140	–	–	34 140	32 073	2 067	93,9	–	–
1.6 Thefts and losses									
Current payment	–	–	71	71	67	4	94,4	290	286
Total	**243 736**	**–**	**659**	**244 395**	**227 029**	**17 366**	**92,9**	**194 525**	**188 238**

DEPARTMENT OF AGRICULTURE
VOTE 25

DETAIL PER PROGRAMME 1 – ADMINISTRATION
for the year ended 31 March 2007

Economic classification	2006/07							2005/06	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payment									
Compensation of employees	113 072	(11 037)	(2 150)	99 885	95 266	4 619	95,4	92 010	90 695
Goods and services	105 371	2 961	2 721	111 053	104 074	6 979	93,7	75 316	72 051
Financial transactions in assets and liabilities	–	–	71	71	67	4	94,4	290	286
Transfers and subsidies to:									
Provinces and municipalities	178	47	–	225	188	37	83,6	689	359
Departmental agencies and accounts	70	–	–	70	70	–	100,0	–	–
Public corporations and private enterprises	49	–	17	66	15	51	22,7	373	326
Households	472	316	–	788	562	226	71,3	430	370
Payment for capital assets									
Buildings and other fixed structures	20 670	–	–	20 670	16 453	4 217	79,6	17 236	17 236
Machinery and equipment	3 610	7 173	–	10 783	9 585	1 198	88,9	7 800	6 612
Software and other intangible assets	244	540	–	784	749	35	95,5	381	303
Total	**243 736**	**–**	**659**	**244 395**	**227 029**	**17 366**	**92,9**	**194 525**	**188 238**

DEPARTMENT OF AGRICULTURE
VOTE 25

DETAIL PER PROGRAMME 2 – LIVELIHOODS, ECONOMICS AND BUSINESS DEVELOPMENT
for the year ended 31 March 2007

Programme per subprogramme	2006/07							2005/06	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
2.1 Management									
Current payment	1 862	22	–	1 884	1 421	463	75,4	1 367	580
Transfers and subsidies	1	–	–	1	1	–	100,0	2	1
Payment for capital assets	40	–	–	40	34	6	85,0	30	19
2.2 Livelihoods Development Support									
Current payment	68 679	(9 681)	(7 546)	51 452	45 924	5 528	89,3	51 442	34 251
Transfers and subsidies	498 206	9	2 024	500 239	500 232	7	100,0	536 445	536 426
Payment for capital assets	1 175	4 133	–	5 308	4 997	311	94,1	1 292	781
2.3 Trade and Business Development									
Current payment	41 075	(371)	(1 973)	38 731	32 174	6 557	83,1	42 203	23 597
Transfers and subsidies	70 866	7	1	70 874	67 553	3 321	95,3	5 233	221
Payment for capital assets	785	32	–	817	372	445	45,5	1 196	985
2.4 Economic and Statistical Services									
Current payment	22 896	5 509	(11 215)	17 190	14 698	2 492	85,5	18 215	15 200
Transfers and subsidies	814	6	(796)	24	17	7	70,8	796	35
Payment for capital assets	237	334	–	571	373	198	65,3	2 585	2 520
2.5 National Agricultural Marketing Council									
Transfers and subsidies	12 710	–	–	12 710	12 710	–	100,0	13 961	13 961
2.6 Thefts and losses									
Current payment	–	–	56	56	56	–	100,0	6	5
Total	**719 346**	**–**	**(19 449)**	**699 897**	**680 562**	**19 335**	**97,2**	**674 773**	**628 582**

DEPARTMENT OF AGRICULTURE
VOTE 25

DETAIL PER PROGRAMME 2 – LIVELIHOODS, ECONOMICS AND BUSINESS DEVELOPMENT
for the year ended 31 March 2007

Economic classification	2006/07							2005/06	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payment									
Compensation of employees	57 895	(1 735)	(4 518)	51 642	50 934	708	98,6	45 728	41 255
Goods and services	76 617	(2 786)	(16 216)	57 615	43 283	14 332	75,1	67 499	32 373
Financial transactions in assets and liabilities	–	–	56	56	56	–	100,0	6	5
Transfers and subsidies to:									
Provinces and municipalities	300 060	7	–	300 067	300 037	30	100,0	250 156	250 127
Departmental agencies and accounts	12 710	–	–	12 710	12 710	–	100,0	13 961	13 961
Foreign governments and international organisations	–	–	–	–	–	–	–	140 000	140 000
Public corporations and private enterprises	245 177	–	29	245 206	245 204	2	100,0	146 389	146 376
Nonprofit institutions	2 850	–	2 000	4 850	2 549	2 301	52,6	179	179
Households	21 800	15	(800)	21 015	20 013	1 002	95,2	5 752	1
Payment for capital assets									
Machinery and equipment	2 169	4 499	–	6 668	5 776	892	86,6	3 293	2 505
Software and other intangible assets	68	–	–	68	–	68	–	1 810	1 800
Total	**719 346**	**–**	**(19 449)**	**699 897**	**680 562**	**19 335**	**97,2**	**674 773**	**628 582**

DEPARTMENT OF AGRICULTURE
VOTE 25

DETAIL PER PROGRAMME 3 – BIO-SECURITY AND DISASTER MANAGEMENT
for the year ended 31 March 2007

Programme per subprogramme	2006/07							2005/06	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
3.1 Management									
Current payment	1 841	(45)	–	1 796	1 732	64	96,4	1 983	1 723
Transfers and subsidies	1	–	–	1	1	–	100,0	3	3
Payment for capital assets	46	–	–	46	45	1	97,8	26	25
3.2 Plant Health and Inspection Services									
Current payment	84 746	(3 085)	(3 568)	78 093	76 579	1 514	98,1	62 884	61 625
Transfers and subsidies	241	48	4 016	4 305	4 293	12	99,7	536	519
Payment for capital assets	3 285	3 537	–	6 822	6 575	247	96,4	4 685	4 195
3.3 Food, Animal Health and Disaster Management									
Current payment	225 733	(1 636)	(7 316)	216 781	212 424	4 357	98,0	171 431	161 695
Transfers and subsidies	214 717	3	–	214 720	125 754	88 966	58,6	162 747	153 722
Payment for capital assets	6 354	1 178	–	7 532	6 248	1 284	83,0	5 743	4 607
3.4 Thefts and losses									
Current payment	–	–	974	974	971	3	99,7	255	251
Total	**536 964**	**–**	**(5 894)**	**531 070**	**434 622**	**96 448**	**81,8**	**410 293**	**388 365**

DEPARTMENT OF AGRICULTURE
VOTE 25

DETAIL PER PROGRAMME 3 – BIO-SECURITY AND DISASTER MANAGEMENT
for the year ended 31 March 2007

Economic classification	2006/07							2005/06	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payment									
Compensation of employees	194 336	(7 689)	(8 977)	177 670	172 268	5 402	97,0	132 057	131 277
Goods and services	117 984	2 923	(1 907)	119 000	118 467	533	99,6	104 241	93 766
Financial transactions in assets and liabilities	–	–	974	974	971	3	99,7	255	251
Transfers and subsidies to:									
Provinces and municipalities	45 563	5	–	45 568	45 480	88	99,8	120 356	120 305
Departmental agencies and accounts	8 000	–	–	8 000	8 000	–	100,0	–	–
Public corporations and private enterprises	–	–	16	16	13	3	81,3	101	68
Nonprofit institutions	–	–	4 000	4 000	4 000	–	100,0	–	–
Households	161 396	46	–	161 442	72 555	88 887	44,9	42 829	33 871
Payment for capital assets									
Buildings and other fixed structures	62	200	–	262	260	2	99,2	641	544
Machinery and equipment	9 607	4 301	–	13 908	12 378	1 530	89,0	9 723	8 198
Software and other intangible assets	16	214	–	230	230	–	100,0	90	85
Total	**536 964**	**–**	**(5 894)**	**531 070**	**434 622**	**96 448**	**81,8**	**410 293**	**388 365**

DEPARTMENT OF AGRICULTURE
VOTE 25

DETAIL PER PROGRAMME 4 – PRODUCTION AND RESOURCES MANAGEMENT
for the year ended 31 March 2007

Programme per subprogramme	2006/07							2005/06	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
4.1 Management									
Current payment	754	(570)	–	184	105	79	57,1	–	–
4.2 Agricultural Production									
Current payment	40 044	(3 613)	(2 927)	33 504	32 413	1 091	96,7	27 119	25 164
Transfers and subsidies	1 088	24	(339)	773	765	8	99,0	911	904
Payment for capital assets	729	736	–	1 465	872	593	59,5	1 105	909
4.3 Engineering, Energy, Resource Use and Management									
Current payment	100 544	2 072	10 750	113 366	111 921	1 445	98,7	111 488	109 913
Transfers and subsidies	58 329	113	6 598	65 040	60 026	5 014	92,3	42 674	42 565
Payment for capital assets	14 145	1 238	(4 310)	11 073	10 760	313	97,2	15 567	15 559
4.4 Thefts and losses									
Current payment	–	–	383	383	382	1	99,7	179	177
Total	**215 633**	**–**	**10 155**	**225 788**	**217 244**	**8 544**	**96,2**	**199 043**	**195 191**

DEPARTMENT OF AGRICULTURE
VOTE 25

DETAIL PER PROGRAMME 4 – PRODUCTION AND RESOURCES MANAGEMENT
for the year ended 31 March 2007

Economic classification	2006/07							2005/06	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payment									
Compensation of employees	80 068	(6 380)	2 197	75 885	75 046	839	98,9	62 650	61 418
Goods and services	61 274	4 269	4 963	70 506	69 394	1 112	98,4	75 957	73 659
Financial transactions in assets and liabilities	–	–	1 046	1 046	381	665	36,4	179	177
Transfers and subsidies to:									
Provinces and municipalities	56 047	28	–	56 075	56 062	13	100,0	40 470	40 434
Departmental agencies and accounts	2 250	–	–	2 250	2 250	–	100,0	2 128	2 128
Public corporations and private enterprises	–	–	5 249	5 249	247	5 002	4,7	11	9
Nonprofit institutions	115	–	1 000	1 115	1 115	–	100,0	600	600
Households	1 005	109	10	1 124	1 117	7	99,4	376	298
Payment for capital assets									
Buildings and other fixed structures	7 300	(367)	(33)	6 900	6 714	186	97,3	–	–
Machinery and equipment	7 221	1 226	(3 565)	4 882	4 172	710	85,5	13 462	13 259
Software and other intangible assets	353	1 115	(712)	756	746	10	98,7	3 210	3 209
Total	**215 633**	**–**	**10 155**	**225 788**	**217 244**	**8 544**	**96,2**	**199 043**	**195 191**

DEPARTMENT OF AGRICULTURE
VOTE 25

DETAIL PER PROGRAMME 5 – SECTOR SERVICES AND PARTNERSHIPS
for the year ended 31 March 2007

Programme per subprogramme	2006/07							2005/06	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
5.1 Management									
Current payment	2 104	(715)	–	1 389	1 382	7	99,5	1 991	1 736
Transfers and subsidies	1	–	–	1	1	–	100,0	4	3
Payment for capital assets	16	–	–	16	10	6	62,5	77	50
5.2 Sector Services									
Current payment	101 128	(2 018)	417	99 527	98 917	610	99,4	83 202	75 419
Transfers and subsidies	9 427	49	4	9 480	9 475	5	99,9	8 847	8 838
Payment for capital assets	757	1 451	–	2 208	2 086	122	94,5	2 494	2 248
5.3 Intergovernmental and Stakeholder Relations									
Current payment	32 065	527	4 099	36 691	36 525	166	99,5	12 771	12 770
Transfers and subsidies	15 653	1	–	15 654	9 978	5 676	63,7	18 328	15 151
Payment for capital assets	410	705	–	1 115	664	451	59,6	518	515
5.4 Agricultural Research Council									
Transfers and subsidies	490 390	–	10 000	500 390	500 390	–	100,0	360 902	360 902
5.5 Thefts and losses									
Current payment	–	–	9	9	9	–	100,0	–	–
Total	**651 951**	**–**	**14 529**	**666 480**	**659 437**	**7 043**	**98,9**	**489 134**	**477 632**

DEPARTMENT OF AGRICULTURE
VOTE 25

DETAIL PER PROGRAMME 5 – SECTOR SERVICES AND PARTNERSHIPS
for the year ended 31 March 2007

Economic classification	2006/07							2005/06	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payment									
Compensation of employees	44 658	(5 751)	22	38 929	38 321	608	98,4	32 943	32 487
Goods and services	90 639	3 545	4 494	98 678	98 503	175	99,8	65 021	57 438
Financial transactions in assets and liabilities	–	–	9	9	9	–	100,0	–	–
Transfers and subsidies to:									
Provinces and municipalities	38	4	–	42	35	7	83,3	121	107
Departmental agencies and accounts	499 760	–	10 000	509 760	509 760	–	100,0	369 622	369 622
Foreign governments and international organisations	15 646	–	–	15 646	9 974	5 672	63,7	18 241	15 074
Public corporations and private enterprises	–	–	4	4	3	1	75,0	7	6
Households	27	46	–	73	72	1	98,6	90	85
Payment for capital assets									
Machinery and equipment	1 183	2 077	–	3 260	2 681	579	82,2	2 980	2 802
Biological or cultivated assets	–	79	–	79	79	–	100,0	12	11
Software and other intangible assets	–	–	–	–	–	–	–	97	–
Total	**651 951**	**–**	**14 529**	**666 480**	**659 437**	**7 043**	**98,9**	**489 134**	**477 632**

DEPARTMENT OF AGRICULTURE
VOTE 25

NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2007

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

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

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

4.1 Per programme

	Final appropriation	Actual expenditure	Variance	Variance as a % of final appropriation
	R'000	R'000	R'000	%
Administration	244 395	227 029	17 366	7,1
Livelihoods, Economics and Business Development	699 897	680 562	19 335	2,8
Bio-security and Disaster Management	531 070	434 622	96 448	18,2
Production and Resources Management	225 788	217 244	8 544	3,8
Sector Services and Partnerships	666 480	659 437	7 043	1,1
Total	**2 367 630**	**2 218 894**	**148 736**	**6,3**

Administration

Owing to vacancies not filled an amount of R4,619 million was not spent under compensation of employees and an amount of R6,979 million under goods and services. Furthermore, an under spending occurred under capital works (R4,217 million) owing to projects not finalised yet.

Livelihoods, Economics and Business Development

An underspending under goods and services (R14,332 million) resulted from funds appropriated for AgriBEE, LRAD and a saving as a result of an agricultural census not being undertaken. Furthermore an underspending occurred under transfers and subsidies (R3,3 million).

NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2007

Bio-security and Disaster Management

Vacancies not filled amounted to R4,954 million and an under spending amounting to R88,687 million resulted from classical swine fever claims not submitted timeously.

Production and Resources Management

Owing to vacancies not filled an amount of R839 000 was not spent under compensation of employees and an amount of R1,112 million under goods and services. Furthermore, an underspending of R5,0 million occurred owing to funds not transferred timeously to the Independent Development Trust.

Sector Services and Partnerships

An underspending of R5,672 million occurred under transfers and subsidies owing to foreign membership fees not paid in time.

