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MEC and Top Management



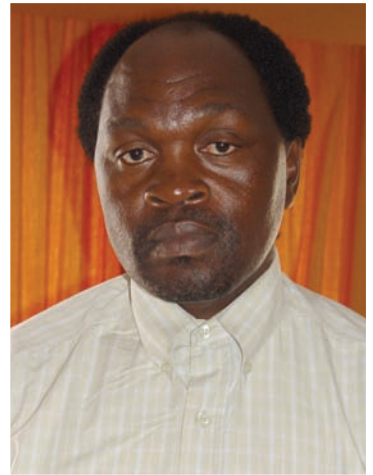
Mr S Kwelita
MEC



Mr S Maclean
Superintendent-General



Mr M K Putu
Chief Financial Officer



Mr M E Baza
General Manager - Corporate



Mr N Mzamo
General Manager - Housing



Mrs L Mqokoyi
**General Manager - Local
Government**



Mr M Nabe
Acting Head - Traditional Affairs

Foreword by the MEC



This Report presents information about the way in which the Department and its stakeholders manage housing development, developmental local government, issues related to traditional leadership and the staff. It is set out to provide comprehensive data on each Department's operational performance as it is provided in details in the Department's annual performance plan and in the 2005 – 2010 financial year strategic plan. What it provides is a big picture of the way in which branches have performed in areas covered by the targets and commitments in the strategic plan, for the period April 2005-March 2006.

Various programme reviews, now well underway, are transforming the Department into a highly responsive institution capable of delivering its products with the timeliness expected in today's dynamic environment. We've already come a long way in terms of reforming traditional functions like improving quality of government subsidized low cost houses, management of allocated funds and related resources and implementing more equitable cost recovery systems.

While we can applaud these efforts, a good deal more work is needed to ensure the Department keeps pace with the policy changes which continue to reshape the province and country around it. At the same time, the Department is taking important new policy initiatives in fields ranging from integrated human resource, institutional and administrative capacity building in municipalities and traditional institutions, infrastructure development, monitoring and evaluation of plans, programmes and projects, elimination of housing backlog, strengthening of relationships between traditional institutions and municipalities and improve the image of the department.

In line with the National Growth Strategy and the Provincial Growth Development Plan, our strategy has been extended over the past year so that it now covers some of the key areas of activities mentioned below:

- Management of the development of housing planning, research and policy formulation;
- Facilitation, co-ordination and monitoring the implementation of national and provincial housing programmes;
- Facilitation of urban renewal and human settlement redevelopment programmes
- Administrating housing assets, rental income and land related issues
- Strengthening the capacity of municipalities.
- Facilitate land and infrastructure development
- Promotion of sustainable local economic and rural development as well as free basic services
- Managing the budget process of the Department
- Risk Management
- Financial reports, supply chain management, asset management, expenditure and revenue management
- An effective management information system
- Human resource management and development



Progress in some areas, such as the filling of vacant posts; Implementation of electronic procurement system; placement of excess personnel; shortage of office accommodation; image management and staff training and development; improving quality of houses; unblocking of blocked projects; emergency housing; rectification of state owned houses; poor community participation and empowerment in municipal development and absence of bulk infrastructure hampering the timely implementation of the bucket- toilet eradication programme remains a serious concern. This result to the Departmental performance that is uneven. These and other issues will be addressed in the review of the current strategic planning framework that is currently under review.

The task facing our Department to implement its mandate to the fullest and to reach our targets remains considerable. Nevertheless the Head of Department and managers have committed themselves to meet these objectives.

A handwritten signature in black ink, appearing to be 'S. Kwelita', with a long horizontal stroke extending to the right.

Mr S Kwelita

Member of the Executive Council



Section A

General Information





SECTION A

1. General Information



1.1 Submission of the Annual Report to the Executive Authority

In terms of Section 40 (1) (d) of the Public Finance Management Act, 1999 (Act 1 of 1999 as amended), I Sindisile Maclean, in my capacity as the Accounting Officer for the Department of Housing, Local Government and Traditional Affairs present this Annual report for the financial year 2005/06 to the Executing Authority and further declare that:

The annual report and audited financial statements fairly represent the state of affairs of the department, its business, its financial results, its performance against predetermined objectives and its financial position as at the end of the financial year under review.

A handwritten signature in black ink, appearing to read 'S. Maclean', with a long horizontal stroke extending to the right.

Mr S. Maclean
ACCOUNTING OFFICER



1.2 Overview by the Head of Department

The annual report of the department of Housing, Local Government and Traditional Affairs presents an opportunity for the Department to reflect on its achievements during the year under review

While the period under review sees us entering the second decade of our democratic dispensation, it also marked the end of the first five years of a transformed local government system. This period has therefore been a challenging, productive and rewarding one for the Department of Housing, Local Government and Traditional Affairs. This overview will touch on progress in the areas of corporate governance, local government support, housing and traditional affairs

1.2.1 Corporate Governance

The Department has made a number of inroads into the human resource challenges.

The finalization of the new organogram is indicative of the service delivery challenges facing us. The organogram has seen 3100 new posts created within the service delivery arms of the Department. Recruitment processes were undertaken with vigour which saw us appoint 215 new staff members during the period under review.

The continued filling of posts will require all our committed efforts so that we may better be able to enhance service delivery to our people.

The implementation of learnership and internship programmes by the department has also contributed to the creation of jobs for 136 interns and learners. These programmes reflect the Department's commitment to developing our young people whilst giving them an opportunity to serve our government.

The departmental performance in terms of spending and controls has continued to improve as reflected in the management letter for the year under review. This improvement reflects the commitment of the Department and led by our financial management unit in ensuring improved controls, better management of risks and increased expenditure in line with our core business.

1.2.2 Local Government Support

The Department is proud to have been part of the successful Local Government elections held in March 2006. We are especially proud to have coordinated elections in which Eastern Cape Province registered amongst the highest voter turnouts nationally. We take this opportunity to convey our appreciation to all the stakeholders and partners, namely; IEC, SALGA, Departments, Public and Private Institutions, Communities, etc, for making Local Government elections 2006 free, fair and within an environment of peace and stability.

Our work further during the period under review saw us supporting cooperative governance initiatives. These initiatives are important and indeed critical if we are to support strong, integrated delivery of services at local government level. In our goal to ensure cooperative governance amongst national, provincial and the local spheres of government the department has been active on various political and administrative structures such as the Premier's Coordinating Forum (PCF), Municipalities and the MEC for Housing Local Government and Traditional Affairs (MUNIMEC), and the TSG.

With the passing of the Intergovernmental Relations Act this year, these structures become even more important in the integrated administration of government and the delivery of services.

To facilitate on-the-ground implementation of local government legislation and policy, the Department has moved to put in place Community Development Workers (CDW). The CDW's will interact with local government's right down to ward level to facilitate improved understanding and implementation of legislation and policy. The Department has brought on board a total of 168 operational CDWs. A further 100 CDWs will complete their learnership programme after which they will be absorbed into permanent posts within the Department. This exciting programme has therefore already created 268 jobs.



In order to ensure effective roll-out of capital infrastructure projects, Project Management Units (PMU) were established in twenty-two (22) municipalities and 1186 projects to the value of R 3,978 billion were registered.

As the Department continues to further lead the country in terms of expenditure of its municipal infrastructure grant (MIG), a big challenge remains the eradication of the bucket toilet system. During the year under review we have supported the eradication of 2171 bucket toilets falling short of the target of 4824. We have during the period under review made all the necessary transfer of funds to participating municipalities to complete this project next year.

1.2.3 Housing Delivery

During the year under review, the department has met its target in terms of housing delivery. The department has once again been placed amongst the top three housing departments nationally in terms of achieving good expenditure of its housing grant. This expenditure translated into 24 757 housing units completed and creating 7 427 jobs.

Housing delivery continued unabated and by 31 March 2006 the number of houses completed or under construction since 1994 stood at 268 754 with 280 197 subsidies approved.

In building upon the foundation of the Botshabelo Accord, the Housing White Paper and the housing delivery experiences in the decade following 1994 we now have the Comprehensive Plan for the Creation of Sustainable Human Settlements. To this end the Department initiated three pilot projects during the year under review to give effect to the Comprehensive Plan which represent a holistic approach to housing development where informal settlement inhabitants will receive certainty, as well as access to proper services, security of choice and formal top structures in a phased development approach.

Our commitment to Broad Based Black Economic Empowerment and Equity remains unwavering. A total of 1550 units/subsidies were allocated to both women and youth in construction whilst an amount of R163 232 was allocated to people with disabilities in the construction industry, for the modification of their homes.

1.2.4 Traditional Affairs

Cooperative governance extends itself to our heritage of traditional leadership in the Eastern Cape. Building strong institutions of traditional leadership will assist in the imperative to deliver services to all our people extending deep into the very many rural settlements in the Province. The department has to this end developed a programme of revitalizing traditional institutions. As a first step towards the implementation of this programme, four (4) traditional Council offices were completed while the preparatory work for the construction of the Provincial House of Traditional Leaders was finalised.

1.2.5 Conclusion

Focusing the department towards the common goal, that of serving the people of the Eastern Cape will be our focus in the next financial year. This will be achieved through a team of empowered officials who will be committed and dedicated in discharging services effectively and efficiently. I now take this opportunity to thank the Management team and all staff for their contribution towards the achievements recorded in this report.



Mr S. Maclean
Head of Department



1.3 Information on the Ministry

During the year under review the Member of the Executing Council (MEC) responsible for Department of Housing, Local Government and Traditional Affairs participated in a number of important activities and official engagements Provincially, Nationally and Internationally. The following are some of the major issues dealt with by his office in year under review.

Statutory Bodies reporting to the Executive Authority

- Planning Advisory Board

Bills submitted to Legislature during the financial year

- House of Traditional Leaders Amendment Act, 2005 (Act 3 of 2005)
- E.C Traditional Leadership and Governance Act, 2005 (Act 4 of 2005)

Ministerial visit abroad

PLACE	DATE	PURPOSE
Israel	5-21 November 2005	Seminar on Housing Delivery

1.4 Mission Statement

To facilitate and promote the stabilisation, consolidation and development of sustainable municipalities and traditional institutions, and delivery of housing through effective stakeholder participation, integrated planning and capacity building.



1.5 Legislative and Other Mandates

PROGRAMME	LEGISLATION	DESCRIPTION
Programme One: Administration / Corporate Governance	<ul style="list-style-type: none"> • Public Service Act, 1994 as amended, • PSCBC resolutions these regulate the administration of the public service, and conditions of service • Employment Equity Act, 1999 • Division of Revenue Act • Public Finance Management Act • Municipal Finance Management Act • Skills Development Act • White Paper on Transforming the Civil Service • Labour Relations Act • White Paper on Batho Pele Principles • Promotion of Access to Information Act • Promotion of Administrative Justice Act • Basic Conditions of Employment Act • Preferential Procurement Policy Framework Act • Control of Access to Public Premises Act • Minimum Information on Security Act • General Recognised Accounting Practice Act • Treasury Regulation • Public Service Regulation 	These are other mandates, legislation and policy guidelines that provide for the transformation and guiding processes in the workplace
Programme Two: Housing	The Housing Act, 1997 (Act No 107 of 1997)	Makes provision for granting housing subsidies for low income earners
	Prevention of Illegal Eviction from Unlawful Occupation of Land Act (1998)	Makes provision for a fair and equitable process to be followed when evicting people who have unlawfully invaded land, from their homes.
	The Housing Consumer Protection Measures Act of 1998	Provides for the establishment of a statutory regulating body for homebuilders. The National Home Builders Registration Council will register every builder and regulate the home building industry by formulating and enforcing a code of conduct
	The Rental Housing Act of 1999	Creates mechanisms to promote the provision of rental housing and the proper functioning of the rental housing market.
	Home Loan and Mortgage Disclosure Act of 2000	Provides for the establishment of the Office of Disclosure and the monitoring of financial institutions serving the housing credit needs of communities
	Constitution of 1996, (Act no. 108/1996. Section 26, Schedule 4	Everyone has the right to have access to adequate housing. The state must take reasonable legislative and other measures, within its available resources, to achieve the progressive realisation of this right.



PROGRAMME	LEGISLATION	DESCRIPTION
Programme Three: Developmental Local Government	Local Government Transition Act 1993	Provides for revised interim measures with a view to promoting the re-structuring of Local Government and for that purpose to provide for the establishment of Provincial Committees for Local Government as well as the establishment and appointment of Transitional Councils in the pre-interim phase
	Municipal Structures Act 1998 as amended	Provides for the establishment of municipalities in accordance with the requirements relating to and types of municipalities; provides for an appropriate division of functions and powers between categories of municipality; regulates the internal systems, structures and office-bearers of municipalities
	Municipal Systems Act 2000 as amended	Provides for the core principles, mechanisms, and processes that are necessary to enable municipalities to move progressively towards the social and economic upliftment of local communities and ensure universal access to essential services that are affordable to all
	Municipal Demarcation Act 1998 as amended	Provides for criteria and procedures for the determination of municipal boundaries by an independent authority
	Disaster Management Act 2002	To provide for an integrated and co-ordinated disaster management policy
	Constitution of 1996, (Act no. 108 /1996. Section 154, Section 155 (5,6 &7)	<p>The national government and provincial governments, by legislative and other measures, must support and strengthen the capacity of municipalities to manage their own affairs, to exercise their powers and perform their function.</p> <p>Provincial legislation must determine the different types of municipalities to be established in the province.</p> <p>Provincial Government must establish Municipalities and by legislative and other measures must:</p> <ul style="list-style-type: none"> -Provide for the monitoring and support of local government in the province; and -Promote the development of local government capacity to enable municipalities to perform their functions and manage their own affairs. <p>Provincial government have the legislative and executive authority to see to the effective performance by municipalities of their function in respect of matters listed in Schedule 4 and 5, by regulating the exercise by municipalities of their executive authority referred to in section 156 (1)”</p>
Programme Four: Traditional Affairs	House of Traditional Leaders Act 1995	To provide for the establishment of the House of Traditional Leaders
	Traditional Leaders & Governance Framework Act	To provide for the functions and roles of traditional leaders
	E.C Traditional Leadership and Governance Act, 2005 (Act 4 of 2005)	To provide for the recognition of Traditional communities, establishment and recognition of Traditional Councils, recognition and removal from office of traditional leaders and to provide for matters connected therewith.
	House of Traditional Leaders Amendment Act, 2005 (Act 3 of 2005)	To change the status of the appointment of the Chairperson and the Deputy Chairperson of the HOTL from part time to fulltime and to bring it in line with the Traditional Leadership and Governance Act of 2003.
	Constitution of 1996, (Act no. 108 /1996. Section 211 & 212	To provide for the recognition and roles of traditional leaders

Section B

Programme Performance





SECTION B

2. Programme Performance

Voted Funds

Appropriation	Main Appropriation	Adjusted Appropriation	Actual Amount spent	Over/Under Expenditure
	1,008,226,000	1,094,176,000	1,082,724,000	11,452,000
Responsible Minister	Member of the Executive Council for Housing, Local Government and Traditional Affairs			
Administering Department	Department of Housing, Local Government and Traditional Affairs			
Accounting Officer	Head of Department : Housing, Local Government and Traditional Affairs			

Aim of the vote

To facilitate and promote the stabilisation, consolidation and development of sustainable municipalities and traditional institutions, and delivery of housing through effective stakeholder participation, integrated planning and capacity building.

Key measurable objectives

- Effective, strategic leadership and efficient administration and support services for the DHLGTA.
- Communities living in sustainable human settlements.
- Viable and sustainable Municipalities delivering basic services and supporting good governance principles.
- Viable and sustainable traditional institutions integrated into the governance and strategies of the province.

Main activities/functions of programmes

OBJECTIVES	MAIN FUNCTIONS
Programme 1 Effective, strategic leadership and efficient administration and support services for the DHLGTA.	<ul style="list-style-type: none"> • Provision of corporate support (corporate governance) to the line functions as well as stakeholders of the department
Programme 2 Communities living in sustainable human settlements.	To facilitate, co-ordinate and monitor the implementation of National and Provincial housing programmes.
Programme 3 Viable and sustainable Municipalities delivering basic services and supporting good governance principles.	<ul style="list-style-type: none"> • Promotion, development and implementation of proper, institutional and administrative systems • Promotion Good Governance; • Promotion of integrated planning, land, infrastructure development and integrated sustainable local economic development
Programme 4 Viable and sustainable traditional institutions integrated into the governance and strategies of the province	<ul style="list-style-type: none"> • Implementation and reviewal of policies and legislation relating to Traditional Leadership. • Promotion of co-operative governance. • Provide support to Traditional Councils, the Provincial House , Local Houses and other Traditional Institutions. • Integration of traditional leadership institutions with local government structures • Facilitate the resolution of Traditional Leadership disputes. • Building corporate capacity within the branch.



Departmental Achievements

- Implementation of the new Supply Chain Management Framework.
- Development of Asset Register that complies with National Treasury Asset Management Guidelines.
- 196 Secretaries of Traditional Councils appointed as full time Public Servants
- Implementation of learnership and Internship programme
- 24 757 housing units completed creating 7 427 jobs
- 550 housing units awarded to youth in construction contractors
- A number of blocked projects have been unblocked i.e. out of 128 projects 114 approved for additional funding and 80 under construction.
- Municipalities have been assisted to recover R183 360 913.30 from Government departments as payment for municipal services rendered
- 21 municipalities were able to prepare and submit their Annual financial statements for 2004/05 financial year to the Auditor-General on time.
- The Eastern Cape has been identified as the first national Pilot Project within the Co-operative agreement between Sweden and South Africa (DPLG) on Disaster Management Information Systems.
- The Eastern Cape is the province with the highest number of registered MIG projects, totalling 1186 to the value of R3, 978 billion.
- Finalization of the Provincial Legislation on Traditional Leadership and Governance;

Overview of service delivery environment

- Monitoring of quality of housing infrastructure
- Inadequate management capacity in some municipalities
- Instability in some municipalities
- Clarification of the role of traditional leadership in local government
- Inadequate institutional arrangements for service delivery at municipal level (e.g. Housing Units, LED Units)

Overview of organisational environment

- Insufficient skills within the department,
- Inadequate monitoring and evaluation of programmes and projects
- The accounting officer in acting capacity for the last six month of the year

Strategic overview and key policy developments

- Breaking New Grounds (BNG) as a new national policy initiative is being incorporated into the provincial approach to human settlement development.
- Implementation of the new Supply Chain Management Framework Act.
- There is a new legislation in the form of the Traditional Leadership and Governance Framework Act 41 of 2003, based on this 2005.

The implementation of these policies requires additional funding.



Departmental receipts

Departmental Receipts					
	2003/04 Actual	2004/05 Actual	2005/06 Target	2005/06 Actual	% Deviation
	000	000	000	000	%
Current Revenue					
Interest Received	9,015	8,193	1,824	5,484	104.82%
Sale of Goods & Services	2,590	2,316	6,119	3,066	-13.09%
Financial Transactions in Assets & Liabilities	1,241	821			
Sale of Capital Assets				504	
Total	12,846	11,330	7,943	9,054	13.99%

Departmental expenditure

Programmes	Voted for 2005/06	Roll-overs and Adjustments	Virements	Total Voted	Actual Expenditure	% Deviation
Administration	74,541	8,571		83,112	83,110	0.00%
Housing	645,398	26,231	(5,302)	666,327	666,327	0.00%
Local Government	209,073	44,305	(3,061)	250,317	243,684	2.65%
Traditional Affairs	79,214	6,843	8,363	94,420	89,603	5.10%
	1,008,226	85,950	0	1,094,176	1,082,724	1.05%

Transfer payments

During the year under review the department effected transfer payments to Municipalities as shown in Annexure B of the annual financial statements.

The funds were transferred to develop appropriate institutional and administrative systems, to facilitate and promote good governance practices as well as effective integrated planning for land infrastructure and sustainable development.

Housing Conditional Grants 2005/06

Annual allocation					
Schedule for transfers R'000	Received R'000	Expenditure R'000	Current forecast R'000		
			Rollover 2004/2005	Allocation 2005/2006	Total Available
581.218	607.518	607,719	26.3	581.2	0

Capital Investment

During the 2005/2006 financial year the processes for the construction of the Eastern Cape House of Traditional Leaders, started and is currently in progress. For the year under review only professional fees were paid for the design plan.

Four Traditional Council offices have been constructed and completed during the year under review. Expenditure has been incurred for professional fees and actual construction of the buildings.



Maintenance and asset management plan

Housing stock currently being managed by the department is in respect of houses and flats earmarked for transfer to tenants through Phasing Out Programme and Capital Discount Benefit Scheme.

Summary of Programmes

The activities of the Department of Housing, Local Government and Traditional Affairs are organised into the following four programmes:

CURRENT PROGRAMMES	
Programme 1	Administration/ Corporate Governance
Programme 2	Housing Development
Programme 3	Developmental Local Government
Programme 4	Traditional Affairs

The above programmes will be discussed in detail hereunder.



2.1 Programme 1: Administration/ Corporate Governance

2.1.1 Aim

The aim of this programme is to provide strategic leadership and overall administration and support services to the department

The programme is structured as follows:

- Office of the MEC
- Office of the Head of Department
- Financial Management
 - Financial Management and Accounting
 - Supply Chain Management
 - Internal Control /Risk Management
- Corporate Services
 - Human Resource Management
 - Strategy Development & Performance Management Services
 - Information Technology Management (DGITO) Services

2.1.2 Key Performance Areas

- Managing the Budget Process of the Department
- Internal Controls
- Risk Management
- Financial Reports
- Supply Chain Management
- Asset Management
- Expenditure Management
- Revenue Management
- An effective management information system
- Human resource management and development
- Effective financial and internal controls
- Timely, accurate and reliable management reports
- Ensure compliance with management framework and other prescripts
- Service delivery improvement

2.1.3 Achievements

- Implementation of the new Supply Chain Management Framework, i.e. repeal of EC 36 and 37 and implementation of the new system Guided by National Treasury Practice Notes.
- Development of Asset Register that complies with National Treasury Asset Management Guidelines.
- Kings and Chairperson and Deputy Chairperson of the HOTL were placed on a Public Office Bearer Scheme.
- Bursary policy developed and implemented.
- Performance Management and Development Systems (PMDS) implemented.
- 196 Secretaries of Traditional Councils appointed as full time Public Servants
- Implementation of learnership and Internship programme



2.1.4 Challenges and strategies to address them

ANALYSIS OF CONSTRAINTS	MEASURES PLANNED TO OVERCOME CONSTRAINTS
Implementation of electronic procurement system	Assistance from Treasury sought
Skills shortage in accounting, SCM and financial management	<ul style="list-style-type: none"> • Training programmes are being implemented to address the problem. • Recruit the required skills • Staff attending PFSA SCM courses
Placement of Excess personnel	<ul style="list-style-type: none"> • Negotiation with other government institutions • Negotiation for early retirement especially those turning 60years • Implementation of PSCBC resolutions
Shortage of office accommodation	<ul style="list-style-type: none"> • Public Works involvement • Implementation of an open space plan • Pay attention into office furniture size
Image management	<ul style="list-style-type: none"> • Service delivery norms and standards • Service Directorate • Strong Customer Care • Implementation of communication strategy
Training and Development – Skills shortage	<ul style="list-style-type: none"> • Reviewal of Workplace skills plan • Implementation of reviewed Workplace Skills Plan • Learnership/internship programme
Delays in processing of Pension Benefits of employees affected by former Ciskei Industrial Strike.	<ul style="list-style-type: none"> • Engaging of Chief Directorate, Pensions Administration in Pretoria.
Non-availability of funding for HROPT cases (18m)	Special request to Treasury for additional funding as well as sought OTP and EXCO support in this regard
Long IT procurement process with SITA ITAC	<ul style="list-style-type: none"> • IT procurement process to be initiated and finalized with 1st quarter of the year
HIV & AIDS	<ul style="list-style-type: none"> • Capacity building for Managers to handle HIV/AIDS in the workplace • Voluntary Counselling and testing of staff • Treatment, support and care for HIV sufferers • Ensure the mainstreaming of HIV/AIDS in all departmental programmes

2.1.5 Budget

Sub-Programme	Original Budget	Revised budget	Expenditure	% of Expenditure	Deviation and reasons
MEC	757,000	829,800	827,819	99,76%	
MEC Core Staff	1,641,000	2,036,000	2,035,685	99,98%	
Office of HOD	5,068,000	3,497,200	4,366,289	124,85%	Over expenditure due to pressure on other areas in the budget
Office of Chief Financial Officer	2 333 000	2,482,800	2,314,119	93,21%	Under expenditure due to non filling of posts
Financial Management	9,419,200	9,345,000	9,167,365	99%	
Supply Chain Management	26,723,000	30,707,424	30,277,634	98,60%	
Office of Head : Corporate Services	2,200,000	2,513,000	2,512,079	99,96%	
Human Resource Management	16,459,000	16,625,000	16,502,619	99,26%	
Strategic Development & Performance Management	4,031,000	4,531,000	4,530,267	99,98%	
DGITO	5,909,800	10,544,776	10,576,367	100.30%	
TOTAL	74,541,000	83,112,000	83,110,243		

2.1.6 Performance Table: 2005/06 – Programme 1 (Corporate Governance)

SUB-PROGRAMME: SUPPLY CHAIN MANAGEMENT					
Key Measurable Objective	Performance Measure	Actual Output 2004/05	Target outputs 2005/06	Actual outputs 2005/06	% of deviation and reasons for deviations
1. Implement the Supply Chain Management Framework		New SCM Framework not yet implemented	Implement new Supply Chain Management Framework (i.e. Procedure Manuals and reviewed structure in place.	The following policies were drafted: 1. Asset Mgt- policy approved 2. Cellular Phone Policy.	In terms of 2005/06 Operational Plan no target was set. By the time the Senior Manager SCM joined the Dept on 13/04/2005 the Operational Plan was already compiled and being submitted to the Legislature, thus there was no time for him to properly scrutinize the Plan.
				Draft Policies: • Demand Mgt • Acquisition Mgt • Compliance, Risk Assessment and Reporting Mgt	Policies were supposed to be approved during this F/Y but due to incompetence caused by lack of training of available staff and capacity constraints, policies are still in draft stage
			Establish SCMU under the office of the CFO.	SCMU established under the office of the CFO.	
Ensure that officials implementing SCM system are trained and developed accordingly.	Record of training provided and received.		Capacitation of officials in SCM system	All SCM staff capacitated by attending PFSA SCM courses	



SUB-PROGRAMME: SUPPLY CHAIN MANAGEMENT					
Key Measurable Objective	Performance Measure	Actual Output 2004/05	Target outputs 2005/06	Actual outputs 2005/06	% of deviation and reasons for deviations
2. Asset Management	Existence of Asset Register	Asset Register not in place, however, Inventory Control System was used	Electronic Asset Register established	Asset Register was developed	
	Policy and Procedure Manual Document	No Asset Management Policy in place	Asset Management Policy developed, approved and implemented.	Asset Management Policy developed, approved and implemented	
	Records of physical stock counts and reconciliations	Assets counted using Inventory Mgt System not Fixed Asset Register	Comprehensive assets verification for new Asset Register	Asset Register developed using BAS Expenditure Reports from 2001 to 2006 F/Y	
	Office space availability, clean and healthy working environment, telephones installed, maintained and bills paid timeously		Payments of rentals and electricity	Payments of rentals and electricity	
	Availability of Fleet and control measures in place	-	Management of fleet contract	Proper management of fleet contract and subsidized vehicles in line with fleet contract and national legislation.	
	End Users of information receiving information timeously	Office information was effectively managed and maintained		Office information was effectively managed and maintained.	



