

FREE STATE PROVINCIAL GOVERNMENT

Annual Report DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING

DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING 2005/2006





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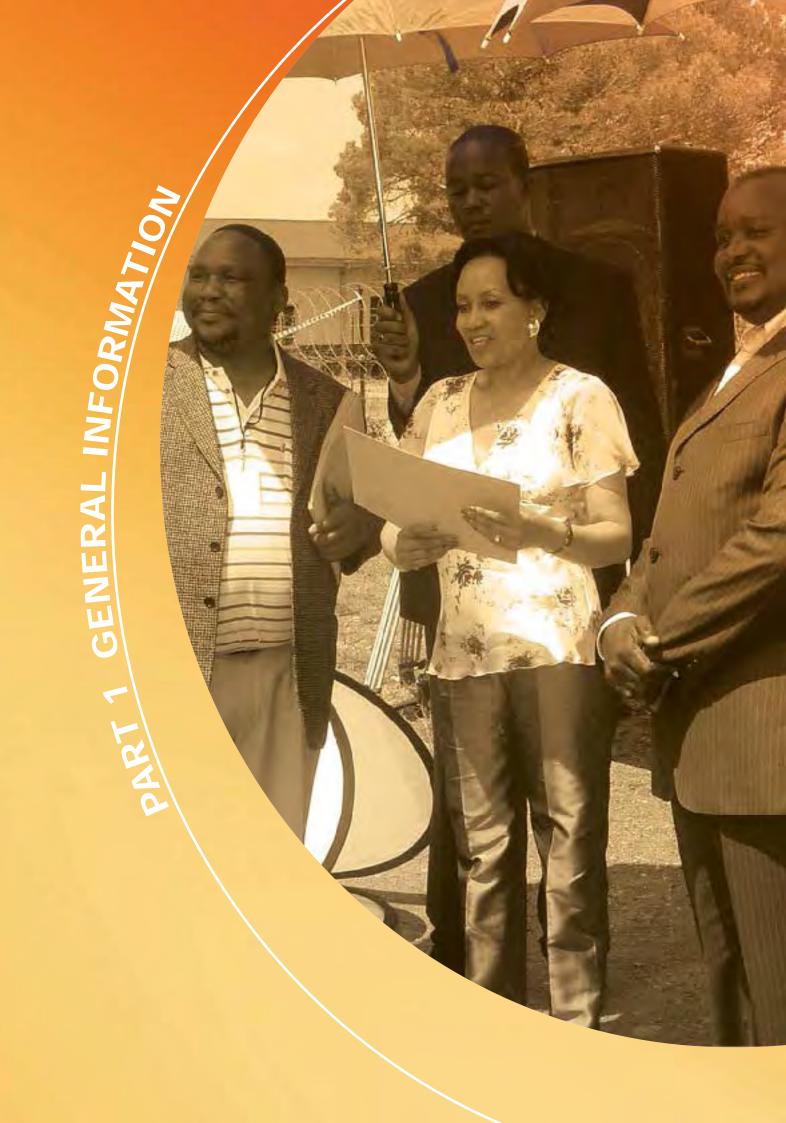
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FOREWORD BY THE EXECUTING AUTHORITY

The 2005/2006 financial year was a year in which the Department of Local Government and Housing, alongside the rest of the country, committed itself to a People's Contract for Building a Better South Africa and a Better World.

This annual report gives an account of how the Department of Local Government and Housing has performed in relation to the development target it had set itself as informed by its mandates and service delivery needs of the citizens of the Free State Province.

In adherence to our mandate, we committed ourselves to supporting municipalities towards improved provision of basic and other key services such as infrastructure, water and electricity, housing, creation of jobs, skills development and fighting poverty. In line with national imperatives, the department launched project consolidate in support of the 12 municipalities that needed capacity building and overall assistance towards improving municipal performance. We also launched the Community Development Workers (CDW) programme and trained 205 CDWs towards the enhancement of government accessibility to the public. The department, through intergovernmental relations assisted in strengthening ward committees to ensure good governance and community participation.

Through its housing programme, the department sought to accelerate housing delivery, develop integrated sustainable human settlement, eradicate informal settlement and redress spatial settlement patterns.

Over the past year the department made significant progress in housing policy matters through the development and implementation of the Housing Turnaround Strategy that sought to improve the quality of houses while ensuring faster delivery. In partnership with the Department of the Premier, the department implemented a programme for completing houses that were left incomplete by some contractors thus ensuring that the people have proper houses, security and comfort.

We have empowered emerging contractors, housing support institutions and communities through the People Housing Process, consumer education, and project management skills. The capacity of municipalities was enhanced through the Municipal Support Programme and Project Consolidate. These capacity building initiatives ensured that a solid foundation is laid towards a firm social contract that will facilitate the building of a better South Africa.

The department also experienced some challenges concerning the implementation of some of the policies such as components of the Breaking New Ground housing policy, teething problems in coordinating the implementation of Project Consolidate, the rising municipal service arrears because of ineffective revenue collection and poor financial management in municipalities.

We will tackle these challenges head-on in the new year through implementing the 5-year local government strategic agenda in partnership with other sector departments and government social partners.

MR MJ MAFEREKA

MEC: LOCAL GOVERNMENT AND HOUSING

Date: 31/08/2006



The Department of Local Government and Housing's 2005-2006 Annual report is hereby submitted to the MEC for Local Government and Housing Mr MJ Mafereka.

KF RALIKONTSANE

HEAD OF THE DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING

Date: 31/08/2006

1.2 OVERVIEW BY THE ACCOUNTING OFFICER

In the year when we celebrated 50 years of the Freedom Charter and spared neither effort nor strength to build a South Africa that truly belongs to all who live in it, thus ensuring that the ideals of the Freedom Charter are experienced by all, the department worked relentlessly towards fulfilling its mandate. This mandate being, supporting and assisting municipalities to achieve their mandate to provide services to the people of the Free State, and to facilitate the housing of the homeless people in the province.

In the year under review, Project Consolidate, a hands-on local government support and engagement programme, was launched successfully in the province. Significant progress has been noted in the 12 municipalities that have been nominated for this intervention to address various challenges that included: financial management, billing and revenue collection systems, inefficient technical skills, inadequate provision of services to communities and overall municipal management.

For municipalities that were in a crisis, one of which had to be placed under Section 139 b, service delivery facilitators were appointed in three of the municipalities to provide immediate and hands-on support to municipal administration. In addition, the department deployed a number of its own staff to assist municipalities solve some of the most arduous problems.

In order to consolidate its efforts further and to garner the support of its stakeholders, the department held various summits such as the Local Governance Summit, the Local Economic Development Summit, the Anti Corruption Summit, which aimed at the development of a Provincial Anti Corruption Strategy. Together with the Department of the Premier, the department held the Spatial Development Framework Alignment Summit whose outcomes contributed towards the development of the Provincial Spatial Development Framework and subsequently towards a Free State Provincial Growth and Development Strategy (FSPGDS) that is aligned with the Integrated Development Plans (IDP) for municipalities.

The development and subsequent implementation of the Provincial Housing Turnaround strategy, with special focus on ensuring quality housing and faster turnaround period, forms part of our highlights for the year.

Following a housing audit conducted throughout most part of the previous year, where the quality of houses was assessed and incomplete ones identified, the department launched the Premier's Project for the Completion of Incomplete Houses in the province. The project was implemented in Xhariep District Municipality, which was a pilot to implement the programme. These houses were completed in February and handed over to beneficiaries then.

During the year under review, a significant number of beneficiaries received their title deeds and for the first time owned properties. This included the Selosesha residents who lived in uncertainty since 1994, and who upon receiving their title deeds were assured



of their security of tenure. The department's Water Quality Management project, managed in partnership with the CSIR, proved effective in most municipalities and subsequently earned the department and the province, best practice water management status.

The Municipal Infrastructure Grant (MIG) Programme contributed towards the provision of services such as water, sanitation, roads, storm water drainage infrastructure and various community facilities that contributed to a better quality of life for the community. One of the focus areas of the programme is the eradication of the bucket system by December 2007. To this end, R176.6m was spent on sanitation and R71.7m was spent on water. Another R104.5m has been spent on roads and storm water drainage facilities, and R45.8m on community facilities. A total of 1 715 453 labour hours were attained through this programme since April 2004, and 4 397 people received accredited training at the same time.

Through participation in the annual 16 days of activism on no violence against women and children campaign, the department improved the lives of 16 women and households through building 16 houses in 16 days across the province. Through this project, the department also contributed to the creation of awareness on the plight of women and children as well as the grossly negative impact of abuse in society. This was done through publicity in both the electronic and print media.

In an endeavour to address scares skills, the department offered bursaries to 30 fulltime students for the year under review. The department also provided experiential learning to two learners.

The year proved partly politically challenging for the department as some communities went into civic protest as they expressed, discontentment with poor service delivery. This was managed through continuous direct interaction with communities and relevant stakeholders as well as facilitation of the provision of required services where possible.

The department conducted a critical assessment and analysis of the affected municipalities and as an interim measure, responded with the deployment of some of its officials to some municipalities to attend to these issues. In addition, the deployment of Service Delivery Facilitators to three of the municipalities contributed towards addressing some of the most critical issues of concern.

Awareness and information sessions were held by the department on SABC's Lesedi FM for five months where information about the department's plans, activities, and progress on various endeavours was shared with the public. This programme also served as a platform for communities to interact with the department on issues of concern, thus ensuring immediate attention to these. For more interaction with the public, the department participated in the provincial EXCO meets the people campaign where the Provincial Executive Council reaches out to communities in various parts of the province to gain first hand experience of their problems and exchange views in addressing these.

During the year under review, the department underwent a restructuring process to reposition itself for the implementation of the 3 key strategic priorities for local government in the new term, 2006 – 2011, and to accelerate the achievement of the millennium development goal targets.

We would like to thank our employees and stakeholders for their support and commitment in ensuring that the department meets the responsibilities of its mandate.

KF RALIKONTSANE

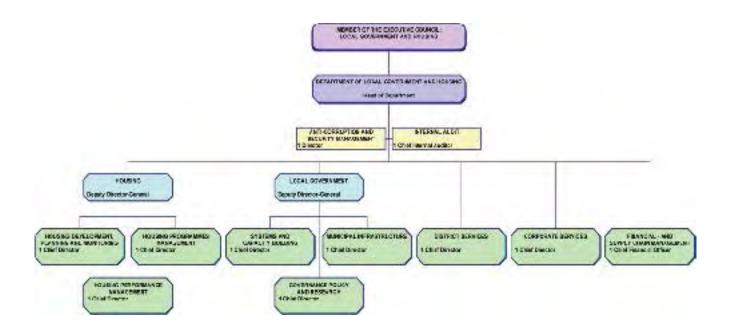
HEAD OF THE DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING

Date: 31/05/2006



1.3 INFORMATION ON THE DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING

MACRO ORGANIZATIONAL STRUCTURE AS ON 31 MARCH 2006



1.4 INFORMATION ON THE MINISTRY

The ministry oversees the work of the department ensuring strategic focus, political direction and leadership on local government and housing matters.

Institutions falling under the executive authority's control None

Bills submitted to the legislature during the 2005/2006 financial year

The following Bills were submitted to the Free State Legislature during the period under reporting:

The Free State Traditional Leadership and Governance Act No. 8 of 2005 was passed on 22 December 2005.

Official visits abroad by MEC MJ Mafereka

PLACE	DATE	PURPOSE OF VISIT
Thailand, Malaysia, Singapore	2 - 16 October 2005	Attending an International Executive Course



1.5 MISSION STATEMENT

VISION

Developmental Local Government and integrated human settlements in the Free State.

MISSION

To strengthen and monitor Local Government towards accelerated, quality service delivery.

1.6 LEGISLATIVE MANDATE

The Constitution of the Republic of South Africa 1996

The Constitution redefined local government as a sphere of government that is distinctive from, yet interdependent and interrelated with provincial and national government. Importantly, the Constitution conferred developmental duties to local government.

Public Finance Management Act No. 1 of 1999 (as amended by the Public Finance Management Amendment Act No. 29 of 1999)

To regulate financial management in the national and provincial governments; to ensure that all revenue, expenditure, assets and liabilities of those governments are managed efficiently and effectively; to provide for the responsibility of persons entrusted with financial management in those governments; and provide for matters connected therewith.

Division of Revenue Act of 2004

To provide for the equitable division of revenue raised nationally among the national, provincial and local spheres of government for the 2002/2003 financial year; to provide for reporting requirements for allocations pursuant to such divisions; to provide for the withholding and the delaying of payments; to provide for liability for cost incurred in litigation in violation of the principles of cooperative governance and intergovernmental relations; and to provide for matters connected therewith.

Conversion of Certain Rights into Leaseholds or Ownership Act No. 81 of 1988

This Act provides for the conversion of certain rights of occupation issued to a holder of a site situated in a township, whether such township has been formalized or not; established under the now revoked Black Communities Act 4 of 1984, into leasehold or ownership. The Act therefore makes provision for the determination of affected sites or persons; an inquiry into affected sites; grievance (appeal) procedures; and the issuing of leaseholds or transfer of ownership.

Black Communities Development Act No. 4 of 1984

The Act was repealed save for Chapter 6 and the Regulations thereto. As will appear from the above paragraph, this Act is the principal Act 81 of 1988, makes provision for the designation of certain areas as development areas, and makes provision for township establishment.

Upgrading of Land Tenure Rights Act No. 112 of 1991

This Act makes provision for the upgrading of informal rights, viz., the deeds of grant, leaseholds and quitrent title permission to occupy.

Interim Protection of Informal Land Rights Act

This Act recognizes certain informal rights to land. One of the functions of the section is to resettle people who are unlawfully occupying land. In the process, it is incumbent on the section to ensure that the informal rights to land are recognized in the process of such resettlement.



The Housing Act No. 107 of 1997

Through this legislation, existing and future, and the Housing Code, the Department of Housing is carrying out its legislative imperative as set out in the Housing Act, 1997. Section 2 of the Housing Act, 1997 (Act No. 107 of 1997) compels all three spheres of government to give priority to the needs of the poor in respect of housing development (section 2(1)(a)). In addition, all 3 spheres of government must ensure that housing development:

- (i) provides as wide a choice of housing and tenure options as is reasonably possible
- (ii) is economically, fiscally, socially and financially affordable and sustainable
- (iii) is based on integrated development planning
- (iv) is administered in a transparent, accountable and equitable manner, and upholds the practice of good governance (Section 2(1)(c)).

Prevention of Illegal Eviction from and Unlawful Occupation of Land Act of 1998

The Prevention of Illegal Eviction from and Unlawful Occupation of Land Act was promulgated in 1998. The Act repeals the Prevention of Illegal Squatting Act No. 52 of 1951 and makes provision for a fair and equitable process to be followed when evicting people who have unlawfully invaded land, from their homes. The Act also makes it an offence to evict legally without due process of law.

The Housing Consumers Protection Measures Act of 1998

The Act 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 implementation of the Act is monitored continuously.

The Rental Housing Act of 1999

This Act repeals the Rent Control Act of 1976 and defines Government's responsibility for rental-housing property. It creates mechanisms to promote the provision of rental housing and the proper functioning of the rental housing market. To facilitate sound relations between tenants and landlords, it lays down general requirements for leases and principles for conflict resolution in the rental-housing sector. It also makes provision for the establishment of Rental Housing Tribunals and defines the functions, powers and duties of such Tribunals. Provincial housing departments are establishing Rental Housing Tribunals.

Home Loan and Mortgage Disclosure Act of 2000

The Act provides for the establishment of the Office of Disclosure and the monitoring of financial institutions serving the housing credit needs of communities. It requires financial institutions to disclose information and identities discriminatory lending patterns. The Act will come into operation during 2003.

Subdivision of Agricultural Land Act No. 70 of 1970

This Act is used for town planning advice to the Department of Land Affairs on the subdivision of agricultural land.

The Development Facilitation Act No. 67 of 1995

This Act provides directive principles to guide the drafting, adoption and implementation of all policies and legislation for all spheres of government regulating spatial planning, land-use management and land development.

The Townships Ordinance No. 9 of 1969

This Ordinance is used for the establishment of towns, subdivision and consolidation, amendment of the general plan and the amendment of town-planning schemes. The townships board is also instituted in terms of this ordinance.



Disestablishment of SA Trust Limited Act No. 26 of 2002

The winding down of the South African Housing Trust and the transfer of functions relating to financial obligations were completed during the end of 2002 and the beginning of 2003 in terms of Act 2002: Disestablishment of SA Trust Limited Act, 2002.

The Removal of Restrictions Act No. 84 of 1967

In terms of this Act, land use is either changed by means of title conditions or rezoning.

The Less Formal Township Establishment Act No. 113 of 1991

This Act is specifically for guiding rapid township establishment where housing is in dire need.

The Physical Planning Act No. 125 of 1991

This Act governs secondarily land uses on farmland that is not agriculture related by way of permits and it also enables the amendment of guide plans and the evaluation of consistency regarding land development

Municipal Systems Act of 2000

The Act introduces changes towards the manner in which municipalities are organized internally, the way they plan and utilize resources, monitor and measure their performance, delegate authority, render services and manage their finances and revenue. Critically, the MSA formalizes a range of alternative service delivery mechanisms that could be used to complement traditional service rendering mechanisms / arrangements used by municipalities.

This Act also enables the Integrated Development Plans (IDP). The IDP is a single and inclusive strategic plan that must be compiled and adopted by the municipality. IDPs must include a financial plan, performance management plan, disaster plan and a spatial development framework within which all sector plans should be addressed.

Municipal Demarcation Act of 1998

The Municipal Demarcation Act of 1998 provided for the re-demarcation of municipal boundaries and this resulted in the rationalization of 843 municipal entities into 284 larger and possibly economically viable entities.

Municipal Structures Act No. 117 of 1998 as amended in 1999 and 2000

The Act defined new institutional arrangements and systems for local government. Importantly, the Act laid a foundation for local government performance management and ward committee systems.

White Paper on Local Government of 1998

The White Paper on Local Government is a broad policy framework that proposes wholesale changes in the areas of political, administrative structures of local government, electoral systems, demarcations, finances, services, infrastructure development, planning and so forth. The White Paper maps out a vision of developmental local government that is committed to working actively with citizens to identify sustainable ways of meeting their social, economic and material needs and thereby improve their quality of life. Developmental local government envisages the transformation of municipal administrations into rationalized, representative, less bureaucratic, people-centred, efficient, transparent, accountable and responsive entities.

The Civil Protection Act No. 67 of 1977

The Act empowers the Minister of Provincial and Local Government to declare a "state of a disaster" but it does not instruct other relevant ministries of the actions they should take. Again this Act is more reactive than pro-active.



The Fund Raising Act No. 107 of 1978

It provides for the declaration of a disaster by the President in order to provide relief to the victims of disasters such as a drought disaster.

Disaster Management Act 57 of 2003

Streamlines and unifies disaster management and promotes a risk reduction approach particularly at provincial and local levels. It eliminates the confusion around disaster declaration and addresses current legislative gaps.

Fire Brigade Act No. 99 of 1987

Forms an element of disaster management in terms of norms and standards in the prevention of fires or any hazards leading to risks and or disasters.

National Veld and Forestry Act No. 101 of 1998

It emphasizes the formation of Fire Protection Associations for the purpose of predicting, preventing, managing and extinguishing veld fires.

The National Environmental Management Act of 1999

Provides for environmental management strategies to prevent and mitigate environmental disasters.

Traditional Leadership and Governance Framework Act No. 41 of 2003

The Act provides for the recognition of traditional leaders, their roles and functions, recognition of traditional communities, establishment of traditional councils and matters connected therewith.

Public Audit Act, 2004 (Act 25 of 2004)

The following Acts will be impacted upon by Act No.41 of 2003

House of Traditional Leaders Act No. 6 of 1994

Provides for the establishment of the Free State House of Traditional leaders, and matters connected therewith.

Bophuthatswana Traditional Courts Act No. 29 of 1979

The Act provides for the conferment and assignment of jurisdiction to tribal and community authorities regarding the Administration of justice.

QwaQwa Administration Authorities Act No. 6 of 1983

Provides for the establishment of tribal communities, definition of all categories of traditional leaders and their respective roles. It also provides for the establishment of certain councils for better management, control and administration of affairs within Qwa-Qwa.

Black Administration Act No. 38 of 1927

Provides for the better control and management of Black affairs.

Black Authorities Act No. 68 of 1951

Provides for the administration of communal land and related matters.



National Spatial Development Perspective (NSDP)

The NSDP also includes a mechanism aimed at aligning spatial choices regarding government investment and development spending across all spheres of government. This approach seeks to focus the bulk of fixed investments of government on those areas with the potential for sustainable economic development. In these areas government's objectives of both promoting economic growth and alleviating poverty will be best achieved. In areas of limited potential it is recommended that beyond the level of basic services, to which all citizens are entitled, government should concentrate primarily on social investment such as human resource development, labour market intelligence and social transfers to give people in these areas better information and opportunities to gravitate towards areas with economic potential.

PART 2 DEPARTIMENTAL PERFORMANCE

PART 2: DEPARTMENTAL PERFORMANCE

2.1 Voted funds

Appropriation	Main Appropriation R'000	Adjusted Appropriation R'000	Actual Amount Spent R'000	Over/Under expenditure R'000		
	556 719	669 426	527 219	142 207		
Responsible Minister	MEC Local Government and Housing					
Administering Department	Department of Local Government and Housing					
Accounting Officer	Head of the Department of Local Government and Housing					

2.2 Aim of the Vote

To be a leader in provincially integrated management of housing and local governance.

The Department of Local Government and Housing aims to foster good governance and promote sustainable development in local government structures. The department also aims at the development of sustainable human settlements. These aims are underpinned by a professional approach on the Batho Pele principles.

2.3 Summary of Programmes

During the year under review, the activities of the department were structured in five programmes as detailed below.

PROGRAMME	SUB-PROGRAMMES
1. Administration	1.1 Office of the MEC 1.2 Corporate Services
2. Housing	2.1 Housing Planning and Research2.2 Housing Performance and Subsidy Programmes2.3 Urban renewal and human settlement and redevelopment2.4 Housing asset management
3. Local Government	3.1 Municipal Administration 3.2 Municipal Finance 3.3 Disaster Management 3.4 Municipal Infrastructure
4. Land Development and Planning	 4.1 Spatial Planning 4.2 Land Use Management 4.3 Integrated Development and Planning 4.4 Local Economic Development (LED)
5. Traditional Affairs	5.1 Traditional Institutional Arrangements 5.2 Traditional Resource Administration



2.3.1 Key Strategic Goals and Objectives of Programmes

Strategic Goal 1:

The Department of Local Government and Housing as well as municipalities are supported towards achieving service excellence.

Strategic objectives:

- 1.1 To ensure that an effective and efficient support service is rendered to the MEC and HoD
- 1.2 To ensure integrated and sound human resources within the department
- 1.3 To ensure the optimal development of the department
- 1.4 To ensure that the department plans and performs in line with the needs of the community
- 1.5 To maximise communication within and outside the department
- 1.6 To enhance e-governance within the department
- 1.7 To ensure the functioning of the department within a sound legal framework
- 1.8 To create an environment free of fraud, corruption and security risks within the department
- 1.9 To assist and advise municipalities on matters related to corporate services
- 1.10 To effectively and efficiently manage the finances of the department
- 1.11 To implement supply chain management in the department
- 1.12 To improve internal control in the department.

Strategic Goal 2:

Sustainable human settlements are created and maintained in the Free State Province.

Strategic objectives:

- 2.1 To plan and facilitate housing delivery in the Free State Province
- 2.2 To provide individual subsidies to qualifying beneficiaries in accordance with the housing policy and to monitor housing performance and delivery
- 2.3 To provide for the efficient and effective management of housing assets
- 2.4 To rehabilitate dysfunctional areas and create integrated and functional housing settlements with the notion of economic and social development.

Strategic Goal 3:

Accountable and sustainable local governance is promoted in the Free State Province.

Strategic objectives:

- 3.1 To monitor and support municipalities to ensure financially viable and sustainable municipalities
- 3.2 To provide support and facilitate the implementation of a legislative and policy framework in respect of local government.



Strategic Goal 4:

To ensure integrated land development planning.

Strategic objectives:

- 4.1 To promote integrated and sustainable land development in the Free State Province
- 4.2 To minimize the impact of disasters on the lives of the people in the Free State
- 4.3 To ensure the successful implementation of the municipal infrastructure programme in the Free State
- 4.4 To ensure security of land tenure rights in the Free State
- 4.5 To maximise the economic potential of municipalities in the Free State.

Strategic Goal 5:

Accountable and sustainable traditional institutions are promoted in the Free State.

Strategic objectives:

- 5.1 Sound institutional administration and financial framework for supporting and strengthening Traditional Leadership
- 5.2 Support the landless traditional leaders to acquire land rights
- 5.3 Promote and provide capacity building programmes for traditional leadership
- 5.4 Sound partnerships for service delivery between traditional leadership, municipalities, and sector departments
- 5.5 Expedite the promulgation and implementation of provincial legislation on traditional leadership.

2.4 Overview of the service delivery environment

The department is mainly responsible for overseeing and supporting local government, housing administration, infrastructure provisioning, land development and planning which includes spatial development framework and disaster management, and providing support to the House of Traditional Leadership. Local Economic Development (LED) geared at supporting economic development in municipalities, also forms part of the responsibilities of the department. In addition, the Integrated Sustainable Rural Development Plan, which is aimed at ensuring development in rural areas, is part of the department's responsibilities.

The overall environment in which the department provided its services was characterised by typical transitional and developmental issues such as skills shortage and limited capacity, traditional and conservative business management approaches, and reactive approach towards addressing problems. These, among other factors, hampered efficient service provision.

Some aspects of the service delivery environment for various programmes are discussed in details below:

Local government

Municipalities in the province encountered service delivery constraints due to inherited service delivery backlogs and deficit. This was compounded by limited revenue bases that afflict the majority of municipalities in the province.

Government has provided significant resources to facilitate investment in infrastructure. Some of the municipalities did not use these resources optimally due to capacity and systems constraints. The indicated capacity constraints were in the area of infrastructure planning, project and contract management, which are critical for effective provision of infrastructure.

Support has been provided through Project Consolidate and through the provincial Municipal Infrastructure Grant Programme Management Unit, which assisted municipalities in dealing with these service delivery challenges. However, to ensure that these



support initiatives take root in municipalities it is critical to evolve accountability mechanisms through consistent implementation of Organisational Performance Management System. In addition, the government's Intergovernmental Relations institutional arrangements and practices are strengthened.

The department has witnessed rising service arrears debt and in response municipalities have developed and implemented credit control measures but in the main, these were ineffective. Other municipalities were reviewing their revenue collection mechanisms to ensure their effectiveness in the medium to long term.

The period under review included a local government election period and as a result time was set aside for canvassing votes for the local government election and inevitably these affected the operations of councils.

Housing

In the year under review, housing provision was implemented in conditions where mainly, land development processes curtailed speedy delivery. In addition, lack of capacity in municipalities in fields such as monitoring, inspection, land development, planning, beneficiary administration and lack of dedicated staff in housing administration, also had negative impact on housing provision.

Additional impediments included service provider related problems such as lack of bridging finance, limited project management and general entrepreneurial skills. Service providers such as support organisations and contractors, also experienced problems as they faced delays from material suppliers due to high concentration of demand from few sources.

The growing unemployment because of the overall slowing down of the economy due to reduced farming activities, closure or low yield in mines especially in Lejweleputswa, and in Xhariep districts, as well as the Thabo Mofutsanyana area where most factories closed down, also contributed to the rise in low cost housing needs. This undermined the effort of the department to accelerate housing provision. Most migrant labourers who lost their work often did not leave for provinces and countries of origin but become part of newly created informal settlements that also house mostly evicted farm labourers or those whose farming activities have closed down.

The People's Housing Process was hampered by mainly internal limited capacity due to staff shortage, which affected monitoring and completion of projects. Support organisations did not entirely adhere to the PHP procedures and policy requisites, which led to further delays. Due to problems experienced in PHP such as non-completion of projects for the previous year, 2004/2005, no allocations were made for this programme for the 2005/06 financial year.

The Human Settlement Redevelopment project could not be completed due to delays caused by the relocation of equipment of services such electricity and telephone lines. This process led to a combined delay of up to 9 months.

The estimated completion date of this project is end 2006. The project will improve access into town, provide a wider road with footpaths for pedestrian safety, and enhance the free flow of traffic while contributing towards improved environment. The enlarged bridge will allow access for larger trucks.

The upgrading of informal settlements project has been initiated with 25 605 ervens handled for the financial year.

Incomplete and poor quality houses also had negative impact on housing provision. A turn-around-strategy to address these and other problems, was developed and implemented in the year under review. The programme for the completion of incomplete houses was also launched and implemented, and the first pilot project completed. The strategy will ensure efficiency in housing provision in the province.



Central to housing challenges is the continuous disparity between housing backlog and housing allocations. The incessantly growing list of the homeless and the limited allocation of housing subsidies means that there will always be housing backlog in the province. This status threatens the achievement of the universal millennium development goals, and closer to home, the eradication of informal settlements by 2014.

Infrastructure

The department manages three infrastructure grants namely, Municipal Infrastructure Grant (MIG) which includes bucket eradication programme, Provincial Infrastructure Fund as well as the Drinking Water and Waste Water Quality Management Fund. These grants are managed in the form of both financial transfers and or implementation funds.

In respect of MIG and bucket eradication, the province received an allocation of R340 million and R73 million respectively. These allocations were wholly earmarked for the reduction of infrastructure backlogs regarding roads, street lighting, sanitation, water and upgrading of dilapidated municipal infrastructure. Due to extensive backlogs on bucket sanitation, the national Department of Water Affairs and Forestry allocated a further R73 million meant specifically for bucket eradication for 2005/2006 financial year with additional allocations due for 2006/2007 and 2007/2008 financial years. The province was estimated to have a formal backlog of 120 500 bucket toilets. These were reduced by 17 000 buckets in the 2005/2006 financial year with 102 500 remaining for the following financial years.

These funds have been spent successfully, with the exception of three municipalities that faced challenges that range from technical expertise, financial management and administration. The provincial fund allocated a further R22 million to specific municipalities to address the management of the quality of both the drinking and wastewater. The allocations were a direct response to the problems raised by the programme's monthly monitoring reports on municipalities.

Approximately R10 million of the R22 million was reserved for identified municipalities for the procurement of necessary tools and equipment needed to undertake their responsibilities which are, among others, to ensure that the quality of drinking water and waste water is of acceptable standards.

While the department has made progress in enabling infrastructure provision and related support in municipalities, it has barely scrapped the surface. Much of the infrastructure backlog and growing needs in new settlements as well as maintenance of the current infrastructure that is old and mostly outdated, still need to be attended to.

The growing population and urbanization means that the infrastructure in larger towns will be overburdened and easily run down. The overstretched facilities such as drinking water supplies, waste water management, and sewerage system, which in most Free State towns were designed, for a smaller population of users, demand repairs and new installations. This picture illustrates the demand placed upon the fund meant for the provision of infrastructure, and that though intended to close the gap of the past inequalities, it will take a while to meet the needs of the entire population within the specified period.

Shortage of skills and technical expertise in municipalities also restricts the desired progress in infrastructure provisioning. This is however addressed through various government programmes meant for municipal support such as Project Consolidate and Senza Manje.

Integrated Development Plans (IDPs)

Integrated Development Planning (IDP) is a process by which municipalities, in consultation with communities and stakeholders prepare 5-year strategic plans that are reviewed annually. IDPs are important in guiding the focus of municipalities towards infrastructure investment, human settlement development, service delivery and economic development.



It is within this context that credible planning at municipal level is viewed as necessary to achieve the millennium development targets set for universal access to basic services. It is also essential to create conducive local conditions for accelerated and shared growth that will enable halving poverty and unemployment by 2014.

The critical factor for credible IDPs is improved national and provincial government support and joint planning between line departments and municipalities.

In order to meet the above challenges, the Spatial Development Framework (SDF) received special attention as a mandatory plan in the department's focus on integrated development planning (IDP). The department assisted each municipality through human and financial resources towards compiling their SDFs. This was done bearing in mind the developmental functions assigned to municipalities. Engagement sessions were also held with municipalities regarding the credibility of IDPs and at these sessions much attention was given to the quality of the IDPs i.e. whether they included the needs of the communities while also paying attention to the developmental aspects of municipalities.