	2006/07 R'000	2005/06 R'000
4.2 Per economic classification		
Current expenditure		
Compensation of employees	12 176	8 256
Goods and services	23 131	58 747
Financial transactions in assets and liabilities	672	11
Subtotal	**35 979**	**67 014**
Transfers and subsidies		
Provinces and municipalities	175	460
Public corporations and private enterprises	5 059	96
Foreign governments and international organisations	5 672	3 167
Nonprofit institutions	2 301	–
Households	90 123	14 852
Subtotal	**103 330**	**18 575**
Payments for capital assets		
Buildings and other fixed structures	4 405	97
Machinery and equipment	4 909	3 882
Biological or cultivated assets	–	1
Software and other intangible assets	113	191
Subtotal	**9 427**	**4 171**
Total	**148 736**	**89 760**

DEPARTMENT OF AGRICULTURE
VOTE 25

STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 31 March 2007

	Notes	2006/07 R'000	2005/06 R'000
REVENUE			
Annual appropriation	1	2 367 630	1 967 768
Departmental revenue	2	94 614	76 136
Local and foreign aid assistance	3	15 025	5 590
TOTAL REVENUE		2 477 269	2 049 494
EXPENDITURE			
Current expenditure			
Compensation of employees	4	431 835	357 132
Goods and services	5	433 721	329 287
Financial transactions in assets and liabilities	6	1 484	719
Local and foreign aid assistance	3	15 025	5 590
Unauthorised expenditure approved	9	663	–
Total current expenditure		882 728	692 728
Transfers and subsidies	7	1 292 031	1 134 306
Expenditure for capital assets			
Buildings and other fixed structures	8	23 427	17 780
Machinery and equipment	8	34 592	33 376
Biological or cultivated assets	8	79	11
Software and other intangible assets	8	1 725	5 397
Total expenditure for capital assets		59 823	56 564
TOTAL EXPENDITURE		2 234 582	1 883 598
SURPLUS		242 687	165 896
SURPLUS FOR THE YEAR		242 687	165 896
Reconciliation of surplus for the year			
Voted funds	14	148 073	89 760
Departmental revenue	15	94 614	76 136
SURPLUS FOR THE YEAR		242 687	165 896

DEPARTMENT OF AGRICULTURE
VOTE 25

STATEMENT OF FINANCIAL POSITION
at 31 March 2007

	Notes	2006/07 R'000	2005/06 R'000
ASSETS			
Current assets		152 688	40 777
Unauthorised expenditure	*9*	–	663
Cash and cash equivalents	*10*	41 490	23 394
Prepayments and advances	*11*	101 146	4 722
Receivables	*12*	10 052	11 998
Noncurrent assets		18 831	18 889
Investments	*13*	18 831	18 889
TOTAL ASSETS		171 519	59 666
LIABILITIES			
Current liabilities		147 183	31 919
Voted funds to be surrendered to the Revenue Fund	*14*	120 073	27 429
Departmental revenue to be surrendered to the Revenue Fund	*15*	25 634	2 473
Payables	*16*	1 476	2 017
Non-current liabilities			
Payables	*17*	18 831	18 889
TOTAL LIABILITIES		166 014	50 808
NET ASSETS		5 505	8 858
Represented by:			
Recoverable revenue		5 505	8 858
TOTAL		5 505	8 858

DEPARTMENT OF AGRICULTURE
VOTE 25

STATEMENT OF CHANGES IN NET ASSETS
for the year ended 31 March 2007

	Notes	2006/07 R'000	2005/06 R'000
Recoverable revenue			
Opening balance		8 858	12 678
Transfers		(3 353)	(3 820)
Debts written off	*6.2*	(1 484)	(719)
Debts recovered (included in departmental revenue)		(28 828)	(36 125)
Debts raised		26 959	33 024
Closing balance		5 505	8 858
TOTAL		5 505	8 858

DEPARTMENT OF AGRICULTURE
VOTE 25

CASH FLOW STATEMENT
for the year ended 31 March 2007

	Notes	2006/07 R'000	2005/06 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		2 449 058	1 986 955
Annual appropriated funds received	*1*	2 339 630	1 905 437
Departmental revenue received		94 403	75 928
Local and foreign aid assistance received	*3*	15 025	5 590
Net (increase)/decrease in working capital		(95 019)	(1 636)
Surrendered to Revenue Fund		(98 882)	(145 203)
Current payments		(882 065)	(692 728)
Transfers and subsidies paid		(1 292 031)	(1 134 306)
Net cash flow available from operating activities	*18*	81 061	13 082
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets		(59 823)	(56 564)
Proceeds from sale of capital assets	*2*	211	208
(Increase)/decrease in investments		58	894
Net cash flows from investing activities		(59 554)	(55 462)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in net assets		(3 353)	(3 820)
Increase/(decrease) in noncurrent payables		(58)	(603)
Net cash flows from financing activities		(3 411)	(4 423)
Net increase/(decrease) in cash and cash equivalents		18 096	(46 803)
Cash and cash equivalents at the beginning of the period		23 394	70 197
Cash and cash equivalents at end of period	*19*	41 490	23 394

DEPARTMENT OF AGRICULTURE
VOTE 25

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2007

1. Annual Appropriation

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

	Final appropri-ation	Actual funds received	Funds not requested/ not received	Appropri-ation received 2005/06
	R'000	R'000	R'000	R'000
Administration	244 395	240 395	4 000	183 597
Livelihoods, Economics and Business Development	699 897	695 597	4 300	634 795
Bio-security and Disaster Management	531 070	511 370	19 700	406 383
Production and Resources Management	225 788	225 788	–	196 489
Sector Services and Partnerships	666 480	666 480	–	484 173
Total	2 367 630	2 339 630	28 000	1 905 437

2. Departmental revenue to be surrendered to Revenue Fund

	Notes	2006/07	2005/06
Sales of goods and services other than capital assets	*2.1*	59 211	71 695
Fines, penalties and forfeits		3	54
Interest, dividends and rent on land	*2.2*	1 391	1 596
Sales of capital assets	*2.3*	211	208
Financial transactions in assets and liabilities	*2.4*	33 798	2 283
Transfer received	*2.5*	–	300
Total revenue collected		94 614	76 136
Departmental revenue collected		94 614	76 136

Included in the amount received under financial transactions in assets and liabilities is an amount R32 million in respect of a refund received from the provincial departments of agriculture in KwaZulu-Natal and the Eastern Cape in respect of unspent funds allocated for drought relief.

DEPARTMENT OF AGRICULTURE
VOTE 25

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2007

		Notes	2006/07 R'000	2005/06 R'000
2.1	**Sales of goods and services other than capital assets**			
	Sales of goods and services produced by the department		59 168	63 479
	Administrative fees		55 477	59 023
	Other sales		3 691	4 456
	Sales of scrap, waste and other used current goods		43	8 216
	Total		59 211	71 695
2.2	**Interest, dividends and rent on land and buildings**			
	Interest		888	654
	Rent on land and buildings		503	942
	Total		1 391	1 596
2.3	**Sale of capital assets**			
	Other capital assets		211	208
	Total		211	208
2.4	**Financial transactions in assets and liabilities**			
	Nature of recovery			
	Stale cheques written back		37	1 429
	Other receipts including Recoverable Revenue		33 761	854
	Total		33 798	2 283
2.5	**Transfers received**			
	Other governmental units		–	300
	Total		–	300

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2007

	Notes	2006/07 R'000	2005/06 R'000
3. Local and foreign aid assistance			
3.1 Assistance received in cash: RDP			
Foreign			
Opening balance		–	–
Revenue		15 025	5 590
Expenditure		15 025	5 590
Current		15 025	5 590
Closing balance		–	–
Total assistance			
Opening balance		–	–
Revenue		15 025	5 590
Expenditure		15 025	5 590
Current		15 025	5 590
Closing balance		–	–
4. Compensation of employees			
4.1 Salaries and wages			
Basic salary		254 201	226 252
Performance award		11 346	10 197
Service based		410	1 070
Compensative/circumstantial		56 972	33 324
Periodic payments		16 969	5 811
Other nonpensionable allowances		43 353	36 314
Total		383 251	312 968
4.2 Social contributions			
4.2.1 Employer contributions			
Pension		32 631	29 154
Medical		15 875	14 929
Bargaining council		76	75
Insurance		2	6
Total		48 584	44 164
Total compensation of employees		431 835	357 132
Average number of employees		2 618	2 528

DEPARTMENT OF AGRICULTURE
VOTE 25

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2007

		Notes	2006/07 R'000	2005/06 R'000
5.	**Goods and services**			
	Advertising		11 602	6 504
	Attendance fees (including registration fees)		9 518	9 179
	Bank charges and card fees		530	578
	Bursaries (employees)		1 684	1 740
	Communication		12 894	16 007
	Computer services		15 976	20 023
	Commission		1 764	–
	Consultants, contractors and special services		119 799	113 930
	Courier and delivery services		964	565
	Tracing agents and debt collections		3	5
	Driver's licences and permits		24	30
	Entertainment		1 337	394
	External audit fees	*5.1*	5 102	3 591
	Equipment less than R5000		5 413	7 965
	Freight service		6	85
	Honoraria (Voluntary workers)		24	–
	Inventory	*5.2*	50 641	39 412
	Legal fees		1 805	1 151
	Maintenance, repairs and running costs		11 495	16 629
	Medical services		94	111
	Operating leases		38 848	4 505
	Personnel agency fees		1	4
	Photographic services		–	1
	Plants, flowers and other decorations		29	64
	Printing and publications		791	525
	Professional bodies and membership fees		13	33
	Resettlement costs		1 418	964
	Roadworthy tests		–	3
	School and boarding fees		51	478
	Subscriptions		370	222
	Storage of furniture		84	200
	Taking over of contractual obligations		520	616
	Owned leasehold property expenditure		1 048	634
	Translations and transcriptions		160	27
	Travel and subsistence	*5.3*	105 781	67 584
	Venues and facilities		17 173	10 091
	Protective, special clothing and uniforms		80	97
	Training and staff development		16 679	5 340
	Total		433 721	329 287

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2007

	Notes	2006/07 R'000	2005/06 R'000

Actual expenditure for entertainment in the 2006/07 financial year included an amount of R1,077 million in respect of catering for workshops etc. Operating leases increased with an amount of R32,118 million devolved from the Department of Public Works for accommodation leases and levies. Included in venues and facilities is an amount of R8,924 million in preparation for the Fourth World Congress for Rural Woman. The increase in training and staff development is mainly due to the Master Mentorship Programme of the AgriBEE to the amount of R8,235 million.

5.1 External audit fees

Regulatory audits	4 656	3 466
Performance audits	62	–
Other audits	384	125
Total	5 102	3 591

5.2 Inventory

Domestic consumables	5 120	4 661
Agricultural	10 786	3 657
Learning and teaching support material	7	8
Food and food supplies	732	892
Fuel, oil and gas	12 989	10 328
Laboratory consumables	2 274	2 173
Other consumables	364	584
Parts and other maintenance material	6 305	7 602
Stationery and printing	12 049	9 451
Veterinary supplies	3	42
Medical supplies	12	14
Total	50 641	39 412

The increase in expenditure under Agricultural above is mainly attributed to costs related to the combating of locusts and quelea, maintenance of border fences and the purchase of animal medicines.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2007

		Notes	2006/07 R'000	2005/06 R'000
5.3	**Travel and subsistence**			
	Local		87 118	52 800
	Foreign		18 663	14 784
	Total		105 781	67 584
	Local travel and subsistence increased owing to the intensity of the classical swine fever campaign.			
6.	**Financial transactions in assets and liabilities**			
	Debts written off	*8.3*	1 484	719
	Total		1 484	719
6.1	**Debts written off**			
	Nature of debts written off			
	Irrecoverable/uneconomical		1 259	214
	Claims settled or waived to the advantage of the State		32	505
	Recovery would cause undue hardship		11	–
	Acts of grace		182	–
	Total		1 484	719
6.2	**Irrecoverable amounts written off**			
	Receivables written off		1 484	719
	Irrecoverable/uneconomical		1 259	214
	Claims settled or waived to the advantage of the State		32	505
	Recovery would cause undue hardship		11	–
	Acts of grace		182	–
	Total		1 484	719
7.	**Transfers and subsidies**			
	Provinces and municipalities	*Annex 1C & 1F*	401 802	411 332
	Departmental agencies and accounts	*Annex 1G*	532 790	385 711
	Foreign governments and international organisations	*Annex 1J*	9 974	155 074
	Public corporations and private enterprises	*Annex 1I*	245 482	146 785
	Nonprofit institutions	*Annex 1K*	7 664	779
	Households	*Annex 1L*	94 319	34 625
	Total		1 292 031	1 134 306

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2007

	Notes	2006/07 R'000	2005/06 R'000
Decrease in foreign governments and international organisations is a result of a once-off payment for the World Food Program in 2005/06. Public corporations and private enterprises increased because of an increase to Mafisa and a new contribution for AgriBEE purposes. Households increased owing to an increased allocation to the classical swine fever campaign.			
8. Expenditure for capital assets			
Buildings and other fixed structures	*28*	23 427	17 780
Machinery and equipment	*28*	34 592	33 376
Biological or cultivated assets	*28*	79	11
Software and other intangible assets		1 725	5 397
Computer software	*29*	1 411	5 173
Patents, licences, copyright, brand names, trademarks	*29*	314	224
Total		59 823	56 564
The following amounts have been included as project costs in expenditure for capital assets:			
Compensation of employees		17 474	19 394
Goods and services		21 973	23 157
Total		39 447	42 551
9. Unauthorised expenditure			
9.1 Reconciliation of unauthorised expenditure			
Opening balance		663	663
Amounts approved by Parliament (with funding)		(663)	–
Current expenditure		(663)	–
Unauthorised expenditure awaiting authorisation		–	663
10. Cash and cash equivalents			
Consolidated Paymaster-General Account		41 294	22 974
Cash receipts		33	230
Cash on hand		131	159
Cash with commercial banks (local)		32	31
Total		41 490	23 394

DEPARTMENT OF AGRICULTURE
VOTE 25

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2007

	Notes	2006/07 R'000	2005/06 R'000
11. Prepayments and advances			
Travel and subsistence		1 146	1 406
Advances paid to other entities		100 000	3 316
Total		101 146	4 722

R100 million advance was granted to the Eastern Cape provincial department of agriculture for the classical swine fever combating campaign and for which the claims are still outstanding.

12. Receivables

	Notes	Less than 1 year R'000	1 to 3 years R'000	Older than 3 years R'000	2006/07 Total R'000	2005/06 Total R'000
Staff debtors	*12.1*	9	–	–	9	100
Other debtors	*12.2*	3 020	1 780	1 211	6 011	9 286
Inter governmental receivables	*Annex 4*	4 032	–	–	4 032	2 612
Total		7 061	1 780	1 211	10 052	11 998

	Notes	2006/07 R'000	2005/06 R'000
12.1 Staff debtors			
Sal: Deduction disallowance account		1	40
Sal: Tax debt		8	17
Sal: Reversal control		–	38
Sal: Pension fund		–	5
Total		9	100
12.2 Other debtors			
Debt account		1 093	894
Inspection fees: Capital account		3 940	6 856
Inspection fee: Interest account		900	1 337
Claims recoverable public entities		2	4
Disallowance dishonoured cheques		76	121
Disallowance miscellaneous		–	74
Total		6 011	9 286

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2007

	Notes	2006/07 R'000	2005/06 R'000
13. Investments			
Noncurrent			
Shares and other equities			
Ncera Farms (Pty) Ltd		1	1
Onderstepoort Biological Products (Pty) Ltd		1	1
JS Pistorius Trust Fund		72	66
Greenberg Trust Fund		32	30
SAAU Fund		130	119
Abattoir Industry Fund		18 595	18 672
Total noncurrent		18 831	18 889
Analysis of noncurrent investments			
Opening balance		18 889	19 783
Additions in cash		19	13
Disposals for cash		(77)	(907)
Closing balance		18 831	18 889
14. Voted funds to be surrendered to the Revenue Fund			
Opening balance		27 429	62 550
Transfer from Statement of Financial Performance		148 073	89 760
Voted funds not requested/not received	*14.1*	(28 000)	(62 331)
Paid during the year		(27 429)	(62 550)
Closing balance		120 073	27 429
14.1 Voted funds not requested/not received			
Funds to be rolled over		88 687	89 220
Funds not to be requested		28 000	62 331
		116 687	151 551
Funds to be rolled over for the classical swine fever combating campaign			

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2007

	Notes	2006/07 R'000	2005/06 R'000
15. Departmental revenue to be surrendered to the Revenue Fund			
Opening balance		2 473	8 990
Transfer from Statement of Financial Performance		94 614	76 136
Paid during the year		(71 453)	(82 653)
Closing balance		25 634	2 473

Included in the closing balance is an amount of R25 million repaid by the provincial department of agriculture in KwaZulu-Natal in respect of unspent drought relief funds received too late for payment to the National Revenue Fund.