Financial Management

Measurable objectives	Performance Measure	Actual outputs 2004/05	Target outputs 2005/06	Actual outputs 2005/06	Reasons for Deviations
1 Manage the budget process of the department	Documented budget plan and cycle	Budget cycle produced and communicated	Draft & circulate budget cycle plan	The budget cycle plan was produced in conjunction with Treasury	
	Evidence of link between budget and strategic plans	Partial link between budget and strategic plan	Agree on priorities to be budgeted for. Allocate funds to priorities and programs	Priorities were identified and budget allocated (bucket toilet system eradication, HIV/AIDS and Learnerships)	
2 Produce accurate and reliable financial reports	Procedure manuals, report formats and filed reports		Quarterly reporting procedures implemented	Deadlines for In-Year-Monitoring were met consistently. Quarterly reporting implemented. Draft procedure manuals in place	
3 Timely payment of suppliers	Policy and procedure manual		Development of policy and procedure manual	Draft policy documentation done	
	Payment cycle reports		Compliance with 30 days payment cycle.	30-32 days turnaround time	
4 Revenue Management	Revenue management plan document	Revenue generating assets identified	Verification of departmental assets	Verification is complete. Valuation of assets not complete	20% deviation due to lack of capacity
			Revenue management plan in place	Not yet complete	10% deviation due to valuation process not yet finalised
Develop and/or implement and maintain internal controls	Existence of internal controls, processes and procedures documents	Draft internal control policies and procedures manual done	Process and procedure manuals approved Formal delegations for financial and procurement approved	Processes and procedures for financial management were drafted	
	Existence of internal controls, policies and procedure manuals			Formal delegations were approved	
	Risk management plan in place		Develop and implement risk management plan.	Risk assessment conducted Draft risk management plan developed	10% due to lack of capacity



Corporate Services

SUB-PROGRAMME: HUMAN RESOURCE MANAGEMENT					
Key Measurable Objective	Performance Measure	Actual Output 2004/05	Target outputs 2005/06	Actual outputs 2005/06	% of deviation and reasons for deviations
Redeployment of the excess staff to other departments and institutions.	Excess staff	69 excess staff transferred to other departments 4 transferred to municipality 4 Death cases	317 excess staff	- 52 excess staff retired out of the total of 62 - 3 Deaths - 54 Transfers	65% deviation. Reluctance by other departments to take excess personnel.
Induce employees between ages 55 – 59 for early retirement	Employees with 55 – 59 years of age	-	40 employees	- 2 employees	95% deviation. The employees were addressed on the matter but were reluctant to take the early retirement.
Entice all employees between 60 – 65 for retirement	Employees with 60 – 64 years of age	-	109 employees	- 12	89% deviation. The employees were addressed on the matter but were reluctant to take the early retirement
Advertising and filling of vacant posts considering merit	Vacant posts and funding	39 critical Posts advertised 10 successful candidates appointed	All posts prioritised by managers	- 186 posts advertised - 193 Traditional Councils' Secretaries appointed as Pub. Servants. - 4 employees appointed (from previous years adverts)	100% deviation on filling posts since advertisement were issued out during the end of the year.
Administration of all service terminations (Death, Abscondment, Resignations, retirements, etc.)	Employees leaving the Public Service	11 Death cases 51 Retirements 13 Resignations 1 1 Termination of contract 2 Abscondments 11 Ill health In all retirement cases employees are notified 3 months in advance of the retirement date	52 retirements and all employees who would leave the service during the financial year.	- 64 retirements - 13 deaths - 6 resignations - 4 ill-health - 1 abscondments - 24 termination of contracts	23% deviation is caused by employees who accepted early retirement.
Population of Organizational Structure as aligned to new strategic plan	Organogramme and employees	Guidelines developed, approved by SMS and briefing sessions conducted 646 out of 1296 posts have been filled	Horizontal placement of all employees in terms of person to post matching.	Nil	100% Deviation. The Organizational Structure was not finalized
Processing of Long Service Recognition awards	Employees completing 20 and 30 years' service	34	52 employees	52 employees	

SUB-PROGRAMME: HUMAN RESOURCE MANAGEMENT					
Key Measurable Objective	Performance Measure	Actual Output 2004/05	Target outputs 2005/06	Actual outputs 2005/06	% of deviation and reasons for deviations
Maintenance of records	Personal files and PERSAL	All files for all serving employees (968) are available and employees placed in their respective components on PERSAL	All personnel files updated and complying with the National minimum information requirements.	All personnel files updated and complying with the National minimum information requirements.	
Manage implementation of occupational health and safety act.	All employees	Payments in respect of injuries on duty for 7 employees	All employees understand SHE Policies and Compensation for Occupational Injuries and diseases policies.	Inspections conducted in : - Port Elizabeth - Queenstown - Mthatha - Kokstad offices Awareness campaigns conducted together with OTP. Payments in respect of injuries on duty for 6 employees	
Facilitate and co-ordinate training activities /programmes	Yearly Workplace Skills Plan in place and implemented.	-448 staff members were trained	The training of about 600 staff members is the target	314 staff members were trained in transversal training in FHIG and PFSA	48% deviation due to suspension of training by FHIG.
	Bursaries awarded to deserving employees	-16 applicants were awarded bursaries		Managing the administration of existing 16 bursary holders.	
	Skills audit conducted	None	658 staff targeted	658 staff members audited	
Implement a learnership- and internship programme	Learners and interns, recruited and placed	37 interns were placed in the department	65 interns to be placed	-44 new interns in 5 internships programmes recruited and placed 10 learner ships in civil engineering	32% deviation because some applicants recruited never turned up due to accommodation challenges and some got employment permanently
Impact analysis of training	Identified staff members who have been capacitated through training and development.	-Impact analysis was not done	Impact analysis to the number of employees trained.	Impact analysis was not done	100% deviation due to lack of capacity in HRD



SUB-PROGRAMME: HUMAN RESOURCE MANAGEMENT					
Key Measurable Objective	Performance Measure	Actual Output 2004/05	Target outputs 2005/06	Actual outputs 2005/06	% of deviation and reasons for deviations
Develop HR Policies	Departmental HR Policies in place	HR Policies in place awaiting approval of MEC namely: Resettlement Experiential Learning Special Leave Secondment Performance Incentive Recruitment and Selection EAP Hours of Work and Overtime Sexual Harassment Safety and Health Social Plan	HR Policies mandated by Regulations operational	Policies in place namely: Subsistence and Traveling Allowance Staff Retention Driving Skills Leave Administration Smoking	
Orientate new and old employees	Orientation Program in place and fully functional	Few employees attended the programme due uncertainty caused by Person-to-Post Matching process	All departmental staff aware of what is expected of them	582 officials attended the programme including Traditional Leaders, newly appointed Traditional Council Secretaries and staff from Traditional Affairs Branch	
Implement Integrated HR Plan	Department recruiting according to the plan		HR Plan in place in line with approved organogram	Reviewed HR plan in place	
Implement HR Delegations	Letters of HR Delegation of Powers given to delegated officials		HR Delegation of Powers fully implemented	Not fully implemented	Changes to the Organisational Structure posed a challenge and the resignation of the Superintendent General
Develop HR Procedure Manual	HR Procedure manuals in place	Procedure Manuals in place and fully implemented	Reviewal and implementation of HR procedure manual	HR Procedure Manuals reviewed and Implemented	
Implement Employment Equity Plan	Employment equity plan in place	Equity Plan drafted but not adopted. Committee established. 40% of equity targets at SMS level	Approved employment equity plan in place and implemented.	Draft Employment Equity plan in place	Deviation caused by delays in the finalisation of structure.
Deal with misconduct cases	Number of cases dealt with	7 cases dealt with, 4 needed further investigation	11 cases	6 cases finalised, 5 outstanding	Deviation caused by non availability of legally qualified chairpersons.
Grievances	Number of grievances dealt with	9 cases finalised and 21 outstanding	47 cases	33 cases finalised and 14 outstanding	14 is still in process by the appeals committee

SUB-PROGRAMME: HUMAN RESOURCE MANAGEMENT					
Key Measurable Objective	Performance Measure	Actual Output 2004/05	Target outputs 2005/06	Actual outputs 2005/06	% of deviation and reasons for deviations
Implementation of Employee Wellness Programme	Improvement of productivity/ performance of employees through EAP services	<ul style="list-style-type: none"> Successful Awareness campaign on all Tribal Authorities and H/O conducted HIV/AIDS Road shows at Cradock and Queenstown 	Utilisation of the programme by 70% of the employees	Awareness session conducted on all 582 Secretaries to Traditional Councils Trained 10 First Aiders and bought 25 First Aid Kits. Employee Wellness Road shows conducted at Uitenhage and Grahamstown	
Facilitate and coordinate HIV and AIDS programmes and policies	Well informed personnel Increased numbers of disclosures and referrals	14 Awareness sessions conducted in Head Office and Tribal Authority 12x Peer Educators trained 5xLay Counsellors trained	Awareness programmes campaign on HIV & AIDS 20x Peer Educators training 2xLay Counsellors training	Awareness programmes on HIV & AIDS conducted 20x Peer Educators trained NIL	Deviation due to service provider needed a provincial cluster of a minimum of 10
Mainstreaming of disability programmes and policies	Increased awareness on issues of disability Sign language training and disability awareness workshop	Disability mainstreamed in Housing and Developmental local Govt Hosting of build-up activities for disability awareness with Cacadu DM Participation in provincial event	Disability integrated into departmental programmes	Hosting of build-up activities for disability awareness with METRO Participation in provincial event	
Promotion of Gender Equity and Youth Development	Staff sensitised about Gender and Youth issues		50 officials capacitated on Gender mainstreaming	20 officials capacitated on gender mainstreaming.	60% deviation caused by shortage of staff
Commemoration of special days	Special days commemorated	Department participated in commemorated special days : -Youth day -Womens day -Disability day -World Aids day - 16 days of activism	Special days as determined and declared	Special days commemorated.	



SUB-PROGRAMME: STRATEGIC DEVELOPMENT AND PERFORMANCE MANAGEMENT					
Key Measurable Objective	Performance Measures	Actual Output 2004/05	Target outputs 2005/06	Actual outputs 2005/06	% of deviation and reasons
Facilitate the process of developing individual plans	Fully discussed and signed performance plans	SMS: 9 9-12: 89 2-8: 620	All performance plans/agreements of departmental staff submitted	818 Performance plans received for 2005/06 out of 1021 staff members.	20% Deviation caused by some of excess personnel that did not submit performance plans/agreements
Facilitate the process of processing annual assessment for performance awards. 2003/2004	Employees awarded for good performance.	303 qualifying Employees processed for 2003/04 performance bonus	Qualifying Employees levels 1 – 12	631 PMDS assessment forms processed for 2004/05 period Out of 195 forms of 5% backlogs received for 2003/04, 166 were paid out, 39 did not qualify.	
Information publications	Departmental news, quarterly newsletters and supplements produced and publicised	Departmental news publicised e.g. MEC Policy Speech, MEC Budget speech, Community Workers Programme (CDWs) . One newsletter developed.	Departmental news, quarterly newsletters and supplements produced and publicised	Departmental news, quarterly newsletters and supplements produced and publicised	Deviation are in terms of quarterly newsletters that is caused by lack of capacity.
Marketing and advertising	Publishing of newsletter and electronic media adverts	Liaise with municipalities and stakeholders in the province for information sharing: from the Department and visa versa.	Preparation of adverts, placement of promotional adverts on media .	Adverts and promotional material placed on media	
Local Government Liaison	Prompt responses to media queries, media briefings and media events in place.	-	Facilitate Local Government communications forum.	Local Government communications forum fully functioning.	
Event Management	Department's public and stakeholder events co-ordinated and all necessary logistical arrangements in place	Involved in department events & assisting in preparations, coordinating and arrangements of the departmental events.	Management and support of departmental events	Departmental events co-ordinated	
Conduct Organisation and establishment investigation when required for - Department - Traditional institutions	Organograms developed or amended according to strategy	Draft amendments in place in the following functions : - Customer Care - Monitoring and Evaluation - Transfer of IGR to Monitoring and Evaluation function	Organograms developed/ amended as required and demanded for: -Department -Trad institutions	Development of CDW organogram. Amendment of Provincial House of Trad Leaders structure.	

SUB-PROGRAMME: STRATEGIC DEVELOPMENT AND PERFORMANCE MANAGEMENT					
Key Measurable Objective	Performance Measures	Actual Output 2004/05	Target outputs 2005/06	Actual outputs 2005/06	% of deviation and reasons
Loading of organisational structure into PERSAL	Updated Personnel management system (Loaded organogram into PERSAL)	Codes for new organogram dated 02/03/2004 captured and loaded into PERSAL	Capture Objective & responsibility codes on Persal (on demand depending on organogram amendments)	Objective and responsibility codes loaded into PERSAL for : -247 Traditional Leaders Secretaries -CDW structure -House of Trad Leaders structure	
Review departmental filing systems	Whole department has a proper filing system	HR Filing System developed. Main Filing System reviewed.	Develop HR Filing System for Traditional Leaders Reviewal of Main Filing System	HR filing system for Traditional Leaders developed. NIL	Deviation caused by delay in the finalization of organizational structure
Conduction of Job Evaluation	All vacant posts be evaluated before advertised	Information gathered and capture into Equate system. Posts of SG & 2 DDG's evaluated	SMS, management & Critical posts evaluated	14 SMS jobs evaluated	
Advise on office accommodation requirements.	All staff be accommodated accordingly.	Amendment on Head office offices allocated. Facilitation of an open space with works. Facilitation of additional space with Agriculture for HOTL	(On demand) Allocation of Head office offices	NIL.	Restructuring was not finalised.

SUB- PROGRAMME : INFORMATION TECHNOLOGY OFFICE (DGITO)					
Key Measurable Objective	Performance Measures	Actual Output 2004/05	Target outputs 2005/06	Actual outputs 2005/06	% of deviation and reasons for deviations
Procurement of computer equipment and peripheral devices	Computer equipment procured and available	93 Pc's 12 Laptops 8 Server 4 Printers 3 Data Projectors 1 Server Rack	110 x Desktops 3 x File Server 30 Printers 1 x 1 – 6 KVA UPS Cabling Traditional Affairs Offices	60 x Pc's 48 x Laptops 3 x File Server 1 x File Server Rack 2 x Printers 1 x Plotter 1 x 10 KVA UPS 3 x Data Projector	15 % Due to reprioritization.
Effective and Efficient management of the LAN & WAN	LAN/WAN managed	98 % up time on LAN/WAN	95 % up time on LAN/WAN managing 600 desktop	93 % up time on LAN/WAN	Due to power outages.
Procurement of Microsoft Software Enterprise Licence Agreement	Software licenses renewed	MS EA renewed for 700 workstations 12 servers and 2 SQL Licenses	MS EA renewal for 700 workstations 6 servers and 2 SQL Licenses	MS EA renewed for 700 workstations 12 servers and 2 SQL Licenses	
Procurement of LAN & Desktop, WAN and ISS SLA's	SLA signed for all relevant IT&IS	98 % up time on all system.	19 LAN & WAN sites and ± 700 workstations	98 % up time on all system.	



SUB- PROGRAMME : INFORMATION TECHNOLOGY OFFICE (DGITO)					
Key Measurable Objective	Performance Measures	Actual Output 2004/05	Target outputs 2005/06	Actual outputs 2005/06	% of deviation and reasons for deviations
EDMS Pilot Implementation	Electronic Document management system	Documentum solution acquired with 120 user licenses	EDMS Implementation in all programmes	Full implementation, ongoing support, management and maintenance of EDMS	
IT Policies & Plans	Master System Plan Security Policy ICT Communication on Policy Disaster Recovery Plan Information Technology Plan	DRP 98% completed. Backup plan in place.	Policies and Plans developed and aligned with Information Plan (IP) of the department	DRP 98% completed. Backup plan in place.	2 % Due to SITA restructuring process.
Centralised information	Centralisation of all user directories	Microsoft Boot cam training attended. Microsoft Provincial labs setup, testing completed, implementation targeted April and May 2005.	All user data and directories must be centrally stored and managed	User data and directories centrally stored. Migration to Win 2003 server and Exchange 2003	
Effective and Efficient database management systems (dbms)	95% Uptime on all dbms	98% Uptime	95 % up time all dbms systems effectively managed	93% Uptime	Due to power outages.
Effective development and management of web sites portal	Website technical development Phase 2 completed (Exclude implementation which will be done 2004/2005)	Web site live and updated on a regular basis.	Web Modules: calendar, Discussions groups, online management, individual and hosting Modules	Web site live and updated on a regular basis.	
Training Centre	Operational training centre	100%	95% Uptime	100%	
Effectively Managed Transversal Systems	BAS, Persal, Logis, debtors and Aktex connectivity	95 % up time to all users	95 % up time to all users	93 % up time to all users	Due to power outages and slow response due to virus attacks on the WAN
Master systems Plan for LGICT (EC) Council	Council Master System Plan (MSP) developed	Negotiations with DBSA are still ongoing on the funding of DM's and LM's MSP	Planning and Development of Scope and Vision document for council MSP	Completion of MSP for all DM's and LM's	60 % Due to lack of funding.
Information Plan developed	Departmental Information Plan	System testing still in progress.	Integrated IP for all branches	System testing still in progress.	

2.2 Programme 2: Housing Development

2.2.1 Aim of the Programme

To facilitate the creation of sustainable human settlements

The programme is structured as follows:

- Office of Head of Housing
- Housing Policy Planning and Research
- Housing Performance/Subsidy Programme
- Urban Renewal and Human Settlement Redevelopment Programmes
- Housing Assets Management and Land Administration

2.2.2 Key Objectives

- To manage the development of housing planning, research and policy formulation
- To facilitate, co-ordinate and monitor the implementation of national and provincial housing programmes
- To facilitate urban renewal and human settlement redevelopment programmes
- To administer housing assets, rental income and land related issues

2.2.3 Achievements

- Inputs provided on policy reviews:
 - Rural Housing
 - Emergency Housing
 - Peoples housing Process
 - Accreditation of Municipalities
 - Housing Subsidy System
 - Blocked projects
- 10 workshops held at various municipalities and at provincial level. These workshops focused on new policy instruments for the local municipalities.
- Upgrading at Motherwell Sports Stadium and at Sisa Dukashe Rugby Stadiums are 100% complete under the Urban Renewal Programme.
- 21 Project Managers, 22 Clerks of Works, 3 Local Government Consultants and 10 interns employed to improve quality of housing products
- 1 241 employees of emerging contractors skilled through on-job training in bricklaying, plumbing and carpentry
- 5 housing institutions (SOHCO, Amalinda, KWTHA, HAEL & Abahlali) trained in new Social Housing Policy
- Total of 414 Departmental housing assets maintained in Port Elizabeth
- 24 757 housing units completed creating 7 427 jobs
- Out of 128 blocked projects 114 projects have been approved for additional funding and 80 projects are under construction.
- Expended total budget of R607, 719m.



2.2.4 Challenges and strategies to address them

CHALLENGES	STRATEGIES TO ADDRESS CHALLENGES
Inadequate monitoring and evaluation of housing projects	Strengthen monitoring and evaluation systems i.e. appointment of more Project Managers Fully fledged Project Management & Quality Control Chief Directorate unit created Housing Outreach Programme to all district municipalities by housing management NHRBC to register contractors and inspection of individual houses Established contractors to be brought on board and mentor emerging contractors Blacklisting of defaulting developers and contractors Enforcement of legal action emanating from the findings of forensic investigation reports
Blocked Projects	Engagement of Thubelisha Homes to unblock projects
Emergency Housing backlog	Quantification of extent of backlog and prioritization
Rectification of state owned houses	Engagement of NHRBC to over-see programme implementation w.e.f. 1 November 2006
Implementation of 'BNG'	Formulation of Inter-MEC and inter-departmental fora for maximum cooperation

2.2.5 Budget

	Original Budget	Revised Budget	Expenditure	Balance	% Spent
Office of the Head of Housing	13,933	10,688	10,688	0	100.00%
Housing Planning & Research	1,641	7,974	7,974	0	100.00%
Housing Performance/Subsidy Programmes	593,796	616,059	616,059	0	100.00%
Urban Renewal & Human Settlement	30,092	24,545	24,545	0	100.00%
Housing Asset Management	5,936	7,061	7,061	0	100.00%
Total	645,398	666,327	666,327	0	100.00%



2.2.6 Performance table

SUB-PROGRAMME: PLANNING AND RESEARCH

Key Measurable Objective	Performance Measures	Actual output 2004/05	Target outputs 2005/06	Actual outputs 2005/06	% of deviation and reasons for deviations
Review Provincial Housing Development Plan (PHDP)	Provincial Housing Development Plan reviewed	Nil	Reviewed PHDP	<ul style="list-style-type: none"> Service Provider appointed to undertake research and develop PHDP Implementation of brief 	Delay in finalisation of service level agreement.
Assist Local Municipalities to develop Housing Sector Plans	3 Housing Sector Plans incorporated into Municipal IDP's	Nil	3 Sector Plans for Mquma, Sakhisizwe & Senqu	Service Provider appointed to undertake research and develop Housing Sector Plans	Delay in appointment in service provider
Conduct research on demand for housing	A Housing Status Quo Report for 43 municipalities available	Nil	43 municipalities	Service provider appointed to undertake research on housing demand	This objective was included in the Provincial Housing Development Plan
Develop Provincial Policy Guidelines	Approved Provincial Policy Guidelines	Nil	Provincial Policy Guidelines	<p>The following policy communiqué compiled, printed and distributed to stakeholders</p> <ul style="list-style-type: none"> Unblocking of blocked projects Collapsing of subsidy bands Norms and Standards for housing unit Social Compact facilitation HIV/AIDS Close Out of Housing Projects. 	Nil
Contribute to National Policy processes and address gaps that hinder sustainable development	Provincial input into National Policy development process	New initiative	Inputs into National Policy development process	<p>Inputs provided on policy reviews:</p> <ul style="list-style-type: none"> Rural Housing Emergency Housing Peoples Housing Process Accreditation of municipalities Housing Subsidy System <p>Workshops conducted on new policies:</p> <ul style="list-style-type: none"> Breaking New Ground Procurement of Services for Housing Enhanced Extended Discount Benefit Scheme 	Nil

Key Measurable Objective	Performance Measures	Actual output 2004/05	Target outputs 2005/06	Actual outputs 2005/06	% of deviation and reasons for deviations
Enhance capacity and provide support to relevant stakeholders involved in housing development process.	No. of workshops	4	6	10 workshops held at various municipalities and provincial level on: <ul style="list-style-type: none"> • Peoples Housing Process • Rural Subsidy • Emergency Housing • Variation Subsidy for Disabled • Housing Subsidy System • NHBRC • EPWP • Accreditation of municipalities • Social Compact • Consumer education 	Nil
	No of Accredited Training Programmes (Project Management specific and Financial and Business Management for Emerging Contractors)	Nil	2	Identified training needs, finalized of agreement on Project Management	Budget constraints hence Financial and Business management never implemented The training course never initiated due to budget constraints
Ensure accreditation of municipalities in administering national and provincial housing programmes	Accredited municipalities	New initiative	2	Business Plan for NMBM completed Draft Business Plan for BCM in place	Incremental approach to guidelines adopted due to the nature of the programme
Ensure skills development and learnerships programmes through EPWP	Number of skills developed (bricklaying, plumbing etc)	10 684 jobs	3	<ul style="list-style-type: none"> • 7 241 employees obtained on-job training in bricklaying, plumbing and carpentry • 12 learners received on-job training in project management 	This is the maximum number the programme could cater for.
Develop capacity of social housing institution and housing cooperatives	Number of institutions and cooperatives trained	New initiative	5	5 housing institutions have been trained in the new social housing policy, viz SOHCO, Amalinda, KWTHA, HAEL, Abahlali	Nil

SUB-PROGRAMME: HOUSING ASSETS MANAGEMENT AND LAND ADMINISTRATION

Key Measurable Objective	Performance Measures	Actual output 2004/05	Target outputs 2005/06	Actual outputs 2005/06	% of deviation and reasons for deviations
To encourage Social Housing as a means to resuscitate declining Urban areas	Number of social and rental projects implemented	3	3 incomplete projects	<ul style="list-style-type: none"> 2 (Abahlali & KWTHA) Under implementation 1 (Amalinda Coop) Stalled 	Two implemented projects are behind schedule due to tenant /landlord disputes and one stalled due to court proceedings
Regulate relationship between Landlords and Tenants	Approved rental housing regulations	No baseline info	Develop and gazette regulations	<ul style="list-style-type: none"> Draft regulations in place. 	Underestimated the process which requires broader stakeholder participation.
Administer the Capital Discount Benefit Scheme and Phasing out Programme	No of units transferred	1073 Units transferred.	10 000 (DBS), 1 500 (POP) = 11 500	1 763 units transferred	National Programme requires that properties to be transferred voetsstoets. Beneficiaries had refused to take transfer of some of the housing units that are in state of disrepair. A new policy (EEDBS) which revise the previous one only came into effect in December 2005.
Facilitate the Upgrading of Public Sector rental accommodation	No of units upgraded	No baseline info	2 Hostels	Unblocking of Matthew Goniwe Hostel conducted.	50%. Lack of participation by Mquma Municipality in unblocking processes
Promote home ownership and other land tenure options (including upgrading of tenure rights)	Number of Title deeds and lease agreements registered (Leasehold rights to be upgraded)	10552 beneficiaries registered at Deed Office.	23 000 transfers	7516 transfers registered at the deeds office	<p>67% due to:</p> <p>Number of subsidies approved (10 718)</p> <p>Slow process of release of land by Department of Land Affairs and cadastral problems. e.g. approval of Township Establishment and opening of Township Registers.</p>



Key Measurable Objective	Performance Measures	Actual output 2004/05	Target outputs 2005/06	Actual outputs 2005/06	% of deviation and reasons for deviations
Facilitate speedy release of State Land for housing development	No of properties released.	32 Parcels of land recommended for vesting into the province. 198 Properties donated to municipalities.	33 item 28 (1) applications submitted to DLA approved and Certificates confirming vesting of land be issued by DLA National Minister	31 properties have been approved by MEC for donation to various municipalities Obtained 6 item 28 (1) Certificate for three properties in Mthatha 11 submissions made to the State Land Disposal Committee recommended for vesting and disposal to municipalities	6.1% deviation. Issuing of Item 28(1) certificates by Department of Land Affairs (DLA) is a serious challenge. National Department of Housing requested to intervene. The delay has a negative effect on the issuing of title deeds to beneficiaries All applications submitted to the PSLDC have been recommended for issuing of item 28 (1) Certificate
Facilitate devolution and disposal of housing assets	No of units and land parcels transferred	32 Parcels of land recommended for vesting into the province. 198 Properties donated to municipalities.	Audit and development of Assets Register and disposal of identified assets	Audit finalized. Verification of the properties in process. Plan for devolution finalized. 32 erven devolved to Makana Municipality	Updating of Asset register awaiting finalization of the verification process by the service provider.
Ensure the remaining departmental housing assets are well maintained	No of properties / housing units maintained	No baseline info	414 Housing units maintained	All properties maintained through 11 contracts entered into with service providers	No deviation
Ensure effective debt collection	Approved debt collection plan and % of revenue collected	Total collected R2 011 642.	<ul style="list-style-type: none"> Approved Plan 100% revenue collected 	<ul style="list-style-type: none"> Plan not yet developed. Total of revenue collected amounts to R2 243 101.66 	<ul style="list-style-type: none"> Plan affected by the verification process. Challenge of rent defaulters and delays in processing of cases by State Attorney.



