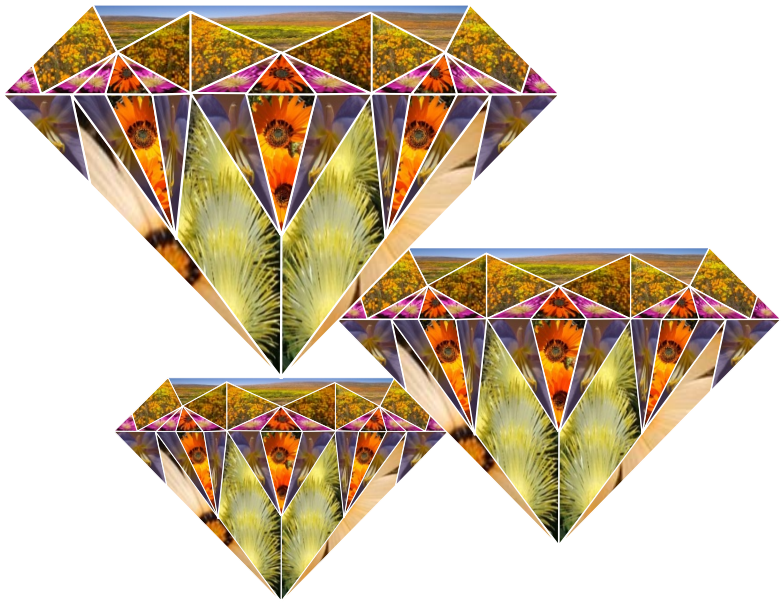
PRESENTATION

ON THE NDFT'S FOUNDING, CORPORATE GOVERNANCE, OPERATIONS AND FINANCIAL STRUCTURE TO THE PORTFOLIO COMMITTEE ON MINING

27 OCTOBER 2010

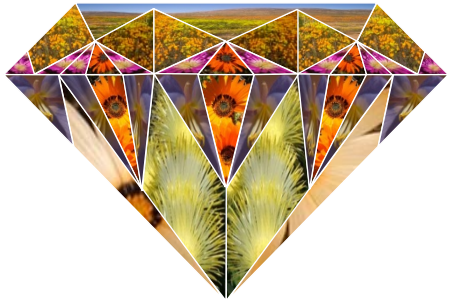


NAMAKWALANDSE DIAMANTFONDSTRUST

NAMAQUALAND DIAMOND FUND TRUST

OVERVIEW OF THE NAMAKWALAND DIAMOND FUND TRUST

BACKGROUND & INTRODUCTION



OPERATIONS

FINANCE

CORPORATE GOVERNANCE

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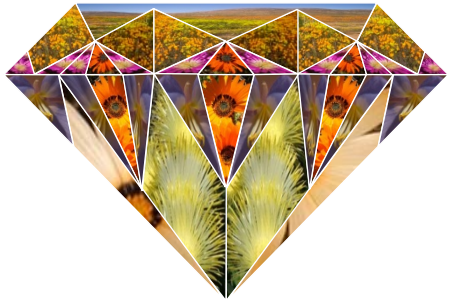

OPERATIONS

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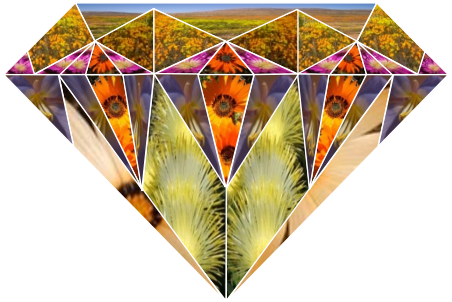
BACKGROUND & INTRODUCTION

FOUNDING & HISTORY



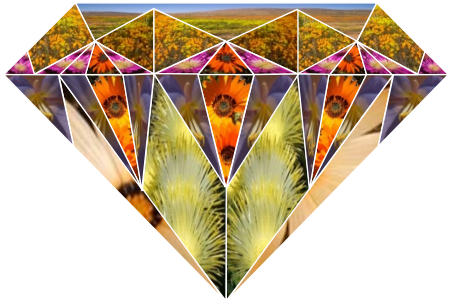
MAIN OBJECTIVES

VISION, MISSION & VALUES

BENEFICIARIES

BACKGROUND & INTRODUCTION

FOUNDING & HISTORY



MAIN OBJECTIVES

VISION, MISSION & VALUES

BENEFICIARIES

FOUNDING & HISTORY

The foundation of the Namaqualand Diamond Fund Trust (NDFT) goes back to 1964, when the then Minister of Mines appointed an advisory committee for the granting of prospecting rights, with the view to developing the diamond reserves of the region.

