

*Department of  
Economic Development  
and Tourism*

*North West Province*

*Vote - 06*

*Department of Economic Development & Tourism*  
*Vote - 06*  
*Report of the Accounting Officer for the year ended 31 March 2006*

**REPORT BY THE ACCOUNTING OFFICER TO THE EXECUTIVE AUTHORITY AND PROVINCIAL LEGISLATURE OF THE NORTH WEST PROVINCE.**

**1. General review of the state of financial affairs**

- The Department was established during the 2005/2006 financial year and the following programmes together with the budgets were transferred from the respective departments:
  - Programmes 1 and 2 (Ministerial services and Administration) were transferred from the Department of Safety & Liaison;
  - Programme 3, 4 and 5 (Small business development, Economic development, planning & research & Governance & Regulatory services) were transferred from Department of Finance;
  - Programmes 6 (Tourism promotion) was transferred from the Department of Agriculture, Conservation & Environment.

These relate to the following:

- a) Facilitating the implementation of the Provincial Growth and Development Strategy in pursuance of economic growth and development,
  - b) Ensuring a cohesive, coordinated and integrated economic development for the Province through bringing the local municipalities on board,
  - c) Ensuring the existence of a conducive investment climate in the Province and facilitating trade promotions,
  - d) Regulating the gambling environment within the Province through promulgated Act,
  - e) Regulating the liquor trade environment through the Provincial Liquor Act,
  - f) Ensuring fair trade and the protection of consumer rights through the appropriate acts,
  - g) Ensuring growth of the tourism sector in the Province through relevant policies and acts,
  - h) Facilitating the development of the Small Business Enterprises,
  - i) Ensuring the implementation of national policies intended to facilitate Broad Based Black Economic Empowerment,
- The significant events that took place within the current year were:
    - a) The conclusion of a Joint Funding Agreement between the Department, (on behalf of the Provincial Government) and ABSA Bank that will ensure access to funding of SMMEs in the Province. This was one of the outputs of the Provincial Growth and Development Strategy that was hosted in August 2004
    - b) The adoption of the Small Enterprise Development Agency, (SEDA) policy by the Province which was piloted for implementation in the provinces by the national Department of Trade and Industries. This has ensured that a SEDA Branch is established in the Province which will also have offices throughout the Province.
    - c) The establishment of the SEDA Branch has also necessitated the phasing out of Entrepreneurial Support Services and the WESTMAC, which were absorbed into SEDA through negotiated agreements,
    - d) Also significant was the process established to rehabilitate the North West Development Corporation which also involved the need to rationalise the parastatal landscape through the incorporation of Invest North West into the NWDC.
    - e) The launch of the Bio-diesel Project which is significant in terms of job creation and its future contribution to the production of the bio-energy that should make the country self sufficient in terms of energy needs.
    - f) The Department continued to engage the national Department of Trade and Industry towards allocating an Operating License for the Mafikeng Industrial Development Zone,
    - g) The Department had also had a successful engagement with SMMEs in the Province through a series of Imbizos organised that culminated into an SMME Summit in Mafikeng.
  - No major projects were completed during the current year. All major projects are being phased for implementation over a multi year period.

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• **Spending trends:**

Programme	Budget allocated	Actual spending	Reasons for variance
	R'000	R'000	
Ministerial services	4,350	4,205	Office equipment was not procured as planned due to inability to deliver by service providers
Administration	9,453	8,812	Office equipment could not be purchased in time for the Offices of the HoD and the CFO.
Small business development	97,458	54,576	Funds were not transferred to the MIDZ due to incomplete institutional arrangements and the registration of the MIDZ as a public entity.
Economic development, planning & research	33,670	22,582	Funds for the car wash project were not transferred as planned. Consultants commissioned for research services had not submitted their invoices by the end of the financial year.
Governance & regulatory services	17,702	16,526	The planned Regulatory Lekgotla was only held during May 2006, as it was planned to be held after the departmental budget speech. The budget speech was postponed from the initial date of March 2006.
Tourism promotion services	100,436	100,293	A saving was made on some of the administrative expenses due to lack of officials to carry out the functions.

- Discussion on the impact of programmes and service delivery  
The lack of transfer of funds particularly to the MIDZ has delayed service delivery to a great extent. The same can be said with the transfer of funds for the car wash project – which was aimed at youth co-operatives. The intended outcomes of job creation and boosting the Province's economy have been affected.
- Actions taken or planned to avoid recurrence.  
Meetings have been scheduled and held with the relevant stakeholders to speed up the processes of implementing the institutional arrangements and getting commitment on the implementation of projects.
- Except for the unauthorised expenditure which arose as a result of the payment to the Gambling Board, no other unauthorised or fruitless expenditure was incurred during the year.
- The comparative figures disclosed are for programmes transferred from the Department of Agriculture, Conservation & Environment and those from the Department of Finance. Programmes 1 and 2 do not have comparative figures as they have been taken over by the Department of Transport, Roads and Community Safety because of the materiality in value.

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**2. Service rendered by the Department**

The department has the following programmes and public entities to carry out its services:

- a) Programmes
- Administration
  - Small Business Development
  - Economic Development, Planning and Research
  - Governance and Regulatory Services
  - Tourism Development
- b) Public Entities
- North West Development Cooperation (NWDC)
  - Invest North West, (INW)
  - The North West Gambling Board
  - Mafikeng Industrial Development Zone Company, (MIDZ)
  - North West Parks and Tourism Board

The MIDZ is one of the youngest of the agencies under the Department and it is currently being capacitated in terms of both human and working capital towards delivering on its mandate. There are currently also hurdles towards acquiring a license from the Manufacturing Licensing Board under the Department of Trade and Industry. This matter is being vigorously pursued and the current signs are positive.

The opening of the MIDZ offices by MEC Africa in December 2005 was one of the efforts made to capacitate the entity



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The broad policies, priorities and strategic goals of the department are to:

- a) Lead the implementation of the North West Provincial Growth and Development Strategy in as far as economic development issues are concerned.
- b) Implement economic sector development initiatives and the BBBEE policy requirements,
- c) Promote the development and growth of small business enterprises,
- d) Promote trade and investment for the Province,
- e) Promote and facilitate industrial and business development,
- f) Facilitate the development, promotion and coordination of sustainable and responsible tourism,
- g) Facilitate the development, regulation, promotion and growth of a sustainable and responsible gambling industry,
- h) Administer, regulate and grow a sustainable and responsible liquor industry,
- i) Facilitate fair trade and responsible business practices,
- j) Implement and where necessary promulgate policies intended to create wealth and improve the well being of the people in the North West.
- k) Create competitive advantages for the Province.

#### 2.1 **Tariff policy**

The Department does render services for which a tariff policy is required.

#### 2.2 **Free Services**

The Department does not render chargeable services.

#### 2.3 **Inventories**

The Department did not maintain an inventory system during the financial year. Inventory items were purchased on a need basis.

### 3. **Capacity constraints**

Notwithstanding the transfer of administrative functions from the Departments of Safety & Liaison which were merged with the core functions as dislodged from the erstwhile Department of Finance and Economic Development to form the newly established Department of Economic Development and Tourism. The break-ups and re-assembly of the Department had a very negative effect on the effective and efficiency of the Department as this had resulted in the delays in the selection and appointment of professional and suitably qualified personnel. It also impacted negatively on the processes and delivery of projects such as the MIDZ and others.

#### 4. **Utilisation of donor funds**

No donor funds were received by the department during the financial year.

#### 5. **Trading entities and public entities**

- a) The North West Development Corporation

As previously known, the NWDC was placed under Final Judicial Management on the 11th August 1999 with the Judicial Managers being appointed by the Master of the High Court to oversee the day to day operations of the Corporation. This Order was lifted by the High Court on the 27th April 2005 and this also saw the departure of the Judicial Managers. As reported above, the Corporation is currently being rehabilitated and will be the agency entrusted with the delivery of "high value – high impact" projects on the ground. It has currently no trading losses and guarantees.

- b) The North West Gambling Board

Although the Board had experienced some setbacks with the resignation of some of its Board members due to some internal disagreement, it remained functional under the remaining Board members. It should also be indicated that the resignation of such Board members also coincided with the end of term of office of the previous Board which has since been replaced by a new Board. Its major occupation remains:

- to fight illegal gambling in the Province and ensure compliance of licensed gambling operations,
- to rollout the LPM, (limited paying machines) in the Province
- the promotion of responsible gambling in the Province.

The Board has currently no trading losses and guarantees.

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c) The North West Parks and Tourism Board

The North West Parks and Tourism Board remains focussed on its given mission. In the past financial year, in addition to generating tourism for the Province, it has also focussed on the following projects amongst others:

1. The Highveld National Park project, which is currently being implemented and located in the Potchefstroom Local Municipality as a partnership arrangement consisting of the local municipality, the Barolong Bo Modiboa Tribal Authority and SANParks. The Department of Environmental Affairs and Tourism has provided funding to the tune of R8.4 million. The first phase of the project is due to be completed in July 2006 with game to be introduced in August to early September 2006.
2. The Heritage Park project which is a concept of creating a conservation corridor between Pilanesberg National Park and Madikwe Game Reserve. This is a 15 year project which primarily entails the recruitment of land from communities and private landowners into the conservation corridor. The project is necessarily slow but good progress has been made in creating awareness and increasing inducing landowners to agree to incorporate land on a voluntary basis.

