



developmental local government and housing  
NORTH WEST PROVINCE  
Republic of South Africa

Issued  
in the Province of the North  
West by:

**PROVINCIAL DEPARTMENT OF DEVELOPMENTAL LOCAL  
GOVERNMENT AND HOUSING**

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# CHAPTER 1



## INTRODUCTION TO THE DEPARTMENT

### 1.1 M.E.C.'s FOREWORD

The 2005/2006 financial year has registered significant improvements in various programmes of the department. Apart from emerging from an unsatisfactory state of under-expenditure and slow pace of delivery, the department has become the best performer in housing delivery in both expenditure levels and on the quality of houses that were built.

For the first time in the history of housing delivery, in the province, the department is engaged in a hands-on approach in monitoring housing projects across the province.

This is to ensure that projects are completed on time and also to eliminate poor workmanship or shoddy work by contractors and developers. To make sure that we maintain our status as the best performer in housing delivery, we had to make few unpopular decisions. We had to terminate the contracts of those contractors who failed to deliver.

Several local municipalities also had their housing functions withdrawn after they failed to either complete or implement their housing projects.

These are: Greater Taung and Naledi in the Bophirima District and Mafikeng in the Central District. These local municipalities will only have their functions restored once they have sorted out their capacity challenges. Despite all these challenges, the housing programme in the Provinces continues unabated.

The department has also benefited significantly through the introduction of project consolidate in the province.

A total of 17 local municipalities have been enrolled in this programme in order to facilitate a hands-on support from provincial and national government as well as other partners.

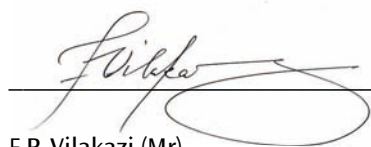
There is no doubt that project consolidate has brought about

significant improvement in municipalities' capacity to implement infrastructure projects. Last year, municipalities were allocated R422m in total for the implementation of infrastructure projects of which R259m was spent within the financial year of Provincial Government.

In terms of the projections for the 2005/06 Municipal Financial Year, I am confident that the expenditure will reach the 90% percentile. The projects involved water reticulation, sanitation, roads, storm water, solid waste, electricity and community facilities. The expenditure level increased from a disappointing 42% in the 2004/2005 financial year to 58%, thus registering a 16% improvement in just one year.

Several of our local municipalities are still grappling with challenges that must be addressed during the new term of local government. These include improvement in project implementation and monitoring, communication and public participation as well as proper planning.

Having worked hard to register these achievements, we want to apply more efforts towards defending the gains and striving for more improvements in the future. We want to remain the best, but also avoid complacency, as we still want to improve on what we have already achieved.



F.P. Vilakazi (Mr)  
M.E.C. for Developmental Local Government  
and Housing





## INTRODUCTION TO THE DEPARTMENT

### 1.2 Message by the Head of the Department

The Annual Report for the financial year 2005/06 is hereby submitted to the Executing Authority in terms of the Public Finance Management Act. The report outlines the operations of the department for the financial year.

The year under review was punctuated by numerous highlights most notably in housing and local government.

I referred in the last Annual Report to the unacceptable level of expenditure in Housing. The measures that we had put in place to address this challenge resulted in a dramatic turnaround as can be seen from the contents of this report. There is, in fact, an acknowledgement at national level that the best performing department in the country was the North West. The performance was not confined to expenditure alone but also in the delivery of human settlements. The statistical information relating to both completed units and serviced sites speak for themselves. We have established a benchmark for ourselves and the challenge will be to sustain our performance bearing in mind the increase in our conditional grant allocation over the MTEF.

The period under review was also marked by a successful local government elections. The second since the advent of the final phase in the transformation of the local sphere. It also signalled the introduction of a five year Local Government Strategic Plan which heralds an increased hands on support role for the Department. The challenges we face in implementing the plan given the financial constraints are daunting.

We will nevertheless continue unrelentlessly in our quest to secure a more equitable share of the available resources to fulfill our mandate.

There has been a qualitative improvement in the IDP's of Municipalities which we gauged from our review process. The IDP Hearings and Engagement Sessions were also successful and facilitated the alignment of sectoral programmes with those of IDP's. There is, however, room for improvement and the challenge still remains of optimising the integration and alignment of our respective programmes.

Although we had not reached the 50% mark in terms of equity targets, out of 19 filled posts; 8 were occupied by women. The two vacant posts together with a possible 3<sup>rd</sup> vacancy will provide us with an opportunity in the next financial year to improve the situation.

I wish to express my sincere appreciation to all my colleagues for their unrelenting support during the financial year. I also wish to express my confidence that the next financial year will witness the same zeal and enthusiasm.

My sincere appreciation to MEC Vilakazi for his consistent and unwavering support, guidance and leadership during the course of the financial year.

M I Motala

Head of the Department

## SENIOR MANAGEMENT OF THE DEPARTMENT

### *Senior Management of the Department*



Mr Frans Phenye Vilakazi  
Member of the Executive Council



Mr Iqbal Motala  
Head of the Department



Mr Jonas Molefe  
Chief Financial Officer



Mr Hans Kekana:  
Chief Director - Housing



Mr Mosimanegape Motlogelwa  
Chief Director: Dev. Local Gov.



Mr Seth Ramagaga:  
Chief Director: Monitoring & Intervention.



Mrs Colette Anthony-Choklingo  
Director: MEC's Office



Mrs Susan Lehola:  
Director: Supply Chain Mgmt



Mrs Andrea Steenkamp  
Dir. Subsidy Admin and Claims



Mr Thabo Msimanga:  
Director: Municipal Infrastruc.



Mrs Mapatana Kgomo  
Director Interventions



Mr Mandla Mathebula  
Director: Communications



Mr Mandla Maqwetyana  
Director: Finance



Ms Basetsana Motsumi  
Director: Social Housing



Mr Pule Moipolai  
Dir: Capacity Building



Mrs Desiree Tlhoale:  
Director: Integrated Development



Mr Farouk Sardiwalla  
Director: Const. & Legal Matters



Mr Satch Radebe  
Dir: Human Resource Management



Dr Lebaka-Ketshabile  
Dir: Housing Planning & Research



Mrs Botlhale Mofokeng  
Director: Monitoring

### 1.4 DEPARTMENTAL VISION

The vision of the Department of Developmental Local Government and Housing is “The realization of developmental local government and integrated human settlement in the province”.

### 1.5 DEPARTMENTAL MISSION

The Department’s mission is vested in the Constitution and other pieces of legislation relating to local government and human settlements. The mission is “To effectively support, monitor and promote developmental municipalities and facilitate integrated human settlements”.

### 1.6 DEPARTMENTAL VALUES

- The Department has adopted the following values:
- The provision of services in a cost effective manner.
- The provision of services in a transparent manner.
- The provision of services timeously.
- All services will be rendered within the spirit of the Constitution and other enabling legislation.
- All services will be rendered in an effective manner.
- All services will be rendered in line with the Batho Pele principles.
- All staff must be empowered through Learnerships and training so as to become change agents.

### 1.7 LEGISLATIVE AND OTHER MANDATES

The department derives its mandate from the following legislation and policy prescripts:

- Municipal Structures Act (MSA).
- Municipal Systems Act.
- Remuneration of Office Bearers Act (ROBA)
- Housing Act, Act 107 Of 1997.
- North West Housing Development Act.
- Rental Housing Act.
- Housing Consumers Protection Measures Act.
- Land use Management and Planning.
- Public Finance and Management Act (PFMA).
- Division of Revenue Act (DORA).
- Employment Equity Act (EEA).
- Skills Development Act (SDA).
- Public Service Collective Bargaining Chamber (PSCBC) resolutions.
- Occupational Health and Safety Act (OHSA).

### 1.8 PUBLIC ENTITIES

The North West Housing Corporation (NWHC) is the only public entity falling under the Department. The board of directors of the NWHC is in terms of the PFMA, the Accounting Authority. The board reports to the Executing Authority of the Department.

# CHAPTER 2

*Departmental Performance*



### DEPARTMENTAL PERFORMANCE

#### 2.1 VOTED FUNDS

Main Appropriation	Adjusted Appropriation	Actual Spending	(Over)/Under Expenditure
R'000	R'000	R'000	R'000
613'560	793'122	785'351	7'771
Responsible MEC		Hon. F. P Vilakazi	
Administering Department		Developmental Local Government and Housing	
Accounting Officer		Mr I Motala	

#### 2.2 AIM OF THE VOTE

The aim of the Department of Developmental Local Government and Housing is to facilitate the creation of Developmental Local Government (municipalities) in the province as well as establishment of habitable human settlements

#### 2.3 DEPARTMENTAL RECEIPTS

Classification	2003/4 Actual	2005/6 Actual	2005/6 Targeted	Actual	% Deviation
	R'000	R'000	R'000	R'000	
Subsidised vehicles	0	19	0	11	110
Official houses rental	42	0	0	0	0
Hire of Civic Centre	100	40	420	0	(420)
Rent on land	358	579	489	576	18
Departmental liabilities	0	3	0	2	200
Other	0	1'115	0	32	320
<b>Total</b>	<b>500</b>	<b>1'753</b>	<b>909</b>	<b>621</b>	<b>(46.4)</b>

the non collection under the Civic Centre is due to the Civic Centre not having being operational during the year due to renovations. Once the renovations are complete, it will be handed over to the Mafikeng Local Municipality.

#### 2.4 DEPARTMENTAL PAYMENTS

PROGRAMME	Voted 2005/6	Rollover/ Adjusted	Virement	Total Voted	Actual Spent	Variation
	R'000	R'000	R'000	R'000		
Administration	35,284	0	4,443	39,730	37,981	1,749
Housing	524,767	165,551	(4,068)	686,250	683,942	2,308
Local Government	50,606	10,511	133	61,250	57,473	3,777
Development and Planning	2,903	3,500	(491)	5,892	5,955	(63)
<b>Total</b>	<b>613,530</b>	<b>335,624</b>	<b>0</b>	<b>793,122</b>	<b>785,351</b>	<b>7,771</b>

# CHAPTER 3

*Departmental Programmes*

DEPARTMENTAL PROGRAMMES

3.1 PROGRAMME 1: ADMINISTRATION

3.1.1 Purpose

To provide corporate support to the entire Department as well as strategic administrative and political direction through the offices of the Head of Department and the Executing Authority/ Member of the Executive Council (M.E.C.) respectively.

3.1.2 GENERAL INFORMATION

Programme 1: Administration generally consists of the following sub-programmes, namely;

1. Ministry/ Office of the M.E.C.,
2. Finance,
3. Supply Chain Management,
4. Communications,
5. Constitutional and Legal Matters and
6. Human Resource Management. Each sub-programme is headed by a senior manager that administratively reports directly to the Head of the Department.

## DEPARTMENTAL PROGRAMMES

### 3.1.3 SUB-PROGRAMMES 1: MINISTRY/OFFICE OF THE M.E.C

Strategic Objective	Output	Achievements/ Progress
1. Effective management of the MEC's Executive Political Committees' affairs and general office administration.	<ul style="list-style-type: none"> <li>Regular attendance of executive committee meetings with updated reports to the ECGA, EXCO and MINMEC.</li> </ul>	<ul style="list-style-type: none"> <li>MEC successfully completed an Imbizo to all Municipalities in the Province.</li> <li>The Office was closely involved in consultation during the uprising in Khutsong which is the Constituency area of the MEC and the cross border municipality (Merafong City Local Municipality) that was subsequently inaugurated into the North West Province.</li> <li>The Office successfully completed the visits to Municipalities to attend to the First Council meetings since the establishment of Council after the Local Government Elections in March 2006.</li> </ul>
2. Effective implementation of the Minimum Information Security Standards (MISS) for the Department.	<ul style="list-style-type: none"> <li>Full implementation of the MISS Policy and compliance with all regulations thereof by orientating all members of staff.</li> </ul>	<ul style="list-style-type: none"> <li>No achievement was made in the appointment of a MISS Manager for the Department or the implementation of the MISS Policy due to the ongoing budgetary in the Department as well as the Re-alignment of the Structure that was embarked upon and is yet to be finalised.</li> </ul>
3. To implement the M-Strat Model within the Department and comply with Strategic Planning processes.	<ul style="list-style-type: none"> <li>Effective implementation of the M-Strat Model in order to possess a monitoring tool for information management for the department and municipalities.</li> </ul>	<ul style="list-style-type: none"> <li>The office is still in the process of aligning the M-Strat Model to suit the needs of not only the Department but its stakeholders as well i.e. Municipalities. It has successfully negotiated a Portal for Shared Services through the existing IMISS and a Process Mapping Portal incorporated in order to map each process in the functions of the Department, with the Service Provider responsible for the IMISS.</li> </ul>
4. To implement an effective IT Architecture and effective profiling for the Department through the development of a Software and Hardware Maintenance Plan for IT connectivity as well as develop an IT Policy for the Department in line with the Provincial IT Policy.	<ul style="list-style-type: none"> <li>Updated IT Asset Register and IT Architecture for the Department in compliance with an IT Policy that is in line with the provincial IT Policy.</li> </ul>	<ul style="list-style-type: none"> <li>The Office has successfully implemented the IT Architecture for the Department along with the development of an IT Asset Register in conjunction with Supply Chain Management. The process is however, ongoing but also delayed as budgetary constraints prevent the procurement of the much needed IT Equipment for its Users.</li> <li>A formal IT Policy is not developed or implemented at this stage due to the lack of capacity. (There is no person formally appointed to manage the IT Support Function). The Unit currently operates with the assistance of an IT Intern only to perform several tasks ranging from troubleshooting to updating the IT Asset Register.</li> </ul>

### 3.1.4 SUB-PROGRAMMES 2: FINANCE

Strategic Objective	Output	Achievements/ Progress
1. Ensure effective and transparent financial management.	<ul style="list-style-type: none"> <li>Effective internal control systems.</li> <li>Financially educated managers and other practitioners.</li> </ul>	<ul style="list-style-type: none"> <li>Draft financial delegations completed.</li> <li>Risk management plan finalized.</li> <li>Full involvement of all financial practitioners in financial management.</li> </ul>
2. Effective and transparent management of Supply Chain.	<ul style="list-style-type: none"> <li>Fully staffed and capacitated SCM unit.</li> <li>Effective DPC and bid committees.</li> </ul>	<ul style="list-style-type: none"> <li>Staff training ongoing.</li> <li>Filling of critical posts already commenced.</li> <li>Bid committees functional. DPC to be reconstituted to make it more effective.</li> </ul>
3. Provide a highly skilled financial and procurement management support.	<ul style="list-style-type: none"> <li>Training program for all practitioners.</li> <li>Up to date management reports.</li> </ul>	<ul style="list-style-type: none"> <li>Produced monthly management reports.</li> <li>Established a forum for discussion of expenditure trends.</li> </ul>
4. Effectively control, monitor and manage the department's assets.	<ul style="list-style-type: none"> <li>Reliable assets register.</li> </ul>	<ul style="list-style-type: none"> <li>Asset register compiled and updated consistently.</li> </ul>

### 3.1.5 STRATEGIC OBJECTIVES

#### 1. FINANCIAL MANAGEMENT

This sub program has under severe operational budget cuts, managed to contain spending to within the allocated funding. This is despite a dramatic increase in capital budget thereby increasing the activities of the department.

We have continued to comply with all the reporting and other requirements of the relevant legislation.





### 2. SUPPLY CHAIN MANAGEMENT

The unit is not yet fully compliant with the supply chain requirements due to staff shortage. The process of recruiting the necessary people to fill critical vacant positions has already started. It is hoped that these posts will be filled in the second quarter of 2006/7.

### 3. ASSET MANAGEMENT

As indicated above, an asset register is in place. To further strengthen asset management, asset controllers have been appointed in all units to manage and are under the supervision of the Asset Management unit. One of their functions is to monitor the condition and movement of assets to ensure optimal utilization.



