



## DEPARTMENT OF PUBLIC ENTERPRISES ANNUAL REPORT

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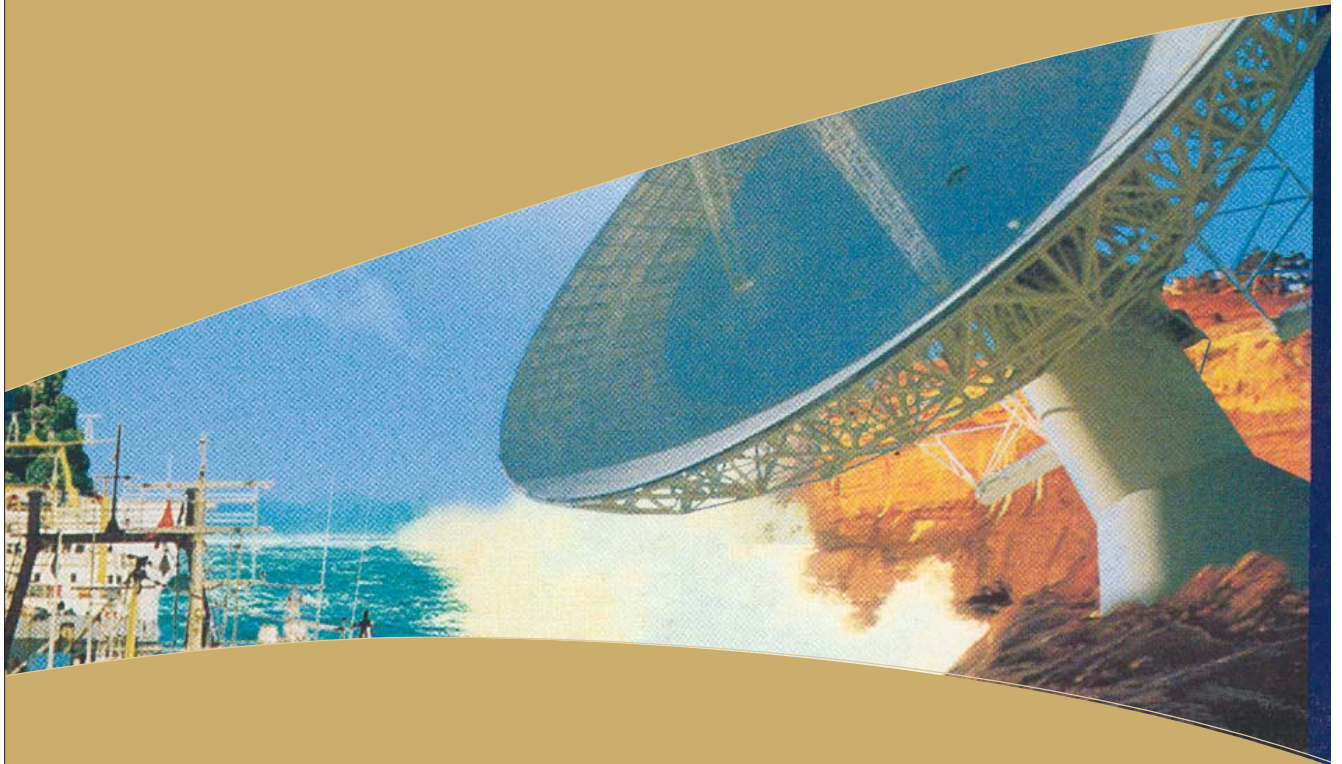
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## FINANCIAL STATEMENTS

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The year under review has indeed been a busy one for the Department of Public Enterprises (DPE). There has been a new emphasis on the role of the State Owned Enterprises (SOEs), which is in line with the drive for higher levels of growth and enhanced development. This emphasis is on increased investment and improved efficiency. Whilst these objectives were contained in the Microeconomic Reform Strategy, there is now a sense of urgency in their achievement. This has led to significant changes within the Department and within the SOEs themselves. These changes are set out in more detail in the Report by the Director-General and in the body of the Annual Report.

The DPE faces an interesting challenge. It has to provide oversight and strategic leadership for some of the largest enterprises in the South African economy.

It does so without the resources that these large enterprises have and, considering the strong management and highly experienced and professional Boards that now run the SOEs, it would be very unwise to try and do the jobs of this professional cadre.

Yet the DPE needs to ensure that, both as a group and singly, each of these SOEs has the desired impact on the economy and broader society, which is both beneficial and aligned with the policy goals of Government. This is a fascinating, difficult, but intellectually challenging task for those in the DPE.



Minister's Report ALEC ERWIN

THIS EMPHASIS IS  
ON INCREASED  
INVESTMENT AND  
IMPROVED  
EFFICIENCY.

I am very pleased that the Department has risen to the challenge and that new skills are being developed and new ways of working evolved to deal with the role that the SOEs now have to play. I believe that we have improved the workings of the relationship between the DPE and the SOEs. There is more to be done but the start is very encouraging. I am confident that the performance of the DPE will become increasingly professional and that it will be an exciting place in which to work and gain experience of the economy and the governance of large enterprises.

My sincere thanks to the Board members – old and new – for the energy and commitment they have shown in their stewardship of the SOEs. In Transnet, SAA, Denel and Alexkor we have dealt with more than the normal by way of challenges. In Eskom a new era of construction has to be faced, with new skills and responsibilities emerging. Without the work of the Boards and their Chairs – Mr Phaswana (Transnet), Prof Gerwel (SAA), Dr Khoza (Eskom), Mr Zungu (Denel), Ms Nyembezi-Heita (arivia.kom), Mr Moloi (Alexkor) and Mr Ntuli (Safcol) – we would not have been able to make the progress we have.

The Chief Executive Officers played a crucial role and Khaya Ngqula (SAA) joined Thulani Gcabashe (Eskom), Maria Ramos (Transnet), Victor Moche (Denel), Zeth Malele (arivia.kom), Kobus Breedt (Safcol) and Rain Zihlangu (Alexkor) in this group. The responsibilities and difficulties facing the CEOs and their top management teams are often not well understood and are given too little credit. At the same time the expectation of the performance of the SOEs is increasing and the management teams have to rise to new levels of professionalism and leadership.

For the SOEs and the DPE there is a relationship with Parliament that is very important. Any Public Sector activity finds itself in a close relationship with Parliament and the Portfolio and Select

Committees. This is necessary for the overall responsiveness of the Public Sector and adds a specific dimension to the functioning of the SOEs that is absent in enterprises of a similar size in the private sector. We have been fortunate in receiving the interest that the Portfolio and Select Committees have shown in the Department and the SOEs. This has kept us on our toes and spurred us to better performance. We intend to make sure that we continue this strong link with Parliament.

Finally, for the DPE to function effectively we have to build a close relationship with those Departments responsible for policy and regulation within the sector. During the year we attempted to deepen the working relationship with these Departments. The results have been very important in bringing about critical structural changes in the sectors and the work of the SOEs. We have to thank my Ministerial colleagues and their Departments in Mineral and Energy, Transport, Communications and the National Treasury.

The SOEs play an important role in our economy and their performance has a major impact on it. The DPE is very committed to ensuring that this impact is enhanced to the overall benefit of our citizens. The past year has improved our capacity to deliver on this commitment.



## THE SOES PLAY AN IMPORTANT ROLE IN OUR ECONOMY AND THEIR PERFORMANCE HAS A MAJOR IMPACT ON IT

ALEC ERWIN  
MP  
Minister of Public Enterprises



## Director-General's Report PORTIA MOLEFE

The financial year under review was an eventful one – for the country, our government and the Department of Public Enterprises (“DPE”) respectively. South Africa celebrated ten years of democracy, which heralded the establishment of our country’s third democratic Parliament, together with a new Cabinet. Mr Alec Erwin, MP, moved from the dti to a new appointment as Minister of Public Enterprises.



Under the guidance and leadership  
of Minister Erwin,  
the Department has  
entered the next phase in  
the restructuring of SOEs.



This acknowledges that SOEs have a fundamental public purpose that cannot be put at risk and that it is critical to involve the private sector in applications that enhance the efficiency and service delivery of our SOEs and the industries in which they operate.

In line with the restructuring of SOEs, the Department has also been restructured. New leadership has been introduced at the SOEs to drive a new focused strategy. A framework for using the SOEs to drive economic growth has also been developed and is already being implemented.

## A RESTRUCTURED DEPARTMENT

Minister Erwin's appointment has brought significant changes to both the Department of Public Enterprises and SOEs. In his inaugural budget vote speech, the Minister described a new vision and role for SOEs in the economy and reported that the Department of Public Enterprises would be restructured to bring this new vision to life. Essential to this would be the recruitment of additional highly skilled personnel, the better to address the complex financial, corporate and strategic challenges faced by SOEs.

I am happy to report that the Department has made significant progress in the last year in attracting the skilled personnel we need to take the Department forward.

Minister Erwin indicated that the Department would be reorganised to represent the key concerns of Government as a shareholder, requiring the SOEs to maintain the highest levels of corporate governance compliance and to play a key developmental role in the economy. Four new programmes were established in the Department: Analysis and Risk Management, Corporate Strategy and Structure, Governance and Policy and Corporate Finance and Transactions. These programmes form the core business of the Department and are supported by the administration function. Four new Deputy Directors-General positions were created and were filled in the year under review. I am pleased to have such an able and passionate team to drive the Department's objectives forward.

Each programme is responsible for the following:

### **Analysis and Risk Management:**

Responsible for identifying risk associated with shareholding in SOEs, risk in SOE corporate strategy, industry analysis and SOE performance monitoring and benchmarking.

### **Corporate Strategy and Structure:**

Responsible for defining and implementing industry structures, public/private service delivery and SOE strategies that will optimise overall industry efficiency, service provision, pricing of services and economic development.

### **Governance and Policy:**

Responsible for analysis of the legal and regulatory framework in which SOEs operate to optimise compliance, effectiveness of service delivery and governance.

### **Corporate Finance and Transactions:**

Responsible for financial and legal inputs and overall monitoring of the implementation of private sector transactions by SOEs.

## SOEs: CONSOLIDATING STRATEGY AND LEADERSHIP

Government has indicated its intention to accelerate economic growth, create significantly higher numbers of jobs and impact positively on the second economy. Within this context, the SOE will play an important role. This greater developmental mandate on SOEs must however be accompanied by an enhanced focus on the financial and economic integrity of the SOEs. The DPE would, in this new environment, play an important role in working with the SOEs to fulfill these goals.

Government's objective is that SOEs become the main drivers of economic development. By providing sufficient infrastructure investment with efficient pricing and excellent service delivery, thus creating the right environment for accelerated economic growth will be created. Identifying public private partnership opportunities to enhance SOE capacity for service delivery is a key strategy in achieving efficient input sectors.

I am pleased to report that, in the year under review, SOEs have made rapid progress in regard to their new focus, investing financial resources in key infrastructure projects that will attract higher levels of sustainable investment.

## OUR ACHIEVEMENTS

In line with our new strategy we have implemented a number of major initiatives in the year under review. These include:

- ▣ Refocusing SOEs on their core business, with associated programmes for non-core disposals
- ▣ Developing robust shareholder agreements for Transnet and Eskom which will be used as a base for other SOEs.
- ▣ Overseeing the establishment of core strategies for the SOEs and the development of a R130bn investment programme in Transnet and Eskom as a key part of their respective strategies
- ▣ Identifying private sector participation opportunities in transport, electricity and defence

At specific SOEs we have also implemented the following initiatives:

- ▣ Initiating the process for a multi-year pricing tariff and long term pricing path for electricity, thus creating an enabling framework for investment by Eskom into new capacity
- ▣ Introducing new top management at Denel, where a turnaround strategy is in the process of being finalised
- ▣ Playing an important role in the A400m procurement process so as to facilitate the redevelopment of defence-related industries and associated advanced manufacture
- ▣ Confirming that SOEs do not have to comply with the equity provisions of the BEE sector charters but that SOEs must be leaders in legal and regulatory compliance
- ▣ Initiating the separation of SAA from Transnet to allow Transnet to focus on freight transport as its core business

## PROSPECTS

The Department has embarked on a number of initiatives that will be further developed and implemented. These projects are oriented towards accelerating growth in the economy, and include:

- Developing frameworks and implementing projects that optimise the developmental impact of SOE capital expenditure programmes in partnership with the dti, the IDC and the SOEs themselves
- Implementing SOE related projects in the telecommunications, property, tourism and African arenas and working with key stakeholders towards the goal of accelerated growth and NEPAD
- Implementing second economy interventions such as BPO (particularly in densely populated rural areas) and the refurbishment of the Phelophepha Primary Healthcare Train
- Developing a focused strategy for the revitalisation of the aerospace cluster using Denel as a catalyst
- Developing and implementing a framework for delivering a greater number of skilled artisans, using the SOEs as catalysts
- Identifying areas for private sector participation that will contribute towards greater efficiencies in the Transnet logistics system, as its turnaround is consolidated
- Implementing private sector participation projects in electricity in partnership with the DME
- Introducing a new shareholder management model that recognises that the State is a shareholder of a special type

Finally, the Department looks forward to playing a meaningful role in the economic cluster, along with our partner Departments, through the development of conceptual inputs and collaborative projects

## FINANCIAL PERFORMANCE

Integrity and transparency are key values for the Department – both in terms of how we perform and how we are perceived. The DPE is committed to the highest levels of compliance with the governance requirements relevant to Government departments. Importantly, in the past two fiscal years the Department of Public Enterprises has received unqualified audit reports from the office of the Auditor-General. The Department continues to spend its allocation of funds efficiently and in line with our mandate.

## IN COMMITMENT AND CONCLUSION

In conclusion, on behalf of the management team at the Department, I would like to record the Department's commitment and enthusiasm for the new vision, mission and broader mandate of the Department of Public Enterprises. I am confident that the recent structural and operational changes that have taken place in the Department and SOEs will all be to the good of the South African economy. I wish to welcome the new members of staff to the DPE and I must also acknowledge and thank the former Director-General and the COO of the Department – Dr Mokeyane and Mr Mazibuko. Finally, I want to express my sincere thanks to all who have contributed to the transition process – staff, stakeholders, State Owned Enterprises, policy makers and regulators – as we progress towards a new phase in the life of the Department of Public Enterprises with a formidable team.



MS PORTIA MOLEFE  
Director-General  
Department of Public Enterprises



# THE DPE TODAY

07 MANDATE

## MANDATE

The DPE is driven by the following mandate:

The mandate of the DPE is to work together with policy and regulatory departments and ministries and to provide oversight and strategic direction for the State-Owned Enterprises (SOEs) reporting to the Department. The purpose of the oversight and strategic direction function is to realise the vision and mission.

## VISION

The Department of Public Enterprises has oversight responsibilities for State-Owned Enterprises (SOEs). The vision of the department is to ensure that these SOEs:

- Facilitate economic growth through locating them in an optimal industry structure and ensuring the efficiency of their operations and the economic effectiveness of their investment programme
- Play a leadership role within the economy in the areas of corporate governance and national policy implementation
- Catalyse sectoral and regional economic development opportunities

## MISSION

- To work with policy and regulatory departments in the National Government to establish optimal industry structures within which the SOEs will operate
- To develop a clear policy and operational environment for the SOEs
- To work with the SOE boards and management and to ensure increased levels of operational efficiency and cost effective service provision
- To develop economically effective and sustainable investment programmes by the SOEs that will enhance economic growth and increase the competitive capacity of the economy
- To ensure that the SOEs become exemplary enterprises in respect of corporate governance and the achievement of key policy objectives of the Government
- To develop systematic programmes with the SOEs that will enhance sectoral and regional economic development potential. Particular attention will be given to interventions in the “second economy”
- To develop effective public/private partnerships in the achievement of the vision and mission of the DPE and the reporting SOEs

**Develop economically effective and sustainable investment programmes**  
by the SOEs that will enhance economic growth and increase the competitive capacity of the economy.

## BUSINESS AREAS

The DPE had four programmes during the 2004/05 financial year. These were: Administration, Restructuring of SOEs, Performance Monitoring & Benchmarking and Policy Development & Business Planning. The restructuring process within the DPE resulted in a name change of programmes 2, 3 and 4 to reflect the new strategy of the DPE.

The Restructuring of SOEs has been divided into two programmes, Corporate Strategy and Structure and

Corporate Finance and Transactions. The activities of the sub-programme Shareholder Management in the then Performance Monitoring and Benchmarking programme have been moved to the Governance and Policy programme, and the Business Operations sub-programme is now the Analysis and Risk Management programme.

All these programmes and sub-programmes are discussed in the pages that follow.

# BUSINESS AREAS

09 PROGRAMME 1

## PROGRAMME ONE: ADMINISTRATION

This Programme is responsible for the overall administrative support and management of the Department of Public Enterprises. It is divided into five sub-programmes: Human Resources; Communications and External Relations (CER); Internal Audit; Finance and Supply Chain Management; and Information Technology.



Rashida Issel  
- Chief Operations Officer

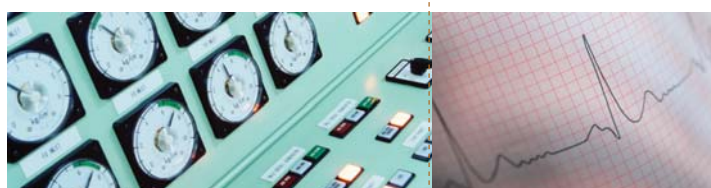
# HUMAN RESOURCES

## OVERVIEW OF PROGRAMME

The strategic goal is excellence. Excellence in providing human capital strategy and support mechanisms. In our striving towards excellence, the human assets of the Department will continue to be improved. And through excellence in the provision of human capital, the Department will become an employer of choice.

## MEASURABLE OBJECTIVES

- Sound labour relation practices
- Credible job evaluation system
- Human capital management support services
- Negotiated, approved and implemented Employment Equity Plan
- Training and development support service
- Credible performance management system
- Organisational development programmes
- Implemented special programmes



## SERVICE DELIVERY OUTPUTS

- Implementation of an approved Employment Equity Plan that underpins employment and the promotion and development of employees
- Policies, practices and procedures that address departmental needs
- Management of sound labour relations
- Implementation of special programmes in the Department. Alignment and mainstreaming the outcome of special programmes with the Government Plan of Action
- Implementation of a support service to enhance employees' quality of life

## SERVICE DELIVERY ACHIEVEMENTS

- Generated and implemented an approved Employment Equity Plan
- Reliable organizational structure based on effective job evaluations
- Established an Employee Well-being service
- Developed and implemented human capital policies, procedures and guidelines
- Implemented special programmes in line with the national calendar of action
- Maintained sound labour relations practices

## STAFFING

The DPE exceeded its equity targets for race and gender at all post levels and occupational classes. The challenge remains to appoint people with disabilities.

RACE	NUMBER ON 1ST APRIL 2004	TARGET SET FOR 31ST MARCH 2005
BLACK:		
Male	34	49
Female	48	61
INDIAN:		
Male	3	2
Female	3	1
COLOURED:		
Male	5	2
Female	5	6
WHITE:		
Male	7	3
Female	11	10
EMPLOYEES WITH DISABILITIES	-	
TOTAL	115	134

## LABOUR RELATIONS AND JOB EVALUATION

### LABOUR RELATIONS (BETWEEN 1/4/2004 AND 31/3/2005)

SUBJECT MATTER	NUMBER OF EMPLOYEES INVOLVED	PROGRESS
Dispute lodged with GPSSBC (Arbitration)	2	1 awarded in favour of the DPE 1 applicant awarded R10 000.00
Grievance	0	
Misconduct	1	Employee dismissed

### JOB EVALUATION (BETWEEN 1/4/2004 AND 31/3/2005)

LEVEL/S	NUMBER OF EVALUATED POSTS	PROGRESS/OUTCOME
1 to 5	0	Process finalised
6 to 8	7	Process finalised
9 to 12	26	Process finalised
13 to 16	36	Process finalised
Total	69	

## HUMAN RESOURCES DEVELOPMENT

The DPE's investment in the development of its human capital was spent as follows:

SALARY LEVELS	NUMBER OF BURSARIES	NUMBER OF EMPLOYEES AS AT 31 MARCH 2005
1 to 2	0	0
3 to 5	0	9
6 to 8	16	49
9 to 12	8	33
13 to 16	6	43
Total	30	134

## PERFORMANCE MANAGEMENT

The performance management policy was reviewed and aligned with DPSA prescripts. Performance management reviews were conducted, results captured and bonuses paid to qualifying employees. Notch increments were updated on the system accordingly.

