



DEPARTMENT OF TRANSPORT, ROADS & PUBLIC WORKS

DRAFT ANNUAL REPORT 2005/06

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PART 1

GENERAL INFORMATION

SUBMISSION OF THE ANNUAL REPORT TO THE EXCECUTIVE AUTHORITY

I hereby wish to formally submit the annual report of the Department of Transport, Roads and Public Works to the executive authority,

INTRODUCTION BY THE HEAD OF THE INSTITUTION

As a department we have in front of us the challenge that we cannot fail the citizens of the Northern Cape in particular and the nation in general. The core function of this department is to ensure the provision of a safe transport system, provide accommodation solutions to provincial departments and optimize the department's managerial processes

In responding we must effectively address the following needs of our people:

- Accessibility of communities;
- Empowerment of the historically disadvantaged;
- Improving the public transport services provided by the taxi and bus industries;
- Supporting private entities in terms of infrastructure for provincial economic development;
- Ensuring interaction with stakeholders.

Our responsibility in delivery with regard to the scourge of HIV/AIDS, promoting gender equity, providing employment to the disabled and ensuring that the youth is catered for in EPWP projects to keep them away from the streets which are fertile grounds for the nurturing of criminal behaviour, cannot be over-emphasized. It is of course obvious that the above is impossible if not underpinned by an impeccable work ethic, which is a product of an organization driven by sound values.

My responsibility therefore is to ensure that this department:

- deliver the services expected by its clients
- lives its vision of "trendsetters through excellence in service delivery";
- makes vigorous efforts in the training and development of personnel;
- recognizes performance through a structured system; and
- has visionary and transformational leadership in allowing managers to manage.

The department is responsible for not only spending and controlling its own budget but also responsible for infrastructure spending on building projects budgeted by other provincial departments. The department spent 99% of its budget during the 2005/06 financial year in comparison to 92% the previous financial year.

The next three years are regarded as the period aimed at confirming the department as one of the best performers in both the provincial and national spheres. Service level agreements were signed with all the District Municipalities for the maintenance of Gravel roads in the province. We have signed a service level agreement with the department of Education as client department.

The reporting structures of the senior management were misaligned and the span of control was too large thus resulting in the restructuring of the organisational structure. At the same time we also address the equity in senior management.

One of my major challenges was the alignment of the organisational structure. The department also faced the task of establishing a Supply Chain Management unit to be compliant with the framework for supply that was promulgated in December 2003. We established a structure for SCM as well as appointing staff. The three committees as prescribed by the SCM guideline were also established.

The emphasis in preparing the 2006 Strategic Plan was on meeting the political directives, ensuring compliance with National and Provincial Treasury directives, involvement of managers and other officials in formulating strategic objectives and identifying targets for the MTEF period, and preparing budgets based on these targets as a process of integrating strategic planning with budgeting.

As the Head of the Department, I would like to acknowledge the work that officials did in this regard as it was for many of us a new exercise and challenge and took many additional hours and effort from all.

While this department has been tasked to ensure that the roads that we travel on are in good condition and safe, we have also been tasked to look at the human aspect of our decisions and projects.

Expanded Public Works Programme

- A total number of 25 projects commenced in December 2005 at a cost of R 17,7 million. A total of 20 projects were completed and 1864 jobs were created.
- A total of 17 community based programmes have been identified for the 2006/07 financial year. A total of 22.9 km of gravel roads will be upgraded to paved roads using the EPWP principles.

EPWP Learnership

- This department was requested to introduce 25 learnerships on EPWP but signed a contract for only 15 learners. This learnership consists of 2 supervisors and 1 contractor.
- Two EPWP theoretical training sessions started in May 2006 and a number of 38 learners is being trained in construction. The training is 79% completed.
- Training for women in construction was completed in April 2006.

1.3 INFORMATION ON THE MINISTRY

The Department of Transport, Roads and Public Works plays an important role in the development of the Northern Cape, being the major institution in providing transport networks, road infrastructure, and traffic management for the economic needs of the people, and on the other hand also ensuring that government departments are provided with building and office space.

This department is also the leaders in the implementation of EPWP in the province. The aim of this is to develop and create jobs but at the same time also to skill people.

Political directives and oversight must guide the department in fulfilling its responsibility within National Government policy and Provincial Government's commitments to the public. The Ministry will therefore evaluate all national policies on an ongoing basis to formulate provincial goals that are in line with the development needs of the country, and will ensure that political objectives determine spending priorities in the department's budgets for the next three years.

The following political outcomes have been set:

- Improvement of the mobility of people;
- Optimize the development and maintenance of transport systems;
- Support communities to ensure sustainable empowerment and development;
- Manage provincial assets according to acceptable standards;
- Ensure effective communication with the public, provincial departments, and all officials in the department;
- Give attention to the role of the province in rail transport, and aviation.

Commitment by management as well as all personnel in the department and the utilisation of the expertise, skills and talents of all officials is necessary to meet these outcomes in the development of the province. The department sees itself as a trendsetter in service delivery and is therefore not necessarily bound to old ideas. Excellence in performance must start at management level, and the necessary changes to meet the new challenges must be initiated from management. The rest of the officials must be drawn into this new way of thinking.

1.4 VISION AND MISSION STATEMENTS

The **VISION** of the Department of Transport, Roads and Works is:

to be trendsetters through excellence in service delivery

MISSION

The following single mission statement will support the VISION:

Provide in the mobility and accommodation needs of clients.

Five **mission statements** were therefore identified for the 2005 MTEF period to support each programme.

1. Optimise the department's managerial processes;
2. Meet the accommodation and other specific needs of the provincial departments;
3. Provide and maintain integrated road infrastructure that is safe and functional to support social and economic development;
4. Promote the mobility of people;
5. Alleviate poverty and create job opportunities;

VALUES

The **values** that the department will strive towards to meet these strategic goals are:

Integrity;	Customer orientation
Equity;	Work ethic;
"Ubuntu";	Punctuality;
Accountability;	Transparency;
Commitment;	Human resource development.
Communication;	

1.5 LEGISLATIVE MANDATES.

In terms of Schedules 4 and 5 to the Constitution (1996), provincial governing bodies have been mandated with both concurrent and exclusive legislative competencies for specific functional areas.

The Department is responsible for public transport, roads, and public works in the Northern Cape Province.

Various national legislative directives guide the functions of the department:

- The Public Finance Management Act, Act 1 of 1999. The PFMA promotes the principles of efficiency, effectiveness, economy and transparency in departmental management as well as strategic planning and performance measures as basic requirements for service delivery and the preparation of budgets;
- The Public Service Act, Act 103 of 1994 and regulations require strategic planning, statement of core objectives and the publication of a Service Delivery Improvement Plan which indicates the level of services to be rendered and procedures for communication with clients and the public;
- The Preferential Procurement Policy Framework Act, Act 5 of 2000, providing specific guidelines in allocating tenders to historically disadvantaged individuals and entities;
- The National Land Transport Transitional Act, Act 22 of 2000, ensuring the annual updating of the National Land Transport Strategic Framework by the National Department of Transport to form the basis for provincial land transport strategies;
- The Skills Development Act, Act 97 of 1998, providing for training and committing departments to the spending of prescribed amounts on training of personnel;

- The Labour Relations Act, Act 66 of 1995, ensuring sound labour practices within departments;
- The Basic Conditions of Employment Act, Act 75 of 1997, ensures sound principles in the management of personnel in terms of opportunities, working conditions, time management, etc.;
- The Employment Equity Act, Act 55 of 1998, promoting non-discrimination in the workplace;
- Various other national Acts and strategies on Urban Renewal, Rural Development, Poverty Alleviation, HIV/Aids, Community Based Public Works Programme, etc. guide the department in determining objectives, outputs and spending preferences;
- Promotion of Access to Information Act, Act 2 of 2000;
- Promotion of Administrative Justice Act, Act 31 of 2000.
- The department has committed itself to the Five Year Strategic Programme of the Northern Cape Provincial Government.

PART 2

PROGRAMME PERFORMANCE

2.1 Voted Funds

Appropriation	Main Appropriation	Adjusted Appropriation	Actual Amount Spent	Over/Under Expenditure
R310,544 million	R310,544 million	R338,720 million	R335,028 million	R3,692 million

Responsible MEC	MEC for Public Transport, Roads and Public Works
Administering Department	Department of Transport, Roads and Public Works
Account Officer	Deputy-Director General for Transport, Roads and Public Works

2.2 Aim of the Vote

To provide a transport network, road infrastructure, accommodation and building infrastructure for the economic development of the province through:

- Responsiveness to stakeholder needs
- The optimisation of all available resources
- The ongoing development of our human resources
- Continuous benchmarking of all functions

2.3 Summary of the programmes

The activities of the Department of Transport, Roads and Public Works are organized in the following five programmes:

Programme	Sub-programme
1. Administration	1.1. Office of the MEC 1.2. Management 1.3. Corporate Support 1.4. Programme Support Office
2. Public Works	2.1. Programme Support Office 2.2. Other Infrastructure 2.3. Property Management
3. Roads	3.1. Programme Support Office 3.2. Planning 3.3. Design 3.4. Construction 3.5. Maintenance
4. Public Transport	4.1. Programme Support Office 4.2. Planning 4.3. Infrastructure 4.4. Empowerment and Institutional Management 4.5. Operator Safety and Compliance 4.6. Regulation and Control
5. Community-Based Programme (CBP)	5.1. Programme Support 5.2. Training Programmes 5.3. Empowerment Impact Assessment 5.4. Poverty Eradication 5.5. Emerging Contractor Development

2.4 Situation Analysis for 2005/06

The department has completed a restructuring process which has assisted in aligning the structure of the Department with its service delivery mandate, bring about employment equity and improve service delivery. It provides strategic financial direction to all other programmes in the Department and synchronise departmental strategic plans with the Departmental MTEF budget cycle. With the appointment of staff to the Supply Chain

Management Unit, space became a problem at the head office. Subsequently, we had to relocate our SCM Unit to the District Roads Engineer.

The department currently does not have the statistics regarding the current state of the provincial physical property portfolio. The department is in the process of verification and establishment of all State owned properties and to update the Fixed Asset Register.

The provincial infrastructure portfolio maintenance backlog amounts to R 10 million. Thus a cause for concern, as the annual budget allocated for maintenance of infrastructure is insufficient to preserve the existing property portfolio of the Northern Cape Provincial Government. An amount of R5 million was allocated for a Painting Project for the restoration and cleaning of identified schools, hospitals and clinics within the department. The project was rolled-out to the five district municipalities.

FIXED ASSET REGISTER

From the information received from Department of Education a total of 432 properties belong to them. We are currently busy compiling information only on 72 of the schools that are situated in the Kimberley area. As soon as all the necessary documentation has been obtained physical site inspections will be held to verify the use of the properties and to vest it provincially.

All the above mentioned should be in alliance with the Northern Cape Land Act of 2000 and compiled in a Provincial Fixed Asset Register.

There has not been sufficient increase in road infrastructure funding for the improvement of the condition of the road network. Although the funding increased during the 2004/05 financial year, the road maintenance outputs are not keeping abreast with the road maintenance needs of the total road network. In order to address the backlog in road maintenance, additional funding is required. The recruitment of skilled and unskilled personnel and the retention thereof remains a great concern for the department because of the competitive remuneration packages offered by the private sector.

Access roads are vital for the improvement of the conditions of communities because through these access roads, they can access basic services such as hospitals and clinics. The department has allocated an amount of R 14 million for the building of various access roads in all five district municipalities in December 2005. These projects are based on the EPWP principles and at the same time relieve poverty in the communities.

2.5 Overview of the service delivery environment for 2005/06

- Departments will have to enter into their own lease agreements as from 1 April 2006.
- The Department has already completed a draft housing policy and housing allocation policy and was presented to the Economic Cluster.
- Only two service level agreements were signed in terms of infrastructure projects done on behalf of other departments. These agreements were signed with the Department of Education and Department of Social Services. The Department of Health refused to sign the agreement.
- Most of the contracts that were awarded by the Department were for SMME's.
- The Department reviewed its relationship with the District Municipalities by signing Service Level Agreements with all five district municipalities in January 2006. The purpose of this is to formalise the agency agreement on the maintenance of gravel roads.

The Northern Cape Provincial Infrastructure Summit follows the release of the Provincial Growth and Development Strategy 2004-2014 (PGDS) which gives guidance to the Provincial Government towards the development of a Provincial Infrastructure Development Plan (PIDP) for medium and long term infrastructure development in the following sectors:

- * Roads Infrastructure
- * Air Transportation
- * Rail Transportation
- * Public Transportation (Buses and Taxis)
- * Health Facilities
- * Education Facilities
- * Development of Tourism
- * Information Communication Technology
- * Development of Integrated Human Settlements

In the PGDS the Provincial Government recognized that;

1. A good road infrastructure system creates economic opportunities and facilitates the safe movement of people, resources and outputs to industries and markets. It enables people access to social services. The strategic focus of the Department of Transport, Roads and Public Works is on the upgrading and rehabilitation of Critical Road Networks;
2. In order to ensure optimal utilisation of Provincial Resources some provincial roads need to be transferred to the South African National Roads Agency for routine maintenance;
3. The Province needs to be visible in the determination of priority investment areas for Rail Transportation;
4. There is a need to increase accessibility and mobility through air transportation in the Province;
5. A feasibility study of developing current harbour facilities in conjunction with the National Ports Authority needs to be undertaken.
6. There is a need to investigate and develop appropriate infrastructure funding models such as Bridging Finance, Public Private Partnership and Private Financing etc.

External Environment

The Department have experience a number of flood damages during this financial year. In the Pixley Ka Seme and the Namakwa District Municipalities the gravel Roads were damaged with culvert and bridges washed away. The department requested the District Municipalities to do the repairs.

State Houses

The department has evaluated all houses in Kimberley, Upington and Springbok. The aim of this is to implement market related rent, as well as to identify what the proceeds would be if we sell some of the houses.

Office Accommodation

A decision was taken that each department should enter into their own lease agreements.

The shortfall of office space has forced the Department into developing their own office accommodation. We have taken a decision to develop our own office building over a period of five year.

Empty buildings

It is a great concern that empty buildings are being vandalised.

For the interim the department had to deploy additional security to these premises. The department is looking at the option to transfer some of these buildings to communities or other government institutions that have a need for it.

2.7 Overview of the organisational environment for 2005/06

The function of Traffic Management was transferred to the Department of Safety and Liaison with effect from 1 April 2005 per a cabinet resolution. Thus, the programme structure of the department has been reduced to five programmes namely,

1. Administration
2. Public Works
3. Roads
4. Public Transport, and
5. Community-Based Programmes

The department is facing a problem with the resignations of scarce skill personnel.

Eight technical staff have resigned getting better offers from the private sector. The problem is the rigid salary structure of government.

The department have not implement the PNDS in the department. The reason for this was the absence of job profiles/ job descriptions. All job profiles were completed at the end of March 2006.

Human Resource Management

- The unit facilitated the recruitment and selection of 44 new employees into the department.
- The equity breakdown of these appointments is illustrated in the table below;

AFRICAN		COLOURED		INDIAN		WHITE	
MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
15	16	8	2	1	0	0	2

- The unit facilitated the promotions of 23 employees within the department to higher posts.
- The equity breakdown of these promotions is illustrated in the table below;

AFRICAN		COLOURED		INDIAN		WHITE	
MALE	FEMALE	MALE	FEMALE	MALE	FEMALE	MALE	FEMALE
5	6	4	3	0	0	3	2

- As noted above, the employment equity was addressed in the appointments and promotions made during the year.
- The Unit facilitated the implementation of the Provincial Performance Management and Development System within the department. The department was involved in the provision of information sessions to all employees within the department.
- The Unit has also reviewed the resettlement policy of the Department and also developed a leave policy.
- The employment equity plan of the department has been reviewed.

Appointments

See Table 5.3 in Part 5 of this document.

Promotions

Table 5.4 in Part 5 of this document displays the promotions that have taken place within the Department since 1 April 2005 to 31 March 2006.

Transfers

The following transfers have taken place within the Department since 1 April 2005 to 31 March 2006:

RANK	PROVINCE/ DEPARTMENT TRANSFERRED TO	MALE				FEMALE			
		African	Coloured	White	Asian	African	Coloured	White	Asian
Provincial Inspector	Free State Prov. Admin	-	-	-	-	1	-	-	-
Messenger	NC Social Services	-	-	-	-	-	1	-	-
Senior Admin Clerk	NC Social Services	-	-	-	-	-	1	-	-
Registry Clerk/Senior	NC Social Services	-	-	-	-	1	-	-	-
Secretary	NC Environmental Affairs and Tourism	-	-	-	-	1	-	-	-
Deputy Director General	NC Environmental Affairs and Tourism	-	-	-	-	1	-	-	-

Works Inspector	Free State Public Works	-	1	-	-	-	-	-	-
Works Inspector	NC Education	-	-	-	-	1	-	-	-
Admin Clerk/Senior	National Intelligence Agency	-	-	-	-	-	1	-	-
Deputy Director	NC Environmental Affairs and Tourism	-	1	-	-	-	-	-	-
TOTAL		0	2	0	0	5	3	0	0

Service Terminations

Terminations as indicated in table 4.3 in part 5 of this document have taken place within the Department for the period 1 April 2005 to 31 March 2006.

Women in Construction Programme

Of the initial 25 women who started the process in September 2003, 15 learners completed while only 12 wrote final assessments. Although this represents less than 50% of the initial amount the progress made can be hailed as a positive outcome for the women in the construction industry within the province.

Of the 12 who wrote the final assessments 7 are fully competent while 4 achieved high marks but they did not qualify. They are left with one Unit Standard to complete with one of the ladies qualifying for this.

Prieska Learnership

The purpose of the learnership was to take the unemployed targeted youth and train them to get certification in road building. The practical training was done on the Muishoek Road for two months. They will work on the Copperton road as from the 1st of April 2006.

Summary of post vacancies and supernumeraries

Staff Categories	Number			Average Annual change
	2003/04	2004/05	2005/06	
Total staff complement	1 173	902	570	-302
Number of professional and managerial posts	71	105	81	5
Number of professional and managerial posts filled	31	57	47	8
Number of excess staff	0	0	0	0

Key expenditure indicators

Category of expenditure	Percentages			Average Annual change
	2003/04 %	2004/05 %	2005/06 %	
Personnel expenditure as % of total expenditure	17	17	14	-1.5
Expenditure on maintenance of buildings as a % of total expenditure	5	1	2	-1.5
Expenditure on maintenance of road infrastructure as a % of total expenditure	20	24	12	-6.5

Progress with promoting SMME's and BEE

Category of expenditure	2005/06 %
Encouragement of Small Business	
Number of contracts to SMME's	47
Total value of contracts SMME's	428,231
% of total contracts to SMME's by value	100%
Encouragement of Black Economic Empowerment	
Number of contracts to BEE	36
Total value of contracts BEE	361,486
% of total contracts to BEE by value	
% of total budget to BEE	

2.7 Strategic overview and key policy developments for the 2005/06 financial year

The Supply Chain Management Policy of the department was approved in March 2005 and has subsequently established a Supply Chain Management Unit. All vacant financial posts were filled and the department has established a specification committee, evaluation committee and adjudication committee in the execution of the SCM functions. However, the department is still awaiting approval from the Provincial Treasury to fully implement the functions of the Supply Chain Management Unit.

Apart from the function of the SCM, the department has established a Finance Committee as well as a sub-finance committee as part of a concerted effort in addressing the audit queries and implementing remedial measures with regard to financial related audit queries.

We have to maintain a reasonable budget to ensure that there is a steady flow of employment opportunities for the SMME's that we have created through learnerships.

