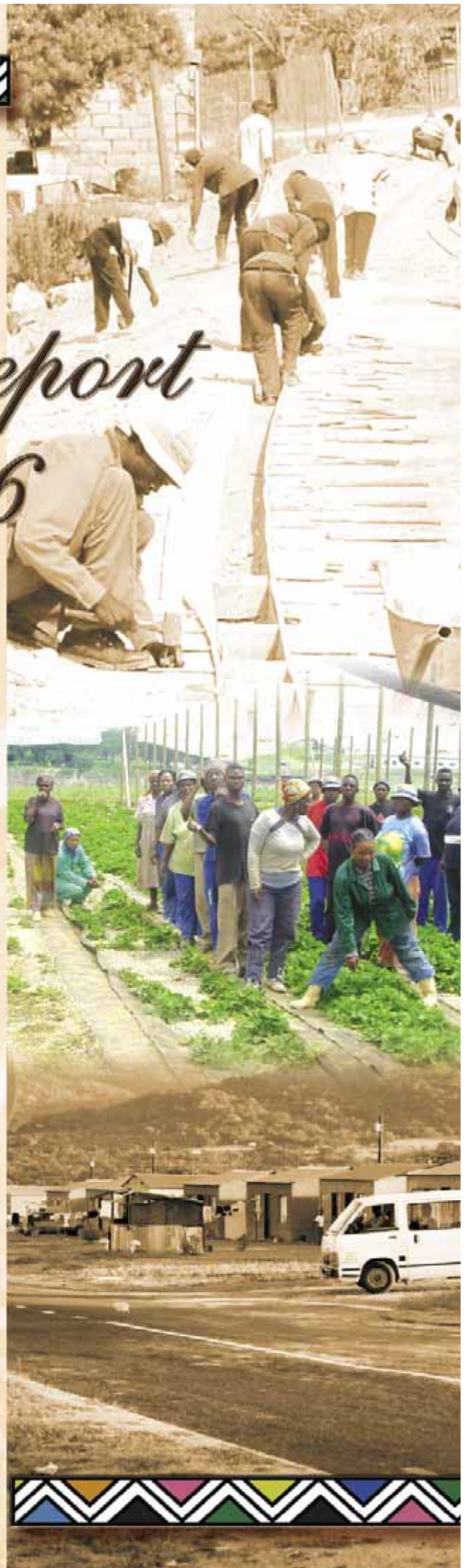


# *Annual Report* *2005/2006*

**Mpumalanga  
Provincial Government**



**Department of Local  
Government and Housing**





## Mission

The Provision of Provincially Integrated support and monitoring framework for sustainable local government, human settlements and traditional leadership administration towards a better life for all.

## Vision

Sustainable Local Governance and better Housing for all.

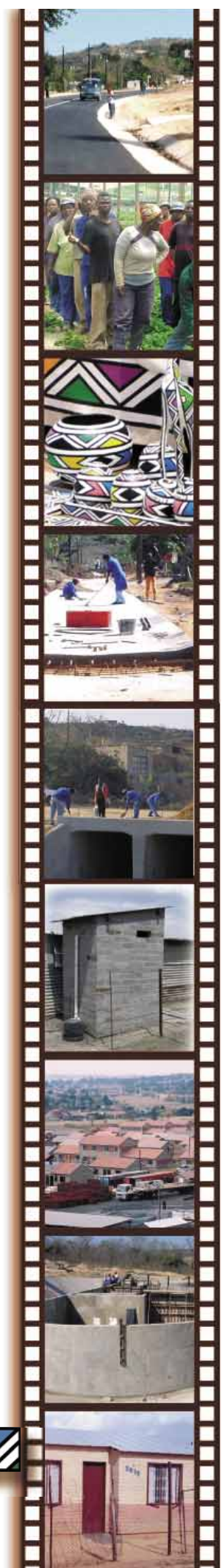
## Values

- to uphold consultation with communities on departmental programmes
- to aim for a proactive stance in order to be ahead with our plans
- to uphold a high standard of commitment amongst staff
- to be client driven and develop a caring team
- to watch clients served
- to ensure that we adopt a development oriented approach to service delivery.
- to be result driven in our service delivery
- to render our work with the highest level of integrity and honesty

# Annual Report 2005/2006



Mpumalanga Provincial Government  
Department of Local Government and Housing





# Annual Report 2005/2006

**Annual Report 2005/2006  
Mpumalanga Provincial Government**



**Department of Local Government and Housing**

**ISBN: 0-621-36830-X  
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# Contents

<b>1. GENERAL INFORMATION</b>	
1.1 SUBMISSION OF INFORMATION	6
1.2 INTRODUCTION BY HEAD OF DEPARTMENT	6
1.3 INFORMATION ON THE DEPARTMENT	6-8
1.4 MISSION STATEMENT	8
1.5 LEGISLATIVE MANDATES	8
<b>2. PROGRAMME PERFORMANCES</b>	
2.1 VOTED FUNDS	9
2.2 AIM OF THE VOTE	9
2.3 SUMMARY OF PROGRAMMES	9-10
2.4 OVERVIEW OF THE SERVICE DELIVERY ENVIRONMENT 2005/06	10-11
2.5 OVERVIEW OF THE ORGANISATIONAL ENVIRONMENT 2005/06	11
2.6 STRATEGIC OVERVIEW AND KEY POLICY DEVELOPMENTS FOR THE 2005/06 FINANCIAL YEAR	11-12
2.7 DEPARTMENTAL RECEIPTS	12
2.8 DEPARTMENTAL PAYMENTS	12
2.9 SERVICE DELIVERY ACHIEVEMENTS	12
2.9.1 PROGRAMME 1: ADMINISTRATION	12-15
2.9.2 PROGRAMME 2: LOCAL GOVERNMENT	15
• LOCAL GOVERNANCE	15-17
• DEVELOPMENT AND PLANNING	17-19
• TRADITIONAL LEADERSHIP AND INSTITUTIONS	21
2.9.3 PROGRAMME 3: HOUSING	21-23
• HOUSING PLANNING AND RESEARCH	23
• HOUSING PERFORMANCE	24-25
• URBAN RENEWAL AND SETTLEMENT REDEVELOPMENT	25
• HOUSING ASSET MANAGERMENTS	26
<b>3. REPORT OF THE AUDIT COMMITTEE</b>	27-28
<b>4. REPORT OF THE AUDITOR-GENERAL TO THE MPUMALANGA PROVINCIAL LEGISLATURE ON THE FINANCIAL STATEMENTS OF VOTE 4</b>	29-30
<b>5. ANNUAL FINANCIAL STATEMENTS</b>	31-79
<b>6. MPUMALANGA HOUSING FUND</b>	80-94
<b>7. HUMAN RESOURCE MANAGEMENT INFORMATION</b>	95-108



# 1. General Information



## 1.1 SUBMISSION OF INFORMATION

I, Gladys Nonhlanhla Sibeko, Head of Department for Local Government and Housing, have the Honour of submitting the Annual Report for the year 2005-2006 to the Executive Authority.

MS GN SIBEKO  
Head of Department

## 1.2 INTRODUCTION BY THE HEAD OF DEPARTMENT

2005/06 financial year was both exciting and challenging at the same time. There were numerous critical events characterize this year: Project Consolidate unfolded revealing early deliverables that yielded 98% performance by the end of the targeted six months; Community development workers successfully rolled out; research on informal settlements produced exciting information on choices shack dwellers made for housing types they preferred; while policy drafting unit within urban renewal produced draft three of the guideline policy on managing informal settlement.

The year witnessed two consultative summits: The Local Government Summit and the Water summit. The stakeholders present in these events shared valuable insights on Local Government matters.

Towards the end of the year, the National cabinet passed legislation repealing cross boundary municipalities. Other mandates included the roll out of the Property Rates Tax Act through Workshops coordinated by DPLG.

The Municipal Elections progressed smoothly. The South African public once more mandated the Government to work hard to "make Local Government work better"

## 1.3 INFORMATION ON THE DEPARTMENT

### Administration

The Department continued to run the Administration as efficiently and economically as is possible. Our staff complement stood at 869 by the end of the financial year. We have succeeded to fill the critical posts at senior management level. There was an addition of two females, Director for Research, Policy and Planning Ms Mazibuko and Director Housing Finance Ms F Mabilane. This was a welcome gender balancing move at Senior Leadership level. Our Learnerships program contributed in assisting young matriculants to gain valuable experiences in the workplace.

Our supply chain unit is very functional and has ensured that we manage procurement in a transparent and procedural manner.

Training and skills development is ongoing with a number of managers participating in skill development initiatives on the PSLDP program. Others follow the academic route. This can only auger well for our leadership in the Department. It is heartening to report that our Community Development Workers one passed their Examinations well and a Graduation Ceremony was very successful.

In December, 2005, National Cabinet passed legislation that repeals the Cross Boundary Act. This allowed time to work on all the administrative processes, issue out Legislative Notices and draw the necessary protocols for dealing with the anticipated changes. We succeeded to draft the protocols in time. On the 28<sup>th</sup> February 2006 was the last date for the existence on cross boundary municipalities.

On this date Bohlabela District was disestablished while Sekhukhuni and Tubatse Districts went to Limpopo Province. Bohlabela was split into two areas: Bushbuckridge Municipality fell into Ehlanzeni District while Maruleng area became part of Mopani District. Kungwini fell into Gauteng Province.

## Local Government

The section has witnessed tremendous change. The appointment of the Chief Director: Mr S Ngubane provided a welcome relief to the Chief Directorate. Staff is settling down well and the Direction he is providing is well received. The highlights of Local Government include successes with Project Consolidate achieving its 98% completion of early deliverables. The eleven municipalities completed their service delivery targets on record time. We handed over the completed projects with much fun fare in the targeted municipalities. Communities were appreciative of this initiative. The success is also attributed to integrated and inter – sectoral collaboration between all government structures as well as social partners.

We have witnessed in this financial year an increase in the number of people drawing free basic services like electricity and water. We were able to rise to the challenge that faced us in Delmas when Typhoid broke out. The timely inter-sectoral response by sector Departments ensured that we contain the epidemic. The speedy way in which we responded both from District, Provincial and National Departments showed that Intergovernmental Relations is functional in the province

Municipal Administration and Support continues its valuable performance of supporting Municipalities turn around and implements change strategies for the better. The experiences of Thaba Chweu especially with regard to revenue generation and management of finances have yielded valuable insight on eliminating corruption.

Our sanitation bucket eradication flagship is on track we finished eradicating buckets in all areas except Govan Mbeki. This resulted in 14789 buckets being eliminated. The remaining units should be eradicated by the end of September 2006.

Our District Municipalities completed the Water Blue prints by the end of the financial year. The support of our partners: DWAf and DBSA have been invaluable in providing the necessary technical guidance in fine tuning the business plans of the Districts

Our Development planning division was upbeat in working with municipalities on their IDPs. We participated in the National evaluation of our IDPs. We were successful in producing credible IDPs in only three of the 17 municipalities. This state of affairs presented a challenge to the Department. We are earmarking a change management strategy that will emulate Nkangala Districts method of pulling together sector departments to participate with Municipalities and review the IDP's. All sector Departments through their planners are now trained to link up with the IDP Nerve Centre (IDPNC). This system is ensuring that all plans of the Municipalities and sector departments are logged into the IDPNC

The Department succeeded to roll out the second phase of the Community Development Workers Program (CDW). There are now 360 CDW's in the province undergoing training and placed with the various municipalities. Our Ward Committees continue to serve as bases for community participation. Our main challenge is to make these structures more functional. Since many of the Ward committees consist of volunteers, out of pocket expenses pose a challenge for some of the volunteers because some of the Wards they operate in are very vast and it tends to be expensive for the volunteer members to afford to travel.

There is progress with the establishment of the Provincial Disaster Management Centre. The land has been identified and the plans are fully drawn. The roll out strategy requires funding over a two year period. Treasury has been approached for the necessary funding.

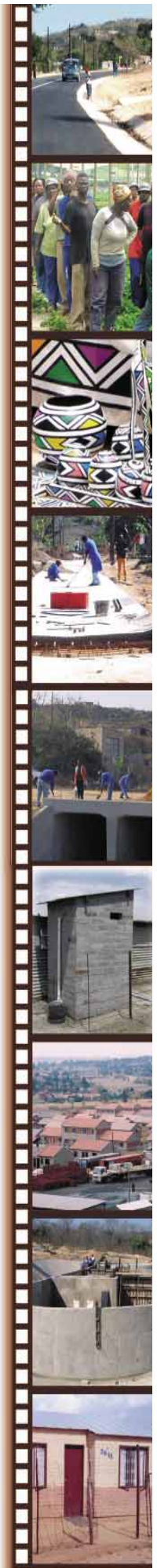
The Integrated Strategic Rural Development Program (ISRDP) was visited twice by the National Champion Minister Matsepe Casaburi. The rural development initiatives in the nodes of Sekhukhuni and Bohlabela gained extensively from the exposure visits. The joint collaborative work of the administrations of Mpumalanga ensures that the visits were a success.

The Traditional Leadership Administration succeeded to host workshops that were seeking to increase knowledge of the Unit and Amakhosi in the three districts on the Traditional Leadership Framework Act. The transformation program as enunciated in the Act will commence shortly. We will be enlisting the support of the Independent Election Commission in rolling out the necessary election process as required by the Act.

## Housing Program

The Housing Program went through a challenging period. The unit targeted to complete unfinished houses as well as gradually commence research on the three pilot sites. The Emalahleni research was completed and shared with the Mayoral Committee the results of the research.

The unique feature of this research was the clear indications of the shack dweller on what types of housing they required: 2345 or 36% people who require stands so that they can build their own houses; 1215 or 19% houses to rent; 2574 or 40% government to build for them, 225 or 2% need assistance from their employers and the 209 or 3% who require only houses to rent because they are foreigners. These indications are very important because they indicate that not all residence of informal areas necessarily requiring low cost housing.





Housing was able to deliver 13 491 units in the province. There were challenges experienced with contractors that were unable to proceed due to lack of finances. These projects were terminated and we will regroup the units to offer this work to those who can do the outstanding work.

**Concluding Remarks**

The Department is intent on eliminating any corrupt elements in Housing. Some officials who were found to be colluding with contractor were charged and dismissed. Criminal charges were laid with the South African Polices to charge those corrupt contractors.

There was significant improvement in working relationships with our partners like Eskom, DWAF, National Housing Department of Provincial and Local Government, DBSA and numerous stakeholders on the Task Teams service delivery on the Farms. These strategic relationships went a long way in ensuring the extension of service delivery to all who need services of our Department.

**1.4 MISSION STATEMENT**

**MISSION**

The provision of provincially integrated support and monitoring framework for sustainable Local Government, Human Settlements and Traditional Leadership Administration towards a better life for all.

**VISION**

Sustainable Local Governance and better Housing for all.

**VALUES**

The Department Values are:

- Consultation/ participation/partnering/team work/facilitating
- Proactive/innovative/creativity/initiative/taking ownership/ assertiveness
- Commitment/ energetic/motivation/dedication /enthusiastic/inspirational
- Client Driven/ supportive/ responsiveness/ caring
- Development Orientation/ capacitating/ mentoring / coaching/ enabling/empowering
- Results Oriented / productive / cost efficient /outcome based / effective /efficient / economically / value adding and
- Integrity / honesty / respectful / transparent / accountable / disciplined / responsible / non corruptible

**1.5. LEGISLATIVE MANDATES**

The legislative frameworks from which the Department derives its mandate are listed as follows:

- The Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996);
- The Housing Act, 1997 (Act No. 107 of 1997);
- The Rental Housing Act;
- Housing Consumer Protection Measures Act;
- Local Government: Municipal Structures Act, 1998;
- Local Government: Municipal Structures Act, 2000;
- Local Government: Property Rates Bill;
- Local Government: Municipal Finance management Act;
- Local Government: Disaster Management Act, 2002;
- Other Prescripts;
- The Public Service Act, 1994 (Proclamation No. 103 of 1994);
- The function of the Mpumalanga Housing Finance Company is to serve as a Government Financier in low-cost housing. It is a Section 21 Company established in terms of the Companies Act No. 61 of 1973; and
- The Head of Department sit on the Board of Directors and the MEC or his delegate controls 51% of the total shares of the Company. This means that the Department has veto authority in the Company.
- Mpumalanga House of and Local Houses of Traditional Leaders Act 2005
- Abolishment of Cross Boundary Municipalities Act 2005

# 2. Programme Performance.

## 2.1 VOTED FUNDS

Appropriation	Main appropriation	Adjusted	Actual Amount spent	Over/Under
R'thousand	498,765	630,060	500,650	129,410
Responsible member of Executive Council	Mr JL Mahlangu			
Administering Department	Department of Local Government and Housing			
Accounting Officer	Ms Gladys Nonhlanhla Sibeko			

## 2.2 AIM OF THE VOTE

Provision of sustainable Human Settlement and strengthening of Municipalities to enable them to fulfill their constitutional and other legislative mandates. The vote also caters for the administration of Traditional Leadership Institution.

## 2.3 SUMMARY OF PROGRAMMES

PROGRAMME	SUB-PROGRAMME
1. ADMINISTRATION	1.1 Mec's office 1.2 Corporate services
2. LOCAL GOVERNMENT	<b>LOCAL GOVERNANCE</b> 2.1 Municipal administration 2.2 Municipal finance 2.3 Municipal infrastructure 2.4 Disaster management
	<b>DEVELOPMENT AND PLANNING</b> 2.5 Spatial planning 2.6 Developmental administration 2.7 Intergrated development planning 2.8 Local economic development
	<b>TRADITIONAL LEADERSHIP AND INSTITUTIONS</b> 2.9 Traditional Institutions Arrangements 2.10 Traditional Resource Administration 2.11 Traditional Affairs Integration 2.12 Traditional Land Administration





3. HOUSING	<p>HOUSING PLANNING AND RESEARCH</p> <p>3.1 Administration</p> <p>3.2 Housing Planning and Research</p> <p>3.3 Municipal Support</p>
	<p>HOUSING PERFORMANCE/SUBSIDY PROGRAMMES</p> <p>3.4 Subsidy Performance</p> <p>3.5 Individual subsidies</p> <p>3.6 Project Linked</p> <p>3.7 PHP</p> <p>3.8 Consolidation</p> <p>3.9 Institutional</p> <p>3.10 Hostels development</p> <p>3.11 Relocation</p> <p>3.12 Disaster Management/emergency programme</p> <p>3.13 Rural Housing Stock</p>
	<p>URBAN RENEWAL AND HUMAN SETTLEMENT AND DEVELOPMENT</p> <p>3.14 Administration</p> <p>3.15 Urban Renewal</p> <p>3.16 Human Settlement</p>
	<p>HOUSING ASSET MANAGEMENT</p> <p>3.17 Administration</p> <p>3.18 Maintenance</p> <p>3.19 Transfer of Rental Stock</p> <p>3.20 Sale of Rental Stock</p> <p>3.21 Management of Rental stock</p> <p>3.22 Devolution of rental stock</p> <p>3.23 Rental Tribunal</p> <p>3.24 Management of Assets</p> <p>3.25 Discount Benefit</p> <p>3.26 Subsidy (4 of 1987)</p>

## 2.4 OVERVIEW OF SERVICE DELIVERY ENVIRONMENT FOR 2005/2006

Policy changes and trends	<p>The Provincial Legislature has passed two Acts namely: Mpumalanga Traditional Leadership, Governance Act, 2005 and the Mpumalanga Provincial House and Local Houses of Traditional Leaders Act, 2005. The forthcoming year will witness the roll-out of the Traditional Council.</p> <p>Capacity building exercises will be embarked upon to educate traditional leaders and communities on these Acts.</p> <p>The Repeal and Disestablishment of Cross Boundary Act of 2005.</p>
---------------------------	--

Environmental factors and emerging challenges	Changes in Provincial boundaries necessitated the disestablishment of cross boundary Municipalities. A number of Municipalities which were under Mpumalanga have been incorporated in Lipompo and Gauteng respectively. Bushbuckridge now falling under Ehlanzeni District Municipality. Logistical arrangements on staffing, assets and other liabilities have to be finalized during the financial year 2006/07.
The demographic profile of the province	The general challenge of the province is the acute water shortage in some villages hence the Department will continue to provide emergency water to drought stricken Municipalities through placing water tankers in strategic points.  The current Housing backlog is estimated to be standing at 260 000.

## 2.5 OVERVIEW OF THE ORGANIZATIONAL ENVIRONMENT FOR 2005/2006

The organizational environment faced challenges that indicated a need to address the organizational structure of the Department. We received reviews of structuring of Department from National Treasury.

This change was further echoed by the National Director General of Provincial and Local Government that where the functions of Departments are combined, these need to be separated even if those functions share one Member of Executive Council. This call was further made by the Housing MINMEC that we need to separate these functions. We will be engaging our Work-study in the province to effect this change.

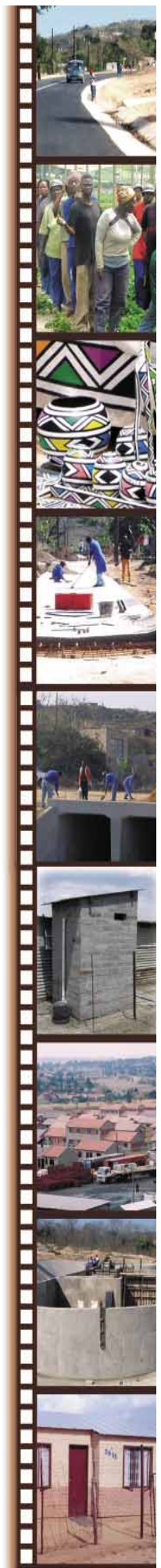
On the whole, the work environment continued to be favorable for service delivery to take place despite staffing limitations. We continued to request a review of the financial baseline from Treasury so that we could employ more staff in the Housing division.

## 2.6 STRATEGIC OVERVIEW AND KEY POLICY DEVELOPMENT FOR THE 2005/2006 FINANCIAL YEAR

The Provincial Legislature has passed two Acts and the Premier signed them into laws. The two Acts are: Mpumalanga Traditional Leadership, Governance Act, 2005 and the Mpumalanga Provincial House and Local Houses of Traditional Leaders Act, 2005.

**The department has also tabled the following old legislation for repeal to the Portfolio committee:**

- Municipal Corporation Ordinance, 1903 (ordinance 58 of 1903)
- Local Authorities roads ordinance, 1904 (ordinance 44 of 1904)
- Licensing and control authorities by-laws and regulation ordinance, 1948 ( ordinance 19 of 1948)
- Continuation of local authorities by-laws and regulation ordinance, 1948 (ordinance 19 of 1948)
- Municipal consolidated loans fund ordinance, 1958 (ordinance 9 of 1952)
- Local government control ordinance, 1958 ( ordinance 9 of 1952)
- Drive in theatres ordinance, 1960 (ordinance 22 of 1960)
- Local government (administration and elections) ordinance, 1960 (ordinance 21 of 1960)
- Regulations for the administration and control of TOWNSHIPS IN black areas, 1962 ( proclamation r.293 of 1962)
- Local government (extension of powers) ordinance, 1960 (ordinance 21 of 1960)
- Regulations for the control of the residence on and occupation of privately-or tribally- owned land in black areas (proclamation r.192 of 1967)
- Betterment areas proclamation, 1967 ( proclamation r. 192 of 1967)
- Municipal election ordinance, 1967 (ordinance r. 16 of 1970)
- Civil defence ordinance, 1977 (ordinance 20 of 1970)



- Extra territorial assistance ordinance, 1978 (8 of 1977)
- Local authorities capital development fund ordinance, 1978 (9 of 1978)
- Village council of Komatipoort ordinance, 1981 (ordinance 9 of 1981)
- Promotion of Local government affairs act, 1983 (act 91 of 1981)
- Promotion of Local government act, 1984 (act 24 of 1984)
- Kangwane Local authorities act, 1988 (act 9 of 1988)
- Lebowa Civil protection act, 1988 (act 10 of 1988)
- Lebowa Local authorities act, 1988. ( act of 1988)

#### HOUSING MATTERS

- The Province undertook as strategic calculated decision the completion of houses where construction has commenced. This has significantly reduced the work by the families who were either moved off their shacks to allow for construction.