SUB-PROGRAMME: HOUSING PERFORMANCE / SUBSIDY PROGRAMME

Key Measurable Objective	Performance Measures	Actual output 2004/05	Target outputs 2005/06	Actual outputs 2005/06	% of deviation and reasons for deviations
Provide housing subsidies to qualifying beneficiaries	Number of subsidies approved to qualifying beneficiaries	24 267	23 000	10 718	53% Outstanding individual subsidy application forms related to approved beneficiaries within projects, are not forthcoming from developers. Some received are returned due to incorrectness. (approval of individual beneficiary applications does not necessarily go hand in hand with the number of units targeted to be built)
	Number of completed houses	23 149	25 813	24 757	4,1% Some of the funding earmarked to build targeted units was diverted to fund projects that were blocked. (Construction of houses does not necessarily go hand in hand with individual beneficiary subsidy approvals)
Job Creation through poverty alleviation	Number of jobs created	10 684 jobs	7241 jobs	7427 jobs	Exceeded target
	Number of allocated subsidies to women in construction	Nil	1000	600	Project scaled down to 600 units due to geotechnical and topographical conditions
	Number of allocated subsidies to youth in construction	Nil	500 - Hofmeyer	500 – Hofmeyer 50 - Sweetwaters = 550	Additional subsidy allocated
	<ul style="list-style-type: none"> Number of subsidies allocated to people with disabilities in construction. Variance/ Subsidy allowances provided to people with disabilities 	Nil New	250 5% allocation equivalent to R29m As and when need arises	Nil R163 232 Variance amount allocated to people with disabilities	No identified contractor yet Variance is based on the number of applications received.
Ensure completion of all blocked projects	Number of housing projects unblocked	35	35	114	Exceeded target. Approval of guidelines assisted in providing more funding.
Provide housing project contract administration	Number of agreements/ addenda concluded	Nil	As and when need arises	244 agreements/ addenda concluded	
Provide Housing Finance Services	Number of Project Claims processed	R572, 805	R607, 518 M	R607, 718 M	Targeted expenditure was exceeded by 0,11



SUB-PROGRAMME: URBAN RENEWAL PROGRAMME & HUMAN SETTLEMENT REDEVELOPMENT

Key Measurable Objective	Performance Measures	Actual output 2004/05	Target outputs 2005/06	Actual outputs 2005/06	% of deviation and reasons for deviations
Co-ordinate the rehabilitation of dysfunctional urban areas with the notion of economic and social development	Number of Urban Renewal projects implemented and completed	3	3	<ul style="list-style-type: none"> 2 projects (Numbering of Houses at Motherwell NU 10 and NU 11) 100% complete Paving of Motherwell Cemetery roads 80% complete 	Increase in project scope (size)
Human Settlement Redevelopment Projects Implemented and completed	Number of projects implemented	New Initiative	3	3 projects initiated i.e. <ul style="list-style-type: none"> BCM-DUNCAN VILLAGE (BP approved and 8,76m transferred for ph 1) NMMM-SOWETO ON SEA (only cooperative agreement signed) 1. MBASHE-ELLIOTDALE (MOA's signed & BP completed) 	There have been delays due to: <ul style="list-style-type: none"> Due to delayed council approval and capacity constraints (Human Resource) late pronouncement of the Elliotdale as a rural pilot by the NDOH on 05 July 2005
Facilitate sustainable development of selected social / economic infrastructure projects.	No. of social/ economic Infra. Projects Implemented and completed	New Initiative	1	All relevant Sector Departments have been invited to previous joint planning working sessions of project steering committees.	No projects yet since all Human Settlement Redevelopment projects are still in their first phase of implementation
Administer project management and quality control	100 % compliance with provincial norms and standards.		100% compliance	100% of housing projects inspected to check compliance at different stages of implementation. 6% were found to be non-compliant	6% non-compliance. Various actions have been instituted on the non-compliant projects.



2.3 Programme 3: Developmental Local Government

2.3.1 Aim

To promote developmental local government through fostering good governance and creation of viable and sustainable developmental municipalities.

The programme is structured as follows:

Office of the Head of Local Government

- Municipal Governance
 - Municipal Administration & Capacity Building
 - Municipal Development Finance
 - Municipal Infrastructure Services
 - Disaster Management & Emergency Services
- Municipal Development & Planning
 - Spatial Planning
 - Municipal Development Administration/Land Use Management
 - Integrated Development Planning & Municipal Performance Management
 - Local Economic Development

2.3.2 Key Performance Areas

1. Strengthening the capacity of municipalities.
2. Promotion of Integrated Planning and Good Governance.
3. Facilitate land and infrastructure development
4. Promotion of sustainable local economic and rural development as well as free basic services

2.3.3 Achievements

- Municipalities have been assisted to recover R183 360 913.30 from Government departments as payment for municipal services rendered
- 21 municipalities were able to prepare and submit their Annual financial statements for 2004/05 financial year to the Auditor-General on time.
- The Eastern Cape has been identified as the first national Pilot Project within the Co-operative agreement between Sweden and South Africa (DPLG) on Disaster Management Information Systems.
- The Eastern Cape is the province with the highest number of registered MIG projects, totalling 1186 to the value of R3, 978 billion.
- Popularisation of the Municipal Property Rates Act in municipalities
- Public participation promoted through holding of two Presidential and nine local iimbizo as well as employment and deployment of 165 and 120 CDWs respectively.
- Successfully supported local government elections



2.3.4 Challenges and strategies to address them

CHALLENGES	STRATEGIES TO ADDRESS CHALLENGES
Inability to attract and retain professional and technical expertise	Changes in public sector remuneration policies with respect to professional and technical expertise
Branch organogram not aligned to the functions of developmental Local Government	Review departmental organogram in tandem with the objectives of developmental local government
Poor coordination of interface and interaction among spheres of government on developmental issues	Strengthen Intergovernmental Relations among all spheres (horizontally and vertically)
Poor community participation and empowerment in municipal development	Maximise the utilization of Community Development Workers and Ward Committees as well as cooperation with community-linked organisations, eg Ruliv and Independent Development Trust
No defined home for catalytic programmes viz. Urban Renewal Programme (URP), Integrated Sustainable Rural Development Programme (ISRDP) and Free Basic Services (FBS) in municipalities.	Engage municipalities to institutionalise these programmes
Absence of fully-fledged integrated information management systems between the municipalities and the department to ensure effective monitoring, evaluation and focussed support.	Linkage of ICT systems with municipalities to strengthen monitoring and evaluation of development programmes.
Absence of bulk infrastructure hampering the timeous implementation of the bucket- toilet eradication programme	Encourage municipalities to prioritise the provision of bulk infrastructure as a prerequisite for the implementation of the programme

2.3.5 Budget

Local Government					
	Original Budget	Revised Budget	Expenditure	Balance	% Spent
Head of Local Government	16,629	13,597	13,595	2	99.99%
Head of Local Governance	4,617	249	249	0	100.00%
Municipal Administration	33,331	63,722	63,417	305	99.52%
Municipal Finance	35,083	33,149	33,149	0	100.00%
Municipal Infrastructure	29,097	32,920	32,919	1	100.00%
Disaster Management	23,432	43,430	43,430	0	100.00%
Head of Development & Planning	4,616	594	594	0	100.00%
Spatial Planning	8,056	7,936	7,936	0	100.00%
Development Admin/Land Use Management	17,676	17,811	17,610	201	98.87%
Integrated Development Planning	18,154	17,512	11,388	6,124	65.03%
Local Economic Development	18,382	19,397	19,397	0	100.00%
Total	209,073	250,317	243,684	6,633	97.35%

2.3.6 Service Delivery Achievements: Developmental Local Government Municipal Governance

Measurable Objective	Performance Measure	Actual Output 2004/05	Targeted Output 2005/06	Actual Output 2005/06	% Deviation and reasons therefore
Facilitate the development of effective and functional organograms.	Two generic organograms for the local and district municipalities.		R500 000 Two generic organograms developed for the local and district municipalities.	Funds transferred. Tender specifications developed and appointments in process.	100% Delay due to consultation process and development of specification
Facilitate the training of municipal officials focussing on critical skills.	Number of officials who underwent formal training.	16 officials completed their 1 st year of study at the Fort Hare Institute of Government.	R1 700 000 20 municipal officials to undergo formal training.	Twenty municipal officials trained	100% Due to the change of date for the Local Government Elections from December 05 to March 2006 (uncertainty with renewal of employment contracts of S.57 Managers)
Facilitate capacity building for ward committees, councillors and traditional leaders.	Number of capacity building programmes implemented and number of people trained in at least 11 Project Consolidate municipalities.	Ward Committee training conducted at Qaukeni, King Sabata Dalindyebo and Sundays River Valley local municipalities.	R2,3m for 11 Project Consolidate municipalities and facilitation of training programmes.	Funds transferred to municipalities. Training conducted in municipalities viz Emalahleni, Intsika Yethu, Mhlontlo, Lukhanji and Port St Johns local municipalities.	50%
Assessment of water service authorities.	15 water service authorities to have been assessed.	Funds re-routed for interventions at Elundini and King Sabata Dalindyebo municipalities.	R1,4m for 15 water service authorities to be assessed.	R1,085,000 transferred . Phase 1 of the assessment process in 13 municipalities is complete.	21,8% Baviaans and Amathole DM delayed to comply with transfer requirements
Facilitate customization of by-laws and policies.	To have customized policies and by-laws in place in at least 10 municipalities.	Was not a strategic objective in 2004/05.	R700,000 To customize policies and by-laws in 10 municipalities: Emalahleni, Port St. Johns, Umzimvubu, Intsika Yethu, Kouga, Mquma, Qaukeni, Engcobo, Nyandeni and Mbizana municipalities	R700,000 transferred.	31% - not yet developed in three (3) municipalities viz. Mquma, Nyandeni and Qaukeni
Facilitate deployment of Community Development Workers (CDW's).	300 CDW's recruited and deployed in municipalities with priority being given to 19 Project Consolidate Municipalities.	180 CDW's trained.	R12 225 000 300 CDWs recruited, employed and deployed in municipalities with priority being given to 19 Project Consolidate Municipalities.	300 CDW'S were deployed in all municipalities.	



Measurable Objective	Performance Measure	Actual Output 2004/05	Targeted Output 2005/06	Actual Output 2005/06	% Deviation and reasons therefore
Facilitate the development of performance contracts.	To have developed performance contracts for Senior Managers in at least 10 municipalities.	Was not a measurable objective in 2004/05.	R275,000 To have developed and signed performance contracts for Senior Managers in at least 10 municipalities: King Sabata Dalindyebo, Kouga, Emalahleni, Elundini, Engcobo, Lukhanji, Tsolwana, Sakhisizwe and Mbizana	R275,000 transferred to the following 9 municipalities as per gazette: King Sabata Dalindyebo, Kouga, Emalahleni, Elundini, Engcobo, Lukhanji, Tsolwana, Sakhisizwe and Mbizana	Three municipalities viz. Lukhanji, Tsolwana and Mbizana have developed Performance Contracts. The rest were in the process of development.
Support with special focus on project consolidate municipalities on Budgeting, Annual Financial Statements (AFS), Asset registers, revenue management, and financial management systems.	AFS that are compliant with the Auditor-General's requirements in at least 12 municipalities.	38 projects in 24 municipalities completed.	R3,900m for Annual Financial Statements that are compliant with the Auditor-General's requirements in at least 12 municipalities.	Tranferred R3,900,000 to 13 municipalities Baviaans, Koukamma, Emalahleni, Engcobo, Instika Yethu, Elundini, Mbizana, Mhlantlo, Ntabankulu, Nyandeni, Port st Johns, Qaukeni and Umzimvubu. 13 sets of AFS were compiled. Other municipalities were checked in order to hand over their AFS to the Auditor-General.	Nil.
Support with special focus on project consolidate municipalities on Budgeting, Annual Financial Statements (AFS), Asset registers, revenue management, and financial management systems.	Proper asset management in municipalities.	8 projects completed. 5 project half completed. 2 projects not started.	R258, 000 for proper asset management in municipalities. Two fixed asset registers for Nyandeni and Elundini local municipalities.	Transferred R258,000 to 2 municipalities (Elundini and Nyandeni). Asset register completed in Nyandeni	At Elundini, the project could not be implemented due to non-sitting of the council following political instability.
	Updating of books of account in 11 municipalities.		R2,350,000 Update of books of account and produce trial balance in 10 municipalities.	Transferred R2,350,000 to 10 municipalities (Emalahleni, Engcobo, Instika Yethu, Elundini, Mbizana, Mhlontlo, Ntabankulu, Nyandeni, Port St Johns, Qaukeni). All above books of account were updated and trial balances produced.	
	Well operating ICT system	6 projects completed 7 projects in progress 3 projects not started	Transfer of R3,612 m to 8 municipalities to ICT projects	Transferred R3,612m to 8 municipalities (Emalahleni, Instika Yethu, Elundini, Lukhanji, Sakhisizwe, Mbashe, Mbizana, Nyandeni) 1 project complete, 2 projects over 90% complete, 2 projects 50% complete, 3 projects not started (Elundini, Mbashe & Mbizana)	37% deviation. 3 projects not started (Elundini, Mbashe & Mbizana)
	Administration of Project Management Funds – Amathole DM		R3, 596, 000	Funds transferred to Amathole DM through an administrative agreement and project management was undertaken.	

Measurable Objective	Performance Measure	Actual Output 2004/05	Targeted Output 2005/06	Actual Output 2005/06	% Deviation and reasons therefore
Conduct forensic/special investigations based on the SIU Agreement	<p>Well managed municipalities and a reduction in irregularities.</p> <p>A number of municipalities with audited and well written reports depending on MEC Pronouncements</p>	<p>Partnership Agreement with the SIU signed in October 2004.</p> <p>SIU commenced scoping exercise at the Ndlambe, Ikhwezi and Nyandeni Municipalities.</p> <p>The Quaukeni investigation is near completion.</p>	<p>Payment of R3, 4 million to SIU in terms of the agreement.</p> <p>Monitor the implementation of the SIU Agreement.</p> <p>Receive interim / progress reports.</p>	<p>R3, 4 million was paid.</p> <p>A Presidential proclamation was obtained during June 2005 for the conducting of investigations at 12 municipalities to determine the possibilities of instituting either criminal or civil action.</p> <p>Investigations to determine possibilities of instituting criminal and or civil action are in progress at 5 municipalities:</p> <ul style="list-style-type: none"> • Ndlambe • Nyandeni • Ikhwezi • OR Tambo • Mnquma <p>and two progress reports were received during June 2005 and January 2006 respectively.</p> <p>Two further investigations have started in March 2006 at these municipalities:</p> <ul style="list-style-type: none"> • Blue Crane Route • Inxuba Yethemba <p>The Qaukeni Municipality Status Report was received during June 2005 whereafter it was submitted to the municipality to take appropriate action.</p> <p>Investigation completed at the Alphandale housing project in Buffalo City.</p> <p>Preliminary investigations completed at 3 housing projects:</p> <ul style="list-style-type: none"> • Buffalo City (Mdantsane), • Elundini (Kathelong) • Umzimvubu (MT Ayliff Tjoksville) <p>SIU obtained a Presidential Proclamation to further investigate matters arising from the Nelson Mandela housing Projects Investigation Report.</p>	



Measurable Objective	Performance Measure	Actual Output 2004/05	Targeted Output 2005/06	Actual Output 2005/06	% Deviation and reasons therefore
Conduct forensic/special investigations as pronounced	Well managed municipalities and a reduction in irregularities. A number of municipalities with audited and well written reports depending on MEC Pronouncements		R6,600,000 Conduct forensic audit as pronounced.	A virement of R3,135,000 effected. Funds transferred to Disaster Management and Land Use Management Utilised R1,073,392.86. Investigation completed in Nelson Mandela Metro. The municipality is in the process of implementing the recommendations.	36.24% The sudden closure of the Investigation Component of the Office of the Auditor-General contributed to the under-expenditure and planned investigations could not be undertaken
Functional Project Management Units in place	23 Functional Project Management Units (PMUs) (1 provincial and 22 municipal level)	R5 079 073 with 10 functional PMUs (1 provincial and 9 at municipal level)	R2 000 000	R2 000 000 23 functional PMUs; <ul style="list-style-type: none"> • Makana • Ndlambe • Sundays River Valley • Kouga • Cacadu • Mnguma • Buffalo City • Ngqushwa • Amatole • Lukhanji • Engcobo • Chris Hani • Senqu • Ukhahlamba • Mbizana • Port St Johns • King Sabata Dalindyebo • OR Tambo • Umzimkhulu • Umzimvubu • Alfred Nzo • Nelson Mandela • Provincial PMU (Bhisho) 	



Measurable Objective	Performance Measure	Actual Output 2004/05	Targeted Output 2005/06	Actual Output 2005/06	% Deviation and reasons therefore
Eradication of bucket toilets in 17 municipalities	4824 Bucket toilets eradicated	R26 552 000 transferred to municipalities.	Transfer R24 122 000 and eradicate and replace with new acceptable 4824 units	<p>Transferred R24 122 000 to water services authorities (WSA), targeted 17 municipalities. The Municipal expenditure is at R13 025 880 with an average eradicated units of 2171.</p> <p>Alfred Nzo:</p> <ul style="list-style-type: none"> • Umzimvubu • Umzimkhulu <p>Amatole:</p> <ul style="list-style-type: none"> • Ngqushwa • Nkonkobe • Mnquma • Nxuba <p>Cacadu:</p> <ul style="list-style-type: none"> • Baviaans • Kouga • Koukamma • Sundays River Valley <p>Chris Hani:</p> <ul style="list-style-type: none"> • Tsolwana • Inkwanca • Lukhanji <p>OR Tambo:</p> <ul style="list-style-type: none"> • Ntabankulu • Mhlontlo <p>Ukhahlamba:</p> <ul style="list-style-type: none"> • Elundini <p>Projects in various stages of completion. Lack of bulk water and sanitation impacts negatively on progress of projects</p>	



Measurable Objective	Performance Measure	Actual Output 2004/05	Targeted Output 2005/06	Actual Output 2005/06	% Deviation and reasons therefore
Strengthening of disaster management centres	Fully operational disaster management & satellite centres in various municipalities	Alfred Nzo: One District Disaster Management Centre completed; Three satellite centres completed O.R.Tambo: In a process of installing radio network; KSD satellite centre is functional , Tendering for the construction of Ntabankulu satellite was done. Amathole: Five functional satellite centres. Cacadu: Four satellite centres completed	6 District municipalities , Buffalo City, KSD and 1 Metro R 2 000 000	Alfred Nzo : R300 000 Umzimkhulu satellite centre completed; Disaster Management Centre is operational for 24 Hours. O.R.Tambo: R300 000 Radio communication network installed at Walter Sisulu Great Hall for the coverage of KSD and Port St. Johns. KSD : R 100 000 Equipment purchased for the satellite centres Buffalo City: R100 000 Completed the Disaster Management Centre. Chris Hani: R300 000 Construction of the centre commenced. Nelson Mandela Metro: R200 000 GIS software installed in the Disaster Management Centre. Cacadu : R300 000 Installation of new radios and upgrading of repeaters. Amathole: R300 000 Two additional disaster officers employed for the District. Computer software soft ware and hardware purchased for sub-centres at Great Kei and Nxuba. Ukhahlamba: R 100 000 Purchased video camera and projector for awareness programmes presentations.	



Measurable Objective	Performance Measure	Actual Output 2004/05	Targeted Output 2005/06	Actual Output 2005/06	% Deviation and reasons therefore
Facilitate training of disaster management officials, volunteers and councillors.	100 Trained disaster management officials , councillors and community volunteers at District, Metro and Local Municipalities. Rapid and effective response by community volunteers.	200 people trained in 6 Municipalities and 1 Metro.	6 District Municipalities, Buffalo City , KSD and 1 Metro R 1 000 000	Alfred Nzo: R100 000 24 people completed disaster management . O.R.Tambo: R150 000 10 officials trained on disaster management. Chris Hani: R150 000 17 officials trained in disaster risk management; 17 volunteers trained on disaster management; 16 Volunteers completed training on fire fighting. Amathole: R150 000 24 Members of the community trained on building skills; 9 People trained on disaster assessment. Cacadu: R 150 000 45 Volunteers \trained on Disaster Management and Fire Services Buffalo City: R 50 000 38 Volunteers trained on Disaster Management KSD: R 50 000 35 Fire Fighters trained. Ukhahlamba: R 100 000 45 Officials trained on Fire Fighting and Disaster Management Nelson Mandela Metro: R 100 000 39 Officials trained on Disaster Management	
Facilitate community awareness programmes	Pro-actively applied disaster risk reduction measures by communities.	Provincial Stakeholders' informal training on Disaster Management held; Public education awareness conducted in 6 Districts	6 District Municipalities , Buffalo City , KSD and 1 Metro R 1 000 000	The international Day for Disaster Risk Reduction was remembered in 5 District Municipalities and Metro-October2005. Alfred Nzo : R100 000 Trained officials embarked on community outreach programmes.	



Measurable Objective	Performance Measure	Actual Output 2004/05	Targeted Output 2005/06	Actual Output 2005/06	% Deviation and reasons therefore
Facilitate Community awareness programmes (continued)		Municipality areas and Nelson Mandela Metro.	6 District Municipalities, Buffalo City, KSD and 1 Metro	<p>O.R.Tambo: R150 000 Joint District and safety awareness involving traffic officers was conducted</p> <p>Ukhahlamba: R 100 000 Awareness conducted on fire fighting and disaster management.</p> <p>Chris Hani: R150 000 Community awareness on classical swine fever conducted through radio talk shows.</p> <p>Amathole: R150 000 Awareness conducted on fire prevention.</p> <p>Buffalo City: R50 000 Clean and green campaign conducted with other stakeholders.</p> <p>Cacadu: R150 000 Awareness conducted on first aid.</p> <p>Nelson Mandela Metro: R 100 000 Awareness campaigns conducted in informal settlements.</p> <p>KSD: R 50 000 Community awareness conducted in disaster affected areas.</p>	
Integrated post disaster recovery and rehabilitation programmes	Integrated post disaster recovery plan in place.	<p>Ukhahlamba: 24 houses completed and 32 repaired;</p> <p>Chris Hani: 16 houses completed at Sakhisizwe; 516 houses repaired at Ilinge; 5 houses completed at Engcobo; 5 houses completed at Lukhanji.</p> <p>Alfred Nzo: Building material delivered to 199 families at Maluti and George Moshesh area.</p> <p>O.R.Tambo: 35 houses completed at Nyandeni;</p>	<p>6 District Municipalities, Buffalo City, KSD and 1 Metro</p> <p>R 4 000 000</p>	<p>Alfred Nzo: R400 000 Material delivered to Maluti disaster affected community.</p> <p>O.R.Tambo: R600 000 46 houses completed at Nyandeni; 4 houses completed at KSD; 8 houses completed at Mhlontlo;.</p> <p>Amathole: R600 000 Material purchased and delivered for 5 houses at Amahlathi and 9 houses at Nkonkobe; 4 houses built at Keiskamahoe; 2 houses built at Mbashe Cizele Location .</p> <p>Buffalo City: R200 000 585 families provided with relief aid in 176 informal structures affected by fire.</p> <p>Cacadu: R600 000 42 houses built at Ikhwezi municipality.</p> <p>Chris Hani: R 600 000 20 houses built and 19 repaired; 11 completed at Tsolwana; 112 completed at Inxuba Yethemba</p>	



Measurable Objective	Performance Measure	Actual Output 2004/05	Targeted Output 2005/06	Actual Output 2005/06	% Deviation and reasons therefore
Integrated post disaster recovery and rehabilitation programmes (continued)		<p>40 houses completed at KSD; 10 houses completed at Ntabankulu; 32 houses completed at Mhlontlo.</p> <p>Amathole:</p> <p>8 houses completed at Nkonkobe.</p> <p>Cacadu:</p> <p>27 houses repaired at Camdeboo</p>		<p>5 houses completed at Lukhanji. A state of disaster was declared affecting Emalahleni;Engcobo;Intsika Yethu; Lukhanji; Sakhisizwe; Tsolwana and R 700 000 was made available for recovery.</p> <p>Ukhahlamba: R 400 000</p> <p>16 houses completed at Senqu</p> <p>KSD: R 200 000</p> <p>8 Houses built and 17 repaired at Umthatha</p> <p>Nelson Mandela Metro: R 400 000</p> <p>32 Houses repaired.</p>	
Facilitate risk and vulnerability assessment for disaster management plans (scientific study)	Assessment reports and disaster management plans in place.	Guidelines for generic disaster management plans developed.	<p>6 District Municipalities, Buffalo City, KSD and 1 Metro.</p> <p>R 2 000 000</p>	<p>Ukhahlamba: R 200 000</p> <p>A tender document of a scientific area study had been advertised.</p> <p>Nelson Mandela Metro: R200 000</p> <p>Disaster Management Plan approved by Council.</p> <p>Amathole: R300 000</p> <p>A service provider appointed to develop disaster management plans for Local Municipalities</p> <p>O.R.Tambo: R 300 000</p> <p>Disaster plans developed for local municipalities</p> <p>Alfred Nzo: R200 000</p> <p>Disaster Management Plans developed for local municipalities.</p> <p>Chris Hani: R 300 000</p> <p>Development of District Disaster Management Plan commenced</p> <p>Buffalo City: R 100 000</p> <p>Draft Disaster Management Plan developed and submitted to Council for comments.</p> <p>KSD: R 100 000</p> <p>Service provider appointed for the development of the Local Disaster Management Plan.</p> <p>Cacadu: R 300 000</p> <p>Integrated District Fire and Emergency Plan Developed</p>	