2.8 Departmental receipts

Departmental Revenue	2004/05 Actual R'000	2005/06 Target R'000	2005/06 Actual R'000	% deviation from target
Current revenue				
Tax revenue	55,699	0	0	0
Non-tax revenue	7,940	5,286	2,826	46
Departmental revenue	63,639	5,286	2,826	-46

Revenue

The department collected R2, 8 million in revenue, which is R2, 4 million less than what we budgeted. The sources of the funds were as follows:

Departmental Own Revenue	Actual 2004/05 R'000	Budgeted 2005/06 R'000	Actual 2005/06 R'000	% Deviation from target
Rental of immovable property	1,621	1,945	2,076	7
Other	2,209	3,341	750	-76
TOTAL	3,830	5,286	2,826	-46

Specific challenges and responses

- ✓ Some of the municipalities still deposits income in respect of licences into the departments' bank account. This creates a problem for the department because it may seem that we have under budgeted in terms of departmental revenue.
- ✓ Rental received in respect of state owned houses does not compare to the amount of repairs and maintenance that have to be done on these houses.
- ✓ The Department will take over the functions of the Tender Board. The department already established the following committees:
 - Specifications committee
 - Bid Evaluation committee
 - Bid Adjudication committee

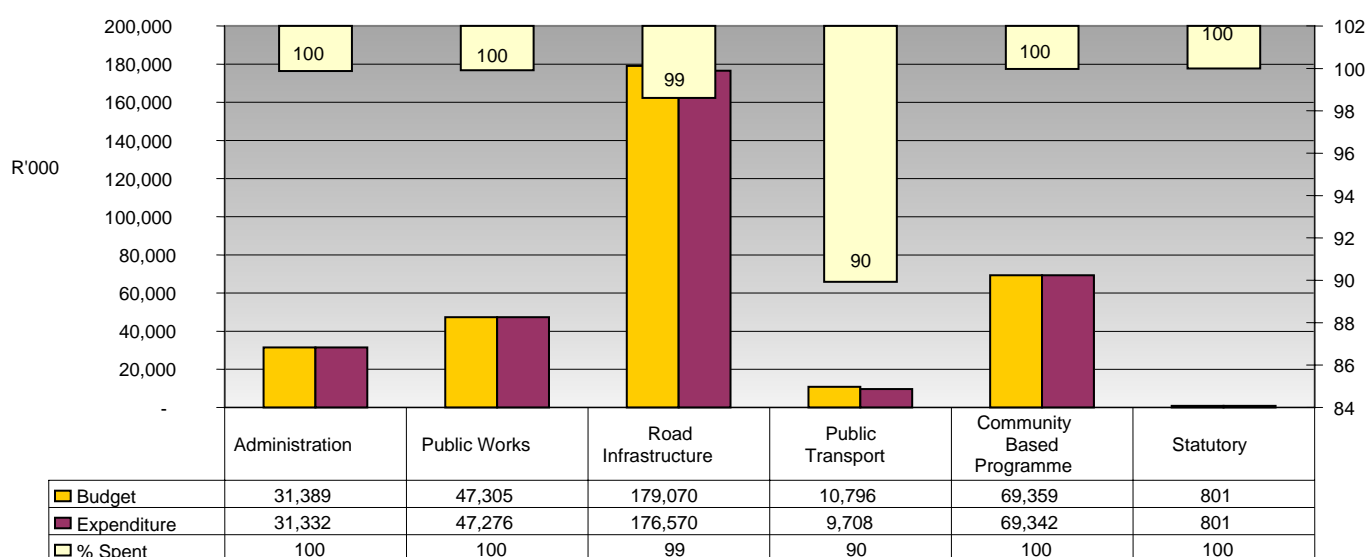
2.9 Departmental payments

Budget vs. Expenditure 2005/06

Programmes	Voted for 2005/06	Roll-overs and adjustments	Virement	Total Voted	Actual Expenditure	Variance
Administration	28,694	2,295	400	31,389	31,332	57
Public Works	42,372	1,000	3,933	47,305	47,276	29
Road Infrastructure	186,442	6,641	-14,013	179,070	176,570	2,500
Public Transport	11,734	-	-938	10,796	9,708	1,088
Community Based Programme	40,501	18,240	10,618	69,359	69,342	17
Total	309,743	28,176	-	337,919	334,228	3,691

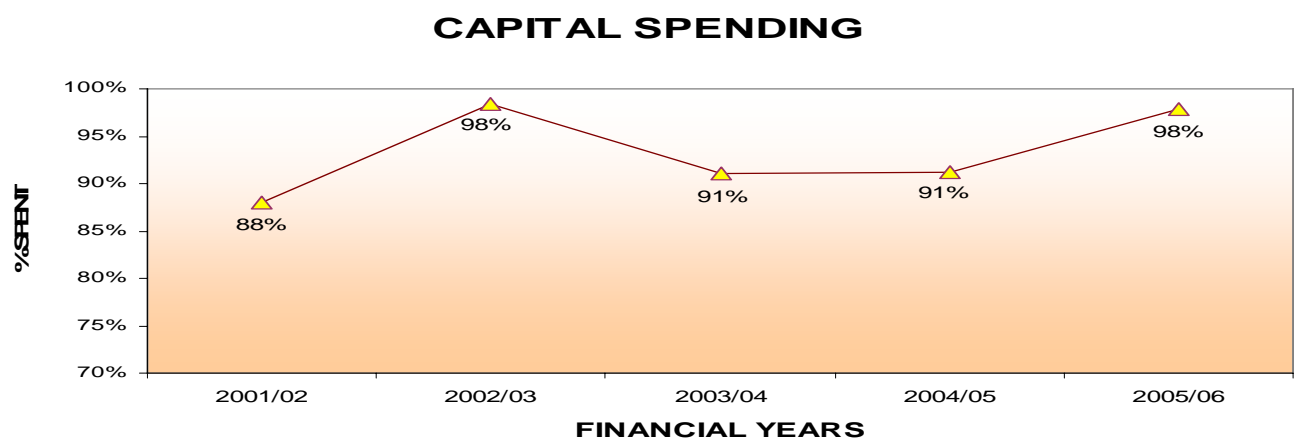
During the 2005/2006 financial year the budget for this department was R337, 919 million and the expenditure R334, 228 million thus resulting in a saving of R3, 691 million.

Budget vs Expenditure
2005/06



Capital Spending on Infrastructure

	2001/02	2002/03	2003/04	2004/05	2005/06
Capital Budget	140,089	160,257	103,183	109,341	112,317
Expenditure	123,302	157,788	93,967	99,661	109,988
Variance	16,787	2,469	9,216	9,680	2,329



PROGRAMME 2: PUBLIC WORKS

MISSION STATEMENTS

To meet the accommodation and other specific needs of the provincial departments.

Programmes	Budget R'000	Expend R'000	Variance R'000	%
Public Works	47,305	47,276	29	0

STRATEGIC GOALS:

1. Manage the Directorate Public Works effectively;
2. Provide and maintain functional and accessible
 - buildings and
 - office accommodation according to the identified needs of provincial departments through planning, design and maintenance of safe and cost-effective projects and buildings;
3. Manage, control and safeguard provincial land and buildings in accordance with national and provincial norms.

The **architectural** and **quantity surveying** section of Public Works act as agent for the line departments and therefore did not submit a budget for capital projects. Work done by this section is on behalf of client departments which include the following: Education; Health; Social Development; Agriculture, Office of the Premier; Local Government & Housing; Sport Arts & Culture etc.

The **inspectorate** carry out day to day maintenance, planned maintenance and quality control on building work for the client departments mentioned, from regional offices in Kimberley, Upington, De Aar and Springbok. The budgets of the client departments remain with them.

The Province's Property Portfolio by Department

State Owned Portfolio	Land			Buildings
	Number of properties	Number of vacant urban properties	Number of unutilized rural properties	Number of properties with buildings
Health	151	0	0	151
Education	404	0	0	404
Social Services	7	0	0	7
Other clients combined	177	4	0	177

The Province's Leased Portfolio by Department

State Owned Portfolio	Land		Buildings		Cost to Government in R'000
	Number of properties leased	Total number of hectares	Number of buildings	Square meters of building	
Health	0	0	26	8 805.33	1 456
Education	0	0	4	7 959	2 377
Social Services	0	0	38	7 433.97	1 213
Other clients combined	0	0	16	18 517.35	11 183

New Demand for Space	Number	Number of square metres	Planned Capital Expenditure for 2005/06			
			Budget	Actual	Deviation from target	
			R'000		Unit	%
Health						
Hospitals						
Garies	1	2,860	Funds with client department	Expenditure on clients budget		
Kimberley West End (New Mental Health facility)	1	31,000				
Barkly West	1	4,150				
Upington	1	30,000				
De Aar	1	28,142				
Clinics	6					
Education						
Primary Schools	3	4,700	Funds with client department	Expenditure on clients budget		
Secondary Schools						
Social Services	3	3,363	Funds with client department	Expenditure on clients budget		
Other Clients	1	1,400	4 000			

Specific challenges

- The progress on vesting property slow as the go ahead given in April 2005 and it take NDPW one year to give approval,
- Due to the fact that there is insufficient budget for the maintenance of state owned houses, the houses are in a poor condition and thus resulting in the department finding it difficult to implement market related rentals.
- Client departments do not inform this department when a state owned building becomes vacant and can be made available to other departments. Thus resulting in buildings being vandalised.
- In the Kimberley area, suitable accommodation is unavailable, thus the Province is forced to hire at high cost. The yearly escalations resulted in high rentals currently charged.
- The department identified a need to build a state house as well as a parliamentary village.
- NDPW intended to devolve functions with regard to maintenance, rates and taxes to Provinces.
- A decision was taken that departments must enter into their own lease agreements. The budgets that were with the department will be devolved to the relevant client departments.

Responses

- The selling of all redundant state property.
- All properties to resort under Public Works
- Can be looked into the option to transfer properties utilized by national departments to national, to transfer the high maintenance expenses to them.
- Should the state not have sufficient accommodation, Government Departments should look at the idea of purchasing a building in order to accommodate.
- The department is in the process of renovating Padkamp over the MTEF so as to cut out these high costs in respect of rentals and leases of buildings.

Issues requiring ongoing attention

- Workshops should be arranged on a regular basis to develop strategies and project plans. These workshops should determine what work can be done internally by client departments (e.g. surveying, etc.) and which can be outsourced.
- Field research needs to be conducted in order to obtain information regarding state land for the pro-active vesting and thus updating the public land database of the Department of Land Affairs. It is also a process to identify superfluous state land that can be used for land reform purposes or be disposed of.

PROJECTS AND PROGRAMS DONE ON BEHALF OF CLIENT DEPARTMENTS

Projects for Education The total number of projects identified were 171 of which 72 were completed, 53 are in construction and 34 are in various stages of the procurement process handled by the SCM Unit in the department. Seven projects are cancelled, while 5 projects are managed by Education and various Trusts.	
Project	Details
Douglas: New Primary School	A new school consisting of the construction of an administration block, 10 classrooms; and ablution blocks is in process. Phase 2 consisting of an additional 10 classrooms and ablution block has been added to the project. The project as a whole is 100% completed during Dec 2005. This project created between 30 and 40 jobs per month.
Schmidtsdrift: New Primary School	Tenders were awarded for a new school consisting of the construction of an administration block, 10 classrooms; and ablution blocks. Site was handed over to the contractor during January 2005. This project creates between 20 and 30 jobs per month. Project is 55% completed. (Progress was slow during the past two months). Phase 2 of the project will commence by a new contractor after phase 1 has been completed.
De Aar : Conversion Of Orion Hostel To Offices	The project consists of the conversion of an existing hostel into offices for the regional offices of Education and Social Services as well as Transport, Roads and Public Works. The work was divided into five contracts. This project created 35 jobs per month and is at present 95% completed.
Postmasburg Newton School	Construction of ten (10) classrooms, Ablution block and Admin block commenced in March 2006 at an estimated cost of R 4.6m.
HEALTH	
Garies Hospital:	Tenders for a new hospital at Garies have been approved. The site works has been completed and building is in progress. The project is 75% completed and provided jobs for ± 40 people.
New Mental Health Facility	The project consists of a new mental health facility to replace the old West End hospital. The project includes floor area of 31 000 square meters and will be a vast improvement of the old hospital. The design is a benchmark for mental health facilities, due to the fact that no new facilities of this kind have been constructed during the past 20 years in South Africa. In fact, only a few new mental health facilities has been designed and constructed in the world. The project includes several contracts such as the entrance road; sewer lines; water supply and reservoir; bulk earth works and the main building contract. The Entrance Road and the bulk earthworks contracts are completed and the other contracts are in various stages of completion. The main contract has been awarded during August 2005, with a completion date of March 2008. This project is expected to provide jobs for up to 300 people.

New Barkly West Hospital	The new hospital will replace the existing hospital and will include accommodation for 45 patients. The project consists of several contracts such as the bulk earthworks and the main contract. The bulk earthworks contract, which include road works, which is 80% completed is expected to be completed by end of March 2006. The main contract is 35% completed. This project is expected to provide jobs for up to 80 people.
New Upington Hospital	This hospital will replace the old Upington hospital and will serve as a 250 bed regional hospital for the western area of the Northern Cape. Planning is in its final stage. A tender for the first phase (Bulk Earthworks) was approved and a contractor is on site. After the earthworks are completed, the other tenders will follow in sequence.
New De Aar Hospital	This hospital will replace the old De Aar hospital and will serve as a 240 bed regional hospital for the surrounding area. Planning is in process and a tender for the first phase (Bulk Earthworks) was awarded and a contractor is on site. After the earthworks are completed, the other tenders will follow in sequence.
Kimberley: Galeshewe New Phutanang Clinic	A new clinic to serve the community of Phutanang is in process of construction. The project is 80% completed. Cupboards are in process of installation, followed by the specialist flooring.
Kimberley: Galeshewe New Recreation Clinic	A new clinic is in process of construction. The project is 85% completed. Cupboards are in process of installation, followed by the specialist flooring. The project is expected to be completed by April 2006.
Noupoort: New Eurekaville Clinic	A new clinic to serve the community at Noupoort is in process of construction. The project is 65% completed. The project was seriously delayed due to worker unrest. The contractor abandoned site and quotations are being invited for the completion the project.
Noupoort: New Kwazamaxolo Clinic	A new clinic to serve the community at Noupoort is in process of construction. The project is 56% completed. The project was seriously delayed due to worker unrest. The contractor abandoned site and quotations will be invited to complete the project.
Petrusville: New Clinic	A new clinic is in construction, the project is 90% completed. Cupboards are in process of installation, followed by the specialist flooring. The slow progress on cupboards installation hampered the progress. The project is expected to be completed by May 2006.
Prieska: New Clinic	Tenders for new clinic at the above mentioned town are approved and contractors were on site. The project is 95% completed. Cupboards are in process of installation, followed by the specialist flooring. The project is expected to be completed by April 2006.
SOCIAL SERVICES AND POPULATION DEVELOPMENT	
Groblershoop: New Multi-Purpose Centre	A new Multi Purpose Hall/ Service Centre with sitting space for 350 people is in process of being constructed at Groblershoop. Project was delayed due to site information which was outstanding. The contract was awarded and the contractor is on site. Changes to the buildings, as requested by Social Services, delayed the project. The project is 75% completed and is providing jobs for 15-20 people.
Strydenburg: New Multi-Purpose Centre	A new Multi Purpose Hall/ Service Centre with sitting space for 200 people are in the process of being constructed at Strydenburg. Project was delayed and the contractor is expected to be on site during March 2006.
Kimberley: Resthaven New Service Centre For The Aged	The project is 100% completed. The project provided jobs to 15 to 20 people per month.
Calvinia Multi-Purpose Hall	The project is at present 100% completed and provided approximately 20 jobs per month.

PROGRAMME 3: ROAD INFRASTRUCTURE

MISSION STATEMENTS

To provide and maintain integrated road infrastructure that is safe and functional to support social and economic development

Programmes	Budget R'000	Expend R'000	Variance R'000	%
Roads	179,070	176,570	2,500	1

Strategic Goals:

- Manage the Directorate Road Infrastructure effectively.
- Develop sound planning and design policies for provincial road infrastructure.
- Develop effective information systems.
- Construct safe and functional roads.
- Maintain all roads to approved norms and standards.

Construction of road infrastructure by region

Performance Measure	Actual Outputs 2004/05	Target Outputs 2005/06	% Deviation from Target	
			Unit	%
Region 1 Eastern				
Surfaced roads (excluding highways) (no of km ²)	230	0	0	0
Bridges with span > 2 metre (no.)	1	0	0	0
Region 2 Western				
Surfaced roads (excluding highways) (no of km ²)	151	0.24	0	0
Bridges with span > 2 metre (no.)	6	0	0	0
Region Totals				
Surfaced roads (excluding highways) (no of km ²)	381	0.24	0	0

Specific challenges

The main challenge of the Department and the Construction unit is providing road infrastructure and access roads to various communities and to enhance the economic and social development in the Province with a limited budget.

The yellow-fleet that was inherited from the old Cape of Good Hope is in a very poor condition. The fleet needs to be replaced as soon as possible because the cost to repair the fleet increases every year.

There is a backlog with the identification of the un-proclaimed access roads. The focus was previously on paved roads and less on the access roads.

Responses

To achieve this, the department is establishing links to work in close co-operation with other important stakeholders in the field of socio-economic development such as the department of Agriculture, Economic Affairs and Tourism and other spheres of government and Public Private Partnerships.

Our mechanical section has done an audit on all the Yellow-Fleet and has submitted a report to management. The department has presented the report to the Economic Cluster and after approval we will auction the Yellow-Fleet and use the proceeds for the replacement thereof.

Issues requiring ongoing attention

- The training of all personnel.
- Evaluation of road network to optimise the limited budget to the greatest effect.
- Minimise duplication of functions in the department and between the department and the District Municipalities as agents maintaining the gravel roads.
- Forming of partnerships with the private sector to supplement funds for gravel road maintenance.

Sub programme 3.5 Maintenance

Measurable Objective	Performance Measure	Actual Outputs 2004/05	Target Outputs 2005/06	Actual Outputs 2005/06	Deviation from Target	
					Unit	%
Input						
Maintenance as % of Programme 3 budget	Percentage	42.2	41.2	41.2		
Process						
Projects started on schedule	Percentage	100%	100%	100%		
% difference between actual and planned expenditures:	% deviation					
o 1 st quarter						
o 2 nd quarter		25%	25%	25%		
o 3 rd quarter		50%	50%	50%		
o 4 th quarter		75%	75%	75%		
		100%	100%	100%		
Output						
Reseal tarred roads	Number of km	129	90	90		
Perform blacktop patching	Number of m ²	18 126	22 100	22 100		
Blade Gravel Roads	Number of km	70 722	72 500	72 500		
Blade un-surfaced dirt roads	Number of km					

Specific challenges and responses

The maintenance of roads in the Northern Cape is facing problems and the most important challenges are as follows:

- ✓ There are not sufficient funds for the frequent blading of the gravel roads within the province.
- ✓ There are a number of gravel roads that were damaged due to the floods during the past financial year.

Service level agreements have been signed with the five district municipalities. We have also engaged Provincial Treasury for possible funding for flood damages.

PROJECTS AND PROGRAMS FOR THE DEPARTMENT

The department spent 98% of its infrastructure budget for the 2005/06 financial year.

COMPLETED PROJECTS

No	Project	Project cost R'000	Jobs	District	Description
1	Blouputs- Riemvasmaak Bridge	29 000	110	Siyanda	Construction of bridge over river



No	Project	Project cost R'000	Jobs	District	Description
2	Springbok- Komaggas Phase 1	52 778	158	Namakwa	Upgrading to surfaced standard
3	Niekerkshoop	4 900	10	Pixley ka Seme	Upgrading to surfaced standard

No	Project	Project cost R'000	Jobs	District	Description
4	Departmental Construction Team	9 500		Pixley ka Seme	Reseal of the Green Valley Nuts road in Muishoek, Phillipstown-Petrusville and Philipstown-De Aar roads by the Departmental team. The expenditure includes the rehabilitation cost on Hopetown- Orania and Colesburg- Novalspond roads.



PROJECTS AND PROGRAMS UNDER CONSTRUCTION

No	Project	Project cost/ Estimate R'000	Spent to date R'000	Jobs	District	Description	Progress at March 06 %
1	Springbok-Komaggas Phase 2	14 130	10 100	85	Namakwa	Upgrading the 11.3km that was excluded from the first contract due to budget constraints. To be completed by May 2006.	73



No	Project	Project cost/ Estimate R'000	Spent to date R'000	Jobs	District	Description	Progress at March 06 %
2	Upington-Groblershoop	12 000	7 920	100	Siyanda	Widening of shoulders. To be completed by October 2006	77



No	Project	Project cost/ Estimate R'000	Spent to date R'000	Jobs	District	Description	Progress at March 06 %
3	Andriesvale- Transfrontier Park	44 000	6 200	260	Siyanda	Upgrading 59.3km. Joint Venture between Department and the National Department of Environmental Affairs and Tourism (DEAT). Involves 8 EPWP learnerships. The Department contributed R6.2 million and DEAT contributed R38 million towards the project. To completed by April 2008	30



PROJECTS UNDER CONSTRUCTION

No	Project	Project cost/ Estimate R'000	Spent to date R'000	Jobs	District	Description	Progress at March 06 %
1	Mamatwane-Dibeng Phase 2	14 000	6 000	50	Kgalagadi	Upgrading 22km. This a joint venture between the Department and Samancor. Each contributed 50% of the cost. To be completed by August 2006	55
2	Strydenburg Access	1 000	1 000	55	Pixley ka Seme	Upgrading 1.5km between the community and town. Involves 1 EPWP learnership. To be completed by May 2006	75
3	Hopetown-Douglas	8 000	1 052	50	Pixley ka Seme	Upgrading of 15km from Hopetown to Douglas. Involves 5 EPWP learnerships. To be completed by March 2007	12
4	Pedestrian Bridges	1 200	240	10	Namakwa	Improvement of safety for pedestrians. Construction of pedestrian bridges on single lane bridges. Construction started on 15 March 2006. Site establishment complete. To be completed by November 2006	0
5	Teekloof Pass	12 000	838	10	Namakwa	Improvement of safety for road users. Stabilization of mountain slope. Construction started on 22 March 2006. Site establishment completed. To be completed by September 2006.	0
6	Departmental Construction Team	7 780			Pixley ka Seme	Rehabilitation and reseal of different roads including Hopetown- Orania and Colesburg-Novalpond roads. Expenditure on the previous financial year is included in annexure 1	45
7	Hotazel-Vanzylsrus		540		Kgalagadi	This is a continuous project to upgrade the road to surfaced standard. Still waiting for EIA to start the construction. Gravel already transported. An amount of R2m will be set aside in the following financial years.	0
8	Asbestos roads		486		Kgalagadi	This a continuous project to upgrade the road to surfaced standard. These roads were	

No	Project	Project cost/ Estimate R'000	Spent to date R'000	Jobs	District	Description	Progress at March 06 %
						contaminated with asbestos during the asbestos mining. Still waiting for EIA to start construction. Gravel already transported. The amount of R2m will be set aside in the following financial years	
9	Platfontein Access	2 900	2 900	+60 learners	Frances Baard	Upgrading of access road. Joint Venture between Department, Umsobovu and NC Youth Development Agency. NCYDA terminated the relationship with the service provider (LITE), a new service provider has been appointed.	