FOUNDING & HISTORY (CONTINUED)

TIME LINE LEADING UP TO ESTABLISHMENT OF THE NDFT

1964	1981	1981 – 1990	1994 - CURRENT
• Minister grants prospecting rights to Coloured Development Corporation (CDC) • CDC receives 5% of gross income	• CDC's rights & responsibilities taken over by the Small Business Development Corporation (SBDC)	• SBDC focuses on small bus development in rural areas	• Trans Hex initiates broad consultation process, resulting in the formation of the NDFT on 24 April 1994 • Original investment as well further royalties are kept in Trust

VISION, MISSION & VALUES

Vision

‘To be the best development agent in its appointed area of service‘

In this, the Trust envisions empowered beneficiaries, taking their rightful place in the global market, enjoying improved quality of life and ultimately being capable of unlocking the region’s inherent potential

VISION, MISSION & VALUES

Mission

‘By focusing on economic, social and educational deliverables, we continuously strive to render outstanding services, whether independently or in partnership with other stakeholders, towards the complete upliftment of the Namaqualand people‘

VISION, MISSION & VALUES

Values

Purpose driven

We focus on the consistent achievement of objectives which are based on the needs of our stakeholders

Honesty

Our behaviour is open and transparent, and we pride ourselves on being trustworthy, without any hidden agendas

Dedication

We demonstrate passion and perseverance in what we do, and strive for quality outputs based on diligence and attention to detail

Accountability

We accept full responsibility for our actions in all that we do and give continuous feedback to our stakeholders

Objectivity

Our actions are even-handed, without bias or prejudice

BENEFICIARIES

Sendelingsdrift

Alexanderbaai
Beauvallon

Port Nolloth

Bulletrap

Garies

Hondeklipbaai

Lepelsfontein

Witbank
Onseepkans
Pofadder
Aggeneys

Rooiwal
Vioolsdrift
Rooiwinkel
Henkries
Goodhouse

Okiep
Nababeep
Bergsig
Matjieskloof
Carolusberg
Vaalwater
Tjouboegas
Fonteintjie

Kamieskroon
Soebatsfontein

MAIN OBJECTIVES

The NDFT has **three** main objectives

- TO ADMINISTER AN EDUCATIONAL FUND
- TO ACT AS A CHARITABLE INSTITUTION
- TO ACTIVELY COOPERATE WITH ANY BODY PURSUING SIMILAR OBJECTIVES

CORPORATE GOVERNANCE

BOARD OF TRUSTEES

REGULATORY MEASURES

COMMITTEE STRUCTURE

ORGANOGRAM

CORPORATE GOVERNANCE

BOARD OF TRUSTEES

REGULATORY MEASURES

COMMITTEE STRUCTURE

ORGANOGRAM

BOARD OF TRUSTEES - CONSTITUTION

The Trust is overseen by a Board of 14 non-executive Trustees

9 Trustees are nominated and elected in strict compliance with particular criteria as per the Trust Deed by beneficiaries in respective main areas

4 Provincial Trustees nominated by the Founder (the Government of the RSA)

A Representative from Trans Hex (the main source of funding)

All Trustees are assumed by the Master of the High Court for a period of 5 years (Trust Deed was amended for an extended time of office to allow for continuity and improved long term planning)

BOARD OF TRUSTEES – ROLES & RESPONSIBILITIES

The Trustees' main function is that of policy making and oversight

In this they are governed comprehensively, amongst others by –

- Trust Property Control Act (Act 57 van 1988)
- The NDFT Deed of Trust
- Common Law
- Financial Intelligence Centre Act (Act 38 of 2001)
- The NDFT's Operational Policy, incorporating a Trustees' Code of Conduct

