



KWAZULU-NATAL DEPARTMENT OF HOUSING

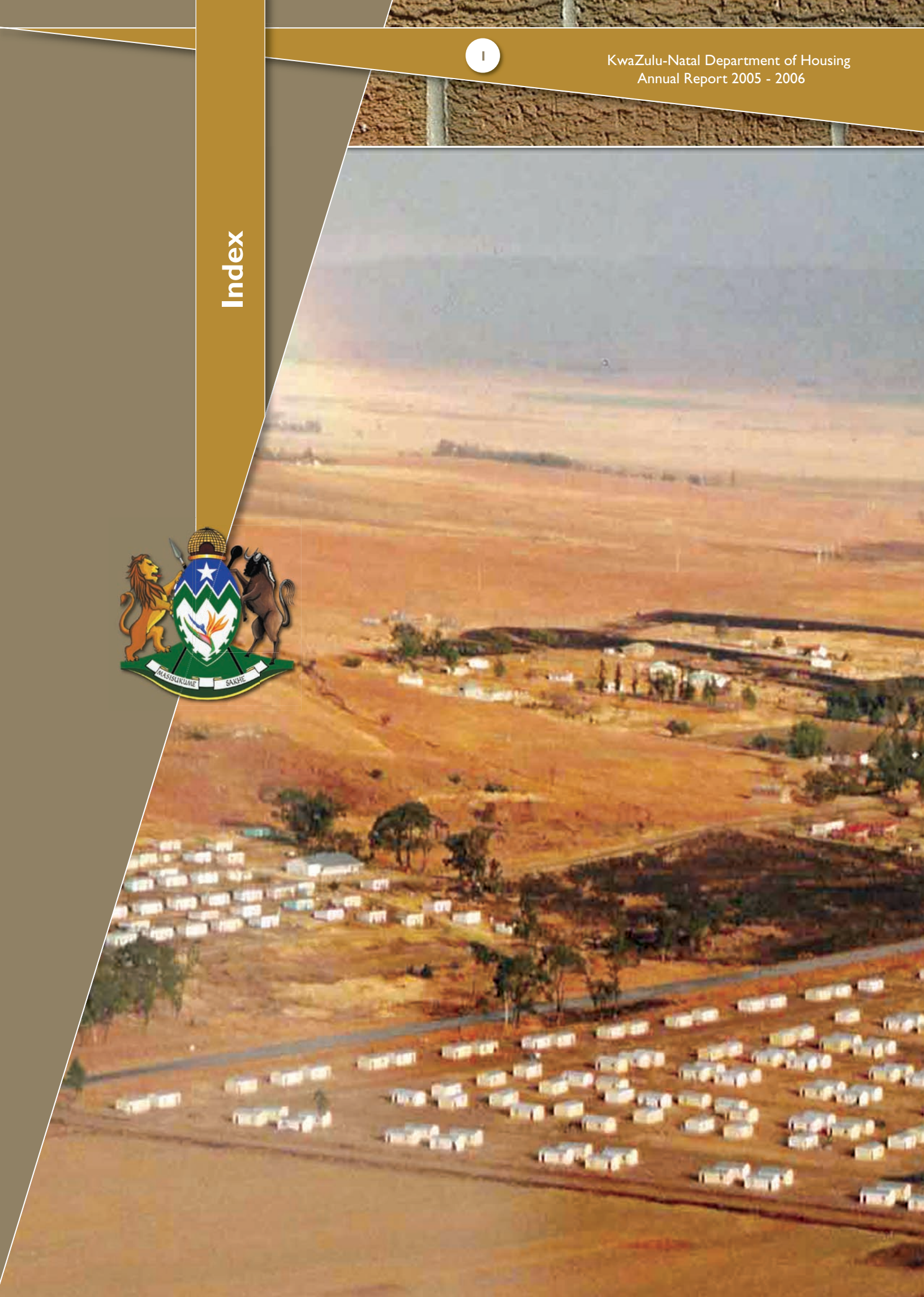
Annual Report
2005-2006

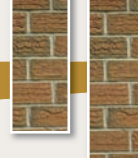
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**KWAZULU-NATAL
DEPARTMENT OF
HOUSING**

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KWAZULU-NATAL DEPARTMENT OF HOUSING ANNUAL REPORT FOR THE YEAR ENDED 31 MARCH 2006

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Mr M. Mabuyakhulu, MPP
MEC: Local Government, Housing and Traditional Affairs, KwaZulu-Natal

**Submission of the Annual Report
by the Executing Officer**



FOREWORD BY THE MEC FOR LOCAL GOVERNMENT, HOUSING AND TRADITIONAL AFFAIRS, HONOURABLE MR M. MABUYAKHULU, FOR THE 2005/2006 ANNUAL REPORT FOR THE DEPARTMENT OF HOUSING

I am pleased to present the annual report for the 2005/2006 financial year. During the 2005/2006 financial year we have made enormous strides in fulfilling our Constitutional obligation of taking reasonable legislative and other measures, within our available resources, to achieve the progressive realization of the right to have access to adequate housing. While there have been challenging times, we have emerged wiser from such times and indeed better prepared to accelerate the creation of integrated communities through sustainable human settlements.

In the 2005/2006 financial year, we were able to approve 39 376 subsidies for qualifying beneficiaries while delivering in excess of 24 000 houses to the people of our province. These were constructed as a direct result of our targeted key priority programmes such as the Slums Clearance, Rural Housing Development, Hostel Upgrade and Redevelopment and provision of housing to vulnerable groups in society including HIV and AIDS projects. Furthermore a total of 8 658 families benefited through the Emergency Housing Programme. These included victims of disasters such as floods and fire.

In its bid to unblock projects affected by socio-political and economic factors, the Department managed to unblock 41 projects of the 69 blocked projects which have remained blocked over the years. In the 2005/ 2006 budget the unblocking of all blocked projects by 2007 was one of the key highlights. It is therefore my pleasure to register that this target will be met as previously highlighted.

In addressing the duality of living spaces created by the spatial planning practices of the past, the Department has developed a comprehensive Provincial Housing Development Plan which seeks to align planning processes within all three spheres of government to ensure an integrated approach to housing planning and delivery.

As we continue to fulfill our mandate to gradually realize the goal of housing our people, we will be exploring those aspects of housing that we may not have concentrated on. Our mandate is not only confined to the provision of incremental houses, but it has become increasingly important to support the entire residential property market to reduce the barriers between the first economy residential market boom and the second economy slump. As a result we are vigorously pursuing partnerships with established role-players in the housing sector which include the financial institutions, built environment specialist, building material manufacturers and other international strategic partners.

Through legislation we will, in the first instance, seek to remove stumbling blocks that delay the provision of housing and, in the second instance, ensure that our efforts of creating sustainable settlements are not undermined through loopholes in our programmes and guidelines.

As we engage on this exciting task, we are mindful of the fact that we still need to vanquish the demon of fraud and corruption in the housing sector. We will spare no quarter to those who build our people shoddy houses. We will spare no quarter to those who fraudulently benefit from state housing subsidies. We will deal decisively with our officials who may be colluding with criminals to defraud the Department.

However, I feel we need to make mention of the fact that there was one blemish spot in our endeavours which is the qualified audit report. This was as a result of transferring from the Financial Management System (FMS) to Basic Accounting System (BAS). We have taken remedial actions at the highest level to ensure that the historical glitches that have led to this situation are redressed so that this becomes the last year that the Department of Housing receives a qualified audit report.

Our Department carries the hope of the majority of our people, previously excluded from owning their own homes by the Apartheid government. The challenges are, therefore enormous but the rewards are equally exciting. Our journey has been characterized by twists and turns, hurdles and curves. However, the Department of Housing ably led by the Head of Department, Ms Sindisiwe Zandile Nyandu, has been more than equal to the task. For this resilience, innovation and dedication we are grateful and are convinced that the coming financial year can only bear good tidings for the people of KwaZulu-Natal.

Mr M. Mabuyakhulu, MPP

MEC: Local Government, Housing and Traditional Affairs, KwaZulu-Natal



Ms S.Z.F. Nyandu
Accounting Officer
KwaZulu-Natal Department of Housing

**Submission of the Annual Report
by the Accounting Officer**



SUBMISSION OF THE ANNUAL REPORT BY THE ACCOUNTING OFFICER

Honourable M. Mabuyakhulu, MPL

MEC for Local Government, Housing and Traditional Affairs

I am very honoured to submit to you, in terms of Section 401 (1) (d) (9)(i) of the Public Finance Management Act 1 of 1999, the Annual Report of the KwaZulu – Natal Department of Housing for the 2005 / 2006 financial year.

Honourable MEC, the 2005/2006 Annual Report represents the consolidation phase of the efforts to create integrated and sustainable communities that are epitomized in the comprehensive plan to housing delivery called Breaking New Ground.

Apart from improving on the quality of housing in its entirety, the Department of Housing has over the past year, reviewed its five year strategic plan and developed a Service Delivery Improvement Plan in line with the KwaZulu-Natal Citizens Charter. This is in the Department's bid to ensure the creation of sustainable communities in line with the government's contract with its people and its commitment to improved service delivery.

Finally allow me to take this opportunity to extend my appreciation to the General Manager, Managers and officials of the KwaZulu-Natal Department of Housing who have assisted me in all the endeavors to take reasonable legislative and other measures, within our available resources "to achieve the progressive realization of our people's right to have access to adequate housing".

It is important to emphasize once again that future performance and operations of the Department will be characterized by professionalism, loyalty, dedication, commitment.

My warmest and sincerest gratitude goes to you, Sir, Hon M.Mabuyakhulu, for your support, guidance and wisdom which has ensured that I emerge wiser and stronger from my first year as the Accounting Officer of the Department of Housing.

Ms S.Z.F.Nyandu
Accounting Officer
KwaZulu-Natal Department of Housing

VISION

The vision of the KwaZulu-Natal Department of Housing is:

"Together, helping all people to house themselves by engaging various institutions and stakeholders in an effort to mobilize capacity and resources to provide a conducive and enabling environment for the people of KwaZulu-Natal to build socially sustainable communities".

MISSION

The Mission Statement of the KwaZulu-Natal Department of Housing is:

"To effectively and efficiently manage the implementation of National and Provincial Housing Programmes in partnership with the relevant role players, and to provide adequate, affordable and sustainable houses for qualifying citizens in KwaZulu-Natal".

General Information





INTRODUCTION BY THE ACCOUNTING OFFICER

It is my pleasure to present the annual report for the 2005/2006 financial year. The period under review has showed marked improvement in the performance of the Department of Housing compared to the last financial year. It must be noted that this annual report complies with section 65 (1) (a) of the Public Finance Management Act, 1999 (Act No. 1 of 1999). The period under review has not been without its challenges. It must be noted that while this annual report is tarnished by the qualifications contained therein, the Department of Housing is engaging vigorous measures to ensure that the next annual report is blemish-free.

The Honourable Minister has set the tone for the 2006/2007 Performance Strategy. The emphasis is definitely on business systems re-engineering and performance. The review compels the department to identify critical success and failure factors in the MTEF period and to address them urgently. It is therefore not going to be acceptable to wait for corrective action to be taken only after stated targets have not been met. In addition to performance, the strategic review process has identified the critical role of stakeholders in the delivery of housing. For this reason arrangements have been made for municipalities, developers, practitioners, suppliers, professionals, academics and other experts to make a contribution in the Strategic Review.

Programmes and components within the department are critical in the realization of stated objectives and the achievement of targets that have been undertaken above. In line with the analogy presented by the Honourable Minister, successful programme implementation “brings rewards to the beneficiaries (shareholders) in this case our community in a manner that reassures policy makers in this case the KwaZulu-Natal Cabinet that the departmental officials are worthy and deserving of further shareholder investment”.

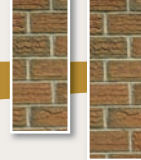
The Department of Housing continues to be committed to service delivery and enabling all people to house themselves by engaging various institutions and stakeholders in an effort to mobilize capacity and resources to provide a conducive and enabling environment for the people of KwaZulu-Natal to provide appropriate housing solutions for themselves. In conclusion I extend warm appreciation to “Team Housing” but would be failing if I do not register my heartfelt gratitude to our leader Hon M. Mabuyakhulu for his ever generous guidance, mentorship and support, Ndiyema!

“There shall be Houses, Security and Comfort...Umuntu Ngumuntu Ngekhaya”

Ms S.Z.F. Nyandu
Accounting Officer
KwaZulu-Natal Department of Housing

Programme Performance





Programme I

Administration

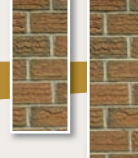


RISK MANAGEMENT & ADVISORY SERVICES

OUTPUTS	OUTPUT PERFORMANCE MEASURES / SERVICE DELIVERY INDICATORS	ACTUAL PERFORMANCE AGAINST TARGET	
		TARGET	ACTUAL
Performance of Audits and Investigations	Review of Internal Controls and Internal Audits in the Department and audits at Municipalities	40	35
	Conduct of Investigations into alleged fraud and corruption	795	769

FINANCIAL MANAGEMENT

OUTPUTS	OUTPUT PERFORMANCE MEASURES / SERVICE DELIVERY INDICATORS	ACTUAL PERFORMANCE AGAINST TARGET	
		TARGET	ACTUAL
Loss Control	Number of cases related to departmental vehicles finalized		39 Finalized
			4 waiting for decision from state attorney
Municipal Housing Operating Account			
Perform recons in MHOA and Establishment Grant Funding	Accurate monthly reconciliations in respect of the Municipal Housing Operating Account and Establishment Grant Funding	24 reconciliations of MHOA and EGF.	12 for MHOA 12 for EGF Total of 24 reconciliations finalized
Budget Control			
Prepare budget for the MTEF Cycle 06/07	Compliance with the MTEF framework document	25 August 2005	25 August 2005
Compilation of Annual Financial Statements	Compliance with the PFMA	31 May 2005	31 May 2005
Monthly and quarterly reports per DORA	Compliance with reporting requirements for DORA	4 Quarterly reports	4 Quarterly reports
		12 monthly reports	12 monthly reports
In year monitoring reports submitted to Provincial Treasury	Compliance with the PFMA	12 monthly reports	12 monthly reports



COMMUNICATIONS

OUTPUTS	OUTPUT PERFORMANCE MEASURE	ACTUAL PERFORMANCE AGAINST TARGET	
		TARGET	ACTUAL
Disseminate information to internal clients (staff) and external clients (public)	Publications produced and distributed: - Departmental Annual Report - Strategic Plan - Women's Month tabloid - Budget speeches	700 954 140,000 5,000	700 1,000 140,200 5,000
Maintain positive image, evaluate and monitor public perception about the Department	Promotional items produced to highlight the corporate identity of the Department: - PVC Banners - Pull-up banners - Exhibition stand	4 6 1	4 6 1
Manage special events	Internal and External events organized or participated in: - 16 Days of Activism - Women's Day - End of year function - Long service awards - Secretaries Day	When requested to do so	5 1 1 1 1 1
Participate in intergovernmental campaigns and forge partnerships with stakeholders in government	Roadshows and exhibitions participated in: - Premier's/Cabinet Imbizo - Service Charter launch - Water Summit - Electricity Summit - State of the Province Address - Parliament to People	When requested to do so	6 1 1 1 1 1 1
Manage client service desk/helpdesk	Clients with queries assisted via visits to the office, telephone and letters.	Ongoing	± 10 queries a day

CORPORATE SERVICES

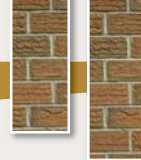
GENERAL ADMINISTRATION

OUTPUTS	OUTPUT PERFORMANCE MEASURES / SERVICE DELIVERY INDICATOR	ACTUAL PERFORMANCE AGAINST TARGET	
		TARGET	ACTUAL
Maximize accommodation provision within budget	Accommodation and parking for regional offices and Head Office	5 CENTERS	4 CENTERS *
Provision of Residential Accommodation: Contract Employees (Cubans)	Number of units provided	6	6
Ensure effective utilization of all office support systems	Maintenance of communication network inclusive of telephone lines	620	450 *
Provide and maintain an efficient and effective transport system	No of vehicles replaced	10	10
	No of vehicles: Serviced / Repaired	115	115
	Licences	115	115
Render Registry Services	Postal items	160,000	135,000
	Records Management	60,000	72,000
	Archives	1,250	850
Provision of Security Services	Ensure Compliance with contracts	8	7 *
Provision of Cleaning & Maintenance Services	Ensure compliance with pre arranged contracts	3	2 *

* The budget includes the Head Office accommodation at the Old Mutual Building in Pietermaritzburg, the finalization of which is still in progress.

LEGAL SERVICES

OUTPUTS	OUTPUT PERFORMANCE MEASURES / SERVICE DELIVERY INDICATORS	ACTUAL PERFORMANCE AGAINST TARGET	
		TARGET	ACTUAL
Provide legal advice	Legal advice provided	343	275
Attend to litigation matters	Litigation matters attended to	19	17
Other legal matters not included above	Number of legal matters		57



Programme 2

Housing, Planning and Development



PRODUCT DEVELOPMENT

OUTPUTS	OUTPUT PERFORMANCE MEASURES / SERVICE DELIVERY INDICATORS	ACTUAL PERFORMANCE AGAINST TARGET	
		TARGET	ACTUAL
Develop and align policies, guidelines, systems and practices	Number of approved policies and practices	17	5
Establish and maintain policies	Establish a policy library. Updates and maintenance ongoing	As per performance	
Research, monitor and evaluate policy to address shortfalls and improve service delivery	Number of policies and practices evaluated	7	4
Communicate policy	Number of housing policy Communiqués	Dependent on policies developed	4
Guide and advise on policy: facilitate presentations and information sessions and advise on policy	Number of presentations conducted	Dependent on requests from municipalities/ organisations	5
	Number of policy information sessions held	16	12
	Number of internal policy development workshops held	Dependent on policies being developed, monitored or evaluated	9
	Number of special task team/committee meetings attended	Dependent on need	41

PLANNING

OUTPUTS	OUTPUT PERFORMANCE MEASURE / SERVICE DELIVERY INDICATORS	ACTUAL PERFORMANCE AGAINST TARGET	
		TARGET	ACTUAL
1. Integrated Development Plan (IDP) Review Process	Total number of IDP Review meetings attended	40	11 (covering all 61 municipalities)
2. Municipal Housing Forums	Total number of Housing Forum meetings attended	30	5
3. District Service Providers Forums (SPF's)	Total number of SPF's attended	10	5
4. National & Provincial Planning Initiatives	Total number of meetings attended	12	24
5. Provincial IDP Forums	Total number of Provincial IDP Forum meetings attended	8	8
	Total number of IDP's commented on	61	61
6. Development of Municipal Housing Plans	Total number of draft MHP's developed	20	13

COMMENTS:

1. DLTGA has changed the format of IDP review engagement from individual to the DM and its "family" of local municipalities. There are 10 DM's and one metro in the province.
2. Due to strong focus on Municipal Housing Plans (MHP's), it has not been possible to attend as many Housing Forum meetings as desired. Currently, there are only 3 staff members to serve the whole province but arrangement were made with the regional offices to obtain relevant information pertaining to planning issues.
3. Depends on whether District Municipalities convene SPF's – Planning can only respond if an invitation is provided. The IDP review process took preference and included certain aspects of service provision by the various departments.
4. The Planning Component is actively involved in Provincial Planning and Development Commission (PPDC) research projects because of relevance to strategic planning and the housing delivery process. These meetings are convened regularly.
5. The Provincial IDP Forum dealt with IDPs for 2004/05 and 2005/06 financial years. The Department commented on all 61 IDPs.
6. Funding only approved in August 2005 for development of MHPs. Delays were incurred by municipalities failing to return MOU's in time. KZN Province is well ahead of National Programme. The balance will be assisted in the 06/07 financial year.

