

# Department of Local Government and Housing



# Annual Report

2005 / 2006

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This report will also be made available in Xhosa and Afrikaans on request.

# **DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING**

## **ANNUAL REPORT 2005/06**

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## **Abbreviations and Acronyms**

CFO	Chief Financial Officer
HSRP	Human Settlement Redevelopment Programme
DTT	Departmental Task Team
ISLP	Integrated Serviced Land Project
MEC	Member of Executive Council (Provincial Minister)
NHBRC	National Home Builders Registration Council
NTR	National Treasury Regulations
PFMA	Public Finance Management Act, 1999
PHP	People's Housing Process
PSCBC	Public Service Co-ordinating Bargaining Council
SCCPA	Southern Coastal Condensation Problem Area
WCHDB	Western Cape Housing Development Board
WCHDF	Western Cape Housing Development Fund

## **1. General Information**

### **1.1 Submission of the annual report to the executive authority**

I hereby submit the annual report for the Department of Local government and Housing for the financial year 2005/06 to Minister R Dyantyi, provincial Minister of Local Government and Housing, in accordance with section 40(1)(d) of the Public Finance Management Act, 1999 (PFMA). The Annual Report contains the activities, performance indicators, financial statements of, and the Auditor General's report on the Department.

It is important to note that in terms of Section 65(1)(a) of the PFMA you must submit the Annual Report to the Western Cape Parliament by 30 September 2006.

### **1.2 Introduction by the Head of the Department**

The 2005/2006 financial year was both a challenging as well as an exciting one for the Department of Local Government and Housing. The year under review began amidst an outbreak of protest marches throughout the country, in demonstration of communities' unhappiness with the level of services being provided by local authorities especially within informal settlements. The Western Cape Province in general and the Department in particular was not spared from these demonstrations. There was thus a great focus on this department and its activities, especially housing delivery. Similarly, we together with our social partners also made significant strides in terms of addressing the development challenges facing the citizens of the Western Cape Province.

In the middle of the financial year a cabinet reshuffle resulted in the appointment of a new Minister, The Honourable QR Dyantyi. Minister Dyantyi enthusiastically continued where his predecessor, Minister ML Fransman left off in terms of furthering the development goals of the Department.

Our approach as the Department to the development challenges facing this Province is informed by the national development strategy frameworks, Western Cape Provincial Growth and Development Strategy ***iKapa Elihlumayo*** and its attendant vision which is ***"a home for all"***. This strategy represents a vision for shared growth and integrated development. It highlights the challenges facing this Province in terms of social, economic, environmental issues and simultaneously presents a range of interventions that would address these challenges.

In February 2005, a capacity-building assessment was undertaken, and by the end of June the first draft report was submitted. The draft report covers all service delivery, governance, and community development issues.

A Draft Sustainable Human Settlement Strategy was developed to ensure that future developments within the province comply with the present strands (trains) of thought in regards to sustainable development. This draft strategy is based on the national vision of the development of integrated and sustainable human settlements, Breaking New Ground (BNG). The process followed in crafting such a document included the hosting of the Housing Summit during November 2005 and various other stakeholder

engagements. A total of 416 delegates, representing a broad range of stakeholders, attended the Summit.

The Department was also instrumental in the rollout of “The Breaking New Ground Human Settlements Plan” whose aim was to fast-track housing delivery and the upgrading of informal settlements.

One of the pilot projects under the Breaking New Ground Strategy that was embarked upon in the Western Cape is the N2 Gateway project. The first phase consisting of 705 rental units was completed and will be allocated to their respective occupants during July 2006. It is envisaged that the subsequent phases will be completed during the 2006/2007 financial year, which will realize the settling of some 22000 families currently residing in informal settlements adjacent to the N2 between the Cape Town International Airport and the City as well as in backyards in surrounding areas.

The new financial year also saw the launch of the eagerly awaited Upgrading of Informal Settlements Programme designed to implement a phased approach to delivering services and housing to communities living in informal settlements.

In an attempt to ensure that all residents in the respective municipalities have access to a minimum standard of basic services, we commissioned a study to determine how many municipalities monitor the standards of service delivery in rural areas. This study was finalized in May 2005, and a process of developing a strategy to address the issues in the report was initiated.

In addition, Project Consolidate a presidential hands-on capacity support programme successfully completed early deliverable projects in targeted municipalities. Municipal Action Plans (MAPs) were developed for the further implementation of Project Consolidate to address service and housing delivery challenges.

The deteriorating financial position of Cederberg Municipality was stabilized and a comprehensive recovery plan was developed and implementation is making good progress.

During the year under review, a Provincial Emergency Management Centre was opened at Tygerberg, one year ahead of time. This Centre will enable various provincial emergency services to co-operate more effectively when responding to disasters. The Provincial Emergency Management Centre is supported by a satellite communication system which link municipalities and the Provincial Centre with the National Disaster Management Centre in Pretoria. The Department also launched the Training, Education, Awareness and Marketing (TEAM) Programme in ten informal settlements in the Province, to assist people to be less vulnerable against the occurrence of flooding and fires in their communities.

The Community Development Workers Programme (CDWP) is a special programme that is aimed at improving people's lives through an interactive and participatory model of governance.

The Western Cape Provincial Government launched the CDW Learnership programme in February 2005. After a one year period of a successful Learnership, the Department

of Local Government and Housing employed 200 Community Workers and they are currently deployed in all municipalities.

A second cohort of 250 CDW learners was recruited in September 2005, this Learnership will be completed the end of August 2006.

It is through such programmes, that the divide between the first and second economy can be narrowed if not eliminated.

The CDW programme has been running for almost two years with a certain level of success as well as challenges encountered.

During this first phase of the programme implementation, major focus was on the recruitment, deployment of CDWs as well as to ensure stake holder buy-in. The second phase emphasis on the Institutional framework to support the work of CDWs.

We participated in the Community Development Worker Programme (CDW) aimed at providing interface between government and citizens, especially in poor areas. A graduation ceremony was held in December 2005 for 371 of the 400 Community Development Worker (CDW) learners who entered the programme in February 2005. The Community Development Workers (CDWs) have assisted ordinary community members to access key government services, and they also assisted with community engagements during the African Peer Review during October 2005.

The second local government election since the implementation of the new constitutional dispensation for local government, was held on 1 March 2006. The Department as an organ of state liaised closely with the Provincial Electoral Officer of the Independent Electoral Commission and his staff in the run-up to the election to ensure a participative, free and fair election. The extensive pre- and post election support to municipalities paid off as was amongst others evidenced by the fact that all municipal councils were properly constituted after the elections and the prescribed time-frames met, despite an election outcome which in most instances caused political parties to enter into co-operative agreements to form majority governments.

A very successful councillor summit was held for all the newly elected councillors to build their capacity on various topics pertaining to local government issues. In addition, training of ward councillors was identified as a priority. As a result a Ward Committees capacity building programme by appointed consultants was finalized during May 2006.

We demonstrated our commitment to anti-corruption and clean governance by continuing with our focus on ethical governance and through various well-documented anti-corruption exercises. The Department participated in the local government anti-corruption drive of the national Department of Provincial and Local Government. Seven pilot municipalities were assisted with a view to making them less vulnerable to corruption. These anti-corruption exercises included providing advice to councilors, officials, organizations and individuals. The drive was complimented by departmental investigations with the assistance of the forensic capacity of the Special Investigation Unit with whom it has a co-operative agreement.

The eradication of the bucket system still remains one of the main concerns for the Western Cape Provincial Government. The Department of Provincial and Local Government has made allocations that are aimed at addressing the challenge of the

bucket system. A number of municipalities were identified and allocated an amount of R6.9m for 2005/06 and R14m for 2006/07 to address the challenge of the bucket system. These municipalities are effectively spending the allocation of R6.9m for 2005/06 and R14m for 2006/07 with the support of the Department of Local Government and Housing. Parallel to that, the Department of Local Government and Housing has partnered with the Department of Water Affairs and Forestry and the Department of Agriculture to undertake a snapshot survey to determine the extent of the backlog and the challenge that the Province is facing. That will then provide the baseline upon which proper strategizing and planning will be undertaken to eradicate the bucket system.

At an organizational level, the Department finalised the matching and placing process during October 2006, following the amalgamation of the Departments of Housing and Local Government that was approved and implemented from 1 April 2005.

In conclusion, in the 2004/05 report I had expressed the hope that the momentum that had been gained in the delivery process during that review period would be maintained and that delivery would be accelerated during the next couple of years. I am pleased to say this is happening. I also predicted that the national allocation of this province would be severely stretched and we are already experiencing that. We will probably be justified in requesting a bigger slice of the national fund allocation, if one takes into consideration the fact that the N2 funding will have to form part of this province's national allocation.

### **1.3 Information on the Ministry**

This Annual Report, is presented to you as a first combined report since the two departments namely Local Government and Housing merged into a single department.

Indeed the period under review itself was also a testing ground for the effectiveness of this new portfolio. During this period, we witnessed significant achievements championed by this Department.

We demonstrated our capacity to spend by ensuring the building of 16 053 houses and presentation of 18 400 serviced sites. Financial management in many of our municipalities is showing signs of improvements. Municipalities are also improving on issues of expenditure in a number of fronts.

The launch of the Provincial Disaster Management Centre, highlighted our readiness towards dealing with matters of disaster management in our province. Many of these achievements are a platform for deeper improvements. We know what we have and what we need.

Notwithstanding the successes and achievements that were gained, the period under review was equally characterized by many daunting challenges. Too many of our people continued and still continue to live under appalling and inhumane conditions throughout the province. We were engulfed by devastating fires that destroyed many lives, our economy and environment. Furthermore, it is worth noting that we do not have unlimited resources. The needs of our people continue to grow despite the limited resources we have. These challenges provide us with more reasons for us to march forward with a deeper sense of urgency and greater speed. We are therefore faced with a further challenge of ensuring that we accelerate and expand the reach of our services within this context of limited resources and growing needs.



The Local Government elections of March 1, 2006 produced an outcome that will need to be properly managed in all our municipalities in this province with the exception of only 4. Whilst we have fresh councillors, with fresh mandates of course from different political organizations, what I as an MEC for Local Government and Housing will not be doing is to stand on the sideline and watch when speedy service delivery is compromised due to battles in different council chambers. The legislation that we have, is not ambiguous at all in relation to the minimum requirements of municipalities in terms of public participation, including communication, ward committees, effective use of Community Development Workers (CDWs), consultation on Integrated Development Plans (IDPs), Local Economic Development (LEDs) budgets, etc. This annual report speaks about what together, we have managed to achieve under hard and trying circumstances, so anything that attempts to reverse these achievements or threaten them in anyway, will be dealt with decisively. The least that is expected from us, is to build from these achievements. We are convinced that opportunities are there to take up.

On the 27-29 March 2006, I undertook one international to Bonn in Germany. I attended the third International Conference on Early Warming focused on the design and implementation of concrete people centred early warming. Contact was also made with United Nations University to partner our local universities.

I want to thank the committed and enthusiastic staff of my department, all municipalities and our many partners in the delivery of services. During the period under review, the chapter on the Housing Development Board was also closed with its dissolution. I thank the members of the Standing Committee on Governance for the appointment process of the Advisory Panel.

#### **1.4 Mission Statement**

The mission of the Department of Local Government and Housing is:

- a) To be effective agents of change in capacitating local authorities to deliver services and ensuring integrated and sustainable development.
- b) To promote, facilitate and develop participative and integrated sustainable human settlements.
- c) To facilitate delivery through sound administration and the engagement of all spheres of government and social partners.

#### **1.5 Legislative Mandate**

##### **Constitution of South Africa, 1996 (Act 108 of 1996)**

The constitution provides the national overarching framework for the work of all government departments in South Africa. In terms of the constitution the Department has the following mandates:

Chapter 7 outlines the objectives and mandates in respect of local government. The following mandates for the Department can be extracted from this:

- To establish municipalities consistent with national legislation
- To monitor and support local government
- To support and strengthen the capacity of municipalities

- To promote the development of capacity at local level
- To regulate the execution of the municipalities' executive authority and functions listed in schedules 4 and 5 of the Constitution
- To regulate the performance of municipalities of their functions listed in schedules 4 and 5 of the Constitution
- To intervene where there is non-fulfillment of legislative, executive and financial obligations
- To promote developmental local government.

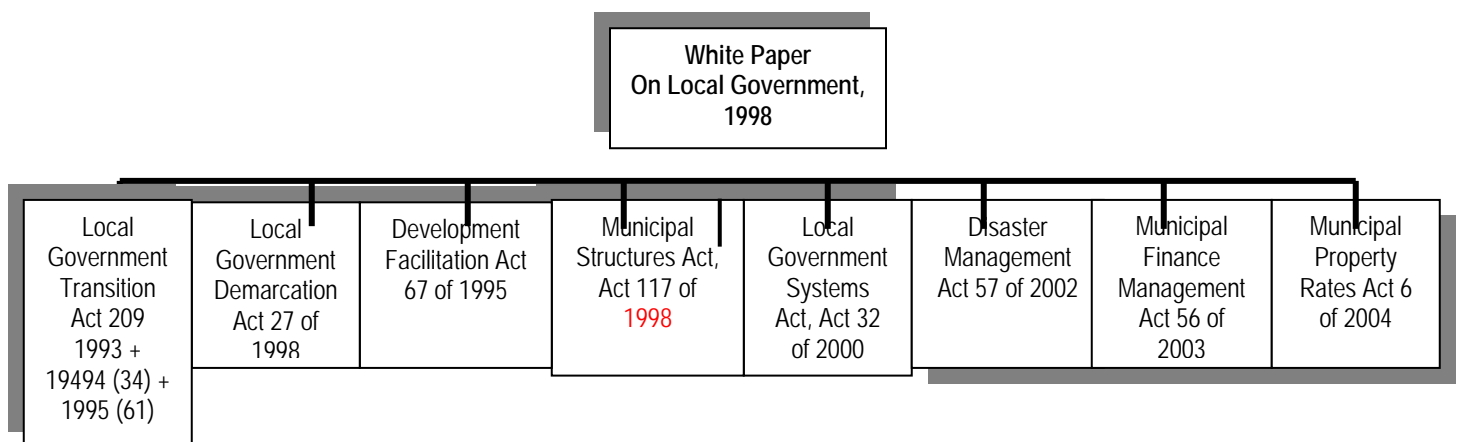
Notwithstanding the above, it is important to note that the department may not compromise or impede a municipality's ability or right to exercise its powers or perform its functions.

In respect of housing the Department must be guided by section 26 of the Bill of Rights and is mandated to:

- Take reasonable legislative and other measures, within its available resources, to achieve the progressive realization of everyone's right to housing
- To ensure no-one is evicted from their home, or has their home demolished, without an order of the court made after considering all the relevant circumstances.

### Local Government related legislation

The White Paper on Local Government, 1998, and the subsequent package of related legislation (depicted below), provides the national context for local governance across the country.



The White Paper and this suite of legislation nationally demarcate the following focus areas for the Provincial Minister for local government:

- General regulation, monitoring, support of and coordination with, local government in terms of the Structures and Systems Acts
- Within the overall supervisory role, the regulation and monitoring of the financial management of municipalities. This will take place in terms of the Municipal Financial Management Act and the Municipal Property Rates Bill
- Within the overall coordination role, integrated planning in terms of the Systems Act.

*Particular mention is made of the most important of these namely:*

***Local Government Municipal Structures Act, 1998 Act 117 of 1998 and Amendment Act 33 of 2000) & Local Government municipal Systems Act, 2000 (Act 32 of 2000)***

Together these acts describe the political decision making systems which apply in different categories of municipalities, define the powers and duties of various role players and regulate the delegation of powers and provide a code of conduct to govern both councilors and officials. In so doing they provide the benchmark against which provincial government needs to regulate, monitor, support and coordinate municipalities under its jurisdiction.

***Municipal Finance Management Act, 2003 (Act 56 of 2003)***

This Act aims to secure sound and sustainable management of the financial affairs of municipalities and establishes norms and standards against which they can be monitored and measured. The Provincial Department's role is to monitor adherence, provide support to develop the required capacity and where necessary technical support.

***Disaster Management Act, 2002 (Act 57 of 2002)***

This Act provides for integrated and coordinate disaster management focused on rapid and effective responses to disasters that prevent and/or reduce the risks. It also provides for the establishment of provincial and municipal disaster management centres. The Act provides a framework under which the Provincial Department operates and liaises with municipalities on disaster related matters.

***Intergovernmental Relations Framework Act 13/2005***

**Object of Act** provides for principles of co-operative government set out in chapter 3 of the Constitution to facilitate co-ordination in the implementation of policy and legislation including: coherent government, effective provision of services, monitoring implementation of policy and legislation and realization of national priorities.

*In addition to the various local government related legislation there are a series of national Acts relating specifically to housing provision that govern the housing related work of the Department. A summary of the most significant of these follows.*

**Housing related legislation**

***Housing Act, 1977 (Act 107 of 1997)***

Through its legislation, existing and future, and the Housing Code, the Department of Housing is carrying out its legislative as set out in the Housing Act, 1997. Section 2 of the Housing Act, 1997 (Act 107 of 1997) compels all three spheres of government to give priority to the needs of the poor in respect of housing development (section 2(1)(a)). In addition all 3 spheres of government must ensure that housing development –

- (i) provides as wide a choice of housing and tenure options as is reasonably possible
- (ii) is economically, fiscally, socially and financially affordable and sustainable
- (iii) is based on integrated development planning

- (iv) is administered in a transparent, accountable and equitable manner, and upholds the practice of good governance (Section 2(1)(c)).

***Prevention of Illegal Eviction from and Unlawful Occupation of Land Act, 1998 (Act 19 of 1998)***

The prevention of Illegal Eviction from and Unlawful Occupation of Land Act was promulgated in 1998. The Act repeals the Prevention of Illegal Squatting Act 52 of 1951 and makes provision for a fair and equitable process to be followed when evicting people who have unlawfully invaded land, from their homes. The Act also makes it an offence to evict legally without due process of law.

***Housing Consumers Protection Measures Act, 1998 (Act 95 of 1998)***

The Act provides for the establishment of a statutory regulating body for home builders. The National Home Builders Registration Council will register every builder and regulate the home building industry by formulating and enforcing a code of conduct. The implementation of the Act is monitored continuously.

***Rental Housing Act, 1999 (Act 50 of 1999)***

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

***Home Loan and Mortgage Disclosure Act, 2000 (Act 63 of 2000)***

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

***Act 26 of 2002: Disestablishment of South African Trust Limited Act, 2002***

The winding down of the South African Housing Trust and the transfer of the functions relating to financial obligations were completed during the end of 2002 and the beginning of 2003 in terms of Act 26 of 2002: Disestablishment of South African Trust Limited Act, 2002.

***Western Cape Housing Development Act, 1999 (Act 6 of 1999)***

This act provides for the promotion, facilitation and financing of housing facilities in the Western Cape.

National spatial development perspective 2002

Provincial spatial development framework 2005

Breaking new ground housing policy 2004

## **Administrative/Transversal**

*A series of transversal administrative requirements impact on the work of the department across all its various functions namely:*

- Public Service Act, 1994 (Act 103 of 1994) and Public Service Regulations of 2000
  - ⇒ Organisational structuring, personnel management and strategic planning
- Skills Development Act, 1998 (Act 97 of 1998)
- Skills Levy Act, 1999 (Act 90 of 1999)
  - ⇒ Training and development of personnel
- Employment Equity Act, 1998 (Act 55 of 1998)
  - ⇒ Equity in the workplace and affirmative action
- Labour Relations Act, 1995 (Act 66 of 1995)
- Basic Conditions of Employment Act, 1997 (Act 75 of 1997)
- Occupational Health and Safety Act, 1993 (Act 85 of 1993)
  - ⇒ To regulate relationship between employer and employee
- Promotion of Access to Information Act, 2000 (Act 2 of 2000)
  - ⇒ Promote transparency
- Promotion of Equality and Prevention of Unfair Discrimination Act, (Act 40 of 2000)
  - ⇒ Deals with the prevention of unfair discrimination.
- Promotion of Administrative Justice Act, 2000 (Act 3 of 2000)
  - ⇒ Give effect to the right to administrative action
- National Archives Act, 1996 (Act 43 of 1996).

## **Policy mandates**

### **Reconstruction and Development Plan**

The RDP base document listed 7 strategic approaches to development planning all of which guide the work of the Department:

- (a) Meeting basic needs
- (b) Developing infrastructure
- (c) Good governance
- (d) Community participation
- (e) Conservation of natural resources
- (f) Human resource development
- (g) Economic growth and socio-economic development.

### **Batho Pele**

The eight principles of Batho Pele will be the driving force in all activities of the Department, especially when it comes to interfacing with community stakeholders.

## **Ikapa Elihlumayo**

This is a framework for the Development of the Western Cape Province to achieve an improved life for all and rendering the province “ A Home for All”.

### **Other mandates**

#### **Imminent legislation**

Two key bills that provide an indication of future policy also need to be noted namely:

- Community Reinvestment Bill, 2001
  - ⇒ Liaison with banks and linking subsidies with home loans
- Social Housing Bill
  - ⇒ Promote and regulate social housing market.
- Amendment to 1999 Western Cape Housing Act
  - Abolition of Western Cape Housing Board with functions to be carried out by MEC and provincial Department

#### **Court ruling**

Court cases that unpack the legislative mandate of government and need to be noted are:

- Grootboom Constitutional Court judgment
  - ⇒ Access to shelter within available resources
- Ndlovu Appeal Court Judgment
  - ⇒ Mandatory applications of judgment in case of tenants being in contractual default.

**HEAD OF DEPARTMENT**

**(S MAJIET)**

**DATE:**

## PART 2

### DEPARTMENTAL PROGRAMME PERFORMANCE

#### 2. PROGRAMME PERFORMANCE IN SUMMARY

##### 2.1 Voted Funds

Table 1: Voted funds of R811 808 for 2005/06 (R'000)

Appropriation	Main Appropriation	Adjusted Appropriation	Actual Amount Spent	Over/Under Expenditure
811 808	632 805	811 808	790 167	21 641
Responsible MEC	MEC of Local Government and Housing			
Administering Dept	Department of Local Government and Housing			
Accounting Officer	Head of Department of Local Government and Housing			

##### 2.2 Aim of the Vote

Creating a home for all by empowering communities in fully integrated and sustainable human settlements and well-governed, developmental municipalities.

##### 2.3 Summary of programmes

A number of sectors have adopted uniform budget and programme structures that reflect the minimum number of programmes. These programmes and its contents are encapsulated in definitions, which explain what is to be included under each programme and sub programme. The activities of the Department of Local Government and Housing organised in the following four programmes:

Programme	Sub-programme
1. Administration	1.1. Office of the MEC 1.2. Corporate Services
2. Housing	2.1. Housing planning and research 2.2. Housing performance/subsidy programmes 2.3. Urban renewal and Human settlement Redevelopment 2.4. Housing asset management
3. Local governance	3.1. Local governance
4. Development and planning	4.1. Integrated development and planning 4.2. Community development worker programme (CDW) 4.3. Project consolidate

## **2.4 Overview of the service delivery environment for 2005/06**

### **Programme 1: Administration**

The department was engaged in an amalgamation of its 2 previous departments and faced challenges affecting service delivery. Firstly, it was necessary to do the correct matching and placing, secondly, to fill the vacancies on the new establishment and finally to focus on a capacity building programme.

Good progress was made with the filling of positions. Of the total number of 747 positions 576 were filled at the end of the financial year, 87 were in process of being filled and 84 were vacant.

259 permanent staff were trained at the end of March 2006 totalling 549 training interventions. CDW learners trained and in process of training as at 31 March 2006 totalled 633 learners.

200 Community Development Workers that received training during 2005/06 were appointed as from February 2006.

### **Programme 2: Housing**

Various external factors have an impact on the quality of the service provided by the Department to its clients. The most significant of these are:

- The poverty of beneficiaries;
- The growing housing backlog;
- The high expectations of beneficiary communities in respect of housing delivery;
- Policies developed at national level;
- The lack of capacity at municipal level to deliver in terms of the housing mandate;
- The willingness of financial institutions to become involved in the low income housing market;
- The impact of HIV/AIDS;

The financial year began amidst an outbreak of protest marches throughout the country, in demonstration of communities' unhappiness with the level of services being provided by local authorities especially within informal settlements.

The department also had to contend with growing discontent of beneficiaries because of the slow delivery rate of People's Housing Process. A number of projects ground to a halt as a result of fraud, corruption and ineffective Support Organisations.

The Joe Slovo informal settlement disaster in January 2005, some 3 150 dwelling units were destroyed resulting in approximately 7 000 people being homeless. Immediate emergency shelter for the majority of these victims were provided in large marquee tents, erected on open ground abutting the informal settlement near the intersection of Vanguard Drive and Washington Street, Langa. Obviously such large numbers of people could not be accommodated in tents and crowded conditions indefinitely and temporary emergency housing had to be provided for them urgently. These people were housed in the TRA in Delft and some in the Spes Bona Hostels, the housing inspectors have performed a monitoring role in this regard.

The Ground floor of the building housing the Department was redeveloped to accommodate a newly created Helpdesk component as well as custom-designed facilities for the Rental Housing Tribunal. All these interventions were specifically planned and designed to improve service delivery.



### **Programme 3: Local government**

The department supported the Department of the Premier to analyze existing structures and develop terms of reference as parameter for the functioning of proposed intergovernmental structures. In addition, the Department was instrumental in establishing Intergovernmental structures at Provincial, Metro and District level in line with the Intergovernmental Relations Framework Act prior its promulgation towards the end of 2005.

Operating in a local government election year where there is a sharper focus by political parties on actual service delivery, the Department provided pre- and post- election support to municipalities, resulting in all 30 councils having been successfully constituted within prescribed timeframes.

Tremendous pressure is on municipalities to speed up their service delivery and therefore their limited financial as well as institutional capacity is stretched to the maximum. The ongoing challenge is to identify and provide targeted support in the specific areas in municipalities where it will be the most value-adding.

A Capacity Building Strategy for Local Government based on ten interventions was developed. This strategy was as a result of a capacity assessment, customer survey and feedback from the local government sphere. This department is driving 9 (nine) of the interventions and Provincial Treasury will drive the 10th intervention. The ten interventions are as follows:

- Development of competency profiles
- Development of expertise around integrated human settlements
- Development of centralized resources for municipalities
- Peer advice and external mentoring
- Central pool of expertise
- Ward committee training
- Councillor development programme
- Sharing of best practices
- Internship programme
- Financial Management (Provincial Treasury)

The funding arrangement for the implementation of the Disaster Management Act is still a huge problem. In terms of the National Constitution, the disaster management function is a concurrent national and provincial competency. In terms of the Disaster Management Act, a definite role is envisaged for the local sphere of government. Many municipalities in the Province of the Western Cape still regard disaster management as an unfunded mandate and therefore do not provide the necessary funding for the implementation of the disaster management function, as required in the Disaster Management Act. This matter needs to be addressed urgently as to ensure the effective participation of municipalities in the execution of the disaster management function.

The Provincial Municipal Infrastructure Task team has failed to operate and that it was agreed that the lower level structure be established to focus on the issues of policy and operational ones and advise their principals for higher meetings. The sector departments led by the Department of Local government and Housing will form the provincial MIG Co-ordinating Structure. The process left is to work on the establishment of the structure. A program is being finalised to do so. The first meeting of the Co-ordinating Structure was held in December 2005 and it is expected that it will meet on a quarterly basis.

The department supported municipalities with the development of Municipal Action Plans that identified interventions in terms of five key performance areas to address service delivery and institutional transformation challenges at a municipal level. The five key

performance areas are, namely, institutional transformation and organizational development, basic services, local economic development, financial viability and good governance.