The Taung Protected Environment which is a social responsibility development project located within the greater Taung Local Municipality. The project consists of the establishment of a 34 000 hectare Protected Environment for Taung

d) Invest North West

Invest North West has continued to pursue its mandate which relates to promoting the image of the Province as a destination for trade and investment; as well as to facilitate trade and Fixed Direct Investment Opportunities that create value for investors and jobs for the people in the Province. Due to the paralysis experienced by the NWDC which created a development agency vacuum in the Province, INW was also brought in by the Department to participate in project implementation programmes with the Platinum Pride Funds transferred to them. This situation was reviewed by the Department within the 2005/06 Financial Year as a result of the NWDC being rehabilitated and being prepared to assume its role towards economic development for the Province. Invest North West is also affected in the restructuring of the parastatals landscape in that it will be part of the NWDC, albeit still focussing on its given mandate.

e) The Mafikeng Industrial Development Zone

Although a moratorium that was declared by the Department of Trade and Industry on the allocation of IDZ Operating Licenses, the MIDZ continued to operate as a company towards ensuring the state of preparedness of and to market the IDZ. A full Board of Directors was established for the company with the posts of Chief Executive Officer and Chief Financial Officer advertised. Projects were scoped, advertised and are ready for implementation, one of them being the Minerals Cluster project which has a private sector investment of R 60 m. The lifting of the moratorium on the issuing of IDZ Operating Licenses will see this entity growing from strength to strength. There are no losses or guarantees.

f) The Entrepreneurial Support Centres

The establishment of these institutions was based on the North West Provincial SMME Development Policy as adopted in 1998. Their role has mainly been to give a non-financial support and mentoring assistance to the emerging entrepreneurs in the Province. With the advent of the national Small Enterprise Development Agency which had a nation-wide rollout programme by the Department of Trade and Industry and with the realisation that similar programmes would be duplicated by both the provincial and national government structures, it was resolved by the Provincial Government to allow the ESCs in the Province to be absorbed into the SEDA Programme through a joint agreement entered into with SEDA Management. SEDA has since established itself in the Province and the ESCs have been phased out.

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The signing of a memorandum of understanding between Invest North West and the Automotive Industrial Development Cluster (AIDC) to advance the Automotive Component Supplier sector in the province is another indication of the entity's efforts to promote trade and investment in the province

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

<b>Entity name</b>	<b>Reason for transfer</b>	<b>Accounting arrangements</b>
North West Parks & Tourism Board	Promotion of tourism and marketing in the Province and for protected area management (game reserves)	The department receives quarterly reports from the entities before the next transfers are made. The reports are reviewed against the business plans to ensure that the funds were used for the intended purposes.
Invest North West	Promotion of trade and fixed direct investment in the Province	
Gambling Board	To create a balanced gambling industry in the province	
MIDZ Board	To provide an integrated and well managed infrastructure and export oriented operational support systems	
ESC's	Facilitation and provision of skills to SMME's	
ABSA	Creation of a joint SMME incubation fund.	
Naledi Local Municipality	Resealing of roads for economic boost in the area	

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

The Department does not have any private public partnership arrangements.

**8. Corporate Governance Arrangements**

**8.1 Risk management approach and fraud prevention policies**

With the department having been newly established (November 2005), the department has recently (March/April) embarked on a risk identification and assessment process. It is expected that the strategy and the related policies will be finalised in the 1st quarter of the next financial year.

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**8.2 Effectiveness of the internal audit and the audit committee**

Since the establishment of the department, there has been very little interaction with the Internal Audit unit. However based on the reports of the audit assignments carried out on the economic development programmes (MIDZ and ESC's) before the reconfiguration of departments, it can be said that the internal audit unit is effective. The reports were informative and raised issues that require management's strategic focus.

The effectiveness of the audit committee cannot be commented on as the department has not gone through the reports of the audit committee and also has not even met the members of the committee.

**8.3 Management structures**

In order to avoid conflict of interest, managers at SMS level have had to disclose their financial interests. The department has developed an occupational health and safety policy and a manager has been assigned to look into the safety measures of the department.

The Accounting Officer has submitted reports to the relevant structures as required in terms of the PFMA.

**9. Discontinued activities/activities to be discontinued**

The Entrepreneurial Service Centres will be phased out with effect from the 1st April 2006 with the functions being incorporated to the SEDA. This is because the establishment of SEDA as a national institution carries out the same functions as what the ESC's have been doing. The funds that have been budgeted for ESC's will be transferred to the SEDA after institutional arrangements have been finalised.

There are no costs incurred in discontinuing the service.

**10. New/proposed activities**

These will be the following in terms of institutional arrangements:

- a) The restructuring of the NWDC with Invest North West merged into the restructured NWDC,
- b) The rollout of SEDA Offices in the Province aimed being accessible to emerging entrepreneurs.

**11. Asset Management**

The Department has managed to establish an asset register after the transfer of assets as a result of the reconfiguration of departments. Certificates of transfers have been signed between the transferring and receiving departments. Due to capacity constraints the department has not been able to establish an effective asset management team. There are currently only 2 officials assigned for the operational management of assets.

The department attempted to comply with the minimum requirements of the asset management guidelines. Since the establishment of the department, there has been an extent of movement of the department's assets and the Asset Management Reform strategies will be implemented in the next financial year.

**12. Events After The Reporting Date**

No events after the reporting date can be reported.

**13. Performance Information**

The Accounting Officer receives and reviews quarterly reports from programme managers and submits the departmental reports to the relevant structures.

The Monitoring and evaluation unit has been put in place.

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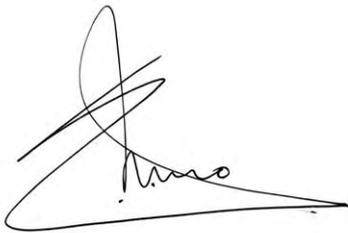
**14. SCOPA Resolutions**

Reference to previous audit report and SCOPA resolutions	Subject	Findings on progress
Report of the Auditor General for the year ended 31 March 2005 Item 4.3 SCOPA  Third Report Resolution No. 6 Item: 3	Disclosed on Note 4.1 of the 2004/5 Annual Financial Statements was an amount of R440, 000 relating to fruitless expenditure that had not been resolved at year-end. This amount pertains to arbitration payments made on behalf on North West Gambling Board	An application to write off the fruitless expenditure will be made with Provincial Treasury in 2006/07 fiscal year.
Report to Management from the Auditor General for the year ended 31 March 2005  SCOPA Third Report Resolution No. 6 Item: 3	The department had R35, 208 million for infrastructure development during 2004/5 and R20 million during 2003/4. The R20 million the department had was transferred to Invest North West and no funds were spent during that year. Of the amount made available during 2005 only R7, 4million was spent.	The unspent amounts of earmarked projects for MIDZ were withdrawn by Provincial Treasury. The projects are currently running and the unspent amount will be included in the Adjustment Budget for 2006/07.

**15. Other**  
None.

Approval

The Annual Financial Statements set out on pages 77 to 106 have been approved by the Accounting Officer.



**KGOSIETSILE SEHULARO**  
**Acting Deputy Director General**  
**31st May 2006**

*Report of the Auditor-General to the Members of the North West Provincial Legislature  
on the Financial Statements of Vote 6 - Department of Economic Development and Tourism  
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**1. AUDIT ASSIGNMENT**

The financial statements as set out on pages 77 to 106 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 2005). 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 are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements, based on my audit.

**2. SCOPE**

The audit was conducted in accordance with the 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 paragraph 1.1 of the accounting policies.

**4. QUALIFICATIONS**

**4.1 Accounts Payable**

Included in accounts payable is an amount of R865 000 in respect of a salary clearing account. The department could not provide any supporting documentation for this amount. Monthly reconciliations as required by section 40(1)(a) of the Public Finance Management Act, 1999 (Act No.1 of 1999) as amended (PFMA) were also not performed for this account.

**4.2 Assets**

The fixed asset register was not properly maintained and it does not contain sufficient details as required by the North West Provincial Guideline and Procedures for Fixed Assets. A physical asset verification was also not performed during the year.

Reconciliations between the asset register and the WALKER payment report were not performed during the year, resulting in an unexplained difference of R472 000.

The transfer of assets from the Department of Agriculture, Conservation & Environment to the newly established Department of Economic Development & Tourism was not done by the end of the year. Assets transferred from the Departments of Finance, and Safety & Liaison could not be reconciled to the additions in Annexure H to the financial statements.

Accordingly, I could not verify the existence and completeness of fixed assets disclosed as R1 075 000 in Annexure H to the financial statements.

**5. QUALIFIED AUDIT OPINION**

In my opinion, except for the effect on the financial statements of the matters referred to in the preceding paragraph, the financial statements present fairly, in all material respects, the financial position of the Department of Economic Development and Tourism at 31 March 2006 and the results of its operations and its cash flows for the year then ended, in accordance with the modified cash basis of accounting determined by the National Treasury of South Africa, as described in paragraph 1.1 of the accounting policies, and in the manner required by the PFMA.

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## 6. EMPHASIS OF MATTER

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

### 6.1 Performance Information

In terms of section 40(3)(a) of the PFMA, the department is required to submit its performance against predetermined objectives for audit. The reported information relating to the performance of the Department of Economic Development & Tourism against predetermined objectives was not submitted for auditing on the agreed upon date and I was therefore unable to audit the performance information to be included in the annual report of the department.

### 6.2 Unauthorised Expenditure

Disclosed in note 7 to the financial statements is an amount of R440 000 relating to unauthorised expenditure in prior years that had not been resolved at year-end.