Measurable Objective	Performance Measure	Actual Output 2004/05	Targeted Output 2005/06	Actual Output 2005/06	% Deviation and reasons therefore
Provision of fire brigade and emergency services	Established effective fire brigade services in 6 District and Local municipalities, Purchase of fire engines, Fire Fighting equipment and repair the existing ones.	Fire engines tendered for by Amathole, Chris Hani and Ukhahlamba District Municipalities	R 9 516 000	Alfred Nzo : R 1 000 000 1- fire engine tendered for. Chris Hani: R 2 000 000 2-fire engines purchased. Cacadu: R 1 000 000 1- fire engine purchased Ukhahlamba: R 2 000 000 2-fire engines ordered Amathole : R 1 000 000 2 – fire engines ordered. KSD: R 1 516 000 2- fire engines ordered. O.R.Tambo: R 1 000 000 1 – Fire Engine ordered	
			Repair of Damaged Infrastructure R 16 200 000	Nelson Mandela Metro: R 13 042 700 Kouga LM: R 1 872 620 Ndlambe LM : R 426 180 Inxuba Yethemba: R 858 500	Additional Budget received from National Treasury towards the end of the financial year. This was meant for the repair of damaged public infrastructure (November/ December 2004)
Special Town Planning projects addressing spatial dysfunctional ties.	Completed special town planning projects		R 377 000. 4 projects.	4 projects, at the following municipalities: <ul style="list-style-type: none"> • Nxuba • Intsika Yethu • Kouga • Port St Johns 	
Compilation of zoning regulations and maps for land use management.	Updated zoning regulations and zoning maps.	4 municipalities -Intsika Yethu -Port St Johns -Amatole -Kouga.	R 1 044 400 -8 municipalities <ul style="list-style-type: none"> • Sundays river • Intsika Yethu • Engcobo • Gariep • Mhlontlo • Ntabankulu • Nyandeni • Qaukeni 	8 projects, at the following municipalities: <ul style="list-style-type: none"> • Sudays river • Intsika Yethu • Engcobo • Gariep • Mhlontlo • Ntabankulu • Nyandeni • Qaukeni 	
Compilation of layout plans to facilitate orderly settlement development in municipalities.	Approved layout plans.	R 3 279 100. 8900 sites.	R 2 888 600. 8670 sites.	8670 sites, at the following municipalities: -Amahlathi, Nxuba, Buffalo City, Ngqushwa, Nkonkobe, Mbashe, Senqu, Mhlontlo.	
Surveying of land for orderly development and upgrading of land tenure rights.	Number of sites surveyed.	11 000 sites.	R 5 525 000. 11 800 sites Ngqushwa, Mhlontlo, Qaukeni, Buffalo City, Amahlathi, Intsika Yethu, Gariep, Senqu, Umzimvubu, Umzimkhulu,	R 5 525 000. 11 800 sites at the following municipalities: Ngqushwa, Mhlontlo, Qaukeni, Buffalo City, Amahlathi, Intsika Yethu, Gariep, Senqu, Umzimvubu, Umzimkhulu,	

Measurable Objective	Performance Measure	Actual Output 2004/05	Targeted Output 2005/06	Actual Output 2005/06	% Deviation and reasons therefore
Mapping of land for development purposes.	Base maps for planning and engineering services.	1000 Hectares.	R 500 000. 960 Ha Ngqushwa, Mhlontlo, Qaukeni, Buffalo City, Amahlathi, Intsika Yethu, Gariep, Senqu, Umzimvubu, Umzimkhulu,	R 500 000. 960 Hectares at the following municipalities: Ngqushwa, Mhlontlo, Qaukeni, Buffalo City, Amahlathi, Intsika Yethu, Gariep, Senqu, Umzimvubu, Umzimkhulu,	
Facilitate valuation of properties to enable municipalities to levy rates.	Adopted municipal valuation rolls and reports.	9 municipalities.	R 4 800 000. 8 municipalities. • Mnquma • King Sabata Dalindyebo • Makana • Ndlambe • Blue Crane Route • Ikwezi • Inkwanca • Koukamma	7 municipalities. • Mnquma • King Sabata Dalindyebo • Makana • Ndlambe • Blue Crane Route • Ikwezi • Koukamma	Deviation is nil in terms of Expenditure.
Reviewed and adopted IDPs	45 reviewed and adopted IDPs	16	R5,8m for 45 municipalities	Spent R4,202 332 for the following IDP's: • 44 adopted IDP's- only Elundini LM did not submit. • 22 draft IDPs were assessed for MEC comments.	27,55% deviation is due to Alfred Nzo and Chris Hani not complying with requirements for transfers.
Compilation of comprehensive Spatial Development Frameworks (SDF's).	Developed Spatial Development Frameworks (5 District Municipalities and 38 Local Municipalities)		R2,25m 37 Municipal Spatial Development Frameworks (SDF).	4 district municipalities. 33 local municipalities.	No deviation



Key Measurable Objectives	Performance Measures	Actual Output 2004/2005	Target Output 2005/2006	Actual Output 2005/2006	% Deviation and reasons therefore
Developed Municipal Performance Management Systems	17 Project Consolidate Municipalities with Performance Management Systems in place (excl. BCM & Metro)		R1,7m for 27 Municipalities.	Spent R700,000 to develop municipal PMS <ul style="list-style-type: none"> • Cacadu DM • Kouga • Koukamma • Baviaans • Camdeboo • Sundays River Valley • Blue Crane Route • Ndlambe • Makana OR Tambo Ukhahlamba <ul style="list-style-type: none"> • Engcobo • Ngquswha • Nkonkobe 	88%. Some municipalities did not meet the requirements for transfer. Some Business Plans were returned for rectification and amendments, in some cases there were no supportive documents e.g. declarations hence no transfers. Some municipalities utilized own funding with a view to be reimbursed by the department. Under such circumstances the department has negotiated with Treasury to provide roll-over funding to those municipalities that submitted required documentation, proving that they utilized their own revenue during the year under review. These are Lukhanji, Amahlathi, Nkonkobe, Great Kei and Sakhi-sizwe.
Project Management and Provincial Spatial Development Plan	Project management for IDP's done and provincial development plan (PSDP) in place		R5,1m utilized for project management and feasibility study for PSDP R1m which was for PSDP feasibility study was not utilized		67,5% Municipality used own funding for planning and performance management purposes and therefore did not utilize project management funding set aside. The Department would not simply transfer funding when municipalities did not indicate the need for support in Project Management and PMS. 100%. The Premier's office became the lead department on this programme using ECSECC. This amount would not be transferred to the Premier's office either as Provincial Spatial Development Plan was at its conceptual stage at the time.

Key Measurable Objectives	Performance Measures	Actual Output 2004 / 05	Target Output 2005 / 06	Actual Output 2005 / 06	% of deviation and reasons therefore
Sustained existing LED Projects	Number of viable and sustainable development projects	R8,401m was allocated for 36 LED projects	R8,613 000 was allocated to 31 LED projects	<p>Youth Projects – R400 000</p> <p>(1) R130 000 NMMM- Youth Development Project located in Walmer with 6 beneficiaries. The purpose of the project is to establish a community newspaper for local entrepreneurship.</p> <p>(2) R140 000 Engcobo Masiphathisane Youth Project in Engcobo LM (located at Gqutyini Location) with 13 beneficiaries. A piece of land was identified and fenced for crop production.</p> <p>(3) R130 000 - Greenville Trading Youth Project in Alfred Nzo -located at Mt Ayliff with 8 beneficiaries i.e. 4 males & 4 females. Project is for clothing & linen manufacturing, beadwork, material painting & printing. It has formed partnership and contracts with provincial departments' e.g. making tracksuits for Correctional Services; bed linen & uniforms for casual labourers of Health Department; and school uniforms for the Department of Education.</p> <p>Projects for the Disabled – R306 500 for 3 DMs</p> <p>(1) R102 166 Empilisweni Project in Chris Hani DM with 50 beneficiaries. The project is manufacturing and selling toilet rolls, roller towels, garage & hospital wipes and disposable bath towels</p> <p>(2) R102 166 Masimanyane Arts & Craft Business Centre in OR Tambo with 17 beneficiaries. The project is located at Qaukeni LM(located at Flagstaff) and is doing knitting, sewing and carpentry. A prefab has been bought and is used as a workshop.</p> <p>(3) R102 168 Cacadu - Disabled Persons Project (located at Port Alfred) with 8 beneficiaries. The project is for sewing and art work project.</p>	



Key Measurable Objectives	Performance Measures	Actual Output 2004 / 05	Target Output 2005 / 06	Actual Output 2005 / 06	% of deviation and reasons therefore
				<p>Women Projects R306 500 (1) R106 500 Ward 11 Buffalo City Municipality Women's Project with 27 beneficiaries from the villages of Balasi, Ethembeni & Zinyoka. 100 sheep purchased, stalls constructed to keep sheep, registered in the Wool Board</p> <p>(2) R100 000 Phandulwazi Sewing & Knitting Project in Maletswai Municipality with 7 beneficiaries. The project secured a contract for making tracksuits for Jamestown Primary School.</p> <p>(3) R100 000 Masimanyane Women's Project in Amathole DM with 33 beneficiaries. This is a sewing project.</p> <p>Miscellaneous Projects: R300 000 Camdeboo Brick making with 14 beneficiaries. The project is servicing low cost housing projects in the Camdeboo Municipality and Ikhwezi Municipality. Material, tools and a small truck have been purchased.</p> <p>R900 000 Ikwezi - Delspoort River Farming project. Delspoort community including farm workers are the beneficiaries. Initial agreement was reached with willing seller (farmer) but due to delays for payment, farm was sold to another willing buyer, municipality has resolved to redirect funding to new projects i.e. Jansenville Feedlot and Ikwezi Ostrich projects</p> <p>R100 000 Kouga-Juice Factory- Raw material for making juice and bottling has been purchased. Market is the local retailers. The project manager has been appointed and 5 people employed.</p> <p>R300 000 Makana - Fort Brown Agricultural Village and the Fort Brown Farm Workers are the beneficiaries. Funding is for project planning for providing bulk water supply to the planned Agri-village.</p>	

Key Measurable Objectives	Performance Measures	Actual Output 2004 / 05	Target Output 2005 / 06	Actual Output 2005 / 06	% of deviation and reasons therefore
				<p>R200 000 Ndlambe - Nomzamo Beehive with 36 beneficiaries from a cluster of 8 business hives. Material for welding, panel-beating, sewing, glass glazing & beadwork has been purchased.</p> <p>R300 000 Sundays River-Paterson Craft Centre - Building with 14 stalls has been constructed for tourism development.</p> <p>R300 000 Quzini Agricultural Project at Amahlathi LM. Beneficiaries of this vegetable, crop and broiler production project are the Quzini community members.</p> <p>R350 000 - Ikhwezi Lokusa Cultural Centre at Great Kei LM. Beneficiaries are crafters within Cintsa community. Construction of a structure has been completed, fencing erected and electricity installed.</p> <p>R350 000 - Multipurpose Community Development Centre at Nkonkobe LM. Njwaxa, Mbizana & Ngwenya communities are beneficiaries.</p> <p>R350 000 - Njwaxa Agricultural Project at Nkonkobe LM with 33 beneficiaries from a cluster of 6 agricultural projects. 3 irrigation water pump engines have been purchased.</p> <p>R300 000 Molten Leather Tannery at Inkwanca LM with 27 beneficiaries. Community mobilization has been done.</p> <p>R200 000 - Ncora Bakeries at Intsika Yethu LM with 25 beneficiaries. Project has secured contract with Departments of Education and Social Welfare for supplying bread. It has created job opportunities for the locals</p>	



Key Measurable Objectives	Performance Measures	Actual Output 2004 / 05	Target Output 2005 / 06	Actual Output 2005 / 06	% of deviation and reasons therefore
				<p>R350 000 - Masimanyane Bakeries at Inxuba Yethemba LM (located at Lingelihle Township) comprised of 14 beneficiaries. Site has been identified and fenced; baking equipment purchased i.e. stove, cooling racks, mixer, steel tables, mixing ingredients, office equipment and entered into agreement with local spazas for market.</p> <p>R200 000 Sithathi Village Bridge at Elundini LM. Sithathi community is the beneficiary. The bridge has been completed and now busy with construction of access road, 100 people were employed on temporal basis</p> <p>R250 000 Gariep Development Centre at Gariep LM with 15 beneficiaries. The project is for bead works and traditional attire.</p> <p>R350 000 Maletswai Cultural Centre at Maletswai LM with 12 beneficiaries. The project is at standstill because of insufficient funding, the municipality together with beneficiaries are mobilizing top up funds from other stakeholders.</p> <p>R350 000 Gcalekaland Cultural Village in Amathole DM – Mbashe LM. The project has not yet started because of the Environmental Impact Assessment that still needs to be conducted. The beneficiaries of the project are the community of Qhora village.</p> <p>R350 000 Dube Agricultural Village at Ngqushwa Municipality. Dube community is the beneficiary. The irrigation design has been completed and installed in September 2005. The storage design and fencing have been completed.</p>	



Key Measurable Objectives	Performance Measures	Actual Output 2004 / 05	Target Output 2005 / 06	Actual Output 2005 / 06	% of deviation and reasons therefore
				<p>R300 000 - Mqanduli Milling in King Sabata Dalindyebo LM. Mqanduli farmers are the beneficiaries, 24 people to be employed as plant operators, renovations completed, material purchased, milling machine has been installed, and beneficiaries will be trained very soon.</p> <p>R300 000 - Mbizana Community Project and the beneficiaries are the community of Nkantolo Village. The project is linked to OR Tambo cultural village, construction of rondavels in process.</p> <p>R900 000 - Mbekweni Village Internal Roads at Lukhanji LM and the beneficiaries are Mbekweni community. The project has created 84 temporary jobs during the construction of roads.</p> <p>R300 000 Tsolwana Brick Makers (located at Tarkastad) with 22 beneficiaries, selling their bricks to the local housing developers (RDP projects)</p>	



Key Measurable Objectives	Performance Measures	Actual Output 2004 / 05	Target Output 2005 / 06	Actual Output 2005 / 06	% of deviation and reasons therefore
Sustained existing ISRDP Projects	Number of viable and sustainable development projects	R4,050m allocated to 4 National ISRDP nodes and 1 Provincial ISRDP node	R3,9m allocated 4 National ISRDP nodes and 1 Provincial ISRDP nodes	<p>Funds were transferred to all 4 National ISRDP nodes – R875 000 each, i.e.</p> <p>Ukhahlamba – Crop production. 13 villages are beneficiaries of Tsitsa River Basin project (Elundini & Mhlontlo Local Municipalities). Stakeholders have been mobilised, steering committee in place and DM is finalizing detailed planning.</p> <p>Chris Hani – Wood Cluster Project at Engcobo, Sakhisizwe & Intsika Yethu Municipalities. The cooperatives have been established, training for saw millers conducted, stakeholder mobilisation done, steering committee to drive the process formed, site has been identified for treated poles and 26 youth have been trained in furniture making.</p> <p>OR Tambo – Livestock Improvement, (integrated project for Mbizana, Port St. Johns, Nyandeni, Qaukeni, Mhlontlo, and Ntabankulu LMs). The stakeholders have been mobilised and branding material purchased.</p> <p>Alfred Nzo – Umzimvubu Goat Processing. 6 co-operatives have been established, partnership formed with Muslim community; And R400 000 for 1 Provincial ISRDP Node i.e.</p> <p>Mbashe LM – Vukani Initiative with 11 beneficiaries. The project was launched, site fenced, fertilizers purchased and implements have been ordered.</p>	



Key Measurable Objectives	Performance Measures	Actual Output 2004 / 05	Target Output 2005 / 06	Actual Output 2005 / 06	% of deviation and reasons therefore
Sustained existing FBS Projects	Number of established FBS Units in identified Project Consolidate Municipalities	-	R500 000 allocated to 10 Project Consolidate Municipalities	<p>Funds were transferred for database and supportive institutional set-up to the ten Project Consolidate municipalities: R50 000 each.</p> <p>This is the progress with the 10 project consolidate municipalities:</p> <ol style="list-style-type: none"> 1. NYANDENI MUNICIPALITY <ul style="list-style-type: none"> • The Municipality has used the services of ward councillors and two community members per ward to collect the data base from November 2005. • The number of beneficiary households as at June 2005 was 55759 2. QAUKENI MUNICIPALITY <ul style="list-style-type: none"> • Business Plan submitted in January 2006 and the funds have not been used by March 2006 • The number of beneficiary households as at June 2005 was 50381 3. NTABANKULU MUNICIPALITY <ul style="list-style-type: none"> • A register for indigent people has been developed in January 2006 for data collected. • The number of beneficiaries as at June 2005 was 26932 beneficiaries 4. KSD MUNICIPALITY <ul style="list-style-type: none"> • Project at planning stage 	



Key Measurable Objectives	Performance Measures	Actual Output 2004 / 05	Target Output 2005 / 06	Actual Output 2005 / 06	% of deviation and reasons therefore
				<p>5. UMZIMVUBU MUNICIPALITY</p> <ul style="list-style-type: none"> • The Municipality has used 46% of the funding transferred for database collection by March 2006. • For the Grid Energy, the Municipality has not yet finalised collection of data by March 2006. • For Non-Grid Energy, the data has been collected and at the verification as at March 2006. • The number of beneficiary households as at June 2005 was 81446 • The municipality is also facing challenges with respect to those beneficiaries affected by the changes in boundaries and wards, due to the inclusion of Matatiele to the Eastern Cape, recently. <p>6. ELUNDINI MUNICIPALITY</p> <ul style="list-style-type: none"> • An Indigo system has been installed for indigent households in December 2005 • The number of beneficiary households as at June 2005 was 33249 <p>7. MNQUMA MUNICIPALITY</p> <ul style="list-style-type: none"> • This municipality only submitted its Business Plan in January 2006, and funds were transferred in the same month. • The number of beneficiary households as at June 2005 was 67161 <p>8. INTSIKA YETHU</p> <ul style="list-style-type: none"> • Funds transferred February 2006 upon receipt of business plan and were not yet utilised by March 2006. <p>9. SAKHISIZWE</p> <ul style="list-style-type: none"> • Funds transferred in January 2006 upon receipt of business plan. <p>10. EMALAHLENI</p> <ul style="list-style-type: none"> • Funds transferred February 2006 upon receipt of business plan. 	





Schedule of Transfer Payments

Developmental Local Government: Municipal Development Finance: 2005/06 Allocations

District Municipality	Municipality	Transfer Description	Amount
Cacadu DM			
	Baviaans	Compilation of Annual Financial Statements	200,000.00
	Koukamma	Compilation of Annual Fianncial Statements	150,000.00
Amathole DM		Project management	3,596,000.00
	Mbhashe	ICT	750,000.00
Chris Hani DM			
	Emalahleni	Compilation of Annual Fianncial Statements	400,000.00
		ICT	412,000.00
		Updating of Books of Accounts	275,000.00
	Engcobo	Compilation of Annual Financial Statements	300,000.00
		Updating of Books of Accounts	200,000.00
	Intsika Yethu	Compilation of Annual Financial Statements	370,000.00
		ICT	402,000.00
		Updating of Books of Accounts	250,000.00
	Lukhanji	ICT	752,000.00
	Sakhisizwe	ICT	152,000.00
Ukhahlamba DM			
	Elundini	Compilation Annual Financial Statements	500,000.00
		Asset Register	158,000.00
		ICT	512,000.00
		Updating of Books of Accounts	350,000.00
O.R. Tambo			
	Mbizana	Compilation Annual Financial Statements	180,000.00
		ICT	280,000.00
		Updating of Books of Accounts	175,000.00
	Mhlontlo	Compilation Annual Financial Statements	300,000.00
		Updating of Books of Accounts	200,000.00
	Ntabankulu	Compilation Annual Financial Statements	300,000.00
		Updating of Books of Accounts	200,000.00
	Nyandeni	Compilation Annual Financial Statements	450,000.00
		Asset Register	100,000.00
		ICT	352,000.00
		Updating of Books of Accounts	325,000.00
	Port St Johns	Compilation Annual Financial Statements	250,000.00
		Updating of Books of Accounts	175,000.00
Qaukeni	Compilation Annual Financial Statements	300,000.00	
	Updating of Books of Accounts	200,000.00	
Alfred Ndzo			
	Umzimvubu	Compilation Annual Financial Statements	200,000.00

Directorate: Municipal Administration & Capacity Building

Capacity Building for Ward Committees, Councilors, Municipal Officials & Traditional Leaders

Discript Municipality	Municipality	Transfer Description	Amount
Amathole	Amathole	Formal Training of Municipal officials focusing on critical skills	1,700,000
Alfred Nzo	Ntabankulu	Training of councillors, ward committees	200,000
	Umzimkulu	Training of councillors , ward committees	250,000
Chris Hani	Emalahleni	Training of councillors, ward committees	200,000
	Engcobo	Training of councillors, ward committees	250,000
	Intsika Yethu	Training of councillors, ward committees	200,000
	Lukhanji	Training of councillors, ward committees	200,000
	Sakhisizwe	Training of councillors, ward committees	200,000
O.R. Tambo	Mbizana	Training of councillors, ward committees	200,000
	Mhlontlo	Training of councillors, ward committees	200,000
	Nyandeni	Training of councillors, ward committees	200,000
	Port St Johns	Training of councillors, ward committees	200,000
TOTAL			4,000,000

Remuneration of Community Development Workers

Discript Municipality	Municipality	Transfer Description	Amount
Alfred Nzo	Alfred Nzo	Remuneration of Community development workers	1,907,100
Amathole	Amathole	Remuneration of Community development workers	1,894,875
Cacadu		Remuneration of Community development workers	1,858,200
Chris Hani		Remuneration of Community development workers	2,224,950
Nelson Mandela Metro		Remuneration of Community development workers	134,475
O.R. Tambo		Remuneration of Community development workers	2,359,425
Ukhahlamba		Remuneration of Community development workers	1,845,975
TOTAL			12,225,000

Facilitate Customisation and Promulgation of By-laws

Discript Municipality	Municipality	Transfer Description	Amount
Alfred Nzo	Umzimvubu	Facilitate Customisation and promulgation of By-Laws	70.000
Amathole	Mnquma	Facilitate Customisation and promulgation of By-Laws	70.000
Cacadu	Kouga	Facilitate Customisation and promulgation of By-Laws	70.000
Chris Hani	Emalahleni	Facilitate Customisation and promulgation of By-Laws	70.000
	Engcobo	Facilitate Customisation and promulgation of By-Laws	70.000
	Intsika Yethu	Facilitate Customisation and promulgation of By-Laws	70.000
O.R.Tambo	Mbizana	Facilitate Customisation and promulgation of By-Laws	70.000
	Nyandeni	Facilitate Customisation and promulgation of By-Laws	70.000
	Port St Johns	Facilitate Customisation and promulgation of By-Laws	70.000
	Qaukeni	Facilitate Customisation and promulgation of By-Laws	70.000
TOTAL			700.000



Assessment of Water Services Authorities

Discript Municipality	Municipality	Transfer Description	Amount
Alfred Nzo		Assessment of water services and authorities	70.000
Amathole		Assessment of water services and authorities	280.000
Cacadu	Baviaans	Assessment of water services and authorities	35.000
	Blue Crane	Assessment of water services and authorities	35.000
	Camdeboo	Assessment of water services and authorities	35.000
	Kouga	Assessment of water services and authorities	35.000
	Koukamma	Assessment of water services and authorities	35.000
	Ikwezi	Assessment of water services and authorities	35.000
	Makana	Assessment of water services and authorities	35.000
	Ndlambe	Assessment of water services and authorities	35.000
	Sunday's River Valley	Assessment of water services and authorities	35.000
Chris Hani		Assessment of water services and authorities	315.000
O.R.Tambo		Assessment of water services and authorities	245.000
Ukhahlamba		Assessment of water services and authorities	175.000
TOTAL			1,400,000

Development of Performance Contracts for Managers

Discript Municipality	Municipality	Transfer Description	Amount
Alfred Nzo	Umzimkulu	Development of performance of contracts for managers	25.000
Cacadu	Kouga	Development of performance of contracts for managers	40.000
Chris Hani	Emalahleni	Development of performance of contracts for managers	30.000
	Engcobo	Development of performance of contracts for managers	25.000
	Lukhanji	Development of performance of contracts for managers	35.000
	Tsolwana	Development of performance of contracts for managers	20.000
	Sakhisizwe	Development of performance of contracts for managers	20.000
O.R. Tambo	KSD	Development of performance of contracts for managers	35.000
	Mbizana	Development of performance of contracts for managers	20.000
Ukhahlamba	Elundini	Development of performance of contracts for managers	25.000
TOTAL			275.000

Directorate: Municipality Infrastructure

District Municipality	Local Municipality	Transfer Description	Amount
AMATHOLE	Mnquma	Bucket Eradication	322,000
	Nxuba	Bucket Eradication	4,000,000
	Ngqushwa	Bucket Eradication	1,284,000
	Nkonkobe	Bucket Eradication	4,463,000
CHRIS HANI	Inkwanca	Bucket Eradication	520,000
	Lukhanji	Bucket Eradication	3,000,000
	Tsolwana	Bucket Eradication	1,204,000
UKHAHLAMBA	Elundini	Bucket Eradication	771,500
OR TAMBO	Ntabankulu	Bucket Eradication	459,000
	Mhlontlo	Bucket Eradication	162,000
ALFRED NZO	Umzimkulu	Bucket Eradication	22,500
	Umzimvubu	Bucket Eradication	743,000
CACADU	Sundays River	Bucket Eradication	112,000
	Baviaans	Bucket Eradication	2,000,000
	Kouga	Bucket Eradication	5,000,000
	Kou-Kamma	Bucket Eradication	59,000
TOTAL			24,122,000

Transfer Payments: Disaster Management and Emergency Services: 2005/2006

District Municipality	Municipality	Transfer Description	Amount
AMATHOLE DM	Buffalo City	Disaster Management	1 500 000
		Fire Services	1 000 000
		Disaster Management	500 000
ALFRED NZO		Disaster Management	1 000 000
		Fire Services	1 000 000
CACADU DM	Kouga LM Ndlambe LM	Disaster Management	1 500 000
		Fire Services	1 000 000
		Infrastructure repairs	1 872 620
		Infrastructure repairs	426 180
CHRIS HANI DM	Inxuba Yethemba LM	Disaster Management	1 500 000
		Fire Services	2 000 000
		Infrastructure repairs	858 500
O.R.TAMBO DM	King Sabata Dalindyebo LM	Disaster Management	1 500 000
		Fire Services	1 000 000
		Disaster Management	500 000
		Fire Services	1 516 000
UKHAHLAMBA DM		Disaster Management	1 000 000
		Fire Services	2 000 000
NELSON MANDELA METRO		Disaster Management	1 000 000
		Infrastructure repairs	13 042 700
TOTAL			35 716 000