### 3.1.6 SUB-PROGRAMMES 3: HUMAN RESOURCE MANAGEMENT

Strategic Objective	Output	Achievements/ Progress
<ul style="list-style-type: none"> <li>Formulate and ensure implementation of Employment Equity Plan</li> </ul>	<ul style="list-style-type: none"> <li>Implementation of Employment Equity Plan</li> </ul>	<ul style="list-style-type: none"> <li>As at end of the financial year 21 SMS posts existed on the staff establishment of which 8 were filled by females and 11 by males for salary levels 13, 14 and 15.</li> <li>Out of 55 middle management positions, 34 males and 21 females were in the employ of the department.</li> <li>Out of 226 junior management positions, 117 males and 109 females were in the employ.</li> <li>0% Disability.</li> </ul>
2. Implementation of Performance Management Development System	<ul style="list-style-type: none"> <li>Implementation of an Incentive Policy on performance incentives and awards.</li> </ul>	<ul style="list-style-type: none"> <li>Incentive Policy for levels 1 – 12 employees implemented.</li> </ul>
3. Formulate and ensure implementation of the Work Skills Plan	<ul style="list-style-type: none"> <li>Approved Work Skills Plan</li> <li>Functional Training Committee</li> <li>Approved Training Providers</li> </ul>	<ul style="list-style-type: none"> <li>Approved WSP</li> <li>Functional Training Committee in place.</li> <li>Training Providers procured.</li> </ul>
4. Coordinate Batho Pele	<ul style="list-style-type: none"> <li>Approved SIDP</li> </ul>	<ul style="list-style-type: none"> <li>The service improvement (SDI) programme was finalised.</li> </ul>
5. Facilitate a sound labour relations environment.	<ul style="list-style-type: none"> <li>Compliance with the Act i.r.o disciplinary measures and procedures.</li> </ul>	<ul style="list-style-type: none"> <li>20 Grievances successfully resolved,</li> <li>7 outstanding cases,</li> <li>3 Misconduct cases resolved and 1 Dispute dismissed</li> <li>5 not as yet resolved.</li> </ul>
6. Coordinate and provide support on HIV/ AIDS and EAP.	<ul style="list-style-type: none"> <li>Implement the HIV/ AIDS strategic document and refer relevant cases for EAP</li> </ul>	<ul style="list-style-type: none"> <li>Awareness campaigns i.r.o. HIV/ AIDS identified and launched.</li> <li>130 cases referred for EAP to Unit 9 Clinic in Mafikeng.</li> <li>45 were self referrals.</li> </ul>

### 3.1.7 SUB-PROGRAMMES 4: CONSTITUTIONAL AND LEGAL MATTERS

Strategic Objective	Output	Achievements/ Progress
1. Provide legal support to the Department	<ul style="list-style-type: none"> <li>Ensure compliance with established legal framework.</li> <li>Give legal opinions and advice.</li> <li>Draft departmental legislation.</li> <li>Initiate and defend legal proceedings on behalf of the Department.</li> <li>Draft, review, edit contracts to which the Department is party.</li> </ul>	<ul style="list-style-type: none"> <li>Provision of opinions and advice to MEC and HOD on ad hoc basis.</li> <li>Assistance with procurement management within the Department.</li> <li>Litigation management on behalf of Department and MEC.</li> <li>On a continuous basis.</li> </ul>
2. Promote and ensure effective performance of statutory obligations by municipalities	<ul style="list-style-type: none"> <li>Serving with Department of Justice and German Technical Co-operation (GTZ) on setting up structures for Local Government to enable municipalities to implement provisions of PAJA Act, and generally to cascade process.</li> <li>Serving on a Legal Task Team co-ordinated by Bojanala Platinum District Municipality, PIMSS Centre, to standardize municipal policies and By-Laws.</li> <li>Municipal compliance with laws and prescripts. Minimize and/or eliminate potential litigation arising from non-compliance.</li> </ul>	<ul style="list-style-type: none"> <li>Interactions with relevant Teams and SALGA, as well as various municipalities and BPDM to generally extend process to sphere of Local Government in North West Province.</li> <li>Assisting Legal Task Team to identify in excess of 60 Policies and By-Laws requiring urgent standardization.</li> <li>Legal Task Team has prepared in excess of 60 standardized Policies and By-Laws for customizing, internalizing and adoption by individual municipalities.</li> <li>Ad hoc interactions with various Municipalities on Governance and other issues.</li> <li>Assisting Department in interventions when necessary</li> </ul>
3. Draft, review and finalise provincial legislation in accordance with Departmental objectives and policies	<ul style="list-style-type: none"> <li>Amend and/or repeal obsolete, redundant and outdated statutes, ordinances and proclamations, and/or enactment of new legislation on a rationalized basis.</li> <li>Processing Drafts of North West Housing Corporation Amendment Bill and North West Pounds Bill with a view to enactment of same.</li> </ul>	<ul style="list-style-type: none"> <li>Interacting with DPLG and other Provinces.</li> <li>Ensuring progress of draft legislation through all stages in enactment process.</li> <li>Liaising at various stages with Legal Services in Department of Premier.</li> </ul>
4. Litigation Management Support System	<ul style="list-style-type: none"> <li>Anticipation of, or avoidance by Department of litigation by or against Department</li> </ul>	<ul style="list-style-type: none"> <li>Attending to settling or finalizing of litigation matters, as they arise.</li> </ul>

#### Strategic Objective Notes

The directorate's functioning is dictated to by request for services and by assignments from other directorates, as well as the Head of the Department and the MEC. All assignments undertaken by the Directorate have been carried out. Some of the achievements include assistance in interventions at municipalities to prevent potential litigation.

## DEPARTMENTAL PROGRAMMES

### 3.1.8 SUB-PROGRAMME 5: COMMUNICATIONS

Strategic Objective	Output	Achievements/ Progress
<ul style="list-style-type: none"> <li>To encourage and enable members of the department to communicate more effectively by means of welcome messages, well wishes and commitment messages from the MEC and or DDG</li> </ul>	<ul style="list-style-type: none"> <li>Production of a staff newsletter</li> <li>Implementation of MEC's complimentary messages to staff</li> </ul>	<ul style="list-style-type: none"> <li>Due to budget constraints, the directorate could only produce two issues of the internal newsletter</li> </ul>
<ul style="list-style-type: none"> <li>To give an overview of the department's strategic objectives through newsletters, distribution of informative documentation the departmental website, etc.</li> </ul>	<ul style="list-style-type: none"> <li>Production of an external newsletter.</li> <li>Management of the content of the website</li> <li>Revise and distribute departmental marketing material</li> </ul>	<ul style="list-style-type: none"> <li>Only managed to produce two editions of the external newsletter – budget constraints</li> <li>For sometime, the website was not accessible and thus could not be updated regularly.</li> <li>Marketing materials distributed at all events</li> </ul>
<ul style="list-style-type: none"> <li>To enhance the corporate image of the department through developing a common letterhead and all means of communication from the starting point of the department</li> </ul>	<ul style="list-style-type: none"> <li>Assist all directorates with the printing of their respective letterheads by identifying suitable service providers</li> <li>Assist senior managers and other staff members with business cards</li> <li>Brand the department's reception/ main areas</li> <li>Develop a comprehensive information archive system</li> </ul>	<ul style="list-style-type: none"> <li>Still awaiting directive from Premier's Communication Chief Directorate, on the usage of the provincial logo. Post of a Deputy Director: Internal Communication is still vacant.</li> </ul>
<ul style="list-style-type: none"> <li>To ensure coherence, co-ordination and uniformity in the department for the dissemination of information to external stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>To develop a communication policy, which will guide managers on how communication issues must be handled.</li> </ul>	<ul style="list-style-type: none"> <li>A communication policy was developed and presented to all Snr Managers.</li> <li>All communication issues, including media enquiries to be co-ordinated through the directorate.</li> <li>Director of Communication is the spokesperson for the department and MEC.</li> </ul>
<ul style="list-style-type: none"> <li>To inform external stakeholders about the progress made in housing, local government, monitoring &amp; interventions through the media &amp; other acceptable mechanism.</li> </ul>	<ul style="list-style-type: none"> <li>Arrange briefings/sessions to update stakeholders on developments in local government and housing.</li> </ul>	
<ul style="list-style-type: none"> <li>Facilitation of information packaging with respect to profiling of municipalities for release to the media.</li> </ul>	<ul style="list-style-type: none"> <li>Support municipalities' communication activities</li> </ul>	<ul style="list-style-type: none"> <li>Compiled articles on activities/events organised by municipalities</li> <li>Organised a communicators' workshop for all local government communicators.</li> </ul>
<ul style="list-style-type: none"> <li>To build a professional, transparent, accountable and mutually rewarding relationship between the department and its stakeholders i.e. the media and others through e.g. media dinners and media conferences.</li> </ul>	<ul style="list-style-type: none"> <li>Organise press conference and media interviews for the MEC</li> </ul>	<ul style="list-style-type: none"> <li>MEC did several media interviews, including addressing three press briefings and live television interviews on both e-tv and SABC</li> </ul>

### 3.2 PROGRAMME 2: HOUSING

#### 3.2.1 GENERAL INFORMATION

This report is based on the principles derived from the Freedom Charter which paved way for housing development in the country. Our obligations as government in terms of housing are spelled out in Section 26 of the Constitution (Act 108 of 1996), that:

- Everyone has the right to have access to adequate housing.
- The state must take reasonable legislative and other measures within its available resources to achieve the progressive realisation of this right.
- No one may be evicted from their home, or have their home demolished, without an order of court made after considering all the relevant circumstances.
- No legislation may permit arbitrary evictions.

#### 3.2.2 LEGISLATIVE MANDATE

The Housing Act, 1997 (Act 107 of 1997) in conjunction with the North West Housing Development Act 1998 (Act 11 of 1998) as amended prescribe in detail the powers and functions of the Provincial Government in respect of housing delivery. These Acts also prescribe the compilation of a North West Housing Development Strategy, which incorporates the following key objectives:

- Development of integrated, habitable and sustainable human settlements.
- The integration of housing development with the municipal IDP process.
- The achievement of an equitable balance between urban and rural housing development and the allocation of resources for same.
- The determination of and addressing the need for affordable rental accommodation.
- The promotion of medium -density social housing options, and the ideal of compact cities and towns versus urban sprawl.

#### 3.2.3 PROGRAMME PERFORMANCE

- Key measurable objectives, programmes and achievements

These are the Strategic Goals for the Programme:

Strategic Goal 1 To ensure the development of habitable and integrated human settlements.

Strategic Goal 2 To eradicate all informal settlements by the year 2014 in terms of the informal settlement upgrading programme.

Strategic Goal 3 To provide medium density Social Housing.

Strategic Goal 4 To facilitate and ensure the proper disbursement and administration of capital funds and maintain systems in respect thereof

Strategic Goal 5 Accreditation of municipalities by 2014

Strategic Goal 6 Promote housing as a central deliverable within the IDPs

Strategic Goal 7 To facilitate and ensure proper reporting in terms of capital funds in housing.

Strategic Goal 8 To coordinate housing delivery in the province.

### 3.2.4 SUB-PROGRAMMES

The following programmes formed the basis of our implementation strategy for housing delivery in the province.

#### 1. HUMAN SETTLEMENTS

This programme aims to ensure the development of habitable and integrated human settlements. It deals with the development of housing projects using three delivery vehicles (Project Linked, Peoples Housing Process & Rural Housing).

#### 2. SUBSIDY ADMINISTRATION AND CLAIMS

This programme deals with the administration and management of the Conditional Grant to facilitate and ensure the proper disbursement and administration of capital funds and maintain systems in respect thereof.

#### 3. SOCIAL HOUSING AND RENTAL ADMINISTRATION

This programme aims to provide medium density social housing. The main focus was on rental accommodation, formation of social housing institutions and redevelopment of hostels into family units.

### ACHIEVEMENTS

The 2005/2006 financial year was dubbed year for housing delivery by the Chief Directorate. The Chief Directorate took stock of issues which led to poor performance in the previous financial year, and the following were identified as common factors which needed our immediate attention in the 2005/2006 financial year.

- Poor performance by Project Managers and Contractors
- Poor workmanship by contractors
- Problems with beneficiary applications at municipal & provincial level
- Slow payment process by the department to municipalities, and from municipalities to Project Managers and Contractors.

These issues prompted the Chief Directorate to go on a road show and meet with Developers and Municipalities, and the following common issues were identified. Informed by these findings, the department went back to meet with developers and municipalities and the following common issues were identified.

- There has been lack of communication between the department, municipalities and Project Managers on matters affecting housing delivery in the province.
- That Policy changes and decisions of MINMEC are not disseminated timorously to affected parties (i.e. Municipalities and Project Managers).
- That there has been lack of proper inspections on housing projects, leading to contractors completing project using sub standard materials.
- That some projects collapsed owing to the eradication of the cash flow with time lag especially on old projects.
- That subsidy amounts for some projects is not enough, and therefore contractors could not finish and close of projects.
- That a once off inflation adjustment policy does not cover a lot of projects where cash flow is depleted, and the balance of the budget cannot complete the projects.

Based on these findings, the department resolved to a hands-on approach to ensure delivery and success of housing projects. The following delivery overview indicates our performance.



### 3.2.5 OVERVIEW OF THE SERVICE DELIVERY ENVIRONMENT FOR 2005/ 06

#### 1. HUMAN SETTLEMENTS

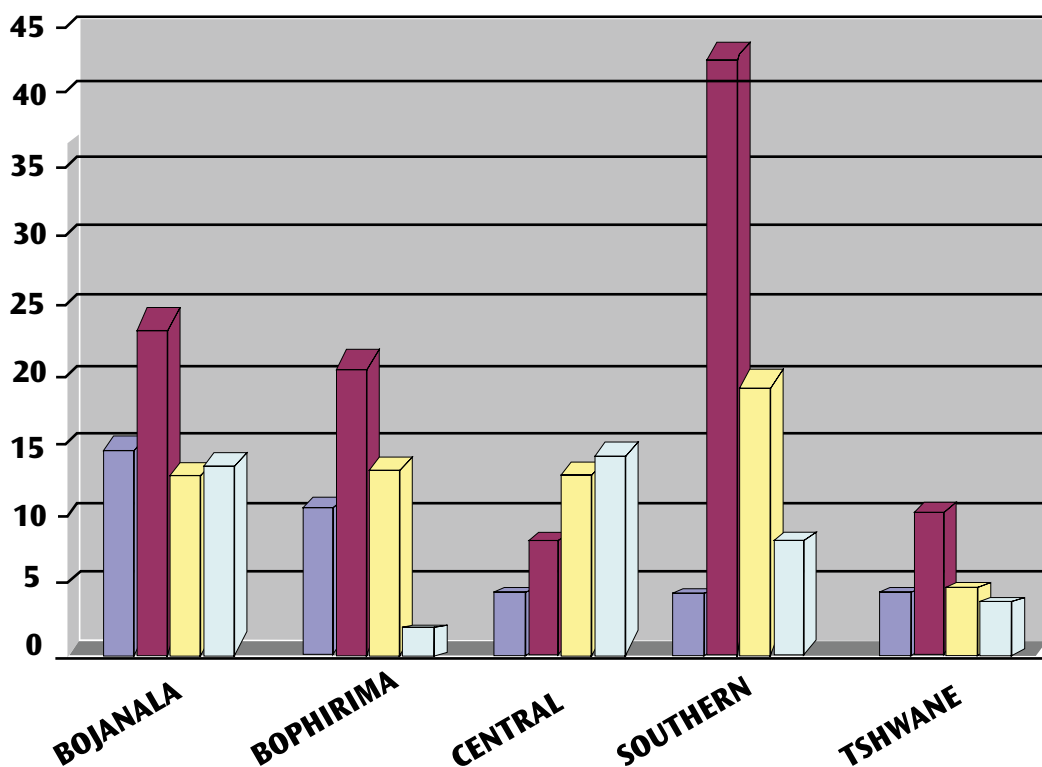
This programme remains critical to the delivery of houses in the province.

The programme houses three important housing delivery vehicles (Project Linked, PHP, and Rural Housing). The following table indicate the housing projects profile within the province.

#### ANALYSIS OF PROJECTS' STATUS

ANALYSIS OF STATUS OF PROJECTS FOR 2005/2006						
	BOJANALA	BOPHIRIMA	CENTRAL	SOUTHERN	TSHWANE	TOTAL
PLANNING	15	10	4	4	4	37
UNDER CONSTRUCTION	24	21	8	44	10	107
COMPLETED	13	13	13	20	5	64
BLOCKED	14	1	15	8	3	41
TOTAL	66	45	40	76	22	249

#### PROJECT STATUS 2005/2006



■ PLANNING
 ■ UNDER CONSTRUCTION
 ■ COMPLETED
 ■ BLOCKED

### HOUSING DELIVERY (2005/2006)



### 2. SUBSIDY ADMINISTRATION AND CLAIMS

For the financial year 2005/2006, the department was allocated an amount of R 467, 880m plus approved roll over amount of R 150, 027m (including R8, 12 m for HSRDP), bringing our total budget to R716, 907 m. This budget we had to spend within 12 months. Our expenditure moved from a disappointing 72% (and the above roll over) in the 2004/2005 financial year to 99.59 % expenditure for the 2005/2006 financial year (inclusive of the above roll over)..

The above expenditure was achieved through a proactive plan implemented with municipalities and developers. With our hands on approach, more municipalities improved their performance in housing delivery, and as a result, the monthly expenditures were achieved.

The challenge remained in the Subsidy administration component of this programme. As more applications were received, the challenge to capture and process them became enormous.

Lack of computers and sufficient network points was also a challenge to link the subsidy admin clerks to the network and to enable them to access the Housing Subsidy System online. The department managed to buy 15 extra computers and most of them were allocated to this programme to eradicate the backlog. As a result, the department managed to process 36396 beneficiary application forms, and approved 27385 applications.

### 3. SOCIAL HOUSING & RENTAL ACCOMMODATION

The department's main objective with this programme was to establish Social Housing Institutions, and to redevelop Hostels into Family units. One Social Housing Institution was formed in Rustenburg (Sunflower Social Housing Institution). This institution was allocated 1000 units to develop within the Pilot project being implemented in the Rustenburg municipality. The project is progressing well at planning stages.

The department also managed to redevelop the Reivilo Hostel into 29 family units. The project was implemented by a woman contractor, and completed in line with specifications outlined at the time.

### 4. UNBLOCKING OF HOUSING PROJECTS

During the 2005/2006 financial year, the department had 64 blocked projects. These projects were blocked owing to various reasons, but the common one being the depletion of the subsidy amount by inflation. As a result, contractors could not complete the projects because the amount of money which remained was less than what was required to complete top structures. The adoption of the unblocking policy of blocked projects, by MINMEC facilitated the unblocking of numerous projects.

### 5. WOMEN IN HOUSING

The involvement of women in housing development remains a challenge. During the year under review, the department held a housing seminar with specific focus on women in housing. This seminar saw a lot of women participating and showing commitment to get involved in the housing business.

However, few of them took that initiative serious, and one of them proved herself with the redevelopment of the Reivilo Hostels into family units.

#### 3.2.6 OVERVIEW OF ORGANISATIONAL ENVIRONMENT FOR 2005/ 06

The Chief Directorate Housing Delivery re-aligned in terms of the new budget structure. The Directorates were given new responsibilities, with one new Directorate created.

The following are the Directorates as aligned.

1. Housing Asset Management
2. Housing Performance
3. Urban Renewal and Human Settlement Redevelopment
4. Housing Planning and Research

The Chief Directorate is still faced with the problem of vacant posts, and this has put pressure on Managers in terms of work load. The posts structure is at 127, of which 103 are filled and 24 posts are still vacant. This matter is receiving attention.