PROJECTS PUT ON HOLD

PROJECT	DESCRIPTION/TARGET	TIME FRAME	PROGRESS
Upington- Louisvale	EPWP: Widening of the road	2005-2006	This project was incorporated into the Upington-Grobbelaarshoop shoulder widening project
Upington Keimoes	EPWP: Climbing lanes : 100 jobs	2005-2006	Reprioritisation due to handing over of National Roads to SANRAL
Regravelling	Regravelling labour intensive – EPWP learnerships and SMMEs to regravell roads by hand: various projects e.g. Ritchie, Douglas, Tourism Route 1,000 jobs envisaged	2005/06	Program for SMME development completed: for the regravelling on the Ritchie, Douglas and Magersfontein roads The regravelling was put on hold

Alexanderbay – Khubus

A gravel road section between Alexanderbay and Khubus will be upgraded to a surfaced standard at a total cost of R130M. The phase 1 of the project (first 11.3km) will follow the EPWP principles and phase 2 will follow the conventional method of construction due to the proximity of the Orange River. The designs for these roads i.e. phase 1 and phase 2 are on progress and the draft tender document will be received during June 2006. Construction is expected to start during August 2006.

Partnerships on roads

The Department has imaginatively entered into joint ventures with the private sector to improve service delivery. The following joint ventures with other Departments, mines and the farmers were successfully entered into:

- Access road to the Transfrontier Park with contributions from DEAT
- BHP Billiton to upgrade the gravel road from Mamatwan mine to Debeng to a surfaced road.
- Niekerkshoop in partnership with the farmers to upgrade 7, 1 km gravel road to surfaced road.

PROGRAMME 4: TRANSPORT

MISSION STATEMENTS

To manage and provide effective, efficient and land transport services.

Programmes	Budget R'000	Expend R'000	Variance R'000	%
Transport	10,796	9,708	1,088	10

Strategic Goals

- To provide support and training for taxi owners, operators, and drivers.
- To establish a co-operative to assist the taxi industry financially.
- To conduct transportation studies and to help provide rural public transport.
- To control and pay bus subsidised bus system works as designed.
- To provide for costs of the local Operating License Board in its duties concerning the regulation of public transport operators.

TAXI RECAPITALISATION PROJECT

The taxi recapitalisation project was introduced by National Department of Transport and should be completed within seven years, starting from the 2005/06 financial year at a cost of R7.7 billion. The most critical variables that were selected as criteria to determine the state of readiness of the provinces refer to the basic requirements for the rollout of the New Tax Vehicles, without which. The program cannot proceed at all. The most critical facts are;

- Operation of the RAS and OLAS
- Issuing of Operating Licenses
- Law Enforcement, and
- Resources

The conversion of the permits into Operating Licences has been completed.

SHOVA KALULA BICYCLE PROJECT

The Shova Kalula Bicycle Project was initiated by the National Department of Transport as one of a number of non-motorised pilot projects to address immediate mobility problems. Phase 1 of the Shova Kalula National Bicycle Project began in January 2001. Shova Kalula phase 2 will provide funding of R1.025 million to the Department to implement the Shova Kalula Bicycle Project in rural and peri-urban areas.

The core focus of Shova Kalula is to promote bicycle transport use in areas where people are disadvantaged in terms of mobility. In many areas children travel long distances to schools and as a result their schooling suffers.

The strategic short-term solution is to supply bicycles to schools in order to generally improve mobility and assist children in travelling to and from school and/or to reduce the cost of that travel.

Further more a total number of 51 schools were also identified in the rest of the Northern Cape Province. A total number of 1800 scholars are identified that will also benefit from this project.



TRANSPORT MONTH

The first ever Transport Month was held in October 2005. The flagship event for the month was car free day, which was meant at evaluating our current public transport system and how it responds to a once of transport demand.



As part of the Big Hole Project and the preparations for the 2010 bid, the department undertook to assist the Sol Plaatje Municipality with the development of its own Integrated Transport Plan. During this quarter, we assisted the municipality with the specifications. The tender was advertised during November 2005 and will be awarded during January 2006.

The launch of the Colour Coding project as well as the issuing of the first ever Operating Licences was held on the 27TH October 2005. The Keynote Speaker at the launch was MEC Madikane, MEC for Safety and Liaison.

- A new Taxi Council was elected during the Taxi Conference held during October 2005.
- The provincial Transport Master will continue and be finalized during the 2006/07 financial year.
- The finalization of the White Paper on Transport Policy was finalized and will be presented to the Executive Council for ratification.
- The Freight Data Bank has already commenced and will be completed July 2006.

The conversion of the permits into Operating Licences has been completed.

Douglas Belmont Launch

This project was officially launched by the Minister of Transport on the 14th October 2005. Work on the project has already commenced and it will be completed during September 2006. The project currently employs about 150 people in the Eastern Cape and just over 350 in the Northern Cape. The number of people employed will reach 1000 by the end of March 2006.

Some of the highlights of the month include the launch of the Douglas Belmont Rail project.



Airport and air service development

- Scope for expansion of air services
- Expansion of Upington airport
- A number of the Cargo Airlines has shown an interest to come in; these include Lufthansa, Martin Air, British Airways, Cargo Lux and AirFrance.
- The biggest challenge was to get a commitment from exporters on actual tonnages per week.
- A number of job creation opportunities have also been identified

Partnerships

The Department is currently busy legalizing the joint ventures with stakeholders like farmers and mining sector to assist with the improvement of the road network.

Infrastructure Sector: Re-introducing Rail transport as an alternative to freight transport

Douglas and Belmont Rail lines	Upgrade of Rail infrastructure The following stakeholders are involved: Spoornet, DEAT & GWK	2005/06	Official launch was held in October 2006 Jobs created 733 (NC 400 & 120 EC)
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Sub Programme 4.5: Operator Safety and Compliance

Measurable Objective	Performance Measure	Actual Outputs 2004/05	Target Outputs 2005/06	Actual Outputs 2005/06	Deviation from Target	
					Unit	%
Output						
Number of training courses offered	Number	3	40	40		

PROGRAMME 5: COMMUNITY BASED PROGRAMME

MISSION STATEMENTS

To alleviate poverty and create job opportunities

Programmes	Budget R'000	Expend R'000	Variance R'000	%
CBPWP	69,359	69,342	17	0

Strategic Goals

- Manage the Community Based Programmes effectively
- Provide Training relating to poverty relief and job opportunities
- Assess the results of the empowerment projects
- Support the sustainable development of historically disadvantaged individuals and entities with the emphasis on poverty relief
- Create sustainable job opportunities through the Emerging Contractors Development Programme (ECDP) and the implementation of a Contractors Roster System

The types of Infrastructure that is suitable for the use of labour intensive methods are the following;

1. Site Clearance
2. Layer work in road construction such as loading, hauling and spreading of material.
3. Road construction can be done using the following operations;
 - Macadam base course, either dry, water bound or emulsion bound; foamed bitumen gravel; emulsion treated gravel; or slurry bound or composite Macadams.
 - The application of bitumen bound surface treatment (cold)
 - Slurry treatments to existing or new road surfaces
 - In situ concrete roads
 - Segmented block paved roads
 - Cast in situ block pavements
 - Road markings
4. Fencing
5. Erection of road signs
6. Grass maintenance
7. Road reserve maintenance
8. Rubble masonry bridges, culverts and retaining walls

EPWP PROJECTS

➤ Pilot projects EPWP R3 M =4 projects	240
➤ R30 M special projects EPWP projects = 84 projects	2 900
➤ Painting project R5 M = 20 projects	519
➤ Kgalagadi Transfrontier Road project R44 m with 8 Learnership contractors	271
➤ Strydenburg Access road and Hopetown/Douglas Road project 7 Learnership Contractors	105
➤ Victoria West Access road R1.6 M = 2 projects	150
➤ Kgatontle projects R27 M = 110 projects	1 186
➤ Platfontein Access road R2.9 M	56
➤ <u>OTAL PROJECTS =236</u>	TOTAL 5 428 JOBS

In spite of the huge challenges in terms of the limited budget for roads, implementing EPWP and cost containment measures, we were successful in many areas and want to highlight the following:

- Infrastructure Sector
 - Access Roads and Streets Construction started in February 2005. Budget R30 million 2900 jobs were created. Completed December 2005.

- Access Roads and Streets. Construction started December 2005 and will end 31 March 2006. Budget R14 Million 2240 jobs were created
- Started October 2005 and will end February 2006. Budget R5 Million and 1092 jobs were created
- EPWP Learnerships
 - 15 Learnerships completed their first phase training at the end of July 2005.
 - All these learnerships were then placed on different projects for their practical training. The second phase of the theoretical training will start March 2006.

As part of its equitable share, the province has spent a total of R5m on maintenance of buildings through the 'painting project' where 1092 jobs were created between October 2005 and February 2006. A further total of R15m from the equitable share was allocated to the paving of access roads in identified municipalities. A total of 2240 job opportunities were created from this venture.

MIER/TWEERIVIEREN ROAD PROJECT

The project involves the upgrading of the road between Mier and Twee Rivieren, which stretches 57 km. At a distance of 200km due north of Upington, the road leads to the Kgalagadi Transfrontier Park.

The importance of this project lies in its promotion of tourism and the adventure into wildlife. The upgrading of this road holds the key to enhancing improved economic activity in an area otherwise neglected due to its inaccessibility.

The total budget for this project is R44 million. The project started in November 2004 and its scheduled implementation period is 18 months.

To date more than 160 job opportunities have been created. Eight contractor Learnerships with 16 supervisors are receiving experiential training on the project.



The project is currently 50% completed. Precast paving bricks are the expensive option for the upgrading of roads. Macadam water based seal being applied by hand.

Magisterial Districts	Number of unemployed people			Community based programmes			
	Female	Male	Total	Number of projects 2005/06	Number of person days employment created		
					Female	Male	Total
Frances Baard District	25,171	20,710	45,881		266	413	679
Namakwa District	5,509	6,150	11,659		606	505	1,111
Siyanda District	11,397	11,016	22,413		413	323	736
Upper-Karoo District	11,993	9,663	21,656		772	4	776
Kgalagadi District	1,585	1,463	3,048		213	157	370
Total Northern Cape	55,655	49,002	104,657		2,270	1,402	3,672

Sub-Programmes: 6.2 Training, 6.3 Empowerment Impact Assessment, 6.4 Poverty Eradication and 6.5 Emerging Contractor Development

Measurable Objective	Performance Measure	Actual Outputs 2004/05	Target Outputs 2005/06	Actual Outputs 2005/06	Deviation from Target	
					Unit	%
Input						
Community Based programmes implemented			254	254		
Process						
Number of training programmes			30	30		
Output						
Number of employment days created			11 790	16 569		
% of employment days going to Youth			971	3 794		
% of employment days going to Females						
Quality						
Average daily wage paid			R40	R40		
Efficiency						
Cost per day employment created						
Average daily wage as % of cost per employment day						
Outcome						

Challenges

- The vastness of the province is a major problem for the province in implementing EPWP. The learners and the workers are not supposed to be transported
- The development of SMME's are one of the departments main challenges. Especially with the introduction of the grading of CIDB contractors. Most of the contractors in the Northern Cape have low grades therefore they are excluded from bigger projects.
- Municipalities who are Project Implementing Agents (PIA) do not prioritize training in the same way that they do with implementation. Also linking training to construction is problematic for contractors who are trying to make a profit, as it only adds to their risk. Workers shy away from training for personal reasons too.
- Everyone involved should realize the importance of training and that training forms an integral part of EPWP. Training is an obligation, not a choice, by virtue of a NEDLAC agreement to pay slightly lower wages to workers so as to increase the number of workers per project. The lack of training, results in a training deficit, which has far-reaching effects in the establishment of a skilled work force and the economy. The workers need to be paid during their classroom sessions to ensure willing participation.

Response

A new model for training is currently under scrutiny at provincial and national level that once adopted could provide simple, yet effective, answers to speed up the delivery of training on EPWP projects.

2.11 TRANSFER PAYMENTS

NAME OF INSTITUTION	AMOUNT TRANSFERRED (R'000)
Frances Baard	9,118
Karoo	19,738
Namakwa	17,801
Siyanda	13,718
Kgalagadi	3,775
RSCL	148
Other	5,360

PART 3

AUDIT COMMITTEE REPORT

AUDIT COMMITTEE REPORT

Report of the Audit Committee in terms of regulations 27 [1] [10] [b] and [c] of the PFMA, Act 1 of 1999, as amended.

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

AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The following persons served as members of the Provincial Audit Committee during the period under review, and their attendance record at formal Audit Committee meeting is as follows:

Name of member	Number of meetings attended
Independent members:	
Prof. JE Kleynhans [chair]	7 out of 7
Ms KM Mogotsi	3 out of 7
Mr G Oberholster	3 out of 7
Mr H Ramage	1 (resigned 6 June 2005)
Internal members:	
SE Mokoko	1 out of 7
Adv. H Botha	6 out of 7
Mr T Moraladi	6 out of 7

AUDIT COMMITTEE RESPONSIBILITY

The Audit Committee adopted appropriate terms of reference as its Audit Committee Charter. The Charter is regularly updated with principles of good governance and with the requirements of the PFMA. The Audit Committee is accountable to the Provincial Executive Committee and has an oversight function with regard to:

- Financial management;
- Risk Management
- Compliance with laws, regulations and good ethics;
- Reporting practices; and
- Internal and External audit functions.

REPORT ON THE OPERATIONS OF THE AUDIT COMMITTEE

During the period under review, the following key activities were undertaken:

- Considering internal audit plans.
- Monitored the effectiveness of the internal audit function.
- Monitored the independence and objectives of both internal and external auditors.
- Considered external audit reports.
- Monitored Management's follow-up of matters previously reported on the external auditors.

THE EFFECTIVENESS OF INTERNAL CONTROL AND RISK MANAGEMENT.

The audit committee is not satisfied that:

- A risk managing process is in place and that the major risks under the control of the Department of Transport, Roads and Public Works are properly managed;
- The internal control systems are effective; and
- Matters requiring Management attention have been adequately addressed.

Evaluation of Financial Statements

The Audit Committee has:

- Reviewed and discussed with the External Auditor and Management representatives the audited Annual Financial Statements to be included in the Annual Report;
- Reviewed the External Auditor's management letter and management's response thereto; and
- Reviewed significant adjustments resulting from the audit.

The Audit Committee concurs and accepts the conclusions of the External Auditor on the Annual Financial Statements and is of the opinion that the audited Annual Financial Statements be accepted and read together with the report of the auditors. The Audit Committee wishes to draw attention to the audit **qualification** in paragraph 4, and the matters giving rise to the qualification:

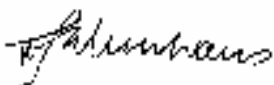
- Property assets register is inaccurate and incomplete.
- Roads assets register is inaccurate and incomplete.
- Incorrect disclosure of capital commitment.
- Incorrect transfer of assets
- Machinery and equipment additions incorrectly reflected.
- Commitments.

EMPHASIS OF MATTER

- Weaknesses in internal control
 - Control environment.
 - Supply Chain Management.
 - Tender and Project management.
 - Employee cost management.
 - Government houses management.
 - Inventory management.
- Lack of information in relation to vehicle tracking control.
- No service level agreements in place between RCA and entities with which it trades.
- Reserve funds inadequate to cover replacement cost.
- Roads Capital Account not a separate entity.

MATTER OF PUBLIC INTEREST

- Non-compliance with laws and regulations e.g. rental of government owned houses below market value not disclosed on IRP 5's as a taxable fringe benefit.
- SCOPA resolution.
- Financial Management:
 - Internal Audit.



Prof. JE Kleynhans
Chairperson: Shared Provincial Audit Committee

PART 4

FINANCIAL STATEMENTS

DEPARTMENT OF TRANSPORT, ROADS AND PUBLIC WORKS
VOTE 5

REPORT OF ACCOUNTING OFFICER

for the year ended 31 March 2006

Report by the Accounting Officer to the Executive Authority and Parliament/Provincial Legislature of the Republic of South Africa. (Where the information required hereunder is included in another part of the financial statements, reference should be made between this report and that section of the financial statements.)

1. General review of the state of financial affairs

The department held an infrastructure summit during August 2005 and identified the following:

The overall condition of paved roads in the Northern Cape has deteriorated from 85% in 1991, to 66% in 2004. The condition deterioration shows a decline of 1.4 percentage points per year since 1991. Between 1991 and 2004 the proportion of very good roads has decreased by 55%. The proportion of fair/poor/very poor roads increased by 48%.

A total budget of R499 million per year will reduce the backlog to 30% of the network length after 10 years. Funding of R225 Million per year will keep the backlog constant between 40% and 50% of the network length.

The Department's major spending depends on the following:

- When major projects start
- During the summer period when the reseal start

2. Service rendered by the department

Development to the public and towards other government departments with regard to the following:

- Construction of roads and their maintenance.
- Construction and maintenance of government buildings.
- Development of community infrastructure linked to economic development, job
- Creation, poverty alleviation and economic empowerment through EPWP
- Provision of government accommodation.

2.1 Tariff policy

The fees charged and recovered for services rendered by the various branches within the Department have been calculated in accordance with either Provincial or National policy directives and paid into the Provincial Revenue Fund and accounted for as prescribed. Tariffs are reviewed annually and are based on sound economic and cost recovery principles in consultation with the Provincial Treasury. All tariffs have been included in a tariff register as prescribed and kept in an electronic format. Approved tariffs exist for the following major services:

- Letting of properties and related services
- Supply of tender documents.
- Supply of information.
- Rendering of professional and technical support services.

3. Capacity constraints

The Department revised the organisational structure on 1 April 2005. The aim was to re-align certain functions and to strengthen senior management. The Department is facing a brain drain with regard to technical staff.

DEPARTMENT OF TRANSPORT, ROADS AND PUBLIC WORKS
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4. Discontinued activities

The Traffic and Law Enforcement directorate was shifted to the Department of Safety & Liaison with effect from 01 April 2005. The Revenue function pertaining to license fees was also included.

5. Trading entities and public entities

The department has the following trading account.

The trading activities of the Government Motor Transport can be described as follows:

- Roads Capital Account

Legislation under the Trading accounts were established

- Roads Capital Account: Ordinance 10 of 1960. Treasury regulations and PFMA.

The Roads Capital Account procures and hires out road building equipment to the Department. Equipment is charged out on an hourly or daily basis depending on the type of equipment or type of construction project. Charge out rates is revised annually.

The HOD of the department is ultimately accountable for the two trading accounts. The Day-to-day running of the operations is delegated to the Chief Financial Officer. Separate financial statements are drawn up.

6. Organisations to whom transfer payments have been made

The department transfer funds to the following institutions:

Taxi Council

- The implementation of its own constitution;
- Improved co-ordination and relationship with the Taxi co-operative;
- Better understanding of re-capitalization;
- To promote and maintain delivery of effective and efficient public transport;
- To protect, secure and promote the interest of registered Taxi operators;
- To promote unity, stability and safety in the taxi industry

The Department transfers funds to the Taxi Council. These parties have signed a MOU and have submitted business plans. The Department receive Progress reports every Quarter and does an audit once per annum.

District Municipalities

The District municipalities was appointed as Agents to do maintenance on gravel roads. Service level agreements was signed with all the district municipalities to enable the department to have better control. A unit in the roads directorate was established to do quality control on the work done by the district municipalities.

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for the year ended 31 March 2006

7. Public private partnerships (PPP)

The Department entered into a PPP with Imperial Fleet Services on 30 October 2001, to provide transport to all Provincial Departments including Regional offices of National departments within the Province. The Partnership is monitored by officials from the Department as well as officials from other Departments who serve on the steering committee created for this purpose.

8. Corporate governance arrangements

The department is currently making use of the Provincial fraud prevention plan. The risk assessment was completed during March 2006. The province is using of a centralised audit unit, and the department have an internal control inspectorate to assist the CFO in identifying risk areas. We developed a departmental Code of Conduct which is in operation.

Internal Control Systems

To meet its responsibility with respect to providing reliable financial information, the Department maintains financial and operational systems of internal control. These controls are designed to provide reasonable assurance that transactions are concluded in accordance with management's authority, that the assets are adequately safeguarded against material loss of unauthorised acquisition, use, or disposal, and that transactions are properly authorised and recorded. The Financial Inspectorate monitor the operations of the internal controls and report findings and recommendations to Management.

Internal Audit

The Department makes use of a centralised Internal Audit component as approved by the Provincial Parliament. Due to capacity constraints the internal audit component did not function very successfully during the year.

Audit committee

The Department makes use of a shared Audit Committee as approved by the Provincial Parliament.

9. Asset management

All assets pertaining to the furniture and equipment are captured for this financial year. The capturing of roads and bridges is still difficult to identify because it is identified by road number. The values of all roads are in the asset register. The department established an Asset Register unit in the SCM office consisting of 4 officials.

10. Events after the reporting date

The department declared a dispute with Pemberley Fleet Services on the Penalties raised and the matter has been referred to arbitration.

11. Performance information

The performance of the department is linked between the Strategic Plan and its Operational Plan and the Budget Statement. The performance agreements of senior managers is linked to the operational plan. This is reported quarterly to the Portfolio Committee. All the quarterly reports culminate into an Annual Report. The complete and comprehensive report on the performance of the Department is captured on the Annual Report.