## **2.5 Overview of the organisational environment for 2005/06**

### **Programme 1: Administration**

In terms of the organisational environment for the period 2005/2006 the following 6 objectives that were set for successful delivery were achieved:

- 1 The 2 departments were amalgamated successfully and the new organisational structure was approved by the Provincial Cabinet and implemented.
- 2 The matching and placing process was successfully concluded and grievances that were filed in this respect were successfully concluded.
- 3 A vigorous recruitment and selection process has followed which resulted in 576 posts filled, 87 in the process of being filled and 84 vacant posts on 31 March 2006.
- 4 To enhance the service delivery towards the departments clients, staff members received training, totalling 549 interventions. The internship of 300 community development workers (first intake) were successfully concluded. 200 of them were appointed in the service of the Department from 1 February 2006.
- 5 The mainstreaming of human rights issues received priority attention. Regular information sessions and social interventions were presented in the Department of which HIV/Aids information intervention and testing were repetitively presented. An Employee Assistance Programme (EAP) external service provider and a full support programme are ready to be rolled out at the start of the new financial year. A strategy to enable access of government services by deaf people is at this stage work in progress and should be ready within the next three months.
- 6 A Directorate: Customer Relations and Communication has been established with a clear focus to improve internal and external communication and relations with other stakeholders of the department. A Helpdesk service is in place to facilitate public access to departmental services and information; the Rental Housing Tribunal is in place to harmonise relations between Landlords and Tenants.

### **Programme 2: Housing**

The approved organisational structure of the new department required the establishment of two Chief Directorates, namely, Planning and Development and Housing Delivery. Tasks and functions were shared and carried by the existing staff until all the posts could be filled.

The Western Cape Housing Development Amendment Act came into operation on 1 November 2005. The Amendment Act prescribed the disestablishment of the Western Cape Housing Development Board and the establishment of an Advisory Panel to the Provincial Minister of Local government and Housing. In terms of the Act, the functions of the erstwhile Board become those of the Provincial Minister of Housing. Nominations were called for members to serve on the Advisory Panel and these were forwarded to the Standing Committee for recommendations.

One vacant SMS post in the Chief Directorate has been advertised and will be filled with effect from 1 April 2006. After matching and placement has taken place in September 2005, the Chief Directorate identified critical posts to be advertised and filled. The following progress was made with posts from level 1 – 12.

- All vacant posts in the Office of the Chief Director: Planning and Development have been advertised and filled,
- All vacant posts in the Directorate: Planning, Research and Policy Development have been advertised and will be filled by 1 July 2006,
- Eight of the ten vacant posts in Directorate: Human Settlement Development has been advertised and will be filled by 1 July 2006.

Only critical posts in Directorate: Asset Management has been advertised due to the shifting of functions between the Divisions. The posts in this Directorate were re-evaluated by Directorate: Organisational Development at Department of the Premier and the outcome of this re-evaluation will be finalised by mid April 2006.

The Rental Housing Act specifies that a complaint accepted by the Rental Housing Tribunal, has to be resolved within 90 days. A total of 379 formal complaints were accepted in the reporting period, but due to various factors, only 248 were resolved within the prescribed period. This situation is largely due to a carry-over effect that should in all probability be resolved in the current and following years by inter alia :

- The creation of the Helpdesk
- The custom designed facilities being more supportive of work processes
- The support staff posts having been redesigned and filled
- A proposed call centre being implemented
- A computerised case management system
- A redesign of work processes
- A doubling in the number of hearings

### **Programme 3: Local government**

A vacancy within the Inter Governmental Relations (IGR) unit to drive IGR exists. An Assistant Director was deployed to drive the unit. The department despite the vacancies in this unit managed to implement the IGR requirements.

A high level of expertise is essential for the implementation of the Disaster Management legislation and it is therefore necessary to appoint competent disaster management practitioners in the present vacant Disaster Management posts. Sufficient funding should be made available in the 2006/07 financial year for the implementation of the Disaster Management Act as required in legislation.

The restructuring has been completed and should be finalised shortly. There are still outstanding areas relating to upward placement that affect directly the DMIE. The officials affected are not comfortable at all and need the speedy attendance of their concerns. The management is also working on the matter but there is still a need for resolution.

In the Directorate: Legislation a post of deputy director: Legislation Development was filled from December 2005 to give impetus to rationalisation of outdated legislation and development of new legislation.

A project consolidate programme management unit has been set-up with a Director, two Deputy Directors, an administrative assistant and a secretary on a contractual basis, to facilitate the roll-out of the project consolidate programme.

### **Programme 4: Development and planning**

The department in partnership with Provincial Treasury instituted a dynamic engagement process between provincial and local government in a Local Government Medium Term Expenditure Framework towards alignment of resources and priorities.

Vacancies in the department influenced the support provided to the external client as well as the matching and placing that had an influence on recruiting staff. Accelerating and finalizing the matching and placing will enable selection processes to proceed.

## **2.6 Strategic overview and key policy developments for the 2005/06 financial year**

### **Programme 1: Administration**

The process of departmentalising of policies and prescripts will be continued based on the guidelines received from DPSA, HRM Forum of the Province as well as resolutions and agreements concluded in the Chambers.

HRM Policies are initiated at the National Department, the GPSSBC, the PSCBC, the Regional Coordinating Chambers and the Human Resource Management Forum. These policies and guidelines are then Departmentalised and applied within the department.

### **Programme 2: Housing**

#### **Upgrading of Informal Settlements Programme**

The Upgrade of informal settlements Programme (UISP) is designed to implement a phased approach to delivering services and housing to communities living in informal settlements. Funding for the programme made available through the existing Conditional grants. 17 UISP projects were initiated within the 2005/ 06 financial year.

The Emergency Housing Programme (EHP) is aimed at providing temporary assistance in the form of secure access to land and or basic municipal engineering services and/ or shelter in a wide range of emergency situations of exceptional housing needs through the allocation of grants to municipalities instead of housing subsidies to individuals. 31 projects have thus far been identified and approved through the EHP. The new financial year will encourage pro-active approaches (vs. reactive) to EHP: prevent disasters before they happen.

#### **Reference Group**

The Minister appointed a Reference Group whose members belong to various housing related industries and organizations. The purpose of the Reference Group is to interrogate the Breaking New Ground strategy of the national Department of Housing and submit to the department, their interpretation of the plan as well as proposals for implementation.

#### **Policy for Sustainable Human Settlement**

A housing summit was held 24-25 November 2005 in order to gain further insights into the concepts around sustainable development. The reference group also presented their document at the summit. After the summit, a number of stakeholder engagements took place in order to keep the role players abreast in the development of the strategy. It is envisaged that the final draft will be served at the next Cabinet Lekgotla to be held during June 2006.

### **Programme 3: Local government**

A ward-committee capacity building initiative for municipalities outside the metropolitan area which included training was concluded during May 2005. Subsequent to this a Public Participation Conference was held by the department during July 2005 which further boosted the broad approach to public participation.

The National Disaster Management Framework was published in the Government Gazette of 29 April 2005. The second draft of the Provincial Disaster Management Framework was finalised and circulated for comment.

The introduction of the Municipal Finance Management Act Regulations that deals with the procurement issues at the municipal level created a better way of dealing with bid processes and who qualifies for what.

The challenge, though, is still the implementation of the regulations in the milieu of politics.

As from 1 July 2005, the responsibility for the monitoring of municipal finances now rests with the Provincial Treasury i.t.o. the MFMA and the Department will have to adjust its current monitoring initiatives to focus more on service delivery and the overall performance of municipalities.

In line with the capacity building strategy, municipalities will be encouraged to take responsibility for their own capacity building and consultant-driven support from the Department will be reduced.

Project consolidate reviewed its strategic objective from focusing largely on the implementation of infrastructural projects to the development of comprehensive capacity building action plans in targeted municipalities.

A Presidential imbizo was in Beaufort West, represented by the Deputy President and in the City of Cape Town, Khayelitsha. Ministerial Izimbizo were held in six project consolidate municipalities, namely, WestCoast District – DMA, Matzikama, Cederberg, Witzenberg, Breede Valley and Theewaterskloof. The izimbizo significantly contributed to practical intergovernmental engagement across all spheres with the identification of key issues and challenges for specific sector department support.

#### **Programme 4: Development and planning**

**Powers and Functions:** In partnership with Provincial Treasury, the Department developed an approach to assess the configuration of powers and functions between province and local government. This approach was summarized in a Cabinet Memorandum and was communicated to municipalities.

**Farm worker services:** Municipalities must ensure that all residents in their area have access to a minimum standard of basic services. Many municipalities are not doing this with respect to rural residents, consequently the Department commissioned a study to determine how many municipalities monitor service delivery in rural areas. This study was finalized in May, and the Department initiated the process of developing a strategy to address the issues in the report.

#### **2.7 Departmental receipts**

The Department's main source of revenue is from the letting of Western Cape Housing Development Board (WCHDB) rental units and the collection of payments iro old housing loans from beneficiaries. Despite the culture of non-payment by debtors and the issue of market related rentals, the Department managed to collect double the budgeted revenue collection. This was mainly due to the closing of the iSLP (R15,630m) and the Masikane (R311 000) funds, returned housing subsidies expensed in previous financial years and the correct allocation of old business subsidies against the housing subsidy grant and not against ledgers in the WCHDF.

The Department engaged the services of Servcon to update and rehabilitate the debtors on the books of the WCHDB. A pilot of 1 016 debtors was finalised at the end of October 2005. Servcon's appointment was extended to the rest of the departments debtors.

The Department applied to the Provincial Treasury for the retention of excess revenue to be re-appropriated for housing and related purposes.

Departmental Revenue	Actual collections 2004/05	Budgeted collection 2005/06	Actual Collection 2005/06	Deviation from target	
	R'000	R'000	R'000	R'000	%
<b>Tax receipts</b>					
Casino taxes					
Horse racing taxes					
<b>Non-tax revenue</b>					
Sales of goods & services	33	90	25	(40)	(44.44)
Interest, dividends, etc	1 014	3 000	1 619	(1 381)	(46.03)
Other receipts					
<b>Financial transactions (recovery of loans and advances)</b>	38 216	22 000	49 081	27 081	123.10
<b>Departmental receipts</b>	<b>39 263</b>	<b>25 090</b>	<b>50 725</b>	<b>25 635</b>	<b>102.17</b>

Departmental own revenue	Actual collections 2004/05	Budgeted collection 2005/06	Actual Collection 2005/06	Deviation from target	
	R'000	R'000	R'000	R'000	%
Commission on insurance	26	65	23	(42)	(64.62)
Parking	7	5	2	(3)	(60.00)
Other		20		(20)	(100.0)
Rent on land	1 014	3 000	1 619	(1 381)	(46.03)
Recovery of loans/sale of WCHDB properties	38 216	22 000	49 081	27 081	123.10
<b>TOTAL</b>	<b>39 263</b>	<b>25 090</b>	<b>50 725</b>	<b>25 635</b>	<b>102.17</b>

### Specific challenges and responses

#### **Challenge 1: Implementing market-related rentals**

The implementation of market related rental was initiated and will be phased in over five years. The income derived from the WCHDB properties is to be utilised for the maintenance and the payment of rates and taxes on the properties.

#### **Response to Challenge 1**

The Department contracted SERVCON to assist in research on our clients/debtors and the way forward as indicated above. The restructured Department allocated more posts to the function as well and the benefits of home-ownership are being communicated to the debtors.

### Issues requiring ongoing attention

The identification of our immovable assets (properties) and strategic use of it are a big priority for the Department. In this regard African Data Collective Co. Joint Venture was appointed to update and clean up the asset register on the Debtor system. The cleaning up of the debtor accounts and the writing off of irrecoverable debt (to be funded from increased

revenue) is another very high priority. The debtors indicated that they are willing to pay, but that their accounts must be correct and they must also be informed (by way of statements) of any movements on their accounts.

## 2.8 Departmental payments

As indicated in the table below, the expenditure for the different programmes are according to the projected expenditure. The full integrated housing and redevelopment grant, including the roll-overs from 2004/05 was spent, while an underspending occurred for Human settlement redevelopment grant and Disaster relief grant because of projects not completed by 31 March 2006. The Department also planned to appoint the Community development workers by 1 January 2006, but due to their internship conditions, 128 were only appointed on 1 February and 72 on 1 March 2006. This also led to IT and office equipment not purchased before 31 March 2006 resulting in an underspending on the capital budget.

Application was made to the National Treasury via the Provincial Treasury for the roll-over of unspent conditional grants, and to the Provincial Treasury for contractually committed capital expenditure.

**Table 3: Departmental payments**

Programmes	Actual 2004/05	Budgeted Payments 2005/06	Budgeted Payments end Quarter 4	Actual Payments end Quarter 4	Deviation from target	
	R'000	R'000	R'000	R'000	R'000	%
1. Administration	37 081	46 905	51 361	51 203	158	0.31
2. Housing	580 707	667 672	665 961	654 320	11 641	1.75
3. Local governance	40 509	77 491	75 478	68 258	7 220	9.57
4. Development & planning	7 575	19 739	19 008	16 386	2 622	13.79
<b>Total</b>	<b>665 872</b>	<b>811 808</b>	<b>811 808</b>	<b>790 167</b>	<b>21 641</b>	<b>2.67</b>

## Specific challenges and responses

### Programme 1: Administration

#### **Challenge**

Successful amalgamated department, fully staffed, to deliver on its mandate

#### **Response to Challenge 1**

A vigorous recruitment and selection process resulted in 576 posts filled, 87 in the process of being filled and 84 vacant posts on 31 March 2006.

Office accommodation:

The major changes on 5 floors were completed during 2005/06. The balance of the minor work on these floors plus alterations on the remaining 3 floors are to be completed during 2006/2007 financial year.

259 staff members, excluding 633 learners received training. Total training interventions: 81 external and 468 internal interventions for the year.

## Programme 2: Housing

### Challenge

Achieving expenditure and outcomes as planned

### Response to Challenge

The department interacts and monitors all active housing projects to ensure progress. Developers are required to submit regular updates on cash flow projections and processing of payments is given high priority.

## Programme 3: Local government

### Challenge:

Due to the delays with the late publication (29 April 2005) of the National Disaster Management Framework and the finalisation of the finance chapter, the drafting of the Provincial Disaster management framework could not be completed.

To monitor the overall wellness of municipalities and provide management and specialised support, as well as to enhance local government sustainability through monitoring and support initiatives

To provide meaningful support to the election process in the year preceding the 2006 local government elections and to ensure fully functional municipal councils Immediately thereafter.

To act swiftly and decisively where allegations of irregularities, corruption and fraud at municipalities have come to the attention of the department in order to demonstrate an intolerance to corrupt and fraudulent activities.

To ensure legislative clarity by providing guidance and support

To provide meaningful support to the election process in the year preceding the 2006 local government elections and to ensure fully functional municipal councils.

To manage, facilitate, co-ordinate and secure the community development programme effectively and efficiently in the Western Cape Province

Project consolidate has been successfully implemented and key project deliverables have been identified in terms of the municipal action plans, the pressure to deliver will heighten over the next period. The strategic interventions need to be coordinated and supported across line and sector departments to ensure sustainability.

### Response to Challenge

The drafting and consultation of the financial chapter of the Provincial Disaster Management Framework will be expedited to ensure timeous publication.

The department participated fully and rendered support to the Local Government Election Coordinating Committee of the Independent Electoral Commission. In this regard an elections coordinator was appointed to assist with pre-election process.

Furthermore assistance was provided to the Department of Home Affairs with their ID Campaign, ensuring maximum election participation focussing on areas of greater need outside the metropolitan area.

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Furthermore assistance was provided to the Department of Home Affairs with their ID Campaign, ensuring maximum election participation focussing on areas of greater need outside the metropolitan area.

A pre-election Provincial Advisory Forum meeting was held where guidelines for the first meeting of councils were provided and discussed. To further support municipalities in this regard a help-desk was set up for the month of March 2006 which greatly assisted municipal managers to deal with immediate post-election challenges.

Formal investigations were conducted at five municipalities as well as into three People's Housing Process projects (PHP). Outcomes of these investigations are in various stages of being actioned.

Alignment of line and sector department interventions with Municipal Action Plans and identification of dedicated officials to support with implementation of interventions.

### **Issues requiring ongoing attention**

#### **Programme 1: Administration**

The following ongoing issues are identified within the HRM environment:

- Adequately staffed organisation which are properly skilled and fully representative of the economic active population of the Western Cape
- To develop a transformed corporate culture in the department to successfully address the identified service delivery challenges
- To develop and implement a human rights plan for the department
- To enhance effective and efficient record keeping
- Well equipped and accommodated personnel
- To promote and maintain a safe working environment

The following ongoing issues are identified within the financial management environment:

- The correct allocations of expenditure after the restructuring processes.
- Training in financial matters to the line functionaries and internal staff
- Reporting on non-financial information
- Reprioritisation of the budget to make provision for the changing environment of service delivery.

#### **Programme 2: Housing**

- The allocation and spending on the conditional grant to be in line with SIP, PSDF and other priorities.
- Securing funding for the N2 Gateway project
- Providing the necessary support to beneficiaries in PHP projects, including the eradication of fraud/mal appropriation of subsidies

#### **Programme 3: Local government**

- Securing funding for disaster management and fire brigade services in the Province
- To provide support to municipalities through the MIG programme
- Ensuring sustainable capacity building at municipalities.
  - Rationalisation of outdated legislation and development of standard by-laws to provide guidance to municipalities.
  - To further deal with the outcome of investigations undertaken into irregularities, corruption and fraud to combat any fraudulent activity may arise.

## 2.9 Programme Performance

### Programme 1: ADMINISTRATION

Purpose: To provide strategic leadership and management, and effective support services in the Department in accordance with all applicable acts and policies.

Analysis per sub-programme:

#### Sub-programme 1.1: Office of the MEC

- © to provide for the effective functioning of the Office of the MEC

#### Sub-programme 1.2: Corporate services

- © to provide effective and efficient corporate support for the department
- © to provide for payments owing to redundancy of ex Development Board members (pensions and medical)

### PROGRAMME 1: ADMINISTRATION

Sub-programme 1.2: Corporate services					
Measurable Objective	Performance Measure Indicator	Actual Outputs 2004/05	Planned Outputs 2005/06	Actual Outputs 2005/06	Deviation from target
A fully staffed organisational structure	Number of posts filled (%)	75%	Posts filled:85% Posts vacant: 15%	Post filled: 77% Vacant 23%	Matching and placing process was only finalised in August 2006.
A department representative of the provincial demography (economic active population of WC)	Filled posts as a percentage of various population groups and gender	Coloured 56% White 28% African 15% Indian 1%	Coloured 58% White 24% African 17% Indian 1% Female 45% Male 55%	55% 16% 28% 1% 51% 49%	There will always be fluctuations on the baseline targets, although the Department aims at the representative targets of the Province. (C – 52%, W – 18%, A- 29%, I – 1%)
Skills profile per individual	Number of profiles completed (%)	98	98	81	Deviation due to new appointments
Keep the public and the staff informed on the policies, services and performance of	Number of information sessions and visits to the web page		1 Road show for the public 1 Strategic plan	1 1	

Sub-programme 1.2: Corporate services					
Measurable Objective	Performance Measure Indicator	Actual Outputs 2004/05	Planned Outputs 2005/06	Actual Outputs 2005/06	Deviation from target
the Department			information session to the staff		
Develop and implement a Human Rights Plan	Yearly reports (interventions) on gender, youth and disability to the Directorate Human Rights Programme	4	Gender: 2 Youth: 1 Disability 2	1 1 2	The Department also implemented a diversity programme and HIV/Aids (VCT, education & awareness) programme.
Effective and efficient record keeping	% files tracked (all files requested by external auditors were provided)		90%	90%	
	% of files immediately available		85%	90%	
Well equipped and accommodated personnel	% computers, printers, cell phones (where necessary), etc.		95%	95%	
	% clean uncluttered attractive offices (Upgrading of accommodation to accommodate full structure)		92%	75% staff accommodated (floors 10,9,8,3,ground)	
Spend budget appropriately.	No over/under expenditure within 2%.	85%	98%	97.3%	Underspending due to conditional grant iro disaster relief and Human settlement redevelopment programme are to be spent over more than 1 financial year.
	Attainment of all prescribed due dates (budget management).	100%	100%	100%	
Ensure proper financial accounting and risk management	Auditor-General Report and Audit Committee Report.	Unqualified.	Unqualified.	Unqualified.	
	Number of fraud cases, losses.	Nil	Nil	Nil	
	% norms and standards met.	98%	100%	100%	

Sub-programme 1.2: Corporate services					
Measurable Objective	Performance Measure Indicator	Actual Outputs 2004/05	Planned Outputs 2005/06	Actual Outputs 2005/06	Deviation from target
	Submission of financial statements and other reports on prescribed dates.	100%	100%	100%	

### Specific challenges and responses

PROGRAMME	SUB-PROGRAMME	CHALLENGE	RESPONSE
1. Administration	Office of the MEC Corporate services	Due to the amalgamation of the department the challenge within the HRM environment and adequately staffing the new establishment entails the following processes: proper job descriptions, job evaluation of each post, matching of existing staff, effective recruitment, determining specific training needs and accommodate all staff in building	<p>All the objectives has been met</p> <ul style="list-style-type: none"> <li>All job descriptions (JD) have been completed except for recently changed positions.</li> <li>All completed JD's were evaluated and implemented.</li> <li>The matching and placing process was successfully concluded.</li> <li>The establishment has been extended with 200 community development worker positions and they have all been appointed.</li> </ul> <p>Of the 747 positions only 84 are not filled and are in process of filling.</p> <p>Accommodation changes to accommodate all the staff are progressing well. 5 floors are in process of completion. The balance of three will be done in the next financial year depending on the availability of funds The CDW's are not to be accommodated at Head office and are accommodated in the regions where placed.</p>

## **Programme 2: HOUSING**

### **Sub-Programme 2.1: HOUSING PLANNING AND RESEARCH**

#### **Strategic objectives:**

- To provide a regulatory framework for housing delivery
- To develop provincial multi-year housing delivery plans
- To conduct housing research
- To provide capacity and support to municipalities with regard to housing delivery in line with the Housing Act

### **Sub-Programme 2.2 HOUSING PERFORMANCE/SUBSIDY PROGRAMMES**

**Strategic Goal:** To promote the effective and efficient delivery of National and Provincial Housing Programmes

**Strategic objectives:** To provide subsidies to qualifying beneficiaries in accordance with housing policy

### **Sub-Programme 2.3 – URBAN RENEWAL AND HUMAN SETTLEMENT REDEVELOPMENT**

**Strategic goal 1:** To rehabilitate dysfunctional areas with the aim of economic and social development

#### **Strategic objectives:**

- To rehabilitate dysfunctional urban areas with the notion of economic and social development
- To create integrated and functional settlements

### **Sub-Programme 2.4- HOUSING ASSET MANAGEMENT**

**Strategic goal:** To provide for the effective and efficient management of housing assets.

**Strategic objectives:** To provide for the efficient and effective management of:

- asset maintenance
- the transfer of Housing assets

- the sale of housing assets
- debt management processes
- devolution of housing assets to municipalities
- regulating rental housing within the province
- housing asset management
- land use promoting ownership of state financed rental housing

## PROGRAMME 2: HOUSING

PROGRAMME 2: HOUSING					
Measurable Objective	Performance Measure Indicator	Actual Outputs 2004/05	Planned Outputs 2005/06	Actual Outputs 2005/06	Deviation from target
<b>Sub-programme 2.1: research</b>	<b>Housing planning and</b>				
To revise the provincial multi year settlement plan.	Aligned with the Provincial Spatial Development Framework (PSDF), Strategic Infrastructure Plan (SIP) and reflecting municipal Integrated Development Plans (IDP's).	70%	80%	80%	
To advocate integrated and sustainable planning methodology in the Housing chapters of municipal IDP's.	Quality of Housing chapters of IDP's.	Unacceptable	Fair	Fair	
To promote integrated and sustainable development approaches to settlement planning within municipal IDP's.	Extent to which economic viability, social equity and ecological integrity is addressed ("triple bottom line" approach).	Unacceptable	Fair	Fair	
To facilitate strategic use of housing / or public (and private) assets for integrating settlements.	Number of hectares identified.		250	In process	
To undertake settlement research including innovative design of housing typologies	Alignment with iKapa Elihlumayo and "breaking		100%	100%	

<b>PROGRAMME 2: HOUSING</b>					
<b>Measurable Objective</b>	<b>Performance Measure Indicator</b>	<b>Actual Outputs 2004/05</b>	<b>Planned Outputs 2005/06</b>	<b>Actual Outputs 2005/06</b>	<b>Deviation from target</b>
and to develop policies for integrated and sustainable human settlements.	new ground". Clear agenda and quality database. Diversity and range of typologies.				
To promote social and higher density housing.	Number of households per hectare.	40	50		
<b>Sub-programme 2.2: Performance/subsidy programmes</b>					
To provide subsidies to qualifying beneficiaries in accordance with the housing policy.	Number of subsidies approved.	17 556	10 000	18 412	
To provide economic opportunity through housing projects.	Number of jobs created, including through Expanded Public Works Programme (EPWP).	35	1 036	10 800	
	% value of project value under-taken by emerging contractors		10	10	
<b>2.2.1 Subsidy administration</b>					
To provide support to the core function.	A fully staffed, appropriately skilled and equipped unit.	70%	90%	90%	
	Compliance to applicable policies, legislation, norms and standards and plans.	92%	95%	95%	
<b>2.2.2 Individual</b>					
To provide Individual subsidies to qualifying beneficiaries in accordance with the housing policy.	Number of subsidies approved.	1 123	3 500	709	The approval of subsidies is reliant on the number of applications received and the number of individuals qualifying for the subsidies.
	Number of people housed.	1 123	14 000	2 836	
	Value of subsidies paid.	42 830	R99m	R21m	

<b>PROGRAMME 2: HOUSING</b>					
<b>Measurable Objective</b>	<b>Performance Measure Indicator</b>	<b>Actual Outputs 2004/05</b>	<b>Planned Outputs 2005/06</b>	<b>Actual Outputs 2005/06</b>	<b>Deviation from target</b>
<b>2.2.3 Project linked</b>					
To provide Project linked subsidies to qualifying beneficiaries in accordance with the housing policy.	Number of subsidies approved.	1 217	9 000	10 582	
	Number of houses completed/ under construction.	8 967 houses completed 16 965 sites serviced	9 000	10 582	
	Number of projects approved within the defined urban edge.		18	25	
<b>2.2.4 People's Housing process</b>					
To provide PHP subsidies to qualifying beneficiaries in accordance with the housing policy.	Number of subsidies approved.	12 913	2 000	3 042	
	Number of housing units completed/under construction.	3 551	2 000	3 042	
	Number of housing support centers funded.	29	10	8	
	Number of projects approved within the defined urban edge.		10	8	
<b>2.2.5 Consolidation</b>					
To provide Consolidation subsidies to qualifying beneficiaries in accordance with the housing policy.	Number of subsidies approved.	281	1 000	0	
	Number of subsidies emanating from informal settlement upgrades.		1 000	0	
<b>2.2.6 Institutional</b>					
To provide Institutional subsidies to qualifying beneficiaries in accordance with the housing policy	Number of Housing institutions registered.	1	1	0	
	Number of approved subsidies.	168	500	0	



PROGRAMME 2: HOUSING					
Measurable Objective	Performance Measure Indicator	Actual Outputs 2004/05	Planned Outputs 2005/06	Actual Outputs 2005/06	Deviation from target
	Number of rental agreements signed.	168	500	0	
2.2.7 Hostels					
To provide subsidies for the redevelopment of hostels in accordance with the housing policy.	Number of hostels upgraded.	4	7	3	
	Number of units upgraded.	1 100	1 300	178	
2.2.8 Relocation (In Situ)					
To provide Relocation subsidies to qualifying beneficiaries in accordance with the housing policy.	Number of relocation subsidies approved.	1 800	35	35	
2.2.9 Disaster management/Emergency programme					
To support disaster relief in accordance with the housing policy and building integrated and sustainable human settlements.	Number of families assisted	3 239	12 000	12 536.	Increase in the number of emergency situations (especially fires and floods in informal settlements) occurred.
	Number of projects approved.	12	20	11	
2.2.10 Rural housing					
To provide Rural housing subsidies to qualifying beneficiaries in accordance with the housing policy.	Number of rural housing subsidies approved.	54	35	46	
2.2.11 Savings linked					
To provide Savings linked subsidies to qualifying beneficiaries in accordance with the housing policy.	Number of subsidies approved.	-	100	0	
2.2.12 Upgrading of informal settlements programme (UISP)					
To upgrade informal settlements	Number of settlements upgraded.		10	13	