#### 3.2.7 STRATEGIC OVERVIEW AND KEY POLICY DEVELOPMENT FOR THE 2005/ 06 FINANCIAL YEAR

The Accreditation policy for municipalities to implement housing projects was approved during the year under review. The department started to implement the process of accrediting municipalities for housing development. The Rustenburg municipality was piloted, and we envisage completing the process during the 2006/2007 financial year. The housing Rectification policy was approved by MINMEC in 2005, and we are in the process of piloting the policy with the Letsopa Housing Project in Tswaing Local Municipality.

#### 3.2.8 POLICY DEVELOPMENTS AND LEGISLATIVE CHANGES

There were no specific policies developed by the Provincial department for housing during the 2005/2006 financial year. We however have been participating at National level during the development of policies including the Rectification of housing policy, Accreditation policy, and Implementation strategy for the Breaking New Ground Policy.

## DEPARTMENTAL PROGRAMMES

### 3.3 PROGRAMME 3: DEVELOPMENTAL LOCAL GOVERNMENT

#### 3.3.1 INTEGRATED DEVELOPMENT PLANNING

##### 1. Sub Directorate: Community Participation and Customer Care

Strategic Objective	Achievements/ Progress
1. Strengthening of ward committees.	<ul style="list-style-type: none"> <li>Finalized draft policy document to measure community participation in areas of IDP/ budget, LED etc. Municipalities were requested to adopt the policy after making necessary amendments and inputs to it.</li> <li>Produced draft implementation plan for phase 3 ward committee training.</li> <li>Developed an impact assessment format for phase 2 ward committee training and forwarded to municipalities for comment.</li> <li>Developed draft guidelines on community participation in line with chapter 4 of the Systems Act and forwarded these to SALGA-NW for comments and inputs after which they were forwarded to municipalities for comments, or adoption and implementation.</li> <li>Finalised a draft Batho-Pele charter for municipalities and forwarded this to municipalities for adoption and implementation.</li> <li>Developed a Customer Care guideline which has already been adopted by seventeen municipalities.</li> </ul>
2. Ensure functionality of ward committees	<ul style="list-style-type: none"> <li>Consolidated reports on functionality of ward committees for period ending June and December 2005 were submitted to MEC.</li> <li>Held regular quarterly meetings which improved the functionality of ward committees.</li> <li>These meetings also served as a review process.</li> <li>Developed draft ward committees' annual operational plan and forwarded to municipalities for adoption and implementation after making necessary amendments.</li> <li>Have started negotiations to assist in the provision of well equipped offices for ward committees.</li> </ul>

Outputs	Service Delivery Indicator	Actual Performance v/s Targets	
		Target	Actual
1. Establishment of ward committees	• Ward committees were established or re-established.	338	335
2. Functionality of ward committees.	• Functional ward committees	338	203 (60%)
3. Meetings held with municipalities to assess functionality of ward committees	• Number of meetings held with municipalities to check and assess functionality of ward committees	21	23
4. Submission of six monthly returns	• Six monthly returns submitted.	21	Stats to be provided
5. Capacitation of ward committees	• Members of ward committees trained through the grant offered by the department.	3 380	0
6. Complaints Handling System	• Municipalities that submitted their six monthly returns for period ending December 2005.	21	

## DEPARTMENTAL PROGRAMMES

Outputs	Service Delivery Indicator	Actual Performance v/s Targets	
		Target	Actual
7. Developed customer care guidelines	<ul style="list-style-type: none"> <li>Municipalities that submitted their six monthly returns for period ending December 2005.</li> </ul>	21	
8. Property enhancement	<ul style="list-style-type: none"> <li>Deeds documents processed and registered by Deeds Office at Pretoria and Vryburg in respect of new applications for deeds, cancellation of charges, lost copies, transfers and endorsements.</li> </ul>	3 948	3 948
9. Systems to ensure municipalities comply with legislation.	<ul style="list-style-type: none"> <li>Number of municipalities that held by-elections</li> </ul>	6	6
	<ul style="list-style-type: none"> <li>Valuation Board established</li> </ul>	2	2
	<ul style="list-style-type: none"> <li>Valuation Appeal Board</li> </ul>	1	1
	<ul style="list-style-type: none"> <li>Number of exhumation</li> </ul>	2	2
	<ul style="list-style-type: none"> <li>Investigation conducted</li> </ul>	1	1
	<ul style="list-style-type: none"> <li>CBP training workshop held</li> </ul>	1	1

### Other achievements worth noting:

- Various meetings held with Mafikeng L.M. for the transfer of the Mmabatho Civic Centre to Mafikeng L.M. The personnel based at the civic centre were transferred to various departments.
- Drafted various Section 12 Notices to amend some of the existing Notices in respect of certain municipalities.
- Circular letter dated 22nd August 2005 written to urge municipalities to consider payment of stipend to members of ward committees.
- Circular No.1 dated 16th January 2006 written to municipalities urging them to start with preparatory processes pertaining to the re-establishment of ward committees.
- Ward committee booklet and guideline developed and distributed to municipalities
- Communication campaign developed for ward committee awareness within communities (could not implement due to lack of funds).
- Community based planning workshops held with municipalities (train the trainer). Project cannot be finalized or implemented due to lack of funds for the process.

### 2. Sub Directorate: Spatial Planning and Land Use

Strategic Objective	Achievements/ Progress
To provide effective land use management and land use control.	<p>Provided streamlined application procedures and support for land use applications.</p> <p>Developed policy guidelines for land use control.</p> <p>Through the Finnish project, ensured coordination and integration between land use planning and environmental impact assessment processes.</p> <p>Provided effective administration of the Development Facilitation Act through inter alia provision of effective secretarial support to the Township Board.</p>
To provide effective support for Spatial Planning in North West Province	Support the review of the PSDF and guidelines for LUMS and MSDF's



## DEPARTMENTAL PROGRAMMES

Outputs	Service Delivery Indicators	Actual Performance	
		Target	Actual
Processing of new applications	On receipt of applications	143	143
Compile memorandums for MEC's approval	On receipt of all comments and Record of Decision (E.I.A)	124	124
Issue permits and letters of approval	On receipt of MEC's approval	96	96
Meet subdivision committees from Rustenburg, Potch. & Madibeng	When there is a need (subdivision applications)	5	5
Comments, recommendations and conditions on applications	On receipt of all department's comments and ROD	184	184
Investigation and recommendation on illegal businesses and resorts	On receipt of written complaints	2	2
Provide efficient secretarial services to Townships Board	Per appeal or application	8	8
Attend Townships Board Hearings and Board meetings	Per hearing and meeting after hearing to make decision	14	14
Advice Townships Board on recommendations and conditions	Per hearing	11	11
Identify need for new policies and amendment to existing policies	When there is a need	Private Resorts & Country Estates	Awaiting approval by MEC
Preliminary disc. with applicants DFA	On request	22	22
Examine applications, identify parties who must be notified	On receipt of application	4	4
Administration for DFA applications	Send notices, set dates, notify parties of decision etc	6	6
Record proceedings of hearings and pre-hearings	Per hearing	2	2
Administer appeals	When an appeal is lodged	0	0
Arrange workshops for PSDF	When needed	2	2
Support to the review of the PSDF	Help with Terms of Reference	Meetings	

### 3. Sub-Directorate: LED

Strategic Objective	Achievements / Progress
Support Local Economic Development	<p>Submitted a list of Projects to Department of Labour for Training. Training conducted at the Bophirima Agricluster Project</p> <p>Project in Ratlou received R1 m from National development Agency – project is progressing well</p> <p>Matlosane- Consolidation of all sewing projects- link them to markets and also procure from the municipality. Farming projects registered as cooperatives and were trained.</p> <p>Supported the marketing of the Ditsobotla Diamond Festival</p> <p>Harmony Mines requested to provide support to Merafong, Matlosane and Ratlou.</p> <p>Plans in place to established a business support centre in Matlosane. Roll out to other areas in 2006/07 financial years.</p> <p>All LED Projects submitted to SEDA for support</p>

Strategic Objective	Achievements/Progress
Monitoring Local Economic Development initiatives	<p>Financial Audits done in all LED projects.</p> <p>The Bophirima Furniture Project in Naledi- progressing well and they have opened a branch in Taung.</p> <p>Molopo Multi Purpose Centre in Mafikeng progressing well – municipality supporting the project.</p> <p>Community projects funded through LED progressing well in Mafikeng (Molopo Multi Purpose centre), Ratlou (Tshwaraganang Barolong project), Matlosane (Mpho e ntle, Goudkoppies and Tshwaraganang agricultural project) , Bophirima (Agriccluster in all six municipalities), Greater Taung ( sewing and bakery in Reivilo) , Potchefstroom( SMME support), Maquassi Hills ( Business Beehive Centre) , Ramotshere Moiloa(Slate mining project), Moses Kotane(Dipodi project)</p>
Coordination of LED Programs	<p>Provincial Coordination through the LED Forum in conjunction with Department of Economic Development and Tourism. Municipalities were able to send SMMEs to different exhibitions.</p> <p>Meeting held between the Department and Economic Development and Tourism to clarify roles. The Department will lead the LED Forum. Developed Terms of Reference for the Forum and circulated to municipalities</p> <p>Represent department at the SMME working group- requested Economic Development to assist municipalities in developing SMME database</p> <p>All District municipalities have finalised their Growth and Development Strategies.</p>
Monitoring Free Basic Services	<p>Circular sent to all municipalities on free basic services</p> <p>Implementation of Free Basic Services by all municipalities Free Basic Water-186905 in urban and 286922 Households in rural parts of municipalities</p> <p>Free Basic Electricity 40013 in Municipal Area and 55602 in Eskom areas.</p> <p>Held electrification planning workshop with municipalities – Municipalities - submitted applications for 2005/06 to Department of Minerals and Energy.</p>
Monitor MSPs	<p>Held MSP Workshops/ consultative meetings held with Moshaweng, Naledi, Moretele, Madibeng, Molopo, Ramotshere Moiloa, Mafikeng, Central District, Moses Kotane and Naledi</p>

#### 4. Sub-Directorate: IDP

Strategic Objective	Achievements/ Progress
Overall support to municipalities for the successful implementation of IDPs.	<p>Finalised the internal assessment of sixteen IDP review documents for the 2005/6 financial year and sent these to respective municipalities.</p> <p>Submitted the 2006/7 draft IDP Review documents of all municipalities to DPLG for national assessment.</p>
Ensure successful management of national municipal IDP Support programmes in the province	<p>Conducted the North West IDP Hearings the main purpose of which was to evaluate IDP performance over the past four years and to commence preparatory work for the second round of IDPs.</p> <p>Ensured the success of Provincial IDP Engagement Work-session which achieved inter alia the re-commitment of sector departments to take a meaningful role in municipal IDP processes, finalisation of the 2006-2007 sector plans, projects and capacity building mechanisms for municipalities, etc.</p> <p>Successfully monitored participation of government departments in municipal IDP processes through utilization of PIMSS Centres.</p>
Capacity building for municipalities.	<p>Held a workshop with IDP Managers to assist municipalities to meet 2006 February deadline as per Presidential Co-ordination Council resolution. This achieved a 100% submission of draft documents.</p> <p>Trained municipalities regarding process issues of IDP 2006/7 to ensure the drafting of credible IDPs by municipal officials.</p>

### 3.3.2 MUNICIPAL INFRASTRUCTURE GRANT (MIG)

#### 1. OBJECTIVE:

To provide a basic level of service to all the communities of South Africa by the year 2013

#### 2. ACHIEVEMENTS

98	- projects completed
185	- projects under construction
782 587	- households serviced
1,006 667	- Employment (persons days)





## 4. MIG ALLOCATIONS AND COMMITMENTS FOR 2006/ 07, 2007/ 08 AND 2008/ 09

		2006/ 07				2007/ 08				2008/ 09				Totals for (2006/07/08/09)			
		* Denotes a Top 50 Municipality															
Category	Number	Municipality	Allocation (R'000)	Committed (R'000)	% Committed	Allocation (R'000)	Committed (R'000)	% Committed	Allocation (R'000)	Committed (R'000)	% Committed	Allocation (R'000)	Committed (R'000)	Allocation (R'000)	Committed (R'000)	Allocation (R'000)	Committed (R'000)
B	NW371	Moretele L.M.	34 175	34 175	100%	38 404	18 534	48%	47 441		0%	120 020	52 709				
B 3.75%	NW372	Madibeng L.M.*	67 720	67 720	100%	76 098	24 305	32%	94 006	34 412	37%	237 824	178 230				
B 3.25%	NW373	Rustenburg L.M.*	69 010	48 354	70%	77 547		0%	95 796	789	1%	242 353	147 346				
B	NW374	Kgetlengrivier L.M.	6 464	6 464	100%	5 101	3 536	69%	6 301		0%	17 866	11 565				
B	NW375	Moses Kotane L.M.	41 184	25 596	62%	46 279		0%	57 169		0%	144 632	54 518				
C 3.25%	DC37	Bojanala Platinum D.M.*		5 613				0%					5 613				
<b>Total: Bojanala Platinum Municipalities</b>			<b>218 553</b>	<b>187 922</b>	<b>86%</b>	<b>243 429</b>	<b>45 512</b>	<b>19%</b>	<b>300 713</b>	<b>35 202</b>	<b>12%</b>	<b>762 695</b>	<b>449 982</b>				
B	NW381	Ratlou L.M.	5 171	5 171	100%	5 811	529	9%	7 178		0%	18 160	5 700				
B	NW382	Tswaing L.M.	6 412	6 412	100%	7 206	588	8%	8 901		0%	22 519	7 000				
B	NW383	Mafikeng L.M.	12 593	12 593	100%	14 151	14 151	100%	17 481	17 481	100%	44 225	44 225				
B	NW384	Disabotla L.M.	8 310	7 200	87%	9 338		0%	11 538	6 417	56%	29 184	24 065				
B	NW385	Ramotshere Moela L.M.	7 107	7 107	100%	7 987	7 987	100%	9 866	9 866	100%	24 960	24 960				
C 2.75%	CD38	Central D.M.	69 231	69 231	100%	77 796	41 277	53%	96 103	96 103	100%	243 130	243 130				
<b>Total: Central District Municipalities</b>			<b>108 824</b>	<b>107 714</b>	<b>99%</b>	<b>122 289</b>	<b>64 532</b>	<b>53%</b>	<b>151 065</b>	<b>151 065</b>	<b>86%</b>	<b>382 178</b>	<b>349 080</b>				

# Annual Report 2005/06

* Denotes a Top 50 Municipality										2006/ 07			2007/ 08			2008/ 09			Totals for (2006/07/08/09)		
Category	Number	Municipality	Allocation (R'000)	Committed (R'000)	% Committed	Allocation (R'000)	Committed (R'000)	% Committed	Allocation (R'000)	Committed (R'000)	% Committed	Allocation (R'000)	Committed (R'000)	% Committed	Allocation (R'000)	Committed (R'000)	% Committed				
B	NW391	Kagisano L.M.	4 443	4 443	100%	4 992	4 992	100%	6 167	6 167	100%	15 602	15 602	100%							
B	NW392	Naledi L.M.	2 571	2 571	100%	2 889	2 889	100%	3 568	1 312	37%	9 028	6 772	75%							
B	NW393	Mamusa L.M.	3 338	3 338	100%	3 752	3 490	93%	4 634		0%	11 724	6 828	58%							
B	NW394	Greater Taung L.M.	8 988	2 976	33%	10 100		0%	12 477		0%	31 565	6 451	20%							
B	NW395	Molopo L.M.																			
B	NW396	Lekwa-Teemane L.M.	3 073		0%	3 453		0%	4 265		0%	10 791	4 465	41%							
C 4.5%	DC39	BophirimaD.M.	37 648	37 648	100%	42 305	6 749	16%	52 260	52 260	100%	132 213	132 213	100%							
Total: Bophirima District Municipality			60 061	50 976	85%	67 491	18 120	27%	83 371	59 730	72%	210 923	172 330	82%							
B	NW401	Ventersdorp L.M.	6 017	6 017	100%	6 762	2 384	35%	16 772		0%	21 132	8 542	40%							
B 5%	NW402	Potchefstroom L.M.*	12 083	12 083	100%	12 577	10 091	74%	56 308	9 827	59%	42 432	35 487	84%							
B 5%	NW403	Klerksdorp L.M.*	63 335	63 335	100%	92 218	29 289	32%			0%	211 861	141 327	67%							
B	NW404	Maquassi Hills L.M.	27 447	27 447	100%	10 795	10 795	100%	13 335	13 355	100%	51 577	51 577	100%							
B	NW405	Merafong City L.M.	29 253			26 526			32 812		0%	88 591									
C 5%	DC40	Southern D.M.																			
Total: Southern District Municipality			138 135	108 882	79%	149 878	52 559	35%	127 580	23 162	18%	415 593	236 934	57%							
Total: North West Municipalities			525 573	455 494	87%	583 087	180 722	31%	662 729	247 976	37%	1 771 389	1 208 326	68%							



### 5. CHALLENGES

- Roll over R163m into 2005/06
- The 2005/06 allocation increased with 160% from published DORA amount in April 2003 (R165m to R422m)
- Total amount to be spent during 05/06 - R585m
- 8 New funding municipalities - increase funding municipalities to 16
- All municipalities virtually totally uncommitted in 05/06 due to larger allocation in 04/05
- Retirement of 3 senior staff from the MIG team
- Slow registration
- Continuous changes in municipal project list
- Incomplete and accurate registration forms
- Registrations submitted without DWAF recommendations
- DWAF technical reports
- Lengthy EIA procedures
- Long procurement process for appointment of both project engineer and contractor
- Expanded Public Works Programme

### 6. INTERVENTIONS PROPOSED

- High level intervention from Department in Municipalities (both administrative and political) to unblock:
- Project identification
- Delays in registration
- Appointment of project engineers
- Appointment of contractors
- Delays in expenditure
- Unblock delays in the registration process through:
- Co-ordination with sector departments
- Liaise with DPLG – bring registration officials from DPLG to municipality
- Identify troubled municipalities
- Define reasons for poor commitment/ expenditure
- Assist and capacitate municipality in remedial measures

### 3.3.3 DISASTER MANAGEMENT

#### 1. Aim

To provide Provincial Disaster Management support to the District Municipalities and to monitor the service delivery of the Fire Services within the Province and assist with financial support for both Fire and Emergency Services and Disaster Management.