INFORMATION MANAGEMENT

OUTPUTS	OUTPUT PERFORMANCE MEASURE / DELIVERY INDICATORS	ACTUAL PERFORMANCE AGAINST TARGET	
		TARGET	ACTUAL
Develop the Master Systems Plan	Full MSP was developed	March 2005	February 2005
Develop the HDD (Housing Demand Database System)	HDD was developed and implemented at the 6 pilot municipalities	May 2005	May 2006
User Requirements for a Document Management System	Service provider to be acquired for the URS	August 2006	-
Customer Support Centre	URS to be initiated	November 2006	.
Full IT Network Infrastructure Solution	Phase one of IT Infrastructure has been acquired from service provider	March 2006	.
Rental Tribunal Case Management System	URS and system development completed. Roll-out to municipalities to commence	December 2005	June 2006
Investigate Network Infrastructure for Esplanade Building	Service provider instructed for quotation and advice on best solution	April 2006	.
Full Network Infrastructure for Church Street Building (PMB)	Hardware has been acquired and networking and cabling to be set up	March 2006	June 2006
Websites Development (Inter & Intra)	Internet has been developed and in testing phase and intranet to commence	October 2005	.
IMST Assets and Software Audit	Commence investigation in audit software and information capture procedures	May 2006	.
Develop a GIS for the department	As per approved Project Plan	95% completion	95% completed. Finalising ArcIMS link with HSS and customization of website. Submission of application procedure
Resolve User IT Faults in terms of SITA Service Level Agreement	Number of faults addressed within 8 hours	All faults to be resolved within 8 hours	In total 2676 faults were logged — of this 98% were resolved within 8 hours and 70% were resolved within 4 hours
Implementation of a centralized printing solution for Tolaram House	Approval received from Management and project to commence	June 2006	.

COMMENTS:

HDD

- Pilot testing phase completed with six local municipalities. Project now on full roll out of the system to the remaining municipalities.

Computer Skills Survey

- Computer skills questionnaire compiled and returned for analysis. Database of members requiring training compiled and recommendations on skill levels submitted to HR for co-ordination.



eHR System

- URS on system completed. System modules are now being implemented. Signed off IOD module in March 2006 and currently doing testing on the ABET module.

Rental Tribunal Case Management system

- URS completed on the system. Testing currently being done and then roll out of the system to the municipalities.

Website Development (Intra/Internet)

- Currently in the process of infrastructural development to compliment the system. Final input, changes and checks currently being carried out for going live with the new interface.

Development of GIS

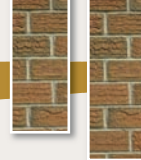
- Project almost completed (95%). Experiencing problems with finalising link with HSS due to communication problems and slow response to request from HSS system developers. GIS website currently up and running
– www.hsegis.gov.za

Resolution of IT Faults

- Majority of faults handled within agreed 8 hr fault resolution period. Component extremely inconvenienced by lack of HelpDesk official and this has disorganised fault tracking and follow ups. Problems also experienced due to outdated helpdesk software and looking into replacing the out dated system.

CAPACITY BUILDING

OUTPUTS	OUTPUT PERFORMANCE MEASURES/SERVICE DELIVERY INDICATORS	ACTUAL PERFORMANCE AGAINST TARGET	
		TARGET	ACTUAL
1. Black Developers Training programme	No of Black Emerging Developers trained	50 Black Emerging Developers to be trained	24 Black Emerging Developers were trained
2. DoH-Training on Project Management	No of Municipal and Housing Officials, Amakhosi and Councilors trained	732 Municipal Housing Officials, Amakhosi and Councilors to be trained	364 Municipal and Housing Officials were trained
3. Establishment of Housing Components within Municipalities	No of Established Housing Components in Municipalities	6 Established Housing Components within the municipalities.	6 Housing Components have been established within the Municipalities
4. Housing Consumer Education	No of Housing Consumers trained	10 000 Housing Consumers	850 Housing Consumers were trained
5. Municipal Accreditation	No of Municipalities Capacitated and Accredited	One Municipality	R 12,5 million has been transferred to Ethekwini Municipality for pre accreditation capacity requirements.



Programme 3

Project Management



COASTAL REGION

OUTPUTS	OUTPUT PERFORMANCE MEASURES / SERVICE DELIVERY INDICATORS	ACTUAL PERFORMANCE AGAINST TARGET	
		TARGET	ACTUAL
Delivery of houses through housing projects	Expenditure (R'000)	263,166	297,979
	Number of houses built	8,500	10,211
	Number of serviced sites completed	20,000	13,935
	Number of site transfers	8,500	3,446

NORTHERN REGION

OUTPUTS	OUTPUT PERFORMANCE MEASURES / SERVICE DELIVERY INDICATORS	ACTUAL PERFORMANCE AGAINST TARGET	
		TARGET	ACTUAL
Delivery of houses through housing projects	Expenditure (R'000)	105,600	113,770
	Number of houses built	8,000	9,245
	Number of serviced sites completed	4,100	3,871
	Number of site transfers	5,386	5,542

INLAND REGION

OUTPUTS	OUTPUT PERFORMANCE MEASURES / SERVICE DELIVERY INDICATORS	ACTUAL PERFORMANCE AGAINST TARGET	
		TARGET	ACTUAL
Delivery of houses through housing projects	Expenditure (R'000)	168,347	168,694
	Number of houses built	9,334	5,469
	Number of serviced sites completed	3,595	1,567
	Number of site transfers	2,334	2,334

SUMMARY

Number of houses built	Number of serviced sites completed	Number of site transfers
24,925	19,373	11,322

SUBSIDY ADMINISTRATION

OUTPUTS	OUTPUT PERFORMANCE MEASURES / SERVICE DELIVERY INDICATORS	ACTUAL PERFORMANCE
Approved subsidies for Beneficiary for all Subsidy Programmes	Project Linked Subsidies	19,005
	Individual Subsidies	534
	Consolidation Subsidies	169
	Institutional Subsidies	1,399
	Rural Subsidies	12,608
	Relocation Subsidies	58
TOTAL (R,000)		33,773
To process payments on HSS for all Subsidy Programmes	Progress Payments (R'000)	516, 498
	Institutional/Consolidation (R'000)	98,270
	70/30 PLS	Nil
	Individual Credit (R'000)	2,726
	Individual Non Credit (R'000)	8,839
TOTAL (R'000)		626,333
To Attend to Developer's queries i.r.o Project/Beneficiaries	Attend to Developers immediately	7,868
To Capture Progress Milestones on all Progress Reports for all Projects on HSS	To Capture Progress Reports within 7 days on receipt from Regional Offices	3,813
TOTAL (R,000)		11,681

CONTRACTS AND LAND ADMINISTRATION

OUTPUTS	OUTPUT PERFORMANCE MEASURES / DELIVERY INDICATORS	ACTUAL PERFORMANCE AGAINST TARGET	
		TARGET	ACTUAL
Land Audits - Full Land Audits - Preliminary Land Audits	No. of Land Audits conducted	13 - Ongoing	539 94
Vesting in terms of Item 28(1) Certificate	No. of Land Vested	Ongoing	333
Properties Acquired	No. of Properties Acquired	Ongoing	182
Properties Transferred to Local Authorities	No. of Properties Transferred to Municipalities	Ongoing	114
Township Registers Opened	No. of Township Registers Opened	Ongoing	1
Compiling Permission to expropriate for Municipalities			1

APPROVED / SIGNED CONTRACTS AND ADDENDA FOR THREE REGIONS FROM 1ST APRIL 2005 TO 31ST MARCH 2006.

Key strategic objectives	Key measurable objectives	Unit measure	Year 2005/06 (target)
To strengthen Governance and service delivery	Provide contracts administration	No. of project contracts concluded	70
Signed Contracts/Addenda	Inland Region	Main contracts Addenda	47 22
	Northern Region	Main contracts Addenda	17 06
	Coastal Region	Main contract Addenda	49 41
	Total - All Regions	Main Contracts Addenda	113 69



SPECIAL PROJECTS

OUTPUTS	OUTPUT PERFORMANCE MEASURES /SERVICE DELIVERY INDICATORS	ACTUAL PERFORMANCE AGAINST TARGET	
		TARGET	ACTUAL
Human Settlement Redevelopment Programme	Expenditure in relation to allocation (R'000)	55,420	31,555
Emergency Housing Assistance	Number of Floods, Fire, etc victims assisted	Nil	8,658 families
Social & Economic Amenities	Number of facilities projects approved	Nil	2

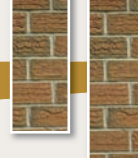
MONITORING AND EVALUATION

OUTPUTS	OUTPUT PERFORMANCE MEASURES / SERVICE DELIVERY INDICATORS	ACTUAL PERFORMANCE AGAINST TARGET	
		TARGET	ACTUAL
Monitoring and Evaluation of Housing Delivery Programme	Reports and meeting formulated	All	<ul style="list-style-type: none"> • Evaluation reports complete on blocked projects, special programme and identified housing development projects • Completion of evaluation report with Public Service Commission on Access and redress principles • Completion of provincial report on performance evaluation in terms of housing delivery resources

Programme 5

Property Management





ASSET MANAGEMENT

OUTPUTS	OUTPUT PERFORMANCE MEASURES / SERVICE DELIVERY INDICATORS	ACTUAL PERFORMANCE AGAINST TARGET	
		TARGET	ACTUAL
1. To provide maintenance of leased units.	No. of units maintained.	10,000	9,617
2. Management of lease and sale of units.	No. of discount benefit scheme subsidies granted.	10,000	4,633
3. Transfer of assets to local authorities.	No. of units transferred to local authorities.	1,000	199
4. Management and upgrade of hostels.	No. of units upgraded.	2,300	2,300

RENTAL TRIBUNAL SUPPORT

OUTPUTS	OUTPUT PERFORMANCE MEASURES /SERVICE DELIVERY INDICATORS	ACTUAL PERFORMANCE AGAINST TARGET	
		TARGET	ACTUAL
Regulate the relationship between landlords and tenants	Number of disputes / complaints resolved	1,200	1,239
Create information offices	Number of functional information offices created	2 amended to 0	0





REPORT OF THE AUDIT COMMITTEE ON VOTE 8 - HOUSING

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

Audit Committee Members and Attendance:

The Audit Committee consists of the members listed hereunder and met 6 times as per its approved terms of reference.

Name of Member	Number of Meetings Attended
R Morar (Chairman)	5
BP Campbell	6
BS Khuzwayo (Adv)	6
ADK Leisegang	6
DSD Shabalala	1
RW Green-Thompson (Prof)	1

Audit Committee Responsibility

The Audit Committee reports that it has complied with its responsibilities arising from Section 38 (1)(a) (ii) of the Public Finance Management Act 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, except as stated below:

The Effectiveness of Internal Control

Our review revealed that the department has implemented systems of internal control for certain areas of its operations. Weaknesses in such systems of internal control that were identified by the Internal Audit have been raised with the Department of Housing.

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

We cannot comment on the content and quality of monthly and quarterly reports prepared and issued by the Accounting Officer and the Department during the year under review.

We have:

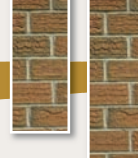
- Not reviewed the audited annual financial statements to be included in the annual report;
- Not taken into consideration the Auditor-General's management letter and management response; as these documents were not made available to the Committee;
- Not reviewed changes in accounting policies and practices.

We accept the conclusions of the Auditor-General on the annual financial statements and are of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor-General.

Chairman: On behalf of the Audit Committee
R. MORAR

Date: 15 August 2006





**KWAZULU-NATAL DEPARTMENT OF HOUSING
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006**

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**KWAZULU-NATAL DEPARTMENT OF HOUSING
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006**

**REPORT BY THE ACCOUNTING OFFICER TO THE EXECUTIVE AUTHORITY AND
KWAZULU-NATAL PROVINCIAL LEGISLATURE**

1. General review of the state of financial affairs

The Department of Housing's expenditure performance was in line with its appropriated funds for the 2005/06 financial year, showing an over expenditure of R10.8 million or 1.1% of the budget, due to contractual commitments which could not be carried forward to the new financial year.

The strategies utilised to achieve such results were to effectively resolve a number of long outstanding problems including the unblocking of blocked projects, slums clearance, the development of rural housing and the development of rental stock.

The department's final budget allocations for the 2005/06 financial year are as follows:

PROGRAMMES	BUDGET PER ADJUSTMENT ESTIMATE R'000	BUDGET R'000
1. Administration	56,978	62,375
2. Housing Planning and Development	15,954	13,574
3. Project Management	628,668	651,000
4. Urban Renewal & Human Settlement Redevelopment	-	-
5. Property Management	252,147	236,392
TOTAL	* 953,747	963,341

* Excludes R9,594,000 re-allocated.

2. Services rendered by the Department

2.1 Programme Information

Programme 1: Administration

To provide strategic leadership and management of the department in order to provide sound corporate governance.

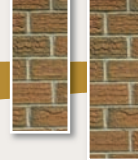
Programme 2: Housing Planning and Development

To undertake research and policy formulation, planning, information management, spatial planning, capacity building and institutional management.

Programme 3: Project Management

To promote an effective and efficient housing delivery programme, by providing various housing subsidies, being:-

- Individual
- Project linked
- Social and economic amenities
- Institutional
- Relocation
- Disaster management
- Savings linked



KWAZULU-NATAL DEPARTMENT OF HOUSING ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2006

Programme 5: Property Management

To manage all provincial housing stock and to implement the Hostels Redevelopment Programme. The intention of the department is to transfer all housing stock owned by the Provincial Government to the individuals occupying the properties on a progressive basis.

2.2 Inventory values indicated below represents stock on hand at year end at all the stores maintained by the Department.

INVENTORIES	VALUATION BASIS	R'000
Consumable Stores & Stationery	Current Cost	449
Maintenance Consumables	Current Cost	1,353

3. Capacity Constraints

The department is currently in the process of finalising its organisational structure and this has resulted in delays in the filling of certain posts, this process is nearing completion.

The lack of capacity in the municipalities continues to be a concern for the department and continues to hamper service delivery to the people. In light of this, the department has entered into an extension to the agreement with the Flemish Government to provide capacity building and housing support infrastructure to the municipalities, as further discussed below.

4. Utilisation of donor funds

There has been an ongoing partnership between the department and Flemish government which seeks to fund the establishment and capacitating of housing components within each municipality. The first phase identified six municipalities and assisted them in establishing housing components and consumer education. The second phase will roll-out the same programme to the other 44 municipalities in the Province. The implementation date for the second phase is set for 1 June 2006.

5. Trading entities/public entities

The KwaZulu-Natal Department of Housing does not operate any trading or public entities.

6. Organisations to whom transfer payments have been made

Details of all transfer payments made by the department during the year under review can be found in annexure IF and IL of the attached financial statements.

7. Public Private Partnerships (PPP)

The department has not entered into any PPP agreements during the year under review.

8. Corporate governance arrangements

The department's senior management team is committed to the principles of sound Corporate Governance and is aware of their responsibilities and accountability in this respect. Further, to enable the management of the department to carry out their responsibilities, a Risk Assessment was conducted by the Provincial Internal Audit Unit. The Department is in the process of appointing a risk officer whose duty will be to ensure adequate management of risks facing the department.

KWAZULU-NATAL DEPARTMENT OF HOUSING
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006

9. Discontinued activities/activities to be discontinued

The department has not discontinued any activities during the year under review.

10. New/proposed activities

In terms of the Minister's budget speech and in line with the new vision for housing (Breaking New Ground) the following key programmes have been adopted as priority programmes:-

- Slums clearance
- Rural housing
- Rural housing development
- Hostel redevelopment
- HIV/AIDS housing projects
- Capacity building programmes
- Consumer education

11. Asset Management

The department has implemented the Hard-Cat Asset Management system for the control and maintenance of the departmental Asset Register.

12. Events after the reporting date

No significant events have occurred after the reporting date that will materially affect the information presented in the annual financial statements.

13. Performance Information

The service delivery outcomes are discussed in detail in Part 2 of the department's Annual Report.

The department collects performance information on a monthly basis, this information is submitted to Provincial Treasury on a quarterly basis.

**KWAZULU-NATAL DEPARTMENT OF HOUSING
ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006**

14. SCOPA Resolution

REFERENCE TO PREVIOUS AUDIT REPORT AND SCOPA RESOLUTIONS	SUBJECT	FINDINGS ON PROGRESS
Resolution 1/2005	EX R293 Townships: Take-over of Housing stock by Municipalities	A report on the understanding of R293 stock, indicating the reason for delayed acceptance of the stock by eThekweni Municipality was requested from the City Manager and the response has been given to the committee. This issue will be further discussed at the next hearing.
Resolution 2/2005	Irregular purchase of properties	The Department has changed the policy on the utilisation of these properties. The properties will be refurbished and used as rental stock in line with the housing vision, Breaking New Ground, which seeks to create sustainable human settlements.
Resolution 3/2005	Unblocking of Projects	The additional cost to be incurred in unblocking the projects and of houses completing the construction amounts to R178,078,120. The process of unblocking is expected to be completed at the end of 2007/08 financial year.

Approval

The attached annual financial statements set out on pages 38 to 77 have been approved by the Accounting Officer.