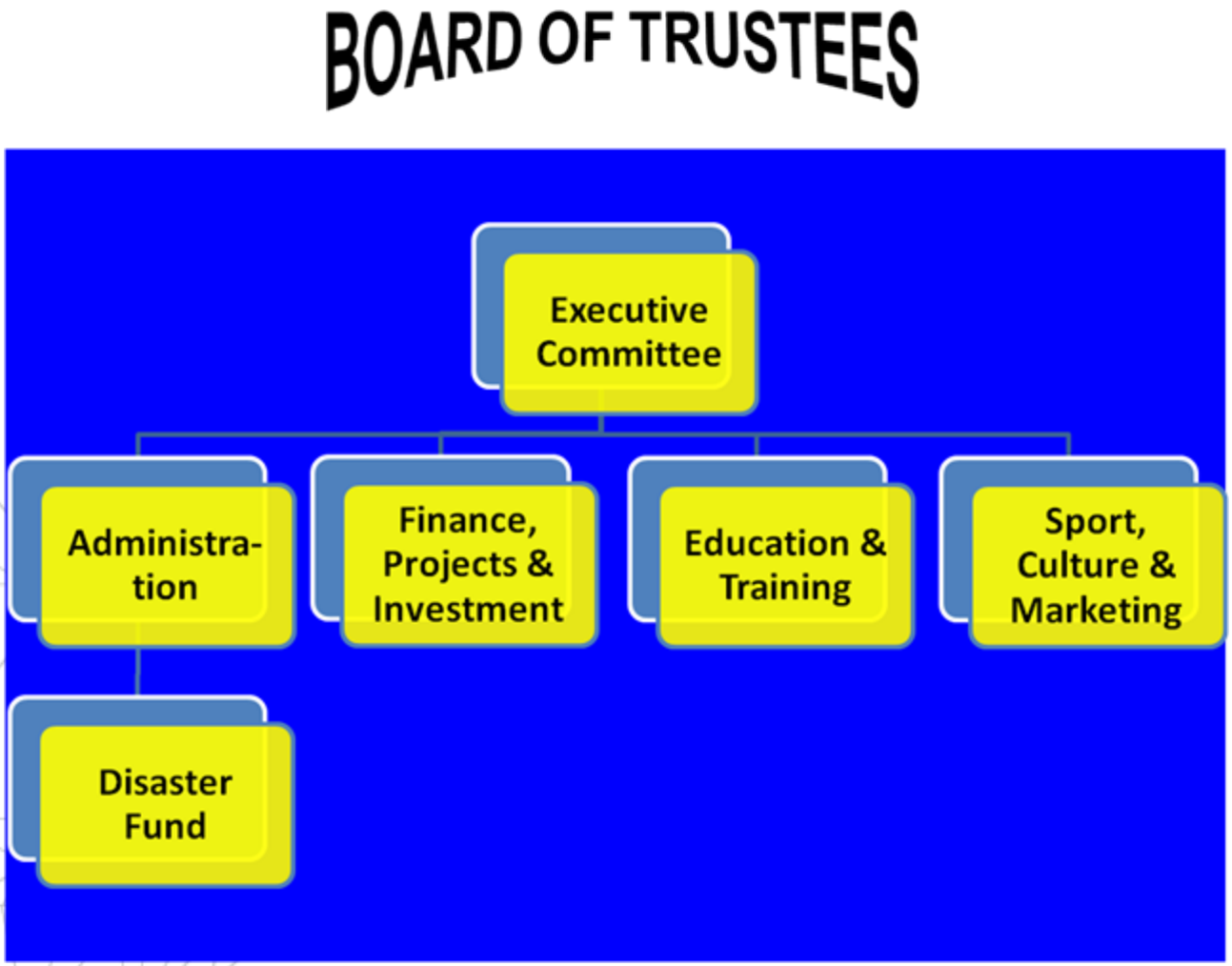
In the main, they serve as an interface at three levels –

- Between communities and their needs and the Trust and its ability to provide support (Area Trustees)
- Between governmental directives and strategy, and the Trust's needs and priorities (Provincial Trustees)
- Between the Trust and its main Funder (Trans Hex representative)