<b>PROGRAMME 2: HOUSING</b>					
<b>Measurable Objective</b>	<b>Performance Measure Indicator</b>	<b>Actual Outputs 2004/05</b>	<b>Planned Outputs 2005/06</b>	<b>Actual Outputs 2005/06</b>	<b>Deviation from target</b>
<b>Sub-programme 2.3: Urban renewal and human settlement development</b>					
Co-ordinate/facilitate/promote the upgrading of informal settlements.	Number of job creation and skills development via Expanded Public Works Programme (EPWP) on housing projects.		1 036	1 100	
Provision of social/community facilities to communities in informal settlements	Number of social/community facilities to communities.	3	5	4	
To facilitate the provision of social and higher density housing to promote sustainable and integrated human settlements.	Number of units.		1 000	705	Only 705 social housing units provided for the N2 Gateway as a special lead project. National Social Housing Act was not implemented during financial year and no additional funding was available.
<b>Sub-programme 2.4: Housing asset management</b>					
Strategic use of public assets	Number of poor people accommodated in well-located housing (rental units).		7 896	7 896	
	Number of occupants by race:				
	Black		3 737	3 737	
	White		3 158	3 158	
<b>2.4.2 Maintenance</b>					
To ensure that housing units are maintained in line with the maintenance plan.	Number of housing units.	2 350	2 353	2 353	
<b>2.4.3 Transfer of housing assets</b>					
To provide strategically for the transfer of housing	Number of properties transferred:	124	350	420	Delay in transfer due to CRT registration

PROGRAMME 2: HOUSING					
Measurable Objective	Performance Measure Indicator	Actual Outputs 2004/05	Planned Outputs 2005/06	Actual Outputs 2005/06	Deviation from target
	Residential		300	420	120 - Increased opportunities through Land availability Agreements.
	Non-residential		50	0	-50: On-going negotiations with sister Dept
<b>2.4.4: Management of housing assets</b>					
To ensure effective and efficient rental collection/debt management processes.	Potential income received (%).	20%	40%	35%	Debtors not paying in anticipation the implementation of the enhanced discount benefit scheme and the writing –off of debt iro municipal services
	Debt collection rate (%).	25%	30%	27%	Debtors not paying in anticipation the implementation of the enhanced discount benefit scheme and the writing –off of debt iro municipal services and humanity reasons
	Reduction of debtor days (days outstanding).	120+	90+	120+	See above

<b>PROGRAMME 2: HOUSING</b>					
<b>Measurable Objective</b>	<b>Performance Measure Indicator</b>	<b>Actual Outputs 2004/05</b>	<b>Planned Outputs 2005/06</b>	<b>Actual Outputs 2005/06</b>	<b>Deviation from target</b>
	Reduction of bad debts (% not recoverable).	75	70	45	The Induplum rule was applied for the first time resulting in a 30% decrease in outstanding debt.
<b>2.4.5: Devolution of rental stock</b>					
Strategic devolution of housing assets.	Number of houses and properties devolved to municipalities.	84	197	330	Delft devolutions not provided in initial projections, now resolved
<b>2.4.6: Rental Tribunal</b>					
To promote, facilitate and regulate rental housing within the Province.	% of registered cases resolved.		100%	50%	The Rental Housing Act stipulates that all cases be resolved within a 90 day period. 50% of cases were resolved outside of this due to capacity and other constraints
<b>2.4.9: Discount benefit</b>					
To promote strategically ownership of state financed rental housing.	Number of residential properties transferred to households.	124	300	215	Demand driven. Output dependant on applications from beneficiaries
	Number of discounts provided.	128	200	225	Focussed attention on Lentegeur debtors
<b>2.4.10: Subsidy (4 of 1987)</b>					
To provide subsidies to qualifying debtors in respect of repayment of loans of previous dispensation housing.	Value of subsidy (R'000).	-	8 000	12 125	Allocation of subsidies previous erroneously allocated in the WCHDF

## Specific challenges and responses

PROGRAMME	SUB-PROGRAMME	CHALLENGE	RESPONSE
. Housing	Housing Planning and Research Housing Performance/Subsidy Programmes Urban Renewal and Human Settlement Redevelopment Housing Asset Management	N2 Gateway pilot project: <ul style="list-style-type: none"> <li>▪ Tight timeframes</li> <li>▪ Lack of dedicated funding</li> <li>▪ Institutional capacity</li> </ul>	The project has been rescheduled in line with available financial resources over the MTEF period and according to more achievable deliverables.  A dedicated provincial co-ordinator has been appointed to manage the administrative provincial responsibilities. A development agent has been appointed to undertake the implementation of the project.
	Financial Irregularities within PHP projects	Addressing allegations of irregularities within PHP projects	Addressing allegations of irregularities within PHP projects

## Issues requiring ongoing attention

### Sustainable human settlements

Promoting socially, economically and spatially integrated human settlements that are economically, socially and environmentally sustainable including the identification of well located land for housing the poor and the provision of social and medium density housing connected to economic opportunities and community facilities

### Programme 3: LOCAL GOVERNMENT

#### Strategic goal 1: Accountable and sustainable local governance

Strategic objectives:

- To provide management and support services to local government within a regulatory framework
- Monitor and support municipalities to ensure financially viable and sustainable municipalities
- Facilitate and monitor infrastructure development within municipalities to ensure sustainable municipal infrastructure development
- Manage disaster management at provincial level to ensure the establishment of effective and efficient disaster management mechanisms

#### PROGRAMME 3: LOCAL GOVERNMENT

Subprogramme : Local governance		Strategic goal: Municipalities with enhanced capacity to deliver services, especially to the poor, in developmental and sustainable manner			
Measurable Objective	Performance Measure Indicator	Actual Outputs 2004/05	Planned Outputs 2005/06	Actual Outputs 2005/06	Deviation from target
<b>Municipal Administration</b>					
To maintain the institutional integrity of municipalities.	Implement, monitor and evaluate the ward committees in 23 municipalities	20	23	23	
To provide legislative support to municipalities	To provide standard by-laws as needed.		1 standard by-law	2 draft by-laws developed	50% limited capacity.
To develop new provincial local government legislation and  To rationalize redundant national and provincial legislation.	A Green and White Paper on a proposed provincial local government act.		1 Act	1 draft	50% limited capacity
	Legislation to rationalize redundant provincial legislation.		1 Act	First draft not finalised	40% limited capacity

<b>Subprogramme : Local governance</b>		<b>Strategic goal:</b> Municipalities with enhanced capacity to deliver services, especially to the poor, in developmental and sustainable manner			
<b>Measurable Objective</b>	<b>Performance Measure Indicator</b>	<b>Actual Outputs 2004/05</b>	<b>Planned Outputs 2005/06</b>	<b>Actual Outputs 2005/06</b>	<b>Deviation from target</b>
Revision of Congo Caves Ordinance.	Establish proper constitutional basis for review.		Determine basis	Discussion document review	20%
To administer councillor matters i.e. remuneration and the Code of Conduct.	Number of inputs on remuneration and number of municipalities complying with prescripts.  Number of Code of Conduct cases dealt with.		1 input - all municipalities complying  As required	1 input  3	
To co-ordinate certain land transactional matters.	Land transactional matters executed.		Ordinance reviewed.	Discussion document reviewed	20% 80% limited capacity
To co-ordinate and ensure legal compliance of provincial interventions at municipalities.	Interventions when needed in terms of Section 106 of the Municipal Systems Act; Section 139 of the National Constitution and Sections 137 and 139 of the MFMA coordinated and legally complied with.		10 investigations	1 input – all municipalities complied	0% - Input made. – 5 Municipalities who have not complied are being followed up

Subprogramme : Local governance		Strategic goal: Municipalities with enhanced capacity to deliver services, especially to the poor, in developmental and sustainable manner			
Measurable Objective	Performance Measure Indicator	Actual Outputs 2004/05	Planned Outputs 2005/06	Actual Outputs 2005/06	Deviation from target
To establish and promote the Department as principal provincial liaison structure in relation with intergovernmental relations with local government, in terms of the Intergovernmental Relations (IGR) legislation	Implementation of the IGR structures in terms of the IGR Act	100%	Structures implemented and maintained	Provincial, Metropolitan and District Intergovernmental Forums established	
<b>Municipal Monitoring and support</b>					
To monitor <ul style="list-style-type: none"> <li>Statutory compliance</li> <li>Municipal governance</li> <li>Special projects and policies</li> </ul>	% of progress made in respect of the development of monitoring tool	50%	80%	50%	With the implementation of the new MFMA, the monitoring of municipal finances shifted to the Provincial Treasury. A new Directorate for M+E systems has been established that will inter alia deal with the monitoring of non-financial matters in municipalities and the department. See above. See above.
	Maintained database	1	1	1	
	No of reports to HOD, Minister and other directorates	4	4	0	
To conclude the implementation of approved management support programmes	Number of management support programmes concluded	8	8	11	Eight programmes implemented during the 2004/05 financial year, as well as three programmes implemented before 2004/05, were concluded
To provide targeted interventative supporting initiatives to identified municipalities	Targeted supporting initiatives that is identified and solved	2	0	2	The financial positions of Cederberg and Kannaland municipalities needed more specialized interventions and support
To provide pro-active general support to municipalities to enhance functioning and adherence to statutory requirements	Number of initiatives initiated	2	2	2	
	Number of guideline documents issued	1	1	1	
	Number of workshops facilitated	2	2	2	



Subprogramme : Local governance		Strategic goal: Municipalities with enhanced capacity to deliver services, especially to the poor, in developmental and sustainable manner			
Measurable Objective	Performance Measure Indicator	Actual Outputs 2004/05	Planned Outputs 2005/06	Actual Outputs 2005/06	Deviation from target
To support municipalities with the implementation of free basic services	Number of supporting initiatives initiated with regard to:  Free basic water  Free basic electricity  Free basic sanitation  Free basic refuse removal	2	2   1	0   0	All municipalities in the Western Cape provide, in addition to free basic water and electricity, also free basic sanitation and refuse removal to indigents. As the free sanitation and refuse removal is not included in the equitable share, these free services are placing an unnecessary burden on their ratepayers and consumers.  National policies for free basic sanitation and refuse removal are yet to be finalised, hence these planned workshops did not take place. The Department had to make provision for support initiatives in case it did realize.
<b>Disaster management</b>					
To facilitate effective and efficient disaster management mechanisms at provincial and local level.	The development of a provincial disaster management framework and institutional structures.	Framework partly completed.	100%	90%	10% - Delay with publication as a result of uncertainty regarding funding of the function by the 3 spheres of government
To ensure compliance with the provisions of the Disaster Management Act.	Initiate the establishment of the Inter-governmental Disaster Management Committee (IGDMC).		Established IGDMC	10%	Delayed as a result of the non-publication of the Provincial Disaster Management Framework
	Initiate the establishment of the Provincial Advisory Forum.		Established Advisory Forum	90%	10% - Temporary structure in anticipation of the publication of the Provincial Disaster Management Framework
	Progress towards the implementation of the disaster management framework		Finalise framework	90%	10% - Could not establish IGDMC as a result of the non-publication of the Provincial Disaster Management Framework

Subprogramme : Local governance		Strategic goal: Municipalities with enhanced capacity to deliver services, especially to the poor, in developmental and sustainable manner			
Measurable Objective	Performance Measure Indicator	Actual Outputs 2004/05	Planned Outputs 2005/06	Actual Outputs 2005/06	Deviation from target
	Initiate the establishment of an Emergency Management Centre as an inter-departmental project.		Identified site and commence construction work	100%	+75% - Completed 1 year ahead of schedule
To ensure compliance to the Fire Brigade Act.	Initiate the establishment of a provincial fire brigade forum.		Operational provincial fire brigade forum.	100%	
Municipal infrastructure enhancement					
Measurable Objective	Performance Measure Indicator	Actual Outputs 2004/05	Planned Outputs 2005/06	Actual Outputs 2005/06	Deviation from target
To facilitate the mgt of the MIG program in the Province	% of provincial MIG allocation spent by municipalities.	90%	100%	R340,710,000m	There expenditure is expected to be higher because of the roll over from 2004/5 so as to counter the three months backlog (April – July 2005). The expenditure has increased in December 2005 and continued until March 2006..
	Monthly progress reports to national department	12	12	4	
To influence the creation of economic opportunities associated with the MIG programme	Number of joint initiatives between the MIG, EPWP and other municipal infrastructure projects.	25 projects on EPWP	All are EPWP not applied classically	10%	The challenge is that the projects are not EPWP except the intensive labour that lacks training and contractor model adoption.
	Number of initiatives undertaken to influence municipal project prioritisation	12	3 Meetings	Monthly meetings (Jan – March) 4 Meetings	
To monitor the condition and maintenance of municipal infrastructure	Number of studies undertaken with regard to municipal services	1 Asset management	100%	100%	The budget constraints to undertake studies is a challenge. There is a technical support provided for the behind municipalities

Subprogramme : Local governance		Strategic goal: Municipalities with enhanced capacity to deliver services, especially to the poor, in developmental and sustainable manner			
Measurable Objective	Performance Measure Indicator	Actual Outputs 2004/05	Planned Outputs 2005/06	Actual Outputs 2005/06	Deviation from target
To monitor the competencies of the municipal personnel to tackle their infrastructure challenges.	% Progress made in respect of the development and maintenance of a flexible monitoring tool.	100% People are being trained.	100%	100%	The capacity building fund was stopped by DPLG and led to the collapse of the training and development program.
To monitor municipal backlog and expenditure on infrastructure development.	Make sure that database with information on the backlog and expenditure is maintained occasionally.	2 reports on pilots	1	1	Municipalities don't have funds and budget to maintain their infrastructure.
To monitor municipal expenditure on the maintenance of existing infrastructure	Report to the HOD and Minister on the expenditure and maintenance of infrastructure	4 Quarterly reports	1	1	The challenge is that municipalities don't enjoy to fill the forms (questionnaires)

### Specific challenges and responses

PROGRAMME	SUB-PROGRAMME	CHALLENGE	RESPONSE
3. Local government	3.1 Local governance ➤ Municipal Administration ➤ Municipal Finance ➤ Municipal Infrastructure ➤ Disaster Management	Building sustainable capacity on local government level. Reasons being: small municipalities are unable to attract sufficiently skilled personnel The outcome of the local government elections resulted in skilled persons in administrative leadership posts leaving the service of the municipalities due to political changes in councils.	Shared services centres on a district level will be explored and established.
		Addressing allegations of irregularities at Municipalities.	Requested relevant information from municipalities and appointed SIU investigation where necessary.

PROGRAMME	SUB-PROGRAMME	CHALLENGE	RESPONSE
		Building sustainable capacity on municipal level	Strategy focuses more on the following: <ul style="list-style-type: none"> <li>• Mentoring, coaching initiatives</li> <li>• Less consultants</li> <li>• Encouraging internships – municipalities to take responsibility for their own capacity</li> </ul>
		<u>Drafting of the Provincial Disaster Management Framework</u> Due to the delays with the late publication (29 April 2005) of the National Disaster Management Framework (no clarity re the national funding framework) the Provincial Government is still in the process of drafting the Provincial Framework.	Provincial and National Treasury and dplg were engaged to discuss the content of the financial chapter of the Framework..
		<u>Funding of the operational costs for the newly developed Provincial Disaster Management Centre</u> The lack of sustainable funding for the operational costs for the Provincial Disaster Management Centre is to be addressed.	Sustainable funding must be secured for the next MTEF cycle and was highlighted during the MTEC engagements.
		<u>Lack of funding for municipalities to execute disaster management function</u> Many municipalities still regard disaster management as an unfunded mandate and therefore do not provide the necessary funding for the implementation of the disaster management function, as required in the Disaster Management Act.	This matter was addressed with National Treasury and DPLG as to ensure the effective participation of municipalities in the execution of the disaster management function.
		<u>(PMITT)</u> The various sector departments need to participate in the MIG processes both at policy and implementation of the projects that are funded through the specific department. The municipalities are left by departments to implement projects from design, implementation, transfer and maintenance without the necessary guidance from the sector department. The problem comes when the municipality has made a mistake and problems accrue that the sector department will point a finger whilst they have those expertises to assist local government. A Provincial Co-ordinating Committee has been established to replace the PMITT in December 2005. It is expected that sector departments will have a forum to assist municipalities and engage on policy matters	The PMITT option is changed into a Provincial MIG Co-ordinating Structure with an engagement of the lower level of management to lead and participate. It will allow the Senior management to receive information and brief in terms of any pertinent agenda items in the meetings. The program is being set-up to roll out the establishment of the structure. The Co-ordinating Committee was established in 2005 December. What is left is its operations..

PROGRAMME	SUB-PROGRAMME	CHALLENGE	RESPONSE
		<u>Management Information System</u> The problem with the MIS resides in the implementation of the system. Training has been undertaken except ten municipalities who could not be available to attend. There are plans to undertake another training exercise for those who could not attend	There is a training program set for September 2005 for all the municipalities and the department of Local Government and Housing. The training was successful and all municipalities except 10 could not attend. There is a program to train those too before the end of the year or early in 2006. The last 10 municipalities training are still outstanding and will be done early in 2006.

### Issues requiring ongoing attention

#### Provincial/ Departmental assistance

Assistance to the Regional Land Claims Commission (RLCC) regarding restitution.

#### Establishment of Disaster Management Centres (Provincial and Metro / District):

Operational and capital costs to run the Provincial Disaster Management Centre as well as to facilitate a process regarding the necessary funding which is needed for municipal disaster management structures to effectively execute their responsibility as assigned in the Disaster Management Act and Frameworks.

#### Specialized support to Kannaland and Cederberg Municipalities

Although good progress has been made with the interventions, there is still a long way to go towards sustainable capacity at these municipalities. Recovery plans focusing on financial and institutional matters have been developed and implemented at both municipalities. The Department has partnered with other roll players, such as the DBSA, District Municipalities, DPLG (Project Consolidate) and Provincial Treasury, and they are all in some way or another adding value to the recovery plan strategies. Project Managers have also been appointed to co-ordinate the recovery plan actions. It is not a quick fix and ongoing support and involvement over the medium to long-term are needed from the Department.

## **Programme 4: Development and Planning**

Purpose: To promote integrated development and planning through the development of policy and informing departmental implementation through the provision of research findings, data and information.

### **Analysis per sub-programme:**

#### **Sub-programme 4.1: Integrated development and planning (IDP)**

- © to support the draft, review and implementation of municipal IDP's
- © to improve provincial-municipal planning and budgeting engagement in IDP's

#### **Policy and strategy**

- © to facilitate the re-alignment of functions between province and municipalities
- © to consolidate information on housing and local government together with other stakeholders

#### **Research**

- © to identify key indicators to measure the development impact of departmental programmes
- © to conduct research into sustainable human settlements

#### **Governance and institutional development**

- © to facilitate urban and rural development in the development nodes (through URP and ISRDP)
- © to implement public participation mechanisms
- © to provide management training to municipal officials
- © to undertake international benchmark visit in local government practices
- © to facilitate the incorporation of communities on state land in municipalities

#### **Sub-programme 4.2: Community development worker programme (CDW)**

- © to liaise, co-ordinate, mobilize and assist communities with access to services provided by government

#### **Sub-programme 4.3: Project consolidate**

- © To liaise, co-ordinate, mobilize and assist municipalities with the implementation of Project consolidate

**PROGRAMME 4: DEVELOPMENT AND PLANNING**

<b>4.1 Integrated development and planning</b>		<b>Strategic Goal:</b> Municipalities with enhance capacity to deliver services, especially to the poor, in a developmental and sustainable manner			
<b>Measurable Objective</b>	<b>Performance Measure Indicator</b>	<b>Actual Outputs 2004/05</b>	<b>Planned Outputs 2005/06</b>	<b>Actual Outputs 2005/06</b>	<b>Deviation from target</b>
To support the drafting, review and implementation of municipal IDPs.	Number of IDPs reviewed and assessed.		30	5 IDP hearing reports 1 Metro hearing report 28 Assessment reports	Kannaland and Cederberg not compliant ito legislation. Corrective measures is in place per the recovery plan and Project Consolidate.
	Annual Provincial IDP Conference.		1	1	Conference moved to the second quarter 2006/07
	Number of Planning and Implementation Support (PIMS) centres support per district.		5	5	
To improve provincial-municipal planning and budgeting engagement in IDPs.	% establishment of an approved annual provincial-municipal engagement process.		100%	100%	
	Number of provincial departments with service delivery boundaries aligned to municipal boundaries.		10	0	The department has no mandate to alignment of provincial /municipal boundaries.
To promote effective and efficient integrated development planning.	Number of municipal performance management system facilitated.		30	0	The department is in process of establishing a monitoring & evaluation unit to facilitate development fo performance management.

<b>4.1 Integrated development and planning</b>		<b>Strategic Goal:</b> Municipalities with enhance capacity to deliver services, especially to the poor, in a developmental and sustainable manner			
<b>Measurable Objective</b>	<b>Performance Measure Indicator</b>	<b>Actual Outputs 2004/05</b>	<b>Planned Outputs 2005/06</b>	<b>Actual Outputs 2005/06</b>	<b>Deviation from target</b>
	Annual report on municipal performance ( S47 of the Municipal Systems Act) submitted by the MEC timeously.			0	
<b>4.1.1: Policy and Strategy</b>					
To facilitate the re-alignment of functions between province and municipalities	Intergovernmental task team to advise on function shifts and funding arrangements		Operational task team	PIF Technical Task team established Oct 2005  PIF approval of process in Oct 2005	Dev't of framework delayed by 6 months owing to delays in establishing Premier's Intergovernmental Forum
To consolidate information on housing and local government together with other stakeholders	Operational knowledge management system		50% completion of system	Audit completed Oct 2005-11-09  Directorate establishment approved Nov 2005	
<b>4.1.2: Research</b>					
To identify key indicators to measure the development of impact of departmental programmes	Progress toward a generic measurement tool in co-operation with other departments.		50%		
To conduct research into sustainable human settlements	Research and policy reports.		5		
To assess service delivery levels to former rural settlements (Act 9 of 1987) and farm workers	An assessment of service delivery levels to rural settlements and farmworkers		Assessment	Workshop with munis and agreement in principle	Detailed assessment of only two of 30 municipalities being done, as data gathering must be done on farm by farm basis



<b>4.1 Integrated development and planning</b>		<b>Strategic Goal:</b> Municipalities with enhance capacity to deliver services, especially to the poor, in a developmental and sustainable manner			
Measurable Objective	Performance Measure Indicator	Actual Outputs 2004/05	Planned Outputs 2005/06	Actual Outputs 2005/06	Deviation from target
<b>4.1.3 Governance and Institutional Support</b>		<b>Strategic Goal:</b> Municipalities with enhance capacity to deliver services, especially to the poor, in a developmental and sustainable manner			
To facilitate urban and rural development in the development nodes.	Number of integrated projects identified by all 3 spheres of government in the nodes.		5	5	
	A dedicated provincial multi-disciplinary implementation team.		1	0	Multi disciplinary teams established as required
	Establish a web-based monitoring and evaluation framework		1	0	Dplg co-ordinates a national M & E system
To implement public participation mechanisms.	Number of municipalities supported in implementing public participation programmes.		30 Municipalities	30 Municipalities	
To provide management training to municipal officials.	Number of training programmes.	0	0	0	
	Number of officials trained.	0	0	0	
	Number of bursaries awarded (minimum).	4	4	4	
To undertake an international benchmarking visit in local government practice	Number of municipal participants involved in international visit.	0	0	0	
To facilitate the incorporation of communities on state land in municipalities	Number of processes facilitated.	0	1	1	

<b>Sub-programme 4.2: Community development worker programme (CDW)</b>					
<b>Measurable Objective</b>	<b>Performance Measure Indicator</b>	<b>Actual Outputs 2004/05</b>	<b>Planned Outputs 2005/06</b>	<b>Actual Outputs 2005/06</b>	<b>Deviation from target</b>
To create a cadre of Community Development Workers to address gaps in governmental service delivery through a learnership programme.	Establishment of a provincial support unit.		1	1	
	Number of metropolitan and district support units.		6	6	
	Number of learners in CDW learnership programme.		400	362	Due to learner drop-out
To deploy community development workers in priority areas.	Number of posts established on staff structure.		150	200	Appoint according to availability of funds
<b>Sub-programme 4.3: Project consolidate</b>					
<b>Measurable Objective</b>	<b>Performance Measure Indicator</b>	<b>Actual Outputs 2004/05</b>	<b>Planned Outputs 2005/06</b>	<b>Actual Outputs 2005/06</b>	<b>Deviation from target</b>
To ensure successful implementation of capacity support initiatives to target municipalities in terms of Project Consolidate (PC).	Number of support initiatives at municipalities.	Develop Municipal Action Plans for Project Consolidate municipalities	11	11  All Project consolidate municipalities have MAPs in place which are aligned to the IDP	
To identify projects for implementation to improve service delivery.	Number of projects identified for implementation.	Early deliverable – Infrastructure, Basic Services, LED, financial viability projects identified as key elements in the implementation of project consolidate	45	45  All projects were completed by June 2006 and sustainability is an important component of the projects	

## Specific challenges and responses

PROGRAMME	SUB-PROGRAMME	CHALLENGE	RESPONSE
4. Development and planning	4.1 Integrated development and planning	Integrated governance through improved inter-governmental co-operation	Promote a close working relationship between Department of Local Government and Housing, Provincial Treasury and the Premiers office to improving inter-governmental co-operation.

## 2.10 Transfer payments

**Table 4: Transfers**

<b>Name Of Institution/Beneficiaries</b>	<b>Purpose</b>	<b>Amount Transferred</b>	<b>Need To Comply With Section 38(1) J</b>
Municipalities	Local government project preparation grant	R1 437 500	Yes
Municipalities	Provincial management support programme	R4 000 000	Yes
Households	Human settlement and redevelopment grant	R18 601000	No, in terms of DORA, 2005
Households	Integrated housing and human settlement development grant	R533 248 000	No, in terms of DORA, 2005
Lifesavers SA	Lifesaving at beaches and at sea.	R200 000	Yes
National Sea Rescue Institute (NSRI)	Lifesaving at sea.	R200 000	Yes
City of Cape Town	Aerial Fire fighting support.	R3 750 000	Yes
City of Cape Town	Surveillance camera.	R300 000.	Yes
Overberg District Municipality	Fire fighting assistance	R500 000.	Yes
Eden District Municipality	Fire fighting assistance	R500 000.	Yes
West Coast District Municipality	Prov. housing capacity building grant	R200 000	Yes
Cape Winelands District Municipality	Prov. housing capacity building grant	R200 000	Yes
Overberg District Municipality	Prov. housing capacity building grant	R200 000	Yes
Eden District Municipality	Prov. housing capacity	R200 000	Yes

	building grant		
Central Karoo District Municipality	Prov. housing capacity building grant	R200 000	Yes
Eden District Municipality	Provincial Management Support Grant	R3 500 000	Yes
Various municipalities	Local gov. capacity building grant	R10 553 000	No, in terms of DORA, 2005
Various municipalities	Disaster relief grant	R17 911 000	No, in terms of DORA, 2005
City of Cape Town	ICLEI World conference.	R500 000	Yes
City of Cape Town	Settlement assistance	R197 000	Yes
Drakenstein municipality	Settlement assistance	R30 000	Yes
Eden District Municipality	Aerial Fire fighting support.	R500 000	Yes
Cape Winelands District Municipality	Aerial Fire fighting support.	R750 000	Yes

The Department complies with section 38(1)(j) of the PFMA which requires the Accounting Officer of the transferring department to ensure that “before transferring any funds to an entity within or outside government, must obtain written assurance from the entity that the entity implements effective, efficient and transparent financial management and internal control systems, or, if such written assurance is not or cannot be given, render the transfer of the funds subject to conditions and remedial measures requiring the entity to establish and implement effective, efficient and transparent financial management and internal control systems.”

