

CONTENTS

PAGE

- 1. GENERAL INFORMATION**
- 2. DEPARTMENTAL PERFORMANCE**
- 3. MANAGEMENT REPORT AND APPROVAL**
- 4. REPORT OF THE AUDITOR GENERAL**
- 5. REPORT OF THE AUDIT COMMITTEE**
- 6. STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS**
- 7. APPROPRIATION STATEMENT**
- 8. NOTES TO THE APPROPRIATION STATEMENT**
- 9. INCOME STATEMENT**
- 10. BALANCE SHEET**
- 11. STATEMENT OF CHANGES IN NET ASSETS/EQUITY**
- 12. CASHFLOW STATEMENT**
- 13. NOTES TO THE ANNUAL FINANCIAL STATEMENTS**
- 14. DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS**
- 15. ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS**
- 16. HUMAN RESOURCE MANAGEMENT**

GENERAL INFORMATION

1.1 Submission of the annual report to the executing authority

I, PJ Maesela, being the Accounting Officer for the department hereby formally hands over the annual report for the year ended 31 March 2005 to the Member of the Executive Council.

1.2 Introduction by the Head of Department

During the 2004/05 financial year, the Department strengthened its mechanisms for improved support and capacity building at municipalities. In this regard, the Department together with the Development Fund of the DBSA commenced with a project to audit the capacity levels of municipalities both for institutional and service delivery support. The municipal capacity audit report will be available during the 2005/06 financial year. With the need to strengthen our municipal support mechanisms arose an equal need to strengthen the Department's own institutional capacity. As such, the Department initiated a process to re-engineer its business. The Business Process Re-Engineering will be undertaken during the 2005/06 financial year.

During the year under review, the Department did not expend all its budget and the reasons for under-expenditure are alluded to in the financial statements. However, the Department facilitated the construction of 16 595 houses, completed six projects in two municipalities under the Human Resettlement Development Programme, facilitated the participation of 18 emerging contractors in the Sakhasonke Contractor Development programme. Furthermore, the Department assisted municipalities to implement 102 Municipal Infrastructure Grant funded projects out of the 128 registered projects for the year under review.

Our programme to improve access to basic services has started to bear some fruit. All water authorities are providing free basic water to deserving beneficiaries, and all local municipalities are facilitating access to free basic electricity. However, the Limpopo Province is still faced with a challenge of improving access to such services by the majority of deserving beneficiaries.

The 2004/05 financial year also witnessed an improvement in our spatial and development planning function. The Department assisted 13 municipalities to complete their Spatial Development Frameworks, reviewed the IDPs of 31 municipalities and demarcated 22 701 sites in rural areas as part of our goal for integrated and sustainable human settlements.

1.3 Information on the Ministry

Mrs Maite Nkoana-Mashabane is the MEC for Local Government and Housing. She is an elected political leader responsible for policy direction of the Department in line with the Provincial Government's mandate.

The Acting Head of Department is Mrs Pinkie Maesela, a public servant appointed to ensure that the Department implements the MEC's policy directives.

1.4 Mission Statement

To establish, support and monitor sustainable developmental local governance through;

- Coordinated and integrated development planning within an intergovernmental relations framework
- Coordinated local economic development
- Coordinated and targeted capacity building programme
- The creation of an environment within which housing development takes place
- A cohesive system for disaster management
- An effective and efficient organisation

1.5 Legislative Mandate

The Department derives its mandate from the following pieces of legislation:

- Constitution of the Republic of South Africa (Act no 108 of 1996)

The following pieces of legislation provide a framework for housing development in the Province:

- Housing Act No 107 of 1997 as amended
- Northern Province Housing Act No 8 of 1998
- Housing Consumers Protection Measures Act No 95 of 1998
- Rental Housing Act 50 of 1999
- Community Property Association Act 28 of 1996
- Construction Industry Development Board Act of 2000
- Home Loan and Mortgage Disclosure Act 63 of 2000

The following pieces of legislation define the role of the Provincial Government in supporting, monitoring and building capacity of municipalities thus harnessing the Constitutional mandate of both the National and Provincial governments:

- Transfer of staff to Municipalities Act, No 17 of 1998
- Local Government Municipal Structures Act, No 117 of 1998,
- Local Government Municipal Systems Act No 32 of 2000
- Disaster Management Act, No 57 of 2002
- Remuneration of Public Office Bearers Act, No 20 of 1998
- Northern Province Pounds Act, No 3 of 2002
- Municipal Property Rates Act, No 6 of 2004
- Municipal Finance Management Act, No 56 of 2004
- Water Services Act, No 108 of 1997
- Local Government Transition Act, No 209 of 2003
- Cross-Boundary Municipalities Act, No 29 of 2000
- Municipal Demarcation Act, No 27 of 1998
- Municipal Electoral Act, No 27 of 2000
- Northern Province Local Government Laws Rationalisation Act, No 5 of 2000
- Traditional Leaders and Governance Framework Act, No 41 of 2003
- Limpopo Traditional Leadership and Institution Bill of 2004

The following pieces of legislation provide a framework for Development Planning and Land Use Management:

- Development Facilitation Act, No 67 of 1995
- Physical Planning Act, No 125 of 1991
- Subdivision of Agricultural Land Act, No 70 of 1970
- Less formal Township Establishment Act, No 113 of 1991
- Upgrading of Tenure Rights Act, No 112 of 1991
- Township Board Ordinance 15 of 1986
- Land Use Management Bill of 2001
- Land Survey Act, No 8 of 1997
- Prevention of Illegal Eviction and Unlawful Occupation of Land Act, No 19 of 1998
- Agricultural Holdings (Transvaal) Registration Act, No 22 of 1919
- Administration and Control of Townships Regulations R293 of 1962
- Venda Land Affairs Proclamation No 45 of 1990
- Sectional Titles Act, No 95 of 1986

- Upgrading of Land Tenure Rights Act, No 47 of 1937 as amended
- Proclamation R293 of 1962
- Proclamation R188 of 1969
- Proclamation R45 of 1990
- Communal Land Rights Act, No 11 of 2004
- Land Titles Adjustment Act, No 111 of 1993
- Distribution of Transfer of Certain Land Act, No 119 of 1993
- Provision of Land Assistance Act, No 126 of 1993
- Town and Regional Planners Act, No19 of 1984
- Land Administration Act, No 2 of 1995
- National Environmental Management Act, No 107 of 1998
- Interim Protection of Informal Land Rights Act, No 31 of 1996

The following pieces of legislation provide for the transformation of the public service

- Public Services Act, 1994 as amended
- Skills Development Act, No 97 of 1998
- Basic Conditions of Employment Act, No 75 of 1997
- Promotion of Access to Information Act, No 2 of 2000
- State Information and Technology Agency Act, No 88 of 1998
- Preferential Procurement Policy Framework Act, No 5 of 2000
- Labour Relations Act, No 66 of 1995
- Public Protector Act, No 23 of 1994

Legislation that regulates financial management includes:

- Public Finance Management Act, No 1 of 1999 as amended
- Municipal Finance Management Act, No 56 of 2004
- Division of Revenue Act, No 7 of 2003

2. DEPARTMENTAL PERFORMANCE

Voted Funds

To be appropriated by Vote		R857,106,000
Statutory appropriations		R614,000
Responsible Member of Executive Council	MEC for Local Government and Housing	
Administering Department	Department of Local Government and Housing	
Accounting Officer	Deputy Director General of Local Government and Housing	

Aim of the Vote

The aim of the Department of Local Government and Housing is articulated through its Mission as to “Establish, Support and Monitor Sustainable Developmental Local Governance” through:

- Coordinated and integrated development planning within an intergovernmental relations framework
- Coordinated local economic development
- Coordinated and targeted capacity building programme
- The creation of an environment within which housing development takes place
- A cohesive system for disaster management
- An effective and efficient organisation

Key Objectives, Programmes and Achievements

The Department identified the following as its key objectives:

- To build a cohesive organization capable of providing effective support for the attainment of broad departmental strategic goals
- To implement a provincial integrated capacity building strategy
- To enhance integrated planning process and service delivery through inter-governmental relations
- To promote and facilitate integrated provincial spatial development
- To facilitate and monitor the implementation of integrated municipal infrastructure programmes
- To establish a cohesive system for disaster management
- To ensure a responsive internal control and risk mitigation framework
- To provide regulatory framework for housing delivery
- To provide capacity and support to municipalities with regard to housing delivery in line with the Housing Act
- To create integrated and functional settlements

Major achievements of the Department in relation to the above per Programme:

Programme 1: Administration

- Rewarded 561 employees with incentive bonuses
- Captured 487 excess employees on PERSAL
- Facilitated the admission of 257 former casual workers to Government Employees' Pension Fund
- Transferred 160 employees to municipalities and other departments
- Reached 672 employees on Employee Assistance Programme and HIV/ AIDS Awareness workshops
- Finalised Multi Year Strategic Plans and Annual Performance Plan
- Municipal officials in all districts were trained on Batho Pele Best Practices
- Facilitated the review of the organisational structures for the Greater Sekhukhune District Municipality; Lepelle–Nkumpi and Thulamela Local Municipalities
- Developed the organisational structure for Municipal Infrastructure Services Unit
- Developed a database for 151 job profiles and job descriptions
- Facilitated the establishment of a diversity management programme at Fetakgomo Municipality
- 597 training interventions were made as per officials' personal development programmes (PDP)
- All officials have signed the departmental Oath of Secrecy
- All SMS members submitted financial disclosure forms
- All SMS members submitted vetting forms
- Risk assessment strategy and fraud prevention plan were completed
- Deployed 863 excess staff to municipalities and other departments
- Purchased 28 Market Street office building
- Completed the deployment of the Geographic Information System
- Facilitated the connection of 10 local municipalities on the Government Core Communications Network

Programme 2: Housing

- The Provincial Housing Development Plan was reviewed
- Two Social Housing Institutions were established in the province, i.e. Polokwane Housing Association (for the implementation of Ga-Rena Rental Village) and Sunflower Housing (for housing developments with Anglo Platinum)
- 16 595 houses were built
- Completed the seven projects at two municipalities under the Human Settlement Redevelopment Programme
- Completed the Housing Feasibility study at Greater Sekhukhune District Municipality
- 18 emerging contractors were trained through the Sakhasonke Contractors Development Programme

Programme 3: Local Government Administration

- Developed the provincial disaster management framework
- Equipped the Vhembe District Disaster Management Centre with 15 computers and two-way radios
- Completed the Danida (Danish Development Agency) funded capacity building projects in the Capricorn district
- Facilitated the establishment of 6 District Mayors' fora
- Trained 417 Ward Committee members
- Trained 325 municipal officials and women councillors
- Facilitated the municipal grading review for Greater Tubatse and Mutale municipalities
- Facilitated the process of wards de-limitation in preparation of the local government elections
- Completed 102 projects through the Municipal Infrastructure Services
- 7017 households from 4 municipalities (Mutale, Makhado, Thulamela and Polokwane) are benefiting from non-grid free basic electricity
- All municipalities are implementing the Free Basic Water programme

Programme 4: Development and Planning

- All municipalities, with the exception of one (31 out of 32) submitted their 2004/05 reviewed IDP's
- 13 municipalities have completed their Spatial Development Framework
- 22 701 rural sites were demarcated
- Facilitated the adoption of 17 out of 18 Council Resolutions for the transfer of R293 towns

Programme 5: Traditional Affairs

The Traditional Affairs function was transferred to the Office of the Premier during the year under review in line with the State of the Province Address by Hon. Premier Sello Moloto.

