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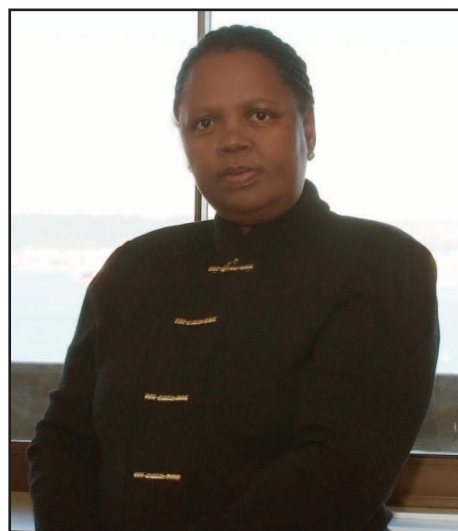
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1 Chairman's Foreword

The period under review in this Annual Report and S30(6) Report was perhaps the most challenging period for all the Members of the Regulator.

It is testament to the high level of commitment of the Regulator Members that we have achieved many of the objectives we were tasked to achieve. I am sure I speak for all the Members of the Regulator when I say that the call to serve one's country is often whispered to you in gentle tones that disguise the enormity of the task.



From the outset we have strived to establish the greatest levels of good corporate governance possible under difficult circumstances and are vindicated by the Auditor General's report into our organisation.

Any difficulties experienced in doing the right thing the right way, while under extreme pressure to deliver what is required, is worth the effort of having done it in a way that complies with the strict governance and compliance requirements of the PFMA.

The Regulator has been able to set up a physical and institutional structure that is capable of managing the organisation's affairs to the approval of the Auditor General.

The Regulator has used this establishment phase to prepare itself for the challenges that come with economic governance of the Ports Sector. We have debated the perspectives that inform our approach to our mandate and the implementation of our activities to achieve the impact that we are required to deliver in the Sector.

The absence of any precedent in this Sector has required that even the most simple of decisions have been complex. Constructing this component of the South African institutional system of governance has been a humbling and educational experience.

I must thank my fellow Regulator Members for their high level of commitment to the Regulator and the best interests of our country. The Regulator must also thank the Minister of Transport, Minister JT Radebe for his confidence in us and his unstinting support through this period.

A handwritten signature in black ink, appearing to read 'G. Serobe'.

GLORIA TOMATOE SEROBE

Chairman

Ports Regulator of South Africa

2 Chief Executive Officer's Report

The Regulator has come to the end of a very challenging period. The challenge of establishment is indeed great when one is faced with an empty sheet. The establishment of functional offices from scratch has been a success of the Regulator with its mainly part-time Members and limited staff. The Regulator has achieved in many areas, and the Members are to be thanked for their commitment to the success of the organisation, in spite of the rigorous demands on their time.



The difficulty in reporting on an organisation in its establishment phase, is that every significant event is operational and the performance impact of it is internal and therefore lesser on the external environment. The lag between the exercise of significant effort on the part of the Regulator and its impact on its stakeholders and their operations is felt most acutely by the Regulator.

The Regulator has as its main functions: The establishment and maintenance of administration; Economic regulation (Price, access, institutional structure, etc) of the port industry; Monitoring the port industry and its compliance with the port policy, strategy and regulatory instruments; and, Establishing and operating a tribunal to hear complaints and appeals under the National Ports Act.

The Regulator has expended a large part of its effort in its function of establishing and maintaining its administration. From the establishment of a physical presence to the establishment of governance institutions and processes, the Regulator has strived to perform all its function in a compliance and governance regime that is in accordance with the PFMA and other governance regimes such as the King Reports. The establishment of offices and all the telecommunication systems and hardware that is required for its operations was successfully achieved. The remaining tertiary level systems and software will be acquired and implemented over the next 2 financial years. The systems put in place enable the Regulator to function effectively at the lowest resource base in the first phase of its operations. The largely positive audit of the Regulator by the Auditor General's office gives testimony to the effort expended in establishing administrative and governance systems that are appropriate and compliant with requirements.

In the area of Economic Regulation, the Regulator has finalised the Regulatory regime and is awaiting approval of its legal instruments. The issuing of a set of Regulatory Principles that will guide the Regulator has gone some way to providing regulatory certainty. The finalisation of the Directives have articulated the manner and form of this area of its operations and mandate. The Regulatory

Principles and Directives have required a significant amount of work from the Regulator in translating Ports Policy into appropriate processes for Economic Regulation of the industry.

The Monitoring of the Ports industry compliance with state policy, strategy and legislation is an area that has not had as much success as other areas. The articulation of the appropriate instruments and parameters for such monitoring and the availability of measures to secure such compliance are still under development at this stage. The imminent establishment of the National Ports Consultative Committee will go some distance to securing an appropriate institutional context for determinations in this regard.

The Regulator has finalised the legal instruments for the establishment of its capacity to hear Appeals and Complaints under the National Ports Act, and is awaiting its approval. The Regulatory Principles developed by the Regulator have also served to give certainty as to the Regulator's intent in many areas related to such hearings. On approval of the Regulator's Directives, the Regulator shall commence operations of its Hearing of Appeals and Complaints.



Riad Khan

Chief Executive Officer

Ports Regulator of South Africa

3 Corporate Report

3.1 The PR Mandate

The PR Mandate has been articulated in a range of Government Policy, Strategy and implementation documents including legislative instruments. The Mandate of the Regulator is to:

- Exercise economic regulation of the ports system in line with Government's strategic objectives;
- Promote equity of access to ports and to facilities and services provided in ports; and,
- Monitor the activities of the National Ports Authority to ensure it performs its functions under the National Ports Act.

This mandate has multi-variate implications for the PR strategy and operations. They are grouped into the following functional alignment that is articulated as its Key Result Areas (KRA):

- Establishment and maintenance of administration
- Economic regulation (Price, access, institutional structure, etc) of the port industry
- Monitoring the port industry and its compliance with the port policy, strategy and regulatory instruments
- Establishing and operating a tribunal to hear complaints and appeals under the National Ports Act
- Port industry development (planning, oversight, support to the state etc)

3.2 Establishment of the Regulator



Regulator Members

A ports regulatory body, known as the Ports Regulator, came into being on 4 August 2005 when the President assented to the National Ports Act, 2005 (Act 12 of 2005).

