

Provincial Budgets and Expenditure Review 2001/02 – 2007/08

Free State Department of Agriculture

Cape Town
19 October 2005

Statement of vision

“To be the leading agricultural department in South Africa which promotes social and economic development of Free State communities by rendering agricultural services”

Statement of mission

“To facilitate and render agricultural development and support services to the people of the Free State through

- Committed and professional staff*
- Co-operative teamwork, and*
- Research-based agricultural technology”*

Significance of Agriculture in the Free State

- *Relatively twice as important in a provincial context as agriculture in a national context (6, 8% vs. 3, 4%)*
- *The Province produces:*
 - 36, 6% of all wheat
 - 34, 4% of all maize
 - 53, 1% of all sorghum, and
 - 44, 7% of all sunflower seed

Significance of Agriculture in the Free State (continued)

- *The provincial agricultural sector employs:*
 - *90 339 black stakeholders*
 - *8 981 white stakeholders, and*
 - *28 711 skilled agricultural workers*

Features of agriculture in the Free State

- 3 800 ha can still be brought under irrigation from the Upper Orange system
- At the hub of South African transport infrastructure
- Adequately supplied with energy and forward and backward linkages

Institutional arrangements



- Good working relationships with all provincial and other stakeholders in agriculture, including:
 - Free State Agriculture
 - NAFU
 - Local government
 - Co-operatives, particularly in respect of drought relief, and
 - the various institutes of the ARC

Overview of budget & expenditure trends

- The total budget for departments of agriculture is said to increase by 11, 7%
- Provincial spending on agriculture is reported to grow at 11 per cent
- The growth rate for FS Agriculture is slightly less, down to only 5,7% in the outer year of the MTEF period
- Agriculture is allocated $\pm 1, 5\%$ of the provincial budget i.e. a below the national average of 1, 9%
- Conditional grants constitute 22, 6% of the total budget in the middle year of the MTEF

Summary of Expenditure 2002/03 – 2004/05

	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	Audited	Audited	Audited				2006/07	2007/08	2008/09
	2002/03	2003/04	2004/05	2005/06					
R thousand									
Administration	65 342	81 504	66 902	74 174	93 681	93 681	80 059	84 112	90 225
Sustainable Resource Management	8 073	11 502	12 196	28 239	54 202	54 202	30 623	32 162	33 110
Farmer Support & Development	31 122	39 219	45 723	64 645	85 303	85 303	68 678	83 651	86 963
Veterinary Services	18 810	20 296	22 075	24 065	24 065	24 065	26 400	27 736	29 751
Technology, Research & Development Services	13 207	16 743	18 398	20 490	20 490	20 490	20 887	21 944	23 539
Agricultural Economics	1 609	2 010	1 973	2 530	2 530	2 530	2 629	2 762	2 963
Structured Agricultural Training	8 153	11 752	9 744	11 422	11 429	11 429	11 866	12 467	13 373
Total payments and estimates:	146 316	183 026	177 011	225 565	291 700	291 700	241 142	264 834	279 924

Overview of budget & expenditure trends (continued)

- Spending on compensation amounts to 62 per cent of the budget i.e. the highest of all provinces, the reasons being:
 - Large contingent of security personnel
 - Large contingent of supernumerary staff
 - Decentralised structure
- Dire shortage of agricultural technical skills
- Operating capital in under pressure because of compensation and conditional grants

Overview of budget & expenditure trends (continued)

Reasons for the deviation of programmes from the provincial averages:

1. Administration (38, 2% vs. 24, 2%)
 - Staff position already referred to
 - Community Projects Fund Support Programme
 - District Implementation funded from Programme 1

Overview of budget & expenditure trends (continued)

2. Sustainable Resource Management

(6, 8% vs. 7, 6%)

- A nominal budget for two specialised functions (Engineering and Landcare) and two conditional grants.
- The voted amount is normally inflated late in any one financial year by a supplementary vote on Drought Relief

Overview of budget & expenditure trends (continued)

3. Farmer Support & Development (25, 6% vs. 46, 1%)

- Disaster Management funds are in our case assigned to Programme 2
- Shortage of extension staff and skills to implement projects from conditional grants

Overview of budget & expenditure trends (continued)

4. Veterinary Services (12, 4% vs. 9, 9%)

- Two veterinary laboratories in the province
- Long borders to patrol
- Lucrative game & venison export programme despite a shortage of qualified VPH staff

Overview of budget & expenditure trends (continued)

5. Technology, Research & Development Services (10, 3% vs. 6, 5%)

- Extensive research programme
- 4 600 ha farm in need of repair
- Supernumerary staff

Overview of budget & expenditure trends (continued)

6. Agricultural Economics

(1, 1% vs. 1, 3%)

- Shortage of staff, also responsible for implementation of the Drought Relief programme

Overview of budget & expenditure trends (continued)

7. Structured Agricultural Training (5, 5% vs. 4, 4%)

- College of 150 students
- Training of emerging farmers despite a shortage of funds to outsource specialised training

Budget trends in National Agriculture

- Increased allocation of conditional grants to provinces puts operating capital for implementation under pressure
- Disaster Management has now become an annual event with added administrative responsibilities
- Food Security has also become an under-resourced continuous activity to hopefully benefit from conditional grants in future

End

Actual expenditure & projections 2005/06

(R'000)

- Voted appropriation: R225 565
- Rollover funds: R 66 135
- Total available: R291 700
- Spent by 31/8: R 91 495
- Projected expenditure: R178 205
- Total expected expenditure: R269 700
- Total expected under-expenditure on conditional grants: R 22 000
- Projections will be reviewed after six months spending history

Budget Pressures in 2004/05

Operating capital for:

- Senior Management (Communication / Audit)
- Corporate Services (Outstanding accounts)
- Project implementation from conditional grants
- Census & outbreaks of livestock diseases
- Glen College of Agriculture (commercialisation)
- Maintenance of government property
- A training and skills development programme for emerging farmers

MTEF Proposals 2006/07 – 2008/09

Current budget (before adjustments): R225 565

Indicative amount 2006/07: R241 142

Indicative amount 2007/08: R264 834

Indicative amount 2008/09: R279 924

Plus pressures on the next slide for each year

Pressures above baseline

(R'000)

Operating capital for:

- Senior Management R2 000
- GG transport R3 500
- Communication R2 000
- Maintenance of properties at DC level R1 000
- Implementation of conditional grants R1 000
- Food Security Programme R5 000
- Veterinary supplies R1 000
- Transport for Disaster Relief R 300
- Marketing of Glen College (status quo option) R 200