For a detailed report please refer to the Annual Report.

DEPARTMENT OF TRANSPORT, ROADS AND PUBLIC WORKS
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REPORT OF ACCOUNTING OFFICER

for the year ended 31 March 2006

12. Scopa resolutions

Reference to previous audit report and SCOPA resolutions	Subject	Findings on progress
3.1	The policy and procedure framework for NaTIS should be fully documented and implemented to address weaknesses identified in paragraph 3.1 of the audit report. The Committee is aware that this competency resides in the Department of Safety & Liaison, the Department should, however, assist and build capacity.	The department assisted liaised with Provincial Treasury to coordinate the process of handing over to Safety and Liaison.
3.3	Policies and procedures for asset management should be reviewed, approved and implemented to address weaknesses identified in paragraph 3.3 of the audit report. This matter should be reported in the next quarterly report.	The department have completed the asset register for furniture and equipment at the end of March 2006.
5.1	The Department must take all reasonable steps to ensure that the allocated budget for the 2005/2006 financial year is not overspent and that no unauthorised expenditure is incurred	The department did not have any unauthorised for the previous financial year and for this financial year.
5.2(b)	Claims submitted by contractors as identified in paragraph 5.2(b) of the audit report should be investigated and a report on the matter submitted to the Committee.	
5.4	Management must take all reasonable steps to institute and maintain an appropriate system of internal control as required in section 38 of the Public Finance Management Act, 1999 (Act No. 1 of 1999) and to address the shortcomings as reported in the report of the Auditor-General	The department instituted the Finance committee and sub-finance committee. It has also adopted the Provincial Policies that were approved by Cabinet. In the absence of a policy the department make use of the Treasury Regulations as a guide.
5.5	Ex post facto approval of the appointment of consultants and a contractor should be investigated and reported to the Committee.	The department is currently making use of the Roster system and receive approval from the tender board to do appointment via the Bid Adjudication Committee.
5.5(a)	In terms of paragraph 2(d) and 9 of schedule 7 of the Income Tax Act, 1993 (Act No. 113 of 1993), fringe benefits received by staff should be disclosed on the IRP 5 of the employees concerned.	The department have evaluated all houses and is in the process of approving the market related tariffs for houses rentals. The policy on hose rental was submitted to Cabinet for approval.

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REPORT OF ACCOUNTING OFFICER

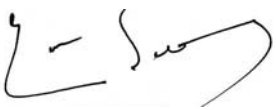
for the year ended 31 March 2006

Reference to previous audit report and SCOPA resolutions	Subject	Findings on progress
5.5 (b)	Steps should be taken to ensure that the original set of financial statements should be submitted in compliance with the PFMA.	The department would ensure that they submit the financial statements timeously.

13. Other

Approval

The Annual Financial Statements are set out on pages 51 to 94 have been approved by the Accounting Officer.



ACCOUNTING OFFICER

DATE : 31 MAY 2006



AUDITOR - GENERAL

REPORT OF THE AUDITOR-GENERAL TO THE NORTHERN CAPE PROVINCIAL LEGISLATURE ON THE FINANCIAL STATEMENTS OF VOTE 5 – DEPARTMENT OF TRANSPORT, ROADS AND PUBLIC WORKS FOR THE YEAR ENDED 31 MARCH 2006

1. AUDIT ASSIGNMENT

The financial statements as set out on pages 51 to 94 for the year ended 31 March 2006 have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996, read with sections 4 and 20 of the Public Audit Act, 2004 (Act No. 25 of 2004). The fixed asset opening balances have not been audited because of the timing of guidance from National Treasury to departments relating to the treatment, valuation and disclosure of fixed assets. These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements, based on the audit.

2. NATURE AND SCOPE

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

An audit includes:

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

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

3. BASIS OF ACCOUNTING

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

4. QUALIFICATION

4.1 Assets

Due to a lack of an appropriately documented and approved policy and procedure framework for asset management the following matters were identified:

4.1.1 Property asset register

The property asset register and financial statements indicate additions of R1,803 million for the 2005/06 year. The specimen financial statements required that only completed projects should be included in the asset register and annexure 3 to the financial statements. The status of the property projects at year-end could not be established. I could therefore not determine the accuracy and completeness of the additions.

4.1.2 Roads asset register

The roads asset register and financial statements indicate additions of R108,432 million for the 2005/06 year. The specimen financial statements required that only completed projects should be included in the

asset register and annexure 3 to the financial statements. The status of the property projects at year-end could not be established. I could therefore not determine the accuracy and completeness of the additions.

4.1.3 Transfer of assets

The financial statements only indicated a transfer-out of an asset to the Department of Safety and Liaison of R138 000. According to the roads asset register, assets of R22,305 million were transferred out, although it did not indicate to whom the transfer was made. No explanation could be obtained for the differences noted in the amounts of assets transferred.

4.1.4 Machinery and equipment additions

Machinery and equipment additions according to the statement of financial performance did not agree with the asset additions according to annexure 3.

Description	Amount
Additions according to statement of financial performance	R781 000
Additions according to annexure 3	R747 000
Difference	R 34 000

4.2 Commitments

4.2.1 Capital commitments

A list of all projects managed by the department could not be obtained for audit purposes. Some information from units within the department could be obtained, but this information was not sufficiently detailed to allow for the calculation of amounts spent by 31 March 2006 and the resulting commitment amount for future years. Consequently, I was unable to determine the completeness of the commitment amount disclosed in disclosure note 21 to the financial statements.

4.2.2 Current commitments

The current commitment amount was understated as various commitments of a current nature were not included in the disclosure note.

5. QUALIFIED AUDIT OPINION

In my opinion, except for the effect on the financial statements of the matters referred to in the preceding paragraph, the financial statements fairly present, in all material respects, the financial position of the Department of Transport, Roads and Public Works at 31 March 2006 and the results of its operations and 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 the accounting policy in the financial statements, and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA).

6. EMPHASIS OF MATTER

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

6.1 Weaknesses in internal control

The responsibility to institute and maintain a system of internal control is defined in section 38 of the PFMA. Except for a subsistence and travelling policy, cellphone and landline policy, air travel policy and catering policy, the Department of Transport, Roads and Public Works did not document and approve any policies and procedures to manage the activities of the department. The lack of these policies and procedures resulted in the following weaknesses:

6.1.1 Control environment

- (i) The department used the Northern Cape provincial fraud prevention plan, even though this plan has not been tailored to address the specific risks of the department.
- (ii) Except with the Department of Education for tender and project management, the department did not enter into service level agreements with other departments with regard to functions performed on behalf of the other departments. These functions included tender and project management, property management and fleet management.

6.1.2 Supply chain management

- (i) The supply chain management unit was not fully functional during the year under review due to a lack of human resources and understanding of the operations.

6.1.3 Tender and project management

- (i) Various contracts awarded to contractors were not signed by the head of the department. The department acknowledged that it was a general problem that contracts were not signed by the head of the department.
- (ii) Various minutes of tender meetings were not signed by the relevant persons. The department acknowledged that it was a general problem that minutes were not signed and returned by the relevant persons.
- (iii) Various project files did not contain sufficient information to establish whether the project deadlines had been met and whether penalties had been imposed and recovered. Only with subsequent management comments could the status be established.
- (iv) Various projects terminated did not contain sufficient information on file to determine the involvement and project management of the department.
- (v) The tender validation questionnaire was not completed by any tenderers during the tender process for a contract for the supply of sign and guard rail posts.
- (vi) During a site visit by the auditors on 11 April 2006 to a school in the Upington region, various defects were noted in the contract work. Despite these defects, the final delivery certificate was issued.

6.1.4 Roster system shortcomings

- (i) The department implemented a roster system for the appointment of consultants. The consultants completed an application form on an internet web page of the department, whereafter they were placed on the roster and considered for appointment as consultants. However, the information submitted on the web page was not vouched as accurate and valid by the department. An official was only appointed on 6 February 2006 to start with the vouching process.

6.1.5 Transfer payment management

- (i) Service level agreements between the department and the five district municipalities were not in place for 10 months of the year. The service level agreements were only signed on 10 February 2006.
- (ii) The department did not monitor the expenditure and project progress undertaken by the municipalities on behalf of the department. No proof could be obtained that the department ensured the validity, accuracy and completeness of the transfer payment expenditure of R64,151 million before payment of the next transfer payment.
- (iii) A service level agreement was not in place between the department and the Northern Cape Provincial Taxi Council to whom R2 139 000 was transferred. This was due to the amalgamation process during the year where the Taxi Co-operative was dissolved and other taxi associations included. No proof could be obtained that the department monitored the spending of the transfer payment during the year.

6.1.6 Expenditure management

- (i) Insufficient control was exercised over lease payments. Variances were noted between the monthly lease payments and the amount according to the contract. Payments for municipal services accounted for some of these differences, but an overall reconciliation was not performed by the department for the 2005-06 year.
- (ii) Private telephone call costs were not identified and recovered from officials. Cellphone and landline call limits as set in the policies were exceeded with R64 251 without follow-up actions being instituted.
- (iii) Six instances totalling R14 975 were noted where subsistence and travelling advances were not cleared within 30 days. A further nine instances totalling R36 044 of uncleared advances which were taken on 1 September 2004 were noted.

6.1.7 Employee cost management

- (i) No human resource plan existed. The number of vacancies, plans to address the vacancies and the comparison with the vacancy norm could therefore not be established.
- (ii) No performance contracts for senior management were signed and no performance evaluations were performed for the financial year under review.
- (iii) Job descriptions were not in place, which could result in officials not understanding their objectives, responsibilities and what they would be accountable for.
- (iv) Ten instances totalling 42 days were noted where leave was taken before it was approved by a senior official.

6.1.8 Government houses management

- (i) Various house rental contracts were not valid as they were not signed by the head of the department.
- (ii) Valuations were performed on houses in Kimberley, Upington and Springbok during 2005-06 and the rest of the houses in the Northern Cape will only be valued during 2006-07. The rental amounts were not updated to reflect the market-related rental amount.

6.1.9 Inventory management

- (i) Inventory counts were only conducted in three of the 30 areas (10%) in the Northern Cape for the 2005-06 year, namely Delporthoop, Ritchie and Kimberley. Lost equipment totalling R44 123 was noted but no evidence could be obtained that the costs were recouped.

6.2 Matters in the public interest

- (i) Due to the lack of adherence to the South African Public Service Financial Disclosure Framework some of the personnel have not declared their financial and business interests.

6.3 Non-compliance with laws and regulations

(a) Rental taxable fringe benefit

Government houses were rented out at less than market-related rental amounts. No proof could be obtained that this taxable fringe benefit was recognised against the remuneration of the relevant officials. This constituted non-compliance with the Income Tax Act, 1993 (Act No. 113 of 1993), paragraphs 2(d) and 9 of schedule 7.

(b) SCOPA resolutions

Not all the resolutions of the Standing Committee on Public Accounts for the 2004-05 financial year had been implemented by the Department of Transport, Roads and Public Works.

6.4 Financial management

(a) Internal audit

The internal audit function was performed by a centralised internal audit department, which resided under the Office of the Premier.

An overview was performed of the functionality of the internal audit department. Various shortcomings rendered the functionality of the internal audit department inefficient and ineffective during the year under review:

- The internal audit charter, as required by Treasury Regulation 3.2.5 and the Institute of Internal Auditors (IIA) 1000-1, was only approved on 15 August 2005.
- The current staffing component, as well as the available funds, seemed to be inadequate to efficiently and effectively service all the provincial departments of the Northern Cape Province. No formal training and development plan was in place to ensure continuous training and development of existing staff.
- No approved annual internal audit plan and three-year strategic plan existed for the internal audit department.
- The audit committee did not evaluate the performance of the internal audit department during the year.
- Internal audit did not report functionally directly to the audit committee during the year.
- Internal audit did not submit quarterly reports to the audit committee detailing its performance against the annual internal audit plan.

Some of the above findings were also highlighted in the audit report of the 2004-05 financial year.

As a result of the above, no reliance could be placed on the work performed by internal audit for external audit purposes.

6.5 Performance information

In terms of section 20(2)(c) of the Public Audit Act of 2004 the Auditor-General must draw a conclusion on the reported information relating to the performance of the department against predetermined objectives. Although the guideline for the preparation of annual reports clearly requests the department to submit the details to the Auditor-General by no later than 15 June 2006, I only received the performance information on 14 July 2006. Our review of the information revealed the following:

- (i) The reported performance was not supported by source documentation.
- (ii) Not all predetermined objectives as defined in the strategic and performance implementation plans were reported on.
- (iii) Predetermined objectives were included in the performance report that was not part of the strategic planning documents of the department.
- (iv) The reported predetermined objectives were not measurable, specific and time bound.

7. APPRECIATION

The assistance rendered by the staff of the Department of Transport, Roads and Public Works during the audit is sincerely appreciated.



A L Kimmie for Auditor-General

Kimberley

31 July 2006

DEPARTMENT OF TRANSPORT, ROADS AND PUBLIC WORKS
VOTE 5

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)..

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.

2.1 Rounding

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

2.2 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.

3. Revenue

3.1 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.

DEPARTMENT OF TRANSPORT, ROADS AND PUBLIC WORKS
VOTE 5

ACCOUNTING POLICIES

for the year ended 31 March 2006

3.2 Departmental revenue

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

3.2.1 Tax revenue

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

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

3.2.2 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.

3.2.3 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.

3.2.4 Interest, dividends and rent on land

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

3.2.5 Sale of capital assets

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

3.2.6 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.

3.2.7 Gifts, donations and sponsorships (transfers received)

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

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

DEPARTMENT OF TRANSPORT, ROADS AND PUBLIC WORKS
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ACCOUNTING POLICIES

for the year ended 31 March 2006

3.3 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.

4. Expenditure

4.1 Compensation of employees

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

All other payments are classified as current expense.

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

4.1.1 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.

4.1.2 Long-term employee benefits

4.1.2.1 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).

DEPARTMENT OF TRANSPORT, ROADS AND PUBLIC WORKS
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ACCOUNTING POLICIES

for the year ended 31 March 2006

4.1.2.2 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).

4.2 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.

4.3 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.

4.4 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.

4.5 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.

4.6 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.

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ACCOUNTING POLICIES

for the year ended 31 March 2006

4.7 Asset Register

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. Asset procured in previous financial periods, may be stated at fair value, where determinable, or R1, 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 total cost incurred over the duration of the project. Annexure 3 and 4 of the disclosure notes, reflect the total movement in the asset register of the current financial year of assets with a cost equal to and exceeding R5000 (therefore capital assets only) for the current financial year. The movement 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 3 and 4 will include items procured in prior accounting periods and the closing balance will represent the total cost of the register for capital assets on hand.

4.8 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.

4.9 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).

4.10 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)..

5. Assets

5.1 Cash and cash equivalents

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

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

5.2 Prepayments and advances

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

5.3 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.

DEPARTMENT OF TRANSPORT, ROADS AND PUBLIC WORKS
VOTE 5

ACCOUNTING POLICIES

for the year ended 31 March 2006

5.4 Investments

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

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.

5.5 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.

5.6 Inventory

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

6. Liabilities

6.1 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.

6.2 Lease commitments

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

6.3 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.

6.4 Contingent liabilities

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

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

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

Contingent liabilities are included in the disclosure notes.

DEPARTMENT OF TRANSPORT, ROADS AND PUBLIC WORKS
VOTE 5

ACCOUNTING POLICIES

for the year ended 31 March 2006

6.5 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.

7. Net Assets

7.1 Capitalisation reserve

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

7.2 Recoverable revenue

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

8. 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.

9. Key management personnel

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

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

10. 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.

Northern Cape - Department of Transport, Roads and Works

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	30,541	-	346	30,887	30,832	55	99.8%	26,919	26,691
Transfers and subsidies	122	-	41	163	160	3	98.2%	73	72
Payment for capital assets	326	-	13	339	340	(1)	100.3%	1,319	1,318
2. Public Works									
Current payment	43,235	-	3,578	46,813	46,790	23	100.0%	34,300	33,120
Transfers and subsidies	27	-	-	27	26	1	96.3%	122	122
Payment for capital assets	110	-	355	465	460	5	98.9%	2,176	2,169
3. Road Infrastructure									
Current payment	44,755	-	(9,694)	35,061	34,964	97	99.7%	45,674	45,797
Transfers and subsidies	52,641	-	-	52,641	52,320	321	99.4%	56,809	54,057
Payment for capital assets	95,687	-	(4,319)	91,368	89,286	2,082	97.7%	96,304	86,603
4. Public Transport									
Current payment	9,551	-	(945)	8,606	7,542	1,064	87.6%	7,624	5,702
Transfers and subsidies	2,158	-	7	2,165	2,150	15	99.3%	2,050	2,016
Payment for capital assets	25	-	-	25	16	9	64.0%	41	40
5. Community Based Programme									
Current payment	30,026	-	3,402	33,428	33,411	17	99.9%	26,964	26,956
Transfers and subsidies	15,000	-	3	15,003	15,003	-	100.0%	30,000	15,000
Payment for capital assets	13,715	-	7,213	20,928	20,928	-	100.0%	11,337	11,231
6. Traffic Management									
Current payment	-	-	-	-	-	-	-	31,334	31,166
Transfers and subsidies	-	-	-	-	-	-	-	59	55
Payment for capital assets	-	-	-	-	-	-	-	157	119
Subtotal	337,919	-	-	337,919	334,228	3,691	98.91%	373,262	342,234
Statutory Appropriation									
Current payments	801			801	800	1	99.9%	713	637
Total	338,720	-	-	338,720	335,028	3,692	98.9%	373,975	342,871

Northern Cape - Department of Transport, Roads and Works

Appropriation Statement
for the year ended 31 March 2006

	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Expenditure R'000
Reconciliation with Statement of Financial Performance									
Add: Prior year unauthorised expenditure approved with funding				-				1,811	
Departmental receipts				-				5,410	
Local and foreign aid assistance				11,300				14,062	
Actual amounts per Statement of Financial Performance (Total Revenue)				350,020				395,258	
Add: Local and foreign aid assistance					17,841				16,324
Prior year unauthorised expenditure approved									1,811
Actual amounts per Statement of Financial Performance Expenditure					352,869				361,006

Northern Cape - Department of Transport, Roads and Works

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	49,824	-	(2,429)	47,395	47,155	240	99.5%	59,531	59,330
Goods and services	108,284	-	(884)	107,400	106,384	1,016	99.05%	113,284	110,102
Interest and rent on land	-	-	-	-	-	-	-	-	-
Financial transactions in assets and liabilities	-	-	-	-	-	-	-	-	-
Transfers & subsidies	-	-	-	-	-	-	-	-	-
Provinces & municipalities	64,499	-	48	64,547	64,364	183	1	86,707	68,956
Departmental agencies & accounts	-	-	-	-	-	-	-	-	-
Universities & technikons	-	-	-	-	-	-	-	-	-
Foreign governments & international organisations	-	-	-	-	-	-	-	-	-
Public corporations & private enterprises	5,053	-	-	5,053	5,036	17	1	2,068	2,030
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	396	-	3	399	259	140	1	338	336
Payment for capital assets	-	-	-	-	-	-	-	-	-
Buildings & other fixed structures	109,402	-	2,915	112,317	110,235	2,082	98.15%	109,341	99,661
Machinery & equipment	461	-	333	794	781	13	98.36%	1,927	1,758
Biological or cultivated assets	-	-	-	-	-	-	-	-	-
Software & other intangible assets	-	-	14	14	14	-	100.00%	66	61
Land & subsoil assets	-	-	-	-	-	-	-	-	-
Total	337,919	-	-	337,919	334,228	3,691	98.9%	373,262	342,234

Northern Cape - Department of Transport, Roads and Works

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for the year ended 31 March 2006

Statutory Appropriation									
Direct charge against Provincial Revenue Fund	2005/06							2004/05	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
List all direct charges against the Revenue Fund	-	-	-	-	-	-	-	-	-
Member of executive committee/parliamentary officers	801	-	-	801	800	1	99.9%	713	637
Sector education and training authorities SETA	-	-	-	-	-	-	-	-	-
National skills fund	-	-	-	-	-	-	-	-	-
Total	801	-	-	801	800	1	99.9%	713	637

Northern Cape - Department of Transport, Roads and Works

Appropriation Statement
for the year ended 31 March 2006

Detail per programme 1 - Administration

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
1.1 Office of the MEC									
Current payment	1,881	-	37	1,918	1,917	1	99.9%	2,385	2,132
Transfers and subsidies	23	-	1	24	25	(1)	104.2%	27	25
Payment for capital assets	10	-	4	14	14	-	100.0%	500	496
1.2 Management / HOD									
Current payment	1,522	-	1	1,523	1,521	2	99.9%	6,263	2,104
Transfers and subsidies	61	-	2	63	60	3	95.2%	8	8
Payment for capital assets	10	-	7	17	17	-	100.0%	30	30
1.3 Corporate Support									
Current payment	23,703	-	1,212	24,915	24,872	43	99.8%	15,780	21,155
Transfers and subsidies	38	-	38	76	68	8	89.5%	34	36
Payment for capital assets	191	-	2	193	194	(1)	100.5%	713	712
1.4 Programme Support Office									
Current payment	3,435	-	(904)	2,531	2,522	9	99.6%	2,491	1,300
Transfers and subsidies	-	-	-	-	7	(7)	0.0%	4	3
Payment for capital assets	115	-	-	115	115	-	100.0%	76	80
Total	30,989	-	400	31,389	31,332	57	99.8%	28,311	28,081

