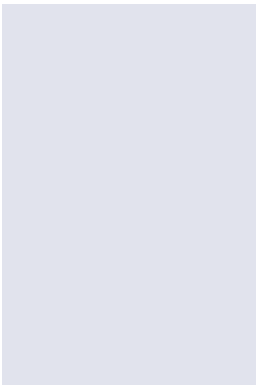
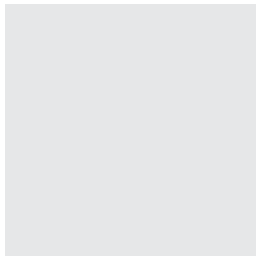
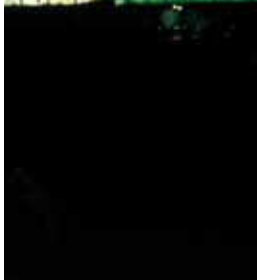




Finance and  
Economic Affairs



Annual Report 2004/2005

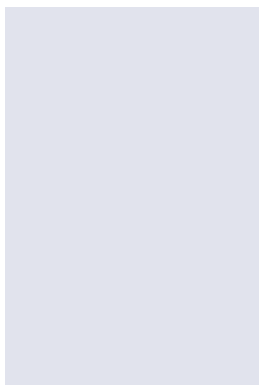


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## DEPARTMENT OF FINANCE AND ECONOMIC AFFAIRS

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**ABBREVIATIONS**

ACSA	Airports Company of South Africa
AG	Auditor -General
ASB	Accounting Standards Board
BBBEE	Broad Based Black Economic Empowerment
CATS	Corporate Access Terminal System
DDG	Deputy Director General
DEAT	Department of Environmental, Affairs and Tourism
DFA	Development Facilitation Act
DFEA	Department of Finance and Economic Affairs
EDP	Economic and Development Planning
EPPR	Economic Policy Planning and Research
FDI	Foreign Direct Investments
GAAP	Generally Accepted Accounting Practice
GAUMAC	Gauteng Manufacturing Advisory Centre
GDS	Growth and Development Strategy
GEDA	Gauteng Economic Development Agency
GFO	Gauteng Film Office
GGB	Gauteng Gambling Board
GGP	Gross Geographical Product
GPG	Gauteng Provincial Government
GRAP	Generally Recognised Accounting Practice
GSSC	Gauteng Shared Services Centre
GTA	Gauteng Tourism Authority

HDI	Historically Disadvantaged Individuals
HET	Higher Education Trading
HOD	Head of Department
JIA IDZ	Johannesburg International Airport Industrial Development Zone
MEC	Member of Executive Council
MFMA	Municipal Finance Management Act
NHFC	National Housing Finance Corporation
OD	Organisational Development
OEM	Original Equipment Manufacturer
PDI	Previously Disadvantaged Individuals (also see HDI)
PFI	Private Finance Initiative
PFMA	Public Finance Management Act
POP	Provincial Operating Permit
SAHRA	South African Heritage Resource Agency
SARS	South African Revenue Services
SMME	Small Medium and Micro Enterprise
SW	Soft Ware
TIS	Trade and Industry Strategy



*Paul Mashatile*  
MEC

# Foreword

The 2004/05 financial year marked the beginning of the second decade of liberation in our country. It also marked the beginning of a period of consolidating and deepening the gains of the 1994 democratic breakthrough within the context of a people's contract to create work and fight poverty.

Guided by the overwhelming mandate we received from the people of Gauteng in the April 2004 general elections, we as the provincial government developed a Five Year Strategic Plan which outlines the priorities we will pursue during the current term of governance. These are:

- Enabling faster economic growth and job creation
- Developing healthy, skilled and productive people
- Fighting poverty and building safe, secure and sustainable communities
- Deepening democracy and realizing the constitutional rights of our people
- Building an effective and caring government

These priorities are part of our vision for 2014, through which we seek to deepen the gains of our democracy and ensure that Gauteng becomes an even better place for all. Equally these priorities will ensure that we contribute to the national objective of halving poverty and unemployment by 2014.

As we advance towards the objectives we have set for ourselves, we are inspired by the growth of the Gauteng economy and indeed the national economy has moved onto a higher trajectory. The provincial economy grew by 5% in the fourth quarter of 2004. The target we have set for ourselves in the Growth and Development Strategy (GDS), which we launched in April 2005, is to achieve an economic growth rate of 8% by 2014.

While we draw inspiration from the strengths of the provincial economy we are mindful of the reality that the levels of poverty and unemployment are high in our province. Of concern also are the deep income inequalities that exist in our province.

We are determined to bridge the gap between the first and second economies. This we will do through interventions such as the promotion of Small, Medium and Micro Enterprises (SMME) development and Broad Based Black Economic Empowerment (BBBEE).

We approach  
the future with  
confidence that  
the goals we  
have set for  
ourselves are  
within reach



In this regard, we launched the Gauteng Enterprise Propeller (GEP), an agency that provides financial and non-financial support to SMMEs in Gauteng. In addition we will launch the provincial BBBEE Strategy which will contribute towards ensuring that we broaden participation in the Gauteng economy.

Collectively these interventions will go a long way in ensuring that we achieve the objective we have set in our Five Year Strategic Programme and in the GDS.

Together with the Department of Education, we have developed a school curriculum for grade 8 and 9 learners as part of our consumer literacy programme. The Consumer Affairs Office was nominated as one of the finalists in the Department of Trade and Industry's Consumer Champions Award for 2005. This was a fitting tribute to the work the Unit is doing in protecting consumers against unfair business practices.

The Liquor Licensing Unit is at an advanced stage of reviewing some of the provisions of the Provincial Liquor Act. An announcement in this regard will be made before the end of the year. The review process is aimed at putting in place a proper regulatory environment for the liquor industry. We are also accelerating the rate at which license applications are being processed through the new IT system we introduced. The appointment of local committees of the Liquor Board will also contribute towards accelerating the rate at which we process applications.

The Provincial Treasury continues to break new ground in the implementation of the Public Finance Management Act (PFMA). In August this year we will, for the first time in the history of public finance management in Gauteng, presented to the Legislature the 2003/04 Consolidated Financial Statements for the entire Gauteng Provincial Government. The presentation of these statements is in line with the requirements of the PFMA.

Going forward, we will be working with the Department of Local Government in the implementation of the Municipal Finance Management Act (MFMA) in all municipalities in Gauteng.

Our investment in strategic economic infrastructure, through Blue IQ Investment Holdings( PTY) Ltd is yielding good results. This is evident from the success of the first phase of all the 11 Blue IQ projects. Phase two of Blue IQ will involve the commercialisation of the entity, a process which will require private sector participation in Blue IQ projects.

We have initiated a process of aligning the mandates of our departmental agencies, the Gauteng Economic Development Agency, the Gauteng Tourism Authority and the Gauteng Gambling Board to the provincial priorities and the GDS.

We have established a special projects Unit that will be responsible for the management of Public Private Partnerships contracts which include the Gautrain Rapid Rail Link Project, the Gauteng Government Precinct, the Dinokeng and the Cradle of Humankind projects.

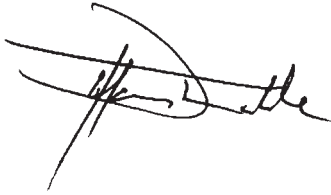
The Gautrain Rapid Rail Link project is on track and construction will begin later this year. The Premier recently announced Bombela Consortium as the preferred bidder for the construction of Gautrain. The Gautrain project, which is part of our integrated transport system, indicates our desire as government to improve public transport and ensure that it becomes as preferred mode of travel by commuters.

With regard to the Cradle of Humankind project, the new facilities at Sterkfontein Caves opened for trade in March 2005 and the official opening will take place in September to coincide with National Heritage Day celebrations. The new facilities at the Mohale's Gate site, the main visitor Interpretation Centre will be open for trade in September 2005 and will be officially opened in December 2005 to coincide with the 6th anniversary of the listing of the Sterkfontein Caves as a World Heritage Site.

In Dinokeng the number of private sector attractions have grown from 57 to 171 and the Dinokeng Game Reserve start up area which was expected to be 25 000 hectares has received much wider support and has grown to 45 000 hectares.

We have approved funding for the implementation of the Dinokeng Game Reserve subject to detailed terms and conditions of the funding being captured in an Implementation Framework Agreement to be entered into by the Dinokeng Project and the Land Owners Associations.

Inspired by our achievements thus far, we approach the future with confidence that the goals we have set for ourselves are within reach. The foundation we have build is a solid one and there is no doubt that we are firmly on track in our effort to ensure that Gauteng does indeed become a better province for all.



Paul Mashatile  
MEC for Finance and Economic Affairs



*Bongiwwe Kunene*  
HOD

# Executive Summary

A woman is selling food from the gazebo in Bara Taxi Rank, near Baragwanath Hospital in Soweto, a 60 year old man opens the door of his first ever mortar and brick house in Winterveld and a young man who runs a thriving car wash from a Shell Garage in Visagie Street in Tshwane.

Scenes like these are very common in South Africa today, indicating indeed that the achievements of the past 10 years of democracy are nothing short of extraordinary.

Coming at the time that we celebrate the 50<sup>th</sup> anniversary of the Freedom Charter, they are a symbol that the ideals of the historic declaration adopted in Kliptown in 1955 continue to guide us in our relentless pursuit for a better life for all.

The achievements of the past decade have largely been due to prudent macroeconomic policies, which have resulted in our country being cited in international financial and economic circles as a “model for success” in economic structural adjustment.

SA’s strong policy coordination has contributed to the clarity of objectives. The resultant effective implementation of government’s economic strategy has seen the country’s economy performing satisfactory in a difficult international environment.

Our province, Gauteng which represents about 33% of the country’s gross domestic product (GDP) has and continues to be at the forefront of this massive economic transition.

The fact that Gauteng is the economic powerhouse of the country puts a lot of responsibility on the Department of Finance and Economic Affairs (DFEA), which is mandated with achieving financial management leadership in the province and creating an environment conducive to labour absorbing economic growth and poverty reduction.

It is encouraging to note that the DFEA has taken this challenge head on. In the year under review, the department achieved a number of set targets.

DFEA successfully launched and is driving the development of the Growth and Development Strategy (GDS), which amongst other things, sets clear targets for employment creation and poverty reduction in the province. The Implementation Framework for the projects identified in the GDS has also been finalised.

DFEA also established the Gauteng Enterprise Propeller (GEP) is a small micro and medium sized enterprise agency, which provides both financial and non financial support to entrepreneurs in the province. The formation of this agency represents a relevant and timely intervention because South Africa needs a tool that could spur a burst of entrepreneurial activity.

The 2004 Global Entrepreneurship Monitor, the largest and most respected entrepreneurship assessment in the world ranked SA at 5.4% in 2004 compared to 4.3% in 2003 and 6.3% in 2002.

The figures indicate that the country’s performance in SMME development had remained dismal over a three year period. Also, SA achieved the lowest measure in all developing countries including India, Chile, Thailand, Argentina, Brazil and Mexico. GEP would help solve the problem of shortage of funds which is experienced by 40% of all SMMEs in the country and the chronic lack of business skills especially among black small business owners.

Other achievements in the 2004/05 financial year were:

- Provincial Liquor Act was aligned to the amended National Liquor Act.
- The department finalised the structure to expedite delivery as per our mandate. Development Planning migrated to DFEA to strengthen the development and economic focus for our DFEA.
- DFEA continued its partnership with the Department of Education to increase consumer awareness in our societies through consumer education.
- DFEA is leading the rolling out of MFMA in the province

DFEA's agencies also performed well, with the Gauteng Film Office facilitating investments to the value of R314 million. The investments were in different categories including on air promotions, commercial, corporate video, documentaries, feature movies, music videos, short films, TV dramas, medium fund and talk shows.

The Gauteng Economic Development Agency posted a strong performance, managing to exceed its job creation target by 1 077 permanent jobs.

In spite of this, we realise that our province is still faced with many challenges that require government's urgent intervention to address some of the market failures that are continuing to hinder economic growth and job creation.

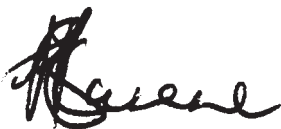
Consequently, the next coming year would see the DFEA aggressively implementing the six strategic objectives contained in our five year strategy plan.

These include the adoption of our Broad Based Black Economic Empowerment (BBBEE) strategy and increasing provincial revenue while initiating new sources of funding.

SA is leading a quiet and peaceful revolution, channelling all its resources and energy into economic development.

The country has taken on a formidable task of restructuring the economy, raising the standards of living to the level of industrial nations and decreasing unemployment. That is why all policies are geared at transforming the nation from a developing country to a developed country.

As DFEA, we believe that our employees are one of our greatest assets. Therefore my appreciation and thanks go to all our employees, who through their hard work and dedication, have helped make this a remarkable year for the department.



Bongiwe Kunene  
HOD Department of Finance and Economic Affairs

# Departmental Overview

The mandate of the Department of Finance and Economic Affairs (DFEA) is to provide economic policy direction and development facilitation, achieve financial management leadership in the province and create an environment conducive to labour absorbing economic growth and poverty reduction.

## 2.1 MANDATE OF THE DEPARTMENT

The legislative mandate is derived from a host of national and provincial policies and legislation such as Chapter 13 and Schedules 4 and 5 of The Constitution of the Republic of South Africa 1996, Public Service Act 1994 (as amended), the Public Finance Management Act (PFMA) of 1999 (as amended), Division of Revenue Act (DORA), Development Facilitation Act of 1995 and other relevant Acts.

The applicable provincial legislation is:

- The Consumer Affairs Act 1996
- The Gauteng Tourism Act 1998 (as amended)
- The Gauteng Gambling Act 1995 (as amended)
- The Gauteng Liquor Act 2003
- The Gauteng Planning and Development Act 2003

The DFEA also administers the following national legislation:

- The National Liquor Act 2003
- The Trade and Metrology Act 1973
- The Credit Agreements Act 1980
- Small Business Act 1996

In addition, the following pieces of legislation has impact on the activities of the DFEA, namely:

- Employment Equity Act 1998
- Promotion of Access to Information Act 2000
- Broad Based Black Economic Empowerment Act 2003
- Preferential Procurement Policy Framework Act 2002
- National Archives and Records Service Act of 1996

The DFEA  
provides  
economic  
policy  
direction



## 2.2 CONSTITUTIONAL MANDATE

### LEGISLATIVE RESPONSIBILITIES IN ENHANCING GOOD GOVERNANCE

#### 2.2.1 Public Finance Management Act (PFMA) 1999

The DFEA has met all the implementation requirements as follows:

1. A support structure for the chief financial officer was developed. Job descriptions and performance agreements for the support structure were developed and the positions will be advertised in the new financial year.
2. Requirements on financial disclosure in annual financial statements have been implemented and are up to date.
3. The DFEA has performed risk self assessment sessions in an effort toward finalising the risk management strategy and fraud prevention plan.
4. The DFEA is represented in the GPG Fraud Prevention Committee established.
5. The cluster audit committee produced four quarterly reports.
6. A training and development programme was developed and approved. The programme has been rolled out in July 2005.
7. Quarterly financial and performance reporting was complied to and related PFMA deadlines were met.
8. The DFEA has implemented an asset register that is compliant to the requirements of asset management and generally accepted accounting practice.
9. A five year strategic plan was formulated.

#### 2.2.2 Promotion of Access to Information Act (2000)

The manual pertaining to Access to Information Act was developed and has been translated from English to Afrikaans, Isizulu and Sepedi. As prescribed by the Act and listed in the manual the DFEA has three designated information Officers. From the developed manual, the DFEA is expected to produce a pamphlet that has to be submitted to three deposit libraries. The newly established Legal Services unit will be responsible for the development of the said pamphlet.

A report in compliance to the requirements of the Act was compiled and submitted to the Human Rights Commission.

#### 2.2.3 Employment Equity Act (1998)

This act supersedes all legislation that regulates employer /employee relations in the workplace, touching on all the workplace laws namely; Labour Relations Act, Basic Conditions of Employment Act and the Health & Safety Act.

In accordance with the Act, the DFEA employment equity plan was submitted to the Department of Labour in line with the prescribed timeframes. The numerical goals of the department were adjusted according to the departmental staff establishment, but this is subject to change due to the recent restructuring of the department.

To this end, the departmental skills requirements have been provided on a request basis in line with the technical needs of the specific units.

### 2.2.4 National Archives and Records Service Act of 1996

This piece of legislation provides for the statutory and regulatory framework for records management, as well as the relationship between records, information and its value, file plans and knowledge management.

In a bid to come up with an integrated documents and records management system, the department has engaged the document warehouse to ensure that it adheres to the National Records and Service Act of 1996.

### 2.2.5 Promotion of Administrative Justice Act (No.3 of 2000)

The DFEA through the Consumer Affairs division, implements the Administration and Justice Act. This it achieves through:

- Consumer education
- The office of the Consumer Protector and the Gauteng Consumer Court which considers and resolves matters of Unfair Business Practices

The Consumer Affairs Division reaches out to its stakeholders through:

- Conducting interviews in community radio stations and newspapers
- The KAYA FM Consumer Watch Programme
- Conducting consumer education workshops
- Together with Gauteng Department of Education, implements a school curriculum programme

### 2.2.6 Batho Pele Principles

The DFEA continued to intensify a service drive through creating a conducive environment for a professional corporate governance culture and also by activities boosting staff morale.

To adhere to Batho Pele principles, the DFEA has restated its vision, mission and value statement in line with the strategic priorities of the province.

In striving for service excellence, a customer service orientation training was provided to the staff members in the Consumer Affairs Division. Preparation for same is being arranged for the staff of the Gauteng Liquor Board. Both these Units are the primary points of interface between the DFEA and the communities.

## 2.3 Strengthening accountability through stakeholder interaction

### 2.3.5 Our Stakeholders include:

National departments  
Gauteng Provincial departments  
Municipalities  
Gauteng Provincial Legislature  
Local government  
DFEA agencies  
The Office of the Auditor - General

### Special interest groups

Chambers of Commerce and Industry  
 Business Associations  
 Public Service Bargaining Council  
 Organised Labour  
 Tourism Associations  
 Consumer Protection Associations and Agencies  
 Local Business Service Centres  
 Liquor Traders Associations  
 Taverners Associations  
 The Planning Profession  
 The Construction and Property Development sector  
 Businesses with gambling licenses  
 Tertiary Institutions  
 Research Institutions  
 The general public

### Others

The World Bank  
 Statistics South Africa  
 South African Reserve Bank  
 Development Bank of Southern Africa (DBSA)

#### 2.3.6 Stakeholder Interactions Channels

Information dissemination through publications  
 Consultations such as workshops  
 Communications through the media  
 Requests for inputs on policy related issues  
 Regulation of business and industries  
 Roving EXCOs and Izimbizos  
 Exhibitions

## 2.4 Stakeholder Monitoring Mechanisms and Implementation of the Mandate

UNITS	MONITOR	MECHANISM
Economic and Development Planning (EDP)	MEC HOD DFEA Agencies Department of Trade and Industry (DTI) DPLG Research Institutions Academic Institutions	Weekly management meetings, Monthly and Quarterly reports. MINMEC meetings
Consumer Affairs and Business Regulations	Consumer Court members DTI	Weekly management meetings, monthly and quarterly reports.
Liquor Licencing	Gauteng Liquor Traders Association DTI Liquor Board	Monthly reports, Liquor Board meetings Annual Report.
Agencies	MEC HOD Board of Directors CFO: DFEA DDG: Governance DDG: EDP	Weekly management meetings, Board meetings, monthly reports, ManCom meetings, Strategic Plans, the budgets and Annual Reports.
Communications	GCIS Agency Communications Forum MEC HOD DFEA DDGs	Publications, News archives, Website, weekly management meetings, monthly, quarterly reports and Annual Report.
Security Risk Management	MEC, HOD and DDG Govenance	Monthly reports, quarterly reports and Annual Reports.
Budget Office	EXCO Legislature National Treasury	Budget statements, monthly reports, quarterly reports and Annual Reports.
Public Finance Management Reform (PFMR)	Legislature National Treasury	Quarterly PFMA implementation progress reports. Evaluation of municipal budgets.
Provincial Accountant – General (PAG)	Legislature National Treasury Auditor General	Monthly reports, Annual Financial Statements and Annual Reports.

UNITS	MONITOR	MECHANISM
HR and Logistical support	HOD, DDG and Programme manager	Monthly reports, quarterly reports and Annual Reports. HR Forum, bargaining chamber. HR sub-committee meetings and workshops.
Information and Technology	GSSC Liquor Licensing Consumer Affairs	SLAs, monthly and quarterly reports.
Financial Management	HOD CFO Provincial Treasury MEC Legislature Auditor - General Audit Committee Internal Audit	Monthly closure status report for department. Annual closure status report for the department. Forced closure status report.
Special Projects	CFO Provincial Treasury MEC Legislature Auditor General Audit Committee Internal Audit	Monthly reports, quarterly reports and Annual Report.
PPP Unit	HOD CFO Provincial Treasury MEC Legislature Auditor - General Audit Committee Internal Audit	Monthly report, quarterly report and Annual Report.

# Report on Performance

## 3. Vision, Mission and Value Statement

### Vision

To become a centre of operational excellence, providing financial management leadership and contributing to a conducive environment for economic growth in Gauteng.

### Mission

To strive to provide a level of service that is output driven, ethical and people-focused and that reflects the economic demographics of our province through:

- Increased trade and investment
- Investment in strategic economic infrastructure that boosts the competitive advantages of key sectors of the economy
- Sound public financial management
- Contributing to an ethical business and regulatory environment

### The DFEA's Value Statement

The core values of the DFEA include the following:

- Ensuring financial accountability
- Ensuring equity and redress in terms of access to economic opportunities
- Running an effective and sufficient organisation and serving as a role model for other departments and stakeholders
- Transparency and/openness in terms of how the DFEA does its business
- Democratic decision-making
- A high degree of professionalism amongst our staff and giving practical effect to Batho Pele principles
- Quality services to the DFEA's customers

The DFEA  
strives to  
become a  
centre of  
operational  
excellence



## Strategic objectives

The DFEA has identified 6 strategic objectives towards achieving its goal and addressing the key challenges facing the province including widespread poverty and ensure long-term environmental and ecological sustainability of Gauteng's natural resources:

- Facilitate, enhance and increase investment in infrastructure and other local development initiatives in targeted zones.
- Facilitate, enhance and increase domestic and foreign direct investments including an increase in tourism and film production in Gauteng.
- Ensure and promote development and sustainability of Broad Based Black Economic Empowerment, SMME's and Co-operatives in the province.
- Ensure sound financial management in the province
- Increase provincial revenue and initiate new sources of funding
- Ensure effective and efficient management of the DFEA and accountability of its Agencies

## 4. Organisation of the Department (HR)

There are two main focus areas of the DFEA, the one being on economic growth and development and planning in the province and the other a sound financial management in GPG. As such, the department has been structured around the following core functions:-

- Economic and Development Planning
- Governance
- Provincial Treasury
- Special Projects

These are aligned to the provincial priorities. These main programmes are each divided into sub-programmes that in essence are the operational units of the DFEA. Corporate Services provides transversal and support services to the DFEA.

### 4.1 Departmental Structure

#### Economic and Development Planning

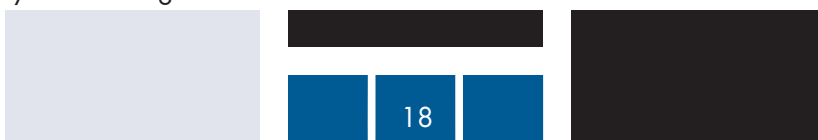
This unit is made up of the following divisions:

- Economic Planning
- Development Planning
- Geographical Information Systems

#### Governance

This unit is made up of the following divisions:

- Liquor Licensing and Regulation
- Consumer Affairs and Business Compliance
- Agency Support and Promotion
- Communications
- Security Risk Management



### Provincial Treasury

- Fiscal Management
- Provincial Accountant General
- Provincial Financial Management Reforms

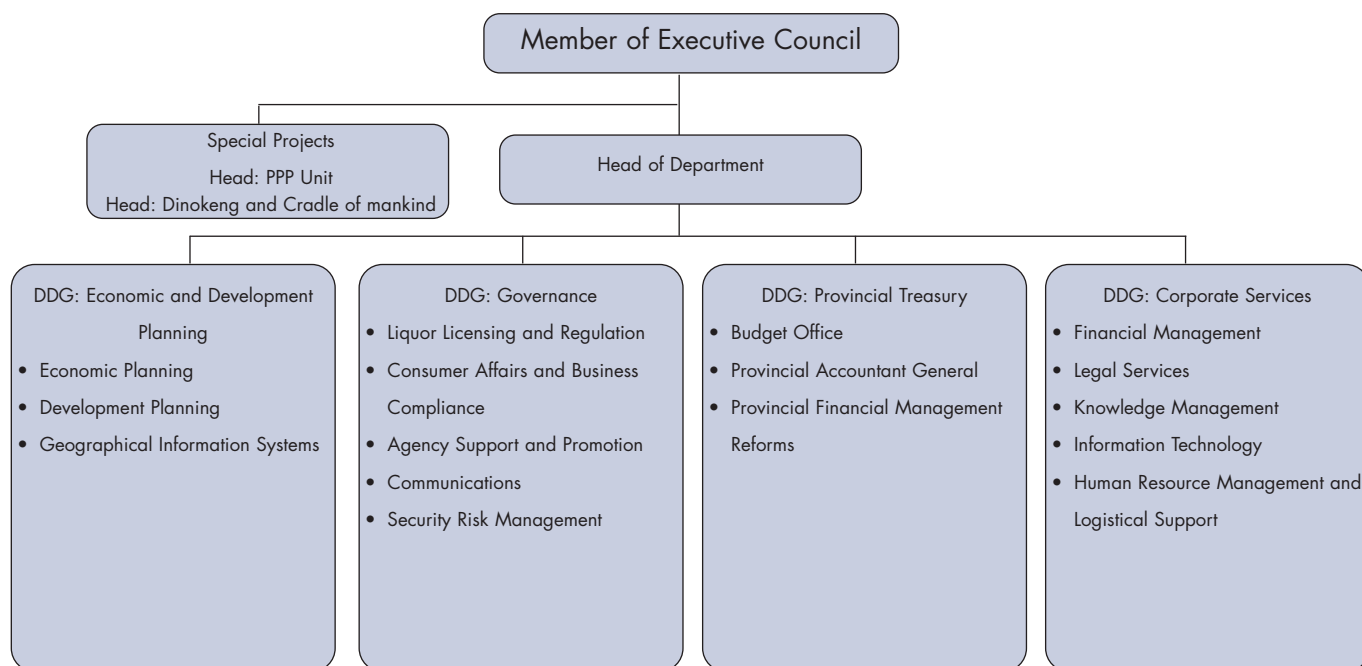
### Corporate Services

- Financial Management
- Legal Services
- Knowledge Management
- Information Technology
- Human Resource Management
- Facilities Management

### Special Projects

- PPP Unit
  - Gautrain Rapid Rail Link project
  - GPG Kopanong Precinct
- Cradle of Mankind
- Dinokeng

## 4.2 Organogram





*Sibusiso Xaba*

DDG: Economic and Development  
Planning

## 5. Strategic Objectives and levels of success

### 5.1 ECONOMIC and DEVELOPMENT PLANNING

The Economic and Development Planning Unit, hereinafter referred to as the EDP, plays a pivotal role in the department by formulating appropriate well informed economic and development planning policies and ensuring that integrated planning in the province is coherent. This is a new Unit – that came about by the amalgamation of the Economic Policy, Planning and Research and Development Planning (formerly in the then Department of Development and Local Government) to achieve the following objectives:

- improve and increase investment in infrastructure and other local development initiatives in targeted zones.
- enhance and augment domestic and foreign direct investments including increased tourism and film production in the province.
- promote development and sustainability of Broad Based Black Economic Empowerment (BBBEE), SMMEs and Cooperatives in the Gauteng province.
- Policy for increased provincial revenue and initiation of new sources of funding.

The EDP's functions can be summarised as follows:

- Conduct research that facilitate the formulation and review of economic and development planning policies.
- Develop and ensure implementation and coordination of integrated economic and development planning policies.
- Provide local economic development support.
- Facilitate integrated development planning in the province.
- Support planning statutory boards, which consist of the Townships Board, Services Appeal Board, Gauteng Development Tribunal and Appeal Tribunal.
- Render advice in respect of land use management and functions.
- Ensure sustainable socio-economic development.
- Ensure implementation of the Growth and Development Strategy.
- Ensure the integration of all transversal issues such as women, people with disabilities, HIV/AIDS into the DFEA policies and programmes.

Provincial agencies such as the Gauteng Economic Development Agency (GEDA), the Gauteng Tourism Agency (GTA), the Gauteng Gambling Board (GGB), the Blue IQ, the Gauteng Enterprise Propeller (GEP) and the Gauteng Film Office (GFO) are vehicles to implement policies developed by the EDP. The EDP performs impact studies to determine whether the desired results are realised and if not a review and refinement of the policy will be done facilitated by research.

During the year under review, the EDP Unit facilitated a co-ordinated consultative process with various stakeholders in the province to develop the Growth and Development Strategy. The GDS Summit was held towards the end of 2004, and provided a platform for formulating a shared vision for growth and development in the province.

### **5.1.1 Economic Planning**

The Economic Planning Division's purpose is to promote sustainable economic growth and development in the province.

The core functions of this division are to develop and review economic policies for the province that will result in sustained levels of economic growth, job creation, development of human capital and an improved quality of life for all, conduct research on economic issues, ensure implementation of the Growth and Development Strategy (GDS) and define and implement economic interventions necessary to contribute to economic growth and development that will lead to job creation.

The unit planned to review the consumer, tourism and gambling legislation with a view to identify how best to structure these legislations and to align them to national legislation.

### **5.1.2 Development Planning**

This division is to ensure that the Municipal Integrated Development Plans are consistent and aligned with the Provincial Integrated Development Plan.

The roles of this division are to promote and facilitate local economic development and investments, develop and implement integrated and holistic provincial planning frameworks, provide integrated and holistic planning advice to stakeholders including local government, administer land use matters and render support services to the Development Statutory Boards.

The unit develops and publishes the regulations on the Zoning Schemes, in terms of the Gauteng Planning and Development Act.

Lastly, it rolls-out Local Economic Development Programmes and identifies (LED) projects that can improve economic growth and livelihoods in targeted localities.

During the year under review, the Unit continued to give support to the Statutory Bodies, and through these land development applications in the province were expedited. The value of land development managed exceeded R2 billion.

The Unit also provided continued support and leadership in the three lead LED projects in the District Municipal Areas.

Working with the Land Use Task Team, the Unit produced a research based Cost Benefit Analysis on the cost of locating low cost housing in relation to established urban centres. The output of this work will inform policies on the location of low cost housing and contribute to densification in the province.

### 5.1.3 Geographical Information Systems

This division's purpose is to develop, maintain, analyse and implement a provincial GIS system to inform planning and monitor implementation.

Its core functions are to develop and implement an appropriate GIS system, promote and coordinate the GIS and ensure effective GIS project management. Being a new division still has to establish its capacity and systems to deliver on its mandate.



*Keith Khoza*  
DDG: Governance

## 5.2 GOVERNANCE

This Unit ensures effective and efficient corporate governance, regulation of the liquor industry and the implementation of projects by DFEA's Agencies and Consumer Affairs division. It also ensures the relevant communication services for the DFEA to a variety of stakeholders towards achieving departmental and the GPG's strategic priorities.

### 5.2.1 Liquor Licensing and Regulation

This division issues liquor licenses, enforces compliance and regulates the micro-manufacturing and retail sectors of the liquor industry. It also provides secretarial services to the Local Committees and the Liquor Board. Furthermore, it is also tasked with the education on all matters relating to the Liquor Act of 2003.

The division successfully implemented the Gauteng Liquor Act, 2003.

The Liquor Licensing mandate is derived from the Gauteng Liquor Act, 2003 and the National Liquor Act, 2003. The division is responsible for ensuring operational excellence of the liquor industry through regulation, thereby creating a conducive environment for economic growth and development.

It achieved phenomenal success, managing to process all liquor license renewal applications within 90 days.

As part of its efforts to inform the public on the adverse socio-economic effects of alcohol abuse, the division participates at EXCO Imbizos and other public exhibitions to advance public awareness and education.

To ensure compliance with the Act, the division has managed to carry out inspections on more than 50% of liquor outlets in the province.

### 5.2.2 Consumer Affairs and Business Compliance

This division is established to protect consumers and provide education and awareness on unfair business practices.

During the period under review, Consumer Affairs' shortened the turnaround time of dealing with and disposing of consumer complaints from three months to two months.

The Consumer Affairs Court sits at least once a week and has dealt with 90 cases to the value of R14 million, an indication that the public is becoming aware of the importance of the Court and what it could do for them. Overall the success rate achieved by the Court was 99%.

In recognition of its efforts to advance the rights and interests of consumers, the Court was nominated as one of the finalists in the DTI's annual Consumer Champions Awards that took place on 15 March 2005. Efforts to further market the Court will continue in the coming year.

The KAYA FM Consumer Watch, a weekly consumer education programme aired in partnership with the DFEA was a success. The programme featured various regulatory bodies and interviews with industry experts dealing with a wide spectrum of consumer related issues. The programme reached the bulk of consumers in the province as KAYA FM enjoys the listenership in excess of 1.2 million each day.

The consumer education and awareness programmes continued to be rolled out through the Consumer Education Unit. Consultations with the Department of Education, the Gauteng Institute of Curriculum Development and the DFEA regarding the implementation process have commenced. The curricula for Grades 8 and 9 have been developed and is finalised.

In addition to enforcing compliant business practices in the trade environment, the Consumer Affairs Division was initially tasked with establishing a compliance unit for the trade and consumption of liquor in line with the Liquor Act 2003.

This function was established by the Consumer Affairs Office and returned to the Liquor Licensing Office for monitoring.

### **5.2.3 Agency Support and Promotion**

This division facilitates compliance of all the DFEA Agencies, the Liquor Licensing and the Consumer Affairs divisions with relevant legislative requirements, and facilitates their delivery on GPG goals and objectives.

The division performed policy reviews with respect to the mandate of Agencies. In addition, it developed an effective monitoring and reporting tool.

### **5.2.4 Communications**

The mandate of the Communication Management division is to facilitate a two-way communication between the DFEA and its internal and external stakeholders. Whilst the primary goal is to improve awareness of the DFEA and its services through media relations, stakeholder and community relations and internal communication, the unit also provides insight to management on emerging issues that may affect the DFEA.

Moreover, the division also provided support services to the DFEA with regards to event management, publications, corporate identity and branding. It increased public awareness of the DFEA services, strategic priorities, achievements and challenges through events such as the GDS Summit of November 2004. It also participated in exhibitions such as the 2005 Randshow as well as Imbizos and community outreach programmes.

It aggressively communicated and marketed the leadership and services of the department through print and electronic media both locally and internationally.

### **5.2.5 Security Risk Management**

This new division was established and its role defined. It commenced developing and implementing security risk policies and advising on strategic security related issues and risks that may have a negative impact on good governance and sound political management of the DFEA and its Agencies.



*Nomfundo Tshabalala*  
DDG: Treasury

### 5.3 PROVINCIAL TREASURY

This unit ensures sound financial management in GPG through appropriate financial management frameworks and guidelines, capacity development and support and the rendering of financial accounting services.

#### 5.3.1 Budget Office

This division plans and manages the provincial budget in cooperation with GPG departments and provides regular revenue and expenditure reports as required by the PFMA. Through annual budget bilateral meetings, it promotes thorough budget detail discussions with departments prior to finalisation thereof.

A research and costing methodology project was initiated and piloted at the Department of Sports, Recreation, Arts and Culture. This project will be further rolled-out to other departments depending on the availability of financial resources.

A process to generate provincial own revenue in line with prescribed legislative requirements has been initiated.

#### 5.3.2 Provincial Accountant General

This division ensures effective and efficient management of physical and financial assets and liabilities as well as the provision of financial management frameworks and guidelines to the GPG.

The consolidation of Provincial Annual Financial Statements (PAFS) was initiated and is ongoing. This process will only be completed after all GPG departmental Annual Financial Statements (AFS) have been audited. Therefore, the consolidated AFS will not be complete by the time this Annual Report of the DFEA is tabled.

#### 5.3.3 Provincial Financial Management Reforms

This division ensures that financial management reforms are implemented in GPG and local government as well as PFMA monitoring.

Provincial Financial Management Reforms division was established and is fully capacitated to roll out the implementation process of the Municipal Finance Management Act in the province from 01 July 2005.



*Kananelo Tlebere*  
DDG: Corporate Services

## 5.4 CORPORATE SERVICES

This unit ensures effective and efficient functioning of the DFEA regarding operational administrative and other support services.

### 5.4.1 Financial Management

The division is aimed at the management, development, implementation, evaluation and maintenance of internal financial control policies and procedures in compliance to the PFMA.

The objectives of Financial Management is to:

1. Implement effective financial management and internal control systems.
2. Implement financial management and internal control system.
3. Apply procurement as a mechanism to facilitate SMME and BBBEE development.
4. Implement an effective and efficient procurement system and evaluation of major capital projects.
5. Provide accurate, timely and relevant financial information for decision making.

#### Service delivery objectives and indicators

##### *Recent outputs*

The Financial Management division has developed a structure in accordance to the requirements of the National Treasury. This structure was proposed to the top management and the Member of the Executive Council and will be rolled out in the coming year.

The division is on par with the implementation of the PFMA prescriptions and requirements by the Treasury Regulations. Matters that have been dealt with include:

1. Meeting all reporting deadlines.
2. Annual review of internal control policies to ensure good governance.
3. Follow up and resolution of all audit queries.
4. Receipt of internal/external audit reports and step up controls accordingly.
5. Development and implementation of a training and development program for the unit to continually improve the technical financial knowledge of our employees.

### 5.4.2 Legal Services

The division was formally established in the DFEA structure and its role defined. It ensures effective and efficient legal administration and contract management services to the DFEA and its Agencies.

### 5.4.3 Information Technology (IT)

The division ensures that the department has an enabling environment from an IT perspective. It provides technology vision and leadership for developing and implementing Information Technology initiatives that support the strategic direction of the DFEA towards service delivery. Its

major focus is to coordinate IT activities within directorates so as to optimally utilise technology. The Local Area Network (LAN) was upgraded. In addition, the process to identify IT needs and alignment thereof was completed.

### ***IT Strategic Project***

This project was initiated in November 2003 with Blue Peter Consulting. It continued into 2004. Completion was scheduled for November 2004. The project is nearing completion.

### ***Monitoring and Evaluation Database***

The Monitoring and Evaluation division required a database to monitor the DFEA agencies. The IT unit is working with the GSSC project team to develop the Agency Performance Monitoring Tool (APMT). The system is a web-based system that will be hosted by DFEA IT at 94 Main Street. Access to the system will be via the portal. The project is in its final stage.

### ***Bulk-Buying of IT Equipment***

The DFEA embarked on IT bulk buying and hence the IT division negotiated best prices for equipment. During the year under review, a bulk order was placed to fulfil all IT needs of the DFEA.

### ***Moving of the Server room from the 4th floor to the 6th floor***

The server room was relocated from the 4th floor to the 6th floor vault to make room for the new Treasury Offices. The move proved advantageous in that the 6th floor vault is much more secure. We have identified a cabinet, the Outsource Cabling Model, which will not require construction of a server room. The vault has been partitioned and air-conditioning installed.

### ***LAPS and CMS Systems***

The Liquor Application Process System (LAPS) is now 98% ready. Testing of the system has been completed and all the errors in the system corrected. Some users have already started capturing new data on the system. We are also currently assessing the Case Management System (CMS). The users have identified a few errors/problems on the system and the developers are correcting those errors /problems on the systems and the developers are correcting those errors. Service level agreements (SLA) for the systems and regional offices will be negotiated as soon as the assessments on the systems are complete.

### ***Centralised Banking System (CBS)***

In March 2005, National Treasury came out to the DFEA requesting assistance from IT in the installation and configuration of the CBS system. The system connects through the State Information Technology Agency (SITA) network to the South African Reserve Bank. This posed a problem as the GPG Wide Area Network (WAN) is not part of the SITA network. IT negotiated with the South African Reserve Bank and access to the system directly to the South African Reserve Bank was granted. The system is up and running.

**Pilot on SAP**

The IT Unit provides a temporary server for the Provincial Treasury Unit for the implementation of the System Application Process (SAP) by Business Performance Solutions. This pilot phase includes two users in the DFEA Treasury unit and a third user in the Department of Sports. All three users are being supported on the SAP application of the DFEA IT.

**Configuration of CATS (Standard Bank Application) Citrix**

The Banking Services unit utilises the Corporate Access Terminal System (CATS) application to do banking with Standard Bank. Initially, they connected to CATS through the GPG internet. This would occasionally pose a problem as security on the firewalls at GSSC or Standard Bank would prevent users from accessing CATS. The users would then connect through individual modems whilst still connected to the GPG network. This posed as a serious security risk. Hence, DFEA IT negotiated with the GSSC and Standard Bank and CATS was configured on Citrix. This has ensured a much more stable and secured connection to CATS.

**OTHER ACTIVITIES**

- Daily backups
- Combating virus on the LAN
- Pushing patches to users
- LAN upgrade for DFEA upgrade
- Corrected all error on the LAPS
- 1st line support on desktop (Interns)
- Installation of SMS
- Completed an audit on all the IT equipment and software in the department
- The design and implementation of the LAN and WAN project for the Liquor regional offices
- The interns have learned a lot about desktop and LAN support.

**IT call statistics**

Month	Calls Opened	No Of calls attended	No Of email/related calls	No Of LAN calls	BAS	Persal	Uptime of LAN %
March 2004	103	101	24	8	13	6	100%
April 2004	64	64	5	2	12	4	100%
May 2004	134	133	20	2	15	2	100%
June 2004	108	107	18	3	13	9	100%
July 2004	100	98	11	4	8	5	100%
August 2004	85	82	15	4	14	-	100%
September 2004	93	78	17	2	7	17	100%
October 2004	77	61	22	2	7	11	100%
November 2004	86	75	10	2	10	7	100%
December 2004	32	27	4	1	2	-	100%
January 2005	83	65	14	1	11	4	100%
February 2005	166	83	18	3	30	2	100%
							100%

**NB: WAN statistics unknown from GSSC**

**Constraints**

- Quality of service from GSSC and failure of GSSC to provide services has sheltered the IT unit beyond its limits.
- Unfilled funded posts within the IT Directorate.
- Organizing meeting with the Liquor affairs to discuss the regional SLA.

**5.4.4 Human Resource Management**

The unit provides a human resource strategy and logistical support for the DFEA to perform its core function.

Achievements for the period under review:

- An effective account management concept which led to the filling of 44 positions, and the vacancy rate currently stands at 39%.
- All positions on the structure have job profiles.
- A fully functional job evaluation panel is constituted.
- Successful Training on the performance management system was conducted.

- A strategy to address the culture of performance management in the department through industrial theatre was approved and marketed, accepted by the GPG HR Forum. This guarantees the adoption of a provincial approach.
- An adjudicating committee that reviews the overall outcomes of PDMS has been constituted.
- A secretarial development program was successfully administered and completed by 19 personnel.
- A Customer Service course that HR facilitated was attended by 28 internal staff.
- The relationship building session between HR and Organised Labour was facilitated, and it yielded positive results.
- A course on Labour Relations was facilitated for union representatives.
- A successful Internship Programme was implemented, and mentors and coaches attended a workshop for empowerment.
- A comprehensive wellness programme in partnership with ICAS and GSSC was implemented.
- A Disability Awareness Seminar was conducted to prepare grounds for the accommodation of the disabled.
- A wellness week geared at promoting healthy lifestyle was successfully coordinated.

### **FACILITIES MANAGEMENT**

During the year under review, two significant accommodation revamp projects progressed well.

The Provincial Treasury Office was relocated to a revamped floor at Matlotlo House. The design of the new accommodation has taken into account the security requirements of the Treasury especially the banking services.

In addition, the Matlotlo extension project reached near completion with LAN points and communications points installed. The office space will be allocated in the next financial year.

### **5.5 SPECIAL PROJECTS**

In addition to other functions of the DFEA, there are these special projects:

#### **PPP UNIT**

The role of the Unit is mainly to promote knowledge of the Treasury Regulations pertaining to PPPs through a level of excellence in technical support to provincial government institutions. Their functions are therefore:

- To facilitate, enhance and increase provincial revenue through private investment in infrastructure and service delivery
- To evolve as a dynamic and sustainable centre of excellence for PPP's, providing technical assistance to public institutions through project feasibility, procurement and management
- To drive PPP deal flow by identifying project opportunities that yield value for all stakeholders

To promote an enabling environment for PPP's by

- Facilitating certainty in the regulatory framework
- Developing best practice guidelines
- Provide training
- Disseminating reliable information
- Ensure and promote development and sustainability of Broad Based Black Economic Empowerment, SMME's and co-operatives in the province through PPP initiatives

### [Gautrain Rapid Rail Link](#)

The Gautrain project is a modern state-of-the-art rapid rail link running approximately 80 km of railway lines, of which 14 km will be underground. It will have ten stations constructed through a PPP arrangement

### [GPG Kopanong Precinct](#)

This sub-programme seeks to procure and manage office space for use by provincial departments.

Out of the above-mentioned studies and evaluations, the key objectives that are embedded in the Project were determined and are the following:

- Improving service delivery by provincial departments through efficient functional interrelation and openness to the public and community at large
- Identify a vehicle of changing equity ownership of the property estate in the CBD through socio-economic, empowerment and developmental objectives of the Project
- Improve space functionality and working environment accommodating projected growth of various departments in the coming years and allowing flexibility in structures
- Eliminate process and work disruption by stability of tenure
- Create an urban design of a government precinct through consolidation of office space structures that will act as a stimulus for urban regeneration and socio-economic empowerment.

## **DINOKENG AND CRADLE OF MANKIND**

These are reported on their own annual report.

## 6. PERFORMANCE AGAINST SERVICES

### 6.1 Economic and Development Planning

#### 6.1.1 Economic planning

Strategic Objectives	Measurable Objective	2004/05 Target	Year End Performance	Data Source	Progress made towards the achievement of the outputs 2004/05
Facilitate, enhance and increase investment in infrastructure and other local development initiatives in targeted zones	Development of the GDS	100%	90%	Monthly Management Report	GDS Summit held and the final draft GDS produced, for EXCO submission
	BBBEE Strategy for the Province	100%	50%	Project Management Meetings  Stakeholders Consultative Meetings	A draft Preferential Procurement Policy framework was developed including targets which is incorporated in the development of the BBBEE Strategy which addresses other dimensions Work in progress on the BBBEE Strategy A draft report compile
	Establishment of the SMME Agency	100%	85%	Steering Committee meetings and report	A draft report compiled with a business case for the Agency, as well as a Business plan. The CEO and the Board of the agency have been appointed

## 6.1.2 Development Planning

Strategic Objectives	Measurable Objective	2004/05 Target	Year End Performance	Data Source	Progress made towards the achievement of the outputs 2004/05
Facilitate, enhance and increase investment in infrastructure and other local development initiatives in targeted zones	Uniform Land Use Management System	Final Draft Regulations to the Gauteng Planning and Development Act	95%	Monthly Management Report  Project Management Meetings	A third draft of the Regulations was completed. This draft was informed by extensive consultation and working group discussions with municipalities provincial departments and other stakeholders.
	Fast tracked land development applications	100% compliance with legally prescribed timeframes	100%	Monthly Management Report  Monthly Schedule of Statutory Body Hearings	All development applications received have been processed and submitted to the relevant statutory bodies (Townships Board, Services Appeal Board, Gauteng Development Tribunal and Development Appeal Tribunal) for consideration in accordance with legally prescribed procedures and timeframes.
	Professional planning advice	100% compliance with approved provincial planning and development policy	100%	Monthly Management Report	Development applications and enquiries have been disposed of in accordance with approved provincial planning and development policy, which include the Gauteng Spatial Development Framework and Urban Edge Policy.
	Aligned planning processes across spheres of government and between departments	Approved Gauteng Integrated Development Plan (GIDP)	95%	Monthly Management Report Project Management Meetings	A Final Draft of the GIDP was completed. Prior to submission for approval, a decision was taken to develop a Gauteng Growth and Development Strategy (GDS), which integrated: <ul style="list-style-type: none"> <li>• The Trade and Industry Strategy (TIS) (2003)</li> <li>• The Final Draft GIDP</li> </ul>

Strategic Objectives	Measurable Objective	2004/05 Target	Year End Performance	Data Source	Progress made towards the achievement of the outputs 2004/05
					<ul style="list-style-type: none"> <li>The Draft Local Economic Development Strategy (2003) A provincial-municipal engagement process was initiated to ensure alignment of the 2004/2005 Municipal Integrated Development Plans with the 5 Year Programme of Action of GPG, approved provincial development planning policy and sector department strategies.</li> </ul>

### 6.1.3 Geographical Information Systems

The GIS sub-unit is under establishment and is envisaged to be operational in the next financial year.

## 6.2 GOVERNANCE

### 6.2.1 Liquor Licensing and Regulation

Strategic Objectives	Measurable Objective	2004/05 Target	Year End Performance	Data Source	Progress made towards the achievement of the outputs
To regulate the Liquor Retail and Micro Manufacturing industries	Process all liquor license renewal applications within 90 days of payment for renewal application	100%	100%	Monthly management report	The unit has captured all renewals and has sent out the renewals receipt for 2005
	Process all liquor permit applications before end of April 2005	100%	22%	Monthly management report	The Gauteng Liquor Act 2003 was enacted on 1st November 2004. The office has received 16 444 shebeen permit applications. 3 187 shebeen permits were issued. The board have divided themselves according to Regions to sight the shebeen permits

Strategic Objectives	Measurable Objective	2004/05 Target	Year End Performance	Data Source	Progress made towards the achievement of the outputs
	Process all new liquor license applications within 90 days of receipt of application	100%	95%	Monthly management	Only applications that are complete have been processed within 90 days. The Unit is currently dealing with the backlog in our regions. For the period under review the unit received 7 890 new applications.
	Process all new liquor license applications within 90 days of receipt of application	100%	95%	Monthly management	Only applications that are complete have been processed within 90 days. The Unit is currently dealing with the backlog in our regions. For the period under review we have received 7 890 new applications. Total number of refused applications were 524 and 240 applications were withdrawn. In addition to normal processing of applications the board also had enquiries/hearings to clarify certain issues before granting a licence. 4 642 applications were postponed awaiting proof of lawful occupation, in local inspections reports and clearance certificates.
	Conduct awareness and education campaigns to the license holders	100%	40%	Survey	The unit is participating in the Exco roving and the Rand shows to educate the public on the Gauteng Liquor Act 2003. Establishment of an education unit is at an advanced stage.

Strategic Objectives	Measurable Objective	2004/05 Target	Year End Performance	Data Source	Progress made towards the achievement of the outputs
To ensure compliance to the Gauteng Liquor Act	Carry out inspections on licence liquor traders and complaints received from the public and SAPS	100%	56%	Monthly Management Report	The unit carried out local inspections in terms of the National Liquor Act of 1989. The unit also attended to complaints received from the public and South African Police Service (SAPS).

## 6.2.2 Consumer Affairs and Business Compliance

Strategic Objectives	Measurable Objective	2004/05 Target	Year End Performance	Data Source	Progress made towards the achievement of the outputs
To increase the level of consumer protection	Resolve consumer complaints within 90 days through mediation and negotiation	90%	97%	Monthly case and evaluation report and stats Recent "operation closes up" report	There has been an increase in the total number of cases resolved, compared to the previous year. This was occasioned by the recent audits we are conducting on bi-monthly basis to track down progress. In this year all cases which were pending in the previous financial year have been either resolved or referred to court for prosecution. In terms of the standing agreement with the advisors all pending cases shall have been resolved through "operation closes up".
	Resolve consumer complaints within 21 days through the Consumer Protector and arbitration in the Consumer Affairs Court	100%	99% number of cases	Annual report submitted to standing committee and monthly reports from court secretariat	Court is functioning extremely well. No backlog. More cases are coming and more awards are handed down compared to the previous financial year end figures.

Strategic Objectives	Measurable Objective	2004/05 Target	Year End Performance	Data Source	Progress made towards the achievement of the outputs
	Improve consumer awareness through awareness programmes	3 million	3.149 million	Radio listenership survey and newspaper readership survey. Report on the number of workshops, road shows and seminars organized and attended.	We have secured a slot with Kaya FM to participate in the the consumer watch programme. A contract was signed in August 2004. This programme is currently running on Thursdays until 1 March 2005 with a listenership of 1,1 million. We have however been participating in other radio stations upon invitation. The road shows that created awareness towards the celebration of the World Consumer Rights Day were successful and well attended. The exhibition at the Rand Easter show also raised a lot of awareness around consumer issues.
	Improve consumer education	All grade 8 learners in the Gauteng public education system	All grade 8 learners in the Gauteng public education system	Educator's report and report from GDE	The resource material will be going to print before the end of July and the development of the grade 9 materials will commence forthwith.

## 6.2.3 Agency Support and Promotion

Strategic Objectives	Measurable Objective	2004/05 Target	Year End Performance	Data Source	Progress made towards the achievement of the outputs
Perform an <b>audit or policy reviews</b> of the conceptual framework regarding agencies' mandates	Refocused agencies mandate	Attend 100% of board meetings and briefing sessions with agencies to determine alignment to the DFEA's strategic priorities	100%	Own records	<p>DDG – Governance attends board meetings and facilitates ad hoc meetings where we get invited and participates. A briefing session was attended with the SMME Agency.</p> <p>The aim of such meetings amongst others includes ensuring that:</p> <ol style="list-style-type: none"> <li>1. Legislation clearly distinguish between advisory and governing boards</li> <li>2. The respective roles, responsibilities and accountabilities of government, MEC and boards are clearly defined</li> <li>3. Legislation provide boards with the powers to match their governance responsibilities</li> <li>4. There is consistency of approach for governance boards in terms of the function of the board and the role of the government regardless of the nature, size, assets or income of the organization being governed</li> </ol>
	Legislative review	Amend the Gauteng Tourism Act of 2001 and the Gauteng Gambling Act	Legislative amendment process 50% under way	Cabinet meeting records	Draft Cabinet memorandum prepared and submitted on the 5th December 2005. Additional changes to the GTA Act and the GGB Act still to be incorporated

Strategic Objectives	Measurable Objective	2004/05 Target	Year End Performance	Data Source	Progress made towards the achievement of the outputs
Effective monitoring and reporting	Produce consolidated Agencies monthly and quarterly performance status reports that provide accurate information in a timely and cost effective manner	5 reports per agency including - PFMA – financials report PPPFA – procurement report inclusive of (BBBEE and SME) report Employment Equity Report Performance report Jobs created	Monthly and quarterly consolidations could not materialise	Own records Agencies report submissions	The process to induce Agencies to report began with a development of a common reporting template. We have taken the last four months seeking buy-in from Agencies. It is apparent that Agencies are not accustomed to the public sector reporting culture. In the circumstances, we have had to continuously revisit the proposed template and indicators. Agencies still do not adhere to deadlines and as a result their reports are incomplete. This is so to the extent that to date, our division has not been in a position to consolidate a monthly or quarterly report as required.
Develop a solid base of detailed Agency information	Establish an Early Warning System to monitor Agencies performance by facilitating the development of monitoring and evaluation tools and systems (including M&E datasets)	90% functional database and datasets	The prototype is 90% complete.	Own records	The unit began and engagement with the GSSC IT in November 2004.