### 6.3 Irregular Expenditure

Attention is drawn to the irregular expenditure, amounting to R30 115 000, for the current year as disclosed in note 20 to the annual financial statements.

An amount of R5 112 000 was transferred to the Mafikeng Industrial Development Zone (MIDZ). MIDZ is a company that was established by the provincial government without the entity being approved/legislated as either a public entity, provincial government business enterprise or trading entity.

Furthermore an amount of R25 000 000 was transferred to a financial institution in connection with a joint fund aimed at developing, supporting and providing funding to small medium micro enterprises (SMME) in the region. This amount was incorrectly budgeted for as a transfer payment. This amount has therefore been transferred to the Provincial Revenue Fund for disclosure as part of investments.

### 6.4 Guarantees

The housing guarantees schedule could not be provided for audit and as a result I could not obtain sufficient evidence that the necessary updates on PERSAL were being performed. Consequently I was not satisfied regarding the validity, accuracy and completeness of housing guarantees amounting to R259 000 as disclosed in note 16 to the financial statements.

## 7. APPRECIATION

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



ND Maphiri for Auditor-General

Rustenburg

3 November 2006



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*Vote 6*  
*Report of the Audit Committee for the year ended 31 March 2006*

**Report of the Audit Committee**

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

**Audit Committee Members and Attendances**

Name	Role	Scheduled Meeting		Special Meetings	
		Held	Attended	Held	Attended
Mr J van Rooyen	Chairperson	6	4	1	1
Prof S Visser	Member	6	6	1	1
Prof A Bootha	Member	6	6	1	1
Mr R Moyo	Member	6	6	1	1
Ms M Mokuena	Member	6	5	1	0
Mr BMM Madliwa / Alternative	Auditor General - NW Ex-officio member	6	6	1	0
Mr P Tjie	SG-Dept of Finance Ex-officio member	6	2	1	0
Mr G Paul	Accountant General - NW Ex-officio member	6	3	1	0

**Audit Committee Responsibility**

The Audit Committee is pleased to report that it is properly constituted as required by section 77 of the PFMA and has complied with its responsibilities arising from section 38(1)(a) of the PFMA and paragraph 3.1.13 of the Treasury Regulations. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

For the Committee to competently discharge its responsibilities, the Committee is supported by the Provincial Internal Audit which is under its control and direction. The Committee reports that the Provincial Internal Audit, whilst having been under-resourced, continues to enhance its resources so as to adequately discharge its responsibilities in terms of the Internal Audit Charter approved by the Audit Committee.

**The effectiveness of internal control**

The internal control environment and related controls are inadequate and ineffective as highlighted by the various reports of the internal and external Auditors. The qualified audit opinion, emphasis of matter and the management letter of the Auditor-General have reported internal control weaknesses and non-compliance with laws and regulations.

The Committee is not satisfied that adequate mechanisms have been put in place to address these weaknesses. The Committee continues to monitor progress by the Department in addressing the weaknesses reported.

The quality of in year management and monthly / quarterly reports submitted in terms of the Act and the Division of Revenue Act

The Committee is unable to comment on the content and quality of monthly and quarterly reports prepared and issued by the Accounting Officer and the Department during the year as it did not review such reports.

The Committee is however, satisfied that the in-year management reports were duly prepared and submitted to the Provincial Treasury.

**Evaluation of Financial Statements**

The Audit Committee has

- reviewed and discussed with the Auditor-General the audited annual financial statements to be included in the annual report;
- reviewed the Auditor-General's management letter and management response.

The Audit Committee concurs and accepts the conclusions of the Auditor-General on the annual financial statements and recommends that the audited annual financial statements be approved.



**Chairperson of the Audit Committee**

Date: 06 November 2006

*Department of Economic Development and Tourism*  
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*Annual Financial Statements for the year ended 31 March 2006*

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

## **1. PRESENTATION OF THE ANNUAL FINANCIAL STATEMENTS**

### **1.1 Basis of preparation**

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

### **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 received during the year are presented in the statement of financial performance.

Unexpended appropriated funds are surrendered to the National/Provincial Revenue Fund, unless approval has been given by the National/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 National/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 National/Provincial Revenue Fund when received, unless otherwise stated. Amounts owing to the National/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.

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**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 as part of the disclosure notes to the annual financial statements.

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

**2.2.7 Gifts, donations and sponsorships**

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

All in-kind gifts, donations and sponsorships are disclosed at fair value in the annexures to the annual 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 is recognised as expenditure in the statement of financial performance. A receivable is recognised in the statement of financial position to the value 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). The expenditure is classified as capital where the employees were involved, on a full time basis, on capital projects during the financial year. Capitalised compensation forms part of one or all of the expenditure for capital assets categories 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.

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**3.1.1 Short term employee benefits**

Short-term employee benefits comprise of leave entitlements, 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 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 on 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 under spending of appropriated funds. The write off occurs at year-end or when funds are available. No provision is made for irrecoverable amounts.

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 or written off as irrecoverable.

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.

Where unauthorised expenditure is not approved it is recovered from the responsible person. The amount received is recorded as departmental revenue in the statement of financial position when received.

**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.

The amount recovered from the responsible person is recorded as departmental revenue in the statement of financial performance when the funds are received.

*Department of Economic Development and Tourism*  
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**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 a current asset until it is recovered or written off as irrecoverable.

The amount recovered from the responsible person is recorded as revenue in the statement of financial performance when the funds are received.

**3.8 Transfers and subsidies**

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

**3.9 Expenditure for capital assets**

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

**4. ASSETS**

**4.1 Cash and cash equivalents**

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

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

**4.2 Prepayments and advances**

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

**4.3 Receivables**

Receivables included in the statement of financial position arise from cash payments that are recoverable from another party, when the payments are made.

Revenue receivable not yet collected is included in the disclosure notes. Amounts that are potentially irrecoverable are disclosed as part of the disclosure notes to the annual financial statements.

**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. Any impairment is disclosed as part of the disclosure notes to the annual financial statements.

**4.5 Loans**

Loans are recognised in the statement of financial position at the nominal amount. Amounts that are potentially irrecoverable are disclosed as part of the disclosure notes to the annual financial statements.

**4.6 Inventory**

Inventories on hand at the reporting date are disclosed at cost in the disclosure notes to the annual financial statements.

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**5. LIABILITIES****5.1 Payables**

Recognised payables mainly comprise of amounts owing to other governmental entities. These payables are recognised at their nominal amounts in the statement of financial position.

**5.2 Lease commitments**

Lease commitments represent amounts owing from the reporting date to the end of the lease contract. These commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are however disclosed as part of 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 as part of the Annexures to the annual financial statements.

**5.3 Accruals**

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

Accruals are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are however disclosed as part of 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 disclosed as part of the disclosure notes to the annual financial statements.

**5.5 Commitments**

Commitments represent goods/services that have been approved and/or contracted, but 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 however disclosed as part of 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 National/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.

**7. RELATED PARTY TRANSACTIONS**

Related parties are parties that control or significantly influence the department in making financial and operating decisions. Specific information with regards to related party transactions is disclosed as part of the disclosure notes to the annual financial statements.

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**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. Senior management includes the Minister and Deputy Ministers responsible for the department, the Director-General, the Deputy Director-General(s), the Chief Financial Officer and any key advisors.

Compensation paid to key management personnel including their family members where relevant, are disclosed as part of the disclosure notes to the annual financial statements.

**9. PUBLIC PRIVATE PARTNERSHIP**

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 disclosed as part of the disclosure notes to the annual financial statements.

*NorthWest - Department of Economic Development & Tourism*  
*Vote - 06*  
*Appropriation Statements for the year ended 31 March 2006*

Appropriation per programme									
2005 / 2006							2004 / 2005		
	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
<b>1. Ministerial services</b>									
Current payment	4,243	(31)	-	4,212	4,157	55	98.7%	-	-
Transfers and subsidies	2,007	-	(2,000)	7	7	-	100.0%	-	-
Payment for capital assets	100	31	-	131	41	90	31.3%	-	-
<b>2. Administration</b>									
Current payment	9,298	(2)	-	9,296	8,737	559	94.0%	-	-
Transfers and subsidies	58	(38)	-	20	21	(1)	105.0%	-	-
Payment for capital assets	97	40	-	137	53	84	38.7%	-	-
<b>3. Small business development</b>									
Current payment	10,056	-	571	10,627	10,490	137	98.7%	8,657	5,485
Transfers and subsidies	86,762	-	-	86,762	44,049	42,713	50.8%	15,103	11,646
Payment for capital assets	70	-	(1)	69	37	32	53.6%	113	28
<b>4. Economic Development, Planning &amp; Research</b>									
Current payment	19,335	-	1,790	21,125	10,043	11,082	47.5%	11,702	9,061
Transfers and subsidies	9,967	-	2,008	11,975	11,975	-	100.0%	35,159	11,155
Payment for capital assets	100	-	470	570	564	6	98.9%	107	46
<b>5. Governance &amp; Regulatory services</b>									
Current payment	9,313	-	(432)	8,881	7,693	1,188	86.6%	8,312	7,178
Transfers and subsidies	8,792	-	(2)	8,790	8,790	-	100.0%	6,492	6,490
Payment for capital assets	135	-	(104)	31	42	(11)	135.5%	224	188
<b>6. Tourism promotion services</b>									
Current payment	5,262	-	(2,300)	2,962	2,844	118	96.0%	4,069	3,418
Transfers and subsidies	97,402	-	-	97,402	97,388	14	100.0%	69,741	69,741
Payment for capital assets	72	-	-	72	61	11	84.7%	21	15
<b>Subtotal</b>	<b>263,069</b>	<b>-</b>	<b>-</b>	<b>263,069</b>	<b>206,992</b>	<b>56,077</b>	<b>78.7%</b>	<b>159,700</b>	<b>124,451</b>
<b>Statutory Appropriation</b>									
Current payment									
Transfers and subsidies									
Payment for capital assets									
<b>TOTAL</b>									
<b>Reconciliation with Statement of Financial Performance</b>									
<b>Add:</b>									
Prior year unauthorised expenditure approved with funding									
Departmental revenue received				25,893				11,125	
Local and foreign aid assistance received									
<b>Actual amounts per Statements of Financial Performance (Total revenue)</b>				<b>288,962</b>				<b>170,825</b>	
<b>Add:</b>									
Local and foreign aid assistance									
Prior year unauthorised expenditure approved									
Prior year fruitless and wasteful expenditure authorised									
<b>Actual amounts per Statements of Financial Performance (Total expenditure)</b>					<b>206,992</b>				<b>124,451</b>