This regulatory body is a critical component of the governance institutional framework that flows out of the “White Paper on National Commercial Ports Policy, 2002”. To ensure the successful implementation of the Policy, the Act was promulgated to articulate the mechanisms that were to operate to implement the Policy and to establish the processes that such mechanisms would use to effect the implementation thereof. The Act was further expanded by a set of Regulations that were issued by the Minister of Transport on 23 November 2007.

In terms of Section 31(1)(a) of the National Ports Act, 2005, the Minister of Transport appointed Members of the Ports Regulator, who, in his opinion, were suitably qualified to perform the functions and exercise the powers of the Regulator. Members of the Ports Regulator were appointed for a period of five years, with effect from 1 January 2007.

The Members of the Ports Regulator are:

Mrs Gloria Tomatoe Serobe (Chairman)

Ms Phumzile Langeni

Ms Tandiwe Njobe

Mr Andrew Pike

Professor Doug Blackmur

Mrs Ella Ntshabele

Dr Brian Gowans

Mr Randall Howard

Mr Mawethu Vilana

3.3 RESPONSIBILITIES OF THE PORTS REGULATOR

The Ports Regulator is a ports regulatory body, established in terms of section 29 of the National Ports Act, 2005 with its mandate being to:

- exercise economic regulation of the ports system in line with Government's strategic objectives
- promote equity of access to ports and to facilities and services provided in ports.
- monitor the activities of the National Ports Authority to ensure that it performs its functions in accordance with the Act.

The Regulator must, inter alia:

- hear appeals and complaints from stakeholders and investigate such complaints;
- consider proposed tariffs of the National Ports Authority;
- promote regulated competition; and,
- regulate the provision of adequate, affordable and efficient port services and facilities.

Apart from its powers, the Act also imposes certain duties on the Regulator, which oblige the Regulator to:

- determine the procedures to be followed in the performance of its functions or the exercise of its powers;
- enter into an agreement with any other statutory body in order to co-ordinate and harmonise the performance of functions similar or related to those of the Regulator;
- report to the Minister, on request or as necessary, on any matter relating to the application or purpose of the Act; and,
- submit a report to the Minister giving particulars of the activities of the Regulator.

3.4 Establishment of an administration

The establishment of the administration of the PRSA from scratch by a Regulator comprised of part-time members has indeed been a challenge. The key outputs under this KRA have been setting up the interim administrative capacity and the establishment of the offices, to

allow the Regulator to function while the various elements of the corporate structure and systems were decided and implemented.

After the inaugural meeting of the Regulator on 28 March 2007, the Regulator set out to establish the initial administrative capacity that would be needed to support the Regulator while it finalised the Regulatory Framework components it was responsible for. The Department of Transport seconded an employee to act as the secretary of the Regulator pending its establishment of an administrative capacity.

The development and implementation of a range of corporate policies, systems and structures that would allow the Regulator to function during the initial phase was commenced. The Regulator procured offices and implemented a range of administrative and telecommunication systems that would make the offices operational. The outfitting of the offices and implementation of the administrative systems allowed the Regulator to commence its work on the different elements of the Regulatory Framework.

To ensure appropriate governance and compliance The Regulator used the policies of the Department of Transport, until such stage that each of its policies and procedures were developed and approved. The appointment of Regulator Secretary and the CEO, allowed the Regulator to accelerate the development of policies, procedures and systems for the efficient administration necessary to support it in the implementation of its mandate.

3.5 Governance Structures

Apart from physically setting up the Regulator, attention was also given to establishing governance structures. A range of Committees were established to comply with the governance requirements of the Regulator, as well as the specific challenges faced by a Regulator comprised of part-time members having to establish a functional entity without staff in the initial stages. These Committees have managed the day to day affairs of the Regulator until the appointment of the CEO, upon which these Committees concentrated on their actual mandates as articulated in their terms of reference and set policy and strategy for the organisation in the respective areas, subject to the approval of the full Regulator.

The Committees were established in accordance with the standard practice in other State Owned Entities of a similar type and the specific operational and establishment needs of the Regulator. The Committees established were:

- The Human Resources and Remuneration Committee
- The Accommodation Committee
- The Regulatory Committee
- The Finance Committee
- The Audit Committee
- The Risk Management Committee

Human Resources and Remuneration Committee

Members of this Committee are Ms T. Njobe (Chairman), Professor D. Blackmur and Messrs M. Vilana and R. Howard.

Ms T Njobe

Chairman

Human Resources and Remuneration Committee



This Committee sets Human Resource and Remuneration Policy subject to the approval of the Regulator. This Committee was required to play a more “Executive” role over portions of the period under review, due to there being no staff. The successful recruitment of the initial staff component of the Regulator was managed by this Committee. The Committee also developed the base recruitment conditions for the initial staff.

The Committee concentrated its efforts on the policy and governance elements related to Human Resources after the recruitment of the initial staff, and in particular, the approval of Human Resource Policies and procedures that would allow the full operationalisation of the Regulator Strategy.

In the absence of a staff complement and therefore an organised representative organisation to engage with, the Committee has consistently drawn a balance between the operational needs and resources of the organisation, with the acceptable standards of labour practice in a responsible South African employer (in an organised labour environment), in its determination of the rights and obligations of the Regulator and its future employees. This principled stance from the commencement of the organisation will ensure that the most valuable resource of the Regulator, its employees, are able to perform their functions in an environment that is conducive to high levels of performance and employee well-being.

The Accommodation Committee

Members of this Committee are Dr B Gowans(Chairman), Mrs E Ntshabele and Mr A Pike.

Dr B Gowans

Chairman

Accommodation Committee



This ad-hoc committee was established to set up the physical and systems infrastructure of the Regulator, to allow its operations to commence as soon as the legal instruments were in place and the staff appointed.

This Committee managed the procurement of offices and furniture for the Regulator to ensure a physical presence in Durban as per the instructions of the Department of Transport. It managed the entire process from office acquisition and re-design to furnishing. The building was customised to make it a suitable venue for hearing of Appeals and Complaints and the general requirements of a functional administration.