Special engagement sessions were held for the SDFs as these are key to Integrated Development Planning. The department established a component that must transfer skills and build capacity at municipalities regarding all land use and spatial planning issues. This component will also facilitate the compilation of SDFs in the Free State.

All legislation from the Constitution to the Municipal Systems Act assign developmental aspects such as Local Economic Development to municipalities and these must be included in the municipalities' IDPs. In return, the IDP must have inter alia an SDF that creates an environment for development.

The overall service delivery environment in the year under review was challenging and demanding on the limited financial and human resources, as well as skills of the department. The challenges remain true to the nature of challenges faced by organisations in transition and transformation phase, which has also inherited miscellaneous problems that require tenacious and creative approaches in addressing them.

2.5 Overview of the organisational environment

An important aspect of the organizational environment of the Department of Local Government and Housing was the restructuring exercise that was completed during the year under review. This has enabled the Executing Authority to build on the foundation of a strong management team that will enable the department to meet its increasingly demanding challenges and therefore achieve its mandate.

The budget constraints facing the department regarding personnel expenditure are some of the key challenges that the department needs to address in the forthcoming year. As a result, the department will proceed to fill vacant positions in a phased manner throughout the organisation, while simultaneously taking cognisance of the fact that the refinement and improvement of the structure is an ongoing and dynamic process.

During the next year, attention will be given to improve our accommodation arrangements, which will definitely contribute to a better working environment for our staff.

One of the key priorities facing the department is to improve its performance through instilling performance culture. Although ways and means of monitoring and improving the individual and collective performance of the department have already been implemented, the department strives to explore and implement improved ways of achieving this.



High vacancy rate in the Housing and Infrastructure division resulted in inadequate service delivery and slow implementation of Breaking New Ground (BNG) in housing provision. Areas greatly affected were housing inspection, project monitoring, contract management as well as rental housing management and promotion.

SWOT analysis

The following internal weaknesses and challenges were identified during the year under review:

- Shortage of skills and lack of capacity due to high vacancy rate resulting in poor performance
- · Inadequate leadership in some areas of the department
- In some cases, employees were not placed in accordance with their skills and experiences, and in alignment with the needs of the department
- · Insufficient and inadequate office accommodation that had impact on productivity
- Inadequate planning and monitoring systems and structures
- Low employee morale due to various reasons.

The department is addressing these issues through various programmes including a restructuring process meant to address capacity and skills shortage as well as correct placement of employees within the department.

2.6 Strategic overview and key policy developments

During the period under review, the Municipal Property Rates Act (MPRA) was enacted and this placed responsibility on the department to support municipalities in implementing the Act.

The Inter-Governmental Relations Framework Act was also enacted to provide guidance on the establishment of IGR institutional arrangements that are critical for effective service delivery.

Regarding policy development, the department was actively involved in the Department of Provincial and Local Government (dplg) led processes of developing a 5 year Local Government Strategic Agenda and the corresponding implementation plan. This strategic agenda entailed priority actions that need to be implemented by municipalities during this term of local government (2006-2011) and supported by all sector departments.

2.7 Departmental revenue, expenditure and other specific topics (Departmental receipts)

Collection of departmental revenue							
Item 2002/03 Actual R'000 2003/04 Actual R'000 2004/05 Actual R'000 2005/06 Actual R'000 2005/06 Actual R'000 2005/06 Actual R'000 deviation From target %							
Non-tax revenue	774	990	1 491	2 310	2 045	88.53%	
Sales of goods and services	763	955	1 448	2 310	2 022	87.75%	
Interest, dividends and rent on land	11	35	43	-	23	100%	



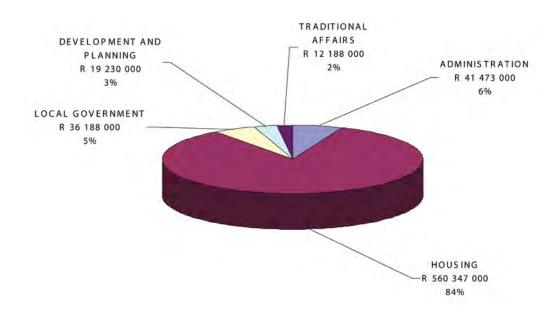
Financial transactions			177	-	888	100%
Financial transactions in assets and liabilities	-	-	177	-	888	100%
TOTAL DEPARTMENTAL RECEIPTS	774	990	1 668	2 310	2 933	126.97%

2.8 Departmental expenditure

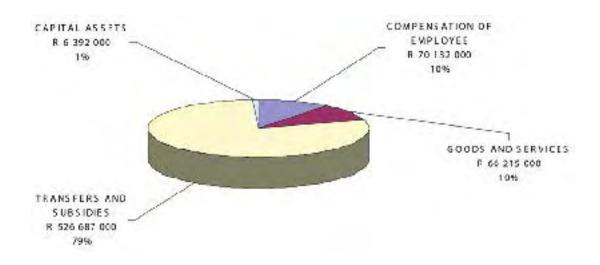
Departmental expenditure							
Programme	Adjusted Budget	Expenditure 31/03/2006	Percentage of Budget Spent	Projected Rollover	Projected over/under expenditure	Budget 2006/2007	
Administration Support Services	R 41,473,000	R 37,158,000	90%	R -	R 4,315,000	R 57,273,000	
MEC	5,874,000	4,597,000	78%		1,277,000	6,393,000	
Support Services	17,345,000	16,671,000	96%		674,000	30,436,000	
Finance	18,254,000	15,890,000	87%		2,364,000	20,444,000	
Housing	R 560,347,000	R 428,558,000	76%	R -	R 131,789,000	R574,531,000	
Planning and Research	11,985,000	10,632,000	89%		1,326,000	13,350,000	
Performance Subsidies	491,191,000	373,268,000	76%		117,923,000	552,122,000	
Urban and Renewal	50,315,000	40,286,000	80%		10,029,000		
Housing Asset	6,883,000	4,372,000	64%		2,511,000	9,059,000	
Local Government	R 36,188,000	R 34,928,000	97%	R -	R 1,260,000	R 48,282,000	
Municipal Administration	16,670,000	16,473,000	99%		197,000	12,358,000	
Municipal Finance	15,144,000	14,331,000	95%		813,000	11,099,000	
Disaster Management	4,374,000	4,124,000	94%		250,000	5,195,000	
Municipal Infrastructure	-	-	-	-	-	19,630,000	
Land Development	R 19,230,000	R 16,471,000	86%	R -	R 2,759,000	R 25, 528,000	
Spatial Planning	7,954,000	7,533,000	95%		421,000	11,181,000	
Land Use Development	7,355,000	6,099,000	83%		1,256,000	9,546,000	
IDP	3,656,000	2,588,000	71%		1,068,000	3,101,000	
LED	265,000	251,000	95%		14,000	1,700,000	
Traditional Affairs	R 12,188,000	R 9,712,000	80%	R -	R 2,476,000	R 12,448,000	
Resource Administration	8,754,000	7,528,000	865		1,237,000	8,972,000	
Institutional Arrangements	3,423,000	2,184,000	64%		1,239,000	3,476,000	

Theft and losses	R -	R 392,000	0%		R -392,000	
Total	R 669,426,000	R 527,219,000	79%	R-	R 142,207,000	R 718,062,000

Budget & Additional Budget per programme: R 669 426 000 for 2005/2006 financial year



Budget & Additional Budget per Economic classification: R 669 426 000 for 2005/2006 financial year



2.9 Transfer Payments

Transfer Payments to Departments						
Name of Department	2004/2005 Total Amount Available R'000	2005/2006 Actual Expenditure R'000				
Department of Public Works, Roads and Transport	500	500				
Department of Education	923	923				
TOTAL	1 423	1 423				

Transfer Payments to municipalities					
Name of Grant	2004/2005 Total Amount Available R'000	2005/2006 Actual Expenditure R'000			
Human Settlement Grant	20 683	14 655			
Financial Assistance and Projects with a positive impact	1 610	1 000			
MIG Capacity Building Grant	2 856	2 812			
Provincial Infrastructure Grant	18 067	16 068			
Planning and Surveying	8 709	5 328			
Town Planning Schemes and Spatial Planning Frameworks	3 598	2 588			
Regional Services Council Levies	241	210			
Local Economic Development	200	200			
TOTAL	55 964	42 861			

Transfer payments to universities and technikons			
Total Amount Available Actual		2005/2006 Actual Expenditure R'000	
University of Witwatersrand	1 100	1 085	
TOTAL	1 100	1 085	

Transfer payments to Non-profit Institutions			
Name of Non-profit Institution 2004/2005 2005 Total Amount Available Actual Exercises R'000 R'			
House of Traditional Leaders	609	561	
TOTAL	609	562	

Transfer payments to households			
Name of Programme	2004/2005 Total Amount Available R'000	2005/2006 Actual Expenditure R'000	
Project linked Support Housing	346 188	345 199	
Individual Support Housing	3 000	812	
Rural Support	3 905	3 011	
Discount Benefit Scheme	1 810	127	
People Housing Process	86 219	3 458	
Institutional Support	11 717	456	
Disaster Management Emergency	11 716	-	
Hostel Upgrading	3 906	2 412	
Employer Social Benefit	486	32	
TOTAL	468 947	355 507	

2.10 Conditional grants and earmarked funds

Conditional Grants			
Name of Grant	2004/2005 Total Amount Available R'000	2005/2006 Actual Expenditure R'000	
Housing Fund	471 461	355 475	
Human Settlement Redevelopment Grant	20 683	14 655	
MIG: Provincial Project Management	1 923	1 923	
Capacity Building Grant	3 004	2 812	
Local Government Capacity	10 809	10 878	
TOTAL	507 880	385 743	

2.11 Capital investment, maintenance and asset management plan

Capital Investment

None

Maintenance Plan

None

Asset Management Plan

A draft asset management plan was compiled to implement asset management reforms.

PROGRAMME 1 ADMINISTA A CALL TO ACTION At Horse, School, Work and Community GAINST PAUSE & Days of Activisti ACT ADDRESS - A CALL TO ACTION 25 November - 10 De amber RESERVANTHENGTERRESE, NO SEARCE SETTLEMENTS PLOKOMETENGE - NE RESTRUCTIONS

PROGRAMME 1: ADMINISTRATION

Aim

The aim of this programme is to provide support to the department on matters related to the effective and efficient functioning of the department.

Strategic Goal

The Department of Local Government and Housing as well as municipalities are supported towards service excellence.

Strategic Objectives

- 1. To ensure that an effective and efficient support service is rendered to the MEC and HoD
- 2. To ensure integrated and sound human resources within the department
- 3. To ensure the optimal development of the department
- 4. To ensure that the department plans and performs in line with the needs of the community
- 5. To maximise communication within and outside the department
- 6. To enhance e-governance within the department
- 7. To ensure the functioning of the department within a sound legal framework
- 8. To create an environment free of fraud, corruption and security risks within the department
- 9. To assist and advice municipalities on matters related to corporate services
- 10. To manage the finances of the department effectively and efficiently
- 11. To successfully implement supply chain management in the department
- 12. To improve internal control in the department.

Outputs and Service Delivery Achievements

MEASURABLE OBJECTIVE	KEY PERFORMANCE INDICATOR 2005/2006	PLANNED OUTPUTS / ACTIVITIES 2005/2006	PROGRESS AS ON 31 MARCH 2006
The department is provided with and advised on human resources	Sound human resources practices in the department	To assist and advice the department on matters related to the sourcing of personnel: - Recruitment - Selection - Advertisements - Appointments	Due to the restructuring process, the filling of 3 posts that were advertised during the period under reporting was delayed pending the finalisation of the restructuring exercise.

MEASURABLE OBJECTIVE	KEY PERFORMANCE INDICATOR 2005/2006	PLANNED OUTPUTS / ACTIVITIES 2005/2006	PROGRESS AS ON 31 MARCH 2006
		To assist and advise the department on matters related to personnel utilisation: - Service benefits - Retention - Transfers - Promotions - Performance assessments - Termination of service Human resources policies are	All requests have been handled appropriately All officials qualifying for pension were identified and appropriately managed No cases of skills retention were handled, while scarce skills categories were submitted to DPSA. All HR policies have been drafted, consulted,
		developed and/or maintained in line with the needs of the department	and/or aligned with the needs of the department, including the Contingency Plan for the department.
		To report on matters related to human resources	Oversight report finalized and submitted. PERSAL report up to date
		Information sessions are held to all staff in the department to improve the knowledge and understanding of officials on human resources practices and policies	Information sessions were provided to 60% of staff, including regional offices.
A peaceful, healthy and safe working environment is established and maintained in the department	Labour conflict minimised in the department	Training is provided to all staff in the department on the successful implementation of the following Labour Relations policies and practices: - Grievances - Discipline - Ill health - Alcohol - Working Hours - Language - Misconduct	Training was provided to 80% of personnel in the department.
		The department is supported on matters related to labour relations	24 Cases pertaining to employee relations were handled.
		The status of labour relations in the department is monitored and reported on	Report have been submitted; the status of cases pertaining to labour relations is set out in detail in the Oversight Report.

MEASURABLE OBJECTIVE	KEY PERFORMANCE INDICATOR 2005/2006	PLANNED OUTPUTS / ACTIVITIES 2005/2006	PROGRESS AS ON 31 MARCH 2006
Employee wellness is improved in the department	Successful implementation of national and provincial programmes on Employee Assistance Programme (EAP) and HIV/AIDS	To develop and facilitate the implementation of an Employment Assistance Programme in the department and to report thereon	Draft Policy and referral guidelines developed. EAP leaflets in three languages produced Posters and banners were developed and used for employees' awareness and information on EAP A guide for Managers on EAP published and is ready to be submitted to all managers A workshop was conducted with the Housing Branch and presentations on EAP conducted in all Chief Directorates Seven EAP cases have been handled A presentation was made to Executive Management Presentation to staff and senior management services (SMS) in all directorates has been done.
		To develop and facilitate the implementation of an HIV/AIDS Policy in the department	HIV/AIDS Policy submitted for legal advice. Awareness activities such as the Candlelight Memorial observed 15 Employees trained on VCT in May 2005. Managers still need training in order to counsel employees accordingly.
		To ensure the successful functioning of Departmental Committees on the above	Fullyrepresentative Departmental Committee has not yet been established Names of committee members from all programmes were however received A quarterly report is being compiled.
Special programmes related to disability, gender and youth are successfully implemented in the department	Integration and implementation of Special Programmes in the department	To develop and facilitate the successful implementation of national and provincial programmes related to youth	The Youth Commission was approached to present the objectives of the Integrated Youth Development Plan to management. A Draft Youth Policy has been developed and is being aligned with the framework provided by the National Youth Commission and the IYDP. Taking a Girl Child to Work workshop took place on 26 May 2005. The purpose was to inform girl children about career opportunities in the public service. Female senior managers attended the workshop.

MEASURABLE OBJECTIVE	KEY PERFORMANCE INDICATOR 2005/2006	PLANNED OUTPUTS / ACTIVITIES 2005/2006	PROGRESS AS ON 31 MARCH 2006
		A Code of Good Practice on Disability is developed and implemented in the department	Committee not yet established.
		To develop and facilitate the successful implementation of an Employment Equity Plan	An updated Employment Equity Report was submitted in respect of the 2005/2006 financial year.
		To monitor and report on matters related to special programmes in the department	Overall performance and implementation of special programmes to be assessed.
Human Resources within the department is developed	Skilled and competent employees in the department	To develop and facilitate the successful implementation of a departmental Work Place Skills Plan	Workplace Skills Plan, informed by Personal Development Plans, was developed and submitted and is being implemented. Labour representatives were consulted.
			Guidelines on attendance of courses have been developed and are being implemented on a continuous basis.
Bursaries are managed and administered in the department	Enhanced employment	To ensure the successful functioning of the Departmental Bursary Committee	Advertisements of bursaries were placed in August 2005 and in response 32 students, 10 part time and 22 fulltime students were awarded bursaries.
			Top 100 students were awarded bursaries. This was followed by information sessions regarding contractual obligations of students and employer. Policy is being implemented throughout the year to maintain bursaries awarded in previous financial year. The departmental policy is being developed in line with the Provincial Bursary Policy.
		To develop and facilitate the successful implementation of a Departmental Bursary Policy	Bursarypolicyinprocess. Financial Statement finalized and submitted to the Department of the Premier. Day to day administration of bursaries will culminate in the annual submission of the Financial Statement on 30th April 2006. A list of breaches of contracts has been developed and will be submitted to Finance for implementation. 2 of the Top 100 students were granted bursaries. 22 fulltime students and 10 part-time students were warded bursaries. Breach of contracts effected.
		To report on matters related to bursaries	End of financial year report is being prepared for submission to the Department of Premier by 30 April 2006.

MEASURABLE OBJECTIVE	KEY PERFORMANCE INDICATOR 2005/2006	PLANNED OUTPUTS / ACTIVITIES 2005/2006	PROGRESS AS ON 31 MARCH 2006
Learnerships in the department are managed and administered	Employment enhancement	To ensure the successful functioning of the Departmental Human Resource Development Committee	The Skills Development Committee met regularly during the period under reporting. Learnerships and readiness of workplace were discussed. Learnership contracts were developed.
			April 2005 was scheduled for implementation of ICT learnership. Service provider delayed implementation citing cost effectiveness. LGH proposed a provincial approach to implement ICT learnership, which was subsequently adopted and implemented. Ten learners joined the department in May 2006.
		To develop and facilitate the successful implementation of a Departmental Skills Development Policy incorporating Learnerships	Mentoring programme for IT staff was scheduled for May. Skills Development Committee was briefed about learnerships. Workshops on Learnerships and the HRD policy at districts have been concluded. Mentorship programme will be held on the 08 –12 May 2006. The same process is to be undertaken within the department.
		To report on matters related to learnerships	Although learnerships have not yet been implemented, the HRD Unit has completed its preliminary work in preparation for the implementation.
The organizational culture supports and enhances the functioning of the department	Motivated employees	Weaknesses related to the organizational culture of the department are identified and addressed	Not achieved. Awaiting decision of MEC to proceed with employee morale survey, which will inform this activity. The MEC has given a preliminary approval for the employee morale survey to be conducted. A staff meeting for awareness and buy in on the employee morale survey was planned and would have been attended by all senior managers including executive management where the purpose and objectives of the survey would be outlined by this unit. This did not take place as the Had of the department decided to postpone the Employee Morale survey until the current restructuring process is completed. A report has been prepared on the latest status in this regard.

MEASURABLE OBJECTIVE	KEY PERFORMANCE INDICATOR 2005/2006	PLANNED OUTPUTS / ACTIVITIES 2005/2006	PROGRESS AS ON 31 MARCH 2006
A performance culture is created and sustained in the department		The status of PDMS for SMS and levels 1 – 12 is monitored and advice is rendered thereon	All officials on levels 1 – 12 in the Department have been performance assessed and their pay progressions and cash bonuses for 2004/2005 have been paid out. A report on the status of Performance Agreements for 2004/2005 in respect
			of SMS Members have been submitted to the HoD and MEC for consideration, and letters have been sent out to all SMS Members to encourage them to submit their Performance Agreement. Proposals on how the performance appraisals of SMS members for the period 2004/2005 should be managed, have also been approved by the HoD and MEC, and communicated to all SMS members.
			All SMS members have been requested to the annual performance assessments of officials on levels 1 – 12 for 1 April 2005 in respect of the 2005/2006 financial year to the HR Unit for processing by not later than the end of April 2006.
		Training and information is provided on matters related to PDMS	All officials nominated for PDMS training have been trained. Information on the application of the PDMS is also sent out regularly to SMS Members
The department is structurally aligned towards service delivery	The functions of the department are logically grouped and adequately provided for	The organizational structure and post establishment of the department is aligned with the strategic plan and the needs of the department	The new macro structure has been approved by the HOD and MEC in principle and job evaluation has been done to determine the correct level of posts on the macro structure. A Human Resources Placement Plan to ensure that the new micro structure is aligned properly with the new macro structure has also been approved. The Placement Plan will ensure that serving officials are placed fairly and appropriately in posts on the new structure as per the provisions of the Public Service Act, the Public Service Regulations, and the Labour Relations Act.
		Job descriptions are developed for all posts.	All officials in the department have job descriptions.

MEASURABLE OBJECTIVE	KEY PERFORMANCE INDICATOR 2005/2006	PLANNED OUTPUTS / ACTIVITIES 2005/2006	PROGRESS AS ON 31 MARCH 2006
The department plans, co- ordinates and integrates its activities effectively and efficiently.		The activities of the department against the 2005/2006 Business Plan are monitored and reported on by means of Performance Report	Quarterly performance reports have been submitted to the provincial – and National Treasury for consideration.
		The 2006/2011 Strategic Plan and 2006/2007 Business Plan are prepared and submitted to the MEC / Premier / Legislature	The 2006/2009 Strategic Plan of the department, including the 2006/2007 Business Plan of the Department, have been finalized and tabled in the Free State Legislature.
The department contributes to the successful implementation of job evaluation (JE) in the FSPG	The principle of equal work for equal pay is promoted in the department	Jobs on level 9 and higher, newly created posts and newly defined posts are evaluated by means of job evaluation prior to being advertised	The job evaluation of posts has been placed on hold pending the finalization of the restructuring process. All SMS posts in relation to the new macro structure have however been job evaluated to determine the correct level of such posts.
		All posts on level 11 and 12 are evaluated as required by the Minister for PSA	This matter will receive priority attention when commencing with the job evaluation process for the 31 December 2006 deadline.
		The department participates in the successful functioning of the Provincial JE Panel and JE Quality Assurance Committee	All meetings of the JE Quality Assurance Committee and Provincial JE Panel were attended.
The effective and efficient flow of information between the department and all its stakeholders, including the community, is ensured.	Informed stakeholders and public	To establish and implement a departmental communication strategy	The establishment of the generic communication strategy has been delayed and postponed to the next financial year. Various aspects of the communication strategy have been implemented e.g. internal communication, media, events management, and corporate image and project consolidate.
		An annual event planner is developed and maintained for the department	A calendar of events was drawn in consultation with management and in line with national and provincial activities. This was subsequently integrated in the provincial calendar of events. Communication strategies for various events
			were drawn and implemented. Project Consolidate/ Imbizo Focus week activities were managed and the communication strategy implemented.
			The launch of the completion of incomplete houses programme, the handover of various houses and title deeds and related events were planned, managed, and publicity obtained for these in the media.

MEASURABLE OBJECTIVE	KEY PERFORMANCE INDICATOR 2005/2006	PLANNED OUTPUTS / ACTIVITIES 2005/2006	PROGRESS AS ON 31 MARCH 2006
			The 16 days of activism campaign was managed; launched internally and externally, and the event successfully marketed and publicised in the provincial media.
			The Opening of the House of Traditional Leadership event's promotional materials were conceptualised and printed, and the event marketed in the local media through interviews and media releases
		Internal communication is improved in the department through different communication media	The Weekly Communication Note (WCN)was launched and published weekly to inform employees about the weekly activities of senior management, MEC, HOD and overall departmental corporate information as well as government's activities and events.
			Standing exhibitions are erected in the department's main offices for awareness and information of staff on departmental programmes and government activities. Notice boards are used for employee awareness and information as supporting channels of communication.
			Global email messages were used as supplementary communication tools and mainly for urgent messages.
			Key news articles were circulated to staff when applicable and all relevant (local government and housing) articles from media monitoring (MSA) sent to management daily.
			Arrangements were made for employees to watch the State of the Nation Address and the Budget Speech live, as well as listen to the Premier's State of the Province Address on radio. Copies of these speeches were distributed by email and hard copies offered to all staff.
			The MEC's budget speech was also distributed electronically to staff and hard copies offered them.

MEASURABLE OBJECTIVE	KEY PERFORMANCE INDICATOR 2005/2006	PLANNED OUTPUTS / ACTIVITIES 2005/2006	PROGRESS AS ON 31 MARCH 2006
			Intercom announcements were duly arranged for urgent announcements and assistance offered for staff meetings.
The successes of the government are profiled in the community	Improved corporate image and identity	To market the successes of the department in the community	The Project Consolidate newsletter was published bi-monthly since November 2005. The objective thereof was to profile Project Consolidate and inform the public about progress and impact made through the project.
			The radio Lesedi information programme, whose objective was to inform the public about the department's progress on its various programmes, was launched in September 2005 and concluded in February 2006. This also served as an interactive forum for the public to provide feedback to the department on its programmes.
			Media releases and media conferences were used to inform the media and subsequently communities on programmes and activities within the department.
			Exhibitions were erected at all departmental and some provincial events and relevant promotional materials distributed.
			Pro-active media interviews with national, regional and community radio stations were arranged for the MEC in current affairs programmes.
		To develop and market the department's corporate identity	Corporate identity was marketed through exhibitions, business cards for relevant employees, posters and promotional materials developed for internal use as well as for conferences and summits of the departments.
			Correspondence templates were developed with the department's corporate identity however not implemented due to pending change of provincial corporate identity that would influence the department.

MEASURABLE OBJECTIVE	KEY PERFORMANCE INDICATOR 2005/2006	PLANNED OUTPUTS / ACTIVITIES 2005/2006	PROGRESS AS ON 31 MARCH 2006
			Management posters for notice boards placed in main reception areas to enhance accessibility, were established and placed, however temporarily discontinued due to executive and senior management changes that at the time of reporting were still in progress.
		Represent the department in communication fora of the mother departments (DPLG, Housing) and the province as well as GCIS	The communication unit participated in all DPLG and Housing activities and represented the department at national meetings and events that were communication focused such as Project Consolidate.
		Government publications are aligned with the corporate entity of the FSPG	Annual report, budget speech, and strategic plan documents were edited and published. They were also submitted to relevant committees in the legislature, to the Executive Council and FOHOD and distributed to relevant stakeholders and marketed where relevant e.g. the budget speech pre and post presentation activities and media coverage were prepared and managed by the unit.
		Ad hoc publications/ publicity material/ promotional material for the department and province is edited and printed timeously	Articles were published in Bua magazine.
		Information and Call Centres are established and maintained in the department	The Call Centre was established with the preliminary implementation (pilot) of a help desk in progress.
Media liaison and relations are improved	Interest of media in the successes of the department increased	Speeches are drafted and prepared for the MEC and HoD Media statements are drafted and prepared for MEC and HoD	Media plans for various activities and events were implemented. Good coverage achieved with launch of Project Consolidate, 16 days of activism – both the launch and handover ceremonies of the 16 houses, Imbizo Focus Week, Presidential Imbizo and several initiatives such as the Programme for the Completion of Incomplete Houses, handover of title deeds, the local government summit, anti corruption summit, spatial development framework workshop and IDP alignment workshops.



MEASURABLE OBJECTIVE	KEY PERFORMANCE INDICATOR 2005/2006	PLANNED OUTPUTS / ACTIVITIES 2005/2006	PROGRESS AS ON 31 MARCH 2006
		A good relationship with the media is developed and nurtured/ maintained	Departmental news was broadcast in local media at least twice a month. The media reports were monitored and impact assessed (often through public participation in prearranged programmes and coverage following media releases). Media conferences were arranged for the MEC and media statements drawn for this purpose.
		Radio and TV slots are arranged and purchased	Proactive interviews with various radio stations were arranged for the MEC and HOD, and media statements and responses were drawn as requested. Advertisements and notices were arranged for various programmes in the department.
Communication with political fora is improved	Compliance with legislative requirements	Ensure the effective and efficient organisation of all Outreach Programmes The departments is supported during events and represented at communication related transversal activities Speeches are drafted and prepared for MEC / HoD (EVENTS) Submission of relevant documents Ensure development of the Local Government Communication System in municipalities	The department participated in EXCO meets the people campaign thus getting first hand assessment of situation on the ground. MPCCs: The department's participation in MPCCs has been limited due to staff shortage. This will be addressed in 06/07 through the Local Government Communication system. Speeches written for MEC and Premier or representatives for some of the departmental events. Documents submitted to the legislature and relevant committees – strategic plan documents, budget speech, and annual reports – as per governmental regulations. This was implemented through the provincial heads of communication in GCIS, Local Government and Housing, Premier's Department and SALGA. 3 District Communication Forums have been launched and are active.

^{*} Deviation from the 2005/2006 strategic plan, additional information on outputs, is due to additional work acquired in the year under review.

MEASURABLE OBJECTIVE	KEY PERFORMANCE INDICATOR 2005/2006	PLANNED OUTPUTS / ACTIVITIES 2005/2006	PROGRESS AS ON 31 MARCH 2006
			Workload and staff shortage hampered the desired progress in this objective. This often resulted in the head of communication in the Local Government and Housing department substituting for municipalities without communication officers especially during media active periods such as in Mafube during civic unrests and the launch of Project Consolidate in Phumelela etc.
		Protocol services are rendered to the political office bearer	Support provided for MEC's outreach activities – speech writing and media management.
			Accompanied MEC to EXCO meets the people activities to document concerns and forward these to relevant directorates for attention.
The Internet and Intranet are optimally developed and maintained in the department	A 100 % updated, user-friendly and dynamic Internet site developed for the department	Regular update of the FSLGH website	The final draft of the website placed on hold due to staff shortage in was both IT and Communication as other work took precedence.
			Departmental Information Management forum to be re-activated in order to address information flow as well as information management.
		Verification of dynamic inputs received via HSS, MIG etc	Departmental information flow is not coordinated due to lack of capacity (staff shortage in both IT and Communication Units.)
		Establishment of web-enabled infrastructure	The process was started in 2004, however interrupted in 2005 due to lack of capacity (lack of staff to manage the process).
The utilization of ICT resources is maximised in the Department	Maximum ICT benefit for the department Reduction of paper usage in	An IT service centre is established and maintained in the department	Not finalised due to lack of capacity
	the department	Provide first line support effectively and efficiently	Skeleton services are provided due to lack of staff.
	Informed decision-making processes	Department Information Technology Committee (DITC) functions efficiently regarding the procurement/upgrade of hardware and software	Due to lack of staff, committee only attended to applications intermittently
		Revised ICT plan annually	Not completed due to lack of capacity
		An IT service centre is established and maintained in the department	Not yet started due to lack of capacity.

