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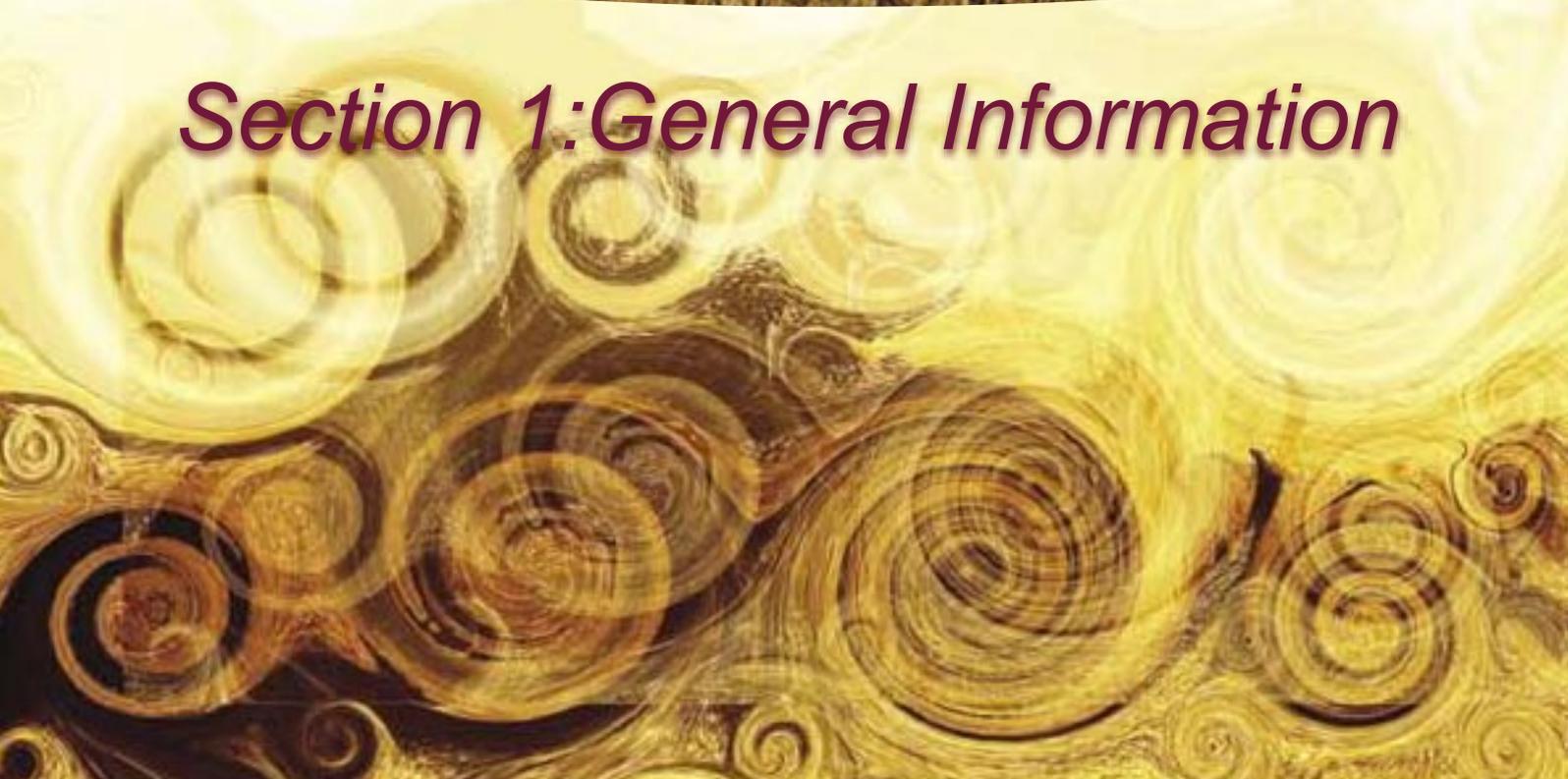
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Section 1: General Information





FOREWORD BY THE CHAIRPERSON

This year marks the end of the current Council's term of office, and it is useful to share with readers an overview of our experiences, achievements and challenges in this first-ever coordinating heritage institution in the history of South Africa.

The National Heritage Council, as mandated by the National Heritage Council Act of 1999, was launched on 28 February 2004 by the then Minister of Arts, Culture, Science and Technology, Minister Phumzile Mlambo-Ngcuka. As explained in the Council Report on page 30, an important part of our brief is to coordinate, identify, promote and nurture our living heritage and history.

Members of the Council

In accordance with the Act, Council is a large one, but it is representative nationally and locally, demographically, linguistically and geographically. We are also fortunate to encompass a range of heritage skills – these vary from intellectual and historical insights, to interdisciplinary knowledge and valuable civil society experience on approaches to heritage in the communities. This collective knowledge assists Council to have a grounded awareness of cultural and economic needs.

According to the NHC Act, the Chairperson is appointed by the Minister. Council has elected a Deputy Chairperson. The NHC has been fortunate to benefit from the experience and energy of Professor Rocky Ralebipi-Simela, who also presently chairs the National Library Council.

The First Task

Since the start of our term, we have received warm and practical support from the DAC, for which we are extremely grateful. It has taken us the greater part of our first term simply to put our structures, human resources and infrastructure in place according to our statutory mandate. We were assisted by our strategic plan, which we formulated with the backing of our CEO, the COO Dr Somadoda Fikeni and the CEO's able team, together with excellent facilitators. To help us to carry out our fiduciary duties and to ensure good governance, Council has set up a number of Portfolio committees, which are described in the Council Report on page 30.

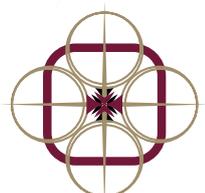
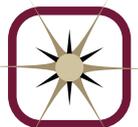
Our first term has been very active; besides establishing our infrastructure, we have also begun to identify preliminary heritage programmes. In the process, we were exposed to new and interesting perspectives. Sometimes we were frustrated by teething problems. At the same time, the Portfolio Committees were fortunate to be able to benefit from the guidance of the PFMA, the King 2 Report and the experience of other heritage institutions. We are pleased to have received a clean 'bill of health' by the Auditor General in our first two years.

Challenges

Our outstandingly active management team, headed by the CEO, has made remarkable strides in meeting the public in many forums and helping to place the value and ownership of heritage nationally. The briefings from the CEO gave a good indication of the enthusiasm, commitment and drive of the entire NHC team.

Inevitably, however, there are challenges. We still need to craft our own institutional culture, where the smooth running of the administrative work depends on attention to many details. But already we can see how the practical arrangements of holding quarterly or more meetings of a large Council of 28 members begin to become easier and more familiar.

Absorbed as we were at first with laying the foundational structures, it is only recently that Council meetings have had time to begin to discuss what we consider to be our core business, and doing what we most enjoy – formulating and developing policy to both facilitate a coordinated heritage sector and work in partnership with new heritage initiatives in civil society. What are our criteria, the values reflecting our new democracy, the programmes that will bring both spiritual and material benefits to all who live in our country?



Council members, in our diversity, are beginning to bond. In this short time, Council has become sufficiently comfortable to raise concerns and issues around inclusiveness and redress, and to agree that key concepts such as the meaning of 'race', 'ubuntu', 'nation-building' and even 'heritage' need to be interrogated. NHC Councillors will in the future have greater opportunities to inform their policy formulation with discussions such as these.

There is also a concern that heritage should not be divorced from the socio-economic challenges of the present. Often, in our quest to remind ourselves and our youth of the historic struggles against oppression, inequity and indignity, we should not sanitise the needs of the present. The NHC wants to be an active partner in contemporary times, and help to build human capabilities and uplift local economies and social relations through heritage development.

Another challenge has been the number of overlaps and contradictions in some of the heritage legislation. Some of these have been pointedly raised by Council members, and the NHC has thus helped to identify areas that need to be reviewed.

Contesting Heritage

In our short period of existence as the NHC, we have been pleased to note how far the heritage sector has come. We are honoured that the National Heritage Council has been part of the process of change in a climate which seeks to work towards the crafting of an informed and shared vision.

In less complex, undemocratic times, the role of a National Heritage Council would have been a more top-down, one-way process, and its parameters established and well defined. In those days, national monuments tended to celebrate deeds of conquest and colonialism; museums dealt with inanimate objects and artefacts removed from their cultural context and their people; archives collected documents and the written word, as expressed by those in power. Libraries catered for middle class readers, their English-language books imported from abroad - few (except to a certain extent for Afrikaans) were published in indigenous languages. Official maps identified only those places of interest to colonial and apartheid regimes – townships, ancestral lands and sacred sites did not exist.

Now, twelve years into democracy, the concept of heritage has changed. It is more complex, more nuanced, more exciting, more challenging, more consultative - more demanding! Histories that were hidden and ignored are now emerging; formerly subjugated voices are now being heard. Existing commemorations, national monuments and sites of significance have been given new representations, rededicated to become more inclusive, placing them more broadly and inclusively in their historical colonial or apartheid context. The national map is being redrawn.

In the twelve years of democracy, old identities have been revisited, and indeed people are discovering that they have many identities – their gender, class, race and mother tongue are only some of these. In our heritage we discover ourselves.

Not surprisingly, given our history, some of these interpretations are contested – the renaming of places such as hospitals, towns, dams, streets and an airport received considerable coverage. Others have urged that reconciliation could only succeed if we put the past away and concentrated instead on shaping the present 'from scratch', as it were, in order to adapt to a fast-changing global world.