Strategic Objectives	Measurable Objective	2004/05 Target	Year End Performance	Data Source	Progress made towards the achievement of the outputs
	Streamlined interaction with Agencies	Checklist and timeline of information requirements from agencies	100%	Own records	Identify information needs and requirements by all DFEA functional units (especially HOD's Office, Treasury and Finance Units). An attempt to get other divisions in the department to provide this units with information requirements did not produce results and such efforts were abandoned.

## 6.2.3.1 Agencies

Strategic Objectives	Measurable Objective	2004/05 Target	Year End Performance	Data Source	Progress made towards the achievement of the outputs
To grow the economy and facilitate job creation	Attract investments	GFO: R500 million	GFO: R314 million	GFO Progress Report	The GFO facilitated investments in the following categories; On air promotions, commercial, corporate video, documentaries, feature movies, music videos, short films, TV dramas, medium fund and talk shows.
		GEDA: R1,006 billion	GEDA: R1,6 billion	GEDA Progress Report	FDI represents 94% of total investments facilitated. The balance is local direct investments.
					The investment facilitated emanated from 114 projects in which GEDA was actively involved.
	Job creation	GAUMAC: none	11 609 jobs	GAUMAC Progress Report	GAUMAC exceeded their HDI target of 60% to 74%. The percentage female owned SMME target of 25% was exceeded and a 32% percentage actual was achieved.

Strategic Objectives	Measurable Objective	2004/05 Target	Year End Performance	Data Source	Progress made towards the achievement of the outputs
		GEDA: 3 000	4 077	GEDA Progress Report	Through its project development and facilitation division, GEDA managed to exceed its job creation target by 1 077 permanent jobs.
Improve revenue collection	Collect all gambling taxes due to the Province	GGB: R375 million	R380 million	GGB Status Report	GGB was also able to exceed its target by 1.3%.

**BLUE IQ****CITY DEEP TRANSPORT LOGISTICS HUB**

<ul style="list-style-type: none"> <li>Increased competitiveness for Gauteng based companies resulting from an efficient and effective logistics environment in Gauteng</li> </ul>	<ul style="list-style-type: none"> <li>Construction of Cleveland Road</li> </ul>	100%	100%	JRA	<ul style="list-style-type: none"> <li>Cleveland road has been completed and opened in March 2005.</li> <li>The logistics improvement programme is behind schedule. Blue IQ is engaged on ongoing negotiations with industry players in the transport and logistics sectors and is aiming to have a revised project plan during 2005.</li> </ul>
<ul style="list-style-type: none"> <li>An increased contribution to GGP by the logistics sector</li> </ul>	<ul style="list-style-type: none"> <li>Finalisation of site development plan</li> </ul>	75%	100%	Project Manager	
<ul style="list-style-type: none"> <li>An increase in sustainable jobs created by the logistics industry</li> </ul>	<ul style="list-style-type: none"> <li>Establishment of the operations partnership agreement</li> </ul>	100%	100%	Transnet	
	<ul style="list-style-type: none"> <li>Establishment of infrastructure partnership agreement</li> </ul>	100%	100%	Project Manager	

Strategic Objectives	Measurable Objective	2004/05 Target	Year End Performance	Data Source	Progress made towards the achievement of the outputs
	<ul style="list-style-type: none"> <li>Development of the Hub implementation plan</li> <li>Improve the rail service between City Deep and Durban</li> </ul>	100%	30%	Transnet	
		10%	1%		

### CONSTITUTION HILL

<ul style="list-style-type: none"> <li>To preserve historically significant buildings from the Old Fort in a manner which makes them publicly and commercially useful and which catalyses the regeneration of the Braamfontein Precinct.</li> </ul>	<ul style="list-style-type: none"> <li>New Constitution Court</li> </ul>	100%	100%	JDA and Project Manager	<ul style="list-style-type: none"> <li>Phase One Bulk Services is complete.</li> <li>Basement main contract nearing completion;</li> <li>Mortuary relocation complete, and Phase 1A parking area construction has commenced;</li> <li>Construction has commenced on Barnato Park facility improvements;</li> <li>CCTV tender awarded and will start after Management Centre construction has commenced.</li> <li>Bulk Services Phase Two tenders closed in November 2004, but have been put out to tender again due to the high prices received during the first round.</li> <li>New accommodation at Women's Gaol is complete and snagged, with only screens and landscaping outstanding;</li> <li>Behind the Mask (BTM) and Forum for the Empowerment of Women (FEW) have taken up office accommodation in the existing Women's Gaol</li> </ul>
	Infrastructure	90%	90%		
	<ul style="list-style-type: none"> <li>Women's Goal redevelopment</li> </ul>	90%	100%		
	<ul style="list-style-type: none"> <li>City improvement district Queen Victoria Hospital and residential buildings</li> </ul>	100%	80%		
	<ul style="list-style-type: none"> <li>Completion of the 1730 bay parking super basement</li> </ul>	1730	1730		
	<ul style="list-style-type: none"> <li>Ongoing roll-out of institutional arrangements and operational plan for the Constitution Hill Management Company in accordance with HET business plan</li> </ul>	5	4		

Strategic Objectives	Measurable Objective	2004/05 Target	Year End Performance	Data Source	Progress made towards the achievement of the outputs
	<ul style="list-style-type: none"> <li>Roll-out of campus public artwork programme</li> </ul>	5	4		quarters; <ul style="list-style-type: none"> <li>Coffee shop and museum shop are operational.</li> <li>In principle agreement with Nelson Mandela Foundation to locate Nelson Mandela Centre for Memory and Commemoration at the Constitution Hill Visitors' Centre:</li> <li>Heads of Agreement concluded;</li> <li>Public announcement by the NMF and Dr Mandela in mid march 2005;</li> <li>Lotto funding application submitted for Visitors Centre.</li> </ul>

#### GAUTENG AUTOMOTIVE CLUSTER (ASP & AIDC)

The ASP was designed to concentrate component manufacturers and suppliers in one location adjacent to key OEM assembly plants so as to strengthen the supply chain in an industry with exacting standards of just-in-time and just-in-sequence manufacture.	Acquisition of Land	100%	100%	Based on Budget and MTEF allocations	<ul style="list-style-type: none"> <li>The Automotive Industry Development Centre (AIDC) has achieved numerous successes, many of which lie in its role of being a collaboration partner. One of the AIDC's recent projects was to support SME and BEE companies in becoming part of the mainstream supply chain competing for local and export orders.</li> <li>300 unemployed learners were trained through the ESDLE project to obtain jobs in the automotive industry in the future. Another 13 707 tertiary learners were trained through the Tertiary Education Institution programmes put in place and 26 jobs were created.</li> </ul>
	Infrastructure Development	100%	100%		
	Central Hub	100%	100%		
	Lear Production	100%	100%		
	Faurecia Production Building	100%	100%		
	Logistic Centre	100%	100%		

Strategic Objectives	Measurable Objective	2004/05 Target	Year End Performance	Data Source	Progress made towards the achievement of the outputs
					<ul style="list-style-type: none"> <li>Programmes with the University of Pretoria to improve shortage of black engineering academics have been developed.</li> <li>Workplace programmes put in place to increase AIDS awareness and 17 companies are involved in the programme.</li> </ul>

### JIA INDUSTRIAL DEVELOPMENT ZONE

To provide efficient and effective import and export duty-free zone for high value-added light manufactured goods which are exported via air freight.	K157, Ramps and Links Roads	100%	80%	Engineers report	<ul style="list-style-type: none"> <li>The roads have now been completed.</li> <li>The site has been officially designated and an application for a provisional operator permit was submitted in March 2003. Blue IQ still awaits a response from DTI on the approval of this POP application. Institutional relations between Blue IQ, ACSA and Denel are currently ongoing.</li> </ul>
	Road Construction/Rehabilitation P157-2	100%	70%	Gautrans	
	Structures: K157 and Ramps	100%	90%	IDZ business plan Specialists	

Strategic Objectives	Measurable Objective	2004/05 Target	Year End Performance	Data Source	Progress made towards the achievement of the outputs
<b>KLIPTOWN</b>  To redevelop this traditional apartheid style buffer zone township between Johannesburg and Soweto into a desirous and prosperous residential and commercial area, utilizing its historical significance, location and tourism potential as the tools for the transformation.	Open Spaces	100%	50%	JDA	<ul style="list-style-type: none"> <li>The first two phases of the Kliptown Development Project involving road linkages have been completed. However, the delivery of houses is still behind schedule, but 1400 units will be delivered by June 2005. An amount of R75m has been transferred to the Provincial Housing for the development of houses in Kliptown. Contract with Zamani has been cancelled and two other contractors appointed by the NHFC for the housing on the golf course land.</li> <li>The Walter Sisulu Square of Dedication is at various developmental stages and is scheduled to complete in June 2005, coinciding with its official opening which will also commemorate the celebration of the 50th Anniversary of the Signing of the Freedom Charter. Delays in relocating the existing businesses will require accelerating in order to complete on time especially the south structure. External works will be completed end of June and internal work on the 1st floor south block to be completed after June 2005.</li> <li>Business Plan for the support centre has been completed. Implementation is in progress.</li> </ul>
	Klipspruit rehabilitation	100%	40%		
	Sewer rehabilitation	100%	0%		
	Taxi rank and retail	100%	100%		
	The Square	100%	70%		
	Tourism Information Office	100%	90%		
	Pedestrian bridges	100%	100%		
	Economic growth & development				

Strategic Objectives	Measurable Objective	2004/05 Target	Year End Performance	Data Source	Progress made towards the achievement of the outputs
					<ul style="list-style-type: none"> <li>A five year HET business plan has been developed and the implementation for HET is in progress.</li> <li>Bridge designs are in progress.</li> </ul>

### GREATER NEWTOWN PRECINCT

To regenerate the Newtown precinct in a manner which increases commercial activity in the area and specifically an increase in the contribution of cultural industries to economic growth, employment and exports.	Gauteng Tourism Building	100%	100%	Project Manager and JDA	<ul style="list-style-type: none"> <li>Land release process: sites 2, 3 &amp; 8 are to be re-advertised in early April. C-Max development on site 5 &amp; 6 to proceed. It is R200m mixed use development.</li> <li>No. 1 Central Place building will be ready end April 2005. Phase 1 of brickfields housing development commenced in August 2003 and progressing well, launch date is August 2005 and phase 2 will be completed in 2006.</li> <li>Museum Afrika work has commenced and repair of the air-conditioning system and upgrading of the west wing.</li> <li>Sci-Bono Discovery Centre is operational, phase 2 will be opened in May 2005. Visitors numbers are increasing with regards to evening programmes.</li> <li>Partnership with Create SA, JDA has been established. More than 250 learners were trained in 2004.</li> <li>Precinct plan has been reviewed.</li> <li>The transfer of Turbine hall has been finalised.</li> </ul>
	Brickfields Residential development	100%	80%		
	Dance Centre development	100%	100%		
	Sport Hall and a 300 contemporary theatre	100%	100%		
	Performance stage	100%	100%		
	Music space and a meeting space	100%	100%		
	Sci-Bono Discovery Centre	100%	100%		

Strategic Objectives	Measurable Objective	2004/05 Target	Year End Performance	Data Source	Progress made towards the achievement of the outputs
					<ul style="list-style-type: none"> <li>Plan for roll-out of the CID has been developed and in discussion with Blue IQ</li> <li>Final institutional model is still being developed.</li> </ul>

### THE INNOVATION HUB

To provide a strong foundation of intellectual property creation and then commercialization as a support for the broader development of the smart industries within the Province.	Primary site access from Meiring Naude Road	50%	30%	The Innovation Hub	<p>The Innovation Hub was launched by the Premier of Gauteng on the 5th of April 2005.</p> <p>The 4 500 m<sup>2</sup> Innovation Centre has been completed and houses the Business Incubator and the CoachLab™, where leadership skills are fast-tracked for the high-tech industry. The 8 500 m<sup>2</sup> Enterprise Building provides A-grade space at affordable rentals to a variety of tenants. A flexible power and data cabling network, together with world class shared facilities and a common basement with parking for 425 cars, ensures that the space available is very attractive. Membership of the INNOV8 community, a unique high-tech business forum in Gauteng, has gone up to more than 3000. Both the building and the bulk infrastructure are in place.</p> <p>Three BEE companies have graduated from the Incubator.</p>
	Widening of bridge for increased traffic	60%	40%		
	Main access road from Meiring Naude	50%	30%		
	Phase 1 roads roads and services and landscaping of the precinct	100%	70%		
	Provision of bulk water supply pipe, bulk sewer connection and bulk electricity	80%	80%		
	Provision of security access gate houses	100%	60%		
	Building to house incubator, shared facilities, retail facilities, precinct management, data centre & security control room	80%	60%		

Strategic Objectives	Measurable Objective	2004/05 Target	Year End Performance	Data Source	Progress made towards the achievement of the outputs
	Provision of integrated ICT backbone, controlcentre, data network	70%	45%		
	Provision of security systems, access control and building management interfaces	100%	100%		
	Planning and development consultants	100%	100%		
	Marketing and operating costs	100%	100%		
	Core rental accommodation for SME companies	100%	100%		

### WADEVILLE ALRODE INDUSTRIAL CORRIDOR (WAIC)

To regenerate a locationally significant manufacturing corridor which, had degenerated due to exogenous changes in macro-economic policy.	Improve signage in Alberton and Germiston	100%	100%	Ekurhuleni Metropolitan Municipality (EMM)	<ul style="list-style-type: none"> <li>The project is complete. All Blue IQ's financial obligations and infrastructure have been met. Blue IQ is in the process of officially handing the project over to Ekurhuleni Metropolitan Council. A joint exit strategy is being formulated.</li> <li>A decision was taken however not to implement the following projects:               <ul style="list-style-type: none"> <li>Shelters for informal traders, Germiston</li> <li>N3 on-ramp</li> <li>Garfield Road phase 2</li> </ul> </li> </ul>
	Ring road west Extension	100%	100%		
	Upgrading of Garfield in Alrode Phase 1	100%	100%		
	Taxi rank at Osborne/ Rendell intersection	100%	100%		
	Taxi lay bays	100%	100%		

Strategic Objectives	Measurable Objective	2004/05 Target	Year End Performance	Data Source	Progress made towards the achievement of the outputs
	Initial Impact Assessment conducted	100%	100%		
	Develop a monitoring framework	100%	100%		
	Setting up of CID	100%	100%		

### Kliptown Project Outputs

Output	Targets	Actuals	Comment
<b>1. JOB CREATION</b>			
1.1 Construction/Temporary jobs	1140	940	On track and should increase dramatically once housing and on site manufacturing start.
1.2 Sustainable/Permanent jobs	50	54	This number increased due to the opening of Score supermarket in June 2004
<b>2. EMPOWERMENT</b>			
2.1 Local resources	50% of total spending	53,2%	Should increase with the manufacturing and housing construction coming on stream
2.1 Black Economic empowerment	20 % of empowerment spending	23%	
	60 % of total Spending	58.6%	Below target but will improve with the commencement of housing.
<b>3. TRAINING</b>			
3.1 Artisanship Training	150	120	Training will increase due to the manufacturing that will be done in the area as well as for housing development.
3.2 Business Training	200 businesses	136	On track.
<b>4. INVESTMENT</b>			
4.1 CoJ	R15 million	R16m	Extra R1million received for tourist information centre.
4.2 Blue IQ	R92,090	R92,090	
4.3 Other Provincial Departments	R15 million	R1.3m	This figure excludes housing funding to the city.
4.4 National Departments	R2.5 million	R2.5m	R2.5 million approved by DEAT.
4.5 Private Sector	R10 million	R50m	Indirect expenditure.

## Newtown Precinct

### Indirect Investment:

Bassline – Edgars sponsorship:	R1,8 million
C-Max Development	R200 million
Majestic Development	R60 million

### Permanent Jobs Created June 2004 to March 2005

<b>Market Theatre – 3 –</b>	Managing Director and Artistic Director plus a Marketing Manager
<b>Bus Factory – 1 –</b>	General Manager
<b>Sci Bono – 43 –</b>	Staffing from February 2004
<b>Dance Factory – 1 –</b>	Marketing Post from February 2005
<b>Newtown Music Hall – 2 –</b>	Programmer, Venue Manager.

## CONSTITUTION HILL

Project Description	No of Jobs: Short Term	No of Jobs: Long Term	Leverage: Direct (Note 3) R	Leverage: Indirect R	Visitor Nos. (See Note 2)	No. of People Trained	BEE Spend (%)	SME Spend
Creating a constitutional and human rights campus at Constitution Hill	240	0	800 000	0	n/a	129	56.0	n/a
Developing a retail hospitality, commercial and residential developments appropriate to Constitution Hill	20	21	0	0	n/a	10	51.0	n/a
Creating a major heritage, tourism and educational attraction at Constitution Hill	0	37	0	0	17576	37	49.0	n/a
Providing an institutional development arrangement to ensure the development is financially sustainable, safe, secure and well managed	0	25	0	0	n/a	25	74.5	n/a
<b>Total</b>	<b>260</b>	<b>83</b>	<b>R 8000 000</b>	<b>0</b>	<b>17576</b>	<b>201</b>	<b>53.9</b>	

## 6.2.4 Communications

Strategic Objectives	Measurable Objective	2004/05 Target	Year End Performance	Data Source	Progress made towards the achievement of the outputs
To increase public the awareness of DFEA's services, strategic priorities, achievements and challenges	Number of persons reached through media related campaigns	17 797 000	21 500 000 million	Media buying report Media report	<ul style="list-style-type: none"> <li>Media coverage received in the print, electronic (radio and television) for Budget Vote 3 presentation, Gautrain, Budget Speech 2005, Consumer Month, Growth and Development Strategy, Blue IQ projects . Coverage was also received on Advertising campaigns in print (mainstream and community) and electronic (mainstream and electronic) media included the consumer month, Budget 2005, shebeen permits campaign. Consumer Month (Ukhozi, Motswedding, Lesedi, and 6 community radio stations and mobile trailer billboard) Shebeen permits (6 community radio stations) Budget (6 community radio stations, Kaya Fm, SAFM, Talk Radio 702, Classic Fm Advertising also undertaken in International Tribune Herald, World report, South Africa publication and Trade Invest SA, Sho't Left television campaign to promote domestic tourism)</li> </ul>
	Number of speeches delivered by the MEC	All	100%	Media clippings, National Government, GPG and Departmental website	
	Number of stakeholders with whom communications takes place	157 500	150 700	Communication report	<ul style="list-style-type: none"> <li>Over 300 delegates in the various economic sectors attended consultative work-shops. They also attended the launch of the Growth and Development Strategy</li> </ul>

Strategic Objectives	Measurable Objective	2004/05 Target	Year End Performance	Data Source	Progress made towards the achievement of the outputs
					<ul style="list-style-type: none"> <li>Supported the Liquor Unit's participation at the Beer and Wine Festival at Esselen Park where 300 shebeen operators applied for the permits.</li> <li>100 stakeholders together with learners attended the Provincial</li> <li>Budget Presentation speech from five Gauteng high schools as follows: Florida High, Katlehong High, Leshata High, Cultura High, Lotus Gardens High, and one learner from Jeppe High</li> <li>The Department participated in the Randshow 2005 in March and approximately 150 000 people were reached through this.</li> </ul>
	Number of hits on the internet and internet sites	5000	0	No source	<ul style="list-style-type: none"> <li>Website was updated in line the corporate identity created by the Office of Premier.</li> <li>Website updated regularly.</li> <li>The Department does not have a mechanism to monitor the visitors to the website. This issue will be looked into in the new year.</li> </ul>
To improve internal communications and the alignment of the DFEA's communications to GPG priorities	To inform staff of Departmental objectives, goals and achievements	1 staff Lekgotla 1 MEC walk about 1 HOD walk about 4 issues	Lekgotla and walkabouts were held  6 issues Matlotlo	Internal survey	MEC held a lekgotla with staff and 2 lekgotlas with SMS staff HOD held 1 walkabout with staff. Six internal newsletters, Matlotlo were published. Newsflash was also used to keep staff informed.
Facilitate effective liaison with the Legislature	Timely responses to all written questions from the Legislature	All	All written questions from the Legislature were responded to on time during the review period	Legislature records	

Strategic Objectives	Measurable Objective	2004/05 Target	Year End Performance	Data Source	Progress made towards the achievement of the outputs
Build relations between the MEC and the Department and the media.	<p>Effective Liaison between the Legislature and the Department</p> <p>Number of media interaction sessions</p>	<p>Effective Coordination of all MEC engagements with the Legislature</p> <p>1 media interaction session per quarter.</p>	<p>100%</p> <p>2 Media interaction sessions were organised for the review period.</p>	<p>Legislature records</p> <p>Media reports</p>	
Facilitate effective liaison with the public through community outreach programmes, Izimbizo and MPCC's	<p>Number of Imbizos and community outreach programmes Attended</p> <p>Number of people reached through Izimbizo and community outreach programmes</p>	<p>4 Izimbizo and 6 community outreach programmes</p>	<p>4 Imbizos and 6 community outreach programmes were organised during the review period</p>	<p>Imbizo and community outreach Reports</p>	<p>The Unit participated in all planned Imbizos and community outreach programmes. It plans to increase its presence in MPCC's</p>

## 6.2.5 Security Risk Management

This unit was established and its programmes will start in the next financial year.

## 6.3 Provincial Treasury

## 6.3.1 Budget Office

Strategic Objectives	Measurable Objective	2004/05 Target	Performance	Data Source	Progress made towards the achievement of the outputs
Efficient allocation and effective utilization of provincial resources	Improve the ratio of current expenditure to budgeted current expenditure	98%	98%	Monthly and Quarterly Reports	Current payments
	Improve the ratio of capital expenditure to budgeted capital expenditure	90%	84%	Monthly and Quarterly Reports	Capital payments
	Increase Provincial own revenue generation as part of the total revenues to:	105% of the 2004/05 total Provincial own revenue	116%	Monthly and Quarterly Reports	Revenue collected

**Note 1: Current payments** amounting to R19 billion for the financial year, represents 98% of the relative budget. **Factors influencing** this position include mainly the (1) increase in the number of educators that is driven by (a) a high immigration rate of learners to the province as well as (b) the provincial political decision to comply with the class size ratios of 1:35 and 1:40; (2) high expenditure on social security grants. Excluding the Child Support Grants beneficiaries, a total number of 11,003,288 beneficiaries have received grants (which exceeds the target by 282,664). Inclusion of the Child Support Grants beneficiaries increases the total to 12,981,376 beneficiaries. The target (98% ratio of current/budget) has been achieved.

**Capital expenditure** comprises payments for capital assets and capital transfers and subsidies. Payments for capital assets amount to R1,9 billion (84% of the adjusted budget) and capital transfers R1,8 billion (93%) for the financial year.

**Factors influencing** the reported spending rate include delays in the commencement of some projects and in the finalization of the Gautrain successful bidder.

The major contributor of under-expenditure in the department of Health is due to the Hospital Revitalization Grant which mainly delayed Payments for Capital Assets. The Department's inability to spend the grant is due to the fact that it has been awaiting the approval of business plans from the National Department of Health. Due to complications in this regard, the department then requested an approval from the National Department to utilise the grant for the purchase of medical equipment for the Pretoria Academic Hospital; this approval was granted towards the end of January 2005.

**Revenue collected** in the financial year amounted to R1, 6 billion, representing 116% of the relative budget. **Revenue sources** contributing to this performance are the (1) gambling taxes (R347 million: 110% of the budget), (2) motor licence (R787 million: 115%), (3) financial transactions in assets and liabilities (R57 million: 181%) and (4) sales of non capital goods and services (R263 million: 150%). **Factors influencing** this position include the (1) low interest rates which tend to increase disposable income for spending on gambling, (2) Department of Public Transport's strict action of outstanding fees recovery and licensing of the unlicensed vehicle population and (3) patient fees collection rate. The target (105% of last year's revenue) has been exceeded by 11% due to improved administration and collection.

## 6.3.2 Provincial Accountant General

Strategic Objectives	Measurable Objective	2004/05 Target	Year End Performance	Data Source	Progress made towards the achievement of the outputs
Compilation of Consolidated Financial Statements for GPG	Unqualified Consolidated Annual Financial Statements in accordance with GRAP.	100%	(Pending audit opinion end August 2005	PFMA & GRAP	Treasury uses the audited annual financial statements of the departments of GPG to compile consolidated accounts of the Province. The audit opinion about the Consolidated AFS will only be known after we have submitted the consolidated AFS at the end of August 2005.
	Submit Consolidated Annual Financial Statements within 6 months from year end	6 months		PFMA	Consolidation of the Financial Statements has not yet been completed, as we are awaiting the Provincial Departments audited AFS, which will be available on 31 July 2005.
Optimize cash flow management within GPG	Minimize variance between funds requested and actual expenditure	5% max	5%	Monthly Reports	There has been an improvement in the alignment of both the funds requested and actual expenditure by departments. The results at the end of the year show that 7 out of 13 departments were able to maintain a variance of between 0 and 5%.
	Minimize variance between cash flow projections and actual expenditure	5% max	32%	Monthly Reports	This objective still remains the biggest challenge that faces departments. This is as a result of planning processes that are not aligned to cash flow projections. Treasury will in 2005/06 financial year undertake to assist departments in developing systems that will enhance their forecasting capabilities. Only 2 departments achieved the set target.

## 6.3.3 Provincial Financial Management Reforms

Strategic Objectives	Measurable Objective	2004/05 Target	Year End Performance	Data Source	Progress made towards the achievement of the outputs
Guide the implementation of good financial management reforms in GPG and local government	Ensure unqualified audit status within the Departments	13	(Pending audit opinion end August 2005)	PFMA	
	Ensure PFMA quarterly reporting to EXCO within legislated time frame	40 days	30 days	Quarterly Reports	
	Implement the MFMA	Ongoing	31 March 2005	MFMA	

**Note 2: Provincial Financial Management Reforms**

The last quarterly report for financial year 04/05 has been finalized and submitted. Departments are continuing to display steady progress in terms of good financial management practices. Currently one of the concerns of Treasury is the rate at which departments list Public Entities. This matter has been discussed with National Treasury and they are now in the process of reviewing their listing procedures. The Auditor General might possibly qualify departments with unlisted Public Entities. The Asset Management project has been halted due to budgetary constraints in Treasury.

PFMA implementation progress reports have been submitted by departments and a consolidated report to EXCO will once again be compiled within the stipulated timeframe.

All crucial positions have been filled and the unit has started doing some ground work to ensure a smooth take-over of roles and responsibilities from National Treasury on 01 July 2005.

## 6.4 CORPORATE SERVICES

### 6.4.1 Financial Management

Strategic Objectives	Measurable Objective	2004/05 Target	Year End Performance	Data Source	Progress made towards the achievement of the outputs
To implement effective financial management and internal control systems.	Maintain unqualified audit status	Approved, policies, delegations, structure	Ongoing	1) Policy document 2) Procurement Delegation 3) Financial Delegations 4) Structure alignment in BASI 5) Internal Audit Plan	The department has been re-structured policies, procedures and delegations are reviewing and adjustment process. The structure was signed on 04 April 2005. Risk Assessment (CSA) - All units are reviewing their risk profile.
		Resolved 2003/04 management letter points/ internal control weaknesses	Ongoing	External and internal Audit Reports.	All Internal audit plans were executed as planned. Recommendation are being implemented. External Audit Recommendation were also addressed
		Trial balance accounts cleared before month end closure	Done 84%	1) Monthly Persal Report 2) BAS Report 3) SAP Report 4) Exception Reports 5) Monthly meetings and adjustments	Procurement books were closed on time and Departmental books closed on time 28 April. Financial Statements are on track for submission
	Effective planning, budgeting and reporting	A budget alignment to approved structure and strategic plan	Budget successfully captured - per prescribed time frames	1) BAS reports 2) Budget 3) Statement 2 4) Strategic plan document 5) PERSAL Reports 6) Approved Establishment	The budget for 04/05 and 05/06 captured per approved budget Adjustment and Strategic Plan

Strategic Objectives	Measurable Objective	2004/05 Target	Year End Performance	Data Source	Progress made towards the achievement of the outputs
To implement effective Financial Management and internal control system		10% variance on projections and between budget and actual expenditure	50% variance over projected	IYM Management reports and reports on % variance of projections and expenditure	There are still challenges in
		On time and accurate financial reporting	15th day after month end	BAS IYM PERSAL/SAP Vulindlela	Monthly reports were submitted per prescribed time frame
To use procurement as a mechanism to facilitate SME and BEE development.	Maximize value of procurement from SME/BEE companies (excluding Blue IQ)	58% involvement and 87% spend	63% involvement and 89% spend	SAP procurement reports	HDI involvement amounted to 89% in rand value and companies with 100% black ownership. The SMME agency is ready to roll out its activities
To implement an effective and efficient procurement system and evaluation of major capital projects.	Effective planning and compliance to procurement procedures.	Decrease in deviations from procedures by 60%	Increase of 50%	DAC approvals	Planning has been highlighted to the HOD and Management to reduce deviations from procurement processes. Managers are also encouraged to use term contracts to avoid adhoc procurement of goods and services

## 6.4.2 Legal Services

This unit was established and will start functioning in the next financial year.

## 6.4.3 Information Technology

Strategic Objectives	Measurable Objective	2004/05 Target	Year End Performance	Data Source	Progress made towards the achievement of the outputs
To ensure an enabling at the DFEA from an IT perspective	Ensure that the direct business needs of the directorates are being met.	95%	85%	Internal Survey	An IT Strategic Project is in the process of being completed. The last phase of the project is in progress. Due to changes in the departmental structure, the strategy had to be changed. Thus, the targets had to be reviewed.
	Implementation of systems and database that meet the directorates' needs.	90%	72%	Internal Survey	A Liquor and Consumer system has just been developed. The system has gone live and a support SLA is being negotiated with GSSC. This will be cascaded to the liquor licensing office in the next financial year. A monitoring and evaluation database is in its final stages of development.
	Ensure average desktop response time of 8 hours (SLA).	100%	80%	Heat Reports	All calls logged are monitored at the DFEA on the Heat System. Already, regular DFEA and GSSC vendor meetings are taking place. The processes of drawing Heat reports are linked and depend on GSSC processes, the DFEA IT targets are affected by this link.

## 6.4.4 Human Resource Management

Strategic Objectives	Measurable Objective	2004/05 Target	Year End Performance	Data Source	Progress made towards the achievement of the outputs
To ensure that the DFEA is adequately resourced in line with the DFEA's Employment Equity plan.	Position HR as a Strategic partner to line, and have HR's input considered in all adopted business decisions.	Identify required intervention.  Develop and implement policy.	Arranged unit meetings to assess issues.  Coordinating implementation of new structure.	Internal data.	All the units within DFEA were serviced on a range of HR products.  HR support provided to line functions in terms of recruitment packs, pre interview sessions, leave management, suspensions, investigation of transgressions, developing a contingency plan for the strike management process and disciplinary enquiries.
	Oversee, Co-ordinate and Monitor Performance Management for DFEA.  Implemented training and development strategy.  DFEA as preferred employer.	Monitor performance assessment quarterly.  Develop a training and development strategy.  Develop a marketing strategy.	Second quarter performance 100% complete.		We are in the process of identifying training needs and formalize skills development.  The Department has implemented the ABET program. The internship policy was developed and is about to be implemented.  Service providers presented a secretarial development programme, the objective was to identify the one which will best address our needs and conduct an accredited programme.
To ensure a conducive culture and work ethic within the DFEA.	100% Compliance to legislation.	Audit and evaluate level of compliance to legislation.  Close shortfalls to compliance.	Addressing audit findings.	Internal data.	HR monitors compliance to the regulations, and communicates deviations to the accounting officer.  DFEA has complied with time frames in terms of the Employment Equity annual report submission.  HOD has initiated an EE Forum meeting to take place on the 20th October.

## 6.4.5 Facilities Management

## 6.5 SPECIAL PROJECTS

## 6.5.1 PPP Unit

Strategic Objectives	Measurable Objective	2004/05 Target	Year End Performance	Data Source	Progress made towards the achievement of the outputs
To promote an enabling environment for PPPs	Sound regulatory environment	90% adherence to legislative requirement	100%	Auditor General's Report  National Treasury's Case Study Reports	The Unit had oversight over all the appointments of Transaction Advisors for various PPP projects in the Province ensuring that departments receive sufficient technical advice during their PPP lifecycle.  Successfully regulated all PPP projects through the project lifecycle.
To drive PPP deal flow by identifying project opportunities that yield value for all stakeholders	Increase in registered PPP projects	None	3 projects i.e Pretoria Academic Health, Chris Hani Baragwanath and Dinokeng projects were initiated.  2 projects were taken over from National Treasury i.e Gautrain and the GPG Precinct.	Auditor General's Report  National Treasury's & Gauteng PPP Unit Case Study Reports	Pretoria Academic Health: A feasibility study was completed.  Chris Hani Baragwanath: Completed a needs analysis  Dinokeng: Appointed a transaction advisor  Gautrain: Obtained TA II (b) in accordance with Treasury Regulations 16 of the PFMA.  GPG Precinct: Obtained TAI approval

Strategic Objectives	Measurable Objective	2004/05 Target	Year End Performance	Data Source	Progress made towards the achievement of the outputs
To facilitate, enhance and increase provincial revenue through private investment in infrastructure and service delivery	Increased Private Finance Initiative (PFI)	None	Gautrain and GPG Precinct	Quarterly Report and Project Reports	
Stimulate investment in the economic triangle between Tshwane, JIA and Johannesburg	Successful conclusion of the tender process (Financial Closure)	100% conclusion of the tender process	95% conclusion of the tender process	Quarterly Report and Project Reports	<p>Finalisation stage in terms of the announcement of the winning consortium of the bid.</p> <p><b>Land Proclamation</b></p> <p>The route determined report was published for public comment on the 15th April 2005. The preliminary design report and the property report are been finalized with information from the preliminary design of the Preferred Bidder.</p> <p><b>Land Acquisition</b></p> <p>On approval of the preliminary design process, the route will be proclaimed and the expropriation will commence, which must be largely completed by the time construction commences.</p>

The initial analyses of the RFP II Proposals were finalised, and included

- (a) Review the standards, output specifications and scope of the project with a specific focus on cost reduction, and to ensure a more consistent outcome between the interpretation of the Province and that of the Bidders.
- (b) Identify non-negotiable aspects within the proposals of the Bidders. Each Bidder was informed separately of such aspects during discussions and formally as part of the BAFO documentation.
- (c) Re-consider the proposed allocation of risks.

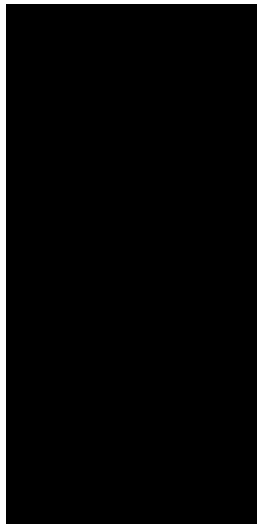
Subsequent to the analyses of the Phase II proposals and as allowed for in the RFP documentation, it was decided in February 2004 to introduce a Best-and-Final Offer (BAFO) process as the third phase of the Request for Proposals ("RFP III (BAFO)"). The BAFO process included a constructive engagement with the Bidders to deal with subsequent new information that became available, to obtain a better understanding of some of the output specifications, to reduce the cost to Province, and to deal with the areas of the responses by the Bidders that are fundamentally not acceptable to the Province, without impacting on the integrity of the project and ensuring better value for money.

The RFP III (BAFO) process included the drafting of the BAFO documentation, the preparation and submission of the BAFOs by the Bidders and the analyses, clarification and evaluation thereof up to the announcement of the Preferred Bidder.

Although the RFP III (BAFO) documentation have been available to the Bidders for quite a while, the final approved (TAIIA) documents were provided to the Bidders on 9 December 2004. The Bidders prepared their BAFOs and submitted on 26 January 2005. Further BAFO process was followed in March 2005. Both the BAFO processes were considered successful as they in fact reduced the Bidder prices, got the Bidders to improve on the acceptance of risks and pricing and also brought forward further innovation to the project.



# Human Resource Report



**DEPARTMENT OF FINANCE AND ECONOMIC AFFAIRS**  
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**TABLE 1.1 - Main Service for Service Delivery Improvement and Standards**

Main Services	Actual Customers	Potential Customers	Standard of Service	Actual Achievement against Standards
Strategy and logistical support	Department of Finance and Economic Affairs	Applicants	Vacancy rate	39%
Compliance		Other departments	Labour relations	100% compliant

**TABLE 1.2 - Consultation Arrangements for Customers**

Type of Arrangement	Actual Customer	Potential Customer	Actual Achievements
Draft service agreement	Department of Finance and Economic Affairs	Other departments	N/a
Human Resources Consultants		Other departments	Fully functional

**TABLE 1.3 - Service Delivery Access Strategy**

Access Strategy	Actual Achievements
Human Resources	Fully functional

**TABLE 1.4 - Service Information Tool**

Type of Information Tool	Actual Achievements
Policies and procedures	Fully functional
Legislation	Fully functional

**TABLE 1.5 - Complaint Mechanism**

Complaint Mechanism	Actual Achievements
Grievance procedures	Fully functional

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**TABLE 2.1 - Personnel costs by Programme**

<b>Programme</b>	<b>Total Voted Expenditure (R'000)</b>	<b>Compensation of Employees (R'000)</b>	<b>Compensation of Employees as percent of Total Expenditure</b>	<b>Average Compensation of Employees Cost per Employee (R'000)</b>	<b>Number of Employees</b>
Management	8,768	3,658	41.72	166	22
Corporate Services	21,095	5,847	27.72	177	33
Provincial Treasury	16,814	6,901	41.04	182	38
Economic and Developm Planning	30,911	10,779	34.87	177	61
Governance	723,014	12,945	1.79	227	57
Financial Management	6,578	3,443	52.34	191	18
Special Projects	227,974	478	0.21	478	1
Special Functions	-	-	-	-	-
Theft and losses	135	-	-	-	-
<b>TOTAL</b>	<b>1,035,289</b>	<b>44,051</b>	<b>4.25</b>	<b>192</b>	<b>230</b>

**TABLE 2.2 - Personnel costs by Salary band**

<b>Salary Bands</b>	<b>Compensation of Employees Cost (R'000)</b>	<b>Percentage of Total Personnel Cost for Department</b>	<b>Average Compensation Cost per Employee (R)</b>	<b>Total Personnel Cost for Department including Goods &amp; Transfers (R'000)</b>	<b>Number of Employees</b>
Lower skilled (Levels 1-2)	148	0.30	37,000	44,678	4
Skilled (Levels 3-5)	3,939	8.80	96,073	44,678	41
Highly skilled production (Levels 6-8)	5,927	13.30	118,540	44,678	50
Highly skilled supervision (Levels 9-12)	8,073	18.10	201,825	44,678	40
Senior management (Levels 13-16)	15,743	35.20	449,800	44,678	35
Contract (Levels 1-2)	28	0.10	9,333	44,678	3
Contract (Levels 9-12)	79	0.20	79,000	44,678	1
Contract (Levels 13-16)	2,413	5.40	402,167	44,678	6
Periodical Remuneration	7,701	17.20	65,263	44,678	50
<b>TOTAL</b>	<b>44,051</b>	<b>98.60</b>	<b>147,822</b>	<b>44,678</b>	<b>230</b>

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**TABLE 2.3 - Salaries, Overtime, Home Owners Allowance and Medical Aid by Programme**

<b>Programme</b>	<b>Salaries (R'000)</b>	<b>Salaries as % of Personnel Cost</b>	<b>Overtime (R'000)</b>	<b>Overtime as % of Personnel Cost</b>	<b>HOA (R'000)</b>	<b>HOA as % of Personnel Cost</b>	<b>Medical Ass. (R'000)</b>	<b>Medical Ass. as % of Personnel Cost</b>	<b>Total Personnel Cost (R'000)</b>
Provincial Treasury: Assets and Liabilities	587	61.90	-	-	1	0.10	21	2.20	948
Blue IQ: Management	2,325	57.90	-	-	4	0.10	46	1.10	4,018
Provincial Treasury: Budget Information	159	73.30	-	-	-	-	10	4.60	217
Provincial Treasury: Budget Policy	177	65.30	-	-	-	-	6	2.20	271
IT: Business Alignment	56	84.80	-	-	-	-	2	3.00	66
Communications: Strategy	-	-	-	-	-	-	-	-	83
Consumer Affairs: Compliance	294	60.20	-	-	1	0.20	11	2.30	488
Consumer Affairs: Business Regulation	-	-	-	-	-	-	-	-	1,245
Consumer Affairs: Secreteriat	306	67.30	3	0.70	8	1.80	22	4.80	455
Consumer Affairs: Consumer Protector	3,047	54.30	56	1.00	40	0.70	215	3.80	5,607
Economic and Development Planning: Database	390	60.80	-	-	4	0.60	24	3.70	641
Economic and Development Planning: Economic Research	196	59.00	-	-	-	-	5	1.50	332
Provincial Treasury: Expenditure	1,290	69.40	-	-	9	0.50	24	1.30	1,860
Communications: External Communications	89	76.70	1	0.90	-	-	-	-	116
Facilities Management	934	50.80	30	1.60	15	0.80	107	5.80	1,837
Provincial Treasury: Finance & Cash Management	1,124	62.60	-	-	4	0.20	82	4.60	1,795
Financial Management	1,393	62.70	2	0.10	14	0.60	86	3.90	2,222
Provincial Treasury: Financial Management (PFMA)	395	65.70	-	-	1	0.20	13	2.20	601
Management: HOD Office	1,016	53.70	-	-	1	0.10	37	2.00	1,891
HR: Management and Administration	-	-	-	-	-	-	-	-	94
Communications: Internal Communications	679	50.30	3	0.20	5	0.40	25	1.90	1,349
IT: Knowledge Management	515	45.60	-	-	-	-	9	0.80	1,130
Liquor Board: Secreteriat	238	37.70	4	0.60	-	-	1	0.20	631
Liquor Board: Administration	3,119	50.00	81	1.30	67	1.10	245	3.90	6,233
Management: MEC	366	54.80	-	-	2	0.30	10	1.50	668
HR: Management and Administration	975	47.60	-	-	15	0.70	37	1.80	2,049
Management: HOD Office	474	54.80	-	-	-	-	33	3.80	865
Management services and communication	-	-	-	-	-	-	-	-	150
Management: MEC Office	671	47.30	-	-	5	0.40	29	2.00	1,419
Governance: Monitoring and Evaluation	1,277	46.10	-	-	13	0.50	74	2.70	2,769
HR: Organisational Development	337	77.10	-	-	9	2.10	-	-	437
Economic and Development Planning: Policy & Legislation	318	62.00	-	-	-	-	19	3.70	513
Financial Management: Procurement	-	-	-	-	-	-	-	-	166
Financial Management: Procurement	698	67.50	26	2.50	14	1.40	71	6.90	1,034
Provincial Treasury: Revenue	260	59.90	-	-	-	-	16	3.70	434
Treasury: Management Office	11	32.40	-	-	-	-	1	2.90	34
IT: Vendor Management	9	100.00	-	-	-	-	-	-	9
<b>TOTAL</b>	<b>23,725</b>	<b>53.10</b>	<b>206</b>	<b>0.50</b>	<b>232</b>	<b>0.50</b>	<b>1,281</b>	<b>2.90</b>	<b>44,677</b>

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**TABLE 2.4 - Salaries, Overtime, Home Owners Allowance and Medical Aid by Salary Band**

Salary bands	Salaries (R'000)	Salaries as % of Personnel Cost	Overtime (R'000)	Overtime as % of Personnel Cost	HOA (R'000)	HOA as % of Personnel Cost	Medical Ass. (R'000)	Medical Ass. as % of Personnel Cost	Total Personnel Cost (R'000)
Lower skilled (Levels 1-2)	92	62.20	-	-	2	1.40	21	14.20	148
Skilled (Levels 3-5)	2,793	69.80	34	0.80	60	1.50	282	7.00	4,003
Highly skilled production (Levels 6-8)	4,187	69.70	69	1.10	85	1.40	386	6.40	6,011
Highly skilled supervision (Levels 9-12)	5,954	72.90	103	1.30	84	1.00	244	3.00	8,168
Senior management (Levels 13-16)	9,170	57.10	-	-	-	-	338	2.10	16,063
Contract (Levels 1-2)	28	100.00	-	-	-	-	-	-	28
Contract (Levels 9-12)	55	66.30	-	-	1	1.20	-	-	83
Contract (Levels 13-16)	1,446	59.60	-	-	-	-	10	0.40	2,425
Periodical Remuneration	-	-	-	-	-	-	-	-	7,748
<b>TOTAL</b>	<b>23,725</b>	<b>53.10</b>	<b>206</b>	<b>0.50</b>	<b>232</b>	<b>0.50</b>	<b>1,281</b>	<b>2.90</b>	<b>44,677</b>

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**TABLE 3.1 - Employment and Vacancies by Programme at end of period**

Programme	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Blue IQ: Management	13	9	30.80	-
Communications: External Communications	4	1	75.00	-
Communications: Internal Communications	11	7	36.40	-
Consumer Affairs: Compliance	47	2	95.70	-
Consumer Affairs: Consumer Protector	45	27	40.00	-
Consumer Affairs: Secreteriat	2	2	-	-
Economic and Development Planning: Economic Research	7	1	85.70	-
Economic and Development Planning: Policy & Legislation	3	2	33.30	-
Economic and Development Planning: Database	5	3	40.00	-
Facilities Management	15	13	13.30	-
Financial Management	12	10	16.70	-
Financial Management: Procurement	7	7	-	-
Governance: Monitoring and Evaluation	8	7	12.50	-
HR: Management and Administration	8	8	-	-
HR: Organisational Development	2	2	-	-
IT: Business Alignment	1	1	-	-
IT: Knowledge Management	5	5	-	-
IT: Vendor Management	1	1	-	-
Liquor Board: Administration	41	34	17.10	-
Liquor Board: Secreteriat	2	1	50.00	-
Management: HOD Office	17	5	70.60	3
Management: MEC	1	1	-	-
Management: MEC Office	5	4	20.00	-
Provincial Treasury: Assets and Liabilities	4	4	-	-
Provincial Treasury: Budget Information	3	3	-	-
Provincial Treasury: Budget Policy	4	2	50.00	-
Provincial Treasury: Expenditure	8	6	25.00	-
Provincial Treasury: Finance & Cash Management	7	7	-	-
Provincial Treasury: Financial Management (PFMA)	3	2	33.30	-
Provincial Treasury: Revenue	3	1	66.70	-
Treasury: Management Office	3	2	33.30	-
<b>TOTAL</b>	<b>297</b>	<b>180</b>	<b>39.40</b>	<b>3</b>

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**TABLE 3.2 - Employment and Vacancies by Salary Band at end of period**

<b>Salary Band</b>	<b>Number of Posts</b>	<b>Number of Posts Filled</b>	<b>Vacancy Rate</b>	<b>Number of Posts Filled Additional to the Establishment</b>
Lower skilled (Levels 1-2), Permanent	6	3	50.00	-
Skilled (Levels 3-5), Permanent	51	45	11.80	-
Highly skilled production (Levels 6-8), Permanent	65	47	27.70	-
Highly skilled supervision (Levels 9-12), Permanent	118	41	65.30	-
Senior management (Levels 13-16), Permanent	47	34	27.70	3
Contract (Levels 9-12), Permanent	4	4	-	-
Contract (Levels 13-16), Permanent	6	6	-	-
<b>TOTAL</b>	<b>297</b>	<b>180</b>	<b>39.40</b>	<b>3</b>

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**TABLE 3.3 - Employment and Vacancies by Critical Occupation at end of period**

<b>Critical Occupations</b>	<b>Number of Posts</b>	<b>Number of Posts Filled</b>	<b>Vacancy Rate</b>	<b>Number of Posts Filled Additional to the Establishment</b>
Administrative related, Permanent	9	5	44.40	-
Appraisers-valuers and related professionals, Permanent	1	-	100.00	-
Client inform clerks (switchb receipt inform clerks), Permanent	3	2	33.30	-
Communication and information related, Permanent	4	-	100.00	-
Finance and economics related, Permanent	26	12	53.80	-
Financial and related professionals, Permanent	19	13	31.60	-
Financial clerks and credit controllers, Permanent	8	7	12.50	-
Head of department/chief executive officer, Permanent	4	3	25.00	2
Human resources & organisat developm & relate prof, Permanent	3	3	-	-
Human resources clerks, Permanent	2	2	-	-
Human resources related, Permanent	2	2	-	-
Information technology related, Permanent	2	2	-	-
Language practitioners interpreters & other commun, Permanent	5	2	60.00	-
Library mail and related clerks, Permanent	7	7	-	-
Logistical support personnel, Permanent	1	1	-	-
Material-recording and transport clerks, Permanent	7	7	-	-
Messengers porters and deliverers, Permanent	6	4	33.30	-
Other administrat & related clerks and organisers, Permanent	101	45	55.40	-
Other administrative policy and related officers, Permanent	6	5	16.70	-
Other information technology personnel., Permanent	5	3	40.00	-
Other occupations, Permanent	1	1	-	-
Secretaries & other keyboard operating clerks, Permanent	17	12	29.40	-
Senior managers, Permanent	47	35	25.50	1
Trade/industry advisers & other related profession, Permanent	11	7	36.40	-
<b>TOTAL</b>	<b>297</b>	<b>180</b>	<b>39.40</b>	<b>3</b>

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**TABLE 4.1 - Job Evaluation**

<b>Salary Band</b>	<b>Number of Posts</b>	<b>Number of Jobs Evaluated</b>	<b>% of Posts Evaluated</b>	<b>Number of Posts Upgraded</b>	<b>% of Upgraded Posts Evaluated</b>	<b>Number of Posts Downgraded</b>	<b>% of Downgraded Posts Evaluated</b>
Lower skilled (Levels 1-2)	6	-	-	-	-	-	-
Contract (Levels 9-12)	4	-	-	-	-	-	-
Contract (Band A)	2	-	-	-	-	-	-
Contract (Band B)	4	-	-	-	-	-	-
Skilled (Levels 3-5)	51	1	2.00	1	100.00	-	-
Highly skilled production (Levels 6-8)	65	-	-	-	-	-	-
Highly skilled supervision (Levels 9-12)	118	3	2.50	4	133.30	-	-
Senior Management Service Band A	22	-	-	-	-	-	-
Senior Management Service Band B	15	-	-	5	-	-	-
Senior Management Service Band C	7	-	-	1	-	-	-
Senior Management Service Band D	3	-	-	1	-	-	-
<b>TOTAL</b>	<b>297</b>	<b>4</b>	<b>1.30</b>	<b>12</b>	<b>300.00</b>	<b>-</b>	<b>-</b>

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**TABLE 4.2 - Profile of employees whose positions were upgraded due to their posts being upgraded**

Beneficiaries	African	Asian	Coloured	White	Total
Female	2	-	-	-	2
Male	2	-	-	-	2
<b>Total</b>	<b>4</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4</b>
<b>Employees with a Disability</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**TABLE 4.3 - Employees whose salary level exceed the grade determined by Job Evaluation [i.t.o PSR 1.V.C.3]**

Occupation	Number of Employees	Job Evaluation Level	Remuneration Level	Reason for Deviation	No of Employees in Dept
Admin secretary	1	9	10	MEC motivation	
Appointment secretary	1	9	10	MEC motivation	
Driver,messenger	1	5	6	MEC motivation	
<b>Total</b>	<b>3</b>				

**TABLE 4.4 - Profile of employees whose salary level exceeded the grade determined by job evaluation [i.t.o. PSR 1.V.C.3]**

Beneficiaries	African	Asian	Coloured	White	Total
Female	2	-	-	-	2
Male	1	-	-	-	1
<b>Total</b>	<b>3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3</b>
<b>Employees with a Disability</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

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**TABLE 5.1 - Annual Turnover Rates by Salary Band**

<b>Salary Band</b>	<b>Employment at Beginning of Period (April 2004)</b>	<b>Appointments</b>	<b>Terminations</b>	<b>Turnover Rate</b>
Skilled (Levels 3-5), Permanent	47	3	-	-
Highly skilled production (Levels 6-8), Permanent	44	1	2	4.50
Highly skilled supervision (Levels 9-12), Permanent	31	2	2	6.50
Senior Management Service Band A, Permanent	15	6	1	6.70
Senior Management Service Band B, Permanent	8	-	1	12.50
Senior Management Service Band C, Permanent	1	-	-	-
Senior Management Service Band D, Permanent	1	-	1	100.00
Contract (Levels 1-2), Permanent	-	3	-	-
Contract (Band A), Permanent	1	5	1	100.00
<b>TOTAL</b>	<b>148</b>	<b>20</b>	<b>8</b>	<b>5.40</b>

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**TABLE 5.2 - Annual Turnover Rates by Critical Occupation**

<b>Occupation</b>	<b>Employment at Beginning of Period</b>	<b>Appointments</b>	<b>Terminations</b>	<b>Turnover Rate</b>
Administrative related, Permanent	9	-	1	11.10
Client inform clerks(switchb receipt inform clerks), Permanent	3	1	-	-
Communication and information related, Permanent	1	-	-	-
Diplomats, Permanent	-	1	-	-
Engineering sciences related, Permanent	1	-	-	-
Finance and economics related, Permanent	18	-	1	5.60
Financial and related professionals, Permanent	3	1	-	-
Financial clerks and credit controllers, Permanent	26	-	2	7.70
Food services aids and waiters, Permanent	2	-	-	-
Human resources & organisat developm & relate prof, Permanent	1	-	-	-
Human resources clerks, Permanent	3	-	-	-
Human resources related, Permanent	1	-	-	-
Language practitioners interpreters & other commun, Permanent	2	-	-	-
Library mail and related clerks, Permanent	6	-	-	-
Logistical support personnel, Permanent	1	-	-	-
Material-recording and transport clerks, Permanent	3	-	-	-
Messengers porters and deliverers, Permanent	6	-	-	-
Other administrat & related clerks and organisers, Permanent	17	3	-	-
Other administrative policy and related officers, Permanent	12	-	-	-
Other information technology personnel., Permanent	1	2	-	-
Other occupations, Permanent	1	-	-	-
Regulatory inspectors, Permanent	4	-	-	-
Secretaries & other keyboard operating clerks, Permanent	9	-	-	-
Senior managers, Permanent	16	11	4	25.00
Trade/industry advisers & other related profession, Permanent	2	1	-	-
<b>TOTAL</b>	<b>148</b>	<b>20</b>	<b>8</b>	<b>5.40</b>