#### 2. Major Achievements:

- Enhanced level of service delivery in Fire Stations in the Province.
- Delivery of Disaster Management services at a Provincial Level.
- Delivery of Disaster Management services at a District Level.



## DEPARTMENTAL PROGRAMMES

Strategic Objective	Output	Service Delivery Indicators	Annual Performance	
			against Targets	Targets and Actual
1. Enhance level of service delivery in Fire Stations in the Province	• Acceptable level of service delivery of fire service in terms of SABS 090	• Operational Fire Services	17	8
	• All operational fire staff that are trained to a minimum standard	• Competent staff at stations and control room operational staff	17	8
	• Cont. assessment of fire Services	• Updated and constantly available survey information	17	17
2. Deliver Disaster Management services at a Provincial level	• Establishment of disaster centre with all facilities	• Operational centre with complete system with GIS & data base operations.	1	0
	• Appointment of a head of centre	• Recruitment process completed - Head of centre appointed	1	0
	• Disaster Management Plan for province.	• Completed plans after receipt from all four districts.	1	0
3. Ensure delivery of Disaster Management services at a District level	• All four district to have a Technical forum and centre	• All four district fully operational	4	2 f/ time
	• All District Disaster Plans complete	• All four district plans completed and incorporated into IDP's	4	1 temp

## DEPARTMENTAL PROGRAMMES

### 3. Grants in Aid

Name of institution	Amount	Type	Reason
Tswaing L.M.	R 3,955,673.23	Fire Service	Upgrade of Fire Services
Ditsabotla L.M.	R 4,394,073.23	Fire Service	Upgrade of Fire Services
Bophirima D.M.	R 800,000.00	Fire Service	Upgrade of Fire Services
Kgetleng-Rivier L.M.	R 1,994,281.49	Fire Service	Upgrade of Fire Services
Ventersdorp L.M.	R 1,810,972.05	Fire Service	Upgrade of Fire Services
Rustenburg L.M.	R 1,800,000.00	Fire Service	Upgrade of Fire Services
Central D.M.	R 65,000.00	Fire Service	Repairs to Ratlou vehicle
Zeerust L.M.	R 30,000.00	Fire Service	Repairs to Zeerust Vehicle
Naledi L.M.	R 150,000.00	Fire Service	Grant to assist in building Water Tanker
Southern D.M.	R 1 500 000.00	Disaster Management	Grant to develop Disaster Management Plan
Central D.M.	R 1 500 000.00	Disaster Management	Grant to develop Disaster Management Plan
Bophirima D.M.	R 1 500 000.00	Disaster Management	Grant to develop Disaster Management Plan
Bojanala Platinum D.M.	R 500 000.00	Disaster Management	Grant to upgrade Disaster Management Plan
<b>Total</b>	<b>R 18,500,000.00</b>		

### 3.4 PROGRAMME 4: MONITORING AND INTERVENTIONS

#### 3.4.1 Sub-Programme 1: Monitoring

Strategic Objective	Achievements/ Progress
1. To Facilitate the Development of a Data Warehouse and an Early Warning System for Municipal Monitoring and Reporting	<ul style="list-style-type: none"> <li>Developed a Data collection Template to collect both Financial and Non-Financial Data from Municipalities.</li> <li>Developed performance indicators for municipal financial reporting.</li> <li>Linked 19 municipalities to LGNet.</li> <li>Extraction process 60% on for municipal financial reporting</li> <li>End user training done for departmental staff</li> </ul>
2. Ensure effective Organization performance management system in all municipalities	<ul style="list-style-type: none"> <li>A PMS audit conducted at 16 municipalities</li> <li>A draft audit report tabled by 31 March 2006 with a turnaround strategy</li> <li>Frameworks in place for the targeted municipalities</li> </ul>
3. Effective Monitoring and Support to municipalities	<ul style="list-style-type: none"> <li>Constant follow-up on municipalities that have not submitted reports</li> <li>Supported municipalities with the compilation of reports</li> <li>Analysed monthly reports received from municipalities</li> <li>Appointed a consultant to conduct a needs analysis at some of the municipalities.</li> <li>Tabled a draft report with a turnaround strategy.</li> <li>Ensured that 23 of 25 municipalities submitted Annual Financial Statements to the AG for 2004/05</li> </ul>

### 3.4.2 Sub-Programme 2: Capacity Building

Strategic Objective	Achievements/ Progress
1. To promote effective municipal governance systems.	<ul style="list-style-type: none"> <li>Audits were conducted i.r.o. Employment Equity Plans and the Work Skills Plan in 13 Municipalities n.l.: Tswaing, Moses Kotane, Mashaweng, Mafikeng, Mafikeng, Ratlou, Maquassi Hills, Ditsobotla, Greater Taung, Kagisano, Potchefstroom, Ramotshere Moiloa, Klerksdorp and Lekwa-Teemane and the 4 district municipalities in monitoring and giving organizational development support to these municipalities for compliance with labour legislation, institutional and systems capacity audits.</li> <li>These municipalities have appointed officials into vacancies.</li> <li>Portfolio Committees of Councils have been established and are functional in 13 listed municipalities.</li> <li>In Bojanala D.M. 39 generic policies and By-Laws were formulated and developed for customization at other municipalities, namely;</li> <li>Cemetery By-Laws, Credit Control By-Law, Indigent Support Policy By-Law, Traffic Policy, Nuisances, Advertising Signs, Budget Approval Process, Contaminated and Infectious Waste, Digs, Keeping of animals, Refuse removal and Disposal By-Law, Furnishing of Information to the public, Hire and use of Municipal Facilities By-Law, Street trading By-Law, Ward Committees, Rules or Order Plenary System, Derelict and Unsightly Building, Public Amenities By-Law, Water, Sanitation and Industrial Effluent By-Laws, Control over Refuse Sites By-Law, Community Fire Services, Financial Management, Mini taxi, Mini buses and buses, Open spaces, Temporary advertisements, Taxi Ranks and Taxi Ranking updated, Delegation of Power, Building Control Regulations, Caravan Parks and Mobile Homes, Commonages, Child Care Services, Keeping of food at a registered kitchen, Control over informal settlements, Parking Meters, Bathing, Beach and Sea Shore, Over-Time Policy (Draft), Community Participation Framework, Cellular Phone Policy (Draft 1); and Municipal Health Services By-Law.</li> </ul>
2. To provide and facilitate the provision of needs based training of municipal councillors, ward committee members, officials, NGOs and emerging contractors.	<ul style="list-style-type: none"> <li>114 Councillors trained on Financial Management and 91 on LED = 205</li> <li>In collaboration with SALGA, 16 trainers and 4 departmental officials were trained through train-the-trainer programme.</li> <li>788 newly elected Councillors and re-elected Councillors went through Induction Programme.</li> <li>434 Municipal Officials trained;</li> <li>92 in Developmental Local Government Administration</li> <li>117 in Business Writing Skills</li> <li>54 in Preferential Procurement Policy Framework</li> <li>10 in Strategic Management</li> <li>81 in General Housekeeping</li> <li>15 in Housing Development and Management</li> <li>37 in Operations; and</li> <li>28 in Political Transformation</li> <li>Total number of councillors and officials trained translates to 158% performance</li> <li>Total of 500 Emerging Contractors and Artisans were trained.</li> </ul>

## DEPARTMENTAL PROGRAMMES

Strategic Objective	Achievements/ Progress
3. To promote Housing Consumer Awareness and Education among all key stakeholders at Municipal level.	<ul style="list-style-type: none"> <li>• Little progress registered as National Department of Housing has not as yet started with implementation of the training phase of housing consumer officials.</li> <li>• Procurement of service provider for training is at Tender stage.</li> <li>• Full implementation expected at 2<sup>nd</sup> quarter of 2006/ 07 financial year.</li> </ul>
4. To facilitate the accreditation of the Municipalities to manage Provincial and National Housing Programmes	<p>Little progress made as Province is awaiting national process of a formulating policy to unfold and bear fruit.</p> <p>The national strategy and guideline document is complete and a presentation was made to the department in September only.</p> <p>After confirmation of funding, department awaits go-ahead from National for budget of R50 m.</p>
5. To manage the implementation of the Community Development Workers (CDWs) Programme	<ul style="list-style-type: none"> <li>• 300 CDWs recruited</li> <li>• Theoretical and practical experiential training conducted for group of 56.</li> <li>• 244 remaining have received theoretical training but practical training only complete up to 90%</li> <li>• Graduation was held in mid-May 2006.</li> <li>• 57 Mentors have been trained in mentoring and workplace assessment techniques in line with National Skills Development Strategy requirements.</li> <li>• Additional training and orientation of CDWs in implementation and participation in the African Peer Review Mechanism (APRM) are completed.</li> <li>• Report back was done in May.</li> <li>• The LG SETA has funded the 12 month learnership training of CDWs valued at R2, 5 m and payment of stipends valued at R3, 20 m</li> <li>• R2, 0 m initial budget was depleted and an additional R1, 25 m was allocated and utilized for training logistics, communication and accommodation.</li> <li>• Permanent appointment of CDWs to be done in 2006/ 07 financial year.</li> <li>• Conditions of employment to be determined on budget allocation.</li> <li>• Current allocation is R10, 50 m, R30, 48 m and R47, 33 m for 2006/ 07, 2007/ 08 and 2008/ 09 respectively as opposed to the required R36, 21 m, R54, 39 m and R59, 83 m</li> <li>• This translates to shortfall of R25, 707 m, R23, 909m and R12, 501 m for each year respectively.</li> </ul>
6. To ensure reviewed assignments of powers and functions to municipalities by the MEC	<ul style="list-style-type: none"> <li>• Participated with other provinces in national process under National Demarcation Board to review and analyse the capacity of all municipalities to discharge functions allocated in terms of Section 78 of the Municipal Systems Act.</li> <li>• An audit was conducted jointly with Demarcation Board in all 25 municipalities.</li> <li>• 4 Districts have attended workshops.</li> <li>• Holding of water services strategy review workshop was held in August 2005 and attended by sector departments provincially and nationally.</li> </ul>

## DEPARTMENTAL PROGRAMMES

Strategic Objective	Achievements/ Progress
7. To coordinate the demarcation process.	<ul style="list-style-type: none"> <li>We participated in the national process of demarcation for municipal and provincial boundaries.</li> <li>Government Gazette No. 6215 of 27 September 2005 i.t.o. Section 23 (2)(b) of the Municipal Demarcation Act regarding the cross boundary municipalities was published.</li> <li>This outcome is informed by administrative and political input and in part supports the political decision to abolish cross boundary municipalities.</li> <li>Municipal Elections were conducted successfully on 1 March 2006 i.t.o. demarcated areas.</li> </ul>

### 3.4.3 Sub-Programme 3: Interventions

Strategic Objective	Achievements/ Progress
1. To provide sustainable support programmes to municipalities	<ul style="list-style-type: none"> <li>Conducted an assessment of 17 Local Municipalities to identify performance gaps and challenges.</li> <li>Developed and implemented support programmes for: <ul style="list-style-type: none"> <li>Naledi L.M. (political and administrative stabilisation)</li> <li>Macquassi Hills L.M. (financial improvement)</li> <li>Kgetlengrivier L.M. (service delivery improvement (sanitation))</li> <li>Ventersdorp L.M. (service delivery improvement)</li> <li>Moshaweng L.M. (improvement on contract management)</li> </ul> </li> <li>13 Local Municipalities were assisted with the development of council registers and compilation of council meeting minutes.</li> <li>4 Senior retired Engineers were placed in 4 District Municipalities.</li> <li>8 Graduates and 13 learners in the engineering field were deployed to local municipalities to build technical capacity in municipalities.</li> </ul>
2. To intervene in the affairs of Municipalities where there is failure to deliver on legislative obligations.	<ul style="list-style-type: none"> <li>Developed a turn-around strategy jointly with Bophirima D.M. to improve administration situation of Mamusa L.M.</li> <li>A team comprising of departmental officials, the District, Klerksdorp L.M. and Rustenburg L.M. developed turn-around strategy.</li> <li>The department developed and implemented a support programme for Tswaing L.M.</li> <li>A financial consultant was appointed in partnership with CDM to advise on financial recovery mechanisms.</li> </ul>
3. Coordination of Project Consolidate	<ul style="list-style-type: none"> <li>Conducted assessment of the 17 Project Consolidate municipalities and developed Provincial Action Plan.</li> <li>Established a functional Steering Committee for Project Consolidate comprising of officials from sector departments and parastatals. Each organisation identified areas of focus relevant to their organisation to support the 17 municipalities.</li> <li>Implemented and completed the sanitation projects in Klerksdorp, Ratlou and Bophirima: 1688 buckets eradicated in Klerksdorp and 2000 VIPs erected in Bophirima and Central Districts. The projects were completed within 8 weeks.</li> <li>Launched Project Consolidate in Moretele and Mafikeng and held Imbizos in Bojanala and Ventersdorp.</li> <li>15 municipalities submitted their medium term projects for implementation of Project Consolidate. 136 medium term projects identified and are 90% complete.</li> <li>Solicited loan funding for sanitation from DBSA for 5 Project Consolidate municipalities: Macquassi Hills, Lekwa Teemane, Ditsobotla, Mamusa and be used to eradicate the bucket system in municipalities.</li> </ul>



# CHAPTER 4

*Audit Committee Report*

### CHAPTER 4: AUDIT COMMITTEE REPORT

#### Report of the Audit Committee

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

#### Audit Committee Members and Attendances

NAME	ROLE	SCHEDULED MEETINGS		SPECIAL MEETINGS	
		HELD	ATTENDED	HELD	ATTENDED
Mr J van Rooyen	Chairperson	6	4	1	1
Prof S Visser	Member	6	6	1	1
Prof A Bootha	Member	6	6	1	1
Mr R Moyo	Member	6	6	1	1
Ms M Mokuena	Member	6	5	1	0
Mr BMM Madliwa / Alternative	Auditor General - NW Ex-officio member	6	6	1	0
Mr P Tjie	SG-Dept of Finance Ex-officio member	6	2	1	0
Mr G Paul	Accountant General - NW Ex-officio member	6	3	1	0

#### Audit Committee Responsibility

The Audit Committee is pleased to report that it is properly constituted as required by section 77 of the PFMA and has complied with its responsibilities arising from section 38(1)(a) of the PFMA and paragraph 3.1.13 of the Treasury Regulations. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

For the Committee to competently discharge its responsibilities, the Committee is supported by the Provincial Internal Audit which is under its control and direction. The Committee reports that the Provincial Internal Audit, whilst having been under-resourced, continues to enhance its resources so as to adequately discharge its responsibilities in terms of the Internal Audit Charter approved by the Audit Committee.

#### The effectiveness of internal control

The internal control environment and related controls remain inadequate and ineffective as highlighted by the various reports of the internal and external Auditors. The qualified audit opinion, emphasis of matter and the management letter of the Auditor-General have reported internal control weaknesses and non-compliance with laws and regulations. The weaknesses reported previously have not been satisfactorily addressed by the Accounting Officer.

The Committee is not satisfied that adequate mechanisms have been put in place to address these weaknesses. The Committee continues to monitor progress by the Department in addressing the weaknesses reported.

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

## AUDIT COMMITTEE REPORT

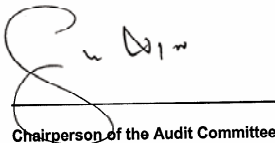
The Committee is unable to comment on the content and quality of monthly and quarterly reports prepared and issued by the Accounting Officer and the Department during the year as it did not review such reports.

The Committee is however, satisfied that the in-year management reports were duly prepared and submitted to the Provincial Treasury.

### Evaluation of Financial Statements

The Audit Committee has reviewed and discussed with the Auditor-General the audited annual financial statements to be included in the annual report; reviewed the Auditor-General's management letter and management response; reviewed significant adjustments resulting from the audit.

The Audit Committee concurs and accepts the conclusions of the Auditor-General on the annual financial statements and recommends that the audited annual financial statements be approved.