Yet, despite some carping, interest in heritage has grown exponentially. And the forums in which this has been taking place are to be found in many areas of our society – in government institutions, in the legislature, in our universities, in civil society, in a plethora of workshops, in small to medium businesses, in the arts, in the tourist industry, on the internet and at the grass-roots level, both in the villages and the towns.

However, the divisive effects and the marginalisation of the heritage of the majority of the people of South Africa still persist. Equitable redress remains, therefore, a critical aspect of our society.

A Transformation Charter

By the end of the next financial year, the National Heritage Council will have produced a Transformation Charter, steered by an inspired task team chaired by Professor G. Nkondo. The NHC has also produced a policy so that it can begin the process of raising funds and distributing resources to nurture heritage initiatives at national, provincial and local level. In the medium term, in partnership with heritage institutions throughout South Africa and indeed the region, we hope to see tangible progress in the promotion of indigenous knowledge, indigenous languages and orature, to have acknowledged the pain of slavery, to have introduced ourselves and listened to many more people and communities.

But our heritage institutions need to go beyond the various representations of diversity to begin to understand and take ownership of the whole, the moving mosaic of language, culture, indigenous knowledge, memory and values, so that this South Africa can at last, in spirit and deed, belong to all who live in it.

Conclusion

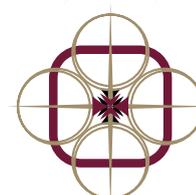
I cannot end this report without extending my heartfelt thanks to all our Councillors, whose moral support, precious time and input donated to the Council have helped to build the NHC into a functioning national institution in such a short space of time. I would like particularly to thank the conveners of the Portfolio Committees, who form the Council's Exco committee, for all their additional, dedicated work, often until late into many a night.

In addition, I congratulate our CEO, Advocate Sonwabile Mancotywa, whose driving pace of work has gone beyond the call of duty. For his leadership, and for the remarkable operational achievements of the staff of the NHC, he is to be applauded. The deliberately lean team of the NHC have accomplished so much, and have also proved to stimulate the thinking of Council members with many of their thoughtful suggestions for NHC programmes and workshops. On behalf of the Councillors, I express special appreciation to our well informed Company Secretary, Thendo Ramagoma, an Attorney of the High Court of South Africa, who has looked after our needs so well, and with commendable patience.

On the occasion of the end of the term of the first Council of the NHC, I would like to express my confidence that the NHC will move forward to further achievements and win the support and participation of the people of South Africa in its noble endeavour.



Dr Luli Callinicos
Chairperson



COUNCIL MEMBERS

Members appointed by the Minister of Arts and Culture



Ms Luli Callinicos
Ministerial appointee
NHC Chairperson



Prof Yonah Seleti
Ministerial appointee



Mr Stephan Welz
Ministerial appointee



Ms Edith Morongwa
Dikotia
Ministerial appointee



Ms Marie van Heerden
Ministerial appointee

Provincial members nominated by the MECs



Mr Ikgetheleng Bennett
Kambula
Free State Province



Prof Julia Wells
Eastern Cape
Province



Ms Gladness Sibongile
Mapalala
Mpumalanga Province



Mr Ramakuntwane Selepe
Limpopo Province



Ms Maria Ramphela
North-West Province



Chairpersons and representatives of Councils of Institutions as prescribed by the Act



Dr Sifiso Ndlovu
South African Heritage
Resources Agency



Prof Crain Soudien
Iziko Museums



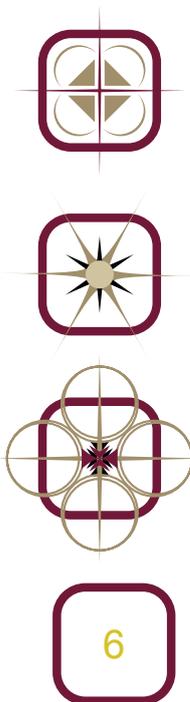
Prof Rocky M D Ralebji-Simela
National Library of South Africa
NHC Deputy Chairperson



Dr Edna van Harte
Afrikaans Language, Museum
and Monument



Prof Alex Duffey
South African Academy for
Science and Art



Prof Stanley Ridge
National English Literary
Museum



Prof Muzi Orman
Ndwandwe (Acting)
Natal Museum



Prof Langalibalele
Mathenjwa
Voortrekker Museum



Mr Vuyani Jarana
Nelson Mandela Museum



Mr Paul Langa (Acting)
Robben Island Museum



Prof Louis J S Changuion
National War Museum



Ms Dirkie Offringa
William Humphreys Art
Gallery



Prof Themba Msimang
Heraldry Council

VISION STATEMENT

The vision of the National Heritage Council is to create an enabling environment for the effective and efficient preservation, protection and promotion of South African heritage for present and future generations

MISSION STATEMENT

The mission of the National Heritage Council is to:

- Coordinate heritage management informed by stakeholder consultation and engagement
- Provide transformation strategy and framework for the heritage sector to embrace South Africa's diverse heritage in the interest of national identity
- Advise the Minister of Arts and Culture on heritage matters
- Play a significant role in the repatriation of South African heritage resources
- Promote, mainstream and protect living heritage with particular emphasis on Indigenous Knowledge Systems
- Provide a framework for sustainable use of heritage resources in social development to unlock economic potential of our national heritage
- Facilitate the establishment of strategic partnerships with heritage stakeholders and role players abroad

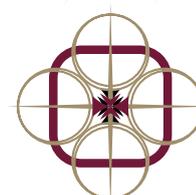
CONSTITUTIVE ACT AND LEGISLATIVE MANDATE

The National Heritage Council, an amendment of the Cultural Laws Second Amendment Act 69 of 2001, was officially constituted through the National Heritage Council Act 11 OF 1999, assented to on 14 April 1999 and officially proclaimed on 26 February 2004.

OBJECTS OF COUNCIL

The objects of the Council are:

- a to develop, promote and protect the national heritage for present and future generations;
- b to co-ordinate heritage management;
- c to protect, preserve and promote the content and heritage which reside in 'orature' in order to make it accessible and dynamic;
- d to integrate living heritage with the functions and activities of the Council and all other heritage authorities and institutions at national, provincial and local level;
- e to promote and protect indigenous knowledge systems, including but not limited to enterprise and industry, social upliftment, institutional framework and liberatory processes; and
- f to intensify support for the promotion of the history and culture of all our peoples and particularly to support research and publication on enslavement in South Africa.

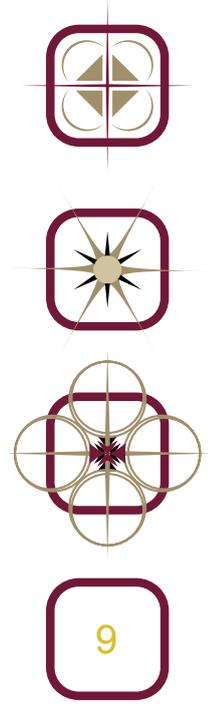


The following are the functions of the Council that are derived from the NHC Act of 1999:

Functions, powers and duties of Council

1) The Council must –

- a) advise the Minister on –
 - i. national policies on heritage matters, including indigenous knowledge systems, living treasures, restitution and other relevant matters; and
 - ii. any other matter concerning heritage which Minister may from time to time determine.
- b) advise the minister on the allocation of core funding to the declared cultural institutions;
- c) investigate ways and means of affecting the repatriation of South African heritage objects presently being held by foreign governments, public and private institutions and individuals;
- d) make grants to any person, organisation or institution in order to promote and develop national heritage activities and resources;
- e) coordinate activities of public institutions involved in heritage management in an integrated manner to ensure optimum use of State resources;
- f) monitor and coordinate the transformation of the heritage sector, with special emphasis on the development of living heritage projects;
- g) consult and liaise with relevant stakeholders on heritage matters;
- h) generally support, nurture and develop access to institutions and programmes that promote and bring equity to heritage management;
- i) promote awareness of the history of all our peoples, including the history of enslavement in South Africa;
- j) lobby in order to secure funding for heritage management and to create a greater public awareness of the importance of our nation's heritage;
- k) perform such duties in respect of its objects as the Minister may assign to it.





Section 2: CEO's Overview





CEO'S OVERVIEW

SONWABILE MANCOTYWA

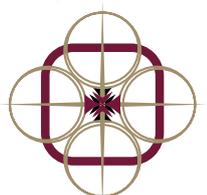
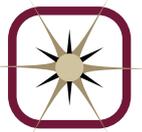
This is the second annual report of the National Heritage Council and it is a report that takes stock of key highlights of its 2nd year of existence. As it is to be expected in terms of organisational growth, in this phase most of the policies have been adopted and implemented thus fulfilling important requisite for good corporate governance particularly those that are specific to public entities such as the NHC. This, in essence, marks an end of the establishment phase of this organisation and the beginning of consolidation phase where more focus is on delivering on the mandate and assessing effectiveness of our programmes.

Another important milestone in the history of NHC is the fact that the first Council is completing its term on 30 September 2006. Tribute must go to this Council for providing support during this complex and critical phase of establishment where many policies and systems had to be put in place. New in-coming Council will have the space and opportunity to mainly focus on key strategic issues of the NHC mandate without having to spend much time on establishing basic policies and systems that are required for compliance and good corporate governance purpose.

The Report on heritage programmes and funding in the following sections of this report will clearly demonstrate the NHC's contribution and impact on South Africa's heritage as well as Arts and Culture landscape within the first two years of its existence. The NHC's prominent participation in events leading and building up to the South African hosted World Heritage Conference (29th Session of the World Heritage Committee of UNESCO), the launch of South African Heritage Charter Development process, the Audit of the Heritage Sector as well as the first two rounds of funding of Heritage Projects across the country are some of the key achievements of the NHC. Each one of the 9 provinces of South Africa has benefited from the NHC programmes and projects. The rate at which the NHC is invited and consulted by a wide range of stakeholders in the heritage, Arts and Culture, Tourism, environmental and nature conservation, local government, traditional leadership, and various organs of the civil society bears testimony to the fact that the NHC has become a major player in the South African heritage landscape.