## 2.11 Conditional grants

The Division of Revenue Act, 2005, requires that annual reports and financial statements of the transferring and receiving departments must also include information on conditional grants as set out in schedules 3, 4, 5 and 6 of the Act.

Section 19(1) outlines information that should be included in the annual reports of the transferring national officers. Section 19(2) outlines information that should be included in the annual reports and financial statements of the receiving department or municipalities.

- (a) An overview of conditional grants, types of grants, total allocations and transfer trends. A summary of all grants are provided in the following tables:

**Table 5: Summary of Conditional Grants for 2005/06**

Name of Conditional Grant	Budget Receipts 2005/06	Actual Receipts 2005/06	Actual Expenditure 2005/06	Deviation from (budgeted to Receipts and actual spending)	
	R'000	R'000	R'000	R'000	%
Integrated housing and human settlement development grant	533 249	533 249	533 248	1	0
Human settlement redevelopment grant	29 738	29 738	18 601	11 137	37.45
Disaster relief grant	24 500	24 500	17 911	6 589	26.89
Local government capacity building fund	10 783	10 783	10 724	59	0.55
<b>TOTAL</b>	<b>598 270</b>	<b>598 270</b>	<b>580 484</b>	<b>17 786</b>	<b>2.97</b>

- (b) All transfers were made by the national Department of Housing, as scheduled, into the accredited account of the Provincial Treasury.
- (c) Spending on the Integrated Housing and Human Settlement Development grant has been on track with 100% of the grant spent by the end of the fourth quarter. Delivery targets was also met and 16 053 houses (vs projected 16 000) have been built and 18 412 sites (18 000 projected) were serviced. Spending on the Human Settlement Redevelopment grant has been slow and R18,6m of the R29.738m which includes R20.365m rolled over from previous years, has been spent. Unfortunately the nature of the projects in this programme has led to slow progress and the Department is endeavouring to speed up progress wherever possible on these projects.
- (d) There was an under performance due to many factors over the past few years on housing delivery. Corrective steps were implemented in 2004/05 where the full allocation was spent plus a further R70m of the 2003/04 financial year roll-overs. Although spending was slow in the first quarter of this year, the Department has managed to also spend the amount of R76m rolled over from the 2004/05 financial year.
- (e) The conditions as stipulated in DORA, 2005 are fully adhered to by the Department.

## 2.12 Capital Investment (Construction and Rehabilitation)

Not applicable to the Department, but the following need to be noted:

### **Disaster Management:**

Disaster Management Centre: The Department did allocate approximately R2.6 million to the Department of Transport and Public Works for the Disaster Management office accommodation at the Tygerberg Emergency Management Centre. The development of this Centre is still under construction and the final phase will be completed by the end of April 2006. There will be a definite increase in expenditure due to the increase in operational costs and future capital needs of the centre.

Satellite communication: The Department allocated R4.9 million for the establishment of an emergency communication and IT system through the provision of satellite communication.

This system will provide back-up and ensure continuity for the disaster management emergency communication and information management systems through the provision of 34 satellite communication connections at municipalities, emergency services and security forces (SANDF and SAPS). The target date for completion of the project was set for and attained during December 2005.

**Asset Management** (Not applicable to the Department.)

It should however be noted that all immovable assets of the Western Cape Housing Development Board will be transferred to the Department with the disestablishment of the Board.

The Department has also embarked on a project, in conjunction with the Provincial Treasury, to rectify all the short comings identified by the Office of the Auditor-General regarding the asset register for the movable assets of the Department.

**Maintenance**

The expenditure on maintenance comprises day to day maintenance of rental units, the general upgrading thereof and the cleaning of vacant land in the ownership of the Western Cape Housing Development Board (WCHDB).

Although the Department, with regard to the general upgrading of rental units, work according to a Maintenance Plan, the initial performance as far as the Plan is concerned was below standard, due to lack of technical capacity to prepare the necessary specifications. This problem has now been overcome by the appointment of technical staff on a contract basis and the process is well on track at this stage, hence the commitment of R6,5 million. Day to day maintenance is demand driven.

**Source for Infrastructure Data**

Not applicable

## Specific challenges and responses

### **Challenge 1:**

Correcting and updating the Asset Register of the Western Cape Housing Development Board properties.

### **Response to Challenge 1**

The Asset Register of the WCHDB is still not 100% correct and updated. The Department started implementing a plan to address this problem in 2003. Although good progress has been made, a lot still remains to be done. It is realized that this task will not be done overnight, and the Department has set itself a target of 5 years (until the end of 2007) within which the Asset Register will fully corrected and updated. The Department has appointed African Data Collection Co. JV to do some of the work on an urgent basis.

### **Challenge 2:**

Updating and rehabilitating the debtors of the WCHDB

#### **Response to Challenge 2**

The plan mentioned under the Asset Register also included the updating of the debtors of the WCHDB. Good progress has been made with the clearing of credits on the rental and sales debtors of the Board. 1 500 of these credits were left to be dealt with, and that these were cleared before the end of May 2006.

The Department engaged the services of Servcon to update and rehabilitate the debtors on the books of the WCHDB. A pilot of 1 016 debtors was finalised by the end of October 2005. The appointment of Servcon was extended to the rest of the Departments debtors.

## Capital Acquisitions and Disposals

Not applicable

## Major Contract Update

Not applicable



### **PART 3: REPORT OF THE AUDIT COMMITTEE**

#### **PROVINCIAL GOVERNMENT WESTERN CAPE DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING (VOTE 8) SHARED AUDIT COMMITTEE REPORT FOR THE FINANCIAL YEAR ENDING 31 MARCH 2006**

We are pleased to present our report for the above-mentioned financial year.

##### **Appointment of the Shared Audit Committee**

The Department of Local Government and Housing (Vote 8) is served by a Shared Audit Committee appointed under Cabinet Resolution 75/2003 of 23 June 2003 for the 2 year period to 31 March 2005, which was extended by Resolution 95/2005 for 2 more years to 31 March 2007.

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

The Committee consists of the independent members listed hereunder, is required to meet at least 4 times per annum as per its approved Terms of Reference. During the current year 11 meetings were held:

<b>Member</b>	<b>Number of Meetings Attended</b>
Mr J.A. Jarvis (Chairperson)	11
Mr J. January	9
Mr P. Jones	11
Mr R. Warley	7
Mr V.W. Sikobi	(resigned May 2005)

##### **Audit Committee Responsibility**

The Committee has complied with its responsibilities arising from section 38(1) (a) of the PFMA and Treasury Regulation 3.1.13 and 27(1) (10). The Committee has also regulated its affairs and discharged its responsibilities in terms of the Audit Committee Charter.

##### **Effectiveness of Internal Control**

During the year under review the Risk Assessment and Control Mapping exercises and the 1-year Operational Internal Audit Plan, were completed.

The 1-year Operational Internal Audit Plan which was approved by the Committee in April 2005 identified 17 high risk areas. However, due to budgetary constraints, the Plan was amended in September 2005, to cover only 11 audit areas.

Internal Audit and the Auditor-General highlighted a number of critical and significant control weaknesses in respect of:

- Regional Coordination
- Municipal Infrastructure Enhancement
- Strategic Planning and Research
- Housing Project Approval
- Housing Subsidy Administration
- Policy and Strategic Support
- Management Accounting
- Communication Special Projects
- Rental Housing Tribunal
- Housing Property Management and
- People Housing Process
- Asset Management
- Non-compliance with Treasury Regulations regarding settlement of invoices

The Committee noted that management undertook to implement the recommended corrective actions.

Internal audits were conducted on the transversal IT systems of the Province.

The Committee acknowledges that e-Innovation provides the IT service to this department. The Committee wishes to emphasize the importance of the Department ensuring that a service level agreement is concluded with e-Innovation to address future technology and training requirements.

The Committee further acknowledges that the responsibility for addressing control weaknesses identified by the Internal audit vests with e-Innovation. The Committee will follow-up on the implementation of corrective action in the 2006/07 financial year.

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

The Committee has not reviewed the quality of in-year management and monthly/ quarterly reports submitted in terms of the PFMA and the Division of Revenue Act, but has relied on the feedback of the Auditor-General who has not reported adversely in this regard.

#### **Evaluation of Financial Statements**

The Committee has,

- Reviewed and discussed the audited annual financial statements included in the annual report with the Auditor-General and the Accounting Officer
- Reviewed the Auditor-General's management letter and management's response thereto;
- Reviewed the Auditor-General's report.

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

### **Appreciation**

The Committee wishes to express its appreciation to the Provincial Treasury, Officials of the Department, the Auditor-General and the Sihluma Sonke Consortium for their assistance and co-operation in compiling this report.

A handwritten signature in blue ink, appearing to read 'J.A. Jarvis', is shown within a light gray rectangular box.

J.A. JARVIS

Chairperson of the Shared Audit Committee

Date: 10 August 2006

**WESTERN CAPE PROVINCE  
DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING  
VOTE 8**

**ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2006**

**PART 4: ANNUAL FINANCIAL STATEMENTS**

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**WESTERN CAPE PROVINCE  
DEPARTMENT OF HOUSING  
VOTE 8**

**REPORT BY THE ACCOUNTING OFFICER  
for the year ended 31 March 2006**

**Report by the Accounting Officer to the Executive Authority and the Members of the  
Provincial Parliament of the Western Cape.**

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

The Department's overriding objective is to promote the creation of integrated and sustainable human settlements within a framework of co-operative governance.

To achieve this objective, the Department is finalising a Sustainable Human Settlements Strategy for the province. The Strategy aims to take account of the realities in the Western Cape and to mainstream the imperatives of the Breaking New Ground Strategy of national government. The Human Settlements Strategy will inform the manner in which housing and basic service delivery are rolled out in the province, and three pilot projects will showcase this new approach.

One of the housing projects to be implemented is the N2 Gateway Project. The project has provided valuable experiences in implementing the Breaking New Ground policy, such as the pioneering of Temporary Relocation Areas (TRAs). TRAs assist vulnerable communities living in areas of stress, and their establishment has influenced the development of the emergency housing programme in the country. The Department will place emphasis on TRAs in the coming year, as they address the need for dignified living conditions for people living in informal settlements.

Shelter and basic services go hand in hand. National Government has recently placed renewed emphasis on the need to eradicate the "bucket system" of sanitation in South Africa. For the Department, this means the provision of basic sanitation to all residents of the Western Cape. The Department has already conducted surveys of the sanitation backlog, and has developed a plan to progressively realise the right to basic sanitation. This plan will be rolled out together with relevant stakeholders such as Department of Water Affairs and Forestry (DWAF) and the Development Bank of South Africa (DBSA).

We have seen many natural disasters affect our province in the past year. To provide an integrated response to such events, the Department in partnership with the Departments of Health and Community Safety launched the Provincial Emergency Management Centre on 15 December 2005 at the Tygerberg Hospital. The Department will work closely with existing district structures to assist with the establishment of district emergency management centres. A fast and reliable area-wide network between all the emergency management centres and municipalities will be installed. The Department will also introduce learnerships in the area of disaster management so as to build sustainability in the mitigation and management of disasters, and will also focus on the prevention of disasters through the implementation of awareness training in vulnerable communities.

All of these functions – provision of shelter and services, response to disasters – are provided primarily through local government. A key mandate of the Department is to support municipalities in carrying out these functions. The Department has completed a capacity assessment of all municipalities, which has resulted in a comprehensive municipal capacity-building strategy. Among the interventions to be implemented are councilor training and support (in partnership with the South African Local Government Association (SALGA), provision of centralised resources such as standard by-laws, guidelines, and toolkits, benchmarking and best practice as well as mentoring and coaching programmes.

**WESTERN CAPE PROVINCE  
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VOTE 8**

**REPORT BY THE ACCOUNTING OFFICER  
for the year ended 31 March 2006**

As part of its commitment to building capacity and deepening community participation, the Department has rolled out a comprehensive programme of training and support to create effectively functioning ward committees. The next phase of this programme is to ensure that ward participation in municipal Integrated Development Plans (IDP) processes is strengthened so as to encourage community ownership of development plans.

Another initiative that aims to strengthen the links between government and the public is the Community Development Worker (CDW) Programme. Out of the 400 CDWs recruited for the learnership in February 2005, 371 were awarded with a National Qualification in Community Development. As of 1 April 2006, 200 CDWs will have been appointed to permanent positions in the Department and will be based in municipalities. The Department will work to achieve closer integration and utilisation of CDWs by other government departments and municipalities.

A highlight of the year was the successful engagement between province and municipalities with respect to planning and budgeting. The first "Local Government MTEC" was held in October 2005, and was followed by additional engagements in November 2005 and January 2006. For the first time, provincial and local government plans and budgets are beginning to speak to each other. These intergovernmental processes will be strengthened and deepened in the coming year.

All of these activities will be supported by a Department that is in the continuous process of review and improvement. The Department will rationalise and strengthen its current Monitoring and Evaluation (M&E) systems through the formation of a single co-ordinated system for information collection and management. The system will generate recommendations for policy and implementation reforms. With a Department that is capacitated to deliver, we will be in a strong position to deliver on the objectives outlined in this document.

**General view on spending for the financial year**

**Final appropriation**

Total	811 808
Administration	51 286
Housing	665 981
Local government	75 668
Development and planning	18 808
Special functions	65

**Underspending**

Total	21 641
Administration	148
Housing	11 661
Local government	7 410
Development and planning	2 422
Special functions	-

All programmes and sub-programmes remained within their approved budgets. Application was made to the Provincial Treasury for the roll over of all unspent conditional grants, committed capital expenditure and transfer payments. The reasons for the under spending are discussed under 'Notes to the appropriation statement'.

**WESTERN CAPE PROVINCE  
DEPARTMENT OF HOUSING  
VOTE 8**

**REPORT BY THE ACCOUNTING OFFICER  
for the year ended 31 March 2006**

**2. Service rendered by the department**

**2.1 Tariff policy**

Parking fees

All tariffs are revised annually by the Department of Transport and Public Works and approved by the Provincial Treasury in terms of National Treasury Regulation 7.3.1. These tariffs are applicable to all officials, consultants or persons who utilise official parking bays. These bays are also allocated by the said department.

**2.2 Free Services**

No free services were rendered during the year under review.

**3. Capacity constraints**

Another strategic goal of the Department as stated in the Annual Performance Plan for 2006/07 is to establish a well functioning transformed department capacitated to deliver:

The ex Department of Housing experienced capacity constraints to cope with the changing housing delivery environment and policies implemented over the past years. The Provincial Cabinet approved a new organisational structure in October 2004 to alleviate the capacity constraints. The ex Department of Local government was also restructured and the Departments started with the implementation of these new structures in January 2005 by appointing the Senior Management. The 2 departments amalgamated as from 1 April 2005. The Provincial Cabinet approved the amalgamated establishment on 6 April 2005. The matching and placing process was finalized in August 2005 and the recruitment of staff started in full earnest.

*Strategy*

A department that is adequately staffed, skilled and motivated to deliver on its mandate. This includes

- Continuous adjustment to the organisation of the department to meet its mandate
- Developing a team based approach to projects
- Applying recruitment, retention, selection, training and career development processes that are in line with legislative imperatives and departmental objectives
- Becoming a learning organisation with strategic planning and management competence.

*Key focus areas*

- Improved work flow processes
- Team work based on professionalism, willingness, tolerance and commitment
- Information, architecture and systems
- Human Resource Development plans focussed on career development and service delivery.
- Performance monitoring
- Performance management

*Targeted outputs over the medium term*

- All posts filled with competent and motivated staff
- A departmental performance monitoring system in place
- A performance management system implemented at all levels of the organisation
- Skills development strategy in place and being operationalised
- Social capital strategy implemented to effect changes to the organisational culture within the Department

**WESTERN CAPE PROVINCE  
DEPARTMENT OF HOUSING  
VOTE 8**

**REPORT BY THE ACCOUNTING OFFICER  
for the year ended 31 March 2006**

- An inter-directorate team-based approach to projects
- The culture of the department transformed in line with Batho Pele values and principles
- PFMA and DORA compliance
- 100% of budget efficiently and effectively spent each year.
- Work flow processes reviewed and improved to include service level agreements within the Department.

**4. Utilisation of donor funds**

No donor funds were received or utilised by the Department.

**5. Trading entities and public entities**

The Western Cape Housing Development Board (WCHDB) was abolished in October 2005. The WCHDB did not operate on its own and the members were paid per meeting attended. The day to day administration of the Board was performed by the Department.

The Western Cape Housing Development Fund (WCHDF) was dormant during the 2005/06 financial year. All expenditure relating to assets was expensed under programme 2: Housing. The income derived from the WCHDB assets and debtors was paid into the Provincial Revenue Fund.

The accounting authority is the head of the department responsible for housing in the Province and the chief financial officer of the Department is also the chief financial officer of the Board.

The performance of the Board and the financial statements of the Western Cape Housing Development Fund will be tabled in a separate report to the Provincial Parliament.

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

All transfer payments and the purpose for the payments made are reported in Annexure 1B – 1F of the Notes to the Annual Financial Statements.

Accountability arrangements in place over each transfer payment made are stipulated in the individual agreements to the entities receiving the transfer payments.

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

The Department did not enter into any PPP during the year under review.

**8. Corporate governance arrangements**

The internal audit consortium, appointed by the Provincial Treasury to perform the internal audit function in the Province, developed a high level risk profile for the Department. This, together with the risk profile developed for the Department of Local Government, will be the platform and foundation to be used by the Department of Local Government and Housing in identifying, managing and controlling the business risks of the Department. A new Fraud Prevention Plan will also be compiled for the new Department.

The Report of the Audit Committee is incorporated as Part 3 in the Annual Report of the Department.



**WESTERN CAPE PROVINCE  
DEPARTMENT OF HOUSING  
VOTE 8**

**REPORT BY THE ACCOUNTING OFFICER  
for the year ended 31 March 2006**

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

No activities were discontinued or are to be discontinued.

**10. New/proposed activities**

None

**11. Asset management**

The Supply Chain Management (SCM) unit within the Department of Local Government and Housing is currently in the process of allocating its assets with unique asset numbers for verification, reconciliation and location purposes. Stores have been reorganised in such a manner and recorded on the LOGIS System to facilitate speedy disposal of redundant and obsolete items. The re-engineering of SCM/Asset Management is done in collaboration with Provincial Treasury.

**12. Inventories**

Two types of inventory are generated by LOGIS. The one consists of an inventory of store items (RR26 LOGIS report), the other inventory of furniture and equipment (RR025 LOGIS report). The value of stationery as at 31 March 2006 amounted to ± R576 000. The value of the inventories was valued at weighted average price. Inventories are issued on the first in first out (FIFO) basis.

**13. Events after the reporting date**

No conditions/events, both favorable and unfavorable, existed at year-end. No events occurred between 31 March 2006 and the date of approval of the financial statements that necessitated adjusting the financial statements as on 31 March 2006.

**14. Performance information**

The Department identified its shortcoming on reliable/verifiable performance information. To address this, the Department identified the following strategic goal as stated in the Annual Performance Plan for 2006/07:

***A comprehensive information and knowledge management system supported by a strategic and coordinated research agenda as a basis for planning, action, monitoring and evaluation.***

*Strategy*

A hub of information will be created in support of the Department's work. This hub will include the management of all existing information, the identification of information needs, generation of new information required, analysis of information and policies provided by provincial and national government, and support for provincial and local planning and strategy processes in support of developmental local government and sustainable human settlements.

**WESTERN CAPE PROVINCE  
DEPARTMENT OF HOUSING  
VOTE 8**

**REPORT BY THE ACCOUNTING OFFICER  
for the year ended 31 March 2006**

*Key focus areas*

- A comprehensive information and knowledge management system for the department
- Policy analysis and new policy development
- A coordinated and focused research programme in support of the department and the strategies of iKapa Elihlumayo
- Effective multi-year integrated and quality planning of provincial, local and national government, supported by adequate resources and capacity and aligned with provincial strategies
- People effectively trained to maximise these systems

*Targeted outputs over the medium term*

- An operational knowledge management system servicing the department and iKapa Elihlumayo strategies
- Departmental analysis of all key policies completed and accessible to all provincial staff
- Participation of the province, municipalities and the social partners in the Western Cape in all key policy dialogues
- Provincial policies to support developmental local government and sustainable human settlements developed
- A strategic research agenda defined and research projects initiated and linked to provincial priorities
- All plans aligned to the new policy imperatives and the provincial spatial development framework
- IDPs that are responsive to local community needs and aligned to national, provincial and local priorities.

**15. Scopa resolutions**

**Auditor-General report emphasis of matter on 2004/05 annual financial statements**

No	Emphasis of matters	Medium strategy to address
1.	<b>Outstanding municipal debt</b> The department had a contingent liability in respect of arrear municipal rates. Due to the fact that the department was still in the process of reconciling and reviewing these accounts, the total effect of the liability could not be quantified.	The Department is reconciling the municipal accounts in co-operation with the respective municipalities
2.	<b>Asset management</b> Processes and procedures to ensure the safeguarding, maintenance of assets as well as the effective and efficient utilisation of assets could not be confirmed as a formal asset management policy did not exist. Furthermore, a formal asset register that conforms to the guidelines issued by National Treasury was not maintained as details such as acquisition dates, details relating to disposals, and other asset details were not available on the Logis printout that was utilised by the department as the asset register.	This is a national/provincial transversal problem. PT, NT and provincial departments are addressing this problem.
3.	<b>Non-compliance with laws and regulations</b> The following instances of non-compliance with the PFMA or National Treasury regulations were identified: (1) Invoices were found not to have been paid within 30 days of receipt of invoice as the department did not have an adequate system implemented to determine the date of receipt of invoices. (2) Paysheets to confirm existence of employees were not returned in a timely manner from the various paypoints.	Corrective measures were instituted by the CFO

**WESTERN CAPE PROVINCE  
DEPARTMENT OF HOUSING  
VOTE 8**

**REPORT BY THE ACCOUNTING OFFICER  
for the year ended 31 March 2006**

<b>No</b>	<b>Emphasis of matters</b>	<b>Medium strategy to address</b>
4.	<b>Internal audit</b> No internal audit work had been performed at the department during the financial year under review upon which reliance could be placed.	This department is fully reliant on the centralised internal audit unit. The Department is part of the internal audit plan for 2005/06.
5.	<b>Risk assessment and fraud prevention plan</b> Although a risk assessment had been performed by the internal auditors during the financial year under review, the fraud prevention plan adopted by the department was still the generic document which will be tailored to the specific needs of the department.	Will be completed in 2005/06 in consultation with the Shared Internal Audit Consortium
6.	<b>Internal checking and control</b> Various control weaknesses and deficiencies were highlighted and brought to the attention of the accounting officer by way of informal queries and a management letter, which included, <i>inter alia</i> , the following: <ul style="list-style-type: none"> <li>• Measures to verify the completeness and accuracy of royalty income were inadequate;</li> <li>• Documentation in respect of subsidies was not readily available;</li> <li>• There was a lack of adequate controls in respect of the awarding of bids to companies owned by the same individual; and</li> <li>• Stock count procedures were inadequate.</li> </ul>	The Department will implement the corrective steps as recommended by the auditors
7.	<b>Previous audit report</b> With reference to page 37, paragraph 4.1 of the 2003/04 annual report, it was reported that irregular expenditure amounting to R690 000 relating to the appointment of consultants had occurred. Since current legislation does not allow for the condonation of such expenditure, the department is currently awaiting an adjustment to the relevant legislation before this matter can be finalised.	PFMA not yet amended to make provision for condonation of irregular expenditure.

Approval

The Annual Financial Statements set out on pages 68 to 120 have been approved by the Accounting Officer.

.....  
**(S MAJET)**  
**(ACCOUNTING OFFICER)**  
**DATE:**

**WESTERN CAPE PROVINCE  
DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING  
VOTE 8**

**REPORT OF THE AUDITOR-GENERAL  
for the year ended 31 March 2006**

**REPORT OF THE AUDITOR-GENERAL TO THE PROVINCIAL PARLIAMENT OF  
THE WESTERN CAPE ON THE FINANCIAL STATEMENTS OF THE DEPARTMENT  
OF LOCAL GOVERNMENT AND HOUSING (VOTE 8)  
FOR THE YEAR ENDED 31 MARCH 2006**

**1. AUDIT ASSIGNMENT**

The financial statements as set out on pages 68 to 120, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read with sections 4 and 20 of the Public Audit Act, 2004 (Act No. 25 of 2004). The fixed asset opening balance has not been audited because of the timing of guidance from National Treasury to the departments relating to the treatment, valuation and disclosure of fixed assets. These financial statements are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements, based on the audit.

**2. SCOPE**

The audit was conducted in accordance with the International Standards on Auditing read with *General Notice 544 of 2006*, issued in *Government Gazette* no. 28723 of 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 note 1.1 to the financial statements.

**WESTERN CAPE PROVINCE  
DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING  
VOTE 8**

**REPORT OF THE AUDITOR-GENERAL  
for the year ended 31 March 2006**

**4. AUDIT OPINION**

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

**5. EMPHASIS OF MATTER**

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

**5.1 Asset management**

The following shortcomings relating to asset management were noted and brought to the attention of the accounting officer:

- Assets amounting to R5 356 000 were procured during the 2005-06 financial year that were not recorded on the Logistical Information System (LOGIS) asset register at 31 March 2006, because unique asset numbers have not been allocated and added to the asset register when the assets were received.
- All assets procured during previous years via the Basic Accounting System (BAS), since the implementation of LOGIS during February 2001, have not been captured on the fixed asset register.
- A complete asset count was not performed by the department as at 31 March 2006 and compared with the asset register to ensure the completeness of the asset register and to ensure that all assets existed.
- Due to a lack of unique asset numbers affixed to all movable assets, the selected items could not be followed through from the various locations to the asset register.
- Several assets identified to be redundant could not be traced to the asset register to determine whether all redundant furniture disposed off during the year was removed from the department's asset register. The RSA numbers as indicated on the list could not be followed through to the asset register.

**5.2 Non-compliance with Treasury Regulations**

In terms of the PFMA and Treasury Regulation 8.2.3, unless determined otherwise in a contract or other agreement, all payments due to creditors must be settled within 30 days after receipt of an invoice. During the year under review various invoices were identified that have not been paid within the prescribed 30-day period. Due to unreliable reports produced by BAS, an age analysis as well as the total amount outstanding for longer than 30 days could not be determined.

**WESTERN CAPE PROVINCE  
DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING  
VOTE 8**

**REPORT OF THE AUDITOR-GENERAL  
for the year ended 31 March 2006**

**5.3 N2 Gateway project**

The department incurred expenditure amounting to R91 913 076 relating to the N2 Gateway project during the 2005-06 financial year, while the “conceptual business plan” has not been finalised in terms of a memorandum of understanding between the National Minister of Housing, the Western Cape MEC for Local Government and Housing and the Mayor of the City of Cape Town. Included in the above amount was expenditure of R6,5 million that was reimbursed to the City of Cape Town that related to the redesign and planning cost of the Boystown subproject. This resulted from the fact that after the detailed planning and design of the project was completed, the social housing programme was subsequently approved and the project had to be redesigned.

At the time of finalising this report the department has not performed an exercise to determine whether the above expenditure of R6,5 million should be regarded as fruitless and wasteful expenditure. The amount has therefore not been accounted and disclosed accordingly in the financial statements.

