



Department of Economic Affairs



ANNUAL REPORT
2005/06



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MEC for Finance & Economic Affairs

Annual Report 2005/2006



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1. GENERAL INFORMATION

1.1 Submission of the Annual Report to the Executing Authority

This report is the Annual Performance Report of the Department of Economic Affairs for the financial year 2005/2006 presented by the Head of Department, P.M. Seboko, to the honourable MEC for Finance and Economic Affairs, Mr. O.P. Dikgetsi in terms of the Public Finance Management Act, 1999 (Act No. 1 of 1999).

1.2 Foreword by the Head of Department

This report highlights the process of aligning, restructuring and repositioning the Department of Economic Affairs to ensure that the Department delivers on its mandate.

This process started in November 2004. The following strategic interventions were put in place during this process:

- Corporate governance issues;
- Defining a clear mandate;
- Recruitment and staffing; and
- Focusing on core business.

A series of events took place that impacted on this process of transformation. These include the following:

- Between September and November 2004 the following appointments took place:
 - Head of Department,
 - Chief Director: Policy, Planning & Research,
 - Chief Director: Economic Development
- Creation of new organizational structure which included a new unit Policy, Planning & Research;
- The de-merger of the Department from the Department of Finance during December 2004;

The processes that took place during this period formed the basis for the development of the strategic direction for financial year 2005/06.

The Department's primary focus in 2005/2006 was to ensure service delivery whilst the transformation process was taking place. This two-pronged approach led to the following achievements:

- Defined strategic focus areas based on a sectoral approach and the following sectors were identified: Mining and Minerals Beneficiation, ICT, Manufacturing, SMME, Construction, Tourism, Fishing and Mariculture, Infrastructure and Finance.
- Established and lead the Social Accounting Matrix Steering Committee composed of Department of Agriculture, Mintek, ABSA, Industrial Development Corporation, Standard Bank, Reserve Bank, Stats SA, DBSA, Treasury, National Institute for Higher Education, UNISA, Central University and Technikon Free State.
- The Economic Sector Steering Committee was established on the 27th May 2005. The purpose of this committee is outlined as follows:
 - To co-ordinate the efforts of the three spheres of government namely local, provincial and national government;
 - To integrate the PGDS, LED, IDP's and NSDP;
 - To ensure projects and economic initiatives are sustainable;
 - To focus on EPW Programmes.
 - In all these aspects there are department specific functions e.g. Department of Housing and Local Government is the lead department in IDP coordination. However the Steering Committee's main objective is the integration and coordination of these efforts;
- Developing and presenting several economic analyses and overviews of the Province to Cabinet Lekgotla and other Provincial Forums;
- Drafting of the SMME Strategy;



- The launching of the Northern Cape Mining Procurement Centre on 27/10/2005;
- Unpacking of the mining strategy;
- Initiation of the diamond beneficiation process;
- Launching of the provincial SEDA office;
- Northern Cape Information Society Strategy project plan completed; and
- Launch of the Finance Sector Summit.

Internally

- Develop and assisted SMME's;
- Corporate governance was institutionalised;
- Reviewed and improved on the strategic planning processes;
- Recruitment of the following key personnel: Chief Economist, ICT staff, Researchers, Planners, Controllers, Business Analysts and a Risk Manager;
- The organisational performance management system was institutionalised and aligned with the NCPGDS; and
- Human Resource policies and procedures were developed.

These are reflections on some of the key achievements of an evolving Department in the context of the background given earlier.

When reflecting on the audit report of the 2004/05 financial year I would like to express my gratitude towards the Office of the Auditor-General and Standing Committee on Public Accounts towards striving to improve the operations of the Department. I would like to emphasise that several weaknesses identified during the 2004/05 year were successfully addressed and several other weaknesses are receiving attention by the Department to resolve them to improve the operational efficiencies of the Department.

In conclusion, I would like to thank the MEC, Mr OP Dikgetsi, the Portfolio Committee on Economic Affairs and other stakeholders for their guidance and support during this year. I must also express immeasurable appreciation to the staff of the Department of Economic Affairs for their hard work and support directed at making Department of Economic Affairs an effective and efficient Department for the financial year 2005/2006.

PATRICK M. SEBOKO

HEAD OF DEPARTMENT



1.3 Information on the Ministry

The Sub-programme "Office of the Member of the Executive Council (MEC)" is primarily responsible to set the political direction and policy outcomes aimed at creating an enabling environment for sustainable economic growth and transformation in the Northern Cape. The Member of Executive Council supported by a small ministerial staff complement continues to play a central role in the implementation of the Provincial Growth and Development Strategy which represents a ten year rolling plan for the economic development of the Northern Cape. This role includes but is not limited to ensuring that the Department of Economic Affairs is in a position to enable and facilitate the growth, transformation and diversification of the Provincial Economy.

Following an extensive transformation process, the Department of Economic Affairs positioned itself to execute its legislative mandate. The MEC devoted more attention towards consolidating the transformation of the Department. This included ensuring that both the Gambling and Liquor Board are properly constituted and functioning optimally. This development also boosted the development and introduction of both the Northern Cape Liquor Bill and the Northern Cape Gambling Bill.

The following institutions report to the Executing Authority:

- Northern Cape Economic Development Agency
- Northern Cape Gambling Board
- Northern Cape Liquor Board

The MEC accompanied the Northern Cape Provincial Government on a number of international initiatives to facilitate the execution of its legislative mandate. These include the following:

- Official visit to Brussels & Luxembourg: 21/4/05 - 28/04/05

The purpose was to celebrate together with the people of the above countries, South Africa's 10 years of freedom, but moreover, to forge alliance between South Africa, Belgium and Luxembourg and EU representatives, to strengthen and bilateral ties between South Africa, Belgium and Luxembourg and also the EU against backdrop of the Trade Development Co-operation Agreement (TDCA).

- Mission to Germany: 22/09/05 - 26/09/05

Kapa Bokone together with SMS DERMA South Africa made a presentation to MEC Dikgetsi and departmental officials on a Manganese Smelter Investment.

The purpose was to view a manganese Furnace with the intention of purchasing it as part of the investment.

- Mission to Russia: 1/10/05 - 6/10/05

To participate in the fifth session of the Joint Inter-Governmental Committee on Trade and Economic Co-operation and Business Summit (ITEC) with the objective to expand the strategic co-operation in the minerals and energy sectors and to promote South African and Russian trade and business co-operation.

- Mission to Belgium: 12/11/05 - 17/11/05

This mission was led by the Premier accompanied by the Head of Department of Economic Affairs. The purpose of the visit was to provide a platform for the Premier of the Northern Cape to market the Province and to bolster the efforts of the previous delegation. The focus of this visit was to promote Kimberley as a cutting and polishing centre in the country and as a nodal African Jewellery Centre.

- Mission to the People's Republic of China: 18/11/05 - 27/11/05

The Premier led the delegation to China accompanied by the MEC of Finance and Economic Affairs and departmental officials. The purpose was to strengthen existing political ties with Hunan Province; reinforce existing agreements specifically with Hunan Province to advance growth and development and market the Northern Cape Province as a tourist destination.



1.4 Vision

Promotion of Economic Growth and Economic Development in the NC Province based on DE2BS, i.e.:

- Diversification;
- Empowerment;
- Employment;
- Business creation;
- Sustainable development.

1.5 Mission Statement

"The creation of an enabling environment for economic growth and development in the Northern Cape."

1.6 Values

The success of any organization depends in a critical way on its culture. Organizational culture is under-pinned by shared values. The Department laid particular emphasis on the importance of values in its strategic planning process and the following shared values were agreed upon for the Department:

- Learning and Innovation
- Professionalism
- Team-work
- Trustworthiness
- Integrity
- Honesty

1.7 Principles

In addition, all the activities of the Department must be based on the following principles:

- Accountability
- Batho Pele
- Representivity
- 3 E's (Effectiveness, Efficiency and Economy) as prescribed by the PFMA.

1.8 Legislative Mandate

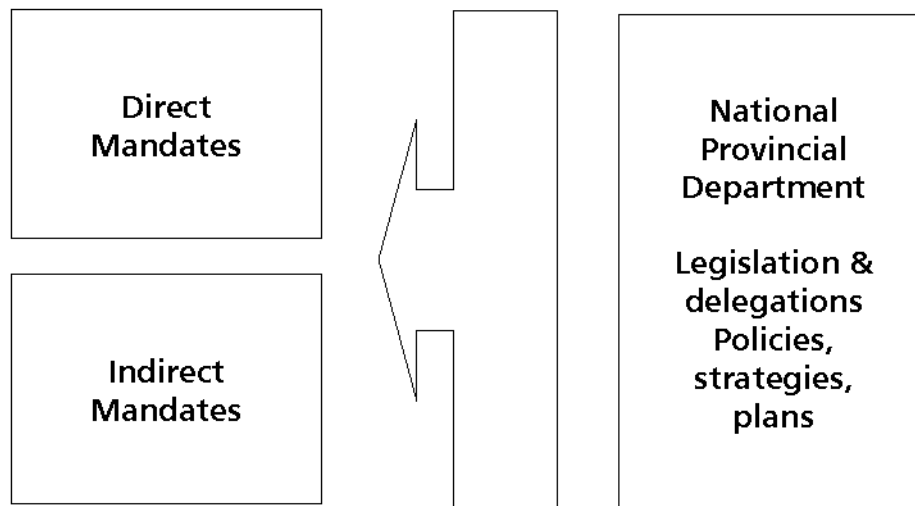
Besides the traditional gambling, liquor and consumer functions of the Department, the department also has other responsibilities, which include:

- Implementation of the Northern Cape Provincial Growth and Development Strategy (NCPGDS);
- Refinement of the NCPGDS sector strategies and development of implementation frameworks and plans (specifically for mining & minerals-processing, industrial development and manufacturing, broad based economic empowerment, small business development, local economic development, fishing & mariculture, export promotion, specific industry strategies and industrial development strategies);
- Ensuring the availability of economic intelligence;
- Facilitating access to supply-side measures;
- Establishment of strategic alliances and partnerships;
- Support in terms of governance and inter-governmental relations;
- Promotion of economic growth, diversification and transformation of the provincial economy.

As illustrated in the diagram below, the Department derives direct and indirect mandates from national, provincial legislation and national, provincial and departmental policies, strategies, plans and delegations. The Department derives its core mandate from the Constitution. This implies that the Department of Economic Affairs must be the principal economic policy formulation driver in the Province. Thus, the Department is responsible for creating an enabling environment for economic growth and development. The Department also derives its mandate from the Northern Cape Growth and Development Strategy (NCPGDS) and its related sector strategies.

Figure 1: From where does the Departmental mandates arise?

More specifically, the Department derives its mandate primarily from the following sources:



- National legislation (bills, acts, regulations, charters), of which the following are the most important:
 - Constitution of RSA, 1996 (Chapters 2, 3, 6, 7, 9, 10, 13, 14, Schedule 4-6);
 - Entire PSA, PSR, as amended;
 - Entire PFMA & TR, as amended;
 - Division of Revenue Act;
 - Relevant line function legislation and regulations (National and Provincial, e.g. legislation pertaining to small businesses, companies, competition, gambling, liquor, consumer protection, local government, inter-governmental relations, development and planning, mining, minerals, manufacturing, empowerment, fishing, marine resources, environment, financing and development funding, health, environmental and other standards and procedures, statistics, information, security, human resource management and development, labour, etc., including court decisions).
- National and Provincial Government policies (White papers, Green papers, Frameworks, Guidelines, Manuals, etc.), Strategies and Plans, for example:
 - National Government Programme of Action, People's Contract, White Paper of Transformation in the Public Service, Cabinet resolutions, management decisions endorsed by the Executing Authority, Northern Cape Economic Growth and Development Fund policy, Departmental policies on security, information management, HIV and AIDS, and many others;
 - National Spatial Development Perspective, Medium-Term Strategic Framework, Broad-Based Black Economic Empowerment Framework,
 - Provincial and Departmental Medium-Term Expenditure Framework, Northern Cape Fishing and Mariculture Strategy,
 - Departmental Strategic Plans, Departmental Human Resource Development Strategy, Employment Equity plans and others;
 - High level priorities offset by National Departments Co-ordinating Programmes in which the Department has a co-responsibility, e.g. the Presidency (harmonisation of the NSDP, NCPGDS and IDPs and National Programme of Action), National Treasury (Budget priorities and medium- to long-term financial and corporate planning and performance management), the dti, enterprise development and support, economic empowerment of PDI's, trade zones, development corridors and nodes, trade controls, local economic development and similar policies and planning guidelines.



- International, National and local Multi-party Agreements and Memoranda of Understanding, e.g.:
 - African Growth And Opportunities Act;
 - South Africa – China trade agreements;
 - Africa – Brazil – India Free Trade Agreement;
 - Hunan-Northern Cape Provinces Friendship Agreement;
 - Sweden – South Africa city-to-city twinning agreement;
 - UNOPS - Department of Economic Affairs' Memorandum of Understanding;
 - TISA – Department of Economic Affairs' Memorandum of Understanding.



2. DEPARTMENTAL PROGRAMME PERFORMANCE

2.1 Programme performance

Table1 – Voted Funds

Appropriation	Main Appropriation	Adjusted Appropriation	Actual Amount Spent	(Over)/Under Expenditure
R66 500 000	R66 500 000	R70 634 000	R57 117 000	R13 517 000
Responsible Executive Authority	MEC for Finance and Economic Affairs			
Administering Department	Department of Economic Affairs			
Accounting Officer	HOD for Economic Affairs			

2.2 Aim of Vote

The aim of the vote is to create an enabling environment for the achievement of economic growth and development in the Northern Cape.

2.3 Key measurable objectives

The Department has set itself the following Strategic Goals:

- Economic growth and development;
- Unemployment reduction through sustainable development.

The Strategic Objectives following from these goals are:

- Promoting Economic Growth and Transformation of the Provincial Economy;
- Development of Social and Human Capital;
- Improving Efficiency and Effectiveness of Governance and Development Institutions.

The sub-objectives derived from the above strategic objectives are:

- Promote large-scale mining development;
- Support small scale mining development;
- Promote agro-processing sector;
- Promote the development of the manufacturing sector;
- Promote the development of the fishing and mariculture sector;
- Enhance infrastructure for investment development;
- Improve access to knowledge and workforce productivity;
- Identify and target skills development;
- Strengthen local government;
- Promote good governance;
- Optimise revenue collection;
- Ensure the utilization of current and future preferential procurement initiatives;
- Establish institutions regulating Gambling, Liquor and Consumer Protection.

The key focus areas of the Department are to:

- Promote small & large scale mining;
- Promote agro-processing;



- Promote development of manufacturing sector;
- Promote development of fishing & mariculture sector;
- Development of a Information Society;
- SMME Development and Support;
- Optimize Revenue collection in terms of Business Regulation and Consumer Protection;
- Economic Intelligence.

The Department has identified the following priority projects for itself:

- Precious and Semi-precious stone benefaction;
- Big Hole Project;
- KUMBA Resources Expansion;
- Mari-culture Park;
- Wine Export;
- PMPI (Preferential Mining Procurement Initiative);
- Information Society Strategy;
- Development Agencies (SEDA & NCEDA);
- SAM (Social Accounting Matrix);
- SMME and BEE (Strategy and Implementation);
- Economic Steering Committee.

It will be crucial to ensure that in the implementation of the developmental objectives, the Department carefully selects those strategies that would enable stakeholders to respond to them, especially the private sector and Development Funding Institutions.

The Department's core responsibilities include:

- Stimulating and increasing economic growth, SMME development and support services. Creating an enabling environment to facilitate funding strategies for economic development and stimulation of Trade and Investment.
- Ensuring consumer protection and education, regulate trade through inspectorate services and regulate liquor licensing and gambling.
- Achieving the objectives of the Provincial Growth and Development Strategy by providing policy research, policy analysis and implementation.

2.4 Summary of programmes and achievements

The department is currently structured within four (4) PROGRAMMES that can be identified as follows:

Programme 1 – Administration

Programme 2 – Economic Development

Programme 3 – Policy Planning and Research

Programme 4 – Business Regulation and Consumer Protection

The measurable objectives for the Department of Economic Affairs for the financial year 2005/06, as appearing in the budget statement, are not necessarily similar to those appearing in the strategic plan of the concerned financial year. However, this did not happen without good reason. After the launch of the NCPGDS on 27 January 2005, it became necessary for the department's most senior management to hold a strategic session. The launch of the NCPGDS meant that the strategic environment of the department had significantly changed. Intensive pressure was now put on the Department to deliver on its mandate effectively and efficiently. A need for strategic review and internal restructuring was identified. The department thus went into an intensive strategic repositioning and restructuring process, which included an 18 month turn-around strategy, during the 2005/06 financial year. However, when this happened, the budget for Vote 6 was already adopted by Treasury.



The short-term turn-around strategy included:

- A restructured organogram for the Department of Economic Affairs;
- Agreed delegation arrangements;
- Agreed strategic goals, strategic objectives, measurable objectives and performance measures;
- An organizational performance management system;
- A strategic direction process;
- SWOT analysis of the Department;
- The formulation of a framework of required corporate strategies;
- A defined recruitment, staffing and retention strategy for the next 18 months;
- Agreement to further analyse the internal and external environments, as well as challenges facing the department and preferred means of overcoming these;
- Establishment of firm organizational fundamentals and administrative priorities;
- Strategic Plan, Performance Plan and Annual Performance Plan.

After the eighteen months there will be a Departmental review and final restructuring, which is due to take place in July 2006.

In relation to the objective of rendering services to the community, the department has various units that are entrusted with the responsibility of serving this objective.

Based on our imperatives and mandates emanating from the NCPGDS, the Department has emphasised on the following key priority initiatives in the sectors:

Mining

- Development of Kimberley as the Diamond Hub of Africa and the world, as per ASGI-SA with multiple multinational stakeholders;
- Development of the diamond beneficiation strategy;
- A partnership has been formed between the Department of Economic Affairs, Department of Minerals and Energy and Mintek to develop the beneficiation of precious and semi-precious stone.

Tourism

- A partnership has been formed between the Department of Economic Affairs, De Beers and Sol Plaatje Municipality to promote and establish the Big Hole as a major tourism attraction.

Fishing & Mariculture

- The Namaqualand Mariculture Park has been established with FAMDA to establish the on-shore marine cultivating industry on the West Coast and relief social challenges in this region.

Agro-processing

- A partnership has been formed between the Department of Economic Affairs and Department of Trade and Industry to promote the wine export of the Northern Cape Wine Association and establishing BEE participation in the Northern Cape wine sector;
- A partnership has been formed between the Department of Economic Affairs and ABSA to promote growth in the agro-processing sector.

Manufacturing

- Established relationships with the Northern Cape Mine Manager's Association, the Northern Cape Agricultural Union and the North West University with regard to promoting manufacturing in the engineering industry in the mining and agricultural sectors in the Northern Cape.

ICT

- A partnership has been formed between the Department of Economic Affairs and Development Bank of South Africa to establish a Social Accounting Matrix (SAM) to provide effective and efficient economic information for political decision making;



- The Northern Cape Province and Limpopo will be pilot projects for the development of a provincial information society strategy. The project plan has been completed and will be implemented in the 2006/07 financial year. Funding for this project has been secured from the Finnish government.

SMME

- SMME strategy has been completed;
- The provincial SEDA (Small Enterprise Development Agency) office has been established;
- Launch of the provincial office of SEDA (Small Enterprise Development Agency) with the dti;
- Partnerships has been established with the following role players:
 - Standard Bank and the Northern Cape Mine Managers Association on PMPI (Preferential Mining Procurement Initiative) and the preferential mining procurement centre
 - Kumba Resources on the development of the Kgalagadi district
 - Development Bank of South Africa (DBSA) and NEDBANK on a local economic development strategy for the province.

Infrastructure

- A partnership has been formed between the Department of Economic Affairs, ACSA, SACOB and //Khara Hais Municipality to establish the Upington Airport as an international cargo hub. The feasibility study has been completed;
- Provided inputs to ESCOM on the electrification planning needs for economic development of the Northern Cape.

The Northern Cape Growth and Development Strategy (NCPGDS) was embedded in the province by promoting with all stakeholders and all sectors (29 presentations were made to stakeholders in total). Three economic models were developed and a draft monitoring and evaluation framework was developed for the NCPGDS.

Other key outputs include the:

- Regulation of business practices to ensure compliance with and implementation of recent consumer legislation;
- Ensuring implementation of and compliance with recent liquor legislation;
- Ensuring implementation of and compliance with recent gambling legislation;
- The establishment of the Steering Committees for the:
 - Economic Sector
 - Social Accounting Matrix
- Establishing of the database and population of the social accounting matrix with data;
- Co-ordination of Economic Cluster Activities (at technical level);
- Harmonisation of the NCPGDS with the NSDP;
- Alignment of the IDP's with the NCPGDS.

The following were major events in the efforts to build better networks (in no particular order):

- Namaqualand Mariculture Park Launch;
- Apex Fund Launch (Empowerment Fund);
- Finance Sector Summit;
- Standard Bank Preferential Mining Procurement Initiative (PMPI) Launch;
- Light Engineering Exporters Seminar;
- Franchise Seminars;
- LED facilitators workshops;
- Co-operatives training of trainers;
- Export readiness and export incentives training;



- The Umsobomvu Youth Fund has been launched in partnership with the Department of Economic Affairs, the Office of the Premier and Umsobomvu Youth Fund;

In the interest of promoting trade and investment, the Department:

- Exhibited and represented the province at the London Investment Seminar and Sports Conference;
- Represented the Northern Cape in Brussels, Belgium on the diamond industry and the Diamond Hub in Kimberley;
- Represented the Northern Cape in Russia with regard to mining on the trip by the 5th Joint Inter-Governmental Committee on International Trade & Economic Co-operation;
- Represented the province in China to strengthen economic and diplomatic ties between China and the Northern Cape.

The Department addressed the issues of targeted groups through its active participation and involvement in the following:

- Youth Parliament participation & exhibitions;
- Participation in Anti-Child abuse campaigns;
- Participation in 16 Days of Activism campaigns;
- Arranged and hosted SA Women's Entrepreneurs Network (SAWEN) Annual General Meeting (AGM) and Executive AGM;
- Participated in SA Women in Mining Association (SAWIMA) activities;
- Participated in SA Wine Industry Trust (SAWIT) activities;
- Hosted World Consumer Day.

The new direction taken by the Department reflects a new focus and drive for effective delivery around the vision of the Department with specific focus on the NCPGDS. Its main focus is to propel the Department into efficient, effective, economical service delivery through enabling internal processes in a learning and development environment. Whereas the focus was previously on SMME projects, it would now be on network management, high impact projects, investment promotion and building research capacity.

The operational objectives of the Department are now directly aligned with the development objectives of the NCPGDS. The expected outputs would then be promotion of government economic development policies / strategies, investment in high impact projects, implementation of the development objectives and therefore, maximization of the Departmental impact on economic growth and transformation of the provincial economy.

2.5 Overview of the service delivery environment

The strategic plan was prepared during the 2004/05 financial year. During 2004, the national election took place. After the election, a new MEC was appointed for the Department. During November 2004 a new HOD was appointed for the Department.

In October 2004, new senior management was appointed in the Department with a new section named Policy, Planning and Research (PPR) and the Economic Development Unit was restructured.

In January 2005, the Northern Cape Provincial Growth and Development Strategy (NCPGDS) was launched. This necessitated a re-evaluation of the strategic direction that the Department was to take to align itself with the priorities of the NCPGDS. In order to meet this challenge, the budget was also reprioritized.

Senior management responded with a strategic planning workshop in February 2005. The result was that the wording of strategic objectives, the emphasis of programmes and the strategic direction of the department were adjusted. This resulted in re-formulation/additions of strategic objectives. These changes were included in the revised 2005/06 strategic plan. The 2005/06 budget could however not be updated since it was already submitted to Treasury and tabled (Gazetted). This explains why the Budget Statement and the Strategic Plan are not aligned.

Five consumer awareness workshops were undertaken to ensure that consumers and businesses were well informed about unfair business practices. Monthly pay-point and clinic visits were undertaken in conjunction with the Department of Social Services. Monthly trade inspections were conducted in the Pixley ka Seme, Kgalagadi and Siyanda regions.