#### LOCAL GOVERNMENT

- Since the major challenge of the Province is water, the three District Municipalities have finalized their Water Blue Print.

## 2.7 DEPARTMENTAL RECEIPTS

Departmental Revenue	Actual Collection 2004/05	Budgeted Collection 2005/06	Actual Collection 2005/06	% Deviation from target
Current Revenue	-	-	-	-
Non Tax Revenue	2,615	1,205	2,337	193,9
Departmental Revenue	2,615	1,205	2,337	193,9

## 2.8 DEPARTMENTAL PAYMENTS

Programmes	Voted for 2005/06	Roll-overs and adjustments	Virement	Total Voted R`000	Actual Expenditure R`000	% Deviation
Administration	57,895	15,239	None	73,134	73,016	99,8
Local Government	79,167	66,916	None	146,083	112,514	77,0
Housing	361,703	49,140	None	410,843	315,120	76,6
Total	498,765	131,295	None	630,060	500,650	79,4

## 2.9 SERVICE DELIVERY ACHIEVEMENT

### 2.9.1 PROGRAMME 1: ADMINISTRATION



CT Dlamini  
Chief Financial Officer

We continue to be driven by the priorities set by government to improve the lives of our people. During the 2005/2006 financial year in our quest to do this, we encountered a number of financial pressures. These pressures were caused by the need to distribute emergency water provision in areas with critical water shortages such as in the following municipalities, Nkomazi, and Mbombela. The department also had to make resources available to fund voter education in the 2006 local government elections. The rolling out of the Community Development Workers Programme, especially the logistical arrangements with the training and the bucket eradication programme in Gert Sibande, was not without challenges. We appreciate the additional funding that the Provincial Treasury has provided, when the department was faced with serious financial pressures to address the above mentioned challenges.

In an effort to ensure compliance, we will continue to review our systems. We are progressing well with the implementation of the Supply Chain Management Framework in the department. While we strive to implement the Supply Chain Management processes by adhering to the regulations in the same vein we appeal to service providers to assist in the process by complying with the supply chain regulations to enable the department to effect payments timously. We also appreciate the new asset management reforms that are being implemented within the public service through the Treasury. These will to a greater extent address the challenges we are having with regard to asset management.

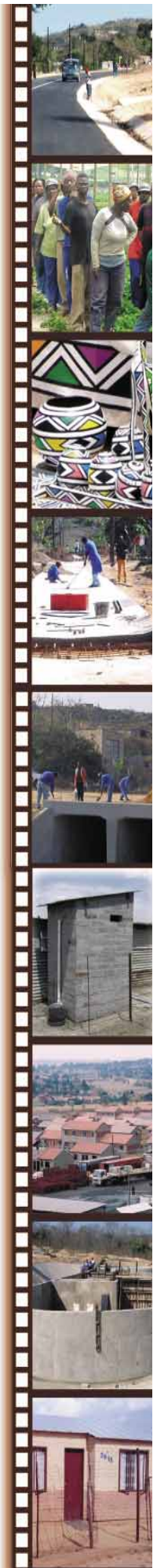
We are again very excited that an independent evaluation of the financial statements for the year ended 31 March 2006, done by the Auditor General, has given the department an unqualified audit opinion. We are looking forward to the 2006/2007 financial year. We will continue to strive for good financial management within the department as required by the Public Finance Management Act.

STRATEGIC GOAL: To give administrative and management support to the Department.

Strategic Objectives

- Provide political leadership and guidance to the Department
- Administrative support to Departmental Directorates, Municipal Managers and SMS leadership and development;
- Render security management services to the Department
- Coordinate Departmental transversal issues.
- Rendering information management services
- Render human resources and support services to the Department
- To provide Legal services to the Department
- Render financial services to the Department
- To provide researched and verifiable information for the Department
- improving the image and promoting the activities of the Department
- To facilitate the implementation of Intergovernmental Relations

Sub-programme	Measurable Objective	Performance Measure	Actual Output 2004/05	Target Outputs 2005/06	Actual Output 2005/06	Deviation from target	
						Units	%
Legal Services	Provide legal services to the Department	Percentage of contracts drafted as requested by Directorates	100%	As per requests by directorates	100%	-	-
	Number of bills drafted	Number of bills drafted	100%	2	2	-	-
	Conveyancing	Conveyancing	-	As per requests by directorates	-	-	-
	Compliance Notices	Number of compliance notices issued	100%	3	3	-	-
	Handling of litigious matters	Number of litigious cases handled	100%	As per requests	11	-	-
	Compliance notices relating to by elections, Redetermination of municipal boundaries	Number of notices drafted and published	100%	4	4	-	-



Communication	Promote and publicise Departmental activities	Percentage of media briefs, newspaper, media releases, jingles and media responses	100%	100%	100%	-	-
	Improve and maintain two way communication with external stakeholders	Number media releases/quarterly briefings	100%	100%	100%	-	-
	Coordinating Departmental events	Number of events coordinated	100%	6	24	18	30%
	Hold Izimbizo	Number of Izimbizo held	100%	4	7	3	75%
	Publications	Number of news letters/ annual report published	100%	4	4	-	-
Research, Policy and Planning	Provide researched and verifiable information	Number of surveys and research conducted	1	4	2	2	50%
	Conduct workshops on strategic planning	Number of strategic planning sessions	4	2	2	-	-
	Policy formulation and review	Number of policies formulated and reviewed	6	7	8	1	14%
Security Management	Render Security Management services to the Department	Number of workshops conducted on security Management	4	5	5	-	-
	Review of policy on Security Management	Number of Policies reviewed	1	1	1	-	-
Transversal Services	Wellness programme establishment	Number of programmes established	n/a	1	1 drafted	-	-
	Policy review	Number of policies reviewed	3	3	3	-	-
	Commemoration of National Calendar Days	Number of National Calendar Days Celebrated	4	3	3	-	-

### Challenge 1

Some researches could not be carried out because Mbombela Municipality could not finalise land for the pilot site for the informal redevelopment programme

### Response to Challenge 1

*The outstanding research on housing typology for Mbombela will be done on the next financial year 2006/2007*

## 2.9.2 PROGRAMME 2: LOCAL GOVERNMENT



S Ngubane  
Chief Director: Local  
Government

### GEARED TO MAKE LOCAL GOVERNMENT WORK BETTER

The Chief Directorate's teamwork produced positive results in improving how local governments can work better. The successes with March 1, 2006 local government elections were as a result of exceptional preparatory work especially with the disestablishment of cross-boundary municipalities, successful determination of executive mayoral systems combined with ward participatory system for our municipalities and the disestablishment of Bohlabele district municipality.

Some other achievements include our remarkable improvement in areas of disaster management, enhanced support for water, sanitation, electricity and other basic services through hands-on support of Project Consolidate, considerable improvement in the monitoring of MIG and municipal financial viability, coordination of CDW's, Ward committees and other community participation structures. We have also had considerable successes in the coordination of IDP's through the engagement processes, ISRDP as well as the promotion of cultural diversity (iMmemo) through the institutions of traditional leadership and developed provincial legislation to establish traditional councils and to strengthen their capacity.

The year 2006/07 will mark the beginning of the last Phase of Local Government Transformation through the Five Year Local Government Strategic Agenda (2006-2011). All major gaps identified through Project Consolidate and otherwise shall be addressed through this strategy in a quest to achieve sustainability. "We are poised and confident to make local government work better"

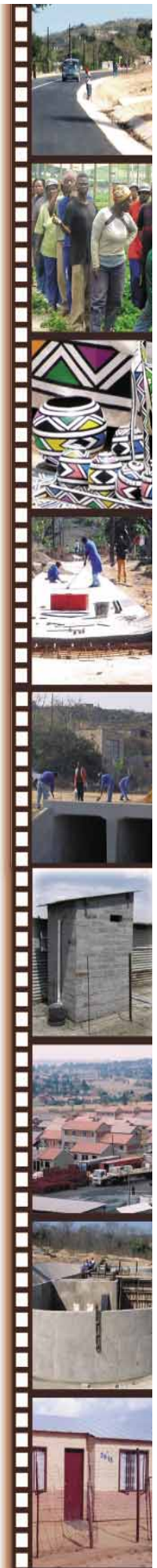
### LOCAL GOVERNANCE

STRATEGIC GOALS: Accountable and sustainable local governance

STRATEGIC OBJECTIVES

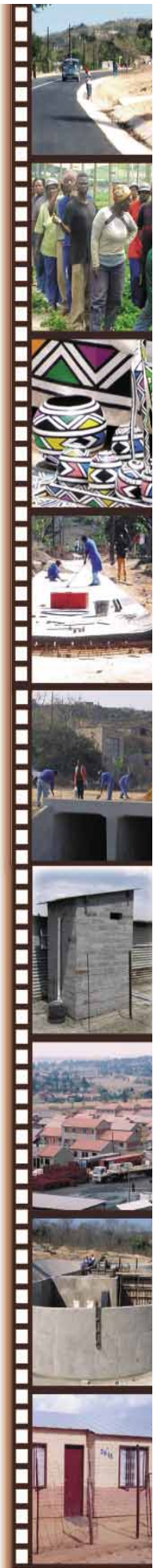
- To provide monitoring and support services to local government within a regulatory framework
- Monitor and support municipalities towards achieving financial viability and sustainability
- Facilitate and monitor infrastructure development within municipalities
- To facilitate and coordinate the implementation of disaster management programme
- To monitor and support municipalities in the province on key focus areas for implementation

Sub-programme	Measurable Objective	Performance Measure	Actual Outputs 2004/05	Target Outputs 2005/06	Actual Outputs 2005/06	Deviation from Target	
						Units	%
Disaster Management	To facilitate effective and efficient disaster management mechanisms at provincial and local level	Development of a provincial disaster management framework and institutional structures.	Nil	1	1 drafted	-	-
	-	Number of district disaster management plans and institutional structures established	Nil	3	3	-	-
	-	No of capacity building programmes	1	4	4	-	-



Municipal Administration	Provision of clean and safe water to critical areas	Number of Municipalities assisted with portable water	3	As per requests	8	-	-
	-	Number of boreholes drilled	-	As per requests	4	-	-
	-	Number of water tanks (Jojo's) distributed to Municipalities	10	As per requests	36	-	-
	Emergency sanitation services	Number of Municipalities assisted	-	As per requests	2	-	-
	Local Government Election Programme	Appoint a service to perform asset verification in cross boundary municipalities	n/a	1	5	4	400%
	Capacity building programmes implemented	No of capacity building programmes implemented	-	2	2	-	-
	Provincial MIG management	Number of PMU's establishment	-	12	13	1	8%
Municipal Infrastructure	Bucket eradication	Number of Municipalities assisted	Nil	5	5	-	-
	Multipurpose Community Centers	Number of MPCC'S to be established	-	12	2	10	83%
Project Consolidate	Project Consolidate	Number of Municipalities to be assisted	-	17	17	-	-
Municipal finance	-	Number of municipalities captured on monitoring system	22	23	23	-	-
	Monitoring of Municipalities	% Of progress made in respect of the development of monitoring tool	92%	100%	100%	-	-
	Capacity building	Number of Municipalities capacitated on Property rates Act	none	21	21	-	-

<p align="center"><b>Challenge 1 Free Basic Water Policy.</b></p> <p>Four (4) municipalities in the province (Albert Luthuli, Dr JS Moroka, Nkomazi and Thembisile Municipalities) are not successfully implementing the Free Basic Water Policy.</p>
<p align="center"><b>Response to Challenge 1</b></p> <p align="center"><i>The Department and DWAF is in the process of assisting the above-mentioned municipalities to implement the Free Basic Water Policy</i></p>
<p align="center"><b>Challenge 2 Disaster Management Framework</b></p> <p>It is a legislative requirement (Chapter 4 Section 28(1). The Act aims at ensuring an integrated and uniform approach to disaster management in the province by all provincial organs of state, provincial statutory functionaries, NGO's involved in disaster management.</p> <p>Some Organs of state do not adhere to the requirements of disaster management as stipulated in the Act in terms of planning. As a result the Department takes responsibilities of departments and assist these departments in setting up own disaster management response.</p>
<p align="center"><b>Response to Challenge 2</b></p> <p align="center"><i>The department is in the process of aligning the draft provincial framework with the national framework and therefore publish it for comments before it can be gazette</i></p>
<p align="center"><b>Challenge 3 Disaster Management Plans</b></p> <p>It is a legislative requirement as stipulated in the disaster management Act and Municipal Systems Act. Organs of state at provincial and local level must develop disaster plans indicating risks and plans to address those risks. The department is coordinating the function and will ensure that plans are being developed.</p>
<p align="center"><b>Response to the challenge 3</b></p> <p align="center"><i>The department is conducting a risk and vulnerability assessment for the whole province, this will assist all the organs of state to be able to develop their sector specific disaster plans knowing the risks involved.</i></p>
<p align="center"><b>Challenge 4</b></p> <p>Municipalities were not filling the Municipal Transformation Monitoring Programme (MTMP) questionnaire correctly and timeously.</p>
<p align="center"><b>Response to Challenge 4</b></p> <p align="center"><i>All Municipalities were trained on filling the Municipal Transformation Monitoring Programme (MTMP) questionnaire.</i></p>





## DEVELOPMENT AND PLANNING

STRATEGIC GOALS: Sustainable integrated development planning and democratic local Government participation;

### STRATEGIC OBJECTIVES

- To promote effective and efficient integrated development planning
- To support municipalities with development and implementation of PMS
- To facilitate establishment and functioning of ward committees
- To effectively co-ordinate ISRDP at nodal points
- To coordinate and facilitate the implementation of CDW programme
- To co-ordinate and facilitate the implementation of local economic development

# Annual Report 2005/2006

Sub-programme	Measurable Objective	Performance Measure	Actual Outputs 2004/05	Target Outputs 2005/06	Actual Outputs 2005/06	Deviation from Target	
						Units	%
Integrated Development planning (IDP)	Promote effective and efficient Integrated Development Planning.	Number of municipalities adopted 2005-06 IDPs	27	23	27	4	17%
	27 Municipalities (including cross border) consulted and provided with MEC assessment Comments IDPs	20 Municipalities to adopt Municipal IDPs.	20	27	27	-	-
	Support 23 Munits with the drafting of 2006-07 IDPs	Number of municipalities assisted	20	23	21 (excluding 2 cross border Munits)	2	9%
Performance Management System (PMS)	To co-ordinate 4 IGR structures on IDPs in the Province.	Number of meetings coordinated	2	2	4	2	100%
	Assist the Municipalities with co-ordination of Municipal IDP fora.	Number of meetings coordinated	11	11	15	4	36%
	Support Municipalities with credible PMS.	Number of municipalities assessed	20	20	20	-	-
	Co-ordination of Vuna Awards.	Number of municipalities selected for awards	2 Municipalities selected to compete nationally.		Vuna Awards were not held-postponed by National DPLG	0	0

<p><b>Challenge 1: Participation of Sector Departments in the Municipal IDP Fora</b>  Participation of sectors in Municipal IDP Fora was unsatisfactory and resulted in sector plans not in line with the Municipal priorities</p>
<p><b>Response to Challenge 1</b></p> <ul style="list-style-type: none"> <li>• <i>The challenge was taken to higher authority. Departments were then requested to appoint Strategic Planners who will be able to participate and assist Municipalities with their sector plans.</i></li> <li>• <i>Introduction of the IDP Nerve Centre for networking IDP related Information and Monitoring &amp; Evaluation.</i></li> <li>• <i>Support to District Municipalities on establishment of working groups for planning and reporting on implementation of service delivery programmes.</i></li> </ul>
<p><b>Challenge 2: Quality of the IDPs</b>  The technical assessment and engagement with sector departments and other stakeholders revealed that most IDPs were not user friendly and not credible.</p>
<p><b>Response to Challenge 2</b></p> <ul style="list-style-type: none"> <li>• <i>The Department introduced a simplified IDP format to be implemented in 2006-07 IDP. The format was introduced in January 2005, launched on the 25 April 2005 and held a workshop on the 13 June 2005, for Municipal Inputs. Some Municipalities have already started with the format on their 2005-06 IDPs.</i></li> <li>• <i>Monitoring and credible Framework was established by DPLG so support Municipalities with developing credible IDPs</i></li> </ul>

**Integrated Sustainable Rural Development Programme (ISRDP), Community Participation and Service Delivery on Farms**

**Strategic objectives:**

- To coordinate of the integrated sustainable rural development planning
- To facilitate the establishment of ward committees in terms of legislation and policy.
- To ensure that all category B municipalities complies with legislation governing community participation
- To facilitate capacity building for ward committee members
- To promote and coordinate service delivery on farms.



Sub-programme	Measurable Objective	Performance Measure	Actual Outputs 2004/05	Target Outputs 2005/06	Actual Outputs 2005/06	Deviation from Target	
						Units	%
ISRDP	To coordinate of the integrated sustainable rural development planning	Number of workshop held	1	2	2	-	-
Community Participation	To facilitate the establishment of ward committees in terms of legislation and policy.	Number of meetings held	7	10	5	5	50%
		Number of ward committees established out of 330	305	330	330	-	-
		Develop and Adopt Policy on ward committees and community participation	N/A	1	1	-	-
	To ensure that all category B municipalities complies with legislation governing community participation	Number of community participation coordinators forum meetings.	4	4	4	-	-
	To facilitate capacity building for ward committee members	Number of Trainers Trained.	N/A	45	45	-	-
	To promote and coordinate service delivery on farms.	Number of meetings	5	-	4	4	100%

### Challenge 1: Non Functionality of Ward Committees:

- Ward committee members expect to be paid a salary like CDWs
- Ward Councillors not convening ward committee meetings

### Response to Challenge 1

It was explained to the ward committee members that are not to be paid a salary but will be given out of pocket expenses.

- The Speakers' and Chief Whips Offices must work together in ensuring that Ward Councillors do convene meetings of Ward Committees.
- Ward Committees must in their first meetings elect a Deputy Chairperson to enable the committee to sit even if the Ward Councillor is absent but the agenda of the meeting must be AGREED WITH the Ward Councillor.

## COMMUNITY DEVELOPMENT WORKERS

### STRATEGIC OBJECTIVE:

- To promote and facilitate provincial special frameworks for development at municipal level
- To promote orderly development
- To promote effective and efficient integrated development planning
- To promote Local Economic Development
- To promote effective and efficient implementation of Community Development Work in the Province

Sub-programme	Measurable Objective	Performance Measures	Actual Outputs 2004\05	Target Outputs 2005\06	Actual Outputs 2005/06	Deviation from Target	
						Units	%
Community Development Workers	To recruit, train and deploy CDW's	No of Community Development Workers	48	300	360	60	20%
	To train Mentors and Assessors in the three Districts	No of Mentors and Assessors trained	17	34	34	-	-
	To train CDW's on the African Peer Review	No of CDW's trained	n/a	300	300	-	-

#### Challenge 1:

The objective was to recruit and train 360 CDW's. 360 CDW's were recruited and trained. One CDW was appointed as a Councilor the other one passed away and we were left with 358

#### Response to Challenge 1:

*The two CDW's who deviated from the programme will be replaced in the next intake*

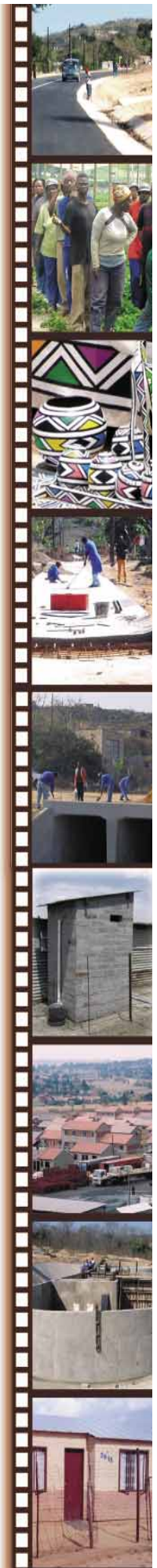
## TRADITIONAL LEADERSHIP AND INSTITUTIONS

### STRATEGIC GOALS:

- To provide a provincially integrated traditional leadership management framework towards sustainable governance for a better life for all.

### STRATEGIC OBJECTIVES

- To formulate and administer sound policy and legislative framework on traditional leadership institutions
- To monitor and support sound financial management processes and procedures for traditional leadership institutions
- To render anthropological services to institutions of traditional leadership
- To manage the provision of administrative services to traditional institutions
- To provide and facilitate capacity development programmes to traditional institutions



Measurable objective	Performance measure	Actual Outputs 2004/05	Target outputs 2005/06	Actual outputs 2005/06	Deviation from Target	
					Units	%
To manage institutional administrative and financial framework of Traditional institution	No of policies, guidelines and legislation formulated	1	3	2	1	33%
Establishment and support of Traditional Institutions	Number of traditional and Councils established	Nil	34	10	14	71%
Support and strengthen development capacity structures of Institutions of Traditional Leadership	Number of traditional Authorities capacitated	54	54	54	-	-
	No of capital investment projects implemented in Traditional areas	Nil	Nil	Nil	-	-
To manage and promote cultural diversity	Number of cultural functions (mmemo)	17	17	19	2	12%

## SPECIFIC CHALLENGES AND RESPONSES

### **Challenge 1: Composition of the Traditional Councils.**

Former Traditional Authorities are in terms of the National Framework, established as Traditional Councils. For them to operate as councils, they need to comply with the requirements of the composition as per the Act.

### ***Response to challenge1***

Fastrack the process of finalizing the de establishment of the Traditional Authorities.

### 2.9.3 PROGRAMME 3: HOUSING



Ms B Mojapelo  
Chief Director: Housing  
and Technical Services

The Chief Directorate has succeeded in curbing corruption of contractors who were fraudulently claiming payments for work that was not done. The services of these contractors were terminated and legal action was taken against them.

The Chief Directorate has introduced minimum standards that have to be met by contractors before they can be considered by the department for any work. This will ensure that only contractors who have the necessary capacity are appointed in future in order to avoid a repetition of what had happened in the past where contractors who were appointed were unable to complete the housing projects allocated to them. This is also in line with the requirements of in terms of the CIDB registrations.

The services of contractors who could not finish housing projects allocated to them were terminated. The Chief Directorate has replaced these contractors with bigger contractors who have the capacity to deliver on these projects.

The Chief Directorate has delivered 13 491 housing units at the end of the financial year.

