

Date: 26 February 2016

SACAC Treasurer's Report

for the period

January 1st to December 31st, 2015

1. Introduction

This report highlights the foremost financial dealings of SACAC for the financial year that ended 31 December 2015. In the wake of the significant financial contributions of IFAC 2014, the year of 2015 was characterised by the decisions made to leverage the available funds to the benefit of SACAC and its stakeholders. A summary of the financial results for 2014 and 2015, and also the budget for 2016 is attached to this report.

2. Day-to-Day operations

a) Income

The income for 2015 totalled R247,531 (R182,682 in 2014). Approximately 54% of the income was from subscription fees invoiced, 32% was from interest received, and 9% was income from workshops. The large amount of interest earned (R78,360) was a result of the surplus from the IFAC 2014 World Congress. The workshops contributed significantly more (R23,371) to the income in 2015 than in 2014 (R12,800).

b) Expenditure

Expenditure for 2015 was R202,367 (R161,383 in 2014), resulting in a surplus of R45,164 for the year. The large surplus is mostly the result of the interest earned during 2015. Approximately 80% of SACAC's expenditure items for 2015 were IFAC subscription fees (R42,905), secretarial fees (R69,725), and rebranding (R47,000). The high secretarial fees are a result of the transition between JCCI and Office Executives as secretariat. It is expected that this cost will reduce for 2016. The once-off rebranding cost aims to improve SACAC's communication channels to reach current and potential stakeholders.

c) Exceptional expenditure items

There were a number of expenses from IFAC2014 to be paid in 2015 (R42,735). The surplus from the IFAC2014 World Congress was a total of R2.479m, of which R2.2m was invested.

d) Debtors

By 31 December 2015 there were R39,550 subscription fees in arrears. The other debtor is an advance IFAC subscription fee payment of R46,579.



3. Net Assets

The surplus of the IFAC 2014 World Congress was R2.479m, of which R2.2m was invested in August of 2015 in an Allan Gray Stable Fund. The invested funds are referred to as 'SACAC Investment Fund' through the rest of the document. This distinguishes it from the bank balance used for the day-to-day operation of SACAC. At the end of 2015, the accumulated bank balance for day-to-day operation was R623,763, and the value of the Investment Fund was R2,378,042.

4. Economic Road Map: SACAC's Investment Fund.

The surplus of the IFAC 2014 World Congress needs to be utilised in such a way as to provide maximum benefit for SACAC and its members. The aim of this section is to provide a general economic road map for these funds for the next 5 to 10 years. These funds should not be used to cover the day-to-day running of SACAC, but rather as an investment to improve the impact of SACAC. The road map to leverage these funds aligns itself with the vision and mission of SACAC.

1. *Maintaining a formal association with IFAC (International Federation of Automatic Control) and other selected international organisations whose purposes are similar to those of IFAC.*

- **IFAC Membership fee**

The fee for association with IFAC is E3000 per year (approx. R45,000). This fee was paid in the past with the income generated by membership fees. It is proposed to use part of the funds to pay IFAC fees for the next 20 years. This will allow the income from membership fees to be used directly for other SACAC activities.

- **IFAC World Congress Sponsorship**

The most prestigious events for IFAC are its World Congresses. To enable members to attend a World Congress, it is proposed to make R60,000 available to pay the registration fees and airplane ticket of:

- o at least two employees of SACAC's industrial members, and
- o at least one student of SACAC's institutional members.

This sponsorship will be awarded on a competition basis. Submissions to the World Congress will be submitted to a panel selected by the EXCO to determine the best candidates for the sponsorship. To avoid conflict of interest, articles of industrial members will be evaluated by institutional members, and vice-versa.



2. *Organizing and participating in National and International Conferences, Symposia and Workshops on topics which are relevant to members.*
3. *Facilitating contact amongst researchers, practitioners, users and suppliers of automation technology.*

- **Control Conference for Africa**

The Control Conference for Africa is an international conference aimed specifically at Africa to be held every triennium. It will allow SACAC to assist other African countries to construct their own NMO's. This event will be held in cooperation with the SAIMC. Since this is an international event, it is suggested the IFAC Foundation be asked to partially fund the event. Also, because the aim is to develop the control and automation capacity of Africa, it is suggested to sponsor a limited number of attendees travelling from abroad within Africa. For this goal, R150,000 is set aside as seed money for the conference, with an additional R50,000 as sponsorship money.

- **International IFAC events hosted in South Africa**

To strengthen SACAC's international connections, the aim is to host an IFAC event every 9 years. The first event targeted is the MMM Workshop of 2019. Another possible event could be DYCOPS. Capital will also be made available to sponsor potential attendees from the rest of Africa. Seed money of R150,000 is set aside for the conference, with an additional R50,000 as sponsorship money.