Northern Cape - Department of Transport, Roads and Works

Appropriation Statement
for the year ended 31 March 2006

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	19,689	-	(1,214)	18,475	18,425	50	99.7%	14,359	14,336
Goods and services	10,852	-	1,560	12,412	12,407	5	100.0%	12,560	12,355
Interest and rent on land	-	-	-	-	-	-	-	-	-
Financial transactions in assets and liabilities	-	-	-	-	-	-	-	-	-
Transfers & subsidies									
Provinces & municipalities	90	-	35	125	124	1	99.2%	50	50
Departmental agencies & accounts	-	-	-	-	-	-	-	-	-
Universities & technikons	-	-	-	-	-	-	-	-	-
Foreign governments & international organisations	-	-	-	-	-	-	-	-	-
Public corporations & private enterprises	8	-	-	8	6	2	75.0%	18	17
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	24	-	6	30	30	-	100.0%	5	5
Payments for capital assets									
Buildings & other fixed structures	-	-	-	-	-	-	-	-	-
Machinery & equipment	326	-	13	339	340	(1)	100.3%	1,319	1,318
Biological or cultivated assets	-	-	-	-	-	-	-	-	-
Software & other intangible assets	-	-	-	-	-	-	-	-	-
Land & subsoil assets	-	-	-	-	-	-	-	-	-
Total	30,989	-	400	31,389	31,332	57	99.8%	28,311	28,081

Northern Cape - Department of Transport, Roads and Works

Appropriation Statement
for the year ended 31 March 2006

Detail per programme 2 - Public Works

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 Programme Support Office									
Current payment	1,461	-	-	1,461	1,461	-	100.0%	679	538
Transfers and subsidies	3	-	-	3	3	-	100.0%	1	1
Payment for capital assets	52	-	-	52	52	-	100.0%	12	11
2.2 Other Infrastructure									
Current payment	15,263	-	3,760	19,023	19,024	(1)	100.0%	12,574	11,545
Transfers and subsidies	21	-	-	21	20	1	95.2%	101	101
Payment for capital assets	50	-	355	405	400	5	98.8%	2,164	2,158
2.3 Property Management									
Current payment	26,511	-	(182)	26,329	26,305	24	99.9%	21,047	21,037
Transfers and subsidies	3	-	-	3	3	-	100.0%	20	20
Payment for capital assets	8	-	-	8	8	-	100.0%	-	-
Total	43,372	-	3,933	47,305	47,276	29	99.9%	36,598	35,411

Northern Cape - Department of Transport, Roads and Works

Appropriation Statement
for the year ended 31 March 2006

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 payment									
Compensation of employees	9,459	-	(810)	8,649	8,631	18	99.8%	7,961	7,960
Goods and services	33,776	-	4,388	38,164	38,159	5	100.0%	26,339	25,160
Interest and rent on land	-	-	-	-	-	-	-	-	-
Financial transactions in assets and liabilities	-	-	-	-	-	-	-	-	-
Transfers & subsidies									
Provinces & municipalities	27	-	-	27	26	1	96.3%	44	44
Dept agencies & accounts	-	-	-	-	-	-	-	-	-
Universities & Technikons	-	-	-	-	-	-	-	-	-
Foreign governments & international organisations	-	-	-	-	-	-	-	-	-
Public corporations & private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	78	78
Payment for capital assets									
Buildings & other fixed structures	-	-	305	305	305	-	100.0%	2,045	2,077
Machinery & equipment	110	-	50	160	155	5	96.9%	122	87
Biological or Cultivated assets	-	-	-	-	-	-	-	-	-
Software & other intangible assets	-	-	-	-	-	-	-	9	5
Land & subsoil assets	-	-	-	-	-	-	-	-	-
Total	43,372	-	3,933	47,305	47,276	29	99.9%	36,598	35,411

Northern Cape - Department of Transport, Roads and Works

Appropriation Statement
for the year ended 31 March 2006

Detail per programme 3 - Road Infrastructure

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 Programme Support Office									
Current payment	969	-	(81)	888	897	(9)	101.0%	857	1,191
Transfers and subsidies	2	-	-	2	2	-	100.0%	-	1
Payment for capital assets	-	-	-	-	-	-	-	90	26
3.2 Planning									
Current payment	5,356	-	(451)	4,905	4,877	28	99.4%	5,174	6,630
Transfers and subsidies	4	-	-	4	3	1	75.0%	-	4
Payment for capital assets	-	-	-	-	-	-	-	106	168
3.3 Design									
Current payment	5,117	-	(4,363)	754	746	8	98.9%	6,084	324
Transfers and subsidies	1	-	-	1	-	1	-	-	-
Payment for capital assets	-	-	-	-	-	-	-	56	462
3.4 Construction									
Current payment	6,443	-	(4,078)	2,365	2,345	20	99.2%	5,959	5,521
Transfers and subsidies	3,023	-	(10)	3,013	2,897	116	96.2%	-	2
Payment for capital assets	90,057	-	(2,814)	87,243	85,161	2,082	97.6%	96,052	85,947
3.5 Maintenance									
Current payment	26,870	-	(721)	26,149	26,099	50	99.8%	27,600	32,131
Transfers and subsidies	49,611	-	10	49,621	49,418	203	99.6%	56,809	54,050
Payment for capital assets	5,630	-	(1,505)	4,125	4,125	-	100.0%	-	-
Total	193,083	-	(14,013)	179,070	176,570	2,500	98.6%	198,787	186,457

Northern Cape - Department of Transport, Roads and Works

Appropriation Statement
for the year ended 31 March 2006

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 payment									
Compensation of employees	18,105	-	(800)	17,305	17,262	43	99.8%	17,279	17,269
Goods and services	26,650	-	(8,894)	17,756	17,702	54	99.7%	28,395	28,528
Interest and rent on land	-	-	-	-	-	-	-	-	-
Financial transactions in assets and liabilities	-	-	-	-	-	-	-	-	-
Transfers & subsidies									
Provinces & municipalities	49,378	-	10	49,388	49,207	181	99.6%	56,556	53,805
Dept agencies & accounts	-	-	-	-	-	-	-	-	-
Universities & Technikons	-	-	-	-	-	-	-	-	-
Foreign governments & international organisations	-	-	-	-	-	-	-	-	-
Public corporations & private enterprises	2,891	-	-	2,891	2,891	-	100.0%	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	372	-	(10)	362	222	140	61.3%	253	252
Payment for capital assets									
Buildings & other fixed structures	95,687	-	(4,544)	91,143	89,061	2,082	97.7%	96,052	86,353
Machinery & equipment	-	-	211	211	211	-	100.0%	195	194
Biological or Cultivated assets	-	-	-	-	-	-	-	-	-
Software & other intangible assets	-	-	14	14	14	-	100.0%	57	56
Land & subsoil assets	-	-	-	-	-	-	-	-	-
Total	193,083	-	(14,013)	179,070	176,570	2,500	98.6%	198,787	186,457

Northern Cape - Department of Transport, Roads and Works

Appropriation Statement
for the year ended 31 March 2006

Detail per programme 4 - Public Transport

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 Programme Support Office									
Current payment	-	-	-	-	-	-	-	-	-
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	-	-	-	-	-	-	-	-	-
4.2 Planning									
Current payment	1,837	-	(938)	899	-	899	-	395	394
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	-	-	-	-	-	-	-	-	-
4.3 Infrastructure									
Current payment	-	-	-	-	-	-	-	-	-
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	-	-	-	-	-	-	-	-	-
4.4 Empowerment and Inst Management									
Current payment	-	-	-	-	-	-	-	2,540	674
Transfers and subsidies	2,154	-	-	2,154	2,139	15	99.3%	2,050	2,013
Payment for capital assets	-	-	-	-	-	-	-	-	-
4.5 Operator Safety and Compliance									
Current payment	6,974	-	-	6,974	6,956	18	99.7%	3,806	3,771
Transfers and subsidies	2	-	7	9	10	(1)	111.1%	-	1
Payment for capital assets	25	-	-	25	16	9	64.0%	-	-
4.6 Regulation and Control									
Current payment	740	-	(7)	733	586	147	79.9%	883	863
Transfers and subsidies	2	-	-	2	1	1	50.0%	-	2
Payment for capital assets	-	-	-	-	-	-	-	41	40
Total	11,734	-	(938)	10,796	9,708	1,088	89.9%	9,715	7,758

Northern Cape - Department of Transport, Roads and Works

Appropriation Statement
for the year ended 31 March 2006

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 payment									
Compensation of employees	1,467	-	(7)	1,460	1,333	127	91.3%	1,041	1,021
Goods and services	8,084	-	(938)	7,146	6,209	937	86.9%	6,583	4,681
Interest and rent on land	-	-	-	-	-	-	-	-	-
Financial transactions in assets and liabilities	-	-	-	-	-	-	-	-	-
Transfers & subsidies									
Provinces & municipalities	4	-	-	4	4	-	100.0%	-	3
Dept agencies & accounts	-	-	-	-	-	-	-	-	-
Universities & Technikons	-	-	-	-	-	-	-	-	-
Foreign governments & international organisations	-	-	-	-	-	-	-	-	-
Public corporations & private enterprises	2,154	-	-	2,154	2,139	15	99.3%	2,050	2,013
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	7	7	7	-	100.0%	-	-
Payment for capital assets									
Buildings & other fixed structures	-	-	-	-	-	-	-	-	-
Machinery & equipment	25	-	-	25	16	9	64.0%	41	40
Biological or Cultivated assets	-	-	-	-	-	-	-	-	-
Software & other intangible assets	-	-	-	-	-	-	-	-	-
Land & subsoil assets	-	-	-	-	-	-	-	-	-
Total	11,734	-	(938)	10,796	9,708	1,088	89.9%	9,715	7,758

Northern Cape - Department of Transport, Roads and Works

Appropriation Statement
for the year ended 31 March 2006

Detail per programme 5 - Community Based Programme

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 Programme Support Office									
Current payment	-	-	-	-	-	-	-	-	-
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	-	-	-	-	-	-	-	-	-
5.2 Training Programmes									
Current payment	-	-	-	-	-	-	-	-	-
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	-	-	-	-	-	-	-	-	-
5.3 Empowerment Impact Assessment									
Current payment	1,295	-	402	1,697	1,687	10	99.4%	877	875
Transfers and subsidies	15,000	-	3	15,003	15,003	-	100.0%	30,000	15,000
Payment for capital assets	7,553	-	7,213	14,766	14,767	(1)	100.0%	5,254	5,148
5.4 Poverty Eradication/Community Development									
Current payment	28,731	-	3,000	31,731	31,724	7	100.0%	26,087	26,081
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	6,162	-	-	6,162	6,161	1	100.0%	6,083	6,083
5.5 Emerging Contractor Development									
Current payment	-	-	-	-	-	-	-	-	-
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	-	-	-	-	-	-	-	-	-
Total	58,741	-	10,618	69,359	69,342	17	100.0%	68,301	53,187

Northern Cape - Department of Transport, Roads and Works

Appropriation Statement
for the year ended 31 March 2006

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 payment									
Compensation of employees	1,104	-	402	1,506	1,504	2	99.9%	674	673
Goods and services	28,922	-	3,000	31,922	31,907	15	100.0%	26,290	26,283
Interest and rent on land	-	-	-	-	-	-	-	-	-
Financial transactions in assets and liabilities	-	-	-	-	-	-	-	-	-
Transfers & subsidies									
Provinces & municipalities	15,000	-	3	15,003	15,003	-	100.0%	30,000	15,000
Dept agencies & accounts	-	-	-	-	-	-	-	-	-
Universities & Technikons	-	-	-	-	-	-	-	-	-
Foreign governments & nternational organisations	-	-	-	-	-	-	-	-	-
Public corporations & private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-	-
Payment for capital assets									
Buildings & other fixed structures	13,715	-	7,154	20,869	20,869	-	100.0%	11,244	11,231
Machinery & equipment	-	-	59	59	59	-	100.0%	93	-
Biological or Cultivated assets	-	-	-	-	-	-	-	-	-
Software & other intangible assets	-	-	-	-	-	-	-	-	-
Land & subsoil assets	-	-	-	-	-	-	-	-	-
Total	58,741	-	10,618	69,359	69,342	17	100.0%	68,301	53,187

Northern Cape - Department of Transport, Roads and Works

Appropriation Statement
for the year ended 31 March 2006

Detail per programme 6 - Traffic Management

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
6.1 Programme Support Office									
Current payment	-	-	-	-	-	-	-	1,007	2,139
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	-	-	-	-	-	-	-	-	-
6.2 Safety Engineering									
Current payment	-	-	-	-	-	-	-	-	-
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	-	-	-	-	-	-	-	-	-
6.3 Traffic Law Enforcement									
Current payment	-	-	-	-	-	-	-	22,786	21,147
Transfers and subsidies	-	-	-	-	-	-	-	49	47
Payment for capital assets	-	-	-	-	-	-	-	133	107
6.4 Road Safety Education									
Current payment	-	-	-	-	-	-	-	1,707	1,558
Transfers and subsidies	-	-	-	-	-	-	-	3	2
Payment for capital assets	-	-	-	-	-	-	-	12	6
6.5 Transport Admin and Licensing									
Current payment	-	-	-	-	-	-	-	5,834	6,322
Transfers and subsidies	-	-	-	-	-	-	-	7	6
Payment for capital assets	-	-	-	-	-	-	-	12	6
6.6 Overload Control									
Current payment	-	-	-	-	-	-	-	-	-
Transfers and subsidies	-	-	-	-	-	-	-	-	-
Payment for capital assets	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	31,550	31,340

Northern Cape - Department of Transport, Roads and Works

Appropriation Statement
for the year ended 31 March 2006

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	-	-	-	-	-	-	-	18,217	18,071
Goods and services	-	-	-	-	-	-	-	13,117	13,095
Interest and rent on land	-	-	-	-	-	-	-	-	-
Financial transactions in assets and liabilities	-	-	-	-	-	-	-	-	-
Transfers & subsidies									
Provinces & municipalities	-	-	-	-	-	-	-	57	54
Dept agencies & accounts	-	-	-	-	-	-	-	-	-
Universities & Technikons	-	-	-	-	-	-	-	-	-
Foreign governments & international organisations	-	-	-	-	-	-	-	-	-
Public corporations & private enterprises	-	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	2	1
Payment for capital assets									
Buildings & other fixed structures	-	-	-	-	-	-	-		
Machinery & equipment	-	-	-	-	-	-	-	157	119
Biological or Cultivated assets	-	-	-	-	-	-	-	-	-
Software & other intangible assets	-	-	-	-	-	-	-	-	-
Land & subsoil assets	-	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	31,550	31,340

Northern Cape - Department of Transport, Roads and Works
Notes to the Appropriation Statement
for the year ended 31 March 2006

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

Detail of these transactions can be viewed in note 9 (Transfers and subsidies) and Annexure 1 (A-D to the annual financial statements).

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

Detail of these transactions can be viewed in note 1 (Annual Appropriation) to the annual financial statements.

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

3.1 Per programme:

	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Approp.
	R'000	R'000	R'000	%
Administration	31,389	31,332	57	100%
Public Works	47,305	47,276	29	100%
Road Infrastructure	179,070	176,570	2,500	99%
Public Transport	10,796	9,708	1,088	90%
The saving is due to some of the projects that started late due to incorrect prices submitted by the consultants for the Alternative route investigations.				
Community Based Programme	69,359	69,342	17	100%

3.2 Per economic classification:

R'000

Current payments

Compensation of employees

47,155

Goods and services

106,384

Transfers and subsidies

Provinces and municipalities

64,364

Public corporations and private enterprises

5,036

Households

259

Payments for capital assets

Buildings and other fixed structures

110,235

Machinery and equipment

781

Software and other intangible assets

14

Northern Cape - Department of Transport, Roads and Works

Statement of Financial Performance
for the year ended 31 March 2006

	<i>Note</i>	2005/06 R'000	2004/05 R'000
REVENUE			
Annual appropriation	1.	337,919	373,262
Statutory appropriation	2.	801	713
Appropriation for unauthorised expenditure approved		-	1,811
Departmental revenue	3.	-	5,410
Local and foreign aid assistance	4.	11,300	14,062
TOTAL REVENUE		350,020	395,258
EXPENDITURE			
Current expenditure			
Compensation of employees	5.	47,955	59,968
Goods and services	6.	106,384	110,102
Local and foreign aid assistance	4.	17,841	16,324
Unauthorised expenditure approved	9.	-	1,811
Total current payments		172,180	188,205
Transfers and subsidies	7.	69,659	71,321
Expenditure for capital assets			
Buildings and other fixed structures	8.	110,235	99,661
Machinery and Equipment	8.	781	1,758
Software and other intangible assets	8.	14	61
Total expenditure for capital assets		111,030	101,480
TOTAL EXPENDITURE		352,869	361,006
SURPLUS/(DEFICIT) FOR THE YEAR		(2,849)	34,252
Reconciliation of Net Surplus/(Deficit) for the year			
Voted Funds	14.	3,692	31,104
Departmental revenue	15.	-	5,410
Local and foreign aid assistance	4.	(6,541)	(2,262)
SURPLUS/(DEFICIT) FOR THE YEAR		(2,849)	34,252

Northern Cape - Department of Transport, Roads and Works

Statement of Financial Position
as at 31 March 2006

	<i>Note</i>	2005/06 R'000	2004/05 R'000
ASSETS			
Current assets		47,742	39,182
Unauthorised expenditure	9.	2,038	2,038
Cash and cash equivalents	10.	17	17,887
Other financial assets	11.	24,636	-
Prepayments and advances	12.	53	214
Receivables	13.	12,195	14,756
Local and foreign aid assistance receivable	4.	8,803	4,287
TOTAL ASSETS		47,742	39,182
LIABILITIES			
Current liabilities		47,742	39,182
Voted funds to be surrendered to the Revenue Fund	14.	3,692	31,104
Departmental revenue to be surrendered to the Revenue Fund	15.	708	3,247
Bank overdraft	16.	41,634	-
Payables	17.	1,708	2,806
Local and foreign aid assistance unutilised	4.	-	2,025
TOTAL LIABILITIES		47,742	39,182
NET ASSETS		-	-

Northern Cape - Department of Transport, Roads and Works

Cash Flow Statement
for the year ended 31 March 2006

	<i>Note</i>	2005/06 R'000	2004/05 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		328,210	453,487
Annual appropriated funds received	1.1.	313,283	373,262
Statutory appropriated funds received		801	713
Appropriation for unauthorised expenditure received	9.	-	1,811
Departmental revenue received		2,826	63,639
Local and foreign aid assistance received	4.	11,300	14,062
Net (increase)/ decrease in working capital		1,624	(3,863)
Surrendered to Revenue Fund		(36,469)	(88,989)
Current expenditure		(172,180)	(188,205)
Transfers and subsidies paid		(69,659)	(71,321)
Net cash flow available from operating activities	18.	51,526	101,109
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets		(111,030)	(101,480)
Net cash flows from investing activities		(111,030)	(101,480)
Net increase/ (decrease) in cash and cash equivalents		(59,504)	(371)
Cash and cash equivalents at beginning of period		17,887	18,258
Cash and cash equivalents at end of period	19.	(41,617)	17,887

Northern Cape - Department of Transport, Roads and Works
Notes to the Annual Financial Statement
for the year ended 31 March 2006

1. Annual Appropriation

1.1 Annual Appropriation

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

	Final Appropriation R'000	Actual Funds Received R'000	Funds not requested/ not received R'000	Appropriation Received 2004/05 R'000
Programmes				
Administration	31,389	31,389	-	28,311
Public Works	47,305	47,305	-	36,598
Road Infrastructure	179,070	154,434	24,636	198,787
Public Transport	10,796	10,796	-	9,715
Community Based Programme	69,359	69,359	-	68,301
Traffic Management	-	-	-	31,550
Total	337,919	313,283	24,636	373,262

Funds were withheld by National Treasury. An application for roll-over was requested to the amount of R2,116 million

	Note	2005/06 R'000	2004/05 R'000
1.2 Conditional grants			
Total grants received	ANNEXURE 1A	115,384	106,994
2. Statutory Appropriation			
Member of executive committee/parliamentary officers		801	713

3. Departmental revenue to be surrendered to Revenue Fund

Tax revenue		-	55,699
Sales of goods and services other than capital assets	3.1.	2,487	5,142
Fines, penalties and forfeits		-	2,602
Financial transactions in assets and liabilities	3.2.	339	196
Total revenue collected		2,826	63,639
Less: Departmental revenue budgeted *	15.	2,826	58,229
Total		-	5,410

3.1 Sales of goods and services other than capital assets

Sales of goods and services produced by the department	2,487	5,142
Other sales	2,487	5,142
Total	2,487	5,142

Northern Cape - Department of Transport, Roads and Works
Notes to the Annual Financial Statements
for the year ended 31 March 2006