Furthermore, we have managed to stimulate spirited and enlightening public debates on a number of heritage subjects. A forum for public participation, awareness and education on South African heritage is in the making and the NHC is one of the important catalysts in this process. We, as the NHC, will relentlessly strive to make sure that heritage as well as cultural industries are brought into the mainstream and appreciated as strategic resources for our nation building particularly in forging a sense of national identity, social cohesion and appreciation of our diversity in unity as a resource or strength than a weakness.

The year under review has not been without challenges. I will cursorily and schematically outline the key challenges. Integration and coordination of such a vast and seriously fragmented sector, as heritage is, is always a challenge that will not be easy to overcome especially when one takes both private and public sectors into consideration. A genuine transformation of the sector into a strategic resource that will contribute meaningfully to our nation building is compounded by the fact that heritage is always a contested terrain and this is even more so in a society with a recent history of a deeply divided past and racial oppression that subverted cultures of the majority of its people. For heritage sector to unleash its economic potential as well as its contribution to social cohesion and national identity this transformation has to take place. The other challenge in the South African heritage sector is multiplicity of key role-players among the public entities with no clearly delineated roles thus creating role confusion or overlap that produce duplication and sometimes even tensions. We commend the National Department of Arts and Culture for its bold step in embarking on a policy and legislative review process that is aimed at addressing this problem and we are certain that, if well done, this process will lead to greater efficiency and effectiveness.



There are emerging priorities that I would like to allude to. The year 2006 marks the 30th anniversary of the 1976 Youth Rebellion in South Africa and the 50th anniversary of the Women's March in Pretoria. We are going to focus more and more on programmes that target and empower the youth and Women as well as the marginalised cultural groups such as the KhoiSan communities. We are also starting a programme that is assisting the three provinces, namely the Northern Cape, Eastern Cape and Mpumalanga, to join others that have enlisted their sites in the World Heritage Sites list. We also have a campaign or programme to revive Ubuntu for Nation Building. Lastly, the NHC is involved in efforts to highlight sports heritage as part of a build up to 2010 and as a contribution to development of sports in South Africa.



*Adv. Sonwabile Mancotywa
Chief Executive Officer*

HERITAGE

The highlighted achievements for the year 2005-2006 must be seen within the context of NHC mandate as stipulated in its constitutive Act, the National Heritage Council Act, 1999 (Act No. 11 of 1999). The core functions as extracted from the Act can be summarised as follows:

- Policy advice that also assists in advising the Minister of Arts and Culture on heritage matters.
- Disbursement of funds for heritage projects.
- Coordination of heritage management
- Promotion of public awareness on heritage through public participation and education.
- Transformation of the South African heritage sector is a cross-cutting role reflected in all of the above.

Given the age of this organisation a considerable number of projects and programmes that were initiated in the previous financial year are now reaching their completion stage whereas some are still work-in-progress. In choosing these projects a long term view was taken into account in order to have sustainable programmes with great impact instead of once off quick and dramatic achievements that flashes across the horizon like a comet.

Mpumalanga Heritage Projects

This project was sponsored by the NHC in partnership with First National Bank and the Mpumalanga Provincial Government. The first phase that involves research has been completed and a book is soon to be published on this work. NHC together with various municipalities are exploring ways of utilising this product for socio-economic development and to identify and enlist more heritage sites as identified in this work. This work has a potential to shape or impact on the provincial development strategy and in re-branding the province using its rich heritage that has been unearthed by this study.



Audit of the Heritage Sector

An NHC commissioned audit of South African heritage sector will soon be completed. This is the first comprehensive audit of all sub-sectors of South African heritage and the results will be made public and available to both public and private sector institutions and scholars or practitioners in both electronic and printed versions. This resource will be an important tool for planning, coordinating and transformation of the sector and even more importantly for developing a long term South African Heritage Development Strategy.



Development of the Heritage Transformation Charter

The Heritage Transformation Charter Development process was launched by the Minister of Arts and Culture, Dr Pallo Jordan, at a national conference held in April 2005. The Task Team and Project Management Team were put in place and a nation-wide consultation with a range of stakeholders in underway and this includes consultations with experts/leaders who crafted the other charters in areas such as the Mining Sector and ICT. The first Draft of this blueprint for transforming the sector should be completed by November 2006.



Digitisation, Access and Ownership of South African Archives and Heritage Resources

The NHC was approached by a number of concerned institutions, organisations individuals who highlighted the critical need to develop South African, and ultimately a regional, strategy on digitisation of archives and heritage resources in view of protecting and making accessible the fragile heritage resources as well as in dealing with agencies from developed countries that have shown increased interest in the field, particularly in digitising Southern African liberation archives. The NHC organised a number of consultative meetings and workshops that culminated in a national conference that was held in August 2005 in the National Archives Conference Room in Tshwane. A follow up workshop will craft a framework for digitisation of South African Archives as well as an input in the policy and legislative review process that is sponsored and spearheaded by the National Department of Arts and Culture.



World Heritage Beyond our Borders

The NHC played a prominent role both within the continent and in the world. In April 2005 the NHC delegation met with their counterparts and a number of heritage institutions in Ghana to exchange experiences and explore possibilities to forge relationships and networks. We also participated in the formulation of the Africa Position Paper on World Heritage that was submitted to and adopted by the 29th Session of the World Heritage Committee in Durban in July 2005. The NHC also hosted a Civil Society Engagement conference of the World Heritage Conference a day before the commencement of the 29th Session of the World Heritage Committee and this afforded hundreds of South Africans an opportunity to experience and participate in the South African-hosted World Heritage Conference.

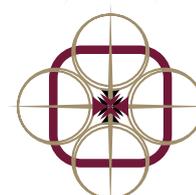
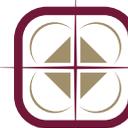
Training of Young South African Artists

As part of celebrating 30th anniversary of youth rebellion and also in response to the critical challenge of youth unemployment, the NHC, assisted by experts in the field of creative/fine art, has identified and selected young artists from all nine South African provinces who will be trained by a world renowned Ethiopian artist, Lemma Guya. All these young artists are from disadvantaged backgrounds and they will be assisted to start cooperatives and small businesses through partnerships upon completion of this training programme and they will also train other young artists across the country. In all its programmes the NHC is often informed by the national imperatives and challenges and this programme is one example of extended public works programme targeting the most vulnerable segment of our population. The nine selected youth will complete their training programme in Ethiopia by end of September 2006.



Workshops for Municipalities

Several municipalities have invited the NHC to advise and workshop them on integrating heritage programmes to their integrated development programmes (IDPs). Most of these workshops looked at how to unleash the economic potential of heritage while at the same time preserving this fragile resource. We plan to extend this programme as municipalities are increasingly playing an important role in service delivery and development in our country but are saddled with shortage of skills and expertise and this is amplified when it comes to the heritage issues.



Conference on South African National Question and National Identity

As part of its heritage month activities, the NHC organised a conference on South African National Identity in partnership with the African Renaissance Centre of the University of South Africa. This conference was attended by scholars, national and provincial leaders from the private and public sectors as well as students and youth in general. The aim of this conference was to reflect on the notion of our heritage particularly with regard to national identity in the context of a diverse multi-cultural society that at the same time has a shared history. This event was widely covered by the media and it triggered public discourse on the subject.

Establishment of Heritage CEO/Directors' Forum and Contribution in the Arts and Culture Policy Review Programme

An NHC-initiated forum for CEOs and Directors of South African heritage institutions was launched at Robben Island Museum Conference Centre in Cape Town in August 2005. Several meetings to raise important issues of the sector have taken place in these forums. This is assisting in coordinating and establishing common heritage development strategy. NHC used this forum in holding workshops and consultations that assisted in making the input of the heritage sector into the Arts and Culture Policy Review process.

Funding

This sub-unit of heritage was established in the last quarter of this financial year to perform one of the critical functions of the NHC. Through engagement with stakeholders and strategic partners it was possible to establish management policies, processes as well as systems for service delivery. Council adopted the NHC Funding Policy during February 2006 and this will serve as a guideline in assessing and awarding funds to heritage projects.