Transfer Payments: Spatial Planning

District Municipality	Municipality	Transfer Description	Amount
CACADU DM	Kouga	Framework plan for Gamtoos / Kabeljous	183 000
	Sundays River Valley	Revision & integration of zoning schemes	175 000
AMATHOLE	Amathole DM	Land use management systems.	309 400
	Nxuba	Cemetery investigation	70 000
		Ndlovini In Situ 120 erven	32 155
	Amahlathi	Mxhalanga In Situ Phase 2 – 500 erven EIA & Engineering	133 950 20 000
		Tembeni In Situ Phase 2 – 500 erven EIA & Engineering	133 950 20 000
		Cwengcwe In Situ Phase 2 – 500 erven EIA & Engineering	133 950 20 000
	Buffalo City	Yellow Woods / Kei Road In Situ 1000 erven EIA & Engineering	267 900 35 000
		Bhalasi (France) In Situ 1000 erven EIA & Engineering	267 900 35 000
	Ngqushwa	Cisira Phase 2	120 950
		Mgababa In Situ Phase 2 – 500 erven EIA & Engineering	133 950 35 000
		Tamara In Situ Phase 2 – 500 erven EIA & Engineering	133 950 35 000
		Madliki In Situ Phase 2 – 500 erven EIA & Engineering	133 950 35 000
	Nkonkobe	Balfour Phase 1 – 500 erven	133 950
		Lushington – 500 erven	133 950
		Kwa Nomadolo Phase 2 – 500 erven	133 950
	Mbhashe	Ward 3 – 300 erven In Situ EIA & Engineering	80 370 34 000
		Ward 6 In Situ – 250 erven EIA & Engineering	66 975 34 000
CHRIS HANI	Intsika Yethu	Tsomo (Ext 4) Geotechnical survey & floodline analysis	14 000
		Zoning maps for urban settlements	80 000
	Engcobo	Zoning maps for urban settlements	80 000
O.R. TAMBO	Mhlontlo	Zoning maps for urban settlements	80 000
		Chulunca In Situ – 500 erven	133 950
		Mafusini In Situ – 500 erven	133 950
		Sidwadweni In Situ – 500 erven	133 950
	Ntabankulu	Zoning maps for urban settlements	80 000
	Nyandeni	Zoning maps for urban settlements	80 000
UKHAHLAMBA	Qaukeni	Zoning map for urban settlements	80 000
	Port St Johns	Framework plan for nodal developments	110 000
	Gariep	Zoning maps for urban settlements	80 000
UKHAHLAMBA	Senqu	Voyizana phase 2 In Situ – 500 erven	133 950

Transfer Payments: Development Administration / Land Use Management

District Municipality	Municipality	Transfer Description	Amount
CACADU DM	Camdeboo	Aerial photogsrphy & mapping (1 st phase) Umasizakhe	150 000
O.R. TAMBO	Mhlontlo	Survey (500 erven) – Chulunca	196 650
		Tache	25 000
		Survey (500 erven) Mafusini	196 650
		Tache	25 000
		Survey (500 erven) Sidwadweni	196 650
		Tache	25 000
		Tsolo Junction: Planning / Survey Phase 2 (500 erven)	330 600
		Lotana Phase 2 Plan / Survey (500 erven)	330 600
		Tache	25 000
	Qaukeni	Esiphaqeni In Situ Plan / Survey (500 erven)	330 600
		Tache	25 000
AMATHOLE	Ngqushwa	Survey (450 erven)- Cisira Phase 2	176 985
		Tache	25 000
		Survey (500 erven) Phase 2 – Mgababa	196 650
		Tache	25 000
		Survey (500 erven) – Pikoli	196 650
		Tache	25 000
		Survey (500 erven) – Madliki	196 650
		Tache	25 000
	Buffalo City	Survey (1000 erven) Yellow Woods / Kei Road	305 600
		Tache	25 000
		Survey (500 erven) Balasi (France) Phase 1	196 650
		Tache	25 000
	Amahlathi	Survey (500 erven) – Mxhalanga	196 650
		Tache	25 000
		Survey (500 erven) Tembeni	196 650
		Tache	25 000
		Survey (500 erven) Cwengcwe	196 650
		Tache	25 000
		Survey – Ndakana Phase 2	293 220
		Tache	25 000
		Survey (500 erven) – Lushington	196 650
		Tache	25 000
		Survey Phase 2 (500 erven) KwaNomadolo	196 650
		Tache	25 000
	Nkokobe	In situ upgrade land Survey – Balfour	196 650
CHRIS HANI	Intsika Yethu	Survey (Infill) – Consolidation of Ext 4 & Sec. C	209 190
UKHAHLAMBA	Gariep	Formalisation of train house : Venterstad	28 340
		Tache	5 565
	Senqu	Survey (500 erven) Voyizana Phase 2	196 650
		Tachy	25 000
ALFRED NZO	Umzimvubu	Plan / Survey (500 erven) Rietvlei	330 600
	Umzimkhulu	Plan / Survey (500 erven) Clydesdale	330 600
AMATHOLE	Mnquma	Valuation	718 068
O.R. TAMBO	KSD	Valuation	1 100 000
CACADU	Makana	Valuation	800 000
	Ndlambe	Valuation	491 932
	Blue Crane Route	Valuation	740 000
	Ikwezi	Valuation	450 000
	Koukamma	Valuation	500 000



District Municipality	Local Municipality	Transfer Description and Amount			
		Project Management	IDP Support	Development of Munic. PMS	Spatial Development Frameworks
AMATHOLE		1 688 000	1196333	100000	150000
	Mnquma				50000
	Great Kei			50000	40000
	Amahlathi				50000
	Buffalo City			50000	
	Ngqushwa				40000
	Nkonkobe			50000	50000
	Mbhashe				40000
	Nxuba				40000
CACADU			1196333	100000	150000
	Camdeboo			50000	50000
	Blue Crane Route				40000
	Makana			50000	50000
	Ndlambe				50000
	Sundays River Valley			50000	40000
	Baviaans			50000	40000
	Kouga			50000	50000
	Koukamma			50000	40000
	Ikhwezi				100000
					150000
CHRIS HANI	Lukhanji			100000	50000
	Engcobo				40000
	Sakhisizwe			50000	40000
	Emalahleni				50000
	Intsika Yethu				50000
	Tsolwana				40000
					150000
UKHAHLAMBA			613333	100000	
	Maletswai				50000
	Senqu				50000
O.R. TAMBO			1196333	126500	150000
	Mbizana				50000
	Mhlontlo				40000
	Ntabankulu				40000
	Nyandeni				40000
	King Sabata Dalindyebo				50000
	Port St. Johns				40000
	Qaukeni				
ALFRED NZO					150000
Umzimkhulu					50000
Umzimkhulu				50000	50000
			4202332	2210500	2250000



Directorate: Local Economic Development / Development and Planning

Transfer of funds - 2005/06

District Municipality	Local Municipality	Transfer T Description	Amount ®
ALFRED NZO	Umzimvubu	Mzimvubu Goats Producers (ISRDP Initiative)	875,000
	Umzimvubu	Greenville Trading Youth Project	130,000
	Umzimvubu	Institutional capacity and Database - FBS	50,000
AMATHOLE	Amahlathi	Quzini Agricultural Project	300,000
	Buffalo City	Ward 11 Women's Project	106,500
	Great Kei	Ikwezi Lokusa Cultural Centre	350,000
	Mbhashe	Manyanani Women's Project	100,000
	Mbhashe	Gcaleka Land Cultural Village	350,000
	Mbhashe	ISRDP Initiative (Vukani Project)	400,000
	Mnquma	Intsitutinal Capacity and Data base (Free basic Services)	50,000
	Nkonkobe	Multipurpose Community Development Centre	350,000
	Nkonkobe	Njwaxa Agricultural Project	350,000
	Ngqushwa	Dube Vegetable Garden	350,000
CACADU	CATEGORY A		
	Nelson Mandela Metro	Youth Development Project	130,000
	CATEGORY B		
	Camdeboo	Brick Makers Project	300,000
	Ikhwezi	Delspoort Farming	900,000
	Kouga	Juice Factory	100,000
	Makana	Fort Brown Agri-village	300,000
	Ndlambe	Nomzamo Bee Hives	200,000
	Sunday's River	Paterson Craft Centre	300,000
		Disabled Person Project	102,168
CHRIS HANI	Emalahleni	Institutional Capacity and Database- Free Basic Services	50,000
	Engcobo	Masiphathisane Youth Project	140,000
	Engcobo	Ngcobo Wood Cluster (ISRDP Initiative)	875,000
	Inkwanca	Molteno Leather Tannery	300,000
	Intsika Yethu	Intsitutinal Capacity and Data base - Free Basic Services	50,000
	Intsika Yethu	Ncora Bakeries	200,000
	Inxuba Yethemba	Masimanyane Bakeries (Cradock)	350,000
	Lukhanji	Mbekweni Village Internal Roads	900,000
	Tsolwana	Tsolwana Brick Makers	300,000
	Sakhisizwe	Institutional Capacity and Database- Free Basic Services	50,000
		Disabled project (Empilisweni)	102,166



District Municipality	Local Municipality	Transfer T Description	Amount @
O.R. TAMBO	King Sabatha Dalindyebo	Institutional capacity and Database - FBS	50,000
	King Sabatha Dalindyebo	Mqanduli Milling Project	300,000
	Mbizana	Mbizana Community Project	300,000
	Ntabankulu	Institutional capacity and Database - FBS	50,000
	Nyandeni	Institutional capacity and Database - FBS	50,000
	Qaukeni	Institutional capacity and Database - FBS	50,000
		ISRDP Project (Beef Production)	875,000
		Manyanani Disabled Person Project	102,166
UKHAHLAMBA	Elundini	Sithathi Village Bridge	200,000
	Elundini	Institutional Capacity and Database- Free Basic Services	50,000
	Elundini	ISRDP Projects (Tsitsa River Basin - Crop production)	875,000
	Gariep	Gariep Development Centre	250,000
	Maletswai	Cultural Centre	350,000
	Maletswai	Phandulwazi Sewing and Knitting (James Town)	100,000
TOTAL			13,013,000



2.4 Programme 4: Traditional Affairs

2.4.1 Aim of the Programme

To promote viable and sustainable traditional institutions through the Legislative Framework on Traditional Leadership and Governance.

2.4.2 Key Performance Areas

- Finalization and implementation of Provincial Legislation on Traditional Leadership and Governance;
- Provision of institutional and infrastructural support to the institutions of Traditional Leadership;
- Resourcing of the institutions of Traditional Leadership;
- Facilitation in ceremonial, cultural and other programmes of Traditional Leadership;
- Facilitation of dispute resolution;
- Building capacity of Traditional Leaders;
- Promotion of partnership between Traditional Leaders with municipalities and their involvement in development.

2.4.3 Achievements

- Finalization of the Provincial Legislation on Traditional Leadership and Governance;
- Completion of construction of four (4) Traditional Council offices in various districts of the Province;
- Appointment of the Chairperson and Deputy Chairperson of the Provincial House of Traditional Leaders on full-time basis;
- Appointment of Secretaries of Traditional Authorities as Public Servants with full benefits
- Special salary increase of Headmen



2.4.4 Challenges and strategies to address them

Challenges	Strategies to Address Challenges
Funding of the implementation of the Provincial Legislation on Traditional Leadership and Governance Act, 2005 (E.C.).	Proper costing of the legislation
Management of partnership with DPW in the construction of the Chamber and offices for the Provincial House of Traditional Leaders.	<ul style="list-style-type: none">Facilitate the speeding up of processes with Public Works and stakeholders.Implement an Service Level Agreement with Department of Public Works
Promotion of cooperation between municipalities and traditional leadership institutions to improve service delivery	Incrementally implementing relevant legislation
Non existence of policies governing Traditional Leadership operational matters	Development of new policies for Traditional Leadership.

2.4.5 Budget

Traditional Affairs

	Original Budget	Revised Budget	Expenditure	Balance	% Spent
Office of the Head of Traditional Leaders	1,101	2,173	2,173	0	100.00%
Traditional Institutional Arrangements	8,540	53,497	50,989	2,508	95.31%
Traditional Resource Administration	68,537	38,750	36,441	2,309	94.04%
Traditional Development Facilitation	1,036	0	0	0	0%
Total	79,214	94,420	89,603	4,817	94.90%



2.4.6 Service Delivery Achievements: Traditional Affairs

Key Measurable Objectives	Performance Measures	Actual Outputs 2004/05	Target Outputs 2005/06	Actual Outputs 2005/06	% of deviation and reasons
Finalization and implementation of the Provincial Legislation on Traditional Leadership and Governance.	Provincial Legislation promulgated.	Draft Bill on the Legislation introduced to the Speaker and Provincial Legislature.	Readiness of the Bill for Public Hearings. (R360 000)	Public hearings on the Bill conducted. Presentation of the Bill to Legislature for promulgation. (R360 000)	100% deviation Provincial Legislation promulgated w.e.f. 1 April 2006
Provision of the infrastructural support to institutions of Traditional Leadership.	* Construction of seven (7) Traditional Council Offices. * Land and structural design acquired for the construction of Provincial House of Traditional Leaders.	* Building designs and tender documentations finalised. * Presentation of the structural design to the Provincial House of Traditional Leaders.	* Construction of seven (7) Traditional Council Offices. (R2 391 000) * Commencement of the construction of the Provincial House of Traditional Leaders. (R2 500 000)	* Construction of four (4) Traditional Council Offices. (R2 391 000) * 1 st draft of Designs completed and presented to PHOTL. (2 500 000)	43% Delays due to late delivery of building material & in competency of contractor 90% deviation. Delays due to changing of designs.
Provision of capacity building for Traditional Leaders	Appropriately trained Traditional Leaders and Secretaries.	Members of HOTL, Traditional Leaders and Traditional Council secretaries trained on module 1 & 2 on developmental course	308 Traditional Leaders & Secretaries R1m	+200 Traditional Leaders & Secretaries R1,095 000	50% due to insufficient funding
Facilitate the participation of Traditional Leaders in Municipal development programmes	Co-operation of both Traditional Leaders and municipal councilors in developmental issues.	Summits: Umzimvubu Local Municipality Traditional Leaders Summits.	4 Workshops and a conference	NIL	Decision to participate taken by Traditional Leaders recently. (2006)
Review of the organizational structure for Traditional Affairs.	Organisational Structure fully operational and populated by the beginning of this financial year.	Nil	4 SMS posts and other critical posts.	Proposed organizational structure in place but not yet approved	80% because the organizational structure was approved in August 2006
Audit of Traditional Leaders in updating our data base	Elimination of non-existent traditional leaders.	Nil	20% still to be head counted	Nil	20% because some Traditional Leaders were not available
Permanent employment and absorption of Traditional Council Secretaries in new organizational structure for Traditional Affairs	Permanent employment & inclusion of Traditional Council Secretaries in Persal System	Nil	221 Traditional Council Secretaries.	All Traditional Council Secretaries absorbed	0% deviation All eligible secretaries employed on permanent basis



Key Measurable Objectives	Performance Measures	Actual Outputs 2004/05	Target Outputs 2005/06	Actual Outputs 2005/06	% of deviation and reasons
Establishment of a new filing system	New Registry in place	Nil	5 Bulk filing cabinets fitted	Nil	100% because of the delay in the supply of Bulk filing cabinets
Development of policy on transport and traveling	Policy in place	Nil	Draft policy in place	Nil	100%. The matter is still being considered by National department of Provincial and Local Government
Rendering of support in ceremonials, cultural activities of Traditional Leaders and their communities.	Moral Regeneration to restore dignity and integrity of traditional communities.		4 Cultural activities including closing and opening of HOTL	4	
Provision of information brochure on and History in each Kingdom in the Province	Restoration of the image, dignity and integrity of our Kingships.	Genealogy and History of two (2) kingships completed.	4 Kingdoms	Nil	100% because there is no qualified employee to develop brochure



Section C

Report of the Audit Committee





SECTION C

3. Report of the Audit Committee

1. Overview

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

2. Audit Committee Members and Attendance

The Audit Committee consists of the members listed hereunder and meets as often as it deems necessary as per the approved terms of reference.
During the period under review, there were two meetings held.

Name of the Member	Numbers of meetings attended
Mr. V.G. Magan (Chairperson) appointed 5-12-2005	2
Ms. L. Steele (Member) appointed 5-12-2005	2
Ms. H.N. Jaxa (Member) appointed 5-12-2005	2

3. Audit Committee Responsibility

The audit committee reports that it has completed with its responsibilities arising from Section 381(a) of the Public Finance Management Act and treasury regulations 3.1.13. The audit committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with its charter and has discharged its responsibilities as contained therein.

The effectiveness of internal control

Although there were some areas of improvement, the systems of internal control were not entirely adequate and effective for the year under review as compliance with prescribed policies and procedures were lacking in certain instances. Instances of non compliance were reported by the Shared Internal Audit Services unit during the period under review.

The disclaimer of opinion received from the Auditor General for the year under review continues to reflect that the department has not maintained effective, efficient and transparent systems of internal control.

4. Internal Audit

There is a Shared Internal Audit Services unit in compliance with section 38 (1) of the PFMA and it is administered by the Office of the Premier.
During the year under review internal audit performed certain assignments. Reports presented to management highlighted certain internal control weaknesses where management had failed to comply with certain prescripts and/or legislation. Management acknowledged the findings of internal audit. Management was appraised of the areas where internal audit found controls which were previously reported as weak, to have improved.



5. Governance

5.1 Risk Management

A risk assessment was undertaken during the period under review and a risk database is in existence. Management has acknowledged these risks and a plan is underway to implement the risk management strategy.

5.2 Fraud Management

The committee is advised that the department has a fraud prevention plan in place and management is committed to monitor implementation of the plan in the ensuing financial year.

6. Submission of in year management and monthly/ quarterly reports in terms of the Public Finance Management Act and the Division of Revenue Act.

We have been advised that the monthly/ quarterly in-year management reports were compiled and submitted timeously as required in terms of legislation.

7. Evaluation of Financial Statements

The department has complied with National Treasury requirements for the submission of the annual financial statements. The annual financial statements have been prepared in compliance with the applicable laws and regulations. Accounting policies have been appropriately applied.

The Audit Committee has

- Perused the Auditor Generals' management letter and management responses thereto,
- Noted the responses by management and made its own recommendations as required in terms of treasury regulations 3.1.12 and
- Noted the disclaimer of opinion from the Auditor General and remains committed to assist management in discharging their duties in terms of legislation.

The audit committee concurs and accepts the Auditor Generals' conclusions on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor General.

8. Appreciation

The committee expresses its sincere appreciation to the Honorable MEC, Accounting Officer, senior management team and the Auditor General.



Chairperson of the Audit Committee

Date: 16 August 2006



Section D

Annual Financial Statements





SECTION D

Annual Financial Statements

1 Report of the Accounting Officer for the year ended 31 March 2006

1.1 General review of the state of affairs

1.1.1 Policy decisions and strategic issues facing the department

The department has and continues to face the following policy decisions:

- Eradication of informal settlements by 2014
- Unblocking of blocked housing projects
- Implementation of legislation that impacts on traditional leadership
- Implementation of the Community Development Worker Programme
- Eradication of the bucket toilet system by 2007
- Implementation of Project Consolidate
- Filling of critical vacant posts
- Implementation of the Supply Chain Management system

1.1.2 Comment on significant events that have taken place during the year

- Local government elections
- Handing over of jurisdiction over Umzimkulu to KwaZulu-Natal and taking over of the administration of Matatiele from KwaZulu-Natal
- Accreditation of Buffalo City Municipality and the Metro to Level 1, giving these municipalities certain powers in the field of housing development
- Launch of Project Consolidate
- Handing over of vehicles to Kings, Chairman and deputy chairperson of the House of Traditional Leaders
- Co-operation agreement between South Africa and Sweden in respect of disaster management information systems

1.1.3 Comment on major projects undertaken or completed during the year

- Undertaking feasibility studies and planning on three housing pilot projects under the eradication of informal settlements programme in Duncan Village, Soweto-on-sea and Elliotdale
- Four Traditional Council buildings completed
- Three houses built under the 'sixteen days of activism against violence against women and children'

1.1.4 Spending trends

The department had a budget allocation of R1,008 million which was increased by R86 million to R1,094 million through the adjustment process.

Of the final budget of R1,094 million the department spent R1,083 million which represents a 99% expenditure of allocation. The under-expenditure was R11 million or 1% of allocation.



Eastern Cape – Department of Housing, Local Government and Traditional Affairs Vote 7

Report of the Accounting Officer for the year ended 31 March 2006

The analysis of expenditure is as follows:

The budget for compensation of employees was under-spent by R 8.4 million (i.e. 4.2%), as a result of the delay in the

Per Programme	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Variance as a % of Final Appropriation
Administration	82,284	73,689	8,595	10.4%
Housing Development	666,327	661,781	4,546	0.7%
Local Government	250,317	235,251	15,066	6.0%
Traditional Affairs	94,420	89,404	5,016	5.3%

Per Economic Classification	2005/06			
	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Variance as a % of Final Appropriation
Current expenditure				
Compensation of employees	197,018	188,652	8,366	4.2%
Goods and services	99,622	90,713	8,909	8.9%
Financial Transactions in assets and liabilities	1,267	1,267	-	0.0%
Transfers and subsidies				
Provinces and municipalities	168,417	161,755	6,662	4.0%
Households	607,719	607,719	-	0.0%
Payment on capital assets				
Buildings and other fixed structures	11,734	6,945	4,789	40.8%
Machinery and equipment	7,571	3,074	4,497	59.4%

filling of vacant posts.

The budget for goods and services was under-spent by R8.9 million (i.e. 8.9%), as result of savings across all programmes, linked to the understaffing of the department.

The under-spending of R6.7 million in transfer payments resulted from IDP funds that were not transferred, as the conditions required for transfer were not yet complied with at year end. A roll-over will be requested in the new financial year.

The under-expenditure on capital assets is in respect of the construction of the building for the House of Traditional Leaders and Regional Authority Courts. These projects are in various stages of progress. A roll-over is being applied for.

The impact of not filling posts and the consequent under-spending on compensation had a negative impact on the level of service which the department has to render to its stakeholders. The department has set itself a target of reducing the vacancy rate from 43% at the end of 2005/06 to 20% during the next financial year.

One of the corrective measures planned for the coming year is improved monitoring through the implementation of service delivery improvement plan.



Eastern Cape – Department of Housing, Local Government and Traditional Affairs Vote 7
Report of the Accounting Officer for the year ended 31 March 2006

1.2 Services rendered by the department

1.2.1 Services

- Facilitating the building of houses for qualifying beneficiaries
- Support to municipalities
- Resourcing of the institutions of traditional leadership

1.2.2 Tariff policy

During the year under review the department had no tariff policy as it does not engage in any trading activities. However, the properties previously owned by the disbanded Provincial Housing Board devolved to the department. Quite a number of these properties are occupied by low income tenants including a large number of pensioners. Rentals paid currently are below market rates and the challenge is to develop a policy which provides for market rates while accommodating these existing tenants.

1.2.3 Free services

The department does not provide any free services.

1.2.4 Inventories

Inventory on hand as at year end was as follows:

Category	2005/06	2004/05
Domestic consumables	121	698
Other consumables	173	-
Stationery printing	383	981
Total	677	1,679

Inventory is valued on a first-in first-out (FIFO) basis.

1.3 Capacity constraints

During the year under review the structure of the department was characterised by a high vacancy rate, especially at management levels. This has impacted negatively on both spending in some sections and also in terms of general performance.

A recruitment drive is in progress and, as stated above, the department has set itself a target of reducing the vacancy rate from 43% at the end of 2005/06 to 20% during the next financial year.



1.4 Utilisation of donor funds

No donor funds were received during the current year.

1.5 Trading entities and public entities

The department has no trading or public entities.

1.6 Organisations to which transfer payments have been made

The department transfers funds to all the municipalities in the Eastern Cape. Details of these transfers are included in the annexure to the annual financial statements.

1.7 Public private partnerships

There were no public-private-partnerships that were entered into or were in existence during the year.

1.8 Corporate governance arrangements

The department conducts a risk assessment every financial year. The risk management plan is currently being reviewed with the assistance of shared internal audit. The department, together with other departments in the province, utilise the shared internal audit unit that is located in the Office of the Premier.

1.8.1 Implementation of the code of conduct

Copies of the code of conduct have been distributed to all employees in the department. In 2002 the department initiated a re-orientation programme. The code of conduct forms part of the presentations made at the re-orientation workshops. This is performed annually.

1.8.2 Safety, health and environmental issues

A new safety, health and environment (SHE) committee will be appointed in April 2006. In addition to the ten employees who were trained in first-aid in 2002, a further six were trained in 2005/06. The wellness programme is fully operational in the department.

1.9 Discontinued activities / activities to be discontinued

The department has not discontinued any activities, nor does it currently plan to discontinue any activities in the future.

1.10 New / proposed activities

There are no new or proposed activities at present.

1.11 Asset management

Assets acquired from the 2001/02 to 2005/06 financial years have been captured into a fixed asset register. The physical verifications and marking of assets with unique numbers is currently in progress. The fixed asset register is in full compliance with the National treasury Asset Management Guidelines.



Eastern Cape – Department of Housing, Local Government and Traditional Affairs Vote 7
Report of the Accounting Officer for the year ended 31 March 2006

An asset management unit is in place and resides within the logistics division. The unit is not yet fully capacitated as certain posts are currently vacant.

1.12 Events after the reporting date

The one significant event which occurred after the year end, but prior the signing of this report was the appointment of the new Head of Department.

1.13 Performance information

The department is using the provincial PMDS policy for measuring the performance of staff as well as the department. The performance is monitored quarterly and thereafter a twelve months evaluation is performed.

In line with resolutions taken at National Treasury, the department produces quarterly performance reports that are submitted to Treasury.

The Office of the Premier also regularly requests departments to supply performance reports.

Financial oversight and annual reports are produced and interrogated by the Standing Committee on Housing and Local Government every year.

The proposed strategic review session will consider ways of including a performance monitoring unit in the Office of the Head of Department.

1.14 SCOPA resolutions

Reference	Subject
Report of Standing Committee on Public Accounts, dated 20 November 2003: Consideration of the Report of the Auditor-General on the financial statements of Vote 7	Internal control
Findings on progress	
<p>Despite the internal control environment that should prevail within the provincial departments, being largely prescribed by law or some derivative thereof, the Committee found that proper internal controls and, therefore, compliance with laws, rules and regulations pertaining to financial matters, were appallingly lacking in every single provincial department. Even more disconcerting is the fact that the large number of incidents of poor controls and non-compliance reported by the Auditor-General are only those that came to light during the course of the audit and which relates to the audit samples of vouchers, records, etc., selected. The Committee is consequently convinced that the magnitude of the problem is far greater than the one depicted in the reports of the Auditor-General. The areas of poor control in general relate to:</p> <ul style="list-style-type: none"> • Poor record • Failure to follow up and dispose of outstanding matters in suspense accounts, • Poor management and control over the salary system and the maintenance of salary and personnel files • Poor expenditure control resulting in late payment of creditors and, in a number of cases, overpayment of accounts' • Poor asset management and • Poor loss control 	



Approval

The Annual Financial Statements set out on pages 85 to 134 have been approved by the Accounting Officer.