		2005/06 R'000	2004/05 R'000
3.2 Financial transactions in assets and liabilities	<i>Note</i>		
Nature of loss recovered			
Receivables		-	137
Other receipts including recoverable revenue		339	59
Total		339	196
4. Local and foreign aid assistance			
Assistance received in cash: Other			
Local			
Opening Balance		(2,262)	(1,739)
Revenue		11,300	15,801
Expenditure		17,841	16,324
Current		17,841	16,324
Closing Balance		(8,803)	(2,262)
Total			
Opening Balance		(2,262)	(1,739)
Revenue		11,300	15,801
Expenditure		17,841	16,324
Current		17,841	16,324
Closing Balance		(8,803)	(2,262)
Analysis of balance			
Local and foreign aid receivable		8,803	4,287
Local and foreign aid unutilised		-	2,025
Closing balance		8,803	2,262
5. Compensation of employees			
5.1 Salaries and wages			
Basic salary		33,876	43,203
Performance award		473	80
Service Based		227	119
Compensative/circumstantial		349	758
Periodic payments		854	887
Other non-pensionable allowances		5,818	6,441
Total		41,597	51,488
5.2 Social contributions			
5.2.1 Employer contributions			
Pension		4,341	6,088
Medical		1,999	2,376
Bargaining council		11	16
Official unions and associations		7	-
Total		6,358	8,480
Total compensation of employees		47,955	59,968
Average number of employees		416	553

Northern Cape - Department of Transport, Roads and Works
Notes to the Annual Financial Statements
for the year ended 31 March 2006

6. Goods and services	<i>Note</i>	2005/06 R'000	2004/05 R'000
Advertising		1,552	1,480
Attendance fees (including registration fees)		-	14
Bank charges and card fees		47	169
Bursaries (employees)		106	151
Communication		3,015	3,930
Computer services		3,330	4,108
Consultants, contractors and special services		9,244	9,071
Courier and delivery services		33	86
Drivers licences and permits		-	32
Entertainment		549	476
External audit fees	<i>6.1</i>	983	778
Equipment less than R5 000		606	788
Freight service		-	1
Inventory	<i>6.2</i>	1,596	2,218
Learnerships		-	9
Legal fees		1,262	311
Maintenance, repair and running costs		50,138	46,174
Medical services		3	3
Operating leases		14,859	22,623
Mint of decorations/medals		-	1
Photographic services		5	3
Plant flowers and other decorations		52	21
Printing and publications		12	45
Professional bodies and membership fees		63	6
Resettlement costs		281	178
Road laboratories		-	283
Road worthy tests		-	21
Subscriptions		26	67
Owned and leasehold property expenditure		10,708	8,808
Translations and transcriptions		60	30
Transport provided as part of the departmental activities		1,821	19
Travel and subsistence	<i>6.3</i>	4,730	6,147
Venues and facilities		166	58
Protective, special clothing & uniforms		17	129
Training & staff development		1,120	1,864
Total		106,384	110,102
6.1 External audit fees			
Regulatory audits		983	725
Performance audits		-	1
Other audits		-	52
Total external audit fees		983	778

Northern Cape - Department of Transport, Roads and Works
Notes to the Annual Financial Statements
for the year ended 31 March 2006

		2005/06 R'000	2004/05 R'000
6.2	Inventory		
	Domestic Consumables	20	166
	Learning and teaching support material	5	11
	Food and Food supplies	8	-
	Fuel, oil and gas	98	85
	Other consumables	-	12
	Parts and other maint material	147	643
	Stationery and Printing	1,318	1,288
	Road construction and supplies	-	10
	Medical Supplies	-	1
	Weapons and armaments	-	2
	Total Inventory	1,596	2,218
6.3	Travel and subsistence		
	Local	4,698	6,141
	Foreign	32	6
	Total travel and subsistence	4,730	6,147
7.	Transfers and subsidies		
	Provinces and municipalities	<i>Annexure 1B</i> 64,364	68,956
	Public corporations and private enterprises	<i>Annexure 1C</i> 5,036	2,030
	Households	<i>Annexure 1D</i> 259	335
	Total	69,659	71,321
8.	Expenditure on capital assets		
	Buildings and other fixed structures	<i>Annexure 3</i> 110,235	99,661
	Machinery and equipment	<i>Annexure E 3</i> 781	1,758
	Software and other intangible assets	<i>Annexure E 4</i> 14	61
	Total	111,030	101,480
9.	Unauthorised expenditure		
9.1	Reconciliation of unauthorised expenditure		
	Opening balance	2,038	3,849
	Unauthorised expenditure – current year	-	-
	Amounts approved by Parliament/Legislature (with funding)	-	(1,811)
	Current Expenditure	-	(1,811)
	Transfer to receivables for recovery (not approved)		
	Unauthorised expenditure awaiting authorisation	2,038	2,038
9.2	Analysis of current unauthorised expenditure		
	Incident	Disciplinary steps taken/criminal proceedings	Total
	Spending on leases disallowed		2,038
	Total		2,038

Northern Cape - Department of Transport, Roads and Works
Notes to the Annual Financial Statements
for the year ended 31 March 2006

					2005/06 R'000	2004/05 R'000
10. Cash and cash equivalents				<i>Note</i>		
					-	17,887
Consolidated Paymaster General Account					2	-
Cash receipts					15	-
Disbursements					<u>17</u>	<u>17,887</u>
Total						
11. Other financial assets						
Current						
Domestic						
Voted Funds not received					24,636	-
Total					<u>24,636</u>	<u>-</u>
Total Current Other financial assets					<u>24,636</u>	<u>-</u>
Treasury withheld funds for infrastructure						
12. Prepayments and advances						
Description						
Staff advances					-	-
Travel and subsistence					53	214
Total					<u>53</u>	<u>214</u>
13. Receivables						
		Less than one year	One to three years	Older than three years	Total	Total
		R'000	R'000	R'000	R'000	R'000
Staff debtors	13.1	254	145	-	399	243
Other debtors	13.2	276	1,995	-	499	1,799
Claims recoverable	Annex 5	9,525	-	-	11,297	12,714
Total		<u>10,055</u>	<u>2,140</u>	<u>-</u>	<u>12,195</u>	<u>14,756</u>
13.1 Staff debtors						
(Group major categories, but list material items)						
Debt Account					257	163
Salary Deductions Disallowance					-	14
Salary Disallowance Account					89	55
Salary: Tax Debt					-	5
Pension Recoverable Debt					2	6
Salary: Income Tax					51	-
Total					<u>399</u>	<u>243</u>
13.2 Other Debtors						
Claims Recoverable National					428	159
Claims Recoverable Northern Cape					1,334	837
Disallowance Dishonoured Cheques					-	143
Disallowance Damages and Losses					421	414
Disallowance Miscellaneous					78	246
Total					<u>2,271</u>	<u>1,799</u>

Northern Cape - Department of Transport, Roads and Works
Notes to the Annual Financial Statements
for the year ended 31 March 2006

14. Voted funds to be surrendered to the Revenue Fund	Note	2005/06 R'000	2004/05 R'000
Opening balance		31,104	25,542
Transfer from Statement of Financial Performance		3,692	31,104
Voted funds not requested/not received	14.1	-	-
Paid during the year		(31,104)	(25,542)
Closing balance		<u>3,692</u>	<u>31,104</u>

14.1 Voted funds not requested/not received

Funds to be rolled over	2,116	28,176
Funds not received	24,636	-
	<u>26,752</u>	<u>28,176</u>

Funds were withheld by National Treasury. An application for roll-over was requested to the amount of R2,116 million

15. Departmental revenue to be surrendered to the Revenue Fund

Opening balance		3,247	3,055
Transfer from Statement of Financial Performance		-	5,410
Departmental revenue budgeted	3.	2,826	58,229
Paid during the year		(5,365)	(63,447)
Closing balance		<u>708</u>	<u>3,247</u>

16. Bank overdraft

Consolidated Paymaster General Account	41,617	-
Total	<u>41,617</u>	<u>-</u>

17. Payables – current

Description	Note	30 Days R'000	30+ Days R'000	2005/06 Total R'000	2004/05 Total R'000
Amounts owing to other entities	Annexure 6	-	-	-	121
Other payables	17.1	-	1,708	1,708	2,685
Total		<u>-</u>	<u>1,708</u>	<u>1,708</u>	<u>2,806</u>

Northern Cape - Department of Transport, Roads and Works
Notes to the Annual Financial Statements
for the year ended 31 March 2006

17.1 Other payables	Note	2005/06 R'000	2004/05 R'000
Description			
(Identify major categories, but list material amounts)			
Claims Recoverable Northern Cape		635	547
Claims Recoverable National Depts		91	798
Claims Recoverable: DOTY Entries		-	-
Disallowance Miscellaneous		412	73
Salary Disallowance Account		88	85
Salary Deduction Disallowance		-	7
Salary Pension Fund		-	23
Tax Debt		-	6
Salary Income Tax		2	950
Disallowance Damages and Losses		4	-
Persal EBT Control Account		2	-
Cancel Cheques		2	-
Tender Deposits		435	184
Rental Deposits		37	12
Total		1,708	2,685

18. Net cash flow available from operating activities

Net surplus/(deficit) as per Statement of Financial Performance	(2,849)	34,252
Non-cash movements		
(Increase)/decrease in receivables – current	2,561	(8,477)
(Increase)/decrease in prepayments and advances	161	(214)
(Increase)/decrease in other current assets	-	3,550
Increase/(decrease) in payables – current	(1,098)	1,278
Surrenders to revenue fund	(36,469)	(88,989)
Expenditure on capital assets	111,030	101,480
Voted funds not requested/not received	(24,636)	-
Other non cash items	2,826	58,229
Net cash flow generated by operating activities	51,526	101,109

19. Reconciliation of cash and cash equivalents for cash flow purposes

Consolidated Paymaster General Account	41,617	17,887
Cash receipts	-	-
Disbursements	-	-
Total	41,617	17,887

Northern Cape - Department of Transport, Roads and Works

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

for the year ended 31 March 2000					2005/06	2004/05
20.	Contingent liabilities		Note		R'000	R'000
	Liable to	Nature				
	Housing loan guarantees	Employees	Annexure 2		538	955
	Claims against the department		Annexure 2		27,494	12,424
	Other departments (interdepartmental unconfirmed balances)		Annexure 6		462	121
	Total				<u>28,494</u>	<u>13,500</u>
21.	Commitments					
	Current expenditure					
	Approved and contracted				45,226	64,869
	Approved but not yet contracted				49,373	45,556
					<u>94,599</u>	<u>110,425</u>
	Capital expenditure					
	Approved and contracted				23,984	35,400
					<u>23,984</u>	<u>35,400</u>
	Total Commitments				<u>118,583</u>	<u>145,825</u>
22.	Accruals					
		30 Days	30+ Days	Total		Total
	By economic classification	R'000	R'000	R'000		R'000
	Compensation of employees	28	14	42		3
	Goods and services	872	6,691	7,563		2,938
	Transfers and subsidies	-	-	-		2,671
	Buildings and other fixed structures	2,270	1,298	3,568		5,084
	Machinery and Equipment	11	67	78		75
	Total	<u>3,181</u>	<u>8,070</u>	<u>11,251</u>		<u>10,771</u>
	Listed by programme level					
	Administration			728		829
	Public Works			393		704
	Road Infrastructure			7,452		8,250
	Public Transport			221		980
	Community Based Programme			2,457		-
	Traffic Management			-		8
	Total			<u>11,251</u>		<u>10,771</u>
	Confirmed balances with other departments		Annexure 7	530		-
	Total			<u>530</u>		-

Northern Cape - Department of Transport, Roads and Works

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

23. Employee benefit provisions	Note	2005/06 R'000	2004/05 R'000
Leave entitlement		1,190	1,462
Thirteenth cheque		1,534	1,875
Performance awards		-	19
Capped leave commitments		5,386	6,912
Total		8,110	10,268

24. Lease Commitments

	Land	Buildings & other fixed structures	Machinery and equipment	Total	Total
24.1 Operating leases	R'000	R'000	R'000	R'000	R'000
Not later than 1 year	-	-	-	-	85
Later than 1 year and not later than 5 years	-	-	294	294	115
Total present value of lease liabilities	-	-	294	294	200

25. Receivables for departmental revenue

Tax revenue	-	1,102
Sales of goods and services other than capital assets	264	-
Total	264	1,102

26. Related Party Transactions

Name of entity	Nature of the balances	Value R'000	Can it be Confirmed?
Roads Capital Account	Rental of Road equipment	7,896	Yes
Roads Capital Account	Bank Balance	26,888	Yes
		34,784	

27. Key management personnel

Description	No of Individuals	Total R'000	Total R'000
Political Office Bearers (provide detail below)	1	822	747
<i>Officials</i>			
Deputy Director-General	1	771	716
Chief Financial Officer	1	458	411
Management	8	3,947	1,748
Total		5,998	3,622

Northern Cape - Department of Transport, Roads and Works

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

	<i>Note</i>	2005/06 R'000	2004/05 R'000
28. Irregular expenditure			
28.1 Reconciliation of irregular expenditure			
Opening balance		-	-
Irregular expenditure – current year		2,789	-
Irregular expenditure awaiting condonement		<u>2,789</u>	<u>-</u>
Analysis			
Current		2,789	-
Prior years		-	-
Total		<u>2,789</u>	<u>-</u>
28.2 Irregular expenditure Incident	Disciplinary steps taken/criminal proceedings		
Installation of IT networks and cabling		2,789	-
Total		<u>2,789</u>	<u>-</u>

29. Public Private Partnership

Pemberley Fleet Street- Provides fleet services to the Northern Cape Provincial Government. The Government Garage was outsourced at the end of October 2001 and Pemberley Fleet Services was contracted to provide such a service.

The Province must submit a budget at the beginning of each year. Disputes may arise out of service level agreements.

1. Provide motor vehicles to the Northern Cape Provincial Government departments for use and remain the owners of the assets after the contract expires.
2. Service level agreement and contract determine when the contract must be renewed or can be terminated after 5 years. The province need to inform Pemberley of their intentions after 4 years whether they will continue with the contract or not.
3. No changes in the agreement took place.

30. Provisions

Potential irrecoverable debts	R'000	R'000
Claims recoverable	GG - Claims	140
		-

Northern Cape - Department of Transport, Roads and Works

Annexures to the Annual Financial Statement
for the year ended 31 March 2006

STATEMENT OF CONDITIONAL GRANTS RECEIVED

NAME OF DEPARTMENT	GRANT ALLOCATION				SPENT			2004/05	
	Division of Revenue Act/ Provincial Grants	Roll Overs	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 National Treasury				-					
	105,959	9,425	-	115,384	115,384	113,268	98.2%	106,994	97,569
	105,959	9,425	-	115,384	115,384	113,268	98.2%	106,994	97,569

STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		SPENT			2004/05
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available Funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Division of Revenue Act
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
Frances Baard	6,489	-	2,679	9,168	9,118	99.5	9,118	9,118	100.0	8,279
Karoo	15,198	-	4,543	19,741	19,738	100.0	19,738	19,738	100.0	21,915
Namakwa	11,695	2,751	3,458	17,904	17,802	99.4	17,802	17,802	100.0	13,153
Siyanda	10,262	-	3,456	13,718	13,718	100.0	13,718	13,718	100.0	19,308
Kgalagadi	2,920	-	864	3,784	3,775	99.8	3,775	3,775	100.0	4,096
Kai Garib	14	-	-	14	-	-	-	-	-	1,300
Hantam	-	-	-	-	-	-	-	-	-	700
RSCL	106	-	46	152	149	98.0	149	149	100.0	175
Other	64	-	1	65	64	98.5	64	64	100.0	30
	46,748	2,751	15,047	64,546	64,364	99.7	64,364	64,364	100.0	68,956

Northern Cape - Department of Transport, Roads and Works

Annexures to the Annual Financial Statement
for the year ended 31 March 2006

STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES

	TRANSFER ALLOCATION				EXPENDITURE				2004/05
(NAME OF PUBLIC CORPORATION /PRIVATE ENTERPRISE)	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available Funds Transferred	Capital	Current	Total Available
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	R'000
Public Corporations									
Northern Cape Taxi Council	2,154	-	-	2,154	2,139	99%	-	2,139	2,013
Other (Platfontein Road)	2,891	-	-	2,891	2,891	100%	-	2,891	-
Subtotal	5,045	-	-	5,045	5,030	100%	-	5,030	2,013
Private Enterprises									
Donations & Gifts	8	-	-	8	6	75%	-	6	17
Subtotal	8	-	-	8	6	75%	-	6	17
TOTAL	5,053	-	-	5,053	5,036	100%	-	5,036	2,030

STATEMENT OF TRANSFERS/SUBSIDIES TO HOUSEHOLDS

	TRANSFER ALLOCATION				EXPENDITURE		2004/05
HOUSEHOLDS	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available Transferred %	Final Appropriation Act R'000
Other	390	-	3	393	253	64%	331
Donations	6	-	-	6	6	100%	4
Total	396	-	3	399	259	65%	335

Northern Cape - Department of Transport, Roads and Works

Annexures to the Annual Financial Statement
for the year ended 31 March 2006

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

Guarantor institution	Guarantee in respect of	Original Guaranteed capital amount R'000	Opening Balance 01/04/2005 R'000	Guarantees issued during the year R'000	Guarantees released/paid/cancelled/reduced during the year R'000	Guaranteed interest outstanding as at 31 March 2006 R'000	Closing Balance 31/03/2006 R'000	Realised losses not recoverable R'000
	Housing							
ABSA		-	709	26	286	-	449	-
Firststrand Bank		-	65	-	34	-	31	-
People's Bank		-	20	-	20	-	-	-
Standard Bank		-	70	-	27	-	43	-
Old Mutual		-	17	-	17	-	-	-
Nedbank		-	74	-	17	-	57	-
Total		-	955	26	401	-	580	-

STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2006

Nature of Liability	Opening Balance 01/04/2005 R'000	Liabilities incurred during the year R'000	Liabilities paid/cancelled/reduced during the year R'000	Liabilities recoverable (Provide details hereunder) R'000	Closing Balance 31/03/2006 R'000
Claims against the department					
Pemberley Fleet services	11,210	16,349	-	-	27,559
Licence Fees payable to Municipalities	1,214	-	1,214	-	-
Total	12,424	16,349	1,214	-	27,559

Annexures to the Annual Financial Statement
for the year ended 31 March 2006

ANNEXURE 3

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

	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
BUILDING AND OTHER FIXED STRUCTURES	8,209,396	1 10,235	-	8,400,631
Dwellings	-	-	-	-
Non-residential buildings	39,034	1,803	-	40,837
Other fixed structures	8,251,362	108,432	-	8,359,794
MACHINERY AND EQUIPMENT	1,758	781	-	2,539
Transport assets	705	-	-	705
Computer equipment	997	175	88	1,084
Furniture and Office equipment	10	202	47	165
Other machinery and equipment	206	370	3	573
TOTAL CAPITAL ASSETS	8,292,314	1 10,982	138	8,403,158

ANNEXURE 3.1

ADDITIONS MOVEMENT SCHEDULE FOR THE YEAR ENDED 31 MARCH 2006

	Cash R'000	In-Kind R'000	Total R'000
BUILDING AND OTHER FIXED STRUCTURES	1 10,235	-	1 10,235
Non-residential buildings	1,803	-	1,803
Other fixed structures	108,432	-	108,432
MACHINERY AND EQUIPMENT	781	-	781
Computer equipment	176	-	176
Furniture and Office equipment	155	-	155
Other machinery and equipment	450	-	450
TOTAL CAPITAL ASSETS	1 11,016	-	1 11,016

Annexures to the Annual Financial Statement
for the year ended 31 March 2006

ANNEXURE 3.3

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

	Additions R'000	Disposals R'000	Total Movement R'000
BUILDING AND OTHER FIXED STRUCTURES	99,661	-	99,661
Non-residential buildings	3,799	-	3,799
Other fixed structures	95,862	-	95,862
MACHINERY AND EQUIPMENT	1,758	-	1,758
Transport assets	467	-	467
Computer equipment	1,003	-	1,003
Furniture and Office equipment	138	-	138
Other machinery and equipment	150	-	150
TOTAL CAPITAL ASSETS	101,419	-	101,419

Annexures to the Annual Financial Statement
for the year ended 31 March 2006

ANNEXURE 4

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

	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
Computer Software	61	14	-	75
TOTAL	61	14	-	75

ANNEXURE 4.1

ADDITIONS MOVEMENT SCHEDULE FOR THE YEAR ENDED 31 MARCH 2006

	Cash R'000	In-Kind R'000	Total R'000
Computer Software	14	-	14
TOTAL	14	-	14

ANNEXURE 4.3

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

	Additions R'000	Disposals R'000	Total Movement R'000
BUILDING AND OTHER FIXED STRUCTURES			
Computer Software	61	-	61
TOTAL	61	-	61

Northern Cape - Department of Transport, Roads and Works

Annexures to the Annual Financial Statement
for the year ended 31 March 2006

ANNEXURE 5

INTER-GOVERNMENTAL RECEIVABLES

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2006	31/03/2005	31/03/2006	31/03/2005	31/03/2006	31/03/2005
	R'000	R'000	R'000	R'000	R'000	R'000
Department						
Agriculture	-	-	425	-	425	-
Finance & Economic Affairs	-	-	70	239	70	239
Education	-	-	3,535	4,363	3,535	4,363
Health	3,274	-	-	5,070	3,274	5,070
Housing and Local Government	-	447	307	-	307	447
Justice	-	-	84	344	84	344
Office of the Premier	417	-	316	980	733	980
Safety & Liaison	-	-	427	29	427	29
Agriculture (KZN)	-	-	77	-	77	-
Tourism, Environment & Conservation	-	-	130	-	130	-
Provincial Legislature	-	-	95	-	95	-
Social Services	-	-	-	876	-	876
Sport, Arts and Culture	-	-	368	366	368	366
TOTAL	3,691	447	5,834	12,267	9,525	12,714

ANNEXURE 6

INTER-GOVERNMENTAL PAYABLES

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL	
	31/03/2006	31/03/2005	31/03/2006	31/03/2005	31/03/2006	31/03/2005
	R'000	R'000	R'000	R'000	R'000	R'000
DEPARTMENTS						
Current						
Agriculture	-	-	-	121	-	121
Department of Health	-	-	10	-	10	-
Department of Finance	-	-	230	-	230	-
Department of Safety and Liaison	-	-	132	-	132	-
Office of the Premier	-	-	4	-	4	-
Home Affairs	-	-	9	-	9	-
Water Affairs	-	-	74	-	74	-
TOTAL	-	-	462	121	462	121

DEPARTMENT OF TRANSPORT, ROADS AND PUBLIC WORKS
ROADS CAPITAL ACCOUNT
ACCOUNTING OFFICER'S REPORT
for the year ended 31 March 2006

1. General review of the state of financial affairs

The trading account in a self-funded business entity within the Department of Public Transport, Roads and Works. Operational cost is recovered in the charge out rate. The rate also has a component built in to ensure that the fund build up enough reserves to enable it to replace its fleet of road building equipment as and when required.