*North West - Department of Economic Development & Tourism*  
*Vote - 06*  
*Appropriation Statements for the year ended 31 March 2006*

Appropriation per economic classification									
2005 / 2006							2004 / 2005		
	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
<b>Current payment</b>									
Compensation of employees	26,433	(494)	(3,233)	22,706	22,661	45	99.8%	20,551	15,236
Goods and services	31,073	461	2,766	34,300	21,303	12,997	62.1%	12,189	9,906
Interest and rent on land	-	-	-	-	-	-	0.0%	-	-
Financial transactions in assets and liabilities	-	-	-	-	-	-	0.0%	-	-
<b>Transfers and subsidies</b>									
Provinces and municipalities	2,000	-	-	2,000	2,000	-	100.0%	-	-
Departmental agencies and accounts	32,666	-	-	32,666	32,666	-	100.0%	7,666	7,666
Universities and technikons	-	-	-	-	-	-	0.0%	-	-
Foreign governments and international organisations	-	-	-	-	-	-	0.0%	-	-
Public corporations and private enterprises	170,250	(41)	-	170,209	127,488	42,721	74.9%	115,290	87,839
Non-profit institutions	-	-	-	-	-	-	0.0%	3,488	3,488
Households	73	3	6	82	76	6	92.7%	51	39
<b>Payments for capital assets</b>									
Buildings and other fixed structures	-	-	-	-	-	-	-	-	-
Machinery and equipment	574	71	461	1,106	798	308	72.2%	465	277
Biological or cultivated assets	-	-	-	-	-	-	0.0%	-	-
Software and other intangible assets	-	-	-	-	-	-	0.0%	-	-
Land and subsoil assets	-	-	-	-	-	-	0.0%	-	-
<b>Total</b>	<b>263,069</b>	<b>-</b>	<b>-</b>	<b>263,069</b>	<b>206,992</b>	<b>56,077</b>	<b>78.7%</b>	<b>159,700</b>	<b>124,451</b>

## SECTION 3

*North West - Department of Economic Development & Tourism*  
*Note - 06*  
*Detail per programme 1 - Ministerial Services for the year ended 31 March 2006*

2005 / 2006										2004 / 2005	
Programme per sub programme	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		
<b>1.1 Ministerial Services</b>											
Current payment	2,987	(31)	-	2,956	2,936	20	99.3%				
Transfers and subsidies	2,005	-	(2,000)	5	5	-	100.0%				
Payment for capital assets	86	31	-	117	19	98	16.2%				
<b>1.2 Communication</b>											
Current payment	1,256	-	-	1,256	1,221	35	97.2%				
Transfers and subsidies	2	-	-	2	2	-	100.0%				
Payment for capital assets	14	-	-	14	22	(8)	157.1%				
<b>TOTAL</b>	<b>6,350</b>	<b>-</b>	<b>(2,000)</b>	<b>4,350</b>	<b>4,205</b>	<b>145</b>	<b>96.7%</b>	<b>-</b>	<b>-</b>		

2005 / 2006										2004 / 2005	
Economic Classification	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		
<b>Current payment</b>											
Compensation of employees	2,723	(200)	-	2,523	2,548	(25)	101.0%				
Goods and services	1,520	169	-	1,689	1,609	80	95.3%				
Interest and rent on land	-	-	-	-	-	-	0.0%				
Financial transactions in assets and liabilities	-	-	-	-	-	-	0.0%				
<b>Transfers and subsidies to:</b>											
Provinces and municipalities	2,000	-	(2,000)	-	-	-	0.0%				
Departmental agencies and accounts	-	-	-	-	-	-	0.0%				
Universities and technikons	-	-	-	-	-	-	0.0%				
Foreign governments and international organisations	-	-	-	-	-	-	0.0%				
Public corporations and private enterprises	-	-	-	-	-	-	0.0%				
Non-profit institutions	-	-	-	-	-	-	0.0%				
Households	7	-	-	7	7	-	100.0%				
<b>Gifts and donations</b>											
<b>Payment for capital assets</b>											
Buildings and other fixed structures	-	-	-	-	-	-	0.0%				
Machinery and equipment	100	31	-	131	41	90	31.3%				
Biological or cultivated assets	-	-	-	-	-	-	0.0%				
Software and other intangible assets	-	-	-	-	-	-	0.0%				
Land and subsoil assets	-	-	-	-	-	-	0.0%				
<b>Total</b>	<b>6,350</b>	<b>-</b>	<b>(2,000)</b>	<b>4,350</b>	<b>4,205</b>	<b>145</b>	<b>96.7%</b>	<b>-</b>	<b>-</b>		

*NorthWest - Department of Economic Development & Tourism*  
*Note - 06*  
*Detail per programme 2 - Administration for the year ended 31 March 2006*

2005 / 2006										2004 / 2005	
Programme per sub programme	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		
<b>2.1 Office of the Deputy Director General</b>											
Current payment	1,606	148	-	1,754	1,729	25	98.6%				
Transfers and subsidies	3	-	-	3	3	-	100.0%				
Payment for capital assets	8	-	-	8	8	-	100.0%				
<b>2.2 Chief Financial Officer</b>											
Current payment	2,365	227	-	2,592	2,236	356	86.3%				
Transfers and subsidies	8	3	-	11	11	-	100.0%				
Payment for capital assets	16	-	-	16	16	-	100.0%				
<b>2.3 Corporate Services</b>											
Current payment	5,327	(377)	-	4,950	4,772	178	96.4%				
Transfers and subsidies	47	(41)	-	6	7	(1)	116.7%				
Payment for capital assets	73	40	-	113	29	84	25.7%				
<b>TOTAL</b>	<b>9,453</b>	<b>-</b>	<b>-</b>	<b>9,453</b>	<b>8,811</b>	<b>842</b>	<b>93.2%</b>	<b>-</b>	<b>-</b>		

2005 / 2006										2004 / 2005	
Economic Classification	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		
<b>Current payment</b>											
Compensation of employees	5,852	(294)	-	5,558	5,409	149	97.3%				
Goods and services	3,445	292	-	3,737	3,328	409	89.1%				
Interest and rent on land	-	-	-	-	-	-	0.0%				
Financial transactions in assets and liabilities	-	-	-	-	-	-	0.0%				
<b>Transfers and subsidies to:</b>											
Provinces and municipalities	-	-	-	-	-	-	0.0%				
Departmental agencies and accounts	-	-	-	-	-	-	0.0%				
Universities and technikons	-	-	-	-	-	-	0.0%				
Foreign governments and international organisations	-	-	-	-	-	-	0.0%				
Public corporations and private enterprises	40	(41)	-	(1)	-	(1)	0.0%				
Non-profit institutions	-	-	-	-	-	-	0.0%				
Households	19	3	-	22	21	1	95.5%				
<b>Gifts and donations</b>											
<b>Payment for capital assets</b>											
Buildings and other fixed structures	-	-	-	-	-	-	0.0%				
Machinery and equipment	97	40	-	137	53	84	38.7%				
Biological or cultivated assets	-	-	-	-	-	-	0.0%				
Software and other intangible assets	-	-	-	-	-	-	0.0%				
Land and subsoil assets	-	-	-	-	-	-	0.0%				
<b>Total</b>	<b>9,453</b>	<b>-</b>	<b>-</b>	<b>9,453</b>	<b>8,811</b>	<b>642</b>	<b>93.2%</b>	<b>-</b>	<b>-</b>		

## SECTION 3

*NorthWest - Department of Economic Development & Tourism*  
*Vote - 06*

*Detail per programme 3 - Small Business Development for the year ended 31 March 2006*