The Chief Directorate has successfully completed an access road from Umjindi area into the lower CBD area to allow for easy access to the public facilities such as hospitals, transport center and community shopping centre.

The Chief Directorate has also completed a multi-purpose centre in Balfour (Dipaliseng Municipality) which is functional and has an interesting appearance, combining leisure and community activities under one roof.

High mast lights in Emgwenya (Emakhazeni Municipality) in old areas were replaced with the conventional streetlights in order to upgrade the light output to the same levels as in the newly developed area.

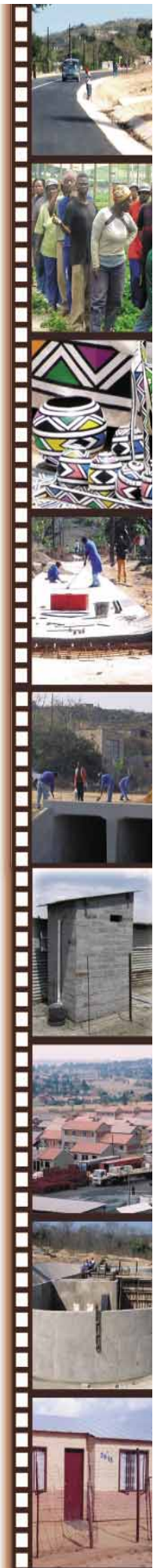
Three Bulk infrastructure projects were completed this year.

#### Strategic Goals

The provision of quality houses to all qualifying beneficiaries and ensure the development of sustainable human settlements.

#### Strategic objectives:

- To provide a regulatory framework for housing delivery
- To develop provincial multi-year housing delivery framework
- To conduct housing research
- To provide capacity and support to municipalities with regard to human settlement development in line with the legislative prescripts and breaking new ground.





## HOUSING PLANNING AND RESEARCH

Sub-Programme	Measurable objective	Performance Measure	Actual Output 2004/05	Target Output 2005/06	Actual Output 2005/06	Deviation From target	
						Units	%
Housing Planning and research	Conduct research on demand for housing	Number of research projects conducted	2	2	2	-	-
	Enhance capacity and provide support to municipalities in the provision of housing delivery	Number of Municipalities accredited	-	1	1	-	-

## HOUSING PERFORMANCE/SUBSIDY PROGRAMME

Measurable objective	Performance Measure	Actual Output 2004/05	Target Output 2005/06	Actual Output 2005/06	Deviation From target	
					Units	%
Provide individual subsidies to qualifying beneficiaries	Number of properties delivered	2599	10358	8597	761	7.35%
Provide project linked subsidies to qualifying beneficiaries	Number of subsidies approved	2065	159	1961	2598	59.99%
	Number of houses completed	4375	4559			
Provide PHP subsidies to qualifying beneficiaries in accordance to the housing policy	Number of subsidies approved	4061	735	1767	301	14.56%
	Number of houses completed	2484	2068			
	Number of subsidies approved	1302	756	-	-	-
Provide Consolidation subsidies to qualifying beneficiaries in accordance to housing policy	Number of housing support centers funded	15	21	21	-	-
	Number of subsidies approved	81	0	0	-	-
	Number of housing units completed	45	0	0	-	-

Provide institutional subsidies	Number of housing institutions registered	3	3	3	-	-
Provide Hostels redevelopment programme	Number of Units upgraded	136	128	128	-	-
Provide disaster relief in accordance with the Housing policy Provide Rural housing subsidy to qualifying beneficiaries in accordance to housing policy	Number of families assisted	-	0	0	-	-
	Number of rural housing subsidies	2827	0	0	-	-
	Number of houses completed	3215	-	1038	-	-
Provide Credit Linked subsidies to qualifying beneficiaries in accordance to housing policy	Number of rural housing subsidies	67	0	0	-	-

**Challenge1**

Some contractors despite much assistance by the Department consistently failed to deliver the required number of houses.

**Response to challenge 1**

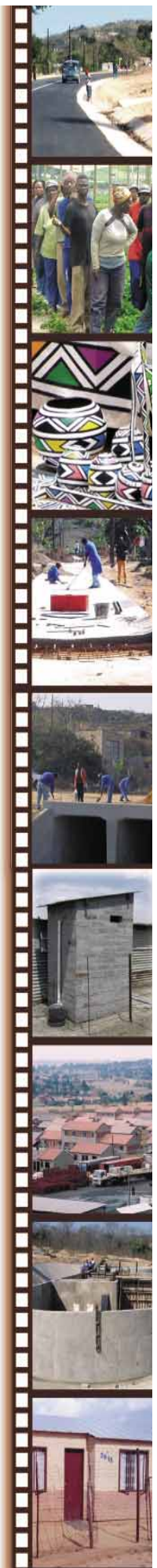
Contracts with such non performing contractors were terminated and new contracts were entered into with resourced contractors to complete these projects.

**Challenge2**

Many contractors were performing, although less that satisfactorily as it became increasingly difficult to build the original specification house with the subsidy amount of two years ago.

**Response to challenge2**

In line with the national policy additional funds (as costed and calculated) were granted to performing contractors to enable them to complete their projects, which many of them had done.





## URBAN RENEWAL AND HUMAN SETTLEMENT REDEVELOPMENT

### Strategic Goal:

- To rehabilitate dysfunctional areas with the aim of economic and social development

### Strategic Objective

- To rehabilitate dysfunctional urban areas with the notion of economic and social development
- To create integrated and functional settlement.

Sub-Programme	Measurable objective	Performance Measure	Actual Output 2004/05	Target Output 2005/06	Actual Output 2005/06	Deviation From target	
						Units	%
Urban Renewal and Human Settlement Redevelopment	To build sustainable and functional communities	Number of feasibility studies completed	1	2	2	-	-
		Number of Community Projects completed	1	1	1	-	-

## HOUSING ASSET MANAGEMENT

Sub-Programme	Measurable objective	Performance Measure	Actual Output 2004/05	Target Output 2005/06	Actual Output 2005/06	Deviation From target	
						Units	%
Asset Management	To promote, facilitate and regulate rental housing within the Province	Number of cases resolved	15	48	39	9	19%

# 3. Report of the Audit Committee.

## Department of Local Government & Housing.

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

### Audit Committee Members and Attendance:

The audit committee consists of the members listed hereunder and is supposed to meet four (4) times per annum as per its approved terms of reference. During the current year the following meetings were held.

Name of Member	Number of General Meetings Attended	Number of Ad-hoc Meetings Attended
E. Cousins (Chairperson)	2	2
W. C. Cloete	2	2
S. Dube (appointed 01/11/2005)	1	

Numerous interactive meetings were held between the Chairperson and the Internal Audit unit.

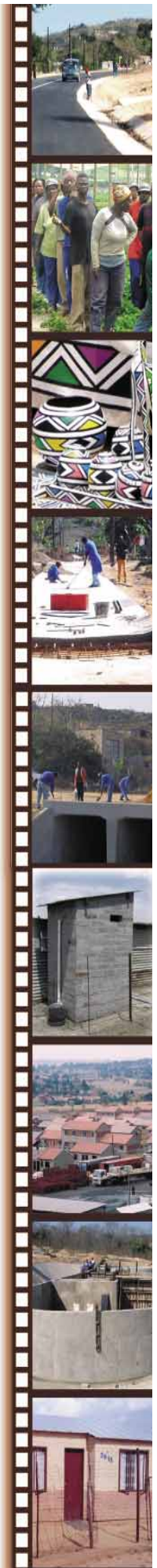
### Audit Committee Responsibility

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

The Audit Committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein. For the greater part of the financial year, the audit committee consisted of two members:

### The effectiveness of internal control

The system of internal control was not entirely effective for the year under review as compliance with prescribed policies and procedures were lacking in certain instances. During the year under review several instances of non compliance were reported by internal and external auditors that resulted from not always applying prescribed controls (especially fleet and asset management).



The problematic situation with an effective and efficient record keeping and archiving facility had also not yet been adequately addressed. In the case of Housing projects effective measures were introduced by the relevant accounting officer, however, the materiality of these projects requires a consistent firm hand in controlling and supervising the relevant activities. The Audit Committee remains concerned about this area of the work, and is aware of the fact that the Auditor-General conducted a forensic investigation on the various projects. This investigation was afterward extended to retrospectively also cover the prior two years. A draft report is in process.

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

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

## Evaluation of Financial Statements

The Audit Committee has:

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

The Audit Committee concurs and accepts the Auditor-General's conclusions 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.



**Chairperson of the Audit Committee**

4. Report of the  
Auditor - General  
to the  
Mpumalanga Provincial  
Legislature  
on the  
Financial Statements  
of Vote 4.





**REPORT OF THE AUDITOR-GENERAL TO THE MPUMALANGA PROVINCIAL LEGISLATURE ON THE FINANCIAL STATEMENTS OF VOTE 4 – DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING FOR THE YEAR ENDED 31 MARCH 2006**

**1. AUDIT ASSIGNMENT**

The financial statements as set out on pages 36 to 79, 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). The fixed asset opening balances have not been audited because of the timing of guidance from the National Treasury to the departments relating to the treatment, valuation and disclosure of fixed assets. These financial statements are the responsibility of the accounting officer. 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 department's policy is to prepare financial statements on the modified cash basis of accounting determined by the National Treasury, as described in note 1.1 to the financial statements.

**4. AUDIT OPINION**

In my opinion, the financial statements present fairly, in all material respects, the financial position of the department of Local Government and Housing at 31 March 2006 and the results of its operations and its cash flows for the year then ended, in accordance with the modified cash basis of accounting determined by the National Treasury of South Africa, as described in note 1.1 to the financial statements, and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA).

**5. EMPHASIS OF MATTER**

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

**5.1 Performance audit**

A performance audit was conducted at the department of Local Government and Housing which focused on the allocation and approval of housing subsidies to municipal employees; and the administration of low cost housing projects. The outcome of these audits will be reported on separately.

**5.2 Submission of audit report**

The late submission of crucial information by the department resulted in a delay in the completion of the audit process. The completion of the audit process and the submission of the audit report to the department were therefore delayed beyond 31 July 2006, as required by section 40(1)(c) of the PFMA.

**6. APPRECIATION**

The assistance rendered by the staff of the Department of Local Government and Housing during the audit is sincerely appreciated.

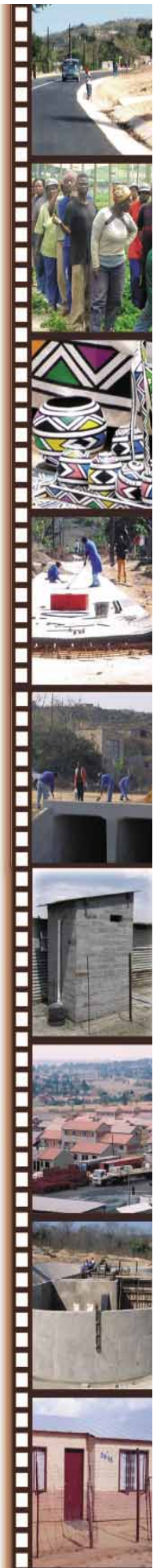
**B M M Madliwa for Auditor-General  
Nelspruit  
3 August 2006**



# 5. Annual Financial Statements

## Contents

<b>Report of the Accounting Officer</b>	<b>32-35</b>
<b>Accounting Policies</b>	<b>36-40</b>
<b>Appropriation Statement</b>	<b>41-47</b>
<b>Notes to the Appropriation Statement</b>	<b>48-49</b>
<b>Statement of Financial Performance</b>	<b>50</b>
<b>Statement of Financial Position</b>	<b>51</b>
<b>Statement of Changes in Net Assets</b>	<b>52</b>
<b>Cash Flow Statement</b>	<b>53</b>
<b>Notes to the Annual Financial Statements</b>	<b>54-61</b>
<b>Disclosures Notes to the Annual Financial Statements</b>	<b>62-63</b>
<b>Annexures</b>	<b>64-79</b>





DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING  
Vote 4

REPORT OF THE ACCOUNTING OFFICER  
for the year ended 31 March 2006

Report by the Accounting Officer to the Executive Authority and the Provincial Legislature of Mpumalanga Government.

## 1. General review of the state of financial affairs

The Department of Local Government and Housing has yet again completed another very eventful and challenging year.

The key delivery areas were among others the following:

The success of the Local Government elections, the interventions at the Delmas Municipality during the typhoid outbreak, the launch of the Anti Corruption Strategy, the launch of the Project Consolidate early deliverables, the disestablishment of the cross border Municipalities, the Presidential Municipal Izimbizo held successfully at all three Districts., the roll out of the bucket eradication programme, and the construction of houses for approved beneficiaries.

The Department's spending is within the allocated budget for the year. The Department spent 79% of the adjusted appropriation. The unspent funds relate to the housing subsidy conditional grant, and other funds for capital and no-capital projects and activities that overlapped into the next financial year. A detailed breakdown of the under spending and reasons thereto is indicated on the notes to the Appropriation statement.

## 2. Service rendered by the department

- The Department's mandate is to support and monitor Municipalities to enable them to fulfil their constitutional and other mandate and to render effective and efficient support to the traditional administration and institutions of Traditional Leadership; and
- The provision of quality houses to all qualifying beneficiaries and ensuring the development of sustainable human settlements.

### 2.1 Tariff Policy

No tariffs are charged by the department.

### 2.2 Free Services

- Free water at pension points; and
- Free 6 000 litres of water per connection per month for domestic use.

### 2.3 Inventories

Inventories on hand at year end	Costing method used	R'000
	Weighted Average	
The value of inventory on hand disclosed is for all stores		657

### 3. Capacity constraints

The capacity gaps that come about due to the introduction of new legislation (eg) the Municipal Finance Management Act (MFMA) and Property Rates Act and the exodus of skilled personnel in a number of Municipalities remain a challenge. The Department has provided capacity building programmes to all the Districts. A project management Units (PMU)capacity building programme was rolled out to all the Districts

### 4. Utilisation of donor funds

The department did not receive any donor funding during the period under review.

### 5. Trading entities and public entities

- Mpumalanga Housing Finance Company is responsible for the establishment of Housing Associations in Middleburg, Witbank and Mbombela. They provide start up capital for the Housing Associations.

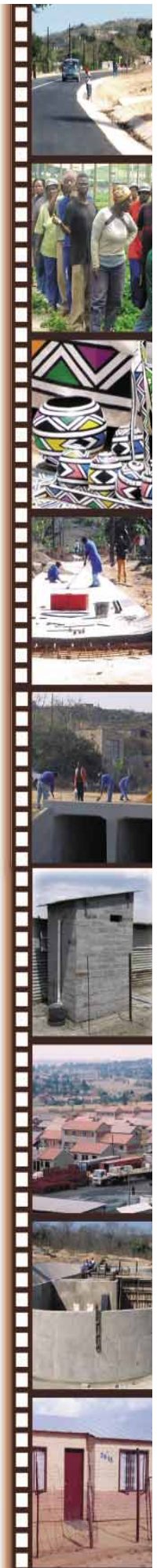
### 6. Organisations to whom transfer payments have been made

- Mpumalanga Housing Finance Company. This entity focuses on financing low-income earners to acquire their own houses and also the development of the Social Housing Institution within the Province;
- The Housing Fund- This fund was established in terms of the Housing Act and is mainly responsible for the Housing Grant that is utilised for the construction of RDP houses. The MEC of the Department of Local Government and Housing is responsible for the Fund;
- The various Municipalities in the Province. The Municipal Support Programme that is a conditional grant from the Department of Provincial and Local Government. This grant is intended for municipalities that want to fund programme to improve their revenue generation. Municipalities that benefited from the grant during the current financial year are listed on Annexure 1C of the financial statements; and
- The Traditional leadership. These are funds transferred to the Traditional Councils to finance operational costs of each Traditional Council.

### 7. Corporate Governance Arrangements

#### 7.1 Risk Management Approach

The Internal Audit Unit housed in the Premier's Office conducts a risk assessment exercise on a yearly basis. This exercise is intended to assess any possible high-risk areas within the Department. A risk management plan is then developed to reduce the identified risk within the Department.



REPORT OF THE ACCOUNTING OFFICER  
for the year ended 31 March 2006

## 7.2 Fraud Prevention Plan

A fraud prevention plan is developed and or reviewed on a yearly basis after the risk assessment process has been finalised by the Internal Audit Unit. Both the Accounting Officer and the Executing Authority approve this plan. The plan contains policies, practices, procedures, reports and other mechanisms to monitor and safeguard the assets of the Department. The Internal Audit unit monitors from time to time the compliance to these policies and procedures. Reports on findings are directed to the Accounting Officer.

## 7.3 Internal Audit and Audit Committees

The shared Internal Audit Unit has been effecting in conducting the risk assessment and compiling the fraud prevention plan. The unit has a yearly audit programme of conducting compliance audits to check adherence to policies and procedures. The Department has a fully functional Audit Committee.

## 7.4 Other Government Structures

The Department has set up the following structures to ensure compliance to legislative requirements, policies and procedures:

- The Departmental five-year strategic plan. This document provides the overarching objectives that are to be achieved over the strategic plan period;
- The operational and expenditure plan. This documents details the outputs to be achieved during the current financial year and the budgeted funds to achieve each output. This document form the basis for performance agreements with officials at all levels;
- The bid adjudication Committee;
- The Bursary Committee, that recommends the allocation of bursaries;
- The Transport Committee, effects controls on the approval of subsidised vehicles and the usage of Government vehicles;
- Regular audits by the internal audit unit;
- Performance monitoring by managers.

## 8. Discontinued activities/activities to be discontinued

There are no significant activities that the Department will stop delivering in the next financial year.

## 9. New/proposed activities

We are excited with the passing of the Mpumalanga Traditional Leadership and Governance Act and look forward to the allocation of the necessary funding by the Provincial Treasury to implement the Act during the financial year 2006/07. The dissemination of information to enable citizens to access Government services has been a challenge over the years. The Department is excited with the deployment of Community Development Workers (CDW) to every ward in the Province to assist communities access Government services.

While our attention will be on the above-mentioned programmes. We will also continue to focus on the following areas:

- The construction of Multi Purpose Community Centres (MPCC)
- The eradication of the bucket system; and
- The delivery of housing through the breaking new ground strategy.

## 10. Asset management

Asset management is an area that has during the financial year received a lot of focus, mainly due to the challenges that we had in the previous year regarding the management of assets. The department has reviewed that structure to elevate the asset management unit to a manager's position.

DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING  
Vote 4

REPORT OF THE ACCOUNTING OFFICER  
for the year ended 31 March 2006

The department has complied with the minimum requirements of the asset management reforms (AMR). The asset management unit and asset team has been established, physical asset counts were completed and asset register is up-to-date and reconciliation of capital assets are prepared on a monthly basis.

## 11. Events after the reporting date

The Department is currently rolling out the Community Development Workers (CDW) programme. The programme requires that once the CDW's have completed their training for both classroom and fieldwork be absorbed into the public service at salary level 6. The first group of 46 CDW's should have been absorbed on the 1 April 2006, The other groups of 252 and 60 CDW's are to be absorbed on the 1 June and 1 December 2006 respectively. This does not only have an effect of increasing significantly the staff compliment of the Department but has financial implication of R40 million for the financial year 2006/07.

The passing of the Mpumalanga Traditional Leadership and Governance Act, Act N0 5 of 2006 has a significant effect on our current means of managing issues relating to Traditional leaders. The implementation of this piece of legislation will require and estimated amount of R55 million for the financial year 2006/07.

## 12. Performance information

The Department has complied with the requirements of the PFMA in terms of the efficient, effective, economical and transparent use of resources. The processes for risk management are in place. Internal controls are in place. The Internal Audit unit has assessed the effectiveness of these controls. The recommendations by the unit have been implemented.

Service delivery or performance reports are prepared on a monthly basis where areas of under performance are identified and remedial steps instituted to meet set annual target. These reports are also reviewed by the Macro policy unit in the Office of the Premier on a quarterly basis. The performance reports are also presented at the Cluster meetings and subsequently to the Executive Council.

The Department uses the Strategic Alignment Management System (SAM) as a performance management system. The main challenge on fully utilising this system has been to keep the information on the system up-to-date. The Management Information Systems unit and Research, Policy and Planning unit work tirelessly to keep the information up-to-date.

## 13. Scopa resolutions

Resolutions on the 5<sup>th</sup> Committee report of the former Department of Local Government and Traffic Control and Traffic Safety (Vote 4). Auditor General's report 2002/2003.

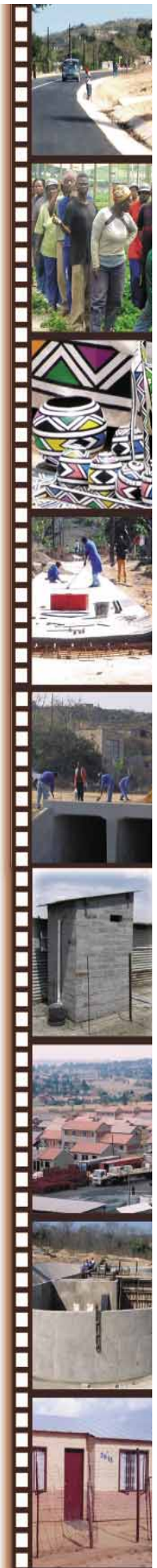
Recommendations by committee	Subject	Progress
Unauthorised expenditure of R15,239million be accepted as a charge against the Provincial Revenue Fund	Unauthorised expenditure	The unauthorised expenditure was gazetted during the adjustment appropriation by the Provincial Treasury and was cleared in the department's books of accounts.

### Approval

The Annual Financial Statements set out on pages 36 to 79 have been approved by the Accounting Officer.



MS. G.N. SIBEKO  
HEAD OF DEPARTMENT  
Date: 31 May 2006





DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING  
Vote 4

Accounting Policies  
for the year ended 31 March 2006

The Financial Statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the Financial Statements and to comply with the statutory requirements of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the Act and the Division of Revenue Act, Act 1 of 2005.

## 1. Presentation of the Financial Statements

### 1.1 Basis of preparation

The Financial Statements have been prepared on a modified cash basis of accounting, except where stated otherwise. The modified cash basis constitutes the cash basis of accounting supplemented with additional disclosure items. Under the cash basis of accounting transactions and other events are recognised when cash is received or paid or when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

### 1.2 Presentation currency

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

### 1.3 Rounding

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

### 1.4 Comparative figures

Prior period comparative information has been presented in the current year's financial statements. Where necessary figures included in the prior period financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements.

A comparison between actual and budgeted amounts per major classification of expenditure is included in the appropriation statement.

## 2. Revenue

### 2.1 Appropriated funds

Appropriated funds are recognised in the financial records on the date the appropriation becomes effective. Adjustments to the appropriated funds made in terms of the adjustments budget process are recognised in the financial records on the date the adjustments become effective.

Total appropriated funds are presented in the statement of financial performance.

Unexpended appropriated funds are surrendered to the National/Provincial Revenue Fund, unless approval has been given by the National/Provincial Treasury to rollover the funds to the subsequent financial year. Amounts owing to the National/Provincial Revenue Fund at the end of the financial year are recognised in the statement of financial position.