SUMMARY OF PROGRAMMES

The activities of the Department are organised in the following five programmes;

- Programme 1: Administration
- Programme 2: Housing
- Programme 3: Local Governance
- Programme 4: Development and Planning
- Programme 5: Traditional Affairs
(Transferred to the Office of the Premier)

PROGRAMME 1: ADMINISTRATION

The programme comprises of the following sub-programmes;

- MEC Support
- Corporate Services

The sub-programme Corporate Services comprises the following strategic business units:

- Chief Information Office
- Finance
- Supply Chain Management
- Organisational Transformation
- Human Resources Management
- Legal Services and Labour Relations

PROGRAMME 2: HOUSING DEVELOPMENT

The Housing Development comprises the following sub-programmes:

- Housing Policy, Planning and Research
- Housing Performance/Subsidy Programmes
- Urban Renewal and Human settlement
- Housing Asset Management

Outputs and service delivery trends

Outputs	Output performance measures/ service delivery indicators	Actual performance against target			
		Quantity			
		Target	Actual	Deviation	Reason(s) for deviation
Constructed 12,709 rural housing units	Provided safe and secure shelter for rural communities and shack dwellers	12709	12709	0	N/A
Constructed 3886 units under PHP		7605	3886	3719	Insufficient budget
Establish Social Housing Institutions	Regulatory framework for housing delivery	2	2	0	N/A
An evaluation of all housing projects (1994 – 2003)	A provincial housing audit report	1	1	0	
Process housing subsidy application forms	Approved housing subsidy beneficiaries	13951	12000	1951	Applications declined
Transfer property to beneficiaries	Secure property ownership	300	237	63	Objections lodged

Transfer payments

Transfer payments relating to Housing Development programme are as follows:

NAME OF INSTITUTION	AMOUNT TRANSFERRED
National Dept of Housing	R 397,132,000

PROGRAMME 3: LOCAL GOVERNMENT ADMINISTRATION

The Local Governance programme comprises the following 4 sub-programmes:

- Municipal Administration
- Municipal Finance
- Municipal Infrastructure
- Disaster Management

Outputs and service delivery trends

Outputs	Output performance measures/ service delivery indicators	Actual performance against target			
		Quantity			
		Target	Actual	Deviation	Reason(s) for deviation
Formulate provincial disaster management framework	Approved document	1	1	0	N/A
Formulate provincial disaster management plan	Approved document	1	0	1	Delays in finalisation of national guidelines Funding shortfalls
Assist 2 district municipalities to establish disaster management centres	Established Disaster Management Centres	2	1 Vhembe	1 Mopani	
Promote and monitor municipal international relations	Workshop for all municipalities	1	1	0	
Training of ward committees	All ward committee members trained	417	417	0	N/A
Training of women councillors	All women councillors trained	325	325	0	N/A
Facilitate the implementation of free basic water	All water authorities providing free	6 Districts (reaching fewer	6 Districts	0	Indigent Registers & inadequate

Outputs	Output performance measures/ service delivery indicators	Actual performance against target			
		Quantity			
		Target	Actual	Deviation	Reason(s) for deviation
	basic water	indigents			infrastructure
Facilitate the implementation of the Municipal Infrastructure Grant funded projects	Monitor and support the provision of municipal infrastructure	128	102	26	Lack of institutional capacity

NAME OF INSTITUTION	AMOUNT TRANSFERRED
National Department of Provincial and Local Government	R 18,643,000

PROGRAMME 4: DEVELOPMENT AND PLANNING

The Development Planning programme comprises the following five sub-programmes:

- Land Survey
- Land Use
- Deeds
- Development Policy and Planning
- Local Economic Development

Outputs and service delivery trends

Outputs	Outputs Performance Measures/Service Delivery indicators	Actual Performance Against Targets			
		Quantity			
		Target	Actual	Deviation	Reasons for Deviation
Demarcation of sites	Facilitated the production of 96 topographical maps and approval of 96 layout plans	98 projects (23 751 sites)	96 projects (22 701 sites)	2 projects (1050 sites)	Penge could not be finalised & Glen Cowie was established on a formerly approved area
Resolutions for the transfer of R293 towns	Resolutions passed by the 10 affected municipalities	18	17	1	Institutional problems at Greater Groblersdal
Community Resolutions for the establishment of towns in Aganang and Fetakgomo	Community Resolutions	2	0	2	Delays in the procurement of service providers
Finalised reviews of the 2004/ 05 IDPs	Reviewed IDPs	32	31	1	Institutional problems at Greater Groblersdal

Compliance with section 38(1)(j) of the PFMA relating to transfers

The department has in all cases where transfers were made to municipalities, enforced full compliance to the PFMA prior to such transfers being made.

MANAGEMENT REPORT for the year ended 31 March 2005

Report by the Accounting Officer to the Executive Authority and Legislature of the Limpopo Province of the Republic of South Africa

1. General review of the state of financial affairs

The Department spent R660 million or 77% of the total budget of R858 million. The breakdown of the expenditure and reasons for underspending are given in the Notes to the Appropriation Statement. Financial management has improved over the last three years with the Department receiving unqualified audit reports. During the year under review, the Department continued to strive to maintain sound financial management practices.

2. Services rendered by the department

2.1 The department focuses mainly in supporting municipalities to build their capacity for improved service delivery, coordinating provincial spatial planning framework, facilitating housing provision for the poor and disaster management.

2.2 Tariff Policy

Tariffs are determined through input by appointed valuers.

2.3 Free Services

No free services were rendered during the year under review.

3. Capacity constraints

Due to the provincial moratorium on filling of vacant posts, the department could not fill all its vacant posts. This had some effect on the overall performance of the Department. The moratorium has since been lifted and the vacant posts are being filled.

4. Utilisation of donor funds

Donor funds totalling R3,715 million were received from the European Union for the Local Economic Development programme as part of a 5-year commitment within the Province. Expenditure of R1,978 million was incurred during the year under review towards setting up the LED Project Management Unit (PMU).

These funds are not part of the voted funds, they are accounted for separately from the PMG Bank Account, and are subject of a separate audit as per an

agreement entered into between the Department and the European Union. Both the Provincial and National Treasuries are aware of the separate accounting arrangements for these funds and they have given approval thereof. The audit of the Fund has been done in compliance to the Public Finance Management Act.

5. Trading entities/ public entities

The Department has no trading or public entities under its jurisdiction. Public entities listed in the Public Finance Management Act (PFMA) as falling under the Department operate as committees, with no separate budgets from the Department, and the Department only incurs minor expenses like catering when meetings are held.

6. Other organisations to whom transfer payments have been made

The Department transferred funds totaling R9.4 million for salary packages for employees transferred to municipalities and for expenditure on Community Development Workers. These amounts are listed as per Note 22 of the Annual Financial Statements.

7. Public/private partnerships (PPP)

The Department has not entered into any public/private partnerships during the year under review.

8. Corporate governance arrangements

8.1 Risk management approach

The Department has updated its risk assessment and developed a fraud prevention plan.

8.2 Effectiveness of internal audit and audit committee

Internal Audit has performed various audits during the year. The Department is represented at meetings of the Provincial Audit Committee, which are held on a quarterly basis. In our view, Internal Audit and the Audit Committee are functioning effectively.

8.3 Management processes to minimise conflict of interest

The Department has a policy whereby every senior official discloses their interests on an annual basis. This is aimed at minimising problems related to conflicts of interest.

8.4 Implementation of a Code of Conduct

The Department subscribes to the Public Service Regulation 1, and the government's Code of Good Practice. There are policies on labour relations as well as guidelines on disciplinary procedures and management of suspensions.

9. Discontinued activities/ activities to be discontinued

The programmes on Traditional Affairs as well as Community Development Workers have been transferred to the Office of the Premier during the year under review.

10. Progress with financial management improvement

Continuous on the job and external training has been conducted to improve compliance to the PFMA, the DoRA, MFMA as well as other related financial legislation.

11. Performance information

The Department reviews the Strategic Plan annually in order to develop annual targets and Key Performance Indicators. Flowing from that, all employees then sign their Performance Agreement and Memoranda of Understanding in accordance with their Divisional Management Plans.

The department is on track with developments of the PFMA. This is evidenced by the unqualified report of the Auditor General for the second successive year during the 2004/05 financial year.

12. Events after the reporting date

Five employees were dismissed on fraud related charges. The total amount involved on these charges is R55, 846. The Department has instituted criminal and civil actions with a view to recovering the amount.

12.1 Scopa Resolutions

Scopa Resolutions for the 2003/04 financial year were not yet available at reporting date.

13. Other

The Department has held the following bank accounts with Absa Bank:

Account Number	Amount	Description of account
4051921647	3,168,141.19	<u>Main Account for the former Department of Housing and Water Affairs.</u> Opened for the purpose of administering the Facilitation and Establishment Grants in respect of People's Housing Process (PHP). The intention was to separate these two administrative grants to Support Organisations from the Housing Subsidies to Beneficiaries.
4048036405	419,190.03	<u>The Housing Development Fund account:</u> Established in terms of the Housing Act. The former Department of Housing and Water Affairs utilised this account until 1999/2000 financial year. This fund did not form part of the Departmental budget and hence could not be administered through the PMG account. Since then the fund is being administered through the PMG Account and it forms part of the Departmental Budget.
4051926045	1,908,271.07	<u>Mauluma PHP</u> This account was opened to facilitate transactions with regard to a PHP program at Mauluma. In the past housing subsidy funds were transferred to Non-Governmental Organisations (NGO's), with particular reference to PHPs. These functions have since been transferred to Municipalities and this account is not active any more.
4051927350	1,667,899.77	<u>Thulamahashe PHP</u> This account was opened to facilitate transactions

4051385671	9,313,471.97	with regard to a PHP program at Mauluma. In the past housing subsidy funds were transferred to Non-Governmental Organisations (NGO's), with particular reference to PHPs. These functions have since been transferred to Municipalities and this account is not active any more.
Total	16,476,974.03	<u>Provincial Disaster Fund</u> This account is replenished through transfers from Provincial Departments. The funds are used to purchase food, equipment and replace infrastructure damaged during disasters.

Except for the Disaster Fund, all the other accounts have been dormant for the year under review. A decision has been taken to close these accounts and remit the proceeds to the Provincial Revenue Fund. The closure of these accounts should take place during the 2005/06 financial year.

Approval

The annual financial statements set below have been approved by the Accounting Officer.

JP MAESEL

Acting Head of Department



REPORT OF THE AUDITOR-GENERAL TO THE LIMPOPO PROVINCIAL LEGISLATURE ON THE FINANCIAL STATEMENTS OF VOTE 19 – DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING FOR THE YEAR ENDED 31 MARCH 2005

1. AUDIT ASSIGNMENT

The financial statements as set out on pages to, for the year ended 31 March 2005 have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read with sections 4 and 20 of the Public Audit Act, 2004 (Act No. 25 of 2004). These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements, based on the audit.

2. NATURE AND SCOPE

The audit was conducted in accordance with Statements of South African Auditing Standards. 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, and
- evaluating the overall financial statement presentation.

Furthermore, an audit includes an examination, on a test basis, of evidence supporting compliance in all material respects with the relevant laws and regulations, which came to my attention and are applicable to financial matters.

The audit was completed in accordance with Auditor-General Directive No. 1 of 2005.

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

3. AUDIT OPINION

In my opinion, the financial statements fairly present, in all material respects, the financial position of the Limpopo Provincial Department of Local Government and Housing at 31 March 2005, and the results of its operations and cash flows for the year then ended, in accordance with prescribed accounting practice and in the manner required by the Public Finance Management Act, 1999 (Act No.1 of 1999).