### NUMBER OF EMPLOYEES QUALIFYING FOR PERFORMANCE BONUSES

SMS LEVEL	LEVEL 1 – 12
6	74





EMPLOYEE WELL-BEING PROGRAMME // An Employee Well-being programme was established and a service provider appointed to cater to the well-being of employees. The service is available 24/7/365.

## EMPLOYMENT EQUITY

An Employment Equity Plan was approved for the period 1st October 2004 to 30th September 2006.

## SPECIAL PROGRAMMES

### HIV and AIDS

A new HIV and AIDS policy was drafted to ensure confidentiality of all employees' HIV and AIDS status and to promote non-discriminatory practices with regards to affected and infected employees.

### GENDER

The DPE participated in the national event at Witbank and also arranged internal events to celebrate Women's Month. A breakfast seminar was held for DPE women; the theme: "Yesterday's dreams, today's actions, tomorrow's contributions". An awareness session focused on women and children infected and affected by HIV and AIDS. The Department arranged a Women's Day celebration with representatives of the SOEs; the theme: "Celebrating 10 years of women's emancipation".

### DISABILITY

"Making it Real", an awareness campaign to sensitize employees about the abilities of people living with a disability, was conducted. The DPE is building a database of people with disabilities.

### YOUTH

The Department contributed towards Youth Month celebrations by obtaining sponsorship from Transnet for four trains, to transport youth to the celebration in Rustenburg. An internship programme for 23 unemployed graduates was implemented. Workplace exposure was provided to five SETA interns.



# HUMAN RESOURCES

## HUMAN RESOURCES



**Henriette Strauss**  
*- Director: Human Capital Management*





## COMMUNICATIONS AND EXTERNAL RELATIONS (CER) UNIT

### OVERVIEW

This unit provides the Department of Public Enterprises with media liaison, public relations, campaign and event management, and internal and external communication.

### OBJECTIVES

- To communicate the DPE's vision, mission and broader mandate
- To plan and execute professional communication services and marketing campaigns
- To communicate DPE programmes and achievements
- To inform internal and external audiences about the State-Owned Enterprises' involvement in corporate social investment projects and NEPAD initiatives
- To coordinate external relations activities through liaison with the Department of Foreign Affairs and to manage the logistics of departmental officials undertaking trips locally and abroad
- To prepare submissions/supporting documents for departmental officials meeting with local and foreign delegations

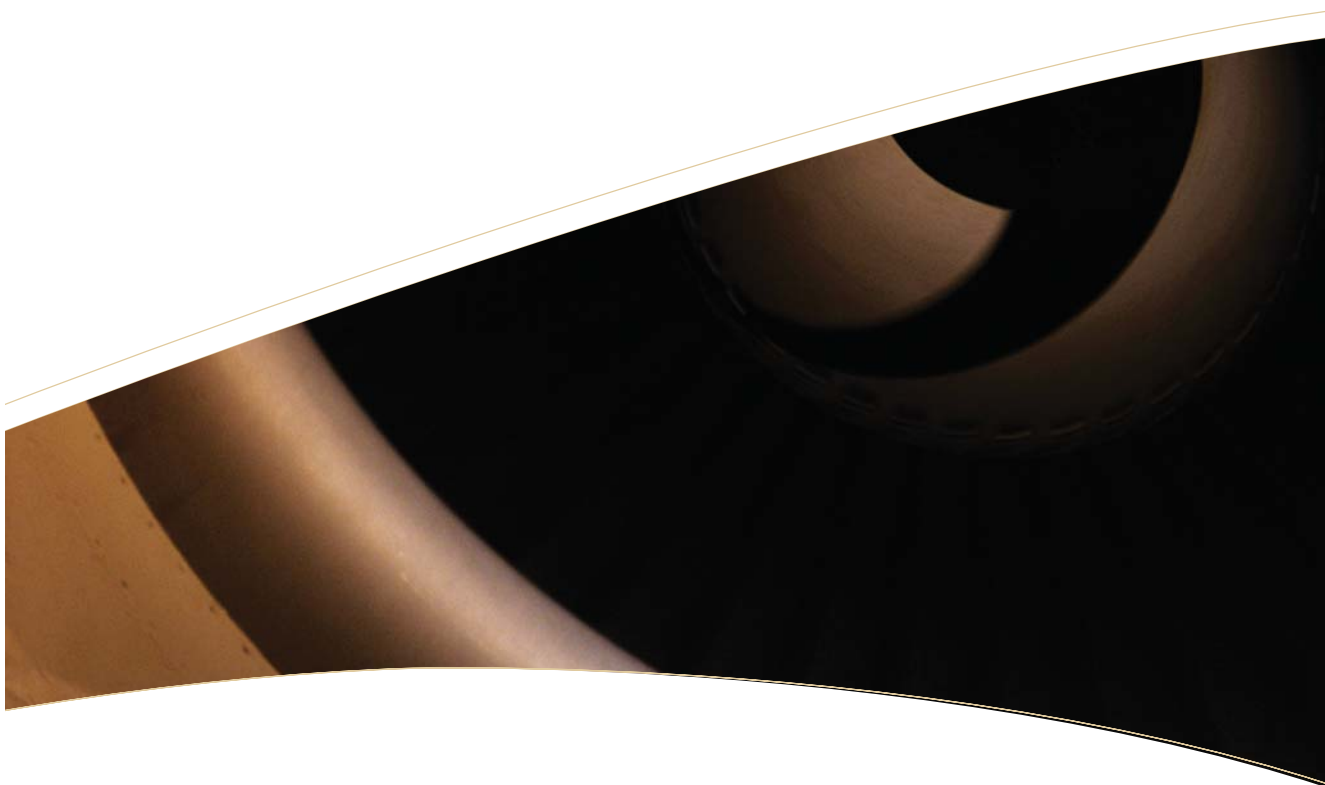


## ACHIEVEMENTS

- Developed, launched and implemented the DPE's new corporate identity
- Launched the Telkom Initial Public Offering Reference Manual
- The DPE was chosen to host the four-day African Privatization Network workshop for members from the SADC region. The CER unit co-organised the workshop
- Co-developed the intranet and organizational templates and revamped the website
- Organized the Minister's National Imbizo Focus Week campaign in Limpopo Province
- Produced publications/information materials for various departmental activities
- Arranged DPE's contribution to the South African Year Book

## CHALLENGES

In 2004, the Chief Directorate: CER and SOEs established a Communication Forum to develop synergies and integrate communication strategies. A major challenge is to ensure that Public Enterprises' and SOEs' communication strategies are aligned and that the Communication Forum initiative is sustained.





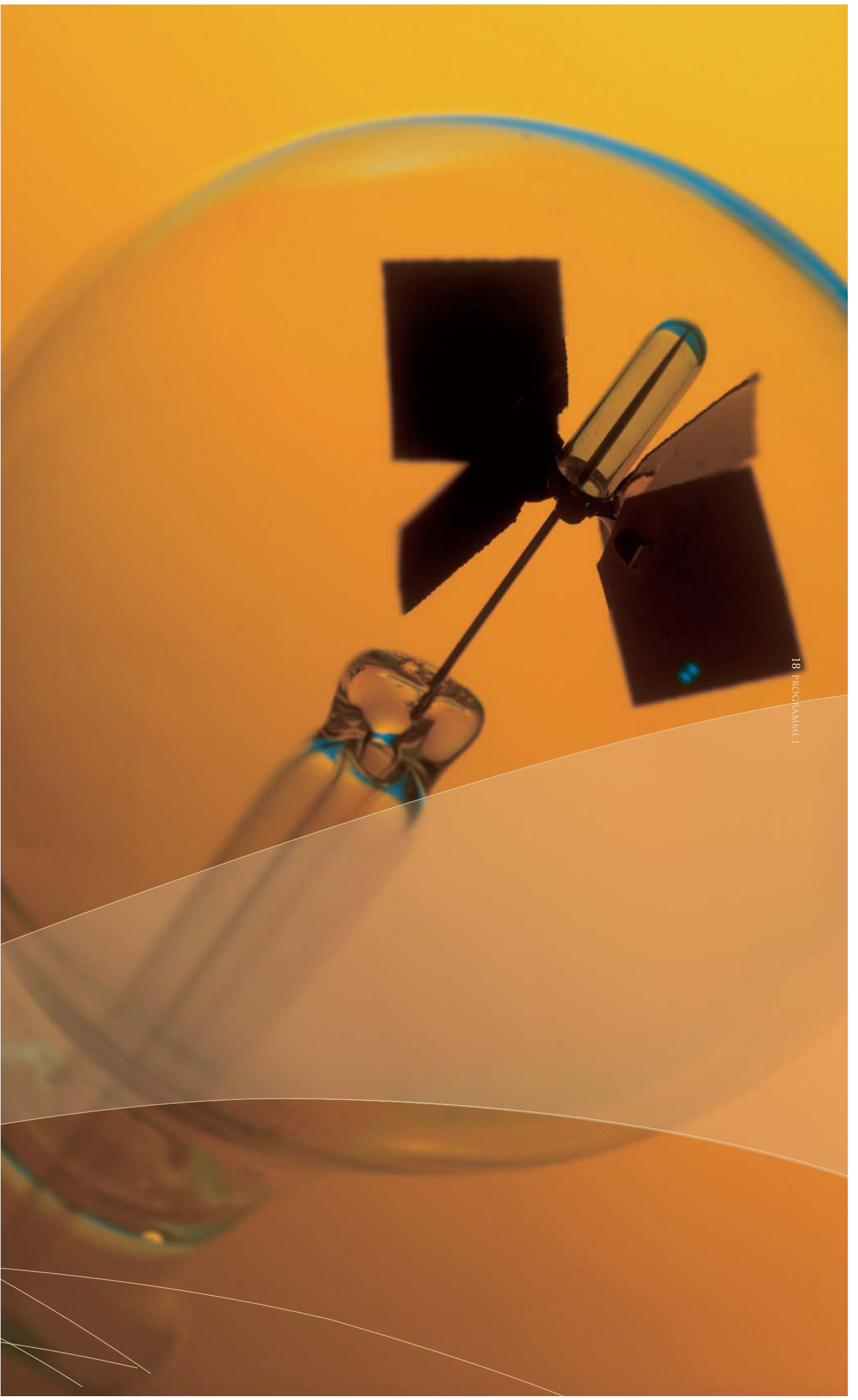
**Andrew Aphane**  
- Chief Director: Communications and External Relations

# COMMUNICATIONS AND EXTERNAL RELATIONS UNIT

17 PROGRAMME 1









## INTERNAL AUDIT UNIT

### OVERVIEW

The Internal Audit Unit provides assurance to management, the Audit Committee and other stakeholders. It does so by evaluating risk exposures, adequacy and effectiveness of controls that encompass the Department's governance, operations, and information systems.

The Unit reviews operations and programmes to ascertain whether these are being implemented or performed as intended.



### OBJECTIVES

- To improve the system of internal control, risk management and governance processes in the Department
- To increase the DPE's organisational effectiveness and operational efficiency

### SERVICE DELIVERY OUTPUTS

#### RISK MANAGEMENT

Risk profile based on enterprise-wide risk assessment

- Risk management strategy
- Risk based internal audit approach
- Fraud prevention plan

#### SERVICE DELIVERY ACHIEVEMENTS

- Risk profile approved by management and the Audit Committee
- Fraud prevention plan and policy reviewed and adopted by the Department
- Implemented the risk based internal audit approach and added value by focusing on areas of significant impact to the strategic goals of the Department
- Completed all audits as per the annual operational audit plan
- Reported progress against the plan to the Audit Committee on a quarterly basis
- Reported significant control weaknesses to the Director-General and the Audit Committee, and monitored the implementation of corrective actions

## COMPLIANCE UNIT

### OVERVIEW

The Compliance Unit monitors and advises the DPE on the daily observation of legislative. The legislative frameworks include:

Public Finance Management Act (PFMA), Treasury Regulations, the King II Report, the Companies Act, Promotion of Access to Information Act, Protected disclosures, Public services regulations, Skills development, Labour Relations Act (LRA), Basic Conditions of Employment Act, Employment Equity, Electronic Communications and Transaction, Regulation of Interception of Communications Act (ROICA), Occupational Health and Safety Act (OHS), Supply Chain Management Framework, and Prevention and Combating of Corrupt Activities Act.

The Compliance unit develops, coordinates and participates in educational and training programmes that focus on... **compliance.**



### OBJECTIVES

- To facilitate compliance training for DPE employees
- To develop, coordinate and participate in multifaceted educational and training programmes that focus on the elements of compliance
- To prepare and monitor budget for compliance activities within the DPE
- Prepare and publish the Internal Compliance Calendar
- Promote internal excellence and transparency in procurement activities
- Review the controls implemented to safeguard departmental assets and make recommendations

### SERVICE DELIVERY ACHIEVEMENTS

- Published Compliance Calendar
- Investigated and compiled a report on expenditure related to training in fraud prevention
- Investigated and prosecuted a fraud case by a staff member who was finally relieved of his duties within the Department
- Supervised and monitored the deployment of IDMS within all branches of the DPE
- Supervised and managed the collection of information and centralized it in the KM Unit
- Worked with the Internal Audit Unit to develop Risk Management Plan for the DPE



## FINANCE AND SUPPLY CHAIN MANAGEMENT

### OVERVIEW

The Finance and Supply Chain Management Unit is mainly tasked with the management and administration of the Department's budget, expenditure and accounts as well as efficient, effective and transparent supply chain processes.

### MEASURABLE OBJECTIVES

- Efficient, effective and transparent supply chain management systems and processes
- Efficient and effective asset and inventory management
- Management of available financial resources and proper record keeping thereof
- Budgeting and spending in accordance with budget parameters
- Record-keeping of investments in, and guarantees issued to SOEs
- Compliance with all relative legislation, rules and guidelines

### TARGETED OUTPUTS

- Unqualified Audit Report, without an Emphasis of Matter paragraph
- Orders for goods and services issued on time
- Payments for goods/services to be made within 30 days
- Expenditure of the Department within 98% of total budget allocation
- Improved budgeting processes and related expenditure management at programme level
- Improved monthly financial management reporting as well as annual financial results reporting

### ACHIEVEMENTS

- The Department once again received an Unqualified Audit Report without an "Emphasis of Matter" paragraph for the 2004/05 financial year. This is the second year in a row, a continuation of improved financial management processes and procedures.
- Improved budgeting processes through the appointment of office managers as budget controllers per programme/sub-programme. Monthly meetings are held in order to manage any underspending, overspending, savings and related virements between programmes.
- Improved financial management and reporting through the implementation of a manual "accrued basis of accounting". This greatly reduced the deficiencies in expenditure management through "cash basis of accounting".
- Approximately 95% of all payments are processed before the 30-day period. The remainder of the 5% paid after 30 days are mainly due to enquiries on the invoices received.
- As a collective between the improvement in budget management and expenditure management, the Department achieved its goal of expenditure within 98% of total budget.



**Mario van der Walt**  
- Chief Financial Officer

# FINANCE AND SUPPLY CHAIN FINANCE AND SUPPLY CHAIN MANAGEMENT MANGEMENT



**Henry Stopforth**  
- Director: Supply Chain Management



**Mildred Nkopane**  
- Director: Internal Audit



**Thembelani Ncetani**  
- Director: Financial Management

22 PROGRAMME 1





## INFORMATION MANAGEMENT UNIT

### OVERVIEW OF THE PROGRAMME

**The Information Management Unit** ensures that the DPE adopts next-generation electronic business solutions, to integrate and optimise all its core business processes, as befits a sophisticated knowledge-based organisation.

### TARGETED OUTPUTS

- Manage business success by project delivery schedules
- Streamline stakeholder engagement lifecycles
- Provide a single data and information repository for SOE stakeholders support functions (DPE's Operations Division), line of business functions, and other stakeholders
- Increase the DPE's capabilities to collaborate and share knowledge in order to improve stakeholder management

### SERVICE DELIVERY ACHIEVEMENTS

- 23 PROGRAMME 1
- Developed intranet
  - Developed SOE performance and monitoring system
  - Developed SOE Investment Map
  - Implemented Electronic Document Management System to 30% of DPE
  - Implemented video conferencing in the Minister's boardroom



The Unit aims to increase the DPE's capabilities to  
collaborate and share knowledge...



**Rendani Musetha**  
- Director: IM Technology

# INFORMATION MANAGEMENT UNIT

## INFORMATION MANAGEMENT UNIT





# BUSINESS AREAS

25 PROGRAMME 2

## PROGRAMME TWO: CORPORATE STRATEGY AND STRUCTURE UNIT

The Corporate Strategy and Structure (CSS) Unit comprises the Energy, Transport, Defence and Forestry sectors.

## MEASURABLE OBJECTIVES

- Industry competitiveness
  - Lowest sustainable price
  - Security of supply
  - Global competitiveness
  - Role of State versus private sector
- Strategy and structure of SOEs to fulfil role in industry competitiveness
- Catalytic opportunities for growth

The Unit has established a methodology and processes for annual reviews:

- Rolling review of industries in which SOEs operate to identify any structural, pricing and service delivery issues
- Rolling review of corporate strategy and structure for SOEs
- Review of investment plans for all SOEs to ensure service delivery and security of supply
- Monitoring strategic Key Performance Indicators against SOE strategy and business plan
- Review of half yearly results, annual report and SOE investment, financial and operational against approved strategy and business plans
- Review of PFMA applications against SOE strategy
- Reporting on lessons learnt

## SERVICE DELIVERY OUTPUTS

### ENERGY PROJECTS

Government is committed to ensuring that accessible, affordable energy is available to all South Africans. It recognises the need to maintain a low-cost, high-quality electricity supply on a sustainable basis. Government wants to ensure that industry also benefits from a reliable supply of electricity, at efficient input costs and of good quality to promote increased industrial activity and thus provide additional stimulus to economic growth.

The main deliverables include:

- Ring-fencing of Eskom Generation into Generation Clusters
- Transformation and repositioning of Eskom Enterprises



## ELECTRICITY

- Pricing: multi-year tariff; import policy for generation; reserve margin policy
- Electricity distribution industry restructuring
- Pebble Bed Modular Reactor
- Eskom's open cycle gas turbine
- Independent power producers (IPPs)
- New IPPs closed cycle gas turbine
- Strengthening of the National Energy Regulator
- Shareholder Compact 2005/6
- Power supply to Coega Industrial Development Zone
- Transmission policy
- Fuel technology/renewables

## PIPELINE AND GAS

- Industry structure
- Review of PetroSA investment plans
- Review of Petronet investment plans
- Pricing policy



## TRANSPORT

The 2004/5 financial year was a challenging one for Transnet, but also a year of achievement. Transnet's medium term strategy was finalised. Focusing on freight, Transnet will consist of Spoornet, the National Ports Authority (NPA), South African Port Operations (SAPO) and Petronet. Petronet and Transwerk will remain in Transnet until their optimal locations have been finalised. An option to unbundle SAA from Transnet will be examined.

