



Department of Local Government

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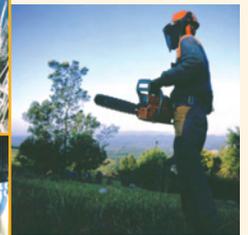
## Acronyms and Abbreviations

- BAS Basic Accounting System
- BEE Black Economic Empowerment
- CDW Community Development Workers
- DLG Department of Local Government
- DM District Municipality
- DPLG Department of Provincial and Local Government
- DPSA Public Service Administration
- EDC Entrepreneurial Development Centre
- EDI Electricity Distribution Industry
- EPWP Expanded Public Works Programme
- ERMIS Emergency Response Management Information System
- ESTA Extension of Tenure Security Act
- EXCO Executive Council
- FBS Free Basic Services
- GAAP Generally Accepted Accounting Practice
- GAMAP Generally Accepted Municipal Accounting Practices
- GCR Global City Region
- GEDA Gauteng Economic Development Agency
- GDP Gauteng Integrated Development Plan
- GLC Gauteng Land Committee
- GPG Gauteng Provincial Government
- GRAP Generally Recognised Accounting Practice
- GSSC Gauteng Shared Services Centre
- HIV Human Immunodeficiency Virus
- HR Human Resources
- IDP Integrated Development Plans
- IEC Independent Electoral Commission
- IGR Intergovernmental Relations
- KPI Key Performance Indicators
- LED Local Economic Development
- LTA Labour Tenant Act
- MEC Member of Executive Council
- MFMA Municipal Finance Management Act
- MIDP Municipal Integrated Development Plans
- MIG Municipal Infrastructure Grant
- MISC Municipal Institutional Support Centre
- M&E Monitoring and Evaluation
- MTEF Medium Term Expenditure Framework
- NER National Electricity Regulator
- NGO Non Governmental Organisations
- PCC President's Co-ordinating Council
- PDMAF Provincial Disaster Management Advisory Forum
- PDMC Provincial Disaster Management Centre
- PFMA Public Finance Management Act
- PGDS Provincial Growth and Development Strategy
- PMS Performance Management System
- PIDP Provincial Integrated Development Plan
- PIE Prevention of Illegal Eviction
- PIER Public Information Education and Relations Programme
- PMITT Provincial Municipal Infrastructure Task Team
- PSCBC Public Service Central Bargaining Chamber
- REDS Regional Electricity Redistributors
- SAICA South African Institute of Chartered Accountants
- SAICE South African Institute of Civil Engineers
- SCOPA Standing Committee on Public Accounts
- SETA Sector Education and Training Authority
- SITA State Information and Technology Agency
- SALGA South African Local Government Association
- SAMDI South African Management Development Institute
- SMMEs Small, Medium and Micro Enterprises
- TAT Technical Task Team
- UNISA University of South Africa



SECTION 1

**Executive  
Summary**



## 1.1 Foreword by the Member of the Executive Council



This year marked a turning point in the evolution of local government with the 2nd democratic Local Government Elections, thus ushering the Consolidation Phase of this sphere of government. The foundation that has been laid in the past five years has enabled us to improve the lives of the citizens of Gauteng for the better.

Since the establishment of the new system of local government on 5th December 2000 which resulted in the amalgamation of 51 entities into 15 viable vehicles of service delivery, municipalities have grappled with issues such as institutional development and transformation; provision of basic services and infrastructure; financial management and viability; democracy and good governance and local economic development and growth.

The Local Government Performance Review released this year bore testimony to the successes registered by local government in the past five years. The Review is a comprehensive assessment of the state of local government based on detailed and empirical research on how Gauteng Municipalities have fared in the last five years. In addition, the Review also identifies a set of key indicators around each one of these capacities. These indicators are being used to monitor the performance of municipalities in the new term of office.

Municipalities have made great strides in the past five years and

these achievements should not make us lose sight of the challenges that lie ahead. Progress has been made with regard to the provision of basic services such as water, sanitation and electricity.

In this new term of local government, we have committed ourselves to solidify on the gains of the past five years. With the Local Government Elections held on 1st March 2006, municipalities have started on a right footing, an indication that these new cadre of councillors are committed in making local government work better and in making Gauteng a Better Place in which to live. The Review together with the Customer Satisfaction Survey commissioned by the Department in 2005, has helped municipalities to plan their strategic planning and focus on the priorities raised by both the review and the survey.

One of the priorities in this term is to improve infrastructure in the townships. We are aware that not all municipalities will be in a position to budget for that in the current financial year, but they should budget for the in the next financial year.

This will ensure that, as Gauteng becomes a Global City Region, where there is more synergy and integration between province and municipalities. By moving towards the Global City Region, we have to plan and co-ordinate better, and on the other hand ensure co-operative government with the aim of enhancing service delivery across the province.

As part of the Global City Region, we are ensuring that the Growth and Development Strategies of the six regions in the province incorporate regional issues and Provincial Growth and Development Strategy is factored to the issues raised by the six regions.

It is important that there is proper planning and our planning tool is the Integrated Development Plans (IDPs). Our role as the Department is to support and monitor municipalities in the province. We do so with the aim of realising our vision of an ideal municipality; a municipality with the following characteristics:

- An IDP that is the expression of a state-wide planning, and which includes a balanced infrastructure investment and sustainable economic development.
- Universal access to quality, affordable and reliable municipal services as well as equal, easy and convenient access for the municipality and its services.
- Sound financial management system that facilitate timely and accurate accounting of public resources, an effective anti-corruption and clean audit report
- Functional and effective community participation mechanisms and a ward committee system which ensures feedback and responsiveness to community needs.

We have established a Financial Advisory Committee on Municipal Finances to assist the Department in dealing with financial challenges in municipalities. It is our goal that in this term of office, we want municipalities to achieve unqualified audit reports from the Auditor-General and for municipalities to be a good financial footing.

It is worth noting that in this new term of office, many municipalities have completed appointing municipal managers and it is encouraging that, more women have been appointed in senior positions. In municipalities where we could attract skilled and qualified candidates, we decided to headhunt.

As part of deepening democracy, we have deployed 198 Community Development Workers in most of the wards. An additional 319 are undergoing intensive training and will be deployed after completing their learnership training with UNISA.

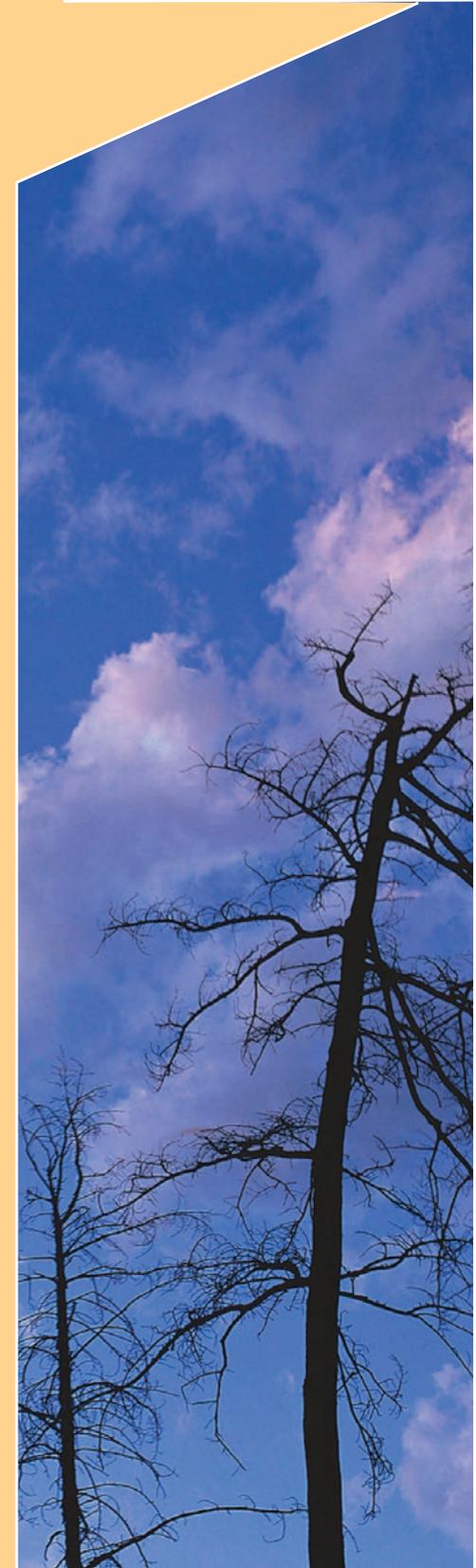
We are on course in making local government work better!



**Q. D. Mahlangu**

*MEC for Local Government*

**31 August 2006**



## 1.2 Executive Summary by the Head of Department



### 1.2.1 2005/06 Context

The Department's Accounting Officer, in terms of Section 40 (1) (d), and MEC, in accordance with Section 65 (1) (a) of the Public Finance Management Act (PFMA) of 1999 (as amended by Act 29 of 1999), hereby submit the Annual Report for the 2005/06 financial year to the legislature, the Gauteng Treasury, the media and public.

The development of this Annual Report has a rich context as it happens at a time of reflection on the performance of the Department during the mid-term of the Five-year Programme of Action of Gauteng Provincial Government (GPG). It also happens at the time of reflecting on the performance and state of local government in Gauteng over the past five-year term.

It is this context that created the basis for the identification of the Department's achievements and challenges in the past year, but mainly looking forward on what needs to be done to improve the Department's programmes, projects and activities, aimed at strengthening the capacity of local government in Gauteng Province.

### 1.2.2 The Overview of 2005/06 Financial Year

In giving a general overview of this Annual Report, it is worth noting the following key milestones achieved by the Department in the 2005/06 financial year;

- The Department deployed 198 Community Development Workers (CDWs) as full-time civil servants in 130 wards and further recruited 218 CDW cadets into a learnership programme;
- The Department strengthened the technical capacity of five municipalities by deploying 19 senior civil engineers and 34 graduates and students;
- An Advisory Committee on Municipal Finance was established to assist the Department to address financial challenges facing municipalities;
- Key milestones achieved in facilitating the process of phasing out cross-boundary municipalities;
- Successfully supported the Independent Electoral Commission with the process of local government elections in March 2006;
- Coordinated the induction programme of approximately 900 new councillors;
- Produced the Local Government Five Year Review;
- Conducted the Citizen Satisfaction Survey;
- Conducted an unprecedented Provincial survey on the perceptions of Gauteng citizens on municipal service delivery and governance issues;
- Coordinated Municipal Infrastructure Grant (MIG) programme and the implementation of 282 infrastructure projects in the 2005/06 financial year;
- Facilitated the establishment of 13 Project Management Units (PMUs) to provide capacity to municipalities in implementing infrastructure projects;
- Managed the project of eradicating buckets systems and owner-built pit latrines. By March 2006, 11 500 buckets systems were

replaced with water borne or VIP systems and 2000 owner-built pit latrines had been replaced with water borne or VIP systems;

- Development of the Provincial Disaster Management Plan and the Disaster Management Centre Framework and Model;
- Completion of the Land Asset Register;
- Successfully facilitated the Integrated Development Plans (IDPs) Hearings processes and year-long engagements with municipalities on the IDPs.

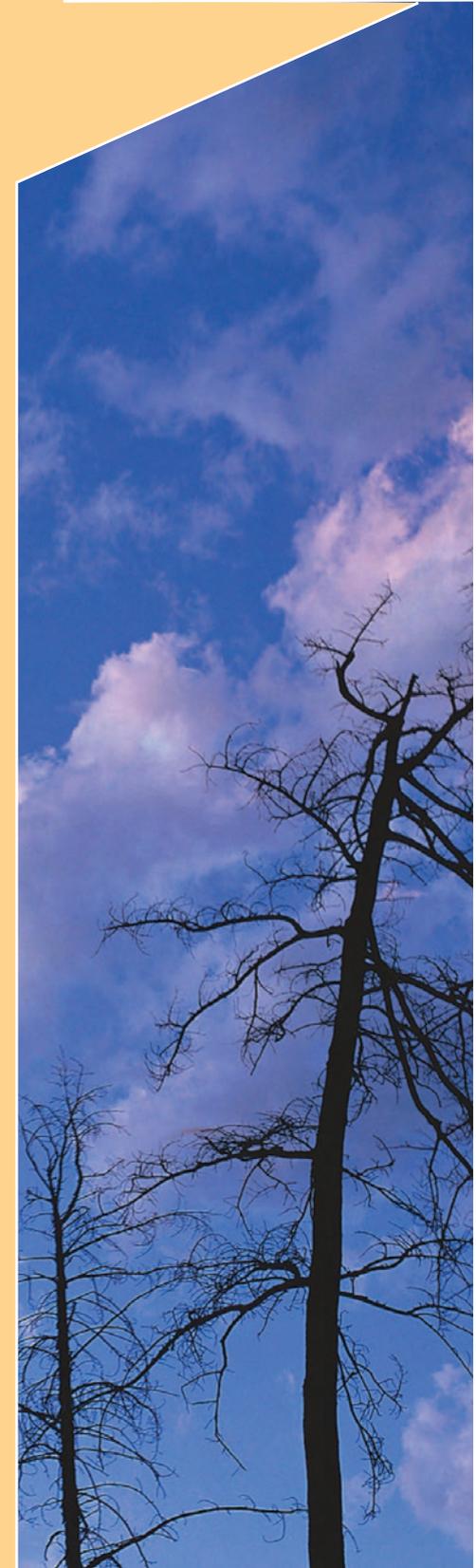
These achievements happened during the consolidation of the restructuring process and building internal capacity in key areas of Programmes in the Department. This included committing ourselves to Batho Pele principles. Hence the Department has developed the Service Delivery Charter and Standards that will form an integral part of our activities.



**O. Seabi**

*Head of Department: Department of Local Government*

**31 August 2006**



## Senior Management



Shan Balton  
DDG



Mpho Mogale  
Chief Director:  
Local Governance



Michael Sachs  
Chief Director: Policy  
Monitoring  
and Evaluation



Pieter Cruywagen  
Chief Finance Officer



Motubatse Motubatse  
Chief Director: Local  
Government Support



Rahima Shaik  
Head of Office: Office of  
the MEC



Themba Sepotokele  
Media Liaison Officer



Lebogang Tladinyane  
Director: Strategic Support  
Services



Connie Muvunyi  
Director: Communications



Geraldine Mettler  
Director: Governance



Quintin Kuhn  
Director: Legal Services



Russell McGregor  
Director: Community  
Development  
Workers



Gigi Gosnell  
Director: Monitoring & Evaluation



Khululekile Mase  
Director: Research & Policy



Rashika Padarath  
Director: Municipal Integrated Development Planning



Bongani Ngomane  
Director: Land Management



Antony Moonsamy  
Director: Municipal Support



Colin Deiner  
Director: Disaster Management & Fire Brigade Services



Kemraj Ojageer  
Director: Municipal Infrastructure Support



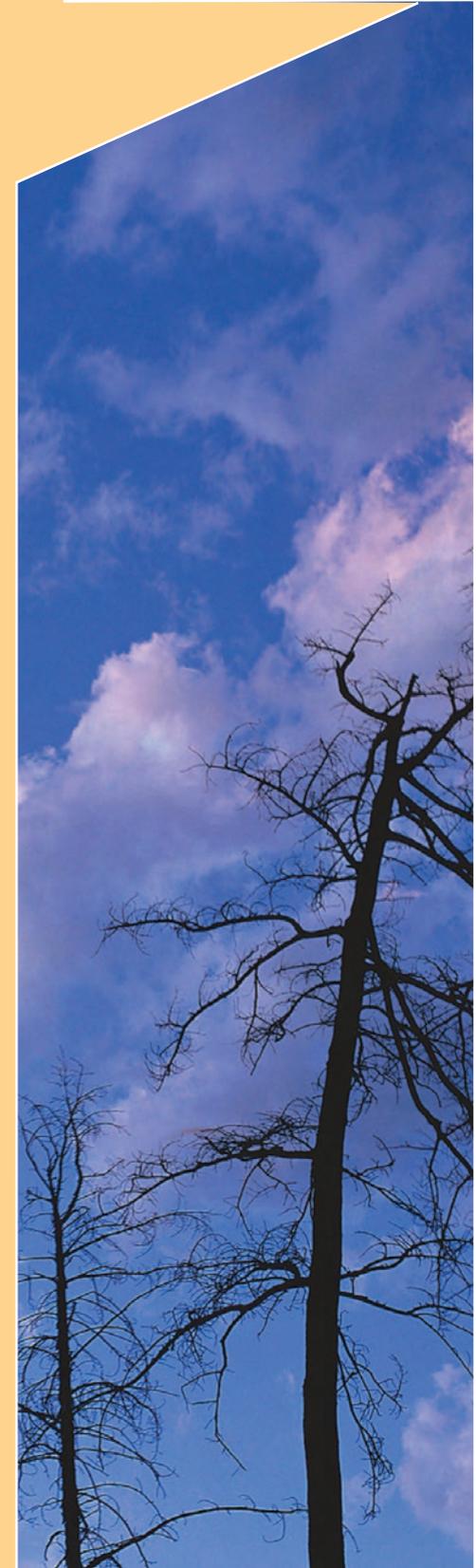
Qondile Zimu  
Director: Human Resource Development



Joseph Gomba  
Director: Finance & Procurement



Paddy Padayachy  
Acting Director: Information Technology







SECTION 2

**Departmental  
Overview**



## 2.1 Overview

The Department of Local Government is responsible for monitoring and supporting local government in Gauteng Province. This responsibility is clearly espoused in the vision, mission and constitutional mandate of the Department. The Department carries out its responsibility through various programmes and projects aimed at strengthening the capacity of municipalities, enabling them to carry out their constitutional mandate.

## 2.2 Vision

To ensure that the Gauteng Province comprises *viable local government* and *sustainable communities*.

## 2.3 Mission

The Department's mission is to:

- monitor and support developmental local government;
- promote integrated service delivery; and
- enable Gauteng to become a globally competitive city region

## 2.4 The Role of the Department

There are five main roles of the Department as derived from the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996).

1. **Monitor** the development and performance of local government
2. **Support** local government by backing up where its capacity proves insufficient
3. **Promote capacity development** in a more systematic manner, to ensure that local government is increasingly able to manage its own affairs
4. **Regulate** how municipalities exercise their authority
5. **Intervene** where local government consistently fails to adequately perform its designated functions

## 2.5 Five Year Strategic Goals

The five year strategic goals of the Department are:

1. To strengthen local governance and accountability
2. To ensure functional and sustainable local government
3. To monitor and evaluate municipal performance and service delivery
4. To ensure the effective management and utilisation of Gauteng Provincial Government land
5. To strengthen the Department's corporate capability

## 2.6 Organisational Development

### 2.6.1 Mandate of the Department

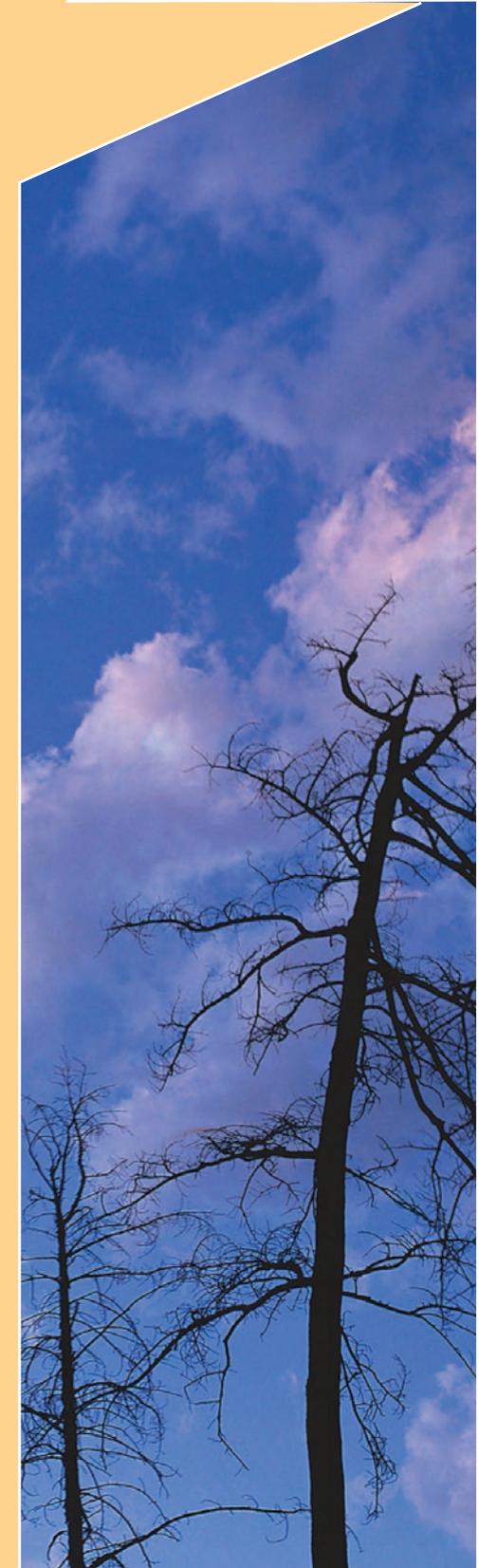
The Department derives its mandate from the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996) and other related national and provincial legislation. The Department of Local Government is mandated as follows:

### 2.6.1.1 Constitutional Mandate

- Section 154 (1) – Provincial Government, by legislative and other measures, must support and strengthen the capacity of municipalities to manage their own affairs, to exercise their powers and to perform their functions.
- Draft provincial legislation that affects the status, institutions, powers or functions of local government must be published for public comment before it is introduced in a provincial legislature in a manner that allows organised local government, municipalities and other interested persons an opportunity to make representations with regard to the draft legislation.
- Section 155 (6) – Provincial legislation must determine the different types of municipalities to be established in the province.
- Section 155 (6) – Provincial government must establish municipalities in the province and must monitor, support and promote the development of local government.
- Provincial government have the legislative and executive authority to see to the effective performance by municipalities of their functions in respect of matters listed in Schedules 4 and 5, by regulating the exercises by municipalities of their executive authority referred to in section 156 (1).
- The MEC may assign any power or function that is to be exercised or performed in terms of an Act of Parliament or a provincial Act, to Municipal Council.
- Section 139 (1) – The Provincial Executive may intervene if a municipality fails to fulfil an executive obligation.

### 2.6.1.2 Legislative Mandate

- Municipal Property Rates Act, 2004 (Act No. 6 of 2004)
- Gauteng Planning and Development Act, (Act No 3 of 2003)
- Municipal Finance Management Act, 2003 (Act No. 56 of 2003)
- Disaster Management Act, 2002 (Act No 57 of 2002)
- Local Government: Municipal Systems Act, 2000 (Act 32 of 2000)
- Municipal Electoral Act, 2000 (No. 27 of 2000)
- Local Government: Cross-Boundary Municipalities Act, 2000.
- Local Government: Municipal Demarcation Act, 1998 (No. 27 of 1998)
- Rationalisation of Local Government Affairs Act, 1998 (Act No. 10 of 1998)
- Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998)
- Water Services Act, 1997 (Act No. 108 of 1997)
- Gauteng City Improvement District Act, 1997.
- Land Administration Act, 1996 (Act No. 11 of 1996)
- Local Government Transition Act, 1993 (No. 209 of 1993)
- Fire Brigade Services Act, 1987 (Act No. 99 of 1987)
- Black Communities Development Act, 1984
- Local Authorities Capital Development Fund Ordinance, 1978
- Local Authorities Rating Ordinance, 1977
- Public Resorts Ordinance, 1969.





- Crematorium Ordinance, 1965
- Drive-in-Theatres Ordinance, 1960
- Licensing and Control of Dogs Ordinance, 1933
- Removal of Graves and Dead Bodies Ordinance, 1925
- Agricultural Holdings Registration Act, 1919
- Local Authorities Roads Ordinance, 1904

### **2. 6.2 Structure of the Department**

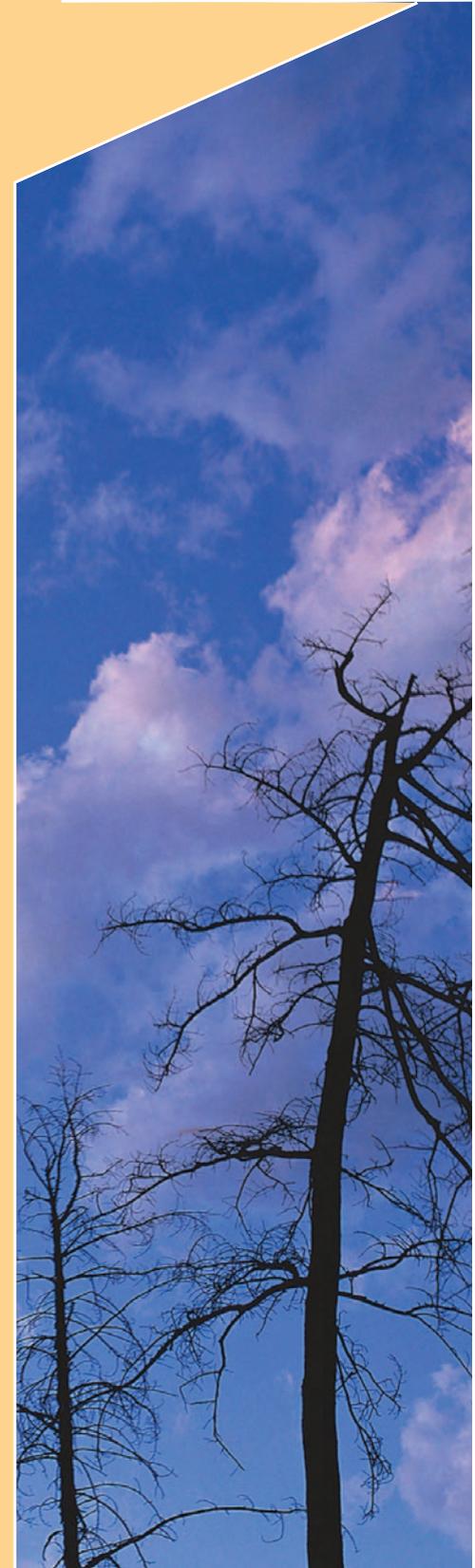
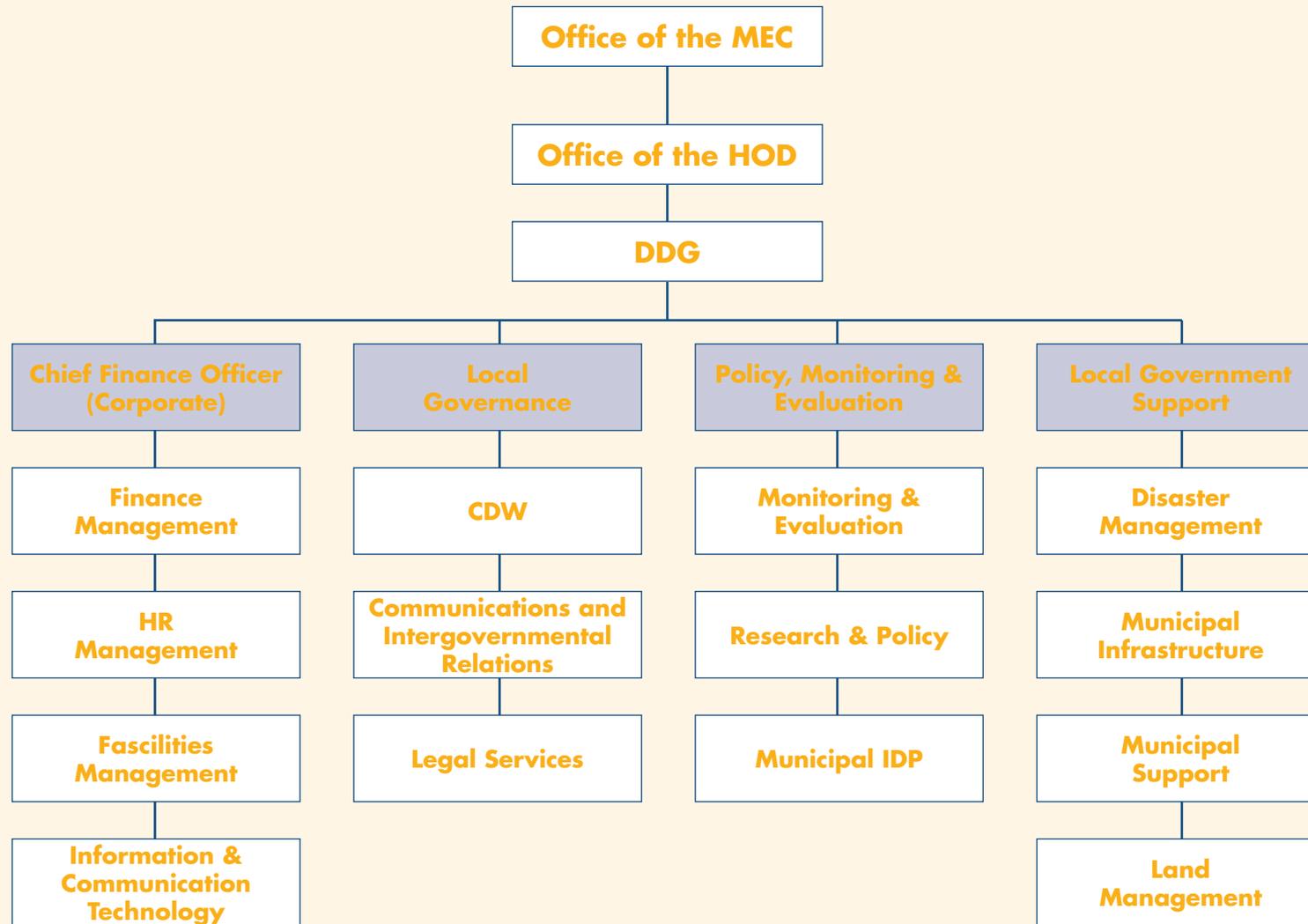
The Department's structure is made up of the following units to enable it to achieve its objectives and strategic goals:

- Office of the MEC
- Office of the HOD
- Deputy Director General
- Chief Directorate: Local Governance
- Chief Directorate: Policy Monitoring and Evaluation
- Chief Directorate: Local Government Support
- Chief Finance Officer: Corporate Services

National Treasury stipulates that all departments responsible for local government affairs in provinces should structure their budgets according to National Treasury Gazette. The Department has systematically aligned the organisational structure to the budget structure which is made up of the following three programmes:

- Programme 1: Administration
- Programme 2: Local Governance
- Programme 3: Integrated Development Planning and Service Delivery

# Organogram



### 2.6.3 Good Governance

In the spirit of good governance the Department adopted the principles of Batho Pele White Paper (1459 of 1997).

Good governance is the system by which government departments are managed and controlled. Sound principles of good governance practiced by this Department are imperative in obtaining and retaining the trust of all stakeholders, and to the overarching objective of performance with integrity. They are also vital in securing respect from other interested parties including employees, customers, suppliers and the community at large.

The Department's management places a great deal of importance on robust good governance. It is committed to upholding the highest standards of service delivery as outlined in the Batho Pele Principles as well as the departmental values, with integrity and transparency in all aspects of good governance.

### 2.6.4 Departmental Management Forums

The Department has established a number of committees to ensure that good governance prevails at all times. Critical amongst these structures are; the Strategic Management Team, Executive Management Team and the Departmental Management Committee.

#### a) Strategic Management Team (SMT)

**Chairperson:** MEC

**Members:** HOD, DDG, Chief Directors, Director: Office of MEC, Director: Strategic Support Services and Media Liaison Officer (MLO).

**Purpose:** The purpose is to set the strategic direction of the Department. It deals with strategic policy issues, emerging policies

and key priorities of the Department. If there are challenges, measures are identified to address them before they escalate to un-manageable proportions.

The SMT also provides policy direction based on the constant environmental analysis of the state of municipalities. The information on the state of municipalities is sourced from engagements with municipalities, attendance of Council meetings, Imbizos, etc. This information helps to identify critical issues in municipalities and how best the department should respond to them.

#### b) Executive Management Team (EMT)

**Chairperson:** HOD

**Members:** DDG, Chief Directors, Director: Office of MEC, Director: Strategic Support Services and MLO

**Purpose:** The purpose of EMT is to discuss the progress made by Programmes and Sub-programmes. The EMT identifies measures that could be taken to ensure that implementation of the projects and programmes are on track or fast-tracked. The EMT also discusses and identifies strategic issues (administrative and line-function) that could improve the performance of the department.

#### c) The Department Management Committee (MANCOM)

**Chairperson:** HOD

**Members:** All Senior Managers including the MLO

**Purpose:** The purpose of MANCOM is to discuss the monthly progress of all the planned deliverables of the Department. Programme and sub-programme managers present progress reports as well as monthly financial expenditure. The financial expenditure report will

feed into the department's Monthly Financial Report that is submitted to Treasury. Monthly reports, both financial and non-financial are consolidated into Quarterly Reports.

MANCOM also discusses the municipal environment for identification of critical issues in municipalities that the department should pay attention to and address.

Challenges are identified and measures are put in place to ensure that the planned deliverables are on track. MANCOM also discusses strategic issues (administrative and line-function) from EMT and SMT to ensure that the performance of the department is improved.

#### **d) Quarterly Review Session**

**Chairperson:** HOD

**Members:** All senior Managers of the Department

**Purpose:** Quarterly Review Sessions are held to report on overall progress made with the implementation of the planned deliverables in the previous quarter as outlined in the Operational Plan.

The focus of the Quarterly Review Session is also to report on the budget expenditure by Programmes. The session provides the HOD and managers an opportunity to indicate what measures need to be taken to ensure that the implementation of the department's strategic plan and operational plan is on track.

#### **e) Policy and Strategy Forum (PSF)**

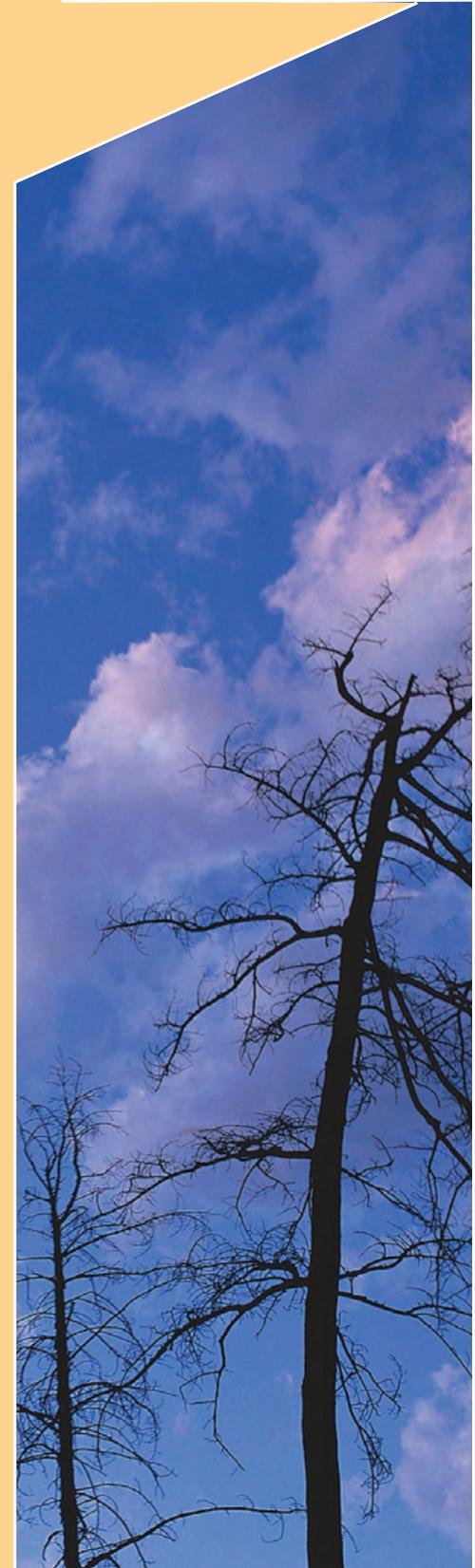
Chairperson: DDG

Members: All senior Managers of the Department

**Purpose:** It is a forum where managers provide input and comments on local government policy drafts that the Department is developing. The forum also discusses local government issues in order to give the Department a strategic direction in dealing with issues pertaining to local government issues.

#### **f) Departmental Committees**

- Training Development and Advisory Committee
- Job Evaluation Committee
- Occupational Health and Safety Committee
- Labour Relations Forum
- Communications Forum
- Employment Equity Forum
- HIV and AIDS Forum
- Risk Management Committee



### **2.6.5 Departmental Financial Management**

The following committees and mechanisms have been put in place in terms of the Public Finance Management Act, the Public Service Act, and other related legislation:

#### **a) Audit Committee**

The Department has an independent Audit Committee in place, which is was established in accordance with the provisions of PFMA.

The Gauteng General Audit Services based at the Gauteng Shared Services Centre (GSSC) provide an internal audit function to the Department.

#### **b) Internal and Accounting Record**

The Department has a sound system of internal control in place, which provides management with the assurance that the following objectives will be achieved:

- o Economy, efficiency and effectiveness of operations
- o Effective financial controls
- o Compliance with applicable laws and regulations

The Department maintains adequate accounting records and an effective system of internal controls. It is continuously introducing mechanisms to improve the effectiveness of internal controls.

An internal unit is in place and operates out of the GSSC, as a centralised function for all provincial departments.

### **2.6.6 Accountability to Stakeholders and the Public**

The department is accountable to the following committees of the Gauteng Legislature:

- o The Standing Committee on Local Government
- o The Standing Committee on Public Accounts
- o The Standing Committee on Finance

### **2.6.7 Strengthening Accountability through Stakeholder Interaction**

To strengthen accountability, the Department has involved key stakeholders in its business. When executing its functions, the Department engages in multiple formal and informal processes, channels, structures and institutional arrangements for interaction within and between spheres of government. This also includes interaction with stakeholders such as communities, private sector and parastatals. These stakeholder engagements have the following strategic purposes:

- To promote and facilitate co-operative decision making,
- To strengthen accountability and good governance,
- To co-ordinate and align plans, strategies, policies, budgets and activities across interrelated functions and sectors,
- To ensure the flow of information between the Department and other spheres of government and stakeholders,
- To create partnerships in support of municipalities in the province, and
- To prevent disputes and conflicts and provides resolutions to critical and strategic issues.

### **2.6.8 Department's Stakeholders**

In the year under review the Department has interacted with the following stakeholders:

#### **a) National Stakeholders**

- o Department of Provincial and Local Government
- o Department of Public Service and Administration
- o Local Government SETA
- o Auditor General's Office
- o Municipal Demarcation Board (MDB)
- o Public Service Commission

#### **b) Provincial Stakeholders**

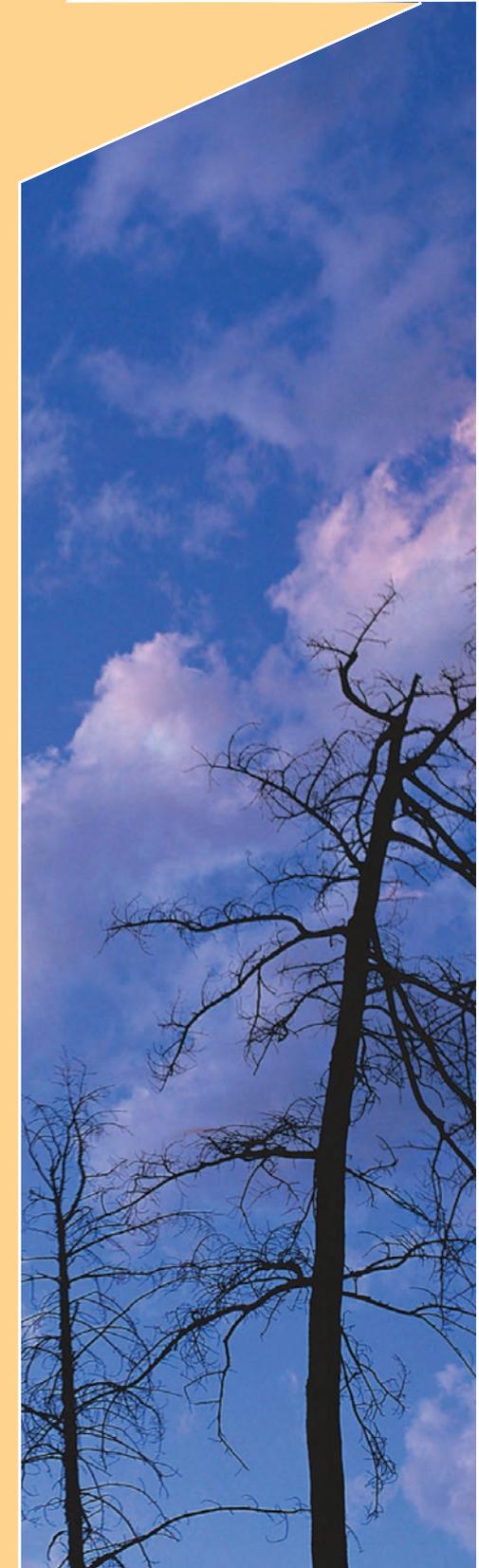
- o Office of the Premier
- o Provincial Treasury
- o Legislature
- o Standing Committee on Local Government
- o SCOPA
- o Finance Standing Committee
- o Gauteng Shared Services Centre
- o Auditor General
- o All nine Provincial Departments

#### **c) Local Stakeholders**

- o All Metropolitan Councils in Gauteng
- o All District Councils in Gauteng
- o Local Authorities

#### **d) Strategic Partners**

- o Development Bank of Southern Africa (DBSA)
- o ESKOM
- o Rand Water
- o South African Local Government Association (SALGA)
- o National Electricity Regulator (NER)
- o Electricity Distribution Industry (EDI) Holding
- o State Information and Technology Agency (SITA)
- o South African Institute of Chartered Accountants (SAICA)
- o South African Institute of Civil Engineers (SAICE)
- o Statistics South Africa (Stats SA)
- o South African Management Development Institute SAMDI
- o UNISA
- o Education Training Unit (ETU)



#### **e) Special Interest Groups**

- Labour
- Public
- Business Sector

#### **2.6.9 Stakeholder Interaction Channels**

The Department utilises various channels to interact with its multiple stakeholders. The channels of interaction depend on the nature of the relationship and the issues on the agenda. The following channels have been utilised:

- Communication through electronic media and print
- Consultations, e.g. meetings, workshops
- Exhibitions
- Roving Executive Councils
- Legislature
- Publications
- Imbizos
- CDWs
- Ward Committees
- Requests for input on policy related issues

#### **2.6.10 Monitoring Mechanisms and Implementation of the Mandate**

The Department has put in place a number of in-year monitoring mechanisms to ensure effective and efficient monitoring of the budget expenditure and non-financial performance. The monitoring mechanisms are provided in terms of the relevant legislation particularly the PFMA. The implementation of the mandate through programme performance is monitored on quarterly basis. Programme Managers submit the quarterly performance reports to the Accounting Officer. These are reviewed for progress and submitted to Treasury.

## **2.6.11 Monitoring Financial Management**

### **a) Transaction Processing System**

The Department uses the Basic Accounting System, which is an online government system used for financial transactions. The Department functions are currently limited to viewing and the real capturing and authorising is done by the GSSC.

### **b) Accounting Information System**

The Department does not make use of the GRAP or GAAP to prepare financial statements, but rather uses the modified cash basis to prepare the financial statements, the format of which is provided by the National Treasury.

### **c) In-year Monitoring and Revenue and Expenditure Reports**

The Department submits in-year monitoring reports on a monthly basis and Revenue and Expenditure reports quarterly to report on cash flow projections and actual expenditure to the Provincial Treasury.

### **d) Financial Statements**

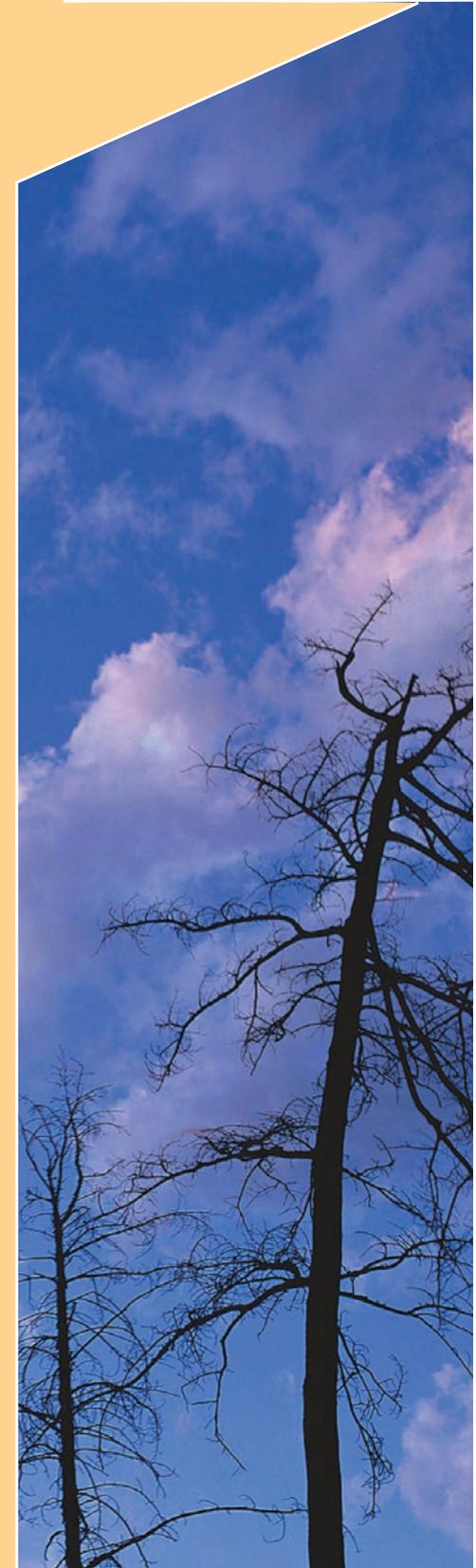
Annual Financial Statements indicating the budget granted against expenditures and revenues collected are submitted annually. Interim Financial Statements are also submitted half-yearly.