**5.4 Housing subsidies: discount benefit scheme and phasing-out programme**

Various shortcomings in the controls regarding the administration of housing subsidies relating to the discount benefit scheme and the phasing-out programme were identified during the audit. The control over the relevant supporting subsidy files as well as the completeness of the information on the files was a concern.

**5.5 Performance information**

The following deficiencies relating to the performance information as reported in the draft of part 2 of the department’s annual report for 2005-06 were brought to the attention of the accounting officer in a management letter:

- The planned outputs/targets for 2005-06 as reported differed in comparison with the approved budget.
- Deviations were identified between planned and actual outputs for 2005-06 that were not explained.
- Actual outputs relating to the previous financial year (2004-05) were not indicated in certain cases.
- Actual outputs versus the planned outputs/targets for 2005-06 were not reported on in various cases.

**5.6 Performance audit relating to the approval and allocation of housing subsidies**

A performance audit relating to the approval and allocation of housing subsidies at the former Department of Housing in the Western Cape for the period January 1995 to March 2004 was conducted and the findings were brought to the attention of the accounting officer during June 2005. A separate report in this regard will be issued.

**WESTERN CAPE PROVINCE  
DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING  
VOTE 8**

**REPORT OF THE AUDITOR-GENERAL  
for the year ended 31 March 2006**

**6. APPRECIATION**

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

I Jeewa for Auditor-General

Cape Town

31 July 2006



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

**WESTERN CAPE PROVINCE  
DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING  
VOTE 8**

**ACCOUNTING POLICIES  
for the year ended 31 March 2006**

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

**1. Presentation of the Financial Statements**

**1.1 Basis of preparation**

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

**1.2 Presentation currency**

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

**1.3 Rounding**

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

**1.4 Comparative figures**

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

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

**2. Revenue**

**2.1 Appropriated funds**

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

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



**WESTERN CAPE PROVINCE  
DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING  
VOTE 8**

**ACCOUNTING POLICIES  
for the year ended 31 March 2006**

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. Amounts owing to the Provincial Revenue Fund at the end of the financial year are recognised in the statement of financial position.

**2.2 Departmental revenue**

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

**2.2.1 Sales of goods and services other than capital assets**

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

**2.2.2 Interest, dividends and rent on land**

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

**2.2.3 Sale of capital assets**

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

**2.2.4 Financial transactions in assets and liabilities**

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

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

**2.2.5 Gifts, donations and sponsorships (transfers received)**

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

**3. Expenditure**

**3.1 Compensation of employees**

Salaries and wages comprise payments to employees. Salaries and wages are recognised as an expense in the statement of financial performance when the final authorisation for payment is

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effected on the system (by no later than 31 March of each year). Capitalised compensation forms part of the expenditure for capital assets in the statement of financial performance<sup>1</sup>.

All other payments are classified as current expense.

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

**3.1.1 Short term employee benefits**

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

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

**3.1.2 Long-term employee benefits**

**3.1.2.1 Termination benefits**

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

**3.1.2.2 Post employment retirement benefits**

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

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

**3.2 Goods and services**

Payments made for goods and/or services are recognised as an expense in the statement of financial performance when the final authorisation for payment is effected on the system (by no

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

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later than 31 March of each year). The expense is classified as capital if the goods and services were used on a capital project.

**3.3 Interest and rent on land**

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

**3.4 Financial transactions in assets and liabilities**

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

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

**3.5 Unauthorised expenditure**

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

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

**3.6 Fruitless and wasteful expenditure**

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

**3.7 Irregular expenditure**

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

**3.8 Transfers and subsidies**

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

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**3.9 Expenditure for capital assets**

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

**4. Assets**

**4.1 Cash and cash equivalents**

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

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

**4.2 Prepayments and advances**

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

**4.3 Receivables**

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

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

**4.4 Asset Registers**

Assets are recorded in an asset register, at cost, on receipt of the item. Cost of an asset is defined as the total cost of acquisition. Assets procured in previous financial periods, may be stated at fair value, where determinable, or R1, in instances where the original cost of acquisition or fair value cannot be established. No revaluation or impairment of assets is currently recognised in the asset register. Projects (of construction/development) running over more than one financial year relating to assets, are only brought into the asset register on completion of the project and at the total cost incurred over the duration of the project.

Annexures 3 and 4 of the disclosure notes, reflect the total movement in the asset register of assets with a cost equal to and exceeding R5 000 (therefore capital assets only) for the current financial year. The movement is reflected at the cost as recorded in the asset register and not the carrying value, as depreciation is not recognized in the financial statements under the modified cash basis of accounting. The opening balance reflected on Annexures 3 and 4 will include items procured in prior accounting periods and the closing balance will represent the total cost of the register for capital assets on hand.

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**5. Liabilities**

**5.1 Payables**

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

**5.2 Lease commitments**

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

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

**5.3 Accruals**

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

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

**5.4 Contingent liabilities**

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

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

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

Contingent liabilities are included in the disclosure notes.

**5.5 Commitments**

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

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

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**6. Net Assets**

**6.1 Recoverable revenue**

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

**7. Key management personnel**

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

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

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**APPROPRIATION STATEMENT  
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Appropriation per Programme									
	2005/06							2004/05	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>1. Administration</b>									
Current payment	44,203	502	4,386	49,091	49,081	10	100.0	37,167	34,471
Transfers and subsidies	790	(502)	(65)	223	112	111	50.2	479	470
Payment for capital assets	1,912	-	60	1,972	1,945	27	98.6	2,947	2,310
<b>2. Housing</b>									
Current payment	57,554	-	(8,807)	48,747	48,716	31	99.9	52,031	37,255
Transfers and subsidies	613,469	-	3,675	617,144	605,569	11,575	98.1	640,020	542,757
Payment for capital assets	150	-	(60)	90	35	55	38.9	703	695
<b>3. Local government</b>									
Current payment	21,151	-	(1,823)	19,328	19,086	242	98.7	26,645	21,865
Transfers and subsidies	47,340	-	3,500	50,840	44,126	6,714	86.8	28,807	18,234
Payment for capital assets	5,500	-	-	5,500	5,046	454	91.7	5,030	6
<b>4. Development and</b>									
Current payment	17,614	-	(1,131)	16,483	15,550	933	94.3	8,034	7,794
Transfers and subsidies	95	-	200	295	245	50	83.1	10	7
Payment for capital assets	2,030	-	-	2,030	591	1,439	29.1	30	8
<b>5. Special functions</b>									
Current payment	-	-	65	65	65	-	100.0	-	-
<b>Total</b>	<b>811,808</b>	<b>-</b>	<b>-</b>	<b>811,808</b>	<b>790,167</b>	<b>21,641</b>	<b>97.3</b>	<b>801,903</b>	<b>665,872</b>
Reconciliation with Statement of Financial Performance									
Departmental receipts				25,635	-			13,994	-
Actual amounts per Statement of Financial Performance (Total Revenue)				837,443	-			815,897	-
Actual amounts per Statement of Financial Performance Expenditure					790,167				665,872

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

Appropriation per Economic classification									
	2005/06							2004/05	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>									
Compensation of employees	82,617	502	(6,510)	<b>76,609</b>	75,489	1,120	98.5	71,125	63,147
Goods and services	57,905	-	(865)	<b>57,040</b>	56,944	96	99.8	52,740	38,238
Financial transactions in assets and liabilities	-	-	65	<b>65</b>	65	-	100.0	12	-
<b>Transfers &amp; subsidies</b>									
Provinces & municipalities	64,057	(15)	(50)	<b>63,992</b>	56,765	7,227	88.7	43,792	32,968
Departmental agencies & accounts	-	-	975	<b>975</b>	975	-	100.0	-	-
Non-profit institutions	400	50	-	<b>450</b>	450	-	100.0	200	200
Households	597,237	(537)	6,385	<b>603,085</b>	591,862	11,223	98.1	625,324	528,300
<b>Payment for capital assets</b>									
Machinery & equipment	9,592	-	(60)	<b>9,532</b>	7,558	1,974	79.3	8,034	2,414
Software & other intangible assets	-	-	60	<b>60</b>	59	1	98.3	212	141
Land & subsoil assets	-	-	-	<b>-</b>	-	-	-	464	464
<b>Total</b>	<b>811,808</b>	<b>-</b>	<b>-</b>	<b>811,808</b>	<b>790,167</b>	<b>21,641</b>	<b>97.3</b>	<b>801,903</b>	<b>665,872</b>



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**DETAIL PER PROGRAMME 1: ADMINISTRATION  
for the year ended 31 March 2006**

Programme per subprogramme	2005/06							2004/05	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>1.1 Office of the MEC</b>									
Current payment	4,639	-	(350)	4,289	4,279	10	99.8	4,805	4,759
Transfers and subsidies	6	-	-	6	5	1	83.3	10	8
Payment for capital assets	400	-	(366)	34	27	7	79.4	430	407
<b>1.2 Corporate services</b>									
Current payment	39,564	502	4,736	44,802	44,802	-	100.0	32,362	29,712
Transfers and subsidies	784	(502)	(65)	217	107	110	49.3	469	462
Payment for capital assets	1,512	-	426	1,938	1,918	20	99.0	2,517	1,903
<b>Total</b>	<b>46,905</b>	<b>-</b>	<b>4,381</b>	<b>51,286</b>	<b>51,138</b>	<b>148</b>	<b>99.7</b>	<b>40,593</b>	<b>37,251</b>

Economic classification	2005/06							2004/05	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>									
Compensation of employees	24,850	502	255	25,607	25,597	10	100.0	24,024	21,878
Goods and services	19,353	-	4,131	23,484	23,484	-	100.0	12,993	12,593
<b>Transfers &amp; subsidies</b>									
Provinces & municipalities	90	-	-	90	62	28	68.9	63	54
Non-profit institutions	-	50	-	50	50	-	100.0	-	-
Households	700	(552)	(65)	83	-	83	-	566	416
<b>Payment for capital assets</b>									
Machinery & equipment	1,912	-	-	1,912	1,886	26	98.6	2,737	2,171
Software & other intangible assets	-	-	60	60	59	1	98.3	210	139
<b>Total</b>	<b>46,905</b>	<b>-</b>	<b>4,381</b>	<b>51,286</b>	<b>51,138</b>	<b>148</b>	<b>99.7</b>	<b>40,593</b>	<b>37,251</b>

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**DETAIL PER PROGRAMME 2: HOUSING  
for the year ended 31 March 2006**

Programme per subprogramme	2005/06							2004/05	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>2.1 Housing planning and research</b>									
Current payment	6,735	-	(1,066)	5,669	5,660	9	99.8	15,216	13,487
Transfers and subsidies	530	-	-	530	504	26	95.1	4,193	4,193
Payment for capital assets	-	-	48	48	20	28	41.7	87	79
<b>2.2 Housing performance/subsidy programmes</b>									
Current payment	26,355	-	(3,065)	23,290	23,277	13	99.9	8,604	8,604
Transfers and subsidies	563,194	-	(2,459)	560,735	560,709	26	100.0	582,251	510,159
Payment for capital assets	-	-	-	-	-	-	-	67	67
<b>2.3 Urban renewal and human settlement redevelopment</b>									
Current payment	3,929	-	(673)	3,256	3,248	8	99.8	1,770	965
Transfers and subsidies	30,015	-	-	30,015	18,836	11,179	62.8	38,025	17,455
<b>2.4 Housing asset management</b>									
Current payment	20,535	-	(4,003)	16,532	16,531	1	100.0	26,441	14,199
Transfers and subsidies	19,730	-	6,134	25,864	25,520	344	98.7	15,551	10,950
Payment for capital assets	150	-	(108)	42	15	27	35.7	549	549
<b>Total</b>	<b>671,173</b>	<b>-</b>	<b>(5,192)</b>	<b>665,981</b>	<b>654,320</b>	<b>11,661</b>	<b>98.2</b>	<b>692,754</b>	<b>580,707</b>

Economic classification	2005/06							2004/05	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>									
Compensation of employees	33,937	-	(3,320)	30,617	30,601	16	99.9	32,416	29,241
Goods and services	23,617	-	(5,487)	18,130	18,115	15	99.9	19,753	8,014
Financial transactions in assets and liabilities	-	-	-	-	-	-	-	12	-
<b>Transfers &amp; subsidies</b>									
Provinces & municipalities	16,932	-	(3,750)	13,182	12,746	436	96.7	15,112	14,873
Departmental agencies & accounts	-	-	975	975	975	-	100.0	-	-
Households	596,537	-	6,450	602,987	591,848	11,139	98.2	624,758	527,884
<b>Payment for capital assets</b>									
Machinery & equipment	150	-	(60)	90	35	55	38.9	237	229
Software & other intangible assets	-	-	-	-	-	-	-	2	2
Land & subsoil assets	-	-	-	-	-	-	-	464	464
<b>Total</b>	<b>671,173</b>	<b>-</b>	<b>(5,192)</b>	<b>665,981</b>	<b>654,320</b>	<b>11,661</b>	<b>98.2</b>	<b>692,754</b>	<b>580,707</b>

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**DETAIL PER PROGRAMME 3: LOCAL GOVERNMENT  
for the year ended 31 March 2006**

Programme per subprogramme	2005/06							2004/05	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>3.1 Municipal administration</b>									
Current payment	5,126	-	(1,542)	3,584	3,579	5	99.9	5,914	3,840
Transfers and subsidies	20	-	-	20	6	14	30.0	8	7
Payment for capital assets	20	-	-	20	-	20	-	50	-
<b>3.2 Municipal monitoring and support</b>									
Current payment	5,006	-	(1,716)	3,290	3,263	27	99.2	5,308	4,208
Transfers and subsidies	18,083	-	-	18,083	18,058	25	99.9	25,584	15,020
Payment for capital assets	30	-	-	30	-	30	-	30	6
<b>3.3 Municipal infrastructure</b>									
Current payment	7,472	-	759	8,231	8,040	191	97.7	12,205	11,543
Transfers and subsidies	1,517	-	-	1,517	1,447	70	95.4	1,506	1,503
<b>3.4 Disaster management</b>									
Current payment	3,547	-	676	4,223	4,204	19	99.6	3,218	2,274
Transfers and subsidies	27,720	-	3,500	31,220	24,615	6,605	78.8	1,709	1,704
Payment for capital assets	5,450	-	-	5,450	5,046	404	92.6	4,950	-
<b>Total</b>	<b>73,991</b>	<b>-</b>	<b>1,677</b>	<b>75,668</b>	<b>68,258</b>	<b>7,410</b>	<b>90.2</b>	<b>60,482</b>	<b>40,105</b>

Economic classification	2005/06							2004/05	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>									
Compensation of employees	11,430	-	(596)	10,834	10,661	173	98.4	11,694	9,233
Goods and services	9,721	-	(1,227)	8,494	8,425	69	99.2	14,951	12,632
<b>Transfers &amp; subsidies</b>									
Provinces & municipalities	46,940	-	3,500	50,440	43,726	6,714	86.7	28,607	18,034
Non-profit institutions	400	-	-	400	400	-	100.0	200	200
<b>Payment for capital assets</b>									
Machinery & equipment	5,500	-	-	5,500	5,046	454	91.7	5,030	6
<b>Total</b>	<b>73,991</b>	<b>-</b>	<b>1,677</b>	<b>75,668</b>	<b>68,258</b>	<b>7,410</b>	<b>90.2</b>	<b>60,482</b>	<b>40,105</b>

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**DETAIL PER PROGRAMME 4: DEVELOPMENT AND PLANNING  
for the year ended 31 March 2006**

Programme per subprogramme	2005/06							2004/05	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>4.1 Integrated development and planning (IDP)</b>									
Current payment	8,434	-	(1,713)	6,721	6,530	191	97.2	8,034	7,794
Transfers and subsidies	55	-	196	251	223	28	88.8	10	7
Payment for capital assets	30	-	76	106	105	1	99.1	30	8
<b>4.2 Community development worker programme (CDW)</b>									
Current payment	7,980	-	883	8,863	8,123	740	91.7	-	-
Transfers and subsidies	20	-	4	24	20	4	83.3	-	-
Payment for capital assets	2,000	-	(123)	1,877	460	1,417	24.5	-	-
<b>4.3 Project consolidate</b>									
Current payment	1,200	-	(301)	899	897	2	99.8	-	-
Transfers and subsidies	20	-	-	20	2	18	10.0	-	-
Payment for capital assets	-	-	47	47	26	21	55.3	-	-
<b>Total</b>	<b>19,739</b>	<b>-</b>	<b>(931)</b>	<b>18,808</b>	<b>16,386</b>	<b>2,422</b>	<b>87.1</b>	<b>8,074</b>	<b>7,809</b>

Economic classification	2005/06							2004/05	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>									
Compensation of employees	12,400	-	(2,849)	9,551	8,630	921	90.4	2,991	2,795
Goods and services	5,214	-	1,718	6,932	6,920	12	99.8	5,043	4,999
<b>Transfers &amp; subsidies</b>									
Provinces & municipalities	95	(15)	200	280	231	49	82.5	10	7
Households	-	15	-	15	14	1	93.3	-	-
<b>Payment for capital assets</b>									
Machinery & equipment	2,030	-	-	2,030	591	1,439	29.1	30	8
<b>Total</b>	<b>19,739</b>	<b>-</b>	<b>(931)</b>	<b>18,808</b>	<b>16,386</b>	<b>2,422</b>	<b>87.1</b>	<b>8,074</b>	<b>7,809</b>

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**DETAIL PER PROGRAMME 5: SPECIAL FUNCTIONS  
for the year ended 31 March 2006**

Programme per subprogramme	2005/06							2004/05	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
5.1 Theft and losses/debt write-off									
Current payment	-	-	65	65	65	-	100.0	-	-
<b>Total</b>	-	-	65	65	65	-	100.0	-	-

Economic classification	2005/06							2004/05	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
<b>Current payments</b>									
Financial transactions in assets and liabilities	-	-	65	65	65	-	100.0	-	-
<b>Total</b>	-	-	65	65	65	-	100.0	-	-

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**NOTES TO THE APPROPRIATION STATEMENT  
for the year ended 31 March 2006**

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

Detail of these transactions can be viewed in note 6 (Transfers and subsidies) and Annexure 1 (B-F) to the Annual Financial Statements.

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

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

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

Detail of these transactions per programme can be viewed in note 5 (Financial transactions in Assets and Liabilities) to the Annual Financial Statements.

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

**4.1 Per programme:**

Programme name	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	%
Programme 1: Administration	51,286	51,138	148	0.3
Underspending mainly due to an over estimation for the write-off of irrecoverable debt to households.				
Programme 2: Housing	665,981	654,320	11,661	1.75
Explanation of variance:- Underspending mainly due to cancelled Human settlement redevelopment programme projects, maintenance contracts not completed by 31 March 2006 and municipal accounts not verified and paid by 31 March 2006.				
Programme 3: Local government	75,668	68,258	7,410	9.79
Explanation of variance:- Underspending mainly due to the late filling of vacant posts and disaster relief fund projects not completed and claimed by municipalities at 31 March 2006.				
Programme 4: Development and planning	18,808	16,386	2,422	12.88
Explanation of variance:- Underspending mainly due to vacant posts not filled, and subsequent underspending on overheads and capital.				
Programme 5: Special Functions	65	65	-	-
No variance. Funding for this was obtained by way of a virement from Programme 1 where the write-off of debts were originally budgeted.				

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**NOTES TO THE APPROPRIATION STATEMENT  
for the year ended 31 March 2006**

				Variance as a %	
4.2	Per economic classification:	Final appropriation R'000	Actual Expenditure R'000	Variance R'000	of Final Approp. %
	Current expenditure	133 714	132 498	1 216	0.91
	Compensation of employees	76 609	75 489	1 120	1.46
	Goods and services	57 040	56 944	96	0.17
	Financial transactions in assets and liabilities	65	65	-	-
	Transfers and subsidies	668 502	650 052	18 450	2.76
	Provinces and municipalities	63 992	56 765	7 227	11.29
	Departmental agencies and accounts	975	975	-	-
	Non-profit institutions	450	450	-	-
	Households	603 085	591 862	11 223	1.86
	Payments for capital assets	9 592	7 617	1 975	20.59
	Machinery and equipment	9 532	7 558	1 974	20.71
	Software and other intangible assets	60	59	1	1.67
		811 808	790 167	21 641	2.67

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**STATEMENT OF FINANCIAL PERFORMANCE  
for the year ended 31 March 2006**

	Note	2005/06 R'000	2004/05 R'000
<b>REVENUE</b>			
Annual appropriation	1.	811,808	801,903
Departmental revenue	2.	25,635	13,994
<b>TOTAL REVENUE</b>		<b>837,443</b>	<b>815,897</b>
<b>EXPENDITURE</b>			
<b>Current expenditure</b>			
Compensation of employees	3.	75,489	63,147
Goods and services	4.	56,944	38,238
Financial transactions in assets and liabilities	5.	65	-
<b>Total current expenditure</b>		<b>132,498</b>	<b>101,385</b>
<b>Transfers and subsidies</b>	6.	<b>650,052</b>	<b>561,468</b>
<b>Expenditure for capital assets</b>			
Machinery and Equipment	7.	7,558	2,414
Software and other intangible assets	7.	59	141
Land and subsoil assets	7.	-	464
<b>Total expenditure for capital assets</b>		<b>7,617</b>	<b>3,019</b>
<b>TOTAL EXPENDITURE</b>		<b>790,167</b>	<b>665,872</b>
<b>NET SURPLUS/(DEFICIT)</b>		<b>47,276</b>	<b>150,025</b>
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>47,276</b>	<b>150,025</b>
<b>Reconciliation of Net Surplus/(Deficit) for the year</b>			
Voted Funds	11.	21,641	136,031
Departmental revenue	12.	25,635	13,994
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>47,276</b>	<b>150,025</b>



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**STATEMENT OF FINANCIAL POSITION  
at 31 March 2006**

	Note	2005/06 R'000	2004/05 R'000
<b>ASSETS</b>			
<b>Current assets</b>		75,642	206,857
Cash and cash equivalents	8.	61,079	202,446
Prepayments and advances	9.	97	138
Receivables	10.	14,466	4,273
<b>TOTAL ASSETS</b>		<b>75,642</b>	<b>206,857</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>		75,401	206,620
Voted funds to be surrendered to the Revenue Fund	11.	21,641	136,031
Departmental revenue to be surrendered to the Revenue Fund	12.	1,999	726
Payables	13.	51,761	69,863
<b>TOTAL LIABILITIES</b>		<b>75,401</b>	<b>206,620</b>
<b>NET ASSETS</b>		<b>241</b>	<b>237</b>
<b>Represented by:</b>			
Recoverable revenue		241	237
<b>TOTAL</b>		<b>241</b>	<b>237</b>

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**STATEMENT OF CHANGES IN NET ASSETS  
for the year ended 31 March 2006**

	Note	2005/06 R'000	2004/05 R'000
<b>Recoverable revenue</b>			
Opening balance		237	214
Transfers		4	23
Debts written off	5.2	(36)	-
Debts raised		40	23
Balance at 31 March		<b>241</b>	<b>237</b>
<b>TOTAL</b>		<b>241</b>	<b>237</b>

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**CASH FLOW STATEMENT  
for the year ended 31 March 2006**

	Note	2005/06 R'000	2004/05 R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts		<b>862,533</b>	<b>840,987</b>
Annual appropriated funds received	1.1	811,808	801,903
Departmental revenue received		50,725	39,084
Net (increase)/ decrease in working capital		(28,254)	(4,396)
Surrendered to Revenue Fund		(185,483)	(233,797)
Current payments		(132,498)	(101,385)
Transfers and subsidies paid		(650,052)	(561,468)
<b>Net cash flow available from operating activities</b>	14	<b>(133,754)</b>	<b>(60,059)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for capital assets		(7,617)	(3,019)
<b>Net cash flows from investing activities</b>		<b>(7,617)</b>	<b>(3,019)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase/ (decrease) in net assets		4	23
<b>Net cash flows from financing activities</b>		<b>4</b>	<b>23</b>
Net increase/ (decrease) in cash and cash equivalents		(141,367)	(63,055)
Cash and cash equivalents at beginning of period		202,446	265,501
<b>Cash and cash equivalents at end of period</b>	15	<b>61,079</b>	<b>202,446</b>

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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2006**

**1. Annual Appropriation**

**1.1 Annual Appropriation**

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

	Final Appropriation	Actual Funds Received	Funds not requested/ not received	Appropriation Received 2004/05
Programmes	R'000	R'000	R'000	R'000
Administration	51,286	51,286	-	40,593
Housing	665,981	665,981	-	692,754
Local government	75,668	75,668	-	60,482
Development and planning	18,808	18,808	-	8,074
Special functions	65	65	-	-
<b>Total</b>	<b>811,808</b>	<b>811,808</b>	<b>-</b>	<b>801,903</b>
	<b>Note</b>		<b>2005/06 R'000</b>	<b>2004/05 R'000</b>

**1.2 Conditional grants**

Total grants received	ANNEXURE 1A	<u>598,270</u>	<u>648,700</u>
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**2. Departmental revenue to be surrendered to Revenue Fund**

Sales of goods and services other than capital assets	2.1	25	33
Interest, dividends and rent on land	2.2	1,619	1,014
Financial transactions in assets and liabilities	2.3	<u>49,081</u>	<u>38,037</u>
Total revenue collected		<u>50,725</u>	<u>39,084</u>
Less: Departmental revenue budgeted	12	<u>25,090</u>	<u>25,090</u>
<b>Total</b>		<u><b>25,635</b></u>	<u><b>13,994</b></u>

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	Note	2005/06 R'000	2004/05 R'000
<b>2.1 Sales of goods and services other than capital assets</b>			
Sales of goods and services produced by the department		25	33
Administrative fees		25	33
<b>Total</b>		<b>25</b>	<b>33</b>
<b>2.2 Interest, dividends and rent on land</b>			
Interest		871	655
Rent on land		748	359
<b>Total</b>		<b>1,619</b>	<b>1,014</b>
<b>2.3 Financial transactions in assets and liabilities</b>			
Other receipts including recoverable revenue		49,081	38,037
<b>Total</b>		<b>49,081</b>	<b>38,037</b>
<b>3. Compensation of employees</b>			
<b>3.1 Salaries and wages</b>			
Basic salary		51,062	43,573
Performance award		1,063	1,545
Service Based		559	1,525
Compensative/circumstantial		1,191	878
Periodic payments		742	609
Other non-pensionable allowances		11,846	5,945
<b>Total</b>		<b>66,463</b>	<b>54,075</b>

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	Note	2005/06 R'000	2004/05 R'000
<b>3.2 Social contributions</b>			
<b>3.2.1 Employer contributions</b>			
Pension		5,771	5,909
Medical		2,993	2,947
Bargaining council		13	13
Insurance		9	9
<b>Total</b>		<u>8,786</u>	<u>8,878</u>
<b>3.2.2 Post retirement benefits</b>			
Pension		118	194
Medical		120	-
Insurance		2	-
<b>Total</b>		<u>240</u>	<u>194</u>
<b>Total compensation of employees</b>		<u>75,489</u>	<u>63,147</u>
 Average number of employees		<u>473</u>	<u>401</u>

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	Note	2005/06 R'000	2004/05 R'000
<b>4. Goods and services</b>			
Advertising		3,198	1,920
Attendance fees (including registration fees)		13	23
Bank charges and card fees		92	94
Bursaries (employees)		167	420
Communication		3,084	1,644
Computer services		305	86
Consultants, contractors and special services		16,568	15,826
Courier and delivery services		7	19
Tracing agents & debt collections		169	135
Entertainment		466	552
External audit fees	4.1	5,090	2,620
Equipment less than R5 000		1,704	783
Freight service		-	1
Inventory	4.2	1,691	1,522
Legal fees		376	368
Maintenance, repair and running costs		4,886	2,323
Medical services		48	88
Operating leases		1,475	745
Mint of decorations/medals		-	7
Photographic services		-	1
Plant flowers and other decorations		88	24
Printing and publications		715	217
Professional bodies and membership fees		250	67
Resettlement costs		458	46
Subscriptions		96	13
Owned and leasehold property expenditure		22	1,428
Translations and transcriptions		97	63
Transport provided as part of the departmental activities		3	-
Travel and subsistence	4.3	9,177	5,325
Venues and facilities		5,258	1,347
Protective, special clothing & uniforms		80	37
Training & staff development		1,361	494
<b>Total</b>		<b>56,944</b>	<b>38,238</b>