Programme per sub programme	2005 / 2006						2004 / 2005		
	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
<b>3.1 Management (Chief directorate)</b>									
Current payment	4,010		1,610	5,620	5,416	204	96.4%	1,569	1,417
Transfers and subsidies	3		-	3	3	-	100.0%	4	4
Payment for capital assets	5		(5)	-	-	-	0.0%	25	11
<b>3.2 Project planning &amp; evaluation</b>									
Current payment	882		808	1,690	1,700	(10)	100.6%	925	852
Transfers and subsidies	1		2	3	4	(1)	133.3%	3,488	3,490
Payment for capital assets	10		5	15	6	9	40.0%	10	1
<b>3.3 Project development</b>									
Current payment	1,399		(561)	838	823	15	98.2%	1,946	1,434
Transfers and subsidies	2		(1)	1	1	-	100.0%	5	3
Payment for capital assets	15		-	15	-	15	0.0%	30	16
<b>3.4 Project SDI's</b>									
Current payment	-		-	-	-	-	0.0%	-	-
Transfers and subsidies	42,712		-	42,712	-	42,712	0.0%	-	-
Payment for capital assets	-		-	-	-	-	0.0%	-	-
<b>3.5 Project financing</b>									
Current payment	931		(511)	420	393	27	93.6%	1,137	165
Transfers and subsidies	2		(1)	1	-	1	0.0%	2	1
Payment for capital assets	-		-	-	-	-	0.0%	40	-
<b>3.6 Directorate: SMME support</b>									
Current payment	-		-	-	89	(89)	0.0%	-	-
Transfers and subsidies	-		-	-	-	-	0.0%	-	-
Payment for capital assets	-		-	-	-	-	0.0%	-	-
<b>3.7 SMME skills development</b>									
Current payment	843		128	971	971	-	100.0%	1,133	766
Transfers and subsidies	1		1	2	2	-	100.0%	2,626	2,626
Payment for capital assets	25		-	25	17	8	68.0%	8	-
<b>3.8 SMME linkages &amp; ESC's</b>									
Current payment	1,991		(903)	1,087	1,098	(10)	100.9%	1,947	851
Transfers and subsidies	32,670		(1)	32,669	32,668	1	100.0%	3,770	3,377
Payment for capital assets	15		(1)	14	14	-	100.0%	-	-
<b>3.9 MIDZ</b>									
Current payment	-		-	-	-	-	0.0%	-	-
Transfers and subsidies	11,371		-	11,371	11,371	-	100.0%	5,208	2,145
Payment for capital assets	-		-	-	-	-	0.0%	-	-
<b>TOTAL</b>	<b>96,888</b>	<b>-</b>	<b>570</b>	<b>97,458</b>	<b>54,576</b>	<b>42,882</b>	<b>56.0%</b>	<b>23,873</b>	<b>17,159</b>

*North West - Department of Economic Development & Tourism*  
*Vote - 06*

*Detail per programme 3 - Small Business Development for the year ended 31 March 2006*

Economic Classification	2005 / 2006							2004 / 2005	
	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
<b>Current payment</b>									
Compensation of employees	4,120	-	(363)	4,483	4,532	(49)	101.1%	6,940	4,521
Goods and services	5,936	-	208	6,144	5,958	186	97.0%	1,762	966
Interest and rent on land	-	-	-	-	-	-	0.0%	-	-
Financial transactions in assets and liabilities	-	-	-	-	-	-	0.0%	-	-
<b>Transfers and subsidies to:</b>									
Provinces and municipalities	-	-	-	-	-	-	0.0%	-	-
Departmental agencies and accounts	32,666	-	-	32,666	32,666	-	100.0%	-	-
Universities and technikons	-	-	-	-	-	-	0.0%	-	-
Foreign governments and international organisations	-	-	-	-	-	-	0.0%	-	-
Public corporations and private enterprises	54,083	-	-	54,083	11,371	42,712	21.0%	11,597	8,143
Non-profit institutions	-	-	-	-	-	-	0.0%	3,488	3,488
Households	13	-	-	13	12	1	92.3%	16	13
<b>Gifts and donations</b>									
<b>Payment for capital assets</b>									
Buildings and other fixed structures	-	-	-	-	-	-	0.0%	-	-
Machinery and equipment	70	-	(1)	69	37	32	53.6%	70	28
Biological or cultivated assets	-	-	-	-	-	-	0.0%	-	-
Software and other intangible assets	-	-	-	-	-	-	0.0%	-	-
Land and subsoil assets	-	-	-	-	-	-	0.0%	-	-
<b>Total</b>	<b>96,888</b>	<b>-</b>	<b>570</b>	<b>97,458</b>	<b>54,576</b>	<b>42,882</b>	<b>56.0%</b>	<b>23,873</b>	<b>17,159</b>

## SECTION 3

*North West - Department of Economic Development & Tourism*  
*Vote - 06*

*Detail per programme 4 - Economic Development, Planning & Research for the year ended 31 March 2006*

2005 / 2006								2004 / 2005	
Programme per sub programme	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
<b>4.1 Monitoring</b>									
Current payment	6,151	-	(2,120)	4,031	1,347	2,684	33.4%	1,781	1,025
Transfers and subsidies	1	-	2	3	2	1	66.7%	4	3
Payment for capital assets	20	-	-	20	16	4	80.0%	-	-
<b>4.2 Regional trade</b>									
Current payment	2,111	-	(426)	1,685	1,604	81	95.2%	1,589	1,035
Transfers and subsidies	8	-	4	12	13	(1)	108.3%	2	2
Payment for capital assets	50	-	-	50	52	(2)	104.0%	90	33
<b>4.3 Management (Chief directorate EDP &amp; R)</b>									
Current payment	11,053	-	4,165	15,238	6,942	8,296	45.6%	2,332	1,663
Transfers and subsidies	2	-	2,002	2,004	2,004	-	100.0%	1,671	1,668
Payment for capital assets	30	-	470	500	496	4	99.2%	17	13
<b>4.4 NWEDIS &amp; WESTMAC</b>									
Current payment	-	-	-	-	-	-	0.0%	6,000	5,338
Transfers and subsidies	-	-	-	-	-	-	0.0%	24,000	-
Payment for capital assets	-	-	-	-	-	-	0.0%	-	-
<b>4.5 Industrial trade promotion &amp; planning</b>									
Current payment	-	-	171	171	150	21	87.7%	-	-
Transfers and subsidies	-	-	-	-	-	-	0.0%	-	-
Payment for capital assets	-	-	-	-	-	-	0.0%	-	-
<b>4.6 Invest North West</b>									
Current payment	-	-	-	-	-	-	0.0%	-	-
Transfers and subsidies	9,956	-	-	9,956	9,956	-	100.0%	9,482	9,482
Payment for capital assets	-	-	-	-	-	-	0.0%	-	-
<b>TOTAL</b>	<b>29,402</b>	<b>-</b>	<b>4,268</b>	<b>33,670</b>	<b>22,582</b>	<b>11,088</b>	<b>67.1%</b>	<b>46,968</b>	<b>20,262</b>

2005 / 2006								2004 / 2005	
Economic Classification	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
<b>Current payment</b>									
Compensation of employees	2,660	-	618	3,278	3,330	(52)	101.6%	4,717	2,968
Goods and services	16,675	-	1,172	17,847	6,713	11,134	37.6%	6,985	6,092
Interest and rent on land	-	-	-	-	-	-	0.0%	-	-
Financial transactions in assets and liabilities	-	-	-	-	-	-	0.0%	-	-
<b>Transfers and subsidies to:</b>									
Provinces and municipalities	-	-	2,000	2,000	2,000	-	100.0%	7,666	7,666
Departmental agencies and accounts	-	-	-	-	-	-	0.0%	-	-
Universities and technikons	-	-	-	-	-	-	0.0%	-	-
Foreign governments and international organisations	-	-	-	-	-	-	0.0%	-	-
Public corporations and private enterprises	9,956	-	-	9,956	9,956	-	100.0%	27,482	3,485
Non-profit institutions	-	-	-	-	-	-	0.0%	-	-
Households	11	-	8	19	19	-	100.0%	11	5
<b>Gifts and donations</b>									
<b>Payment for capital assets</b>									
Buildings and other fixed structures	-	-	-	-	-	-	0.0%	-	-
Machinery and equipment	100	-	470	570	564	6	98.9%	107	46
Biological or cultivated assets	-	-	-	-	-	-	0.0%	-	-
Software and other intangible assets	-	-	-	-	-	-	0.0%	-	-
Land and subsoil assets	-	-	-	-	-	-	0.0%	-	-
<b>Total</b>	<b>29,402</b>	<b>-</b>	<b>4,268</b>	<b>33,670</b>	<b>22,582</b>	<b>11,088</b>	<b>67.1%</b>	<b>46,968</b>	<b>20,262</b>

NorthWest - Department of Economic Development & Tourism

Vote - 06

Detail per programme 5 - Governance and Regulatory Services for the year ended 31 March 2006

Programme per sub programme	2005 / 2006							2004 / 2005	
	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
<b>5.1 Director: Regulatory services</b>									
Current payment	1,396	-	(996)	400	386	14	96.5%	1,170	997
Transfers and subsidies	2	-	(2)	-	-	-	0.0%	2	1
Payment for capital assets	20	-	(20)	-	-	-	0.0%	20	17
<b>5.2 Legal services &amp; Consumer Court</b>									
Current payment	1,298	-	1,626	2,924	1,980	944	67.7%	977	860
Transfers and subsidies	2	-	-	2	2	-	100.0%	2	2
Payment for capital assets	25	-	(17)	8	8	-	100.0%	75	54
<b>5.3 Liquor trade</b>									
Current payment	2,270	-	(812)	1,458	1,261	197	86.5%	2,407	2,035
Transfers and subsidies	4	-	(2)	2	2	-	100.0%	4	4
Payment for capital assets	70	-	(48)	22	34	(12)	154.5%	59	55
<b>5.4 Consumer Affairs</b>									
Current payment	4,349	-	(250)	4,099	4,066	33	99.2%	3,758	3,286
Transfers and subsidies	7	-	2	9	9	-	100.0%	7	6
Payment for capital assets	20	-	(19)	1	-	1	0.0%	70	62
<b>5.5 Gambling Board</b>									
Current payment	-	-	-	-	-	-	0.0%	-	-
Transfers and subsidies	8,777	-	-	8,777	8,777	-	100.0%	6,477	6,477
Payment for capital assets	-	-	-	-	-	-	0.0%	-	-
<b>TOTAL</b>	<b>18,240</b>	<b>-</b>	<b>(538)</b>	<b>17,702</b>	<b>16,525</b>	<b>1,177</b>	<b>93.4%</b>	<b>15,028</b>	<b>13,856</b>