Quarterly raids were conducted in Kgalagadi, Namaqualand and Frances Baard to eradicate illegal gambling activities.

- Two illegal operators were closed down and subsequently paid admission of guilt fines.
- Forty illegal machines were confiscated and destroyed.
- Quarterly meetings with SAPS and Justice were held in all the districts.

Monthly inspections of liquor outlets were performed to enforce compliance with the liquor law.

Inspections were done at the following places:

- 37 inspected at Siyanda;
- 34 inspected at Pixley ka Seme;
- 32 inspected at Frances Baard;
- 23 inspected in the Namaqua region; and
- 20 inspected in the Kgalagadi region.

2.6 Overview of organisational environment for 2005/06

At the beginning of the financial year the Department was faced with many challenges with regard to Human Resource Management. On 1 April 2005 the Department had only 68 staff members in employment. With an approved establishment of 167 posts this meant that the Department had to function on a capacity of 40%.

In addition to this the Department had new personnel in most of the key positions which included the Chief Financial Officer and the Human Resource Manager. Almost all the most senior personnel have been in the Department for less than a year.

The initial recruitment process for the Department was slow. Staff shortages dictated that the department use external people to assist in the recruitment and selection committees. Changes in the strategy expedited the process and by the end of the financial year 36 posts were filled. Five posts were filled by means of promoting internal staff members with the requisite skills and knowledge and 31 new staff members joined the organization.

Many new skills were acquired in the process, which lifted the skills level and knowledge base and capacitated the Department.

2.7 Strategic overview and key policy developments for the 2005/06 financial year

The major focus of government is currently on implementation which has had a significant influence on the operations of the Department.

ACCELERATED SHARED GROWTH INITIATIVE OF SOUTH AFRICA (ASGI-SA)

ASGI-SA is a strategic framework which aims to:

- Achieve a single and integrated sustainable economy;
- Reduce unemployment through the mobilization of national resources both from public and private sector; and
- Reduce inequality and poverty by eliminating bottlenecks (lack of skills, gender, racial divides, etc.) to meaningful participation in economic activities.

PRECIOUS METALS AND DIAMONDS GENERAL AMENDMENT BILL

The Department of Minerals and Energy affairs tabled the Precious Metals and Diamonds General Amendment Bill that were sanctioned by Cabinet during the past year. The legislation aims to improve access to rough diamonds and precious metals to South African manufactures, cutters & polishers with a view to promote the culture of local value addition to these minerals.

The role out and the implementation of the Act will be achieved through the State Precious Metals and Diamond Regulator, State Diamond Trader and the Diamond Exchange and Export Centre. The location of the State Diamond Trader will serve as the critical mass location of the diamond and related jewellery industries.



These legislative changes led to Northern Cape and Kimberley in particular being identified as a Diamond Processing Centre and hub in line with the Accelerated and Shared Growth Initiative of South Africa (ASGI-SA). These initiatives are geared towards the realisation of the following imperatives:

- Access to equitable distribution of natural resources such as diamonds,
- Increased growth of the provincial economy,
- Job creation,
- Poverty alleviation,
- Sharing of the country's wealth,
- Building skills and capacity in the cutting & polishing industry.

The new legislation has several implications for Kimberley. It positions the City of Kimberley as a world-class centre for Diamond Cutting and Polishing. This enabled the Department to facilitate the development of diamond beneficiation initiatives that are aimed at the full value chain of beneficiation and enhance the principles of sustainability.

GROWTH AND DEVELOPMENT FUND

The Innovation Fund was established in 2001 with the purpose of stimulating and promoting innovation, economic growth and development in the Northern Cape. The Department of Economic Affairs (DEA) was appointed by the Provincial Executive Council as custodian of the Innovation Fund.

In the financial year 2005/06, the need was identified to have a revised policy framework to facilitate the implementation of projects in the Northern Cape. The name was changed from the Innovation Fund to the "Economic Growth and Development Fund" (EGDF). The projects to be funded by the EGDF are those that will contribute significantly to the socio-economic growth and development of the province and in line with the Northern Cape Growth and Development Strategy (NCPGDS). The policy establishes processes for the administration of the Fund. The policy framework will provide guidelines and standards according to which the fund is to be utilised and administered.

The Fund is accessible to all departments of provincial and local government for programmes and initiatives that contribute to the NCPGDS. The Fund can also be utilised to minimize risk and thereby unlock access to the business and development funding available in the market and facilitate co-funding opportunities with the aim of maximising beneficiary access to the Fund.

The policy was approved by Cabinet in the financial year of 2005/06.

SMALL, MEDIUM AND MICRO ENTERPRISES (SMME)

There is currently a policy shift towards intensifying SMME development to stimulate their comparative and competitive advantage. This was intensified through the review and subsequent adoption of the amendments to the Small Business Development Act in 2004. This therefore necessitates an improvement in the broader business environment including lowering the costs of small business logistics. This is supported by the national and provincial rollout of the Small Enterprise Development Agency (SEDA) programme.

The Northern Cape Province developed an SMME strategy in an effort to ensure that SMMEs are given the necessary support. Consultative processes are currently ensuing within the province to obtain as many informed inputs as possible.

The current review of the regulatory compliance frameworks for SMMEs will greatly assist small businesses to leverage opportunities available in government procurement services and to venture into untapped markets. In her state of the Province address the Premier of the Northern Cape emphasized that local SMMEs should access at least 50% of government procurement opportunities. The State President in his State of the Nation Address of 2006 indicated that the review of the regulatory climate would facilitate the expansion of the SMME sector. He further emphasized that they be remunerated promptly.

LOCAL ECONOMIC DEVELOPMENT (LED) AND CO-OPERATIVES

An apparent strategic focus to place the LED mandate within the broader economic development mandates in the Province is taking effect. Consultations within the Province are on-going between the Department of Economic Affairs and the Department of Housing and Local Government. A lot of work has been done by the Department in collaboration with municipalities. This includes continued training and capacity building in the following:

- Cooperatives development (training workshop and district road shows).



- Franchising business opportunities (workshop).
- Network Facilitators Course in partnership with the dti (certificated training and capacity building programme).

The Department further facilitated and supported consultation processes pertaining to the development of municipality LED strategies. Two municipalities have so far benefited from this particular intervention and they include Ga-Segonyane and Gamagara Local Municipalities.

The introduction of the Cooperatives Act in 2005 also had an impact on how support to SMMEs can be intensified. The purpose of forming cooperatives is to encourage communities with common needs (economic or social) to form voluntary associations or organizations to jointly address such needs. This can be achieved through ownership of jointly controlled enterprises organised and operated on the cooperatives' principles.

LEGISLATION DEVELOPED BY THE DEPARTMENT:

Three Bills will be tabled for consideration by the Legislature:

- The Northern Cape Liquor Act;
- The Northern Cape Gambling Act;
- The Northern Cape Unfair Business Practices Act.

The Northern Cape Liquor Act

The main objective of the new liquor legislation is to:

- Regulate the retail sale and micro-manufacturing of liquor;
- Set ethos of social responsibility in the industry;
- Set up the Liquor Board as public entity;
- Involve communities in decisions by the board on liquor license applications;
- Confine liquor outlets of business zones away from residential areas;
- Combat and reduce alcohol abuse.

The effective implementation of the provincial liquor legislation may be affected at the level of municipalities who will act as implementation agents of the new system. It will require the provision of systems, training and allocation of resources for the Liquor Unit and The Department.

This Bill was presented to the Executive Council after consultation throughout the province with industry role-players, communities and government institutions and departments to ensure that the legislation has been agreed upon by these interest groups. The Department is presently addressing the public comments with the State Law Advisors and we envisage the passing of the Bill during the last quarter of the financial year 2006/7. This act will address many shortfalls currently experienced in the liquor industry, including major shifts within the paradigm of licenses to historically disadvantaged individuals. We also foresee a simpler process in applications for licenses and a better regulated framework to enhance community development and resolve imbalances and alcohol abuse. The Act will also address trading hours as the current 1989 Act allows traders to operate into the early hours of the morning. Crime prevention patterns and research has indicated that levels of crime increase during these hours. It is envisaged that we will enact the Northern Cape Liquor Act by end of the financial year 2006

The Northern Cape Gambling Act

The main objective of the new Gambling legislation is to:

- Establish a Board known as the Northern Cape Gambling and Racing Board, which shall be a Juristic Person.
 - The main objective of the Board shall be to control all gambling, racing and activities, incidental thereto in the Province, subject to this law and any policy determinations of the Executive Council.
 - The Board shall have all powers that are necessary to achieve its main objective and performance functions under this law, including the powers set out in Section 10.
 - The Board shall advise the Responsible Member or furnish a report or recommendations arising from the application of this Act or relating to the control over gambling in the province to the Responsible Member for consideration.



The new Act (soon to be known as the Northern Cape Gambling Act, 2006) has amendments that include provisions that align it to the Constitution of the country. The current Bill is also improved to include provisions that comply with the National Gambling Act, with regard to certain definitions and meanings of Gambling operations. The new Act will include legislation that will regulate the operations of Limited Payout Machines and revenue matters connected thereto.

The regulation and control of horse racing is now also within the ambit of the Board. The Department is thus in the process of drafting a horse racing Bill and it is envisaged that this Bill will become legislation in 2007. On the promulgation of the new horse racing legislation, the current ordinances, e.g. Transvaal Ordinance 24 of 1978, will be revoked and repealed.

The Northern Cape Unfair Business Practices Act

The main objective of the Act is to provide adequate protection of consumers and the eradication of unfair business practices. The Act allows for the establishment of the Office of the Consumer Protector and the setting up of a Consumer Tribunal.

Due to the concurrent competency of consumer legislation between the national and provincial spheres of government, the National Credit Act, Act 34/2005 was signed into power on 1 June 2006. The purpose of the Act is to promote and advance the social and economic welfare of all South Africans, promote a fair, transparent, competitive, sustainable, responsible, efficient, effective and accessible credit market and industry.

The Northern Cape Provincial Consumer Affairs Office, located within the Department of Economic Affairs, is tasked with the responsibility of carrying out education, research, policy development, investigation of complaints and ensuring compliance with the Act.

It is envisaged that the amendments to the Northern Cape Unfair Business Practices Act will be effected by end of the financial year 2006.

2.8 Departmental revenue, expenditure, and other specific topics

DEPARTMENTAL REVENUE

	2002/03 Actual R'000	2003/04 Actual R'000	2004/05 Actual R'000	2005/06 Target R'000	2005/06 Actual R'000	%deviation from target
Tax revenue						
Casino taxes	8,574	8,756	8,976	9,194	11,798	28%
Horse racing taxes	573	778	658	561	393	(29%)
Non-tax revenue						
Liquor licenses	631	(108)	463	902	872	(3%)
Sale of goods and services	1	-	14	12	16	33%
Sale of capital assets (Capital revenue)						
Office furniture	-	-	140	-	-	-
Financial transactions (Recovery of loans and advances)						
Recoverable revenue received	-	-	492	-	-	-
TOTAL DEPARTMENTAL RECEIPTS	9,779	9,426	10,743	10,669	13,079	



DEPARTMENTAL EXPENDITURE

Programmes	Voted for 2005/06 R'000	Roll-overs and adjustments R'000	Virement R'000	Total Voted R'000	Actual Expenditure R'000	Variance R'000
Administration	10,400	500	560	11,460	11,454	6
Economic Development	38,138	4,134	(10)	42,262	30,321	11,941
Policy, Planning and Research	11,950	(950)	(485)	10,515	9,267	1,248
Business Regulation and Consumer Protection	6,012	450	(65)	6,397	6,074	323
TOTAL	66,500	4,134	-	70,634	57,116	13,518

TRANSFER PAYMENTS

Name of Institution	Amount Transferred R'000	Estimate Expenditure R'000
Coalition Trading 547	750	750
Khara Hais Municipality	588	588
Spoornet Douglas Belmont	2,500	2,500
Upington Vehicle Trading	912	912
Appolo Development	198	198
Darwo Trading NO 68	3,000	3,000
Frances Baard SMME	300	300
Kim Diamond	2,091	2,091
Moreletsoa Fresh	250	250
FAMDA	3,785	3,785
Wavelength	3,000	3,000
Siyeda	1,020	1,020
NCMAC	2,605	2,605
KDA	145	145
Nambid	190	190

ASSET MANAGEMENT

Information disclosed in the financial statements as per annexures 4 and 5.

3. PROGRAMME PERFORMANCE

3.1 Programme 1: Administration

The purpose of the programme is:

- To provide management and administrative direction to the Department according to the Public Service Act, 1994 and its regulations, the Public Finance Management Act, 1999 and its regulations.
- To provide technical and economic advice to the MEC.
- To ensure overall effective, efficient and economical conduct of the business of the Department.

Service Delivery Achievements

This programme by virtue of its nature being a corporate unit in the Department has succeeded to provide guidance and advice to the Departmental units as far as strategy and corporate policies are concerned.

The formulation and review of the strategic plan for 2005/2006 afforded the Department, in line with the Public Service Act, Public Service Regulations and Public Finance Management Act, and the Treasury Regulations the opportunity to improve on its corporate strategies.

UNIT REGISTRY & SECURITY MANAGEMENT

During this financial year the Department focused at rebuilding the registry unit by recruiting 3 new registry clerks of which 2 received training during June / July 2005. A process of revising the current approved filing system also began to ensure that it is incorporating the newly established units in the organogram. A draft filing system has since been developed.

The Department has also developed a draft security management policy and has also undertaken a process of security vetting of all managers. Discussions have also been held with NIA with regard to information and physical security audits in the Department. However, the Department is awaiting NIA's availability to commence with these processes.

HUMAN RESOURCE MANAGEMENT AND LABOUR RELATIONS:

In the Human Resource Management and Labour Relations Unit the following achievements can be highlighted:

During the course of the year policies were developed and implemented for the management of Leave in the Department, Sexual Harassment and Overtime. These policies were successfully implemented. In addition to this a bursary policy was also developed and adopted and will be implemented as soon as the necessary funds are available.

Policies were also developed and inputs requested on the management of Recruitment and Selection, Grievance and Disciplinary Procedures, and Resettlement. These policies are still in draft format and will continue to receive attention in the new financial year.

In addition to this a Code of Conduct was also developed and adopted in the Department. All newly appointed staff members signed the code upon entering the Department as well as an affidavit of confidentiality in order to protect the information in the Department.

The Department also made a lot of progress with regard to obligations to statutory bodies such as the employment Equity Registry and the PSETA.

An Employment Equity Plan was developed, adopted and implemented for the period 2005 – 2008. The Department also made a lot of progress with regard to the implementation of the Plan. The Employment Equity report was submitted to the Employment Equity Registry. A skills audit was completed to determine the skills gaps in the Department. This will be reflected in the Workplace Skills Plan that is due to be submitted to the PSETA by 30 June 2006.

In respect of recruitment and selection, the Department has advertised and filled 36 posts with a recruitment drive that was aimed at acquiring the requisite skills to ensure maximum performance in the Department. In addition to





this, the post of Chief Economist was also filled.

The new housing directive was successfully implemented in the Department. Job Evaluations were performed on all SMS level posts and most of the posts on Manager and Assistant Manager. The Evaluation of Posts will continue during the 2006/2007 financial year.

DEPARTMENTAL ACCOUNTING

- Internal auditor performed a risk assessment for the Department during July 2005. A risk manager was appointed in March 2006 and immediately started with the process of risk assessment, preparing the risk management strategy and internal procedural instructions.
- The asset register of the Department was updated and reconciled to supporting documentation.

UNIT LEGAL SERVICES

The legal service unit assisted the Office of the HOD in giving inputs regarding contracts; drafting contracts; Terms of Reference and Memoranda of Understanding.

The above included the drafting of contracts between the Department and the Belgium Consultant (IES), as well as assisting with the drafting of the CSIR contract for the benefit of SMME's and the MOA between the NC government and Business delegation with Hunan Provincial Government of China. The unit also facilitated with the drafting of contracts for the new members of Wavelengths.

The unit further managed and assisted with the liquor cases brought against the Liquor Board. An opinion regarding the predicament with the non-existence of the Liquor Board was also forwarded to the MEC regarding the same.

The following workshops were also conducted, namely a workshop on the Liquor Bill, which was held in Kgalagadi, and a Wine legislation workshop, which was held at Upington with the NC Wine Association.

The rest of the unit's work mainly consisted of giving ad hoc legal advice to the office of the HOD, other units and the MEC.

- Facilitate with Telkom management and other affected parties in redressing breach of contract;
- Submitted a MOU between Department and the Department of Housing and Local Government;
- Managing of Liquor cases.

COMMUNICATION SERVICES

The posts in this unit were vacant for most of the year, but they have been filled and a draft Communication Strategy was developed. The unit also supported the Department at important events such as the opening of the Legislature, World Consumer Day celebrations and the presidential imbizo.

UNIT OF THE CHIEF ECONOMIST

The major achievement in this unit was the development of the Social Accounting Matrix as a tool that will assist the Province in making scientific decisions in relation to the economic growth and development of the Province. The unit was also able to build up database which could assist in the analysis of the provincial economy. With this we were able to give detail overviews of the provincial economy to the HOD, PEC, Premier, Lekgotlas and other forums. The unit has also been able to contribute immensely to the Economic Sector Steering Committee. Through the use of SAM and the training given to all the members of the unit in the period, the unit was able to do macro-economic analysis of, amongst others, the Port Nolloth Mariculture Park.

EQUAL OPPORTUNITIES

This unit produced and introduced to SMAC for discussion draft documents on the following:

- HIV/AIDS Policy
- Gender Policy
- Disability Policy

The above-mentioned documents have since formed the basis of focus for 2006/07 financial year especially with the appointment of the Unit Head in January 2006.

EXPANDED PUBLIC WORKS PROGRAMME (EPWP)

The unit facilitated the inclusion to the Economic Sector Steering Committee the expanded Public Works Programme that will provide opportunities for development of SMME's and skills transfer and permanent employment for EPWP beneficiaries.

3.2 Programme 2: Economic Development

The purpose of the programme is:

To render services for enterprise and local economy development; trade and investment; economic empowerment and equal opportunities.



The programme consists of the following sub-programmes:

- Office of the Chief Director (Administration of the programme)
- Enterprise and Local Economic Development
- Economic Support
- Economic Growth and Development Fund

The strategic objectives of the Economic Development Unit

- To promote the development, growth and diversification of small, micro and medium enterprises;
- To promote mining development and mineral beneficiation;
- To promote the tourism sector;
- To promote the information and communication technology sector;
- To promote manufacturing and agro-processing;
- To promote fishing and mariculture sector;
- To promote the construction sector for infrastructure;
- To promote the transport sector; and
- To promote human resource development in the unit.

Service delivery objectives and indicators:

To realise the economic and social objectives of the NCPGDS the implementation programme will focus on the following:

- Development programmes, institutions, measures and proposals that can contribute to the development of sustainable enterprises, industries, a diversified economy, urban and rural regeneration and job creation;
- Facilitate programmes to enhance the support and growth of enterprises and develop business opportunities in urban and rural economies;
- Ensure business opportunities, financial and non-financial support for enterprises and economic development;
- Determine enterprise development opportunities from IDP / LED for economic and social development;
- Provide supply side measures and economic services to support enterprise, trade, commercial and industry development;
- Promote trade and industry opportunities nationally and internationally;
- Facilitate resources, initiatives and opportunities for economic empowerment and equal opportunities for targeted groups;
- Enhance opportunities and support programmes for women, youth and disabled entrepreneurs for enterprise development;
- Determine opportunities and facilitate resources for establishing co-operatives;
- Facilitate co-funding and capacity building for business plans submitted to the department; and
- Facilitate the establishment in the province of dti programmes e.g. SEDA, sector partnership funds, APEX and National Empowerment Fund.



Service delivery achievements:

This programme is a revised programme that works in direct association with the Chief Directorate: Policy, Planning and Research and focuses on the implementation and project management responsibilities of the Department. It has been streamlined to ensure effective service delivery and financial and non-financial support to current proposals. It also implements long term strategic proposals after these have been researched for their economic impact. The programme has also included all the backlogs in the Department since 2000 in the performance targets for 2005/06.

In response to a policy shift by the dti, and in response to implementing the new legislative imperatives, extensive introductory work was done in relation to co-operatives. To facilitate the establishment of co-operatives, the dti was assisted with training programmes, databases, co-ordination at municipal level, integration with local economic development, information and awareness and the commissioning of a provincial strategy.

In response to policy shifts, service delivery and co-ordination with other departments, several additional measurable objectives had to be added and these are detailed in the report within the context of international trade and investment and the Expanded Public Works Programme (EPWP).

In relation to the Agri-BEE Framework, there has been a policy shift at national level whereby the Charter obligations for the agricultural sector are still under review. At provincial level, the policy shifts have also led to the Agri-BEE Framework and business opportunities from these being a lesser priority. In future activity in the agricultural sector, Agro-processing and the Agri-BEE Framework will be led by the Department of Agriculture and Land Affairs.

Programme performance is highlighted in the tables below:



Sub-programme: Office of the Chief Director

The purpose of the programme is:

To render services for enterprise and local economic development: trade and investment; economic empowerment and equal opportunities

Measurable objectives	Performance measures	Target for the year	Actual Performance	Reason for deviation
The offices of the MEC and HOD serviced / supported.	Prompt accurate responses and recommendations compiled on all enquiries from the office of the MEC and HOD.	20 recommendations submitted and accepted per annum.	Targeted recommendations reached and succeeded.	None
Identified and implement service delivery improvements.	ED service standards identified, monitored and reported on monthly, quarterly and annually.	Service Standards set by beginning of each financial year. Progress reported on quarterly.	1. Implemented revised service standard on SMME capacity building and funding. 2. Draft MOU's with SEDA on service delivery standards completed. 3. Re-establish institutional relationship with co-operatives through information and LED coordination and participated in the Co-operative Strategy process. 4. Establish a MOU with targeted groups.	None
Personal development plan prepared, agreed with supervisor and implemented.	At least 9 persons activities engaged in over the next three years.	At least 3 personal development activities engaged per annum.	Three MPA degree modules completed on schedule. Two workshops attended on funding BEE transactions.	None
Efficiently, effectively and economically managed programme.	Programme's and audit trail of internal communication and management available.	1. Annual cash flow projection submitted. 2. Twelve IYM financial reports submitted. 3. Capital and current funds spent within budget 4. Unit Performance Plans and Annual Action Plans updated. 5. Budgets and plans for new financial year completed.	Annual cash flow projection submitted. Signed IYM reports submitted. Achieved capital and current funds within budget. Unit Performance Plans and Annual Action Plans updated. Budgets and plans completed (achieved).	None.
	Monitor and evaluate implementation of ED performance plans.	Performance plans and action plans, HR plans, EE plans reported on and reviewed when required. End of year report on progress against five year Strategic Plan submitted.	HR plans not implemented. Strategic Plan report submitted.	Staff complement incomplete and delayed recruitment process.
	Operational resources management arrangements and delegations implemented at programme and sub-programme levels.	Designed and promoted capacity building plans and opportunities for staff (HR and skills development plans) and developed MTEF budgets and managed expenditure monthly.	Training needs conducted and submitted to HR.	Skills development plan in process by HRM not implemented timeously.
Line management duties carried out responsibly.	Agreed Personal Performance and Development Plans with all staff and managed their performance.	At least four evaluations i.t.o. PMDPs completed and acted upon for all staff.	Draft performance plans completed.	SMS not in place as scheduled and expected and staff complement not complete.