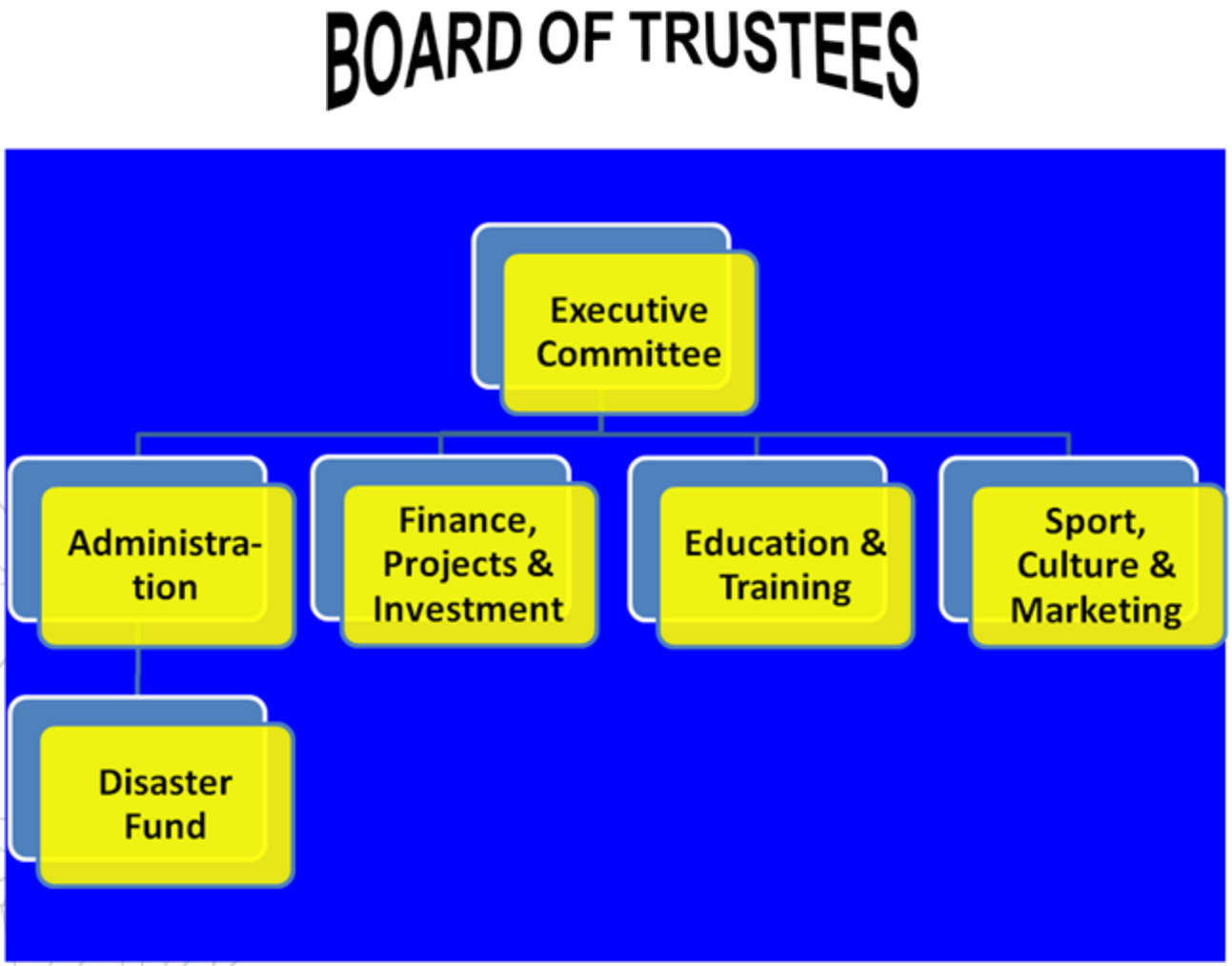
BOARD OF TRUSTEES – ROLES & RESPONSIBILITIES

The Board of Trustees is obliged to meet every second month and Trustees give feedback to their respective beneficiary areas at least once per annum

COMMITTEE STRUCTURE



COMMITTEE STRUCTURE



COMMITTEE STRUCTURE

The Executive Committee

The **Executive Committee** is responsible for the receipt, interrogation and investigation of Committee reports and the making of recommendations to the Board

The **Executive Committee** comprises 3 members in accordance with the Deed of Trust

COMMITTEE STRUCTURE

Administration Committee

The **Administration Committee** deals with all staff related issues and the Trust administration in general

COMMITTEE STRUCTURE

Finance, Projects and Investments Committee

The **Finance, Projects and Investments Committee** is responsible for budgeting, cost allocations, regulating expenses, seeking investors, pre-approval of projects in terms of particular criteria and regulations; and for making recommendations to the Board

COMMITTEE STRUCTURE

Education & Training Committee

The **Education & Training Committee** is responsible for allocating bursaries; undertaking and funding T & E initiatives; as well as seeking out and contracting with appropriate service providers and strategic partners

COMMITTEE STRUCTURE

Sport, Culture & Marketing Committee

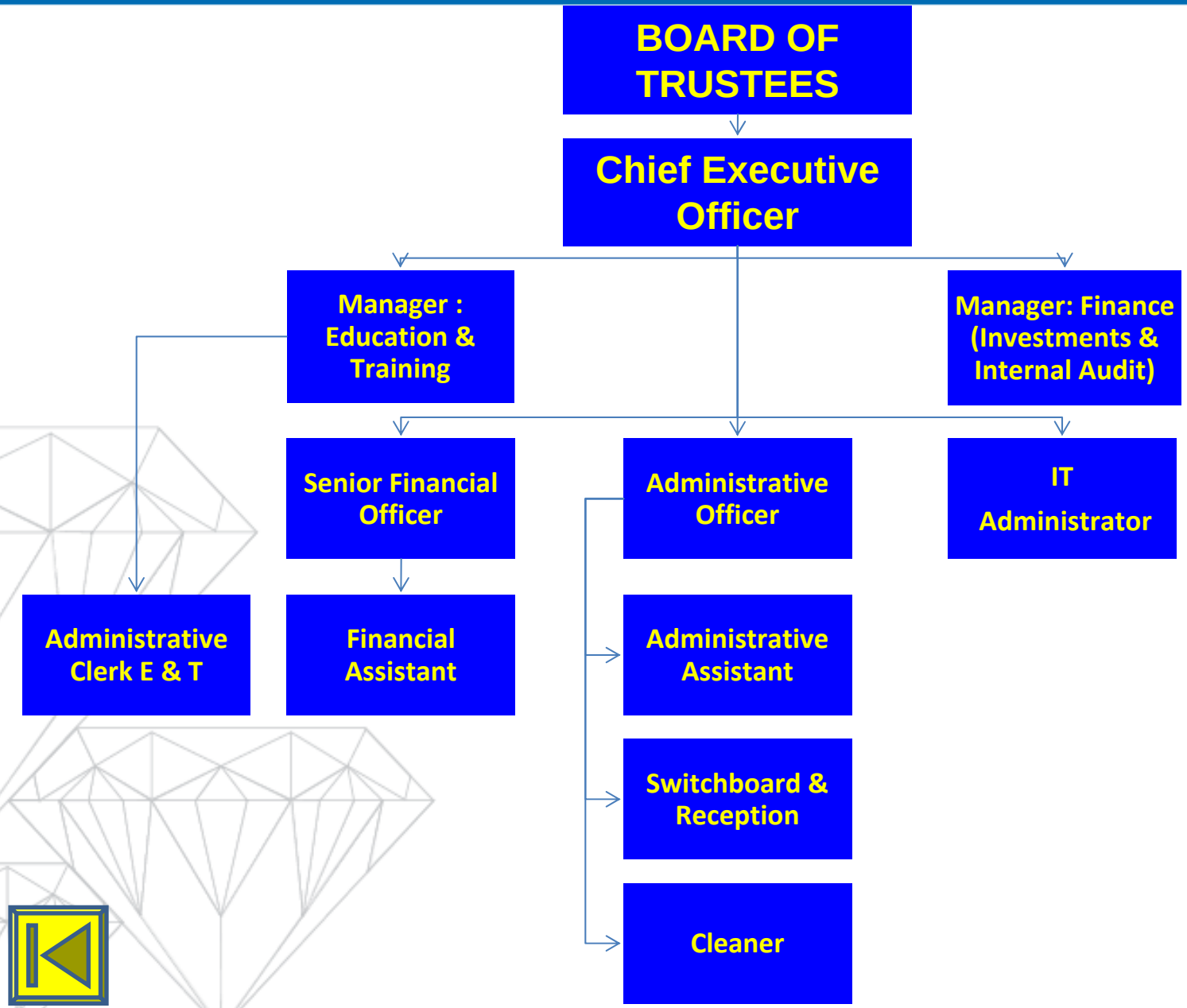
The **Sport, Culture & Marketing Committee** is responsible for researching planned activities in designated areas as well as participating in planning activities with stakeholders for which funding is foreseen