### 27 PROGRAMME 2

#### PROJECTS

- Draft national strategy for the branch lines
- Overall port restructuring plan
- Finalisation of Transnet Corporate Structure

#### NATIONAL FREIGHT POLICY

- Review of National Freight Policy

#### AVIATION

- Aviation policy and industry strategy
- South African Airways (SAA) separation, including pension fund issues
- SAA Strategy and re-capitalisation

#### PORTS

- Ports private sector participation and industry structure
- National Ports Authority Bill implementation
- Coega Development Corporation/NPA memorandum
- Pricing review

#### RAIL

- Rail private sector participation and industry structure
- Pricing review
- Passenger rail integration
- Blue Train strategy

#### TRANSNET FINANCIAL

- Review and approve Transnet pension fund strategy
- Review and approve Transnet investment plans

#### TRANSWERK

- Strategy review and approval
- Investment plans review and approval



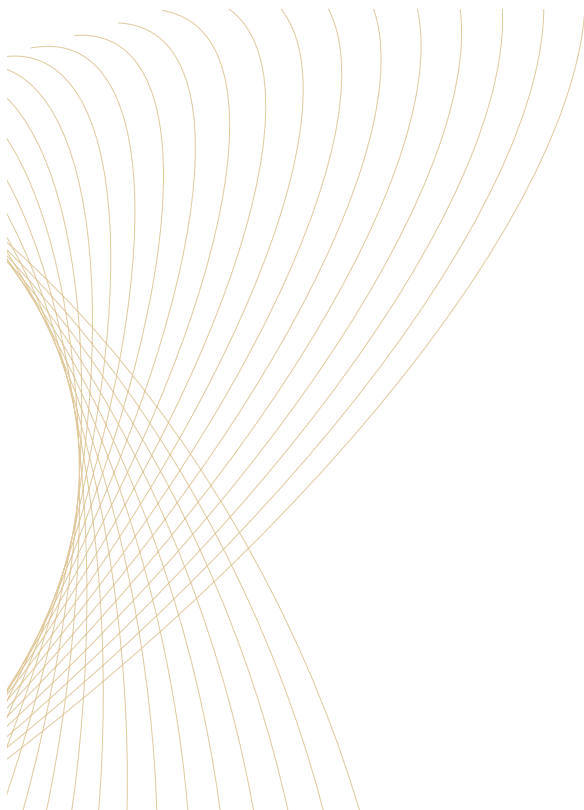


## DEFENCE

- Denel cash flows and guarantee □
- Denel capital expenditure plans □
- Denel pricing review □
- Denel Strategy □
- Department of Defence (DoD) budget □
- Defence procurement □
- A400m □
- Rooivalk □
- Contracting of obligations memo □
- Denel Swartklip □
- Shareholder Compact 2005/6 □

## FORESTRY

- Review of Forestry Industry Strategy □
- Role of SAFCOL in forestry □
- Project proposal for review by university professor, to be funded by SAFCOL □



## SERVICE DELIVERY ACHIEVEMENTS

### ENERGY

- The DPE approved Eskom's Public Management Act application for the open cycle gas turbine
- Obtained Cabinet approval for the developmental electricity price
- Government's launch of the country's first regional electricity distributor

### TRANSPORT

- Produced a report on enabling framework and business model for branch lines in October 2004
- Finalised port and rail industry structure and SOE strategies
- Obtained Cabinet approval for Transnet turnaround strategy

### FORESTRY

- Signed the business sale and shareholders' agreement relating to the divestiture of SAFCOL from Mountain to Oceans and Amatola.



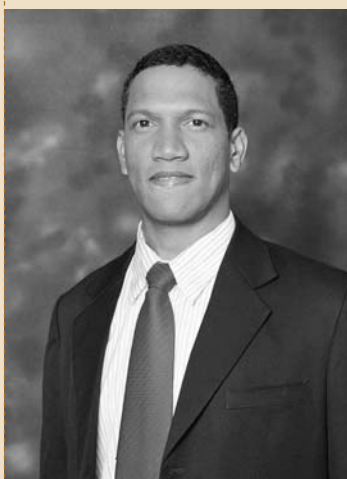


**Justice Mavhungu**  
- Chief Director: Energy

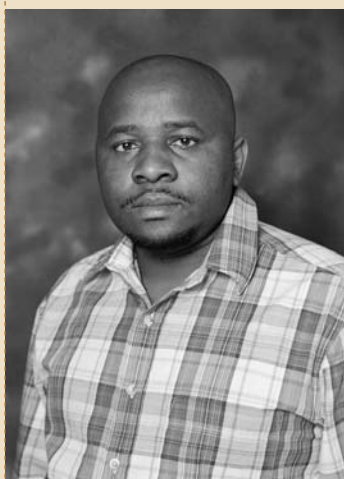


**John Morris**  
- Chief Director: Strategy

# CORPORATE STRATEGY CORPORATE STRATEGY AND STRUCTURE UNIT AND STRUCTURE UNIT



**Elvin Harris**  
- Chief Director: Transport



**Weekend Bangani**  
- Director: Defence



**Raisibe Lepule**  
- Director: Transport

30 PROGRAMME 2





# BUSINESS AREAS

31 PROGRAMME 3

## PROGRAMME THREE: CORPORATE FINANCE AND TRANSACTIONS UNIT

### OBJECTIVES

To oversee, manage and execute the corporate strategy of SOEs including transactions such as IPOs, Joint Ventures, Public Private Partnerships and others.

### MANAGEMENT

Management is responsible for the co-ordination and overall strategic management of the Programme.

### CORPORATE FINANCE:

To manage the balance sheet of South African Government shareholding where the Government is in joint venture or continues to hold a significant shareholding in disposed entities.

### TRANSACTIONS

The main responsibility of the unit is the execution, management, and oversight execution of approved SOE transactions of a material nature in accordance with the approved corporate strategy.

	PROJECT	OUTPUT	ACHIEVEMENTS
ALEXKOR	Settlement negotiations with the Richtersveld Community (RC)  Implementation of the proposed settlement	Negotiated settlement with the claimant community	RC and the Department have jointly commissioned valuation of the mine. CPPP has been approved to develop a developmental package for the community
ESKOM	Restructuring of Eskom Finance Company	Restructured Eskom Finance Company	Finalise the Terms of Reference and Request for Proposal for transaction advisors Called for expression of interest on 10 June 2005
DENEL	Soliciting strategic business for Denel	Memorandum of understanding with various parties	Currently negotiating a memorandum of understanding between Denel and partners on possible Joint Ventures.
	Restructuring of Denel	Sale of non-core assets  Recapitalise Denel	Approval granted for the sale of non-core assets Started with the sale of the non-core assets
	Revival of SA's Aerospace Industry through allocation of work packages for selected components of the A400 Aircraft in proposition to the Aircraft acquired by RSA	SA Aerospace industry allocated work-packages on the A400m programme with Airbus	Denel allocated part of the work-packages in A400m programme
TRANSNET	Disposal of MTN 5% stake by Transnet	MTN 5% stake disposed	Negotiating with the preferred bidder
	Disposal of Transnet Housing	Sale of Transnet Housing for a market price Proceeds used to recapitalise Transnet	Selected two short-listed bidders
NEF	Transfer of NEF shares	Transferred shares	Set up a joint project with National Treasury and the dti to effect the transfer
AVENTURA	Winding down of Aventura Resorts	Transfer of resorts to Forever Resorts	Transaction advisors have been instructed to transfer land to Forever Resorts and collect balance of the purchase price



**Tebogo Mphuti**  
- Deputy Director-General

# CORPORATE FINANCE AND TRANSACTIONS UNIT





# BUSINESS AREAS

35 PROGRAMME 4

## PROGRAMME FOUR: ANALYSIS AND RISK MANAGEMENT (ARM) PROGRAMME

This Programme provides analytical services and support to the Department and Ministry with respect to the financial operational and socio-economic performance of State-Owned Enterprises (SOEs) under the Department.



## OVERVIEW

The aim of the programme is to analyse and monitor the developmental and commercial performance of SOEs and advise on policy options to improve the impact of the SOEs in the economy and sustainable development.

The Programme is also entrusted with the responsibility for providing assurance to the Department and the Minister, as a shareholder, that adequate measures and controls are in place within the SOEs to manage risks. Furthermore, it's the Programme's responsibility to advise on how the Department must manage risks across the SOEs and on systems that must be put in place, including the early warning system.

The Programme used to be part of the previous structure in the Department called Performance Monitoring

and Benchmarking (PBM) and has always been focusing on monitoring the performance of SOEs to enhance the oversight role and capability of the shareholder in the SOEs. The Programme now includes a major sub-programme called Risk Management which has a mammoth task of developing a risk management framework and putting in place a risk management system for the Department to assist in identifying, measuring, mitigating and reporting key risks in and across SOEs.

Besides the normal analysis of financial and non-financial performance, the Programme is also concentrating on the operations of SOEs and has introduced a benchmarking programme to assist the target setting and the development of Key Performance Indicators and Targets in the shareholder compacts.

The aim is to analyse and monitor the developmental and commercial performance of SOEs and advise on policy options to improve the impact of the SOEs in the economy...

## SERVICE DELIVERY OBJECTIVES

The Programme continuously analyses the corporate plans, quarterly reports and annual financial statements to ensure that SOEs are meeting the shareholder objectives and targets outlined in the shareholder compacts. In addition, the Programme tracks compliance with key legislations such as Public Financial Management Act, Black Economic Empowerment Act, sectoral policies in Defence, Transport, Energy, Forestry, Mining and ICT. The Programme is responsible for drafting and putting together socio-economic reports on SOEs, the financial performance report of SOEs, the operational performance of SOEs and the risk management framework of SOEs.

## BENCHMARKING SOE PERFORMANCE

The Programme secured the professional services of First South Securities to start using the HOLT Valuation System in developing financial indicators for SOEs and to introduce the Cash Flow Return On Investment (CFROI®) Framework in our SOEs. CFROI® provides comparability over time, among companies and across industries. It focuses on cash economics of businesses in order to accurately determine value by taking into account expected future cash flows, asset growth rates, discount rates and life cycles. The system provides benchmarks of about 18 000 companies and will be used in the financial analysis of our SOEs.

The HOLT Valuation System will be expanded to include major divisions and subsidiaries within the SOEs.

## RISK MANAGEMENT

The Risk Management Directorate achieved some notable outputs since its inception in October 2004:

- The formation of an SOE Risk Management Forum, comprising public enterprises and SOE Risk Management officials. The Forum had its first meeting in February 2005
- A Risk Management questionnaire was developed in order to determine the overall compliance with the PFMA provisions and Risk Management governance structures of the SOEs
- A Risk Management oversight framework and the risk monitoring system are being developed



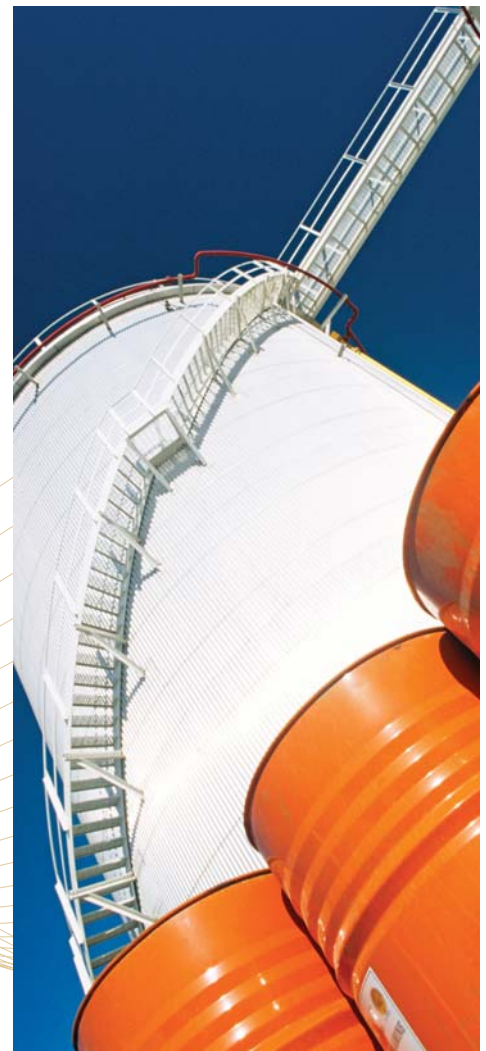
**SYNOPSIS OF THE EXTENT OF SOEs' RISK MANAGEMENT COMPLIANCE  
WITH THE PUBLIC FINANCE MANAGEMENT ACT (PFMA) AND KING II  
REPORT REQUIREMENTS.**

COMPLIANCE	DENEL	TRANSNET	ESKOM	ALEKKOR	arivia.com	SAFCOL
<b>PUBLIC FINANCE MANAGEMENT ACT</b>						
Existence of a risk management system	Yes	Yes	Yes	Yes	Yes	Yes
Submission of a risk management plan to the shareholder	No	No	No	No	No	No
Frequency of risk reporting to the shareholder						
<input type="checkbox"/> Annual reporting <input type="checkbox"/> Periodic reporting	Yes No	Yes No	Yes No	Yes No	Yes No	Yes No
<b>KING II</b>						
Existence of a risk appetite that has been communicated to the shareholder	No	No	No	No	No	No
Existence of a board level risk management committee	Yes	Yes	Yes	No	No	No
Number of meetings held for the above-mentioned committee	2	N/a	4	N/a	3	N/a
Existence of a Chief Risk Officer or a risk management function	Yes	Yes	Yes	No	Yes	No
Risk management statement in recent annual reports						
<input type="checkbox"/> Outlining the performance of annual risk assessment. <input type="checkbox"/> Outlining key risks facing the organisation	No Yes	No Yes	Yes Yes	No Yes	No Yes	No Yes
Sustainability reporting, covering the following:						
<input type="checkbox"/> Transformation issues <input type="checkbox"/> Environmental issues <input type="checkbox"/> Safety issues <input type="checkbox"/> Health issues	- Yes Yes Yes	- Yes No Yes	- Yes Yes Yes	- Yes Yes Yes	- No Yes Yes	- Yes Yes Yes
Existence of performance indicators to measure the organisation's performance	Yes	Yes	Yes	Yes	Yes	Yes

## SERVICE DELIVERY ACHIEVEMENTS

OUTPUT	MEASURE/INDICATOR	TARGET	ACTUAL
Electronic interface between SOEs and the Department	SOE database launch	May 2006	The Department's due diligence exercise reviews and analyses ICT infrastructure to determine an optimal and integrated ICT solution
	Updating of SOE information in the database	Quarterly	
Reports to ensure compliance with various legislative frameworks, such as PFMA	Assessment of quarterly reports submitted in relation to legislative requirements	Quarterly	Financial analysis and Risk Management reviews were performed on all quarterly reports received from the SOEs
Updated financial evaluation model	Reports on the financial position of SOEs	Quarterly, half yearly and annually	The HOLT Evaluation model was procured and implemented successfully. This system is being used in conjunction with the quarterly and annual financial analyses
Regular reports to Cabinet on SOEs' overall performance	Timely submission of reports by SOEs	March of each year	Annual performance memoranda submitted to Cabinet.

The Programme analyses the plans, reports and annual financial statements to ensure that SOEs are meeting shareholder objectives...





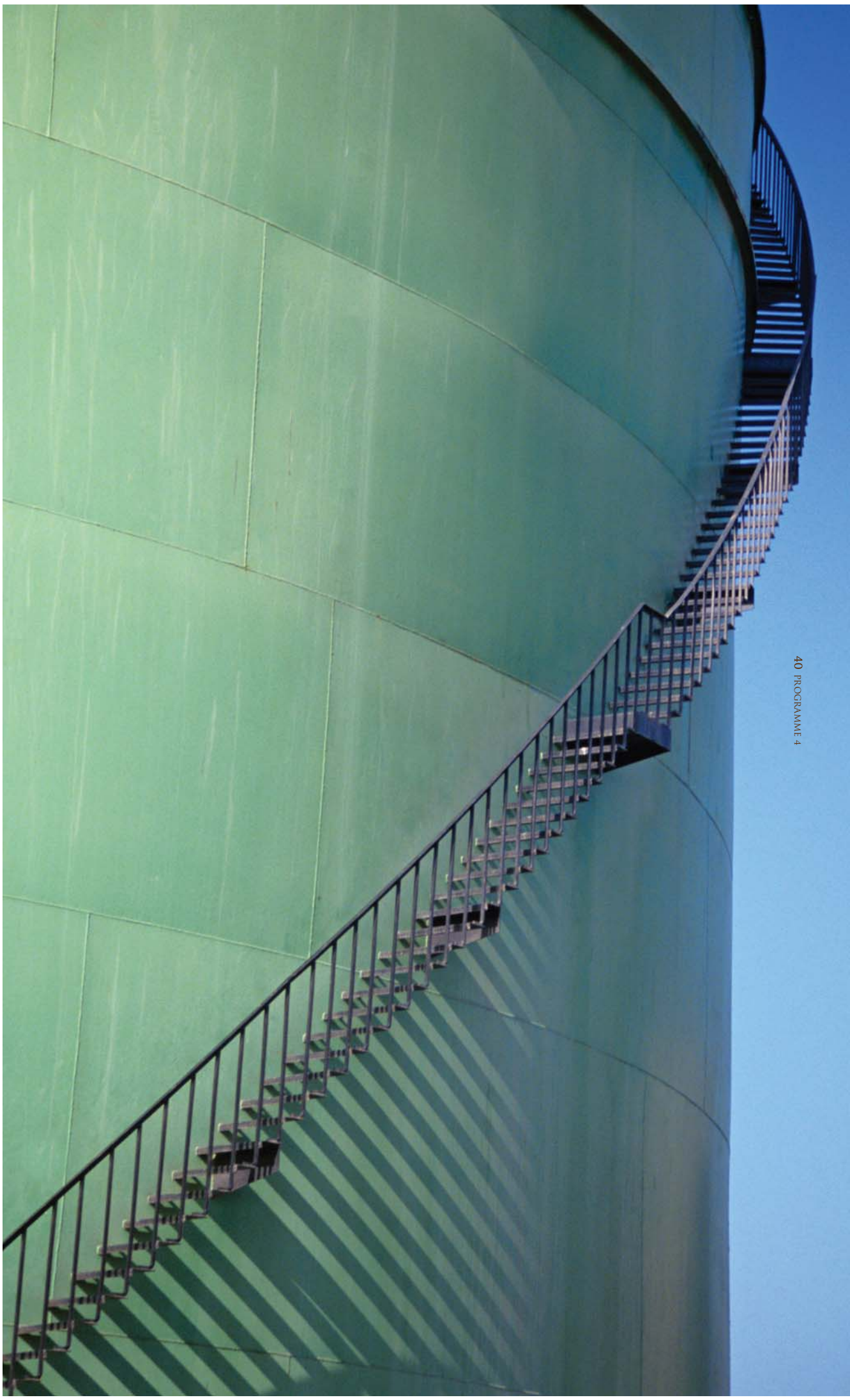
**James Theledi**  
- Deputy Director-General

# ANALYSIS AND RISK MANAGEMENT

## ANALYSIS AND RISK MANAGEMENT

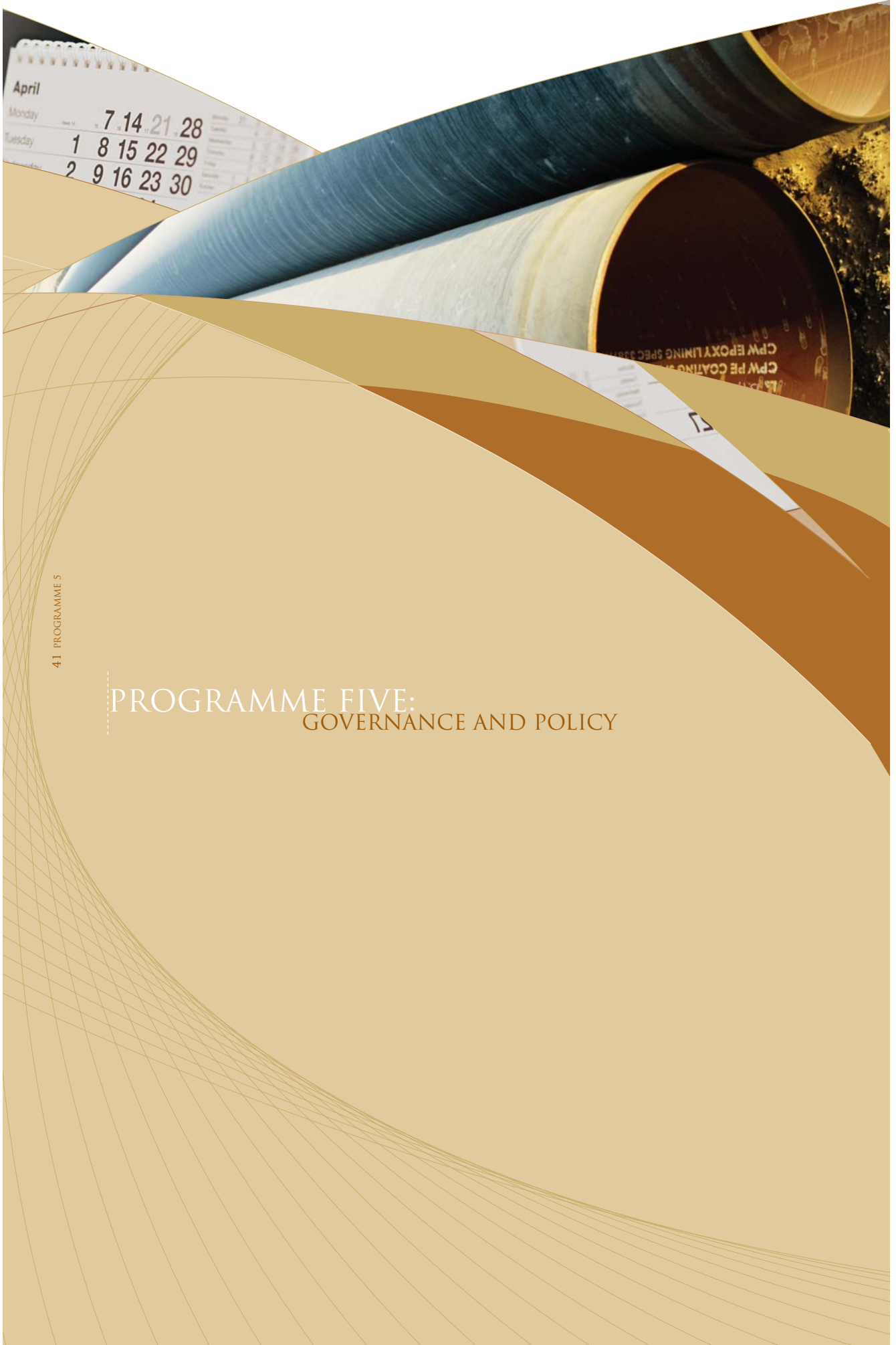








# BUSINESS AREAS



41 PROGRAMME 5

## PROGRAMME FIVE: GOVERNANCE AND POLICY

## OBJECTIVES

- Implementation of corporate governance best practices in SOEs
- Develop and implement Remuneration Strategy and Framework for SOE boards
- Develop and implement Shareholder Management Model for Government
- Develop, implement and monitor Shareholder Compacts between Government and SOEs
- Develop a coherent strategy and implementation plan on the strengthening of Key Sector Regulators

## ACHIEVEMENTS AND CHALLENGES

### SHAREHOLDER MANAGEMENT MODEL

Constraints in the hybrid model currently in place in South Africa were highlighted. A study, led by the DPE (with the input of an inter-departmental task team), proposed several models in project reports. The DPE is debating these options. The adopted model must enhance Government's overseeing abilities and performance management systems in respect of the triple bottom-line objectives of SOEs.