This Committee was also responsible for the acquisition and implementation of administrative, information technology and telecommunications systems and equipment to ensure the appropriate operations of the administration of the Regulator. The specification development for all systems was performed in accordance with best-practice utilised in the public and private sector and ensured a successful implementation of a functional capacity for the initial requirements of the Regulator.

The Regulatory Committee

Members of this Committee are Professor D Blackmur(Chairman), Ms P Langeni, Mr A Pike and Mr M Vilana.

Professor D Blackmur

Chairman

Regulatory Committee



This committee was established to develop and conclude the outstanding elements of the Regulatory Framework, and to advise the Regulator on appropriate response options for policy and strategy issues.

This Committee has also been responsible for the oversight of delivering obligations of the Regulator arising from the National Ports Act and Regulations issued thereunder. In the initial establishment phase of the Regulator, this Committee performed the strategic planning function for the Regulator, pending the appointment of Executive Management. This Committee also played a critical role in supporting the day to day functions of the Regulator till the appointment of the CEO.

The key output of this Committee was the finalisation of elements of the Regulatory Framework and the engagement of the DOT with respect to the finalisation of the Regulations issued by the Minister under the Act. The Committee developed a set of Regulatory Principles, under the guidance of the Regulator, that sets the tone for the activities of the Regulator. These principles go a far way to establishing regulatory certainty in the industry. Many regulatory environments suffer a regulatory uncertainty that creates sufficient discord in that industry to raise the level of rent-seeking behaviour and loop hole development that ensures a great deal of litigious activity that is not only unsettling, but also counter-productive. The Regulator has attempted to prevent the negative impacts of

regulatory uncertainty by articulating its Regulatory Principles up front in an attempt at increasing the predictability of its decisions and therefore ensuring a greater coherence in the industry's approach to regulatory matters.

The Committee was also mandated by the Regulator to develop and finalise the Directives to the approval of the Regulator for submission to the Minister of Transport for his concurrence. The Directives were developed and published for consultation. On receipt of the responses and engagements with Government the Directives were finalised and approved by the Regulator. These Directives were submitted to the Minister of Transport for his concurrence or rejection thereof.

The Committee also developed the internal procedures and processes that were to be used by the Tribunal in the hearing of complaints and appeals under the National Ports Act. This area of the work of the Regulator has taken significant effort from the Committee to establish.

The Committee was also responsible for commencing the Economic Review of the Ports system as required of the Regulator under the Regulations issued by the Minister of Transport under the National Ports Act.

The Finance Committee

Members of this Committee are Mrs E Ntshabele (Chairman), Ms T Njobe, Mr A Pike and Dr B Gowans.

Mrs E Ntshabele

Chairman

Finance Committee



This Committee is one of the most important governance institutions in the Regulator. It is the key oversight agent of The Regulator to ensure the appropriate management and governance of the operations of the Regulator in accordance with the prescripts of the Public Finance Management Act.

The Committee guided the Regulator through the period that no executive functions in the Regulator were established. The efforts of the Committee ensured that the Regulator managed to have an Audit that was unqualified. The role of this Committee included ensuring budgeting and planning in accordance with the requirements of the PFMA and the general requirements of good governance and practice.

The Risk Management Committee

Members of this Committee are Mr A Pike (Chairman), Mrs E Ntshabele, Ms T Njobe and Dr B Gowans.

Mr A Pike

Chairman

Risk Management Committee



This Committee is responsible for the establishment and oversight of the Risk Management function as required in terms of the Public Finance Management Act.

This Committee established the Risk Management Approach of the Regulator and identified the Key Risks faced by the Regulator over the establishment phase and developed appropriate responses thereto. These risk mitigation responses were built into the policies, processes and procedures of the Regulator to ensure the mainstreaming of risk management into the organisation.

The Audit Committee

Members of this Committee are Mrs E Ntshabele (Chairman), Ms T Njobe, Mr A Pike and Dr B Gowans.

Mrs E Ntshabele

Chairman

Audit Committee



This Committee, in accordance with the Public Finance Management Act is one of the most important governance institutions in the Regulator. It is responsible for ensuring that the governance and compliance regime of the organisation is in compliance with accepted audit practice.

It is responsible for ensuring that the accounting and other activities are compliant with the best standards available and ensures that the accounts of the organisation are in accordance with the actual state of affairs.

Board Secretary

All Committees comprise of Members of the Regulator and the CEO, supported by the Board Secretary, and report directly to the Regulator.

During the period under review, sixteen meetings of the Regulator took place as well as a number of meetings of the various Committees of the Regulator, as detailed below. Two Strategic Sessions were also held.

Mr M I Fakie

Board Secretary



The Regulator was assisted by Mr M.I. Fakie in his capacity as Board Secretary.

Board meeting attendance for the period 28 March 2007 to 31 March 2009

	Regulator (Full Members Meeting)	HR & Remuneration Committee	Regulatory Committee	Finance & Audit Committee	Risk Committee	Accom Committee
Total meetings	16	5	7	2	1	4
Attendance						
Ms G Serobe Chairman	15					
Prof D Blackmur	15	5	7			
Dr B Gowans	14			1	1	4
Mr R Howard	12	3				
Ms P Langeni	7		2			
Ms T Njobe	14	4		2	1	
Mrs E Ntshabele	13			2	1	
Mr A Pike	15		7	2	1	4
Mr M Vilana	11	2	3			

Annual Financial Statements
for
The Ports Regulator of South Africa
for the year ended 31 March 2008

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**REPORT OF THE ACCOUNTING AUTHORITY
for the year ended 31 March 2008**

The Regulator Members are responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statements and related information. The auditors are responsible for reporting on the fair presentation of the financial statements. The financial statements have been prepared in accordance with Generally Accepted Accounting Practice (GAAP) and prescribed Generally Recognised Accounting Practice (GRAP).

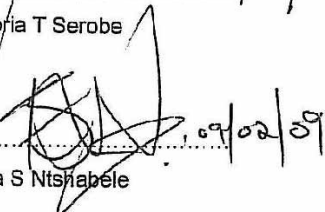
The Regulator is also responsible for the system of internal financial control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of the assets, and prevent and detect misstatements and loss. Nothing has come to the attention of the Regulator to indicate any material breakdown in the functioning of these controls, procedures and systems during the year under review.