Mr. S. Maclean
Head of Department
15 July 2006





A U D I T O R - G E N E R A L

REPORT OF THE AUDITOR-GENERAL TO THE PROVINCIAL LEGISLATURE OF THE EASTERN CAPE PROVINCE ON THE ANNUAL FINANCIAL STATEMENTS OF VOTE 7 – THE DEPARTMENT OF HOUSING, LOCAL GOVERNMENT AND TRADITIONAL AFFAIRS FOR THE YEAR ENDED 31 MARCH 2006

1.Audit Assignment

The annual financial statements as set out on pages 85 to 134 for the year ended 31 March 2006, have been audited in terms of section 188(1)(a) 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) and section 40(2) of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA). The fixed asset opening balances have not been audited because of the timing of guidance from National Treasury to the departments relating to the treatment, valuation and disclosure of fixed assets. These annual 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 annual financial statements, based on the audit.

2.Scope

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

An audit includes:

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

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

3.Basis of Accounting

The department's policy is to prepare financial statements on the modified cash basis of accounting determined by the National Treasury, as described in the accounting policy Note 3.1.1 of the Annual Financial Statements.

4.Qualification

4.1 Monitoring

Management did not adequately and effectively monitor the department's activities and financial processes that resulted in the preparation of the annual financial statements. This inadequate monitoring impacted on the extent to which the department was able to ensure that its financial administration and service delivery operated effectively throughout the year under review. The most significant financial consequences of inadequate monitoring are included below:



4.1.1 Housing subsidy payments

Included in the Statement of Financial Performance amount for Transfers and subsidies of R769,5 million, is an amount of R607,7 million in respect of transfers to households, as disclosed in Note 7 and Annexure 1C of the Annual Financial Statements. Of this amount, approximately R535,9 million (49% of total departmental expenditure) relates to the building of houses (Top Structures).

Although the department has attempted to improve the monitoring and supervision processes during the current financial year, significant weaknesses are still evident.

The Department is required to maintain appropriate measures to ensure that Top Structures comply with the minimum standards as laid down in the National Housing Code published in terms of the Housing Act of 1997 (Act No 107 of 1997). It was found that the monitoring, control and review processes in place over housing subsidies were inadequate and there was insufficient evidence to verify that transfer payments should have been made. Furthermore, the process of documentation and record-keeping, in relation to the housing projects and monitoring processes, was insufficient to ensure proper monitoring.

Site inspections and a review of site reports revealed that there were a number of houses not built in accordance with the Norms and Standards as set out by the National Housing Building Regulations Council (NHBRC). Considering the above matters, housing subsidy payments are being effected for housing projects where little or no assurance could be obtained as to the quality of the houses in terms of NHBRC building standards.

Due to the poor monitoring mechanisms, and the inadequate and insufficient source documentation, it is not possible to determine the extent of the financial loss that has been incurred by the department as a result of sub-standard houses being constructed or the amount that should be regarded as fruitless or wasteful expenditure.

4.1.2 Housing rentals, debtors and assets

State-subsidised houses held for rental were transferred to the Department from the previously disbanded Provincial Housing Board. The Department is responsible for the management of these houses. Note 22 of the Annual Financial Statements includes an off-balance sheet amount of R21,1 million for Housing Rental Debtors relating to these houses. As indicated in the note, the recoverability of this amount is doubtful as it contains significant arrear balances. In addition, the balance disclosed in the note is R7,3 million more than the age analysis provided. As a result, the validity and accuracy of the debtors balance could not be verified.

These assets are not included in Annexure 3 of the Annual Financial Statements and no reliable information could be provided to determine the exact number of houses or the value thereof as the department is still performing verification processes with regards to these assets. This is a result of inadequate policies, procedures and systems in place to account for and monitor the revenue and assets.

Included in Note 3.1 of the Annual Financial Statements is an amount of R3,1 million disclosed as Other Sales of which R1,7 million relates to housing rental revenue. Significant control deficiencies, including the lack of a proper tariff structure and a debt management and collection policy, were identified in respect of the management of this revenue.

As a result of the above limitation of scope, the completeness of the revenue, housing rental debtors and assets could not be determined.



Report of the Auditor General to the Provincial Legislature of the Eastern Cape Province on the Financial Statements of Vote 7 – The Department of Housing, Local Government and Traditional Affairs for the year ended 31 March 2006

5.Disclaimer

Due to the significance of the matters discussed in paragraph 4, I do not express an opinion on the annual financial statements of the Department of Housing, Local Government and Traditional Affairs for the financial year ended 31 March 2006.

6.Emphasis of Matter

Attention is drawn to the following matters:

6.1 Monitoring

Further consequences of inadequate monitoring as reported in paragraph 4.1 are:

6.1.1 Debtor management and recovery

The Department does not have approved documented policies and procedures in place for debt management. In the absence of such policies debtors may not be adequately managed, captured or recovered. As a result, the following were identified:

- a) The validity and accuracy of the debtors balance of R1,5 million for Staff debtors disclosed in Note 10 to the Annual Financial Statements could not be confirmed. This amount has been disclosed as irrecoverable in Note 23 to the Annual Financial Statements.
- b) It was determined that the aging of the debts in the debtors age analysis is not accurate. Further, it was found that the debt was raised from suspense accounts and the ageing represents the date from when it was raised as a debt. A financial loss could result as the department is not raising debtors or collecting monies timeously. In addition, the lack of a debt management policy has resulted in debt being written off during the year without adequate recovery procedures being followed.

6.1.2 Service level agreements

Section 38(1)(a)(i) of the PFMA requires the accounting officer of the department to ensure that there are effective, efficient and transparent systems of financial and risk management and internal control. During the audit it was identified that payments are made to appointed service providers without approved service level agreements in place. In the absence of such agreements, management's ability to monitor and control the risk associated with the contracts is compromised.

6.1.3 Provincial Treasury debtor

Included in the Statement of Financial Position is a receivables balance of R5,2 million of which R3.1 million is a Claim recoverable debt due from Provincial Treasury. This is the remaining balance of an original amount of R 24,9 million after an amount of R21,8 million was written off at year end as disclosed in Note 6 of the Annual Financial Statements. This remaining amount has been disclosed as irrecoverable in Note 23 to the Annual Financial Statements as there is no supporting documentation to substantiate this debt. This amount will be written off against future surpluses.



6.1.4 Vacant posts

The total vacancy rate for the department is 43%. It was determined that some of the vacant posts were deemed to be critical to the delivery of services per the department's mandate and objectives.

In addition, the department functioned with an acting Head of Department for the last six months of the year under review following the resignation of the previous Head of Department in October 2005. A new Head of Department was appointed on 1 May 2006.

6.2 Performance management framework

In terms of section 40(3)(a) of the PFMA, the annual report and the annual financial statements of the department must fairly present its performance. A review of the performance information revealed that the annual report is not always accurate and in line with the activities that have occurred during the year.

6.3 Internal Audit

In compliance with section 38(a)(ii) of the PFMA, the Eastern Cape Provincial Administration has a shared Internal Audit unit and Audit Committee that are administered by the Office of the Premier. An Executive Committee decision was taken in April 2003 to outsource the internal audit and audit committee functions of the Departments of Education, Public Works, Social Development and Health. The shared Internal Audit unit continues to provide internal audit services to the remaining departments. The following issues relating to the shared service are highlighted:

- a) The Audit Committee was evaluated as ineffective in the past. During the year under review, the Audit Committee was disbanded and a new Committee elected. The new committee however only came into effect during November 2005 and had its first effective meeting in January 2006. As a result Internal Audit functioned for most of the year without the effective oversight needed.
- b) Cognisance is taken of the improvements made by the shared services during the year under review. However, after consideration of various factors, no reliance was placed on the internal audit service.
- c) Although Quarterly Reports were submitted to the Audit Committee, no evidence could be found or provided that the Audit Committee reported and made recommendations, based on the reports, to the relevant accounting officers as prescribed by Treasury Regulation 3.1.9.

6.4 Ex-post facto expenditure approvals

It was revealed that during the current financial year, expenditure of R1,09 million was incurred in respect of training courses for Traditional Leaders. However, the liability for the expenditure was incurred without the requisite authorisations and accordingly, it was determined that this expenditure was irregular. An investigation by the department into this expenditure was initiated and the expenditure was subsequently condoned. However, the irregular expenditure has not been disclosed in the Annual Financial Statements.

6.5 Ownership of fixed property

As disclosed in Annexure 3 to the Annual Financial Statements uncertainty exists as to which buildings and other fixed structures are owned by the department.



Report of the Auditor General to the Provincial Legislature of the Eastern Cape Province on the Financial Statements of Vote 7 – The Department of Housing, Local Government and Traditional Affairs for the year ended 31 March 2006

As no specific policy in this regard currently exists, it was not possible to confirm ownership of the buildings and structures of R6,9 million that are disclosed in Annexure 3 to the Annual Financial Statements.

6.6 Material changes to the annual financial statements

Due to the lack of monitoring and independent checks by management the financial statements did not comply with the requirements of the preparation guide sent out by National Treasury and as a result material changes were made to the financial statements.

6.7 Special investigations

During the year, my office conducted a special investigation at Mbhashe Municipality at the request of the department and issued a management report in September 2005.

7.Appreciation

The assistance rendered by the staff of Eastern Cape Department of Housing, Local Government and Traditional Affairs during the audit is sincerely appreciated.



SM Ngqwala for Auditor-General

East London

31 July 2006



3 Accounting Policies

for the year ended 31 March 2006

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 issued in terms of the Act and the Division of Revenue Act, Act 1 of 2005.

3.1 Presentation of the annual financial statements

3.1.1 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.

3.1.2 Presentation currency

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

3.1.3 Rounding

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

3.1.4 Comparative figures

Prior period comparative information has been presented in the current year's financial statements. Where necessary figures included in the prior period financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current year's financial statements. In the previous year certain errors occurred in the annual report during the publishing process. These typing errors have been corrected in the comparative figures reflected in these statements, but do not constitute a restatement of the prior year as they do not affect the position or results of the previous year. These corrections have been made to enhance the usefulness of the annual financial statements.

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

3.2 Revenue

3.2.1 Appropriated funds

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

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



Eastern Cape – Department of Housing, Local Government and Traditional Affairs Vote 7
Accounting Policies for the year ended 31 March 2006

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

3.2.2 Departmental revenue

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

3.2.2.1 Tax revenue

Tax revenue consists of all compulsory unrequited amounts collected by the department in accordance with laws and/or regulations (excluding fines, penalties & forfeits).

Tax receipts are recognised in the statement of financial performance when received.

3.2.2.2 Sale of goods and services other than capital assets

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

3.2.2.3 Fines, penalties and forfeits

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

3.2.2.4 Interest, dividends and rent on land

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

3.2.2.5 Sale of capital assets

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

3.2.2.6 Financial transactions in assets and liabilities

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

Cheques issued in previous accounting periods that expire before being banked is 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.

3.2.2.7 Gifts, donations and sponsorships

All cash gifts, donations and sponsorships are paid into the Provincial Revenue Fund and recorded as revenue in the statement of financial performance when received. Amounts receivable at the reporting date are disclosed as part of the disclosure notes to the annual financial statements.

All in-kind gifts, donations and sponsorships are disclosed at fair value in the annexure to the annual financial statements.



3.2.3 Local and foreign aid assistance

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

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

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

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

3.3 Expenditure

3.3.1 Compensation of employees

Salaries and wages comprise payments to employees. Salaries and wages are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year). The expenditure is classified as capital where the employees were involved, on a full time basis, on capital projects during the financial year. Capitalised compensation forms part of one or all of the expenditure for capital assets categories in the statement of financial performance.

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.

3.3.2 Short-term employee benefits

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

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

3.3.3 Long-term employee benefits

3.3.3.1 Termination benefits

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



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3.3.3.2 Medical benefits

The department provides medical benefits for certain of its employees. Employer contributions to the medical funds are expensed when the final authorisation for payment to the fund is effected on the system (by no later than 31 March of each year).

3.3.3.3 Post employment retirement benefits

The department provides retirement benefits for certain of its employees through a defined benefit plan for government employees. These benefits are funded by both employer and employee contributions. Employer contributions to the fund are expensed when the final authorisation for payment to the fund is effected on the system. 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 Provincial Revenue Fund and not in the Annual Financial Statements of the employer department.

3.3.3.4 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.

3.3.4 Goods and services

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

3.3.5 Interest and rent on land

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

3.3.6 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 under spending available to the department. The write off occurs at year-end or when funds are available. No provision is made for irrecoverable amounts.

3.3.7 Unauthorised expenditure

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

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

Where unauthorised expenditure is not approved it is recovered from the responsible person. The amount received is recorded as departmental revenue in the statement of financial position when received.



3.3.8 Fruitless and wasteful expenditure

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

The amount recovered from the responsible person is recorded as departmental revenue in the statement of financial performance when the funds are received.

3.3.9 Irregular expenditure

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

The amount recovered from the responsible person is recorded as revenue in the statement of financial performance when the funds are received.

3.3.10 Transfers and subsidies

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

3.3.11 Expenditure for capital assets

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

3.4 Debts written off

Bad debts are written off when identified as irrecoverable in terms of the departments debt write off policy. No provision is made for irrecoverable amounts in the books of account, however potential irrecoverable amounts are shown in the disclosure notes to the annual financial statements.

3.5 Assets

3.5.1 Cash and cash equivalents

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

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

3.5.2 Prepayments and advances

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



3.5.3 Receivables

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

Revenue receivable not yet collected is included in the disclosure notes. Amounts that are potentially irrecoverable are disclosed as part of the disclosure notes to the annual financial statements.

3.5.4 Investments

Capitalised investments are shown at cost in the statement of financial position. Any cash flows such as dividends received or proceeds from the sale of the investment are recognised in the statement of financial performance. Any impairment is disclosed as part of the disclosure notes to the annual financial statements.

3.5.5 Loans

Loans are recognised in the statement of financial position at the nominal amount. Amounts that are potentially irrecoverable are disclosed as part of the disclosure notes to the annual financial statements.

3.5.6 Inventory

Inventories on hand at the reporting date are disclosed at cost in the disclosure notes to the annual financial statements.

3.5.7 Capital assets

Assets are recorded in an asset register, at cost, on receipt of the item. Cost of an asset is defined as the total cost of acquisition. Assets procured in previous financial periods may be stated at fair value, where determinable, or R1, in instances where the original cost of acquisition cannot be established. No revaluation or impairment of assets is currently recognised in the asset register. Projects (of construction/development) running over more than one financial year relating to assets, are only brought into the asset register on completion of the project and at the total cost incurred over the duration of the project. Annexure 3 of the disclosure notes, reflect the total movement in the asset register of assets for the current financial year. The movement is reflected at the cost as recorded in the asset register and not the carrying value, as depreciation is not recognised in the financial statements under the modified cash basis of accounting. The opening balance as reflected on Annexure 3 will include items procured in prior accounting periods and the closing balance will represent the total cost of capital assets on hand.

3.6 Liabilities

3.6.1 Payables

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

3.6.2 Lease commitments

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



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

3.6.3 Accruals

Accruals represent 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.

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

3.6.4 Contingent liabilities

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

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

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

Contingent liabilities are disclosed as part of the disclosure notes to the annual financial statements.

3.6.5 Commitments

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

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

3.7 Net assets

3.7.1 Capitalisation reserve

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

3.7.2 Recoverable revenue

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



3.8 Related party transactions

Related parties are parties that control or significantly influence the department or are controlled or significantly influenced by the department in making financial and operating decisions. Specific information with regards to related party transactions is disclosed as part of the disclosure notes to the annual financial statements.

3.9 Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the department. Senior management includes the Member of the Executive Committee responsible for the department, the Head of Department, the Chief Financial Officer and any key advisors.

Compensation paid to key management personnel including their family members where relevant, are disclosed as part of the disclosure notes to the annual financial statements.

3.10 Public private partnership

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

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

A description of the PPP arrangement, the contract fees and current and capital expenditure relating to the PPP arrangement is disclosed as part of the disclosure notes to the annual financial statements.



4 Appropriation Statement for the year ended 31 March 2006

4.1 Departmental summary

Appropriation per programme									
Programmes	2005/06							2004/05	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1. Administration									
Current payment	74,382	-	4,497	78,879	78,879	-	100.0%	73,672	79,231
Transfers and subsidies	403	-	-	403	402	1	99.8%	355	210
Expenditure for capital assets	7,499	-	(4,497)	3,002	3,002	-	100.0%	7,648	2,012
2. Housing development									
Current payment	51,965	-	-	51,965	51,965	-	100.0%	53,142	43,057
Transfers and subsidies	613,593	-	698	614,291	614,291	-	100.0%	643,804	617,591
Expenditure for capital assets	71	-	-	71	71	-	100.0%	-	-
3. Local government									
Current payment	89,515	-	(363)	89,152	89,152	-	100.0%	95,108	100,783
Transfers and subsidies	161,863	-	(698)	161,165	154,532	6,633	95.9%	93,879	88,174
4. Traditional affairs									
Current payment	82,046	-	362	82,408	82,408	-	100.0%	63,924	65,392
Transfers and subsidies	277	-	-	277	249	28	89.9%	50	202
Expenditure for capital assets	11,734	-	1	11,735	6,946	4,789	59.2%	6,843	-
Subtotal	1,093,348	-	-	1,093,348	1,081,897	11,451	99.0%	1,038,425	996,652
Statutory appropriation									
Current payments	828	-	-	828	827	1	99.9%	787	915
Total	1,094,176	-	-	1,094,176	1,082,724	11,452	99.0%	1,039,212	997,567
Reconciliation with statement of financial performance									
Departmental receipts				1,111				11,330	
Total revenue / expenditure (per statement of financial performance)				1,095,287	1,082,724			1,050,542	997,567

Eastern Cape – Department of Housing, Local Government and Traditional Affairs Vote 7
Appropriation Statement for the year ended 31 March 2006

Appropriation per economic classification									
Economic classification	2005/06							2004/05	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	197,183	-	(8,531)	188,652	188,652	-	100.0%	182,544	171,302
Goods and services	100,725	-	(10,012)	90,713	90,713	-	100.0%	78,969	92,828
Financial Transactions in assets and liabilities	-	-	23,039	23,039	23,039	-	n/a	24,333	24,333
Transfers and subsidies									
Provinces and municipalities	168,861	-	(444)	168,417	161,755	6,662	96.0%	139,188	133,334
Households	607,275	-	444	607,719	607,719	-	100.0%	598,900	572,843
Payment on capital assets									
Buildings and other fixed structures	11,734	-	-	11,734	6,945	4,789	59.2%	-	-
Machinery and equipment	7,570	-	(4,496)	3,074	3,074	-	100.0%	14,491	2,012
Total	1,093,348	-	-	1,093,348	1,081,897	11,451	99.0%	1,038,425	996,652

Statutory appropriation									
Direct charge against provincial revenue fund	2005/06							2004/05	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Member of executive committee	828	-	-	828	827	1	99.9%	787	915
Total	828	-	-	828	827	1	99.9%	787	915



4.2 Administration

Appropriation per programme									
2005/06								2004/05	
Sub-programme	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1 Corporate services									
Current payment	74,382	-	4,497	78,879	78,879	-	100.0%	73,672	79,231
Transfers and subsidies	403	-	-	403	402	1	99.8%	355	210
Expenditure for capital assets	7,499	-	(4,497)	3,002	3,002	-	100.0%	7,648	2,012
Total	82,284	-	-	82,284	82,283	1	100.0%	81,675	81,453

Appropriation per economic classification									
2005/06								2004/05	
Economic classification	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	34,726	-	2,858	31,868	31,868	-	100.0%	31,620	31,193
Goods and services	39,656	-	(2,506)	37,150	37,150	-	100.0%	31,954	37,940
Financial Transactions in assets and liabilities	-	-	9,861	9,861	9,861	-	100.0%	10,098	10,098
Transfers & subsidies									
Provinces and municipalities	403	-	-	403	402	1	99.8%	355	210
Payment on capital assets									
Machinery and equipment	7,499	-	4,497	3,002	3,002	-	100.0%	7,648	2,012
Total	82,284	-	-	82,284	82,283	1	100.0%	81,675	81,453



Eastern Cape – Department of Housing, Local Government and Traditional Affairs Vote 7
Appropriation Statement for the year ended 31 March 2006

4.3 Housing development

Appropriation per programme									
2005/06								2004/05	
Sub-programme	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1. Office of the Head of Housing									
Current payment	10,657	-	-	10,657	10,657	-	100.0%	17,448	14,369
Transfers and subsidies	40	(9)	-	31	31	-	100.0%	32	32
2. Housing Planning and Research									
Current payment	7,953	-	-	7,953	7,953	-	100.0%	6,093	3,235
Transfers and subsidies	21	-	-	21	21	-	100.0%	9	9
3. Housing Performance/ Subsidy Management									
Current payment	8,325	-	-	8,325	8,325	-	100.0%	26	5,488
Transfers and subsidies	607,305	10	419	607,734	607,734	-	100.0%	598,900	572,859
4. Urban Renewal & Human Settlement Re-development									
Current payment	17,984	-	-	17,984	17,984	-	100.0%	19,402	14,823
Transfers and subsidies	6,211	-	279	6,490	6,490	-	100.0%	44,850	44,678
Payment for capital assets	71	-	-	71	71	-	100.0%	-	-
5. Housing Asset Management									
Current payment	7,046	-	-	7,046	7,046	-	100.0%	10,173	5,142
Transfers and subsidies	16	(1)	-	15	15	-	100.0%	13	13
Total	665,629	-	698	666,327	666,327	-	100.0%	696,946	660,648

Appropriation per economic classification									
2005/06								2004/05	
Economic classification	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	31,815	-	(2,446)	29,369	29,369	-	100.0%	35,857	23,866
Goods and services	20,150	-	(2,100)	18,050	18,050	-	100.0%	13,950	15,856
Financial Transactions in assets and liabilities	-	-	4,546	4,546	4,546	-	100.0%	3,335	3,335
Transfers & subsidies									
Provinces and municipalities	6,318	-	254	6,572	6,572	-	100.0%	44,904	44,748
Households	607,275	-	444	607,719	607,719	-	100.0%	598,900	572,843
Payment on capital assets									
Machinery and equipment	71	-	-	71	71	-	100.0%	-	-
Total	665,629	-	698	666,327	666,327	-	100.0%	696,946	660,648



4.4 Local government

Appropriation per programme									
Sub-programme	2005/06							2004/05	
	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1. Head of Local Government									
Current payment	13,721	-	(164)	13,557	13,557	-	100.0%	13,706	19,519
Transfers and subsidies	40	-	-	40	38	2	95.0%	60	59
2. Head of Local Governance									
Current payment	249	-	-	249	249	-	100.0%	-	-
3. Municipal Administration									
Current payment	19,638	-	-	19,638	19,638	-	100.0%	8,107	7,785
Transfers and subsidies	44,084	-	-	44,084	43,779	305	99.3%	11,200	10,790
4. Municipal Finance									
Current payment	22,539	(3,135)	-	19,404	19,404	-	100.0%	15,227	16,796
Transfers and subsidies	13,745	-	-	13,745	13,745	-	100.0%	28,010	27,989
5. Municipal Infrastructure									
Current payment	8,975	-	(199)	8,776	8,776	-	100.0%	35,033	36,678
Transfers and subsidies	24,144	-	-	24,144	24,143	1	100.0%	18	20
6. Disaster Management									
Current payment	4,583	3,120	-	7,703	7,703	-	100.0%	4,743	4,479
Transfers and subsidies	35,727	-	-	35,727	35,727	-	100.0%	19,925	19,925
7. Head of Development and Planning									
Current payment	594	-	-	594	594	-	100.0%	-	-
8. Spatial Planning									
Current payment	3,746	(120)	-	3,626	3,626	-	100.0%	2,169	2,675
Transfers and subsidies	4,310	-	-	4,310	4,310	-	100.0%	4,500	4,507
9. Development Administration / Land Use Management									
Current payment	6,835	135	-	6,970	6,970	-	100.0%	6,393	5,783
Transfers and subsidies	10,841	-	-	10,841	10,640	201	98.1%	10,911	6,815
10. Integrated Development Planning (IDP)									
Current payment	2,616	-	-	2,616	2,616	-	100.0%	2,623	2,216
Transfers and subsidies	15,943	(349)	(698)	14,896	8,772	6,124	58.9%	6,305	5,305
11. Local Economic Development (LED)									
Current payment	6,019	-	-	6,019	6,019	-	100.0%	7,107	4,852
Transfers and subsidies	13,029	349	-	13,378	13,378	-	100.0%	12,950	12,764
Total	251,378	-	(1,061)	250,317	243,684	6,633	97.4%	188,987	188,957



Eastern Cape – Department of Housing, Local Government and Traditional Affairs Vote 7
Appropriation Statement for the year ended 31 March 2006

Appropriation per economic classification									
2005/06								2004/05	
Economic classification	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	56,460	-	(3,027)	53,433	53,433	-	100.0%	58,539	56,918
Goods and services	33,055	-	(5,769)	27,286	27,286	-	100.0%	25,669	32,965
Financial Transactions in assets and liabilities	-	-	8,433	8,433	8,433	-	100.0%	10,900	10,900
Transfers & subsidies									
Provinces and municipalities	161,863	-	(698)	161,165	154,532	6,633	95.9%	93,879	88,174
Total	251,378	-	(1,061)	250,317	243,684	6,633	97.4%	188,987	188,957

4.5 Traditional affairs

Appropriation per programme									
2005/06								2004/05	
Sub-programme	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1. Office of the Head of Traditional Affairs									
Current payment	1,684	320	163	2,167	2,167	-	100.0%	1,283	2,858
Transfers and subsidies	5	1	-	6	6	-	100.0%	-	-
2. Traditional Institutional Arrangements	-	-	-		-			-	-
Current payment	14,496	33,610	199	48,305	48,305	-	100.0%	8,959	43,546
Transfers and subsidies	202	(10)	-	192	164	28	85.4%	-	147
Payment for capital assets	5,000	-	-	5,000	2,520	2,480	50.4%	2,500	-
3. Traditional Resource Administration	-	-	-		-			-	-
Current payment	65,866	(33,930)	-	31,936	31,936	-	100.0%	53,682	18,988
Transfers and subsidies	70	9	-	79	79	-	100.0%	50	55
Payment for capital assets	6,734	-	1	6,735	4,426	2,309	65.7%	4,343	-
4. Traditional Development Facilitation	-	-	-		-			-	-
Current payment	-	-	-	-	-	-	n/a	-	-
Transfers and subsidies	-	-	-	-	-	-	n/a	-	-
Payment for capital assets	-	-	-	-	-	-	n/a	-	-
Total	94,057	-	363	94,420	89,603	4,817	94.9%	70,817	65,594



Eastern Cape – Department of Housing, Local Government and Traditional Affairs Vote 7
Appropriation Statement for the year ended 31 March 2006

Appropriation per economic classification									
2005/06								2004/05	
Economic classification	Adjusted appropriation	Shifting of funds	Virement	Final appropriation	Actual expenditure	Variance	Expenditure as a % of final appropriation	Final appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	74,182	-	(200)	73,982	73,982	-	100.0%	56,528	59,325
Goods and services	7,864	-	363	8,227	8,227	-	100.0%	7,396	6,067
Financial Transactions in assets and liabilities	-	-	199	199	199	-	100.0%	-	-
Transfers & subsidies	-	-	-	-	-	-	-	-	-
Provinces and municipalities	277	-	-	277	249	28	89.9%	50	202
Payment on capital assets	-	-	-	-	-	-	-	-	-
Buildings and other fixed structures	11,734	-	-	11,734	6,945	4,789	59.2%	-	-
Machinery and equipment	-	-	1	1	1	-	100.0%	6,843	-
Total	94,057	-	363	94,420	89,603	4,817	94.9%	70,817	65,594



5 Notes to the Appropriation Statement for the year ended 31 March 2006

5.1 Detail of transfers and subsidies as per appropriation act (after virement):

Detail of these transactions can be viewed in note 7 (i.e. transfers and subsidies) and Annexure 1B and 1C to the Annual Financial Statements.