COMMITTEE STRUCTURE

Disaster Fund Sub Committee

The **Disaster Fund (ad hoc) Sub Committee** is responsible for assessing the nature of disasters, partnering with associated stakeholders and deciding about grant allocations from the designated Disaster Fund Budget

ORGANOGRAM


BOARD OF TRUSTEES
Chief Executive Officer
Manager : Education & Training
Manager: Finance (Investments & Internal Audit)
Senior Financial Officer
Administrative Officer
IT Administrator
Administrative Clerk E & T
Financial Assistant
Administrative Assistant
Switchboard & Reception
Cleaner

REGULATORY MEASURES

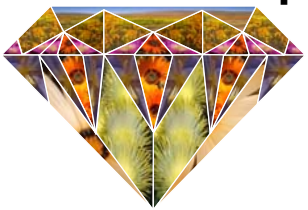
Legislation

The Trust Deed

Continuous Improvement

Operational Policy

Professional Support



REGULATORY MEASURES

Legislation

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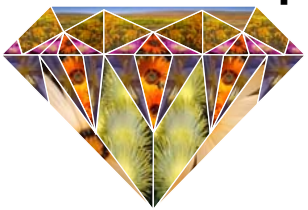


LEGISLATION

The main pieces of legislation governing the operations of the NDFT are the Trust Property Control Act of 1988 & the Constitution of the Republic of South Africa Act of 1996

In terms of its support to infrastructure establishment, it takes cognisance of inter alia the -

- Housing Act of 1997
- Social Housing Act of 2008

In terms of its general operations as a legal entity it conforms to inter alia the -

- Non-profit Organisations Act of 1997
- Companies Act of 1973 (as amended)

In terms of the management of its Human Resources it observes and is guided by inter alia -

- Labour Relations Act of 1995 (as amended)
- Employment Equity Act of 1998
- Skills Development Act of 1998

THE TRUST DEED

The NDFT is governed by its Founding Statement as embodied in the Deed of Trust (T.1202/94) – namely the establishment of an independent trust which would exclusively apply the royalties earned from diamond mining activities in the rural Management Council areas of Namaqualand for the improvement of the quality of life of the inhabitants of the rural Management Council areas

OPERATIONAL POLICY

The Operational Policy of the NDFT embodies all the regulatory conventions, guidelines, principles and procedures which -

- ✓ direct the day-to-day operations of the Trust
- ✓ ensure compliance with the Trust Deed and all relevant legislation
- ✓ streamline the efforts through the provision of ‘best practice’ processes and procedures
- ✓ provide for corrective measures and the imposition of appropriate sanction, where needed

PROFESSIONAL SUPPORT

Corporate governance has always been viewed as non-negotiable and in this the auditory controls of the **Trust's auditors** Loubser du Plessis Inc and reports submitted to the Auditor General are fully welcomed and supported

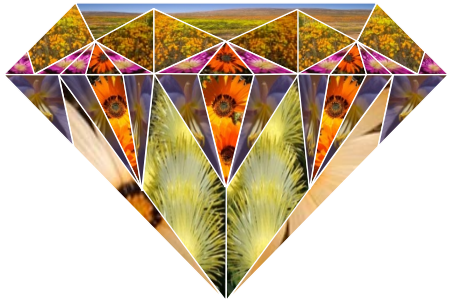
In addition, the NDFT relies on professional input and guidance from the following entities:

- ✓ **Technical** – DAR Technical
- ✓ **Investments** – Sterling
- ✓ **Property Investment** – Kwintaba
- ✓ **Legal** – Edward Nathan Sonnenberg