Approval

The financial statements set out on page 31 to 39 were approved by the Regulator members on the 13 November 2008 and signed on its behalf by the Chairman of the Regulator.


..... 09/02/09

Gloria T Serobe


..... 09/02/09

Ella S Ntshabele

REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF THE PORTS REGULATOR OF SOUTH AFRICA FOR THE YEAR ENDED 31 MARCH 2008

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the Ports Regulator of South Africa (entity) which comprise the statement of financial position as at 31 March 2008, and the statement of financial performance, the statement of changes in net assets and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 35 to 39.

The accounting authority's responsibility for the financial statements

2. The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting determined by the National Treasury, as set out in accounting policy note 1.1 and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA) and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Auditor-General's responsibility

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA), my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with the International Standards on Auditing read with General Notice 616 of 2008, issued in Government Gazette No. 31057 of 15 May 2008. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

7. In my opinion the financial statements present fairly, in all material respects, the financial position of the Ports Regulator of South Africa as at 31 March 2008 and its financial performance and cash flows for the year then ended, in accordance with the basis of accounting determined by the National Treasury, as set out in accounting policy note 1.1 and in a manner required by the PFMA.

Emphasis of matters

Without qualifying my opinion, I draw attention to the following matters:

Basis of accounting

8. The entity's policy is to prepare financial statements on the basis of accounting determined by the National Treasury, as set out in accounting policy note 1.1.

Material underspending of the budget

9. The entity has materially underspent its budget to the amount of R7,3 million. This is attributable to the fact that the entity is in its infancy stage and is not fully operational in terms of its mandated functions.

Other matters

Without qualifying my opinion, I draw attention to the following matters that relate to my responsibilities in the audit of the financial statements:

Non-compliance with applicable legislation

Public Finance Management Act

10. The accounting authority does not have effective, efficient and transparent systems, of financial and risk management and internal control in place, contrary to section 51(1)(a) of the PFMA.

Governance framework

11. The governance principles that impact the auditor's opinion on the financial statements relate to the responsibilities and practices of the accounting authority and executive management and are reflected in the key governance responsibilities addressed below:

Key governance responsibilities

12. The PFMA tasks the accounting authority with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of key governance responsibilities, which I have assessed as follows:

No.	Matter	Y	N
Clear trail of supporting documentation that is easily available and provided in a timely manner			
1.	No significant difficulties were experienced during the audit concerning delays or the availability of requested information.	✓	

Quality of financial statements and related management information			
2.	The financial statements were not subject to any material amendments resulting from the audit.	✓	
3.	The annual report was submitted for consideration prior to the tabling of the auditor's report.	✓	
Timeliness of financial statements and management information			
4.	The annual financial statements were submitted for auditing as per the legislated deadlines, as set out in section 55 of the PFMA.		✓
Availability of key officials during audit			
5.	Key officials were available throughout the audit process.	✓	
Development and compliance with risk management, effective internal control and governance practices			
6.	Audit committee		
	<ul style="list-style-type: none"> • The public entity had an audit committee in operation throughout the financial year. 		✓
	<ul style="list-style-type: none"> • The audit committee operates in accordance with approved, written terms of reference. 		✓
	<ul style="list-style-type: none"> • The audit committee substantially fulfilled its responsibilities for the year, as set out in section 77 of the PFMA and Treasury Regulation 27.1.8. 		✓
7.	Internal audit		✓
	<ul style="list-style-type: none"> • The public entity had an internal audit function in operation throughout the financial year. 		✓
	<ul style="list-style-type: none"> • The internal audit function operates in terms of an approved internal audit plan. 		✓
	<ul style="list-style-type: none"> • The internal audit function substantially fulfilled its responsibilities for the year, as set out in Treasury Regulation 27.2. 		✓
8.	There are no significant deficiencies in the design and implementation of internal control in respect of financial and risk management.		✓
9.	There are no significant deficiencies in the design and implementation of internal control in respect of compliance with applicable laws and regulations.		✓
10.	The information systems were appropriate to facilitate the preparation of the financial statements.	✓	
11.	A risk assessment was conducted on a regular basis and a risk management strategy, which includes a fraud prevention plan, is documented and used, as set out in Treasury Regulation 27.2.		✓
12.	Powers and duties are in place, as set out in section 56 of the PFMA.	✓	
Follow-up of audit findings			
13.	The prior year audit findings have been substantially addressed.	✓	

14.	SCOPA resolutions have been substantially implemented.	✓	
Issues relating to the reporting of performance information			
15.	The information systems were appropriate to facilitate the preparation of a performance report that is accurate and complete.		✓
16.	Adequate control processes and procedures are designed and implemented to ensure the accuracy and completeness of reported performance information.		✓
17.	A strategic plan was prepared and approved for the financial year under review for purposes of monitoring the performance in relation to the budget and delivery by the Ports Regulator of South Africa against its mandate, predetermined objectives, outputs, indicators and targets, as set out in Treasury Regulation 30.1.		✓
18.	There is a functioning performance management system and performance bonuses are only paid after proper assessment and approval by those charged with governance.		✓

13. Key officials have been available throughout the audit to offer assistance, thus enabling the entity to timeously provide a clear trail of supporting documents. However, internal control deficiencies, non-compliance issues and the absence of risk management strategies have been identified, as the entity is still in its infancy stage and has not yet implemented policies and procedures for financial cycles and components. The entity is currently making efforts to rectify and implement such policies, procedures and relevant monitoring strategies. The entity has, however, implemented the Department of Transport's policies and procedures as an interim measure.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on performance information

14. I was engaged to review the performance information.

The accounting authority's responsibility for the performance information

15. The accounting authority has additional responsibilities as required by section 55(2)(a) of the PFMA to ensure that the annual report and audited financial statements fairly present the performance against predetermined objectives of the public entity.

The Auditor-General's responsibility

16. I conducted my engagement in accordance with section 13 of the PAA read with General Notice 616 of 2008, issued in Government Gazette No. 31057 of 15 May 2008.