Economic Classification	2005 / 2006							2004 / 2005	
	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
<b>Current payment</b>									
Compensation of employees	6,943	-	(1,880)	5,063	5,057	6	99.9%	6,255	5,295
Goods and services	2,370	-	1,352	3,722	2,636	1,086	70.8%	2,056	1,882
Interest and rent on land	-	-	-	-	-	-	0.0%	-	-
Financial transactions in assets and liabilities	-	-	-	-	-	-	0.0%	-	-
<b>Transfers and subsidies to:</b>									
Provinces and municipalities	-	-	-	-	-	-	0.0%	-	-
Departmental agencies and accounts	-	-	-	-	-	-	0.0%	-	-
Universities and technikons	-	-	-	-	-	-	0.0%	-	-
Foreign governments and international organisations	-	-	-	-	-	-	0.0%	-	-
Public corporations and private enterprises	8,777	-	-	8,777	8,777	-	100.0%	6,477	6,477
Non-profit institutions	-	-	-	-	-	-	0.0%	-	-
Households	15	-	(2)	13	13	-	100.0%	16	14
<b>Gifts and donations</b>									
<b>Payment for capital assets</b>									
Buildings and other fixed structures	-	-	-	-	-	-	0.0%	-	-
Machinery and equipment	135	-	(8)	127	42	85	33.1%	224	188
Biological or cultivated assets	-	-	-	-	-	-	0.0%	-	-
Software and other intangible assets	-	-	-	-	-	-	0.0%	-	-
Land and subsoil assets	-	-	-	-	-	-	0.0%	-	-
<b>Total</b>	<b>18,240</b>	<b>-</b>	<b>(538)</b>	<b>17,702</b>	<b>16,525</b>	<b>1,177</b>	<b>93.4%</b>	<b>15,028</b>	<b>13,856</b>

*North West - Department of Economic Development & Tourism*  
*Vote - 06*

*Detail per programme 6 - Tourism Promotion Services for the year ended 31 March 2006*

Programme per sub programme	2005 / 2006						2004 / 2005		
	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
<b>6.1 Programme Management</b>									
Current payment	762	-	(358)	404	399	5	98.8%	898	687
Transfers and subsidies	97,395	-	-	97,395	97,384	11	100.0%	69,736	69,736
Payment for capital assets	-	-	-	-	-	-	0.0%	1	-
<b>6.2 Tourism development &amp; Capacity building</b>									
Current payment	2,700	-	(1,277)	1,423	1,483	(60)	104.2%	2,289	2,054
Transfers and subsidies	5	-	-	5	3	2	60.0%	4	4
Payment for capital assets	32	-	-	32	31	1	96.9%	10	6
<b>6.3 Tourism guides registrar</b>									
Current payment	860	-	(161)	699	593	106	84.8%	674	577
Transfers and subsidies	1	-	1	2	1	1	50.0%	1	1
Payment for capital assets	25	-	1	26	16	10	61.5%	10	9
<b>6.4 Tourism planning &amp; co-ordination</b>									
Current payment	940	-	(504)	436	369	67	84.6%	208	100
Transfers and subsidies	1	-	(1)	-	-	-	0.0%	-	-
Payment for capital assets	15	-	(1)	14	14	-	100.0%	-	-
<b>TOTAL</b>	<b>102,736</b>	<b>-</b>	<b>(2,300)</b>	<b>100,436</b>	<b>100,293</b>	<b>143</b>	<b>99.9%</b>	<b>73,831</b>	<b>73,174</b>

Economic Classification	2005 / 2006						2004 / 2005		
	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
<b>Current payment</b>									
Compensation of employees	4,135	-	(2,334)	1,801	1,785	16	99.1%	2,639	2,452
Goods and services	1,127	-	34	1,161	1,059	102	91.2%	1,386	966
Interest and rent on land	-	-	-	-	-	-	0.0%	-	-
Financial transactions in assets and liabilities	-	-	-	-	-	-	0.0%	-	-
<b>Transfers and subsidies to:</b>									
Provinces and municipalities	-	-	-	-	-	-	0.0%	-	-
Departmental agencies and accounts	-	-	-	-	-	-	0.0%	-	-
Universities and technikons	-	-	-	-	-	-	0.0%	-	-
Foreign governments and international organisations	-	-	-	-	-	-	0.0%	-	-
Public corporations and private enterprises	97,394	-	-	97,394	97,384	10	100.0%	69,734	69,734
Non-profit institutions	-	-	-	-	-	-	0.0%	-	-
Households	8	-	-	8	4	4	50.0%	8	7
<b>Gifts and donations</b>									
<b>Payment for capital assets</b>									
Buildings and other fixed structures	-	-	-	-	-	-	0.0%	-	-
Machinery and equipment	72	-	-	72	61	11	84.7%	64	15
Biological or cultivated assets	-	-	-	-	-	-	0.0%	-	-
Software and other intangible assets	-	-	-	-	-	-	0.0%	-	-
Land and subsoil assets	-	-	-	-	-	-	0.0%	-	-
<b>Total</b>	<b>102,736</b>	<b>-</b>	<b>(2,300)</b>	<b>100,436</b>	<b>100,293</b>	<b>143</b>	<b>99.9%</b>	<b>73,831</b>	<b>73,174</b>

*NorthWest - Department of Economic Development & Tourism*  
*Vote - 06*  
*Statement of Financial Performance for the year ended 31 March 2006*

1. **Detail of transfers and subsidies as per Appropriation Act (after Virement):**  
None
2. **Detail of specifically and exclusively appropriated amounts voted (after Virement):**  
None
3. **Detail on financial transactions in assets and liabilities**  
None
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
Ministerial Services	4,350	4,205	145	3.3
Administration	9,453	8,811	642	6.8
Small Business Development	97,458	54,576	42,882	44
Economic Development, Planning & Research	33,670	22,582	11,088	32.9
Governance & Regulatory Services	17,702	16,526	1,176	6.6
Tourism Promotion	100,436	100,293	143	0.14

**Ministerial Services**

Explanation of variance: Funds were availed for the procurement of office equipment in the Office of the MEC, as well as for the printing of the budget speech. The equipment was not procured because service providers could not deliver in time and the budget speech was postponed to the next financial year.

**Administration**

Explanation of variance: Funds were availed for the procurement of office equipment in the Office of the HoD and the Office of the CFO, as it was expected that the posts would be filled with effect from 1 April 2006. The service providers could not deliver the required equipment in time.

**Small Business Development**

Explanation of variance: An amount of R42,712m was not transferred to the MIDZ due to incomplete structural arrangements at and the registration of the MIDZ as a PFMA schedule 3 entity. The MIDZ Board has also not finalised the appointment of contractors for the projects.

**Economic Development, Planning & Research**

Explanation of variance: An amount of R8,360m for the Community Car Wash Project was not transferred as the funds were availed during the adjustment budget and engagements with the stakeholders had not been finalised. R2,712m was for research services to be outsourced. These funds were also availed during the adjustment budget and as at the end of the financial year, the tenders for the services were being adjudicated.

**Governance & Regulatory Services**

Explanation of variance: The Department had planned to hold a Regulatory Lekgotla during March 2006, after the budget speech, and therefore funds were availed for that. Due to the postponement of the budget speech, the Lekgotla was also postponed to May 2006.

**Tourism Promotion**

4.2 Per Economic classification	2005/06 R'000
<b>Current payment:</b>	
Compensation of employees	22,661
Goods and services	31,303
Interest and rent on land	-
Financial transactions in assets and liabilities	-
<b>Transfers and subsidies:</b>	
Provinces and municipalities	2,000
Departmental agencies and accounts	41,443
Universities and Technikons	-
Public corporations and private enterprises	118,711
Foreign governments and international organisations	-
Non-profit institutions	-
Households	77
<b>Payments for capital assets:</b>	
Buildings and other fixed structures	-
Machinery and equipment	797
Heritage assets	-
Biological or cultivated assets	-
Software and other intangible assets	-
Land and subsoil assets	-

*North West - Department of Economic Development & Tourism*  
*Note - 06*  
*Statement of Financial Performance for the year ended 31 March 2006*

REVENUE	Note	2005/06 R'000	2004/05 R'000
Annual appropriation	1	263,069	159,700
Departmental revenue	2	25,893	11,125
<b>TOTAL REVENUE</b>		<u>288,962</u>	<u>170,825</u>
<b>EXPENDITURE</b>			
<b>Current expenditure</b>			
Compensation of employees	3	22,661	15,236
Goods and services	4	21,303	9,906
<b>Total current expenditure</b>		<u>43,964</u>	<u>25,142</u>
<b>Transfers and subsidies</b>	5	162,230	99,032
<b>Expenditure for capital assets</b>			
Machinery and Equipment	6	798	277
<b>Total expenditure for capital assets</b>		<u>798</u>	<u>277</u>
<b>TOTAL EXPENDITURE</b>		<u>206,992</u>	<u>124,451</u>
<b>SURPLUS/(DEFICIT)</b>		81,970	46,374
Add back unauthorised expenditure		-	-
Add back fruitless and wasteful expenditure		-	-
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<u>81,970</u>	<u>46,374</u>
<b>Reconciliation of Net Surplus/(Deficit) for the year</b>			
Voted Funds	11	56,077	35,249
Departmental Revenue	12	25,893	11,125
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<u>81,970</u>	<u>46,374</u>