16. Payables – current

Description	Notes	30 days	30+ days	Total	Total
Amounts owing to other entities	*Annex 5*	10	–	10	–
Advances received	*16.1*	840	5	845	1 063
Clearing accounts	*16.2*	440	181	621	954
Total		1 290	186	1 476	2 017

	Notes	2006/07 R'000	2005/06 R'000
16.1 Advances received			
Plant breeders' rights		4	17
Drilling deposits		1	13
Citrus Growers' Association		838	1 033
Sports fees (GADI)		2	–
Total		845	1 063
16.2 Clearing accounts			
Salary: ABC recalls		2	5
Salary: Income tax		433	949
Salary: Pension fund		6	–
Salary: Reversal control		180	–
Total		621	954

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2007

					2006/07	2005/06
17. Payables – Noncurrent						
	Notes	**1 to 2 years**	**2 to 3 years**	**More than 3 years**	**Total**	**Total**
		R'000	**R'000**	**R'000**	**R'000**	**R'000**
Other payables	*17.1*	(661)	(1 221)	20 713	18 831	18 889
Total		(661)	(1 221)	20 713	18 831	18 889

		Notes	**2006/07 R'000**	**2005/06 R'000**
17.1	**Other payables**			
	Ncera Farms (Pty) Ltd		1	1
	Onderstepoort Biological Products (Pty) Ltd		1	1
	JS Pistorius Trust Fund		72	66
	Greenberg Trust Fund		32	30
	Abattoir Industry Fund		18 595	18 672
	SA AU Fund		130	119
	Total		18 831	18 889

	2006/07 R'000	**2005/06 R'000**
18. Net cash flow available from operating activities		
Net surplus/(deficit) as per Statement of Financial Performance	242 687	165 896
Add back noncash/cash movements not regarded as operating activities	(161 626)	(152 814)
(Increase)/decrease in receivables – current	1 946	2 151
(Increase)/decrease in prepayments and advances	(96 424)	(3 530)
(Increase)/decrease in other current assets	663	–
Increase/(decrease) in payables – current	(541)	(257)
Proceeds from sale of capital assets	(211)	(208)
Expenditure on capital assets	59 823	56 564
Surrenders to Revenue Fund	(98 882)	(145 203)
Voted funds not requested/not received	(28 000)	(62 331)
Net cash flow generated by operating activities	81 061	13 082

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2007

	2006/07 R'000	2005/06 R'000
19. Reconciliation of cash and cash equivalents for cash flow purposes		
Consolidated Paymaster-General Account	41 294	22 974
Cash receipts	33	230
Cash on hand	131	159
Cash with commercial banks (local)	32	31
Total	41 490	23 394

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

		Notes	2006/07 R'000	2005/06 R'000
20. Contingent liabilities				
Liable to	**Nature**			
Housing loan guarantees	Employees	*Annex 3A*	1 925	2 440
Other guarantees		*Annex 3A*	1 594 663	94 791
Other departments (interdepartmental unconfirmed balances)		*Annex 5*	505	23 382
Other		*Annex 3B*	45	31
Total			1 597 138	120 644
Other guarantees include R1,5 billion to the Land Bank for recapitalisation purposes				
21. Commitments				
Current expenditure				
Approved and contracted			46 599	36 742
Subtotal			46 599	36 742
Capital expenditure				
Approved and contracted			225	5 271
Subtotal			225	5 271
Total commitments			46 824	42 013

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2007

22. Accruals

Listed by economic classification	30 days	30+ days	Total	Total
	R'000	R'000	R'000	R'000
Goods and services	312	1 180	1 492	376
Machinery and equipment	25	–	25	115
Total	337	1 180	1 517	491

	Notes	2006/07 R'000	2005/06 R'000
Listed by programme level			
Administration		67	181
Livelihoods, Economics and Business Development		96	55
Bio-security and Disaster Management		1 298	97
Production and Resources Management		43	126
Sector Services and Partnerships		13	32
Total		1 517	491
Confirmed balances with other departments	*Annex 5*	10	–
Total		10	–

23. Employee benefits

	2006/07 R'000	2005/06 R'000
Leave entitlement	37 857	37 841
Thirteenth cheque	11 184	9 764
Performance awards	13 754	11 346
Total	62 795	58 951

24. Lease commitments

24.1 Finance leases

2006/2007	Land	Buildings and other fixed structures	Machinery and equipment	2006/07 Total	2005/06 Total
	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	–	–	1 560	1 560	1 684
Later than 1 year and not later than 5 years	–	–	760	760	1 030
Total present value of lease liabilities	–	–	2 320	2 320	2 714

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DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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			Notes	2006/07 R'000	2005/06 R'000
25.	**Irregular expenditure**				
	25.1	**Reconciliation of irregular expenditure**			
		Opening balance		6 617	3 903
		Irregular expendit ure – current year		–	2 714
		Less: Amounts condoned		6 617	–
		Current expenditure		6 617	–
		Irregular expenditure awaiting condonement		–	6 617
		Analysis of awaiting condonement per classification			
		Current expenditure		–	6 617
		Analysis of awaiting condonement per classification			
		Current		–	2 714
		Prior years		–	3 903
		Total		–	6 617
	25.2	**Irregular expenditure**			
		Incident	**Disciplinary steps taken/ criminal proceedings**		
		No losses resulted in expenditure		–	6 617
		Total		–	6 617
26.	**Key management personnel**				
			No. of individuals		
		Political office bearer: Minister	1	985	1 010
		Officials: Level 14	11	6 594	3 667
		Levels 15 and 16	7	7 675	2 325
		Total		15 254	7 002
27.	**Provisions**				
		Potential irrecoverable debts			
		Other debtors		1 814	2 768
		Claims recoverable		–	198
		Subtotal		1 814	2 966
		Total		1 814	2 966

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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28. TANGIBLE CAPITAL ASSETS

28.1 Movement in tangible capital assets per asset register for the year ended 31 March 2007

	Opening balance	Current year adjust-ments to prior year balances	Additions	Disposals	Closing balance
	Cost	Cost	Cost	Cost	Cost
	R'000	R'000	R'000	R'000	R'000
BUILDING AND OTHER FIXED STRUCTURES	**767**	**67**	**23 616**	**16 511**	**7 939**
Dwellings	645	76	6 927	33	7 615
Nonresidential buildings	122	(9)	211	–	324
Other fixed structures	–	–	16 478	16 478	–
MACHINERY AND EQUIPMENT	**138 516**	**7 529**	**45 941**	**10 819**	**181 167**
Transport assets	40 274	433	11 851	4 699	47 859
Specialised military assets	22	12	28	–	62
Computer equipment	44 654	(7 149)	15 842	2 719	50 628
Furniture and office equipment	7 103	(352)	3 303	594	9 460
Other machinery and equipment	46 463	14 585	14 917	2 807	73 158
CULTIVATED AND BIOLOGICAL ASSETS	**165**	**–**	**79**	**65**	**179**
Cultivated assets	165	–	79	65	179
Total tangible assets	**139 448**	**7 596**	**69 636**	**27 395**	**189 285**

The finance lease assets with a net present value of R2,320 million are not included in the total of tangible assets above

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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28.2 Additions to tangible capital assets per asset register for the year ended 31 March 2007

	Cash	Noncash	Capital work in progress current costs	Received current, not paid (Paid current year, received prior year)	Total
	Cost	Fair value	Cost	Cost	Cost
	R'000	R'000	R'000	R'000	R'000
BUILDING AND OTHER FIXED STRUCTURES	**23 427**	**225**	**–**	**(36)**	**23 616**
Dwellings	6 750	213	–	(36)	6 927
Non-residential buildings	199	12	–	–	211
Other fixed structures	16 478	–	–	–	16 478
MACHINERY AND EQUIPMENT	**34 592**	**11 325**	**–**	**24**	**45 941**
Transport assets	6 696	5 198	–	(43)	11 851
Specialised military assets	8	20	–	–	28
Computer equipment	13 984	1 818	–	40	15 842
Furniture and office equipment	2 856	420	–	27	3 303
Other machinery and equipment	11 048	3 869	–	–	14 917
CULTIVATED AND BIOLOGICAL ASSETS	**79**	**–**	**–**	**–**	**79**
Cultivated assets	79	–	–	–	79
Total	**58 098**	**11 550**	**–**	**(12)**	**69 636**

28.3 Disposals of tangible capital assets per asset register for the year ended 31 March 2007

	Sold (cash)	Noncash	Total cost	Cash received actual
	Cost	Fair Value	Cost	Cost
	R'000	R'000	R'000	R'000
BUILDING AND OTHER FIXED STRUCTURES	**14**	**16 497**	**16 511**	**–**
Dwellings	14	19	33	–
Other fixed structures	–	16 478	16 478	–
MACHINERY AND EQUIPMENT	**625**	**10 194**	**10 819**	**211**
Transport assets	304	4 395	4 699	168
Computer equipment	154	2 565	2 719	1
Furniture and office equipment	50	544	594	–
Other machinery and equipment	117	2 690	2 807	42
CULTIVATED AND BIOLOGICAL ASSETS	**–**	**65**	**65**	**–**
Cultivated assets	–	65	65	–
Total	**639**	**26 756**	**27 395**	**211**

28.4 Movement in tangible capital assets per asset register for the year ended 31 March 2006

	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
BUILDING AND OTHER FIXED STRUCTURES	**837**	**17 887**	**17 957**	**767**
Dwellings	827	39	221	645
Nonresidential buildings	10	17 848	17 736	122
MACHINERY AND EQUIPMENT	**121 029**	**49 356**	**31 869**	**138 516**
Transport assets	32 564	12 768	5 058	40 274
Specialised military assets	34	–	12	22
Computer equipment	37 959	9 728	3 033	44 654
Furniture and office equipment	4 295	3 107	299	7 103
Other machinery and equipment	46 177	23 753	23 467	46 463
CULTIVATED AND BIOLOGICAL ASSETS	**169**	**22**	**26**	**165**
Cultivated assets	169	22	26	165
Total tangible assets	**122 035**	**67 265**	**49 852**	**139 448**

29. INTANGIBLE CAPITAL ASSETS

29.1 Movement in intangible capital assets per asset register for the year ended 31 March 2007

	Opening balance	Current year adjust-ments to prior year balances	Additions	Disposals	Closing balance
	Cost	Cost	Cost	Cost	Cost
	R'000	R'000	R'000	R'000	R'000
Computer software	830	(164)	1 420	–	2 086
Patents, licences, copyright, brand names, trademarks	2 454	(91)	294	15	2 642
Total intangible assets	**3 284**	**(255)**	**1 714**	**15**	**4 728**

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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29.2 Additions to intangible capital assets per asset register for the year ended 31 March 2007

	Cash	Noncash	Development work in progress – current costs	Received current year, not paid (paid current year, received prior year)	Total
	Cost	Fair Value	Cost	Cost	Cost
	R'000	R'000	R'000	R'000	R'000
Computer software	1 411	9	–	–	1 420
Patents, licences, copyright, brand names, trademarks	314	–	–	(20)	294
Total	**1 725**	**9**	**–**	**(20)**	**1 714**

29.3 Disposals of intangible capital assets PE asset register for the year ended 31 March 2006

	Sold	Noncash	Total cost	Cash received actual
	R'000	R'000	R'000	R'000
Patents, licences, copyright, brand names, trademarks	–	15	15	–
Total	**–**	**15**	**15**	**–**

29.4 Movement in intangible capital assets per asset register for the year ended 31 March 2006

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

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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
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ANNEXURE 1C

STATEMENT OF CONDITIONAL GRANTS PAID TO PROVINCES

Name of province/grant	Grant allocation				Transfer		Spent			2005/06
	Division of Revenue Act	Roll-overs	Adjust-ments	Total available	Actual transfer	% of avail-able funds transferred	Amount received by department	Amount spent by department	% of avail-able funds spent by department	Division of Revenue Act
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
Comprehensive Agricultural Support Programme										
Eastern Cape Province	57 061	–	–	57 061	57 061	100,0	57 061	20 100	35,2	47 552
Free State Province	25 306	–	–	25 306	25 306	100,0	25 306	20 727	81,9	21 088
Gauteng Province	6 873	–	–	6 873	6 873	100,0	6 873	6 479	94,3	5 727
KwaZulu-Natal Province	55 524	–	–	55 524	55 524	100,0	55 524	20 100	36,2	46 270
Limpopo Province	50 143	–	–	50 143	50 143	100,0	50 143	41 708	83,1	41 786
Mpumalanga Province	28 355	–	–	28 355	28 355	100,0	28 355	15 186	53,5	23 629
Northern Cape Province	15 777	–	–	15 777	15 777	100,0	15 777	17 005	107,7	13 148
North West Province	40 313	–	–	40 313	40 313	100,0	40 313	68 108	168,9	33 594
Western Cape Province	20 648	–	–	20 648	20 648	100,0	20 648	12 799	62,0	17 206
Subtotal	**300 000**	**–**	**–**	**300 000**	**300 000**	**100,0**	**300 000**	**222 212**	**80,3**	**250 000**
Infrastructure development and poverty relief (LandCare)										
Eastern Cape Province	11 050	–	–	11 050	11 050	100,0	11 050	3 978	36,0	8 000
Free State Province	3 900	–	–	3 900	3 900	100,0	3 900	2 901	74,3	2 000
Gauteng Province	3 450	–	–	3 450	3 450	100,0	3 450	3 211	93,0	2 000
KwaZulu-Natal Province	10 355	–	–	10 355	10 355	100,0	10 355	3 978	38,4	8 000
Limpopo Province	7 950	–	–	7 950	7 950	100,0	7 950	6 958	87,5	5 000
Mpumalanga Province	4 350	–	–	4 350	4 350	100,0	4 350	3 118	71,7	5 500
Northern Cape Province	6 150	–	–	6 150	6 150	100,0	6 150	7 402	120,3	2 000

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ANNEXURE 1C (*cont.*)

STATEMENT OF CONDITIONAL GRANT PAID TO PROVINCES

Name of province/grant	Grant allocation				Transfer		Spent			2005/06
	Division of Revenue Act	Roll-overs	Adjust-ments	Total available	Actual transfer	% of avail-able funds transferred	Amount received by department	Amount spent by department	% of avail-able funds spent by department	Division of Revenue Act
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
Infrastructure development and poverty relief (LandCare) (*cont.*)										
North West Province	4 800	–	–	4 800	4 800	100,0	4 800	3 923	81,7	5 000
Western Cape Province	3 730	–	–	3 730	3 730	100,0	3 730	2 640	70,7	2 500
Subtotal	**55 735**	**–**	**–**	**55 735**	**55 735**	**100,0**	**55 735**	**38 109**	**74,8**	**40 000**
Disaster management (drought relief)										
Eastern Cape Province	–	–	–	–	–	–	–	–	–	10 000
Free State Province	–	–	–	–	–	–	–	–	–	16 000
KwaZulu-Natal Province	–	–	–	–	–	–	–	–	–	5 000
Limpopo Province	–	–	–	–	–	–	–	–	–	20 000
Mpumalanga Province	–	–	–	–	–	–	–	–	–	15 000
Northern Cape Province	–	–	–	–	–	–	–	–	–	20 000
North West Province	–	–	–	–	–	–	–	–	–	16 000
Western Cape Province	–	–	–	–	–	–	–	–	–	18 000
Subtotal	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**120 000**
Disaster management (flood disaster)										
Eastern Cape Province	12 403	–	–	12 403	12 403	100,0	12 403	12 403	100,0	–
Western Cape Province	33 000	–	–	33 000	33 000	100,0	33 000	33 000	100,0	–
Subtotal	**45 403**	**–**	**–**	**45 403**	**45 403**	**100,0**	**45 403**	**45 403**	**100,0**	**–**
Total	**401 138**	**–**	**–**	**401 138**	**401 138**	**100,0**	**401 138**	**305 724**	**100,0**	**410 000**

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ANNEXURE 1F

STATEMENT OF UNCONDITIONAL GRANTS AND TRANSFERS TO MUNICIPALITIES

Type of grant	Grant allocation				Transfer		Spent			2005/06
	Amount	Roll-overs	Adjust-ments	Total available	Actual transfer	% of avail-able funds transferred	Amount received by municipality	Amount spent by municipality	% of avail-able funds spent by municipality	Total available
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
Regional Services Council Levies	403	–	27	430	262	60,9	–	–	–	992
Vehicle licences Municipalities	345	–	24	369	362	98,1	–	–	–	298
Vehicle licences provincial departments	–	–	40	40	40	100,0	–	–	–	42
Total	**748**	**–**	**91**	**839**	**664**	**79,2**	**–**	**–**	**–**	**1 332**

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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
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ANNEXURE 1G

STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

Departmental agency and account	Transfer allocation				Transfer		2005/06
	Adjusted Appropriation Act	Roll-overs	Adjustments	Total available	Actual transfer	% of available funds transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
National Agricultural Marketing Council	12 710	–	–	12 710	12 710	100,0	13 961
Agricultural Research Council	498 390	–	10 000	508 390	508 390	100,0	360 902
Water Research Commission	2 250	–	–	2 250	2 250	100,0	2 128
National Student Financial Aid Scheme	8 300	–	–	8 300	8 300	100,0	8 300
Public Service Education and Training Authority	470	–	–	470	470	100,0	420
Perishable Products Export Control Board	600	–	–	600	600	100,0	–
South African Management Development Institution	70	–	–	70	70	100,0	–
Total	**522 790**	**–**	**10 000**	**532 790**	**532 790**	**100,0**	**385 711**

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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
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ANNEXURE 1I

STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

Name of public corporation/ private enterprise	Transfer allocation				Expenditure				2005/06
	Adjusted Appropriation Act	Roll-overs	Adjustments	Total available	Actual transfer	% of available funds transferred	Capital	Current	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Public corporations									
Eskom	–	–	–	–	–	–	–	–	38
Ncera Farms (Pty) Ltd	2 177	–	–	2 177	2 177	100,0	–	–	2 377
Red Meat Industry Forum	–	–	–	–	–	–	–	–	1
Land and Agricultural Bank of SA	243 000	–	–	243 000	243 000	100,0	–	–	144 000
Independent Development Trust	–	–	5 000	5 000	–	–	–	–	–
Subtotal	**245 177**	**–**	**5 000**	**250 177**	**245 177**	**100,0**	**–**	**–**	**146 416**
Private enterprises									
Claims against the State	–	–	315	315	305	96,8	–	–	420
Nonlife insurance premiums	49	–	–	49	–	–	–	–	45
Subtotal	**49**	**–**	**315**	**364**	**305**	**96,8**	**–**	**–**	**465**
Total	**245 226**	**–**	**5 315**	**250 541**	**245 482**	**98,0**	**–**	**–**	**146 881**