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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
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	Note	2005/06 R'000	2004/05 R'000
<b>4.1 External audit fees</b>			
Regulatory audits		2,719	2,282
Performance audits		384	338
Other audits		1,987	-
<b>Total external audit fees</b>		<b>5,090</b>	<b>2,620</b>
<b>4.2 Inventory</b>			
Domestic Consumables		67	14
Food and Food supplies		2	64
Fuel, oil and gas		33	58
Other consumables		48	7
Parts and other maint mat		-	88
Sport and recreation		-	4
Stationery and Printing		1,541	1,287
<b>Total Inventory</b>		<b>1,691</b>	<b>1,522</b>
<b>4.3 Travel and subsistence</b>			
Local		8,907	5,052
Foreign		270	273
<b>Total travel and subsistence</b>		<b>9,177</b>	<b>5,325</b>
<b>5. Financial transactions in assets and liabilities</b>			
Debts written off	5.1	65	-
<b>Total</b>		<b>65</b>	<b>-</b>
<b>5.1 Debts written off</b>			
<b>Nature of debts written off</b>			
Transfer to debts written off			
Out of Service debt		65	-
<b>Total</b>		<b>65</b>	<b>-</b>
<b>5.2 Recoverable revenue debts written off</b>			
Breach of contract: Bursaries		(36)	-
Note: This amount forms part of the amount referred to in Note 5.1			
		<b>(36)</b>	<b>-</b>



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for the year ended 31 March 2006**

	Note	2005/06 R'000	2004/05 R'000
<b>6. Transfers and subsidies</b>			
	ANNEXURE 1B		
Provinces and municipalities	& 1C	56,765	32,968
Departmental agencies and accounts	ANNEXURE 1D	975	-
Non-profit institutions	ANNEXURE 1E	450	200
Households	ANNEXURE 1F	591,862	528,300
<b>Total</b>		<b>650,052</b>	<b>561,468</b>
<b>7. Expenditure on capital assets</b>			
Machinery and equipment	ANNEXURE 3.1	7,558	2,414
Land and subsoil assets	ANNEXURE 3.3	-	464
Software and other intangible assets	ANNEXURE 4.1	59	141
<b>Total</b>		<b>7,617</b>	<b>3,019</b>
<b>8. Cash and cash equivalents</b>			
Consolidated Paymaster General Account		(14,924)	(4,324)
Cash receipts		47	4
Disbursements		-	(1)
Cash on hand		1	2
Cash with commercial banks		75,955	206,765
<b>Total</b>		<b>61,079</b>	<b>202,446</b>
<b>9. Prepayments and advances</b>			
Travel and subsistence		97	138
<b>Total</b>		<b>97</b>	<b>138</b>

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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
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**10. Receivables**

		Less than one year R'000	One to three years R'000	Older than three years R'000	Total R'000	Total R'000
Staff debtors	10.1	44	82	458	584	529
Other debtors	10.2	3,466	935	224	4,625	3,322
Claims recoverable	Annex 5	8,898	359	-	9,257	422
<b>Total</b>		<b>12,408</b>	<b>1,376</b>	<b>682</b>	<b>14,466</b>	<b>4,273</b>

Note	2005/06 R'000	2004/05 R'000
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**10.1 Staff debtors**

Persal control accounts: In service debt: Income tax	1	23
Provincial Debtors: In service debt:		
Breach of contract: Study bursaries	23	21
Salary related debts	65	28
Other	8	2
Provincial Debtors: Out of Service debt:		
Damages and losses	346	370
Breach of contract: Study bursaries	13	6
Salary related debts	123	73
Other	5	6
<b>Total</b>	<b>584</b>	<b>529</b>

**10.2 Other Debtors**

Loss control account	226	224
Persal control accounts	9	116
Miscellaneous disallowances	3,661	2,982
Community Development Worker Fund	729	-
<b>Total</b>	<b>4,625</b>	<b>3,322</b>

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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
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	Note	2005/06 R'000	2004/05 R'000
<b>11. Voted funds to be surrendered to the Revenue Fund</b>			
Opening balance		136,031	192,682
Transfer from Statement of Financial Performance		21,641	136,031
Paid during the year		(136,031)	(192,682)
Closing balance		<u><u>21,641</u></u>	<u><u>136,031</u></u>

**Request for Roll-overs: R19 306 000**

Provincial Project Preparation Grant: R63 000;

Disaster Relief Grant (National Conditional Grant): R6 589 000;

Human Settlement Redevelopment Programme (National Conditional Grant): R11 137 000;

Acquisition of furniture and IT equipment: R1 517 000

**12. Departmental revenue to be surrendered to the Revenue Fund**

Opening balance		726	2,757
Transfer from Statement of Financial Performance		25,635	13,994
Departmental revenue budgeted	2	25,090	25,090
Paid during the year		(49,452)	(41,115)
Closing balance		<u><u>1,999</u></u>	<u><u>726</u></u>

**13. Payables – current**

Description	Note	30 Days R'000	30+ Days R'000	2005/06 Total R'000	2004/05 Total R'000
Amounts owing to				-	-
other entities	ANNEXURE 6	-	227	227	15
Advances received	13.1	-	-	-	13,874
Clearing accounts	13.2	-	-	-	2
Other payables	13.3	51,534	-	51,534	55,972
<b>Total</b>		<u><u>51,534</u></u>	<u><u>227</u></u>	<u><u>51,761</u></u>	<u><u>69,863</u></u>

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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
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	Note	2005/06 R'000	2004/05 R'000
<b>13.1 Advances received</b>			
Integrated Services Land Project		-	11,817
Masekhane Project		-	311
Community Development Workers Funding		-	1,746
<b>Total</b>		<b>-</b>	<b>13,874</b>
<b>13.2 Clearing accounts</b>			
Suspense accounts: Other		-	2
<b>Total</b>		<b>-</b>	<b>2</b>
<b>13.3 Other payables</b>			
Western Cape Housing Development Fund		51,534	55,972
<b>Total</b>		<b>51,534</b>	<b>55,972</b>
<b>14. Net cash flow available from operating activities</b>			
Net surplus/(deficit) as per Statement of Financial Performance		47,276	150,025
(Increase)/decrease in receivables – current		(10,193)	(2,597)
(Increase)/decrease in prepayments and advances		41	63
Increase/(decrease) in payables – current		(18,102)	(1,862)
Surrenders to revenue fund		(185,483)	(233,797)
Expenditure on capital assets		7,617	3,019
Other non cash items		25,090	25,090
<b>Net cash flow generated by operating activities</b>		<b>(133,754)</b>	<b>(60,059)</b>

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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2006**

	Note	2005/06 R'000	2004/05 R'000
<b>15. Reconciliation of cash and cash equivalents for cash flow purposes</b>			
Consolidated Paymaster General Account		(14,924)	(4,324)
Cash receipts		47	4
Disbursements		-	(1)
Cash on hand		1	2
Cash with commercial banks		75,955	206,765
<b>Total</b>		<b>61,079</b>	<b>202,446</b>

**WESTERN CAPE PROVINCE  
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**DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 March 2006**

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

		Note	2005/06 R'000	2004/05 R'000
<b>16. Contingent liabilities</b>				
<b>Liable to</b>	<b>Nature</b>			
Housing loan guarantees	Employees	ANNEXURE 2A	348	426
Claims against the department	Claim against WCHDB	ANNEXURE 2B	16	-
Other departments	Interdepartmental unconfirmed balances	ANNEXURE 6	227	14
Other	Court cases	ANNEXURE 2B	200	187
<b>Total</b>			<b>791</b>	<b>627</b>
<b>17. Commitments</b>				
<b>Current expenditure</b>				
Approved and contracted			6,198	11,510
Approved but not yet contracted			-	-
			<b>6,198</b>	<b>11,510</b>
<b>Capital expenditure</b>				
Approved and contracted			20,936	96,874
Approved but not yet contracted			1,307	-
			<b>22,243</b>	<b>96,874</b>
<b>Total Commitments</b>			<b>28,441</b>	<b>108,384</b>

**WESTERN CAPE PROVINCE  
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**DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
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**18. Accruals**

	30 Days	30+ Days	Total	Total
	R'000	R'000	R'000	R'000
<b>By economic classification</b>				
Compensation of employees	7	17	24	-
Goods and services	625	1,518	2,143	2,176
Transfers and subsidies	14,601	37,585	52,186	9,269
Machinery and Equipment	156	102	258	-
Software and other intangible assets	6	6	12	-
Other	8	-	8	-
<b>Total</b>	<b>15,403</b>	<b>39,228</b>	<b>54,631</b>	<b>11,445</b>

**Listed by programme level**

Programme 1: Administration	1,007	1,539
Programme 2: Housing	52,952	9,752
Programme 3: Local Government	337	154
Programme 4: Development and Planning	335	-
<b>Total</b>	<b>54,631</b>	<b>11,445</b>

<b>Confirmed balances with other departments</b>	<b>ANNEXURE 6</b>	<b>-</b>	<b>731</b>
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<b>Note</b>	<b>2005/06</b>	<b>2004/05</b>
	<b>R'000</b>	<b>R'000</b>

**19. Employee benefit provisions**

Leave entitlement	1,459	1,307
Thirteenth cheque	1,815	1,006
Performance awards	1,699	1,194
Capped leave commitments	7,564	7,900
<b>Total</b>	<b>12,537</b>	<b>11,407</b>

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**DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
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**20. Lease Commitments**

	Land	Buildings & other fixed structures	Machinery and equipment	Total	Total
	R'000	R'000	R'000	R'000	R'000
<b>20.1 Operating leases</b>					
Not later than 1 year	-	-	939	939	561
Later than 1 year and not later than 5 years	-	-	934	934	877
<b>Total present value of lease liabilities</b>	<b>-</b>	<b>-</b>	<b>1,873</b>	<b>1,873</b>	<b>1,438</b>
			<b>Note</b>	<b>2005/06</b>	<b>2004/05</b>
				<b>R'000</b>	<b>R'000</b>

**21. Irregular expenditure**

**21.1 Reconciliation of irregular expenditure**

Opening Balance	690	696
Amounts condoned	-	(6)
Current expenditure	-	(6)
Irregular expenditure awaiting condonement	<b>690</b>	<b>690</b>
<b>Analysis</b>		
Prior years	690	690
<b>Total</b>	<b>690</b>	<b>690</b>



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**DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
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**22. Key management personnel**

Description	No of Individuals	Total R'000	Total R'000
Political Office Bearers (Detail below)	1	750	689
Level 15 to 16	1	916	1,536
Level 14	6	2,127	1,078
Chief financial officer	1	487	930
<b>Total</b>		<b>4,280</b>	<b>4,233</b>

Minister ML Fransman: April to June 2005: R286 888  
Minister QR Dyantyi: July 2005 to March 2006: R463 090  
Included in the compensation paid to key management personnel are performance bonuses of R29 606. During 2004/2005 the Department consisted of two Departments, namely Local Government and Housing, each with it's own Accounting Officer, which explains the difference between the current and prior financial years' figures for salary levels 15 to 16.

<b>Note</b>	<b>2005/06</b>	<b>2004/05</b>
	<b>R'000</b>	<b>R'000</b>

**23. Provisions**

**Potential irrecoverable debts**

Households	380	-
Other debtors	226	-
<b>Total</b>	<b>606</b>	<b>-</b>

**WESTERN CAPE PROVINCE  
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**ANNUAL FINANCIAL STATEMENTS  
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**ANNEXURE 1A  
STATEMENT OF CONDITIONAL GRANTS RECEIVED**

NAME OF DEPARTMENT	GRANT ALLOCATION					SPENT			2004/05	
	Division of Revenue Act/ Provincial Grants	Roll Overs	DoRA Adjustments	Other Adjustments	Total Available	Amount received by department	Amount spent by department	% of Available funds spent by department	Division of Revenue Act	Amount spent by departments
	R'000	R'000		R'000	R'000	R'000	R'000	%	R'000	R'000
Department of Housing										
(Housing subsidies)	456,740	76,509	-	-	533,249	533,249	533,248	100.0	587,452	510,943
Department of Housing										
(HSRP)	9,373	20,365	-	-	29,738	29,738	18,601	62.5	36,544	16,179
<b>Local Government Capacity Building Fund:</b>										
- Management Support programmes	-	10,560	-	-	10,560	10,560	10,553	99.9	15,013	15,013
-MIG Support programmes	-	223	-	-	223	223	171	76.7	9,691	9,555
Disaster relief	-	-	24,500	-	24,500	24,500	17,911	73.1	-	-
	<b>466,113</b>	<b>107,657</b>	<b>24,500</b>	<b>-</b>	<b>598,270</b>	<b>598,270</b>	<b>580,484</b>	<b>-</b>	<b>648,700</b>	<b>551,690</b>

**WESTERN CAPE PROVINCE  
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**ANNUAL FINANCIAL STATEMENTS  
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**ANNEXURE 1B**

**STATEMENT OF CONDITIONAL GRANTS TO MUNICIPALITIES**

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		SPENT			2004/05
	Division of Revenue Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available Funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Division of Revenue Act
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
<b>LOCAL GOVERNMENT CAPACITY BUILDING FUND:</b>										
Mun: Beaufort West	-	-	-	-	-	-	-	-	-	2,195
Mun: Berg River	-	65	-	65	65	100.0	65	65	100.0	262
Mun: Breede River	-	-	-	-	-	-	-	-	-	851
Mun: Breede Valley	-	43	-	43	43	100.0	43	43	100.0	1,000
Mun: Cape Agulhas	-	1,000	-	1,000	1,000	100.0	1,000	1,000	100.0	1,000
Mun: Cederberg	-	1,457	-	1,457	1,455	99.9	1,455	1,455	100.0	2,305
Mun: Drakenstein	-	2,259	-	2,259	2,259	100.0	2,259	2,259	100.0	2,500
Mun: Eden	-	-	-	-	-	-	-	-	-	603
Mun: Hessequa	-	361	-	361	361	100.0	361	361	100.0	-
Mun: Kannaland	-	2,285	-	2,285	2,285	100.0	2,285	2,285	100.0	5,667
Mun: Knysna	-	-	-	-	-	-	-	-	-	219
Mun: Laingsburg	-	73	-	73	73	100.0	73	73	100.0	370
Mun: Langeberg	-	-	-	-	-	-	-	-	-	1,597
Mun: Matzikama	-	-	-	-	-	-	-	-	-	46
Mun: Oudtshoorn	-	-	-	-	-	-	-	-	-	143
Mun: Overstrand	-	15	-	15	14	93.3	14	14	100.0	15
Mun: Plettenberg/Bitou	-	-	-	-	-	-	-	-	-	432
Mun: Prince Albert	-	200	-	200	200	100.0	200	200	100.0	200
Mun: Saldanha Bay	-	197	-	197	194	98.5	194	194	100.0	439
Mun: Stellenbosch	-	-	-	-	-	-	-	-	-	16
Mun: Swellendam	-	4	-	4	4	100.0	4	4	100.0	157
Mun: Theewaterskloof	-	50	-	50	50	100.0	50	50	100.0	170
Mun: Witzenberg	-	2,551	-	2,551	2,550	100.0	2,550	2,550	100.0	5,386
<b>DISASTER RELIEF:</b>										
Mun: Breede River	1,368	-	-	1,368	1,368	100.0	1,368	1,368	100.0	-
Mun: George	320	-	-	320	320	100.0	320	320	100.0	-
Mun: Knysna	6,900	-	-	6,900	5,279	76.5	5,279	5,279	100.0	-
Mun: Laingsburg	32	-	-	32	32	100.0	32	32	100.0	-
Mun: Hessequa	9,065	-	-	9,065	6,952	76.7	6,952	6,952	100.0	-
Mun: Mosselbay	2,122	-	-	2,122	2,122	100.0	2,122	2,122	100.0	-
Mun: Bitou	650	-	-	650	650	100.0	650	650	100.0	-
Mun: Swellendam	4,043	-	-	4,043	1,188	29.4	1,188	1,188	100.0	-
	<b>24,500</b>	<b>10,560</b>	<b>-</b>	<b>35,060</b>	<b>28,464</b>	<b>-</b>	<b>28,464</b>	<b>28,464</b>	<b>-</b>	<b>25,573</b>

**WESTERN CAPE PROVINCE  
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**ANNUAL FINANCIAL STATEMENTS  
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**ANNEXURE 1C**

**STATEMENT OF UNCONDITIONAL GRANTS AND TRANSFERS TO MUNICIPALITIES**

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		SPENT			2004/05
				Total	Actual	% of	Amount	Amount	% of	
	Amount	Roll Overs	Adjustments	Available	Transfer	Funds Transferred	received by municipality	spent by municipality	available funds spent by municipality	Total Available
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
<b>Project preparation:</b>										
Mun: Beaufort West	63	-	-	63	63	100.0	62	62	100.0	130
Mun: Berg River	62	-	-	62	61	98.4	61	61	100.0	50
Mun: Breede River	63	-	-	63	63	100.0	63	63	100.0	135
Mun: Breede Valley	66	-	-	66	68	103.0	68	68	100.0	-
Mun: Cape Agulhas	70	-	-	70	75	107.1	75	75	100.0	100
Mun: Cederberg	63	-	-	63	62	98.4	62	62	100.0	50
Mun: Central Karoo	-	-	-	-	-	-	-	-	-	70
Mun: Drakenstein	63	-	-	63	62	98.4	62	62	100.0	100
Mun: George	63	-	-	63	62	98.4	62	62	100.0	100
Mun: Kannaland	63	-	-	63	62	98.4	62	62	100.0	-
Mun: Knysna	63	-	-	63	62	98.4	62	62	100.0	50
Mun: Laingsburg	63	-	-	63	62	98.4	62	62	100.0	-
Mun: Hessequa	63	-	-	63	63	100.0	63	63	100.0	-
Mun: Matzikama	63	-	-	63	63	100.0	63	63	100.0	-
Mun: Mosselbay	63	-	-	63	63	100.0	63	63	100.0	50
Mun: Oudtshoorn	80	-	-	80	83	103.8	83	83	100.0	100
Mun: Overstrand	63	-	-	63	63	100.0	63	63	100.0	100
Mun: Plettenberg/Bitou	63	-	-	63	-	-	-	-	-	50
Mun: Prince Albert	63	-	-	63	63	100.0	63	63	100.0	45
Mun: Saldanha	63	-	-	63	63	100.0	63	63	100.0	-
Mun: Stellenbosch	63	-	-	63	62	98.4	62	62	100.0	-
Mun: Swartland	63	-	-	63	63	100.0	63	63	100.0	50
Mun: Swellendam	25	-	-	25	25	100.0	25	25	100.0	125
Mun: Theewaterskloof	63	-	-	63	63	100.0	63	63	100.0	100
Mun: Witzenberg	63	-	-	63	63	100.0	63	63	100.0	95
<b>Housing Capacity Building:</b>										
Mun: Cape Winelands	200	-	-	200	200	100.0	200	200	100.0	-
Mun: Central Karoo	200	-	-	200	200	100.0	200	200	100.0	-
Mun: Eden	200	-	-	200	200	100.0	200	200	100.0	-
Mun: Overberg	200	-	-	200	200	100.0	200	200	100.0	-
Mun: West Coast	200	-	-	200	200	100.0	200	200	100.0	-
<b>Development of a baseline information system for basic subsistence services and facilities for farm workers on farms within the Cape Winelands district region:</b>										
Cape Winelands District Mun.	-	-	200	200	200	100.0	200	200	100.0	-

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**ANNEXURE 1C (Continued)**

**STATEMENT OF UNCONDITIONAL GRANTS AND TRANSFERS TO MUNICIPALITIES**

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		SPENT			2004/05
	Amount	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available Funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Total Available
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000
<b>Aerial Fire-fighting assistance:</b>										
Mun: Cape Wineland	-	-	750	750	750	100.0	750	750	100.0	-
Mun: City Cape Town	1,800	-	2,250	4,050	4,050	100.0	4,050	4,050	100.0	1,500
Mun: Eden	-	-	500	500	500	100.0	500	500	100.0	-
<b>Fire-fighting equipment</b>										
Mun: Eden	500	-	-	500	500	100.0	500	500	100.0	-
Mun: Overberg	500	-	-	500	500	100.0	500	500	100.0	-
<b>Provincial MSP:</b>										
Mun: Cederberg	2,500	-	-	2,500	2,500	100.0	2,500	2,500	100.0	-
Mun: Eden	3,500	-	-	3,500	3,500	100.0	3,500	3,500	100.0	-
Mun: Kannaland	1,500	-	-	1,500	1,500	100.0	1,500	1,500	100.0	-
<b>ICLEI conference:</b>										
Mun: City of Cape Town	500	-	-	500	500	100.0	500	500	100.0	-
<b>Settlement assistance:</b>										
Mun: City of Cape Town	197	-	-	197	197	100.0	197	197	100.0	1,006
Mun: Drakenstein	30	-	-	30	30	100.0	30	30	100.0	-
Mun: Breede River										165
Mun: Langeberg										150
Mun: Bergriver	-	-	-	-	-	-	-	-	-	179
<b>Municipal rates and taxes:</b>										
Mun: City of Cape Town	15,000	-	(3,750)	11,250	10,943	1.0	10,943	10,943	100.0	10,074
Mun: Breede Valley	-	-	-	-	-	-	-	-	-	11
Mun: Knysna	-	-	-	-	-	-	-	-	-	31
Mun: Oudtshoorn	-	-	-	-	-	-	-	-	-	2
Mun: Swartland	-	-	-	-	-	-	-	-	-	3
Mun: Breede river	-	-	-	-	-	-	-	-	-	1
<b>Regional Service Council Levies:</b>										
Mun: Overberg	2	-	-	2	1	0.5	1	1	100.0	-
Mun: Central Karoo	3	-	-	3	2	0.7	2	2	100.0	-
Mun: West Coast	3	-	-	3	2	0.7	2	2	100.0	-
Mun: Eden	13	-	-	13	10	0.8	10	10	100.0	5
Mun: Cape Winelands	2	-	-	2	2	1.0	2	2	100.0	-
Mun: City of Cape Town	431	-	-	431	175	0.4	175	175	100.0	171
<b>Solar panels for energy efficient low cost housing:</b>										
Mun: City of Cape Town	-	-	-	-	-	-	-	-	-	4,000
<b>Vehicle licence</b>										
Mun: City of Cape Town	-	-	-	-	-	-	-	-	-	1
	<b>28,981</b>	<b>-</b>	<b>(50)</b>	<b>28,931</b>	<b>28,301</b>	<b>-</b>	<b>28,300</b>	<b>28,300</b>	<b>-</b>	<b>18,799</b>

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**ANNEXURE 1D**

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

DEPARTMENTS/ AGENCY/ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2004/05
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available Funds Transferred	Final Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Umsobomvu Youth Fund	-	-	975	975	975	100.0	-
	-	-	975	975	975	-	-

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**ANNEXURE 1E**

**STATEMENT OF TRANSFERS/SUBSIDIES TO NON-PROFIT INSTITUTIONS**

NON PROFIT ORGANISATION	TRANSFER ALLOCATION				EXPENDITURE		2004/05
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available Transferred	Final Aproportion Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Lifesaving SA	200	-	-	200	200	100.0	200
National Sea Rescue Institute (NSRI)	200	-	-	200	200	100.0	-
Development Bank of SA for first NEPAD cultural project	-	-	50	50	50	100.0	-
	<b>400</b>	<b>-</b>	<b>50</b>	<b>450</b>	<b>450</b>	<b>-</b>	<b>200</b>

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**ANNEXURE 1F**

**STATEMENT OF TRANSFERS/SUBSIDIES TO HOUSEHOLDS**

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2004/05
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available Transferred	Final Apropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Housing subsidies	533,249	-	-	533,249	533,248	100.0	587,452
Human settlement redevelopment programe	29,738	-	-	29,738	18,601	62.5	36,544
Bursaries(non-employees)	14	-	-	14	14	100.0	-
Upgrading of informal settlements	40,000	-	-	40,000	39,999	100.0	-
Leave gratuities	-	-	-	-	-	-	436
Claims against the State	-	-	-	-	-	-	742
	<b>603,001</b>	<b>-</b>	<b>-</b>	<b>603,001</b>	<b>591,862</b>	<b>-</b>	<b>625,174</b>



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**ANNUAL FINANCIAL STATEMENTS  
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**ANNEXURE 1G**

**STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE AND REMISSIONS,  
REFUNDS AND PAYMENTS MADE AS AN ACT OF GRACE FOR THE YEAR ENDED  
31 MARCH 2006**

NATURE OF GIFT, DONATION OR SPONSORSHIP	R'000
Paid in cash	
Department's contribution toward a fundraising banquet by the Western Cape Government on 8 April 2005 in support of the first NEPAD cultural project driven by the Presidency under Minister Pahad. A global payment of all the Provincial departments' contributions were made by the Western Cape Government to the Development Bank of Southern Africa.	50
<b>Total</b>	<b>50</b>

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**ANNUAL FINANCIAL STATEMENTS  
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**ANNEXURE 2A**

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

Guarantor institution	Guarantee in respect of Housing	Original Guaranteed capital amount R'000	Opening Balance 01/04/2005 R'000	Guarantees issued during the year R'000	Guarantees released/paid/ cancelled/ reduced during the year R'000	Guaranteed interest outstanding as at 31/03/2006 R'000	Closing Balance 31/03/2006 R'000	Realised losses not recoverable R'000
Nedbank		568	92	20	28	-	84	
First National Bank		261	15	36	15	-	36	-
ABSA		3,257	283	108	187	-	204	-
Saambou Bank		65	13	-	-	-	13	-
Old Mutual		70	-	-	-	-	-	-
Peoples Bank		147	23	-	12	-	11	-
<b>Total</b>		<b>4,368</b>	<b>426</b>	<b>164</b>	<b>242</b>	<b>-</b>	<b>348</b>	<b>-</b>

WESTERN CAPE PROVINCE  
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ANNUAL FINANCIAL STATEMENTS  
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**ANNEXURE 2B**

**STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2006**

Nature of Liability	Opening Balance 1/4/2005 R'000	Liabilities incurred during the year R'000	Liabilities paid/cancelled/ reduced during the year R'000	Liabilities recoverable R'000	Closing Balance 31/03/2006 R'000
<b>Claims against the department</b>					
JW Coetzee/WCHDB	-	16	-	-	16
	-	16	-	-	16
<b>Other</b>					
Court cases	187	200	187	-	200
	187	200	187	-	200
<b>Total</b>	<b>187</b>	<b>216</b>	<b>187</b>	<b>-</b>	<b>216</b>

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**ANNEXURE 3**

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

	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
<b>MACHINERY AND EQUIPMENT</b>	2,899	7,892	48	10,743
Transport assets	389	-	-	389
Computer equipment	2,299	7,487	18	9,768
Furniture and Office equipment	101	235	-	336
Other machinery and equipment	110	170	30	250
<b>TOTAL CAPITAL ASSETS</b>	<b>2,899</b>	<b>7,892</b>	<b>48</b>	<b>10,743</b>

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**ANNEXURE 3.1**

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

	Cash R'000	In-Kind R'000	Total R'000
<b>MACHINERY AND EQUIPMENT</b>	7,558	-	7,558
Computer equipment	7,153	-	7,153
Furniture and Office equipment	235	-	235
Other machinery and equipment	170	-	170
<b>TOTAL CAPITAL ASSETS</b>	<b>7,558</b>	<b>-</b>	<b>7,558</b>