Chairperson of the Audit Committee

Date: 17 August 2006

# CHAPTER 5

### 1. Service delivery

**Table 1.1 – Main services provided and standards, 1 April 2005 to 31 March 2006**

Main services	Actual customers	Potential customers	Standard of service	Actual achievement against standards
Housing Delivery	Municipalities	Public beneficiaries	1 300 housing units pm	1 250 pm
Local Govt support	Municipalities	Broader community as beneficiaries of services	On- going, mainly institutional support	Satisfactory

**Table 1.2 – Consultation arrangements with customers, 2005/06**

Type of arrangement	Actual Customers	Potential Customers	Actual achievements
Quarterly meetings	Municipal officials	Ward Committees and the Residents	Satisfactory
Imbizos	The public and Municipalities	Other stakeholders such as developers, contractors and relevant SETA's	Satisfactory

**Table 1.3 – Service delivery access strategy, 2005/06**

Access Strategy	Actual achievements
Periodic meetings with municipalities to assess functionality of Ward Committees	Satisfactory

**Table 1.4 – Service information tool, 2005/06**

Types of information tool	Actual achievements
Integrated Municipal information management system	System operational. Data collated regularly and reports are generated and analysed
Annual report	Widely distributed to stakeholders and clients annually
MEC Budget speech	Widely distributed to stakeholders and clients annually
Departmental newsletter	Distributed quarterly among clients and stakeholders

**Table 1.5 – Complaints mechanism, 2005/06**

Complaints Mechanism	Actual achievements
Offices of the MEC and DDG receive complaints	Complaints are scrutinised and referred to relevant line functions for possible resolution

### 2. Expenditure

**TABLE 2.1 – Personnel costs by programme, 1 April 2005 to 31 March 2006**

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)
Admin	37 981	28 810	1 320	976	75.85	132
Housing	683 942	30 117	20	852	4.40	164
Local Govt	57 473	4 166	85	604	7.25	319
Monitoring & Intervention	5 955	2 002	860	0	33.62	135
Total	785 351	65 095	2 285	2 432	8.30	161

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

Salary bands	Personnel Expenditure (R'000)	% of total personnel cost	Average personnel cost per employee (R'000)
Lower skilled (Levels 1-2)	12 006	18.43	115
Skilled (Levels 3-5)	10 473	16.08	175
Highly skilled production (Levels 6-8)	20 085	30.83	121
Highly skilled supervision (Levels 9-12)	14 563	22.36	265
Senior management (Levels 13-16)	8 011	12.30	422
Total	65 138	100	161

**TABLE 2.3 - Salaries, Overtime, Home Owners Allowance & Medical Assistance 2005/ 06**

Programme	Salaries		Overtime		Home Owners Allowance		Medical Assistance	
	Amount (R'000)	Salaries as a % of personnel cost	Amount (R'000)	Overtime as a % of personnel cost	Amount (R'000)	HOA as a % of personnel cost	Amount (R'000)	Medical Assistance as a % of personnel cost
Admin	26 229	40.27	5	0.02	373	1.42	1 577	6.01
Housing	17 569	26.97	35	0.20	289	1.64	1 069	6.08
Local Govt	14 051	21.57			103	0.73	448	3.19
Monitoring & Intervention	7 289	11.19			140	1.92	341	4.68
Total	65 138	100	40	0.06	905	1.39	3 435	5.27



## HUMAN RESOURCE MANAGEMENT

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

Salary Bands	Salaries		Overtime		Home Owners Allowance		Medical Assistance	
	Amount (R'000)	Salaries as a % of personnel cost	Amount (R'000)	Overtime as a % of personnel cost	Amount (R'000)	HOA as a % of personnel cost	Amount (R'000)	Medical Assistance as a % of personnel cost
Lower skilled (Levels 1-2)	12 006	18.43	0	0	84	0.70	476	3.96
Skilled (Levels 3-5)	10 473	16.08	11	27.50	165	1.58	461	4.40
Highly skilled production (Levels 6-8)	20 085	30.83	24	60	235	1.17	1 340	6.67
Highly skilled supervision (Levels 9-12)	14 563	22.36	5	12.50	211	1.45	1 154	7.92
Senior management (Levels 13-16)	8 011	12.30	0	0	210	2.62	4	0.05
Total	65 138	100	40	0.06	905	1.39	3 435	5.27

### 3. Employment and Vacancies

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

Programme	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
Admin	160	127	20.63	72
Housing	120	107	10.83	0
Local Govt	74	44	40.54	0
Monitoring & Intervention	92	54	41.30	0
Total	446	332	25.56	72

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

Salary band	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
Lower skilled (Levels 1-2)	48	48	0	56
Skilled (Levels 3-5)	49	49	0	11
Highly skilled production (Levels 6-8)	209	161	22.97	5
Highly skilled supervision (Levels 9-12)	119	55	53.78	0
Senior management (Levels 13-16)	21	19	9.52	0
Total	446	332	25.56	72

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

Critical occupations	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
Highly skilled supervision (Level 9-12)	119	55	53.78	0
Senior Management (Level 13-16)	21	19	9.52	0
Total	140	74	21.43	0

### 4. Job Evaluation

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

Salary Band	Number of posts	Number of jobs evaluated	% of posts evaluated by salary bands	Posts Upgraded		Posts downgraded	
				Number	% of posts evaluated	Number	% of posts evaluated
Lower Skilled (Levels 1-2)	0	0	0	0	0	0	0
Skilled (Levels 3-5)	2	2	100	0	0	0	0
Highly skilled production (Levels 6-8)	3	3	100	0	0	0	0
Highly skilled supervision (Levels 9-12)	10	10	100	0	0	0	0
Senior Management (Service Band A)	1	1	100	0	0	0	0
Senior Management (Service Band B)	0	0	0	0	0	0	0
Senior Management (Service Band C)	0	0	0	0	0	0	0
Senior Management (Service Band D)	0	0	0	0	0	0	0
Total	16	16	100	0	0	0	0

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

Beneficiaries	African	Asian	Coloured	White	Total
Female	N/A	N/A	N/A	N/A	N/A
Male					
Total					
Employees with a disability					

## HUMAN RESOURCE MANAGEMENT

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

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

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

Beneficiaries	African	Asian	Coloured	White	Total
Female	N/A				
Male					
Total					
Employees with a disability					NONE

<b>Total Number of Employees whose salaries exceeded the grades determined by job evaluation in 2005/ 06</b>	<b>None</b>
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### 5. Employment Changes

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

Salary Band	Number of employees per band as on 1 April 2004	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Lower skilled (Levels 1-2)	104	0	13	14
Skilled (Levels 3-5)	60	0	0	0
Highly skilled production(Levels 6-8)	166		1	0.60
Highly skilled supervision(Levels 9-12)	55	2	4	7
Senior Management Service Band A	14	2	2	14
Senior Management Service Band B	4	0	0	0
Senior Management Service Band C	1	0	0	0
Senior Management Service Band D	0	0	0	0
Total	404	4	20	5. 20

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

Occupation:	Number of employees per occupation as on 1 April 2005	Appointments and transfers into the department	Terminations and transfers out of the department	Turnover rate
Highly skilled supervision (Level 9-12)	55	2	4	7
Senior Management Service Band A	14	2	2	14
Senior Management Service Band B	4	0	0	0
Senior Management Service Band C	1	0	0	0
Senior Management Service Band D	0	0	0	0
<b>Total</b>	<b>74</b>	<b>4</b>	<b>6</b>	<b>8.11</b>

**Table 5.3 – Reasons why staff are leaving the department, 2005/06**

Termination Type	Number	% of total
Death	3	15
Resignation	4	20
Expiry of contract	0	0
Dismissal – operational changes		
Dismissal – misconduct	1	5
Dismissal – inefficiency	0	0
Discharged due to ill-health	3	15
Retirement	6	30
Transfers to other Public Service Departments	2	10
Other	1	5
<b>Total</b>	<b>20</b>	<b>4.95</b>
Total number of employees who left as a % of the total employment		4.21

**Table 5.4 – Promotions by critical occupation, 2005/06**

Occupation	Employees as at 1 April 2005	Promotions to another salary level	Salary level promotions as a % of employees by occupation	Progressions to another notch within a salary level	Notch progressions as a % of employees by occupation
Highly skilled supervision (Level 9-12)	55	3	5.45	620	8.87
Senior Management	19	3	15.79	1 422	1.34
<b>Total</b>	<b>74</b>	<b>6</b>	<b>8.11</b>	<b>2 042</b>	<b>3.62</b>

**Table 5.5 – Promotions by salary band, 2005/06**

Salary Band	Employees 1 April 2005	Promotions to another salary level	Salary bands promotions as a % of employees by salary level	Progressions to another notch within a salary level	Notch progressions as a % of employees by salary band
Lower skilled (Levels 1-2)	104	0	0	0	0
Skilled (Levels 3-5)	60	0	0	0	0
Highly skilled production (Levels 6-8)	166	1	0.60	117	70.48
Highly skilled supervision (Levels 9-12)	55	3	5.45	620	8.87
Senior management (Levels 13-16)	19	3	15.79	1 422	1.34
Total	404	7	1.49	2 159	18.71

## 6. Employment Equity

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

Occupational categories (SASCO)	Male		Female				Total	
	African	Coloured	Indian	White	African	Coloured	Indian	White
Legislators, senior officials and managers	8	0	2	1	6	1	0	1
Professionals	26	2	2	4	19	1	0	1
Technicians and associate professionals	58	0	0	1	62	0	0	1
Clerks	58	0	0	0	45	0	0	1
Service and Sales								
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	0	0	0	0	0	0	0	0
Elementary occupations	75	0	0	0	29	0	0	0
Total	226	2	4	6	161	2	0	4
Employees with disabilities	None							

## HUMAN RESOURCE MANAGEMENT

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

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	4		1						5
Senior Management	4		1	1	6	1		1	14
Professionally qualified and experienced specialists and mid-management	26	2	2	4	19	1	0	1	55
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	116	0	0	1	107	0	0	2	226
Semi-skilled and discretionary decision making	75	0	0	0	29	0	0	0	104
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	225	2	4	6	161	2	0	4	404

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

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Senior Management					2	1			3
Professionally qualified and experienced specialists and mid-management	1				1				2
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents									
Semi-skilled and discretionary decision making									
Unskilled and defined decision making									
Total	1				3	1			5
Employees with disabilities	N/A								



## HUMAN RESOURCE MANAGEMENT

### 6.4 – Promotions for the period 1 April 2005 to 31 March 2006

Occupational Bands	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	0	0	0	0	<u>2</u>	0	0	<u>1</u>	<u>3</u>
Professionally qualified and experienced specialists and mid-management	<u>1</u>				<u>2</u>				<u>3</u>
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	0	0	0	0	<u>1</u>	0	0	0	<u>1</u>
Semi-skilled and discretionary decision making	0	0	0	0	0	0	0	0	0
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	<u>1</u>	0	0	0	<u>5</u>	0	0	<u>1</u>	<u>7</u>

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

Occupational Bands	Male		Female						
	African	Coloured	Indian	White	African	Coloured	Indian	White	Total
Top Management	0	0	0	0	0	0	0	0	0
Senior Management	0	<u>1</u>	0	0	0	<u>1</u>	0	0	<u>2</u>
Professionally qualified and experienced specialists and mid-management	<u>2</u>				<u>2</u>				<u>4</u>
Skilled technical and academically qualified workers, junior management, supervisors, foreman and superintendents	<u>1</u>	0	0	0	0	0	0	0	<u>1</u>
Semi-skilled and discretionary decision making	<u>10</u>	0	0	0	0	0	0	0	<u>10</u>
Unskilled and defined decision making	0	0	0	0	0	0	0	0	0
Total	<u>13</u>	<u>1</u>	0	0	<u>2</u>	<u>1</u>	0	0	<u>17</u>

Employees with disabilities	N/A	
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### 6.6 – Disciplinary action for the period 1 April 2005 to 31 March 2006

	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Disciplinary action	1								1

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

Occupational categories	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	8		2	1	6	1		1	19
Professionals	26	2	2	4	19	1		1	55
Technicians and associate professionals	58	0	0	1	62	0	0	1	122
Clerks	58	0	0	0	45	0	0	1	104
Service and sales workers	0	0	0	0	0	0	0	0	0
Skilled agriculture and fishery workers	0	0	0	0	0	0	0	0	0
Craft and related trades workers	0	0	0	0	0	0	0	0	0
Plant and machine operators and assemblers	0	0	0	0	0	0	0	0	0
Elementary occupations	75	0	0	0	29	0	0	0	104
Total	225	2	4	6	161	2	0	4	404

Employees with disabilities	NONE
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## 7. Performance Rewards

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

	Beneficiary Profile			Cost	
	Number of beneficiaries	Total number of employees in group	% of total within group	Cost (R'000)	Average cost per employee
African	0	0	0	0	0
Male	190	0	0	1 614	0
Female	125	0	0	1 066	0
Asian	0	0	0	0	0
Male	3	0	0	94 347	0
Female	0	0	0	0	0
Coloured	0	0	0	0	0
Male	2	0	0	41 873	0
Female	1	0	0	31 720	0
White	0	0	0	0	0
Male	3	0	0	51 973	0
Female	2	0	0	26 199	0
Employees with a disability	0	0	0	0	0
Total	326	0	0	248 792	0

## HUMAN RESOURCE MANAGEMENT

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

Salary Bands	Beneficiary Profile			Cost		
	Number of beneficiaries	Number of employees	% of total within salary bands	Total Cost (R'000)	Average cost per employee	Total cost as a % of the total personnel expenditure
Lower skilled (Levels 1-2)	104	104	100	319	3	2.66
Skilled (Levels 3-5)	47	60	78	249	4	2.38
Highly skilled production (Levels 6-8)	139	166	84	1421	9	7.07
Highly skilled supervision (Levels 9-12)	33	55	60	803	15	5.51
Total	323	385	84	2 792	7	4.29

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

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

**TABLE 7.4 – Performance related rewards (cash bonus), by salary band, for Senior Management Service, 1 April 2005 to 31 March 2006**

Salary Band	Beneficiary Profile			Total Cost (R'000)	Average cost per employee	Total cost as a % of the total personnel expenditure
	Number of beneficiaries	Number of employees	% of total within band			
Band A	3	14	21	79	6	0.99
Band B	0	0	0	0	0	
Band C	1	1	100	33	33	0.41
Band D	0	0	0	0	0	
Total	4	15	21	112	7	0.17

### 8. Foreign Workers

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

Salary Band	1 April 2004		31 March 2005		Change	
	Number	% of total	Number	% of total	Number	% change
Lower skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (Levels 3-5)	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	0	0	0	0	0	0
Highly skilled supervision (Levels 9-12)	4	7.27	3	5.45	0	0
Senior management (Levels 13-16)	0	0	0	0	0	0
Total	4	0.99	3	0.74	0	0

**TABLE 8.2 – Foreign Worker, 1 April 2005 to 31 March 2006, by major occupation**

Major Occupation	1 April 2004		31 March 2005		Change	
	Number	% of total	Number	% of total	Number	% change
N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total						

### 9. Leave utilisation for the period 1 January 2005 to 31 December 2005

**TABLE 9.1 – Sick leave, 1 January 2005 to 31 December 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)
Lower skilled (Levels 1-2)	165	19.32	17	25.37	9.71	22 103
Skilled (Levels 3-5)	203	23.77	15	22.39	13.53	33 188
Highly skilled production (Levels 6-8)	301	35.25	18	26.87	16.72	105 395
Highly skilled supervision (Levels 9-12)	103	12.06	07	10.45	14.71	73 218
Senior management (Levels 13-16)	82	9.60	10	14.93	8.20	87 842
Total	854	100	67	100	2.99	321 746

## HUMAN RESOURCE MANAGEMENT

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

Salary Band	Total days taken	% days with medical certification	Number of Employees using disability leave	% of total employees using disability leave	Average days per employee	Estimated Cost (R'000)
Lower skilled (Levels 1-2)	0	0	0	0	0	0
Skilled (Levels 3-5)	24	7.92	1	14.29	24	3 924
Highly skilled production (Levels 6-8)	99	32.67	4	57.14	24.75	29 800
Highly skilled supervision (Levels 9-12)	180	59.41	2	28.57	90.00	102 443
Senior management (Levels 13-16)	0	0	0	0	0	0
Total	303	100	7	100	43.29	136 167

**TABLE 9.3 – Annual Leave, 1 January 2005 to 31 December 2005**

Salary Bands	Total days taken	Average per employee
Lower skilled (Levels 1-2)	320	3
Skilled (Levels 3-5)	735	12
Highly skilled production (Levels 6-8)	1049	6
Highly skilled supervision (Levels 9-12)	578	11
Senior management (Levels 13-16)	89	5
Total	2771	7

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

Salary Bands	Total days of capped leave taken	Average number of days taken per employee	Average capped leave per employee as at 31 December 2005
Lower skilled (Levels 1-2)	0	0	0
Skilled Levels 3-5)	16	4	4
Highly skilled production (Levels 6-8)	4	42	0.10
Highly skilled supervision (Levels 9-12)	0	0	0
Senior management (Levels 13-16)	0	0	0
Total	20	20	1

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

REASON	Total Amount (R'000)	Number of Employees	Average payment per employee
Leave payout for 2005/06 due to non-utilisation of leave for the previous cycle	0	0	0
Capped leave payouts on termination of service for 2005/06	184	12	15
Current leave payout on termination of service for 2005/06	52	15	3
Total	236	27	8.47

### 10. HIV/AIDS & Health Promotion Programmes

**TABLE 10.1 – Steps taken to reduce the risk of occupational exposure, 2005/06**

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
Condom distribution VCT Educating staff on STI's	

**TABLE 10.2 – Details of Health Promotion and HIV/AIDS Programmes, 1 April 2005 to 31 March 2006**

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		Director: HRM
2. Does the department have a dedicated unit or has it designated specific staff members to promote the health and well being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	Yes	6	R250 000
3. Has the department introduced an EAP or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.	Yes		Employee Assistance Programme
4. Has the department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	Yes		Director: HR,  HIV/ Aids Coordinator, Peer Educator,  (2) Union Reps  EAP Coordinator and Provincial Aids Council member
5. Has the department reviewed its employment policies and practices to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	Yes		The HIV/Aids policy accommodates these issues
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 policy guarantees confidentiality
7. Does the department encourage its employees to undergo Voluntary Counselling & Testing? If so, list the results.	Yes		130 referrals to Unit 9 Clinic & 45 self referrals
8. Has the department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.	Yes		Monitoring & Evaluation tool has been developed

### 11. Labour Relations

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

Subject Matter	Date
Total collective agreements	None

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

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	0	0
Verbal warning	0	0
Written warning	1	25.00
Final written warning	1	25.00
Suspended without pay	0	0
Fine	0	0
Demotion	0	0
Dismissal	1	25.00
Not guilty	1	25.00
Case withdrawn	0	0
Total	4	100

<b>Disciplinary hearings –2005/ 06</b>	None
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**TABLE 11.3 – Types of misconduct addressed at disciplinary hearings, 1 April 2005 to 31 March 2006**

Type of misconduct	Number	% of Total
Insolent behaviour	1	33.33
Insubordination	1	33.33
Abscodnment	1	33.33
Total	3	100