MEASURABLE OBJECTIVE	KEY PERFORMANCE INDICATOR 2005/2006	PLANNED OUTPUTS / ACTIVITIES 2005/2006	PROGRESS AS ON 31 MARCH 2006
The successful implementation of a departmental Information and Knowledge Management Strategy and Departmental Information Technology Strategy and related policies in the department is promoted	ICT is deployed in a uniform and organized manner within the national policy framework and in line with the provincial and departmental ICT strategy	A strategic data, information and knowledge management policy and plan is developed and successfully implemented in the department	Not yet started due to lack of capacity
		An information management security policy and plan is developed and successfully implemented in the department	In progress. Completion is severely hampered by lack of capacity
		An information and communication technology Business Plan is developed and successfully implemented in the department	Not yet started due to lack of capacity
		All data and information in the department are classified and indexed	Not yet started due to lack of capacity
		An electronic Information and Records Management System is investigated	Not completed due to lack of capacity within the department
		An Information repository architecture are investigated and tested in the dept	In progress. Completion is severely hampered by lack of capacity
		ICT support strategy to municipalities is developed and maintained	Not started due to lack of capacity
The department is assisted on the drafting of legislation related to local governance	Administrative and management decisions are legally sound	The Housing Chief Directorate is supported on legislation	Due to capacity challenges, the Housing division dealt with its own legal matters, with assistance from Legal Advisors in the Department of the Premier
		The Local Government Chief Directorate is supported on legislation	Due to capacity challenges, the Local Government division dealt with its own legal matters and where necessary, assistance sought from Legal Advisors in the Department of the Premier
		The Land Development and Planning Chief Directorate is supported on legislation	Due to capacity challenges, the Land Development and Planning chief directorate dealt with its own legal matters and where necessary, assistance sought from Legal Advisors in the Department of the Premier

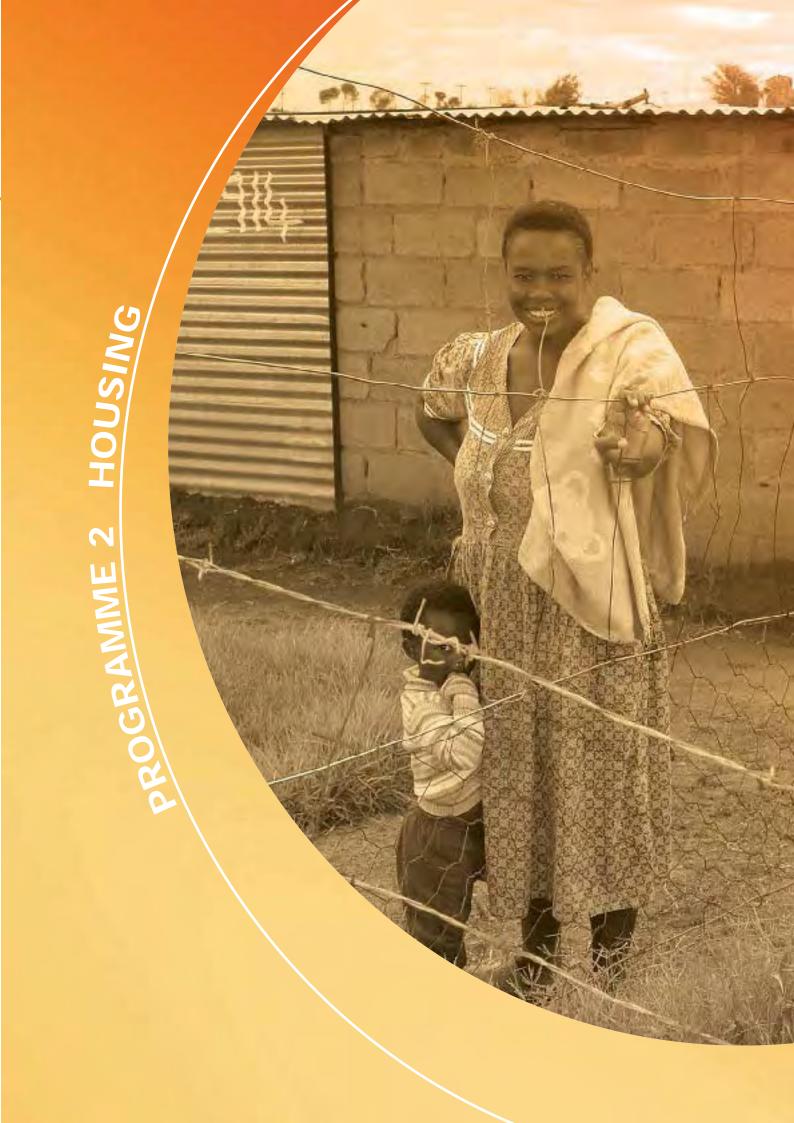
MEASURABLE OBJECTIVE	KEY PERFORMANCE INDICATOR 2005/2006	PLANNED OUTPUTS / ACTIVITIES 2005/2006	PROGRESS AS ON 31 MARCH 2006
		A Legal Resource Centre is developed and maintained in the Department	Outstanding due to lack of capacity in the department
Sound legal advice is rendered to the department in accordance with legislation	Informed management decisions	Legal opinions are provided to officials on the interpretation of legislation	Due to capacity challenges, where necessary the legal matters of the department were referred to the Legal Advisors in the Department of the Premier.
		Management is advised on the legal implications of decisions	Due to capacity challenges, legal were referred to the Legal Advisors in the Department of the Premier
		The department contributes to the effective and efficient functioning of the Provincial Legal Forum	No capacity created as yet
Corruption is prevented within the department	Minimised corruption in the department	An Anti-Corruption Strategy is developed and successfully implemented in the department	A formal strategy has not yet been drafted.
		Information sessions are provided to all officials within the Department on matters related to corruption and fraud.	Fraud awareness was created during the Housing division's Project Co-ordination meetings.
		Fraud and corruption are investigated and reported on	11 reports were submitted to the HOD and MEC.
		A mechanism is created for the reporting of corruption and fraud	The National toll free number is available A circular on fraud was circulated in the department. A fraud prevention plan has been implemented
The department functions within a safe and secure environment	Secured information and environment	Security risks are identified and appropriately addressed	Risk assessment was conducted
		Officials are given security clearance in accordance with the needs of the department	The process of vetting SMS members is in progress. 28 officials were submitted for vetting. Of these, 7 have already received certificates.
		Information sessions are held for all officials to be sensitised on security matters.	Not yet completed due to staff shortage
		The department is assisted and supported on matters related to security	4 reports were submitted to the HOD and MEC.

MEASURABLE OBJECTIVE	KEY PERFORMANCE INDICATOR 2005/2006	PLANNED OUTPUTS / ACTIVITIES 2005/2006	PROGRESS AS ON 31 MARCH 2006
Financial resources are allocated and controlled in the department	No overspending	Compile consolidated departmental budget	Budget was captured on the system Rollover funds were requested and approved
	Under spending within norm of 2%		Final draft budget submission for 06/07 was submitted to Provincial Treasury
		Compile consolidated departmental adjustment budget	Individual discussions were held with programme managers. Bilateral attended by MEC were held with Provincial and National Treasury.
			Presentations regarding Financial Management were made to senior management. Adjustment budget was compiled and submitted to the Provincial Treasury.
		Monitor and control departmental expenditure	Expenditure reports were submitted to the MEC and HOD on a monthly basis
		Monitor special investigations and manage fraud prevention	Status reports were submitted
Effective and efficient accounting services are ensured in the department	Successful month-end closure Compliance indicators met	Maintain accurate accounting records	Except for April 2005 when a technical problem occurred, BAS was successfully closed in all other months.
	Reconciliation completed	Manage own revenue	Own revenue increases by 175.84%
	Payment of salaries by the 15 th and 30 th of each month	Maintain and reconciliation of bank accounts	Reconciliation done on a daily and monthly basis
		Maintain salaries, tax and debt	Payment of salaries and deductions are done on a monthly basis
		Safekeeping of accounting records	All document requested were available as all system input documents are submitted on a weekly basis to Financial Control
		Verifying payments and authorizing transactions	All transactions were verified and authorised as submitted after they were captured
		Compliance certificates submitted	Due to the streamlining of processes, these reports were consolidated.

MEASURABLE OBJECTIVE	KEY PERFORMANCE INDICATOR 2005/2006	PLANNED OUTPUTS / ACTIVITIES 2005/2006	PROGRESS AS ON 31 MARCH 2006
The finances of the department are monitored and reported on	Finalisation of Financial Statements Finalisation of Annual Report. Unqualified Audit Report Compilation of Compliance Reports	Compilation of Financial Statements Compilation of Annual Reports Ensure regular financial reporting to meet legislative compliance dates	Financial Statements were submitted on 31 May 2005, and finally re-submitted on 3 August 2005. All audit queries were handled and the Auditor General Report were submitted: Departmental: Unqualified Trust Funds: Unqualified Housing Fund: Disclaimer Outputs were aligned Annual report was submitted on 31 September 2005 5 reports were submitted per month
Goods and services are supplied to the department	Promptly acquiring goods and services as requested	Demand management Acquisition management Logistics management	Due to capacity and personnel constrains, the analysis has not yet been done Goods and services were obtained 95% of all invoices
Assets are managed in the department	Updated asset register	To maintain an Asset Register	Not maintained during 3 rd quarter as a result of the movement between buildings and capacity and personnel constrains.
		Conduct stocktaking	Not maintained during 3 rd quarter as a result of the movement between buildings and capacity and personnel constrains.
		Dispose of redundant assets	Disposal of vehicles took place.
		Compliance with legislative requirements	As a result of the movement between buildings and capacity and personnel constrains, it was not possible
		Finalization of losses	20 cases
		Control transport within the department	Utilization was discussed in SMS meeting and at each transport meeting.
Procurement performance is monitored in the department	Compliance with legislative requirements	Ensure regular Supply Chain Management reporting	Due to lack of capacity and shortage of personnel, reports were not submitted
		Retrospective analysis of goods	Due to the lack of capacity and shortage of personnel, reports were not submitted.



MEASURABLE OBJECTIVE	KEY PERFORMANCE INDICATOR 2005/2006	PLANNED OUTPUTS / ACTIVITIES 2005/2006	PROGRESS AS ON 31 MARCH 2006
An Internal Audit Strategy and Charter is developed and successfully implemented in the department	Minimized risks	Internal Audit unit is activated	Approval was obtained to outsource the function Fraud Prevention Committee was established



PROGRAMME 2: HOUSING

Aim

The aim of this programme is to manage housing delivery, development, and sustainable infrastructure delivery.

Strategic Goal

Sustainable human settlements are created and maintained in the Free State Province.

Strategic Objectives

- 2.1 To plan and facilitate housing delivery in the Free State Province
- 2.2 To provide individual subsidies to qualifying beneficiaries in accordance with the housing policy and to monitor housing performance and delivery
- 2.3 To provide for the efficient and effective management of housing assets
- 2.4 To rehabilitate dysfunctional areas and create integrated and functional housing settlements with the notion of economic and social development.

MEASURABLE OBJECTIVE	KEY PERFORMANCE INDICATOR 2005/2006	PLANNED OUTPUTS / ACTIVITIES 2005/2006	PROGRESS AS ON 31 MARCH 2006
Customize and successfully implement the provincial multi-year housing delivery plan.	25% implementation of plan	Compile and implement the multi-year housing delivery plan	The draft document has been compiled and is due to be presented to the HoD and MEC for approval after it has been discussed with other senior managers within the Housing Division
Enforce quality in housing delivery	Provincial norms and standards synchronised and adopted	Provincial norms and standards are synchronised and successfully implemented	The provincial norms and standards have been compiled. A briefing and discussion session between TAS, the HOD and MEC has been held and are awaiting approval by the MEC once comments from other stakeholders like contractors have been integrated.
	Remedial measures implemented towards enhancing previously constructed houses (RDP Houses)	Audit of previously built houses with defects completed	At end October 2005, the department launched a programme on rectification of houses with defects in the Xhariep District. This programme has been launched in the Lejweleputswa District and will be rolled out to other districts in the next financial year.

MEASURABLE OBJECTIVE	KEY PERFORMANCE INDICATOR 2005/2006	PLANNED OUTPUTS / ACTIVITIES 2005/2006	PROGRESS AS ON 31 MARCH 2006
Ensure compliance with quality standards	100% compliance	Build the technical capacity in municipalities and other stakeholders e.g. HSO, developers and report thereon	Technical support is offered to stakeholders in Housing through site inspections. The Department has the Cuban Technical Support Programme, which is in its third year of implementation underway. This is a specific programme whereby the department provides hands on capacity building to Support Organisations and contractors.
Provision of capacity and support to municipalities with regard to housing delivery.	Provincial Business plan developed and 100% thereof implemented	Integrated provincial business plan in line with the skills gap analysis.	Business plan completed and implemented The following programmes have been completed: - Two PHP - 91 Participants - Train the Trainer for Consumer Education
		Housing needs verified Multi year planning process	- 50 participants- Project Management - 19 participants- Housing Policy - 51 participants
	Impact assessment report compiled		In the process of completion. Funds allocated by the National Department of Housing (NDOH) for the accreditation
	Accreditation of one municipality. 10 housing sector plans		of Mangaung Local Municipality. NDOH appointed a consultant to develop business plans, MOU and Accreditation Plan. All 10 housing sector plans have been
	To flousing sector plans		adopted by their respective councils
Provision of subsidies to qualifying beneficiaries under the various	An allocation strategy drawn and 100% thereof implemented.	Construction of 12 000 units	10 518 housing units were constructed and/ or transferred to beneficiaries.
programmes	Effective contract management	Contracts 100% signed	23 projects were allocated in December 2005. All 23 contracts have been signed as per approved allocation
	Suitable land identified and acquired	Pockets of land acquired	Land acquired in Viljoenskroon for the creation of sites to accommodate Off Farm project of 300 subsidies and further 2 000 sites to be created.
			Land to accommodate about 16 000 sites is in the process of being acquired within Mangaung Local Municipality.

MEASURABLE OBJECTIVE	KEY PERFORMANCE INDICATOR 2005/2006	PLANNED OUTPUTS / ACTIVITIES 2005/2006	PROGRESS AS ON 31 MARCH 2006
		Facilitate SMMEs access to bridging finance	Free State Development Corporation has been roped into bridging finance for needy SMME's. NURCHA has also meet with stakeholders and intend developing partnerships with the province.
		Capacitate emerging contractors especially women.	Two formal training sessions conducted 44 participants trained, 80% of which were women
Enhancing the data on the HSS	Improved information / data	Ensure the effective and efficient capturing of information on the HSS	The task team for the HSS has been set up and progress in this regard is satisfactory. Training sessions will be arranged within this year to ensure that officials understand the linkage between policy and how it relates to the HSS better. In addition, that enhancements on the HSS are clarified and that these can be implemented better within the environment.
Facilitation of the security of tenure in relation to all housing subsidy programmes.	35% of the remaining units transferred through the Discount Benefit Scheme (DBS). Audit report on tenure rights for all housing beneficiaries compiled.	Ensure the successful implementation of a provincial housing subsidy policy / programme	146 housing units were transferred through the DBS 9 350 housing units have been constructed and transferred to beneficiaries.
Facilitate the development and maintenance of social housing institutions.	3 existing social housing institutions rehabilitated.	An action plan of interventions is developed and successfully implemented	Discussions have been held with the National Housing Finance Corporation (NHFC)'s Turnaround Specialist to assist with the study of Reatlehile Housing Association's shortcomings in order to establish the form of assistance required to ensure the rehabilitation and sustainability of the said institution.

MEASURABLE OBJECTIVE	KEY PERFORMANCE INDICATOR 2005/2006	PLANNED OUTPUTS / ACTIVITIES 2005/2006	PROGRESS AS ON 31 MARCH 2006
	100% of new applications processed are approved	Advertise an invitation of the business plan for new projects.	Invitation of proposals could not be published due to the non-allocation of Institutional Subsidies but proposals have been received from companies such as Harmony Gold Mining Company and requests for dates for presentations on Social Housing projects have been received from various other entities.
			Mangaung Local Municipality has elicited an interest in developing a Social Housing Institution. Liaison between the municipality, the Department of Local Government & Housing, National Department of Housing, the NHFC, Social Housing Foundation (SHF), a firm of Consultants, viz. AFRICON and ABSA has been established.
			This liaison is due to be formalized by various Memoranda of Understanding (MOUs), which will be concluded between the various participants. These MOUs will prescribe the parties' working relationship. So far, three meetings have been held at which each one of the listed participants has itemized the contribution that each will be bringing to the project and the MEC has agreed to allocate Institutional Subsidies to the project.
			Land for the development of the project has already been identified and a preliminary feasibility report on the identified land was done by AFRICON. The participant already mentioned is the Project Team which will champion the development of the project and is currently awaiting a Council Resolution approving the establishment of a Social Housing Institution and the registration of a special purpose vehicle, a Section 21 Company, in this instance, that will take the process forward.

MEASURABLE OBJECTIVE	KEY PERFORMANCE INDICATOR 2005/2006	PLANNED OUTPUTS / ACTIVITIES 2005/2006	PROGRESS AS ON 31 MARCH 2006
		Promote Social Housing through all media.	Discussions within the broader departmental communication services have been held: Radio slots with call-in facilities will be acquired and brochures in at least three languages will be published and distributed in municipalities.
			Correspondence to municipalities that have already elicited an interest in the development of Social Housing Institutions, requesting two provisional dates in February and March, on which presentations on the new Social Housing Policy may be made, have been dispatched.
Facilitate the creation of medium density housing	2 pilots identified (Sasolburg and Bloemfontein)	Maximise utilisation of land Functional settlements	Bloemfontein A submission requesting approval to redevelop Hostel No.1 in Mangaung in accordance with the envisaged medium density-housing programme has been drafted and submitted to the MEC.
			The policy on the creation of Medium Density Housing is being developed by a National Task Team and a request to pilot Mangaung Hostel 1 has been forwarded to the national Department of Housing.
Plan of Action on transfer of Housing Assets developed and successfully implemented	Audit report compiled.	Compile tender specifications for the appointment of forensic auditors	Bids specifications have been drawn up and these require endorsement by the Bids Specification Team and the Supply Chain Component.
	25% of the housing assets transferred		Transfer the 120 rental housing units in Ehrlich Park, Bloemfontein, to Mangaung Local Municipality. Correspondence in this regard was exchanged with the Department of National Housing.
			The Housing department has also been requested to conduct a Deeds Search to establish the ownership of the said 120 properties. National Housing is currently trying to determine which Government Department owns the properties, but believes that the properties are owned by the Department of Public Works and that they should be transferred to the aforementioned department. However, no authoritative legal framework has been suggested by National Housing.

MEASURABLE OBJECTIVE	KEY PERFORMANCE INDICATOR 2005/2006	PLANNED OUTPUTS / ACTIVITIES 2005/2006	PROGRESS AS ON 31 MARCH 2006
			Mangaung Local Municipality has already confirmed its interest in taking transfer of the Ehrlich Park rental units. National Housing has been requested to physically assist with the transfer/devolution of the said properties. Date of visit by National Housing still waited.
Facilitate the creation of rental stock	Rental stock created	Tenure options provided	Road shows to municipalities on the Rental Housing Act and its Regulations, the new Social Housing Policy, the soon to be finalised Medium Density Housing Policy and the soon to be promulgated Social Housing Act are due to be conducted. Members of the Rental Housing Tribunal have been selected /nominated by the MEC and these nominees will be subjected to interviews as required by the Housing Portfolio Committee of the Provincial Legislature as part of the consultation process that is determined by the Rental Housing Act. Thereafter the nominees shall be presented to the Portfolio Committee for ratification of their appointment. Proposals for the remuneration of the members have been submitted to the MEC for approval and said approval is still awaited. A submission requesting appointment of mediators who are an integral part of the Tribunal Process has been re-drafted and submitted together with the relevant CVs/ proposals of the individual applicants for the approval of the MEC. Once the submissions mentioned above are approved and the Support Staff for the Rental Housing Tribunal are appointed, the Tribunal will be launched officially.

MEASURABLE OBJECTIVE	KEY PERFORMANCE INDICATOR 2005/2006	PLANNED OUTPUTS / ACTIVITIES 2005/2006	PROGRESS AS ON 31 MARCH 2006
Support the macro planning and identification of urban nodes	Urban nodes identified	Business plan formulated and implemented	Mangaung Activity Corridor is 70% complete and expected to 100% by end December 2007.
			Hawker stalls has been installed and finishes completed in Bethlehem.
			Pedestrian bridge is 40% complete in Bethlehem.
Facilitate the creation of integrated and functional settlements	Strategic plan for dysfunctional areas compiled	Effective and efficient implementation of Strategic Plan for dysfunctional areas	A pilot area is to be identified by the MEC.
Facilitate the provision of social and economic amenities	3 pilots for the provision of social and economic amenities	Viable communities	Approval has been sought for the creation of a multi-faceted Community Centre for Reahola Social Housing Institution. This centre will epitomise the BNG Housing Strategy which calls for integrated human settlements.
Facilitate the implementation of the informal settlement upgrading programme	Informal settlement eradication strategy developed and consulted	Receive and approve 17 business plans.	Grassland has been identified as BNG pilot project that will create 6 031 residential sites, 10 business sites, 10 public open space, 6 school sites, 5 municipal sites, 8 worship sites and 3 crèche sites.
			Socio-Economic survey to be conducted to inform the required socio-economic amenities and the subsequent housing options.
			17 890 submitted for township establishment
			General plan approved for 800 sites
			Township register opened for 6 915 sites.



PROGRAMME 3: LOCAL GOVERNMENT

Aim

The programme aims at establishing, monitoring, regulating, strengthening, supporting, and capacitating Local Government bodies in terms of the Constitution of 1996. The programme also aims to render support services regarding Disaster Management.

Strategic Goal

Accountable and sustainable local governance in the Free State Province

Strategic Objectives

- 3.1 To monitor and support municipalities to ensure financially viable and sustainable municipalities
- 3.2 To provide support and facilitate the implementation of a legislative and policy framework.

MEASURABLE OBJECTIVE	KEY PERFORMANCE INDICATOR 2005/2006	PLANNED OUTPUTS / ACTIVITIES 2005/2006	PROGRESS AS ON 31 MARCH 2006
Monitor and support municipalities to achieve financial viability	Number of municipalities that have achieved financial viability	Provide financial administrative and technical support and advise to municipalities and MEC	23 financial management support programmes were implemented at all municipalities to the exception of Mangaung Local and Fezile Dabi District municipalities. These municipalities were enabled to:
			 Compile annual budgets Implement cost-reflective economic tariffs Revenue collection and expenditure control Creditors management and debt restructuring Update financial administrations Compile annual financial statements Address deficiencies pointed out by the Office of the Auditor-General.
		Monitor the overall financial position of municipalities and their compliance with applicable financial legislation	12 monthly, and 4 quarterly reports were submitted to MEC on the financial status and compliance to applicable legislation. Provided two six monthly reports to municipalities for taking corrective action. These reports indicate that there is rising service arrears debt, and that management of cash flow remain critical.

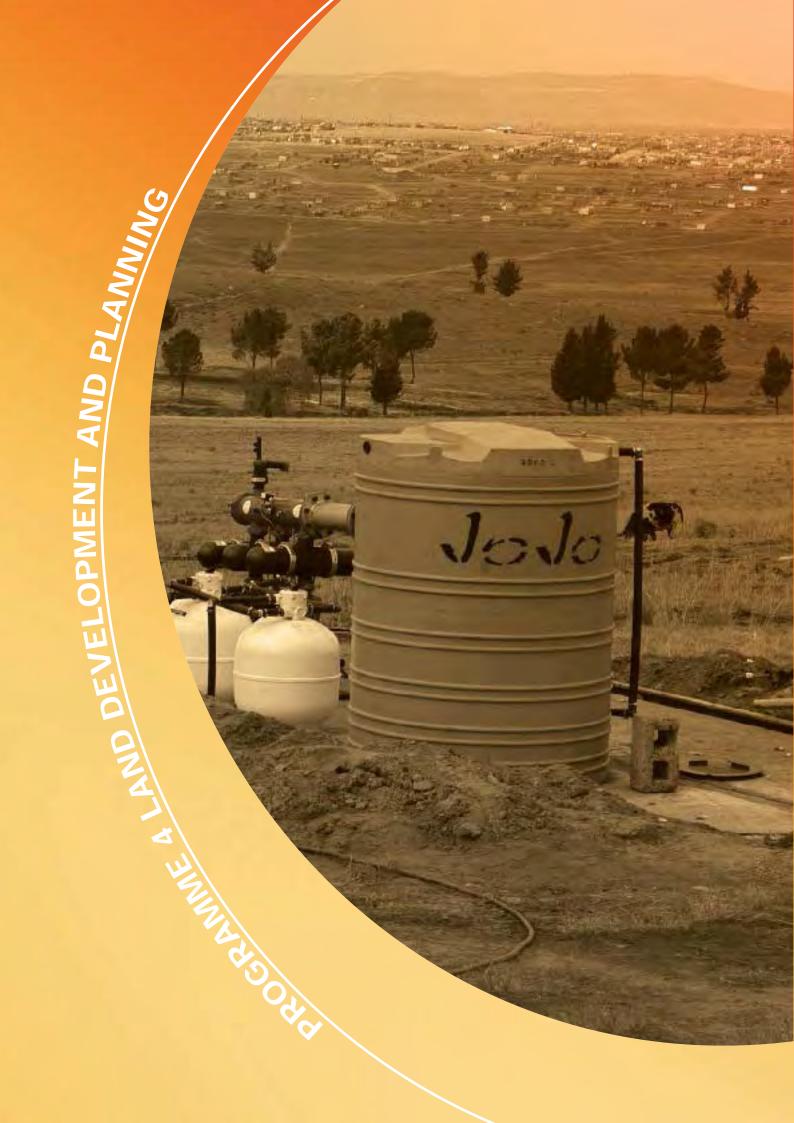
MEASURABLE OBJECTIVE	KEY PERFORMANCE INDICATOR 2005/2006	PLANNED OUTPUTS / ACTIVITIES 2005/2006	PROGRESS AS ON 31 MARCH 2006
		Ensure accountability assessing audit reports and financial statements of municipalities and PROPAC and conduct investigations into allegations of fraud and corruption	Provided support to municipalities in developing financial statements. 25 financial statements were completed. All reports issued by the Office of the Auditor-General were assessed. Two investigation reports on alleged corruption at two municipalities developed by the department. Additional 2 investigation reports were commissioned for Dihlabeng and Moqhaka local municipalities.
Monitor and support municipalities in implementing systems of local government	Improved service delivery by municipalities	Monitor 25 municipalities quarterly	1 compliance monitoring report was done for Thabo Mofutsanyana District Municipality (5 local municipalities) Departmental interactions were conducted to municipalities and 12 progress reports developed focusing on key performance areas. For an example, municipal transformation and institutional development, LED, Basic service and infrastructure.
		Reward Performing municipalities	DPLG decided to defer VUNA awards to the 2006/2007 financial year
Facilitate effective implementation of Project Consolidate	Affected municipalities with improved administration, finance and service delivery	Co-ordinate support interventions in selected municipalities	A provincial action plan for the 12 Project Consolidate (PC) municipalities was developed and the following achievements can be highlighted: Managed to expend allocated resources for Municipal Infrastructure Grant (MIG) for 2004/2005 with the exception of Phumelela. The development of Master Systems Plans (MSPs) by six Project Consolidate municipalities viz. Moqhaka, Naledi, Phumelela, Nala, Tswelopele and Tokologo. The development of Housing Sector Plans by six Project Consolidate municipalities viz. Setsoto, Tswelopele, Tokologo, Phumelela, Naledi, Nala. Phumelela has conducted section 78 processes in terms of Municipal Systems Act of 2000 as amended in 2002; and 14 municipalities supported in the development of Performance Management System frameworks.

MEASURABLE OBJECTIVE	KEY PERFORMANCE INDICATOR 2005/2006	PLANNED OUTPUTS / ACTIVITIES 2005/2006	PROGRESS AS ON 31 MARCH 2006
			Projects for service delivery and improving operation and maintenance of water and wastewater treatment plants at four municipalities have been completed. The department has provided staff on a limited basis to assist two PC municipalities to update their municipal financial administration and develop a spatial development framework. The deployment of water and sanitation technicians and an engineer at Phumelela, Naledi, Kopanong and Tokologo local municipalities. The Deployment of an engineer at Kopanong has been done in partnership with the Department of Water Affairs and Forestry. An investigation into the viability of Xhariep District Municipality has been undertaken and a report developed. Presidential Imbizo and Ministerial Localised Project Consolidate Launches were held at Lejweleputswa district, Kopanong, Phumelela, Naledi, Matjhabeng, Mohokare and Moqhaka local municipalities
Facilitate the effective implementation and monitoring of Free Basic Services in local municipalities	Improved accesses to Free Basic Services	Provision of technical support to municipalities in implementing of Free Basic Services (FBS).	Municipalities have been supported in implementing FBS and with indigent profiling. All local municipalities are providing Free Basic Water (FBW) and Free Basic Electricity (FBE).
Effective Co-ordination of ISRDP	Improved quality of life in the node	Coordinate partnerships for implementing ISRDP	An ISRDP declaration committing all sector department and State Owned Enterprises (SOEs) was developed and ratified by the Executive Council A Provincial Inter-Departmental Task Team on ISRDP was established; The Provincial Action Plan was developed; Two review reports developed and forwarded to Cabinet

MEASURABLE OBJECTIVE	KEY PERFORMANCE INDICATOR 2005/2006	PLANNED OUTPUTS / ACTIVITIES 2005/2006	PROGRESS AS ON 31 MARCH 2006
Promote and strengthen access to government services	Improved accesses to government services	Implement the Community Development Workers programme	Recruited 293 CDW Learners 95 CDW learners have completed their learnership training through the Further Education and Training (FET) Colleges. These were placed at municipalities. Further training provided in Housing, sector department programmes and African Peer Review Mechanisms. Played a critical role in disseminating government information to communities. Further 198 CDW learners begun their learnership in November 2005
Support municipalities in implementing ward committee system	Improved community participation in municipal affairs	Facilitate optimal use of MSIG funds earmarked for ward committees	MSIG funds were transferred district and local municipalities and the provincial facilitation was not effective
Strengthen cooperative governance	Improved cooperative governance	Support Municipalities in Implementing IGR legislation and Policies	Bi-annual IGR forum (MECLOG) meetings were held to ensure integrated planning and the implementation of Breaking New Ground (BNG) Housing Strategy Supported municipalities in preparing for Presidential Imbizo and implementation of new system of local government – traditional leadership, planning, PMS, Housing, financial management, Spatial Development Framework and disaster management

Other achievements and statistical information

A status report for the development and rationalisation of municipal by-laws has been developed. Four standard draft by-laws have been developed for municipalities. Sixty-five draft by-laws on various topics were developed for adaptation, adoption and publication by municipalities. Ten circulars have been issued to all municipalities on by-law development, by-law rationalisation, municipal elections and other council matters to guide municipalities after the 1 March 2006 local government elections.



PROGRAMME 4: LAND DEVELOPMENT AND PLANNING

Aim

The aim of this programme is to ensure orderly land utilization on a local and regional basis and orderly land use at local and regional bases and to provide for security of tenure in the Free State

Purpose

Integrated land development and planning in the Free State Province

Strategic Objectives

- 1.1 To promote integrated and sustainable land development in the Free State
- 1.2 To minimise the impact of disasters on the lives of the people of the Free State
- 1.3 To ensure the successful implementation of the municipal infrastructure programme in the Free State
- 1.4 To ensure security of land tenure rights in the Free State
- 1.5 To maximise the economic potential of municipalities in the Free State

MEASURABLE OBJECTIVE	KEY PERFORMANCE INDICATOR 2005/2006	PLANNED OUTPUTS / ACTIVITIES 2005/2006	PROGRESS AS ON 31 MARCH 2006
The Integrated Development Planning Process is enhanced and accelerated	Improved quality of IDPs and compliance to legal requirements.	Assist Municipalities on development of their IDPs.	In partnership with the Department of the Premier, we ensured that there was Bethlehem Declaration and progress for effecting integrated planning and alignment by all sector departments.
	Prompt response to IDP related matters.		Supported municipalities in developing draft IDPs by end of February 2006.
			Convened IDP hearings and IDP Summit to assess the quality of reviewed IDPs and ensure alignment with Provincial Growth and Development Strategy (PGDS)
		Co-ordinate, facilitate and monitor the IDP process.	Quarterly monitoring reports were developed on the process of IDPs, which included community participation, budget alignment, sector plans, etc.
		Co-ordinate, facilitate and monitor the alignment of IDPs provincially.	A provincial alignment summit was held to align IDPs with the Free State growth and Development Plan.
		Assist on IDP capacity building process.	No IDP capacity building programmes were implemented.

MEASURABLE OBJECTIVE	KEY PERFORMANCE INDICATOR 2005/2006	PLANNED OUTPUTS / ACTIVITIES 2005/2006	PROGRESS AS ON 31 MARCH 2006
		Assess IDPs annually.	Convened IDP Hearings and IDP Summit to assess the quality of reviewed IDPs and ensure alignment with the Provincial Growth and Development Strategy (PGDS)
Municipalities are effectively skilled in land development and planning.	Improved, specific and prompt response to development proposals. Improved state of readiness to implement applicable legislation.	Municipalities trained to conduct land use surveys.	Mafube municipality was trained to conduct land use surveys
		Municipalities assisted in the processing of land development applications.	Two municipalities, Mantsopa and Mangaung, were assisted in processing applications for development.
		Train municipalities to implement land use schemes.	Six municipalities, Kopanong, Metsimaholo, Mohokare, Naledi, Tokologo and Phumelela, were trained to implement land-use management schemes.
		Develop guidelines on land tenure issues.	None
Orderly land development in the Free State orderly	Compliance with sound town planning principles and legislation.	Assist municipalities with funding of town planning schemes.	Five municipalities, Ngwathe, Setsoto, Masilonyana, Maluti-a-Phofung and Mantsopa, funded to the value of R1, 31 million.
	Prompt response to land management matters	Implementation of guidelines regarding Town Planning Schemes.	Guidelines developed and provided municipalities identified above.
		Facilitate identification of land suitable for the resettlement programme. (Business plans).	Thirteen Business Plans indicating suitable evaluated land were developed for Nketoana, Maluti-a-Phofung, Tswelopele, Metsimaholo, Matjhabeng, Moqhaka, Letsemeng, Tokologo, Setsoto, Kopanong, Phumelela, Naledi and Mantsopa local municipalities.
		Assess and process applications to ensure orderly planning in terms of legislation and set norms and standards.	647 land development applications received assessed and processed. There was a 56% increase in the number applications received and processed.
		Compile provincial Spatial Development Framework (SDF).	A provincial development framework developed in line with National Spatial Development perspective to guide the FSGDS
			Developed Spatial Development Framework for two districts namely Xhariep and Thabo Mofutsanyana.