 Ms S.Z.F. Nyandu
 Accounting Officer
 KwaZulu-Natal Department of Housing

31 July 2006

Date

REPORT OF THE AUDITOR-GENERAL TO THE KWAZULU-NATAL PROVINCIAL LEGISLATURE ON THE FINANCIAL STATEMENTS OF VOTE 08 - DEPARTMENT OF HOUSING FOR THE YEAR ENDED 31 MARCH 2006

I. AUDIT ASSIGNMENT

The financial statements as set out on pages 38 to 77, 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 asset opening balances have not been audited because of the timing of guidance from National Treasury to the departments relating to the treatment, valuation and disclosure of fixed assets. These 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

Except as discussed in paragraph 4.1 below, the audit was conducted in accordance with the International Standards on Auditing read with General Notice 544 of 2006, issued in Government Gazette no. 28723 of 10 April 2006 and General Notice 808 of 2006, issued in Government Gazette no. 28954 of 23 June 2006. Those standards require that I plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit includes:

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

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

3. BASIS OF ACCOUNTING

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

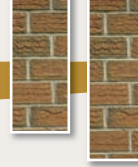
4. QUALIFICATION

4.1 Scope limitation

The conversion of financial information from the Financial Management System (FMS) to the Basic Accounting System (BAS) in October 2003 and the alignment from BAS to the Standard Chart of Accounts (SCOA) on 1 April 2004 resulted in unreconciled differences amounting to R7,9 million. No supporting documentation to substantiate this amount, which is disclosed as Adjustment Conversion BAS/SCOA in note 14.2 of the financial statements, could be produced for audit purposes.

5. QUALIFIED AUDIT OPINION

In my opinion, except for the effect on the financial statements of the matter referred to in the preceding paragraph, the financial statements present fairly, in all material respects, the financial position of the Department of Housing at 31 March 2006 and the results of its operations and its cash flows for the year then ended, in accordance with the modified cash basis of accounting determined by the National Treasury of South Africa, as described in accounting policy 1.1 of the financial statements, and in a manner required by the Public Finance Management Act, 199 (Act No. 1 of 1999 (PFMA)).



REPORT OF THE AUDITOR-GENERAL TO THE KWAZULU-NATAL PROVINCIAL LEGISLATURE ON THE FINANCIAL STATEMENTS OF VOTE 08 - DEPARTMENT OF HOUSING FOR THE YEAR ENDED 31 MARCH 2006

6. EMPHASIS OF MATTER

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

6.1 Control over the allocation and approval of subsidies to government employees

Subsequent to the tabling of the Auditor-General report PR 189/2005 on a performance audit of the approval and allocation of housing subsidies to government employees the department engaged the Internal Audit Unit of the province on a forensic investigation into the allegations of fraud and corruption on housing subsidies in the department. The forensic report referenced 15/3/1 dated 8 May 2006 highlighted possible fraud and corruption to the value of R3 million over a period of 10 years.

In anticipation of the corrective steps taken by the National Department of Housing such as the enhancements to the National Housing Subsidy System to perform a systematic check against, inter alia, the PERSAL system to determine the salary level of public servant applications, the department has not implemented internal control measures to detect cases of government employees that do not qualify for subsidies.

6.2 Human resource management

6.2.1 Human resource plan

An approved human resource plan, as required by Public Service Regulation (Part III D.1 (a)) to ensure the strategic, efficient and effective filling of positions did not exist for the year under review.

6.2.2 Vacancies affecting internal controls

Regular independent checks and inspections are key controls to monitor that housing projects are completed in terms of agreements and to ensure that subsidies are only paid for work actually done at an acceptable standard. A report relating to project monitoring indicated that a significant vacancy rate, which could have a detrimental effect on implementing key controls, existed in the department. Details of vacant assistant directors (monitoring) positions were as follows:

Region	Number of approved posts at 31 March 2006	Number of vacant posts at 31 March 2006	Vacancy rate as a percentage
Coastal	20	12	60%
Inland	12	11	92%*
Northern	4	1	25%
Total	36	24	67%

* Five senior administration officers are performing monitoring functions in an acting capacity.

6.2.3 Other vacancies

At least seven senior positions at post levels 11 and 12 were vacant for more than three months at 31 March 2006.

6.3 Audit of performance information

The performance information was submitted for auditing on 21 July 2006. This is technically non-compliance in terms of chapter 5.1.2 of National Treasury's Guide for the Preparation of Annual Reports for the 2005/06 financial year, which required the submission of performance information to the Auditor-General for audit purposes by 15 June 2006.

REPORT OF THE AUDITOR-GENERAL TO THE KWAZULU-NATAL PROVINCIAL LEGISLATURE ON THE FINANCIAL STATEMENTS OF VOTE 08 - DEPARTMENT OF HOUSING FOR THE YEAR ENDED 31 MARCH 2006

6.4 Housing guarantees

Adequate control over the management of housing guarantees as prescribed in practice note PN037 paragraph 7.3 did not always exist. Supporting documentation from the financial institutions such as the balance outstanding and latest valuation of the properties, which is needed by the department to monitor the balances and apply to the financial institutions for redemption once the guaranteed portion (20 per cent) was paid up was not always available. Consequently I am unable to conclude on the accuracy of the disclosure in note 20 of the financial statements for housing guarantee contingent liability.

6.5 Assets

Section 38(1)(d) of the Public Finance Management Act, 1999 (Act No.1 of 1999) and Treasury Regulation 10(1) as well as practice note 006 prescribes that controls need to be implemented for the maintenance and safeguarding of assets. Audit procedures carried out for the year under review revealed the following shortcomings:

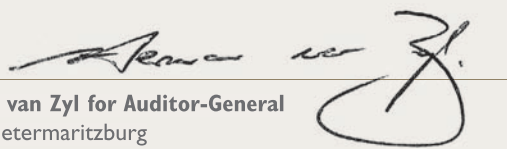
- The asset register was not properly maintained as the date of purchase, purchase price and physical condition of assets were not recorded.
- Assets were not found in the location indicated in the asset register.
- No asset count was conducted.

6.6 Unauthorised expenditure

Attention is drawn to note 11 of the financial statements disclosing unauthorised expenditure of R12,2 million for the current year and a total of R45,5 million awaiting Parliament's approval.

7. APPRECIATION

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


H van Zyl for Auditor-General
Pietermaritzburg
31 July 2006



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



KWAZULU-NATAL DEPARTMENT OF HOUSING ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2006

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

1. Presentation of the Financial Statements

1.1 Basis of preparation

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

1.2 Presentation currency

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

1.3 Rounding

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

1.4 Comparative figures

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

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

2. Revenue

2.1 Appropriated funds

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

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

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

2.2 Departmental revenue

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

2.2.1 Tax revenue

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

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

KWAZULU-NATAL DEPARTMENT OF HOUSING ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2006

2.2.2 Sales of goods and services other than capital assets

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

2.2.3 Fines, penalties & forfeits

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

2.2.4 Interest, dividends and rent on land

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

2.2.5 Sale of capital assets

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

2.2.6 Financial transactions in assets and liabilities

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

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

2.2.7 Gifts, donations and sponsorships (transfers received)

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

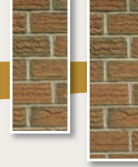
2.3 Local and foreign aid assistance

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

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

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

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



KWAZULU-NATAL DEPARTMENT OF HOUSING ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2006

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).

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

3.1.1 Short term employee benefits

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

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

3.1.2 Long-term employee benefits

3.1.2.1 Termination benefits

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

3.1.2.2 Post employment retirement benefits

The department provides retirement benefits (pension benefits) for certain of its employees through a defined benefit plan for government employees. These benefits are funded by both employer and employee contributions. Employer contributions to the fund are expensed when the final authorisation for payment to the fund is effected on the system (by no later than 31 March of each year). No provision is made for retirement benefits in the financial statements of the department. Any potential liabilities are disclosed in the financial statements of the 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.

KWAZULU-NATAL DEPARTMENT OF HOUSING ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2006

3.4 Financial transactions in assets and liabilities

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

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

3.5 Unauthorised expenditure

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

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

3.6 Fruitless and wasteful expenditure

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

3.7 Irregular expenditure

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

3.8 Transfers and subsidies

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

3.9 Expenditure for capital assets

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

4. Assets

4.1 Cash and cash equivalents

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

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

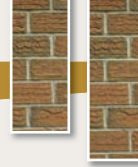
4.2 Prepayments and advances

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

4.3 Receivables

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

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



KWAZULU-NATAL DEPARTMENT OF HOUSING ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2006

4.4 Investments

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

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

4.5 Loans

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

4.6 Inventory

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

4.7 Asset Registers

Assets are recorded in an asset register, at cost, on receipt of the item. Cost of an asset is defined as the total cost of acquisition. Assets procured in previous financial periods, may be stated at fair value, where determinable, or R.I., in instances where the original cost of acquisition or fair value cannot be established. No revaluation or impairment of assets is currently recognised in the asset register. Projects (of construction/development) running over more than one financial year relating to assets, are only brought into the asset register on completion of the project and at the total cost incurred over the duration of the project. Annexure 4 and 5 of the disclosure notes, reflect the total movement in the asset register of assets; with a cost equal to and exceeding R5000 (therefore capital assets only) for the current financial year. The movement is reflected at the cost as recorded in the asset register and not the carrying value, as depreciation is not recognised in the financial statements under the modified cash basis of accounting. The opening balance reflected on Annexure 4 and 5 will include items procured in prior accounting periods and the closing balance will represent the total cost of the register for capital assets on hand.

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.

KWAZULU-NATAL DEPARTMENT OF HOUSING ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2006

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.

5.1 Commitments

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

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

6. Net Assets

6.1 Capitalisation reserve

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

6.2 Recoverable revenue

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

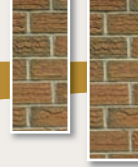
7. Related party transactions

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

8. Key management personnel

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

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



KWAZULU-NATAL DEPARTMENT OF HOUSING ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2006

9. Public private partnerships

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

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

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

**KWAZULU-NATAL DEPARTMENT OF HOUSING
APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2006**

APPROPRIATION PER PROGRAMME

	2005/06							2004/05	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1. Administration									
Current payment	54,262	-	4,085	58,347	60,501	(2,154)	103.7%	55,242	55,309
Transfers and subsidies	16	-	432	448	448	-	100.0%	421	409
Payment for capital assets	2,700	-	880	3,580	1,426	2,154	39.8%	3,346	3,342
Subtotal	56,978	-	5,397	62,375	62,375	-		59,009	59,060
2. Housing Planning and Development									
Current payment	13,201	(1,554)	(675)	10,972	10,972	-	100.0%	15,111	15,110
Transfers and subsidies	194	-	(142)	52	52	-	100.0%	62	62
Payment for capital assets	2,559	-	(9)	2,550	1,189	1,361	46.6%	1,601	1,602
Subtotal	15,954	(1,554)	(826)	13,574	12,213	1,361		16,774	16,774
3. Project Management									
Current payment	36,714	1,554	52	38,320	44,884	(6,564)	117.1%	42,328	54,548
Transfers and subsidies	600,003	-	11,132	611,135	617,626	(6,491)	101.1%	599,005	599,980
Payment for capital assets	1,545	-	-	1,545	669	876	43.3%	1,556	601
Subtotal	638,262	1,554	11,184	651,000	663,179	(12,179)		642,889	655,129
4. Urban Renewal and Human Settlement Redevelopment									
Current payment	-	-	-	-	-	-	0.0%	67,257	67,129
Transfers and subsidies	-	-	-	-	-	-	0.0%	-	-
Payment for capital assets	-	-	-	-	-	-	0.0%	-	-
Subtotal	-	-	-	-	-	-		67,257	67,129
5. Property Management									
Current payment	50,920	-	(4,197)	46,723	169,190	(122,467)	362.1%	97,182	183,590
Transfers and subsidies	200,287	-	(10,687)	189,600	67,133	122,467	35.4%	91,917	6,257
Payment for capital assets	940	-	(871)	69	69	-	100.0%	887	139
Subtotal	252,147	-	(15,755)	236,392	236,392	-		189,986	189,986
Total	963,341	-	-	963,341	974,159	(10,818)	101.1%	975,915	988,078
Reconciliation with Statement of Financial Performance									
ADD Prior year unauthorised expenditure approved with funding	-							-	
Departmental receipts	889							929	
Local and foreign aid assistance	3,018							2,096	
Actual amounts per Statement of Financial Performance (Total Revenue)	967,248							978,940	
Investments acquired and capitalised during the current financial year, but expensed for appropriation purposes									
Other payments in Appropriation Statement, not accounted for in the Statement of Financial Performance									
ADD Local and foreign aid assistance					780				1,481
Prior year unauthorised expenditure approved									
Prior year fruitless and wasteful expenditure authorised									
Actual amounts per Statement of Financial Performance Expenditure					974,939				989,559

KWAZULU-NATAL DEPARTMENT OF HOUSING
APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2006

APPROPRIATION PER ECONOMIC CLASSIFICATION

	2005/06							2004/05	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	123,542	(426)	(11,466)	111,650	111,650	-	100.0%	112,218	112,854
Goods and services	31,555	426	10,696	42,677	173,844	(131,167)	407.3%	164,752	249,034
Interest and rent on land	-	-	-	-	-	-	0.0%	-	13,751
Financial transactions in assets and liabilities	-	-	35	35	53	(18)	151.4%	150	47
Transfers & subsidies									
Provinces & municipalities	517	-	66,018	66,535	66,535	-	100.0%	9,432	10,621
Departmental agencies & accounts	-	-	-	-	-	-	0.0%	-	-
Universities & technikons	-	-	-	-	-	-	0.0%	-	-
Foreign governments & international organisations	-	-	-	-	-	-	0.0%	-	-
Public corporations & private enterprises	-	-	-	-	-	-	0.0%	-	-
Non-profit institutions	-	-	-	-	-	-	0.0%	-	-
Households	799,983	-	(65,283)	734,700	618,724	115,976	84.2%	681,973	596,087
Gifts and donations	-	-	-	-	-	-	0.0%	-	-
Payment for capital assets									
Buildings & other fixed structures	-	-	-	-	-	-	0.0%	-	-
Machinery & equipment	7,744	-	-	7,744	3,353	4,391	43.3%	7,390	5,673
Biological or cultivated assets	-	-	-	-	-	-	0.0%	-	-
Software & other intangible assets	-	-	-	-	-	-	0.0%	-	11
Land & subsoil assets	-	-	-	-	-	-	0.0%	-	-
Total	963,341	-	-	963,341	974,159	(10,818)	101.1%	975,915	988,078

KWAZULU-NATAL DEPARTMENT OF HOUSING
APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2006

DETAIL PER PROGRAMME I - ADMINISTRATION
for the year ended 31 March 2006

Programme per subprogramme		2005/06							2004/05	
		Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
		R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
I.1	Office of the MEC									
	Current payment	6,852	-	(2,764)	4,088	4,088	-	100.0%	6,621	6,628
	Transfers and subsidies	6	-	2	8	8	-	100.0%	55	48
	Payment for capital assets	60	-	32	92	28	64	30.4%	401	401
I.2	Risk Management and Advisory Services									
	Current payment	9,278	-	(4,271)	5,007	5,007	-	100.0%	9,402	9,402
	Transfers and subsidies	3	-	1	4	4	-	100.0%	70	70
	Payment for capital assets	250	-	112	362	138	224	38.1%	568	568
I.3	Communications									
	Current payment	1,921	-	(711)	1,210	1,210	-	100.0%	1,659	1,659
	Transfers and subsidies	1	-		1	1	-	100.0%	13	13
	Payment for capital assets	30	-	30	60	-	60	0.0%	100	100
I.4	Corporate Services									
	Current payment	21,724	-	9,413	31,137	33,291	(2,154)	106.9%	22,627	22,687
	Transfers and subsidies	3	-	109	112	112	-	100.0%	173	168
	Payment for capital assets	1,650	-	115	1,765	1,141	624	64.6%	1,374	1,370
I.5	Financial Management									
	Current payment	14,487	-	2,418	16,905	16,905	-	100.0%	14,933	14,933
	Transfers and subsidies	3	-	320	323	323	-	100.0%	110	110
	Payment for capital assets	710	-	591	1,301	119	1,182	9.1%	903	903
	Total	56,978	-	5,397	62,375	62,375	-	100.0%	59,009	59,060

KWAZULU-NATAL DEPARTMENT OF HOUSING
APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2006

DETAIL PER PROGRAMME I - ADMINISTRATION
for the year ended 31 March 2006

Economic classification	2005/06							2004/05	Actual Expenditure
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	
Current payments									
Compensation of employees	38,477	-	(6,399)	32,078	32,078	-	100.0%	29,168	29,340
Goods and services	15,785	-	10,462	26,247	28,392	(2,145)	108.2%	25,928	25,788
Interest and rent on land	-	-	-	-	-	-	0.0%	-	144
Financial transactions in assets and liabilities	-	-	21	21	30	(9)	142.9%	146	37
Transfers & subsidies									
Provinces & municipalities	16	-	77	93	93	-	100.0%	87	-
Departmental agencies & accounts				-		-	0.0%		
Universities & technikons				-		-	0.0%		
Foreign governments & international organisations				-		-	0.0%		
Public corporations & private enterprises				-		-	0.0%		
Non-profit institutions				-		-	0.0%		
Households	-	-	356	356	356	-	100.0%	334	410
Payments for capital assets									
Buildings & other fixed structures				-		-	0.0%		
Machinery & equipment	2,700	-	880	3,580	1,426	2,154	39.8%	3,346	3,330
Biological or cultivated assets				-		-	0.0%		
Software & other intangible assets	-	-	-	-	-	-	0.0%	-	11
Land & subsoil assets				-		-	0.0%		
Total	56,978	-	5,397	62,375	62,375	-	100.0%	59,009	59,060