### 2.2 Departmental revenue

All departmental revenue is paid into the National/Provincial Revenue Fund when received, unless otherwise stated. Amounts owing to the National/Provincial Revenue Fund at the end of the financial year are recognised in the statement of financial position.

#### 2.2.1 Tax revenue

Tax revenue consists of all compulsory unrequited amounts collected by the department in accordance with laws and or regulations (excluding fines, penalties & forfeits). Tax receipts are recognised in the statement of financial performance when received.

**DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING**  
**Vote 4**

**Accounting policies**  
**for the year ended 31 March 2006**

**2.2.2 Sales of goods and services other than capital assets**

The proceeds received from the sale of goods and/or the provision of services is recognised in the statement of financial performance when the cash is received.

**2.2.3 Fines, penalties & forfeits**

Fines, penalties & forfeits are compulsory unrequited amounts which were imposed by a court or quasi-judicial body and collected by the department. Revenue arising from fines, penalties and forfeits is recognised in the statement of financial performance when the cash is received.

**2.2.4 Interest, dividends and rent on land**

Interest, dividends and rent on land is recognised in the statement of financial performance when the cash is received.

**2.2.5 Sale of capital assets**

The proceeds received on sale of capital assets are recognised in the statement of financial performance when the cash is received.

**2.2.6 Financial transactions in assets and liabilities**

Repayments of loans and advances previously extended to employees and public corporations for policy purposes are recognised as revenue in the statement of financial performance on receipt of the funds. Amounts receivable at the reporting date are disclosed in the disclosure notes to the annual financial statements.

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

**2.2.7 Gifts, donations and sponsorships (transfers received)**

All cash gifts, donations and sponsorships are paid into the National/Provincial Revenue Fund and recorded as revenue in the statement of financial performance when received. Amounts receivable at the reporting date are disclosed in the disclosure notes to the financial statements. All in-kind gifts, donations and sponsorships are disclosed at fair value in the annexures to the financial statements.

**2.3 Local and foreign aid assistance**

Local and foreign aid assistance is recognised in the financial records when the department directly receives the cash from the donor(s). The total cash amounts received during the year is reflected in the statement of financial performance as revenue.

All in-kind local and foreign aid assistance are disclosed at fair value in the annexures to the annual financial statements

The cash payments made during the year relating to local and foreign aid assistance projects are recognised as expenditure in the statement of financial performance. A receivable is recognised in the statement of financial position to the value of the amounts expensed prior to the receipt of the funds.

A payable is raised in the statement of financial position where amounts have been inappropriately expensed using local and foreign aid assistance, Unutilised amounts are recognised in the statement of financial position.

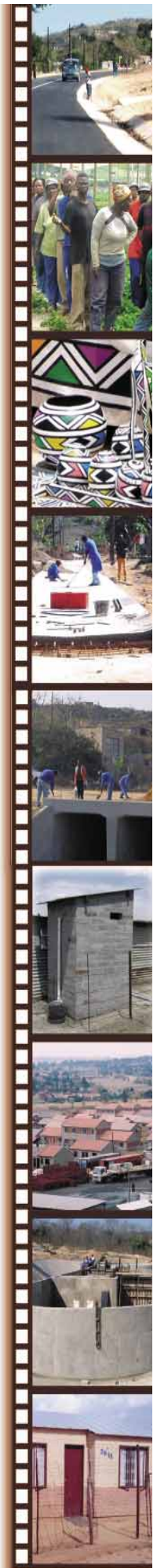
**3. Expenditure**

**3.1 Compensation of employees**

Salaries and wages comprise payments to employees. Salaries and wages are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

All other payments are classified as current expense.

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





DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING  
Vote 4

ACCOUNTING POLICIES  
for the year ended 31 March 2006

**3.1.1 Short term employee benefits**

Short term employee benefits comprise of leave entitlements (capped leave), thirteenth cheques and performance bonuses. The cost of short-term employee benefits is expensed as salaries and wages in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

Short-term employee benefits that give rise to a present legal or constructive obligation are disclosed in the notes to the financial statements. These amounts are not recognised in the statement of financial performance.

**3.1.2 Long-term employee benefits**

**3.1.2.1 Termination benefits**

Termination benefits such as severance packages are recognised as an expense in the statement of financial performance as a transfer when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

**3.1.2.2 Post employment retirement benefits**

The department provides retirement benefits (pension benefits) for certain of its employees through a defined benefit plan for government employees. These benefits are funded by both employer and employee contributions. Employer contributions to the fund are expensed when the final authorisation for payment to the fund is effected on the system (by no later than 31 March of each year). No provision is made for retirement benefits in the financial statements of the department. Any potential liabilities are disclosed in the financial statements of the National/Provincial Revenue Fund and not in the financial statements of the employer department.

**3.2 Goods and services**

Payments made for goods and/or services are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year). The expense is classified as capital if the goods and services were used on a capital project.

**3.3 Interest and rent on land**

Interest and rental payments are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year). This item excludes rental for the use of buildings or other fixed structures.

**3.4 Financial transactions in assets and liabilities**

Debts are written off when identified as irrecoverable. Debts written-off are limited to the amount of savings and/or underspending of appropriated funds. The write off occurs at year-end or when funds are available. No provision is made for irrecoverable amounts but amounts are disclosed as a disclosure note.

All other losses are recognised when authorisation has been granted for the recognition thereof.

**3.5 Unauthorised expenditure**

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

Unauthorised expenditure approved with funding is recognised in the statement of financial performance when the unauthorised expenditure is approved and the related funds are received. Where the amount is approved without funding it is recognised as expenditure, subject to availability of savings, in the statement of financial performance on the date of approval.

**3.6 Fruitless and wasteful expenditure**

Fruitless and wasteful expenditure is recognised as an asset in the statement of financial position until such time as the expenditure is recovered from the responsible person or written off as irrecoverable in the statement of financial performance.

**3.7 Irregular expenditure**

Irregular expenditure is recognised as expenditure in the statement of financial performance. If the expenditure is not condoned by the relevant authority it is treated as an asset until it is recovered or written off as irrecoverable.

DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING  
Vote 4

ACCOUNTING POLICIES  
for the year ended 31 March 2006

### 3.8 Transfers and subsidies

Transfers and subsidies are recognised as an expense when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

### 3.9 Expenditure for capital assets

Payments made for capital assets are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year)..

## 4. Assets

### 4.1 Cash and cash equivalents

Cash and cash equivalents are carried in the statement of financial position at cost.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held, other short-term highly liquid investments and bank overdrafts.

### 4.2 Prepayments and advances

Amounts prepaid or advanced are recognised in the statement of financial position when the payments are made.

### 4.3 Receivables

Receivables included in the statement of financial position arise from cash payments made that are recoverable from another party when payments are made.

Revenue receivable not yet collected is included in the disclosure notes. Amounts that are potentially irrecoverable are included in the disclosure notes.

### 4.4 Investments

Capitalised investments are shown at cost in the statement of financial position. Any cash flows such as dividends received or proceeds from the sale of the investment are recognised in the statement of financial performance.

Investments are tested for an impairment loss whenever events or changes in circumstances indicate that the investment may be impaired. Any impairment loss is included in the disclosure notes.

### 4.5 Loans

Loans are recognised in the statement of financial position at the nominal amount. Amounts that are potentially irrecoverable are included in the disclosure notes.

### 4.6 Inventory

Inventories on hand at the reporting date are disclosed at cost in the disclosure notes.

## 5. Liabilities

### 5.1 Payables

Recognised payables mainly comprise of amounts owing to other governmental entities. These payables are recognised at historical cost in the statement of financial position.

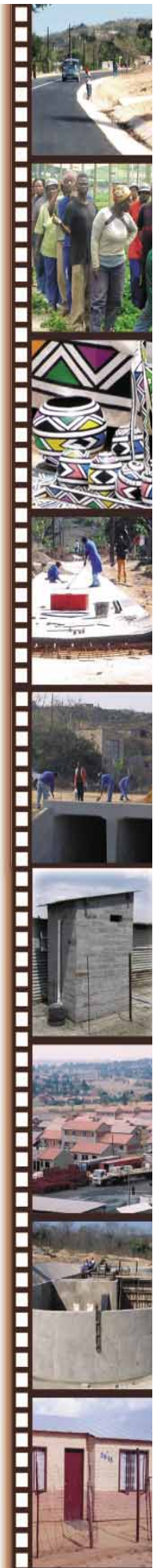
### 5.2 Lease commitments

Lease commitments represent amounts owing from the reporting date to the end of the lease contract. These commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes.

Operating and finance lease commitments are expensed when the payments are made. Assets acquired in terms of finance lease agreements are disclosed in the annexures to the financial statements.

### 5.3 Accruals

Accruals represent goods/services that have been received, but where no invoice has been received from the supplier at the reporting date, or where an invoice has been received but final authorisation for payment has not been effected on the system.





DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING  
Vote 4

ACCOUNTING POLICIES  
for the year ended 31 March 2006

Accruals are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes.

#### 5.4 Contingent liabilities

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

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

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

Contingent liabilities are included in the disclosure notes.

#### 5.5 Commitments

Commitments represent goods/services that have been approved and/or contracted, but where no delivery has taken place at the reporting date.

Commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes.

### 6. Net Assets

#### 6.1 Capitalisation reserve

The capitalisation reserve comprises of financial assets and/or liabilities originating in a prior reporting period but which are recognised in the statement of financial position for the first time in the current reporting period. Amounts are transferred to the National/Provincial Revenue Fund on disposal, repayment or recovery of such amounts.

#### 6.2 Recoverable revenue

Amounts are recognised as recoverable revenue when a payment made and recognised in a previous financial year becomes recoverable from a debtor.

### 7. Related party transactions

Related parties are departments that control or significantly influence other entities in making financial and operating decisions. Specific information with regards to related party transactions is included in the disclosure notes.

### 8. Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the department. Compensation paid to key management personnel including their family members where relevant, is included in the disclosure notes.

### 9. Public private partnerships

A public private partnership (PPP) is a commercial transaction between the department and a private party in terms of which the private party:

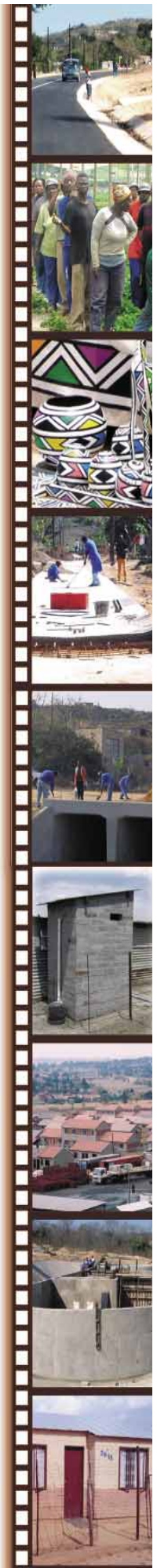
- Performs an institutional function on behalf of the institution; and/or
- acquires the use of state property for its own commercial purposes; and
- assumes substantial financial, technical and operational risks in connection with the performance of the institutional function and/or use of state property; and
- receives a benefit for performing the institutional function or from utilizing the state property, either by way of:
  - o consideration to be paid by the department which derives from a Revenue Fund;
  - o charges fees to be collected by the private party from users or customers of a service provided to them; or
  - o a combination of such consideration and such charges or fees.

A description of the PPP arrangement, the contract fees and current and capital expenditure relating to the PPP arrangement is included in the disclosure notes.

DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING  
Vote 4

APPROPRIATION STATEMENT  
for the year ended 31 March 2006

Appropriation per programme									
	2005/06							2004/05	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>1. Administration</b>									
Current payment	52,666			52,666	53,442	(776)	101.5%	54,265	56,233
Transfers and subsidies	87			87	108	(21)	124.1%	145	
Payment for capital assets	4,405			4,405	3,220	1,185	73.1%	4,204	4,204
<b>2. Local Government</b>									
Current payment	71,568			71,568	57,944	13,624	81.0%	27,712	27,156
Transfers and subsidies	8,394			8,394	8,520	(126)	101.5%	42,075	38,864
Payment for capital assets	66,121			66,121	46,050	20,071	69.6%	51,962	30,139
<b>3. Housing</b>									
Current payment	25,129			25,129	23,780	1,349	94.6%	26,230	22,050
Transfers and subsidies	385,564			385,564	291,294	94,270	75.6%	344,190	339,691
Payment for capital assets	150			150	46	104	30.7%	0	0
.....									
<b>Subtotal</b>	<b>614,084</b>	<b>-</b>	<b>-</b>	<b>614,084</b>	<b>484,404</b>	<b>129,680</b>	<b>78.9%</b>	<b>550,783</b>	<b>518,337</b>
<b>Statutory Appropriation</b>									
Current payment	737			737	848	(111)	115.1%	611	461
Transfers and subsidies							0.0%		
Payment for capital assets							0.0%		
<b>TOTAL</b>	<b>614,821</b>	<b>-</b>	<b>-</b>	<b>614,821</b>	<b>485,252</b>	<b>129,569</b>	<b>78.9%</b>	<b>551,394</b>	<b>518,798</b>
<b>Reconciliation with Statement of Financial Performance</b>									
<b>Add:</b>									
Prior year unauthorised expenditure approved with funding				15,239					
Departmental receipts				2,336				2,615	
Local and foreign aid assistance received									
<b>Actual amounts per Statements of Financial Performance (Total revenue)</b>				<b>632,396</b>				<b>554,009</b>	
<b>Add:</b>									
Local and foreign aid assistance									
Prior year unauthorised expenditure approved					15,239				
Prior year fruitless and wasteful expenditure authorised									
Theft and Losses for the current year					159				
<b>Actual amounts per Statements of Financial Performance (Total expenditure)</b>					<b>500,650</b>				<b>518,798</b>



DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING  
Vote 4

APPROPRIATION STATEMENT  
for the year ended 31 March 2006

Appropriation per economic classification									
	2005/06							2004/05	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>									
Compensation of employees	77,415			77,415	76,928	487	99.4%	65,618	69,568
Goods and services	71,948			71,948	58,238	13,710	80.9%	41,589	35,871
Interest and rent on land								-	-
Financial transactions in assets and liabilities								-	-
<b>Transfers and subsidies</b>									
Provinces and municipalities	7,438			7,438	7,290	148	98.0%	39,788	25,576
Departmental agencies and accounts								1000	
Universities and technikons									
Foreign governments and international organisations									
Public corporations and private enterprises	16,000			16,000	16,000		100.0%	16,000	16,000
Non-profit institutions	16,213			16,213	14,063	2,150	86.7%	28,892	31,985
Households	354,394			354,394	262,569	91,825	74.1%	300,730	304,994
<b>Payments for capital assets</b>									
Buildings and other fixed structures	60,810			60,810	43,857	16,953	72.1%	51,001	31,372
Machinery and equipment	9,776			9,776	5,440	4,336	55.6%	6,165	2,966
Biological or cultivated assets								-	-
Software and other intangible assets	90			90	19	71	21.1%	-	5
Land and subsoil assets								-	-
<b>Total</b>	<b>614,084</b>	<b>-</b>	<b>-</b>	<b>614,084</b>	<b>484,404</b>	<b>129,680</b>	<b>78.9%</b>	<b>550,783</b>	<b>518,337</b>

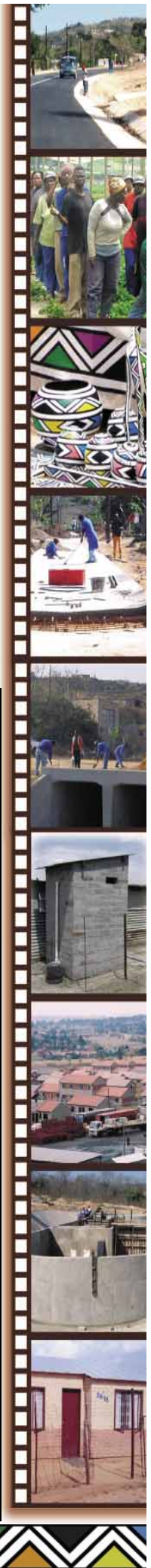
Statutory Appropriation									
Details of direct changes against the National/ Provincial Revenue Fund	2005/06							2004/05	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Member of executive committee/parliamentary officers/legislature	737			737	844	(107)	114.5%	611	461
<b>Total</b>	<b>737</b>	<b>-</b>	<b>-</b>	<b>737</b>	<b>844</b>	<b>(107)</b>	<b>114.5%</b>	<b>611</b>	<b>461</b>

DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING  
Vote 4

APPROPRIATION STATEMENT  
for the year ended 31 March 2006

Programme per subprogramme	2005/06							2004/05	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>1.1 MEC</b> Current payment Transfers and subsidies Payment for capital assets									
<b>1.2 Corporate Services</b> Current payment Transfers and subsidies Payment for capital assets	52,666 87 4,405			52,666 87 4,405	53,442 108 3,220	(776) (21) 1,185	101.5% 124.1% 73.1%	54,265 145 4,204	546,233  4,204
<b>TOTAL</b>	<b>57,158</b>	<b>-</b>	<b>-</b>	<b>57,158</b>	<b>56,770</b>	<b>388</b>	<b>99.3%</b>	<b>58,614</b>	<b>60,437</b>

Economic Classification	2005/06							2004/05	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payment</b> Compensation of employees Goods and services Interest and rent on land Financial transactions in assets and liabilities	31,784 20,882			31,784 20,882	31,660 21,782	124 (900)	99.6% 104.3%	28,524 25,741	30,667 25,566
<b>Transfers and subsidies to:</b> Provinces and municipalities Departmental agencies and accounts Universities and technikons Foreign governments and international organisations Public corporations and private enterprises Non-profit institutions Households	87			87	89	(2)	102.3%	145	
<b>Payment for capital assets</b> Buildings and other fixed structures Machinery and equipment Biological or cultivated assets Software and other intangible assets Land and subsoil assets	468 3,847 90			468 3,847 90	19 2,793 19	(19) 1,054 71	0.0% 87.2% 72.6% 21.1%	40 4,164	2,133 2,066 5
<b>Total</b>	<b>57,158</b>	<b>-</b>	<b>-</b>	<b>57,158</b>	<b>56,770</b>	<b>388</b>	<b>99.3%</b>	<b>58,614</b>	<b>60,437</b>



DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING  
Vote 4

APPROPRIATION STATEMENT  
for the year ended 31 March 2006

Programme per subprogramme	2005/06							2004/05	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>2.1 Municipal Administration</b>									
Current payment	20,639			20,639	14,771	5,868	71.6%	5,164	4,326
Transfers and subsidies	7,007			7,007	7,033	(26)	100.4%	7,287	4,513
Payment for capital assets	135			135	321	(186)	237.8%	4,821	3,403
<b>2.2 Municipal Finance</b>									
Current payment	3,497			3,497	6,576	(3,079)	188.0%	3,451	3,121
Transfers and subsidies	260			260	465	(205)	178.8%	26,055	17,829
Payment for capital assets									
<b>2.3 Municipal Infrastructure</b>									
Current payment	8,127			8,127	5,830	2,297	71.7%	970	1,315
Transfers and subsidies	5			5	7	(2)	140.0%	5,046	3,567
Payment for capital assets	60,807			60,807	39,375	21,432	64.8%	44,284	24,979
<b>2.4 Disaster Management</b>									
Current payments	3,735			3,735	1,649	2,086	44.1%	1,533	2,430
Transfers and subsidies	3			3	57	(54)	1900.0%	1,232	9,423
Payments for capital assets	4,079			4,079	5,827	(1,748)	142.9%	1,757	1,757
<b>2.5 Development and Planning</b>									
Current payments	14,840			14,840	11,528	3,312	77.7%	4,359	4,119
Transfers and subsidies	7			7	22	(15)	314.3%	7	5
Payments for capital assets	1,100			1,100	527	573	47.9%	1,100	-
<b>2.6 Traditional Affairs</b>									
Current payments	20,730			20,730	17,590	3,140	84.9%	11,983	11,845
Transfers and subsidies	1,112			1,112	936	176	84.2%	2,448	3,527
Payments for capital assets									
<b>TOTAL</b>	<b>146,083</b>	<b>-</b>	<b>-</b>	<b>146,083</b>	<b>112,514</b>	<b>33,569</b>	<b>77.0%</b>	<b>121,749</b>	<b>96,159</b>

DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING  
Vote 4

APPROPRIATION STATEMENT  
for the year ended 31 March 2006

Economic Classification	2005/06							2004/05	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payment</b>									
Compensation of employees	26,733			26,733	26,536	197	99.3%	19,977	20,133
Goods and services	44,835			44,835	31,408	13,427	70.1%	7,735	7,023
Interest and rent on land									
Financial transactions in assets and liabilities									
<b>Transfers and subsidies to:</b>									
Provinces and municipalities	7,304			7,304	7,144	160	97.8%	38,643	25,035
Departmental agencies and accounts								1,000	
Universities and technikons									
Foreign governments and international organisations									
Public corporations and private enterprises									
Non-profit institutions	1,090			1,090	884	206	81.1%	2,432	13,829
Households					492	(492)	0.0%		
<b>Payment for capital assets</b>	60,342			60,342	43,449	16,893	72.0%	49,961	29,239
Buildings and other fixed structures	5,779			5,779	2,601	3,178	45.0%	2,001	900
Machinery and equipment									
Biological or cultivated assets									
Software and other intangible assets									
Land and subsoil assets									
<b>Total</b>	<b>146,083</b>	<b>-</b>	<b>-</b>	<b>146,083</b>	<b>112,514</b>	<b>33,569</b>	<b>77.0%</b>	<b>121,749</b>	<b>96,159</b>



DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING  
Vote 4

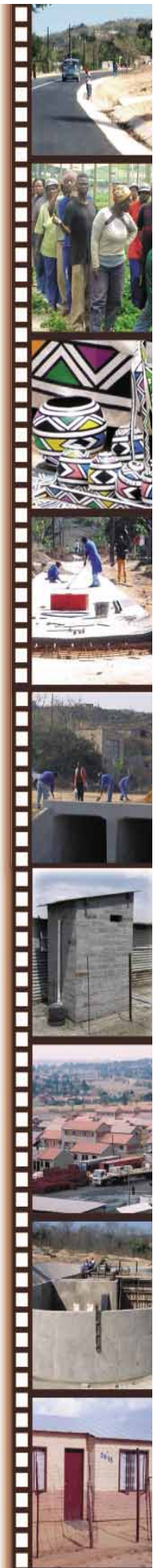
APPROPRIATION STATEMENT  
for the year ended 31 March 2006

Programme per subprogramme	2005/06							2004/05	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>3.1 Housing Planning and Research</b>									
Current payment	25,129			25,129	23,780	1,349	94.6%	22,065	22,092
Transfers and subsidies	22,047			22,047	22,127	(80)	100.4%	29,456	29,429
Payment for capital assets	150			150	46	104	30.7%		
<b>3.2 Housing Performance/ Subsidy Programmes</b>									
Current payment									
Transfers and subsidies	354,394			354,394	262,058	92,336	73.9%	305,011	304,994
Payment for capital assets									
<b>3.3 Urban Renewal and Human Settlement Redevelopment</b>									
Current payment									
Transfers and subsidies	9,123			9,123	7,109	2,014	77.9%	9,723	5,268
Payment for capital assets									
<b>TOTAL</b>	<b>410,843</b>	<b>-</b>	<b>-</b>	<b>410,843</b>	<b>315,120</b>	<b>95,723</b>	<b>76.7%</b>	<b>370,420</b>	<b>361,741</b>

DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING  
Vote 4

APPROPRIATION STATEMENT  
for the year ended 31 March 2006

Economic Classification	2005/06							2004/05	
	Adjusted Appropriation	Shifting of	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payment</b>									
Compensation of employees	18,898			18,898	18,732	166	99.1%	18,117	18,768
Goods and services	6,231			6,231	5,048	1,183	81.0%	8,113	3,282
Interest and rent on land									
Financial transactions in assets and liabilities									
<b>Transfers and subsidies to:</b>									
Provinces and municipalities	47			47	57	(10)	121.3%	1,000	541
Departmental agencies and accounts									
Universities and technikons									
Foreign governments and international organisations									
Public corporations and private enterprises	16,000			16,000	16,000		100.0%	16,000	16,000
Non-profit institutions	15,123			15,123	13,179	1,944	87.1%	26,460	18,156
Households	354,394			354,394	262,058	92,336	73.9%	300,730	304,994
<b>Payment for capital assets</b>									
Buildings and other fixed structures									
Machinery and equipment	150			150	46	104	30.7%		
Biological or cultivated assets									
Software and other intangible assets									
Land and subsoil assets									
<b>Total</b>	<b>410,843</b>	<b>-</b>	<b>-</b>	<b>410,843</b>	<b>315,120</b>	<b>95,723</b>	<b>76.7%</b>	<b>370,420</b>	<b>361,741</b>



**DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING**  
Vote 4

**NOTES TO THE APPROPRIATION STATEMENT**  
for the year ended 31 March 2006

**1. Detail of transfers and subsidies as per Appropriation Act (after Virement):**

Detail of these transactions can be viewed in note 7 (Transfers and subsidies) and Annexure 1(A-K) to the Annual Financial Statements.