Sub-programme: Enterprise and Local Economic Development

The purpose of this sub-programme is:

- To co-ordinate SMME service providers to ensure effective assistance to SMME enterprises at district level
- Facilitate support services to all SMME business proposals received by the DEA
- Co-ordinate with local government and provincial institutions to identify enterprise development and business opportunities for SMMEs and Co-operatives

Measurable objectives	Performance measures	Target for the year	Actual Performance	Reason for deviation
Facilitate integrated service delivery for SMMEs throughout the province by EQ3.	Decentralised services available in five districts through functional offices.	Facilitate the availability of integrated services to support SMMEs at a decentralized level.	1. SEDA Provincial office launched. 2. Frances Baard district office launched. 3. Awareness campaigns on SMME Strategy and SEDA launched in the districts.	SEDA timeframe for launch in 4 districts postponed to next financial year.
To develop SMME database for DEA>	Accessible database established.	Database available by EQ4.	Inputs made to Legal Services for draft contract with CSIR and negotiations still in progress with additional information areas being identified.	Contract drafted but not signed due to changes that have to be made.
Facilitate the participation of 2 BEE and SMME companies per quarter in the NCMPI.	Facilitate funding and capacity building for mining procurement contracts involving SEDA.	Eight SMMEs assisted per annum.	Assisted one mining procurement business with contracts and agreements. MOU on Joint Venture on mining procurement for SMMEs implemented through Standard Bank and NCMPI.	Lack of capacity.
Facilitate co-funding and capacity building for sustainable economic and business proposals received by DEA by evaluating 15 business plans per month.	Reports with recommendations on co-funding and capacity building of evaluated business plans and established partnerships and agreements on co-funding mechanisms.	Twenty business plans evaluated and recommended per month and backlog since 2000 cleared.	1. Targeted number was exceeded and the database now comprises of more than 312 proposals evaluated. 2. Establish databases for consideration of possible grant funding: • 30% of total need amounted to R15m. • Manufacturing amounted to R8m. • CBD location and franchise amounted to R4m. 3. Negotiations with ABSA bank for creation of a special fund incorporating a DEA grant to provide a 100% started and a draft agreement analysed.	None
Facilitate an annual seminar on entrepreneurship through franchising.	Service level agreement with FASA concluded, signed and implemented.	Facilitated information disseminated through organized events with SEDA FASA to encourage taking up from franchises by SMMEs particularly in CBDs throughout the province.	1. Seminar in partnership with FASA and six other franchise organizations held with 180 participants. 2. DEA facilitating a SMME in the ICT sector to become a franchisor and to develop franchisees in support of the SMME focus of the ISSAD Strategy for the province.	None



Facilitate business training skills for crafters by EQ3 to establish a retail shop in 2006/07.	Facilitated availability of customized training programme through SEDA.	Training completed for ten crafters.	Fourteen crafters trained through the dti, TEP craft programme on Product Development, Design and Packaging.	None
Facilitate Kumba social responsibility programmes for one SMME per annum.	Facilitated customized training programmes through SEDA for identified projects of Kumba.	One business established per year.	Facilitated Kumba Resources funding for 8 SMME craft businesses to attend national exhibitions for crafters / Decorex exhibitions.	A negotiation with Kumba Resources to establish new businesses is ongoing and carried forward to 2006/07.
Facilitate supply of semi-precious stones e.g. Quartz and Tiger's Eye.	Facilitated co-funding and capacity building for SMMEs in the supply chain and negotiated a service level agreement with relevant municipalities.	Implemented service level agreements to supply a cutting and polishing factory will be established.	None	SLAs not implemented due to cutting and polishing factory not being established yet.
Facilitate production, packaging and marketing of a Rooibos Tea Co-operative.	Independent production, packaging, branding and marketing facility established.	Production facility established.	None	Referred to Umsobomvu Fund, and the ABSA Agro-processing for funding of production facility.
Facilitate production and marketing of charcoal for a co-operative to be established.	Raw material gathering and charcoal manufacturing facilities established.	Facilitated the establishment of two co-operatives and their marketing strategy.	1. Griqua Charcoal Co-operative members assisted with registration as per the dti programme and awaiting their business plan and funding proposal. 2. Charcoal factory from peanut shells project in Hartswater has been evaluated.	Marketing strategy depended on finalized business plans.
Assist one district municipality per quarter with interventions to promote business development.	Identify business opportunities through municipal IDP – LED and established service level agreements with five district municipalities.	Service level agreements established and two businesses facilitated in each district.	None	Relationships with municipalities being built in order to focus on LED strategies and support.
Expansion of the Big Hole tourism precinct through a conference centre by 2010.	Multi functional convention / conference centre in the Big Hole precinct established by 2010.	Appoint consultant by tender process by EQ3 in order to complete spatial and costing aspects by EQ4.	None	Process already being implemented at the level of Provincial Executive and De Beers.
Determine comparative advantages for 2 districts per quarter in terms of district level natural resources.	Areas for further research to be identified e.g. wool, fruit, vegetable canning, small stock, game, dimension stone by submission of sector outline for further research by Chief Directorate: Policy, Planning and Research.	Strategic economic interventions determined with local government and sector outlines prepared.	Siyanda DM and //Khara Hais Municipality assisted with feasibility studies for Upington Cargo Hub and Upington Vehicle Testing Centre. Ga-Segongane and Gamagara municipalities in the Kgalagadi district assisted with feasibility studies on natural resources.	None.
Facilitate establishment of co-operatives.	Obtain information and training of national initiative and facilitate co-operatives to be established in the province.	Participated in the dti's information and training programmes and established one co-operative per district by EQ4.	Phase one of the dti's training programme completed and phase two to be launched in 2006/07.	The dti has informed that further training and information programmes in the province will focus on an ILO programme for LED managers and identification of co-operative service providers.



			Started a process of collating a database of existing co-operatives throughout the Northern Cape district municipalities.	The dti database of seven co-operatives in the province is being continually updated with those identified during road shows and those being formally registered as per legislation.
			DEA facilitated province co-operative road shows to ensure district participation and to receive inputs towards a provincial co-operative strategy in Frances Baard, Kgalagadi, Siyanda and Pixley ka Seme districts.	Potential co-operatives for registration identified in various sectors which show beneficiation and commercial value.
			Further interactions and awareness campaigns have established that capacity building and registration compliance to be priorities.	These are the outcomes of the road shows in Pixley ka Seme, Siyanda and Kgalagadi and LED interaction.

**Sub-programme: Economic Support Services**

The purpose of the programme is to:

- Facilitate commercial and industrial investments by South African companies
- Identify and promote new and existing products for national and global markets
- Align imperatives from broad-based BEE Act, Agri-BEE Framework and various sector charters to the opportunities in the province

Measurable objectives	Performance measures	Target for the year	Actual Performance	Reason for deviation
Promote business and investment opportunities in mining and mineral beneficiation through 2 investment seminars per annum.	Annual investment seminar at national mining expos and an annual provincial seminar; and the dissemination of information brochures.	Organised annual local seminar and participated in annual national seminar.	<ul style="list-style-type: none"> • Participated in outbound investment missions in Brussels. • Identified potential investors for an outbound mission to Sweden. • Initiated an outbound seminar on mineral beneficiation opportunities and made a presentation to investors in Düsseldorf Denmark. • Mining sector information secured and forwarded to the DGs office. • Made inputs for the outbound delegations on export opportunities to Luxemburg. • Facilitate the participation and networks and negotiations between Kimberley Engineering Works and Swedish investor. • Secured the World Mining Congress Report from organizers. 	None
Facilitate export of table grapes to China through the negotiation of trade protocol by 2007/08.	A trade protocol to export grapes to China to be negotiated by the province in collaboration with the dti.	Interacted with industry stakeholders and the dti and established a service level agreement.	Interacted with industry stakeholders and the dti.	No SLA in place, due to delays at national level.
Beneficiation of Pegmatite and Feldspar.	Facilitate the establishment of Mich factory in the Namaqualand region.	Established Mica factory.	None	Process for implementing the pilot phase as recommended by the feasibility study to be re-initiated.
Facilitate the increased export of wine by 2007/08.	Exports programme implemented after market research analysis has been completed by Chief Directorate: Policy, Planning and Research.	Understudy of export wine market.	Facilitated participation of Northern Cape Wine Industries in the 11th Gulfood Exhibition in conjunction with the Dept. of Agriculture. Interaction with the dti on wine industry export strategies.	None
Facilitate export of organic lamb by 2007/08.	Service level agreement with provincial department of agriculture to determine export strategy.	Interacted with South African embassies in targeted markets in relation to the export strategy.	Facilitated the participation of Northern Cape meat industry in the 11th Gulfood Exhibition in Dubai. Facilitated visit of Malaysian authorities (Dept. of Islamic Development and Department of Veterinary Services) to establish Sanitary and Phyto Sanitary measures and Halaal agreements.	None
Facilitate the creation of higher value craft products through training provided by NCFET by EQ3.	Training programmes for crafters to use gemstones in their products to create uniqueness established.	Established service level agreement with NCFET and the craft sector for gemstones.	Finalised SLA with NCFET about training for crafters focusing on gemstones and precious stones. Interacted with Tourism Enterprise Programme, a partner of DEAT about marketing and design skills, training and participation in the One-of-a-Kind Craft Exhibition which focuses on export opportunities for crafters.	None



Facilitate involvement of BEE in the wine sector.	Partnership with SA Wine Industry Trust (SAWIT) established.	Facilitated a service level agreement between BEE interest groups and SAWIT.	Kept abreast with legislative and sector charter developments and also linked to Agri-BEE. Arranged a seminar with the dti and Legal Services unit of DEA to interact with the business sector about new legislation for the liquor industry. Facilitated discussions between SAWIT and BAWSI.	None
Facilitate Broad Based BEE strategy in the province in response to 2 business plans per quarter received by DEA.	Increase the number of BEE shareholdings through employee and community trusts.	Facilitated the establishment of Broad Based BEE through co-funding for shareholding e.g. community groups, worker trusts in established and new companies.	None	No funding applications for FEE initiatives received.
Establish 2 partnerships per quarter with BEE sectoral and equal opportunity organizations.	Establish service level agreements to assist these organizations in their programmes e.g. SAWEN, SAWIC, SAWIM, TWIB, MMF, NADCOC, Crafters and Disabled.	Service level agreements established with all organizations located in the province.	SLA established with BMF on programmes to promote entrepreneurship, women's empowerment and the compilation of a BEE database. Facilitated the women entrepreneurship programme in partnership with the dti. Assisted 40 women with entrepreneurship training.	None
Facilitate the Agri-BEE Framework in the province through information dissemination through 5 workshops.	Workshops with established farmers and BEE interest groups.	One workshop and follow up processes held in each district.	None	Interaction with stakeholders is in progress and departments new focus on agriculture sector impact on service delivery.
Facilitate 2 business opportunities per quarter outlined in the Agri-BEE Framework.	Established a preferential procurement agreement similar to the NCMP.	Forums held in each district for interaction about business opportunities, products and partners.	None	Interaction with stakeholders is in progress and departments new focus on agriculture sector impact on service delivery.
Additional Objective Establishing Northern Cape Trade and Investment Agency.	Determine a strategy of establishing the Northern Cape Trade and Investment Agency.	Visit 3 agencies in South Africa and commission a consultant to compile a comparative study.	None	Interaction with NCEDA with a view to expanding their mandate to do exports and investments for the province.
Additional Objective Identifying and facilitating procurement and capacity building in the EPWP.	Partnership with Dept. of Public Works, SAWIC and the construction sector.	Facilitated 3 companies with opportunities and capacity building.	None On capacity building interaction with NCFET indicated possibility for a co-operation agreement on EPWP related business support to individuals / groups in the construction sector.	Interaction with Dept. of Public Works ongoing.
Additional Objective Facilitate introduction of the dti services to the province.	Effective dissemination of the dti information in the province.	Closer co-operation with the dti institutions.	Designation of a dti provincial manager • Information seminar on the dti services with 70 businesses and officials from LED.	None



Additional Objective Obtaining Trade and Investment from Malaysia.	Manage consultants contract to finalise opportunities.	Inward mission by Malaysia Airlines Systems (MAS) facilitated and product interest followed up.	Sign and implement agreement with consultant in relation to Malaysian Airlines, wine, meat and FDI for potatoes and oranges. Hosted the MAS delegation from the 14th – 18th April 2005 in various parts of the province. Post mission follow up with MAS conducted on product packaging.	None
Additional Objective Responding to Trade and Investment opportunities from government institutions and other initiatives.	Facilitation provided for inward and outward missions on request.	Companies identified as per targeted sectors and the dti – EMIA facilities assisted and negotiated.	Assisted South African Embassy in Beijing with programme for Liu Huan Company who will be investing R60 000 000.00 in a new Iron Ore mine in Klipfontein in the Kgalagadi district during an inward investment mission. Design and specifications for exhibition stand researched, commissioned, ordered and paid for whereby the DEA now has a customized stand on a permanent rental basis that can be used for various exhibitions. Initiated planning and booked space to take part in SAITEX Africa in 2006 in relation to the exhibition stand specification and size. Assist Office of the Premier with return visit of Hunan province, China to the Northern Cape as part of the Twinning Agreement. Finalised the operational and funding agreement with DSAC and NCTA in relation to the training and exchange programmes for culinary skills and Chinese language study. Identified companies as per requested from the Office of the Premier. Ensured dissemination of information on EMIA products and incentives. Participated in the dti Swedish mission. Participated on the Hong Kong inward mission on diamonds.	None



3.3 Programme 3 – Policy, Planning and Research

The purpose of the programme is:

To facilitate and support transformation, diversification and economic growth of the provincial economy through economic policy development, economic research analysis, business development and integrated economic planning.

The programme consists of the following sub-programmes:

- Programme Management Office
- Strategy Management
- Economic Research
- Business Initiative Development
- Information Management and IT Support



Service delivery objectives

For the financial year 2005/06, the Policy, Planning & Research programme has identified the following key focus areas to meet the objectives as set out in the Department's strategic plan:

- Align and control strategic management processes within the department and develop a multi-term planning cycle with annual review mechanism for all relevant transversal issues.
- Conduct relevant economic related research with respect to the specific economic sectors in the NCPGDS.
- Research and support at least one large-scale business initiative in the province in support of transformation and diversification of the provincial economy.
- Develop and implement an Information Society Strategy and implementation plan with specific focus on SMME's and EIA in the Department.
- Manage the Policy, Planning and Research unit's resources according to the principles of the PFMA / Treasury regulations and PSA / PSR.

Service delivery achievements

In 2005/06, the internal environment demanded a large amount of attention in terms of change management and alignment of the 2006/07 budget with the strategic plan of 2006/07. The next phase will focus on improving the quality of the measurable objectives in the strategic plan in terms of the SMART principles. The department furthermore developed a monthly management process chart and annual calendar in order to align its budget, human resource and strategic processes on a monthly and annual basis. The next phase of this project is to ensure implementation of these approved processes within the department.

Research has been conducted on the wine industry and the programme assisted in the harmonization of the IDPs with the NCPGDS and benchmarking of the NCPGDS in conjunction with other provinces.

The programme participated in a research study on inter-provincial migration of people, focusing on the Northern Cape, Limpopo and the Eastern Cape.

The programme played a lead role in the launching of the Namaqualand Mariculture Park and the hosting of the Finance Sector Summit.

A diamond beneficiation strategy has been developed and a partnership between the Department, Mintek and the Department of Minerals and Energy has been formed.

A conceptual framework model for the development of the manufacturing cluster and centre and a partnership between the Department and the University of North West has been formed.

The programme initiated a partnership with ABSA. One of the achievements emanating from this initiative was the secondment of a person from ABSA to form part of a departmental team to develop a provincial SMME strategy. This programme was instrumental in developing and aligning the SMME strategy to other provincial strategies with ABSA.

One official was seconded to serve at the Preferential Mining Procurement Centre of Standard Bank and Department



of Economic Affairs. This partnership also involves the Northern Cape Mine Managers Association.

Other partnerships initiated were with DBSA and NEDBANK, to develop the provincial LED strategy. Funding has been secured from DBSA and the development of the strategy will commence in 2006/07.

The Department of Economic Affairs has initiated a process to develop an Information Society Strategy. Funding for this project has been secured from the Finnish Government. Out of this process, a working group was formed consisting of the Northern Cape (Department of Economic Affairs and the Office of the Premier), the Presidential National Commission on Information Society and Development, Western Cape and Limpopo. This working team completed, in November 2005, a National Information Society Strategy. This initiative led to the development of a provincial model for the Information Society and Phase 2 of the project plan was completed. The implementation of the project plan will commence in 2006/07. The Finnish Government will fund the project.

The programme supported a number of initiatives with respect to the:

- Economic Sector Steering Committee;
- Economic Cluster; and
- NCPGDS institutional arrangements.

The performance tables below outline more details for PPR unit achievements.



Sub-programme: Office of the Chief Director (Programme Administration)

The purpose of the programme is:

- To render policy, planning and research services within the vision of the Department.
- The office consists of a chief director, secretary and administrative practitioner.

Measurable objective	Performance measures	Target for the year	Actual performance	Reason for deviation
The offices of the MEC and HOD Serviced / supported.	Prompt accurate responses and recommendations compiled on all enquiries from the office of the MEC and HOD.	12 responses / recommendations submitted and accepted per annum.	All enquiries responded to.	None
Identified and implement service delivery improvements.	PPR service standards identified monitored and reported on monthly, quarterly and annually.	New standards set by January of each year. Progress reported on quarterly	Service standards for the unit have been completed. Not reported on.	None Standards only completed by January 2006.
Personal Development Plan prepared, agreed with supervisor and implemented.	At least 9 personal activities engaged in over the next three years.	At least 3 personal development activities engaged in per annum.	Completed skills development questionnaire.	Only to be implemented in 2006/07.
Efficiently, effectively and economically managed programme	Programme's and audit trail of internal communication and management available.	Annual cash flow projection submitted. 12 EWS financial reports submitted.	Departmental accounting completed and submitted IYM's on behalf of Department.	None
		Capital and current funds spent within budget	In the financial year 2005/06 expenditure for the programme was within budget allocation.	None
		Accurate records of internal management and communication available.	All minutes of meetings are filed and a audit trail of all communication kept	None
		Unit Performance Plans and Annual Action Plans updated.	Annual Action Plans and Unit Performance Plans were updated for the Programme according to department requirements.	None
		Budgets and plans for new financial year completed.	Budget Statement number 2 for the Programme completed and submitted to CFO's Office. Written financial delegations issued to responsibility managers in PPR unit.	None
	Monitor and evaluate implementation of PPR Performance plans.	Performance plan and action plans, HR plans, EE plans reported on and reviewed when required.	Performance and action plans monitored on a monthly basis via monthly unit meetings and monthly reports from responsibility managers.	None
		End of Year report on progress against 5 Year Strategic Plan submitted.	This document	None



	Operational resource management arrangements and delegations implemented at programme and sub-programme levels.	Designed and promoted capacity building plans and opportunities for staff (HR and Skills development plans) and developed MTEF budgets and managed expenditure monthly.	Public policy training modules and presentations were developed by PPR programme manager and 22 staff was trained with respect to public policy development. Responsibility Managers was trained with respect to managing budgets. Responsibility Managers also trained with respect to delegations thereafter written delegations were issued.	Skills development plans are to developed in 2006/07 due to re-organisation of the structures this could not be completed in the financial year of 2005/06
Line management duties carried out responsibly.	Agreed Personal Performance and Development Plans with all staff and managed their performance.	At least 4 evaluations in terms of Performance Management Development Plans (PMDP's) completed and acted upon for all staff.	Performance Management Development Plans (PMDP's) for Programme manager's completed. It was decided at a meeting that the three directors will be evaluated regarding the last 6 months of the financial year due to the whole re-organisation of the programme. Responsibility managers' performance agreements were submitted. Four quarterly plans received from staff and completed PPR annual report for 2005-06 submitted to HOD.	Re-organisation of department.



Sub-programme Strategy Management

The purpose of the programme is:

To manage, formulate, monitor and evaluate the implementation of strategies of the Department.

The sub-programme consists of two units that will focus on strategy planning (which will focus on development and improvement of both corporate and economic strategies and plans of the Department) and strategy control (which would provide support to the department in terms of co-ordination, monitoring, evaluation & alignment of economic strategies and plans).

Measurable objective	Performance measure	Target for the year	Actual performance	Reason for deviation
Annual corporate performance strategies, policies and plans of the Department well-developed, and timeously aligned.	Corporate performance strategies, policies and plans developed, approved by management and aligned by 2007/08.	Service standards set by July 2005. Service delivery improvement, corporate performance, budget and financial management, organizational development and knowledge management strategies developed by 28/02/06	Two staff members trained on setting of service standards at provincial workshop. PPR service standards set and approved. Draft departmental service charter distributed internally for inputs. Budget and financial management, organizational development and knowledge management strategies developed not developed.	New corporate strategies to be developed in next strategic plan review process only, due to internal capacity constraints.
		DEA Strategic Plan, Performance Plan & Annual Plan 2005/6 advised on, evaluated & aligned with DEA & NC economic strategies.	<ul style="list-style-type: none"> DEA Strategic Plan, Performance Plan & Annual Plan 2005/6 printers version submitted to Office of HOD. DEA Strategic Plan, Performance Plan & Annual Plan 2005/6 advised on, evaluated & aligned with DEA (> 80%) & NC economic strategies. Presentation in this regard made to management. 	Small misalignment (<20%) occurred, due to internal refocusing and restructuring of the department.
	Revised Strategic Plan, Performance Plan & Annual Plan 2006/7 advised on, evaluated & aligned with DEA & NC economic strategies.	Revised Strategic Plan, Performance Plan & Annual Plan 2006/7 advised on, evaluated & aligned with DEA & NC economic strategies.	3rd draft of revised Strategic Plan, Performance Plans & Annual Plans for 2006/7 developed for all programmes, integrated for dept. and submitted on time, in line with Treasury Schedule. Budget Statement 2 developed & aligned with Strategic Plan, distributed to managers for comment & submitted to CFO on time, in line with Treasury Schedule in November and January. Budget statement 2 corrected and submitted to Treasury in February 2006. State of Nation, State of Province & ASGISA analysed & 2006/07 plans checked for alignment with these national & provincial priorities & written into performance plans where applicable. Revised Strategic Plan, Performance Plan & Annual Plan 2006/7 analysed.	None.



	4 annual departmental planning and strategizing guidelines developed and aligned with national, provincial and local planning guidelines.	Guidelines developed by 31 June 2005 for strategic planning and MTEF budgeting. Guidelines developed by 31 August for corporate performance management, organizational development and knowledge management. Other critical guidelines developed and approved within 60 days of needs identification. 4 Presentations to management on the implementation of the guidelines.	Draft Strategic & Budget planning calendar, projected management activities for the year presented at SMAC. Full schedule of presentation of guidelines at workshops for managers for the 2006/07 year contained on the calendar. No guidelines developed and no presentations made to management on the implementation of these guidelines.	Internal capacity constraints.
New or improved annual broad economic sector and industry strategies, policies and plans guiding stakeholders in provincial economic development.	Approved provincial economic sector strategy and approved implementation plan available on 31/03/06, in line with updated NCPGDS and updated annually.	Northern Cape economic sector strategy developed and approved by 30 August 2005. Northern Cape economic sector implementation plan approved by 31/03/06.	The following economic strategies have been developed: Mining; Manufacturing; Fishing and Mariculture; Information Technology and SMME. Mining strategy unpacked into implementation plan through partnership with DME and Mintek.	None.
	Northern Cape Sector strategies developed with stakeholders and aligned with other national, provincial and local strategies and policies by 31/01/06 and updated annually.	Northern Cape SMME Strategy developed with SMME stakeholders and aligned with other national, provincial and local strategies and policies by 31/01/06	Partnership formed between Dept. and ABSA. SMME Strategy completed and aligned with other strategies. Rollout plan for SMME strategy to districts of Province for consultation purposes developed. Rollout to commence in 2006/07.	None.
	3 Sector strategy implementation plans developed and 4 contributed to for implementation by 31/03/06	Sector strategy implementation plans for Manufacturing, Mining and Mineral Processing, Agro-Processing, Fishing and Mariculture developed by 31/03/06	Provided inputs on the redevelopment of the proposed 1st draft of Mining & Mineral Processing Sector Implementation Plan agreed upon by working group DEA-DME-Mintek officials.	Internal refocusing and restructuring of the Department led to the movement of some parts of this target to other line function units.
	Industry development strategies and plans developed to guide research and development in targeted industries.	Iron ore, manganese, precious stones and semi-precious stones and wine industry strategies approved and handed over for business research and development	Embarked on a process to unpack the Mining and Mineral strategy. The process led to the establishment of a partnership between the DEA, DME and Mintek. One of the objectives of the partnership was to develop specific strategies for these industrial commodities. The diamond strategy has been completed. The semi-precious stone strategy is still in process.	Iron ore and Manganese strategies not commenced on because policy imperatives necessitated a focus on the diamond strategy.