The current situation is that the department have to replace the total fleet. We established a task team to draw up a proper register and to identify the need for District Municipalities to carry out their function as well as that of the department.

2. Services rendered by the fund

The Major Road Plant Fund procures and hires out road building equipment to the Department of Transport. Equipment is charged out on an hourly or daily basis depending on the type of equipment or type of construction project. Charge-out rates are revised annually.

3. Corporate governance arrangements

The Department inclusive of the Trading Account has a fraud prevention policy in place. We also have an internal inspection unit that assists management to ensure that all units comply with the guidelines, policies and procedures within the Department and Trading Account.

4. Scopa resolutions

Reference to previous audit report and SCOPA resolutions	Subject	Findings on progress
3.2	The Department should arrange a meeting with Treasury, discuss and finalise the matter pertaining to the location of the bank account of the Roads Capital Fund. This is a matter that has caused the Department to obtain a disclaimer audit opinion for a number of years.	Department did arrange a meeting with Treasury and received the information on the increase in capital. The bank account will only be sorted out during 2006/07 financial year
3.1	The impact of changes in accounting basis on the financial figures disclosed on the accrual system basis of accounting from the cash basis of accounting should be quantified and disclosed.	The department is doing the calculation outside the system.
3.2	The validity of capital and reserves disclosed should be investigated.	The information was received from provincial Treasury
3.3	The physical existence of assets on the asset register should be confirmed, furthermore should procedures be implemented to ensure that additions are recorded on the asset register.	The asset register for 2005/06 was completed.

DEPARTMENT OF TRANSPORT, ROADS AND PUBLIC WORKS
ROADS CAPITAL ACCOUNT
ACCOUNTING OFFICER'S REPORT
for the year ended 31 March 2006

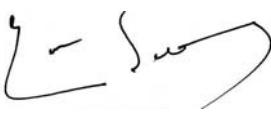
3.4	The validity of rental income should be investigated and weaknesses in the billing system corrected.	The department did investigate the costing system in recording the income. The problem is that the recoding is on a cash basis instead of an accrual basis
3.4	The validity of disposal of movable and immovable assets should be investigated and reported the Committee.	The matter was investigated by a Technical team. A report was compiled and submitted to management. A submission was prepared for the Economic Cluster.
5.1	Formal agreements should be entered between the Roads Capital Account and the entities with which it contracts.	The department did sign service level agreements with the District municipalities
5.2	An original set of financial statements should be submitted in compliance with the date of submission of the PFMA sec 40(1)(c)	The department will make sure that the statements is submitted on the 31 May 2006

5. Progress with financial management improvements

The Fund has implemented a fixed asset register as prescribed in the guidelines of the Accountant General and GAAP. The PFMA implementation is progressing according to schedule with the inception of the accounting system. The Fund is required to account for its transactions on the accrual basis as prescribed by GAAP. However, the prescribed financial system does not cater for this requirement and as such the Fund did not comply with this specific criteria.

APPROVAL

The attached Annual Financial Statements set out on pages 101 to 107 have been approved by the Accounting Officer.



MR. M.E. SELEMELA
ACCOUNTING OFFICER

DATE : 31 MAY 2006



AUDITOR - GENERAL

REPORT OF THE AUDITOR-GENERAL TO THE NORTHERN CAPE PROVINCIAL LEGISLATURE ON THE FINANCIAL STATEMENTS OF THE ROADS CAPITAL ACCOUNT FOR THE YEAR ENDED 31 MARCH 2006

1. AUDIT ASSIGNMENT

The financial statements as set out on pages 101 to 107 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). These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the accounting officer.

2. NATURE AND SCOPE

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

An audit includes:

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

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

3. QUALIFICATION

No documented and approved policies and procedure frameworks existed for the management of the Roads Capital Account. Consequently, the following were noted:

3.1 Assets

An asset count was performed during the year but the asset register was not updated. Various assets in the asset register could not be traced to the physical assets and various physical assets could not be linked to an entry in the asset register. The asset register did not correspond with the assets captured in the costing system that was used to calculate the plant rental income. Consequently, I was unable to satisfy myself as to the validity, accuracy and completeness of assets.

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 fairly present, in all material respects, the financial position of the Roads Capital Account at 31 March 2006 and the results of its operations and cash flows for the year then ended, in accordance with South African Statements of Generally Accepted 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 which resulted because of the lack of documented and approved policies and procedure frameworks for the management of the Roads Capital Account:

5.1 Weaknesses in internal control

5.1.1 Expenditure

Payments totalling R608 340 for the 2005-06 year were made to a company for vehicle tracking functions. The validity of the expenditure could not be verified as the following information could not be obtained for audit purposes:

- Proof of installation of the tracking devices
- Evidence of the vehicle tracking function being performed

5.1.2 Service level agreements

No service level agreements were in place between the Roads Capital Account and the entities with which it transacted, namely:

- five district municipalities in the Northern Cape
- two district road engineer components within the Department of Transport, Roads and Public Works

5.1.3 Governance

The Roads Capital Account was managed as part of the Department of Transport, Roads and Public Works and not as a separate trading entity.

- The accounting records of the department were used for transaction capturing and reporting. However, the department accounted on the cash basis of accounting, whereas the Roads Capital Account accounted on the accrual basis of accounting. This resulted in numerous journal entries passed to compile the financial statements of the Roads Capital Account.
- The bank account of the department was used for the transactions of the Roads Capital Account. A separate bank account has not been opened.
- No salary expenditure was recognised in the Roads Capital Account. All salaries were paid by the department as officials did not work full-time on the Roads Capital Account functions.
- No budget was compiled for the Roads Capital Account.

5.2 Non-compliance with laws and regulations

5.2.1 Monthly reporting

No evidence could be obtained that monthly information as required by section 40(4)(b) and (c) of the Public Finance Management Act, 1999 (Act No. 1 of 1999) in respect of the trading entity was included in the monthly report of the department.

5.2.2 Capital requirements

No evidence could be obtained that the capital requirements of the trading entity was determined in consultation with the relevant treasury, as required by Treasury Regulation 19.5.1.

5.2.3 Recovery of cost of yellow fleet

No evidence could be obtained to indicate that calculations were made to determine the applicable charges for goods and services in order to recover the full cost of providing the goods and services as required by Treasury Regulation 19.5.2.

No valuation of the yellow fleet has been performed since October 2003 to establish the current value as well as the replacement value of the yellow fleet.

The following amounts were reflected in the October 2003 valuation:

Description	Amount
Valuation of assets	R 82 303 800
Replacement value of assets	<u>R751 049 700</u>
Shortfall	<u>R668 745 900</u>

The capital balance of the Roads Capital Account at 31 March 2006 amounted to only R26,663 million.

5.2.4 Rental tariffs

No evidence could be obtained that the tariffs have been reviewed by the head of the trading entity or approved by the relevant treasury as required by Treasury Regulation 19.5.3.

The schedule of plant rental tariffs that was submitted for audit purposes indicated an effective date of 1 April 2004. The plant rental tariffs were applied for transactions with the Department of Transport, Roads and Public Works. Lower rental tariffs were charged to district municipalities as district municipalities were supposed to carry repair costs on the yellow fleet, while the Department of Transport did not carry any repair costs. Four of the five district municipalities were charged 10% while the other one was charged 15% of the plant rental tariff. No explanation could be obtained for the difference in percentage charged to the one district municipality.

5.2.5 Retention of surplus funds

No evidence could be obtained that the treasury ruled on the retention or surrendering of the surplus for the current or previous years as required by Treasury Regulation 19.7.1. The portion of the capital balance relating to retained earnings could therefore possibly be regarded as irregular.

5.3 Financial management

(a) Internal audit

The internal audit function was performed by a centralised internal audit department, which resided under the Office of the Premier.

An overview was performed on the functionality of the internal audit department. Various shortcomings rendered the functionality of the internal audit department inefficient and ineffective during the year under review:

- The internal audit charter, as required by Treasury Regulation 3.2.5 and the Institute of Internal Auditors (IIA) 1000-1, was only approved on 15 August 2005.
- The current staffing component, as well as the available funds, seemed to be inadequate to efficiently and effectively service all the provincial departments of the Northern Cape Province. No formal training and development plan was in place to ensure continuous training and development of existing staff.
- No approved annual internal audit plan and three-year strategic plan existed for the internal audit department.
- The audit committee did not evaluate the performance of the internal audit during the year.
- Internal audit did not report functionally directly to the audit committee during the year.
- Internal audit did not submit quarterly reports to the audit committee detailing its performance against the annual internal audit plan.

Some of the above findings were also highlighted in the audit report of the 2004-05 financial year.

As a result of the above no reliance could be placed on the work performed by internal audit for external audit purposes.

6. APPRECIATION

The assistance rendered by the staff of the Roads Capital Account during the audit is sincerely appreciated.

A handwritten signature in black ink, appearing to read 'A L Kimmie', with a stylized flourish at the end.

A L Kimmie *for* Auditor-General

Kimberley

28 July 2006

Northern Cape - Department of Transport, Roads and Works
Roads Capital Account
Income Statement
for the year ended 31 March 2006

	Notes	2005/06 R'000	2004/05 R'000
REVENUE			
Exchange revenue		10,077	18,269
Sales of Goods	2.	-	7,547
Rendering of Services	3.	10,077	10,722
		<hr/>	<hr/>
Total Revenue		10,077	18,269
EXPENDITURE			
Cost of Sales		-	(7,203)
Depreciation and Amortisation	5.1.	(9)	(3)
Other operating expenses	4.	(5,161)	(6,641)
		<hr/>	<hr/>
Total expenditure		(5,170)	(13,847)
Profit/loss for the period		<hr/> <hr/>	<hr/> <hr/>

Balance Sheet
as at 31 March 2006

	Notes	2005/06 R'000	2004/05 R'000
ASSETS			
Non-current assets	5.	89	89
Property, plant and equipment		<hr/>	<hr/>
		89	89
Current assets		<hr/>	<hr/>
Inventory	6.	-	755
Trade and other receivables	7.	641	610
Cash and bank balances	8.	26,888	21,082
		<hr/>	<hr/>
Total assets		<hr/> <hr/>	<hr/> <hr/>
		27,618	22,536
EQUITY			
Capital	9.	26,663	16,621
Retained Earnings	9.	-	5,051
Total Equity		<hr/> <hr/>	<hr/> <hr/>
		26,663	21,672
LIABILITIES			
Current liabilities			
Trade and other payables	10.	955	864
		<hr/>	<hr/>
Total Current Liabilities		955	864
Total Liabilities		955	864
		<hr/>	<hr/>
Total equity and liabilities		<hr/> <hr/>	<hr/> <hr/>
		27,618	22,536

Northern Cape - Department of Transport, Roads and Works
Roads Capital Account
Statement of Changes in Equity
for the year ended 31 March 2006

	Notes	2005/06 R'000	2004/05 R'000
Capital	9.		
Balance at 1 April as originally stated		16,621	16,621
Balance at 31 March		<u>16,621</u>	<u>16,621</u>
Accumulated profit/(loss)	9.		
Balance at 1 April as originally stated		5,051	629
- Change in accounting policy	13.	84	-
As restated		5,135	629
Net profit for the year		4,907	4,422
Balance at 31 March		<u>10,042</u>	<u>5,051</u>
Total Equity			
Balance at 1 April as originally stated		21,672	17,250
- Change in accounting policy		84	-
As restated		21,756	17,250
Net profit for the year		4,907	4,422
Balance at 31 March		<u>26,663</u>	<u>21,672</u>

Cash Flow Statement
for the year ended 31 March 2006

	Notes	2005/06 R'000	2004/05 R'000
Cash flows from operating activities			
Cash receipts from customers		10,885	18,241
Cash Paid to suppliers & employees		(5,070)	(13,367)
Cash generated from/(utilised in) operations	11.	<u>5,815</u>	<u>4,874</u>
Net cash inflows/(outflows) from operating activities		5,731	4,874
Cash flows from investing activities	12.		
Purchase of Property, Plant and Equipment		(9)	(92)
Net cash inflows/(outflows) from investing activities		<u>(9)</u>	<u>(92)</u>
Net increase/(decrease) in cash and cash equivalents		5,806	4,782
Cash and bank balances at the beginning of the year		21,082	16,300
Cash and cash equivalents at end of the year		<u>26,888</u>	<u>21,082</u>

Northern Cape - Department of Transport, Roads and Works
Roads Capital Account
Notes to the Annual Financial Statement
for the year ended 31 March 2006

The following are the principle accounting policies of the entity which are, in all material respects, consistent with those applied in the previous year, except as otherwise indicated:

1.1 Basis of preparation

The financial statements have been prepared on the historical cost basis, except as modified for the revaluation of land and buildings, plant and equipment, investment properties and marketable securities.

1.2 Currency

These financial statements are presented in South African Rands since that is the currency in which the majority of the entity/group's transactions are denominated.

1.3 Revenue recognition

Revenue from the sale of goods is recognised on the accrual basis when significant risks and rewards of ownership of the goods have been transferred to the buyer.

Revenue arising from the rendering of services is based on the physical amount of work performed.

1.4 Expenditure

Expenditure is recognised in the income statement when the liability arises.

1.5 Irregular and fruitless and wasteful expenditure

Irregular expenditure means expenditure incurred in contravention of, or not in accordance with, a requirement of any applicable legislation, including:

- The PFMA, or
- Any provincial legislation providing for procurement procedures in that provincial government.

Fruitless and wasteful expenditure means expenditure that was made in vain and would have been avoided had reasonable care been exercised.

1.6 Trade Receivables

Debtors represent trade debtors. Debts are written off when identified as irrecoverable. No provision for bad debts was made.

1.7 Trade Payables

Creditors represent trade creditors.

1.8 Inventories

Inventories are stated at the lower of cost and net realisable value.

Northern Cape - Department of Transport, Roads and Works
Roads Capital Account
Notes to the Annual Financial Statement
for the year ended 31 March 2006

1.9 Property, plant and equipment

Plant and Equipment are capitalised and depreciated over the expected useful life of the asset on the straight line method. No revaluation of assets was done during the financial year. Road construction and maintenance equipment are depreciated over a 10 to 15 year period, depending on the type of equipment.

1.10 Related party disclosure

Inventory is sold at cost price by the Roads Capital Account to the Department of Transport, Roads and Public Works. Rental in respect of road construction and maintenance equipment is received from the Department of Transport, Roads and Public Works. The Roads Capital Account's bank balance represent a portion of total bank balance kept in the name of the PMG Paymaster General Account by the Department of Transport, Roads and Public Works.

1.11 Extraordinary Items

All items of income and expense arising in the ordinary course of business are taken into account in arriving at income. Where items of income and expense are of such size, nature or incidence that their disclosure is relevant to explain the performance of the entity, they are separately disclosed and appropriate explanations are provided.

1.12 Provisions

Provisions are recognised when the entity has a present obligation as a result of a past event and it is a probable that this will result in an outflow of economic benefits that can be estimated reliably.

1.13 Government Grants

Government grants are recognised when it is probable that future economic benefits will flow to the trading entity and these benefits can be measured reliably. The grant is recognised to the extent that there are no further obligations arising from the receipt of the grant.

1.14 Comparative figures

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

1.15 Changes in accounting estimates and errors

When a new Standard or Interpretation that has been issued but is not yet effective, the entity shall disclose:

- (a) this fact, and
- (b) known or reasonably estimate information relevant to assessing the possible impact that application of the new Standard or Interpretation will have on the entity's financial statements in the period of initial application.

Any fundamental error(s) that resulted from incorrectly applying any relevant accounting policy will be recognised and corrected in the applicable period under consideration.

Northern Cape - Department of Transport, Roads and Works
Roads Capital Account
Notes to the Annual Financial Statement
for the year ended 31 March 2006

	Note	2005/06 R'000	2004/05 R'000
An analysis of the entity's revenue is as follows:			
Exchange Revenue			
2.			
Sales of goods		-	7,547
Provincial Departments		-	7,547
3			
Rendering of services		10,077	10,722
Provincial Departments		7,895	8,835
Local Governments		2,182	1,887
Total Revenue		10,077	18,269
4.			
Other operating expenses		5,161	6,641
Consultants, contractors and special services		284	346
Maintenance, repairs and running costs		4,877	6,295
- Machinery and Equipment		1,769	2,301
- Other maintenance, repairs and running costs		3,108	3,994
5.			
Total Property, plant and equipment			
Plant and equipment			
Opening net carrying amount		89	-
Gross carrying amount		92	-
Accumulated depreciation		(3)	-
Additions		9	92
Depreciation charge		(9)	(3)
Net carrying amount 31 March		89	89
5.1	5.1.		
Depreciation Charge			
Plant and equipment		(9)	(3)
6.			
Inventory			
Consumable stores		-	755
7.			
Trade and other receivables			
Trade receivables		641	610
8.			
Cash and Bank balances			
Cash at bank		26,888	21,082
For the purposes of the cash flow statement:			
Cash and cash equivalents at the beginning of the year		21,082	16,300

Northern Cape - Department of Transport, Roads and Works
Roads Capital Account
Notes to the Annual Financial Statement
for the year ended 31 March 2006

	Note	2005/06 R'000	2004/05 R'000
9. Capital and reserves			
Share Capital			
Balance at 1 April as originally stated		16,621	16,621
Balance at 31 March		16,621	16,621
Retained Earnings			
Balance at 1 April as originally stated		5,051	629
- Change in accounting policy		84	-
As restated		5,135	629
Net profit for the year		4,907	4,422
Balance at 31 March		10,042	5,051
Total Equity			
Balance at 1 April as originally stated		21,672	17,250
- Change in accounting policy		84	-
As restated		21,756	17,250
Net profit for the year		4,907	4,422
Balance at 31 March		26,663	21,672
10. Trade and other payables			
Trade creditors		955	864
11. Reconciliation of profit/(loss) before taxation to cash generated from/(utilised in) operations			
Surplus/(deficit) before taxation		4,907	4,422
Adjusted for:		93	3
Depreciation on property, plant and equipment		9	3
Other non-cash items		84	-
Operating cash flows before working capital changes		5,000	4,425
Working capital changes		815	449
- Decrease/(increase) in inventories		755	(434)
- Decrease/(increase) in receivables		(31)	406
- Increase/(decrease) in payables		91	477
Cash generated from operations		5,815	4,874
12. Cash flows from investing activities			
Purchase of Property, Plant and Equipment		(9)	(92)
13. Correction of Error			
Restatement of opening accumulated profit/(loss)		5,135	-

Northern Cape - Department of Transport, Roads and Works
Roads Capital Account
Notes to the Annual Financial Statement
for the year ended 31 March 2006

		2005/06 R'000	2004/05 R'000
Related party transactions			
During the year the entity and its subsidiaries, in the ordinary course of business, entered into the following transactions with related parties:			
Related party & Nature of relationship	Transaction type		
Department of Transport, Roads & Public Works is the related party of which the Roads Capital Account delivers the rental of road construction and maintenance equipment.	Inventory sold	-	7,547
The Roads Capital Account also supplies inventory at cost price to the Department. The Roads Capital Bank balance represents a portion of the total bank balance in the name of the Paymaster General Account by the Department of Transport, Roads and Public Works.	Rent of equipment	7,896	8,835
	Bank balance	26,888	21,082
		<u>34,784</u>	<u>37,464</u>

The above transactions occurred under terms that were no less favourable than those available in similar arm's length dealings.