**KWAZULU-NATAL DEPARTMENT OF HOUSING
APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2006**

**DETAIL PER PROGRAMME 2 - HOUSING PLANNING AND RESEARCH
for the year ended 31 March 2006**

Programme per subprogramme	2005/06							2004/05	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
2.1 Administration Support									
Current payment	5,675	-	(658)	5,017	5,017	-	100.0%	5,783	5,783
Transfers and subsidies	49	-	(44)	5	5	-	100.0%	23	23
Payment for capital assets	2,409	-	(350)	2,059	813	1,246	39.5%	613	613
2.2 Product Development									
Current payment	1,618	(1,010)	-	608	608	-	100.0%	1,471	1,471
Transfers and subsidies	32	-	5	37	37	-	100.0%	6	6
Payment for capital assets	110	-	-	110		110	0.0%	156	156
2.3 Planning									
Current payment	2,180	(544)	(240)	1,396	1,396	-	100.0%	2,321	2,321
Transfers and subsidies	45	-	(41)	4	4	-	100.0%	10	10
Payment for capital assets	30	-	350	380	376	4	98.9%	246	246
2.4 Capacity Building									
Current payment	3,728	-	223	3,951	3,951	-	100.0%	5,536	5,535
Transfers and subsidies	68	-	(62)	6	6	-	100.0%	23	23
Payment for capital assets	10	-	(9)	1	-	1	0.0%	586	587
Total	15,954	(1,554)	(826)	13,574	12,213	1,361	90.0%	16,774	16,774

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
Current									
Compensation of employees	7,779	(1,554)	(979)	5,246	5,246	-	100.0%	10,984	10,984
Goods and services	5,422	-	303	5,725	5,725	-	100.0%	4,127	4,126
Interest and rent on land				-		-	0.0%		
Financial transactions in assets and liabilities	-	-	1	1	1	-	100.0%		
Transfers & subsidies									
Provinces & municipalities	194	-	(173)	21	21	-	100.0%	62	62
Dept agencies & accounts				-		-	0.0%		
Universities & Technikons				-		-	0.0%		
Foreign governments & international organisations				-		-	0.0%		
Public corporations & private enterprises				-		-	0.0%		
Non-profit institutions				-		-	0.0%		
Households	-	-	31	31	31	-	100.0%	-	-
Capital									
Buildings & other fixed structures				-		-	0.0%		
Machinery & equipment	2,559	-	(9)	2,550	1,189	1,361	46.6%	1,601	1,602
Biological or Cultivated assets				-		-	0.0%		
Software & other intangible assets				-		-	0.0%		
Land & subsoil assets				-		-	0.0%		
Total	15,954	(1,554)	(826)	13,574	12,213	1,361	90.0%	16,774	16,774

KWAZULU-NATAL DEPARTMENT OF HOUSING
APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2006

DETAIL PER PROGRAMME 3 - PROJECT MANAGEMENT for the year ended 31 March 2006

Programme per subprogramme	2005/06							2004/05	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
3.1 Project Management									
Current payment	28,644	1,554	4,958	35,156	41,720	(6,564)	118.7%	4,876	5,126
Transfers and subsidies	594,125	-	11,137	605,262	617,618	(12,356)	102.0%	250	-
Payment for capital assets	1,365	-	132	1,497	621	876	41.5%	304	304
3.2 Housing Subsidy Administration									
Current payment	4,554	-	(1,635)	2,919	2,919	-	100.0%	36,386	48,356
Transfers and subsidies	13	-	(5)	8	8	-	100.0%	598,755	599,980
Payment for capital assets	180	-	(180)	-	-	-	0.0%	1,252	297
3.3 Social and Economic Amenities									
Current payment				-		-	0.0%		
Transfers and subsidies	5,865	-	-	5,865	-	5,865	0.0%	-	-
Payment for capital assets				-		-	0.0%		
3.4 Contract and Land Administration									
Current payment	3,516	-	(3,271)	245	245	-	100.0%	1,066	1,066
Transfers and subsidies				-		-	0.0%		
Payment for capital assets	-	-	48	48	48	-	100.0%	-	-
3.5 Monitoring and Evaluation									
Current payment				-		-	0.0%		
Transfers and subsidies				-		-	0.0%		
Payment for capital assets				-		-	0.0%		
Total	638,262	1,554	11,184	651,000	663,179	(12,179)	101.9%	642,889	655,129

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
Current									
Compensation of employees	28,504	1,128	-	29,632	29,632	-	100.0%	23,694	24,095
Goods and services	8,210	426	42	8,678	15,233	(6,555)	175.5%	18,634	28,533
Interest and rent on land	-	-	-	-	-	-	0.0%	-	1,914
Financial transactions in assets and liabilities	-	-	11	11	20	(9)	181.8%	-	6
Transfers & subsidies									
Provinces & municipalities	133	-	(53)	80	80	-	100.0%	9,145	10,559
Dept agencies & accounts				-		-	0.0%		
Universities & Technikons				-		-	0.0%		
Foreign governments & international organisations				-		-	0.0%		
Public corporations & private enterprises				-		-	0.0%		
Non-profit institutions				-		-	0.0%		
Households	599,870	-	11,184	611,054	617,545	(6,491)	101.1%	589,860	589,420
Capital									
Buildings & other fixed structures				-		-	0.0%		
Machinery & equipment	1,545	-	-	1,545	669	876	43.3%	1,556	602
Biological or Cultivated assets				-		-	0.0%		
Software & other intangible assets				-		-	0.0%		
Land & subsoil assets				-		-	0.0%		
Total	638,262	1,554	11,184	651,000	663,179	(12,179)	101.9%	642,889	655,129

**KWAZULU-NATAL DEPARTMENT OF HOUSING
APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2006**

DETAIL PER PROGRAMME 4 - URBAN RENEWAL AND SETTLEMENT REDEVELOPMENT
for the year ended 31 March 2006

Programme per subprogramme	2005/06							2004/05	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
4.1 Flood Relief									
Current payment				-		-	0.0%	67,257	67,129
Transfers and subsidies	-	-	-	-	-	-	0.0%	-	-
Payment for capital assets				-		-	0.0%		
4.2 Human Settlement and Redevelopment									
Current payment				-		-	0.0%		
Transfers and subsidies				-		-	0.0%		
Payment for capital assets				-		-	0.0%		
Total	-	-	-	-	-	-	0.0%	67,257	67,129

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
Current									
Compensation of employees				-		-	0.0%		
Goods and services	-	-	-	-	-	-	0.0%	67,257	67,129
Interest and rent on land				-		-	0.0%		
Financial transactions in assets and liabilities				-		-	0.0%		
Transfers & subsidies									
Provinces & municipalities				-		-	0.0%		
Dept agencies & accounts				-		-	0.0%		
Universities & Technikons				-		-	0.0%		
Foreign governments & international organisations				-		-	0.0%		
Public corporations & private enterprises				-		-	0.0%		
Non-profit institutions				-		-	0.0%		
Households	-	-	-	-	-	-	0.0%	-	-
Capital									
Buildings & other fixed structures				-		-	0.0%		
Machinery & equipment				-		-	0.0%		
Biological or Cultivated assets				-		-	0.0%		
Software & other intangible assets				-		-	0.0%		
Land & subsoil assets				-		-	0.0%		
Total	-	-	-	-	-	-	0.0%	67,257	67,129

**KWAZULU-NATAL DEPARTMENT OF HOUSING
APPROPRIATION STATEMENT FOR THE YEAR ENDED 31 MARCH 2006**

**DETAIL PER PROGRAMME 5 - PROPERTY MANAGEMENT
for the year ended 31 March 2006**

Programme per subprogramme	2005/06							2004/05	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
5.1 Assets Management									
Current payment	44,013	-	(150)	43,863	141,185	(97,322)	321.9%	92,984	179,392
Transfers and subsidies	104,393	-	(6,155)	98,238	916	97,322	0.9%	79,836	-
Payment for capital assets	885	-	(871)	14	14	-	100.0%	887	139
5.2 Rental Tribunal									
Current payment	5,838	-	(2,978)	2,860	2,860	-	100.0%	4,198	4,198
Transfers and subsidies	5	-	(2)	3	3	-	100.0%	-	-
Payment for capital assets	55	-	-	55	55	-	100.0%	-	-
5.3 Social and Communal Housing									
Current payment	1,069	-	(1,069)	-	-	-	0.0%	-	-
Transfers and subsidies	66,000	-	214	66,214	66,214	-	100.0%	11,701	5,877
Payment for capital assets	-	-	-	-	-	-	0.0%	-	-
5.4 Extended Discount Benefit Scheme									
Current payment	-	-	-	-	25,145	(25,145)	0.0%	-	-
Transfers and subsidies	29,889	-	(4,744)	25,145	-	25,145	0.0%	380	380
Payment for capital assets	-	-	-	-	-	-	0.0%	-	-
Total	252,147	-	(15,755)	236,392	236,392	-	100.0%	189,986	189,986

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
Current									
Compensation of employees	48,782	-	(4,088)	44,694	44,694	-	100.0%	48,372	48,435
Goods and services	2,138	-	(111)	2,027	124,494	(122,467)	6141.8%	48,806	123,458
Interest and rent on land				-	-	-	0.0%		11,693
Financial transactions in assets and liabilities	-	-	2	2	2	-	100.0%	4	4
Transfers & subsidies									
Provinces & municipalities	174	-	66,167	66,341	66,341	-	100.0%	138	-
Dept agencies & accounts				-	-	-	0.0%		
Universities & Technikons				-	-	-	0.0%		
Foreign governments & international organisations				-	-	-	0.0%		
Public corporations & private enterprises				-	-	-	0.0%		
Non-profit institutions				-	-	-	0.0%		
Households	200,113	-	(76,854)	123,259	792	122,467	0.6%	91,779	6,257
Capital									
Buildings & other fixed structures				-	-	-	0.0%		
Machinery & equipment	940	-	(871)	69	69	-	100.0%	887	139
Biological or Cultivated assets				-	-	-	0.0%		
Software & other intangible assets				-	-	-	0.0%		
Land & subsoil assets				-	-	-	0.0%		
Total	252,147	-	(15,755)	236,392	236,392	-	100.0%	189,986	189,986

**KWAZULU-NATAL DEPARTMENT OF HOUSING
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 I (A-L) 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 I (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 (Details of special functions (theft and losses)) to the annual financial statements.

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

4.1 Per programme:

	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Variance as a % of Final Approp. %
Programme 2				
Mach & Equip	2,550	1,189	1,361	53.37%
This savings is due to invoices that were not received timeously for March, due to a delay in the delivery of the items.				
Programme 3				
Goods & Services	8,678	15,233	(6,555)	-75.54%
Fin Trans in A & L	11	20	(9)	-81.82%
Trans & Sub	611,054	617,545	(6,491)	-1.06%
Mach & Equip	1,545	669	876	56.70%
<p>*Goods and Services: This overexpenditure is mainly due to insufficient funding for project launches.</p> <p>*Households: More projects were approved than anticipated for this financial year.</p> <p>*Capital: Tenders for office furniture for the project monitors and facilitators were not finalised yet.</p>				



KWAZULU-NATAL DEPARTMENT OF HOUSING
NOTES TO THE APPROPRIATION STATEMENT
FOR THE YEAR ENDED 31 MARCH 2006

4.2 Per economic classification:

R'000

Current expenditure

Compensation of employees

Goods and services

(131,167)

Interest and rent on land

Financial transactions in assets and liabilities

(18)

Unauthorised expenditure approved

Transfers and subsidies

Provinces and municipalities

Departmental agencies and accounts

Universities and technikons

Public corporations and private enterprises

Foreign governments and international organisations

Non-profit institutions

Households

115,976

Payments for capital assets

Buildings and other fixed structures

Machinery and equipment

4,391

Heritage assets

Biological assets

Software and other intangible assets

Land and sub soil assets

**KWAZULU-NATAL DEPARTMENT OF HOUSING
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR ENDED 31 MARCH 2006**

	Note	2005/06 R'000	2004/05 R'000
REVENUE			
Annual appropriation	1.	963,341	975,915
Statutory appropriation	2.	-	-
Appropriation for unauthorised expenditure approved		-	-
Departmental revenue	3.	889	929
Local and foreign aid assistance	4.	3,018	2,096
TOTAL REVENUE		967,248	978,940
EXPENDITURE			
Current expenditure			
Compensation of employees	5.	111,650	112,854
Goods and services	6.	173,844	249,034
Interest and rent on land	7.	-	13,751
Financial transactions in assets and liabilities	8.	53	47
Local and foreign aid assistance	4.	780	1,481
Unauthorised expenditure approved	11.	-	-
Total current expenditure		286,327	377,167
Transfers and subsidies	9.	685,259	606,708
Expenditure for capital assets			
Machinery and Equipment	10.	3,353	5,673
Software and other intangible assets	10.	-	11
Unauthorised expenditure approved	11.	-	-
Total expenditure for capital assets		3,353	5,684
TOTAL EXPENDITURE		974,939	989,559
(DEFICIT)		(7,691)	(10,619)
Add back unauthorised expenditure	11.	12,179	12,291
SURPLUS FOR THE YEAR		4,488	1,672
Reconciliation of Net Surplus for the year			
Voted Funds	15.	1,361	128
Departmental revenue	16.	889	929
Local and foreign aid assistance	4.	2,238	615
SURPLUS FOR THE YEAR		4,488	1,672



KWAZULU-NATAL DEPARTMENT OF HOUSING
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 31 MARCH 2006

	Note	2005/06 R'000	2004/05 R'000
ASSETS			
Current assets		70,185	563,517
Unauthorised expenditure	11.	45,545	33,366
Cash and cash equivalents	12.	15,398	519,961
Prepayments and advances	13.	5	58
Receivables	14.	9,200	9,931
Local and foreign aid assistance receivable	4.	37	201
TOTAL ASSETS		70,185	563,517
LIABILITIES			
Current liabilities		70,185	563,517
Voted funds to be surrendered to the Revenue Fund	15.	1,361	53,946
Departmental revenue to be surrendered to the Revenue Fund	16.	889	1,549
Payables	17.	65,024	507,185
Local and foreign aid assistance unutilised	4.	2,911	837
TOTAL LIABILITIES		70,185	563,517
NET ASSETS		-	-

KWAZULU-NATAL DEPARTMENT OF HOUSING
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2006

	Note	2005/06 R'000	2004/05 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		967,248	978,940
Annual appropriated funds received	1.1	963,341	975,915
Statutory appropriated funds received		-	-
Departmental revenue received	3.	889	929
Local and foreign aid assistance received	4.	3,018	2,096
Net (increase)/ decrease in working capital		(441,377)	470,707
Surrendered to Revenue Fund	15. / 16.	(55,495)	-
Current payments		(286,327)	(377,167)
Transfers and subsidies paid	9.	(685,259)	(606,708)
Net cash flow available from operating activities	18.	(501,210)	465,772
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	10.	(3,353)	(5,684)
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		-	-
Net cash flows from investing activities		(3,353)	(5,684)
CASH FLOWS FROM FINANCING ACTIVITIES			
Distribution/dividend received		-	-
Increase/ (decrease) in net assets		-	-
Increase/ (decrease) in non-current payables		-	-
Net cash flows from financing activities		-	-
Net increase/ (decrease) in cash and cash equivalents		(504,563)	460,088
Cash and cash equivalents at beginning of period		519,961	59,873
Cash and cash equivalents at end of period	19.	15,398	519,961

**KWAZULU-NATAL DEPARTMENT OF HOUSING
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006**

I. Annual Appropriation**I.1 Annual Appropriation**

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

	Final Appropriation R'000	Actual Funds Received R'000	Funds not requested/ not received R'000	Appropriation Received 2004/05 R'000
Programmes				
Administration	62,375	62,375	-	59,009
Housing Planning and Development	13,574	13,574	-	16,774
Project Management	651,000	651,000	-	642,889
Urban Renewal and Human Settlement Redevelopment	-	-	-	67,257
Property Management	236,392	236,392	-	189,986
	-	-	-	-
Total	963,341	963,341	-	975,915

I.2 Conditional grants

	Note	2005/06 R'000	2004/05 R'000
Total grants received	Annex 1A	799,659	815,720

Provincial Grants included in Total grants received

(** It should be noted that the Conditional grants are included in the amounts per the Total Appropriation in Note I.1)

I.3 Unconditional grants

Total grants received	Annex 1B	-	-
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2. Statutory Appropriation

President and Deputy President salaries
Member of executive committee/
parliamentary officers
Judges salaries
Sector education and training
authorities (SETA)
National Skills Fund

Total			-	-
Actual Statutory Appropriation received				

**KWAZULU-NATAL DEPARTMENT OF HOUSING
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006**

		Note	2005/06 R'000	2004/05 R'000
3.	Departmental revenue to be surrendered to Revenue Fund			
	Sales of goods and services other than capital assets	3.1	211	-
	Interest, dividends and rent on land	3.2	-	286
	Financial transactions in assets and liabilities	3.3	678	643
	Total revenue collected		889	929
	Less: Departmental revenue budgeted *	16.	-	-
	Total		889	929
3.1	Sales of goods and services other than capital assets			
	Sales of goods and services produced by the department		211	-
	Total		211	-
3.2	Interest, dividends and rent on land			
	Interest		-	286
	Total		-	286
3.3	Financial transactions in assets and liabilities			
	Nature of loss recovered			
	Receivables		-	409
	Other receipts including recoverable revenue		678	234
	Total		678	643
4.	Local and foreign aid assistance			
	Assistance received in cash: Other			
	Local			
	Opening Balance		837	
	Revenue		2,074	1,169
	Expenditure		-	332
	Current		-	332
	Capital		-	
	Closing Balance		2,911	837

**KWAZULU-NATAL DEPARTMENT OF HOUSING
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006**

	Note	2005/06 R'000	2004/05 R'000
Foreign			
Opening Balance		(201)	21
Revenue		944	927
Expenditure		780	1,149
Current		780	1,149
Capital		-	-
Closing Balance		(37)	(201)
Total			
Opening Balance		636	21
Revenue		3,018	2,096
Expenditure		780	1,481
Current		780	1,481
Capital		-	-
Closing Balance		2,874	636
Analysis of balance			
Local and foreign aid receivable		37	201
Local and foreign aid unutilised		2,911	837
Local foreign aid payable to RDP fund/donors		-	-
Closing balance		2,874	636
5. Compensation of Employees			
5.1 Salaries and wages			
Basic salary		78,852	79,278
Performance award		2,170	31
Service Based		364	338
Compensative/circumstantial		1,093	2,910
Periodic payments		1,497	2,048
Other non-pensionable allowances		11,453	10,430
Total		95,429	95,035
5.2 Social contributions			
5.2.1 Employer contributions			
Pension		10,224	11,824
Medical		5,966	5,806
Bargaining council		29	187
Insurance		2	2
Total		16,221	17,819
Total compensation of employees		111,650	112,854
Average number of employees		924	1,064