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TABLE 5.3 - Reasons why staff are leaving the department

Termination Type	Number	Percentage of Total Resignations	Percentage of Total Employment	Total	Total Employment
Resignation, Permanent	6	75.00	4.10	8	148
Expiry of contract, Permanent	1	12.50	0.70	8	148
Retirement, Permanent	1	12.50	0.70	8	148
TOTAL	8	100.00	5.40	8	148

Resignations as % of Employment

5.40%

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**TABLE 5.4 - Promotions by Critical Occupation**

<b>Occupation</b>	<b>Employment at Beginning of Period (April 2004)</b>	<b>Promotions to another Salary Level</b>	<b>Salary Level Promotions as a % of Employment</b>	<b>Progressions to another Notch within Salary Level</b>	<b>Notch progressions as a % of Employment</b>
Administrative related	9	-	-	3	33.30
Client inform clerks(switchb recept inform clerks)	3	-	-	1	33.30
Communication and information related	1	-	-	-	-
Engineering sciences related	1	-	-	-	-
Finance and economics related	18	2	11.10	4	22.20
Financial and related professionals	3	6	200.00	3	100.00
Financial clerks and credit controllers	26	6	23.10	17	65.40
Food services aids and waiters	2	-	-	1	50.00
Head of department/chief executive officer	-	1	-	-	-
Human resources & organisat developm & relate prof	1	-	-	-	-
Human resources clerks	3	1	33.30	3	100.00
Human resources related	1	-	-	-	-
Language practitioners interpreters & other commun	2	-	-	2	100.00
Library mail and related clerks	6	-	-	2	33.30
Logistical support personnel	1	-	-	1	100.00
Material-recording and transport clerks	3	1	33.30	3	100.00
Messengers porters and deliverers	6	-	-	4	66.70
Other administrat & related clerks and organisers	17	6	35.30	6	35.30
Other administrative policy and related officers	12	-	-	6	50.00
Other information technology personnel.	1	-	-	1	100.00
Other occupations	1	-	-	-	-
Regulatory inspectors	4	-	-	4	100.00
Secretaries & other keyboard operating clerks	9	3	33.30	7	77.80
Senior managers	16	3	18.80	-	-
Trade/industry advisers & other related profession	2	-	-	1	50.00
<b>TOTAL</b>	<b>148</b>	<b>29</b>	<b>19.60</b>	<b>69</b>	<b>46.60</b>

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**TABLE 5.5 - Promotions by Salary Band**

<b>Salary Band</b>	<b>Employment at Beginning of Period (April 2004)</b>	<b>Promotions to another Salary Level</b>	<b>Salary Level Promotions as a % of Employment</b>	<b>Progressions to another Notch within Salary Level</b>	<b>Notch progressions as a % of Employment</b>
Skilled (Levels 3-5), Permanent	47	8	17.00	23	48.90
Highly skilled production (Levels 6-8), Permanent	44	9	20.50	30	68.20
Highly skilled supervision (Levels 9-12), Permanent	31	5	16.10	16	51.60
Senior management (Levels 13-16), Permanent	25	7	28.00	-	-
Contract (Levels 13-16), Permanent	1	-	-	-	-
<b>TOTAL</b>	<b>148</b>	<b>29</b>	<b>19.60</b>	<b>69</b>	<b>46.60</b>

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**TABLE 6.1 - Total number of Employees (incl. Employees with disabilities) per Occupational Category (SASCO)**

<b>Occupational Categories</b>	<b>Male, African</b>	<b>Male, Coloured</b>	<b>Male, Indian</b>	<b>Male, Total Blacks</b>	<b>Male, White</b>	<b>Female, African</b>	<b>Female, Coloured</b>	<b>Female, Indian</b>	<b>Female, Total Blacks</b>	<b>Female, White</b>	<b>Total</b>
Legislators, senior officials and managers, Permanent	11	2	2	15	3	11	1	1	13	2	33
Professionals, Permanent	24	2	1	27	4	23	1	3	27	4	62
Clerks, Permanent	17	-	1	18	3	44	2	1	47	8	76
Plant and machine operators and assemblers, Permanent	1	-	-	1	-	-	-	-	-	-	1
Elementary occupations, Permanent	5	-	-	5	-	1	-	-	1	-	6
Other, Permanent	1	1	-	2	-	-	-	-	-	-	2
<b>TOTAL</b>	<b>59</b>	<b>5</b>	<b>4</b>	<b>68</b>	<b>10</b>	<b>79</b>	<b>4</b>	<b>5</b>	<b>88</b>	<b>14</b>	<b>180</b>

<b>Occupational Categories</b>	<b>Male, African</b>	<b>Male, Coloured</b>	<b>Male, Indian</b>	<b>Male, Total Blacks</b>	<b>Male, White</b>	<b>Female, African</b>	<b>Female, Coloured</b>	<b>Female, Indian</b>	<b>Female, Total Blacks</b>	<b>Female, White</b>	<b>Total</b>
Employees with disabilities	-	-	-	-	-	-	-	-	-	-	1

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**TABLE 6.2 - Total number of Employees (incl. Employees with disabilities) per Occupational Bands**

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Top Management, Permanent	2	-	-	2	1	2	-	-	2	-	5
Senior Management, Permanent	7	2	2	11	3	10	1	1	12	2	28
Professionally qualified and experienced specialists and mid-management, Permanent	17	2	1	20	2	14	-	1	15	3	40
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	11	-	1	12	3	22	3	2	27	8	50
Semi-skilled and discretionary decision making, Permanent	15	-	-	15	1	28	-	1	29	-	45
Not Available, Permanent	1	1	-	2	-	-	-	-	-	-	2
Contract (Senior Management), Permanent	3	-	-	3	-	2	-	-	2	1	6
Contract (Professionally qualified), Permanent	1	-	-	1	-	-	-	-	-	-	1
Contract (Unskilled), Permanent	2	-	-	2	-	1	-	-	1	-	3
<b>TOTAL</b>	<b>59</b>	<b>5</b>	<b>4</b>	<b>68</b>	<b>10</b>	<b>79</b>	<b>4</b>	<b>5</b>	<b>88</b>	<b>14</b>	<b>180</b>

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**TABLE 6.3 - Recruitment**

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Senior Management, Permanent	2	-	-	2	1	2	-	1	3	-	6
Professionally qualified and experienced specialists and mid-management, Permanent	-	-	1	1	-	-	-	-	-	-	1
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	-	-	-	-	-	1	-	-	1	-	1
Semi-skilled and discretionary decision making, Permanent	-	-	-	-	-	3	-	-	3	-	3
Contract (Senior Management), Permanent	1	-	-	1	-	2	-	1	3	1	5
Contract (Unskilled), Permanent	2	-	-	2	-	1	-	-	1	-	3
<b>TOTAL</b>	<b>5</b>	<b>-</b>	<b>1</b>	<b>6</b>	<b>1</b>	<b>9</b>	<b>-</b>	<b>2</b>	<b>11</b>	<b>1</b>	<b>19</b>

**TABLE 6.4 - Promotions**

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Top Management, Permanent	2	-	-	2	1	2	-	-	2	-	5
Senior Management, Permanent	1	-	-	1	-	1	1	-	2	-	3
Professionally qualified and experienced specialists and mid-management, Permanent	12	1	-	13	2	4	-	1	5	2	22
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	9	-	1	10	2	16	3	2	21	6	39
Semi-skilled and discretionary decision making, Permanent	12	-	-	12	1	17	-	1	18	-	31
<b>TOTAL</b>	<b>36</b>	<b>1</b>	<b>1</b>	<b>38</b>	<b>6</b>	<b>40</b>	<b>4</b>	<b>4</b>	<b>48</b>	<b>8</b>	<b>100</b>

	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Employees with disabilities	-	-	-	-	-	1	-	-	1	-	1

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**TABLE 6.5 - Terminations**

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Top Management, Permanent	-	-	1	1	-	-	-	-	-	-	1
Senior Management, Permanent	1	-	-	1	-	1	-	-	1	-	2
Professionally qualified and experienced specialists and mid-management, Permanent	1	-	-	1	-	-	-	-	-	1	2
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	-	-	-	-	-	1	-	-	1	1	2
Contract (Senior Management), Permanent	-	-	-	-	-	-	-	1	1	-	1
<b>TOTAL</b>	<b>2</b>	<b>-</b>	<b>1</b>	<b>3</b>	<b>-</b>	<b>2</b>	<b>-</b>	<b>1</b>	<b>3</b>	<b>2</b>	<b>8</b>

**TABLE 6.6 – Disciplinary action**

Disciplinary action	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
	7	-	-	7	-	5	1	1	7	-	14
<b>TOTAL</b>	<b>7</b>	<b>-</b>	<b>-</b>	<b>7</b>	<b>-</b>	<b>5</b>	<b>1</b>	<b>1</b>	<b>7</b>	<b>-</b>	<b>14</b>

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**TABLE 6.7 - Skills Development**

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Legislators, Senior Officials and Managers	22	1	2	25	2	12	1	1	14	1	42
Professionals	-	-	-	-	-	-	-	-	-	-	-
Technicians and Associate Professionals	1	-	-	1	-	-	-	-	-	-	1
Clerks	3	-	-	3	-	19	-	1	20	-	23
Service and Sales Workers	-	-	-	-	-	-	-	-	-	-	-
Skilled Agriculture and Fishery Workers	-	-	-	-	-	-	-	-	-	-	-
Craft and related Trades Workers	-	-	-	-	-	-	-	-	-	-	-
Plant and Machine Operators and Assemblers	-	-	-	-	-	-	-	-	-	-	-
Elementary Occupations	3	-	-	3	-	3	-	-	3	1	7
<b>TOTAL</b>	<b>29</b>	<b>1</b>	<b>2</b>	<b>32</b>	<b>2</b>	<b>34</b>	<b>1</b>	<b>2</b>	<b>37</b>	<b>2</b>	<b>73</b>

Employees with disabilities

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**TABLE 7.1 - Performance Rewards by Race, Gender and Disability**

	<b>Number of Beneficiaries</b>	<b>Total Employment</b>	<b>Percentage of Total Employment</b>	<b>Cost (R'000)</b>	<b>Average Cost per Beneficiary (R)</b>
African, Female	28	78	35.90	154	5,487
African, Male	19	59	32.20	89	4,697
Asian, Female	2	5	40.00	9	4,456
Asian, Male	1	4	25.00	6	6,301
Coloured, Female	1	4	25.00	6	6,301
Coloured, Male	2	5	40.00	20	9,825
Total Blacks, Female	31	87	35.60	169	5,447
Total Blacks, Male	22	68	32.40	115	5,236
White, Female	7	14	50.00	42	6,054
White, Male	3	10	30.00	44	14,803
Employees with a disability	-	1	-	-	-
<b>TOTAL</b>	<b>63</b>	<b>180</b>	<b>35.00</b>	<b>371</b>	<b>5,886</b>

**TABLE 7.2 - Performance Rewards by Salary Band for Personnel below Senior Management Service**

<b>Salary Band</b>	<b>Number of Beneficiaries</b>	<b>Total Employment</b>	<b>Percentage of Total Employment</b>	<b>Cost (R'000)</b>	<b>Average Cost per Beneficiary (R)</b>
Skilled (Levels 3-5)	21	45	46.70	76	3,619
Highly skilled production (Levels 6-8)	26	50	52.00	133	5,115
Highly skilled supervision (Levels 9-12)	14	40	35.00	97	6,929
Contract (Levels 1-2)	-	3	-	-	-
Contract (Levels 9-12)	-	1	-	-	-
Periodical Remuneration	-	50	-	-	-
<b>TOTAL</b>	<b>61</b>	<b>189</b>	<b>23.70</b>	<b>306</b>	<b>5,016</b>

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**TABLE 7.3 - Performance Rewards by Critical Occupation**

<b>Critical Occupations</b>	<b>Number of Beneficiaries</b>	<b>Total Employment</b>	<b>Percentage of Total Employment</b>	<b>Cost (R'000)</b>	<b>Average Cost per Beneficiary (R)</b>
Administrative related	4	8	50.00	35	8,750
Bus and heavy vehicle drivers	-	1	-	-	-
Client inform clerks (switchboard receipt inform clerks)	-	3	-	-	-
Communication and information related	1	1	100.00	7	6,013
Diplomats	-	1	-	-	-
Finance and economics related	4	16	25.00	53	13,250
Financial and related professionals	2	11	18.20	12	6,000
Financial clerks and credit controllers	17	25	68.00	74	4,353
Food services aids and waiters	-	1	-	-	-
Head of department	-	1	-	-	-
Human resources & organisational development & related professions	-	1	-	-	-
Human resources clerks	2	5	40.00	13	6,500
Human resources related	1	2	50.00	5	5,000
Language practitioners interpreters & other community workers	2	2	100.00	10	5,000
Library mail and related clerks	3	6	50.00	12	4,000
Logistical support personnel	1	1	100.00	6	6,000
Material-recording and transport clerks	3	3	100.00	13	4,333
Messengers porters and deliverers	3	5	60.00	10	3,333
Other administration & related clerks and organisers	7	23	30.40	29	4,143
Other administrative policy and related officers	4	11	36.40	24	6,000
Other information technology personnel.	-	3	-	-	-
Other occupations	-	3	-	-	-
Regulatory inspectors	2	4	50.00	8	4,000
Secretaries & other keyboard operating clerks	6	11	54.50	28	4,667
Senior managers	1	30	3.30	32	32,000
Trade/industry advisers & other related profession	-	2	-	-	-
<b>TOTAL</b>	<b>63</b>	<b>180</b>	<b>35.00</b>	<b>371</b>	<b>5,886</b>

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**TABLE 7.4 - Performance Related Rewards (Cash Bonus) by Salary Band for Senior Management Service**

SMS Band	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)	% of SMS Wage Bill	Personnel Cost SMS (R'000)
Band A	2	26	7.70	66	3,300	0.60	11,405
Band B	-	10	-	-	-	-	-
Band C	-	2	-	-	-	-	-
Band D	-	3	-	-	-	-	-
<b>TOTAL</b>	<b>2</b>	<b>41</b>	<b>4.90</b>	<b>66</b>	<b>3,300</b>	<b>0.60</b>	<b>11,405</b>

**TABLE 8.1 - Foreign Workers by Salary Band**

Salary Band	Employment at Beginning Period	Percentage of Total	Employment at End of Period	Percentage of Total	Change in Employment	Percentage of Total	Total Employment at Beginning of Period	Total Employment at End of Period	Total Change in Employment
Senior management (Levels 13-16)	2	100.00	2	100.00	-	-	2	2	-
<b>TOTAL</b>	<b>2</b>	<b>100.00</b>	<b>2</b>	<b>100.00</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>2</b>	<b>-</b>

**TABLE 8.2 - Foreign Workers by Major Occupation**

Major Occupation	Employment at Beginning Period	Percentage of Total	Employment at End of Period	Percentage of Total	Change in Employment	Percentage of Total	Total Employment at Beginning of Period	Total Employment at End of Period	Total Change in Employment
Professionals and managers	2	100.00	2	100.00	-	-	2	2	-
<b>TOTAL</b>	<b>2</b>	<b>100.00</b>	<b>2</b>	<b>100.00</b>	<b>-</b>	<b>-</b>	<b>2</b>	<b>2</b>	<b>-</b>

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**TABLE 9.1 - Sick Leave for Jan 2004 to Dec 2004**

Salary Band	Total Days	% Days with Medical Certification	Number of Employees using Sick Leave	% of Total Employees using Sick Leave	Average Days per Employee	Estimated Cost (R'000)	Total number of Employees using Sick Leave	Total number of days with medical certification
Skilled (Levels 3-5)	195	74.40	33	28.00	6.00	37	118	145
Highly skilled production (Levels 6-8)	342	82.20	46	39.00	7.00	107	118	281
Highly skilled supervision (Levels 9-12)	150	83.30	25	21.20	6.00	95	118	125
Senior management (Levels 13-16)	64	79.70	14	11.90	5.00	121	118	51
<b>TOTAL</b>	<b>751</b>	<b>80.20</b>	<b>118</b>	<b>100.00</b>	<b>6.00</b>	<b>360</b>	<b>118</b>	<b>602</b>

**TABLE 9.2 - Disability Leave (Temporary and Permanent) for Jan 2004 to Dec 2004**

Salary Band	Total Days	% Days with Medical Certification	Number of Employees using Disability Leave	% of Total Employees using Disability Leave	Average Days per Employee	Estimated Cost (R'000)	Total number of days with medical certification	Total number of Employees using Disability Leave
<b>TOTAL</b>	-	-	-	-	-	-	-	-

**TABLE 9.3 - Annual Leave for Jan 2004 to Dec 2004**

Salary Band	Total Days Taken	Average days per Employee	Number of Employees who took Leave
Skilled (Levels 3-5)	842	18.00	46
Highly skilled production (Levels 6-8)	975	19.00	52
Highly skilled supervision (Levels 9-12)	647	17.00	37
Senior management (Levels 13-16)	531	17.00	31
Contract (Levels 1-2)	8	4.00	2
Contract (Levels 13-16)	44	9.00	5
Contract (Levels 9-12)	2	2.00	1
<b>TOTAL</b>	<b>3,049</b>	<b>18.00</b>	<b>174</b>

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**TABLE 9.4 - Capped Leave for Jan 2004 to Dec 2004**

	Total days of capped leave taken	Average number of days taken per employee	Average capped leave per employee as at 31 December 2004	Number of Employees who took Capped Leave	Total number of capped leave available at 31 December 2004	Number of Employees as at 31 December 2004
Skilled (Levels 3-5)	3	3.00	32	1.00	928.00	29
Highly skilled production (Levels 6-8)	1	1.00	29	1.00	1,118.00	38
Senior management (Levels 13-16)	1	1.00	43	1.00	778.00	18
<b>TOTAL</b>	<b>5</b>	<b>2.00</b>	<b>33</b>	<b>3.00</b>	<b>2,824.00</b>	<b>85</b>

**TABLE 9.5 - Leave Payouts**

Reason	Total Amount (R'000)	Number of Employees	Average Payment per Employee (R)
Capped leave payouts on termination of service for 2004/05	36	4.00	9,000
Current leave payout on termination of service for 2004/05	33	4.00	8,250
<b>TOTAL</b>	<b>69</b>	<b>8.00</b>	<b>8,625</b>

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**TABLE 10.1 - Steps taken to reduce the risk of occupational exposure**

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
All	Testing
All	Testing

**TABLE 10.2 - Details of Health Promotion and HIV/AIDS Programmes**

Question	Yes	No	Details, if yes
1. Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	X		Nono Tantsi: Director: Human Resources
2. Does the department have a dedicated unit or have you designated specific staff members to promote health and well being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	X		EAP and HIV/AIDS Coordinators, R250 000.00
3. Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of the programme.	X		Counselling, Life skills, stress management and HIV/AIDS
4. Has the department established a committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	X		HIV/AIDS committee was established and died.
5. Has the department reviewed the employment policies and practices of your department to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	X		Recruitment, HIV/AIDS policy, Employment Equity Plan and Policy statement.
6. Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	X		Confidentiality clause in the HIV/AIDS policy and appointment of the HIV/AIDS Coordinator.
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	X		Wellness programme encourages employees to undergo Counselling and testing.
8. Has the department developed measures/indicators to monitor and evaluate the impact of your health promotion programme? If so, list these measures/indicators.	X		EAP service in partnership with ICAS was introduced, welcomed and utilized in DFEA. ICAS submit monthly statistics on the utilization of EAP.

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**TABLE 11.1 - Collective Agreements**

Subject Matter	Date
None	N/a

**TABLE 11.2 - Misconduct and Discipline Hearings Finalised**

Outcomes of disciplinary hearings	Number	Percentage of Total
Correctional counselling	5	29.00
Verbal warning	3	18.00
Written warning	3	18.00
Serious written warning	-	-
Final written warning	2	12.00
Suspended without pay	-	-
Fine	-	-
Demotion	-	-
Dismissal	2	12.00
Not guilty	2	12.00
Case withdrawn	-	-
<b>TOTAL</b>	<b>17</b>	<b>100.00</b>

**TABLE 11.3 - Types of Misconduct Addressed and Disciplinary Hearings**

Type of misconduct	Number	% of total
Theft	1	25.00
Insubordination	1	25.00
Gross negligence	2	50.00
<b>Total</b>	<b>4</b>	<b>100.00</b>

**TABLE 11.4 - Grievances Lodged**

Number of grievances addressed	Number	% of total
Resolved	5	71.4
Not resolved	2	28.6
<b>Total</b>	<b>7</b>	<b>100.00</b>

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**TABLE 11.5 - Disputes Lodged**

<b>Number of disputes addressed</b>	<b>Number</b>	<b>% of total</b>
Upheld	1	16.7
Dismissed	5	83.3
<b>Total</b>	<b>6</b>	<b>100.00</b>

**TABLE 11.6 - Strike Actions**

<b>Strike Actions</b>	
Total number of person working days lost	-
Total cost(R'000) of working days lost	-
<b>Amount (R'000) recovered as a result of no work no pay</b>	-

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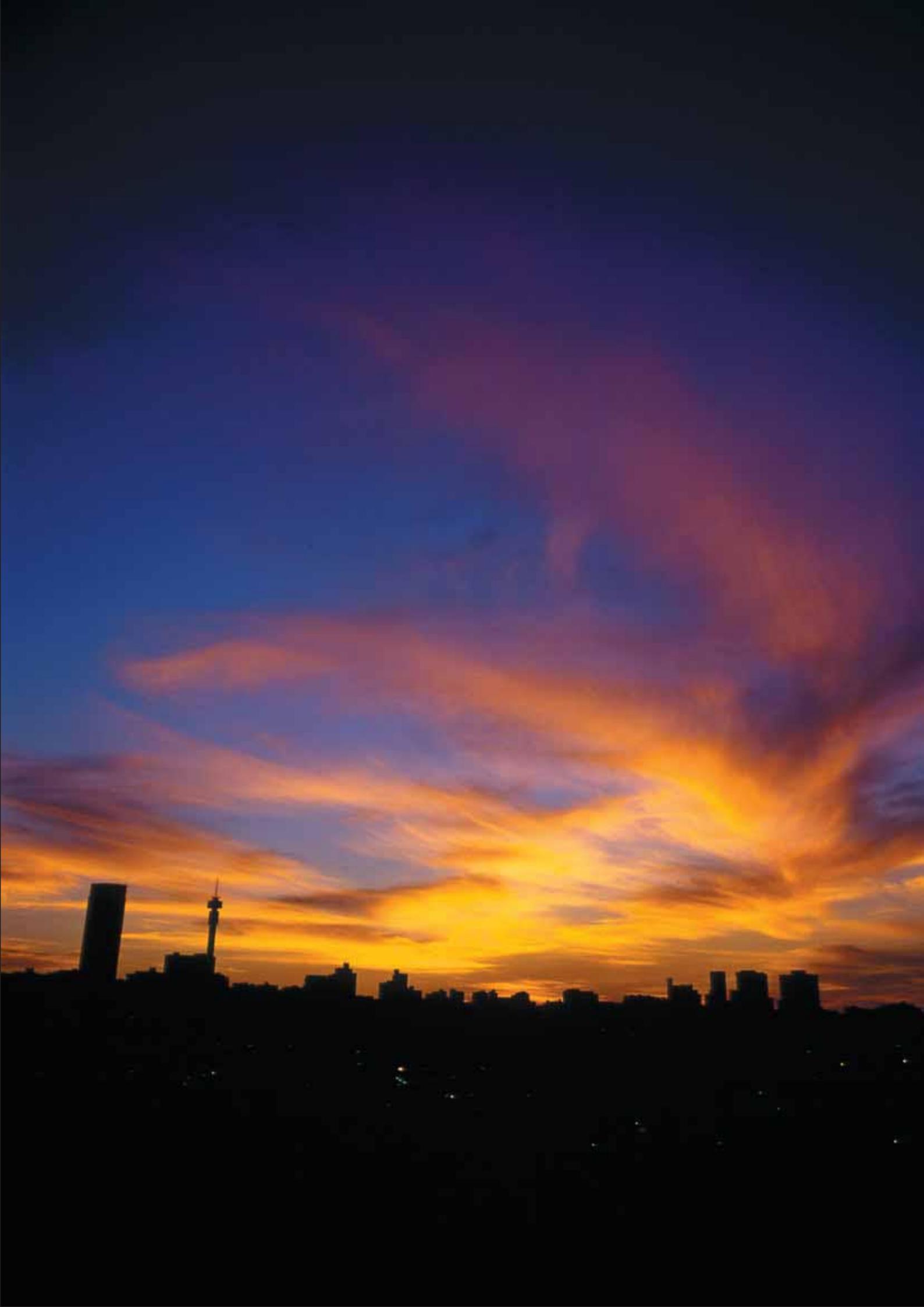
**TABLE 12.1 - Report on consultant appointments using appropriated funds**

<b>Project Title</b>	<b>Total number of consultants that worked on the project</b>	<b>Duration: Work days</b>	<b>Contract value in Rand R'000</b>
Gautrain	4	365	81,123
Blue IQ Investment Holdings (Pty) Ltd	3	365	49,835
Matlotlo House	1	365	9,156
Strategic Plan	1	120	1,513
Growth and Development Strategy	7	60	5,634
Gauteng Liquor Board Licencing System	1	180	580
Activity Based Costing System	1	365	415
Information Technology	2	365	825
Commissions	1	120	346
Annual Financial Statement Consolidation	1	120	252
Human Resource	4	90	471

<b>Total number of projects</b>	<b>Total individual consultants</b>	<b>Total duration: Work days</b>	<b>Total contract value in Rand</b>
12	26	2515	150,150

**TABLE 12.2 - Analysis of consultant appointments using appropriated funds, i.t.o. HDIs**

<b>Project Title</b>	<b>Percentage ownership by HDI groups</b>	<b>Percentage management by HDI groups</b>	<b>Number of Consultants from HDI groups that work on the project</b>
Facilitating team building	100%	100%	1
Facilitating ABET classes	100%	100%	1
Facilitating relationship between labour and human resource	100%	100%	1
Pre-interviews and interviews	100%	100%	1
Secretarial Development	100%	100%	1



# Outlook for the Coming Year

## CORPORATE SUPPORT SERVICES

### *Financial Management*

The unit has developed a detailed business plan that aligns to the departmental strategies and objectives; performance will be based on this plan as it now gives a clearer sense of direction and measurable milestones. The challenges of the unit are to:

- Fill the positions crated in the new structure to perform all activities efficiently and effectively
- Consolidate the departmental financial stalemates with its public entities
- Fully implement supply chain management (procurement function)
- Produce accurate and relevant reports on time
- Introduce a functioning fraud committee
- Obtain a favourable audit report
- Ensure compliance by public entities
- Develop a budget process
- Refine reporting measures

Financial forecasting and cash management has become critical and the unit will have to look into ways of improving this. The unit will work closely with the Treasury and other departments to refine processes. The unit reports directly to the Head of Department which will provide the opportunity to get more involved with strategic policy development and deliver on its financial advisory role.

### *Information Technology (IT) Management*

The IT strategic project has determined the need for business mapping in DFEA, which will aid in efficient systems being developed to serve the business needs of all units. For units to have directorate specific databases developed, the post of a database administrator will have to be filled. IT intends increasing the levels of IT literacy in the department. Therefore, the unit will engage the GSSC to negotiate computer related courses for all units in the department.

Providing  
Financial  
Management  
Leadership

## **Human Resource (HR) Management**

To further enhance delivery, HR will engage account managers to take care of the HR specific needs within the Department cluster. These account managers will serve the purpose of personnel managers within units and become conduits between the HR directorate and other Chief Directorates. The change in the MEC's office political mandate leads to an expansion in the structure of the Department, that further has a bearing on HR operations such as the competency profile for DFEA, induction and training needs, the development of a succession plan as well as the management of performance.

A baseline audit examining compliance to legislation will be conducted and external assistance will be sought to develop systems to manage Health and Safety in the workplace. Management sensitization seminars will be conducted to accommodate people with disabilities in the workplace, this will lead to a democratically developed policy on people with disabilities. A drive to continue to sensitize staff on disabilities will be embarked upon with the aim of enabling the DFEA community make informed declarations on disabilities.

Employment Equity will begin to constitute management performance agreements.

A climate study will be conducted to establish the intensity of gender issues in the workplace. This exercise shall culminate in the launching of a policy on Gender for DFEA. Management will be trained on people management processes including the management of incapacity. In striving for excellence, the DFEA shall conduct a pulse survey to tap on the level of satisfaction of staff and how DFEA is perceived.

DFEA will continue to market a strategy to attract a young talent and will forge partnership with the Department of Education and Training Institutions around Gauteng in order to implement the strategy and develop internal mentors to ensure the development of this target group.

## **PROVINCIAL TREASURY**

### **Budget Office:**

The budget process for 2005/06 financial year poses several challenges to public service managers. These challenges include better alignment of financial planning and provincial priorities with an aim of improving service delivery in the province. The process therefore enables managers to review their medium term objectives to be in line with the government's set priorities within the context of allocative efficiency.

For 2005/06 financial year and the MTEF focus will be on the following:

- The link between the provincial strategic priorities set by the Executive Council, policies and budget
- New policies and increases in existing outputs and their fiscal implications over the MTEF period
- Identifying expected savings in each program and reallocating these to identified spending pressures
- The format of the budget bilateral submission that will assist the Provincial Treasury in making informed decisions
- A greater role for Provincial Treasury budget analysts in advising and supporting departments with preparation of budgets in order to facilitate a more focused budget engagement
- Ensuring the credibility of departmental budgets through various initiatives

Provincial Accountant General (PAG): PAG has to realize the achievement of an unqualified audit opinion on the consolidated financial statements for the province for the 2005/06 financial year. A lot emphasis will also be placed on implementing the standards of GRAP 1, 2 and 3. This will ensure that upon consolidation of final accounts, all entities comply with the accounting standards and the legal framework.

PAG will also undertake a project in which to develop and enhance cash flow projections in GPG departments. This move is substantiated by the fact that the implementation of the Intergovernmental Cash Coordination Project by the National Treasury will take place in April 2005. This project is aimed at consolidating all cash from Provinces in an endeavour to minimize the credit risk that the whole of government is exposed to. Emanating from this project is that Provinces will have to request funds on a daily basis from National Treasury, hence a need to strengthen cash flow forecasting capacity at departmental level.

### ***Provincial Financial Management Reforms:***

The implementation of the PFMA will remain an area of focus for Provincial Treasury. The Municipal Management Finance Act (MFMA), an Act that brings about an additional mandate for Provincial Treasuries in terms of overseeing and guiding its implementation in all municipalities. The Provincial Treasury will work together with the Provincial Local Government department to ensure the implementation of the MFMA.

## **ECONOMIC AND DEVELOPMENT PLANNING**

### ***Economic Planning***

The GDS will be finalised and launched early in the next financial year. The programmes to realise the Gauteng Development Strategy will be implemented in the year 2005/06. The Unit will also, in conjunction with the different agencies, re-evaluate the departmental agency targets in terms of investment facilitation, job creation, tourism and tax collection. In addition a BBBEE strategy will be developed to guide Black Economic Empowerment in the Gauteng Province. Currently, targets for 2004/05 is to facilitate R1,9 billion of investments to the province, to create 9,600 new jobs and to increase SME and BEE participation-in-provincial procurement to 30 per cent and 45 per cent respectively.

A review will take place in terms of the Consumer, Tourism and Gambling legislation with the objectives of identifying how best to structure these legislations in terms of alignment to national and to provincial objectives. A review will also take place of the provincial agencies in order to establish how they are positioned in relation to what their functions and objectives will be.

Lastly, although GAUMAC is fully operational, its geographical reach is limited. Service delivery is currently focused to the south where the offices are situated, and the reach needs to be expanded to also cover central and northern Gauteng so that the manufacturing SME's in these regions can benefit from equal support. Lastly, GEP will be launched to propel development of SMME's in Gauteng.

The Regulations to the Gauteng Planning and Development Act, which will effectively usher in a new streamlined planning system in the Province will be completed and promulgated. The Gauteng Spatial Development Framework will be reviewed with the view to strengthening the effectiveness of the GSDF, and align it with the spatial planning approaches developed in the GDS.

## **GOVERNANCE**

### ***Blue IQ Investment Holdings (Pty) Ltd***

The first phase of Blue IQ Investment Holdings which involved the delivering of the 11th strategic project, is nearing completion. With the completion of the 11th strategic projects, Blue IQ will move into Phase 2, which is the commercialisation phase. Whereas to date, Blue IQ has been the master of its own destiny, the commercialisation phase will be dependant in part on private sector participation and the broader business environment.

The strategic focus for the remaining two years of Blue IQ will be on attracting private sector investment and involvement in the Blue IQ projects. Any type of political uncertainty, major events in the local or international world markets can have a major impact on Blue IQ.

### ***Gauteng Auto Cluster (Pty) Ltd (AIDC) & Supplier Park Development Company (Pty) Ltd (SPDC)***

The AIDC aims at increasing the scope of services offered to industry and to make significant progress in the establishment of a financially viable and self-sustaining business. The AIDC will continue its drive to develop in-house capacity and to partner with appropriate partners that will complement and add value to its range of offerings. Thus, the market orientated offerings will be in the following areas :

- Production and process engineering
- Logistics
- Testing

The AIDC will secure the next DTI Competitiveness Improvement contract.. The AIDC is also mandated by the Board to pursue the establishment of an AIDC National, which should be funded by the DTI.

The AIDC will continue the development and offering of industry specific HRD courses through the TEI's. Relationships with other HRD related organisations (the view of the 2004/05) will continue to be developed with the objective of leveraging the investments made in the TEI's. Furthermore, the AIDC will aim to continue with the socio-economic programmes.

Infrastructure Development : The construction of the Supplier Park as funded by Blue IQ comes to an end in this financial year. Several funding scenarios are being investigated to continue development, such as a Develop Model, Banking Institutions' finance, further Blue IQ investment etc. The aim is to commercialise the project and find an investor to fund the construction of further production buildings. Most of the necessary project and park management structures are already in place, and Supplier Park will maintain a strong presence until an investor is on board to ensure that the development and logistic services are still in line with the initial objectives of the Supplier Park.

### ***Newtown***

The focus will be the construction development of the following :

- GTA Building
- Market Station
- Transport House
- Anglogold
- Brickfields Housing Project Phase 1
- Retail / Restaurants
- Redevelopment of the Turbine Hall
- CID Programme

### ***Wadeville Alrode Industrial Corridor***

The following projects will be completed during this financial year:

- Extension of Grey Avenue into Wadeville will be completed
- Ring Road West
- Garfield Phase 2
- N3/Rand Airport Road On Ramp

- Establishment of the 1st BID
- Investment Strategy

### ***The Innovation Hub***

Promotion of Black Economic Empowerment: The Innovation Hub is committed to achieving the goals of BEE and from the outset, set specific empowerment targets for procurement. In the Request for Information (FRI) stage of tendering on all design tenders, specific empowerment levels were set as requirement, ranging from a minimum of 30 per cent to 50 per cent, depending on the work packages. All such goals have been achieved with the current commitments showing a BEE value of the contracts of 53 per cent. This process will be carried through on construction contracting. The same principles are being applied in the Hub programmes e.g. targets are being developed for incubation.

Key development focuses for the forthcoming year are highlighted below:

- Completion of Town planning procedures, property consolidations, subdivisions and legal transfer of Constitutional Court building to the Department of Justice (Target date is September 2004)
- Completion of the 1730 bay parking super basement (Target date is January 2005)
- Design development and procurement procedures for the hotel facility on Development Block B (Target date is December 2005)
- Architectural competition and detail design of the site Visitor's Centre on Development Block A (Target date is December 2006)
- Completion of the accommodation at the Women's Gaol (Target date is July 2004)
- Ongoing roll-out of Institutional Arrangements and operational plan for the Constitution Hill Management Company
- (CHMC) in accordance with the HET business plan.
- Secure commercial and retail tenants' Letters of Intent (Target is 60 per cent of total lettable space by June 2005)
- Roll-out of campus public artwork programme (Target is five installations by December 2004)

### ***City Deep Transport Logistics Hub***

The activities of the 2005/06 financial year revolve mainly around developing the detailed business model and planning the implementation of the transport and logistics hub and the ongoing construction of Cleveland Road.

The following project milestones are scheduled for completion during the 2005/06 financial year:

- Approval of the business plan for the transport and logistics hub
- Establishment of the infrastructure partnership agreement
- Establishment of the operations partnership agreement
- Finalisation of the site development plan
- Ongoing construction of Cleveland Road

### ***Great Kiptown Development***

The following projects will be in progress:

- Establishing institutional and financial arrangements for ongoing management
- Developing new route networks, and visitors parking
- Developing a social housing rental stock
- Community environmental awareness Programme
- Development of incremental housing units
- Development of public open spaces, parks, etc.

- Development of public phase 3 of the k43
- Social Development programmes
- Economic Development programmes
- Internal roads upgrade

### **Johannesburg International Airport (JIA) Freezone**

In terms on the planning that has been undertaken; the following financial year will be largely characterized by actual construction of the planned development and completion of the road infrastructure. An Environmental Management Framework Is currently well conducted. However, in terms of the IDZ act, the approval for commencing construction will be granted after submission of the Provincial IDZ Operator License, which will serve as a monitoring tool by the DTI in terms of the development plan submitted. Emphasis will also be placed on investment promotion and intelligence gathering. The aim is to seek partnerships with international IDZ operators with a successful track record, to share knowledge and networks they have established.

Furthermore, a more rigorous approach will be adopted in setting the framework for the establishment of a cluster that focuses on Aeronautics and avionics. The development of an engagement framework will be given priority, as well as aligning stakeholders with this vision.

### **Consumer Affairs**

The profile of the Office and the Court will be highly marketed in the coming financial year though a series of adverts and publications in the media to increase awareness, by advertising in both provincial and community newspapers and promoting both Court and the Office through consumer Education Workshops. In this financial year the grade eight resource materials will be rolled out. The Grade 8/9 curriculum will be in schools in January 2005 and the development for the Grade 10 will be finalized by August 2005. Plans are underway to also produce a resource material for ABET coinciding with the launch of the resource material for further Education and Training (FET) group.

One of the main challenges for the Unit will be to carry out the inspectorial function, with the review of the Consumer Credit Law the outcome of the promulgation of the new Act will extensively affect the duties and factions of Trade Inspectors. The Consumer Office proposal to establish regional offices in and around Gauteng will also be a major challenge for 2005, the office will have to hire more staff, rent our premises and purchase office equipment.

The office has now formed collaborations with tertiary institutions and notably the University of Witwatersrand Law Clinic. Senior candidate attorneys have been seconded to the office to deal with consumer complaints. In this way, technical legal expertise will be shared among legal personnel in the office and the candidate attorney. This is also an endeavour on the part of the office to market its services to tertiary institutions and expose law students to the field of consumerism.

### **Liquor Licensing**

The Unit will concentrate on compliance and law enforcement of the Gauteng Liquor Act. Through Education, information and research, the Unit will educate the public and create awareness of negative socio-economic effect of alcohol abuse. The Unit has implemented the Liquor Licensing IT system which will help in reducing the number of days it takes for a Liquor application to be approved by the Board. The system will help in reducing the day from 90 day to 21 days.

## Communication Management

### External Communication

The Communication unit will continue to increase public awareness of DFEA's services, strategic priorities, achievements and challenges. The key focus is to facilitate two-way communication between DFEA and its internal and external stakeholders. Though engagement with various stakeholders, the unit is best placed to undertake environmental scanning and thereby identify ongoing potential issues, which will also help in pro-active issues management. The DFEA's efforts to market its services and engage with the public will assist in clearing any incorrect perceptions or misunderstandings that might exist. This is intended to inform the local communities and Programme recipients as well as solicit their support for government's work.

As a government body, the mandate of DFEA i.e. economic growth and managing the finances of the province, has a direct impact on the citizens of Gauteng. Therefore the citizens need to be informed, through media, of the DFEA's plans for carrying out its mandate. As such, Communications Management also strives to maintain a good relationship with the media and secure coverage of DFEA's role.

### Internal Communication

Internally, the unit will improve communication and align the DFEA's communication priorities to those of GPG. All government employees are communicators and ambassadors in their own communities. Therefore, we need to maximize our internal communication efforts to ensure that directorates and agencies are well informed about the Department and that there is a common understanding regarding the DFEA's objectives, goals and mandate. This will ensure a multiple effect of carrying messages and will also ensure that as a department, the DFEA "talks in one voice". It will result in maximum utilization of opportunities to showcase government's services/ achievements, which will also eliminate unnecessary waste of resources caused by duplication of efforts.

### Security Services

A new sub-programme was introduced during 2004/05 financial year to focus on security measures throughout the Department. The new security systems to be introduced are classified in into four categories as follows:

- **Personnel Security:** Employees will be tasked to go for vetting. This is to enable the employer to make sure that the people who handle government information use it in a responsible manner.
- **Network Security:** This type of security deals with the protection of electronic information such as Internet security, e-mails (incoming and outgoing) as well as the intranet.
- **Access Control:** This is a system for both employees and the public at large. A security controlled room will be established that will be manned 24-hours a day to monitor movement in the building. This will also guard against theft of movable assets.
- **Document Security:** This deals with the maintenance of documents from the Department. It ensures that all the confidential documents leaving or coming into the Department are accessible only by designated people and they reach the intended recipients without anyone compromising the confidentiality of the information
- **Other Developments:** A system of access cards will be introduced to help monitor staff attendance. This system will also help the Human Resource Management Unit to assess DFEA's inputs and outputs. The Security Services Unit will conduct the Technical Surveillance Counter Measures (ISCM). These include the "sweeping" of offices that will be done periodically. There will also be experts in IT management who will make sure that classified electronic messages are well guarded. Another aspect to be included is a division that will deal with specific investigations within the Department. This will be utilized only when required and will be commissioned by the MEC.

## SPECIAL PROJECTS

### *Gautrain Project*

Construction should commence not later than April/ May 2005, the construction period would be 60 months and the project has to be completed for the Soccer World Cup in June/ July 2010. Ways are currently being investigated to shorten the construction period such that construction can be completed by December 2009. It is anticipated that the Sandton- Johannesburg International Airport Link will already be completed late in 2008.

The following major activities will be undertaken in the 2005/2006 financial year:

- The Province will enter into detailed negotiations with the preferred Bidder, or the Reserve Bidder to conclude a Concession Agreement. In terms of the concession contract the concessionaire will operate and maintain the Gautrain service for 15 years after which it will be handed back to the Provincial Government
- It is expected that financial closure could be reached by October 2005, after which construction will commence. The project will create 57 000 jobs during construction, a further 2 200 permanent jobs during the operation of the train service and an additional 40 000 jobs as a result of urban economic activity around the transport corridor and the ten stations. Business sales in Gauteng will be increased by R 6, 0 billion and the Gauteng GCP will increase by between 0, 7 and 1, 0 per cent.
- The proclamation of the route and stations will commence in April 2005 after the Preferred Bidder has been announced. Thereafter the expropriations will commence, which must be largely completed by the time construction starts.
- After the commencement of construction, the Province, its representative and other independent certifiers and observers, will undertake the monitoring of construction in terms of the requirements defined in the Concession Agreement. It will also include, amongst others, the acceptance of the construction milestones, and the approval of the related financial contributions from the Province.

One of the main focus areas of the project is Socio-economic Development (SED) and as such will play a pivotal role in the selection of the Preferred Bidder. SED entails BBBEE (Broad Based Black Economic Empowerment), equity, ownership, directorship/ senior management, training and development, subcontracting, procurement, job creation,, promotion of SMME's, focus on people with special needs, local content and Investment in social programmes in marginalized areas/communities.

### *GPG Precinct*

This project will stimulate the re-development of the Johannesburg CBD which in turn will lead to job creation and economic activity in the city. The project has progressed to a stage where the team is awaiting the outcome of the independently run Environment Impact Assessments and Heritage Impact Assessment submission. It is anticipated that all properties will be transferred before March 2005. The Request for Qualification will be issued into the market, bidders will be short listed and a final Request for Proposal will be drafted and be ready for issue in April 2005. Negotiation will commence shortly after the evaluation is completed and the preferred PPP partner is selected. Construction is expected to start by July 2005 and the project will be completed in the latter part of 2007. It is estimated that the total project cost will be R2,0 billion and that 5 000 jobs will be created during construction and 500 during the operational phase of the concession.

### Other PPP Projects

The following 2 projects are currently in the inception phase for regulation by the PPP Unit:

- Equipment for Pretoria Academic Hospital and Johannesburg General Hospital: These state of the art hospitals are completed, however to facilitate successful operation of these hospitals equipments of the latest technology available must be procured. A Public Private Partnership will be able to source and install state-of-the-art equipment in short period in the hospitals and will also be able to replace such equipment to ensure that the hospitals remains up-to-date with the most advances equipment technology service.
- Education on Line project: Having conducted extensive research into the educational needs of the province, Gauteng Department of Education has committed itself to building one computer laboratory in every public school in Gauteng by the end of 2006. These laboratories will comprise 24 learner workstations and will ensure that each learner and educator has e-mail and internet access.

### Cradle of Humankind

Master plan implementations for the development of the Cradle of Humankind World Heritage Site, including the following:

- Investments in bulk infrastructure, roads and public utilities
- Infrastructure development for fossil sites
- Development of Programme for on-site housing
- Tourism development framework in place
- Tourism Authority established
- Monitoring of management plans for 13 fossil sites
- Monitoring & research
- Public Private Partnerships regarding orientation centers
- Heritage Agreements
- Fundraising
- Finalizing Management Authority institutional arrangements
- Public Benefit Organization set up, with association Trusts

### Dinokeng

- The key focus will be on reaching agreement with the private land owners for the expansion of the game park and on the PPP process for the design, construction and operation of key tourism facilities in the area
- Upgrading of tourist routes R513 / K14 with Department of Public Transport, Roads and Works (Gautrans)
- Opening of the Game Reserve (December 2005)
- Completion of fence constructions and upgrading of internal road in the game reserve using labour intensive methods
- Local Tourism organization established with GTA and Local municipalities
- Completion of social impact assessment work and the implementation of skills development and training programme (based on extensive skills audit) to support the establishment of the game reserve and local tourism product development.
- Completion of the PPP bid process for Roodeplaat and Cullinan
- Eskom / Telkom and other bulk services upgraded
- Further development of the Dinokeng Intergraded Tourism Development Framework



# *Financial Report*



Propelling  
the  
Development  
of SMME's  
in Gauteng



**DEPARTMENT OF FINANCE AND ECONOMIC AFFAIRS**  
**VOTE 3**  
**ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2005**

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**DEPARTMENT OF FINANCE AND ECONOMIC AFFAIRS**  
**VOTE 3**  
**REPORT OF THE ACCOUNTING OFFICER**  
**for the year ended 31 March 2005**

**REPORT BY THE ACCOUNTING OFFICER TO THE EXECUTIVE AUTHORITY AND THE PROVINCIAL LEGISLATURE OF THE GAUTENG PROVINCIAL GOVERNMENT.**

**1. General Review of the State of Financial Affairs**

**Mission of the Department**

To strive to provide a level of service that is output driven, ethical and people-focused and that reflects the economic demographics of our Province through:

- Increased trade and investment.
- Investment in strategic economic infrastructure that boosts the competitive advantages of the key sectors of the economy.
- Sound public financial management contributing to an ethical business and regulatory environment.

**Vision of the Department**

"To become a centre of operational excellence, providing financial management leadership and contributing a conducive environment for economic growth in Gauteng."

**Important Policy Decisions and Strategic Issues Facing the Department**

The election of April 2004 brought about a shift in the priorities of the Province.

For the Department of Finance and Economic Affairs (DFEA), this also meant realignment to the stated priorities of the Province.

In the process of restructuring, the Department identified six strategic objectives that are critical to achieving its goals. These are:

1. To facilitate, enhance and increase investment in infrastructure and other local development initiatives in targeted zones.

This strategic objective is addressed through a broader, consolidated framework of:

- The eleven Blue IQ Investment Holdings (Pty) Ltd projects.
- The Gauteng Integrated Development Plan.
- The municipal Integrated Development Plan (IDP).
- The Local Economic Development strategies (LED)
- The Gauteng Growth and Development Strategy (GGDS)

**DEPARTMENT OF FINANCE AND ECONOMIC AFFAIRS**  
**VOTE 3**  
**REPORT OF THE ACCOUNTING OFFICER (continued)**  
**for the year ended 31 March 2005**

2. To facilitate, enhance and increase domestic and foreign direct investments including an increase in tourism and the production of film in Gauteng.

The implementation of this objective is addressed through the departmental agencies, namely the Gauteng Economic Development Agency (GEDA), the Gauteng Film Office (GFO), the Gauteng Tourism Agency (GTA) and the Gauteng Gambling Board (GGB).

3. To ensure and promote development and sustainability of Broad Based Black Economic Empowerment in the Province.

The newly established SMME Portal that will provide business management training as well as financial and non-financial support for the SMME sector will drive this objective. It will also implement the Bill on co-operatives. The objective is also driven through the indirect empowerment strategy of the Preferential Procurement Policy Framework Act and policies within the Department.

4. To ensure sound financial management in the Province.
5. To increase own revenue and initiate new sources of funding.

The Provincial Treasury is the driver of the two objectives stated in points 3 and 4. The goal is to enforce sound financial management practices in the Province, compliance to legislation, good governance, as well as effective and efficient budget processes that are aligned with departmental mandates, strategies and their respective priorities and activities.

This includes the roll out of financial accounting reforms, policies, Treasury Regulations and monitoring frameworks for the implementation of PFMA and MFMA. Other functions entail investment risk management and cash risk management.

6. To ensure effective and efficient management of the DFEA and accountability of its agencies.

The Financial Management unit, the Corporate Support Services unit and Corporate Governance units internally implement this objective.

The objective aims to strengthen the internal functioning and capacity of the Department. In addition, through Corporate Governance, to ensure coherence in the implementation of departmental policies, processes and practices across the agencies.

### **Significant Events During the Year**

For the year under review, the Gauteng Growth and Development Strategy (GGDS) and the SMME agency were launched. SMME Portal is also being developed the purpose of these strategies is developing and promoting entrepreneurship in an effort to address skewed economic growth and development in the Province.

**DEPARTMENT OF FINANCE AND ECONOMIC AFFAIRS**  
**VOTE 3**  
**REPORT OF THE ACCOUNTING OFFICER (continued)**  
**for the year ended 31 March 2005**

Report by the Accounting Officer to the Executive Authority and the Provincial Legislature of the Gauteng Provincial Government

The Department now consists of the following business units:

1. Management
2. Corporate Services
3. Provincial Treasury
4. Economic and Development Planning
5. Governance
6. Financial Management
7. Special Projects

Economic and Development Planning is the merger of the previously known Economic Planning, Policy and Research (EPPR) programme with the Development Planning unit of the then department of Development Planning and Local Government.

The Governance unit's role is monitoring and evaluation of the Department's public entities, to ensure delivery of stated mandates and objectives as well as integrated implementation of departmental policies.

The Gautrain, Dinokeng and the Cradle of Humankind were grouped under Special Projects with the Private Public Partnership (PPP) unit and the Gauteng Provincial Government Precinct (GPG Precinct). These projects are critical to the 2010 and 2014 milestones of the Province and have been positioned to take priority as stand alone projects.

### **Spending Trends**

The initial budget allocated to the Department for 2004/05 amounted to R1,547,658,000. The budget was decreased by R340,426,000 during the budget adjustment in November 2004 to R1,207,232,000. The decrease was the revised budget for the Gautrain

**DEPARTMENT OF FINANCE AND ECONOMIC AFFAIRS**  
**VOTE 3**  
**REPORT OF THE ACCOUNTING OFFICER (continued)**  
**for the year ended 31 March 2005**

**Current Year Expenditure**

<b>Programme</b>	<b>Final Appropriation  R'000</b>	<b>Actual Funds Received  R'000</b>	<b>Variance over/(under)  R'000</b>	<b>%Variance</b>
Management	10,547	8,768	1,779	16.87%
Corporate Services	23,623	21,095	2,528	10.70%
Provincial Treasury	26,870	16,813	10,057	37.43%
Economic and Development Planning	55,685	30,910	24,775	44.49%
Governance	727,858	723,575	4,283	0.58%
Financial Management	6,992	6,562	430	6.15%
Special Projects	355,657	227,974	127,683	35.90%

**Reasons For Under Spending Of Funds**

R167,000,000 of the current year's under expenditure is attributed to the special projects of the Department. Funds have been rolled over for the continuation of these projects in 2005. The total under spending amounted to R171,384,000 (14.20%) including write offs of R151,000.

**DEPARTMENT OF FINANCE AND ECONOMIC AFFAIRS**  
**VOTE 3**  
**REPORT OF THE ACCOUNTING OFFICER (continued)**  
**for the year ended 31 March 2005**

**Analysis Of Under Spending**

R89,000,000 - Gautrain: There were delays in the Gautrain tender process and land procurement for this purpose.

R 5,000,000 - Public Private Partnership (PPP) unit: Most PPP contracts pertaining to the train and the precinct will be signed in 2005.

R 3,000,000 - This amount is the balance of the budget to be transferred to Blue IQ Investment Holdings (Pty) Ltd's account in 2005.

R31,000,000 - The new Matlotlo Building in the GPG Precinct: The project is incomplete and underway for incorporation into the project plan for the Precinct.

R23,000,000 - SMME Agency and the Local Economic Development Projects of R3, 000,000: The Agency was launched in April 2005. The budget will be applied in the 2005/06 financial year.

R10,000,000 - The budget was for the rolling out of the Activity Based Costing (ABC) systems and the Asset System (BAUD) in the Province. These projects will now only start in 2005.

R 6,000,000 - This is the overall departmental under expenditure after restructuring and relates to under expenditure on consultancy services, software license fees, vacant posts, and travel expenses. A five percent rollover of current funds was affected for commitments at year - end.

**The Impact On Programmes And Service Delivery**

The new Head of Department was appointed in July 2004. Most of the Department's restructuring process was completed in December 2004. New financial and non -financial resources were identified. The process of filling vacant posts also commenced after the approval of the strategic plan. For critical or specialised services during the restructuring process, the Accounting Officer or the MEC sorted consulting services through authorisation.

The revised strategic plan has been finalised and is being implemented.

1. The MTEF budget, as well as the new business plans is also implemented.
2. Most positions as per evaluations results are being advertised and filled.