Funded Projects

ROLL OVER FUNDING 2004-2005				
ITEM NO	PROJECT NAME	PROVINCE	AMOUNT FUNDED R	STATUS
1.	Mpumalanga Heritage Project	MPUMALANGA	R300 000	Book on reclaiming heritage and linking with the future was launched in March 2006
2.	Domba Initiation School Project	LIMPOPO	R150 000	Research on the initiation of Vhavenda girls to be completed end of November 2006
3.	History of Chief Makgoba	LIMPOPO	R362 560	A book on the life and history of Chief Makgoba to be completed towards the end of November 2006
4.	Emandulo Cultural Village	W. CAPE	R250 000	Collection of ethnic and cultural clothes and crafts collected and an exhibition to be held in November 2006
5.	The Ntsikane Project	E. CAPE	R210 430	A book on the life of this early African intellectual administered under the HSRC to be published and deposited into the University of Fort Hare – (NAHECS)
6.	SEK Mqhayi Project	E. CAPE	R145 900	Researched collections of clothes and utensils used by this early African intellectual to be deposited at the Fort Hare University. This research being administered under the HSRC
7.	The Mission Stations	KWA-ZULU NATAL	R450 000	Research on the six KZN mission stations administered and monitored by the University of KZN. Book to be deposited to the KZN University
8.	Pioneers in Medicine & Health Sciences	KWA-ZULU NATAL	R415 000	Research administered and monitored by the University KZN. Book to be deposited at the KZN University

2005-2006 APPROVED PROJECTS FOR FUNDING

ITEM NO	PROJECT NAME	PROVINCE	AMOUNT FUNDED (R3.7M)	STATUS
1.	Maraisburg-Roodepoort African Location	GAUTENG	R100 000	Research conducted by Wits Scholars and administered by the City of Joburg – Cultural & Heritage Department. Book to be deposited at the City of Joburg Cultural library
2.	Ncedani Arts & Craft and stone sculpture Project	GAUTENG	R100 000 (R50 000 capacity building and R50 000 towards the project implementation.	Capacity building training provider identified for project management. Project implementation to take place after completion of the training.
3.	Lethithemba Project	KWA-ZULU NATAL	R197 950	A commitment by the Msinga Municipality on the research and development of a heritage site in Emsweni site has been received and the research will commence in September.
4.	Promotions of SA Linguistics	GAUTENG	299 068	Research conducted under the Unisa Press on the African Linguistic and culture.
5.	Africa Meets Africa Project	GAUTENG	R680 708	Mathematical research on the African huts.
6.	Black Rugby in Grahamstown	E. CAPE	R473 000	Research on the development of black rugby administered under the Makana Municipality and exhibition of the pictures to be deposited and displayed with the Makana Municipality – Community side.
7.	Kara Heritage Schools (Youth summits)	National	R800 000	National Youth Summit held in June-July to coincide with the 30th Celebration of the Youth Rebellion.
8.	The life and times of AC Jordan	E. CAPE	R418 000	Research on the life and history of AC Jordan conducted and administered under the Fort Hare University
9.	Ribololo Project (Learnership Project known as Maphakela Tourism and Cultural Project)	N. CAPE	R50 000	Capacity building (learnership programme for the youth in the Northern Cape – Kuruman area and the learnership is taken under Katu FET college.
10.	Isishweshwe Project	KWA-ZULU NATAL	R250 000	Research on the originality of the amajamani/indigo cloth in the making of dress in SA
11.	The pride of Ubuntu Project	N. CAPE	R100 000	Capacity building for youth, unemployed, people with disabilities and rural communities in Kimberley, Douglas, Upington, Pofadder and Kuruman.

a) An advert went out for the Heritage Funding Committee to be in place to do assessment and awarding of all recommended heritage projects

Future Planned Engagements:

a) A plan is underway to form a Funding Forum for all Department of Arts & Culture Funding Institutions.

b) Advertising for all funded projects and available funds for 2006-7 financial before end August 2006.



MARKETING AND COMMUNICATIONS

The Marketing and Communications is part of the core business and has therefore implemented a plan that enhances the functions of the Council. This year has been a continuation of developing successful stakeholder relations and the profile of activities as well as projects of the NHC.

The South African Broadcasting Corporation has entered into an agreement to cooperate with the NHC on improving the publicity of heritage through various platforms. There has since been a remarkable focus on the heritage of South Africa and its people as content of the SABC.

Publications that are targeted at filling the communication void were prioritised. A magazine for the heritage sector was conceptualised and will be launched in the 2007/2006 financial year. The production of a publication that will contain information on the sector, presented as a corporate diary was commissioned. It will be distributed to all stakeholders in the sector to assist with understanding the sector better.



A training programme for journalists in the sector has been initiated and the training manual completed for a full roll-out in the next financial year. The development of a new corporate identity has been successfully completed.

The NHC website continued to be a resourceful information tool to the public and was regularly updated.

HUMAN RESOURCES

Policies and Procedures

The process of policy development and implementation has been finalised. Policies were approved by the Council during July 2005. As part of housekeeping, the policies are under constant review to ensure that they are in line with acceptable standards and fair employment practices. In line with the improvement of employment conditions and well-being, non management employees are now granted subsidy towards their medical aid.

Employee Profile

The NHC is committed to improving its profile by ensuring that the recruitment of women is accelerated to reflect the diverse demographics of the country. Currently, 57% of the entire staff component is female.

Profile

Category	level	Gender	Race
Chief Executive Officer	15	Male	Black
Chief Operations Officer	14	Male	Black
Chief Financial Officer	13	Female	Black**
Human Resources Manager	13	Male	Black
Marketing Manager	13	Male	Black
Funding Manager	13	Female	Black
Finance Officer	11	Female	Black
Researcher	11	Female	Black
Researcher	11	Female	Black
Senior Administrative Officer	11	Female	White
Personal Assistant	10	Female	Black
Receptionist	6	Female	Black
Driver	2	Male	Black
Cleaner	1	Female	Black

** Position already filled

Attrition

Category	level	Gender	Race	Reason
Chief Financial Officer	28/2/2006	Female	Black	Better prospects

Performance Management

The NHC implemented a Performance Management System in 2005 to ensure that a culture of high performance is maintained.

Training and Development

The NHC is committed to the training and development of staff to ensure the required skills are acquired for effective performance. Development was undertaken in the following notable areas across the board:

- Chartered Institute of Secretaries' Course for Company Secretaries
- Advanced Power-point
- Strategic Internal Communications
- Marketing Concepts
- Project management
- High Performance Administration
- Public Finance for non Financial managers
- Telephonic Customer Service Orientation



FINANCE

Financial Statements

The NHC Council and NHC Executive Management confirm that they are responsible for the preparing the financial statements and other information presented in the annual report in a manner that fairly presents the state of affairs and results of the operations of NHC.

The annual financial statements contained in pages 24 to 48 have been prepared in accordance with Statement of South African Generally Accepted Accounting Practice, (including any interpretations of such statements issued by the Accounting Practices Board, with the prescribed Standards of Generally Recognised Accounting Practices (GRAP) issued by the Accounting Standards Board replacing the equivalent GAAP Statements) and Public Finance Management Act. They are based on appropriate accounting policies and are supported by reasonable and prudent judgments and estimates.

The external auditor is the Auditor-General who is responsible for carrying out an independent examination of the financial statements in accordance with Statements of South African auditing Standards and reporting its findings thereon. The Auditor-General's report is set out on page 25.

Supply Chain Management

The NHC developed its procurement policy which was adopted by the council and has been effectively utilised in the procuring of services. A database of preferred suppliers was established and is reviewed annually. The key personnel do under go training as and when required. This is in line with the requirement by the PFMA and supply Chain Management Framework to implement and ensure adequate training of the employees to execute the function as well as address Skills and Development Act requirements.

Internal Controls

The organisation maintains internal controls and systems designed to provide reasonable assurance as to the integrity and reliability of the financial statements and to adequately safeguard, verify and maintain accountability for its assets. Such controls are based on the established policies and procedures and are implemented with an appropriate segregation of duties.

Internal Audit

The NHC appointed Len Konar and Associates as internal auditors. The first audit was performed with the objective of reviewing the compliance effectiveness of the NHC and to provide the assurance that the risks associated with the



following focus areas are being managed to an acceptable level:

- Human resources
- Procurement, including BEE, and expenditure
- Fixed asset management
- Banking, Treasury and Funding
- Monthly, Quarterly and annual reports
- Commitments, contracts and contingencies

The internal audit function operates under the direction of the audit committee, which approves the scope of the work to be performed. Significant findings are reported to both executive management and the audit committee. Corrective action is taken to address internal control deficiencies identified in the execution of the work.

The annual audit plan is based on key financial risks to the organisation. The work programme that gives effect to the plan is reviewed by the audit Committee and ratified or modified as necessary.

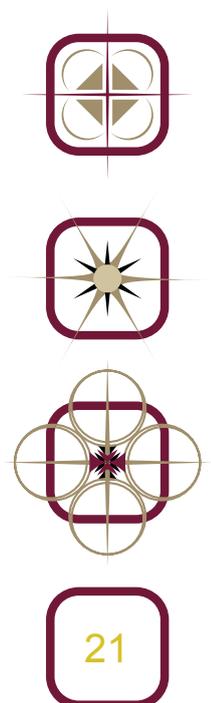
Nothing has come to the attention of the Council members or the Auditor General that indicates any material breakdown in the functioning of the key internal controls, procedures and systems during the year under review.

Information Technology

The information technology function was outsourced. Activities in the unit included setting up finance systems to enable effective transaction processing and management reporting, maintenance of servers, computers, network set up, e-mail and internet domain reservation.

Going Concern

The NHC Council is satisfied that adequate resources exist to continue business from the foreseeable future and Council confirms that there is no reason to believe that the NHC will not continue as a going concern in the year ahead.





Section 3: Annual Financial Statements



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STATEMENT OF RESPONSIBILITY

for the year ended 31 March 2006

The Public Finance Management Act 1 of 1999, as amended requires the accounting authority to ensure that National Heritage Council keeps full and proper records of its financial affairs. The annual financial statements should fairly present the state of affairs of the National Heritage Council, its financial results, and its financial position at the end of the year in terms of generally accepted accounting practice.

The annual financial statements are the responsibility of the management. The Office of the Auditor General is responsible for independently auditing and reporting on the financial statements.

The annual financial statements have been prepared in accordance with the statement of generally accounting practice, treasury regulations and the companies act. These annual financial statements are based on appropriate accounting policies, supported by reasonable and prudent judgement and estimates.

The management has reviewed the entity's budgets and cash flow forecasts for the year to 31 March 2006. On the basis of this review, and the light of the current financial position, the management has every reason to believe, and the auditors concur, that the entity will be a going concern in the year ahead and have continued to adopt the going concern basis in preparing the financial statements.

