



**DEPARTMENT OF  
LOCAL GOVERNMENT  
AND HOUSING**

**ANNUAL REPORT**

**2003 - 2004**

**FREE STATE PROVINCE**



# 2004 ANNUAL REPORT LOCAL GOVERNMENT AND HOUSING

**2003-2004**

**FREE STATE PROVINCE**



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# 2004 **ANNUAL REPORT** LOCAL GOVERNMENT AND HOUSING

## **PART 1**

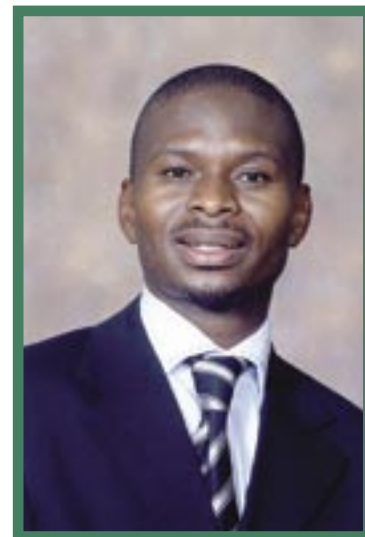
### **GENERAL INFORMATION**



## PART 1 GENERAL INFORMATION

### FROM THE MEC'S DESK

Prior to 1994, South Africa was a fragmented country, racially divided and governed according to the colour lines through a central government, four provincial administrations, ten Bantustan governments and over 1 200 racially segregated local government administrations. Within a relatively short period of 10 years, the Free State Provincial Government contributed significantly towards changing this apartheid structure to a democratic, inclusive and egalitarian system of government for a unified country.



Under apartheid, racial segregation was mandated by law. Blacks could not live in urban or 'White' areas but were forced to live in townships or in impoverished rural areas known as Bantustans. The apartheid regime provided very little or no housing for Black South Africans. As a result, when the ANC-led government came to power there was only one formal brick house for every 43 Africans compared to one for every 3.5 whites. The urban backlog alone was estimated at approximately 1.3 million units in 1994. The figures explain the nature of the backlog and the challenges that this government is confronted with.

South Africa has made great strides in providing housing and basic services such as electricity and water to its people. A little below two million houses have been built since 1994. Although the goal of 350 000 houses per year has not been achieved thus far, the government's housing delivery surpasses such world leaders as Sweden, Cuba and Singapore. Despite this modest success, much still remains to be done to overcome the housing backlog, to provide adequate and quality free basic water and electricity.

Building governmental structures at national, provincial and local spheres of government has been one of government's key priorities over the ten years. Under the rubric of the Reconstruction and Development Programme (RDP), government was able to define key sectors and areas for immediate intervention. I am proud to say that the Free State Provincial Department of Local Government and Housing contributed significantly to the RDP process.

Within a relatively short period, the local government sphere has established its credentials as a significant player in attending to many areas of government priority such as providing government services to the rural communities. In various parts of the Free State Province, people are experiencing the emerging system of local government as a major causal factor in improving the quality of life. The absence of a functional local government sphere has in the past acted as a limiting factor for national and provincial government to realise their developmental objectives, or to pursue their policy goal of improving social welfare.

The year under reporting marked one of the challenging periods in the Department of Local Government and Housing. The outcomes of the World Summit on Sustainable Development and the Commonwealth Conference that focused on Local Government Service Partnership, added more challenges to the department. All the municipalities, the Institution of Traditional Leadership and housing sectors were faced with numerous legislative and socio-economic challenges. We have succeeded in overcoming these challenges without affecting the acceleration of housing for the poor, eradication and prevention of fraud and transforming the institution of Traditional Leadership as well as supporting municipalities towards becoming fully developmental.



Our past three annual Housing Makgotla provided a critical platform for stakeholders to participate in producing a housing strategy we are now intent on effectively implementing. Although we still have a long way to go in meeting the task of wiping out the housing backlog and creating sustainable human settlements, the budget for the period under reporting has shifted gears towards ensuring a programme would deliver the much-needed services.

It is my pleasure to present to you the annual report of the Department of Local Government and Housing in respect of the 2003/2004 financial year. I would like to record my appreciation to you for the support you have given the entire department and myself during the year under review. We value your profound guidance and leadership as we re-dedicate ourselves to our efforts towards reconstruction and development of our country.

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**IW KOTSOANE**  
**MEC: LOCAL GOVERNMENT AND HOUSING**

## OVERVIEW BY THE ACTING HEAD OF THE DEPARTMENT

We have come to the end of yet another tumultuous year in service delivery within the municipalities. We have endeavoured throughout 2003/2004 to support municipalities to improve and accelerate service delivery. There have been a number of small but important changes, which in our view contributed towards improving the quality of life of disadvantaged communities.

This annual report provides a summary version of the following aspects:

- progress and achievements
- departmental strategic plan, strategic objectives, outputs and service delivery indicators
- financial statements and oversight report.



The mandate of department of local government and housing is to ensure provision of infrastructure and shelter for community within administratively stable and institutionally strong local government. Importantly, we are enjoined by section 26 of the Constitution of the Republic of South Africa, 1996, to ensure “access to adequate housing”. It is the government’s duty to take reasonable legislative and other measures, within its available resources, to achieve the progressive realization of this right. Provincial legislatures and local government share responsibility with the national government for delivery of adequate housing.

In providing a provincially integrated local governance and housing management framework in the pursuit of effective local governance for a better life for all in the Free State Province, the Department of Local Government and Housing undertook to realize the following objectives during the period under reporting:

- To facilitate housing and infrastructure delivery
- To ensure rehabilitation of dysfunctional urban areas with the notion of economic and social development
- To provide for the effective and efficient management of housing assets
- To promote accountable and sustainable local governance
- To manage disaster management at provincial and local government spheres to ensure establishment of effective and efficient disaster management mechanisms
- To ensure integrated development and planning
- To ensure accountable and sustainable traditional institutions

A total amount of R464 967 000 was spent on the Housing Fund during the year under review towards accelerating housing delivery in the Free State Province. As a result, a significant number of households have accessed shelter throughout the province. This was achieved through the active involvement of emerging developers and contractors.

Throughout the year, the majority of municipalities were supported through the Municipal Support Programme (MSP) to enhance their financial management and administration. Importantly, those encountering acute financial difficulties were also assisted.

Our municipalities have inherited massive infrastructural and service delivery backlogs. Many municipalities are faced with a situation where the resources available in poor communities are insufficient to make real



improvements to their quality of life. National government has made available intergovernmental grants and municipal infrastructure subsidies to assist in addressing this problem. However, the challenge for municipalities is to evolve sound financial management systems and practices, effectively collect revenues and implement funded projects in an integrated and effective manner.

The Department of Local Government and Housing was able to reach significant milestones in the 2003/2004 financial year as detailed in this report.

I would like to express my sincere appreciation to each and every member of our Department for their co-operation and hard work during the period under review. The successes achieved by the Department during the period under review would not have been possible without their dedication and commitment.

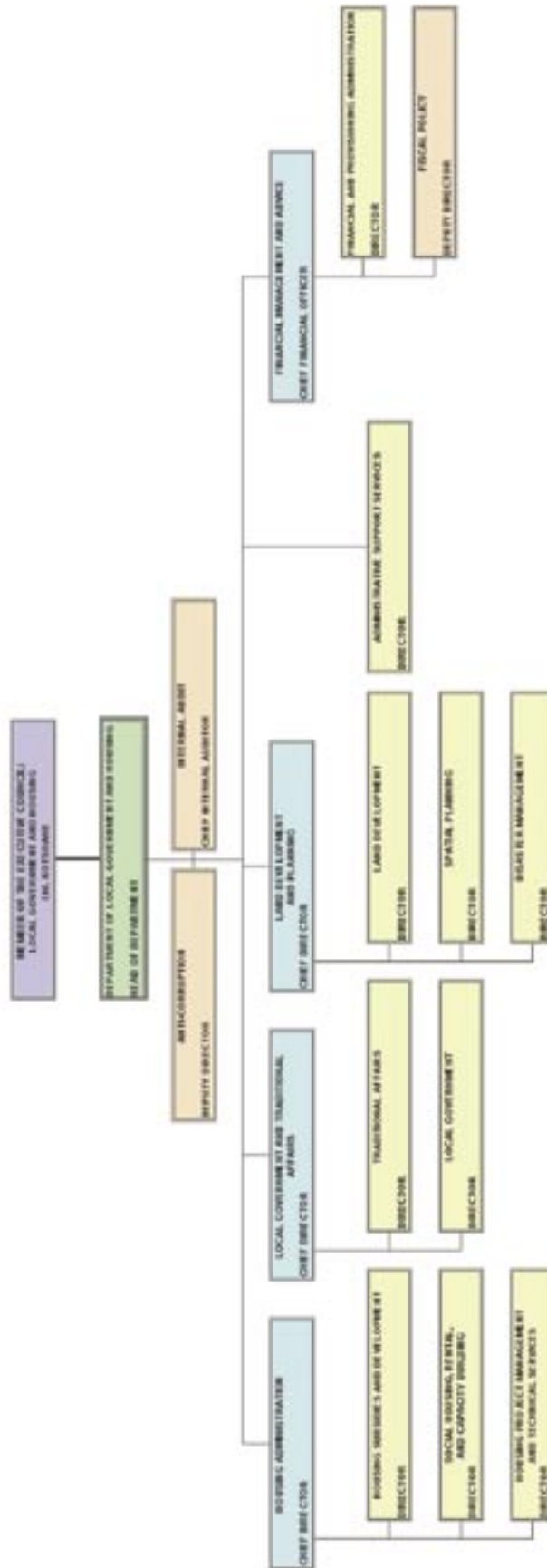
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**S.C. POLELO**  
**ACTING HEAD OF DEPARTMENT: LOCAL GOVERNMENT AND HOUSING**

**25 September 2004**



## ORGANISATIONAL STRUCTURE





## STRATEGIC OVERVIEW

### VISION

Leader in provincially integrated management of Local Governance and Housing

### MISSION

To provide a provincially integrated Local Governance and Housing Management Framework in pursuit of effective local governance for a better life for all in the Free State Province.

### STRATEGIC GOALS

- To facilitate housing and infrastructure delivery
- To ensure rehabilitation of dysfunctional urban areas with the notion of economic and social development.
- To provide for the effective and efficient management of housing assets.
- To promote accountable and sustainable local governance.
- To manage disaster management at provincial and local government spheres to ensure establishment of effective and efficient disaster management mechanisms.
- To ensure integrated development and planning.
- To ensure accountable and sustainable traditional institutions.
- To provide effective and integrated corporate support service to the department.

### CORE VALUES

- Our work will be driven by the needs of those we serve.
- We will at all times show empathy,
- Constantly show compassion,
- Project positive attitude,
- Be collaborative,
- Remain results oriented,
- And stay proactive.



## LEGISLATIVE MANDATE

**This is the Legal Framework under which the department operates:**

### **The Constitution of the Republic of South Africa 1996**

The Constitution redefined local government as a sphere of government that is distinctive from, yet interdependent and inter-related with provincial and national government. Importantly, the Constitution conferred developmental duties to local government.

### **Public Finance Management Act No. 1 of 1999 (as amended by the Public Finance Management Amendment Act No. 29 of 1999)**

To regulate financial management in the national and provincial governments; to ensure that all revenue, expenditure, assets and liabilities of those governments are managed efficiently and effectively; to provide for the responsibility of persons entrusted with financial management in those governments; and provide for matters connected therewith.

### **Division of Revenue Act of 2004**

To provide for the equitable division of revenue raised nationally among the national, provincial and local spheres of government for the 2003/2004 financial year; to provide for reporting requirements for allocations pursuant to such divisions; to provide for the withholding and the delaying of payments; to provide for liability for cost incurred in litigation in violation of the principles of co-operative governance and intergovernmental relations; and to provide for matters connected therewith.

### **Conversion of Certain Rights into Leaseholds or Ownership Act No. 81 of 1988**

This act provides for the conversion of certain rights of occupation issued to a holder of a site situated in a township whether such township has been formalised or not- established under the now revoked Black Communities Act 4 of 1984, into leasehold or ownership. The act therefore makes provision for the determination of affected sites or persons; an inquiry into affected sites; grievance (appeal) procedures; and the issuing of leaseholds or transfer of ownership.

### **Black Communities Development Act No. 4 of 1984**

The act was repealed save for Chapter 6 and the Regulations thereto. As will appear from the above paragraph, this act is the principal Act 81 of 1988 and makes provision for the designation of certain areas as development areas and makes provision for township establishment.

### **Upgrading of Land Tenure Rights Act No. 112 of 1991**

This act makes provision for the upgrading of informal rights, viz., the deeds of grant, leaseholds and quitrent title permission to occupy.

### **Interim Protection of Informal Land Rights Act**

This act recognizes certain informal rights to land. One of the functions of the section is to resettle people who are unlawfully occupying land. In the process, it is incumbent on the section to ensure that the informal rights to land are recognized in the process of such resettlement.



### **The Housing Act No. 107 of 1997**

Through this legislation, existing and future, and the Housing Code, the Department of Housing carries out its legislative imperative as set out in the Housing Act, 1997. Section 2 of the Housing Act of 1997 (Act No. 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 three 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 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 No. 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.

### **The Housing Consumers Protection Measures Act of 1998**

The act provides for the establishment of a statutory regulating body for homebuilders. 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.

### **The Rental Housing Act 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 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 came into operation in 2003.

### **Subdivision of Agricultural Land Act No. 70 of 1970**

This act is used for Town Planning advice to the Department of Land Affairs on the subdivision of agricultural land.

### **The Development Facilitation Act No. 67 of 1995**

This act provides directive principles to guide the drafting, adoption and implementation of all policies and legislation for all spheres of government regulating spatial planning, land use management and land development.



### **The Townships Ordinance No. 9 of 1969**

This Ordinance is used for the establishment of towns, subdivision and consolidation, amendment of the general plan and the amendment of town-planning schemes. The townships board is also instituted in terms of this ordinance.

### **Disestablishment of SA Trust Limited Act No. 26 of 2002**

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

### **The Removal of Restrictions Act No. 84 of 1967**

In terms of this act, land use is changed either by means of title conditions or rezoning.

### **The Less Formal Township Establishment Act No. 113 of 1991**

This act is specifically for guiding rapid township establishment where there is dire need in housing.

### **The Physical Planning Act No. 125 of 1991**

This act governs the use other than agriculture on farmland and these applications are normally for farmers who may wish to conduct a small butchery or shop on the farm. It includes the granting of permits for change in land usage on agricultural land, amendment of Guide Plans and the evaluation of consistency regarding land development.

### **Auditor General Act of 1995**

This act is used for auditing National, Provincial and Local Governments.

### **Local Government Transition Act of 1993**

The act outlined a three-phase transition of local government indicating transformational milestones to be achieved by municipalities such as local government elections and re-establishing and restructuring of municipalities.

### **Municipal Systems Act of 2000**

The act introduces changes towards the manner in which municipalities are organized internally, the way they plan and utilize resources, monitor and measure their performance, delegate authority, deliver services and manage their finances and revenue. Critically, the MSA formalises a range of alternative service delivery mechanisms that could be used to complement traditional service delivery mechanisms / arrangements used by municipalities.

### **Municipal Demarcation Act of 1998**

The Municipal Demarcation Act of 1998 provided for the re-demarcation of municipal boundaries and this resulted in the rationalization of 843 municipal entities into 284 larger and possible economically viable entities.

### **Municipal Structures Act No. 117 of 1998 as amended in 1999 and 2000**

The act defined new institutional arrangements and systems for local government. Importantly, the act laid a foundation for local government performance management and ward committee systems.



### **White Paper on Local Government of 1998**

The White Paper on Local Government is a broad policy framework that proposes wholesale changes in the areas of political, administrative structures of local government, electoral systems, demarcations, finances, services, infrastructure development, planning and so forth. The White Paper maps out a vision of developmental local government that is committed to working actively with citizens to identify sustainable ways of meeting their social, economic and material needs and thereby improve their quality of life. Developmental local government envisages the transformation of municipal administrations into rationalized, representative, less bureaucratic, people-centred, efficient, transparent, accountable and responsive entities.

### **The Civil Protection Act No. 67 of 1977**

The act empowers the Minister of Provincial and Local Government to declare a “state of a disaster” but it does not instruct other relevant ministries of the actions they should take.

### **The Fund Raising Act No. 107 of 1978**

The act provides for the declaration of a disaster by the President in order to provide relief to the victims of disasters such as drought disaster.

### **Disaster Management Act No. 57 of 2003**

This act streamlines and unifies disaster management and promotes a risk reduction approach particularly at provincial and local levels. It eliminates the confusion around disaster declaration and addresses current legislative gaps.

### **Fire Brigade Act No. 99 of 1987**

The act forms an element of disaster management in terms of norms and standards in the prevention of fires or any hazards leading to risks and or disasters.

### **National Veld and Forestry Act No. 101 of 1998**

The act emphasizes the formation of Fire Protection Associations for the purpose of predicting, preventing, managing and extinguishing veld fires.

### **The National Environmental Management Act of 1999**

The act provides for environmental management strategies so as to prevent and mitigate environmental disasters.

### **Traditional Leadership and Governance Framework Act No. 41 of 2003**

The act provides for the recognition of traditional leaders, their roles and functions, recognition of traditional communities, establishment of traditional councils and for matters connected therewith.

The following acts will be impacted upon by Act No. 41 of 2003.

### **House of Traditional Leaders Act No. 6 of 1994**

Provides for the establishment of the Free State House of Traditional leaders, and for matters connected therewith.

### **Bophuthatswana Traditional Courts Act No. 29 of 1979**

The act provides for the conferment and assignment of jurisdiction to tribal and community authorities regarding the Administration of justice.



**Qwa-Qwa Administration Authorities Act No. 6 of 1983**

This act provides for the establishment of tribal communities, definition of all categories of traditional leaders and their respective roles. It also provides for the establishment of certain councils for better management, control and administration of affairs within Qwa-Qwa.

**Black Administration Act No. 38 of 1927**

The act provides for the better control and management of Black affairs.

**Black Authorities Act No. 68 of 1951**

The act provides for the administration of communal land and related matters.



# ANNUAL REPORT

## LOCAL GOVERNMENT AND HOUSING

# 2004

## PART 2

### DEPARTMENTAL PERFORMANCE



## A Organisational Environment

### 1. Vote funds

| Appropriation | Main Appropriation R'000 | Adjusted Appropriation R'000 | Actual Amount Spent R'000 | Over/Under expenditure R'000 |
|---------------|--------------------------|------------------------------|---------------------------|------------------------------|
|               | R 501 760                | R 561 118                    | R 493 746                 | R 67 372                     |

|                           |   |
|---------------------------|---|
| Responsible Minister      | MEC Local Government and Housing: IW Kotsoane |
| Administering Department  | Local Government and Housing                  |
| Acting Accounting Officer | SC Polelo                                     |

### 2. Aim of vote

To be a leader in provincially integrated management for housing and local governance.

### 3. Summary of programmes

The activities of the Department of Local Government and Housing are organised in the following nine programmes:

- Programme 1: Administrative Support Services
- Programme 2: Project Management and Quality Control
- Programme 3: Spatial Planning
- Programme 4: Land Use Administration
- Programme 5: Housing Administration
- Programme 6: Financial and Procurement Administration
- Programme 7: Local Government Administration
- Programme 8: Traditional Affairs
- Programme 9: Disaster Management

### 4. Overview of service delivery environment

The Department of Local Government and Housing has a constitutional mandate, particularly section 155(6) b that places responsibility on provincial government to devise measures that promote the development of and enhancement of local government capacity to perform their functions and manage their own affairs. A plethora of policy and legislative frameworks have been enacted. These include the Municipal Demarcation, Property Rates Act, Municipal Structures and Systems Acts and the Municipal Finance Management Act to effect systematic transformation of local government. Despite the strides made by government on the policy development front, a number of challenges remain to be confronted especially on policy implementation.

These challenges include:

- Effective and efficient implementation of policy and legislative framework.



- Building institutional and administrative system of local government.
- Building financially viable municipalities.
- Promoting local economic development.

Consistent with constitutional responsibility of supporting municipalities in discharging their constitutional responsibilities, the department is duty-bound to devise measures (that include support interventions and resources) to ensure that municipalities have the capacity to meet the aforementioned challenges head-on.

## HOUSING

Housing delivery services are primarily to facilitate construction of housing units, management of housing assets including maintenance as well as planning and surveying. Responses to housing queries and conflict resolutions are also part of housing services rendered by the department. The source of funds is a grant provided by the National Department of Housing.

Targeted stakeholders include municipalities, contractors, beneficiaries, consulting firms and conveyancers. Material suppliers also form part of the housing stakeholders.

## INFRASTRUCTURE

Facilitation of the installation of physical infrastructure is one of the core services provided by the department. This service also includes provision of social amenities. The Department of Provincial and Local Government (DPLG), funds this vital service through channelling funds to district municipalities.

## INTEGRATED DEVELOPMENT PLANS

All municipalities should have reviewed their Integrated Development Plans by end March 2004. These plans will guide land development and most other functional activities. The other spheres of government have to ensure alignment with these development strategies and priorities.

## PLANNING RESEARCH, PROJECT AND INFORMATION MANAGEMENT

Planning research is conducted internally for housing, spatial planning, land development and land management in support of policy formulation and also to assist and build capacity in municipalities during 2004/2005.

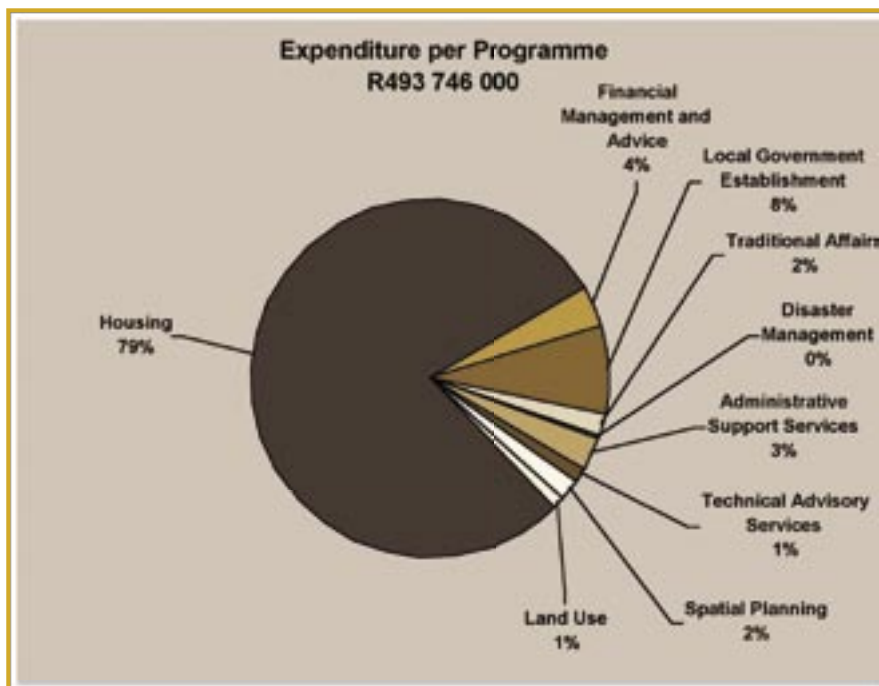
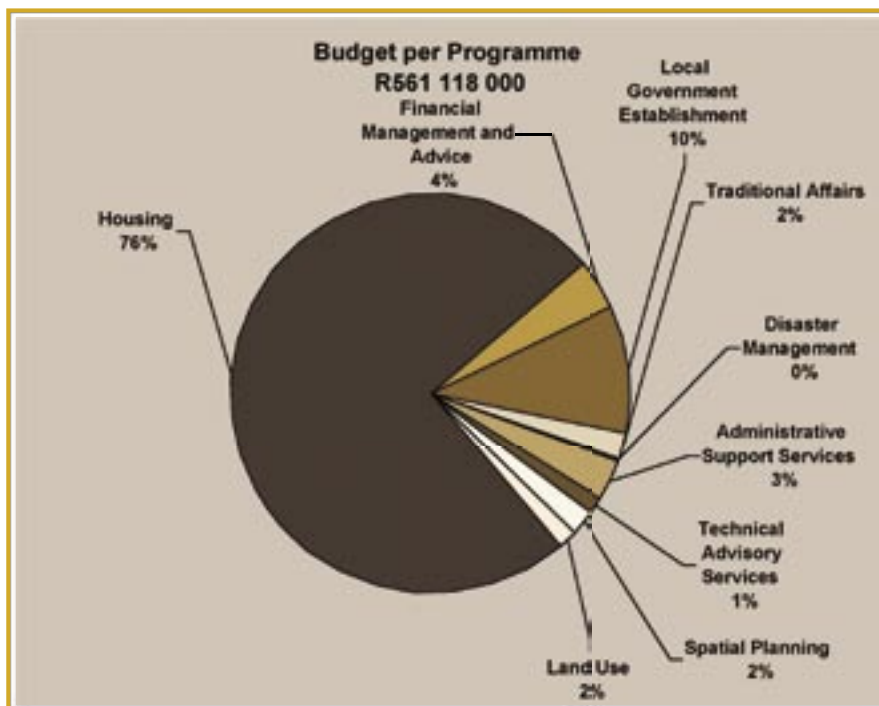
Regional planning and development in terms of Schedule 5 of the Constitution and as described in the Land Use Management Bill: Chapter 3, where spatial development planning by district or a particular area larger than a local municipal area should be undertaken for the more effective utilization of resources. Initiatives that are embarked upon include the Vredefort Dome area, the area around the Xhariep Dam and initiatives linked to the Free State Development Plan as well as to the district municipalities' IDPs.

Information Services for planning purposes, which involve the provision and capturing of data and information through different media and techniques are provided on an ongoing basis to achieve excellence in information sharing.

## BUDGET OVERVIEW

A total amount of R 501 760 000.00 was appropriated in the main budget of the department with an additional amount of R59 358 000.00 appropriated in the adjustment budget. The total budget for the financial year

ended 31 March 2004 amounts to R561 118 000.00. The total expenditure for the financial year ending 31 March 2004 amounted to R493 746 508.22 that resulted in a surplus of R67 371 491.78. Included in the surplus is an amount of R53 562 560.11 already committed in terms of contractual obligations and therefore requested to be rolled over. The balance of the surplus is mainly due to a saving under personnel expenditure as a result of the new departmental structure approved late in the financial year.



## 5. Overview of the organisational environment for 2003/2004

The department finalized the organizational restructuring in 2002. The re-structuring process was finalized and all the staff was suitably placed in the department. The department also filled three critical senior management positions by means of two appointments and a promotion. The department had no strikes to deal with and all cases pertaining to misconduct were handled accordingly. All critical vacancies in the department were identified and a number of posts were filled to enhance service delivery levels in the department. More information can be obtained from the attached oversight report for a complete human resources breakdown.

## 6. Departmental receipts

The Department of Local Government and Housing is not an income-generating department. The functions and objectives of the department are geared at service delivery and the empowering of communities within the province. The income generated by the department is through the establishment of townships and rezoning of erven. This income is however dependent on the number of applications received by the department.

|                                     | 2000/01<br>Actual<br>R'000 | 2001/02<br>Actual<br>R'000 | 2002/03<br>Actual<br>R'000 | 2003/04<br>Target<br>R'000 | 2003/04<br>Actual<br>R'000 | Deviation<br>from target<br>% |
|-------------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|----------------------------|-------------------------------|
| Current Revenue<br>None Tax revenue | 1,148                      | 869                        | 774                        | 1,006                      | 900                        | 10,5%                         |

## 7. Departmental payments

| Programmes   | Voted for<br>2003/2004<br>R'000 | Roll-<br>overs and<br>adjustments<br>R'000 | Virement<br>R'000 | Total voted<br>R'000 | Actual<br>Expenditure<br>R'000 | Variance<br>R'000 |
|--------------|---------------------------------|--|-------------------|----------------------|--------------------------------|-------------------|
| Programme 1  | 17,805                          | 995  | (304)             | 18,496               | 13,806                         | 4,690             |
| Programme 2  | 5,511                           | 2,599                                      | -                 | 8,110                | 7,105                          | 1,005             |
| Programme 3  | 10,369                          | (292)                                      | -                 | 10,077               | 8,733                          | 1,344             |
| Programme 4  | 9,382                           | 138  | -                 | 9,520                | 6,343                          | 3,177             |
| Programme 5  | 387,302                         | 34,696                                     | 21                | 422,019              | 388,553                        | 33,466            |
| Programme 6  | 21,393                          | 1,619                                      | 35                | 23,047               | 18,622                         | 4,425             |
| Programme 7  | 40,176                          | 17,385                                     | -                 | 57,561               | 39,940                         | 17,621            |
| Programme 8  | 7,650                           | 2,218                                      | 248               | 10,116               | 8,990                          | 1,126             |
| Programme 9  | 2,172                           | -  | -                 | 2,172                | 1,654                          | 518               |
| <b>Total</b> | <b>501,760</b>                  | <b>59,358</b>                              | <b>-</b>          | <b>561,118</b>       | <b>493,746</b>                 | <b>67,372</b>     |



**Programme 1**  
**ADMINISTRATIVE SUPPORT**  
**SERVICES**



## B MANAGEMENT AND USE OF RESOURCES

### PROGRAMME 1: ADMINISTRATIVE SUPPORT SERVICES

#### Aim

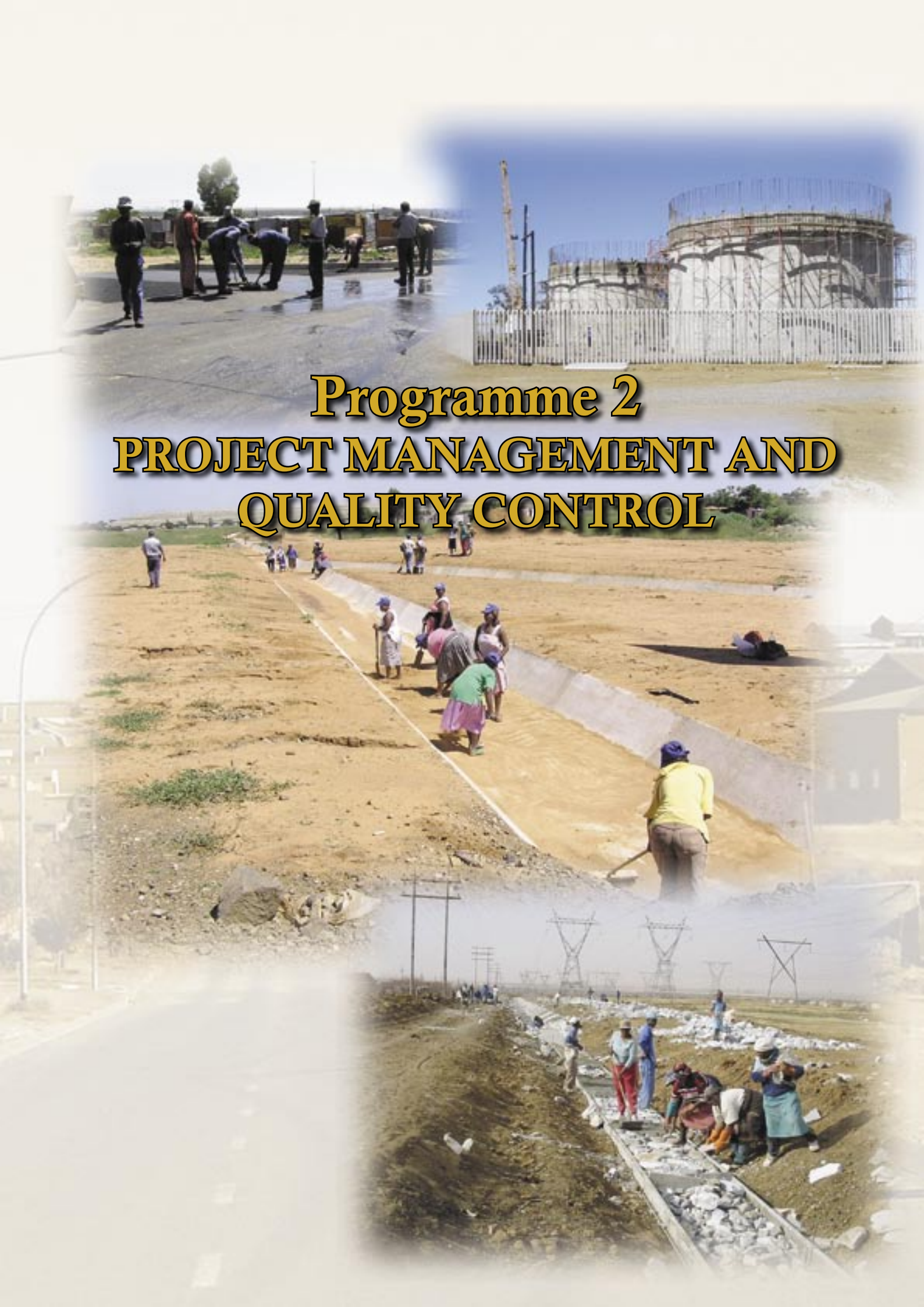
To render effective and efficient administrative support in the department

#### Outputs and service delivery trends

| Strategic Objective                                      | Measurable Objective/Outputs  | Performance Achievements   |
|--|---|--|
| To provide personnel management and development services | Updating of the Human Resources plan  | The Human Resources Plan was updated in line with the needs of the Department and various inputs as received from the respective Programme Managers in the Department.   |
| To promote sound labour relations in the department      | Well functioning of the departmental bargaining forum   | The DBF met monthly to discuss labour related matters in the Department.   |
|  | Develop policies on suspensions, grievance procedure, disciplinary procedure and language policy in process | A policy framework, addressing procedures related to suspensions, grievances and discipline in the Department were finalized. The language policy has also been drafted and is in the process of being finalized.  |
| To facilitate the development of human resources         | Developed skills development plan and annual training report and submit same to PSETA                       | <ul style="list-style-type: none"> <li>Continuation of the implementation of the skills development plan. Critical areas such as Financial Management, Budgeting, Project Management receiving priority in implementation.</li> <li>Awarding of full-time bursaries and part-time bursaries to deserving students. Key fields of study such as Accounting, Internal Auditing, Information Technology received priority.</li> <li>Continuation of the Dialogic Leadership and Facilitation Workshops.</li> <li>Intake of six interns in fields such as Information Technology, Civil Engineering, Office Management and Technology, and Consumer Behaviour.</li> <li>A software programme for SMS called the Harvard Manager Mentor was acquired for the development of a video library.</li> </ul> |

| Strategic Objective  | Measurable Objective/Outputs                         | Performance Achievements  |
|--|--|---|
| To ensure the successful implementation of special programmes related to gender, HIV/AIDS, youth and disability in the department    | HIV/AIDS awareness programmes                        | <ul style="list-style-type: none"> <li>• HIV/AIDS awareness among target publics including employees</li> <li>• World Candlelight Memorial Service in Bohlakong, Bethlehem and extending the invitation to the memorial service to high schools aimed at sensitising young pupils on the impact of HIV/AIDS on individuals and communities.</li> <li>• World Candlelight Memorial Services in Qwa-Qwa was successfully attended by more than 300 people.</li> </ul> |
|  | Inter-Departmental Forum of People with Disabilities | <ul style="list-style-type: none"> <li>• Ensuring capacity building of the Inter-Departmental Forum of People with Disabilities and that the need for employment and economic advancement of disabled people is known and the department supports the achievement of the objective.</li> </ul>  |
|  | Gender awareness                                     | <ul style="list-style-type: none"> <li>• Conducting an awareness, information and education seminar on Gender, Citizenship and Governance</li> </ul>  |
|  | Youth month and youth activism                       | Focus was on informing the youth about the history of June 16. They were also informed about government services available from different departments. Qualification criteria for RDP housing and the role of municipalities in assisting needy families formed part of the discussions. Emphasis was also made on the commitment of the department in ensuring youth empowerment.  |
| To promote occupational health and safety  | Managing occupational health and safety matters      | Established a committee to deal with issues pertaining to health and safety. Several hazardous areas were identified and attended to.   |
| To facilitate the successful implementation of the Performance and Development Management System for levels 1 – 12 in the Department | Capacity building on PDMS                            | All direct role-players in this department were trained on PDMS. Implementation of PDMS was relatively successful.  |

| Strategic Objective  | Measurable Objective/Outputs   | Performance Achievements   |
|--|--|--|
| To render effective and efficient communication services to the Department | Community outreach, awareness, information and education of target publics | <p>Preparations for and publication of the budget vote.<br/>The budget speech was broadcast on Radio Lesedi reaching about 3, 7 million listeners nationally and 1, 5 million listeners in the Free State.</p> <p>EXCO meets the people<br/>All events attended and questions raised circulated for response to the relevant directorates. These were then sent to the target publics.</p>   |
|  | Media liaison and good media relations                                     | <p>Good media relations established and various radio interviews conducted by MEC and management on Lesedi FM, OFM, Mosupatsela and Naledi Community Radio Stations.</p> <p>Relatively positive publicity achieved throughout the financial year.</p>  |
|  | Publications   | <p>Various publications viz. Re betla tsela newsletter, posters and banners for the promotion of the department were produced and distributed effectively.</p> <p>Published the Annual Report timely and won an award for best reporting, obtaining 1st position in the province and third nationally.</p>   |
|  | Events management  | <p>Participated in the successful hosting of the AULA conference in September 2003 where effective media coverage was achieved, follow-up publications published and distributed to members of AULA in the continent.</p> <p>Assisted in the successful organisation of the opening of the House of Traditional Leaders Publicity for the inauguration of Morena Mopeli successfully managed.</p> <p>Represented the department at the opening of the legislature and related exhibitions.</p> |



# Programme 2

## PROJECT MANAGEMENT AND QUALITY CONTROL



## PROGRAMME 2: PROJECT MANAGEMENT AND QUALITY CONTROL

### **Aim**

To provide technical advice and assistance to local authorities and communities and to evaluate all technical aspects of housing applications in terms of the housing policy

Information for this programme is combined with Programme 5: Housing



# Programme 3 SPATIAL PLANNING





### PROGRAMME 3: SPATIAL PLANNING

#### Aim

To create sustainable, productive, healthy, balanced, integrated and safe urban and rural environments and to integrate economic, sectoral, spatial, environmental and institutional strategies through a participatory spatial planning process and effective land use control.