### **e) Procurement Report**

This is a report on all tender procedures, initiatives to support Black Economic Empowerment (BEEs), Small, Medium and Micro Enterprises (SMMEs), etc, that have been undertaken in the department.

### **f) PFMA Report**

A PFMA report is submitted to indicate compliance with all PFMA regulations.



### **2.6.12 Monitoring the Performance of Programmes**

Programme Managers submit the monthly and quarterly reports to the Head of Department. The reports outline detailed progress and challenges experienced during the implementation process. The reports also provide the service delivery implications of the Department's programmes and projects. Senior management meetings are held monthly to discuss the performance of Programmes and the strategies and plans of unblocking difficulties during the implementation process.

A Performance Output Report, which is a non-financial report on Departmental performance, is submitted quarterly to the Provincial Treasury.

### **2.6.13 Individual Performance Management System**

The Department monitors staff performance through the use of the Provincial endorsed output-based Performance Management and Development System. This system measures performance on specific outputs that are agreed up-front with every person in the Department. These outputs are then weighted according to the importance on pre-determined ratings.

### **2.6.14 Code of Conduct**

The Department has adopted the Code of Conduct of the Public Service Administration, which sets guidelines for the regulation of the working environment for public officials.



SECTION 3

**A Report on  
Performance**



### **3.1 2005/06 Departmental Performance Review**

This section provides a narrative account of the performance of the Department in 2005/06 financial year. It outlines the performance of the Local Governance programme and Integrated Development Planning and Service Delivery programme against the 2005/06 key objectives.

### **3.2 Programme 2: Local Governance**

#### **3.2.1 Programme Description**

The programme supports and monitors local government in Gauteng Province. Through its support and monitoring programmes it aims to ensure that municipalities are viable and sustainable to perform their constitutional responsibilities. The programme also ensures that communities have access to information and government services. The key performance areas in Programme 2 are:

- Community Development Workers (CDWs)
- Municipal Support and Administration
- Municipal Finance
- Municipal Infrastructure

#### **3.2.2 Programme Key Objectives**

- Deepen democracy and accountability with special emphasis on the work of CDWs
- Strengthen co-operative governance through the development and implementation of the Provincial IGR and strategy
- Support the improvement of the customer care systems in municipalities
- Effective communication systems with the communities
- Promote and entrench good governance systems in municipalities
- Development and implementation of a provincial-wide indigence policy
- Support the building of financially sustainable municipalities
- Support to municipalities to mainstream cross cutting issues
- Co-ordinate the accelerated delivery of the provision of basic services

### **3.2.3 Programme Performance Overview**

#### **3.2.3.1 Community Development Workers (CDWs)**

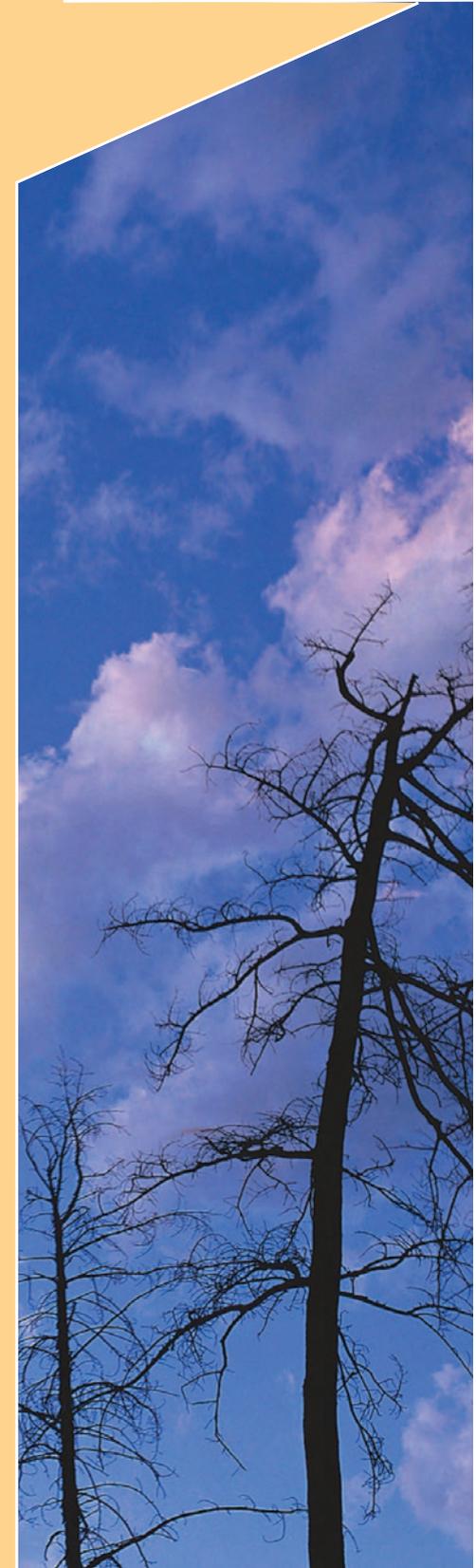
In April 2005 the Department deployed 198 CDWs in 130 wards. A further 281 CDW cadets were recruited for enrolment into a learnership programme. The goal of the Department is to ensure that by end December 2006 all wards in the province have at least one CDW employed as a fulltime civil servant. The purpose of the CDWs is to ensure that government services are accessible to communities.

CDWs have undertaken the following work since their deployment:

- Assisting community members to access social grants – liaising with Departments of Social Development and Health.
- Assisting communities to access Identity documents by liaising with Department of Home Affairs.
- Assisting communities with problems relating to housing e.g. title deeds, housing waiting lists, housing subsidies, tenants being treated badly etc.
- Assisting schools and schools governing bodies in understanding the roles of School Governing Bodies etc.
- Assisting the unemployed to access government and other assistance in developing job creation projects etc.
- Assisting in the development of integrated food security projects with Gauteng Department of Agriculture Conservation and Environment and others.
- Assisting with mobilisation of youth and women in the months of June and August, as per government campaigns.
- Assisting in making people aware of voter registration requirements.
- Assisting in the mobilisation of world AIDS day.

To ensure that government services and interventions respond to community needs, the CDWs have compiled community profiles where they are deployed. To date, 130 community profiles have been completed. Information included in the profiles is;

- Ward population in age, gender, disability, employed, unemployed
- Government offices and service providers in the ward
- List of all organisations i.e. political, social movements, community based organisations, etc.
- Provision of free basic services



The purpose of these profiles is to ensure that the intervention of CDWs addresses community needs and issues. This would give government an opportunity to address real issues and focus their services and resources where they are best required.

The CDWs also played a role in promoting good governance by mobilising local citizens to take part in voter registration for local government elections, Presidential and GPG Imbizos and involvement in local forums that promote community participation on local government initiatives.

The CDWs contribute towards promoting a good and caring government, and play a critical role in referring community concerns, queries and complaints to relevant government departments where they are best addressed.

### 3.2.3.2 Local Government Support

The Department's municipal support programme provides support to all municipalities in the Province. It also complements Project Consolidate, a hands-on support to municipalities. A short term capacity needs analysis was completed and led to the establishment of a Technical Assistance Team (TAT) to provide technical support to municipalities that are in dire need.

By March 2006, 19 senior engineers were deployed in Emfuleni, Kungwini, Mogale City, Randfontein and Merafong local municipalities to provide technical assistance in the implementation of infrastructure projects. The senior engineers also provided coaching and in-house mentoring to staff responsible for infrastructure projects.

**Table 1. Deployment of senior engineers to municipalities**

<b>Municipality</b>	<b>Number of Senior Engineers Deployed</b>
Emfuleni Local Municipality	4
Kungwini Local Municipality	5
Mogale City Local Municipality	5
Randfontein Local Municipality	2
Merafong Local Municipality	3
<b>Total</b>	<b>19</b>

**Table 2. Deployment of graduates and students in municipalities**

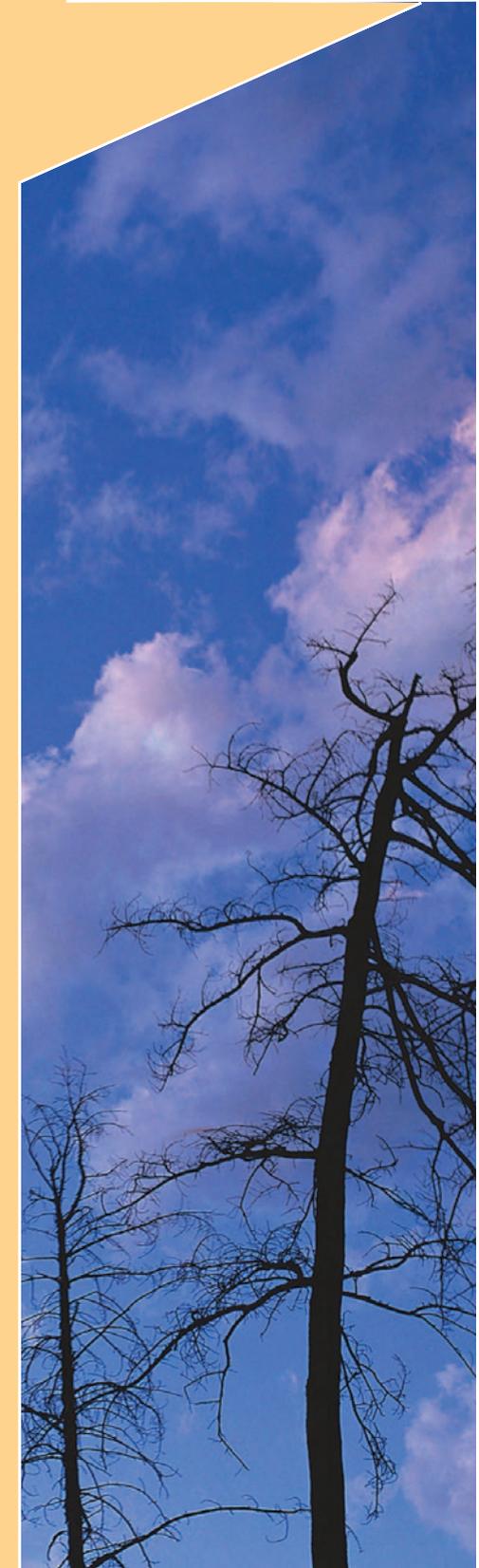
<b>Municipality</b>	<b>Number of graduates and Students Deployed</b>
Emfuleni Local Municipality	9
Kungwini Local Municipality	9
Mogale City Local Municipality	5
Randfontein Local Municipality	4
Merafong Local Municipality	7
<b>Total</b>	<b>34</b>

Presidential Imbizos were held in Sedibeng and Metsweding District Municipalities. Resulting from these Imbizos was the development of intervention plans to support these municipalities in key performance areas such as municipal transformation, service delivery, Local Economic Development (LED), infrastructure development, financial viability, quality IDPs and good governance.

An Advisory Committee on Municipal Finance was established to investigate the financial management challenges facing municipalities. The focus area of investigations was on financial management, borrowing, revenue management (billing and debt management, credit control) and compliance to MFMA. The investigation report will also provide intervention strategies to address financial challenges of municipalities.

The Department monitored municipal compliance to MFMA. An assessment of the municipalities' readiness to implement the Property Rates Act was conducted. These were conducted to provide the department with insight to municipalities' capacities and capabilities to manage their finances and provide an early warning before the problems escalated.

Finally, the Department also provided vital legislative advice to municipalities. The Department initiated a programme of periodic engagement with all municipalities in order to assess their capacity requirements, intellectual and otherwise, to deal with the interpretation and consistent implementation of local government legislation applicable to them as well as continually engaging with them on matters of common interest and consulting them on issues of concern. Municipalities are frequently made aware of legislative developments and crucial court decisions which impact on their ability to provide effective service delivery.





The Department made vital contributions in the enactment of the Gauteng Local Government Laws Amendment Act, which seek to amend certain laws of Gauteng so as to correct references to defunct institutions and inconsistencies with other legislation; to repeal certain laws that are contrary to the Constitution, 1996, or no longer serve any useful purpose; and to provide for matters connected thereto. The Department is further involved in conducting an audit on the state of readiness and assessing the capacity requirements of all municipalities in Gauteng for the successful implementation of the legislation on a progressive basis.

### **3.2.3.3 Municipal Administration**

- **Reconfiguration of Municipal Boundaries**

The Department successfully managed the process of the reconfiguration of provincial boundaries. This process entailed publishing the new Section 12 Notices that will do away with cross boundary municipalities. The implications of this process meant that the whole of Tshwane Metropolitan area and Metsweding District Municipality now fall under Gauteng Province. In the West Rand, Merafong Local Municipality is to be ceded to the North West Province.

The Department also facilitated the process of auditing the assets and liabilities of the areas affected by cross boundary municipalities. This process entailed facilitating, co-ordination and cooperation with the North West and Mpumalanga Provincial Governments. The Department prepared the Implementation Protocol which was signed by the Premier on 28 February 2006.

Finally, the Department initiated and drove the processes around the drafting of service level agreements between provincial sector departments in Gauteng, North West and Mpumalanga. The service level agreement template prepared by the Department was adopted by the sector departments of all three provinces, modified in certain respects to suit their respective needs and interests, with little contention. Throughout the drafting process the Department led by example in finalising its own processes in a timely manner and providing ongoing guidance and support to the various departments, including the local government departments of North West and Mpumalanga, in order to facilitate a smooth transition in the disestablishment process.

- **Local Government Elections**

The Department played an important guiding and supporting role in assisting municipalities to deal with the legal implications of the elections by providing briefing notes on issues, such as the number of councillors to be appointed to mayoral committees in terms of the relevant legislation as well as guidelines on the determination of full time councillors and the limitations on the size of mayoral committees as stipulated by legislation.

The Department was actively involved in the Task Team responsible for the Voter Registration Campaign. The team was made up of the IEC, Office of the Premier, SALGA and GCIS. The team held a series of meetings with Ward Committees and CDWs as part of the voter registration, education and awareness campaigns.

- **Councillor Induction**

The Department developed an induction programme and training initiatives for 900+ councillors, the main target group being the newly appointed councillors. The department hosted a Briefing Session in March 2006 to tighten on facilitation and methodology with expert facilitators from different training institutions.

- **Local Government Five Year Review**

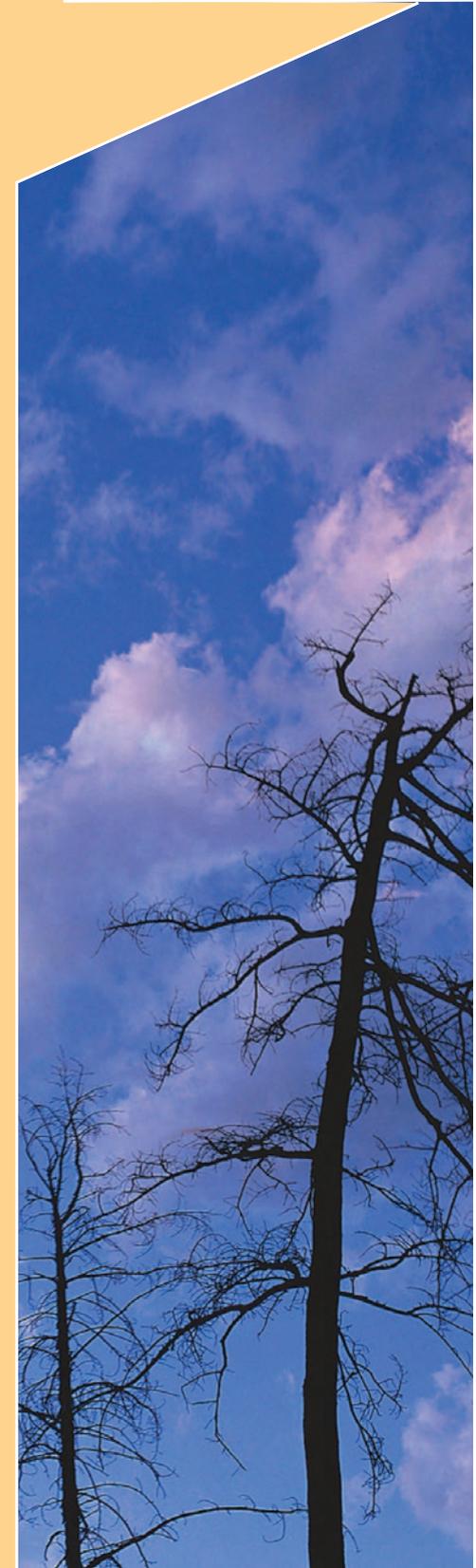
The department undertook an important process of reviewing the performance and state of local government in Gauteng over the past five-year term. The Local Government Review Report was completed and published in March 2006. The review provides an in depth analysis of the key performance areas of municipalities namely; Institutional Development and Transformation, Service Delivery and Infrastructure Development, Finance Management and Viability, Democracy and Good Governance and Local Economic Development. Most importantly, the review provides a basis for defining new and effective strategies, policies and programmes for local government in the next five year term.

- **HIV and AIDS Programme**

An amount of R24.5 million was transferred to municipalities in early January 2006 to spend on the following priorities:

- ⊙ Institutional Capacity Building for HIV/AIDS units in municipalities
- ⊙ Internal Workplace programmes and plans to be strengthened
- ⊙ Advocacy and awareness around HIV prevention, health care and social support
- ⊙ Annual door-to-door education campaign
- ⊙ Development of an Indigent burial policy as part of the package of services for indigent burials
- ⊙ Payment of subsidy for indigent burials

Each municipality was also allocated budget for developing and implementing the Workplace Programme on HIV and AIDS.



**Table 3. HIV and AIDS transfers to municipalities**

<b>MUNICIPALITY</b>	<b>FUNDS</b>
Ekurhuleni Metro Workplace programme	R 4 525 000.00 R 358 100.00
Joburg Metro Workplace programme	R 5 200 000.00 R 358 100.00
West Rand District Municipality Workplace programme	R 2 675 000.00 R 239 000.00
Metsweding District Municipality Workplace programme	R 3 073 000.00 R 239 000.00
Sedibeng District Municipality Workplace programme	R 2 144 000.00 R 239 000.00
Tshwane Metro Workplace programme	R 4 200 000.00 R 358 100.00
<b>TOTAL</b>	<b>R 24 198 800.00</b>

• **Review of Powers and Functions**

In order to realise the strategic priorities of Gauteng Provincial Government (GPG) and position Gauteng as a globally competitive region, enhanced cooperation between municipalities as well as across the three spheres of government is vital. Programmes and projects have been planned in each sphere of government to operationalise these respective strategic priorities. However, to ensure that a particular sphere of government has the capacity to render the service adequately and efficiently, it became critical to review the powers and functions across spheres of government.

A study to review powers and functions in the province commenced in 2004 and it was finalised in February 2006 with the presentation of the "Extension Report on the Allocation of Powers and Functions: Gauteng Province". The report covers the following areas:

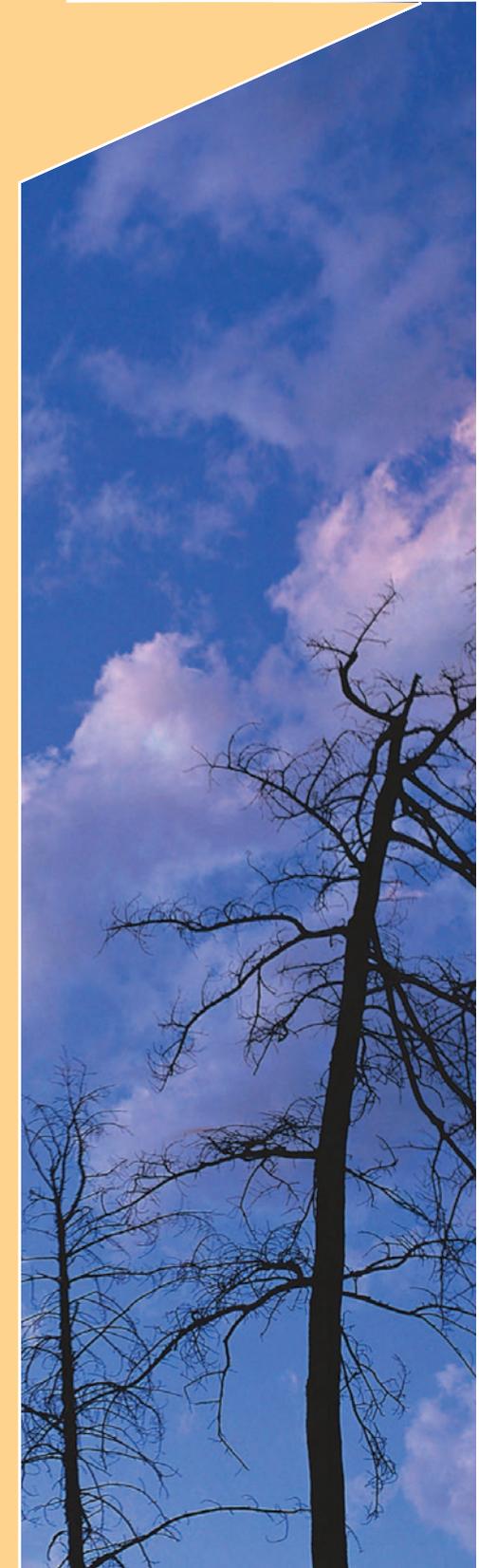
- The different mechanisms available for shifting functions from one sphere of government to another.
- A list of criteria for deciding which sphere of government is best suited to perform each function. This is from both the provincial sphere to the local sphere, and vice versa.
- A list of the functions that have been identified that may be more appropriately performed at a different sphere of government, and provides details on why the whole or part of the function would be better performed at a different sphere, what mechanisms are most appropriate to do this, the level of priority of moving this function (i.e. is it an urgent, short-term need, or can it be done in the longer term), the possible challenges associated with such a move, and the legal and policy implications that are likely to be encountered.
- Outlining the proposed prioritisation of functions i.e. which need to be considered most urgently, and which are less urgent.
- Finally, a proposed way forward and issues to consider before re-allocating / shifting functions.

#### 3.2.3.4 Municipal Infrastructure and Eradication of Bucket Systems

In 2005/06 the department continued to coordinate the implementation of the Municipal Infrastructure Grant programme (MIG). In 2005 Gauteng Province was allocated R 841 414 million to implement 282 infrastructure projects. The table below outlines the type of infrastructure projects.

**Table 4. 2005/06 MIG Projects**

2005/06	
Allocation: R841 414 million	No of Projects
Water	39
Sanitation	46
Roads	79
Storm Water	14
Community Lighting	23
Solid Waste	13
Community Facilities	67
Special Projects	1
<b>Total Projects</b>	<b>282</b>





The department provided technical support to municipalities through the municipal support programme. Senior civil engineers, graduates and students were deployed to municipalities that required support. Thirteen Programme Management Units were established to provide technical capacity to accelerate the implementation of infrastructure projects. By end March 2006, 65.4% of MIG allocation to municipalities had been spent.

By the end of March 2006, 11 500 buckets and 2000 owner built pit latrines were replaced with engineered Ventilated Improved Pit Latrines (VIPs) or water borne systems. The areas that have benefited from bucket replacement programme are; Rietvallei, Masetjhaba View Phase 1, 2 and 3, Wedela, Kokosi Extension 99 Phase 1, Bekkersdal and Evaton.

The Provincial Municipal Infrastructure Task Team (PMITT) was established to unblock bottlenecks for service delivery in the province.

Research was also carried out in identified areas where bucket sanitation systems were replaced to assess the impact of the projects on the lives of the community.

Staff capacity had grown from three to eight permanent staff and twelve outsourced staff were specifically employed to manage the MIG programme. This capacitation ensured adequate support to each of the fifteen municipalities for the implementation of MIG projects and contributed to the achievement of the department's strategic objectives.

- **Indigent Policy and Provision of Free Basic Water and Electricity**

The draft Provincial wide Indigent Policy was presented to EXCO for comments and it will be finalised by the end of 2006. By March 2006, 97% of households in the province were receiving free basic water and 76% receiving free basic electricity.

To address the challenge of infrastructure backlog in a more comprehensive manner, the Department completed two significant studies that would provide strategies to accelerate infrastructure development and acceleration of provision of basic services to poor households. The studies gave rise to Water and Sanitation Strategies as well as Electricity Strategies which are currently in the process of being implemented.

### **3.3 Programme 3: Integrated Development Planning and Service Delivery**

#### **3.3.1 Programme Description**

The purpose of the Programme is to co-ordinate and facilitate integrated development planning and service delivery in municipalities to ensure that a variety of services are delivered in a sustainable manner. The key performance areas in Programme 3 are:

- Land Management
- Municipal IDPs
- Disaster management

#### **3.3.2 Programme Key Objectives**

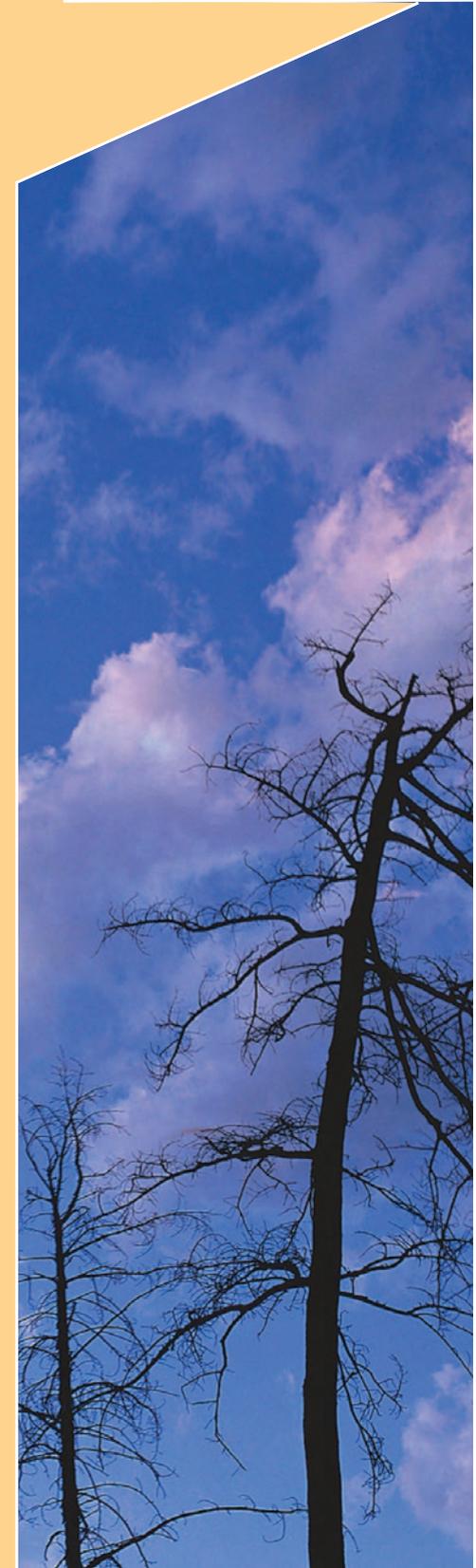
- Facilitate acquisition and disposal of provincial land
- Ensure that poor communities have access to land
- Ensure the development and maintenance of the provincial land asset register
- Ensure promotion of orderly land occupation
- Support the land reform programme
- Ensure that Municipal IDPs are aligned to provincial policies and strategies
- Implementation of disaster management and fire brigade services legislation

#### **3.3.3 Programme Performance Overview**

##### **3.3.3.1 Land Management**

- **Land Disposal and Acquisition**

A total of 25 properties were acquired for educational purposes in Alexandra as part of Alexandra Renewal Programme. Two donations were received from Anglo American company for educational and residential purposes, 13 properties were transferred to private sector as part of disposal process and one was transferred for the purposes of land reform. Disposals and acquisitions of these properties yielded a total revenue of R 5 682 300. The Department has succeeded to reduce both the disposal and acquisition backlog, which stems from 1998 to 2000, by 80%.





One property which was zoned for educational purpose was rezoned for residential purposes.

- **Vesting and Servitudes**

A total of 861 properties were vested from the Republic of South Africa to the Province of Gauteng. The Department succeeded to register nine servitudes in favour of Eskom and one servitude was registered in favour of Rand Water.

- **Municipal Land Transfers**

A total of 10 land properties were transferred to various municipalities for housing projects:

The properties are as follows:

- o Four properties were transferred to City of Tshwane
- o Four properties were transferred to Mogale City
- o Two properties were transferred to Sedibeng Municipality
- o A total of 27 properties were lodged with the Deeds Office for transfer to the City of Joburg
- o 33 Title deeds were endorsed in favour of GPG

- **Policy and Legislation**

The framework on Prevention of Land Invasion was completed. A legal review of Gauteng Land Act was done to enable the Department to amend the act, to be inclusive of all land management functions at a Provincial level, i.e. land invasions, evictions, mineral rights and servitudes.

### **Land Asset Register**

The Land Asset Register was completed and all land belonging to GPG was audited and captured on the Register software.

### **3.3.3.2 Municipal IDPs**

To promote alignment between municipal plans, provincial plans and strategies, the Department coordinated and facilitated the provincial IDP Hearings. The Hearings are engagement sessions between municipalities and sector departments where information about sector plans and draft IDPs is shared. This has improved the quality and credibility of Municipal IDPs. The Department also held one-on-one engagements with municipalities during the commenting process. The commenting process of all municipal IDPs for 2005/06 was completed in September 2005. The Department also conducted capacity building workshops for sector departments to improve the quality of comments from sector departments.

The IDP evaluation study was conducted. The study was conducted to assess the impact of IDPs over the past five years in local government. This was a “forward looking” study which provided an insight into what could be done to improve the quality and credibility of IDPs.

Finally, the Department developed the City Development Strategy (CDS). This strategy was developed to stimulate the debate on planning between the three spheres of government in the short, medium and long term period, as well as the implications for joint service delivery.

### **3.3.3.3 Disaster Management**

The Provincial Disaster Management Plan was developed and implemented. The following were put in place as part of the plan:

- Disaster and Fire Brigade Services Frameworks
- Disaster Management monitoring systems
- Operational Structures and Systems at provincial and municipal level

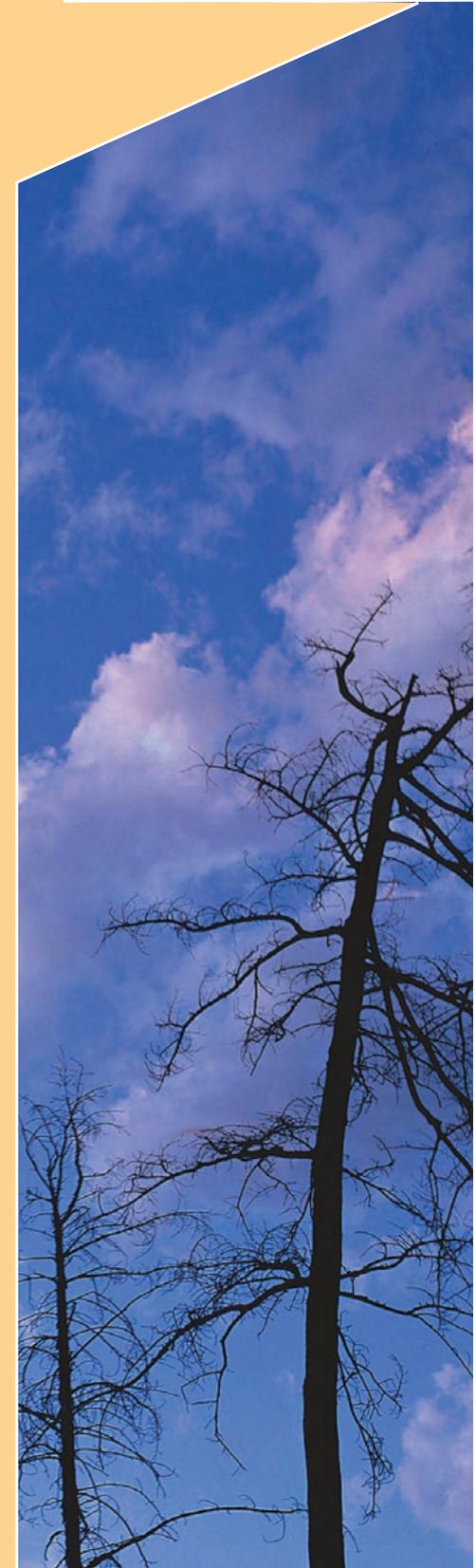
The Provincial Disaster Management Strategies have been developed and will be implemented in accordance to the provincial disaster risk profile which will be carried out during 2006.

Disaster Management and Fire Brigade Services Capacity Building programmes were conducted in the three Metros. The following programmes were undertaken:

- Major exercises on disaster management and fire brigade were held in Tshwane in November 2005
- Flood and pre-winter fire awareness programmes were held in Johannesburg and Ekurhuleni
- Risk awareness training for Public Information Education and Relations (PIER) Officers was held in Johannesburg

Further work was done by the Department to promote awareness around potential disasters and how communities can deal with them. This was carried out through the PIER programme.

In 2005, 10 000 school children participated in the fire awareness programme which was extended to flood awareness. The Department also played a key role in a number of disaster incidents such as floods around the Juskei River, informal settlement fires, typhoid outbreak in Mpumalanga, municipal elections, Johannesburg inner-city fire incidents, etc.





### **3.4 Key Challenges in 2005/06 Financial Year**

This section outlines the challenges that the Department should address in order to realise its objectives and strategic goals.

#### **3.4.1 Local Government Support**

The municipalities are in their final phase of local government transition process and there has been substantial progress to transform them. However, there are still challenges that need to be taken into consideration:

- At the end of the first term of local government, five municipalities had still not completed their establishment process.
- The quality and effectiveness of institutional systems and business processes is lacking in some municipalities. This has impacted negatively on procurement of services and supply chain management.
- There are still unfilled municipal posts which impacts negatively on municipal capacity to carry out certain functions effectively.

Municipal capacity is also a challenge that needs attention, particularly in the area of professional and technical skills. Therefore, the critical challenge is to recruit technically proficient management and ensure ongoing skills development in municipalities.

Finally, the greatest challenge to the Department is to facilitate and coordinate support for municipalities within the province. This would require ensuring the mainstreaming of support across the five key performance areas of municipalities and promoting cooperation within GPG departments, National departments and SALGA.

#### **3.4.2. Municipal Finance**

Most municipalities are consistently receiving disclaimers and adverse opinion from the Auditor General. This is the result of lack of capacity and expertise in financial management. Other challenges relate to:

- Increasing level of debtors is threatening the liquidity of municipalities;
- Challenges in billing systems;
- Viable debt collection;
- Cashflow problems; and
- In some instances there are low levels of budget spending which can be attributed capacity constraints in financial management, technical and professional expertise.

### 3.4.3 Municipal Infrastructure

The key challenge facing the Department is to ensure that municipalities address the infrastructure backlog and ensure universal access in respect of basic services; namely water to all by 2008, sanitation to all by 2010 and electricity to all by 2012. The gap according to the *Local Government Five Year Review* (2005) is that there are approximately 532 056 households below basic access to electricity, 68 514 households below basic access to water and 164 households below basic access to electricity in the province.

Although there has been significant progress in providing basic services in Gauteng, the rate of population growth is stretching municipal capacity to deliver basic services at a scale that would eliminate backlogs. As a result the challenge facing the Department is to ensure that municipal capacity at technical level is supported continuously to enable them to accelerate the implementation of infrastructure projects.

### 3.4.4 Elimination of Buckets

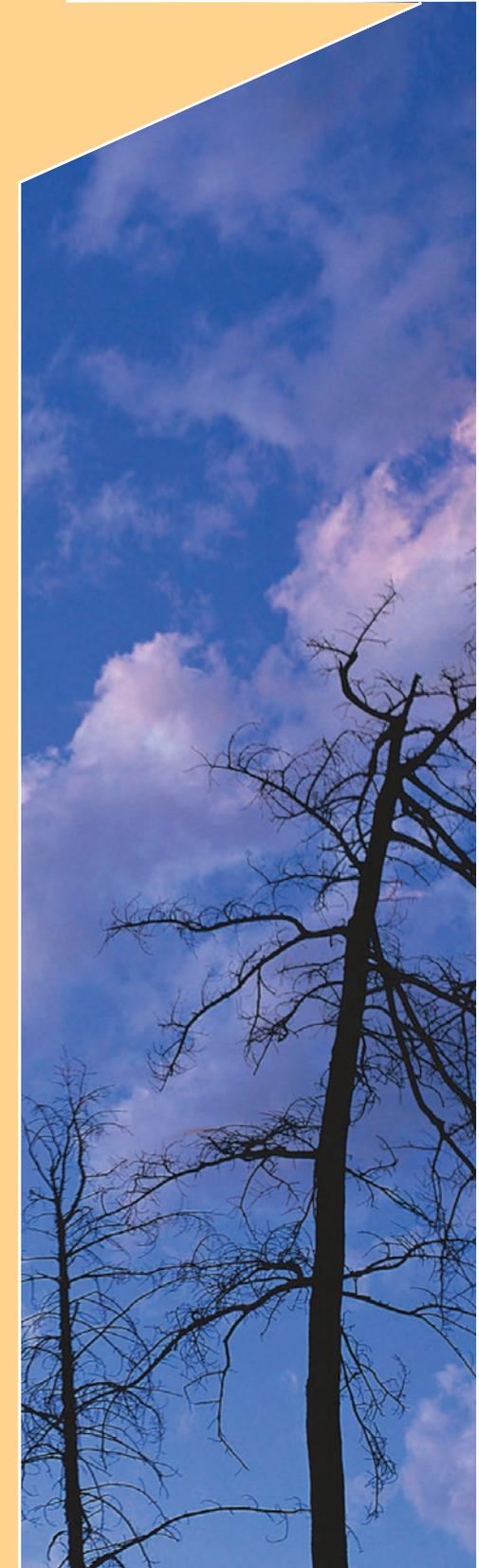
There were challenges in certain areas such as Bekkersdal, where communities rejected the new sanitation system provided by government. The remaining buckets are still in the process of being removed in areas such as Alra Park.

- Weak and inconsistent communication between councils and communities. This includes perceptions on corruption.
- There are shortcomings in the participatory processes.
- Accountability of councils and councillors is weak.
- Intergovernmental relations between the spheres of government are still weak.
- Batho Pele principles and customer care systems in municipalities are weak and need to be improved.
- There is a strong need to strengthen the relationship between the district municipalities and local municipalities.
- Institutional Capacity and Municipal Transformation.

### 3.4.5 Integrated Planning

To ensure that planning is harmonised across spheres and between different sectors of service delivery, the following challenges need to be addressed:

- Strengthening engagement between Metro's, Districts and local municipalities
- Aligning the National Spatial Development Perspective (NSDP), Gauteng Growth and Development Strategy (GGDS), IDPs and City Development Strategy (CDS)



- 
- Lack of understanding of planning and different IDP approaches
  - Full involvement of sector departments in the IDP process
  - Inadequate information sharing between local government and provincial level

### **3.4.6 Disaster Management**

There are two critical challenges that need to be addressed:

- Most municipalities have inadequate capacity to prevent disasters. Furthermore, their readiness to handle disasters when they occur is inadequate. Municipalities need support in this regard.
- The emergency services capabilities in municipalities are well below standards. Municipalities require support to improve their emergency services capabilities.



SECTION 4

**2005/06 Performance  
against Targets**



### Programme 2: Local Governance

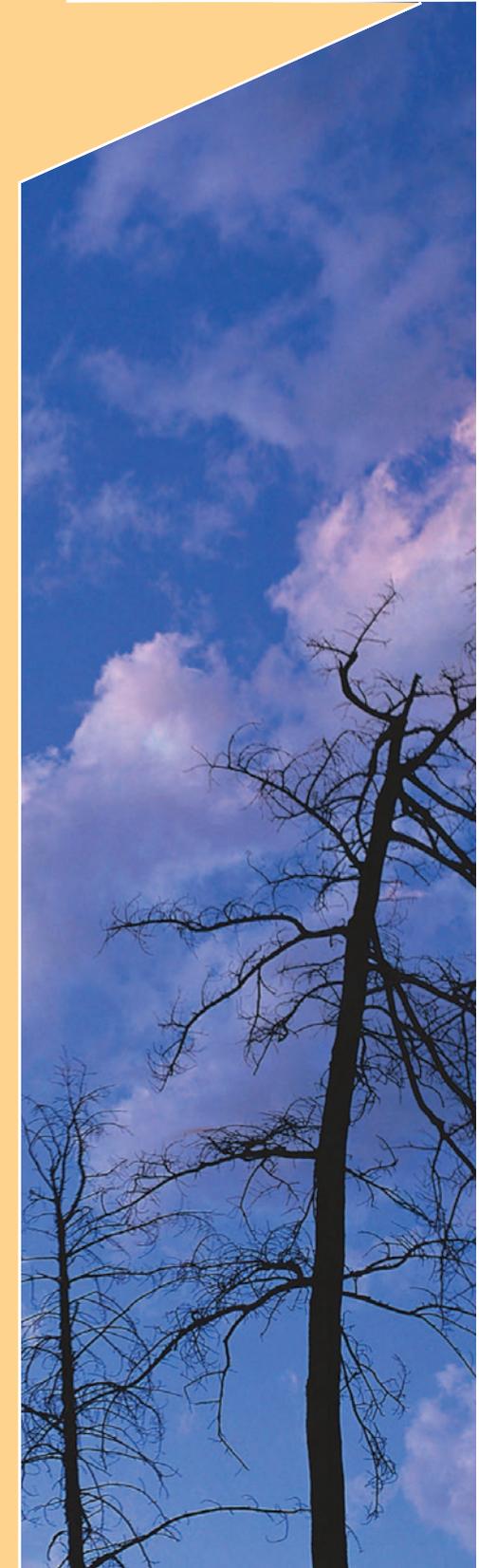
This section reports on output information for each Programme in accordance with the performance measures and performance targets as specified in the 2005/06 Annual Performance Plan of the Department. The table below provides the report of the Actual Performance against Planned Targets of 2005/06 financial year.