To enable the management to meet the above responsibilities, the Council must set standards and implement systems of internal control and risk management that are designed to provide reasonable, but not absolute assurance against material misstatements. The entity must maintain internal financial controls to provide assurance regarding:

- safeguarding of assets and for the management of expenditure and liabilities of the entity
- effective and appropriate measures to prevent irregular and wasteful expenditure
- the maintenance of proper accounting records and the reliability of finance information used within the business or for publication.

An effective system of internal control aims to provide assurance with respect to the reliability of financial information, in particular, financial statement presentation. Further, because of changes in conditions, the effectiveness of internal financial controls may vary over time.

The management has reviewed the entity's systems of internal control for the period 1 April 2005 to 31 March 2006. Though the risk management Plan has been put in the financial year, the management is of the opinion that the entity's systems of internal control were effective for the period under review.

In the opinion of the management and the council, based on the information to date, the annual financial statements fairly present the financial position of the National Heritage Council at 31 March 2006 and the results of its operation and cash flow information for the year.

The annual financial statements for the year ended 31 March 2006, set out on pages 25 to 48 were approved by Accounting Authority in terms of s 51(1)(f) of Public Finance Management Act 1 of 1999, as amended and are signed on its behalf by:



L Callinicos
Chairperson



Adv S Mancotywa
Chief Executive Officer

31 May 2006

REPORT OF THE AUDITOR-GENERAL

for the year ended 31 March 2006

1. AUDIT ASSIGNMENT

The financial statements as set out on pages 35 to 48, for the year ended 31 March 2006 have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996, read with sections 4 and 20 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA) and section 55(1)(c) of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA). These financial statements are the responsibility of the accounting authority. My responsibility is to express an opinion on these financial statements, based on the audit.

2. SCOPE

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

An audit includes:

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

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

3. BASIS OF ACCOUNTING

The entity's policy is to prepare financial statements on the basis of accounting determined by the National Treasury, as described in note 1 to the financial statements.

4. AUDIT OPINION

In my opinion, the financial statements fairly present, in all material respects, the financial position of the National Heritage Council at 31 March 2006 and the results of its operations and cash flows for the year then ended, in accordance with generally accepted accounting practice and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA).

5. EMPHASIS OF MATTER

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

5.1 Leave provision

The recalculation of the leave provision indicated differences between the recalculated leave day balance and the leave day balance used in the leave register as at 31 March 2006. These differences were also noted in the audit of the 2004-05 financial year and the internal auditors. No attempt has been made by the National Heritage Council to reconcile leave balances and as a result the leave provision is misstated by an estimated amount of R58 280.

5.2 Non-compliance with laws and regulations

Due to a lack of a policy framework the National Heritage Council did not fully comply with section 51(a) of the PFMA in respect of policies and procedures that are not developed, updated or approved regularly.

5.3 Improper control over journals

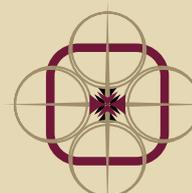
Due to an inadequate control environment journals processed did not have documentation attached and were not authorised by a senior official.

6 APPRECIATION

The assistance rendered by the staff of the National Heritage Council during the audit is sincerely appreciated.

F D Sheppard for Auditor-General

Pretoria
28 July 2006



REPORT OF THE AUDIT COMMITTEE

for the year ended 31 March 2006

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

Audit Committee Members and Attendance:

The Audit Committee consists of the members listed hereunder and meets four times per annum as per its approved terms of reference. It is reported that the Committee met four times in during the 2005/2006 financial year and the minimum threshold required in terms of the Public Finance Management Act 1 of 1999, as amended has been complied with.

Name of member	Number of meetings attended
Prof MDR Ralebipi-Simela (Chairperson)	3
Mr. L Koyana (resigned on 18th October 2005)	3
Ms. L Zondo (resigned on 21st October 2005)	4

It is submitted that the two members who had resigned during October 2005 as aforementioned had been replaced before the end of the financial year under review and the Audit Committee was thereafter properly constituted.

Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from section 38 (1) (a) of the PFMA and Treasury Regulations 27.1.7 and 27.1.10 (b) and (c). The Audit committee also reports that it has adopted appropriate, formal terms of reference such as its audit committee charter, has regulated its affairs in the compliance with this charter and has discharged all its responsibilities as contained therein.

The Audit Committee also familiarized itself with the Business Plan of the National Heritage Council in order to improve its understanding of the objectives and deliverables.

The Effectiveness of Internal Control

The system of controls is designed to provide cost effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed. In line with the PFMA and the King II report on corporate Governance requirements, Internal audit provides the Audit committee and management with assurance that the internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to controls and process.

The system of internal control is effective and as would appear from the various reports of the Internal Auditors, the Audit Report on the Annual Financial Statements, the matters of emphasis and management letter of the Auditor-General, that no significant or material non-compliance with prescribed policies and procedures have been reported. Accordingly, we can report that the systems of internal controls for the period under review were effective and efficient.

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

The Internal Audit function of the Council had been outsourced. The internal audit function performs a risk-based audit; they conducted a risk assessment in terms of Treasury Instruction 3.2.1 in the financial year 2005/2006.

After risk assessment was conducted, the Internal Audit prepared a coverage plan based on its assessment of key areas of risk. The Audit committee approved the plan on the 22nd of June 2005 and the Internal Auditors immediately started with the audit.

The Committee is satisfied with the content and quality of the report prepared and issued by the Internal Audit Function.



Evaluation of Financial Statements

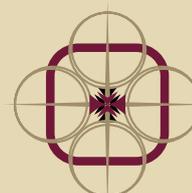
The Audit Committee has

- Reviewed and discussed with the Auditor General and the Accounting Officer the audited and annual financial statements to be included in the annual report;
- Reviewed the Auditor General's management letter and management response;
- Reviewed changes in accounting policies and practices.

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

Prof Rocky MD Ralebipi-Simela
Chairperson of the Audit Committee

Date: 28 July 2006



CORPORATE GOVERNANCE REPORT

Adherence

The National Heritage Council NHC endorses the Code of Corporate Practices and Conduct contained in the King I and II Reports on Corporate Governance and the Protocol on Corporate Governance in the Public Sector 2002. By supporting the Code the Councillors have recognised the need to conduct the NHC's affairs with integrity and in accordance with generally accepted corporate practices.

By definition, Corporate Governance entails the system by which organisations are directed and controlled using the rules and procedures for making decisions on corporate affairs. It thus sets out the rights and responsibilities of the different interest groups in the organisation, the Board (in the case of the NHC, the Council), the Managers and employees as well as the Stakeholders.

The National Heritage Council Act, 1999 (Act No. 11 of 1999) (the NHC Act), the Cultural Institutions Act, 1998 (Act 119 of 1998), the Public Finance Management Act 1 of 1999 (PFMA), as amended, and the dictates of the King I and II Reports, address the conformance of the NHC to the relevant statutory and regulatory imperatives. The NHC is classified as a Schedule 3A Public Entity which by law is required to prepare and submit Annual Financial Statements which incorporate a corporate governance report and had been listed as a Schedule 3A Public Entity by the Minister of Finance on the 28th May 2005.

Internal Control Systems

Remuneration committee / philosophy

The NHC Corporate Services Portfolio Committee had been responsible for this function. However, Council has subsequently adopted in its meeting on 20 May 2006 a new structural arrangement in terms whereof a Remuneration and Human Resource Portfolio Committee is constituted to replace the former. The latter will then focus on, amongst others, determination of HR policies, Performance Assessment and Evaluation and Remuneration related issues. In essence, the Committee's other functions will be to review and recommend to Council remuneration and terms of employment for the executive managers and employees of the NHC. It will also review salary trends in the market place and recommend structures and levels to the Council for its consideration and approval.

Section 9 of the NHC Act makes provision for the NHC to reimburse Councillors for expenses incurred for services performed and also pay honoraria only to Councillors who are not in the full-time employment of the State. Payment of honoraria and travel claims for Councillors who attended Council meetings is reported in the table below.

Audit committee

The NHC has an Audit Committee which consists of three (3) members with voting rights that being the Chairperson, who is a non-executive member of the Council, two (2) independent non-executives one of whom is a Chartered Accountant (CA), Chief Financial Officer, Chief Executive Officer and Company Secretary. The Audit Committee met four times in the last financial year ended 31 March 2006 as it appears in the Audit Committee Report above. Its duties, amongst others include, reviewing the financial statements prior to approval by the accounting authority, etc. The Office of the Auditor General has unrestricted access to the Audit Committee and is also represented in the Committee.

The Committee is responsible for improving management reporting by overseeing audit functions, internal controls and the financial reporting process which also includes the budgeting process. The Committee is also responsible for recommending for Council approval Annual Financial Statements (AFS). The Committee has adopted the revised Audit Charter and its Terms of Reference, which have been formally adopted by the Council.

The internal audit services

The function is outsourced to a firm of Internal Auditors effective who commenced their work in the financial year under review. Len Konar and Associates are the appointed internal auditors for the NHC and they report to the CEO but are accountable to the Audit Committee.



Code of conduct and ethics

The NHC has adopted a single Code of Conduct and Ethics for both its Councillors and Employees who are at all times required to maintain ethical standards in ensuring that the NHC's business practices are conducted in a manner which is, in all reasonable circumstances, above reproach. Council had since formally adopted the Code but still need to adopt the Terms of Reference and Council Charter. Nonetheless, there have not been any reports of serious breaches of the ethics from members as at the end of the financial year.