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**ANNEXURE 3.2**

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

	Cost/Carrying Amount R'000	Cash R'000	Profit/(loss) on Disposal R'000
<b>MACHINERY AND EQUIPMENT</b>	48	-	(48)
Computer equipment	18	-	(18)
Other machinery and equipment	30	-	(30)
<b>TOTAL CAPITAL ASSETS</b>	<b>48</b>	<b>-</b>	<b>(48)</b>

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**ANNEXURE 3.3**

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

	Additions	Disposals	Total Movement
	R'000	R'000	R'000
<b>MACHINERY AND EQUIPMENT</b>	2,414	-	2,414
Transport assets	386	-	386
Computer equipment	1,558	-	1,558
Furniture and Office equipment	381	-	381
Other machinery and equipment	89	-	89
	-	-	-
<b>LAND AND SUBSOIL ASSETS</b>	464	-	464
Land	464	-	464
<b>TOTAL CAPITAL ASSETS</b>	<b>2,878</b>	<b>-</b>	<b>2,878</b>

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

	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
Computer Software	-	101	-	101
<b>TOTAL</b>	<b>-</b>	<b>101</b>	<b>-</b>	<b>101</b>



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**ANNEXURE 4.1**

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

	Cash	In-Kind	Total
	R'000	R'000	R'000
Computer Software	59	-	59
<b>TOTAL</b>	<b>59</b>	<b>-</b>	<b>59</b>

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**ANNEXURE 4.2**

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

	Additions	Disposals	Total Movement
	R'000	R'000	R'000
Computer Software	141	-	141
<b>TOTAL</b>	<b>141</b>	<b>-</b>	<b>141</b>

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**ANNEXURE 5  
INTER-GOVERNMENTAL RECEIVABLES**

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		#N/A	
	31/03/2006	31/03/2005	31/03/2006	31/03/2005	31/03/2006	31/03/2005
	R'000	R'000	R'000	R'000	R'000	R'000
<b>Provincial Government Western Cape</b>						
Dept of Agriculture	-	-	11	-	11	-
Dept of Economic Development and Tourism	11	-	-	-	11	-
Dept of Education	-	-	7	-	7	-
Dept of Health	12	-	-	-	12	-
Dept of Public Works	796	-	7,972	-	8,768	-
Dept of Social Services and Poverty Alleviation	40	-	-	-	40	-
Dept of Provincial Administration	2	-	-	-	2	-
Provincial Parliament	-	-	7	-	7	-
Provincial Treasury	23	-	-	-	23	-
Dept of Local Government	344	328	-	5	344	333
Department of Housing	-	-	-	73	-	73
<b>Other Departments</b>						
Dept of Justice and Constitutional Development	-	-	9	8	9	8
Dept of Provincial and Local Government	-	5	-	-	-	5
Dept of Local and Traditional Affairs	-	-	-	1	-	1
Dept of social services (Gauteng)	-	-	-	2	-	2
Prov. Government KwaZulu Natal	-	-	2	-	2	-
Prov. Government Gauteng	-	-	2	-	2	-
SARS	-	-	19	-	19	-
<b>TOTAL</b>	<b>1,228</b>	<b>333</b>	<b>8,029</b>	<b>89</b>	<b>9,257</b>	<b>422</b>

**WESTERN CAPE PROVINCE  
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**ANNUAL FINANCIAL STATEMENTS  
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**ANNEXURE 6  
INTER-DEPARTMENTAL PAYABLES – CURRENT**

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL	
	31/03/2006	31/03/2005	31/03/2006	31/03/2005	31/03/2006	31/03/2005
	R'000	R'000	R'000	R'000	R'000	R'000
<b>DEPARTMENTS</b>						
<b>Current</b>						
<b>Amounts included in Statement of Financial Position:</b>						
<b>Provincial Government Western Cape:</b>						
Cape Administrative Academy	-	8	-	-	-	8
Department of Housing	-	15	-	-	-	15
Department of Health	-	-	1	-	1	-
Department Provincial Administration	-	-	1	-	1	-
<b>Other Departments:</b>						
Dept. of Transport and public Works	-	-	225	-	225	-
SAMDI	-	-	-	11	-	11
<b>Amounts not included in Statement of Financial Position:</b>						
<b>Provincial Government Western Cape:</b>						
Department of Transport & Public Works	-	240	-	-	-	240
Department of Housing	-	372	-	-	-	372
Department of Social Services & Poverty Alleviation	-	14	-	-	-	14
<b>Other Departments:</b>						
Department of Economic Development and Tourism	-	77	-	-	-	77
Department of Public Transport, Roads & Works (Gauteng)	-	5	-	-	-	5
South African Police Service	-	-	-	3	-	3
<b>Total</b>	<b>-</b>	<b>731</b>	<b>227</b>	<b>14</b>	<b>227</b>	<b>745</b>

## Oversight Report

The statistics and information published in this part of the annual report are required in terms of Chapter 1, Part III J.3 of the Public Service Regulations, 2001 and have been prescribed by the Minister for the Public Service and Administration for all departments within the Public Service.

The statistical tables provide high-level information on key human resource issues. The information aims to empower legislatures, the media, and the public and other key stakeholders to monitor whether departments:-

- Are exercising the powers granted under Public Service and Public Finance legislation in a responsible manner,
- Are achieving national transformation priorities established by the Cabinet, for example, affirmative action.

Annual reports are produced after the end of the financial year. This is aimed at strengthening the accountability of departments to key stakeholders.

The tables in this report are revised on a regular basis by the Department of Public Service and Administration (DPSA). If you wish to see additional information included in this report, please send suggestions (with a clear motivation) to:-

The Director-General  
Department of Public Service and Administration  
**ATTENTION:** Public Service Information Unit  
P.O. Box 916, Pretoria, 0001  
[psiu@dpsa.gov.za](mailto:psiu@dpsa.gov.za)  
fax: (012) 314-7020

## 1. Service Delivery

**Table 1.1 - Main services provided and standards**

Main services	Actual customers	Potential customers	Standard of service	Actual achievement against standards
Processing of subsidies	Beneficiaries	N / A	28 days	80%
Progress payments	Developers	N / A	30 days	99%
Dealing with complaints to Rental Housing Tribunal	Landlords and tenants	N / A	Settlement of complaints in 90 days	50%
Evaluation of projects	Beneficiaries and developers	N / A	90 days	90%
Dealing with Debtor complaints	Municipalities, tenants and purchasers	N / A	30 days	70%
Promoting provincial disaster management	30 municipalities	N/A	Successful	100%
MIG	Municipalities	Private Sector (PPP)	Basic service	100%
GIS	Municipalities	DWAF and DEADP	GPS and clean data	Continuous
Asset Management	Municipalities	Treasury	Pilot undertaken	100%
Reporting	Treasury/ DPLG	Sector Dept's	Comprehensive report	100%
Planning	Provincial Government, Municipalities, Private Sector, Civil Society	Provincial Government, Municipalities, Private Sector, Civil Society	Annually	Ongoing
Conduct Research	Provincial Government, Municipalities, Private Sector, Civil Society	Provincial Government, Municipalities, Private Sector, Civil Society	Annually	Ongoing
Policy Development	National Department of Housing, Minister, Sister Departments Municipalities, Private Sector, Communities, NGO's and CBO's	National Department of Housing, Minister, Sister Departments Municipalities, Private Sector, Communities, NGO's and CBO's	According to need	Ongoing
Approval of UISP and EHP submissions	Municipalities and Beneficiaries	N/A	7 weeks	80%
Assessment and approval of development proposals for formal settlements	Landowners, Developers and Beneficiaries	N/A	Depends on project minimum 4 weeks	80%
Assess and support Post restitution development projects	Claimants/ Beneficiaries	N/A	Depends on various factors – difficult to put specific time line	80%
Facilitate the development of Social Housing/Rental option	Beneficiaries and Municipalities	Backyarders	Depends on various factors – difficult to put specific time line	80%
Provision of infrastructure	Municipalities and communities	N / A	Ongoing	60%

**Table 1.2 - Consultation arrangements with customers**

Type of arrangement	Actual Customers	Potential Customers	Actual achievements
Community outreach programme	Developers, beneficiaries, Municipalities and councillors	Beneficiaries, Municipalities, councillors and communities in general	2 per month
By-weekly meeting	All internal Engineers	Other Directorates linked to infrastructure	Reports and status of the projects on the ground
Monthly meetings	All Municipal Engineers and Technicians	Sector Departments like DWAF, Sports, DEADP	Engage on reports, best practises and support
Quarterly meetings	DPLG and other Provinces	Sector Departments	Reflect on the National performance of MIG
Monthly meetings	Staff in the Directorate	Related Directorates / CD	Report on the organisation and role of the Directorate
Meetings with Municipalities	Beneficiaries, Municipalities and councillors	Beneficiaries, Municipalities and councillors	Regular by various sections/ Average of 6 meetings per month
Workshops with Beneficiaries and developers	Developers, contractors, sister departments, CBO's, NGO's and consultants	Developers, contractors, sister departments, CBO's, NGO's and consultants	Monthly/Average of 5 meetings per month
Multi-disciplinary Task Team meetings	Municipalities	Municipalities	Monthly
Housing Summit, Human Settlement Strategy Stake Holder Engagement Meetings, Inter-Ministerial Task Team Meetings, Logistical Framework Workshops, Task team Meetings on specific interventions for WCSHSS, Letsemas, Imbizos, Provincial Advisory Forum	National Department of Housing, Minister, Sister Departments, Municipalities, Private Sector, Communities, NGO's, and CBO's	National Department of Housing, Minister, Sister Departments Municipalities, Private Sector, Communities, NGO's, and CBO's	Ongoing
Ministerial Community meetings	Municipalities and Beneficiaries	Municipalities and Beneficiaries	Ongoing
Meetings with Municipalities	Municipalities and Beneficiaries	Municipalities and Beneficiaries	Ongoing
Workshops with beneficiaries	Municipalities and Beneficiaries	Municipalities and Beneficiaries	Ongoing
Workshops with Developers	Developers, Emerging developers, Contractors, Sister Departments	Developers, Emerging developers, Contractors, Sister Departments	Bi – Weekly meetings
Inter-Ministerial Task Teams	Sister Departments	Sister Departments	Monthly
Workgroups with City	City of Cape Town Municipality	City of Cape Town Municipality	Bi-weekly meetings
Formal: Provincial Disaster Management Coordinating Committee	National and Provincial Government Departments, District Municipalities and the Metropolitan Municipality	Limited to National and Provincial Government Departments, District Municipalities and Metropolitan Municipalities	100%

**Table 1.3- Service delivery access strategy**

Access Strategy	Actual achievements
Allocation and expenditure of the housing subsidy grant by municipalities	100%
Allocation and expenditure of the Human resettlement and redevelopment grant	63% spent
Houses constructed	16 053
Sites serviced	18 412
Communities receive the basic service through the MIG	The MIG has been spent 100% every year towards uplifting the standard of basic service and access thereof.
Applying the Batho Pele Principles	Ongoing
Launching of Developments	Initiated and on-going
Approval of EHP and UISP funds being utilised	On going
Facilitating of Social Housing Developments	On going

**Table 1.4 - Service information tool**

Types of information tool	Actual achievements
Website	Up and running/Operational
Housing Subsidy System	Not fully operational
Helpdesk	Fully operational
Debtor System	Fully operational with limitations
Information Management System (MIS)	The MIS is operational in the Province and all the PMU's have been trained.
Circulars	As and when required
Workshops	As and when required
Information Sessions	As and when required
Housing Brochures	Readily available
Provincial Housing Plan	Annually available
Project Update System	Under Construction
Walk In assistance	Up and running
Departmental Newsletter	One per month

**Table 1.5 - Complaints mechanism**

Complaints Mechanism	Actual achievements
Helpdesk maintained	Continuously in place
Ministerial Enquiries	Timely response after full investigations done
The Municipal, Provincial and National government mechanisms are used as the tool.	The challenge has always been the need for more funding towards the speedy access to these basic services by communities (Izimbizo etc)



## 2. Expenditure

The following tables summarise final audited expenditure by programme and by salary bands.

**TABLE 2.1 – Personnel costs by programme for the period 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)**
1 - Administration	51 203	25 597	1 392	1 399	50.0	149
2 - Housing	654 320	30 601	43	9 325	4.68	178
3 - Local Government	68 258	10 661	62	5 564	15.62	240
4 - Development and Planning	16 386*	8 630	33	280	52.67	240
<b>Total</b>	<b>790 167</b>	<b>75 489</b>	<b>1 530</b>	<b>16 568</b>	<b>9.55</b>	<b>172</b>

\* Include CDW appointments only from 1 February 2006

\*\* Weighted average

**TABLE 2.2 – Personnel costs by salary bands for the period 1 April 2005 to 31 March 2006**

Salary Band	Personnel Expenditure (R'000)	% of total personnel cost	Average personnel cost per employee (R'000)	Number of Employees as at 31 March 2006
Lower skilled (Levels 1-2)	4316	5.1	12*	12
Skilled (Levels 3-5)	9732	11.5	34	284
Highly skilled production (Levels 6-8)	26770	31.5	149	180
Highly skilled supervision (Levels 9-12)	32175	37.9	238	135
Senior management (Levels 13-16)	11984	14.1	545	22
<b>Total</b>	<b>** 84,977</b>	<b>100</b>	<b>134</b>	<b>** 633</b>

\* The cost reflected here, includes expenditure with regard to Permanent Personnel, Contract Officials, Board Members and Interns/learners, as per PERSAL.

\*\* The total number of employees includes only permanent personnel and contract officials, excluding Interns and CDW learners

The following tables provide a summary per programme and salary bands, of expenditure incurred as a result of salaries, overtime, homeowner's allowance and medical assistance.

The cost excludes periodical payments, bonus, pension, acting and supervisory allowances, Regional Service Council levies and subsistence and travelling expenditures.

**TABLE 2.3 – Salaries, Overtime, Home Owners Allowance and Medical Assistance by programme for the period 1 April 2005 to 31 March 2006**

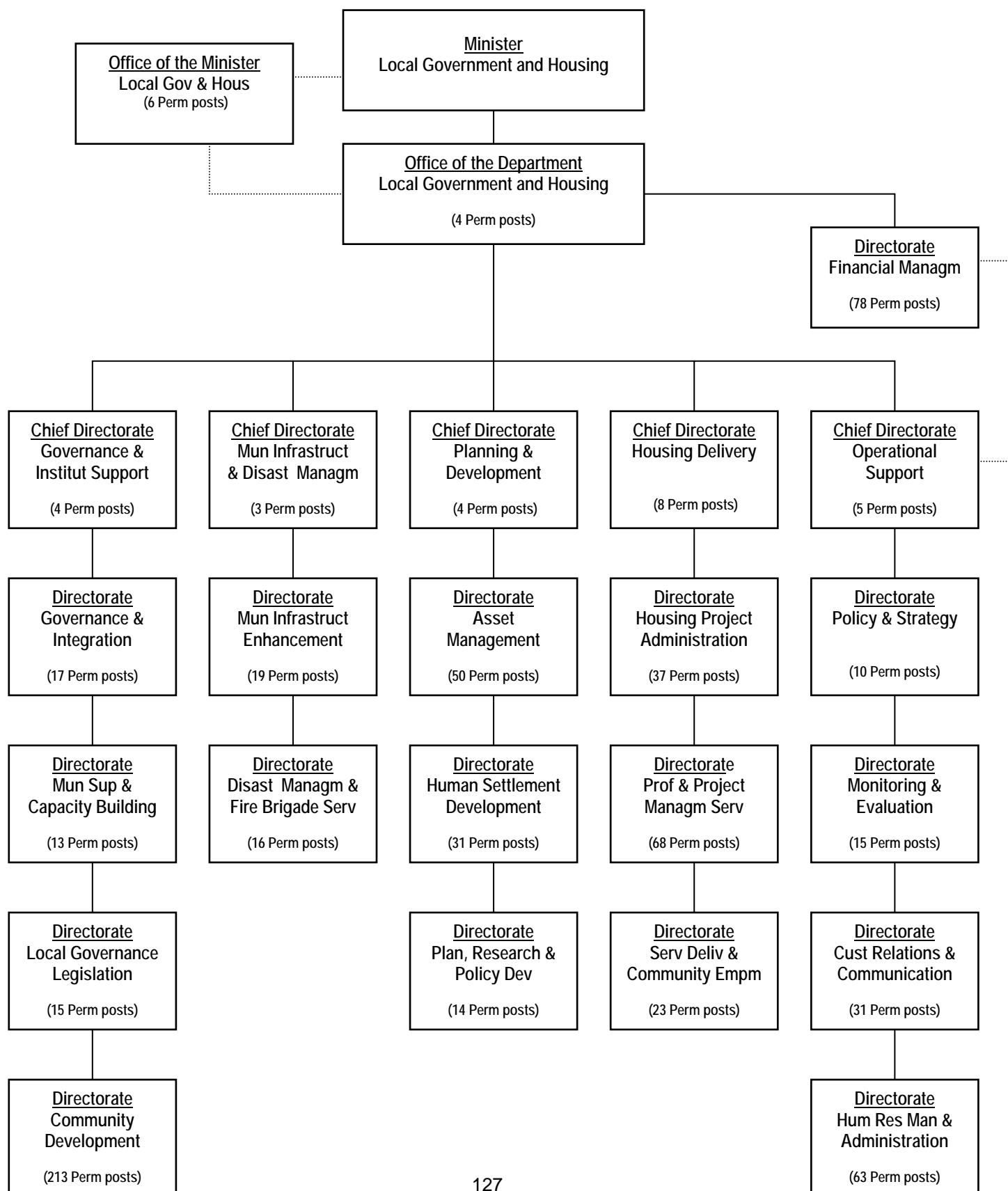
Programme	Salaries		Overtime		Home Owners Allowance (HOA)		Medical Assistance	
	Amount (R'000)	Salaries as a % of personnel cost	Amount (R'000)	Overtime as a % of personnel cost	Amount (R'000)	HOA as a % of personnel cost	Amount (R'000)	Medical Assistance as a % of personnel cost
1 - Administration	17772	20.9	341	0.4	363	0.4	1057	1.2
2 - Housing	20588	24.2	209	0.2	404	0.5	1273	1.5
3 - Local Government	7501	8.8	1	0	133	0.2	496	0.6
4 - Development and Planning	6026	7.1	0	0	44	0.1	155	0.2
<b>Total</b>	<b>51,887</b>	<b>61.1</b>	<b>551</b>	<b>0.6</b>	<b>944</b>	<b>1.1</b>	<b>2981</b>	<b>3.5</b>

**TABLE 2.4 – Salaries, Overtime, Home Owners Allowance and Medical Assistance by salary bands for the period 1 April 2005 to 31 March 2006**

Salary Band	Salaries		Overtime		Home Owners Allowance (HOA)		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)	716	0.8	1	0	33	0	70	0.1
Skilled (Levels 3-5)	5692	6.7	154	0.2	81	0.1	264	0.3
Highly skilled production (Levels 6-8)	17386	20.5	287	0.3	400	0.5	1353	1.6
Highly skilled supervision (Levels 9-12)	21596	25.4	109	0.1	271	0.3	957	1.1
Senior management (Levels 13-16)	6497	7.6	0	0	159	0.2	337	0.4
<b>Total</b>	<b>51,887</b>	<b>61.1</b>	<b>551</b>	<b>0.6</b>	<b>944</b>	<b>1.1</b>	<b>2981</b>	<b>3.5</b>

### 3. Employment and Vacancies

The organogram indicates the macro structure of the Department of Local Government and Housing, consisting of 747 approved permanent posts, as at 31 March 2006.



The following tables summarise the number of posts on the establishment, the number of employees, the vacancy rate and staff that are additional to the establishment. This information is presented in terms of three key variables:- programme, salary band and critical occupations. The Department has identified critical occupations that need to be monitored.

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

Programme	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
1 - Administration	191	134	29.8	32
2 - Housing	246	156	36.6	29
3 - Local Government	66	47	28.8	1
4 - Development and Planning	244	226	7.4	8
<b>Total</b>	<b>747</b>	<b>563</b>	<b>24.6</b>	<b>70</b>

Of the seventy (70) posts filled additional to the establishment -

- A total of five (5) is officials who were declared in excess;
- The Department also made use of eight (8) long-term contract appointees to assist the Department with Presidential Projects, as well as to support the Minister of Local Government and Housing;
- Twenty-nine (29) short-term contract appointees, which has a definite start and end date, were also appointed to render a supportive function to Line Management;
- A total of eleven (11) foreign officials were appointed in the Department to establish better Professional and Technical services to communities; and
- To deliver a similar service to the Department of Transport was a total of seventeen (17) foreign officials appointed and seconded for the full contract period to the said department.

**TABLE 3.2 – Employment and vacancies by salary bands as at 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)	13	10	23.1	2
Skilled (Levels 3-5)	312	264	15.4	20
Highly skilled production (Levels 6-8)	237	169	28.7	11
Highly skilled supervision (Levels 9-12)	161	99	38.5	36
Senior management (Levels 13-16)	24	21	12.5	1
<b>Total</b>	<b>747</b>	<b>563</b>	<b>24.6</b>	<b>70</b>

Of the seventy (70) posts filled additional to the establishment -

- A total of five (5) is officials who were declared in excess;
- The Department also made use of eight (8) long-term contract appointees to assist the Department with Presidential Projects, as well as to support the Minister of Local Government and Housing;
- Twenty-nine (29) short-term contract appointees, which has a definite start and end date, were also appointed to render a supportive function to Line Management;
- A total of eleven (11) foreign officials were appointed in the Department to establish better Professional and Technical services to communities; and
- To deliver a similar service to the Department of Transport was a total of seventeen (17) foreign officials appointed and seconded for the full contract period to the said department.

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

Critical Occupation	Number of posts	Number of posts filled	Vacancy Rate	Number of posts filled additional to the establishment
Architect	4	1	75	14
Engineer	13	11	15.4	14
Industrial Technicians	10	5	50	-
Project Manager	3	3	0	-
Urban Designers	4	2	50	-
Works Inspectors	29	18	37.9	5
<b>Total</b>	<b>63</b>	<b>40</b>	<b>36.5</b>	<b>33</b>

Of the thirty-three (33) posts filled additional to the establishment -

- Five (5) short-term contract appointees, which has a definite start and end date, were also appointed to render a supportive function to Line Management;
- A total of eleven (11) foreign officials were appointed in the Department to establish better Professional and Technical services to communities; and
- To deliver a similar service to the Department of Transport was a total of seventeen (17) foreign officials appointed and seconded for the full contract period to the said department.

## 4. Job Evaluation

The following table summarises the number of jobs that were evaluated during the reporting period under review. The table also provides statistics on the number of posts that were upgraded or downgraded.

**TABLE 4.1 – Job Evaluation for the period 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)	13	13	100	-	-	-	-
Skilled (Levels 3-5)	312	291	93.3	11	3.8	12	4.1
Highly skilled production (Levels 6-8)	237	233	98.3	13	5.6	48	20.7
Highly skilled supervision (Levels 9-12)	161	146	90.7	1	0.7	20	13.7
Senior Management Service Band A (Level 13)	18	17	94.4	-	-	-	-
Senior Management Service Band B (Level 14)	5	5	100	-	-	-	-
Senior Management Service Band C (Level 16)	1	1	100	1	100	-	-
<b>Total</b>	<b>747</b>	<b>706</b>	<b>94.5</b>	<b>26</b>	<b>3.7</b>	<b>80</b>	<b>11.3</b>

As the department went through a process of “Restructuring” prior to the reporting period, it was decided that all posts on the newly approved establishment of the Department must be job-evaluated. The majority of posts on the current establishment were exposed to job evaluation processes, except for forty-eight (48) posts which was either newly approved, or those posts that is part of a National Co-ordinating evaluation process, but not concluded during the reporting period. The eighty (80) posts downgraded were lower than the level on which the employees were, prior to implementation of job evaluation.

The following table provides a summary of the number of employees whose salary positions were upgraded due to their posts being upgraded.

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

Beneficiaries	African	Indian	Coloured	White	Total
Female	3	0	6	2	11
Male	3	0	11	1	15
<b>Total</b>	<b>6</b>	<b>0</b>	<b>17</b>	<b>3</b>	<b>26</b>
<b>Employees with a disability</b>					<b>1</b>

The following table summarises the number of cases where remuneration levels exceeded the grade determined by Job Evaluation. Reasons for the deviation are provided in each case.

**TABLE 4.3 – Profile of employees per occupational classification whose salary level exceeded the grade determined by Job Evaluation for the period 1 April 2005 to 31 March 2006**

Occupation	Number of employees	Job evaluation level	Remuneration level	Reason for deviation
Deputy-director	8	11	12	Promotion (Leg)
Assistant-director	11	9	10	Promotion (Leg)
Control Works Inspector	1	9	10	Promotion (Leg)
Administrative Officer	1	7	8	Promotion (Rank)
Personnel Officer	2	4	5, 6	Promotion (Rank)
Accounting Clerk	12	4	5, 6	Promotion (Rank)
Administration Clerk	34	4	6	Promotion (Rank)
Registry Clerk	5	4	6	Promotion (Rank)
General Foreman	3	3	4	Promotion (Rank)
Driver / Messenger	3	2	3, 5	Promotion (Post) before grading
<b>Total</b>	<b>80</b>	-	-	-
<b>Percentage of total employment (549)</b>				<b>14.6%</b>

**TABLE 4.4 – Profile of employees per race and gender whose salary level exceed the grade determined by job evaluation for the period 1 April 2005 to 31 March 2006**

Beneficiaries	African	Indian	Coloured	White	Total
Female		1	26	11	38
Male	1		20	21	42
<b>Total</b>	<b>1</b>	<b>1</b>	<b>46</b>	<b>32</b>	<b>80</b>
<b>Employees with a disability</b>					<b>Nil</b>



## 5. Employment Changes

The following tables provide a summary of turnover rates by salary band and by critical occupation.

Appointments refer to applicants appointed from outside the government service. Transfers refer to employees who moved from one department to another – be it into this department or out of this department. Terminations refer to employees who left the government service. The figures include contract appointments.

**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 2005	Appointments and Transfers into the department		Terminations and Transfers out of the department		Turnover rate
		Appointments into the department	Transfers into the department	Terminations out of the department	Transfers out of the department	
Lower skilled (Levels 1-2)	38	309	-	461	-	1213.2
Skilled (Levels 3-5)	73	232	3	19	3	30.1
Highly skilled production (Levels 6-8)	195	21	2	30	7	19
Highly skilled supervision (Levels 9-12)	90	54	8	19	6	27.8
Senior Management Service Band A (Level 13)	19	2	1	2	1	15.8
Senior Management Service Band B (Level 14)	4	-	-	1	-	25
Senior Management Service Band C (Level 16)	1	-	-	-	-	-
		<b>618</b>	<b>14</b>	<b>532</b>	<b>17</b>	
<b>Total</b>	<b>420</b>	<b>632</b>		<b>549</b>		<b>130.7</b>

As part of a Presidential Project did the department appointed a total of 395 Community Development Worker Learners in the previous reporting period 2004/05.

The total of 618 includes 5 Learners appointed part and parcel of the first phase of appointing Community Development Worker Learners and a further 252 during the end of the reporting period, as well as 200 Community Development Workers appointed as permanent employees.

A remainder of 161 employees were appointed in the department as either contract appointees (97), permanent employees (23) or personnel appointed on a periodic basis (41).

The total of 532 includes 364 Community Development Worker Learners who left the service of the department because of their Learnerships that came to an end.

The remainder of 168 employees who left the service of the department was due to either contracts expiries (86), permanent employees who resigned due to retirement (6), misconduct (1), ill health (3) death (1) or normal resignations (71).