Implementation of departmental and economic development strategies, policies and plans for the Northern Cape co-ordinated, monitored, evaluated and aligned annually with other provincial and national planning cycles, processes, priorities and plans.	Departmental strategizing and planning cycles and priorities developed and aligned with national, provincial and local policy and planning cycles and political priorities.	Departmental planning cycles approved by management by 30 June 2005. Lekgotla, state of the national, state of the province, budget speech, MINMEC and economic cluster priorities extracted and presented for management approval within 60 days of the event for inclusion in the next planning review.	Monthly management planning & reporting process mapped & distributed to all managers.	Integration of HR, Financial and Non-Financial cycles not in place yet
	4 programme implementation plans monitored & evaluated for alignment with dept. strategies and plans.	Project, programme and departmental quarterly performance evaluated. Programme implementation plans / quarterly performance reports monitored and evaluated and recommendations submitted to management.	Programme 3 and all its sub-programmes complied (monthly and quarterly performance management process). Departmental (Programme 1, 2, 3, and 4). quarterly report compiled and submitted. Presentation on Departmental quarterly report compiled for management and portfolio committee.	Evaluation of reports not completed, due to lack of resources.
	Terms of reference for economic sector institutions emanating from NCPGDS and sector strategies drafted in line with other government strategies, policies and plans.	Terms of reference for mining and manufacturing sector institutions accepted by management, and NCPGDS stakeholder forum by 31/03/06.	Conceptualization of the terms of reference of the manufacturing sector institutions occurred within the conceptual framework for the Manufacturing Sector.	Mining national competency. The need for diversification of the provincial economy as expressed in the PGDS resulted in the call to focus on the manufacturing sector.
	Provincial policy makers and departmental management alerted within 30 days of notification of possible strategy, policy and planning changes on the expected impact of these on the Department and economic development in the province.	Support provided to the MEC and HOD before and after at least 30 meetings per annum of cabinet, executive council, legislature / portfolio committee, MINMEC and economic cluster sessions on strategy, policy and planning issues. 12 monthly reports to management and 4 quarterly performance reports submitted reflecting relevant strategy and policy changes and recommendations presented to management within 60 days of changes.	No performance – see Office of Chief Director.	Service catered for under Office of the Chief Director.



	<p>Department and economic development planning and strategy needs assessed annually and included in revised strategic and performance plans by end of February.</p>	<p>4 quarterly assessments of needs with action plans for addressing these needs extracted from quarterly performance reports.</p> <p>1 annual analysis and plan developed from customer satisfaction and strategic plan review processes.</p> <p>100 % of Department planning and strategy identified needs addressed as per annual performance plans.</p>	<p>During the 2005/06 financial year an internal review of the alignment of the strategic plan, budget and annual performance plan (APP) was performed. A report showed similar deviances which were addressed at a Senior Management Advisory Council (SMAC) meeting on 13 March 2006. Afterwards the budget, strategic plan and APP of the 2006/07 year were revised to ensure the alignment of all three documents. Customer satisfaction survey not completed.</p>	<p>None</p> <p>Focused internally in the department for 2005/06. External focus in 06/07.</p>
	<p>Implementation of strategies, policies and plans of the Department monitored, evaluated and recommended on for improved alignment and service delivery efficiency and effectiveness.</p>	<p>1 complete policy register developed and updated monthly.</p> <p>Policy register used to feed into strategy, policy and planning review plans for the year.</p> <p>4 quarterly evaluations with recommendations to management on Department implementation of strategies, policies and plans and possible service delivery improvements in May 2005, July 2005, Oct. 2005, Febr. 2006.</p>	<p>Register updated quarterly only and register not used to guide departmental planning sessions and council agenda items.</p>	<p>Strategy Management functioning not optimal, due to vacancies.</p>



Sub-programme Economic Research

The purpose of the programme is:

To analyse and evaluate the provincial economic sector data.

The programme is divided into 3 units that focus on economic sector research, monitoring & evaluation and macro & micro economic research respectively, with priority being given to the economic sectors and research needs identified in the provincial growth and development strategy.

Measurable objective	Performance measure	Target for the year	Actual performance	Reason for deviation
Research conducted regarding economic opportunities in mining, agriculture and manufacturing.	Approved research report completed for mining sector.	Completed research regarding economic opportunities arising from: • Kumba Expansion by end October 2005.	<ul style="list-style-type: none"> • Contacts for Kumba Expansion project research established & 1st discussions completed. • Informed at second meeting with a Kumba resources representative that they have commissioned a study regarding all opportunities in the mining sector in the Northern Cape and will present it to the department once completed. 	Awaiting response from Kumba resources to present findings of the study related to the economic opportunities in mining sector.
		Feasibility of establishing a manganese smelter in the NC by end March 2006.	Feasibility study not embarked upon	Department approached by potential investors who had already embarked upon feasibilities of establishing a smelter operation in the province
	Approved research report available for agriculture sector.	Research report completed for: • wine export by end September 2005. • garment factory by July 2005.	<ul style="list-style-type: none"> • Wine research report has been completed timeously. • Cotton Research completed and inputs regarding garment factory submitted. 	None.
	Approved research report available for manufacturing sector.	Research report completed: • beneficiation of semi-precious stone by 30 September 2005. • production of jewellery by end March 2006.	<ul style="list-style-type: none"> • Economic impact model for semi-precious stone beneficiation developed. Report not completed but information on semi precious stones gathered and is still in process. Liaising with the relevant role players in the industry viz. DME and MINTEK. • Research has not commenced as yet. Model regarding jewellery production completed. 	<ul style="list-style-type: none"> • Could not complete the semi-precious stone, study since the process is led by Mintek, who have also been experiencing problems obtaining credible information from the mines. • The process of jewellery manufacturing should be informed by the implementation of the Diamond Act. This process took longer than expected to complete.
Economic models developed.	Models completed for identified research opportunities.	Economic models developed for opportunities relating to: • Kumba Expansion. • Manganese smelter. • Wine export	<ul style="list-style-type: none"> • Economic impact model for goat processing to link up with Kumba social responsibility projects completed. • Manganese smelter model not developed. • Wine export model completed. 	Department approached by potential investors who had already embarked upon feasibilities of establishing a smelter operation in the province



To provide for regular monitoring and evaluation systems over three years.	Developed monitoring and evaluation systems	Monitoring and evaluation plan completed.	Monitoring and Evaluation Framework regarding the PGDS targets completed. Monitoring and evaluation framework to guide a continuous monitoring and evaluation of PGDS targets.	None
	To develop a monitoring and evaluation of Four sectors	Monitoring and Evaluation framework of four sectors namely: Agriculture, Manufacturing, Mining and Tourism completed	Monitoring and Evaluation framework of four sectors namely: Agriculture, Manufacturing, Mining and Tourism completed	None
		Database developed regarding the Standard Industry Classification.	Database developed regarding SIC completed	None
	To conduct Inter-provincial Migration Research	Inter –Provincial Migration Study Completed	Inter –Provincial Migration Research Study completed.	None
	Economic statistical reports produced for economic sectors.	One economic statistics bulletin published	Economic and Statistics Publication on Labour force, GDPR, Population, Migration and basic services completed.	None
	To provide support to the development of a Social Accounting Matrix	Social Accounting Matrix developed	Northern Cape Social Accounting Matrix developed. Attended 4 days training on capacity building Manufacturing Surveys Conducted	None
	Evaluate bilateral agreements affecting the province	Report on the partner countries, focus areas, sector, and industry and product opportunities developed.	Report has not been completed. Information on bilateral agreement still being sourced.	Still awaiting inputs from the Office of the Premier and sourcing information from the DFA and dti. Report to be completed in 2006/07.
	Additional To provide support on the Cross Border issues regarding the transfer of municipalities in North West to Northern Cape	To provide support on the Cross Border issues regarding the transfer of municipalities in North West to Northern Cape	Liaised with the North West Department of Economic Development on the cross border issue, obtaining audit information to facilitate the hand over of the region to the Northern Cape.	Still in process
	Additional To provide support to the Economic Cluster.	Economic Cluster Supported.	Annual report compiled for Economic Cluster. Presentations prepared for Economic Cluster.	None
	Additional To develop an Economic Development Fund Policy	Economic Development Fund Policy completed and approved.	Economic Development Fund Policy completed and Approved by Cabinet	None



<p>Additional objective NCPGDS embedded in DEA & economic sector depts. & marketed to growth & development stakeholders on a monthly basis for the next decade.</p>	<p>NCPGDS Secretariat & institutional arrangements supported & informed of progress monthly NCPGDS , sector strategies & sector implementation plans developed with & promoted to economic sector, sub-sector & industry stakeholders.</p>	<p>Monthly reports & support* provided to the NCPGDS Secretariat on behalf of Dept. with regard to economic growth & development aspects of the NCPGDS, at 10 meetings per quarter "support" means co-ordination of & communication around:</p> <ul style="list-style-type: none"> • institutional arrangement support; • development & review of strategies, policies & plans; • research in support of the NCPGDS; • implementation monitoring; • implementation evaluation. <p>At least 1 marketing & promotion activity per month on NCPGDS done. i.e. 36 events over 3 years).</p> <p>At least 1 economic growth & development partnership Forged & implemented with economic sector, sub-sector & industry stakeholders per quarter (i.e. 12 partnerships over 3 years)</p>	<ul style="list-style-type: none"> • 11 NCPGDS Secretariat meetings supported and reports submitted. • 2 NCPGDS Technical Forum meetings supported. • 1 NCPGDS Stakeholder meeting supported. • NCPGDS presentations made to the following stakeholders <ul style="list-style-type: none"> - SALGA - SANDF College. -Land Reform Co-ordinating Committee. - Water summit - Launch of the National Skills Development Strategy - Hong Kong Jewellery and Jade Manufacturers Association. - Sports Indaba - Youth Commissioners during Youth Week - Gamagara municipality SMME forum. - SANGOCO - Black Management Forum • Representatives to the NCPGDS Stakeholder forum for formal business sector structures elected through an intervention of the department. • Co-ordinated and gave inputs into the preparation of Economic Growth and Development projects submitted to National government. The Diamond Processing project has been selected as an ASGI-SA project for the Northern Cape. • Facilitated, partly funded and managed the launch of the Mariculture Park. • Participated in a collaborative effort regarding the assessment of the NCPGDS, against national guidelines, for submission to the Presidency and in preparation for the review of the NCPGDS. 	<p>None</p>
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Sub-programme Business Initiative Development

The purpose of the programme is:

To assess the viability of economic opportunities and provide necessary support.

The sub-programme Business Initiative Development consists of two units that focus on project support, implementation and evaluation and Business Initiative Analysis, respectively. The sub-programme will facilitate and support identified anchor projects in the various sectors of the provincial economy.

Measurable objective	PERFORMANCE MEASURE	Target for the year	Actual Performance	Reason for deviance
8 anchor projects analysed & evaluated for economic opportunities in the province over the next 3 years	8 Anchor projects in districts analysed and evaluated over 3 years	Identified and upgraded facilities for two minerals beneficiation projects in Kimberley. Identified in conjunction with mining houses specific economic opportunities from expansion programs.	<ul style="list-style-type: none"> Kim Diamond Building has been upgraded and a diamond cutting & polishing company will be appointed soon to resume operations at the building. An Italian-based jewellery manufacturing company will be starting an operation at the Kim-Diamond building. Opportunities with regard to a smelter operation to do value-addition to manganese has been identified and a business proposal submitted. Various Procurement opportunities in mining has been identified. Information sessions has also been conducted to promote these opportunities. 	None.
Support 8 business planning initiatives in the province up to implementation over the next 3 years.	8 Business planning processes supported. Monitored & evaluated business Initiative development in the province within 3 years. Created at least 150 direct jobs over 3 years. Created at least 300 temporary jobs over 3 years in the Province.	Feasibility studies to determine the economic viability of 3 investment projects. Evaluated and recommended the relocation of at least one factory to the Province. Facilitate the establishment of a semi-precious stone cutting & polishing factory.	<ul style="list-style-type: none"> Economic viability with respect to Diamond Cutting and Polishing, Jewellery manufacturing has been done. A company based in China is being engaged and recommended through their local partner to relocate to Northern Cape. Several meetings has been held with the various Tiger Eye miners in Griekwastad & Niekerkshoop to facilitate the establishment of a Tiger Eye cutting & polishing factory. 	None



Establish two manufacturing centres in the Province over the next three years.	Two Centres for Manufacturing in the Province established over a period of three years.	Identified possible sites for manufacturing in Kimberley.	<ul style="list-style-type: none"> • The Kim-Diamond Building has already been identified for gold and silver jewellery manufacturing • 40 hectares of land have been identified for the purposes of the establishment of a diamond park for diamond beneficiation and jewellery manufacturing • A memorandum of agreement has been signed with the North West University with respect to the establishment of additional manufacturing centres. 	None.
Manage the performance of two economic development agencies (NCEDA & FAMDA) in the 2 regions of the province over 3 years.	Managed the performance of two economic development agencies in the regions over the next three years.	Transform the operation and outlook of the Northern Cape Economic Development Agency. Institutional arrangements established with NCEDA.	<ul style="list-style-type: none"> • Initial discussions held with NCEDA board with intend of transforming the operations of NCEDA into a Trade & Investment Agency 	BID could not complete the transformation & institutional arrangements with NCEDA, because the Agency management functions were removed from BID to EDS



Sub-programme Information Management and IT Support

The purpose of the programme is:

To manage information and provide ICT support systems.

The sub-programme consists of 2 units, namely: Management Information Systems & Enterprise Information Architecture, as well as Information Management & Support Systems.

Measurable objective	Performance Measure	Target for the year	Actual performance	Reason for deviation
Information Society and Development (ISAD) strategies for economic development and empowerment throughout the province, as well as ICT strategies and policies for the department developed and implemented over the next 3 years.	An Information Society Strategy (ISS) & Information Society & Development Strategy implemented with a specific focus on SMME's (e-business), ICT hubs, education, access to urban & rural areas, awareness & applications, implemented in the Northern Cape and established linkages from Department to SEDA's.	Phase 1: Fact-finding report completed by 30 April 2005. Phase 2 project plan completed consultants appointed	Phase 1: Fact-finding report completed. The Northern Cape Provincial government, Limpopo and Western Cape assisted the Presidential National Commission (PNC) in developing a National Information Society Strategy (NISS) which was completed in November 2005. Emanating from this, the Northern Cape and Limpopo was nominated as pilot sites and a provincial model was developed. Phase 2 project plan for the Information Society Strategy completed.	None
	Internal and external strategies, policies, plans and projects developed and implemented.	External and internal strategies and policies developed.	General Strategy framework for departmental ICT developed.	The target could not be achieved due to time constraints in recruiting resources.
	Models developed, evaluated and adjusted for information management and economic development.	Information management and economic development models developed	Draft Conceptual Enterprise Information Architecture (EIA) Framework initiated.	Due to time constraints in recruiting the relevant IT resources, the target could not be achieved and will be achieved in 2006/07 in terms of developing a Information Management Model.
	Information management and operational support systems, including technologically advanced hardware and relevant front ends and applications for systems management developed, maintained and managed.	Project, programme and information management software in place. Technology introduced and properly used in the operations of the Department Contracts with service providers managed efficiently, effectively and economically.	Signed Service Level Agreement with State Information Technology Agency. Facilitated the implementation of software for a Liquor License System. Project Management Software (Microsoft Projects) tested and implemented as a DEA application. Web-based system development software tested (FrontPage, Dreamweaver) Desktops, Laptops and printers needs addressed and submissions completed.	None
	Information Security System (ISS) developed and system integrity managed.	Information Security System (ISS) developed and system integrity managed within security guidelines.	Draft Information Security Policy completed.	The target could not be achieved due to time constraints in recruiting resources.



	Institutional memory, including knowledge management and e-governance programmes for the department developed, maintained and managed.	Policies, plans, data bases, systems and improvements developed, revised, advised on and implemented / attended to.	Departmental External Internet Website user specifications completed. Departmental Internal Intranet Website user specifications completed. Web based model for a Document Management system tested (Knowledge Tree version 3.0).	None
	Provisioning and procurement of electronic and information technology for the Department managed to ensure standardization, integration, efficiency, security and integrity of Department performance, information management and communication.	Efficient, effective provisioning and procurement systems designed, implemented and managed. Fully integrated systems functioning effectively. Improved organisational efficiency and monitoring and evaluation of Department performance.	Hardware and Software workstation standards completed. Server Hardware and software for all web systems needs analysis completed.	None

3.4 Programme 4: Business Regulation and Consumer Protection

The purpose of the programme is:

Provision of a more effective regulatory framework that provides for equity and predictability in the business environment of the Province as well as consumer protection and effective collection of revenue.

The programme consists of the following sub-programmes:

- Consumer Protection and Advisory Services
- Liquor Affairs
- Gambling Board



Service delivery objectives and indicators:

- Business Regulations activities relate to the regulation of business practices and ensuring compliance
- Implementation of the liquor and gambling acts
- To maximize revenue collection.
- Implement Unfair Business Practices Act, Credit Agreement Act, Sales and service matters Act to provide consumer advice and education that seek to promote and protect consumer rights.
- Northern Cape Liquor Board
- Northern Cape Gambling Board
- Northern Cape Consumer Tribunal

Service delivery achievements:

The Gambling Board has been in existence for some time and attention is given to the structuring and operation for this institution. In terms of the provisions of the South African Constitution, the Provincial Government is, concurrently with the national sphere of government, responsible for consumer protection. An analysis of the demographic profile of the consumers and the distribution of consumers in the province will have to be done to determine the focus of services required.

The Consumer Affairs (Unfair Business Practices) Act no 7.1996 came into operation on 1 February 1997. The Consumer Affairs (Unfair Business Practices) First Amendment Bill was drafted in 2003 and gives rise to the office of the Consumer Protector to be established. In view of this new legislation a Consumer Tribunal is to be established and maintained.

In terms of the provisions of the South African Constitution, the Provincial Government is exclusively responsible for the licensing of the retail liquor trade and micro manufacturing. A White Paper containing a policy on the liquor industry has been approved and draft legislation is being developed for implementation. The policy and legislation provides for the establishment of an independent statutory body that will regulate the retail and micro-manufacturing of liquor through the issuing of licenses and the enforcement of license conditions and the legislation by a system of inspectors and designated liquor officers within the SAPS.

The Liquor Board has been established and is running. Attention being given to the allocation and collection of revenue to link revenue to licence holders. In this regard the relevant unit is using and linking with SARS and other agencies in forming a database on collections and payment.

A training and education programme for license holders relating to the sale of liquor will be developed and implemented. The ability to conduct research and to take preventative and remedial measures to combat the negative social effects of the sale of liquor has been established but must be expanded upon.

The actual performance is summarised in the tables below:



Measurable objective	Performance Measure	Target for the year	Actual performance	Reason for deviation
An effective gambling legislative framework through the promulgation of the Northern Cape Gambling Act and Regulations	A Northern Cape Gambling Act	Promulgate the Northern Cape Gambling Act by end of August 2005 and commence with the implementation of the provisions thereof	Northern Cape Gambling Bill completed in 2005	The time-span involved in legislating or enactment depends on the sitting of the house and the availability of members.
An effective liquor legislative framework through the promulgation of the Northern Cape Liquor Act	A Northern Cape Liquor Act.	Promulgate the Northern Cape Liquor Bill by December 2005 and commence with the implementation of the provisions thereof	Draft Bill completed in February 2006.	The time-span involved in legislating or enactment depends on the sitting of the house and the availability of members.
Effect amendments to the Northern Cape Unfair Business Practices Act	A Northern Cape Unfair Business Practices Act	Northern Cape Unfair Business Practices Amendment Act promulgated by December 2005	Northern Cape Unfair Business Practices Amendment Bill.	The time-span involved in legislating or enactment depends on the sitting of the house and the availability of members.
Well established consumer protection environment through: The appointment of the Consumer Protector by the Responsible MEC thereby effecting a functional Consumer Tribunal	An operational Consumer Protector's Office and a functional Consumer Tribunal	Appoint a Consumer Protector by December 2005	Consumer Protector not appointed.	The restructuring of the DEA was only finalized late in 2005, leading to the appointment not being ratified.
2. Establishment of consumer complaint handling services points in Upington, Namaqualand, Kuruman & De Aar	Consumer complaint handling services points in Upington, Namaqualand, Kuruman and De Aar	Consumer complaint handling service points established in Upington, Namaqualand, Kuruman and De Aar before end of financial year	A service point currently exists only in Kimberley Upington and Springbok	Agreement completed with the Cape Law Society to provide Pro Bono Services to the Northern Cape Consumer Affairs Office in De Aar and Kuruman. In the process of establishing Service point in De Aar and Kuruman
Ensure well informed consumers and businesses by holding consumer awareness workshops, talk shows and inspections throughout the Province	1. Five regional road show reports annually	1. Five regional road shows annually	5 Road shows undertaken. 1 per quarter to the regions, namely: Francis Baardt, Kgalagadi, Pixley Ka Sethe Siyanda and Namakwa region.	None
	2. Monthly pay point & clinic visit reports	2. Monthly pay point and clinic visits	Monthly pay point visits undertaken in Siyanda, Francis Baardt and Kgalagadi region in conjunction with Dept of Social Services	None
	3. Monthly trade inspection reports	3. Monthly trade inspections	Monthly trade inspections conducted in Pixley, Kgalagadi and Siyanda regions.	None
	4. Weekly radio talk show reports	4. Weekly radio talk shows	No talk shows held in any of regions.	No contractual agreements entered into by and between the Department of Economic Affairs and the various radio stations as yet.



	5. Celebrate World Consumer Rights Day on 15th March every year	5. Celebrate World Consumer Rights Day on 15 March 2006.	Celebrated World Consumer Rights Day on 15 March 2006. Businesses in Namakwa Region signed commitment pledges in support of promoting and supporting the campaign against unfair business practices in that region.	None
Effective Monitoring and evaluation of the Namaqualand Legal Advice Office in Springbok	Evaluation reports on the Namaqualand Legal Advice Office in Springbok	Quarterly evaluation of the Namaqualand Legal Advice Office in Springbok	Quarterly reports received.	None.
Optimise revenue collection	A third casino in the province	Award the third casino license before the end of the financial year	Third Casino license was not awarded.	Refer to set out time frame: Board finalized RFP only on 21 November 2005 RFP released 28 December 2005 Submission of Bid documentation 31 March 2006
	500 limited pay out machines rolled out	100 limited pay out machines rolled out by end of the financial year	No limited payout machines rolled out.	Cabinet took a decision that the rollout will take place only after the third casino license decision had been taken.
Eradicate illegal gambling activities	Reports on raids on illegal gambling outlets	Quarterly raids on illegal gambling outlets	Quarterly raids were conducted in Kgalagadi, Namaqualand, and Francis Baardt.	None
	Investigation of illegal gambling activities		Two illegal operators were closed down and, these paid an admission of guilt fine at the Police station. 40 illegal machines were confiscated and destroyed.	None
	Network with other law enforcement agencies	Formalised relations with law enforcement agencies	Quarterly meetings with the SAPS and Justice are held in all the Districts.	None
Effective Secretariat Services to the Liquor Board	Minutes of the meetings and notices of the Board proper arranged and 100%.	Eighty percent (80%) of applications forwarded for Board decisions within one month of receipt.	No applications forwarded to the Board	During 2005-2006 financial year the Liquor Board was disbanded and only re-instated in the 2006-7 financial year.
Strict compliance with the Liquor conditions.	Inspections performed to enforce compliance.	Monthly inspection of Liquor outlets per regions.	Inspections were done at the following places: Thirty seven (37) outlets inspected in the siyanda Region. Thirty four (34) outlets inspected in the Pixley ka Seme region. Thirty two (32) outlets inspected in Francis Baardt region. Twenty three (23) outlets conducted in the Namaqua Region. Twenty (20) outlets inspected in Kgalagadi region inspected.	None



4. REPORT OF THE AUDIT COMMITTEE

AUDIT COMMITTEE REPORT

Report of the Audit Committee in terms of regulations 27 [1] [10] [b] and [c] of the PFMA, Act of 1999, as amended.