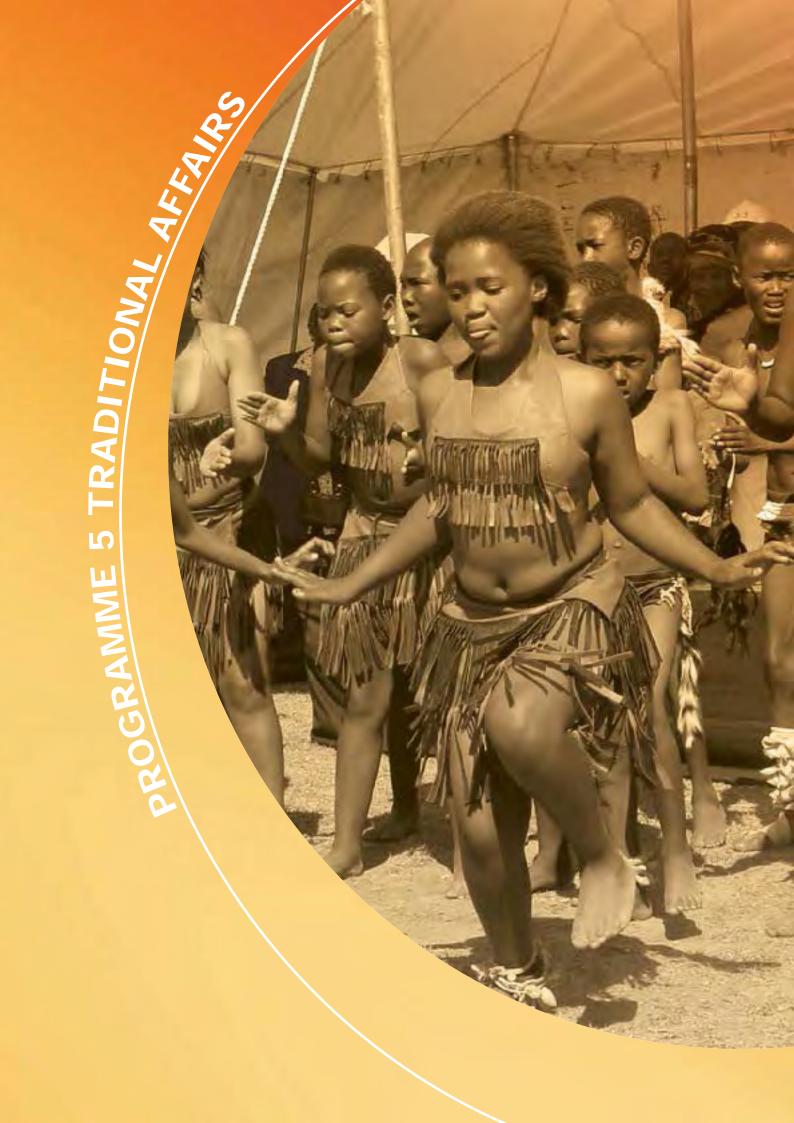
MEASURABLE OBJECTIVE	KEY PERFORMANCE INDICATOR 2005/2006	PLANNED OUTPUTS / ACTIVITIES 2005/2006	PROGRESS AS ON 31 MARCH 2006
		Compile and maintain Spatial Information System (GIS)	Developed and maintained a spatial database of municipalities' and assisted Mafube, Nala, Dihlabeng, Mohokare and Maluti-a-Phofung and Thabo Mofutsanyana district in developing their GIS.
		Research ad hoc land development matters.	Developed guidelines on the sub-division of Agriculture and Leisure residential uses.
A provincial disaster management framework is developed and successfully implemented in the Free State	Improved quality of municipal disaster management plans Compliance with relevant legislation	Assist municipalities in reviewing their disaster Management Plans.	Three out of five district municipalities' Disaster Management Plans have been developed.
		An operational provincial disaster management centre established.	The provincial Disaster Management Centre has been established
		5 districts' disaster management forums established	Disaster management forums have been established for five districts. These are fully functional, representative and participate in the Provincial Forum
		Monitor the integration of disaster management plans into IDPs	18 municipalities' Disaster Management Plans are integrated in their IDPs. The department facilitated the development of the entire 5 Districts' Municipal Plans and participated in the implementation thereof.
		Conduct the training of municipalities in disaster management	Conducted training in fire prevention, fire fighting in hazardous material spillages, disaster management framework, cross boarder relations and snow protocol.
			Provided information session in aerial support activation during runaway forest and veld fire, and in national guidelines on recruitment and training of volunteers.
		Assist Municipalities in establishing DMF	Local Disaster Management Advisory Forums have been established in all municipalities except Setsoto, Phumelela, Nala and Tokologo.
		Assist municipalities in developing response contingency plans.	All districts have been assisted in developing risk mapping or vulnerability atlas.

MEASURABLE OBJECTIVE	KEY PERFORMANCE INDICATOR 2005/2006	PLANNED OUTPUTS / ACTIVITIES 2005/2006	PROGRESS AS ON 31 MARCH 2006
Monitoring of the drinking and waste water quality audit management programme.	Audit report on the quality of the drinking and waste water at all the water service authorities in the Free State	Two quarterly reports to be submitted to the MEC, management and water quality working committee.	Quarterly and monthly reports were submitted to management and MEC on monitoring compliance by the Water Services Associations.
		Convene two bi-annual water quality stakeholders meeting to discuss quarterly and bi-annual report.	One bi-annual water quality meeting was held.
		Submit bi-annual report to MEC and management	The drinking water quality in the province at the end of March 2006 was 98% compliant to DWAF standards.
Implementation and monitoring of provincial infrastructure projects.	Allocation of budgeted amount to address the urgent backlogs within municipalities.	Evaluation and approval of infrastructure related projects within local municipalities. Monitor the implementation of the approved infrastructure projects.	All municipal infrastructure projects (Sanitation, roads, storm water, street lighting) have been evaluated and 95% expenditure can be reported as at the end of March 2006
Monitoring of the Municipal Infrastructure Grant (MIG) programme.	Compliance with the MIG Policy. Compliance with the Division of Revenue Act (DORA). Compliance with IDP and Free State Development Plan.	Consolidate the financial report for the 8 Project Management Units and submit on monthly and quarterly bases to DPLG.	The reports are compiled and submitted on a monthly basis. Total expenditure of municipalities is at 72% of the allocated funds by the end of March 2006. Rain during the last quarter delayed construction on projects.
		Consolidate the KPI report for the 8 PMUs and submit these to DPLG on monthly and quarterly basis.	Quarterly reports with the KPIs i.e. with indications of progress made, people employed and accredited or non-accredited training were compiled and submitted to DPLG.
		Monitor the administration and legal compliance of all projects implemented by all implementing municipalities via the MIS system and site visits.	Registration of all projects is captured on the Municipal Information System (MIS) although the system is still not operational. Employees within local municipalities have been fully trained in the MIS.
		Monitor the implementation of labour intensive construction methods in terms of the Extended Public Works Programme (EPWP) guidelines.	The labour intensive projects are identified and monitored with monthly reports as well as quarterly reports being submitted to Public Works
		Develop and implement an intervention policy for non-performing municipalities	Policy not yet developed however an intervention plan has been developed and implemented.

KEY PERFORMANCE INDICATOR 2005/2006	PLANNED OUTPUTS / ACTIVITIES 2005/2006	PROGRESS AS ON 31 MARCH 2006
Establishment of the Provincial MIG Management Unit (PMU).	Establish a capacitated and operational PMMU.	Provincial Project Management Unit has been established.
Facilitate the establishment of 8 PMUs	Facilitate the establishment of 8 PMUs	Ten municipal PMUs were established until 31 March 2006
	Ensure that the all MIG projects registered on the MIS system forms part of the municipalities IDPs as well as the FS growth and development strategy.	All project applications are accompanied by signed council resolutions as part of ensuring alignment to the IDPs.
Awareness of the MIG Improved infrastructure delivery.	Develop a provincial communication plan and implement the plan.	A provincial communication plan not in place due to the adoption of the National Communication Framework.
Prompt and accurate reporting.	Facilitate the compilation of a communication plan within the 8 PMUs	Local communication plans not yet developed.
	Monthly meetings and workshops with the PMUs to enable municipalities to perform their MIG functions.	Monthly monitoring interventions were held with all ten PMUs where local municipalities were present.
12 000 deeds of transfer registered.	Develop and implement rollout plans with regard to Act 81/1988.	2 687 title deeds were registered in favour of the qualifying beneficiaries.
10% of outstanding township registers opened.		11 050 documents were processed for advertisement purposes.
Accessibility to state land for formal settlements is	Open township registers in respect of affected areas.	Mangaung and Setsoto municipalities were assisted in opening Township Registers
improved	Facilitate transfer of state land to municipalities.	Assistance was provided in transferring state land to Mantsopa and Mohokare municipalities.
Development of strategies and guidelines on LED. Regular monitoring and support on Economic Development to 25 municipalities.	Assist Municipalities in the compilation of LED strategies.	All district municipalities and four local municipalities were supported in developing LED strategies.
	Establishment of the Provincial MIG Management Unit (PMU). Facilitate the establishment of 8 PMUs Awareness of the MIG Improved infrastructure delivery. Prompt and accurate reporting. 12 000 deeds of transfer registered. 10% of outstanding township registers opened. Accessibility to state land for formal settlements is improved Development of strategies and guidelines on LED. Regular monitoring and support on Economic Development to 25	Establishment of the Provincial MIG Management Unit (PMU). Facilitate the establishment of 8 PMUs Facilitate the establishment of 8 PMUs Ensure that the all MIG projects registered on the MIS system forms part of the municipalities IDPs as well as the FS growth and development strategy. Awareness of the MIG Improved infrastructure delivery. Prompt and accurate reporting. Facilitate the compilation of a communication plan and implement the plan. Facilitate the compilation of a communication plan within the 8 PMUs Monthly meetings and workshops with the PMUs to enable municipalities to perform their MIG functions. 12 000 deeds of transfer registered. Accessibility to state land for formal settlements is improved Development of strategies and guidelines on LED. Regular monitoring and support on Economic Development to 25



MEASURABLE OBJECTIVE	KEY PERFORMANCE INDICATOR 2005/2006	PLANNED OUTPUTS / ACTIVITIES 2005/2006	PROGRESS AS ON 31 MARCH 2006
		Provide direct hands-on support to all municipalities.	Eight municipalities were assisted to establish their LED components.
			23 LED projects identified and support provided. 9 municipal LED strategies were developed.
		Coordinate and monitor donor programmes and economic linkages	LED donor funds were secured from the Free State Development Corporation (FDC), National Development Agency and Sasol.
			Six LED linkages were supported.



PROGRAMME 5: TRADITIONAL AFFAIRS

Aim

The aim of the Traditional Affairs directorate is to support the Institution of Traditional Leadership in the province in order to realize its constitutional mandate, which is to be the custodian of communities that observe customary law.

Purpose

Accountable and sustainable traditional institutions are promoted in the Free State Province

Strategic Objectives

- 5.1 Sound institutional administration and financial framework for supporting and strengthening Traditional Leadership
- 5.2 Support the landless traditional leaders to acquire land rights
- 5.3 Promote and provide capacity building programmes for traditional leadership
- 5.4 Sound partnerships for service delivery between traditional leadership, municipalities, and sector departments
- 5.5 Expedite the promulgation and implementation provincial legislation of traditional leadership.

MEASURABLE OBJECTIVE	KEY PERFORMANCE INDICATOR 2005/2006	PLANNED OUTPUTS / ACTIVITIES 2005/2006	PROGRESS AS ON 31 MARCH 2006
Stabilize the institutional administrative systems	Effective and efficient financial and administrative systems	Align and stable financial ad administrative systems	Facilitated the relocation of the Provincial House of Traditional Leadership from Qwaqwa to Bloemfontein Two vehicles purchased for the Chairperson and Deputy Chairperson Management of resultant conflict on succession Provided support to the National Commission on Traditional Leadership Dispute and Claims.
Facilitate recognition of traditional communities	Adequate capacity	Traditional communities are recognised with land rights	11 out of 13 traditional communities have land rights. Facilitated discussion with Land affairs on landless traditional communities.
Promote institutional capacity for traditional leadership	Improved performance of the institution of traditional leadership	Traditional leaders are trained and informed on relevant matters	Capacity programmes were implemented for the House of Traditional Leaders and 13 Traditional Councils to prepare them for the implementation of provincial legislation. Training was provided on their role in the establishment of Traditional Councils, Municipal Systems and Structures Act, IGR Bill, repeal of administration Act of 1927, Disaster Management Act, Co-operative Act



MEASURABLE OBJECTIVE	KEY PERFORMANCE INDICATOR 2005/2006	PLANNED OUTPUTS / ACTIVITIES 2005/2006	PROGRESS AS ON 31 MARCH 2006
Support sustainable integrated development planning	Improved participation of traditional communities in IDP programmes	Facilitate the participation of traditional communities in IDPs	Facilitated co-operation between traditional leaders and municipalities and traditional communities were encouraged to participate in the affairs of the municipalities. Through the capacity building processes the eleven traditional council have participated in the IDP and budget processes of two affected district municipalities
Strengthen and support the role of traditional leaders in the province	Traditional leaders acting in accordance with legislative mandate	Facilitate the compliance of traditional leaders with legislation	The Provincial Act on Traditional leadership and Governance was enacted on 2 December 2006.

Other achievements

The House of Traditional Leaders was officially opened on 09 May 2005. This is an annual event, which marks the beginning of the working year for the House.

A three days conference was hosted by the Traditional Affairs directorate on the theme Transformation Agent for Rural Economic and Social Development. 80 traditional leaders from the province participated in the conference. The highlight of the conference was the agreement reached between Thabo Mofutsanyana District Municipality and the Traditional Leadership to forge closer working relationships on developmental issues of rural communities in Qwaqwa.

The Department facilitated a four-day public hearings on the Commission on Traditional Leadership Disputes and Claims, which sat in October 2005, to investigate the position of the king and queen of the Batlokwa and Bakwena traditional communities in the Free State. The public hearings were attended by about 200 members of communities on each day. On February 2006, further public hearings on claims for kingship were hosted by the department. The two claims were from Makgolokoe and Mr Tshita Mopeli of Bakwena.

In March 2006 the House visited all Traditional Councils to report on their achievements and progress made on traditional leadership and to get a fresh mandate from the Councils. Key issues discussed included participation of traditional leaders in the ward committees system, report on commission of remuneration of Public Office Bearers and preparation for the official opening of the House of Traditional Leaders.

PART 3 FINANCIAL STATEMENTS

PART 3: ANNUAL FINANCIAL STATEMENTS

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REPORT OF THE ACCOUNTING OFFICER TO THE EXECUTIVE AUTHORITY AND FREE STATE LEGISLATURE

1. General review of the state of financial affairs

The allocation received in the Main Budget for the 2005/2006 financial year amounts to R556 719 000. This allocation includes conditional grants to the worth R408 093 000.

The roll over funds as well as additional allocations made in the adjustment budget are made up as follows:

Conditional of	rants
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Conditional grants	
Local Government Support	R 10 809 000
Human Settlement Grant	R 11 208 000
CMIP Management Fees	R 1 923 000
CMIP Capacity Building Grant	R 3 004 000
Housing Grant	R 72 843 000
Total	R 99 787 000
Provincial funds	
Provincial Infrastructure	R 6 471 000

Provincial Infrastructure	R	6 471 000
Informal Settlements	R	2 359 000
Integrated Development Framework	R	466 000
Town Planning Schemes	<u>R</u>	190 000
Total	R	9 486 000

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Additional	Allocation

Local Government Water Related Services SETA	<u>R</u>	<u>3 434 000</u>
Total	R	3 434 000

Grand Total R112 707 000

Budget Reconciliation

	2005/06 R'000	2004/05 R'000
Main appropriation	556,719	571,234
Plus: Adjustment estimate	112,707	192,256
Rollover from previous year	109,273	192,166
Additional allocation	3,434	90
Sub -Total	669,426	763,490
Less: Total expenditure		(632,008)
Authorised programme	(526,828)	(631,935)
Authorised losses	(391)	(73)
Surplus per appropriation account	142,207	131,482
Less: Roll over/carried forward	(142,207)	(112,469)
Under spending	<u> </u>	19,013

The amount requested to be rolled over to the 2005/06 financial year was made up as follows:

Description	Amount R'000
Human Settlement Grant	6,028
Provincial Infrastructure	1,186
Incomplete Houses	13,650
Housing Grant	115,986
Integrated Development Frameworks	660
Planning and Surveying	3,382
Community Development Workers	1,315
Total	142,207



2. Services rendered by the department

2.1 Advertisements: Rezoning fees/ removal of restrictions

Tariff Policy

A tariff policy regarding the fees payable in regard to the following three sets of Legislation was developed in the previous financial year:

- Removal of Restrictions Act, 1967 (Act No. 84 of 1967)
- Townships Ordinance, 1969 (Ordinance No. 9 of 1969)
- Development Facilitation Act, 1995 (Act No. 67 of 1995)

Together with any application received in regard to the above-mentioned legislation, an application fee of R 2 000 was charged together with an undertaking to pay any cost exceeding R 2 000 when the advertisement was placed in a newspaper. This action resulted in various problems and to eliminate them the application fee has been increased to R5, 000 irrespective of whether the expenditure exceeds this amount or not. Other application fees are also under consideration at present.

2.2 Inventories

The Department has one store handling the provisioning of Inventory items. At the end of the financial year, items to the value of R 93 340.67 were in the store.

3. Capacity constraints

A shortage of personnel is currently still being experienced within the Department. Although all functions were performed as expected, most personnel were responsible to handle additional functions, which placed a strain on service delivery. Restructuring within the Department took place and after all posts were job evaluated, personnel will be appointed. A lack of sufficient office accommodation and resources is also a current constraint.

4. Utilisation of donor funds

For the reporting period the Department received donor funds from two different sources:

4.1 Foreign Aid: Flemish Government

A total amount of R 1 611 000 was received from the Flemish Government to provide training in the field of local governance, and the establishment of a one-stop-centre for assistance and support to municipalities. An amount of R 952 000 was already transferred to the University of the Free State in terms of the business plan as agreed upon.

4.2 Local Aid: Development Bank of South Africa

A total amount of R 6 954 000 was received from the Development Bank of South Africa to perform a capacity-building impact assessment, performance review and municipal profiling. An amount of R 6 656 000 was paid out during the financial year on actual work already completed.



5. Other organisations to who transfer payments have been made

The main functions performed by the Department are:

- a) Support, strengthen and ensure sustainable and developmental Local Government and Traditional Authorities
- b) Facilitate and co-ordinate integrated housing and infrastructure development.

As a result of the main functions of the Department, transfer payments are made to the following organisations:

- a) District Municipalities
- b) Local Municipalities
- c) Developers
- d) Households
- e) Universities
- f) House of Traditional Leaders
- g) Tribal Councils

Accountability arrangements

A framework for the utilisation of funds and conditions for payments had been set, and are monitored during the payment process. Funds are gazetted and transferred in terms of these the conditions as mentioned in the gazette. In regard to project related transfers, the actual transfers are only made when actual worked had been completed at the receiving institution.

6. Corporate governance arrangements

In enhancing the corporate functioning of the Free State Provincial Government as a whole, the Department gave monthly progress reports to the Department of the Premier on various key activities applicable to the Department as contained in the Social Sector Programme of Action.

The Department also held quarterly performance review meetings that were attended by all Senior Managers, affording the Department the opportunity to review its performance against set objectives as contained in the 2005/2006 Strategic Plan.

The Department had held meetings with Traditional Leaders to clarify their roles and responsibilities in ward committees and municipalities.

7. Discontinued activities / activities to be discontinued

7.1 Local Capacity Building Grant

As from 1 April 2006, the Municipal Support Grant had been faced out and will the Department not receive any funds for assistance to municipalities. In future support should be leverage through Project Consolidated. The department had however allocated R 7 million to assist municipalities in regard to treasury and financial management capacity and providing financial support to selected municipalities in financial stress.



8. New / proposed activities

8.1 Community Development Workers

During 2003 Government took a decision to employ Community Development Workers to ensure that South African citizens have access to services. The Department to date had two intakes of 95 who commence with training in February 2005 of which 92 is still in the programme. The second intake of 198 commence with training in November 2005 of which 178 is still in the programme. Funds were received from Local Government Water Related Services SETA in regard to training and monthly allowances but the Department was responsible for all operational costs.

The first 92 had completed their training and must they now be absorbed on the establishment of the Department. The salary implication for the Department in this regard is calculated at R 7, 889 million excluding operational cost. If the additional 178 must also be absorbed after their training had been finalised, the estimated cost is R 27 million.

8.2 Provincial Project Management Unit (PMU)

The Department is in the process of establishing a PMU to assist with the following:

- Co-ordinate initiatives to enhance institutional capacity in municipalities.
- Mobilising experts, resources and mustering the involvement of all critical stakeholders.
- Overseeing the implementation of municipal action plans and provincial action plan.

The estimated amount needed to fully establish the unit will be R 4,4 million.

9. Asset Management

The department had implemented the BAUD asset system in 2003 that allocate a unique number to each asset. All assets purchased unit 31 March 2006 had been taken up in this asset register. The system is meeting all the minimum requirements for an asset register. The Department is currently in the process of restructuring and had all relevant post been identified for the asset unit. Posts will be filled as soon as job evaluations were done.

10. Performance Information

Quarterly monitoring reports in terms of the Strategic Plan and Operational Plan of the Department are compiled to monitor and evaluate progress against set objectives.

11. Provincial Public Accounts Committee resolutions

Resolution Number	Subject	Findings
Resolution 68/2005	Forensic Investigation	A schedule should be drawn up to indicate an age analysis of all forensic audit reports and timeframes for the finalisation of replies to resolution.
Resolution 68/2005	Transfer of properties	The number of incomplete houses, the waiting list for houses, the houses not yet transferred and that the title deeds in the name of the correct owner do not exist in all instances.

Resolution 68/2005	Physical verification and completion of all projects approved in the Free State	A number of projects were approved during the past number of years and not completed yet.
Resolution 68/2005	Basic accounting system (BAS)	Problems are encountered with regard to the accounting of certain transactions on BAS in regard to the Free State Housing Fund.

Approval

The annual financial statements set out on pages 80 to 119 have been approved by the Accounting Officer.

MR KF RALIKONTSANE

ACCOUNTING OFFICER LOCAL GOVERNMENT AND HOUSING

DATE: 31/05/2006



1. AUDIT ASSIGNMENT

The financial statements as set out on pages 80 to 119, for the year ended 31 March 2006, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996, read with sections 4 and 20 of the Public Audit Act, 2004 (Act No. 25 of 2004). These financial statements are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements, based on the audit.

2. SCOPE

2.1 Audit of financial statements

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

An audit includes:

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

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

3. BASIS OF ACCOUNTING

The department's policy is to prepare financial statements on the modified cash basis of accounting determined by the National Treasury, as described in accounting policy 1.1 in the financial statements.

4. AUDIT OPINION

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



5. EMPHASIS ON MATTER

Without qualifying the audit opinion, attention is drawn to the following matters.

5.1 Weaknesses in internal control

The following serve as examples of the more serious weaknesses:

5.1.1 Fixed assets

(a) Asset register

The asset register included a significant amount of assets of which the existence could not be verified. This was mainly due to insufficient controls over the management of assets and the asset register.

(b) Management of assets

There was an overall lack of sufficient management of the department's assets for the year under review. Examples of the more serious deviations include reconciliations between the systems, ineffective monitoring of the safekeeping and transferring of assets, unauthorised official trips and insufficient management of purchases of new vehicles.

5.1.2 Personnel management: Contracts and other documentation

The internal controls regarding the management of human resource documents and related payments were inadequate for the year under review. In some instances the employment contracts of staff members could not be obtained. Various performance contracts could furthermore not be obtained for senior management members.

This was due to a lack of adherence by management to adhere to policies and procedures.

5.1.3 Revenue and receivables

(a) Recovery of debt

The policies and procedures to ensure that all debt would be recovered were insufficient for the year under review due to the fact that the department did not have the contact details of debtors in all instances.

The recoverability of staff debt could not be verified as it appeared that efforts were not always timeously made to recover debt of the staff members.

This was due to a lack of controls in this regard and the inadequate functioning of the liability committee of the department.



5.1.4 Lack of formal policies and procedures

As a result of the necessary procedure manuals and policies not being implemented fully, certain deficiencies were revealed in the evaluation of the control environment of the department which could compromise the reliability of data. These included matters like proper policies regarding the disclosure and identification of related parties and various information systems policies and procedures. This was due to a lack of management to ensure that sufficient controls were in place to prevent and detect fraud.

5.2 Financial Management

Internal audit and audit committee

An internal audit section did not exist and the audit committee did not function for the year under review. In terms of section 38(1)(a)(ii) of the PFMA, the department should establish a system of internal audit under a functioning audit committee. This was reported for the past four financial years.

This was due to a lack of proper management policies and procedures to ensure compliance with the act.

5.3 Non-compliance with laws and regulations

5.3.1 Approved tariffs

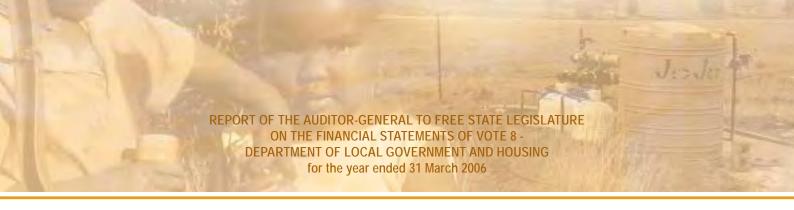
Due to the lack of a documented policy to ensure regular review, the tariff lists, which must be reviewed at least annually by the accounting officer in terms of Treasury Regulation 7.3.1, could not be obtained for audit purposes to verify the validity of amounts levied. This matter was also reported in paragraph 5.1.3(d) of the previous report but to no avail.

5.3.2 Abolishment of the Free State Provincial Housing Board

Since the abolishment of the Free State Housing Board no panel or committee had been appointed by the MEC to assist with matters relating to housing development as required by section 2C of the Free State Provincial Housing Act, 1999 (Act No. 7 of 1999). This matter was also reported in paragraph 4.4(b)(i) of the previous report. Cognisance was taken of the appointment of the committee on 16 March 2006 for a period of three years.

5.3.3 Reconciliations not submitted - non-compliance with the National Housing Code (NHC)

In terms of paragraph 8.2.1.3(c) of the National Housing Code the account administrator must, once a people's housing project has been completed, submit a detailed reconciliation to the department for payment. Due to policies and procedures not being adhered to the department could not indicate which peoples housing projects had been completed for payments made during the year under review totalling R3,5 million in order to verify the submission of the prescribed reconciliation reports. This indicates a serious lack of control over the actual service delivery by support organisations and possible expenditure paid in advance.



5.3.4 Payments not timeously made

Payments were not always made within 30 days as stipulated by section 38(1)(f) of the Public Finance Management Act, 1999 (Act No. 1 of 1999)(PFMA) and paragraph 8.2.3 of the Treasury Regulations due to inadequate controls in this regard.

5.4 Value for money

5.4.1 Human resource management - vacancy rate

The department had 984 available posts of which only 312 posts were occupied on 31 March 2006. This 68% vacancy rate could seriously hamper the department's ability to deliver basic services to the public.

The Human Resource Plan dated 1 January 2006 did not however contain any strategies and plans to address the gap between the HR demand and HR supply. The latter further did not indicate the specific costs and specific time frames in which these posts should be filled.

The Human Resource (HR) Plan was also not approved at year-end.

This was due to inadequate controls in this regard.

5.4.2 Supply chain management

There was a lack of sufficient controls regarding the supply chain management section of the department.

Specific deficiencies include:

- The policy was not communicated to personnel members in time and no security clearance register or register of financial interest was kept.
- In a number of instances, no evidence could be obtained that three quotations or bids were obtained for the procurement of goods and services as required by Treasury Regulation16 A 6.1 and Supply Chain Management policy.
- Management did not in all instances ensure that suppliers comply to the stipulations as set out in Treasury
 Regulation 16A9 to ensure that they may be prohibited from doing business with the public sector as per
 National Treasury database or that it is has outstanding tax obligations or that suppliers of goods and services
 above R2 000 are registered VAT vendors.

5.5 Performance information

Inconsistencies were identified between the measurable objectives included in the annual report, the budget and the strategic plan. Objectives were for example included in the annual report but could not be found in the strategic plan and vice versa.

This was due to a lack of management to ensure the accuracy and completeness of the information disclosed in the annual report.

5.6 Housing expenditure

(a) Subsidy application files

Due to a lack of proper control over files, individual application files for subsidies paid could in some instances not be submitted. Although alternative procedures were followed as far as possible to verify the subsidies paid, evidence of the applicant's income, which determine the subsidy amount and whether the applicant qualifies for a subsidy, could not be submitted in 49 cases which represent an estimated amount of R1,1 million subsidies paid. Some of these applications were approved as far back as 1999/2000 and it is uncertain whether the applicant still qualifies for the subsidy.

(b) Underspending of the housing expenses

The housing expenditure budget for the year under review amounted to R468,4 million while only R355,5 million was spent resulting in an under-spending of R112,9 million (24%). Considering the huge demand for housing this under-spending is a matter of concern. Cognisance was taken of the fact that the department had stopped all the payments and was in a process of reconciling and re-negotiating with contractors to complete projects according to a new strategy/plan.

(c) Physical verification of houses built

An audit test again revealed various deficiencies regarding houses built (some 1298 sites in 37 towns were visited). As a result of the lack of a proper procedure framework for performing inspections, many houses were not completed yet and some cases of weak workmanship were found which could be considered as fruitless or wasteful expenditure. The following serve as examples:

- (i) In 279 instances houses were not completed and in some instances the building process had already been stopped for several months.
- (ii) Forty-six houses were fully paid for the year under review but the houses were not completed.
- (iii) Walls and floors with cracks and foundation problems were identified on 58 sites.
- (iv) No sewerage services were rendered and toilets were not always fitted or connected, or were defective at 417 sites. However, full payments were made as if the houses had been completed.
- (v) Roofs at five sites were not properly fitted, leaked or were rusting.
- (vi) Poor quality cement was found as plaster was falling from the wall on 32 sites was found.
- (vii) Houses built in Owaqwa could not be verified in 61 instances as the site numbers on the map supplied by the Maluti-A-Phofung Municipality differed from site numbers received from the database of the Housing Fund and the site numbers registered at the Deeds Office. A further four houses could also not be found in ThabaNchu.
- (viii) Eight houses were found not to be occupied.
- (ix) Doors of 19 houses were not properly fitted.
- (x) In 17 instances other fixed structures already existed on the sites where subsidy houses were built.
- (xi) Additional subsidy amounts of R2 479 per subsidy were paid on behalf of disability grants in 90 instances whilst no additional benefits / services were rendered.
- (xii) Houses were completed in seven instances whilst the full subsidy amount had not yet been paid out.



- (xiii) In five instances the same house were allocated to more than one beneficiary.
- (xiv) At a peoples housing project in Parys it was found that 20 houses were not completed or were completed by the occupiers themselves for which the developer was paid R300 000.

(d) Bridging finance

Bridging finance totalling R17,8 million was paid to developers over a number of years but due to projects not being finalised and final project reconciliations being done, it was not possible to determine the actual amount outstanding. Outstanding bridging finance was reported in paragraph 4.2(b) of the previous report but to no avail.

(e) Payment to Servcon Housing Solutions

A payment amounting to R30,5 million was made on 10 March 2006 and allocated to project linked subsidies. The validity of the individual applications or confirmation that the applicant in fact qualified for a subsidy was not verified. The detail of the payment was not captured on the Housing Support System to ensure that duplicate subsidies did not take place.

(f) Performance audit

It was mentioned in the audit report of 2004-05 that a performance audit of the application and approval process pertaining to housing subsidies had been conducted at the department.

The performance audit covered the period from January 1995 to March 2004. The focus areas of the audit were inter alia as follows:

- Subsidy approvals granted to government employees earning salaries in excess of the housing subsidy threshold.
- Subsidy approvals granted after applicants' date of death.
- Duplicate subsidy approvals granted to a specific individual.
- Duplicate subsidy approvals granted to an applicant and his/her spouse.

A separate report with reference PR 39/2006 dated February 2006 was issued in this regard.