4. EMPHASIS OF MATTER

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

4.1 Lack of approved policies and procedures

The accounting officer of an institution must manage and ensure that internal procedures and processes are in place to ensure proper control over, *inter alia*, revenue, expenditure and asset management. During the course of the audit a number of concerns arose which can be attributed to such procedures and processes not being properly approved and implemented. Policies in respect of cash management, revenue, supply chain management, payroll controls and asset management were still in a draft format. Some of these policies were reported on in my report on the previous financial year (PR 110/2004).

4.2 Inadequate management of debtors

In terms of Treasury Regulation 11.2.1, the accounting officer of an institution must take effective and appropriate steps to collect all money due to that institution. It was observed during the audit that debtors' accounts amounting to R691, 831 showed no movement and were outstanding for three years and more. The correct ageing of debts could not be tested as supporting documentation could not be submitted for audit purposes.

4.3 Assets - Incomplete registers

The fixed asset register was not sufficiently complete to enable the Department to execute proper control over assets.

An intangible asset register in which assets such as computer software, licenses, etc. should be recorded has not been implemented.

4.4 Housing Guarantees – non submission of documents

The Department was unable to provide substantiating documentation to enable me to audit the amount of R680 299 disclosed in note 17 to the financial statements as being contingent liabilities in the form of guarantees issued for housing loans.

5. APPRECIATION

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

A.N Dzuguda

for. Auditor-General

Polokwane

31 July 2005



Provincial Internal Audit

Ref: 3/6/1/1/4

To: Member of Executive Council
Department of Local Government and Housing

CC: Head of Department
Chief Financial Officer

Date: 22 August 2005

RE: **AUDIT COMMITTEE COMMENTS ON THE ANNUAL FINANCIAL STATEMENTS**

The Audit Committee has discharged its responsibilities arising from section 38(1)(a) of the PFMA and Treasury Regulation 3.1.13 and 27(1)(10).

Herewith find the attached Audit Committee comments pertaining to the above responsibilities in respect of your Annual Financial Statements for the year ending 31 March 2005.

Please do not hesitate to contact me should you require further details

Yours faithfully

**Chief Audit Executive
Provincial Internal Audit**

OFFICE OF THE PREMIER

STATEMENT OF ACCOUNTING POLICIES

for the year ended 31 MARCH 2005

The Annual 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 Annual 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), the Treasury Regulations for Departments and Constitutional Institutions issued in terms of the Act and the Division of Revenue Act, Act 5 of 2004. The following issued, but not yet effective Standards of Generally Recognised Accounting Practice have not been fully complied with in the Annual Financial Statements: GRAP 1, 2 and 3.

1. Basis of preparation

The Annual 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. Under the accrual basis of accounting transactions and other events are recognised when incurred and not when cash is received or paid.

2. Revenue

Appropriated funds

Voted funds are the amounts appropriated to a Department in accordance with the final budget known as the Adjusted Estimates of National/ Provincial Expenditure. Unexpended voted funds are surrendered to the National/ Provincial Revenue Fund, unless otherwise stated.

Departmental revenue

Tax revenue

A tax receipt is defined as compulsory, irrecoverable revenue collected by entities. Tax receipts are recognised as revenue in the statement of financial performance on receipt of the funds.

Sale of goods and services other than capital assets

This comprises the proceeds from the sale of goods and/ or services produced by the entity. Revenue is recognised in the statement of financial performance on receipt of the funds.

Fines, penalties and forfeits

Fines, penalties and forfeits are compulsory receipts imposed by court or quasi-judicial body. Revenue is recognised in the statement of financial performance on receipt of the funds.

Interest, dividends and rent on land

Interest and dividends received are recognised upon receipt of the funds, and no provision is made for interest or dividends receivable from the last receipt date to the end of the reporting period. They are recognised as revenue in the Statement of Financial Performance of the Department and then transferred to the National/ Provincial Revenue Fund.

Revenue received from the rent of land is recognised in the statement of financial performance on receipt of the funds.

Sale of capital assets

The proceeds from the sale of capital assets are recognised as revenue in the statement of financial performance on receipt of the funds.

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.

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.

Local and foreign aid assistance

Local and foreign aid assistance is recognised in the statement of financial performance on receipt of funds. Where amounts are expensed before funds are received, a receivable is raised. Where amounts have been inappropriately expensed using Local and Foreign aid assistance, a payable is raised. In the

situation where the Department is allowed to retain surplus funds, these funds are shown as a reserve.

2. Expenditure

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. The expenditure is classified as capital where the employees were involved, on a full time basis, on capital projects during the financial 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.

Short-term employee benefits

The cost of short-term employee benefits is expensed in the Statement of Financial Performance in the reporting period when the final authorisation for payment is effected on the system. Short-term employee benefits, that give rise to a present legal or constructive obligation are disclosed as a disclosure note to the Annual Financial Statements and are not recognised in the Statement of Financial Performance.

Long-term employee benefits and other post employment benefits

Termination benefits

Termination benefits are recognised and expensed only when the final authorisation for payment is effected on the system.

Medical benefits

The Department provides medical benefits for its employees through defined benefit plans. Employer contributions to the fund are incurred when the final authorisation for payment is effected on the system. No provision is made for medical benefits in the Annual Financial Statements of the Department.

Post employment retirement benefits

The Department provides retirement benefits for certain categories 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. No provision is made for retirement benefits in the Annual Financial Statements of the Department. Any potential liabilities are disclosed in the Annual Financial Statements of the National/Provincial Revenue Fund and not in the Annual Financial Statements of the employer Department.

Other employee benefits

Obligations arising from leave entitlement, thirteenth cheque and performance bonus that are reflected in the disclosure notes have not been paid for at year-end.

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. The expense is classified as capital if the goods and services were used on a capital project.

Interest and rent on land

Interest and rental payments resulting from the use of land, are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system. This item excludes rental on the use of buildings or other fixed structures.

Financial transactions in assets and liabilities

Financial transactions in assets and liabilities include bad debts written off. Debts are written off when identified as irrecoverable. Debts written-off are limited to the amount of savings and/or underspending available to the department. The write off occurs at year-end or when funds are available. No provision is made for irrecoverable amounts.

Unauthorised expenditure

Unauthorised expenditure is defined as:

- The overspending of a vote or a main division within a vote, or
- Expenditure that was not made in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

Such expenditure is treated as a current asset in the Statement of Financial Position until such expenditure is approved by the relevant authority, recovered or written off as irrecoverable.

Irregular expenditure

Irregular expenditure is defined as:

Expenditure, other than unauthorised expenditure, incurred in contravention or not in accordance with a requirement of any applicable legislation, including:

- the Public Finance Management Act
- the State Tender Board Act, or any regulations made in terms of this act, or
- any provincial legislation providing for procurement procedures in that provincial government.

It is treated as expenditure in the Statement of Financial Performance. If such expenditure is not condoned and it is possibly recoverable it is disclosed as receivable in the Statement of Financial Position at year-end.

Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is defined as:

Expenditure that was made in vain and would have been avoided had reasonable care been exercised, therefore

- it must be recovered from a responsible official (a debtor account should be raised) or the vote (if responsibility cannot be determined).

Such expenditure is treated as a current asset in the Statement of Financial Position until such expenditure is recovered from the responsible official or written off as irrecoverable.

3. Transfers and subsidies

Transfers and subsidies include all irrecoverable payments made by the entity. Transfers and subsidies are recognised as an expense when the final authorisation for payment is effected on the system.

4. Expenditure for capital assets

Capital assets are assets that can be used repeatedly and continuously in production for more than one year. 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.

5. Investments

Investments include; Investments in Associates; Joint ventures; Investments in controlled entities and other investments.

Investments are shown at cost. On disposal of an investment, the surplus/ (deficit) is recognised as revenue in the Statement of Financial Performance.

6. Receivables

Receivables are not normally recognised under the modified cash basis of accounting. However, receivables included in the Statement of Financial Position arise from cash payments that are recoverable from another party, when the payments are made.

Receivables for services delivered are not recognised in the Statement of Financial Position as a current asset or as income in the Statement of Financial Performance, as the Annual Financial Statements are prepared on a modified cash basis of accounting, but are disclosed separately as part of the disclosure notes to enhance the usefulness of the Annual Financial Statements.

7. Cash and cash equivalents

Cash and cash equivalents consists of cash on hand and balances with banks, short term investments in money market instruments and demand deposits. Cash equivalents are short term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

8. Payables

Payables are not normally recognised under the modified cash basis of accounting. However, payables included in the Statement of Financial Position arise from advances received that are due to the Provincial/National Revenue Fund or another party.

9. Lease commitments

Lease commitments for the period remaining from the reporting date until the end of the lease contract are disclosed as part of the disclosure notes to the Annual Financial Statements. These commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance as the Annual Financial Statements are prepared on the cash basis of accounting.

Operating lease expenditure is expensed when the payment is made.

Finance lease expenditure is expensed when the payment is made, but results in the acquisition of the asset under the lease agreement. A finance lease is not allowed in terms of the Public Finance Management Act.

10. Accruals

This amount represents goods/services that have been received, but no invoice has been received from the supplier at the reporting date, OR an invoice has been received but final authorisation for payment has not been effected on the system. These amounts are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance as the Annual Financial Statements are prepared on a modified cash basis of accounting, but are however disclosed as part of the disclosure notes.

11. Contingent liability

This 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 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 not recognised in the Statement of Financial position, but the information is disclosed as part of the disclosure notes.

12. Commitments

This amount represents goods/services that have been approved and/or contracted, but no delivery has taken place at the reporting date. These amounts are not recognised in the Statement of financial position as a liability or as expenditure in the Statement of Financial Performance as the Annual Financial

Statements are prepared on a modified cash basis of accounting, but are however disclosed as part of the disclosure notes.

13. Capitalisation reserve

The capitalisation reserve represents an amount equal to the value of the investment and/ or loans capitalised. On disposal, repayment or recovery, such amounts are transferred to the Revenue Fund.

14. Recoverable revenue

Recoverable revenue represents payments made and recognised in the Statement of Financial Performance as an expense in previous years due to non-performance in accordance with an agreement, which have now become recoverable from a debtor. Repayments are transferred to the Revenue Fund as and when the repayment is received.

15. Comparative figures

Where necessary, comparative figures have been re-stated to conform to the changes in the presentation in the current year. The comparative figures shown in these Annual Financial Statements are limited to the figures shown in the previous year's audited Annual Financial Statements and such other comparative figures that the department may reasonably have available for reporting. Reclassification of expenditure has occurred due to the implementation of the Standard Chart of Accounts. It is not practical to present comparative amounts in the Cash Flow Statements as this would involve reclassification of amounts dating back to the 2002/ 03 year-end.