#### Outputs and service delivery trends

| Strategic Objective                          | Measurable Objective/ Outputs   | Performance Achievements   |
|--|---|--|
| To provide an effective regulatory framework | <ul style="list-style-type: none"> <li>• New or reviewed legislation drafted</li> <li>• Policy guidelines</li> <li>• Policy implementation programmes</li> <li>• Applications processed</li> <li>• Monitoring reports</li> <li>• Impact studies</li> <li>• Application reports</li> <li>• Investigation reports</li> <li>• IDP progress report</li> <li>• Risk management framework and strategies</li> </ul> | <ul style="list-style-type: none"> <li>• 706 Application reports were handled</li> <li>• Applications for township establishment created 6 351 new erven or sites</li> <li>• Special efforts were made to establish linkages among LED projects, not only DPLG funded projects but those of other sectors that contribute to the establishment of LED</li> <li>• An action plan for the land use management co-ordination of the Vredefort Dome Area was formulated</li> </ul> |
| To provide a resource management framework   | <ul style="list-style-type: none"> <li>• Capacity building interventions</li> <li>• Integrated land development information system</li> <li>• Funding programme.</li> <li>• Natural resource utilisation guidelines.</li> <li>• Land development human resource strategy.</li> </ul>  | <ul style="list-style-type: none"> <li>• In May 2003 a team of consultants started with the monitoring of the IDP planning process of Municipalities.</li> <li>• All Municipalities have submitted their IDP Review and an amount of R 81 200 were paid to 24 Municipalities.</li> <li>• During February 2004 a National Workshop involving all sector departments, was held to discuss the IDP Review Process</li> </ul>  |



|   |   |   |
|---|---|---|
| <p>To provide a communication framework</p> | <ul style="list-style-type: none"> <li>• Communication and awareness building interventions.</li> </ul>                                     | <ul style="list-style-type: none"> <li>• A Local Economic Development Summit for all Municipalities and other relevant institutions was held from 11 to 12 March 2004 in Bloemfontein</li> <li>• The Paprika project was launched on 24 November 2004 in Welkom by the Deputy Minister for DPLG</li> <li>• 24 LED projects, funded by DPLG, were monitored.</li> <li>• Meeting held with FNB to establish partnerships.</li> <li>• 25 Municipalities submitted review IDPs between August 2003 and March 2004.</li> <li>• November 2003 Members of the Alignment and Assessment Committee trained.</li> <li>• Advice and assistance given to 6 municipalities on land use schemes.</li> <li>• The process is underway to establish GIS to be used as an information management tool for the department.</li> <li>• Collecting and capturing of spatial information for the departmental database.</li> <li>• Establishing a new numbering system for land use permits.</li> <li>• Land use surveys done for Vredefort Come/ Thaba Nchu / Kestell and Tshiame areas and captured digitally.</li> </ul> |
| <p>To provide a stakeholder framework</p>   | <ul style="list-style-type: none"> <li>• Stakeholder framework / institutional arrangements</li> <li>• Partnerships / Agreements</li> </ul> | <ul style="list-style-type: none"> <li>• District forums for LED were proposed. These forums will be established in the new financial year where all issues regarding LED within the separate districts will be discussed.</li> </ul>   |



It is absolutely critical to maintain a balanced and sustainable urban environment for effective land use management. For this, the Townships Board was advised by means of comprehensive planning reports on the following town planning issues:

| <b>TABLE: DEVELOPMENT CONTROL</b>      |            |
|--|------------|
| Subdivisions                           | 128        |
| Consolidations                         | 80         |
| Removal of restrictions                | 144        |
| Township establishments                | 46         |
| Rezoning                               | 125        |
| Amendments of the General Plan         | 25         |
| Inclusions                             | 11         |
| Amendments of the layout plan          | 5          |
| Amendments of the Town Planning Scheme | 23         |
| Annulments                             | 2          |
| Subdivision of Agricultural Land       | 100        |
| Permits for change of land use         | 12         |
| Closure of roads                       | 5          |
| <b>TOTAL</b>                           | <b>706</b> |

The department is also responsible for the evaluation of applications for land use changes as well as for the administrative procedures of the three (3) guide plan areas in the Free State, namely Vaal River Complex (1982); Bloemfontein and Environs (1986) and Free State Gold Fields (1994). The MEC for Local Government and Housing was advised on the following applications received.



| <b>TABLE: GUIDE PLAN APPLICATIONS</b> |    |
|---------------------------------------|----|
| Amendment of Guide Plans              | 3  |
| Consistency                           | 5  |
| Subdivisions                          | 3  |
| <b>TOTAL</b>                          | 11 |

The following challenges face the IDP process.

- All senior managers of all departments and service providers should see the IDPs as the main vehicle for planning and development, therefore they should assign dedicated officials to deal specifically with IDPs.
- Planning Implementation Management Support Services (PIMSS) should be built into proper permanent supporting structures.
- Municipalities must speed up the IDP process that is lagging far behind; in fact reviewed IDPs for 2003/2004 were only submitted recently, while the 2004/2005 review should have been finalised.



**Programme 4**  
**LAND USE ADMINISTRATION**



## PROGRAMME 4: LAND USE ADMINISTRATION

### Aim

To ensure orderly land use on a regional basis and to provide for security of tenure in the Free State

### Outputs and service delivery trends

| Strategic Objective  | Measurable Objective/ Outputs   | Performance Achievements   |
|--|---|--|
| To provide an effective regulatory framework (provincial land development) | <ul style="list-style-type: none"> <li>• New or reviewed legislation drafted</li> <li>• Policy guidelines</li> <li>• Policy implementation programmes</li> <li>• Applications processed</li> <li>• Monitoring reports</li> <li>• Impact studies</li> <li>• Application reports</li> <li>• Investigation reports</li> <li>• IDP progress report</li> <li>• Risk management framework and strategies</li> </ul> | <ul style="list-style-type: none"> <li>• 17 Applications for Land Development were processed</li> <li>• 130 applications for Removal of Restrictions were processed</li> <li>• 36 applications for Rezoning were processed</li> <li>• 14 applications for Amendment of General Plans were processed</li> <li>• 77 applications for Subdivisions were processed</li> <li>• 42 applications for Consolidations were processed</li> <li>• 6 applications for Amendment of Town-Planning Schemes were processed</li> <li>• 302 application reports submitted to the Town Ship Board</li> <li>• 10 permits for conducting activities other than residential or agriculture on farms were processed</li> </ul> |
| To provide a resource management framework (provincial land development)   | <ul style="list-style-type: none"> <li>• Capacity building interventions</li> <li>• Integrated land development information system</li> <li>• Funding programme</li> <li>• Natural resource utilisation guidelines</li> <li>• Land development human resource strategy</li> </ul>   | <ul style="list-style-type: none"> <li>• During the period under report six towns were assisted to improve their town-planning schemes and to include the farm areas and the former Black areas within the town-planning scheme. The areas included Letsemeng, Matjhabeng, Dihlabeng, Moqhaka, Tswelopele and Nketoana. A total of R1.5 million was appropriated for this activity.</li> </ul>   |

### TOWNSHIPS BOARD

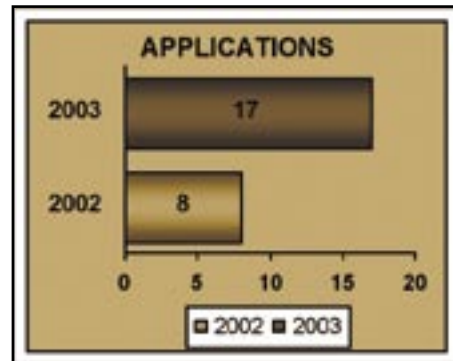
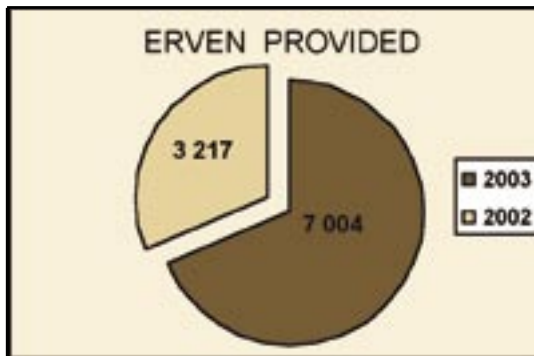
The Townships Board is instituted to advise the MEC on all land use matters. The Board comprises the following members:

- Mr Ben Montshioa (Chairman)
- Mr Wilfred Machogo (Vice-chairman)\*
- Ms Laetitia van Rensburg
- Ms Thandi Gxaba
- Mr Neels de Leeuw
- Representative from the office of the Registrar of Deeds
- Representative from the office of the Surveyor General
- Representative from the office of the Department of Works Roads and Transport
- Representative from the office of the Department of Local Government and Housing

*\*Mr Machogo had to resign from the Townships Board when he commenced work as General Manager for Planning and Housing with the Mangaung Local Municipality.*

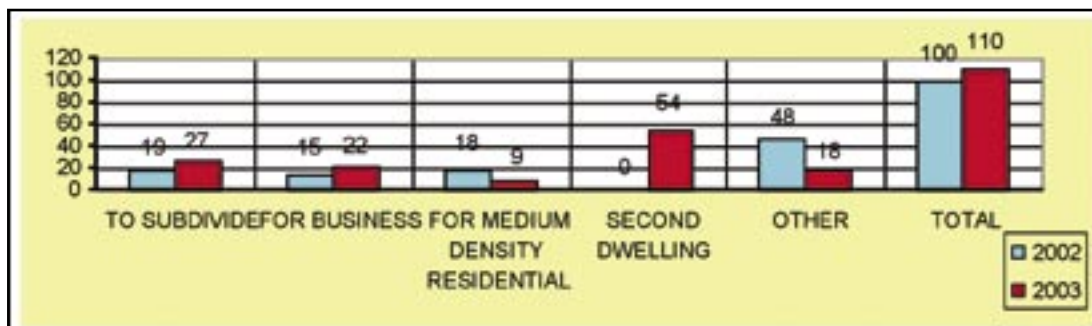
## LAND DEVELOPMENT

| YEAR | NUMBER OF APPLICATIONS | NUMBER OF ERVEN |
|------|------------------------|-----------------|
| 2002 | 8                      | 3 217           |
| 2003 | 17                     | 7 004           |



## CHANGE IN LAND USE REMOVAL OF RESTRICTIONS

| YEAR | TO SUBDIVIDE | FOR BUSINESS | FOR MEDIUM DENSITY RESIDENTIAL | SECOND DWEL LING | OTHER | TOTAL |
|------|--------------|--------------|--------------------------------|------------------|-------|-------|
| 2002 | 19           | 15           | 18                             | 0                | 48    | 100   |
| 2003 | 27           | 22           | 9                              | 54               | 18    | 130   |

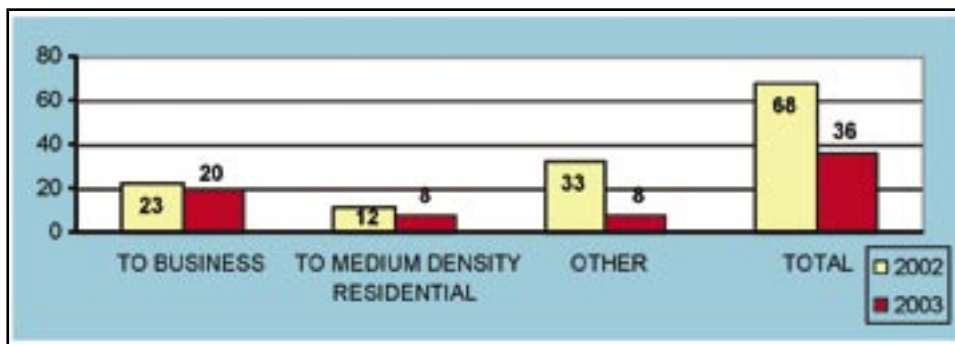




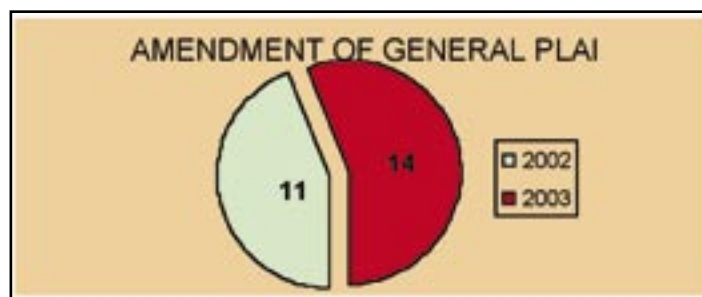
## REZONING

| YEAR | TO BUSINESS | TO MEDIUM DENSITY RESIDENTIAL | OTHER | TOTAL |
|------|-------------|-------------------------------|-------|-------|
| 2002 | 23          | 12                            | 33    | 68    |
| 2003 | 20          | 8                             | 8     | 36    |

## AMENDMENT OF GENERAL PLAN

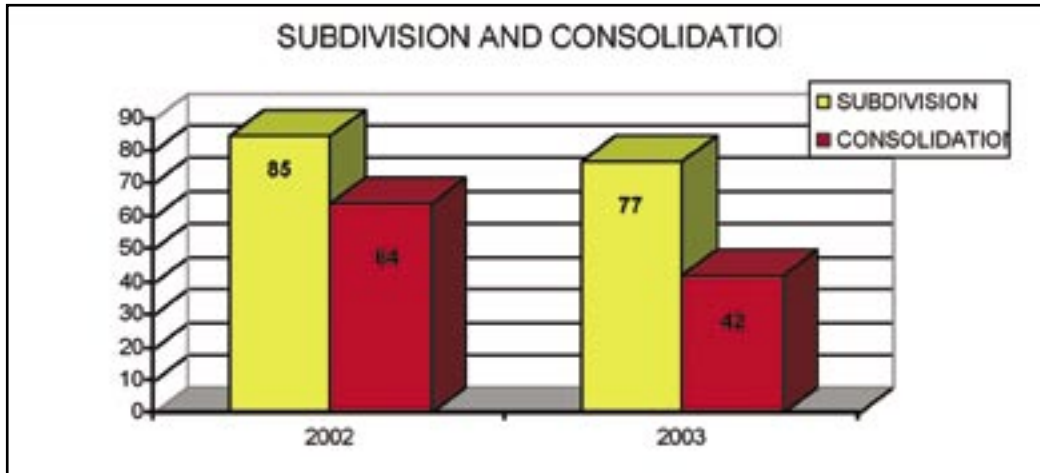


| YEAR | TOTAL |
|------|-------|
| 2002 | 11    |
| 2003 | 14    |



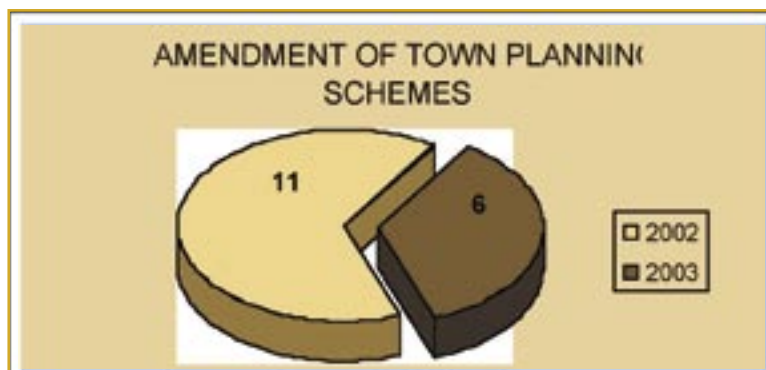
### SUBDIVISION AND CONSOLIDATION

| YEAR | SUBDIVISION | CONSOLIDATION |
|------|-------------|---------------|
| 2002 | 85          | 64            |
| 2003 | 77          | 42            |



### AMENDMENT OF TOWN-PLANNING SCHEME

| YEAR | TOTAL |
|------|-------|
| 2002 | 11    |
| 2003 | 06    |

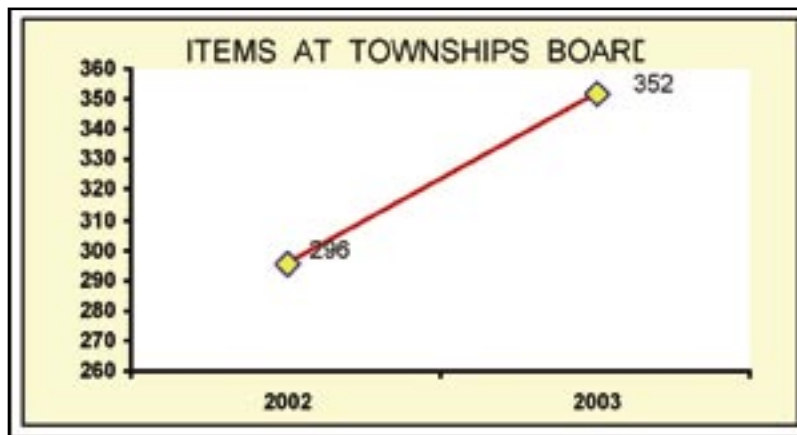




## TOWNSHIPS BOARD

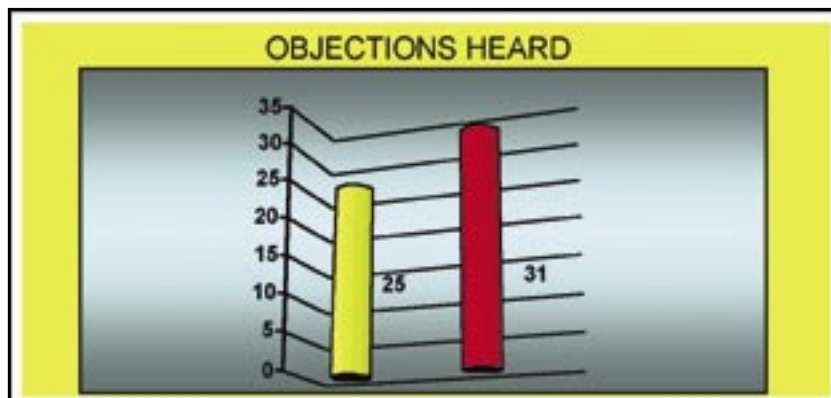
### SCHEDULED AGENDAS AND MINUTES

| YEAR | TIME  |     | ITEMS<br>Number | AGENDA<br>Pages | MINUTES<br>Pages |
|------|-------|-----|-----------------|-----------------|------------------|
|      | Hours | Min |                 |                 |                  |
| 2002 | 69    | 00  | 296             | 4 341           | 151              |
| 2003 | 60    | 08  | 352             | 4 740           | 164              |

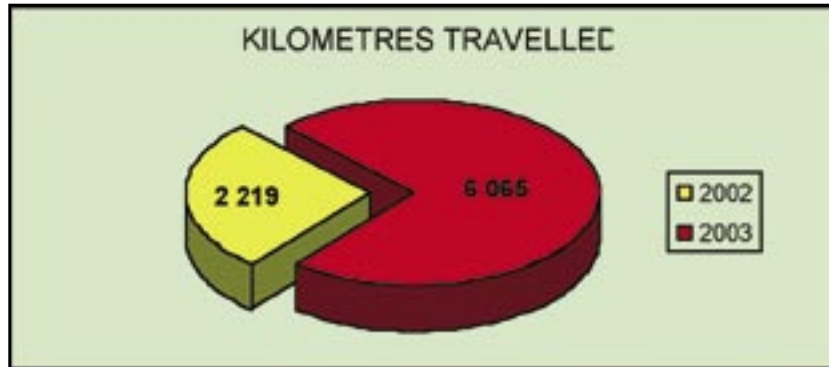


### OBJECTIONS HEARD

| YEAR | TIME  |     | ITEMS<br>Number | AGENDA<br>Pages | MINUTES<br>Pages |
|------|-------|-----|-----------------|-----------------|------------------|
|      | Hours | Min |                 |                 |                  |
| 2002 | 69    | 13  | 25              | 950             | 107              |
| 2003 | 104   | 00  | 31              | 750             | 129              |



The legislation referred to above requires that an inspection in loco should be held when an objection to a certain application is lodged. The Townships Board usually has the hearing at the town where the inspection takes place. The graph below indicates the distance travelled for the inspections and hearings.



As can be deduced from the above figures the work has been consistent to the previous year and where the figures show a decline it is marginal and insignificant.

The new Land Use Management Bill has yet to be promulgated and this legislation will have a serious effect on the directorate. Certain measures have been taken to ameliorate possible affects of this legislation. It is anticipated that the directorate will have a major role to play in assisting and training local municipalities and this has already been addressed in budget projections.

## LAND TENURE SERVICES

### Upgrading of land rights

The table below indicates the various stages of advertisements as contemplated in the Conversion of Certain Rights into Leasehold or Ownership Act, 1988 (Act 81 of 1998)

The format of these advertisements is illustrated in the Regulations relating to the Conversion of Certain Rights to leasehold or Ownership (Government Notice G.N.R. 1109/1990), which was promulgated on 25 May 1990.



| TOWN          | ANNEXURE B | ANNEXURE C | ANNEXURE D | NUMBER OF PROPERTIES REGISTERED |
|---------------|------------|------------|------------|---------------------------------|
| REITZ         | 34         | 34         | 28         | 28                              |
| SMITHFIELD    | 60         | 60         | 60         | 9                               |
| SPRINGFONTEIN | 32         | 32         | 32         |                                 |
| ROUXVILLE     | 28         | 28         | 28         |                                 |
| PETRUS STEYN  | 209        | 209        | 96         |                                 |
| LINDLEY       | 124        | 124        | 124        |                                 |
| LADYBRAND     | 51         | 51         | 51         |                                 |
| KESTELL       | 16         | 16         | 16         |                                 |
| HARRISMITH    | 36         | 36         | 36         |                                 |
| FOURIESBURG   | 24         |            |            |                                 |
| EXCELSIOR     | 13         | 46         |            |                                 |
| CORNELIA      | 23         |            |            |                                 |
| BOTHAVILLE    | 144        | 144        | 144        |                                 |
| BETHULIE      | 28         | 28         | 28         |                                 |
| ZASTRON       | 36         | 36         | 36         |                                 |
| <b>TOTAL</b>  | <b>858</b> | <b>844</b> | <b>679</b> | <b>37</b>                       |

The difference between the fourth and fifth columns represents documents that are in various stages of preparation for lodging at the Deeds Office for registration.

### Annexures

**Annexure B:** Advertisement placed in the Government Gazette for 30 days in terms of Regulation 3(1) of the Regulations (G.N.R. 1109/1990) stating that the Director General intends to conduct an inquiry concerning the determination and declaration of rights of leasehold or ownership in respect of affective sites.

**Annexure C:** Advertisement placed in the Government Gazette for 30 days in terms of Regulation 4 of the Regulations (G.N.R. 1109/1990) stating the intention to declare that rights of leasehold or ownership in respect of affective sites have been granted to affective individuals.

**Annexure D:** Advertisement placed in the Government Gazette in terms of Regulation 6 of the Regulations (G.N.R. 1109/1990) declaring that rights of leasehold or ownership in respect of affective sites have been granted to affected individuals.

It is also worth mentioning that there is an ongoing process of engagement with municipalities to ensure that all the identified sites (other than those referred to in the table above) are ultimately transferred to the identified beneficiaries. A case in point is that of the Mangaung Local Municipality in respect of which plans are afoot to restart the conversion process for approximately 13 000 sites in the Mangaung area.



The Deeds Office has been approached with the view to establish training for officials in the deeds registry system in order to minimize time spent on documents rejected by the said office.

The process of identifying areas proclaimed in terms of Proclamation R293/1962 and R188/1969 and the Rural Areas Act, 1987 (Act 9/1987) is continuing and will be finalized during the first quarter of the new financial year. It is envisaged that the upgrading of those areas will then be pursued in conjunction with the respective municipalities.

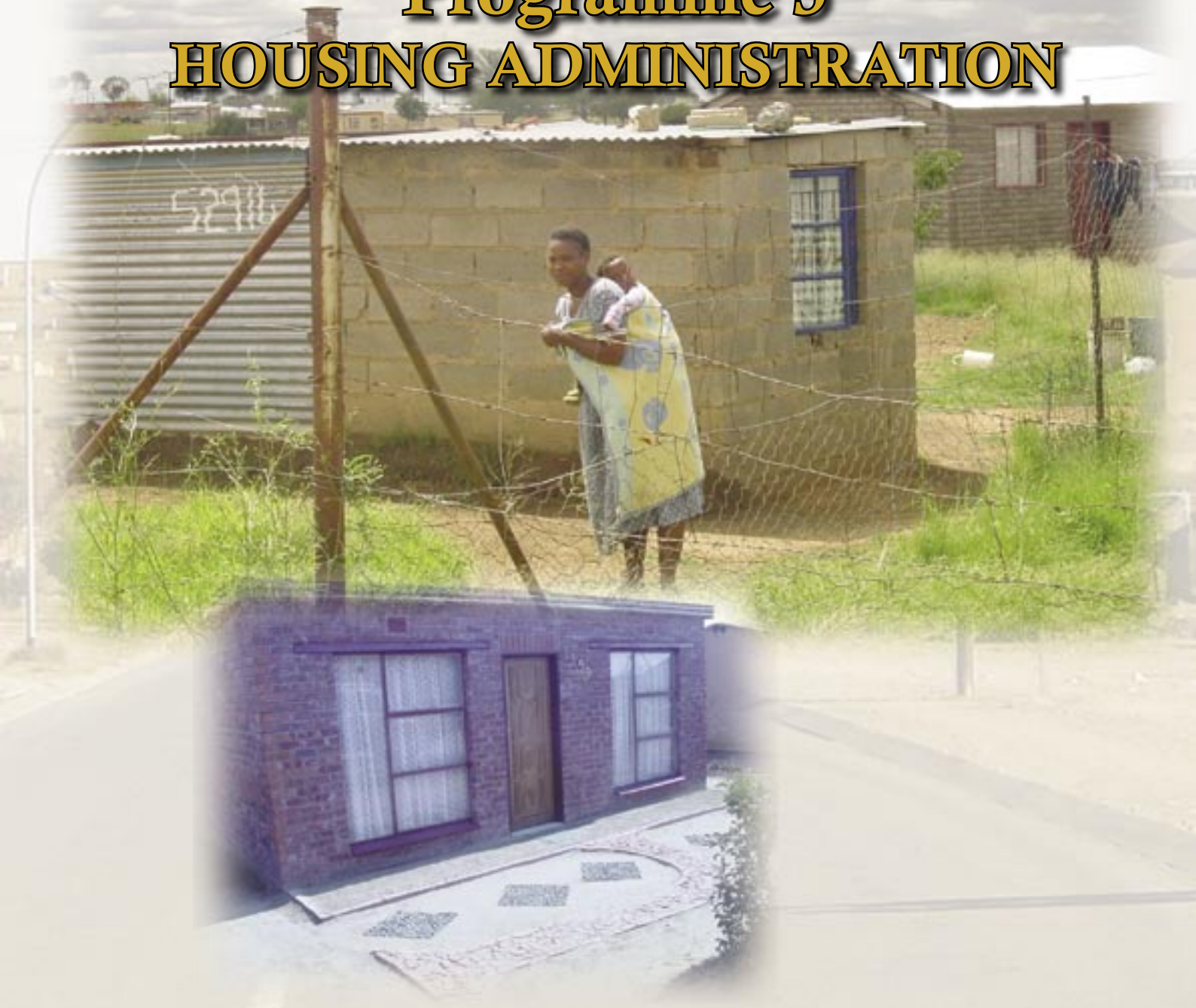
### **Resettlement**

The process of identifying illegal settlements is in progress. It is envisaged that the said settlements will, in conjunction with the respective municipalities, either be upgraded (survey, planning, approval of general plans and opening of township registers) and title deeds issued or alternative land be identified in conjunction with the National Departments of Land Affairs and Public Works who are the custodians of state land. To this end the Department is represented in the Free State Provincial State Land Disposal Committee.

This function also ensures that municipalities deal with and prevent the invasion of land or evictions from the land. Detailed guidelines in this regard will be available by 31 December 2004 with the necessary training following thereafter.



# Programme 5 HOUSING ADMINISTRATION



## PROGRAMME 5: HOUSING ADMINISTRATION

### Aim

To promote housing provisioning and urbanization

### Outputs and service delivery trends

| Strategic Objective   | Measurable Objective/ Outputs   | Performance Achievements   |                |               |                    |             |                      |             |                         |          |                 |              |                      |              |                        |              |                         |              |
|---|---|--|----------------|---------------|--------------------|-------------|----------------------|-------------|-------------------------|----------|-----------------|--------------|----------------------|--------------|------------------------|--------------|-------------------------|--------------|
| To provide an effectual regulatory framework (provincial)     | <ul style="list-style-type: none"> <li>Provincial legislation drafted</li> <li>Provincial legislation rationalisation</li> <li>Provincial act amendments</li> <li>Policy guidelines</li> <li>Monitoring mechanism</li> <li>Investigation reports (ad hoc)</li> <li>Research reports</li> <li>Provincial housing development plan</li> </ul> | <ul style="list-style-type: none"> <li>An investigation report on the consolidation project in Dihlabeng Municipality completed</li> <li>A research report on the demand for social housing completed</li> </ul>   |                |               |                    |             |                      |             |                         |          |                 |              |                      |              |                        |              |                         |              |
| To provide a capacity intervention framework                  | <ul style="list-style-type: none"> <li>Capacity intervention building strategy</li> <li>Capacity building initiatives</li> <li>CETA training within the PHP</li> </ul>  | <ul style="list-style-type: none"> <li>8 capacity building interventions programmes (Consumer Education, Train the trainer, Dialogic facilitation and leadership, Rental Housing and Property Management)</li> <li>Draft Free State Housing Strategy</li> <li>The Free State took the initiative as the first province in the country to pilot training of support organisation through CETA instrument. The main objective is to equip the Housing Support Organisations with standardise National Qualifications in the following: <ul style="list-style-type: none"> <li>Construction contractor at NGF Level 2</li> <li>Construction mason (face brick laying) at NQF Level 3</li> <li>Construction mason (plastering) at NQF Level 3</li> </ul> </li> </ul> |                |               |                    |             |                      |             |                         |          |                 |              |                      |              |                        |              |                         |              |
| To provide a resource management framework (housing delivery) | <ul style="list-style-type: none"> <li>Housing funding programmes</li> <li>Non-housing funding programmes</li> <li>E-service delivery process (GIS, E)</li> <li>Provincial housing resource base assessments</li> <li>Government property management system</li> </ul>  | <ul style="list-style-type: none"> <li>The following amounts were spent: <table> <tr> <td>Project Linked</td> <td>R 336 164 000</td> </tr> <tr> <td>Transfer of houses</td> <td>R 1 773 000</td> </tr> <tr> <td>Individual subsidies</td> <td>R 1 224 000</td> </tr> <tr> <td>Institutional subsidies</td> <td>R 12 000</td> </tr> <tr> <td>Rural subsidies</td> <td>R 18 375 000</td> </tr> <tr> <td>Upgrading of hostels</td> <td>R 17 141 000</td> </tr> <tr> <td>People housing process</td> <td>R 78 448 000</td> </tr> <tr> <td>Consolidation subsidies</td> <td>R 11 830 000</td> </tr> </table> </li> </ul>  | Project Linked | R 336 164 000 | Transfer of houses | R 1 773 000 | Individual subsidies | R 1 224 000 | Institutional subsidies | R 12 000 | Rural subsidies | R 18 375 000 | Upgrading of hostels | R 17 141 000 | People housing process | R 78 448 000 | Consolidation subsidies | R 11 830 000 |
| Project Linked  | R 336 164 000   |  |                |               |                    |             |                      |             |                         |          |                 |              |                      |              |                        |              |                         |              |
| Transfer of houses  | R 1 773 000   |  |                |               |                    |             |                      |             |                         |          |                 |              |                      |              |                        |              |                         |              |
| Individual subsidies  | R 1 224 000   |  |                |               |                    |             |                      |             |                         |          |                 |              |                      |              |                        |              |                         |              |
| Institutional subsidies                                       | R 12 000  |  |                |               |                    |             |                      |             |                         |          |                 |              |                      |              |                        |              |                         |              |
| Rural subsidies   | R 18 375 000  |  |                |               |                    |             |                      |             |                         |          |                 |              |                      |              |                        |              |                         |              |
| Upgrading of hostels  | R 17 141 000  |  |                |               |                    |             |                      |             |                         |          |                 |              |                      |              |                        |              |                         |              |
| People housing process  | R 78 448 000  |  |                |               |                    |             |                      |             |                         |          |                 |              |                      |              |                        |              |                         |              |
| Consolidation subsidies                                       | R 11 830 000  |  |                |               |                    |             |                      |             |                         |          |                 |              |                      |              |                        |              |                         |              |
| To provide a communication framework                          | <ul style="list-style-type: none"> <li>Housing communication strategy</li> <li>Housing awareness building interventions</li> </ul>  | Road shows on Housing Policy and Implementation of Projects  |                |               |                    |             |                      |             |                         |          |                 |              |                      |              |                        |              |                         |              |



|  |  |   |
|--|--|---|
| <p>To provide a stakeholder framework (housing delivery)</p> | <ul style="list-style-type: none"> <li>• Stakeholder framework / institutional arrangements</li> <li>• Partnerships / Agreements / MOU's</li> <li>• Contracts</li> <li>• Stakeholder information system</li> </ul> | <ul style="list-style-type: none"> <li>• 5 Updated framework (Consultation Sessions with Conveyancers, Material Suppliers, Engineers, Professional Teams, Developers, Municipalities Thubelitsha, Servcon, Social Housing Fund, NHBRC and NURCHA and FDC)</li> <li>• 3 Partnerships/ agreements/MOU's (Cuban Partnership GTZ Partnership and CSIR on Water Quality Management)</li> </ul> |
|--|--|---|

### General Comments

- The department convened a housing summit (Housing Lekgotla) annually whereat provincial stakeholders converge to share experiences and information and make recommendations
- Five Housing Sector Plans were formulated with the following local municipalities: Mohokare, Mangaung, Matjhabeng and Maluti-a-Phofung with an aim of empowering these municipalities for future accreditation.
- Formalisation of informal settlements in order to enable the beneficiaries to access housing subsidies and secure tenure rights for them. Due to lack of funds only eleven municipalities were catered for to develop 6 354 sites.
- Human Settlement Redevelopment Programme

In the overall quest for the creation of sustainable human settlements, the aim of the programme is to improve the quality of the urban environment by addressing the legacy of dysfunctional urban communities. The programme therefore funds projects within human settlements which can contribute to the establishment of more viable, sustainable settlements and which will assist in overcoming disparities and dislocations often created through unequal distribution of resources and apartheid-based planning and development practices.

Increased funding for Mangaung Activity Corridor was approved to R 35 738 704 00 in order to cater for the shortfall. Economic development, job opportunities, easy access to public transport and enhanced physical environment, pedestrian and vehicle safety are some of the extremely important integral parts of housing development as captured in the National Housing Vision.

Funds have also been made available for the construction of pedestrian bridge over Riemland Road in Bethlehem with the aim of improving safety measures around the area. In order to renovate the inner city and making hawkers' market area attractive, funds have been made available for the establishment of fresh produce market coupled with an informal market.

Funding has been approved for the installation of internal civil services (upgrading and rehabilitation of roads and storm water) in the buffer strip between Masilo and Theunissen within the Masilonyana Municipality.