6. APPRECIATION

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

BJK van Niekerk *for* Auditor-General

Bloemfontein

AUDITOR-GENERAL



STATEMENT OF ACCOUNTING POLICIES

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

1. Presentation to the Financial Statements

1.1 Basis of preparation

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

1.2 Presentation currency

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

1.3 Rounding

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

1.4 Comparative figures

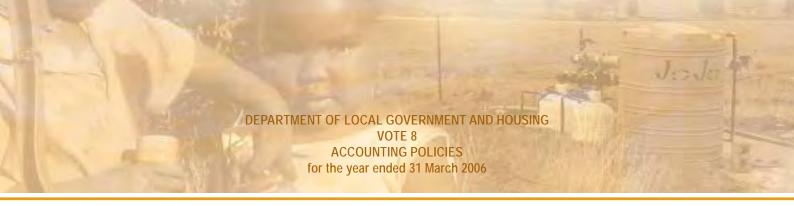
Prior period comparative information has been presented in the current year's financial statements. Where necessary figures included in the prior period financial statements have been reclassified to ensure that the format in which the information is presented is consistent with the format of the current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

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

2. Revenue

2.1 Appropriated funds

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



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

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

2.2 Departmental revenue

All departmental revenue is paid into the 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.

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.

2.2.2 Sales of goods and services other than capital assets

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

2.2.3 Fines, penalties 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.

2.2.4 Interest, dividends and rent on land

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

2.2.5 Sale of capital assets

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

2.2.6 Financial transactions in assets and liabilities

Repayments of loans and advances previously extended to employees and public corporations for policy purposes are



recognised as revenue in the statement of financial performance on receipt of the funds. Amounts receivable at the reporting date are disclosed in the disclosure notes to the annual financial statements.

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

2.2.7 Gifts, donations and sponsorships (transfers received)

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

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

2.3 Local and foreign aid assistance

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

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

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

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

3. Expenditure

3.1 Compensation of employees

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

All other payments are classified as current expense.

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



3.1.1 Short-term employee benefits

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

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

3.1.2 Long-term employee benefits

3.1.2.1 Termination benefits

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

3.1.2.2 Post employment retirement benefits

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

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).

3.2 Goods and services

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

3.3 Interest and rent on land

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

3.4 Financial transactions in assets and liabilities

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



for irrecoverable amounts but amounts are disclosed as a disclosure note.

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

3.5 Unauthorised expenditure

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

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

3.6 Fruitless and wasteful expenditure

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

3.7 Irregular expenditure

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

3.8 Transfers and subsidies

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

3.9 Expenditure for capital assets

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

Assets

4.1 Cash and cash equivalents

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

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



4.2 Prepayments and advances

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

4.3 Receivables

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

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

4.4 Investments

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

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

4.5 Loans

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

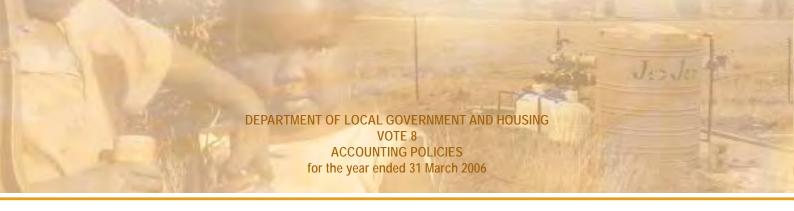
4.6 Inventory

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

4.7 Asset Registers

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 determined, or R 1, in instances where the original cost of acquisition or fair value 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 completing of the project.

Annexure 3 and 4 of the disclosure notes, reflect the total movement in the asset register of assets with a cost equal to and exceeding R 5000 (therefore capital assets only) for the current financial year. The movement is reflected at the cost as recorded in the asset register and not in the carry value, as depreciation is not recognized in the financial statements under the modified cash basis of accounting. The opening balance reflected on Annexure 3 and 4 will include items procured in prior accounting periods and the closing balance will represent the total cost of the register for capital assets on hand.



Liabilities

5.1 Payables

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

5.2 Lease commitments

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

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

5.3 Accruals

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

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

5.4 Contingent liabilities

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

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

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

Contingent liabilities are included in the disclosure notes.

5.5 Commitments

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

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



6. Net Assets

6.1 Capitalisation reserve

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

6.2 Recoverable revenue

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

7. Related party transactions

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

8. Key management personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the department.

Compensation paid to key management personnel including their family members where relevant, is included in the disclosure notes.

9. Public private partnerships

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

- Performs an institutional function on behalf of the institution; and/or
- acquires the use of state property for its own commercial purposes; and
- assumes substantial financial, technical and operational risks in connection with the performance of the institutional function and/or use of state property; and
- receives a benefit for performing the institutional function or from utilizing the state property, either by way of:
 - 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 included in the disclosure notes.

DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING VOTE 8 APPROPRIATION STATEMENT for the year ended 31 March 2006

			Appropr	iation per Prog	ramme				
				2005/2006				2004/	2005
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
1. Administration									
Current payment Transfers and subsidies Payment for capital assets	39 210 261 2 002	-	- - -	39 210 261 2 002	35 915 63 1 181	3 295 198 821	91.6% 24.1% 59%	38 747 227 2 152	31 926 139 384
2. Housing									
Current payment Transfers and subsidies Payment for capital assets	38 241 520 209 2 507	- - -	(113) (61) (436)	38 128 520 148 2 071	30 488 396 911 1 159	7 640 123 237 912	80% 76.3% 56%	39 303 603 988 1 269	29 158 511 841 300
3. Local Government									
Current payment Transfers and subsidies Payment for capital assets	35 082 119 377	- - -	(936) 1 596 (50)	34 146 1 715 327	33 751 1 043 141	395 672 186	98.8% 60.8% 43.1%	39 148 8 573 905	26 719 8 110 234
4. Development and Planning									
Current payment Transfers and subsidies Payment for capital assets	15 040 3 707 483	- - -	(160) 200 (40)	14 880 3 907 443	13 437 2 822 212	1 443 1 085 231	90.3% 72.2% 47.9%	15 381 3 065 549	12 385 2 342 163
5. Traditional Affairs									
Current payment Transfers and subsidies Payment for capital assets	9 883 656 1 649	- - -	100 - (100)	9 983 656 1 549	7 997 598 1 110	1 986 58 439	80.1% 91.2% 71.7%	9 277 612 294	7 541 565 128
6. Special function: Losses									
Current payment	-	-	-	-	391	(391)	-	-	73
Total	669 426	-	-	669 426	527 219	142 207	78.8%	763 490	632 008
Reconciliation with Statem	ent of Financial	Performar	nce						
Departmental receipts				623	-			612	-
Local and foreign aid assis				8 565	-			-	-
(Total Revenue)	ctual amounts per Statement of Financial Performance otal Revenue) Local and foreign aid assistance			678 614	7 608			764 102	-
•	ctual amounts per Statement of Financial								422 000
Actual amounts per Statem Performance Expenditure	ient of Financia	1			534 827				632 008



		Appro	priation p	er Economic C	Classification				
				2005/2006				2004/2005	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Payment as % of final appropriation %	Final Appropriation R'000	Actual Payment R'000
Current payments									
Compensation to employees Goods and services Financial transactions in	70 180 67 276	-	(48) (1 061)	70 132 66 215	64 541 57 047	5 591 9 168	92% 86.2%	67 344 74 512	60 462 47 267
assets and liabilities	-	-	-	-	391	(391)	-	-	73
Transfers & subsidies									
Provinces & municipalities Universities & technikons Non-profit institutions Households	54 275 1 100 624 468 953	- (15) 15	1 756 - - (21)	56 031 1 100 609 468 947	44 284 1 085 561 355 507	11 747 15 48 113 440	79% 98.6% 92.1% 75.8%	96 367 1 100 589 518 409	72 124 1 099 544 449 230
Payment for capital assets									
Machinery & equipment Software & other tangible	6 318	-	(626)	5 692	3 110	2 582	54.6% 99%	5 169	1 209
assets	700	-	-	700	693	7		-	-
Total	669 426	-	-	669 426	527 219	142 207	78.8%	763 490	632 008

	DETAIL PER PROGRAMME 1 – Administration for the year ended 31 March 2006										
		2004/2	2005								
Programme per sub programme	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Payment as % of final appropriation	Final Appropriation	Actual Expenditure		
	R′000	R'000	R′000	R'000	R'000	R′000	%	R′000	R′000		
1.1 MEC											
Current payment Transfers and subsidies	5 248 106	- -	250 -	5 498 106	4 511 20	987 86	82% 18.9%	4 386 26	3 436 8		
Payment for capital assets	270	-	-	270	66	204	24.4%	-	-		
1.2 Corporate Services											
Current payment Transfers and subsidies	33 962 155	- -	(250) -	33 712 155	31 404 43	2 308 112	93.2% 27.7%	34 361 201	28 490 131		
Payment for capital assets	1 732	-	-	1 732	1 115	617	64.4%	2 152	384		
Total	41 473	-	-	41 473	37 159	4 314	89.6%	41 126	32 449		



				2005/2006				2004/2	2005
Economic Classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Payment as % 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 to employees Goods and services	19 595 19 615	- -	-	19 595 19 615	17 321 18 594	2 274 1 021	88.4% 94.8%	20 901 17 846	18 246 13 680
Transfers & subsidies									
Provinces & municipalities Households	51 210	-	-	51 210	51 12	- 198	100% 5.7%	64 163	53 86
Payment for capital assets									
Machinery & equipment	1 302	-	-	1 302	488	814	37.5%	2 152	384
Software & other intangible assets	700	-	-	700	693	7	99%	-	-
Total	41 473	-	-	41 473	37 159	4 314	89.6%	41 126	32 449



	DETAIL PER PROGRAMME 2 – Housing for the year ended 31 March 2006											
				2005/2006				2004/2	2005			
Programme per sub programme	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Payment as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000			
2.1 Housing Planning and Research												
Current payment Transfers and subsidies	11 810 145	-	(363) -	11 447 145	10 372 20	1 075 125	90.6% 13.8%	14 696 70	11 824 69			
Payment for capital assets	552	-	(186)	366	240	126	65.6%	200	194			
2.2 Housing Performance and Subsidy Programmes												
Current payment Transfers and subsidies Payment for capital	21 233 468 572	- -	250 -	21 483 468 572	16 861 355 513	4 622 113 059	78.5% 75.9%	19 274 518 043	13 621 448 982			
assets	1 386	-	(250)	1 136	894	242	78.7%	500	106			
2.3 Urban Renewal and Human Settlement Redevelopment												
Transfers and subsidies	50 376	-	(61)	50 315	40 286	10 029	80.1%	84 727	61 684			
2.4 Housing Asset Management												
Current payment Transfers and subsidies Payment for capital	5 198 1 116	-	-	5 198 1 116	3 255 1 092	1 943 24	62.6% 97.8%	5 333 1 148	3 713 1 106			
assets	569	-	-	569	25	544	4.4%	569	-			
Total	560 957	-	(610)	560 347	428 558	131 789	76.5%	644 560	541 299			



				2005/2006				2004/2005	
Economic Classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Payment as % of final appropriation	Final Appropriation	Actual Expenditure
	R′000	R'000	R'000	R′000	R′000	R'000	%	R′000	R'000
Current									
Compensation to employees Goods and services	19 959 18 282	-	(48) (65)	19 911 18 217	18 327 12 161	1 584 6 056	92% 66.8%	19 481 19 822	17 840 11 318
Transfers & subsidies									
Provinces & municipalities Universities & Technikons Households	50 456 1 100 468 653	- - -	(61) - -	50 395 1 100 468 653	40 346 1 085 355 480	10 049 15 113 173	80.1% 98.6% 75.9%	84 801 1 100 518 087	61 742 1 099 449 000
Payment for capital assets									
Machinery & equipment	2 507	-	(436)	2 071	1 159	912	56%	1 269	300
Total	560 957	-	(610)	560 347	428 558	131 789	76.5%	644 560	541 299

			DETAIL		GRAMME 3 – L ar ended 31 M		ment			
			2004/2	2004/2005						
	Programme per sub programme	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Payment as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
3.1	Municipal Administration									
	Current payment Transfers and subsidies	16 553 50	-	(53) -	16 500 50	16 450 23	50 27	99.7% 46%	8 064 161	7 090 150
	Payment for capital assets	67	-	(5)	62	-	62	0%	425	181
3.2	Municipal Finance									
	Current payment Transfers and subsidies	14 407 27	-	(941) 1 596	13 466 1 623	13 321 1 010	145 613	98.9% 62.2%	27 812 8 401	16 925 7 952
	Payment for capital assets	100	-	(45)	55	-	55	0%	130	25
3.3	Disaster Management									
	Current payment Transfers and subsidies	4 122 42	-	58 -	4 180 42	3 980 10	200 32	95.2% 23.8%	2 889 9	2 328 7
	Payment for capital assets	210	-	-	210	141	69	67.1%	350	28
3.4	Municipal Infrastructure									
	Current payment Transfers and subsidies	- -	-	-	-	- -	-	- -	383 2	376 1
Tota	al	35 578	-	610	36 188	34 935	1 253	96.5%	48 626	35 063



				2005/2006				2004/2005	
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Payment as % of final appropriation	Final Appropriation	Actual Expenditure
	R′000	R'000	R'000	R'000	R'000	R′000	%	R'000	R′000
Current									
Compensation to employees Goods and services	12 610 22 472	-	- (936)	12 610 21 536	12 474 21 277	136 259	98.9% 98.8%	8 819 30 329	8 384 18 335
Transfers & subsidies									
Provinces & municipalities Households	29 90	-	1 617 (21)	1 646 69	1 043 -	603 69	63.4% 0%	8 429 144	7 976 134
Payment for capital assets									
Machinery & equipment	377	-	(50)	327	141	186	43.1%	905	234
Total	35 578	-	610	36 188	34 935	1 253	96.5%	48 626	35 063

	DETAIL PER PROGRAMME 4 – Development and Planning for the year ended 31 March 2006										
				2005/2006				2004/2005			
Programme per sub programme	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Payment as % of final appropriation	Final Appropriation	Actual Expenditure		
	R′000	R'000	R′000	R′000	R′000	R′000	%	R′000	R'000		
4.1 Spatial Planning											
Current payment Transfers and subsidies	7 635 26	-	44 -	7 679 26	7 358 22	321 4	95.8% 84.6%	7 389 40	6 647 30		
Payment for capital assets	293	-	(40)	253	153	100	60.5%	339	100		
4.2 Land Use Management											
Current payment Transfers and subsidies Payment for capital	7 140 25	- -	(4) -	7 136 25	6 028 12	1 108 13	84.5% 48%	7 677 69	5 428 12		
assets	190	-	-	190	59	131	31.1%	210	63		
4.3 Integrated Development and Planning											
Transfers and subsidies	3 656	-	-	3 656	2 588	1 068	70.8%	2 956	2 300		
4.4 Local Economic Development											
Current payment Transfers and subsidies	265 -	-	(200) 200	65 200	51 200	14 -	78.5% 100%	315 -	310 -		
Total	19 230	-	-	19 230	16 471	2 759	85.7%	18 995	14 890		



				2005/2006				2004/2005		
Economic Classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Payment as % of final appropriation	Final Appropriation	Actual Expenditure	
	R′000	R'000	R′000	R′000	R′000	R'000	%	R′000	R'000	
Current										
Compensation to employees Goods and services	10 602 4 438	-	(160)	10 602 4 278	9 940 3 497	662 781	93.8% 81.7%	11 139 4 242	9 727 2 658	
Transfers & subsidies										
Provinces & municipalities Households	3 707 -	-	200	3 907 -	2 822 -	1 085 -	72.2% -	3 050 15	2 332 10	
Payment for capital assets										
Machinery & equipment	483	-	(40)	443	212	231	47.9%	549	163	
Total	19 230	-	-	19 230	16 471	2 759	85.7%	18 995	14 890	

DETAIL PER PROGRAMME 5 – Traditional Affairs for the year ended 31 March 2006									
				2005/2006				2004/2	2005
Programme per sub programme	Adjusted Appropriation	Shifting of	Virement	Final Appropriation	Actual Expenditure	Variance	Payment as % of final	Final Appropriation	Actual Expenditure
	R′000	Funds R'000	R'000	R′000	R′000	R'000	appropriation %	R'000	R'000
5.1 Traditional Resource Administration									
Current payment Transfers and subsidies	7 792 644	- -	100 -	7 892 644	6 931 597	961 47	87.8% 92.7%	5 056 12	3 943 11
Payment for capital assets	329	-	(100)	229	-	229	0%	136	128
5.2 Traditional Institutional Arrangements									
Current payment Transfers and subsidies Payment for capital	2 091 12	- -	- -	2 091 12	1 066 1	1 025 11	51% 8.3%	4 221 600	3 598 554
assets	1 320	-	-	1 320	1 110	210	84.1%	158	-
Total	12 188	-	-	12 188	9 705	2 483	79.6%	10 183	8 234



		2005/2006							2004/2005	
Economic Classification	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Payment as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000	
	K 000	K 000	K 000	K 000	K 000	K 000	70	K 000	K 000	
Current										
Compensation to employees Goods and services	7 414 2 469	- -	- 100	7 414 2 569	6 479 1 518	935 1 051	87.4% 59.1%	7 004 2 273	6 265 1 276	
Transfers & subsidies										
Provinces & municipalities Non-profit institutions Households	32 624 -	- (15) 15	- - -	32 609 15	22 561 15	10 48 -	68.8% 92.1% 100%	23 589 -	21 544 -	
Payment for capital assets										
Machinery & equipment	1 649	-	(100)	1 549	1 110	439	71.7%	294	128	
Total	12 188	-	-	12 188	9 705	2 483	79.6%	10 183	8 234	

DETAIL PER PROGRAMME 6 – Special function: Losses for the year ended 31 March 2006									
2005/2006						2004/2	2004/2005		
Programme per sub programme	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Payment as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
6.1 Losses	K 000	K 000	17 000	1, 000	1, 000	1000	70	K 000	K 000
Current payment	-	-	-	-	391	(391)	-	-	73
Total	-	-	-	-	391	(391)	-	-	73

	2005/2006							2004/2005	
Economic Classification	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Payment as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
Current									
Financial transactions in assets and liabilities	-	-	-	-	391	(391)	-	-	73
Total	-	-	-	-	391	(391)	-	-	73

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

Detail of these transactions can be viewed in note 7 (Transfers and subsidies) and Annexure 1 (B;C;D;E;F) to the Annual Financial Statements.

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

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

3. Detail on financial transactions in assets and liabilities

Detail of these transactions per programme can be viewed in note 6 (Details of special functions (theft and losses)) to the Annual Financial Statements.

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

4.1	Per Programme	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Variance as a % of Final Appropriation %
Admi	nistration		37 159 ainly as a result of posts no nereof in terms of goods an chase.	· ·	•
Hous	ing	the carry through cost the office equipment not pure R 6 027 912 in terms of terms of Planning and Si	428 558 ainly as a result of posts no nereof in terms of goods an chase. An amount of R 115 the Human Settlement Redurveying as well as R 1 185 and and therefore requested	d services as well a 985 778 in regard to evelopment Program 819 in terms of Prov	s capital computer/ the Housing Grant, me, R 3 381 500 in
Local	Government		34 935 ainly as a result of posts no st thereof in terms of goods	-	3.5% sult of restructuring
Devel	opment and Planning	and the carry through c	16 471 ainly as a result of posts no ost thereof in terms of goo as a result of Spatial Deve	ds and services. An	underspending of
Tradit	ional Affairs		9 705 ainly as a result of posts no st thereof in terms of goods	ŭ	20.4% sult of restructuring
Speci	al functions and losses	- No amount is budgeted f	391 for losses according to pres	(391) cripts.	-

4.2 Per Economic classification:

	2005/06	2004/05
	R′000	R′000
Current expenditure		
Compensation of employees	5 591	6 882
Goods and services	9 168	27 245
Financial transactions in assets and liabilities	(391)	(73)
Transfers and subsidies		
Provinces and municipalities	11 747	24 243
Universities and technikons	15	1
Non-profit institutions	48	45
Households	113 440	69 179
Payments for capital assets		
Machinery and Equipment	2 582	3 960
Software and other intangible assets	7	-

DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING VOTE 8 STATEMENT OF FINANCIAL PERFORMANCE for the year ended 31 March 2006

	Note	2005/06 R'000	2004/05 R'000
REVENUE			
Annual appropriation Departmental revenue Local and foreign aid assistance TOTAL REVENUE	1 2	669 426 623 8 565 678 614	763 490 612 - 764 102
EXPENDITURE Current expenditure			
Compensation of employees Goods and services Financial transactions in assets and liabilities Local and foreign aid assistance Total current expenditure	4 5 6 3	64 541 57 047 391 7 608 129 587	60 462 47 267 73 - 107 802
Transfers and subsidies	7	401 437	522 997
Expenditure for capital assets			
Machinery and Equipment	8	3 110	1 209
Software and other intangible assets		693	-
Total expenditure for capital assets		3 803	1 209
TOTAL EXPENDITURE		534 827	632 008
NET SURPLUS/(DEFICIT)		143 787	132 094
SURPLUS/(DEFICIT) FOR THE YEAR		143 787	132 094
Reconciliation of Surplus/(Deficit) for the year Voted Funds Departmental revenue Local and foreign aid assistance	12 13 3	142 207 623 957	131 482 612 -
SURPLUS/(DEFICIT) FOR THE YEAR		143 787	132 094

	Note	2005/06 R'000	2004/05 R'000
ASSETS			
Current assets		126 230	19 175
Voted funds to be surrendered to the Revenue Fund	12	-	17 767
Departmental revenue to be surrendered to the Revenue Fund	13	1 435	
Cash and cash equivalents	9	123 060	-
Prepayments and advances	10	147	148
Receivables	11	631	1 260
Local and foreign aid assistance receivable	3	957	-
TOTAL ASSETS		126 230	19 175
Current liabilities Voted funds to be surrendered to the Revenue Fund Bank overdraft Payables Local and foreign aid assistance unutilised	12 14 15 3	126 141 116 392 - 8 792 957	19 171 - 10 658 8 513
TOTAL LIABILITIES		126 141	19 171
NET ASSETS		89	4
Represented by:			
Recoverable revenue		89	4
TOTAL		89	4

Amounts restated

	Note	2005/06 R′000	2004/05 R′000
Recoverable revenue			
Opening balance		4	2
Transfers	_	85	2
Debts revised	11	85	2
Balance at 31 March	_	89	4
	_		
TOTAL	_	89	4

	Note	2005/06 R'000	2004/05 R′000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		680 924	623 323
Annual appropriated funds received	1.1	669 426	621 655
Departmental revenue received	2	2 933	1 668
Local and foreign aid assistance received	3	8 565	-
Net (increase)/decrease in working capital		(48)	17 390
Surrendered to Revenue Fund		(12 416)	58 346
Current payments		(129 587)	(107 802)
Transfers and subsidies paid		(401 437)	(522 997)
Net cash flow available from operating activities	16	137 436	68 260
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets		(3 803)	(1 209)
Net cash flows from investing activities	_	(3 803)	(1 209)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in net assets		85	2
Net cash flows from financing activities	_	85	2
Net increase/(decrease) in cash and cash equivalents		133 718	67 053
Cash and cash equivalents at beginning of year		(10 658)	(77 711)
Cash and cash equivalents at end of year	17	123 060	(10 658)

Actual Funds

Variance

Total

1. Annual Appropriation

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

Final

	FIIIdI <i>I</i>	Actual Fullus	variance	i Olai
	Appropriation	Received	over/(under)	Appropriation
	R'000	R'000	`R'000	2004/05
Administration	41 473	41 473	-	-
Housing	560 347	560 347	_	_
Local Government	36 188	36 188	_	_
Development and Planning	19 230	19 230	_	_
Traditional Affairs	12 188	12 188	_	_
All programmes	12 100	-	_	621 655
Total	669 426	669 426		621 655
10141	003 420	003 420		021000
1.2 Conditional grants		Note	2005/06	2004/05
1.2 Conditional grants		Note	R'000	R'000
			1, 000	1, 000
Total grants received		ANNEXURE 1	A 507 880	599 210
Total grants received		ANNEXONE	7	
2. Departmental revenue to be	surrendered to reve	nue fund		
Description				
Sales of goods and services of	other than capital asse	ts 2.1	2 022	1 448
Interest, dividends and rent or		2.2	23	43
Financial transactions in asse	ts and liabilities	2.3	888	177
Total revenue collected			2 933	1 668
Less: Departmental Revenue	Budgeted	13	2 310	1 056
Departmental revenue colle			623	612
2.1 Sales of goods and service	es other than capi	tal		
assets				
Sales of goods and servi	ces produced by t	he		
department			2 022	1 448
Administrative fees			2 022	1 448
/ tariiiiilotratiivo 1000			2 022	
Total			2 022	1 448
2.2 Interest, dividends and rent	on land			
Interest	On land		23	43
Total			23	43
i Otai				43
2.3 Financial transactions in as	sate and liabilities			
Other receipts including recov			888	177
	relable reversue			177
Total			888	177

Amounts restated

3.	Local and foreign aid assistance	2005/06 R'000	2004/05 R'000
3.1	Assistance received in cash: Other		
	Local	0.054	
	Revenue	6 954	-
	Expenditure	6 656	
	Current	6 656	-
	Closing Balance	298	-
	Foreign		
	Revenue	1 611	-
	Expenditure	952	
	Current	952	-
	Closing Balance	659	-
	Total		
	Revenue	8 565	-
	Expenditure	7 608	
	Current	7 608	-
	Closing Balance	957	-
	Analysis of balance		
	Local and foreign aid receivable	957	-
	Local and foreign aid unutilised	957_	-
	Closing balance		-
4.	Compensation of employees 4.1 Salaries and wages		
	Basic salary	40 140	38 535
	Performance award	1 283	1 422
	Service Based	199	38
	Compensative/circumstantial	869	262
	Periodic payments	267	179
	Other non-pensionable allowances	13 962	11 753
		56 720	52 189
	4.2 Social contributions		
	4.2.1 Short term employee benefits		
	Pension	5 228	5 786
	Medical	2 575	2 467
	Bargaining council	10	10
	Insurance	8_	10
		7 821	8 273
	Total compensation of employees	64 541	60 462
	Average number of employees	314	320
	Amounts restated		

5.	Goods and services	Note	2005/06 R'000	2004/05 R'000
	Advertising		2 205	2 355
	Attendance fees (including registration fees)		1 073	417
	Bank charges and card fees		67	59
	Bursaries (employees)		2 335	2 284
	Communication		3 812	1 428
	Computer services		1 140	480
	Consultants, contractors and special services		26 377	26 893
	Courier and delivery services		17	24
	Drivers licences and permits		1	-
	Entertainment		2 897	1 722
	External audit fees	5.1	4 058	3 138
	Equipment less than R5 000		991	1 049
	Inventory	5.2	2 224	1 485
	Legal fees		312	31
	Maintenance, repairs and running cost		880	569
	Operating leases		1 006	831
	Plant flowers and other decorations		87	1
	Resettlement costs		64	77
	Subscriptions		4	-
	Translations and transcriptions			5
	Travel and subsistence	5.3	7 085	4 397
	Venues and facilities		390	-
	Protective, special clothing & uniforms		22	22
			<u>57 047</u>	47 267
5.1	External audit fees			
	Regulatory audits		4 058	2 257
	Performance audits		-	252
	Other audits		<u></u>	629
	Total external audit fees		4 058	3 138
5.2	Inventory			
Ŭ. <u> </u>	Food and Food supplies		21	5
	Fuel, oil and gas		-	1
	Stationery and Printing		2 203	1 479
	Total Inventory		2 224	1 485
E 2	Travel and subsistence			
J.J	Local		6 892	4 250
	Foreign		193	4 250 147
	Total travel and subsistence		7 085	4 397
	rotal travel and subsistence		1 000	4 397

DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING VOTE 8 NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2006

6.	Goods and services	Note	2005/06 R'000	2004/05 R'000
	Other material losses written off Debts written off	6.1 6.2	217 174 391	73 73
	6.1 Other material losses Nature of losses Loss control cases written off Total		217 217	<u>-</u>
	6.2 Debts written off Nature of debts written off Personnel debt Interdepartmental claims Total		44 130 174	73 - - 73
7.	Transfers and subsidies			
	Provinces and municipalities Universities and Technikons Non-profit institutions Households	ANNEXURE 1B & 1C ANNEXURE 1D ANNEXURE 1E ANNEXURE 1F	44 284 1 085 561 355 507 401 437	72 124 1 099 544 449 230 522 997
8.	Expenditure for capital assets			
	Machinery and equipment Software and other intangible assets Total	ANNEXURE 3 ANNEXURE 4	3 110 693 3 803	1 209 - 1 209
9.	Cash and cash equivalents			
	Consolidated Paymaster General Account Cash receipts Cash on hand Total		123 052 - 8 123 060	- - - -
10	Prepayments and advances Description			
	Travel and subsistence		147 147	148 148

DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING VOTE 8 NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2006

11. Rec	eivables		Less than	One to	Older		2005/06 R'000	2004/05 R'000
			One year	years		years	Total	Total
			R'000	R'000	Ē	?'000	R'000	R'000
Staff de		11.1	177	69		237	483	455
Other de		11.2	16	- 07		-	16	465
Claims	ecoverable	Annex 5	<u>45</u>	87 156		237	132 631	340 1 260
∧ mount	s restated		230	130	:	231	031	1 200
Amount	s restateu			1	Note	2005/0 R'00		2004/05 R'000
11.1	Staff Debt PERSAL					48	33	455
	Total				_	48	33	455
11.2	Other debtor Dishonoured Income accru	Cheques					16	25 440
	Total				_			465
11.3	B Debts revise				_			
	Recoverable	revenue			_		35 	2
	Total				_		<u> </u>	2
12. Vot	ed funds to be	surrendered to tl	ne Revenue Fund	l				
	Opening balan	ce				(17 76	7)	(67 428)
	Transfer from S	Statement of Finan				142 20		131 482
Voted funds not requested/not red Paid during the year			ceived			,	-	(141 835)
						(8 04		60 014
	Closing balanc	е			_	116 39	92 —	(17 767)
	oted funds not Funds to be rol	requested/not red	ceived				_	109 273
	Funds not to be	e requested					<u> </u>	32 562
					_		<u> </u>	141 835
13. Dep	artmental reve	enue to be surren	dered to revenue	fund				
		Statement of Finan	cial Performance			_	23	612
		evenue budgeted				2 3		1 056
				(4 36		(1 668)		
	Closing balanc	e			_	(1 43	<u> </u>	
14. Ban	k overdraft							
	Consolidated F	Paymaster General	Account				_	10 667
	Cash receipts	a, madici Odnordi					_	(1)
	Commercial Ba	anks						(8)
					_		<u> </u>	10 658
								_