Occupational Health and Safety

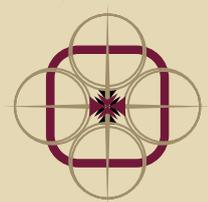
The NHC complies with the minimum requirements of the Occupational Health and Safety legislation. Council did not see the prudence of setting up a separate Health and Safety Committee but assigned functions related thereto to the Human Resources Manager. It is reported that in the year under review no incidents resulting from non-adherence to health and safety standards had been reported. Further that the nature of NHC's activities do not adversely expose the organisation and/or its employees to health and safety risks.

Evaluation and performance

A system to evaluate performance was implemented in the financial year. A service provider had been appointed to develop a Performance Management System (PMS) which was implemented effective January 2006.

Induction of new Councillors

An endeavour is made to induct all new Councillors appointed to the Council to make them effective in the execution of their duties and responsibilities. The term of office of the current Council had expired on 31 March 2006. However, the Minister of the National Department of Arts and Culture had extended its term of office to 30 September 2006. An induction workshop for the new Council has been planned for October / November 2006. A Corporate Governance tool kit will be finalised and availed to the new Councillors. This governance tool kit will be reviewed from time to time to keep abreast of further developments in the field of Corporate Governance.



Corporate Structure

Appointment of Council Members

In the governance of the NHC, the Council is responsible for policy making and control. The Council is comprised of 28 members (excluding two, one had had been seconded by the government of South Africa to serve in the Special Court of Justice set up in Rwanda and dealing with genocide trials and the other's term of office as Councillor in the Council of Bloemfontein National Museum had expired) who were appointed in terms of Section 5 of the NHC Act. None of the Members of the Council hold an executive position in the NHC. However, the Council exercises full and effective control over the NHC and monitors its Executive Management Committee.

The Minister of Arts and Culture and the MECs responsible for Arts and Culture at provincial levels appoint at least five and nine members in terms of section 5(1)(a) and (b) of the NHC Act respectively. The rest of the Councillors are members thereof by virtue of their being chairpersons of certain declared cultural institutions listed in section (5)(1)(3) of the NHC Act. Appointment thereto takes cognisance of the principles of transparency and representivity and also takes into account special competence, experience and interest in the field of heritage. The Council must meet at least twice a year.

Members of the Council are appointed for a period of three years, and may be re-appointed for a further period of three years commensurate with the term of office of the Council. Re-appointment thereto is thus not automatic. The following diagrams show Council Members' list and attendance record for the Council, Portfolio Committees and Audit Committee meetings held in the financial year ended 31 March 2006:

Composition of Council

Council Members and Attendance - April 2005 - March 2006

Name	Council	Exco	Portfolio	Audit Comm
Webster S/Callinicos L	3	4	3	
Prof Ralebipi-Simela M.D	2	2	1	3
Prof Mathenjwa L	1			
E.Van Harte	2	2	3	
Mlatha M	1	2	1	
Jarana V	2	2	2	
Selepe R	1			
Dr Wells	2	2	3	
Mapalala S	2		1	
Tungwana D	1		1	
Koyana L				3
Weltz S	1			
Prof Msimang	2			
Prof Ridge	2		1	
Ramphele M	1		1	
Dikotla E	1		1	
Zondo L				4
Offringa D	2	1	3	
Prof Changuion	1		1	
Prof Soudien	2			
Prof Duffey	1		1	
Dr Ndlovu	1			
Van Heerden M	2		2	

Name	Council	Exco	Portfolio	Audit Comm
Langa P			1	
Judge Moloto J*	1			
Kambula I	2	1	2	
Van Vuuren F				1
Prof Seleti Y	1			
Ndwanhwe M	2			
Van de Berg**				
TOTAL				

** - Term of office expired in 2005.

* - Seconded by the Government of the RSA to serve in the Special Court of Justice in Rwanda.

Role and Function of Council

The Council plays an oversight role to the executive by ensuring conformity with the strategic objectives or plans, monitoring of operational performance and management, determination of policy and processes to ensure the integrity of Council's risk management and internal control systems. Draft Delegations of Powers or Authority, Council Charter and Some of the Terms of Reference for the Committees of the Council have been developed but are still to be formally adopted and/or approved by Council. Approval by the Council will take place in the current financial year and these documents will provide guidance to the Councillors in discharging their duties and responsibilities. Moreover, they will clearly define Councillors roles and functions.

The Council has met three (3) times in the last financial year ended 31 March 2006 in conformity with Section 7(1) of the NHC Act which requires it to meet at least twice a year.

The role of the Chairperson of the Council is responsibility, in conjunction with the Council, for the NHC's strategic direction and ensuring that governing policies are formulated while the Chief Executive Officer has been delegated the responsibility for the day-to-day management of the affairs of the Council in terms of Section 11(1)(a)(i) of the NHC Act. Therefore, the role of the Chief Executive Officer is to assume responsibility for the effective management of the NHC and the implementation of the strategy, policy and Council directives.

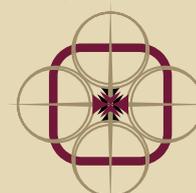
The Executive Committee

The Executive Committee has been created as an extension of the Council and is constituted by all the Conveners of the Portfolio Committees and the Chairperson and Deputy-Chairperson of the Council. The Committee plays an oversight role in terms whereof the NHC is required to comply with and monitor compliance with accepted business practices and relevant legislative and regulatory framework. The Executive Committee met at least four (4) times in the financial year ended 31 March 2006. All these had been contact meetings as opposed to teleconferences.

Composition of Committees of the Council

In terms of Section 8 of the NHC Act, the Council has the discretion to establish committees to assist it in the performance of its functions and, in addition to any members, it may appoint to such committees persons whom the Council considers competent or possess specific skills and expertise. Acting in terms thereof, the Council established the following Portfolio Committees:

- Corporate Services Portfolio Committee (renamed Human Resources and Remuneration Committee)
- Marketing and Communications Portfolio Committee
- Procurement Portfolio Committee
- International Relations Portfolio Committee
- Policy and Programmes Portfolio Committee



COUNCIL REPORT (CONTINUED)

- Research and Development Portfolio Committee
- Finance, Fundraising and Funding Portfolio Committee

Composition of the Aforementioned Portfolio Committees as at the Financial Year ended 31 March 2006 had been as follows:

Finance, Funding & Fundraising	Policy & Programmes	Research & Development	Corporate Services**
Dr Edna. van Harte*	Mr. Mxolisi Mlatha*	Prof. Julia Wells*	Ms Dirkie Offringa (Acting)*
Ms. Maria Agisanang Ramphela	Prof. Crain Soudien	Dr. Sifiso Ndlovu	Mr. Ikgetheleng Bernett Kambula
Prof. Alex Duffey	Prof. Langalibalele Mathenjwa	Ms Edith Moronwa Dikotla	Vacant***
Prof. Stanley Ridge	Ms. Luli Callinicos (a.k.a. Ms. Spiridoula Webster for travel purposes)	Prof (Ms). Marie van Heerden	Vacant***

Procurement	International Relations	Marketing & Communications
Ms. Sibongile Gladness Mapalala*	Mr. Denmark Tungwana*	Mr. Ramakuntwane Selepe*
Mr. Stephan Welz	Honourable Judge Justice Moloto	Prof. Yonah Seleti
Prof. Muzi Orman Ndwandwe	Prof. Louis Changouin	Prof. Themba Msimang
Mr. Mxolisi Malata	Chair R.I.M.	

List of Council Members of the Portfolio Committees, National Heritage Council

* Convenors of each portfolio committee are listed in bold.

** Mr Jarana was relieved from the position of Convener of the Committee at his own request as already communicated to Members in August 2005.

*** An additional member must be appointed so a quorum could be formed during meetings of the Committee.

Stakeholders

The NHC is a stakeholder driven organisation whose objective, amongst others, is to co-ordinate the entire heritage sector. The NHC has started with a process or campaign to maximise its levels of interaction with its broader stakeholder base and is still in the process of intensifying this process with a view to reaching out to the greatest number of its stakeholders in its second year of existence. Interaction with the broader stakeholders had taken place through national conferences and provincial indabas and visits mostly by the executive to ensure optimum interaction hence the success of the campaign.

Company Secretary

The King Report I on Corporate Governance published in 1994 and amended in 1999 recommends the mandatory appointment of company secretaries in public Companies, to ensure that the Board and directors fulfil their statutory requirements and to meet the demanding standards of corporate governance. Large private companies, as a matter of good practice, also appoint Company Secretaries to fulfil the same function.



The NHC, informed by the first King Report on Corporate Governance in 1994, the Companies Act, 1973 (Act No. 61 of 1973) appointed a Company Secretary in January 2005, who is the vital link between the Council, Executive Committee, Portfolio Committees, Audit Committee, Executive Management and Staff as well as Stakeholders, governmental and regulatory agencies.

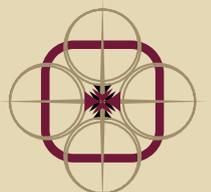
Business Address

Physical Address:

016 Domus Building
57 Kasteel Road,
Lynnwood Glen,
Pretoria
0081

Postal Address:

PO Box 74097
Lynnwood Ridge
Pretoria



FINANCIAL REPORT

for the year ended 31 March 2006

1. Financial Report

1.1 Annual Financial Statements

The results of operations for the financial year ending 31 March 2006 as shown in the Income statement show a net surplus of R1m. The National Heritage Council managed to spend 67 % of the allocated budget of R24m (including a rollover of R6.5m from 2004/2005). The unspent portion of the budget at end of the year has all been committed to heritage projects and programs.

Hence the financial position as depicted in the balance sheet show a very healthy state of affairs with a strong cash and cash equivalent balance of R8.7 million. Letter of committed funds was submitted to the Director General at the National Department of Arts and Culture.