**2. Detail of specifically and exclusively appropriated amounts voted (after Virement):**

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

**3. Detail on financial transactions in assets and liabilities**

Detail of these transactions per programme can be viewed in note 6 (Financial transactions in assets and liabilities) to the Annual Financial Statements.

**4. Explanations of material variances from Amounts Voted (after Virement):**

4.1 Per Programme	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Variance as a % of Final Appropriation
Administration	73,134	73,017	117	100%
Local Government	146,083	112,514	33,569	77%
Housing	410,843	315,120	95,723	77%
	<b>630,060</b>	<b>500,650</b>	<b>129,410</b>	<b>79%</b>

Programme 1: The under spending is due to computer equipments delivered subsequent to the year-end.

Programme 2: The under spending on this programme is mainly due to the under spending on the following activities/projects. These projects overlapped into the new financial year.

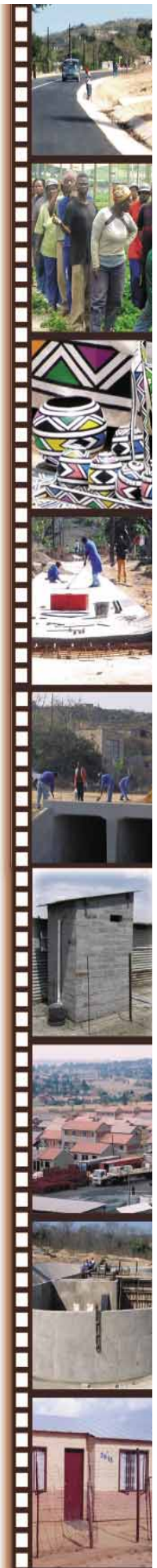
Economic Classification	Description	Amount R'000
Current Payments	Voter Education	405
	Emergency Water Provision	5,393
	Review of IDP's	230
	Training of CDW's	2,785
	Management of MIG Projects	1,732
	PMU Capacity Building	364
	Conversion to Traditional Councils	3,000
Payment of Capital Assets	Disaster Management Centre	124
	Acquisition of Computer Equipment	575
	Delmas Water Project	1,250
	Bucket Toilet Eradication	14,546
	EPWP Projects	2,858
	Savings Water Meter Projects	305

**DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING**  
**Vote 4**

**NOTES TO THE APPROPRIATION STATEMENT**  
**for the year ended 31 March 2006**

Programme 3: The under spending is due to R59,082 million and R2,014 million under spend on Housing Subsidy Grant and Human Settlement Grant respectively. An additional amount of R33,254 million remained unspent at the end of the financial year. These funds are committed to Housing projects that will be completed during the year 2006/07.

<b>Per Economic classification</b>	<b>2005/06</b>	<b>2004/05</b>
	<b>R'000</b>	<b>R'000</b>
<b>Current payment:</b>		
Goods and services	13,707	2,404
<b>Transfers and subsidies:</b>		
Provinces and Municipalities	-	2,412
Non-profit institutions	2,014	9,123
Households	94,123	17
<b>Payments for capital assets:</b>		
Buildings and other fixed structures	19,085	17,541
Machinery and equipment	575	1,100



DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING  
Vote 4

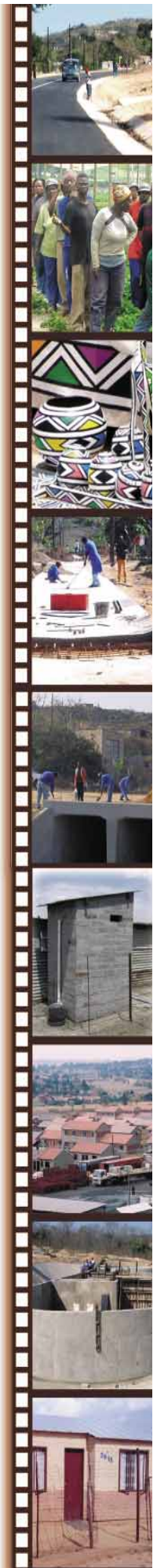
STATEMENT OF FINANCIAL PERFORMANCE  
for the year ended 31 March 2006

	Note	2005/06 R'000	2004/05 R'000
<b>REVENUE</b>			
Annual appropriation	1	614,084	550,783
Statutory appropriation	2	737	611
Appropriation for unauthorised expenditure approved		15,239	-
Departmental revenue	3	2,336	2,615
<b>TOTAL REVENUE</b>		<b>632,396</b>	<b>554,009</b>
<b>EXPENDITURE</b>			
<b>Current expenditure</b>			
Compensation of employees	4	77,772	70,029
Goods and services	5	58,238	35,871
Financial transactions in assets and liabilities	6	163	-
Unauthorised expenditure approved	9	15,239	-
<b>Total current expenditure</b>		<b>151,412</b>	<b>105,900</b>
<b>Transfers and subsidies</b>	7	<b>299,922</b>	<b>378,555</b>
<b>Expenditure for capital assets</b>			
Buildings and other fixed structures	8	43,857	31,372
Machinery and equipment	8	5,440	2,966
Software and other intangible assets	8	19	5
<b>Total expenditure for capital assets</b>		<b>49,316</b>	<b>34,343</b>
<b>TOTAL EXPENDITURE</b>		<b>500,650</b>	<b>518,798</b>
<b>SURPLUS</b>			
Add back fruitless and wasteful expenditure	10	-	318
<b>SURPLUS FOR THE YEAR</b>		<b>131,746</b>	<b>35,529</b>
<b>Reconciliation of Surplus for the year</b>			
Voted Funds	13	129,410	32,914
Departmental Revenue	14	2,336	2,615
<b>SURPLUS FOR THE YEAR</b>		<b>131,746</b>	<b>35,529</b>

**DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING**  
Vote 4

**STATEMENT OF FINANCIAL POSITION**  
at 31 March 2006

	Note	2005/06 R'000	2004/05 R'000
<b>ASSETS</b>			
<b>Current assets</b>			
Unauthorised expenditure	9	7,857	23,096
Fruitless and wasteful expenditure	10	412	579
Cash and cash equivalents	11	157,540	23,962
Receivables	12	979	466
<b>TOTAL ASSETS</b>		<b>166,788</b>	<b>48,103</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Voted funds to be surrendered to the Revenue Fund	13	129,410	32,915
Departmental revenue to be surrendered to the Revenue Fund	14	90	573
Payables	15	37,193	14,173
<b>TOTAL LIABILITIES</b>		<b>166,693</b>	<b>47,661</b>
<b>NET ASSETS</b>		<b>95</b>	<b>442</b>
<b>Represented by:</b>			
Recoverable revenue		95	442
<b>TOTAL</b>		<b>95</b>	<b>442</b>



DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING  
Vote 4

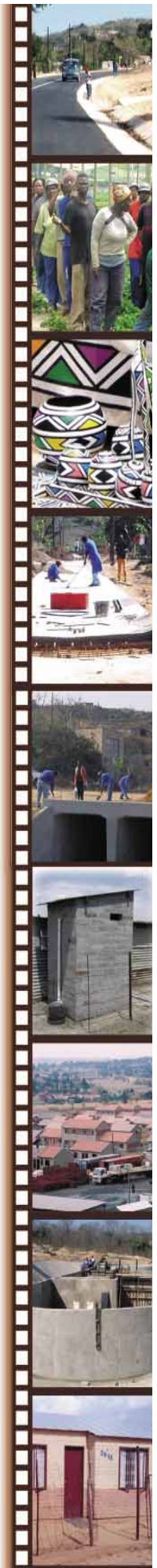
STATEMENT OF CHANGES IN NET ASSETS  
for the year ended 31 March 2006

	Note	2005/06 R'000	2004/05 R'000
<b>Recoverable revenue</b>			
Opening balance		442	59
Transfers		(347)	383
Debits written off	6.2	(442)	-
Debits revised	12.5	95	-
Debits raised			442
Prior year adjustment			-59
Closing balance		95	442
TOTAL		95	442
<b>TOTAL</b>		<b>95</b>	<b>442</b>

**DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING**  
**Vote 4**

**CASH FLOW STATEMENT**  
**for the year ended 31 March 2006**

	Note	2005/06 R'000	2004/05 R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts		632,101	553,520
Annual appropriated funds received	1.1	614,084	550,783
Statutory appropriated funds received		737	611
Appropriation for unauthorised expenditure received	9	15,239	-
Departmental revenue received		2,041	2,126
Net (increase)/decrease in working capital		22,674	(5,561)
Surrendered to Revenue Fund		(35,734)	(40,213)
Current payments		(136,173)	(105,582)
Transfers and subsidies paid		(299,922)	(378,555)
<b>Net cash flow available from operating activities</b>	<b>16</b>	<b>182,946</b>	<b>23,609</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for capital assets		(49,316)	(34,343)
Proceeds from sale of capital assets	3	295	489
<b>Net cash flows from investing activities</b>		<b>(49,021)</b>	<b>(33,854)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase/(decrease) in loans received		(347)	383
<b>Net cash flows from financing activities</b>		<b>(347)</b>	<b>383</b>
Net increase/(decrease) in cash and cash equivalents		133,578	(9,862)
Cash and cash equivalents at the beginning of the period		23,962	33,824
<b>Cash and cash equivalents at end of period</b>	<b>17</b>	<b>157,540</b>	<b>23,962</b>



DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING  
Vote 4

NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2006

## 1. Annual Appropriation

### 1.1 Annual Appropriation

Included are funds appropriated in terms of the Appropriation Act for Voted funds of Provincial Departments : \*\*

	Final Appropriation	Actual Funds Received	Funds not requested/ not received	Appropriation received 2004/05
	R'000	R'000	R'000	R'000
Administration	57,158	57,158	-	58,614
Local Govt	146,083	146,083	-	121,749
Housing	410,843	410,843	-	370,420
<b>Total</b>	<b>614,084</b>	<b>614,084</b>	<b>-</b>	<b>550,783</b>

Provide explanation of material variances including whether or not application will be made for a rollover.

	Note	2005/06	2004/05
<b>1.2 Conditional Grants</b>			
Total grants received	<i>Annex 1A</i>	332,675	326,876
** It should be noted that the Conditional grants are included in the amounts per the Total Appropriation in Note			

## 2. Statutory Appropriation

	2005/06	2004/05
Member of executive committee	737	611
	<u>737</u>	<u>611</u>

## 3. Departmental revenue to be surrendered to revenue fund Description

	Note	2005/06	2004/05
Sales of goods and services other than capital assets	3.1	103	80
Interest, dividends and rent on land	3.2	1,541	1,983
Sales of capital assets	3.3	295	489
Financial transactions in assets and liabilities	3.4	397	63
<b>Departmental revenue collected</b>		<b>2,336</b>	<b>2,615</b>

**DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING**  
**Vote 4**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2006**

**3.1 Sales of goods and services other than capital assets**

	<b>2005/06</b>	<b>2004/05</b>
Sales of goods and services produced by the department	103	80
Other sales	103	80
Sales of scrap, waste and other used current goods	-	-
<b>Total</b>	<b>103</b>	<b>80</b>

**3.2 Interest, dividends and rent on land**

	<b>2005/06</b>	<b>2004/05</b>
Interest	1,541	1,983
<b>Total</b>	<b>1,541</b>	<b>1,983</b>

**3.3 Sale of capital assets**

	<b>2005/06</b>	<b>2004/05</b>
Other capital assets	295	489
<b>Total</b>	<b>295</b>	<b>489</b>

**3.4 Financial transactions in assets and liabilities**

Nature of loss recovered

	<b>2005/06</b>	<b>2004/05</b>
Other Receipts including Recoverable Revenue	397	63
<b>Total</b>	<b>397</b>	<b>63</b>

**4. Compensation of employees**

	<b>2005/06</b>	<b>2004/05</b>
	<b>R'000</b>	<b>R'000</b>
<b>4.1 Salaries and Wages</b>		
Basic salary	47,508	43,592
Performance award	2,454	376
Service Based	49	231
Compensative/circumstantial	2,026	475
Periodic payments	-	54
Other non-pensionable allowances	16,117	15,168
	<b>68,154</b>	<b>59,896</b>

**4.2 Social contributions**

**4.2.1 Employer contributions**

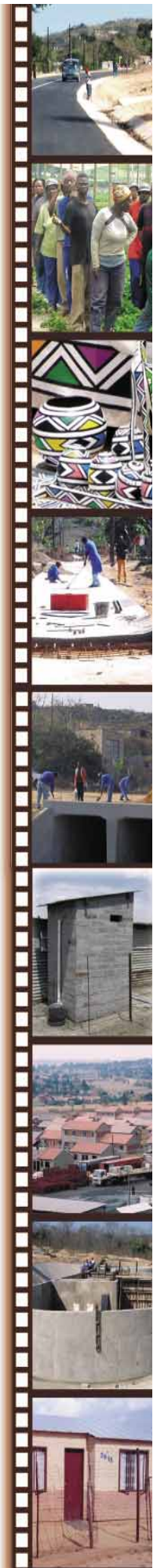
Pension	6,055	6,533
Medical	3,544	3,576
Bargaining council	13	18
Insurance	6	6
	<b>9,618</b>	<b>10,133</b>

**Total compensation of employees**

<b>77,772</b>	<b>70,029</b>
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Average number of employees

<b>448</b>	<b>434</b>
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DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING  
Vote 4

NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2006

**5. Goods and services**

	Note	2005/06 R'000	2004/05 R'000
Advertising		1,813	271
Attendance fees (including registration fees)		31	-
Bank charges and card fees		25	96
Bore waterhole drilling		402	-
Bursaries (employees)		412	266
Cash discount		-	-
Communication		5,039	4,018
Computer services		432	481
Commission		-	-
Consultants, contractors and special services		13,707	3,953
Drivers' licences and permits		11	-
Entertainment		1,801	158
External audit fees	5.1	4,734	3,168
Equipment less than R5000		30	378
Government motor transport		31	-
Inventory	5.2	2,895	2,562
Learnerships		115	36
Legal fees		1,396	2,347
Maintenance, repairs and running cost		393	171
Operating leases		1,899	2,254
Plant flowers and other decorations		4	4
Printing and publications		-	5
Professional bodies and membership fees		9	1,703
Resettlement cost		61	46
Owned leasehold property expenditure		2,809	1,480
Translations and transcriptions		37	-
Travel and subsistence	5.3	16,776	10,707
Venues and facilities		1,208	78
Protective, special clothing & uniforms		21	38
Training & staff development		2,147	1,651
		<b>58,238</b>	<b>35,871</b>

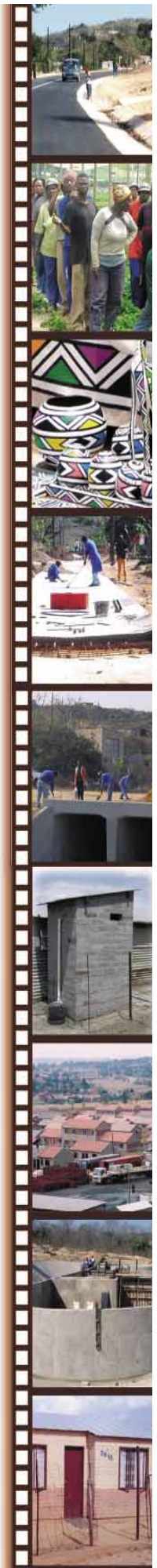
**5.1 External audit fees**

	2005/06 R'000	2004/05 R'000
Regulatory audits	1,573	2,947
Performance audits	-	221
Other audits	3,161	-
<b>Total external audit fees</b>	<b>4,734</b>	<b>3,168</b>

**DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING**  
**Vote 4**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2006**

	Note	2005/06 R'000	2004/05 R'000
<b>5.2 Inventory</b>			
Domestic consumables		100	240
Learning and teaching support material		-	98
Food and Food supplies		690	267
Fuel, oil and gas		-	92
Parts and other maintenance material		85	70
Stationery and printing		2,020	1,793
Medical supplies		2	2
		<u><b>2,895</b></u>	<u><b>2,562</b></u>
<b>5.3 Travel and Subsistence</b>			
Local		16,605	10,544
Foreign		171	163
<b>Total travel and subsistence</b>		<u><b>16,776</b></u>	<u><b>10,707</b></u>
<b>6. Financial transactions in assets and liabilities</b>			
		2005/06 R'000	2004/05 R'00
Debts written off		163	-
		<u><b>163</b></u>	<u><b>-</b></u>
<b>6.1 Debts written off</b>			
Nature of debts written off			
Other entities		125	-
Staff debtors		24	-
Other debtors		14	-
		<u><b>163</b></u>	<u><b>-</b></u>
<b>6.2 Recoverable revenue debts written off</b>			
Other entities		(442)	-
		<u><b>(442)</b></u>	<u><b>-</b></u>



DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING  
Vote 4

NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2006

7. Transfers and subsidies

	Note	2005/06 R'000	2004/05 R'000
Provinces and municipalities	<i>Annex 1B&amp;1C</i>	7,290	25,576
Public corporations and private enterprises	<i>Annex 1D</i>	16,000	16,000
Non-profit institutions	<i>Annex 1E</i>	14,063	31,985
Households	<i>Annex 1F</i>	262,569	304,994
		<b>299,922</b>	<b>378,555</b>

8. Expenditure for capital assets

		2005/06 R'000	2004/05 R'000
Buildings and other fixed structures	<i>Annex 4</i>	43,857	31,372
Machinery and equipment	<i>Annex 4</i>	5,440	2,966
Software and other intangible assets	<i>Annex 5</i>	19	5
<b>Total</b>		<b>49,316</b>	<b>34,343</b>

9. Unauthorised expenditure

		2005/06 R'000	2004/05 R'000
9.1. Reconciliation of unauthorised expenditure			
Opening balance		23,096	23,096
Unauthorised expenditure – current year		-	-
Amounts approved by Parliament/Legislature (with funding)		(15,239)	-
Current expenditure		(15,239)	-
Unauthorised expenditure awaiting authorisation		<b>7,857</b>	<b>23,096</b>

**DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING**  
**Vote 4**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2006**

**10. Fruitless and wasteful expenditure**

	2005/06 R'000	2004/05 R'000
10.1 Reconciliation of fruitless and wasteful expenditure		
Opening balance	579	261
Fruitless and wasteful expenditure – current year	-	318
Current	-	318
Capital	-	-
Transfer to receivables for recovery (not condoned)	(167)	-
Fruitless and wasteful expenditure awaiting condonement	412	579

**Analysis of current fruitless and wasteful and wasteful Incident and Disciplinary steps taken/criminal proceedings**

Fraudulent payment of salary arrears and bonuses. Disciplinary hearings were held and criminal case was opened with the SAPS.