### Rental Housing

The Rental Housing Tribunal was established on 23 May 2003 in terms of the provisions of the Rental Housing Act, 1999 (Act 50 of 1999) and the regulations promulgated there under in the Provincial Gazette of 25 July 2003, namely the Procedural Regulations and Unfair Practices Regulations.

Training on the Rental Housing Act has been provided to municipalities having established Rental Housing Information Officers (RHIO's) as well as to Provincial officials intended to render administrative support to the Tribunal. Training is soon to be rendered for Members of the Tribunal once these have been appointed.

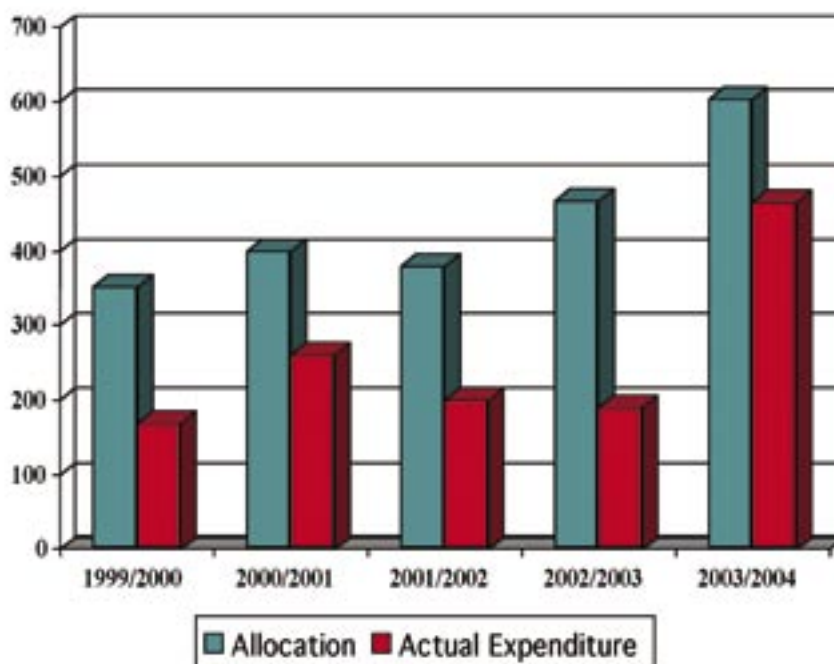
The 243-rental stock is maintained and this is done in accordance with existing provisioning prescripts.

Elevating the rentals to market-related scales has proven difficult because the majority of the tenants are unemployed pensioners.

### Piloted projects

- Integration of former black and white areas through projects in Sunrise Centre of Progress, a buffer zone in Theunissen, Masilonyana Local Municipality with the collaboration of the German Technical Corporation (GTZ)
- Energy Efficient Housing units at Theunissen, Masilonyana Local Municipality
- Shallow sewer sanitation system in Reitz in the Nketoana Local Municipality
- The old dilapidated housing stock in Batho in the Mangaung Local Municipality
- The project of the severely intellectual handicapped youth and adults in Viljoenskroon in the Moqhaka Local Municipality.
- Formulated a Provincial Housing Strategy in 2001 and adopted by Housing Lekgotla in the year 2003
- Allocated approximately 90% of housing subsidies to SMME's as per Government's BEE Strategy
- Imported the Cuban expertise to accelerate the assimilation of community participation and social engineering in the implementation of the People's Housing Process (PHP)
- The Department, in partnership with Mangaung Local Municipality and Social Housing Foundation formed a joint venture and a visibility study had been completed.
- In creating a non-racial settlement through Social Housing, the Department has allocated 350 units for Sasolburg, Metsimoholo Local Municipality.

The Housing expenditure increased drastically over the last 5 financial years, as illustrated in the following chart:





**Programme 6**  
**FINANCIAL AND**  
**PROCUREMENT**  
**ADMINISTRATION**

## PROGRAMME 6: FINANCIAL AND PROCUREMENT ADMINISTRATION

### Aim

To manage departmental accountancy budget functions, monitor finances and render support in terms of the Constitution and the Public Finance Management Act.

### Outputs and service delivery trends

| Strategic Objective   | Measurable Objective/ Outputs   | Performance Achievements  |
|---|---|---|
| To provide financial, accounting, infrastructure and resource management support services | <ul style="list-style-type: none"> <li>To allocate and control financial resources</li> <li>To ensure accounting services</li> <li>To report on the finances of the Department</li> <li>To supply goods and services to the Department</li> <li>To manage assets in the Department</li> <li>To monitor procurement performance</li> </ul> | <ul style="list-style-type: none"> <li>3 Policies Drafted (Revenue, expenditure and debt policies)</li> <li>Budget compiled and submitted by due date</li> <li>6 Information workshops held. Workshops held to ensure implementation of Standard Chart of Accounts, new budget structures and Basic Accounting System</li> <li>Accounting records were daily updated</li> <li>12 Department Control reports submitted within legislative compliance dates</li> <li>12 Financial Reports submitted within legislative compliance dates</li> <li>12 Compliance reports submitted within legislative compliance dates</li> <li>Daily accounting support rendered to facilitate payments and clearance of ledger accounts</li> <li>PERSAL, FMS and LOGIS system reports monthly monitored</li> <li>Fraud prevention plan approved</li> <li>Financial Statements in regard to the following were submitted within the prescribed due dates: <ul style="list-style-type: none"> <li>Department of Local Government and Housing</li> <li>Trust Funds: Small Holdings</li> <li>Housing Fund</li> </ul> </li> <li>Goods and services procured on a daily basis as requested</li> </ul> |

During the reporting period preparations for the following changes within the financial environment of the department were made, that will all come into effect from 1 April 2004

#### **Budget Structure**

The Budget structure of the department had changed from the current 9 programmes to only 5 programmes for the 2004/05 financial year. These changes were made as National Treasury required standardisation within the various Provinces to enable more effective and efficient reporting.

#### **BAS Implementation**

As from 1 April 2004 all Government Departments in South Africa will be on the same financial system. The Province is therefore in the process of implementing the Basic Accounting System (BAS) in the various Departments and will the Financial Management System (FMS) phased out on 1 April 2004. This system will be an online system and all financial transactions processed will immediately reflects.



### **Standard Chart of Accounts**

As from 1 April 2004 the new Standard Chart of Accounts (replace the current standard item structure) will also be implemented to ensure that classifications of transactions are consistent between all Government Departments (National and Provincial) and therefore enhances the quality of information derived from the accounting system for various users. Standardisation would also facilitate in the financial statement compilations and other reporting information, simplify the process for the South African Reserve Bank to produce Government Finance Statistics for the International Monitor Fund and therefore comply with the Special Data Dissemination Standards.



**Programme 7**  
**LOCAL GOVERNMENT**  
**ADMINISTRATION**





## PROGRAMME 7: LOCAL GOVERNMENT ADMINISTRATION

### Aim

To create a stable and predictable system of intergovernmental relations and support the evolution of an effective local government system in the country

### Outputs and service delivery trends

| Strategic Objective                                      | Measurable Objective/Outputs   | Performance Achievements   |
|--|--|--|
| To provide an effectual regulatory framework (municipal) | <ul style="list-style-type: none"> <li>• Concept standard by-laws submitted</li> <li>• Provincial legislation drafted</li> <li>• Policy guidelines</li> <li>• Applications processed (exhumations)</li> <li>• Monitoring reports (project viability)</li> <li>• Investigation reports</li> <li>• Municipal performance management progress report</li> </ul> | <ul style="list-style-type: none"> <li>• The Free State Local Government Rationalisation Act, (Act No.2 of 2004) was promulgated on the 5<sup>th</sup> of March 2004. This Act repeals redundant pieces of local government pertaining to local government in the Free State to ensure greater clarity on laws governing local government.</li> <li>• Temporary adjustment of powers and functions between category B and C municipalities has been concluded on 27 June 2003 with effect from 01 July 2003. This was to ensure that there is clear delineation of powers and functions between category B and C municipalities.</li> <li>• A report with outlined recommendation on alleged fraudulent activities in Phumelela municipality was developed.</li> <li>• Two section 106 investigations in terms of the Municipal Systems Act, were conducted at the Northern Free State District and Moqhaka Local municipalities, reports thereon were generated and forwarded to the Office of the Public Protector.</li> </ul> |
| To provide a communication framework for (municipal)     | <ul style="list-style-type: none"> <li>• Communication strategy</li> <li>• Awareness building interventions</li> </ul>   | <ul style="list-style-type: none"> <li>• In partnership with provincial sectoral departments (the Office of the Premier, Environmental Affairs and Tourism) we co-hosted with South African Local Government Association (SALGA) the 8<sup>th</sup> Regional Conference of the African Union of Local Authorities. The four-day conference was successfully convened and ±500 delegates drawn from varied organized local government associations in the continent and abroad.</li> <li>• The Vuna Awards processes such as the introduction of awards to municipalities, receipt and assessment of entries from participating municipalities, documenting of municipal account of their experience, communication and marketing.</li> </ul>   |

|   |  |   |
|---|--|---|
| <p>To provide a capacity intervention framework (municipal)</p> | <ul style="list-style-type: none"> <li>• Capacity building initiatives</li> <li>• Integrated dispute resolution system</li> <li>• Funding programme</li> <li>• E-service delivery process</li> </ul> | <ul style="list-style-type: none"> <li>• In the past year, there has been a number of initiatives that were implemented with our partners viz. dplg, SALGA Free State, University of the Free State, Development Bank of Southern Africa (DBSA), State Information Technology Agency (SITA) and Australian South Africa Local Governance Partnership (ASALGP).</li> <li>• As a result of support provided, ten municipalities in the province have developed their language policies and are in the process of implementing these.</li> <li>• In partnership with the Premiers' Office, the Universities of the Free State and Antwerp (Universitaire Instellingen Antwerpen), the SALGA Free State, the Association for Flemish Cities and Municipalities (WSG), a local governance unit has been set up to develop and deliver leadership development programme for municipal officials and elected leaders. 100 participants have undergone a Project Management Programme in the past year</li> <li>• A series of five district-wide workshops on the provision of FBE were conducted in partnership with dplg and the Department of Mineral and Energy Affairs (DMEA). In attendance were councillors and officials directly responsible for electricity services. Thirteen municipalities have since signed pro-forma agreement with ESKOM.</li> <li>• Grant funding to the tune of R10.4 million has been leveraged from the Development Bank of Southern Africa (DBSA) to implement a comprehensive capacity building programme to assist municipalities in executing their developmental mandate.</li> <li>• Through the ASALGP partnership, a project for developing a model for involving communities in planning, budgeting and PMS was concluded in Matjhabeng Local Municipality. A handbook on ward committees and a technical report on the project have been developed.</li> <li>• R32 million has been spent through the municipal support programme to assist the majority of municipalities in the province in the past financial year.</li> <li>• Development of operating and capital budget for 2003/2004 financial year and these were submitted to and subsequently approved by national treasury</li> <li>• Completion of outstanding financial statement (2002/2003) for 23 municipalities in the province</li> <li>• Development of consolidated credit control and revised indigent policies. These policies have been approved by councils and 93% of municipalities are actively implementing these policies</li> <li>• Development and implementation consolidated tariff policies that assist in better budgeting and improved cash-flow management and 89% of municipalities are implementing these policies</li> <li>• Municipalities were assisted with treasury related activities such as:</li> <li>• Updating of accounting records, assets registers and verification of assets (82% of municipalities on MSP have completed these</li> <li>• Debtors/data verification (79% of municipalities have done this</li> <li>• Furthermore a number of projects that had a positive impact on the cash flow of municipalities were implemented as part of MSP by selected municipalities in the province. R11.3 million was given to municipalities to implement projects that ranged from purchasing of vending machines, installation of pre-paid meters and purchase of service delivery vehicles.</li> <li>• A number of municipalities in financial distress were assisted financially to pay suppliers of bulk services, arrears creditors and concluded arrears salary transfer payment. R4.67 million was transferred to assist eleven selected municipalities with arrears payment to service providers as mentioned.</li> </ul> |
|---|--|---|

**Programme 8**  
**TRADITIONAL AFFAIRS**

## PROGRAMME 8: TRADITIONAL AFFAIRS

### Aim

To render administrative support services regarding traditional affairs.

### Outputs and service delivery trends

| Strategic Objective  | Measurable Objective/ Outputs  | Performance Achievements   |
|--|--|--|
| To provide an effectual policy management framework (traditional leadership) | <ul style="list-style-type: none"> <li>Draft / concept policy management framework</li> <li>Provincial legislation drafted</li> <li>Policy guidelines</li> <li>Applications processed</li> <li>Assessment reports (research)</li> <li>Investigation reports</li> </ul> | <ul style="list-style-type: none"> <li>The State President assented to the Traditional Leadership and Governance Framework Act, Act No 41 of 2003, on the 19 December 2003. The Head of Department appointed the Provincial Task Team, which is tasked with the drawing of the provincial legislation. The provincial legislation is on the stage of the third Draft Bill. Ongoing consultations between the department and all relevant stakeholders take place. The provincial legislation will be promulgated by September 2004.</li> </ul> |
| To provide a capacity intervention framework                                 | <ul style="list-style-type: none"> <li>Capacity building initiatives</li> <li>Funding programme</li> <li>E-service delivery process</li> </ul>   | <ul style="list-style-type: none"> <li>An informative meeting was convened whereby the members of the EXCO of the House Traditional Leaders were invited to attend. The EXCO was highlighted on the financial management issues specifically the budget and budgetary constraints.</li> <li>A workshop on customary Law and Initiation Bill for the members of the House Traditional Leaders was held.</li> </ul>  |
| To provide a communication framework for traditional leadership              | <ul style="list-style-type: none"> <li>Communication strategy</li> <li>Awareness building interventions</li> </ul>   | <ul style="list-style-type: none"> <li>The process of acquiring information &amp; communication technology is now <math>\pm</math> 85% complete. However not all tribal authorities have been supplied with computers due to lack of security.</li> </ul>  |

### General information

The financial year 2003/2004 marked a turning point in the institution of traditional leadership. A protracted period of negotiations and deliberations over the policy and legislation culminated in the passing of the White Paper on Traditional Leadership and Governance in June 2003 and the Framework Act on Traditional Leadership and Governance Act, Act No. 41 of 2003, was assented to by the State President in December 2003.

The implications of the Framework Act are bound to be felt in a number of areas of Governance. The Act, inter alia, provides for the recognition of traditional communities, statutory framework for leadership positions, roles and functions of traditional leaders.

The department facilitated an international visit of three members of the House to Ghana in August 2003 towards preparation for the establishment of the Parliament of Traditional Leaders of Africa.



# Programme 9 DISASTER MANAGEMENT



## PROGRAMME 9: DISASTER MANAGEMENT

### Aim

To provide for an integrated and coordinated disaster management programme that focuses on preventing or reducing the risk of disasters, mitigating their severity, emergency preparedness, rapid and effective response to disasters and post disasters recovery.

### Outputs and service delivery trends

| Strategic objective   | Measurable Objective/ Outputs  | Performance /Achievements   |
|---|--|---|
| To provide and implement an effectual Provincial Disaster Management Regulatory Framework | <ul style="list-style-type: none"> <li>Provincial legislation drafted</li> <li>Policy guidelines</li> <li>Monitoring Mechanism</li> <li>Policy implementation programme</li> <li>Impact studies</li> </ul> | <ul style="list-style-type: none"> <li>Provincial Disaster Management Framework will be informed by the national framework.</li> </ul>  |
| To establish and facilitate a Disaster Resource Management Framework                      | <ul style="list-style-type: none"> <li>Disaster Management Centre</li> <li>Integrated disaster management information system</li> </ul>  | <ul style="list-style-type: none"> <li>A building has been identified for the establishment of the Provincial Disaster Management Centre. An amount of R2-million has been approved for the refurbishment of buildings.</li> </ul>  |
| To develop a Disaster Management Communication Framework                                  | <ul style="list-style-type: none"> <li>Disaster Management Communication Strategy</li> </ul>   | <ul style="list-style-type: none"> <li>A national disaster management communication strategy will be completed early in the next financial year. The provincial communication strategy will flow out of the national strategy.</li> </ul>   |
| To facilitate Disaster Management Stakeholder base  | <ul style="list-style-type: none"> <li>Stakeholder framework/ Institutional arrangements</li> <li>Partnerships/ Agreements</li> <li>Stakeholder Information System</li> </ul>                              | <ul style="list-style-type: none"> <li>The department established and coordinated activities of the Drought Relief Committee, whose mandate was to assist communities in the three districts that were declared disaster areas under the Fund Raising Act.</li> <li>The department, with the assistance of SAPS, SANDF and other sector departments, has developed a document on disaster management response guidelines to be activated in the event of emergency and disaster incidents.</li> <li>In collaboration with the Department of Water Affairs and Forestry, the department established Fire Protection Associations in five districts.</li> <li>The department was involved in the Snow Protocol Forum, which included mutual agreement between Kwazulu Natal and the Free State Provinces on the development of snow contingency plan for cross border cooperation during snow.</li> </ul> |
| To provide capacity intervention for Disaster Management                                  | <ul style="list-style-type: none"> <li>Capacity Building interventions</li> <li>Provincial Disaster Management Strategy document</li> </ul>  | <ul style="list-style-type: none"> <li>Training on disaster management, fire prevention and fire fighting was provided to ten local municipalities.</li> <li>Capacity building workshops were held in three district municipalities to review and develop workable disaster management plans that are in line with the IDP requirements.</li> <li>Rendering of training and capacity to five district municipalities on the establishment of Municipal Disaster Management Advisory Forums.</li> </ul>  |



## TRANSFER PAYMENTS

The total amount of R 390 104 000 was transferred to various institutions. Details of these transfers appear in Annexures 1B and 1C of the Annexures of the Financial Statements. All beneficiary institutions demonstrated effective, efficient and transparent financial management and internal control systems. These funds were transferred to:

| Institution    | Amount      |
|----------------|-------------|
| Housing Fund   | 325 403 000 |
| Municipalities | 64 701 000  |

The Housing Fund was managed by the Department of Local Government and Housing as a separate department within the Financial Management System with its own bank account.

## CONDITIONAL GRANTS

The following conditional grants were received by the Department of Local Government and Housing for the reporting period:

### a) Housing Subsidy Grant

Purpose: To finance subsidies under the National Housing Programme

| Division of Revenue Act | Roll over funds | Total allocation | Actual expenditure | Unspent | % of available spent |
|-------------------------|-----------------|------------------|--------------------|---------|----------------------|
| 325 403 000             | -               | 325 403 000      | 325 403 000        | -       | 100%                 |

All funds were deposited in the Exchequer Account of the Free State Provincial Government.

### b) Consolidated Municipal Infrastructure Programme Grant

Purpose: To support and monitor the implementation of the Consolidated Municipal Infrastructure Programme Grant at municipal levels.

| Division of Revenue Act | Roll over funds | Total allocation | Actual expenditure | Unspent   | % of available spent |
|-------------------------|-----------------|------------------|--------------------|-----------|----------------------|
| 3 132 000               | 1 738 000       | 4 870 000        | 2 973 000          | 1 897 000 | 61%                  |

All funds were deposited in the Exchequer Account of the Free State Provincial Government.



c) Human Settlement Redevelopment Grant

Purpose: To fund projects aimed at improving the quality of the environment in urban communities.

| Division of Revenue Act | Roll over funds | Total allocation | Actual expenditure | Unspent    | % of available spent |
|-------------------------|-----------------|------------------|--------------------|------------|----------------------|
| 8 500 000               | 10 931 000      | 19 431 000       | 1 905 000          | 17 526 000 | 10%                  |

All funds were deposited in the Exchequer Account of the Free State Provincial Government.

d) Local Government Capacity Building Grant

Purpose: To assist municipalities experiencing severe financial problems to restructure their financial positions and organisations.

| Division of Revenue Act | Roll over funds | Total allocation | Actual expenditure | Unspent    | % of available spent |
|-------------------------|-----------------|------------------|--------------------|------------|----------------------|
| 30 409 000              | 17 261 000      | 47 670 000       | 33 208 000         | 14 462 000 | 70%                  |

All funds were deposited in the Exchequer Account of the Free State Provincial Government.

**Conditional Grants transferred to Municipalities**

The following conditional grants were transferred by the Department of Local Government and Housing to municipalities

**STATEMENT OF CONDITIONAL GRANTS TRANSFER FROM NATIONAL/PROVINCIAL DEPARTMENTS TO MUNICIPALITIES  
AS AT 31 MARCH 2004 CONVERTED TO THE MUNICIPAL FINANCIAL YEAR AS AT 30 JUNE 2004**

| Category   | Number | Municipality        | 2003/04 National/Provincial Financial Year (NFY) |                               |                               |                               |       | Total for 2003/04 NFY | 2003/04 Municipal Financial Year (MFY) |                               |                               |                               |       | Total for 2003/04 MFY |
|--|--------|---------------------|--|-------------------------------|-------------------------------|-------------------------------|-------|-----------------------|--|-------------------------------|-------------------------------|-------------------------------|-------|-----------------------|
|  |        |                     | 1st quarter ended 30 Jun 2003                    | 2nd quarter ended 30 Sep 2003 | 3rd quarter ended 31 Dec 2003 | 4th quarter ended 31 Mar 2004 | R'000 |                       | 1st quarter ended 30 Jun 2004          | 2nd quarter ended 31 Dec 2003 | 3rd quarter ended 31 Mar 2004 | 4th quarter ended 30 Jun 2004 | R'000 |                       |
|  |        |                     | R'000  | R'000                         | R'000                         | R'000                         | R'000 |                       | R'000                                  | R'000                         | R'000                         | R'000                         | R'000 |                       |
| <b>Human Settlement Grant</b>                    |        |                     |  |                               |                               |                               |       |                       |  |                               |                               |                               |       |                       |
| B  | FS181  | Masilonyana         | -  | -                             | -                             | 25                            | 25    | -                     | -                                      | -                             | 25                            | -                             | -     | 25                    |
| B  |        | Mangaung            | -  | -                             | -                             | 1,880                         | 1,880 | -                     | -                                      | -                             | 1,880                         | -                             | -     | 1,880                 |
| <b>Local Government Capacity Grant (Support)</b> |        |                     |  |                               |                               |                               |       |                       |  |                               |                               |                               |       |                       |
| C  | DC16   | Xhariep             | -  | -                             | -                             | 350                           | 350   | -                     | -                                      | -                             | 350                           | -                             | -     | 350                   |
| B  | FS161  | Letsemeng           | -  | -                             | -                             | 344                           | 344   | -                     | -                                      | -                             | 344                           | -                             | -     | 344                   |
| B  | FS162  | Kopanong            | -  | 28                            | -                             | 1,361                         | 1,389 | -                     | 28                                     | -                             | 1,389                         | -                             | -     | 1,389                 |
| B  | FS163  | Mohokare            | -  | -                             | -                             | 774                           | 774   | -                     | -                                      | -                             | 774                           | -                             | -     | 774                   |
| B  | FS171  | Naledi              | 87   | 110                           | 300                           | 323                           | 820   | 110                   | 300                                    | 323                           | 300                           | 323                           | 300   | 733                   |
| B  | FS173  | Mantsopa            | -  | 59                            | -                             | 604                           | 663   | 59                    | 59                                     | 604                           | -                             | 604                           | -     | 663                   |
| B  | FS181  | Masilonyana         | -  | -                             | -                             | 445                           | 445   | -                     | -                                      | -                             | 445                           | -                             | -     | 445                   |
| B  | FS182  | Tokologo            | -  | 37                            | 70                            | 504                           | 611   | 37                    | 70                                     | 504                           | 70                            | 504                           | 70    | 611                   |
| B  | FS183  | Tswelopele          | -  | -                             | -                             | 700                           | 700   | -                     | -                                      | -                             | 700                           | -                             | -     | 700                   |
| B  | FS184  | Matjhabeng          | -  | -                             | -                             | -                             | -     | -                     | -                                      | -                             | -                             | -                             | -     | -                     |
| B  | FS185  | Nala                | -  | 250                           | 300                           | 221                           | 771   | 250                   | 300                                    | 221                           | 300                           | 221                           | 300   | 771                   |
| B  | FS191  | Setsof              | -  | -                             | -                             | -                             | -     | -                     | -                                      | -                             | -                             | -                             | -     | -                     |
| B  | FS192  | Ditlabeng           | -  | 90                            | -                             | 350                           | 440   | 90                    | 90                                     | 350                           | -                             | 350                           | -     | 440                   |
| B  | FS193  | Nketoana            | -  | -                             | 118                           | 120                           | 238   | -                     | 118                                    | 120                           | 118                           | 120                           | -     | 238                   |
| B  | FS194  | Maluti-a-Phofung    | -  | -                             | 311                           | -                             | 311   | -                     | 311                                    | -                             | 311                           | -                             | -     | 311                   |
| B  | FS195  | Phumelela           | -  | -                             | -                             | 350                           | 350   | -                     | -                                      | -                             | 350                           | -                             | -     | 350                   |
| B  | FS201  | Moqhaka             | -  | -                             | -                             | -                             | -     | -                     | -                                      | -                             | -                             | -                             | -     | -                     |
| B  | FS203  | Ngwathe             | 1,279  | -                             | -                             | 1,059                         | 2,338 | -                     | -                                      | -                             | 1,059                         | -                             | -     | 1,059                 |
| B  | FS204  | Metsimaholo         | 40   | -                             | 19                            | 183                           | 242   | -                     | 19                                     | 183                           | 19                            | 183                           | -     | 202                   |
| C  | DC19   | Thabo Mofutsanyana  | -  | -                             | -                             | 2,004                         | 2,004 | -                     | -                                      | -                             | 2,004                         | -                             | -     | 2,004                 |
| C  | DC20   | Northern Free State | -  | -                             | -                             | 1,337                         | 1,337 | -                     | -                                      | -                             | 1,337                         | -                             | -     | 1,337                 |
| D  | FS205  | Mafulbe             | -  | -                             | 477                           | 1,118                         | 1,595 | -                     | 477                                    | 1,118                         | 477                           | 1,118                         | -     | 1,595                 |



# 2004 **ANNUAL REPORT** LOCAL GOVERNMENT AND HOUSING

## **PART 3**

### **ANNUAL FINANCIAL STATEMENTS**



## **PART 3 ANNUAL FINANCIAL STATEMENTS**

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**DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING VOTE 8  
MANAGEMENT REPORT  
for the year ended 31 MARCH 2004**

Report by the Accounting Officer to the Executive Authority and the Free State Legislature.

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

A total amount of R501 760 000 was appropriated in the main budget of the department with an additional amount of R59 358 000 appropriated in the adjustment budget. The total budget for the financial year ended 31 March 2004 amounts to R 561 118 000. The total expenditure for the financial year ending 31 March 2004 amounted to R 493 746 508 that resulted in a surplus of R 67 371 491. Included in the surplus is an amount of R 53 562 560 already committed in terms of contractual obligations and therefore requested to be rolled over. The balance of the surplus is mainly due to a under spending under personnel expenditure as a result of the new departmental structure approved late in the financial year. During the financial year a number of critical posts were filled within the department.

The department continues to support and work towards integrated service delivery. Since the 2003/2004 financial year funds transferred to municipalities for integrated development plans can only be utilised for spatial development frameworks in order to promote land development in a controlled manner.

A Rental Housing Tribunal was established and Rental Housing Information Offices set up in municipalities. Service providers were appointed to verify RDP houses and informal settlements in all five districts within the province. A forensic audit was conducted in the Housing Chief Directorate.

The long-awaited Municipal Finance Management Act (MFMA) was enacted by government and this concluded policy and legislative framework for transforming local government. However, it is anticipated that its implementation would commence by 01 July 2004. The Municipal Property Rates Bill (which is before the President for assenting) has been approved by Cabinet and the department will go out on campaign to popularise the Act and support municipalities with implementation.



## Budget Reconciliation

|  | 2003/04<br>R'000 | 2002/03<br>R'000 |
|--|------------------|------------------|
| Main appropriation                       | 501,760          | 458,700          |
| Plus: Adjustment estimate                | 59,358           | 40,150           |
| Rollover from previous year              | 58,913           | 58,144           |
| Additional allocation                    | 445              | (19,997)         |
| Unauthorised expenditure approved        | -                | 2,003            |
| <b>Sub -Total</b>                        | <b>561,118</b>   | <b>498,850</b>   |
| Less: Total expenditure                  | (493,746)        | (413,851)        |
| Authorised programme                     | (493,611)        | (411,709)        |
| Unauthorised expenditure approved        | -                | (2,003)          |
| Authorised losses                        | (135)            | (139)            |
| <b>Surplus per appropriation account</b> | <b>67,372</b>    | <b>84,999</b>    |
| Less: Roll over/carried forward          | (53,563)         | (67,610)         |
| <b>Saving</b>                            | <b>13,809</b>    | <b>17,389</b>    |

The amount requested to be rolled over was made up as follows:

|                              |                   |
|------------------------------|-------------------|
| Local Government Support     | 9 418 750         |
| Human Settlement Grant       | 17 640 507        |
| CMIP Management Fees         | 1 896 831         |
| CMIP Capacity Building Grant | 5 080 000         |
| Provincial Infrastructure    | 15 654 719        |
| Informal Settlements         | 2 094 000         |
| Departmental commitments     | 1 777 753         |
| <b>Total</b>                 | <b>53 562 560</b> |



To ensure that the spending with regards to housing delivery increased, the department implemented a programme to unblock all housing projects with problems. As a result, the housing expenditure increased drastically and the department was able to spend the allocation as well as a material portion of the roll over funds.

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

### **2.1 Advertisements: Rezoning fees/removal of restrictions**

#### **Tariff Policy**

A tariff policy regarding the fees payable regarding the following three sets of legislation was developed in the previous financial year:

- Removal of Restrictions Act, 1967 (Act No. 84 of 1967)
- Townships Ordinance, 1969 (Ordinance No. 9 of 1969)
- Development Facilitation Act, 1995 (Act No. 67 of 1995)

Together with any application received regarding the above-mentioned legislation, an application fee of R2 000 was charged together with an undertaking to pay any cost exceeding R2 000 when the advertisement was placed in a newspaper. This action created various problems and to eliminate them the application fee has been increased to R5 000 irrespective of whether the expenditure exceeds this amount or not. Other application fees are also under consideration at present.

The Disaster Management Act (Act No.57 of 2002) was promulgated in December 2002. The purpose of the Act was to provide for an integrated and coordinated disaster management policy, establishment of national, provincial and municipal disaster management centres, establishment of volunteer structures and matters incidental thereto. The President proclaimed the commencement of the Disaster Management Act (Government Gazette No. 26228 dated 31 March 2004) to come to operation in parts. Chapters 1, 2, 3, 4, 6 and 8 are operational as from 1<sup>st</sup> April 2004, and the rest will come into operation on 1<sup>st</sup> July 2004.

### **2.2 Inventories**

The Department has one store handling the provisioning of Inventory items. At the end of the financial year, items to the value of R 52 563 were in the store.

## **3. Capacity Constraints**

A shortage of personnel is currently still being experienced within the department. Although all functions were performed as expected, most personnel were responsible for additional functions, which placed a strain on service delivery. Insufficient office accommodation and resources add to the list of current constraints. The department will endeavour to address these problems within the 2004/2005 financial year.

New departmental vehicles were ordered and delivered as well as vacant posts filled during the last quarter of the 2003/04 financial year and first quarter of the 2004/05 financial year. Actions were also taken to obtain additional office accommodation.



#### **4. Utilisation of donor funds**

Sasol provided top up funding for the Hostel upgrading in Sasolburg due to the fact that the allocation was insufficient. The department has also been given grant funding by the Belgian government to partner with the University of the Free State in establishing Local Governance Unit (LGU) to build leadership capacity in municipalities.

A total of 100 participants (elected leaders and council officials) were trained in a two-week Project Management Course. Funding to the value of R558, 000 was allocated to the LGU and all of these funds were expended.

In partnership with the Australian Government through the Australia South Africa Local Governance Partnership (ASALGP) technical assistance (in lieu of funding) was provided to implement a number of projects which included basic bookkeeping activity – debtors, creditors and cash management for personnel in Mqophaka municipality. Further 200 people were trained in the strengthening of public participation through ward committees in partnership with Matjhabeng Local Municipality with emphasis on planning, budgeting and monitoring.

The department also succeeded in leveraging grant funding to the tune of R10.4 million from the Development Bank of Southern Africa (DBSA) for the implementation of municipal capacity building programme. This programme will be implemented in partnership with State Information Technology Agency (SATA) and DBSA.

#### **5. Other organisations to who transfer payments have been made**

The main functions performed by the department are:

- a) Support, strengthen and ensure sustainable and developmental Local Government and Traditional Authorities
- b) Facilitate and co-ordinate integrated housing and infrastructure development.

As a result of the main functions of the Department, transfer payments are made to the following organisations:

- a) District Municipalities
- b) Local Municipalities
- c) Developers
- d) Households

#### **Accountability arrangements**

A framework for the utilisation of funds and conditions for payments has been set, and are monitored during the payment process. Funds are gazetted and transferred in terms of these the conditions as mentioned in the Gazette.

Annexure 1B and 1C to the financial statements specify individual organisation.



## **6. Corporate governance arrangements**

The new policy and legislative framework, particularly, the Municipal System Act obligate municipal officials and municipal elected leaders to observe code of conduct that guide their conduct and execution of their respective responsibilities.

A risk assessment was conducted in the Department and together with the findings in terms forensic audit related to the housing funds; these risks were taken up in the fraud prevention plan.

The Internal Audit Unit will be established in the 2004/05 financial year, as the post of Head of the Unit was already advertised.

The code of conduct was distributed to all officials within the department to ensure that all officials are aware of the contents of the code. A health and safety committee was established in the department and, on a monthly basis, representatives monitor the working environment that they are responsible for.

## **7. New or proposed activities**

### **7.1 Community Development Workers**

The Department will start with the process of the appointment of Community Development Workers within the 2004/05 financial year. The financial implication will be limited for the 2004/05 financial year, but will increase in the 2005/06 financial year.

### **7.2 Municipal Infrastructure Grant**

As from 1 April 2004, the Municipal Infrastructure Grant was established which aims at providing a basic level of services to all South Africans. Although the transfer of the grant amounts will directly be done to certain District Municipalities and Municipalities, the management fees will be transferred to the Department to manage and assist with the implementation of the programme.

### **7.3 Housing Fund**

During the 2003/2004 financial year the department was responsible for the Housing Fund that was handled as a separate bank account, set of financial records and statements. As from 1 April 2004 the Housing Fund will be phased out and all Housing expenditures will be handled through the normal departmental budget. Until the official closing of the Housing Fund, the accounts will be kept dormant. The department will therefore still compile two separate sets of financial statements and two separate audits will be conducted.

No value is available for the above-mentioned activities.

## **8. Progress with financial management improvement**

To improve the accountability of the department and the effective and efficient utilisation of resources, changes were implemented within the budget processes. The following aspects had an influence:



### **8.1 Budget Structure**

The budget structure of the department changed from 9 programmes to only 5 for the 2004/2005 financial year. These changes were made to ensure a more effective and efficient reporting and to promote accountability and compatibility within the various Departments of Local Government and Housing in other provinces.

### **8.2 Strategic Plan**

Together with the budget for the MTEF period a new revised Strategic Plan that was customized for specific Government Sectors, was implemented through the standardisation a minimum set of information for reporting purposes.

### **8.3 Standard Chart of Accounts**

As from 1 April 2004 the new Standard Chart of Accounts (replace the current standard item structure) was also implemented to ensure that classifications of transactions are consistent between all Government Departments (National and Provincial) and therefore enhances the quality of information derived from the accounting system for various users and enhancing reporting to promote accountability.

The classification of expenditure in terms of the previous standard item levels (Personnel, Administration, Inventories, Equipment, Professional and Special Services, Transfer Payments and Miscellaneous) had also been changed to the International Standard according to Economic Classification (Compensation of Employees, Goods and Services, Transfers and Subsidies, Acquisition of Capital Assets). This was done to ensure International comparison of financial information.

### **8.4 Basic Accounting System**

As from 1 April 2004 the Department implemented the Basic Accounting System in the place of the Financial Management System. The successful implementation was as a result of the training of 59 officials.

## **9. Performance Information**

A process has been embarked upon to report on a quarterly basis in regard to the measurable objectives and outcomes as defined within the Strategic Plan of the Department. The first report will be submitted as from June 2004.

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

As from May 2004 a change in the Executing Authority of the Department took place with the appointment of the new Members of the Provincial Legislature.

## 11. Other

During the 2003/2004 financial year the Department also conducted the following projects:

- a) LED Summit
- b) Housing Lekgotla
- c) Municipal Infrastructure Grant (MIG) Launch

During these projects all roll players related the functions were in detail taken through the various processes of each programme.

### Approval

The annual financial statements set out on pages 74 to 123 have been approved by the Accounting Officer.