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ANNEXURE 1J

STATEMENT OF TRANSFERS TO FOREIGN GOVERNMENT AND INTERNATIONAL ORGANISATIONS

Foreign government/international organisation	Transfer allocation				Expenditure		2005/06
	Adjusted Appropriation Act	Roll-overs	Adjustments	Total available	Actual transfer	% of available funds transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers							
Office International des Epizooties	706	–	–	706	703	99,6	530
International Seed Testing Association	56	–	(13)	43	42	97,7	28
Organisation for Economic Co-operation and Development	96	–	35	131	72	55,0	65
International Union for the Protection of New Varieties of Plants	283	–	38	321	321	100,0	257
International Grains Council	133	–	–	133	129	97,0	117
Office International de la Vigne et du Vin	456	–	–	456	456	100,0	375
Food and Agricultural Organization of the United Nations	10 122	–	(65)	10 057	7 924	78,8	10 203
International Commission of Agricultural Engineering	53	–	–	53	–	–	–
Consultative Group on International Agricultural Research	3 209	–	–	3 209	–	–	3 094
Commonwealth Agricultural Bureau International	207	–	–	207	142	68,6	246
International Dairy Federation	25	–	5	30	30	100,0	–
International Cotton Advisory Council	149	–	–	149	149	100,0	137
Foreign rates and taxes	151	–	–	151	6	4,0	22
World Food Programme	–	–	–	–	–	–	140 000
Total	**15 646**	**–**	**–**	**15 646**	**9 974**	**63,7**	**155 074**

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ANNEXURE 1K

STATEMENT OF TRANSFERS TO NON-PROFIT INSTITUTIONS

Nonprofit institutions	Transfer allocation				Expenditure		2005/06
	Adjusted Appropriation Act	Roll-overs	Adjustments	Total available	Actual transfer	% of available funds transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers							
National Red Meat Producers' Organisation	–	–	–	–	–	–	300
Fruit Industry	–	–	–	–	–	–	179
Poultry Industry	–	–	–	–	–	–	300
Co-operative Development Initiative	324	–	–	324	324	100,0	–
Grain Industry Project Management	300	–	–	300	–	–	–
Cotton Industry	500	–	–	500	–	–	–
Grassland Society	10	–	–	10	10	100,0	–
SA Pork Producers' Organisation	65	–	–	65	65	100,0	–
Milk Producers' Organisation	40	–	–	40	40	100,0	–
Agricultural Economists of SA	14	–	–	14	14	100,0	–
Co-operatives Development Initiative	212	–	–	212	211	99,5	–
North West African Farmers' Union	1 000	–	–	1 000	–	–	–
Eastern Cape Commodity Organisation	500	–	–	500	–	–	–
Farmer Development Trust	–	–	1 000	1 000	1 000	100,0	–
National African Farmers' Union	–	–	1 000	1 000	1 000	100,0	–
Sterile Insect Technique	–	–	4 000	4 000	4 000	100,0	–
Food and Trees for Africa	–	–	1 000	1 000	1 000	100,0	–
Total	**2 965**	**–**	**7 000**	**9 965**	**7 664**	**76,9**	**779**

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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
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ANNEXURE 1L

STATEMENT OF TRANSFERS TO HOUSEHOLDS

Households	Transfer allocation				Expenditure		2005/06
	Adjusted Appropriation Act	Roll-overs	Adjustments	Total available	Actual transfer	% of available funds transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Porcine Respiratory and Reproductive Syndrome	–	–	–	–	–	–	2 985
Avian influenza	12 565	–	(28)	12 537	12 467	99,4	4 930
Social benefits	1 926	–	141	2 067	1 701	82,3	1 344
Classical swine fever	148 310	–	–	148 310	59 624	40,2	25 366
Claims against the State	150	–	350	500	500	100,0	–
Broad-based Black Economic Empowerment Programme for Agriculture (AgriBEE)	20 000	–	–	20 000	20 000	100,0	–
Women in Agriculture and Rural Development	1 000	–	–	1 000	–	–	–
Foot-and-mouth disease KwaZulu-Natal	–	–	28	28	27	96,4	–
Total	**183 951**	**–**	**491**	**184 442**	**94 319**	**51,1**	**34 625**

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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
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ANNEXURE 1M

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED

Name of organisation	Nature of gift, donation or sponsorship	2006/07 R'000	2005/06 R'000
Received in cash			
Land Bank	Female Farmer of the Year Awards 2005	–	300
Subtotal		**–**	**300**
Received in kind			
SADC	Agricultural Research and Training (ICART) Project Stakeholder Assembly from 13 to 15 September 2006	15	–
FARA	Contribution to attend FARA meetings	149	
Various	Casual Day 2006	2	–
Total SA/ABSA AgriBusiness/Onderstepoort Biological Products Ltd/Farmers' Weekly/Land Bank	Contribution to the Female Farmer of the Year Awards 2006	2 353	–
Several gifts and donations	Department's annual team building day	98	215
Mitzakho Business Enterprise	Directorate Agricultural Information Service Team Building Day	1	–
Nestlé and SITA	Invitation to attend Sun City Golf Challenge	1	–
SADC/UNDP	Donations of inventory items to the Directorate Animal and Aquaculture Production*	–	–
SADC	Contribution to attend a course on quantitative risk analysis	–	6
Aqua Master South Africa (Pty) Ltd	Water conditioner for irrigation purposes	–	26
International Livestock Research Institute	Allowance to attend a meeting at the ILRI Headquarters in Nairobi, Kenya	–	16
FAO	Commemoration of World Food Day in the Northern Cape	–	10
TRALAC	Workshop	–	5
German Government	Attending the 3rd International Expert Congress for Biofuels in Berlyn, Germany	–	10
Subtotal		**2 619**	**288**
Total		**2 619**	**588**

* The value of the donation can not be calculated.

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ANNEXURE 1M (*cont.*)

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED

Name of organisation	Nature of gift, donation or sponsorship	2005/06 R'000	2004/05 R'000
Received in cash			
Land Bank	Female Farmer of the Year Award 2005	300	–
Subtotal		**300**	**–**
Received in kind			
SADC	Allowance to attend a course on quantitative risk analysis	6	–
Aqua Mater South Africa (Pty) Ltd	Water conditioner for irrigation purposes	26	–
International Livestock Research Institute	Allowance to attend a meeting at the ILRI Headquarters in Nairobi, Kenya	16	–
FAO	Commemoration of World Food Day in the Northern Cape	10	–
TRALAC	Workshop	5	–
German Government	Attending the 3rd International Expert Congress for Biofuels in Berlyn Germany	10	–
Several gifts/donations	Departmental team building day	215	–
ABSA/Land Bank	Budget speech function	–	65
Australian Agency for International Development	Support of LandCare programme	–	999
Distell/South African Dried Fruit and South African Meat Industry Council	Gift basket used during the presidential inauguration ceremony	–	20
Several gifts/donations	Departmental 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 toward expenditure to attend forum meeting	–	3
Subtotal		**288**	**1 238**
Total		**588**	**1 238**

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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
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ANNEXURE 1N

STATEMENT OF LOCAL AND FOREIGN AID ASSISTANCE RECEIVED

Name of donor	Purpose	Opening balance	Revenue	Expenditure	Closing balance
		R'000	R'000	R'000	R'000
Received in cash					
European Union	Pesticides Initiative Programme	–	15 025	15 025	–
Total		**–**	**15 025**	**15 025**	**–**

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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
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ANNEXURE 1O

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE AND REMISSIONS, REFUNDS AND PAYMENTS MADE AS AN ACT OF GRACE FOR THE YEAR ENDED 31 MARCH 2007

Nature of gift, donation or sponsorship	R'000
Paid in cash	
Donation to the Grassland Society of Southern Africa for sponsorship of Congress 41	10
Sponsorship to support the School Milk Producers' Organisation hosting the 4th International Conference	40
Sponsorship to the SA Pork Producers' Organisation (SAPPO) to host the Genetic Improvement Symposium on Pigs of the annual congress of the SAPPO	65
Sponsorship to the President of AESA to attend the International Association of Agricultural Economists in Queensland, Australia	14
Donations to the Public Service Trainers' Conference	70
Total	**199**

DEPARTMENT OF AGRICULTURE
VOTE 25

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2007

ANNEXURE 2B

STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO ENTITIES AS AT 31 MARCH 2007

Name of public entity	Nature of business	Cost of investment		Net asset value of investment		Amounts owing to entities		Amounts owing by entities	
		R'000		R'000		R'000		R'000	
		2006/07	2005/06	2006/07	2005/06	2006/07	2005/06	2006/07	2005/06
Controlled entities									
Ncera Farms (Pty) Ltd	Farmer support and related activities in Kidd's Beach district	–	–	1	1	–	–	–	–
Onderstepoort Biological Products (Pty) Ltd	Manufacturing of vaccines and related products to animal care industries	–	–	1	1	–	–	–	–
Total		**–**	**–**	**2**	**2**	**–**	**–**	**–**	**–**

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2007

ANNEXURE 3A

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2007 – LOCAL

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2006	Guarantees draw downs during the year	Guarantees repayments/ cancelled/ reduced/ released during the year	Currency revalu-ations	Closing balance 31 March 2007	Guaranteed interest for year ended 31 March 2007	Realised losses not recoverable
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Standard Bank	Housing	687	460	101	201	–	360	–	–
Nedbank (Cape of Good Hope)	Housing	26	13	–	–	–	13	–	–
Nedbank Ltd	Housing	252	312	41	36	–	317	–	–
First Rand Bank FNB	Housing	425	276	–	143	–	133	–	–
Nedbank (including BOE Bank)	Housing	59	19	–	–	–	19	–	–
ABSA	Housing	1 239	732	5	253	–	484	–	–
Old Mutual Bank	Housing	17	36	–	27	–	9	–	–
People's Bank (FBC FID)	Housing	84	35	–	–	–	35	–	–
Nedbank Ltd (NBS)	Housing	216	71	15	–	–	86	–	–
FNB (formerly Saambou)	Housing	521	158	30	–	–	188	–	–
Old Mutual Bank (Ned/Perm)	Housing	454	299	27	87	–	239	–	–
United Bank	Housing	12	12	–	–	–	12	–	–
Green Star Home Loans	Housing	17	17	–	–	–	17	–	–
Unique Finance	Housing	13	–	13	–	–	13	–	–
Subtotal		**4 022**	**2 440**	**232**	**747**	**–**	**1 925**	**–**	**–**
	Other								
Land Bank	Grain silo loans	200 000	2 063	–	128	–	1 935	–	–
Land Bank	Consolidation of debt	100 000	92 728	–	–	–	92 728	–	–
Land Bank	Recapitalisation	1 500 000	–	1 500 000	–	–	1 500 000	–	–
Subtotal		**1 800 000**	**94 791**	**1 500 000**	**128**	**–**	**1 594 663**	**–**	**–**
Total		**1 804 022**	**97 231**	**1 500 232**	**875**	**–**	**1 596 588**	**–**	**–**

DEPARTMENT OF AGRICULTURE
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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2007

ANNEXURE 3B

STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2007

Nature of liability	Opening balance 1 April 2006	Liabilities incurred during the year	Liabilities paid/cancelled/ reduced during the year	Liabilities recoverable	Closing balance 31 March 2007
	R'000	R'000	R'000	R'000	R'000
Other	31	30	16	–	45
Total	**31**	**30**	**16**	**–**	**45**

Nature of liabilities recoverable	Opening balance 1 April 2006	Details of liability and recoverability	Movement during year	Closing balance 31 March 2007
	R'000		R'000	R'000
Ex gratia	7	Claim: Loss of private clothing. Awaiting State Attorney comment	–	7
Vehicle collisions: Compensation	24	Claims – Motor vehicle accidents still under investigation	14	38
Total	**31**		**14**	**45**

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2007

ANNEXURE 4

INTER-GOVERNMENT RECEIVABLES

Government entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31 March 2007	31 March 2006	31 March 2007	31 March 2006	31 March 2007	31 March 2006
	R'000	R'000	R'000	R'000	R'000	R'000
Department						
Department of Foreign Affairs	45	–	–	17	45	17
Department of Minerals and Energy	–	–	6	3	6	3
Department of Provincial and Local Government	–	1	–	–	–	1
Department of Trade and Industry	–	–	1	244	1	244
Department of Justice and Constitutional Development	–	–	18	1	18	1
Department of Health	–	–	11	30	11	30
National Prosecuting Authority	–	3	–	–	–	3
National Intelligence Agency	–	–	8	–	8	–
Department of Public Works	–	–	36	459	36	459
Department of Land Affairs	–	–	3 489	1 263	3 489	1 263
Department of Home Affairs	–	–	–	26	–	26
Department of Water Affairs and Forestry	–	26	–	57	–	83
SAMDI	1	–	–	1	1	1
The Presidency	–	–	–	14	–	14
Department of Labour	–	–	8	2	8	2
Government Communication and Information Systems	–	–	11	–	11	–
Department of Social Development	–	–	6	–	6	–
Department of Education	–	–	1	–	1	–
Department of Environmental Affairs and Tourism	3	–	–	–	3	–

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2007

ANNEXURE 4 (*cont.*)

INTER-GOVERNMENT RECEIVABLES

Government entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31 March 2007	31 March 2006	31 March 2007	31 March 2006	31 March 2007	31 March 2006
	R'000	R'000	R'000	R'000	R'000	R'000
Provincial department						
Gauteng Province	13	–	87	26	100	26
Eastern Cape Province	–	–	208	–	208	–
Mpumalanga Province	–	–	–	64	–	64
North West Province	–	–	–	205	–	205
Limpopo Province	–	–	68	81	68	81
KwaZulu-Natal Province	–	–	–	11	–	11
Free State Province	–	–	–	25	–	25
Northern Cape Province	–	–	9	21	9	21
Western Cape Province	–	–	–	14	–	14
Subtotal	**62**	**30**	**3 967**	**2 564**	**4 029**	**2 594**
Other Government entities						
Agricultural Research Council	1	–	2	–	3	–
Subtotal	**1**	**–**	**2**	**–**	**3**	**–**
Total	**63**	**30**	**3 969**	**2 564**	**4 032**	**2 594**

DEPARTMENT OF AGRICULTURE
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ANNEXURE TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2007

ANNEXURE 5

INTERGOVERNMENT PAYABLES

Government entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31 March 2007	31 March 2006	31 March 2007	31 March 2006	31 March 2007	31 March 2006
	R'000	R'000	R'000	R'000	R'000	R'000
DEPARTMENTS						
Current						
National departments						
South African Police Service	–	–	–	87	–	87
Department of Justice and Constitutional Development	–	–	4	80	4	80
Department of Correctional Services	–	–	–	1 206	–	1 206
Department of Arts and Culture	–	–	–	130	–	130
Department of Foreign Affairs	–	–	–	2 093	–	2 093
SAMDI	–	–	–	87	–	87
SITA	–	–	–	380	–	380
Provincial departments						
Gauteng Province						
Department of Public Transport, Roads and Works	–	–	–	1 047	–	1 047
Health	10	–	–	–	10	–
Western Cape Province						
Department of Transport and Public Works	–	–	–	44	–	44
Eastern Cape Province						
Department of Agriculture	–	–	–	18 228	–	18 228
Free State Province						
Department of Agriculture	–	–	501	–	501	–
Total	**10**	**–**	**505**	**23 382**	**515**	**23 382**

AGRICULTURAL DEBT ACCOUNT

BALANCE SHEET
for the year ended 31 March 2007

	Notes	2006/07 R'000	2005/06 R'000
ASSET			
Noncurrent assets			
Trade and other receivables	*1*	71 064	87 342
Current assets		**1 073 022**	**1 244 785**
Trade and other receivables	*1*	196 530	218 286
Cash and cash equivalents	*2*	876 492	1 026 499
Total assets		**1 144 086**	**1 332 127**
EQUITY AND LIABILITIES			
Equity			
Accumulated funds		1 143 853	1 331 971
Current liabilities			
Trade and other payables	*3*	233	156
Total equity and liabilities		**1 144 086**	**1 332 127**

AGRICULTURAL DEBT ACCOUNT

INCOME STATEMENT
for the year ended 31 March 2007

	Notes	2006/07 R'000	2005/06 R'000
Revenue	*4*	24 615	43 304
Other income		–	378
Operating costs	*5*	14 659	137 899
Operating profit/(loss)		9 956	(94 217)
Interest on current account		1 926	1 748
Profit/(loss) for the year		**11 882**	**(92 469)**

AGRICULTURAL DEBT ACCOUNT

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 March 2007

	Notes	Accumulated funds 2006/07 R'000
Opening balance on 1 April 2005 as previously reported		1 616 987
Change in accounting policy	*6*	(42 547)
Restated opening balance on 1 April 2005		1 574 440
Restated loss for the year	*7*	(92 469)
Funds transferred to the National Revenue Fund	*8*	(150 000)
Balance at 31 March 2006		1 331 971
Profit for the year		11 882
Funds transferred to the National Revenue Fund	*8*	(200 000)
Closing balance at 31 March 2007		**1 143 853**

CASH FLOW STATEMENT
for the year ended 31 March 2007

	Notes	2006/07 R'000	2005/06 R'000
Cash flows utilised from operating activities			
Cash generated from operations	*9*	(151 933)	(80 758)
Interest received		1 926	1 748
Net cash flow utilised from operating activities		**(150 007)**	**(79 010)**
Net decrease in cash and cash equivalents		(150 007)	(79 010)
Cash and cash equivalents at beginning of year		1 026 499	1 105 509
Cash and cash equivalents at end of year	*2*	**876 492**	**1 026 499**

ACCOUNTING POLICIES
for the year ended 31 March 2007

The principal accounting policies applied in the preparation of these annual financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

1. BASIS OF PRESENTATION

The financial statements are prepared in accordance with and comply with Statements of Generally Accepted Accounting Practice in South Africa ("SA GAAP"). The financial statements are prepared under the historical cost convention.