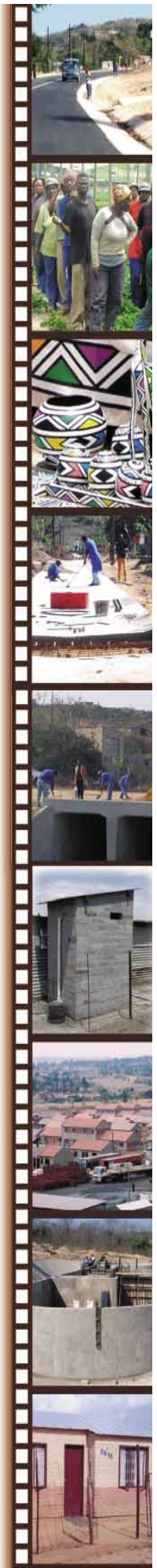
<b>412</b>	<b>-</b>
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**11. Cash and cash equivalents**

Consolidated Paymaster General Account	157,540	23,962
	<b>157,540</b>	<b>23,962</b>

**12. Receivables**

					2005/06 R'000	2004/05 R'000
		Less than one year	One to three years	Older than three years	Total	Total
Households and non profit institutions	12.1	4	-	-	4	123
Private enterprises	12.2	3	-	-	3	-
Staff debt	12.3	183	51	-	234	321
Other Debtors	12.4	157	25	10	192	22
Claims recoverable	Annex 6	546	-	-	546	-
		<b>893</b>	<b>76</b>	<b>10</b>	<b>979</b>	<b>466</b>



**DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING**  
Vote 4

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2006

	2005/06 R'000	2004/05 R'000
<b>12.1 Households and non-profit institutions</b>		
(Group major categories, but list material items)		
Inter-Governmental Receivables	-	123
Road and Transport	4	-
<b>Total</b>	<u>4</u>	<u>123</u>
<b>12.2 Private enterprises</b>	<u>3</u>	<u>-</u>
Rsc Levies	1	-
Medical Aid	2	-
<b>12.3 Staff Debt</b>		
Staff debtors	<u>234</u>	<u>321</u>
	<u>234</u>	<u>321</u>
<b>12.4 Other debtors</b>		
Africon	-	2
MHFCo.	-	2
Public Serve Medical Aid	-	4
Other debtors	192	-
	<u>192</u>	<u>8</u>
<b>12.5 Debts revised</b>		
Recoverable Revenue	<u>95</u>	<u>-</u>
	<u><b>95</b></u>	<u><b>-</b></u>
	<b>2005/06</b>	<b>2004/05</b>
	<b>R'000</b>	<b>R'000</b>
<b>13. Voted funds to be surrendered to the Revenue Fund</b>		
Opening balance	32,915	38,042
Transfer from Statement of Financial Performance	129,410	32,914
Paid during the year	<u>(32,915)</u>	<u>(38,041)</u>
Closing balance	<u><b>129,410</b></u>	<u><b>32,915</b></u>
<b>14. Departmental revenue to be surrendered to the Revenue Fund</b>		
Opening balance	573	130
Transfer from Statement of Financial Performance	2,336	2,615
Paid during the year	<u>(2,819)</u>	<u>(2,172)</u>
Closing balance	<u><b>90</b></u>	<u><b>573</b></u>

**DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING**  
**Vote 4**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
**for the year ended 31 March 2006**

**15. Payables – current**

Description	Notes	<30 Days	>30+ Days	2005/06 Total	2004/05 Total
Other payables	15.1	37,193		37,193	14,173
<b>Total</b>		<b>37,193</b>	<b>-</b>	<b>37,193</b>	<b>14,173</b>

**15.1 Other payables**

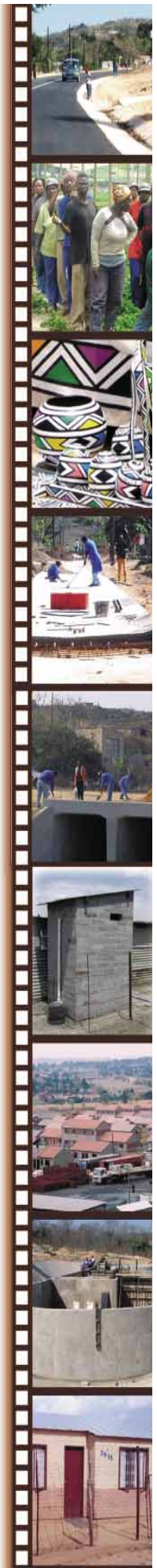
	2005/06 R'000	2004/05 R'000
RSC Levies	1	-
Medical Aid	2	-
Norwegian Fund	1	4
Seta (CDW's)	2	424
DBSA, EU, Other	-	13,745
Exchequer Account	37,187	
	<b>37,193</b>	<b>14,173</b>

**16. Net cash flow available from operating activities**

	2005/06 R'000	2004/05 R'000
Net surplus as per Statement of Financial Performance	131,746	35,529
(Increase)/decrease in receivables – current	(513)	87
(Increase)/decrease in other current assets	15,406	(579)
Increase/(decrease) in payables – current	23,020	(5,069)
Decrease in current liabilities	-	(4,301)
Proceeds from sale of capital assets	(295)	-
Surrenders to Revenue Fund	(35,734)	(40,213)
Expenditure on capital assets	49,316	34,343
Other non-cash items	-	3,812
<b>Net cash flow generated by operating activities</b>	<b>182,946</b>	<b>23,609</b>

**17. Reconciliation of cash and cash equivalents for cash flow purposes**

	2005/06	2004/05
Consolidated Paymaster General account	157,540	23,962
	<b>157,540</b>	<b>23,962</b>



DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING  
Vote 4

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2006

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

	Note	2005/06 R'000	2004/05 R'000
<b>18. Contingent liabilities</b>			
<b>Liable to</b>	<b>Nature</b>		
Motor vehicle guarantees	Employees	Annex 3A 61	61
Housing loan guarantees	Employees	Annex 3A 2,510	2,411
Claims against the department		Annex 3B 594	2,709
Capped leave commitment		Annex 3B -	9,866
		<b>3,165</b>	<b>15,047</b>
<b>19. Commitments</b>			
<b>Current expenditure</b>			
Approved and contracted		2,741	2,252
		2741	2,252
Capital expenditure			
Approved and contracted		688	29,484
		688	29,484
<b>Total Commitments</b>		<b>3,429</b>	<b>31,736</b>
<b>20. Accruals</b>			
<b>Listed by economic classification</b>			
	<b>30+ Days</b>	<b>30 Days</b>	<b>2005/06 R'000</b>
			<b>2004/05 R'000</b>
			<b>Total</b>
Goods and services		792	792
Transfers and subsidies		5,582	5,582
Machinery and equipment		90	90
		<b>6,464</b>	<b>6,464</b>
			<b>356</b>
<b>Listed by programme level</b>			
Administration		835	356
Local Government		47	-
Housing		5,582	-
		<b>6,464</b>	<b>356</b>
<b>21. Employee benefits</b>			
		<b>2005/06 R'000</b>	<b>2004/05 R'000</b>
Leave entitlement		-	231
Thirteenth cheque		2,455	3,496
Performance awards		2,042	376
Capped leave commitments		9,852	-
		<b>14,349</b>	<b>4,103</b>

**DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING**  
Vote 4

**DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS**  
for the year ended 31 March 2006

**22. Lease Commitments**

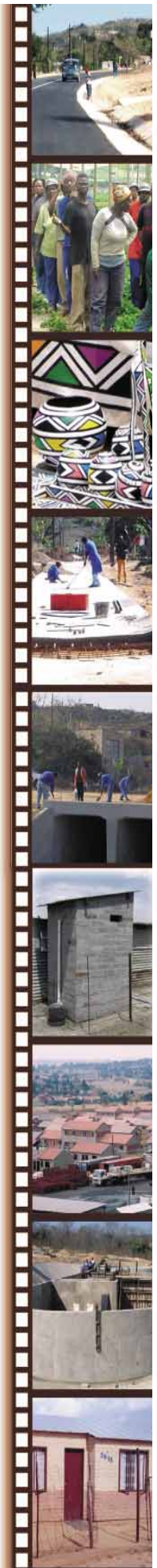
Operating leases	Land R'000	Buildings and other fixed structures R'000	Machinery and equipment R'000	2005/06 Total R'000	2004/05 Total R'000
Not later than 1 year			128	128	630
Later than 1 year and not later than 5 years			985	985	1,669
Later than five years					
<b>Total present value of lease liabilities</b>			<b>1,113</b>	<b>1,113</b>	<b>2,299</b>

**23. Receivables for departmental revenue**

Sales of goods and services other than capital assets	103	-
Interest, dividends and rent on land	1,542	-
Sales of capital assets	295	-
	<b>2,337</b>	<b>-</b>

**24. Key management personnel**

	No. of Individuals		
Political office bearers (provide detail below)	1	451	-
Officials			
Level 15 to 16	1	687	-
Level 14	3	1,675	-
		<b>2,813</b>	<b>-</b>



DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING  
Vote 4

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2006

ANNEXURE 1A  
STATEMENT OF CONDITIONAL GRANTS RECEIVED

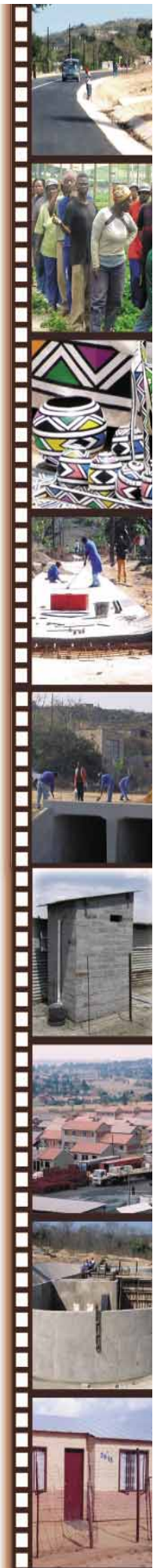
LOCAL GOVERNMENT AND HOUSING	GRANT ALLOCATION					SPENT			2004/05	
	Division of Revenue Act/ Provincial Grants	Roll Overs	DORA Adjustments	Other Adjustments	Total Available	Amount received by department	Amount spent by department	% of available funds spent by department	Division of Revenue Act	Amount spent by department
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Housing Fund	321,123	17	-	-	321,140	361,153	262,071	81.6%	290,000	304,994
Human settlement	-	9,123	-	-	9,123	9,123	7,108	77.9%	6,765	4,764
MIG	-	2,158	-	-	2,158	2,158	1,794	83.1%	3,424	1,266
Municipal Support Programme	-	254	-	-	254	254	254	100.0%	25,830	25,576
Disaster Fund	-	-	-	-	-	-	-	0.0%	857	857
	<b>321,123</b>	<b>11,552</b>	<b>-</b>	<b>-</b>	<b>332,675</b>	<b>372,688</b>	<b>271,227</b>	<b>-</b>	<b>326,876</b>	<b>337,457</b>

DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING  
Vote 4

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2006

**ANNEXURE 1B**  
**STATEMENT OF UNCONDITIONAL GRANTS AND TRANSFERS TO MUNICIPALITIES**

NAME OF PROVINCE/GRANT	GRANT ALLOCATION				TRANSFER		SPENT			Total Available
	Amount	Roll Over	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Amount received by municipalities	Amount spent by municipalities	% of available funds spent by municipalities	
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	
Provincial and Local Governments	7,439	-	-	7,439	7,290	98.0%	-	-	0.0%	-
	7,439	-	-	7,439	7,290	-	-	-	-	-



DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING  
Vote 4

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2006

ANNEXURE 1C  
STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES

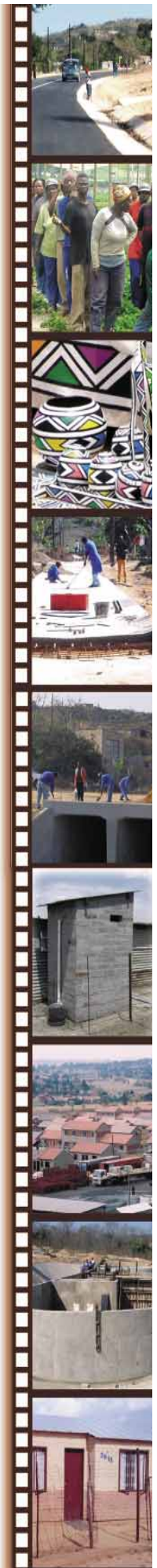
NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		SPENT			Division of Revenue Act
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Amount received by municipality	Amount pent by municipality	% of available funds spent by municipality	
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	
Albert Luthuli	-	-	-	-	-	0.0%	-	-	0.0%	1,200
Delmas	-	-	-	-	-	0.0%	-	-	0.0%	700
Dipaliseng	-	-	-	-	-	0.0%	-	-	0.0%	1,623
Dr JS Moroka	-	-	-	-	-	0.0%	-	-	0.0%	1,500
Ehlanzeni	-	-	-	-	-	0.0%	-	-	0.0%	850
Emalahleni	-	-	-	-	-	0.0%	-	-	0.0%	700
Gert Sibande	-	-	-	-	-	0.0%	-	-	0.0%	576
Govan Mbeki	-	-	-	-	-	0.0%	-	-	0.0%	1,290
Highlands	-	-	-	-	-	0.0%	-	-	0.0%	1,000
Lekwa	-	-	-	-	-	0.0%	-	-	0.0%	1,638
Mbombela	-	-	-	-	-	0.0%	-	-	0.0%	966
Mkhondo	-	-	-	-	-	0.0%	-	-	0.0%	800
Msukalikwa	-	-	-	-	-	0.0%	-	-	0.0%	1,450
Nkangala	-	-	-	-	-	0.0%	-	-	0.0%	576
Nkomazi	-	-	-	-	-	0.0%	-	-	0.0%	1,300
Seme	-	-	-	-	-	0.0%	-	-	0.0%	1,300
Steve Tshwete	-	-	-	-	-	0.0%	-	-	0.0%	800
Thaba Chweu	-	-	-	-	-	0.0%	-	-	0.0%	1,400
Thembisile	-	-	-	-	-	0.0%	-	-	0.0%	1,300

DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING  
Vote 4

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2006

ANNEXURE 1C (CONTINUES)  
STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		SPENT			Division of Revenue Act
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by	
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	
Umjindi	-	-	-	-	-	0.0%	-	-	0.0%	1,207
Sekhukhune	-	-	-	-	-	0.0%	-	-	0.0%	800
Greater Tubatse	-	-	-	-	-	0.0%	-	-	0.0%	1,100
Greater Groblersdal	-	-	-	-	-	0.0%	-	-	0.0%	500
Greater Marble Hall	-	-	-	-	-	0.0%	-	-	0.0%	1,000
	-	-	-	-	-	-	-	-	-	<b>25,576</b>



DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING  
Vote 4

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2006

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

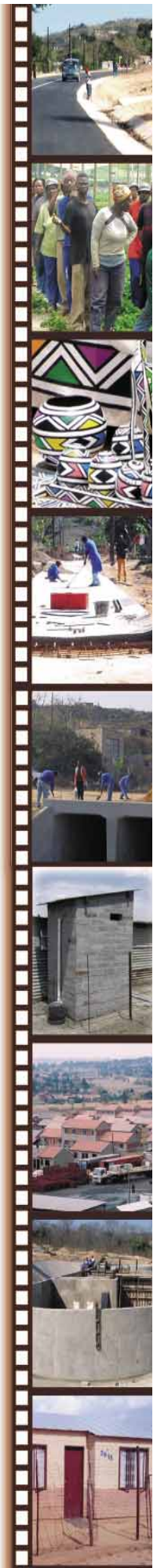
NAME OF PUBLIC CORPORATION/ PRIVATE ENTERPRISE	TRANSFER ALLOCATION				EXPENDITURE				2004/05
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Capital	Current	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Public Corporations									
MHFCo	16,000	-	-	16,000	16,000	100.0%	-	-	16,000
<b>Total</b>	<b>16,000</b>	<b>-</b>	<b>-</b>	<b>16,000</b>	<b>16,000</b>	<b>100.0%</b>	<b>-</b>	<b>-</b>	<b>16,000</b>

DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING  
Vote 4

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2006

ANNEXURE 1E  
STATEMENT OF TRANSFERS TO NON-PROFIT ORGANISATIONS

NON-PROFIT ORGANISATIONS	TRANSFER ALLOCATION				EXPENDITURE		
	Adjusted Appropriation Act	Roll overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers Non-profit institutions	16,213	9,123	-	25,336	14,063	55.5%	31,985
<b>Total</b>	<b>16,213</b>	<b>9,123</b>	<b>-</b>	<b>25,336</b>	<b>14,063</b>	<b>55.5%</b>	<b>31,985</b>



DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING  
Vote 4

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2006

ANNEXURE 1F  
STATEMENT OF TRANSFERS TO HOUSEHOLDS

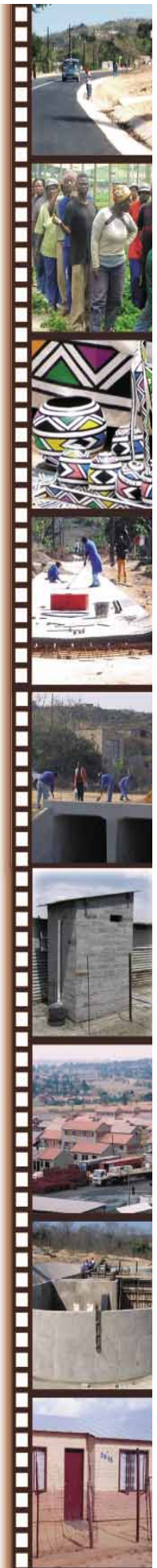
HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2004/05
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Housing Fund	321,123	17	33,254	387,986	262,071	68%	304,994
H/H Empl Social Benefit	-	-	-	-	498	-100%	-
<b>Total</b>	<b>321,123</b>	<b>17</b>	<b>33,254</b>	<b>387,986</b>	<b>262,569</b>	<b>68.2%</b>	<b>304,994</b>

DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING  
Vote 4

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2006

**ANNEXURE 3A**  
**STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2006 - LOCAL**

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2005	Guarantees issued during the year	Guarantees released/ paid/ cancelled/ reduced during the	Guaranteed interest for year ended 31 March 2006	Closing balance 31 March 2006	Realised losses not recoverable
		R'000	R'000	R'000	R'000	R'000	R'000	R'000
People bank LTD	Motor vehicles	-	61	-	-	-	61	-
Nedbank		-	61	-	-	-	61	-
	Sub-total	-	61	-	-	-	61	-
Standard Bank	Housing	-	283	61	77	-	267	-
Nedbank Ltd	Housing	-	103	-	28	-	75	-
Firststrand bank	Housing	-	362	61	-	-	423	-
Absa	Housing	-	306	100	-	-	406	-
Peoples Bank LTD (FBS)		-	224	-	-	-	224	-
Peoples Bank Limited		-	217	-	-	-	217	-
Incorporating First Rand		-	139	-	26	-	113	-
Bank LTD(FNB-FORME)		-	311	-	-	-	311	-
Old Mutual bank		-	56	-	-	-	56	-
Nedcor LTD		-	410	115	107	-	418	-
Mpumalanga Housing Finance Company		-	-	-	-	-	-	-
	<b>Total</b>	-	<b>2,472</b>	<b>337</b>	<b>238</b>	-	<b>2,571</b>	-



DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING  
Vote 4

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2006

**ANNEXURE 3B**  
**STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2006**

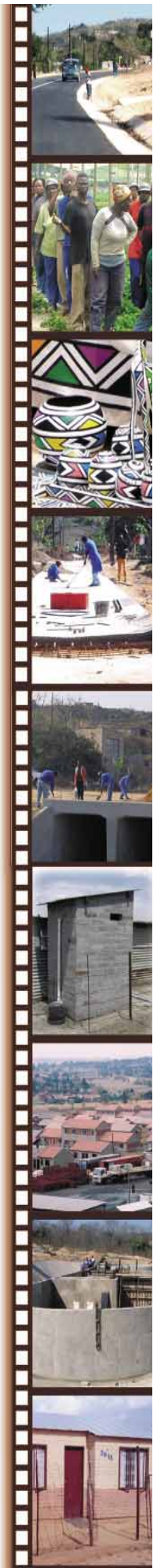
Nature of Liability	Opening Balance	Liabilities incurred during the year	Liabilities paid/ cancelled/ reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing Balance
	01/04/2005				31/03/2006
	R'000	R'000	R'000	R'000	R'000
<b>Claims against the department</b>					
Unpaid Claims	-	594	-	-	594
<b>Total</b>	-	<b>594</b>	-	-	<b>594</b>

DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING  
Vote 4

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2006

**ANNEXURE 4  
CAPITAL TANGIBLE ASSET MOVEMENT SCHEDULE FOR THE YEAR ENDED 31  
MARCH 2006**

	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
<b>BUILDING AND OTHER FIXED STRUCTURES</b>	31,372	43,857	-	75,229
Other fixed structures	31,372	43,857	-	75,229
<b>MACHINERY AND EQUIPMENT</b>	2,966	5,440	-	8,406
Transport assets	2,688	-	-	2,688
Computer equipment	222	-	-	222
Furniture and office equipment	56	5,440	-	5,496
<b>TOTAL CAPITAL ASSETS</b>	<b>34,338</b>	<b>49,297</b>		<b>83,635</b>



DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING  
Vote 4

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2006

ANNEXURE 4.1

ADDITIONS MOVEMENT SCHEDULE FOR THE YEAR ENDED 31 MARCH 2006

	Cash	In-Kind	Total
	R'000	R'000	R'000
<b>BUILDING AND OTHER FIXED STRUCTURES</b>	43,857		43,857
Dwellings			-
Non-residential buildings			-
Other fixed structures	43,857		43,857
Heritage assets			-
<b>MACHINERY AND EQUIPMENT</b>	5,440		5,440
Transport assets			-
Specialised military assets			-
Computer equipment			-
Furniture and office equipment	5,440		5,440
<b>TOTAL CAPITAL ASSETS</b>	<b>49,297</b>		<b>49,297</b>

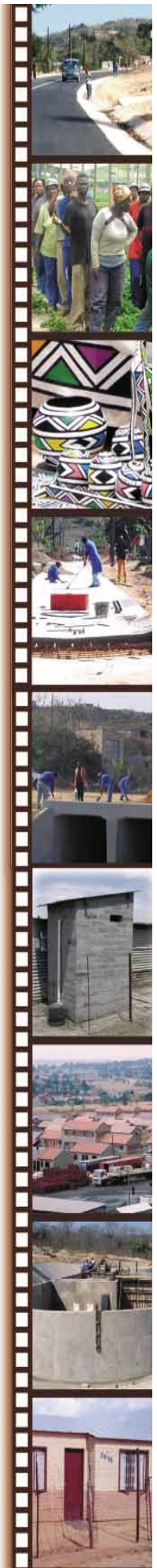
DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING  
Vote 4

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2006

ANNEXURE 4.2

DISPOSALS MOVEMENT SCHEDULE FOR THE YEAR ENDED 31 MARCH 2006

	Carrying Amount	Cash	Profit/(loss) on Disposal
	R'000	R'000	R'000
<b>BUILDING AND OTHER FIXED STRUCTURES</b>			
Dwellings			
Non-residential buildings			
Other fixed structures			
Heritage assets			
<b>MACHINERY AND EQUIPMENT</b>		295	295
Transport assets		295	295
Specialised military assets			
Computer equipment			
Furniture and office equipment			
Other machinery and equipment			
<b>LAND AND SUBSOIL ASSETS</b>			
<b>INVESTMENT PROPERTY</b>			
<b>CULTIVATED ASSETS</b>			
<b>TOTAL CAPITAL ASSETS</b>		<b>295</b>	<b>295</b>



DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING  
Vote 4

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2006

ANNEXURE 4.3

CAPITAL TANGIBLE ASSET MOVEMENT SCHEDULE FOR THE YEAR ENDED 31 MARCH 2005

	Additions	Disposals	Total Movement
	R'000	R'000	R'000
<b>BUILDING AND OTHER FIXED STRUCTURES</b>	31,372		31,372
Other fixed structures	31,372	-	31,372
<b>MACHINERY AND EQUIPMENT</b>	2,966	489	2,477
Transport assets	2,688	489	2,199
Computer equipment	222	-	222
Furniture and office equipment	56	-	56
<b>TOTAL CAPITAL ASSETS</b>	<b>34,338</b>	<b>489</b>	<b>33,849</b>

DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING  
Vote 4

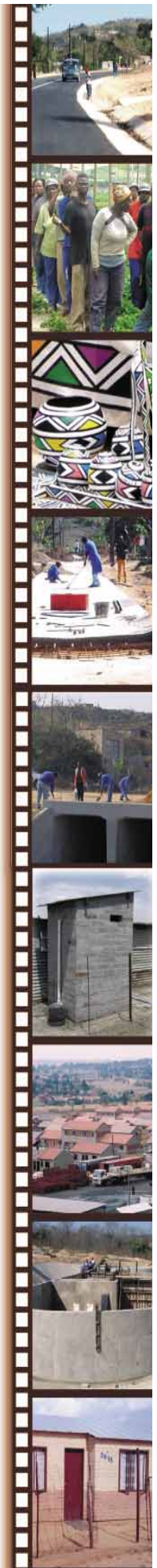
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2006

**ANNEXURE 5  
SOFTWARE AND OTHER INTANGIBLE ASSETS MOVEMENT SCHEDULE AS AT 31  
March 2006**

	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
Patents, Copyrights, Brand Names & Trademarks		-	-	-
Computer Software	5	19	-	24
Masterheads & Publishing Titles		-	-	-
Recipes, Formulas, Prototypes, Designs & Models		-	-	-
<b>TOTAL</b>	<b>5</b>	<b>19</b>	<b>-</b>	<b>24</b>