.....  
**MS MSIBI**  
**HEAD OF DEPARTMENT**  
**LOCAL GOVERNMENT AND HOUSING**

**26 June 2004**



AUDITOR-GENERAL

**REPORT**

OF THE

**AUDITOR-GENERAL**

TO THE

**FREE STATE LEGISLATURE**

ON THE

**FINANCIAL STATEMENTS OF VOTE 8 - LOCAL GOVERNMENT AND HOUSING**

FOR

**THE YEAR ENDED 31 MARCH 2004**



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**REPORT OF THE AUDITOR-GENERAL TO  
THE FREE STATE LEGISLATURE**

**ON THE FINANCIAL STATEMENTS OF**

**VOTE 8 – DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING  
FOR THE YEAR ENDED 31 MARCH 2004**

**1. AUDIT ASSIGNMENT**

The financial statements as set out on pages 74 to 123, for the year ended 31 March 2004, 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 3 and 5 of the Auditor-General Act, 1995 (Act No. 12 of 1995). These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements, based on the audit.

**2. NATURE AND SCOPE**

The audit was conducted in accordance with Statements of South African Auditing Standards. Those standards require that I plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit includes:

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

Furthermore, an audit includes an examination, on a test basis, of evidence supporting compliance in all material respects with the relevant laws and regulations which came to my attention and are applicable to financial matters.

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

**3. AUDIT OPINION**

In my opinion, the financial statements fairly present, in all material respects, the financial position of the Department of Local Government and Housing at 31 March 2004 and the results of its operations and cash flows for the year then ended, in accordance with prescribed accounting practice and in the manner required by the Public Finance Management Act, 1999 Act No. 1 of 1999).



## **4. EMPHASIS OF MATTER**

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

### **4.1. Matters affecting the financial statements**

#### **4.1.1 Revenue: Rezoning fees**

The completeness and accuracy of income amounting to R844 000 could not be verified as no reconciliation between the rezoning fees register and the FMS was performed during the year under review, while certain supporting documentation were not available for audit purposes.

The revenue list of tariffs for the different types of revenue items to be recovered by the directorates and which must be submitted to the accounting officer for recommendation to the provincial treasury could also not be submitted for audit purposes.

Similar matters were reported in paragraph 4.1.1 of the previous report but to no avail.

### **4.2 Matters not affecting the financial statements**

#### **4.2.1 Matters in the public interest**

##### **(a) Amounts owed by the former MEC**

##### **(i) Private purchases on credit card**

A private expense of R1 779 for the months of February and March 2004 was not recovered.

In terms of paragraph 4 of Provincial Accountant General Accounting Circular A2 of 2003/2004, the amount is payable within 30 days.

##### **(ii) Outstanding advance**

An advance of R19 210 (R15 000 capital and R4 210 interest) made to the former MEC which should have been cleared by 23 July 2001 was still not repaid.



**(b) Procurement: failure to invite tenders**

In terms of section 38(1)(a)(iii) of the Public Finance Management Act, 1999 (Act No. 1 of 1999) [PFMA], the accounting officer must institute procedures to ensure a fair and transparent process. The General Procurement Guidelines published by the Minister of Finance during November 2000 prescribed that tenders must be invited for the procurement of goods and services of more than R100 000. In various cases tested, tenders were not invited for amounts exceeding the threshold prescribed by the guidelines as the accounting officer approved the non-invitation of tenders. In all the instances management explained that it was due to the urgency of the case, but this office was of the view that a lack of proper planning contributed to this unsatisfactory state of affairs. The cases included the following:

- Computer courses – R199 650
- Office furniture – R358 178
- Computer courses – R 157 142

**4.2.2 Non-compliance with laws and regulations**

**(a) Cash management: Timeous depositing of money**

Monies received were not in all instances banked as soon as possible as required by Treasury Regulation 15.10.1 due to the absence of a management framework regarding cash management.

**(b) Supply chain management**

The department could not submit the provincial treasury's instructions or evidence to indicate that it was on course and able to comply with instructions relating to supply chain management published in a Government Gazette dated 5 December 2003. This constituted non-compliance with section 76(4)(c) of the PFMA and Provincial Treasury Instructions.

**4.2.3 Financial management**

**Internal audit and audit committee**

In terms of section 38(1)(a)(ii) of the PFMA the accounting officer must ensure that the department has and maintains a system of internal audit under the control and direction of an audit committee complying with and operating in accordance with sections 76 and 77 of the PFMA.

Neither an internal audit unit nor an audit committee had been established by the department for the year under review as prescribed by the said act and treasury regulations.

This matter has also been reported on in paragraph 4.2.4(a) of the previous report.

**4.2.4 The Division of Revenue Act, 2003**

(a) Due to inadequate management control procedures, the audit revealed various deficiencies and cases of non-compliance with sections 16(1)(b) and 18(1) of the said act like differences in

amount spent and the amounts reflected in reports, non-submission of reports by municipalities and disclosing of certain information in the financial statements.

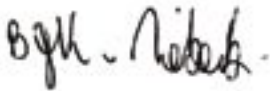
- (b) Furthermore, rollover amounts totalling R7,4 million were paid to municipalities during March 2004 without any written assurance from municipalities to indicate for which purpose these amounts will be spent.

**5. SUBMISSION OF FINANCIAL STATEMENTS**

Although the financial statements were submitted to this office on 31 May 2004 as prescribed by section 40(1)(c) of the PFMA, certain deficiencies were revealed. The statements were returned for amendments and the final set of statements was only signed on 26 June 2004.

**6. APPRECIATION**

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



**B J K VAN NIEKERK  
FOR AUDITOR-GENERAL**

**25 August 2004**



**REPORT OF THE AUDITOR-GENERAL  
TO  
THE FREE STATE LEGISLATURE  
ON THE FINANCIAL STATEMENTS  
OF THE SMALL HOLDINGS TRUST FUNDS  
FOR THE YEAR ENDED 31 MARCH 2004**

**1. AUDIT ASSIGNMENT**

The financial statements as set out on pages 124 to 130, for the year ended 31 March 2004, 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 3 and 5 of the Auditor-General Act, 1995 (Act No. 12 of 1995). These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements, based on the audit.

**2. NATURE AND SCOPE**

The audit was conducted in accordance with Statements of South African Auditing Standards. Those standards require that I plan and perform the audit to obtain reasonable assurance that the financial statements are free of material misstatement.

An audit includes:

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

Furthermore, an audit includes an examination, on a test basis, of evidence supporting compliance in all material respects with the relevant laws and regulations which came to my attention and are applicable to financial matters.

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

**3. AUDIT OPINION**

In my opinion, the financial statements fairly present, in all material respects, the financial position of the Small Holdings Trust Funds at 31 March 2004 and the results of its operations and cash flows for the year then ended, in accordance with South African Statements of Generally Accepted Accounting Practice.



#### **4. EMPHASIS OF MATTER**

##### **4.1 Matters not affecting the financial statements**

###### **Deeds of trust**

A trust deed indicating the purpose of the trust and the utilisation of the monies could still not be submitted for audit purposes. The matter was also reported in paragraph 4.1 of the previous report.

#### **5. SUBMISSION OF FINANCIAL STATEMENTS**

Although the financial statements were submitted to this office on 31 May 2004 as prescribed by section 40(1)(c) of the PFMA, certain deficiencies were revealed. The statements were returned for amendments, the final set of statements was only signed on 26 June 2004.

#### **6. APPRECIATION**

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

**B J K VAN NIEKERK  
FOR AUDITOR-GENERAL**

**25 August 2004**



**DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING VOTE 8**  
**STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS**  
**for the year ended 31 MARCH 2004**

The financial statements have been prepared in accordance with the following policies, which have been applied consistently in all material respects, 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), the Treasury Regulations for Departments and Constitutional Institutions issued in terms of the Act and the Division of Revenue Act, Act 7 of 2003.

**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. The reporting entity is in transition from reporting on a cash basis of accounting to reporting on an accrual basis of accounting. Under the cash basis of accounting transactions and other events are recognised when cash is received or paid. Under the accrual basis of accounting transactions and other events are recognised when incurred and not when cash is received or paid.

**2 Revenue**

Voted funds are the amounts appropriated to a department in accordance with the final budget known as the Adjusted Estimates of Provincial Expenditure. Unexpended voted funds are annually surrendered to the Provincial Revenue Fund. Interest and dividends received are recognised upon receipt of the funds, and no accrual is made for interest or dividends receivable from the last receipt date to the end of the reporting period. They are recognised as revenue in the financial statements of the department and then transferred annually to the Provincial Revenue Fund.

**3 Donor Aid**

Donor Aid is recognised in the income statement in accordance with the cash basis of accounting.

**4 Current expenditure**

Current expenditure is recognised in the income statement when the payment is made.

**5 Unauthorised, irregular, and fruitless and wasteful expenditure**

Unauthorised expenditure means:

- the overspending of a vote or a main division within a vote, or
- expenditure that was not made in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

Unauthorised expenditure is treated as a current asset in the balance sheet until such expenditure is recovered from a third party or funded from future voted funds.

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

- the Public Finance Management Act,
- any provincial legislation providing for procurement procedures in that provincial government.

Irregular expenditure is treated as expenditure in the income statement.

Fruitless and wasteful expenditure means expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful must be recovered from a responsible official (a debtor account should be raised), or the vote if responsibility cannot be determined. It is treated as a current asset in the balance sheet until such expenditure is recovered from the responsible official or funded from future voted funds.



**DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING VOTE 8  
STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS  
for the year ended 31 MARCH 2004**

**6 Debts written off**

Debts are written off when identified as irrecoverable. Debts written-off are limited to the amount of surplus funds available to the department. No provision is made for irrecoverable amounts.

**7 Capital expenditure**

Expenditure for physical items on hand on 31 March 2004 to be consumed in the following financial year, is written off in full when they are paid and are accounted for as expenditure in the income statement.

**8 Investments**

Non-current investments excluding marketable securities are shown at cost and adjustments are made only where in the opinion of the accounting officer, the investment is impaired. Where an investment has been impaired, it is recognised as an expense in the period in which the impairment is identified. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the income statement.

**9 Investments in controlled entities**

Investments in controlled entities are those entities where the reporting entity has the ability to exercise any of the following powers to govern the financial and operating policies of the entity in order to obtain benefits from its activities:

- To appoint or remove all, or the majority of, the members of that entity's board of directors or equivalent governing body;
- To appoint or remove the entity's chief executive officer;
- To cast all, or the majority of, the votes at meetings of that board of directors or equivalent governing body; or
- To control all, or the majority of, the voting rights at a general meeting of that entity.

Investments in controlled entities are shown at cost.

**10 Receivables**

Receivables are not normally recognised under the cash basis of accounting. However, receivables included in the balance sheet arise from cash payments that are recoverable from another party. Receivables for services delivered are not recognised in the balance sheet as a current asset or as income in the income statement, as the financial statements are prepared on a cash basis of accounting, but are disclosed separately as part of the disclosure notes to enhance the usefulness of the financial statements.

**11 Payables**

Payables are not normally recognised under the cash basis of accounting. However, payables included in the balance sheet arise from cash receipts that are due to the Provincial Revenue Fund or another party.

**12 Provisions**

A provision is a liability of uncertain timing or amount. Provisions are not normally recognised under the cash basis of accounting, but are disclosed separately as part of the disclosure notes to enhance the usefulness of the financial statements.

**13 Lease commitments**

Lease commitments for the period remaining from the reporting date until the end of the lease contract are disclosed as part of the disclosure note to the financial statements. These commitments are not recognised in the balance sheet as a liability or as expenditure in the income statements the financial statements are prepared on the cash basis of accounting.



**DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING VOTE 8  
STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS  
for the year ended 31 MARCH 2004**

**14 Accruals**

This amount represents goods/services that have been delivered, but no invoice has been received from the supplier at reporting date, OR an invoice has been received but remains unpaid at year end. These amounts are not recognised in the balance sheet as a liability or as expenditure in the income statement as the financial statements are prepared on a cash basis of accounting, but are however disclosed as part of the disclosure notes.

**15 Employee benefits**

*Short-term employee benefits*

The cost of short-term employee benefits is expensed in the income statement in the reporting period when the payment is made. Short-term employee benefits, that give rise to a present legal or constructive obligation, are deferred until they can be reliably measured and then expensed. Details of these benefits and the potential liabilities are disclosed as a disclosure note to the financial statements and are not recognised in the income statement.

*Termination benefits*

Termination benefits are recognised and expensed only when the payment is made.

*Retirement benefits*

The department provides retirement benefits for 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 money is paid to the fund. No provision is made for retirement benefits in the financial statements of the department. Any potential liabilities are disclosed in the financial statements of the Provincial Revenue Fund and not in the financial statements of the employer department.

*Medical benefits*

The department provides medical benefits for certain employees through defined benefit plans. These benefits are funded by employer and/or employee contributions. Employer contributions to the fund are expensed when money is paid to the fund. No provision is made for medical benefits in the financial statements of the department.

Retirement medical benefits for retired members are expensed when the payment is made to the fund.

**16 Capitalisation reserve**

The capitalisation reserve represents an amount equal to the value of the investments and/or loans capitalised for the first time in the previous financial year. On disposal, repayment or recovery, such amounts are transferable to the Revenue Fund.

**17 Recoverable revenue**

Recoverable revenue represents payments made and recognised in the income statement as an expense in previous years due to non-performance in accordance with an agreement, which have now become recoverable from a debtor. Repayments are transferred to the Revenue Fund as and when the repayment is received.

**18 Comparative figures**

Where necessary, comparative figures have been restated to conform to changes in presentation in the current year. The comparative figures shown in these financial statements are limited to the figures shown in the previous year's audited financial statements and such other comparative figures that the department may reasonably have available for reporting.

**DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING VOTE 8  
APPROPRIATION STATEMENT  
for the year ended 31 March 2004**

| Programme                               |  |                |                          |                          |                                      |  |                          |                          |         |
|---|--|----------------|--------------------------|--------------------------|--------------------------------------|--|--------------------------|--------------------------|---------|
| 2003/04                                 |  |                |                          |                          |                                      |  |                          |                          |         |
|   | Adjusted Appropriation R'000                           | Virement R'000 | Revised Allocation R'000 | Actual Expenditure R'000 | Savings / Under-spend (Excess) R'000 | Expenditure as % of revised allocation | Revised Allocation R'000 | Actual Expenditure R'000 | 2002/03 |
| <b>1 Administration</b>                 |  |                |                          |                          |                                      |  |                          |                          |         |
| Current                                 | 18,250   | (304)          | 17,946                   | 13,381                   | 4,565                                | 75%                                    | 15,482                   | 10,225                   |         |
| Capital                                 | 550  | -              | 550                      | 425                      | 125                                  | 77%                                    | 1,909                    | 1,909                    |         |
| <b>2 Technical Advisory Services</b>    |  |                |                          |                          |                                      |  |                          |                          |         |
| Current                                 | 8,010  | -              | 8,010                    | 7,079                    | 931                                  | 88%                                    | 3,748                    | 3,004                    |         |
| Capital                                 | 100  | -              | 100                      | 26                       | 74                                   | 26%                                    | 272                      | 272                      |         |
| <b>3 Spatial Planning</b>               |  |                |                          |                          |                                      |  |                          |                          |         |
| Current                                 | 9,817  | (160)          | 9,657                    | 8,318                    | 1,339                                | 86%                                    | 11,618                   | 8,122                    |         |
| Capital                                 | 260  | 160            | 420                      | 415                      | 5                                    | 99%                                    | 5                        | 5                        |         |
| <b>4 Land Use Administration</b>        |  |                |                          |                          |                                      |  |                          |                          |         |
| Current                                 | 9,320  | -              | 9,320                    | 6,293                    | 3,027                                | 68%                                    | 7,781                    | 4,410                    |         |
| Capital                                 | 200  | -              | 200                      | 50                       | 150                                  | 25%                                    | 251                      | 251                      |         |
| <b>5 Housing</b>                        |  |                |                          |                          |                                      |  |                          |                          |         |
| Current                                 | 68,245   | 21             | 68,266                   | 50,434                   | 17,832                               | 74%                                    | 38,885                   | 19,998                   |         |
| Capital                                 | 353,753  | -              | 353,753                  | 338,119                  | 15,634                               | 96%                                    | 338,159                  | 309,589                  |         |
| <b>6 Finance Management and Advice</b>  |  |                |                          |                          |                                      |  |                          |                          |         |
| Current                                 | 22,340   | 207            | 22,547                   | 18,126                   | 4,421                                | 80%                                    | 40,481                   | 27,082                   |         |
| Capital                                 | 672  | (172)          | 500                      | 496                      | 4                                    | 99%                                    | 198                      | 198                      |         |
| <b>7 Local Government Establishment</b> |  |                |                          |                          |                                      |  |                          |                          |         |
| Current                                 | 57,186   | (172)          | 57,014                   | 39,507                   | 17,507                               | 69%                                    | 28,643                   | 18,853                   |         |
| Capital                                 | 375  | 172            | 547                      | 433                      | 114                                  | 79%                                    | 414                      | 414                      |         |
| <b>8 Traditional Affairs</b>            |  |                |                          |                          |                                      |  |                          |                          |         |
| Current                                 | 9,658  | (92)           | 9,566                    | 8,447                    | 1,119                                | 88%                                    | 8,706                    | 7,221                    |         |
| Capital                                 | 210  | 340            | 550                      | 543                      | 7                                    | 99%                                    | 295                      | 295                      |         |
| <b>9 Disaster Management</b>            |  |                |                          |                          |                                      |  |                          |                          |         |
| Current                                 | 2,142  | -              | 2,142                    | 1,654                    | 488                                  | 77%                                    | -                        | -                        |         |
| Capital                                 | 30   | -              | 30                       | -                        | 30                                   | 0%                                     | -                        | -                        |         |
| <b>Total</b>                            | <b>561,118</b>   | <b>-</b>       | <b>561,118</b>           | <b>493,746</b>           | <b>67,372</b>                        | <b>88%</b>                             | <b>496,847</b>           | <b>411,848</b>           |         |
| Reconciliation with Income Statement    |  |                |                          |                          |                                      |  |                          |                          |         |
| Add:                                    | Local and foreign aid assistance (including RDP funds) |                |                          |                          |                                      |  |                          |                          |         |
| Less:                                   | Unauthorised, Fruitless and wasteful expenditure       |                |                          |                          |                                      |  |                          |                          |         |
| Actual amounts per Income Statement     |  |                |                          |                          |                                      |  |                          |                          |         |
|   |  |                | <b>561,582</b>           | <b>494,210</b>           |                                      |  |                          | <b>413,945</b>           |         |



**DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING VOTE 8  
APPROPRIATION STATEMENT  
for the year ended 31 March 2004**

|   | 2003/04                      |                |                          |                          |                                      | 2002/03                                |                          |                          |
|---|------------------------------|----------------|--------------------------|--------------------------|--------------------------------------|--|--------------------------|--------------------------|
|   | Adjusted Appropriation R'000 | Virement R'000 | Revised Allocation R'000 | Actual Expenditure R'000 | Savings / Under-spend (Excess) R'000 | Expenditure as % of revised allocation | Revised Allocation R'000 | Actual Expenditure R'000 |
| <b>Direct charge against the Provincial Revenue Fund</b>    |                              |                |                          |                          |                                      |  |                          |                          |
| List all direct charges against the Provincial Revenue Fund | 561,118                      | -              | 561,118                  | 493,746                  | 67,372                               | 88%                                    | 496,847                  | 411,848                  |
| <b>Total</b>  | <b>561,118</b>               | <b>-</b>       | <b>561,118</b>           | <b>493,746</b>           | <b>67,372</b>                        | <b>88%</b>                             | <b>496,847</b>           | <b>411,848</b>           |
|   | 2003/04                      |                |                          |                          |                                      | 2002/03                                |                          |                          |
| <b>Economic classification</b>                              |                              |                |                          |                          |                                      |  |                          |                          |
| <b>Current</b>  |                              |                |                          |                          |                                      |  |                          |                          |
| Personnel   | 58,281                       | 51             | 58,332                   | 50,215                   | 8,117                                | 86%                                    | 48,989                   | 39,249                   |
| Transfer payments   | 56,788                       | 12,907         | 69,695                   | 53,305                   | 16,390                               | 76%                                    | 27,020                   | 23,923                   |
| Other   | 89,899                       | (13,456)       | 76,441                   | 49,719                   | 26,722                               | 65%                                    | 79,335                   | 35,743                   |
| <b>Capital</b>  |                              |                |                          |                          |                                      |  |                          |                          |
| Transfer payments   | 351,313                      | -              | 351,313                  | 336,799                  | 14,514                               | 96%                                    | 337,850                  | 309,280                  |
| Acquisition of capital assets                               | 4,837                        | 500            | 5,337                    | 3,708                    | 1,629                                | 69%                                    | 3,653                    | 3,653                    |
| <b>Total</b>  | <b>561,118</b>               | <b>-</b>       | <b>561,118</b>           | <b>493,746</b>           | <b>67,372</b>                        | <b>88%</b>                             | <b>496,847</b>           | <b>411,848</b>           |
|   | 2003/04                      |                |                          |                          |                                      | 2002/03                                |                          |                          |
| <b>Standard item classification</b>                         |                              |                |                          |                          |                                      |  |                          |                          |
| Personnel   | 58,281                       | 51             | 58,332                   | 50,215                   | 8,117                                | 86%                                    | 48,989                   | 39,249                   |
| Administrative  | 17,419                       | (185)          | 17,234                   | 13,146                   | 4,088                                | 76%                                    | 9,931                    | 7,418                    |
| Inventories   | 2,644                        | 96             | 2,740                    | 1,578                    | 1,162                                | 58%                                    | 2,320                    | 1,425                    |
| Equipment   | 7,969                        | 268            | 8,237                    | 5,018                    | 3,219                                | 61%                                    | 8,066                    | 4,548                    |
| Professional and special services                           | 64,084                       | (13,137)       | 50,947                   | 31,244                   | 19,703                               | 61%                                    | 36,850                   | 23,806                   |
| Transfer payments   | 408,101                      | 12,907         | 421,008                  | 390,104                  | 30,904                               | 93%                                    | 367,691                  | 333,203                  |
| Miscellaneous   | 2,620                        | -              | 2,620                    | 2,441                    | 179                                  | 93%                                    | 3,000                    | 2,199                    |
| <b>Total</b>  | <b>561,118</b>               | <b>-</b>       | <b>561,118</b>           | <b>493,746</b>           | <b>67,372</b>                        | <b>88%</b>                             | <b>496,847</b>           | <b>411,848</b>           |

**DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING VOTE 8  
DETAIL PER PROGRAMME 1: ADMINISTRATION  
for the year ended 31 March 2004**

| Programme per subprogramme  | 2003/04                      |                |                          |                          |                                      | 2002/03                                |                          |                          |
|-----------------------------|------------------------------|----------------|--------------------------|--------------------------|--------------------------------------|--|--------------------------|--------------------------|
|                             | Adjusted Appropriation R'000 | Virement R'000 | Revised Allocation R'000 | Actual Expenditure R'000 | Savings / Under-spend (Excess) R'000 | Expenditure as % of revised allocation | Revised Allocation R'000 | Actual Expenditure R'000 |
| <b>1.1 MEC</b>              |                              |                |                          |                          |                                      |  |                          |                          |
| Current                     | 3,805                        | -              | 3,805                    | 2,997                    | 808                                  | 79%                                    | 3,948                    | 1,886                    |
| Capital                     | 150                          | (110)          | 40                       | 12                       | 28                                   | 30%                                    | 134                      | 134                      |
| <b>1.2 Support Services</b> |                              |                |                          |                          |                                      |  |                          |                          |
| Current                     | 12,163                       | (304)          | 11,859                   | 8,672                    | 3,187                                | 73%                                    | 9,711                    | 7,388                    |
| Capital                     | 100                          | 310            | 410                      | 378                      | 32                                   | 92%                                    | 1,775                    | 1,775                    |
| <b>1.3 Communication</b>    |                              |                |                          |                          |                                      |  |                          |                          |
| Current                     | 2,282                        | -              | 2,282                    | 1,712                    | 570                                  | 75%                                    | 1,823                    | 951                      |
| Capital                     | 300                          | (200)          | 100                      | 35                       | 65                                   | 35%                                    | -                        | -                        |
| <b>Total</b>                | <b>18,800</b>                | <b>(304)</b>   | <b>18,496</b>            | <b>13,806</b>            | <b>4,690</b>                         | <b>75%</b>                             | <b>17,391</b>            | <b>12,134</b>            |

| Economic classification       | 2003/04                      |                |                          |                          |                                      | 2002/03                                |                          |                          |
|-------------------------------|------------------------------|----------------|--------------------------|--------------------------|--------------------------------------|--|--------------------------|--------------------------|
|                               | Adjusted Appropriation R'000 | Virement R'000 | Revised Allocation R'000 | Actual Expenditure R'000 | Savings / Under-spend (Excess) R'000 | Expenditure as % of revised allocation | Revised Allocation R'000 | Actual Expenditure R'000 |
| <b>Current</b>                |                              |                |                          |                          |                                      |  |                          |                          |
| Personnel                     | 8,765                        | (23)           | 8,742                    | 7,068                    | 1,684                                | 81%                                    | 7,857                    | 5,335                    |
| Other                         | 9,485                        | (281)          | 9,204                    | 6,323                    | 2,881                                | 69%                                    | 7,625                    | 4,890                    |
| <b>Capital</b>                |                              |                |                          |                          |                                      |  |                          |                          |
| Acquisition of capital assets | 550                          | -              | 550                      | 425                      | 125                                  | 77%                                    | 1,909                    | 1,909                    |
| <b>Total</b>                  | <b>18,800</b>                | <b>(304)</b>   | <b>18,496</b>            | <b>13,806</b>            | <b>4,690</b>                         | <b>75%</b>                             | <b>17,391</b>            | <b>12,134</b>            |

| Standard item classification      | 2003/04                      |                |                          |                          |                                      | 2002/03                                |                          |                          |
|-----------------------------------|------------------------------|----------------|--------------------------|--------------------------|--------------------------------------|--|--------------------------|--------------------------|
|                                   | Adjusted Appropriation R'000 | Virement R'000 | Revised Allocation R'000 | Actual Expenditure R'000 | Savings / Under-spend (Excess) R'000 | Expenditure as % of revised allocation | Revised Allocation R'000 | Actual Expenditure R'000 |
| Personnel                         | 8,765                        | (23)           | 8,742                    | 7,068                    | 1,684                                | 81%                                    | 7,857                    | 5,335                    |
| Administration                    | 6,633                        | (281)          | 6,352                    | 4,925                    | 1,427                                | 78%                                    | 4,177                    | 3,090                    |
| Inventories                       | 980                          | -              | 980                      | 548                      | 432                                  | 56%                                    | 884                      | 795                      |
| Equipment                         | 1,618                        | (3)            | 1,615                    | 727                      | 888                                  | 45%                                    | 3,816                    | 2,251                    |
| Professional and special services | 804                          | 3              | 807                      | 542                      | 265                                  | 67%                                    | 657                      | 663                      |
| Miscellaneous                     | -                            | -              | -                        | 6                        | (6)                                  | -                                      | -                        | -                        |
| <b>Total</b>                      | <b>18,800</b>                | <b>(304)</b>   | <b>18,496</b>            | <b>13,806</b>            | <b>4,690</b>                         | <b>75%</b>                             | <b>17,391</b>            | <b>12,134</b>            |



**DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING VOTE 8  
DETAIL PER PROGRAMME 2: TECHNICAL ADVISORY SERVICES  
for the year ended 31 March 2004**

| Programme per subprogramme             | 2003/04                      |                |                          |                          |                                      | 2002/03                                |                          |                          |
|--|------------------------------|----------------|--------------------------|--------------------------|--------------------------------------|--|--------------------------|--------------------------|
|  | Adjusted Appropriation R'000 | Virement R'000 | Revised Allocation R'000 | Actual Expenditure R'000 | Savings / Under-spend (Excess) R'000 | Expenditure as % of revised allocation | Revised Allocation R'000 | Actual Expenditure R'000 |
| <b>2.1 Technical Advisory Services</b> |                              |                |                          |                          |                                      |  |                          |                          |
| Current                                | 8,010                        | -              | 8,010                    | 7,079                    | 931                                  | 88%                                    | 3,748                    | 3,004                    |
| Capital                                | 100                          | -              | 100                      | 26                       | 74                                   | 26%                                    | 272                      | 272                      |
| <b>Total</b>                           | <b>8,110</b>                 | <b>-</b>       | <b>8,110</b>             | <b>7,105</b>             | <b>1,005</b>                         | <b>88%</b>                             | <b>4,020</b>             | <b>3,276</b>             |

| Economic classification       | 2003/04                      |                |                          |                          |                                      | 2002/03                                |                          |                          |
|-------------------------------|------------------------------|----------------|--------------------------|--------------------------|--------------------------------------|--|--------------------------|--------------------------|
|                               | Adjusted Appropriation R'000 | Virement R'000 | Revised Allocation R'000 | Actual Expenditure R'000 | Savings / Under-spend (Excess) R'000 | Expenditure as % of revised allocation | Revised Allocation R'000 | Actual Expenditure R'000 |
| <b>Current</b>                |                              |                |                          |                          |                                      |  |                          |                          |
| Personnel                     | 3,972                        | 500            | 4,472                    | 4,186                    | 286                                  | 94%                                    | 2,048                    | 1,356                    |
| Other                         | 4,038                        | (500)          | 3,538                    | 2,893                    | 645                                  | 82%                                    | 1,700                    | 1,648                    |
| <b>Capital</b>                |                              |                |                          |                          |                                      |  |                          |                          |
| Acquisition of capital assets | 100                          | -              | 100                      | 26                       | 74                                   | 26%                                    | 272                      | 272                      |
| <b>Total</b>                  | <b>8,110</b>                 | <b>-</b>       | <b>8,110</b>             | <b>7,105</b>             | <b>1,005</b>                         | <b>88%</b>                             | <b>4,020</b>             | <b>3,276</b>             |

| Standard item classification      | 2003/04                      |                |                          |                          |                                      | 2002/03                                |                          |                          |
|-----------------------------------|------------------------------|----------------|--------------------------|--------------------------|--------------------------------------|--|--------------------------|--------------------------|
|                                   | Adjusted Appropriation R'000 | Virement R'000 | Revised Allocation R'000 | Actual Expenditure R'000 | Savings / Under-spend (Excess) R'000 | Expenditure as % of revised allocation | Revised Allocation R'000 | Actual Expenditure R'000 |
| Personnel                         | 3,972                        | 500            | 4,472                    | 4,186                    | 286                                  | 94%                                    | 2,048                    | 1,356                    |
| Administration                    | 1,730                        | (445)          | 1,285                    | 1,004                    | 281                                  | 78%                                    | 433                      | 297                      |
| Inventories                       | 111                          | 15             | 126                      | 101                      | 25                                   | 80%                                    | 22                       | 22                       |
| Equipment                         | 552                          | (70)           | 482                      | 46                       | 436                                  | 10%                                    | 42                       | 5                        |
| Professional and special services | 1,745                        | -              | 1,745                    | 1,727                    | 18                                   | 99%                                    | 1,475                    | 1,596                    |
| Miscellaneous                     | -                            | -              | -                        | 41                       | (41)                                 | -                                      | -                        | -                        |
| <b>Total</b>                      | <b>8,110</b>                 | <b>-</b>       | <b>8,110</b>             | <b>7,105</b>             | <b>1,005</b>                         | <b>88%</b>                             | <b>4,020</b>             | <b>3,276</b>             |

**DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING VOTE 8  
DETAIL PER PROGRAMME 3: SPATIAL PLANNING  
for the year ended 31 March 2004**

| Programme per subprogramme  | 2003/04                         |                   |                             |                             |   | 2002/03                                |                             |                             |
|-----------------------------|---------------------------------|-------------------|-----------------------------|-----------------------------|---|--|-----------------------------|-----------------------------|
|                             | Adjusted Appropriation<br>R'000 | Virement<br>R'000 | Revised Allocation<br>R'000 | Actual Expenditure<br>R'000 | Savings / Under-spend (Excess)<br>R'000 | Expenditure as % of revised allocation | Revised Allocation<br>R'000 | Actual Expenditure<br>R'000 |
| <b>3.1 Spatial Planning</b> |                                 |                   |                             |                             |   |  |                             |                             |
| Current                     | 9,817                           | (160)             | 9,657                       | 8,318                       | 1,339                                   | 86%                                    | 11,618                      | 8,122                       |
| Capital                     | 260                             | 160               | 420                         | 415                         | 5                                       | 99%                                    | 5                           | 5                           |
| <b>Total</b>                | <b>10,077</b>                   | <b>-</b>          | <b>10,077</b>               | <b>8,733</b>                | <b>1,344</b>                            | <b>87%</b>                             | <b>11,623</b>               | <b>8,127</b>                |

| Economic classification       | 2003/04                         |                   |                             |                             |   | 2002/03                                |                             |                             |
|-------------------------------|---------------------------------|-------------------|-----------------------------|-----------------------------|---|--|-----------------------------|-----------------------------|
|                               | Adjusted Appropriation<br>R'000 | Virement<br>R'000 | Revised Allocation<br>R'000 | Actual Expenditure<br>R'000 | Savings / Under-spend (Excess)<br>R'000 | Expenditure as % of revised allocation | Revised Allocation<br>R'000 | Actual Expenditure<br>R'000 |
| <b>Current</b>                |                                 |                   |                             |                             |   |  |                             |                             |
| Personnel                     | 6,274                           | -                 | 6,274                       | 5,466                       | 808                                     | 87%                                    | 6,428                       | 5,452                       |
| Transfer payments             | 2,030                           | -                 | 2,030                       | 1,949                       | 81                                      | 96%                                    | 3,100                       | 1,399                       |
| Other                         | 1,513                           | (160)             | 1,353                       | 903                         | 450                                     | 67%                                    | 2,090                       | 1,271                       |
| <b>Capital</b>                |                                 |                   |                             |                             |   |  |                             |                             |
| Acquisition of capital assets | 260                             | 160               | 420                         | 415                         | 5                                       | 99%                                    | 5                           | 5                           |
| <b>Total</b>                  | <b>10,077</b>                   | <b>-</b>          | <b>10,077</b>               | <b>8,733</b>                | <b>1,344</b>                            | <b>87%</b>                             | <b>11,623</b>               | <b>8,127</b>                |

| Standard item classification      | 2003/04                         |                   |                             |                             |   | 2002/03                                |                             |                             |
|-----------------------------------|---------------------------------|-------------------|-----------------------------|-----------------------------|---|--|-----------------------------|-----------------------------|
|                                   | Adjusted Appropriation<br>R'000 | Virement<br>R'000 | Revised Allocation<br>R'000 | Actual Expenditure<br>R'000 | Savings / Under-spend (Excess)<br>R'000 | Expenditure as % of revised allocation | Revised Allocation<br>R'000 | Actual Expenditure<br>R'000 |
| Personnel                         | 6,274                           | -                 | 6,274                       | 5,466                       | 808                                     | 87%                                    | 6,428                       | 5,452                       |
| Administration                    | 501                             | -                 | 501                         | 436                         | 65                                      | 87%                                    | 453                         | 332                         |
| Inventories                       | 141                             | -                 | 141                         | 57                          | 84                                      | 40%                                    | 194                         | 99                          |
| Equipment                         | 462                             | 92                | 554                         | 472                         | 82                                      | 85%                                    | 801                         | 450                         |
| Professional and special services | 669                             | (92)              | 577                         | 353                         | 224                                     | 61%                                    | 647                         | 395                         |
| Transfer payments                 | 2,030                           | -                 | 2,030                       | 1,949                       | 81                                      | 96%                                    | 3,100                       | 1,399                       |
| <b>Total</b>                      | <b>10,077</b>                   | <b>-</b>          | <b>10,077</b>               | <b>8,733</b>                | <b>1,344</b>                            | <b>87%</b>                             | <b>11,623</b>               | <b>8,127</b>                |



**DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING VOTE 8  
DETAIL PER PROGRAMME 4: LAND USE ADMINISTRATION  
for the year ended 31 March 2004**

| Programme per subprogramme         | 2003/04                      |                |                          |                          |                                     | 2002/03                                |                          |                          |
|------------------------------------|------------------------------|----------------|--------------------------|--------------------------|-------------------------------------|--|--------------------------|--------------------------|
|                                    | Adjusted Appropriation R'000 | Virement R'000 | Revised Allocation R'000 | Actual Expenditure R'000 | Savings / Underspend (Excess) R'000 | Expenditure as % of revised allocation | Revised Allocation R'000 | Actual Expenditure R'000 |
| <b>4.1 Land Use Administration</b> |                              |                |                          |                          |                                     |  |                          |                          |
| Current                            | 9,320                        | -              | 9,320                    | 6,293                    | 3,027                               | 68%                                    | 7,781                    | 4,410                    |
| Capital                            | 200                          | -              | 200                      | 50                       | 150                                 | 25%                                    | 251                      | 251                      |
| <b>Total</b>                       | <b>9,520</b>                 | <b>-</b>       | <b>9,520</b>             | <b>6,343</b>             | <b>3,177</b>                        | <b>67%</b>                             | <b>8,032</b>             | <b>4,661</b>             |

| Economic classification       | 2003/04                      |                |                          |                          |                                     | 2002/03                                |                          |                          |
|-------------------------------|------------------------------|----------------|--------------------------|--------------------------|-------------------------------------|--|--------------------------|--------------------------|
|                               | Adjusted Appropriation R'000 | Virement R'000 | Revised Allocation R'000 | Actual Expenditure R'000 | Savings / Underspend (Excess) R'000 | Expenditure as % of revised allocation | Revised Allocation R'000 | Actual Expenditure R'000 |
| <b>Current</b>                |                              |                |                          |                          |                                     |  |                          |                          |
| Personnel                     | 5,428                        | (490)          | 4,938                    | 3,573                    | 1,365                               | 72%                                    | 4,227                    | 3,428                    |
| Transfer payments             | 1,500                        | -              | 1,500                    | 1,500                    | -                                   | 100%                                   | 1,500                    | -                        |
| Other                         | 2,392                        | 490            | 2,882                    | 1,220                    | 1,662                               | 42%                                    | 2,054                    | 982                      |
| <b>Capital</b>                |                              |                |                          |                          |                                     |  |                          |                          |
| Acquisition of capital assets | 200                          | -              | 200                      | 50                       | 150                                 | 25%                                    | 251                      | 251                      |
| <b>Total</b>                  | <b>9,520</b>                 | <b>-</b>       | <b>9,520</b>             | <b>6,343</b>             | <b>3,177</b>                        | <b>67%</b>                             | <b>8,032</b>             | <b>4,661</b>             |

| Standard item classification      | 2003/04                      |                |                          |                          |                                     | 2002/03                                |                          |                          |
|-----------------------------------|------------------------------|----------------|--------------------------|--------------------------|-------------------------------------|--|--------------------------|--------------------------|
|                                   | Adjusted Appropriation R'000 | Virement R'000 | Revised Allocation R'000 | Actual Expenditure R'000 | Savings / Underspend (Excess) R'000 | Expenditure as % of revised allocation | Revised Allocation R'000 | Actual Expenditure R'000 |
| Personnel                         | 5,428                        | (490)          | 4,938                    | 3,573                    | 1,365                               | 72%                                    | 4,227                    | 3,428                    |
| Administration                    | 1,098                        | 605            | 1,703                    | 1,073                    | 630                                 | 63%                                    | 1,259                    | 848                      |
| Inventories                       | 154                          | -              | 154                      | 58                       | 96                                  | 38%                                    | 100                      | 51                       |
| Equipment                         | 505                          | (20)           | 485                      | 85                       | 400                                 | 18%                                    | 395                      | 284                      |
| Professional and special services | 835                          | (95)           | 740                      | 44                       | 696                                 | 6%                                     | 551                      | 50                       |
| Transfer payments                 | 1,500                        | -              | 1,500                    | 1,500                    | -                                   | 100%                                   | 1,500                    | -                        |
| Miscellaneous                     | -                            | -              | -                        | 10                       | (10)                                | -                                      | -                        | -                        |
| <b>Total</b>                      | <b>9,520</b>                 | <b>-</b>       | <b>9,520</b>             | <b>6,343</b>             | <b>3,177</b>                        | <b>67%</b>                             | <b>8,032</b>             | <b>4,661</b>             |

**DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING VOTE 8  
DETAIL PER PROGRAMME 5: HOUSING  
for the year ended 31 March 2004**

| Programme per subprogramme | 2003/04                      |                |                          |                          |                                      | 2002/03                                |                          |                          |
|----------------------------|------------------------------|----------------|--------------------------|--------------------------|--------------------------------------|--|--------------------------|--------------------------|
|                            | Adjusted Appropriation R'000 | Virement R'000 | Revised Allocation R'000 | Actual Expenditure R'000 | Savings / Under-spend (Excess) R'000 | Expenditure as % of revised allocation | Revised Allocation R'000 | Actual Expenditure R'000 |
| <b>5.1 Housing</b>         |                              |                |                          |                          |                                      |  |                          |                          |
| Current                    | 68,245                       | 21             | 68,266                   | 50,434                   | 17,832                               | 74%                                    | 38,885                   | 19,998                   |
| Capital                    | 353,753                      | -              | 353,753                  | 338,119                  | 15,634                               | 96%                                    | 338,159                  | 309,589                  |
| <b>Total</b>               | <b>421,998</b>               | <b>21</b>      | <b>422,019</b>           | <b>388,553</b>           | <b>33,466</b>                        | <b>92%</b>                             | <b>377,044</b>           | <b>329,587</b>           |

| Economic classification       | 2003/04                      |                |                          |                          |                                      | 2002/03                                |                          |                          |
|-------------------------------|------------------------------|----------------|--------------------------|--------------------------|--------------------------------------|--|--------------------------|--------------------------|
|                               | Adjusted Appropriation R'000 | Virement R'000 | Revised Allocation R'000 | Actual Expenditure R'000 | Savings / Under-spend (Excess) R'000 | Expenditure as % of revised allocation | Revised Allocation R'000 | Actual Expenditure R'000 |
| <b>Current</b>                |                              |                |                          |                          |                                      |  |                          |                          |
| Personnel                     | 12,392                       | 21             | 12,413                   | 10,365                   | 2,048                                | 84%                                    | 10,775                   | 8,761                    |
| Transfer payments             | 44,894                       | -              | 44,894                   | 34,133                   | 10,761                               | 76%                                    | 22,382                   | 7,977                    |
| Other                         | 10,959                       | -              | 10,959                   | 5,936                    | 5,023                                | 54%                                    | 5,728                    | 3,260                    |
| <b>Capital</b>                |                              |                |                          |                          |                                      |  |                          |                          |
| Transfer payments             | 351,313                      | -              | 351,313                  | 336,799                  | 14,514                               | 96%                                    | 337,850                  | 309,280                  |
| Acquisition of capital assets | 2,440                        | -              | 2,440                    | 1,320                    | 1,120                                | 54%                                    | 309                      | 309                      |
| <b>Total</b>                  | <b>421,998</b>               | <b>21</b>      | <b>422,019</b>           | <b>388,553</b>           | <b>33,466</b>                        | <b>92%</b>                             | <b>377,044</b>           | <b>329,587</b>           |

| Standard item classification      | 2003/04                      |                |                          |                          |                                      | 2002/03                                |                          |                          |
|-----------------------------------|------------------------------|----------------|--------------------------|--------------------------|--------------------------------------|--|--------------------------|--------------------------|
|                                   | Adjusted Appropriation R'000 | Virement R'000 | Revised Allocation R'000 | Actual Expenditure R'000 | Savings / Under-spend (Excess) R'000 | Expenditure as % of revised allocation | Revised Allocation R'000 | Actual Expenditure R'000 |
| Personnel                         | 12,392                       | 21             | 12,413                   | 10,365                   | 2,048                                | 84%                                    | 10,775                   | 8,761                    |
| Administration                    | 2,684                        | -              | 2,684                    | 1,912                    | 772                                  | 71%                                    | 1,625                    | 1,204                    |
| Inventories                       | 688                          | -              | 688                      | 357                      | 331                                  | 52%                                    | 557                      | 258                      |
| Equipment                         | 2,102                        | -              | 2,102                    | 1,654                    | 448                                  | 79%                                    | 1,318                    | 439                      |
| Professional and special services | 7,925                        | -              | 7,925                    | 3,319                    | 4,606                                | 42%                                    | 2,537                    | 1,668                    |
| Transfer payments                 | 396,207                      | -              | 396,207                  | 370,932                  | 25,275                               | 94%                                    | 360,232                  | 317,257                  |
| Miscellaneous                     | -                            | -              | -                        | 14                       | (14)                                 | -                                      | -                        | -                        |
| <b>Total</b>                      | <b>421,998</b>               | <b>21</b>      | <b>422,019</b>           | <b>388,553</b>           | <b>33,466</b>                        | <b>92%</b>                             | <b>377,044</b>           | <b>329,587</b>           |

Amounts restated in regard to the 2002/03

**DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING VOTE 8  
DETAIL PER PROGRAMME 6: FINANCIAL MANAGEMENT AND ADVICE  
for the year ended 31 March 2004**

| Programme per subprogramme                 | 2003/04                      |                |                          |                          |                                      | 2002/03                                |                          |                          |
|--|------------------------------|----------------|--------------------------|--------------------------|--------------------------------------|--|--------------------------|--------------------------|
|  | Adjusted Appropriation R'000 | Virement R'000 | Revised Allocation R'000 | Actual Expenditure R'000 | Savings / Under-spend (Excess) R'000 | Expenditure as % of revised allocation | Revised Allocation R'000 | Actual Expenditure R'000 |
| <b>6.1 Financial Management and Advice</b> |                              |                |                          |                          |                                      |  |                          |                          |
| Current                                    | 22,340                       | 207            | 22,547                   | 18,126                   | 4,421                                | 80%                                    | 40,481                   | 27,082                   |
| Capital                                    | 672                          | (172)          | 500                      | 496                      | 4                                    | 99%                                    | 198                      | 198                      |
| <b>Total</b>                               | <b>23,012</b>                | <b>35</b>      | <b>23,047</b>            | <b>18,622</b>            | <b>4,425</b>                         | <b>81%</b>                             | <b>40,679</b>            | <b>27,280</b>            |

| Economic classification       | 2003/04                      |                |                          |                          |                                      | 2002/03                                |                          |                          |
|-------------------------------|------------------------------|----------------|--------------------------|--------------------------|--------------------------------------|--|--------------------------|--------------------------|
|                               | Adjusted Appropriation R'000 | Virement R'000 | Revised Allocation R'000 | Actual Expenditure R'000 | Savings / Under-spend (Excess) R'000 | Expenditure as % of revised allocation | Revised Allocation R'000 | Actual Expenditure R'000 |
| <b>Current</b>                |                              |                |                          |                          |                                      |  |                          |                          |
| Personnel                     | 6,822                        | (115)          | 6,707                    | 6,570                    | 137                                  | 98%                                    | 6,610                    | 5,333                    |
| Other                         | 15,518                       | 322            | 15,840                   | 11,556                   | 4,284                                | 73%                                    | 33,871                   | 21,749                   |
| <b>Capital</b>                |                              |                |                          |                          |                                      |  |                          |                          |
| Acquisition of capital assets | 672                          | (172)          | 500                      | 496                      | 4                                    | 99%                                    | 198                      | 198                      |
| <b>Total</b>                  | <b>23,012</b>                | <b>35</b>      | <b>23,047</b>            | <b>18,622</b>            | <b>4,425</b>                         | <b>81%</b>                             | <b>40,679</b>            | <b>27,280</b>            |

| Standard item classification      | 2003/04                      |                |                          |                          |                                      | 2002/03                                |                          |                          |
|-----------------------------------|------------------------------|----------------|--------------------------|--------------------------|--------------------------------------|--|--------------------------|--------------------------|
|                                   | Adjusted Appropriation R'000 | Virement R'000 | Revised Allocation R'000 | Actual Expenditure R'000 | Savings / Under-spend (Excess) R'000 | Expenditure as % of revised allocation | Revised Allocation R'000 | Actual Expenditure R'000 |
| Personnel                         | 6,822                        | (115)          | 6,707                    | 6,570                    | 137                                  | 98%                                    | 6,610                    | 5,333                    |
| Administration                    | 704                          | (103)          | 601                      | 430                      | 171                                  | 72%                                    | 289                      | 208                      |
| Inventories                       | 201                          | 133            | 334                      | 259                      | 75                                   | 78%                                    | 277                      | 100                      |
| Equipment                         | 845                          | 120            | 965                      | 686                      | 279                                  | 71%                                    | 534                      | 289                      |
| Professional and special services | 11,840                       | -              | 11,840                   | 8,341                    | 3,499                                | 70%                                    | 29,969                   | 19,151                   |
| Miscellaneous                     | 2,600                        | -              | 2,600                    | 2,336                    | 264                                  | 90%                                    | 3,000                    | 2,199                    |
| <b>Total</b>                      | <b>23,012</b>                | <b>35</b>      | <b>23,047</b>            | <b>18,622</b>            | <b>4,425</b>                         | <b>81%</b>                             | <b>40,679</b>            | <b>27,280</b>            |

Amounts restated in regard to 2002/03

**DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING VOTE 8  
DETAIL PER PROGRAMME 7: LOCAL GOVERNMENT ESTABLISHMENT  
for the year ended 31 March 2004**

| Programme per subprogramme                | 2003/04                      |                |                          |                          |                                      |  | 2002/03                  |                          |
|---|------------------------------|----------------|--------------------------|--------------------------|--------------------------------------|--|--------------------------|--------------------------|
|   | Adjusted Appropriation R'000 | Virement R'000 | Revised Allocation R'000 | Actual Expenditure R'000 | Savings / Under-spend (Excess) R'000 | Expenditure as % of revised allocation | Revised Allocation R'000 | Actual Expenditure R'000 |
| <b>7.1 Local Government Establishment</b> |                              |                |                          |                          |                                      |  |                          |                          |
| Current                                   | 57,186                       | (172)          | 57,014                   | 39,507                   | 17,507                               | 69%                                    | 28,643                   | 18,853                   |
| Capital                                   | 375                          | 172            | 547                      | 433                      | 114                                  | 79%                                    | 414                      | 414                      |
| <b>Total</b>                              | <b>57,561</b>                | <b>-</b>       | <b>57,561</b>            | <b>39,940</b>            | <b>17,621</b>                        | <b>69%</b>                             | <b>29,057</b>            | <b>19,267</b>            |

| Economic classification       | 2003/04                      |                |                          |                          |                                      |  | 2002/03                  |                          |
|-------------------------------|------------------------------|----------------|--------------------------|--------------------------|--------------------------------------|--|--------------------------|--------------------------|
|                               | Adjusted Appropriation R'000 | Virement R'000 | Revised Allocation R'000 | Actual Expenditure R'000 | Savings / Under-spend (Excess) R'000 | Expenditure as % of revised allocation | Revised Allocation R'000 | Actual Expenditure R'000 |
| <b>Current</b>                |                              |                |                          |                          |                                      |  |                          |                          |
| Personnel                     | 6,394                        | -              | 6,394                    | 5,114                    | 1,280                                | 80%                                    | 3,899                    | 3,474                    |
| Transfer payments             | 8,164                        | 12,907         | 21,071                   | 15,723                   | 5,348                                | 75%                                    | 22,859                   | 14,548                   |
| Other                         | 42,628                       | (13,079)       | 29,549                   | 18,670                   | 10,879                               | 63%                                    | 1,885                    | 831                      |
| <b>Capital</b>                |                              |                |                          |                          |                                      |  |                          |                          |
| Acquisition of capital assets | 375                          | 172            | 547                      | 433                      | 114                                  | 79%                                    | 414                      | 414                      |
| <b>Total</b>                  | <b>57,561</b>                | <b>-</b>       | <b>57,561</b>            | <b>39,940</b>            | <b>17,621</b>                        | <b>69%</b>                             | <b>29,057</b>            | <b>19,267</b>            |

| Standard item classification      | 2003/04                      |                |                          |                          |                                      |  | 2002/03                  |                          |
|-----------------------------------|------------------------------|----------------|--------------------------|--------------------------|--------------------------------------|--|--------------------------|--------------------------|
|                                   | Adjusted Appropriation R'000 | Virement R'000 | Revised Allocation R'000 | Actual Expenditure R'000 | Savings / Under-spend (Excess) R'000 | Expenditure as % of revised allocation | Revised Allocation R'000 | Actual Expenditure R'000 |
| Personnel                         | 6,394                        | -              | 6,394                    | 5,114                    | 1,280                                | 80%                                    | 3,899                    | 3,474                    |
| Administration                    | 1,558                        | 49             | 1,607                    | 1,346                    | 261                                  | 84%                                    | 750                      | 458                      |
| Inventories                       | 209                          | (33)           | 176                      | 125                      | 51                                   | 71%                                    | 155                      | 46                       |
| Equipment                         | 1,099                        | (10)           | 1,089                    | 697                      | 392                                  | 64%                                    | 630                      | 464                      |
| Professional and special services | 40,137                       | (12,913)       | 27,224                   | 16,916                   | 10,308                               | 62%                                    | 764                      | 277                      |
| Transfer payments                 | 8,164                        | 12,907         | 21,071                   | 15,723                   | 5,348                                | 75%                                    | 22,859                   | 14,548                   |
| Miscellaneous                     | -                            | -              | -                        | 19                       | (19)                                 | -                                      | -                        | -                        |
| <b>Total</b>                      | <b>57,561</b>                | <b>-</b>       | <b>57,561</b>            | <b>39,940</b>            | <b>17,621</b>                        | <b>69%</b>                             | <b>29,057</b>            | <b>19,267</b>            |

Amounts restated in regard to 2002/03

**DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING VOTE 8  
DETAIL PER PROGRAMME 8: TRADITIONAL AFFAIRS  
for the year ended 31 March 2004**

| Programme per subprogramme     | 2003/04                      |                |                          |                          |                                      |  | 2002/03                  |                          |
|--------------------------------|------------------------------|----------------|--------------------------|--------------------------|--------------------------------------|--|--------------------------|--------------------------|
|                                | Adjusted Appropriation R'000 | Virement R'000 | Revised Allocation R'000 | Actual Expenditure R'000 | Savings / Under-spend (Excess) R'000 | Expenditure as % of revised allocation | Revised Allocation R'000 | Actual Expenditure R'000 |
| <b>8.1 Traditional Affairs</b> |                              |                |                          |                          |                                      |  |                          |                          |
| Current                        | 9,658                        | (92)           | 9,566                    | 8,447                    | 1,119                                | 88%                                    | 8,706                    | 7,221                    |
| Capital                        | 210                          | 340            | 550                      | 543                      | 7                                    | 99%                                    | 295                      | 295                      |
| <b>Total</b>                   | <b>9,868</b>                 | <b>248</b>     | <b>10,116</b>            | <b>8,990</b>             | <b>1,126</b>                         | <b>89%</b>                             | <b>9,001</b>             | <b>7,516</b>             |

| Economic classification       | 2003/04                      |                |                          |                          |                                      |  | 2002/03                  |                          |
|-------------------------------|------------------------------|----------------|--------------------------|--------------------------|--------------------------------------|--|--------------------------|--------------------------|
|                               | Adjusted Appropriation R'000 | Virement R'000 | Revised Allocation R'000 | Actual Expenditure R'000 | Savings / Under-spend (Excess) R'000 | Expenditure as % of revised allocation | Revised Allocation R'000 | Actual Expenditure R'000 |
| <b>Current</b>                |                              |                |                          |                          |                                      |  |                          |                          |
| Personnel                     | 6,781                        | 158            | 6,939                    | 6,567                    | 372                                  | 95%                                    | 7,404                    | 6,109                    |
| Other                         | 2,877                        | (250)          | 2,627                    | 1,880                    | 747                                  | 72%                                    | 1,302                    | 1,112                    |
| <b>Capital</b>                |                              |                |                          |                          |                                      |  |                          |                          |
| Acquisition of capital assets | 210                          | 340            | 550                      | 543                      | 7                                    | 99%                                    | 295                      | 295                      |
| <b>Total</b>                  | <b>9,868</b>                 | <b>248</b>     | <b>10,116</b>            | <b>8,990</b>             | <b>1,126</b>                         | <b>89%</b>                             | <b>9,001</b>             | <b>7,516</b>             |

| Standard item classification      | 2003/04                      |                |                          |                          |                                      |  | 2002/03                  |                          |
|-----------------------------------|------------------------------|----------------|--------------------------|--------------------------|--------------------------------------|--|--------------------------|--------------------------|
|                                   | Adjusted Appropriation R'000 | Virement R'000 | Revised Allocation R'000 | Actual Expenditure R'000 | Savings / Under-spend (Excess) R'000 | Expenditure as % of revised allocation | Revised Allocation R'000 | Actual Expenditure R'000 |
| Personnel                         | 6,781                        | 158            | 6,939                    | 6,567                    | 372                                  | 95%                                    | 7,404                    | 6,109                    |
| Administration                    | 2,161                        | (50)           | 2,111                    | 1,739                    | 372                                  | 82%                                    | 843                      | 980                      |
| Inventories                       | 150                          | (20)           | 130                      | 65                       | 65                                   | 50%                                    | 124                      | 54                       |
| Equipment                         | 696                          | 160            | 856                      | 618                      | 238                                  | 72%                                    | 530                      | 367                      |
| Professional and special services | 60                           | -              | 60                       | 1                        | 59                                   | 2%                                     | 100                      | 6                        |
| Miscellaneous                     | 20                           | -              | 20                       | -                        | 20                                   | 0%                                     | -                        | -                        |
| <b>Total</b>                      | <b>9,868</b>                 | <b>248</b>     | <b>10,116</b>            | <b>8,990</b>             | <b>1,126</b>                         | <b>89%</b>                             | <b>9,001</b>             | <b>7,516</b>             |

**DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING VOTE 8  
DETAIL PER PROGRAMME 9: DISASTER MANAGEMENT  
for the year ended 31 March 2004**

| Programme per subprogramme     | 2003/04                      |                |                          |                          |                                      |  | 2002/03                  |                          |
|--------------------------------|------------------------------|----------------|--------------------------|--------------------------|--------------------------------------|--|--------------------------|--------------------------|
|                                | Adjusted Appropriation R'000 | Virement R'000 | Revised Allocation R'000 | Actual Expenditure R'000 | Savings / Under-spend (Excess) R'000 | Expenditure as % of revised allocation | Revised Allocation R'000 | Actual Expenditure R'000 |
| <b>9.1 Disaster Management</b> |                              |                |                          |                          |                                      |  |                          |                          |
| Current                        | 2,142                        | -              | 2,142                    | 1,654                    | 488                                  | 76%                                    | -                        | -                        |
| Capital                        | 30                           | -              | 30                       | -                        | 30                                   | 0%                                     | -                        | -                        |
| <b>Total</b>                   | <b>2,172</b>                 | <b>-</b>       | <b>2,172</b>             | <b>1,654</b>             | <b>518</b>                           | <b>76%</b>                             | <b>-</b>                 | <b>-</b>                 |

| Economic classification       | 2003/04                      |                |                          |                          |                                      |  | 2002/03                  |                          |
|-------------------------------|------------------------------|----------------|--------------------------|--------------------------|--------------------------------------|--|--------------------------|--------------------------|
|                               | Adjusted Appropriation R'000 | Virement R'000 | Revised Allocation R'000 | Actual Expenditure R'000 | Savings / Under-spend (Excess) R'000 | Expenditure as % of revised allocation | Revised Allocation R'000 | Actual Expenditure R'000 |
| <b>Current</b>                |                              |                |                          |                          |                                      |  |                          |                          |
| Personnel                     | 1,453                        | -              | 1,453                    | 1,316                    | 137                                  | 91%                                    | -                        | -                        |
| Transfer payments             | 200                          | -              | 200                      | -                        | 200                                  | 0%                                     | -                        | -                        |
| Other                         | 489                          | -              | 489                      | 338                      | 151                                  | 69%                                    | -                        | -                        |
| <b>Capital</b>                |                              |                |                          |                          |                                      |  |                          |                          |
| Acquisition of capital assets | 30                           | -              | 30                       | -                        | 30                                   | 0%                                     | -                        | -                        |
| <b>Total</b>                  | <b>2,172</b>                 | <b>-</b>       | <b>2,172</b>             | <b>1,654</b>             | <b>518</b>                           | <b>76%</b>                             | <b>-</b>                 | <b>-</b>                 |

| Standard item classification      | 2003/04                      |                |                          |                          |                                      |  | 2002/03                  |                          |
|-----------------------------------|------------------------------|----------------|--------------------------|--------------------------|--------------------------------------|--|--------------------------|--------------------------|
|                                   | Adjusted Appropriation R'000 | Virement R'000 | Revised Allocation R'000 | Actual Expenditure R'000 | Savings / Under-spend (Excess) R'000 | Expenditure as % of revised allocation | Revised Allocation R'000 | Actual Expenditure R'000 |
| Personnel                         | 1,453                        | -              | 1,453                    | 1,316                    | 137                                  | 91%                                    | -                        | -                        |
| Administration                    | 350                          | 40             | 390                      | 281                      | 109                                  | 72%                                    | -                        | -                        |
| Inventories                       | 10                           | 1              | 11                       | 8                        | 3                                    | 73%                                    | -                        | -                        |
| Equipment                         | 90                           | (1)            | 89                       | 33                       | 56                                   | 37%                                    | -                        | -                        |
| Professional and special services | 69                           | (40)           | 29                       | 1                        | 28                                   | 3%                                     | -                        | -                        |
| Transfer payments                 | 200                          | -              | 200                      | -                        | 200                                  | 0%                                     | -                        | -                        |
| Miscellaneous                     | -                            | -              | -                        | 15                       | (15)                                 | -                                      | -                        | -                        |
| <b>Total</b>                      | <b>2,172</b>                 | <b>-</b>       | <b>2,172</b>             | <b>1,654</b>             | <b>518</b>                           | <b>76%</b>                             | <b>-</b>                 | <b>-</b>                 |



## DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING VOTE 8 NOTES TO THE APPROPRIATION STATEMENT for the year ended 31 MARCH 2004

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

Detail of these transactions can be viewed in note 8 (Transfer payments) and Annexure 1 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 of special functions (theft and losses)

Detail of these transactions per programme can be viewed in note 10.2 (Details of special functions (theft and losses)) to the annual financial statements.

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

#### 4.1 Per programme:

##### Programme 1: Administration

The underspending is mainly related to the vacant posts not being filled and the effect thereof also reflect in the underspending of the other standard items. Due to the not advertising of all vacant post a under spending on advertising cost occurred. Less expenditure also occurred under the administrative expenditure due to the lower number of officials. The underspending under Equipment is due to furniture and computer equipment not purchased due to vacant posts.

##### Programme 2: Technical Advisory Services

The underspending is mainly related to air transport and the maintenance and fuel allowances of subsidised vehicles. Equipment were also ordered but were not delivered in the financial year.

##### Programme 3: Spatial Planning

The underspending is mainly related to 6 vacant posts not filled and the Web based GIS not implemented in the Province. A saving occurred under Inventories as a result in the replacing of IDP hard copy documents with CD's.

##### Programme 4: Land Use

The underspending is mainly related to vacant posts not being filled and the a decrease in the number of applications received for Town Ship Establishment. This also had a effect of the number of sittings of the Township Board

##### Programme 5: Housing

The underspending is mainly related to the not filling of vacant posts, the Human Settlement Grant (Conditional Grant) not spend as well as the Provincial Infrastructure funds not all being utilised. The Human



## DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING VOTE 8 NOTES TO THE APPROPRIATION STATEMENT for the year ended 31 MARCH 2004

Settlement Grant and Provincial Infrastructure funds were requested to be rolled over as it were already committed. The amounts in regard to the 2002/03 financial year were restated due to the combination of programmes.

### Programme 6: Financial Management and Advice

The underspending is mainly related to the amount not spend in regard to Management Fees related to Infrastructure (Conditional Grant) but due to the commitments the amount was requested to be rolled over. The amounts in regard to the 2002/03 financial year were restated due to the combination of programmes.

### Programme 7: Local Government Establishment

The underspending is mainly due to vacant posts not being filled as well as conditional grants related to Local Government Supports and Capacity Building not being utilised. These grants were requested to be rolled over. The amounts in regard to the 2002/03 financial year were restated due to the combination of programmes.

### Programme 8: Traditional Affairs

The underspending is mainly due to vacant posts not being filled and the impact thereof on the other standard items.

### Programme 9: Disaster Management

The underspending is mainly due to vacant posts not being filled and the impact thereof on the other standard items and transfer payments related to the disaster that were not utilised.

## 4.2 Per standard item:

### Personnel:

The underexpenditure is mainly related to vacant posts not being filled. A number of posts were filled during the second half of the financial year.

### Administrative:

The underspending is due to vacant posts not being filled and the administrative costs budgeted for were therefor not utilised

### Inventories:

The underspending is mainly due to the vacant posts not being filled and consumable stock therefore not needed.



**DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING VOTE 8  
NOTES TO THE APPROPRIATION STATEMENT  
for the year ended 31 MARCH 2004**

**Equipment:**

As all vacant posts were not filled furniture and equipment were not needed. Technical equipment ordered were also not delivered in the financial year.

**Professional and Special Services:**

The underspending is mainly related to the lower number of sittings by the Townshipsboard, the Development Tribunal not yet established, Informal settlements, lower payments made to Sita and the CSIR in regard to computer programmes, CMIP management fees and Local Government Capacity Building grants.

**Transfer Payments:**

The underspending is mainly related to Human Settlement Grant, Local Government Support Grant, Capacity Building Grant and Provincial Infrastructure. These amounts were requested to be rolled over.



**DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING VOTE 8  
INCOME STATEMENT (STATEMENT OF FINANCIAL PERFORMANCE)  
for the year ended 31 March 2004**

|  | Note | 2003/04<br>R'000 | 2002/03<br>R'000 |
|--|------|------------------|------------------|
| <b>REVENUE</b>                                     |      |                  |                  |
| Voted funds  |      | 561,118          | 498,850          |
| Annual Appropriation                               | 1    | 561,118          | 496,847          |
| Appropriation for unauthorised expenditure         |      | -                | 2,003            |
| None voted funds                                   |      |                  |                  |
| Local and foreign aid assistance (incl. RDP funds) | 3    | 464              | 94               |
| <b>TOTAL REVENUE</b>                               |      | <b>561,582</b>   | <b>498,944</b>   |
| <b>EXPENDITURE</b>                                 |      |                  |                  |
| <b>Current</b>                                     |      |                  |                  |
| Personnel  | 4    | 50,215           | 39,249           |
| Administrative                                     |      | 13,146           | 7,418            |
| Inventories  | 5    | 1,578            | 1,425            |
| Machinery and Equipment                            | 6    | 1,310            | 895              |
| Professional and special services                  | 7    | 31,244           | 23,806           |
| Transfer payments                                  | 8    | 53,305           | 23,923           |
| Miscellaneous                                      | 9    | 2,306            | 2,060            |
| Special functions: authorised losses               | 10   | 135              | 139              |
| Local and foreign aid assistance (incl. RDP funds) | 3    | 464              | 94               |
| Unauthorised expenditure approved                  | 11   | -                | 2,003            |
| <b>Total Current Expenditure</b>                   |      | <b>153,703</b>   | <b>101,012</b>   |
| <b>Capital</b>                                     |      |                  |                  |
| Machinery and Equipment                            | 6    | 3,708            | 3,653            |
| Transfer payments                                  | 8    | 336,799          | 309,280          |
| <b>Total Capital Expenditure</b>                   |      | <b>340,507</b>   | <b>312,933</b>   |



|   |    |                |                |
|---|----|----------------|----------------|
| <b>TOTAL EXPENDITURE</b>  |    | <b>494,210</b> | <b>413,945</b> |
| <b>NET SURPLUS/(DEFICIT)</b>  |    | <b>67,372</b>  | <b>84,999</b>  |
| Add back unauthorised and fruitless and wasteful expenditure disallowed | 11 | -              | 1,500          |
| <b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>                               |    | <b>67,372</b>  | <b>86,499</b>  |
| <b>Reconciliation of Net Surplus/(Deficit) for the year</b>             |    |                |                |
| Voted Funds to be surrendered to the Revenue Fund                       | 15 | <b>67,372</b>  | <b>86,499</b>  |
| <b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>                               |    | <b>67,372</b>  | <b>86,499</b>  |
| Amount in regard to 2002/03 restated                                    |    |                |                |



**DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING VOTE 8  
BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)  
at 31 March 2004**

| <b>ASSETS</b>                                       | <b>Note</b> | <b>2003/04</b> | <b>2002/03</b> |
|---|-------------|----------------|----------------|
|   |             | <b>R'000</b>   | <b>R'000</b>   |
| <b>Current assets</b>                               |             | <b>82,692</b>  | <b>94,060</b>  |
| Unauthorised and fruitless and wasteful expenditure | 11          | -              | 1,500          |
| Cash and cash equivalents                           | 12          | -              | 90,014         |
| Voted funds to be surrendered to the Revenue Fund   | 15          | 67,428         | -              |
| Receivables   | 13          | 15,264         | 2,546          |
| <b>Non-current assets</b>                           |             | <b>6,420</b>   | <b>5,857</b>   |
| Investments   | 14          | 6,420          | 5,857          |
| <b>TOTAL ASSETS</b>                                 |             | <b>89,112</b>  | <b>99,917</b>  |
| <b>LIABILITIES</b>                                  |             |                |                |
| <b>Current liabilities</b>                          |             | <b>89,110</b>  | <b>99,857</b>  |
| Voted funds to be surrendered to the Revenue Fund   | 15          | -              | 84,999         |
| Bank overdraft                                      | 12          | 77,711         |                |
| Payables  | 17          | 11,399         | 13,358         |
| Provision   |             | -              | 1,500          |
| <b>TOTAL LIABILITIES</b>                            |             | <b>89,110</b>  | <b>99,857</b>  |
| <b>NET ASSETS/LIABILITIES</b>                       |             | <b>2</b>       | <b>60</b>      |
| <b>Represented by:</b>                              |             | <b>2</b>       | <b>60</b>      |
| Recoverable revenue                                 |             | 2              | 60             |
| <b>TOTAL</b>  |             | <b>2</b>       | <b>60</b>      |



**DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING VOTE 8**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**for the year ended 31 March 2004**

|                              | <b>Note</b> | <b>2003/04</b> | <b>2002/03</b> |
|------------------------------|-------------|----------------|----------------|
|                              |             | <b>R'000</b>   | <b>R'000</b>   |
| <b>Recoverable revenue</b>   |             |                |                |
| Opening balance              |             | 60             | 60             |
| Transfer to the Revenue Fund |             | (58)           | -              |
| Closing balance              |             | <u>2</u>       | <u>60</u>      |
| <b>TOTAL</b>                 |             | <u>2</u>       | <u>60</u>      |



**DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING VOTE 8**  
**CASH FLOW STATEMENT**  
**for the year ended 31 March 2004**

|  | <b>Note</b> | <b>2003/04</b>   | <b>2002/03</b> |
|--|-------------|------------------|----------------|
|  |             | <b>R'000</b>     | <b>R'000</b>   |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                        |             |                  |                |
| Net cash flow generated by operating activities                    | 18          | 273,079          | 397,932        |
| Cash generated / (utilised) to (increase)/decrease working capital | 19          | (14,313)         | 15,343         |
| Voted funds and Revenue funds surrendered                          | 20          | (85,984)         | (65,494)       |
| Unauthorised expenditure approved                                  | 11          | -                | 2,003          |
| <b>Net cash flow available from operating activities</b>           |             | <b>172,782</b>   | <b>349,784</b> |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                        |             |                  |                |
| Capital expenditure  |             | (340,507)        | (312,933)      |
| <b>Net cash flows from operating and investing activities</b>      |             | <b>(167,725)</b> | <b>36,851</b>  |
| <b>Net increase/(decrease) in cash and cash equivalents</b>        |             | <b>(167,725)</b> | <b>36,851</b>  |
| <b>Cash and cash equivalents at beginning of period</b>            |             | <b>90,014</b>    | <b>53,163</b>  |
| <b>Cash and cash equivalents at end of period</b>                  | 12          | <b>(77,711)</b>  | <b>90,014</b>  |



**DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING VOTE 8  
NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 MARCH 2004**

**1 Annual Appropriation**

1.1 Included are funds appropriated in terms of the Appropriation Act for Provincial Departments (Equitable Share):

| <b>Programmes</b>                     | <b>Total<br/>Appropriation<br/>2003/04<br/>R'000</b> | <b>Actual<br/>Funds<br/>Received<br/>R'000</b> | <b>Variance<br/>over/<br/>(under)<br/>R'000</b> | <b>Total<br/>Appropriation<br/>2002/03<br/>R'000</b> |
|---------------------------------------|--|--|---|--|
| 1. Administration                     | 18,496   | -  | -   | 17,391   |
| 2. Technical Advisory<br>Service      | 8,110  | -  | -   | 4,020  |
| 3. Spatial Planning                   | 10,077   | -  | -   | 11,623   |
| 4. Land Use Administration            | 9,520  | -  | -   | 8,032  |
| 5. Housing Administration             | 422,019  | -  | -   | 377,044  |
| 6. Financial Management<br>and Advice | 23,047   | -  | -   | 40,679   |
| 7. Local Government<br>Administration | 57,561   | -  | -   | 29,057   |
| 8. Traditional Affairs                | 10,116   | -  | -   | 9,001  |
| 9. Disaster Management                | 2,172  | -  | -   | -  |
| <b>Total</b>                          | <b>561,118</b>                                       | <b>448,157</b>                                 | <b>112,961</b>                                  | <b>496,847</b>                                       |

Appropriation amount were requested in total and not per programme.