The preparation of financial statements in conformity with SA GAAP requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the entity's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 2.

Standards that are not yet effective and have not been early adopted by the entity

The following standard has been published that is mandatory for the entity's accounting periods beginning on or after 1 January 2007 that the entity has not early adopted:

- IFRS 7, Financial Instruments: Disclosures. The impact of the proposed disclosure enhancements cannot be determined at the reporting date.

2. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of financial statements in conformity with SA GAAP requires the use of certain critical accounting estimates. Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, rarely equate the related actual results. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed below:

2.1 Effective interest rate

The interest rate as charged by the Land and Agricultural Bank of South Africa for similar loans has been regarded to be the market related interest rate for purposes of initial recognition of trade receivables and for purposes of discounting future cash flows.

2.2 Impairment of trade and other receivables

The Account follows the guidance of IAS 39 (AC 133): Financial instruments: Recognition and Measurement, to determine when trade and other receivables are impaired. This determination requires significant judgment. In making this judgment, the department evaluates, among other factors, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, debtors whose outstanding interest is 'in duplum' and default or delinquency in payments.

ACCOUNTING POLICIES
for the year ended 31 March 2007

3. FINANCIAL ASSETS

The Account classifies its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

Trade and other receivables

Trade and other receivables are nonderivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as noncurrent assets.

4. TRADE RECEIVABLES

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the entity will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, debtors whose outstanding interest is 'in duplum' and default or delinquency in payments, are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate less the fair value of pledged securities. The carrying amount of the asset is reduced through the use of a provision account, and the amount of the loss is recognised in the income statement within operating costs.

When a trade receivable is uncollectible, it is written off against the provision account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating costs in the income statement.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand and deposits held with financial institutions. For the purposes of the cash flow statement, cash and cash equivalents comprise cash in hand and deposits held with financial institutions.

6. TRADE PAYABLES

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

7. REVENUE RECOGNITION

Revenue comprises interest on loans to farmers. Investment income comprises interest on cash and cash equivalents.

ACCOUNTING POLICIES
for the year ended 31 March 2007

Interest

Interest is accrued on a time basis, by reference to the principal amount outstanding and the effective interest rate over the period to maturity. Interest is recognised in the income statement for all interest-bearing instruments on an accrual basis using the effective rate of interest method. Where financial assets have been impaired, interest continues to be recognised on the impaired value, based on the original effective interest rate. Interest includes the amortisation of any discount or premium or other differences between the initial carrying amount of an interest-bearing instrument and its amount at maturity calculated on an effective interest rate basis.

8. INCOME TAX EXPENSE

The Account is exempt from taxation in terms of section 10(1)(a) of the Income Tax Act, 1962 (Act No. 58 of 1962).

9. BOND PROTECTION

Costs relating to the purchase of immovable properties are expensed in terms of section 8(1)d of the Agricultural Debt Management Act, 2001 (Act No. 45 of 2001). Properties acquired in this way are transferred at no cost to the department. The remaining balance of the trade receivable is written off against the impairment account. The property thus transferred is administered by the department.

10. RELATED PARTIES

All transactions and balances with national Departments of Government are regarded to be transactions with related parties and disclosed separately in the notes to the financial statements.

11. COMPARATIVES

Where necessary, comparatives have been adjusted to conform to changes in presentation in the current year.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2007

	2006/07 R'000	2005/06 R'000
1. TRADE AND OTHER RECEIVABLES		
Noncurrent trade and other receivables	71 064	87 342
Noncurrent portion of loans to farmers	76 911	97 148
Provisions for impairment	(5 847)	(9 806)
Current trade and other receivables	196 530	218 286
Current portion of loans to farmers	343 538	392 831
Provision for impairment	(147 928)	(174 810)
Sundry debtors	173	173
Provision for impairment	(173)	(173)
Other receivables	920	265
Total trade and other receivables	267 594	305 628

Credit terms and sureties are negotiated with each debtor on merit and within the prevailing credit policy of the Department of Agriculture

Movements in the provision for impairment of loans to farmers and sundry debtors were as follows:

Opening balance	184 789	107 000
Charged to the income statement	(30 841)	77 789
Closing balance	153 948	184 789

2. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the cash flow statement comprise the following:

Deposit: Corporation for Public Deposits	875 854	1 022 853
Current account	638	3 646
	876 492	1 026 499

On instruction of the National Treasury, the entity did not earn any interest on the deposit with the Corporation for Public Deposits

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2007

	2006/07 R'000	2005/06 R'000
3. TRADE AND OTHER PAYABLES		
Trade payables	233	156
	233	156
4. REVENUE		
Interest income		
• Loans to farmers	24 615	43 304
5. OPERATING COSTS		
Administrative expenses	240	25
Amortised costs adjustment	3 210	474
Bond protection costs	1 422	–
Impairment of trade and other receivables	(30 841)	77 789
Irrecoverable amounts written off	40 628	59 611
	14 659	137 899

6. CHANGE IN ACCOUNTING POLICY

During the 2007 financial year the entity changed its accounting policy in respect of the measurement and recognition of loans and receivables and the associated revenue (interest) in order to comply with the prescriptions of IAS 39 (AC 133): Financial instruments: Recognition and Measurement. This change in accounting policy has been accounted for retrospectively. The comparatives have been restated. The effect of the change is indicated below:

Effect on periods prior to 2006	
Decrease in retained earnings – Fair-value adjustment	42 547
Decrease in trade and other receivables	(42 547)
Effect on 2006	
Increase in revenue	(22 309)
Increase in impairment of trade and other receivables	20 789
Decrease in trade and other receivables	(41 501)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2007

	2006/07 R'000	2005/06 R'000
7. RESTATEMENT OF LOSS FOR THE YEAR 2005/06		
Loss for the year as previously reported		629 256
Adjusted for:		
Increase revenue		(22 309)
Transfer to National Revenue Fund		
• Payment		(150 000)
• Accrued payment		(385 741)
Impairment of trade and other receivables		20 789
Amortised cost adjustment		474
Restated loss for the year		92 469

8. TRANSFER TO NATIONAL REVENUE FUND

In terms of a directive dated 15 March 2005 by the National Treasury an amount of R600 million is earmarked for transfer to the National Revenue Fund:

- Transferred in 2005/06: R150 million
- Transferred in 2006/07: R200 million
- Amount still to be transferred: R250 million

9. CASH GENERATED FROM OPERATIONS

Reconciliation of profit/(loss) to cash generated from operations:		
Net profit/(loss) for the year	11 882	(92 469)
Adjusted for:		
Interest income	(1 926)	(1 748)
Transfer to National Revenue Fund	(200 000)	(150 000)
Operating profit/(loss) before working capital changes	(190 044)	(244 217)
Changes in working capital:	38 111	163 459
Decrease in receivables and prepayments	38 033	163 617
Increase/(Decrease) in trade and other payables	78	(158)
Cash generated from operations	(151 933)	(80 758)

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2007

	2006/07 R'000	2005/06 R'000

10. RELATED PARTY TRANSACTIONS

The Account is controlled by the department.

All transactions occurred under terms that are no less favourable than those arranged with third parties.

The following transactions were carried out with the related party

10.1 Payment made

Transfer to the National Revenue Fund	200 000	150 000

10.2 Year end balances arising from sales/purchases of goods/services and investments

Deposit with the Corporation for Public Deposits	875 854	1 022 853

11. SUBSEQUENT EVENTS

No events were identified subsequent to balance sheet date, that could misstate, or affect the financial statements materially.

12. CONTINGENCIES

It is not anticipated that any material liabilities will arise from the contingent liabilities other than those provided for.

13. FINANCIAL RISK MANAGEMENT

13.1 Financial risk factors

The Account's activities expose it to credit risk and cash flow interest rate risk. The Account does not hedge its risk exposures. The Account is not exposed to any market or liquidity risks.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2007

(a) Credit risk

The Account has significant concentrations of credit risk. It has policies and procedures in place to ensure that current and noncurrent loans to farmers are monitored for its credit risk and collected in accordance with the contracts in force. No new loans are provided which reduce the Account's credit risk exposure as the loan book matures over time.

The gross debtors balance as disclosed in note 1 of R420 million best represents the Account's maximum credit risk exposure.

(b) Cash flow interest rate risk

The Account has significant interest-bearing assets, however, an insignificant amount of the Account's income and operating cash flows is dependent on changes in market interest rates. Consequently the Account does not analyse or manage its exposure to fluctuating market related interest rates as the impact thereof is not considered to be significant.

13.2 Fair value estimation

The nominal value less impairment provision of trade debtors is assumed to approximate their fair values.

5

Human resources management

Overview

During the period under review the vacancy rate of the department decreased from 25,6 % to 18 %. The Organisation Development Committee (ODC) was established to monitor the management of vacancies in the department, with a view to downscale the vacancy rate.

A total of 349 new staff members, including 8 Senior Management Service (SMS) members, were employed during the period under review and 183 employees were promoted to higher positions. A total of 233 officials left the service of the department (resignations, transfers, death, retirements, dismissals or discharged). The staff turnover rate for the period was 6,9 %.

The number of posts that were subjected to job evaluation was 254, resulting in the upgrading of salary levels of 68 posts and the downgrading of salary levels of 22 posts. The Job Evaluation Unit of the Directorate: Human Resources Management also played a lead role in the Interdepartmental Job Evaluation Co-ordination Committee for the agricultural public sector—in order to develop generic job descriptions for specific agricultural jobs identified and to ensure consistent grading of the levels for these jobs across the sector.

As far as labour relations are concerned, the department was able to resolve 76 % of the grievances lodged. A total of 22 disciplinary hearings were finalised and 7 disputes were settled.

During the 2006/07 performance cycle 37,9 % of employees below SMS level qualified for performance rewards.

Statistics

Statistical data, as set out on pages 163–196, is structured as follows:

1. Service delivery
2. Expenditure
3. Employment and vacancies
4. Job evaluation
5. Employment changes
6. Employment equity
7. Performance rewards
8. Foreign workers
9. Leave utilisation for the period 1 January to 31 December 2006
10. HIV/Aids and health promotion programmes
11. Labour relations
12. Skills development
13. Injury on duty
14. Utilisation of consultants

1. SERVICE DELIVERY

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

TABLE 1.1 – Main services provided and standards

Main services	Actual customers	Potential customers
1. Farmer-to-farmer Mentorship Programme	Land reform beneficiaries	Land reform beneficiaries
2. LandCare Programme	Land users	Land users
3. Commodity strategies	Industries across the value chain and the targeted designated groups	Industries across the value chain and the targeted designated groups
4. Issuing import permits (animals and animal products)	Producers, processors, traders and importers of animals and animal products	Producers, processors, traders and importers of animals and animal products
5. Mobilising farmers into self-help groups or co-operatives	Co-operatives, self-help groups, provincial departments of agriculture, local government, NGOs, organised agriculture and financial institutions	Co-operatives, self-help groups, provincial departments of agriculture, local government, NGOs, organised agriculture and financial institutions
6. Providing a Master Mentorship Programme	Agricultural commodity organisations and farmer unions	Agricultural commodity organisations and farmer unions

TABLE 1.2 – Consultation arrangements with customers

Type of arrangement	Actual customers	Potential customers
1. Service information available from all provincial departments of agriculture. Contact S. Modiselle, tel: 012 319 6716	Land reform beneficiaries	Land reform beneficiaries
2. Information on web: www.agis.agric.za/agisweb/landcare. Complaints mechanism: Director: Land Use and Soil Management, tel: 012 319 7685, fax: 012 319 7607	Land users	Land users
3. Information available from M. Moodley, tel: 012 319 8154, e-mail: MaligaM@nda.agric.za or J. Smit, tel: 012 319 8158, e-mail: JapieS@nda.agric.za	Industries across the value chain and the targeted designated groups	Industries across the value chain and the targeted designated groups
4. Information available at Delpen Building, Room G52, c/o Annie Botha Avenue and Union Street, Riviera, Pretoria. Application forms available from tel: 012 319 7514/7632 or web: www.nda.agric.za. Proof of payment to be faxed together with completed application forms to: 012 329 8292. Enquiries via e-mail: inal@nda.agric.za	Producers, processors, traders and importers of animals and animal products	Producers, processors, traders and importers of animals and animal products
5. Information available from B. Dlulane, tel: 012 319 3918 or D. Kekana, tel: 012 319 7917	Co-operatives, self-help groups, provincial departments of agriculture, local government, NGOs, organised agriculture, financial institutions	Co-operatives, self-help groups, provincial departments of agriculture, local government, NGOs, organised agriculture, financial institutions
6. Queries to be directed to Director: Education, Training and Extension Services, tel: 012 319 7028, e-mail: DETES@nda.agric.za	Agricultural commodity organisations and farmer unions	Agricultural commodity organisations and farmer unions

TABLE 1.3 – Service delivery access strategy

Access strategy
1. Service information available from all provincial departments of agriculture
2. Submission of project business plan to provinces
3. Information available from Department of Agriculture, Directorate: Business and Entrepreneurial Development, Business Development Unit, tel: 012 319 8154, e-mail: MaligaM@nda.agric.za
4. Information available at Delpen Building, Room G52, corner of Annie Botha Ave. and Union Street, Riviera, Pretoria. Application forms available from tel: 012 319 7514/7632 or web: www.nda.agric.za. Proof of payment to be faxed together with completed application forms to: 012 329 8292. Enquiries via e-mail: inal@nda.agric.za
5. The service can be accessed by calling through the nearest extension offices or community-based organisations in the local areas
6. Commodity organisations access information through the departmental website

TABLE 1.4 – Service information tool

Types of information tool
1. Service information available from provincial departments of agriculture
2. Web: www.agis.agric.za/agisweb/landcare
3. Information available from Department of Agriculture, Directorate: Business and Entrepreneurial Development, Business Development Unit, tel: 012 319 8154, e-mail: MaligaM@nda.agric.za
4. Delpen Building, Room G52, corner of Annie Botha Ave. and Union Street, Riviera, Pretoria. Application forms available from tel: 012 319 7514/7632 or web: www.nda.agric.za. Proof of payment to be faxed together with completed application forms to: 012 329 8292. Enquiries via e-mail: inal@nda.agric.za
5. Information available from web: www.nda.agric.za
6. Information on the service can be obtained from the Intranet, Internet and the service providers

2. EXPENDITURE

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

TABLE 2.1 – Personnel costs by programme, 2006/07

Programme	Total expenditure (R'000)	Personnel expenditure (R'000)	Training expenditure (R'000)	Professional and special services (R'000)	Personnel cost as % of total expenditure	Average personnel cost per employee (R'000)
1. Administration	227 029	95 029	3 931	9 165	42,1	36
2. Livelihoods, Economics and Business Development	680 562	50 934	1 946	18 105	7,5	19
3. Biosecurity and Disaster Management	217 244	75 046	1 564	11 851	34,5	29
4. Production and Resources Management	434 622	172 268	2 467	32 008	39,6	66
5. Sector Services and Partnerships	659 437	38 321	17 973	48 671	5,8	15
TOTAL	**2 218 894**	**431 598**	**27 881**	**119 800**	**19,5**	**165**

TABLE 2.2 – Personnel costs by salary bands, 2006/07

Salary band	Personnel expenditure (R'000)	% of total personnel costs	Average personnel cost per employee (R'000)
Lower skilled (Levels 1–2)	43 112	10,0	58
Skilled (Levels 3–5)	28 764	6,7	77
Highly skilled production (Levels 6–8)	143 760	33,3	150
Highly skilled supervision (Levels 9–12)	122 085	28,3	253
Senior management (Levels 13–16)	27 792	6,4	496
Contract (Levels 1–2)	25	–	–
Contract (Levels 3–5)	820	0,2	205
Contract (Levels 6–8)	1 729	0,4	91
Contract (Levels 9–12)	1 274	0,3	142
Contract (Levels 13–16)	2 734	0,6	391
Periodical remuneration	8 524	2,0	7
Abnormal appointments	51 216	11,9	*
TOTAL	**431 835**	**100,00**	**135**

* Owing to the disaster relief combating campaigns, the department had assistance from various bodies. However, it is not possible to establish the correct number of persons

The following tables provide a summary per programme (Table 2.3) and salary bands (Table 2.4), of expenditure incurred as a result of salaries, overtime, home 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 2.3 – Salaries, overtime, home owner's allowance (HOA) and medical assistance by programme, 2006/07

Programme	Salaries		Overtime		HOA		Medical assistance	
	Amount (R'000)	% of personnel cost	Amount (R'000)	% of personnel cost	Amount (R'000)	% of personnel cost	Amount (R'000)	As a % of personnel cost
1. Administration	65 512	68,8	1 338	1,4	1 442	1,5	4 530	4,8
2. Livelihoods, Economics and Business Development	35 482	69,7	0	0,0	531	1,0	1 922	3,8
3. Biosecurity and Disaster Management	47 815	63,7	294	0,4	932	1,2	3 119	4,2
4. Production and Resources Management	84 061	48,8	50 525	29,3	1 229	0,7	4 954	2,9
5. Sector Services and Partnerships	21 331	55,7	411	1,1	496	1,3	1 349	3,5
TOTAL	**254 201**	**58,9**	**52 568**	**12,2**	**4 630**	**1,1**	**15 874**	**3,7**

TABLE 2.4 – Salaries, overtime, home owner's allowance (HOA) and medical assistance by salary band, 2006/07

Salary band	Salaries		Overtime		HOA		Medical assistance	
	Amount (R'000)	% of personnel cost	Amount (R'000)	% of personnel cost	Amount (R'000)	% of personnel cost	Amount (R'000)	% of personnel cost
Lower skilled (Levels 1–2)	31 605	73,3	754	1,7	747	0,0	1 910	4,4
Skilled (Levels 3–5)	20 449	71,1	806	2,8	514	1,8	1 629	5,7
Highly skilled production (Levels 6–8)	97 376	56,0	3 320	2,3	1 666	1,2	7 231	5,0
Highly skilled supervision (Levels 9–12)	84 025	68,8	1 417	1,2	1 004	0,8	4 297	3,5
Senior management (Levels 13–16)	16 156	58,1	0	0,0	659	2,4	785	2,8
Contract (Levels 1–2)	19	76,0	0	0,0	0	0,0	0	0,0
Contract (Levels 3–5)	640	78,0	0	0,0	0	0,0	0	0,0
Contract (Levels 6–8)	1 333	77,1	0	0,0	0	0,0	0	0,0
Contract (Levels 9–12)	940	73,8	0	0,0	0	0,0	0	0,0
Contract (Levels 13–16)	1 658	60,6	0	0,0	40	1,5	22	0,8
Abnormal appointments	0	0,0	46 271	90,3	0	0,0	0	0,0
TOTAL	**254 201**	**58,9**	**52 568**	**12,2**	**4 630**	**1,1**	**15 874**	**3,7**

3. EMPLOYMENT AND VACANCIES

The following tables summarise the number of posts on the establishment, the number of employees, the vacancy rate, and whether there are any additional staff to the establishment. This information is presented in terms of three key variables: programme (Table 3.1), salary bands (Table 3.2) and critical occupations (Table 3.3). Departments have identified critical occupations that have to be monitored. Table 3.3 provides establishment and vacancy information for the key critical occupations of the department. The vacancy rate reflects the percentage of posts that are not filled.