Manual Section Manu	15. Pa	yables - current Description					
Amounts owing to Other entities ANNEXURE 6 28 Advances received 15.1 - 102 102 91 Other payables 15.2 2 8688 8690 8394 Total 2 8790 8792 8513 Amounts restated		•		30 Dave	30± Dave		
Other entities		Amounts owing to		30 Days	JUT Days	Total	iotai
State			ANNEXURE 6	-	-	-	
Total			-		_	-	-
Note 2005/06 R'000 R'000			15.2				
15.1 Advances received Advances from Departments 102 91 Total 102 91 91 102 91 102 91 102 91 102 91 102 91 102 91 102 91 102 91 102 91 102 91 102 91 102 91 91 91 91 91 91 91 9	Amoun				0 7 90	0 1 32	
15.1 Advances received Advances from Departments 102 91 Total 102 91 91 102 91 102 91 102 91 102 91 102 91 102 91 102 91 102 91 102 91 102 91 102 91 102 91 91 91 91 91 91 91 9							
15.1 Advances received					Note		
Net surplus/(deficit) as per Statement of Financial Performance 13 3094 10 2091						R'000	R'000
15.2 Other payables Salary Pension Salary Salary Pension Salary Salary Pension Salary Salary Pension Salary Salary income tax Salary income tax Salary income tax Salary income tax Salary motor finance Salary Salar	15.1	Advances received					
15.2 Other payables Salary Pension Salary Pension Salary Pension Salary Pension Salary Pension Salary Pension Salary income tax Salary income tax Salary income tax Salary income tax Salary motor finance		Advances from Depart	tments		_		
Salary Pension - 5 Advances Free State 8 381 8 381 Salary income tax 2 (10) Housing Fund 306 - Appeals board 1 4 Salary motor finance - 144 Total 8 690 8 394 Amounts restated 16. Net cash flow available from operating activities Net surplus/(deficit) as per Statement of Financial Performance 1 43 787 132 094 (Increase)/decrease in receivables – current 629 13 843 (Increase)/decrease in prepayments and advances 1 3 (Increase)/decrease in payables – current 279 3 544 Surrenders to revenue fund (12 416) 58 346 Expenditure on capital assets 3 803 1 209 Voted funds not requested/not received 2 310 1056<		Total			_	102	91
Salary Pension - 5 Advances Free State 8 381 8 381 Salary income tax 2 (10) Housing Fund 306 - Appeals board 1 4 Salary motor finance - 144 Total 8 690 8 394 Amounts restated 16. Net cash flow available from operating activities Net surplus/(deficit) as per Statement of Financial Performance 1 43 787 132 094 (Increase)/decrease in receivables – current 629 13 843 (Increase)/decrease in prepayments and advances 1 3 (Increase)/decrease in payables – current 279 3 544 Surrenders to revenue fund (12 416) 58 346 Expenditure on capital assets 3 803 1 209 Voted funds not requested/not received 2 310 1056<							
Salary Pension - 5 Advances Free State 8 381 8 381 Salary income tax 2 (10) Housing Fund 306 - Appeals board 1 4 Salary motor finance - 144 Total 8 690 8 394 Amounts restated 16. Net cash flow available from operating activities Net surplus/(deficit) as per Statement of Financial Performance 1 43 787 132 094 (Increase)/decrease in receivables – current 629 13 843 (Increase)/decrease in prepayments and advances 1 3 (Increase)/decrease in payables – current 279 3 544 Surrenders to revenue fund (12 416) 58 346 Expenditure on capital assets 3 803 1 209 Voted funds not requested/not received 2 310 1056<	15.2	Other pavables					
Salary income tax						-	5
Housing Fund Appeals board							
Appeals board Salary motor finance 7.1 4 5 1 1 4 1 1 1 1 1 1 1 1 1 1 1 1 1 1						-	(10)
Salary motor finance 14 16 16 16 17 18 18 18 18 18 18 18							- 1
Total Amounts restated Amounts receipts Amounts received Amo						-	
Net cash flow available from operating activities		-			_	8 690	
Net surplus/(deficit) as per Statement of Financial Performance 143 787 132 094 (Increase)/decrease in receivables – current 629 13 843 (Increase)/decrease in prepayments and advances 1 3 (Increase)/decrease in other current assets (957) - (Increase)/decrease in payables – current 279 3 544 Surrenders to revenue fund (12 416) 58 346 Expenditure on capital assets 3 803 1 209 Voted funds not requested/not received - (141 835) Other non cash items 2 310 1 056 Net cash flow generated by operating activities 137 436 68 260 Amounts restated 2005/06 2004/05 17. Reconciliation of cash and cash equivalents for cash flow purposes R'000 R'000 Consolidated Paymaster General account Cash receipts 123 052 (10 667) Cash receipts - 1 Cash on hand 8 8	Amoun				_		
Performance (Increase)/decrease in receivables – current (Increase)/decrease in receivables – current (Increase)/decrease in prepayments and advances (Increase)/decrease in other current assets (957) 1 3 (Increase)/decrease in other current assets (1057) (1007) - - (Increase)/decrease in payables – current (1007) 279 3 544 Surrenders to revenue fund (12 416) 58 346 58 346 Expenditure on capital assets (12 416) 3 803 1 209 Voted funds not requested/not received (141 835) - (141 835) Other non cash items (137 436) 2 310 1 056 Net cash flow generated by operating activities (137 436) 68 260 Amounts restated 2005/06 2004/05 17. Reconciliation of cash and cash equivalents for cash (137 436) R'000 R'000 flow purposes Consolidated Paymaster General account (123 052) (10 667) Cash receipts (158 158) - 1 Cash on hand (159 5) - 1	16. Net						
(Increase)/decrease in receivables – current 629 13 843 (Increase)/decrease in prepayments and advances 1 3 (Increase)/decrease in other current assets (957) - (Increase)/decrease in payables – current 279 3 544 Surrenders to revenue fund (12 416) 58 346 Expenditure on capital assets 3 803 1 209 Voted funds not requested/not received - (141 835) Other non cash items 2 310 1 056 Net cash flow generated by operating activities 137 436 68 260 Amounts restated 2005/06 2004/05 17. Reconciliation of cash and cash equivalents for cash flow purposes R'000 R'000 Consolidated Paymaster General account 123 052 (10 667) Cash receipts - 1 Cash on hand 8 8			as per Statemer	it of Financial		143 787	132 094
(Increase)/decrease in prepayments and advances 1 3 (Increase)/decrease in other current assets (957) - (Increase)/decrease in payables – current 279 3 544 Surrenders to revenue fund (12 416) 58 346 Expenditure on capital assets 3 803 1 209 Voted funds not requested/not received - (141 835) Other non cash items 2 310 1 056 Net cash flow generated by operating activities 137 436 68 260 Amounts restated 2005/06 2004/05 17. Reconciliation of cash and cash equivalents for cash flow purposes R'000 R'000 Consolidated Paymaster General account 123 052 (10 667) Cash receipts - 1 Cash on hand 8 8			receivables – curre	ent			
(Increase)/decrease in payables – current 279 3 544 Surrenders to revenue fund (12 416) 58 346 Expenditure on capital assets 3 803 1 209 Voted funds not requested/not received - (141 835) Other non cash items 2 310 1 056 Net cash flow generated by operating activities 137 436 68 260 Amounts restated 2005/06 2004/05 17. Reconciliation of cash and cash equivalents for cash flow purposes R'000 R'000 Consolidated Paymaster General account 123 052 (10 667) Cash receipts - 1 Cash on hand 8 8		,				1	3
Surrenders to revenue fund (12 416) 58 346 Expenditure on capital assets 3 803 1 209 Voted funds not requested/not received - (141 835) Other non cash items 2 310 1 056 Net cash flow generated by operating activities 137 436 68 260 Amounts restated 2005/06 2004/05 17. Reconciliation of cash and cash equivalents for cash flow purposes R'000 R'000 Consolidated Paymaster General account 123 052 (10 667) Cash receipts - 1 Cash on hand 8 8						` ,	-
Expenditure on capital assets 3 803 1 209						-	
Voted funds not requested/not received Other non cash items - (141 835) (141 835) 1 056 Net cash flow generated by operating activities 137 436 68 260 Amounts restated 2005/06 2004/05 17. Reconciliation of cash and cash equivalents for cash flow purposes R'000 R'000 Consolidated Paymaster General account Cash receipts 123 052 (10 667) Cash receipts Cash on hand 1 8 8 8						• •	
Other non cash items 2 310 1 056 Net cash flow generated by operating activities 137 436 68 260 Amounts restated 2005/06 2004/05 17. Reconciliation of cash and cash equivalents for cash flow purposes R'000 R'000 Consolidated Paymaster General account Cash receipts 123 052 (10 667) Cash receipts Cash on hand 8 8						3 003	
Net cash flow generated by operating activities Amounts restated 2005/06 2004/05 17. Reconciliation of cash and cash equivalents for cash flow purposes Consolidated Paymaster General account Cash receipts Cash on hand 8 8 8						2 310	,
17. Reconciliation of cash and cash equivalents for cash flow purposes Consolidated Paymaster General account Cash receipts Cash on hand 2005/06 R'000 R'000 R'000 R'000 R'000 R'000 R'000				ctivities	_		
17. Reconciliation of cash and cash equivalents for cash flow purposesR'000R'000Consolidated Paymaster General account123 052(10 667)Cash receipts-1Cash on hand88	Amoun	ts restated					
Cash receipts - 1 Cash on hand 8 8			and cash equiva	lents for cash			
Cash receipts - 1 Cash on hand 8 8		Consolidated Paymas	ter General account	i		123 052	(10 667)
Cash on hand 88				-		-	1
Total <u>123 060</u> (10 658)		Cash on hand			_		
		Total			_	123 060	(10 658)

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

		Note	2005/06 R'000	2004/05 R'000
18. Contingent liabilities Liable to	Nature			
Motor vehicle guarantees Housing loan guarantees Other Departments	Employees Employees	ANNEXURE 2	304 635 -	773 28
Total		_	939	801
19. Commitments Current expenditure Approved and contracted Approved but not yet contracte	ed	_	3 756 14 729 18 485	24 604 476 25 080
Capital expenditure Approved and contracted			370 651	773 459
Approved but not yet contracte	ed	_		217 369
Total Commitments		-	370 651 389 136	990 828 1 015 908
Housing commitments ar	e made over the	MTEF period of three	years	

20. Accruals

By economic classification	30 Days R'000	30+ Days R'000	Total R'000	Total R'000
Goods and services	300	64	364	347
Machinery and equipment	48		48	368
Total	348	64	412	715
Listed by programme level				
Administration			159	195
Housing			85	104
Local Government			134	279
Development and Planning			34	103
Traditional Affairs				34
Total			412	715

		2	005/06 R'000	2004/05 R'000
21. Er	nployee benefit provisions			
	Leave entitlement Thirteenth cheque Performance awards		1 673 1 627 1 213	1 651 1 630 134
	Capped leave commitments Total		4 499 9 012	4 616 8 031
	ease Commitments	Machinery	2005/06 R'000	2004/05 R'000
22.1	Operating leases	and equipment	Total	Total
	Not later than 1 year Later than 1 year and not later than 5 years	765 188	765 188	145 864
	Total present value of lease liabilities	953	953	1 009
23. Ke	ey management personnel		2005/06 R'000	2004/05 R'000
	Political Office Bearers Officials	1	789	643
	Level 15 to 16 Level 14	2 6	1 147 3 239	834 2 152
Amou	Total nt restated		5 175	3 629
24. P	rovisions			
St Cl	otential irrecoverable debts raff debtors laims recoverable otal	_	306 87 393	

STATEMENT OF CONDITIONAL GRANTS RECEIVED

ANNEXURE 1A

		GRANT /	GRANT ALLOCATION			SPENT		50	2004/05
NAME OF DEPARTMENT	Division of Revenue Act	Roll	DORA Adjustments	Total Available	Amount received by department	Amount spent by department	% of available funds spend by department	Division of Revenue Act	Amounts spent by department
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Department of Housing:	398 618	72 843		471 461	471 461	355 475	75.4%	521 793	448 950
Housing Fund Department of Housing: Human	9 475	11 208	•	20 683	20 683	14 655	70.9%	26 651	15 443
Settlement Redevelopment	•	1 923	•	1 923	1 923	1 923	400 004	7 21x	3 295
Local Government: Provincial		-		-	-	-		0	
Project Management for MIG									
Department of Provincial and	•	3 004	•	3 004	3 004	2 8 1 2	%9.86	10 980	7 976
Local Government: CMIP Capacity Building									
Department of Provincial and	•	10 809	•	10 809	10 809	10 878	100.6%	34 568	23 760
Local Government: Local Government Capacity									
	408 003	00 787		507 880	507 880	385 743		500 210	100 121

Housing Fund: The reason for under spending is related to the roll over funds of R 72 852 000 of the previous financial year. An amount of R 115 986 000 was requested to be rolled over.

Human Settlement Redevelopment: The reason for under spending is due to the late awarding of tenders as a number of roll players like Telkom and Spoornet had to be consulted. An amount of R 6 028 000 was requested to be rolled over.

ANNEXURE 1B

STATEMENT OF CONDITIONAL GRANTS PAID TO DEPARTMENTS

		GRANT A	GRANT ALLOCATION		TRAN	TRANSFER		SPENT		2004/05
	Division of Revenue	Roll	DORA	Total	Actual	% of Available	Amount received by	Amount	% of available funds	Division of
NAME OF DEPARTMENT	Act	Overs	Adjustments	Available	Transfer	funds Transferred	department	by department	spend by departme	Revenue Act
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	t%	R'000
Department of Public Roads, Works and Transport	200	•		200	200	100.0%	200	200	100.0%	1 000
Department of Education	923	•	1	923	923	100.0%	923	923	100.0%	1 058
	1 423			1 423	1 423	•	1 423	1 423	•	2 058

DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING VOTE 8 ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2006

STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES

ANNEXURE 1C

Division of Revenue Act Revenue Act RY000 Ettlement Grant Municipality G Municipality Assistance and with a positive with a positive	Roll Overs R'000 11 002	Adjustments R'000	Total Available R'000 206 20 477	Actual Transfer R'000 201 14 454	% of Available funds Transferred % 97.6%	Amount received by municipality R'000	Amount spent by municipality R'000	% of available funds spend by municipal ity	Division of Revenue Act R'000
n Settlement Grant eng Municipality ung Municipality nyana Municipality sial Assistance and ts with a positive t ong are p	206 11 002		206 20 477	201 14 454 -	97.6% 70.6%	201 14 454		000	1 974 23 501
ts with a tr with a tr with a ong are b					1		201	100.0%	1 175
Kopanong Mohokare Xhariep Naledi Mantsopa									
Mohokare Xhariep Naledi Mantsopa	•	1	•	•	•	•	•	•	2 300
Xhariep Naledi Mantsopa	•	610	610	1	•	ı	•	ļ	800
Naledi Mantsopa - Talialionyana -	•	1 000	1 000	1 000	100.0%	1 000	1 000	100.0%	1 000
Mantsopa Masilonyana Teleles	•	•	•	•	•	•	•	•	438
Masilonyana	i	•	•	•	•	•	i	•	320
(i	•	•	•	•	•	İ	•	400
- okologo	•	•	•	•	•	•	•	•	400
Tswelopele -	•	•	•	•	1	•	•	•	400
- Nala	i	•	•	i	i	•	i	•	340
Setsoto -	i	1	•	•	1	1	Ī	•	100
- Dihlabeng	Ī		1		•		Ī	1	100
Nketoana -	i	•	•	•	•	•	i	•	200
Maluti-a-Phofung	•	ı	ı	1	•	ı	•	ļ	200
Phumelela -	i	•	•	i	i	•	i	•	220
Ngwathe -	•	•	•	•	•	•	•	•	400
Metsimaholo -	•	•	•	•	•	•	•	•	150
Mafube -	•	•	1	ı	1	ı	1	•	150

	MIG Capacity Building Grant										
	Kopanong	,	ı			1					250
	Lejweleputswa Dist/Mun	•	251		251	229	91.2%	229	229	100.0%	280
	Letsemeng	ı			1			•		i	247
	Maluti-a-Phofung		•	•	•		•	•	•		250
	Masilonyana	•	64	•	64	49	100.0%	64	9	100.0%	250
	Matjhabeng		119	•	119	119	100.0%	119	119	100.0%	1 000
	Mohokare	•	734	•	734	733	%6.66	733	733	100.0%	269
	Moqhaka		64	•	64	64	100.0%	64	9	100.0%	564
	Motheo Dist/Mun	•	188	•	188	186	%6'86	186	186	100.0%	280
	Fezile Dabi Dist Mun	•		•		•				•	280
	Ngwathe		71	•	71	71	100.0%	71	71	100.0%	913
	Phumelela		111	•	111	103	92.8%	103	103	100.0%	861
	Setsoto			•							200
	Thabo Mofutsanyana	•	363	•	363	352	%0'.26	352	352	100.0%	280
	Tokologo		286	•	286	286	100.0%	286	286	100.0%	1 000
	Xhariep Dist/Mun	1	472	•	472	472	100.0%	472	472	100.0%	280
	Other	•	•	1	•	•	•	1	•	•	1 400
	Mafube	•	63	•	63	63	100.0%	63	63	100.0%	•
	Metsimaholo	•	20	1	70	20	100.0%	70	70	100.0%	ı
	Provincial Infrastructure	11 596	6 471		18 067	ı		1	ı		19 884
	Grant					1		1	1	200	1
	Letsemeng					748		748	748	100.0%	2875
	Kopanong					533		533	533	100.0%	2 034
11	Mohokare		•	1		2 231		2 231	2 231	100.0%	1 600
2	Masilonyana			•		105		105	105	100.0%	
	Tswelopele	•	•	•	•	15	•	15	15	100.0%	341
	Nala	•	•	ı	•	3 275	•	3 275	3 275	100.0%	2 300
	Setsoto	1	•	i	•	195	ı	195	195	100.0%	1
	Nketoana	1		ı		690 /		690 /	690 /	100.0%	1
	Maluti-a-Phofung	1		1		317	•	317	317	100.0%	1
	Phumelela	1		ı		1 111		1 111	1 111	100.0%	1
	Thabo Mofutsanyana	•	1	ı	•	i	•		•	•	4 033
	Mafube		1	ı	•	469	•	469	469	100.0%	•
	Fezile Dabi Dist Mun	•		•		1	•	•	•	1	006

DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING VOTE 8 ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2006

286 135 300 200 1 035 294 159 735 84 375 2 000 2 000 2 000 2 000 96	2 4 5 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6 6
100.00 10	100.0% 100.0% 100.0% 100.0% 100.0% 100.0% 100.0% 100.0% 100.0% 100.0%
350 238 210 60 821 367 221 480 100 100 1100 1100 250 300 200 300 350	190 310 310 60 60 60 60 60 60 60 60 60 60 60 60 60
350 238 210 821 821 367 100 100 100 350 350	. 190 310 310 60 60 60 60 60 60 60 60 60 60 60 60 60
100.0% 100.0% 70.0% 48.0% 80.3% 100.0% 14.9% 100.0% 100.0% 100.0% 100.0%	316.7% 83.8% 50.0% 50.0% 66.3% 50.0% 50.0% 50.0% 83.8% 89.3% 50.0% 50.0%
350 238 210 821 821 367 221 100 100 300 300 350	. 190 310 60 60 60 60 60 60 60 60 60 60 60 60 60
350 238 300 60 1710 457 221 221 281 669 600 1100 310 698 300 200 200 200 200	60 370 120 120 120 120 120 120 120 120 120 12
150 18 60 660 212 212 21 75 75 75 85	
200 220 300 1 050 245 200 480 500 500 725 235 465 300 200 350	00 30 10 10 10 10 10 10 10 10 10 10 10 10 10
Planning and Surveying Letsemeng Kopanong Mohokare Naledi Mangaung Tokologo Tswelopele Matjhabeng Nala Setsoto Dihlabeng Nala Setsoto Dihlabeng Naluti-a-Phofung Moqhaka Moqhaka Maluti-a-Phofung Mometsimaholo Matsimaholo Masilonyana Phumelela Town Planning Schemes and Spatial Planning	Letsemeng Kopanong Mohokare Xhariep Dist/Mun Naledi Mangaung Mantsopa Motheo Dist/Mun Masilonyana Tokologo Tswelopele Matjhabeng Nala Lejweleputswa Dist/Mun Setsoto Dihlabeng Nketoana Maluti-a-Phofung Phumelela Thabo Mofutsanyana Moqhaka Nogwathe Metsimaholo Mafube

RSCL										
Fezile Dabi	•				6			•		80
Eastern Free State	•			•	11	•	•	•	•	12
Lejweleputswa	•		•		_			•	•	2
Motheo	•	•			189	1	1	1	•	264
Local Economic										
Development										
Lejweleputswa	40			40	40	100.0%	40	40	100.0%	1
Motheo	40		•	40	40	100.0%	40	40	100.0%	•
Fezile Dabi	40		•	40	40	100.0%	40	40	100.0%	_
Thabo Mofutsanyana	40		•	40	40	100.0%	40	40	100.0%	•
Xhariep	40		•	40	40	100.0%	40	40	100.0%	•
.	30 322	23 791	1 610	55 723	42 861		42 651	42 651		91 840

ANNEXURE 1D

STATEMENT OF TRANSFERS TO UNIVERSITIES AND TECHNIKONS

	TR	ANSFER	TRANSFER ALLOCATION			EXPENDITURE	ш	2004/05
UNIVERSITIES/TECHNIKONS	Appropriation Act	Roll	Adjustments	Total Available	Actual Transfer	Amount not Transferred	% of Available funds Transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000		%	R'000
University Free State	•		'				·	1 100
University of Witwatersrand	1 100	•	•	1 100	1 085	15	98.6%	•
TOTAL	1 100		•	1 100	1 085	15		1 100

ANNEXURE 1E

STATEMENT OF TRANSFERS TO NON-PROFIT INSTITUTIONS

	F	RANSFER	TRANSFER ALLOCATION		EXPENDITURE	ITURE	2004/05
NON PROFIT ORGANISATION	Appropriation Act	Roll	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
House of Traditional Leaders	624	1	(15)	609	561	92.1%	589
TOTAL	624	•	(15)	609	561	• !	289

DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING VOTE 8 ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2006

STATEMENT OF TRANSFERS TO HOUSEHOLDS

ANNEXURE 1F

	TR	ANSFER	TRANSFER ALLOCATION		EXPENDITURE	ITURE	2004/05
	Appropriation Act	Roll		Total	Actual	% of Available	Appropriation
HOUSEHOLDS	000,0	Overs	Adjustments	Available	Transfer	funds	Act
	2	R'000	R'000	R'000	R'000	%	R'000
Transfers							
Project Linked Support Housing	276 188	•	20 000	346 188	345 199	%2'66	422 111
Individual Support Housing	3 000	•	•	3 000	812	27.1%	16 782
Rural Support-Inf Land Housing	3 905	ı	•	3 905	3 011	77.1%	23 139
Discount Benefit Scheme Housing	1810	1	•	1810	127	7.0%	2 500
Peoples Housing Process	156 219	ı	(70 000)	86 219	3 458	4.0%	45 692
Institutional Support	11 717	1	. 1	11 717	456	3.9%	7 713
Disaster Management emergency	11 716	•	•	11 716	•	•	•
Hostel upgrading	3 906	•	•	3 906	2 4 1 2	61.8%	•
Employer Social Benefit	493	•	(2)	486	32	%9:9	452
Social Assistance	•	•	•	•	•	•	20
TOTAL	468 954	•	(£)	468 947	355 507		518 409

ANNEXURE 1G

STATEMENT OF LOCAL AND FOREIGN AID ASSISTANCE RECEIVED FOR THE YEAR ENDID 31 MARCH 2006

NAME OF DONOR	PURPOSE	OPENING BALANCE R'000	REVENUE R'000	EXPENDITURE R'000	CLOSING BALANCE R'000	
Received in Cash Flemish Government	To provide training in the field of local	'	1611		952	629
	governance, and establish a one-stop centre for assistance and support to					
Development Bank	To perform a capacity-building impact assessment,	•	6 954		9 6 6 5 6	298
	performance review and municipal profiling					
Total	'	•	8 565	7 608	80	957

STATEMENT OF GIFTS, DONATIONS AND SPONSORHIPS MADE AND REMISSIONS, REFUNDS AND PAYMENTS MADE AS AN ACT OF GRACE FOR THE YEAR

ENDED 31 MARCH 2006

ANNEXURE 1H

NATURE OF GIFTS, DONATIONS OR SPONSORSHIPS Paid in cash

R'000

Khanyille Event Movement: Sponsored 600 scholars to watch U-Carment ekhoyelitsha movie Mohokare Municipality: Talent promotion of 2 schoolboys that performed at Macufe 2005 Premier Fund: Premiers Banquet: Old Mutual/Telkom National Choir Festival Premier: Gala dinner: Minister of Finance Youth Commission: Youth Commission Premier awards Gifts for secretary's day 7 September 2005

6 20 20 5

4

Total

- Totals do not form part of the totals as on the face of the Statement of Financial Performance.

ANNEXURE 2

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2006 - LOCAL

Guarantor institution	Guarantee in respect of	Original Guaranteed Capital Amount R'000	Opening Balance 1 April 2005 R'000	Guarantees Issued during the year R'000	Guarantees Released during the year R'000	Guaranteed Interest outstanding As at 31 March 2006 R'000	Closing Balance 31 March 2006 R'000	Realised losses i.r.o. claims paid out R'000
Standard Bank	Motor vehicles		,	304	'	'	304	'
		1		304	1	1	304	
	Housing							
Standard Bank)	•	138	•	•	•	138	
Firstrand FNB		•	174	•	ı	•	174	•
ABSA		•	144	•	20	•	94	•
Boe Bank		•	49	•	33	•	16	•
Saambou Bank (FNB)		•	100	•	27	•	73	•
Permanent Bank (Old								•
Mutual/Nedbank/Perm)		•	77	•	17	•	09	•
African Bank (Unique Finance)		•	13	•	13	•	•	•
Free State Development Corp		1	78	2	1	•	80	•
			773	2	140	-	635	1
	Total	•	773	306	140	•	939	•

ANNEXURE 3

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

	Opening Balance	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	10 894	3 110	3 014	10 990
Transport assets	3 066	1 000	3 014	1 052
Computer equipment	4 433	1 569	-	6 002
Furniture and office equipment	3 196	482	-	3 678
Other machinery and equipment	199	59		258
TOTAL CAPITAL ASSETS	10 894	3 110	3 014	10 990

ANNEXURE 3.1

ADDITIONS MOVEMENT SCHEDULE FOR THE YEAR ENDED 31 MARCH 2006

MACHINERY AND EQUIPMENT	Cash R'000	In-Kind R'000	Total R'000 3 110
Transport assets	1 000	-	1 000
Computer equipment	1 569	-	1 569
Furniture and office equipment	482	-	482
Other machinery and equipment	59	-	59
TOTAL CAPITAL ASSETS	3 110	-	3 110

ANNEXURE 3.2

DISPOSALS MOVEMENT SCHEDULE FOR THE YEAR ENDED 31 MARCH 2006

MACHINERY AND EQUIPMENT	Cost/carrying amount R'000	Cash R'000	Profit/(loss) on disposal R'000 (3 014)
mitorintent fitto equi ment	0011		(0 011)
Transport assets	3 014	-	(3 014)
TOTAL CAPITAL ASSETS	3 014	-	(3 014)

ANNEXURE 3.3

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

	Additions	Disposals	Total movement
	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	1 209	-	1 209
Transport assets	116	-	116
Other machinery and equipment	1 093	-	1 093
TOTAL CAPITAL ASSETS	1 209	-	1 209

ANNEXURE 4

CAPITAL INTANGIBLE ASSET MOVEMENT SCHEDULE FOR THE YEAR ENDED 31 MARCH 2006

	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
Computer software	-	693 -	-	693
TOTAL	_	693	-	693

ANNEXURE 4.1

ADDITIONS MOVEMENT SCHEDULE FOR THE YEAR ENDED 31 MARCH 2006

	Cash R'000	In-Kind R'000-	Total R'000
Computer software	693	-	693
TOTAL	693	-	693

ANNEXURE 5

INTER-GOVERNMENTAL RECEIVABLES

		d Balance anding	01100111111	ed Balance Inding		Total
Government Entity	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
Department						
Free State Premier	-	-	-	29	-	29
Free State Health	-	-	-	36	-	36
Free State Public Works, Roads						
and Transport	48	-	-	76	48	76
Gauteng Provincial Government	-	-	-	10	=	10
Free State Provincial Treasury Eastern Cape Provincial	-	-	-	15	-	15
Government	-	-	2	-	2	-
Free State Provincial Legislature Kwa-zulu Natal Provincial	-	-	33	-	33	-
Government	-	-	-	2	-	2
North West Provincial Government		-	-	98	-	98
Subtotal	48	-	35	266	83	266
Other Government Entities						
Government Pension Fund	-	-	-	10	-	10
Claims recoverable	-	-	-	2	-	2
Housing Fund	-	48	-	-	-	48
Profmed	-	-	-	1	-	1
Municipal Pension Fund	-	-	-	1	-	1
South African Revenue Services	-	-	48	4	48	4
Old Mutual Bank	-	-	1	1	1	1
Myburg Attorneys	-	-	-	1	-	1
Wesbank				6		6
Subtotal	-	48	49	26	49	74
TOTAL	48	48	84	292	132	340

ANNEXURE 6

INTER-DEPARTMENTAL PAYABLES

	Confirme	d Balance	Unconfirmed Balance	
	31/03/2006	31/03/2005	31/03/2006	31/03/2005
Government Entity	R'000	R'000	R'000	R'000
Amounts included in Statement of Financial Position				
Current				
Advances Kwa-Zulu Natal		-	_	28_
Total	-	-	-	28



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NOTES TO THE FINANCIAL STATEMENTS	12

Head of the Department

Free State: Department of Local Government and Housing

Date: 31/05/2006



REPORT OF THE AUDITOR-GENERAL TO THE FREE STATE LEGISLATURE ON THE FINANCIAL STATEMENTS OF THE SMALL HOLDINGS TRUST FUNDS FOR THE YEAR ENDED 31 MARCH 2006

1. AUDIT ASSIGNMENT

The financial statements as set out on pages 123 to 128, for the year ended 31 March 2006, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996, read with sections 4 and 20 of the Public Audit Act, 2004 (Act No. 25 of 2004). These financial statements are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements, based on the audit.

2. NATURE AND 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 dated 23 June 2006. Those standards require that I plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit includes:

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

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

3. BASIS OF ACCOUNTING

The entity's policy is to prepare the financial statements on the entity specific basis of accounting described in note 1 to the financial statements.

4. AUDIT OPINION

In my opinion, the financial statements have been prepared, in all material respects, in accordance with the basis of accounting as described in note 1 to the financial statements.

4. EMPHASIS OF MATTER

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



Trust deed

A trust deed indicating the purpose of the trust and the utilisation of the monies could still not be submitted for audit purposes. The matter was also reported in paragraph 4.1 of the previous report.

This was due to a lack of controls over the administration of trust funds.

5. APPRECIATION

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

BJK van Niekerk for Auditor-General Bloemfontein

31 JULY 2006

AUDITOR: GENERAL

BALANCE SHEET AT 31 MARCH 2006

	Notes	1 April 2005 to 31 March 2006 R'000	1 April 2004 to 31 March 2005 R'000
ASSETS			
Investments			
Corporation for Public Deposits	2 _	7 404	6 920
Total assets	_	7 404	6 920
EQUITY AND LIABILITIES			
Capital and reserves			
Trust Funds	2 _	7 404	6 920
Total equity and liabilities	_	7 404	6 920

INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2006

	Notes	1 April 2005 to 31 March 2006 R'000	1 April 2004 to 31 March 2005 R'000
Interest received	2	484	500
Net profit/(loss) for the period		484	500



STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2006

		Retained Earnings R'000	Total R′000
Balance at 31 March 2005	-	6 920	6 420
Net Profit / (Loss) for the period	2	484	500
Balance at 31 March 2006	_	7 404	6 920

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2006

	Note	1 April 2005 to 31 March 2006 R'000	1 April 2004 to 31 March 2005 R'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Interest received Net cash inflow/(outflows) from operating activities		484	500
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest on investments capitalised Net cash outflow from investing activities Net increase in cash and cash equivalents		(484)	(500)
Cash and cash equivalents at beginning of period Cash and cash equivalents at end of period		<u>-</u>	

NOTES TO THE FINANCIAL STATEMENTS AT 31 MARCH 2005

1. ACCOUNTING POLICY NOTES

1.1 BASIS OF PREPARATION

The financial statements have been prepared on the historical cost basis in accordance with the policies below. Treasury Regulation 14.3.3(d) was used as a basis to determine the appropriate accounting practice. Generally accepted accounting practice has been implemented in preparing these financial statements in as far possible taking account of the fact that the systems in place at the trust Fund accounts for all transactions on a cash basis of accounting. The accounting policies thus do not fully comply with generally accepted accounting practice.

1.2 REVENUE RECOGNITION

Revenue received is immediately capitalised on the respective plots.