**KWAZULU-NATAL DEPARTMENT OF HOUSING
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006**

		Note	2005/06 R'000	2004/05 R'000
6. Goods and services				
Advertising			644	1,353
Bursaries (employees)			539	418
Communication			4,586	3,724
Computer services			3,377	2,373
Consultants, contractors and special services			32,188	67,780
Entertainment			8,892	2,004
External audit fees		6.1	3,251	2,101
Equipment less than R5 000			103	58
Inventory		6.2	1,346	1,928
Legal fees			324	3,970
Licence agency fees			28	27
Housing			6,379	135,769
Maintenance, repair and running costs			20,894	13,773
Operating leases			7,996	6,629
Photographic services			10	1
Printing and publications			11	10
Professional bodies and membership fees			1	1
Resettlement costs			290	233
Subscriptions			-	10
Owned and leasehold property expenditure			74,503	661
Travel and subsistence		6.3	5,417	3,289
Protective, special clothing & uniforms			96	207
Training & staff development			2,969	2,715
Total			173,844	249,034
6.1 External audit fees				
Regulatory audits			1,370	1,744
Performance audits			784	341
Other audits			1,097	16
Total external audit fees			3,251	2,101

KWAZULU-NATAL DEPARTMENT OF HOUSING
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006

		Note	2005/06 R'000	2004/05 R'000
6.2	Inventory			
	Domestic Consumables		71	53
	Learning and teaching support material		35	23
	Parts and other maint mat		19	115
	Stationery and Printing		1,221	1,737
	Total Inventory		1,346	1,928
6.3	Travel and subsistence			
	Local		5,362	3,284
	Foreign		55	5
	Total travel and subsistence		5,417	3,289
7.	Interest and rent on land			
	Interest expense		-	13,751
	Total interest and rent on land		-	13,751
8.	Financial transactions in assets and liabilities			
	Other material losses written off	8.1	11	9
	Debts written off	8.2	41	38
	Theft	8.3	1	-
	Total		53	47
8.1	Other material losses			
	Nature of losses			
	Vehicle Damages		11	9
	Total		11	9
8.2	Debts written off			
	Nature of debts written off			
	Transfer to debts written off			
	Staff Debts		41	38
	Total		41	38
8.3	Details of theft			
	Cell Phone		1	-
	Total		1	-

**KWAZULU-NATAL DEPARTMENT OF HOUSING
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006**

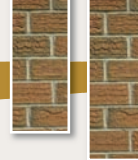
		Note	2005/06 R'000	2004/05 R'000
9.	Transfers and subsidies			
	Provinces and municipalities	Annex IF	66,535	10,621
	Households	Annex IL	618,724	596,087
	Total		685,259	606,708
10.	Expenditure for capital assets			
	Machinery and equipment	Annex 4	3,353	5,673
	Software and other intangible assets	Annex 5	-	11
	Total		3,353	5,684
11.	Unauthorised expenditure			
11.1	Reconciliation of unauthorised expenditure			
	Opening balance		33,366	21,075
	Unauthorised expenditure – current year		12,179	12,291
	Unauthorised expenditure awaiting authorisation		45,545	33,366
11.2	Analysis of current unauthorised expenditure			
	Programme 3		(12,179)	
	Total		(12,179)	
12.	Cash and cash equivalents			
	Consolidated Paymaster General Account		15,392	519,955
	Cash on hand		6	6
	Total		15,398	519,961
13.	Prepayments and advances			
	Description			
	Travel and subsistence		5	58
	Total		5	58

**KWAZULU-NATAL DEPARTMENT OF HOUSING
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006**

				Note	2005/06 R'000	2004/05 R'000
14. Receivables						
	Less than one year R'000	One to three years R'000	Older than three years R'000		Total R'000	Total R'000
Staff debtors	14.1	129	646	160	935	1,137
Other debtors	14.2	373	7,892	-	8,265	8,678
Claims recoverable	Annex 6	-	-	-	-	116
Total		502	8,538	160	9,200	9,931
14.1 Staff debtors						
Salary Debts					421	715
Bursary Debts					325	241
Pension Debts					109	62
Other Staff Related Debts					80	119
Total					935	1,137
14.2 Other Debtors						
Adjustment Conversion BAS/ SCOA					7,892	8,159
Other					288	-
Disallowance Damages and Losses					85	423
Transport Control Account					-	96
Total					8,265	8,678
15. Voted funds to be surrendered to the Revenue Fund						
Opening balance					53,946	53,818
Transfer from Statement of Financial Performance					1,361	128
Paid during the year					(53,946)	-
Closing balance					1,361	53,946
16. Departmental revenue to be surrendered to the Revenue Fund						
Opening balance					1,549	620
Transfer from Statement of Financial Performance					889	929
Departmental revenue budgeted				3	-	-
Paid/transferred during the year					(1,549)	-
Closing balance					889	1,549

**KWAZULU-NATAL DEPARTMENT OF HOUSING
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006**

		Note	2005/06 R'000	2004/05 R'000
17.	Payables – current			
		30 Days R'000	30+ Days R'000	Total R'000
	Advances received 17.1	-	8,453	8,453
	Clearing accounts 17.2	-	336	1,013
	Other payables 17.3	56,235		497,719
	Total	56,235	8,789	507,185
17.1	Advances received			
	IDT Funding		8,453	8,453
	Total		8,453	8,453
17.2	Clearing accounts			
	Salary Related		27	58
	Staff Debt Related		309	955
	Total		336	1,013
17.3	Other payables			
	KwaZulu-Natal Housing Fund		56,235	497,719
	Total		56,235	497,719
18.	Net cash flow available from operating activities			
	Net surplus/(deficit) as per Statement of Financial Performance		4,488	1,672
	Non-cash movements			
	(Increase)/decrease in receivables – current		731	(9,129)
	(Increase)/decrease in prepayments and advances		53	38
	(Increase)/decrease in other current assets		(12,179)	(12,291)
	Increase/(decrease) in payables – current		(442,161)	479,798
	Surrenders to revenue fund		(55,495)	-
	Expenditure on capital assets		3,353	5,684
	Net cash flow generated by operating activities		(501,210)	465,772



KWAZULU-NATAL DEPARTMENT OF HOUSING
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006

		Note	2005/06 R'000	2004/05 R'000
19.	Reconciliation of cash and cash equivalents for cash flow purposes			
	Consolidated Paymaster General Account		15,392	519,955
	Cash on hand		6	6
	Total		15,398	519,961

**KWAZULU-NATAL DEPARTMENT OF HOUSING
DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006**

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

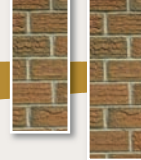
			Note	2005/06 R'000	2004/05 R'000
20.	Contingent liabilities				
	Liable to	Nature			
	Housing loan guarantees	Employees	Annex 3A	684	1,345
	Claims against the department		Annex 3B	143,474	53,618
	Other departments (interdepartmental unconfirmed balances)		Annex 7	221	1,129
	Total			144,379	56,092
21.	Commitments				
	Current expenditure				
	Approved and contracted			1,500	-
	Approved but not yet contracted			410	1,176
				1,910	1,176
	Capital expenditure				
	Approved and contracted			2,663,531	1,859,644
	Approved but not yet contracted			73,933	66,000
				2,737,464	1,925,644
	Total Commitments			2,739,374	1,926,820
22.	Accruals				
		30 Days	30+ Days	Total	Total
	By economic classification	R'000	R'000	R'000	R'000
	Compensation of employees	13	53	66	117
	Goods and services	2,265	801	3,066	3,316
	Transfers and subsidies	14,701	7,946	22,647	60,195
	Machinery and Equipment	-	12	12	92
	Software and other intangible assets	-	-	-	4
	Total			25,791	63,724
	Listed by programme level				
	Programme 1			2,202	785
	Programme 2			26	631
	Programme 3			148	38,228
	Programme 4			-	1,503
	Programme 5			23,415	22,577
	Total			25,791	63,724
	Confirmed balances with other departments		Annex 7	2,589	-
	Total			2,589	-

KWAZULU-NATAL DEPARTMENT OF HOUSING
DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006

	Note	2005/06 R'000	2004/05 R'000
23. Employee benefit provisions			
Leave entitlement		4,288	6,343
Thirteenth cheque		4,917	2,970
Capped leave commitments		26,448	30,538
Total		35,653	39,851
24. Lease Commitments			
	Buildings & other fixed structures R'000	Machinery and equipment R'000	Total R'000
24.1 Operating leases			
Not later than 1 year	7,498	301	7,799
Later than 1 year and not later than 5 years	34,221	356	34,577
Later than five years	9,095	-	9,095
Total present value of lease liabilities	50,814	657	51,471
25. Related party transactions			
All transactions entered into by the department are concluded on an arms length basis on terms and conditions reasonably expected in the open market			
26. Key management personnel			
	No of Individuals	Total R'000	Total R'000
Description			
Officials			
Level 15 to 16	1	547	552
Level 14	2	1,104	921
Total		1,651	1,473
The salary of the MEC is paid by the Department of Local Government, Housing and Traditional Affairs			

**KWAZULU-NATAL DEPARTMENT OF HOUSING
DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006**

	Note	2005/06 R'000	2004/05 R'000
27. Provisions			
Potential irrecoverable debts			
Staff debtors		258	-
Other debtors		25	-
Total		283	-
28. Inventory at year end			
Food and Food supplies		-	7
Parts and Other Maintenance Material		1,353	-
Stationery and Printing		449	398
		1,802	405
29. Restatement of prior Years Figures			
<p>The prior year figures were restated to ensure compliance with a directive issued by National Housing reference number 4/8/2/1/2/1 dated 31 March 2004 and effective from 1 April 2004.</p> <p>The directive indicated that the conditional grant previously transferred to the Housing Fund through the Provincial Treasury will from the effective date be transferred to the Housing Vote and be spent in terms of the requirements of the programme.</p>			



ANNEXURES

**KWAZULU-NATAL DEPARTMENT OF HOUSING
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006**

ANNEXURE: 1A - CONDITIONAL GRANTS RECEIVED

NAME OF DEPARTMENT	GRANT ALLOCATION					SPENT			2004/05	
	Division of Revenue Act/ Provincial Grants	Roll Overs	DORA Adjustments	Other Adjustments	Total Available	Amount received by department	Amount spent by department	% of Available funds spent by department	Division of Revenue Act	Amount spent by departments
	R'000	R'000		R'000	R'000	R'000	R'000	%	R'000	R'000
Division of Revenue Act					-			0.0%		
Integrated Housing & Human Settlement Grant	799,659	-	-	-	799,659	799,659	809,263	101.2%	815,720	830,155
					-			0.0%		
					-			0.0%		
Provincial Grants					-			0.0%		
Total	799,659	-		-	799,659	799,659	809,263		815,720	830,155

ANNEXURE: 1F - UNCONDITIONAL GRANTS AND TRANSFERS TO MUNICIPALITIES

MUNICIPALITY	GRANT ALLOCATION					SPENT			2004/05	
	Amount	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	Total Available
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
Ethekweni	-	-	58,398	58,398	58,398	100.0%	58,398	58,398	100.0%	10,598
Umgungundlovu	-	-	572	572	572	100.0%	572	572	100.0%	14
Zululand	-	-	7,565	7,565	7,565	100.0%	7,565	7,565	100.0%	9
Nongoma	517	-	-517	-	-	0.0%	-	-	0.0%	-
Total	517	-	66,018	66,535	66,535		66,535	66,535		10,621

Note: RSC Levies amounting to R320 are included above.

**KWAZULU-NATAL DEPARTMENT OF HOUSING
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006**

ANNEXURE: IL - STATEMENT OF TRANSFERS / SUBSIDIES TO HOUSEHOLDS

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2004/05
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available Transferred	Final Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Project Linked	472,096	-	-	472,096	479,093	101.5%	513,818
Individual Support	12,386	-	-	12,386	12,382	100.0%	20,590
Consolidation Support	9,435	-	-	9,435	9,435	100.0%	14,674
Institutional Support	67,587	-	-	67,587	68,077	100.7%	44,879
Relocation Ass. Support	10,670	-	-	10,670	15,574	146.0%	10
Rural Support	32,464	-	-	32,464	32,836	101.1%	2,116
Other	130,062	-	-	130,062	1,327	1.0%	-
				-		0.0%	
Total	734,700	-	-	734,700	618,724		596,087

ANNEXURE: IN - STATEMENT OF LOCAL AND FOREIGN AID ASSISTANCE

NAME OF DONOR	PURPOSE	OPENING BALANCE R'000	REVENUE R'000	EXPENDITURE R'000	CLOSING BALANCE R'000
Received in cash					
Flanders	Capacity Building	(201)	944	780	(37)
National Housing	HIV / AIDS Relief Project	-	2,074	-	2,074
National Housing	Capacity Building	837	-	-	837
					-
Subtotal		636	3,018	780	2,874
Received in kind					
					-
Subtotal		-	-	-	-
Total		636	3,018	780	2,874

- Group major categories but list material items including name of the organisation
- Totals do not form part of the totals as on the face of the Statement of Financial Performance

**KWAZULU-NATAL DEPARTMENT OF HOUSING
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006**

ANNEXURE: 3A - STATEMENT OF FINANCIAL GUARANTEES - LOCAL

Guarantor institution	Guarantee in respect of	Original Guaranteed capital amount	Opening Balance 01/04/2005	Guarantees issued during the year	Guarantees released/paid/ cancelled/ reduced during the year	Guaranteed interest outstanding as at 31 March 2006	Closing Balance 31/03/2006	Realised losses not recoverable
		R'000	R'000	R'000	R'000	R'000	R'000	R'000
Housing								
ABSA		-	289	-	192	-	97	-
First National		-	448	-	158	-	290	-
Ithala		-	108	-	40	-	68	-
Nedperm / Old Mutual		-	222	-	85	-	137	-
Peoples		-	64	-	18	-	46	-
Standard		-	214	-	168	-	46	-
Total		-	1,345	-	661	-	684	-

ANNEXURE: 3B - STATEMENT OF CONTINGENT LIABILITIES

Nature of Liability	Opening Balance 01/04/2005	Liabilities incurred during the year	Liabilities paid/ cancelled/reduced during the year	Liabilities recoverable(Provide details hereunder)	Closing Balance 31/03/2006
	R'000	R'000	R'000	R'000	R'000
Claims against the department					
Breach of Contract	6,105	14,522	-	-	20,627
Defamation	23,500	-	3,000	-	20,500
Liability Dispute	1,718	100,000	1,698	-	100,020
Tender Dispute	205	20	5	-	220
Other	22,090	47	20,030	-	2,107
Total	53,618	114,589	24,733	-	143,474

**KWAZULU-NATAL DEPARTMENT OF HOUSING
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006**

ANNEXURE: 4 - CAPITAL TANGIBLE ASSET MOVEMENT SCHEDULE

	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
MACHINERY AND EQUIPMENT				
Transport assets	9,759	1,102	-	10,861
Computer equipment	8,445	1,418	-	9,863
Furniture and Office equipment	2,808	833	-	3,641
Other machinery and equipment	1,491	-	-	1,491
TOTAL CAPITAL ASSETS	22,503	3,353	-	25,856

ANNEXURE: 4.1 - ADDITIONS MOVEMENT SCHEDULE

	Cash R'000	In-Kind R'000	Total R'000
MACHINERY AND EQUIPMENT			
Transport assets	1,102	-	1,102
Computer equipment	1,418	-	1,418
Furniture and Office equipment	833	-	833
TOTAL CAPITAL ASSETS	3,353	-	3,353

ANNEXURE: 4.2 - CAPITAL TANGIBLE ASSET MOVEMENTS SCHEDULE

	Additions R'000	Disposals R'000	Total Movement R'000
MACHINERY AND EQUIPMENT			
Computer Equipment	2,277		2,277
Furniture & Office Equipment	1,177		1,177
Transport assets	2,219		2,219
TOTAL CAPITAL ASSETS	5,673	-	5,673

KWAZULU-NATAL DEPARTMENT OF HOUSING
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006

ANNEXURE: 5 - CAPITAL INTANGIBLE ASSET COST MOVEMENT SCHEDULE

	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
Computer Software	11	-	-	11
TOTAL	11	-	-	11

ANNEXURE: 5.1 - CAPITAL TANGIBLE ASSET MOVEMENT SCHEDULE

	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
Computer Software	11	-	-	11
TOTAL	11	-	-	11

KWAZULU-NATAL - DEPARTMENT OF HOUSING
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006

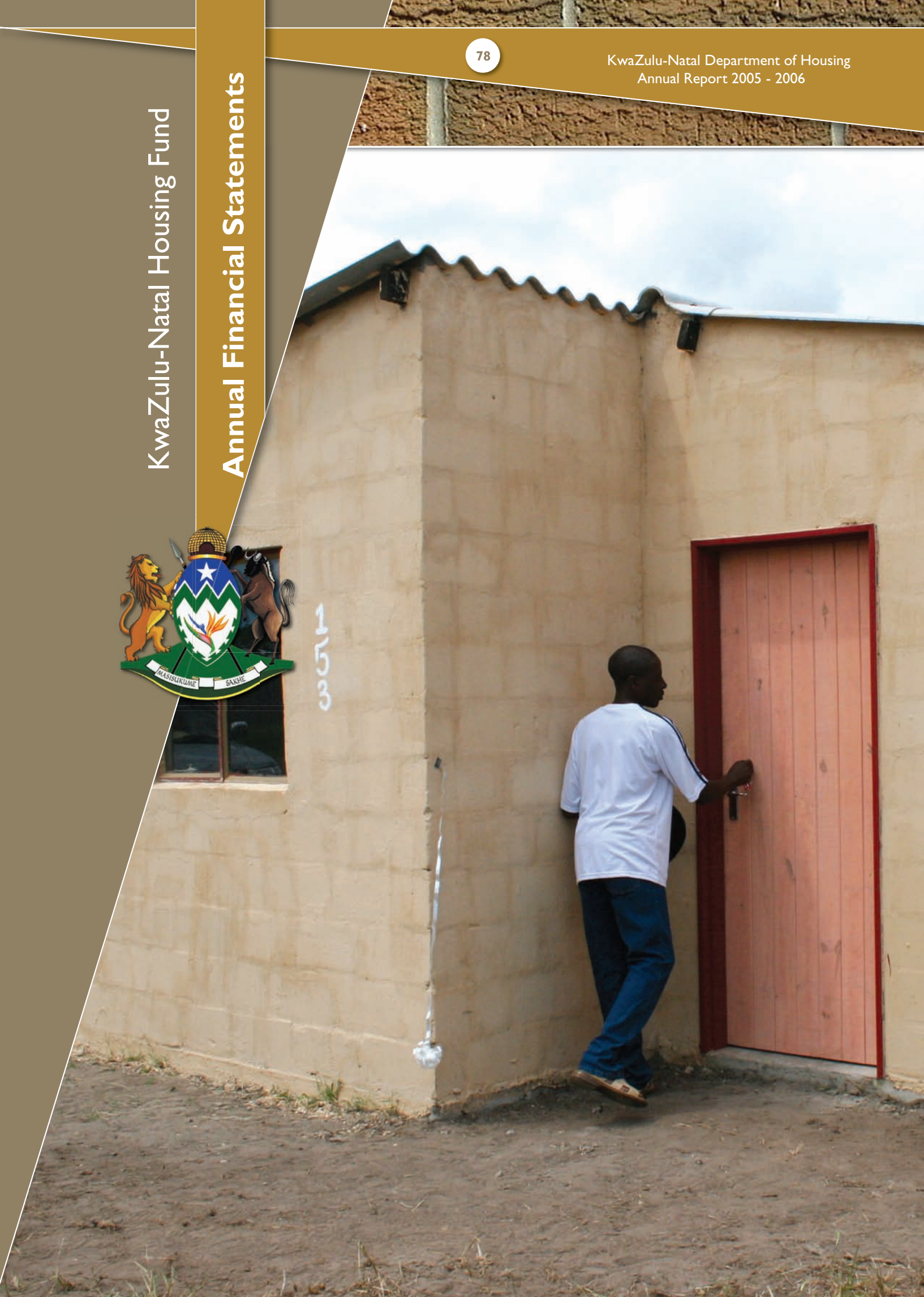
ANNEXURE: 6 - INTER-GOVERNMENTAL RECEIVABLES

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total balance	
	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
Department						
Education	-	41	-	-	-	41
Health	-	32	-	7	-	39
TLGA	-	35	-	-	-	35
Transport	-	1	-	-	-	1
TOTAL	-	109	-	7	-	116