We are pleased to present our report for the financial year ended 31 March 2006.

AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The following persons served as members of the Provincial Audit Committee during the period under review, and their attendance record at formal Audit Committee meeting is as follows:

Name of member	Number of meetings attended
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Independent members:

Prof. JE Kleynhans [chair]	7 out of 7
Ms KM Mogotsi	3 out of 7
Mr G Oberholster	3 out of 7
Mr H Ramage	1 [resigned 6 June 2005]

Internal members:

SE Mokoko	1 out of 7
Adv. H Botha	6 out of 7
Mr T Moraladi	6 out of 7

AUDIT COMMITTEE RESPONSIBILITY

The Audit Committee adopted appropriate terms of reference as its Audit Committee Charter. The Charter is regularly updated with principles of good governance and with the requirements of the PFMA. The Audit Committee is accountable to the Provincial Executive Committee and has an oversight function with regard to:

- Financial management;
- Risk Management;
- Compliance with laws, regulations and good ethics;
- Reporting practices; and
- Internal and external audit functions.

Report on the Operations of the Audit Committee

During the period under review, the following key activities were undertaken;

- Considered internal audit plans.
- Monitored the effectiveness of the internal audit function.
- Monitored the independence and objectivity of both internal and external auditors.
- Considered external audit reports.
- Monitored Management's follow-up of matters previously reported on by external auditors.

THE EFFECTIVENESS OF INTERNAL CONTROL AND RISK MANAGEMENT

The audit committee is not satisfied that:

- A Risk Managing process is in place and that the major risks under the control of the Department of Economic Affairs are properly managed;
- The internal control systems are effective; and
- Matters requiring Management attention have been adequately addressed.

Evaluation of Financial Statements

The Audit Committee has:



- Reviewed and discussed with the External Auditor and Management the audited Annual Financial Statements to be included in the Annual Report;
- Reviewed the External Auditor's management letter and Management's response thereto; and
- Review significant adjustments resulting from the audit.

The Audit Committee concurs and accepts the conclusions of the External Auditor 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 auditors. The Audit Committee wishes to draw attention to the audit qualification in paragraph 4:

- ~ Due to the non-implementation of schedule 3 of the Northern Cape Gambling and Racing Act, 1996 [Act 5 of 1996] 2% of the gambling levies received from casinos were not paid into a development trust.
- ~ The overstatement of revenue is calculated at approximately R198 663.00. It should be noted that the Northern Cape Gambling Board was not operated as a public entity and resided under the control of the department. In terms of section 22 of the Public Finance Management Act, 1999 [Act No. 1 of 1999] all money received by a provincial department must be paid into the provincial revenue fund.

4.1 EMPHASIS OF MATTER

- Weaknesses in internal control:
 - ~ Liquor board.
 - ~ Gambling board.
 - ~ Appropriated funds.
 - ~ Compensation for employees.
 - ~ Assets.
 - ~ Goods and services.
 - ~ Pre-payments and advances.
- Matters in public interest:
 - ~ Ex-post facto approval.
- Non compliance with laws and regulations:
 - ~ Expenditure.
 - ~ Performance information.
 - ~ Risk management.
- Value for money.
- Financial management:
 - ~ Internal Audit

PROF. JE KLEYNHANS

CHAIRPERSON: SHARED PROVINCIAL AUDIT COMMITTEE



5. ANNUAL FINANCIAL STATEMENTS

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

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

5.1 General review of the state of financial affairs

The Department of Economic Affairs and Tourism operations were guided by the key elements of National Government's Economic Policy. The Department has continued to work towards fulfilling its Constitutional Mandate through initiatives aimed at:

- Promoting Economic Growth, Diversification & Transformation of the Provincial Economy
- Developing Social & Human Capital
- Improving Efficiency & Effectiveness of Governance & Development Institutions
- Unemployment Reduction through Sustainable Economic Growth & Social Development

The department has in the spirit of the NCPGDS, embarked on a drive to involve all relevant stakeholders in its service delivery initiatives to ensure that integrated solutions that enjoy the support of all stakeholders are developed. The department has already commenced with the creation of vibrant partnerships among stakeholders in promoting growth and development of the Northern Cape.

The department ensured the alignment of its own Strategic Plan to the NCPGDS as well as alignment between the plans of different programmes. The aim was to ensure that there is connectivity throughout the department beginning with the mandate and unpacking that mandate into measurable objectives.

Spending trends

The total allocation for this year was R 70, 634million. R 57,117million was expended and the variance of R 13, 517million is made up of the following :-

Standard Item	Budget Allocation R'000	Expenditure R'000	Variance R'000
Compensation of Employees	14,870	14,868	2
Goods and Services	21,217	19,907	1,310
Capital Assets	1,325	922	403
Transfer Payments			
(Including RSC levies)	4,088	3,556	532
Innovation Fund (Economic Growth and Development Fund)	29,134	17,864	11,270
TOTAL	70,634	57,117	13,517

Rollover has been requested for Innovation Fund, R 11, 270million, Capital assets R 348 000, and Transfer payments for R 527 000. The variance of R 1,3million under goods and services is for invoices for this financial year submitted after 31 March 2006 (Accruals).

5.2 Service rendered by the department

The department is rendering services in accordance to its mandate. This is fully outlined under Part 2: Programme Performance.

5.3 Capacity constraints

Shortage of staff was a big problem at the beginning of the year, and then it got addressed towards the end of the year. Most of the appointments were made towards the end of the year but there are still gaps that still need to be filled, and this will happen before the end of the following financial year. Office space is presently a big problem



but the department has started with the process of searching for office space that can be leased to accommodate staff members that are presently cramped together in the available offices.

5.4 Utilisation of donor funds

The department received no donor funds.

5.5 Trading entities and public entities

The department does not have any public entities. Northern Cape Tourism Authority was reported as the only public entity in the Department last year but this was because Tourism was still part of the Department. The Tourism section has been taken over by the newly formed Department of Tourism, Environmental and Nature Conservation and as a result took along the Northern Cape Tourism Authority public entity. This left the Department with no public entity.

5.6 Organisations to whom transfer payments have been made

The following institutions received transfer payments:

NO.	NAME OF INSTITUTION/PROJECT	AMOUNT R ` 000
1.	Kalahari Development Agency	145
2.	FAMDA	160
3.	NAMBID	190
4.	NCMAC	70
5.	SEDA	2, 535
6.	Francis Baard SMME	300
7.	SIYEDA	70
	TOTAL	3, 470

Other organisations and projects funded by the Innovation Fund, name changed to Economic Growth and Development Fund:-

NO.	NAME OF INSTITUTION/ PROJECT	AMOUNT R ` 000
1.	Mariculture Industrial Park	3, 625
2.	Printing House Project	750
3.	Wavelength	3, 000
4.	SIYEDA Project	950
5.	DEFS	3, 000
6.	Appolo Development Association	198
7.	Moroetsa Fresh Produce	250
8.	Upington Cargo Hub	1, 500
9.	Douglas Belmont Rail	2, 500
10.	Kim Diamond Building- Diamond Beneficiation	2, 090
	TOTAL	17, 864

5.7 Public private partnerships (PPP)

There was nothing reported in the previous year on Public Private Partnerships and still the department has not entered into any Public Private Partnerships.



5.8 Corporate governance arrangements

Risk is managed and monitored within a risk management framework. The risk manager has been appointed to manage this function which includes the risk management of all the operational units.

The Department subscribes to the corporate fraud prevention plan of the Province, which was developed by the Office of the Premier and registered, with the provincial Treasury in June 2001. The demand for service advice through our service centres, the increase of requests for resources and technical guidance to be admitted to mainstream economic activity have shown an increasing trend in the past year.

5.9 Discontinued activities/activities to be discontinued

Transfer payments that the department used to make to Local Business Service Centres (LBSC`s) has been stopped since these has been transferred to SEDA and as a result their funding will be done by SEDA.

5.10 New/proposed activities

The amount that was initially budgeted for Local Business Service Centres (LBSC`s) will be transferred directly to SEDA.

The department has started with the process of converting the Gambling Board into a public entity.

5.11 Asset management

All assets for the financial Years 2001/02, 2002/03, 2003/04, 2004/05 and 2005/06 have been captured in the Asset Register.

Due to the nature of the department, being a small department, asset management units and asset management teams could not be established, however the Supply Chain Management Unit is in place.

The department is complying with the minimum requirements.

The department has up to so far complied with all the Asset Management Reforms milestones.

5.12 Events after the reporting date

None

5.13 Performance information

Sub - programme managers submits quarterly performance reports to their respective programme managers. The format used is the same as the one used in the annual performance plans except that this includes actual performance, deviations and how deviations are going to be addressed. The programme managers after perusing the reports and having discussions with respective sub-programme managers then submits the programme consolidated report to the sub-programme: Strategy Management of the Policy, Planning and Research programme for quality assurance. At this stage these reports are checked against Strategic Plan as well as the annual performance plans and whether the right format has been used. These reports are then sent to the Head of the Department and then sent to the CFO for consolidation and submission to Provincial Treasury.



5.14 Scopa resolutions

Reference to previous audit report and SCOPA resolutions	Subject	Findings on progress
4.1.1	Control weaknesses with respect to the administration, record keeping and issuing of liquor licences.	This was caused by an outdated computer system that was used by the Liquor unit of the department. The South African Breweries (SAB) system was evaluated and accepted as a solution by the department. This system has been implemented by SAB and tested by the IT team. The application is ready for data capturing. The existing infrastructure in terms of a server and PC's was used, hence there were no added costs.
4.1.2	Totalisators tax inspections not performed by the Gambling Board employees.	As no other Province is conducting financial audits on totalisators, and the National Gambling Board is still struggling to acquire the expertise to provide Provinces with such training we will use the services of an independent audit firm to ascertain the correctness of taxes received from Phumelela
4.2.1	Continuous monitoring and adequate control over investments made in various projects.	Progress reports are submitted to the department quarterly, the responsible officials peruse and evaluate the reports, when they are satisfied with the progress they then advise on whether the funds should be released or not.
4.2.2	Investment ownership	The investments are owned by the Northern Cape Provincial Government, but the control thereof lies in the two departments, namely Economic Affairs manages Wavelength 101(Pty) Ltd, whilst Agriculture department manages both NOCAL and Kalahari Kid.
4.2.3	Investments value	Wavelength 101 (Pty) Ltd - Management Accounts for previous years and Audited Annual Financial Statements for the current year will be submitted by Economic Affairs in order to determine the value of the investment. NOCAL and Kalahari Kid – Audited Annual Financial Statements will be submitted by Agriculture Department in order to determine the value of the investments.
4.3.1	Late submission of Annual Financial Statements.	Template problems will be reported as early as possible. Clarity on anything that will be reported for the first time in the Financial Statements of the department will be sourced from relevant structures as soon as they are identified
4.3.2	Fraud Prevention Plan customised to the requirements of the Department.	The risk manager got appointed and assumed duty on 20/02/06. He has already started with the process of risk assessment, and the drafting of the Risk Strategy and the Fraud Prevention Plan.



5.15 Other

The three investments that were reported in last years Annual Financial Statements were NOCAL, Kalahari Kid and Wavelength 101(Pty) Ltd. A decision was taken that Agriculture Department report on both NOCAL and Kalahari Kid since the management thereof is with them and Economic Affairs will report on Wavelength 101(Pty) Ltd since it manages it. NOCAL and Kalahari Kid investments reporting has therefore been transferred to Agriculture Department.

The current investment of R3.8 million in Wavelengths 101 (Pty) Ltd was evaluated for possible impairment. Based on our evaluation of the investment, it was decided to impair the investment to R0. Reasons for the impairment include the following:

- The aim of the investment was never to obtain any monetary benefits. The aim was to warehouse equity on behalf of the beneficiaries (general public) and transfer this equity to the beneficiaries once the project is economically stable.

Approval

The Annual Financial Statements set out on pages 62 to 96 have been approved by the Accounting Officer.

Mr P. M SEBOKO

ACCOUNTING OFFICER

Date _____



REPORT OF THE AUDITOR-GENERAL for the year ended 31 March 2006

REPORT OF THE AUDITOR-GENERAL TO NORTHERN CAPE PROVINCIAL LEGISLATURE ON THE FINANCIAL STATEMENTS OF VOTE 6 – DEPARTMENT OF ECONOMIC AFFAIRS FOR THE YEAR ENDED 31 MARCH 2006

1. AUDIT ASSIGNMENT

The financial statements as set out on pages 62 to 96 for the year ended 31 March 2006, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No 108 of 1996), read with sections 4 and 20 of the Public Audit Act, 2004 (Act No 25 of 2004). The fixed asset opening balances have not been audited because of the timing of guidance from National Treasury to the departments relating to the treatment, valuation and disclosure of fixed assets. These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the accounting officer.

2. SCOPE

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

An audit includes:

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

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

3. BASIS OF ACCOUNTING

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

4. QUALIFICATION

4.1 Revenue

4.1.1 Gambling Board

(a) Due to the non-implementation of schedule 3 of the Northern Cape Gambling and Racing Act, 1996 (Act No 5 of 1996) 2% of the gambling levies received from casinos were not paid into a development trust. The overstatement of revenue is calculated at approximately R198 663. It should be noted that the Northern Cape Gambling Board was not operated as a public entity and resided under the control of the department. In terms of section 22 of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA) all money received by a provincial department must be paid into the provincial revenue fund. The department complied with the requirements of the PFMA.

4.2 Expenditure

4.2.1 Compensation of employees

(a) Due to insufficient supporting documentation attached to journals I could not verify the accuracy and completeness of re-allocations totaling R4 197 038.

(b) Due to a lack of supporting documentation I could not verify journals totaling R186 409.



4.2.2 Transfer payments

- (a) Due to a lack of internal controls to ensure that all transfer payments were properly approved and supported by the correct documentation, transfer payments to the value of R2 550 000 could not be verified. The department did not submit the required information before the agreed deadline. Additional information presented on 26 July 2006 was considered resulting in clearing some of the matters. The balance of uncleared issues could not be submitted at the time of writing this report.

4.2.3 Consultants and specialised services

- (a) The department entered into an agreement with the chief executive officer of the controlled entity and erroneously remunerated the person from the funds of the department to the value of R75 525. The amount paid was neither recovered from the transfer payments made to the controlled entity nor allocated to receivables in the records of the department. The expenditure and receivables respectively were over and understated by R75 525 as at year-end.

4.2.4 Lease payments in respect of a controlled entity

- (a) Although lease payments were supported by a commitment signed by the accounting officer the expenditure was considered to be unauthorised as it was not in line with the objective of the programme it was allocated to. The unauthorised expenditure was understated and expenditure overstated by the lease payments to the amount of R98 000.
- (b) The department paid a monthly lease instalment of R14 000 for an industrial building housing the machinery of the controlled entity. The controlled entity did not manufacture any goods and an onsite inspection revealed no raw materials in stock. Only one machine that was not operational was identified during an onsite inspection and the CEO of the controlled entity confirmed that no operating activities took place for 2005-06.

4.3 Related parties

- (a) The Department of Economic Affairs having a majority interest in a controlled entity as disclosed in note 11 and annexure 2A, did not disclose the related party or related party transactions as required by accounting policy 7 of the department. I considered the relationship between the department and the controlled entity and conclude that the department had significant influence and or control of the financial and operating decisions of the entity. The department appointed the chief executive officer of the controlled entity and made several payments on behalf of the entity. As a result of not implementing the accounting policies and ensuring adherence to the disclosure requirements the nature and extent of transactions between the department and the entity are not disclosed in the annual financial statements.

4.4 Investments in controlled entities

- (a) The Department of Economic Affairs disclosed the investment in a controlled entity at cost of R3,8 million in accordance with accounting policy 4.4 disclosed by the department. No audited annual financial statements for the controlled entity could be presented to consider the extent of investment impairment as at year-end.

4.5 Commitments

- (a) Due to a lack of a contract register keeping track of all contractual arrangements entered into the department did not disclose commitments to the value of R14 137 665 as at year-end. Subsequent to year-end one of these contracts amounting to R3 492 665 was amended and the funds earmarked for another entity.

4.6 Accruals

- (a) Due to a lack of a properly designed creditors system the department did not disclose accruals to the value of R146 475 as at year-end. The completeness of accruals could not be verified even through alternative procedures as there was no system in place enabling the identification of all financial liabilities as at year-end.

4.7 Interdepartmental balances

- (a) Due to non-implementation of the guideline for the preparation of annual reports and the specimen financial statements all interdepartmental balances were not disclosed in the annual financial statements of the department. The department did not disclose an unconfirmed payable of R566 000 and the details of annexure 7 were not accurately disclosed.



5. AUDIT OPINION

Because of the significance of the matters referred to in the preceeding paragraph, I do not express an opinion on the financial statements.

6. EMPHASIS OF MATTER

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

6.1 Weaknesses in internal control

6.1.1 Liquor board

Several control weaknesses were identified with respect of the administration, record keeping and issuing of liquor licences. It should be noted that several of these weaknesses were also reported in the previous financial year. A summary of these weaknesses is included below:

- (a) The minutes of the liquor board were not signed by the chairperson after adopting them at the following meeting. Minutes normally form the basis of proofing that an application was considered by the board and it was the result of the official proceedings. In the absence of signed minutes I could not establish whether the documents submitted were the final result of official proceedings.
- (b) Incorrect fees were charged for licences issued after 31 January of the year as the computerised system automatically calculated the prescribed fee and management did not amend these internal controls to provide for the requirements of section 182 of the Liquor Act, 1989 (Act No. 27 of 1989).
- (c) No reconciliation was performed between the amounts recorded in the records of the department and the records of the South African Revenue Services for liquor licence fees paid to SARS.
- (d) The department deviated from the Liquor Act of 1989 by allowing payments for licences to be deposited directly into the bank account of the department due to practical problems experienced. These payments made were not reconciled on a regular and timely basis as the current structure of the department did not provide for a person to perform this function and the details recorded were inadequate to identify the purpose of payments received.
- (e) Several files for licencees could not be submitted as the files could not be found by the department. Proper records were not kept of files dealt with by temporary employees responsible for filing and restructuring of the filing system.
- (f) Incorrect amounts paid by licencees were not identified on time through properly designed internal control measures, resulting in the revenue including amounts payable to licence holders.
- (g) The department deleted records from the old system based on the fact that they were not reviewed. Inspection of documents, however, revealed that some licencees were erroneously deleted from the old system although the Excel tables indicated that the licence was renewed. Inadequate control measures were in place to ensure that only valid transactions took place on the system keeping record of licencee details.
- (h) The computerised system used previously was discontinued due to several problems and the department embarked on using alternative systems.
- (i) The number of licences could not be reconciled with the available information as no statistical information was available from the Excel tables utilised nor any printouts from the old system.
- (j) Summaries of licences not renewed could not be produced as the alternative system used could not provide the management information required.
- (k) Penalties were not levied on all late renewals of licences as required by section 108 of the Liquor Act of 1989. The value of the underrecovery could not be determined from the available information supplied by the department.
- (l) Several cases were noted where the unique liquor reference numbers were duplicated in the records of the department. The result of these duplications was that all information of all clients was not available in the master file on the computerised system.
- (m) During the audit I noted that the filing of information was not up to date and all documentation was not available on request.
- (n) The allocation of income was not accurate as the systems in place did not provide for all the detail required.



This resulted in reconciliations not being performed between the number of new licences and the related fees, as well as the number of renewals and fees received.

- (o) Inspection reports were not signed and filed but were only available in electronic format on personal computers.

6.1.2 *Gambling board*

- (a) An overpayment of R70 000 by a casino licence applicant was not identified by the department and was erroneously included under revenue, instead of a payable, as the department intended to refund the amount. An assessment of events subsequent to balance sheet date indicated that a claim for repayment was lodged by the applicant through an attorney.
- (b) The employees still did not perform any inspections of entities responsible for paying totalisator tax as training was still not provided to them on executing this responsibility. The completeness of income was dependent on the actual amounts paid on the modified cash basis of accounting and the department was not in a position to ascertain whether the amounts actually received were accurate and complete. The result of an inspection was the drafting of this report.
- (b) Incorrect application forms were completed for gambling employees contrary to the requirements of the Northern Cape Gambling and Horse Racing Act, 1996 (Act No. 5 of 1996).
- (c) No licences were issued to the employees of Phumelela in accordance with schedule 3 of the regulations, resulting in an understatement of revenue for the department. The department confirmed that inadequate attention was given to compliance regarding horse racing.
- (d) Several weaknesses relating to employee applications were noted, including completeness of documentation, filing of proof of payments, performing of ITC checks and issuing of temporary licences in terms of regulation 70 of the Northern Cape Gambling and Horse Racing Act of 1996. These weaknesses were not prevented or detected by properly designed internal control measures.
- (e) Incorrect application fees were levied for employee applications considered in terms of section 78 read with section 91 and schedule 3 to the Northern Cape Gambling and Horse Racing Act of 1996.
- (f) Inadequate control measures were in place to ensure that casinos and totalisators comply with chapter 53E of the Northern Cape Gambling and Horse Racing Act of 1996 by submitting the audited annual financial statements and management letters to the board within 120 days after the last day of the licensee's year-end.
- (g) Inadequate control measures were in place to ensure that penalties were paid on late payments received from the casinos as prescribed by regulation 95 of Northern Cape Gambling and Racing Act of 1996.

6.1.3 *Appropriated funds*

- (a) The transfer payments per programme included an amount of R2 000 that was not aggregated to form part of the amounts per economic classification.
- (b) The comparative amounts on programmes 1 and 6 did not agree with the published annual financial statements of the previous year per economic classification.

6.1.4 *Compensation for employees*

- (a) Inadequate control over personnel expenditure resulted in contracted officials for another department being remunerated and expensed by the Department of Economic Affairs for a period of six months. The compensation for employees was therefore overstated by the remuneration costs of these individuals.
- (b) No attendance registers were maintained and reviewed on time for casual workers by senior personnel of the department. During the audit it was noted that temporary casual workers were not supervised and the time of arrival, absence and departures was not monitored through proper internal control measures.
- (c) Due to incomplete information on a memorandum requesting approval for payment of casual workers, the validity of the payments to eight casual workers could not be verified as the intended recipients of remuneration.
- (d) Due to a lack of independent reviews of applying policies and procedures salary runs were not approved on a monthly basis by senior management.
- (e) Due to a lack of properly implemented controls the remuneration structuring was not applied, resulting in differences between actual remuneration of vehicle allowances and structuring requests.



- (f) Due to non-adherence of policies and procedures leave application forms were not properly filed and could not be submitted, resulting in the non-verification of leave captured on Persal.
- (g) Due to non-adherence of control measures implemented three payroll certificates were not signed by officials of the department.
- (h) Due to non-implementation of policies and procedures all journals for the re-allocation of compensation of employees were not properly supported by supporting documentation. Allocation to the value of R12 000 could not be confirmed and I could not through alternative procedures confirm the validity and accuracy of the allocations.

6.1.5 Assets

- (a) Due to inadequate implementation of the asset management guide and control over asset registers, assets to the value of R394 180 could not be physically verified.
- (b) Due to a lack of details recorded in the asset register and the absence of unique identification numbers various assets could not be identified in the asset register.
- (c) Due to the incompleteness of the asset register the following were not included in the register:
 - Details of disposal and transfer of assets
 - Asset numbers
 - Condition of assets
 - Purchases of prior years
 - Detail of assets
- (d) Due to a lack of properly implemented controls and independent reconciliations buildings and other fixed structures were disclosed as a negative value of R20 000 in annexure 4 to the financial statements. It appeared that disposal of a value took place that was not captured on the asset register and included in the opening balance of assets.
- (e) Due to a lack of control documents supporting assets purchases totaling R79 873 could not be provided for audit purposes. The department did not submit the required information before the agreed-upon deadline.
- (f) Due to a lack of monitoring and control over trip authorisations the details of these forms were not properly completed, excessive kilometres were not considered and weaknesses prevented or detected by officials of the department.
- (g) Due to a lack of details in the asset management policy regarding laptops inadequate control existed over the administration and specifically the allocation of responsibility through due care agreements on laptops in the department.