### REMUNERATION GUIDELINES

As part of the Shareholder Management Model project, an audit was conducted of the remuneration and benefits received by the CEO and the Board. The report was submitted in November 2004. This audit will assist the Unit in developing guidelines on long- and short-term performance rewards as well as fixed and non-fixed remuneration for executive and non-executive Board members.

### SHAREHOLDER COMPACTS

A team, comprising the various units within the DPE and augmented by inputs from the SOEs, is developing a Shareholder Compact that can be used as a guideline for Government when entering into such Compacts with SOEs.

The draft Compacts for Eskom and Transnet are both in an advanced stage, with all indications that these Compacts will be concluded at the respective AGMs.

### SHAREHOLDER DUTIES

**The Minister of Public Enterprises,  
on behalf of the Government of South Africa,  
has several legal duties and responsibilities  
regarding the SOEs under his auspices.**

One of the most important duties is the appointment of suitable individuals to the Boards of Directors. Boards are faced with an increasingly challenging task, as the SOEs and their business dealings are complex.

Furthermore, the Public Finance Management Act requirements and shareholder expectations have imposed a heightened sense of responsibility and compliance awareness on Board members. In turn, this has led to Board members being more conservative in business decisions and becoming averse to risk and initiative, and this is stifling entrepreneurial ideas. Boards have now adopted compliance as a primary responsibility, resulting in business promotion and its associated risks becoming of secondary importance.



## ALEKKOR

Many of the current Board members have exceeded the prescribed tenure in terms of the Protocol. New Board members were appointed, with a specific view on the land claims facing Alexkor.

## AVENTURA

The Board was re-appointed for three months at the AGM in March 2005. Once this tenure lapses, a new Board will be appointed to oversee the winding down of Aventura.

## DENEL

Many of the current Board members have exceeded the prescribed appointment tenure in terms of the Protocol. New Board members were appointed to enable Denel to implement its amended strategy.

## ESKOM

Eskom has a mature Board, and new Board appointments have a specific focus on succession planning and Board developments. A new contract was negotiated with the CEO. This will assist Eskom's top management and its Board of Directors in fluent succession planning as the Chairperson prepares to conclude his tenure.

## TRANSNET

A new Board was appointed in 2004, to implement and monitor the new strategy for Transnet.

## SAFCOL

Safcol is winding down its operations.



## LACK OF REVIEW OF BOARDS BY SHAREHOLDER

The results of Boards' self-evaluation, mostly facilitated by independent third parties, are to be submitted to the Shareholder. Moreover, a process needs to be established for a formal evaluation by the Minister of Public Enterprises.

## COMMUNICATION BETWEEN BOARDS AND THE SHAREHOLDER

The business activities of SOEs and the objectives of Government necessitate close communication between the Minister as Shareholder and the Boards. Improved levels of communication are always a priority as SOEs' areas of business become more diverse and Shareholder objectives become clearer.

Improved processes of communications between the DPE and the SOEs must be sought. These will expedite the flow of relevant and correct information, eliminating cumbersome delays, thereby improving decision-making.



More formal as well as informal communication needs to be encouraged and managed.

## STRENGTHENING OF SECTOR REGULATORS

The DPE has been tasked as a lead Department in a programme to help strengthen Sector Regulators. A DPE-led task team has resolved that the best approach would be to study a report on the review of Key Sector Regulators commissioned by the Presidency in 2003, and to then commission a further study aimed at coming up with a coherent strategy and implementation plan to strengthen Key Sector Regulators. This has been completed.



Sandra Coetzee  
- Deputy Director-General

## GOVERNANCE AND POLICY

### GOVERNANCE AND POLICY







# REPORT BY THE AUDIT COMMITTEE

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

Audit Committee Members and Attendance:

The Audit Committee consists of the members listed hereunder and held four (4) meetings as per the approved terms of reference. All the Audit Committee members are independent, which is in line with the industry best corporate governance practice.

NAME OF MEMBER	NUMBER OF MEETINGS ATTENDED	MEETING DATES			
		25 May 2004	06 Aug 2004	19 Nov 2004	11 Mar 2005
1. Zienzile Musamirapamwe: (Chairperson)*	1/1				X
2. Justine Kathan-Mazzoco	1/4			X	
3. Richard Cascarino	4/4	X	X	X	X
4. Mattie Joubert*	1/1				X
5. Jerry Sithole*	1/1				X
6. Cynthia Mbili*	1/1				X
7. Tshidi Mokgabudi #	2/3	X	X		
8. Ayanda Ceba #	3/3	X	X	X	

\* Appointed January 2005

# Membership terminated December 2004

## AUDIT COMMITTEE RESPONSIBILITY

The Audit Committee confirms that it has complied with its responsibilities arising from section 38(1)(a) of the Public Finance Management Act (PFMA) and Treasury Regulation 3.1.13.

The Audit Committee has adopted formal terms of reference as its Audit Committee Charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

In executing its duties during the past financial year the committee has, inter alia, reviewed the following:

- The effectiveness of the internal control systems
- The effectiveness of the internal audit function
- The procedures for identifying enterprise-wide risks and measures put in place to control these
- The policies and procedures for detecting and preventing fraud
- The risk areas of the Department to be covered in the scope of internal and external audits
- The independence, objectivity, organisational staffing plans, financial budget, audit plans and standing of the internal audit function to ensure adequate support is provided to enable the Committee to meet its objectives
- The results of the work performed by the internal audit function regarding financial reporting, risk management, governance processes and internal controls, and any significant investigations and management responses
- The coordination between the internal audit function and external auditors
- The annual report and financial statements, which present a balanced and understandable assessment of the performance of the Department
- The external auditors' management letter and management responses
- Problems and reservations arising from external audit, and any matters external auditors wished to discuss in the absence of management

Where internal control weaknesses were identified, corrective action has been recommended to reduce the concomitant risks. In the opinion of the Audit Committee, the internal control system requires some improvements due to some IT system weaknesses and inadequate procurement and IT policies and procedures.

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

The Audit Committee has reviewed the annual financial statements of the Department and concurs with the conclusion of the Auditor-General. We therefore recommend that the annual financial statements as submitted be approved.



Chairperson of the Audit Committee

01 August 2005

Date

department of public enterprises  
**FINANCIAL**  
STATEMENTS

Notes to Financial Statements  
Cash Flow Statements  
Balance Sheets  
Cash Flow Statements  
Directors' Report  
Income Statements







20  
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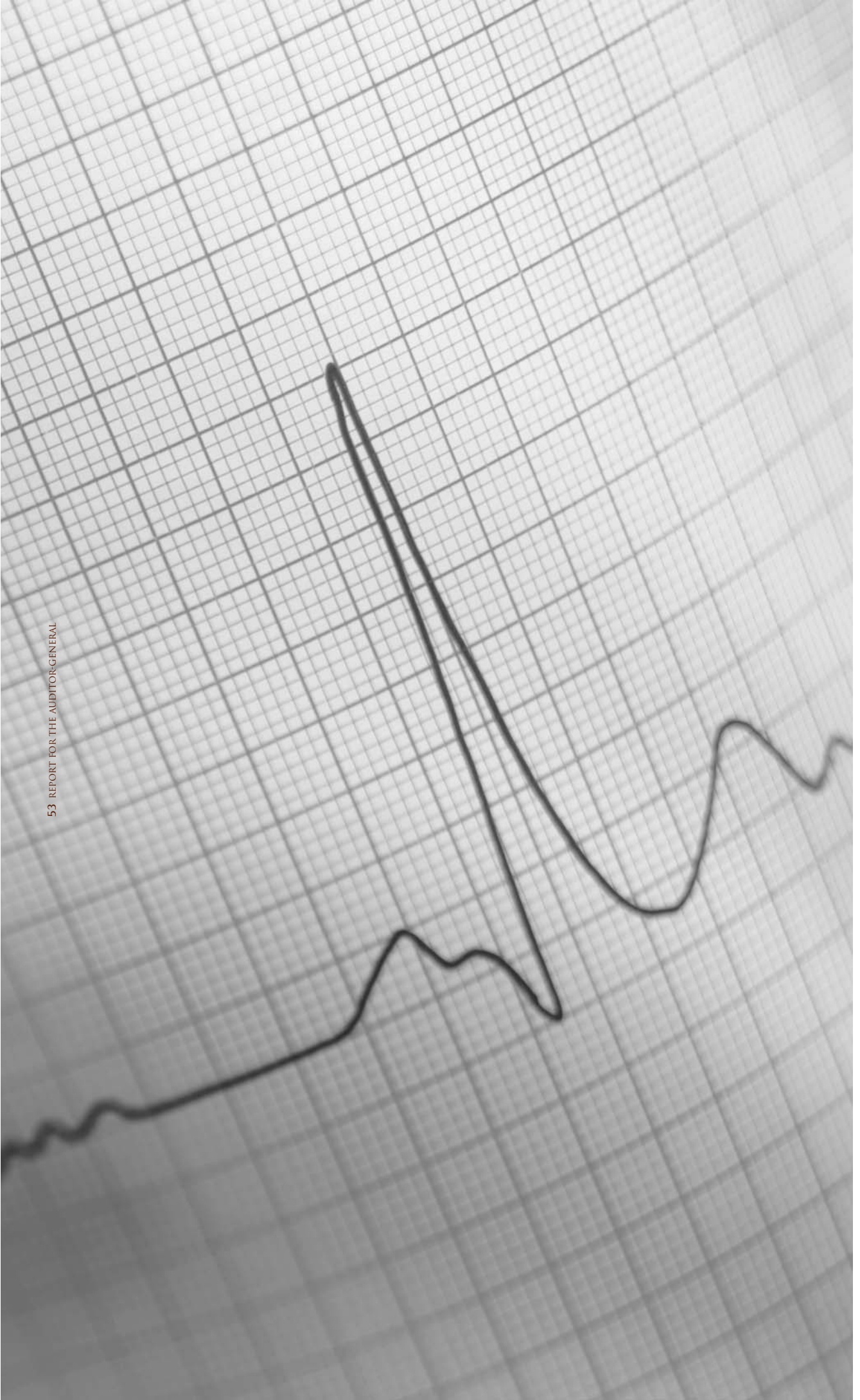


# DEPARTMENT OF PUBLIC ENTERPRISES ANNUAL FINANCIAL STATEMENTS

FROM THE YEAR ENDED 31 MARCH 2005







# REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS OF VOTE 9 - DEPARTMENT OF PUBLIC ENTERPRISES FOR THE YEAR ENDED 31 MARCH 2005

## 1. AUDIT ASSIGNMENT

The financial statements as set out on pages 12 to 49 for the year ended 31 March 2005, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read with sections 4 and 20 of the Public Audit Act, 2004 (Act No. 25 of 2004). These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements, based on the audit.

## 2. NATURE AND SCOPE

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

### AN AUDIT INCLUDES:

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

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

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

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

## 3. AUDIT OPINION

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

## 4. APPRECIATION

The assistance rendered by the staff of the Department of Public Enterprises during the audit is sincerely appreciated.



K HOOSAIN for the Auditor-General  
Pretoria  
July 2005



AUDITOR - G E N E R A L



# MANAGEMENT REPORT

## AND APPROVAL FOR THE YEAR ENDED 31 MARCH 2005

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

### 1. GENERAL REVIEW OF THE STATE OF FINANCIAL AFFAIRS

After 10 years of democracy, the Department of Public Enterprises is able to show a notable record of delivery and performance, with restructuring activities raising over R 24 billion for the National Revenue Fund. The Accelerated Agenda for the restructuring of State-Owned Enterprises (SOEs), launched in 2000, has guided restructuring activities, and includes objectives such as broad-based BEE. Restructuring transactions (like disposing of the South African Forestry Company's subsidiaries, disposing of the Aventura resorts, and Government's divestment from Alexkor) have been successfully concluded, subject to some legal issues being resolved.

The Department provides this direction through its oversight responsibility, which consists to a large extent of co-ordination with other ministries who have responsibility for policy and regulation of the sectors involved in the various spheres of Government and then negotiating positions, which enable SOEs to operate effectively, by providing both policy certainty and clarity. The SOEs remain critical as the engines of growth in the South African economy.

One of the foremost objectives of the Department is to ensure that Eskom, Transnet and Denel contribute optimally in their key input sectors in accordance with Government's economic development agenda. The Department succeeded to lead the following activities in order to ensure alignment to Government's development agenda:

#### TRANSPORT

Transnet has embarked on a new strategy

- Focus on ports, rail and pipelines with aggressive investment plans
- Separation of infrastructure from operations
- Balance sheet restructuring
- Risk management / governance over-haul

#### ENERGY

Eskom is playing a central role in restructured electricity industry

- Aggressive investment plan for new generation to meet future demand
- 30% private sector participation in new generation
- Maintain monopoly in transmission

#### DEFENCE

Denel is undergoing a major strategy review to place the business on a sustainable footing and to ensure developmental role is realised

- Progress of the A400m program represented an exciting development for the industry as a whole
- Development of the turnaround strategy commenced in earnest during the year under review

Significant projects also undertaken or completed during the year

- The presentation to Parliament of the SOEs infrastructure investment plans and related funding strategies to attract investment in the three key sectors of the economy
- The development and launch of an IPO Reference Manual
- The launch of the Durban – Gauteng Container Corridor enhancement project
- The initiation of the AXIS Project - establishment of Logistics Enabled Industrial Development Zones and the progression of plans to relocate both the manganese dumps and tank farms from Port Elizabeth's foreshore and port to enable tourism development

## DEPARTMENTAL SPENDING TRENDS

The Department of Public Enterprises voted budget amounted to R77,4 million. The money was used in the following 4 programmes:

- Programme 1: Administration
- Programme 2: Restructuring of State-Owned Enterprises.
- Programme 3: Performance Monitoring and Benchmarking
- Programme 4: Policy Development and Business Planning

The following table provides a summary of expenditure incurred for the 2004/05 and 2003/04 financial year compared to the amounts appropriated for each programme:

PROGRAMME	2004/05		2003/04	
	Budget R'000	Actual R'000	Budget R'000	Actual R'000
Programme 1: Administration	37 230	37 163	36 221	35 779
Programme 2: Restructuring of State-Owned Enterprises	20 383	20 336	41 902	38 701
Programme 3: Performance Monitoring and Benchmarking	9 600	8 267	5 046	5 355
Programme 4: Policy Development and Business Planning	10 164	9 906	4 959	3 887
<b>Total</b>	<b>77 377</b>	<b>75 672</b>	<b>88 128</b>	<b>83 722</b>

The decrease in the annual appropriation from R 88,1 million (2003/04) to R 77,4 million (2004/05), amounting to R 10,8 million, is mainly due to the expenditure incurred during 2003/04 for the finalisation of the Telkom IPO.

As reported in the previous financial year, the expenditure for the 2004/05 financial year amounted to 95% of the total budget allocations. The Department succeeded in ensuring that expenditure for the 2004/05 financial year is in line with the 98% benchmark, resulting in under-expenditure within the 2% limit.

The under-spending, amounting to R 1,705 million, was recorded against the operational budget in the current financial year. This is mainly due to a delay in the Cape Town Office's renovations as well as a delay in delivery of the replacement ICT infrastructure equipment and related software upgrades.

**PROGRAMME 1:** Administration provides strategic management, direction and administrative support to the Department, giving political and managerial leadership to the work of the Department. The programme consists of the Minister, Management and Corporate Services sub-programmes. The ministerial staff, human resources, information and technology, financial management and communications provide support services.

Expenditure for the program for the year amounted to R 37,2 million as compared to R 35,8 million (2003/04), an increase of 4 % from the previous financial year. The increase is mainly due to capacity improvement programmes, development of a departmental corporate identity as well as the costs related to the launch of the IPO Reference Manual.





**PROGRAMME 2:** Restructuring of State-Owned Enterprises develops, manages, co-ordinates and implements the restructuring programme in order to meet the Government's economic and social objectives.

The allocation and expenditure for the programme decreased by 47% from the 2003/04 financial year, which is mainly due to the expenditure incurred during 2003/04 for the finalisation of the Telkom IPO.

**PROGRAMME 3:** Performance Monitoring and Benchmarking monitors and evaluates the financial, socio-economic and non-financial performance of State-Owned Enterprises (SOEs)

The 54% increase in expenditure from the 2003/04 financial year is mainly due to capacity building as well as additional allocations from the 2003/04 roll-overs. The roll-overs related to the finalisation of the finance and economic framework targets, the benchmarking and performance evaluation system and the second phase of the investment map project.

**PROGRAMME 4:** Policy development and Business Planning performs research and policy support, functions, business planning, sectoral analysis and macro-economic impact analysis and knowledge management.

The annual appropriation and expenditure for the programme increased by more than 154% during the year under review. The increase is attributed to capacity building, development and printing of the IPO Reference Manual, development of a revised shareholder management model, a review of the SOEs performance bonus incentive scheme and the verification of the remuneration policy for the boards of SOEs.

The cost of the valuation of Alexkor's business units is also included in this programme. The transfer to Alexkor, amounting to R 2 million, is included in this programme. The valuation of Alexkor's business units was a necessary step towards the negotiations with the Richtersveld Community in order to reach an out-of-court settlement.

## 2. SERVICE RENDERED BY THE DEPARTMENT

The Department does not render services for which a tariff can be charged. It is therefore not necessary to develop a tariff policy.

### Inventories

The inventories of the Department mainly consist of domestic consumables, printing and stationery. The inventories on hand at 31 March 2005 are valued at the weighted average cost method and amounted to R 913 596.

## 3. CAPACITY CONSTRAINTS

Due to the nature and extent of the Department's activities, highly skilled officials are employed. The Department is therefore experiencing great difficulty with regard to retaining current officials and recruiting new personnel.

However, the recruitment process was outsourced (e.g. response handling, headhunting) to ensure that the most appropriate candidates are sourced and interviewed. Through the utilization of the headhunting process, the pool of candidates is no longer limited to those who applied for the advertised position.

**In order to attract and retain skilled employees national and international training opportunities are created and bursaries are allocated to employees.**

The department also invested in an Employee Wellness Programme to ensure that personnel needs are provided as an additional benefit to employees.