TABLE 3.1 – Employment and vacancies by programme at 31 March 2007

Programme (permanent)	Number of posts	Number of posts filled	Vacancy rate %	Number of posts filled additional to establishment
1. Administration	762	638	16	10
2. Livelihoods, Economics and Business Development	285	236	17	2
3. Biosecurity and Disaster Management	1 121	960	14	3
4. Production and Resources Management	754	549	27	14
5. Sector Services and Partnerships	269	235	13	11
TOTAL	**3 191***	**2 618**	**18**	**40**

* Number of posts including Minister

TABLE 3.2 – Employment and vacancies by salary bands at 31 March 2007

Programme (permanent)	Number of posts	Number of posts filled	Vacancy rate %	Number of posts filled additional to establishment
Lower skilled (Levels 1–2)	811	737	9,1	0
Skilled (Levels 3–5)	513	390	24,0	4
Highly skilled production (Levels 6–8)	1127	912	19,1	23
Highly skilled supervision (Levels 9–12)	675	524	22,4	5
Senior management (Levels 13–16)	64	54	15,6	8
TOTAL	**3 190***	**2 617**	**18,0**	**40**

* Number of posts excluding Minister

TABLE 3.3 – Employment and vacancies by critical occupation at 31 March 2007

Critical occupation (permanent)	Number of posts	Number of posts filled	Vacancy rate %	Number of posts filled additional to establishment
Administrative related	125	98	21,6	5
Agricultural animal, oceanography, forestry and other science	134	111	17,2	0
Agriculture related	294	224	23,8	5
Aircraft pilots and related associates/professionals	1	1	0,0	0
All artisans in the building using metal, machinery, etc.	101	46	54,5	0
Appraisers-valuers and related professionals	19	16	15,8	3
Archivists, curators and related professionals	2	2	0,0	0
Artisan project and related superintendents	1	0	100,0	0
Auxiliary and related workers	80	75	6,3	0
Biochemistry, pharmacology, zoology and life science technicians	30	25	16,7	0
Building and other property caretakers	36	33	8,3	0
Bus and heavy vehicle drivers	7	4	42,9	0
Chemists	3	3	0,0	0
Civil engineering technicians	1	0	100,00	0
Cleaners in offices, workshops, hospitals, etc.	104	92	11,5	0
Client information clerks (switchboard, reception and information clerks)	8	7	12,5	0
Communication and information related	9	9	0,0	0
Computer programmers	1	1	0,0	0

TABLE 3.3 – *cont.*

Critical occupation (permanent)	Number of posts	Number of posts filled	Vacancy rate %	Number of posts filled additional to establishment
Computer system designers and analysts	9	4	55,6	1
Custodian personnel	1	1	0,0	0
Earth-moving and related plant operators	1	0	100,0	0
Economists	30	24	20,0	0
Engineering sciences related	3	2	33,3	0
Engineers and related professionals	23	14	39,1	0
Farmhands and labourers	218	190	12,8	0
Farming forestry advisors and farm managers	5	3	40,0	0
Finance and economics related	69	44	36,2	0
Financial and related professionals	27	22	18,5	0
Financial clerks and credit controllers	94	80	14,9	0
Food services aids and waiters	23	21	8,7	0
General legal administration and related professionals	1	1	0,0	0
Head of department/chief executive officer	1	1	0,0	0
Health sciences related	3	3	0,0	0
Horticulturists, foresters, agricultural and forestry technicians	149	127	14,8	0
Household and laundry workers	19	19	0,0	0
Human resources and organisational development and related professionals	26	18	30,8	2
Human resources clerks	50	44	12,0	0
Human resources related	13	10	23,1	0
Information technology related	2	2	0,0	0
Language practitioners, interpreters and other communicators	18	14	22,2	0
Legal related	6	4	33,3	0
Librarians and related professionals	1	1	0,0	0
Library mail and related clerks	69	67	2,9	0
Light vehicle drivers	8	7	12,5	0
Logistical support personnel	13	9	30,8	0
Material-recording and transport clerks	83	64	22,9	0
Mechanical engineering technicians	2	1	50,0	0
Messengers, porters and deliverers	62	62	0,0	1
Motor vehicle drivers	52	39	25,0	0

TABLE 3.3 – *cont.*

Critical occupation (permanent)	Number of posts	Number of posts filled	Vacancy rate %	Number of posts filled additional to establishment
Motorised farm and forestry plant operators	6	6	0,0	0
Nature conservation and oceanographically related technicians	57	53	7,0	0
Other administrative and related clerks and organisers	267	210	21,3	12
Other administrative policy and related officers	65	60	7,7	0
Other information technology personnel	4	3	25,0	0
Printing and related machine operators	9	8	11,1	0
Printing planners and production controllers	1	1	0,0	0
Rank: Minister	1	1	0,0	0
Regulatory inspectors	17	16	5,9	0
Risk management and security services	6	3	50,0	0
Road trade workers	20	16	20,0	0
Safety, health and quality inspectors	68	53	22,1	0
Secretaries and other keyboard operating clerks	82	64	22,0	2
Security guards	1	1	0,0	0
Security officers	58	49	15,5	0
Senior managers	59	48	18,6	0
Social sciences related	1	1	0,0	0
Statisticians and related professionals	22	20	9,1	0
Trade labourers	362	333	8,0	0
Veterinarians	43	22	48,8	1
Veterinary assistants	4	4	0,0	0
Water plant and related operators	1	1	0,0	0
TOTAL	**3 191***	**2 618**	**18,0**	**40**

* Number of posts including Minister

The information in each case reflects the situation as at 31 March 2007. For an indication of changes in staffing patterns over the year under review, please refer to *5. Employment changes*.

4. JOB EVALUATION

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 their organisation. In terms of the Regulations all vacancies on salary levels 9 and higher must

be evaluated before they are filled. This was complemented by a decision by the Minister for the Public Service and Administration that all SMS jobs must be evaluated before 31 December 2002.

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

TABLE 4.1 – Job evaluation, 1 April 2006 to 31 March 2007

Salary band	Number of posts	Number of jobs evaluated	% of posts evaluated by salary bands	Posts upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Lower skilled (Levels 1–2)	811	1	0,12	1	0,12	0	0,00
Skilled (Levels 3–5)	513	117	22,80	21	4,00	4	0,77
Highly skilled production (Levels 6–8)	1 127	91	8,00	37	3,28	17	1,50
Highly skilled supervision (Levels 9–12)	675	38	6,00	9	1,30	1	0,14
Senior Management Service Band A	43	3	7,00	0	0,00	0	0,00
Senior Management Service Band B	14	3	21,00	0	0,00	0	0,00
Senior Management Service Band C	6	1	17,00	0	0,00	0	0,00
Senior Management Service Band D	1	0	0,00	0	0,00	0	0,00
TOTAL	**3 190***	**254**	**7,96**	**68**	**2,13**	**22**	**0,68**

* Number of posts excluding Minister

Table 4.2 provides a summary of the number of employees whose salaries were upgraded owing to their posts being upgraded. The number of employees might differ from the number of posts upgraded because not all employees were automatically absorbed into the new posts and some of the posts upgraded could also be vacant.

TABLE 4.2 – Profile of employees whose positions were upgraded owing to their posts being upgraded, 1 April 2006 to 31 March 2007

Beneficiaries	African	Asian	Coloured	White	Total
Female	16	0	4	6	26
Male	15	0	1	3	19
Employees with disabilities	0	0	0	0	0
TOTAL	**31**	**0**	**5**	**9**	**45**

Table 4.3 summarises the number of cases where remuneration levels exceeded the grade determined by job evaluation. Reasons for the deviation are provided in each case.

TABLE 4.3 – Employees whose salary level exceeded the grade determined by job evaluation, 1 April 2006 to 31 March 2007 (in terms of PSR 1.V.C.3)

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Administrative related	2	9	10	Job evaluation and retention
Administrative related	1	12	14	Retention
Agricultural animal, oceanography, forestry and other sciences	1	11	12	Personal notch
Agriculture related	1	10	12	Retention
Finance and economics related	1	9	11	Job evaluation
Finance and economics related	1	11	12	Job evaluation
Library, mail and related clerks	1	3	4	Personal notch
Material-recording and transport clerks	1	5	6	Job evaluation
Other administrative and related clerks and organisers	3	4	5	Job evaluation
Other administrative and related clerks and organisers	4	5	6	Job evaluation
Other administrative and related clerks and organisers	1	5	7	Job evaluation
Other administrative and related clerks and organisers	3	4	6	Job evaluation
Senior Manager	1	14	15	Personal notch
TOTAL	**21**			
% of total employment	**0,8**			

Table 4.4 is a summary of the number of beneficiaries from Table 4.3 in terms of race, gender and disability.

TABLE 4.4 – Profile of employees whose salary level exceeded the grade determined by job evaluation, 1 April 2006 to 31 March 2007 (in terms of PSR 1.V.C.3)

Beneficiaries	African	Asian	Coloured	White	Total
Female	6	0	1	6	13
Male	3	0	0	5	8
Employees with a disability	0	0	0	0	0
TOTAL	**9**	**0**	**1**	**11**	**21**
% of total employment	**0,8**				

5. EMPLOYMENT CHANGES

This section provides information on changes in employment over the financial year. Turnover rates provide an indication of trends in the employment profile of the department. The following tables provide a summary of turnover rates by salary band (Table 5.1) and by critical occupations (Table 5.2).

TABLE 5.1 – Annual turnover rates by salary band for the period 1 April 2006 to 31 March 2007

Salary band	Number of employees per band at 1 April 2006	Appointments and transfers to DoA	Terminations and transfers from DoA	Turnover rate
Lower skilled (Levels 1–2)	865	37	33	3,8
Skilled (Levels 3–5)	533	74	36	6,8
Highly skilled production (Levels 6–8)	1 207	178	103	8,5
Highly skilled supervision (Levels 9–12)	733	52	58	7,9
Senior Management Service Band A	41	8	2	4,9
Senior Management Service Band B	12	0	1	8,3
Senior Management Service Band C	5	0	0	0,0
Senior Management Service Band D	1	0	0	0,0
TOTAL	**3 397**	**349**	**233***	**6,9**

* Number of transfers including Minister

TABLE 5.2 – Annual turnover rates by critical occupation for the period 1 April 2006 to 31 March 2007

Occupation (permanent)	Number of employees per occupation at 1 April 2006	Appointments and transfers to DoA	Terminations and transfers from DoA	Turnover rate
Administrative related	139	29	21	15,1
Agricultural animal, oceanography, forestry and other sciences	134	22	11	8,2
Agriculture related	341	71	17	5,0
Aircraft pilots and related associates/professionals	1	0	0	0,0
All artisans in building using metal, machinery, etc.	101	1	5	5,0
Appraisers, valuers and related professionals	19	4	0	0,0
Archivists, curators and related professionals	2	1	0	0,0
Artisan, project and related superintendents	2	0	0	0,0
Auxiliary and related workers	82	4	1	1,2
Biochemistry, pharmacology, zoology and life science, technicians	30	3	7	23,3
Building and other property caretakers	31	1	1	3,2
Bus and heavy vehicle drivers	7	0	1	14,3
Chemists	3	0	0	0,0

TABLE 5.2 – *cont.*

Occupation (permanent)	**Number of employees per occupation at 1 April 2006**	**Appointments and transfers to DoA**	**Terminations and transfers from DoA**	**Turnover rate**
Civil engineering technicians	1	0	0	0,0
Cleaners in offices, workshops, hospitals, etc.	107	6	5	4,7
Communication and information related	9	2	0	0,0
Computer programmers	1	0	0	0,0
Computer system designers and analysts	9	0	0	0,0
Custodian personnel	1	0	0	0,0
Earth-moving and related plant operators	1	0	0	0,0
Economists	30	5	2	6,7
Engineering sciences related	3	0	0	0,0
Engineers and related professionals	23	2	4	17,4
Farmhands and labourers	234	10	7	3,0
Farming, forestry advisors and farm managers	5	1	2	40,0
Finance and economics related	78	7	11	14,1
Financial and related professionals	27	2	1	3,7
Financial clerks and credit controllers	95	27	24	25,3
Food services aids and waiters	25	3	1	4,0
General, legal, administration and related professionals	1	0	0	0,0
Head of department/chief executive officer	1	0	0	0,0
Health sciences related	3	0	0	0,0
Horticulturists, foresters, agricultural and forestry technicians	159	19	4	2,5
Household and laundry workers	21	1	0	0,0
Human resources and organisational development and related professionals	24	8	10	41,7
Human resources clerks	47	4	5	10,6
Human resources related	13	2	0	0,0
Information technology related	2	0	0	0,0
Language practitioners, interpreters and other communicators	18	5	4	22,2
Legal related	9	1	0	0,0
Librarians and related professionals	1	0	0	0,0
Library, mail and related clerks	70	4	3	4,3
Light vehicle drivers	8	0	0	0,0
Logistical support personnel	10	0	1	10,0

TABLE 5.2 – *cont.*

Occupation (permanent)	Number of employees per occupation at 1 April 2006	Appointments and transfers to DoA	Terminations and transfers from DoA	Turnover rate
Material-recording and transport clerks	85	8	11	12,9
Mechanical engineering technicians	2	1	0	0,0
Messengers, porters and deliverers	63	5	0	0,0
Motor vehicle drivers	52	0	2	3,8
Motorised farm and forestry plant operators	7	0	0	0,0
Nature conservation and oceanography related technicians	58	5	4	6,9
Other administrative and related clerks and organisers	285	29	18	6,3
Other administrative policy and related officers	69	10	8	11,6
Other information technology personnel	4	0	0	0,0
Printing and related machine operators	10	0	1	10,0
Printing planners and production controllers	1	1	0	0,0
Rank: Minister	1	1	1	100,0
Regulatory inspectors	17	1	0	0,0
Risk management and security services	6	0	0	0,0
Road trade workers	20	0	0	0,0
Safety, health and quality inspectors	71	2	1	1,4
Secretaries and other keyboard operating clerks	82	8	6	7,3
Security guards	3	0	0	0,0
Security officers	59	10	6	10,2
Senior managers	52	8	4	7,7
Statisticians and related professionals	22	3	1	4,5
Social sciences related	1	0	0	0,0
Trade labourers	410	12	20	4,9
Veterinarians	78	0	2	2,6
Veterinary assistants	4	0	0	0,0
Water plant and related operators	1	0	0	0,0
TOTAL	**3 399***	**350**	**234**	**6,9**

* Number of transfers including Minister

Table 5.3 identifies the major reasons why staff members are leaving the department.