6.1.6 Goods and services

- (a) Due to a lack of complying with procedures and policies all expenditure incurred were not supported by contractual arrangements or service level agreements. References to files containing the documents were also not available on the payment vouchers.
- (b) Due to the non-adherence to the provincial telephone policy the costs of private telephone calls were not recovered from officials and no evidence could be obtained that the accounting officer executed his responsibility in terms of section 38(1)(c)(i) of the PFMA.
- (c) Due to not implementing the requirements of the provincial cellular telephone policy adopted by the department regarding the recovery of private calls where the limit was exceeded the accounting officer failed to recover costs to the value of R100 367. Expenditure was overstated by the amount not recovered from employees.
- (d) Due to not implementing the requirements of the provincial landline telephone policy adopted by the department no private telephone call costs were recovered from officials for the financial year. The expenditure was overstated by an unknown amount as the department did not set any limits for official use and recovered the excess amounts from officials as deemed private calls.
- (e) Due to a lack of internal controls in identifying financial commitments on time the department incurred fruitless expenditure of R4 228 with the payment of arrear regional service council levies on income received



by the department. This fruitless and wasteful expenditure was not disclosed in the annual financial statements.

6.1.7 Prepayments and advances

(a) Due to non-adherence to policies and procedures advances to the value of R3 635 were not settled within seven days.

6.2 Matters in public interest

6.2.1 Ex post facto approval

(a) The department incurred expenditure to the value of R2 849 888 during the financial year and requested ex post facto approval, which was granted by the provincial tender board.

6.3 Non-compliance with laws and regulations

6.3.1 Expenditure

(a) All payments were not made within 30 days as required by section 38(1) of the PFMA. Accruals amounting to R385 000 as disclosed in note 19 to the financial statements exceeded 30 days.

(b) Due to the non-implementation of section 67 of the PFMA the department contracted in two separate contracts in foreign currency. The impact of a foreign currency loss or profit was not quantified and disclosed in the financial statements as the department did not commit on the spot rate or local currency.

6.3.2 Performance information

(a) In terms of section 20(2)(c) of the Public Audit Act of 2004 the Auditor-General must draw a conclusion on the reported information relating to the performance of the department against predetermined objectives. Although the guideline for the preparation of annual reports clearly requests the department to submit the details to the Auditor-General by no later than 15 June 2006, I have not yet received the performance information by 15 June 2006.

6.3.3 Risk management

(a) The department did not comply with Treasury Regulation 3.2.1 as the risk assessment was not done regularly nor did the department update the fraud risk plan.

6.4 Value for money

(a) Subsistence and travelling expenditure

An analysis of subsistence and travelling expenditure included under goods and services indicated that the total budget was exceeded by R919 300. A more detailed analysis indicated that domestic subsistence and travelling expenditure was exceeded by R609 350 and foreign subsistence and travelling expenditure by R307 871. Reasons for these material deviations were not submitted and it appeared that inadequate control was in place to ensure adequate budget allocation and/or management of costs incurred.

(b) Human resources

(i) The department did not develop and implement recruitment, skills retention and human resource policies regulating orientation, training, promotions and compensation.

6.5 Financial management

6.5.1 Internal audit

The internal audit function was performed by a centralised internal audit department, which resided under the Office of the Premier.

An overview was performed of the functionality of the internal audit department. Various shortcomings rendered the functionality of the internal audit department inefficient and ineffective the year under review.

- No internal audit charter, as required by Treasury Regulation 3.2.5 and Institute of Internal Auditors (IIA) 1000-1, has been approved.
- The staffing component as well as the available funds seemed to be inadequate to efficiently and effectively service all the provincial departments of the Northern Cape Province. No formal training and development plan was in place to ensure continuous training and development of existing staff.
- No approved annual internal audit plan and three-year strategic plan existed for the internal audit department.


- The audit committee did not evaluate the performance of the internal audit during the year.
- Internal audit did not report functionally directly to the audit committee during the year.
- Internal audit did not submit quarterly reports to the audit committee detailing its performance against the annual internal audit plan.

Some of the above findings were also highlighted in the audit report of the 2004-05 financial year.

As a result of the aforementioned no reliance could be placed on the work performed by internal audit, for external audit purposes.

7. APPRECIATION

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



A L KIMMIE FOR AUDITOR-GENERAL
KIMBERLEY

31 July 2006



A U D I T O R - G E N E R A L



ACCOUNTING POLICIES for the year ended 31 March 2006

The Financial Statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the Financial Statements and to comply with the statutory requirements of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the Act and the Division of Revenue Act, Act 1 of 2005.

1. Presentation of the Financial Statements

1.1 Basis of preparation

The Financial Statements have been prepared on a modified cash basis of accounting, except where stated otherwise. The modified cash basis constitutes the cash basis of accounting supplemented with additional disclosure items. Under the cash basis of accounting transactions and other events are recognised when cash is received or paid or when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

1.2 Presentation currency

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

1.3 Rounding

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

1.4 Comparative figures

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

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

2. Revenue

2.1 Appropriated funds

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

Total appropriated funds are presented in the statement of financial performance.

Unexpended appropriated funds are surrendered to the Provincial Revenue Fund, unless approval has been given by the Provincial Treasury to rollover the funds to the subsequent financial year. These rollover funds form part of retained funds in the annual financial statements. Amounts owing to the Provincial Revenue Fund at the end of the financial year are recognised in the statement of financial position.

2.2 Departmental revenue

All departmental revenue is paid into the Provincial Revenue Fund when received, unless otherwise stated. Amounts owing to the Provincial Revenue Fund at the end of the financial year are recognised in the statement of financial position.

2.2.1 Tax revenue

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

Tax receipts are recognised in the statement of financial performance when received.

2.2.2 Sales of goods and services other than capital assets

The proceeds received from the sale of goods and/or the provision of services is recognised in the statement of financial performance when the cash is received.



2.2.3 Fines, penalties & forfeits

Fines, penalties & forfeits are compulsory unrequited amounts which were imposed by a court or quasi-judicial body and collected by the department. Revenue arising from fines, penalties and forfeits is recognised in the statement of financial performance when the cash is received.

2.2.4 Interest, dividends and rent on land

Interest, dividends and rent on land is recognised in the statement of financial performance when the cash is received.

2.2.5 Sale of capital assets

The proceeds received on sale of capital assets are recognised in the statement of financial performance when the cash is received.

2.2.6 Financial transactions in assets and liabilities

Repayments of loans and advances previously extended to employees and public corporations for policy purposes are recognised as revenue in the statement of financial performance on receipt of the funds. Amounts receivable at the reporting date are disclosed in the disclosure notes to the annual financial statements.

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

2.2.7 Gifts, donations and sponsorships (transfers received)

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

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

2.3 Local and foreign aid assistance

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

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

The cash payments made during the year relating to local and foreign aid assistance projects are recognised as expenditure in the statement of financial performance. A receivable is recognised in the statement of financial position to the value of the amounts expensed prior to the receipt of the funds.

A payable is raised in the statement of financial position where amounts have been inappropriately expensed using local and foreign aid assistance. Unutilised amounts are recognised in the statement of financial position.

3. Expenditure

3.1 Compensation of employees

Salaries and wages comprise payments to employees. Salaries and wages are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year). Capitalised compensation forms part of the expenditure for capital assets in the statement of financial performance.

All other payments are classified as current expense.

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

3.1.1 Short term employee benefits

Short term employee benefits comprise of leave entitlements (capped leave), thirteenth cheques and performance bonuses. The cost of short-term employee benefits is expensed as salaries and wages in the statement of financial



performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

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

3.1.2 Long-term employee benefits

3.1.2.1 Termination benefits

Termination benefits such as severance packages are recognised as an expense in the statement of financial performance as a transfer when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

3.1.2.2 Post employment retirement benefits

The department provides retirement benefits (pension benefits) for certain of its employees through a defined benefit plan for government employees. These benefits are funded by 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 (by no later than 31 March of each year). No provision is made for retirement benefits in the financial statements of the department. Any potential liabilities are disclosed in the financial statements of the Provincial Revenue Fund and not in the financial statements of the employer department.

The department provides medical benefits for certain of its employees. Employer contributions to the medical funds are expensed when the final authorisation for payment to the fund is effected on the system (by no later than 31 March of each year).

3.2 Goods and services

Payments made for goods and/or services are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year). The expense is classified as capital if the goods and services were used on a capital project.

3.3 Interest and rent on land

Interest and rental payments are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year). This item excludes rental for the use of buildings or other fixed structures.

3.4 Financial transactions in assets and liabilities

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

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

3.5 Unauthorised expenditure

When discovered unauthorised expenditure is recognised as an asset in the statement of financial position until such time as the expenditure is either approved by the relevant authority, recovered from the responsible person or written off as irrecoverable in the statement of financial performance.

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

3.6 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is recognised as an asset in the statement of financial position until such time as the expenditure is recovered from the responsible person or written off as irrecoverable in the statement of financial performance.

3.7 Irregular expenditure

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



3.8 Transfers and subsidies

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

3.9 Expenditure for capital assets

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

4. Assets

4.1 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost.

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

4.2 Prepayments and advances

Amounts prepaid or advanced are recognised in the statement of financial position when the payments are made.

4.3 Receivables

Receivables are normally not recognised under the modified cash basis. However receivables included in the statement of financial position arise from cash payments made that are recoverable from another party, when payments are made.

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

4.4 Investments

Capitalised investments are shown at cost in the statement of financial position. Any cash flows such as dividends received or proceeds from the sale of the investment are recognised in the statement of financial performance.

Investments are tested for an impairment loss whenever events or changes in circumstances indicate that the investment may be impaired. Any impairment loss is included in the disclosure notes.

4.5 Loans

Loans are recognised in the statement of financial position at the nominal amount. Amounts that are potentially irrecoverable are included in the disclosure notes.

4.6 Inventory

Inventories on hand at the reporting date are disclosed at cost in the disclosure notes.

5. Liabilities

5.1 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 Revenue Fund or another party.

5.2 Lease commitments

Lease commitments represent amounts owing from the reporting date to the end of the lease contract. These commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes.

Operating and finance lease commitments are expensed when the payments are made. Assets acquired in terms of finance lease agreements are disclosed in the annexures to the financial statements. A finance lease is not allowed in terms of the Public Finance Management Act.



5.3 Accruals

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

Accruals are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes.

5.4 Contingent liabilities

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

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

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

Contingent liabilities are included in the disclosure notes.

5.5 Commitments

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

Commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes.

6. Net Assets

6.1 Capitalisation reserve

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

6.2 Recoverable revenue

Amounts are recognised as recoverable revenue when a payment made and recognised in a previous financial year becomes recoverable from a debtor. Repayments are transferred to the Revenue Fund as and when the repayment is received.

7. Related party transactions

Related parties are departments that control or significantly influence the department in making financial and operating decisions. Specific information with regards to related party transactions is included in the disclosure notes.

8. Key management personnel

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

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



9. Public private partnerships

A public private partnership (PPP) is a commercial transaction between the department and a private party in terms of which the private party:

- Performs an institutional function on behalf of the institution; and/or
- acquires the use of state property for its own commercial purposes; and
- assumes substantial financial, technical and operational risks in connection with the performance of the institutional function and/or use of state property; and
- receives a benefit for performing the institutional function or from utilizing the state property, either by way of:
 - o consideration to be paid by the department which derives from a Revenue Fund;
 - o charges fees to be collected by the private party from users or customers of a service provided to them; or
 - o a combination of such consideration and such charges or fees.

A description of the PPP arrangement, the contract fees and current and capital expenditure relating to the PPP arrangement is included in the disclosure notes.



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

Appropriation per programme									
	Adjusted Appropriation	Shifting of Funds	Virement	2005/06				2004/05	
				Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1. Administration									
Current payment	10,559	(69)	560	11,050	11,045	5	100.0%	9,947	9,907
Transfers and subsidies	1	14	-	15	15	-	100.0%	78	81
Payment for capital assets	340	55	-	395	395	-	100.0%	1,151	1,101
2. Economic Development									
Current payment	8,923	(8)	60	8,975	8,972	3	100.0%	-	-
Transfers and subsidies	33,134	8	-	33,142	21,342	11,800	64.4%	-	-
Payment for capital assets	215	-	(70)	145	7	138	4.8%	-	-
3. Policy, Planning & Research									
Current payment	10,465	(19)	(555)	9,891	8,816	1,075	89.1%	-	-
Transfers and subsidies	-	19	-	19	18	1	94.7%	-	-
Payment for capital assets	535	-	70	605	433	172	71.6%	-	-
4. Business Regulations & Consumer Protection									
Current payment	6,282	(46)	(65)	6,171	5,941	230	96.3%	5,024	4,799
Transfers and subsidies	-	46	-	46	46	-	100.0%	-	9
Payment for capital assets	180	-	-	180	87	93	48.3%	10	9
5. Economic Development Services									
Current payment	-	-	-	-	-	-	0.0%	8,088	7,419
Transfers and subsidies	-	-	-	-	-	-	0.0%	5	9
6. SMME Dev. & Business Regulations									
Current payment	-	-	-	-	-	-	0.0%	3,816	3,611
Transfers and subsidies	-	-	-	-	-	-	0.0%	18,573	13,595
Payment for capital assets	-	-	-	-	-	-	0.0%	102	101
7. Auditor General Fees									
Current payment	-	-	-	-	-	-	0.0%	475	469
Subtotal	70,634	-	-	70,634	57,117	13,517	80.9%	47,269	41,110
Current payment	-	-	-	-	-	-	0.0%	780	516
TOTAL	70,634	-	-	70,634	57,117	13,517	80.9%	48,049	41,626



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

Reconciliation with Statement of Financial Performance			
Add:			
Departmental receipts	13,079		648
Actual amounts per Statements of Financial Performance (Total revenue)	<u>83,713</u>		<u>48,697</u>
Add:			
Actual amounts per Statements of Financial Performance (Total expenditure)		<u>57,117</u>	<u>41,626</u>



APPROPRIATION STATEMENT for the year ended 31 March 2006

Appropriation per economic classification									
	2005/06							2004/05	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	19,687	(4,458)	(350)	14,868	14,868	-	100.0%	12,029	11,806
Goods and services	16,542	4,316	350	21,208	19,907	1301	93.9%	15,321	14,399
Transfers and subsidies									
Provinces and municipalities	-	87	-	87	85	2	97.7%	277	299
Departmental agencies and accounts	33,134	-	-	33,134	21,334	11,800	64.4%	18,374	13,395
Payments for capital assets									
Machinery and equipment	1,264	47	-	1,311	895	416	68.3%	1,263	1,211
Software and other intangible assets	20	8	-	28	27	1	100.0%	-	-
Total	70,634	-	-	70,634	57,117	13,517	80.9%	47,269	41,110

Statutory Appropriation									
	2005/06							2004/05	
Details of direct changes against the National/Provincial Revenue Fund	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Member of executive committee	-	-	-	-	-	-	0.0%	780	516
Total	-	-	-	-	-	-	0.0%	780	516

Statutory Appropriation per economic classification									
	2005/06							2004/05	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payment									
Compensation of employees	-	-	-	-	-	-	0%	780	516
Total	-	-	-	-	-	-	0%	780	516



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

Programme per subprogramme	2005/06							2004/05	
	Adjusted	Shifting of	Virement	Final	Actual	Variance	Expenditure as % of final appropriation	Final	Actual
	Appropriation	Funds	ent	Appropriation	Expenditure	ce	n	Appropriation	Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1.1 Office of MEC									
Current payment	500	(67)	-	433	433	-	100.0%	2,855	2,720
Transfers and subsidies	-	-	-	-	-	-	0.0%	73	74
Payment for capital assets	-	45	-	45	45	-	100.0%	721	719
1.2 Office of the HOD									
Current payment	2,936	(608)	-	2,328	2,328	-	100.0%	-	-
Transfers and subsidies	1	4	-	5	4	1	80.0%	-	-
Payment for capital assets	120	7	-	127	127	-	100.0%	-	-
1.3 Departmental Support Services									
Current payment	-	-	-	-	-	-	-	-	-
Transfers and subsidies	2,650	572	-	3,222	3,218	4	99.9%	-	-
Payment for capital assets	-	6	-	6	6	-	100.0%	-	-
	150	(44)	-	106	106	-	100.0%	-	-
1.4 Departmental Accounting									
Current payment	4,473	34	560	5,067	5,065	1	100.0%	-	-
Transfers and subsidies	-	4	-	4	5	(1)	125.0%	-	-
Payment for capital assets	70	47	-	117	117	-	100.0%	-	-
1.5 Management									
Current payment	-	-	-	-	-	-	0.0%	1,972	1,939
Transfers and subsidies	-	-	-	-	-	-	0.0%	2	4
1.6 Corporate Services									
Current payment	-	-	-	-	-	-	0.0%	5,120	5,248
Transfers and subsidies	-	-	-	-	-	-	0.0%	3	3
Payment for capital assets	-	-	-	-	-	-	0.0%	430	382
TOTAL	10,900	-	560	11,460	11,454	6	99.9%	11,176	11,089

Economic Classification	Adjusted	Shifting of	Virement	Final	Actual	Variance	Expenditure as % of final appropriation	Final	Actual
	Appropriation	Funds	ent	Appropriation	Expenditure		n	Appropriation	Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payment									
Compensation of employees	5,690	(114)	-	5,576	5,575	1	100.0%	5,306	5,297
Goods and services	4,869	45	560	5,474	5,470	4	99.9%	4,641	4,610
Transfers and subsidies to:									
Provinces and municipalities	-	14	-	14	13	1	92.9%	78	81
Public corporations and private enterprises	1	-	-	1	2	(1)	200.0%	-	-
Payment for capital assets									
Machinery and equipment	340	47	-	387	387	-	100.0%	-	1,101
Software and other intangible assets	-	8	-	8	8	-	100.0%	1,151	-
Total	10,900	-	560	11,460	11,454	5	99.9%	11,176	11,089



**DETAIL PER PROGRAMME 2- ECONOMIC DEVELOPMENT
for the year ended 31 March 2006**

Programme per subprogramme	2005/06							2004/05	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
2.1 Innovation Fund									
Transfers and subsidies	29,134	-	-	29,134	17,864	11,270	61.3%	-	-
2.2 Enterprise & local Economic Dev									
Current payment	3,262	54	-	3,316	3,316	-	100.0%	-	-
Transfers and subsidies	4,000	3	-	4,003	3,473	530	86.8%	-	-
Payment for capital assets	20	-	-	20	-	20	0.0%	-	-
2.3 Economic Support Services									
Current payment									
Transfers and subsidies	4,361	(62)	60	4,359	4,358	1	100.0%	-	-
Payment for capital assets	-	3	-	3	3	-	100.0%	-	-
	20	-	-	20	-	20	0.0%	-	-
2.4 Chief Director Support									
Current payment	1,300	-	-	1,300	1,298	2	99.8%	-	-
Transfers and subsidies	-	2	-	2	2	-	100.0%	-	-
Payment for capital assets	175	-	(70)	105	7	98	6.7%	-	-
TOTAL	42,727	-	(10)	42,262	30,321	11,941	71.7%	-	-

Economic Classification	2005/06							2004/05	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payment									
Compensation of employees	4,901	(2,056)	-	2,845	2,844	1	100.0%	-	-
Goods and services	4,022	2,048	60	6,130	6,128	2	100.0%	-	-
Transfers and subsidies to:									
Provinces and municipalities	-	8	-	8	8	-	100.0%	-	-
Departmental agencies and accounts	33,134	-	-	33,134	21,334	11,800	64.4%	-	-
Payment for capital assets									
Machinery and equipment	215	-	(70)	145	7	138	4.8%	-	-
Total	42,272	-	(10)	42,262	30,321	11,941	71.7%		



**DETAIL PER PROGRAMME 3- POLICY, PLANNING & RESEARCH
for the year ended 31 March 2006**

Programme per subprogramme	2005/06							2004/05	
	Adjusted	Shifting	Virement	Final	Actual	Variance	Expenditure as % of final appropriation	Final	Actual
	Appropriation	of Funds	ent	Appropriation	Expenditure			Appropriation	Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
3.1 Strategic Management									
Current payment	1,930	(2)	-	1,928	1,596	332	82.8%	-	-
Transfers and subsidies	-	2	-	2	2	-	100.0%	-	-
Payment for capital assets	20	88	-	108	108	-	100.0%	-	-
3.2 Economic Research									
Current payment	2,140	(11)	-	2,129	1,698	431	79.8%	-	-
Transfers and subsidies	-	11	-	11	10	1	90.9%	-	-
Payment for capital assets	20	-	70	90	89	1	98.9%	-	-
3.3 Info Management & IT Support									
Current payment	1,505	(1)	-	1,504	1,387	117	92.2%	-	-
Transfers and subsidies	-	1	-	1	1	-	100.0%	-	-
Payment for capital assets	245	(97)	-	148	89	59	60.1%	-	-
3.4 Business Initiatives									
Current payment	3,770	(4)	(555)	3,211	3,214	(3)	100.1%	-	-
Transfers and subsidies	-	4	-	4	4	-	100.0%	-	-
Payment for capital assets	180	-	-	180	69	111	38.3%	-	-
3.5 Office of Chief Director									
Current payment	1,120	(1)	-	1,119	921	198	82.3%	-	-
Transfers and subsidies	-	1	-	1	1	-	100.0%	-	-
Payment for capital assets	70	9	-	79	78	1	98.7%	-	-
TOTAL	11,000	-	(485)	10,515	9,267	1,248	88.1%	-	-

Economic Classification	2005/06							2004/05	
	Adjusted	Shifting	Virement	Final	Actual	Variance	Expenditure as % of final appropriation	Final	Actual
	Appropriation	of Funds	ent	Appropriation	Expenditure			Appropriation	Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payment									
Compensation of employees	5,578	(2,042)	(285)	3,251	3,250	1	100.0%	-	-
Goods and services	4,887	2,023	(270)	6,640	5,566	1,074	83.8%	-	-
Transfers and subsidies to:									
Provinces and municipalities	-	19	-	19	18	1	94.7%	-	-
Payment for capital assets									
Machinery and equipment	515	-	70	585	414	171	70.8%	-	-
Software and other intangible assets	20	-	-	20	19	1	95%	-	-
Total	11,000	-	(485)	10,515	9,267	1,248	88.1%	-	-



**DETAIL PER PROGRAMME 4– BUSINESS REGULATION AND CONSUMER PROTECTION
for the year ended 31 March 2006**

Programme per subprogramme	2005/06							2004/05	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Varian ce	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
4.1 Consumer Protection & Advisory Services									
Current payment	3,092	(60)	-	3,032	3,030	2	99.9%	1,705	1,699
Transfers and subsidies	-	5	-	5	5	-	100.0%	-	3
Payment for capital assets	70	-	-	70	26	44	37.1%	10	9
4.2 Liquor Affairs									
Current payment	960	846	-	1,806	1,805	1	99.9%	1,343	1,305
Transfers and subsidies	-	2	-	2	2	-	100.0%	-	3
Payment for capital assets	40	-	-	40	38	2	95.0%	-	-
4.3 Gambling Board									
Current payment	2,230	(832)	(65)	1,333	1,106	277	82.9%	1,505	1,331
Transfers and subsidies	-	39	-	39	39	-	100.0%	-	2
Payment for capital assets	70	-	-	23	23	47	32.9%	-	-
4.4 Consumer Education									
Current payment	-	-	-	-	-	-	0.0%	471	464
TOTAL	6,462	-	(65)	6,397	6,074	323	94.9%	5,034	4,817

Economic Classification	2005/06							2004/05	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Varian ce	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payment									
Compensation of employees	3,518	(254)	(65)	3,199	3,199	-	100.0%	2,614	2,460
Goods and services	2,764	208	-	2,972	2,742	230	92.3%	2,410	2,339
Transfers and subsidies to:									
Provinces and municipalities	-	46	-	46	46	-	100.0%	-	9
Payment for capital assets									
Machinery and equipment	180	-	-	180	87	93	48.3%	10	9
Total	6,462	-	(65)	6,397	6,074	323	94.9%	5,034	4,817