5.2 Detail of specifically and exclusively appropriated amounts voted (after virement):

Detail of these transactions can be viewed in note 1 (i.e. annual appropriation) to the annual financial statements.

5.3 Detail on financial transactions in assets and liabilities

Detail of these transactions per programme can be viewed in note 6 (i.e. financial transactions in assets and liabilities) to the annual financial statements.

5.4 Explanations of material variances from amounts voted (after virement):

The following explanations are made of the variances prior to the write-off of the Treasury Balance, as described in note 6. This write-off has the effect of utilising all surpluses, other than on transfers and land and buildings. It was therefore considered prudent to analyse the reasons for the surplus that allowed for the write-off.

5.4.1 Per programme

Per Programme	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Variance as a % of Final Appropriation
Administration	82,284	73,689	8,595	10.4%
Housing Development	666,327	661,781	4,546	0.7%
Local Government	250,317	235,251	15,066	6.0%
Traditional Affairs	94,420	89,404	5,016	5.3%

Administration

The surplus in administration is attributable to a number of delays having occurred in getting various projects underway across the various components. Further to this there have been delays in filling critical posts, with the process only beginning towards the end of the year.

Local government

The surplus is attributable to the budget for special investigation not being utilised. Further to this there have been delays in filling critical posts, with the process only beginning towards the end of the year and IDP funds not being transferred.

Traditional affairs

Delays in the construction of the House of Traditional Leaders and a delay in the Traditional Council offices have led to this surplus.



5.4.2 Per economic classification

Per Economic Classification	2005/06				2004/05
	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Variance as a % of Final Appropriation	Actual Expenditure R'000
Current expenditure					
Compensation of employees	197,018	188,652	8,366	4.2%	172,215
Goods and services	99,622	90,713	8,909	8.9%	92,828
Financial Transactions in assets and liabilities	1,267	1,267	-	0.0%	24,333
Transfers and subsidies					
Provinces and municipalities	168,417	161,755	6,662	4.0%	133,334
Households	607,719	607,719	-	0.0%	572,843
Payment on capital assets					
Buildings and other fixed structures	11,734	6,945	4,789	40.8%	-
Machinery and equipment	7,571	3,074	4,497	59.4%	2,012

Compensation of employees

There have been delays in filling critical posts, with the process only beginning towards the end of the year.

Goods and services

The surplus is largely attributable to the budget for special investigation not being utilised.

Provinces and municipalities

The surplus is attributable to an under spending of the integrated planning and development budget for transfers to provinces and municipalities.

Buildings and other fixed structures

Delays in the construction of the House of Traditional Leaders and a delay in the construction of the Traditional Council offices have led to this surplus

Machinery and equipment

The surplus is a result of an under spending by the administration department in respect of its capital budget for office equipment and machinery and is linked to delays in the projects mentioned above and the late filling of vacant posts.



Eastern Cape – Department of Housing, Local Government and Traditional Affairs Vote 7
Statement of Financial Performance for the year ended 31 March 2006

6 Statement of Financial Performance for the year ended 31 March 2006

	Note	2005/06 R'000	2004/05 R'000
REVENUE			
Annual appropriation	1	1,093,348	1,038,425
Statutory appropriation	2	828	787
Departmental revenue	3	1,111	11,330
TOTAL REVENUE		1,095,287	1,050,542
EXPENDITURE			
Current expenditure			
Compensation of employees	4	189,479	172,217
Goods and services	5	90,713	92,828
Financial transactions in assets and liabilities	6	23,039	24,333
Total current expenditure		303,231	289,378
Transfers and subsidies	7	769,474	706,177
Expenditure for capital assets			
Buildings and other fixed structures	8	6,945	-
Machinery and equipment	8	3,074	2,012
Total expenditure for capital assets		10,019	2,012
TOTAL EXPENDITURE		1,082,724	997,567
SURPLUS		12,563	52,975
Reconciliation of net surplus for the year			
Voted funds to be surrendered to the revenue fund	11	11,452	41,645
Departmental revenue to be surrendered to revenue fund	12	1,111	11,330
SURPLUS FOR THE YEAR		12,563	52,975



7 Statement of Financial Position for the year ended 31 March 2006

	Note	2005/06 R'000	2004/05 R'000
ASSETS			
Current Assets		13,913	34,816
Cash and cash equivalents	9	8,705	7,871
Receivables	10	5,208	26,945
TOTAL ASSETS		13,913	34,816
LIABILITIES			
Current liabilities		13,913	34,816
Voted funds to be surrendered to the revenue fund	11	11,452	33,725
Department revenue to be surrendered to the revenue fund	12	1,730	(3,304)
Payables	13	731	4,395
TOTAL LIABILITIES		13,913	34,816



Eastern Cape – Department of Housing, Local Government and Traditional Affairs Vote 7
Cash Flow Statement for the year ended 31 March 2006

8 Cash Flow Statement

for the year ended 31 March 2006

	Note	2005/06 R'000	2004/05 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		1,102,726	1,040,523
Annual appropriated funds received	1.1	1,093,348	1,030,509
Statutory appropriated funds received		828	787
Departmental revenue received		8,550	9,227
Net (decrease) / increase in working capital		18,073	27,237
Surrendered to revenue fund		(37,745)	(96,643)
Current payments		(303,231)	(289,378)
Transfers and subsidies paid		(769,474)	(706,177)
Net cash flow available from operating activities	14	10,349	(24,438)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets		(10,019)	(2,012)
Proceeds from sale of capital assets	3.3	504	2,103
Net cash flows from investing activities		(9,515)	91
Net increase / (decrease) in cash and cash equivalents		834	(24,347)
Cash and cash equivalents at beginning of the period		7,871	32,218
Cash and cash equivalents at end of the period	15	8,705	7,871



9 Notes to the Annual Financial Statements for the year ended 31 March 2006

1 Annual appropriation

1.1 Annual appropriation

Included are funds appropriated in terms of the Appropriation Act for Provincial Departments (Equitable Share)

	Final appropriation R'000	Actual funds received R'000	Funds not requested / not received R'000	Appropriation received 2004/05 R'000
Administration	82,284	82,284	-	81,675
Housing Development	666,327	666,327	-	689,030
Local Government	250,317	250,317	-	188,987
Traditional Affairs	94,420	94,420	-	70,817
Total	1,093,348	1,093,348	-	1,030,509

1.2 Conditional grants

Total grants received	ANNEXURE 1A	2005/06 R'000	2004/05 R'000
		623,649	654,913

2 Statutory appropriation

Member of executive committee		828	787
Actual statutory appropriation received		828	787

3 Departmental revenue to be surrendered to revenue fund

Description			
Sales of goods and services other than capital assets	ANNEXURE 1A3.1	3,066	211
Fines, penalties and forfeits		-	2
Interest, dividends and rent on land	3.2	5,484	8,193
Sales of capital assets	3.3	504	2,103
Financial transactions in assets and liabilities	3.4	-	821
		9,054	11,330
Less: Departmental budget	12	(7,943)	-
Total revenue collected		1,111	11,330



Eastern Cape – Department of Housing, Local Government and Traditional Affairs Vote 7
Notes to the Annual Financial Statements for the year ended 31 March 2006

	Note	2005/06 R'000	2004/05 R'000
3.1 Sales of goods and services other than capital assets			
Other Sales		3,066	211
3.2 Interest, dividends and rent on land			
Interest		5,484	8,193
3.3 Sales of capital assets			
Other capital assets		504	2,103
3.4 Financial transactions in assets and liabilities			
Other receipts including recoverable revenue		-	821
	Note	2005/06 R'000	2004/05 R'000
4 Compensation of employees			
4.1 Salaries and wages			
Basic salary		97,372	91,470
Performance award		6,003	1,591
Service based		2,924	2,711
Compensative/circumstantial		1,814	735
Periodic payments		2,041	1,459
Other non-pensionable allowances		60,152	53,597
		170,306	151,563
4.2 Social contributions			
4.2.1 Employer contributions			
Pension		12,227	13,357
Medical		6,907	7,261
Bargaining council		33	30
Insurance		6	6
		19,173	20,654
Total compensation of employees		189,479	172,217
Average number of employees		2,032	1,355



Eastern Cape – Department of Housing, Local Government and Traditional Affairs Vote 7
Notes to the Annual Financial Statements for the year ended 31 March 2006

	Note	2005/06 R'000	2004/05 R'000
5 Goods and services			
Advertising		1,017	848
Attendance fees (including registration fees)		98	69
Bank charges and card fees		41	55
Bursaries (employees)		63	187
Communication		2,868	8,581
Computer services		7,848	5,136
Consultants, contractors and special services		31,546	38,605
Courier and delivery services		1	7
Entertainment		1,997	1,071
External audit fees	5.1	2,798	4,446
Equipment less than R5 000		121	754
Inventory	5.2	1,795	2,060
Learnerships		1,213	1,070
Legal fees		2,882	2,442
Maintenance, repair and running costs		704	608
Operating leases		2,217	2,678
Photographic services		-	11
Printing and publications		490	360
Professional bodies and membership fees		23	71
Resettlement costs		1,454	1,480
Subscriptions		375	-
Owned and leasehold property expenditure		4,699	176
Transport provided as part of the departmental activities		11,080	9,045
Travel and subsistence	5.3	12,340	11,400
Venues and facilities		1,269	568
Training and staff development		1,774	1,100
		<u>90,713</u>	<u>92,828</u>
5.1 External audit fees			
Regulatory audits		<u>2,798</u>	<u>4,446</u>
5.2 Inventory			
Domestic consumables		297	470
Parts and other maintenance materials		19	-
Stationery and printing		<u>1,479</u>	<u>1,590</u>
Total inventory		<u>1,795</u>	<u>2,060</u>
5.3 Travel and subsistence			
Local		12,322	11,379
Foreign		<u>18</u>	<u>21</u>
Total travel and subsistence		<u>12,340</u>	<u>11,400</u>

Eastern Cape – Department of Housing, Local Government and Traditional Affairs Vote 7
Notes to the Annual Financial Statements for the year ended 31 March 2006

	Note	2005/06 R'000	2004/05 R'000
6 Financial transactions in assets and liabilities			
Other material losses written off	6.1	-	24,333
Debts written off	6.2	23,039	-
		<u>23,039</u>	<u>24,333</u>
6.1 Other material losses			
Nature of loss			
Thefts and losses - CMIP		-	24,333
6.2 Debts written off			
Nature of debt written off			
Staff debts		1,267	-
Treasury balance		21,772	-
Total debts written off		<u>23,039</u>	<u>-</u>
<p>Until October 2001 the bank accounts of all departments were centralised at Provincial Treasury. Transactions in and out of this account were processed in an account known as the 'Principle Responsibility Account'. This account was maintained by Provincial Treasury and recorded the banking transactions of all departments. In 2001 a decision was made to decentralise the bank accounts to the various departments. The Principle Responsibility account was split into balances resulting from the transactions of each department. These balances were known as 'Treasury Balances' and were brought into the books of each of the departments. In the respect of this department the 'Treasury Balance' indicated a receivable in the books of the department.</p> <p>The source documentation supporting the transactions contained in the Principle Responsibility account were held by Provincial Treasury at a central filing point. Given that the decentralisation took place in 2001 and that the Province now uses a different accounting system it has not been possible to locate the documents that would support the Treasury Balance.</p> <p>Meetings between the Department and Provincial Treasury have led to a decision to write-off the Treasury Balance. The current year surplus allows for a write-off of R 21'772'000 of the total receivable of R 24'920'000. The remaining Treasury Balance of R 3'148'000 will be written-off when future surpluses allow.</p>			
7 Transfers and subsidies			
Provinces and municipalities	ANNEXURE 1B	161,755	133,334
Households	ANNEXURE 1C	607,719	572,843
		<u>769,474</u>	<u>706,177</u>
8 Expenditure on capital assets			
Buildings and other fixed structures	ANNEXURE 3	6,945	-
Machinery and equipment	ANNEXURE 3	3,074	2,012
Total		<u>10,019</u>	<u>2,012</u>



Eastern Cape – Department of Housing, Local Government and Traditional Affairs Vote 7
Notes to the Annual Financial Statements for the year ended 31 March 2006

	Note		2005/06 R'000	2004/05 R'000		
9 Cash and cash equivalents						
Consolidated Paymaster General Account			8,822	7,676		
Cash receipts			(4)	1		
Disbursements			-	558		
Cash on hand			(113)	(364)		
			<u>8,705</u>	<u>7,871</u>		
10 Receivables						
	Note	Less than one year	One to three years	Older than three years	Total	Total
Staff debtors	10.1	2,008	52	-	2,060	2,352
Other debtors	10.2	-	-	-	-	4
Claims recoverable	Annex 4	-	-	3,148	3,148	24,589
		<u>2,008</u>	<u>52</u>	<u>3,148</u>	<u>5,208</u>	<u>26,945</u>
10.1 Staff debtors						
Debt account					1,508	1,523
Income tax					460	-
Medical aid					52	52
Disallowances					17	6
Domestic advances					9	-
Deduction disallowance					8	51
Dishonoured cheques					5	4
Disallowance miscellaneous					1	-
Tax debt					-	179
Insurance deductions					-	306
Private telephone					-	2
ACB recalls					-	2
Foreign advances					-	31
Motor finance deductions					-	195
Official unions					-	1
					<u>2,060</u>	<u>2,352</u>
10.2 Other debtors						
H/Debt: Prop/SC Support CA					-	4
					-	4



Eastern Cape – Department of Housing, Local Government and Traditional Affairs Vote 7
Notes to the Annual Financial Statements for the year ended 31 March 2006

	Note	2005/06 R'000	2004/05 R'000		
11 Voted funds to be surrendered to the revenue fund					
Opening balance		33,725	78,823		
Transfer from statement of financial performance		11,452	41,645		
Voted funds not requested / not received	11.1	-	(7,916)		
Paid during the year		(33,725)	(78,827)		
Closing balance		11,452	33,725		
11.1 Voted funds not requested / not received					
Funds not requested (under releases)		-	(7,916)		
12 Departmental revenue to be surrendered to revenue fund					
Opening balance		(3,304)	3,182		
Transfer from statement of financial performance		1,111	11,330		
Departmental revenue budgeted	3	7,943	-		
Paid during the year		(4,020)	(17,816)		
Closing balance		1,730	(3,304)		
13 Payables – current					
Description	Note	30 Days	30+ Days	Total	Total
Amounts owing to other entities	Annex 5	36	-	36	2,338
Advances received	13.1	-	-	-	1,590
Other payables	13.2	-	695	695	467
		36	695	731	4,395
13.1 Advances received					
LGWSETA for community development workers training				-	1,590
				-	1,590
13.2 Other payables					
Pensions recoverable				671	347
Tax debt				16	-
Debt receivable income				6	2
Other institutions				2	-
Domestic advances				-	23
Property debt				-	4
Pension fund				-	91
				695	467



Eastern Cape – Department of Housing, Local Government and Traditional Affairs Vote 7
Notes to the Annual Financial Statements for the year ended 31 March 2006

	Notes	2005/06 R'000	2004/05 R'000
14 Net cash flow from operating activities			
Net surplus as per statement of financial performance		12,563	52,975
Non-cash movements			
(Increase)/Decrease in receivables – current		21,737	35,910
(Decrease) in payables – current		(3,664)	(8,673)
Proceeds from sale of capital assets		(504)	(2,103)
Surrenders to revenue fund		(37,745)	(96,643)
Expenditure on capital assets		10,019	2,012
Voted funds not requested / not received		-	(7,916)
Other non-cash items		7,943	-
Net cash flow generated by operating activities		<u>10,349</u>	<u>(24,438)</u>
15 Reconciliation of cash and cash equivalents for cash flow purposes			
Consolidated paymaster general account		8,822	7,676
Cash receipts		(4)	1
Disbursements		-	558
Cash on hand		(113)	(364)
		<u>8,705</u>	<u>7,871</u>

Eastern Cape – Department of Housing, Local Government and Traditional Affairs Vote 7
Disclosure Notes to the Annual Financial Statements for the year ended 31 March 2006

10 Disclosure Notes to the Annual Financial Statements for the year ended 31 March 2006

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

		Note	2005/06 R'000	2004/05 R'000
16 Contingent liabilities				
 Liable to	Nature			
	Housing loan guarantees	Employees <i>Annexure 2A</i>	3,352	3,678
	Claims against the department	Legal <i>Annexure 2B</i>	10,087	165
	Other departments (unconfirmed)	External <i>Annexure 5</i>	-	676
			<u>13,439</u>	<u>4,519</u>
17 Commitments				
	Current expenditure			
	Approved and contracted		<u>4,097</u>	<u>2,758</u>
18 Accruals				
 By economic classification	30 Days	30+ Days	Total	Total
	-	-	-	403
	218	77	295	446
	<u>218</u>	<u>77</u>	<u>295</u>	<u>849</u>
 By programme level				
	Administration		243	316
	Housing development		4	40
	Local government		37	440
	Traditional affairs		<u>11</u>	<u>53</u>
			<u>295</u>	<u>849</u>
19 Employee benefit provisions				
	Leave entitlement		40,323	42,222
	Thirteenth cheque		<u>4,084</u>	<u>3,924</u>
			<u>44,407</u>	<u>46,146</u>
20 Key management personnel				
	No. of Personnel			
	Political Office Bearers	1	828	787
	Officials - Level 15 to 16	1	597	75
	Officials - Level 14	3	1,599	1,548
	Officials - Level 13	12	<u>5,355</u>	<u>2,878</u>
			<u>8,379</u>	<u>5,288</u>
	Number of senior management staff		<u>15</u>	<u>15</u>

Eastern Cape – Department of Housing, Local Government and Traditional Affairs Vote 7
Disclosure Notes to the Annual Financial Statements for the year ended 31 March 2006

		2005/06 R'000	2004/05 R'000
21 Lease commitments			
21.1 Operating leases	Machinery and equipment	Total	Total
Not later than 1 year	557	557	959
Later than 1 year and not later than 5 years	590	590	1,329
Total value of lease liabilities	1,147	1,147	2,288
<p>The comparative figures for operating leases have been adjusted to reflect the change in disclosure of the ageing of future lease commitments. This change is considered immaterial and has no effect on the position or results of the department.</p>			
22 Receivables for departmental revenue			
Housing rental debtors		21,144	18,048
<p>These debtors are for housing rentals previously administered by the Provincial Housing Board. The accounting systems of these accounts are maintained by the National Department of Housing. Due to the high incidence of arrears the recoverability of this amount is doubtful.</p>			
23 Provisions			
Potential Irrecoverable Debts			
Staff debtors		1,508	-
Claims recoverable		3,148	-
		4,656	-
<p>The staff debts relate largely to balances that have long been outstanding. These will be investigated and prescribed debts written-off in terms of the department's debt write-off policy when future surpluses allow.</p> <p>The claims recoverable amount is in respect of the Treasury Balance owing to the department. This amount has long been outstanding and will be written off when future surpluses allow.</p>			
24 Inventory			
Domestic consumables		121	698
Other consumables		173	-
Stationery and printing		383	981
		677	1,679

Eastern Cape – Department of Housing, Local Government and Traditional Affairs Vote 7

Disclosure Notes to the Annual Financial Statements for the year ended 31 March 2006

25 Prior year expenditure

An amount of R 712 000 in salaries expenditure, relating to the year ended 2004/05, is reflected as part of current year expenditure. This situation arose as a result of a timing difference in reflecting bank payment rejections after interface. The expenditure was held in suspense at the end of the previous year and only cleared against the vote in the current year.

26 Related parties

During the current year the department was required to provide managerial assistance and support to certain municipalities. This assistance did not include financial assistance beyond the normal transfer of funds disclosed in the annexure to the annual financial statements and any costs incurred were done so in the normal course of operations of the department. The municipalities concerned are King Sabata Dalindyebo, Qaukeni, Nyandeni and Elundini.

27 Correction of comparative figures

In the previous year the annual report contained a number of errors that occurred in the publishing process. These typing errors have been corrected in the comparative figures reflected in these statements and do not constitute a restatement of the prior year as they do not alter the position or results of the previous year. These corrections have been made to enhance the usefulness of the annual financial statements.



11 Annexure

for the year ended 31 March 2006

2004/05	
Division of Revenue Act	Amount spent by department
R'000	R'000
11,660	11,486
598,900	572,843
35,184	35,184
9,169	9,169
654,913	628,682

ANNEXURE 1A

Statement of conditional grants received

Conditional grant	Grant allocation				Spent		
	Division of revenue act	Roll over	Other adjustments	Total available	Amount received by department	Amount spent by department	% of Available funds spent by department
	R'000	R'000	R'000	R'000	R'000	R'000	%
Disaster Relief Fund	-	-	16,200	16,200	16,200	16,200	100.00%
Human Settlement Grant	-	174	-	174	174	174	100.00%
Housing Subsidy Grant	581,218	26,057	-	607,275	607,275	607,275	100.00%
Local Government Capacity	-	-	-	-	-	-	n/a
Consolidated Municipal Infrastructure	-	-	-	-	-	-	n/a
	581,218	26,231	16,200	623,649	623,649	623,649	100.00%

Eastern Cape – Department of Housing, Local Government and Traditional Affairs Vote 7
Annexure for the year ended 31 March 2006

ANNEXURE 1B

Statement of conditional grants to municipalities

Municipality	Grant allocation				Transfer		Spent
	Division of revenue act	Roll overs	Adjustments	Total available	Actual transfer	% of Available funds transferred	Amount received by municipality
	R'000	R'000	R'000	R'000	R'000	%	R'000
Alfred Nzo District Municipality	8,497	-	1,471	9,968	9,968	100.0%	9,968
Amahlati Local Municipality	1,530	-	265	1,795	1,795	100.0%	1,795
Amatole District Municipality	29,124	-	5,043	34,167	34,167	100.0%	34,167
Baviaans Local Municipality	1,982	-	343	2,325	2,325	100.0%	2,325
Blue Crane Route Municipality	695	-	120	815	815	100.0%	815
Buffalo City Municipality	1,547	-	268	1,815	1,815	100.0%	1,815
Cacadu District Municipality	4,163	-	721	4,884	4,884	100.0%	4,884
Camdeboo Local Municipality	499	-	86	585	585	100.0%	585
Chris Hani District Municipality	13,165	-	2,280	15,445	15,445	100.0%	15,445
Elundini Local Municipality	1,530	-	265	1,795	1,795	100.0%	1,795
Emahlahleni Municipality	1,268	-	219	1,487	1,487	100.0%	1,487
Engcobo Local Municipality	942	-	163	1,105	1,105	100.0%	1,105
Gariep Local Municipality	97	-	17	114	114	100.0%	114
Great Kei Local Municipality	332	-	58	390	390	100.0%	390
Ikwezi Local Municipality	1,074	-	186	1,260	1,260	100.0%	1,260
Inkwanca Local Municipality	256	-	44	300	300	100.0%	300
Intsika Yethu Local Municipality	1,615	-	280	1,895	1,895	100.0%	1,895
Inxuba Yethemba Local Municipality	(126)	-	985	859	859	100.0%	859
King Sabata Dalindyebo Local Municipality	3,000	174	550	3,724	4,004	107.5%	4,004
Kouga Local Municipality	4,563	-	2,988	7,551	7,551	100.0%	7,551
Kou-Kamma Local Municipality	540	-	94	634	634	100.0%	634
Lukhanji Local Municipality	1,651	-	286	1,937	1,937	100.0%	1,937
Makana Municipality	1,040	-	180	1,220	1,220	100.0%	1,220



ANNEXURE 1B (Continued)

Statement of conditional grants to municipalities

Municipality	Grant allocation				Transfer		Spent
	Division of revenue act	Roll overs	Adjustments	Total available	Actual transfer	% of Available funds transferred	
	R'000	R'000	R'000	R'000	R'000	%	
Mhlontlo Local Municipality	2,193	-	380	2,573	2,573	100.0%	2,573
Mbhashe Local Municipality	1,283	-	222	1,505	1,505	100.0%	1,505
Mnquma Local Municipality	757	-	131	888	888	100.0%	888
Ndlambe Local Municipality	599	-	604	1,203	1,203	100.0%	1,203
Nkonkobe Local Municipality	1,279	-	317	1,596	2,142	134.2%	2,142
Ngqushwa Local Municipality	1,351	-	234	1,585	1,585	100.0%	1,585
Nelson Mandela Metropole	3,965	-	17,109	21,074	21,074	100.0%	21,074
Ntabankulu Local Municipality	742	-	128	870	870	100.0%	870
Nxuba Local Municipality	419	-	73	492	492	100.0%	492
Nyandeni Local Municipality	1,421	-	246	1,667	1,667	100.0%	1,667
O.R. Tambo District Municipality	13,837	-	2,396	16,233	16,233	100.0%	16,233
Port St. Johns Local Municipality	720	-	125	845	845	100.0%	845
Qaukeni Local Municipality	900	-	156	1,056	1,056	100.0%	1,056
Sakhisizwe Local Municipality	394	-	68	462	462	100.0%	462
Senqu Local Municipality	346	-	60	406	406	100.0%	406
Sunday's River Valley Local Municipality	577	-	100	677	677	100.0%	677
Tsolwana Local Municipality	307	-	53	360	360	100.0%	360
Ukhahlamba District Municipality	7,020	-	1,216	8,236	8,236	100.0%	8,236
Umkhumbi District Municipality	85	-	15	100	100	100.0%	100
Umkhumbi District Municipality	1,071	-	185	1,256	1,256	100.0%	1,256
No-project (current)	-	-	-	-	-	n/a	-
Development Administration \ Land Use Management	332	-	(332)	-	-	n/a	-
Human Settlement	-	-	-	-	-	n/a	-

Eastern Cape – Department of Housing, Local Government and Traditional Affairs Vote 7
Annexure for the year ended 31 March 2006

ANNEXURE 1B (Continued)

Statement of conditional grants to municipalities

Municipality	Grant allocation			Transfer		Spent
	Division of revenue act	Roll overs	Adjustments	Total available	Actual transfer	Amount received by municipality
	R'000	R'000	R'000	R'000	R'000	R'000
Municipal Administration	260	-	(9)	251	-	-
Integrated Development and Planning	6,113	-	1,059	7,172	-	-
Traditional Affairs	55	-	10	65	-	-
	126,523	174	41,720	168,417	161,755	161,755
						138,610

Note: Integrated Development and Planning Funds of R 7'172'000 were not transferred by year-end because the proposed transferees had delayed complying with the conditions of transfer.