## 4. UTILISATION OF DONOR FUNDS

The Department continues to make use of donor funds. However, the donors and service providers perform the procurement process around the management of donor funds. Therefore, the Department receives the benefit in kind and not in money. Notwithstanding this, the funds are effectively utilised since all applications are subject to a vigorous investigation process and prioritised according to the Department's activities.





## 5. TRADING ENTITIES AND PUBLIC ENTITIES

### TRANSNET

Transnet is the SOE responsible for the core transport operations in South Africa. Its main business units include Spoornet (rail transport), South African Port Operations, National Port Authority and Petronet (pipelines). In addition Transnet holds South African Airways, a range of smaller companies in road logistics, warehousing, information technology, wagon manufacturer, telecommunications infrastructure and property.

However, Transnet has embarked on a new strategy that will transform the company from a diversified conglomerate into a focused freight transport company. The essence of the new strategy is:

- Effective service delivery at the ports, on rail and pipelines
- The separation of infrastructure from operations on both ports and rail
- The disposal of non-core assets out of the group
- A commitment to promote private sector participation in partnership and, in certain areas, in competition with the core operational businesses
- Inter-modal coordination to ensure seamless integration between ports and rail

### ESKOM

Eskom is South Africa's major electricity utility and is responsible for 95% of electricity supply, involving the generation, transmission and distribution and retail. Eskom has efficient operations and low electricity prices, which contribute to South Africa's competitive advantage.

Demand forecasts for electricity require significant investment in generating electricity assets, 30% of which will be offered for private sector participation through power purchase agreements. South Africa's distribution industry is fragmented; distribution and retail functions are undertaken by Eskom and some 187 municipalities. The rationalization of the distribution industry into six Regional Electricity Distributors is currently underway.

### DENEL

Denel is a major player in South Africa's peace keeping and defence-related industries, providing both air and land based systems. Denel is undergoing a strategy review to define its core business operations and ensure its future sustainability by transforming its technological capabilities into superior defence (including peace keeping operations) and commercial projects for global markets.

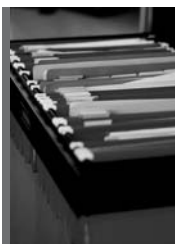
Denel's development impact in the economy is different from Transnet and Eskom in that it is a manufacturer and not an input supplier. Consequently, Denel's development role is to catalyse the development of advanced manufacturing in the private sector as a whole. To achieve this goal, the DPE will be working closely with the Department of Defence and the dti. In addition, private sector partners will be invited to participate in joint ventures for specific projects being undertaken by Denel.

### ALEXKOR

Alexkor's core business is the mining of diamonds on land, along rivers, on beaches and in the sea along the northwest coast of South Africa. The restructuring of Alexkor's viability at an enterprise level and will be exploring initiatives to enhance agricultural and aquaculture development associated with the marine mine.

### SAFCOL

Safcol is the Government's forestry company and is undergoing a strategy review post the divestiture of majority shareholding in their commercial forestry land. The Competition Commission's ruling is pending on Komatiland, which is the final transaction.



## arivia.kom

arivia.kom is the Government's ICT SOE and is indirectly owned by the DPE through its shareholders, Eskom, Transnet and Denel. A strategy review is underway to define the company's future operations, and its role in the ICT sector.

## AVENTURA

The sale of Aventura's assets and liabilities has been concluded, subject to any ruling from the land claims court, which may affect the final transaction.

## AGGREGATED PERFORMANCE

The table below summarises the financial performance of the SOEs for which the DPE is responsible (based on the most recent audited financial information):

INCOME STATEMENT LINE ITEM	TRANSNET 31/03/04 R.M	ESKOM 31/12/04 R.M	DENEL 31/03/04 R.M	arivia.kom 31/03/04 R.M	ALEKKOR 30/06/04 R.M	SAFCOL 30/06/04 R.M	AVENTURA 30/06/03 R.M
Turnover	43 637	32 848	4 442	1728	265	682	138
Net Operating expenses	(43 450)	(26 030)	(4 309)	(565)	238	-	(144)
Profit (loss) from operations	187	6 818	205	215	26	65	6
Finance cost	(2 211)	(5 328)	(155)	(13)	-	(2)	(4)
Derivative fair value gain (loss)	(4 529)	(283)	(255)	NIL	-	-	-
Investment income	273	4 024	28	13	6	14	1
Profit (loss) before tax	(6 119)	5 276	(377)	91	38	72	(5)
Tax	204	(1 859)	NIL	(34)	(2)	(35)	0
Profit (loss) after tax	(6 323)	3 417	(377)	56	36	37	(5)
Dividend pd	NIL	569	NIL	NIL	NIL	50	NIL
EBITDA	-	-	-	159	-	-	-

## 6. ORGANISATIONS TO WHOM TRANSFER PAYMENTS HAVE BEEN MADE

## DIABO TRUST

The Diabo Trust was established in 2003. The Chairperson of the trust is Dr Danisa Baloyi.

The purpose of the trust is to distribute approximately 11 million Telkom shares (the so-called 2% share scheme) to designated current and former employees of Telkom over a period of four years, ending in 2006.

The funding of the trust is sourced from the departmental budget and transfers are made to the trust annually. Transfers to the trust amounted to R 3,1 million for the 2004/05 financial year (R 4,5 million – 2003/04). The funds are expended on administration of the trust affairs, such as maintenance of database and exercise of share options.

Ngubane & Co has been appointed as auditors of the trust.

The trust will be wound up in 2006.

## KHULISA TRUST

The Khulisa Trust was established in 2003 and Standard Executors and Trustees (SET) were appointed as professional trustee.

The purpose of the Khulisa Trust is to hold Telkom shares on behalf of HDI retail investors in Telkom for two years. At the end of the second year (March 2005), a loyalty bonus of shares would be awarded to investors as per rules of the trust.

An amount of R 3.8 million was transferred during the 2004/05 financial year (R 3,8 million – 2003/04). These amounts were sourced from departmental budget. Price Waterhouse Coopers was appointed as the auditor of the trust.

The trust will be wound up in September 2005.

## ALEXKOR

An amount of R 2 million has been transferred to Alexkor during 2004/05 for the purposes of valuating Alexkor's business units. The valuation was done in support of Government's ongoing negotiations with the Richtersveld Community to reach an amicable out-of-court settlement on the land claim.

## 7. PUBLIC PRIVATE PARTNERSHIPS (PPP)

The Department did not enter into any PPP agreements during the 2004/05 financial year.

## 8. CORPORATE GOVERNANCE ARRANGEMENTS

### RISK MANAGEMENT APPROACH

The Department endeavours to minimise risks by ensuring that appropriate systems, personnel and controls are in place and risk management is integrated into day-to-day activities. The Department has embarked on an enterprise-wide risk assessment. As a consequence of this exercise a document profiling possible areas of risk prevalence was produced together with a strategic risk management plan.

### FRAUD PREVENTION STRATEGY

The Fraud Prevention Plan was revised and amended during the financial year and the revised plan has been presented to the Executive Committee and is awaiting the approval of the Minister. The plan constitutes a fraud prevention policy and response plan, a whistle blowing policy and a code of conduct and ethics. The Internal Audit and Compliance unit is mandated to assist the department by providing strategic crime prevention, detection and investigative direction and services, which support the strategic intent and business objectives.

### INTERNAL AUDIT, INTERNAL CONTROLS AND AUDIT COMMITTEE

The department has an established Internal Audit Unit, which reports functionally to the Audit Committee and administratively to the Accounting Officer. The unit provides the Audit Committee and management with assurance that the internal controls are adequate and effective. This is achieved by means of an independent, objective appraisal and evaluation of the internal controls, risk management and governance processes and suggested enhancements of controls and processes.

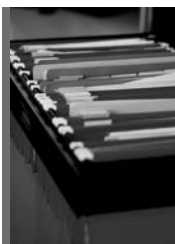
The Audit Committee was reconstituted during December 2004 to be in line with the best practice of good corporate governance.

### OTHER GOVERNANCE STRUCTURES

The Department established a Governance Committee that focuses on the Department's internal governance management and related processes. This unit collaborates with other units and departments (e.g. Risk Management and Employees Services) to direct compliance issues to appropriate existing channels for investigation and resolution, including:

- Responds to alleged violations of rules, regulations, policies, procedures and standards of conduct by evaluating or recommending the initiation of investigative procedures. It develops and oversees systems for the uniform handling of such violations.





- Acts as an independent review and evaluation body to ensure that compliance issues/concerns within the organization are being appropriately evaluated, investigated and resolved.
- Identifies potential areas of compliance vulnerability and risk, develops/implements corrective action plans for resolution of problematic issues, and provides general guidance on how to avoid or deal with similar situations in the future.
- Provides reports on a regular basis, and as directed or requested, keeping the Executive Management informed of the operation and progress of compliance efforts.
- Establishes and manages a departmental anti-corruption hotline.

## 9. DISCONTINUED ACTIVITIES/ACTIVITIES TO BE DISCONTINUED

None

## 10. NEW/PROPOSED ACTIVITIES

The Department itself went through a restructuring process, which has led to a greater focus on shareholder management. The restructuring process resulted in a name change for programmes 2, 3 and 4 to reflect their new activities and accommodate the reorganisation of functions. The Restructuring of SOEs has been divided into two programmes, Corporate Strategy and Structure and Corporate Finance and Transactions. The activities of the sub-programme Shareholder Management in the old Performance Monitoring and Benchmarking programme have been moved to the Governance and Policy programme, and the Business Operations sub-programme is now the Analysis and Risk Management programme.

The new programmes were implemented on 1 April 2005.

## 11. EVENTS AFTER THE REPORTING DATE

### DIRECTOR-GENERAL

Dr ME Mokeyane left the employ of the Department on 15 April 2005.

### ALEXKOR – PREVIOUS RESTRUCTURING COSTS

Cabinet took a decision on 6 November 2002, to dispose 51% of Government's shareholding in Alexkor to a strategic equity partner.

In giving effect to that decision, the Department appointed a transaction advisor through Alexkor to assist with the disposal process. It is standard practice with SOEs undergoing restructuring under Government auspices, to assume Government liability for payment of transaction advisors and to be reimbursed from the proceeds realised from the transaction.

Subsequently, it was decided during December 2003 to terminate the disposal of Government's 51% shareholding in Alexkor, due to land claims that were successfully instituted by the Richtersveld Community against Alexkor, which negatively affected the restructuring of Alexkor. Alexkor therefore became liable for transaction advisor fees amounting to R 12,8 million, which was duly discharged by Alexkor.

Government refunded Alexkor in full through the Department's budget vote during April 2005.

## 12. PERFORMANCE INFORMATION

The department maintains internal controls and systems designed to provide reasonable assurance as to the integrity and reliability of programme performance as well as the financial statements, and to adequately safeguard, verify and maintain accountability for its performance and management of its core assets viz-a-viz SOEs. Such performance controls are based on established policies and procedures and are implemented with an appropriate segregation of duties.

The strategy, business planning and project management function, in addition, operates under the umbrella of the Chief Operating Officer, which measures the scope of work achieved by the Department against agreed project plans and time frames. Significant findings are reported to the Executive Management, Audit Committee and Finance Branch. Corrective action is taken to address internal performance and control deficiencies identified in the execution of the work.

### 13. LEGAL ACTIONS

The following cases against Government are currently in process. The cases referred to below are not reflected in Note 21 of the financial statements.

#### **Nabera v Government of RSA & Alexkor**

Nabera, a management consultancy has commenced legal proceedings against the Government of RSA represented by Department of Public Enterprises and Alexkor for monies allegedly owed to it for work done at Alexkor. The Department is defending the suit.

#### **Richtersveld Community v Government of RSA & Alexkor**

The Richtersveld Community has claimed its land back in terms of the Restitution of Land Act, and the matter is proceeding in the Land Claims Court to determine whether the community should be given their land back or given alternative relief i.e. other available land and/or compensation. The Department is involved in the matter to assist the court in arriving at a decision.

#### **Ramafolo v Government of RSA**

In this matter, Ramafolo is suing the Government of the RSA, represented by the Department, for damages sustained due to injuries occasioned as a result of electrocution. The Department is defending the legal action.

### 14. SCOPA RESOLUTIONS

The following table discloses the most recent SCOPA resolutions and recommendations:

REFERENCE TO PREVIOUS AUDIT REPORT AND SCOPA RESOLUTIONS	SUBJECT	FINDINGS ON PROGRESS
Twentieth Report – 10 February 2004	Unauthorised expenditure	Recommended to Parliament that an amount of R 15 359 220 be approved relating to the 1997/98 to 1999/00 financial years; Balance of unauthorised expenditure to be dealt with in accordance with SCOPA recommendations.

### 15. APPROVAL

The Annual Financial Statements set out on pages 12 to 49 have been approved by the Accounting Officer.



PORTIA MOLEFE  
Director-General  
Date: 31/05/05







## ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2005

The Annual Financial Statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the Annual Financial Statements and to comply with the statutory requirements of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999), the Treasury Regulations for Departments and Constitutional Institutions issued in terms of the Act and the Division of Revenue Act, Act 5 of 2004.

The following issued, but not yet effective Standards of Generally Recognised Accounting Practice have not been fully complied with in the Annual Financial Statements:  
GRAP 1, 2 and 3.

### 1. BASIS OF PREPARATION

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

### 2. REVENUE

#### APPROPRIATED FUNDS

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

#### DEPARTMENTAL REVENUE

##### TAX REVENUE

A tax receipt is defined as compulsory, irrecoverable revenue collected by entities. Tax receipts are recognised as revenue in the Statement of Financial Performance on receipt of the funds.

##### SALE OF GOODS AND SERVICES OTHER THAN CAPITAL ASSETS

This comprises the proceeds from the sale of goods and/or services produced by the entity. Revenue is recognised in the Statement of Financial Performance on receipt of the funds.

##### FINES, PENALTIES AND FORFEITS

Fines, penalties and forfeits are compulsory receipts imposed by a court or quasi-judicial body. Revenue is recognised in the Statement of Financial Performance on receipt of the funds.

##### INTEREST, DIVIDENDS AND RENT ON LAND

Interest and dividends received are recognised upon receipt of the funds, and no provision is made for interest or dividends receivable from the last receipt date to the end of the reporting period. They are recognised as revenue in the Statement of Financial Performance of the Department and then transferred to the National/Provincial Revenue Fund. Revenue received from the rent of land is recognised in the Statement of Financial Performance on receipt of the funds.

## SALE OF CAPITAL ASSETS

The proceeds from the sale of capital assets is recognised as revenue in the Statement of Financial Performance on receipt of the funds.

## FINANCIAL TRANSACTIONS IN ASSETS AND LIABILITIES

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

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

## LOCAL AND FOREIGN AID ASSISTANCE

Local and foreign aid assistance is recognised in the Statement of Financial Performance on receipt of funds. Where amounts are expensed before funds are received, a receivable is raised. Where amounts have been inappropriately expensed using Local and Foreign aid assistance, a payable is raised. In the situation where the Department is allowed to retain surplus funds, these funds are shown as a reserve.

## 3. EXPENDITURE

### COMPENSATION OF EMPLOYEES

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

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

### Short-term employee benefits

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

### Long-term employee benefits and other post-employment benefits

#### Termination benefits

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

#### Medical benefits

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

#### Post-employment retirement benefits

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

#### Other employee benefits

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





## GOODS AND SERVICES

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

## INTEREST AND RENT ON LAND

Interest and rental payments resulting from the use of land, are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system. This item excludes rental on the use of buildings or other fixed structures.

## FINANCIAL TRANSACTIONS IN ASSETS AND LIABILITIES

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

## UNAUTHORISED EXPENDITURE

Unauthorised expenditure, is defined as:

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

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

## IRREGULAR EXPENDITURE

Irregular expenditure, is defined as :

- expenditure, other than unauthorised expenditure, incurred in contravention or not in accordance
- with a requirement of any applicable legislation, including:  
the Public Finance Management Act
- the State Tender Board Act, or any regulations made in terms of this act, or  
any provincial legislation providing for procurement procedures in that Provincial Government.

It is treated as expenditure in the Statement of Financial Performance. If such expenditure is not condoned and it is possibly recoverable it is disclosed as receivable in the Statement of Financial Position at year-end.

## FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure, is defined as:

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

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

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

## 4. TRANSFERS AND SUBSIDIES

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



## 5. EXPENDITURE FOR CAPITAL ASSETS

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

## 6. INVESTMENTS

Investments include; Investments in Associates; Joint ventures; Investments in controlled entities and other investments.

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

## 7. RECEIVABLES

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

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

## 8. CASH AND CASH EQUIVALENTS

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

## 9. PAYABLES

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

## 10. LEASE COMMITMENTS

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

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

## 11. ACCRUALS

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



## 12. CONTINGENT LIABILITY

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

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

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

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

## 13. COMMITMENTS

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

## 14. CAPITALISATION RESERVE

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

## 15. RECOVERABLE REVENUE

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

## 16. COMPARATIVE FIGURES

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



# APPROPRIATION STATEMENT

## FOR THE YEAR ENDED 31 MARCH 2005

### APPROPRIATION PER PROGRAMME

	2004/05						2003/04		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payments as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Administration</b>									
□ Current payment	33 312	(94)	2 058	35 276	35 200	76	99.8%	34 642	35 141
□ Transfers and subsidies	52	-	10	62	57	5	91.9%	41	175
□ Payment for capital assets	1 685	94	113	1 892	1 906	(14)	100.7%	1 538	463
<b>Restructuring of State-Owned Assets</b>									
□ Current payment	14 517	-	(1 299)	13 218	13 186	32	99.8%	33 509	30 190
□ Transfers and subsidies	6 963	-	-	6 963	6 951	12	99.8%	8 378	8 375
□ Payment for capital assets	150	-	52	202	199	3	98.5%	15	136
<b>Performance Monitoring and Benchmarking</b>									
□ Current payment	10 230	-	(767)	9 463	8 148	1 315	86.1%	4 940	5 195
□ Transfers and subsidies	26	-	-	26	13	13	50.0%	17	16
□ Payment for capital assets	109	-	2	111	106	5	95.5%	89	144
<b>Policy Development and Business Planning</b>									
□ Current payment	10 007	-	(2 099)	7 908	7 672	236	97.0%	4 908	3 839
□ Transfers and subsidies	23	1	1 990	2 014	2 011	3	99.9%	5	5
□ Payment for capital assets	303	(1)	(60)	242	223	19	92.1%	46	43
<b>Total</b>	<b>77 377</b>	<b>-</b>	<b>-</b>	<b>77 377</b>	<b>75 672</b>	<b>1 705</b>	<b>97.8%</b>	<b>88 128</b>	<b>83 722</b>
<b>Reconciliation with Statement of Financial Performance</b>									
Prior year unauthorised expenditure approved with funding				-				-	
Departmental revenue received				599 179				87 718	
Local and foreign aid assistance received				-				-	
<b>Actual amounts per Statements of Financial Performance (Total revenue)</b>				<b>676 556</b>				<b>175 846</b>	
<b>Actual amounts per Statements of Financial Performance (Total expenditure)</b>					<b>75 672</b>				<b>83 722</b>

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05

# APPROPRIATION STATEMENT

## FOR THE YEAR ENDED 31 MARCH 2005

### APPROPRIATION PER ECONOMIC CLASSIFICATION

	2004/05						2003/04		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payments as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payment</b>									
□ Compensation of employees	37 835	733	(3 552)	35 016	34 970	46	99.9%	30 497	30 088
□ Goods and services	30 230	(827)	1 445	30 848	29 235	1 613	94.8%	47 502	44 238
□ Interest and rent on land	-	-	-	-	-	-	-	-	1
□ Financial transactions in assets and liabilities	-	-	-	-	-	-	-	-	42
<b>Transfers and subsidies to:</b>									
□ Provinces and municipalities	143	-	-	143	110	33	76.9%	99	93
□ Departmental agencies and accounts	6922	-	-	6 922	6 922	-	100.0%	8 342	8342
□ Public corporations and private enterprises	-	-	2 000	2 000	2 000	-	100.0%	-	-
<b>Gifts and donations</b>	-	-	-	-	-	-	-	-	136
<b>Payment for capital assets</b>									
□ Machinery and equipment	2 247	94	24	2 365	2 338	27	98.9%	1 688	762
□ Software and other intangible assets	-	-	83	83	97	(14)	116.9%	-	20
<b>Total</b>	<b>77 377</b>	<b>-</b>	<b>-</b>	<b>77 377</b>	<b>75 672</b>	<b>1 705</b>	<b>97.8%</b>	<b>88 128</b>	<b>83 722</b>