CONTINUOUS IMPROVEMENT

OPERATIONS

THE THREE DIVISIONS



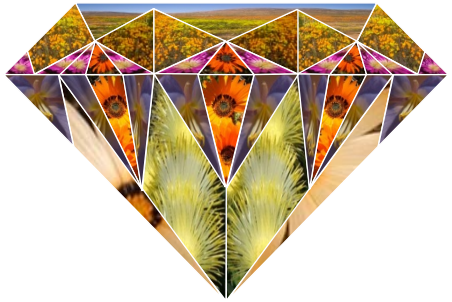
FUTURE CHALLENGES

ACHIEVEMENTS & SUCCESSES

SUPPORTING DOCUMENTATION

OPERATIONS

THE THREE DIVISIONS



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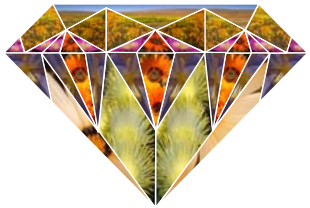
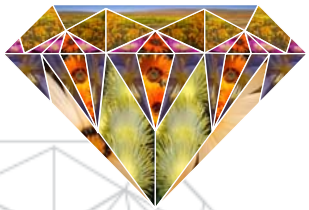
THE THREE DIVISIONS

Administration



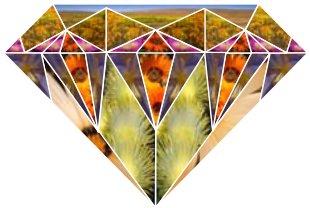
Education & Training



Charity

THE THREE DIVISIONS

Administration



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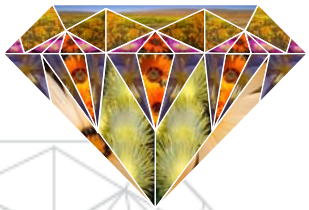


Charity

EDUCATION AND TRAINING

Bursaries

- Secondary Education
- Tertiary Education
- Skills training

Programmes

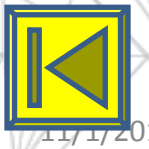
- Intervention programmes for Grade 12's
- Inclusive programmes for primary schools
- Programmes for people with special needs

Support to Namakwaland FET College

Special programmes (e.g. internships and learnerships)

Financial Assistance to schools (e.g. for equipment and programmes)

Additional support for scarce professions (e.g. Mathematics & Computer Science, Medical staff)



CHARITY

Infrastructure

- Clinics, schools, libraries, community halls, mortuaries, dams
- Tarring of Pella Road
- Electrification of Richtersveld and Kamiesberg Areas
- Kuboes water provision (pipe line)
- Building of houses (to the value of R2.1 million in 2006/07)
- Installation of satellite towers for TV reception

CHARITY

Social Welfare

- HIV Aids programmes & home based care consumables
- Food parcels and blankets
- KANSA
- Old age homes and institutions for people with special needs (upgrading and funding of operational costs)
- Primary Health Care e.g. Eye care
- Financial support for funerals
- Assistance to refugees for legal documentation
- Coordination and support for rehabilitation (substance abuse)
- Support of restitution of relationships among inmates and families

CHARITY

Sport, arts and culture

- Assistance to sporting activities (local, regional, provincial and national)
- Sponsorships (e.g. main sponsor of Daisy Marathon)
- Upgrading of sports grounds

ADMINISTRATION

Administration

- Execute complete range of admin functions related to the funds to give effect to Board decisions and as guided by the Operational Policy
- Performance mgt system ensures clarification of outputs, review (informal) and appraisal (formal) of performance, remedial plans and corrective actions
- Conducted by Heads of Department
- Weekly planning
- Departmental reports on fortnightly basis
- Amendments & consolidation for reporting on to Administration Committee which in turn, reports to the Board of Trustees

SUCCESSES & ACHIEVEMENTS

The NDFT's role in Namakwaland, as an empowering agent of note, has been a journey of successes and achievements over the past 15 years; for illustrative purposes, the following 'achievements' are highlighted –

SUCCESSES & ACHIEVEMENTS (CONTINUED)

- From an initially budgeted figure of R330000 per annum for Education & Training at its inception, the Trust's contribution increased exponentially to top more than R8 million in 2008/09; even under dire economic constraints the budget for 2010/11 is still R5.4 million
- Over the years, thousands of scholars and students have benefited from bursaries and grants, many of whom have excelled from rural roots to stamping their prowess internationally in the global market place
- In terms of infra-structure, the NDFT went beyond the call of duty in strengthening local government. Not only did the Trust elevate the quality of life of its beneficiaries, but left a lasting legacy in the form of fixed assets (donated to the respective municipalities)

SUCCESSES & ACHIEVEMENTS (CONTINUED)

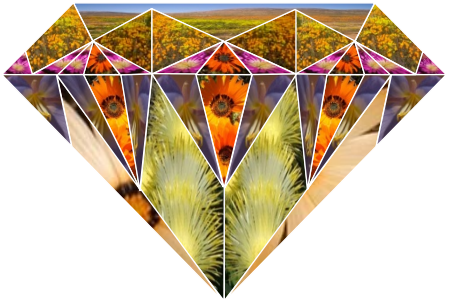
- 80% of the total programme costs for school sport activities (all codes) is funded by the NDFT (some codes which have been neglected such as boxing, swimming and tennis are now enjoying special attention)
- The Trust also contributes on the cultural front through funding transport and equipment for participants in local, provincial, and international events (e.g. Traditional Kuboes dancers visit of Turkey)