### Programme 2: Local Governance

Key Objectives	Performance Measures	Outcome	Actual Performance Against Targets		
			Planned	Actual	
To deepen democracy and accountability in Gauteng	Level of improvement in access of services by communities	Deepen democracy and accountability  Capacitated ward committees, councillors and officials in Gauteng Province	Training and development seminars conducted for Ward Committees, Councillors and Officials in relation to: IDP's, PMS, Service Delivery projects and Budget exercises.	Induction programme for approximately 900 new councillors	
			Framework of Ward Committee performance		
	Level of improvement in community participation in local government matters	Increased access and awareness of government services to all citizens and an indication of empowered communities	200 CDWs; 120 CDW cadets		198 CDWs deployed in 130 wards and 281 learners recruited for 281 wards
			Detailed profile of community needs		119 Community profiles and baseline information in wards where CDWs are deployed
Communication strategy of CDWs (A Feedback programme to communities)	CDW communication strategy developed but not implemented				

### Programme 2: Local Governance

Key Objectives	Performance Measures	Outcome	Actual Performance Against Targets	
			Planned	Actual
Strengthen co-operative governance to improve alignment and integration in government	Number of electorates participating in municipal elections	Increased awareness and participation of the electorate in municipal elections	Electorate turnout greater than previous turnout in municipal elections	Supported IEC voter education and registration campaigns
	Level of improvement in horizontal and vertical integration and alignment of government programmes and plans	Provincial IGR Framework, systems and structures in terms of IGR legislation	Provincial IGR Framework, systems and structures	Municipal International Relations audit and guidelines completed
	All cross boundary municipalities phased out	Elimination of cross-boundary municipalities to improve service delivery within communities	Facilitate the process of eliminating cross-boundaries	<ul style="list-style-type: none"> <li>• Publishing Section 12 Notices</li> <li>• Audit of assets and liabilities</li> <li>• Implementation Protocol</li> <li>• Guidelines for SLAs</li> </ul>

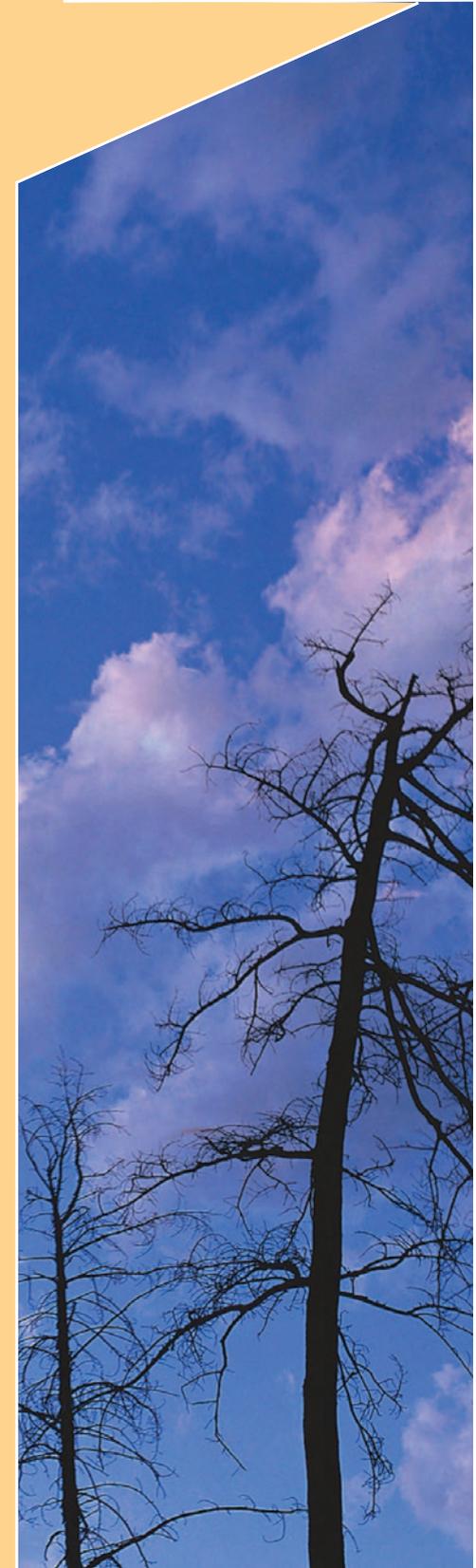


### Programme 2: Local Governance

Key Objectives	Performance Measures	Outcome	Actual Performance Against Targets	
			Planned	Actual
To provide effective communication systems with communities in the municipalities	Level of community awareness and satisfaction with municipal services	Well informed communities in local government matters and delivery	Communication strategy framework on municipal service delivery	<ul style="list-style-type: none"> <li>Audit of municipal communication systems and structures completed.</li> <li>Developed guidelines for District Communications Forums</li> </ul>
Monitor and Support the improvement of the customer care systems in municipalities	% improvement in municipal client care	Efficient client care in municipalities Batho Pele principles fully entrenched in municipal service delivery	A Client Care guidelines for municipalities	Will be implemented in 2006
To promote and entrench good governance systems in municipalities Co-ordinate the accelerated delivery of the provision of basic services	Level of improvement in accountability	Corruption free local government Identified buckets eradicated and improved sanitation throughout the province	Implementation of the anti-corruption strategy.	Awaiting guidelines from National - will be implemented in 2006
	Improved sanitation services		12,000 identified buckets eradicated and ventilated pit latrines provided	<ul style="list-style-type: none"> <li>By end of March 10 700 buckets out of 12 332 were eradicated.</li> <li>Evaluation Study for Bucket system eradication completed</li> </ul>
			Report on alternative sanitation technologies and methods	Costly pilot systems were tried at Ekurhuleni and proved to be unsuccessful

**Programme 2: Local Governance**

Key Objectives	Performance Measures	Outcome	Actual Performance Against Targets	
			Planned	Actual
	<p>Percentage of households receiving basic services including FBS</p> <p>Labour intensity methods to all capital projects</p>	<p>Remaining 27% of Gauteng citizens having access to electricity (all households) by 2012</p> <p>30% of MIG allocation annually being utilised for labour intensive projects</p>	<p>Finalised provincial FBS Guidelines</p>	<p>No. of households with FBW = 1 225 854 (96%) of identified households</p> <p>No. of households with FBE = 1 150 416 (78%) of identified households</p> <p>New water connections = 181 827</p> <p>New sanitations connections = 80 552</p> <p>New legal electricity connections = 80 238</p>

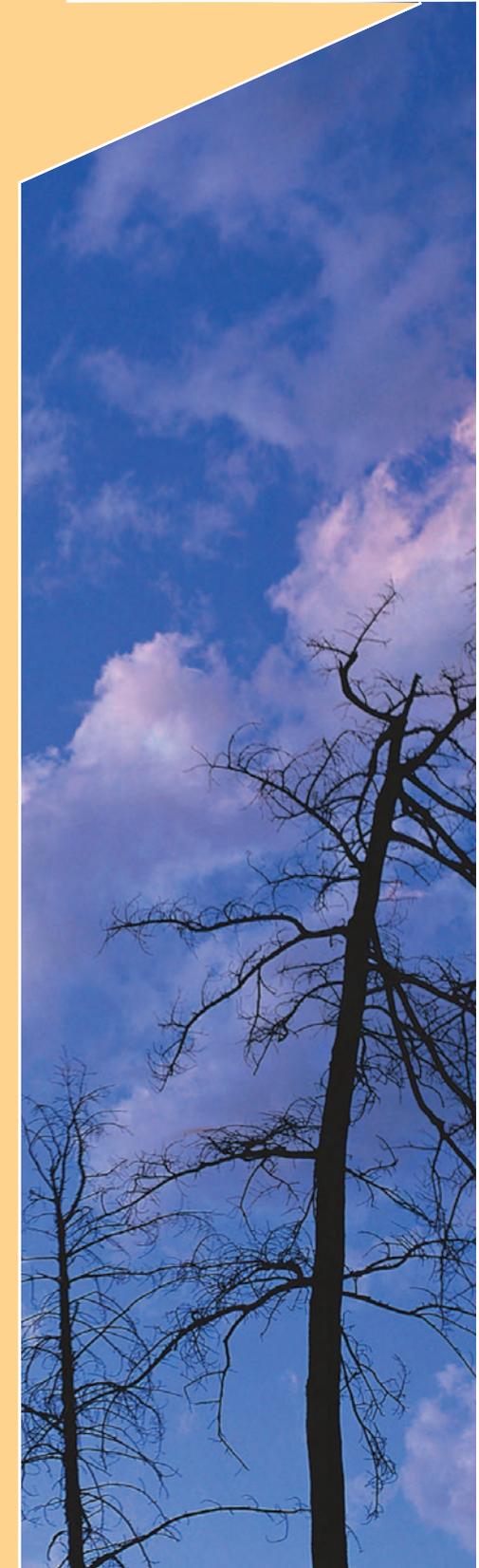


### Programme 2: Local Governance

Key Objectives	Performance Measures	Outcome	Actual Performance Against Targets	
			Planned	Actual
Co-ordinate the accelerated delivery of the provision of basic services	Percentage of households receiving basic services including FBS  Labour intensity methods to all capital projects	Remaining 27% of Gauteng citizens having access to electricity (all households) by 2012;  30% of MIG allocation annually being utilised for labour intensive projects.	MIG management framework	13 PMUs functional  100% Project registration done for 2006/2007/2008  MIG Allocation = R841 million No. of projects = 282
	Development of the indigence policy	Better delivery of FBS to poor communities	A Provincial wide Indigent Policy	A draft Provincial Wide Indigent Policy
Ensure compliance by municipalities to implement learnership and workplace skills programmes that incorporate empowerment of women, youth and people with disabilities	Number of municipalities that have Workplace skill plans that incorporate empowerment of women, youth and people with disabilities	Empowerment of women, youth and people with disabilities through municipal programmes	Monitoring framework of municipalities to develop workplace skill plans	Included in the Municipal performance Framework

### Programme 2: Local Governance

Key Objectives	Performance Measures	Outcome	Actual Performance Against Targets	
			Planned	Actual
Support the building of sustainable municipalities	Percentage increase in the number of learnership intakes in municipalities		Monitoring framework of learnership intake in municipalities	Included in the Municipal Performance Framework
Support the building of sustainable municipalities	Improved service delivery by municipalities	Institutionally viable and financially sustainable municipalities	Provincial Project Consolidate Plan	Municipal Support Programme including Project Consolidate: <ul style="list-style-type: none"> <li>• Establishment of Technical Assistance Team (TAT)</li> <li>• Deployment of 19 Senior Engineers in various municipalities</li> <li>• Deployment of 37 students and graduates</li> <li>• 25 municipal employees receiving mentoring from Senior Engineers</li> </ul>
			Comprehensive Provincial Support Programme for municipalities	
			Establish an Advisory Committee on Municipal Finances	

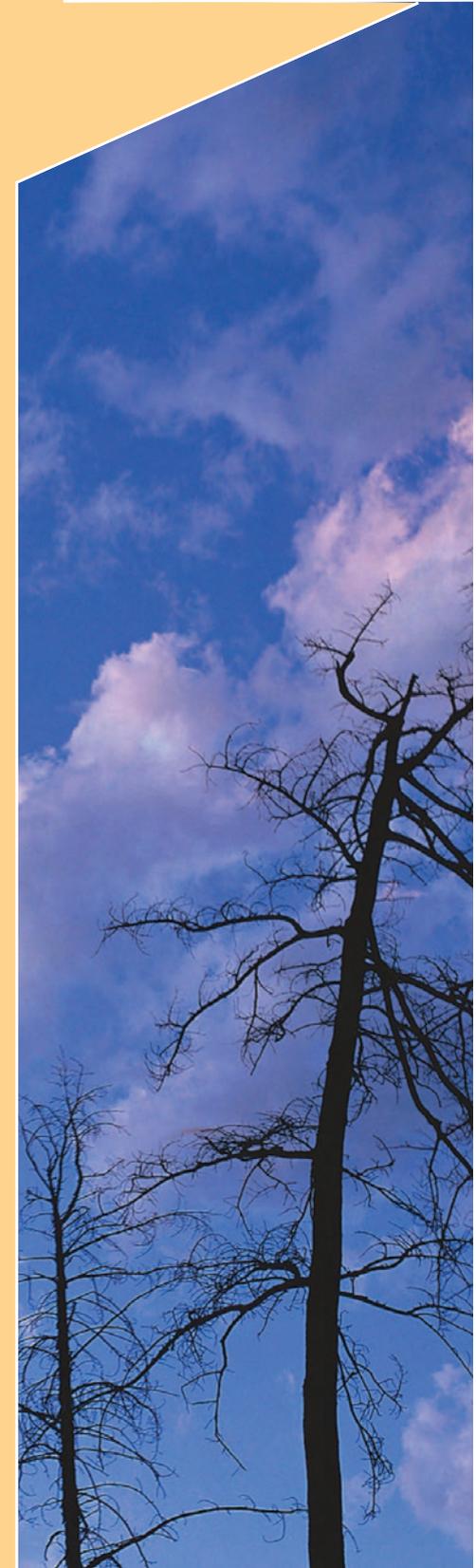


### Programme 2: Local Governance

Key Objectives	Performance Measures	Outcome	Actual Performance Against Targets	
			Planned	Actual
Support the building of sustainable municipalities	% reduction in water and electricity	Improvement in municipal revenue through prevention of excessive water and electricity losses	Diagnostic study on water and electricity losses	This project is being done in conjunction with DVAF Draft study document is available for all municipalities. Pilot project implemented in Emfuleni with cost savings of R2 million a month. (Electricity losses have not started as yet).
Monitor and Support municipalities to mainstream programmes on: HIV/AIDS; youth; women; people with disabilities	% improvement in mainstreaming of cross-cutting programmes	Empowerment of people living with HIV/AIDS, women, youth and people with disabilities through municipal programmes	A framework to monitor the mainstreaming of cross-cutting programmes in municipalities	Transferred R24,5 million to municipalities for their HIV and AIDS programmes and projects
Development of a provincial monitoring framework of municipalities (key focus areas: <ul style="list-style-type: none"> <li>• Municipal finance</li> <li>• Service delivery</li> <li>• Institutional performance</li> <li>• Local economic development</li> <li>• Cross-cutting programmes</li> <li>• Governance</li> </ul>	Improvement in the performance of municipalities	Informed decision making to influence programmes aimed at improving municipal performance	A departmental framework to monitor municipal performance	Draft Monitoring and Evaluation Framework
			Comprehensive information management framework on service delivery by municipalities	Draft document compiled
			Baseline data	Baseline data on various KPI's
			Trends Report on municipal performance and compliance monitoring report	Two Quarterly Trends reports produced

**Programme 2: Local Governance**

Key Objectives	Performance Measures	Outcome	Actual Performance Against Targets	
			Planned	Actual
			Vuna Awards	<ul style="list-style-type: none"> <li>Review of Vuna awards for 2004/05 with DPLG</li> <li>Vuna awards cancelled</li> </ul>
			Women in LG Awards	<ul style="list-style-type: none"> <li>Successful Women in local government awards</li> <li>Draft report on the Women in local government awards</li> </ul>
To strengthen the research and policy function of the Department	Credible data and information on municipalities and development issues	Informed decision making to influence programmes aimed at improving municipal performance	Baseline Citizen Satisfaction Survey	2005 Citizen Satisfaction Survey
			Local Government 5 Year of Performance Review	Local Government 5 Year of Performance Review
			Role of the DLG in The GCR	Involved in the Provincial Structure on GCR
			Departmental impact evaluation framework	Project discontinued

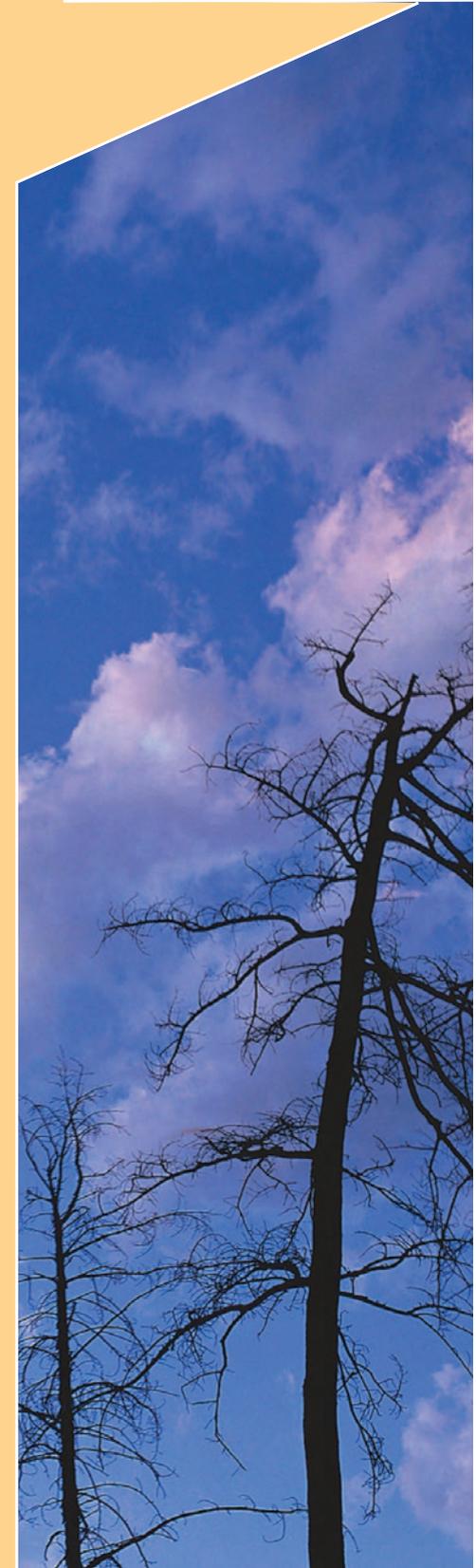


### Programme 3 : Integrated Development Planning and Service Delivery

Key Objectives	Performance Measures	Outcome	Actual Performance Against Targets	
			Planned	Actual
Ensure that MIDPs are aligned to provincial policies and strategies	Degree of alignment of submitted MIDPs to the Provincial Growth and Development Strategy	An integrated and sustainable development in the province through appropriate provision of resources	Compliant, credible and implementable MIDPs	Facilitated engagements with municipalities and sector departments  Sector department' capacity building  Draft IDPs for 2006/07 were submitted on 31st March 2006 to initiate commenting process
			MIDP Annual Assessment Reports	MEC Comments for 05/06 IDPs completed by September 2005
			IDP Evaluation Study	<ul style="list-style-type: none"> <li>⦿ 5 year IDP evaluation study complete and disseminated to relevant stakeholders</li> <li>⦿ City Development Study complete and disseminated to relevant stakeholders</li> </ul>

**Programme 3 : Integrated Development Planning and Service Delivery**

Key Objectives	Performance Measures	Outcome	Actual Performance Against Targets	
			Planned	Actual
			Monitoring report on MIDP implementation	<ul style="list-style-type: none"> <li>⊙ Report on plan of action for GPG from IDP hearings complete and disseminated to relevant stakeholders</li> <li>⊙ Report on one-on-one engagement sessions with municipalities complete and disseminated to relevant stakeholders</li> <li>⊙ Monitoring to form part of the M &amp; E Framework</li> </ul>

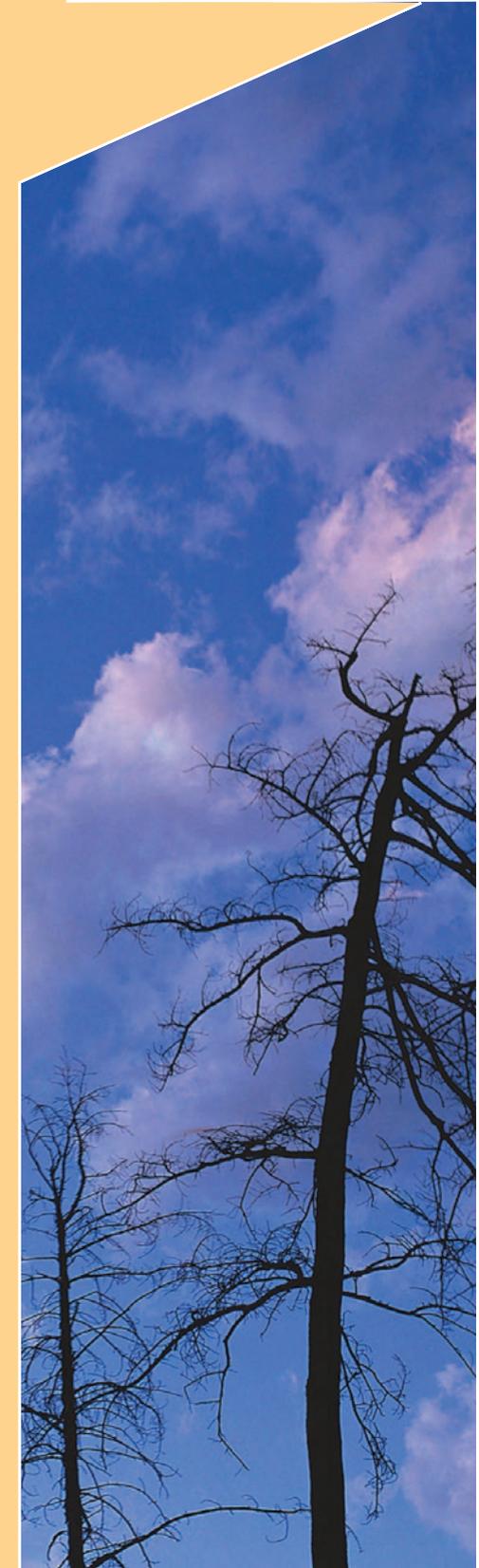


### Programme 3 : Integrated Development Planning and Service Delivery

Key Objectives	Performance Measures	Outcome	Actual Performance Against Targets	
			Planned	Actual
Efficient and effective disaster management systems	Operational District Municipality structures and systems at provincial level and all municipalities	A minimal disaster impact and ability to deal with all types of disasters effectively	Disaster and Fire Brigade services policy frameworks	Disaster and Fire Brigade services policy frameworks completed and forwarded for approval
	Improved response rate to disaster incidents  Proactive interventions to potential disasters		Operational Disaster Management centres	<ul style="list-style-type: none"> <li>• Establishment of the interim Provincial Disaster Centre</li> <li>• Appointment of the Head of the Provincial Disaster Management Centre</li> <li>• Scoping &amp; Costing of entire Provincial Disaster Management Centre</li> <li>• Operational Disaster Management centres in municipalities</li> </ul>

### Programme 3 : Integrated Development Planning and Service Delivery

Key Objectives	Performance Measures	Outcome	Actual Performance Against Targets	
			Planned	Actual
	<p>Operational District Municipality structures and systems at provincial level and all municipalities</p> <p>Improved response rate to disaster incidents</p> <p>Proactive interventions to potential disasters</p>	A minimal disaster impact and ability to deal with all types of disasters effectively		<p>Develop and implement the Provincial Disaster Management Plan</p> <ul style="list-style-type: none"> <li>Disaster and Fire Brigade services policy frameworks completed and forwarded for approval</li> <li>Disaster Management strategies and monitoring systems developed</li> <li>Disaster risk reduction measures for previously identified risks in the Province, which will be followed by a full scale disaster risk assessment profile of the Province</li> </ul>

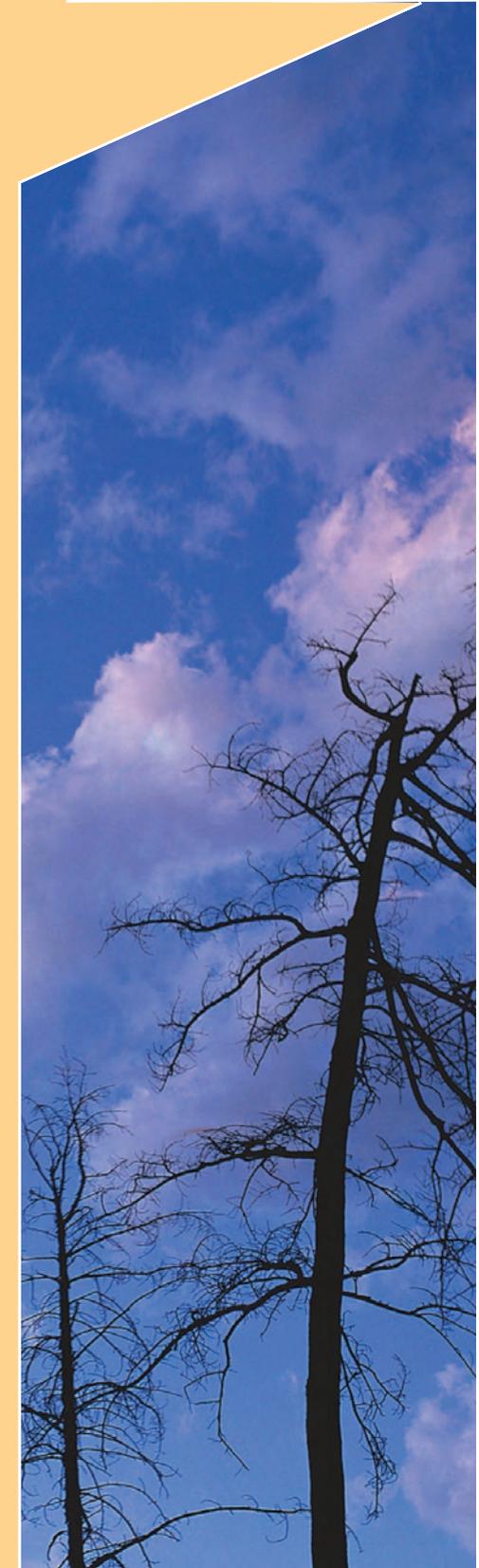


**Programme 3 : Integrated Development Planning and Service Delivery**

Key Objectives	Performance Measures	Outcome	Actual Performance Against Targets	
			Planned	Actual
				Disaster management and fire brigade services capacity building programmes conducted <ul style="list-style-type: none"> <li>• Major exercise including all services held in Metros and Districts</li> <li>• Flood and pre-winter fire awareness programmes held in Johannesburg &amp; Ekurhuleni</li> <li>• Risk Awareness training for PIER officers done in Johannesburg (October</li> </ul>
				Disaster risk reduction strategies

**Programme 3 : Integrated Development Planning and Service Delivery**

Key Objectives	Performance Measures	Outcome	Actual Performance Against Targets	
			Planned	Actual
Effective and efficient GPG land management systems	% Improvement in land disposal and acquisitions	Well located land for sustainable living and economic growth and opportunities through Strategic management and utilisation of provincial land	100% completion of land disposal and acquisition transactions	<ul style="list-style-type: none"> <li>• 27 properties acquired</li> <li>• 10 servitudes registered</li> <li>• 13 properties were disposed</li> <li>• 861 properties were vested</li> <li>• Disposal Systems and procedures were finalised</li> </ul>
			Amendment of Gauteng Land Act of 1996	Amendment of Gauteng Land Administration Act discontinued
	Improved access to land by poor communities	Well located land for sustainable living and economic growth and opportunities through Strategic management and utilisation of provincial land	Required land portion of GPG land allocated for livelihood purposes	Land allocated to Bazami Farmers Association
			Support Land Reform Programme	
	Accurate account of provincial land		Provincial Land asset register	Gauteng Land Asset Register was completed
	Reduction rate in land invasions and shack farming	Well located land for sustainable living and economic growth and opportunities through Strategic management and utilisation of provincial land	Provincial land invasion and shack farming prevention policy	Policy framework on curbing illegal land invasions



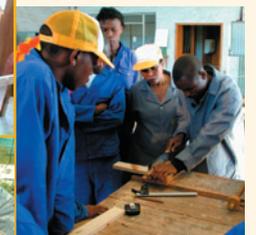
### Programme 3 : Integrated Development Planning and Service Delivery

Key Objectives	Performance Measures	Outcome	Actual Performance Against Targets	
			Planned	Actual
Ensure that illegal evictions are prohibited on private land	Corrective response to reported cases through application of Prevention of Illegal Eviction, Extension of Tenure Security Act, Labour Tenant Act	Eradication of illegal evictions	Cases attended successfully to prevent illegal evictions	One case attended to



SECTION 5

**Annual Financial Statements  
for 2005/06 Financial Year**



## Annual Financial Statements for 2005/06 Financial Year

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# Report of the Auditor General

## 1. AUDIT ASSIGNMENT

The financial statements as set out on pages 62 to 139, 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, (Act No. 108 of 1996) read with sections 4 and 20 of the Public Audit Act, 2004, (Act No. 25 of 2004). The fixed assets opening balances have not been audited because of the timing of guidance from National Treasury to the departments relating to the treatment, valuation and disclosure of fixed assets. These financial statements are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements, based on the audit.

## 2. SCOPE

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

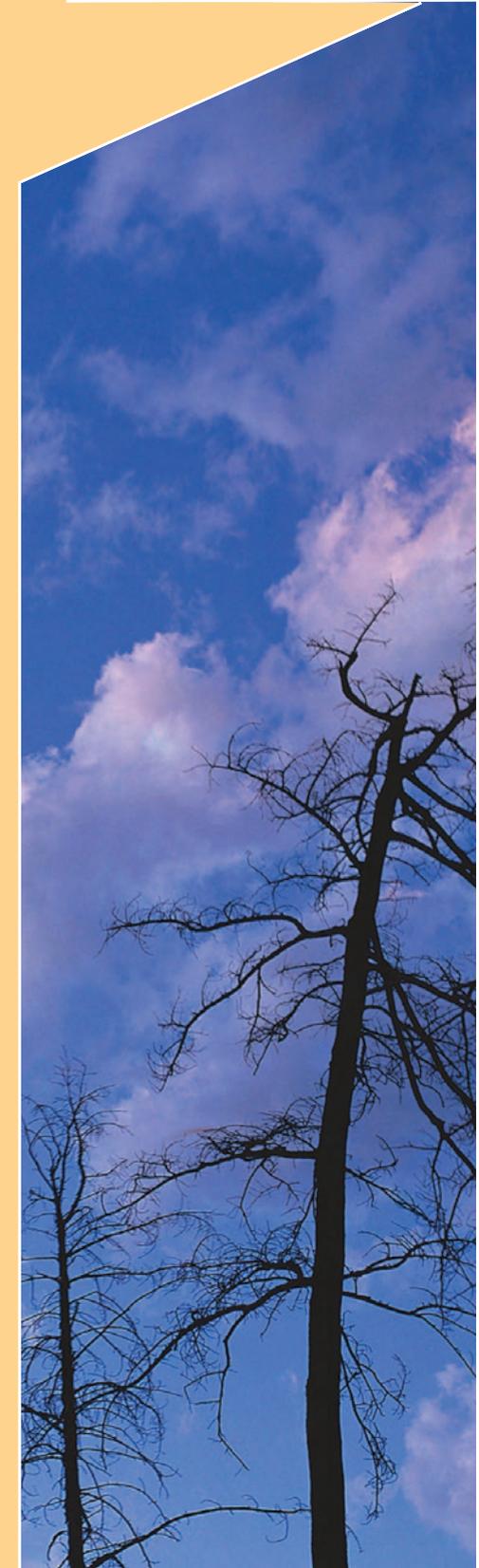
An audit includes:

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

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

## 3. BASIS OF ACCOUNTING

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



#### **4. AUDIT OPINION**

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

#### **5. EMPHASIS OF MATTER**

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

##### **5.1 Fixed asset**

During the audit of assets, the following control weaknesses were identified:

- (i) The department did not maintain an asset register throughout the financial year under review. An asset register was only submitted for audit purposes on 14 July 2006.
- ii) At financial year-end an asset count was not performed by the department.
- iii) The department did not have an approved policy for the maintenance, usage and disposal of fixed assets.

##### **5.2 Payables: Long outstanding balance**

An amount of R11 403 951 in respect of a CIMP (Consolidated Municipal Integrated Projects) grant from National Treasury was not utilized by the department. This amount was disclosed under payables since the 2003/2004 financial year.

### 5.3 Land register for Gauteng Province

The authority to acquire or to dispose land provincially owned by Gauteng Province was assigned to the Department of Local Government in terms of the provisions of the Gauteng Land Administration Act, 1996 ( Act No. 11 of 1996) as amended. Section 2(4) of the said Act further provides that the Member of the Executive Council shall ensure that a consolidated register is established and maintained in order to reflect all provincial land.

The department completed the land register for Gauteng during February 2006. However no review or maintenance process of the register was implemented by the department, resulting in certain properties both being recorded in the register as well as the register not being updated for properties sold.

In accordance with the prescribed accounting framework issued by National Treasury, no specific guideline exists for the the capitalisation and valuation of state-owned land. These assets are not reflected in the consolidated Annual Financial Statements of the province.

### 6. Appreciation

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

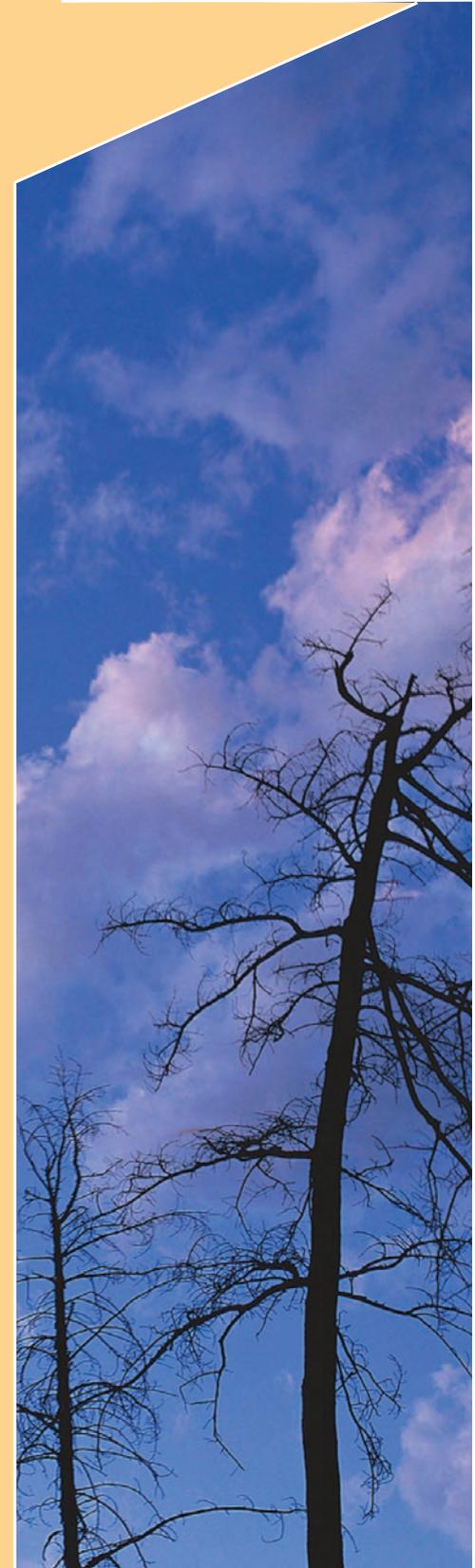


**Ms A. Masemola** for Auditor General  
Johannesburg

**31 July 2006**



AUDITOR - GENERAL



## Accounting Officer's Report for the year ended 31 March 2006

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

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

The department formulated the 2005/2006 programme informed by its 5 year strategic plan which is aligned to and contributes to the GPG 2004-2009 priorities. The department strategic plan reflects the departments continued focus to implement programmes and projects that enable government to accelerate local government transformation, service delivery and development. The achievements of the department for 2005/2006 demonstrate the focused approach adopted by the department in concentrating on service delivery as a means of achieving sustainable communities. The activities of the department placed emphasis on applying all sources of funding available to the department economically

#### **Spending trends**

The budget allocation for 2005/2006 is R129m, 83% down when compared to that of the previous year.

The department spent 99.5% of the allocated budget for 2005/2006, as reflected below. This reflects the department's continued commitment to manage the financial resources allocated in an efficient and effective manner to deliver planned programmes. The table below reflects expenditure trends over the last three years.

Description	2003/2004 R'000	2004/2005 R'000	2005/2006 R'000
Budget	237,841	237,367	129 085
Actual	210,475	213,405	128 484
<b>Under/(Over) Expenditure</b>	<b>27,366</b>	<b>23,962</b>	<b>601</b>
<b>% Under/(Over) Expenditure</b>	<b>11.5%</b>	<b>10.1%</b>	<b>0.01%</b>

Table 1: Total Budget vs. Total Actual Expenditure

Expenditure trends when compared to last year were as follows:

<b>Economic Classification</b>	<b>Amount R'000 2005/2006</b>	<b>Amount R'000 2004/2005</b>	<b>% change</b>
Compensation of employees	52, 354	30,276	80%
Use of goods and services	47, 597	43,047	10%
Property expenses		9,555	-100%
Transfer payments	24, 198	130,108	-81%
Machinery and equipment	4, 333	343	116%
Theft and Losses	2	79	-97%
Total Expenditure	128, 484	213,405	-39%

**Table 2: Expenditure comparison by economic classification**

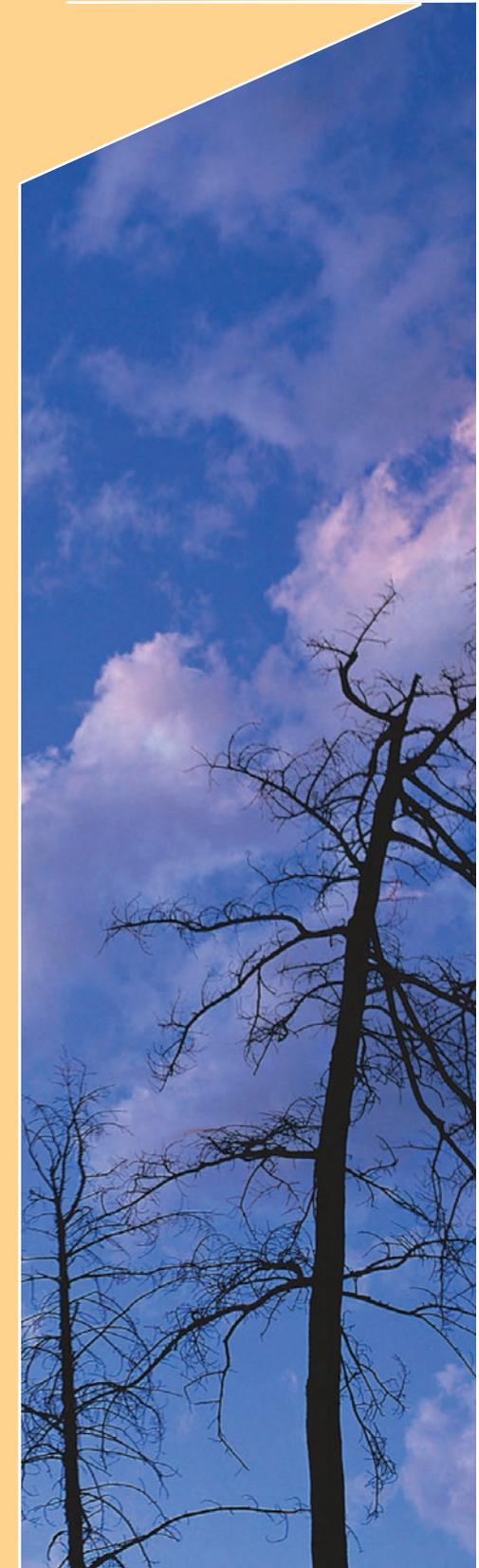
The 80% increase in compensation of employees from R30m last year to R52m for 2005/2006 resulted mainly due to the appointment of 198 Community Development Workers as from 1 May 2005 and restructuring of the department that resulted at additional senior managers appointed from 1 April 2005.

The increase in use of goods and services of 10% when compared to last year is attributed mainly to the Community Development Workers programme and inflation.

Property expenses were discontinued due to the transfer of the function and related financial resources to the Government Precinct Unit located in Department of Finance and Economic Affairs as from 1 April 2005.

Transfer payments decreased by 81% when compared to last year due to the water & sanitation programme allocation ending in 2004/05 financial year.

Machinery and Equipment increased by a high margin of 116% compared to previous financial year due mainly to equipment purchased for Community Development Workers programme and new staff members due to restructuring.



## **2. Service rendered by the department**

### **2.1 The department is organized into the following programmes:**

- Programme 1 – Administration
- Programme 2 – Local Governance
- Programme 3 – Development and Planning

### **2.2 Tariff policy**

The Gauteng Department of Public Works determines the tariff for parking provided to staff members. The applicable rate for 2005/2006 remained the same at R30 per month.

### **2.3 Free Services**

The department during the year under review rendered no free services.

### **2.4 Inventories**

Inventories on hand at year-end amounted to R58 000. In the prior year inventories on hand amounted to R25 000. The variance is attributed to the increase of the departmental restructuring and Community Development Workers programme.

## **3 Capacity constraints**

The restructuring of the department resulted in a new organizational structure with specific skills, experience and competencies at senior management level.

From time to time the department requires specialized capacity in dealing with various issues around financial management, local government support, local economic development and Integrated Development Planning. Where there is no capacity available in the department to effectively carry out these activities, external service providers are engaged to provide the necessary capacity.

The long-term goal of the department is to develop in house capacity to deal with specialized areas of intervention. As a result, whenever external service providers are engaged, staff members are allocated to them to ensure skills transfer and work towards developing internal capacity.

#### 4. Utilisation of donor funds

The department received an amount of R20 000 in support of the Women in Local Government awards from Development Bank South Africa.

#### 5. Trading entities and public entities

There are no other public entities under the control of the department.

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

The department processed transfer payments amounting to R24m to municipalities. Refer to Annexure 1E of the annual financial statements for the list of municipalities to whom transfer payments were made. The details of the transfers are as follows:

Programme/Project	Amount transferred R'000
HIV/AIDS	24,198

**Table 3 – transfer payments**

#### 7. Public private partnerships (PPP)

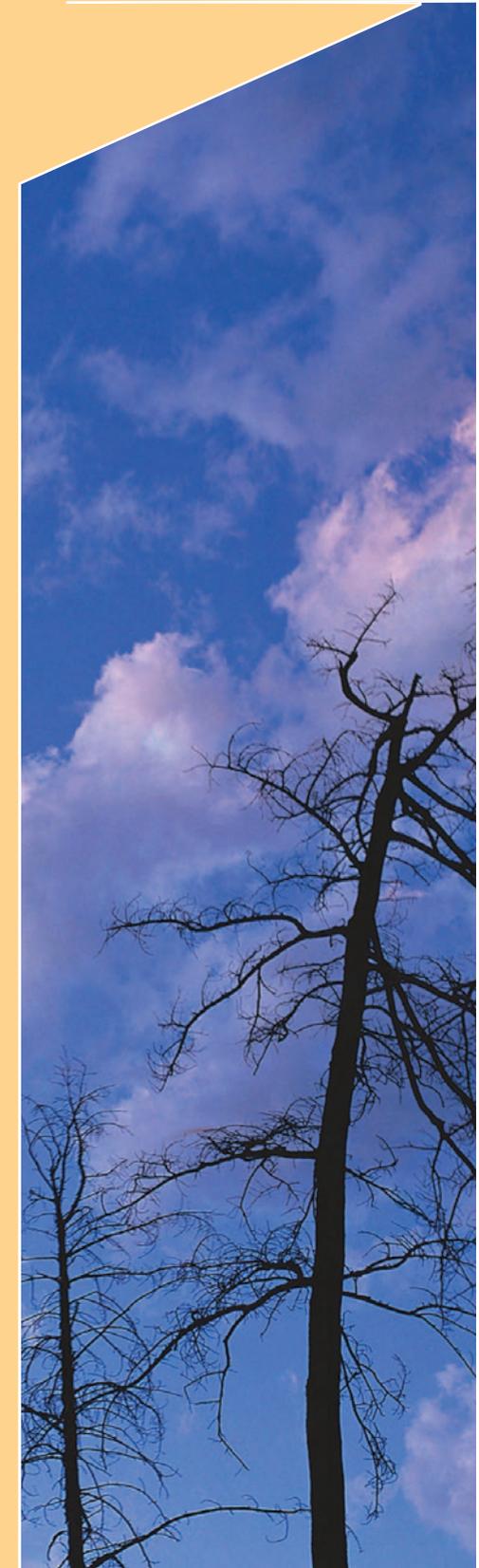
No Public Private Partnerships have been undertaken or entered into by the Department

#### 8. Corporate governance arrangements

##### 8.1 Risk management approach

In the broadest sense, effective risk management ensures the continuity of government operations and the maintenance of services to, and protection of the interests of, the public. Because all manner of risks are present throughout government operations, successful delivery of a program is contingent upon effective and cohesive management of those risks.

The department has adopted an approach to risk management that focuses on both financial and non-financial risks, with a view to ensuring that risk management is pervasive throughout the operations of the organization. Managers throughout the department play an





important role in the management of events and circumstances that contain certain elements of risk above the acceptable threshold. A risk management model has been implemented with assistance from the Gauteng Audit Services

### **8.2 Fraud prevention policies**

The risk management policy framework and the related guidelines are vital to fraud prevention within the department. The department has a fraud prevention plan in place, which was formulated based on the risk assessment. The plan is updated annually based on changes in the risk assessment profiles.

### **8.3 Effectiveness of internal audit and audit committee**

The internal audit function is located at the Gauteng Shared Services Centre, as an independent function. The department works closely with internal audit in planning internal audits, identifying high-risk areas, formulating control measures and the implementation of internal audit recommendations.

Internal audit assisted the department in the completion of the risk assessment process for 2005/2006. This assessment was done in collaboration with managers within the department. The assessment focused on all programmes of the Department. It is the intention of the department to update their risk assessments through control self-assessment workshops in subsequent years.

The Audit Committee met 3 times during 2005/2006 to consider the following issues:

- Report of the Auditor General for 2004/2005
- Internal Audit reports for 2005/2006
- Risk Assessment report
- Internal Audit plan
- Review of departmental performance

## **9. Discontinued activities/activities to be discontinued**

The Local Governance Support Grant and Municipal Infrastructure Grant Management Fees were discontinued, while Water & Sanitation transfers project were completed.

## **10. New/proposed activities**

None

## 11. Asset management

The Department had achieved 90% of assets being captured on the asset register. Asset management unit has been established with the asset manager (Deputy Director level) and one staff member whilst members will be appointed in due course as a result of procurement functions migrating to Gauteng Shared Service Centre. The Department complied with minimum requirements and asset management reforms.

## 12. Events after the reporting date

None

## 13. Performance information

The department is continuing with the implementation of measures aimed at enhancing financial accountability, budgetary control, expenditure management and enhanced service delivery.

Managers play a vital role in the development of programme budgets, based on the activities of the programmes for the year. Managers also play a vital role in the management of programme resources, including financial resources, during the year. The internal Finance unit is responsible for the overall coordination and reporting of financial and non-financial performance, based on reports from programme managers. These reports are reviewed regularly to ensure that programme activities are aligned to the strategic goals of the department.