17. In terms of the foregoing my engagement included performing procedures of a review nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.

18. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the review findings reported below.

Findings on performance information

Non-compliance with regulatory requirements

No reporting of performance information

19. The entity has not reported performance against predetermined objectives, as required by section 55(2)(a) of the PFMA.

No strategic plan

20. The accounting authority of the entity did not finalise and submit a strategic plan for approval to the relevant executive authority before 1 April 2007, as required by Treasury Regulations 30.1.1 and 30.1.2.

Lack of reporting on all predetermined objectives in annual report

21. The entity has not reported on all predetermined objectives, as required by section 55(2)(a) of the PFMA.

Lack of effective, efficient and transparent systems and internal controls regarding performance management

22. The accounting authority did not ensure that the entity has and maintains an effective, efficient and transparent system and internal controls regarding performance management, which describe and represent how the entity's processes of performance planning, monitoring, measurement, review and reporting will be conducted, organised and managed as required by section 51(1)(a)(i) of the PFMA.

APPRECIATION

23. The assistance rendered by the staff of the Ports Regulator of South Africa during the audit is sincerely appreciated.

Auditor-General

Pietermaritzburg

29 July 2009



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

Ports Regulator of South Africa

S30(6) Report 2007-2009 in terms of the National Ports Act, incorporating the Annual Report in terms of the Public Finance Management Act.

STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2008

	<i>Note</i>	2008 R'000
REVENUE		
Transfers received	2	3 885
TOTAL REVENUE		3 885
EXPENDITURE		
Current expenditure		
Administration expenses		416
Staff costs	3	824
Other operating expenses		1 150
TOTAL EXPENDITURE		2 390
SURPLUS FROM OPERATIONS		1 495
SURPLUS FOR THE PERIOD		1 495

STATEMENT OF FINANCIAL POSITION

at 31 March 2008

	<i>Note</i>	2008
		R'000
ASSETS		
Non-current assets		1 492
Property, plant and equipment	4	1 443
Intangible assets	5	47
Loans and receivables		2
Current assets		
Loans and receivables	6.2	477
TOTAL ASSETS		1 969
LIABILITIES		
Current liabilities		
Payables	6.3	474
TOTAL LIABILITIES		474
NET ASSETS		1495
CAPITAL AND RESERVES		
Surplus		1495
TOTAL		1495

STATEMENT OF CHANGES IN NET ASSETS
for the year ended 31 March 2008

	<i>Note</i>	2008 R'000 Accumulated Surplus
Opening balance		-
		<hr/> - <hr/>
Surplus for the year		1 495
Closing balance		<hr/> 1 495 <hr/>

CASH FLOW STATEMENT
for the year ended 31 March 2008

	<i>Note</i>	2008 R'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts		
Cash received		3 408
Cash paid to suppliers and employees		(1 864)
Net cash flows from operations		1 544
Net cash flow available from operating activities		1 544
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of :		
Property, plant and equipment	4	(1 493)
Intangible assets	5	(49)
Net cash flows from investing activities		(1 542)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase/(decrease) in non-current assets		(2)
Net cash flows from financing activities		(2)
Net increase/(decrease) in cash and cash equivalents		-
Cash and cash equivalents at the beginning of the period		
Cash and cash equivalents at end of period		-

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2008

1 Accounting Policies

1.1 Basis of preparation

The annual financial statements and group annual financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice (GAAP), including any interpretations of such Statements, issued by the Accounting Practices Board, with prescribed Statements of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as follows.

	<u>Standard of GRAP</u>		<u>Replaced Statement of GAAP</u>
GRAP 1:	Presentation of financial statements	AC101:	Presentation of Financial Statements
GRAP 2:	Cash flow statements	AC102:	Cash flow statements
GRAP 3:	Accounting policies, changes in accounting estimates and errors	AC103:	Accounting policies, changes in accounting estimates and errors

Currently the recognition and measurement principles in the above GRAP and GAAP Statements do not differ or

result in material differences in items presented and disclosed in the financial statements. The implementation of

GRAP 1, 2 and 3 has resulted in the following significant changes in the presentation of the financial statements:

1.1.1 *Terminology Differences*

<u>Standard of GRAP</u>	<u>Replaced Statement of GAAP</u>
Statement of financial performance	Income statement
Statement of financial position	Balance sheet
Statement of changes in net assets	Statement of changes in equity
Net assets	Equity
Surplus/deficit for the period	Profit/loss for the period
Accumulated surplus/deficit	Retained earnings
Contribution from owners	Share capital
Reporting Date	Balance sheet date

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2008

The cash flow statement has been prepared in accordance with the direct method.

1.2 Presentation currency

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

1.3 Rounding

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

1.4 Comparative figures

Inception date of the Port Regulator board was January 2007. Operational function only started from May 2007.

The annual financial statements relates to 1 April 2007 to 31 March 2008 with no comparative figures.

1.5 Property, plant and equipment

Plant and Equipment are stated at historical cost and adjusted after taking into account residual values, impairment of assets and depreciation.

Depreciation is provided on all property, plant and equipment to write down the cost, less residual value where appropriate, on a straight line basis over their useful lives as follows :

Office furniture and fittings	- 8 years
Computer equipment	- 3 years
Intangible assets	- 2 years

The useful lives of property, plant and equipment and their residual values are reassessed at the end of each financial year. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount (i.e. impairment losses are recognised).

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2008

1.6 Intangible assets

Intangible assets are stated at cost less amortisation and adjusted for any impairment.

2 Revenue

Transfers received

All payments have been funded by the Department of Transport.

Amounts receivable at the reporting date are disclosed in the disclosure notes to the annual financial statements.

3 Expenditure

3.1 Staff costs

Salaries and wages comprise payments to employees (including leave entitlements, thirteenth cheques and performance bonuses). Salaries and wages are recognised as an expense in the Statement of Financial Performance when final authorisation for payment is effected on the system (by no later than 31 March of each year).

All other payments are classified as current expense.

3.2 Financial instruments

Financial assets and liabilities are recognised on the Statement of Financial Position.

The Entity has no assets or liabilities which are required to be fair valued.