**DEPARTMENT OF FINANCE AND ECONOMIC AFFAIRS**  
**VOTE 3**  
**REPORT OF THE ACCOUNTING OFFICER (continued)**  
**for the year ended 31 March 2005**

**Five Year Spending Trend**

<b>Year Ending 31 March</b>	<b>Budget Allocated  R' 000</b>	<b>Actual Expenditure  R' 000</b>	<b>Variance Over/Under  R' 000</b>	<b>% Variance</b>
2001	371,849	298,334	73,515	19.77%
2002	676,763	658,372	18,391	2.72%
2003	955,118	955,280	(162)	(0.02%)
2004	1,472,234	1,378,713	93,521	6.65%
2005	1,207,232	1,035,848	171,384	14.20%

**Year Ending 31 March 2001**

For this year, the Department's under- expenditure of R73,515,000 resulted from the delayed implementation of Blue IQ projects: (R38,007,000).

For the year 2000, most departments funded the PFMA implementation programs from their own budgets and some departments had delayed PFMA rollout processes. The unspent budget earmarked for these provincial initiatives was R7,000,000.

The Gauteng Tourism Authority (GTA) utilised the surpluses from the previous year.

The unused budget was R15,000,000.

In anticipation and preparation for the Gauteng Shared Service Centre (GSSC) migration process, most positions were either not filled or filled late in the financial year. This resulted in the under spending of compensation expenses as well as use of goods and services across possible migrating functions- (R13,500,000).

**Year Ending 31 March 2002**

For the financial year ended 31 March 2002, the Department's under spending amounted to R18, 391,000 after adjusting for authorised FMS/BAS write – offs in the financial statements.

The balance of the under expenditure relates to Blue IQ Projects, Financial Administration unit transfer to GSSC and Liquor Affairs trading account self financing change over.

**DEPARTMENT OF FINANCE AND ECONOMIC AFFAIRS**  
**VOTE 3**  
**REPORT OF THE ACCOUNTING OFFICER (continued)**  
**for the year ended 31 March 2005**

**Year ending 31 March 2004**

For this year, the under spending R9,838,000 was as result of the Tender Board that migrated to GSSC as well as savings on consultancy services, software license fees and overseas travel expenses.

**Year ending 31 March 2004**

R74,500,000 of the under spending related to the delay in the Gautrain project and the Atlas Road interchange project. R21,046,000 was the result of realigning functions to the remaining line structure, redeployment after GSSC migration, and late filling of vacant posts.

**Revenue Collection Trends**

<b>Year Ending</b>	<b>Revenue</b>	<b>Actual</b>	<b>Over/(Under)</b>
<b>31 March</b>	<b>Budget</b>	<b>Revenue</b>	<b>Budget</b>
	<b>R' 000</b>	<b>R' 000</b>	<b>R' 000</b>
2001	420,000	433,077	13,077
2002	400,011	495,138	95,127
2003	421,328	622,287	200,959
2004	465,926	531,300	65,374
2005	492,055	545,611	53,556

**DEPARTMENT OF FINANCE AND ECONOMIC AFFAIRS**  
**VOTE 3**  
**REPORT OF THE ACCOUNTING OFFICER (continued)**  
**for the year ended 31 March 2005**

**Sources Of Revenue**

Revenue sources for the Department are classified as follows:

**Monies Prescribed By Law**

Casino taxes

Betting Taxes

Liquor licence revenue (reflected in the trading account)

**Other Revenue Sources**

Interest from investments and bank balances

Fines and forfeitures

Own departmental revenue tariffs like parking fees and waste paper recycling.

Casino and betting taxes contributes about 67% of the revenue collected by the Department while interest on investments and bank balances accounts for about 32 %. The other miscellaneous revenue is only 1%.

For the year ended 2003, R28,000,000 additional revenue was recovered from the provincial departments with the final separation of bank accounts, clearing and closing of the suspense account and final migration to the BAS system.

For the same year interest on investments and cash balances was higher and accounted for R280,000,000 compared to 2002 where interest earned only accounted for R186,000,000. The interest on investments fluctuates year on year based on the provincial bank balances and interest rates.

There has been a steady increase of casino revenue while the horse racing and betting has been on the decline and almost fixed for the last three years. One of the reasons is the growing of the national lottery.

The Provincial revenue budgeting model is being reviewed. The Department is also engaged in the same process for 2005/06 and the outer years.

**DEPARTMENT OF FINANCE AND ECONOMIC AFFAIRS**  
**VOTE 3**  
**REPORT OF THE ACCOUNTING OFFICER (continued)**  
**for the year ended 31 March 2005**

**The Department's Future Expenditure Budget Estimates (2005 Budget Statement 2)**

<b>Programs &amp; Agencies</b>	<b>2005/06</b>	<b>2006/07</b>	<b>2007/08</b>
Programs	350,477	458,424	630,312
Special Projects	1,083,755	1,580,986	2,172,071
Transfers to Agencies (Blue IQ declining)	251,167	132,331	100,711
<b>Total Budget Estimates</b>	<b>1,685,399</b>	<b>2,171,741</b>	<b>2,903,094</b>

**2. Services Rendered by the Department**

The Department has been restructured to render the following services:

**Economic And Development Planning**

This unit is in charge of the policy framework for the implementation of the Gauteng Growth and Development Strategy, the establishment of the SMME Agency, providing both financial and non- financial support to the SMMEs, and the development of the SMME portal.

The unit is also responsible for the production of the Broad based Economic Empowerment Procurement Policy document for the Province and policy formation for cooperatives. Spatial Development Planning and Local Economic Development Planning are other duties.

**Corporate Governance**

The unit is responsible for the monitoring and evaluation of the Department's agencies and trading account and other compliance functions, the association of the Department and agencies on policy implementation issues, delivery, risk management as well as coordinated communications strategies. These include:

Blue IQ Investment Holdings (Pty) Ltd

Gauteng Liquor Board (trading account)

Gauteng Economic and Development Agency and Gauteng Film Office

Gauteng Tourism Authority

Consumer Affairs (consumer rights court)

SMME Agency

Gauteng Gambling Board

**DEPARTMENT OF FINANCE AND ECONOMIC AFFAIRS**  
**VOTE 3**  
**REPORT OF THE ACCOUNTING OFFICER (continued)**  
**for the year ended 31 March 2005**

**Special Projects**

This unit has been established for the management of PPP contracts as well the Gautrain project, the Gauteng Precinct, Dinokeng and the Cradle of Humankind.

**Provincial Treasury**

In addition to the Provincial budget and revenue management, functions of the unit have expanded to include the implementation of the Municipality Financial Management Act in conjunction with Local Government departments.

**Departmental Support Functions**

The internal support structure for managing the affairs of the Department comprises of the Financial Management unit and the Corporate Support unit.

**3. Other Free Services Offered by the Department**

**Liquor Affairs**

The unit provides education for licensed liquor outlets on the Liquor Act of 2003, regulates the licensing process, approves and grant licenses through the Liquor Board and encourages self-regulation through the established Local Committees Structure and regional offices.

**Consumer Affairs**

This unit provides education and awareness to consumers on unfair business practices in terms of the Act (Unfair Business Practice Act of 1996). It also mediates and arbitrates on cases of alleged unfair business practices as well as referrals to the Consumer Court on unresolved disputes.

**4. Inventories**

<b>Inventory (purchased during the year)</b>	<b>2004/05 R'000</b>	<b>Restated 2003/04 R'000</b>
Domestic consumables	230	11
Food and food supplies	122	136
Fuel, oil and gas	30	184
Parts and other maintenance material	44	12
Stationery and printing	3,002	1,916
<b>Total</b>	<b>3,428</b>	<b>2,259</b>

The inventories of the Department consist of daily operational consumable stores. The annual stock-take for inventory on hand is disclosed per prescribed formalities in the financial statements.

**DEPARTMENT OF FINANCE AND ECONOMIC AFFAIRS**  
**VOTE 3**  
**REPORT OF THE ACCOUNTING OFFICER (continued)**  
**for the year ended 31 March 2005**

**5. Capacity Constraints**

The Department has been restructured to cater for new mandates and strategic change. The challenge for the following year will be adjustments and alignment of the allocated budget according to priorities, and the filling of vacant posts on time to ensure service delivery.

**6. Trading Entities and Public Entities**

**Gauteng Economic Development Agency (GEDA)**

Established in 1996 and its objective is to market and promote trade and investment in the Province.

**Gauteng Tourism Agency (GTA)**

Established in 1999 in terms of the Gauteng Tourism Act of 1999. It is tasked with the developing and marketing of tourism in the Province.

**Gauteng Gambling Board (GGB)**

Established in 1996 in terms of section 3 of the Gauteng Gambling Act of 1995 as amended, the GGB is funded through direct charge, based on a percentage of commission of revenue collected and it regulates the gambling industry.

**Gauteng Liquor Board**

The Liquor Board is being re-aligned to the Gauteng Liquor Act of 2003. The Liquor unit operates on a trading account bases and is funded through the collection of licence fees and through allocations from the Department where it is deemed necessary.

**Blue IQ Investment Holdings (Pty) Ltd**

Established in 2003 in terms of the Blue IQ Investment Holdings (Pty) Ltd Act, 2003, the main objective is infrastructure development in the Gauteng Province.

**Gauteng Film Office**

The objective of this entity is to promote the development of the film industry in Gauteng as well as to market the local film industry in other countries abroad. The Gauteng Film Office is part of GEDA and will be listed as a public entity in 2005/06.

**Smme Agency**

The SMME Agency was established to support small business and promote small and medium enterprise as well as black economic empowerment. The entity is not operational yet as it is still in its developmental stages.

**DEPARTMENT OF FINANCE AND ECONOMIC AFFAIRS**  
**VOTE 3**  
**REPORT OF THE ACCOUNTING OFFICER (continued)**  
**for the year ended 31 March 2005**

**Financial Arrangements**

Fixed amount as voted and authorised by the MEC are transferred to the entities.

Entities are to submit Annual Financial Statements per section 55(l)(b) and (c) to the Department of Finance and Economic Affairs. Entities are responsible for the compilation of their own annual financial statements.

**7. Organisations to whom transfer payments have been made**

Transfers are made to entities as set out in annexure 1A to 1F in the annual financial statements. Accounting arrangements are as per point 5 of this report.

In addition to the original budget allocations for agencies in 2004 an additional R20,000,000 was approved and allocated for the establishment of the SMME Agency. R2,900,000 was appropriated for the establishment of the Gauteng Film Office.

The Gauteng Tourism Authority received an additional R5,000,000 to implement the balanced scorecard. The objective is monitoring progress in the performance and transformation of the industry in line with government policies.

To fund Local Economic Development projects in Sedibeng and the West Rand, an amount of R9,000,000 was made available for these projects.

The Department gave a grant of R9,000,000 to the Gauteng Manufacturing Advisory Centre (Gaumac). The centre is an agency of the National Manufacturing Advisory Centre (Namac) and provides professional assistance to small manufacturing entities.

**8. Public Private Partnerships (PPP)**

An amount of R6,000,000 was also made available for the establishment of the Public Private Partnership unit for the managing of Concession Agreements in the Department.

**9. Corporate Governance Arrangements**

**Governance**

The Departmental Acquisition Council (DAC) was restructured and is chaired by the accounting officer. The Department adheres to the Procurement Policies, procedures and delegations as agreed between the Department and GSSC in 2002. The procurement unit is fully functional and headed by the Head of Procurement (HOP).

The Governance unit was established to ensure compliance to the PFMA and corporate governance within the departmental public entities. The unit oversees functions such as Consumer Affairs and Corporate Communications as well.

Financial Management will be restructured to comply with the National Treasury requirements. This will enable it to function more effectively.

**DEPARTMENT OF FINANCE AND ECONOMIC AFFAIRS**  
**VOTE 3**  
**REPORT OF THE ACCOUNTING OFFICER (continued)**  
**for the year ended 31 March 2005**

**Risk Assessment and Risk Management**

After restructuring and alignment to the added mandates in April 2005, the Department commenced its Risk Assessment process and Control Self Assessment. The process is conducted in conjunction with the Gauteng Audit Services.

The anticipated date of conclusion of this process was 31 May 2005. Risk profiles emanating from this process will be used for the development of the departmental risk management strategy document and the internal audit plan.

The Department is represented in the Fraud Committee operating from the Premier's Office. Fraud cases are reported through the fraud line, internal audit, forensic audit unit and management structures, namely the accounting officer and programme managers.

**Audit Functions**

The audit committee and the internal audit functions of the Department are operational since 2001/02. The Department has implemented the auditors' plans, and complied with the set meetings, findings and recommendations of the audit committee, internal and external audit.

**10. Discontinued Activities/Activities to be Discontinued**

The Blue IQ programme became a public entity and is now known as Blue IQ Investment Holdings (Pty) Ltd. It will submit consolidated annual financial statements for the financial year ended 31 March 2005. This is not a discontinuance of an activity but rather a strategic move for it to deliver more effectively on its mandate.

There are no activities to be discontinued or that were discontinued in the Department of Finance and Economic Affairs.

**11. New/Proposed Activities**

Gauteng Manufacturing Advisory Centre (GAUMAC) will be incorporated in the new SMME agency in 2005. The department funds the agency and an amount of R300, 000,000 will be injected into the agency over a three-year period.

**12. Events After the Reporting Date**

The Department has appointed Bombela Consortium as the successful bidder on the Gautrain project in July 2005. The announcement, as well as any contractual obligations that stem from it, hold no significant or financial impact on the annual financial statements of the year under review. These are recognised in the financial year that the bid was awarded, the 2005/06 financial year. Refer to note 27 of the annual financial statements.

**DEPARTMENT OF FINANCE AND ECONOMIC AFFAIRS**  
**VOTE 3**  
**REPORT OF THE ACCOUNTING OFFICER (continued)**  
**for the year ended 31 March 2005**

**Performance Information**

**The Financial Management Improvement Program**

Compliance to the Public Finance Management Act 1 of 1999 and financial and procurement processes are managed through delegations to programme managers, the Departmental Acquisitions Council (DAC), the accounting officer and the Financial Management unit.

Monthly and quarterly reports were submitted to the accounting officer per regulations and time frames. An enhanced financial management structure to improve reporting and meeting of deadlines was submitted to the accounting officer for approval in 2004.

The structure comprises of the procurement unit, the financial management unit and the management accounting unit for the provision of more quantitative and qualitative information for the department. The unit attends training on financial management, PFMA, and treasury workshops on continuous bases for updates and changes in the Act.

**DEPARTMENT OF FINANCE AND ECONOMIC AFFAIRS**  
**VOTE 3**  
**REPORT OF THE ACCOUNTING OFFICER (continued)**  
**for the year ended 31 March 2005**

**13. Scopa Resolutions**

<b>Reference to previous audit report and SCOPA resolutions</b>	<b>Subject</b>	<b>Findings on progress</b>
<b>Resolution 1</b> Audit report 2004: Paragraph 3  Scopa resolution 4.1 report, 12 October 2004 (Paragraph 4.1)  <b>Recommendation</b> MEC must provide report on investigation.	Non – disclosure of investment	The Member of the Executive Authority commissioned an investigation and a report was tabled with the Gauteng Legislature.
<b>Resolution 2</b> Audit report 4004: Paragraph 5  Scopa resolution 4.2 report, 12 October 2004 (Paragraph 4.2)  <b>Recommendation</b> MEC to provide a status report on 31 January 2005.	Internal control and monitoring	Controls were not adequate in sustaining audit evidences and audit trail of Blue IQ transactions. Blue IQ has since become a separate entity and measures are put in place to ensure proper controls. A report was provided to Legislature.
<b>Resolution 3</b> Not On audit report  Scopa resolution 4.3 report, 12 October 2004 (Paragraph 4.43)  <b>Recommendation</b> The overspent amount under programme 5 is to be authorised.	Overspending	Classification problems on the system led to overspending within Blue IQ programme –on current expenditure. The amount was reallocated to unauthorised expenditure. The department is awaiting the authorisation bill to be passed.

**DEPARTMENT OF FINANCE AND ECONOMIC AFFAIRS**  
**VOTE 3**  
**REPORT OF THE ACCOUNTING OFFICER (continued)**  
**for the year ended 31 March 2005**


**14. Contingent Liabilities**

The Department is defending a court case involving Capstone, which had resulted in a contingent liability. Refer notes 17 and 19 of the financial statements..

The Department guarantees losses incurred by public entities and/or their subsidiaries.

**Approval**

The Annual Financial Statements set out on pages 136 to 188 have been approved by the Accounting Officer.



.....  
**Bongiwé Kunene**  
**Head of the Department of Finance and Economic Affairs**  
**Dated: 22 August 2005**

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**GAUTENG PROVINCIAL GOVERNMENT**  
**Department of Finance Economic Affairs**  
**Report of the Audit Committee – Cluster 1**

We are pleased to present our report for the financial year ended 31 March 2005.

**Audit Committee Members and Attendance:**

The Audit Committee consists of the members listed hereunder and meets a minimum of two times per annum per its approved terms of reference. During the current year, meetings were held on 5 occasions in terms of the charter. Meetings were held on the following dates: 02 April 2004, 28 June 2004, 25 August 2004, November 2004, and 10 March 2005.

Name of Member	Number of Meetings Attended
Dr Len Konar (Chairperson) – External	5
Mr Dave Hensman – External	5
Ms Bulelwa Soci – External	2
Dr Patricia Elizabeth Hanekom	2
Dr Steven Cornelius	3
Mr Pradeep Maharaj	1
Ms Bongiwe Kunene	2
Mr Oupa Seabi	1
Mr Bheki Sibeko	2

**Audit Committee Responsibility**

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, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

**The effectiveness of internal control**

The system of internal control is partially effective as the various reports of the internal auditors, the audit report on the annual financial statements, the audit report qualification, the matters of emphasis and management letter of the Auditor-General which has reported certain matters of non-compliance with prescribed policies and procedures. An ongoing risk assessment has been performed during the financial year under review.

The quality of the In Year Management and Monthly Reports submitted in terms of the Public Finance Management Act and the Division of Revenue Act.

The Committee is partially satisfied with the content and quality of monthly and quarterly reports prepared and issued by the Accounting Officer and the Department during the year under review.

**GAUTENG PROVINCIAL GOVERNMENT**  
**Department of Finance Economic Affairs**  
**Report of the Audit Committee – Cluster 1 (continued)**

**Evaluation of Financial Statements**

The Audit Committee has:

- Reviewed and discussed with the Auditor-General and the Accounting Officer the audited annual financial statements to be included in the annual report;
- Reviewed the Auditor-General's management letter and noted the significant issues raised;
- Reviewed adjustments made resulting from the audit.

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

***Dr Len Konar***

**Chairperson of the Audit Committee**

**Date: 22 August 2005**

## **REPORT OF THE AUDITOR-GENERAL TO THE GAUTENG PROVINCIAL LEGISLATURE ON THE FINANCIAL STATEMENTS OF VOTE 3 – DEPARTMENT OF FINANCE AND ECONOMIC AFFAIRS FOR THE YEAR ENDED 31 MARCH 2005**

### **1. Audit Assignment**

The financial statements as set out on pages 136 to 188 for the year ended 31 March 2005, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 180 of 1996), read with sections 4 and 20 of the Public Audit Act, 2004 (Act No. 25 of 2004). These financial statements, the maintenance of the effective control measures and compliance with relevant laws and regulations are the responsibility of the accounting authority. My responsibility is to express an opinion on these financial statements, based on the audit.

### **2. Nature And Scope**

The audit was conducted in accordance with Statements of South African Auditing Standards. Those standards require that I plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit includes:

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

Furthermore, an audit includes an examination, on a test basis, of evidence supporting compliance in all material respects with the relevant laws and regulations which came to my attention and are applicable to financial matters.

The audit was completed in accordance with Auditor-General Directive No. 1 of 2005.

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

### **3. Audit Opinion**

In my opinion the financial statements fairly present, in all material respects, the financial position of the Department of Finance and Economic Affairs at 31 March 2005 and the results of its operations and cash flows for the year then ended, in accordance with prescribed accounting practice and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) as amended.

### **4. Emphasis Of Matter**

Without qualifying the audit opinion expressed above, attention is drawn to the following matters:

## 4.1 Supply Chain Management (SCM)

### 4.1.1 Invitation for competitive bids

The department invited competitive bids for procurement above the value of R500 000 whilst the departments delegations and detailed procurement procedures specified R100 000.

Only three invitations for competitive bids/tenders were issued by the Department of Finance and Economic Affairs (DFEA) for the year. Competitive bids were not invited for purchases totaling R11 772 919. Reasons furnished were preferred supplier, experience, MEC approved, GSSC delays on quotes, time constraints and urgency.

The department indicated that their policy did allow for a deviation from the standard policy on SCM if approved by the Head of Department or the MEC.

### 4.1.2 Ex-post facto approvals by the Departmental Acquisition Council (DAC)

Seven instances totaling R3 531 012 were identified where the DAC approved the acquisition of goods and services after these were delivered. This was a deviation from the Supply Chain Management (SCM) Manual used by the department.

### 4.1.3 Contract documentation

Audit could not be provided with agreements/contracts for 15 suppliers with an accumulated contract value of R9 334 184.

Furthermore, the department did not maintain records of emergency/urgency procurement where the requirements of SCM were not applied, nor did they maintain a register of termination of contracts to ensure that payments were not made to contractors whose services were terminated by the department or the contractor. The end user who identified the need for services can terminate contracts without notifying DAC. Audit could therefore not verify whether bids were disregarded due to abuse, fraud, improper conduct or failure to perform.

### 4.1.4 Safekeeping of tender documentation

Physical security measures were not instituted to ensure the maintenance and safekeeping of tender documentation and supplier files.

## 4.2 Scope limitation – Capstone 518 (Proprietary) Limited

The department was a joint shareholder on behalf of Blue IQ in an entity called Capstone 518 (Proprietary) Limited. This investment was not disclosed or accounted for in the annual financial statements. No audited financial statements of the investee were submitted to audit. Forensic investigations were performed on the activities of Capstone. The findings of this investigation were not known at the time of this report.

The Gauteng Provincial Government was involved in a court case in connection with this investment, which could result in contingent liability.

### 4.3 Unauthorised expenditure

The surplus of R110 211 000 to be surrendered to the Revenue Fund for 2003-04 did not agree with the amount of R95 527 000 disclosed in the original annual financial statements of that year. The unauthorized expenditure of R14 683 528 had been accounted for as a restatement of the comparative information. Note 18 to the annual financial statements had reference. The R14 683 528 was not included in the Unauthorised Expenditure Bill 2004.

### 4.4 Monies held in trust

The Department of Local Government held monies of R2 163 000 in favour of property owners disclosed in note 14.2 to the annual financial statements. The Department of Local Government was merged with the DFEA during the year.

The DFEA did not yet determine whether these funds were trust monies and subject to Treasury Regulation 14, nor did they develop, approve and implement internal controls to manage these funds appropriately.

### 4.5 Personnel files

Personnel files were not kept up to date as debt forms relating to staff debt, and letters of appointment/employment contracts were not on file.

### 4.6 Gauteng Shared Service Centre (GSSC)

Ineffective control over processes and documentation between the various service units at GSSC and the department resulted in difficulty obtaining appropriate audit evidence in a timely manner.

This resulted from a lack of clearly defined roles and responsibilities between GSSC and the department. In addition inadequate review of the work performed at GSSC by the department occurred.

### 4.7 Non-compliance with the PFMA

Sections 38 to 42 of the PFMA prescribes the general responsibilities of the accounting officer. A performance contract between the accounting officer and the executive authority was not entered into.

### 4.8 Gautrain Rapid Rail Link

#### 4.8.1 Subsequent events

The successful consortium was announced in July 2005, as detailed in paragraph 12 of the report of the accounting officer.

#### 4.8.2 Compensation of bidders

Expenditure of R66 944 794 incurred by the bidders Grinaker LTD (GAULIWE) and Bombela consortiums was paid which exceeded the amount of R50 160 000 budgeted for phase III.

Audit could not verify the total cost to date incurred by the department in the bidding process, phases I and II, nor could it be determined what the budgeted allocation was. The total budget allocated for the Gautrain project in the current year was R244 700 000. The actual expenditure incurred for the year was R156 181 000, an underspending of R88 519 000.

#### 4.9 Possible irregular expenditure

The bid evaluation committee (BEC) approval for tender no GT/DFEA/97/2003 – Body shop for skills and services, for the Blue IQ contract dated 10 December 2003, eliminated 127 bids. Three suppliers with a contract value of

R13 154 721 were eliminated by the BEC, yet utilised by the department during the year under review.

#### 4.10 Vacancies

The vacant positions represented 39% of the total structure of the department. Many senior positions and inspector positions were vacant. This might have an effect on the efficient and effective functioning of the department.

#### 4.11 Late submission

In terms of section 40(1)(c) of the Public Finance Management Act, 1999 (Act No. 1 of 1999) the accounting officer must submit financial statements within two months after the end of the financial year for audit.

Due to material findings the statements were rectified and a final set was resigned on the 13 June 2005 and presented for audit.

#### 4.12 Late completion of the audit

Section 40 of the Public Finance Management Act, 1999 (Act No. 1 of 1999) prescribes the accounting officers' reporting responsibilities whilst section 40(2) requires that the Auditor-General must audit the financial statements and submit an audit report on those statements to the accounting officer within two months of receipt of the statements. The audit was completed late due to:

Delay in receiving documentation from GSSC;

Delay in response to informal queries; and

Extended audit procedures.

#### 4.13 Information systems audit of the general computer controls surrounding the Information Technology (IT) Environment

The IT environment was supported by transversal and departmental specific, general and application controls. Arising from the IT audit, the following significant findings were identified:

- (i) A Disaster Recovery Plan and Business Continuity Plan did not exist.
- (ii) Various vacant positions existed and an IT security officer's role was not defined.
- (iii) Significant control weaknesses surrounding user account management on BAS existed.
- (iv) An off-site back-up storage facility was not established.
- (v) An IT steering committee was not established.

Weaknesses pertaining to change control and user account management raised concerns regarding the integrity of the data.

**5. APPRECIATION**

The assistance rendered by the staff of the Department of Finance and Economic Affairs during the audit is sincerely appreciated.



**I Vanker for Auditor-General  
Johannesburg  
22 August 2005**



AUDITOR-GENERAL

**DEPARTMENT OF FINANCE AND ECONOMIC AFFAIRS**  
**VOTE 3**  
**ACCOUNTING POLICIES**  
**for the year ended 31 March 2005**

The Annual Financial Statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the Annual Financial Statements and to comply with the statutory requirements of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999), the Treasury Regulations for Departments and Constitutional Institutions issued in terms of the Act and the Division of Revenue Act, Act 5 of 2004. The following issued, but not yet effective Standards of Generally Recognised Accounting Practice have not been fully complied with in the Annual Financial Statements: GRAP 1, 2 and 3.

**1. Basis of preparation**

The Annual Financial Statements have been prepared on a modified cash basis of accounting, except where stated otherwise. The modified cash basis constitutes the cash basis of accounting supplemented with additional disclosure items. Under the cash basis of accounting transactions and other events are recognised when cash is received or paid. Under the accrual basis of accounting transactions and other events are recognised when incurred and not when cash is received or paid.

**2. Revenue**

**Appropriated funds**

Voted funds are the amounts appropriated to a department in accordance with the final budget known as the Adjusted Estimates of National/Provincial Expenditure. Unexpended voted funds are surrendered to the National/Provincial Revenue Fund, unless otherwise stated.

**Departmental revenue**

**Tax revenue**

A tax receipt is defined as compulsory, irrecoverable revenue collected by entities. Tax receipts are recognised as revenue in the statement of financial performance on receipt of the funds.

**Sale of goods and services other than capital assets**

This comprises the proceeds from the sale of goods and/or services produced by the entity. Revenue is recognised in the statement of financial performance on receipt of the funds.

**Fines, penalties and forfeits**

Fines, penalties and forfeits are compulsory receipts imposed by court or quasi-judicial body. Revenue is recognised in the statement of financial performance on receipt of the funds.

**Sale of capital assets**

The proceeds from the sale of capital assets is recognised as revenue in the statement of financial performance on receipt of the funds.

**DEPARTMENT OF FINANCE AND ECONOMIC AFFAIRS**  
**VOTE 3**  
**ACCOUNTING POLICIES (continued)**  
**for the year ended 31 March 2005**

**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.

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.

**3. Expenditure**

**Compensation of employees**

Salaries and wages comprise payments to employees. Salaries and wages are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the system. The expenditure is classified as capital where the employees were involved, on a full time basis, on capital projects during the financial year. All other payments are classified as current expense.

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

Short-term employee benefits

The cost of short-term employee benefits is expensed in the Statement of Financial Performance in the reporting period when the final authorisation for payment is effected on the system. Short-term employee benefits, that give rise to a present legal or constructive obligation are disclosed as a disclosure note to the Annual Financial Statements and are not recognised in the Statement of Financial Performance.

Long-term employee benefits and other post employment benefits

Termination benefits

Termination benefits are recognised and expensed only when the final authorisation for payment is effected on the system.

Medical benefits

The department provides medical benefits for its employees through defined benefit plans. Employer contributions to the fund are incurred when the final authorisation for payment is effected on the system. No provision is made for medical benefits in the Annual Financial Statements of the department.

**DEPARTMENT OF FINANCE AND ECONOMIC AFFAIRS**  
**VOTE 3**  
**ACCOUNTING POLICIES (continued)**  
**for the year ended 31 March 2005**

Post employment retirement benefits

The department provides retirement benefits for certain of its employees through a defined benefit plan for government employees. These benefits are funded by both employer and employee contributions. Employer contributions to the fund are expensed when the final authorisation for payment to the fund is effected on the system. No provision is made for retirement benefits in the Annual Financial Statements of the department. Any potential liabilities are disclosed in the Annual Financial Statements of the National/Provincial Revenue Fund and not in the Annual Financial Statements of the employer department.

Other employee benefits

Obligations arising from leave entitlement, thirteenth cheque and performance bonus that are reflected in the disclosure notes have not been paid for at year-end.

**Goods and services**

Payments made for goods and/or services are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system. The expense is classified as capital if the goods and services were used on a capital project.

**Financial transactions in assets and liabilities**

Financial transactions in assets and liabilities include bad debts written off. Debts are written off when identified as irrecoverable. Debts written-off are limited to the amount of savings and/or under spending available to the department. The write off occurs at year-end or when funds are available. No provision is made for irrecoverable amounts.

**Unauthorised expenditure**

Unauthorised expenditure, is defined as:

- The overspending of a vote or a main division within a vote, or
- Expenditure that was not made in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

Such expenditure is treated as a current asset in the Statement of Financial Position until the relevant authority, recovered or written off as irrecoverable, approves such expenditure.

**DEPARTMENT OF FINANCE AND ECONOMIC AFFAIRS**  
**VOTE 3**  
**ACCOUNTING POLICIES (continued)**  
**for the year ended 31 March 2005**

**Irregular expenditure**

Irregular expenditure is defined as:

Expenditure, other than unauthorised expenditure, incurred in contravention or not in accordance with a requirement of any applicable legislation, including:

- the Public Finance Management Act
  - the State Tender Board Act, or any regulations made in terms of this Act, or
  - any provincial legislation providing for procurement procedures in that provincial government.
- It is treated as expenditure in the Statement of Financial Performance. If such expenditure is not condoned and it is possibly recoverable it is disclosed as receivable in the Statement of Financial Position at year-end.

**Fruitless and wasteful expenditure**

Fruitless and wasteful expenditure, is defined as:

expenditure that was made in vain and would have been avoided had reasonable care been exercised, therefore

- it must be recovered from a responsible official (a debtor account should be raised), or
- the vote. (If responsibility cannot be determined.)

Such expenditure is treated as a current asset in the Statement of Financial Position until such expenditure is recovered from the responsible official or written off as irrecoverable.

**4. Transfers and subsidies**

Transfers and subsidies include all irrecoverable payments made by the entity. Transfers and subsidies are recognised as an expense when the final authorisation for payment is effected on the system.

**5. Expenditure for capital assets**

Capital assets are assets that can be used repeatedly and continuously in production for more than one year. Payments made for capital assets are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system.

**DEPARTMENT OF FINANCE AND ECONOMIC AFFAIRS**  
**VOTE 3**  
**ACCOUNTING POLICIES (continued)**  
**for the year ended 31 March 2005**

**6. Investments**

Investments include Investments in controlled entities.

Investments are shown at cost. On disposal of an investment, the surplus/(deficit) is recognised as revenue in the Statement of Financial Performance.

**7. Receivables**

Receivables are not normally recognised under the modified cash basis of accounting. However, receivables included in the Statement of Financial Position arise from cash payments that are recoverable from another party, when the payments are made.

Receivables for services delivered are not recognised in the Statement of Financial Position as a current asset or as income in the Statement of Financial Performance, as the Annual Financial Statements are prepared on a modified cash basis of accounting, but are disclosed separately as part of the disclosure notes to enhance the usefulness of the Annual Financial Statements.

**8. Cash and cash equivalents**

Cash and cash equivalents consists of cash on hand and balances with banks, short term investments in money market instruments and demand deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**9. Payables**

Payables are not normally recognised under the modified cash basis of accounting. However, payables included in the Statement of Financial Position arise from advances received that are due to the Provincial/National Revenue Fund or another party.

**10. Lease commitments**

Lease commitments for the period remaining from the reporting date until the end of the lease contract are disclosed as part of the disclosure notes to the Annual Financial Statements. These commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance as the Annual Financial Statements are prepared on the cash basis of accounting.

Operating lease expenditure is expensed when the payment is made.

Finance lease expenditure is expensed when the payment is made, but results in the acquisition of the asset under the lease agreement. A finance lease is not allowed in terms of the Public Finance Management Act.

**DEPARTMENT OF FINANCE AND ECONOMIC AFFAIRS**  
**VOTE 3**  
**ACCOUNTING POLICIES (continued)**  
**for the year ended 31 March 2005**

**11. Accruals**

This amount represents goods/services that have been received, but no invoice has been received from the supplier at the reporting date, or an invoice has been received but final authorisation for payment has not been effected on the system. These amounts are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance as the Annual Financial Statements are prepared on a modified cash basis of accounting, but are however disclosed as part of the disclosure notes.

**12. Contingent liability**

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

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

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

Contingent liabilities are not recognised in the Statement of Financial position, but the information is disclosed as part of the disclosure notes.

**13. Commitments**

This amount represents goods/services that have been approved and/or contracted, but no delivery has taken place at the reporting date. These amounts are not recognised in the Statement of financial position as a liability or as expenditure in the Statement of Financial Performance as the Annual Financial Statements are prepared on a modified cash basis of accounting, but are however disclosed as part of the disclosure notes.

**14. Capitalisation Reserve**

The capitalisation reserve represents an amount equal to the value of the investment and/or loans capitalised. On disposal, repayment or recovery, such amounts are transferred to the Revenue Fund.

**15. Recoverable revenue**

Recoverable revenue represents payments made and recognised in the Statement of Financial Performance as an expense in previous years due to non-performance in accordance with an agreement, which have now become recoverable from a debtor. Repayments are transferred to the Revenue Fund as and when the repayment is received.

**16. Comparative figures**

Where necessary, comparative figures have been restated to conform to the changes in the presentation in the current year. The comparative figures shown in these Annual Financial Statements are limited to the figures shown in the previous year's audited Annual Financial Statements and such other comparative figures that the department may reasonably have available for reporting. Reclassification of expenditure has occurred due to the implementation of the Standard Chart of Accounts. It is not practical to present comparative amounts in the Cash Flow Statements as this would involve reclassification of amounts dating back to the 2002/03 year-end.

**DEPARTMENT OF FINANCE AND ECONOMIC AFFAIRS**  
**VOTE 3**  
**APPROPRIATION STATEMENT**  
**for the year ended 31 March 2005**

Appropriation per programme									
		2004/05						2003/04	
Programme	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Payment as a % of variance	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Management</b>									
Current payment	10,478	-	-	10,478	8,707	1,771	83.1%	8,091	4,915
Transfers and subsidies	13	-	-	13	6	7	46.2%	-	-
Expenditure for capital assets	56	-	-	56	55	1	98.2%	149	56
<b>Corporate Services</b>									
Current payment	20,493	-	-	20,493	18,114	2,379	88.4%	26,495	21,632
Transfers and subsidies	16	-	-	16	32	(16)	200.0%	-	-
Expenditure for capital assets	3,114	-	-	3,114	2,949	165	94.7%	888	233
<b>Provincial Treasury</b>									
Current payment	24,797	-	-	24,797	15,501	9,296	62.5%	21,250	16,157
Transfers and subsidies	20	-	-	20	23	(3)	115.0%	-	-
Expenditure for capital assets	2,053	-	-	2,053	1,289	764	62.8%	419	-
<b>Economic and Development Planning</b>									
Current payment	20,740	-	-	20,740	19,741	999	95.2%	8,499	7,157
Transfers and subsidies	34,310	-	-	34,310	11,014	23,296	32.1%	-	-
Expenditure for capital assets	635	-	-	635	155	480	24.4%	95	52
<b>Governance</b>									
Current payment	52,450	-	36,336	16,114	11,927	4,187	74.0%	69,742	188,710
Transfers and subsidies	675,153	-	36,436	711,589	711,506	83	100.00%	994,726	823,104
Expenditure for capital assets	255	-	(100)	155	142	13	91.6%	255	-
<b>Financial Management</b>									
Current payment	6,923	-	(22)	6,901	6,497	404	94.1%	8,090	5,748
Transfers and subsidies	25	-	-	25	-	25	0.0%	-	15
Expenditure for capital assets	44	-	22	66	65	1	98.5%	162	26
<b>Special Projects</b>									
Current payment	5,000	160,000	-	165,000	157,454	7,546	95.4%	-	-
Transfers and subsidies	298,657	(160,000)	-	138,657	53,957	84,700	38.9%	333,373	293,615
Expenditure for capital assets	52,000	-	-	52,000	16,563	35,437	31.9%	-	-
<b>Special functions</b>									
Current payment	-	-	-	-	151	(151)	-	-	599
Subtotal	1,207,232	-	-	1,207,232	1,035,848	171,384	85.8%	1,472,234	1,362,019
<b>Total</b>	<b>1,207,232</b>	<b>-</b>	<b>-</b>	<b>1,207,232</b>	<b>1,035,848</b>	<b>171,384</b>	<b>85.8%</b>	<b>1,472,234</b>	<b>1,362,019</b>
Prior year unauthorised expenditure approved with funding								2,010	
Departmental revenue received				545,611				531,300	
Actual amounts per Statements of Financial Performance (Total revenue)				1,752,843				2,005,544	
Prior year unauthorised expenditure approved									2,010
Unauthorised expenditure not yet approved									14,684
Actual amounts per Statements of Financial Performance (Total expenditure)					1,035,848				1,378,713

**DEPARTMENT OF FINANCE AND ECONOMIC AFFAIRS**  
**VOTE 3**  
**APPROPRIATION STATEMENT (continued)**  
**for the year ended 31 March 2005**

Appropriation per economic classification									
	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payment</b>									
Compensation of employees	50,400	-	(1,577)	48,823	38,222	10,601	78.3%	33,524	31,802
Goods and services	89,349	160,000	(34,813)	214,536	200,227	14,309	93.3%	108,643	212,517
Financial transactions in assets and liabilities	-	-	-	-	151	(151)	N/a	-	599
<b>Transfers and subsidies to:</b>									
Provinces and municipalities	903,009	(160,000)	(587,355)	155,654	67,474	88,180	43.3%	333,373	293,630
Departmental agencies and accounts	102,900		2,417	105,317	82,900	22,417	78.7%	57,700	58,700
Public corporations and private enterprises	-	-	623,823	623,823	626,226	(2,403)	100.4%	937,026	764,404
Non -profit institutions	2,417		(2,417)	-	-	-	-	-	-
<b>Payment for capital assets</b>									
Buildings and other fixed structures	51,000	-	-	51,000	16,000	35,000	31.4%	-	-
Machinery and equipment	8,157	-	(78)	8,079	4,636	3,443	57.4%	1,968	367
Software and other intangible assets	-	-	-	-	12	(12)	N/a	-	-
<b>Total</b>	<b>1,207,232</b>	<b>-</b>	<b>-</b>	<b>1,207,232</b>	<b>1,035,848</b>	<b>171,384</b>	<b>85.8%</b>	<b>1,472,234</b>	<b>1,362,019</b>

Statutory Appropriation									
Details of direct charges against the National/Provincial Revenue Fund	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
List all direct charges against the Revenue Fund	17,304	-	-	17,304	17,722	(418)	102.4%	16,639	17,338
<b>Total</b>	<b>17,304</b>	<b>-</b>	<b>-</b>	<b>17,304</b>	<b>17,722</b>	<b>(418)</b>	<b>102.4%</b>	<b>16,639</b>	<b>17,338</b>

**DEPARTMENT OF FINANCE AND ECONOMIC AFFAIRS**  
**VOTE 3**  
**APPROPRIATION STATEMENT (continued)**  
**for the year ended 31 March 2005**

1. MANAGEMENT	2004/05							2003/04	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Payment R'000	Variance R'000	Payment as % of final appropriation %	Final Appropriation R'000	Actual Payment R'000
<b>Member of Executive Council</b>									
Current payment	854	-	-	854	785	69	91.9%	786	691
Transfers and subsidies	3	-	-	3	-	3	0.0%	-	-
Expenditure for capital assets	-	-	-	-	-	-	0.0%	-	-
<b>Head of Department</b>									
Current payment	3,764	-	-	3,764	3,245	519	86.2%	3,619	1,643
Transfers and subsidies	8	-	-	8	6	2	75.0%	-	-
Expenditure for capital assets	40	-	-	40	-	40	0.0%	100	12
<b>Office of the MEC</b>									
Current payment	5,860	-	-	5,860	4,677	1,183	79.8%	3,686	2,581
Transfers and subsidies	2	-	-	2	-	2	0.0%	-	-
Expenditure for capital assets	16	-	-	16	55	(39)	343.8%	49	44
<b>Total</b>	<b>10,547</b>	<b>-</b>	<b>-</b>	<b>10,547</b>	<b>8,768</b>	<b>1,779</b>	<b>83.1%</b>	<b>8,240</b>	<b>4,971</b>

Economic classification	2004/05							2003/04	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Payment R'000	Variance R'000	Payment as % of final appropriation %	Final Appropriation R'000	Actual Payment R'000
<b>Current payments</b>									
Compensation to employees	3,673	-	-	3,673	3,657	16	99.5%	2,629	1,974
Goods and services	6,805	-	-	6,805	5,050	1,755	74.2%	5,462	2,941
<b>Transfers &amp; subsidies</b>									
Provinces & municipalities	13	-	-	13	6	7	50.0%	-	-
<b>Payments for capital assets</b>									
Machinery & equipment	56	-	-	56	55	1	98.2%	149	56
<b>Total</b>	<b>10,547</b>	<b>-</b>	<b>-</b>	<b>10,547</b>	<b>8,768</b>	<b>1,779</b>	<b>83.1%</b>	<b>8,240</b>	<b>4,971</b>

**DEPARTMENT OF FINANCE AND ECONOMIC AFFAIRS**  
**VOTE 3**  
**APPROPRIATION STATEMENT (continued)**  
**for the year ended 31 March 2005**

2. CORPORATE SERVICES	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>DDG's Office</b>									
Current payment	426	-	-	426	(10)	436	(2.3)%	-	-
Transfers and subsidies	-	-	-	-	31	(31)	N/a	-	-
Facilities Management									
Current payment	9,820	-	-	9,820	11,921	(2,101)	121.4%	12,755	13,920
Transfers and subsidies	12	-	-	12	-	12	0.0%	-	-
Expenditure for capital assets	16	-	-	16	12	4	75.0%	70	-
Human Resource Management									
Current payment	4,060	-	-	4,060	3,542	518	87.2%	5,417	4,031
Transfers and subsidies	4	-	-	4	1	3	25.0%	-	-
Expenditure for capital assets	50	-	-	50	73	(23)	146.0%	148	53
<b>IT Management</b>									
Current payment	2,880	-	-	2,880	2,336	544	81.1%	5,540	1,415
Expenditure for capital assets	3,048	-	-	3,048	2,864	184	94.0%	600	180
<b>Security Services</b>									
Current payment	3,307	-	-	3,307	325	2,982	9.8%	-	-
Financial Administration									
Current payments	-	-	-	-	-	-	-	2,783	2,266
Expenditure for capital assets	-	-	-	-	-	-	-	70	-
<b>Total</b>	<b>23,623</b>	<b>-</b>	<b>-</b>	<b>23,623</b>	<b>21,095</b>	<b>2,528</b>	<b>89.3%</b>	<b>27,383</b>	<b>21,865</b>

Economic classification	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current</b>									
Compensation to employees	7,048	-	-	7,048	5,847	1,201	83.06%	7,569	7,452
Goods and services	12,434	-	-	12,434	12,275	159	98.7%	18,926	14,180
<b>Transfers &amp; subsidies</b>									
Provinces & municipalities	27	-	-	27	31	(4)	114.8%	-	-
<b>Capital</b>									
Machinery & equipment	4,114	-	-	4,114	2,942	1,172	71.5%	888	233
<b>Total</b>	<b>23,623</b>	<b>-</b>	<b>-</b>	<b>23,623</b>	<b>21,095</b>	<b>21,528</b>	<b>89.3%</b>	<b>27,383</b>	<b>21,865</b>

**DEPARTMENT OF FINANCE AND ECONOMIC AFFAIRS**  
**VOTE 3**  
**APPROPRIATION STATEMENT (continued)**  
**for the year ended 31 March 2005**

3. PROVINCIAL TREASURY	2004/05							2003/04	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Payment R'000	Variance R'000	Payment as % of final appropriation %	Final Appropriation R'000	Actual Payment R'000
<b>DDG's Office</b>									
Current payment	1,464	-	-	1,464	811	653	55.4%	7,261	3,823
Transfers and subsidies	8	-	-	8	23	(15)	287.5%	-	-
Expenditure for capital assets	8	-	-	8	-	8	0.0%	100	-
<b>Budget Office</b>									
Current payment	7,785	-	-	7,785	4,985	2,800	64.0%	10,163	8,895
Expenditure for capital assets	40	-	-	40	-	40	0.0%	92	-
<b>Provincial Accountant General</b>									
Current payment	14,648	-	-	14,648	9,084	5,564	62.0%	-	-
Transfers and subsidies	12	-	-	12	-	12	0.0%	-	-
Expenditure for capital assets	2,005	-	-	2,005	1,289	716	64.3%	-	-
<b>Public Finance Management Reforms</b>									
Current payment	900	-	-	900	621	279	69.0%	3,826	3,439
Expenditure for capital assets	-	-	-	-	-	-	-	227	-
<b>Total</b>	<b>26,870</b>	<b>-</b>	<b>-</b>	<b>26,870</b>	<b>16,813</b>	<b>10,057</b>	<b>62.6%</b>	<b>21,669</b>	<b>16,157</b>

Economic classification	2004/05							2003/04	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Payment R'000	Variance R'000	Payment as % of final appropriation %	Final Appropriation R'000	Actual Payment R'000
<b>Current</b>									
Compensation to employees	11,919	-	-	11,919	6,901	5,018	57.9%	8,604	8,331
Goods and services	12,789	-	-	12,789	8,600	4,189	67.2%	12,646	7,826
<b>Transfers &amp; subsidies</b>									
Provinces & municipalities	109	-	-	109	23	86	21.1%	-	-
<b>Capital</b>									
Machinery & equipment	2,053	-	-	2,053	1,289	764	62.8%	419	-
<b>Total</b>	<b>26,870</b>	<b>-</b>	<b>-</b>	<b>26,870</b>	<b>16,813</b>	<b>10,057</b>	<b>62.6%</b>	<b>21,669</b>	<b>16,157</b>

**DEPARTMENT OF FINANCE AND ECONOMIC AFFAIRS**  
**VOTE 3**  
**APPROPRIATION STATEMENT (continued)**  
**for the year ended 31 March 2005**

4. ECONOMIC AND DEVELOPMENT PLANNING	2004/05							2003/04	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Payment R'000	Variance R'000	Payment as % of final appropriation %	Final Appropriation R'000	Actual Payment R'000
<b>DDG's Office</b>									
Current payment	426	-	-	426	-	426	0.0%	-	-
Transfers and subsidies				-	14	(14)	-	-	-
<b>SMME Agency</b>									
Transfers and subsidies	20,000	-	-	20,000	-	20,000	0.0%	-	-
<b>Economic Planning</b>									
Current payment	12,830	-	(2,300)	10,530	10,450	80	99.2%	8,499	7,157
Expenditure for capital assets	5	-	-	5	155	(150)	3100.0%	95	52
<b>Development Planning</b>									
Current payment	7,484	-	2,300	9,784	9,291	493	95.0%	-	-
Expenditure for capital assets	630	-	-	630	-	630	0.0%	-	-
<b>Local Economic Development</b>									
Transfers and subsidies	14,310	-	-	14,310	11,000	3,310	76.9%	-	-
<b>Total</b>	<b>55,685</b>	<b>-</b>	<b>-</b>	<b>55,685</b>	<b>30,910</b>	<b>24,775</b>	<b>55.5%</b>	<b>8,594</b>	<b>7,209</b>

Economic classification	2004/05							2003/04	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Payment R'000	Variance R'000	Payment as % of final appropriation %	Final Appropriation R'000	Actual Payment R'000
<b>Current</b>									
Compensation to employees	9,873	-	1,700	11,573	10,779	794	93.1%	2,721	2,733
Goods and services	10,803	-	(1,700)	9,103	8,962	141	98.5%	5,778	4,424
<b>Transfers &amp; subsidies</b>									
Provinces & municipalities	14,374	-	-	14,374	11,014	3,360	76.6%	-	-
Dept agencies & accounts	20,000	-	-	20,000	-	20,000	0.0%	-	-
<b>Capital</b>									
Machinery & equipment	635	-	-	635	155	480	24.4%	95	52
<b>Total</b>	<b>55,685</b>	<b>-</b>	<b>-</b>	<b>55,685</b>	<b>30,910</b>	<b>24,775</b>	<b>55.5%</b>	<b>8,594</b>	<b>7,209</b>

**DEPARTMENT OF FINANCE AND ECONOMIC AFFAIRS**  
**VOTE 3**  
**APPROPRIATION STATEMENT (continued)**  
**for the year ended 31 March 2005**

5. GOVERNANCE	2004/05							2003/04	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Payment R'000	Variance R'000	Payment as % of final appropriation %	Final Appropriation R'000	Actual Payment R'000
<b>DDG's Office</b>									
Current payment	910	-	-	910	41	869	4.5%	-	-
Expenditure for capital assets	90	-	-	90	-	90	0.0%	-	-
<b>Blue IQ Investment Holdings (Pty) Ltd</b>									
Current payment	36,336	-	(36,336)	-	-	-	0.0%	39,120	162,273
Transfers and subsidies	589,804	-	36,436	626,240	626,189	51	100.0%	937,026	764,404
Expenditure for capital assets	100	-	(100)	-	-	-	N/a	-	-
<b>Agencies</b>									
Transfers and subsidies	82,900	-	-	82,900	82,900	-	100.0%	57,700	58,700
Monitoring and Evaluation									
Current payment	2,320	-	-	2,320	4	2,316	0.2%	-	-
<b>Consumer Affairs</b>									
Current payment	7,694	-	-	7,694	7,450	244	96.8%	10,853	8,015
Transfers and subsidies	2,449	-	-	2,449	2,417	32	98.7%	-	-
Expenditure for capital assets	15	-	-	15	130	(115)	866.7%	200	-
<b>Liquor Licensing</b>									
Current payment	-	-	-	-	-	-	0.0%	15,000	15,000
<b>Communications</b>									
Current payment	5,190	-	-	5,190	4,432	758	85.4%	4,769	3,422
Expenditure for capital assets	50	-	-	50	12	38	24.0%	55	-
<b>Total</b>	<b>727,858</b>	<b>-</b>	<b>-</b>	<b>727,858</b>	<b>723,575</b>	<b>4,283</b>	<b>99.4%</b>	<b>1,064,723</b>	<b>1,011,814</b>

**DEPARTMENT OF FINANCE AND ECONOMIC AFFAIRS**  
**VOTE 3**  
**APPROPRIATION STATEMENT (continued)**  
**for the year ended 31 March 2005**

Economic classification	2004/05							2003/04	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Payment R'000	Variance R'000	Payment as % of final appropriation %	Final Appropriation R'000	Actual Payment R'000
<b>Current</b>									
Compensation to employees	10,652	-	(3,277)	7,375	7,116	259	96.5%	9,522	8,859
Goods and services	41,830	-	(33,091)	8,739	4,774	3,965	54.6%	60,220	179,851
<b>Transfers &amp; subsidies</b>									
Provinces & municipalities	589,804	-	(587,355)	2,449	2,417	32	98.7%	-	-
Dept agencies & accounts	82,900	-	2,417	85,317	82,900	2,417	97.2%	57,700	58,700
Public corporations & private enterprises	-	-	623,823	623,823	626,226	(2,403)	100.4%	937,026	764,404
Non – profit institutions	2,417		(2,417)	-	-	-	-	-	-
<b>Capital</b>									
Machinery & equipment	255	-	(100)	155	130	25	83.9%	255	-
Software & other intangible assets	-	-	-	-	12	(12)	N/a	-	-
<b>Total</b>	<b>727,858</b>	<b>-</b>	<b>-</b>	<b>727,858</b>	<b>723,575</b>	<b>4,283</b>	<b>99.4%</b>	<b>1,064,723</b>	<b>1,011,814</b>

**DEPARTMENT OF FINANCE AND ECONOMIC AFFAIRS**  
**VOTE 3**  
**APPROPRIATION STATEMENT (continued)**  
**for the year ended 31 March 2005**

6. FINANCIAL MANAGEMENT	2004/05							2003/04	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Payment R'000	Variance R'000	Payment as % of final appropriation %	Final Appropriation R'000	Actual Payment R'000
<b>Financial Management</b>									
Current payment	6,923	-	(22)	6,901	6,497	404	94.1%	8,090	5,748
Transfers and subsidies	25	-	-	25	-	25	0.0%	-	15
Expenditure for capital assets	44	-	22	66	65	1	98.5%	162	26
<b>Total</b>	<b>6,992</b>	<b>-</b>	<b>-</b>	<b>6,992</b>	<b>6,562</b>	<b>430</b>	<b>93.85%</b>	<b>8,252</b>	<b>5,789</b>

Economic classification	2004/05							2003/04	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Payment R'000	Variance R'000	Payment as % of final appropriation %	Final Appropriation R'000	Actual Payment R'000
<b>Current</b>									
Compensation to employees	4,235	-	-	4,235	3,444	791	81.3%	2,479	2,453
Goods and services	2,688	-	(22)	2,666	3,053	(387)	114.5%	5,611	3,295
<b>Transfers &amp; subsidies</b>									
Provinces & municipalities	25	-	-	25	-	25	0.0%	-	15
<b>Capital</b>									
Machinery & equipment	44	-	22	66	65	1	98.5%	162	26
<b>Total</b>	<b>6,992</b>	<b>-</b>	<b>-</b>	<b>6,992</b>	<b>6,562</b>	<b>430</b>	<b>93.85%</b>	<b>8,252</b>	<b>5,789</b>

**DEPARTMENT OF FINANCE AND ECONOMIC AFFAIRS**  
**VOTE 3**  
**APPROPRIATION STATEMENT (continued)**  
**for the year ended 31 March 2005**

7. SPECIAL PROJECTS	2004/05							2003/04	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Payment R'000	Variance R'000	Payment as % of final appropriation %	Final Appropriation R'000	Actual Payment R'000
<b>GPG Precinct</b>									
Expenditure for capital assets	51,000			51,000	16,563	34,437	32.5%	-	-
<b>PPP Unit</b>									
Current payment	5,000	-	-	5,000	1,273	3,727	25.5%	-	-
Expenditure for capital assets	1,000	-	-	1,000	-	1,000	0.0%	-	-
<b>Gautrain</b>									
Current payment		160,000		160,000	156,181	3,819	97.6%		
Transfers and subsidies	244,700	(160,000)		84,700	-	84,700	0.0%	159,004	123,615
<b>Dinokeng</b>									
Transfers and subsidies	27,116	-	-	27,116	27,116	-	100.0%	10,641	13,000
Transfers and subsidies	26,841	-	-	26,841	26,841	-	100.0%	163,728	157,000
<b>Total</b>	<b>355,657</b>	<b>-</b>	<b>-</b>	<b>355,657</b>	<b>227,974</b>	<b>127,683</b>	<b>64.1%</b>	<b>333,373</b>	<b>293,615</b>

Economic classification	2004/05							2003/04	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Payment R'000	Variance R'000	Payment as % of final appropriation %	Final Appropriation R'000	Actual Payment R'000
<b>Current</b>									
Compensation to employees	3,000	-	-	3,000	478	2,522	15.9%	-	-
Goods and services	2,000	160,000	-	162,000	157,513	4,487	97.2%	-	-
<b>Transfers &amp; subsidies</b>									
Dept agencies & accounts	298,657	(160,000)	-	138,657	53,983	84,674	38.9%	333,373	293,615
<b>Capital</b>									
Buildings & other fixed structures	51,000	-	-	51,000	16,000	35,000	31.4%	-	-
Machinery & equipment	1,000	-	-	1,000	-	1,000	0.0%	-	-
<b>Total</b>	<b>355,657</b>	<b>-</b>	<b>-</b>	<b>355,657</b>	<b>227,974</b>	<b>127,683</b>	<b>64.1%</b>	<b>333,373</b>	<b>293,615</b>

**DEPARTMENT OF FINANCE AND ECONOMIC AFFAIRS**  
**VOTE 3**  
**APPROPRIATION STATEMENT (continued)**  
**for the year ended 31 March 2005**

8. SPECIAL FUNCTIONS	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Special functions									
Current payment	-	-	-	-	151	(151)	N/a	-	599
<b>Total</b>	-	-	-	-	<b>151</b>	<b>(151)</b>	<b>N/a</b>	-	<b>599</b>

Economic classification	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current									
Financial transactions in assets and liabilities	-	-	-	-	151	(151)	N/a	-	599
<b>Total</b>	-	-	-	-	<b>151</b>	<b>(151)</b>	<b>N/a</b>	-	<b>599</b>

**DEPARTMENT OF FINANCE AND ECONOMIC AFFAIRS**  
**VOTE 3**  
**NOTES TO THE APPROPRIATION STATEMENT**  
**for the year ended 31 March 2005**

**1. Details of transfers and subsidies as per appropriation act (after virement):**

Details of these transactions can be viewed in note 8 (Transfers and subsidies) and Annexure 1 (A-D, F) to the Annual Financial Statements.