With regards to the finances, the aim of each conference is to generate sufficient revenue to replenish the seed money initially made available.

5. Implementation of Economic Road Map

The road map for 2016 to 2021 is attached at the end of this document. To summarize:

- R45,000 to be paid each year for IFAC Membership fee.
- R60,000 to be used as sponsorship money for IFAC2017 and IFAC2020 World Congresses.
- R150,000 to be used as seed money for the local CCA2017 and CCA2021 conferences.
- R50,000 to be used as sponsorship money for CCA2017 and CCA2021.
- R150,000 to be used as seed money for the international MMM2019 conference.
- R50,000 to be used as sponsorship money for MMM2019.

Withdrawals are adjusted each year according to an inflation rate of 5% per year. The investment is assumed to grow at 5% per year.

The following funds are to be withdrawn from the SACAC Investment Fund over the next two years (not adjusted for inflation):



2016	
R 45,000	IFAC Membership Payment
R 150,000	Seed money for Control Conference for Africa
2017	
R 45,000	IFAC Membership Payment
R 60,000	IFAC WC Sponsorship
R 50,000	Control Conference for Africa Sponsorship

6. Budget

Given SACAC's strong financial position, 2016 marks the start of a number of projects with which SACAC aims to strengthen its position to promote automation and control for the benefit of Southern Africa. The budget aims to reflect a step in this direction.

a) Income

The 2016 budget is based on 28 corporate and 8 institutional members, of which 1 corporate and 1 institutional member is expected to opt for the alternate subscription fee option. Because of SACAC's strong financial position and the worldwide economic pressure on companies, there is no increase in membership fees from 2015 to 2016. The expected interest as income will be significantly less, as the surplus from IFAC2014 no longer resides in the day-to-day bank balance.

b) Expenses

A significant amount of capital (R40,000) is made available for workshops in 2016. This is to increase the benefit members receive for their fees paid to SACAC. This should allow SACAC to host a considerable number of events outside Gauteng. A shortfall of R15,000 is budgeted for workshops in 2016 and shows SACAC's intent to improve its impact through its workshops.

In fulfilling SACAC's mandate to members not residing in Gauteng, the budget for Meeting Expenses is increased to R18,000 to fund travel costs. There will no longer be accounting fees, as Office Executives took over this task. Provision of R15,000 is made for bad debts in 2016.

A further R10,000 is budgeted for unforeseen branding and website costs. These costs also take into account the branding requirements for the Control Conference for Africa (CCA) in 2017. To further raise SACAC's profile, provision (R20,000) is made to assist 2 postgraduate students to present papers at IFAC events. Provision is also made for a SACAC prize for university students excelling in Process Control.

The 2016 budget has a shortfall of R80,513. The shortfall is funded with R45,000 from the SACAC Investment Fund, and the rest from SACAC's reserves. The large shortfall is exceptional and not a trend to repeat. The shortfall is a result of the decision to leverage our available capital to invest in our members



and potential members. The aim is to increase our future income through active investments made this year in the form of workshops, seminars, conferences, competitions etc.

c) Exceptional income and expenses

The SACAC Investment Fund is considered separate from the day-to-day bank balance. The Investment Fund is used to sponsor R45,000 for the day-to-day operation of SACAC. This enables SACAC to increase potential benefit to members. The Investment Fund is also used to provide R150,000 seed money for the Control Conference for Africa (CCA) to be held in 2017.

d) SACAC Investment Fund

For the year of 2017, interest income of R110,000 and expenditure of R195,000 is budgeted for the Investment Fund.

7. Proposals

a) Subscription Fees

In light of the current economic climate and SACAC's strong financial position, the subscription fees are recommended to remain unchanged from 2015 to 2016. As per usual, the alternate subscription fee option allows a maximum of 3 delegates to be sent to all local SACAC workshops free of charge, reducing the administrative burden of arranging payment for each workshop attended.

	2016		2015		2014	
	Normal	Alternate	Normal	Alternate	Normal	Alternate
Corporate	R4,000	R9,400	R4,000	R9,400	R3,850	R9,000
Institution	R2,300	R5,000	R2,300	R5,000	R2,200	R4,800

b) Budget

It is proposed that SACAC's budget for 2016 be accepted as the official budget.

Acknowledgements

SACAC's secretarial and accounting services for the year 2015 were handled by Office Executives. We would like to thank Office Executives for the effortless transition made during 2015. A special word of thanks to Keri Garland for her excellent work to ensure SACAC's finances are up to date and the annual audit runs smoothly. In a short period of time, she has become invaluable to this organisation. A word of thanks is also extended to Kobus Oosthuizen, the previous treasurer, in guiding me to understand the demands of SACAC's finances.

J.D. Le Roux
Honorary Treasurer