	Limpopo - Department of Local Government & Housing Appropriation Statement for the year ended 31 March 2005 Appropriation per Programme 2004/05						
		2004/05					
		Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000
1 Administration							
		139,639	0	0	139,639	101,632	38,007
Current payment		109,751	1,966	0	111,717	70,389	41,328
Transfers and subsidies		338	(338)	0	0	0	0
Expenditure for capital assets		29,550	(1,628)	0	27,922	31,243	(3,321)
Housing							
2 Development							
		433,323	0	0	433,323	340,991	92,332
Current payment		34,941	0	0	34,941	20,999	13,942
Transfers and subsidies		397,132	0	0	397,132	318,041	79,091
Expenditure for capital assets		1,250	0	0	1,250	1,951	(701)
Local							
3 Government							
Administration		182,141	0	0	182,141	136,198	45,943
Current payment		135,377	(20,640)	0	114,737	96,322	18,415
Transfers and subsidies		18,643	0	0	18,643	12,753	5,890
Expenditure for capital assets		28,121	20,640	0	48,761	27,123	21,638
Development							
4 Planning		43,010	0	0	43,010	37,540	5,461

Current payment	42,200	0	0	42,200	36,923	5,277	
Expenditure for capital assets	810	0	0	810	626	184	
Traditional 5 Affairs							
.	58,993	0	0	58,993	42,637	16,356	
Current payment	52,291	0	0	52,291	36,242	16,049	
Transfers and subsidies	6,247	0	0	6,247	6,064	183	
Expenditure for capital assets	455	0	0	455	331	124	
Subtotal	857,106	0	0	857,106	659,007	198,099	
Statutory Appropriation							
Current payments	614			614	614	0	
Total	857,720	0	0	857,720	659,621	198,099	

Appropriation per Economic classification						
	2004/05					
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Payment R'000	V
Current payments	357,708	(4,234)	0	353,474	262,450	
Compensation to employees	274,976	0	0	274,976	195,360	
Goods and services	82,732	(4,234)	0	78,498	67,090	
Transfers & subsidies	418,576	4,005	0	422,581	338,724	
Households	418,576	4,005	0	422,581	338,724	
Payment on capital assets	80,822	229	0	81,051	57,833	
Buildings & other fixed structures	24,425	0	0	24,425	23,785	
Machinery & equipment	54,397	508	0	54,905	34,048	
Software & other intangible assets	2,000	(279)	0	1,721	0	
Total	857,106	0	0	857,106	659,007	

Statutory Appropriation						
Direct charge against Provincial Revenue Fund	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Payment R'000	V
Member of executive committee/parliamentary officers	614	0	0	614	614	
Total	614	0	0	614	614	

**Detail per programme 1 - Administration
for the year ended 31 March 2005**

Programme per subprogramme		2004/05					
		Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Payment R'000	Variance R'000
1.1	Office of the MEC	3,457	(380)	0	3,077	2,463	614
	Current payment	3,332	(609)	0	2,723	2,151	572
	Expenditure for capital assets	125	229	0	354	312	42
1.2	Corporate Services	136,182	380	0	136,562	99,169	37,400
	Current payment	106,419	2,575	0	108,994	68,238	40,756
	Transfers and subsidies	338	(338)	0	0	0	0
	Expenditure for capital assets	29,425	(1,857)	0	27,568	30,931	(3,363)
	Total	139,639	0	0	139,639	101,632	38,007

**Detail per programme 2 - Housing
for the year ended 31 March 2005**

Programme per subprogramme		2004/05					
		Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Payment R'000	Variance R'000
2.1	Housing Planning & Research	11,591	(1,212)	0	10,379	3,846	6,533
	Current payment	11,421	(1,212)	0	10,209	3,619	6,590
	Expenditure for capital assets	170	0	0	170	227	(57)
2.2	Housing Performance /Subsidy Programme	377,783	(779)	0	377,004	318,715	58,289

	subsidies	372,216	0	0	372,216	312,969	59,247	8
	Expenditure for capital assets	228	0	0	228	1,080	(852)	47
2.	Housing Asset							
3	Management	5,961	(901)	0	5,060	4,711	349	9
	Current payment	5,743	(901)	0	4,842	4,571	271	9
	Expenditure for capital assets	218	0	0	218	140	78	6
2.	Urban Renewal &							
4	Human Settlement	37,988	2,892	0	40,880	13,719	27,161	3
	Current payment	12,438	2,892	0	15,330	8,143	7,187	5
	Transfers and subsidies	24,916	0	0	24,916	5,072	19,844	2
	Expenditure for capital assets	634	0	0	634	504	130	7
	Total	433,323	0	0	433,323	340,991	92,332	7

Economic classification	2004/05						
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation
	R'000	R'000	R'000	R'000	R'000	R'000	
Current	37,932	(3,072)	0	34,860	21,823	13,037	6
Compensation to employees	29,376	0	0	29,376	16,510	12,866	5
Goods and services	8,556	(3,072)	0	5,484	5,313	171	9
Transfers & subsidies	394,141	3,072	0	397,213	318,092	79,121	8
Households	394,141	3,072	0	397,213	318,092	79,121	8
Capital	1,250	0	0	1,250	1,076	174	8
Machinery & equipment	1,250	0	0	1,250	1,076	174	8
Total	433,323	0	0	433,323	340,991	92,332	7

Programme per subprogramme	2004/05						
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation
	R'000	R'000	R'000	R'000	R'000	R'000	
3.1 Municipal Administration	74,096	(9,928)	0	64,168	47,656	16,512	74
Current payment	73,865	(9,928)	0	63,937	47,438	16,499	74
Expenditure for capital assets	231	0	0	231	218	13	9
3.2 Municipal Finance	55,341	20,640	0	75,981	65,687	10,294	86
Current payment	14,346	0	0	14,346	30,082	(15,736)	21
Transfers and subsidies	18,643	0	0	18,643	12,753	5,890	68
Expenditure for capital assets	22,352	20,640	0	42,992	22,852	20,140	53
3.3 Municipal Infrastructure	10,345	(1,505)	0	8,840	4,384	4,456	50
Current payment	5,788	(1,505)	0	4,283	1,114	3,169	27
Expenditure for capital assets	4,557	0	0	4,557	3,270	1,287	72
3.4 Disaster Management	42,359	(9,207)	0	33,152	18,471	14,681	56
Current payment	41,378	(9,207)	0	32,171	17,688	14,483	55
Expenditure for capital assets	981	0	0	981	783	198	8
Total	182,141	0	0	182,141	136,198	45,943	75

Economic	2004/05
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	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	as % final appropriation
	R'000	R'000	R'000	R'000	R'000	R'000	
Current	114,617	0	0	114,617	94,735	19,882	15
Compensation to employees	104,310	0	0	104,310	87,882	16,428	8
Goods and services	10,307	0	0	10,307	6,853	3,454	6
Transfers & subsidies	18,763	0	0	18,763	14,032	4,731	7
Households	18,763	0	0	18,763	14,032	4,731	7
Capital	48,761	0	0	48,761	27,431	21,330	5
Machinery & equipment	48,761	0	0	48,761	27,431	21,330	5
Total	182,141	0	0	182,141	136,198	45,943	7

**Detail per programme 4 - Development Planning
for the year ended 31 March 2005**

Programme per subprogramme	2004/05						
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % final appropriation
	R'000	R'000	R'000	R'000	R'000	R'000	
4.1 Spatial Planning	23,378	0	0	23,378	21,203	2,175	9
Current payment	23,007	0	0	23,007	20,838	2,169	9
Expenditure for capital assets	371	0	0	371	365	6	9
4.2 Development Administration	4,102	0	0	4,102	2,473	1,629	6
Current payment	4,043	0	0	4,043	2,428	1,615	6
Expenditure for capital assets	59	0	0	59	45	14	7
4.3 Integrated Development and Planning	12,450	0	0	12,450	11,233	1,217	9
Current payment	12,222	0	0	12,222	11,122	1,100	9
Expenditure for capital assets	228	0	0	228	111	117	5

	capital assets	190	0	0	190	133	57	
4.	Local Economic							
4	Development	3,080	0	0	3,080	2,640	440	8
	Current payment	2,890	0	0	2,890	2,557	333	8
	Expenditure for capital assets	190	0	0	190	83	107	4
	Total	43,010	0	0	43,010	37,549	5,461	8

Economic classification	2004/05						
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation
	R'000	R'000	R'000	R'000	R'000	R'000	
Current	42,223	0	0	42,223	36,782	5,441	8
Compensation to employees	16,062	0	0	16,062	14,688	1,374	9
Goods and services	26,161	0	0	26,161	22,094	4,067	8
Transfers & subsidies	37	0	0	37	37	0	10
Households	37	0	0	37	37	0	10
Capital	750	0	0	750	730	20	9
Machinery & equipment	750	0	0	750	730	20	9
Total	43,010	0	0	43,010	37,549	5,461	8

**Detail per programme 5 - Traditional Affairs
for the year ended 31 March 2005**

Programme per subprogramme	2004/05						
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation
	R'000	R'000	R'000	R'000	R'000	R'000	
5.	Traditional						
1	Institutional						
	Arrangement	58,993	0	58,993	42,637	16,356	7
	Current payment	52,291	0	52,291	36,242	16,049	7

	Expenditure for capital assets	455	0	0	455	331	124	7
5. Resource	Traditional							
2 Administration		0	0	0	0	0	0	
	Current payment	0	0	0	0	0	0	
	Total	58,993	0	0	58,993	42,637	16,356	7

Economic classification							
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation
	R'000	R'000	R'000	R'000	R'000	R'000	
Current	53,060	(933)	0	52,127	35,970	16,157	69
Compensation to employees	49,560	0	0	49,560	33,452	16,108	67
Goods and services	3,500	(933)	0	2,567	2,518	49	99
Transfers & subsidies	5,297	933	0	6,230	6,227	3	100
Households	5,297	933	0	6,230	6,227	3	100
Capital	636	0	0	636	440	196	69
Machinery & equipment	636	0	0	636	440	196	69
Total	58,993	0	0	58,993	42,637	16,356	72

**Limpopo - Department of Local Government & Housing
Notes to the Appropriation Statement
for the year ended 31 March 2005**

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

Detail of these transactions can be viewed in note 08 (Transfers and subsidies) and Annexure 1B 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.

Explanations of material variances from Amounts Voted (after virement):

**3. Per
1 programme:**

	Voted Funds after virement	Actual Expenditu re	Variance	%
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**Administrati
on**

27%

139,639 101,632 38,007

Under spending is mainly on compensation of employees. This under spending resulted from vacant positions which were budgeted for but could not be filled due to the moratorium on filling of vacant posts.

Housing

21%

433,323 340,991 92,332

Housing: Under spending was mainly as a result of late commencement of projects and late completion of geo-technical investigations.

Human Settlement Redevelopment Programme: Under spending is mainly due to delays in the approval of business plans, appointment of service providers, and settlement of land claims disputes.

**Local
Government
Administrati
on**

25%

182,141 136,198 45,943

Under spending is mainly within Municipal Support Programme. This is as a result of the following factors: initial poor conceptualisation of the programme, delays in decision making by some of the many stakeholders involved.

Development Planning

13%

43,010 37,549 5,461

Under spending is mainly as a result of funds allocated for establishment of towns in respect of Aganang and Fetakgomo not being spent before the end the financial year because bids were awarded late in the financial year. In addition, funds allocated for demarcation of sites could not be spent as a result of delays in the approvals of layout plans by the Surveyor General's office.

Traditional Affairs

58,993 42,637 16,356 28%

Under spending is mainly on compensation of employees. This under spending resulted from vacant positions which were budgeted for but could not be filled due to the moratorium on filling of vacant posts.