The total amount appropriated above includes own revenue appropriated of R 1,006 million (2002/03 R 0,925 million)

An amount of R 53 563 000 was requested to be rolled over.

| <b>Note</b> | <b>2003/04<br/>R'000</b> | <b>2002/03<br/>R'000</b> |
|-------------|--------------------------|--------------------------|
|-------------|--------------------------|--------------------------|

**1.2 Conditional grants**

|                       |             |                |                |
|-----------------------|-------------|----------------|----------------|
| Total grants received | Annexure 1A | <b>397,374</b> | <b>354,756</b> |
|-----------------------|-------------|----------------|----------------|



2 **Other revenue to be surrendered to the revenue fund**

|   |     | <b>2003/04<br/>R'000</b> | <b>2002/03<br/>R'000</b> |
|---|-----|--------------------------|--------------------------|
| <b>Description</b>                                    |     |                          |                          |
| Gifts, donations and sponsorships received            | 2.1 | 5                        | -                        |
| Cheques written back/<br>stale cheques                |     | -                        | 2                        |
| Refund: Previous year                                 |     | 31                       | 39                       |
| Salaries recover previous<br>financial year           |     | 45                       | 1                        |
| Fees: Establishment of<br>Townships                   |     | 25                       | 14                       |
| Rezoning fees   |     | 701                      | 417                      |
| Amendment fees  |     | 19                       | 11                       |
| Consolidation fees                                    |     | 52                       | 27                       |
| Loan debt new subsidised<br>vehicles                  |     | 7                        | 7                        |
| Rent and parking                                      |     | -                        | 36                       |
| Commission: Assurance<br>Debtors                      |     | 41                       | 41                       |
| Obsolete cheques                                      |     | 1                        | -                        |
| Debt capital  |     | 5                        | -                        |
| Debt: Damaging state<br>property                      |     | -                        | 7                        |
| Commission  |     | -                        | 1                        |
| Interest received (other)                             |     | 35                       | 11                       |
| Other   |     | 23                       | 160                      |
| Total other revenue<br>collected                      |     | <b>990</b>               | <b>774</b>               |
| Less: Amounts budgeted<br>limited to amount collected |     | <b>990</b>               | <b>774</b>               |
| Total other revenue<br>collected                      |     | <b>-</b>                 | <b>-</b>                 |



**2.1 Gifts, donations and sponsorships received by the department**

| 2003/04<br>R'000 | 2002/03<br>R'000 |
|------------------|------------------|
|------------------|------------------|

**Nature of gift, donation and sponsorship**

|                  |                        |   |   |
|------------------|------------------------|---|---|
| Housing Lekgotla | PricewaterhouseCoopers | 5 | - |
|                  |                        | 5 | - |

**2.2 Gifts, donations and sponsorships received in kind excluding RDP funds by the department (Total not included above)**

| 2003/04<br>R'000 | 2002/03<br>R'000 |
|------------------|------------------|
|------------------|------------------|

**Nature of gift, donation and sponsorship**

|   |                                  |    |    |
|---|----------------------------------|----|----|
| Screen/video/sound system               | ABSA                             | -  | 10 |
| Beverages/drinks/decorations/stationary | Block Pave                       | -  | 10 |
| Production of Lekgotla report (housing) | Development Bank of South Africa | -  | 20 |
| Banners and Folders for LED Summit      | Development Bank of South Africa | 55 | -  |
| Name Tags for LED Summit                | Development Bank of South Africa | 1  | -  |
| Office furniture and equipment          | GTZ                              | 40 | -  |
|   |                                  | 96 | 40 |



**3 Local and foreign aid assistance  
(including RDP funds)**

**3.1 Assistance received in  
cash**

**Name of Donor and  
purpose**

**Local**

**Foreign**

Flemish Government:

Local

Government policy advice  
unit

|  | Opening<br>Balance | Revenue | Expenditure |         | Closing<br>Balance |
|--|--------------------|---------|-------------|---------|--------------------|
|  |                    |         | Current     | Capital |                    |
|  |                    |         |             |         |                    |
|  | -                  | 464     | 464         | -       | -                  |
|  | -                  | 464     | 464         | -       | -                  |

**4 Personnel**

**2003/04  
R'000**

**2002/03  
R'000**

**4.1 Current expenditure**

Basic salary costs

**33,697**

**26,556**

Pension contributions

**5,060**

**3,934**

Medical aid contributions

**2,277**

**1,962**

Other salary related costs

**9,181**

**6,797**

**Total Personnel Costs**

**50,215**

**39,249**

Average number of  
employees

**310**

**288**

**5 Inventories**

**2003/04  
R'000**

**2002/03  
R'000**

**5.1 Current expenditure**

**Inventories purchased  
during the year**

Printing and Stationery

**1,179**

**1,109**

Other consumable stock

**171**

**121**

Petrol card/Fleet  
Management

**228**

**195**

**Total cost of inventories**

**1,578**

**1,425**



| <b>6 Machinery and equipment</b>                                |  | <b>2003/04<br/>R'000</b> | <b>2002/03<br/>R'000</b> |
|---|--|--------------------------|--------------------------|
|   | Current (Rentals, maintenance and sundry)      | <b>1,310</b>             | <b>895</b>               |
|   | Capital  | <b>3,708</b>             | <b>3,653</b>             |
|   | <b>Total current and capital expenditure</b>   | <b>5,018</b>             | <b>4,548</b>             |
| <b>6.1 Capital machinery and equipment analysed as follows:</b> |  | <b>2003/04<br/>R'000</b> | <b>2002/03<br/>R'000</b> |
|   | Computer equipment                             | <b>824</b>               | <b>3,397</b>             |
|   | Furniture and office equipment                 | <b>653</b>               | <b>256</b>               |
|   | Transport                                      | <b>2,231</b>             | <b>-</b>                 |
|   |  | <b>3,708</b>             | <b>3,653</b>             |
| <b>7 Professional and special services</b>                      |  | <b>2003/04<br/>R'000</b> | <b>2002/03<br/>R'000</b> |
| <b>7.1 Current expenditure</b>                                  |  |                          |                          |
|   | Auditors' remuneration                         |                          |                          |
|   | Regulatory                                     | <b>1,849</b>             | <b>2,004</b>             |
|   | Performance                                    | <b>134</b>               | <b>359</b>               |
|   | Other audits                                   | <b>2,637</b>             | <b>2,932</b>             |
|   | Contractors                                    | <b>22,322</b>            | <b>14,043</b>            |
|   | Consultants and advisory services              | <b>3,573</b>             | <b>2,372</b>             |
|   | Commissions and committees                     | <b>678</b>               | <b>2,039</b>             |
|   | Other  | <b>51</b>                | <b>57</b>                |
|   | <b>Total Professional and special services</b> | <b>31,244</b>            | <b>23,806</b>            |



## 8 Transfer payments

Conditional grant transfers

Other transfers

Annexure 1B

Annexure 1C

| 2003/04<br>R'000 | 2002/03<br>R'000 |
|------------------|------------------|
|------------------|------------------|

|        |        |
|--------|--------|
| 17,627 | 17,453 |
|--------|--------|

|         |         |
|---------|---------|
| 372,477 | 315,750 |
|---------|---------|

|         |         |
|---------|---------|
| 390,104 | 333,203 |
|---------|---------|

### Analysis of transfer payments

Capital

Current

|         |         |
|---------|---------|
| 336,799 | 309,280 |
|---------|---------|

|        |        |
|--------|--------|
| 53,305 | 23,923 |
|--------|--------|

|         |         |
|---------|---------|
| 390,104 | 333,203 |
|---------|---------|

## 9 Miscellaneous

### 9.1 Current expenditure

Civil pension claims/Early retirement  
community service

**Total miscellaneous expenditure**

| 2003/04<br>R'000 | 2002/03<br>R'000 |
|------------------|------------------|
|------------------|------------------|

|       |       |
|-------|-------|
| 2,306 | 2,060 |
|-------|-------|

|       |       |
|-------|-------|
| 2,306 | 2,060 |
|-------|-------|

## 10 Special functions: Authorised losses

Other material losses written off in income  
statement

10.1

| 2003/04<br>R'000 | 2002/03<br>R'000 |
|------------------|------------------|
|------------------|------------------|

|     |     |
|-----|-----|
| 135 | 139 |
|-----|-----|

|     |     |
|-----|-----|
| 135 | 139 |
|-----|-----|

### 10.1 Other material losses written off in income statement

#### Nature of losses

Other losses: sundry items

| 2003/04<br>R'000 | 2002/03<br>R'000 |
|------------------|------------------|
|------------------|------------------|

|     |     |
|-----|-----|
| 135 | 139 |
|-----|-----|

|     |     |
|-----|-----|
| 135 | 139 |
|-----|-----|



10.2 Details of special functions (theft and losses)

**Per programme**

|  | 2003/04<br>R'000 | 2002/03<br>R'000 |
|--|------------------|------------------|
| Programme 1: Administration                  | 6                | -                |
| Programme 2: Technical Advisory Services     | 41               | -                |
| Programme 4: Land Use Administration         | 10               | -                |
| Programme 5: Housing                         | 14               | -                |
| Programme 6: Financial Management and Advice | 30               | 139              |
| Programme 7: Local Government Establishment  | 19               | -                |
| Programme 9: Disaster Management             | 15               | -                |
|  | <b>135</b>       | <b>139</b>       |

11 **Unauthorised and fruitless and wasteful expenditure disallowed**

|                          | 2003/04<br>R'000 | 2002/03<br>R'000 |
|--------------------------|------------------|------------------|
| Unauthorised expenditure | -                | 1,500            |
|                          | <b>-</b>         | <b>1,500</b>     |

11.1 **Reconciliation of unauthorised expenditure balance**

|                         | 2003/04<br>R'000 | 2002/03<br>R'000 |
|-------------------------|------------------|------------------|
| Opening balance         | 1,500            | 3,503            |
| Approved by Legislature | 1,500            | 2,003            |
| Closing balance         | -                | 1,500            |

11.2 **Unauthorised expenditure**

| Incident                              | Disciplinary steps taken / criminal proceedings | 2003/04<br>R'000 | 2002/03<br>R'000 |
|---------------------------------------|---|------------------|------------------|
| Overspending 1998/1999 financial year | Salary payment former R293 personnel            | -                | 1,500            |
|                                       |   | <b>-</b>         | <b>1,500</b>     |



**12 Cash and cash equivalents/(Bank overdraft)**

|                                    | 2003/04<br>R'000 | 2002/03<br>R'000 |
|------------------------------------|------------------|------------------|
| Paymaster General Account          | -                | 11,063           |
| Orders payable                     | (24)             | (9,815)          |
| ACB control account EFT payments   | -                | (10,979)         |
| Persal ACB/BDB                     | -                | (2)              |
| Petty cash                         | 8                | 8                |
| Deposit account                    | 13               | 48               |
| General deposit account            | (77,708)         | (1,029)          |
| Debtors PMG                        | -                | (10)             |
| Funds requisition                  | -                | 101,210          |
| Inter departmental control account | -                | (464)            |
| ACB rej. Account FMS EFT payments  | -                | (16)             |
|                                    | (77,711)         | 90,014           |

**13 Receivables - current**

|                                    |            | 2003/04<br>R'000 | 2002/03<br>R'000 |
|------------------------------------|------------|------------------|------------------|
| Amounts owing by other departments | Annexure 5 | 196              | 1,121            |
| Staff debtors                      | 13.3       | 450              | 557              |
| Other debtors                      | 13.4       | 14,467           | 812              |
| Advances                           | 13.5       | 151              | 56               |
|                                    |            | 15,264           | 2,546            |

13.1 **Amounts of R 432 502.27 (2003 : R 164 000) included above may not be recoverable, but has not been written off in the income statement.**



|  | 2003/04<br>R'000 | 2002/03<br>R'000 |
|--|------------------|------------------|
| <b>13.2 Age analysis – receivables current</b> |                  |                  |
| Less than one year                             | 14,718           | 2,015            |
| One to two years                               | 113              | 367              |
| More than two years                            | 433              | 164              |
|  | <b>15,264</b>    | <b>2,546</b>     |
|  |                  |                  |
| <b>13.3 Staff debtors</b>                      |                  |                  |
|  |                  |                  |
| Deductions                                     | -                | 2                |
| Persal   | 450              | 555              |
|  | <b>450</b>       | <b>557</b>       |
|  |                  |                  |
| <b>13.4 Other debtors</b>                      |                  |                  |
|  |                  |                  |
| Dishonoured cheques                            | 5                | 2                |
| Transfer ledgers department 77                 | -                | 810              |
| General Suspense Account                       | 51               | -                |
| Claims recoverable: Other Inst.                | 11               | -                |
| Claims recoverable: National Housing Debtors   | 5,265            | -                |
| Income accrued                                 | 9,135            | -                |
|  | <b>14,467</b>    | <b>812</b>       |
|  |                  |                  |
| <b>13.5 Advances</b>                           |                  |                  |
|  |                  |                  |
| <b>Nature of advances</b>                      |                  |                  |
|  |                  |                  |
| Subsistence and transport                      | 69               | 48               |
| Subsistence and transport: advances            | 82               | 8                |
|  | <b>151</b>       | <b>56</b>        |



| 14 Investments  |                             | 2003/04<br>R'000         | 2002/03<br>R'000         |
|---|-----------------------------|--------------------------|--------------------------|
| <b>Investee</b>   | <b>Nature of investment</b> |                          |                          |
| (Reflected at cost)   |                             |                          |                          |
| Corporation of Public Deposits                                      | Advances                    | 6,420                    | 5,857                    |
|   |                             | <b>6,420</b>             | <b>5,857</b>             |
| <b>15 Voted funds to be surrendered to the Revenue Fund</b>         |                             | <b>2003/04<br/>R'000</b> | <b>2002/03<br/>R'000</b> |
| Opening balance   |                             | 86,499                   | 65,375                   |
| Transfer from income statement                                      |                             | 67,372                   | 86,499                   |
| Voted funds not requested / not received                            |                             | (134,800)                | -                        |
| Paid during the year  |                             | (86,499)                 | (65,375)                 |
| Closing balance   |                             | <b>(67,428)</b>          | <b>86,499</b>            |
| <b>16 Other revenue funds to be surrendered to the Revenue Fund</b> |                             | <b>2003/04<br/>R'000</b> | <b>2002/03<br/>R'000</b> |
| Opening balance   |                             | -                        | (119)                    |
| Paid during the year: Cash sweeping                                 |                             | -                        | 774                      |
| Paid during the year: Revenue funds surrendered                     |                             | 985                      | 119                      |
| Less: Amount budgeted limited to amount collected                   |                             | (985)                    | (774)                    |
| Closing balance   |                             | -                        | -                        |
| <b>17 Payables - current</b>  |                             | <b>2003/04<br/>R'000</b> | <b>2002/03<br/>R'000</b> |
| <b>Description</b>  |                             |                          |                          |
| Other payables  | 17.1                        | 6,513                    | 8,451                    |
| Payable to the housing fund   | 17.2                        | 4,886                    | 4,907                    |
|   |                             | <b>11,399</b>            | <b>13,358</b>            |



|   | 2003/04<br>R'000 | 2002/03<br>R'000 |
|---|------------------|------------------|
| <b>17.1 Other payables</b>                                |                  |                  |
| Advances from departments                                 | 91               | 1,243            |
| Trust funds   | 6,420            | 5,857            |
| General suspense account                                  | -                | 639              |
| Income Tax  | 2                | -                |
| Claims payable Telkom                                     | -                | 5                |
| Transfer debt department 77                               | -                | 707              |
|   | <b>6,513</b>     | <b>8,451</b>     |
|   |                  |                  |
| <b>17.2 Payables to the Housing Fund</b>                  |                  |                  |
| Free State housing fund advance                           | 4,886            | 4,643            |
| General suspense account                                  | -                | 264              |
|   | <b>4,886</b>     | <b>4,907</b>     |
|   |                  |                  |
| <b>18 Net cash flow generated by operating activities</b> |                  |                  |
| Net surplus as per Income Statement                       | 67,372           | 84,999           |
| Adjusted for items separately disclosed                   | 340,507          | 312,933          |
| Capital expenditure                                       | 340,507          | 312,933          |
| Voted funds not requested / not received                  | (134,800)        | -                |
| Net cash flow generated by operating activities           | <b>273,079</b>   | <b>397,932</b>   |



|  | 2003/04<br>R'000 | 2002/03<br>R'000 |
|--|------------------|------------------|
| <b>19 Cash generated / (utilised) to (increase)/decrease working capital</b> |                  |                  |
| (Increase) / decrease in receivables<br>– current                            | 1,682            | 11,330           |
| (Increase) / decrease in prepayments and<br>advances                         | -                | (44)             |
| Increase / (decrease) in payables -<br>current                               | (1,959)          | 6,689            |
| (Increase) / decrease in other non-current<br>assets                         | (563)            | (629)            |
| Increase / (decrease) in other current<br>liabilities                        | (13,473)         | (2,003)          |
|  | <b>(14,313)</b>  | <b>15,343</b>    |
| <b>20 Voted funds and revenue<br/>funds surrendered</b>                      |                  |                  |
|  |                  |                  |
| Voted funds surrendered  | (84,999)         | (65,375)         |
| Revenue funds surrendered  | (985)            | (119)            |
|  | <b>(85,984)</b>  | <b>(65,494)</b>  |



**DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING VOTE 8  
DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
for the year ended 31 MARCH 2004**

These amounts are not recognised in the financial statements, and are 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), the Treasury Regulations for Departments and Constitutional Institutions issued in terms of the Act and the Division of Revenue Act, Act 7 of 2003.

| <b>21</b> | <b>Contingent liabilities</b>       |                      | <b>2003/04</b> | <b>2002/03</b> |
|-----------|-------------------------------------|----------------------|----------------|----------------|
|           | <b>Liable to</b>                    | <b>Nature</b>        | <b>R'000</b>   | <b>R'000</b>   |
|           | Housing loan guarantees             | Employees Annexure 2 | <b>616</b>     | <b>760</b>     |
|           |                                     |                      | <b>616</b>     | <b>760</b>     |
| <b>22</b> | <b>Commitments</b>                  |                      | <b>2003/04</b> | <b>2002/03</b> |
|           |                                     |                      | <b>R'000</b>   | <b>R'000</b>   |
|           | <b>Current expenditure</b>          |                      |                |                |
|           | Approved and contracted/<br>ordered |                      | <b>19,035</b>  | <b>24,183</b>  |
|           | Approved but not yet contracted     |                      | <b>1,090</b>   | <b>2,807</b>   |
|           |                                     |                      | <b>20,125</b>  | <b>26,990</b>  |
|           | <b>Capital expenditure</b>          |                      |                |                |
|           | Approved and contracted/<br>ordered |                      | <b>34,334</b>  | <b>43,605</b>  |
|           |                                     |                      | <b>34,334</b>  | <b>43,605</b>  |
|           | Total Commitments                   |                      | <b>54,459</b>  | <b>70,595</b>  |

**23 Accruals****Listed by standard Item**

|                                   | 2003/04<br>R'000 | 2002/03<br>R'000 |
|-----------------------------------|------------------|------------------|
| Professional and Special services | 215              | 325              |
| Administration                    | 230              | 40               |
| Inventory                         | 15               | 4                |
| Equipment                         | 59               | 1                |
|                                   | <b>519</b>       | <b>370</b>       |

**Listed by programme level**

|                                    | 2003/04<br>R'000 | 2002/03<br>R'000 |
|------------------------------------|------------------|------------------|
| 1. Administration                  | 98               | 25               |
| 2. Technical Advisory Services     | 2                | 12               |
| 4. Land Use Administration         | 21               | 17               |
| 5. Housing                         | 359              | 313              |
| 6. Financial Management and Advice | 4                | -                |
| 7. Local Government Establishment  | 7                | 1                |
| 8. Traditional Affairs             | 28               | 2                |
|                                    | <b>519</b>       | <b>370</b>       |

**24 Employee benefits**

|                   | 2003/04<br>R'000 | 2002/03<br>R'000 |
|-------------------|------------------|------------------|
| Leave entitlement | 4,416            | 4,616            |
| Thirteenth cheque | 1,493            | 1,142            |
|                   | <b>5,909</b>     | <b>5,758</b>     |



| 25 Leases                                    |                  | 2003/04<br>R'000         | 2002/03<br>R'000         |
|--|------------------|--------------------------|--------------------------|
| <b>25.1 Operating leases</b>                 | <b>Equipment</b> | <b>Total</b>             | <b>Total</b>             |
| Name of financial institution                |                  |                          |                          |
| Not later than 1 year                        |                  |                          |                          |
| <b>Nashua</b>                                | <b>Fax</b>       | <b>3</b>                 | <b>-</b>                 |
| <b>Sharp</b>                                 | <b>Fax</b>       | <b>11</b>                | <b>-</b>                 |
| <b>Gestetner</b>                             | <b>Fax</b>       | <b>1</b>                 | <b>-</b>                 |
| <b>Minolta</b>                               | <b>Photocopy</b> | <b>90</b>                | <b>-</b>                 |
| <b>Xerox</b>                                 | <b>Photocopy</b> | <b>115</b>               | <b>-</b>                 |
| Later than 1 year and not later than 3 years |                  |                          |                          |
| <b>Nashua</b>                                | <b>Fax</b>       | <b>-</b>                 | <b>11</b>                |
| <b>Minolta</b>                               | <b>Photocopy</b> | <b>738</b>               | <b>755</b>               |
| <b>Canon</b>                                 | <b>Photocopy</b> | <b>27</b>                | <b>27</b>                |
| Later than 3 years                           |                  |                          |                          |
| <b>Nashua</b>                                | <b>Photocopy</b> | <b>11</b>                | <b>7</b>                 |
| <b>Minolta</b>                               | <b>Photocopy</b> | <b>33</b>                | <b>-</b>                 |
| <b>Canon</b>                                 | <b>Photocopy</b> | <b>-</b>                 | <b>14</b>                |
|  |                  | <b>1,029</b>             | <b>814</b>               |
| <b>26 Key management personnel</b>           |                  | <b>2003/04<br/>R'000</b> | <b>2002/03<br/>R'000</b> |
| <b>26.1 Remuneration</b>                     |                  |                          |                          |
| 1 Accounting Officer                         |                  | <b>631</b>               | <b>-</b>                 |
| 1 Deputy Director General                    |                  | <b>-</b>                 | <b>631</b>               |
| 1 Chief Financial Officer                    |                  | <b>454</b>               | <b>-</b>                 |
| 2 Chief Directors                            |                  | <b>1,007</b>             | <b>946</b>               |
| 8 Directors                                  |                  | <b>3,446</b>             | <b>3,237</b>             |
|  |                  | <b>5,538</b>             | <b>4,814</b>             |



|   | 2003/04<br>R'000 | 2002/03<br>R'000 |
|---|------------------|------------------|
| <b>27 Receivables</b>   |                  |                  |
| Transactions included in receivables (General Suspence Account) |                  |                  |
| Opening balance   | -                | <b>12,015</b>    |
| Less: Amount transferred by Provincial Treasury to Department   | -                | <b>(12,015)</b>  |
| Closing Balance   | -                | -                |

An amount of R 12 015 000 was only transferred by the Provincial Treasury in the 2002/2003 financial year in regard to the Municipal Infrastructure Grant although received the previous financial year. These funds are now directly transferred to District Municipalities.



**DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING VOTE 8  
ANNEXURE 1A**

**STATEMENT OF CONDITIONAL GRANTS RECEIVED BY PROVINCIAL DEPARTMENTS AS AT 31 MARCH 2004**

| NAME OF DEPARTMENT (List each Grant per department from whom received)  | GRANT ALLOCATION              |                            |                  |                       | EXPENDITURE      |               |                      |                |               |
|---|-------------------------------|----------------------------|------------------|-----------------------|------------------|---------------|----------------------|----------------|---------------|
|   | Division of Revenue Act R'000 | Adjustments Estimate R'000 | Roll Overs R'000 | Total Available R'000 | Actual (1) R'000 | Unspent R'000 | % of Available Spent | Capital R'000  | Current R'000 |
| Department of Housing (Housing Subsidy Grant)   | 325,403                       | -                          | -                | 325,403               | 325,403          | -             | 100%                 | 325,403        | -             |
| Department of Housing (Human Settlement Grant)  | 8,500                         | -                          | 10,931           | 19,431                | 1,905            | 17,526        | 10%                  | -              | 1,905         |
| Department of Provincial and Local Government (Local Government Capacity Building Grant/Support)                        | 24,650                        | -                          | 16,795           | 41,445                | 31,757           | 9,688         | 77%                  | -              | 31,757        |
| Department of Provincial and Local Government (Local Government Capacity Building Grant)                                | 5,759                         | -                          | 466              | 6,225                 | 1,451            | 4,774         | 23%                  | -              | 1,451         |
| Department of Provincial and Local Government (Provincial Consolidated Municipal Infrastructure Programme (CMIP) Grant) | 3,132                         | -                          | 1,738            | 4,870                 | 2,973            | 1,897         | 61%                  | -              | 2,973         |
|   | <b>367,444</b>                | <b>-</b>                   | <b>29,930</b>    | <b>397,374</b>        | <b>363,489</b>   | <b>33,885</b> |                      | <b>325,403</b> | <b>38,086</b> |

|  |   |
|--|---|
| <p>Department of Housing<br/>(Human Settlement<br/>Grant)</p>  | <p>The projects implemented only started during the second half of the financial year and the unspent funds were requested to be rolled over.</p>   |
| <p>Department of Provincial<br/>and Local Government<br/>(Local Government<br/>Capacity Building Grant/<br/>Support)</p>                           | <p>All funds were committed but due to the fact that the financial year of the Department and the various Municipalities overlapping, all funds were not paid out during the Department's financial year. The unspent funds were requested to be rolled over.</p> |
| <p>Department of Provincial<br/>and Local Government<br/>(Local Government<br/>Capacity Building Grant)</p>  | <p>All funds were committed but due to the fact that the financial year of the Department and the various Municipalities overlapping, all funds were not paid out during the Department's financial year. The unspent funds were requested to be rolled over.</p> |
| <p>Department of Provincial<br/>and Local Government<br/>(Provincial Consolidated<br/>Municipal Infrastructure<br/>Programme (CMIP)<br/>Grant)</p> | <p>The CMIP structure has not yet fully been established and although all unspent funds already committed, the funds could not be spend. This amount was requested to be rolled over.</p>   |

**DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING VOTE 8  
ANNEXURE 1B  
STATEMENT OF CONDITIONAL GRANT TRANSFERS TO MUNICIPALITIES BY PROVINCIAL DEPARTMENTS  
AS AT 31 MARCH**

| NAME OF MUNICIPALITY (List each Grant per Municipality) | GRANT ALLOCATION              |                            |                  |                       | EXPENDITURE               |                              |                            |               |               |
|---|-------------------------------|----------------------------|------------------|-----------------------|---------------------------|------------------------------|----------------------------|---------------|---------------|
|   | Division of Revenue Act R'000 | Adjustments Estimate R'000 | Roll Overs R'000 | Total Available R'000 | Actual Transfer (1) R'000 | Amount not Transferred R'000 | % of Available Transferred | Capital R'000 | Current R'000 |
| <b>Human Settlement Grant</b>                           | 8,500                         | -                          | 10,931           | 19,431                | -                         | 17,526                       | 10%                        | -             | -             |
| Masilonyana   |                               |                            |                  |                       | 25                        |                              |                            |               | 25            |
| Mangaung  |                               |                            |                  |                       | 1,880                     |                              |                            |               | 1,880         |
| <b>Local Government Capacity Grant</b>                  |                               |                            |                  |                       |                           |                              |                            |               |               |
| Xhariep   | 350                           | -                          | -                | 350                   | 350                       | -                            | 100%                       | -             | 350           |
| Letsemeng   | 344                           | -                          | -                | 344                   | 344                       | -                            | 100%                       | -             | 344           |
| Kopanong  | 1,389                         | -                          | -                | 1,389                 | 1,389                     | -                            | 100%                       | -             | 1,389         |
| Mohokare  | 774                           | -                          | -                | 774                   | 774                       | -                            | 100%                       | -             | 774           |
| Naledi  | 820                           | -                          | -                | 820                   | 820                       | -                            | 100%                       | -             | 820           |
| Mantsopa  | 663                           | -                          | -                | 663                   | 663                       | -                            | 100%                       | -             | 663           |
| Masilonyana   | 445                           | -                          | -                | 445                   | 445                       | -                            | 100%                       | -             | 445           |
| Tokologo  | 611                           | -                          | -                | 611                   | 611                       | -                            | 100%                       | -             | 611           |
| Tswelopele  | 700                           | -                          | -                | 700                   | 700                       | -                            | 100%                       | -             | 700           |
| Matjabeng   | 269                           | -                          | -                | 269                   | -                         | 269                          | 0%                         | -             | -             |
| Nala  | 771                           | -                          | -                | 771                   | 771                       | -                            | 100%                       | -             | 771           |
| Setsoto   | 175                           | -                          | -                | 175                   | -                         | 175                          | 0%                         | -             | -             |
| Dihlabeng   | 1,291                         | -                          | -                | 1,291                 | 440                       | 851                          | 34%                        | -             | 440           |
| Nketoana  | 238                           | -                          | -                | 238                   | 238                       | -                            | 100%                       | -             | 238           |
| Maluti a Phofung  | 580                           | -                          | -                | 580                   | 311                       | 269                          | 54%                        | -             | 311           |
| Phumelela   | 884                           | -                          | -                | 884                   | 350                       | 534                          | 40%                        | -             | 350           |

|  |               |          |               |               |               |               |          |          |               |
|--|---------------|----------|---------------|---------------|---------------|---------------|----------|----------|---------------|
| Moghaka                                | 1,512         | -        | -             | 1,512         | -             | 1,512         | 0%       | -        | -             |
| Nqwathe                                | 2,338         | -        | -             | 2,338         | 2,338         | -             | 100%     | -        | 2,338         |
| Metsimaholo                            | 242           | -        | -             | 242           | 242           | -             | 100%     | -        | 242           |
| Thaba Mofutsanyana                     | -             | -        | -             | -             | 2,004         | (2,004)       | -        | -        | 2,004         |
| Northern Free State                    | -             | -        | -             | -             | 1,337         | (1,337)       | -        | -        | 1,337         |
| Mafube                                 | 1,595         | -        | -             | 1,595         | 1,595         | -             | 100%     | -        | 1,595         |
| <b>Local Government Capacity Grant</b> |               |          |               |               |               |               |          |          |               |
| Xhariep                                | 439           | -        | -             | 439           | -             | 439           | 0%       | -        | -             |
| Motheo                                 | 142           | -        | -             | 142           | -             | 142           | 0%       | -        | -             |
| Thabo Mofutsanyana                     | 1,261         | -        | -             | 1,261         | -             | 1,261         | 0%       | -        | -             |
| Northern Free State                    | 616           | -        | -             | 616           | -             | 616           | 0%       | -        | -             |
| Lejweleputswa                          | 386           | -        | -             | 386           | -             | 386           | 0%       | -        | -             |
| Mangaung                               | 981           | -        | -             | 981           | -             | 981           | 0%       | -        | -             |
| Matjhabeng                             | 582           | -        | -             | 582           | -             | 582           | 0%       | -        | -             |
| Maluti a Phofung                       | 673           | -        | -             | 673           | -             | 673           | 0%       | -        | -             |
|  | <b>29,571</b> | <b>-</b> | <b>10,931</b> | <b>40,502</b> | <b>17,627</b> | <b>22,875</b> | <b>-</b> | <b>-</b> | <b>17,627</b> |



|  |  |
|--|--|
| Department of Housing (Human Settlement Grant)   | The projects implemented only started during the second half of the financial year and the unspent funds were requested to be rolled over.   |
| Department of Provincial and Local Government (Local Government Capacity Building Grant/Support) | All funds were committed but due to the fact that the financial year of the Department and the various Municipalities overlapping, all funds were not paid out during the Department's financial year. The unspent funds were requested to be rolled over. |
| Department of Provincial and Local Government (Local Government Capacity Building Grant)         | All funds were committed but due to the fact that the financial year of the Department and the various Municipalities overlapping, all funds were not paid out during the Department's financial year. The unspent funds were requested to be rolled over. |

**DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING VOTE 8  
ANNEXURE 1C**

**STATEMENT OF OTHER TRANSFERS BY PROVINCIAL DEPARTMENTS AS AT 31 MARCH 2004**

| (List each Transfer by Entity / Institution) | GRANT ALLOCATION         |                            |                  |                       | EXPENDITURE               |                              |                            |               |               |
|--|--------------------------|----------------------------|------------------|-----------------------|---------------------------|------------------------------|----------------------------|---------------|---------------|
|  | Appropriations Act R'000 | Adjustments Estimate R'000 | Roll Overs R'000 | Total Available R'000 | Actual Transfer (1) R'000 | Amount not Transferred R'000 | % of Available Transferred | Capital R'000 | Current R'000 |
| Housing Fund                                 | 325,403                  | -                          | -                | 325,403               | 325,403                   | -                            | 100%                       | 325,403       | -             |
| <b>Integrated Development Planning</b>       |                          |                            |                  |                       |                           |                              |                            |               |               |
| Matjhabeng                                   | 81                       | -                          | -                | 81                    | 81                        | -                            | 100%                       | -             | 81            |
| Tokologo                                     | 81                       | -                          | -                | 81                    | 81                        | -                            | 100%                       | -             | 81            |
| Nala   | 81                       | -                          | -                | 81                    | 81                        | -                            | 100%                       | -             | 81            |
| Masilonyana                                  | 81                       | -                          | -                | 81                    | 81                        | -                            | 100%                       | -             | 81            |
| Tswelopele                                   | 81                       | -                          | -                | 81                    | 81                        | -                            | 100%                       | -             | 81            |
| Mafube                                       | 81                       | -                          | -                | 81                    | 81                        | -                            | 100%                       | -             | 81            |
| Matsimaholo                                  | 81                       | -                          | -                | 81                    | 81                        | -                            | 100%                       | -             | 81            |
| Ngwathe                                      | 81                       | -                          | -                | 81                    | 81                        | -                            | 100%                       | -             | 81            |
| Moghaka                                      | 81                       | -                          | -                | 81                    | 81                        | -                            | 100%                       | -             | 81            |
| Naledi                                       | 81                       | -                          | -                | 81                    | 81                        | -                            | 100%                       | -             | 81            |
| Mangaung                                     | 81                       | -                          | -                | 81                    | 81                        | -                            | 100%                       | -             | 81            |
| Kopanong                                     | 81                       | -                          | -                | 81                    | 81                        | -                            | 100%                       | -             | 81            |
| Letsemeng                                    | 81                       | -                          | -                | 81                    | 81                        | -                            | 100%                       | -             | 81            |
| Mohokare                                     | 81                       | -                          | -                | 81                    | 81                        | -                            | 100%                       | -             | 81            |
| Nketoana                                     | 81                       | -                          | -                | 81                    | 81                        | -                            | 100%                       | -             | 81            |



|                                  |        |   |        |        |       |     |      |   |       |
|----------------------------------|--------|---|--------|--------|-------|-----|------|---|-------|
| Dihlabeng                        | 81     | - | -      | 81     | 81    | -   | 100% | - | 81    |
| Setsoto                          | 81     | - | 81     | 81     | 81    | -   | 100% | - | 81    |
| Maluti a Phofung                 | 81     | - | 81     | 81     | 81    | -   | 100% | - | 81    |
| Phumelela                        | 81     | - | 81     | 81     | 81    | -   | 100% | - | 81    |
| Xhariep                          | 81     | - | 81     | 81     | 81    | -   | 100% | - | 81    |
| Motho                            | 81     | - | 81     | 81     | 81    | -   | 100% | - | 81    |
| Northern Free State              | 81     | - | 81     | 81     | 81    | -   | 100% | - | 81    |
| Lejweleputswa                    | 81     | - | 81     | 81     | 81    | -   | 100% | - | 81    |
| Thaba Mofutsanyana               | 81     | - | 81     | 81     | 81    | -   | 100% | - | 81    |
| All municipalities               | 5      | - | 5      | 5      | 5     | -   | 100% | - | 5     |
| Mantsopa                         | 81     | - | 81     | -      | -     | 81  | 0%   | - | -     |
| <b>Town Planning Schemes</b>     |        |   |        |        |       |     |      |   |       |
| Letsemeng                        | 190    | - | 190    | 190    | 190   | -   | 100% | - | 190   |
| Tswelopele                       | 190    | - | 190    | 190    | 190   | -   | 100% | - | 190   |
| Matjhabeng                       | 460    | - | 460    | 460    | 460   | -   | 100% | - | 460   |
| Dihlabeng                        | 250    | - | 250    | 250    | 250   | -   | 100% | - | 250   |
| Nketoana                         | 210    | - | 210    | 210    | 210   | -   | 100% | - | 210   |
| Moghaka                          | 200    | - | 200    | 200    | 200   | -   | 100% | - | 200   |
| <b>Provincial Infrastructure</b> | 17,050 | - | 28,683 | 45,733 | 5,654 | -   | 88%  | - | -     |
| Letsemeng                        | -      | - | -      | 2,329  | 2,329 | -   | -    | - | 2,329 |
| Kopanong                         | -      | - | -      | 49     | 49    | -   | -    | - | 49    |
| Mantsopa                         | -      | - | -      | 947    | 947   | 218 | -    | - | 729   |

|                               |                |          |               |                |              |     |                |               |
|-------------------------------|----------------|----------|---------------|----------------|--------------|-----|----------------|---------------|
| Dihlabeng                     | -              | -        | -             | 2,323          | -            | -   | 2,323          | -             |
| Maluti a Phofung              | -              | -        | -             | 20,491         | -            | -   | 20,491         | -             |
| Setsoto                       | -              | -        | -             | 5,085          | -            | -   | 5,085          | -             |
| Nketoana                      | -              | -        | -             | 3,457          | -            | -   | 3,457          | -             |
| Masilonyana                   | -              | -        | -             | 1,165          | -            | -   | 1,165          | -             |
| Mafube                        | -              | -        | -             | 46             | -            | -   | 46             | -             |
| Moqhaka                       | -              | -        | -             | 1,498          | -            | -   | 1,498          | -             |
| MAP Computers                 | -              | -        | -             | 2,689          | -            | -   | 2,689          | -             |
| <b>Planning and Surveying</b> |                |          |               |                |              |     |                |               |
| Dihlabeng                     | 400            | -        | 400           | 200            | 200          | 50% | 200            | 200           |
| Mangaung                      | 1,900          | -        | 1,900         | 1,615          | 285          | 85% | 1,615          | 1,615         |
| Matjhabeng                    | 1,470          | -        | 1,470         | 735            | 735          | 50% | 735            | 735           |
| Ngwathe                       | 150            | -        | 150           | 30             | 120          | 20% | 30             | 30            |
| Maluti a Phofung              | 1,000          | -        | 1,000         | 850            | 150          | 85% | 850            | 850           |
| Nala                          | 200            | -        | 200           | 116            | 84           | 58% | 116            | 116           |
| Naledi                        | 200            | -        | 200           | -              | 200          | 0%  | -              | -             |
| Kopanong                      | 120            | -        | 120           | -              | 120          | 0%  | -              | -             |
| Letsemeng                     | 200            | -        | 200           | -              | 200          | 0%  | -              | -             |
|                               | <b>351,623</b> | <b>-</b> | <b>28,683</b> | <b>372,477</b> | <b>7,829</b> |     | <b>336,799</b> | <b>35,678</b> |

Provincial Infrastructure Planning and Surveying

Due to the large amount that was rolled over the previous financial year all of the new appropriation was not utilised. As the tempo in the projects had increase these unspent funds that were already committed were requested to be rolled over.