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

	Number	% of Total
Number of grievances resolved	20	74.07
Number of grievances not yet resolved	7	25.93
Total number of grievances lodged	27	100



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

	Number	% of Total
Number of disputes upheld		
Number of disputes dismissed	1	16.67
Number of disputes lodged	5	83.33
Total number of disputes lodged	6	100

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

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

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

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

### 12. Skills Development

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

Occupational Categories	Gender	Number of employees as at 1 April 2005	Training needs identified at start of reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	<u>17</u>		<u>Customer Care</u> <u>Business Plan design</u> <u>Team Building</u> <u>PHP &amp; Support: HSS, MISS Programme and Project Management</u> <u>Supply Chain Management</u> <u>Advanced Computer</u>		<u>17</u>
	Male	<u>9</u>				<u>9</u>
Professionals	Female	<u>41</u>		<u>Customer Care Business Plan design</u> <u>PHP &amp; Support: HSS, MISS</u> <u>Team Building</u> <u>Legislative Drafting</u> <u>Leadership &amp; Management</u> <u>PFMA &amp; MFMA</u> <u>Conflict Management</u> <u>Supply Chain Management</u>		<u>41</u>
	Male	<u>64</u>				<u>64</u>
Technicians and associate professionals	Female	<u>90</u>		<u>Policy formulation PFMA &amp; MFMA Programme and Project Conflict Managm.</u> <u>Supply Chain Management</u> <u>Advanced Computer &amp; Team Building</u>		<u>90</u>
	Male	<u>121</u>				<u>121</u>
Clerks	Female	<u>33</u>		<u>PHP &amp; Support: HSS, MISS</u> <u>Customer Care Team Building</u> <u>Advanced Computer</u> <u>Housing and Local Govt legislation PFMA &amp; MFMA</u> <u>Conflict Management</u> <u>Supply Chain</u>		<u>33</u>
	Male	<u>55</u>				<u>55</u>
Service and sales workers	Female					
	Male					
Skilled agriculture and fishery workers	Female					
	Male					
Craft and related trades workers	Female					
	Male					
Plant and machine operators and assemblers	Female					
	Male					
Elementary occupations	Female					
	Male					
Sub Total	Female					<u>181</u>
	Male					<u>249</u>
Total						<u>430</u>

### 12.2 – Training provided 1 April 2005 to 31 March 2006

Occupational Categories	Gender	Number of employees as at 1 April 2005	Training provided within the reporting period			
			Learnerships	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	<u>6</u>		<u>SMS KHAEDU</u> <u>Contract Management</u> <u>Advanced Excel</u>	<u>Law Seminar</u>	<u>6</u>
	Male	<u>8</u>				<u>8</u>
Professionals	Female	<u>11</u>		<u>Conflict Management</u> <u>AMDP</u> <u>Business Writing</u> <u>MMDP</u> <u>Supply Chain Management</u> <u>Advanced Computer</u> <u>Legislative Drafting</u> <u>Training of Trainers</u> <u>Contract Management</u> <u>Public Finance</u>		<u>11</u>
	Male	<u>18</u>				<u>18</u>
Technicians and associate professionals	Female	<u>46</u>		<u>Conflict Management</u> <u>AMDP</u> <u>Business Writing</u> <u>Home Inspection</u> <u>MMDP</u> <u>Computer Literacy</u> <u>Advanced Labour Relation</u> <u>Learnership Management</u> <u>IMMIS</u>	<u>EAP</u> <u>Conference</u>	<u>46</u>
	Male	<u>84</u>				<u>84</u>
Clerks	Female	<u>6</u>		<u>Conflict Management</u> <u>Business Writing</u> <u>MMDP</u> <u>Supply Chain Management</u> <u>Computer Literacy</u> <u>Bricklaying &amp; Trade Test</u>		<u>6</u>
	Male	<u>6</u>				<u>6</u>
Service and sales workers	Female	<u>0</u>				
	Male	<u>0</u>				
Skilled agriculture and fishery workers	Female	<u>0</u>				
	Male	<u>0</u>				
Craft and related trades workers	Female	<u>0</u>				
	Male	<u>0</u>				
Plant and machine operators and assemblers	Female	<u>0</u>				
	Male	<u>0</u>				
Elementary occupations	Female	<u>0</u>				
	Male	<u>0</u>				
Sub Total	Female	<u>0</u>				<u>68</u>
	Male	<u>0</u>				<u>116</u>
Total		<u>0</u>				<u>184</u>

### 13. Injury on duty

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

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

### 14. Utilisation of Consultants

**Table 14.1 – Report on consultant appointments using appropriated funds, 1 April 2005 to 31 March 2006**

Project Title	Total number of consultants that worked on the project	Duration: Work days	Contract value in Rand
N/A	N/A	N/A	N/A
Total number of projects	Total individual consultants	Total duration: Work days	Total contract value in Rand
N/A	N/A	N/A	N/A

**Table 14.2 – Analysis of consultant appointments using appropriated funds, in terms of Historically Disadvantaged Individuals (HDIs), 2005/06**

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

**Table 14.3 – Report on consultant appointments using Donor funds, 2005/06**

Project Title	Total Number of consultants that worked on the project	Duration: Work days	Donor and Contract value in Rand
NIL	NIL	NIL	NIL
Total number of projects	Total individual consultants	Total duration: Work days	Total contract value in Rand
NIL	NIL	NIL	NIL

**Table 14.4 – Analysis of consultant appointments using Donor funds, in terms of Historically Disadvantaged Individuals (HDIs), 2005/06**

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

# CHAPTER 6

## AUDITOR GENERAL'S REPORT

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

**REPORT OF THE AUDITOR-GENERAL TO THE MEMBERS OF THE NORTH WEST PROVINCIAL LEGISLATURE  
ON THE FINANCIAL STATEMENTS OF VOTE 09 - THE DEPARTMENT OF DEVELOPMENTAL LOCAL  
GOVERNMENT AND HOUSING  
FOR THE YEAR ENDED 31 MARCH 2006.**

### **1. AUDIT ASSIGNMENT**

The financial statements as set out on pages 67 to 99, for the year ended 31 March 2006, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read with sections 4 and 20 of the Public Audit Act, 2004 (Act No. 25 of 2004) and the Public Finance Management Act, 1999 (Act No.1 of 1999) as amended (PFMA). The fixed asset opening balances have not been audited because of the timing of guidance from National Treasury to the departments relating to the treatment, valuation and disclosure of fixed assets. These financial statements are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements, based on my audit.

### **2. SCOPE**

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

An audit includes:

- examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements
- assessing the accounting principles used and significant estimates made by management
- 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 paragraph 1.1 of the accounting policies.

### 4. QUALIFICATION

#### 4.1 Irregular expenditure

The accuracy and completeness of the irregular expenditure disclosure note to the financial statements could not be verified as the following irregular expenditure amounting to R5 231 269 incurred during the financial year was not included:

- 4.1.1 An amount of R600 000 was paid to various municipalities in respect of Project Consolidate but was not gazetted, as required by section 9(1) of the Division of Revenue Act, 2002 (Act No.5 of 2002).
- 4.1.2. A payment of R300 000 to the North West Housing Corporation as financial assistance for a disciplinary enquiry was not budgeted for.
- 4.1.3. A payment of R118 838 that was made to a contractor was not in accordance with the conditions of the contract and no prior written approval was obtained.
- 4.1.4 An amount totalling R2 381 335 was paid to various service providers appointed to provide accommodation for the Community Development Workers without following procurement procedures.
- 4.1.5 An amount of R871 049 was paid to consultants appointed by the department for a forensic investigation at the North West Housing Corporation without following procurement procedures.
- 4.1.6 An amount of R763 047 was paid for the lease of buildings without a signed lease agreement.
- 4.1.7 A roll-over of R197 000 for the Local Government Support Grants (LGSG) to appoint the Chief Financial Officer for Tswaing Municipality paid to a contractor.

#### 4.2. Classification of expenditure items

Expenditure amounting to R4 288 220 was incorrectly classified and disclosed as indicated below. I was therefore unable to verify the amount disclosed in the financial statement.

- 4.2.1 Leave gratuity payments to staff amounting to R236 481 was budgeted for under personnel expenditure and paid under transfers and subsidies.
- 4.2.2 Maintenance and repairs expenditure amounting to R314 936 paid as other goods and services was disclosed as inventory

- 4.2.3 Expenditure amounting to R1 034 066 in respect of accommodation and meals was paid as training and staff development and not travel and subsistence .
- 4.2.4 Rental expenses amounting to R166 737 were incorrectly paid and allocated to inventory.
- 4.2.5 An amount of R2 536 000 paid in respect of management services on infrastructure projects, budgeted for as other capital expenditure, was paid under consultants, contractors and special services.

### 4.3 Fixes assets

- 4.3.1 The existence of fixed assets as per the asset register could not be confirmed as the samples selected were not barcoded. Assurance could not be obtained as to the completeness of the fixed asset register as the samples selected could not be traced to the fixed asset register.
- 4.3.2 As per the accounting policy, Annexure 4 to the financial statements should disclose the total cost of capital assets on hand. The correctness of the disclosure of assets according to Annexure 4 to the financial statements could not be confirmed as a reliable fixed asset register was not available for verification of the amounts disclosed.
- 4.3.3 Furthermore, an amount of R18 669 417 was incorrectly disclosed as 'Additions to Fixed Assets' in Annexure 4.1. This amount relates to capital transfers to municipalities.

### 4.4 Housing guarantees

The accuracy and valuation of housing loan guarantees disclosed as R2 511 000 could not be verified as the 2573 forms in respect of government guarantee home loans for the sample selected for testing amounting to R1 318 218 could not be submitted for auditing

### 4.5 Disclosure notes

The amounts as disclosed in the following disclosure notes were not accurate:

- 4.5.1 Commitments note 17 was understated by R24 762 624.
- 4.5.2 Amounts disclosed in note 19 to the financial statements of R3 147 000 and R3 439 000 for performance awards and thirteenth cheques respectively, were in respect of actual expenditure incurred and not accrual amounts.
- 4.5.3 Accruals amounting to R32 614 203 were incorrectly classified as commitments.

### 4.6 Transfer payments

An amount of R37 600 000 was transferred from the Housing Fund to the Greater Tshwane Municipality. However, no proof could be submitted that the existence of beneficiaries was verified by the Department. I am therefore unable to express an opinion on the validity of these transfer payments.

### 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 present fairly, in all material respects, the financial position of the Department of Developmental Local Government and Housing at 31 March 2006 and the results of its operations and its cash flows for the year then ended, in accordance with the modified cash basis of accounting as determined by the National Treasury of South Africa, as described in paragraph 1.1 of the accounting policies and in the manner required by the PFMA.

### 6. EMPHASIS OF MATTER

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

#### 6.1 Performance information

In terms of section 40(3) (a) of the PFMA, the department is required to submit its performance against predetermined objectives for audit. The reported information relating to the performance of the Department of Developmental Local Government and Housing against pre-determined objectives was not submitted for audit on the agreed upon date and I was therefore unable to audit the performance information to be included in the annual report of the department."

#### 6.2 Implementation of supply chain management

- 6.2.1 The supply chain management unit did not have approved policies and procedures and also did not have delegations of authority in place.
- 6.2.2 The unit did not yet implement all the supply chain functions of demand management, acquisition management, logistics management, contract management, disposal management, risk management and regular assessment of supply chain performance.

#### 6.3 Housing fund

Municipalities did not submit monthly project progress reports on housing projects as required by Division of Revenue Act, 2004 (Act No.5 of 2004)(DORA).

### 6.5 Performance awards

Thirty-seven grounds men were paid performance bonuses amounting to R87 274 in total. However, they were not assessed on a quarterly basis as required in terms of the Performance Management and Development System. To qualify for a performance bonus, a rating of 70% must be obtained. All ratings below 70% awarded by their supervisors were changed to 70% by the moderating committee, thereby qualifying them for a performance bonus.

### 7. APPRECIATION

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



ND Maphiri for Auditor General

Rustenburg

4 September 2006

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

Our department has during the year strengthened its support to municipalities on various fronts. A different approach was adopted through the IDP process which has taken a more interactive role with all stakeholders. This included bringing on board other government departments.

On the infrastructure side, the department has engaged the Development Bank of Southern Africa for assistance in accelerating the eradication of the bucket system by March 2007.

An amount of R30m was spent during the year towards this. The bulk of this was spent on the Klerksdorp area with other rural areas in the Bophirima District also benefiting.

For the second year running the department has displayed very little underspending on its housing funding. This year alone, only R2,5m of the R617,907m was unspent at the end of the year. This is due to improved processes that the department has put in place.

### 2. Service rendered by the department

- 2.1 The mandate of the department is provision of support to the local sphere of government as well as facilitation of housing delivery in the province.

A detailed description of the services rendered through the various programmes, is shown in the annual report.

#### 2.2 Tariff policy

There is no tariff policy in place as the only source of revenue that involved tariffs ( the Mmabatho civic centre) was closed for renovation and subsequent transfer to the Mafikeng Local Municipality.

#### 2.3 Free Services

No free basic services were rendered by the department during the financial year.

#### 2.4 Inventories

The department does not keep any inventory. Everything is bought as and when a need arises.

### 3. Capacity Constraints

The department's financial resources still poses a serious challenge in our endeavour to provide the necessary support to municipalities. This obviously has a negative effect on both the timing of the service as well as its quality.

### 4. Utilisation of donor funds

No donor funding was received during the financial year.

### 5. Trading entities and public entities

The only public entity falling under the department is the North West Housing Corporation.

An amount of R10 million was transferred to the Housing Corporation during the financial year as part of getting on a sound footing. As with previous funding, conditions are attached to the utilisation of this grant.

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

Apart from municipalities and the Housing Corporation, no other organisation was provided funding during the financial year.

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

There is presently no public private partnership in place.

### **8. Corporate governance arrangements**

The department has with the assistance of a firm of consultants, reviewed its risk assessment and fraud prevention plans. A full briefing session of all managers in the department is planned to ensure risk awareness and detection thereof.

As part of improving our capacity especially in our financial administration will be filled after funding was received for these. The department has also revised its training programme in this area to enable staff to meet all challenges in financial administration.

The department participates in the shared audit service provided by the province. Periodical meeting with our internal auditors are held throughout the year to review the performance of the department.

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

No activities have been discontinued or will be discontinued in the foreseeable future.

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

There are no new or proposed activities envisaged.

### **11. Asset management**

All assets within the department have been captured in the fixed assets register. There is an asset management team in place as well as asset controllers in all the cost units. A proper asset verification has taken place during the year as a means of reconciling the asset register with the assets on hand.

Our asset management team has undergone the necessary training to ensure compliance with the minimum requirements.

### **12. Events after the reporting date**

The Department of Developmental Local Government and Housing is not aware of nature of any matter or circumstances arising since the end of the financial year, not otherwise dealt with in the annual financial statements which significantly affect the financial position of the Department or the results of the Department's operations.

### 13. Performance Information

The department has a strategic plan in place which clearly sets out performance standards. A quarterly review of all the programmes as well as the overall department is conducted to trace progress. Over and above this, there are reports that are sent to Provincial Treasury as well as other National departments on a monthly and quarterly basis.

### 14. Scopa Resolutions

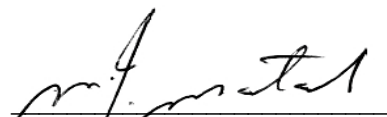
Not available.

### 15. Other

There is no other material fact or facts that may have an effect on the understanding of the financial state of affairs not addressed elsewhere in the report.

### 16. Approval

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

  
IQBAL MOTALA

ACCOUNTING OFFICER

ACCOUNTING POLICIES FOR THE YEAR ENDED 31 MARCH 2006

31 May 2006

Date



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

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

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

The Annual Financial Statements have been prepared on a modified cash basis of accounting, except where stated otherwise. The modified cash basis constitutes the cash basis of accounting supplemented with additional disclosure items. Under the cash basis of accounting transactions and other events are recognised when cash is received or paid.

#### **1.2 Presentation currency**

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

#### **1.3 Rounding**

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

#### **1.4 Comparative figures**

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

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

### **Revenue**

#### **1.5 Appropriated funds**

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

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

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.

### 1.6 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.

#### 1.6.1 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.

#### 1.6.2 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.

#### 1.6.3 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.

#### 1.6.4 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.

#### 1.6.5 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.

#### 1.6.6 Financial transactions in assets and liabilities

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

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

#### Gifts, donations and sponsorships

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

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

### 1.7 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 is recognised as expenditure in the statement of financial performance. A receivable is recognised in the statement of financial position to the value amounts expensed prior to the receipt of the funds.

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

## 2. Expenditure

### 2.1 Compensation of employees

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

All other payments are classified as current expense.

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

#### 2.1.1 Short term employee benefits

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

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

#### 2.1.2 Long-term employee benefits

#### 2.1.3 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).

### 2.1.4 Post employment retirement benefits

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

### 2.2 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.

### 2.3 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 on the use of buildings or other fixed structures.

### 2.4 Financial transactions in assets and liabilities

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

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

### 2.5 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 or written off as irrecoverable.

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

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

### 2.6 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.

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

### 2.7 Irregular expenditure

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

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

### 2.8 Transfers and subsidies

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

### 2.9 Expenditure for capital assets

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

## 3. Assets

### 3.1 Cash and cash equivalents

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

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

### 3.2 Prepayments and advances

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

### 3.3 Receivables

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

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

### 3.4 Investments

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

### 3.5 Loans

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

### 3.6 Inventory

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

### 3.7 Liabilities

### 3.8 Payables

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

### 3.9 Lease Commitments

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

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

#### 3.9.1 Accruals

Accruals represent goods/services that have been received, but no invoice has been received from the supplier at the reporting date, or an invoice has been received but final authorisation for payment has not been effected on the system. Accruals are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are however disclosed as part of the disclosure notes.