ANNEXURE 1C

Statement of transfers to households

Households	Transfer allocation				Expenditure		2004/05
	Adjusted	Roll overs	Adjustments	Total available	Actual transfer	% of available funds transferred	Final appropriation act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Housing subsidies	581,218	26,057	-	607,275	607,719	100.1%	598,900
	581,218	26,057	-	607,275	607,719	100.1%	598,900

ANNEXURE 2A

Statement of financial guarantees issued as at 31 March 2006 - Local

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 01/04/2005	Guarantees issued during the year	Guarantees released during the year	Guaranteed interest outstanding as at 31/03/2006	Closing balance 31/03/2006	Realised losses i.r.o. claims paid Out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000
ABSA Bank	Housing	1,282	1,335	184	237	-	1,282	-
Company Unique Finance	Housing	29	28	1	-	-	29	-
First Rand Bank	Housing	327	407	-	80	-	327	-
Meeg Bank	Housing	27	27	-	-	-	27	-
Nedbank Ltd.	Housing	305	305	-	-	-	305	-
Nedbank Ltd. (Incorporating BOE)	Housing	12	11	1	-	-	12	-
Nedbank Ltd. (Incorporating NBS)	Housing	66	-	66	-	-	66	-
Old Mutual Bank	Housing	220	244	43	67	-	220	-
Peoples Bank Inc.	Housing	-	147	-	147	-	-	-
Peoples Bank Ltd.	Housing	268	266	11	9	-	268	-
SA Home Loans	Housing	25	-	25	-	-	25	-
Standard Bank	Housing	791	908	10	127	-	791	-
		3,352	3,678	341	667	-	3,352	-

Eastern Cape – Department of Housing, Local Government and Traditional Affairs Vote 7
Annexure for the year ended 31 March 2006

ANNEXURE 2B

Statement of contingent liabilities as at 31 March 2006 - Local

Nature of liability	Opening balance 01/04/2005 R'000	Liabilities incurred during the year R'000	Liabilities paid/ released during the year R'000	Liabilities recoverable R'000	Closing balance 31/03/2006 R'000
Claims against the department:					
Legal fees	165	10,087	165	-	10,087
	165	10,087	165	-	10,087



ANNEXURE 3

Capital tangible asset movement schedule for the year ended 31 March 2006

	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
Buildings and other fixed structures	-	6,945	-	6,945
Dwellings	-	6,945	-	6,945
Machinery and equipment	7,359	3,074	-	10,433
Furniture and Office equipment	7,359	3,074	-	10,433
Total capital assets	7,359	10,019	-	17,378

ANNEXURE 3.1

Additions movement schedule for the year ended 31 March 2006

	Cash R'000	In-kind R'000	Total R'000
Buildings and other fixed structures	6,945	-	6,945
Dwellings	6,945	-	6,945
Machinery and equipment	3,074	-	3,074
Furniture and Office equipment	3,074	-	3,074
Total capital assets	10,019	-	10,019

ANNEXURE 3.2

Capital tangible asset movement schedule for the year ended 31 March 2005

	Additions R'000	Disposals R'000	Total movement R'000
Machinery and equipment	2,012	-	2,012
Other machinery and equipment	2,012	-	2,012
Total capital assets	2,012	-	2,012

Note: There is no specific policy with regards to fixed assets, including land and buildings, within the Province of the Eastern Cape and therefore uncertainty exists as to which buildings are owned by the Department of Housing, Local Government and Traditional Affairs. National Treasury is currently addressing this matter.

The additions to buildings and other fixed structures are in respect of Traditional Leader Council buildings. The costs of these structures have been capitalised in the books of the department although the buildings have been constructed on land that belongs to regional authorities.



Eastern Cape – Department of Housing, Local Government and Traditional Affairs Vote 7
Annexure for the year ended 31 March 2006

ANNEXURE 4

Inter-governmental receivables

Government Entity	Confirmed balance		Unconfirmed balance		Total	
	31/03/2006 R'000	31/03/2005 R'000	31/03/2006 R'000	31/03/2005 R'000	31/03/2006 R'000	31/03/2005 R'000
Amounts included in statement of financial position	3,148	24,589	-	-	3,148	24,589
Provincial Treasury	3,148	24,920	-	-	3,148	24,920
Sundry claims	-	(331)	-	-	-	(331)
	3,148	24,589	-	-	3,148	24,589



ANNEXURE 5

Inter-departmental payables - current

Government Entity	Confirmed balance		Unconfirmed balance		Total	
	31/03/2006 R'000	31/03/2005 R'000	31/03/2006 R'000	31/03/2005 R'000	31/03/2006 R'000	31/03/2005 R'000
Amounts not included in statement of financial position	-	-	-	676	-	676
Department of Justice	-	-	-	632	-	632
Department of Roads and Public Works	-	-	-	44	-	44
Amounts included in statement of financial position	36	2,338	-	-	36	2,338
Provincial Treasury	35	2,111	-	-	35	2,111
South African Police Service	1	1	-	-	1	1
Dept of National Housing	-	124	-	-	-	124
Eastern Cape Legislature	-	102	-	-	-	102
	36	2,338	-	676	36	3,014



Section E

Human Resources / Service Delivery





SECTION E

Human Resources / Service Delivery

All departments are required to develop a Service Delivery Improvement (SDI) Plan. The following tables reflect the components of the SDI plan as well as progress made in the implementation of the plans.

Table 1.1 – Service delivery access strategy

Access Strategy	Actual achievements
Nil	Nil

Expenditure

Departments budget in terms of clearly defined programmes. The following tables summarise final audited expenditure by programme (Table 2.1) and by salary bands (Table 2.2). 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 2.1 – Personnel costs by programme, 2005/06

Programme	Total Expenditure (R'000)	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Professional and Special Services (R'000)	Personnel cost as a percent of total expenditure	Average personnel cost per employee (R'000)
Prog. 1	78.879	31.868	0	0	40	461.86
Prog 2	51.965	29.369	0	0	56	447.97
Prog 3	89.152	53.433	0	0	59	481.90
Prog 4	82.408	73.982	0	0	89	323.16
Total	302.404	188.652	0	0		1714.89

TABLE 2.2 – Personnel costs by salary bands, 2005/06

Salary bands	Personnel Expenditure (R'000)	% of total personnel cost	Average personnel cost per employee (R'000)
Lower skilled (Levels 1-2)	56.558	32.7	207172
Skilled (Levels 3-5)	14.964	8.6	90145
Highly skilled production (Levels 6-8)	66.184	38.8	159582
Highly skilled supervision (Levels 9-12)	27006	15.6	275571
Senior management (Levels 13-16)	7.393	4.3	434882
Total	173105	100	177544

The following tables provide a summary per programme (Table 2.3) and salary bands (Table 2.4), of expenditure incurred as a result of salaries, overtime, home owners 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 2.3 – Salaries, Overtime, Home Owners Allowance & Medical Assistance
by programme, 2005/06**

Programme	Salaries		Overtime		Home Owners Allowance		Medical Assistance	
	Amount (R'000)	Salaries as a % of personnel cost	Amount (R'000)	Overtime as a % of personnel cost	Amount (R'000)	HOA as a % of personnel cost	Amount (R'000)	Medical Assistance as a % of personnel cost
Programme 1	20412	66.7	0	0	390	0.2	1741	5.8
Programme 2	17245	69.1	0	0	372	0.3	3060	5.1
Programme 3	40053	66.9	0	0	572	0.1	1741	5.8
Programme 4	12505	2.4	0	0	110	0.2	1033	1.8
Total	90215	52.1	0	0	1444	0.8	7209	18.5

**TABLE 2.4 – Salaries, Overtime, Home Owners Allowance & Medical Assistance
by salary bands, 2005/06**

Salary Bands	Salaries		Overtime		Home Owners Allowance		Medical Assistance	
	Amount (R'000)	Salaries as a % of personnel cost	Amount (R'000)	Overtime as a % of personnel cost	Amount (R'000)	HOA as a % of personnel cost	Amount (R'000)	Medical Assistance as a % of personnel cost
Lower skilled (Levels 1-2)	11690	20.7	0	0	41	0.1	1314	2.3
Skilled (Levels 3-5)	10244	68.5	0	0	118	0.8	1095	7.3
Highly skilled production (Levels 6-8)	45241	66.3	0	0	1004	1.5	3653	5.4
Highly skilled supervision (Levels 9-12)	18764	69.5	0	0	282	1	919	3.4
Senior management (Levels 13-16)	4277	57.9	0	0	-1	0	228	3.1
Total	90216	52.1	0	0	1444	3.4	7209	21.5

Employment and vacancies

TABLE 3.1 – Employment and vacancies by programme, 31 March 2006

Programme	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
Prog 1	241	171	70.9	36
Prog 2	186	116	62.3	30
Prog 3	432	185	42.8	130
Prog 4	437	255	58.3	98
Total	1296	727	56	294

TABLE 3.2 – Employment and vacancies by salary bands, 31 March 2006

Salary band	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
Lower skilled (Levels 1-2)	86	52	60.4	216
Skilled (Levels 3-5)	363	110	30.3	51
Highly skilled production (Levels 6-8)	453	380	83.8	46
Highly skilled supervision (Levels 9-12)	362	93	25.6	3
Senior management (Levels 13-16)	32	16	50	1
TOTAL	1296	651	49.84	317

TABLE 3.3 – Employment and vacancies by critical occupation, 31 March 2006

Critical occupations	Number of posts	Number of posts filled	Vacancy Rate
Superintendent General	1	1	100
Executive Managers	2	0	0
General Managers	4	3	75
Senior Managers	22	11	50
Chief Engineer & Equivalent	8	3	37.5
Deputy Chief & Equivalency	35	13	37.1
Principal Town & Reg. Planner & Equivalency	47	1	2.1
Control Industrial Tech	18	0	0
Valuer & Equivalency	21	1	4.8
Chief Industrial Technicians & Equivalency	23	12	52.1
Snr. Industrial Technician & Equivalency	7	4	57.1
Total	185	50	27

The information in each case reflects the situation as at 31 March 2006. For an indication of changes in staffing patterns over the year under review, please refer to section 5 of this report.



Job evaluation

TABLE 4.1 – Job Evaluation, 1 April 2005 to 31 March 2006

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
Lower skilled (Levels 1-2)	427	0	0	0	0	0	0
Skilled (Levels 3-5)	370	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	430	0	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	363	0	0	0	0	0	0
Senior Management Service Band A	26	0	0	0	0	0	0
Senior Management Service Band B	6	0	0	0	0	0	0
Senior Management Service Band C	2	0	0	0	0	0	0
Senior Management Service Band D	1	0	0	0	0	0	0
Total	1625	0	0	0	0	0	0

The following table provides a summary of the number of employees whose salary positions were upgraded due to their posts being upgraded. The number of employees might differ from the number of posts upgraded since not all employees are automatically absorbed into the new posts and some of the posts upgraded could also be vacant.

TABLE 4.2 – Profile of employees whose salary positions were upgraded due to their posts being upgraded, 1 April 2005 to 31 March 2006

Beneficiaries	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
Total					
Employees with a disability					

The following table summarises the number of cases where remuneration levels exceeded the grade determined by job evaluation. Reasons for the deviation are provided in each case.

TABLE 4.3 – Employees whose salary level exceed the grade determined by job evaluation, 1 April 2005 to 31 March 2006 (in terms of PSR 1.V.C.3)

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
0	0	0	0	0
0	0	0	0	0
0	0	0	0	0
Total Number of Employees whose salaries exceeded the level determined by job evaluation in 2003/04				
Percentage of total employment				

TABLE 4.4 – Profile of employees whose salary level exceed the grade determined by job evaluation, 1 April 2005 to 31 March 2006 (in terms of PSR 1.V.C.3)

Beneficiaries	African	Asian	Coloured	White	Total
Female	0	0	0	0	0
Male	0	0	0	0	0
Total	0	0	0	0	0

Employees with a disability

[If there were no cases where the remuneration bands exceeded the grade determined by job evaluation, use the following table as TABLE 4.3]

Total Number of Employees whose salaries exceeded the grades determined by job evaluation in 2003/04	None
--	------

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 5.1) and by critical occupations (Table 5.2). (These “critical occupations” should be the same as those listed in Table 3.3).

TABLE 5.1 – Annual turnover rates by salary band for the period 1 April 2005 to 31 March 2006

Salary Band	Number of employees per band as on 1 April 2005	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Lower skilled (Levels 1-2)	260	0	106	40.7
Skilled (Levels 3-5)	380*	217	24	
Highly skilled production(Levels 6-8)	413	0	28	8.11
Highly skilled supervision(Level 9-12)	105	2	7	6.12
Senior Management Service Band A	13	3	3	23.08
Senior Management Service Band B	3	1	1	33.33
Senior Management Service Band C	0	0	1	50
Senior Management Service Band D	1	1	0	0
Total	1175	224	170	12.57



TABLE 5.2 – Annual turnover rates by critical occupation for the period 1 April 2005 to 31 March 2006

Occupation	Number of employees per occupation as on 1 April 2005	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Superintendent General	1	0	0	0
Executive Manager	2	0	0	0
General Managers	6	3	0	0
Senior Managers	22	12	2	13.04
Chief Engineer & Equivalent	8	3	0	0
Deputy Chief & Equivalency	35	13	1	0
Principal Town & Regional Planner & Equivalency	47	1	0	2.8
Control Industrial Tech	18	0	0	6.25
Valuer & Equivalency	21	1	0	0
Chief Industrial Tech & Equiv.	23	12	0	0
Senior Industrial Tech	7	4	0	0

Table 5.3 identifies the major reasons why staff left the department.

Table 5.3 – Reasons why staff are leaving the department

Termination Type	Number	% of total
Death	8	1.34
Resignation	10	1.54
Expiry of contract	19	0.10
Dismissal – operational changes	0	0
Dismissal – misconduct	0	0.10
Dismissal – inefficiency	0	0
Discharged due to ill-health	2	0.61
Retirement	68	5.88
Transfers to other Public Service Departments	54	7.12
Other	0	0.41
Total	161	17.14
Total number of employees who left as a % of the total employment		

Table 5.4 – Promotions by critical occupation

Occupation	Employees as at 1 April 2005	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
Total					

Table 5.5 – Promotions by salary band

Salary Band	Employees 1 April 2005	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)	260	0	0	260	37.55
Skilled (Levels 3-5)	380	0	0	380	77.39
Highly skilled production (Levels 6-8)	413	0	0	413	89.4
Highly skilled supervision (Levels 9-12)	105	0	1	105	74.5
Senior management (Levels 13-16)	17	0	27.77	17	0
Total	1175	0	0.53	1175	67.7

Employment equity

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

6.1 – Total number of employees (including employees with disabilities) in each of the following occupational categories as on 31 March 2006

Occupational categories (SASCO)	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials & managers	14	0	0	1	4	0	1	0	20
Professionals	22	0	1	10	21	0	0	0	54
Technicians & associate professionals	102	5	0	23	83	1	1	0	215
Clerks	96	2	0	2	101	1	2	0	204
Service and sales workers	5	0	0	0	0	0	0	0	5
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	8	1	0	4	0	0	0	0	13
Plant and machine operators & assemblers	16	0	0	0	0	0	0	0	16
Elementary occupations	179	13	1	5	284	2	0	0	484
Total	442	21	2	45	493	4	4	0	1011
Employees with disabilities	0	0	0	0	0	0	0	0	0

6.2 – Total number of employees (including employees with disabilities) in each of the following occupational bands as on 31 March 2006

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	1	0	0	0	0	0	0	0	1
Senior Management	10	0	0	1	3	0	1	0	15
Professionally qualified & experienced specialists and mid-management	44	2	1	20	13	0	0	0	80
Skilled technical & academically qualified workers, junior management, supervisors, foreman & superintendents	159	6	0	20	192	2	2	0	381
Semi-skilled & discretionary decision making	108	2	0	3	125	0	1	0	239
Unskilled and defined decision making	120	11	1	1	160	2	0	0	295
Total	442	21	2	45	493	4	4	4	1015



6.3 – Recruitment for the period 1 April 2005 to 31 March 2006

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	0	0	0	1	0	0	0	0	1
Professionally qualified & experienced specialists and mid-management	1	0	0	0	1	0	0	0	2
Skilled technical & academically qualified workers, junior management, supervisors, foreman & superintendents	0	0	0	0	0	0	0	0	0
Semi-skilled and discretionary decision making	19	0	0	0	86	0	0	0	105
Unskilled and defined decision making	25	0	0	0	82	0	0	0	107
Total	45	0	0	1	169	0	0	0	215

Employees with disabilities									
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6.4 – Promotions for the period 1 April 2005 to 31 March 2006

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	2	0	0	0	0	0	0	0	2
Professionally qualified & experienced specialists and mid-management	10	1	1	3	1	0	0	0	16
Skilled technical & academically qualified workers, junior management, supervisors, foreman & superintendents	0	0	0	0	0	0	0	0	0
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	12	1	1	3	1	0	0	0	18

Employees with disabilities									
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6.5 – Terminations for the period 1 April 2005 to 31 March 2006

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	1	0	0	0	1
Senior Management	0	0	0	2	1	0	1	0	2
Professionally qualified & experienced specialists and mid-management	0	0	0	3	1	0	0	0	4
Skilled technical & academically qualified workers, junior management, supervisors, foreman & superintendents	9	0	0	4	2	0	0	0	15
Semi-skilled and discretionary decision making	10	0	0	1	0	0	0	0	11
Unskilled and defined decision making	30	0	0	0	43	0	0	0	73
Total	49	0	0	10	48	0	0	0	106

Employees with disabilities	0	0	0	0	0	0	0	0	0
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6.6 – Disciplinary action for the period 1 April 2005 to 31 March 2006

	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Disciplinary action	3	0	0	0	3	0	0	0	6

6.7 – Skills development for the period 1 April 2005 to 31 March 2006

Occupational categories	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	74	4	0	8	17	0	0	1	104
Professionals	0	0	0	7	0	0	0	4	11
Technicians and associate professionals	75	0	0	20	141	0	1	13	250
Clerks	112	0	0	21	153	0	0	22	308
Service and sales workers	0	0	0	0	0	0	0	0	0
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	0	0	0	0	0	0	0	0	0
Elementary occupations	62	0	0	0	108	0	0	0	170
Total	323	4	0	56	419	0	1	40	843
Employees with disabilities									

Performance rewards**TABLE 7.1 – Performance Rewards by race, gender, and disability, 1 April 2005 to 31 March 2006**

	Beneficiary Profile			Cost	
	Number of beneficiaries	Total number of employees in group	% of total within group	Cost (R'000)	Average cost per employee
African	0	0	0	0	0
Male	0	0	0	0	0
Female	0	0	0	0	0
Asian	0	0	0	0	0
Male	0	0	0	0	0
Female	0	0	0	0	0
Coloured	0	0	0	0	0
Male	0	0	0	0	0
Female	0	0	0	0	0
White	0	0	0	0	0
Male	0	0	0	0	0
Female	0	0	0	0	0
Employees with a disability	0	0	0	0	0
Total	0	0	0	0	0



TABLE 7.2 – Performance Rewards by salary bands for personnel below Senior Management Service, 1 April 2005 to 31 March 2006

Salary Bands	Beneficiary Profile			Cost		
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	Total cost as a % of the total personnel expenditure
Lower skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (Levels 3-5)	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	0	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	0	0	0	0	0	0
Total	0	0	0	0	0	0

TABLE 7.3 – Performance Rewards by critical occupations, 1 April 2005 to 31 March 2006

Critical Occupations	Beneficiary Profile			Cost	
	Number of beneficiaries	Number of employees	% of total within occupation	Total Cost (R'000)	Average cost per employee
0	0	0	0	0	0
Total	0	0	0	0	0

TABLE 7.4 – Performance related rewards (cash bonus), by salary band, for Senior Management Service

Salary Band	Beneficiary Profile			Total Cost (R'000)	Average cost per employee	Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within band			
Band A	0	0	0			
Band B	0	0	0			
Band C	0	0	0			
Band D	0	0	0			
Total	0	0	0			

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 8.1 – Foreign Workers, 1 April 2005 to 31 March 2006, by salary band

Salary Band	1 April 2005		31 March 2006		Change	
	Number	% of total	Number	% of total	Number	% change
Lower skilled (Levels 1-2)	0	0	0	0	0	
Skilled (Levels 3-5)	0	0	0	0	0	
Highly skilled production (Levels 6-8)	0	0	0	0	0	
Highly skilled supervision (Levels 9-12)	9	1.03	9	1.03	0	0
Senior management (Levels 13-16)	0	0	0	0	0	
Total	9	1.03	9	1.03	0	0

Leave utilisation for the period 1 January 2005 to 31 December 2006

TABLE 9.1 – Sick leave, 1 January 2005 to 31 December 2006

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)
Lower skilled (Levels 1-2)	248	89.9	47	15	5	37
Skilled (Levels 3-5)	167	89.8	31	9.9	5	35
Highly skilled production (Levels 6-8)	1076	81.7	187	59.5	6	421
Highly skilled supervision (Levels 9-12)	260	86.5	43	13.7	6	196
Senior management (Levels 13-16)	19	89.5	6	1.9	3	34
Total	1770	84.4	314	100	6	723

TABLE 9.2 – Disability leave (temporary and permanent), 1 January 2005 to 31 December 2006

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)
Lower skilled (Levels 1-2)	19	100	3	12.5	6	3
Skilled (Levels 3-5)	33	100	4	16.7	8	7
Highly skilled production (Levels 6-8)	477	100	13	52.2	37	205
Highly skilled supervision (Levels 9-12)	239	100	4	16.7	60	149
Senior management (Levels 13-16)	0	0	0	0	0	0
Total	768	100	24	100	32	364



Table 9.3 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 9.3 – Annual Leave, 1 January 2005 to 31 December 2005

Salary Bands	Total days taken	Average per employee
Lower skilled (Levels 1-2)	1781	16
Skilled Levels 3-5)	1343	13
Highly skilled production (Levels 6-8)	4869	13
Highly skilled supervision(Levels 9-12)	1175	15
Senior management (Levels 13-16)	138	11
Total	9332	14

TABLE 9.4 – Capped leave, 1 January 2005 to 31 December 2006

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
Lower skilled (Levels 1-2)	33	17	82
Skilled Levels 3-5)	1	1	81
Highly skilled production (Levels 6-8)	8	3	120
Highly skilled supervision(Levels 9-12)	14	14	123
Senior management (Levels 13-16)	0	0	0
Total	56	9	102

TABLE 9.5 – Leave payouts for the period 1 April 2005 to 31 March 2006

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
Leave payout for 2005/06 due to non-utilisation of leave for the previous cycle	0	0	0
Capped leave payouts on termination of service for 2004/05	122	21	5810
Current leave payout on termination of service for 2004/05	0	1	0
Total	122	22	5445

HIV and Aids & Health Promotion Programmes

TABLE 10.1 – Steps taken to reduce the risk of occupational 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

TABLE 10.2 – Details of Health Promotion and HIV and 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 her/his name and position.	Y		
2. Does the department have a dedicated unit or has it designated specific staff members to promote the health and well being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	Y		
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.	Y		
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.	Y		
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.	Y		
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.	Y		
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have you achieved.	Y		
8. Has the department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.		N	



Labour relations

The following collective agreements were entered into with trade unions within the department.

TABLE 11.1 – Collective agreements, 1 April 2005 to 31 March 2006

Subject Matter	Date
0	0

If there were no agreements, then use the following table

Total collective agreements	None
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The following table summarises the outcome of disciplinary hearings conducted within the department for the year under review.

TABLE 11.2 – Misconduct and disciplinary hearings finalised, 1 April 2005 to 31 March 2006

Outcomes of disciplinary hearings	Number	% of total
Correctional counseling	0	
Verbal warning	0	
Written warning	2	
Final written warning	1	
Suspended without pay	0	
Fine	0	
Demotion	0	
Dismissal	0	
Not guilty	2	
Case withdrawn	1	
Total	6	

TABLE 11.3 – Types of misconduct addressed at disciplinary hearings

Type of misconduct	Number	% of total
Conduct un becoming	1	
Negligence	2	
Misuse of government property	2	
Gross negligence	1	
Total	6	

TABLE 11.4 – Grievances lodged for the period 1 April 2005 to 31 March 2006

	Number	% of Total
Number of grievances resolved	33	
Number of grievances not resolved	14	
Total number of grievances lodged	47	

TABLE 11.5 – Disputes lodged with Councils for the period 1 April 2005 to 31 March 2006

	Number	% of Total
Number of disputes upheld	0	
Number of disputes dismissed	0	
Total number of disputes lodged	0	

TABLE 11.6 – Strike actions for the period 1 April 2005 to 31 March 2006

Total number of person working days lost	<u>0</u>
Total cost (R'000) of working days lost	<u>0</u>
Amount (R'000) recovered as a result of no work no pay	<u>0</u>

TABLE 11.7 – Precautionary suspensions for the period 1 April 2005 to 31 March 2006

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

Skills development

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

12.1 – Training needs identified 1 April 2005 to 31 March 2006

Occupational Categories	Gender	Number of employees as at 1 April 2004	Training needs identified at start of reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	<u>16</u>				<u>16</u>
	Male	<u>34</u>				<u>34</u>
Professionals	Female	<u>0</u>				<u>0</u>
	Male	<u>1</u>				<u>1</u>
Technicians and associate professionals	Female	<u>226</u>				<u>226</u>
	Male	<u>146</u>				<u>146</u>
Clerks	Female	<u>80</u>				<u>80</u>
	Male	<u>55</u>				<u>55</u>
Service and sales workers	Female	<u>0</u>				<u>0</u>
	Male	<u>0</u>				<u>0</u>
Skilled agriculture and fishery workers	Female	<u>0</u>				<u>0</u>
	Male	<u>0</u>				<u>0</u>
Craft and related trades workers	Female	<u>0</u>				<u>0</u>
	Male	<u>0</u>				<u>0</u>
Plant and machine operators and assemblers	Female	<u>0</u>				<u>0</u>
	Male	<u>0</u>				<u>0</u>
Elementary occupations	Female	<u>3</u>				<u>3</u>
	Male	<u>7</u>				<u>7</u>
Sub Total	Female					
	Male					
Total						



12.2 – Training provided 1 April 2005 to 31 March 2006

Occupational Categories	Gender	Number of employees as at 1 April 2005	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	2				2
	Male	10				10
Professionals	Female	4	5			9
	Male	9	4			13
Technicians and associate professionals	Female	165				165
	Male	127				127
Clerks	Female	182				182
	Male	142				142
Service and sales workers	Female	0				0
	Male	0				0
Skilled agriculture and fishery workers	Female	0				0
	Male	0				0
Craft and related trades workers	Female	0				0
	Male	0				0
Plant and machine operators and assemblers	Female	0				0
	Male	0				0
Elementary occupations	Female	108				108
	Male	71				71
Sub Total	Female					
	Male					
Total						

Injury duty

The following tables provide basic information on injury on duty.

TABLE 13.1 – Injury on duty, 1 April 2005 to 31 March 2006

Nature of injury on duty	Number	% of total
Required basic medical attention only	5	0.51%
Temporary Total Disablement		
Permanent Disablement	1	0.1%
Fatal	1	0.1%
Total		0.71%