DETAIL PER PROGRAMME 1 - ADMINISTRATION  
FOR THE YEAR ENDED 31 MARCH 2005

Programme per sub-programme	2004/05						2003/04		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payments as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Minister</b>									
□ Current payment	791	-	-	791	777	14	98.2%	746	876
□ Transfers and subsidies	-	-	-	-	-	-	-	-	-
□ Payment for capital assets	-	-	-	-	-	-	-	-	-
<b>Management Programme 1</b>									
□ Current payment	5 833	40	300	6 173	6 172	1	100.0%	3 895	4 222
□ Transfers and subsidies	11	(3)	10	18	13	5	72.2%	14	149
□ Payment for capital assets	215	(115)	-	100	114	(14)	114.0%	160	153
<b>Corporate Services</b>									
□ Current payment	26 688	(134)	1 758	28 312	28 251	61	99.8%	30 001	30 043
□ Transfers and subsidies	41	3	-	44	44	-	100.0%	27	26
□ Payment for capital assets	1470	209	113	1 792	1 792	-	100.0%	1 378	310
<b>Total</b>	<b>35 049</b>	<b>-</b>	<b>2 181</b>	<b>37 230</b>	<b>37 163</b>	<b>67</b>	<b>99.8%</b>	<b>36 221</b>	<b>35 779</b>

<b>Economic Classification</b>									
<b>Current payment</b>									
□ Compensation of employees	17 985	467	400	18 852	18 838	14	99.9%	16 104	16 661
□ Goods and services	15 327	(561)	1 658	16 424	16 361	63	99.6%	18 538	18 437
□ Interest and rent on land	-	-	-	-	-	-	-	-	1
□ Financial transactions in assets and liabilities	-	-	-	-	-	-	-	-	42
<b>Transfers and subsidies to:</b>									
□ Provinces and municipalities	52	-	10	62	58	4	93.5%	41	39
<b>Gifts and donations</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>136</b>
<b>Payment for capital assets</b>									
□ Machinery and equipment	1 685	94	43	1 822	1 822	-	100.0%	1 538	443
□ Software and other intangible assets	-	-	70	70	84	(14)	120.0%	-	20
<b>Total</b>	<b>35 049</b>	<b>-</b>	<b>2 181</b>	<b>37 230</b>	<b>37 163</b>	<b>67</b>	<b>99.8%</b>	<b>36 221</b>	<b>35 779</b>



# DETAIL PER PROGRAMME 2 - RESTRUCTURING OF STATE-OWNED ASSETS FOR THE YEAR ENDED 31 MARCH 2005



Programme per sub-programme	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payments as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Management</b>									
□ Current payment	2 911	(178)	(741)	1 992	1 991	1	99.9%	3 659	1 476
□ Transfers and subsidies	4	-	-	4	1	3	25.0%	11	10
□ Payment for capital assets	150	(8)	-	142	142	-	100.0%	-	6
<b>Restructuring of State-Owned Assets</b>									
□ Current payment	3 657	112	(901)	2 868	2 868	-	100.0%	5 163	2 811
□ Transfers and subsidies	8	-	-	8	7	1	87.5%	12	11
□ Payment for capital assets	-	51	-	51	51	-	100.0%	15	15
<b>Specialist Services</b>									
□ Current payment	6 590	264	1 289	8 143	8 117	26	99.7%	287	4 620
□ Transfers and subsidies	23	-	-	23	21	2	91.3%	12	11
□ Payment for capital assets	-	(43)	52	9	6	3	66.7%	-	35
<b>Initial Public Offering</b>									
□ Current payment	-	-	-	-	-	-	-	23 361	20 193
□ Transfers and subsidies	6 922	-	-	6 922	6 922	-	100.0%	8 342	8342
□ Payment for capital assets	-	-	-	-	-	-	-	-	80
<b>Stakeholder Liaison</b>									
□ Current payment	1 359	(198)	(946)	215	210	5	97.7%	1 039	1 090
□ Transfers and subsidies	6	-	-	6	-	6	0.0%	1	1
□ Payment for capital assets	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>21 630</b>	<b>-</b>	<b>(1 247)</b>	<b>20 383</b>	<b>20 336</b>	<b>47</b>	<b>99.8%</b>	<b>41 902</b>	<b>38 701</b>
<b>Economic Classification</b>									
<b>Current payment</b>									
□ Compensation of employees	9 461	211	(655)	9 017	9 013	4	100.0%	8 436	7 540
□ Goods and services	5 055	(211)	(644)	4 200	4 173	27	99.4%	25 073	22 650
<b>Transfers and subsidies to:</b>									
□ Provinces and municipalities	42	-	-	42	29	13	69.0%	36	33
□ Departmental agencies and accounts	6 922	-	-	6 922	6 922	-	100.0%	8 342	8 342
<b>Payment for capital assets</b>									
□ Machinery and equipment	150	-	39	189	186	3	98.4%	15	136
□ Software and other intangible assets	-	-	13	13	13	-	100.0%	-	-
<b>Total</b>	<b>21 630</b>	<b>-</b>	<b>(1 247)</b>	<b>20 383</b>	<b>20 336</b>	<b>47</b>	<b>99.8%</b>	<b>41 902</b>	<b>38 701</b>

DETAIL PER PROGRAMME 3 - PERFORMANCE MONITORING & BENCHMARKING  
FOR THE YEAR ENDED 31 MARCH 2005

Programme per sub-programme	2004/05						2003/04		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payments as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Management</b>									
□ Current payment	2 406	-	(529)	1 877	1 201	676	64.0%	1 514	1 837
□ Transfers and subsidies	-	-	-	-	-	-	-	-	-
□ Payment for capital assets	109	(32)	-	77	74	3	96.1%	20	18
<b>Business Operations</b>									
□ Current payment	5 968	-	(300)	5 668	5 168	500	91.2%	3 159	3 040
□ Transfers and subsidies	21	-	-	21	10	11	47.6%	7	6
□ Payment for capital assets	-	32	2	34	32	2	94.1%	69	126
<b>Socio Economic Performance</b>									
□ Current payment	1856	-	62	1 918	1 779	139	92.8%	267	318
□ Transfers and subsidies	5	-	-	5	3	2	60.0%	10	10
□ Payment for capital assets	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>10 365</b>	<b>-</b>	<b>(765)</b>	<b>9 600</b>	<b>8 267</b>	<b>1 333</b>	<b>86.1%</b>	<b>5 046</b>	<b>5 355</b>

<b>Economic Classification</b>									
<b>Current payment</b>									
□ Compensation of employees	7 389	-	(3 241)	4 148	4 126	22	99.5%	3 574	3 532
□ Goods and services	2 841	-	2 474	5 315	4 022	1 293	75.7%	1 366	1 663
<b>Transfers &amp; subsidies to:</b>									
□ Provinces and municipalities	26	-	-	26	13	13	50.0%	17	16
<b>Payment for capital assets</b>									
□ Machinery and equipment	109	-	2	111	106	5	95.5%	89	144
<b>Total</b>	<b>10 365</b>	<b>-</b>	<b>(765)</b>	<b>9 600</b>	<b>8 267</b>	<b>1 333</b>	<b>86.1%</b>	<b>5 046</b>	<b>5 355</b>



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# DETAIL PER PROGRAMME 4 - POLICY DEVELOPMENT AND BUSINESS PLANNING FOR THE YEAR ENDED 31 MARCH 2005



Programme per sub-programme	2004/05							2003/04	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payments as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Management</b>									
□ Current payment	1 564	(650)	116	1 030	1 029	1	99.9%	2 086	1 396
□ Transfers and subsidies	6	-	(4)	2	2	-	100.0%	2	2
□ Payment for capital assets	156	-	(60)	96	87	9	90.6%	46	39
<b>Strategic Analysis and Business Planning</b>									
□ Current payment	285	28	220	533	529	4	99.2%	482	417
□ Transfers and subsidies	13	(7)	(4)	2	2	-	100.0%	1	1
□ Payment for capital assets	24	1	-	25	16	9	64.0%	-	4
<b>Research and Policy Development</b>									
□ Current payment	2 792	(399)	(292)	2 101	2 098	3	99.9%	618	612
□ Transfers and subsidies	1	2	-	3	3	-	100.0%	1	1
□ Payment for capital assets	34	(6)	-	28	28	-	100.0%	-	-
<b>Knowledge Management</b>									
□ Current payment	481	127	-	608	589	19	96.9%	463	437
□ Transfers and subsidies	1	1	-	2	1	1	50.0%	1	1
□ Payment for capital assets	44	-	-	44	43	1	97.7%	-	-
<b>Shareholder Management</b>									
□ Current payment	4 826	906	(2 103)	3 629	3 422	207	94.3%	1259	977
□ Transfers and subsidies	-	5	1 998	2 003	2 003	-	100.0%	-	-
□ Payment for capital assets	45	4	-	49	49	-	100.0%	-	-
<b>Regulatory and Ethics</b>									
□ Current payment	59	(12)	(40)	7	5	2	71.4%	-	-
□ Transfers and subsidies	2	-	-	2	-	2	0.0%	-	-
□ Payment for capital assets	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>10 333</b>	<b>-</b>	<b>(169)</b>	<b>10 164</b>	<b>9 906</b>	<b>258</b>	<b>97.5%</b>	<b>4 959</b>	<b>3 887</b>

DETAIL PER PROGRAMME 4 - POLICY DEVELOPMENT AND BUSINESS PLANNING  
FOR THE YEAR ENDED 31 MARCH 2005

Economic Classification	2004/05						2003/04		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payments as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payment</b>									
□ Compensation of employees	3 000	55	(56)	2 999	2 993	6	99.8%	2 383	2 355
□ Goods and services	7 007	(55)	(2 043)	4 909	4 679	230	95.3%	2 525	1 488
<b>Transfers &amp; subsidies to:</b>									
□ Provinces and municipalities	23	-	(10)	13	10	3	76.9%	5	5
□ Public corporations and private enterprises	-	-	2 000	2 000	2 000	-	100.0%	-	-
<b>Payment for capital assets</b>									
□ Machinery & equipment	303	-	(60)	243	224	19	92.2%	46	39
□ Software and other intangible assets	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>10 333</b>	<b>-</b>	<b>(169)</b>	<b>10 164</b>	<b>9 906</b>	<b>258</b>	<b>97.5%</b>	<b>4 959</b>	<b>3 887</b>



## NOTES OF THE APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2005

### 1. DETAIL OF TRANSFERS AND SUBSIDIES AS PER APPROPRIATION ACT (AFTER VIREMENT):

Detail of these transactions can be viewed in note 9 (Transfers and subsidies) and Annexure 1 (A-D) to the Annual Financial Statements.

### 2. DETAIL OF SPECIFICALLY AND EXCLUSIVELY APPROPRIATED AMOUNTS VOTED (AFTER VIREMENT):

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

### 3. DETAIL ON FINANCIAL TRANSACTIONS IN ASSETS AND LIABILITIES

Detail of these transactions per programme can be viewed in note 7 (Financial transactions in assets and liabilities) to the Annual Financial Statements.

### 4. EXPLANATIONS OF MATERIAL VARIANCES FROM AMOUNTS VOTED (AFTER VIREMENT):

4.1. Per Programme	Voted Funds After Virement R 000	Actual Payment R 000	R 000	%
□ Administration	37 230	37 163	67	99.8
□ Restructuring of State-Owned Assets	20 383	20 336	47	99.8
□ Performance Monitoring and Benchmarking	9 600	8 267	1 333	86.1
□ Policy Development and Business Planning	10 164	9906	58	97.5

#### Programme 3: Performance Monitoring and Benchmarking

Savings due to concomitant personnel expenditure from later than expected appointments, as well as a decrease in use of consultants.

#### Programme 4: Policy Development and Business Planning

Savings due to concomitant personnel expenditure from later than expected appointments, as well as a decrease in use of consultants.

### 4.2 Per Economic classification R 000

#### Current payment:

Compensation of employees	34 970
Goods and services	29 235

#### Transfers and subsidies:

Provinces and municipalities	110
Departmental agencies and accounts	6 922
Public corporations and private enterprises	2 000

#### Payments for capital assets:

Machinery and equipment	2 338
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STATEMENT OF FINANCIAL PERFORMANCE  
FOR THE YEAR ENDED 31 MARCH 2005

	NOTES	2004/05	2003/04
		R'000	R'000
<b>REVENUE</b>			
Annual appropriation	1	77 377	88 128
Departmental revenue	2	599 179	87 718
<b>TOTAL REVENUE</b>		<b>676 556</b>	<b>175 846</b>
<b>EXPENDITURE</b>			
<i>Current expenditure</i>			
Compensation of employees	4	34 970	30 088
Goods and services	5	29 235	44 238
Interest and rent on land	6	-	1
Financial transactions in assets and liabilities	7	-	42
<i>Total current expenditure</i>		<b>64 205</b>	<b>74 369</b>
<i>Transfers and subsidies</i>	9	<b>9 032</b>	<b>8 571</b>
<i>Expenditure for capital assets</i>			
Machinery and Equipment	10	2 338	762
Software and other intangible assets	10	97	20
<i>Total expenditure for capital assets</i>		<b>2 435</b>	<b>782</b>
<b>TOTAL EXPENDITURE</b>		<b>75 672</b>	<b>83 722</b>
<b>NET SURPLUS/(DEFICIT)</b>			
Add back unauthorised expenditure	8	-	-
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>600 884</b>	<b>92 124</b>
<i>Reconciliation of Net Surplus/(Deficit) for the year</i>			
Voted Funds to be surrendered to the Revenue Fund/unutilised	15	1 705	4 406
Departmental receipts to be surrendered to the Revenue Fund	16	599 179	87 718
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>600 884</b>	<b>92 124</b>



STATEMENT OF FINANCIAL POSITION  
FOR THE YEAR ENDED 31 MARCH 2005

	NOTES	2004/05	2003/04
		R'000	R'000
<b>ASSETS</b>			
<i>Current assets</i>		<b>26 944</b>	<b>41 927</b>
Unauthorised expenditure	8	26 165	26 165
Cash and cash equivalents	11	15	15 046
Prepayments and advances	12	186	169
Receivables	13	578	547
<i>Non-current assets</i>		<b>17 114 309</b>	<b>17 114 309</b>
Investments	14	17 114 309	17 114 309
<b>TOTAL ASSETS</b>		<b>17 141 253</b>	<b>17 156 236</b>
<b>LIABILITIES</b>			
<i>Current liabilities</i>		<b>26 944</b>	<b>41 927</b>
Voted funds to be surrendered to the Revenue Fund	15	1 705	4 406
Departmental revenue to be surrendered to the Revenue Fund	16	8	13 333
Bank overdraft	17	25 231	22 511
Payables	18	-	1 677
<b>TOTAL LIABILITIES</b>		<b>26 944</b>	<b>41 927</b>
<b>NET ASSETS</b>		<b>17 114 309</b>	<b>17 114 309</b>
Represented by: Capitalisation reserve		17 114 309	17 114 309
<b>TOTAL</b>		<b>17 114 309</b>	<b>17 114 309</b>

STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED 31 MARCH 2005

<i>Capitalisation reserve</i>			
Opening balance		17 114 309	17 114 309
Transfers		-	-
<b>Closing balance</b>		<b>17 114 309</b>	<b>17 114 309</b>
<i>Recoverable revenue</i>			
Opening balance		-	21 062
Debts written off	7.2	-	(15 057)
Debts recovered (included in departmental revenue)	2	-	(6 005)
<b>Closing balance</b>		<b>-</b>	<b>-</b>
<b>TOTAL</b>		<b>17 114 309</b>	<b>17 114 309</b>



CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2005

	NOTES	2004/05
		R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<i>Receipts</i>		
Annual appropriated funds received	1	77 377
Departmental revenue received	2	599 179
Net (increase)/decrease in working capital		(1 725)
		<b>674 831</b>
Surrendered to Revenue Fund		(616 910)
Current payments		(64 205)
Transfers and subsidies paid	9	(9 032)
<i>Net cash flow available from operating activities</i>		<b>(15 316)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payments for capital assets	10	(2 435)
Net cash flows from investing activities		<b>(2 435)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Distribution/dividend to Government		-
Increase/(decrease) in loans received		-
<i>Net cash flows from financing activities</i>		-
Net increase/(decrease) in cash and cash equivalents		<b>(17 751)</b>
Cash and cash equivalents at the beginning of the period		<b>(7 465)</b>
<b>CASH AND CASH EQUIVALENTS AT END OF PERIOD</b>	<b>11/17</b>	<b>(25 216)</b>



# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 MARCH 2005

### 1. ANNUAL APPROPRIATION

1.1. Included are funds appropriated in terms of the Appropriation Act for National Departments (Voted funds):

	Final Appropriation	Actual Funds Received	Variance over/ (under)	Total Appropriation 2003/04
	R'000	R'000	R'000	R'000
□ Administration	37 230	37 230	-	36 221
□ Restructuring of State-Owned Assets	20 383	20 383	-	41 902
□ Performance Monitoring and Benchmarking	9 600	9 600	-	5 046
□ Policy Development and Business Planning	10 164	10 164	-	4 959
<b>Total</b>	<b>77 377</b>	<b>77 377</b>	<b>-</b>	<b>88 128</b>

Rollovers amounting to R 1 460 000 applied for Corporate Identity, Revamp of Cape Town office and the purchase of new servers and software for the Department.