FUTURE CHALLENGES

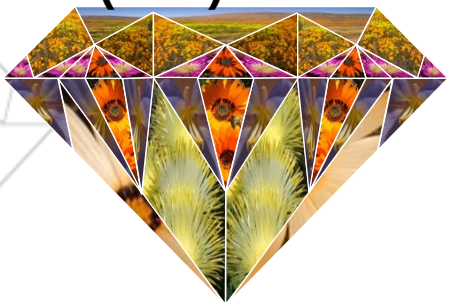
- Legislative changes with regard to mining and the earning of royalties may impact the NDFT adversely
- Downscaling and closure of mines and the consequent increased dependency on the Trust
- Lack of boarding facilities for students at the Namakwaland FET College (has a bearing on keeping costs down and funding & support within the region)
- Establishment of ‘partnerships’ where ‘partners’ fulfil their obligations as strategic alliances – i.e. not only rely on the Trust as sole / main contributor

FINANCIAL STRUCTURE

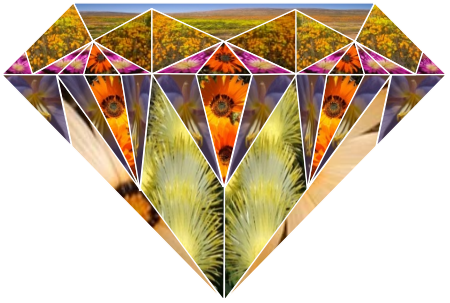
AUDIT OUTCOMES



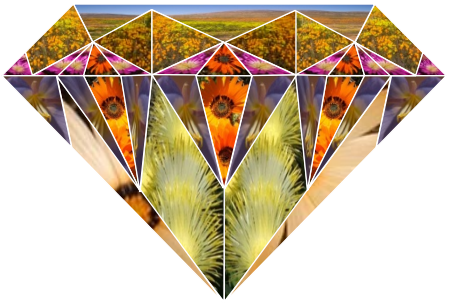
NDFT PROPERTIES (PTY) LTD



CRITERIA FOR INVESTMENTS

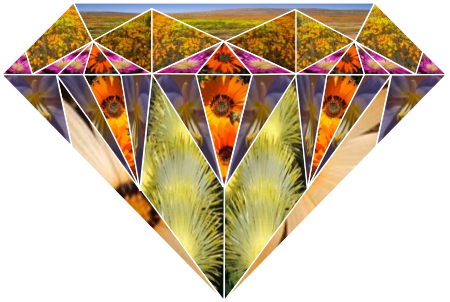


SUMMARY OF INVESTMENTS

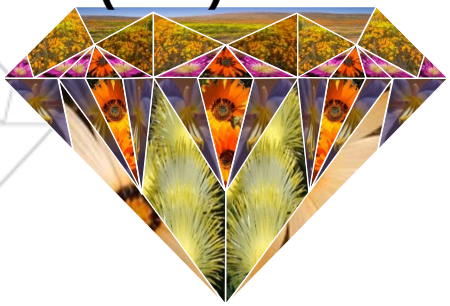


FINANCIAL STRUCTURE

AUDIT OUTCOMES



NDFT PROPERTIES (PTY) LTD



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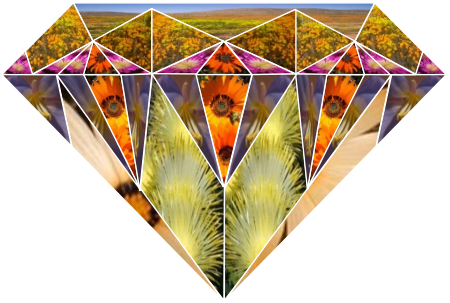

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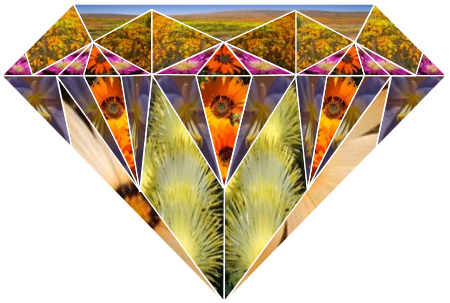


AUDIT OUTCOMES

Since 2000 the NDFT received a qualification on its audited financial statements. This qualification is a standard qualification for non-profit organisations with similar modus operandi in terms of funding and grant making.

CRITERIA FOR INVESTMENTS

- Not to lose any capital at any time
- To achieve a return that beats inflation as measured by the CPIX
- To maximise the risk adjusted return of the Portfolio