**2. Details of specifically and exclusively appropriated amounts voted (after Virement):**

Details of these transactions can be viewed in note 1 (Annual Appropriation) to the Annual Financial Statements.

**3. Details on financial transactions in assets and liabilities**

Details of these transactions per programme can be viewed in note 5 (Financial transactions in assets and liabilities) to the Annual Financial Statements.

**4. Explanations of material variances from Amounts Voted (after Virement):**

<b>4.1 Per Programme</b>	<b>Voted Funds after virement R'000</b>	<b>Actual Expenditure R'000</b>	<b>Variance R'000</b>	<b>Variance as % of voted funds</b>
Management	10,547	8,768	1,779	16.87%
Corporate Services	23,623	21,095	2,528	10.70%
Provincial Treasury	26,870	16,813	10,057	37.43%
Economic and Development Planning	55,685	30,910	24,775	44.49%
Governance	727,858	723,575	4,283	0.66%
Financial Management	6,992	6,562	430	6.15%
Special Projects	355,657	227,974	127,683	35.90%

**Explanations per programme**

**1. Management**

Funds appropriated for overseas missions due to the election and change in departmental priorities.

**2. Corporate Services**

Expenditure on transfers and subsidies represent regional services levies and includes the levies for Financial Management, Office of the MEC and Corporate Communications. These business units were reallocated to other programmes with the restructuring of the Department.

**DEPARTMENT OF FINANCE AND ECONOMIC AFFAIRS**  
**VOTE 3**  
**NOTES TO THE APPROPRIATION STATEMENT (continued)**  
**for the year ended 31 March 2005**

**3. Provincial Treasury**

Under spending incurred was due to the Activity Based Costing project was launched late in the financial year. Year-end commitments were only paid in the new financial year. Application for rollover of funds to meet the commitments has been done.

**4. Economic and Development Planning**

Funds appropriated for the Gauteng Development Strategy were not utilised in the year under review. The project was in its development stages. The funds will be rolled over and applied in the 2005/06 financial years.

R3,000,000 allocated to the Local Economic Development (LED) project of the West Rand municipalities was withheld from transfer as a control measure. It will be rolled over and transferred upon meeting of agreed upon targets between the Department and the municipality authorities.

**5. Governance**

Under spending incurred in current expenditure of R4,700,000. The filling of positions in the Monitoring and Evaluation and Corporate Communication was not finalised due to the restructuring process.

The performance audit on public entities was held back until all restructuring processes were finalised. The audit will be conducted in the 2005/06 financial year. The objective of the audit is to measure service delivery and best practice.

**6. Financial Management**

No significant under spending occurred.

**7. Special Projects**

The successful bidder for the Gautrain project will only be announced in the 2005/06 financial year. Difficulties arose and it delayed the acquisition of land in Pretoria. Funds for the project was therefore not fully utilised.

R30,000,000 will be rolled over for the completion of the Matlotlo Building. The project is a work - in - progress and is paid for on completion of agreed upon stages.

**DEPARTMENT OF FINANCE AND ECONOMIC AFFAIRS**  
**VOTE 3**  
**NOTES TO THE APPROPRIATION STATEMENT (continued)**  
**for the year ended 31 March 2005**

<b>4.2 Per Economic classification</b>	<b>Voted Funds after virement R'000</b>	<b>Actual Expenditure R'000</b>	<b>Variance R'000</b>	<b>Variance as % of voted funds</b>
<b>Current payment</b>	<b>263,359</b>	<b>238,449</b>	<b>24,910</b>	<b>9.46%</b>
Compensation of employees	48,823	38,222	10,601	21.70%
Goods and services	214,536	200,227	14,309	6.7%
<b>Transfers and subsidies to:</b>	<b>884,794</b>	<b>776,600</b>	<b>108,194</b>	<b>12.23%</b>
Provinces and municipalities	16,997	13,491	3,506	20.60%
Departmental agencies and accounts	243,974	136,883	107,091	43.90%
Public corporations and private enterprises	623,823	626,226	(2,403)	-
<b>Payment for capital assets</b>	<b>59,079</b>	<b>20,648</b>	<b>38,431</b>	<b>65.05%</b>
Buildings and other fixed structures	51,000	16,000	35,000	68.60%
Machinery and equipment	8,079	4,636	3,443	42.6%
Software and other intangible assets	-	12	(12)	-

**DEPARTMENT OF FINANCE AND ECONOMIC AFFAIRS**  
**VOTE 3**  
**NOTES TO THE APPROPRIATION STATEMENT (continued)**  
**for the year ended 31 March 2005**

**1. Current payment**

1.1 Compensation of employees

Under spending is due to the unfilled posts as well as late appointment of senior positions.

**2. Transfers and subsidies to:**

1.1 Provinces and municipalities

Phase two of the transfer to the West Rand municipal authority of R3,000,000 will only take place in the 2005/06 financial year. Rollover of funds was applied for.

1.2 Departmental agencies and accounts

The Gautrain project kicked off at a slow start as the successful bidder was not yet announced at the end of the financial under review. The acquisition of land for the project was not possible due to a dispute between the Department and the owners of the land (refer to contingent liabilities).

1.3 Public corporations and private enterprises

**3. Payment for capital assets**

3.1 Buildings and other fixed structures

R31,000,000 will be rolled over for completion of the Matlotlo building. The appropriation for this project was once off and is still work – in – progress.

3.2 Machinery and equipment

Commitments and orders of an estimated amount of R2,000,000 were not yet paid at year – end. The funds will be rolled over. Notes 20 and 21 of the disclosure notes to the annual financial statements deals with the aspect of commitments and accruals.

3.3 Software and other intangible assets

The budget for machinery and equipment provides for all information technology hardware and software requirements.

Prior year figures have been restated to be in line with the shifting of functions within the Department and in accordance with the budget statement. The restatement of comparative figures only affects the programmes but have no effect on classification and total expenditure.

**DEPARTMENT OF FINANCE AND ECONOMIC AFFAIRS**  
**VOTE 3**  
**STATEMENT OF FINANCIAL PERFORMANCE**  
**for the year ended 31 March 2005**

	Note	2004/05 R'000	Restated 2003/04 R'000
<b>REVENUE</b>			
Annual appropriation	1	1,207,232	1,472,234
Appropriation for unauthorised expenditure approved		-	2,010
Departmental revenue	2	545,611	531,300
<b>TOTAL REVENUE</b>		<b>1,752,843</b>	<b>2,005,544</b>
<b>EXPENDITURE</b>			
<b>Current expenditure</b>			
Compensation of employees	3	38,222	31,802
Goods and services	4	200,227	227,201
Financial transactions in assets and liabilities	5	151	599
Unauthorised expenditure approved	6	-	2,010
Total current expenditure		238,600	261,612
<b>Transfers and subsidies</b>	8	776,600	1,116,734
<b>Expenditure for capital assets</b>			
Buildings and other fixed structures	9	16,000	-
Machinery and Equipment	9	4,636	367
Software and other intangible assets	9	12	-
<b>Total expenditure for capital assets</b>		20,648	367
<b>TOTAL EXPENDITURE</b>		<b>1,035,848</b>	<b>1,378,713</b>
Net surplus		716,995	626,831
Add back unauthorised expenditure	6	-	14,684
<b>NET SURPLUS FOR THE YEAR</b>		<b>716,995</b>	<b>641,515</b>
Reconciliation of Net Surplus for the year			
Voted Funds to be surrendered to the Revenue Fund/unutilised	12	171,384	110,215
Departmental receipts to be surrendered to the Revenue Fund	13	545,611	531,300
<b>NET SURPLUS FOR THE YEAR</b>		<b>716,995</b>	<b>641,515</b>

**DEPARTMENT OF FINANCE AND ECONOMIC AFFAIRS**  
**VOTE 3**  
**STATEMENT OF FINANCIAL POSITION**  
**as at 31 March 2005**

	Note	2004/05 R'000	Restated 2003/04 R'000
<b>ASSETS</b>			
<b>Current assets</b>		259,849	159,703
Unauthorised expenditure	6	14,684	14,684
Fruitless and wasteful expenditure	7	42	42
Cash and cash equivalents	10	234,338	139,103
Receivables	11	10,785	5,874
<b>Non – current assets</b>	17	1,352,450	726,210
Investment in controlled entities		1,352,450	726,210
<b>TOTAL ASSETS</b>		<b>1,612,299</b>	<b>885,913</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>		259,849	159,703
Voted funds to be surrendered to the Revenue Fund	12	171,384	110,211
Departmental revenue to be surrendered to the Revenue Fund	13	81,065	48,860
Payables	14	7,400	632
<b>TOTAL LIABILITIES</b>		<b>259,849</b>	<b>159,703</b>
<b>NET ASSETS</b>		<b>1,352,450</b>	<b>726,210</b>
<b>Represented by:</b>			
Capitalisation reserve		1,352,450	726,210
<b>TOTAL</b>		<b>1,612,299</b>	<b>885,913</b>

**DEPARTMENT OF FINANCE AND ECONOMIC AFFAIRS**  
**VOTE 3**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**for the year ended 31 March 2005**

	Note	2004/05 R'000	Restated 2003/04 R'000
<b>Capitalisation reserve</b>			
Opening balance		726,210	462,557
Transfers		626,240	263,653
Closing balance	17	<u>1,352,450</u>	<u>726,210</u>
<b>TOTAL</b>		<b><u>1,352,450</u></b>	<b><u>726,210</u></b>

**DEPARTMENT OF FINANCE AND ECONOMIC AFFAIRS**  
**VOTE 3**  
**CASH FLOW STATEMENT**  
**for the year ended 31 March 2005**

	Note	2004/05 R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts		
Annual appropriated funds received		1,207,232
Departmental revenue received		545,611
Net decrease in working capital		1,295
		<u>1,754,138</u>
Surrendered to Revenue Fund	16	(623,617)
Current payments		(238,038)
Transfers and subsidies paid		(776,600)
<b>Net cash flow from operating activities</b>	15	<u>115,883</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of investment in controlled entities		(626,240)
Payments for capital assets		(20,648)
Net cash flows from investing activities		<u>(646,888)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase in investments	17	<u>626,240</u>
<b>Net cash flows from financing activities</b>		<u>626,240</u>
Net increase in cash and cash equivalents		95,235
Cash and cash equivalents at the beginning of the year		<u>139,103</u>
<b>Cash and cash equivalents at end of the year</b>		<u>234,338</u>

**DEPARTMENT OF FINANCE AND ECONOMIC AFFAIRS**  
**VOTE 3**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2005**

**1. Annual Appropriation**

- 1.1 Included are funds appropriated in terms of the Appropriation Act for National Departments (Voted funds) and Provincial Departments (Equitable Share): \*\*

	<b>Final Appropriation</b>	<b>Actual Funds Received</b>	<b>Variance over(under)</b>	<b>Total Appropriation 2003/04</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
Management	10,547	8,768	1,779	8,240
Corporate Services	23,623	21,095	2,528	27,383
Provincial Treasury	26,870	16,813	10,057	21,669
Economic and Development Planning	55,685	30,910	24,775	8,594
Governance	727,858	723,575	4,283	1,064,723
Financial Management	6,992	6,562	430	8,252
Special Projects	355,657	227,974	127,683	333,373
Special Functions	-	151	(151)	-
<b>Total</b>	<b>1,207,232</b>	<b>1,035,848</b>	<b>171,384</b>	<b>1,472,234</b>

Material variances are addressed and explained in the notes to the appropriation statement. Rollovers were applied for where deemed necessary and to accommodate commitments made in the current financial year but not yet paid at year-end. The application for rollovers includes funds for projects that are still in progress and for which no additional funding will be requested in the 2005/06 financial year.

**1.2 Conditional grants**

	<b>Note</b>	<b>2004/05 R'000</b>	<b>2003/04 R'000</b>
Total grants received	Annex 1A	<u>250</u>	<u>750</u>

\*\* Conditional grants are included in the amounts per the Total Appropriation in Note 1.1.

**DEPARTMENT OF FINANCE AND ECONOMIC AFFAIRS**  
**VOTE 3**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 March 2005**

**2. Departmental revenue to be surrendered to revenue fund**  
**Description**

	Notes	<b>2004/05</b>	<b>Restated</b>
		<b>R'000</b>	<b>2003/04</b>
			<b>R'000</b>
Tax revenue		376,009	334,962
Sales of goods and services other than capital assets		(17,189)	4,346
Fines, penalties and forfeits		1	146
Interest, dividends and rent on land		176,064	191,630
Financial transactions in assets and liabilities	2.1	10,726	216
<b>Departmental revenue collected</b>		<b>545,611</b>	<b>531,300</b>

Revenue collected represents taxes, investment income and surpluses surrendered by public entities to the provincial revenue fund. Sales of goods and services other than capital assets include a direct charge against revenue of R17,721,630.39. This amount represent commission paid to the Gauteng Gambling Board for services rendered as collector of gambling taxes on behalf of the Department.

**2.1 Financial transactions in assets and liabilities**  
**Nature of loss recovered**

Cheques written back	145	77
Other	-	139
Surpluses surrendered by public entities	10,581	-
	<b>10,726</b>	<b>216</b>

**DEPARTMENT OF FINANCE AND ECONOMIC AFFAIRS**  
**VOTE 3**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 March 2005**

<b>3. Compensation of employees</b>	<b>2004/05</b>	<b>Restated</b>
	<b>R'000</b>	<b>2003/04</b>
		<b>R'000</b>
<b>3.1 Salaries and Wages</b>		
Basic salary	22,645	27,430
Performance award	366	-
Service based	71	-
Compensative/circumstantial	558	-
Periodic payments	3,299	-
Other non-pensionable allowances	6,867	289
	<b>33,806</b>	<b>27,719</b>
<b>3.2 Social contributions</b>		
<b>3.2.1 Short-term employee benefits</b>		
Pension	3,242	2,590
Medical	1,169	1,493
Bargaining council	5	-
	<b>4,416</b>	<b>4,083</b>
<b>Total compensation of employees</b>	<b>38,222</b>	<b>31,802</b>
Average number of employees	171	153

**DEPARTMENT OF FINANCE AND ECONOMIC AFFAIRS**  
**VOTE 3**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 March 2005**

**4. Goods and services**

	Note	<b>2004/05</b>	<b>Restated</b>
		<b>R'000</b>	<b>2003/04</b>
			<b>R'000</b>
Advertising		3,897	1,878
Attendance fees (including registration fees)		1,203	1,400
Bank charges and card fees		567	149
Bursaries (employees)		207	360
Communication		3,199	5,067
Computer services		732	550
Consultants, contractors and special services		170,776	200,084
Courier and delivery services		5	6
Entertainment		1,243	663
External audit fees	4.1	2,439	1,960
Equipment less than R5000		177	43
Consumables	4.2	3,428	2,259
Legal fees		139	133
Maintenance, repairs and running cost		1,406	616
Operating leases		6,703	6,452
Medical services		-	1
Plant, flowers and other decorations		2	-
Printing and publications		5	318
Professional bodies and membership fees		5	-
Resettlement costs		29	8
Subscriptions		115	113
Owned leasehold property expenditure		307	1,038
Translations and transcriptions		78	99
Travel and subsistence	4.3	2,974	2,955
Venues and facilities		138	161
Protective, special clothing & uniforms		14	1
Training & staff development		439	887
		<b>200,227</b>	<b>227,201</b>

**4.1 External audit fees**

Regularity audits	2,439	1,960
	<b>2,439</b>	<b>1,960</b>

**4.2 Consumables (purchased during the year)**

Domestic consumables	230	10
Food and food supplies	122	136
Fuel, oil and gas	30	184
Parts and other maintenance material	44	12
Stationery and printing	<b>3,002</b>	<b>1,916</b>
Medical supplies	-	1
	<b>3,428</b>	<b>2,259</b>

**DEPARTMENT OF FINANCE AND ECONOMIC AFFAIRS**  
**VOTE 3**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 March 2005**

	Note	<b>2004/05 R'000</b>	<b>Restated 2003/04 R'000</b>
<b>4.3 Travel and subsistence</b>			
Local		2,044	841
Foreign		930	2,114
		<b>2,974</b>	<b>2,955</b>
<b>5. Financial transactions in assets and liabilities</b>			
Material losses through criminal conduct	5.1	-	111
Debts written off	5.2	151	488
		<b>151</b>	<b>599</b>
<b>5.1 Material losses through criminal conduct</b>			
Nature of losses			
Theft and losses		-	111
<b>5.2 Bad debts written off</b>			
Nature of debts written off			
Staff debtors		151	488
		<b>151</b>	<b>488</b>
<b>6 Unauthorised expenditure</b>			
<b>6.1. Reconciliation of unauthorised expenditure</b>			
Opening balance		14,684	2,010
Unauthorised expenditure approved by Parliament/Legislature – current expenditure		-	(2,010)
Transfer to receivables for recovery		-	14,684
Unauthorised expenditure awaiting authorisation		<b>14,684</b>	<b>14,684</b>

**DEPARTMENT OF FINANCE AND ECONOMIC AFFAIRS**  
**VOTE 3**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 March 2005**

	Note	<b>2004/05</b> <b>R'000</b>	<b>Restated</b> <b>2003/04</b> <b>R'000</b>
<b>7. Fruitless and wasteful expenditure</b>			
<b>7.1 Reconciliation of fruitless and wasteful expenditure</b>			
Opening balance		42	-
Fruitless and wasteful expenditure – current year		-	42
Fruitless and wasteful expenditure awaiting condoning		<b>42</b>	<b>42</b>

Fruitless and wasteful expenditure will be condoned in the 2005/06 financial year. Investigations have been concluded.

**DEPARTMENT OF FINANCE AND ECONOMIC AFFAIRS**  
**VOTE 3**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 March 2005**

	Note	<b>2004/05</b>	<b>Restated 2003/04</b>
		<b>R'000</b>	<b>R'000</b>
<b>8. Transfers and subsidies</b>			
Provinces and municipalities	Annex 1B, 1C	13,491	15
Departmental agencies and accounts	Annex 1D	136,883	382,315
Public corporations and private enterprises	Annex 1F	626,226	764,404
		<b>776,600</b>	<b>1,116,734</b>
<b>9. Expenditure for capital assets</b>			
Buildings and other fixed structures	Annex 4	16,000	-
Machinery and equipment	Annex 4	4,636	367
Software and other intangible assets	Annex 5	12	-
		<b>20,648</b>	<b>367</b>
The amount of R16,000,000 represent work – in – progress not yet completed on the Matlotlo building in the GPG Precinct.			
<b>10. Cash and cash equivalents</b>			
Consolidated Paymaster General Account		234,328	139,098
Cash on hand		10	5
		<b>234,338</b>	<b>139,103</b>

**DEPARTMENT OF FINANCE AND ECONOMIC AFFAIRS**  
**VOTE 3**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 March 2005**

**11. Receivables**

	Note	Less than one year	One to three years	Older than three years	Total 2004/05	Total 2003/04
		R'000	R'000	R'000	R'000	R'000
Amounts owing by other entities	Annexure 6	7,067	-	-	7,067	3,402
Staff debtors	11.1	17	87	553	657	818
Clearing accounts	11.2	418	-	-	418	187
Other debtors	11.3	-	2,643	-	2,643	1,467
		<b>7,502</b>	<b>2,730</b>	<b>553</b>	<b>10,785</b>	<b>5,874</b>

**11.1 Staff debtors**

Employee	180	239
Ex – employee	477	579
	<b>657</b>	<b>818</b>

**11.2 Clearing accounts**

Salary debt	338	45
Travel and subsistence	80	142
	<b>418</b>	<b>187</b>

**11.3 Other debtors**

Irregular expenditure disallowed	2,643	1,467
	<b>2,643</b>	<b>1,467</b>

Disallowed expenditure include irregular expenditure, damages to vehicles and losses incurred still under investigation

**DEPARTMENT OF FINANCE AND ECONOMIC AFFAIRS**  
**VOTE 3**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 March 2005**

		<b>2004/05</b>	<b>Restated 2003/04</b>
		<b>R'000</b>	<b>R'000</b>
<b>12. Voted funds to be surrendered to the Revenue Fund</b>			
Opening balance		110,215	9,838
Transfer from Statement of Financial Performance		171,384	110,215
Paid during the year		(110,215)	(9,838)
Closing balance		<u><b>171,384</b></u>	<u><b>110,215</b></u>
<b>13. Departmental receipts to be surrendered to the Revenue Fund</b>			
Opening balance		48,860	93,257
Transfer from Statement of Financial Performance		545,611	531,300
Paid during the year		(513,406)	(575,697)
Closing balance		<u><b>81,065</b></u>	<u><b>48,860</b></u>
<b>14. Payables – current</b>			
<b>Description</b>		<b>2004/05</b>	<b>2003/04</b>
	Note	<b>30 Days R'000</b>	<b>30+ Days R'000</b>
		<b>Total R'000</b>	<b>Total R'000</b>
Amounts owing to other departments	Annexure7	4,895	-
Clearing accounts	14.1	29	-
Other payables	14.2	2,476	-
		<u><b>7,400</b></u>	<u><b>-</b></u>
		<b>7,400</b>	<b>632</b>
<b>14.1 Clearing accounts</b>			
Salary payables		27	91
Housing Guarantees		2	-
		<u><b>29</b></u>	<u><b>91</b></u>
<b>14.2 Other payables</b>			
Receivable income		77	75
Receivable interest		236	229
Monies held in trust		2,163	-
		<u><b>2,476</b></u>	<u><b>304</b></u>

**DEPARTMENT OF FINANCE AND ECONOMIC AFFAIRS**  
**VOTE 3**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 March 2005**

<b>15. Reconciliation of net cash flow from operating activities to surplus/(deficit)</b>	<b>2004/05 R'000</b>
Net surplus as per Statement of Financial Performance	716,995
(Increase) in receivables – current	(4,911)
Increase in payables – current	6,768
Surrenders	(623,617)
Capital expenditure	20,648
<b>Net cash flow generated by operating activities</b>	<b><u>115,883</u></b>

<b>16. Appropriated funds and departmental revenue surrendered</b>	<b>2004/05 R'000</b>	<b>Restated 2003/04 R'000</b>
Appropriated funds surrendered	(110,211)	(9,838)
Departmental revenue surrendered	(513,406)	(575,697)
	<b><u>(623,617)</u></b>	<b><u>(585,535)</u></b>

**17. Investments**

Investments in controlled entities	<b>1,352,450</b>	<b>726,210</b>
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Investments in controlled entities are disclosed at cost and represent the investment in Blue IQ Investment Holdings (Pty) Ltd, a 100% controlled entity.

It has come to our attention that the Department is a joint shareholder on behalf of Blue IQ Investment Holdings (Pty) Ltd in an entity called Capstone 518 (Proprietary) Limited. This investment has not been disclosed or accounted for in the annual financial statements due to the fact that the Department disputes the legality of the investment. Forensic investigations were performed on the activities of Capstone. The findings of this investigation had not been released at the time of this report.

The Gauteng Provincial Government is defending a court case involving Capstone, which may result in a possible contingent liability.

**DEPARTMENT OF FINANCE AND ECONOMIC AFFAIRS**  
**VOTE 3**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 March 2005**

**18. Comparative Figures**

Comparative figures in the statements of financial performance and position have been restated to compensate for the following:

The unauthorised expenditure occurred because of a classification weakness in the BAS system. The expenditure was condoned by the Provincial Legislature and will be recognised as soon as the authorisation bill is passed.

Changes in the Standard Chart of Accounts classifications of items as well as the rounding of figures also impacts on the restatement of the comparative figures.

Changes are as follow:

<b>Changes in the statement of financial performance</b>			
<b>Item</b>	<b>Audited amount</b>	<b>Adjustment</b>	<b>Restated amount</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
<b>Current expenditure</b>			
1. Compensation of employees	31,801	1	31,802
2. Goods and services	94,516	132,685	227,201
3. Financial transactions in assets and liabilities	519	80	599
4. Social benefits	15	(15)	-
5. Property expenses	6,221	(6,221)	-
6. Other expenses	52	(52)	-
7. Transfers and subsidies	58,700	1,058,034	1,116,734
<b>Capital expenditure</b>			
8. Transfer payments	1,181,635	(1,181,635)	-
9. Other non – financial assets	2,881	(2,881)	-
10. Net surplus for the year	626,827	14,688	641,515
<b>Changes in the statement of financial position</b>			
<b>Current assets</b>			
11. Unauthorised expenditure	-	14,684	14,684

**DEPARTMENT OF FINANCE AND ECONOMIC AFFAIRS**  
**VOTE 3**  
**DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2005**

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

		Note	2004/05 R'000	Restated 2003/04 R'000
<b>19. Contingent liabilities</b>				
Liable to	Nature			
Motor vehicle guarantees	Employees	Annex 3	-	23
Housing loan guarantees	Employees	Annex 3	537	478
Unconfirmed balances with other Departments		Annex 7	568	-
			<b>1,105</b>	<b>501</b>
The Gauteng Provincial Government is defending a court case involving two others, which had resulted in a possible contingent liability.				
<b>20. Commitments per programme</b>				
Current expenditure				
Approved and contracted			341	1,004
Approved but not yet contracted			2,000	-
			<b>2,341</b>	<b>1,004</b>
Capital expenditure				
Approved and contracted			31,500	528
Approved but not yet contracted			3,040	-
			<b>34,540</b>	<b>528</b>
<b>Total Commitments</b>			<b>36,881</b>	<b>1,532</b>

**DEPARTMENT OF FINANCE AND ECONOMIC AFFAIRS**  
**VOTE 3**  
**DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 March 2005**

			<b>2004/05</b>	<b>Restated</b>
			<b>R'000</b>	<b>2003/04</b>
				<b>R'000</b>
<b>21. Accruals</b>				
<b>Listed by economic classification</b>				
	<b>30 Days</b>	<b>30+ Days</b>	<b>Total</b>	<b>Total</b>
Goods and services	557	-	557	441
Buildings and other fixed structures	210	-	210	-
Machinery and equipment	1,778	-	1,778	-
	<b>2,545</b>	<b>-</b>	<b>2,545</b>	<b>441</b>
<b>Listed by programme level</b>				
		Note		
Management			31	-
Corporate Services			1,787	333
Provincial Treasury			302	-
Economic and Development Planning			102	108
Governance			285	-
Financial Management			38	-
			<b>2,545</b>	<b>441</b>
Confirmed balances with other Departments		Annex 7	<b>269</b>	-
<b>22. Employee benefits</b>				
Leave entitlement			2,273	2,248
Thirteenth cheque			1,912	1,429
Performance bonus			382	-
			<b>4,567</b>	<b>3,677</b>

**DEPARTMENT OF FINANCE AND ECONOMIC AFFAIRS**  
**VOTE 3**  
**DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 March 2005**

**23. Lease Commitments**

<b>23.1 Operating leases</b>	<b>Buildings and other fixed structures</b>	<b>Machinery and equipment</b>	<b>Total</b>	<b>Total</b>
Not later than 1 year	8,079	470	8,549	6,869
Later than 1 year and not later than 3 years	128	273	401	6,233
Later than three years	-	-	-	1,972
	<b>8,207</b>	<b>743</b>	<b>8,950</b>	<b>15,074</b>

**24. Irregular expenditure**

**24.1 Reconciliation of irregular expenditure**

Opening balance	-	430
Irregular expenditure – current year	1,176	1,467
Transfer to Statement of Financial Performance – authorised losses (Condoned)	-	(430)
Transfer to receivables for recovery (Not condoned)	(1,176)	(1,467)
Irregular expenditure to be condoned	-	-

**Analysis**

Current	1,176	1,467
Prior years	1,467	-
	<b>2,643</b>	<b>1,467</b>

**24.2 Irregular expenditure**

<b>Incident</b>	<b>Disciplinary steps taken/criminal proceedings</b>	
Damaged GG Vehicles	Cases to be finalized in 2005.	73
Petty cash losses	Disciplinary steps not yet finalised	24
Ex – Political Office Bearers medical aid contributions	An investigation was launched to determine which department is responsible for payment	1,467
Telkom erroneous payments	An error occurred on the departmental invoice for March 2005. A claim was lodged with the GSSC for reimbursement.	1,079
		<b>2,643</b>

**DEPARTMENT OF FINANCE AND ECONOMIC AFFAIRS**  
**VOTE 3**  
**DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 March 2005**

	<b>2004/05</b>	<b>Restated 2003/04</b>
	<b>R'000</b>	<b>R'000</b>
<b>25 Senior management personnel</b>		
Member of the Executive Council	785	701
Head of the Department	787	848
Director General	846	-
Deputy Director Generals (4)	2,549	630
Chief Directors (6)	2,639	3,501
Directors (17)	7,547	5,176
	15,153	10,856

Compensation to senior management is total cost to the Department

**26 Related party transactions**

Except for the parties as disclosed in annexure 1 to 7 the Department has not identified any parties with whom transacted that may significantly influence the Department or may have control over the Department.

**27 Events after reporting date**

The Department has appointed Bombela Consortium as the successful bidder on the Gautrain project in July 2005. The announcement, as well as any contractual obligations that stem from it, hold no significant or financial impact on the annual financial statements of the year under review. These are recognised in the financial year that the bid was awarded, the 2005/06 financial year.

**DEPARTMENT OF FINANCE AND ECONOMIC AFFAIRS**  
**VOTE 3**  
**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2005**

**ANNEXURE 1A**  
**STATEMENT OF CONDITIONAL GRANTS RECEIVED**

NAME OF DEPARTMENT	GRANT ALLOCATION				SPENT			2003/04	2003/04
	Division of Revenue Act	Roll Over	Adjustments estimate	Total Available	Amount received by department	Amount spent by department	% Of available funds spent by department	Adjustments estimate	Amount spent by department
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Department of Health	-	-	250	250	250	234	93.6%	750	-
	-	-	250	250	250	234	93.6%	750	-

DEPARTMENT OF FINANCE AND ECONOMIC AFFAIRS  
VOTE 3  
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
for the year ended 31 March 2005

ANNEXURE 1B  
STATEMENT OF CONDITIONAL GRANT PAID TO DEPARTMENTS

NAME OF DEPARTMENT	GRANT ALLOCATION				TRANSFER		SPENT			2003/04
	Division of Revenue Act	Roll Over	DORA Adjustments	Total Available	Actual Transfer	% Of Available funds Transferred	Amount received by department	Amount spent by department	% Of available funds spent by department	
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	
Department of Education	2,417	-	-	2,417	2,417	100%	2,417	2,417	100%	-
	2,417	-	-	2,417	2,417	100%	2,417	2,417	100%	-

**DEPARTMENT OF FINANCE AND ECONOMIC AFFAIRS**  
**VOTE 3**  
**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 March 2005**

**ANNEXURE 1C**  
**STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES**

MUNICIPALITY	GRANT ALLOCATION				TRANSFER		SPENT			2003/04
	Division of Revenue Act	Roll Over	DORA Adjustments	Total Available	Actual Transfer	% Of Available funds Transferred	Amount received by municipality	Amount spent by municipality	% Of available funds spent by municipality	Division of Revenue Act
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
Greater Johannesburg Metropolitan Council	-	-	-	-	74	100%	74	74	100%	15
Ekhuruleni Metropolitan Council	-	-	-	-	-	-	-	-	-	28,553
West Rand Municipality	-	-	14,310	-	11,000	76.87%	11,000	11,000	0%	-
	-	-	14,310	-	11,074		11,074	11,074		28,568

**DEPARTMENT OF FINANCE AND ECONOMIC AFFAIRS**  
**VOTE 3**  
**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 March 2005**

**ANNEXURE 1D**  
**STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS**

AGENCY/ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2003/04
	Appropriation Act	Roll Over	Adjustments	Total Available	Actual Transfer	% Of Available funds Transferred	
	R'000	R'000	R'000	R'000	R'000	%	
Gauteng Economic Development Agency	31,000	-	-	31,000	31,000	100%	31,000
Gauteng Tourism Agency	37,000	-	-	37,000	37,000	100%	28,200
Gauteng Film Office	5,900	-	-	5,900	5,900	100%	-
Gauteng Liquor Board	-	-	-	-	-	-	15,000
Gaumac	9,000	-	-	9,000	9,000	100%	-
SME Agency	20,000	-	-	20,000	-	0%	-
Cradle of Humankind	26,841	-	-	26,841	26,841	100%	163,728
Dinokeng	27,116	-	-	27,116	27,116	100%	10,641
Gautrain	244,700	-	-	244,700	26	0%	159,004
	<b>401,557</b>	<b>-</b>	<b>-</b>	<b>401,557</b>	<b>136,883</b>	<b>34%</b>	<b>407,573</b>

The funds for the Gautrain project do not get transferred, as the project is a part business unit of the programme Special Projects in the Department. The Department pays all expenses directly. The R26, 000.00 is regional council levy payments classified as transfers and subsidies: municipalities. An amount of R165, 000.00 was spent on the Gautrain project for consultancy fees.

DEPARTMENT OF FINANCE AND ECONOMIC AFFAIRS  
VOTE 3  
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
for the year ended 31 March 2005

ANNEXURE 1E  
STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

NAME OF PUBLIC CORPORATION/PRIVATE ENTERPRISE	TRANSFER ALLOCATION				TRANSFER			2003/04
	Appropriation Act	Roll Over	Adjustments	Total Available	Actual Transfer	Available funds Transferred	Capital	
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Private Enterprises Transfers								
Blue IQ Investment Holdings (Pty) Ltd	626,240	-	-	626,240	626,240	100%	626,240	976,146
TOTAL	626,240	-	-	626,240	626,240	100%	626,240	976,146

DEPARTMENT OF FINANCE AND ECONOMIC AFFAIRS  
VOTE 3  
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (continued)  
for the year ended 31 March 2005

ANNEXURE 2A  
STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO ENTITIES AS AT 31 MARCH 2005

Name of Public Entities	Nature of business	Relevant Act	State Entity's PFMA Schedule type (schedule) year end if not 31 March	% Held 03/04	% Held 04/05	Number of shares		Cost of investment		Profit/(Loss) for the year		Are the losses Guaranteed
						04/05	03/04	04/05	03/04	04/05	03/04	
												Yes/No
Controlled entities												
Blue IQ Investment Holding (Pty) Ltd	Investment in infrastructure	Blue IQ Investment Holding (Pty) Ltd Act, 2003	Schedule 3C N/a	100%	100%	100	100	1,352,450	726,210	(35,199)	3,168	Yes
TOTAL						100	100	1,352,450	726,210	(35,199)	3,168	

**DEPARTMENT OF FINANCE AND ECONOMIC AFFAIRS**  
**VOTE 3**  
**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 March 2005**

**ANNEXURE 2B**  
**STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO ENTITIES AS AT 31 MARCH 2005 (CONTINUED)**

Name of Public Entities	Cost of investment		Amounts owing to		Amounts owing by		Valuation of investment	
	04/05	03/04	04/05	03/04	04/05	03/04	04/05	03/04
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Controlled entities								
Blue IQ Investment Holding (Pty) Ltd	-	-	3,627	-	-	-	1,352,450	726,210
<b>TOTAL</b>	-	-	<b>3,627</b>	-	-	-	<b>1,352,450</b>	<b>726,210</b>

**DEPARTMENT OF FINANCE AND ECONOMIC AFFAIRS**  
**VOTE 3**  
**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 March 2005**

**ANNEXURE 3**  
**STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2005 – LOCAL**

<b>Guarantor institution</b>	<b>Guarantee in respect of</b>	<b>Original guaranteed capital amount</b> R'000	<b>Opening balance</b> 1 April 2004 R'000	<b>Guarantees issued</b> During the year R'000	<b>Guarantees released</b> during the year R'000	<b>Guaranteed interest for</b> year ended 31 March 2005 R'000	<b>Closing balance</b> 31 March 2005 R'000	<b>Realised losses i.e. claims paid out</b> R'000
Standard Bank	Motor vehicles	185	23	-	23	-	-	-
ABSA	Housing	304	51	-	-	-	51	-
Peoples Bank	Housing	284	79	-	-	-	79	-
First Rand Bank	Housing	263	66	-	-	-	66	-
Standard Bank	Housing	285	81	59	-	-	140	-
B.O.E	Housing	469	78	-	-	-	78	-
African Bank	Housing	88	16	-	-	-	16	-
Nedbank	Housing	755	107	-	-	-	107	-
<b>Total</b>		<b>2,633</b>	<b>501</b>	<b>59</b>	<b>23</b>	<b>-</b>	<b>537</b>	<b>-</b>

**DEPARTMENT OF FINANCE AND ECONOMIC AFFAIRS**  
**VOTE 3**  
**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2005**

**ANNEXURE 4****PHYSICAL ASSET MOVEMENT SCHEDULE FOR THE YEAR ENDED 31 March 2005**

	<b>Additions</b>	<b>Disposals</b>	<b>Transfers in</b>	<b>Transfers out</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	<b>16,000</b>	-	-	-
Capital work in progress	16,000	-	-	-
Non – residential dwellings	-	-	-	-
<b>MACHINERY AND EQUIPMENT</b>	<b>4,636</b>	-	-	-
Computer equipment	3,052	-	-	-
Furniture and office equipment	1,564	-	-	-
Other machinery and equipment	20	-	-	-
Transport assets	-	-	-	-
	<b>20,636</b>	-	-	-

**PHYSICAL ASSET MOVEMENT SCHEDULE FOR THE YEAR ENDED 31 March 2004**

	<b>Additions</b>	<b>Disposals</b>	<b>Transfers in</b>	<b>Transfers out</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
<b>BUILDINGS AND OTHER FIXED STRUCTURES</b>	-	-	-	-
Non-residential buildings	-	-	-	-
<b>MACHINERY AND EQUIPMENT</b>	<b>367</b>	-	<b>179</b>	-
Computer equipment	312	-	-	-
Furniture and office equipment	31	-	-	-
Other machinery and equipment	24	-	179	-
Transport assets	-	-	-	-
	<b>367</b>	-	<b>179</b>	-

Capital work – in – progress represent the refurbishment of the building that was acquired in the financial year ended 31 March 2004. Funds were rolled forward for the completion of the building as no budget was made available in the 2005/2006 financial year.

**DEPARTMENT OF FINANCE AND ECONOMIC AFFAIRS**  
**VOTE 3**  
**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 March 2005**

**ANNEXURE 5**  
**SOFTWARE AND OTHER INTANGIBLE ASSETS MOVEMENT SCHEDULE AS AT 31 March 2005**

	<b>Additions</b>	<b>Disposals</b>	<b>Transfers in</b>	<b>Transfers out</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
Computer software	12	-	-	-
	<b>12</b>	<b>-</b>	<b>-</b>	<b>-</b>

**SOFTWARE AND OTHER INTANGIBLE ASSETS MOVEMENT SCHEDULE AS AT**  
**31 March 2004**

	<b>Additions</b>	<b>Disposals</b>	<b>Transfers in</b>	<b>Transfers out</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
Computer software		-	-	-
		-	-	-

**DEPARTMENT OF FINANCE AND ECONOMIC AFFAIRS**  
**VOTE 3**  
**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 March 2005**

**ANNEXURE 6**  
**INTER-GOVERNMENT RECEIVABLES**

<b>GOVERNMENT ENTITY</b>	<b>Confirmed balance outstanding</b>		<b>Unconfirmed balance outstanding</b>	
	<b>31/03/2005 R'000</b>	<b>31/03/2004 R'000</b>	<b>31/03/2005 R'000</b>	<b>31/03/2004 R'000</b>
<b>Departments</b>				
Department of Local Government	7,067	-	-	-
Transport, Roads and Public Works	-	31	-	-
	<b>7,067</b>	<b>31</b>	<b>-</b>	<b>-</b>
<b>Other government entities</b>				
Gauteng Liquor Board	-	3,371	-	-
	<b>-</b>	<b>3,371</b>	<b>-</b>	<b>-</b>
<b>TOTAL</b>	<b>7,067</b>	<b>3,402</b>	<b>-</b>	<b>-</b>

**DEPARTMENT OF FINANCE AND ECONOMIC AFFAIRS**  
**VOTE 3**  
**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 March 2005**

**ANNEXURE 7**  
**INTER-GOVERNMENT PAYABLES**

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding	
	31/03/2005 R'000	31/03/2004 R'000	31/03/2005 R'000	31/03/2004 R'000
<b>Department</b> Amounts included in Statement of financial position				
<b>Current</b>				
Blue IQ Investment Holdings (Pty) Ltd	3,627	-	-	-
Dinokeng	-	-	541	-
Gauteng Liquor Board	218	-	-	-
<b>Total</b>	<b>3,845</b>	<b>-</b>	<b>541</b>	<b>-</b>

<b>Other government entities</b> Amounts included in Statement of financial position				
Current				
Transport, Roads and Public Works	-	-	309	37
National Department of Justice	159	-	41	200
<b>Total</b>	<b>159</b>	<b>-</b>	<b>350</b>	<b>237</b>

<b>Total</b>	<b>4004</b>	<b>-</b>	<b>891</b>	<b>237</b>
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**DEPARTMENT OF FINANCE AND ECONOMIC AFFAIRS**  
**VOTE 3**  
**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (continued)**  
**for the year ended 31 March 2005**

**ANNEXURE 7**  
**INTER-GOVERNMENT PAYABLES**

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding	
	31/03/2005 R'000	31/03/2004 R'000	31/03/2005 R'000	31/03/2004 R'000
<b>Department</b> Amounts not included in Statement of financial position				
<b>Current</b>				
Public Transport Roads and Works	-	-	528	-
Department of Justice	-	-	40	-
<b>Total</b>	-	-	<b>568</b>	-

<b>Other government entities</b> Amounts not included in Statement of financial position				
<b>Current</b>				
Gauteng Film Office	269	-	-	-
<b>Total</b>	<b>269</b>	-	-	-

<b>Total</b>	<b>269</b>	-	<b>568</b>	-
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# Financial Report



Annual Financial Statements  
for the  
Gauteng Liquor Board  
for the year ended 31 March 2005

Effective  
Internal  
Control and  
Risk  
Management



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**Gauteng Liquor Board  
Statement of Responsibility  
for the year ended 31 March 2005**

The Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA), as amended requires the accounting authority to ensure that the Gauteng Liquor Board keeps full and proper records of its financial affairs. The annual financial statements should fairly present the state of affairs of the Gauteng Liquor Board, its financial results, its performance against predetermined objectives and its financial position at the end of the year in terms of Generally Accepted Accounting Practice.

The annual financial statements are the responsibility of the accounting authority. The external auditors are responsible for independently auditing and reporting on the financial statements. The office of the Auditor – General has audited the entity's financial statements and the Auditor – General's report appears on page 193.

The annual financial statements have been prepared in accordance with Statements of Generally Accepted Accounting Practice and the PFMA. These annual financial statements are based on appropriate accounting policies, supported by reasonable and prudent judgements and estimates.

The accounting authority has reviewed the entity's budgets and cash flow forecasts for the year ended 31 March 2005. On the basis of the review and in view of the current financial position, the accounting authority has every reason to believe that the entity will be a going concern in the year ahead and has continued to adopt the going concern basis in preparing the financial statements.

To enable the accounting authority to meet the above responsibilities, the accounting authority sets standards and implements systems of internal control and risk management that are designed to provide reasonable, but not absolute assurance against material misstatements and losses. The entity maintains internal financial controls to provide assurance regarding:

The safeguarding of assets against unauthorised use or disposition. The maintenance of proper accounting records and the reliability of financial information used within the business or for publication.

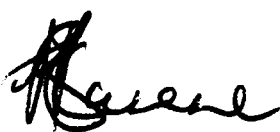
The controls contain self – monitoring mechanisms and actions are taken to correct deficiencies as they are identified. Even an effective system of internal control, no matter how well designed, has inherent limitations including the possibility of circumvention or the overriding of controls. An effective system of internal control therefore aims to provide reasonable assurance with respect to the reliability of financial information and, in particular, financial statement presentation. Furthermore, because of changes in conditions, the effectiveness of internal financial controls may vary over time.

The accounting authority has reviewed the entity's systems of internal control and risk management for the period from 31 March 2005 to 31 May 2005. The accounting authority is of the opinion that the entity's systems of internal control and risk management were effective for the period under review.

**Gauteng Liquor Board  
Statement of Responsibility (continued)  
for the year ended 31 March 2005**

In the opinion of the accounting authority, based on the information available to date, the annual financial statements fairly present the financial position of the Gauteng Liquor Board at 31 March 2005 and the results of its operations and cash flow information for the year.

The annual financial statements for the year ended 31 March 2005 set out on pages 200 to 212 were submitted for auditing on 31 May 2005 and approved by the accounting authority in terms of section 55(c)(i) of the Public Finance Management Act, 1999 (Act No. 1 of 1999) as amended and are signed on its behalf by:



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**B. Kunene**  
**Head of Department**  
**Date 22 August 2005**

## **REPORT OF THE AUDITOR-GENERAL TO THE GAUTENG PROVINCIAL LEGISLATURE ON THE FINANCIAL STATEMENTS OF THE GAUTENG LIQUOR BOARD (GLB) FOR THE YEAR ENDED 31 MARCH 2005**

### **1. Audit assignment**

The financial statements as set out on pages 200 to 212 for the year ended 31 March 2005, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 180 of 1996), read with sections 4 and 20 of the Public Audit Act, 2004 (Act No. 25 of 2004). These financial statements, the maintenance of the effective control measures and compliance with relevant laws and regulations are the responsibility of the accounting authority. My responsibility is to express an opinion on these financial statements, based on the audit.

### **2. Nature and scope**

The audit was conducted in accordance with Statements of South African Auditing Standards. Those standards require that I plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit includes:

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

Furthermore, an audit includes an examination, on a test basis, of evidence supporting compliance in all material respects with the relevant laws and regulations which came to my attention and are applicable to financial matters.

The audit was completed in accordance with Auditor-General Directive No. 1 of 2005.

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

### **3. Qualification**

#### **3.1 Asset management**

(a) Fixed assets of R3 477 000 were acquired during the year as disclosed in note 4 to the financial statements. Invoices supporting these acquisitions were submitted to the audit late, and therefore the existence of these assets could not be verified.

(b) The fixed asset register did not agree to the cost of fixed assets disclosed in the annual financial statements.

#### **3.2 Revenue**

Revenue of R11 924 000 disclosed in the income statement represented license fees, fines and penalties paid to the South African Revenue Service (SARS) by approved licences for the Gauteng Liquor Board. This revenue is paid over to the Gauteng Liquor Board by SARS via the Department of Finance and Economic Affairs (DFEA).

The completeness of revenue could not be accurately determined, as the Gauteng Liquor Board did not monitor revenue monthly, based on licences approved. Reconciliations between the amounts paid by SARS to the DFEA and that paid to the Gauteng Liquor Board were not prepared monthly.

#### 4. **Qualified audit opinion**

In my opinion, except for the effect on the financial statements of the matters referred to in paragraph 3, the financial statements fairly present, in all material respects, the financial position of the Gauteng Liquor Board at 31 March 2005 and the results of its operations and cash flows for the year then ended in accordance with South African Statements of Generally Acceptable Accounting Practice and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) as amended.

#### 5. **Emphasis of matter**

Without further qualifying the audit expressed above, attention is drawn to the following matters:

##### 5.1 **Late completion of the audit**

Section 40 of the Public Finance Management Act, 1999 (Act No. 1 of 1999) prescribes the accounting officers' responsibilities whilst section 40(2) requires that the Auditor-General must audit the financial statements and submit an audit report on those statements to the accounting officer within two months of receipt of the statement. The audit was completed late.

##### 5.2 **Accounting for transactions in the GLB**

The Gauteng Liquor Board did not have its own accounting system, and all transactions relating to the entity were accounted for by the DFEA on the Basic Accounting System (BAS).

##### 5.3 **Information systems audit of the general computer controls surrounding the Information Technology (IT) Environment**

The IT environment was supported by transversal and departmental specific, general and application controls. Arising from the IT audit, significant findings were identified which were reported in detail in the audit report of the DFEA, which had an impact on the Gauteng Liquor Board.

In addition, various weaknesses were identified in the acquisition and implementation of the new Liquor system.

#### 6 **Appreciation**

The assistance rendered by the staff of the Gauteng Liquor Board during the audit is sincerely appreciated.



**I Vanker for Auditor-General  
Johannesburg  
22 August 2005**



AUDITOR - GENERAL

**GAUTENG PROVINCIAL GOVERNMENT**  
**Gauteng Liquor Board**  
**Report of the Audit Committee – Cluster 1**

We are pleased to present our report for the financial year ended 31 March 2005.

**Audit Committee Members and Attendance:**

The Audit Committee consists of the members listed hereunder and meets a minimum of two times per annum per its approved terms of reference. During the current year, meetings were held on 5 occasions in terms of the charter. Meetings were held on the following dates: 02 April 2004, 28 June 2004, 25 August 2004, November 2004, and 10 March 2005.

Name of Member	Number of Meetings Attended
Dr Len Konar (Chairperson) – External	5
Mr Dave Hensman – External	5
Ms Bulelwa Soci – External	2
Dr Patricia Elizabeth Hanekom	2
Dr Steven Cornelius	3
Mr Pradeep Maharaj	1
Ms Bongiwe Kunene	2
Mr Oupa Seabi	1
Mr Bheki Sibeko	2

**Audit Committee Responsibility**

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, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

**The effectiveness of internal control**

The system of internal control is partially effective as the various reports of the internal auditors, the audit report on the annual financial statements, the audit report qualification, the matters of emphasis and management letter of the Auditor-General which has reported certain matters of non-compliance with prescribed policies and procedures. An ongoing risk assessment has been performed during the financial year under review.

The quality of the In Year Management and Monthly Reports submitted in terms of the Public Finance Management Act and the Division of Revenue Act.

The Committee is partially satisfied with the content and quality of monthly and quarterly reports prepared and issued by the Accounting Officer and the Department during the year under review.

**GAUTENG PROVINCIAL GOVERNMENT**  
**Gauteng Liquor Board**  
**Report of the Audit Committee – Cluster 1 (continued)**

**Evaluation of Financial Statements**

The Audit Committee has:

- Reviewed and discussed with the Auditor-General and the Accounting Officer the audited annual financial statements to be included in the annual report;
- Reviewed the Auditor-General's management letter and noted the significant issues raised;
- Reviewed adjustments made resulting from the audit.

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

***Dr Len Konar***

**Chairperson of the Audit Committee**

**Date: 22 August 2005**

**Gauteng Liquor Board  
Report to the Accounting Authority  
for the year ended 31 March 2005**

1. Introduction

The Liquor Licensing mandate is derived from the Gauteng Liquor Act, 2003 (Act No. 2 of 2003) and the National Liquor Act, 2003 (Act No. 52 of 2003). The entity is responsible for ensuring operational excellence of the liquor industry through regulation, thereby creating a conducive environment for economic growth and development.

2. Business Authorities

2.1 Legislation

The Gauteng Liquor Board (the Board) and administration section therefore derives its mandate from the Gauteng Liquor Act, 2003, refer to hereafter as the Act. The processing of licence applications is handled in line with the Act and other applicable regulations.