**ANNEXURE 5.1  
ADDITIONS MOVEMENT SCHEDULE FOR THE YEAR  
ENDED 31 MARCH 2006**

	Cash	In-Kind	Total
	R'000	R'000	R'000
Patents, Copyrights, Brand Names & Trademarks			-
Computer Software	19		19
Masterheads & Publishing Titles	-	-	-
Recipes, Formulas, Prototypes, Designs & Models	-	-	-
<b>TOTAL</b>	<b>19</b>	<b>-</b>	<b>19</b>



DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING  
Vote 4

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2006

ANNEXURE 5.3

CAPITAL INTANGIBLE ASSET MOVEMENT SCHEDULE FOR THE YEAR ENDED 31 MARCH 2005

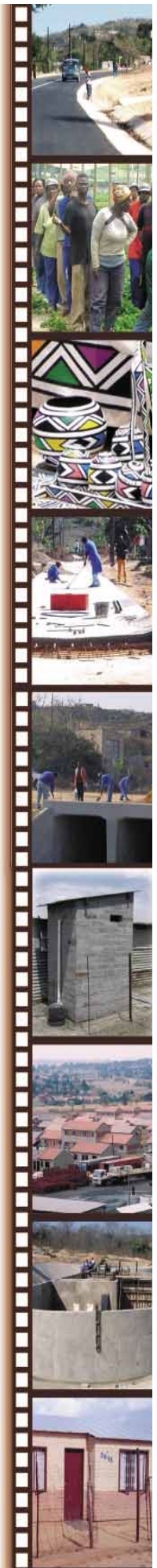
	Additions	Disposals	Total Movement
	R'000	R'000	R'000
<b>BUILDING AND OTHER FIXED STRUCTURES</b>			
Patents, Copyrights, Brand Names & Trademarks			-
Computer Software	5		5
Masterheads & Publishing Titles			-
Recipes, Formulas, Prototypes, Designs & Models			-
<b>TOTAL</b>	<b>5</b>		<b>5</b>

DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING  
Vote 4

ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2006

ANNEXURE 6  
INTER-GOVERNMENT RECEIVABLES

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2006	31/03/2005	31/03/2006	31/03/2005	31/03/2006	31/03/2005
	R'000	R'000	R'000	R'000	R'000	R'000
<b>Department</b>						
Dept of Local government, Traffic Control and Traffic Safety DPLG	- - - 546	- - 123 -	- - - -	- - - -	- - - -	- - 123 -
<b>TOTAL</b>	<b>546</b>	<b>123</b>	<b>-</b>	<b>-</b>	<b>546</b>	<b>123</b>



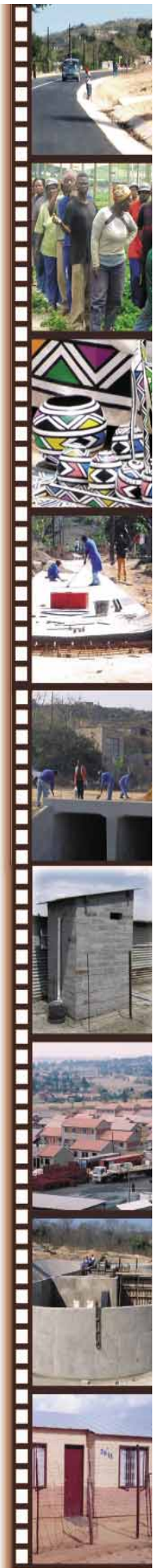


# 6. Mpumalanga Housing Fund

## Contents

REPORT OF THE AUDITORS	81
ADMINISTRATIVE INFORMATION	84
APPROVAL OF FINANCIAL STATEMENTS	85
BALANCE SHEET	86
INCOME STATEMENT	87
STATEMENT OF CHANGES IN EQUITY	88
CASH FLOW STATEMENT	89
NOTES TO THE FINANCIAL STATEMENTS	90-93
DETAILED INCOME STATEMENTS	94

Report of the  
Auditor - General  
to the  
Mpumalanga Provincial  
Legislature  
on the  
Financial Statements  
Mpumalanga  
Housing Fund  
for the year ended  
31 March 2006





**REPORT OF THE AUDITOR-GENERAL TO THE MPUMALANGA PROVINCIAL LEGISLATURE ON THE  
FINANCIAL STATEMENTS OF MPUMALANGA HOUSING DEVELOPMENT FUND FOR THE YEAR ENDED  
31 MARCH 2006**

**1. AUDIT ASSIGNMENT**

The financial statements as set out on pages 86 to 94, 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). These financial statements are the responsibility of the accounting officer. 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. AUDIT OPINION**

In my opinion, the financial statements present fairly, in all material respects, the financial position of Mpumalanga Housing Development Fund at 31 March 2006 and the results of its operations and its cash flows for the year then ended, in accordance with prescribed accounting practice.

**4. EMPHASIS OF MATTER**

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

**4.1 Non-compliance with laws and regulations**

**4.1.1 Closure of the fund's bank account**

Section 16(3) of the Mpumalanga Housing Act, 1998 (Act No. 15 of 1998) requires the Mpumalanga Housing Development Fund to have a separate bank account. During the current financial year the fund ceased utilising its account and processed all transactions through the bank account of the Department of Local Government and Housing (department). Accordingly the fund did not comply with the act in this regard. An amount of R92 336 355 shown in the balance sheet as cash and cash equivalents should have been classified as a "loan account" with the department.

**4.1.2 Submission of audit report**

There was a delay in the submission of the audit report due to the analysis of some crucial information that would influence the audit opinion as well as internal processes that had to be followed before releasing the audit report. This delay was necessary to enable me to express an appropriate audit opinion. The completion of the audit process and the submission of the audit report to the department were therefore delayed beyond 31 July 2006, as required by section 40(1)(c) of the PFMA.

**4.2 Going concern: dissolution of the fund**

A decision was taken by the National Treasury and the national Department of Housing to abolish the South African Housing Fund as well as the provincial housing funds in terms of national and provincial housing legislation. On 15 August 2003 the decision was endorsed by the Housing: MINMEC by approving the dissolution of the South

African Housing Fund as well as the provincial housing development funds. The fund will therefore not continue to exist in the future.

#### 4.3 Mpumalanga Job Summit Project

The department entered into an agreement with the National Housing Finance Corporation Limited (NHFC) in terms of which both the department and the NHFC would finance the construction of 5 000 units as part of the Job Summit Project. According to the original contract, the department would have to contribute R80 000 000 and the NHFC would have to contribute at least R220 000 000 towards the project. The success of the project is largely dependent on both parties being able to raise the required funds for the completion of the 5 000 units. During the year under review, approximately 1 131 units had already been completed and funded solely by the department, whereas the NHFC had not yet fulfilled its obligation to contribute towards the project in terms of the contract.

#### 5. APPRECIATION

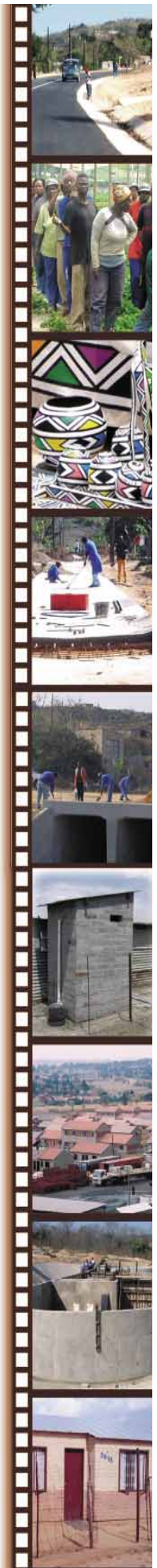
The assistance rendered by the staff of the department during the audit is sincerely appreciated.



**B M M Madliwa for Auditor-General**  
**Nelspruit**  
**04 August 2006**



AUDITOR - GENERAL





**MPUMALANGA HOUSING FUND  
ADMINISTRATIVE INFORMATION**

**ADMINISTRATIVE INFORMATION**

<b>Registered Office</b>	<b>Building 6 Riverside Government Complex Nelspruit Mpumalanga 1200</b>
<b>Postal Address</b>	<b>Private Bag X11304 Nelspruit 1200</b>
<b>Accounting Officer</b>	<b>Ms G N Sibeko</b>
<b>Auditors</b>	<b>Auditor General</b>

## MPUMALANGA HOUSING FUND

### APPROVAL OF THE FINANCIAL STATEMENTS

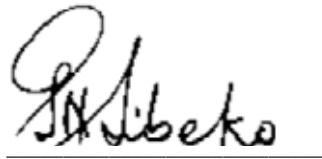
The financial statements of the Mpumalanga Housing Fund and all other information presented in this report are the responsibility of the Accounting Officer. The Accounting Officer discharges this responsibility primarily by ensuring the establishment and maintenance of accounting systems and practices adequately supported by internal accounting controls. These controls, which are implemented and executed by the Fund, provide assurance that the Fund's assets are reasonably safeguarded, that transactions are properly authorized and executed and that the financial records are reliable. These financial statements have been prepared in accordance with generally accepted accounting practice, as applicable to the Housing Act and the Housing Code.

The financial statements as set out on pages 86 to 94 were approved by the Deputy Director General of the Department of Local Government & Housing and the Chief Financial Officer designate and were certified by them to the best of their knowledge to be true and fair.



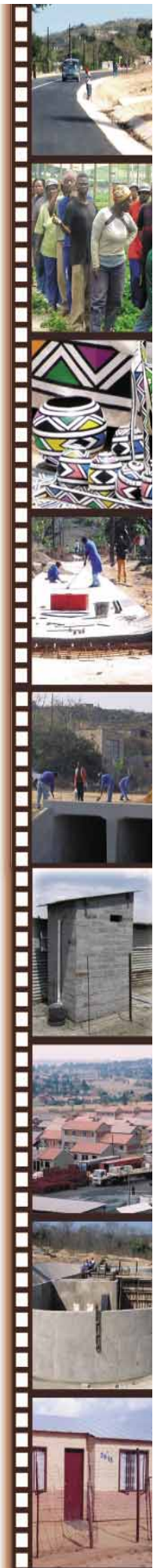
Mr C.T. Dlamini  
Chief Financial Officer

27 July 2006



Ms G.N. Sibeko  
Deputy Director General

27 July 2006





**MPUMALANGA HOUSING FUND**  
**BALANCE SHEET as**  
**at 31 MARCH 2006**

Annual Report 2005/2006

	<u>Notes</u>	<u>2006</u> <u>R</u>	<u>2005</u> <u>R</u>
<b>ASSETS</b>			
<b>Non current assets</b>		373,000	716,156
Property	2	373,000	716,156
<b>Current assets</b>		100,889,125	11,158,776
Trade and other receivables	3	8,552,770	10,847,557
Cash and cash equivalents	4	92,336,355	311,219
<b>Total assets</b>		<b>101,262,125</b>	<b>11,874,932</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Capital and reserves</b>		94,650,539	(17,690,260)
Treasury reserves	5	373,000	716,156
Accumulated funds		94,277,539	(18,406,416)
<b>Current liabilities</b>		6,611,586	29,565,192
Trade and other payables	6	6,611,586	29,565,192
<b>Total equity and liabilities</b>		<b>101,262,125</b>	<b>11,874,932</b>

**MPUMALANGA HOUSING FUND  
INCOME STATEMENT  
for the year ended 31 MARCH 2006**

	<b><u>2006</u></b>	<b><u>2005</u></b>
	<b>R</b>	<b>R</b>
New Business		
Funds received from National Department of Housing / Provincial Treasury	354,377,000	296,457,000
Administrative expenses	(238,261)	(798,815)
Other operating expenses	<u>(241,544,056)</u>	<u>(375,280,433)</u>
Operating surplus / (shortfall)	112,594,684	(79,622,248)
Finance income	<u>89,271</u>	<u>799,458</u>
<b>Net surplus / (shortfall) for the year</b>	<b><u><u>112,683,955</u></u></b>	<b><u><u>(78,822,790)</u></u></b>



**MPUMALANGA HOUSING FUND**  
**Statement Of Changes In Equity**  
**for the year ended 31 MARCH 2006-old and new business**

Notes

		Treasury reserves	Accumulated funds	Total
		R	R	R
Balance at 31 March 2004		1,406,219	60,416,374	61,822,593
Movements during the year	5	(690,063)	(78,822,790)	(79,512,853)
Restated balances		716,156	(18,406,416)	(17,690,260)
Balance at 31 March 2005		<b>716,156</b>	<b>(18,406,416)</b>	<b>(17,690,260)</b>
Balance at 31 March 2005		716,156	(18,406,416)	(17,690,260)
Movements during the year	5	(343,156)	112,683,955	112,340,799
Restated balances		373,000	94,277,539	94,650,539
Balance at 31 March 2006		<b>373,000</b>	<b>94,277,539</b>	<b>94,650,539</b>

**MPUMALANGA HOUSING FUND  
CASH FLOW STATEMENT  
for the year ended 31 MARCH 2006**

		<u>2006</u>	<u>2005</u>
		<b>R</b>	<b>R</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash receipts from the National Department of Housing/ Provincial Treasury		354,377,000	296,457,000
Cash paid to suppliers		(262,441,135)	(301,566,419)
Cash generated from/(utilized in) operations	7	91,935,865	(5,109,419)
Finance income		89,271	799,458
Net cash inflow/(outflow) from operating activities		92,025,136	(4,309,961)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Proceeds from disposal of fixed property	2	343,156	690,063
Net cash inflow from investing activities		343,156	690,063
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
Proceeds from treasury reserves		(343,156)	(690,063)
Net cash outflow from financing activities		(343,156)	(690,063)
Net increase / (decrease) in cash and cash equivalents		92,025,136	(4,309,961)
Cash and cash equivalents at beginning of year		311,219	4,621,180
Cash and cash equivalents at end of year	4	<b>92,336,355</b>	<b>311,219</b>





**MPUMALANGA HOUSING FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**for the year ended 31 MARCH 2006**

**1. ACCOUNTING POLICIES**

**1.1. BASIS OF PREPARATION**

The financial statements have been prepared on the historical cost basis in accordance with the policies below. The PFMA read in conjunction with section 12 of the Housing Act, 107 of 1997 was used as a basis to determine the appropriate accounting practice. The accounting policies do not fully comply with the Statements of Generally Accepted Accounting Practice however the statements have been prepared in accordance with generally accepted accounting practice in so far as the necessary information was available.

**1.2. PROPERTY**

Property is stated at historical cost or municipal valuation where no historical costs are available.

**1.3. TRADE RECEIVABLES**

Trade receivables are carried at the anticipated realisable value in respect of rental debtors, outstanding loans to individuals and outstanding balances in respect of instalment sale debtors. A provision for doubtful debts is created based on a review of all outstanding amounts at the end of the financial year.

**1.4. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents consist of cash as per books maintained by the Provincial Housing Fund.

**1.5. REVENUE RECOGNITION**

Government grants from the National Department of Housing are recognized upon receipt thereof.

**1.6. COMPARATIVE FIGURES**

Where necessary comparative figures have been adjusted to conform with changes in presentation in the current year.

**MPUMALANGA HOUSING FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 MARCH 2006 - Old And New Business

	<u>2006</u>	<u>2005</u>
	R	R
<b>2. PROPERTY</b>		
<b>OLD BUSINESS</b>		
Gross carrying amount cost / municipal values	716,156	1,406,219
Disposals	(343,156)	(690,063)
Gross carrying amount at the end of year	<u><u>373,000</u></u>	<u><u>716,156</u></u>
<b>3. TRADE AND OTHER RECEIVABLES</b>		
<b>OLD BUSINESS</b>		
Rental debtors	0	108,648
Provision for doubtful debts	0	(108,648)
	<u>0</u>	<u>0</u>
<b>NEW BUSINESS</b>		
Cash held by conveyances	42,000	77,277
Individual debtors	1,240	1,240
NHFC trust money	2,245,033	928,429
WHC Repairs	700,000	
Interest receivable	14,158	148,990
PHP Trust Money	5,550,339	9,691,621
	<u>8,552,770</u>	<u>10,847,557</u>
<b>Total trade and other receivables</b>	<u><u>8,552,770</u></u>	<u><u>10,847,557</u></u>



**MPUMALANGA HOUSING FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 MARCH 2006- Old And New Business

	<u>2006</u>	<u>2005</u>
	<u>R</u>	<u>R</u>
<b>4. CASH AND CASH EQUIVALENTS</b>		
<b>NEW BUSINESS</b>		
Cash on hand and bank balances	92,336,355	311,219
	<u>92,336,355</u>	<u>311,219</u>
<b>5. TREASURY RESERVES</b>		
<b>OLD BUSINESS</b>		
At beginning of year	716,156	1,406,219
Write off of debtors collected by National Housing and fixed property transferred	(343,156)	(690 ,063)
At end of year	<u>373,000</u>	<u>716,156</u>
<b>6. TRADE AND OTHER PAYABLES</b>		
<b>NEW BUSINESS</b>		
Trade creditors	6,611,586	29,565,191
	<u>6,611,586</u>	<u>29,565,191</u>

**MPUMALANGA HOUSING FUND**  
**NOTES TO THE FINANCIAL STATEMENTS**  
for the year ended 31 MARCH 2006- Old And New Business

	2006	2005
	R	R
<b>7. CASH GENERATED FROM OPERATIONS</b>		
<b>NEW BUSINESS</b>		
Net surplus / (shortfall)	112,683,955	(78,822,789)
Adjustments for:		
Finance income	(89,271)	(799,458)
Operating profit / (loss) before working capital changes	112,594,684	(79,622,248)
Changes in working capital:		
Decrease in trade and other receivables	2,294,787	45,291,577
(Decrease) / increase in trade payables	(22,953,606)	29,221,251
Cash generated / (utilized) by operations	<u>91,935,865</u>	<u>(5,109,419)</u>
<b>Total cash generated / (utilized) by operations</b>	<b><u>91,935,865</u></b>	<b><u>(5,109,419)</u></b>





**MPUMALANGA HOUSING FUND**  
**DETAILED INCOME STATEMENT**  
for the year ended 31 MARCH 2006 - new business

Annual Report 2005/2006

	<u>2006</u>	<u>2005</u>
	<u>R</u>	<u>R</u>
<b>OPERATING INCOME</b>	354,377,000	296,457,000
Funds received from National Department of Housing / Provincial Treasury	354,377,000	296,457,000
<b>LESS: EXPENSES</b>	241,782,316	376,079,248
<b>Administration expenses:</b>	238,261	798,815
Programme facilitation	0	2,517
Interest paid	238,261	796,298
<b>Other operating expenditure:</b>	241,544,056	375,280,433
Consolidation subsidies	841,623	1,092,974
Individual subsidies	146,065,473	210,701,512
Institutional subsidies	(1,316,604)	11,643,448
Peoples housing process	26,166,501	48,411,272
Phase out programme	21,920	14,429
Project-linked development	59,844,077	98,276,396
Transfer of houses	6,350,137	642,394
Upgrading of hostels	3,570,929	4,498,008
Operating surplus / (shortfall)	112,594,684	(79,622,248)
Finance income	89,271	799,458
<b>Net surplus / (shortfall)</b>	<b>112,683,955</b>	<b>(78,822,790)</b>

# 7. Human Resource Management Information

## STRATEGIC OBJECTIVES

- Render Human Resource Management Services
- Render Human Resource Development Services
- Render Human Resource Planning Services
- Render Labour Relations
- Render Auxiliary Services

HR OVERSIGHT - APRIL 2005/March2006 - Mpumalanga - Local Government and Housing

TABLE 2.1 - Personnel costs by Programme

Programme	Total Voted Expenditure (R'000)	Compensation of Employees Expenditure (R'000)	Training Expenditure (R'000)	Professional and Special Services (R'000)	Compensation of Employees as percent of Total Expenditure	Average Compensation Cost per Employee (R'000)	Employment
Pr1:administration	3,963	2,522	0	0	63.6	5	464
Pr2:housing	21,353	2,161	0	0	10.1	5	464
Pr2:local government	0	0	0	0	0	0	464
Pr3:housing	-330	0	0	0	0	0	464
Pr3:land administration	0	0	0	0	0	0	464
Pr3:local government	8,772	870	0	0	9.9	2	464
Pr4:development and planning	1,192	661	0	0	55.4	1	464
Pr5:traditional affairs	1,311	1,252	0	0	95.4	3	464
Sassa	0	0	0	0	0	0	464
Z= Total as on Financial Systems (BAS)	36,262	7,465	0	0	20.6	16	464

TABLE 2.2 - Personnel costs by Salary band

Salary Bands	Compensation of Employees Cost (R'000)	Percentage of Total Personnel Cost for Department	Average Compensation Cost per Employee (R)	Total Personnel Cost for Department including Goods and Transfers (R'000)	Number of Employees
Lower skilled (Levels 1-2)	175	2.2	4,605	7,948	38
Skilled (Levels 3-5)	635	8	5,721	7,948	111
Highly skilled production (Levels 6-8)	2,297	28.9	12,691	7,948	181
Highly skilled supervision (Levels 9-12)	2,660	33.5	24,630	7,948	108
Senior management (Levels 13-16)	743	9.3	43,706	7,948	17
Contract (Levels 6-8)	12	0.2	12,000	7,948	1
Contract (Levels 9-12)	134	1.7	22,333	7,948	6
Contract (Levels 13-16)	80	1	40,000	7,948	2
Periodical Remuneration	271	3.4	889	7,948	305
Abnormal Appointment	463	5.8	9,646	7,948	48
<b>TOTAL</b>	<b>7470</b>	<b>94</b>	<b>9143</b>	<b>7948</b>	<b>817</b>



TABLE 2.3 - Salaries, Overtime, Home Owners Allowance and Medical Aid by Programme

Programme	Salaries (R'000)	Salaries as % of Personnel Cost	Overtime (R'000)	Overtime as % of Personnel Cost	HOA (R'000)	HOA as % of Personnel Cost	Medical Ass. (R'000)
Administrations	130	56	0	0	2	0.9	6
Housing	0	0	0	0	0	0	0
Local government	0	0	0	0	0	0	0
Pr1:administration	1589	64.9	9	0.4	30	1.2	122
Pr2:housing	1270	55	0	0	18	0.8	84
Pr3: local government	538	56.5	0	0	8	0.8	33
Pr4: development and planning	210	29.3	0	0	3	0.4	12
Pr5: traditional affairs	561	50.6	0	0	16	1.4	50
<b>TOTAL</b>	<b>4298</b>	<b>54.1</b>	<b>9</b>	<b>0.1</b>	<b>77</b>	<b>1</b>	<b>307</b>

TABLE 2.4 - Salaries, Overtime, Home Owners Allowance and Medical Aid by Salary Band

Salary bands	Salaries (R'000)	Salaries as % of Personnel Cost	Overtime (R'000)	Overtime as % of Personnel Cost	HOA (R'000)	HOA as % of Personnel Cost	Medical Ass. (R'000)
Lower skilled (Levels 1-2)	128	72.7	0	0	5	2.8	12
Skilled (Levels 3-5)	444	68.7	0	0	14	2.2	50
Highly skilled production (Levels 6-8)	1561	64.1	1	0	30	1.2	124
Highly skilled supervision (Levels 9-12)	1568	54.7	8	0.3	25	0.9	94
Senior management (Levels 13-16)	441	52	0	0	3	0.4	24
Contract (Levels 6-8)	8	61.5	0	0	0	0	1
Contract (Levels 9-12)	102	73.9	0	0	0	0	4
Contract (Levels 13-16)	48	54.5	0	0	0	0	0
Periodical Remuneration	0	0	0	0	0	0	0
Abnormal Appointment	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>4300</b>	<b>54.1</b>	<b>9</b>	<b>0.1</b>	<b>77</b>	<b>1</b>	<b>309</b>