4.		
2	Per economic classification:	R'000
	Current expenditure	
		91,024
	Compensation of employees	79,616
	Goods and services	11,408
	Transfers and subsidies	
		83,857
	Households	83,857
	Payments for capital assets	
		23,218
	Buildings and other fixed structures	640
	Machinery and equipment	20,857
	Software and other intangible assets	1,721

Limpopo - Department of Local Government & Housing
Statement of Financial Performance
for the year ended 31 March 2005

	<i>Note</i>	2004/05 R'000	2003/04 R'000
REVENUE			
Annual appropriation	<i>1.</i>	857,106	877,731
Statutory appropriation	<i>2.</i>	614	607
TOTAL REVENUE		<u>857,720</u>	<u>878,338</u>
EXPENDITURE			
Current expenditure			
Compensation of employees	<i>4</i>	195,974	233,179
Goods and services	<i>5</i>	67,090	98,068
Total current expenditure		<u>263,064</u>	<u>331,247</u>
Transfers and subsidies	<i>8</i>	338,724	503,594

Expenditure for capital assets

Buildings and other fixed structures	9	23,785	-
Machinery and Equipment	9	34,048	10,756
Total expenditure for capital assets		<u>57,833</u>	<u>10,756</u>
TOTAL EXPENDITURE		<u>659,621</u>	<u>845,597</u>
NET SURPLUS/(DEFICIT)		198,099	32,741
Add back unauthorised expenditure	6	-	5,020
Add back fruitless and wasteful expenditure	7	7	-
NET SURPLUS/(DEFICIT) FOR THE YEAR		<u>198,106</u>	<u>37,761</u>
Reconciliation of Net Surplus/(Deficit) for the year			
Voted Funds to be surrendered to the Revenue Fund	13	198,106	37,761
Departmental revenue to be surrendered to revenue fund	3	<u>-</u>	<u>-</u>
NET SURPLUS/(DEFICIT) FOR THE YEAR		<u>198,106</u>	<u>37,761</u>

Limpopo - Department of Local Government & Housing

Statement of Financial Position as at 31 March 2005

	<i>Note</i>	2004/05 R'000	2003/04 R'000
ASSETS			
Current assets		257,535	89,136
Unauthorised expenditure	6	7,378	7,378
Fruitless and wasteful expenditure	7	1,075	1,068
Cash and cash equivalents	10	226,083	74,167

Prepayments and advances	11	2,298	-
Receivables	12	20,701	6,523
		<hr/>	
		<hr/>	
TOTAL ASSETS		257,535	89,136
<hr/>			
LIABILITIES			
		257,535	89,136
Current liabilities			
Voted funds to be surrendered to the Revenue Fund	13	203,126	37,761
Departmental revenue to be surrendered to the Revenue Fund	14	51	31
Payables	15	54,358	51,344
		<hr/>	
TOTAL LIABILITIES		257,535	89,136
		<hr/>	
NET ASSETS		-	-
		<hr/>	

**Cash Flow Statement
for the year ended 31 March 2005**

	<i>Note</i>	2004/05 R'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts		843,006
Annual appropriated funds received		857,106
Statutory appropriated funds received		614
Departmental revenue received		1,791
Net (increase)/decrease in working capital		-
		16,505
		-
Surrendered to Revenue Fund		34,483
		-
Current payments		260,050
		-
Transfers and subsidies paid		338,724
Net cash flow available from operating activities	17	<u>209,749</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
		-
Payments for capital assets		57,833
		-
Net cash flows from investing activities		<u>57,833</u>
		-
Net increase/(decrease) in cash and cash equivalents		151,916
		-
Cash and cash equivalents at beginning of period		74,167
		-
Cash and cash equivalents at end of period		<u><u>226,083</u></u>

**Limpopo Department of
Local Government &
Housing
Notes to the Annual
Financial Statements
for the year ended 31
March 2005**

1 Annual Appropriation

1.1 Annual Appropriation

Included are funds appropriated in terms of the Appropriation Act for Provincial Departments

	Final Appropriation R'000	Actual Funds Received R'000
Administration	139,639	140,253
Housing	433,323	433,323
Local Government	182,141	182,141
Development Planning	43,010	43,010
Traditional Affairs	58,993	58,993
Total	857,106	857,720

Explanation of material variances including whether or not application will be made for

1.2 Conditional grants

Note

Total grants received

**ANNEXURE
1A**

*(** It should be noted that the Conditional grants are included in the amounts per the Total Appropriation in Note 1.1)*

Member of executive committee

3 Departmental revenue to be surrendered to revenue fund

Description

Sales of goods and services other than capital assets

Interest, dividends and rent on land

Financial transactions in assets and liabilities

3.1

Total revenue collected

Less: Departmental revenue budgeted *

Departmental revenue collected

* Please note that departmental revenue budgeted applies to provincial departments. This must equal the amount received in the appropriation. Only if the department has under-collected on budgeted revenue, then the amount collected should be inserted in the budgeted revenue line. This will result in a zero balance for departmental revenue on the face of the Income Statement.

3.1 Financial transactions in assets and liabilities

Nature of loss recovered

Material losses recovered

Other

4 Compensation of employees

4.1 Salaries and wages

Basic salary

Performance award

Service Based

Compensative/circumstantial

Other non-pensionable allowances

Note

4.2 Social contributions

4.2.1 Short term employee benefits"

Pension

Medical

Bargain council

Insurance

Total compensation of employees

Average number of employees

5 Goods and services

Advertising

Attendance fees (including registration fees)

Bursaries (employees)

Communication

Computer services

Consultants, contractors and special services

Equipment less than R5 000

Government motor transport

Inventory 5.2

Legal fees

Maintenance, repair and running costs

Medical services

Operating leases

Photographic services

Printing and publications

Professional bodies and membership fees

Resettlement costs

Owned and leasehold property expenditure

Travel and subsistence 5.3

Protective, special clothing & uniforms

5.2 Inventory

Other inventory

Domestic Consumables

Stationery and Printing

Total Inventory

5.3 Travel and subsistence

Local

Foreign

6 Unauthorised expenditure

6.1 Reconciliation of unauthorised expenditure

Opening balance

Unauthorised expenditure – current year

Unauthorised expenditure awaiting authorisation

7 Fruitless and wasteful expenditure

7.1 Reconciliation of fruitless and wasteful expenditure

Opening balance

Fruitless and wasteful expenditure – current year

Fruitless and wasteful expenditure awaiting condonement

Fruitless and wasteful expenditure

Incident

Carried over from
2002/2003 Financial year

Disciplinary steps taken/criminal proceedings

8 Transfers and subsidies

Note

Households

[ANNEXURE 3
1B & 1A](#)

9 Expenditure for capital assets

Buildings and other fixed structures

[ANNEXURE 3](#)

Machinery and equipment

[ANNEXURE 3](#)

Total

10 Cash and cash equivalents

Consolidated Paymaster General Account

11 Prepayments and advances

Description

Prepayments

12 Receivables

		Less than one year	One to three years	Older than three years
Staff debtors	12.1	4,432		
Clearing accounts	12.2			36
Other debtors	12.3	16,233		
		20,665	-	36

Amounts of R _____ (2004: R _____) included above may not be recoverable, but h
Statement of financial performance

12.1 Staff debtors

(Group major categories, but list material items)

Staff debts

Salary Persal EBT Control

12.2 Clearing accounts

(Group major categories, but list material items)

Irregular Expenditure

Sal: Income Tax

conversion unauthorised expenditure

12.3 Other debtors

Nature of advances

(Group major categories, but list material items)

Lephalale Municipality

Molemole Municipality

Bushbuckridge Municipality

Blouberg Municipality

Baphalaborwa Municipality
Greater Sekhukhune District
Municipality

Mutale Municipality

Mogalakwena Municipality

Lepelle-Nkumpi Municipality

Mookgopong Municipality

Greater Giyani Municipality

Maruleng Municipality

Thulamela Municipality

Musina Municipality

Modimelle Municipality

Greater Izaneen Municipality

Thabazimbi Municipality

Aganang Municipality

Bela Bela Municipality

Makhado Municipality

Greater Letaba Municipality

Bojanala Platinum District Municipality

Ariyeng Integrated Business

Telephone Account

13 Voted Funds to be surrendered to the Revenue Fund

Opening balance

Transfer from Statement of Financial Performance

Voted funds not requested/not received

Paid during the year

Closing balance

Included in the R37,761 is the amount of R681 for local and foreign aid

14 Departmental revenue to be surrendered to revenue fund

Opening balance

Departmental revenue budgeted

Paid during the year

15 Payables – current
Description

30 Days

30+ Days

Clearing accounts 16.2

-

Other payables 16.3

54,358

54,358

-

15.2 Clearing accounts

Description

(Identify major categories, but list material amounts)

Conversion exchequer grant account

15.3 Other payables

Description

(Identify major categories, but list material amounts)

Integrated Development Plan

Strengthening L/G EU

Outstanding payments

Cheques Payables

BAS Credit Transfers: Dom

Sal pension fund

**17 Reconciliation of net cash flow from operating activities
to surplus/(deficit)**

Note

Net surplus/(deficit) as per Statement of Financial Performance

(Increase)/decrease in receivables – current

(Increase)/decrease in other current assets

(Increase)/decrease in other non-current assets

Increase/(decrease) in payables – current

Surrenders

Capital expenditure

Departmental revenue budgeted

Net cash flow generated by operating activities

18 Appropriated funds and departmental revenue surrendered

Appropriated funds surrendered

Departmental revenue surrendered

**Limpopo Department of Local
Government & Housing
Disclosure Notes to the Annual Financial
Statements
for the year ended 31 March 2005**

**These amounts are not recognised in the financial statements and are disclosed to enhance
usefulness of the financial
statements.**

19 Contingent liabilities

Liable to	Nature
Housing loan guarantees	Employees
Claims	

Note

20 Commitments
Current expenditure
Approved and contracted

Total Commitments

Confirmed balances with other departments

ANNEX
4

22 Employee benefits

Leave entitlement

Thirteenth cheque
Performance awards

The performance awards for the year were not yet determined and approved at year e

23 Leases

23.1 Operating leases

Buildings & other fixed structures

**Machin
and
equipm**

Not later than 1
year
Later than 1 year and not

514

1

years	1,314	
Total present value of lease liabilities	1,941	1

24 Receivables for service delivered

Nature of service

(Group major categories, but list material items)

Dept of Health

Dept of Safety Security and Liaison

These amounts represent balances refundable by municipalities in lieu of funds transferred by the department to municipalities for Community Development Workers expenditure which was in excess of the actual expenditure.