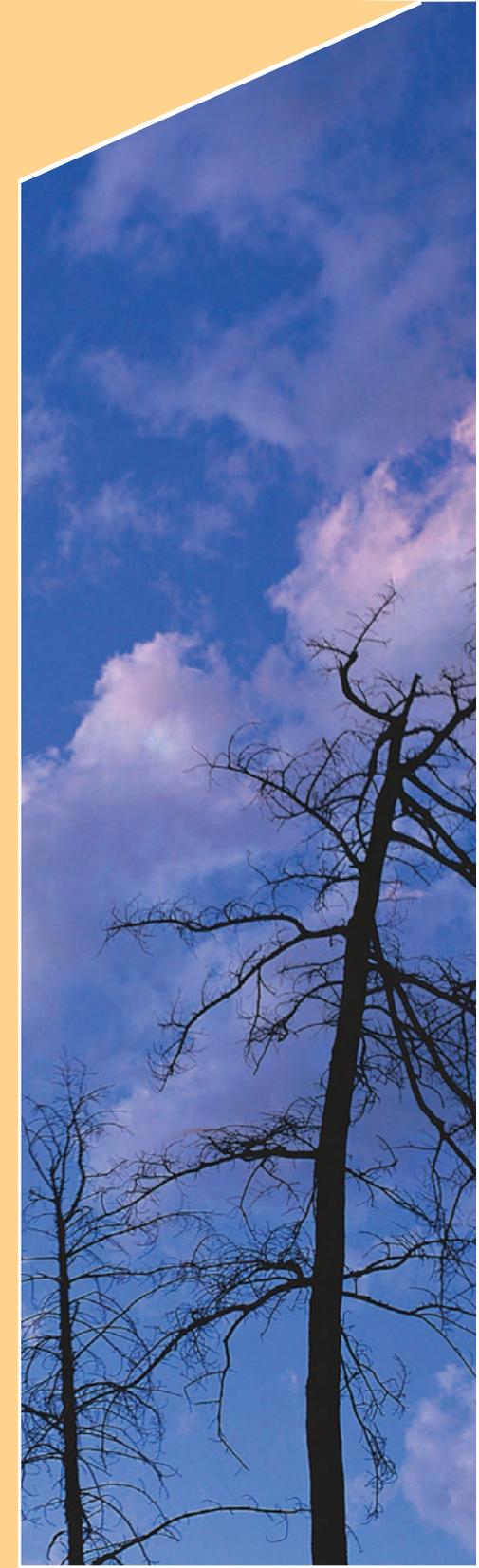
Key policies and procedures are currently being implemented to ensure that planning and implementation of projects takes place in an orderly manner. In addition, policies are being put in place to ensure that public resources are utilized in a responsible manner and to ensure overall accountability over resources entrusted to programmes for the implementation of their projects. Recommendations from the Auditor General and the internal audit unit are taken into account in enhancing departmental systems and improving financial and non-financial controls.

Review of financial performance takes place on a regular basis to ensure that the use of financial resources is in accordance with the operational plans of the department and that the expected targets are met. This review is done as part of the overall performance review process of the department, to determine progress towards achievement of departmental objectives.

The department submits reports to Treasury on a regular basis, in accordance with the Public Finance Management Act, as part of the In Year Monitoring processes.

## 14. SCOPA resolutions

The department complied with Standing Committee on Public Accounts resolution to submit reports on various issues raised in line with the said timelines of 31 January 2006.



## 15. Other

### 15.1 Programme 1 – Administration

The objective of the programme is to render support to the programmes of the Department. The Programme enables functional areas of the Department to perform efficiently by providing human resource support, financial support, IT, strategic and logistical support. The Programme also provides support to the Office of the MEC. Through the provision of corporate support the Programme creates an enabling environment for the achievement of the department's strategic goals.

The structure of the department, which included new senior management posts, was finalised and the process of recruitment and selection of senior and middle management positions was undertaken. All human resources policies for the department were finalised including the 2005/06 Skills Development Plan of the department.

The monthly, quarterly and annual financial statements were completed and submitted. The department's expenditure for 2005/06 financial year in comparison to budget is 99.5%. 50% of the department's service providers for 2005/06 financial year were Broad Based Black Economic Empowerment and Small Medium Entrepreneurs service providers.

The department implemented a document management system to manage information and registry.

### 15.2 Programme 2 – Local Government

The programme supports and monitors local government in Gauteng Province. Through its support and monitoring programmes it aims to ensure that municipalities are viable and sustainable to perform their constitutional responsibilities. The programme also ensures that communities have access to information and government services.

In April 2005 the Department deployed 198 Community Development Workers in 130 wards. A further 281 Community Development Workers cadets were recruited for enrolment into a learnership programme. The deployed Community Development Workers were involved in a number of campaigns and advocacy programmes to promote government services and their accessibility of government services to communities.

The department's municipal support programme focused in providing municipalities that require support from province, this included municipalities that fall under Project Consolidate. A short-term capacity needs analysis was completed and this resulted in the establishment of a Technical Assistance Team (TAT) to provide technical support to municipalities that are in dire need. By March 2006, 19 senior engineers were deployed in Emfuleni, Kungwini, Mogale City, Randfontein and Merafong local municipalities to provide technical assistance in the implementation of infrastructure projects. A total number of 37 Students and Graduates were deployed in Emfuleni,

Mogale, Merafong, Randfontein and Kungwini municipalities.

A Commission on Municipal Finance was established to investigate the financial management challenges facing municipalities. The investigation report will also provide intervention strategies to address financial challenges of municipalities.

The department successfully managed the process of reconfiguration of provincial boundaries. The new Section 12 Notices that would finally do away with cross boundary municipalities were published. The implications of this process meant that the whole of Tshwane Metropolitan area and Metsweding District Municipality would fall under Gauteng Provincial Government. In the West Rand, Merafong Local Municipality would be ceded to the North West Province.

The department undertook an important process of reviewing the performance and state of local government in Gauteng over the past five-year term. The Local Government Review Report was completed and published in March 2006. The department undertook the Citizen Satisfaction Survey and the review informed the support programme for 2006/07.

The department was actively involved in the Task Team responsible for the Voter Registration Campaign. The team was made up of Independent Electoral Commission, Office of the Premier, South African Local Government Association and Government Communication Information Services. The team held a series of meetings with Ward Committees and Community Development Workers as part of the voter registration campaign and preparations.

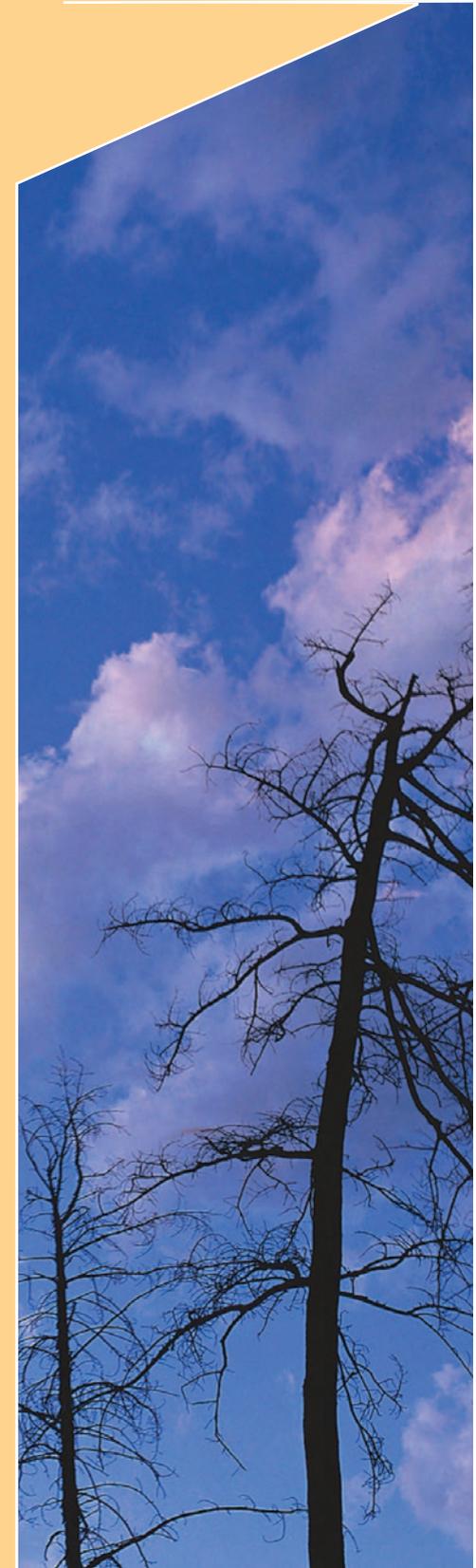
The consolidated business plan for HIV and AIDS programme for municipalities was completed and R24,1 million HIV and AIDS grant was gazetted for transfers to municipalities to be utilized for various municipal HIV and AIDS projects and programmes.

By the end of March 2006, 10 700 buckets had been eradicated across the Province and 2001 owner built pit latrines replaced with engineered VIPs. 13 Programme Management Units were established to provide technical capacity to accelerate the implementation of infrastructure projects. By March 2006, 97% of households were receiving free basic water and 76% receiving free basic electricity in the province.

### 15.3 Programme 3 – Development and Planning

The purpose of the Programme is to co-ordinate and facilitate integrated development and planning in municipalities to ensure that a variety of services are delivered in a sustainable manner.

The planned 24 land transactions for disposal and acquisition were all completed by the end of March 2006. A total of nine land properties were transferred to municipalities for housing projects and thirty title deeds were confirmed.





The framework on Prevention of Land Invasion was completed. All land belonging to Gauteng Provincial Government was audited and captured on the Land Asset Register software.

To ensure that municipal Integrated Development Plans are well coordinated and aligned to provincial strategies plans and policies the department undertook one-on-one engagement sessions with municipalities to discuss the content and quality of Integrated Development Plans to ensure greater alignment to the Provincial Growth and Development Strategy.

The commenting process of all municipal Integrated Development Plans for 2005/06 was completed in September 2005. To ensure quality input and commenting from sector departments, the department conducted capacity building workshops for sector departments.

The Provincial Disaster Management Plan was developed and implemented. The following were put in place as part of the plan:

- Disaster and Fire Brigade Services Frameworks have been completed
- Disaster Management monitoring systems completed
- Operational Structures and Systems at provincial and municipal level were established.

Disaster Risk Reduction Strategies for the province were developed. By end March 2006 the investigation on the requirements to establish a Provincial Disaster Management Centre work had been completed.

### **Approval**

The Accounting Officer has approved the annual financial statements set out on pages 1 to 59.

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**Oupa Seabi**

**Head of Department**

**Date: 31 May 2006**

## **Accounting Policies** for the year ended 31 March 2006

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

### **1. Presentation of the Financial Statements**

#### **1.1 Basis of preparation**

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

#### **1.2 Presentation currency**

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

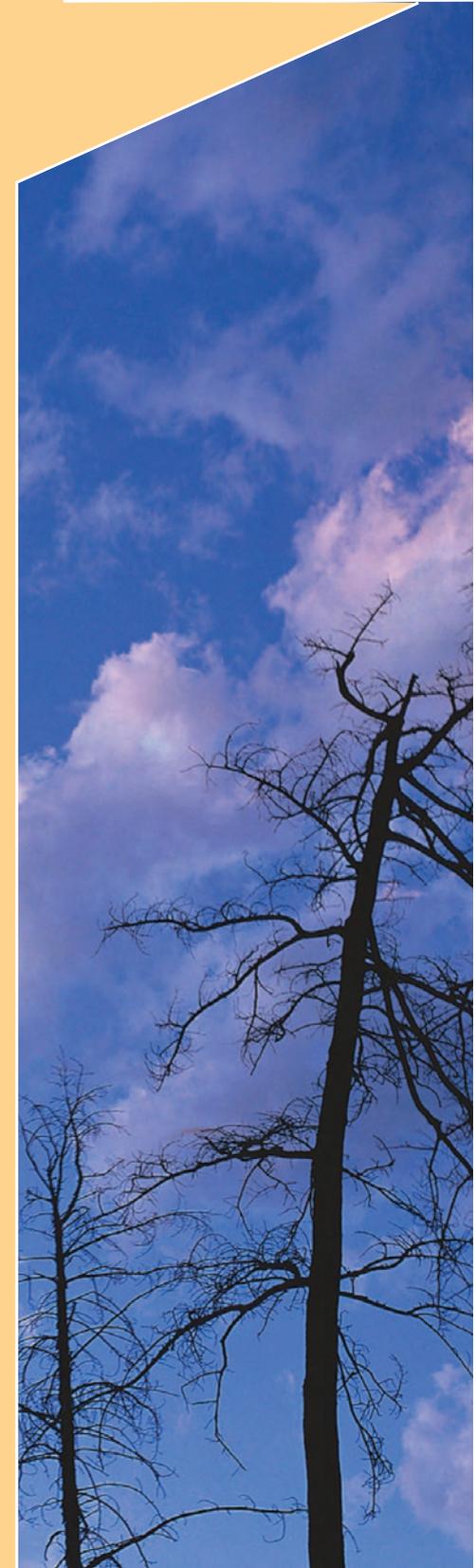
#### **1.3 Rounding**

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

#### **1.4 Comparative figures**

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

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





## **2. Revenue**

### **2.1 Appropriated funds**

Appropriated funds are recognized 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 recognized in the financial records on the date the adjustments become effective.

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

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

### **2.2 Departmental revenue**

All departmental revenue is paid into the National/Provincial Revenue Fund when received, unless otherwise stated. Amounts owing to the National/Provincial Revenue Fund at the end of the financial year are recognized 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 recognized 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 & forfeits**

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

#### **2.2.6 Financial transactions in assets and liabilities**

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

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

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

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

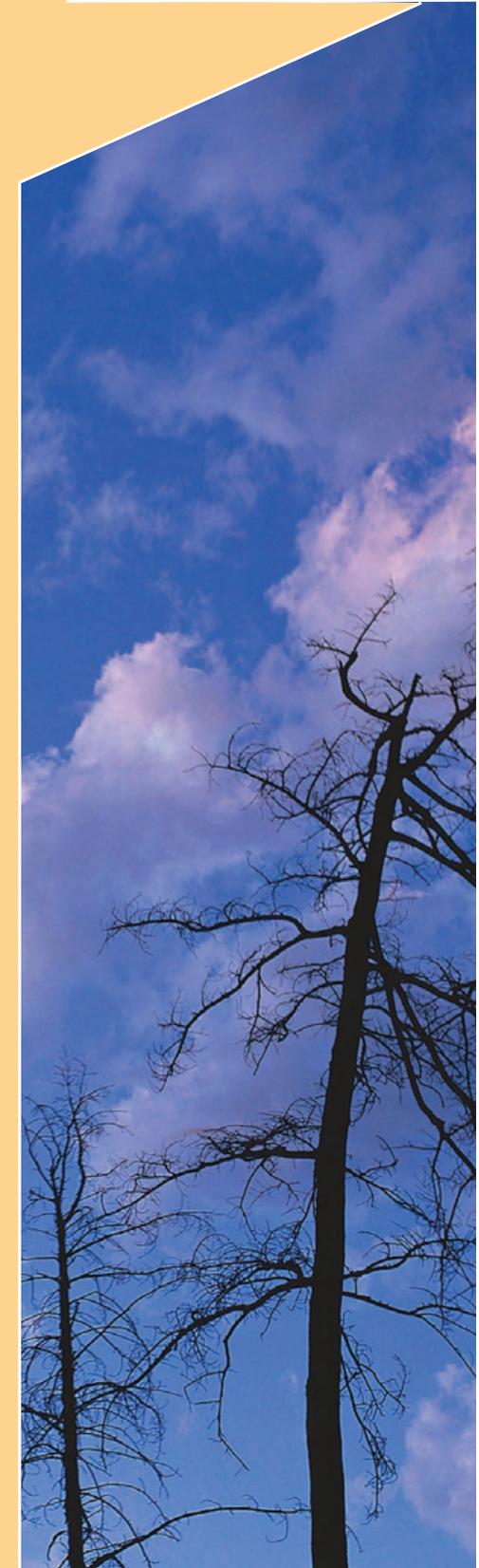
All in-kind gifts, donations and sponsorships are disclosed at fair value in the annexure to the financial statements.

### **2.3 Local and foreign aid assistance**

Local and foreign aid assistance is recognized 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 annexure to the annual financial statements

The cash payments made during the year relating to local and foreign aid assistance projects are recognized as expenditure in the statement of financial performance. A receivable is recognized 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; unutilized amounts are recognized 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). Capitalised compensation forms part of the expenditure for capital assets in the statement of financial performance<sup>1</sup>.

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 recognized as an expense in the statement of financial performance as a transfer when the final authorization 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**

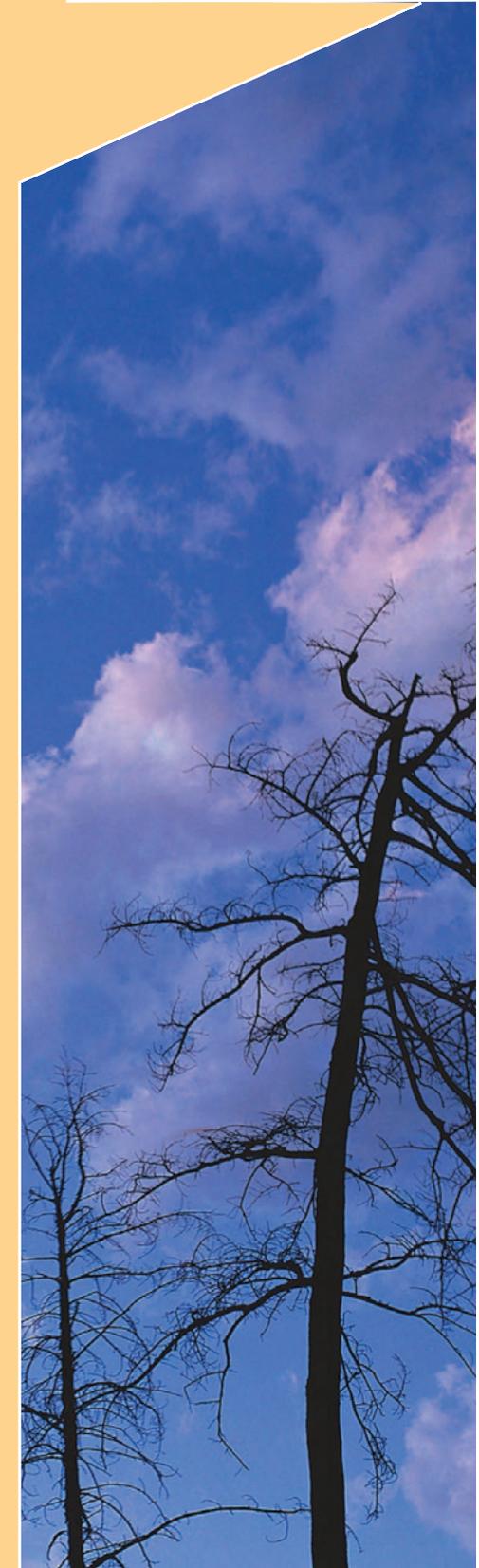
Debts are written off when identified as irrecoverable. Debts written-off are limited to the amount of savings and/or under spending of appropriated funds. The write off occurs at year-end or when funds are available. No provision is made for irrecoverable amounts but amounts are disclosed as a disclosure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

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

### **3.5 Unauthorized expenditure**

When discovered unauthorized expenditure is recognized 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.

Unauthorized expenditure approved with funding is recognized in the statement of financial performance when the unauthorized expenditure is approved and the related funds are received. Where the amount is approved without funding it is recognized 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 recognized 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 recognized 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)..

## **4. Assets**

### **4.1 Cash and cash equivalents**

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

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

### **4.2 Prepayments and advances**

Amounts prepaid or advanced are recognized 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.

#### **4.5 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.

#### **4.6 Loans**

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

#### **4.7 Inventory**

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

### **5. Liabilities**

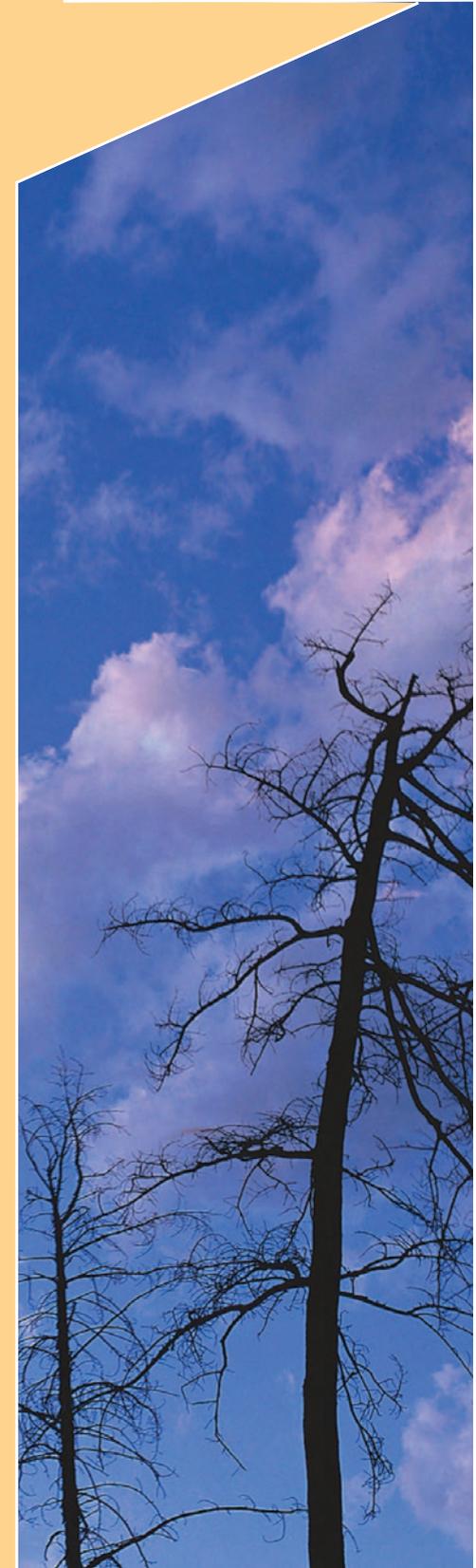
#### **5.1 Payables**

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

#### **5.2 Lease commitments**

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

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



### **5.3 Accruals**

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

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 Capitalization reserve**

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

## 6.2 Recoverable revenue

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

## 7. Related party transactions

Related parties are departments that control or significantly influence 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.

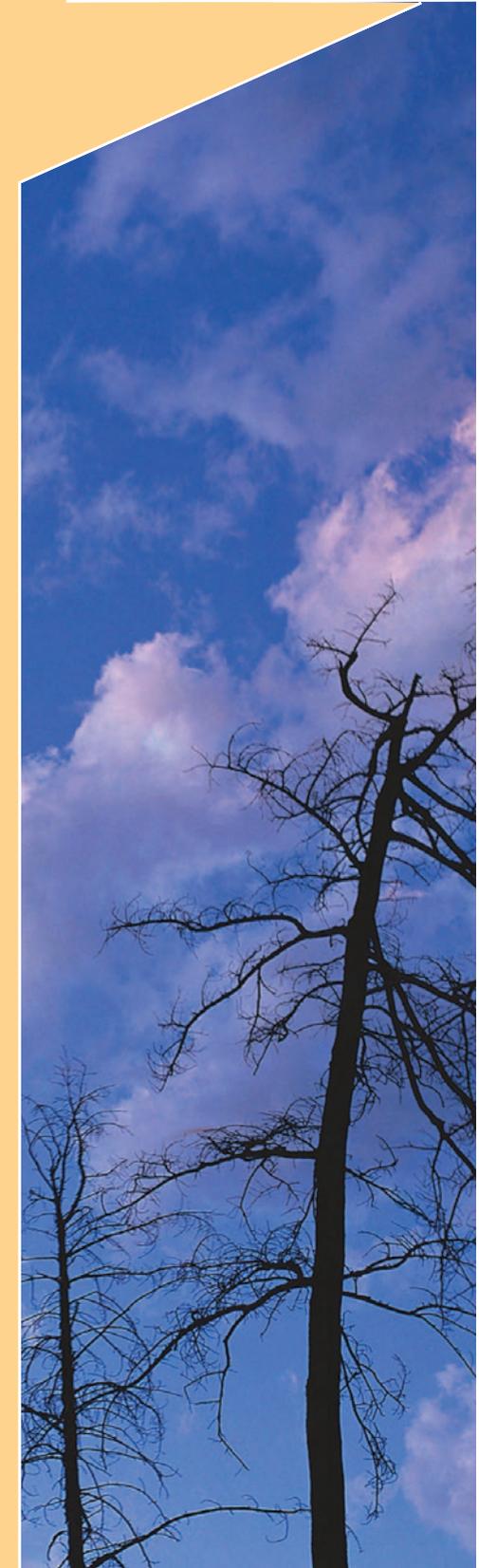
Compensation paid to key management personnel including their family members where relevant, is included in the disclosure notes.

## 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:
  - o consideration to be paid by the department which derives from a Revenue Fund;
  - o charges fees to be collected by the private party from users or customers of a service provided to them; or
  - o a combination of such consideration and such charges or fees.

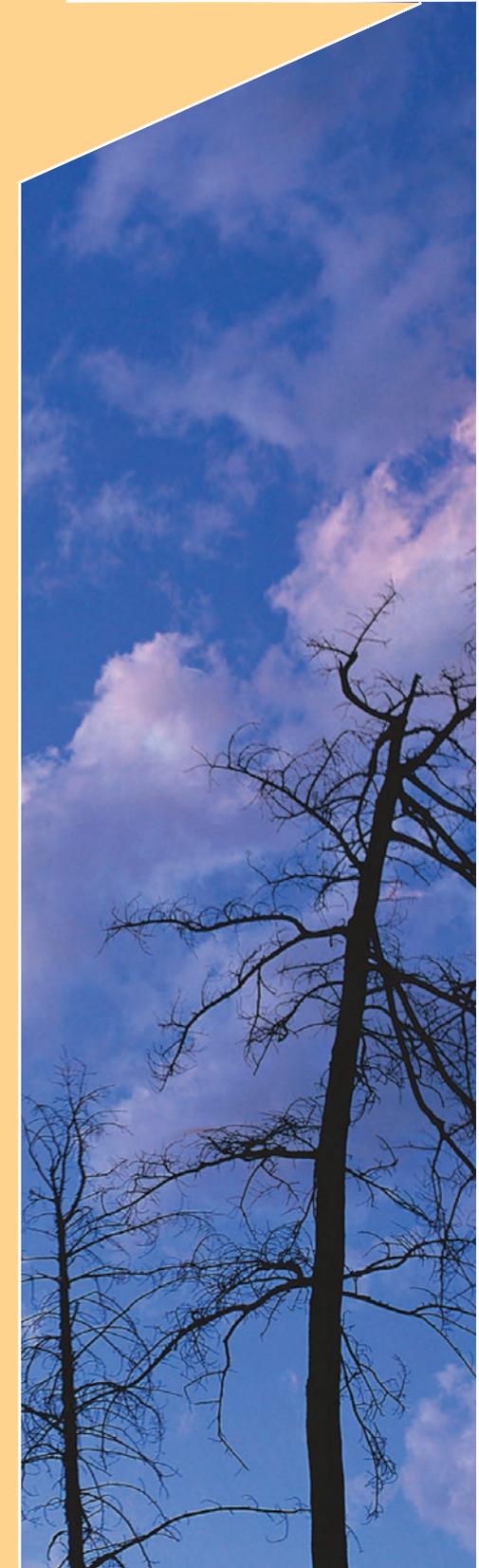
A description of the PPP arrangement, the contract fees and current and capital expenditure relating to the PPP arrangement is included in the disclosure notes.



## Appropriation Statement for the year ended 31 March 2006

Appropriation per programme									
	2005/06							2004/05	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000						%		
<b>1. Programme 1</b>									
Current payment	38,319		-1,883	36,436	36,091	345	99.1%	43,660	41,551
Transfers and subsidies									
Payment for capital assets	1,075		645	1,720	1,716	4	99.8%	1,222	274
<b>2. Programme 2</b>									
Current payment	46,859			46,859	46,861	-2	100%	56,133	37,498
Transfers and subsidies	24,198			24,198	24,198	-	100%	130,107	130,108
Payment for capital assets	2,300			2,300	2,293	7	99.7%	18	18
<b>3. Programme 3</b>									
Current payment	15,834		1,238	17,072	17,001	71	99.6%	6,010	3,905
Transfers and subsidies									
Payment for capital assets	500			500	324	176	64.8%	217	51
<b>Subtotal</b>	<b>129,085</b>			<b>129,085</b>	<b>128,484</b>	<b>601</b>	<b>99.5%</b>	<b>237,367</b>	<b>213,405</b>
<b>Statutory Appropriation</b>									
Current payment									
Transfers and subsidies									
Payment for capital assets									
<b>TOTAL</b>	<b>129,085</b>			<b>129,085</b>	<b>128,484</b>	<b>601</b>	<b>99.5%</b>	<b>237,367</b>	<b>213,405</b>
<b>Reconciliation with Statement of Financial Performance</b>									
<b>Add:</b>									
Prior year unauthorised expenditure approved with funding								138,700	
Departmental receipts					386			217	
Local and foreign aid assistance received					20				
<b>Actual amounts per Statements of Financial Performance (Total revenue)</b>					129,491			376,284	
<b>Add:</b>									
Local and foreign aid assistance									138,700
Prior year unauthorised expenditure approved									
Prior year fruitless and wasteful expenditure authorised									
<b>Actual amounts per Statements of Financial Performance (Total expenditure)</b>					<b>128,484</b>				<b>352,105</b>

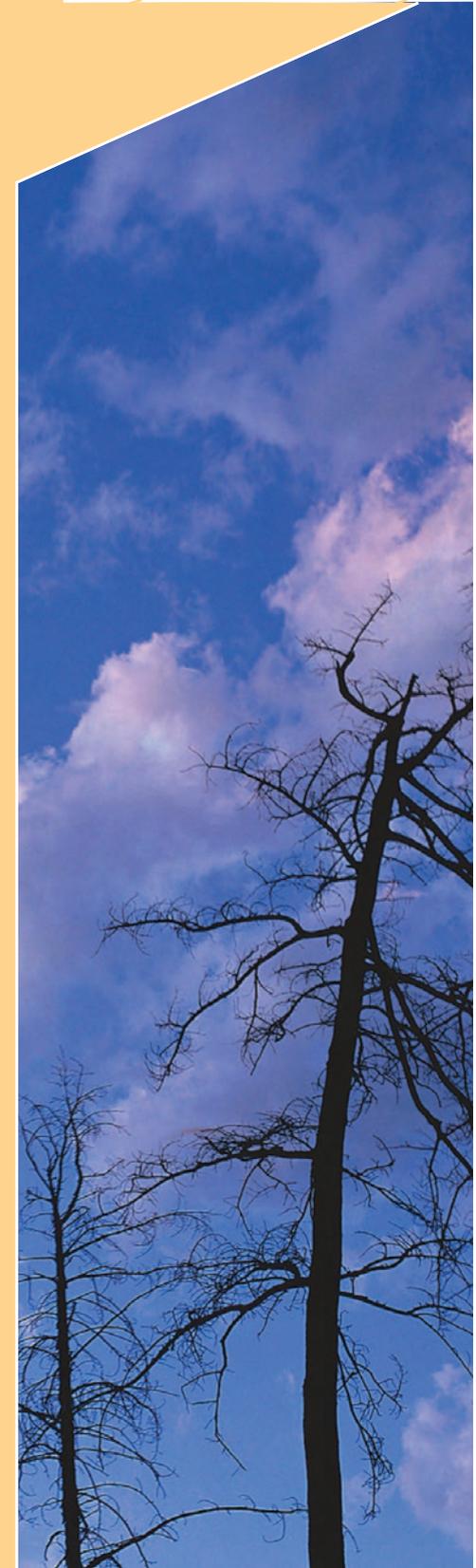
Appropriation per economic classification									
	2005/06							2004/05	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>									
Compensation of employees	61,658		-9236	52,422	52,354	68	99.9%	35,377	30,273
Goods and services	37,476		10,129	47,605	47,597	8	100.0%	60,695	43,047
Interest and rent on land	1,878		-1538	340		340		9,731	9,555
Financial transactions in assets and liabilities					2	-2			
<b>Transfers and subsidies</b>									
Provinces and municipalities	24,198			24,198	24,198		100%	130,107	130,108
Departmental agencies and accounts									
Universities and technikons									
Foreign governments and international organisations									
Public corporations and private enterprises									
Non-profit institutions									
Households									
<b>Payments for capital assets</b>									
Buildings and other fixed structures									
Machinery and equipment	3,875		645	4,520	4,333	187	95.9%	1,457	343
Biological or cultivated assets									
Software and other intangible assets									
Land and subsoil assets									
<b>Total</b>	<b>129,085</b>			<b>129,085</b>	<b>128,484</b>	<b>601</b>	<b>99.5%</b>	<b>237,367</b>	<b>213,405</b>



### Programme 1 Administration for the year ended 31 March 2006

Programme 1 Administration	2005/06						2004/05		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>1.1 Office of the MEC</b>									
Current payment	2,560		300	2,860	2,849	11	99.6%	2,741	2,194
Transfers and subsidies	460			460	441	19	95.9%	122	16
Payment for capital assets	35,759		-2,183	33,576	33,242	334	99.0%	40,919	39,357
<b>1.2 Corporate Services</b>	615		645	1260	1,275	-15	101.2%	1,100	258
Current payment									
Transfers and subsidies									
Payment for capital assets									
<b>TOTAL</b>	<b>39,394</b>		<b>-1,238</b>	<b>38,156</b>	<b>37,807</b>	<b>349</b>	<b>99.1%</b>	<b>44,882</b>	<b>41,825</b>

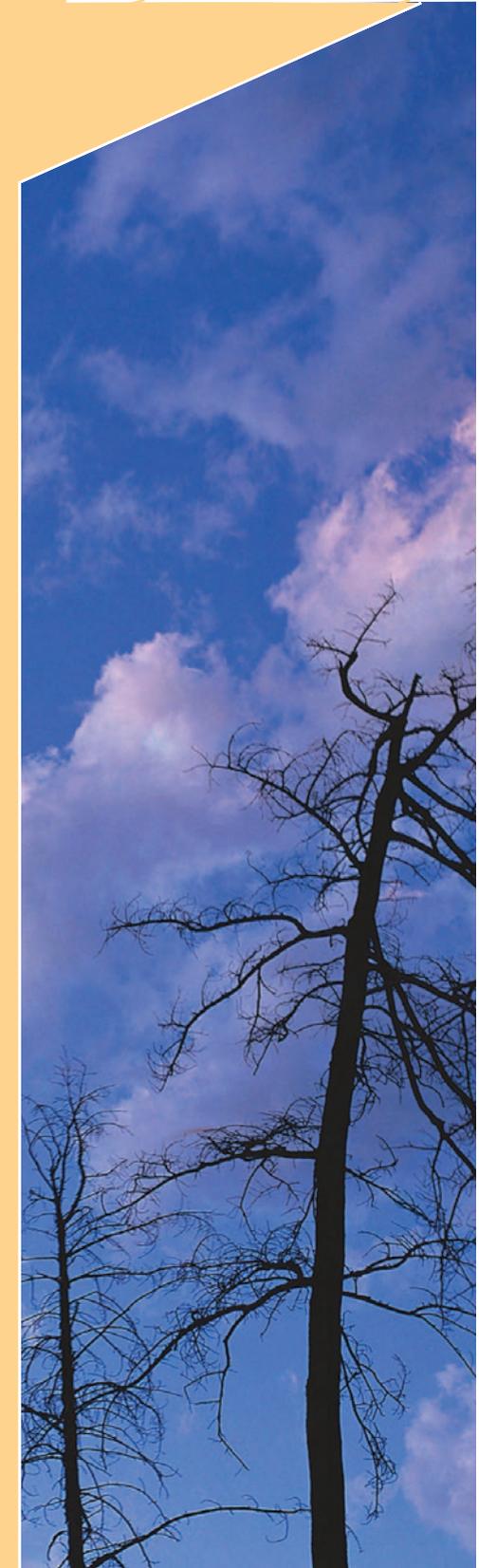
Economic Classification	2005/06							2004/05	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payment</b>									
Compensation of employees	18,719		-670	18,049	18,046	3	100%	13,544	14,460
Goods and services	17,722		325	18,047	18,043	4	100%	20,385	17,459
Interest and rent on land	1,878		-1,538	340		340	0%	9,731	9,555
Financial transactions in assets and liabilities					2	-2	0%		77
<b>Transfers and subsidies to:</b>									
Provinces and municipalities									
Departmental agencies and accounts									
Universities and technikons									
Foreign governments and international organisations									
Public corporations and private enterprises									
Non-profit institutions									
Households									
<b>Payment for capital assets</b>									
Buildings and other fixed structures									
Machinery and equipment	1,075		645	1,720		4	99.8%	1,222	274
Biological or cultivated assets					1,716				
Software and other intangible assets									
Land and subsoil assets									
<b>Total</b>	<b>39,394</b>		<b>-1,238</b>	<b>38,156</b>	<b>37,807</b>	<b>349</b>	<b>99.1%</b>	<b>44,882</b>	<b>41,825</b>



### Programme 2 Local Governance for the year ended 31 March 2006

Programme 2 Local Governance	2005/06							2004/05	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>2.1 Municipal Administration</b>									
Current payment	15,801		-	15,801	16,258	-457	102.9%	37,134	25,987
Transfers and subsidies	24,198		-	24,198	24,198	-	100.0%	15,800	15,800
Payment for capital assets	40		-	40	40	-	100.0%		
<b>2.2 Municipal Finance</b>									
Current payment	2,528		-	2,528	2,190	338	86.6%	4,711	4,270
Transfers and subsidies	-		-	-	-	-	0.0%	15,050	15,050
Payment for capital assets	90		-	90	90	-	100.0%		
<b>2.3 Municipal Infrastructure</b>									
Current payment	1,880		3,601	5,481	5,454	27	99.5%	9,146	6,088
Transfers and subsidies	-	-	-	-	-	-	0.0%	99,257	99,258
Payment for capital assets	20		-	20	13	7	65.0%		
<b>2.4 Disaster Management</b>									
Current payment				-	-	-	0.0%	5,142	1,153
Transfers and subsidies				-	-	-	0.0%		
Payment for capital assets				-	-	-	0.0%	18	18
<b>2.5 Community Development Workers</b>									
Current payment	26,650		-3,601	23,049	22,959	90	99.6%		
Transfers and subsidies	-		-	-	-	-	0.0%		
Payment for capital assets	2,150		-	2,150	2,150	-	100.0%		
<b>TOTAL</b>	<b>73,357</b>	<b>-</b>	<b>-</b>	<b>73,357</b>	<b>73,352</b>	<b>5</b>	<b>100.0%</b>	<b>186,258</b>	<b>167,624</b>

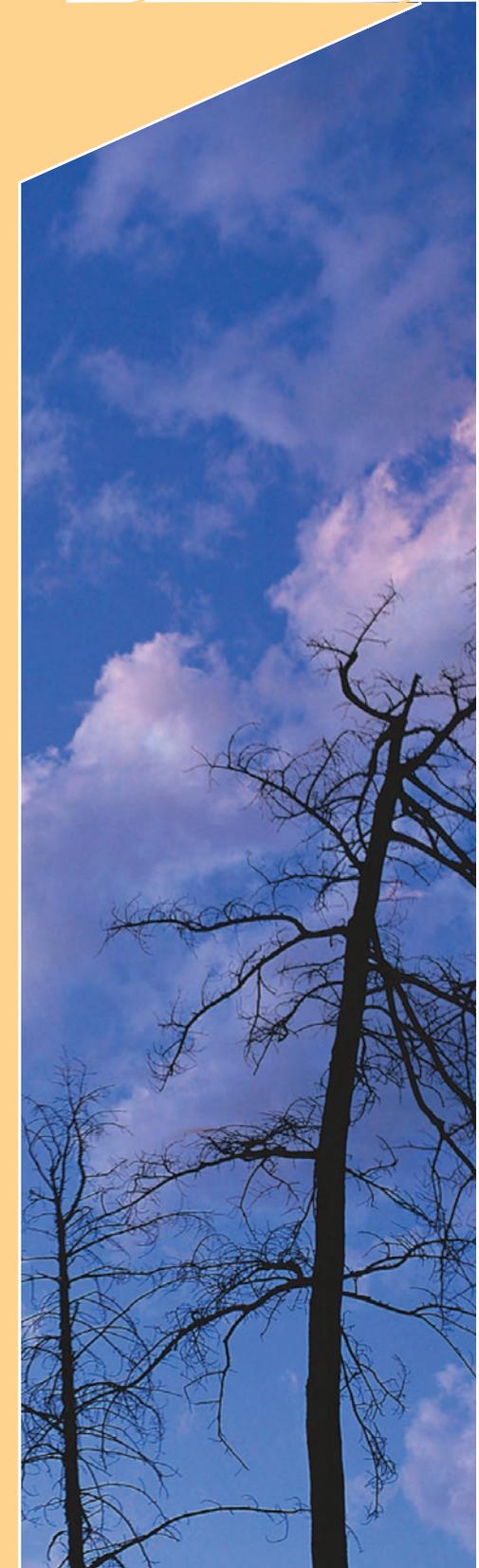
Economic Classification	2005/06							2004//05	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payment</b>									
Compensation of employees	31,880		-5,477	26,403	26,463	-60	100.2%	18,583	13,755
Goods and services	14,979		5,477	20,456	20,398	58	99.7%	37,550	23,743
Interest and rent on land				-	-	-	0.0%		
Financial transactions in assets and liabilities				-	-	-	0.0%		
<b>Transfers and subsidies to:</b>									
Provinces and municipalities	24,198		-	24,198	24,198		100.0%	130,107	130,108
Departmental agencies and accounts									
Universities and technikons				-	-	-	0.00%		
Foreign governments and international organisations				-	-	-	0.0%		
Public corporations and private enterprises				-	-	-	0.0%		
Non-profit institutions				-	-	-	0.0%		
Households				-	-	-	0.0%		
<b>Gifts and donations</b>									
<b>Payment for capital assets</b>									
Buildings and other fixed structures				-	-	-	0.00%		
Machinery and equipment	2,300		-	2,300	2,293	7	99.7.0%	18	18
Biological or cultivated assets				-	-	-	0.0%		
Software and other intangible assets				-	-	-	0.0%		
Land and subsoil assets				-	-	-	0.0%		
<b>Total</b>	<b>73,357</b>	<b>-</b>	<b>-</b>	<b>73,357</b>	<b>73,352</b>	<b>5</b>	<b>100.0%</b>	<b>186,258</b>	<b>167,624</b>



**Programme 3 Integrated Development and Service Delivery for the year ended 31 March 2006**

Programme 3 Integrated Development Planning and Service Delivery per subprogramme	2005/06						2004/05		
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>3.1 Spatial Planning</b>									
Current payment					-	-	0.0%		
Transfers and subsidies					-	-	0.0%		
Payment for capital assets					-	-	0.0%		
<b>3.2 Development Administration / Land Use Management</b>									
Current payment	6,189		1,097	7,286	7,330	-44	100.6%	2,566	1,989
Transfers and subsidies	-		-	-	-	-	0.0%		
Payment for capital assets	60		-	60	60		100.0%	34	34
<b>3.3 Integrated Development Planning</b>									
Current payment	3,170		-99	3,071	2,975	96	96.9%	3,444	1,916
Transfers and subsidies	-		-	-	-	-	0.0%		
Payment for capital assets	51		-	51	42	9	82.4%	183	17
<b>3.4 Disaster Management</b>									
Current payment	6,475		240	6,715	6,696	19	0.0%		
Transfers and subsidies				-	-	-	0.0%		
Payment for capital assets	389			389	222	167	0.0%		
<b>TOTAL</b>	<b>16,334</b>		<b>1,238</b>	<b>17,572</b>	<b>17,325</b>	<b>247</b>	<b>98.6%</b>	<b>6,227</b>	<b>3,956</b>

Economic Classification	2005/06							2004/05	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation R'000	Final Appropriation R'000	Actual Expenditure R'000
<b>Current payment</b>									
Compensation of employees	11,059		-3,089	7,970	7,845	125	98.4%	3,250	2,058
Goods and services	4,775		4,327	9,102	9,156	-54	100.6%	2,760	1,845
Interest and rent on land							0.0%		
Financial transactions in assets and liabilities							0.0%		2
<b>Transfers and subsidies to:</b>							0.0%		
Provinces and municipalities							0.0%		
Departmental agencies and accounts							0.0%		
Universities and technikons							0.0%		
Foreign governments and international organisations							0.0%		
Public corporations and private enterprises							0.0%		
Non-profit institutions							0.0%		
Households							0.0%		
<b>Gifts and donations</b>							0.0%		
<b>Payment for capital assets</b>							0.0%		
Buildings and other fixed structures									
Machinery and equipment	500			500	324	176	64.8%	217	51
Biological or cultivated assets							0.0%		
Software and other intangible assets							0.0%		
Land and subsoil assets									
<b>Total</b>	<b>16,334</b>		<b>1,238</b>	<b>17,572</b>	<b>17,325</b>	<b>247</b>	<b>98.6%</b>	<b>6,227</b>	<b>3,956</b>



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

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

Detail of these transactions can be viewed in note 9 (Transfers and subsidies) and Annexure 1 (A-K) to the Annual Financial Statements.