2.2 Activities of the Liquor Board

The Board comprises of three sub directorates namely:

1. The Compliance unit
2. The Secretariat unit
3. The Administration unit.

The purpose of the Board is to regulate the retail and micro manufacturing liquor industry.

The Board has members that were appointed as board members. The board members are there to ensure compliance to the Act and do not perform a governance role, which remains the responsibility of the Accounting Officer of the Department of Finance and Economic Affairs (Department).

The Board has three sub directorates which are responsible for the following:

1. The Administration unit is responsible for the processing of licence applications as well as to educate the public on the adverse socio-economic effects of alcohol abuse.
2. The Secretariat in terms of Section 12 (1) of the Gauteng Liquor Act, 2003 - staffing of the Board – is at the disposal of the Board under the provision of the Public Service Act, 1994. The secretariat provides an administrative service to the Board and ensures that legal action against the Board is attended to.
3. The Compliance unit conducts inspections and investigations to monitor compliance and also highlights contraventions to the Act. This section also reports, or recommends to the Board - punitive measures to be taken in the cases where contraventions have been established.

2.3 Capacity Building

In line with the restructuring of the Department in 2004, the Gauteng Liquor Board was also restructured to be in line with the mandates of the Department. Capacity building for the six regional offices was identified and increased to cater for added responsibilities as identified in the Act.

**Gauteng Liquor Board  
Report to the Accounting Authority (continued)  
for the year ended 31 March 2005**

3. New Developments

A detailed business plan was developed in November 2004, to guide and inform on a more uniform basis the processes to be followed in the implementation.

The Board received more than 16,000 shebeen permit applications during the year under review. About 4,000 permits were issued and the local committees, the metros, and districts are considering other applications. This intervention has increased productivity levels.

The Liquor Licensing Office is participating in the roving EXCOs and the annual Rand Show to create awareness of the existence of the Board and the new Gauteng Liquor Act 2003 and regulations.

4. Challenges

The unit has identified that more education programmes are needed by the public to create awareness, and compliance around the Act. The Department is considering amongst other alternatives, professional services to conduct these campaigns.

As the Board is basically funding its operations, there is also pressure on it to expand its revenue resources. Although the revenue has increased from more than R6 million in the previous financial year, to more than R10 million in the year under review, this revenue is still not sufficient to sustain the Board in the medium to long term. A new yearly licensing renewal fee structure has been proposed but not yet implemented. It is anticipated that this proposed fee structure will go a long way in alleviating the challenge of increasing expenditures.

5. Corporate Governance

Corporate governance matters are addressed in the Report of the Accounting Officer of the Department of Finance and Economic Affairs.

6. Events subsequent to the Balance Sheet Date

The National Liquor Act has been passed, and therefore there was a need to revise the Gauteng Liquor Act no. 2 of 2003. These amendments were done in April 2005. Recommendations regarding amendments to the Act have been tabled before the State Law Advisor.

The change in legislation will have an impact on the regulation of the liquor trade but it should not have material implications on the Board as a going concern.

The Board is in the process of implementing a licensing system that will calculate the revenue accrued from license fees and other income such as fines and forfeitures. The implementation of this system will assist in the estimation of revenue accrued, its timing and amount.

**Gauteng Liquor Board  
Report to the Accounting Authority (continued)  
for the year ended 31 March 2005**

7. Approval of Annual Financial Statements

The annual financial statements, set out on pages 200 to 212 for the Gauteng Liquor Board for the financial year ended 31 March 2005 are hereby approved.



**B. Kunene**  
**Head of Department**  
**Department of Finance and Economic Affairs (GP)**  
**Date: 22 August 2005**

**Gauteng Liquor Board  
Income Statement  
for the year ended 31 March 2005**

		<b>2005</b>	<b>Restated 2004</b>
	<b>Notes</b>	<b>R'000</b>	<b>R'000</b>
Revenue	2	11,924	10,881
Gross profit		11,924	10,881
Deferred income – government grants	14	6,187	-
		18,111	10,881
Administrative expenses		(4,817)	(1,801)
Staff costs		(9,244)	(3,189)
Other operating expenses		(4,050)	(4,936)
<b>Net profit for the year</b>	<b>3</b>	<b>-</b>	<b>955</b>

**Gauteng Liquor Board  
Balance Sheet  
as at 31 March 2005**

	Notes	2005 R'000	Restated 2004 R'000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	4	4,412	1,734
<b>Current assets</b>			
Trade and other receivables	5	14,114	26,351
Cash and cash equivalents	7	2,563	509
		11,551	25,842
<b>TOTAL ASSETS</b>		<b>18,526</b>	<b>28,085</b>
<b>EQUITY AND LIABILITIES</b>			
Capital and reserves		9,713	9,713
<b>Current liabilities</b>			
Trade and other payables	6	8,813	18,372
Deferred income – government grants	14	-	3,372
		8,813	15,000
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>18,526</b>	<b>28,085</b>

**Gauteng Liquor Board  
Statement of Changes in Equity  
for the year ended 31 March 2005**

**Capital and Reserves  
R'000**

<b>Balance at 1 April 2003</b>	8,758
Net profit for the year	955
<b>Balance at 1 April 2004</b>	9,713
Net profit for the year	-
<b>Balance at 31 March 2005</b>	9,713

**Gauteng Liquor Board  
Cash Flow Statement  
for the year ended 31 March 2005**

	<b>Notes</b>	<b>2005 R'000</b>	<b>Restated 2004 R'000</b>
<b>Operating activities</b>			
Cash (utilised in)/generated from operations	8	(4,627)	4,097
<b>Investing activities</b>			
Net cash used in investing activities	8	(3,477)	(2,299)
<b>Financing activities</b>			
Net (decrease)/increase in deferred revenue – government grants	8	(6,187)	15,000
<b>Net (decrease)/increase in cash and cash equivalents</b>		(14,291)	16,798
Cash and cash equivalents at the beginning of the year		25,842	9,044
<b>Cash and cash equivalents at end of the year</b>		<b>11,551</b>	<b>25,842</b>

**Gauteng Liquor Board  
Accounting Policies  
for the year ended 31 March 2005**

**1. Summary of Significant Accounting Policies**

The Annual Financial Statements have been prepared in accordance with Statements of Generally Accepted Accounting Practice and the Public Finance Management Act, 1999 (Act No. 1 of 1999) as amended.

The following are the principal accounting policies of the entity which are, in all material respects, consistent with those applied in the previous year, except as otherwise indicated:

**1.1 Basis of preparation**

The financial statements have been prepared on the historical cost basis, unless otherwise indicated.

**1.2 Currency**

These financial statements are presented in South African Rand since the Gauteng Liquor Board is a South African entity and trading in South Africa.

**1.3 Revenue recognition**

Revenue comprises income received in respect of liquor licence fees and fines, penalties and forfeits.

**1.4 Irregular and fruitless and wasteful expenditure**

Irregular expenditure means expenditure incurred in contravention of, or not in accordance with, a requirement of any applicable legislation, including:

1. The PFMA, or
2. Any provincial legislation providing for procurement procedures in that provincial government.

Fruitless and wasteful expenditure means expenditure that was made in vain and would have been avoided had reasonable care been exercised. All irregular and fruitless and wasteful expenditure is charged against income in the period in which they are incurred.

**Gauteng Liquor Board  
Accounting Policies (continued)  
for the year ended 31 March 2005**

### **1.5 Property, plant and equipment**

Other property, plant and equipment

Other items of property, plant and equipment are stated at cost less accumulated depreciation. Assets of a value less than R1, 000 are expensed in the year that they are acquired.

Depreciation is charged so as to write off the cost or valuation of assets, over their estimated useful lives, using the straight-line method, on the following bases:

Computer Equipment	33, 33%
Office Furniture and Fittings	16, 67%

The gain or loss arising from the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

### **1.6 Impairment**

At each balance sheet date, the entity reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets may be impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount for an individual asset, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. Impairment losses are immediately recognised as an expense, unless the relevant asset is carried at a revalued amount under another standard, in which case the impairment loss is treated as a revaluation decrease under the standard.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount under another standard, in which case the reversal of the impairment loss is treated as a revaluation increase under that other standard.

**Gauteng Liquor Board  
Accounting Policies (continued)  
for the year ended 31 March 2005**

## **1.7 Leasing**

Finance leases as per the Treasury Regulations refers to a contract that transfers the risks, rewards, rights and obligations incident to ownership to the lessee and is recorded as a purchase of equipment by means of long-term borrowing. All other leases are classified as operating leases.

### **The Board as a lessee**

Assets held under finance leases are recognised as assets of the entity at their fair value at the date of acquisition. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Finance costs, which represent the difference between the total leasing commitments and the fair value of the assets acquired, are charged to the income statement over the term of the relevant lease so as to produce a constant periodic rate of interest on the remaining balance of the obligations for each accounting period.

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease.

## **1.8 Financial instruments**

### Recognition

Financial assets and financial liabilities are recognised on the entity balance sheet when the entity becomes a party to the contractual provisions of the instrument.

### Measurement

Financial instruments are initially measured at cost, which includes transaction costs. Subsequent to initial recognition these instruments are measured as set out below.

### Financial assets

The Board's principal financial assets are accounts receivable and cash and cash equivalents.

### Trade receivables

Trade receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

### Financial liabilities

The Board's principal financial liabilities are accounts payable.

### Trade payables

Trade and other payables are stated at their nominal value.

**Gauteng Liquor Board  
Accounting Policies (continued)  
for the year ended 31 March 2005**

### **1.9 Provisions**

Provisions are recognised when the entity has a present obligation as a result of a past event and it is probable that this will result in an outflow of economic benefits that can be estimated reliably.

### **1.10 Government grants**

This is a grant related to income and is recognised as income over the periods necessary to match the grant with related costs. Such grants are intended to be distributed on a systematic basis.

### **1.11 Contribution Plan**

The trading account provides retirement benefits for certain of its employees through a defined benefit plan for government employees. These benefits are funded by both employer and employee contributions. Employer contributions to the fund are expensed when the final authorisation for payment to the fund is effected on the system. No provision is made for retirement benefits in the Annual Financial Statements of the trading entity. Any potential liabilities are disclosed in the Annual Financial Statements of the Provincial Revenue Fund and not in the Annual Financial Statements of the trading account.

### **1.12 Comparative figures**

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

**Gauteng Liquor Board**  
**Notes to the Annual Financial Statement**  
**for the year ended 31 March 2005**

	<b>2005</b>	<b>Restated</b>
	<b>R'000</b>	<b>2004</b>
		<b>R'000</b>
<b>2. REVENUE</b>		
Revenue comprises revenue received in respect of:		
Liquor licences, fines, penalties and forfeits	<b>11,924</b>	<b>10,881</b>
<b>3. NET PROFIT FROM OPERATIONS</b>		
The operating (deficit)/surplus is stated after taking the following into consideration:		
Compensation of Employees	9,244	3,187
Consultant Services	1,754	3,437
Legal Fees	679	36
Operating lease payments	729	363
Buildings	580	272
Plant, machinery and equipment	149	91
Depreciation	799	703
Computer equipment	680	594
Office equipment	119	109
Defined Pension Contribution Plan Expense	548	-
Staff Complement	61	29
The Department of Finance and Economic Affairs provide for and pay audit fees. The Board will provide for audit fees when it is fully functional as a public entity with its appointed auditor.		
<b>4. Property, plant and equipment</b>		
Opening net carrying amount	1,734	138
Gross carrying amount	2,437	138
Accumulated depreciation	(703)	-
Additions	3,477	2,299
Depreciation charge	(799)	(703)
Net carrying amount 31 March	<b>4,412</b>	<b>1,734</b>
<b>4.1 Computer equipment and peripherals</b>		
Opening net carrying amount	1,187	138
Gross carrying amount	1,781	138
Accumulated depreciation	(594)	-
Additions	3,417	1,643
Depreciation charge	(680)	(594)
Net carrying amount 31 March	<b>3,924</b>	<b>1,187</b>

**Gauteng Liquor Board**  
**Notes to the Annual Financial Statement (continued)**  
**for the year ended 31 March 2005**

	<b>2005</b>	<b>Restated</b>
	<b>R'000</b>	<b>2004</b>
		<b>R'000</b>
<b>4.2 Office furniture and fittings</b>		
Opening net carrying amount	547	-
Gross carrying amount	656	-
Accumulated depreciation	(109)	
Additions	60	656
Depreciation charge	(119)	(109)
<b>Net carrying amount 31 March</b>	<b>488</b>	<b>547</b>
<b>5. Trade and other receivables</b>		
Department of Finance and Economic Affairs	218	-
South African Revenue Services	2,345	509
	<b>2,563</b>	<b>509</b>
<b>6. Trade and other payables</b>		
Department of Finance and Economic Affairs	-	<b>3,372</b>
<b>7. Cash and cash equivalents</b>		
Cash at bank	<b>11,551</b>	<b>25,842</b>

Cash and cash equivalents comprise monies held with registered banking institutions and that are subject to insignificant interest rate risk. The carrying amount of these assets approximates to their fair value.

As required in section 7(2) and 7(3) of the Public Finance Management Act, the National Treasury has approved the local bank where the bank account is held.

**Gauteng Liquor Board**  
**Notes to the Annual Financial Statement (continued)**  
**for the year ended 31 March 2005**

	<b>2005</b>	<b>Restated</b>
	<b>R'000</b>	<b>2004</b>
		<b>R'000</b>
<b>8. Reconciliation of net loss for the year to cash utilised in Voperations</b>		
(Loss)/profit for the year	-	955
Adjusted for:		
- Depreciation on property, plant and equipment	799	703
Operating cash flows before working capital changes	799	1,658
Working capital changes	(5,426)	2,439
- (increase) in receivables	(2,054)	(509)
- (decrease) in payables	(3,372)	2,948
<b>Cash utilised in operations</b>	<b>(4,627)</b>	<b>4,097</b>
<b>Net cash from/(utilised in) investing activities</b>		
Acquisition of property, plant and equipment	(3,477)	(2,299)
<b>Cash used in investing activities</b>	<b>(3,477)</b>	<b>(2,299)</b>
<b>Net cash from/(utilised in) financing activities</b>		
Deferred revenue – government grants	(6,187)	(15,000)
<b>Cash used in investing activities</b>	<b>(6,187)</b>	<b>(15,000)</b>

**Gauteng Liquor Board**  
**Notes to the Annual Financial Statement (continued)**  
**for the year ended 31 March 2005**

<b>9. Taxation</b>	<b>2004/05 R'000</b>	<b>Restated 2003/04 R'000</b>
No tax is payable as the Gauteng Liquor Board is exempt from Income Tax in terms of section 10(1)(cA) of the Income Tax Act, 1962 (Act No. 58 of 1962).		
<b>10. Financial instruments</b>		
Financial instruments carried on the balance sheet include cash and bank balances, trade and other payables and trade and other receivables. These instruments are carried at their estimated fair value.		
<b>11. Accruals</b>		
All expenses of the Board are incurred by the Department of Finance and Economic Affairs and charged to the Board at full cost as per Treasury Regulation 19.5.2.		
<b>12. Leases</b>		
Rentals in respect of operating leases		
- Buildings	580	272
- Plant, machinery and equipment	149	91
The Department of Public Transport, Roads and Works entered into lease agreements for buildings. The Board pays a monthly rental to the Department of Public Transport, Roads and Works.		
Leases on office equipment are operating leases.		
<b>13. Remuneration of Key Management Personnel</b>		
Chief Director – Charles Morolo	534	503
Director – Mathabo Mathivha	453	401
	<b>987</b>	<b>904</b>
The amounts disclosed above are included in the compensation of employees as per note 3. above.		
<b>14. Deferred Income – Government Grants</b>		
Opening balance	15,000	-
Government grant received	-	15,000
Government grant utilised	(6,187)	-
	<b>8,813</b>	<b>15,000</b>

**Gauteng Liquor Board**  
**Notes to the Annual Financial Statement (continued)**  
**for the year ended 31 March 2005**

**15. Restatement of Prior Year Balances**

	Effect on the income statement		Effect on the balance sheet	
	Revenue R'000	Grants and transfers R'000	Receivables R'000	Deferred income-government grant R'000
Closing balances as previously reported	6,479	15,000	-	-
Change in accounting policy:				
Accrual of revenue	509	-	509	-
Recognition of deferred income	-	(15,000)	-	15,000
	6,988	-	509	15,000

The Liquor Board has changed its accounting policy to comply with Generally Accepted Accounting Practice, where revenue is accrued and not recognised on a receipt basis as has been the practice in the past.

The Liquor Board has also correctly accounted for the grant received from the Department of Finance and Economic Affairs as a deferred grant in line with its original intention.

**16. Comparative Figures**

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

**17. Related Party Transactions**

There were related party transactions with the Department of Finance and Economic Affairs and the details are shown on note 3, 5, 6, 12 and 14.

# Gauteng Tourism Authority

## GAUTENG TOURISM AUTHORITY

Incorporated in terms of the Gauteng Tourism Act No 10 of 2001

## ANNUAL FINANCIAL STATEMENTS

31 March 2005

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## REPORT OF THE AUDITOR-GENERAL TO THE GAUTENG PROVINCIAL LEGISLATURE ON THE FINANCIAL STATEMENTS OF THE GAUTENG TOURISM AUTHORITY FOR THE YEAR ENDED 31 MARCH 2005

### 1. AUDIT ASSIGNMENT

The financial statements as set out on pages 215 to 241 for the year ended 31 March 2005 have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read with sections 4 and 20 of the Public Audit Act, 2004 (Act No. 25 of 2004). These financial statements, the maintenance of effective control measures and compliance with the relevant laws and regulations are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements based on the audit.

### 2. NATURE AND SCOPE

The audit was conducted in accordance with Statements of South African Auditing Standards. Those standards require that I plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement. An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements,
- assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Furthermore, an audit includes an examination, on a test basis, of evidence supporting compliance in all material respects with the relevant laws and regulations which came to my attention and are applicable to financial matters.

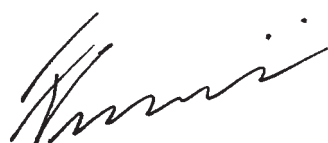
The audit was completed in accordance with Auditor-General Directive No. 1 of 2005. I believe that the audit provides a reasonable basis for my opinion.

### 3. AUDIT OPINION

In my opinion, the financial statements fairly present, in all material respects, the financial position of the Gauteng Tourism Authority at 31 March 2005 and the results of its operations and cash flows for the year then ended, in accordance with generally accepted accounting practice and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) as amended.

### 4. APPRECIATION

The assistance rendered by the staff of the Gauteng Tourism Authority during the audit is sincerely appreciated.



**I Vanker for Auditor-General**  
Johannesburg  
14 July 2005



AUDITOR - GENERAL

## GAUTENG TOURISM AUTHORITY

## REPORT OF THE ACCOUNTING OFFICER

For the year ended 31 March 2005

## 1. INTRODUCTION

The Gauteng Tourism Authority was established as an Authority as from 1 April 2000 in terms of the Gauteng Tourism Act of 1999 and took over from the Gauteng Tourism Agency, a Section 21 Company, as a going concern. The Authority received tax clearance from SARS and an application to deregister the Section 21 company is with the Registrar of Companies and confirmation of the deregistration was received.

The Gauteng Tourism Act No 10 of 2001 was promulgated on 5 February 2002, resulting in the Gauteng Tourism Authority being taken over as a going concern from the previous Agency. The Chief Executive Officer is the Accounting Authority in terms of the Public Finance Management Act No 1 of 1999.

## 2. GENERAL REVIEW OF THE STATE OF FINANCIAL AFFAIRS

The financial statements reflect the financial position of the Authority as at 31 March 2005 and the results of its operations for the year can be summarised as follows:

	<b>Actual R</b>	<b>Budget R</b>	<b>Deviation %</b>
Income: Provincial Grant	36,920,000	32,000,000	15%
Registration Fees	161,356	430,000	-62%
Interest	1,876,091	700,000	168%
Other	1,285,451	1,750,000	-27%
Contribution from accumulated surplus		6,020,000	
<b>Total revenue</b>	<b>40,242,898</b>	<b>40,900,000</b>	<b>-2%</b>
Expenditure:			
Development costs	8,808,390	10,201,000	-14%
Information / Communication cost	5,917,203	6,019,500	-2%
Marketing cost	9,463,252	9,879,790	-4%
Registration costs	1,996,018	2,324,000	-14%
CEO costs	949,140	1,000,710	-5%
Corporate Services	9,551,851	10,865,000	-12%
<b>Sub Total: Operational cost</b>	<b>36,685,854</b>	<b>40,290,000</b>	<b>-9%</b>
Capital expenditure	1,898,783	610,000	211%
<b>Total expenditure</b>	<b>38,584,637</b>	<b>40,900,000</b>	<b>-6%</b>
Net surplus for the year	<b>3,557,044</b>		

The total expenditure of R38,584,637 is R2,315,363 less than budgeted and indicates the capacity to spend the allocation from the Provincial Department of Finance and Economic Affairs, also taking into consideration that a saving of R1,732,506 on staff costs are included in the amount underspend. The net surplus for the year excludes Capital Expenditure of R1,898,783.

## GAUTENG TOURISM AUTHORITY

### REPORT OF THE ACCOUNTING OFFICER (Continued)

For the year ended 31 March 2005

The budgeted deficit of R6,020,000 as per approved Business Plan and Budget and in accordance with Treasury approval in terms of section 53(3) of the PFMA, did not materialise due to an increased subsidy of R5m received during March 2005 as well as the additional income from Interest.

## 3. BUSINESS ACTIVITIES

### 3.1 Legislation

The mandate of the Authority is based on the Gauteng Tourism Act No 10 of 2001 as from 5 February 2002. Prior to this, the Gauteng Tourism Act of 1999 was applicable. The result of this process is that all policies, procedures and the delegation of powers were revised in order to provide for the transfer of the Accounting Authority from the Board to the Chief Executive Officer.

The Public Finance Management Act No 1 of 1999 is implemented resulting in the maintaining of the following documents:

- Supply-Chain Management Policy
- Risk Policy
- Investment Policy;
- Debt Collection Policy;
- Fraud Prevention Plan;
- Asset Management Policy; and
- Materiality Framework Policy.

Compliance to the policies, procedures and applicable legislation, are strictly monitored. In order to improve on internal controls, various other policies and procedures were also put in place. An Audit Committee is functional and the internal audit service is provided by the firm Sizwe Ntsaluba vsp.

### 3.2 Governance and Management

Until 5 February 2002, the Authority was governed by a Board, appointed by the MEC for Finance and Economic Affairs. As from 5 February, the CEO became the Accounting Authority with the MEC, being the Executive Authority advised by an Advisory Committee. The Authority also have an Audit Committee and a Tender Committee. Staff was appointed according to the organogram and all the positions at senior management level are filled.

### 3.3 Planning

The planning of the Authority is done in accordance with the Annual Planning Cycle Programme. The Authority follows a strategic approach resulting in a Strategic Plan, 3 year Business Plan and 3 year MTEF Budget.

The Strategic Plan was revised, resulting in revised Business Plans. These documents guide the authority throughout the decision making process in order to meet the Authority's Vision and Mission namely:

Vision: To be the strategic leader of Tourism in Gauteng.

## GAUTENG TOURISM AUTHORITY

### REPORT OF THE ACCOUNTING OFFICER (Continued)

For the year ended 31 March 2005

Mission: To develop, promote, co-ordinate and facilitate responsible and sustainable tourism in Gauteng, to create a world class destination that attracts business visitors and all other tourists to the Province, benefits our people and contributes to economic growth.

#### 3.4 CEO's Responsibility

The CEO is responsible for monitoring the preparation and the integrity of the financial statements and related information included in this annual report.

Management has developed and continues to maintain a system of internal control. The CEO has the ultimate responsibility for the system of internal control and review its operation on a regular basis. The Internal Auditor and the Audit Committee assist in complying with this responsibility.

The internal controls include a risk-based system of internal accounting and administrative controls designed to provide reasonable assurance that assets are safeguarded and that transactions are executed and recorded in accordance with generally accepted business practices and the Authority's policies and procedures. These controls are implemented by trained, skilled personnel with an appropriate segregation of duties, are monitored by management and include a comprehensive budgeting and reporting system operating within strict deadlines and an appropriate control framework.

The financial statements are prepared in accordance with generally accepted accounting practices and incorporate responsible disclosure in line with the accounting philosophy of the Authority. The financial statements are based on appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The Authority will be a going concern in the year ahead. For this reason the going concern basis has been adopted in preparing the company's annual financial statements.

#### 3.5 Tourism Development

The total expenditure for this business unit was R8,808,390 from a total budget of R10,201,000 which is 14% under budget.

The Tourism Development Unit has the responsibility of ensuring and promoting responsible tourism practices; to stimulate and attract tourism investment to the Province and to facilitate the development of tourism infrastructure in line with the Integrated Development Plans (IDPs).

For all intents and purposes the objectives of the unit orbit around the implementation of a sound and integrated Tourism Development Strategy and the Tourism BEE Charter and scorecard. Salient components of which are:

- Ownership;
- Strategic Representation;
- Employment Equity;
- Skills Development;
- Preferential Procurement;
- Enterprise Development;

## GAUTENG TOURISM AUTHORITY

### REPORT OF THE ACCOUNTING OFFICER (Continued)

For the year ended 31 March 2005

- Social Development;
- Implementation and Monitoring.

Through the Tourism Development Fund catalytic intervention was embarked upon to ensure responsible and sustainable tourism development initiatives. Key programme targets for the unit would therefore include the development of responsible tourism products and destinations, creating an enabling environment for tourism at a local level, developing and strengthening emerging entrepreneurs, tourism infrastructure development, visitor safety and assisting with managing special projects such as the Alexandra Tourism Development Project.

Skills development and training included the training of all participating SMMEs at Indaba 2004, the country's leading travel fair. A total amount of about R82,521 was spent on the training and participation of SMMEs at Indaba. With respect to the development of enabling policy and strategic framework for tourism, the Unit has successfully spearheaded the development and implementation of a signage strategy amounting to R1,753,244 and a visitor safety awareness strategy and implementation thereof to the amount of R340,163. The Alexandra Tourism Development Project - a Flagship Community Tourism Project is progressing well and various training programmes, capacity building programmes and research programmes have successfully been implemented to date.

Tourism Development Fund: The total amount spent on Development Fund Projects by all Business Units was R9,751,213. This reflects an expenditure of 31% of total subsidy received.

### 3.6 Tourism Marketing Integration

The total expenditure for this business unit was R9,463,252 from a total budget of R9,879,790 which is 4% under budget.

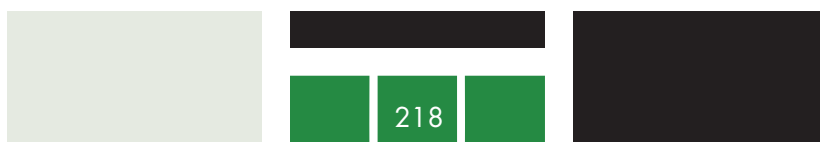
#### 3.6.1 Research and Planning

The main aim of the programme was to develop a plan to market Gauteng based on research information collated and analysed to contribute towards the development of Gauteng as a premier tourist destination. Projects included the Research Forum, the Research Strategy and the implementation of the strategy. The following was achieved:

Establishment of the Gauteng Research Forum, the development of a Research Strategy and the undertaking of various studies that would inform development and marketing. These include:

- A Sports Tourism Survey that would assess the socio-economic impact based on the Vodacom Challenge and the Blue IQ Marathon;
- A Business Tourism Survey based on the MICE segment to both quantify the market in terms of size and value as well as understanding of the trends;
- A Soweto Tourism Survey that would be used as a benchmark on gaining better insights on the so-called Township Tourism with a view of incorporating it into the mainstream tourism industry;
- A Tourism Labour Market as a follow up to the pilot survey carried out the previous year.

The budget for this programme was R539,000 of which R529,653 was spent.



**GAUTENG TOURISM AUTHORITY****REPORT OF THE ACCOUNTING OFFICER (Continued)  
For the year ended 31 March 2005****3.6.2 Advertising and Promotions, Media and Public Relations and Corporate Relations and Tourism Month**

The main aim of these programmes was to develop campaigns and promotions aimed at highlighting the Gauteng offering to the identified target markets. The aim was to create awareness of the GTA brand through advertising in the various media. In this regard, various projects were undertaken, including exhibitions, advertising, branding initiatives and enhancement of relationships between the GTA, municipal regions and the tourism products. Some of the exhibitions that GTA attended include: WTM in London, ITB in Germany, the Getaway Shows, the Outdoor Adventure Shows, AIME in Australia, the Ghana and Kenya Workshops and the India Road Show. Some of the initiatives included targeting specific media to advertise the Gauteng products. These include SAWUBONA, The Getaway Magazine, Business in Africa, Southern Tourism Update, etc. GTA was also advertised on Egoli, programme on M-Net, once a week for 6 months.

We also hosted various media and trade delegations with the aim of exposing our tourism experience to them to create better exposure for the province. Some of the international media hosted were from UK and America to name but a few. The total budget for the above programmes was R2,350,000 with total spent at R2,344,159. Corporate gifts to the value of R249,522 was purchased and partly distributed during the period. A full record of receipts and disbursements is kept by the Marketing Officer.

**3.6.3 Support to MICE and Special Events**

The main aim of these programmes was to enhance and highlight events that would profile Gauteng as a tourist destination and to promote relevant MICE facilities as world-class and strong global competitors. A lot was achieved through big events such as The Kora Awards, Waya Waya Divas 4 Concert, Davis Cup, Swimming South Africa Challenge Aquatics Championships and Vodacom Cup Challenge. Other smaller events sponsored included the Greenside Restaurant Meander and the Annual Gay Pride. The GTA also developed a 'Bid Guide to Gauteng' to assist our Convention and Conference Bureaus in pitching for conventions and conferences to be held in Gauteng. We have also enabled our MICE SMME products to affiliate to the Southern African Association for the Conference Industry.

**3.6.4 Development of SMME's through Marketing and Promotions**

The focus area of the programme was to create an enabling environment for the previously disadvantaged individuals/companies to also enjoy the benefits of tourism. Assistance offered to them include the printing of marketing material, sponsorships at exhibitions, facilitating business linkages with established business. Various initiatives, campaigns and programmes were undertaken. These include exhibitions, printing of the brochures, profiling them in all our publications and campaigns. They also featured in some of the trade publications and TV through GTA funding. These include adverts in Women Enterprise & Discovering SA Magazines and Egoli TV Programme. The target was 50 companies, but by the end of the financial year GTA had assisted 52 companies in marketing their products and services to the tourism trade and consumers.

## GAUTENG TOURISM AUTHORITY

### REPORT OF THE ACCOUNTING OFFICER (Continued) For the year ended 31 March 2005

Assistance was also given to the Gauteng Chapter of Africa Travel Association, an association aimed at assisting all SMMEs in the tourism sector. The expenditure was R1,859m out of a total budget of R1,872m.

The aim of the programme was to build co-operative relationships with key stakeholders and leverage the resources of these stakeholders to improve visitor experience and improve the understanding.

#### 3.6.5 Marketing Partnership

Although a lot of milestones were achieved, the success of the partnerships was and still is dependent on the finalisation of the Institutional Framework which is currently located in the office of the Policy & Strategy Business Unit. The total budget was R21,500 of which R21,187 was spent.

### 3.7 Tourism Information Management

The total expenditure for this business unit was R5,917,203 from a total budget of R6,019,000 which is a 2% under budget. The budget was spent on the implementation of programmes as well as on staff.

Expenditure was limited to projected outputs as stipulated in the business plan. However as the year progressed, key changes were made to accommodate shifts in emphasis and compensate for inaccurate assumptions. These included emphasis on Publications, Tourism Information Provision and Website and Content.

Content Management Strategy and Web Strategy: Arivia.kom developed a Content Management and Web Strategy for GTA based on international best practice, local provincial models and internal processes within GTA at a cost of R300,000. These strategies will assist GTA in setting up more effective electronic systems to manage and disseminate provincial tourism information to all users which includes staff, various stakeholders and tourists.

Information Service Partnership: The final phase of a partnership with the CSIR was the production of a multimedia CD. R500,000 was allocated to the Gauteng CD Project.

Regional Publications: The Regional Publications project was aimed at capacitating regions in the production of publications. The total budget for this programme was R1,209m of which R1,140m was spent. The main aim of these publications was to expose the product strength of Gauteng as a destination in identified markets.

The unit managed to maintain a high level of compliance with the business plan and achieved most of its objectives. The existing partnerships with the CSIR, AA Travel Guides, Africa Conference Directory and ACSA were still well maintained and are poised to deliver on their objectives in the future financial years.

**GAUTENG TOURISM AUTHORITY****REPORT OF THE ACCOUNTING OFFICER (Continued)**  
**For the year ended 31 March 2005****3.8 Registration & Quality Assurance**

The total expenditure for this business unit is R1,996,018 from a total budget of R2,324,000.

The Quality Assurance Unit has traditionally focused on the registration, promotion and training of tourist guides in terms of the promulgated sections of the Gauteng Tourism Act No. 10 of 2001. The business plan of the unit was adjusted during the year due to the fact that the anticipated legislative review which would have expanded the registration system to include other tourism products and service providers did not happen. The projects were reprioritised and new ones identified as a result of this adjustment.

The unit achieved tremendous success in its initiatives to support and develop tourist guides which included among others hosting of tourist guide career day, graduation ceremony for newly qualified guides and placement of guides at institutions where they can earn a living. We currently have 2080 tourist guides in our database of which 1370 are white and 710 are black.

The major projects that the unit implemented during the year under review include the following:

Passport to Gauteng Project – R270 000

The project aims to contribute to skills development, job creation and tourism awareness as well continuous learning opportunities for youth and adults alike by engaging schools, families and communities in tourism activities; thereby nurturing a new generation of tourists and a welcoming culture.

Gauteng Tourist Guide Directory - R170 000

In terms of section 30 (b) of the Gauteng Tourism Act No. 10 of 2001, the registrar must periodically publish updated lists of registered tourist guides which contains contact details and areas of specialisation. The objective is to ensure that only qualified tourist guides are utilised by tour operators to provide guided tourism experience to our valued tourists. This will enhance the tourists' experience of South Africa's richness and diversity of cultural and natural heritage since only professional and service driven registered tourist guides will be playing a critical role of being unofficial ambassadors for the province and South Africa as a whole.

Tourist Guide Training and Resource Manual - R260 000

The unit developed a unit standards-aligned Gauteng Tourist Guide Training and Resource Manual to be used by all providers of tourist guide training in Gauteng. The manual provides a one-stop reference or resource manual that will enhance the tourist guides' product knowledge in line with the key tourism experiences that the Authority promotes.

Training of PDI Assessors - R260 000

The project aims to contribute to the growth and transformation of the tourism sector by broadening and deepening participation of PDIs in the provision of guide training and thereby contribute to job creation by developing a pool of PDI assessors with the capacity and expertise to take advantage of the opportunities being presented by the fast-growing tourism industry. Assessors constitute a critical component of training delivery since they are equipped to train and assess learner competence at the end of the training.

## GAUTENG TOURISM AUTHORITY

### REPORT OF THE ACCOUNTING OFFICER (Continued) For the year ended 31 March 2005

#### Gauteng Tourist Guide Awards – R30 000

This is a national initiative of the Department of Environmental Affairs held annually in which all provinces are encouraged to take part. The objective is to recognise professionalism, service quality and excellence by registered tourist guides in their role as unofficial ambassadors for the province and South Africa as a whole.

#### Institutional Development Support – R50 000

The unit provided funding for Tourist Guides SA – Gauteng (TGSAG) to hold its Annual General Meeting. TGSAG is a non-racial, democratic and representative tourist guide organisation in Gauteng whose establishment was facilitated by the GTA. The institutional development support project aims to promote growth and transformation within the tourism sector by ensuring PDI participation and that the highest possible standards of guiding are upheld.

### 3.9 Corporate Services

The total operational expenditure for this business unit is R9,551,851 which is 12% under budget whilst the capital expenditure was R1,898,783 which is 211% overspend. This is due to an auditor adjustment regarding the leasehold improvements of the new GTA premises.

#### 3.9.1 Human Resources Management

The most important projects carried out during this period related to ongoing enhanced legislative compliance, employee benefits, Organisational Development (OD) and staff development and training. Regarding compliance, occupational health and safety consultants were appointed and a GTA Health and Safety Committee established, which holds monthly meetings. The Employment Equity Steering Committee ensured that the GTA's 3rd EE report was submitted on time and that all recruitment supports the GTA's EE Plan. Only three staff members resigned while four new recruits were appointed. A major disciplinary process was settled in May 2004 at the CCMA in favour of the GTA, and another less serious disciplinary matter was resolved in February 2005.

The Performance Management System was re-evaluated and refined and new Performance Contracts developed and implemented. The OD Strategy that was developed during the previous financial year was workshopped and implemented - an internal OD Project Team was appointed to drive this implementation process. The Job Grading system continued to be implemented and HR and IR policies were revised and where necessary new policies developed, consulted on and implemented.

**GAUTENG TOURISM AUTHORITY****REPORT OF THE ACCOUNTING OFFICER (Continued)**  
**For the year ended 31 March 2005**

Skills Audit was carried out for all staff members, and all staff updated their individual Personal Development Plans; after which a systematic Training Programme was developed and implemented. Priority was given to a management development programme. Application of the GTA Study Assistance scheme was ongoing and the GTA's tertiary and school internship programmes continued. GTA spent over 1.5% of payroll costs on development and training during this financial year and aims to spend 3% in future. Employee wellness was also catered for. Employee benefits were significantly improved after a salary survey showed that GTA benefits were not competitive and a 13th cheque as well as compulsory membership of the Provident Fund with a better GTA subsidy were introduced.

**3.9.2 Office Administration**

Administration during this financial year was again characterised mostly by consolidation and the streamlining of operations. The enhanced Telephone Management System assisted with better monitoring and control of telephone costs and the preparations were laid for a centralised filing and archiving system. Preparations for the relocation to Newtown were managed on an ongoing basis.

Towards the latter part of the year, experts designed and introduced a suitable and compliant filing and archiving system, which will be implemented over time and fully installed in the new premises. Space planning experts were also appointed to assist with preparations for maximum optimisation of the new premises.

**3.9.3 Information Technology Services**

The Business Plan of this section was implemented, resulting in the development and partly implementation of an IT Strategy and Disaster Recovery Plan, which is an ongoing process. The development of an IT Policies and Procedures Manual was also finalised but this project will only be implemented in the coming financial year. Maintenance of hardware and software took place on an ongoing basis and steps taken to ensure the reliability and stability of the IT Network.

**3.9.4 Accounting and Payroll Services**

Internal financial controls, policies and procedures are revised on an ongoing basis as and when the need has been identified. This is fully compliant with all applicable legislation and only implemented after the necessary approval.

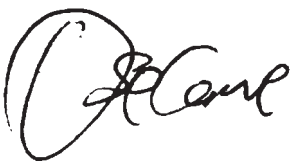
Financial reporting is performed on a monthly basis with a full set of financial statements ready for disbursement to management and DFEA within the first week of the following month. The monthly financial statements consist of Income Statement, Balance Sheet, Cashflow Statement, Notes to the statements and Age Analysis as well as the Budget Deviation Report and Bank Reconciliations.

**GAUTENG TOURISM AUTHORITY****REPORT OF THE ACCOUNTING OFFICER (Continued)**  
**For the year ended 31 March 2005**

Payroll administration for the Authority is a competency and responsibility of the Corporate Services Business Unit. Payroll as well as salary structuring is treated as highly confidential with the Remuneration Officer responsible for processing of information while being monitored and checked by the Finance Manager. The final verification is in conjunction with the Chief Financial Officer. The total actual expenditure on salaries for the Authority amounted to R12,139,994 which is R1,913,506 less than the budgeted amount of R14,053,500.

**4. APPROVAL OF FINANCIAL STATEMENTS**

The financial statements for the Gauteng Tourism Authority for the financial year ended 31 March 2005 are hereby approved



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T. TSELANE  
CHIEF EXECUTIVE OFFICER  
Date: 27 May 2005

1 Central Place  
Cnr Jeppe and Henry Wxumalo (Goch) Streets  
Newtown  
Johannesburg  
2001

**BALANCE SHEET**  
**at 31 March 2005**

	Note	2004/5 R	2003/4 R
<b>ASSETS</b>			
<b>Non-current assets</b>		<b>2,614,682</b>	<b>1,488,076</b>
Property, plant and equipment	2	2,614,682	1,488,076
<b>Current assets</b>		<b>14,632,900</b>	<b>13,710,297</b>
Trade and other receivables	3	2,045,566	737,771
Prepayments	6	-	4,379
Cash and cash equivalents	13.4	12,587,334	12,968,148
<b>Total assets</b>		<b>17,247,582</b>	<b>15,198,374</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>		<b>13,170,908</b>	<b>9,613,864</b>
Capital reserve fund		-	-
General reserve fund		13,170,908	9,613,864
<b>Current liabilities</b>		<b>4,076,675</b>	<b>5,584,510</b>
Trade and other payables	5	3,346,586	5,023,395
Provisions	4	730,089	561,115
<b>Total equity and liabilities</b>		<b>17,247,582</b>	<b>15,198,374</b>

**GAUTENG TOURISM AUTHORITY****INCOME STATEMENT****for the year ended 31 March 2005**

	<b>Note</b>	<b>2004/5 R</b>	<b>2003/4 R</b>
Grants	7	36,920,000	28,800,000
Other Income	7.1	1,446,807	2,831,816
Income from Investments	7.2	1,876,091	955,406
		<b>40,242,898</b>	<b>32,587,222</b>
Administrative Expenses	8	1,392,207	1,319,304
Staff Costs	9	12,351,749	10,389,960
Other Operating Expenses	10	23,571,006	22,126,266
Depreciation	11	771,447	667,321
Net operating Surplus/(Deficit)		<b>3,557,044</b>	<b>(1,915,629)</b>
Surplus/(Deficit) for the period carried forward		<b>3,557,044</b>	<b>(1,915,629)</b>

**GAUTENG TOURISM AUTHORITY****STATEMENT OF CHANGES IN EQUITY  
for the year ended 31 March 2005**

	<b>Capital Reserve Fund R</b>	<b>General Reserve Fund R</b>	<b>Total R</b>
<b>Balance at 01 April 2003</b>	6,750,000	4,779,492	11,529,492
Transfer to General Reserve	(6,750,000)	6,750,000	-
Audit adjustments	-	-	-
<b>Deficit for the year</b>	-	(1,915,629)	(1,915,629)
<b>Balance at 31 March 2004</b>	-	<b>9,613,864</b>	<b>9,613,864</b>
<b>Balance at 01 April 2004</b>	-	<b>9,613,864</b>	<b>9,613,864</b>
Transfer to General Reserve	-	3,557,044	3,557,044
Surplus for the year	-	3,557,044	3,557,044
<b>Balance at 31 March 2005</b>	-	<b>13,170,908</b>	<b>13,170,908</b>

**GAUTENG TOURISM AUTHORITY****CASH FLOW STATEMENT**  
**for the year ended 31 March 2005**

	<b>Note</b>	<b>2004/5 R</b>	<b>2003/4 R</b>
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		<b>1,517,241</b>	<b>4,598,653</b>
Cash utilised from operations	13.1	(358,850)	3,643,247
Interest received	13.1	1,876,091	955,406
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		<b>(1,898,054)</b>	<b>(693,410)</b>
Additions to property, plant and equipment	13.2	(1,898,783)	(696,890)
Property, plant and equipment disposed		729	3,480
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		<b>-</b>	<b>-</b>
Net Decrease in cash and cash equivalents		(380,813)	3,905,243
Cash and cash equivalents at beginning of year	13.3	12,968,148	9,062,905
Cash and cash equivalents at end of year	13.4	12,587,334	12,968,148

**GAUTENG TOURISM AUTHORITY****NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2005****1. ACCOUNTING POLICIES**

The principal accounting policies of the Authority and the disclosure made in the annual financial statements conform with South African Statements of Generally Accepted Accounting Practice, unless otherwise indicated. Aforementioned is in line with the requirements of Section 88(1)(b) of the Public Finance Management Act, 199 (Act No.1 of 1999). The financial statements have been prepared on the historical cost basis.

**1.1 Property, plant and equipment**

Property, plant and equipment is stated at historical cost less accumulated depreciation. Depreciation is calculated on the straight line method to write off the cost of each asset over its estimated useful life as follows:

Furniture and Fittings	15%	Per Annum
Equipment	20%	Per Annum
Computer Software	50%	Per Annum
Computer equipment	33%	Per Annum
Motor Vehicles	20%	Per Annum
Alarm System	10%	Per Annum
Leasehold improvements	10%	Per Annum

**1.2 Impairment**

At each balance sheet date, the Authority reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets may be impaired. The Authority did not recognise any impairment during the financial year.

**1.3 Revenue recognition**

Revenue is recognised when it is probable that future economic benefits will flow to the Authority and these benefits can be measured reliably.

**1.4 Provisions**

Provisions are recognised when the Authority has a present obligation as a result of a past event and it is probable that this will result in an outflow of economic benefits that can be estimated reliably.

**GAUTENG TOURISM AUTHORITY****NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)**  
**for the year ended 31 March 2005****1.5 Retirement benefit costs*****Provident Fund***

The Authority operates a defined contribution plan, the assets of which are held in a separate trustee administered fund. Payments to defined contribution retirement plan are charged to the Income Statement in the year to which they relate.

**1.6 Financial Instruments**

Financial assets and financial liabilities are recognised in the Authority's Balance Sheet when the Authority becomes a party to the contractual provisions of the instrument. The Authority's financial instruments comprise cash and cash equivalents and trade and other receivables and payables.

***Trade and other receivables***

Trade and other receivables are stated at cost less provision for impairment.

***Cash and cash equivalents***

Cash and cash equivalents are measured at fair value.

***Trade payables***

Trade and other payables are stated at their nominal value.

**1.7 Leases*****Operating leases***

Lease payments under an operating lease are recognised as expenses in the income statement on a straight line basis over the lease period.

**1.8 General reserve fund**

Accumulated surpluses or deficits are taken to the General reserve fund.

**1.9 Government grants**

Government grants are recognised when it is probable that future economic benefits will flow to the Authority and these benefits can be measured reliably. The grant is recognised to the extent that there are no further obligations arising from the receipt of the grant.

**1.10 Taxation**

No provision for income tax has been made as the Authority is exempt in terms of section 10(1)(cA)(b)(ii).

## GAUTENG TOURISM AUTHORITY

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)**  
**for the year ended 31 March 2005**
**1.11 Comparatives**

Where necessary comparative figures are adjusted to conform to changes in presentation in the current year.

**2. PROPERTY, PLANT AND EQUIPMENT**

	<b>Alarm Systems</b>	<b>Computer Equipment</b>	<b>Computer Software</b>	<b>Equipment</b>	<b>Furniture &amp; Fittings</b>	<b>Motor Vehicles</b>	<b>Leasehold Improve- ments</b>	<b>Total</b>
<b>31 March 2005</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
<b>Opening net carrying amount</b>	<b>3,913</b>	<b>629,368</b>	<b>175,235</b>	<b>257,093</b>	<b>379,378</b>	<b>43,089</b>	<b>-</b>	<b>1,488,076</b>
Gross Carrying Amount	8,080	1,822,779	954,744	757,291	1,018,332	76,414	-	4,637,640
Accumulated depreciation	(4,167)	(1,193,411)	(779,509)	(500,198)	(638,954)	(33,324)	-	(3,149,564)
Additions	-	113,380	7,908	27,953	348,987	-	1,400,555	1,898,783
Disposals	-	-	-	(729)	-	-	-	(729)
Depreciation	(809)	(358,961)	(126,403)	(118,130)	(151,862)	(15,283)	-	(771,449)
<b>Closing net carrying amount</b>	<b>3,104</b>	<b>383,787</b>	<b>56,740</b>	<b>166,187</b>	<b>576,504</b>	<b>27,806</b>	<b>1,400,555</b>	<b>2,614,682</b>

Gross carrying amount	8,080	1,936,159	962,652	784,515	1,367,319	76,417	1,400,555	6,535,693
Accumulated depreciation	(4,976)	(1,552,372)	(905,912)	(618,328)	(790,815)	(48,608)	-	(3,921,012)

**31 March 2004**

<b>Opening net carrying amount</b>	<b>4,721</b>	<b>568,878</b>	<b>27,962</b>	<b>355,559</b>	<b>446,495</b>	<b>58,372</b>	<b>-</b>	<b>1,461,987</b>
Gross carrying amount	8,080	1,467,087	730,094	720,176	942,379	76,414	-	3,944,230
Accumulated depreciation	(3,359)	(898,209)	(702,132)	(364,617)	(495,884)	(18,042)	-	(2,482,243)
Additions	-	355,692	224,650	38,840	77,708	-	-	696,890
Disposals	-	-	-	(1,725)	(1,755)	-	-	(3,480)
Depreciation	(808)	(295,202)	(77,377)	(135,581)	(143,070)	(15,283)	-	(667,321)

## GAUTENG TOURISM AUTHORITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)  
for the year ended 31 March 2005

	Alarm Systems	Computer Equipment	Computer Software	Equipment	Furniture & Fittings	Motor Vehicles	Leasehold Improvements	Total
	R	R	R	R	R	R	R	R
<b>Closing net carrying amount</b>	<b>3,913</b>	<b>629,368</b>	<b>175,235</b>	<b>257,093</b>	<b>379,378</b>	<b>43,089</b>	<b>-</b>	<b>1,488,076</b>

Gross carrying amount	8,080	1,822,779	954,744	757,291	1,018,332	76,414	-	4,637,640
Accumulated depreciation	(4,167)	(1,193,411)	(779,509)	(500,198)	(638,954)	(33,325)	-	(3,149,564)

	2004/5 R	2003/4 R
<b>3. TRADE AND OTHER RECEIVABLES</b>	<b>2,045,566</b>	<b>737,771</b>
Trade Receivables	400,000	20,185
VAT Refund	1,341,517	715,632
Staff Loans	1,329	1,334
Security of Rental Premises	302,100	-
Security of Water Bottles	120	120
Security of Fuel	500	500
<b>4. PROVISIONS</b>	<b>730,089</b>	<b>561,115</b>
Provision for Staff Claims	-	6,084
Provision for Thirteenth Cheque	181,000	-
Provision for Leave	549,089	555,031
<b>5. TRADE AND OTHER PAYABLES</b>	<b>3,346,586</b>	<b>5,023,395</b>
Trade Creditors	3,339,186	5,013,695
Staff Savings	7,400	9,700
<b>6. PREPAYMENTS</b>	<b>-</b>	<b>4,380</b>
<b>7. REVENUE</b>		
Revenue comprises revenue received in respect of:		
Grants	36,920,000	28,800,000
Other Income	1,446,807	2,831,817
Income from Investments	1,876,091	955,406
	<b>40,242,898</b>	<b>32,587,223</b>

**GAUTENG TOURISM AUTHORITY****NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)**  
**for the year ended 31 March 2005**

	<b>2004/5</b>	<b>2003/4</b>
	<b>R</b>	<b>R</b>
<b>7.1 Other Income</b>	<b>1,446,807</b>	<b>2,831,817</b>
Refund Outdoor	-	2,632
Indaba	104,035	43,416
Co-exhibitor Fees	1,618	-
Indaba Subsidy	193,374	151,861
Refund Dev Subsidy	121,255	2,559,173
Registration Fees	161,356	43,790
Profit on Sale of Assets	-	2,365
Other	-	27,553
Registration Other	1,311	1,027
Study Assistance Refund	24,034	-
Compensation Commissioner Refund	3,579	-
Information Management - Partnerships CD	526,316	-
Information Management - Visitor Map	200,000	-
VAT Refund	5,967	-
Telephone Staff Refund	23,963	-
DFEA Tourism Conference	80,000	-
<b>7.2 Income from Investments</b>	<b>1,876,091</b>	<b>955,406</b>
Corporation for Public Deposit Interest	1,689,595	704,111
Other Bank Interest	186,496	251,295
<b>8. ADMINISTRATIVE EXPENSES</b>	<b>1,392,207</b>	<b>1,319,305</b>
<b>General and Administrative expenses</b>		
Auditor's remuneration		
Audit fees	185,214	249,594
Fees for services		
Administrative	23,735	24,657
Technical		
Rental in respect of operating leases		
Building	1,183,258	1,045,054

## GAUTENG TOURISM AUTHORITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)  
for the year ended 31 March 2005

			2004/5 R	2003/4 R
<b>8.1 Executive members emoluments</b>			<b>2,479,903</b>	<b>2,276,196</b>
Executive Members	Salary/Fee	Bonuses and performance payments	Provident Fund contributions	Cell/Medical Aid contributions
TI Tselane (CEO)	604,161	112,201	7,552	15,945
L Isabelle: Senior Manager Marketing	314,738	54,544	3,934	18,842
JH Venter: Chief Financial Officer	485,268	84,096	6,066	19,917
K Skosana: Registrar	343,350	59,503	4,292	1,029
E Joseph: Senior Manager Information	173,583	-	-	5,961
M Moeti: Senior Manager Development	125,000	27,690	3,750	8,483
	<b>2,046,100</b>	<b>338,034</b>	<b>25,594</b>	<b>70,176</b>
Year ended 31/03/2004				
Non-executive director				
Executive members	<b>2,040,168</b>	<b>164,551</b>	<b>-</b>	<b>71,477</b>

<b>9. STAFF COSTS</b>	<b>12,351,749</b>	<b>10,389,469</b>
Wages and salaries	<b>10,684,777</b>	<b>8,806,033</b>
Basic salaries	8,437,000	8,241,000
Performance awards	1,070,232	58,155
Periodic payments	650,984	-
Leave payments	42,851	20,712
Overtime pay	483,710	486,166
Defined Pension contribution plan expense	<b>650,379</b>	<b>454,136</b>
Social contributions (Employer's contribution)	<b>1,016,593</b>	<b>1,129,300</b>
Medical	752,725	640,000
UIF	52,868	49,300
Other salary related costs (Prov for Leave pay/Period payments)	211,000	440,000

**GAUTENG TOURISM AUTHORITY****NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)**  
**for the year ended 31 March 2005**

	<b>2004/5</b> <b>R</b>	<b>2003/4</b> <b>R</b>
<b>10. OTHER OPERATING EXPENSES</b>	<b>23,571,006</b>	<b>22,126,266</b>
Staff training and development	187,882	72,382
Legal fees	148,048	360,435
Maintenance, repairs and running costs		
Machinery and equipment	337,816	285,100
Other maintenance, repairs and running costs	66,822	101,892
Entertainment expense	102,012	102,164
Rental in respect of operating leases	46,092	46,092
Other	22,682,334	21,158,201
<b>11. DEPRECIATION</b>	<b>771,448</b>	<b>667,321</b>
Vehicles	15,283	15,283
Computer equipment and peripherals	603,495	508,160
Office furniture and fittings	151,861	143,070
Alarm	809	808
<b>12. CONTINGENT LIABILITY</b>		
No contingent liability exists.		