TABLE 5.3 – Reasons why staff members are leaving the department

Termination type	Number	% of total
Death	22	9,4
Resignation	66	28,2
Dismissal—operational changes	3	1,3
Discharged—ill health	8	3,4
Dismissal—misconduct	3	1,3
Retirement	28	12,0
Dismissal—inefficiency	0	0,0
Transfers	104	44,4
TOTAL	**234***	**100,0**

* Number of transfers excluding Minister

TABLE 5.4 – Promotions by critical occupation

Occupation	Employees at 1 April 2006	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within salary level	Notch progressions as a % of employees by occupation
Administrative related	89	10	11,2	39	43,8
Agricultural animal, oceanography, forestry and other sciences	95	10	10,5	58	61,1
Agriculture related	180	20	11,1	86	47,8
Aircraft pilots and related associates/professionals	1	0	0,0	0	0,0
All artisans in building using metal, machinery, etc.	50	0	0,0	46	92,0
Appraisers, valuers and related professionals	10	1	10,0	0	0,0
Archivists, curators and related professionals	1	0	0,0	1	100,0
Auxiliary and related workers	71	1	1,4	47	66,2
Biochemistry, pharmacology, zoology and life science technicians	22	1	4,5	56	254,5
Building and other property caretakers	27	0	0,0	22	81,5
Bus and heavy vehicle drivers	5	0	0,0	5	100,0
Chemists	3	0	0,0	1	33,3
Cleaners in offices, workshops, hospitals, etc.	93	3	3,2	83	89,2
Client information clerks (switchboard, reception and information)	7	2	28,6	5	71,4

TABLE 5.4 – *cont.*

Occupation	Employees at 1 April 2006	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within salary level	Notch progressions as a % of employees by occupation
Communication and information related	7	1	14,3	4	57,1
Community development workers	0	1	0,0	0	0,0
Computer programmers	1	0	0,0	0	0,0
Computer system designers and analysts	4	0	0,0	1	25,0
Custodian personnel	1	0	0,0	0	0,0
Economists	18	3	16,7	8	44,4
Engineering sciences related	2	0	0,0	1	50,0
Engineers and related professionals	17	0	0,0	12	70,6
Farmhands and labourers	198	2	1,0	182	91,9
Farming, forestry advisors and farm managers	4	1	25,0	4	100,0
Finance and economics related	49	8	16,3	29	59,2
Financial and related professionals	20	2	10,0	13	65,0
Financial clerks and credit controllers	80	18	22,5	50	62,5
Food services aids and waiters	23	0	0,0	18	78,3
General, legal, administration and related professionals	1	0	0,0	0	0,0
Head of department/chief executive officer	1	0	0,0	0	0,0
Health sciences related	1	1	100,0	0	0,0
Horticulturists, foresters, agricultural and forestry technicians	120	8	6,7	52	43,3
Household and laundry workers	19	0	0,0	14	73,7
Human resources, organisation development and related professionals	16	5	31,3	5	31,3
Human resources clerks	42	7	16,7	34	81,0
Human resources related	11	2	18,2	8	72,7
Information technology related	2	0	0,0	0	0,0
Language practitioners, interpreters and other communicators	13	3	23,1	8	61,5
Legal related	3	1	33,3	3	100,0
Librarians and related professionals	1	0	0,0	1	100,0
Library, mail and related clerks	68	3	4,4	30	44,1
Light vehicle drivers	7	0	0,0	7	100,0

TABLE 5.4 – *cont.*

Occupation	Employees at 1 April 2006	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within salary level	Notch progressions as a % of employees by occupation
Logistical support personnel	9	2	22,2	7	77,8
Material-recording and transport clerks	70	15	21,4	30	42,9
Messengers, porters and deliverers	59	0	0,0	53	89,8
Motor vehicle drivers	42	1	2,4	38	90,5
Motorised farm and forestry plant operators	5	1	20,0	5	100,0
Nature conservation and oceanography related technicians	52	6	11,5	6	11,5
Other administrative and related clerks and organisers	207	15	7,2	108	52,2
Other administrative policy and related officers	56	8	14,3	46	82,1
Other information technology personnel	3	0	0,0	1	33,3
Printing and related machine operators	8	0	0,0	5	62,5
Printing planners and production controllers	1	0	0,0	0	0,0
Rank: Minister	1	0	0,0	0	0,0
Regulatory inspectors	16	0	0,0	11	68,8
Risk management and security services	4	1	25,0	4	100,0
Road trade workers	17	0	0,0	16	94,1
Safety, health and quality inspectors	53	0	0,0	34	64,2
Secretaries and other keyboard operating clerks	62	8	12,9	15	24,2
Security guards	1	0	0,0	2	200,0
Security officers	45	0	0,0	27	60,0
Senior managers	37	7	18,9	3	8,1
Social sciences related	1	0	0,0	1	100,0
Statisticians and related professionals	21	3	14,3	5	23,8
Trade labourers	348	0	0,0	315	90,5
Veterinarians	24	2	8,3	9	37,5
Veterinary assistants	4	0	0,0	2	50,0
Water plant and related operators	1	0	0,0	1	100,0
TOTAL	**2 530***	**183**	**7,2**	**1 677**	**66,3**

* Number of posts including Minister

TABLE 5.5 – Promotions by salary band

Salary band	Employees at 1 April 2006	Promotions to another salary level	Salary band promotions as a % of employees by salary band	Progressions to another notch within salary level	Notch progression as a % of employees by salary band
Lower skilled (Levels 1–2)	753	2	0,3	680	90,3
Skilled (Levels 3–5)	368	31	8,4	251	68,2
Highly skilled production (Levels 6–8)	886	79	8,9	507	57,2
Highly skilled supervision (Levels 9–12)	479	60	12,5	235	49,1
Senior Management (Levels 13–16)	43	11	25,6	4	9,3
TOTAL	**2 529***	**183**	**7,2**	**1 677**	**66,3**

* Number of posts excluding Minister

6. 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 6.1 – Total number of employees (including employees with disabilities) in each of the following occupational categories as at 31 March 2007

Occupational category (SASCO)	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	16	3	0	9	13	1	0	2	44
Professionals	209	15	7	79	162	9	11	70	562
Technicians and associates/professionals	161	38	11	103	127	15	3	64	522
Clerks	100	21	0	25	142	41	8	213	550
Service and sales workers	20	0	1	20	12	2	0	1	56
Craft and related trade workers	41	4	0	18	0	0	0	0	63
Plant, machine operators and assemblers	53	9	1	2	1	0	0	0	66
Elementary occupations	507	112	1	10	93	26	0	5	754
TOTAL	**1 107**	**202**	**21**	**266**	**550**	**94**	**22**	**355**	**2 617**
Employees with disabilities	1	0	1	2	0	0	0	5	9

TABLE 6.2 – Total number of employees (including employees with disabilities) in each occupational band as at 31 March 2007

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	3	0	0	1	2	0	0	0	6
Senior management	16	2	1	11	12	1	1	4	48
Professionally qualified and experienced specialists and mid-management	186	16	10	121	111	8	9	63	524
Skilled technical and academically qualified workers, junior management, supervisors and foremen	244	36	8	106	239	30	9	240	912
Semiskilled and discretionary decision making	151	42	0	21	99	30	3	44	390
Unskilled and defined decision making	507	106	2	6	87	25	0	4	737
TOTAL	**1 107**	**202**	**21**	**266**	**550**	**94**	**22**	**355**	**2 617**

TABLE 6.3 – Recruitment for the period 1 April 2006 to 31 March 2007

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Senior management	1	0	0	0	6	0	1	0	8
Professionally qualified and experienced specialists and mid-management	17	3	0	2	23	1	1	5	52
Skilled technical and academically qualified workers, junior management, supervisors and foremen	77	5	0	4	80	6	2	4	178
Semiskilled and discretionary decision making	28	2	0	0	36	6	1	1	74
Unskilled and defined decision making	19	5	1	2	5	4	0	1	37
TOTAL	**142**	**15**	**1**	**8**	**150**	**17**	**5**	**11**	**349**
Employees with disabilities	0	0	0	0	0	0	0	0	0

TABLE 6.4 – Promotions for the period 1 April 2006 to 31 March 2007

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	0	0	0	2	0	0	0	0	2
Senior management	2	0	0	2	2	0	1	2	9
Professionally qualified and experienced specialists and mid-management	25	0	0	4	23	1	3	4	60
Skilled technical and academically qualified workers, junior management, supervisors and foremen	29	2	0	1	40	2	0	5	79
Semiskilled and discretionary decision making	12	4	0	1	14	0	0	0	31
Unskilled and defined decision making	2	0	0	0	0	0	0	0	2
TOTAL	**70**	**6**	**0**	**10**	**79**	**3**	**4**	**11**	**183**
Employees with disabilities	0	0	0	0	0		0	0	0

TABLE 6.5 – Terminations for the period 1 April 2006 to 31 March 2007

Occupational band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top management	0	0	0	0	0	0	0	0	0
Senior management	1	0	0	1	1	0	0	0	3
Professionally qualified and experienced specialists and mid-management	21	0	2	8	17	2	1	7	58
Skilled technical and academically qualified workers, junior management, supervisors and foremen	32	3	0	11	34	0	2	21	103
Semiskilled and discretionary decision making	18	1	0	0	12	3	1	2	37
Unskilled and defined decision making	24	7	0	0	2	0	0	0	33
TOTAL	**96**	**11**	**2**	**20**	**66**	**5**	**4**	**30**	**234**
Employees with disabilities	0	0	0	0	0	0	0	0	0

TABLE 6.6 – Disciplinary action for the period 1 April 2006 to 31 March 2007

Disciplinary action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
TOTAL	**16**	**1**	**0**	**3**	**2**	**0**	**0**	**0**	**22**

TABLE 6.7 – Skills development for the period 1 April 2006 to 31 March 2007

Occupational category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	35	3	1	12	32	3	0	11	97
Professionals	323	16	19	81	213	7	20	50	729
Technicians and associates/professionals	204	25	6	51	136	12	10	39	483
Clerks	122	24	4	20	149	27	9	112	467
Service and sales workers	29	12	0	12	7	1	0	3	64
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trade workers	0	0	0	0	0	0	0	0	0
Plant, machine operators and assemblers	10	3	0	4	2	0	0	0	19
Elementary occupations	19	8	0	1	6	0	0	1	35
TOTAL	**742**	**91**	**30**	**181**	**545**	**50**	**39**	**216**	**1 894**
Employees with disabilities	0	0	0	0	0	0	0	0	0

7. PERFORMANCE REWARDS

To encourage good performance, the department has granted the following performance rewards during the year under review. The information is presented in terms of race, gender and disability (Table 7.1), salary bands (Table 7.2) and critical occupations (Table 7.3).

TABLE 7.1 – Performance rewards by race, gender and disability, 1 April 2006 to 31 March 2007

Race and gender	Beneficiary profile			Cost	
	Number of beneficiaries	Total number of employees in group	% of total within group	Total cost (R'000)	Average cost per employee
African, female	182	550	33,1	1 781	9 786
African, male	302	1 106	27,3	2 638	8 735
Asian, female	7	22	31,8	109	15 571
Asian, male	12	20	60,0	245	20 417
Coloured, female	28	94	29,8	216	7 714
Coloured, male	70	202	34,7	505	7 214
White, female	251	350	71,7	3 510	13 984
White, male	132	264	50,0	2 397	18 159
Employees with disabilities	7	9	77,8	93	13 290
TOTAL	**991**	**2 617**	**37,9**	**11 494**	**11 598**

TABLE 7.2 – Performance rewards by salary bands for personnel below SMS level, 1 April 2006 to 31 March 2007

Salary band	Beneficiary profile			Cost		
	Number of beneficiaries	Number of employees	% of total within salary bands	Total cost (R'000)	Average cost per employee	Total cost as a % of total personnel expenditure
Lower skilled (Levels 1–2)	234	737	31,8	1 048	4 479	2,4
Skilled (Levels 3–5)	124	390	31,8	743	5 992	2,6
Highly skilled production (Levels 6–8)	429	912	47,0	5 155	12 016	3,6
Highly skilled supervision (Levels 9–12)	200	524	38,2	4 470	22 350	3,7
TOTAL	**987**	**2 563**	**38,5**	**11 416**	**11 566**	**3,4**

TABLE 7.3 – Performance rewards by critical occupation, 1 April 2006 to 31 March 2007

Critical occupation	Beneficiary profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total cost (R'000)	Average cost per employee
Administrative related	36	98	36,7	737	20 472
Agricultural animal, oceanography, forestry and other sciences	48	111	43,2	685	14 271
Agriculture related	39	224	17,4	758	19 436
Aircraft pilot and related associates/professionals	0	1	0,0	0	0
All artisans in building using metal, machinery, etc.	19	46	41,3	172	9 053
Appraisers, valuers and related professionals	1	16	6,3	10	10 000
Archivists, curators and related professionals	0	2	0,0	0	0
Auxiliary and related workers	32	75	42,7	220	6 875
Biochemistry, pharmacology, zoology and life science technicians	29	25	116,0	433	14 931
Building and other property caretakers	6	33	18,2	27	4 500
Bus and heavy vehicle drivers	2	4	50,0	11	5 500
Chemists	1	3	33,3	14	14 000
Cleaners in offices, workshops, hospitals, etc.	52	92	56,5	266	5 115
Client information clerks (switchboard, reception and information clerks)	7	7	100,0	78	11 143
Communication and information related	3	9	33,3	81	27 000
Computer programmers	1	1	100,0	14	14 000
Computer system designers and analysts	1	4	25,0	21	21 000
Custodian personnel	0	1	0,0	0	0
Economists	3	24	12,5	71	23 667
Engineering sciences related	0	2	0,0	0	0
Engineers and related professionals	10	14	71,4	201	20 100
Farmhands and labourers	73	190	38,4	310	4 247
Farming, forestry advisors and farm managers	2	3	66,7	22	11 000
Finance and economics related	28	44	63,6	658	23 500
Financial and related professionals	9	22	40,9	113	12 556
Financial clerks and credit controllers	24	80	30,0	247	10 292
Food services aids and waiters	15	21	71,4	80	5 333
General legal administration and related professionals	1	1	100,0	44	44 000
Head of department/chief executive officer	0	1	0,0	0	0
Health sciences related	0	3	0,0	0	0
Horticulturists, foresters, agricultural and forestry technicians	25	127	19,7	320	12 800
Household and laundry workers	4	19	21,1	21	5 250
Human resources and organisation development and related professionals	6	18	33,3	94	15 667
Human resources clerks	28	44	63,6	370	13 214

TABLE 7.3 – *cont.*

Critical occupation	Beneficiary profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total cost (R'000)	Average cost per employee
Human resources related	9	10	90,0	329	36 556
Information technology related	0	2	0,0	0	0
Language practitioners, interpreters and other communicators	6	14	42,9	85	14 167
Legal related	3	4	75,0	109	36 333
Librarians and related professionals	1	1	100,0	11	11 000
Library, mail and related clerks	43	67	64,2	396	9 209
Light vehicle drivers	6	7	85,7	31	5 167
Logistical support personnel	5	9	55,6	66	13 200
Material-recording and transport clerks	23	64	35,9	190	8 261
Mechanical engineering technicians	0	1	0,0	0	0
Messengers, porters and deliverers	40	62	64,5	207	5 175
Motor vehicle drivers	18	39	46,2	83	4 611
Motorised farm and forestry plant operators	3	6	50,0	19	6 333
Nature conservation and oceanography related technicians	12	53	22,6	160	13 333
Other administrative and related clerks and organisers	88	210	41,9	807	9 170
Other administrative policy and related officers	27	60	45,0	436	16 148
Other information technology personnel	5	3	166,7	135	27 000
Printing and related machine operators	5	8	62,5	25	5 000
Printing planners and production controllers	0	1	0,0	0	0
Regulatory inspectors	5	16	31,3	58	11 600
Risk management and security services	3	3	100,0	76	25 333
Road trade workers	4	16	25,0	16	4 000
Safety, health and quality inspectors	45	53	84,9	608	13 511
Secretaries and other keyboard operating clerks	46	64	71,9	554	12 043
Security guards	0	1	0,0	0	0
Security officers	9	49	18,4	83	9 222
Senior managers	4	48	8,3	78	19 500
Social sciences related	1	1	100,0	14	14 000
Statisticians and related professionals	5	20	25,0	66	13 200
Trade labourers	51	333	15,3	209	4 098
Veterinarians	17	22	77,3	539	31 706
Veterinary assistants	2	4	50,0	26	13 000
Water plant and related operators	0	1	0,0	0	0
TOTAL	**991**	**2 617**	**37,9**	**11 494**	**11 598**

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

Salary band	Beneficiary profile			Cost		
	Number of beneficiaries	Number of employees	% of total within salary bands	Total cost (R'000)	Average cost per employee	Total cost as a % of total personnel expenditure
Band A	2	37	5,4	33	16 500	0,2
Band B	1	11	9,1	0	0	0,0
Band C	1	5	20,0	45	45 000	0,8
Band D	0	1	0,0	0	0	0,0
TOTAL	**4**	**54**	**7,4**	**78**	**19 500**	**0,3**

8. FOREIGN WORKERS

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

TABLE 8.1– Foreign workers by salary band, 1 April 2006 to 31 March 2007

Salary band	1 April 2006		31 March 2007		Change	
	Number	% of total	Number	% of total	Number	%
Lower skilled (Levels 1–2)	0	0	0	0	0	0
Skilled (Levels 3–5)	0	0	0	0	0	0
Highly skilled production (Levels 6–8)	0	0	0	0	0	0
Highly skilled supervision (Levels 9–12)	2	67	1	50	–1	100
Senior management (Levels 13–16)	1	33	1	50	0	0
TOTAL	**3**	**100**	**2**	**100**	**–1**	**100**