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

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

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

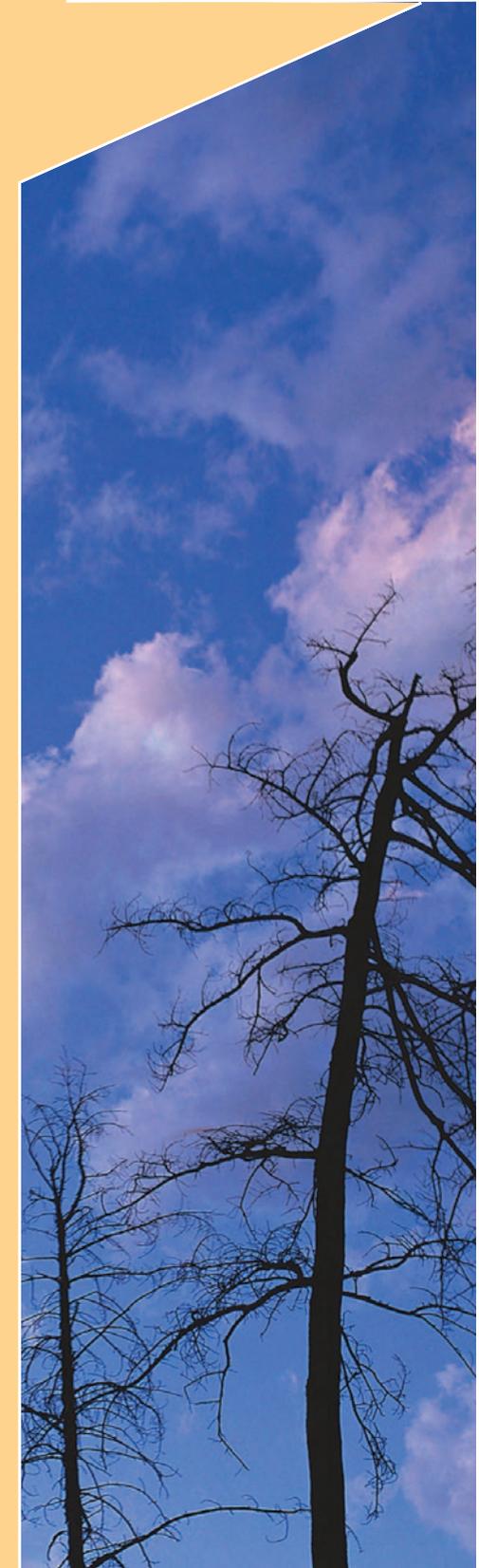
Detail of these transactions per programme can be viewed in note 8 (Financial transactions in assets and liabilities) to the Annual Financial Statements.

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

4.1 Per Programme	Final Appropriation	Actual Expenditure	Variance R'000	Variance as a % of Final Appropriation
Programme 1	38,156	37,807	349	0.09%
Programme 2	73,357	73,352	5	0.0%
Programme 3	17,572	17,325	247	1.40%

The variance on programmes, is regarded as under expenditure due to the claims from the National Treasury for ex development board pension that were not paid prior year-end because the claim was sent to a wrong address and disaster management capital equipment that was procured but paid for program 1 and 3 respectively explanation must be given as to whether it is as a result of a saving or under spending.

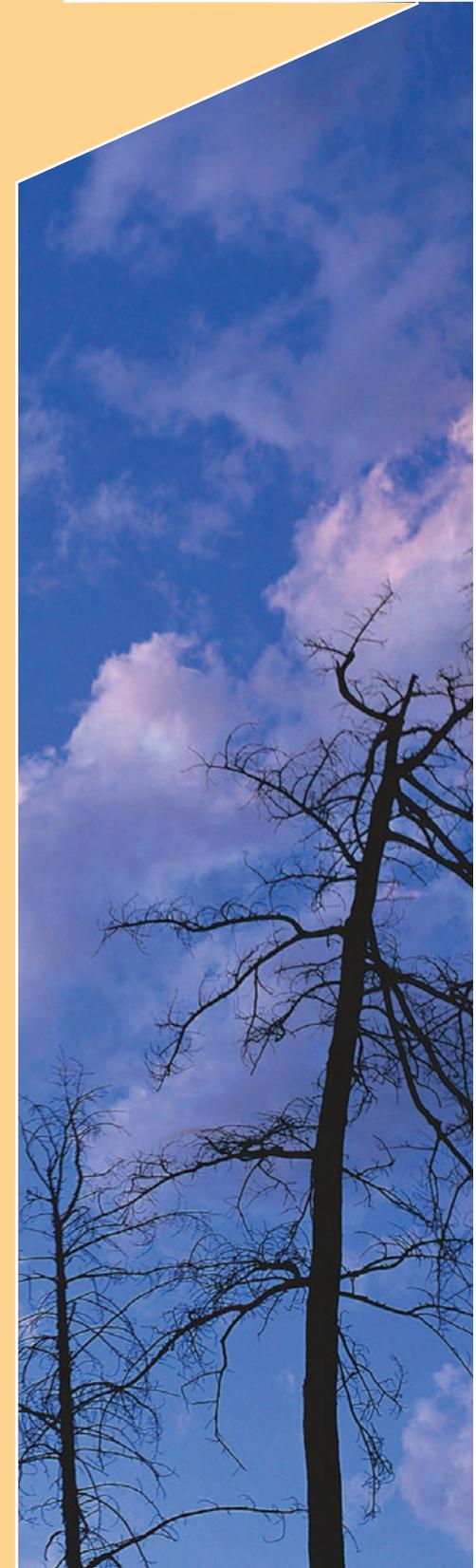
<b>Per Economic classification</b>	<b>2005/06 R'000</b>	<b>2004/05 R'000</b>
<b>Current payment:</b>		
Compensation of employees	52,354	30,273
Goods and services	47,597	43,047
Interest and rent on land	-	9,555
Financial transactions in assets and liabilities	2	79
<b>Transfers and subsidies:</b>		
Provinces and municipalities	24,198	130,108
Departmental agencies and accounts		
Universities and Technikons		
Public corporations and private enterprises		
Foreign governments and international organisations		
Non-profit institutions		
Households		
<b>Payments for capital assets:</b>		
Buildings and other fixed structures		
Machinery and equipment	4,333	343
Heritage assets		
Biological or cultivated assets		
Software and other intangible assets		
Land and subsoil assets		
<b>Total</b>	<b>128,484</b>	<b>213,405</b>



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

	<i>Note</i>	<b>2005/06 R'000</b>	<b>2004/05 R'000</b>
<b>REVENUE</b>			
Annual appropriation	1	129,085	237,367
Statutory appropriation	2	-	-
Appropriation for unauthorised expenditure approved		-	138,700
Departmental revenue	3	386	217
Local and foreign aid assistance	4	20	-
<b>TOTAL REVENUE</b>		<b>129,491</b>	<b>376,284</b>
<b>EXPENDITURE</b>			
<b>Current expenditure</b>			
Compensation of employees	5	52,354	30,273
Goods and services	6	47,597	43,047
Interest and rent on land	7	-	9,555
Financial transactions in assets and liabilities	8	2	79
Local and foreign aid assistance	4	-	-
Unauthorised expenditure approved	11		138,700
<b>Total current expenditure</b>		<b>99,953</b>	<b>221,654</b>
<b>Transfers and subsidies</b>	9	<b>24,198</b>	<b>130,108</b>
<b>Expenditure for capital assets</b>			
Buildings and other fixed structures	10	-	-
Machinery and equipment	10	4,333	343
Biological or cultivated assets	10		
Software and other intangible assets	10		
Land and subsoil assets	10		
Local and foreign aid assistance	4		
Unauthorised expenditure approved	11		
<b>Total expenditure for capital assets</b>		<b>4,333</b>	<b>343</b>
<b>TOTAL EXPENDITURE</b>		<b>128,484</b>	<b>352,105</b>

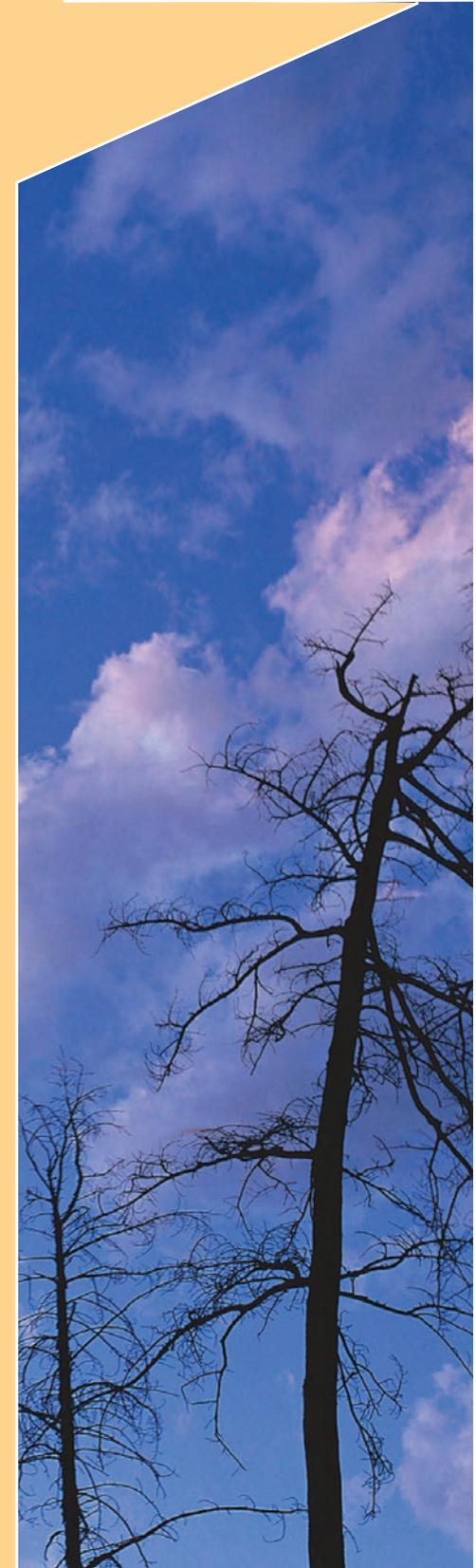
	<b>Note</b>	<b>2005/06 R'000</b>	<b>2004/05 R'000</b>
<b>SURPLUS/(DEFICIT)</b>			
Add back unauthorised expenditure	11	1,007	24,179
Add back fruitless and wasteful expenditure	12		928
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>1,007</b>	<b>25,107</b>
<b>Reconciliation of Surplus/(Deficit) for the year</b>			
Voted Funds	19	601	24,890
Departmental Revenue	20	386	217
Local and foreign aid assistance	4	20	
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>1,007</b>	<b>25,107</b>



## Statement of Financial Position as at 31 March 2006

	Note	2005/06 R'000	2004/05 R'000
<b>ASSETS</b>			
<b>Current assets</b>			
		16,041	42,925
Unauthorised expenditure	11	928	928
Fruitless and wasteful expenditure	12	-	-
Cash and cash equivalents	13	14,762	41,313
Other financial assets	14	-	-
Prepayments and advances	15	-	615
Receivables	16	351	69
Investments	17	-	-
Local and foreign aid assistance receivable	4	-	-
<b>Non-current assets</b>			
Investments	17	-	-
Loans	18	-	-
Other financial assets	14	-	-
<b>TOTAL ASSETS</b>		<b>16,041</b>	<b>42,925</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
		16,041	42,925
Voted funds to be surrendered to the Revenue Fund	19	1,529	24,890
Departmental revenue to be surrendered to the Revenue Fund	20	186	-
Bank overdraft	21	-	-
Payables	22	14,306	18,035
Local and foreign aid assistance repayable	4	-	-
Local and foreign aid assistance unutilised	4	20	-
<b>Non-current liabilities</b>			
Payables	23	-	-
<b>TOTAL LIABILITIES</b>		<b>16,041</b>	<b>42,925</b>

	<b>Note</b>	<b>2005/06 R'000</b>	<b>2004/05 R'000</b>
<b>NET ASSETS</b>		-	-
<b>Represented by:</b>			
Capitalisation reserve			
Recoverable revenue			
Retained funds (Legislatures/Parliament)			
Revaluation reserves (Housing dept's)			
<b>TOTAL</b>			

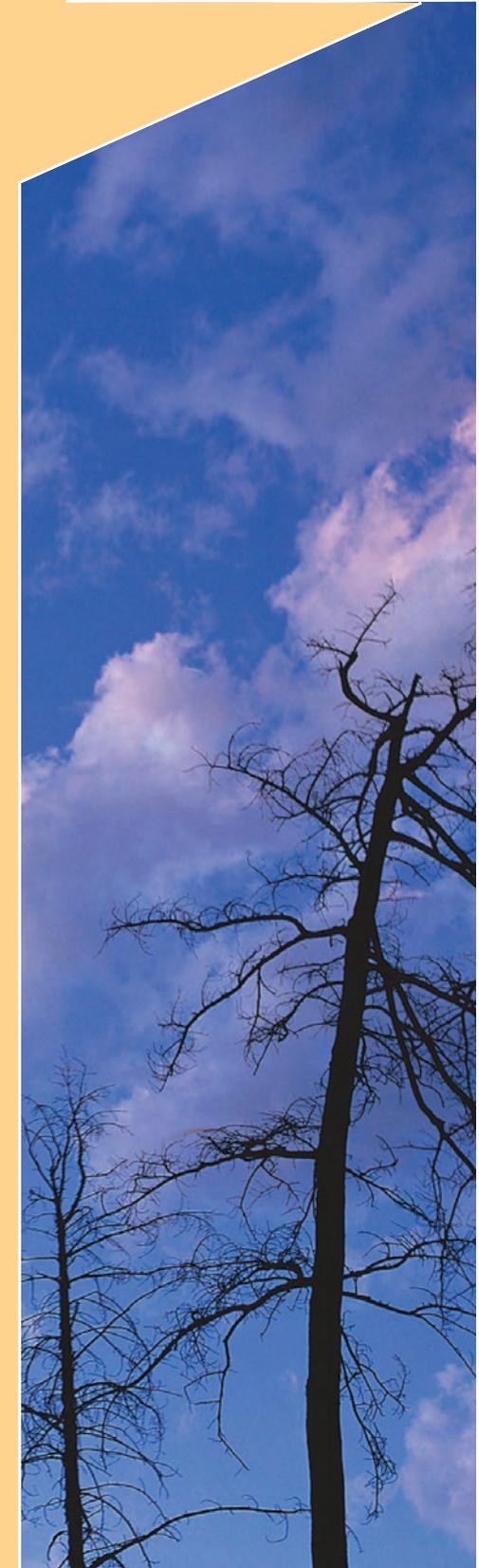


## Statement of Changes in Net Assets for the year ended 31 March 2006

	Note	2005/06 R'000	2004/05 R'000
<b>Capitalisation Reserves</b>			
Opening balance			
Transfers:			
Movement in Equity			
Movement in Operational Funds			
Other movements			
Closing balance			
<b>Recoverable revenue</b>			
Opening balance		66,903	42,013
Transfers		601	24,890
Debts written off	8.6		
Debts revised	16.5		
Debts recovered (included in departmental revenue)			
Debts raised			
Closing balance		67,504	66,903
<b>Retained funds</b>			
Opening balance			
Transfer from Statement of Financial Performance			
Utilised during the year			
Other			
Closing balance			
<b>Revaluation Reserve</b>			
Opening balance			
Revaluation adjustment (Housing department's)			
Transfers			
Other			
Closing balance			
<b>TOTAL</b>			

## Cash Flow Statement for the year ended 31 March 2006

	<i>Note</i>	<b>2005/06 R'000</b>	<b>2004/05 R'000</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts		129,491	376,284
Annual appropriated funds received	1.1	129,085	237,367
Statutory appropriated funds received		-	-
Appropriation for unauthorised expenditure received	11		138,700
Departmental revenue received		386	217
Local and foreign aid assistance received	4	20	-
Net (increase)/decrease in working capital		-3,396	5003
Surrendered to Revenue Fund		-24,162	-24,232
Current payments		-99,953	-82,954
Transfers and subsidies paid		-24,198	-130,108
<b>Net cash flow available from operating activities</b>	24	<b>-22,218</b>	<b>143,993</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for capital assets		-4,333	- 343
Payments for investments			
Proceeds from sale of capital assets	3		
Proceeds from sale of investments			
Proceeds from sale of other financial assets			
(Increase)/decrease in loans			
(Increase)/decrease in investments			
(Increase)/decrease in other financial assets			
<b>Net cash flows from investing activities</b>		<b>-4,333</b>	<b>-343</b>





	<i>Note</i>	<b>2005/06 R'000</b>	<b>2004/05 R'000</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Distribution/dividend received			
Increase/(decrease) in net assets			
Increase/(decrease) in non-current payables			
<b>Net cash flows from financing activities</b>			
Net increase/(decrease) in cash and cash equivalents		-26,551	143,650
Cash and cash equivalents at the beginning of the period		41,313	-102,337
<b>Cash and cash equivalents at end of period</b>	25	14,762	41,313

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

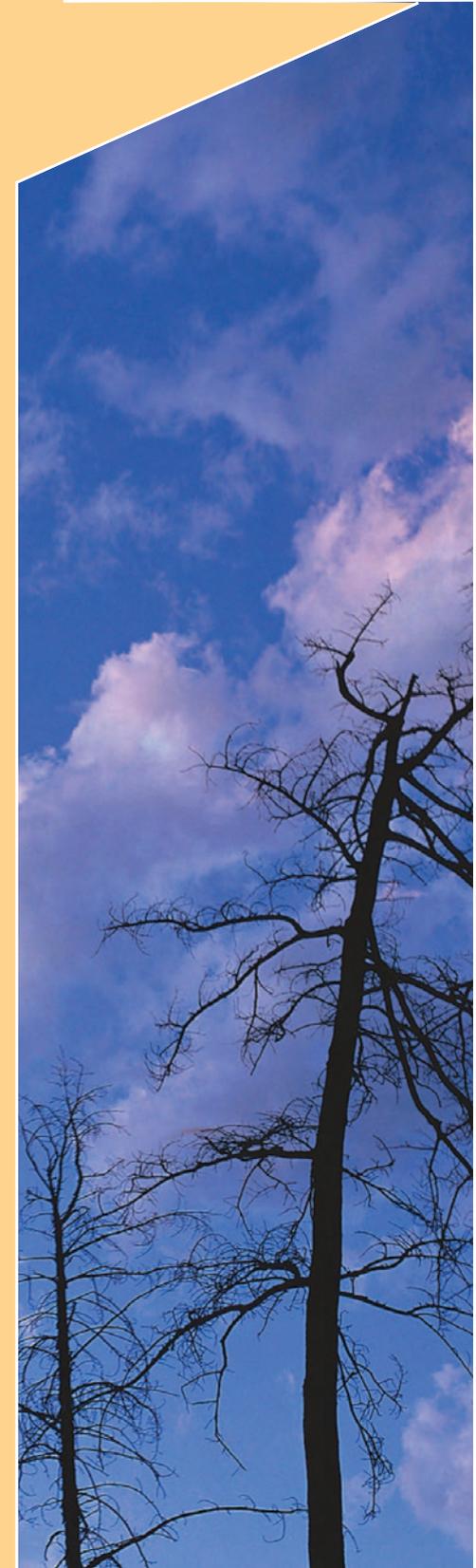
## 1. Annual Appropriation

### 1.1 Annual Appropriation

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

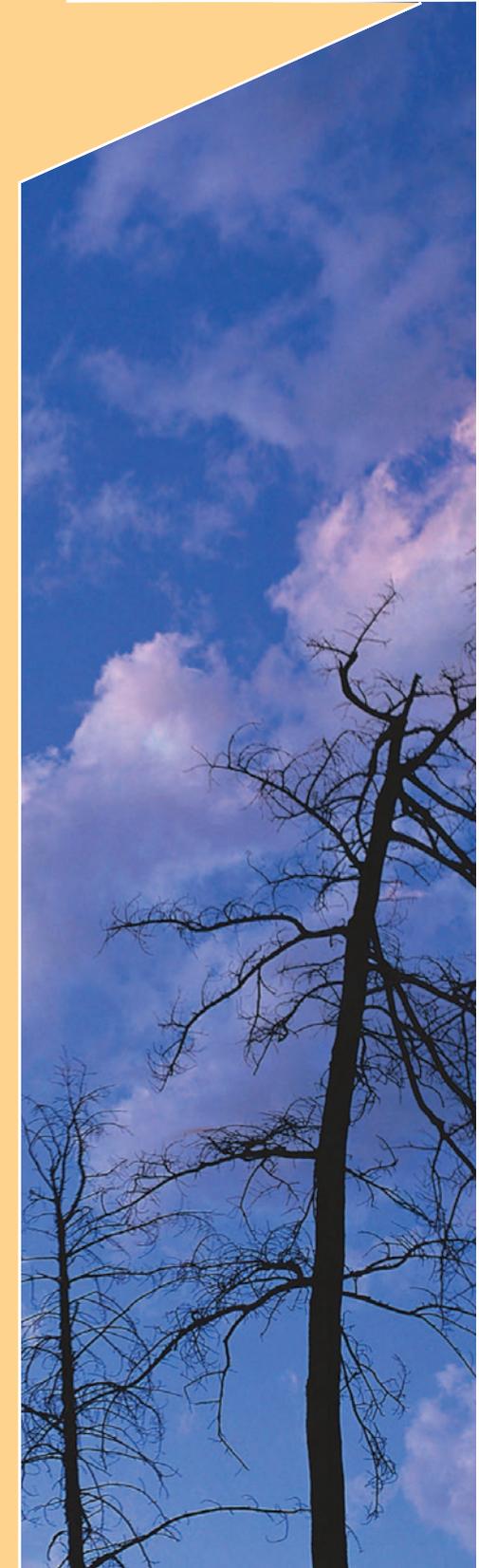
	<b>Final Appropriation R'000</b>	<b>Actual Funds Received R'000</b>	<b>Funds not requested/ not received R'000</b>	<b>Appropriation received 2004/05 R'000</b>
Programme 1	38,156	38,156		44,882
Programme 2	73,357	73,357		186,258
Programme 3	17,572	17,572		6,227
Programme 4				
Programme 5				
Programme 6				
.....				
.....				
.....				
Programme 30				
Total	<u>129,085</u>	<u>129,085</u>		<u>237,367</u>

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



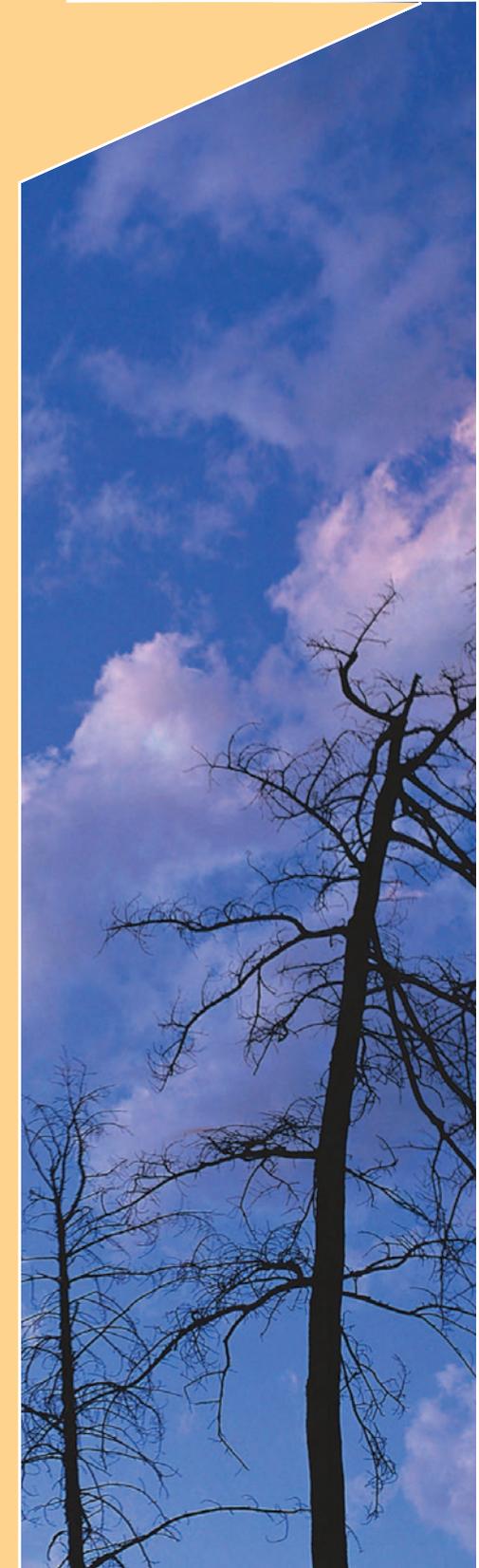
	<b>Note</b>	<b>2005/06 R'000</b>	<b>2004/05 R'000</b>
<b>1.2</b> Conditional grants			
Total grants received	<i>Annex 1A</i>	24,198	130,108
Provincial grants included in Total Grants received		24,198	20,714
<b>1.3</b> Unconditional grants			
Total grants received	<i>Annex 1B</i>		
** It should be noted that the Conditional grants are included in the amounts per the Total Appropriation in Note 1.1.			
<b>2. Statutory Appropriation</b>			
President and Deputy President's salaries			
Member of executive committee/parliamentary officers			
Judges' and magistrates salaries			
Sector education and training authorities (SETA)			
National Skills Fund			

	<b>Note</b>	<b>2005/06 R'000</b>	<b>2004/05 R'000</b>
<b>3. Departmental revenue to be surrendered to revenue fund</b>			
<b>Description</b>			
<b>(Specify material amounts separately)</b>			
Tax revenue			
Sales of goods and services other than capital assets	3.1		
Fines, penalties and forfeits			
Interest, dividends and rent on land	3.2		
Sales of capital assets	3.3		
Financial transactions in assets and liabilities	3.4	386	217
Transfer received	3.5		
Total revenue collected		386	217
Less: Departmental Revenue Budgeted	20		
<b>Departmental revenue collected</b>		<b>386</b>	<b>217</b>
<b>3.1 Sales of goods and services other than capital assets</b>			
Sales of goods and services produced by the department			
Sales by market establishment			
Administrative fees			
Other sales			
Sales of scrap, waste and other used current goods			
<b>Total</b>			



	<i>Note</i>	2005/06 R'000	2004/05 R'000
<b>3.2 Interest, dividends and rent on land</b>			
Interest			
Dividends			
Rent on land		-	-
<b>Total</b>		-	-
<b>3.3 Sale of capital assets</b>			
Land and subsoil assets			
Other capital assets			
<b>Total</b>			
<b>3.4 Financial transactions in assets and liabilities</b>			
<b>Nature of loss recovered</b>			
Loans			
Receivables			
Other Receipts including Recoverable Revenue		386	217
<b>Total</b>		386	217
<b>3.5 Transfers received</b>			
Other governmental units			
Universities and technikons			
Public corporations and private enterprises			
<b>Total</b>			

	<i>Note</i>	2005/06 R'000	2004/05 R'000
<b>4. Local and foreign aid assistance</b>			
<b>4.1 Assistance received in cash from RDP</b>			
<b>Local</b>			
Opening Balance			
Revenue			
Expenditure			
Current			
Capital			
Closing Balance			
<b>Assistance received in cash: Other</b>			
<b>Local</b>			
Opening Balance			
Revenue		20	
Expenditure			
Current			
Capital			
Closing Balance		20	



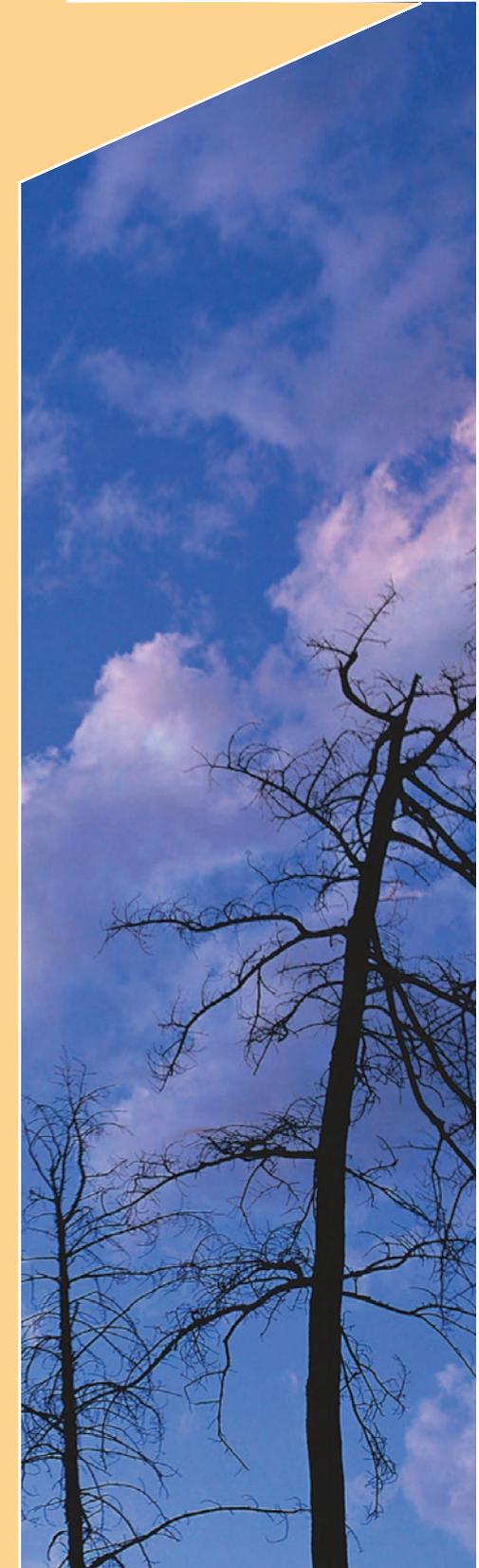


	<i>Note</i>	<b>2005/06 R'000</b>	<b>2004/05 R'000</b>
<b>Foreign</b>			
Opening Balance			
Revenue			
Expenditure			
Current			
Capital			
Closing Balance			
<b>Total</b>			
Opening Balance			
Revenue		20	
Expenditure			
Current			
Capital			
Closing Balance		20	
<b>Analysis of balance</b>			
Local and foreign aid receivable			
Local and foreign aid unutilised		20	
Local and foreign aid payable to RDP fund/donors			
Closing balance		20	



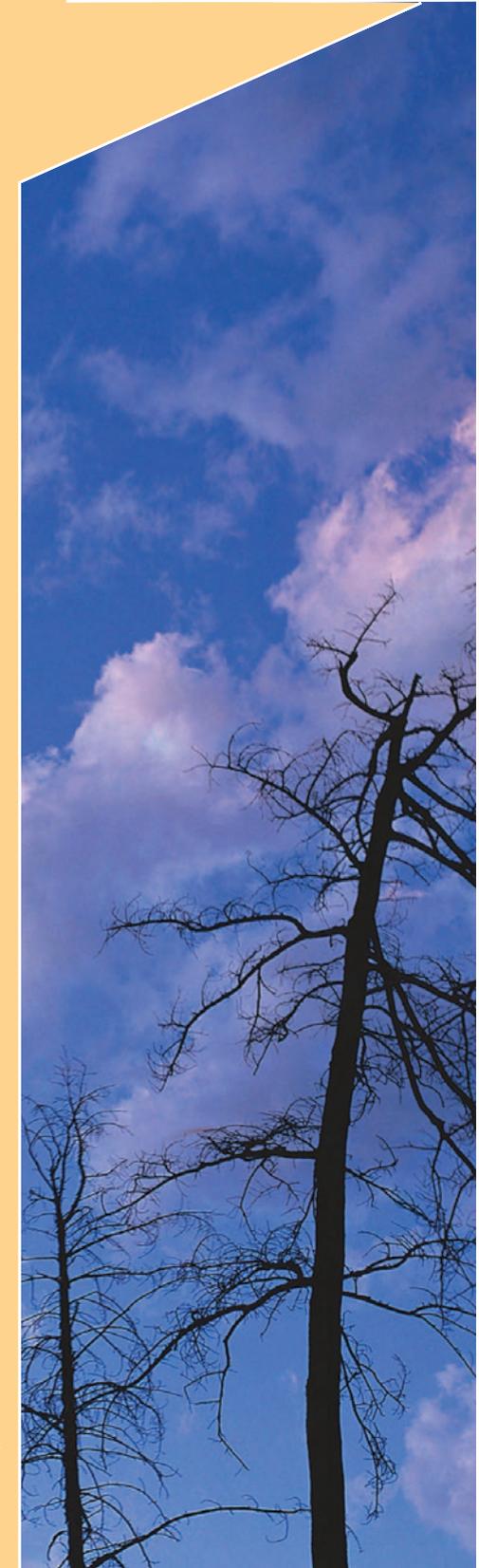
	<b>Note</b>	<b>2005/06 R'000</b>	<b>2004/05 R'000</b>
<b>6. Goods and services</b>			
Advertising		6,547	1,623
Attendance fees (including registration fees)		93	721
Bank charges and card fees		53	44
Bore waterhole drilling		-	-
Bursaries (employees)		22	90
Cash discount		-	-
Communication		2,549	2,190
Computer services		1,371	282
Commission		-	4
Consultants, contractors and special services		17,897	14,805
Courier and delivery services		-	-
Tracing agents & Debt collections		-	-
Drivers' licences and permits		-	-
Entertainment		811	997
External audit fees	6.1	1,314	816
Equipment less than R5000		445	20
Firearm handling fees		-	-
Freight service			
Government motor transport		746	848
Helicopter services		-	-
Honoraria (Voluntarily workers)		-	-
Inventory	6.2	58	25
Land reform/restitution		-	-
Learnerships		-	-
Legal fees		569	173
Licence agency fees		-	-
Housing		-	-
Maintenance, repairs and running cost		1,699	1,452
Medical Services		6,267	8,674

	<b>Note</b>	<b>2005/06 R'000</b>	<b>2004/05 R'000</b>
Operating leases		473	456
Mint of decorations/medals		-	6
Personnel agency fees		222	-
Photographic services		-	-
Plant flowers and other decorations		21	235
Printing and publications		1,240	951
Professional bodies and membership fees		-	-
Resettlement cost		43	1
Road laboratories		-	-
Roadworthy tests		-	-
School & boarding fees		-	-
Subscriptions		-	-
Storage of furniture		-	-
System access fees		-	-
Taking over of contractual obligations		-	-
Owned leasehold property expenditure		738	1,500
Translations and transcriptions		-	-
Transport provided as part of the departmental activities		-	86
Travel and subsistence	6.3	1,438	646
Venues and facilities		1,286	3,471
Protective, special clothing & uniforms		47	-
Training & staff development		1,648	2,931
Town & regional planning		-	-
Water research/testing		-	-
Witness and related fees		-	-
<b>Total</b>		<b>47,597</b>	<b>43,047</b>



	<i>Note</i>	<b>2005/06 R'000</b>	<b>2004/05 R'000</b>
<b>6.1 External audit fees</b>			
Regulatory audits		1,314	816
Performance audits		-	-
Other audits	-	-	
<b>Total external audit fees</b>		<b>1,314</b>	<b>816</b>
<b>6.2 Inventory</b>			
Inventory surcharges		-	-
Medas inventory interface		-	-
Construction work in progress		-	-
Other inventory		-	
-			
Strategic stock	-		-
Domestic consumables		6	6
Agricultural		-	-
Learning and teaching support material		-	-
Food and Food supplies		3	0
Fuel, oil and gas		-	-
Laboratory consumables		-	-
Other consumables		-	-
Parts and other maintenance material		-	-
Sport and recreation		-	-
Stationery and printing		49	19
Veterinary supplies		-	-
Restoration and fittings		-	-
Road construction and supplies		-	-
Medical supplies		-	-
Weapons and armaments		-	-
		<b>58</b>	<b>25</b>

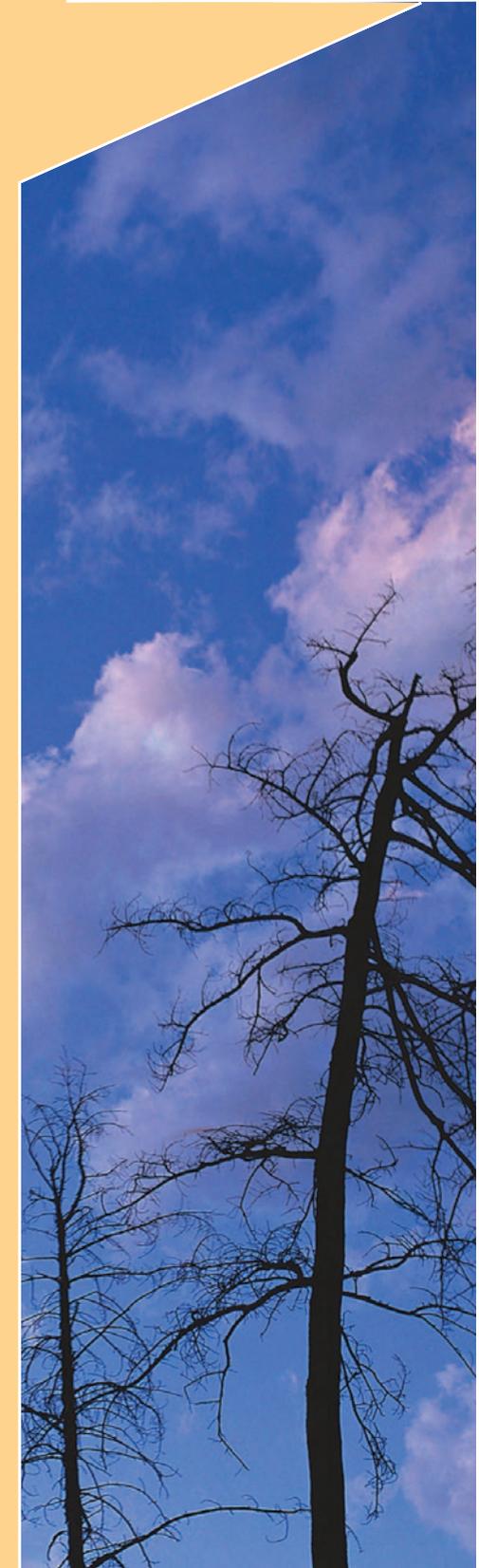
	<b>Note</b>	<b>2005/06 R'000</b>	<b>2004/05 R'000</b>
<b>6.3 Travel and subsistence</b>			
Local		1,236	368
Foreign		202	278
<b>Total travel and subsistence</b>		<b>1,438</b>	<b>646</b>
<b>7. Interest and rent on land</b>			
Interest expense		-	9,555
Rent on land		-	-
<b>Total interest and rent on land</b>		<b>-</b>	<b>9,555</b>
<b>8. Financial transactions in assets and liabilities</b>			
Material losses through criminal conduct	8.1		
Other material losses written off	8.2		
Debts written off	8.3	2	79
Theft	8.4		
Forex losses	8.5		
		<b>2</b>	<b>79</b>
<b>8.1 Material losses through criminal conduct</b>			
Nature of losses (Group major categories, but list material items)			
<b>Incident Disciplinary Steps taken/Criminal proceedings</b>			





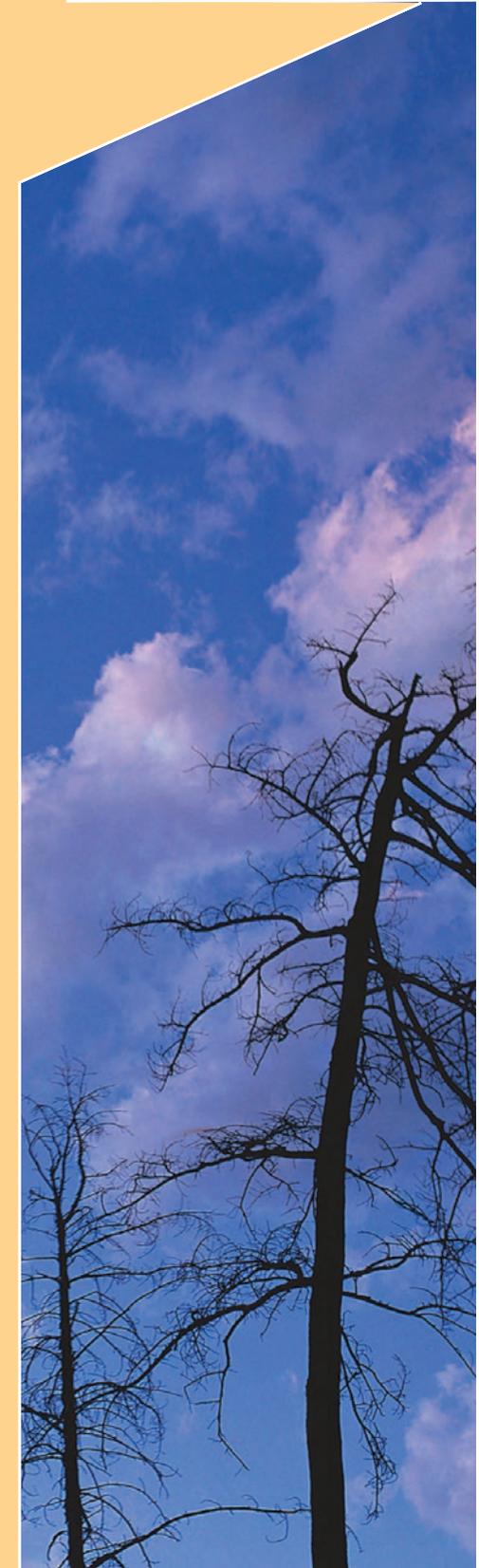
	<i>Note</i>	2005/06 R'000	2004/05 R'000
<b>8.2 Other material losses</b>			
<b>Nature of losses</b>			
(Group major categories, but list material items)			
<b>8.3 Debts written off</b>			
<b>Nature of debts written off</b>		<b>2</b>	<b>79</b>
This amount relates to debts written off as irrecoverable.			
		<b>2</b>	<b>79</b>
<b>8.4 Detail of Theft</b>			
(Group major categories, but list material items)			
<b>8.5 Forex losses</b>			
(Group major categories, but list material items)			
<b>8.6 Recoverable revenue debts written off</b>			
(Total not included above)			
(Group major categories, but list material items)			

	<b>Note</b>	<b>2005/06 R'000</b>	<b>2004/05 R'000</b>
<b>9. Transfers and subsidies</b>			
Provinces and municipalities	<i>Annex 1C, 1D, 1E &amp; 1F</i>	24,198	130,108
Departmental agencies and accounts	<i>Annex 1G</i>		
Universities and Technikons	<i>Annex 1H</i>		
Foreign governments and international organisations	<i>Annex 1J</i>		
Public corporations and private enterprises	<i>Annex 1I</i>		
Non-profit institutions	<i>Annex 1K</i>		
Households	<i>Annex 1L</i>		
Unauthorised expenditure approved by Parliament			
		<b>24,198</b>	<b>130,108</b>
<b>10. Expenditure for capital assets</b>			
Buildings and other fixed structures	<i>Annex 4</i>		
Machinery and equipment	<i>Annex 4</i>	4,333	343
Biological or cultivated assets	<i>Annex 4</i>		
Land and subsoil assets	<i>Annex 4</i>		
Software and other intangible assets	<i>Annex 5</i>		
		<b>4,333</b>	<b>343</b>
<b>Total</b>			
The following amount for Compensation of employees has been included in Expenditure for capital assets			



	<i>Note</i>	2005/06 R'000	2004/05 R'000
<b>11. Unauthorised expenditure</b>			
<b>11.1. Reconciliation of unauthorised expenditure</b>			
Opening balance		928	138,700
Unauthorised expenditure – current year			928
Amounts approved by Parliament/Legislature (with funding)			-138,700
Current expenditure			-138,700
Transfers and subsidies			
Expenditure for capital assets			
Amounts approved by Parliament/Legislature (without funding)			
Current expenditure			
Transfers and subsidies			
Expenditure for capital assets			
Transfer to receivables for recovery (not approved)			
Unauthorised expenditure awaiting authorisation		<b>928</b>	<b>928</b>
<b>11.2 Analysis of Current Unauthorised expenditure</b>			
<b>Incident</b>	<b>Disciplinary steps taken/criminal proceedings</b>		