## GAUTENG TOURISM AUTHORITY

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)  
for the year ended 31 March 2005

	2004/5 R	2003/4 R
<b>13. NOTES TO THE CASH FLOW STATEMENT</b>		
<b>13.1 Reconciliation of net deficit before taxation to cash generated from operations</b>		
Net surplus/deficit for the period	3,557,044	(1,915,629)
Adjusted for:		
Depreciation	771,448	667,322
Investment income	(1,876,091)	(955,406)
Provisions	168,974	331,430
Operating surplus before working capital changes	2,621,375	(1,872,283)
Working capital changes	(2,980,225)	5,515,530
(Increase)/Decrease in accounts receivable	(1,303,416)	683,011
(Decrease)/Increase in accounts payable	(1,676,809)	4,832,519
Cash generated from operations	<b>(358,850)</b>	<b>3,643,247</b>
<b>13.2 Adjustments to property, plant and equipment</b>		
Additions to property, plant and equipment	<b>1,898,783</b>	<b>696,890</b>
Computer equipment	113,380	355,692
Computer software	7,908	224,650
Equipment	27,953	38,840
Furniture and Fittings	348,987	77,708
Leasehold improvements	1,400,555	-
<b>13.3 Cash and cash equivalents at beginning of the year</b>		
Current bank account	1,106,991	1,918,484
Poverty Relief Saving accounts	920,157	1,429,589
Mandela Yard Saving accounts	392,805	1,370,748
CPD Reserve Bank Account	10,544,095	4,339,983
Petty cash	4,100	4,100
	<b>12,968,148</b>	<b>9,062,905</b>

**GAUTENG TOURISM AUTHORITY****NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)**  
**for the year ended 31 March 2005**

	<b>2004/5</b>	<b>2003/4</b>
	<b>R</b>	<b>R</b>
<b>13.4 Cash and cash equivalents at end of the year</b>		
Current bank account	1,156,565	1,106,991
Poverty Relief Saving accounts	73,448	920,157
Mandela Yard Saving accounts	22,739	392,805
CPD Reserve Bank Account	11,233,690	10,544,095
Call Account	96,792	-
Petty cash	4,100	4,100
	<b>12,587,334</b>	<b>12,968,148</b>

**14. NOTES TO THE STATEMENT OF CHANGES IN EQUITY****14.1 Non distributable reserve**

The Capital Reserve Fund was created in 1998 by the transfer of the surplus from the General Reserve Fund to the Capital Reserve Fund. The Capital Reserve Fund was transferred to the General Reserve Fund during the previous financial year

**15. RETIREMENT BENEFIT OBLIGATIONS**

The Authority has made provision for a Liberty Life Group Provident Fund of 7.5% or 15% for its staff members. The Authority contributes 100% of the amount payable for staff members who join at 7.5% and 50% of the amount payable for staff members who join at 15% The Liberty Life Provident Fund is governed by the Pension Fund (Act No. 24 of 1956).

**16. OPERATING LEASE ARRANGEMENTS**

At the balance sheet date the GTA had outstanding commitments under non-cancelable operating leases, which fall due as follows:

	<b>2004/05</b>	<b>2003/04</b>
Up to 1 year	1,355,337	1,091,146
1 to 5 years	4,936,800	26,887
More than 5 years	6,171,000	-
	<b>12,463,137</b>	<b>1,118,033</b>

**GAUTENG TOURISM AUTHORITY****NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)**  
**for the year ended 31 March 2005****Gauteng Tourism Authority**

The Authority is leasing a copier from Master Rentals for a period of 3 Years effective from 1 November 2002 and office space from JHI which will end in May 2005. The average lease payment for the copier is R 3,841.00 and for the building R100,000 per month with no contingent lease payments. The lease agreement is not renewable at the end of the lease term and the Authority does not have the option to acquire the equipment. The lease agreement does not impose any restrictions.

**17. MATERIALITY FRAMEWORK**

The Authority's Materiality Framework is as follows:

No	Legislative reference	Quantity level	Quality level
4.1	PFMA sec 50(1)( c)	All figures that might influence the decision by the executive authority. Monthly reports to the DFEA will include explanatory notes if the actual expenditure/ revenue per Business Unit deviates more than 5% from the Budget.	All fact that might influence the decision by the executive authority.
4.2	PFMA sec 54(2)	All transactions as required.	All figures as applicable.
4.3	PFMA sec 55(2)(b)(i)	Any loss identified through criminal conduct and if the combined total exceeds the planning materiality figure used by the external auditors for the year in review.	Any loss identified through criminal conduct.

**18. NON ADJUSTING EVENTS AFTER BALANCE SHEET DATE**

The Gauteng Tourism Authority will be deregistered for Value Added Tax as from 1 April 2005 due to amendments to this act. The entity qualifies for the relief provided by section 8(2)(iv) of the Value Added Tax Act, therefore there will be no output Value Added Tax on the value of its assets upon deregistration.

**GAUTENG TOURISM AUTHORITY****DETAILED INCOME STATEMENT**  
**for the year ended 31 March 2005**

	<b>Actual 2004/5 R</b>	<b>Actual 2003/4 R</b>
<b>INCOME</b>	<b>40,242,898</b>	<b>32,587,223</b>
DFEA Subsidy	36,920,000	28,800,000
Refund Outdoor	-	2,632
Indaba	104,035	43,416
Indaba Subsidy	193,374	151,861
Refund Dev Subsidy	121,255	2,559,173
Registration Fees	161,356	43,790
Other	1,618	27,553
Registration Other	1,311	1,027
Interest Received	1,876,091	955,406
Profit On Sale Of Fixed Assets	-	2,365
Study Assistance Refund	24,034	-
Compensation Commissioner Refund	3,579	-
Information Management - CD Sponsorship	526,316	-
Information Management - Visitor Map Sponsorship	200,000	-
VAT Refund WTM	5,967	-
Telephone Staff Refund	23,963	-
DFEA Tourism Conference	80,000	-
Contribution from accumulated surplus	-	-

## GAUTENG TOURISM AUTHORITY

DETAILED INCOME STATEMENT  
for the year ended 31 March 2005

	2004/5 R	2003/4 R
<b>CORPORATE SERVICES</b>		
<b>Operational Cost</b>	<b>9,551,851</b>	<b>8,170,511</b>
CS - Accounting fees	22,275	23,987
CS - Audit Committee	1,460	670
CS - Audit Fees (External)	94,213	132,093
CS- Audit Internal	91,001	117,501
CS - Bank Charges	21,081	19,957
CS - Conference and Meetings	104,191	61,255
CS - Contingency Costs	69,398	5,565
CS - Employee Wellness	10,406	10,034
CS - Courier and Postage	8,078	13,510
CS - Entertainment CEO	34,800	-
CS - Entertainment	67,212	102,164
CS - Financial Planning	-	5,000
CS - Health and Safety	-	1,107
CS - Staff Training	187,882	72,328
CS - Induction Programme	-	40
CS - Insurance	98,860	56,580
CS - IT Maintenance	383,908	331,192
CS - Labour Relations	5,865	2,675
CS - Legal Fees	148,048	360,435
CS - Library Research	2,346	605
CS - Motor Vehicle Expenses	18,063	10,306
CS - Office Maintenance & Consumables	66,822	101,892
CS - Office Rent, Electricity	1,183,258	1,045,054
CS - Organisational Development	249,974	192,296
CS - Printing & Stationery	117,594	145,118
CS - Provision for Leave	30,000	440,000
CS - Provision for Thirteenth Cheque	181,000	-
CS - Recruitment	22,680	19,089
CS - Refreshments	35,797	31,213
CS - Relocation Costs	718,439	-
CS - RSC Levies	37,110	29,680
CS - Safety Compliance	12,040	1,066
CS - Security - Office	-	52
CS - Staff Total	4,068,525	3,449,638
CS - Study Assistance	21,109	53,070
CS - Subscriptions & Library	12,342	14,277
CS - Telephones	653,898	653,741
CS - Loss On Disposal of Assets	729	-
CS - Depreciation	771,447	667,321

## Gauteng Tourism Authority

## DETAILED INCOME STATEMENT

for the year ended 31 March 2005 - continued

	Actual 2004/5 R	Actual 2003/4 R
<b>TOURISM DEVELOPMENT</b>	<b>8,808,390</b>	<b>7,205,773</b>
<b>Dev - Events Support, Development Fund</b>	-	-
<b>Dev - Business Development (DF)</b>		
Dev - Business Development (DF)	1,681,495	1,843,535
<b>Dev - New Product Dev - Development Fund</b>		
Dev - New Product Development (DF)	1,710,709	2,892,566
Dev - New P/D - Alex Tourism Development (DF)	900,000	260,507
Dev - New P/D - Mandela Yard Project (DF)	120,000	-
Dev - New P/D - Township Map (DF)	229,140	-
<b>Dev - SMME Support, Development Fund</b>		
Dev - SMME - S/D/F - Training (DF)	82,521	188,459
<b>Dev - Staff</b>	1,724,722	1,424,406
<b>Dev - Development and Research (DF)</b>		
Dev - Development and Research (DF)	-	137,850
<b>Dev - Development Strategy</b>		
Dev - Development Strategy	266,397	58,765
<b>Dev - Tourism Infrastr/Invest Support - DF</b>		
Dev - Tourism Infrastr/Invest Support - DF	1,753,244	165,585
<b>Dev - Visitor Safety and Awareness</b>		
Dev - Visitor S/A - Safety Strategy	340,163	234,102



# Gauteng Economic Development Agency

Africa's  
Business  
Starts here



**GEDA**  
GAUTENG ECONOMIC  
DEVELOPMENT AGENCY

**GAUTENG ECONOMIC DEVELOPMENT AGENCY**

(Registration number 1996/01662/08)

**FINANCIAL STATEMENTS**

For the year ended 31 March 2005

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The financial statements set out on pages 253 to 265 signed by:



**Dr. Carl Niehaus**  
Chief Executive Officer



**Mr. Keith Khoza**  
Acting Chairperson of the Board  
**DATE: 25 July 2005**

## **REPORT OF THE AUDITOR-GENERAL TO THE GAUTENG PROVINCIAL LEGISLATURE ON THE FINANCIAL STATEMENTS OF THE GAUTENG ECONOMIC DEVELOPMENT AGENCY (GEDA) FOR THE YEAR ENDED 31 MARCH 2005**

### **1. AUDIT ASSIGNMENT**

The financial statements as set out on pages 253 to 265, for the year ended 31 March 2005, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read with sections 4 and 20 of the Public Audit Act, 2004 (Act No. 25 of 2004). These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the accounting authority. My responsibility is to express an opinion on these financial statements, based on the audit.

### **2. NATURE AND SCOPE**

The audit was conducted in accordance with Statements of South African Auditing Standards. Those standards require that I plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit includes:

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

Furthermore, an audit includes an examination, on a test basis, of evidence supporting compliance in all material respects with the relevant laws and regulations which came to my attention and are applicable to financial matters.

The audit was completed in accordance with Auditor-General Directive No. 1 of 2005.

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

### **3. AUDIT OPINION**

In my opinion, the financial statements fairly present, in all material respects, the financial position of the Gauteng Economic Development Agency at 31 March 2005 and the results of its operations and cash flows for the year then ended in accordance with generally accepted accounting practice and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) as amended.

### **4. EMPHASIS OF MATTER**

Without qualifying the audit opinion expressed above, attention is drawn to the following matters:

#### **4.1 Irregular expenditure**

As disclosed in note 14, tender procedures were not followed when awarding a contract to a service provider for the re-write of the GEDA strategic plan. Furthermore, no evidence could be provided that the amount was budgeted for.

#### 4.2 Audit committee

Contrary to the requirements of section 77 (b) of the Public Finance Management Act, 1999 (Act no. 1 of 1999), the audit committee did not operate during the entire year under review.

#### 4.3 Income Tax

GEDA did not receive confirmation from the South African Revenue Services for income tax exemption in terms of the Income Tax Act, 1962 (Act No. 58 of 1962)

### 5 APPRECIATION

The assistance rendered by the staff of the Gauteng Economic Development Agency during the audit is sincerely appreciated



**I. Vanker for Auditor-General**  
**Johannesburg**  
**29 July 2005**



AUDITOR - GENERAL

## GAUTENG ECONOMIC DEVELOPMENT AGENCY

### REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31 MARCH 2005

The Directors have pleasure in presenting their report together with the audited annual financial statements for the year ended 31 March 2005.

### NATURE OF GEDA'S BUSINESS

GEDA is a company formed in terms of section 21 of the Companies Act which has members from a wide spectrum of commerce and industry, who support GEDA by the payment of annual membership and corporate patronage fees.

GEDA receives most of its funding from the Gauteng Provincial Government.

GEDA promotes international and local awareness of the investment potential of specific sectors in industries situated within Gauteng. It operates in accordance with the provincial trade, growth and development strategy. Resources are utilised to facilitate the attraction of new investment to the province of Gauteng and to promote global exports from the province of Gauteng.

GEDA is focused and proactive in the identification of investment opportunities for potential investors. It actively facilitates the conversion of potential investment into actual investment.

### MANAGEMENT

GEDA employs its own management, which is led by the Chief Executive Officer, Dr. Carl Niehaus.

### DIRECTORATE

At the 2004 Annual General Meeting, held on 26 November 2004, Messrs Zeth Malele, Theo Tlholo and Ben van der Ross retired by rotation and were re-elected as Directors.

The following directors resigned during the year under review:

Ms Joan Fubbs

Mr Charles Jonker

Mr Jabu Moleketi

Mr Ronnie Ntuli

In the period since the financial year-end Messrs Moss Ngoasheng, Anthony Selepe, Dr. Sebileto Mokone-Matabane, Sadiq Jaffer and Ben van der Ross resigned.

At the date of this report the board was made up as follows:

Mr Keith Khoza: Acting Chairperson

Dr Carl Niehaus: Chief Executive Officer

Mr Sipiwu Gangca

Mr Zeth Malele

Mr Mabobanye Mohlala

Ms Karuna Mohan

Mr. Kgogela Serongwane

Mr Theo Tlholo

**GAUTENG ECONOMIC DEVELOPMENT AGENCY****REPORT OF THE DIRECTORS (Continued)**  
FOR THE YEAR ENDED 31 MARCH 2005

Subsequent to the Financial year-end the following directors were appointed:

Dr Carl Niehaus

Mr Thokozani Thwala

**DIRECTORS' MEETINGS**

During the twelve months under review the Board met 3 times, indicating the level of involvement in the Company's overall strategy and general operations. The board's main responsibilities include strategy, risk management and corporate governance.

The following is the actual attendance of each Director at board meetings, as compared to the number of meetings held while in office.

	<b>Number of Board meetings attended</b>	<b>Number of Board meetings held while in office</b>
Charles Jonker	3	3
Zeth Malele	3	3
Karuna Mohan	2	3
Mabobanye Mohlala	3	3
Sebiletso Mokone-Matabane	2	3
Ronnie Ntuli	1	1
Anthony Selepe	3	3
Theo Tlholo	2	3
Ben van der Ross	2	3
Moss Ngoasheng	1	1
Sipiwo Gangca	1	1
Keith Khoza	1	1
Joan Fubbs	0	0
Jabu Moleketi	0	0

**BOARD COMMITTEES**

Notwithstanding the establishment and operation and operation of the Audit and Risk Committee and the Finance and Remuneration Committee, the Board assumed the powers and duties of these committees, which did not meet in the period 1 April 2004 to the date of this report.

This assumption of powers and duties by the Board was the consequence of uncertainty which existed because of the changes in the incumbents of Chairperson and Chief Executive Officer.

**GAUTENG ECONOMIC DEVELOPMENT AGENCY****REPORT OF THE DIRECTORS (Continued)**

FOR THE YEAR ENDED 31 MARCH 2005

**CODE OF CONDUCT**

The company is committed to promoting the highest standards in all its business dealings. All employees are required to perform accordingly.

**SHARE CAPITAL**

As the company is registered as an Association incorporated under Section 21 of the Companies Act, 1973, and is incorporated by guarantee, it has no share capital.

**GOING CONCERN**

The directors are satisfied that there is no reason to believe that the company will not continue in operation for the next financial year.

**SECRETARY**

The secretary of the Company is Corporate Governance Services CC whose business and postal address are:

**Postal Address**

P O Box 279  
Randpark Ridge 2156

**Business Address**

No. 6 Dale Lace Glades  
Eastwood Street  
Randpark Ridge

## GAUTENG ECONOMIC DEVELOPMENT AGENCY

### REPORT OF THE DIRECTORS (Continued) FOR THE YEAR ENDED 31 MARCH 2005

#### CORPORATE GOVERNANCE REPORT

Gauteng Economic Development Agency is committed to follow the principles of transparency, integrity and accountability, as advocated in the King Report on Corporate Governance 2002.

The Directors endorse and where possible, have applied the Code of Corporate Practices and Conduct, as set out in the King II Report on Corporate Governance, 2002.

In supporting the Code, the Directors recognise the need to conduct the business of the enterprise with integrity and in accordance with generally accepted corporate governance practices.

#### BOARD OF DIRECTORS

The Board retains full and effective control over the affairs of the company and monitors management. The Board reserves to itself a range of key decisions to ensure that it retains proper direction and control of the company.

The roles of Chairperson and Chief Executive Officer vest in different persons.

The Chairperson and Chief Executive Officer provide leadership and guidance to the Board and encourage proper deliberation of all matters requiring the Board's attention, and obtain optimum input from the other Directors.

At the date of this report, the role of Chairperson is fulfilled by Mr. K Khoza, a non-executive Director, and that of Chief Executive Officer by Dr. C Niehaus.

#### EXECUTIVE DIRECTOR

Dr C Niehaus is the only executive Director.

#### NON-EXECUTIVE DIRECTORS

In terms of the Articles of Association the Gauteng Government is entitled to appoint three Directors, while the Company receives grants from the Gauteng Government. The balance, being independent non-executive Directors, which may not exceed ten in number. The majority of Directors is elected for a three-year term of office, on a rotation basis.

The Articles of the Company provide that all members present at an Annual General Meeting shall be entitled to vote for the appointment of Directors for a period of office of three years, which accords with good corporate governance practice.

The Board of Directors will retain the right to appoint additional Directors, who shall be subject to retirement at the next Annual General Meeting.

## GAUTENG ECONOMIC DEVELOPMENT AGENCY

### REPORT OF THE DIRECTORS (Continued)

FOR THE YEAR ENDED 31 MARCH 2005

#### COMPANY SECRETARY AND PROFESSIONAL ADVICE

All Directors have access to the advice and services of the Company Secretary, whose responsibilities are, by agreement, set out in Section 268G of the Companies Act, including (but not restricted to) providing guidance to Directors as to their duties, responsibilities and powers, ensuring that minutes are kept of Directors and shareholders meetings and making Directors aware of relevant changes in law.

Directors are entitled, in consultation with the Company Secretary, to seek independent professional advice about the affairs of the company, at the company's expense.

#### INTERNAL CONTROL SYSTEM

The Gauteng Economic Development Agency maintains systems of internal control over financial reporting and the safeguarding of assets against unauthorised use or disposition. These systems are designed to provide reasonable assurance to the company's management and Board of Directors regarding internal control, the preparation of reliable published financial statements and the safeguarding of the company's assets.

Corrective actions are taken to address and control deficiencies and other opportunities for improving the systems as they are identified. There are inherent limitations in the effectiveness of any system of internal control, including the possibility of human error and the circumvention of overriding of controls. Accordingly, even an effective internal control system can provide only reasonable assurance with respect to financial statement preparation and the safeguarding of assets. Furthermore the effectiveness of an internal control system can change with circumstances.

#### RISK MANAGEMENT

The Board is responsible for identifying and addressing the management of all operational and financial risks.

#### AUDIT COMMITTEE

The Audit Committee did not function during the year under review.

#### ENVIRONMENT

Every practical step is taken to minimise the effect of operations on the environment.

#### HEALTH AND SAFETY

There have been no fatalities in the year under review. Matters of health and safety are addressed as part of the responsibilities of management.

#### GOING CONCERN

The Directors are satisfied that there is no reason to believe that the company will not continue in operation for the foreseeable future. For this reason the going concern concept is used as the basis for preparing the accounts.

**GAUTENG ECONOMIC DEVELOPMENT AGENCY****REPORT OF THE DIRECTORS (Continued)**

FOR THE YEAR ENDED 31 MARCH 2005

**EMPLOYMENT EQUITY**

The company is committed to creating a workplace in which individuals of ability and application can develop rewarding careers at all levels, regardless of their background, race or gender.

**CODE OF ETHICS**

The company has adopted and operates in terms of a code of ethics.

**FRAUD AND UNETHICAL BEHAVIOUR**

The company encourages employees to report dishonesty, fraud and unethical behavior and ensures that such employees do not suffer occupational detriment and are not victimised. This action, commonly referred to as whistle blowing, is a deterrent against fraud and unethical behavior.

**CORPORATE PLANS AND BUDGETS**

The Board has authorised corporate plans and budgets which are utilised to evaluate the performance of the company and its executives are evaluated.

**VALUE ADDED**

The company serves a vital role in the economic development of Gauteng.

**GAUTENG ECONOMIC DEVELOPMENT AGENCY**  
**INCOME STATEMENT**

For the year ended 31 March 2005

	Notes	2005 R	2004 R
<b>REVENUE</b>	2	<b>33 568 373</b>	<b>31 193 898</b>
Expenditure for the year	15	(32 783 475)	(32 874 504)
Net Profit before tax	3	784 898	( 1 680 606)
Taxation	4	-	-
Net Profit for the year		<b>784 898</b>	<b>(1 680 606)</b>

**GAUTENG ECONOMIC DEVELOPMENT AGENCY  
BALANCE SHEET**

As at 31 March 2005

	Notes	2005 R	2004 R
<b>ASSETS</b>			
<b>Non-current Assets</b>			
Property, Plant and Equipment	5	1 535 358	2 128 329
<b>Current Assets</b>		11 399 859	12 532 885
Trade and other receivables	6	1 147 222	3 604 528
Bank and cash balances	7	10 252 637	8 928 357
<b>TOTAL ASSETS</b>		<b>12 935 217</b>	<b>14 661 214</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and Reserves</b>			
Accumulated funds		9 053 454	8 268 556
<b>Current Liabilities</b>		3 881 763	6 392 658
Trade and other payables	8.1	1 939 155	4 635 399
Deferred Income	8.2	543 593	-
Provisions	9	1 399 015	1 757 259
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>12 935 217</b>	<b>14 661 214</b>

**GAUTENG ECONOMIC DEVELOPMENT AGENCY**  
**STATEMENT OF CHANGES IN EQUITY**

For the year ended 31 March 2005

	<b>Accumulated Surplus R</b>	<b>Total R</b>
<b>Balance as at 31 March 2003</b>	<b>9 949 162</b>	<b>9 949 162</b>
Loss for the period	(1 680 606)	(1 680 606)
<b>Balance as at 31 March 2004</b>	<b>8 268 556</b>	<b>8 268 556</b>
Surplus for the period	784 898	784 898
<b>Balance as at 31 March 2005</b>	<b>9 053 454</b>	<b>9 053 454</b>

**GAUTENG ECONOMIC DEVELOPMENT AGENCY**  
**CASH FLOW STATEMENT**

For the year ended 31 March 2005

	Notes	2005 R	2004 R
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash generated from operations</b>		<b>961 007</b>	<b>(1 704 197)</b>
Profit before taxation		784 898	(1 680 606)
Adjusted for:			
Depreciation		958 911	927 636
Interest paid		645	22 856
Change in opening balance		-	32 880
Interest received		(783 029)	(1 011 700)
Loss on disposal of asset		-	4 737
Depreciation written off		(418)	-
<b>Movement in working capital</b>		<b>(53 589)</b>	<b>321 079</b>
Decrease in accounts receivable		2 457 306	(1 631 088)
Decrease in accounts payable		(2 510 895)	1 952 167
<b>Net cash inflow from operating activities</b>	(A)	<b>907 418</b>	<b>(1 383 118)</b>
<b>CASH UTILISED IN INVESTING ACTIVITIES</b>			
Interest Received		783 029	1 011 700
Proceeds from sale of assets		14 998	22 879
Acquisition of fixed assets		(380 520)	(556 641)
<b>Net cash from investing activities</b>	(B)	<b>417 507</b>	<b>477 938</b>
<b>CASH UTILISED IN FINANCING ACTIVITIES</b>			
Interest paid		(645)	(22 856)
<b>Net cash used in financing activities</b>	(C)	<b>(645)</b>	<b>(22 856)</b>
Net Increase in cash and cash equivalents [A +B + C]		1 324 280	(928 036)
Cash and cash equivalents at beginning of the period		8 928 357	9 856 393
<b>CASH AND CASH EQUIVALENTS AT END OF THE PERIOD</b>	10	<b>10 252 637</b>	<b>8 928 357</b>

**GAUTENG ECONOMIC DEVELOPMENT AGENCY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

For the year ended 31 March 2005

## **1. ACCOUNTING POLICIES**

**1.1** The financial statements have been prepared on the historical cost basis.

### **Statement of Compliance**

The annual financial statements have been prepared in accordance with Statements of Generally Accepted Accounting Practice, Companies Act and the requirement of the Public Finance Management Act and relevant Treasury Regulations.

### **1.2 Property, plant and equipment**

All fixed assets are shown at cost less accumulated depreciation. Fixed assets are depreciated over their expected useful lives on the straight line basis. The expected useful lives of the assets are as follows:

Computer hardware and software	3 years
Furniture & Fittings	5 years
Other fixed assets	5 years

### **1.3 Financial Instruments**

Financial assets and financial liabilities are recognized on the balance sheet when the organization becomes a party to the contractual provisions of the instrument.

Financial instruments are initially measured at cost.

#### **Financial assets**

The company's principle financial assets are accounts receivable and cash and cash equivalents.

#### **❑ Trade and other receivables**

Trade and other receivables stated at cost less provision for doubtful debts.

#### **❑ Cash and cash equivalents**

Cash and cash equivalents are measured at fair value.

#### **Financial liabilities**

The company's principle financial liabilities are accounts payable and provisions

**GAUTENG ECONOMIC DEVELOPMENT AGENCY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)**  
For the year ended 31 March 2005

#### **1.4 Provisions**

Provisions are recognised when the company has a present obligation as a result of a past event and it is probable that this will result in an outflow of economic benefits that can be estimated reliably.

##### **Provision for Doubtful Debts**

Provision for doubtful debts is provided for debtors over 90 days

##### **Leave Provision**

Leave provision is provided according to number of days due to employees.

##### **Performance Bonus Provision**

Performance bonus provision is provided according to 10% of the salary bill for 2004/2005.

#### **1.5 Irregular, and fruitless and wasteful expenditure**

Irregular expenditure means expenditure incurred in contravention of, or not in accordance with, a requirement of any applicable legislation.

Fruitless and wasteful expenditure means expenditure that was made in vain and would have been avoided had reasonable care been exercised.

All irregular and fruitless and wasteful expenditure is charged against income in the period in which they are incurred.

Fruitless and wasteful expenditure must be recovered from a responsible official (a debtor account should be raised) or the vote if responsibility cannot be determined. It is treated as a current asset in the balance sheet until such expenditure is recovered from the responsible official or funded from the future voted funds.

#### **1.6 Revenue recognition Fees**

Revenue arising from membership fees and corporate patronship are recognized to income statement on the straight line basis over the period of membership agreement.

#### **1.7 Government grant**

Government grant includes allocations received during the period from the Gauteng Provincial Government. Government grants are recorded as income when they become receivable during the period.

**GAUTENG ECONOMIC DEVELOPMENT AGENCY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)**  
For the year ended 31 March 2005

### **1.8 Operating Lease Agreement**

Rentals payable under operating lease are expensed to income statement on a straight-line basis over the term of the relevant lease period.

### **1.9 Interest Received**

Interest received is recognised on a time proportion basis as it accrues.

### **1.10 Cash and Cash Equivalents**

Cash and a cash equivalent consist of cash on hand and balance with banks.

### **1.11 Retirement Benefit Costs**

#### **Provident Fund**

The company's contributions to a defined contribution plan in respect of services in a particular period are recognized as an expense in that period.

### **1.12 Foreign Currency Transaction**

Transactions in foreign currency are accounted for at the rate ruling at date of transaction.

#### **Foreign Currency Balances**

Assets and Liabilities denominated in foreign currency have been accounted for at the rate ruling at the balance sheet date, gain and losses arising on the transaction are recognised in the income statement in the period which they occur.

### **1.13 Reserves**

#### ☐ Unappropriated surplus

Section 53 (3) of the PFMA Act, 1999 (Act No. 1 of 1999) as amended requires that no public entity may accumulate surpluses unless prior written approval from Provincial has been obtained

### **1.14 Comparatives**

Where necessary comparative figures are adjusted to conform to changes in presentation in the current year.

**GAUTENG ECONOMIC DEVELOPMENT AGENCY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)**  
For the year ended 31 March 2005

**2. REVENUE**

	<b>2005 R</b>	<b>2004 R</b>
Gross Revenue	<b>33 568 373</b>	<b>31 193 898</b>
Bad Debts Recovered	504 220	-
Membership Fees	1 004 253	855 487
Business Missions	10 985	20 758
Interest Earned	783 029	1 011 700
Miscellaneous Income Fees	264 495	405 953
Profit on Disposal of Assets	1 391	-
Provincial Allocation	31 000 000	28 900 000

**3. NET PROFIT BEFORE TAXATION**

The operating profit is stated after taking the following into account :

**Depreciation**

	<b>958 911</b>	<b>927 636</b>
Computer hardware, Printer & software	552 759	526 598
Furniture and fittings	268 283	195 526
Other fixed assets	137 869	205 512

**Professional fees**

	<b>1 577 041</b>	<b>1 840 016</b>
Accounting	91 370	92 588
Audit	143 963	101 286
Contractors	1 070 992	1 492 832
Legal costs	270 716	153 310

**Bad debts**

	<b>250 000</b>	<b>774 300</b>
--	----------------	----------------

**Directors emoluments**

	<b>963 713</b>	<b>1 292 000</b>
- as Directors	87 500	105 000
- as CEO	876 213	1 187 000

**Interest paid**

	<b>645</b>	<b>22 856</b>
--	------------	---------------

**Provident Fund**

	<b>1 224 774</b>	<b>1 082 108</b>
--	------------------	------------------

**GAUTENG ECONOMIC DEVELOPMENT AGENCY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)**  
For the year ended 31 March 2005

**3.1 Directors  
Remuneration**

<b>Executive Director</b>	<b>Year</b>	<b>Salary</b>	<b>Performance Bonus</b>	<b>Benefits</b>	<b>Retirement Contributions</b>	<b>Total</b>
<b>As Director</b>		<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
C W Jonker	2004	717 000	442 000	28 000		1 187 000
C W Jonker	2005	809 013	-	67 200		876 213
<b>Other Services</b>					<b>2005 R</b>	<b>2004 R</b>
C. W. Jonker					Nil	Nil
		<b>As Director</b>		<b>Others Services</b>		
<b>Non executive directors</b>		<b>2005 R</b>	<b>2004 R</b>	<b>2005 R</b>	<b>2004 R</b>	
J. Moleketi		Nil	Nil	Nil	Nil	
J. Fubbs		Nil	Nil	Nil	Nil	
JR Claasen		Nil	Nil	Nil	20 000	
Z Malele		Nil	Nil	15 000	10 000	
R S Ntuli		Nil	Nil	5 000	15 000	
S Gangca		Nil	Nil	5 000	Nil	
W Maseko		Nil	Nil	Nil	15 000	
K Mohan		Nil	Nil	Nil	2 500	
A D Selepe		Nil	Nil	12 500	17 500	
B J van der Ross		Nil	Nil	12 500	20 000	
Mokone - Matabane		Nil	Nil	10 000	2 500	
P Mohlala		Nil	Nil	20 000	2 500	
M. M. Ngoasheng		Nil	Nil	7 500	Nil	
<b>TOTAL</b>		<b>Nil</b>	<b>Nil</b>	<b>87 500</b>	<b>105 000</b>	

**GAUTENG ECONOMIC DEVELOPMENT AGENCY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)**

For the year ended 31 March 2005

**4. TAXATION**

No provision has been made for income tax as the entity has applied to be exempted in terms of section 10 (1) (zC) of the Income Tax Act and is still awaiting the outcome.

**5. PROPERTY, PLANT AND EQUIPMENT**

	<b>Computer Hardware Printer &amp; Software</b>	<b>Furniture &amp; Fittings</b>	<b>Other Fixed Assets</b>	<b>Total</b>
<b>2005</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
<b>Cost</b>				
<b>Cost at 1 April 2004</b>	<b>2 584 277</b>	<b>1 828 939</b>	<b>851 667</b>	<b>5 264 883</b>
Additions during the period	352 724	17 045	10 751	380 520
Disposal	(14 998)			(14 998)
<b>Balance as at 31 March 2005</b>	<b>2 922 003</b>	<b>1 845 984</b>	<b>862 418</b>	<b>5 630 405</b>
<b>Accumulated Depreciation</b>				
<b>Depreciation at 1 April 2004</b>	<b>1 725 808</b>	<b>857 202</b>	<b>553 544</b>	<b>3 136 554</b>
Charge for the period	552 759	268 283	137 869	958 911
Accumulated Dep write off	(418)	-	-	(418)
<b>Balance as at 31 March 2005</b>	<b>2 278 149</b>	<b>1 125 485</b>	<b>691 413</b>	<b>4 095 047</b>
<b>Net book value at 31 March 2005</b>	<b>643 854</b>	<b>720 499</b>	<b>171 005</b>	<b>1 535 358</b>
<b>Net book value at 31 March 2004</b>	<b>858 469</b>	<b>971 737</b>	<b>298 123</b>	<b>2 128 329</b>

**6. TRADE AND OTHER RECEIVABLES**

Trade and other receivables are stated at cost less provision for doubtful debts. The provision for doubtful debts has been determined by way of debtors over 90 days.

	<b>2005</b>	<b>2004</b>
	<b>R</b>	<b>R</b>
Deposits	15 920	8 109
Sundry Debtors	90 266	52 745
Trade Debtors	953 119	2 190 962
Prepayments	189 366	1 478 532
Receiver of Revenue (VAT Refundable)	183 551	438 400
Provision for Bad Debts	(285 000)	(564 220)
	<b>1 147 222</b>	<b>3 604 528</b>

**GAUTENG ECONOMIC DEVELOPMENT AGENCY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)**  
For the year ended 31 March 2005

**7. BANK BALANCES AND CASH**

Bank balances and cash comprise cash at bank and on hand

	<b>2005</b>	<b>2004</b>
	<b>R</b>	<b>R</b>
Cash at bank	10 249 137	8 924 857
Cash on hand	3 500	3 500
	<b>10 252 637</b>	<b>8 928 357</b>

**8. CURRENT LIABILITIES**

**8.1 TRADE AND OTHER PAYABLES**

Trade payables	1 638 259	3 174 766
Sundry Accruals	300 896	1 460 633
	<b>1 939 155</b>	<b>4 635 399</b>

**8.2 DEFERRED INCOME**

<b>543 593</b>	<b>-</b>
----------------	----------

Deferred income consists of the money received in advance.

**9. PROVISIONS**

Leave Pay	314 401	230 429
Audit Fees	120 000	103 372
Performance Bonus	964 614	1 423 458
	<b>1 399 015</b>	<b>1 757 259</b>

**10. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consist of cash on hand and balance with banks. Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:

	<b>2005</b>	<b>2004</b>
	<b>R</b>	<b>R</b>
Cash at bank	10 249 137	8 924 857
Cash on hand	3 500	3 500
Cash and Cash Equivalents	<b>10 252 637</b>	<b>8 928 357</b>

**GAUTENG ECONOMIC DEVELOPMENT AGENCY**  
**NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)**  
For the year ended 31 March 2005

## 11. LEASES

### Operating Lease

At the balance sheet date the entity had no outstanding commitments under operating leases

	2005	2004
Lease payments up to 1 year	958 126	1 604 140
1 to 3 years	-	4 812 420
	<b>958 126</b>	<b>6 416 560</b>

The lease agreement expired on the 30 September 2004. With effect from 01 October 2004 GEDA paid rent on a monthly basis pending a new lease on a new building.

## 12. GUARANTEES

Guarantees for rental amount to R30 000 and the beneficiary is Johnnic Properties.

## 13. EVENTS AFTER BALANCE SHEET DATE

### 13.1 APPOINTMENT OF THE NEW CHIEF EXECUTIVE OFFICER

During April 2005, GEDA has appointed Dr. Carl Niehaus as the new Chief Executive Officer.

### 13.2 VAT

With effect from 01 April 2005, GEDA deregistered as VAT vendor in terms of section 24 (1) of the VAT Act, 1991.

## 14. UNAUTHORISED AND IRREGULAR EXPENDITURE

	2005	2004
Irregular Expenditure	206 700	-
	<b>206 700</b>	-

The amount of R 206 700 is classified as irregular expenditure as the result of the tender process not followed. The amount has been recorded in the income statement accordingly.

**GAUTENG ECONOMIC DEVELOPMENT AGENCY****NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)**

For the year ended 31 March 2005

**15. DETAILED INCOME STATEMENT**

	<b>April 2004 through March 2005</b>	<b>April 2003 through March 2004</b>
<b>Income</b>		
Income Received	33,568,373	31,193,898
<b>Total Income</b>	<b>33,568,373</b>	<b>31,193,898</b>
<b>Expense</b>		
Bank Charges & Interest	45,683	64,491
Books, Publications & Subs	95,339	126,115
Communication Costs	790,441	845,516
Computer Costs	404,433	830,756
Depreciation	958,911	927,636
Expense -Office Equipment	12,570	48,094
Insurance	106,514	89,131
Marketing Costs	6,982,655	7,621,219
Other Costs	3,083,308	2,958,778
Printing & Stationery	1,267,094	1,715,919
Professional Fees	1,664,541	1,945,016
Rent, Electricity, Refuse & Water	1,407,118	1,591,818
Repairs & Maintenance	38,616	39,424
Salaries & related expenses	14,516,685	12,746,022
Training & Other Staff Costs	753,096	666,428
Travel - Local	656,470	658,140
Total Expense	32,783,475	32,874,504
<b>Net Income</b>	<b>784,898</b>	<b>(1,680,606)</b>



# Gauteng Gambling Board

## Myth

"If you keep track of previous results, you can figure out future outcomes."

## Fact

Every gambling is an independant random event with no memory. So previous outcomes cannot influence future ones.



**GAUTENG GAMBLING BOARD**

Established in terms of Section 3 of the  
Gauteng Gambling Act, 1995 (Act No 4 of 1995), as amended

**ANNUAL REPORT****31 March 2005**

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**CHAIRPERSON'S STATEMENT**

The 2005 financial year was once again exciting and eventful as evidenced by the matters highlighted in the Report of the Board. 2006 will represent the 10th anniversary of the Board's establishment and looking back over the past nine years it is pleasing to note the substantial achievements of the Board, which includes the following:

Since inception to date the Board has collected a total of R2,37 billion in taxes on behalf of the Gauteng Provincial Government.

The licensing initiatives of the Board has resulted in the creation of approximately 10 000 direct new job opportunities with a further 25 000 indirect and induced job opportunities.

The development and training of its human capital with specific emphasis on opportunities made available to previously disadvantaged individuals which is evidence by the fact that at present 80% of the Board's staff consists of previously disadvantaged individuals which 57% of the Board's staff are females.

It thus behoves me to express my sincere appreciation to my fellow Board Members, the Chief Executive Officer and staff for their sterling efforts in ensuring these achievements.

Since the year end, Messrs Majombozi, Mahlalela and Ms R Mokoena have resigned as Board Members. I wish to thank them for their contribution during their tenure as Board Members and wish them well in their future endeavours.

Lastly on 25 July 2005 the MEC indicated his intention to review the composition of the Board.

FJ NALANE  
CHAIRPERSON

**ADMINISTRATIVE INFORMATION****BOARD MEMBERS**

Messrs	FJ Nalane	Chairperson
	SA Tati	Deputy Chairperson
	MGK Maher	
	S Mahlalela	
	SL Majombozi	
	J Maluleka	
	L Mohapeloa	
	W Segal	
	LT Sibeko	
Mesdames	Z Mamba	
	R Mokoena	
	R Morojele	

**AUDIT COMMITTEE**

Messrs	MGK Maher CA(SA)	Chairperson
	M Nkhabu CA(SA)	
Ms	S Machaba CA(SA)	

**CHIEF EXECUTIVE OFFICER**

Mr J Booysen CA(SA)

**CHIEF FINANCIAL OFFICER**

Ms D Dondur CA(SA)

**POSTAL ADDRESS**

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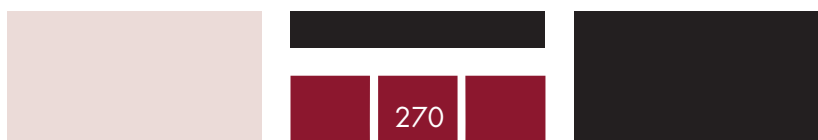
[info@ggb.org.za](mailto:info@ggb.org.za)

**WEBSITE**

[www.ggb.org.za](http://www.ggb.org.za)

**BANKERS**

Standard Bank



## STATEMENT OF RESPONSIBILITY BY THE MEMBERS OF THE BOARD

The Board Members are responsible for monitoring the preparation and the integrity of the financial statements and related information included in the annual report.

## INTERNAL AND ACCOUNTING CONTROLS

In order for the Board to discharge its responsibilities, management has developed and continues to maintain a risk management policy and an effective and efficient system of internal control.

The system of internal control is designed to provide reasonable assurance as to the integrity and reliability of the financial records of the Board and to safeguard and maintain accountability of the Board's assets.

Management and the Finance and Audit Sub-committees of the Board regularly review the risk management policy and system of internal control and these are modified and improved as operating conditions change.

The system of internal control includes a comprehensive budgeting and reporting system operating within strict deadlines and monitored by the Finance Sub-committee of the Board.

As part of the system of internal control, the Board's internal audit function, outsourced to a firm of chartered accountants, conducts the internal audit in accordance with the standards set by the Institute of Internal Auditors and co-ordinates audit coverage with the Auditor-General.

The Board is satisfied that the system of internal control is adequate so that the financial records may be relied upon for preparing the financial statements and maintaining accountability of assets and liabilities.

## AUDIT COMMITTEE

The Audit Committee of the Board consists of one non-executive Board member and two non-Board members and meets at least four times a year. The committee ensures effective communication between the Board, internal audit and the Auditor-General. The Auditor-General and internal audit has free access to the Audit Committee.

The Audit Committee operates within the framework of a formal terms of reference and has discharged its responsibilities for the year, in compliance with its terms of reference.

## ANNUAL FINANCIAL STATEMENTS

The annual financial statements are prepared in accordance with Statements of Generally Accepted Accounting Practice and the reporting requirements of the Public Finance Management Act.

The financial statements are prepared in accordance with appropriate accounting policies as set out in the notes to these financial statements and which are supported by reasonable and prudent judgements and estimates.

The financial statements have been prepared on the going concern basis, as the Board Members have every reason to believe that the Board has adequate resources in place to continue in operation for the year ahead.

**STATEMENT OF RESPONSIBILITY BY THE MEMBERS OF THE BOARD (Continued)**

The Board believes that the annual financial statements fairly present, in all material respects, the financial position of the Board as at 31 March 2005 and the results of its operations and cash flows for the year then ended.

The Annual Report for the year ended 31 March 2005 set out on pages 273 to 304 were approved by the members of the Board on 30 July 2005 and are signed on their behalf by:



FJ Nalane  
Chairperson



J Booysen  
Chief Executive Officer

## REPORT OF THE AUDIT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2005

We are pleased to present our report for the financial year ended 31 March 2005.

### Audit Committee Members and Attendance

The Audit Committee consists of the members listed hereunder and meets at least four times per annum as per its approved terms of reference. During the year under review five meetings were held.

Name of Member	Number of meetings attended
Messrs MGK Maher (Chairperson)	5
M Nkhabu	5
Ms S Machaba	3

### Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from section 51(1)(a) of the Public Finance Management Act ("the Act") and Treasury Regulations 27.1.8 and 27.1.10. The Audit Committee also reports that it has adopted formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

### The effectiveness of internal control

The system of internal control is effective as the various reports of the Internal Auditors, the Audit Report on the Annual Financial Statements and management letter of the Auditor-General have not reported any significant or material non-compliance with prescribed policies and procedures.

### The quality of management and monthly/quarterly reports submitted in terms of the Act

The Committee is satisfied with the content and quality of monthly and quarterly reports prepared and issued by the Board during the year under review.

### Evaluation of Financial Statements

The Audit Committee has:

- Reviewed and discussed with the Auditor-General and the Accounting Authority the audited annual financial statements to be included in the annual report;
- Reviewed the Auditor-General's management letter and management response; and
- Reviewed significant adjustments resulting from the audit.

**REPORT OF THE AUDIT COMMITTEE (Continued)**  
**FOR THE YEAR ENDED 31 MARCH 200**

The Audit Committee concurs with and accepts the conclusions of the Auditor-General 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.

MGK MAHER  
Chairperson of the Audit Committee

Date: 30 July 2005

## **REPORT OF THE BOARD FOR THE YEAR ENDED 31 MARCH 2005**

The Members of the Board have pleasure in presenting their report for the year ended 31 March 2005.

### **INCORPORATION, FUNCTIONS AND POWERS**

The Gauteng Gambling Board is a statutory body established in terms of section 3 of the Gauteng Gambling Act, 1995 (Act No 4 of 1995), as amended.

The main functions of the Board are to:

- Oversee and control gambling activities in Gauteng, including:
  - Licensing of individuals and entities to conduct gambling and related activities.
  - Registering of persons engaged in such activities.
  - Approval and registering of all gambling devices.
  - Collecting prescribed taxes and levies for the Gauteng Province and other specified beneficiaries.
  - Ensuring compliance with gambling legislation.
- Manage and administer the Sports Development Fund.
- Advise the Member of the Executive Council of the Gauteng Provincial Government responsible for the administration of the Act on matters relating to gambling.

### **MISSION STATEMENT**

To create and maintain a viable, fair and respectable gambling industry for all who have an interest in, or are affected by, gambling in Gauteng by licensing and controlling as well as advising government, making use of competent people and appropriate resources.

### **BOARD MEMBERS**

The names of Board Members appear on page 3.

## REPORT OF THE BOARD (Continued) FOR THE YEAR ENDED 31 MARCH 2005

### BOARD MEMBER EMOLUMENTS

Board Member emoluments are reflected in note 8 to the Annual Financial Statements.

### SENIOR MANAGEMENT REMUNERATION

Name	Position	Basic salary	Allowances	Bonus	Performance bonus	Employer contributions	Total remuneration
		R	R	R	R	R	R
J Booysen	Chief Executive Officer	759 180	120 000	70 690	70 690	206 145	1 226 705
E Lalumbe	Manager : Legal Services	511 920	-	40 610	40 610	114 841	707 981
B Kgomo	Manager : Compliance	465 960	67 400	41 760	41 760	98 739	715 619
JJ Oberholzer	Manager : Licensing and Betting	379 170	117 600	39 370	39 370	132 036	707 546
K Jacobs	Manager : MIS	338 700	67 400	30 680	30 680	64 924	532 384
O Hadebe	Manager :	245 400	72 000	23 760	23 760	51 663	416 583
D Dondur (1)	Chief Financial Officer	57 337	19 162	-	-	10 007	86 506
A Puoane (2)	Chief Financial Officer	256 444	24 000	-	36 980	57 388	374 812
L Lukhwareni (3)	Manager : Law Enforcement	180 480	33 900	23 220	23 220	43 941	304 761
<b>TOTAL</b>		<b>3 194 591</b>	<b>521 462</b>	<b>270 090</b>	<b>307 070</b>	<b>779 684</b>	<b>5 072 897</b>

(1) For the period 14/02/2005 to 31/3/2005

(2) For the period 01/04/2004 to 13/11/2004

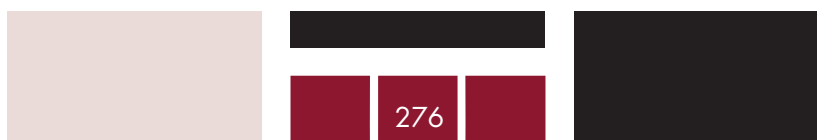
(3) For the period 01/04/2004 to 31/12/2004

### PERFORMANCE AGAINST OBJECTIVES

The performance against objectives for the year under review is dealt with in the Performance Report set out on pages 16 and 17.

### GENERAL REVIEW

The following is a brief overview of the activities and achievements of the Board during the year under review.



## **REPORT OF THE BOARD (Continued)**

### **FOR THE YEAR ENDED 31 MARCH 2005**

#### **Responsible Gambling**

During the year under review, the Board made available a further amount of R1,008 million for the responsible gambling awareness and education campaign in Gauteng.

Major activities conducted during the year included:

- A newspaper advertising campaign on gambling myths and facts, in English and Zulu;
- The continuation of the schools project, with 269 sessions held at 51 schools throughout the Province, and a total number of 23 738 learners attending the sessions;
- 11 Community outreach sessions; and
- Exhibitions at, amongst others, the Rand Easter Show, the 49th International World Conference on Small Business, National Youth Day celebrations and the Pretoria Show.

A further 268 people have joined the Board's self-exclusion programme during the year under review, bringing the total number of people who have made use of the programme to 1 114.

#### **Socio-economic Impact Study**

The study on the socio-economic impact of gambling in Gauteng was completed during June 2004.

The Board has submitted the report, together with its recommendations on policy matters based on the findings of the study, to the Provincial Executive Council for its consideration.

It is anticipated that the Gauteng Department of Finance and Economic Affairs will release the impact study report for public consumption within the near future.

#### **Black Economic Empowerment ("BEE") in the industry**

The Board continues to monitor the compliance of licensees with BEE commitments made in terms of their licence applications.

The Board is also compiling a set of minimum BEE criteria to be adhered to by all licensees. This is being done in conjunction with all other South African gambling regulators in order to ensure a uniform approach in this regard.

#### **Assistance to other regulators**

During the year under review the Board assisted other gambling regulators on the African continent with training initiatives for their Board members and staff.

## REPORT OF THE BOARD (Continued)

### FOR THE YEAR ENDED 31 MARCH 2005

The training sessions were attended by representatives from Tanzania, Malawi, Zimbabwe, Swaziland, Lesotho, Namibia, Cameroon and Botswana, and were provided free of charge, in the spirit of the New Partnership for African Development (NEPAD).

The Board has, since inception, regulated betting activities on behalf of other Provinces such as Mpumalanga and Limpopo.

During the year under review the Northern Province (Limpopo) Gambling Board took over the betting regulatory functions in Limpopo Province.

#### Social Upliftment

During the year, Caesar's Gauteng acquired a number of gaming positions from Emerald Safari Resort. The approval for this transaction was granted by the Board on condition that Caesar's Gauteng spend an amount of R50 million on social upliftment projects in the East Rand and Vaal areas.

Caesar's Gauteng has committed to spend this amount on the improvement of the quality of school education of previously disadvantaged individuals in the East Rand and Vaal areas through investment in supplementary teaching of Mathematics, Accounting and English.

An amount of R50 million rand has been placed in trust with the Board pending the implementation of the project. This amount earns interest at the same rate as the other bank balances of the Board and accrues in favour of Caesars Gauteng and the project. The total amount is reflected in the balance sheet under monies held in trust.

#### Legislative amendments

The National Gambling Act, No 7 of 2004 was promulgated and came into operation on 1 November 2004 and Regulations made under that Act came into operation on 15 November 2004.

As a result the Gauteng gambling legislation will have to be amended to align it with the new National gambling legislation. The Board is in the final stages of completing its review of the current legislation and will submit its recommendations on the required legislative amendments to the MEC for Finance and Economic Affairs shortly.

#### Casinos

##### Financial Performance

Gaming revenues of the five operating casinos increased by 15,55%, to R3,79 billion for the year.

Gaming tax collections from the casinos amounted to R341,2 million, compared to R295,5 million in the previous year.

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**REPORT OF THE BOARD (Continued)**  
**FOR THE YEAR ENDED 31 MARCH 2005**

**Operating Profile**

The operating profile of the casinos can be summarised as follows:

<b>Casino Name</b>	<b>No of gaming machines</b>	<b>No of gaming tables</b>
Caesars Gauteng	1 640	67
Carnival City	1 750	60
Emerald Safari Resort	660	23
Gold Reef City Casino	1 600	50
Montecasino	1 700	70
<b>TOTAL</b>	<b>7 350</b>	<b>270</b>

***Sixth Casino Licence***

The Supreme Court of appeal upheld the decision of the High Court directing the Board to issue a casino licence to Silverstar Development Limited and a casino licence was issued to Silverstar, in accordance with the court order, on 29 April 2005.

**Horse-racing and betting**

***Pool betting***

Totalizator turnover increased by 16,99% during the current year to a total of R1,46 billion (2004 : R1,25 billion). The increase is partly due to the effects of the equine flu epidemic experienced during the previous financial year.

Totalizator taxation amounted to R24,03 million (2004 : R20,93 million).

**Fixed odds betting**

Taxes collected from Gauteng bookmakers amounted to R24,60 million during the year under review, compared to R22,25 million in the previous year.

The Board, in conjunction with other South African Regulators, is in the process of completing a memorandum on proposed policy recommendations to counter the negative effect of offshore betting operators which offer tax free betting on sport and South African horse-racing. Upon completion, the memorandum will be submitted to the National Gambling Policy Council for consideration.

## **REPORT OF THE BOARD (Continued)**

### **FOR THE YEAR ENDED 31 MARCH 2005**

#### ***Bingo operations***

Bingo revenues improved by 11,44% during the current year to a total of R17,05 million (2004 : R15,30 million), resulting in tax collections of R2,046 million (2004 : R1,84 million).

#### ***Limited payout machines***

The legal proceedings instituted by Viva Bingo (Kolonnade) (Pty) Ltd, reported on in the previous annual report, are still pending.

The Board has submitted its recommendations on the policy issues relating to limited payout machines, based on the findings of the socio-economic impact study referred to above, to the Gauteng Provincial Government and is currently awaiting policy directives from Government.

#### **ILLEGAL GAMBLING**

The Board continued its close working relationship with the South African Police Services and the Directorate of Public Prosecutions in order to ensure the effective enforcement of gambling legislation in the Province.

During the year, 337 illegal gaming machines and 3 gaming tables were confiscated and 68 people were convicted of gambling-related offences.

#### **Sports Development Fund**

The income of the Sports Development Fund amounted to R1,47 million during the year under review (2004: R1,29 million).

The balance of the Fund at 31 March 2005 amounted to R3,334 million.