### 2. DEPARTMENTAL REVENUE TO BE SURRENDERED TO REVENUE FUND

	NOTES	2004/05 R'000	2003/04 R'000
Sales of goods and services other than capital assets		25	-
Interest, dividends and rent on land		599 036	87 359
Recoverable revenue received		113	196
Financial transactions in assets and liabilities	2.1	5	163
<b>Total revenue collected</b>		<b>599 179</b>	<b>87 718</b>
<b>Less: Departmental Revenue Budgeted</b>		<b>-</b>	<b>-</b>
<b>Departmental revenue collected</b>		<b>599 179</b>	<b>87 718</b>
Interest, dividends and rent on land includes dividends from Eskom (R 569 million) and Safcol (R 30 million).			
<b>2.1 Financial transactions in assets and liabilities</b>			
Nature of loss recovered			
Cheques written back		5	163
		<b>5</b>	<b>163</b>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2005

	NOTES	2004/05	2003/04
		R'000	R'000
3. LOCAL AND FOREIGN AID ASSISTANCE			
3.1 <i>Assistance received in kind</i>			
Name of donor and purpose			
<i>Foreign</i>			
United Kingdom – DFID – Support to DPE		3 969	6 881
United Kingdom – DFID – Energy Sector Specialist		328	2 117
United Kingdom – DFID – Ports Specialist		1 243	3 009
USAID		1 729	8 311
<i>Total local and foreign aid assistance received in kind</i>		7 269	20 318
4. COMPENSATION OF EMPLOYEES			
4.1 <i>Salaries and Wages</i>			
Basic salary		21 854	19 850
Performance award		945	763
Compensative/circumstantial		898	98
Periodic payments		988	-
Other non-pensionable allowances		7 683	7 045
		32 368	27 756
4.2 <i>Social contributions</i>			
4.2.1 <i>Short-term employee benefits</i>			
Pension		1 824	1 458
Medical		774	874
Bargaining council		4	-
		2 602	2 332
<i>Total compensation of employees</i>		34 970	30 088
Average number of employees		134	118
5. GOODS AND SERVICES			
Advertising		860	691
Bank charges and card fees		81	72
Bursaries (employees)		194	403
Communication		2 900	2 780
Computer services		1 595	641
Consultants, contractors and special services		9 316	25 432
Courier and delivery services		54	53
Entertainment		597	565
External audit fees	5.1	376	597
Equipment less than R 5 000		518	1 165
Government motor transport		-	85
Inventory	5.2	2 374	1 526
Learnerships		77	-
Legal fees		315	80
Licence agency fees		-	19
Maintenance, repairs and running cost		729	904
Operating leases		602	774
Plants, flowers and other decorations		-	35
Printing and publications		464	124
Professional bodies and membership fees		66	2
Resettlement cost		18	113



NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2005

	NOTES	2004/05	2003/04
		R'000	R'000
5. GOODS AND SERVICES...continued			
Subscriptions		29	-
Travel and subsistence	5.3	7 048	6 880
Venues and facilities		339	383
Protective, special clothing & uniforms		-	4
Training & staff development		683	910
		29 235	44 238
5.1 External audit fees			
Regularity audits		376	597
Total external audit fees		376	597
5.2 Inventory (purchased during the year)			
Other inventory		-	74
Domestic consumables		157	9
Food and Food supplies		-	1
Stationery and printing		2 217	1442
		2 374	1 526
5.3 Travel and subsistence			
Local		6 413	5 624
Foreign		635	1 256
Total travel and subsistence		7 048	6 880
6. INTEREST AND RENT ON LAND			
Rent on land		-	1
Total interest and rent on land		-	1
7. FINANCIAL TRANSACTIONS IN ASSETS & LIABILITIES			
Debts written off	7.1	-	42
		-	42
7.1 Bad debts written off			
Nature of debts written off			
Transfer to debts written off			
Department of Transport		-	42
		-	42
7.2 Details of theft and losses			
Outstanding proceeds from the sale of State Assets		-	15 057
		-	15 057

NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2005

	NOTES	2004/05	2003/04
		R'000	R'000
8. UNAUTHORISED EXPENDITURE			
8.1. <i>Reconciliation of unauthorised expenditure</i>			
Opening balance		26 165	26 165
Unauthorised expenditure – current year		-	-
Unauthorised expenditure awaiting authorisation		26 165	26 165
8.2 <i>Unauthorised expenditure</i>			
Incident – Disciplinary steps taken/criminal proceedings			26 165
Various – Referred to SCOPA			26 165
			26 165
SCOPA recommended to Parliament that an amount of R 15,4 million be approved (20th Report. 10/02/2004). SCOPA is reviewing the remaining balance.			
9. TRANSFERS AND SUBSIDIES			
Provinces and municipalities	Annex 1A	110	93
Departmental agencies and accounts	Annex 1B	6 922	8 342
Public corporations and private enterprises	Annex 1C	2 000	-
Gifts and donations	Annex 1D	-	136
		9 032	8 571
10. EXPENDITURE FOR CAPITAL ASSETS			
Machinery and equipment	Annex 4	2 338	762
Software and other intangible assets	Annex 5	97	20
<i>Total</i>		2 435	782
11. CASH AND CASH EQUIVALENTS			
Cash on hand		15	10
Cash with commercial banks		-	15 036
		15	15 046
12. PREPAYMENTS AND ADVANCES			
DESCRIPTION			
Travel and subsistence		20	32
Advances paid to other entities		66	137
Claims recoverable		100	-
		186	169





NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2005

	NOTES	LESS THAN 1 YEAR	1 - 3 YEARS	OLDER THAN 3 YEARS	TOTAL 2004/05	TOTAL 2003/04
		R'000	R'000	R'000	R'000	R'000
13. RECEIVABLES						
Staff debtors	13.1	17	30	31	78	63
Clearing accounts	13.2	2	-	-	2	-
Other debtors	13.3	14	484	-	498	484
		33	514	31	578	547

Amounts of R 44 309 (2004: R 42 331) included above may not be recoverable, but have not been written off in the Statement of Financial Performance

	NOTES	2004/05	2003/04
		R'000	R'000
13.1 <i>Staff debtors</i>			
Salary overpayment		68	60
Other		10	3
		78	63
13.2 <i>Clearing accounts</i>			
Medical Aid		2	-
		2	-
13.3 <i>Other debtors</i>			
Tax debt		498	484
		498	484
14. INVESTMENTS	Annex 2		
<i>Investee Nature of Investment</i>			(Reflected at cost)
Alexkor Limited Shares held in State-Owned Enterprises		50 000	50 000
Aventura Limited Shares held in State-Owned Enterprises		60 000	60 000
Denel (Pty) Ltd Shares held in State-Owned Enterprises	#	1 976 310	1 976 310
SAFCOL Shares held in State-Owned Enterprises		318 013	318 013
ESKOM Shares held in State-Owned Enterprises	^	-	-
Transnet Shares held in State-Owned Enterprises		14 709 986	14 709 986
		17 114 309	17 114 309

#The investment in Denel (Pty) Ltd has been restated to include the share premium.

^ Eskom shareholding comprises of one share @ R1.00

The most recent audited financial statements of the following entities indicate that the Net Asset Value (NAV) of the entity is lower than the cost of investment:

	NAV R'000	DATE
Alexkor Limited	40 276	30/06/04
Aventura Limited	-	30/06/03
Denel (Pty) Ltd	834 500	31/03/04



NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2005

				NOTES	2004/05	2003/04
					R'000	R'000
15. Voted funds to be surrendered to the Revenue Fund						
Opening balance					4 406	38 778
Transfer from Statement of Financial Performance					1 705	4 406
Paid during the year					(4 406)	(38 778)
Closing balance					1 705	4 406
16. DEPARTMENTAL RECEIPTS TO BE SURRENDERED TO THE REVENUE FUND						
Opening balance					13 333	30
Transfer from Statement of Financial Performance					599 179	87 718
Paid during the year					(612 504)	(74 415)
Closing balance					8	13 333
17. BANK OVERDRAFT						
Paymaster-General Account					25 231	22 511
					25 231	22 511
18. PAYABLES – CURRENT						
		NOTES	30 DAYS	30 DAYS	TOTAL	TOTAL
Clearing accounts		18.1	-	-	-	1 677
			-	-	-	1 677
18.1 Other payables						
Miscellaneous					-	10
Aventura					-	1 667
					-	1 677
19. RECONCILIATION OF NET CASH FLOW FROM OPERATING ACTIVITIES TO SURPLUS/(DEFICIT)					2004/05	
					R'000	
Net surplus/(deficit) as per Statement of Financial Performance					600 884	
(Increase)/decrease in receivables – current					(31)	
(Increase)/decrease in prepayments and advances					(17)	
Increase/(decrease) in payables – current					(1 677)	
Surrenders					(616 910)	
Capital expenditure					2 435	
Net cash flow generated by operating activities					(15 316)	



DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2005

NOTES	2004/05	2003/04
	R '000	R'000
20. APPROPRIATED FUNDS AND DEPARTMENTAL REVENUE SURRENDERED		
Appropriated funds surrendered	(4 406)	(38 778)
Departmental revenue surrendered	(612 504)	(74 415)
	(616 910)	(113 193)

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

## 21. CONTINGENT LIABILITIES

Liable to	Nature			
Motor vehicle guarantees	Employees	Annex 3	248	576
Housing loan guarantees	Employees	Annex 3	312	392
Other guarantees		Annex 3	22 759 632	22 245 575
Claims Other departments (interdepartmental unconfirmed balances)		Annex 6	625	-
Capped leave commitments			1 431	1 119
			22 762 248	22 247 662

## 22. COMMITMENTS PER PROGRAMME

<i>Current expenditure</i>				
Approved and contracted			1 896	28 306
			1 896	28 306
<i>Capital expenditure</i>				
Approved and contracted			92	-
			92	-
<i>Total Commitments</i>			1 988	28 306

## 23. ACCRUALS

<i>Listed by economic classification</i>	30 DAYS	30+DAYS	TOTAL	TOTAL
Compensation of employees	-	15	15	39
Goods and services	79	172	251	593
Machinery and equipment	-	-	-	244
			266	876
<i>Listed by programme level</i>				
Programme 1: Administration			102	707
Programme 2: Restructuring of SOEs			12	41
Programme 3: Performance Monitoring and Strategic Analysis			9	1 28
Programme 4: Alternative Service Delivery			143	-
			266	876
Confirmed balances with other departments		Annex 6	12 789	-
			12 789	-

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2005

		NOTES	2004/05	2003/04
			R'000	R'000
24. EMPLOYEE BENEFITS				
Leave entitlement			788	624
Thirteenth cheque			530	350
Performance bonus			1 107	945
			2 425	1 919
25. LEASE COMMITMENTS				
25.1 <i>Operating leases</i>	BUILDINGS AND OTHER FIXED STRUCTURES	MACHINERY AND EQUIPMENT	TOTAL	TOTAL
Not later than 1 year	-	902	902	1 030
Later than 1 year and not later than 3 years	-	268	268	149
<i>Total present value of lease liabilities</i>	-	1 170	1 170	1 179
26. IRREGULAR EXPENDITURE				
26.1 <i>Reconciliation of irregular expenditure</i>				
□ Opening balance			128	128
□ Irregular expenditure current year			-	-
□ Irregular expenditure awaiting condonement			128	128
<i>Analysis</i>				
Current			-	-
Prior years			128	128
			128	128
26.2 IRREGULAR EXPENDITURE				
Incident	Disciplinary steps taken/criminal proceedings			
Non compliance with Treasury Regulations	Awaiting condonement from State Tender Board			128
				128
27. SENIOR MANAGEMENT PERSONNEL				
The aggregate compensation of the senior management of the department and the number of individuals determined on a full time equivalent basis receiving compensation within this category, showing separately major classes of key management personnel and including a description of each class for the current period and the comparative period.				
The Minister, Deputy Ministers, Director-General			1 639	1 592
Deputy Directors-General			1 781	557
Chief Director			938	1 829
The Chief Director comprises the CFO and COO's salaries.			4 358	3 978



# ANNEXURES TO ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2005

## ANNEXURE 1A STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		SPENT			2003/4
	Division of Revenue Act	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	%	R'000
Tswane Metropolitan Municipality (Regional Services Council Levies)	143	-	-	143	110	76.9%	-	-	-	93
	143	-	-	143	110	76.9	-	-	-	93

## ANNEXURE 1B STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

	AGENCY/ACCOUNT				TRANSFER ALLOCATION		2003/04
	Appropriation Act	Rollovers	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Diabo Trust	3 119	-	-	3 119	3 119	100.0%	4 505
Khulisa Trust	3 803	-	-	3 803	3 803	100.0%	3 837
	6 922	-	-	6 922	6 922	100.0%	8 342

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

NAME OF PUBLIC CORPORATION/ PRIVATE ENTERPRISE	TRANSFER ALLOCATION					TRANSFER			2003/04
	Appropriation	Roll Overs	Adjustments	Total Avail-	Actual Transfer	% of Available funds Transferred	Capital	Current	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Public Corporations									
Alexkor	-	2 000	-	2 000	2 000	100.0%	-	2 000	-
TOTAL	-	2 000	-	2 000	2 000	100.0%	-	2 000	-



ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2005

ANNEXURE 1D  
STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2004/05	2003/04
		R'000	R'000
Received in kind SAA	Voyager Miles	-	150
		-	150

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

Name of Public Enterprises	Nature of business	Relevant Act	State Enterprises Schedule type (schedule) year end if not 31 March	% Held 03/04	% Held 04/05	Number of shares		Cost of investments		Profit/(Losses) for the year		Are the losses guaranteed?
						04/05	03/04	04/05	03/04	04/05	03/04	Yes/No
						R 000	R'000	R'000	R'000	R'000	R 000	
Controlled entities												
Alexkor Limited	Mining	Act 116 of 1992	II	100.0%	100.0%	50 000 000	50 000 000	50 000	50 000	N/A	35 734	No
Aventura Limited	Leisure	Act 127 of 1993	IIIB	100.0%	100.0%	60 000 000	60 000 000	60 000	60 000	N/A	-	No
Denel (Pty) Ltd	Manu- facturing of Arms for Defence Industry	Companies Act 1 April 1992	II	100.0%	100.0%	442 109 596	442 109 596	1 976 310	1 976 310	N/A	(377 500)	No
SAFCOL	Forestry	Act 128 of 1992	II	100.0%	100.0%	318 013 254	318 013 254	318 013	318 013	N/A	37 352	No
ESKOM	Energy	Act 13 of 2001	II	100.0%	100.0%	1	1	-	-	N/A	3 534	No
Transnet	Transport succession	Legal  of the South African Transport Service Act 9 of 1989 amended	II	100.0%	100.0%	14 709 986 310	14 709 986 310	14 709 986	14 709 986	N/A	(6 332 000)	No
TOTAL								17 114 309 17 114 309			(6 632 880)	



ANNEXURES TO ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2005

## ANNEXURE 2B

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

Name of Public Entities		Cost of Investment		Amounts owing to		Amounts owing by		Valuation of investment	
		04/05	03/04	04/05	03/04	04/05	03/04	04/05	03/04
		R'000	R'000	R'000	R'000	R 000	R 000	R'000	R'000
<b>Controlled entities</b>									
Alexkor Limited	Mining	50 000	50 000	12 781	-	-	-	50 000	50 000
Aventura Limited	Leisure	60 000	60 000	-	-	-	-	60 000	60 000
Denel (Pty) Ltd	Manufacturing of Arms for Defence Industry	1 976 310	1 976 310	-	-	-	-	1 976 310	1 976 310
SAFCOL	Forestry	318 013	318 013	-	-	-	-	318 013	318 013
Transnet	Transport	14 709 986	14 709 986	-	-	-	-	14 709 986	14 709 986
<b>TOTAL</b>		<b>17 114 309</b>	<b>17 114 309</b>	<b>12 781</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17 114 309</b>	<b>17 114 309</b>

## ANNEXURE 3

## STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2005 – LOCAL

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2004	Guarantees issued during the year	Guarantees released during the year	Guaranteed interest for year ended 1 March 2005	Closing balance 31 March 2005	Realised losses i.r.o. claims paid out
		R 000	R 000	R 000	R 000	R 000	R 000	R 000
Stannic	Motor vehicles	381	576	-	328	-	248	-
	Employees	381	576	-	328	-	248	-
ABSA	Housing Employees	54	69	41	56	-	54	-
First National Bank	Employees	46	97	-	51	-	46	-
Natal Building Society	Employees	14	14	-	-	-	14	-
NEDCOR	Employees	90	150	-	60	-	90	-
Standard Bank	Employees	108	62	80	34	-	108	-
		312	392	121	201	-	312	-
Transnet	Other							
	T004	Unlimited	5 484 374	270 814	-	-	5 755 188	-
	T011	Unlimited	1 994 633	-	244 311	-	1 750 322	-
	T017	3 000 000	2 727 000	-	65 703	-	2 661 297	-
	Coupon Stock (Funding)	Unlimited	3 299 000	-	3 299 000	-	-	-
	Transnet – Newshelf (Pty) Ltd	1 511 000	1 740 568	145 044	-	-	1 885 612	-
	SAA – Current Account	7 000 000	7 000 000	-	7 000 000	-	-	-
	Public Investment Corporation – SAA	6 000 000	-	6 000 000	-	643 233	6 643 233	-
<b>Total</b>		<b>17 511 000</b>	<b>22 245 575</b>	<b>6 415 858</b>	<b>10 609 014</b>	<b>643 23318</b>	<b>695 652</b>	<b>-</b>

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2005

ANNEXURE 3 (CONTINUED)

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2005 – FOREIGN

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2004	Guarantees issued during the year	Guarantees released during the year	Guaranteed interest for year ended 31 March 2005	Closing balance 31 March 2005	Realised losses i.r.o. claims paid out
		R 000	R 000	R 000	R 000	R 000	R 000	R 000
Eskom	Smart Systems	250 602	33 453	-	11 042	602	23 013	-
Transnet Note 1	General Financing	483 724	122 000	-	-	10 899	132 899	-
	Financing of Harbours and Railways	132 881	108 702	-	25 995	54	82 761	-
	Financing of Aircraft	284 938	74 801	-	50 391	187	24 597	-
	Financing of Aircraft Partially	31 659	45 805	-	3 606	1 004	43 203	-
	Refinancing of T016	2 000 000	2 000 000	-	-	256 685	2 256 685	-
	Refinancing	1 500 000	1 500 000	-	-	822	1 500 822	-
Total		4 683 804	3 884 761	-	91 034	270 253	4 063 980	-

ANNEXURE 4

PHYSICAL ASSET MOVEMENT SCHEDULE FOR THE YEAR ENDED 31 MARCH 2005

	Opening Balance	Additions	Disposals	Transfers in	Transfers out	Closing Balance
	R 000	R 000	R 000	R 000	R 000	R 000
MACHINERY AND EQUIPMENT	-	2 338	-	-	-	-
Computer equipment	-	428	-	-	-	-
Furniture and office equipment	-	1 075	-	-	-	-
Other machinery and equipment	-	169	-	-	-	-
Transport assets	-	666	-	-	-	-
	-	2 338	-	-	-	-

PHYSICAL ASSET MOVEMENT SCHEDULE FOR THE YEAR ENDED 31 MARCH 2004

	Opening Balance	Additions	Disposals	Transfers in	Transfers out	Closing Balance
	R 000	R 000	R 000	R 000	R 000	R 000
MACHINERY AND EQUIPMENT	-	762	-	-	-	-
Computer equipment	-	481	-	-	-	-
Furniture and office equipment	-	87	-	-	-	-
Other machinery and equipment	-	194	-	-	-	-
	-	762	-	-	-	-



ANNEXURES TO ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2005ANNEXURE 5  
SOFTWARE AND OTHER INTANGIBLE ASSETS MOVEMENT SCHEDULE AS AT 31 MARCH 2005

	Opening Balance	Additions	Disposals	Transfers in	Transfers out	Closing Balance
	R 000	R 000	R 000	R 000	R 000	R 000
Computer software	-	97	-	-	-	-
	-	97	-	-	-	-

## SOFTWARE AND OTHER INTANGIBLE ASSETS MOVEMENT SCHEDULE AS AT 31 MARCH 2004

	Opening Balance	Additions	Disposals	Transfers in	Transfers out	Closing Balance
	R 000	R 000	R 000	R 000	R 000	R 000
Computer software	-	20	10	-	-	-
	-	20	10	-	-	-

ANNEXURE 6  
INTER-GOVERNMENT PAYABLES

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding	
	31/03/2005 R'000	31/03/2004 R'000	31/03/2004 R'000	31/03/2004 R'000
<b>Department amounts not included in Statement of Financial Position</b>				
<b>Current</b>				
Gauteng Provincial Government (Department of Public Transport, Roads and Works)	-	-	616	-
Department: Justice and Constitutional Development	8	-	-	-
Parliament	-	-	9	-
<b>Total</b>	<b>8</b>	<b>-</b>	<b>625</b>	<b>-</b>
<b>Other Government entities</b>				
<b>Amounts not included in Statement of Financial Position</b>				
<b>Current</b>				
Alexkor	12 781	-	-	-
<b>Total</b>	<b>12 781</b>	<b>-</b>	<b>-</b>	<b>-</b>

# APPENDIX A

## HUMAN RESOURCE MANAGEMENT

OVERSIGHT REPORT – APRIL 2004 TO MARCH 2005

TABLE 2.1 PERSONNEL COSTS BY PROGRAMME

Programme	Total Voted Expenditure (R'000)	Compensation Of Employees (R'000)	Training Expenditure (R'000)	Professional And Special Services (R'000)	Compensation of Employees as Percent of Total Expenditure	Average Compensation of Employees Cost per Employee (R'000)	Employment
Programme 4: Policy Development and Business Planning	9 906	2 993	0	0	30.2	22	136
Programme 1: Administration	37 161	18 838	0	0	50.7	139	136
Programme 2: Restructuring of SOEs	20 336	9 012	0	0	44.3	66	136
Programme 3: Performance Monitoring and Benchmarking	8 267	4 126	0	0	49.9	30	136
Z = Total as on Financial Systems (BAS)	75 670	34 970	0	0	46.2	257	136

TABLE 2.2 PERSONNEL COSTS BY SALARY BAND

Salary Bands	Compensation of Employees (R'000)	Percentage of Total Personnel Cost	Average Compensation Cost per Employee (R)	Total Personnel Cost	Number of Employees
Lower skilled (Levels 1–2)	913	2.6	0	34 496	0
Skilled (Levels 3–5)	933	2.7	103 667	34 496	9
Highly skilled production (Levels 6–8)	6 296	18.3	125 920	34 496	50
Highly skilled supervision (Levels 9–12)	6 608	19.2	200 242	34 496	33
Senior management (Levels 13–16)	19 401	56.2	440 932	34 496	44
Total	34 151	99	251 110	34 496	136