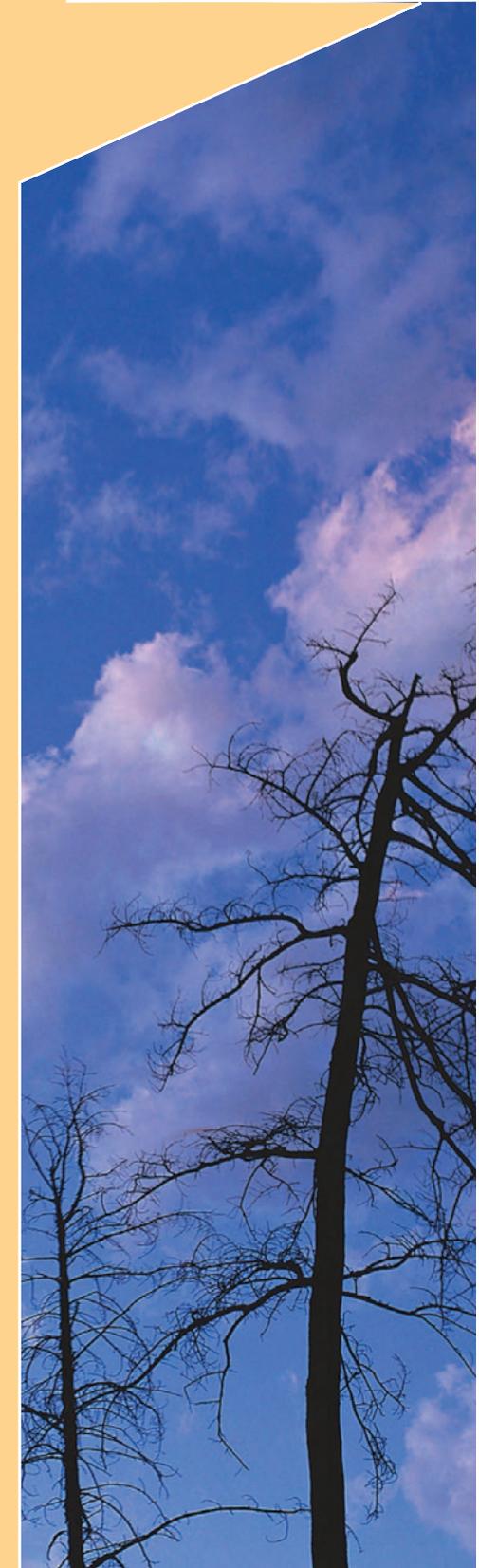
	<i>Note</i>	2005/06 R'000	2004/05 R'000
<b>12. Fruitless and wasteful expenditure</b>			
<b>12.1 Reconciliation of fruitless and wasteful expenditure</b>			
Opening balance			
Fruitless and wasteful expenditure – current year			
Current			
Capital			
Amounts condoned			
Current expenditure			
Transfers and subsidies			
Expenditure for capital assets			
Transfer to receivables for recovery (not condoned)			
Fruitless and wasteful expenditure awaiting condonement			
<b>12.2 Analysis of Current Fruitless and wasteful expenditure</b>			
<b>Incident</b>	<b>Disciplinary steps taken/criminal proceedings</b>		
<b>13. Cash and cash equivalents</b>			
Consolidated Paymaster General Account		14,757	41,308
Cash receipts			
Disbursements			
Cash on hand		5	5
Cash with commercial banks			
		<b>14,762</b>	<b>41,313</b>





	<i>Note</i>	2005/06 R'000	2004/05 R'000
<b>14. Other financial assets</b>			
<b>Current</b>			
<b>Domestic</b>			
(Group major categories, but list material items)			
<b>Foreign</b>			
(Group major categories, but list material items)			
<b>Total Current Other Financial Assets</b>			
<b>Non-current</b>			
(Group major categories, but list material items)			
<b>Total Non Current Other Financial Assets</b>			

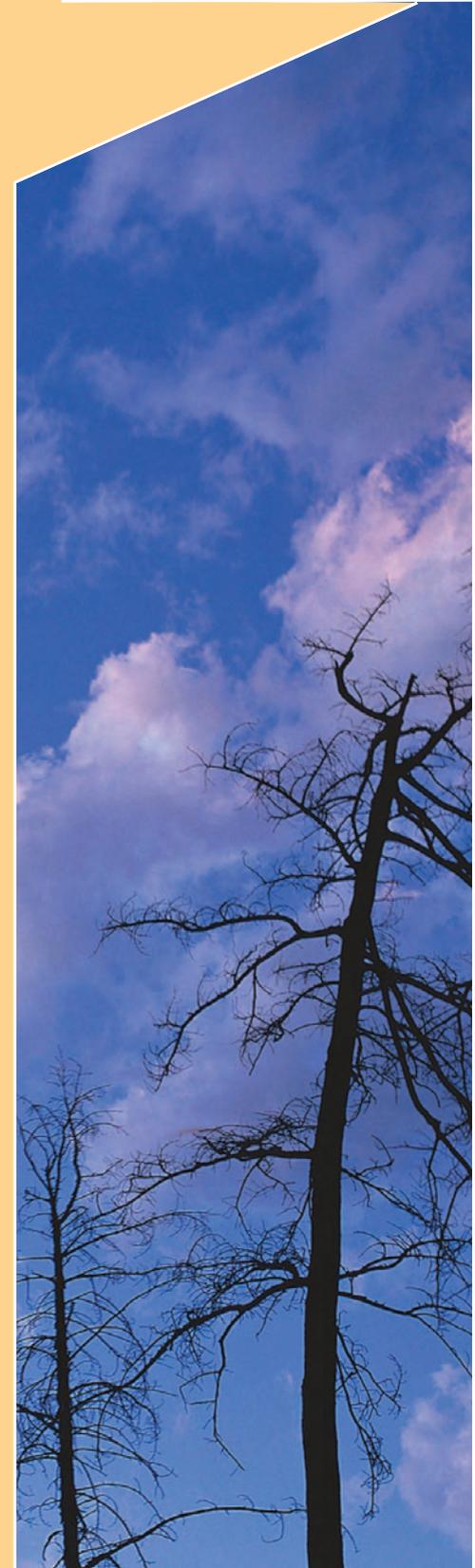
		<i>Note</i>	2005/06 R'000	2004/05 R'000
<b>15. Prepayments and advances</b>				
<b>Description</b>				
Staff advances			-	-
Travel and subsistence			-	-
Prepayments			-	615
Advances paid to other entities			-	-
SOCPEN advances			-	-
			-	615
<b>16. Receivable</b>				
	<i>notes</i>	<b>Less than one year</b>	<b>One to three years</b>	<b>Older than three years</b>
Households and non profit institutions	16.1			
Private enterprises	16.2			
Staff debt	16.3			
Other Debtors	16.4	191		
Claims recoverable	Annex 6	160		69
		<b>351</b>	<b>351</b>	<b>69</b>





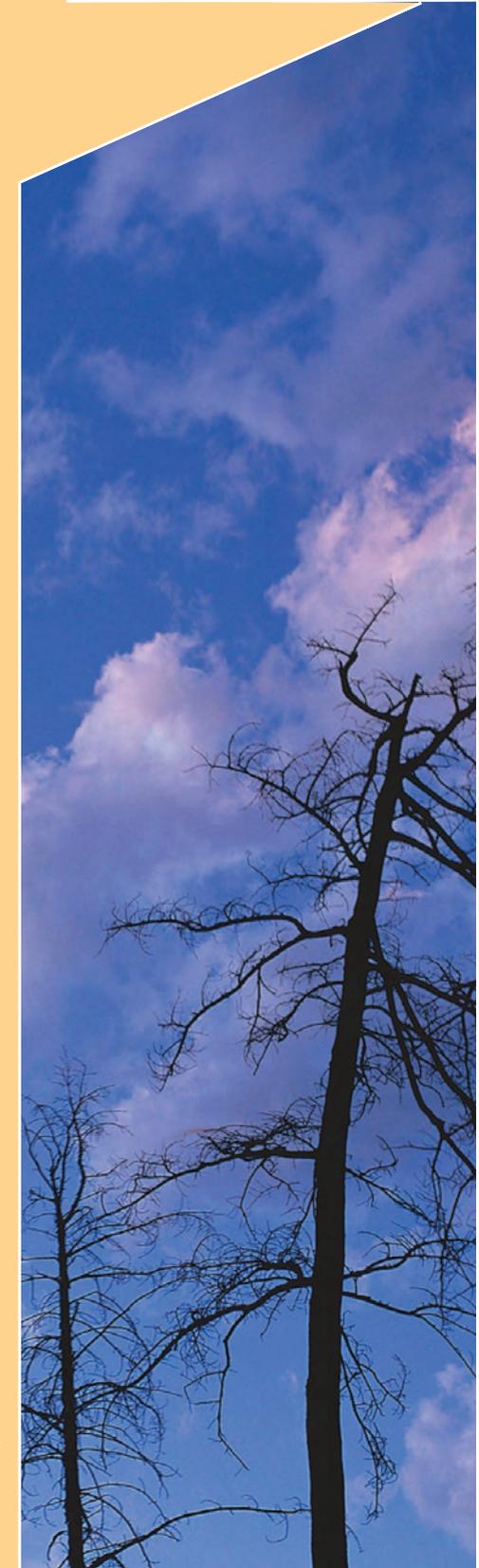
	<i>Note</i>	2005/06 R'000	2004/05 R'000
<b>16. Receivables (Cont.)</b>			
<b>16.1 Households and non-profit institutions</b> (Group major categories, but list material items)			
<b>16.2 Private enterprises</b> (Group major categories, but list material items)			
<b>16.3 Staff Debt</b> (Group major categories, but list material items)			
<b>16.4 Other debtors</b> (Group major categories, but list material items)		191	69
		<b>191</b>	<b>69</b>
<b>16.5 Debts revised</b> (Group major categories, but list material items)			

	<b>Note</b>	<b>2005/06 R'000</b>	<b>2004/05 R'000</b>
<b>17. Investments</b>			
<b>Current</b>			
Securities other than shares			
Shares and other equity			
Insurance technical reserves			
Financial derivatives			
<b>Total current</b>			
<b>Non-Current</b>			
<b>Shares and other equity</b>			
(List investments at cost)			
<b>Securities other than shares</b>			
(List investments at cost)	Annex 2		
<b>Total non-current</b>			
<b>Analysis of non current investments</b>			
Opening balance			
Additions in cash			
Disposals for cash			
Non-cash movements			
Closing balance			



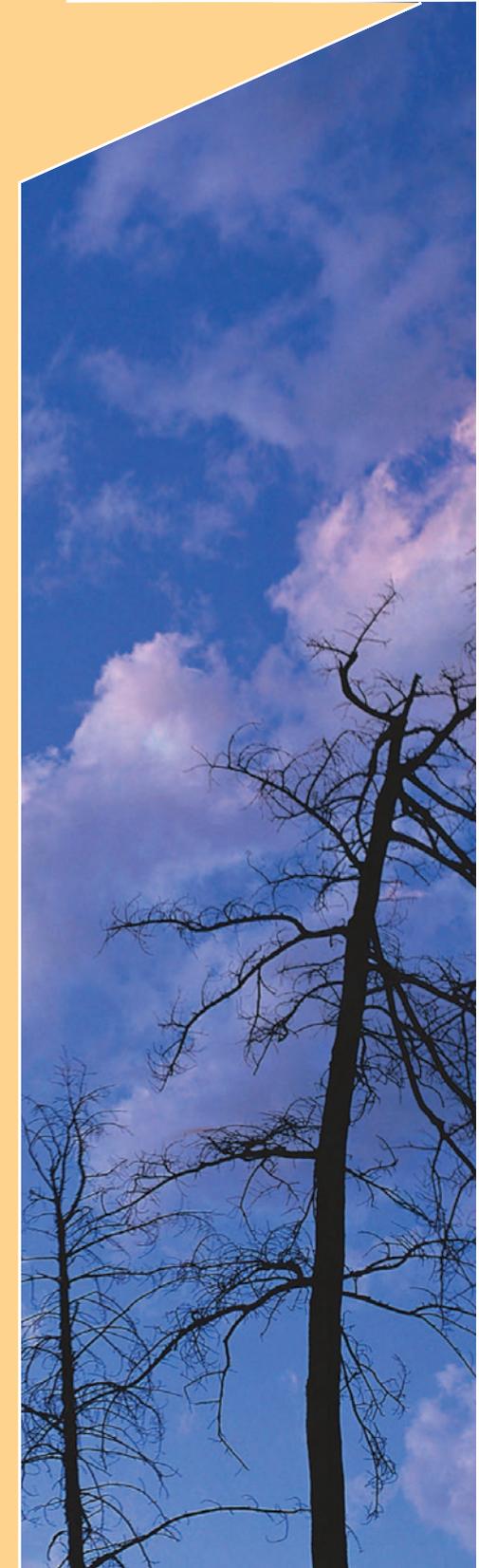
	<i>Note</i>	<b>2005/06 R'000</b>	<b>2004/05 R'000</b>
<b>18. Loans</b>			
Public corporations			
Universities and technikons			
Foreign governments			
Private enterprises			
<b>Total</b>			
<b>Analysis of Balance</b>			
Opening balance			
New Issues			
Repayments			
Write-offs			
Closing balance			
Current portion of loans			
<b>19. Voted funds to be surrendered to the Revenue Fund</b>			
Opening balance		24,890	23,636
Transfer from Statement of Financial Performance		601	24,890
Voted funds not requested/not received	<i>19.1</i>		
Paid during the year		-23,962	-23,636
Closing balance		<b>1,529</b>	<b>24,890</b>

	<b>Note</b>	<b>2005/06 R'000</b>	<b>2004/05 R'000</b>
<b>19.1 Voted funds not requested/not received</b>			
Funds to be rolled over			
Funds not to be requested			
<b>20. Departmental revenue to be surrendered to the Revenue Fund</b>			
Opening balance			379
Transfer from Statement of Financial Performance			217
Departmental revenue budgeted	3	386	
Transfer from local and foreign aid assistance**			
Paid during the year		-200	-596
Closing balance		<b>186</b>	
** Amount not used at end of project, which donors allow department to maintain should be paid over to the Revenue Fund.			
<b>21. Bank overdraft</b>			
Consolidated Paymaster General Account			
Fund requisition account			
Cash receipts			
Disbursements			
Commercial banks			



		<i>Note</i>	2005/06 R'000	2004/05 R'000	
<b>22 Payables – current</b>					
<b>Description</b>					
	<i>Notes</i>	<b>30 Days</b>	<b>30+ Days</b>	<b>2005/06 Total</b>	<b>2004/05 Total</b>
Amounts owing to other entities	<i>Annex 7</i>		<b>2480</b>	<b>2480</b>	<b>6523</b>
Advances received	<i>21.1</i>		<b>11,761</b>	<b>11,761</b>	<b>11,512</b>
Clearing accounts	<i>21.2</i>				
Other payables	<i>21.3</i>		<b>65</b>	<b>65</b>	<b>-</b>
			<b>14,306</b>	<b>14,306</b>	<b>18,035</b>
<b>22.1 Advances received</b>					
Agency: Grant Account: CMIP and CDW					
Other Payables					
			<b>11,761</b>	<b>11,404</b>	<b>108</b>
			<b>11,761</b>	<b>11,512</b>	
<b>22.2 Clearing accounts</b>					
Description					
(Identify major categories, but list material amounts)					

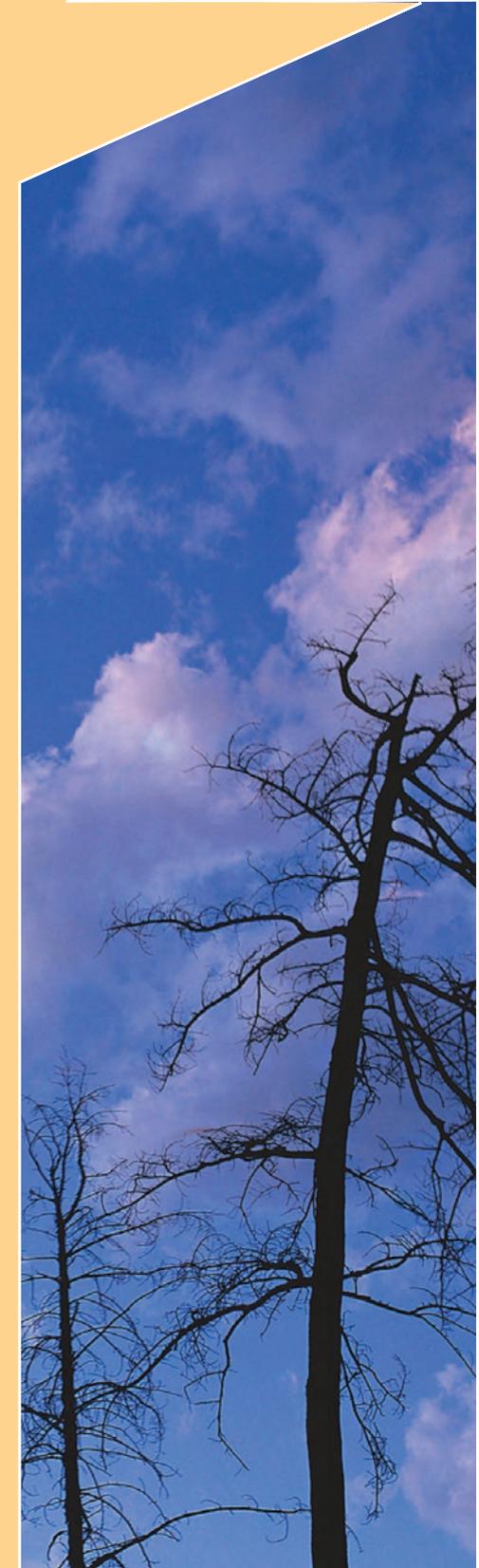
		<i>Note</i>			2005/06 R'000	2004/05 R'000
<b>22.3 Other payables</b>						
GG Transport						
Other Payables						
					48	-
					17	-
					-	-
					<b>65</b>	<b>-</b>
<b>23. Payables – Non-current</b>						
<b>Description</b>						
		<b>One to two years</b>	<b>Two to three years</b>	<b>More than three years</b>	<b>2005/06 Total</b>	<b>2004/05 Total</b>
	<i>notes</i>					
Amounts owing to other entities	<i>Annex 7</i>					
Advances received	<i>23.1</i>					
Other payables	<i>23.2</i>					
<b>23.1 Advances received</b>						
(Identify major categories, but list material items)						
<b>23.2 Other payables</b>						
Description						
(Identify major categories, but list material items)						



	<i>Note</i>	<b>2005/06 R'000</b>	<b>2004/05 R'000</b>
<b>24. Net cash flow available from operating activities</b>			
Net surplus/(deficit) as per Statement of Financial Performance		1,007	25,107
Non-cash movements		-	-
(Increase)/decrease in receivables – current		-282	865
(Increase)/decrease in prepayments and advances		615	-615
(Increase)/decrease in other current assets			137,772
Increase/(decrease) in payables – current		-3,729	4,753
Proceeds from sale of capital assets		-	-
Proceeds from sale of investments		-	-
Proceeds from sale of other financial assets		-	-
Surrenders to Revenue Fund		-24,162	-24,232
Expenditure on capital assets		4,333	343
Voted funds not requested/not received			
Other non-cash items			
<b>Net cash flow generated by operating activities</b>		<b>-22,218</b>	<b>143,993</b>
<b>25. Reconciliation of cash and cash equivalents for cash flow purposes</b>			
Consolidated Paymaster General account		14,757	41,308
Fund requisition account			
Cash receipts			
Disbursements			
Cash on hand		5	5
Cash with commercial banks			
		<b>14,762</b>	<b>41,313</b>

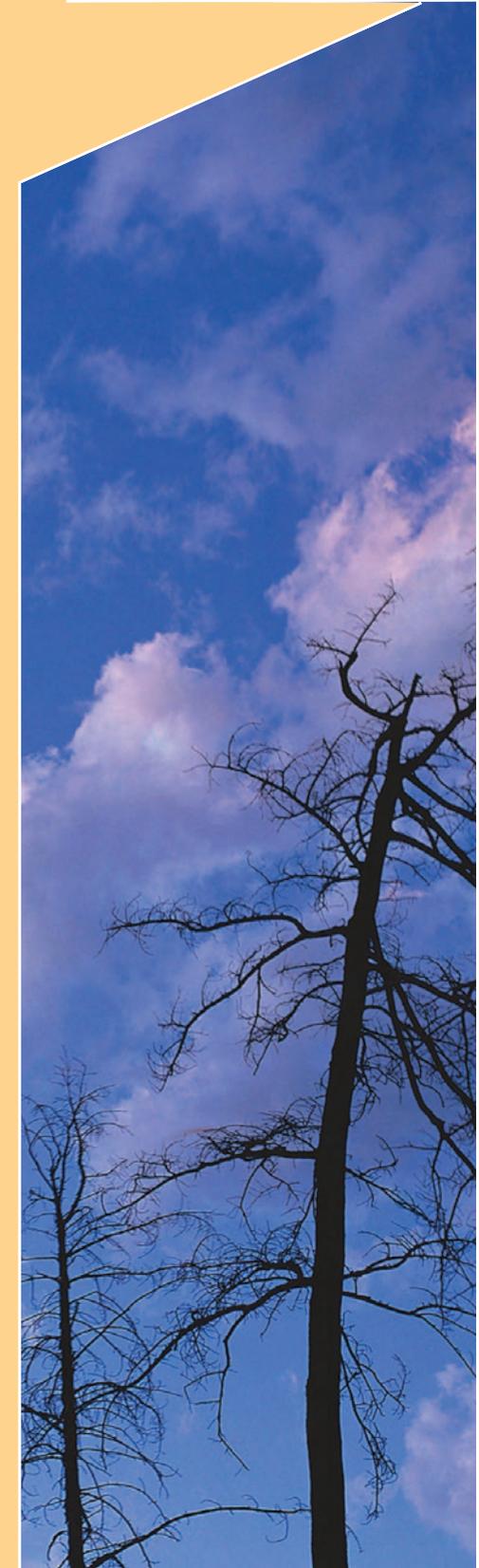
## Disclosure notes to the Annual Financial Statements for the year ended 31 March 2006

	<b>Note</b>	<b>2005/06 R'000</b>	<b>2004/05 R'000</b>
These amounts are not recognised in the Annual Financial Statements and are disclosed to enhance the usefulness of the Annual Financial Statements.			
<b>26. Contingent liabilities</b>			
<b>Liable to</b>	<b>Nature</b>		
Motor vehicle guarantees	Employees	Annex 3A	-
Housing loan guarantees	Employees	Annex 3A	558
Other guarantees		Annex 3A	-
Claims against the department		Annex 3B	2,000
Other departments (interdepartmental unconfirmed balances)		Annex 7	48
Environmental rehabilitation liability		Annex 3B	-
Other		Annex 3B	-
		<b>2,606</b>	<b>9,510</b>
<b>27. Commitments</b>			
<b>Current expenditure</b>			
Approved and contracted		157	6,533
<b>Approved but not yet contracted</b>		<b>157</b>	<b>6,533</b>
<b>Capital expenditure</b>			
Approved and contracted			-
Approved but not yet contracted			-
<b>Total Commitments</b>		<b>157</b>	<b>6,533</b>



	<i>Note</i>		2005/06 R'000	2004/05 R'000
<b>28. Accruals</b>			<b>2005/06</b>	
<b>Listed by economic classification</b>	<b>30 Days</b>	<b>30+ Days</b>	<b>Total</b>	<b>Total</b>
Compensation of employees			852	2,273
Goods and services	852			
Interest and rent on land				
Transfers and subsidies				
Buildings and other fixed structures				542
Machinery and equipment	164		164	
Biological or cultivated assets				
Software and other intangible assets				
Land and subsoil assets				
Other				
	<b>1,016</b>		<b>1,016</b>	<b>2,815</b>
<b>Listed by programme level</b>				
Administration			754	1,351
Local Governance			44	881
Integrated Development Planning and Service Delivery			218	583
			1,016	2,815
<b>Confirmed balances with other departments</b>		<i>Annex 7</i>		

	<b>Note</b>	<b>2005/06 R'000</b>	<b>2004/05 R'000</b>		
<b>29. Employee benefits provisions</b>					
Leave entitlement		721	61		
Thirteenth cheque		2,178	1,481		
Performance awards		692	576		
Capped leave commitments		2,050	2,348		
		<b>5,641</b>	<b>4,466</b>		
<b>30. Lease Commitments</b>					
<b>30.1 Operating leases</b>					
		<b>Buildings and other fixed structures R'000</b>	<b>Machinery and equipment R'000</b>	<b>2005/06 Total R'000</b>	<b>2004/05 Total R'000</b>
Land R'000					
Not later than 1 year					
Later than 1 year and not later than 5 years					
Later than five years					
Total present value of lease liabilities					



	<i>Note</i>	2005/06 R'000	2004/05 R'000
<b>31. Receivables for departmental revenue</b>			
<b>Tax revenue</b>			
Sales of goods and services other than capital assets			
Fines, penalties and forfeits			
Interest, dividends and rent on land			
Sales of capital assets			
Financial transactions in assets and liabilities		386	217
Transfers received			
Other			
		<b>386</b>	<b>217</b>
<b>32. Irregular expenditure</b>			
<b>32.1 Reconciliation of irregular expenditure</b>			
Opening balance			
Irregular expenditure – current year			
Amounts condoned			
Current expenditure			
Transfers and subsidies			
Expenditure for capital assets			
Transfer to receivables for recovery (not condoned)			
Irregular expenditure awaiting condonement			
<b>Analysis</b>			
Current			
Prior years			

	Note	2005/06 R'000	2004/05 R'000
<b>32.2 Irregular expenditure</b>			
<b>Incident</b>	<b>Disciplinary steps taken/criminal proceedings</b>		

### 33. Related party transactions

Information about related party transactions is required for accountability purposes and to facilitate a better understanding of the financial position and performance of the department. The principle issues in disclosing information about related parties is identifying which parties control or significantly influence the department and determining what information should be disclosed about transactions with those parties.

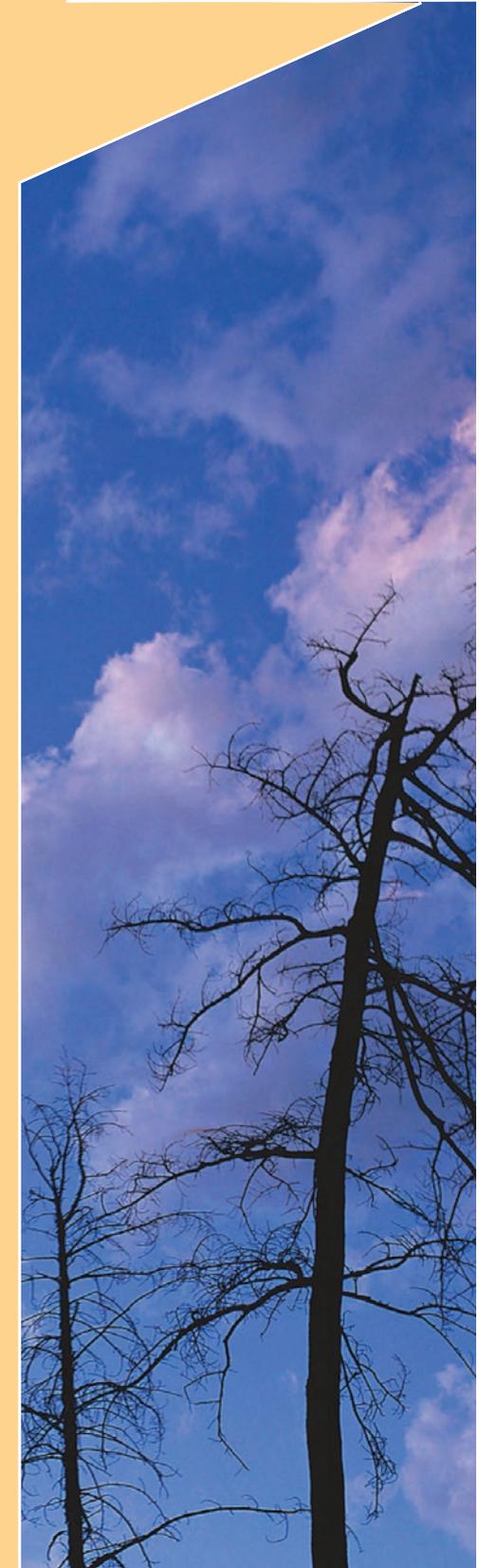
Disclosure of:

- The types of the related party relationship
- The types of transactions that have occurred
- The elements of the transactions necessary to clarify the significance of these transactions to its operations and sufficient to enable the Annual Financial Statements to provide relevant and reliable information for decision-making and accountability purposes.

The above excludes transfer payments and subsidies, as that is disclosed in the annexures to the Financial Statements.

Water and electricity and Telephone for the consumption by GDE for occupying office space at Corner House building during 2004/2005 financial year. The Department has since moved out of the building for 2005/2006 financial year. There were no related party transactions for the year under review.

		291	
		136	
<b>Total</b>		<b>427</b>	



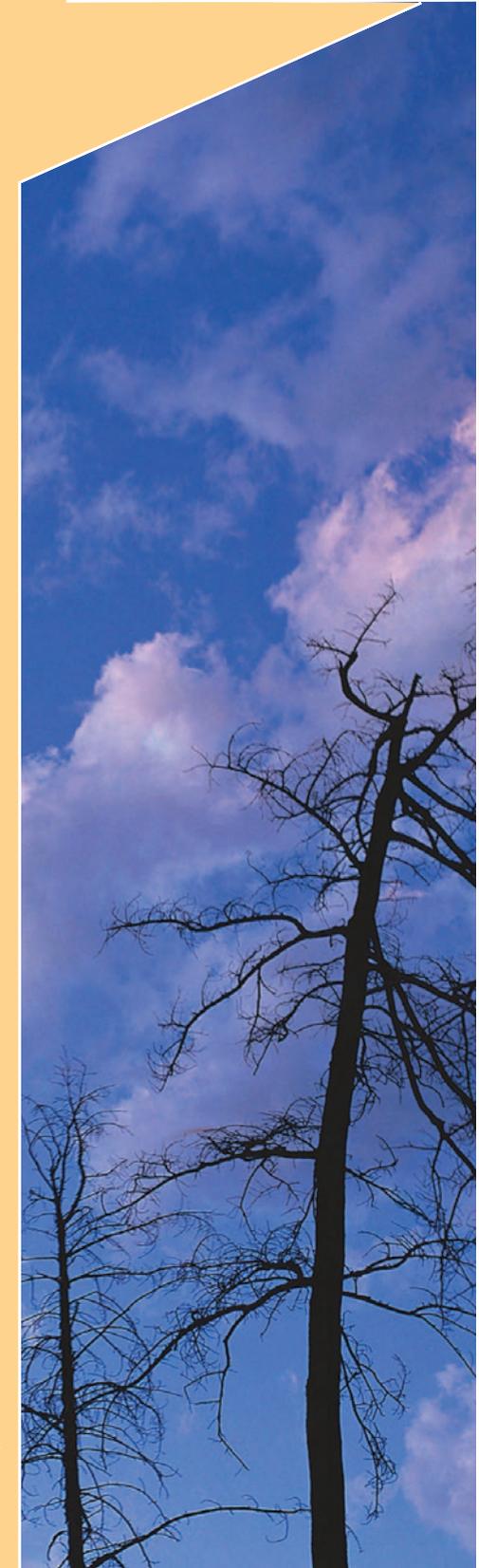
	<i>Note</i>	<b>2005/06 R'000</b>	<b>2004/05 R'000</b>
<b>Revenue received/(paid)</b>			
Tax revenue/ User charges			
Sales of goods and services other than capital assets			
Fines, penalties and forfeits			
Interest, dividends and rent on land			
Sales of capital assets			
Financial transactions in assets and liabilities		386	217
Transfers			
<b>Total</b>		<b>386</b>	<b>217</b>
<b>Movement of funds between department and related party</b>			
Investment			
Non-interest bearing loans to/ (from)			
Interest bearing loans to/ (from)			
Debtor balances			
Creditor balances			
Sales of assets			
<b>Guarantees provided</b>			
<b>Balances between department and related party</b>			
Investment			
Non-interest bearing loans to/ (from)			
Interest bearing loans to/ (from)			
Debtor balances			
Creditor balances			
Sales of assets			
<b>Guarantees provided</b>			

	<b>Note</b>	<b>2005/06 R'000</b>	<b>2004/05 R'000</b>
<b>34. Key management personnel</b>			
	<b>No. of Individuals</b>		
Political office bearers (provide detail below) MEC Officials	1	794	811
Level 15 to 16 HOD AND DDG	2	1,546	862
Level 14 CHIEF DIRECTORS	5	2,142	
Family members of key management personnel			573
		<b>4,482</b>	<b>2,246</b>

The difference between two financial years is due to the fact that during the 2004/05 financial year we had no level 15 on the payroll and had only one level 14.

### 35. Public Private Partnership

No Public Private Partnership exists within the Department.



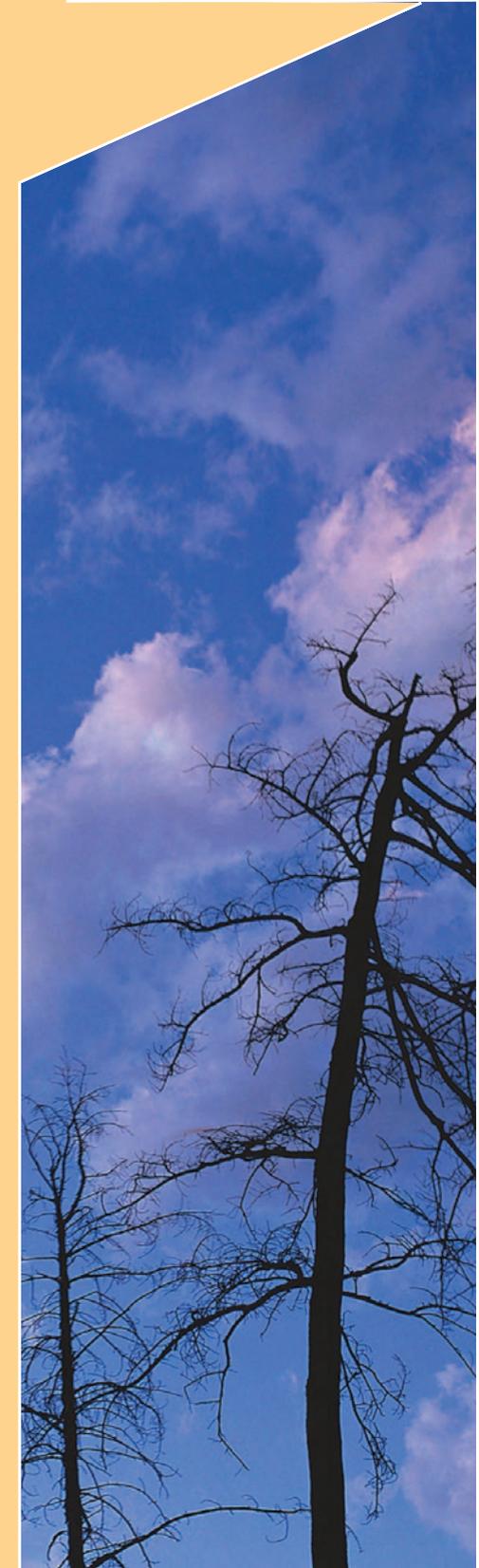
## Annexures to the Annual Financial Statements for the year ended 31 March 2006

### ANNEXURE 1A STATEMENT OF CONDITIONAL GRANTS RECEIVED

NAME OF DEPART- MENT	GRANT ALLOCATION					SPENT			2004/05	
	Division of Revenue Act/ Provincial Grants	Roll Overs	DORA Adjust- ments	Other Adjust- ments	Total Avail- able	Amount received by depart- ment	Amount spent by depart- ment	% of avail- able funds spent by depart-	Division of Revenue Act	Amount spent by depart- ment
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Gauteng Dept of Health	24,198	-	-	-	24,198	24,198	24,198	100%	130,108	130,108
	<b>24,198</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>24,198</b>	<b>24,198</b>	<b>24,198</b>	<b>100%</b>	<b>130,108</b>	<b>130,108</b>

**ANNEXURE 1E  
STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES**

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		SPENT			2004/05
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Division of Revenue Act
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
City of Johannesburg	5,558			5,558	5,558	100.0%	5,558		0.0%	29,775
City of Tshwane	4,558			4,558	4,558	100.0%	4,558		0.0%	34,388
Ekurhuleni	4,883			4,883	4,883	100.0%	4,883		0.0%	3,175
Metsweding	3,312			3,312	3,312	100.0%	3,312		0.0%	676
Sedibeng	2,383			2,383	2,383	100.0%	2,383		0.0%	11,180
West Rand	3,504			3,504	3,504	100.0%	3,504		0.0%	26,353
Westonaria										5,131
Randfontein										2,550
Nokeng Tsa Taimane										1,500
Mogale City										500
Midvaal										200
Merafong										6,900
Kungwini										2,000
Lesedi										400
Emfuleni										5,380
<b>Total</b>	<b>24,198</b>	<b>-</b>	<b>-</b>	<b>24,198</b>			<b>24,198</b>	<b>-</b>		<b>130,108</b>



**ANNEXURE 1M****STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED**

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2005/06	2004/05
		R'000	R'000
<b>Received in cash</b>			
<b>DBSA</b>	<b>Women in Local Government awards</b>	20	-
<b>Subtotal</b>		20	-
<b>Received in kind</b>			

## ANNEXURE 3A

### STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2006 – LOCAL

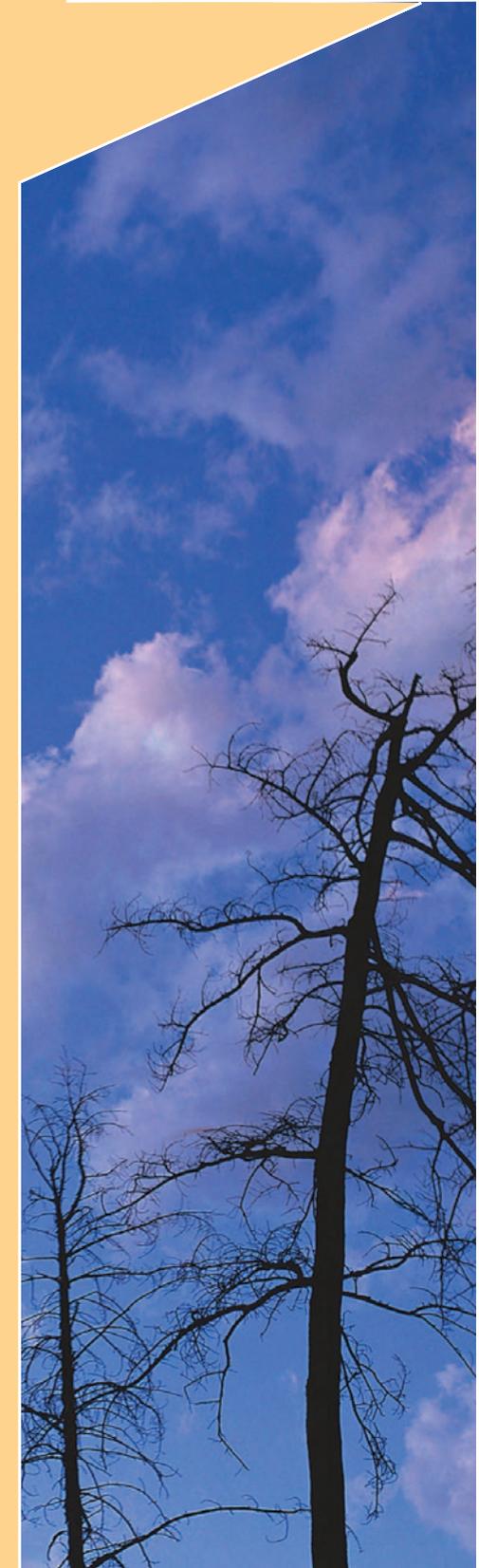
Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2005	Guarantees issued during the year	Guarantees released/paid/cancelled/reduced during the year	Guaranteed interest for year ended 31 March 2006	Closing balance 31 March 2006	Realised losses not recoverable
		R'000	R'000	R'000	R'000	R'000	R'000	R'000
	Motor vehicles							
	Housing							
<b>Standard Bank</b>			86		20		66	
<b>African Bank</b>			27				27	
<b>Peoples Bank</b>			14				14	
<b>Ned Bank</b>			64		18		46	
<b>FNB</b>			105				105	
<b>ABSA</b>			91	177	26		242	
<b>FBC Fedility</b>			39				39	
<b>Cash Bank</b>			19				19	
<b>Unique Finance</b>							-	
	Other							
<b>Total</b>		<b>-</b>	<b>445</b>	<b>177</b>	<b>64</b>	<b>-</b>	<b>558</b>	<b>-</b>

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

Nature of Liability	Opening Balance	Liabilities incurred during the year	Liabilities paid/ cancelled/ reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing Balance
	01/04/2005				31/03/2006
	R'000	R'000	R'000	R'000	R'000
<b>Claims against the department</b>					
Claim against the Department in connection with the cancellation of the contract.	2,000				2,000
	2,000				2,000
<b>Environmental Liability</b>					-
					-
					-
	-	-	-	-	-
<b>Other</b>					-
					-
					-
	2,000	-	-	-	2,000

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

	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
<b>BUILDING AND OTHER FIXED STRUCTURES</b>				
Dwellings	-	-	-	-
Non-residential buildings	-	-	-	-
Other fixed structures	-	-	-	-
Heritage assets	-	-	-	-
	<b>1,454</b>	<b>4,333</b>		<b>5,787</b>
<b>MACHINERY AND EQUIPMENT</b>				
Transport assets	-	441	-	441
Specialised military assets	-	-	-	-
Computer equipment	972	1,928	-	2,900
Furniture and office equipment	440	1,964	-	2,404
Other machinery and equipment	42	-	-	42
<b>LAND AND SUBSOIL ASSETS</b>				
Land	-	-	-	-
Mineral and similar non regenerative resources	-	-	-	-
<b>INVESTMENT PROPERTY</b>				
Investment property	-	-	-	-
<b>CULTIVATED ASSETS</b>				
Cultivated assets	-	-	-	-
<b>TOTAL CAPITAL ASSETS</b>	<b>1,454</b>	<b>4,333</b>	<b>-</b>	<b>5,787</b>

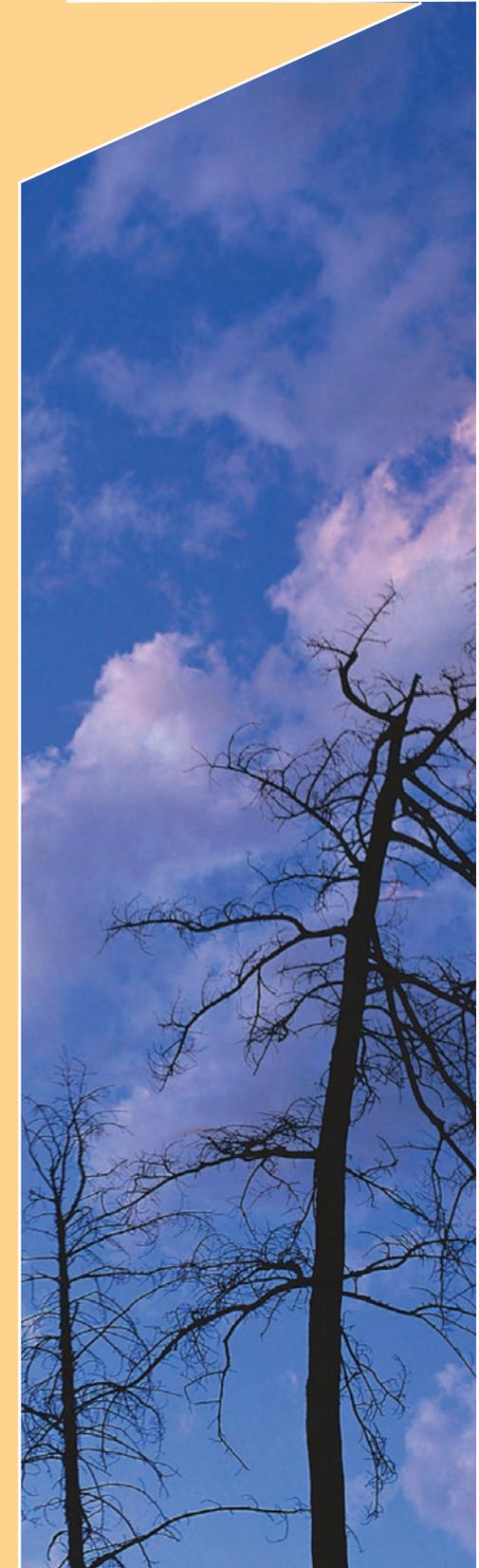


**ANNEXURE 4.1**  
**ADDITIONS MOVEMENT SCHEDULE FOR THE YEAR ENDED 31 MARCH 2006**

	<b>Cash</b>	<b>In-Kind</b>	<b>Total</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
<b>BUILDING AND OTHER FIXED STRUCTURES</b>			
Dwellings			
Non-residential buildings			
Other fixed structures			
Heritage assets			
	<b>4,333</b>	<b>-</b>	<b>4,333</b>
<b>MACHINERY AND EQUIPMENT</b>			
Transport assets	441		<b>441</b>
Specialised military assets			
Computer equipment	1,928		1,928
Furniture and office equipment	1,964		1,964
Other machinery and equipment			
<b>LAND AND SUBSOIL ASSETS</b>			
Land	-		-
Mineral and similar non regenerative resources	-		-
<b>INVESTMENT PROPERTY</b>			
Investment property	-		-
<b>CULTIVATED ASSETS</b>			
Cultivated assets	-		-
<b>TOTAL CAPITAL ASSETS</b>	<b>4,333</b>	<b>-</b>	<b>4,333</b>

**ANNEXURE 4.2  
DISPOSALS MOVEMENT SCHEDULE FOR THE YEAR ENDED 31 MARCH 2006**

	<b>Carrying Amount</b>	<b>Cash</b>	<b>Profit/(loss) on Disposal</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
<b>BUILDING AND OTHER FIXED STRUCTURES</b>			
Dwellings			
Non-residential buildings			
Other fixed structures			
Heritage assets			
<b>MACHINERY AND EQUIPMENT</b>			
Transport assets			
Specialised military assets			
Computer equipment			
Furniture and office equipment			
Other machinery and equipment			
<b>LAND AND SUBSOIL ASSETS</b>			
Land			
Mineral and similar non regenerative resources	-	-	-
<b>INVESTMENT PROPERTY</b>			
Investment property	-	-	-
<b>CULTIVATED ASSETS</b>			
Cultivated assets	-	-	-
<b>TOTAL CAPITAL ASSETS</b>	<b>343</b>	<b>-</b>	<b>343</b>



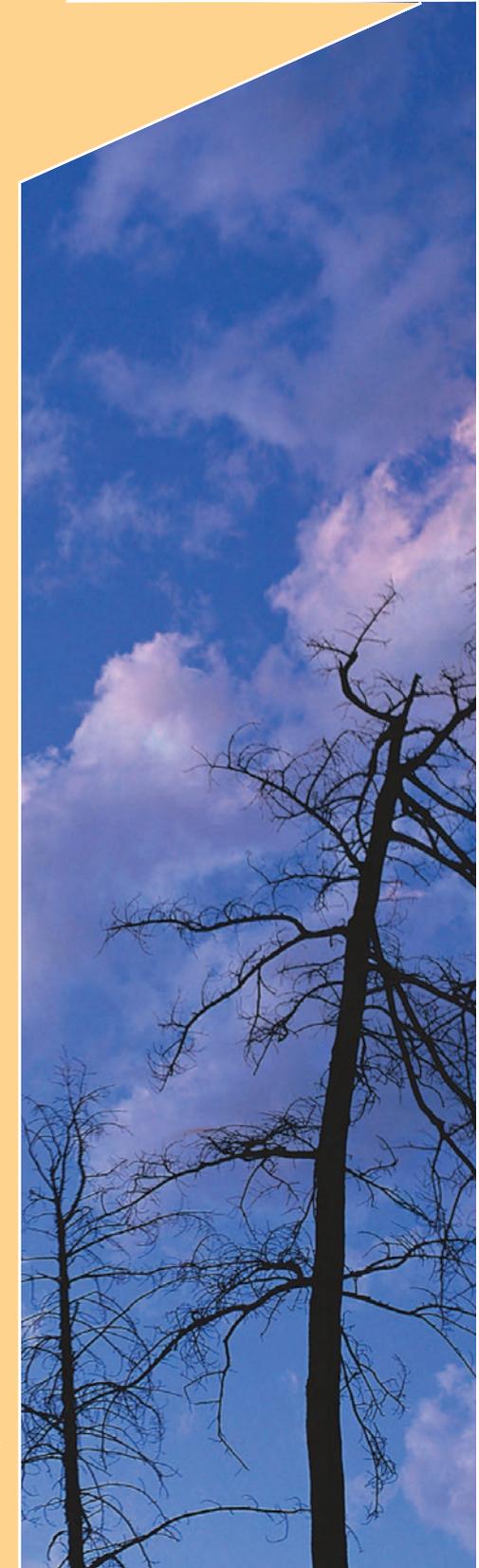
**ANNEXURE 4.3**  
**CAPITAL TANGIBLE ASSET MOVEMENT SCHEDULE FOR THE YEAR ENDED 31 MARCH 2005**

	<b>Additions</b>	<b>Disposals</b>	<b>Total Movement</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
<b>BUILDING AND OTHER FIXED STRUCTURES</b>			
Dwellings	-	-	-
Non-residential buildings	-	-	-
Other fixed structures	-	-	-
Heritage assets	-	-	-
<b>MACHINERY AND EQUIPMENT</b>			
	343	-	343
Transport assets	-	-	-
Specialized military assets	-	-	-
Computer equipment	319	-	319
Furniture and office equipment	24	-	24
Other machinery and equipment	-	-	-
<b>LAND AND SUBSOIL ASSETS</b>			
Land			
Mineral and similar non regenerative resources	-	-	-
<b>INVESTMENT PROPERTY</b>			
Investment property	-	-	-
<b>CULTIVATED ASSETS</b>			
Cultivated assets	-	-	-
<b>TOTAL CAPITAL ASSETS</b>	<b>343</b>	<b>-</b>	<b>343</b>

**ANNEXURE 6  
INTER-GOVERNMENT RECEIVABLES**

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2006	31/03/2005	31/03/2006	31/03/2005	31/03/2006	31/03/2005
	R'000	R'000	R'000	R'000	R'000	R'000
<b>Department</b>						
Department of Finance & Economic Affairs			142	571	142	571
Other debtors					-	-
GDE				59	-	59
					-	-
	-	-	<b>142</b>	<b>630</b>	<b>142</b>	<b>630</b>
<b>Other Government Entities</b>						
Government printing Works			18		18	-
					-	-
					-	-
					-	-
	-	-	18	-	18	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>160</b>	<b>630</b>	<b>160</b>	<b>630</b>

These balances were sent to the Departments and entities concerned but no confirmations were received to acknowledge and confirm the said balances.