PART 5

HUMAN RESOURCE MANAGEMENT

1. EXPENDITURE

HR OVERSIGHT - APRIL 2005 to MARCH 2006 - Northern Cape - Transport, Roads and Works

TABLE 1.1 - Personnel costs by Programme

Programme	Total Expenditure (R'000)	Personnel Expenditure (R'000)	Training Expenditure (R'000)	Professional and Special Services (R'000)	Personnel cost as a percent of Total Expenditure	Average Personnel Cost per Employee (R'000)	Employment
Prog 1: Administration	31,330	18,424	308	446	51.1	151	122
Prog 2: Public works	47,276	8,631	16	1,468	21.8	221	39
Prog 3: Road infrastructure	176,570	17,262	28	4,547	9.2	83	207
Prog 4: Public transport	9,708	1,333	768	3,520	13.2	133	10
Prog 5: Community based programme	69,342	1,504	-	-	1.3	301	5
Statutory exp	800	800	-	-	100	800	1
Total	335,026	47,954	1,120	9,981	17.4	107	384

TABLE 1.2 - Personnel costs by Salary band

Salary Bands	Compensation of Employees (R'000)	Percentage of Total Personnel Cost	Average Compensation Cost per Employee (R)	Total Personnel Cost (R'000)	Number of Employees
Lower skilled (Levels 1-2)	8,385	17,5	61,654	8,385	136
Skilled (Levels 3-5)	7,149	14,9	77,707	7,149	92
Highly skilled production (Levels 6-8)	15,059	31,4	140,738	15,059	107
Highly skilled supervision (Levels 9-12)	10,015	20,9	263,553	10,015	38
Senior management (Levels 13-16)	7,346	15,3	667,818	7,346	11
TOTAL	47,954	100	124,880	47,954	384

TABLE 1.3 - 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 (R'000)
Prog 1: Administration	13,242	72	-	-	219	1	694	3	18,424
Prog 2: Public works	6,266	73	-	-	95	1	417	5	8,631
Prog 3: Road infrastructure	12,918	75	118	1	278	2	726	4	17,262
Prog 4: Public transport	962	72	-	-	29	2	76	6	1,333
Prog 5: Community based programme	1,030	69	-	-	27	2	43	3	1,504
Statutory exp	544	68	-	-	-	-	43	5	800
TOTAL	34,962	73	118	0	648	1	1,999	4	47,954

TABLE 1.4 - 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 (R'000)
Lower skilled (Levels 1-2)	6,374	76	93	1	149	2	395	5	8,385
Skilled (Levels 3-5)	5,151	72	24	0	120	2	336	5	7,149
Highly skilled production (Levels 6-8)	11,507	76	1	-	167	1	722	5	15,059
Highly skilled supervision (Levels 9-12)	7,459	75	-	-	107	1	336	3	10,015
Senior management (Levels 13-16)	4,471	61	-	-	105	1	210	3	7,346
TOTAL	34,962	73	118	0	648	1	1,999	4	47,954

2. EMPLOYMENT AND VACANCIES

TABLE 2.1 - 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	167	122	27	0
Prog 2: Public works	43	39	9	0
Prog 3: Road infrastructure	266	207	22	0
Prog 4: Public transport	12	10	17	0
Prog 5: Community based programme	9	5	44	0
Statutory exp	1	1	0	0
TOTAL	498	384	23	0

TABLE 2.2 - 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	174	136	22	0
Skilled (Levels 3-5), Permanent	127	92	28	0
Highly skilled production (Levels 6-8), Permanent	131	107	18	0
Highly skilled supervision (Levels 9-12), Permanent	55	38	31	0
Senior management (Levels 13-16), Permanent	11	11	0	0
TOTAL	498	384	23	0

TABLE 2.3 - 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	90	52	42	0
All artisans in the building metal machinery etc., Permanent	0	0	0	0
Civil engineering technicians, Permanent	18	9	50	0
Cleaners in offices workshops hospitals etc., Permanent	0	0	0	0
Communication and information related, Permanent	3	1	67	0
Engineering sciences related, Permanent	0	0	0	0
Engineers and related professionals, Permanent	11	7	36	0
Finance and economics related, Permanent	10	9	10	0
Financial clerks and credit controllers, Permanent	36	29	19	0
Food services aids and waiters, Permanent	1	1	0	0
General legal administration & rel. professionals, Permanent	9	8	11	0
Human resources & organisat developm & relate prof, Permanent	10	10	0	0
Human resources clerks, Permanent	4	4	0	0
Human resources related, Permanent	2	1	50	0
Inspectors of apprentices works and vehicles, Permanent	29	27	7	0
Library mail and related clerks, Permanent	7	5	29	0
Light vehicle drivers, Permanent	1	1	0	0
Messengers porters and deliverers, Permanent	4	2	50	0
Other administrat & related clerks and organisers, Permanent	0	0	0	0
Other administrative policy and related officers, Permanent	0	0	0	0
Other information technology personnel., Permanent	5	4	20	0
Other occupations, Permanent	4	4	0	0
Quantity surveyors & rela prof not class elsewhere, Permanent	11	8	27	0
Road superintendents, Permanent	0	0	0	0
Road trade workers., Permanent	1	0	100	0
Road workers, Permanent	218	180	17	0
Secretaries & other keyboard operating clerks, Permanent	10	10	0	0
Senior managers, Permanent	11	11	0	0
Trade labourers, Permanent	3	1	67	0
TOTAL	498	384	23	0

3. EVALUATION

TABLE 3.1 - 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 Down-graded	% of Down-graded Posts Evaluated
Lower skilled (Levels 1-2)	174	0	0	0	0	0	0
Skilled (Levels 3-5)	127	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	131	2	0.4	2	100	0	0
Highly skilled supervision (Levels 9-12)	55	0	0	0	0	0	0
Senior Management Service Band A	8	0	0	0	0	0	0
Senior Management Service Band B	2	0	0	0	0	0	0
Senior Management Service Band C	1	0	0	0	0	0	0
TOTAL	498	2	0.4	3	100	0	0

TABLE 3.2 - 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	1	1	2
Total	0	0	1	1	2
Employees with a Disability	0	0	0	0	0

TABLE 3.3 - Profile of employees whose salary level exceeded the grade determined by job evaluation [i.t.o. PSR 1.V.C.3]

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

4. EMPLOYEE CHANGES

TABLE 4.1 - Annual Turnover Rates by Salary Band

Salary Band	Employment at Beginning of Period	Appointments	Terminations	Turnover Rate
Lower skilled (Levels 1-2), Permanent	149	0	13	8.7
Skilled (Levels 3-5), Permanent	79	14	1	1.3
Highly skilled production (Levels 6-8), Permanent	97	19	9	9.3
Highly skilled supervision (Levels 9-12), Permanent	33	10	5	15.2
Senior Management Service Band A, Permanent	7	1	0	0.0
Senior Management Service Band B, Permanent	2	0	0	0.0
Senior Management Service Band C, Permanent	1	0	0	0.0
TOTAL	368	44	28	7.6

TABLE 4.2 - Annual Turnover Rates by Critical Occupation

Occupation	Employment at Beginning of Period	Appointments	Terminations	Turnover Rate
Administrative related, Permanent	45	7	0	0
All artisans in the building metal machinery etc., Permanent	0	0	0	0
Architects town and traffic planners, Permanent	0	0	0	0
Civil engineering technicians, Permanent	8	1	3	37.5
Cleaners in offices workshops hospitals etc., Permanent	0	0	0	0
Communication and information related, Permanent	2	0	1	50
Engineering sciences related, Permanent	0	0	0	0
Engineers and related professionals, Permanent	8	1	2	25
Finance and economics related, Permanent	8	2	1	12.5
Financial and related professionals, Permanent	3	0	0	0
Financial clerks and credit controllers, Permanent	25	5	1	4
Food services aids and waiters, Permanent	0	1	0	0
General legal administration & rel. professionals, Permanent	4	5	1	25
Human resources & organisat developm & relate prof, Permanent	10	0	0	0
Human resources clerks, Permanent	4	0	0	0
Human resources related, Permanent	1	0	0	0
Inspectors of apprentices works and vehicles, Permanent	29	0	2	6.9
Library mail and related clerks, Permanent	4	1	0	0
Light vehicle drivers, Permanent	0	0	0	0
Messengers porters and deliverers, Permanent	3	0	0	0
Other administrat & related clerks and organisers, Permanent	0	7	3	0
Other administrative policy and related officers, Permanent	0	0	0	0
Other information technology personnel., Permanent	4	1	1	25
Quantity surveyors & rela prof not class elsewhere, Permanent	5	3	0	0
Road trade workers., Permanent	0	0	0	0
Road workers, Permanent	184	9	13	7.1
Secretaries & other keyboard operating clerks, Permanent	10	0	0	0
Senior managers, Permanent	10	1	0	0
Trade labourers, Permanent	1	0	0	0
TOTAL	368	44	28	7.6

TABLE 4.3 - Reasons why staff are leaving the department

Termination Type	Number	Percentage of Total Resignations	Percentage of Total Employment	Total	Total Employment
Death, Permanent	8	29	2	28	384
Resignation, Permanent	7	25	2	28	384
Dismissal-operational changes, Permanent	5	18	1	28	384
Transfer, Permanent	3	11	1	28	384
Discharged due to ill health, Permanent	3	11	1	28	384
Retirement, Permanent	2	7	1	28	384
TOTAL	28	100	7	28	384

Resignations as % of Employment
2

TABLE 4.4 - Promotions by Critical Occupation

Occupation	Employment at Beginning of Period	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	45	0	0	3	7
All artisans in the building metal machinery etc.	0	0	0	4	0
Civil engineering technicians	8	1	12.5	1	13
Cleaners in offices workshops hospitals etc.	0	0	0	3	0
Engineering sciences related	0	0	0	0	0
Engineers and related professionals	8	3	37.5	4	50
Finance and economics related	8	0	0	1	13
Financial and related professionals	3	0	0	0	0
Financial clerks and credit controllers	25	8	32	6	24
Food services aids and waiters,Permanent	0	0	0	0	0
General legal administration & rel. professionals	4	1	25	0	0
Human resources & organisat developm & relate prof	10	0	0	0	0
Human resources clerks	4	0	0	4	100
Human resources related	1	0	0	0	0
Inspectors of apprentices works and vehicles	29	1	3	15	52
Library mail and related clerks	4	2	50	4	100
Light vehicle drivers	0	0	0	0	0
Messengers porters and deliverers	3	0	0	1	33
Other administrat & related clerks and organisers	2	0	0	31	1550
Other administrative policy and related officers	0	0	0	14	0
Other information technology personnel.	4	0	0	2	50
Quantity surveyors & rela prof not class elsewhere	5	2	40	0	0
Road workers.	184	0	0	167	91
Secretaries & other keyboard operating clerks	10	2	20	2	20
Senior managers	10	3	30	0	0
Trade labourers	1	0	0	7	700
TOTAL	368	23	6.3	269	73

TABLE 4.5 - Promotions by Salary Band

Salary Band	Employment at Beginning of Period	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	149	0	0	144	96.6
Skilled (Levels 3-5), Permanent	79	1	1	65	82.3
Highly skilled production (Levels 6-8), Permanent	97	14	14	55	56.7
Highly skilled supervision (Levels 9-12), Permanent	33	5	15	5	15.2
Senior management (Levels 13-16), Permanent	10	3	30	0	0
TOTAL	368	23	6	269	73.1

5. EQUITY

TABLE 5.1 - 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	11	4	0	15	2	6	4	0	10	0	27
Professionals, Permanent	5	1	0	6	2	1	0	0	1	2	11
Clerks, Permanent	23	13	0	36	6	32	31	0	62	15	120
Craft and related trades workers, Permanent	7	19	0	26	5	3	0	0	3	1	35
Plant and machine operators and assemblers, Permanent	0	0	0	0	0	0	0	0	0	0	0
Elementary occupations, Permanent	80	106	0	186	2	3	0	0	3	0	191
Other, Permanent	0	0	0	0	0	0	0	0	0	0	0
TOTAL	126	143	0	269	17	45	35	0	79	18	384

TABLE 5.2 - 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	2	0	0	2	0	0	1	0	1	0	3
Senior Management, Permanent	1	4	0	5	2	2	1	0	3	0	10
Professionally qualified and experienced specialists and mid-management, Permanent	5	1	0	6	2	1	0	0	1	2	11
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	15	19	0	34	5	7	2	0	9	1	49
Semi-skilled and discretionary decision making, Permanent	23	13	0	36	6	32	31	0	62	15	120
Unskilled and defined decision making, Permanent	80	106	0	186	2	3	0	0	3	0	191
TOTAL	126	143	0	269	17	45	35	0	79	18	384

TABLE 5.3 - 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	0	0	0	0	0	1	0	0	1	0	1
Professionally qualified and experienced specialists and mid-management, Permanent	2	1	0	3	0	0	0	0	0	0	3
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	9	4	0	13	0	7	0	0	7	2	22
Semi-skilled and discretionary decision making, Permanent	4	3	1	8	0	6	2	0	8	0	16
Unskilled and defined decision making, Permanent	0	0	0	0	0	2	0	0	2	0	2
TOTAL	15	8	1	24	0	16	2	0	18	2	44

TABLE 5.4 - Promotions

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Senior Management, Permanent	1	0	0	1	0	1	1	0	2	0	3
Professionally qualified and experienced specialists and mid-management, Permanent	2	0	0	0	1	0	0	0	0	1	4
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	0	3	0	0	1	0	0	0	0	0	4
Semi-skilled and discretionary decision making, Permanent	2	1	0	0	1	5	2	0	0	1	12
Unskilled and defined decision making, Permanent	0	0	0	0	0	0	0	0	0	0	0
TOTAL	5	4	0	1	3	6	3	0	2	2	23

TABLE 5.5 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	2	0	0	2	0	1	1	0	2	0	4
Professionals	1	0	0	1	1	0	0	0	0	0	2
Technicians and Associate Professionals	9	9	0	18	2	5	2	0	7	1	28
Clerks	0	2	0	2	1	2	1	0	3	1	7
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	12	11	0	23	4	8	4	0	12	2	41
Employees with disabilities	0	0	0	0	0	0	0	0	0	0	0

6. PERFORMANCE

TABLE 6.1 - 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	17	43	40	39	2,294
African, Male	83	122	68	129	1,554
Asian, Male	0	0	0	0	-
Coloured, Female	28	34	82	76	2,714
Coloured, Male	81	147	55	154	1,901
Total Blacks, Female	45	77	58	114	2,533
Total Blacks, Male	164	269	61	283	1,726
White, Female	14	20	70	44	3,143
White, Male	11	18	61	42	3,818
TOTAL	234	384	61	483	2,064

TABLE 6.2 - 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)	99	136	73	121	1,222
Skilled (Levels 3-5)	61	92	66	94	1,541
Highly skilled production (Levels 6-8)	57	107	53	172	3,018
Highly skilled supervision (Levels 9-12)	17	38	45	96	5,647
TOTAL	234	373	63	483	2,064

TABLE 6.3 - 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	52	52	100	143	2,750
All artisans in the building metal machinery etc.	0	0	0	0	0
Civil engineering technicians	2	9	22	6	3,000
Cleaners in offices workshops hospitals etc.	0	0	0	0	0
Engineering sciences related	0	0	0	0	0
Engineers and related professionals	6	7	86	22	3,667
Finance and economics related	1	9	11	4	4,000
Financial and related professionals	0	0	0	0	0
Financial clerks and credit controllers	6	29	21	15	2,500
Food services aids and waiters	0	1	0	0	0
General legal administration & rel. professionals	0	8	0	0	0
Human resources & organisat developm & relate prof	3	10	30	16	5,333
Human resources clerks	4	4	100	10	2,500
Human resources related	1	1	100	7	7,000
Inspectors of apprentices works and vehicles	15	27	56	51	3,400
Library mail and related clerks	4	5	80	8	2,000
Light vehicle drivers	0	1	0	0	0
Messengers porters and deliverers	1	2	50	1	1,000
Other administrat & related clerks and organisers	0	0	0	0	0
Other administrative policy and related officers	0	0	0	0	0
Other information technology personnel.	2	4	50	6	3,000
Other occupations	0	5	0	0	0
Quantity surveyors & rela prof not class elsewhere	0	8	0	0	0
Road workers	133	180	74	170	1,278
Secretaries & other keyboard operating clerks	2	10	20	6	3,000
Senior managers	1	11	9	17	17,000
Trade labourers	1	1	100	1	1,000
TOTAL	234	384	61	483	2,064

7. LEAVE

TABLE 7.1 - 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)	1,150	91	98	29.7	12	166	330	1,047
Skilled (Levels 3-5)	957	85.1	118	35.8	8	190	330	814
Highly skilled production (Levels 6-8)	672	78.7	88	26.7	8	250	330	529
Highly skilled supervision (Levels 9-12)	98	67.3	19	5.8	5	61	330	66
Senior management (Levels 13-16)	48	95.8	7	2.1	7	77	330	46
TOTAL	2,925	85.6	330	100	9	744	330	2,502

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)	235	100	8	57.1	29	35	235	14
Skilled (Levels 3-5)	311	100	3	21.4	104	60	311	14
Highly skilled production (Levels 6-8)	18	100	2	14.3	9	6	18	14
Senior management (Levels 13-16)	10	100	1	7.1	10	17	10	14
TOTAL	574	100	14	100	41	118	574	14

TABLE 7.3 - Annual Leave for Jan 2005 to Dec 2005

Salary Band	Total Days Taken	Average per Employee	Employment
Lower skilled (Levels 1-2)	4,487	33	136
Skilled (Levels 3-5)	3,462	38	92
Highly skilled production (Levels 6-8)	3,053	29	107
Highly skilled supervision (Levels 9-12)	981	26	38
Senior management (Levels 13-16)	211	19	11
TOTAL	12,194	32	384

TABLE 7.4 - Capped Leave for Jan 2005 to Dec 2006

	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	Total number of capped leave available at 31 December 2005	Number of Employees as at 31 December 2005
Lower skilled (Levels 1-2)	102	4	52	25	7,952	154
Skilled (Levels 3-5)	74	5	79	15	5,874	74
Highly skilled production (Levels 6-8)	175	11	43	16	3,414	79
Highly skilled supervision (Levels 9-12)	51	10	67	5	1,478	22
Senior management (Levels 13-16)	14	14	52	1	413	8
TOTAL	416	7	57	62	19,131	337

TABLE 7.5 - 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	29	2	14,500
Capped leave payouts on termination of service for 2005/06	107	26	4,115
Current leave payout on termination of service for 2005/06	0	1	-
TOTAL	136	29	4,690

8. HIV

TABLE 8.1 - 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
NONE	NONE

TABLE 8.2 - Details of Health Promotion and HIV/AIDS Programmes [tick Yes/No and provide required information]

Question	Yes	No	Details, if yes
1. Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	Yes		Ms M.E. Mocwaledi
2. Does the department have a dedicated unit or have you designated specific staff members to promote health and well being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	Yes		Two Employees
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.		No	
4. Has the department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	Yes		Nicolette Matross and Pulane Mogotsi (from the Special Programs Unit), Ronel Langeveldt (HRM), Ronel de Klerk (Finance), Maphefo Molathwa (Labour Relations) and Clive Fourie (HRD).
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.		Not really	The department is making use of the existing policies and legislation e.g. the Labour Relations Act, Basic Conditions of Service, Public Service Regulations and Employment Equity Act.
6. Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	Yes		The department has developed its own workplace HIV/AIDS policy
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have achieved.	Yes		Officials are encouraged to undergo VCT through information sessions and awareness campaigns
8. Has the department developed measures/indicators to monitor & evaluate the impact of your health promotion programme? If so, list these measures/indicators.	Yes		The department is making use of Questionnaires to measure and evaluate the impact of its programs. Increased demand for condoms from employees also indicates health consciousness and HIV/AIDS prevention amongst employees.

9. LABOUR RELATIONS

TABLE 9.1 - Collective Agreements

Subject Matter	Date
None	

TABLE 9.2 - Misconduct and Discipline Hearings Finalised

Outcomes of disciplinary hearings	Number	Percentage of Total	Total
Dismissal	4	44	9
Rehabilitation	1	11	9
Suspension	1	11	9
Awaiting chairpersons decision	2	22	9
Counselling	1	11	9
TOTAL	9	100	9

TABLE 9.3 - Types of Misconduct Addressed and Disciplinary Hearings

Type of misconduct	Number	% of total
Theft/Fraud / Corruption	6	43
Misuse of state vehicle	2	14
Gross insubordination	1	7
Assault	1	7
Drunk on duty	4	29
TOTAL	14	100

TABLE 9.4 - Grievances Lodged

Number of grievances addressed	Number	% of total
Resolved	2	67
Not resolved	1	33
Total	3	100

TABLE 9.5 - Disputes Lodged

Number of disputes addressed	Number	% of total
Upheld	0	0
Unresolved	2	50
Dismissed	2	50
Total	4	100

TABLE 9.6 - Precautionary Suspensions

Precautionary Suspensions	—
Number of people suspended	5
Number of people whose suspension exceeded 30 days	5
Average number of days suspended	2 624
Cost (R'000) of suspensions	209,199

10. SKILLS DEVELOPMENT

TABLE 10.1 - Training Needs identified

Occupational Categories	Gender	Employment	Learner ships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	0	0	4	0	4
	Male	0	0	2	0	2
Professionals	Female	0	0	0	0	0
	Male	0	0	0	0	0
Technicians and associate professionals	Female	8	0	8	0	8
	Male	20	0	20	0	20
Clerks	Female	4	0	4	0	4
	Male	3	0	3	0	3
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	12	0	16	0	16
	Male	23	0	25	0	25
Total		35	0	41	0	41

TABLE 10.2 - 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	4	0	4
	Male	0	0	2	0	2
Professionals	Female	0	0	0	0	0
	Male	0	0	0	0	0
Technicians and associate professionals	Female	8	0	8	0	8
	Male	20	0	20	0	20
Clerks	Female	4	0	4	0	4
	Male	3	0	3	0	3
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	12	0	16	0	16
	Male	23	0	25	0	25
Total		35	0	41	0	41

11. INJURIES

TABLE 11.1 - Injury on Duty

Nature of injury on duty	Number	% of total
Required basic medical attention only	4	100
Temporary Total Disablement	0	0
Permanent Disablement	0	0
Fatal	0	0
Total	4	100