3.3 Irregular, fruitless , wasteful and unauthorised expenditure

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

There was no irregular, fruitless, wasteful and or unauthorised expenditure for the year.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2008

4 Furniture and equipment

	R'000	R'000	R'000
	Cost	Accumulated depreciation	Net carrying Value
Computer equipment	836	23	813
Furniture	657	27	630
	1493	50	1443

5 Intangible Assets

	Cost	Amortisation	Net carrying value
Computer software	49	2	47
	49	2	47

6 Assets

6.1 Other financial assets

Other financial assets are carried in the Statement of Financial Position at cost.

6.2 Loans and Receivables

Receivables outstanding at year-end are carried in the statement of financial position at cost.

6.3 Payables

Payables are recognised at cost in the statement of financial position.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2008

7 Commitments

	2008
Current expenditure	
Approved and contracted	1 753
Total Commitments	1 753

8 Contingent Liabilities

There were no contingent liabilities.

9 Senior management emoluments

	No. of Individuals	2008
Non – executive members of the Ports Regulator of South Africa		
Directors fees	9	381
Travel allowance		16
Total		397

10 Taxation

No provision is made for taxation as the entity is exempt from taxation per Section 10(1)a of the Income tax Act .

11 Risk management

The entity has sufficient insurance cover and sufficient funds to service its financial liabilities.

12 Related party transactions

There were no related party transactions.

Annual Financial Statements
for
The Ports Regulator of South Africa
for the year ended 31 March 2009

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THE PORTS REGULATOR
REPORT OF THE ACCOUNTING AUTHORITY
for the year ended 31 March 2009

The Regulator is responsible for the maintenance of adequate accounting records and the preparation and integrity of the financial statements and related information. The auditors are responsible for reporting on the fair presentation of the financial statements. The financial statements have been prepared in accordance with Generally Accepted Accounting Practice (GAAP) and prescribed Generally Recognised Accounting Practice (GRAP).


The Regulator is also responsible for the system of internal financial control. These are designed to provide reasonable, but not absolute, assurance as to the reliability of the financial statements, and to adequately safeguard, verify and maintain accountability of the assets, and prevent and detect misstatements and loss. Nothing has come to the attention of the Regulator to indicate any material breakdown in the functioning of these controls, procedures and systems during the year under review.

Approval

The financial statements for the year ended 31 March 2009 set out on pages 50 to 61 were approved by the Regulator members on the 01 June 2009 and signed on its behalf.



Gloria Serobe
Chairperson



Ella S Nisibele
1/6/2009

**REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL
STATEMENTS AND PERFORMANCE INFORMATION OF THE PORTS REGULATOR OF
SOUTH AFRICA FOR THE YEAR ENDED 31 MARCH 2009**

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the Ports Regulator of South Africa (entity) which comprise the statement of financial position as at 31 March 2009, and the statement of financial performance, the statement of changes in net assets and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 54 to 61.

The accounting authority's responsibility for the financial statements

2. The accounting authority is responsible for the preparation and fair presentation of these financial statements in accordance with the basis of accounting determined by the National Treasury, as set out in accounting policy note 1.1 and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA) and for such internal control as the accounting authority determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Auditor-General's responsibility

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA), my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with the International Standards on Auditing read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the

auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

7. In my opinion the financial statements present fairly, in all material respects, the financial position of the Ports Regulator of South Africa as at 31 March 2009 and its financial performance and cash flows for the year then ended, in accordance with the basis of accounting determined by the National Treasury, as set out in accounting policy note 1.1 and in a manner required by the PFMA.

Emphasis of matters

Without qualifying my opinion, I draw attention to the following matters:

Basis of accounting

8. The entity's policy is to prepare financial statements on the basis of accounting determined by the National Treasury, as set out in accounting policy note 1.1.

Fruitless and wasteful expenditure

9. Contrary to section 76(4)(b) of the PFMA, payments to a supplier were made after 30 days resulting in fruitless and wasteful expenditure to the amount of R13000. This was due to penalty interest paid, arising from the late payment of the rental for the premises occupied by the entity.

Material underspending of the budget

10. The entity has materially underspent its budget to the amount of R2,8 million. This is attributable to the fact that the entity is in its infancy stage and is not fully operational in terms of its mandated function.

Other matters

Without qualifying my opinion, I draw attention to the following matters that relate to my responsibilities in the audit of the financial statements:

Non-compliance with applicable legislation

Public Finance Management Act

11. The accounting authority does not have effective, efficient and transparent systems, of financial and risk management and internal control in place, contrary to section 51(1)(a) of the PFMA.

Governance framework

12. The governance principles that impact the auditor's opinion on the financial statements relate to the responsibilities and practices of the accounting authority and executive management and are reflected in the key governance responsibilities addressed below:

Key governance responsibilities

13. The PFMA tasks the accounting authority with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of key governance responsibilities, which I have assessed as follows:

No.	Matter	Y	N
	Clear trail of supporting documentation that is easily available and provided in a timely manner		
1.	No significant difficulties were experienced during the audit concerning delays or the availability of requested information.	✓	

No.	Matter	Y	N
Quality of financial statements and related management information			
2.	The financial statements were not subject to any material amendments resulting from the audit.		✓
3.	The annual report was submitted for consideration prior to the tabling of the auditor's report.	✓	
Timeliness of financial statements and management information			
4.	The annual financial statements were submitted for auditing as per the legislated deadlines, as set out in section 55 of the PFMA.	✓	
Availability of key officials during audit			
5.	Key officials were available throughout the audit process.	✓	
Development and compliance with risk management, effective internal control and governance practices			
6.	Audit committee		
	<ul style="list-style-type: none"> The public entity had an audit committee in operation throughout the financial year. 		✓
	<ul style="list-style-type: none"> The audit committee operates in accordance with approved, written terms of reference. 		✓
	<ul style="list-style-type: none"> The audit committee substantially fulfilled its responsibilities for the year, as set out in section 77 of the PFMA and Treasury Regulation 27.1.8.. 		✓
7.	Internal audit		
	<ul style="list-style-type: none"> The public entity had an internal audit function in operation throughout the financial year. 		✓
	<ul style="list-style-type: none"> The internal audit function operates in terms of an approved internal audit plan. 		✓
	<ul style="list-style-type: none"> The internal audit function substantially fulfilled its responsibilities for the year, as set out in Treasury Regulation 27.2. 		✓
8.	There are no significant deficiencies in the design and implementation of internal control in respect of financial and risk management.		✓