*NorthWest - Department of Economic Development & Tourism*  
*Vote - 06*  
*Statement of Financial Position as at 31 March 2006*

<b>ASSETS</b>	<b>Note</b>	<b>2005/06 R'000</b>	<b>2004/05 R'000</b>
<b>Current assets</b>		56,965	35,249
Unauthorised expenditure	7	440	440
Cash and cash equivalents	8	56,506	34,809
Prepayments and advances	9	15	-
Receivables	10	4	-
<b>Non-current assets</b>		-	-
Investments		-	-
Loans		-	-
Other financial assets		-	-
<b>TOTAL ASSETS</b>		<u>56,965</u>	<u>35,249</u>
<b>LIABILITIES</b>	<b>Note</b>	<b>2005/06 R'000</b>	<b>2004/05 R'000</b>
<b>Current liabilities</b>		56,965	35,249
Voted funds to be surrendered to the Revenue Fund	11	56,077	35,249
Departmental revenue to be surrendered to the Revenue Fund		-	-
Payables	13	888	-
<b>Non-current liabilities</b>		-	-
Payables		-	-
<b>TOTAL LIABILITIES</b>		<u>56,965</u>	<u>35,249</u>
<b>NET ASSETS</b>		<u>-</u>	<u>-</u>

*NorthWest - Department of Economic Development & Tourism*  
*Note - 06*  
*Cash Flow Statement for the year ended 31 March 2006*

	Note	2005/06 R'000	2004/05 R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts		321,241	199,333
Annual appropriated funds received	1.1	263,069	159,700
Departmental revenue received		58,172	39,633
Net (increase)/decrease in working capital		869	(440)
Surrendered to Revenue Fund		(93,421)	(39,633)
Current payments		(43,964)	(25,142)
Transfers and subsidies paid		(162,230)	(99,032)
<b>Net cash flow available from operating activities</b>	14	<u>22,495</u>	<u>35,086</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for capital assets		(798)	(277)
<b>Net cash flows from investing activities</b>		<u>(798)</u>	<u>(277)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Distribution/dividend received		-	-
Increase/(decrease) in net assets		-	-
Increase/(decrease) in non-current payables		-	-
<b>Net cash flows from financing activities</b>		<u>-</u>	<u>-</u>
Net increase/(decrease) in cash and cash equivalents		21,697	34,809
Cash and cash equivalents at the beginning of the period		34,809	-
<b>Cash and cash equivalents at end of period</b>	15	<u><u>56,506</u></u>	<u><u>34,809</u></u>

*NorthWest - Department of Economic Development & Tourism*  
*Vote - 06*  
*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 Provincial Departments (Voted funds) and Provincial Departments (Equitable Share):\*\*

	Final Appropriation R'000	Actual Funds Received R'000	Funds not requested/ not received R'000	Appropriation received 2004/05 R'000
Ministerial services	4,350	4,350	-	-
Administration	9,453	9,453	-	-
Small business development	97,458	97,458	-	25,659
Economic Development, Planning & Research	33,670	33,670	-	45,182
Governance & Regulatory services	17,702	17,702	-	15,028
Tourism promotion services	100,436	100,436	-	73,831
<b>Total</b>	<u>263,069</u>	<u>263,069</u>	<u>-</u>	<u>159,700</u>

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

Description	Note	2005/06 R'000	2004/05 R'000
Tax revenue		55,421	39,633
Sales of goods and services other than capital assets	2.1	<u>2,751</u>	-
Total revenue collected		58,172	39,633
Less: Departmental Revenue Budgeted*	12	<u>32,279</u>	<u>28,508</u>
<b>Total</b>		<u>25,893</u>	<u>11,125</u>

**2.1 Sales of goods and services other than capital assets**

	2,751	-
Other sales	<u>2,751</u>	<u>-</u>

**3. Compensation of employees**

	Note	2005/06 R'000	2004/05 R'000
<b>3.1 Salaries and Wages</b>			
Basic salary		14,712	14,457
Performance award		1,764	140
Periodic payments		11	-
Other non-pensionable allowances		2,917	252
<b>Total</b>		<u>19,404</u>	<u>14,849</u>

**3.2 Social contributions**

**3.2.1 Employer contributions**

Pension		2,097	251
Medical		1,160	136
<b>Total</b>		<u>3,257</u>	<u>387</u>

**Total compensation of employees**

	<u>22,661</u>	<u>15,236</u>
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Average number of employees

	<u>119</u>	<u>88</u>
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## SECTION 3

*North West - Department of Economic Development & Tourism*  
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### 4. Goods and services

	Note	2005/06 R'000	2004/05 R'000
Advertising		274	19
Bank charges and card fees		36	-
Communication		1,189	195
Consultants, contractors and special services		451	5,236
Tracing agents & Debt collections		247	-
Entertainment		8,849	95
External audit fees	6.1	360	-
Equipment less than R5000		53	-
Freight service		2	-
Inventory	6.2	1,616	657
Legal fees		(11)	-
Maintenance, repairs and running cost		673	57
Operating leases		4,141	1,172
Personnel agency fees		40	-
Professional bodies and membership fees		38	2
Resettlement cost		48	-
Subscriptions		87	-
Transport provided as part of the departmental activities		156	30
Travel and subsistence	6.3	1,961	2,439
Protective, special clothing & uniforms		2	-
Training & staff development		1,091	4
<b>Total</b>		<b>21,303</b>	<b>9,906</b>

	Note	2005/06 R'000	2004/05 R'000
<b>4.1 External audit fees</b>			
Regulatory audits		192	-
Performance audits		168	-
<b>Total external audit fees</b>		<b>360</b>	<b>-</b>
<b>4.2 Inventory</b>			
Other inventory		5	-
Domestic consumables		1,161	3
Learning and teaching support material		33	-
Parts and other maintenance material		107	-
Stationery and printing		310	654
<b>Total Inventory</b>		<b>1,616</b>	<b>657</b>
<b>4.3 Travel and subsistence</b>			
Local		1,961	2,439
Foreign		-	-
<b>Total travel and subsistence</b>		<b>1,961</b>	<b>2,439</b>

### 5. Transfers and subsidies

Provinces and municipalities	ANNEXURE A	2,000	-
Departmental agencies and accounts	ANNEXURE B	32,666	7,666
Public corporations and private enterprises	ANNEXURE C	127,488	87,839
Non-profit institutions	ANNEXURE D	-	3,488
Households	ANNEXURE E	76	39
<b>Total</b>		<b>162,230</b>	<b>99,032</b>

### 6. Expenditure for capital assets

Machinery and equipment	ANNEXURE H	798	277
<b>Total</b>		<b>798</b>	<b>277</b>
The following amount for Compensation of employees has been included in Expenditure for capital assets		-	-

*North West - Department of Economic Development & Tourism*  
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		Note	2005/06 R'000	2004/05 R'000		
<b>7. Unauthorised expenditure</b>						
<b>7.1. Reconciliation of unauthorised expenditure</b>						
			440	440		
			440	440		
<b>8. Cash and cash equivalents</b>						
			56,506	34,809		
			56,506	34,809		
<b>9. Prepayments and advances</b>						
<b>Description</b>						
			15	-		
			15	-		
<b>10. Receivables</b>						
	Note	Less than one year	One to three years	Older than three years	2005/06 R'000 Total	2004/05 R'000 Total
Staff debt	10.1	2	-	-	2	-
Other Debtors	10.2	2	-	-	2	-
Total		4	-	-	4	-
<b>10.1 Staff Debt</b>						
					2	-
					2	2
<b>10.2 Other debtors</b>						
					2	-
					2	-
<b>11. Voted funds to be surrendered to the Revenue Fund</b>						
					35,249	-
					56,077	35,249
					(35,249)	-
					56,077	35,249
<b>11.1 Voted funds not requested/not received</b>						
					45,424	-
					-	-
					45,424	-

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	Note	2005/06 R'000	2004/05 R'000
<b>12. Departmental revenue to be surrendered to the Revenue Fund</b>			
Opening balance		-	-
Transfer from Statement of Financial Performance		25,893	11,125
Departmental revenue budgeted*	2	32,279	28,508
Transfer from local and foreign aid assistance**		-	-
Paid during the year		(58,172)	(39,633)
		<u>-</u>	<u>-</u>
Closing balance		<u>-</u>	<u>-</u>
<b>13 Payables – current</b>			
<b>Description</b>	<b>Notes</b>	<b>30 Days</b>	<b>30+ Days</b>
		<b>2005/06 R'000</b>	<b>2004/05 R'000</b>
Clearing accounts	13.1	-	865
Other payables	13.2	-	23
		<u>-</u>	<u>888</u>
		<u>865</u>	<u>-</u>
		<u>865</u>	<u>-</u>
<b>13.1 Clearing accounts</b>			
Salary Control		865	-
Total		<u>865</u>	<u>-</u>
<b>13.2 Other payables</b>			
Salary reversal account		20	-
State guarantee		2	-
Debt disallowance account		1	-
		<u>23</u>	<u>-</u>
<b>14. Net cash flow available from operating activities</b>			
Net surplus/(deficit) as per Statement of Financial Performance		81,970	46,374
Non-cash movements		-	-
(Increase)/decrease in receivables – current		(4)	-
(Increase)/decrease in prepayments and advances		(15)	-
(Increase)/decrease in other current assets		-	-
Increase/(decrease) in payables – current		888	-
Proceeds from sale of capital assets		-	-
Proceeds from sale of investments		-	-
Proceeds from sale of other financial assets		-	-
Surrenders to Revenue Fund		(61,142)	(11,125)
Expenditure on capital assets		798	277
Voted funds not requested/not received		-	-
Other non-cash items		-	(440)
		<u>22,495</u>	<u>35,086</u>
<b>Net cash flow generated by operating activities</b>		<u>22,495</u>	<u>35,086</u>
<b>15. Reconciliation of cash and cash equivalents for cash flow purposes</b>			
Consolidated Paymaster General account		56,506	34,809
Total		<u>56,506</u>	<u>34,809</u>