**DETAIL PER PROGRAMME 5- ECONOMIC DEVELOPMENT SERVICES
for the year ended 31 March 2006**

Programme per subprogramme	2005/06							2004/05	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
5.1 Economic Policy Planning Services									
Current payment	-	-	-	-	-	-	0.0%	2,190	2,117
Transfers and subsidies	-	-	-	-	-	-	0.0%	5	6
5.2 Industrial Dev. Investment & Trade									
Current payment	-	-	-	-	-	-	0.0%	2,342	2,185
Transfers and subsidies	-	-	-	-	-	-	0.0%	-	2
5.3 Dev. Info Services									
Current payment	-	-	-	-	-	-	0.0%	1,011	594
Transfers and subsidies	-	-	-	-	-	-	0.0%	-	1
5.4 Trade Expo									
Current payment	-	-	-	-	-	-	0.0%	2,545	2,523
TOTAL	-	-	-	-	-	-	0.0%	8,093	7,428

Economic Classification	2005/06							2004/05	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payment									
Compensation of employees	-	-	-	-	-	-	0.0%	2,748	2,748
Goods and services	-	-	-	-	-	-	0.0%	5,340	4,671
Transfers and subsidies to:									
Provinces and municipalities	-	-	-	-	-	-	0.0%	5	9
Total	-	-	-	-	-	-	0.0%	8,093	7,428



**DETAIL PER PROGRAMME 6 – SMME DEV & BUSINESS REGULATIONS
for the year ended 31 March 2006**

Programme per subprogramme	2005/06							2004/05	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
6.1 SMME Enterprise									
Current payment	-	-	-	-	-	-	0.0%	2,312	2,151
Transfers and subsidies	-	-	-	-	-	-	0.0%	3,673	3,719
Payment for capital assets	-	-	-	-	-	-	0.0%	30	29
6.2 Tourism Promotion									
Current payment	-	-	-	-	-	-	0.0%	1,504	1,460
Transfers and subsidies	-	-	-	-	-	-	0.0%	3,900	3,010
Payment for capital assets	-	-	-	-	-	-	0.0%	72	72
6.3 Innovation Fund									
Transfers and subsidies	-	-	-	-	-	-	0.0%	11,000	6,866
TOTAL	-	-	-	-	-	-	0.0%	22,491	17,307

Economic Classification	2005/06							2004/05	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payment									
Compensation of employees	-	-	-	-	-	-	0.0%	1,361	1,301
Goods and Services	-	-	-	-	-	-	0.0%	2,455	2,310
Transfers and Subsidies to:									
Provinces and municipalities	-	-	-	-	-	-	0.0%	194	200
Departmental agencies and accounts	-	-	-	-	-	-	0.0%	18,379	13,395
Payment for Capital assets									
Machinery and equipment	-	-	-	-	-	-	0.0%	102	101
Total	-	-	-	-	-	-	0.0%	22,491	17,307



**DETAIL PER PROGRAMME 7: AUDITOR GENERAL FEES
for the year ended 31 March 2006**

	2005/06							2004/05	
Programme per subprogramme	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Varian ce	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
7.1 Auditor General Fees									
Current payment	-	-	-	-	-	-	0.0%	475	469
TOTAL	-	-	-	-	-	-	0.0%	475	469

	2005/06							2004/05	
Economic Classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Varian ce	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payment									
Goods and services	-	-	-	-	-	-	0.0%	475	469
Total	-	-	-	-	-	-	0.0%	475	469



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

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

Detail of these transactions can be viewed in note 6 (Transfers and subsidies) and Annexure 1 (F-I) to the Annual Financial Statements.

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

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

3. Detail on financial transactions in assets and liabilities

Detail of these transactions per programme can be viewed in note 3 (Financial transactions in assets and liabilities) to the Annual Financial Statements.

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

4.1 Per Programme	Final Appropriation	Actual Expenditure	Variance R'000	Variance as a % of Final Appropriation
Economic	42,262	30,321	11,941	28,00%
Policy Planning	10,515	9,267	1,248	11,87%

Per Economic classification

2005/06 R'000	2004/05 R'000
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Current payment:

Compensation of employees	-	167
Goods and services	1,301	548

Transfers and subsidies:

Provinces and municipalities		(4)
Departmental agencies and accounts	11,800	5,132

Payments for capital assets:

Machinery and equipment	88	2
Total	18,189	5,849



STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 31 March 2006

	Note	2005/06 R'000	2004/05 R'000
REVENUE			
Annual appropriation	1	70,634	47,269
Statutory appropriation	2	-	780
Departmental revenue	3	13,079	648
TOTAL REVENUE		83,713	48,697
EXPENDITURE			
Current expenditure			
Compensation of employees	4	14,868	12,322
Goods and services	6	19,906	14,399
Total current expenditure		34,774	26,721
Transfers and subsidies	9	21,422	13,694
Expenditure for capital assets			
Machinery and equipment	10	896	1,211
Software and other intangible assets	10	27	-
Total expenditure for capital assets		923	1,211
TOTAL EXPENDITURE		57,119	41,626
SURPLUS/(DEFICIT)		26,594	7,071
Reconciliation of Surplus/(Deficit) for the year			
Voted Funds	19	13,515	6,423
Departmental Revenue	20	13,079	648
SURPLUS/(DEFICIT) FOR THE YEAR		26,594	7,071



STATEMENT OF FINANCIAL POSITION at 31 March 2006

	Note	2005/06 R'000	2004/05 R'000
ASSETS			
Current assets		15,901	7,329
Cash and cash equivalents	8	15,733	7,156
Prepayments and advances	9	6	133
Receivables	10	162	40
Non-current assets		3,800	51,300
Investments	11	3,800	51,300
TOTAL ASSETS		19,701	58,629
LIABILITIES			
Current liabilities		15,901	7,329
Voted funds to be surrendered to the Revenue Fund	12	13,515	6,423
Departmental revenue to be surrendered to the Revenue Fund	13	2,320	578
Payables	14	66	328
TOTAL LIABILITIES		15,901	7,329
NET ASSETS		3,800	51,300
Represented by:			
Capitalisation reserve		3,800	51,300
TOTAL		19,701	58,629



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

	Note	2005/06 R'000	2004/05 R'000
Capitalisation Reserves			
Opening balance		51,300	-
Transfers:	Annexure2A	(47,500)	51,300
Closing balance		<u>3,800</u>	<u>51,300</u>
TOTAL		<u>3,800</u>	<u>51,300</u>

CASH FLOW STATEMENT for the year ended 31 March 2006

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts		83,456	58,912
Annual appropriated funds received	1.1	70,634	47,269
Statutory appropriated funds received		-	780
Departmental revenue received		13,079	10,603
Net (increase)/decrease in working capital		(257)	260
Surrendered to Revenue Fund		(17,760)	(16,803)
Current payments		(34,774)	(27,749)
Transfers and subsidies paid		(21,422)	(13,694)
Net cash flow available from operating activities	15	<u>9,500</u>	<u>666</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Payments for capital assets		(923)	(1,211)
Proceeds from sale of capital assets	3	-	140
Net cash flows from investing activities		<u>(923)</u>	<u>(1,071)</u>
Net increase/(decrease) in cash and cash equivalents		8,577	(405)
Cash and cash equivalents at the beginning of the period		7,156	7,561
Cash and cash equivalents at the end of the period	16	<u>15,733</u>	<u>7,156</u>



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

1. Annual Appropriation

1.1 Annual Appropriation

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

	Final Appropriation 2005/06	Actual Funds Received 2005/06	Funds not requested/ not received	Appropriation received 2004/05
	R'000	R'000	R'000	R'000
Administration	11,460	11,460	-	11,176
Economic Development	42,262	42,262	-	-
Policy Planning & Research	10,515	10,515	-	-
Business Regulation & Consumer Protection	6,397	6,397	-	5,034
Economic Development Services	-	-	-	8,093
SMME Dev. & Business Regulations	-	-	-	22,491
Auditor General Fees	-	-	-	475
Total	70,634	70,634	-	47,269

2. Statutory Appropriation

	2005/06	2004/05
Member of executive committee/parliamentary officers	-	780
National Skills Fund	-	780
	<u>-</u>	<u>780</u>

3. Departmental revenue to be surrendered to revenue fund

Description

	Notes	2005/06	2004/05
Tax revenue		13,063	10,097
Sales of goods and services other than capital assets	3.1	16	14
Sales of capital assets	3.3	-	140
Financial transactions in assets and liabilities	3.4	-	492
Total revenue collected		<u>13,079</u>	<u>10,743</u>
Less: Departmental Revenue Budgeted	13	-	10,095
Departmental revenue collected		<u>13,079</u>	<u>648</u>

3.1 Sales of goods and services other than capital assets

Sales of goods and services produced by the department	16	14
Other sales	<u>16</u>	<u>14</u>
Total	<u>16</u>	<u>14</u>



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

3.2 Sale of capital assets

	2005/06	2004/05
	R'000	R'000
Other capital assets	-	140
Total	-	140

3.3 Financial transactions in assets and liabilities

Nature of loss recovered

Receivables	-	492
Total	-	492

4. Compensation of employees

4.1 Salaries and Wages

Basic salary	10,006	8,375
Performance award	-	20
Service Based	-	3
Compensative/circumstantial	308	87
Periodic payments	108	290
Other non-pensionable allowances	2,737	1,865
	13,159	10,640

4.2 Social contributions

4.2.1 Employer contributions

Pension	1,211	1,212
Medical	495	468
Bargaining council	3	2
	1,709	1,682

Total compensation of employees

	14,868	12,322
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Average number of employees

	92	72
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2006

5. Goods and services

	Note	2005/06	2004/05
		R'000	R'000
Advertising		2,409	854
Attendance fees (including registration fees)		10	21
Bank charges and card fees		38	37
Communication		1,377	1,301
Computer services		440	113
Consultants, contractors and special services		9,224	5,550
Courier and delivery services		17	44
Entertainment		500	283
External audit fees	5.1	728	469
Equipment less than R5000		608	364
Government motor transport		-	1
Inventory		599	777
Legal fees		389	618
Maintenance, repairs and running cost		51	38
Operating leases		440	373
Photographic services		25	9
Plant flowers and other decorations		101	10
Resettlement cost		114	133
Subscriptions		1	137
Owned leasehold property expenditure		7	28
Translations and transcriptions		16	-
Transport provided as part of the departmental activities		50	1,202
Travel and subsistence	5.2	2,567	1,935
Venues and facilities		54	17
Protective, special clothing & uniforms		2	6
Training & staff development		139	79
		19,906	14,399

5.1 External audit fees

Regulatory audits	728	469
Total external audit fees	728	469

5.2 Travel and subsistence

Local	1,835	1,538
Foreign	732	397
Total travel and subsistence	2,567	1,935



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

6. Transfers and subsidies

	Notes	2005/06 R'000	2004/05 R'000
Provinces and municipalities	Annex 1F	86	300
Departmental agencies and accounts	Annex 1G	21,334	13,395
Public corporations and private enterprises	Annex 1I	2	-
Total		21,422	13,695

7. Expenditure for capital assets

Machinery and equipment	Annex 4	896	1,211
Software and other intangible assets	Annex 5	27	-
Total		923	1,211

8. Cash and cash equivalents

Consolidated Paymaster General Account	20,479	7,155
Disbursements	(4,747)	-
Cash on hand	1	1
Total	15,733	7,156

9. Prepayments and advances

Prepayments	4	1
Advances paid to other entities	2	-
Total	6	1

10. Receivables

		Less than one year	One to three years	Older than three years	Total	Total
Staff debt	10.1	4	7	-	11	1
Other Debtors	10.2	31	120	-	151	173
Total		35	127	-	162	174

10.1 Staff debt

Salary reversal	4	1
Salary tax dept	7	-
Total	11	1



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

	2005/06 R'000	2004/05 R'000
10.2 Other debtors		
Disallowance	-	40
Claim Recover Northern Cape	150	132
Sal: income Tax CL	1	-
	<u>151</u>	<u>172</u>

11. Investments

Non-Current		
Shares and other equity		
Wavelength 101 (Pty) Ltd	3,800	3,800
Nocal – Edugain 62 (pty) Ltd	-	34,000
Kalahari Kid p Hadida Investment Holdings (Pty) Ltd	-	13,500
Total non-current	<u>3,800</u>	<u>51,300</u>

12. Voted funds to be surrendered to the Revenue Fund

Opening balance	6,423	5,627
Transfer from Statement of Financial Performance	13,515	6,423
Paid during the year	(6,423)	(5,627)
Closing balance	<u>13,515</u>	<u>6,423</u>

13. Departmental revenue to be surrendered to the Revenue Fund

Opening balance		578	1,011
Transfer from Statement of Financial Performance		13,079	648
Departmental revenue budgeted	3	-	10,095
Paid during the year		(11,337)	(11,176)
Closing balance		<u>2,320</u>	<u>578</u>

14. Payables – current

Description	Notes	30 Days	30+ Days	Total	Total
Clearing accounts	14.1	6	-	6	4
Other payables	14.2	-	60	60	324
		<u>6</u>	<u>60</u>	<u>66</u>	<u>328</u>



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

	2005/06 R'000	2004/05 R'000
14.1 Clearing accounts		
Pension	6	4
	<u>6</u>	<u>4</u>
14.2 Other payables		
DTI (KPMG)	-	300
Probity Fees	44	24
Sal: ACB Recall	16	-
Total	<u>60</u>	<u>324</u>
 15. Net cash flow available from operating activities		
Net surplus/(deficit) as per Statement of Financial Performance	26,594	7,071
Non-cash movements		51,300
(Increase)/decrease in receivables – current	(122)	393
(Increase)/decrease in prepayments and advances	127	(133)
(Increase)/decrease in other non - current assets	-	(51,300)
Increase/(decrease) in payables – current	(262)	(1,028)
Proceeds from sale of equipment	-	(140)
Surrenders to Revenue Fund	(17,760)	(16,803)
Expenditure on capital assets	923	1,211
Other non-cash items	-	10,095
Net cash flow generated by operating activities	<u>9,500</u>	<u>666</u>
 16. Reconciliation of cash and cash equivalents for cash flow purposes		
Consolidated Paymaster General account	20,479	7,155
Disbursements	(4,747)	-
Cash on hand	1	1
	<u>15,733</u>	<u>7,156</u>



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

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

	Note	2005/06 R'000	2004/05 R'000
17. Contingent liabilities			
Housing loan guarantees Employees	Annex 3A	168	168
Other departments (interdepartmental unconfirmed balances)	Annex 7	38	156
		<u>206</u>	<u>324</u>

18. Commitments

Approved and contracted	1,372	1,694
Total Commitments	<u>1,372</u>	<u>1,694</u>

19. Accruals

Listed by economic classification

	30 Days	30+ Days	Total	Total
Compensation of employees			-	233
Goods and services	925	353	1,278	396
Machinery and equipment	1	32	32	32
	<u>926</u>	<u>385</u>	<u>1,310</u>	<u>661</u>

Prog 1 – Admin (45) + Prog2-SMME (16)	-	61
Prog 2 – Economic Development Services	-	531
Prog 4 – Consumer Protection & Board Support	-	69
Prog 3 - Policy, Planning & Research	1,090	-
Prog 4 – Business Regulations & Consumer Protection	220	-
	<u>1,310</u>	<u>661</u>

20. Employee benefits

Leave entitlement	377	437
Thirteenth cheque	512	385
Capped leave commitments	584	420
	<u>1,473</u>	<u>1,242</u>



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

21. Lease Commitments

21.1 Operating leases

	Land R'000	Buildings and other fixed structures R'000	Machinery and equipment R'000	2005/06 Total R'000	2004/05 Total R'000
Not later than 1 year		32	16	48	319
Later than 1 year and not later than 5 years		-	115	115	137
Total present value of lease liabilities	-	32	131	163	456

22. Receivables for departmental revenue

	2005/06 R'000	2004/05 R'000
Tax revenue	13,063	10,097
Sales of goods and services other than capital assets	16	14
Sales of capital assets	-	140
Other	(4)	492
	<u>13,075</u>	<u>10,743</u>

23. Irregular expenditure

23.1 Reconciliation of irregular expenditure

Opening balance	101	101
Amounts condoned	(101)	-
Expenditure for capital assets	(101)	-
Irregular expenditure awaiting condonement	<u>-</u>	<u>101</u>

Analysis

Current	-	-
Prior years	-	101
	<u>-</u>	<u>101</u>



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

23.2 Irregular expenditure

Incident	Disciplinary steps taken/criminal proceedings		
Capital Expenditure without obtaining 3 quotations as required by SCM Chapter 4 Paragraph 4.6.4	Ex Post Facto-Approval was granted by Provincial Treasury. Assets were verified, only the Department benefited & there was no personal gain from the transaction.	-	101
		<hr/> -	<hr/> 101

24. Key management personnel

	No. of Individuals		
MEC	-	-	516
Level 15 to 16	1	733	204
Level 14	3	1,634	503
Level 13	8	2,996	1,906
		<hr/> 5,363	<hr/> 3,129

25. Contingent Assets

According to case number 568/03, Desert Casino Palace had to pay the Northern Cape Gambling Board penalties amounting to R1,598,354.00 plus interest thereof at the rate of 15.5% per annum from 23 October 2002. Desert Palace lodged an appeal and was turned down on 24 June 2005 and they appealed again to Higher Court/Constitutional Court. The appeal was granted. The case is still pending.



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

ANNEXURE 1F

STATEMENT OF UNCONDITIONAL GRANTS AND TRANSFERS TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		SPENT			2004/05
	Amount	Roll Overs	Adjust-ments	Total Available	Actual Transfer	% of Available funds Transferred	Amount received by municipa-lity	Amount spent by municipa-lity	% of available funds spent by municipa-lity	Total Available
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
Frances Baard			86	86	86	100.0%			0.0%	36
	-	-	86	86	86	100.0%	-	-	0.0%	36

ANNEXURE 1G

STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

DEPARTMENT/ AGENCY/ ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2004/05
	Adjusted Appropriation Act	Roll Overs	Adjust-ments	Total Available	Actual Transfer	% of Available funds Transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Coalition Trading 547				750	750	100.0%	-
Khara Hais Municipality				588	588	100.0%	-
Spoornet Douglas Belmont				2,500	2,500	100.0%	-
Upington Vehicle Trading				912	912	100.0%	-
Appolo Development				198	198	100.0%	-
Darwo Trading N0 68				3,000	3,000	100.0%	-
Frances Baard SMME				300	300	100.0%	1,095
Kim Diamond				2,091	2,091	100.0%	-
Moreletsoa Fresh				250	250	100.0%	-
FAMDA				3,785	3,785	100.0%	660
Wavelengths				3,000	3,000	100.0%	250
Siyeda				1,020	1,020	100.0%	-
NCMAC				2,605	2,605	100.0%	2,337
KDA				145	145	100.0%	190
Nambid				190	190	100.0%	249
KBSC				-	-	0.0%	209
NCTA				-	-	0.0%	3,000
KBIC				-	-	0.0%	384
Kalahari Kid				-	-	0.0%	2,000
Mayihlome				-	-	0.0%	400
Hydrophonic				-	-	0.0%	200
Nocal				-	-	0.0%	1,421
Siyancuma Municipality				-	-	0.0%	100
Phokwane Municipality				-	-	0.0%	200
Ekhaya				-	-	0.0%	500
Zest Pharmacy				-	-	0.0%	200
Unused Budget				11,800	-		
				33,134	21,334		13,395



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

ANNEXTURE 1H

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

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2005/2006	2004/2005
Received in kind			
CSIP – Mr Bruno	3 x Cameras	-	29
Total		-	29

ANNEXURE 1I

STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

NAME OF PUBLIC CORPORATION/PRIVATE ENTERPRISE	TRANSFER ALLOCATION				EXPENDITURE				2004/05
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Capital	Current	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
SABC TV Licence			2	2	2	100.0%			
Subtotal	-	-	2	2	2		-	-	-
Total	-	-	2	2	2		-	-	-
TOTAL	-	-	2	2	2		-	-	-

ANNEXURE 2A

STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO NATIONAL/PROVINCIAL PUBLIC ENTITIES AS AT 31 MARCH 2006

Name of Public Entity	State Entity's PFMA Schedule type (state year end if not 31 March)	% Held 04/05	% Held 05/06	Number of shares held		Cost of investment R'000		Net Asset value of investment R'000		Profit/(Loss) for the year R'000		Losses guaranteed
				2005/06	2004/05	2005/06	2004/05	2005/06	2004/05	2005/06	2004/05	Yes/No
National/ Provincial Public Entity												
Wavelengths 101		70.0%	70.0%	70	70	3,800	3,800					
Kalahari Kid		95.0%	-		52 Million	-	13,500					
Nocal		45.0%	-			-	34,000					
Subtotal						3,800	51,300	-	-	-	-	
Total						3,800	51,300	-	-	-	-	

Nocal and Kalahari Kid investments transferred to Department of Agriculture.



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

ANNEXURE 2B

STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO ENTITIES AS AT 31 MARCH 2006 (CONTINUED)

Name of Public Entity	Nature of business	Cost of investment		Net Asset value of Investment		Amounts owing to Entities		Amounts owing by Entities	
		R'000		R'000		R'000		R'000	
		2005/06	2004/05	2005/06	2004/05	2005/06	2004/05	2005/06	2004/05
Controlled entities									
Wavelengths 101	Steel Project	3,800	3,800						
Kalahari Kgd	Goat project	-	13,500						
Subtotal		3,800	17,300	-	-	-	-	-	-
Non-controlled entities									
Nocal – Edugain 62 (Pty)	Paprika project	-	34,000						
Subtotal		-	34,000	-	-	-	-	-	-
Total		3,800	51,300	-	-	-	-	-	-

ANNEXURE 3A

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2006 – LOCAL

Guarantor institution	Guarantee in respect of Housing	Original guaranteed capital amount	Opening balance 1 April 2005	Guarantees issued during the year	Guarantees released/ paid/ cancelled/ reduced during the year	Guaranteed interest for year ended 31 March 2006	Closing balance 31 March 2006	Realised losses not recoverable
		R'000	R'000	R'000	R'000	R'000	R'000	R'000
ABSA			114				114	
Nedbank			8				8	
First Rand			32				32	
Nedcor Inv			14				14	
Total		-	168	-	-	-	168	-



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

ANNEXURE 4

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

	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
	-			
		-		-
		-	-	-
MACHINERY AND EQUIPMENT	2,231	896	(748)	2,379
Computer equipment	652	804	(133)	1,323
Furniture and office equipment	534	79	(66)	547
Other machinery and equipment	1,045	13	(549)	509
TOTAL CAPITAL ASSETS	2,231	896	(748)	2,379

ANNEXURE 4.1

**ADDITIONS MOVEMENT SCHEDULE FOR THE YEAR ENDED 31
MARCH 2006**

	Cash	In-Kind	Total
	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	896	-	896
Computer equipment	804		804
Furniture and office equipment	79		79
Other machinery and equipment	13		13
TOTAL CAPITAL ASSETS	896	-	896



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

ANNEXURE 4.2**DISPOSALS MOVEMENT SCHEDULE FOR THE YEAR ENDED 31 MARCH 2006**

	Carrying Amount	Profit/(loss) Cash on Disposal
	R'000	R'000 R'000
BUILDING AND OTHER FIXED STRUCTURES	20	(20)
Other fixed structures	20	(20)
MACHINERY AND EQUIPMENT	748	- (748)
Transport assets	532	(532)
Computer equipment	133	(133)
Furniture and office equipment	66	(66)
Other machinery and equipment	17	(17)
TOTAL CAPITAL ASSETS	768	- (768)

ANNEXURE 4.3**CAPITAL TANGIBLE ASSET MOVEMENT SCHEDULE FOR THE YEAR ENDED 31 MARCH 2005**

	Additions R'000	Disposals R'000	Movement R'000
MACHINERY AND EQUIPMENT	2,231	-	2,231
Computer equipment			
Furniture and office equipment	2,231		2,231
TOTAL CAPITAL ASSETS	2,231	-	2,231



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

ANNEXURE 5**SOFTWARE AND OTHER INTANGIBLE ASSETS MOVEMENT SCHEDULE AS AT 31 March 2006**

	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
Computer Software	-		-	27
TOTAL	-	27	-	27

ANNEXURE 5.1**ADDITIONS MOVEMENT SCHEDULE FOR THE YEAR ENDED 31 MARCH 2006**

	Cash	In-Kind	Total
	R'000	R'000	R'000
Computer Software	27	-	27
TOTAL	27	-	27



6. HUMAN RESOURCE MANAGEMENT

6.1 Service Delivery

The main services provided by the Department are summarised in the delivery tables of the programmes.