24 Irregular expenditure

24.1 Reconciliation of irregular expenditure

Opening Balance

Irregular expenditure awaiting condonement

Analysis

Prior years

25 Senior management personnel

2* Deputy Director General
Level 15

5*General Managers Level
14

11*Senior Managers Level
13

Limpopo - Department of Local Government & Housing

Annexures to the Annual Financial Statements

for the year ended 31 March 2005

ANNEXURE 1A
STATEMENT OF CONDITIONAL
GRANTS RECEIVED

NAME OF DEPARTMENT	GRANT ALLOCATION				Amount received by department R'000	Amount received by department R'000
	Division of Revenue Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000		
Housing Development Fund	369,818	2,398	-	372,216	369,818	31
Human Resettlement	11,660	10,165	-	21,825	11,660	
Local Government Support Grant	20,100	15,508	-	35,608	20,100	1
Consolidated Infrastructure Grant (CMIP)	4,198	101	-	4,299	4,198	
Provincial Infrastructure Grant	-		-	-		
Flood Grant	-			-		
SUB TOTAL	405,776	28,172	-	433,948	405,776	34

NAME OF DEPARTMENT	Division of Revenue Act R'000	Roll Overs R'000	Adjustm ents R'000	Total Available R'000	Amoun t receiv ed by depart ment R'000	Ar t s de n R
Other transfers			-	-	-	
Capacity Building (CMIP)			-	-	-	
SUB TOTAL	-	-	-	-	-	
GRAND TOTAL	405,776	28,172	-	433,948	405,776	34

**Limpopo - Department of
Local Government &
Housing**

**Annexures to the Annual
Financial Statements
for the year ended 31 March
2005**

ANNEXURE 1B
**STATEMENT OF TRANSFERS/SUBSIDIES TO
HOUSEHOLDS**

	TRANSFER ALLOCATION			
NON PROFIT ORGANISATION	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000
Transfers				
Integrated Housing Grant	369,818	2,398	-	372,216
Human Resettlement Grant	11,660	10,165	-	21,825
Households Empl Social Benefit-Cash Res	6,163	-	-	6,163
Claims Against State Households	1,334	-	-	1,334
RSC Levies	13,376	-	-	13,376
Local Government Support Grant	-	-	-	-
CMIP	-	-	-	-
Provincial Infrastructure Grant	-	-	-	-
Total	402,351	12,563	-	414,914

ANNEXURE 2

**STATEMENT OF FINANCIAL GUARANTEES ISSUED AS
AT 31 MARCH 2005 - LOCAL**

Guarantor institution	Guarantee in respect of	Original Guarante ed capital amount R'000	Openi ng Balanc e 01/04/2 004 R'000	Guarantees issued during the year R'000
Nedbank Limited	Housing		116	-
Firststrand Bank Limited			32	-
ABSA			1,811	56
Company Unique Finance(PTY)LTD			290	-
Peoples Bank Limited(Former FBC			84	-
Peoples Bank LTD Incorporating			247	-
First Rand Bank LTD(FNB Former			156	-
Old Mutual Bank Div. of Nedbank			676	-
VBS Mutual Bank				-

Development Green Start Home Loans(PTY)LTD	Other		15 1	-	
		-	3,548	56	2
		-	-	-	-
	Total	-	3,548	56	2

Limpopo - Department of Local Government & Housing

**Annexures to the Annual Financial Statements
for the year ended 31 March 2005**

ANNEXURE 3

**PHYSICAL ASSET MOVEMENT SCHEDULE AS AT 31 MARCH
2005**

	Opening Balance	Additions	Disposals	Transfers in	Transfers Out	Closing Balance
	R'000	R'000	R'000	R'000	R'000	R'000

**BUILDINGS AND
OTHER FIXED
STRUCTURES**

- 23,785 - - - 23,785

Dwellings
Non-residential
buildings

- - - - -

- 23,785 - - - 23,785

**MACHINERY AND
EQUIPMENT**

10,756 34,048 - - 1,875 42,929

Computer equipment
Furniture and office
equipment
Other machinery and
equipment

9,154 26,215 - - - 35,369

1,422 4,189 - - - 5,611

180 83 - - - 263

Transport assets

- 3,561 - - 1,875 1,686

10,756 57,833 - - 1,875 66,714

**MACHINERY AND
EQUIPMENT**

- 10,756 - - - 10,756

Computer equipment
Furniture and office
equipment

9,154 - - - 9,154

1,422 - - - 1,422

Other machinery and equipment	180	-	-	-	180
	-	10,756	-	-	10,756

This is a movement schedule as at 1 March 2005

Limpopo - Department of Local Government & Housing

**Annexures to the Annual Financial Statements
for the year ended 31 March 2005**

ANNEXURE 4

**INTER-DEPARTMENTAL PAYABLES –
CURRENT**

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding	
	31/03/200 5	31/03/200 4	31/03/200 5	31/03 /2004
	R'000	R'000	R'000	R'000
Department				
Amounts not included in Statement of financial position				
Current				
National Dept of Housing	38		-	
Department of Justice	-		1,182	
Subtotal	38	-	1,182	-
Total	38	-	1,182	-

HUMAN RESOURCE MANAGEMENT

The following tables summarise final audited expenditure by programme (Table 1.1) and by salary bands (Table 1.2). In particular, it provides an indication of the amount spent on personnel costs in terms of each of the programmes or salary bands within the department.

TABLE 1.1 – Personnel costs by programme, 2004/5

Programme	Total Expenditure (R'000)	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Professional and Special Services (R'000)	Personnel costs as a percentage of total expenditure
Administration	101 631 765	43 442 207	2 572 509	3 071 048	31.6
Local Government Admin	136 198 500	103 967 482	354 753	459 270	59.2
Housing Development	340 991 500	16 510 732	173 224	2 684 682	3.4
Development Planning	37 548 574	14 688 093	218 459	19 947 629	28.8
Traditional Affairs	42 636 870	33 452 595	65 443	665 112	11.8
TOTAL	659 007 209	212 060 609	3 384 388	28 827 741	22.3

TABLE 1.2 – Personnel costs by salary bands, 2004/5

Salary bands	Personnel Expenditure (R'000)	% of total personnel cost	Average personnel cost per employee (R'000)
Lower skilled (Levels 1-2)	57 680 486	2099	27479
Skilled (Levels 3-5)	67 859 395	340	199586
Highly skilled production (Levels 6-8)	30 112 606	309	97451
Highly skilled supervision (Levels 9-12)	45 168 910	95	475462

Senior management (Levels 13-16)	11 239 212	18	624400
TOTAL	212 060 609	100.0	72 574

The following tables provide a summary per programme (Table 1.3) and salary bands (Table 1.4), of expenditure incurred as a result of salaries, overtime, homeowners allowance and medical assistance. In each case, the table provides an indication of the percentage of the personnel budget that was used for these items.

TABLE 1.3 – Salaries, Overtime, Home Owners Allowance and Medical Assistance by programme, 2004/5

	Salaries		Overtime		Home Owners Allowance		Medical Assistance		Total
	Salaries (R'000)	Salaries as a % of personnel cost	Amount (R'000)	Overtime as a % of personnel cost	HOA as a % of personnel cost	Amount (R'000)	MA as a % of personnel cost	Amount (R'000)	Personnel cost (R'000)
Administration	40 102 034	18.9	1 301 578	0.6	387 416	0.1	1 651 179	0.7	43 442 207
Local Government	101 820 087	48.0	285 545	0.1	501 328	0.2	1 360 522	0.6	103 967 482
Housing	15 477 097	7.2	244 224	0.1	122 362	0.05	666 550	0.3	16 510 233
Development planning	13 884 986	6.5	8 919	0.01	97 875	0.04	696 312	0.3	14 688 092
Traditional affairs	32 664 418	0.1	27 711	0.01	84 961	0.04	675 505	0.3	33 452 595
TOTAL	203 948 622	96.1	1 867 977	0.8	1 193 942	0.5	5 050 068	2.3	212 060 609

TABLE 1.4 – Salaries, Overtime, Home Owners Allowance and Medical Assistance by salary bands, 2004/5

Programme	Salaries	Overtime	Home Owners Allowance	Medical Assistance	Total
-----------	----------	----------	-----------------------	--------------------	-------

	Amount (R'000)	Salaries as a % of personnel cost	Amount (R'000)	Overtime as a % of personnel cost	HOA as a % of personnel cost	Amount (R'000)	MA as a % of personnel cost	Amount (R'000)	Personnel cost (R'000)
Lower skilled (Levels 1-2)	54 386 299	24.8	186 798	0.08	159 192	0.07	1 346 684	0.6	56 078 973
Skilled (Levels 3-5)	70 340 235	32.3	747 191	0.3	238 788	0.11	673 342	0.3	71 999 556
Highly skilled production (Levels 6-8)	27 193 152	11,5	560 393	0,2	397 981	0,18	1 683 356	0,7	29 834 882
Highly skilled supervision (Levels 9-12)	40 789 724	18.4	373 595	0,1	318 385	0,15	1 010 014	0.4	42 491 718
Senior management (Levels 13-16)	11 239 212	5.1	—	—	79 596	0,03	336 672	0,15	11 655 480
TOTAL	203 948 622	96.1	1 867 977	0,8	1 193 942	0,5	5 050 068	2,3	212 060 609

2 – Employment and Vacancies

The following tables summarise the number of posts on the establishment, the number of employees, the vacancy rate, and whether there are any staff that are additional to the establishment. This information is presented in terms of three key variables: - programme (Table 2.1), salary band (Table 2.2) and critical occupations (Table 2.3). Departments have identified critical occupations that need to be monitored. Table 2.3 provides establishment and vacancy information for the key critical occupations of the department. The vacancy rate reflects the percentage of posts that are not filled.

TABLE 2.1 – Employment and vacancies by programme, 31 March 2005

Programme	Numb	Numb	Vacan	Number of
-----------	------	------	-------	-----------

	er of posts	er of posts filled	cy Rate %	posts filled additional to the establishment
Administration	333	253	24	3
Local Governance	96	72	25	486
Housing Development	126	110	13	
Development & Planning	138	104	25	
Traditional Affairs	85	79	7	1754
TOTAL	778	618	20	2243

TABLE 2.2 – Employment and vacancies by salary bands, 31 March 2005

Programme	Number of posts	Number of posts filled	Vacancy Rate %	Number of posts filled additional to the establishment
Lower skilled (Levels 1-2)	36	36	0	1966
Skilled (Levels 3-5)	103	72	30	61
Highly skilled production (Levels 6-8)	491	364	25	213
Highly skilled supervision (Levels 9-12)	132	131	0	0
Senior management (Levels 13-16)	16	15	6	3
TOTAL	778	618	20	2243

TABLE 2.3 – Employment and vacancies by critical occupation, 31 April 2004 – 31 March 2005

Critical occupations as per structure	Number of posts	Number of posts filled	Vacancy Rate %	Number of posts filled additional to the establishment
DDGs	1	1	0	2
General Managers	3	3	0	
Senior Managers	12	12	0	1
Chief Financial Officer	1	1	0	
Managers Various	27	21	22	
Administrative Officers (various)	268	268	0	36
Town Regional Planner	8	7	12	
Auxiliary service officers	65	59	9	
Industrial technicians	45	35	22	
Chief Engineer	1	1	0	
Chief Town and Regional Planner	1	1	0	
Deputy Chief Town and Regional Planner	2	2	0	
Deputy Chief Engineer	34	3	91	
Senior project manager	15	13	13	
Project managers	61	2	96	
Cleaners	32	32	0	106
Switchboard operator	4	4	0	
Communication Officer	12	12	0	
IT officers	5	3	40	
Accounting officer	14	4	71	
Accounting Clerks	22	10	54	
Legal admin Officer	7	7	0	
Labour Relation officer	4	4	0	
Organisational Development Advisor	8	4	50	
Personnel Practitioner	6	6	0	
Training officer	3	2	33	
Personnel officers	14	13	7	
Messengers	5	5	0	
Personal Assistant	5	4	20	
Secretaries	13	4	69	

Critical occupations as per structure	Number of posts	Number of posts filled	Vacancy Rate %	Number of posts filled additional to the establishment
Chief Land Surveyor	1	1	0	
Deputy Chief Land surveyor	3	2	33	
Control Industrial Technicians	6	4	33	
Policy Analysts	2	2	0	
Deputy Managers	54	52	3	
Ethnologist	6	6	0	
Typist	8	8	0	
Groundsman				21
Stores aid				4
Machine operator				5
Security				102
Artisan				3
Driver/Messenger				21
Road worker / General worker				185
Foreman				3
Traditional Leaders				1754
TOTAL	778	618	20	2243

EXCESS EMPLOYEES	
Cleaners	226
Groundsmen	28
Store Aid	6
Machine Operator	5
Security	172
Artisan	3
Driver / Messenger	44
Administrative Officer	36
Road worker / general worker	233
Foreman	23

EXCESS EMPLOYEES	
DDG	1
Total	777
Traditional Leaders	1527

GRAND TOTAL (STRUCTURE + EXCESS EMPLOYEES + TRADITIONAL LEADERS) 2861

The information in each case reflects the situation as at 31 March 2005. For an indication of changes in staffing patterns over the year under review, please refer to section 5 of this report.