HR OVERSIGHT - APRIL 2006 - Mpumalanga - Local Government and Housing

TABLE 3.1 - Employment and Vacancies by Programme at end of period

Programme	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Pr1:administration, Permanent	281	191	32	0
Pr2:housing, Permanent	272	119	56.3	0
Pr3: local government, Permanent	76	44	42.1	0
Pr4: development and planning, Permanent	18	17	5.6	0
Pr5: traditional affairs, Permanent	105	93	11.4	0
<b>TOTAL</b>	<b>752</b>	<b>464</b>	<b>38.3</b>	<b>0</b>

TABLE 3.2 - Employment and Vacancies by Salary Band at end of period

Salary Band	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Lower skilled (Levels 1-2), Permanent	28	25	10.7	0
Skilled (Levels 3-5), Permanent	214	145	32.2	0
Highly skilled production (Levels 6-8), Permanent	328	162	50.6	0
Highly skilled supervision (Levels 9-12), Permanent	156	107	31.4	0
Senior management (Levels 13-16), Permanent	17	16	5.9	0
Contract (Levels 6-8), Permanent	1	1	0	0
Contract (Levels 9-12), Permanent	6	6	0	0
Contract (Levels 13-16), Permanent	2	2	0	0
<b>TOTAL</b>	<b>752</b>	<b>464</b>	<b>38.3</b>	<b>0</b>

TABLE 3.3 - Employment and Vacancies by Critical Occupation at end of period

Critical Occupations	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Administrative related, Permanent	1	1	0	0
Communication and information related, Permanent	1	1	0	0
Head of department/chief executive officer, Permanent	1	1	0	0
Light vehicle drivers, Permanent	1	1	0	0
Other occupations, Permanent	733	450	38.6	0
Secretaries & other keyboard operating clerks, Permanent	7	6	14.3	0
Senior managers, Permanent	8	4	50	0
<b>TOTAL</b>	<b>752</b>	<b>464</b>	<b>38.3</b>	<b>0</b>

HR OVERSIGHT - APRIL 2006 - Mpumalanga - Local Government and Housing

TABLE 4.1 - Job Evaluation

Salary Band	Number of Posts	Number of Jobs Evaluated	% of Posts Evaluated	Number of Posts Upgraded	% of Upgraded Posts Evaluated	Number of Posts Downgraded	% of Downgraded Posts Evaluated
Lower skilled (Levels 1-2)	28	3	0.1	3	0.1	0	0
Contract (Levels 6-8)	1	0	0	0	0	0	0
Contract (Levels 9-12)	6	4	0.6	4	0.6	0	0
Contract (Band A)	2	0	0	0	0	0	0
Skilled (Levels 3-5)	214	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	328	0	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	156	2	0.01	2	0.01	0	0
Senior Management Service Band A	13	0	0	0	0	0	0
Senior Management Service Band B	3	0	0	0	0	0	0
Senior Management Service Band C	1	0	0	0	0	0	0
<b>TOTAL</b>	<b>752</b>	<b>9</b>	<b>0.8</b>	<b>9</b>	<b>0.8</b>	<b>0</b>	<b>0</b>



TABLE 4.2 - Profile of employees whose positions were upgraded due to their posts being upgraded

Beneficiaries	African	Asian	Coloured	White	Total
Female	4	0	0	0	4
Male	5	0	0	0	5
Total	9	0	0	0	9
Employees with a Disability	0	0	0	0	0

TABLE 4.3 - Employees whose salary level exceed the grade determined by Job Evaluation [i.t.o PSR 1.V.C.3]

Occupation	Number of Employees	Job Evaluation Level	Remuneration Level	Reason for Deviation	No of Employees in Dept
	0	0	0	0	0
	0	0	0	0	0
Total	0	0	0	0	0
Percentage of Total Employment	0	0	0	0	0

TABLE 4.4 - Profile of employees whose salary level exceeded the grade determined by job evaluation [i.t.o. PSR 1.V.C.3]

Beneficiaries	African	Asian	Coloured	White	Total
Female	3	0	0	0	3
Male	2	0	0	0	2
Total	5	0	0	0	5
Employees with a Disability	0	0	0	0	0

HR OVERSIGHT - APRIL 2006 - Mpumalanga - Local Government and Housing

TABLE 5.1 - Annual Turnover Rates by Salary Band

Salary Band	Employment at Beginning of Period (April 2006)	Appointments	Turnover Rate
Lower skilled (Levels 1-2), Permanent	38	0	0
Skilled (Levels 3-5), Permanent	110	4	0
Highly skilled production (Levels 6-8), Permanent	181	2	0.6
Highly skilled supervision (Levels 9-12), Permanent	108	0	0.9
Senior Management Service Band A, Permanent	13	0	0
Senior Management Service Band B, Permanent	3	0	0
Senior Management Service Band C, Permanent	1	0	0
Other, Permanent	1	0	0
Contract (Levels 6-8), Permanent	1	0	0
Contract (Levels 9-12), Permanent	6	0	0
Contract (Band A), Permanent	2	0	0
<b>TOTAL</b>	<b>464</b>	<b>6</b>	<b>0.4</b>

TABLE 5.2 - Annual Turnover Rates by Critical Occupation

Occupation	Employment at Beginning of Period (April 2006)	Appointments	Turnover Rate
Administrative related, Permanent	26	0	0
Building and other property caretakers, Permanent	1	0	0
Bus and heavy vehicle drivers, Permanent	1	0	0
Civil engineering technicians, Permanent	8	0	0
Cleaners in offices workshops hospitals etc., Permanent	21	0	0
Client inform clerks(switchb receipt inform clerks), Permanent	3	0	0
Engineers and related professionals, Permanent	2	0	0
Finance and economics related, Permanent	2	0	0
Financial and related professionals, Permanent	6	0	0
Financial clerks and credit controllers, Permanent	24	0	0
Head of department/chief executive officer, Permanent	1	0	0
Human resources & organisat developm & relate prof, Permanent	7	0	0
Human resources clerks, Permanent	9	1	0
Human resources related, Permanent	2	0	0
Legal related, Permanent	1	0	0
Library mail and related clerks, Permanent	3	0	0
Light vehicle drivers, Permanent	1	0	0
Messengers porters and deliverers, Permanent	2	0	0
Motor vehicle drivers, Permanent	3	0	0
Other administrat & related clerks and organisers, Permanent	26	0	0
Other administrative policy and related officers, Permanent	21	0	4.8
Other occupations, Permanent	263	5	0.4
Rank: Unknown, Permanent	1	0	0
Secretaries & other keyboard operating clerks, Permanent	17	0	0
Security guards, Permanent	1	0	0
Senior managers, Permanent	10	0	0
Trade labourers, Permanent	2	0	0
<b>TOTAL</b>	<b>464</b>	<b>6</b>	<b>0.4</b>





TABLE 5.3 - Reasons why staff are leaving the department

Termination Type	Number	Percentage of Total Resignations	Total	Total Employment
Death, Permanent	4	0.6	4	464
Resignation, Permanent	1	0.01	1	464
<b>TOTAL</b>	<b>5</b>	<b>1.2</b>	<b>1</b>	<b>464</b>

Resignations as % of Employment	0.4
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TABLE 5.4 - Promotions by Critical Occupation

Occupation	Employment at Beginning of Period (April 2006)	Promotions to another Salary Level	Progressions to another Notch within Salary Level	Notch progressions as a % of Employment
Administrative related	26	1	0	0
Building and other property caretakers	1	0	0	0
Bus and heavy vehicle drivers	1	0	0	0
Civil engineering technicians	8	0	0	0
Cleaners in offices workshops hospitals etc.	21	0	0	0
Client inform clerks(switchboard reception inform clerks)	3	0	0	0
Engineers and related professionals	2	0	0	0
Finance and economics related	2	0	0	0
Financial and related professionals	6	0	0	0
Financial clerks and credit controllers	24	3	0	0
Head of department/chief executive officer	1	0	0	0
Human resources & organisational development & relate prof	7	1	0	0
Human resources clerks	9	0	0	0
Human resources related	2	0	0	0
Legal related	1	0	0	0
Library mail and related clerks	3	0	0	0
Light vehicle drivers	1	0	0	0
Messengers porters and deliverers	2	0	0	0
Motor vehicle drivers	3	0	0	0
Other administration & related clerks and organisers	26	0	0	0
Other administrative policy and related officers	21	0	0	0
Other occupations	263	3	1	0.4
Rank: Unknown	1	0	0	0
Secretaries & other keyboard operating clerks	17	0	0	0
Security guards	1	0	0	0
Senior managers	10	0	0	0
Trade labourers	2	0	0	0
<b>TOTAL</b>	<b>464</b>	<b>8</b>	<b>1</b>	<b>0.2</b>

TABLE 5.5 - Promotions by Salary Band

Salary Band	Employment at Beginning of Period (April 2006)	Promotions to another Salary Level	Progressions to another Notch within Salary Level	Notch progressions as a % of Employment
Lower skilled (Levels 1-2), Permanent	38	0	0	0
Skilled (Levels 3-5), Permanent	110	0	0	0
Highly skilled production (Levels 6-8), Permanent	181	7	1	0.6
Highly skilled supervision (Levels 9-12), Permanent	108	1	0	0
Senior management (Levels 13-16), Permanent	17	0	0	0
Other, Permanent	1	0	0	0
Contract (Levels 6-8), Permanent	1	0	0	0
Contract (Levels 9-12), Permanent	6	0	0	0
Contract (Levels 13-16), Permanent	2	0	0	0
<b>TOTAL</b>	<b>464</b>	<b>8</b>	<b>1</b>	<b>0.2</b>

HR OVERSIGHT - Mpumalanga - Local Government and Housing

TABLE 6.1 - Total number of Employees (incl. Employees with disabilities) per Occupational Category (SASCO)

Occupational Categories	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Legislators, senior officials and managers, Permanent	7	2	3	0	0	3	0	12
Professionals, Permanent	51	4	20	0	0	20	2	77
Clerks, Permanent	34	0	43	0	0	43	5	82
Service and sales workers, Permanent	1	0	0	0	0	0	0	1
Plant and machine operators and assemblers, Permanent	5	0	0	0	0	0	0	5
Elementary occupations, Permanent	139	10	122	2	0	124	13	286
Other, Permanent	0	0	1	0	0	1	0	1
<b>TOTAL</b>	<b>237</b>	<b>16</b>	<b>189</b>	<b>2</b>	<b>0</b>	<b>191</b>	<b>20</b>	<b>464</b>





	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Employees with disabilities	2	0	2	0	0	2	0	4

TABLE 6.2 - Total number of Employees (incl. Employees with disabilities) per Occupational Bands

Occupational Bands	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Top Management, Permanent	0	0	1	0	0	1	0	1
Senior Management, Permanent	12	1	3	0	0	3	0	16
Professionally qualified and experienced specialists and mid-management, Permanent	65	7	33	0	0	33	3	108
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	91	4	71	2	0	73	13	181
Semi-skilled and discretionary decision making, Permanent	52	0	56	0	0	56	2	110
Unskilled and defined decision making, Permanent	14	0	24	0	0	24	0	38
Not Available, Permanent	0	0	1	0	0	1	0	1
Contract (Senior Management), Permanent	2	0	0	0	0	0	0	2
Contract (Professionally qualified), Permanent	0	4	0	0	0	0	2	6
Contract (Skilled technical), Permanent	1	0	0	0	0	0	0	1
<b>TOTAL</b>	<b>237</b>	<b>16</b>	<b>189</b>	<b>2</b>	<b>0</b>	<b>191</b>	<b>20</b>	<b>464</b>

TABLE 6.3 - Recruitment

Occupational Bands	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	1	0	1	0	0	1	0	2
Semi-skilled and discretionary decision making, Permanent	1	0	3	0	0	3	0	4
<b>TOTAL</b>	<b>2</b>	<b>0</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>4</b>	<b>0</b>	<b>6</b>

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

TABLE 6.4 - Promotions

Occupational Bands	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Professionally qualified and experienced specialists and mid-management, Permanent	0	0	1	0	0	1	0	1
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	3	0	5	0	0	5	0	8
<b>TOTAL</b>	<b>3</b>	<b>0</b>	<b>6</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>0</b>	<b>9</b>

legislature On the Financial statements Mpumalanga housing fund For The year ended 31 march 2006	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
No data	0	0	0	0	0	0	0	0

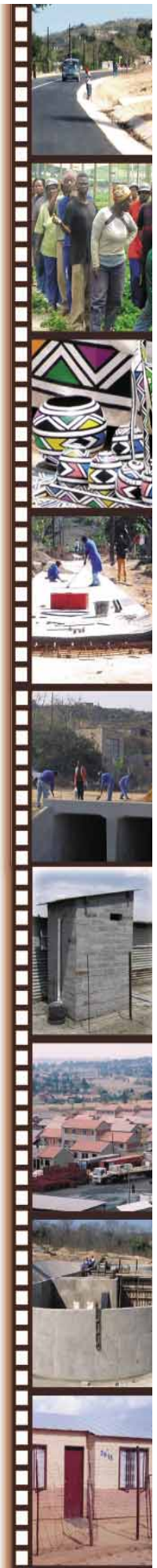




TABLE 6.5 - Terminations

Occupational Bands	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Professionally qualified and experienced specialists and mid-management, Permanent	1	0	0	0	0	0	0	1
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	1	0	0	0	0	0	0	1
<b>TOTAL</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>

TABLE 6.6.- Skills Development

Occupational Categories	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Occupational categories	Gender	Employment	Learnerships	Skills Programmes & other short courses	Other forms of training Bursaries			Total
Legislator, Senior officials and managers	Female	30	1	15	14			30
	Male	86	0	19	6			25
Professionals	Female	64	3	29	9			41
	Male	80	5	47	9			61
Technicians and associate professionals	Female	1	0	5	0			11
	Male	5	4	1	0			0
Clerks	Female	64	4	39	3			46
	Male	70	0	42	0			46
Service and sales workers	Female	0	0	0	0			0
	Male	0	0	0	0			0
Skilled agriculture and fishery workers	Female	0	0	0	0			0
	Male	0	0	0	0			0
Craft and related trades workers	Female	0	0	0	0			0
	Male	0	0	0	0			0
Plant and machine operators and assemblers	Female	0	0	0	0			0
	Male	0	0	0	0			0
Elementary occupations	Female	0	0	22	0			0
	Male	22	0	6	0			0
	Female	14	0	0	0			0
Gender sub total	Male	0	0	0	0			0
<b>Total</b>		<b>436</b>	<b>17</b>	<b>225</b>	<b>41</b>			<b>260</b>

Occupational categories	Gender	Employment	Learnerships	Skills Programmes & other short courses	Other forms of training Bursaries	Total
Legislator, Senior officials and managers	Female	30	1	9	14	24
	Male	86	0	23	6	29
Professionals	Female	64	3	17	9	29
	Male	80	5	36	9	50
Technicians and associate professionals	Female	1	0	1	0	1
	Male	5	0	5	0	5

Clerks	Female	64	4	13	3	20
	Male	70	4	26	0	30
Service and sales workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Elementary occupations	Female	22	0	22	0	22
	Male	14	0	6	0	6
Gender sub total	Female	0	0	0	0	0
	Male	0	0	0	0	0
<b>Total</b>		<b>436</b>	<b>17</b>	<b>158</b>	<b>41</b>	<b>216</b>

HR OVERSIGHT - MARCH 2006 - Mpumalanga - Local Government and Housing

TABLE 8.1 - Foreign Workers by Salary Band

Salary Band	Employment at Beginning Period	Percentage of Total	Employment at End of Period	Percentage of Total	Change in Employment	Percentage of Total	Total Employment at Beginning of Period	Total Employment at End of Period	Total Change in Employment
Contract (Levels 9-12)	5	83.3	5	83.3	0	0	6	6	0
Abnormal Appointment	1	16.7	1	16.7	0	0	6	6	0
<b>TOTAL</b>	<b>6</b>	<b>100</b>	<b>6</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>6</b>	<b>0</b>

TABLE 8.2 - Foreign Workers by Major Occupation

Major Occupation	Employment at Beginning Period	Percentage of Total	Employment at End of Period	Percentage of Total	Change in Employment	Percentage of Total	Total Employment at Beginning of Period	Total Employment at End of Period	Total Change in Employment
Other occupations	5	83.3	5	83.3	0	0	6	6	0
Rank: traditional leader (without matric)	1	16.7	1	16.7	0	0	6	6	0
<b>TOTAL</b>	<b>6</b>	<b>100</b>	<b>6</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>6</b>	<b>6</b>	<b>0</b>

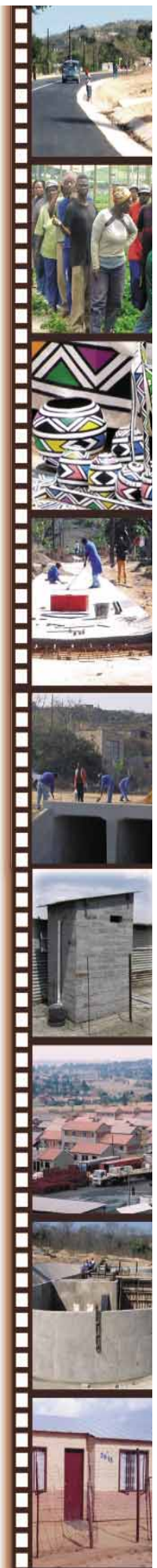




TABLE 9.3 - Annual Leave for Jan 2006 to Dec 2006

Salary Band	Total Days Taken	Average days per Employee	Number of Employees who took leave
Lower skilled (Levels 1-2)	200	8	25
Skilled (Levels 3-5)	440	8	54
Highly skilled production (Levels 6-8)	1010	9	116
Highly skilled supervision (Levels 9-12)	676	9	77
Senior management (Levels 13-16)	80	8	10
Contract (Levels 6-8)	21	21	1
Contract (Levels 13-16)	14	7	2
<b>TOTAL</b>	<b>2441</b>	<b>9</b>	<b>285</b>

TABLE 9.4 - Capped Leave for Jan 2006 to Dec 2006

	Total days of capped leave taken	Average number of days taken per employee	Average capped leave per employee as at 31 December 2006	Number of Employees who took Capped leave	Total number of capped leave available at 31 December 2006	Number of Employees as at 31 December 2006
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

TABLE 9.5 - Leave Payouts

Reason	Total Amount (R'000)	Number of Employees	Average Payment per Employee (R)
Capped leave payouts on termination of service for 2006/07	5	1	5000
<b>TOTAL</b>	<b>5</b>	<b>1</b>	<b>5000</b>

TABLE 11.0 - Details of Health Promotion and HIV/AIDS Programmes [tick Yes/No and provide required information]

Question	Yes	No	Details, if yes
1. Has the department designated a member of the SMS to implement the provisions contained in Part V1E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	Yes		National trained provincial co-coordinator
2. Does the department have a dedicated unit or have you designated specific staff members to promote health and well being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	Yes		2x social workers+ 1SMS
3. Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of the programme.	Yes		Any of the 3 can be approached in private
4.. Has the department established (a) committee(s) as contemplated in Part VIE.5 (e) of Chapter 1 of the Public Service Regulations,2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	Yes		Health Committee in place
5. Has the department reviewed the employment policies and practices of your department to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/ practices so reviewed.	Yes		Recruitment Strategy.
6. Has the department introduced measures to protect HIV-positive employees from discrimination? If so, list the key elements of these measures.	Yes		Protection, Support and care are provided.
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	Yes		Circulars 2x responses.
8. Has the department developed measures/indicators to monitor & evaluate the impact of your health promotion programme? If so, list these measures/indicators.	Yes		Box of condoms placed in toilets + Counselling, no forced disclosure.

HR OVERSIGHT - APRIL 2006 - Mpumalanga - Local Government and Housing





TABLE 10.1 - Collective Agreements

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COLLECTIVE AGREEMENTS

Subject Matter	Date
None	0

TABLE 10.2. MISCONDUCT AND DISCIPLINARY HEARINGS FINALISED

Outcomes of disciplinary hearings	Number	Percentage of Total	Total
Correctional Counseling	1	4.6	1
Rehabilitation	1	4.6	1
Final Written Warning	3	13.08	3
Suspension without pay	7	30.52	7
Case withdrawn	1	4.6	1

TABLE 10.3. TYPES OF MISCONDUCT ADDRESSED AND DISCIPLINARY HEARINGS

Types of misconduct	Number	% of total
Under influence of alcohol	1	4.36
Absenteeism	3	13.08
Insubordination	0	0
Fraud	19	82.84

TABLE 10.4. GRIEVANCES LODGED

Number of grievances addressed	Number	% of total
Resolved	2	8.72
Not Resolved	4	14.44
Total		

TABLE 10.5. DISPUTES LODGED

Number of disputes addressed	Number	% of total
Upheld	0	0
Dismissed	0	0
Total		0

TABLE 10.6. STRIKE ACTIONS

Total Number of person working days lost	1
Total cost (R'000) of working days lost	R 1,209.22
Amount (R'000) recovered as a result of no work no pay	R 1,209.22

TABLE 10.7. PRECAUTIONARY SUSPENSION

Number of people suspended	0
Number of people whose suspension exceeded 30 days	0
Average number of days suspended	0
Cost (R'000) of suspensions	0

## REGIONAL OFFICES

Kwamhlanga  
Kwamhlanga Government Complex building nr 4  
Tel: 013 947 2501

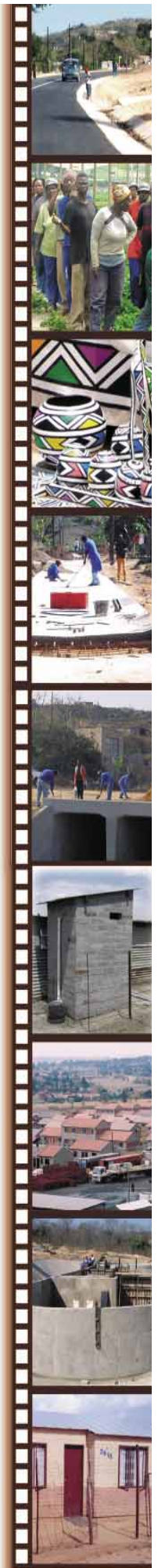
Emalaheni  
Piet Koornhoff Building, Justice street  
Tel: 013 656 1066

Elukwatini  
Stand nr 27 Emsuleni Hospital  
Tel: 017 883 0827

Msukaligwa  
Msukaligwa Government Complex Bathopele Building  
Tel: 017 819 5464



Mpumalanga Provincial Government  
Department of Local Government and Housing





# Annual Report 2005/2006

## **IN MEMORIUM**

Mr J M. Msiza  
Mr S D. Mgcina  
Mr P. Mtsweni  
Mr L N Ndlovu  
Mr M M Mashaba

May Their Souls Rest in Peace

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*Sustainable  
Local Government  
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for all*

**Mpumalanga  
Provincial Government**



**Department of Local  
Government and Housing**

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