**ANNEXURE 7  
INTER-GOVERNMENT PAYABLES**

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL	
	31/03/2006	31/03/2005	31/03/2006	31/03/2005	31/03/2006	31/03/2005
	R'000	R'000	R'000	R'000	R'000	R'000
<b>DEPARTMENTS</b>						
<b>Current</b>						
					-	-
					-	-
					-	-
					-	-
					-	-
<b>Subtotal</b>	-	-	-	-	-	-
<b>Non-current</b>						
					-	-
					-	-
					-	-
	2,480	6,523	48	7,065	-	-
<b>Subtotal</b>	2,480	6,523	48	7,065	-	-
<b>Total</b>	<b>2,480</b>	<b>6,523</b>	<b>48</b>	<b>7,065</b>	-	-

**OTHER GOVERNMENT ENTITY**

**Current**

						-	-
						-	-
						-	-
<b>Subtotal</b>						-	-

**Non-current**

						-	-
						-	-
						-	-
<b>Subtotal</b>						-	-

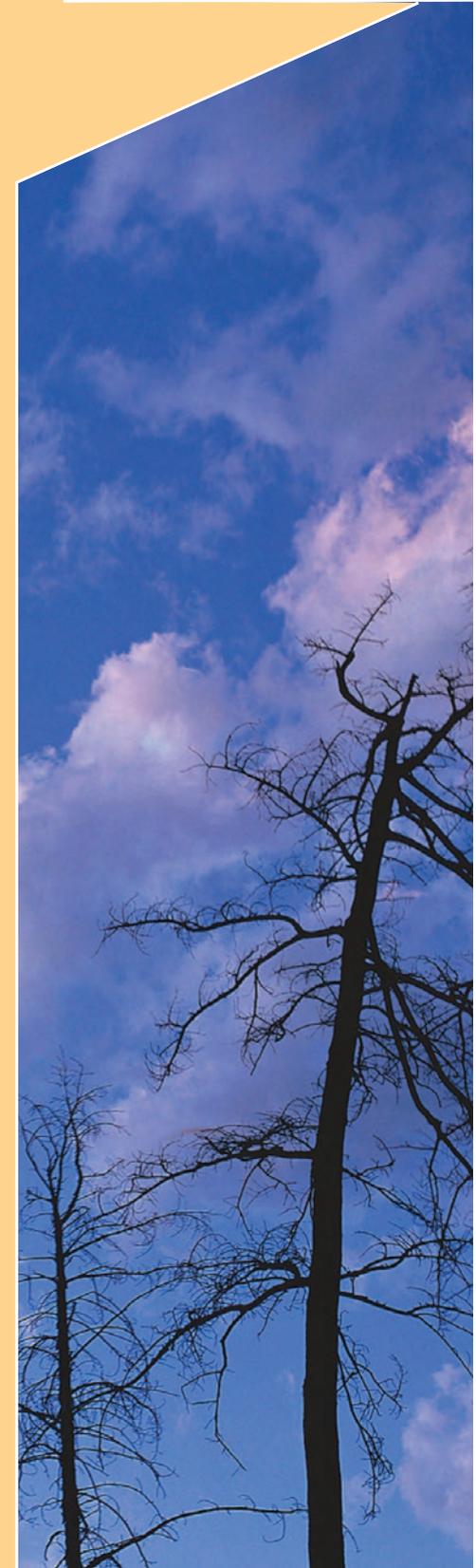
**Total**

						-	-
--	--	--	--	--	--	---	---

**The amount of R2, 480m relates to sales of land which interfaced in to the Departmental books on 31 March 2006.**

**(Footnotes)**

<sup>1</sup> This accounting policy is only relevant where the department elects to capitalize the compensation paid to employees involved on capital projects.



## Report of the Audit Committee

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

### **Audit Committee Members and Attendance:**

The audit committee consists of the members listed hereunder and meets a minimum of two times per annum as per its approved terms of reference. During the current year meetings were held on 5 occasions in terms of the charter. Meetings were held on the following dates: 19 August 2005, 27 August 2005, 04 September 2005, 18 November 2005 and 24 February 2006.

<b>Name of Member</b>	<b>Number of Meetings Attended</b>
Alethea Whitfield (Chairperson) (External) (Resigned)	05
Alex van der Watt (Chairperson to sign off the report)	
Oupa Mbokodo (External)	05
Linda Dotwana (External)	04
Joe Mahlangu	01
Benny Monama	02
Oupa Seabi	01

### **Audit Committee Responsibility**

The Audit Committee reports that it has complied with its responsibilities arising from section 38 (1) (a) of the PFMA and Treasury Regulation 3.1.13. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

### **The effectiveness of internal control**

The system of Internal control is partially effective as the various reports of the internal Auditors, the Audit Report on the Annual Financial Statements, the matter of emphasis and the management letter of the Auditor General have reported certain matters of non-compliance with prescribed policies and procedures. An ongoing risk assessment has been performed during the financial year under review.

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

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

### **Evaluation of Financial Statements**

The Audit Committee has:

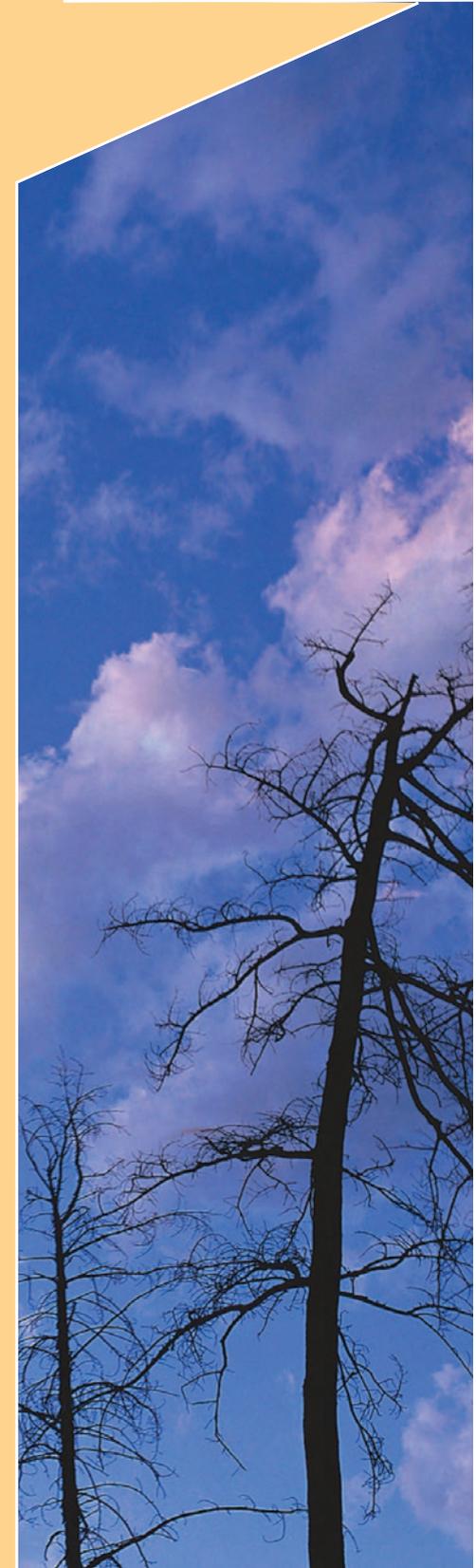
- Reviewed and discussed with the Auditor-General and the Accounting Officer the audited annual financial statements to be included in the annual report;
- Reviewed the Auditor-General's management letter and management response where significant or material issues were raised;

The Audit Committee concurs and accepts the conclusions of the Auditor-General on the annual financial statements and is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor-General.



**Chairperson of the Audit Committee**

21 August 2006

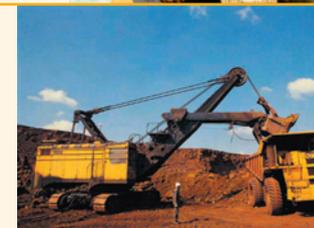






SECTION 6

**Oversight  
Report**



## HR Oversight – April 2005 to March 2006

**TABLE 1.1 - Main Service for Service Delivery Improvement and Standards**

Main Services	Actual Customers	Potential Customers	Standard of Service	Actual Achievement against Standards
xxx	xxx	xxx	xxx	xxx
xxx	xxx	xxx	xxx	xxx

**TABLE 1.2 - Consultation Arrangements for Customers**

Type of Arrangement	Actual Customer	Potential Customer	Actual Achievements
xxx	xxx	xxx	xxx
xxx	xxx	xxx	xxx

**TABLE 1.3 - Service Delivery Access Strategy**

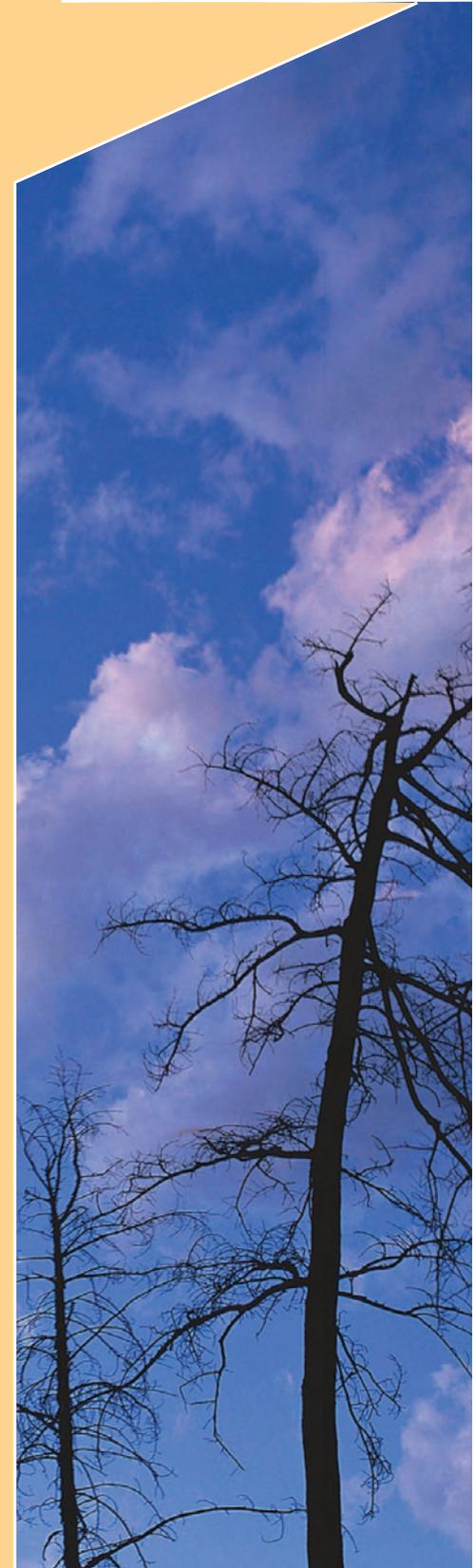
Access Strategy	Actual Achievements
xxx	xxx
xxx	xxx

**TABLE 1.4 - Service Information Tool**

Type of Information Tool	Actual Achievements
xxx	xxx
xxx	xxx

**TABLE 1.5 - Complaint Mechanism**

Complaint Mechanism	Actual Achievements
xxx	xxx
xxx	xxx

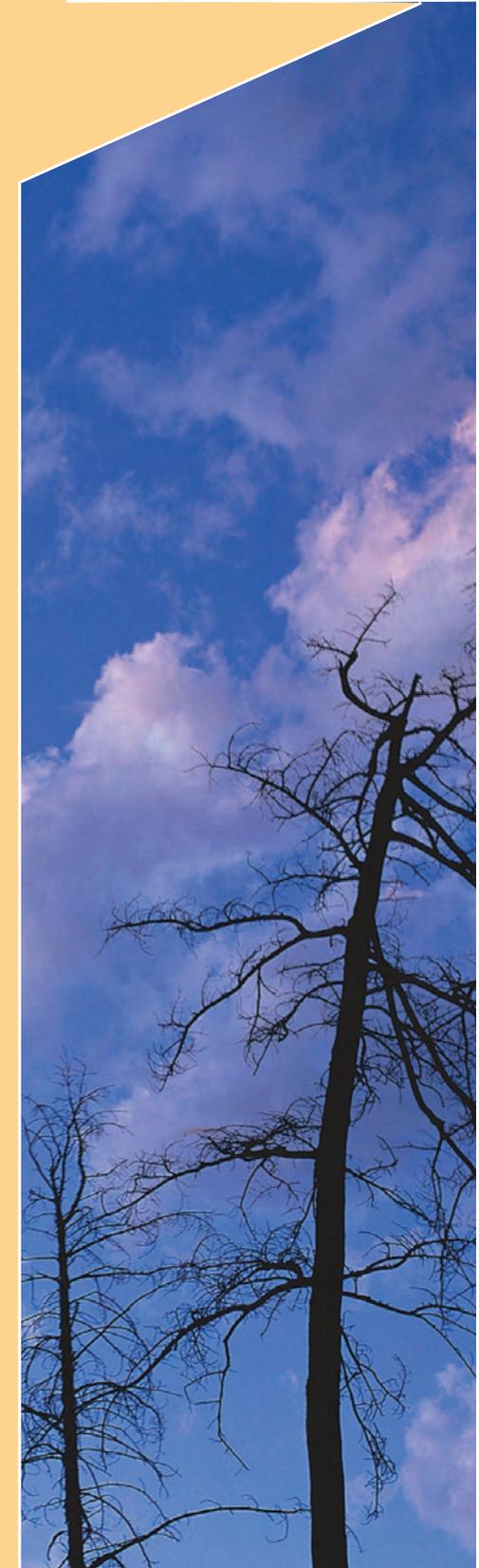


**TABLE 2.3 - Salaries, Overtime, Home Owners Allowance and Medical Aid by Programme**

Programme	Salaries (R'000)	Salaries as % of Personnel Cost	Overtime (R'000)	Overtime as % of Personnel Cost	HOA (R'000)	HOA as % of Personnel Cost	Medical Ass. (R'000)	Medical Ass. as % of Personnel Cost	Total Personnel Cost per Programme (R'000)
Administration	7010	65.5	0	0	180	1.7	552	5.2	10708
Deep loc democ*cur(2a)	261	58.7	0	0	3	0.7	19	4.3	445
Effective business process	3520	63.2	24	0.4	76	1.4	365	6.6	5567
Information tech*cur(5)	92	78.6	4	3.4	1	0.9	6	5.1	117
Integratred devel & sev del	3046	64.4	0	0	39	0.8	166	3.5	4729
Intergrated development planning	446	66.9	0	0	7	1	29	4.3	667
Local governance	12692	74	0	0	75	0.4	833	4.9	17153
Office admin*cur(1a)	508	64.9	0	0	2	0.3	12	1.5	783
Provin intergr dev plan*cur	142	37.1	0	0	1	0.3	6	1.6	383
Quality service deilvery	6852	76.5	0	0	26	0.3	133	1.5	8958
Special projects cur (4)	189	76.2	0	0	2	0.8	14	5.6	248
Support to mec & hod*cur(5)	482	58.9	0	0	0	0	30	3.7	819
Sys dss/mss*cur(3)	191	71	0	0	1	0.4	13	4.8	269
Transformed loacl govt.	1878	69.8	0	0	31	1.2	114	4.2	2691
Well man prov. land*cur(3)	418	66	0	0	4	0.6	41	6.5	633
<b>TOTAL</b>	<b>37727</b>	<b>69.6</b>	<b>28</b>	<b>0.1</b>	<b>448</b>	<b>0.8</b>	<b>2333</b>	<b>4.3</b>	<b>54170</b>

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

Salary bands	Salaries (R'000)	Salaries as % of Personnel Cost	Overtime (R'000)	Overtime as % of Personnel Cost	HOA (R'000)	HOA as % of Personnel Cost	Medical Ass. (R'000)	Medical Ass. as % of Personnel Cost	Total Personnel Cost per Salary Band (R'000)
Lower skilled (Levels 1-2)	1500	67.7	0	0	72	3.3	235	10.6	2215
Skilled (Levels 3-5)	1743	67.6	4	0.2	62	2.4	183	7.1	2579
Highly skilled production (Levels 6-8)	19527	77.5	17	0.1	130	0.5	1219	4.8	25199
Highly skilled supervision (Levels 9-12)	9028	69.5	8	0.1	161	1.2	461	3.6	12981
Senior management (Levels 13-16)	5563	59.4	0	0	17	0.2	235	2.5	9372
Contract (Levels 13-16)	364	57.3	0	0	6	0.9	0	0	635
Periodical Remuneration	0	0	0	0	0	0	0	0	1190
<b>TOTAL</b>	<b>37725</b>	<b>69.6</b>	<b>29</b>	<b>0.1</b>	<b>448</b>	<b>0.8</b>	<b>2333</b>	<b>4.3</b>	<b>54171</b>



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

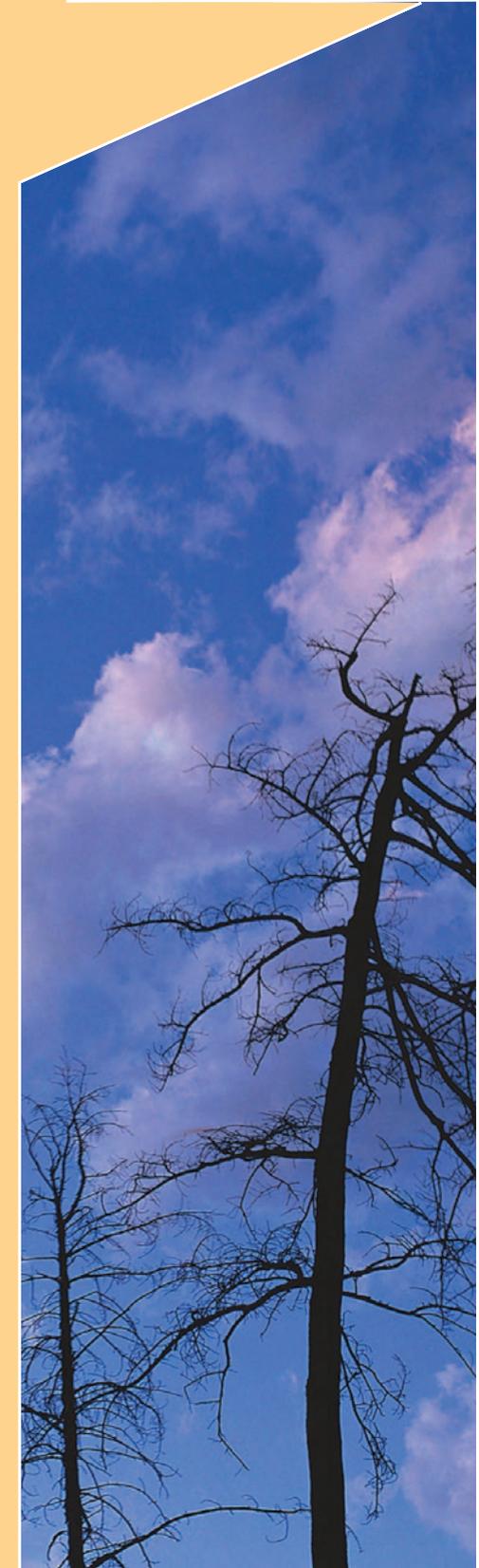
Programme	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Administration, Permanent	129	115	10.9	1
Effective business process, Permanent	1	0	100	0
Integratred devel & sev del, Permanent	43	30	30.2	0
Local governance, Permanent	779	256	67.1	0
<b>TOTAL</b>	<b>952</b>	<b>401</b>	<b>57.9</b>	<b>1</b>

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

Salary Band	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Lower skilled (Levels 1-2), Permanent	39	38	2.6	0
Skilled (Levels 3-5), Permanent	34	30	11.8	0
Highly skilled production (Levels 6-8), Permanent	743	263	64.6	0
Highly skilled supervision (Levels 9-12), Permanent	112	51	54.5	0
Senior management (Levels 13-16), Permanent	23	18	21.7	1
Contract (Levels 13-16), Permanent	1	1	0	0
<b>TOTAL</b>	<b>952</b>	<b>401</b>	<b>57.9</b>	<b>1</b>

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

Critical Occupations	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Administrative related, Permanent	44	23	47.7	0
Architects town and traffic planners, Permanent	1	0	100	0
Bus and heavy vehicle drivers, Permanent	1	1	0	0
Civil engineering technicians, Permanent	2	2	0	0
Cleaners in offices workshops hospitals etc., Permanent	22	21	4.5	0
Communication and information related, Permanent	3	2	33.3	0
Engineers and related professionals, Permanent	4	2	50	0
Finance and economics related, Permanent	4	1	75	0
Financial and related professionals, Permanent	5	4	20	0
Financial clerks and credit controllers, Permanent	204	61	70.1	0
Food services aids and waiters, Permanent	4	4	0	0
General legal administration & rel. professionals, Permanent	2	2	0	0
Head of department/chief executive officer, Permanent	3	3	0	0
Human resources & organisat developm & relate prof, Permanent	2	2	0	0
Human resources clerks, Permanent	481	144	70.1	0
Human resources related, Permanent	19	11	42.1	0
Information technology related, Permanent	2	2	0	0

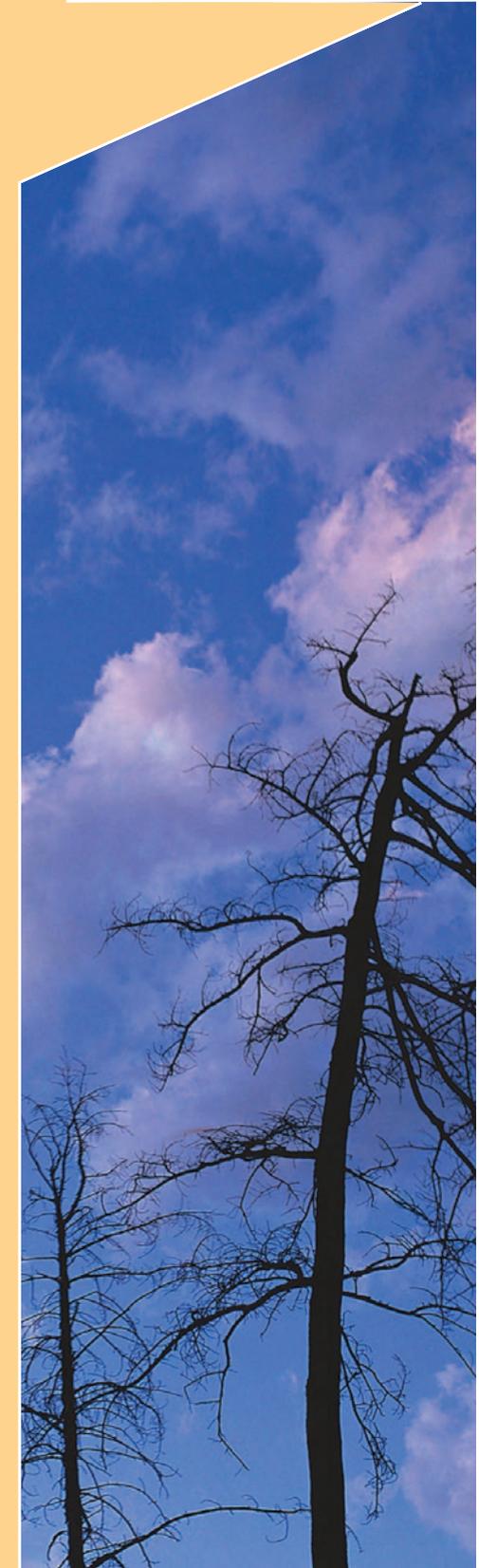


**TABLE 3.3 - Employment and Vacancies by Critical Occupation at end of period (continued)**

Critical Occupations	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Language practitioners interpreters & other commun, Permanent	4	2	50	0
Legal related, Permanent	1	1	0	0
Library mail and related clerks, Permanent	6	5	16.7	0
Light vehicle drivers, Permanent	3	3	0	0
Material-recording and transport clerks, Permanent	13	13	0	0
Messengers porters and deliverers, Permanent	4	4	0	0
Other administrat & related clerks and organisers, Permanent	30	21	30	0
Other administrative policy and related officers, Permanent	28	20	28.6	0
Other information technology personnel., Permanent	1	1	0	0
Other occupations, Permanent	2	1	50	0
Regulatory inspectors, Permanent	2	2	0	0
Risk management and security services, Permanent	2	0	100	0
Secretaries & other keyboard operating clerks, Permanent	21	18	14.3	0
Security officers, Permanent	9	9	0	0
Senior managers, Permanent	23	16	30.4	1
<b>TOTAL</b>	<b>952</b>	<b>401</b>	<b>57.9</b>	<b>1</b>

**TABLE 4.1 - Job Evaluation**

Salary Band	Number of Posts	Number of Jobs Evaluated	% of Posts Evaluated	Number of Posts Upgraded	% of Up-graded Posts Evaluated
Lower skilled (Levels 1-2)	39	2	5.1	3	150
Contract (Band A)	1	0	0		0
Skilled (Levels 3-5)	34	0	0	5	0
Highly skilled production (Levels 6-8)	743	12	1.6	3	25
Highly skilled supervision (Levels 9-12)	112	10	8.9	<b>1</b>	10
Senior Management Service Band A	17	<b>10</b>	58.8	0	0
Senior Management Service Band B	4	4	100	0	0
Senior Management Service Band C	1	0	0	0	0
Senior Management Service Band D	1	0	0	0	0
<b>TOTAL</b>	<b>952</b>	<b>38</b>	<b>4</b>	<b>12</b>	<b>31.6</b>



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

Beneficiaries	African	Asian	Coloured	White	Total
Female	3	0	2	2	7
Male	3	0	0	0	3
Total	6	0	2	2	10
Employees with a Disability	0	0	0	0	0

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

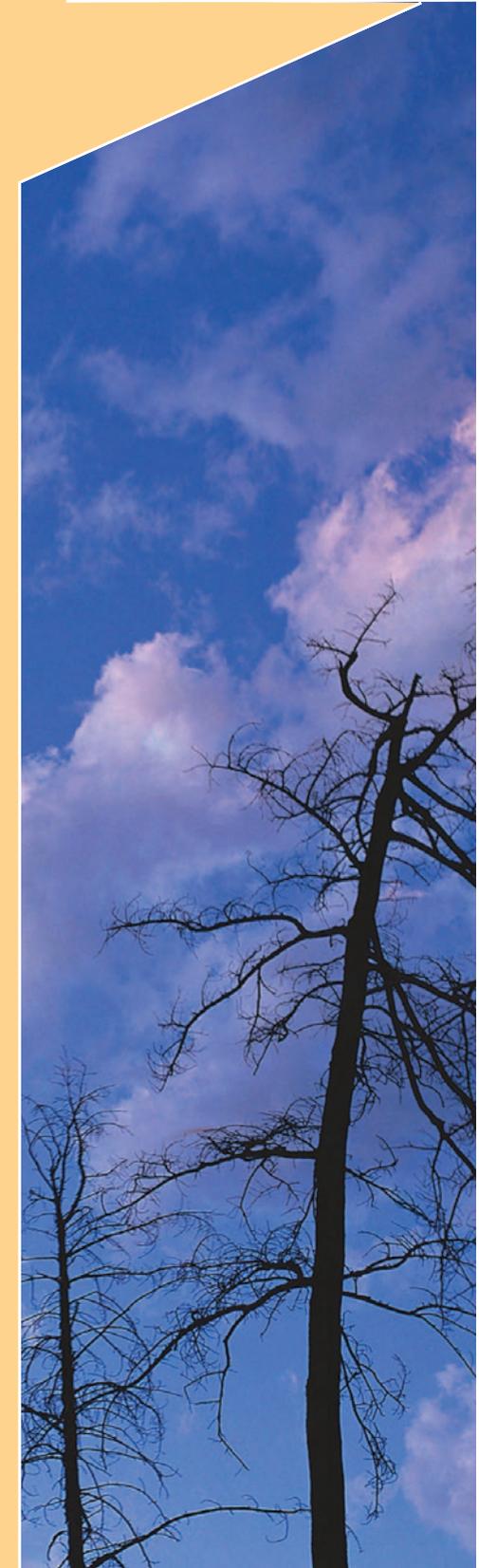
Occupation	Number of Employees	Job Evaluation Level	Remuneration Level	Reason for Deviation	No of Employees in Dept
xxx	0	0	0	0	
xxx	0	0	0	0	
Total	0				
Percentage of Total Employment	0				0

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

Beneficiaries	African	Asian	Coloured	White	Total
Female	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 5.1 - Annual Turnover Rates by Salary Band**

Salary Band	Employment at Beginning of Period (April 2005)	Appointments	Terminations	Turnover Rate
Lower skilled (Levels 1-2), Permanent	41	0	2	4.9
Skilled (Levels 3-5), Permanent	38	3	0	0
Highly skilled production (Levels 6-8), Permanent	70	204	1	1.4
Highly skilled supervision (Levels 9-12), Permanent	56	9	7	12.5
Senior Management Service Band A, Permanent	7	2	0	0
Senior Management Service Band B, Permanent	4	2	0	0
Senior Management Service Band C, Permanent	1	0	0	0
Senior Management Service Band D, Permanent	1	0	0	0
Contract (Band A), Permanent	0	1	1	0
Contract (Band B), Permanent	1	0	0	0
<b>TOTAL</b>	<b>219</b>	<b>221</b>	<b>11</b>	<b>5</b>

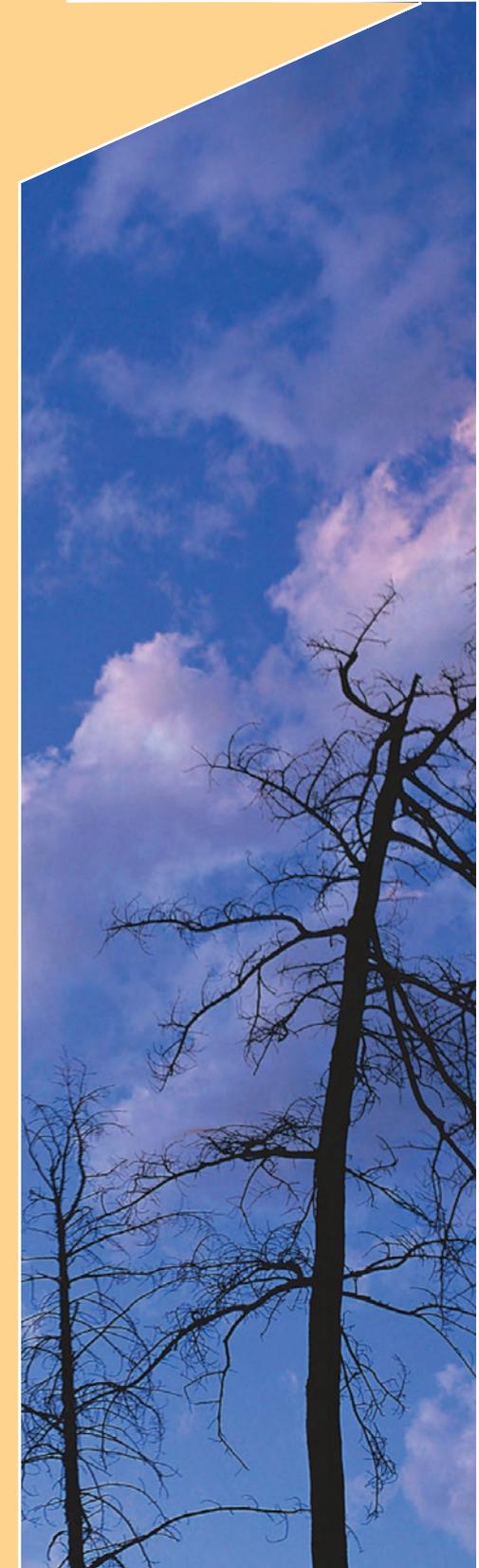


**TABLE 5.2 - Annual Turnover Rates by Critical Occupation**

Occupation	Employment at Beginning of Period (April 2005)	Appointments	Terminations	Turnover Rate
Administrative related, Permanent	35	8	4	11.4
Agriculture related, Permanent	1	0	0	0
Architects town and traffic planners, Permanent	1	0	0	0
Building and other property caretakers, Permanent	1	0	0	0
Civil engineering technicians, Permanent	1	1	0	0
Cleaners in offices workshops hospitals etc., Permanent	26	0	2	7.7
Client inform clerks (switchboard reception inform clerks), Permanent	4	0	0	0
Community development workers, Permanent	0	198	0	0
Computer system designers and analysts., Permanent	1	0	0	0
Engineering sciences related, Permanent	2	0	0	0
Engineers and related professionals, Permanent	2	0	1	50
Finance and economics related, Permanent	1	0	0	0
Financial and related professionals, Permanent	4	0	0	0
Financial clerks and credit controllers, Permanent	2	0	0	0
Food services aids and waiters, Permanent	4	0	0	0
Household and laundry workers, Permanent	1	0	0	0
Human resources & organisat developm & relate prof, Permanent	4	0	1	25
Human resources clerks, Permanent	5	0	0	0
Human resources related, Permanent	6	0	0	0
Information technology related, Permanent	1	0	0	0

**TABLE 5.2 - Annual Turnover Rates by Critical Occupation (continued)**

Occupation	Employment at Beginning of Period (April 2005)	Appointments	Terminations	Turnover Rate
Language practitioners interpreters & other commun, Permanent	4	0	0	0
Legal related, Permanent	1	0	0	0
Library mail and related clerks, Permanent	7	0	0	0
Light vehicle drivers, Permanent	3	0	0	0
Logistical support personnel, Permanent	6	1	1	16.7
Material-recording and transport clerks, Permanent	6	0	0	0
Messengers porters and deliverers, Permanent	3	0	0	0
Other administrat & related clerks and organisers, Permanent	19	2	1	5.3
Other administrative policy and related officers, Permanent	32	0	0	0
Other information technology personnel., Permanent	1	0	0	0
Other occupations, Permanent	2	2	1	50
Photographic lithographic and related workers, Permanent	4	0	0	0
Rank: Unknown, Permanent	1	0	0	0
Regulatory inspectors, Permanent	2	0	0	0
Secretaries & other keyboard operating clerks, Permanent	8	4	0	0
Security guards, Permanent	5	0	0	0
Security officers, Permanent	3	0	0	0
Senior managers, Permanent	10	5	0	0
<b>TOTAL</b>	<b>219</b>	<b>221</b>	<b>11</b>	<b>5</b>



**TABLE 5.3 - Reasons why staff are leaving the department**

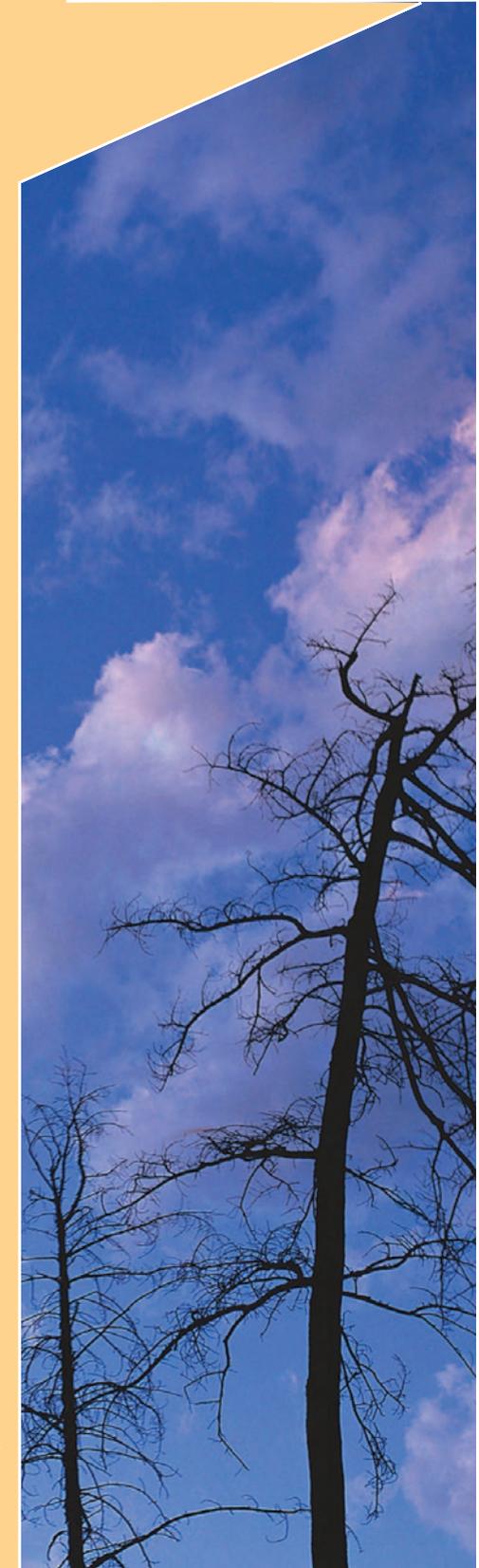
Termination Type	Number	Percentage of Total Resignations	Percentage of Total Employment	Total	Total Employment
Death, Permanent	3	27.3	1.4	11	219
Resignation, Permanent	4	36.4	1.8	11	219
Discharged due to ill health, Permanent	1	9.1	0.5	11	219
Dismissal-misconduct, Permanent	0	0	0	11	219
Retirement, Permanent	3	27.3	1.4	11	219
<b>TOTAL</b>	<b>11</b>	<b>100</b>	<b>5</b>	<b>11</b>	<b>219</b>

**Resignations as % of Employment**

5

**TABLE 5.4 - Promotions by Critical Occupation**

Occupation	Employment at Beginning of Period (April 2005)	Promotions to another Salary Level	Salary Level Promotions as a % of Employment	Progressions to another Notch within Salary Level	Notch progressions as a % of Employment
Administrative related	35	3	8.6	18	51.4
Agriculture related	1	1	100	0	0
Architects town and traffic planners	1	0	0	0	0
Building and other property caretakers	1	0	0	1	100
Civil engineering technicians	1	0	0	0	0
Cleaners in offices workshops hospitals etc.	26	0	0	23	88.5
Client inform clerks (switchboard reception inform clerks)	4	1	25	4	100
Computer system designers and analysts.	1	0	0	0	0
Engineering sciences related	2	0	0	0	0
Engineers and related professionals	2	0	0	0	0
Finance and economics related	1	1	100	1	100
Financial and related professionals	4	1	25	3	75
Financial clerks and credit controllers	2	1	50	2	100
Food services aids and waiters	4	0	0	3	75
General legal administration & rel. professionals	0	1	0	0	0
Household and laundry workers	1	0	0	1	100
Human resources & organisat developm & relate prof	4	0	0	3	75
Human resources clerks	5	0	0	4	80
Human resources related	6	1	16.7	1	16.7



**TABLE 5.4 - Promotions by Critical Occupation (continued)**

Occupation	Employment at Beginning of Period (April 2005)	Promotions to another Salary Level	Salary Level Promotions as a % of Employment	Progressions to another Notch within Salary Level	Notch progressions as a % of Employment
Information technology related	1	0	0	0	0
Language practitioners interpreters & other commun	4	0	0	4	100
Legal related	1	1	100	0	0
Library mail and related clerks	7	0	0	7	100
Light vehicle drivers	3	0	0	3	100
Logistical support personnel	6	0	0	5	83.3
Material-recording and transport clerks	6	5	83.3	6	100
Messengers porters and deliverers	3	0	0	2	66.7
Other administrat & related clerks and organis-ers	19	1	5.3	11	57.9
Other administrative policy and related offic-ers	32	0	0	19	59.4
Other information technology personnel.	1	0	0	1	100
Other occupations	2	2	100	0	0
Photographic lithographic and related workers	4	0	0	2	50
Rank: Unknown	1	0	0	0	0
Regulatory inspectors	2	0	0	1	50
Secretaries & other keyboard operating clerks	8	0	0	3	37.5
Security guards	5	0	0	4	80
Security officers	3	0	0	3	100
Senior managers	10	5	50	1	10
<b>TOTAL</b>	<b>219</b>	<b>24</b>	<b>11</b>	<b>136</b>	<b>62.1</b>