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

<b>16. Contingent liabilities</b>		<b>Note</b>	<b>2005/06 R'000</b>	<b>2004/05 R'000</b>
<b>Liable to</b>	<b>Nature</b>			
Motor vehicle guarantees	Employees	Annexure F	233	233
Housing loan guarantees	Employees	Annexure F	259	152
Claims against the department		Annexure G	4	-
<b>Total</b>			<u>496</u>	<u>533</u>

<b>17. Accruals</b>	<b>30 Days R'000</b>	<b>30+ Days R'000</b>		
<b>By economic classification</b>				
Goods and services	441	100	541	210
Machinery and equipment	21	-	21	-
<b>Total</b>	<u>462</u>	<u>100</u>	<u>562</u>	<u>210</u>
<b>Listed by programme level</b>				
MEC support			81	-
Administration			85	-
Small business development			6	-
Economic Development, planning & Research			287	-
Governance & Regulatory Services			103	-
Tourism promotions			-	210
<b>Total</b>			<u>562</u>	<u>210</u>

<b>18. Employee benefits</b>		
Leave entitlement	1,058	503
Thirteenth cheque	630	375
Performance awards	-	20
Capped leave commitments	2,985	1,858
<b>Total</b>	<u>4,673</u>	<u>2,756</u>

<b>19. Lease Commitments</b>	<b>Land R'000</b>	<b>Buildings &amp; other fixed structures R'000</b>	<b>Machinery &amp; Equipment R'000</b>	<b>Total R'000</b>	<b>Total R'000</b>
<b>19.1 Operating leases</b>					
Not later than 1 year	-	3,985	11	3,996	234
Later than 1 year and not later than 5 years	-	4,522	849	5,371	18
Later than five years	-	-	-	-	-
Total present value of lease liabilities	<u>-</u>	<u>8,507</u>	<u>860</u>	<u>9,367</u>	<u>252</u>
<b>19.2 Finance Leases</b>					
Total value of finance leases (Not allowed per th Treasury Regulations)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

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20 Irregular expenditure	2005/06 R'000	2004/05 R'000
<b>20.1 Reconciliation of irregular expenditure</b>		
Opening balance	-	
Irregular expenditure - current year	30,115	
Amounts condoned	-	-
Current expenditure	-	-
Transfers and subsidies	-	-
Expenditure for capital assets	-	-
Transfers to receivable for recovery (not condoned)	-	-
Irregular expenditure awaiting condonement	30,115	-
<b>Analysis</b>		
Current	30,115	-
Prior years	-	-
<b>Total</b>	30,115	-

The amount of R5,115m relates to the portion of the transfer payment in respect of the operational budget made directly to the Mafikeng Industrial Development Zone (Pty) Ltd (MIDZ), an entity which was established but not yet registered as a Schedule 3 entity per the Public Finance Management Act of 1999 (PFMA). Applications were made to the Department of Trade and Industry for the IDZ licence and to National Treasury for the registration of the entity in the PFMA under the relevant schedule, the Department still awaits response. The entity is however functional and failure to transfer the funds to it, would impact negatively on delivery of service.

The amount of R25m relates to the funds that were deposited at ABSA, with the purpose of assisting provincial SMME's who cannot access finances from the banks. Sixty three (63) business plans have been submitted for assessment / evaluation to the said bank, no SMME's have been developed, supported or funded yet as the roll out of the project would be implemented in 2006/07. The amount is regarded as irregular expenditure as it was initially classified as "transfer payment" in the budget statement book and was treated as such when deposited at ABSA. Procurement procedures followed were based on agreement entered into with the bank for opening of Provincial Government Bank Account.

### 21. Key management personnel

The aggregate compensation of the senior management of the department showing separately major classes of key personnel and the respective benefits according to the headings indicated for the current and comparative period.

Description	No. of Individuals	2005/06 R'000	2004/05 R'000
Political office bearers			
Officials	1	504	-
Level 15 to 16	-	-	-
Level 14	-	-	-
Family members of key management personnel	3	1,708	1,619
	-	-	-
<b>Total</b>		2,212	1,619

The only political office bearer is the Member of Executive Committee.

*North West - Department of Economic Development & Tourism*  
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**ANNEXURE A**  
**STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES**

NAME OF MUNICIPALITY	Division of Revenue Act	GRANT ALLOCATION				TRANSFER		SPENT			2004/05
		Roll Overs	DORA Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Division of Revenue Act	
		R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000	
Naledi Municipality	Local 2000	-	-	-	2000	100%	2000	-	100%	-	
		2000	-	-	2000	100%	2000	-	100%	-	

**ANNEXURE B**  
**STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS**

AGENCY/ACCOUNT	TRANSFER ALLOCATION				TRANSFER			2004/05
	Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Appropriation Act	
	R'000	R'000	R'000	R'000	R'000	%	R'000	
ABSA – SMME Fund	25,000	-	-	25,000	25,000	100%		
Westmac	1,666	-	-	1,666	1,666	100%	1,666	
Entrepreneurial Service Center	6,000	-	-	6,000	6,000	100%	6,000	
	32,666	-	-	32,666	32,666	100%	7,666	

**ANNEXURE C**  
**STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES**

Name Of Public Corporation/Private Enterprise	TRANSFER ALLOCATION				TRANSFER					2004/05
	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	
<b>Public Corporations</b>										
<b>Transfers</b>										
North West Parks & Tourism Board	96,384	-	-	96,384	96,384	100.0%	-	96,384	69,735	
Invest North West	9,956	-	-	9,956	9,956	100.0%	-	9,956	9,482	
SA Tour	1,000	-	-	1,000	1,000	100.0%	-	1,000	-	
North West Gambling Board	8,777	-	-	8,777	8,777	100.0%	-	8,777	6,477	
Mafeking Industrial Development Zone	54,083	-	-	54,083	11,371	21.0%	-	11,371	2,145	
	170,200	-	-	170,200	127,488		-	127,488	87,839	
<b>Subsidies</b>										
	-	-	-	-	-		-	-	-	
<b>Total</b>	170,200	-	-	170,200	127,488		-	127,488	87,839	
<b>Private Enterprises</b>										
Transfers	-	-	-	-	-		-	-	-	
Subsidies	-	-	-	-	-		-	-	-	
<b>TOTAL</b>	170,200	-	-	170,200	127,488		-	127,488	87,839	

## SECTION 3

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**ANNEXURE D**  
**STATEMENT OF TRANSFERS TO NON-PROFIT ORGANISATIONS**

NON-PROFIT ORGANISATIONS	TRANSFER ALLOCATION				TRANSFER		2004/05
	Appropriation Act	Roll overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
<b>Transfers</b>							
Madikwe	-	-	-	-	-	-	3,458
Sisal Project	-	-	-	-	-	-	3,458
<b>Subsidies</b>	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-

**ANNEXURE E**  
**STATEMENT OF TRANSFERS TO HOUSEHOLDS**

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2004/05
	Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
<b>Transfers</b>							
Regional services council	91	-	-	91	76	83.5%	39
<b>Subsidies</b>	-	-	-	-	-	-	-
<b>Total</b>	-	-	-	-	-	-	-



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**ANNEXURE G**  
**STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2006**

Nature of Liability	Opening Balance	Liabilities incurred during the year	Liabilities paid/cancelled/reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing Balance
	01/04/2005 R'000				R'000
Claims against the department Services rendered by the Department of Justice	-	4	-	-	4
	-	4	-	-	4
<b>Total</b>	-	4	-	-	4

**ANNEXURE H**  
**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
<b>MACHINERY AND EQUIPMENT</b>	277	798	-	1,075
Transport assets	-	476	-	476
Specialised military assets	-	-	-	-
Computer equipment	4	216	-	220
Furniture and Office equipment	-	52	-	52
Other machinery and equipment	273	54	-	327
<b>TOTAL CAPITAL ASSETS</b>	277	798	-	1,075

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**ANNEXURE H.1**

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

	Cash	In-Kind	Total
	R'000	R'000	R'000
<b>MACHINERY AND EQUIPMENT</b>	798	-	798
Transport assets	476		476
Specialised military assets			-
Computer equipment	216		216
Furniture and Office equipment	52		52
Other machinery and equipment	54		54
<b>TOTAL CAPITAL ASSETS</b>	<u>798</u>	<u>-</u>	<u>798</u>

**ANNEXURE H.2**

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

	Additions	Disposals	Total Movement
	R'000	R'000	R'000
<b>MACHINERY AND EQUIPMENT</b>	277	-	277
Transport assets	-		-
Computer equipment	-		-
Furniture and Office equipment	4		4
Specialised military assets	-		-
Other machinery and equipment	273		273
<b>TOTAL CAPITAL ASSETS</b>	<u>277</u>	<u>-</u>	<u>277</u>



*North West Province*  
*Prozofense ya Bokone Bophirima*  
*Die Provinsie van die Noord-Wes*

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