TABLE 8.2 – Foreign workers by major occupation, 1 April 2006 to 31 March 2007

Major occupation	1 April 2006		31 March 2007		Change	
	Number	% of total	Number	% of total	Number	%
Professionals and managers	3	100	2	100	–1	100
TOTAL	**3**	**100**	**2**	**100**	**–1**	**100**

9. LEAVE UTILISATION FOR THE PERIOD 1 JANUARY TO 31 DECEMBER 2006

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

TABLE 9.1 – Sick leave, 1 January to 31 December 2006

Salary band	Total days taken	% days with medical certification	Number of employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated cost (R'000)
Lower skilled (Levels 1–2)	2 121	100,0	302	20,4	7	347
Skilled (Levels 3–5)	1 184	89,8	207	14,0	6	253
Highly skilled production (Levels 6–8)	3 922	87,7	646	43,7	6	1 560
Highly skilled supervision (Levels 9–12)	1 857	86,2	293	19,8	6	1 228
Senior management (Levels 13–16)	178	79,2	29	2,0	6	209
TOTAL	**9 262**	**90,3**	**1 477**	**100,00**	**6**	**3 597**

TABLE 9.2 – Disability leave (temporary and permanent), 1 January to 31 December 2006

Salary band	Total days taken	% days with medical certification	Number of employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated cost (R'000)
Lower skilled (Levels 1–2)	295	100	29	26,1	10	46
Skilled (Levels 3–5)	174	100	18	16,2	10	41
Highly skilled production (Levels 6–8)	480	100	59	53,2	8	191
Highly skilled supervision (Levels 9–12)	38	100	4	3,6	10	28
Senior management (Levels 13–16)	9	100	1	0,9	9	10
TOTAL	**996**	**100**	**111**	**100,0**	**9**	**316**

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

TABLE 9.3 – Annual leave, 1 January to 31 December 2006

Salary band	Total days taken	Average per employee
Lower skilled (Levels 1–2)	15 971	23
Skilled (Levels 3–5)	7 224	20
Highly skilled production (Levels 6–8)	18 583	20
Highly skilled supervision (Levels 9–12)	9 527	20
Senior management (Levels 13–16)	1 116	20
TOTAL	**52 421**	**21**

TABLE 9.4 – Capped leave, 1 January to 31 December 2006

Salary band	Total days of capped leave taken	Average number of days taken per employee	Average capped leave per employee at 31 December 2006
Lower skilled (Levels 1–2)	280	5	46
Skilled (Levels 3–5)	112	5	37
Highly skilled production (Levels 6–8)	327	5	48
Highly skilled supervision (Levels 9–12)	252	7	52
Senior management (Levels 13–16)	9	5	79
TOTAL	**980**	**5**	**47**

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

TABLE 9.5 – Leave payouts for the period 1 April 2006 to 31 March 2007

Reason	Total amount (R'000)	Number of employees	Average payment per employee
Leave payouts for 2006/07 owing to non-utilisation of leave for the previous cycle	0	0	0
Capped leave payouts on termination of service for 2006/07	405	116	3 491
Current leave payouts on termination of service for 2006/07	110	36	3 056
TOTAL	**515**	**152**	**3 388**

10. HIV/AIDS AND HEALTH PROMOTION PROGRAMMES

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

Unit/category of employees identified to be at high risk of contracting HIV and related diseases* (if any)	Key steps taken to reduce the risk
Laboratory workers, meat inspectors and agricultural machine users	Awareness programmes and provision of protective clothing and equipment

* These people can be exposed if they come in contact with blood, dust, etc.

TABLE 10.2 – 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 stipulated in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position	√		L. Bouwer, Director: Human Resources Management
2. Does the department have a designated unit or are there any specific staff members designated to promote the health and wellbeing of employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose	√		Subdirectorate: Employee Health and Wellness. 1 Deputy Director: Employee Wellness, 1 EAP Co-ordinator, 1 Health Promotion Officer, 1 OHS Co-ordinator (vacant), 1 OHS Officer (vacant), 1 EA Officer (vacant), 1 Senior Administrative Officer and 1 Administration Clerk (PILIR and IOD) • There is no specific budget for HIV/Aids programmes
3. Has the department introduced an employee assistance or health promotion programme for employees? If so, indicate the key elements/services of this programme	√		***EAP programmes*** • Stress management • Substance abuse information • Life skill orientation • Trauma management • Financial management • Counselling • Policy and procedure on incapacity ill-health retirement (PILIR) ***Health promotion and HIV/Aids programmes*** • Lifestyle disease management • Voluntary counselling and testing (VCT) • Awareness campaigns • Health related workshops • Weight management • Nutrition counselling • E-mail talk • Aerobics • Integrated Health and Wellness Committee members play a role in awareness and accessing condoms to members of their directorates

TABLE 10.2 – *cont.*

Questions	Yes	No	Details, if yes
4. Has the department established (a) committee 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	√		S. Shezi – Human Resources Management L. Motlhathudi – Human Resources Management M. Mubva – Human Resources Management P. Marota – Supply Change Management R. Hefer – Food Safety and Quality Assurance M. Mogoane – International Relations A. Seutlwadi – Agricultural Statistics S. Skhosana – Food Safety and Quality Assurance A. Davies – Animal and Aquaculture Production H. Kamanyane – Plant Production N. Simelane – Human Resources Management B. Kgomo – Plant Health E. Khwekhwe – Human Resources Management W. Chauke – Human Resources Management C. Legodi – Land Settlement L. Letoaba – Legal Services R. Makgopela – Plant Production K. Makhonjwa – Security Services F. Makunyane – Agricultural Engineering Services M. Matlhatlhedi –Debt Management T. Mitchell – Water Use and Irrigation Development D. Mogale – Marketing R. Moleki – Plant Health M. Mothoa – Agricultural Information Services R. Ngoepe – Genetic Resources F. Ntsimane – Agricultural Disaster Management E. Kgapho – Human Resources Management S. Seeletse – Human Resources Management N. van der Walt – Production and Resources Economics A. Vermaak – Information and Communication Technology A. Wilms – Finance C. Maluleke – Animal Health Q. Mokale – Supply Chain Management H. Mthombeni – Research and Technology Development M. Morontse – Agricultural Information Services
5. Has the department reviewed its employment policies and practices in order to ensure that these do not discriminate unfairly against employees on the basis of their HIV status? If so, list the employment policies/practices reviewed	√		HIV/Aids policy of the department

TABLE 10.2 – *cont.*

Questions	Yes	No	Details, if yes
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	√		HIV/Aids policy of the Department of Agriculture incorporating: • Employment Equity Act • Promotion of Equality and Prevention of Unfair Discrimination Act 0f 2000 • Interpretation of the KAP survey results and presentation to QRM
7. Does the department encourage its employees to undergo voluntary counselling and testing? If so, list the results that you have achieved	√		The department has introduced VCT (accredited by Department of Health) and there has been a positive response
8. Has the department developed measures/indicators to monitor and evaluate the impact of your health promotion programme? If so, list these measures/indicators	√		Knowledge, attitude, practices study is in progress. Human Resources Management has 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

11. LABOUR RELATIONS

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

TABLE 11.1 – Collective agreements, 1 April 2006 to 31 March 2007

Subject matter	Date
Funeral policy	October 2006

Table 11.2 summarises the outcome of disciplinary hearings conducted within the department, for the year under review.

TABLE 11.2 – Misconduct and disciplinary hearings finalised, 1 April 2006 to 31 March 2007

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	1	4,50
Verbal warning	0	0,00
Written warning	0	0,00
Final written warning	4	18,18
Suspended without pay	4	18,18
Fine	0	0,00
Demotion	0	0,00
Dismissal	10	45,45
Not guilty	2	9,09
Case withdrawn	1	4,50
TOTAL	**22**	**100,00**

TABLE 11.3 – Types of misconduct addressed and disciplinary hearings

Type of misconduct	Number	% of total
Misuse of government vehicle	2	9,09
Abscondment	3	16,63
Damage of government vehicle	1	4,50
Theft	1	4,50
Absent without authorisation	5	22,72
Alcohol abuse	2	9,09
Assault	4	18,18
Prejudicing the administration of the department	1	4,50
Fraud	3	16,63
TOTAL	**22**	**100,00**

TABLE 11.4 – Grievances lodged for the period 1 April 2006 to 31 March 2007

Number of grievances addressed	Number	% of total
Grievances resolved	13	76,47
Grievances not resolved	4	23,52
TOTAL number of grievances lodged	**17**	**100,00**

TABLE 11.5 – Disputes lodged with councils for the period 1 April 2006 to 31 March 2007

Number of disputes addressed	Number	% of total
Disputes upheld	0	0,00
Disputes dismissed	7	100,00
Still pending	0	0,00
TOTAL number of disputes lodged	**7**	**100,00**

TABLE 11.6 – Strike actions for the period 1 April 2006 to 31 March 2007

Strike action	–
Total number of person working days lost	6
Total cost (R'000) of working days lost	R1 024,49
Amount (R'000) recovered as a result of no work no pay	R1 024,49

TABLE 11.7– Precautionary suspensions for the period 1 April 2006 to 31 March 2007

Precautionary suspensions	–
Number of people suspended	3
Number of people whose suspension exceeded 30 days	3
Average number of days suspended	60
Cost (R'000) of suspensions	R128 122,00

12. SKILLS DEVELOPMENT

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

TABLE 12.1 – Training needs identified, 1 April 2006 to 31 March 2007

Occupational categories	Gender	Number of employees as at 1 April 2006	Training needs identified at start of the period under review			
			Learnerships	Skills programmes and other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	11	0	100	0	100
	Male	5	0	242	0	242
Professionals	Female	45	0	201	0	201
	Male	158	0	183	0	183
Technicians and associates/professionals	Female	85	0	221	0	221
	Male	128	0	447	0	447
Clerks	Female	87	0	75	0	75
	Male	175	0	82	0	82
Service and sales workers	Female	3	0	297	0	297
	Male	8	0	146	0	146
Skilled agriculture and fishery workers	Female	0	0	3	0	3
	Male	0	0	7	0	7
Craft and related trade workers	Female	34	0	0	0	0
	Male	6	0	0	0	0
Plant and machine operators and assemblers	Female	31	0	0	0	0
	Male	16	0	0	0	0
Elementary occupations	Female	267	9	31	0	40
	Male	129	27	215	0	242
Gender subtotals	Female	563	9	928	0	937
	Male	625	27	1 322	0	1 349
TOTAL		**1 188**	**36**	**2 250**	**0**	**2 286**

TABLE 12.2 – Training provided, 1 April 2006 to 31 March 2007

Occupational category	Gender	Number of employees as at 1 April 2006	Training provided within the period under review			
			Learnerships	Skills programmes and other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	11	0	46	0	46
	Male	5	0	51	0	51

TABLE 12.2 – *cont.*

Occupational category	Gender	Number of employees as at 1 April 2006	Training provided within the period under review			
			Learnerships	Skills programmes and other short courses	Other forms of training	Total
Professionals	Female	45	0	290	0	290
	Male	158	0	439	0	439
Technicians and associates/professionals	Female	85	0	197	0	197
	Male	128	0	286	0	286
Clerks	Female	87	0	297	0	297
	Male	175	0	170	0	170
Service and sales workers	Female	3	0	11	0	11
	Male	8	0	53	0	53
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trade workers	Female	34	0	0	0	0
	Male	6	0	0	0	0
Plant and machine operators and assemblers	Female	31	0	2	0	2
	Male	16	0	17	0	17
Elementary occupations	Female	267	8	7	0	15
	Male	129	27	28	0	55
Gender sub totals	Female	563	8	850	0	858
	Male	625	27	1 044	0	1 071
TOTAL		**1 188**	**35**	**1 894**	**0**	**1 929**

13. INJURY ON DUTY (IOD)

The following tables provide basic information on IOD.

TABLE 13.1 – Injury on duty, 1 April 2006 to 31 March 2007

Nature of IOD	Number	% of total
Required basic medical attention only	107	99
Temporary total disablement	0	0
Permanent disablement	0	0
Fatal	1	1
TOTAL	**108**	**100**

14. UTILISATION OF CONSULTANTS

TABLE 14.1 – 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. Communication plan (D: AES)	1	54	81 830,00
2. Writing of terms of reference: Jatropha (D: AES)	1	7	26 334,00
3. Secretarial services: Biofuels workshop (D: AES)	1	2	6 500,00
4. Secretarial services: CCSIS meeting (D: AES)	1	1	1 400,00
5. Secretarial services: SANAT workshop (D: AES)	1	1	2 600,00
6. A & A Cleaning & Construction (D: LS)	2	101	96 789,00
7. Abongi Bemvelo Env MA (D: LS)	2	311	56 088,00
8. Agric Africa (D: LS)	1	84	135 532,00
9. Ingerop Africa (D: LS)	1	365	569 747,03
10. Shabugwane Investments (D: LS)	1	151	3 756 343,83
11. Umhlaba Rural Services (D: LS)	2	120	440 000,00
12. Action plan on biodiesel (CD: ESRM)	1	1	2 898,56
13. National CASP Manager (D: LUSM)	1	203	190 950,00
14. Analysis report on DoA interns (D: ET&ES)	1	90	184 380,00
15. Planning, management and limplementation of the ABET/Master mentorship Programme (D: ET&ES)	1	300	394 440,00
16. Development of profile of the current Government employed extension (D: ET&ES)	1	90	186 960,00
17. Development of a toolkit for 2007/08 interns (D: ET&ES)	1	90	176 000,00
18. Facilitation of a teambuilding workshop (D: ET&ES)	3	3	60 420,00
19. PM ideas (D: ET&ES)	3	5	750 000,00
20. Project literacy (ABET training) (D: ET&ES)	2	730	797 337,75
21. Isithwalandwe (ABET training) (D: ET&ES)	1	365	886 099,20
22. Mind-the-Gap (ABET training) (D: ET&ES)	2	730	3 139 500,00
23. Media Works (ABET training) (D: ET&ES)	1	365	5 000 000,00
24. WRAP (ABET training) (D: ET&ES)	1	365	110 565,00
25. Work study investigation – Bull Brand Foods (D: HRM)	1	22	46 470,00
26. Work study investigation – Karan Beef Abbatoir (D: HRM)	1	22	46 470,00
27. In-service training and development of job analyses and evaluation of posts (D: HRM)	1	20	39 000,00
TOTAL	**36**	**4 598**	**17 184 654,37**

TABLE 14.2 – Analysis of consultant appointments using appropriated funds, in terms of historically disadvantaged individuals (HDIs)

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups that worked on the project
1. Communication plan (D: AES)	0,00	0,00	0
2. Writing of terms of reference: Jatropha (D: AES)	0,00	0,00	0
3. Secretarial services: Bio-fuels workshop (D: AES)	0,00	0,00	0
4. Secretarial services: CCSIS meeting (D: AES)	0,00	0,00	0
5. Secretarial services: SANAT workshop (D: AES)	0,00	0,00	0
6. A & A Cleaning & Construction	100,00	100,00	2
7. Abongi Bemvelo Env MA (D: LS)	10,00	10,00	2
8. Agric Africa (D: LS)	17,00	17,00	1
9. Ingerop Africa (D: LS)	0,00	0,00	1
10. Shabugwane Investments (D: LS)	49,00	49,00	1
11. Umhlaba Rural Services (D: LS)	44,02	44,02	2
12. Action plan on biodiesel (CD: ESRM)	100,00	100,00	1
13. National CASP Manager (D: LUSM)	100,00	100,00	1
14. Analysis report on DoA interns (D: ET&ES)	100,00	100,00	1
15. Planning, management and implementation of the ABET/Master Mentorship Programme	100,00	100,00	1
16. Development of profile of the current Government employed extension (D: ET&ES)	100,00	100,00	1
17. Development of a toolkit for 2007/08 interns (D: ET&ES)	100,00	100,00	1
18. Facilitation of a teambuilding workshop (D: ET&ES)	100,00	100,00	3
19. PM ideas (D: ET&ES)	50,00	50,00	3
20. Project literacy (ABET training) (D: ET&ES)	50,00	50,00	2
21. Isithwalandwe (ABET training) (D: ET&ES)	50,00	50,00	1
22. Mind-the-Gap (ABET training) (D: ET&ES)	50,00	50,00	2
23. Media Works (ABET training) (D: ET&ES)	50,00	50,00	1
24. WRAP (ABET training) (D: ET&ES)	50,00	50,00	1
25. Work study investigation – Bull Brand Foods (D: HRM)	100,00	100,00	0
26. Work study investigation – Karan Beef Abbatoir (D: HRM)	100,00	100,00	0
27. In-service training and development of job analyses and evaluation of posts (D:HRM)	50,00	50,00	0

TABLE 14.3 – Report on consultant appointments using donor funds

Project title	Total number of consultants who worked on project	Duration: Work days	Donor and contract value in Rand
TOTAL	0	0	0

TABLE 14.4 – Analysis of consultant appointments using donor funds, in terms of historically disadvantaged individuals (HDIs)

Project title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of consultants from HDI groups who work on project
TOTAL	0	0	0