2. Investments

This investment is in terms of the following 33 plots:

Trust funds totals for April 2005 till March 2006

	Hoewe	Opening balance	Interest	Closing balance
		2005-2006	Capitalised	2005-2006
1	Adaminasiefontein 1029	4 622.96	323.02	4 945.97
2	Beslis Ond 12528 Bloemfontein	2 558.13	178.74	2 736.87
3	Blaaubank 303 Kroonstad	823.41	57.53	880.95
4	Buitenzorg Kroonstad	35 260.51	2 463.72	37 724.23
5	Caledonspoort 190 Fouriesburg	3 084.00	215.48	3 299.48
6	Constantia Bultfontein	50 392.11	3 520.99	53 913.10
7	Cornelia	5 604.88	391.62	5 996.50
8	Cyfervlei No 6 Viljoenskroon	6 363.65	444.64	6 808.29
9	Halkyn 660 Thaba Nchu	1 665.30	116.36	1 781.66
10	Kleinfontein Winburg	91 325.24	6 381.07	97 706.31
11	La Porte Vase Kroonstad	169 976.71	11 876.60	181 853.31
12	Laumervillera Betlehem	1 935.69	135.25	2 070.94

	Hoewe	Opening balance	Interest	Closing balance
		2005-2006	Capitalised	2005-2006
13	Loutersbronnen Winburg	5 772.53	403.34	6 175.86
14	Merriesfontein Boshof	1 544.22	107.90	1 652.12
15	Middelpunt Glen	788.63	55.10	843.73
16	Mimosa 132 Senekal	75 910.41	5 304.01	81 214.41
17	Morgenster 132 Senekal	1 544.17	107.89	1 652.07
18	Nolens Volens Theunissen	15 662.59	1 094.38	16 756.96
19	Paradys Bloemfontein	24 582.34	1 717.62	26 299.96
20	Pistoriusrust Parys	63 079.79	4 407.51	67 487.30
21	Ramlaric	3 475.79	242.86	3 718.65
22	Ramlaric Ond 4	4 623.85	323.08	4 946.93
23	Renovaal	420 625.41	29 389.91	450 015.32
24	Ribblesdale Bloemfontein	4 623.71	323.07	4 946.78
25	Rietpan Ond Bloemfontein	1 935.04	135.20	2 070.24
26	Scheerpan Oost Boshof	375.55	26.24	401.79
27	Triangle 471 Vrede	1 739.88	121.57	1 861.45
28	Turin Kroonstad	7 734.81	540.45	8 275.26
29	Vaalrivier	1 692 986.92	118 292.26	1 811 279.18
30	Vaalpark	1 767 332.05	123 486.90	1 890 818.95
31	Vaalpower Heilbron	1 088 143.10	76 030.66	1 164 173.76
32	Veekraal	1 361 713.15	95 145.53	1 456 858.67
33	Yarraweah	2 295.39	160.38	2 455.77
	Total	6 920 101.90	483 520.88	7 403 622.78

GENERAL INFORMATION

Accounting Officer: Mr. K.F. Ralikontsane

Registered Address: Lebohang Building, St Andrew Street, Bloemfontein

Bankers: ABSA

Auditors: Auditor-General

Nature of Business: Provision of low cost housing in terms of the Free State Housing Act of 1999.

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REPORT OF THE ACCOUNTING OFFICER FOR THE YEAR ENDED 31 MARCH 2006

The state of the Fund's affairs and its performance and cash flow for the year under review is properly disclosed in the enclosed financial statements.

The only point that should be highlighted is the fact that a decision to wind-up the Fund has been taken at a national level. To complete the process the fund's properties has to be transferred to the current occupants and this will take approximately two years to complete. In completion any remaining cash will be transferred to the Free State Department of Local Government and Housing.

Head of the Department

Free State: Department of Local Government and Housing

Date: 31/05/2006



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

1. AUDIT ASSIGNMENT

The financial statements as set out on pages 134 to 148, for the year ended 31 March 2006, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 read with sections 4 and 20 of the Public Audit Act, 2004 (Act No. 25 of 2004). These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements, based on the audit.

2. SCOPE

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

An audit includes:

- · examining, on a test basis, evidence supporting the amounts and disclosures included 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. OUALIFICATION

3.1 Limitation on the scope of the audit

Owing to the lack of control over the safekeeping of supporting documentation, the following aspects placed a severe limitation on the scope of the audit:

(a) Trade and other payables

Supporting documentation for trade and other payables amounting to R2 709 000 (New Business) and R74 000 (Old Business) could not be submitted. This matter was also reported in paragraph 3.1(a) of the previous report.

(b) Expenditure

Supporting documentation for subsidy expenditure amounting to R2 000 (2005: R11 000) as disclosed in the income statement could not be submitted for audit purposes.



(c) Accumulated surplus

Supporting documentation for the "Correction debtor closing balance" as disclosed in note 8 of the financial statements of the Old Business amounting to R66 000 could not be submitted.

3.2 Provision for bad debts

Due to inadequate review measures, the provision for bad debts as calculated according to the accounting policy was understated by an amount of R22 830.

3.3 Trade and other receivables

Debtors in respect of rental, loans to individuals and property sold increased to R5 471 000 (2005: R4 313 000) prior to the provision for bad debts. The recovery of debtors is a matter of serious concern as various accounts showed no payments over a number of years and no credit control policy could be submitted for audit purposes as a result of a lack of management policies in this regard. This was also reported in paragraph 3.1(c) of the previous report.

3.4 Fixed assets

The Housing Fund did not have a documented policy and procedure manual in place regarding the proper recording and disposal of fixed assets. As a result of this the following were noted:

- (a) As was also reported in previous audit reports, supporting documentation for disposals totalling R313 000 could still not be submitted for audit purposes.
- (b) Title deeds could not be submitted for audit purposes in all instances and the ownership of the properties could not be determined.
- (c) The correction of the fundamental error of the fixed asset balance of R280 000 as disclosed in note 7 of the financial statements was only effected in the current financial year and not as a prior year correction as required.

These matters were also reported in paragraph 3.2 of the previous report.

4. DISCLAIMER OF AUDIT OPINION

Because of the significance of the matters referred to in paragraph 3, I do not express an opinion on the financial statements.

5. **EMPHASIS OF MATTER**

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

5.1.1 Non-compliance with laws and regulations

Approved tariffs

The Housing Fund did not have a documented policy to ensure that the tariffs regarding the rental of houses were approved and reviewed annually by the accounting officer as prescribed by Treasury Regulation 7.3.1. This matter was also reported in paragraph 5.1.1 of the previous audit report.

5.1.2 Financial management

Internal audit unit and audit committee

In terms of section 38(1)(a)(ii) of the PFMA, the accounting officer must ensure that the entity has and maintains a system of internal audit under the control and direction of an audit committee complying with and operating in accordance with section 77 and the Treasury Regulations.

Neither an internal audit unit nor an audit committee had been established for the year under review. This was also reported in paragraph 5.1.2 of the previous report.

5.1.3 Matters in the public interest

Houses applied for not transferred

As also reported in paragraph 5.1.3 of the previous report, applications from 16 tenants to purchase properties under the R7 500 discount benefit scheme had not been resolved since August 1996 due to a lack of management controls to ensure transfers.

5.1.4 Performance indicators

Performance indicators were not set by the Fund and therefore performance could not be measured.

6. APPRECIATION

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

BJK van Niekerk *for* Auditor-General Bloemfontein

31 July 2006



BALANCE SHEET AT 31 MARCH 2006 - OLD AND NEW BUSINESS

	Notes	2005/06 R′000	2004/05 R'000
ASSETS			
Non current assets		8 411	8 691
Property, plant and equipment	2	-	8 691
Non-current assets held for sale	3	8 411	-
Current assets			
		10 000	9 497
Trade and other receivables	4	5 925	5 657
Cash and cash equivalents	5	4 075	3 840
Total assets	_	10 411	18 188
Total assets	_	18 411	10 100
EQUITY AND LIABILITIES			
Capital and reserves			
Retained earnings		11 553	11 552
Current liabilities			
Trade and other payables	6	6 858	6 636
Total equity and liabilities		18 411	18 188

INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2006 - OLD BUSINESS (DISCONTINUED OPERATION)

	Notes	2005/06	2004/05
		R′000	R'000
Income		954	834
Administrative expenses		(605)	(462)
Other operating expenses		(2)	(11)
Net profit/(loss) for the period	10	347	361

INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2006 - NEW BUSINESS (DISCONTINUED OPERATION)

	Notes	2005/06 R'000	2004/05 R'000
Interest received	_	-	435
Net profit/(loss) for the period	_	-	435

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2006 - OLD AND NEW BUSINESS

	Retained	Total
	Earnings R'000	R'000
Balance at 31 March 2004	172 018	172 018
Funds transferred to Department of Local Government and Housing	(140 381)	(140 381)
Funds to be transferred to Department of Local Government and Housing	(3 840)	(3 840)
Fundamental errors 7	(17 041)	(17 041)
Restated balances	10 756	10 756
Net (loss)/profit for the year	796_	796
Balance at 31 March 2005	11 552	11 552
Capital adjustment	(66)	(66)
Fundamental errors 7	(280)	(280)
Restated balances	11 206	11 206
Net (loss)/profit for the year	347	347
Balance at 31 March 2006	11 553	11 553

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2006 - OLD AND NEW BUSINESS (DISCONTINUED OPERATIONS)

	Note	2005/06 R'000	2004/05 R'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash paid to suppliers and employees		(132)	(12 714)
Cash generated from/(utilised in) operations	8	(132)	(12 714)
Cash transferred to Department Local Government & Housing		-	(140 381)
Interest paid		(4)	-
Interest received	_	371	654
Net cash flow from/(used in) operating activities	_	235	(152 441)
Net (decrease)/increase in cash and cash equivalents		235	(152 441)
Cash and cash equivalents at beginning of year		3 840	156 281
Cash and cash equivalents at end of year	_	4 075	3 840



1. ACCOUNTING POLICY NOTES

The following are the principal accounting policies of the fund, which are consistent in all material respects with those applied in the previous year, except as otherwise indicated.

1.2 BASIS OF PREPARATION

The financial statements have been prepared on the historical cost basis in accordance with the policies below. Section 40(1)(b) of the Public Finance Management Act, 1999 read in conjunction with Section 10 of the Free State Housing Act, 1999 was used as a basis to determine the appropriate accounting practice.

Statements of Generally Accepted Accounting Practice have been implemented in preparing these financial statements.

1.2 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at historical cost which closely represents fair value.

1.3 NON-CURRENT ASSETS HELD FOR SALE

Non-Current Assets held for sale is stated at the lower of historical cost or fair value.

1.4 TRADE RECEIVABLES

Trade receivables are carried at the anticipated realisable value in respect of rental debtors, outstanding loans to individuals and outstanding balances in respect of installment sale debtors. A provision for doubtful debts is created based on the payment percentage for the year under review in relation to the total outstanding debts.

1.5 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash at bank.

1.6 REVENUE RECOGNITION

Rental income arising from Non-Current Assets held for sale is recognised as it legally accrues in terms of the original contract until the date of disposal of the particular property.

Interest is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity.

2.	PROPERTY, PLANT AND EQUIPMENT	2005/06 R'000	2004/05 R'000
	Opening Balance Fundamental error in opening balances Transfer to Non-Current Assets held for sale Gross carrying amount at end of year	8 691 (280) (8 411)	9 727 (1 036) 8 691
3.	NON-CURRENT ASSETS HELD FOR SALE		
	Opening Balance	-	-
	Transfer from Property, Plant and Equipment Gross carrying amount at end of year	8 411 8 411	<u> </u>
	These assets consist of the Fund's Land and Buildings that is in the process of being sold in terms of the Discount Benefit Scheme to the current occupants. The decision to wind-up the Fund has been taken at national level and the transfer process is expected to take approximately two years to complete.		
4.	TRADE AND OTHER RECEIVABLES	302	324
	Rental debtors Provision for bad debts	3 444 (3 142)	3 235 (2 911)
	Loans to individuals Provision for bad debts	3 1 231 (1 228)	33 1 028 (995)
	Properties sold Provision for bad debts	16 796 (780)	5 650 (645)
	Loan account: Department of Local Government and Housing	306	-
	Loan account Free State Provincial Treasury	5 265	5 265
	Other receivables	33	30_
		5 925	5 657

		2005/06 R'000	2004/05 R'000
6.	TRADE AND OTHER PAYABLES		
	Unallocated cash Sundry payables Inter-departmental transfers	43 20 11	8 20 10
	Loan Account: Department of Local Government & Housing	74	49 87
7.	FUNDAMENTAL ERRORS		
	Correction of fundamental error relating to the valuation of property at 23 Kasteel Street	(280)	-
	Correction of fundamental error relating to differences between debtors system and general ledger control account.	-	61
	Correction of fundamental error relating to erf 1590 registered to Metsimaholo Local Municipality included in the asset register of the Free State Housing Fund.	-	(1 036)
	Correction of fundamental error relating to two amounts appearing on the local authority suspense account due to duplicate receipts that was not written off in 1998 as part of the write-off of local authority loan accounts.	_	(863)
	,	(280)	(1 838)

		<u>2005/06</u> <u>R'000</u>	<u>2004/05</u> <u>R'000</u>
8.	RECONCILIATION OF NET PROFIT TO CASH GENE FROM OPERATIONS	RATED	
	Net profit/(loss)	347	361
	Adjustments for: - Sundry Debtors written off - Correction Debtors Closing Balance - Capital adjustments properties sold - Interest paid	(66) 4	(863) 61 -
	 Interest received Operating profit before working capital changes 	(371) (86)	(219)
	Changes in working capital: - (Increase)/ decrease in accounts Receivables - Increase/(decrease) in trade payables	(268) (13)	388 52
	Cash generated from/(used in) operations	(367)	(220)
10.	PROFIT FROM OPERATIONS		
	Profit from operations is arrived at after taking into account the following:		
	Profit on sale of properties	-	21
	Provision for bad debts	599	460

NOTES TO THE FINANCIAL STATEMENTS AT 31 MARCH 2006 - OLD BUSINESS

11. FINANCIAL INSTRUMENTS

Set out below is a comparison by category of carrying amounts and fair values of all of the Fund's financial instruments that are carried in the financial statements at other than fair values

	Carrying amount		<u>Fair Value</u>	
Financial Assets	<u>2006</u>	<u>2005</u>	<u>2006</u>	<u>2005</u>
Filialiciai Assets				
Trade Receivables	5 925	5 657	5 925	5 657
Financial Liabilities				
Trade Payables	74	87_	74	87_

11.1 Credit Risk

The credit risk of trade receivables is not manageable due to the fact that houses are being allocated to low-income tenants in terms of Government policy to promote social housing. In the light of the above significant provision for bad debts has been raised against trade receivables to achieve a recoverable carrying amount.

12. DISCONTINUED OPERATION

The Fund's Land and Buildings is in the process of being sold in terms of the Discount Benefit Scheme to the current occupants. The decision to wind-up the Fund has been taken at a national level and the transfer process is expected to take approximately two years to complete.

13. RELATED PARTIES

· Free State Department of Local Government and Housing

Transactions

Loan Account included in Accounts Receivable - R306 219

NOTES TO THE FINANCIAL STATEMENTS AT 31 MARCH 2006 - NEW BUSINESS

ACCOUNTING POLICY NOTES

The following are the principal accounting policies of the fund, which are consistent in all material respects with those applied in the previous year, except as otherwise indicated.

1.1 BASIS OF PREPARATION

The financial statements have been prepared on the historical cost basis in accordance with the policies below. Section 40(1)(b) of the Public Finance Management Act, 1999 read in conjunction with Section 10 of the Free State Housing Act, 1999 was used as a basis to determine the appropriate accounting practice.

Generally Accepted Accounting Practice has been implemented in preparing these financial statements.

1.2 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash at bank.

1.3 REVENUE RECOGNITION

Interest received on the bank account represents an amount that is due to the Provincial Department of Local Government and Housing on winding-up of the Fund and as such is credited directly to this liability included in Trade Payables.

		2005/06 R′000	2004/05 R'000
5.	CASH AND CASH EQUIVALENTS		
	Cash on hand and bank balances	4 075	3 840
		4 075	3 840
6.	TRADE AND OTHER PAYABLES		
	Loan Account – Free State Provincial Treasury	2 709	2 709
	Funds to be transferred to Department of Local Government & Housing	4 075	3 840
		6 784	6 549



NOTES TO THE FINANCIAL STATEMENTS AT 31 MARCH 2006 - NEW BUSINESS

		2005/06 R'000	2004/05 R′000
7.	FUNDAMENTAL ERRORS	K 000	K 000
	Expenses on hostels in 1997 and 1998 were included in the income allocations of the Free State Housing Fund. These expenses were however directly paid by the National Housing Fund and not included in the expenditure of the Free State Housing Fund resulting in understatement		
	of expenditure.	-	(23 213)
	Prior year interest received not included in income	-	697
	Difference in theoretical and actual bank balance as a result of inaccurate income confirmations from the National Housing Fund.	<u> </u>	7 313 (15 203)
8.	RECONCILIATION OF NET PROFIT TO CASH GENERATED FROM OPERATIONS		
	Net profit /(loss) Adjustments for:	-	435
	- Interest received	-	(435)
	- Cash to be transferred to Department of Local Government and Housing	-	(3 840)
	- Fundamental errors	-	(15 203)
	Operating profit before working capital changes	-	(19 043)
	Changes in working capital:		
	- (Increase)/ decrease in accounts payable	235	6 549
	Cash generated from operations	235	(12 494)

NOTES TO THE FINANCIAL STATEMENTS AT 31 MARCH 2006 - NEW BUSINESS

11. FINANCIAL INSTRUMENTS

Set out below is a comparison by category of carrying amounts and fair values of all of the Fund's financial instruments that are carried in the financial statements at other than fair values.

	Carrying a	nmount	Fair	Value
	2006	2005	2006	2005
Financial Assets				
Cash at bank	4 075	3 840	4 075	3 840
Financial Liabilities				
Trade Payables	6 784	6 549	6 784	6 549

11.1 Credit Risk

The credit risk of cash at bank arises from default by the counterparty and is limited to the carrying amount of this instrument. As the cash at bank is held at a reputable commercial bank the risk of default is very low.

12. EVENTS DURING THE PREVIOUS REPORTING PERIOD

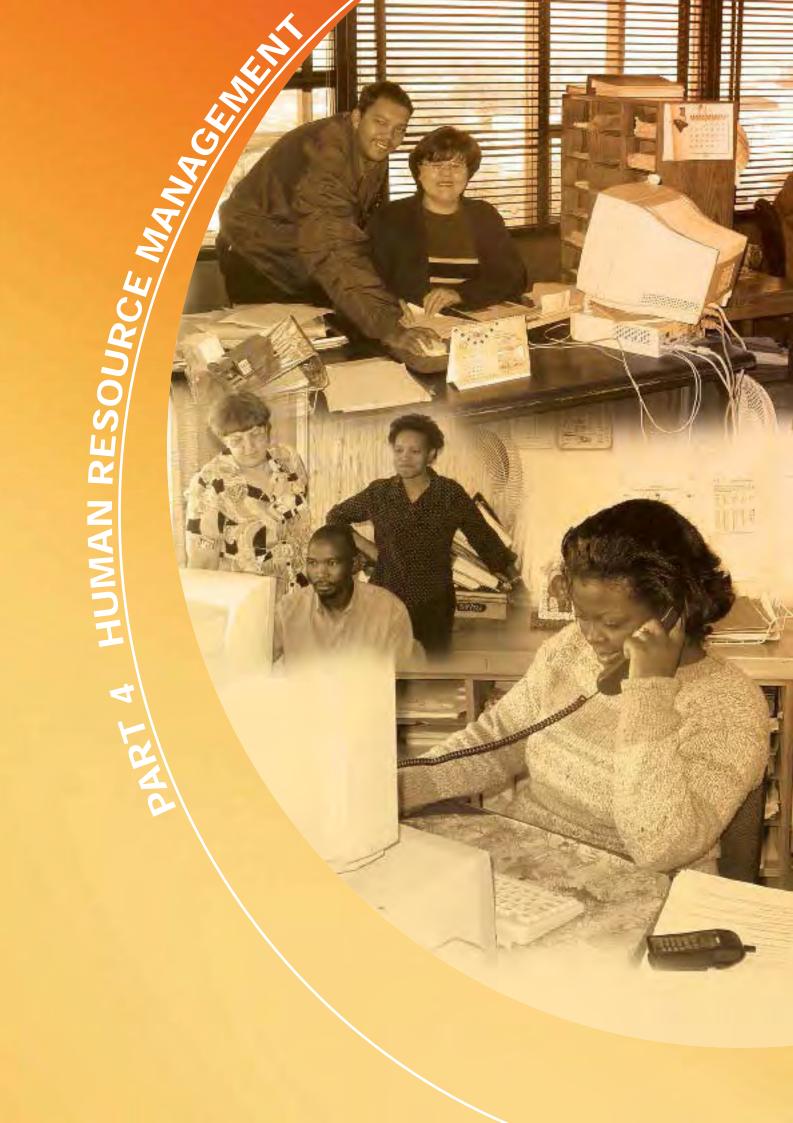
Discontinued Operation - The Housing Fund was incorporated into the Provincial Department of Local Government and Housing as from 1 April 2004 and the New Business therefore became dormant as from that date.

DETAILED INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2006 – OLD BUSINESS (DISCONTINUED OPERATION)

	2005/06 R′000	2004/05 R'000
INCOME	954	834
Rental Interest Sundry income Profit on Sale of Properties Subsidy Income	574 371 2 - 7	592 219 2 21
LESS: EXPENSES	607	473
Administration fees:	605	462
Bank Charges Commission: Loans/Rentals Provision for doubtful debts	4 2 599	2 460
Other operating expenditure:	2	11
Subsidies	2	11
NET PROFIT/(LOSS) FOR THE YEAR	347	361

DETAILED INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2006 – NEW BUSINESS (DISCONTINUED OPERATION)

	2005/06 R'000	2004/05 R'000
Interest received	-	435
NET PROFIT / (LOSS) FOR THE YEAR		435





PART 4: HUMAN RESOURCE MANAGEMENT

VOTED FUNDS

TOTAL AMOUNT APPROPRIATED FOR THE FINANCIAL YEAR 2004/2005	R 669 426 000
RESPONSIBLE MEC	MR MJ MAFEREKA
ACCOUNTING OFFICER	MR KF RALIKONTSANE

PART 1 SERVICE DELIVERY

TABLE 1.1 MAIN SERVICES PROVIDED AND STANDARDS

MAIN SERVICES	ACTUAL CUSTOMERS	POTENTIAL CUSTOMERS	STANDARD OF SERVICE	ACTUAL ACHIEVEMENT AGAINST STANDARDS
Housing delivery	Rural communities Homeless people All that qualify in terms of the housing scheme	Rural communities Homeless people All that qualify in terms of the housing scheme	Houses supplied	Houses supplied
Local Government	Building the capacity of municipalities	All municipalities	All municipalities	All municipalities
Land development/spatial planning	Consultants Communities Municipalities	Consultants Communities Municipalities	Land developed and planned	Land developed and planned
Disaster management	Communities Municipalities	Communities Municipalities	Disaster prevention/ management	Disaster prevention/ management
Traditional affairs	Communities Traditional leaders House of traditional leaders Traditional Councils	Communities Traditional leaders House of traditional leaders Traditional Councils	Sound traditional affairs	Sound traditional affairs

TABLE 1.2 CONSULTATION ARRANGEMENTS WITH CUSTOMERS

TYPE OF ARRANGEMENT	ACTUAL CUSTOMERS	POTENTIAL CUSTOMERS	ACTUAL ACHIEVEMENTS
Road shows Formal meetings Makgotla Informal meetings	Rural communities Homeless people All that qualify in terms of the housing scheme All municipalities	Rural communities Homeless people All that qualify in terms of the housing scheme All municipalities	More consultation with customers



TABLE 1.3 SERVICE DELIVERY ACCESS STRATEGY

ACCESS STRATEGY	ACTUAL ACHIEVEMENT
Road shows Formal meetings Makgotla Informal meetings	Easier accessibility

TABLE 1.4 SERVICE INFORMATION TOOL

TYPES OF INFORMATION TOOLS	ACTUAL ACHIEVEMENT
Road shows Formal meetings Makgotla Informal meetings Media	More informed people

TABLE 1.5 COMPLAINTS MECHANISM

COMPLAINTS MECHANISM	ACTUAL ACHIEVEMENT
Road shows Formal meetings Makgotla Informal meetings	Complains handled adequately



PART 2 EXPENDITURE

TABLE 2.1 PERSONNEL COSTS PER PROGRAMME

PROGRAMME	TOTAL EXPENDITURE 'R000	PERSONNEL EXPENDITURE 'R000	TRAINING EXPENDITURE *'R000	GOODS AND SPEC SERVICES 'R000	PERSONNEL COST AS A % OF TOTAL EXPENDITURE	AVERAGE PERSONNEL COST PER EMPLOYEE	EMPLOYMENT
1	37 550	17 321	2 335	18 594	46	203 776	85
2	428 558	18 327		12 162	4	185 121	99
3	34 935	12 473		21 278	36	254 551	49
4	16 471	9 940		3 497	60	177 500	56
5	9 705	6 479		1 518	67	259 160	25
TOTAL	527 219	64 540	2 335	57 049	11	205	314

ALL TRAINING EXPENDITURE PAID OUT OF PROGRAMME 1

TABLE 2.2 PERSONNEL COSTS BY SALARY BANDS

SALARY BANDS	TOTAL EXPENDITURE R000	% OF TOTAL PERSONNEL COSTS	AVERAGE PERSONNEL COST PER EMPLOYEE	TOTAL PERSONNEL EXPENDITURE R000	NUMBER OF EMPLOYEES
LOWER SKILLED LEVELS 1-2					10
SKILLED LEVELS 3-5					58
HIGHLY SKILLED PRODUCTION LEVELS 6-8					147
HIGHLY SKILLED SUPERVISION LEVELS 9-12					79
SMS LEVELS 13-16					20
TOTAL	527 219	11%	205 000	64 540	314



TABLE 2.3 SALARIES, OVERTIME, HOMEOWNERS ALLOWANCE AND MEDICAL ASSISTANCE BY PROGRAMME

	SALA	RIES	OVER	OVERTIME		HOMEOWNERS ALLOWANCE		MEDICAL ASSISTANCE	
PROGRAMME	AMOUNT 'R000	SALARIES AS A % OF PERSONNEL COST	AMOUNT 'R000	OVERTIME AS A % OF PERSONNEL COST	AMOUNT 'R000	HOAAS A%OF PERSONNEL COST	AMOUNT R000	MED ASST AS % OF PERSONNEL COST	
1	10 688	16.6%	20	0.03%	271	0.42%	689	1.07%	
2	12 722	19.7%	25	0.04%	274	0.42%	813	1.26%	
3	7 111	11%	0	0	222	0.34%	441	0.68%	
4	7 089	11%	0	0	176	0.27%	462	0.72%	
5	2 529	3.9%	0	0	102	1.16%	169	0.26%	
TOTAL	40 139	62.2%	45	0.07%	1 045	1.62%	R 2 468	4%	

TABLE 2.4 SALARIES, OVERTIME, HOMEOWNERS ALLOWANCE AND MEDICAL ASSISTANCE BY SALARY BANDS

	SAL	ARIES	OVE	RTIME	HOMEOWNER:	S ALLOWANCE	MEDICAL	ASSISTANCE
SALARY BAND	AMOUNT	SALARIES AS A % OF PERSONNEL COST	AMOUNT	OVERTIME AS A % OF PERSONNEL COST	AMOUNT	HOA AS A % OF PERSONNEL COST	AMOUNT	MED ASST AS % OF PERSONNEL COST
LOWER SKILLED LEVELS 1-2								
SKILLED LEVELS 3-5								
HIGHLY SKILLED PRODUCTION LEVELS 6-8								
HIGHLY SKILLED SUPERVISION LEVELS 9-12								
SMS LEVELS 13-16								
TOTAL	40 139	62.2%	45	0.07%	1 045	1.62%	2 574	4%



PART 3 EMPLOYMENT AND VACANCIES

TABLE 3.1 EMPLOYMENT AND VACANCIES BY PROGRAMME

PROGRAMME	NUMBER OF POSTS	NUMBER OF POSTS FILLED	VACANCY RATE	NUMBER OF POSTS FILLED ADDITIONAL TO THE ESTABLISHMENT
1. MEC, HOD, CORPORATE SERVICES, FINANCE	278	85	69.4%	3
2. HOUSING, PROJECT MANAGEMENT	309	99	68%	6
3. LOCAL GOVERNMENT, DISASTER MANAGEMENT	191	49	74.3%	0
4. LAND DEVELOPMENT, SPATIAL PLANNING, IDP, LED	129	56	56.6%	0
5. TRADITIONAL AFFAIRS	77	25	67.5%	0
TOTAL	984	314	68.1%	9

TABLE 3.2 EMPLOYMENT AND VACANCIES BY SALARY BAND

SALARY BAND	NUMBER OF POSTS	NUMBER OF POSTS FILLED	VACANCY RATE	NUMBER OF POSTS FILLED ADDITIONAL TO THE ESTABLISHMENT
LOWER SKILLED LEVELS 1-2	26	10	61.5%	0
SKILLED LEVELS 3-5	255	58	68.4%	2 customer care officers 1 secretary
HIGHLY SKILLED PRODUCTION LEVELS 6-8	483	147	69.6%	0
HIGHLY SKILLED SUPERVISION LEVELS 9-12	181	79	56.4%	5 Cuban officials 1 PHP coordinator
SMS LEVELS 13-16	39	20	48.7%	0
A NUMBER OF POSTS STILL TO BE SUBJECTED TO THE PROCESS OF JOB EVALUATION AFTER RESTRUCTURING TO DETERMINE THE CORRECT LEVEL				
TOTAL	984	*314	68.1%	9

^{*} INCLUDING ADDITIONAL PEOPLE

TABLE 3.3 EMPLOYMENT AND VACANCIES BY CRITICAL OCCUPATIONS

CRITICAL OCCUPATIONS	NUMBER OF POSTS	NUMBER OF POSTS FILLED	VACANCY RATE	NUMBER OF POSTS FILLED ADDITIONAL TO THE ESTABLISHMENT
INFORMATION TECHNOLOGY	19	2	89.5%	0
ORGANISATIONAL DEVELOPMENT	23	5	78,3%	0
TECHNICAL/ENGINEERING RELATED ADVISORY SERVICES	17	8 (5)	52.3%	5
FINANCE	101	40	60.4%	0
TOTAL	159	51 (5)	67.9%	5



PART 4 JOB EVALUATION

TABLE 4.1 JOB EVALUATION

SALARY BAND	NUMBER OF POSTS	NUMBER OF JOBS	% OF POSTS EVALUATED	POST UPGRA	DED 2005/2006		WN GRADED 5/2006
		2005/2006	2005/2006	NUMBER	% OF POSTS EVALUATED	NUMBER	% OF POSTS EVALUATED
LOWER SKILLED LEVELS 1-2	26	0	0	0	0	0	0
SKILLED LEVELS 3-5	255	0	0	0	0	0	0
HIGHLY SKILLED PRODUCTION LEVELS 6-8	483	1	0.2	1	0.2	0	0
HIGHLY SKILLED SUPERVISION LEVELS 9-12	181	5	2.8	0	0	0	0
SMS LEVELS 13-16 BAND A BAND B BAND C BAND D	39	22 13 6 2 1	56.4	0 0 0 0	0	0 0 0 0	0
TOTAL	984	28	2.8	1	0.1	0	0

TABLE 4.2
PROFILE OF EMPLOYEES WHOSE SALARY POSITIONS WERE UPGRADED DUE TO THEIR POSTS BEING UPGRADED

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	0	0	0	0	0

TABLE 4.3 EMPLOYEES WHOSE SALARY LEVEL EXCEED THE GRADE DETERMINED BY JOB EVALUATION

OCCUPATION	NUMBER OF EMPLOYEES	JOB EVALUATION LEVEL	REMUNERATION LEVEL	REASON FOR THE DEVIATION
	0	N/A	N/A	N/A
	0	N/A	N/A	N/A
	0	N/A	N/A	N/A
TOTAL NUMBER OF EMPLO EVALUATION IN 2004/2005	0			
% OF TOTAL EMPLOYMENT				0



TABLE 4.4
PROFILE OF EMPLOYEES WHOSE SALARY LEVEL EXCEEDED THE GRADE DETERMINED BY JOB EVALUATION

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	0	0	0	0	0



PART 5 EMPLOYMENT CHANGES

TABLE 5.1 ANNUAL TURNOVER RATES BY SALARY BAND

SALARY BAND	NUMBER OF EMPLOYEES PER BAND AS ON 1 APRIL 2005	APPOINTMENTS AND TRANSFERS INTO THE DEPARTMENT	TERMINATIONS AND TRANSFERS OUT OF DEPARTMENT	TURNOVER RATE
LOWER SKILLED LEVELS 1-2	12	0	0	0%
SKILLED LEVELS 3-5	59	7	5	20.3%
HIGHLY SKILLED PRODUCTION LEVELS 6-8	145	5	8	9%
HIGHLY SKILLED SUPERVISION LEVELS 9-12	82	3	6	11%
SMS LEVELS 13-16	22	4	6	45.5%
TOTAL	320	19	25	13.75%