As all unspent funds were already committed and the projects are now commencing, these funds were requested to be rolled over.

DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING VOTE 8  
ANNEXURE 2

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2004  
DOMESTIC

| Guaranteed institution      | Guarantee in respect of | Original Guaranteed capital amount<br>R'000 | Opening Balance<br>01/04/2003<br>R'000 | Guarantees issued during the year<br>R'000 | Guarantees Released during the year<br>R'000 | Guaranteed interest outstanding as at 31/03/2004<br>R'000 | Closing Balance<br>31/03/2004<br>R'000 | Realised losses i.r.o. claims paid out<br>R'000 |
|-----------------------------|-------------------------|---|--|--|--|---|--|---|
| Standard Bank               | Housing                 | 590   | 105                                    | -  | -  | -   | 105                                    | -   |
| First National Bank         | Housing                 | 728   | 39                                     | 99   | -  | -   | 138                                    | -   |
| ABSA                        | Housing                 | 680   | 209                                    | 38   | 125  | -   | 122                                    | -   |
| BOE Bank                    | Housing                 | 80  | 53                                     | -  | 37   | -   | 16                                     | -   |
| Saambou Bank                | Housing                 | 567   | 214                                    | -  | 114  | -   | 100                                    | -   |
| Permanent Bank              | Housing                 | 407   | 107                                    | -  | 30   | -   | 77                                     | -   |
| African Bank                | Housing                 | 72  | -                                      | 13   | -  | -   | 13                                     | -   |
| Free State Dev. Corporation | Housing                 | 22  | 33                                     | 44   | 32   | -   | 45                                     | -   |
| <b>Total</b>                |                         | <b>3,146</b>                                | <b>760</b>                             | <b>194</b>                                 | <b>338</b>                                   | <b>-</b>  | <b>616</b>                             | <b>-</b>  |



**DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING VOTE 8**  
**ANNEXURE 3**  
**PHYSICAL ASSET MOVEMENT SCHEDULE (Not including inventories)**

| PHYSICAL ASSETS ACQUIRED<br>DURING FINANCIAL YEAR 2003/04 | Opening<br>Balance | Additions    | Disposals | Transfers<br>In | Transfers<br>Out | Closing<br>Balance |
|---|--------------------|--------------|-----------|-----------------|------------------|--------------------|
|   | R'000              | R'000        | R'000     | R'000           | R'000            | R'000              |
| <b>MACHINERY AND EQUIPMENT</b>                            | <b>3,653</b>       | <b>3,708</b> | -         | -               | -                | <b>7,361</b>       |
| Computer equipment  | 3,397              | 824          | -         | -               | -                | 4,221              |
| Furniture and office equipment                            | 256                | 653          | -         | -               | -                | 909                |
| Transport assets  | -                  | 2,231        | -         | -               | -                | 2,231              |
|   | <b>3,653</b>       | <b>3,708</b> | -         | -               | -                | <b>7,361</b>       |

| PHYSICAL ASSETS ACQUIRED<br>DURING FINANCIAL YEAR 2002/03 | Opening<br>Balance | Additions    | Disposals | Transfers<br>In | Transfers<br>Out | Closing<br>Balance |
|---|--------------------|--------------|-----------|-----------------|------------------|--------------------|
|   | R'000              | R'000        | R'000     | R'000           | R'000            | R'000              |
| <b>MACHINERY AND EQUIPMENT</b>                            | -                  | <b>3,653</b> | -         | -               | -                | <b>3,653</b>       |
| Computer equipment  | -                  | 3,397        | -         | -               | -                | 3,397              |
| Furniture and office equipment                            | -                  | 256          | -         | -               | -                | 256                |
|   |                    | <b>3,653</b> | -         | -               | -                | <b>3,653</b>       |



**DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING VOTE 8**  
**ANNEXURE 4**  
**INTANGIBLE ASSET MOVEMENT SCHEDULE (Not including inventories)**

| <b>INTANGIBLE ASSETS ACQUIRED<br/>DURING FINANCIAL YEAR<br/>2003/04</b> | <b>Opening<br/>Balance</b> | <b>Additions</b> | <b>Disposals</b> | <b>Transfers<br/>In</b> | <b>Transfers<br/>Out</b> | <b>Closing<br/>Balance</b> |
|---|----------------------------|------------------|------------------|-------------------------|--------------------------|----------------------------|
|   | <b>R'000</b>               | <b>R'000</b>     | <b>R'000</b>     | <b>R'000</b>            | <b>R'000</b>             | <b>R'000</b>               |
| Computer software   | 212                        | 53               | -                | -                       | -                        | 265                        |
|   | <b>212</b>                 | <b>53</b>        | <b>-</b>         | <b>-</b>                | <b>-</b>                 | <b>265</b>                 |

| <b>INTANGIBLE ASSETS ACQUIRED<br/>DURING FINANCIAL YEAR<br/>2002/03</b> | <b>Opening<br/>Balance</b> | <b>Additions</b> | <b>Disposals</b> | <b>Transfers<br/>In</b> | <b>Transfers<br/>Out</b> | <b>Closing<br/>Balance</b> |
|---|----------------------------|------------------|------------------|-------------------------|--------------------------|----------------------------|
|   | <b>R'000</b>               | <b>R'000</b>     | <b>R'000</b>     | <b>R'000</b>            | <b>R'000</b>             | <b>R'000</b>               |
| Computer software   | -                          | 212              | -                | -                       | -                        | 212                        |
|   | <b>-</b>                   | <b>212</b>       | <b>-</b>         | <b>-</b>                | <b>-</b>                 | <b>212</b>                 |



## DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING VOTE 8 ANNEXURE 5

### INTER-DEPARTMENTAL RECEIVABLES - CURRENT

| Department                                 | Confirmed balance out-<br>standing |            | Unconfirmed balance out-<br>standing |            |
|--|------------------------------------|------------|--------------------------------------|------------|
|  | 31/03/2004                         | 31/03/2003 | 31/03/2004                           | 31/03/2003 |
|  | R'000                              | R'000      | R'000                                | R'000      |
| FSPG: Office of the Premier                | -                                  | -          | 29                                   | 1          |
| FSPG: Health                               | -                                  | -          | 35                                   | 23         |
| FSPG: Public Works, Roads and Transport    | -                                  | -          | 29                                   | 28         |
| FSPG: Art, Culture, Science and Technology | -                                  | -          | 4                                    | 2          |
| Department of Justice                      | -                                  | -          | -                                    | 19         |
| Kwa-Zulu Natal Provincial Government       | -                                  | -          | 1                                    | -          |
| North West Provincial Government           | -                                  | -          | 98                                   | 98         |
| FSPG: Housing Fund                         | -                                  | 935        | -                                    | -          |
| FSPG: Legislature                          | -                                  | -          | -                                    | 15         |
| <b>TOTAL</b>                               | <b>-</b>                           | <b>935</b> | <b>196</b>                           | <b>186</b> |

Confirmation letters were written to all Departments but no response were received.

## DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING VOTE 8 ANNEXURE 6

### INTER-DEPARTMENTAL PAYABLES - CURRENT

| Department                 | Confirmed balance<br>outstanding |            | Unconfirmed balance<br>outstanding |              |
|----------------------------|----------------------------------|------------|------------------------------------|--------------|
|                            | 31/03/2004                       | 31/03/2003 | 31/03/2004                         | 31/03/2003   |
|                            | R'000                            | R'000      | R'000                              | R'000        |
| Department of Land Affairs | -                                | -          | 91                                 | 1,243        |
| <b>TOTAL</b>               | <b>-</b>                         | <b>-</b>   | <b>91</b>                          | <b>1,243</b> |



**TRUST FUNDS – SMALL HOLDINGS**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2004**

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**HEAD OF THE DEPARTMENT  
LOCAL GOVERNMENT AND HOUSING**

**24 June 2004**



## TRUST FUNDS – SMALL HOLDINGS

### BALANCE SHEET AT 31 MARCH 2004

|                                     | Notes | 1 April 2003 to<br>31 March 2004<br>R'000 | 1 April 2002 to<br>31 March 2003<br>R'000 |
|-------------------------------------|-------|---|---|
| <b>ASSETS</b>                       |       |   |   |
| <b>Investments</b>                  |       |   |   |
| Corporation for Public Deposits     | 2     | 6 420                                     | 5 857                                     |
| <b>Total Assets</b>                 |       | <b>6 420</b>                              | <b>5 857</b>                              |
| <b>EQUITY AND LIABILITIES</b>       |       |   |   |
| <b>Capital and reserves</b>         |       |   |   |
| Trust Funds                         | 2     | 6 420                                     | 5 857                                     |
| <b>Total equity and liabilities</b> |       | <b>6 420</b>                              | <b>5 857</b>                              |



## TRUST FUNDS – SMALL HOLDINGS

### INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2004

|   | Notes | 1 April 2003 to<br>31 March 2004<br>R'000 | 1 April 2002 to<br>31 March 2003<br>R'000 |
|---|-------|---|---|
| Interest received                       | 2     | 563                                       | 629                                       |
| <b>Net profit/(loss) for the period</b> |       | <u>563</u>                                | <u>629</u>                                |



## TRUST FUNDS – SMALL HOLDINGS

### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2004

|                                    |   | <b>Retained<br/>Earnings<br/>R'000</b> | <b>Total<br/>R'000</b> |
|------------------------------------|---|--|------------------------|
| Balance at 31 March 2003           |   | <u>5 857</u>                           | <u>5 228</u>           |
| Net Profit / (Loss) for the period | 2 | <u>563</u>                             | <u>629</u>             |
| <b>Balance at 31 March 2004</b>    |   | <u><b>6 420</b></u>                    | <u><b>5 857</b></u>    |



## TRUST FUNDS – SMALL HOLDINGS

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2004

|   | 1 April 2003 to<br>31 March 2004<br>'00 | 1 April 2002 to<br>31 March 2003<br>R'000 |
|---|---|---|
| <b>CASH FLOWS FROM OPERATING<br/>ACTIVITIES:</b>                |   |   |
| Interest received   | 563                                     | 629                                       |
| <b>Net cash inflow/(outflows) from operating<br/>activities</b> | <b>563</b>                              | <b>629</b>                                |
| <b>CASH FLOWS FROM INVESTING<br/>ACTIVITIES:</b>                |   |   |
| Interest on investments capitalised                             | (563)                                   | (629)                                     |
| <b>Net cash outflow from investing activities</b>               | <b>(563)</b>                            | <b>(629)</b>                              |
| <b>Net increase in cash and cash equivalents</b>                | <b>-</b>                                | <b>-</b>                                  |
| <b>Cash and cash equivalents at beginning of<br/>period</b>     | <b>-</b>                                | <b>-</b>                                  |
| <b>Cash and cash equivalents at end of period</b>               | <b>-</b>                                | <b>-</b>                                  |



## TRUST FUNDS – SMALL HOLDINGS

### NOTES TO THE FINANCIAL STATEMENTS AT 31 MARCH 2004

#### 1. ACCOUNTING POLICY NOTES

##### 1.1 BASIS OF PREPARATION

The financial statements have been prepared on the historical cost basis in accordance with the policies below. Treasury Regulation 14.3.3(d) was used as a basis to determine the appropriate accounting practice. Generally Accepted Accounting Practice has been implemented in preparing these financial statements in as far possible taking account of the fact that the systems in place at the trust Fund accounts for all transactions on a cash basis of accounting. The accounting policies thus do not fully comply with the Statements of Generally Accepted Accounting Practice.

##### 1.2 REVENUE RECOGNITION

Revenue received is immediately capitalised on the respective plots.

#### 2. INVESTMENTS

This investment is in terms of the following 33 plots:



## Trust funds for the Department of Local Government and Housing 2003-2004 Financial Year

9.61810598381%

| Hoewe                         | Opening balance<br>2003-2004 | Interest<br>Capitalised | Closing balance<br>2003-2004 |
|-------------------------------|------------------------------|-------------------------|------------------------------|
| Adaminasiefontein 1029        | 3,912.60                     | 376.32                  | 4,288.92                     |
| Beslis Ond 12528 Bloemfontein | 2,165.03                     | 208.23                  | 2,373.26                     |
| Blaaubank 303 Kroonstad       | 696.92                       | 67.03                   | 763.95                       |
| Buitenzorg Kroonstad          | 29,842.40                    | 2,870.27                | 32,712.67                    |
| Caledonspoort 190 Fouriesburg | 2,610.10                     | 251.04                  | 2,861.14                     |
| Constantia Bultfontein        | 42,648.83                    | 4,102.01                | 46,750.84                    |
| Cornelia                      | 4,743.63                     | 456.25                  | 5,199.88                     |
| Cyfervei No 6 Viljoenskroon   | 5,385.82                     | 518.01                  | 5,903.83                     |
| Halkyn 660 Thaba Nchu         | 1,409.44                     | 135.56                  | 1,545.00                     |
| Kleinfontein Winburg          | 77,292.18                    | 7,434.04                | 84,726.22                    |
| La Porte Vase Kroonstad       | 143,858.08                   | 13,836.42               | 157,694.50                   |
| Laumervillera Betlehem        | 1,638.22                     | 157.57                  | 1,795.79                     |
| Loutersbronnen Winburg        | 4,885.51                     | 469.89                  | 5,355.40                     |
| Merriesfontein Boshof         | 1,296.27                     | 124.68                  | 1,420.95                     |
| Middelpunt Glen               | 667.45                       | 64.20                   | 731.65                       |
| Mimosa 132 Senekal            | 64,246.00                    | 6,179.25                | 70,425.25                    |
| Morgenster 132 Senekal        | 1,306.87                     | 125.70                  | 1,432.57                     |
| Nolens Volens Theunissen      | 13,258.65                    | 1,275.23                | 14,533.88                    |
| Paradys Bloemfontein          | 20,804.99                    | 2,001.05                | 22,806.04                    |
| Pistoriusrust Parys           | 53,386.95                    | 5,134.81                | 58,521.76                    |
| Ramlaric                      | 2,941.71                     | 282.94                  | 3,224.65                     |
| Ramlaric Ond 4                | 3,913.33                     | 376.39                  | 4,289.72                     |
| Renovaal                      | 355,992.05                   | 34,239.69               | 390,231.74                   |
| Ribblesdale Bloemfontein      | 3,913.21                     | 376.38                  | 4,289.59                     |
| Rietpan Ond Bloemfontein      | 1,637.67                     | 157.51                  | 1,795.18                     |
| Scheerpan Oost Boshof         | 317.85                       | 30.57                   | 348.42                       |
| Triangle 471 Vrede            | 1,472.55                     | 141.63                  | 1,614.18                     |
| Turin Kroonstad               | 6,521.35                     | 627.23                  | 7,148.58                     |
| Vaalrivier                    | 1,432,842.27                 | 137,812.29              | 1,570,654.56                 |
| Vaalpark                      | 1,495,763.53                 | 143,864.12              | 1,639,627.65                 |
| Vaalpower Heilbron            | 920,938.89                   | 88,576.88               | 1,009,515.77                 |
| Veekraal                      | 1,152,489.26                 | 110,847.64              | 1,263,336.90                 |
| Yarraweah                     | 1,947.04                     | 187.27                  | 2,144.90                     |
| <b>Total</b>                  | <b>5,856,746.65</b>          | <b>563,308.10</b>       | <b>6,420,065.34</b>          |



**FREE STATE HOUSING FUND**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2004**

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**HEAD OF THE DEPARTMENT  
LOCAL GOVERNMENT AND HOUSING**

**24 June 2004**



## FREE STATE HOUSING FUND

### BALANCE SHEET AT 31 MARCH 2004 – OLD AND NEW BUSINESS

|                                     | Notes | 2003/04<br>R'000 | 2002/03<br>R'000 |
|-------------------------------------|-------|------------------|------------------|
| <b>ASSETS</b>                       |       |                  |                  |
| <b>Non current assets</b>           |       |                  |                  |
| Property, plant and equipment       | 2     | 9 727            | 10 894           |
| <b>Current assets</b>               |       |                  |                  |
|                                     |       | 162 326          | 297 823          |
| Trade and other receivables         | 3     | 6 045            | 7 465            |
| Cash and cash equivalents           | 4     | 156 281          | 290 358          |
| <b>Total assets</b>                 |       | <b>172 053</b>   | <b>308 717</b>   |
| <b>EQUITY AND LIABILITIES</b>       |       |                  |                  |
| <b>Capital and reserves</b>         |       |                  |                  |
| Retained earnings                   |       | 172 018          | 308 687          |
| <b>Current liabilities</b>          |       |                  |                  |
| Trade and other payables            | 5     | 35               | 30               |
| <b>Total equity and liabilities</b> |       | <b>172 053</b>   | <b>308 717</b>   |



## FREE STATE HOUSING FUND

### INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2004 - OLD BUSINESS

|   | Notes | 2003/04<br>R'000 | 2002/03<br>R'000 |
|---|-------|------------------|------------------|
| Income                                  |       | 600              | 864              |
| Administrative expenses                 |       | (410)            | (684)            |
| Other operating expenses                |       | (110)            | (207)            |
| <b>Net profit/(loss) for the period</b> |       | <u>80</u>        | <u>(27)</u>      |



## FREE STATE HOUSING FUND

### INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2004 - NEW BUSINESS

|  | Notes | 2003/04<br>R'000        | 2002/03<br>R'000     |
|--|-------|-------------------------|----------------------|
| Funds received from National Department of Housing |       | 325 403                 | 287 715              |
| Other operating expenses                           |       | <u>(464 967)</u>        | <u>(191 502)</u>     |
| Operating profit/(loss)                            | 9     | (139 564)               | 96 213               |
| Interest received                                  |       | <u>3 983</u>            | <u>1 852</u>         |
| <b>Net profit/(loss) for the period</b>            |       | <u><u>(135 581)</u></u> | <u><u>98 065</u></u> |



## FREE STATE HOUSING FUND

### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2004-OLD AND NEW BUSINESS

|                                    | Retained<br>Earnings<br>R'000 | Total<br>R'000       |
|------------------------------------|-------------------------------|----------------------|
| <b>Balance at 31 March 2002</b>    | <b>210 656</b>                | <b>210 656</b>       |
| Capital adjustment                 | (7)                           | (7)                  |
| Restated balances                  | <hr/> 210 649                 | <hr/> 210 649        |
| Net Profit / (Loss) for the period | <hr/> 98 038                  | <hr/> 98 038         |
| <b>Balance at 31 March 2003</b>    | <b>308 687</b>                | <b>308 687</b>       |
| Capital adjustment                 | (1)                           | (1)                  |
| Fundamental error                  | 7 (1 167)                     | (1 167)              |
| Restated balances                  | <hr/> 307 519                 | <hr/> 307 519        |
| Net (loss)/profit for the period   | <hr/> (135 501)               | <hr/> (135 501)      |
| <b>Balance at 31 March 2004</b>    | <hr/> <b>172 018</b>          | <hr/> <b>172 018</b> |



## FREE STATE HOUSING FUND

### CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2004 - OLD AND NEW BUSINESS

|   | Note | 2003/04<br>R'000 | 2002/03<br>R'000 |
|---|------|------------------|------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>  |      |                  |                  |
| Cash receipts from customers  |      | 327 195          | 287 715          |
| Cash paid to suppliers and employees  |      | (465 142)        | (193 194)        |
| Cash generated from/(utilised in) operations  |      | (137 947)        | 94 521           |
| Advances to Department Local Government & Housing previously disclosed as cash and cash equivalents | 8    | (243)            | (4 643)          |
| Interest received   |      | 4 113            | 2 058            |
| <b>Net cash inflow/(outflows) from operating activities</b>   |      | <b>(134 077)</b> | <b>91 936</b>    |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>  |      |                  |                  |
| Proceeds from disposal of property  |      | -                | 22               |
| <b>Net cash inflow from investing activities</b>  |      | <b>-</b>         | <b>22</b>        |
| <b>Net (decrease)/increase in cash and cash equivalent</b>  |      | <b>(134 077)</b> | <b>91 958</b>    |
| <b>Cash and cash equivalents at beginning of period</b>   |      | <b>290 358</b>   | <b>198 400</b>   |
| <b>Cash and cash equivalents at end of period</b>   |      | <b>156 281</b>   | <b>290 358</b>   |



## FREE STATE HOUSING FUND

### NOTES TO THE FINANCIAL STATEMENTS AT 31 MARCH 2004 OLD BUSINESS

#### 1. ACCOUNTING POLICY NOTES

The following are the principal accounting policies of the fund, which are consistent in all material respects with those applied in the previous year, except as otherwise indicated.

##### 1.1 BASIS OF PREPARATION

The financial statements have been prepared on the historical cost basis in accordance with the policies below. Section 40(1)(b) of the Public Finance Management Act, 1999 read in conjunction with Section 10 of the Free State Housing Act, 1999 was used as a basis to determine the appropriate accounting practice.

Generally Accepted Accounting Practice has been implemented in preparing these financial statements in as far possible taking account of the fact that the systems in place at the Housing Fund accounts for all transactions on a modified cash basis of accounting. The accounting policies thus do not fully comply with the Statements of Generally Accepted Accounting Practice.

##### 1.2 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment is stated at historical cost.

##### 1.3 TRADE RECEIVABLES

Trade receivables are carried at the anticipated realisable value in respect of rental debtors, outstanding loans to individuals and outstanding balances in respect of instalment sale debtors. A provision for doubtful debts is created based on the payment percentage for the year under review in relation to the total outstanding debts.

##### 1.4 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand and calculated balances as per books maintained by the provincial housing fund.

##### 1.5 REVENUE RECOGNITION

Rental income is recognised on a straight-line basis over the lease term. Interest is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity.



## FREE STATE HOUSING FUND

### NOTES TO THE FINANCIAL STATEMENTS AT 31 MARCH 2004-OLD BUSINESS

|   | 2003/04<br>R'000 | 2002/03<br>R'000 |
|---|------------------|------------------|
| <b>2. PROPERTY, PLANT AND EQUIPMENT</b>                                       |                  |                  |
| Opening balance   | 10 894           | 10 916           |
| Fundamental error in opening balances   | (1 167)          | -                |
| Disposals   | -                | (22)             |
| <b>Gross carrying amount at end of year</b>                                   | <b>9 727</b>     | <b>10 894</b>    |
| <b>3. TRADE AND OTHER RECEIVABLES</b>   |                  |                  |
| Write-off from suspense account -<br>Department of Local Government & Housing | 821              | 821              |
|   | 297              | 336              |
| Rental debtors  | 2 819            | 2 614            |
| Provision for bad debts   | (2 522)          | (2 278)          |
|   | 8                | 9                |
| Loans to individuals  | 896              | 822              |
| Provision for bad debts   | (888)            | (813)            |
|   | 3                | 6                |
| Properties sold   | 684              | 650              |
| Provision for bad debts   | (681)            | (644)            |
| Loan account:<br>Department of Local Government & Housing                     | 4 887            | 4 643            |
| Other receivables   | 29               | 38               |
|   | <b>6 045</b>     | <b>5 853</b>     |



## FREE STATE HOUSING FUND

### NOTES TO THE FINANCIAL STATEMENTS AT 31 MARCH 2004 – OLD BUSINESS

|   | 2003/04<br>R'000 | 2002/03<br>R'000 |
|---|------------------|------------------|
| <b>5. TRADE AND OTHER PAYABLES</b>  |                  |                  |
| Unallocated cash  | 5                | -                |
| Sundry payables   | 20               | 20               |
| Inter-departmental transfers  | 10               | 10               |
|   | <hr/>            | <hr/>            |
|   | <b>35</b>        | <b>30</b>        |
|   | <hr/>            | <hr/>            |
| <b>7. FUNDAMENTAL ERROR</b>   |                  |                  |
| Correction of fundamental error relating to journals that was passed on the asset register in 1997/98 without adjusting the general ledger accordingly. | (1 167)          | -                |
|   | <hr/>            | <hr/>            |
|   | <b>(1 167)</b>   | <b>-</b>         |
|   | <hr/>            | <hr/>            |



## FREE STATE HOUSING FUND

### NOTES TO THE FINANCIAL STATEMENTS AT 31 MARCH 2004 – OLD BUSINESS

|  | 2003/04<br>R'000 | 2002/03<br>R'000 |
|--|------------------|------------------|
| <b>8. RECONCILIATION OF NET PROFIT<br/>TO CASH GENERATED FROM<br/>OPERATIONS</b> |                  |                  |
| Net profit/(loss)  | 80               | (27)             |
| Adjustments for:   |                  |                  |
| - Approved capital interest  |                  |                  |
| - Capital adjustments properties sold  | (1)              | (7)              |
| - Interest received  | (130)            | (206)            |
| Operating profit before working capital changes                                  | (51)             | (240)            |
| Changes in working capital:  |                  |                  |
| - (Increase)/ decrease in accounts<br>receivables                                | 53               | (707)            |
| - Increase/(decrease) in trade payables  | 5                | (10)             |
| <b>Cash generated from operations</b>  | <b>7</b>         | <b>(957)</b>     |



## FREE STATE HOUSING FUND

### NOTES TO THE FINANCIAL STATEMENTS AT 31 MARCH 2004 – OLD BUSINESS

2003/04  
R'000

2002/03  
R'000

#### 9. Profit from operations

Profit from operations is arrived at after taking into account the following:

|                            |     |     |
|----------------------------|-----|-----|
| Loss on sale of properties | -   | 8   |
| Provision for bad debts    | 340 | 684 |



## FREE STATE HOUSING FUND

### NOTES TO THE FINANCIAL STATEMENTS AT 31 MARCH 2004- NEW BUSINESS

#### 1. ACCOUNTING POLICY NOTES

The following are the principal accounting policies of the fund, which are consistent in all material respects with those applied in the previous year, except as otherwise indicated.

##### 1.1 BASIS OF PREPARATION

The financial statements have been prepared on the historical cost basis in accordance with the policies below. Section 40(1)(b) of the Public Finance Management Act, 1999 read in conjunction with Section 10 of the Free State Housing Act, 1999 was used as a basis to determine the appropriate accounting practice. Generally Accepted Accounting Practice has been implemented in preparing these financial statements in as far as possible taking account of the fact that the systems in place at the Housing Fund accounts for all transactions on a modified cash basis of accounting. The accounting policies thus do not fully comply with the Statements of Generally Accepted Accounting Practice.

##### 1.2 TRADE RECEIVABLES

Trade receivables are carried at actual value. No estimate for doubtful receivables has been made, as these receivables comprise actual cash held in trust accounts by conveyancers and funds received from the National Department of Housing.

##### 1.3 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand and calculated balances as per books maintained by the provincial housing fund.

##### 1.4 REVENUE RECOGNITION

Government grants from the National Department of Housing are recognised upon receipt thereof via the Provincial Department of Local Government and Housing.

##### 1.5 CONTINGENT LIABILITY

The amounts disclosed as contingent liabilities in the notes to the financial statements consist of accounts payable identified at year-end and not contingent liabilities as defined in statements of Generally Accepted Accounting Practice.

##### 1.6 CAPITAL COMMITMENTS

No attempt was made to quantify any commitments towards capital projects in the notes to the annual financial statements.



## FREE STATE HOUSING FUND

### NOTES TO THE FINANCIAL STATEMENTS AT 31 MARCH 2004 - NEW BUSINESS

|  | 2003/04<br>R'000 | 2002/03<br>R'000 |
|--|------------------|------------------|
| <b>3. TRADE AND OTHER RECEIVABLES</b>                      |                  |                  |
| Cash held by conveyancers                                  | -                | 581              |
| Loan Account – Department of Local<br>Government & Housing | -                | 1 031            |
|  | <hr/>            | <hr/>            |
|  | -                | <b>1 612</b>     |
|  | <hr/>            | <hr/>            |
| <b>4. CASH AND CASH EQUIVALENTS</b>                        |                  |                  |
| Cash on hand and bank balances                             | 156 281          | 290 358          |
|  | <hr/>            | <hr/>            |
|  | <b>156 281</b>   | <b>290 358</b>   |
|  | <hr/>            | <hr/>            |
| <b>7. CONTINGENT LIABILITY</b>                             |                  |                  |
| Unpaid claims  |                  |                  |
| - Project linked   | 2 875            | 8 313            |
| - Individual non-credit                                    | -                | 2                |
| - Housing Support Centres                                  | 24               | -                |
|  | <hr/>            | <hr/>            |
|  | <b>2 899</b>     | <b>8 315</b>     |
|  | <hr/>            | <hr/>            |



## FREE STATE HOUSING FUND

### NOTES TO THE FINANCIAL STATEMENTS AT 31 MARCH 2004 - NEW BUSINESS

|  | 2003/04<br>R'000 | 2002/03<br>R'000 |
|--|------------------|------------------|
| <b>8. RECONCILIATION OF NET PROFIT TO CASH GENERATED FROM OPERATIONS</b> |                  |                  |
| Net profit /(loss)   | (135 581)        | 98 065           |
| Adjustments for:   |                  |                  |
| - Interest received  | (3 983)          | (1 852)          |
| Operating profit before working capital changes                          | (139 564)        | 96 213           |
| Changes in working capital:  |                  |                  |
| - (Increase)/ decrease in accounts receivables                           | 1 610            | (735)            |
| <b>Cash generated from operations</b>                                    | <b>(137 954)</b> | <b>95 478</b>    |

#### 10. EVENTS AFTER THE REPORTING DATE

- (i) The Housing Fund is incorporated into the Provincial Department of Housing as from 1 April 2004 and the New Business will therefore become dormant as from that date.
- (ii) Appointment of Mr I.W. Kotsoane as new MEC since 2 May 2004.



## FREE STATE HOUSING FUND

### DETAILED INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2004 – OLD BUSINESS

|                                     | 2003/04<br>R'000 | 2002/03<br>R'000 |
|-------------------------------------|------------------|------------------|
| <b>INCOME</b>                       | 600              | 864              |
| Rental                              | 469              | 652              |
| Interest                            | 130              | 206              |
| Sundry income                       | 1                | 2                |
| Commission: Loans/Rentals           | -                | 4                |
| <b>LESS: EXPENSES</b>               | 520              | 891              |
| <i>Administration fees:</i>         | 410              | 684              |
| Administrative fees                 | 1                | -                |
| Commission: Loans/Rentals           | 69               | -                |
| Provision for doubtful debts        | 340              | 684              |
| <i>Other operating expenditure:</i> | 110              | 207              |
| Repairs and maintenance             | 107              | 189              |
| Subsidies                           | 3                | 10               |
| Loss on disposal of property        | -                | 8                |
| <b>NET PROFIT/(LOSS)</b>            | <b>80</b>        | <b>(27)</b>      |



## FREE STATE HOUSING FUND

### DETAILED INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2004 – NEW BUSINESS

|  | 2003/04<br>R'000 | 2002/03<br>R'000 |
|--|------------------|------------------|
| <b>OPERATING INCOME</b>                            | 325 403          | 287 715          |
| Grant received from National Department of Housing | 325 403          | 287 715          |
| <b>LESS: EXPENSES</b>                              | 464 967          | 191 502          |
| <i>Operating expenditure:</i>                      |                  |                  |
| Capital subsidy programme:                         |                  |                  |
| Project-linked development                         | 336 164          | 159 421          |
| Transfer of houses                                 | 1 773            | 416              |
| Individual subsidies                               | 1 224            | 2 632            |
| Institutional subsidies                            | 12               | 797              |
| Rural subsidies                                    | 18 375           | 1 059            |
| Upgrading of hostels                               | 17 141           | 5 033            |
| People housing process                             | 78 448           | 22 144           |
| Consolidation subsidies                            | 11 830           | -                |
| <i>Operating profit / (loss)</i>                   | (139 564)        | 96 213           |
| Interest received                                  | 3 983            | 1 852            |
| <b>NET PROFIT/(LOSS)</b>                           | <b>(135 581)</b> | <b>98 065</b>    |



AUDITOR-GENERAL

**REPORT**

OF THE

**AUDITOR-GENERAL**

TO THE

**FREE STATE LEGISLATURE**

ON THE

**FINANCIAL STATEMENTS OF THE FREE STATE HOUSING FUND**

FOR

**THE YEAR ENDED 31 MARCH 2004**



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## REPORT OF THE AUDITOR-GENERAL TO THE FREE STATE LEGISLATURE ON THE FINANCIAL STATEMENTS OF THE FREE STATE HOUSING FUND FOR THE YEAR ENDED 31 MARCH 2004

### 1. AUDIT ASSIGNMENT

The financial statements as set out on pages 131 to 146, for the year ended 31 March 2004, 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 3 and 5 of the Auditor-General Act, 1995 (Act No. 12 of 1995). These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements, based on the audit.

### 2. NATURE AND SCOPE

The audit was conducted in accordance with Statements of South African Auditing Standards. 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 included in the financial statements,
- assessing the accounting principles used and significant estimates made by management, and
- evaluating the overall financial statement presentation.

Furthermore, an audit includes an examination, on a test basis, of evidence supporting compliance in all material respects with the relevant laws and regulations, which came to my attention and are applicable to financial matters.

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

### 3. QUALIFICATION

#### 3.1 Limitation on scope of audit

Owing to the lack of supporting documentation, which could not be submitted during the audit, the following aspects placed a severe limitation on the scope of the audit:

##### (a) *Cash and cash equivalents*

Cash and cash equivalents amounting to R156 281 000 as at 31 March 2004 (2003: R290 358 000) could not be verified as correct because of material differences. This is mainly due to the fact that the Housing Fund does not have a documented policy framework for recording and review of cash and cash equivalent transactions. The following serve as examples:

- (i) A difference of R12 494 444 (2003: R11 375 151) between the balance for cash and cash equivalents as shown in the financial statements and the trial balance could not be substantiated.



- (ii) Included in the cash and cash equivalent balance of R156 281 000 were amounts of R69 149 000 and R71 231 677 respectively reflected in the accounts of the Department of Local Government and Housing and Provincial Treasury and not paid into the bank account of the Housing Fund.

Similar matters were reported on in paragraph 3.1.1 of the previous report.