### 3.10 Contingent Liabilities

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

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

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

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

### 3.11 Commitments

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

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

### 3.12 Net Assets

### 3.13 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.

### 3.14 Recoverable Revenue

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

### 4. Related Party Transactions

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

### 5. Key Management Personnel

Key management personnel are those persons having the authority and responsibility for planning, directing and controlling the activities of the department. Senior management includes the Member of the Executive Council responsible for the department, the Deputy Director-General, the Chief Financial Officer and other members of the Senior Management Service.

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

### 6. Public Private Partnership

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

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

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



**North West – Department of Developmental  
Local Government and Housing**

**Appropriation Statement  
for the Year ended  
31 March 200**

**Annual Report** **2005/06**

**APPROPRIATION STATEMENT**

Appropriation per Programme									
	2005/ 06								
	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
<b>1. Administration</b>									
Current Payments	35, 507	3, 950	-	39, 457	37, 688	1, 769	95.5%	42,323	34, 636
Transfers and Subsidies	273	-	-	273	293	(20)	107.3%	-	(88)
Payment for Capital Assets	-	-	-	-	-	-	0. 0%	460	425
<b>2. Developmental Local Government</b>									
Current Payment	18, 654	(706)	-	17, 948	18, 050	(102)	100. 6%	20, 459	18, 269
Transfers and Subsidies	20, 219	1, 137	-	21, 356	20, 754	602	97.2%	38, 074	35, 396
Payment for Capital Assets	21, 946	-	-	21, 946	18, 669	3, 277	85.1%	18, 724	13, 231
<b>3. Housing</b>									
Current Payments	32, 193	(3, 890)	-	28, 303	28, 458	(155)	100. 5%	31, 099	29, 383
Transfers and Subsidies	657, 947	-	-	657, 947	655, 484	2, 463	99. 6%	537, 328	390, 178
Payment of Capital Assets	-	-	-	-	-	-	0. 0%	308	196
<b>4. Development and Planning</b>									
Current Payments	6, 373	(551)	-	5, 822	5, 876	(54)	100.9%	-	-
Transfers and Subsidies	10	60	-	70	79	(9)	112. 9%	-	-
Payment of Capital Assets	-	-	-	-	-	-	0. 0%	-	-
<b>Sub-Total</b>	<b>793, 122</b>	<b>-</b>	<b>-</b>	<b>793, 122</b>	<b>785, 351</b>	<b>7, 771</b>	<b>99. 0%</b>	<b>688, 775</b>	<b>521, 626</b>

## APPROPRIATION STATEMENT

2005/ 06									
	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
Statutory Appropriation									
Current Payments				-		-	0. 0%		
Transfers and Subsidies				-		-	0. 0%		
Payment of Capital Assets				-		-	0. 0%		
Total	793, 122	-	-	793, 122	785, 351	7, 771	99, 0%	688, 775	521, 626
Reconciliation with Statement of Financial Performance									
Add:	Prior year unauthorised expenditure approved with funding			-				-	
	Departmental Receipts			-				1, 258	
	Local and Foreign Aid Assistance			-				-	
Actual Amounts per Statement of Finance Performance									
(Total Revenue)				793, 122				690, 033	
Add:	Local and Foreign Aid Assistance					-			-
	Prior year unauthorised expenditure approved								
	Prior year fruitless and wasteful expenditure authorised								
Actual Amounts per Statement for Finance Performance Expenditure					785, 351				521, 626

## APPROPRIATION STATEMENT

### APPROPRIATION STATEMENT for the year ended 31 March 2006

Appropriation per Economic Classification									
	2005/ 06						2004/ 05		
	Adjusted Appropriation R'000	Shifting of funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of Final Appropriation %	Final Appropriation R'000	Actual Expenditure R'000
<b>Current Payments</b>									
Compensation of Employees	65, 427	-	-	65, 427	65, 095	332	99.5%	70, 183	62, 904
Goods and Services	27, 300	(1, 197)	-	26, 103	24, 977	1, 126	95.7%	23, 698	19, 384
<b>Transfers and Subsidies</b>									
Provinces & Municipalities	50, 345	1, 197	-	51, 739	51, 199	772	98.50%	40, 297	40, 297
Departmental Agencies & Accounts	-	-	-	-	-	-	0.0%	4, 327	4, 327
Public Corporations & Private Enterprises	10, 000	-	-	10, 000	10, 000	-	100.0%	-	-
Households	618, 104	-	-	618, 104	615, 840	2, 264	99.6%	530, 778	380, 862
<b>Payment of Capital Assets</b>									
Buildings & other Fixed Structures	21, 946	-	-	21, 946	18, 669	3, 277	85.1%	17, 724	12, 425
Machinery & Equipment	-	-	-	-	-	-	0.0%	1, 768	1, 427
<b>Total</b>	<b>793, 122</b>	<b>-</b>	<b>-</b>	<b>793, 122</b>	<b>785, 351</b>	<b>7, 771</b>	<b>99.0%</b>	<b>688, 775</b>	<b>521, 626</b>

## NOTES TO THE APPROPRIATION STATEMENT

### Detail per Programme 1: Administration for the year ended 31 March 2006

	2005/ 06							2004/ 05	
	Adjusted Appropriation R'000	Shifting of funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of Final Appropriation %	Final Appropriation R'000	Actual Expenditure R'000
<b>1.1 Human Resource Management</b>	12, 404	7, 100		19, 504	18, 133	1, 371	93. 0%	19, 983	16, 263
Current Payments	200			200	254	(54)	127. 0%		(88)
Transfers and Subsidies				-	-	-	0. 0%		3
Payment of Capital Assets									
<b>1.2 Finance</b>	13, 948	(3, 750)		10, 198	10, 242	(44)	100. 4%	13, 188	9, 994
Current Payments	40			40	20	20	50. 0%	-	-
Transfers and Subsidies				-	-	-	0. 0%	460	422
Payment of Capital Assets									
<b>1.3 Constitutional and Legal Matters</b>	2, 461	(200)		2, 261	1, 939	322	85. 8%	2, 762	2, 382
Current Payments	4			4	4	-	100. 0%	-	-
Transfers and Subsidies									
<b>1.4 Ministry</b>	4, 905	950		5, 855	5, 697	158	97. 3%	4, 439	4, 599
Current Payments	19			19	10	9	52. 6%	-	-
Transfers and Subsidies									
<b>1.5 Communications</b>	1, 789	(150)		1, 639	1, 677	(38)	102. 3%	1, 951	1, 398
Current Payments	10			10	5	5	50. 0%	-	-
Transfers and Subsidies									
<b>Total</b>	<b>35, 780</b>	<b>3, 950</b>	<b>-</b>	<b>39, 730</b>	<b>37, 981</b>	<b>1, 749</b>	<b>95. 6%</b>	<b>42, 783</b>	<b>34, 973</b>
	2005/ 06							2004/ 05	
<b>Economic Classification</b>	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
<b>Current Payments</b>	25, 663	3, 750		29, 413	28, 810	603	97. 9%	32, 741	27, 456
Compensation of Employees	9, 844	200		10, 044	8, 878	1, 166	88. 4%	9, 582	7, 180
Goods and Services									
<b>Transfers and Subsidies</b>	273			273	293	(20)	107. 3%		(88)
Provinces and Municipalities				-		-	0. 0%	460	425
<b>Payments for Capital Assets</b>									
Machinery and Equipment									
<b>Total</b>	<b>35, 780</b>	<b>3, 950</b>	<b>-</b>	<b>39, 730</b>	<b>37, 981</b>	<b>1, 749</b>	<b>95. 6%</b>	<b>42, 783</b>	<b>34, 973</b>

## NOTES TO THE APPROPRIATION STATEMENT

### Detail per Programme 2: Developmental Local Government for the Year ended 31 March 2006

Programme per sub-programme	2005/ 06					2004/ 05				
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final Appropriation %	Final Appropriation R'000	Actual Expenditure R'000	
<b>Municipal Administration</b>										
Current Payments	6, 288	550	-	6, 838	7, 809	(971)	114. 2%	9, 769	6, 015	
Transfers and Subsidies	6, 732	(6, 322)	-	410	17	393	4. 1%	972	-	
<b>Municipal Finance</b>										
Current Payments	6, 722	(806)	-	5, 916	5, 099	817	86. 2%	8, 768	11, 154	
Transfers and Subsidies	9, 997	(9, 501)	-	496	293	203	59. 1%	22, 102	20, 823	
Payment of Capital Assets						-	0. 0%	3, 183	807	
<b>Municipal Infrastructure</b>										
Payment of Capital Assets	21, 946		-	21, 946	18, 669	3, 277	85. 1%	15, 541	12, 424	
<b>Disaster Management</b>										
Current Payments	5, 644	(450)	-	5, 194	5, 142	52	99. 0%	1, 922	1, 100	
Transfers and Subsidies	3, 490	16, 960	-	20, 450	20, 444	6	100. 0%	15, 000	14, 573	
<b>Total</b>	<b>60, 819</b>	<b>431</b>	<b>-</b>	<b>61, 250</b>	<b>57, 473</b>	<b>3, 777</b>	<b>93. 8%</b>	<b>77, 257</b>	<b>66, 896</b>	
<b>2005/ 06</b>										
Economic Classification	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final Appropriation %	Final Appropriation R'000	Actual Expenditure R'000	
<b>Current Payments</b>										
Compensation of Employees	14, 750	(706)		14, 750	14, 698	52	99. 6%	14, 467	13, 749	
Goods and Services	3, 904			3, 198	3, 352	(154)	104. 8%	5, 992	4, 520	
<b>Transfers and Subsidies</b>										
Provinces and Municipalities	20, 022	1, 137		21, 159	20, 325	834	96. 1%	33, 747	31, 069	
Dept. Agencies & Accounts				-		-	0. 0%	4, 327	4, 327	
Households	197			197	429	(232)				
<b>Capital</b>										
Buildings & other fixed structures	21, 946			21, 946	18, 669	3, 277	85. 1%	17, 724	12, 425	
Machinery and Equipment							0. 0%	1, 000	806	
<b>Total</b>	<b>60, 819</b>	<b>431</b>	<b>-</b>	<b>61, 250</b>	<b>57, 473</b>	<b>3, 777</b>	<b>93. 8%</b>	<b>77, 257</b>	<b>66, 896</b>	

## NOTES TO THE APPROPRIATION STATEMENT

### Detail per Programme 3: Housing for the Year ended 31 March 2006

Programme per sub-programme	2005/06					2004/05				
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final Appropriation %	Final Appropriation R'000	Actual Expenditure R'000	
<b>Housing Planning &amp; Research</b>										
Current Payments	22,777	(3,850)	-	18,927	18,900	27	99.9%	7,334	5,345	
Transfers and Subsidies	40	-	-	40	26	14	65.0%	-	-	
Payment for Capital Assets	-	-	-	-	-	-	0.0%	100	69	
<b>Housing Performance</b>										
Current Payments	2,126	-	-	-	-	0	0.0%	14,529	16,012	
Transfers and Subsidies	617,907	-	-	617,907	615,412	2,495	99.6%	520,437	381,346	
Payment of Capital Assets	-	-	-	-	-	-	0.0%	140	127	
<b>Urban Renewal &amp; Human Settlements</b>										
Current Payments	30,000	-	-	30,000	30,000	-	100.0%	2,808	1,727	
Transfers and Subsidies	-	-	-	-	-	-	0.0%	16,891	8,779	
<b>Housing Asset Management</b>										
Current Payments	7,290	2,086	-	9,376	9,558	(182)	101.9%	6,428	6,299	
Transfers and Subsidies	10,000	-	-	10,000	10,046	(46)	100.5%	-	53	
Payment of Capital Assets	-	-	-	-	-	-	0.0%	68	-	
<b>Total</b>	<b>690,140</b>	<b>(3,890)</b>	<b>-</b>	<b>686,250</b>	<b>683,942</b>	<b>2,308</b>	<b>99.7%</b>	<b>568,735</b>	<b>419,757</b>	
<b>2005/06</b>										
Economic Classification	2005/06					2004/05				
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final Appropriation %	Final Appropriation R'000	Actual Expenditure R'000	
<b>Current Payments</b>										
Compensation of Employees	23,012	(3,750)	-	19,262	19,431	(169)	100.9%	22,975	21,699	
Goods and Services	9,181	(140)	-	9,041	9,027	14	99.8%	8,124	7,684	
<b>Transfers and Subsidies</b>										
Provinces and Municipalities	30,040	-	-	30,040	30,073	(33)	100.1%	6,550	9,316	
Public Corporations and Private Enterprises	10,000	-	-	10,000	10,000	-	100.0%	530,778	380,862	
Households	617,907	-	-	617,907	615,411	2,496	99.6%	308	196	
<b>Capital</b>										
Machinery and Equipment	-	-	-	-	-	-	0.0%	-	-	
<b>Total</b>	<b>690,140</b>	<b>(3,890)</b>	<b>-</b>	<b>686,250</b>	<b>683,942</b>	<b>2,308</b>	<b>99.7%</b>	<b>568,735</b>	<b>419,757</b>	

## NOTES TO THE APPROPRIATION STATEMENT

### Detail per Programme 4: Development and Planning for the Year ended 31 March 2006

Programme per sub-programme	2005/ 06						2004/ 05		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final Appropriation %	Final Appropriation R'000	Actual Expenditure R'000
Integrated Development Planning Current Payments Transfers and Subsidies Local Economic Development and Planning Current Payments	1, 570	(81)	-	1, 489	1, 439	50	96. 6%		
	10	60	-	70	79	(9)	112. 9%		
	4, 803	(470)	-	4, 333	4, 437	(104)	102. 4%		
	6, 383	(491)	-	5, 892	5, 955	(63)	101. 1%	-	-
Economic Classification	2005/ 06						2004/ 05		
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final Appropriation %	Final Appropriation R'000	Actual Expenditure R'000
	2, 002 4, 371	(551)		2, 002 3, 820	2, 156 3, 720	(154) 100	107. 7% 97. 4%	- -	- -
	10	60	70	79	(9)	112. 9%	-	-	
Current Payments Compensation of Employees Goods and Services Transfers and Subsidies Provinces and Municipalities	6, 383	(491)	-	5, 892	5, 955	(63)	101. 1%	-	-

## STATEMENT OF FINANCIAL PERFORMANCE

### North West - Department of Local Government & Housing

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

	<i>Note</i>	2005/06 R'000	2004/05 R'000
<b>REVENUE</b>			
Annual appropriation	1.	793,122	688,775
Departmental revenue	2	-	1,258
<b>TOTAL REVENUE</b>		<u>793,122</u>	<u>690,033</u>
<b>EXPENDITURE</b>			
<b>Current expenditure</b>			
Compensation of employees	3	65,095	62,904
Goods and services	4	24,977	19,384
<b>Total current expenditure</b>		<u>90,072</u>	<u>82,288</u>
<b>Transfers and subsidies</b>	5	676,610	425,486
<b>Expenditure for capital assets</b>			
Buildings and other fixed structures	6	18,669	12,425
Machinery and Equipment	6	-	1,427
<b>Total expenditure for capital assets</b>		<u>18,669</u>	<u>13,852</u>
<b>TOTAL EXPENDITURE</b>		<u>785,351</u>	<u>521,626</u>
<b>SURPLUS/(DEFICIT)</b>		7,771	168,407
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<u>7,771</u>	<u>168,407</u>
<b>Reconciliation of Net Surplus/(Deficit) for the year</b>			
Voted Funds	10	7,771	167,149
Departmental revenue	11	-	1,258
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<u>7,771</u>	<u>168,407</u>



## STATEMENT OF FINANCIAL POSITION

### North West - Department of Local Government & Housing

#### Statement of Financial Position as at 31 March 2006

	<i>Note</i>	2005/06 R'000	2004/05 R'000
<b>ASSETS</b>			
<b>Current assets</b>		86,285	168,316
Unauthorised expenditure	7	82,472	82,472
Cash and cash equivalents	8	-	82,471
Receivables	9	3,813	3,373
<b>TOTAL ASSETS</b>		86,285	168,316
<b>LIABILITIES</b>			
<b>Current liabilities</b>		86,285	168,316
Voted funds to be surrendered to the Revenue Fund	10	7,771	167,149
Bank overdraft	12	77,047	-
Payables	13	1,467	1,167
<b>TOTAL LIABILITIES</b>		86,285	168,316
<b>NET ASSETS</b>		-	-

### North West - Department of Local Government & Housing

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

	<i>Note</i>	2005/06 R'000	2004/05 R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts		793,122	690,033
Annual appropriated funds received	1.1	793,122	688,775
Departmental revenue received		-	1,258
Net (increase)/ decrease in working capital		(140)	(2,083)
Surrendered to Revenue Fund		(167,149)	(105,631)
Current payments		(90,072)	(82,288)
Transfers and subsidies paid		(676,610)	(425,486)
<b>Net cash flow available from operating activities</b>	14	(140,849)	74,545
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for capital assets		(18,669)	(13,852)
<b>Net cash flows from investing activities</b>		(18,669)	(13,852)
Net increase/ (decrease) in cash and cash equivalents		(159,518)	60,693
Cash and cash equivalents at beginning of period		82,471	21,778
<b>Cash and cash equivalents at end of period</b>	15	(77,047)	82,471

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### NOTES TO THE ANNUAL FINANCIAL STATEMENT

#### 1. Annual Appropriation

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

Programmes	Final Appropriation R' 000	Actual Funds Received R'000	Funds not requested/ not received R'000	Appropriation Received 2004/ 05 R'000
Administration	39, 730	39, 730	-	42, 783
Developmental Local Government	61, 250	61, 250	-	77, 257
Housing	686, 250	686, 250	-	568, 735
Development and Planning	5, 892	5, 892	-	-
<b>Total</b>	<b>793, 122</b>	<b>793, 122</b>	<b>-</b>	<b>688, 775</b>