TABLE 2.3 SALARIES, OVERTIME, HOME OWNER'S ALLOWANCE AND MEDICAL AID BY PROGRAMME

Programme	Salaries (R'000)	Salaries as % of Personnel Cost	Overtime (R'000)	Overtime as % of Personnel Cost	HOA (R'000)	HOA as % of Personnel Cost	Medical Ass. (R'000)	Medical Ass. as % of Personnel Cost	Total Personnel Cost (R'000)
Programme 1: Administration	162	0	4	0	0	0	15	0	0
Programme 2: Restructuring of SOEs	259	0	0	0	1	0	5	0	0
Programme 3: Performance Monitoring and Benchmarking	43	0	0	0	0	0	0	0	0
Programme 1: Administration	10 909	61.4	215	1.2	82	0.5	480	2.7	17 776
Programme 2: Restructuring of SOEs	5 625	63.8	17	0.2	12	0.1	173	2	8 819
Programme 3: Performance Monitoring and Benchmarking	3 297	63.4	3	0.1	15	0.3	57	1.1	5 198
Programme 4: Policy Development and Business Planning	1 068	60.5	0	0	10	0.6	39	2.2	1 764
Unknown	83	65.9	0	0	0	0	1	0.8	126
<b>Total</b>	<b>21 446</b>	<b>63.7</b>	<b>239</b>	<b>0.7</b>	<b>120</b>	<b>0.4</b>	<b>770</b>	<b>2.3</b>	<b>33 683</b>

TABLE 2.4 SALARIES, OVERTIME, HOME OWNER'S ALLOWANCE AND MEDICAL AID BY SALARY BAND

Salary Bands	Salaries (R'000)	Salaries as % of Personnel Cost	Overtime (R'000)	Overtime as % of Personnel Cost	HOA (R'000)	HOA as % of Personnel Cost	Medical Ass. (R'000)	Medical Ass. as % of Personnel Cost	Total Personnel Cost (R'000)
Lower skilled (Levels 1–2)	104	14.5	1	0.1	1	0.1	3	0.4	717
Skilled (Levels 3–5)	598	63.9	105	11.2	11	1.2	50	5.3	936
Highly skilled production (Levels 6–8)	4 507	74.6	78	1.3	69	1.1	357	5.9	6 043
Highly skilled supervision (Levels 9–12)	4 765	73.9	52	0.8	39	0.6	197	3.1	6 446
Senior management (Levels 13–16)	11 471	58.7	4	0	0	0	163	0.8	19 540
<b>Total</b>	<b>21 445</b>	<b>63.7</b>	<b>240</b>	<b>0.7</b>	<b>120</b>	<b>0.4</b>	<b>770</b>	<b>2.3</b>	<b>33 682</b>

TABLE 3.1 EMPLOYMENT AND VACANCIES BY PROGRAMME  
AT END OF PERIOD

Programme	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Programme 1: Administration, Permanent	6	0	100	0
Programme 2: Restructuring of SOEs, Permanent	4	2	50	0
Programme 3: Performance Monitoring and Benchmarking, Permanent	3	1	66.7	0
Programme 1: Administration, Permanent	95	81	16.8	0
Programme 2: Restructuring of SOEs, Permanent	37	32	13.5	0
Programme 3: Performance Monitoring and Benchmarking, Permanent	25	16	36	0
Programme 4: Policy Development and Business Planning, Permanent	8	4	50	0
Unknown, Permanent	1	0	100	0
<b>Total</b>	<b>179</b>	<b>136</b>	<b>25.1</b>	<b>0</b>

TABLE 3.2 EMPLOYMENT AND VACANCIES BY SALARY BAND  
AT END OF PERIOD

Salary Band	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Lower skilled (Levels 1-2), Permanent	0		0	0
Skilled (Levels 3-5), Permanent	14	13	7.1	0
Highly skilled production (Levels 6-8), Permanent	69	53	23.2	0
Highly skilled supervision (Levels 9-12), Permanent	47	29	42.6	0
Senior management (Levels 13-16), Permanent	49	41	16.3	0
<b>Total</b>	<b>179</b>	<b>136</b>	<b>25.1</b>	<b>0</b>

TABLE 3.3 EMPLOYMENT AND VACANCIES BY CRITICAL OCCUPATION  
AT END OF PERIOD

Critical Occupations	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Authors, journalists and other writers, Permanent	4	2	50	0
Cleaners in offices, workshops, hospitals etc., Permanent	3	2	33.3	0
Client information clerks (switchboard, reception, information clerks), Permanent	2	2	0	0
Computer system designers and analysts, Permanent	2	1	50	0
Finance and economics-related, Permanent	8	6	25	0
Financial and related professionals, Permanent	25	19	24	0
Financial clerks and credit controllers, Permanent	8	6	25	0
Food services aides and waiters, Permanent	7	4	42.9	0
General legal administration and related professionals, Permanent	5	4	20	0
Head of department/chief executive officer, Permanent	1	1	0	0
Human resources and organisation development and related professionals, Permanent	8	7	12.5	0
Human resources related, Permanent	1	1	0	0
Library, mail and related clerks, Permanent	2	2	0	0
Logistical support personnel, Permanent	2	1	50	0
Messengers, porters and deliverers, Permanent	4	3	25	0
Other administrative and related clerks and organisers, Permanent	28	21	32.1	0
Other information technology personnel, Permanent	5	3	40	0
Safety, health and quality inspectors, Permanent	2	1	50	0
Secretaries and other keyboard operating clerks, Permanent	13	9	30.8	0
Senior managers, Permanent	49	41	16.3	0
Total	179	136	25.1	0

TABLE 4.1 JOB EVALUATION

Salary Band	Number of Posts	Number of Jobs Evaluated	% of Posts Evaluated	Number of Posts Upgraded	% of Upgraded Posts Evaluated	Number of Posts Downgraded	% of Downgraded Posts Evaluated
Lower skilled (Levels 1-2)	0	0	0	0	0	0	0
Skilled (Levels 3-5)	14	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	69	0	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	47	0	0	0	0	0	0
Senior Management Service Band A, C	49	0	0	0	0	0	0
Total	179	0	0	0	0	0	0

TABLE 5.1 ANNUAL TURNOVER RATES BY SALARY BAND

Salary Band	Employment at Beginning of Period	Appointments	Terminations	Turnover Rate
Lower skilled (Levels 1-2), Permanent	6	0	0	0
Skilled (Levels 3-5), Permanent	8	2	0	0
Highly skilled production (Levels 6-8), Permanent	41	12	1	2.4
Highly skilled supervision (Levels 9-12), Permanent	31	4	5	16.1
Senior Management Service Band A, Permanent	24	10	10	41.7
Senior Management Service Band B, Permanent	7	2	4	57.1
Senior Management Service Band C, Permanent	2	2	2	100
Senior Management Service Band D, Permanent	1	1	0	0
Total	120	33	22	18.3



TABLE 5.2 ANNUAL TURNOVER RATES BY CRITICAL OCCUPATION

Occupations	Employment at Beginning of Period	Appointments	Terminations	Turnover Rate
Administrative-related, Permanent	6	0	0	0
Authors, journalists and other writers, Permanent	2	0	1	50
Cleaners in offices workshops, hospitals etc., Permanent	3	0	0	0
Client information clerks (switchboard, reception, information clerks), Permanent	0	1	0	0
Computer system designers and analysts, Permanent	1	1	1	100
Economists, Permanent	2	2	1	50
Finance and economics-related, Permanent	5	0	1	20
Financial and related professionals, Permanent	19	2	7	36.8
Financial clerks and credit controllers, Permanent	8	0	0	0
Food services aides and waiters, Permanent	2	1	0	0
General legal administration and related professionals, Permanent	3	3	1	33.3
Human resources and organisation development and related professionals, Permanent	5	2	0	0
Human resources clerks, Permanent	1	1	0	0
Human resources-related, Permanent	3	0	0	0
Librarians and related professionals, Permanent	3	0	1	33.3
Library, mail and related clerks, Permanent	2	1	0	0
Light vehicle drivers, Permanent	1	0	0	0
Material-recording and transport clerks, Permanent	7	0	0	0
Messengers, porters and deliverers, Permanent	2	1	0	0
Other administrative and related clerks and organisers, Permanent	9	1	1	11.1
Other administrative policy and related officers, Permanent	2	0	1	50
Other information technology personnel, Permanent	1	1	0	0
Other occupations, Permanent	4	0	1	25
Safety, health and quality inspectors, Permanent	1	0	0	0
Secretaries and other keyboard operating clerks, Permanent	12	6	0	0
Senior managers, Permanent	15	10	6	40
Trade/industry advisers and other related professionals, Permanent	1	0	0	0
<b>Total</b>	<b>120</b>	<b>33</b>	<b>22</b>	<b>18.3</b>

TABLE 5.3 REASONS WHY STAFF ARE LEAVING THE DEPARTMENT

Termination Type	Number	Percentage of Total Resignations	Percentage of Total Employment	Total	Total Employment
Resignation, Permanent	22	100	18.3	22	120
Total	22	100	18.3	22	120
Resignations as % of Employment	18.3				





TABLE 5.4 PROMOTIONS BY CRITICAL OCCUPATION

Occupation	Employment at Beginning of Period	Promotions to another Salary Level	Salary Level Promotions as a % of Employment	Progressions to another Notch within Salary Level	Notch Progressions as a % of Employment
Administrative-related	6	5	83.3	4	66.7
Authors, journalists and other writers	2	0	0	0	0
Cleaners in offices, workshops, hospitals etc.	3	3	100	6	200
Computer system designers and analysts	1	0	0	0	0
Economists	2	0	0	0	0
Finance and economics-related	5	1	20	2	40
Financial and related professionals	19	6	31.6	9	47.4
Financial clerks and credit controllers	8	8	100	2	25
Food services aides and waiters	2	2	100	4	200
General legal administration and related professionals	3	3	100	1	33.3
Human resources and organisation development and related professionals	5	4	80	3	60
Human resources clerks	1	0	0	1	100
Human resources related	3	4	133.3	5	166.7
Librarians and related professionals	3	0	0	1	33.3
Library, mail and related clerks	2	1	50	1	50
Light vehicle drivers	1	0	0	0	0
Logistical support personnel	0	1	0	0	0
Material-recording and transport clerks	7	3	42.9	0	0
Messenger, porters and deliverers	2	1	50	0	0
Other administrative and related clerks and organisers	9	4	44.4	6	66.7
Other administrative policy and related officers	2	1	50	3	150
Other information technology personnel	1	2	200	2	200
Other occupations	4	3	75	1	25
Safety health and quality inspectors	1	0	0	0	0
Secretaries and other keyboard-operating clerks	12	3	25	6	50
Senior managers	15	5	33.3	4	26.7
Trade/industry advisers and other related professionals	1	1	100	0	0
Total	120	61	50.8	61	50.8

TABLE 5.5 PROMOTIONS BY SALARY BAND

Salary Band	Employment at Beginning of Period	Promotions to another Salary Level	Salary Level Promotions as a % of Employment	Progressions to another Notch within Salary Level	Notch progressions as a % of Employment
Lower skilled (Levels 1–2), Permanent	6	0	0	5	83.3
Skilled (Levels 3–5), Permanent	8	7	87.5	7	87.5
Highly skilled production (Levels 6–8), Permanent	41	18	43.9	18	43.9
Highly skilled supervision (Levels 9–12), Permanent	31	17	54.8	24	77.4
Senior management (Levels 13–16), Permanent	34	19	55.9	7	20.6
<b>Total</b>	<b>120</b>	<b>61</b>	<b>50.8</b>	<b>61</b>	<b>50.8</b>

TABLE 6.1 TOTAL NUMBER OF EMPLOYEES (INCL. EMPLOYEES WITH DISABILITIES) PER OCCUPATIONAL CATEGORY (SASCO)

Occupational Categories	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Legislators, senior officials and managers, Permanent	11	1	0	12	3	8	1	0	9	0	24
Professionals, Permanent	27	1	0	28	2	14	3	1	18	8	56
Clerks, Permanent	9	1	0	10	0	30	2	1	33	2	45
Elementary occupations, Permanent	2	0	0	2	0	9	0	0	9	0	11
<b>Total</b>	<b>49</b>	<b>3</b>	<b>0</b>	<b>52</b>	<b>5</b>	<b>61</b>	<b>6</b>	<b>2</b>	<b>69</b>	<b>10</b>	<b>136</b>

	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
No data	0	0	0	0	0	0	0	0	0	0	0



TABLE 6.2 TOTAL NUMBER OF EMPLOYEES (INCL. EMPLOYEES WITH DISABILITIES)  
PER OCCUPATIONAL BANDS

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Top Management, Permanent	4	0	0	4	2	2	0	0	2	0	8
Senior Management, Permanent	17	1	0	18	3	10	2	1	13	2	36
Professionally qualified and experienced specialists and mid- management, Permanent	14	1	0	15	0	13	1	1	15	4	34
Skilled technical and academically qualified workers, junior manage- ment, supervisors, foremen, Permanent	11	1	0	12	0	30	3	0	33	4	49
Semi-skilled and discretionary decision- making, Permanent	3	0	0	3	0	6	0	0	6	0	9
Total	49	3	0	52	5	61	6	2	69	10	136

TABLE 6.3 RECRUITMENT

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Top Management, Permanent	1	0	0	1	1	1	0	0	1	0	3
Senior Management, Permanent	6	0	0	6	0	4	1	0	5	1	12
Professionally qualified and experienced specialists and mid- management, Permanent	2	0	0	2	0	0	0	0	0	2	4
Skilled technical and academically qualified workers, junior manage- ment, supervisors, foremen, Permanent	4	0	0	4	0	8	1	0	9	0	13
Semi-skilled and discretionary decision- making, Permanent	1	0	0	1	0	1	0	0	1	0	2
Total	14	0	0	14	1	14	2	0	16	3	34

	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
No data	0	0	0	0	0	0	0	0	0	0	0

TABLE 6.4 PROMOTIONS

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Top Management, Permanent	2	0	0	2	1	0	0	0	0	0	3
Senior Management, Permanent	9	1	0	10	2	5	3	1	9	2	23
Professionally qualified and experienced specialists and mid- management, Permanent	20	0	0	20	1	13	3	3	19	2	42
Skilled technical and academically qualified workers, junior manage- ment, supervisors, foremen, Permanent	9	1	0	10	0	21	2	0	23	3	36
Semi-skilled and discretionary decision- making, Permanent	2	0	0	2	0	11	0	0	11	1	14
Unskilled and defined decision-making, Permanent	0	0	0	0	0	5	0	0	5	0	5
<b>Total</b>	<b>42</b>	<b>2</b>	<b>0</b>	<b>44</b>	<b>4</b>	<b>55</b>	<b>8</b>	<b>4</b>	<b>67</b>	<b>8</b>	<b>123</b>



TABLE 7.1 PERFORMANCE REWARDS BY RACE, GENDER AND DISABILITY

	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
African, Female	29	61	47.5	408	14 057
African, Male	21	47	42.9	288	13 735
Asian, Female	2	2	100	55	27 720
Asian, Male	1	0	0	18	18 260
Coloured, Female	4	6	66.7	43	10 730
Coloured, Male	1	3	33.3	2	1 693
Total Blacks, Female	35	65	50.7	506	14 458
Total Blacks, Male	23	52	44.2	308	13 409
White, Female	6	10	60	93	15 563
White, Male	3	5	60	45	14 838
<b>Total</b>	<b>67</b>	<b>134</b>	<b>49.3</b>	<b>952</b>	<b>14 214</b>

TABLE 7.2 PERFORMANCE REWARDS BY SALARY BAND FOR PERSONNEL BELOW SENIOR MANAGEMENT SERVICE

Salary Band	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
Lower skilled (Levels 1–2)	1	0	0	6	6 000
Skilled (Levels 3–5)	7	9	77.8	42	6 000
Highly skilled production (Levels 6–8)	24	50	48	214	8 917
Highly skilled supervision (Levels 9–12)	26	33	78.8	497	19 115
<b>Total</b>	<b>58</b>	<b>92</b>	<b>63</b>	<b>759</b>	<b>13 086</b>



TABLE 7.3 PERFORMANCE REWARDS BY CRITICAL OCCUPATION

Critical Occupations	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
Administrative related	6	8	75	125	20 833
Authors, journalists and other writers	0	1	0	0	0
Cleaners in offices workshops hospitals etc.	3	3	100	16	5 333
Computer system designers and analysts	0	1	0	0	0
Economists	0	2	0	0	0
Finance and economics related	3	3	100	52	17 333
Financial and related professionals	11	16	68.8	186	16 909
Financial clerks and credit controllers	4	8	50	23	5 750
Food services aides and waiters	2	3	66.7	12	6 000
General legal administration and related professionals	0	5	0	0	0
Human resources and organisation development and related professionals	5	8	62.5	52	10 400
Human resources clerks	1	2	50	15	15 000
Human resources related	3	3	100	89	29 667
Librarians and related professionals	2	1	200	41	20 500
Library, mail and related clerks	1	2	50	3	3 000
Light vehicle drivers	1	0	0	10	10 000
Logistical support personnel	2	2	100	17	8 500
Material-recording and transport clerks	4	4	100	8	2 000
Messenger, porters and deliverers	1	2	50	6	6 000
Other administrative and related clerks and organisers	6	9	66.7	88	14 667
Other administrative policy and related officers	1	1	100	33	33 000
Other information technology personnel	1	3	33.3	15	15 000
Other occupations	3	4	75	63	21 000
Safety, health and quality inspectors	0	1	0	0	0
Secretaries and other keyboard operating clerks	5	20	25	70	14 000
Senior managers	2	21	9.5	28	14 000
Trade/industry advisers and other related professionals	0	1	0	0	0
<b>Total</b>	<b>67</b>	<b>134</b>	<b>50</b>	<b>952</b>	<b>14 209</b>



TABLE 7.4 PERFORMANCE RELATED REWARDS (CASH BONUS) BY SALARY BAND  
SENIOR MANAGEMENT SERVICE

SMS Band	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)	% of SMS Wage Bill	Personnel Cost SMS (R'000)
Band A	7	22	31.8	127	1 814	1.2	10 909
Band B	2	14	14.3	66	3 300	1.4	4 662
Band C	0	7	0	0	0	0	0
Band D	0	1	0	0	0	0	0
Total	9	44	20.5	193	2 144.4	1.2	15 571

Salary Band	Total Days	% Days with Medical Certification	Number of Employees using Sick Leave	% of Total Employees using Sick Leave	Average Days per Employee	Estimated Cost (R'000)	Total number of Employees using Sick Leave	Total number of days with Medical Certification
Lower skilled (Levels 1–2)	6	100	1	1.1	6	1	91	6
Skilled (Levels 3–5)	5	100	2	2.2	3	1	91	5
Highly skilled production (Levels 6–8)	254	76.4	35	38.5	7	82	91	194
Highly skilled supervision (Levels 9–12)	154	70.1	27	29.7	6	99	91	108
Senior management (Levels 13–16)	92	68.5	25	27.5	4	147	91	63
Not Available	22	100	1	1.1	22	7	91	22
Total	533	74.7	91	100	6	337	91	398

TABLE 9.3 ANNUAL LEAVE FOR JAN 2004 TO DEC 2004

Salary Band	Total Days Taken	Average per Employee	Employment
Lower skilled (Levels 1-2)	25	25	1
Skilled (Levels 3-5)	164	16	10
Highly skilled production (Levels 6-8)	762	15	52
Highly skilled supervision (Levels 9-12)	657	16	42
Senior management (Levels 13-16)	595	12	50
Not Available	14	5	3
<b>Total</b>	<b>2 217</b>	<b>14</b>	<b>158</b>

TABLE 9.4 CAPPED LEAVE FOR JAN 2004 TO DEC 2004

	Total days of capped leave taken	Average number of days taken per Employee	Average capped leave per employee as at 31 Dec 2004	Number of Employees	Total number of capped leave available at 31 Dec 2004	Number of Employees as at 31 Dec 2004
Highly skilled production (Levels 6-8)	15	5	21	3	433	21
Highly skilled supervision Levels 9-12)	11	4	50	3	855	17
<b>Total</b>	<b>26</b>	<b>4</b>	<b>34</b>	<b>6</b>	<b>1 288</b>	<b>38</b>

TABLE 9.5 LEAVE PAYOUTS

Reason	Total Amount (R'000)	Number of Employees	Average Payment per Employee (R)
Leave payout for 2004/05 due to non-utilisation of leave for the previous cycle	92	13	7 077
Capped leave payouts on termination of service for 2004/05	216	28	7 714
Current leave payout on termination of service for 2004/05	92	13	7 077
<b>Total</b>	<b>400</b>	<b>54</b>	<b>7 407</b>