No.	Matter	Y	N
9.	There are no significant deficiencies in the design and implementation of internal control in respect of compliance with applicable laws and regulations.		✓
10.	The information systems were appropriate to facilitate the preparation of the financial statements.	✓	
11.	A risk assessment was conducted on a regular basis and a risk management strategy, which includes a fraud prevention plan, is documented and used, as set out in Treasury Regulation 27.2.		✓
12.	Powers and duties are in place, as set out in section 56 of the PFMA.	✓	
Follow-up of audit findings			
13.	The prior year audit findings have been substantially addressed.	✓	
14.	SCOPA resolutions have been substantially implemented.	✓	
Issues relating to the reporting of performance information			
15.	The information systems were appropriate to facilitate the preparation of a performance report that is accurate and complete.		✓
16.	Adequate control processes and procedures are designed and implemented to ensure the accuracy and completeness of reported performance information.		✓
17.	A strategic plan was prepared and approved for the financial year under review for purposes of monitoring the performance in relation to the budget and delivery by the Ports Regulator of South Africa against its mandate, predetermined objectives, outputs, indicators and targets, as set out in Treasury Regulation 30.1.		✓
18.	There is a functioning performance management system and performance bonuses are only paid after proper assessment and approval by those charged with governance.		✓

14. Key officials have been available throughout the audit to offer assistance, thus enabling the entity to timeously provide a clear trail of supporting documents. However, internal control deficiencies, non-compliance issues and the absence of risk management strategies have been identified, as the entity is still in its infancy stage and has not yet implemented policies and procedures for financial cycles and components. The entity is

currently making efforts to rectify and implement such policies, procedures and relevant monitoring strategies. The entity has, however, implemented the Department of Transport's policies and procedures as an interim measure.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on performance information

15. I was engaged to review the performance information.

The accounting authority's responsibility for the performance information

16. The accounting authority has additional responsibilities as required by section 55(2)(a) of the PFMA to ensure that the annual report and audited financial statements fairly present the performance against predetermined objectives of the entity.

The Auditor-General's responsibility

17. I conducted my engagement in accordance with section 13 of the PAA read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*.

18. In terms of the foregoing my engagement included performing procedures of a review nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.

19. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the review findings reported below.

Findings on performance information

Non-compliance with regulatory requirements

No reporting of performance information

20. The entity has not reported performance against predetermined objectives, as required by section 55(2)(a) of the PFMA.

No strategic plan

21. The accounting authority of the entity did not finalise and submit a strategic plan for approval to the relevant executive authority before 1 April 2008, as required by Treasury Regulations 30.1.1 and 30.1.2.

Lack of reporting on all predetermined objectives in annual report

22. The entity has not reported on all predetermined objectives, as required by section 55(2)(a) of the PFMA.

Lack of effective, efficient and transparent systems and internal controls regarding performance management

23. The accounting authority did not ensure that the entity has and maintains an effective, efficient and transparent system and internal controls regarding performance management, which describe and represent how the entity's processes of performance planning, monitoring, measurement, review and reporting will be conducted, organised and managed as required by section 51(1)(a)(i) of the PFMA.

APPRECIATION

24. The assistance rendered by the staff of the Ports Regulator of South Africa during the audit is sincerely appreciated.

Auditor - General

Pietermaritzburg

29 July 2009



AUDITOR - GENERAL
SOUTH AFRICA

Auditing to build public confidence

THE PORTS REGULATOR
STATEMENT OF FINANCIAL PERFORMANCE
for the year ending 31 March 2009

	<i>Note</i>	2009 R'000	2008 R'000
REVENUE			
Transfers received	2	6 467	3 885
Other income	3	7	
TOTAL REVENUE		6 474	3 885
EXPENDITURE			
Current expenditure			
Administration expenses	4	947	416
Staff costs	5	1 934	824
Other operating expenses	6	3 107	1 150
TOTAL EXPENDITURE		5 988	2 390
SURPLUS FROM OPERATIONS		486	1 495
SURPLUS FOR THE PERIOD		486	1 495

STATEMENT OF FINANCIAL POSITION
at 31 March 2009

	<i>Note</i>	2009 R'000	2008 R'000
ASSETS			
Non-current assets		2 002	1 492
Property, plant and equipment	7	1 978	1 443
Intangible assets	8	22	47
Loans and receivables		2	2
Current assets			
Loans and receivables	9	281	477
TOTAL ASSETS		2 283	1 969
LIABILITIES			
Current liabilities		302	474
Trade and other payables	10	263	474
Provisions	11	39	-
TOTAL LIABILITIES		302	474
NET ASSETS			
CAPITAL AND RESERVES			
Accumulated surplus		1 981	1 495
TOTAL NET ASSETS		1 981	1 495
TOTAL NET ASSETS AND LIABILITIES		2 283	1 969

STATEMENT OF CHANGES IN NET ASSETS
for the year ending 31 March 2009

	<i>Note</i>	R'000
		Accumulated Surplus
Opening balance at 1 April 2007		-
Surplus for the year		1 495
		<hr/>
Balance as at 31 March 2008		1 495
Surplus for the year		486
		<hr/>
Closing balance		1 981
		<hr/> <hr/>

CASH FLOW STATEMENT
For the year ended 31 March 2009

	<i>Note</i>	2009	2008
		R'000	R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Cash received		6 670	3 408
Cash paid to suppliers and employees		(5 623)	(1 864)
Net cash flows from operations		<u>1 047</u>	<u>1 544</u>
Interest paid		(13)	-
Net cash flow available from operating activities		<u>1 034</u>	<u>1 544</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of :			
Property, plant and equipment	4	(1 034)	(1 493)
Intangible assets	5	-	(49)
Net cash flows from investing activities		<u>(1 034)</u>	<u>(1 542)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in non-current assets		-	(2)
Net cash flows from financing activities		<u>-</u>	<u>(2)</u>
Net increase/(decrease) in cash and cash equivalents		-	-
Cash and cash equivalents at the beginning of the period		-	-
Cash and cash equivalents at end of period		<u>-</u>	<u>-</u>

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2009

1 Accounting Policies

1.1 Basis of preparation

The annual financial statements and group annual financial statements have been prepared in accordance with South African Statements of Generally Accepted Accounting Practice (GAAP), including any interpretations of such Statements, issued by the Accounting Practices Board, with prescribed Statements of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board as follows.