3 – Job Evaluation

The Public Service Regulations, 1999 introduced job evaluation as a way of ensuring that work of equal value is remunerated equally. Within a nationally determined framework, an executing authority may evaluate or re-evaluate any job in his or her organisation. In terms of the Regulations all vacancies on salary levels 9 and higher must be evaluated before they are filled. This was complemented by a decision by the Minister for the Public Service and Administration that all Senior Management Services (SMS) jobs must be evaluated before 31 December 2002.

The following table (Table 3.1) summarises the number of jobs that were evaluated during the year under review. The table also provides statistics on the number of posts that were upgraded or downgraded.

TABLE 3.1 – Job Evaluation, 1 April 2004 to 31 March 2005

Salary band	Number of posts	Number of Jobs Evaluated	% of posts evaluated by salary bands	Posts Upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Highly skilled supervision (Levels 9-12)	56	56	100	0	0	0	0
Senior Management Service Band C	1	0	0	0	0	0	0
TOTAL	57	56	98	0	0	0	0

4 - Employment Changes

This section provides information on changes in employment over the financial year. Turnover rates provide an indication of trends in the employment profile of the department. The following tables provide a summary of turnover rates by salary band (Table 4.1) and by critical occupations (Table 4.2). (These "critical occupations" should be the same as those listed in Table 2.3)

TABLE 4.1 – Annual turnover rates by salary band for the period 1 April 2004 to 31 March 2005

Salary Band	Number of employees per band as on 1 April 2004	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Lower skilled (Levels 1-2)	2099	0	134	4
Skilled (Levels 3-5)	340	5	161	9
Highly skilled production (Levels 6-8)	309	56	104	4
Highly skilled supervision (Levels 9-12)	95	24	16	8
Senior Management Service Band A	12		2	
Senior Management Service Band B	4			
Senior Management Service Band C	2			
Senior Management Service Band D				
TOTAL	2861	85	272	

TABLE 4.2 – Annual turnover rates by critical occupation for the period 1 April 2004 to 31 March 2005

Occupation: as per structure	Employment at	Appointments	Terminations	Turnover rate	Number of posts
-------------------------------------	----------------------	---------------------	---------------------	----------------------	------------------------

	beginning of period				filled addition al to the establish ment
DDGs	1	0	0	0	2
General Manager	3		0	0	
Senior Manager	12	0	2	16.6	1
Chief Financial Officer	1	0	0	0	
Managers (Level 9-12)	21	3	4	19.0	
Assistant Manager		14			
Parliamentary officer		1			
Administrative officer (Level 7-8)	268	0	39	14.5	36
Town Regional Planner	7		1	14.2	
Auxiliary Service Officer	59		4	6.7	
Chief Industrial Technician		1			
Industrial technician	35	11	4	11.4	
Chief Engineer	1	1			
Chief Town and Regional Planner	1				
Deputy Chief Town and Regional Planner	2				
Deputy Chief Engineer	3	2			
Senior Project Manager	13	6			
Project Manager	2	4			
Cleaners	32		65		106
Switchboard operator	4				
Communication Officer	12	0			
Media Liaison Officer		1			
IT officers	3				
Accounting officer	4				
Admin Clerk			34		
Senior Admin Clerk			30		
Accounting Clerk	10		2	20.0	
Legal Admin Officer	7	3	2	28.5	
Labour Relations Officer	4	1			
Organisational Development Advisor	4	2			

Personnel Practitioner	6				
Training Officer	2				
Personnel Officers	13				
Employee Assistants Practitioner		1			
Messengers	5				
Personal Assistant	4				
Secretaries	4	4	1	25.0	
Chief Land Surveyor	1	1			
Deputy Chief Land Surveyor	2	2			
Control Industrial Technician	4				
Policy analyst	2				
Deputy Manager	52	6	7	13.0	
Assistant Ethnologist			1		
Ethnologist	6		5	83.0	
Typist	8				
Data Capturer		19			
Help Desk		1			
General Assistant			26		
Groundsman			6		21
Registry clerk			1		
Store Aid			2		4
Pump operator			1		
Machine Operator					5
Security			6		102
Artisan			2		3
Driver /Messenger		1	8		21
Driver			1		
Road worker / general worker/Tradesman Aid			18		185
Foreman					3
TOTAL					
Traditional Leaders	1754				1754
GRAND TOTAL (STRUCTURE + EXCESS	2861	85	272		2243

EMPLOYEES +
TRADITIONAL LEADERS)

Table 4.3 – Reasons why staff are leaving the department

Termination Type	Number	% of total exits
Death	14	12
Resignation	15	13
Dismissal – operational changes	1	1
Discharged due to ill-health	10	9
Retirement	72	64
Transfers to other Public Service Departments/Municipalities	160	1
Total	272	100
Total number of employees who left as a % of the total employment		

Table 4.4 – Promotions by critical occupation 2004 – 2005

Occupation:	Employees as at 1 April 2004	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progressions as a % of employees by occupation	Number of posts filled additional to the establishment
DDGs	1	0	0	0	0	2
General Managers	3	0	0	0	0	0
Senior Managers	12	0	0	0	0	1
Chief Financial Officer	1	0	0	0	0	0

Occupation:	Employees as at 1 April 2004	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progressions as a % of employees by occupation	Number of posts filled additional to the establishment	
Managers Various	21	0	0	0	0	0	
Administrative Officers (7-8)	268	0	0	0	0	36	
Town Regional Planner	8	0	0	0	0	0	
Auxiliary service officers	59	0	0	0	0	0	
Industrial technician	35	0	0	0	0	0	
Chief Engineer	1	0	0	0	0	0	
Chief Town and Regional Planner	1	0	0	0	0	0	
Deputy Chief Town and Regional Planner	2	0	0	0	0	0	
Deputy Chief Engineer	3	0	0	0	0	0	
Senior project manager	13	0	0	0	0	0	
Project managers	2	0	0	0	0	0	
Cleaners	32		0	0	0	0	
Switchboard operator	4	0	0	0	0	0	
Communication Officer	12	0	0	0	0	0	
IT officers	3	0	0	0	0	0	
Accounting officer	4	0	0	0	0	0	
Accounting Clerks	10	0	0	0	0	0	
Legal admin Officer	7	0	0	0	0	0	
Labour Relation officer	4	0	0	0	0	0	

Occupation:	Employees as at 1 April 2004	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progressions as a % of employees by occupation	Number of posts filled additional to the establishment	
Organisational Development Advisor	4	0	0	0	0	0	
Personnel Practitioner	6	0	0	0	0	0	
Training officer	2	0	0	0	0	0	
Personnel officers	13	0	0	0	0	0	
Messengers	5	0	0	0	0	0	
Personal Assistant	4	0	0	0	0	0	
Secretaries	4	0	0	0	0	0	
Chief Land Surveyor	1	0	0	2	20		
Deputy Chief Land surveyor	2	0	0	2	100		
Control Industrial Technicians	4	0	0	3	60		
Policy Analysts	2	0	0	1	100		
Deputy Managers	52	0	0	34	62.9		
Ethnologist	6	0	0	4	66.6		
Typist	8	0	0	8	100		
Cleaners		0	0	226	100	109	
Groundsmen		0	0	28	100	21	
Store Aid		0	0	6	100	4	
Machine Operate		0	0	5	100	5	
Security		0	0	110	95.6	102	
Artisan		0	0	3	100	3	
Driver /Messenger		0	0	24	54.5	21	
Admin Officer		0	0	36	72.2		
Road worker/General		0	0	23	12.5	185	

Occupation:	Employees as at 1 April 2004	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progressions as a % of employees by occupation	Number of posts filled additional to the establishment
worker						
foreman		0	0	1	100	3
Traditional Leaders						1754
TOTAL	618			516		2243
GRAND TOTAL (STRUCTURE + EXCESS EMPLOYEES + (TRADITIONAL LEADERS))	2861					

P.S. Please note that the Traditional Leaders exited the Department on the 31st December 2004

Promotions are abolished as at 31 March 2003.

Table 4.5 – Promotions by salary band

Salary Band	Employees 1 April 2004	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progressions as a % of employees by salary band
Lower skilled (Levels 1-2)	2099	0	0	0	0
Skilled (Levels 3-5)	340	0	0	0	0
Highly skilled production (Levels 6-8)	309	0	0	0	0
Highly skilled supervision	95	0	0	0	0

(Levels9-12)					
Senior management (Levels13-16)	18	0	0	0	0
TOTAL	2861	0	0	0	0

5 – Employment Equity

The tables in this section are based on the formats prescribed by the Employment Equity Act, 55 of 1998

5.1 Total number of employees (including employees with disability) in each of the following occupational categories as on 31 March 2005.

Occupational categories	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators					1				1
Senior officials & managers		0	0	0	4	0	0	0	17
Technicians and associate professional	13	1	0	4	75	0	0	2	270
Clerks	188	0	0	0	184	1	0	6	330
Service and sales workers	139	0	0	0	352	0	0	0	1
Craft and related trades workers	1330	0	0	0	0	0	0	0	682
Plants and machine operators assemblers	0	0	0	0	0	0	0	0	0
Elementary occupations	0	0	0	0	0	0	0	0	0
TOTAL	1 669	1	0	4	615	1	0	8	2,298

5.2 Total number of employees (including employees with disability) in each of the following occupational bands as on 31 March 2005

Occupational bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top	4	0	0	0	1	0	0	0	5
Management	13	0	0	0	4	0	0	0	17

Senior Management	186	0	0	4	75		0	6	268
Professionally qualified mid management	139	0	0	0	184	1	0	0	330
Skilled technical junior management	1 255	0	0	0	323	0	0	0	1578
Semi-skilled and Ass Manager	75	0	0	1	29	0	0	0	104
Unskilled and defined decision making									
Chief Clerk									
TOTAL	1 669	1	0	4	615	1	0	8	2298

5.3 Recruitment for the period of 1 April 2004 to 31 March 2005

Occupational bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	1	0	0	0	0	0	0	0	0
Professional mid management	0	0	0	0	1	0	0	0	2
Skilled technical	2	0	0	0	1	0	0	0	1
Junior management		0	0	0	0	0	0	0	3
Semi-skilled and discretionary	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
TOTAL	3	0	0	0	3	0	0	0	6

6 – Performance Rewards

To encourage good performance, the department has granted the following performance rewards during the year under review. The information is presented in terms of race, gender, and disability (Table 51), salary bands (table 5.2) and critical occupations (Table 5.3).

TABLE 6.1 – Performance Rewards by race, gender, and disability, 1 April 2004 to 31 March 2005

	Beneficiary Profile			Cost	
	Number of beneficiaries	Total number of employees in group	% of total within group	Cost (R'000)	Average cost per employee (R'000)
African					
Male					
Female					
Total					

TABLE 6.2 – Performance related rewards (cash bonus), by salary bands, for Senior Management Service

Salary band	Beneficiary Profile			Total cost (R'000)	Average cost per employee (R'000)	Total cost as a % of the total personnel expenditure
	Number of Beneficiary	Number of employees	% of total within band			
Band A						
Band B						
Band C						
Band D						
TOTAL						

6.3 Terminations for the period 1 April 2004 to 31 March 2005

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management									
Senior Management	1				1				2
Professionally qualified and experienced specialists and mid-management	12				4				16
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	95				9				104
Semi-skilled and discretionary decision making	11	1			4				16
Unskilled and defined decision making	98				36				134
Total	217	1			54				272

7– Foreign Workers

The tables below summarise the employment of foreign nationals in the department in terms of salary bands and by major occupation. The tables also summarise changes in the total number of foreign workers in each salary band and by each major occupation.