#### 1.2 Conditional Grants

Notes

2005/ 06

2004/ 05

R'000

R'000

Total grants received

Annexure 1A

640, 050

571, 730

Provincial grants included in Total Grants Received

#### 2. Departmental Revenue to be surrendered to Revenue Fund

Tax Revenue	-	-
Sales of Goods and Services other than capital Assets	622	1, 559
Fines, penalties and forfeits	7	193
Total Revenue collected	629	1, 752
Less: Departmental Revenue budgeted	-629	-494
Total	-	1, 258

#### 3. Compensation of Employees

##### 3.1 Salaries and Wages

Basic Salary	43, 012	42, 947
Performance Award	3, 147	5, 715
Service Based	3, 439	-
Other Non-Pensionable Allowance	6, 612	4, 672
<b>Total</b>	<b>56, 210</b>	<b>53, 334</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2006

#### 3.2 Social Contributions

##### 3.2.1 Employer Contributions

	2005/ 06 R'000	2004/ 05 R'000
Pension	5, 454	6, 146
Medical	3, 431	3, 424
<b>Total</b>	<b>8, 885</b>	<b>9, 570</b>
<b>Total Compensation of Employees</b>	<b>65, 095</b>	<b>62, 904</b>
<b>Average Number of Employees</b>	<b>416</b>	<b>394</b>

#### 4. Goods and Services

	<i>Note</i>		
Advertising		385	688
Bank Charges and Card Fees		76	204
Communication		1, 375	2, 286
Computer Services	4.1	279	62
Consultants, contractors and special services		5, 618	4, 510
Tracing Agents & Debt Collections		2, 336	89
Entertainment		799	768
External Audit Fees		316	663
Equipment less than R5 000	4.2	8	32
Freight Service		1	-
Government Motor Transport		-	1
Honoraria (Voluntary Workers)		25	-
Inventory		1, 865	1, 749
Learnerships		-	7
Legal Fees		39	31
Maintenance, repair and running costs		2, 194	2, 349
Medical Services		1	-
Personnel Agency Fees	4.3	5	29
Professional Bodies and Membership Fees		9	75
Resettlement Costs		224	42
Transport provided as part of the departmental activities		1, 424	929
Travel and Subsistence		5, 209	4, 023
Protective, special clothing & uniforms		2	9
Training and Staff Development		2, 747	435
Town & Regional Planning		40	403
<b>Total</b>		<b>24, 977</b>	<b>19, 384</b>

##### 4.2 Inventory

Other Inventory	252	30
Domestic Consumables	979	818
Learning and Teaching Support Material	39	20
Parts and other Maintenance Material	349	470
Stationery and Printing	241	411
Medical Supplies	5	-
<b>Total Inventory</b>	<b>1, 865</b>	<b>1, 749</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### 4.1 External Audit Fees

	2005/ 06 R'000	2004/ 05 R'000
Regulatory Audits	316	663
<b>Total External Audit Fees</b>	<b>316</b>	<b>663</b>

### 4.3 Travel and Subsistence

Local	5, 191	3, 994
Foreign	18	29
<b>Total Travel and Subsistence</b>	<b>5, 209</b>	<b>4, 023</b>

### 5. Transfers and Subsidies

	Note		
Provinces and Municipalities	Annexure 1C, 1D, 1E & 1F	50, 770	40, 297
Departmental Agencies and Accounts	Annexure 1G	-	4, 327
Public Corporations and Private Enterprises	Annexure 1I	10, 000	-
Households	Annexure 1L	615, 840	380, 862
<b>Total</b>		<b>676, 610</b>	<b>425, 486</b>

### 6. Expenditure on Capital Assets

	Notes		
Buildings and other fixed structures	Annexure 4	18, 669	12, 425
Machinery and Equipment	Annexure 4	-	1, 427
<b>Total</b>		<b>18, 669</b>	<b>13, 852</b>

### 7. Unauthorised Expenditure

#### 7.1 Reconciliation of unauthorized expenditure

Opening Balance	82, 472	79, 991
Additional unauthorized not journalized in books	-	2, 481
<b>Unauthorised expenditure awaiting authorization</b>	<b>82, 472</b>	<b>82, 472</b>

### 8. Cash and Cash Equivalents

Consolidated Paymaster General Account	-	82, 471
<b>Total</b>	<b>-</b>	<b>82, 471</b>

9. Receivables	Notes	Less than One Year R'000	One to Three Years R'000	Older than Three Years R'000	Total R'000	Total R'000
Staff Debtors	9.1	1, 568	-	-	1, 568	1, 624
Other Debtors	9.2	2, 245	-	-	2, 245	1, 749
<b>Total</b>		<b>3, 813</b>	<b>-</b>	<b>-</b>	<b>3, 813</b>	<b>3, 373</b>

# Annual Report 2005/06

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### 9.1 Staff Debtors

	2005/ 06 R'000	2004/ 05 R'000
Subsistence and Transport Advances	132	130
Salary Advances	142	129
Miscellaneous	1, 294	1, 365
<b>Total</b>	<b>1, 568</b>	<b>1, 624</b>

### 9.2 Other Debtors

*Note*

Inter-Departmental Clearing	477	130
Disallowance Control	19	18
Salary Movement Control	149	109
Salary Reversal Control	368	253
Lifting of Building Restrictions	1, 232	1, 239
<b>Total</b>	<b>2, 245</b>	<b>1, 749</b>

### 10. Voted Funds to be surrendered to the Revenue Fund

Opening Balance	167, 149	104, 373
Transfer from Statement of Financial Performance	7, 771	167, 149
Paid during the Year	(167, 149)	(104, 373)
<b>Closing Balance</b>	<b>7, 771</b>	<b>167, 149</b>

### 11. Departmental Revenue to be surrendered to the Revenue Fund

*Notes*

Opening Balance	-	-
Transfer from Statement of Financial Performance	-	1, 258
Departmental Revenue budgeted *	629	494
Paid during the Year	(629)	(1, 752)
<b>Closing Balance</b>	<b>-</b>	<b>-</b>

### 12. Bank Overdraft

Consolidated Paymaster General Account	77, 047	-
<b>Total</b>	<b>77, 047</b>	<b>-</b>

### 13. Payables – Current Description

*Note*

30 Days  
R'000

30+ Days  
R'000

Total  
R'000

Total  
R'000

Other Payables	13.1	1, 467	1, 467	1, 167
<b>Total</b>		<b>-</b>	<b>1, 467</b>	<b>1, 167</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS

### 13.1 Other Payables

	2005/ 06 R'000	2004/ 05 R'000
Description		
Employee related	122	541
Business Card	-	141
National Grants	1, 345	485
<b>Total</b>	<b>1, 467</b>	<b>1, 167</b>

### 14. Net Cash Flow available from Operating Activities

*Notes*

Net Surplus/ (Deficit) as per Statement of Financial Performance	7, 771	168, 407
(Increase)/ decrease in receivables – current	(440)	(552)
(Increase)/ decrease in other current assets	-	(2, 481)
Increase/ (decrease) in payables – current	300	950
Surrenders to revenue fund	(167, 149)	(105, 631)
Expenditure on Capital Assets	18, 669	13, 852
<b>Net Cash Flow generated by Operating Activities</b>	<b>(140, 849)</b>	<b>74, 545</b>

### 15. Reconciliation of Cash and Cash Equivalents for Cash Flow Purposes

Consolidated Paymaster General Account	77, 047	82, 471
<b>Total</b>	<b>77, 047</b>	<b>82, 471</b>

## DISCLOSURES TO THE ANNUAL FINANCIAL STATEMENTS

DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2006

### 16. Contingent Liabilities

	<i>Notes</i>	2005/ 06 R'000	2004/ 05 R'000
<b>Liable to</b>	<b>Nature</b>		
Motor vehicle guarantees	Employees	299	-
Housing loan guarantees	Employees	2, 511	2, 615
<b>Total</b>		<b>2, 810</b>	<b>2, 615</b>

### 17. Commitments

Current Expenditure	32, 614	-
Approved and Contracted	32, 614	-
	-	-
<b>Total Commitments</b>	<b>32, 614</b>	<b>-</b>

### 18. Accruals

	30 Days R'000	30+ Days R'000	Total R'000	Total R'000
By economic classification				
Compensation of Employees	2	-	2	-
Goods and Services	139	98	237	1, 093
Transfers and Subsidies	-	-	-	1, 774
<b>Total</b>			<b>239</b>	<b>2, 867</b>

#### Listed by programme level

Administration	223	421
Developmental Local Government	-	234
Housing	2	2, 212
Development and Planning	14	-
<b>Total</b>	<b>239</b>	<b>2, 867</b>

### 19. Employee benefit provisions

	2005/06 R'000	2004/05 R'000
Leave Entitlement	14, 653	16, 821
Thirteenth Cheque	3, 439	3, 401
Performance Awards	3, 147	2, 271
Capped Leave Commitments	12, 262	-
	<b>33, 501</b>	<b>22, 493</b>

### 20. Lease Commitments

	Land R'000	Buildings & other Fixed Structures R'000	Machinery & Equipment R'000	Total R'000	Total R'000
<b>20.1 Operating Leases</b>					
Not later than 1 year	-	2, 453	68	2, 521	1, 919
Later than 1 year and not later than 5 years	-	2, 675	13	2, 688	3, 852
<b>Total present value of lease liabilities</b>	<b>-</b>	<b>5, 128</b>	<b>81</b>	<b>5, 209</b>	<b>5, 771</b>



## DISCLOSURES TO THE ANNUAL FINANCIAL STATEMENTS

### 21. Irregular Expenditure

#### 21.1 Reconciliation of irregular expenditure

	2005/ 06 R'000	2004/ 05 R'000
Opening Balance	1,314	1,314
Amounts Condoned	(1,314)	-
Current Expenditure	(1,314)	
Irregular expenditure awaiting condonement	-	1,314
<b>Analysis</b>		
Current	-	429
Prior years	-	885
<b>Total</b>	-	<b>1,314</b>

#### 21.2 Irregular Expenditure Incident

#### Disciplinary steps taken/ criminal proceedings

No signed lease agreement	None	1,314
<b>Total</b>		<b>- 1,314</b>

### 22. Key Management Personnel Description

	No of Individuals	Total R'000	Total R'000
Political Officer Bearers (M.E.C.) Officials	1	812	757
Levels 15 – 16	1	731	620
Level 14	4	2,139	4,899
<b>Total</b>		<b>3,682</b>	<b>6,276</b>

### North West Department of Developmental Local Government and Housing

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

##### ANNEXURE 1A

##### STATEMENT OF CONDITIONAL GRANTS RECEIVED

NAME OF DEPARTMENT	GRANT ALLOCATION					SPENT		2004/ 05	
	Division of Revenue Act/ Provincial Grants R'000	Roll Overs R'000	DoRA Adjustments	Other Adjustments R'000	Total Available R'000	Amount received by Department R'000	Amount Spent by Department R'000	Division of Revenue Act R'000	Amount Spent by Department R'000
Division of Revenue Act	21, 946	-	-	-	21, 946	21, 946	18, 669	22, 753	22, 753
Provincial & Local Government	197	-	-	-	197	197	193	15, 541	15, 541
Provincial & Local Government	-	-	-	-	-	-	-	2, 808	2, 808
Housing	617, 907	-	-	-	617, 907	617, 907	615, 411	530, 628	530, 628
	640, 050	-	-	-	640, 050	640, 050	634, 273	571, 730	571, 730
									-

### North West Department of Developmental Local Governments and Housing Annexures to the Annual Financial Statements for the Year ended 31 March 2006

#### ANNEXURE 1E

#### STATEMENT OF CONDITIONAL GRANTS TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION			TRANSFER		SPENT		2004/ 05	
	Division of Revenue Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available Funds Transferred	Amount received by Municipality R'000	Amount Spent by Municipality R'000	Division of Revenue Act R'000
Klerksdorp	20, 000	-	-	20, 000	20, 000	100. 0%	20, 000	-	988
Lekwa-Teemane	-	-	-	-	-	0. 0%	-	-	9, 473
Mafikeng	-	-	-	-	-	0. 0%	-	-	8, 885
Rustenburg	1, 800	-	-	1, 800	1, 800	100. 0%	1, 800	-	2, 500
Bophirima District	7, 300	-	-	7, 300	7, 300	100. 0%	7, 300	-	3, 828
Mamusa	-	-	-	-	-	0. 0%	-	-	1, 250
Madibeng	-	-	-	-	-	0. 0%	-	-	1, 000
Ramotshere-Moiloa	30	-	-	30	30	100. 0%	30	-	900
Ratlou	5, 000	-	-	5, 000	5, 000	100. 0%	5, 000	-	550
Potchefstroom	-	-	-	-	-	0. 0%	-	-	700
Phokwane	-	-	-	-	-	0. 0%	-	-	1, 200
Kgetlengrivier	1, 994	-	-	1, 994	1, 994	100. 0%	1, 994	-	948
Maquassi Hills	-	-	-	-	-	0. 0%	-	-	387
Southern District	1, 650	-	-	1, 650	1, 650	100. 0%	1, 650	-	2, 590
Central District	1, 715	-	-	1, 715	1, 715	100. 0%	1, 715	-	3, 021
Bojanala District	800	-	-	800	800	100. 0%	800	-	900
Tswaing	3, 956	-	-	3, 956	3, 956	100. 0%	3, 956	-	1, 177
Ditsobotla	4, 394	-	-	4, 394	4, 391	99. 9%	4, 391	-	-
Ventersdorp	1, 811	-	-	1, 811	1, 811	100. 0%	1, 811	-	-
Naledi	150	-	-	150	150	100. 0%	150	-	-
RSC Levy	274	-	-	274	173	63. 1%	173	-	-
	50, 874	-	-	50, 874	50, 770	-	50, 770	-	40, 297

North West Department of Developmental Local Government and Housing  
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### ANNEXURE 1G

#### STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

	TRANSFER ALLOCATION			TRANSFERS		2004/ 05
	Adjusted Appro- priation Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available Funds Transferred
DEPARTMENTS/ AGENCIES ACCOUNT						Final Appropriation Act R'000
MULTA				-		0. 0%
						4, 327
	-	-	-	-	-	4, 327

**North West Department of Developmental Local Government and Housing**  
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**ANNEXURE 1I**

**STATEMENT OF TRANSFERS/ SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES**

NAME OF PUBLIC CORPORATION/ PRIVATE ENTERPRISES	TRANSFER ALLOCATION				EXPENDITURE			2004/ 05	
	Adjusted Appropriation R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available Funds Transferred	Capital R'000		Current R'000
Public Corporation									
Transfers									
North West Housing Corporation	10, 000	-	-	-	10, 000	10, 000	0. 0%		
Sub-Total	10, 000	-	-	10, 000	10, 000	10, 000	-	-	-
Total	10, 000	-	-	10, 000	10, 000	10, 000	-	-	-
TOTAL	10, 000	-	-	10, 000	10, 000	10, 000	-	-	-

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### ANNEXURE 1L

#### STATEMENT OF TRANSFERS/ SUBSIDIES TO HOUSEHOLDS

HOUSEHOLDS	TRANSFER ALLOCATION			EXPENDITURE		2004/05 Final Appropriation Act R'000
	Adjusted Appropriation R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available Transferred
Housing	617, 907	-	-	617, 907	615, 411	99. 6%
CMIP Capacity Building	722	197	-	918	429	46. 7%
Total	618, 629	197	-	618, 825	615, 840	380, 062

North West Department of Developmental Local Government and Housing  
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### ANNEXURE 3A

#### STATEMENTS OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2006 - LOCAL

Guarantor Institution	Guarantee in respect of Motor Vehicles	Original Guaranteed 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
	Motor Vehicles							
Standard Bank		-	-	299	-	-	299	-
				299	-	-	299	-
	Housing							
ABSA								
City Council of Mafikeng		6,150	911	90	177		824	
First Rand		150	28	-	5		23	
Nedbank		1,793	272	15	95		192	
North West Housing Corporation		1,744	310	14	45		279	
Old Mutual		243	35	-	13		22	
Peoples Bank		1,479	237	-	14		223	
Standard Bank		2,688	336	-	47		289	
SA Home Loans (Pty) Ltd.		2,881	486	105	28		563	
		-	-	96	-		96	
		17,128	2,615	320	424		2,511	
	Total	17,128	2,615	619	424		2,810	

### North West Department of Developmental Local Government and Housing Annexures to the Annual Financial Statements for the Year ended 31 March 2006

#### ANNEXURE 4

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

	Opening Balance R'000	Additions R'000	Disposals R'000	Closing Balance R'000
BUILDING AND OTHER FIXED STRUCTURES	12, 425	18, 669	-	31, 094
Other fixed structures		18, 669	-	31, 094
Heritage Assets	12, 425	-	-	-
MACHINERY AND EQUIPMENT	4, 230	-	-	4, 230
Transport Assets	442	-	-	442
Computer Equipment	3, 210	-	-	3, 210
Furniture and Office Equipment	434	-	-	434
Other Machinery and Equipment	144	-	-	144
<b>TOTAL CAPITAL ASSETS</b>	<b>16, 655</b>	<b>18, 669</b>	<b>-</b>	<b>35, 324</b>

#### ANNEXURE 4.1

##### 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	18, 669	-	18, 669
Other Fixed Structures	18, 669	-	18, 669
<b>TOTAL CAPITAL ASSETS</b>	<b>18, 669</b>	<b>-</b>	<b>18, 669</b>

#### ANNEXURE 4.3

##### 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	12, 425	-	12, 425
Other fixed structures	12, 425	0	12, 425
MACHINERY AND EQUIPMENT	1, 427	-	1, 427
Computer Equipment	1, 101	0	1, 101
Furniture and Office Equipment	256	0	256
Other Machinery and Equipment	70	0	70
<b>TOTAL CAPITAL ASSETS</b>	<b>13, 852</b>	<b>-</b>	<b>13, 852</b>