<u>Standard of GRAP</u>		<u>Replaced Statement of GAAP</u>	
GRAP 1:	Presentation of financial statements	AC101:	Presentation of Financial Statements
GRAP 2:	Cash flow statements	AC102:	Cash flow statements
GRAP 3:	Accounting policies, changes in accounting estimates and errors	AC103:	Accounting policies, changes in accounting estimates and errors

Currently the recognition and measurement principles in the above GRAP and GAAP Statements do not differ or result in material differences in items presented and disclosed in the financial statements. The implementation of GRAP 1, 2 and 3 has resulted in the following significant changes in the presentation of the financial statements:

<u>Standard of GRAP</u>	<u>Replaced Statement of GAAP</u>
Statement of financial performance	Income statement
Statement of financial position	Balance sheet
Statement of changes in net assets	Statement of changes in equity
Net assets	Equity
Surplus/deficit for the period	Profit/loss for the period
Accumulated surplus/deficit	Retained earnings
Contribution from owners	Share capital
Reporting Date	Balance sheet date

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2009

The cash flow statement has been prepared in accordance with the direct method.

1.2 Presentation currency

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

1.3 Rounding

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

1.4 Property, plant and equipment

Plant and Equipment are stated at historical cost and adjusted after taking into account residual values, impairment of assets and depreciation

Depreciation is provided on all property, plant and equipment to write down the cost, less residual value where appropriate, on a straight line basis over their useful lives as follows :

Office furniture and fittings	- 8 years
Computer equipment	- 3 years
Motor vehicles	- 5 years
Intangible assets	- 3 years

The useful lives of property, plant and equipment and their residual values are reassessed at the end of each financial year. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount (i.e. impairment losses are recognised).

1.5 Intangible assets

Intangible assets are stated at cost less amortisation and adjusted for any impairment.

NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2009

	2009	2008
	R'000	R'000
2 Transfers received		
Department of Transport	6 467	3 885
	<hr/>	<hr/>
<p>The Department of Transport undertakes all payments on behalf of the Regulator.</p>		
3 Other income		
Sale of tender documents	7	-
	<hr/>	<hr/>
4 Administrative expenses		
Board members remuneration	815	397
Legal fees	78	-
Stationery and printing	26	1
Venues and facilities	28	18
	<hr/>	<hr/>
	947	416
	<hr/>	<hr/>

	2009	2008
	R'000	
5 Staff costs		
Salaries and wages	1 934	423
Other salary related costs		401
	<u>1 934</u>	<u>824</u>

Salaries and wages comprise payments to employees (including leave entitlements, thirteenth cheques and performance bonuses). Salaries and wages are recognised as an expense in the Statement of Financial Performance when final authorisation for payment is effected on the system (by no later than 31 March of each year).

All other payments are classified as current expense.

6 Other operating expenses

Advertising	249	-
Amortisation	25	2
Communication costs	86	6
Computer expenses	91	-
Consultants	898	7
Consumables	-	6
Couriers and delivery charges	22	6
Depreciation	499	50
Equipment items expenses	-	73
Fruitless and wasteful expenditure	13	-
Insurance	77	-
Maintenance and repairs	80	185
Municipal services	41	1
Rental	643	396
Travel and subsistence	383	418
	<u>3 107</u>	<u>1 150</u>

7 Property, plant and equipment

2009	Cost	Accumulated depreciated	Carrying value
Computer equipment	1 635	(464)	1 171
Office furniture and fittings	713	(81)	632
Motor vehicle	179	(4)	175
	<u>2 527</u>	<u>(549)</u>	<u>1 978</u>

2008	Cost	Accumulated depreciated	Carrying value
Computer equipment	836	(23)	813
Office furniture and fittings	657	(27)	630
	<u>1 493</u>	<u>(50)</u>	<u>1 443</u>

Reconciliation of property, plant and equipment

	Opening carrying value	Additions	Depreciation	Closing carrying value
Computer equipment	813	799	(441)	1 171
Office furniture & fittings	630	56	(54)	632
Motor vehicle	-	179	(4)	175
	<u>1 443</u>	<u>1 034</u>	<u>(499)</u>	<u>1 978</u>

8 Intangible assets

2009	Cost	Accumulated depreciated	Carrying value
Computer software	49	(27)	22

2008	Cost	Accumulated depreciated	Carrying value
Computer equipment	49	(2)	47

9 Loans and receivables

	2009 R'000	2008 R'000
Non current		
Deposit	2	2
Current		
Trade receivables	281	477

This represents the amount that is receivable from the Department of Transport.

10 Trade and other payables

Accruals	263	474
----------	-----	-----

11 Provisions

Leave pay	39	-
-----------	----	---

12 Cash generated from operations

Surplus for the year	486	1 495
Interest paid	13	-
	499	1 495
Non cash/ working capital changes	548	49
Depreciation	499	50
Amortisation	25	2
Increase / (Decrease) in payables	(211)	474
Increase in provisions	39	-
Decrease / (Increase) in receivables	196	(477)
Net cash flow from operating activities	1 047	1 544

13 Commitments

Current expenditure		
Approved and contracted	1 046	1 753

2009 **2008**
R'000 **R'000**

14 Board members remuneration

	No of individuals		
Remuneration	9	492	381
Travel expenses		321	16
		815	397

15 Executive members remuneration

**No of
individuals**

Chief Executive Officer	1	1 223	-
-------------------------	---	-------	---

16 Contingent Liabilities

There were no contingent liabilities.

17 Taxation

No provision is made for taxation as the entity is exempt from taxation per Section 10(1) a of the Income tax Act.

18 Risk management

The entity has sufficient insurance cover and sufficient funds to service its financial liabilities

19 Related party transactions

There were no related party transactions.