Grants amounting to R2,395 million were made by the Board during the year in respect of the following projects:

- Upgrading of Sebokeng Zone 11 Sport Stadium
- Kagiso Sport Complex
- Dube Sport Complex
- Bursaries for previously disadvantaged apprentice jockeys.

## REPORT OF THE BOARD (Continued)

### FOR THE YEAR ENDED 31 MARCH 2005

#### Human Resources

##### HIV/Aids

The HIV/Aids committee's mandate has been extended to include other terminal diseases and is now called the HIV/AIDS and other Terminal Diseases committee.

The committee has embarked on a number of awareness initiatives, which include a voluntary HIV/Aids testing programme and ongoing HIV/AIDS training. The committee is also involved in a Community Outreach programme involving AIDS orphans.

##### *Employees according to race and gender*

Race	Female	Male	Total	Percentage
Black	29	23	52	70,27
Coloured	3	1	4	5,41
Indian	2	1	3	4,05
White	8	7	15	20,27
<b>TOTAL</b>	<b>42</b>	<b>32</b>	<b>74</b>	<b>100</b>
Disabled			1	1,35

##### *Development and Training*

Development and training of employees remain a priority of the Board and various training and development initiatives took place during the year.

All employees of the Board participated in training sessions during the year. The training sessions covered a wide spectrum of topics, including:

- Performance management training
- Information technology audit
- Responsible gambling
- Money laundering
- Fraud detection
- HIV/AIDS counselling and care

The Board also provides a bursary scheme for employees for part-time tertiary studies and there are currently 27 employees participating in the scheme.

**REPORT OF THE BOARD (Continued)**  
**FOR THE YEAR ENDED 31 MARCH 2005**

**FINANCIAL RESULTS**

The financial results of the Board and the taxes and levies collected and distributed are reflected in the attached annual financial statements.

The Board has previously received approval to retain the accumulated surplus of R12,014 million as at 31 March 2001 and the current year surplus of R11,471 million will be paid into the Provincial Revenue Fund, as required in terms of the provisions of the Gauteng Gambling Act and the Public Finance Management Act.

**FINANCIAL HIGHLIGHTS**

	<b>2005 R'000</b>	<b>%</b>	<b>2004 R'000</b>	<b>%</b>
<b>REVENUE</b>				
Collection commission	19,006	48,20	17,284	46,92
Contribution by Gauteng Provincial Government:				
– Socio-economic Impact Study	-	-	500	1,36
– Responsible gambling awareness programme	1,008	2,60	908	2,47
Cost recovery – On-site casino inspectors	1,873	4,80	2,023	5,49
Licence fees	12,037	30,50	10,824	29,38
Sports betting levies	2,072	5,30	1,507	4,09
Interest received	1,537	3,90	2,145	5,82
Application fees	1,065	2,70	732	1,99
Other	817	2,00	913	2,48
	<b>39,415</b>	<b>100,00</b>	<b>36,836</b>	<b>100,00</b>

**EXPENDITURE**

Staff costs	17,287	61,90	15,668	59,68
Board members' fees	745	2,70	335	1,27
Depreciation	711	2,50	834	3,18
Professional and consulting fees	37	0,10	11	0,04
Other operating expenditure	9,164	32,80	9,407	35,83
	<b>27,944</b>	<b>100,00</b>	<b>26,255</b>	<b>100,00</b>

**SURPLUS FOR THE YEAR**

	<b>11,471</b>	<b>10,581</b>
Total collections on behalf of beneficiaries	423,170	373,318
Expenditure as a percentage of total collections	6,60%	7,03%

**REPORT OF THE BOARD (Continued)**  
**FOR THE YEAR ENDED 31 MARCH 2005**

**APPRECIATION**

The Board wishes to express its appreciation to all parties who participated in its activities and assisted it during the year under review, and specifically the following:

The Gauteng Provincial Government, and in particular the Executive Council, MEC Paul Mashatile and the Department of Finance and Economic Affairs;

- All applicants for licences and licensees;
- Industry associations;
- The staff of the Board, past and present, for their dedication and commitment;
- The National Responsible Gambling Programme;
- The Directors of Public Prosecutions and the South African Police Services;
- Other gambling regulatory authorities, both local and international;
- Professional bodies who rendered services to the Board;
- The media fraternity; and
- The public in general.

**PERFORMANCE REPORT  
FOR THE YEAR ENDED 31 MARCH 2005**

<b>OBJECTIVE</b>	<b>KEY PERFORMANCE AREA</b>	<b>ACHIEVEMENT</b>
<ul style="list-style-type: none"> <li>• Ensure that all monies due are properly accounted for and distributed as prescribed</li> </ul>	<ul style="list-style-type: none"> <li>• Collection of 98% of all monies due</li> <li>• Distribution to beneficiaries on due date</li> <li>• Adherence to planned revenue audits of licensees</li> <li>• Reporting of monies collected and distributed</li> </ul>	<ul style="list-style-type: none"> <li>• A total of R423,17 million was collected. Amounts due amounting to R3,46 million were written off against provisions previously created.</li> <li>• All monies were distributed to beneficiaries on due date</li> <li>• A total of 36 revenue audits were conducted, in accordance with the year plan</li> <li>• Reporting of all monies collected and distributed was done to stakeholders on due date, the details of which are contained in the financial statements</li> </ul>
<ul style="list-style-type: none"> <li>• Ensure fairness to punters</li> </ul>	<ul style="list-style-type: none"> <li>• Adherence to approval and registration procedures</li> <li>• Game rule approvals</li> <li>• Processing of all gambling disputes lodged with the Board</li> </ul>	<ul style="list-style-type: none"> <li>• 202 requests for gambling equipment approvals were received and processed</li> <li>• 2 requests for casino game rule approvals were received and processed</li> <li>• 88 disputes were lodged with the board and of these 68 were evaluated and decided upon, the remainder being under investigation at year end</li> </ul>
<ul style="list-style-type: none"> <li>• Ensure that gambling activities are conducted in accordance with legislative requirements</li> </ul>	<ul style="list-style-type: none"> <li>• Adherence to planned inspections relating to unlicensed gambling activities and follow up of all reported illegal gambling activities</li> <li>• Adherence to planned compliance inspections and audits and follow up on incidences of non-compliance</li> </ul>	<ul style="list-style-type: none"> <li>• All incidences of illegal gambling uncovered were acted upon. This resulted in 80 raids, 337 gaming machines and 3 gaming tables being confiscated and 68 convictions for illegal gambling</li> <li>• Compliance audits were carried</li> </ul>

**PERFORMANCE REPORT (Continued)**  
**FOR THE YEAR ENDED 31 MARCH 2005**

out in accordance with plans and corrective action was taken in cases of non-compliance. This included the imposition of penalties amounting to R83,672

- |   |   |   |   |                            |                           |                              |                                 |  |   |    |
|---|---|---|---|----------------------------|---------------------------|------------------------------|---------------------------------|--|---|----|
| <ul style="list-style-type: none"> <li>• Ensure that gambling activities are conducted in accordance with legislative requirements</li> </ul> | <ul style="list-style-type: none"> <li>• Adherence to planned compliance audit of licensees</li> </ul>  | <ul style="list-style-type: none"> <li>• The following compliance audits were carried out in accordance with the year plan:               <table border="0" style="margin-left: 20px;"> <tr> <td>- Manufacturer/Supplier</td> <td style="text-align: right;">14</td> </tr> <tr> <td>- Casinos</td> <td style="text-align: right;">7</td> </tr> <tr> <td>- Bingos</td> <td style="text-align: right;">12</td> </tr> <tr> <td>- Betting</td> <td style="text-align: right;">38</td> </tr> </table> </li> </ul>  | - Manufacturer/Supplier                                     | 14                         | - Casinos                 | 7                            | - Bingos                        | 12                                       | - Betting   | 38 |
| - Manufacturer/Supplier   | 14  |   |   |                            |                           |                              |                                 |  |   |    |
| - Casinos   | 7   |   |   |                            |                           |                              |                                 |  |   |    |
| - Bingos  | 12  |   |   |                            |                           |                              |                                 |  |   |    |
| - Betting   | 38  |   |   |                            |                           |                              |                                 |  |   |    |
| <ul style="list-style-type: none"> <li>• Ensure suitability of participants in and premises used for gambling</li> </ul>                      | <ul style="list-style-type: none"> <li>• Adherence to licensing procedures</li> </ul>   | <ul style="list-style-type: none"> <li>• All applications received were processed in accordance with the laid down licensing procedures. This resulted in the Board granting the following approvals:               <table border="0" style="margin-left: 20px;"> <tr> <td>- 12 conversions to National licences (excluding employees)</td> </tr> <tr> <td>- 18 amendments of licence</td> </tr> <tr> <td>- 32 transfers of licence</td> </tr> <tr> <td>- 942 employee registrations</td> </tr> <tr> <td>- 6 certificates of suitability</td> </tr> <tr> <td>- 11 consents to hold financial interest</td> </tr> <tr> <td>- 121 employee registrations converted to National licences</td> </tr> </table> </li> </ul> | - 12 conversions to National licences (excluding employees) | - 18 amendments of licence | - 32 transfers of licence | - 942 employee registrations | - 6 certificates of suitability | - 11 consents to hold financial interest | - 121 employee registrations converted to National licences |    |
| - 12 conversions to National licences (excluding employees)   |   |   |   |                            |                           |                              |                                 |  |   |    |
| - 18 amendments of licence  |   |   |   |                            |                           |                              |                                 |  |   |    |
| - 32 transfers of licence   |   |   |   |                            |                           |                              |                                 |  |   |    |
| - 942 employee registrations  |   |   |   |                            |                           |                              |                                 |  |   |    |
| - 6 certificates of suitability   |   |   |   |                            |                           |                              |                                 |  |   |    |
| - 11 consents to hold financial interest  |   |   |   |                            |                           |                              |                                 |  |   |    |
| - 121 employee registrations converted to National licences   |   |   |   |                            |                           |                              |                                 |  |   |    |
| <ul style="list-style-type: none"> <li>• Maximise benefits derived from gambling and minimise the negative impact thereof</li> </ul>          | <ul style="list-style-type: none"> <li>• Responsible gambling practices and rules</li> <li>• Monitoring of licensees' compliance with bid deliverables</li> </ul> | <ul style="list-style-type: none"> <li>• A total of 1 114 persons have utilised the Board's self-exclusion programme</li> <li>• Continuation of the responsible gambling awareness and education campaign at a cost of R1,01 million</li> <li>• Licensees are substantially in compliance with their bid deliverables and this is monitored on a continuous basis</li> </ul>  |   |                            |                           |                              |                                 |  |   |    |

**PERFORMANCE REPORT (Continued)**  
**FOR THE YEAR ENDED 31 MARCH 2005**

- Assist in the development of gambling policy and legislation
- Annual review of regulatory environment
- Legislation to be amended to align provincial legislation with new national legislation
- Ensure the effective and efficient operation of the Board
- Maintain self-funding of the Board's operations
- The Board has achieved a surplus of R11,47 million for the current year
- The total expenditure for the year was within budget

## REPORT OF THE AUDITOR-GENERAL TO THE EXECUTIVE AUTHORITY ON THE FINANCIAL STATEMENTS OF THE GAUTENG GAMBLING BOARD FOR THE YEAR ENDED 31 MARCH 2005

### 1. AUDIT ASSIGNMENT

The financial statements as set out on pages 289 to 304, for the year ended 31 March 2005, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No 108 of 1996), read with sections 4 and 20 of the Gauteng Public Audit Act 2004 (Act No. 25 of 2004) and section 18(4) of the Gauteng Gambling Act, 1995 (Act No 4 of 1995), as amended. These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the accounting authority. My responsibility is to express an opinion on these financial statements, based on the audit.

### 2. NATURE AND SCOPE

The audit was conducted in accordance with Statements of South African Auditing Standards. Those standards require that I plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit includes:

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

Furthermore, and audit includes an examination, on a test basis, of evidence supporting compliance in all material respects with the relevant laws and regulations, which came to my attention and are applicable to financial matters.

The audit was completed in accordance with Auditor-General Directive No. 1 of 2005.

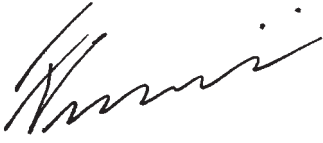
I believe that the audit provides a reasonable basis for my opinion.

### 3. AUDIT OPINION

In my opinion, the financial statements fairly present, in all material respects, the financial position of the Gauteng Gambling Board at 31 March 2005 and the results of its operations and cash flows for the year then ended, in accordance with generally accepted accounting practice and in the manner required by the Public Finance Management Act, 1999 (Act No 1 of 1999) as amended.

#### 4. APPRECIATION

The assistance rendered by the staff of the Gauteng Gambling Board during the audit is sincerely appreciated.



**I VANKER**  
**for AUDITOR-GENERAL**  
**Johannesburg**  
**29 July 2005**



AUDITOR - GENERAL

**GAUTENG GAMBLING BOARD**  
**BALANCE SHEET**  
 at 31 March 2005

	Notes	2005 R'000	2004 R'000
<b>ASSETS</b>			
Non-current assets			
Property, plant and equipment	1	10,410	10,632
Current assets		127,819	64,310
Trade and other receivables	2	3,730	10,396
Prepayments		15	17
Cash and cash equivalents	11.2	124,074	53,897
Total assets		<u>138,229</u>	<u>74,942</u>
<b>RESERVES AND LIABILITIES</b>			
Reserves		14,998	14,998
Retained surplus	3	12,014	12,014
Non distributable reserve	4	2,984	2,984
Current liabilities		123,231	59,944
Collections for distribution	5.1	43,414	32,089
Trade and other payables	6	79,817	27,855
Total reserves and liabilities		<u>138,229</u>	<u>74,942</u>

**GAUTENG GAMBLING BOARD  
INCOME STATEMENT**

for the year ended 31 March 2005

	Notes	2005 R'000	2004 R'000
Gross revenue	7	37,878	34,691
Total operating expenses		27,944	26,255
Board members' fees	8	745	335
Depreciation	1	711	834
Other operating expenses	9	9,201	9,418
Staff costs	10	17,287	15,668
Operating surplus for the year		9,334	8,436
Interest received		1,537	2,145
Net surplus for the year		11,471	10,581

**STATEMENT OF CHANGES IN EQUITY**

for the year ended 31 March 2005

	Retained Surplus R'000	Revaluation reserve R'000	Total R'000
<b>Balance at 31 March 2003</b>	<b>12,014</b>	-	<b>12,014</b>
Net surplus for the period	10,581	-	10,581
Surplus retained (Note 3)	-	-	-
Surplus to be paid over to Provincial Revenue Fund	(10,581)	-	(10,581)
Surplus on revaluation of property	-	2,984	2,984
<b>Balance at 31 March 2004</b>	<b>12,014</b>	<b>2,984</b>	<b>14,998</b>
Net surplus for the period	11,471	-	11,471
Surplus to be paid over to Provincial Revenue Fund	(11,471)	-	(11,471)
<b>Balance at 31 March 2005</b>	<b>12,014</b>	<b>2,984</b>	<b>14,998</b>

**GAUTENG GAMBLING BOARD**  
**CASH FLOW STATEMENT**  
for the year ended 31 March 2005

	<b>Notes</b>	<b>2005 R'000</b>	<b>2004 R'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash receipts		88,840	35,570
Cash paid to suppliers and employees		(27,623)	(23,693)
		<hr/>	
Cash generated from operations	11.1	61,217	11,877
Interest received		1,537	2,145
Cash paid to Provincial Revenue Fund		(10,581)	(8,949)
		<hr/>	
Net cash inflow from operating activities		52,173	5,073
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Additions to property, plant and equipment	1	(509)	(630)
Proceeds from sale of property, plant and equipment		50	112
Net cash outflow from investing activities		(459)	(518)
<b>CASH FLOWS FROM COLLECTION AND DISTRIBUTION ACTIVITIES</b>			
Increase in collections for distribution		7,870	(2,249)
Decrease in trust debtors		10,593	(214)
Net cash inflow from collection and distribution activities		18,463	(2,463)
		<hr/>	
Net increase in cash and cash equivalents		70,177	2,092
Cash and cash equivalents at beginning of year		53,897	51,805
Cash and cash equivalents at end of year	11.2	124,074	53,897
		<hr/>	

**GAUTENG GAMBLING BOARD**  
**SUMMARY OF ACCOUNTING POLICIES**  
 for the year ended 31 March 2005

The financial statements are prepared on the historical cost basis, except as modified by the revaluation of land and buildings, and incorporate the following principal accounting policies, which are materially consistent with those adopted in the previous financial year.

**STATEMENT OF COMPLIANCE**

The financial statements are prepared in accordance with Statements of Generally Accepted Accounting Practice and the requirements of the Public Finance Management Act and relevant Treasury Regulations.

**REVENUE**

This includes revenue derived from collection commission, application fees, licence fees, sports betting levies and other income. Revenue is recognised on the accrual basis, excluding VAT.

**PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment are stated at historical cost less accumulated depreciation. Buildings are stated at gross replacement value less accumulated depreciation since the date of the revaluation and are revalued every five years. The revaluation surplus is credited to non-distributable reserves. On disposal, the net revaluation surplus is transferred to retained surplus while profits or losses on disposal, based on current values, are credited or charged to the income statement.

Depreciation is calculated on the straight-line method to write off the cost/valuation of each asset over its estimated useful life as follows:

Buildings	50 years
Fixtures and fittings	10 years
Furniture and equipment	3 to 6 years
Motor vehicles	5 years
Information technology equipment	2 to 3 years

Property, plant and equipment are reviewed periodically to assess whether or not the net recoverable amount has declined below the carrying amount. In the event of such impairment, the carrying amount is reduced with the impairment loss and the impairment loss is charged as an expense against income.

**LEASES**

**Operating leases**

Leases where the lessor retains the risks and rewards of ownership of the underlying asset are classified as operating leases. Payments made under operating leases are charged against income on a straight-line basis over the period of the lease.

**GAUTENG GAMBLING BOARD**  
**SUMMARY OF ACCOUNTING POLICIES (Continued)**  
for the year ended 31 March 2005

**EMPLOYEE BENEFITS**

Short term employee benefits

The cost of all short-term employee benefits is recognised during the period in which the employee renders the related service. The provision for employee entitlement to annual leave represents the amount, which the Board has a present obligation to pay as a result of employees' services, provided to the balance sheet date. The provision has been calculated at undiscounted amounts based on current salary rates.

Long term employee benefits

The Board does not incur a liability for post employment medical aid benefits.

Retirement benefits

The Board contributes to a defined contribution plan. Contributions to the defined contribution fund are charged to the income statement in the year to which they relate.

**FINANCIAL INSTRUMENTS**

Financial instruments carried on the balance sheet include cash and bank balances, receivables and trade and other payables. These instruments are carried at their estimated fair value.

**CASH AND CASH EQUIVALENTS**

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand and at bank, all of which are available for use by the Board.

**PROVISIONS**

Provisions are recognised when the Board has a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will occur, and where a reliable estimate can be made of the amount of the obligation.

**TAXES AND LEVIES**

Taxes and levies are accounted for on an invoice basis. These are collected in an agency capacity and are therefore not treated as revenue.

**TAXATION**

The Board's income is exempt from taxation in terms of Section 10(1)(cA) of the Income Tax Act.

**COMPARATIVE FIGURES**

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

## GAUTENG GAMBLING BOARD

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2005

## 1 PROPERTY, PLANT AND EQUIPMENT

	Land and building R'000	Fixtures and fittings R'000	Motor vehicles R'000	Information on technology R'000	Furniture and equip- ment R'000	Total R'000
<b>31 MARCH 2005</b>						
<b>Opening net carrying amount</b>	<b>9,300</b>	<b>420</b>	<b>311</b>	<b>436</b>	<b>165</b>	<b>10,632</b>
Gross carrying amount	-	672	358	3,788	1,344	15,462
Accumulated depreciation	-	(252)	(47)	(3,352)	(1,179)	(4,830)
Additions	19	36	-	305	148	509
Disposals	-	(3)	-	(14)	(2)	(19)
- Cost	-	(6)	-	(102)	(46)	(154)
- Accumulated depreciation	-	3	-	88	44	135
Depreciation charge	(194)	(70)	(71)	(274)	(102)	(711)
<b>Closing net carrying amount</b>	<b>9,125</b>	<b>383</b>	<b>240</b>	<b>453</b>	<b>209</b>	<b>10,410</b>
Gross carrying amount	9,319	701	358	3,992	1,446	15,816
Accumulated depreciation	(194)	(318)	(118)	(3,539)	(1,237)	(5,406)
<b>31 March 2004</b>						
<b>Opening net carrying amount</b>	<b>6,449</b>	<b>426</b>	<b>78</b>	<b>630</b>	<b>278</b>	<b>7,861</b>
Gross carrying amount	6,963	614	194	3,659	1,336	12,766
Accumulated depreciation	(514)	(188)	(116)	(3,029)	(1,058)	(4,905)
Additions	9	58	289	255	19	630
Disposals	-	-	(4)	(3)	(2)	(9)
- Cost	-	-	(125)	(126)	(11)	(262)
- Accumulated depreciation	-	-	121	123	9	253
Depreciation charge	(142)	(64)	(52)	(446)	(130)	(834)
Revaluation	2,984	-	-	-	-	2,984
<b>Closing net carrying amount</b>	<b>9,300</b>	<b>420</b>	<b>311</b>	<b>436</b>	<b>165</b>	<b>10,632</b>
Gross carrying amount	9,300	672	358	3,788	1,344	15,462
Accumulated depreciation	-	(252)	(47)	(3,352)	(1,179)	(4,830)

The land and building was purchased on 31 March 1999 and consists of an office building held under Title Deed Number T86131 99. The property is situated at portion 4 of Erf 44 Verwoerdburgstad Registration Division JR Province of Gauteng and measures 2210 square metres in extent.

**GAUTENG GAMBLING BOARD****NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)**

for the year ended 31 March 2005

The land and buildings were revalued by Standard Bank Property Division, an independent valuer, on 31 March 2004, at market value.

	<b>2005 R'000</b>	<b>2004 R'000</b>
<b>2 TRADE AND OTHER RECEIVABLES</b>		
Trust debtors	1,254	11,847
Gauteng Provincial Government – collection commission	1,771	1,973
Sundry debtors	705	422
	<b>3,730</b>	<b>14,242</b>
Less: Provision for doubtful trust debtor	-	(3,455)
Provision for doubtful licence fees and penalties	-	(391)
	<b>3,730</b>	<b>10,396</b>

**3 RETAINED SURPLUS**

In terms of Section 17(6) of the Gauteng Gambling Act, 1995, as amended, and Section 53(3) of the Public Finance Management Act, surplus funds at the close of the financial year, shall be paid to the Provincial Revenue Fund, unless Treasury approval has been obtained to retain such funds.

The Board has received approval to retain the surplus of R12,014 million as at 31 March 2001.

**4 NON-DISTRIBUTABLE RESERVE**

Reserve on re-valuation of property, plant and equipment		
Buildings	2,984	2,984

**5 TAXES AND LEVIES****5.1 Taxes and levies for distribution to beneficiaries at year-end**

Gauteng Provincial Administration	39,067	28,931
Limpopo Provincial Administration	-	247
Mpumalanga Provincial Administration	279	250
Phumelela Gaming & Leisure Limited	734	1,854
Sports Development Fund	3,334	4,262
	<b>43,414</b>	<b>35,544</b>
Less: Provision for doubtful trust debtor	-	(3,455)
	<b>43,414</b>	<b>32,089</b>

**GAUTENG GAMBLING BOARD****NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)**

for the year ended 31 March 2005

**5.2 Reconciliation of taxes and levies collected for the year****5.2.1 Provincial taxes****5.2.1.1 Gauteng Provincial Government**

Betting tax	<b>48,636</b>	<b>43,174</b>
Totalizator - horse-racing	23,711	20,861
- other sport	322	65
On-course bookmakers - horse-racing	1,876	3,759
- other sport	120	106
Off-course bookmakers - horse-racing	20,155	16,247
- other sport	2,452	2,136
Gaming Tax	<b>343,242</b>	<b>297,349</b>
Casinos - machines	265,672	229,716
- tables	75,524	65,795
Bingo	2,046	1,838
<b>Taxes collected for Gauteng Provincial Government</b>	<b>391,878</b>	<b>340,523</b>

**5.2.1.2 Mpumalanga Provincial Government**

Betting Tax	<b>3,455</b>	<b>5,083</b>
Totalizator - horse-racing	2,550	4,306
- other sport	58	14
Off-course bookmakers - horse-racing	823	728
- other sport	24	35

**5.2.1.3 Limpopo Provincial Government**

Betting Tax	<b>1,624</b>	<b>3,05</b>
Totalizator - horse-racing	1,475	2,788
- other sport	22	19
Off-course bookmakers - horse-racing	127	245
<b>Total taxes collected</b>	<b>396,957</b>	<b>348,658</b>
Balance carried forward	396,957	348,658

**GAUTENG GAMBLING BOARD****NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)**

for the year ended 31 March 2005

	Notes	2005 R'000	2004 R'000
Balance brought forward		396,957	348,658
<b>5.2.1 Levies Collected</b>			
Sports Development Fund Levies		1,467	1,290
Levies		1,174	931
Interest earned		293	359
Phumelela Gaming & Leisure Limited Off-course bookmakers		22,200	20,072
<b>Total levies collected</b>		23,667	21,362
<b>Interest earned and penalties received</b>		2,546	3,298
<b>Total collections for distribution</b>		<b>423,170</b>	<b>373,318</b>
Write off of amounts previously provided for		(3,455)	-
Taxes and levies for distribution to beneficiaries at year-end	5.1	(43,414)	(35,544)
		<b>376,301</b>	<b>337,774</b>

**5.3 Taxes and levies distributed during the year**

Gauteng Provincial Administration	382,559	346,683
Limpopo Provincial Administration	1,871	3,020
Mpumalanga Provincial Administration	3,426	5,544
Phumelela Gaming & Leisure Limited	21,594	20,320
Sports Development Fund	2,395	-
	<b>411,845</b>	<b>375,567</b>
Less: Prior year-end collections distributed during the year	(35,544)	(37,793)
	<b>376,301</b>	<b>337,774</b>

**GAUTENG GAMBLING BOARD****NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)**

for the year ended 31 March 2005

	Notes	2005 R'000	2004 R'000
<b>6 TRADE AND OTHER PAYABLES</b>			
Cash guarantees held		155	305
Amounts held in trust		51,613	650
- Gambling dispute		166	150
- Peermont : Social Advancement		51,447	-
- Sports Development Fund		-	500
Provisions: Leave pay		272	370
Licence fees received in advance		12,598	11,213
Creditors and accruals		1,424	942
Gauteng Provincial Government: Socio Economic Study		-	184
Investigation deposits		117	163
VAT payable		2,167	2,355
Provincial Revenue Fund – current year surplus		11,471	10,581
Responsible gambling awareness programme:			
- Retained surplus 2003		-	1,000
- Unutilised contributions from DFEA		-	92
		<b>79,817</b>	<b>27,855</b>
<b>7 GROSS REVENUE</b>			
Revenue consists of:			
Administration fees		72	72
Application fees		1,065	732
Collection commission		19,006	17,284
Contribution by Gauteng Provincial Government:			
- Socio Economic Impact Study		-	500
- Responsible Gambling Awareness Programme		1,008	908
Cost recovery – On-site casino inspectors		1,873	2,023
Forfeited cash and assets		1	115
Licence fees received		12,037	10,824
Penalties collected		84	123
Profit on sale of assets		31	103
Sales of printed material		-	1
Sports betting levies		2,072	1,507
Sundry income		363	166
Recoveries of investigation expenses		266	333
		<b>37,878</b>	<b>34,691</b>

**GAUTENG GAMBLING BOARD****NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)**

for the year ended 31 March 2005

		<b>2005</b>	<b>2004</b>
		<b>R'000</b>	<b>R'000</b>
<b>8</b>	<b>BOARD MEMBERS' FEES</b>		
	Board Member emoluments for non-executive Board Member services rendered during the year:		
Messrs	FJ Nalane	88	8
	IV Maleka	-	29
	SA Tati	33	51
	IAM Semenya	-	20
	MGK Maher	57	40
	S Mahlalela	55	6
	SL Majombozi	59	7
	J Maluleka	64	34
	L Mohapeloa	57	10
	W Segal	68	37
	LT Sibeko	62	6
Mesdames	Z Mamba	69	8
	R Mokoena	54	54
	R Morojele	62	7
	<b>TOTAL PAID TO BOARD MEMBERS</b>	<b>729</b>	<b>317</b>
	<b>AUDIT COMMITTEE REMUNERATION</b>	<b>16</b>	<b>18</b>
	<b>TOTAL</b>	<b>745</b>	<b>335</b>

**GAUTENG GAMBLING BOARD****NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)**

for the year ended 31 March 2005

	<b>2005 R'000</b>	<b>2004 R'000</b>
<b>9 OTHER OPERATING EXPENSES</b>		
Advertisements	60	85
Audit fees:	256	175
External audit	168	14
- Current year	168	-
- Prior year under provision	-	14
Internal Audit	88	161
Bank charges	28	26
Conference costs	85	97
Information technology	334	319
Insurance	207	190
Investigation and enforcement costs	109	194
Legal expenses	2,004	2,022
Office accommodation and storage rentals	441	475
Office consumables, maintenance and refreshments	136	95
Postage, stationery and subscriptions	193	174
Printing and photo-copying	135	96
Professional and consulting fees	37	11
Provision for doubtful licence fees and penalties	-	391
Public relations and hospitality	257	174
Regional Services Council levies	47	42
Responsible Gambling Awareness Programme	1,008	908
Security expenses	28	13
Skills Development Levy	145	123
Socio Economic Impact Study	-	735
Staff recruitment	27	45
Staff training and development	529	404
Telephone and communications	809	832
Transcription costs	13	8
Travelling and subsistence:		
Local	852	711
Overseas	1,458	1,071
Uniforms and protective clothing	3	2
	<b>9,201</b>	<b>9,418</b>

**GAUTENG GAMBLING BOARD****NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)**

for the year ended 31 March 2005

	Notes	2005 R'000	2004 R'000
<b>10 STAFF COSTS</b>			
Included in the staff costs are:		<b>17,287</b>	<b>15,668</b>
- Salaries, bonuses and allowances		13,902	12,455
- Defined contribution plan expenses	12	1,808	1,641
- Medical aid contributions		1,226	1,180
- Group life contributions		243	262
- Other employer contributions		108	130

**11 NOTES TO THE CASH FLOW STATEMENT****11.1 Reconciliation of the net surplus to cash generated from operations**

Net surplus	11,471	10,581
Adjustments for:		
Depreciation	711	834
Investment income	(1,537)	(2,145)
Provision for leave pay	(98)	110
Provision for doubtful licence fees and penalties	-	391
Profit on sale of property, plant and equipment	(31)	(103)
Operating surplus before working capital changes	10,516	9,668
Increase in trade and other payables	51,173	1,227
(Increase)/Decrease in trade and other receivables	(472)	982
<b>Cash generated from operations</b>	<b>61,217</b>	<b>11,877</b>

**11.2 Cash and cash equivalents**

Cash and cash equivalents consist of cash on hand and balances with banks. Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:

Bank	124,073	53,896
Petty cash	1	1
	<b>124,074</b>	<b>53,897</b>

**GAUTENG GAMBLING BOARD****NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)**

for the year ended 31 March 2005

2005 R'000	2004 R'000
---------------	---------------

**12 RETIREMENT BENEFITS**

The Board provides retirement benefits for all its permanent employees, through a defined contribution provident fund, which is subject to the Pension Fund Act, 1956 as amended.

The total amount expensed during the year was

<b>1,808</b>	<b>1,641</b>
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**13 CONTINGENT LIABILITIES**

13.1 The Board is a defendant in a legal action instituted by one of its licensees, Viva Bingo (Pty) Ltd, who is claiming damages of approximately R23 million as a result of the Board not having commenced with the licensing of limited payout machines. In the opinion of the Board, after taking appropriate legal advice, the result of such action will not have any material effect on the Board's financial position.

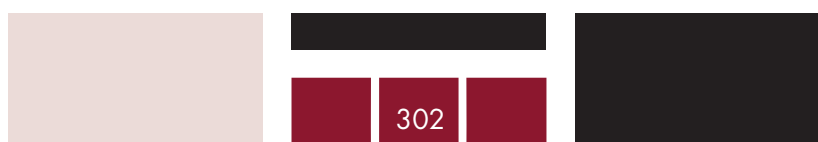
13.2 The Supreme Court of Appeal handed down a cost order against the Board in the Silverstar litigation. The costs in this matter are currently being taxed and it is anticipated that this will not have any material effect on the Board's financial position.

13.3 Negotiations are under way to amend the terms and conditions of employment of the Board's Chief Executive Officer. The financial effect of this cannot, at this stage, be reasonably estimated as this is dependent upon the outcome of the negotiations.

**14 NON-CAPITAL COMMITMENTS****Operating leases**

The future minimum lease payments under non-cancelable operating leases for the Board's photocopiers are as follows:

- Within 1 year	105	149
- 1 to 5 years	338	373
	<b>443</b>	<b>522</b>



**GAUTENG GAMBLING BOARD****NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)**

for the year ended 31 March 2005

**15 NON- ADJUSTING SUBSEQUENT EVENT**

In terms of Section 24(1) of the VAT Act, the Gauteng Gambling Board will be deregistered for VAT with effect from 1 April 2005. In terms Section 8(2) of the VAT Act, the Gauteng Gambling Board qualifies for exemption from paying VAT Output on the value of its assets upon deregistration.

**MATERIALITY AND SIGNIFICANCE FRAMEWORK IN TERMS OF TREASURY REGULATION 28.1.5****PUBLIC FINANCE MANAGEMENT  
ACT SECTION****QUANTITATIVE [AMOUNT]****QUALITATIVE [NATURE]****S50****Fiduciary duties of accounting  
authorities**

(1) The accounting authority for a public entity must-

(c) on request, disclose to the executive authority responsible for that public entity or the legislature to which the public entity is accountable, **all material facts**, including those reasonably discoverable, which in any way influence the decisions or actions of the executive authority or that legislature; and

Any fact discovered of which the amount exceeds the planning materiality figure used by the external auditors for the year under review.

1 Any item or event of which specific disclosure is required by law.

2 Any fact discovered of which its omission or misstatement, in the Board's opinion, could influence the decisions or actions of the executive authority or legislature.

**S54****Information to be submitted by  
accounting authorities**

(2) Before a public entity concludes any of the following transactions, the accounting authority for the public entity must promptly and in writing inform the relevant treasury of the transaction and submit relevant particulars of the transaction to its executive authority for approval of the transaction:

(b) participation in a significant partnership, trust, unincorporated joint venture or similar arrangement;

Not applicable

Any participation, outside of the approved strategic plan and budget.

(c) acquisition or disposal of a significant shareholding in a company;

Not applicable

Any acquisition or disposal.

**GAUTENG GAMBLING BOARD****NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)**

for the year ended 31 March 2005

(d) acquisition or disposal of a significant asset;	Not applicable	Acquisition - cost in excess of approved budget.
(e) commencement or cessation of a significant business activity	Not applicable	Disposal of asset/assets constituting in excess of 25% of the Board's assets, measured at cost. Any business activity that would impact on the Board's ability to fulfill its mandate, outside of the approved strategic plan and budget.

**S55****Annual report and financial statements**

(2) The annual report and financial statements referred to in subsection (1)(d) must-

(a) fairly present the state of affairs of the public entity, its business, its financial results, its performance against predetermined objectives and its financial position as at the end of the financial year concerned;

(b) include particulars of-

(i) **any material losses** through criminal conduct and any irregular expenditure and fruitless and wasteful expenditure that occurred during the financial year;

1 Losses through criminal conduct – any loss identified.

2 Losses through irregular/fruitless/wasteful expenditure – if the combined total exceeds the planning materiality figure used by the external auditors for the year under review.

Any identified loss through criminal conduct.

# Gauteng Film Office

Facilitating  
filming in the  
Gauteng  
Province



**GAUTENG FILM OFFICE**

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**GAUTENG FILM OFFICE**

(Association incorporated under Section 21)

**REPORT OF THE DIRECTORS**

for the year ended 31 March 2005

The Directors have pleasure in presenting their report together with the audited financial statements for the year ended 31 March 2005.

**Directorate and Administration**

The Board of Directors comprises of three members . They are of a sufficient number and calibre for their views to carry significant weight in the Board decisions. The Board meets regularly, maintains full and effective control of the company and monitors the performance of executive management. The Board's role is to give strategic input and support to the Chief Executive officer with regards to medium and long-term strategies in order to optimise GFO's objectives.

All the directors have access to the advice and services of the company secretary.

**Corporate Code of Conduct**

The company is committed to promoting the highest corporate standards in all its business dealings. All the employees are required to maintain the highest standards, thus ensuring that the company's business is conducted in a manner that is beyond reproach.

**SHARE CAPITAL**

There is no share capital as the company is registered as an Association incorporated under Section 21 of the Companies Act, 1973.

**Directorate**

Following the resignation of Mr C W Jonker, Mr S Jaffer was appointed as a Director and Chairperson for the last three months of the financial year.

Subsequent to the end of the financial year, Mr S Jaffer resigned as a Director and Chairperson. Dr C Niehaus was then appointed as Chairperson and Director.

Prior to the end of the financial year, Mr T A Sibeko resigned as Chief Executive Officer.

Subsequent to the end of the year under review Mr T Sauls was appointed as a Director and Acting Chief Executive Officer.

Mr J Marnitz remained in office throughout the financial year.

**GAUTENG FILM OFFICE****REPORT OF THE DIRECTORS (Continued)**

for the year ended 31 March 2005

**Action against past Chief Executive Officer**

Following unauthorized expenditure, incurred as a consequence of contraventions of the terms of issue of a credit card, the company has taken civil action and has laid criminal charges against its former Chief Executive Officer.

**Directorate****Directors who held office during the period are:**

Charles Jonker (Chairperson, resigned on the 31 January 2005)

Themba Sibeko (Chief Executive Officer, Resigned on the 28 February 2005)

JP Marnitz

**SECRETARY**

The secretary of the company is Corporate Governance C.C Chartered Secretaries, whose business and postal address are:

**Postal Address**

PO Box 279  
RANDPARK RIDGE  
2156

**Business Address**

No 6 Dale Lack Glades  
Eastwood Street  
RANDPARK RIDGE  
2156

The financial Statements were approved by the board of directors on and are signed on behalf of the company by:

**Mr Tonny Sauls (GFO Acting CEO)**

**Mr J.P Marnitz**

**Meetings of the Board**

During the year under review the Board met on seven occasions. All directors attended meetings held while they were in office.

**Board Committees**

In view of the size of the company, the Board has agreed that it will retain the functions of the Remuneration Committee and the Audit Committee to itself.

**GAUTENG FILM OFFICE****REPORT OF THE DIRECTORS (Continued)**

for the year ended 31 March 2005

**GOING CONCERN**

The Directors are satisfied that there is no reason to believe that the company will not continue in operation for the next financial year.

**Disclosure in Terms of Treasury Regulation 27**

The Board regularly reviews its mandate, to ensure that the Board covers all matters which would otherwise be dealt with by the Audit Committee.

In the opinion of the Board, reasonable internal controls exist and the financial statements are a true record of the company's financial position.

The Gauteng Film Office audit committee was not effective during the year under review.

## **REPORT OF THE AUDITOR-GENERAL TO THE GAUTENG PROVINCIAL LEGISLATURE ON THE FINANCIAL STATEMENTS OF THE GAUTENG FILM OFFICE (GFO) FOR THE FINANCIAL YEAR ENDED 31 MARCH 2005**

### **1. AUDIT ASSIGNMENT**

The financial statements as set out on pages 312 to 322 for the year ended 31 March 2005, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read with sections 4 and 20 of the Public Audit Act, 2004 (Act No. 25 of 2004). These financial statements, the maintenance of effective control measures and compliance with the relevant laws and regulations are the responsibility of the accounting authority. Our responsibility is to express an opinion on these financial statements, based on the audit.

### **2. NATURE AND SCOPE**

The audit was conducted in accordance with Statements of South African Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit includes:

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

Furthermore, an audit includes an examination, on a test basis, of evidence supporting compliance in all material respects with the relevant laws and regulations which came to my attention and are applicable to financial matters.

The audit was completed in accordance with Auditor-General Directive No.1 of 2005.

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

### **3. AUDIT OPINION**

In our opinion, the financial statements fairly present, in all material respects, the financial position of the Gauteng Film Office at 31 March 2005 and the results of its operations and cash flows for the year then ended, in accordance with generally accepted accounting practice and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) as amended.

#### 4. EMPHASIS OF MATTER

Without qualifying the audit opinion expressed above, attention is drawn to the following matters:

##### Non-compliance with legislation

###### 4.1.1 Income tax

GFO did not receive confirmation from the South African Revenue Services for income tax exemption in terms of the Income Tax Act, 1962 (Act No. 58 of 1962).

###### 4.1.2 Listing as a public entity

GFO was not listed as a public entity in terms of section 47 of the Public Finance Management Act, 1999 (Act No.1 of 1999).

###### 4.1.3 Audit committee (shared with the Gauteng Economic Development Agency)

Contrary to the requirements of section 77 (b) of the Public Finance Management Act, 1999 (Act no. 1 of 1999), the audit committee did not operate during the entire year under review.

#### 5. APPRECIATION

The assistance rendered by the staff of the Gauteng Film Office during the audit is sincerely appreciated.



**I. Vanker for Auditor-General**  
Johannesburg  
31 July 2005



AUDITOR-GENERAL

**GAUTENG FILM OFFICE****INCOME STATEMENT**

for the year ended 31 March 2005

	<b>Notes</b>	<b>2005 R</b>	<b>2004 R</b>
<b>REVENUE</b>	2	<b>5 947 160</b>	<b>3 822 058</b>
Expenditure		(3 431 005)	(3 822 058)
Net (profit) before taxation	3	2 516 155	-
Taxation	5	-	-
Net (surplus) for the year		<b>2 516 155</b>	-

## GAUTENG FILM OFFICE

## BALANCE SHEET

as at 31 March 2005

	Notes	2005 R	2004 R
<b>ASSETS</b>			
Non-current Assets			
Property, Plant & Equipment	6	83 622	125 207
Current Assets		3 243 328	827 413
Trade and Other Accounts Receivable	7	365 760	121 001
Cash and cash equivalents	8	2 877 568	706 412
<b>TOTAL ASSETS</b>		<b>3 326 950</b>	<b>952 620</b>
<b>EQUITY AND LIABILITIES</b>			
Capital and Reserves			
Accumulated fund at the end of the year		2 860 592	-
Current Liabilities		466 358	952 620
Trade and other accounts payables	9	372 970	517 974
Provision		93 388	90 209
Deferred Income	10	-	344 437
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>3 326 950</b>	<b>952 620</b>

## GAUTENG FILM OFFICE

## CASH FLOW STATEMENT

for the year ended 31 March 2005

	Notes	2005 R	2004 R
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Cash generated from operations</b>		2 519 263	65 106
Net profit before taxation		2 516 155	-
<b>Adjusted for:</b>			
Depreciation		47 268	38 092
Prior year adjustment		-	35 985
Interest received		(44 160)	(8 971)
<b>Movement in working capital</b>		(386 584)	541 107
Increase in accounts receivable		(244 759)	16 585
Decrease in accounts payable		(141 825)	180 085
Decrease in Deferred income		-	344 437
Interest received		44 160	8 971
<b>Net cash inflow from operating activities</b>	(A)	2 176 839	615 184
<b>CASH UTILISED IN INVESTING ACTIVITIES</b>			
Acquisition of fixed assets		(5 683)	(114 797)
<b>CASH UTILISED IN FINANCING ACTIVITIES</b>			
<b>Net cash outflow from investing activities</b>	(B)	(5 683)	(114 797)
Net decrease in cash and cash equivalents [A + B]		2 171 156	500 387
Cash and cash equivalents at beginning of the year		706 412	206 025
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>		2 877 568	706 412

## GAUTENG FILM OFFICE

## STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2005

	Note	2005 R	2004 R
<b>Opening balance at 31 March 2004</b>		-	(35 985)
- Fundamental error	12	344 437	-
<b>- Restated opening balance at 1 April 2004</b>		<b>344 437</b>	<b>(35 985)</b>
Net surplus for the year		2 516 155	-
Prior year adjustment		-	35 985
<b>Closing balance at 31 March 2005</b>		<b>2 860 592</b>	<b>-</b>

**GAUTENG FILM OFFICE****NOTES TO THE ANNUAL FINANCIAL STATEMENTS**

for the year ended 31 March 2005

**1. ACCOUNTING POLICIES**

- 1.1** The annual financial statements have been prepared in accordance with the Statements of South African Generally Accepted Accounting Practice and the Companies Act.

**Basis of preparation**

The financial statements have been prepared on the historical cost basis.

**1.2 Property, Plant and Equipment**

All Fixed assets are shown at cost less accumulated depreciation. Fixed assets are depreciated over their expected useful lives half on the straight line basis. The expected useful lives of the assets are as follows.

Computers, printers and software	- 3 years
Other fixed assets	- 5 years

**1.3 Financial Instruments**

Financial assets and financial liabilities are recognized on the balance sheet when the organization becomes a party to the contractual provisions of the instrument. Financial instruments are initially measured at cost.

**Financial assets**

The principle financial assets are accounts receivable and cash and cash equivalents.

**Trade and other receivables**

Trade and other receivables are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

**Cash and cash equivalents**

Cash and cash equivalents are measured at fair value.

**Financial liabilities**

The company's principle financial liabilities are accounts payable and provisions

**GAUTENG FILM OFFICE****NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)**

for the year ended 31 March 2005

**1.4 Provisions**

Provisions are recognised when the company has a present obligation as a result of a past event and it is probable that this will result in an outflow of economic benefits that can be estimated reliably.

**Leave Provision**

Leave provision is provided according to number of days due to employees.

**1.5 Government grant**

Government grant includes allocations received during the period from the Gauteng Provincial Government. Government grants are recognised as income when they become receivable during the period.

**1.6 Interest**

Interest is recognized on a time proportion basis as it accrues.

**1.7 Irregular, fruitless and wasteful expenditure.**

Irregular expenditure means expenditure incurred in contravention of, or not in accordance with, a requirement of any applicable legislation. Fruitless and wasteful expenditure means expenditure that was made in vain and would have been avoided had reasonable care been exercised.

All irregular, fruitless and wasteful expenditure is charged against income in the period in which they are incurred.

Fruitless and wasteful expenditure must be recovered from a responsible official (a debtor should be raised) or the vote if responsibility cannot be determined. It is treated as a current assets in the balance sheet until such expenditure is recovered from the responsible official or funded from the future voted funds.

**1.8 Comparatives**

Where necessary comparatives figures are adjusted to conform to changes in presentation in the current year.

**GAUTENG FILM OFFICE****NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)**

for the year ended 31 March 2005

**2. REVENUE**

	<b>2005 R</b>	<b>2004 R</b>
Government Grant	5 900 000	3 812 837
Interest Received	44 160	8 971
Other income	3 000	250
	<b>5 947 160</b>	<b>3 822 058</b>

Government Grant for the year 2004/2005 financial year is R5.9million. An amount R2.9million which was part of the total budget allocated to Gauteng Film Office was received on the 4 March 2005 this resulted in Gauteng Film Office having a surplus as at year end.

Permission to retain the 2004/2005 surplus was granted to Gauteng Film Office by the Department of Finance and Economic Affairs on the 19 July 2005.

**3. NET PROFIT BEFORE TAXATION**

The operating profit is stated after taking the following into account :

Expenditure		
Audit Fee	48 000	51 200
Depreciation	47 268	38 092
Bank Charges	10 332	10 471
Books, Publication and Subscription	6 961	5 918
Communication Cost	55 274	86 076
Computer cost	82 317	85 337
Marketing cost	1 147 856	1 920 737
Other Cost	15 881	42 454
Printing and Stationery	132 277	89 355
Professional fees	247 504	74 183
Staff Parking	2 164	632
Repairs and Maintenance	3 850	1 231
Salaries	1 390 791	1 205 699
Training & Other staff cost	129 342	135 065
Travel - Local	111 188	75 608
	<b>3 431 005</b>	<b>3 822 058</b>

**GAUTENG FILM OFFICE****NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)***for the year ended 31 March 2005***3.1 Directors Remuneration.**

<b>Executive Directors</b>	<b>Year</b>	<b>Salary</b>	<b>Performance</b>	<b>Leave Bonus</b>	<b>Payout Retirement</b>	<b>Total Contribution</b>
<b>As Director</b>		<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>	<b>R</b>
Themba Sibeko	2004	505 000	-	-	-	505 000
Themba Sibeko	2005	555 500	-	20 973	-	576 473
<b>Non Executive Director</b>						
Johan Marnitz	2004	17 833	-	-	-	17 833
Johan Marnitz	2005	20 000	-	-	-	20 000

**4. Irregular, fruitless and wasteful expenditure.**

Fruitless and wasteful expenditure relates to unauthorised expenditure by the former CEO Mr Themba Sibeko, due to mismanagement of the corporate credit card. A debtor has been raised. An agreement was reached between the former CEO and Gauteng Film Office for the reimbursement of the total amount that was owed to Gauteng Film Office. The total amount outstanding as at year end was the following .

	<b>2005 R</b>	<b>2004 R</b>
Debtor (Mr Themba Sibeko)	50 138	-

**5. Taxation**

Gauteng Film Office is incorporated as a Section 21 Association which has as its main objective to facilitate and promote Film production in Gauteng Province.

Gauteng Film Office is exempt from taxation in terms in terms of section 10(1)(C)(N) of Income Tax Act.

## GAUTENG FILM OFFICE

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)

for the year ended 31 March 2005

## 6. PRORPERTY, PLANT AND EQUIPMENT

	Computer Hardware R	Computer Software R	Office Equipment R	Total R
<b>2005</b>				
<b>Cost</b>				
Cost at 1 April 2004	78 698	12 793	88 224	179 715
Additions during the period	-	-	5 683	5 683
Balance as at 31 March 2005	<b>78 698</b>	<b>12 793</b>	<b>93 907</b>	<b>185 398</b>
<b>Accumulated Depreciation</b>				
Depreciation at 1 April 2004	36 508	4 597	13 403	54 508
Charge for the year	24 815	4 264	18 189	47 268
Balance as at 31 March 2005	<b>61 323</b>	<b>8 861</b>	<b>31 592</b>	<b>101 776</b>
<b>Net book value at 31 March 2005</b>	<b>17 375</b>	<b>3 932</b>	<b>62 315</b>	<b>83 622</b>
<b>Net book value at 31 March 2004</b>	<b>42 189</b>	<b>8 196</b>	<b>74 821</b>	<b>125 207</b>

## 7. TRADE AND OTHER ACCOUNTS RECEIVABLE

	2005 R	2004 R
Trade and other accounts are stated at cost		
Deposits	-	200
Debtor – Gauteng Provincial Government	268 489	-
Travel Expenses – GFO Intern student	14 026	19 113
Receiver of Revenue	19 698	70 582
Prepaid expenses	5 130	826
Sundry debtors	58 417	30 280
	<b>365 760</b>	<b>121 001</b>

## GAUTENG FILM OFFICE

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)

for the year ended 31 March 2005

## 8. CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand and bank balances. Cash and cash equivalent included in the cash flow statement comprise of the following.

	2005 R	2004 R
Cash at bank	2 876 888	706 037
Cash on hand	680	375
	<b>2 877 568</b>	<b>706 412</b>

## 9. TRADE AND OTHER ACCOUNT PAYABLES

Trade creditors	323 850	480 727
Absa Credit card	-	9 237
Accruals	49 120	18 010
	<b>372 970</b>	<b>517 974</b>

## 10. PROVISIONS

Audit Fees	55 000	48 000
Leave Pay	11 096	42 209
13th Cheque	27 292	-
	<b>93 388</b>	<b>90 209</b>

## 11. FUNDAMENTAL ERROR

Fundamental error relates to an amount of R344 437, which has been recognised as a surplus previous year which was incorrectly accounted for as Deferred income in 2003/2004 financial year. This error has been corrected this year by restating the opening balance, this has resulted in the increase in Accumulated funds. There is no tax effect which needs to be accounted for.

The effect of correction of fundamental error has resulted in:

Increase in Accumulated profit at the beginning of the year  
Decrease in Deferred income.

		321	

**GAUTENG FILM OFFICE****NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Continued)**

for the year ended 31 March 2005

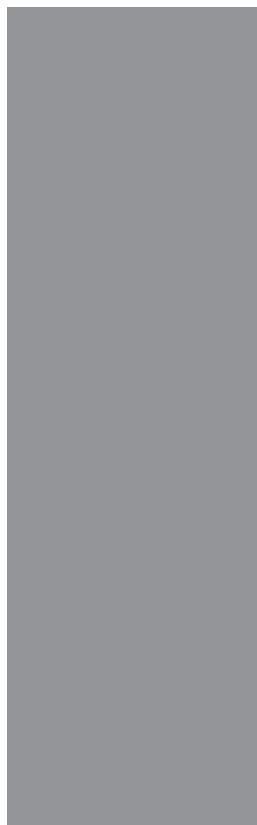
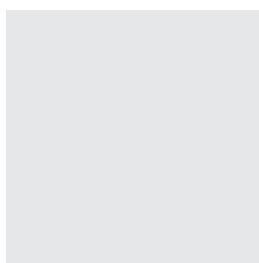
**12. EVENTS AFTER BALANCE SHEET DATE**

On advice of the Department of Finance and Economic Affairs the members of the company appointed the Board of directors of the Gauteng Film Office on the 4 June 2005. The new board of directors consisted of the following members: Tonny Sauls (Acting CEO), Irene Charnley (Chairperson), Nkeke Kekana (Deputy Chairperson), J.P Marnitz and Loretta King. The remuneration of the board of directors is still to be discussed.

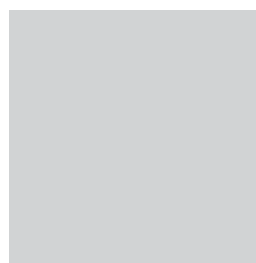
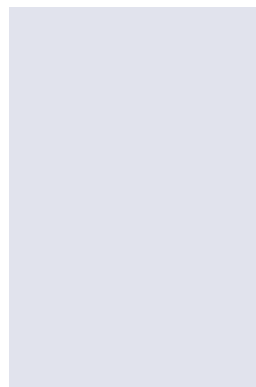
**13. RELATIONSHIP WITH GEDA**

Gauteng Film Office is currently situated in Geda House 88 Fox street, the building has been leased by GEDA. The Gauteng Film Office does not pay rent for the building. The following services are shared between GEDA and GFO.

- Human Resources.
- Finance.
- Information Technology services.



Finance and  
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