**KWAZULU-NATAL DEPARTMENT OF HOUSING
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006**

ANNEXURE: 7 - INTER-DEPARTMENTAL PAYABLES - CURRENT

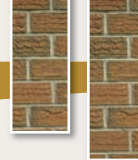
GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		Total balance	
	31/03/2006	31/03/2005	31/03/2006	31/03/2005	31/03/2006	31/03/2005
	R'000	R'000	R'000	R'000	R'000	R'000
Departments						
NB: Amounts not included in Statement of financial position						
Current						
Dept of Foreign Affairs	-	-	22	-	22	-
Dept of Transport - KZN	1,185	-	5	260	1,190	260
Dept of Transport - Gauteng	18	-	3	-	21	-
Office of Premier	-	-	-	1	-	1
Dept of labour	-	-	-	13	-	13
Dept of National Housing	-	-	-	60	-	60
Dept of Health	-	-	-	48	-	48
Dept of Works	1,375	-	191	670	1,566	670
Dept of Housing - Gauteng	4	-	-	-	4	-
Dept of Justice	7	-	-	77	7	77
Total	2,589	-	221	1,129	2,810	1,129



**KWAZULU-NATAL HOUSING FUND
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2006**

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**KWAZULU-NATAL HOUSING FUND
REPORT OF THE ACCOUNTING OFFICER
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2006**

Report by the Accounting Officer to the Executive Authority and KwaZulu-Natal Provincial Legislature.

1. General review of the state of financial affairs

The KwaZulu-Natal Housing Fund is dormant and received no further funding during the year:

The income and expenditure that is reflected in the Statement of Financial Performance are receipts received from its debtors (namely, suspensive sale, rental and individual loan debtors) and recoverable rates that are paid on behalf of its suspensive sale debtors.

2. General

The Housing Act, Act No. 107 of 1997 that governs the Housing Fund is currently in the process of being disestablished at a national level. Once the act has been disestablished the KwaZulu-Natal Housing Fund would cease to exist and all its assets and liabilities would be transferred to the Department of Housing - Vote 8.

3. Events after the reporting date

No significant events have occurred after the reporting date that will materially affect the information presented in the annual financial statements.

Approval

The attached annual financial statements set out on pages 83 to 95 have been approved by the Accounting Officer.



Ms S.Z.F. Nyandu
Accounting Officer
KwaZulu-Natal Department of Housing

31 July 2006

Date

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

I. AUDIT ASSIGNMENT

The financial statements as set out on pages 83 to 95, 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) and section 14(4) of the KwaZulu-Natal Housing Act, 1998 (Act No. 12 of 1998). These financial statements are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements, based on the audit.

2. SCOPE

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

An audit includes:

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

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

3. QUALIFICATION

3.1 Asset management

Performing regular reconciliations between the Basic Accounting System (BAS) and the debtors subsystem and asset register are considered, inter alia, as a key control measure that had to be implemented to ensure that the amounts reflected in the accounting records were valid and accurate. For the year under review reconciliations were again not performed, which contributed to significant unsubstantiated differences for the following disclosed balances:

3.2.1 Current assets: receivables and suspensive sales

Debtor type	Amount at 31 March 2006 as per debtors system R'000	Amount at 31 March 2005 as per debtors system R'000	Amount at 31 March 2006 as per financial statements R'000	Amount at 31 March 2005 as per financial statements R'000	Difference at 31 March 2006 R'000
Rental	38,161	35,141	37,061	34,121	1,099
Suspensive sales	545,716	482,370	566,524	504,399	20,808
Total	583,877	517,511	603,585	538,520	21,907

3.2.2 Non-current assets: properties

A difference of R28,8 million existed between the values contained in the property register and value disclosed in note 8 of the financial statements. In addition, the property register is incomplete as the title deed number, acquisition date and property value was not always included. Alternative procedures could not be performed. Consequently, it was not possible to verify the completeness and accuracy of properties disclosed as R222,9 million in the annual financial statements.

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

4. QUALIFIED AUDIT OPINION

In my opinion, except for the effect on the financial statements of the matter referred to in the preceding paragraph, the financial statements present fairly, in all material respects, the financial position of the KwaZulu-Natal Housing Fund at 31 March 2006 and the results of its operations and cash flows for the year then ended, in accordance with the prescribed accounting practice and in the manner required by the Public Finance Management Act, 1999 (Act No.1 of 1999) (PFMA).

5. EMPHASIS OF MATTER

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

5.1. Rental and suspensive sale debtors

A formal approved policy for debt collection and debt write-off was again not in place during the year under review. Outstanding debtors increased as indicated in the table below:

Debtor type	Amount outstanding at 31 March 2005 R'000	Amount outstanding at 31 March 2006 R'000	Increase R'000	Percentage increase
Rental	34,121	37,061	2,940	8.62%
Suspensive sales	504,399	566,524	62,125	12.32%

5.2 Properties acquired

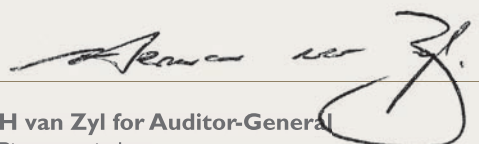
The department appointed an agency to manage the properties irregularly purchased by the former Head of Department using the Housing Fund for the purchases. Regular progress reports indicating the utilisation of the properties could not be submitted for audit purposes. However, the latest comprehensive report indicated that significant problems are being experienced to utilise the properties in the best interest of the State.

5.3 Disestablishment of the provincial housing funds

The National Department of Housing has drafted amendments to the Housing Act, 1997 (Act No. 107 of 1997) to enable the disestablishment of the provincial housing funds. These amendments have, however, not been enacted at the date of writing this report. However, an amount of R455,4 million from the Housing Fund was surrendered to the Provincial Revenue Fund during the year under review.

6. APPRECIATION

The assistance rendered by staff of the KwaZulu-Natal Housing fund during the audit is sincerely appreciated.


H van Zyl for Auditor-General
Pietermaritzburg
31 July 2006



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

KWAZULU-NATAL HOUSING FUND STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS FOR THE YEAR END 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.

I. Presentation of the Financial Statements

I.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).

I.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 fund.

I.3 Rounding

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

I.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.

2. Revenue

2.1 Revenue

All revenue is retained by the Fund when received, unless otherwise stated.

2.1.1 Interest, dividends and rent on land

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

2.1.2 Sale of capital assets

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

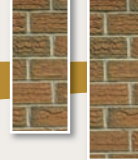
3. Expenditure

3.1 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.

3.2 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



**KWAZULU-NATAL HOUSING FUND
STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS
FOR THE YEAR END 31 MARCH 2006**

3.3 Financial transactions in assets and liabilities

Debts are written off when identified as irrecoverable. 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.

3.4 Fruitless and wasteful expenditure

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

3.5 Irregular expenditure

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

3.6 Expenditure for capital assets

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

4. Assets

4.1 Cash and cash equivalents

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

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

4.2 Prepayments and advances

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

4.3 Receivables

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

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

5. Liabilities

5.1 Payables

Recognised payables mainly comprise of amounts owing to third parties. 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.

**KWAZULU-NATAL HOUSING FUND
STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS
FOR THE YEAR END 31 MARCH 2006**

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

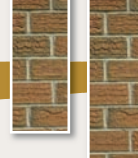
Commitments represent goods/services that have been approved and/or contracted, but where no delivery has taken place at the reporting date.

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 Recoverable revenue

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



**KWAZULU-NATAL HOUSING FUND
STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEAR END 31 MARCH 2006**

	Note	2005/06 R'000	2004/05 R'000
REVENUE			
Annual Appropriation	1 / 19	-	-
Departmental Revenue	2	12,894	11,728
TOTAL REVENUE		12,894	11,728
EXPENDITURE			
Capital			
Administration Expenditure			
Administration Expenses	19	-	-
Interest and Penalties	19	-	-
	19		
Operating Expenditure	19		
Consolidation subsidy	19	-	-
Housing development	19	-	-
Institutional subsidies	19	-	-
Project-linked development	3 / 19	-	-
Recoverable Rates / Repairs & Maintenance	4 / 19	6,340	-
TOTAL EXPENDITURE		6,340	-
NET SURPLUS		6,554	11,728
Add back Unauthorised expenditure	15 / 19	-	-
NET SURPLUS FOR THE YEAR		6,554	11,728
Reconciliation of Net Surplus for the year			
Net Departmental revenue		6,554	11,728

**KWAZULU-NATAL HOUSING FUND
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR END 31 MARCH 2006**

	Note	2005/06 R'000	2004/05 R'000
ASSETS			
Current assets		591,644	994,593
Unauthorised expenditure	15 / 19	-	-
Cash and cash equivalents	5 / 19	-	-
Receivables	6	37,633	36,749
Suspensive Sale Debtors	7	497,776	460,125
Department of Housing - Vote 8	19	56,235	497,719
Non current assets		222,969	225,485
Properties	8	222,969	225,485
TOTAL ASSETS		814,613	1,220,078
LIABILITIES			
Current liabilities		26,993	30,135
Net Surplus for the Year	9	6,554	11,728
Payables	10	20,439	18,407
TOTAL LIABILITIES		26,993	30,135
NET ASSETS		787,620	1,189,943
Represented by:		787,620	1,189,943
Accumulated Funds	11	684,268	1,086,711
Non - Distributable Reserve	12	103,352	103,232
TOTAL		787,620	1,189,943

**KWAZULU-NATAL HOUSING FUND
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR END 31 MARCH 2006**

	Note	2005/06 R'000	2004/05 R'000
Accumulated Funds			
Opening balance		1,086,711	1,015,080
Debtors Contra	7	44,274	57,869
Net Surplus for the Prior Year	9 / 9.1	11,728	13,762
Write off - Surrender to Provincial Revenue Fund		(455,415)	
Transferred to LI Suspense	11.1	(3,030)	-
Closing balance		684,268	1,086,711
Non - Distributable Reserve			
Opening balance		103,232	102,857
Increase in Revaluation Reserve	12	120	375
Closing balance		103,352	103,232
TOTAL		787,620	1,189,943

**KWAZULU-NATAL HOUSING FUND
STATEMENT OF CASH FLOW STATEMENT
FOR THE YEAR END 31 MARCH 2006**

	Note	2005/06 R'000	2004/05 R'000
CASH FLOW UTILISED BY OPERATING ACTIVITIES			
Net cash flow generated by operating activities	13	6,554	11,728
Cash utilised to increase working capital	14	(36,504)	(53,430)
Net cash utilised by operating activities		(29,950)	(41,701)
NET FLOW FROM INVESTING ACTIVITIES		(411,534)	59,108
(Decrease) / Increase in Accumulated Funds		(402,442)	71,631
Net surplus for the Prior Year		(11,728)	(13,762)
Purchase of Property		(51)	-
Proceeds from cost of sale of properties		2,687	1,239
Net increase in Department of Housing - Vote 8 for the year		(441,484)	17,407
Department of Housing - Vote 8 at beginning of year		497,719	480,312
Department of Housing - Vote 8 at end of year		56,235	497,719

**KWAZULU-NATAL HOUSING FUND
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR END 31 MARCH 2006**

	Note	2005/06 R'000	2004/05 R'000
1 Annual Appropriation			
Conditional Grant - SA Housing Fund	Annex 1A	-	748,463
Less amount stated in Department of Housing - Vote 8 AFS	19	-	(748,463)
		-	-
2 Departmental Revenue			
Hostel rental and subsidy refund		49	1,333
Interest		52	149
Rented Property		1,220	1,640
Individuals		256	320
Sale of Properties		8,397	6,919
Sundry income		2,920	1,367
		12,894	11,728
3 Project-linked development			
Provision for infrastructure		-	36,947
Subsidy		-	5,381
Individual subsidy		-	13,802
Project Linked Subsidy		-	513,819
		-	569,949
Less amount stated in Department of Housing - Vote 8 AFS	19	-	(569,949)
		-	-
4 Repairs & Maintenance			
Maintenance of hostels		-	6,323
Upgrading of hostels		-	10,300
Rebate: R7 500		-	380
Recoverable rates / Rented properties and levies		6,340	88,187
Undeveloped Land		-	2,641
Sold properties not yet transferred		-	1,642
		6,340	109,473
Less amount stated in Department of Housing - Vote 8 AFS	19	-	(109,473)
		-	-
5 Cash and cash equivalents			
Paymaster General Account		-	479,310
Less amount restated as Department of Housing - Vote 8	19	-	(479,310)
		-	-
6 Receivables			
Clearing Accounts	6.1	573	2,628
Rental debtors	6.2	37,060	34,121
		37,633	36,749

KWAZULU-NATAL HOUSING FUND
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR END 31 MARCH 2006

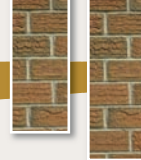
	Note	2005/06 R'000	2004/05 R'000
6.1 . Clearing Accounts			
LI Suspense		454	2,382
Inter Departmental Transactions In / Out		4	3
Post Office		115	243
Tender Deposits		-	(12)
		573	2,616
Add Tender Deposits transferred to Payables	10.1	-	12
		573	2,628
6.2 Rental debtors		37,061	34,121
These debtors are in respect of rentals owing by individuals on properties rented			
7 Suspensive sale debtors		497,776	460,125
Individual Loans		6,705	6,300
Debtors Contra - current year		(68,748)	(44,274)
Property Sold		559,819	498,099
These debtors are in respect of sales of individual properties where the monthly repayment is over a 30 year period and ownership is transferred on repayment of the entire debt.			
8 Properties			
Opening balance		225,485	226,349
Add Land Acquisition		51	-
Less Properties Sold		(2,687)	(1,239)
Add Property Register Additions / Revaluation		120	375
		222,969	225,485
Property comprises of vacant land, commercial and residential (serviced and unserviced) and land and buildings. Certain commercial land is stated at market / municipal values.			
9 Net Surplus for the Year			
Opening balance		11,728	13,762
Transfer from Statement of Financial Performance		6,554	11,728
Transferred to Accumulated Funds during the year	9.1 / 11	(11,728)	(13,762)
Closing balance		6,554	11,728
9.1 Restatement of Prior Year Figures			
Proir Years Net Surplus for the Year is being transferred to Accumulated Funds, the said change is being applied retrospectively.			