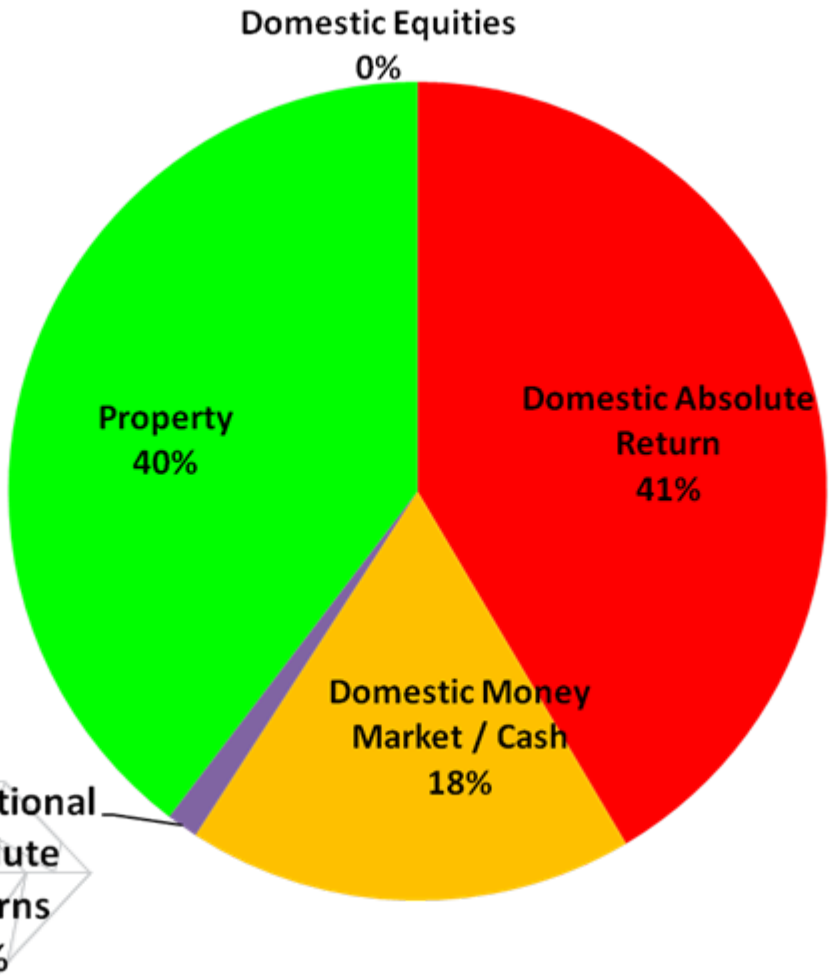
SUMMARY OF INVESTMENTS

NDFT – FUND SUMMARY AS AT 30 SEPTEMBER 2010

	Namaqualand Diamond Fund Trust Summary Update 30 September 2010: Domestic and International					
	Investment Made With Company	Date Invested	Type of Investment	Market Value (Rands)	Actual return past year (gross)	Notes
1	Cash / Money Market	Various	Cash / Money Market	26 500 000	as specified	14 day investment with ABSA Bank @ 5.7%
2	Edge Iconic Absolute Return	9-16/05/2003	Absolute Return (Dom)	62 637 852	11.58%	
3	Edge All Seasons Absolute Return	01/03/2003	Absolute Return (Int)	1 887 772	not advised	Balance of side-pockets to be disinvested.
4	Edge a (Capital Alliance/Investec) 8503500 b (Capital Alliance/Investec) 8512135		Money Market	nil nil	n/a n/a	R395 200.30 paid to NDFT on 31 August 2010.
5	Glacier Investment Account 2530780 Investec High Income Fund	2008/11/12	Income Fund	134 895	8.50%	
6	NDFT Eiendomme (Pty) Ltd. a) Illovo Precinct Partnership Investment b) BMW Property, Boksburg c) 5 Greenway Drive	 18/12/2009 23/12/2009 16/03/2010	Direct Property 25 300 000 31 500 000 3 000 000	59 800 000	as specified	R1 203 884 income for 7 months to 30 September 2010
	TOTAL			150 960 519		

SUMMARY OF INVESTMENTS (CONTINUED)

NDFT INVESTMENT CLASSES 30 SEPTEMBER 2010



NDFT PROPERTIES (PTY) LTD

- Reason – to broaden the income base of the NDFT to not only be dependent on royalties
- Current investments include:
  - o BMW Property (Boksburg)
  - o Illovo Precinct Partnership Investment
  - o 5 Greenway Drive
- Investigate possibilities of establishment of Office Park In Springbok/Bergsig, which would offer one-stop centre for Government departments to enhance service delivery

NDFT PROPERTIES (PTY) LTD (CONTINUED)

NDFT PROPERTIES (PTY) LTD (CONTINUED)

NDFT PROPERTIES (PTY) LTD (CONTINUED)

CONCLUSION

The NDFT's value add is tangible in terms of the **vast number of individual beneficiaries** who have benefited from the Trust's support since 1994 – be it terms of **education**, **welfare**, **infrastructure etc**.

In fact, without the Trust's ongoing support, learners across the spectrum in Namakwaland will find themselves in dire straits, financially

CONCLUSION

- The NDFT is indeed a unique agent of empowerment and change in Namakwaland and has become part of its social fabric

- As demonstrated over the past 15 years, the ongoing existence of the NDFT is of vital importance for –
  - enhancing the quality of life for the people of Namakwaland
  - dovetailing with Government initiatives, especially at local Government level

CONCLUSION

- Thank you for the opportunity to put forward a status report on the NDFT at this forum

- We trust that it is clear that the way forward - in fact the only in which the NDFT can continue to add value in terms of its calling – is to partner with all stakeholders and, in particular, enjoy the support of Government towards the continued earning of royalties as its financial base