TABLE 7.1 – Foreign Workers, 1 April 2004 to 31 March 2005, by salary band

Salary Band	1 April 2002		31 March 2003		Change	
	Number	% of total	Number	% of total	Number	% change
Lower skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (Levels 3-5)						
Other	3	100	3	100	0	0
Total	3	100	3	100	0	0

TABLE 7.2 – Foreign Worker, 1 April 2004 to 31 March 2005, by major occupation

Major Occupation	1 April 2002		31 March 2003		Change	
	Number	% of total	Number	% of total	Number	% change
Engineers	3	100	3	100	0	0%
Other Occupation						
Rank: General Assistant						
Total	3	100	3	100	0	0%

8 - Leave utilisation for the period 1 January 2004 to 31 December 2005

The Public Service Commission identified the need for careful monitoring of sick leave within the public service. The following tables provide an indication of the use of sick leave (Table 9.1) and disability leave (Table 9.2). In both cases, the estimated cost of the leave is also provided. TABLE 8.1 – Sick leave, 1 January 2004 to 31 December 2005

Salary Band	Total days	% days with medical certification	Number of Employees using sick leave	% of total employees using sick leave	Average days per employee	Estimated Cost (R'000)	Total number of employees using sick leave	Total number of days with medical certificate
Lower	1157	99	130	33.3	9	167	390	1145

skilled (Levels 1-2)								
Skilled (Levels 3-5)	281	95.4	40	10.3	7	58	390	268
Highly skilled production (Levels 6-8)	1290	96.6	170	43.6	8	459	390	1246
Highly skilled supervision (Levels 9-12)	248	92.7	41	10.5	6	163	390	230
Senior management (Levels 13-16)	78	97.4	9	2.3	9	145	390	76
Total	3054	97.1	390	100	8	992	390	2965

TABLE 8.2 – Disability leave (temporary and permanent), 1 January 2004 to 31 December 2005

Salary Band	Total days taken	% Days with medical certification	Number of Employees using disability leave	% of total employees using disability leave	Average days per employee	Estimated Cost (R'000)	Total number of days with medical certification	Total number of employees using Disability Leave
Lower skilled (Levels 1-2)	0	0	0	0	0	0	0	0
Skilled (Levels 3-5)	0	0	0	0	0	0	0	0
Highly skilled production (Levels 6-	0	0	0	0	0	0	0	0

8) Highly skilled supervision (Levels 9-12)								
Total	0	0	0	0	0	0	0	0

Table 8.3 summarises the utilisation of annual leave. The wage agreement concluded with trade unions in the PSCBC in 2000 requires management of annual leave to prevent high levels of accrued leave being paid at the time of termination of service.

TABLE 8.3 – Annual Leave, 1 January 2004 to 31 December 2005

Salary Bands	Total days taken	Average per employee	Employment
Lower skilled (Levels 1-2)	12697	21	2099
Skilled Levels 3-5)	2212	21	340
Highly skilled production (Levels 6-8)	7720	21	309
Highly skilled supervision (Levels 9-12)	2898	21	95
Senior management (Levels 13-16)	368	18	18
Total	18	6	2861

TABLE 8.4 – Capped leave, 1 January 2004 to 31 December 2004

Salary Bands	Total days of capped leave taken	Average number of days taken per employee	Average capped leave per employee as at 31 December 2004	Number of Employees	Total number of capped leave available at 31 December 2004	Number of employees as at 31 December 2004
Lower skilled (Levels 1-	280	7	76	43	48369	638

2)						
Skilled Levels 3-5)	54	7	78	8	6579	811
Highly skilled production (Levels 6-8)	179	7	110	27	25719	233
Highly skilled supervision (Levels 9-12)	38	8	128	5	12117	95
Senior Management Level	0	0	0	0	0	
Total	551	7	88	83	92 784	1050

TABLE 8.5 – Leave payouts for the period 1 April 2004 to 31 March 2005

The following table summarises payments made to employees as a result of leave that was not taken.

REASON	Total Amount (R'000)	Number of Employees	Average payment per employee (R'000)
Capped leave payouts on termination of service for 2004/05	184	43	4279
Current leave payout on termination of service for 2004/05	1 334	75	17 793
Total	1 335	118	22 072

9. H.I.V.AIDS & Health Promotion Programmes

TABLE 9.1 – Steps taken to reduce the risk of occupation exposure

Units /Categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk.

First aid providers

Training and Provision of First aid kits

TABLE 9.2 – Details of Health Promotion and HIV /AIDS Programmes (tick the Applicable boxes and provide the 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 VI E of chapter 1 of the public service regulations, 2001? If so provide his/her name and position.	Yes		T.G. Moshoeu, Senior Manager Organisational Transformation
2. Does the department have a dedicated unit or has it designated specific staff members to promote the health and wellbeing of your employees? If so, indicate the number of employees who are involved in his task and the annual budget that is available for this purpose.	Yes		EAS Unit setup with 5 staff members.
3. Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme	Yes		Provision of condom containers, individual counselling, problem solving, marketing awareness and trauma debriefing
4. Has the department established (a) committee(s) as contemplated in Part VI E.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		Though the committee is still under review to can be able to function as expected.
5. Has the Department reviewed its employment policies and practices 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		The departmental HIV/AIDS Policy are discrimination free. No one will be discriminated on the basis of his/her status.
6. Has the Department introduced measures to protect HIV-Positive employees or those perceived to be HIV-Positive from discrimination? If so, list the key elements of these measures	Yes		VCT, family counselling, educating staff on HIV/Aids

7. Does the Department encourage its employees to undergo Voluntary Counselling and Testing If so, list the results that you have achieved	Yes		Number of awareness and VCT Marketing Session done to encourage employees to know their status.
8. Has the department developed measures/indicators to monitor and evaluate the impact of its health promotion programme? If so, list those measures.		No	KAPB Survey to be carried out in the next financial year – survey will guide the monitoring plan.

10 – Labour Relations

TABLE 10.1 Collective Agreements

Total collective agreements	None
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TABLE 10.2 – Misconduct and disciplinary hearings finalised 1 April 2003 to 31 March 2004

Outcome of disciplinary hearings	Number	% of total
Suspended without pay	0	0
Demotion	0	0
Dismissal	6	85
Not guilty	0	0
Case withdrawn	1	15
Total	7	100

TABLE 10.3 – Types of misconduct addressed at disciplinary hearings

Type of misconduct	Number	% of total
Fraud	6	85
Absenteeism	1	15
TOTAL	7	100

TABLE 10.4 – Grievances lodged for the period 1 April 2004 to 31 March 2005

	Number	% of total
Grievances resolved	12	30
Grievances not resolved	27	70
Total number of grievances lodged	39	100

TABLE 10.5 – Dispute lodged with councils for the period 1 April 2004 to 31 March 2005

	Number	% of total
Disputes upheld	1	25
Disputes dismissed	3	75
Total Number of disputes lodged	4	100%

TABLE 10.6 – Strike actions for the period 1 April 2004 to 31 March 2005

Total Number of person working days lost	NONE
Total Cost (R'000) of working days lost	NONE
Amount (R'000) recovered as a results of no work no pay	NONE

P.S. Although there was a national strike, none of the employees participated

TABLE 10.7 – Precautionary suspensions for the period 1 April 2004 to 31 March 2005

Number of people suspended	7
Number of people whose suspension exceeded 30 days	7
Average number of days suspended cost (R'000) of suspensions	240 days at R351 017.20

11 - Skills development

This section highlights the efforts of the department with regard to skills development.

11.1 Training needs identified 1 April 2004 to 31 March 2005

Occupational Categories	Gender	Number of employees	Training needs identified at start of reporting period
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		as at 1 April 2002	Learnership s Internship	Skills Programme s & other short courses	Other forms of trainin g Abet/B ursarie s	Tota l
Legislators, senior officials and managers	Female	90	<u>0</u>	90	20	110
	Male	123	<u>0</u>	123	25	148
Professionals	Female	1	<u>2</u>	1	0	3
	Male	4	<u>2</u>	4	0	6
Technicians and associate professionals	Female	9	<u>3</u>	9	6	18
	Male	10	<u>2</u>	10	6	18
Clerks	Female	69	6	69	4	79
	Male	77	<u>5</u>	77	3	85
Plant and machine operators and assemblers	Female	2	<u>0</u>	<u>2</u>	<u>0</u>	<u>2</u>
	Male	2	<u>0</u>	<u>2</u>	<u>1</u>	<u>3</u>
Elementary occupations	Female	9	<u>0</u>	<u>9</u>	<u>77</u>	<u>86</u>
	Male	2	<u>0</u>	<u>2</u>	<u>80</u>	<u>82</u>
Sub Total	Female	180	11	180	107	298
	Male	218	<u>9</u>	218	<u>115</u>	342
Total		398	20	398	222	640

11.2 Training provided: 1 April 2004– 31 March 2005

Occupational Categories	Gender	Number of employees as at 1 April 2002	Training needs identified at start of reporting period			
			Learnerships Internship	Skills Programme s & other short courses	Other forms of training Abet/Bursaries	Total
Legislators, senior officials and managers	Female	90	<u>0</u>	105	20	125
	Male	123	<u>0</u>	129	25	154
Professionals	Female	1	<u>0</u>	1	0	1
	Male	4	<u>0</u>	4	0	4
Technicians and associate professionals	Female	9	<u>1</u>	4	6	11
	Male	10	<u>1</u>	16	6	23
Clerks	Female	69	5	69	4	78
	Male	77	<u>3</u>	77	3	83
Plant and machine operators and assemblers	Female	2	<u>0</u>	<u>1</u>	<u>0</u>	<u>1</u>
	Male	2	<u>0</u>	<u>3</u>	<u>1</u>	<u>4</u>
Elementary occupations	Female	9	<u>0</u>	<u>0</u>	<u>35</u>	<u>35</u>
	Male	2	<u>0</u>	<u>1</u>	<u>77</u>	<u>78</u>
Sub Total	Female	180	6	180	65	251
	Male	218	<u>4</u>	230	<u>112</u>	346
Total		398	10	410	177	597

11.3 Skills development for the period 1 April 2004 to 31 March 2005

Occupational categories	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators									
Senior officials and	431	-	-	2	215	-	-	-	648

managers									
Professionals	8	-	-	-	2				10
Technicians and associate professionals	33	-			20				53
Clerks	160				147			-	307
Plant and machine operators and assemblers	6				3				9
Elementary occupations	80				44				124
Total	718			2	431				1151

12 – Injury on duty

The following tables provide basic information on injury on duty.

TABLE 12.1 – Injury on duty, 1 April 2004 to 31 March 2005

Nature of injury on duty	Number	% of total
Required basic medical attention only	8	
Temporary Total Disablement	0	
Permanent Disablement	0	0
Fatal	0	0
Total	8	

13. Utilisation of Consultants

Table 13. 1: Report on consultant appointments using appropriated funds

Project Title	Total number of consultants/contractors that worked on the project (firms/consortia)	Duration: Work days	Contract value in Rand
Risk Assessment Project			
Capacity building	6	30 days	
Municipal capacity audit project	1		

GIS project	1		
CMIP Provincial Support	1		
Rural Housing	46		
In-situ upgrading	3		
Evaluation of housing projects	1	8 months	R2.600000-00
Sekhukhune Feasibility Study	1		
Municipal Support Programme	9	9 months	R2,075000-00
Total number of projects	Total individual consultants	Total duration: Work days	Total contract value in Rand