6.2 Expenditure

TABLE 2.1 – Personnel costs by Programme, 2005/06

Programme	Total Expenditure (R'000)	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Professional and Special Services (R'000)	Personnel cost as a percent of total expenditure	Average personnel cost per employee (R'000)	Employment
Programme 1: Administration	11,455	5,575	0	0	48.7	56	99
Programme 2: Economic Development	30,320	2,844	0	0	9.4	29	99
Programme 3: Policy, Planning & Research	9,267	3,250	0	0	9.4	29	99
Programme 4: Business Regulation & Consumer Protection	6,074	3,199	0	0	52.7	32	99
Total	57,116	14,867	0	0	26	150	99

TABLE 2.2 – Personnel costs by salary bands, 2005/06

Salary bands	Personnel Expenditure (R'000)	% of Total Personnel Cost	Average personnel cost per employee (R)	Total Compensation of Employees (R)	Number of Employees
Lower skilled (Levels 1-2)	200	1.3	50,000	14,867	4
Skilled (Levels 3-5)	1,257	8.4	59,857	14,867	21
Highly skilled production (Levels 6-8)	3,472	23.2	115,733	14,867	30
Highly skilled supervision (Levels 9-12)	4,006	26.8	125,188	14,867	32
Senior management (Levels 13-16)	4,624	30.9	462,400	14,867	10
Contract (Levels 3-5)	29	0.2	0	14,867	0
Contract (Levels 6-8)	85	0.6	0	14,867	0
Contract (Levels 9-12)	187	1.3	187,000	14,867	1
Contract (Levels 13-16)	755	5.1	755,000	14,867	1
Periodical Remuneration	27	0.2	5,400	14,867	5
Abnormal Appointment	91	0.6	8,273	14,867	11
Total	14,733	98.6	128,113	14,867	115



TABLE 2.3 – Salaries, Overtime, Home Owners Allowance and Medical Aid by Programme, 2005/2006

Programme	Salaries		Overtime		Home Owners Allowance		Medical Assistance		Total Personnel Cost (R'000)
	Amount (R'000)	Salaries as a % of personnel cost	Amount (R'000)	Overtime as a % of personnel cost	Amount (R'000)	HOA as a % of personnel cost	Amount (R'000)	Medical Assistance as % of Personnel Cost	
Programme 1: Administration	4537	65.8	7	0.1	108	1.6	185	0.3	6891
Programme 2: Economic Development	1092	70.9	0	0	21	1.4	53	3.4	1542
Programme 3: Policy, Planning & Research	2107	64.3	0	0	54	1.6	69	2.1	3278
Programme 4: Business Regulation & Consumer Protection	2243	69.4	0	0	41	1.3	155	4.8	3230
Total	9979	66.8	7	0.1	224	1.5	462	3.1	14941

TABLE 2.4 – Salaries, Overtime, Home Owners Allowance and Medical Aid by salary bands, 2005/06

Salary Bands	Salaries		Overtime		Home Owners Allowance		Medical Assistance		Total Personnel Cost (R'000)
	Amount (R'000)	Salaries as a % of personnel cost	Amount (R'000)	Overtime as a % of personnel cost	Amount (R'000)	HOA as a % of personnel cost	Amount (R'000)	Medical Assistance as a % of personnel cost	
Lower skilled (Levels 1-2)	155	77.5	0	0	5	2.5	12	6	200
Skilled (Levels 3-5)	942	74.4	3	0.2	20	1.6	74	5.8	1266
Highly skilled production (Levels 6-8)	2583	72.6	4	0.1	57	1.6	160	4.5	3557
Highly skilled supervision (Levels 9-12)	2915	72.1	0	0	78	1.9	144	3.6	4041
Senior management (Levels 13-16)	2713	58.1	0	0	63	1.3	72	1.5	4670
Contract (Levels 3-5)	21	72.4	0	0	0	0	0	0	29
Contract (Levels 6-8)	61	70.9	0	0	0	0	0	0	86
Contract (Levels 9-12)	138	73.4	0	0	0	0	0	0	188
Contract (Levels 13-16)	453	59.1	0	0	0	0	0	0	767
Periodical Remuneration	0	0	0	0	0	0	0	0	37
Abnormal Appointment	0	0	0	0	0	0	0	0	102
Total	9981	66.8	7	0	223	1.5	462	3.1	14941

**TABLE 3.1 – Employment and vacancies by programme, 31 March 2006**

Programme	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
Programme 1: Administration	54	42	22	0
Programme 2: Economic Development	44	14	68	0
Programme 3: Policy, Planning & Research	38	23	39	0
Programme 4: Business Regulation & Consumer Protection	30	20	33	0
Total	166	99	40	0

TABLE 3.2 – Employment and vacancies by salary bands, 31 March 2006

Salary band	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
Lower skilled (Levels 1-2)	3	3	0	0
Skilled (Levels 3-6)	40	23	43	0
Highly skilled production (Levels 7-8)	47	28	40	0
Highly skilled supervision (Levels 9-12)	64	34	47	0
Senior management (Levels 13-16)	12	11	8	0
Total	166	99	40	0

TABLE 3.3 – Employment and vacancies by critical occupation, 31 March 2006

Critical occupations	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
Administrative related, Permanent	45	30	33	0
Client Information / Clerks	1	1	0	0
Communication & Information related	2	2	0	0
Information Technology and related	6	4	33	0
Economists	2	2	0	0
Economic & Related	40	13	67.5	0
Financial and related	10	7	30	0
Food Service Aids and waiters	2	2	0	0
General legal administrative & related	2	2	0	0
Human Resource & Related	6	3	50	0
Messengers, Porters & Deliverers	1	1	0	0
Regulatory Inspectors	15	6	60	0
Risk Management & Security services	1	1	0	0
Secretaries & other keyboard operators	12	7	42	0
Senior Managers	12	11	8	0
Trade & Industry Advisors	9	7	22	0
Total	166	99	40	0


TABLE 4.1 – Job Evaluation, 1 April 2005 to 31 March 2006

	Number of posts	Number of Jobs Evaluated	% of posts evaluated by salary bands	Posts Upgraded		Posts downgraded	
				Number	% of Upgraded posts evaluated	Number	% of downgraded posts evaluated
Lower skilled (Levels 1-2)	3	0	0	0	0	0	0
Skilled (Levels 3-5)	40	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	47	0	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	64	0	0	0	0	0	0
Senior Management Service Band A	9	6	75	0	0	0	0
Senior Management Service Band B	2	0	0	0	0	0	0
Senior Management Service Band C	1	0	0	0	0	0	0
Senior Management Service Band D	0	0	0	0	0	0	0
Total	166	6	4	0	0	0	0

TABLE 4.2 – Profile of employees whose positions were upgraded due to their posts being upgraded, 1 April 2005 to 31 March 2006

Beneficiaries	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
Total	0	0	0	0	0
Employees with a disability					0

TABLE 4.3 – Employees whose salary level exceeded the grade determined by job evaluation, 1 April 2005 to 31 March 2006 (in terms of PSR 1.V.C.3)

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Total Number of Employees whose salaries exceeded the level determined by job evaluation in 2005/ 06				0
Percentage of total employment				0%

TABLE 4.4 – Profile of employees whose salary level exceed the grade determined by job evaluation, 1 April 2005 to 31 March 2006 (in terms of PSR 1.V.C.3)

Beneficiaries	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
Total	0	0	0	0	0
Employees with a disability					0
Total Number of Employees whose salaries exceeded the level determined by job evaluation in 2005/2006					0

**TABLE 5.1 – Annual turnover rates by salary band for the period 1 April 2005 to 31 March 2006**

Salary Band	Number of employees per band as on 1 April 2005	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Lower skilled (Levels 1-2)	4	3	0	0
Skilled (Levels 3-6)	17	10	2	11.8
Highly skilled production (Levels 7-8)	22	10	2	4.5
Highly skilled supervision (Levels 9-12)	13	11	0	0
Senior Management Service Band A	3	2	0	0
Senior Management Service Band B	3	0	0	0
Senior Management Service Band C	1	0	0	0
Contract (levels 3-6)	1	0	1	100
Contract (level 7-8)	2	0	2	100
Contract (level 9-12)	1	1	1	100
Contract (Band A)	0	3	2	0
Total	67	36	9	13.4

TABLE 5.2 – Annual turnover rates by critical occupation for the period 1 April 2005 to 31 March 2006

Occupation:	Number of employees per occupation	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Administrative related, Permanent	30	8	2	7
Client Information / Clerks	1	0	0	0
Communication & Information related	2	1	0	0
Information Technology and related	4	4	0	0
Economists	2	2	1	50
Economic & Related	13	4	2	15
Financial and related	7	5	1	14
Food Service Aids and waiters	2	2	0	0
General legal administrative & related	2	1	0	0
Human Resource & Related	3	1	0	0
Messengers, Porters & Deliverers	1	1	0	0
Regulatory Inspectors	6	2	1	17
Risk Management & Security services	1	0	0	0
Secretaries & other keyboard operators	7	4	0	0
Senior Managers	11	1	1	9
Trade & Industry Advisors	7	0	1	14
Total	99	36	9	13.4



Table 5.4 – Promotions by critical occupation

Occupation:	Employees as at 1 April 2005	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progressions as a % of employees by occupation
Administrative related, Permanent	23	12	52	15	65
Client Information / Clerks	1	0	0	1	100
Communication & Information related	1	0	0	0	0
Information Technology and related	0	2	0	0	0
Economists	0	0	0	0	0
Economic & Related	11	2	18	3	27
Financial and related	3	2	66	3	100
Food Service Aids and waiters	0	0	0	0	0
General legal administrative & related	1	0	0	1	100
Human Resource & Related	2	0	0	0	0
Messengers, Porters & Deliverers	0	0	0	0	0
Regulatory Inspectors	5	0	0	5	100
Risk Management & Security services	1	0	0	0	0
Secretaries & other keyboard operators	3	1	33	0	0
Senior Managers	8	0	0	0	0
Trade & Industry Advisors	8	2	25	8	100
TOTAL	67	21	31	36	53.7

Table 5.5 – Promotions by salary band

Salary Band	Employees 1 April 2005	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progressions as a % of employees by salary band
Lower skilled (Levels 1-2)	4	0	0	3	75
Skilled (Levels 3-5)	17	9	52.9	7	41.2
Highly skilled production (Levels 6-8)	22	5	22.7	18	81.8
Highly skilled supervision (Levels 9-12)	13	7	53.8	8	61.5
Senior management (Levels 13-16)	7	0	0	0	0
Contract (levels 3-5)	1	0	0	0	0
Contract (levels 6-8)	2	0	0	0	0
Contract (levels 9-12)	1	0	0	0	0
Total	67	21	31.3	36	53.7



6.3 Employment Equity

The tables in this section are based on the formats prescribed by the Employment Equity Act, 55 of 1998.

6.1 Total number of employees (including employees with disabilities) in each of the following occupational categories (SASCO), 31 March 2006

Occupational categories	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	4	1	3	0	3	0	0	0	11
Professionals	20	8	1	4	18	6	0	5	62
Clerks	2	0	0	0	11	9	0	1	23
Plant and machine operators and assemblers	0	0	0	0	0	0	0	0	0
Elementary occupations	0	1	0	0	2	0	0	0	3
Total	26	10	4	4	34	15	0	6	99
Employees with disabilities	1	0	0	0	2	0	0	1	4

6.2 Total number of employees (including employees with disabilities) in each of the following occupational bands, 31 March 2006

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	0	2	0	0	0	0	0	3
Senior Management	3	1	1	0	3	0	0	0	8
Professionally qualified and experienced specialists and mid-management	5	2	0	3	3	0	0	1	14
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	15	6	1	1	15	6	0	4	48
Semi-skilled and discretionary decision making	2	0	0	0	11	9	0	1	23
Unskilled and defined decision making	0	1	0	0	2	0	0	0	3
Total	26	10	4	4	34	15	0	6	99



6.3 Recruitment for the period 1 April 2005 to 31 March 2006

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Senior Management	0	0	1	0	1	0	0	0	2
Professionally qualified and experienced specialists and mid-management	4	1	1	2	1	0	0	2	11
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	2	0	0	0	4	0	0	0	6
Semi-skilled and discretionary decision making	0	1	0	0	7	2	0	0	10
Unskilled and defined decision making	1	0	0	0	0	2	0	0	3
Contract, Senior	3	0	0	0	0	0	0	0	3
Contract, Professionally qualified and experienced specialists and mid-management	0	0	0	0	0	1	0	0	1
Total	10	2	2	2	13	5	0	2	36
Employees with disabilities	1	0	0	0	0	0	0	0	0

6.4 Promotions for the period 1 April 2005 to 31 March 2006

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Senior Management	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management	2	6	0	1	3	2	0	2	16
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	8	1	0	1	8	4	0	1	23
Semi-skilled and discretionary decision making	2	0	0	0	10	4	0	0	16
Unskilled and defined decision making	0	1	0	0	2	0	0	0	3
Total	12	8	0	2	23	10	0	3	58
Employees with disabilities	0	0	0	0	2	0	0	0	2



6.5 Terminations for the period 1 April 2005 to 31 March 2006

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	4	1	0	0	2	2	0	0	9
Total	4	1	0	0	2	2	0	0	9
Employees with disabilities	0	0	0	0	0	0	0	0	0

6.6 Disciplinary action for the period 1 April 2005 to 31 March 2006

	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Disciplinary action	1	0	0	0	0	0	0	0	1

6.7 Skills development for the period 1 April 2005 to 31 March 2006

Occupational categories	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	1	0	0	0	0	0	0	0	1
Professionals	0	0	0	0	0	0	0	0	0
Technicians and associate professionals	2	0	0	0	3	2	0	2	9
Clerks	1	0	0	0	8	4	0	0	13
Service and sales workers	1	0	0	0	0	0	0	0	1
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	0	0	0	0	0	0	0	0	0
Elementary occupations	0	0	0	0	0	0	0	0	0
Total	5	0	0	0	11	6	0	2	24
Employees with disabilities	0	0	0	0	1	0	0	0	1


TABLE 7.1 – Performance Rewards by race, gender, and disability, 1 April 2005 to 31 March 2006

	Beneficiary Profile			Cost	
	Number of beneficiaries	Total number of employees in group	% of total within group	Cost (R'000)	Average cost per employee
African Female	0	0	0	0	0
African Male	0	0	0	0	0
Asian Male	0	0	0	0	0
Coloured Female	0	0	0	0	0
Coloured Male	0	0	0	0	0
Total Blacks Female	0	0	0	0	0
Total Blacks Male	0	0	0	0	0
White Female	0	0	0	0	0
White Male	0	0	0	0	0
Employees with a disability	0	0	0	0	0
Total	0	0	0	0	0

TABLE 7.2 – Performance Rewards by salary bands for personnel below Senior Management Service, 1 April 2005 to 31 March 2006

Salary Bands	Beneficiary Profile			Cost		
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	Total cost as a % of the total personnel expenditure
Lower skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (Levels 3-5)	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	0	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	0	0	0	0	0	0
Total	0	0	0	0	0	0

TABLE 7.3 – Performance Rewards by critical occupations, 1 April 2004 to 31 March 2005

Critical Occupations	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
Administrative related	0	0	0	0	0
Cleaners in Offices, etc	0	0	0	0	0
Communication related	0	0	0	0	0
Economists	0	0	0	0	0
Finance & Economics related	0	0	0	0	0
Financial & related professionals	0	0	0	0	0
Financial Clerks & Credit Controllers	0	0	0	0	0
Food Service Aids and waiters	0	0	0	0	0
Head of Department	0	0	0	0	0
Human Resources Clerks	0	0	0	0	0
Library mail and related clerks	0	0	0	0	0
Light vehicle drivers	0	0	0	0	0
Material recording and transport clerks	0	0	0	0	0
Messengers, porters & deliverers	0	0	0	0	0
Other administrative & related clerks & organizers	0	0	0	0	0
Other administrative policy & related officers	0	0	0	0	0
Other Occupations	0	0	0	0	0
Regulatory inspectors	0	0	0	0	0
Secretaries & other keyboard operating clerks	0	0	0	0	0
Senior managers	0	0	0	0	0
Trade labourers	0	0	0	0	0
Trade/ Industry advisors and other related profession	0	0	0	0	0
Total	0	0	0	0	0



TABLE 7.4 – Performance related rewards (cash bonus), by salary band, for Senior Management Service, 1 April 2005 to 31 March 2006

Salary Band	Beneficiary Profile			Total Cost(R'000)	Average cost per employee
	Number of beneficiaries	Number of employees	% of total within band		
Band A	0	0	0	0	0
Band B	0	0	0	0	0
Band C	0	0	0	0	0
Band D	0	0	0	0	0
Total	0	0	0	0	0

TABLE 8.1 – Foreign Workers, 1 April 2005 to 31 March 2006, by salary band

Salary Band	1 April 2005		31 March 2006		Change	
	Number	% of total	Number	% of total	Number	% change
Lower skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (Levels 3-5)	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	0	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	0	0	0	0	0	0
Senior management (Levels 13-16)	0	0	0	0	0	0
Total	0	0	0	0	0	0

TABLE 8.2 – Foreign Worker, 1 April 2005 to 31 March 2006, by major occupation

Major Occupation	1 April 2005		31 March 2006		Change	
	Number	% of total	Number	% of total	Number	% change
Total	0	0	0	0	0	0



6.4 Leave utilisation for the period 1 January 2005 to 31 December 2006

NOTE: Please note the dates on the leave reports – it is for the leave cycle and not per financial year

TABLE 9.1 – Sick leave, 1 January 2005 to 31 December 2005

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 days with medical certification
Lower skilled (Levels 1-2)	9	77.8	3	8.3	3	1	7
Skilled (Levels 3-5)	46	89.1	7	19.4	7	10	41
Highly skilled production (Levels 6-8)	114	89.5	10	27.8	11	46	102
Highly skilled supervision (Levels 9-12)	95	97.9	10	27.8	10	71	93
Senior management (Levels 13-16)	26	88.5	5	13.9	5	48	23
Contract	6	66.7	1	2.8	6	3	4
Total	296	91.2	36	100	8	179	270

TABLE 9.2 – Disability leave (temporary and permanent), 1 January 2005 to 31 December 2005

Salary Band	Total days taken	% 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	0	0	0	0	0	0

TABLE 9.3 – Annual Leave, 1 January 2005 to 31 December 2005

Salary Bands	Total days taken	Average per employee	Employment
Lower skilled (Levels 1-2)	37	12	3
Skilled Levels 3-5)	190	12	16
Highly skilled production (Levels 6-8)	440	17	26
Highly skilled supervision (Levels 9-12)	331	21	16
Senior management (Levels 13-16)	182	18	10
Contract (Levels 9-12)	10	5	2
Total	1190	16	73

TABLE 9.4 – Capped leave, 1 January 2005 to 31 December 2005

Salary Bands	Total days of capped leave taken	Average number of days taken per employee	Average capped leave per employee as at 31 December 2005
Lower skilled (Levels 1-2)	0	0	0
Skilled Levels 3-5)	1	1	8
Highly skilled production (Levels 6-8)	3	1	22
Highly skilled supervision (Levels 9-12)	18	18	46
Senior management (Levels 13-16)	0	0	0
Total	22	4	30

TABLE 9.5 – Leave payouts for the period 1 April 2005 till 31 March 2006

REASON	Total Amount (R'000)	Number of Employees	Average payment per employee
Leave payout for 2004/05 due to non-utilisation of leave for the previous cycle	0	0	0
Capped leave payouts on termination of service for 2004/05	0	0	0
Current leave payout on termination of service for 2004/05	0	0	0
Total	0	0	0



6.5 HIV/AIDS & Health Promotion Programmes

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
None	HIV / AIDS Policy adopted for the workplace

TABLE 10.2 – Details of Health Promotion and HIV/AIDS Programmes (tick the applicable boxes and provide the required information)

Question	Yes	No	Details, if yes
1. Have 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	
2. Do the department have a dedicated unit or have you designated specific staff members to promote the 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	
3. Have the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.		X	
4. Have 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		Number of members incl. Trade organisations. Chairperson: D. Paulsen
5. Have 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		Policy on HIV/AIDS developed
6. Have 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		Captured in policy
7. Do the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	X		Captured in policy
8. Have the department developed measures/indicators to monitor & evaluate the impact of your health promotion programme? If so, list these measures/indicators.		X	



6.6 Labour relations

TABLE 11.1 – Collective agreements, 1 April 2005 to 31 March 2006

Total collective agreements	None
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TABLE 11.2 – Misconduct and discipline hearings finalised, 1 April 2005 to 31 March 2006

Disciplinary hearings – 2005/2006	1
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TABLE 11.3 – Types of misconduct addressed at disciplinary hearings, 1 April 2005 to 31 March 2006

Type of misconduct	Number	% of total
Sexual Harassment	1	100%
Total	1	100%

TABLE 11.4 – Grievances lodged for the period 1 April 2005 to 31 March 2006

	Number	% of Total
Number of grievances resolved	2	66
Number of grievances not resolved	1	0
Total number of grievances addressed	3	66

TABLE 11.5 – Disputes lodged with Councils for the period 1 April 2005 to 31 March 2006

	Number	% of Total
Number of disputes upheld	0	0
Number of disputes dismissed	0	0
Total number of disputes addressed	0	0

TABLE 11.6 – Strike actions for the period 1 April 2005 to 31 March 2006

Total number of person working days lost	1
Total cost (R'000) of working days lost	R 346.10
Amount (R'000) recovered as a result of no work no pay	0

TABLE 11.7 – Precautionary suspensions for the period 1 April 2005 to 31 March 2006

Number of people suspended	0
Number of people whose suspension exceeded 30 days	0
Average number of days suspended	0
Cost (R'000) of suspensions	0



6.7 Skills development

12.1 Training needs identified 1 April 2005 to 31 March 2006

Occupational Categories	Gender	Number of employees as at 1 April 2005	Training needs identified at start of reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	3	0	0	0	0
	Male	4	0	1	0	1
Professionals	Female	0	0	0	0	0
	Male	0	0	0	0	0
Technicians and associate professionals	Female	21	0	7	0	7
	Male	19	0	2	0	2
Clerks	Female	14	0	12	0	12
	Male	2	0	1	0	1
Service and sales workers	Female	1	0	1	0	1
	Male	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Elementary occupations	Female	2	0	0	0	0
	Male	1	0	0	0	0
Sub Total	Female	41	0	19	0	19
	Male	36	0	5	0	5
Total		67	0	24	0	24

12.2 Training provided 1 April 2005 to 31 March 2006

Occupational Categories	Gender	Number of employees as at 1 April 2005	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	3	0	0	0	0
	Male	4	0	1	0	1
Professionals	Female	0	0	0	0	0
	Male	0	0	0	0	0
Technicians and associate professionals	Female	21	0	7	0	7
	Male	19	0	2	0	2
Clerks	Female	14	0	12	0	12
	Male	2	0	1	0	1
Service and sales workers	Female	1	0	1	0	1
	Male	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Elementary occupations	Female	2	0	0	0	0
	Male	1	0	0	0	0
Sub Total	Female	41	0	19	0	19
	Male	36	0	5	0	5
Total		67	0	24	0	24



6.8 Injury on duty

TABLE 13.1 – Injury on duty, 1 April 2005 to 31 March 2006

Nature of injury on duty	Number	% of total
Required basic medical attention only	0	0
Temporary Total Disablement	0	0
Permanent Disablement	0	0
Fatal	0	0
Total	0	0

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