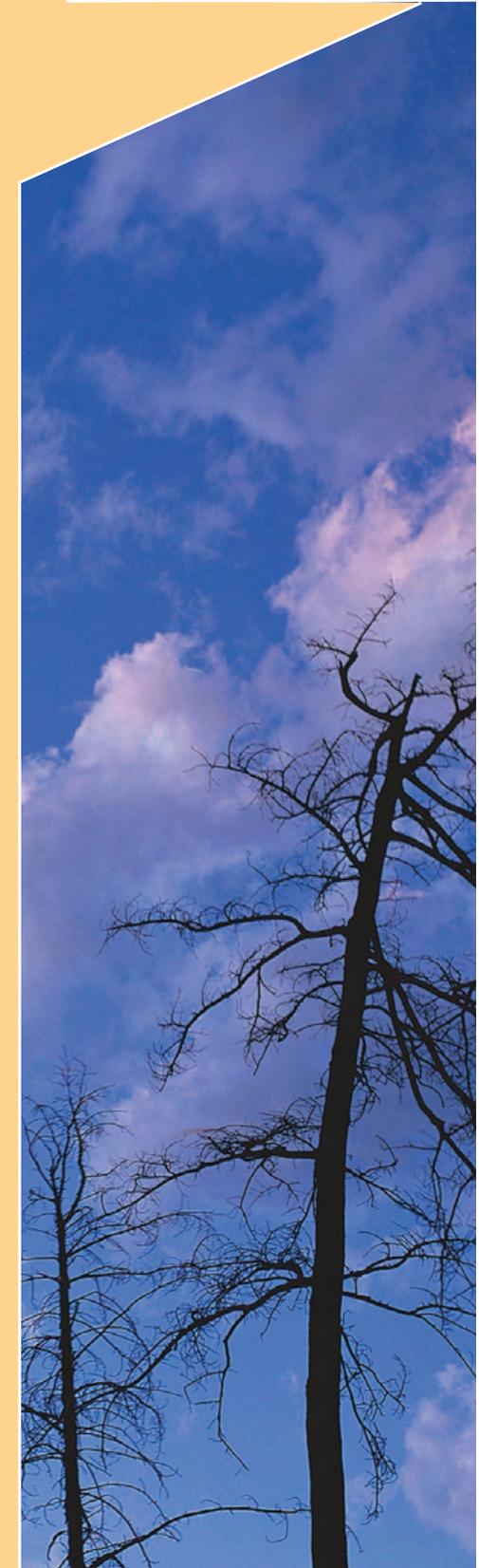
**TABLE 6.1 - Total number of Employees (incl. Employees with disabilities) per Occupational Category (SASCO)**

Occupational Categories	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Legislators, senior officials and managers, Permanent	6	0	3	9	2	2	0	1	3	0	14
Professionals, Permanent	56	3	1	60	15	58	3	2	63	6	144
Clerks, Permanent	78	0	0	78	1	98	7	1	106	8	193
Service and sales workers, Permanent	8	0	0	8	0	0	0	0	0	0	8
Craft and related trades workers, Permanent	2	0	0	2	0	0	0	0	0	0	2
Plant and machine operators and assemblers, Permanent	4	0	0	4	0	0	0	0	0	0	4
Elementary occupations, Permanent	11	1	0	12	0	22	0	1	23	1	36
<b>TOTAL</b>	<b>165</b>	<b>4</b>	<b>4</b>	<b>173</b>	<b>18</b>	<b>180</b>	<b>10</b>	<b>5</b>	<b>195</b>	<b>15</b>	<b>401</b>

	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Employees with disabilities	4	0	0	4	0	1	0	0	1	0	5

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

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Top Management, Permanent	3	0	1	4	1	0	0	0	0	0	5
Senior Management, Permanent	5	2	1	8	1	3	0	2	5	0	14
Professionally qualified and experienced specialists and mid-management, Permanent	21	0	1	22	11	14	1	2	17	5	55
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	104	1	0	105	5	135	5	1	141	8	259
Semi-skilled and discretionary decision making, Permanent	19	0	0	19	0	7	4	0	11	2	32
Unskilled and defined decision making, Permanent	13	1	0	14	0	21	0	0	21	0	35
Contract (Senior Management), Permanent	0	0	1	1	0	0	0	0	0	0	1
<b>TOTAL</b>	<b>165</b>	<b>4</b>	<b>4</b>	<b>173</b>	<b>18</b>	<b>180</b>	<b>10</b>	<b>5</b>	<b>195</b>	<b>15</b>	<b>401</b>



**TABLE 6.3 - Recruitment**

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Senior Management, Permanent	2	0	1	3	2	0	0	0	0	0	5
Professionally qualified and experienced specialists and mid-management, Permanent	5	0	0	5	1	1	0	1	2	0	8
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	97	1	0	98	0	103	3	1	106	0	204
Semi-skilled and discretionary decision making, Permanent	2	0	0	2	0	1	0	0	1	0	3
Contract (Senior Management), Permanent	0	0	1	1	0	0	0	0	0	0	1
<b>TOTAL</b>	<b>106</b>	<b>1</b>	<b>2</b>	<b>109</b>	<b>3</b>	<b>105</b>	<b>3</b>	<b>2</b>	<b>108</b>	<b>0</b>	<b>221</b>

	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
<b>No data</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**TABLE 6.4 - Promotions**

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Senior Management, Permanent	1	2	0	3	0	0	0	1	1	0	4
Professionally qualified and experienced specialists and mid-management, Permanent	4	0	0	4	1	3	1	1	5	1	11
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	0	0	0	0	0	2	0	0	2	1	3
Semi-skilled and discretionary decision making, Permanent	1	0	0	1	0	2	2	0	4	0	5
Unskilled and defined decision making, Permanent	1	0	0	1	0	0	0	0	0	0	1
<b>TOTAL</b>	<b>7</b>	<b>2</b>	<b>0</b>	<b>9</b>	<b>1</b>	<b>7</b>	<b>3</b>	<b>2</b>	<b>12</b>	<b>2</b>	<b>24</b>

	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Employees with disabilities	5	0	0	5	0	0	0	0	0	0	5

**TABLE 6.5 - Terminations**

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Professionally qualified and experienced specialists and mid-management, Permanent	3	1	0	4	2	0	0	0	0	1	7
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	1	0	0	1	0	0	0	0	0	0	1
Unskilled and defined decision making, Permanent	2	0	0	2	0	1	0	0	1	0	3
Contract (Senior Management), Permanent	1	0	0	1	0	0	0	0	0	0	1
<b>TOTAL</b>	<b>7</b>	<b>1</b>	<b>0</b>	<b>8</b>	<b>2</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>12</b>

	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
<b>No data</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**TABLE 6.6 - Disciplinary Action**

Disciplinary action	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total	Not Available
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**TABLE 6.7 - Skills Development**

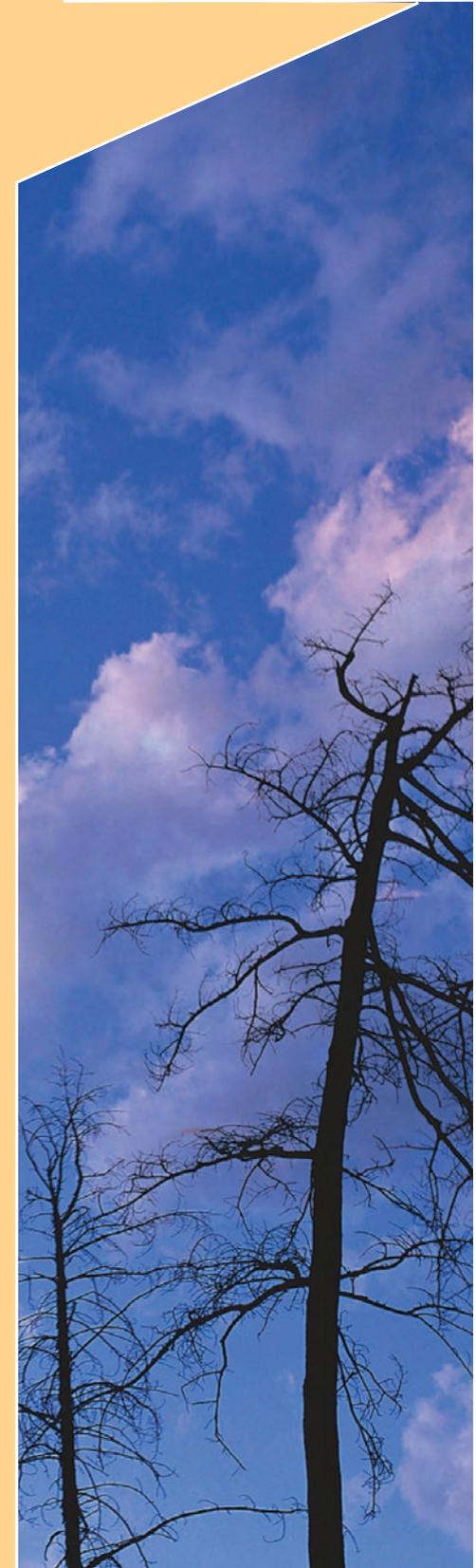
Occupational Categories	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Legislators, Senior Officials and Managers	3	0	0	0	0	1	0	0	0	0	4
Professionals	11	2	1	0	4	7	0	0	0	6	31
Technicians and Associate Professionals	23	0	0	0	16	28	2	2	0	5	76
Clerks	8	0	0	0	2	28	7	0	0	9	54
Service and Sales Workers	8	0	0	0	1	0	0	0	0	0	9
Skilled Agriculture and Fishery Workers	0	0	0	0	0	0	0	0	0	0	0
Craft and related Trades Workers	3	0	0	0	0	1	0	0	0	0	4
Plant and Machine Operators and Assemblers	4	0	0	0	0	0	0	0	0	0	4
Elementary Occupations	15	3	1	0	9	22	0	0	0	0	50
<b>TOTAL</b>	<b>75</b>	<b>5</b>	<b>2</b>	<b>0</b>	<b>32</b>	<b>87</b>	<b>9</b>	<b>2</b>	<b>0</b>	<b>20</b>	<b>232</b>
Employees with disabilities	5	0	0	0	0	0	0	0	0	0	5

**TABLE 7.1 - Performance Rewards by Race, Gender and Disability**

	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
African, Female	55	179	30.7	257	4,680
African, Male	38	161	23.6	176	4,622
Asian, Female	2	5	40	14	7,148
Asian, Male	0	4	0	0	0
Coloured, Female	6	10	60	25	4,145
Coloured, Male	1	4	25	7	7,359
Total Blacks, Female	63	194	32.5	297	4,707
Total Blacks, Male	42	169	24.9	192	4,562
White, Female	12	15	80	71	5,901
White, Male	15	18	83.3	119	7,932
Employees with a disability	3	5	60	9	2,866
TOTAL	135	401	33.7	687	5,085

**TABLE 7.2 - Performance Rewards by Salary Band for Personnel below Senior Management Service**

Salary Band	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
Lower skilled (Levels 1-2)	26	35	74.3	68	2,615
Skilled (Levels 3-5)	27	32	84.4	85	3,148
Highly skilled production (Levels 6-8)	45	259	17.4	246	5,467
Highly skilled supervision (Levels 9-12)	34	55	61.8	258	7,588
Periodical Remuneration	0	41	0	0	0
<b>TOTAL</b>	<b>132</b>	<b>422</b>	<b>31.3</b>	<b>657</b>	<b>4977</b>

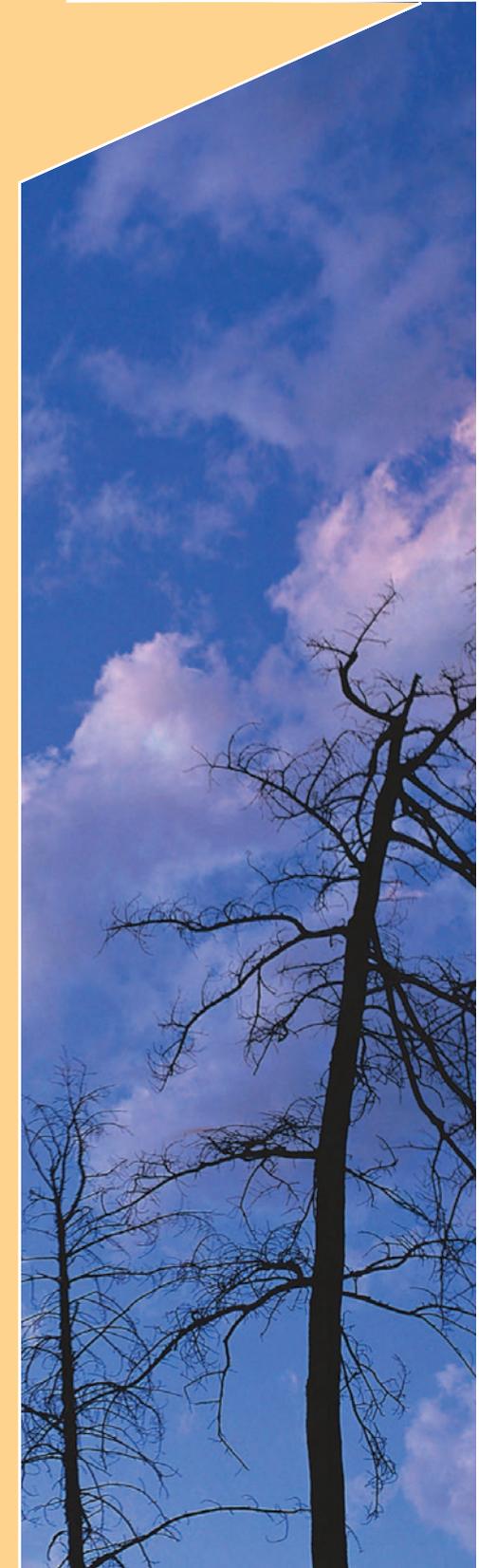


**TABLE 7.3 - Performance Rewards by Critical Occupation**

Critical Occupations	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
Administrative related	25	31	80.6	191	7,640
Agriculture related	0	1	0	0	0
Building and other property caretakers	1	1	100	4	4,000
Bus and heavy vehicle drivers	0	1	0	0	0
Civil engineering technicians	0	2	0	0	0
Cleaners in offices workshops hospitals etc.	18	23	78.3	48	2,667
Client inform clerks (switchboard reception inform clerks)	4	4	100	15	3,750
Communication and information related	0	1	0	0	0
Community development workers	0	56	0	0	0
Computer system designers and analysts.	0	1	0	0	0
Engineering sciences related	0	2	0	0	0
Finance and economics related	1	1	100	6	6,000
Financial and related professionals	3	4	75	21	7,000
Financial clerks and credit controllers	2	2	100	7	3,500
Food services aids and waiters	3	4	75	8	2,667

**TABLE 7.3 - Performance Rewards by Critical Occupation (continued)**

Critical Occupations	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
General legal administration & rel. professionals	0	2	0	0	0
Household and laundry workers	1	1	100	3	3,000
Human resources & organisat developm & relate prof	2	3	66.7	15	7,500
Human resources clerks	4	7	57.1	21	5,250
Human resources related	2	6	33.3	14	7,000
Information technology related	0	1	0	0	0
Language practitioners interpreters & other commun	3	4	75	21	7,000
Legal related	1	1	100	7	7,000
Library mail and related clerks	7	7	100	29	4,143
light vehicle drivers	3	3	100	9	3,000
Logistical support personnel	5	5	100	33	6,600
Material-recording and transport clerks	6	6	100	18	3,000
Messengers porters and deliverers	1	3	33.3	3	3,000
Other administrat & related clerks and organisers	10	154	6.5	44	4,400
Other administrative policy and related officers	17	20	85	104	6,118

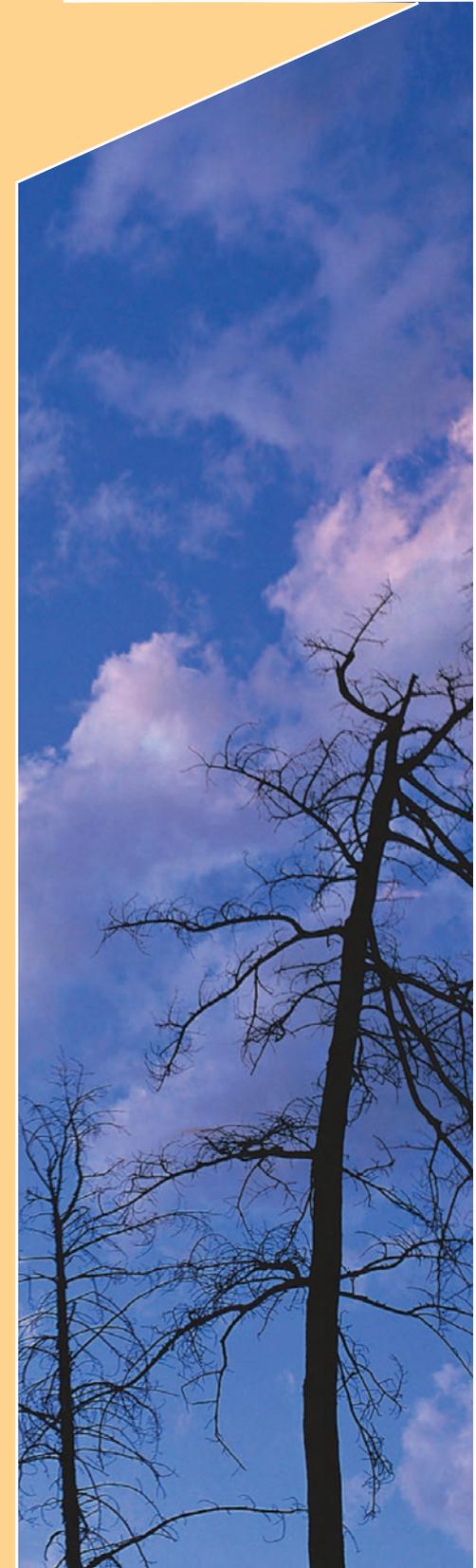


**TABLE 7.3 - Performance Rewards by Critical Occupation (continued)**

Critical Occupations	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
Other information technology personnel.	1	1	100	7	7,000
Other occupations	2	5	40	15	7,500
Photographic lithographic and related workers	2	2	100	6	3,000
Regulatory inspectors	1	2	50	5	5,000
Secretaries & other keyboard operating clerks	2	13	15.4	11	5,500
Security guards	2	5	40	5	2,500
Security officers	3	3	100	9	3,000
Senior managers	0	13	0	0	0
<b>TOTAL</b>	<b>132</b>	<b>401</b>	<b>32.9</b>	<b>679</b>	<b>5144</b>

**TABLE 7.4 - Performance Related Rewards (Cash Bonus) by Salary Band for Senior Management Service**

SMS Band	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)	% of SMS Wage Bill	Personnel Cost SMS (R'000)
Band A	3	1	300	22	733	0.4	5,535
Band B	0	14	0	0	0	0	0
Band C	0	4	0	0	0	0	0
Band D	0	1	0	0	0	0	0
<b>TOTAL</b>	<b>3</b>	<b>20</b>	<b>15</b>	<b>22</b>	<b>733.3</b>	<b>0.4</b>	<b>5535</b>



**TABLE 8.1 - Foreign Workers by Salary Band**

Salary Band	Employment at Beginning Period	Percentage of Total	Employment at End of Period	Percentage of Total	Change in Employment	Percentage of Total	Total Employment at Beginning of Period	Total Employment at End of Period	Total Change in Employment
Senior management (Levels 13-16)	1	100	1	100	0	0	1	1	0
<b>TOTAL</b>	<b>1</b>	<b>100</b>	<b>1</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>0</b>

**TABLE 8.2 - Foreign Workers by Major Occupation**

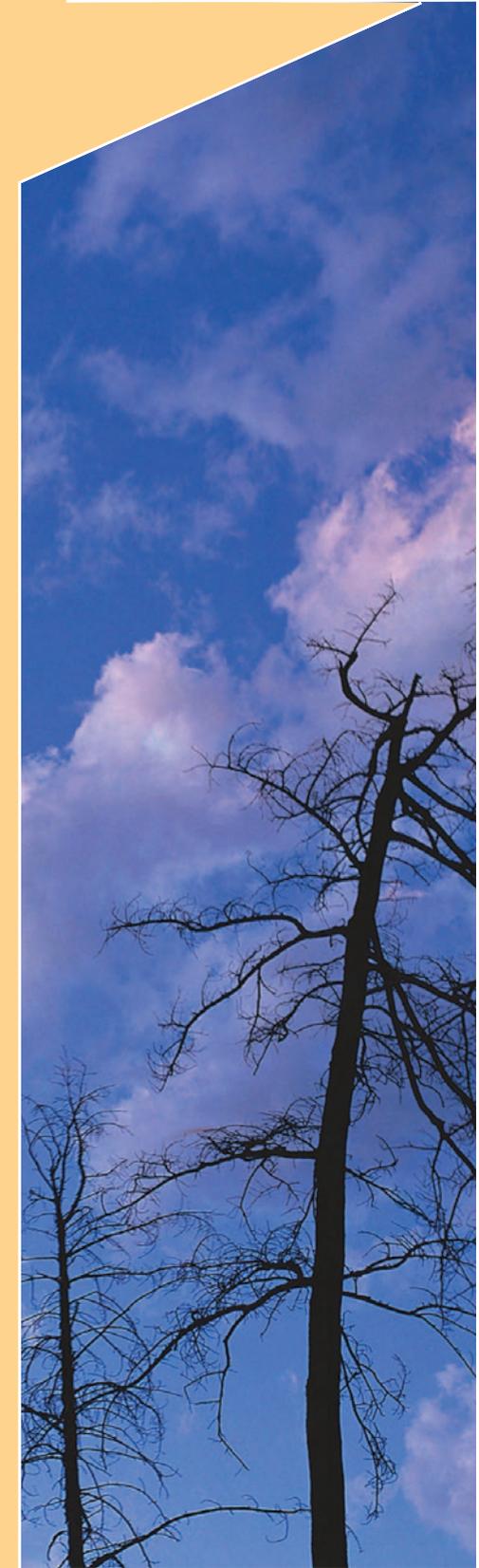
Major Occupation	Employment at Beginning Period	Percentage of Total	Employment at End of Period	Percentage of Total	Change in Employment	Percentage of Total	Total Employment at Beginning of Period	Total Employment at End of Period	Total Change in Employment
Professionals and managers	1	100	1	100	0	0	1	1	0
<b>TOTAL</b>	<b>1</b>	<b>100</b>	<b>1</b>	<b>100</b>	<b>0</b>	<b>0</b>	<b>1</b>	<b>1</b>	<b>0</b>

**TABLE 9.3 - Annual Leave for Jan 2005 to Dec 2005**

Salary Band	Total Days Taken	Average days per Employee	Number of Employees who took leave
Lower skilled (Levels 1-2)	834	23	36
Skilled (Levels 3-5)	828	21	39
Highly skilled production (Levels 6-8)	2044	9	234
Highly skilled supervision (Levels 9-12)	1078	17	63
Senior management (Levels 13-16)	189	11	18
Contract (Levels 13-16)	15	15	1
<b>TOTAL</b>	<b>4988</b>	<b>13</b>	<b>391</b>

**TABLE 9.4 - Capped Leave for Jan 2005 to Dec 2005**

	Total days of capped leave taken	Average number of days taken per employee	Average capped leave per employee as at 31 December 2005	Number of Employees who took Capped leave	Total number of capped leave available at 31 December 2005	Number of Employees as at 31 December 2005
Lower skilled (Levels 1-2)	43	7	53	6	1577	30
Skilled (Levels 3-5)	53	8	67	7	1665	25
Highly skilled production (Levels 6-8)	33	4	33	9	1142	35
Highly skilled supervision (Levels 9-12)	21	5	42	4	1165	28
Senior management (Levels 13-16)	4	4	21	1	145	7
<b>TOTAL</b>	<b>154</b>	<b>6</b>	<b>46</b>	<b>27</b>	<b>5694</b>	<b>125</b>



**TABLE 9.5 - Leave Payouts**

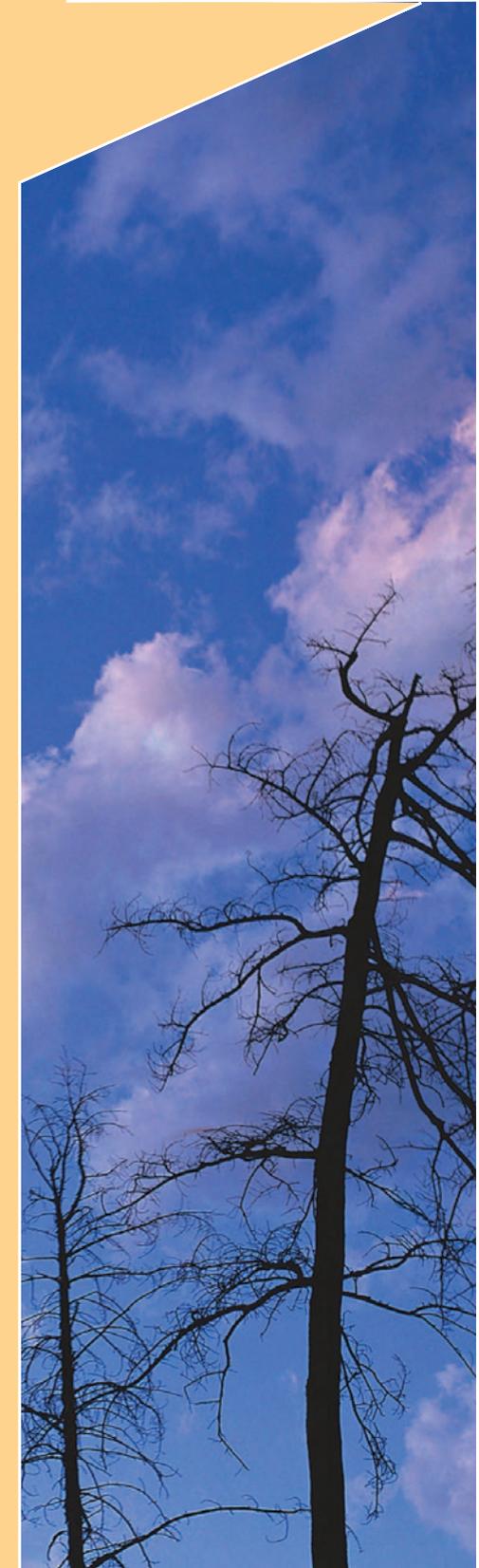
Reason	Total Amount (R'000)	Number of Employees	Average Payment per Employee (R)
Current leave payout on termination of service for 2005/06	0	4	0
<b>TOTAL</b>	<b>0</b>	<b>4</b>	<b>0</b>

**TABLE 10.1 - Steps taken to reduce the risk of occupational exposure**

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

**TABLE 10.2 - Details of Health Promotion and HIV/AIDS Programmes [tick Yes/No and provide required information]**

Question	Yes	No	Details, if yes
1. Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	Yes		Ms Qondile Zimu: Director HRM
2. Does the department have a dedicated unit or have you designated specific staff members to promote health and well being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	Yes		x 1 Staff member: R 150.000.00 150 000 Per-Annum.
3. Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of the programme.	Yes		HIV/AIDS prevention, care and Support. Psychosocial Counselling, Promotion of Employee Health and Well-being Programme
4. Has the department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.		No	
5. Has the department reviewed the employment policies and practices of your department to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	Yes		DLG's HIV/AIDS Policy, No Pre-Employment HIV/AIDS testing (recruitment and selection).



**TABLE 10.2 - Details of Health Promotion and HIV/AIDS Programmes [tick Yes/No and provide required information] (continued)**

Question	Yes	No	Details, if yes
6. Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	Yes		Employees always reminded about the actions that could be taken should they be perceived to be discriminating against those that are or perceived to be HIV positive.
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	Yes		There are educational programme on discrimination and stigma mitigation presented at DLG. They encouraged employees to undergo VCT
8. Has the department developed measures/indicators to monitor & evaluate the impact of your health promotion programme? If so, list these measures/indicators.		No	

**TABLE 11.1 - Collective Agreements**

Subject Matter	Date
xxx	xxx
xxx	xxx

**TABLE 11.2 - Misconduct and Discipline Hearings Finalised**

Outcomes of disciplinary hearings	Number	Percentage of Total	Total
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>

**TABLE 11.3 - Types of Misconduct Addressed and Disciplinary Hearings**

Type of misconduct	Number	% of total
xxx	0	0
xxx	0	0
Total	0	

**TABLE 11.4 - Grievances Lodged**

Number of grievances addressed	Number	% of total
Resolved	0	0
Not resolved	1	100
Total	1	

**TABLE 11.5 - Disputes Lodged**

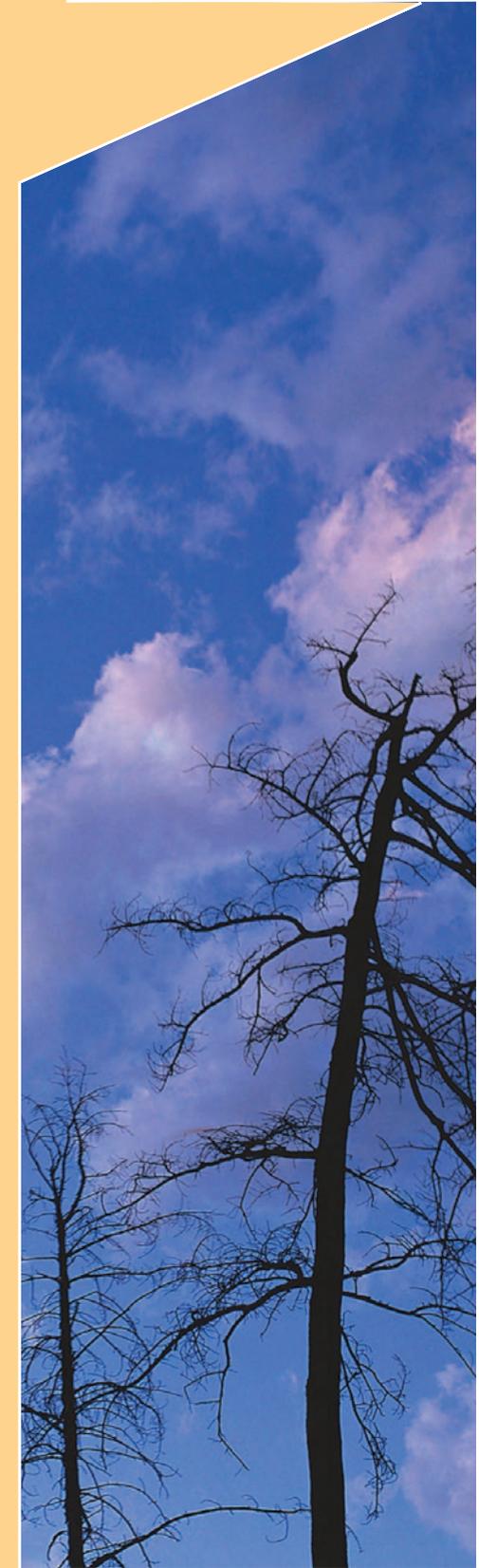
Number of disputes addressed	Number	% of total
Upheld	0	0
Dismissed	0	0
Total	0	

**TABLE 11.6 - Strike Actions**

Strike Actions	-
Total number of person working days lost	0
Total cost(R'000) of working days lost	0
Amount (R'000) recovered as a result of no work no pay	0

**TABLE 11.7 - Precautionary Suspensions**

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

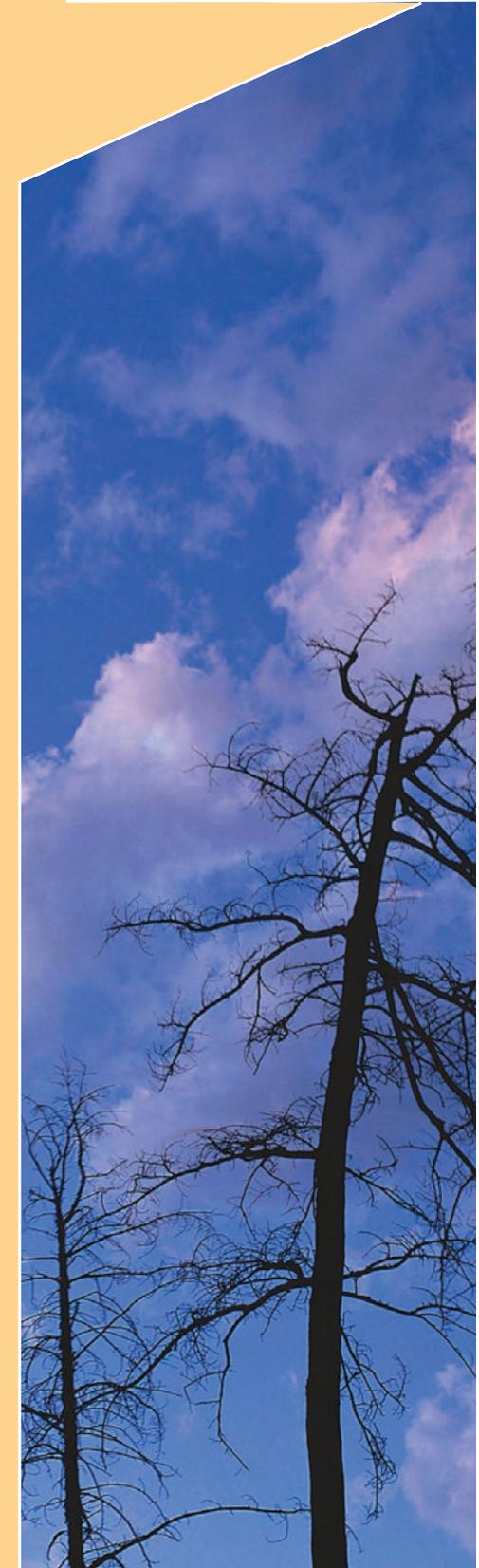


**TABLE 12.1 - Training Needs identified**

Occupational Categories	Gender	Employment	Learnerships	Skills Pro-grammes & other short	Other forms of training	Total
Legislators, senior officials and managers	Female	1	0	0	0	0
	Male	4	0	4	0	4
Professionals	Female	13	0	13	0	13
	Male	18	0	18	0	18
Technicians and associate professionals	Female	37	0	37	0	37
	Male	39	0	39	0	39
Clerks	Female	44	0	44	0	44
	Male	10	0	10	0	10
Service and sales workers	Female	0	0	0	0	0
	Male	8	0	8	0	8
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	1	0	1	0	1
	Male	3	0	3	0	3
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	4	0	4	0	4
Elementary occupations	Female	22	0	22	0	22
	Male	28	0	28	0	28
Gender sub totals	Female	118	0	117	0	117
	Male	114	0	114	0	114
Total		232	0	231	0	231

**TABLE 12.2 - Training Provided**

Occupational Categories	Gender	Employment	Learnerships	Skills Pro-grammes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	1	0	0	0	0
	Male	4	0	12	0	12
Professionals	Female	13	0	78	0	78
	Male	18	0	108	0	108
Technicians and associate professionals	Female	37	0	111	0	111
	Male	39	0	117	0	117
Clerks	Female	44	0	176	0	176
	Male	10	0	40	0	40
Service and sales workers	Female	0	103	0	0	103
	Male	8	95	8	0	103
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	1	1	1	0	2
	Male	3	3	3	0	6
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	4	0	0	0	0
Elementary occupations	Female	22	0	44	0	44
	Male	28	0	56	0	56
Gender sub totals	Female	118	104	410	0	514
	Male	114	98	344	0	442
Total		232	202	754	0	956



**TABLE 13.1 - Injury on Duty**

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

**TABLE 14.1 - Report on consultant appointments using appropriated funds**

Project Title	Total number of consultants that worked on the project	Duration: Work days	Contract value in Rand
xxx	xxx	xxx	xxx

Total number of projects	Total individual consultants	Total duration: Work days	Total contract value in Rand
xxx	xxx	xxx	xxx

**TABLE 14.2 - Analysis of consultant appointments using appropriated funds, i.t.o. HDIs**

Project Title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of Consultants from HDI groups that work on the project
xxx	xxx	xxx	

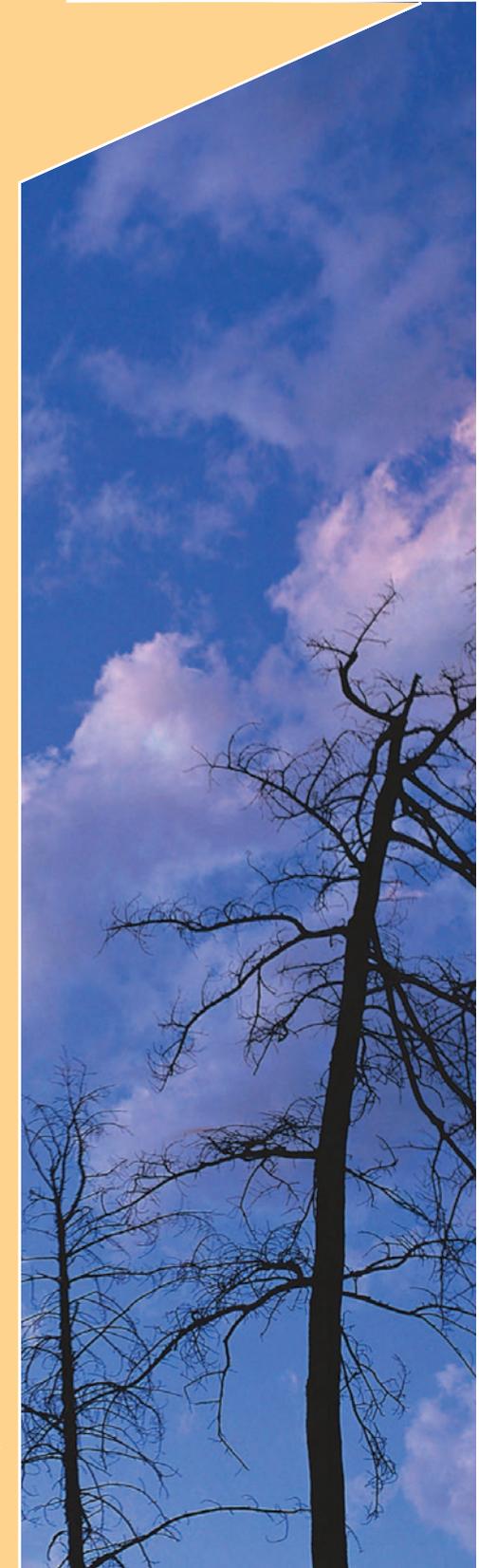
**TABLE 14.3 - Report on consultant appointments using Donor funds**

Project Title	Total number of consultants that worked on the project	Duration: Work days	Donor and Contract value in Rand
xxx	xxx	xxx	xxx

Total number of projects	Total individual consultants	Total duration: Work days	Total contract value in Rand
xxx	xxx	xxx	xxx

**TABLE 14.4 - Analysis of consultant appointments using Donor funds, i.t.o. HDIs**

Project Title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of Consultants from HDI groups that work on the project
xxx	xxx	xxx	







SECTION 7

**Outlook for the  
Coming year**



## Outlook for the Coming year

### 7.1 Key Priorities and Objectives to achieve Strategic Goals

**Strategic Goal:** To deepen democracy and strengthen local governance and accountability systems. In 2006/07 financial year the following will be the key objectives and priorities of the Department:

- Strengthen democracy and accountability with special emphasis on the work of the CDWs
- Improve access to government services for communities through the work of CDWs
- Assist communities to realise their developmental potential through the work of CDWs
- Strengthen co-operative governance at municipal level with emphasis on establishing IGR structures and systems in line with the IGR Act
- Establish the provincial institution for Traditional Leaders
- Deepening democracy and good governance through strengthening of ward committee system
- Engender high level of understanding on Constitutional and legislative framework pertaining to local government
- Provide pro-active legal guidance to municipalities
- Provide effective communication services for the department and support and strengthen municipalities' communication services

**Strategic Goal:** Monitor municipal performance and evaluate service delivery.

In an effort to achieve the strategic goal the Department will strengthen its monitoring role and policy and research function. The Department will also strengthen the coordinating role of integrated planning in the province. This will include monitoring the implementation of IDPs.

Key priorities and objectives for 2006/07 are:

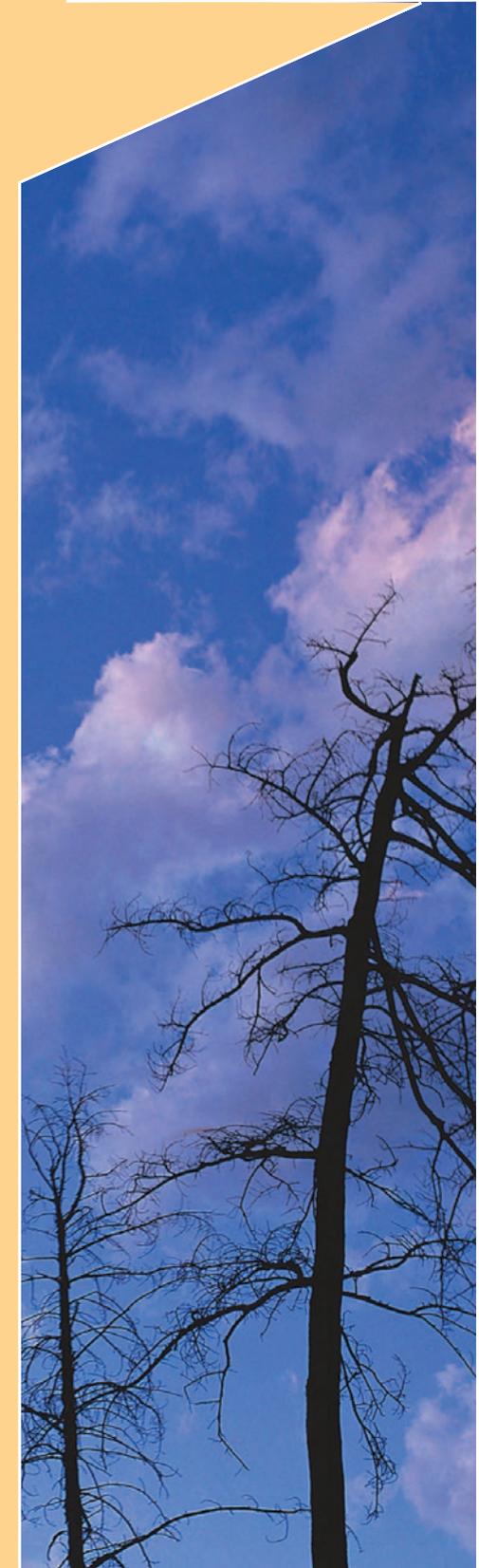
- Strengthen the monitor and evaluate municipal performance and service delivery through the implementation of the provincial Monitoring and Evaluation programme.
- Strengthen the research and policy function of the Department by initiating and developing policy and research that contributes towards municipal learning and performance.
- Develop the department as a centre for advice and information to enhance knowledge and learning on local government matters which will guide and aid decision-making at provincial and local government level.

- Facilitate and coordinate processes towards ensuring that MIDPs are credible, implementable and aligned to national and provincial policies, plans and strategies.
- Establish a Provincial IDP technical steering committee that will work towards harmonising planning in the province.
- Ensure that IDPs become the point of integration of all government plans by ensuring high levels of awareness of the National Spatial Development Perspective and its requirements in the preparation of IDP's
- Monitor and evaluate municipalities the mainstreaming of cross-cutting programmes ( HIV and AIDS, youth, women and people with disabilities)

**Strategic Goal:** Ensure functional and sustainable local government

The Department will continue to support municipalities to become functional and sustainable through the Municipal Support Programme (MSP). There will be special focus on Project Consolidate municipalities. The programme will provide municipalities with institutional and technical capacity in key performance areas of their competence. The other key priority for 2006/07 is the establishment of the interoperable Disaster Management Centre for the province.

- The key priorities and objectives for 2006/07 financial year are:
- Establish the interoperable Provincial Disaster Management Centre for the province.
- Develop and implement monitoring systems for disaster management and emergency service, to assist in identifying challenges faced by municipalities with regard to their capability to prevent and handle disasters as well and improve their emergency services.
- Capacitate the PMUs so as to accelerated implementation of MIG projects
- Strengthen the institutional capacity of municipalities to deliver infrastructure projects by deploying senior engineers, graduates and students.
- Support and monitor the implementation of EPWP projects
- Ensure reduction in physical revenue losses in municipalities for water by working with DWAF and Rand Water to implementation water loss reduction strategies.
- Support and monitor REDS implementation by Metros.
- Develop institutional and technical capacity of municipality through Project Consolidate
- Support municipalities to become institutionally viable by conducting competency assessments for Section 57 Managers and also facilitating the implementation of leadership and executive management training programme.



- Support municipalities to become financially viable and sustainable by deploying qualified chartered accountants to municipalities that are facing serious financial management challenges.

**Strategic Goal:** To ensure the effective and efficient management and utilisation of Gauteng Provincial Government Land

The key priority for the Department in respect of land management is to develop a provincial land disposal policy that will complement the Gauteng Land Strategy. The strategy is aimed at ensuring that GPG land is utilised for economic and social development purposes.

The key priorities and objectives are:

- Ensure effective and efficient Gauteng Provincial Government land management systems
- Ensure strategic management of provincial land for social and economic purposes
- Support and monitor municipal land management
- Develop a framework for an integrated land management in the province

**Strategic Goal:** To strengthen the Department's corporate capacity

The Department will continue to improve its capacity to support and monitor municipalities. This would require strengthening its corporate capacity with specific focus on building the required skills and creating a conducive environment for all staff members.

The key objectives and priorities 2006/07 are:

- Ensure that HR management is a strategic partner to all units in the department
- Ensure that financial planning is aligned to the strategic plan of the department
- Procure goods and services from BBBEE and SMME vendors
- To ensure efficient and effective contract management for the department
- Provide efficient and effective facilities management to the department
- Implement an effective and efficient electronic document management system for the department

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