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

Salary Band	Number of employees per band as on 1 April 2005	Appointments and Transfers into the department		Terminations and Transfers out of the department		Turnover rate
		Appointme nts into the department	Transfers into the department	Termination s out of the department	Transfers out of the department	
Architect	5	11	-	1	-	20
Engineer	18	7	-	-	-	-
Industrial Technicians	4	-	-	1	-	25
Project Manager	1	2	1		-	-
Urban Designers	2	-	-	-	-	-
Works Inspectors	16	10	1	5	1	37.5
		<b>30</b>	<b>2</b>	<b>7</b>	<b>1</b>	
<b>Total</b>	<b>46</b>	<b>32</b>		<b>8</b>		<b>17.4</b>

**TABLE 5.3 – Reasons why staff left the department for the period 1 April 2005 to 31 March 2006**

Termination Type	Number	% of total
Death	1	0.2
Resignation	71	12.9
Expiry of contract	86	15.7
Dismissal – misconduct	3	0.2
Discharged due to ill-health	3	0.5
Retirement	6	1.1
Discontinuity of Learnerships	364	66.3
Transfers to other Public Service Departments	17	3.1
<b>Total</b>	<b>549</b>	<b>100</b>
<b>Total number of employees who left ( 549) as a % of the total employment (420)</b>		<b>130.7</b>

The following are the reasons for resignations for the period **1 April 2005 to 31 March 2006**

Termination Type	Reason for Termination of Service	Number of Events
Resignations	▪ Bad Health	1
	▪ Better remuneration	40
	▪ Nature of Work	3
	▪ Other occupation	26
	▪ Pregnancy	1
<b>Total</b>		<b>71</b>

This section provides information on the different age groups with regard to personnel who retired from service for the period **1 April 2005 to 31 March 2006**

Termination Type	Younger than 60	Ages 60 - 64	Age 65
Retirements	1	1	4
<b>Total</b>			<b>6</b>

**TABLE 5.4 – Promotions by critical occupation for the period 1 April 2005 to 31 March 2006**

Critical 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
Architect	5	-	-	1	20
Engineer	18	-	-	11	61.1
Industrial Technicians	4	-	-	4	100
Project Manager	1	-	-	-	-
Urban Designers	2	-	-	2	100
Works Inspectors	16	1	6.3	20	125
<b>Total</b>	<b>46</b>	<b>1</b>	<b>2.2</b>	<b>38</b>	<b>82.6</b>

**TABLE 5.5 – Promotions by salary band for the period 1 April 2005 to 31 March 2006**

Salary Band	Employees as at 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)	38	-	-	17	44.7
Skilled (Levels 3-5)	73	6	8.2	41	56.2
Highly skilled production (Levels 6-8)	195	9	4.6	149	76.4
Highly skilled supervision (Levels 9-12)	90	16	17.8	55	61.1
Senior management (Levels 13-16)	24	2	8.3	8	33.3
<b>Total</b>	<b>420</b>	<b>33</b>	<b>7.9</b>	<b>270</b>	<b>64.3</b>

## 6. Employment Equity

The definition of **SASCO** as indicated in the table: The South African Classifications of Occupations

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

Occupational Category (SASCO)	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	3	4	1	4	-	3	-	4	19
Professionals	41	78	-	27	61	74	-	12	293
Technicians and associate professionals	6	23	-	9	4	-	-	-	42
Clerks	11	42	-	8	20	70	2	26	179
Service and sales workers	-	-	-	-	-	-	-	-	-
Skilled agricultural and fishery workers	-	-	-	-	-	-	-	-	-
Craft and related trades workers	-	-	-	-	-	-	-	-	-
Plant and machine operators and assemblers	-	3	-	-	-	-	-	-	3
Elementary occupations	1	8	-	2	-	2	-	-	13
<b>TOTAL PERMANENT</b>	<b>62</b>	<b>158</b>	<b>1</b>	<b>50</b>	<b>85</b>	<b>149</b>	<b>2</b>	<b>42</b>	<b>549</b>
Not correctly placed / Excess personnel	-	3	-	-	-	2	-	-	5
Contract Personnel	14	11	-	18	13	12	1	10	79
	<b>76</b>	<b>172</b>	<b>1</b>	<b>68</b>	<b>98</b>	<b>163</b>	<b>3</b>	<b>52</b>	
<b>GRAND TOTAL</b>	<b>317</b>				<b>316</b>				<b>633</b>

Total following table reflects the number of employees with disabilities as at 31 March 2006

People with disabilities	-	-	-	1	-	1	-	-	2
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**TABLE 6.2 – Total number of employees (including employees with disabilities) in each of the following occupational bands as at 31 March 2006**

Occupational Band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management (Salary levels 14 – 16)	1	1	1	1	-	1	-	1	6
Senior Management (Salary level 13)	2	3	-	3	-	2	-	3	13
Professionally qualified and experienced specialists and middle management (Salary Levels 11 – 12)	3	11	-	20	2	2	-	6	44
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents (Salary levels 8 – 10)	10	30	-	15	10	23	-	6	94
Semi-skilled and discretionary decision making (Salary levels 4 – 7)	45	104	-	11	73	119	2	26	380
Unskilled and defined decision making (Salary levels 1 – 3)	1	9	-	-	-	2	-	-	12
<b>TOTAL PERMANENT</b>	<b>62</b>	<b>158</b>	<b>1</b>	<b>49</b>	<b>85</b>	<b>148</b>	<b>2</b>	<b>42</b>	<b>547</b>
Not correctly placed / Excess personnel	-	3	-	-	-	2	-	-	5
Contract Personnel	14	11	-	18	13	12	1	10	79
<b>GRAND TOTAL</b>	<b>76</b>	<b>172</b>	<b>1</b>	<b>68</b>	<b>98</b>	<b>163</b>	<b>3</b>	<b>52</b>	<b>633</b>

Total following table reflects the number of employees with disabilities as at 31 March 2006

People with disabilities	-	-	-	1	-	1	-	-	2
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**TABLE 6.3 – Recruitment (Appointments) for the period 1 April 2005 to 31 March 2006**

“Recruitments” reflect those positions, which were filled from applications from outside the Government Service. Therefore transfers into the Department were indicated separately.

Occupational Band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management (Salary levels 14 – 16)	-	-	-	-	-	-	-	-	-
Senior Management (Salary level 13)	-	-	-	-	-	-	-	-	-
Professionally qualified and experienced specialists and middle management (Salary Levels 11 – 12)	2	1	-	-	2	1	-	-	6
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents (Salary levels 8 – 10)	1	1	-	-	2	2	-	-	6
Semi-skilled and discretionary decision making (Salary levels 4 – 7)	35	56	-	-	58	61	-	1	211
Unskilled and defined decision making (Salary levels 1 – 3)	-	-	-	-	-	-	-	-	-
<b>TOTAL</b>	<b>38</b>	<b>58</b>	<b>-</b>	<b>-</b>	<b>62</b>	<b>64</b>	<b>-</b>	<b>1</b>	<b>223</b>
Transfers into the Department	3	5	-	-	4	2	-	-	14
Contract appointments and related recruitments	68	88	1	19	100	108	1	10	395
<b>GRAND TOTAL</b>	<b>109</b>	<b>151</b>	<b>1</b>	<b>19</b>	<b>166</b>	<b>174</b>	<b>1</b>	<b>11</b>	<b>632</b>
	<b>280</b>				<b>352</b>				

The following table reflects the total number of employees with disabilities appointed during the period 1 April 2005 to 31 March 2006

People with disabilities	-	-	-	-	-	-	-	-	0
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**TABLE 6.4 – Promotions for the period 1 April 2005 to 31 March 2006**

“Promotions” reflect those positions, which were filled from within the Department

Occupational Band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management (Salary levels 14 – 16)	-	-	1	-	-	-	-	1	2
Senior Management (Salary level 13)	-	-	-	-	-	-	-	-	-
Professionally qualified and experienced specialists and middle management (Salary Levels 11 – 12)	-	4	-	1	-	-	-	1	6
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents (Salary levels 8 – 10)	4	3	-	-	2	4	-	1	14
Semi-skilled and discretionary decision making (Salary levels 4 – 7)	-	1	-	-	3	6	-	1	11
Unskilled and defined decision making (Salary levels 1 – 3)	-	-	-	-	-	-	-	-	-
TOTAL	4	8	1	1	5	10	-	4	33
GRAND TOTAL	4	8	1	1	5	10	-	4	33
	14				19				

The following table reflects the total number of employees with disabilities promoted during the period 1 April 2005 to 31 March 2006

People with disabilities	-	-	-	-	-	-	-	-	0
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**TABLE 6.5 – Terminations for the period 1 April 2005 to 31 March 2006**

“Terminations” reflect those positions, which were vacated by employees who left the Government Service. Therefore transfers to another Department were indicated separately.

Occupational Band	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Top Management (Salary levels 14 – 16)	1	-	-	-	-	-	-	-	1
Senior Management (Salary level 13)	-	1	-	-	-	-	-	-	1
Professionally qualified and experienced specialists and middle management (Salary Levels 11 – 12)	-	-	-	1	-	-	-	-	1
Skilled technical and academically qualified workers, junior management, supervisors, foremen and superintendents (Salary levels 8 – 10)	-	1	-	4	-	4	-	1	10
Semi-skilled and discretionary decision making (Salary levels 4 – 7)	-	2	-	1	-	4	-	1	8
Unskilled and defined decision making (Salary levels 1 – 3)	1	1	-	-	-	-	-	-	2
<b>TOTAL</b>	<b>2</b>	<b>5</b>	<b>-</b>	<b>6</b>	<b>-</b>	<b>8</b>	<b>-</b>	<b>2</b>	<b>23</b>
Transfers out of the Department	5	4	-	1	3	4	-	-	17
Contract expiries and related terminations	74	116	-	9	129	172	1	8	509
<b>GRAND TOTAL</b>	<b>81</b>	<b>125</b>	<b>-</b>	<b>16</b>	<b>132</b>	<b>184</b>	<b>1</b>	<b>10</b>	<b>549</b>
	<b>222</b>				<b>327</b>				

The following table reflects the total number of employees with disabilities whose service terminated during the period 1 April 2005 to 31 March 2006

People with disabilities	-	-	-	-	-	-	-	-	0
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**TABLE 6.6 – Disciplinary action for the period 1 April 2005 to 31 March 2006**

Disciplinary Action	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
	1	10	-	1	2	-	-	-	
<b>GRAND TOTAL</b>	<b>12</b>				<b>2</b>				<b>14</b>

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

Occupational Category	Male				Female				Total
	African	Coloured	Indian	White	African	Coloured	Indian	White	
Legislators, senior officials and managers	4	4	1	4	-	1	-	4	<b>18</b>
Professionals	5	20	-	21	4	10	-	10	<b>70</b>
Technicians and associate professionals	2	12	-	4	3	-	-	-	<b>21</b>
Clerks	7	24	-	4	25	54	2	19	<b>135</b>
Service and sales workers	-	-	-	-	-	-	-	-	<b>-</b>
Skilled agricultural and fishery workers	-	-	-	-	-	-	-	-	<b>-</b>
Craft and related trades workers	-	-	-	-	-	-	-	-	<b>-</b>
Plant and machine operators and assemblers	-	1	-	-	-	-	-	-	<b>1</b>
Elementary occupations	1	9	-	2	-	2	-	-	<b>14</b>
<b>TOTAL</b>	<b>19</b>	<b>70</b>	<b>1</b>	<b>35</b>	<b>32</b>	<b>67</b>	<b>2</b>	<b>33</b>	<b>259</b>
Learnerships	104	150	1	1	160	216	-	1	<b>633</b>
<b>GRAND TOTAL</b>	<b>123</b>	<b>220</b>	<b>2</b>	<b>36</b>	<b>192</b>	<b>283</b>	<b>2</b>	<b>34</b>	<b>892</b>

“Skills development” reflects the total number of permanent officials and contract appointees, trained in one or more of the various programmes and other short courses, as well as Learners trained as Community Development Workers and those who received training as provided by external providers.

## 7. Performance Rewards

The Department granted the following performance rewards. These performance rewards allocated to personnel were approved in the previous reporting period (2004/05), but processed on PERSAL in the current reporting period and reflects in the current reporting period's budget. The information is presented in terms of race, gender, and disability, salary bands and critical occupations.

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

Gender and Race Distribution	Beneficiary Profile			Cost	
	Number of beneficiaries	Total number of employees as at 31 March 2006 in group	% of total within group	Cost (R'000)	Average cost per employee (R'000)
<b>African</b>	<b>24</b>	<b>147</b>	<b>16.3</b>	<b>92</b>	<b>4</b>
Male	12	62	8.2	39	3
Female	12	85	8.2	53	4
<b>Coloured</b>	<b>114</b>	<b>312</b>	<b>36.5</b>	<b>538</b>	<b>5</b>
Male	52	161	16.7	254	5
Female	62	151	19.8	284	5
<b>Indian</b>	<b>1</b>	<b>3</b>	<b>33.3</b>	<b>3</b>	<b>3</b>
Male	-	1	-	-	-
Female	1	2	33.3	3	3
<b>White</b>	<b>51</b>	<b>92</b>	<b>55.4</b>	<b>416</b>	<b>8</b>
Male	29	50	31.5	158	5
Female	22	42	23.9	258	12
Employees with a disability	-	-	-	-	-
<b>Total</b>	<b>190</b>	<b>* 554</b>	<b>34.3</b>	<b>1049</b>	<b>6</b>

\* This figure only includes the permanent employees (549) and excess staff (5).

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

Salary Band	Beneficiary Profile			Cost		
	Number of beneficiaries	Total number of employees as at 31 March 2006	% of total within salary bands	Total Cost (R'000)	Average cost per employee (R'000)	Total cost as a % of the total personnel expenditure of R72,993
Lower skilled (Levels 1-2)	8	12	66.7	19	2	0.0
Skilled (Levels 3-5)	27	262	10.3	66	2	0.1
Highly skilled production (Levels 6-8)	104	170	61.2	451	4	0.6
Highly skilled supervision (Levels 9-12)	46	91	50.5	445	10	0.6
<b>Total</b>	<b>185</b>	<b>535</b>	<b>34.6</b>	<b>981</b>	<b>5</b>	<b>1.3</b>

\* This figure only includes the permanent employees and excess staff.

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

Critical Occupation	Beneficiary Profile			Cost		
	Number of beneficiaries	Total number of employees as at 31 March 2006	% of total within occupation	Total Cost (R'000)	Average cost per employee (R'000)	Total cost as a % of the total personnel expenditure of R72,993
Architect	1	1	100	8	8	0
Engineer	9	11	81.8	96	11	0.1
Industrial Technicians	3	5	60	15	5	0
Project Manager	0	3	-	-	-	-
Urban Designers	0	2	-	-	-	-
Works Inspectors	17	18	94.4	96	6	0.1
<b>Total</b>	<b>30</b>	<b>40</b>	<b>75</b>	<b>215</b>	<b>7</b>	<b>0.3</b>

\* This figure only includes the permanent employees and excess staff.

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

Salary Band	Beneficiary Profile			Cost		
	Number of beneficiaries	Number of employees as at 31 March 2006	% of total within band	Total Cost (R'000)	Average cost per employee (R'000)	Total cost as a % of the total personnel expenditure of R11,984
Band A (Level 13)	4	13	30.8	52	13	0.4
Band B (Level 14)	1	5	20	16	16	0.1
Band C (Level 16)	0	1	-	-	-	-
<b>Total</b>	<b>5</b>	<b>19</b>	<b>26.3</b>	<b>68</b>	<b>14</b>	<b>0.6</b>

\* This figure only includes the permanent Senior Management Service Members.

## 8. Foreign Workers

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

Salary Band	1 April 2005		31 March 2006		Change	
	Number	% of total	Number	% of total	Number	% change
Lower skilled (Levels 1-2)	-	-	-	-	-	-
Skilled (Levels 3-5)	-	-	-	-	-	-
Highly skilled production (Levels 6-8)	-	-	-	-	-	-
Highly skilled supervision (Levels 9-12)	11	100	28	100	17	100
Senior Management (Levels 13 to 16)	-	-	-	-	-	-
<b>Total</b>	<b>11</b>	<b>100</b>	<b>28</b>	<b>100</b>	<b>17</b>	<b>100</b>

**TABLE 8.2 – Foreign Workers by major occupation for the period 1 April 2005 to 31 March 2006**

Major Occupation	1 April 2005		31 March 2006		Change	
	Number	% of total	Number	% of total	Number	% change
Architects, Town- and Traffic Planners	4	36.4	21	75	17	100
Engineers and Related Professionals	7	63.6	7	25	-	-
<b>Total</b>	<b>11</b>	<b>100</b>	<b>28</b>	<b>100</b>	<b>17</b>	<b>100</b>

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

Leave is administered by calendar year and not per financial year. The statistics is therefore given per leave cycle.

The following tables provide an indication of the use of sick leave and disability leave. In both cases, the estimated cost of the leave is also provided.

**TABLE 9.1 – Sick leave for the period 1 January 2005 to 31 December 2005**

Salary Band	Total days	Total days certified	% 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)	282	212	75.2	23	6.82	12	44
Skilled (Levels 3-5)	462	275	59.5	64	18.99	7	96
Highly skilled production (Levels 6-8)	1584	1179	74.4	169	50.15	9	579
Highly skilled supervision (Levels 9-12)	347	236	68	69	20.47	5	250
Senior management (Levels 13-16)	57	52	91.2	12	3.56	5	61
<b>Total</b>	<b>2732</b>	<b>1954</b>	<b>71.5</b>	<b>337</b>	<b>100</b>	<b>8</b>	<b>1030</b>

Sick leave taken by contract workers is included in these figures.

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

Salary Band	Total days taken	Total days certified	% 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)	150	150	100	3	17.65	50	44
Skilled (Levels 3-5)	9	9	100	2	11.76	5	2
Highly skilled production (Levels 6-8)	243	243	100	11	64.71	22	81
Highly skilled supervision (Levels 9-12)	-	-	-	-	-	-	-
Senior management (Levels 13-16)	25	25	100	1	5.88	25	44
<b>Total</b>	<b>427</b>	<b>427</b>	<b>100</b>	<b>17</b>	<b>100</b>	<b>25</b>	<b>171</b>

**TABLE 9.3 – Annual Leave for the period 1 January 2005 to 31 December 2005**

Salary Band	Total days taken	Number of employees using annual leave as at 31 December 2005	Average per employee
Lower skilled (Levels 1-2)	423	29	15
Skilled (Levels 3-5)	1306	80	16
Highly skilled production (Levels 6-8)	4698	206	23
Highly skilled supervision (Levels 9-12)	1804	88	21
Senior management (Levels 13-16)	394	23	17
<b>Total</b>	<b>8625</b>	<b>426</b>	<b>20</b>

Employees are allocated 22 or 26 working days annual leave, depending on their length of service. Unused leave of a cycle can be utilised within the first six months of the next year. Hence leave taken might exceed the allocated 22 or 26 working days. Leave taken by contract workers is included in the statistics.

**TABLE 9.4 – Capped leave for the period 1 January 2005 to 31 December 2005**

Salary Band	Number of employees <i>who has capped leave</i> as at 31 December 2005	Total days of capped available as at 31 December 2005	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)	13	498	79	6	38
Skilled (Levels 3-5)	20	836	65	3	42
Highly skilled production (Levels 6-8)	134	5570	625	5	42
Highly skilled supervision (Levels 9-12)	67	4973	112	2	74
Senior management (Levels 13-16)	11	1236	17	2	112
<b>Total</b>	<b>* 245</b>	<b>13113</b>	<b>898</b>	<b>4</b>	<b>54</b>

\* The 245 employees are less than last year as it reflects only those who have capped leave and not all employees.



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

<b>Reason</b>	<b>Total Amount (R'000)</b>	<b>Number of Employees</b>	<b>Average payment per employee (R'000)</b>
Leave payouts for 2005 due to non-utilisation of leave for the previous cycle	79	18	4
Current leave payout on termination of service for 2005/2006	38	6	6
Leave payouts for 2005/2006 due to Long Service Recognition for 20/30 years service	262	7	37
<b>Total</b>	<b>379</b>	<b>31</b>	<b>12</b>

## 10. HIV/AIDS & Health Promotion Programmes

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

Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
None identified	Developed a protocol for handling of occupational exposure to blood borne pathogens as part of HIV & AIDS workplace program

**TABLE 10.2 – Details of Health Promotion and HIV/AIDS Programmes**

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.	✓		<ul style="list-style-type: none"> <li>Mr GK Erasmus (SMS)</li> <li>Ms R Gie (HIV/AIDS Co-ordinator)</li> </ul>
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.	✓		<ul style="list-style-type: none"> <li>1 Deputy Director</li> <li>1 Assistant Director</li> <li>2 Admin Officer</li> </ul> Annual Budget: R 600.00
3. Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/services of this Programme.	✓		Health promotion program as per HIV & AIDS workplace program EAP service provider from 1/4/06 Unlimited telephone Counseling Face to face counseling Life Management counseling (HIV & AIDS, Stress, Debt management, Relationships, Legal, Substance abuse, Family matters, Work, Trauma, Change)

Question	Yes	No	Details, if yes
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.	✓		<p>Health and Safety Committee served as Dept HIV &amp; AIDS Committee</p> <ul style="list-style-type: none"> <li>○ Donovan Swanson</li> <li>○ Mervyn Van Niekerk</li> <li>○ Frikkie Conradie</li> <li>○ Irene Wani</li> <li>○ Kurt Vrede</li> </ul> <p>Matching and placing of staff finalized 12 September '05. A new committee will be established in the near future</p>
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.	✓		<p>All HR policies under continuous review and annually by Employment Equity Consultative Forum.</p>
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.	✓		<ul style="list-style-type: none"> <li>○ Dept HIV/AIDS workplace Program</li> <li>○ Quarterly education/awareness empowerment</li> <li>○ Interventions to remove stigmatization</li> </ul>
7. Does the department encourage its employees to undergo Voluntary Counseling and Testing? If so, list the results that you have achieved.	✓		<p>Dept HIV &amp; AIDS WORKPLACE PROGRAM</p> <ul style="list-style-type: none"> <li>○ 12 Education/awareness sessions (105 attendants)</li> <li>○ 95 staff participated in VCT</li> <li>○ 94 tested negative</li> <li>○ 1 tested positive</li> </ul>
8. Has the department developed measures/indicators to monitor & evaluate the impact of its health promotion programme? If so, list these measures/indicators.	✓		<ul style="list-style-type: none"> <li>○ Evaluation forms during education sessions</li> <li>○ Focus group discussions</li> <li>○ VCT uptake</li> <li>○ Dept HIV &amp; AIDS committee</li> </ul>

Safety & Health Environment (SHE) & HIV and AIDS Committee

## 11. Labour Relations

**TABLE 11.1 – Types of Collective Agreements for the period 1 April 2005 to 31 March 2006**

Subject Matter	Date
Departmental Personnel Plan (Matching and Placing)	18 May 2005
Working Hours Policy	27 March 2006
Key Control Policy	27 March 2006
Employee Assistance Programme Policy (Transversal)	27 March 2006
Acceptance of Gifts Policy (Transversal)	27 March 2006
Adoption of Guidelines for Establishment	27 March 2006
Terms of Reference for Employment Equity (Transversal)	27 March 2006
Policy on Nepotism (Transversal)	27 March 2006

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

Outcomes of disciplinary hearings	Number	% of total
Correctional counselling	6	33.3
Verbal warning	2	11.1
Written warning	1	5.6
Final written warning	3	16.7
Suspended without pay	-	-
Fine	-	-
Demotion	-	-
Dismissal	1	5.6
Not guilty	-	-
Case withdrawn	5	27.7
<b>Total</b>	<b>* 18</b>	<b>100</b>

\* The above total (18) is a combination of formal and informal disciplinary actions.

**TABLE 11.3 – Types of misconduct addressed at disciplinary hearings for the period 1 April 2005 to 31 March 2006**

Type of misconduct	Number	% of total
Insubordination - Failure to follow a reasonable instruction	1	50
Unauthorised leave	1	50
<b>Total</b>	<b>2</b>	<b>100</b>

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

Type of misconduct	Number	% of total
Resolved	11	84.7
Not Resolved	2	15.3
<b>Total</b>	<b>* 13</b>	<b>100</b>

\* The above total (13) includes two (2) collective grievances.

## 12. Skills development

The tables reflect the training needs as at the beginning of the period under review, and the actual training provided. The Cape Administrative Academy (CAA) at the Provincial Administration Western Cape presents skills programmes and other short courses. The other forms of training reflect training provided by external providers, e.g. computer training, job-specific courses, etc.

**TABLE 12.1 – Training needs identified for the period 1 April 2005 to 31 March 2006**

Occupational Category	Gender	Number of employees as at 1 April 2005	Training needs identified at start of reporting period			
			Learner ships	Skills Programmes & other short courses (CAA)	Other forms of training (External Providers)	Total
Legislators, senior officials and managers	Female	8	-	9	4	13
	Male	16	-	21	1	22
Professionals	Female	12	-	89	12	101
	Male	35	-	157	25	182
Technicians and associate professionals	Female	49	-	7		7
	Male	91	-	93	28	121
Clerks	Female	131	-	385	71	456
	Male	54	-	184	36	220
Craft and related trades workers	Female	-	377	-	-	377
	Male	-	256	-	-	256
Plant and machine operators and assemblers	Female	-	-	-	-	-
	Male	3	-	11	-	11
Elementary occupations	Female	3	-	10	2	12
	Male	18	-	48		48
Sub Total	Female	203	377	500	89	966
	Male	217	256	514	90	860
<b>Total</b>		<b>420</b>	<b>*633</b>	<b>1014</b>	<b>179</b>	<b>1826</b>

\* During the reporting period a total of 633 individuals were identified for training at Cape Town University as Community Development Workers that formed part of a Presidential Project, partially funded by the Department and SETA. The officials were at the beginning of the reporting period appointed as Learners and will therefore not reflect in the column "Number of employees as at 31 March 2006".

**TABLE 12.2 – Training provided for the period 1 April 2005 to 31 March 2006**

Occupational Category	Gender	Number of employees as at 31 March 2006	Training provided / Interventions within the reporting period			
			Learner ships	Skills Programmes & other short courses (CAA)	Other forms of training (External Providers)	Total
Legislators, senior officials and managers	Female	7	-	1	5	6
	Male	15	-	6	17	23
Professionals	Female	164	-	43	11	54
	Male	174	-	72	19	91
Technicians and associate professionals	Female	4	-	6	-	6
	Male	43	-	41	2	43
Clerks	Female	138	-	185	25	210
	Male	69	-	74	2	76
Craft and related trades workers	Female	-	377	-	-	377
	Male	-	256	-	-	256
Plant and machine operators and assemblers	Female	-	-	-	-	-
	Male	4	-	1	-	1
Elementary occupations	Female	3	-	4	-	4
	Male	12	-	35	-	35
Sub Total	Female	316	377	239	41	657
	Male	317	256	229	40	525
<b>Total</b>		<b>* 633</b>	<b>** 633</b>	<b>468</b>	<b>81</b>	<b>1182</b>

“Training provided” reflects various interventions in skills programmes and other short courses, as well as external (outsourced) training courses.

\* The total here reflects 549 permanent employees and 84 contract officials (additional to the approved establishment).

\*\* During the reporting period a total of 633 individuals were trained at Cape Town University as Community Development Workers that formed part of a Presidential Project, partially funded by the Department and SETA. The officials were appointed as Learners and will therefore not reflect in the column “Number of employees as at 31 March 2006”.

### 13. Injury on duty

TABLE 13.1 – Injury on duty for the period 1 April 2005 to 31 March 2006

Nature of injury of duty	Number	% of total
Required basic medical attention only	3	100
Temporary Total Disablement	-	-
Permanent Disablement	-	-
Fatal	-	-
<b>Total</b>	<b>3</b>	<b>100</b>

### 14. Utilisation of Consultants

No consultants were utilised by the Department to perform normal line functions during the year under review.