2. Improvement of Systems

During the course of the year under review, the NHC's team continued to embark on a process to improve on the systems, operational and financial information and identify any possible errors. As a result of this the NHC has outsourced internal audit and the performance management. Further, the NHC management has undertaken to review and update all the systems of the National Heritage Council.

3. Business Address

Physical Address:

57 Kasteel Road
Domus Building
Lynnwood Glen
Pretoria

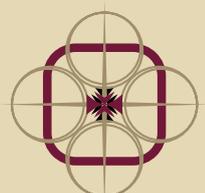
Postal Address:

PO Box 74097
Lynnwood Ridge
Pretoria

STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2006

		<i>6 months ended</i>	
	Notes	2006 R'000	2005 R'000
<i>Income</i>			
Government grants	2	17,460	16,760
Interest received		450	72
Other income	3	4	100
		17,914	16,932
<i>Less Expenditure</i>			
Administrative expenses	4	4,972	5,541
Staff costs	5	5,184	2,582
Rentals	6	324	516
Finance Costs		63	1
Other operating expenses	7	5,373	1,589
Depreciation	8	409	187
		1,589	6,516
<i>Net fund for the year</i>	13	1,589	6,516



STATEMENT OF FINANCIAL POSITION

as at 31 March 2006

	Notes	2006 R'000	6 months ended 2005 R'000
Assets			
Non-current assets			
Property, plant and equipment	9	1,310	1,049
Current assets			
Trade and other receivables	10	-	25
Prepayments and Advances	11	651	72
Cash and cash equivalents	12	8,741	7,334
Total assets		10,702	8,480
Equity and Liabilities			
Capital and reserves			
Net Fund	13	8,106	6,516
Non-current liabilities			
non-current portion of finance lease obligation	14	283	39
Current liabilities			
Trade and other payables		2,313	1,925
Short term portion of deferred income	15	1,092	1,254
Short term portion of finance lease obligation	14	770	330
Provisions	16	103	94
		348	247
Total equity and liabilities		10,702	8,480

CASH FLOW STATEMENT

for the year ended 31 March 2006

		<i>6 months ended</i>	
	Notes	2006 R'000	2005 R'000
<i>Cash flow from operating activities</i>			
Cash receipts from customers		17,460	16,760
Cash paid to suppliers		(16,077)	(8,686)
Net cash flows from operating activities	17	1,383	8,074
<i>Cash flow from investing activities</i>			
Interest received		450	72
Additions to property, plant and equipment	9	(670)	(845)
Net cash outflows from investing activities	19	(220)	(773)
<i>Cash flow from financing activities</i>			
Increase/(repayments) on finance lease obligations		244	33
Net cash flows from financing activities		244	33
<i>Net cash inflow (outflow)</i>		1,407	7,334
Cash and cash equivalents at beginning of year		7,334	-
Cash and cash equivalents at end of year	11	8,741	7,334



STATEMENT OF CHANGES IN EQUITY

for the year ended 31 March 2006

		6 months ended	
	Notes	2006 R'000	2005 R'000
Accumulated Fund			
At the beginning of year		6,516	-
Net fund for the year	12	1,589	6,516
Net fund at the end of the year		8,106	6,516

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2006

1 Accounting Policies

The principal accounting policies adopted in the preparation of these financial statements are set out below:

1.1 Basis of preparation

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

Standard of GRAP	Replaced Statement of GAAP
GRAP1: Presentation of financial statements	AC101: Presentation of financial statements
GRAP2: Cash flow statements	AC118: Cash flow statements
GRAP3: Accounting policies, changes in accounting estimates and errors	AC103: Accounting policies, changes in accounting estimates and errors

Terminology differences:

Standard of GRAP	Replaced statement of GAAP
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
Contributions from owners	Share capital
Distribution to owners	Dividends
Reporting date	Balance sheet date

The cash flow statement can be only prepared in accordance with the direct method.

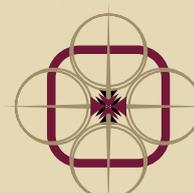
Specific information such as:

- receivables from non-exchange transactions, including taxes and transfers;
- taxes and transfers payable;
- trade and other payables from non-exchange transactions; must be presented separately on the statement of financial position

The amount and nature of any restrictions on cash balances is required to be disclosed. Paragraph 11-15 of GRAP1 has not been implemented as the budget reporting standard is in the process of being developed by the international and local standard setters. Although the inclusion of budget information would enhance the usefulness of the financial statements, non disclosure will not affect fair presentation.

1.2 Property, plant and equipment and depreciation

Vehicles, computers, equipment, furniture, and fittings are stated at historical cost less depreciation. Cost includes all costs directly attributable to bringing the assets to working condition for their intended use.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2006

Depreciation

Depreciation is calculated on the straight-line method to write off the cost of assets to their residual values over their estimated useful lives, except for:

Assets costing R2 000 or less are written off in the year of acquisition.

The estimated useful lives of the main asset categories are as follows:

Motor Vehicles	5 years (20%)
Computer Equipment	3 years (33.33%)
Computer Software	2 years (50%)
Office Equipment	6 years (16.67%)
Furniture and Fittings	6 years (16.67%)

1.3 Finance lease obligations

Assets held under finance lease are recognised as assets of the group at their fair value at the date of acquisition. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Finance costs, which represent the difference between the total leasing commitments and fair value of the assets required, are charged to the income statement over the term of the relevant lease so as to produce a constant periodic rate of interest on the remaining balance of the obligations for each of the accounting period.

1.4 Cash and cash equivalents

For the purposes of the cashflow statement, cash and cash equivalents comprise cash in hand and in the bank.

1.5 Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

Provision for leave pay and bonus

Employee entitlements to annual leave are recognized when they accrue to employees.

The provision for leave pay represents the present obligation to employees as a result of employees services provided to the balance sheet date. The provision is measured as the amount that is expected to be paid as a result of the unused leave entitlement that has accumulated at the balance sheet date.

1.6 Government grants

All Government grants are accounted for in the income statement for the year to which they relate.

Grants for depreciable assets

Grants in respect of certain depreciable assets are allocated to income over the period of, and in proportion to, the depreciation, written off against such assets. The balance of the grants not recognized in the income statement is disclosed as deferred income.



1.7 Trade receivables

Trade receivables are carried at original invoice.

1.8 Trade payables

Trade and other payables are stated at their nominal value.

1.9 Retirement benefits

Pensions are provided for employees by means of a defined contribution provident fund administered by Liberty life.

The defined contribution provident fund is governed by the Pension Funds Act, 1956.

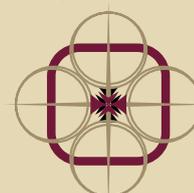
Contributions to the fund are expensed to the income statement under the line item of the staff costs.

1.10 Taxation

National Heritage Council is exempt from taxation in terms of Section 10(1)(cA)(i) of the Income Tax Act.

1.11 Comparative figures

The comparative figures shown in these financial statements are limited to the figures shown in the previous year's audited financial statements and such other comparative figures that the National Heritage Council may reasonable have available for reporting in terms of the Public Finance Management Act.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2006

	2006 R'000	6 months ended 2005 R'000
2. Government Grants		
Grants received	17400	16,700
Grants received other	60	60
	17,460	16.760
3. Other Income		
Gift, Donations and sponsorships	-	100
Sundry income	4	
	4	100
4. Administrative Expenses		
General and administrative expenses	3,216	3,302
Travel and subsistence	1,756	2,239
	4,972	5,541
5. Staff Costs		
Basic Salaries	4,214	2,031
Company Contributions	764	304
Unemployment Insurance Fund	15	6
Skills Development Levy	39	15
Provident Fund	710	283
Leave and Bonus Provision	206	247
	5,184	2,582
6. Rental		
Rental for office space at Lynwood Glen	324	516
	324	516
7. Other Operating Expenses		
Staff training and development	122	144
Consultants and special services and heritage projects & programs	5,124	879
Assets written off per internal asset management policy	-	49
Legal fees	52	134
Maintenance, repairs and running costs	13	7
- Property and buildings	-	2
- Other maintenance and repairs	13	5
Entertainment expenses	62	376
	5,373	1,589



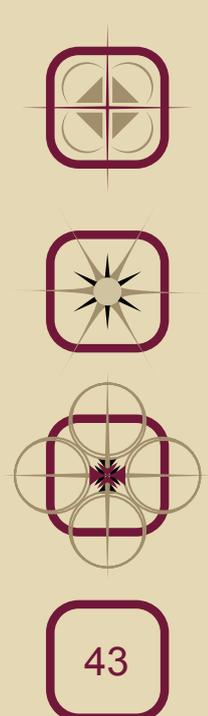
8. Depreciation

	2006 R'000	6 months ended 2005 R'000
- Motor Vehicles	61	7
- Computer Equipment	85	57
- Office Equipment	80	11
- Furniture and Fittings	87	71
- Computer Software	93	41
- Security Installation	4	
	409	187

9. Property, Plant and Equipment

	*Motor Vehicles R'000	Computer Equipment R'000	Computer Software R'000	Office Equipment R'000	Furniture & Fittings R'000	Security Installation R'000	Total R'000
Year ended 31 March 2006							
Opening net book amount	300	158	107	117	367	-	1,049
Additions	-	58	13	363	206	30	670
Depreciation	(61)	(85)	(80)	(87)	(93)	(4)	(409)
Closing net book amount	239	131	40	394	480	26	1,310
At 31 March 2006							
Cost	308	273	161	490	644	30	1,906
Accumulated Depreciation	(69)	(142)	(121)	(97)	(164)	(4)	(596)
Closing net book amount	239	131	40	394	480	26	1,310
Year ended 31 March 2005							
Opening net book amount	-	-	-	-	-	-	-
Additions	307	215	148	128	438	-	1,236
Depreciation	(7)	(57)	(41)	(11)	(71)	-	(187)
Closing net book amount	300	158	107	117	367	-	1,049
At 31 March 2005							
Cost	307	215	148	128	438	-	1,236
Accumulated Depreciation	(7)	(57)	(41)	(11)	(71)	-	(187)
Closing net book amount	300	158	107	117	367	-	1,049

*NHC obtained the Toyota Hilux under lease, refer to note 13. NHC also received non monetary grants in respect of depreciable assets which are allocated to the income over the period of depreciation, refer to note 14.



NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2006

	2006 R'000	6 months ended 2005 R'000
10. Trade and Other Receivables		
Interest receivable	-	25
	<u>-</u>	<u>25</u>
11. Prepayments and Advances		
Prepayments and Advances	651	72
	<u>651</u>	<u>72</u>
12. Cash and Cash Equivalents		
Cash at bank	8,741	7,334
	<u>8,741</u>	<u>7,334</u>
13. Capital and Reserves		
Opening Net Fund	6,516	-
Net Fund for the year	1,589	6,516
	<u>8,106</u>	<u>6,516</u>
14. Finance Lease Agreement		
Reconciliation between the total of minimum lease payments and the present value.		
Year ended 31 March 2006		
Up to 1 year		
Future minimum lease payments	154	51
Finance cost	(51)	(12)
Present value	<u>103</u>	<u>39</u>
1 to 5 years		
Future minimum lease payments	358	104
Finance cost	(75)	(10)
Present value	<u>283</u>	<u>94</u>
Analysed for financial reporting purposes		
Current portion of finance lease obligation	102	94
Long-term portion of finance lease obligation	283	39
Net finance lease liability	<u>386</u>	<u>133</u>

NHC obtained its Toyota Hilux under a finance lease at R165 722 effective 2005/03/03 for 36 months at prime lending rate. Finance costs are expensed in the income statement.

NHC entered into a rental agreement with SASFIN Bank Limited for two photocopier machines effective 1 April 2005. Contract for 60 months at R76 608 per annum. The lease is accounted for as finance lease since the lease term is for the major part of the economic life of the assets even if the title is not transferred.



15. Deferred Income

Government grants received to be recognised in the future accounting periods

	2006 R'000	6 months ended 2005 R'000
Portion of grants used for depreciable assets	330	390
Less: allocated to income statement	(60)	(60)
Grants received in the current year	500	
Charged to deferred income	770	330

Furniture bought on behalf of the National Heritage Council by the National Department of Arts and Culture amounting to R390 475

NHC received R500 000 at the end of the financial year for Heritage programmes.

16. Provisions

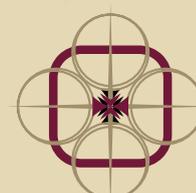
- opening balance	247	0
- provision utilized	(200)	0
- provision for leave pay	141	88
- provision for bonuses	160	159
	348	247

17. Reconciliation of Profit/(Loss) before Taxation to Cash Generated from/(Utilised in) Operations

Profit/(loss) before taxation	1,589	6,516
Adjusted for :		
Depreciation on property, plant and equipment	409	187
Assets written off	-	49
Interest received	(450)	(72)
Other donations non cash	-	50
Increase/decrease in provisions	101	247
Deferred income	440	(60)
Operating cash flows before working capita changes	2,089	6,917
Working capital changes	(706)	1,157
Decrease/(increase) in receivables	(554)	(97)
(Decease)/increase in payables	(152)	1,254
Cash generated from operations	1,383	8,074

18. Net Cash from/(used in) Investing Activities

Interest received	450	72
Acquisition of property, plant and equipment	(670)	(845)
Cash from/(used in) investing activities	(220)	(773)



NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2006

	2006 R'000	6 months ended 2005 R'000
19. Capital Commitments		
Contracts awarded for 6 months ending 30 June 2005 – (period 1 April – 30 June 2005 not in the AFS)	-	786
Marketing services approved but not contracted	-	844
Contracts authorised but not yet awarded:		
- Performance Management System	-	400
- Council and management international trip	-	150
Projects approved but not yet disbursed	7,190	2,856
Projects committed not yet approved	-	1,121
Commitment for the acquisition of property plant and equipment		
- acquisition of furniture and equipment for new premises (authorised but not contracted for)	-	200
Bonus payments approved but not paid	160	159
	7,350	6,516

20. Council Members and Executive Management Remuneration

Executive Management	Designation	Effective date	Basic Salary	Car allowances	Provident Fund	Total
S. Mancotywa	CEO	01-April-05	442,057	147,347	104,012	693,416
S. Fikeni	COO	01-April-05	358,890	119,626	84,444	562,960
K. Makhohliso	CFO	01-April-05	304,691	100,113	70,670	475,475
T. Ramagoma	CS	01-April-05	304,691	101,563	71,692	477,947
D. Goulkan	MM	01-April-05	304,691	101,563	71,692	477,947
B. Marolen	HR	01-April-05	406,246	-	71,692	477,936
S. Ndhrazi	FM	01-Jun-05	255,863	85,287	60,203	401,353
Total						3,567,033

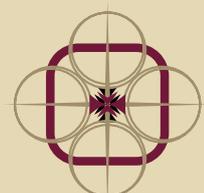
Council Member	Honoraria	Travel	Total
L. Callinicos Chairperson	7,334.36	1,693.81	9,028.17
R. Ralebipi Deputy Chairperson	5,500.00	8,634.64	14,134.64
Y. Seti	1,500.00	-	1,500.00
V. Jarana	3,000.00	-	3,000.00
T. Msimang	1,000.00	-	1,000.00
L. Zondo	5,484.84	-	5,484.84
S. Mapalala	3,000.00	1,469.00	4,469.00
S. Welz	2,000.00	-	2,000.00
S. Ridge	2,000.00	-	2,000.00
S. Ndlovu	1,500.00	487.20	1,987.20
O.M. Ndwandwe	1,000.00	667.60	1,667.60
M. Van Heerden	2,500.00	-	2,500.00
L. Mathenjwa	1,500.00	4,250.00	5,750.00

Council Member	Honoraria	Travel	Total
L. Koyana	3,609.00	-	3,609.00
L.J.S. Changuion	1,500.00	2,756.80	4,256.80
J. Wells	4,000.00	5,796.51	9,796.51
I. Kambula	4,000.00	1,166.52	5,166.52
E. Van Harte	4,500.00	477.36	4,977.36
E. Dikotla	1,000.00	1,771.56	2,771.56
D. Offringa	3,000.00	321.10	3,321.10
C. Soudien	1,500.00	-	1,500.00
A.E. Duffey	1,000.00	241.80	1,241.80
R. Selepe	-	3,716.66	3,716.66
	61,928.20	33,450.56	95,378.76

Council Members and Executive Management remuneration for the year ending 31 March 2005

Executive Management	Designation	Effective date	Basic Salary	Car allowances	Provident Fund	Total
S. Mancotywa	CEO	01-Aug-04	283,375	94,448	66,675	444,498
S. Fikeni	COO	01-Oct-04	172,546	57,510	40,598	270,654
K. Makhohliso	CFO	01-Jun-04	236,709	78,894	55,695	371,298
T. Ramagoma	CS	01-Jan-05	73,243	24,414	17,234	114,891
D. Goulkan	MM	01-Sept-04	170,901	56,966	40,212	268,079
B. Marolen	HR	01-Oct-04	195,310	-	34,467	229,777
TOTAL						1,699,197

Council Member	Honoraria	Travel	Total
L. Callinicos Chairperson	14,550.00	682.52	15,232.52
R. Ralebipi Deputy Chairperson	2,050.00	4,116.32	6,166.32
Y. Seleti	3,000.00	148.40	3,148.40
V. Jarana	6,500.00	709.02	7,209.02
T. Msimang	500.00	211.04	711.04
L. Zondo	2,742.84	-	2,742.84
S. Mapalala	6,000.00	963.60	6,963.60
S. Welz	5,500.00	-	5,500.00
S. Ridge	500.00	186.88	686.88
S. Ndlovu	1,500.00	418.00	1,918.00
O.M. Ndwandwe	1,000.00	2,552.80	3,552.80
M. Van Heerden	4,500.00	1,985.07	6,485.07
L. Mathenjwa	1,000.00	1,635.34	2,635.34
L. Koyana	2,406.00	-	2,406.00
L.J.S. Changuion	1,500.00	-	1,500.00
J. Wells	7,500.00	5,040.00	12,540.00
E. Van Harte	5,500.00	432.00	5,932.00
E. Dikotla	6,000.00	2,060.80	8,060.80
D. Offringa	3,000.00	693.10	3,693.10



NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 March 2006

Council Member	Honoraria	Travel	Total
A.E. Duffey	2,500.00	772.40	3,272.40
R. Selepe	4,000.00	4,724.18	8,724.18
M. Mlatha	7,000.00	-	7,000.00
D. Tungwana	3,000.00	-	3,000.00
L. Seiboko	1,650.00	5,868.24	7,518.24
M. Ramphele	1,000.00	-	1,000.00
K. Maluleke	3,000.00	210.00	3,210.00
P. Langa	2,500.00	-	2,500.00
S. Lubambo	500.00	-	500.00
W. Pillay	500.00	-	500.00
D.J. van den Berg	1,500.00	-	1,500.00
	102,398.84	33,409.71	135,808.55

21. Related Party

The National Heritage Council is a schedule 3A public entity under the National Department of Arts and Culture. The National Heritage Council received R17 400 000 for the year under review. The National Department of Arts and Culture is the only related party of the National Heritage Council. There were no other related party transactions other than the transfer grants.