TABLE 5.2 ANNUAL TURNOVER RATES BY CRITICAL OCCUPATION

CRITICAL OCCUPATION	NUMBER OF EMPLOYEES AS ON 1 APRIL 2005	APPOINTMENTS AND TRANSFERS INTO THE DEPARTMENT	TERMINATIONS AND TRANSFERS OUT OF DEPARTMENT	TURNOVER RATE
INFORMATION TECHNOLOGY	19	0	4	21.1%
ORGANISATIONAL DEVELOPMENT	22	0	0	0
TECHNICAL/ENGINEERING RELATED ADVISORY SERVICES	17	0	2	11.8%
FINANCE	101	1	2	3%
TOTAL	159	1	8	5.7%



TABLE 5.3 REASONS WHY STAFF ARE LEAVING THE DEPARTMENT

TERMINATION TYPE	NUMBER	% OF TOTAL*
DEATH	2	0.65%
RESIGNATION	7	2.2%
EXPIRY OF CONTRACT	9	2.9%
DISMISSAL/OPERATIONAL CHANGES	0	0%
DISMISSAL/MISCONDUCT	0	0%
DISMISSAL/INEFFICIENCY	0	0%
DISCHARGE DUE TO ILL-HEALTH	0	0%
RETIREMENT	0	0%
TRANSFERS TO OTHER PUBLIC SERVICE DEPTS	7	2.2%
OTHER	0	0%
TOTAL	25	8%
TOTAL NUMBER OF EMPLOYEES WHO LEFT AS A % OF THE TOTAL EMPLOYMENT*		8%

^{*} TOTAL EMPLOYMENT = 314

TABLE 5.4 PROMOTIONS BY CRITICAL OCCUPATION

OCCUPATION	NUMBER OF EMPLOYEES AT BEGINNING OF THE PERIOD 1 APRIL 2005	PROMOTIONS TO ANOTHER SALARY LEVEL	SALARY LEVEL PROMOTIONS AS A % OF EMPLOYEES BY OCCUPATION	PROGRESSION TO ANOTHER NOTCH WITHIN A SALARY LEVEL	NOTCH PROGRESSIONS AS A % OF EMPLOYEES BY OCCUPATION
INFORMATION TECHNOLOGY	19	0	0	0	0
ORGANISATIONAL DEVELOPMENT	22	0	0	0	0
TECHNICAL/ ENGINEERING RELATED ADVISORY SERVICE	17	0	0	0	0
FINANCE	101	0	0	0	0
TOTAL	159	0	0	0	0



TABLE 5.5 PROMOTIONS BY SALARY BAND

SALARY BAND	NUMBER OF EMPLOYEES AS ON 1 APRI 2005	PROMOTIONS TO ANOTHER SALARY LEVEL	SALARY LEVEL PROMOTIONS AS A % OF EMPLOYEES BY SALARY BAND	PROGRESSION TO ANOTHER NOTCH WITHIN A SALARY LEVEL	NOTCH PROGRESSIONS AS A % OF EMPLOYEES BY SALARY BAND
LOWER SKILLED LEVELS 1-2	12	0	0	0	0
SKILLED LEVELS 3-5	59	0	0	0	0
HIGHLY SKILLED PRODUCTION LEVELS 6-8	145	4	2.8%	0	0
HIGHLY SKILLED SUPERVISION LEVELS 9-12	82	0	0	0	0
SMS LEVELS 13-16	22	0	0	0	0
TOTAL	320	4	1.3%	0	0



PART 6 EMPLOYMENT EQUITY

TABLE 6.1
TOTAL NUMBER OF EMPLOYEES (INCLUDING EMPLOYEES WITH DISABILITIES) IN EACH OF THE FOLLOWING OCCUPATIONAL CATEGORIES

OCCUPATIONAL CATEGORIES	MALE				FEM	ALE		TOTAL	
(SASCO)	AFRICAN	COLOURED	INDIAN	WHITE	AFRICAN	COLOURED	INDIAN	WHITE	
LEGISLATORS, SENIOR OFFICIALS AND MANAGERS, PROFESSIONALS PERMANENT (9 – 16)	35	1	0	28	20	1	0	14	99
OFFICERS PERMANENT (6 – 8)	38	0	0	22	29	2	0	56	147
CLERKS, PERMANENT (3 – 5)	29	0	0	1	25	2	0	1	58
CRAFT AND RELATED TRADEWORKERS PERMANENT	0	0	0	0	0	0	0	0	0
ELEMENTARY OCCUPATIONS PERMANENT (1 – 2)	6	0	0	0	4	0	0	0	10
TOTAL	108	1	0	51	78	5	0	71	314



TABLE 6.2
TOTAL NUMBER OF EMPLOYEES (INCLUDING EMPLOYEES WITH DISABILITIES) IN EACH OF THE FOLLOWING OCCUPATIONAL BANDS

OCCUPATIONAL				FEM	ALE		TOTAL		
BANDS	AFRICAN	COLOURED	INDIAN	WHITE	AFRICAN	COLOURED	INDIAN	WHITE	
TOP MANAGEMENT (14 – 16)	7	0	0	1	1	0	0	0	9
SENIOR MANAGEMENT (13)	4	0	0	3	3	0	0	1	11
PROFESSIONALLY QUALIFIED AND EXPERIENCED SPECIALISTS AND MID - MANAGEMENT (9 - 12)	24	1	0	24	16	1	0	13	79
SKILLED TECHNICAL AND ACADEMICALLY QUALIFIED WORKERS, JUNIOR MANAGEMENT, SUPERVISORS, FOREMAN AND SUPERINTENDENTS (6 –	38	0	0	22	29	2	0	56	147
SEMI SKILLED AND DISCRETIONARY DECISION MAKING (3 – 5)	29	0	0	1	25	2	0	1	58
UNSKILLED AND DEFINED DECISION MAKING (1 – 2)	6	0	0	0	4	0	0	0	10
TOTAL	108	1	0	51	78	5	0	71	314



TABLE 6.3 RECRUITMENT

OCCUPATIONAL BANDS		MAL	.E			FEMA	LE		TOTAL
	AFRICAN	COLOURED	INDIAN	WHITE	AFRICAN	COLOURED	INDIAN	WHITE	
TOP MANAGEMENT (14 – 16)	3	0	0	0	0	0	0	0	3
SENIOR MANAGEMENT (13)	1	0	0	0	0	0	0	0	1
PROFESSIONALLY QUALIFIED AND EXPERIENCED SPECIALISTS AND MID – MANAGEMENT (9-12)	2	0	0	0	1	0	0	0	3
SKILLED TECHNICAL AND ACADEMICALLY QUALIFIED WORKERS, JUNIOR MANAGEMENT, SUPERVISORS, FOREMAN AND SUPERINTENDENTS (6 – 8)	1	0	0	0	4	0	0	0	5
SEMI SKILLED AND DISCRETIONARY DECISION MAKING (3-5)	4	0	0	0	3	0	0	0	7
UNSKILLED AND DEFINED DECISION MAKING (1 – 2)	0	0	0	0	0	0	0	0	0
TOTAL	11	0	0	0	8	0	0	0	19



TABLE 6.4 PROMOTIONS

OCCUPATIONAL BANDS		MA	LE			FEM	ALE		TOTAL
	AFRICAN	COLOURED	INDIAN	WHITE	AFRICAN	COLOURED	INDIAN	WHITE	
TOP MANAGEMENT (14 – 16)	0	0	0	0	0	0	0	0	0
SENIOR MANAGEMENT (13)	0	0	0	0	0	0	0	0	0
PROFESSIONALLY QUALIFIED AND EXPERIENCED SPECIALISTS AND MID – MANAGEMENT (9 – 12)	0	0	0	0	0	0	0	0	0
SKILLED TECHNICAL AND ACADEMICALLY QUALIFIED WORKERS, JUNIOR MANAGEMENT, SUPERVISORS, FOREMAN AND SUPERINTENDENTS (6 – 8)	0	0	0	0	4	0	0	0	4
SEMI SKILLED AND DISCRETIONARY DECISION MAKING (3 – 5)	0	0	0	0	0	0	0	0	0
UNSKILLED AND DEFINED DECISION MAKING (1 – 2)	0	0	0	0	0	0	0	0	0
TOTAL	0	0	0	0	4	0	0	0	4



TABLE 6.5 TERMINATIONS

OCCUPATIONAL BAND		MAL	.E			FEM	ALE		TOTAL
	AFRICAN	COLOURED	INDIAN	WHITE	AFRICAN	COLOURED	INDIAN	WHITE	
TOP MANAGEMENT (14 – 16)	1	0	0	0	1	0	0	0	2
SENIOR MANAGEMENT (13)	2	0	0	0	2	0	0	0	4
PROFESSIONALLY QUALIFIED AND EXPERIENCED SPECIALISTS AND MID – MANAGEMENT (9 – 12)	4	0	0	0	2	0	0	0	6
SKILLED TECHNICAL AND ACADEMICALLY QUALIFIED WORKERS, JUNIOR MANAGEMENT, SUPERVISORS, FOREMAN AND SUPERINTENDENTS (6 – 8)	4	0	0	0	2	0	1	1	8
SEMI SKILLED AND DISCRETIONARY DECISION MAKING (3 – 5)	5	0	0	0	1	0	0	0	5
UNSKILLED AND DEFINED DECISION MAKING (1 – 2)	0	0	0	0	0	0	0	0	0
TOTAL	16	0	0	0	8	0	0	0	25

TABLE 6.6 DISCIPLINARY ACTION

OCCUPATIONAL	MALE				FEMALE				TOTAL
BANDS	AFRICAN	COLOURED	INDIAN	WHITE	AFRICAN	COLOURED	INDIAN	WHITE	
DISCIPLINARY ACTION	0	0	0	0	0	0	0	0	0
DEMOTION	0	0	0	0	1	0	0	0	1
FINAL WRITTEN WARNING	1	0	0	0	0	0	0	0	1
WRITTEN WARNING	1	0	0	0	1	0	0	1	3
DISMISSAL	0	0	0	0	0	0	0	0	0
TOTAL	2	0	0	0	2	0	0	1	5



TABLE 6.7 SKILLS

OCCUPATIONAL		MAL	E			FEMAL	E		TOTAL
CATEGORIES	AFRICAN	COLOURED	INDIAN	WHITE	AFRICAN	COLOURED	INDIAN	WHITE	
LEGISLATORS, SENIOR OFFICIALS AND MANAGERS	Policy Formulation Strategic Leadership Project Management Budgetary People Management Facilitation Innovation Business Planning Operational Analysis Communication Report Writing Research	N/A	N/A	Policy Formulation Strategic Leadership Project Management Budgetary People Management Facilitation Innovation Operational Analysis	Project Management Policy Formulation Budgetary People Management Facilitation Innovation	Facilitation Project Management Presentation Innovation Organising Planning Strategic Leadership Report Writing	N/A	Policy Formulation Financial Management Budgetary Planning Organising Facilitation Communication	
PROFESSIONALS TECHNICIANS AND ASSOCIATE	Organising Business Planning Computer Facilitation Communication Research			Business Planning Organising Computer Research	Computer Planning Organising Facilitation Communication Research			Communication Planning Organising Computer Facilitation Report Writing	
PROFESSIONALS CLERKS	Computer Presentation Report Writing Communication Budgeting	Computer Communication Planning Organising Budgeting		Communication Planning Organising Budgeting Facilitation	Communication Project Management Planning Organising Report Writing Budgeting Computer	Communication Project Management Organising Computer Facilitation		Facilitation Planning Organising Budgeting Report Writing Computer	

No. of		1	
			Jesson F

SERVICES AND SALES WORKERS					
SKILLED AGRICULTURE AND FISHERY WORKERS					
CRAFT AND RELATED TRADE WORKERS					
PLANT AND MACHINE OPERATORS AND ASSEMBLERS					
ELEMENTARY OCCUPATIONS					
TOTAL					
EMPLOYEES WITH DISABILITIES					



PART 7 PERFORMANCE REWARDS

TABLE 7.1 PERFORMANCE REWARDS BY RACE, GENDER AND DISABILITY – level 1-16

	В	ENEFICIARY PROFIL	.E	С	OST
	NUMBER OF BENEFICIARIES	TOTAL NUMBER OF EMPLOYEES IN GROUP	% of total Within Group	COST	AVERAGE COST PER EMPLOYEE BENEFITED
AFRICAN	114	186	61.3%	R 453 500	R 3 978
MALE	69	108	63.9%	R 297 712	R 4 315
FEMALE	45	78	57.7%	R 155 788	R 3 462
ASIAN	0	0	0	R 0	R 0
MALE	0	0	0	R 0	R 0
FEMALE	0	0	0	R 0	R 0
COLOURED	6	6	100%	R 38 777	R 6 463
MALE	1	1	100%	R 8 826	R 8 826
FEMALE	5	5	100%	R 29 951	R 5 990
WHITE	98	122	80.3%	R 698 152	R 7 124
MALE	36	51	70.6%	R 363 303	R 10 092
FEMALE	62	71	87.3%	R 334 849	R 5 401
EMPLOYEES WITH DISABILITY	6 (included)	6 (included)	100%	Included	Included
TOTAL	218	314	69.4%	R 1 190 429	R 5 461

TABLE 7.2
PERFORMANCE REWARDS BY SALARY BANDS FOR PERSONNEL BELOW SENIOR MANAGEMENT SERVICE – level 1-12

	BENEFICIARY PROFILE				COST	
SALARY BANDS	NUMBER OF BENEFICIARIES	NUMBER OF EMPLOYEES	% OF TOTAL WITHIN SALARY BANDS	TOTAL COST	AVERAGE COST PER EMPLOYEE (beneficiary)	TOTAL COST AS A % OF THE TOTAL PERSONNEL EXPENDITURE FOR THE DEPT
LOWER SKILLED LEVELS 1-2	4	10	40%	R3 145	R 786	0.005%
SKILLED LEVELS 3-5	32	58	55%	R 70 443	R 2 201	0.11%
HIGHLY SKILLED PRODUCTION LEVEL 6-8	135	147	92%	R 635 843	R 4 710	0.99%
HIGHLY SKILLED SUPERVISION 9-12	47	79	59%	R 480 998	R 10 234	0.75%
TOTAL	218	294	74%	R 1 190 429	R 5 461	1.84%



TABLE 7.3 PERFORMANCE REWARDS BY CRITICAL OCCUPATIONS

	BE	ENEFICIARY PROFIL	COST		
CRITICAL OCCUPATION	NUMBER OF BENEFICIARIES	NUMBER OF EMPLOYEES	% OF TOTAL WITHIN OCCUPATION	TOTAL COST	AVERAGE COST PER EMPLOYEE (BENEFICIARY)
INFORMATION TECHNOLOGY	4	2	200%	R 20 015	R 5 003
ORGANISATIONAL DEVELOPMENT	3	5	60%	R 29 678	R 9 893
TECHNICAL/ENGINEERING RELATED ADVISORY SERVICES	19	8	237%	R 204 279	R 10 752
FINANCE	33	40	83%	R 209 121	R 6 337
TOTAL	59*	55*	107%	R 463 093	R 7 849

SOME OFFICIALS LEFT THE DEPARTMENT DURING THE SAID PERIOD BUT STILL BENEFITED FROM PDMS.

TABLE 7.4 PERFORMANCE RELATED REWARDS (CASH BONUS), BY SALARY BAND FOR SMS

	В	ENEFICIARY PROFIL	.E	TOTAL COST	AVERAGE COST	
SALARY BANDS	NUMBER OF BENEFICIARIES	NUMBER OF EMPLOYEES	% OF TOTAL WITHIN SALARY BANDS		PER EMPLOYEE	
13-16	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0



PART 8 FOREIGN WORKERS

TABLE 8.1 FOREIGN WORKERS BY SALARY BAND

FIVE, SALARY BAND 11 - CUBAN OFFICIALS - HIGHLY SKILLED SUPERVISION - TECHNICIANS AND ASSOCIATE PROFESSIONALS.

TABLE 8.2 FOREIGN WORKERS BY MAJOR OCCUPATION

FIVE, SALARY BAND 11 - CUBAN OFFICIALS - HIGHLY SKILLED SUPERVISION - TECHNICIANS AND ASSOCIATE PROFESSIONALS.

PART 9 LEAVE UTILISATION FOR THE PERIOD 1 APRIL 2005 TO 1 MARCH 2006

TABLE 9.1 SICK LEAVE 1 APRIL 2005 TO 31 MARCH 2006

SALARY BAND	TOTAL DAYS	% DAYS WITH MEDICAL CERTIFICATE	NUMBER OF EMPLOYEE USING SICK LEAVE	% OF TOTAL EMPLOYEES USING SICK LEAVE	AVERAGE DAYS PER EMPLOYEE	ESTIMATED COST (R '000)	TOTAL NUMBER OF EMPLOYEES USING SICK LEAVE
LOWER SKILLED LEVELS 1-2	112	94.6%	10	4.5%	11	R 17	10
SKILLED LEVELS 3-5	364	79.9%	39	17.6	9	R 71	39
HIGHLY SKILLED PRODUCTION LEVELS 6-8	932	82.6%	108	48.6%	9	R 359	108
HIGHLY SKILLED SUPERVISION LEVELS 9-12	424	91.4%	54	50%	22	R 329	54
SENIOR MANAGEMENT LEVELS 13-16	116	99.05%	11	5%	19	R 230	11
TOTAL	1 948	89.5%	222	25.14%	70	R 1006	222



TABLE 9.2 DISABILITY LEAVE (TEMPORARY AND PERMANENT) 1 APRIL 2005 TO 31 MARCH 2006

SALARY BAND	TOTAL DAYS	% DAYS WITH MEDICAL CERTIFICATE	NUMBER OF EMPLOYEE USING DISABILITY	% OF TOTAL EMPLOYEES USING DISABILITY	AVERAGE DAYS PER EMPLOYEE	ESTIMATED COST (R '000)	TOTAL NUMBER OF DAYS WITH MEDICAL CERTIFICATION	TOTAL NUMBER OF EMPLOYEES USING DISABILITY
LOWER SKILLED LEVELS 1-2	0	0%	0	0	0	R 0	0	0
SKILLED LEVELS 3-5	17	100%	2		8	R 3 559	17	2
HIGHLY SKILLED PRODUCTION LEVELS 6-8	40	100%	6		6	R 10 449	40	6
HIGHLY SKILLED SUPERVISION LEVELS 9-12	32	100%	2		16	R 22 140	32	2
SENIOR MANAGEMENT LEVELS 13-16	6	100%	1		6	R 11 234	6	1
TOTAL	95	100%	11		36	R 47 383	95	11

TABLE 9.3 LEAVE PAYOUTS FOR THE PERIOD 1 APRIL 2005 TO 31 MARCH 2006

REASON	TOTAL AMOUNT	NUMBER OF EMPLOYEES	AVERAGE PAYMENT PER EMPLOYEE
CAPPED LEAVE PAYOUTS ON TERMINATION OF SERVICE FOR 2004/2005	R 8 941	1	R 8 941
CURRENT LEAVE PAYOUT ON TERMINATION OF SERVICE FOR 2004/2005	R 189 518	13	R 14 578
TOTAL	R 198 459	14	R 14 175



PART 10 HIV/AIDS AND HEALTH PROMOTION PROGRAMMES

TABLE 10.1 STEPS TAKEN TO REDUCE THE RISK OF OCCUPATIONAL EXPOSURE

	KEY STEPS TAKEN TO REDUCE THE RISK. This department has no occupational categories whose nature exposes its employees to the risks associated with HIV/AIDS.
No particular occupational class or categories of employees are by nature of their work dangerously exposed to the of contracting HIV/AIDS	Not applicable

TABLE 10.2
DETAILS OF HEALTH PROMOTION AND HIV/AIDS PROGRAMMES (TICK THE APPLICABLE BOXES AND PROVIDE THE REQUIRED INFORMATION)

QUESTION	YES	NO	DETAILS IF YES
HAS THE DEPARTMENT DESIGNATED A MEMBER OF THE SMS TO IMPLEMENT THE PROVISIONS CONTAINED IN PART D VI OF CHAPTER 1 OF THE PSR, 2001? IF SO, PROVIDE HER/ HIS NAME AND POSITION	Yes.	N/A	MR. T. S MOKOENA: DIRECTOR ADMINISTRATIVE SUPPORT SERVICES
DOES THE DEPARTMENT HAVE A DESIGNATED 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	Yes. One employee and no specific budget is set aside for this function.		N/A
HAS THE DEPARTMENT INTRODUCED AN EMPLOYEE ASSISTANCE OR HEALTH PROMOTION PROGRAMME FOR YOUR EMPLOYEES? IF SO, INDICATE THE KEY ELEMENTS/SERVICES OF THIS PROGRAMME	Yes. Issues related to - health - emotional well-being - finances - legal - substance abuse - bereavement - counselling - occupational illnesses		N/A
HAS THE DEPARTMENT ESTABLISHED COMMITTEES AS CONTEMPLATED IN PART VI E.5 (E) OF CHAPTER 1 OF THE PSR 2001? IF SO, PLEASE PROVIDE THE NAMES OF THE MEMBERS OF THE COMMITTEES AND THE STAKEHOLDER/S THAT THEY REPRESENT	Yes M. London - P. Jase - S. Ketlhoiloe - D. Mokhali - R. Taole - A. Grobbelaar		G. M SILINGILE (CHAIRPERSON)



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	- HIV and AIDS Policy - Provincial HR Policies	PROVINCIAL HUMAN RESOURCES POLICIES DISCOURAGE DISCRIMINATION OF PROSPECTIVE EMPLOYEES ON THE BASIS OF HIV STATUS
HAS THE DEPARTMENT INTRODUCED MEASURES TO PROTECT HIV – POSITIVE EMPLOYEES OR THOSE RECEIVED TO BE HIV – POSITIVE FROM DISCRIMINATION? IF SO, LIST THE KEY ELEMENTS OF THESE MEASURES		SAME AS ABOVE
DOES THE DEPARTMENT ENCOURAGE ITS EMPLOYEES TO UNDERGO VOLUNTARY COUNSELLING AND TESTING? IF SO, LIST THE RESULTS THAT YOU HAVE ACHIEVED	Yes.	INFORMATION NOT AVAILABLE AT PRESENT, TRAINING ON NCCT WILL COMMENCE SOON
HAS THE DEPARTMENT DEVELOPED MEASURES /INDICATORS TO MONITOR AND EVALUATE THE IMPACT OF ITS HEALTH PROMOTION PROGRAMME? IF SO, LIST THESE MEASURES/INDICATORS	and wellness programmes. One annual report submitted to HOD on the impact of EHWP.	N/A



PART 11 LABOUR RELATIONS

TABLE 11.1 COLLECTIVE AGREEMENTS 1 APRIL 2005 TO 31 MARCH 2006

SUBJECT MATTER	DATE
NONE	

TABLE 11.2 MISCONDUCT AND DISCIPLINARY HEARINGS FINALISED 1 APRIL 2005 TO 31 MARCH 2006

OUTCOMES OF DISCIPLINARY HEARINGS	NUMBER	% OF TOTAL*
CORRECTIONAL COUNSELLING	0	0%
VERBAL WARNINGS	0	0%
WRITTEN WARNING	3	1%
FINAL WRITTEN WARNING	1	0.3%
SUSPENDED WITHOUT PAY	0	0%
FINE	0	0%
DEMOTION	1	0.3%
DISMISSAL	0	0%
NOT GUILTY	0	0%
CASE WITHDRAWN	1	0.3%
TOTAL	5	1.6%

³¹⁴ OFFICIALS

TABLE 11.3 TYPES OF MISCONDUCT ADDRESSED AT DISCIPLINARY HEARINGS

TYPE OF MISCONDUCT	NUMBER	% OF TOTAL
FRAUD AND THEFT	0	0%
CODE OF CONDUCT	5	1.6%
ABUSE OF GOVERNMENT PROPERTY	0	0%
ABSENTEEISM	0	0%
TOTAL	5	1.6%

TABLE 11.4 GRIEVANCES LODGED FOR THE PERIOD 1 APRIL 2004 TO 31 MARCH 2005

	NUMBER	% OF TOTAL
NUMBER OF GRIEVANCES RESOLVED	8	2.5%
NUMBER OF GRIEVANCES NOT RESOLVED	4	1.3%
TOTAL NUMBER OF GRIEVANCES LODGED	12	3.8%



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	0%
NUMBER OF DISPUTES DISMISSED	0	0%
TOTAL NUMBER OF DISPUTES LODGED	0	0%

TABLE 11.6 STRIKE ACTIONS FOR THE PERIOD 1 APRIL 2005 TO 31 MARCH 2006

TOTAL NUMBER OF PERSON WORKING DAYS LOST	0
TOTAL COST OF WORKING DAYS LOST	0
AMOUNT RECOVERED AS A RESULT OF NO WORK NO PAY	0

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 OF SUSPENSIONS	0

- A number of verbal cases were handled that cannot be reflected above
- The department has also assisted with a number of cases in other departments
- Training on all areas of Labour Relations were conducted



PART 12 SKILLS DEVELOPMENT

APRIL 2004 TABLE 12. 1 TRAINING NEEDS IDENTIFIED 1 TO 31 APRIL 2005

	GENDER		TRAINING NEEDS IDENTIFIED AT START OF REPORTING PERIOD			
OCCUPATIONAL CATEGORIES		NUMBER OF EMPLOYEES AS AT 1 APRIL 2004	LEADERSHIPS	SKILLS PROGRAMMES AND OTHER SHORT COURSES	OTHER FORMS OF TRAINING	TOTAL
LEGISLATURES, SENIOR OFFICIALS AND MANAGERS	FEMALE	39	Management Development	Project Management Financial Management Knowledge Management Computer Literacy Information Management Emotional Intelligence Strategic Planning and Management Performance Management Policy Formulation Monitoring and Evaluation Risk Management Fraud Examination Internal Auditing Labour Law	Financial Management Learnership	13
	MALE	69	Management Development	Project Management Financial Management Knowledge Management Supply Chain Management Computer Literacy Risk Management Policy Formulation Performance Management Fraud Examination Internal Auditing Labour Law		11



C C N A A L C	40		_	_	^
			-		0
					0
				0	0
MALE	0	0	0	0	0
FEMALE	92	0	Computer Literacy	0	0
			Customer Care		
			Writing Skills		
			Report Writing		
			Typing Skills		
			Labour Relations		
			Negotiation Skills		
			ABET		
			Secretarial Development		
			Facilitation Skills		
			Presentation Skills		
			Transport Management		
MALE	69	0	Computer Literacy	0	0
			Labour Relations		
			Negotiation Skills		
	0	0	0		0
	0	0	0	0	0
FEMALE	0	0	0	0	0
MALE	0	0	0	0	0
FEMALE	0	0	0	0	0
MALE	0	0	0	0	0
FEMALE	0	0	0	0	0
MALE	0	0	0	0	0
	FEMALE MALE MALE FEMALE MALE FEMALE MALE FEMALE MALE FEMALE FEMALE FEMALE	MALE 33 FEMALE 0 MALE 0 FEMALE 92 MALE 69 MALE 0 MALE 33 0 FEMALE 0 0 MALE 92 0 FEMALE 92 0 MALE 69 0 MALE 0 0 MALE 0 0 FEMALE 0 0 MALE 0 0 FEMALE 0 0 MALE 0 0 FEMALE 0 0 FEMALE 0 0 FEMALE 0 0	MALE 33 0 0 FEMALE 0 0 0 MALE 0 0 0 FEMALE 92 0 Computer Literacy Customer Care Writing Skills Report Writing Typing Skills Labour Relations Negotiation Skills Presentation Skills Presentation Skills Transport Management MALE 69 0 Computer Literacy Report Writing Customer Care Labour Relations Negotiation Skills ABET Facilitation Skills ABET Facilitation Skills Presentation Skills FEMALE 0 0 0 MALE 0 0 0 FEMALE 0 0 0	MALE 33 0 0 0 FEMALE 0 0 0 0 MALE 0 0 0 0 FEMALE 92 0 Computer Literacy	



ELEMENTARY	FEMALE	0	0	0	0	0
	MALE	0	0	0	0	0
OUD TOTAL	FEMALE	0	0	0	0	0
SUB TOTAL	MALE	0	0	0	0	0
TOTAL	320	0	0	0	0	0

TABLE 12.2 TRAINING PROVIDED FROM 1 APRIL 2004 TO 31 MARCH 2005

	GENDER		TRAINING NEEDS	TRAINING NEEDS IDENTIFIED AT START OF REPORTING PERIOD		
OCCUPATIONAL CATEGORIES		NUMBER OF EMPLOYEES AS AT 1 APRIL 2004	LEADERSHIPS	SKILLS PROGRAMMES AND OTHER SHORT COURSES	OTHER FORMS OF TRAINING	TOTAL
	FEMALE	39	0	Project Management Financial Management Strategic Management	0	0
LEGISLATURES, SENIOR OFFICIALS AND MANAGERS	MALE	69	0	Project Management Financial Management Labour Law Monitoring and Evaluating Fraud Examination Supply Chain Management	0	0
PROFESSIONALS	FEMALE	18	0	Environmental Management	0	0
PROFESSIONALS	MALE	33	0	Environmental Management	0	0
TECHNICIANS	FEMALE	0	0		0	0
AND ASSOCIATE PROFESSIONALS	MALE	0	0		0	0
	FEMALE	92	0	ABET Introductory course on bursaries	0	0
CLERKS	MALE	69	0	Labour Law Introductory course on bursaries ABET	0	0
SERVICE AND	FEMALE	0	0	0	0	0
SALES WORKERS	MALE	0	0	0	0	0



SKILLED AGRICULTURE	FEMALE	0	0	0	0	0
AND FISHERY WORKERS	MALE	0	0	0	0	0
CRAFT AND RELATED	FEMALE	0	0	0	0	0
TRADES WORKERS	MALE	0	0	0	0	0
PLANT AND MACHINE	FEMALE	0	0	0	0	0
OPERATORS AND ASSEMBLERS	MALE	0	0	0	0	0
ELEMENTARY	FEMALE	0	0	0	0	0
OCCUPATIONS	MALE	0	0	0	0	0
	FEMALE	0	0	0	0	0
SUB TOTAL	MALE	0	0	0	0	0
TOTAL		320	0	0	0	0

PART 13 INJURY ON DUTY

TABLE 13.1 INJURY ON DUTY 1 APRIL 2004 TO 31 MARCH 2005

NATURE OF INJURY ON DUTY	NUMBER	% OF TOTAL
REQUIRED BASIC MEDICAL ATTENTION ONLY	4	1.3%
TEMPORARY TOTAL DISABLEMENT	0	0
PERMANENT DISABLEMENT	0	0
FATAL	0	0
TOTAL	4	1.3%



PART 14 UTILISATION OF CONSULTANTS

TABLE 14.1 REPORT ON CONSULTANT APPOINTMENTS USING APPROPRIATED FUNDS

PROJECT TITLE	TOTAL NUMBER OF CONSULTANTS THAT WORKED ON THE PROJECT	CONTRACT VALUE IN RAND
Management Support Programme	11	9 877 965.46
Management Fees	1	2 194 813.21
Training	3	569 192.50
Management: Phumelela Municipality	1	2 759 478.61
BAUD System	1	294 522.12
Project Consolidated	1	721 084.42
Testing of Water	1	1 910 000.10
Special Audits (including Special investigators)	5	3 410 970.08
General	57	4 638 762.49

TABLE 14.2
ANALYSIS OF CONSULTANT APPOINTMENTS USING APPROPRIATED FUNDS, IN TERMS OF HISTORICALLY DISADVANTAGED INDIVIDUALS (HDI)

PROJECT TITLE	% OWNERSHIP BY HDI GROUPS	% MANAGEMENT BY HDI GROUPS	NUMBER OF CONSULTANTS FROM HDI GROUPS THAT WORKED ON THE PROJECT

TABLE 14.3 REPORT ON CONSULTANT APPOINTMENTS USING DONOR FUNDS

PROJECT TITLE	TOTAL NUMBER OF CONSULTANTS THAT WORKED ON THE PROJECT	DURATION: WORK DAYS	DONOR AND CONTRACT VALUE IN RAND
Development of Housing Sector Plans for 10 municipalities	1	10 months	DBSA - R 970 710.00



TABLE 14.4 ANALYSIS OF CONSULTANT'S APPOINTMENTS USING DONOR FUNDS, IN TERMS OF HISTORICALLY DISADVANTAGED INDIVIDUALS (HDI)

PROJECT TITLE	% OWNERSHIP BY HDI GROUPS	% MANAGEMENT BY HDI GROUPS	NUMBER OF CONSULTANTS FROM HDI GROUP

See Annexure 1G to the Annual Financial Statements.



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