KWAZULU-NATAL HOUSING FUND
NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR END 31 MARCH 2006

	Note	2005/06 R'000	2004/05 R'000
10 Payables			
Tender Deposits		2,319	275
Add transferred from Clearing Accounts	6.1	-	12
Refunds on properties not transferred		18,120	18,120
		20,439	18,407
10.1 Restatement of Prior Years Figures			
Arose as a result of Tender Deposits (credit balance) that were incorrectly disclosed under clearing accounts.			
11 Accumulated Funds			
Balance at the beginning of the year		1,086,711	1,015,080
Net Surplus for the Year / Prior Years	9	11,728	13,762
Debtors Contra - Prior Years	7	44,274	57,869
Write off - Surrender to Provincial Revenue Fund		(455,415)	
Transferred to LI Suspense	6.1 / 11.1	(3,030)	-
		684,268	1,086,711
11.1 Transactions previously written-off from the LI Suspense account incorrectly.			
12 Non- Distributable Reserve			
Revaluation reserve			
Opening balance		103,232	102,857
Add property register Additions / Revaluation - current		120	375
		103,352	103,232
This item relates to certain commercial and industrial land & buildings that were revalued to market / municipal values			
13 Reconciliation of Net cashflow from operating activities			
Net surplus as per Statement of Financial Performance	9	6,554	11,728
Net cashflow generated by operating activities		6,554	11,728
14 Cash utilised to increase working capital			
(Increase) / Decrease in Receivables		(884)	82
Increase Suspensive Sale Debtors		(37,652)	(53,855)
Increase in Payables		2,032	343
		(36,504)	(53,430)
15 Reconciliation of unauthorised expenditure			
Opening balance		-	8,815
Unauthorised expenditure current year		-	9,594
Closing balance		-	18,409
Less amount restated as Department of Housing - Vote 8	19	-	(18,409)
		-	-

**KWAZULU-NATAL HOUSING FUND
DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR END 31 MARCH 2006**

	Note	2005/06 R'000	2004/05 R'000
<p>These amounts are not recognised in the annual financial statements, and are disclosed to enhance the usefulness of the annual financial statements and to comply with the statutory requirements of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999), the Treasury Regulations for Departments and Constitutional Institutions issued in terms of the Act and the Division of Revenue Act, Act 7 of 2003.</p>			
16	Contingent Liabilities		
	Various - Disputed Claims	-	53,618
	Less amount stated in Department of Housing - Vote 8 AFS	19	(53,618)
		-	-
17	Accruals		
	Programme 3 and 5	-	60,195
	Less amount stated in Department of Housing - Vote 8 AFS	19	(60,195)
		-	-
18	Commitments - Current		
	Approved and not contracted for	-	112
	Less amount stated in Department of Housing - Vote 8 AFS	19	(112)
		-	-
19	Restatement of prior Years Figures		
	<p>The prior year figures were restated to ensure compliance with a directive issued by National Housing reference number 4/8/2/1/2/1 dated 31 March 2004 and effective from 1 April 2004.</p> <p>The directive indicated that the conditional grant previously transferred to the Housing Fund through the Provincial Treasury will from the effective date be transferred to the Housing Vote and be spent in terms of the requirements of the programme.</p>		

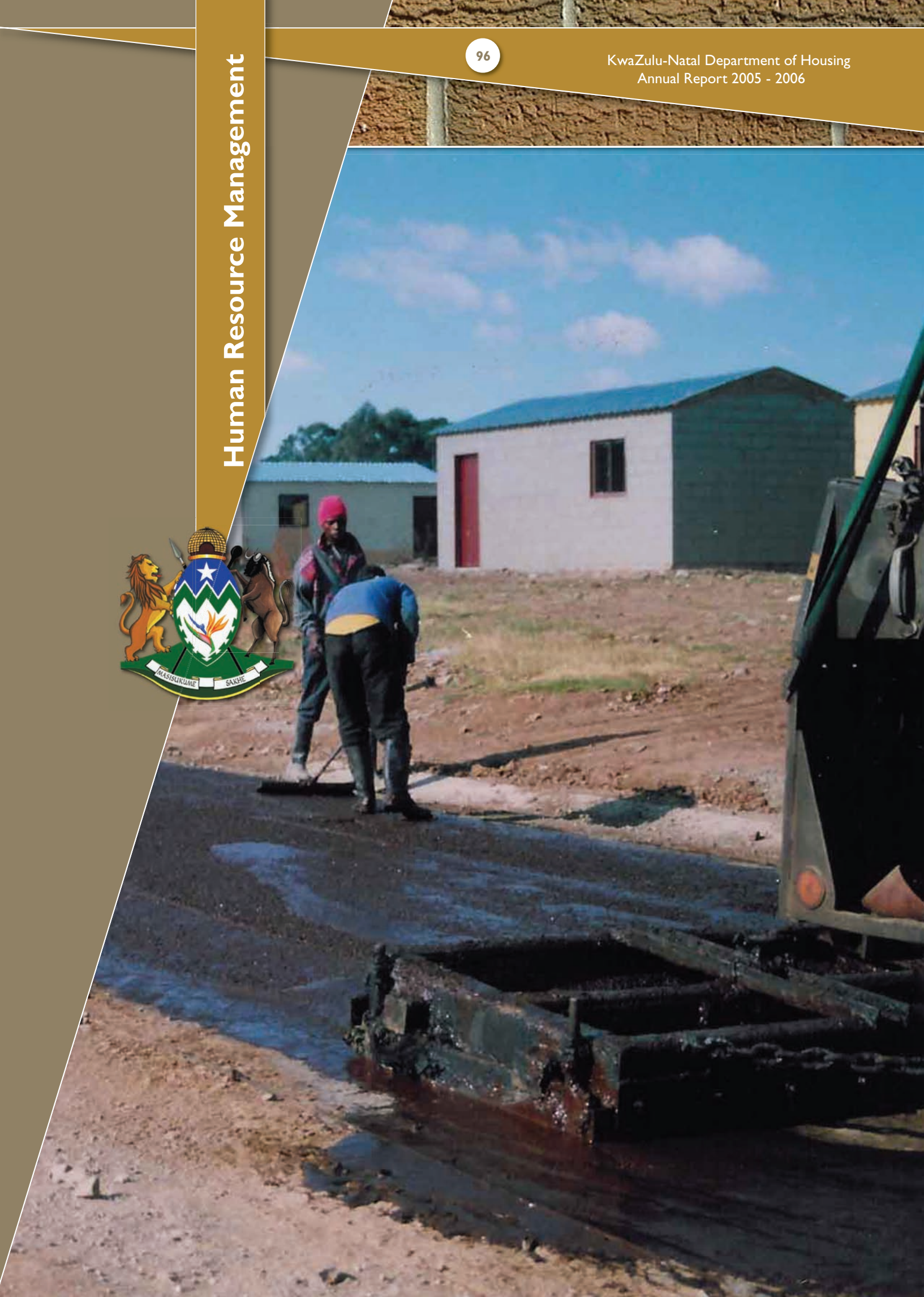


ANNEXURES

**KWAZULU-NATAL HOUSING FUND
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006**

ANNEXURE: 1A STATEMENT OF CONDITIONAL GRANT RECEIVED

NAME OF DEPARTMENT	GRANT ALLOCATION				EXPENDITURE			2004/05	
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Amount received by department	Amount spent by department	Overspent	Division of Revenue Act	Amount spent by departments
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
National Department of Housing									
- S A Housing Fund	-	-	-	-	-	-	-	748,463	758,057
Less amount stated in Department of Housing - Vote 8 AFS	-	-	-	-	-	-	-	(748,463)	(758,057)
Total	-	-	-	-	-	-	-	-	-



EXPENDITURE

HR OVERSIGHT - APRIL 2005 TO MARCH 2006

Programme	Total Voted Expenditure (R'000)	Compensation of Employees Expenditure (R'000)	Training Expenditure (R'000)	Professional and Special Services (R'000)	Compensation of Employees as percent of Total Expenditure	Average Compensation of Employees Cost per Employee (R'000)	Employment
Prog 1: Administration	62,375	32,078	0	0	51.4	149	216
Prog 2: Housing Planning & Development	12,213	5,246	0	0	43	202	26
Prog 3: Project Management	663,179	29,632	0	0	4.5	179	166
Prog 4: Urban Renewal & HSR		0	0	0	0	0	0
Prog 5: Property Management	236,392	44,694	0	0	18.4	87	516
Z=Total as on Financial Systems (BAS)	974,159	111,650	0	0	11.4	121	924

Salary Bands	Compensation of Employees Cost (R'000)	Percentage of Total Personnel Cost for Department	Average Compensation Cost per Employee (R)	Total Personnel Cost for Department including Goods and Transfers (R'000)	Number of Employees
Lower skilled (Levels 1-2)	16,646	14.4	54,399	17,094	306
Skilled (Levels 3-5)	9,102	7.9	78,466	9,251	116
Highly skilled production (Levels 6-8)	56,109	48.7	143,869	57,566	390
Highly skilled supervision (Levels 9-12)	18,296	15.9	261,371	18,832	70
Senior management (Levels 13-16)	7,506	6.5	536,143	8,293	14
Contract (Levels 9-12)	2,248	2	281,000	2,275	8
Periodical Remuneration	1,743	1.5	87,150	1,954	20
TOTAL	111,650	96.9	120,833	115,265	924

EXPENDITURE
HR OVERSIGHT - APRIL 2005 TO MARCH 2006

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)
Prog 1: Administration	22,302	80	192	0.7	425	1.5	1,628	5.8	27,889
Prog 2: Housing Planning & Development	5,119	80.5	107	1.7	85	1.3	302	4.7	6,358
Prog 3: Project Management	19,654	81.3	209	0.9	309	1.3	1,176	4.9	24,168
Prog 5: Property Management	31,914	83.8	7	0	488	1.3	1,883	4.9	38,090
TOTAL	78,989	68.5	567	0.5	1,568	1.4	5,962	5.2	115,266

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)	12,486	73	2	0	163	1	865	5.1	17,094
Skilled (Levels 3-5)	6,573	71.1	54	0.6	174	1.9	646	7	9,251
Highly skilled production (Levels 6-8)	40,800	70.9	436	0.8	868	1.5	3,413	5.9	57,566
Highly skilled supervision (Levels 9-12)	13,133	69.7	75	0.4	264	1.4	766	4.1	18,832
Senior management (Levels 13-16)	4,409	53.2	0	0	99	1.2	221	2.7	8,293
Contract (Levels 9-12)	1,588	69.8	0	0	0	0	51	2.2	2,275
Periodical Remuneration	0	0	0	0	0	0	0	0	1,955
TOTAL	78,989	68.5	567	0.5	1,568	1.4	5,962	5.2	115,266

EMPLOYMENT HR OVERSIGHT - APRIL 2005 TO MARCH 2006

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
Prog 1: Administration	320	216	32.5	0
Prog 2: Housing Planning & Development	45	26	42.2	0
Prog 3: Project Management	239	166	30.5	0
Prog 5: Property Management	733	516	29.6	0
TOTAL	1,337	924	30.9	0

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	462	308	33.3	0
Skilled (Levels 3-5), Permanent	163	118	27.6	0
Highly skilled production (Levels 6-8), Permanent	523	406	22.4	0
Highly skilled supervision (Levels 9-12), Permanent	145	70	51.7	0
Senior management (Levels 13-16), Permanent	36	14	61.1	0
Contract (Levels 9-12), Permanent	8	8	0	0
TOTAL	1,337	924	30.9	0

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	106	54	49.1	0
All artisans in the building metal machinery etc., Permanent	108	96	11.1	0
Architects town and traffic planners, Permanent	3	3	0	0
Artisan project and related superintendents, Permanent	4	3	25	0
Auxiliary and related workers, Permanent	17	13	23.5	0
Civil engineering technicians, Permanent	1	1	0	0
Cleaners in offices workshops hospitals etc., Permanent	163	134	17.8	0
Client inform clerks(switchb recept inform clerks), Permanent	6	5	16.7	0
Communication and information related, Permanent	2	0	100	0
Engineers and related professionals, Permanent	3	3	0	0
Finance and economics related, Permanent	11	7	36.4	0
Financial and related professionals, Permanent	70	48	31.4	0
Financial clerks and credit controllers, Permanent	29	14	51.7	0
Food services aids and waiters, Permanent	2	1	50	0
General legal administration & rel. professionals, Permanent	4	0	100	0
Head of department/chief executive officer, Permanent	1	0	100	0
Human resources & organisat developm & relate prof, Permanent	17	12	29.4	0
Human resources clerks, Permanent	29	23	20.7	0
Human resources related, Permanent	11	5	54.5	0
Information technology related, Permanent	1	0	100	0
Inspectors of apprentices works and vehicles, Permanent	36	31	13.9	0
Legal related, Permanent	1	1	0	0
Library mail and related clerks, Permanent	18	11	38.9	0
Light vehicle drivers, Permanent	27	18	33.3	0
Material-recording and transport clerks, Permanent	32	29	9.4	0
Messengers porters and deliverers, Permanent	19	17	10.5	0
Other administrat & related clerks and organisers, Permanent	203	103	49.3	0
Other administrative policy and related officers, Permanent	186	120	35.5	0
Other information technology personnel., Permanent	2	2	0	0
Secretaries & other keyboard operating clerks, Permanent	18	13	27.8	0
Security guards, Permanent	50	33	34	0
Security officers, Permanent	2	1	50	0
Senior managers, Permanent	31	13	58.1	0
Trade labourers, Permanent	124	110	11.3	0
TOTAL	1,337	924	30.9	0

EVALUATION

HR OVERSIGHT - APRIL 2005 TO MARCH 2006

TABLE 4.1 - Job Evaluation

Salary Band	Number of Posts	Number of Jobs Evaluated	% of Posts Evaluated	Number of Posts Upgraded	% of Upgraded Posts Evaluated	Number of Posts Downgraded	% of Downgraded Posts Evaluated
Lower skilled (Levels 1-2)	462	0	0	0	0	0	0
Contract (Levels 9-12)	8	0	0	0	0	0	0
Skilled (Levels 3-5)	163	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	523	0	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	145	0	0	0	0	0	0
Senior Management Service Band A	27	3	11.1	0	0	0	0
Senior Management Service Band B	7	0	0	0	0	0	0
Senior Management Service Band C	2	0	0	0	0	0	0
TOTAL	1,337	3	0.2	0	0	0	0

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

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

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

Occupation	Number of Employees	Job Evaluation Level	Remuneration Level	Reason for Deviation	No of Employees in Dept
xxx	0	xxx	xxx	xxx	
xxx	0	xxx	xxx	xxx	
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 I.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

EMPLOYMENT CHANGES

HR OVERSIGHT - APRIL 2005 TO MARCH 2006

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	337	0	24	7.1
Skilled (Levels 3-5), Permanent	128	5	9	7
Highly skilled production (Levels 6-8), Permanent	406	2	15	3.7
Highly skilled supervision (Levels 9-12), Permanent	79	0	6	7.6
Senior Management Service Band A, Permanent	10	2	1	10
Senior Management Service Band B, Permanent	2	0	1	50
Senior Management Service Band C, Permanent	1	0	1	100
Contract (Levels 9-12), Permanent	8	2	1	12.5
TOTAL	971	11	58	6

TABLE 5.2 - Annual Turnover Rates by Critical Occupation

Occupation	Employment at Beginning of Period (April 2005)	Appointments	Terminations	Turnover Rate
Administrative related, Permanent	57	0	3	5.3
All artisans in the building metal machinery etc., Permanent	101	0	3	3
Architects town and traffic planners, Permanent	1	0	0	0
Artisan project and related superintendents, Permanent	4	0	1	25
Auxiliary and related workers, Permanent	12	0	2	16.7
Bus and heavy vehicle drivers, Permanent	12	0	1	8.3
Civil engineering technicians, Permanent	1	0	0	0
Cleaners in offices workshops hospitals etc., Permanent	155	0	11	7.1
Client inform clerks (switchboard reception inform clerks), Permanent	6	0	0	0
Engineering sciences related, Permanent	1	0	0	0
Engineers and related professionals, Permanent	6	1	1	16.7
Finance and economics related, Permanent	7	0	0	0
Financial and related professionals, Permanent	55	1	1	1.8
Financial clerks and credit controllers, Permanent	11	0	0	0
Food services aids and waiters, Permanent	1	0	0	0
Human resources & organisational development & related professions, Permanent	14	0	1	7.1
Human resources clerks, Permanent	26	0	0	0
Human resources related, Permanent	7	0	2	28.6
Information technology related, Permanent	1	0	0	0
Inspectors of apprentices works and vehicles, Permanent	31	0	1	3.2
Legal related, Permanent	1	0	0	0
Library mail and related clerks, Permanent	16	1	3	18.8
Light vehicle drivers, Permanent	11	0	0	0
Material-recording and transport clerks, Permanent	28	0	1	3.6
Messengers porters and deliverers, Permanent	15	0	1	6.7
Other administrative & related clerks and organisers, Permanent	94	5	9	9.6
Other administrative policy and related officers, Permanent	104	0	4	3.8
Other information technology personnel, Permanent	2	0	0	0
Other occupations, Permanent	1	1	0	0
Printing planners and production controllers, Permanent	1	0	0	0
Secretaries & other keyboard operating clerks, Permanent	15	1	0	0
Security guards, Permanent	37	0	2	5.4
Security officers, Permanent	3	0	0	0
Senior managers, Permanent	13	1	3	23.1
Trade labourers, Permanent	121	0	8	6.6
TOTAL	971	11	58	6

EMPLOYMENT CHANGES HR OVERSIGHT - APRIL 2005 TO MARCH 2006

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	20	34.5	2	58	924
Resignation, Permanent	15	25.9	1.5	58	924
Discharged due to ill health, Permanent	10	17.2	1	58	924
Retirement, Permanent	13	22.4	1.3	58	924
TOTAL	58	100	5.9	58	924

Resignations as % of Employment

5.9

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	57	0	0	48	84.2
All artisans in the building metal machinery etc.	101	0	0	89	88.1
Architects town and traffic planners	1	0	0	1	100
Artisan project and related superintendents	4	0	0	3	75
Auxiliary and related workers	12	0	0	11	91.7
Bus and heavy vehicle drivers	12	0	0	10	83.3
Civil engineering technicians	1	0	0	1	100
Cleaners in offices workshops hospitals etc.	155	0	0	141	91
Client inform clerks (switchboard receipt inform clerks)	6	0	0	5	83.3
Engineering sciences related	1	0	0	1	100
Engineers and related professionals	6	0	0	5	83.3
Finance and economics related	7	0	0	6	85.7
Financial and related professionals	55	1	1.8	25	45.5
Financial clerks and credit controllers	11	0	0	13	118.2
Food services aids and waiters	1	0	0	1	100
Human resources & organisat developm & relate prof	14	0	0	7	50
Human resources clerks	26	3	11.5	16	61.5
Human resources related	7	0	0	4	57.1
Information technology related	1	0	0	1	100
Inspectors of apprentices works and vehicles	31	0	0	20	64.5
Legal related	1	0	0	0	0
Library mail and related clerks	16	0	0	10	62.5
Light vehicle drivers	11	0	0	9	81.8
Material-recording and transport clerks	28	0	0	23	82.1
Messengers porters and deliverers	15	0	0	8	53.3
Other administrat & related clerks and organisers	94	0	0	88	93.6
Other administrative policy and related officers	104	0	0	58	55.8
Other information technology personnel.	2	0	0	1	50
Other occupations	1	1	100	0	0
Printing planners and production controllers	1	0	0	1	100
Secretaries & other keyboard operating clerks	15	0	0	12	80
Security guards	37	0	0	31	83.8
Security officers	3	1	33.3	2	66.7
Senior managers	13	0	0	0	0
Trade labourers	121	0	0	106	87.6
TOTAL	971	6	0.6	757	78

EMPLOYMENT CHANGES
HR OVERSIGHT - APRIL 2005 TO MARCH 2006

TABLE 5.5 - Promotions by Salary Band					
Salary Band	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
Lower skilled (Levels 1-2), Permanent	337	0	0	295	87.5
Skilled (Levels 3-5), Permanent	128	1	0.8	101	78.9
Highly skilled production (Levels 6-8), Permanent	406	5	1.2	291	71.7
Highly skilled supervision (Levels 9-12), Permanent	79	0	0	65	82.3
Senior management (Levels 13-16), Permanent	13	0	0	0	0
Contract (Levels 9-12), Permanent	8	0	0	5	62.5
TOTAL	971	6	0.6	757	78

EMPLOYMENT EQUITY HR OVERSIGHT - APRIL 2005 TO MARCH 2006

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	1	2	9	2	1	0	0	1	0	12
Professionals, Permanent	69	6	48	123	20	69	7	23	99	20	262
Clerks, Permanent	69	3	12	84	4	80	7	12	99	14	201
Service and sales workers, Permanent	34	0	0	34	0	1	0	0	1	0	35
Craft and related trades workers, Permanent	105	4	13	122	5	4	0	0	4	0	131
Plant and machine operators and assemblers, Permanent	15	1	2	18	0	0	0	0	0	0	18
Elementary occupations, Permanent	184	22	12	218	0	46	0	1	47	0	265
TOTAL	482	37	89	608	31	201	14	36	251	34	924

Employees with disabilities

	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	3	1	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	0	0	0	0	0	1	0	0	1	0	1
Senior Management, Permanent	6	1	2	9	2	2	0	0	2	0	13
Professionally qualified and experienced specialists and mid-management, Permanent	18	3	16	37	7	10	2	12	24	2	70
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	179	7	50	236	16	106	8	18	132	26	410
Semi-skilled and discretionary decision making, Permanent	58	5	10	73	1	31	3	4	38	4	116
Unskilled and defined decision making, Permanent	221	21	10	252	0	51	1	2	54	0	306
Contract (Professionally qualified), Permanent	0	0	1	1	5	0	0	0	0	2	8
TOTAL	482	37	89	608	31	201	14	36	251	34	924

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	1	0	0	1	0	1	0	0	1	0	2
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	0	0	0	0	0	2	0	0	2	0	2
Semi-skilled and discretionary decision making, Permanent	2	0	0	2	0	2	0	0	2	1	5
Contract (Professionally qualified), Permanent	0	0	1	1	1	0	0	0	0	0	2
TOTAL	3	0	1	4	1	5	0	0	5	1	11

EMPLOYMENT EQUITY HR OVERSIGHT - APRIL 2005 TO MARCH 2006

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
Professionally qualified and experienced specialists and mid-management, Permanent	20	2	16	38	6	8	2	9	19	2	65
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	143	6	38	187	15	61	2	10	73	22	297
Semi-skilled and discretionary decision making, Permanent	57	6	9	72	1	19	2	5	26	3	102
Unskilled and defined decision making, Permanent	208	24	10	242	0	49	1	3	53	0	295
Contract (Professionally qualified), Permanent	0	0	0	0	3	0	0	0	0	2	5
TOTAL	428	38	73	539	25	137	7	27	171	29	764

	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	3	1	0	4	0	0	0	0	0	0	4

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
Top Management, Permanent	1	0	0	1	0	0	0	0	0	0	1
Senior Management, Permanent	0	0	0	0	1	1	0	0	1	0	2
Professionally qualified and experienced specialists and mid-management, Permanent	4	0	0	4	0	1	1	0	2	0	6
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	11	0	0	11	1	1	0	1	2	2	16
Semi-skilled and discretionary decision making, Permanent	5	1	0	6	0	2	0	1	3	0	9
Unskilled and defined decision making, Permanent	21	3	0	24	0	3	0	0	3	0	27
Contract (Professionally qualified), Permanent	0	0	0	0	1	0	0	0	0	0	1
TOTAL	42	4	0	46	3	8	1	2	11	2	62

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

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
TOTAL	0	0	0	0	0	0	0	0	0	0	0

EMPLOYMENT EQUITY HR OVERSIGHT - APRIL 2005 TO MARCH 2006

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	0	0	0	0	0	0	0	0	0	0	0
Professionals	0	0	0	0	0	0	0	0	0	0	0
Technicians and Associate Professionals	0	0	0	0	0	0	0	0	0	0	0
Clerks	0	0	0	0	0	0	0	0	0	0	0
Service and Sales Workers	0	0	0	0	0	0	0	0	0	0	0
Skilled Agriculture and Fishery Workers	0	0	0	0	0	0	0	0	0	0	0
Craft and related Trades Workers	0	0	0	0	0	0	0	0	0	0	0
Plant and Machine Operators and Assemblers	0	0	0	0	0	0	0	0	0	0	0
Elementary Occupations	0	0	0	0	0	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0	0	0	0	0	0
Employees with disabilities	0	0	0	0	0	0	0	0	0	0	0

PERFORMANCE
HR OVERSIGHT - APRIL 2005 TO MARCH 2006

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	140	200	70	348	2,485		
African, Male	433	479	90.4	978	2,259		
Asian, Female	26	36	72.2	90	3,468		
Asian, Male	75	89	84.3	275	3,673		
Coloured, Female	8	14	57.1	27	3,376		
Coloured, Male	38	36	105.6	80	2,115		
Total Blacks, Female	174	250	69.6	465	2,673		
Total Blacks, Male	546	604	90.4	1,334	2,443		
White, Female	30	34	88.2	116	3,871		
White, Male	28	31	90.3	149	5,330		
Employees with a disability	4	5	80	13	3,196		
TOTAL	782	924	84.6	2,077	2,656		

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)	294	320	91.87	390	1,327		
Skilled (Levels 3-5)	105	116	90.5	197	1,876		
Highly skilled production (Levels 6-8)	309	410	75.4	1,014	3,282		
Highly skilled supervision (Levels 9-12)	68	70	97.1	404	5,941		
Contract (Levels 9-12)	6	8	75	49	8,167		
Periodical Remuneration	0	0	0	0	0		
TOTAL	782	924	85.9	2,054	2,627		

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	50	51	98	297	5,940		
All artisans in the building metal machinery etc.	94	96	97.9	290	3,085		
Architects town and traffic planners	0	1	0	0	0		
Artisan project and related superintendents	4	3	133.3	5	1,250		
Auxiliary and related workers	11	10	110	20	1,818		
Bus and heavy vehicle drivers	9	9	100	18	2,000		
Civil engineering technicians	1	1	100	4	4,000		
Cleaners in offices workshops hospitals etc.	138	139	99.3	185	1,341		
Client inform clerks (switchboard receipt inform clerks)	4	5	80	9	2,250		
Engineering sciences related	1	1	100	8	8,000		
Engineers and related professionals	6	6	100	49	8,167		
Finance and economics related	6	7	85.7	31	5,167		
Financial and related professionals	27	51	52.9	99	3,667		
Financial clerks and credit controllers	14	14	100	34	2,429		
Food services aids and waiters	1	1	100	1	1,000		
General legal administration & rel. professionals	0	1	0	0	0		

PERFORMANCE HR OVERSIGHT - APRIL 2005 TO MARCH 2006

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)		
Human resources & organisat developm & relate prof	9	12	75	39	4,333		
Human resources clerks	19	25	76	48	2,526		
Human resources related	6	5	120	37	6,167		
Inspectors of apprentices works and vehicles	21	31	67.7	87	4,143		
Legal related	1	1	100	9	9,000		
Library mail and related clerks	10	11	90.9	21	2,100		
Light vehicle drivers	8	9	88.9	12	1,500		
Material-recording and transport clerks	24	29	82.8	59	2,458		
Messengers porters and deliverers	11	13	84.6	15	1,364		
Other administrat & related clerks and organisers	99	102	97.1	232	2,343		
Other administrative policy and related officers	59	113	52.2	228	3,864		
Other information technology personnel.	1	2	50	5	5,000		
Other occupations	0	2	0	0	0		
Printing planners and production controllers	1	1	100	3	3,000		
Secretaries & other keyboard operating clerks	11	15	73.3	29	2,636		
Security guards	31	33	93.9	41	1,323		
Security officers	1	2	50	2	2,000		
Senior managers	1	12	8.3	23	23,000		
Trade labourers	103	110	93.6	136	1,320		
TOTAL	782	924	84.6	2,076	2,655		

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	0	12	0	0	0	0	0
Band B	0	1	0	0	0	0	0
Band C	1	1	100	23	2,300	1.5	1,539
TOTAL	1	14	7.1	23	2,300	1.5	1,539

FOREIGN WORKERS
HR OVERSIGHT - APRIL 2005 TO MARCH 2006

TABLE 8.1 - Foreign Workers by Salary Band

Salary Band	Employment at Beginning Period	Percentage of Total	Employment at End of Period	Percentage of Total	Change in Employment	Percentage of Total	Total Employment at Beginning of Period	Total Employment at End of Period	Total Change in Employment
Contract (Levels 9-12)	6	100	6	85.7	0	0	6	7	1
Periodical Remuneration	0	0	1	14.3	1	100	6	7	1
TOTAL	6	100	7	100	1	100	6	7	1

TABLE 8.2 - Foreign Workers by Major Occupation

Major Occupation	Employment at Beginning Period	Percentage of Total	Employment at End of Period	Percentage of Total	Change in Employment	Percentage of Total	Total Employment at Beginning of Period	Total Employment at End of Period	Total Change in Employment
Other occupations	0	0	1	14.3	1	100	6	7	1
Professionals and managers	6	100	6	85.7	0	0	6	7	1
TOTAL	6	100	7	100	1	100	6	7	1

LEAVE

HR OVERSIGHT - APRIL 2005 TO MARCH 2006

TABLE 9.1 - Sick Leave for Jan 2005 to Dec 2005

Salary Band	Total Days	% Days with Medical Certification	Number of Employees using Sick Leave	% of Total Employees using Sick Leave	Average Days per Employee	Estimated Cost (R'000)	Total number of Employees using Sick Leave	Total number of days with medical certification
Lower skilled (Levels 1-2)	1,216	84.9	140	22.5	9	181	622	1,032
Skilled (Levels 3-5)	820	71.1	88	14.1	9	171	622	583
Highly skilled production (Levels 6-8)	3,020	74.8	320	51.4	9	1,101	622	2,260
Highly skilled supervision (Levels 9-12)	583	76	61	9.8	10	379	622	443
Senior management (Levels 13-16)	104	89.4	10	1.6	10	185	622	93
Contract (Levels 9-12)	20	75	3	0.5	7	22	622	15
TOTAL	5,763	76.8	622	100	9	2,039	622	4,426

TABLE 9.2 - Disability Leave (Temporary and Permanent) for Jan 2005 to Dec 2005

Salary Band	Total Days	% Days with Medical Certification	Number of Employees using Disability Leave	% of Total Employees using Disability Leave	Average Days per Employee	Estimated Cost (R'000)	Total number of days with medical certification	Total number of Employees using Disability Leave
Lower skilled (Levels 1-2)	778	99.9	27	31.4	29	115	777	86
Skilled (Levels 3-5)	447	100	13	15.1	34	95	447	86
Highly skilled production (Levels 6-8)	1,017	100	37	43	27	354	1,017	86
Highly skilled supervision (Levels 9-12)	180	100	8	9.3	23	100	180	86
Senior management (Levels 13-16)	77	100	1	1.2	77	134	77	86
TOTAL	2,499	100	86	100	29	798	2,498	86

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)	6,469	22	291					
Skilled (Levels 3-5)	2,645	22	123					
Highly skilled production (Levels 6-8)	9,779	24	413					
Highly skilled supervision (Levels 9-12)	1,788	22	81					
Senior management (Levels 13-16)	208	17	12					
Contract (Levels 9-12)	147	25	6					
TOTAL	21,036	23	926					

LEAVE

HR OVERSIGHT - APRIL 2005 TO MARCH 2006

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)	438	12	89	36	26,298	295		
Skilled (Levels 3-5)	90	8	87	12	7,969	92		
Highly skilled production (Levels 6-8)	361	10	107	38	40,190	375		
Highly skilled supervision (Levels 9-12)	59	8	99	7	5,460	55		
TOTAL	948	10	98	93	79,917	817		

TABLE 9.5 - Leave Payouts

Reason	Total Amount (R'000)	Number of Employees	Average Payment per Employee (R)					
Leave payout for 2005/06 due to non-utilisation of leave for the previous cycle	16	2	8,000					
Capped leave payouts on termination of service for 2005/06	263	53	4,962					
Current leave payout on termination of service for 2005/06	83	13	6,385					
TOTAL	362	68	5,324					

HIV HR OVERSIGHT - APRIL 2005 TO MARCH 2006

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
Due to the nature of the work performed by most employees in the Department they are not at a high risk of contracting HIV especially through contact with blood .	The Directorate General Administration is awaiting nominations for the new Health & Safety Officers . Approval has been received for the training of members of the Health and Safety Committee. Occupational exposure and universal precautions will be included in the training to be conducted by the external Service Provider .
The vulnerability of some of the employees who work away from their families , eg in hostels has also been considered as they are more at risk than the employees , who reside daily with their partners and families.	Education and awareness on Tuberculosis , Sexually Transmitted Infections (STI's), Drug and Alcohol Abuse and education is assisting the Department in reducing the vulnerability of all employees.

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 I of the Public Service Regulations, 2001? If so, provide her/his name and position.	X		The Director : Human Resource management is responsible for the management of the HIV/AIDS Programme. HIV/AIDS has been included in the Performance Agreement of Mr. W. J. Ziqubu Director: Human Resource Management.
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.	X		Mr V. B. Mdletshe, the Acting Assistant Manager : EAP is responsible for the co-ordination of HIV/AIDS initiatives within the Province of KwaZulu-Natal. The EAP section currently comprises of two staff, 1 Assistant Manager & 1 EAP Practitioner. Due to budget constraints , no specific budget was allocated for April 2005-March 2006 . R10 000 was allocated in March 2006 for two (2) EAP Sub-Programmes
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.	X		The Department has an EAP which has incorporated the following health promotion programmes during the subject period: * understanding Epilepsy *EAP Supervisor Training on the identification and referral of troubled employees *Hospital visits to ill employees who experience their illness as traumatic *Marriage enrichment workshops *Health promotion , including TB, STI's *Financial Life skills *Domestic violence & Rape prevention *Management of Grief *Parenting Skills Group session *Presentation by General Health Medical Aid on psychological and health benefits available to staff *Departmental Prayer Dedication ceremony to ill-health and deceased employees.
4. Has the department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter I 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.	X		The Departmental HIV/AIDS Committee which consisted of Peer Educators from each office has is no longer in place due to the restructuring , movement and exit of staff as a result of resolution 7 of 2002 . Plans are underway to establish a new HIV/AIDS Committee .
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.	X		The approved Departmental Policy on HIV/AIDS prohibits unfair discrimination and promotes non-discrimination on the basis of HIV/AIDS.

HIV

HR OVERSIGHT - APRIL 2005 TO MARCH 2006

TABLE 10.2 - Details of Health Promotion and HIV/AIDS Programmes [tick Yes/No and provide required information]			
Question	Yes	No	Details, if yes
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.		X	Employees are motivated on an individual basis to undergo VCT .The Peer Educators also use their awareness sessions to encourage the employees to go for Voluntary Counselling & Testing Twelve staff have voluntarily disclosed their HIV positive status to EAP . 3 of the 12 employees have disclosed to their immediate managers who are supporting them whilst on treatment .
8. Has the department developed measures/indicators to monitor & evaluate the impact of your health promotion programme? If so, list these measures/indicators.		X	The EAP has introduced evaluation forms which employees are required to complete after each health promotion session. A comprehensive evaluation is still to be conducted .

LABOUR RELATIONS

HR OVERSIGHT - APRIL 2005 TO MARCH 2006

TABLE 11.1 - Collective Agreements			
Subject Matter	Date		
xxx	xxx		
TOTAL	xxx		

TABLE 11.2 - Misconduct and Discipline Hearings Finalised			
Outcomes of disciplinary hearings	Number	Percentage of Total	Total
Final written warnings	5	100	5
Written warnings	0	0	0
Dismissal	0	0	0
TOTAL	5	100	5

TABLE 11.3 - Types of Misconduct Addressed and Disciplinary Hearings			
Type of misconduct	Number	% of total	
Unauthorized leave	2	40	
Sexual harassment	2	40	
Under influence of alcohol	0	0	
Alleged bribery	1	20	
Total	5	100	

TABLE 11.4 - Grievances Lodged			
Number of grievances addressed	Number	% of total	
Resolved	8	40	
Not resolved	12	60	
Total	20	100	

TABLE 11.5 - Disputes Lodged			
Number of disputes addressed	Number	% of total	
Upheld	4	57	
Dismissed	3	43	
Total	7	100	

TABLE 11.6 - Strike Actions			
Strike Actions			
Total number of person working days lost	48		
Total cost(R'000) of working days lost	8,546		
Amount (R'000) recovered as a result of no work no pay	8,546		

TABLE 11.7 - Precautionary Suspensions			
Precautionary Suspensions			
Number of people suspended	1		
Number of people whose suspension exceeded 30 days	1		
Average number of days suspended	350		
Cost (R'000) of suspensions	112,810		

SKILLS DEVELOPMENT HR OVERSIGHT - APRIL 2005 TO MARCH 2006

TABLE 12.1 - Training Needs identified

Occupational Categories	Gender	Employment	Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Professionals	Female	0	0	0	0	0
	Male	0	0	0	0	0
Technicians and associate professionals	Female	0	0	0	0	0
	Male	0	0	0	0	0
Clerks	Female	0	0	0	0	0
	Male	0	0	0	0	0
Service and sales workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Elementary occupations	Female	0	0	0	0	0
	Male	0	0	0	0	0
Gender sub totals	Female	0	0	0	0	0
	Male	0	0	0	0	0
Total		0	0	0	0	0

TABLE 12.2 - Training Provided

Occupational Categories	Gender	Employment	Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Professionals	Female	0	0	0	0	0
	Male	0	0	0	0	0
Technicians and associate professionals	Female	0	0	15	0	15
	Male	0	0	9	0	9
Clerks	Female	0	0	95	0	95
	Male	0	0	87	0	87
Service and sales workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Elementary occupations	Female	0	0	0	0	0
	Male	0	0	0	0	0
Gender sub totals	Female	0	0	0	0	0
	Male	0	0	0	0	0
Total		0	0	0	0	0



INJURIES
HR OVERSIGHT - APRIL 2005 TO MARCH 2006

TABLE 13.1 - Injury on Duty		
Nature of injury on duty	Number	% of total
Required basic medical attention only	3	100
Temporary Total Disablement	0	0
Permanent Disablement	0	0
Fatal	0	0
Total	3	

CONSULTANTS HR OVERSIGHT - APRIL 2005 TO MARCH 2006

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	0	0	0

Total number of projects	Total individual consultants	Total duration: Work days	Total contract value in Rand
xxx	0	0	0

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	0	0	0

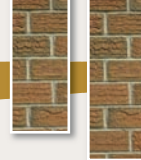
TABLE 14.3 - Report on consultant appointments using Donor funds

Project Title	Total number of consultants that worked on the project	Duration: Work days	Donor and Contract value in Rand
xxx	0	0	0

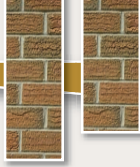
Total number of projects	Total individual consultants	Total duration: Work days	Total contract value in Rand
xxx	0	0	0

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

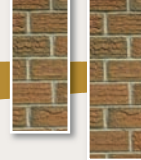
Project Title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of Consultants from HDI groups that work on the project
xxx	0	0	0



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