(b) *Submission of subsidy / project files*

Out of a total of 236 project-linked, housing support and consolidation application files, almost 26% could not be submitted for audit purposes as the control system for files is not properly developed and documented by management.

(c) *Trade and other receivables*

- (i) Owing to the fact that the financial management system does not make provision for an age analysis or a list of debtors, the accuracy of the debtors in respect of rental, loans to individuals and property sold amounting to R4 399 000 (2003: R4 086 000), prior to the provision for bad debts, could not be verified. This was also reported on in paragraph 3(a)(ii) of the previous report. Some of these debtors have not made any payments since September 1994.
- (ii) Supporting documentation for an amount of R821 330 disclosed as write-off from suspense account in note 3 to the financial statements could not be submitted. This shortcoming was also reported in paragraph 3.1.4 of the previous report but to no avail.

(d) *Provision for bad debts*

The provision for bad debts for the year amounting to R340 000 (2003: R648 000) and the accumulated balance as at 31 March 2004 totalling R4 091 000, as disclosed in note 3 to the financial statements, were not recorded on the Financial Management System as it is a cash based system. A similar shortcoming was also reported on in the previous two audit reports.

(e) *Documentation not submitted*

Owing to the lack of supporting documentation substantiating the certification of certain payments, the validity of the following payments could not be verified:

- (i) Supporting documentation for people housing process subsidy payments amounting to R2 063 640, could not be submitted for audit purposes.
- (ii) An agreement between the Housing Fund and a support organisation could not be made available for audit purposes and the validity of subsidy payments amounting to R2 120 640 could as a result not be verified.
- (iii) A total amount of R17 141 063 was paid out with regard to the upgrading of hostels during the year under review but no contracts between the Free State Housing Fund, the Developer or Municipality which did the upgrading could be submitted for the work done.



### **3.2 Fixed assets**

The Housing Fund does not comply with the policy with regard to the disposal of fixed assets. As a result of this the following were noted:

- (a) According to title deeds submitted for audit purposes, fixed assets amounting to R6 592 946 belonging to municipalities were included in the financial statements resulting in fixed assets being overstated by the said amount.
- (b) As was also reported in paragraph 3.2(b) of the 2001-02 audit report, supporting documentation for disposals totalling R313 000 could not be submitted for audit purposes.

### **3.3 Receivables disclosed as expenditure**

Provision for bad debts should have been created for Cash held by conveyancers amounting to R581 000 but instead, it was incorrectly shown as an expense against project-linked subsidies. Management policies and procedures were not adequately followed resulting in the transaction being incorrectly disclosed as a project-linked expenditure instead of a provision for bad debts.

### **3.4 Discount benefit scheme**

The correctness and validity of a total amount of R1 772 772 paid during the year under review for the transfer / registration of properties under the discount benefit scheme could not be verified as a result of insufficient evidence and inadequate procedures followed in the following instances:

- (a) A contract between the Housing Fund and a firm was entered into during March 1999 for the transfer of residential properties built before 1994 under the R7 500- discount benefit scheme. Documentation to prove that the normal tender/quotation procedure was followed could not be submitted.
- (b) According to chapter 9, paragraph 9.3.2.7 of the Housing Code, Government may pay transfer costs up to a maximum of R150 per plot. The fee paid to a contractor amounted to R850 per plot. This resulted in an additional amount of R1,5 million being paid for which the Housing Code did not provide.
- (c) The national database was not updated with the information of beneficiaries for the discount benefit scheme. Apparently this documentation is kept with the contractor but should be available at the administration office of the Fund.
- (d) The agreement with a contractor did not stipulate a time frame in which the work had to be completed.

## **4. DISCLAIMER OF AUDIT OPINION**

Because of the significance of the matters referred to in paragraph 3, I do not express an opinion on the financial statements.



## 5. EMPHASIS OF MATTER

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

### 5.1 MATTERS NOT AFFECTING THE FINANCIAL STATEMENTS

#### 5.1.1 Performance indicators: Value for money

The following matters are indicative that proper value for money to ensure optimum and quality delivery, was not always attained:

##### (a) Physical verification of houses built

An audit test again revealed various deficiencies regarding houses built (some 602 houses in 18 towns were visited). As result of the lack of a proper procedure framework for performing inspections, many cases of weak workmanship were found. The following serve as examples:

- (i) 29 houses, paid for during the financial year under review, were still not completed or not built at all.
- (ii) Incomplete finishing (e.g. no inner walls, walls not plastered and sinks not properly fitted) was identified on 42 sites.
- (iii) Walls and floors with cracks and foundation problems were identified on 81 sites.
- (iv) Roofs at 30 sites were not properly fitted and leaked.
- (v) No services were rendered and toilets were not always fitted or connected, or were defective at 155 sites. However, full payments were made as if the houses had been completed.
- (vi) At 72 sites visited windows and doors did not close properly or in certain instances doors were not fitted.
- (vii) In 10 instances houses were not occupied.
- (viii) Poor quality material (e.g. cement, paint, basin and brickwork) and/or workmanship were found on 65 sites.
- (ix) Houses built in Qwaqwa could not be verified as the site numbers on the map supplied by the Maluti-A-Phofung municipality differed from site numbers received from the database of the Housing Fund and the site numbers registered at the Deeds Office. The site numbers on the project database were in the sequence below 1000, while the corresponding houses on the Surveyor-General's map were in the 4000 sequence.



**(b) Incomplete project: Possible fruitless expenditure**

A project-linked subsidy project for 650 houses was stopped due to illegal occupants having invaded the area and occupying sites not belonging to them. An amount of R3 496 000 was paid to the contractor after the completion of 380 foundations. The 380 foundations could not be ascertained during the audit due to the lack of plot numbers and the inaccessibility of the area. The amount already spent is considered to be possible fruitless expenditure until such time the process has been completed.

**5.1.2 Weaknesses in internal control**

Due to a lack of proper control procedure, files do not always contain proof that the plot was provided with the necessary services, that the plot was registered in the applicant's name and that a deed search was done to ensure that no applicant owned or had previously owned any other property.

**5.1.3 Non-compliance with laws and regulations**

**(a) Abolishment of the Free State Provincial Housing Board**

No panel or committee had been appointed by the MEC to assist with matters relating to housing development as required by section 2C of the Free State Provincial Housing Act, 1999 (Act No. 7 of 1999) since the abolishment of the Free State Housing Board. This matter was also reported on in paragraph 5.1.3(a) of the previous report.

**(b) Non-compliance with National Housing Code (NHC)**

Due to control procedures not being adequately applied, the following examples of non-compliance with the NHC were revealed:

- (i) The business plans for the people housing process projects did not in all instances include the estimated cash flow requirements for the project as prescribed by paragraph 8.4.1(c) of the Housing Code.
- (ii) In terms of paragraph 8.2.1.3(c) of the Housing Code, the Account Administrator must, once a people housing project has been completed, submit a detailed reconciliation to the Housing Fund. The Housing Fund could not indicate which projects were completed in order to verify the submission of the prescribed reconciliations. This indicates a serious lack of control over the actual service delivery by support organisations.

**(c) Approved tariffs**

The Housing Fund does not comply with the documented policy to ensure the tariff lists, are at least reviewed annually by the accounting officer in terms of Treasury Regulation 7.3.1. This matter was also reported in paragraph 5.1.3(d) of the previous report but to no avail.



**(d) Penalty clause with regard to project-linked subsidies not applied**

According to the agreements between the developers and the Housing Fund, the completion date for the delivery of houses allocated to them was 31 December 2003. Failure to meet this deadline would give rise to a penalty of R100 per day per house. On 30 April 2004, 1 286 houses had not been completed. The penalty for the period 1 January 2004 to 31 March 2004 would amount to R11 702 600. The penalties were not recovered from the respective developers. This matter is the result of the lack of proper procedures for ensuring control over the timeous completion of projects. Specific approval authorising delays could not be submitted at the time of the audit.

**(e) Tenders**

No formal tender process was followed for the allocation of contracts to developers amounting to R334 339 041 during the year under review. According to the Accounting Officer the guidelines prescribed by the National Housing Code were followed. However, this may be inconsistent with section 38(1)(a)(iii) of the PFMA, which clearly states that the Accounting Officer must ensure that the department, trading entity or constitutional institution has and maintains an appropriate procurement and provisioning system, which is fair, equitable, transparent, competitive and cost-effective. Deficiencies with regard to tenders were also reported on in paragraph 5.1.4(f) of the previous report. Proper management procedures were not in place to ensure compliance with the relevant legislation.

**5.1.4 Financial management**

**(a) Internal audit unit and audit committee**

In terms of section 38(1)(a)(ii) of the Public Finance Management Act, 1999 (Act No. 1 of 1999), the accounting officer must ensure that the entity has and maintains a system of internal audit under the control and direction of an audit committee complying with and operating in accordance with section 77 and the Treasury Regulations.

Neither an internal audit unit nor an audit committee had been established by the department for the year under review. This was also reported on in paragraph 5.1.4(a) of the previous report.

Adequate procedures were not in place to ensure compliance with legislation.

**(b) Warranty scheme**

Subsidies amounting to more than R24 million were approved during the year under review. From the records perused during the audit, it could not be established whether any contributions, which amount to R2 479 per beneficiary in certain instances, were paid over to the developer. The risk that the full subsidy amount (R26 220 per beneficiary) as well as the contribution of the beneficiary (R2 479) may have been paid to the contractor could not be excluded. For the subsidies approved, the contributions could amount to almost R8 million. Although the department indicated that in some instances the beneficiaries might be exempted from paying the amount a formal reply to the examples listed by this Office was not received.



**(c) People's housing process**

- (i) Due to inadequate control procedures, the reconciliations from housing support organisations were in various instances incomplete or could not be submitted in order to confirm that funds had been correctly utilised for the intended purposes. With regard to reconciliations submitted, interest earned on amounts paid into trust accounts was not disclosed and paid back to the Fund. This matter was also reported on in paragraph 5.1.4(c) of the previous report but to no avail.
- (ii) The validity of agreements entered into between developers and the housing fund is doubtful as they were not always completed in full, witnesses did not sign for the signatories and contracts were sometimes signed after the due date.

**(d) Bridging finance**

Bridging finance amounting to R3 080 927 (2003: R638 700) was outstanding at 31 March 2004. It relates to 1995 and 1996 projects and reasons why these balances are still outstanding could not be submitted for audit purposes.

**6. APPRECIATION**

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

**B J K van Niekerk**  
for **AUDITOR-GENERAL**

**Bloemfontein**  
6 August 2004



# 2004 ANNUAL REPORT LOCAL GOVERNMENT AND HOUSING

## PART 4

### HUMAN RESOURCES MANAGEMENT



## PART 4 HUMAN RESOURCES MANAGEMENT

### VOTED FUNDS

|  |               |
|--|---------------|
| TOTAL AMOUNT APPROPRIATED FOR THE FINANCIAL YEAR 2003/2004 | R 561 118 000 |
| RESPONSIBLE MEC  | IW KOTSOANE   |
| ACCOUNTING OFFICER (ACTING HEAD)                           | SC POLELO     |

### PART 1 SERVICE DELIVERY

TABLE 1.1 MAIN SERVICES PROVIDED AND STANDARDS

| MAIN SERVICES                     | ACTUAL CUSTOMERS   | POTENTIAL CUSTOMERS  | STANDARD OF SERVICE            | ACTUAL ACHIEVEMENT AGAINST STANDARDS |
|-----------------------------------|--|--|--------------------------------|--------------------------------------|
| Housing delivery                  | Rural communities<br>Homeless people<br>All that qualify in terms of the housing scheme    | Rural communities<br>Homeless people<br>All that qualify in terms of the housing scheme    | Houses supplied                |                                      |
| Local Government                  | Capacitating municipalities  | All municipalities   | All municipalities             |                                      |
| Land development/spatial planning | Consultants<br>Communities<br>Municipalities   | Consultants<br>Communities<br>Municipalities   | Land developed and planned     |                                      |
| Disaster management               | Communities<br>Municipalities  | Communities<br>Municipalities  | Disaster prevention/management |                                      |
| Traditional affairs               | Communities<br>Traditional leaders<br>House of traditional leaders<br>Traditional Councils | Communities<br>Traditional leaders<br>House of traditional leaders<br>Traditional Councils | Sound traditional affairs      |                                      |

TABLE 1.2 CONSULTATION ARRANGEMENTS WITH CUSTOMERS

| TYPE OF ARRANGEMENT  | ACTUAL CUSTOMERS  | POTENTIAL CUSTOMERS   | ACTUAL ACHIEVEMENTS              |
|--|---|---|----------------------------------|
| Road shows<br>Formal meetings<br>Makgotla<br>Informal meetings | Rural communities<br>Homeless people<br>All that qualify in terms of the housing scheme<br>All municipalities | Rural communities<br>Homeless people<br>All that qualify in terms of the housing scheme<br>All municipalities | More consultation with customers |

TABLE 1.3 SERVICE DELIVERY ACCESS STRATEGY

| ACCESS STRATEGY  | ACTUAL ACHIEVEMENT   |
|--|----------------------|
| Road shows<br>Formal meetings<br>Makgotla<br>Informal meetings | Easier accessibility |

TABLE 1.4 SERVICE INFORMATION TOOL

| TYPES OF INFORMATION TOOLS  | ACTUAL ACHIEVEMENT   |
|---|----------------------|
| Road shows<br>Formal meetings<br>Makgotla<br>Informal meetings<br>Website | More informed people |

TABLE 1.5 COMPLAINTS MECHANISM

| COMPLAINTS MECHANISM   | ACTUAL ACHIEVEMENT           |
|--|------------------------------|
| Road shows<br>Formal meetings<br>Makgotla<br>Informal meetings | Complains handled adequately |



## PART 2 EXPENDITURE

TABLE 2.1 PERSONNEL COSTS PER PROGRAMME

| PROGRAMME    | TOTAL EXPENDITURE  | PERSONNEL EXPENDITURE | TRAINING EXPENDITURE * | PROF AND SPEC SERVICES | PERSONNEL COST AS A % OF TOTAL EXPENDITURE | AVERAGE PERSONNEL COST PER EMPLOYEE | EMPLOYMENT |
|--------------|--------------------|-----------------------|------------------------|------------------------|--|-------------------------------------|------------|
| 1            | R13 805 180        | R7 058 122            | R2 009 731             | R541 619               | 51%  | R164 142                            | 43         |
| 2            | R7 105 682         | R4 186 280            | 0                      | R1 727 063             | 59%  | R182 012                            | 23         |
| 3            | R6 784 507         | R5 465 997            | R14 859                | R352 758               | 81%  | R188 483                            | 29         |
| 4            | R4 843 405         | R3 572 621            | 0                      | R43 749                | 74%  | R155 331                            | 23         |
| 5            | R17 619 495        | R10 364 783           | R1 998                 | R3 318 593             | 59%  | R123 390                            | 84         |
| 6            | R18 621 979        | R6 570 249            | 0                      | R8 340 865             | 35%  | R128 828                            | 51         |
| 7            | R23 211 862        | R5 113 661            | 0                      | R15 910 467            | 22%  | R189 395                            | 27         |
| 8            | R5 241 367         | R3 373 235            | 0                      | R1 423                 | 64%  | R140 551                            | 24         |
| 9            | R1 654 118         | R1 316 054            | 0                      | R1 284                 | 80%  | R219 342                            | 6          |
| <b>TOTAL</b> | <b>R98 887 595</b> | <b>R47 021 002</b>    | <b>R2 026 588</b>      | <b>R30 237 823</b>     | <b>58,3%</b>                               | <b>R1 491 474</b>                   | <b>310</b> |

- ALL TRAINING EXPENDITURE PAID OUT OF PROGRAMME 1
- 6 PEOPLE ADDITIONAL

TABLE 2.2 PERSONNEL COSTS BY SALARY BANDS

| SALARY BANDS                           | PERSONNEL EXPENDITURE | % OF TOTAL PERSONNEL COSTS | AVERAGE PERSONNEL COST PER EMPLOYEE | TOTAL PERSONNEL EXPENDITURE | NUMBER OF EMPLOYEES |
|--|-----------------------|----------------------------|-------------------------------------|-----------------------------|---------------------|
| <b>LOWER SKILLED LEVELS 1-2</b>        |                       |                            |                                     |                             | 9                   |
| SKILLED LEVELS 3-5                     |                       |                            |                                     |                             | 59                  |
| HIGHLY SKILLED PRODUCTION LEVELS 6-8   |                       |                            |                                     |                             | 157                 |
| HIGHLY SKILLED SUPERVISION LEVELS 9-12 |                       |                            |                                     |                             | 71                  |
| SMS LEVELS 13-16                       |                       |                            |                                     |                             | 14                  |
| <b>TOTAL</b>                           | <b>R47 021 004</b>    | <b>48%</b>                 | <b>R151 681</b>                     | <b>R47 021 004</b>          | <b>310</b>          |



TABLE 2.3  
SALARIES, OVERTIME, HOMEOWNERS ALLOWANCE AND MEDICAL ASSISTANCE BY PROGRAMME

| PROGRAMME    | SALARIES           |                                   | OVERTIME       |                                   | HOMEOWNERS ALLOWANCE |                              | MEDICAL ASSISTANCE |                                 |
|--------------|--------------------|-----------------------------------|----------------|-----------------------------------|----------------------|------------------------------|--------------------|---------------------------------|
|              | AMOUNT             | SALARIES AS A % OF PERSONNEL COST | AMOUNT         | OVERTIME AS A % OF PERSONNEL COST | AMOUNT               | HOA AS A % OF PERSONNEL COST | AMOUNT             | MED ASST AS % OF PERSONNEL COST |
| 1            | R4 882 782         | 69%                               | 0              | 0                                 | R107 422             | 2%                           | R312 898           | 4%                              |
| 2            | R3 014 942         | 72%                               | 0              | 0                                 | R43 082              | 1%                           | R184 364           | 4%                              |
| 3            | R4 026 511         | 74%                               | 0              | 0                                 | R142 443             | 3%                           | R287 194           | 5%                              |
| 4            | R2 634 290         | 74%                               | 0              | 0                                 | R72 772              | 2%                           | R183 335           | 5%                              |
| 5            | R7 392 737         | 71%                               | R12 309        | 0.12%                             | R257 192             | 3%                           | R517 423           | 5%                              |
| 6            | R4 759 297         | 72%                               | 0              | 0                                 | R110 869             | 2%                           | R326 580           | 5%                              |
| 7            | R3 672 297         | 72%                               | 0              | 0                                 | R113 017             | 2%                           | R249 417           | 5%                              |
| 8            | R2 442 730         | 72%                               | 0              | 0                                 | R71 792              | 2%                           | R145 672           | 4%                              |
| 9            | R871 579           | 66%                               | 0              | 0                                 | R28 940              | 2%                           | R69 617            | 5%                              |
| <b>TOTAL</b> | <b>R33 697 165</b> | <b>71,3%</b>                      | <b>R12 309</b> | <b>0.12%</b>                      | <b>R947 529</b>      | <b>2%</b>                    | <b>R2 276 500</b>  | <b>4,7%</b>                     |

TABLE 2.4  
SALARIES, OVERTIME, HOMEOWNERS ALLOWANCE AND MEDICAL ASSISTANCE BY SALARY BANDS

| SALARY BAND                            | SALARIES           |                                   | OVERTIME       |                                   | HOMEOWNERS ALLOWANCE |                              | MEDICAL ASSISTANCE |                                 |
|--|--------------------|-----------------------------------|----------------|-----------------------------------|----------------------|------------------------------|--------------------|---------------------------------|
|  | AMOUNT             | SALARIES AS A % OF PERSONNEL COST | AMOUNT         | OVERTIME AS A % OF PERSONNEL COST | AMOUNT               | HOA AS A % OF PERSONNEL COST | AMOUNT             | MED ASST AS % OF PERSONNEL COST |
| LOWER SKILLED LEVELS 1-2               |                    |                                   |                |                                   |                      |                              |                    |                                 |
| SKILLED LEVELS 3-5                     |                    |                                   |                |                                   |                      |                              |                    |                                 |
| HIGHLY SKILLED PRODUCTION LEVELS 6-8   |                    |                                   |                |                                   |                      |                              |                    |                                 |
| HIGHLY SKILLED SUPERVISION LEVELS 9-12 |                    |                                   |                |                                   |                      |                              |                    |                                 |
| SMS LEVELS 13-16                       |                    |                                   |                |                                   |                      |                              |                    |                                 |
| <b>TOTAL</b>                           | <b>R33 697 167</b> | <b>72%</b>                        | <b>R12 309</b> | <b>0.12%</b>                      | <b>R840 107</b>      | <b>2%</b>                    | <b>R2 276 052</b>  | <b>5%</b>                       |



## PART 3 EMPLOYMENT AND VACANCIES

TABLE 3.1 EMPLOYMENT AND VACANCIES BY PROGRAMME

| PROGRAMME             | NUMBER OF POSTS  | NUMBER OF POSTS FILLED | VACANCY RATE | NUMBER OF POSTS FILLED ADDITIONAL TO THE ESTABLISHMENT |
|-----------------------|------------------|------------------------|--------------|--|
| 1 ASSD,HOD,MEC        | 88 including MEC | 43                     | 51%          | 0  |
| 2 TAS                 | 35               | 23                     | 34%          | 5 additional CUBANS                                    |
| 3 SPATIAL PLANNING    | 45               | 29                     | 36%          | 0  |
| 4 LAND DEVELOPMENT    | 47               | 23                     | 51%          | 0  |
| 5 HOUSING             | 118              | 84                     | 29%          | 0  |
| 6 FINANCE             | 86               | 51                     | 41%          | 0  |
| 7 LOC GOVERNMENT      | 66               | 27                     | 59%          | 0  |
| 8 TRAD AFFAIRS        | 30               | 24                     | 20%          | 6 additional THABA NCHU                                |
| 9 DISASTER MANAGEMENT | 17               | 6                      | 65%          | 0  |
| <b>TOTAL</b>          | <b>532</b>       | <b>310</b>             | <b>42%</b>   | <b>11</b>  |

TABLE 3.2 EMPLOYMENT AND VACANCIES BY SALARY BAND

| SALARY BAND                            | NUMBER OF POSTS | NUMBER OF POSTS FILLED | VACANCY RATE | NUMBER OF POSTS FILLED ADDITIONAL TO THE ESTABLISHMENT |
|--|-----------------|------------------------|--------------|--|
| LOWER SKILLED LEVELS 1-2               | 11              | 9                      | 18%          | 5  |
| SKILLED LEVELS 3-5                     | 117             | 59                     | 50%          | 1  |
| HIGHLY SKILLED PRODUCTION LEVELS 6-8   | 277             | 157                    | 43%          | 0  |
| HIGHLY SKILLED SUPERVISION LEVELS 9-12 | 109             | 71                     | 35%          | 5  |
| SMS LEVELS 13-16                       | 18              | 14                     | 22%          | 0  |
| <b>TOTAL</b>                           | <b>532</b>      | <b>310</b>             | <b>42%</b>   | <b>11</b>  |



TABLE 3.3 EMPLOYMENT AND VACANCIES BY CRITICAL OCCUPATIONS

| CRITICAL OCCUPATIONS                                      | NUMBER OF POSTS | NUMBER OF POSTS FILLED | VACANCY RATE | NUMBER OF POSTS FILLED ADDITIONAL TO THE ESTABLISHMENT |
|---|-----------------|------------------------|--------------|--|
| MANAGEMENT  | 18              | 14                     | 22%          | 0  |
| INFORMATION TECHNOLOGY                                    | 12              | 5                      | 58%          | 0  |
| ORGANISATIONAL DEVELOPMENT                                | 12              | 3                      | 75%          | 0  |
| TECHNICAL/<br>ENGINEERING<br>RELATED ADVISORY<br>SERVICES | 35              | 23                     | 34%          | 5  |
| FINANCE   | 86              | 51                     | 41%          | 0  |
| TOTAL   | 163             | 96                     | 41%          | 5  |



## PART 4 JOB EVALUATION

TABLE 4.1 JOB EVALUATION

| SALARY BAND                            | NUMBER OF POSTS | NUMBER OF JOBS EVALUATED | % OF POSTS EVALUATED | POST UPGRADED |                      | POSTS DOWN GRADED |                      |
|--|-----------------|--------------------------|----------------------|---------------|----------------------|-------------------|----------------------|
|  |                 |                          |                      | NUMBER        | % OF POSTS EVALUATED | NUMBER            | % OF POSTS EVALUATED |
| LOWER SKILLED LEVELS 1-2               | 11              | 0                        | 0                    | 0             | 0                    | 0                 | 0                    |
| SKILLED LEVELS 3-5                     | 117             | 3                        | 3%                   | 3             | 100%                 | 0                 | 0                    |
| HIGHLY SKILLED PRODUCTION LEVELS 6-8   | 277             | 0                        | 0                    | 0             | 0                    | 0                 | 0                    |
| HIGHLY SKILLED SUPERVISION LEVELS 9-12 | 109             | 7                        | 6%                   | 2             | 29%                  | 1                 | 14%                  |
| SMS LEVELS 13-16                       | 18              | 2                        | 11%                  | 2             | 100%                 | 0                 | 0                    |
| <b>TOTAL</b>                           | <b>532</b>      | <b>12</b>                | <b>2,25%</b>         | <b>7</b>      | <b>58%</b>           | <b>1</b>          | <b>0,2%</b>          |

TABLE 4.2 PROFILE OF EMPLOYEES WHOSE SALARY POSITIONS WERE UPGRADED DUE TO THEIR POSTS BEING UPGRADED

| BENEFICIARIES               | AFRICAN | ASIAN | COLOURED | WHITE | TOTAL |
|-----------------------------|---------|-------|----------|-------|-------|
| FEMALE                      | 0       | 0     | 0        | 1     | 1     |
| MALE                        | 2       | 0     | 0        | 2     | 2     |
| TOTAL                       | 2       | 0     | 0        | 0     | 2     |
| EMPLOYEES WITH A DISABILITY | 0       | 0     | 0        | 0     | 0     |

\* 2 OFFICIALS WERE NOT AFFECTED



TABLE 4.3  
EMPLOYEES WHOSE SALARY LEVEL EXCEEDED THE GRADE DETERMINED BY JOB EVALUATION

| OCCUPATION  | NUMBER OF EMPLOYEES | JOB EVALUATION LEVEL | REMUNERATION LEVEL | REASON FOR THE DEVIATION |
|---|---------------------|----------------------|--------------------|--------------------------|
| 0   | 0                   | 0                    | 0                  | 0                        |
| 0   | 0                   | 0                    | 0                  | 0                        |
| 0   | 0                   | 0                    | 0                  | 0                        |
| TOTAL NUMBER OF EMPLOYEES WHOSE SALARIES EXCEEDED THE LEVEL DETERMINED BY JOB EVALUATION IN 2003/2004 |                     |                      |                    | 0                        |
| % OF TOTAL EMPLOYMENT   |                     |                      |                    | 0                        |

TABLE 4.4 PROFILE OF EMPLOYEES WHOSE SALARY LEVEL EXCEEDED THE GRADE DETERMINED BY JOB EVALUATION

| BENEFICIARIES               | AFRICAN | ASIAN | COLOURED | WHITE | TOTAL |
|-----------------------------|---------|-------|----------|-------|-------|
| FEMALE                      | 0       | 0     | 0        | 0     | 0     |
| MALE                        | 0       | 0     | 0        | 0     | 0     |
| TOTAL                       | 0       | 0     | 0        | 0     | 0     |
| EMPLOYEES WITH A DISABILITY | 0       | 0     | 0        | 0     | 0     |



## PART 5 EMPLOYMENT CHANGES

TABLE 5.1 ANNUAL TURNOVER RATES BY SALARY BAND

| SALARY BAND                            | NUMBER OF EMPLOYEES PER BAND AS ON 1 APRIL 2003 | APPOINTMENTS AND TRANSFERS INTO THE DEPT | TERMINATIONS AND TRANSFERS OUT OF DEPT | TURNOVER RATE |
|--|---|--|--|---------------|
| LOWER SKILLED LEVELS 1-2               | 10  | 0  | 2                                      | 20%           |
| SKILLED LEVELS 3-5                     | 50  | 12                                       | 6                                      | 36%           |
| HIGHLY SKILLED PRODUCTION LEVELS 6-8   | 160   | 11                                       | 12                                     | 14%           |
| HIGHLY SKILLED SUPERVISION LEVELS 9-12 | 58  | 18                                       | 8                                      | 45%           |
| SMS LEVELS 13-16                       | 10  | 3  | 0                                      | 30%           |
| TOTAL                                  | 288   | 44                                       | 28                                     | 29%           |

TABLE 5.2 ANNUAL TURNOVER RATES BY CRITICAL OCCUPATION

| CRITICAL OCCUPATION                              | NUMBER OF EMPLOYEES AS ON 1 APRIL 2003 | APPOINTMENTS AND TRANSFERS INTO THE DEPT | TERMINATIONS AND TRANSFERS OUT OF DEPT | TURNOVER RATE |
|--|--|--|--|---------------|
| MANAGEMENT                                       | 10                                     | 3  | 0                                      | 17%           |
| INFORMATION TECHNOLOGY                           | 4                                      | 2  | 1                                      | 25%           |
| ORGANISATIONAL DEVELOPMENT                       | 3                                      | 0  | 0                                      | 0             |
| TECHNICAL/ ENGINEERING RELATED ADVISORY SERVICES | 20                                     | 0  | 0                                      | 0             |
| FINANCE  | 43                                     | 16                                       | 6                                      | 26%           |
| TOTAL  | 80                                     | 21                                       | 7                                      | 35%           |



TABLE 5.3 REASONS WHY THE STAFF LEAVES THE DEPARTMENT

| TERMINATION TYPE  | NUMBER | % OF TOTAL |
|---|--------|------------|
| DEATH   | 2      | 0.6%       |
| RESIGNATION   | 13     | 4%         |
| EXPIRY OF CONTRACT  | 0      | 0          |
| DISMISSAL/OPERATIONAL CHANGES                                     | 0      | 0          |
| DISMISSAL/MISCONDUCT  | 0      | 0          |
| DISMISSAL/INEFFICIENCY  | 0      | 0          |
| DISCHARGE DUE TO ILL-HEALTH                                       | 0      | 0          |
| RETIREMENT  | 1      | 0.3%       |
| TRANSFERS TO OTHER PUBLIC SERVICE DEPTS                           | 13     | 4%         |
| OTHER   | 0      | 0          |
| TOTAL   | 28     | 9%         |
| TOTAL NUMBER OF EMPLOYEES WHO LEFT AS A % OF THE TOTAL EMPLOYMENT |        | 9%         |

TABLE 5.4 PROMOTIONS BY CRITICAL OCCUPATION

| OCCUPATION                                       | NUMBER OF EMPLOYEES AT BEGINNING OF THE PERIOD 1 APRIL 2003 | PROMOTIONS TO ANOTHER SALARY LEVEL | SALARY LEVEL PROMOTIONS AS A % OF EMPLOYEES BY OCCUPATION | PROGRESSION TO ANOTHER NOTCH WITHIN A SALARY LEVEL | NOTCH PROGRESSIONS AS A % OF EMPLOYEES BY OCCUPATION |
|--|---|------------------------------------|---|--|--|
| MANAGEMENT                                       | 10  | 0                                  | 0   | 0  | 0  |
| INFORMATION TECHNOLOGY                           | 4   | 1                                  | 25%   | 0  | 0  |
| ORGANISATIONAL DEVELOPMENT                       | 3   | 2                                  | 67%   | 0  | 0  |
| TECHNICAL/ ENGINEERING RELATED ADVISORY SERVICES | 20  | 1                                  | 5%  | 1  | 5%   |
| FINANCE  | 43  | 1                                  | 2%  | 4  | 9%   |
| TOTAL  | 80  | 5                                  | 6%  | 5  | 6%   |



TABLE 5.5 PROMOTIONS BY SALARY BAND

| SALARY BAND                            | NUMBER OF EMPLOYEES AS ON 1 APRIL 2003 | PROMOTIONS TO ANOTHER SALARY LEVEL | SALARY LEVEL PROMOTIONS AS A % OF EMPLOYEES BY SALARY BAND | PROGRESSION TO ANOTHER NOTCH WITHIN A SALARY LEVEL | NOTCH PROGRESSIONS AS A % OF EMPLOYEES BY SALARY BAND |
|--|--|------------------------------------|--|--|---|
| LOWER SKILLED LEVELS 1-2               | 10                                     | 0                                  | 0  | 2  | 20%   |
| SKILLED LEVELS 3-5                     | 50                                     | 1                                  | 2%   | 16   | 32%   |
| HIGHLY SKILLED PRODUCTION LEVELS 6-8   | 160                                    | 7                                  | 4%   | 21   | 13%   |
| HIGHLY SKILLED SUPERVISION LEVELS 9-12 | 58                                     | 10                                 | 17%  | 5  | 29%   |
| SMS LEVELS 13-16                       | 10                                     | 0                                  | 0  | 0  | 0   |
| TOTAL                                  | 288                                    | 18                                 | 6%   | 44   | 15%   |

## PART 6 EMPLOYMENT EQUITY

TABLE 6.1 TOTAL NUMBER OF EMPLOYEES (INCLUDING EMPLOYEES WITH DISABILITIES) IN EACH OF THE FOLLOWING OCCUPATIONAL CATEGORIES

| OCCUPATIONAL CATEGORIES (SASCO)            | MALE    |           |        |       | FEMALE  |           |        |       | TOTAL |
|--|---------|-----------|--------|-------|---------|-----------|--------|-------|-------|
|  | AFRICAN | COLOUR-ED | INDIAN | WHITE | AFRICAN | COLOUR-ED | INDIAN | WHITE |       |
| LEGISLATORS, SENIOR OFFICIALS AND MANAGERS | 9       | 0         | 0      | 2     | 3       | 0         | 0      | 0     | 14    |
| PROFESSIONALS PERMANENT                    | 21      | 1         | 0      | 24    | 12      | 1         | 0      | 12    | 71    |
| CLERKS PERMANENT                           | 44      | 1         | 0      | 26    | 23      | 2         | 1      | 60    | 157   |
| CRAFT AND RELATED TRADEWORKERS PERMANENT   | 29      | 0         | 0      | 1     | 24      | 3         | 0      | 2     | 59    |
| ELEMENTARY OCCUPATIONS PERMANENT           | 5       | 0         | 0      | 0     | 4       | 0         | 0      | 0     | 9     |
| TOTAL                                      | 108     | 2         | 0      | 53    | 66      | 6         | 1      | 74    | 310   |



TABLE 6.2 TOTAL NUMBER OF EMPLOYEES (INCLUDING EMPLOYEES WITH DISABILITIES) IN EACH OF THE FOLLOWING OCCUPATIONAL BANDS

| OCCUPATIONAL BANDS  | MALE    |           |        |       | FEMALE  |           |        |       | TOTAL |
|---|---------|-----------|--------|-------|---------|-----------|--------|-------|-------|
|   | AFRICAN | COLOUR-ED | INDIAN | WHITE | AFRICAN | COLOUR-ED | INDIAN | WHITE |       |
| TOP MANAGEMENT  | 2       | 0         | 0      | 0     | 0       | 0         | 0      | 0     | 2     |
| SENIOR MANAGEMENT   | 7       | 0         | 0      | 2     | 3       | 0         | 0      | 0     | 12    |
| PROFESSIONALLY QUALIFIED AND EXPERIENCED SPECIALISTS AND MID - MANAGEMENT   | 21      | 1         | 0      | 24    | 12      | 1         | 0      | 12    | 71    |
| SKILLED TECHNICAL AND ACADEMICALLY QUALIFIED WORKERS, JUNIOR MANAGEMENT, SUPERVISORS, FOREMAN AND SUPERINTENDENTS | 44      | 1         | 0      | 26    | 23      | 2         | 1      | 60    | 157   |
| SEMI SKILLED AND DISCRETIONARY DECISION MAKING  | 29      | 0         | 0      | 1     | 24      | 3         | 0      | 2     | 59    |
| UN SKILLED AND DEFINED DECISION MAKING  | 5       | 0         | 0      | 0     | 4       | 0         | 0      | 0     | 9     |
| TOTAL   | 108     | 2         | 0      | 53    | 66      | 6         | 1      | 74    | 310   |



TABLE 6.3 RECRUITMENT

| OCCUPATIONAL BANDS  | MALE    |           |        |       | FEMALE  |           |        |       | TOTAL |
|---|---------|-----------|--------|-------|---------|-----------|--------|-------|-------|
|   | AFRICAN | COLOUR-ED | INDIAN | WHITE | AFRICAN | COLOUR-ED | INDIAN | WHITE |       |
| TOP MANAGEMENT  | 1 MEC   | 0         | 0      | 0     | 0       | 0         | 0      | 0     | 1     |
| SENIOR MANAGEMENT   | 2       | 0         | 0      | 0     | 0       | 0         | 0      | 0     | 2     |
| PROFESSIONALLY QUALIFIED AND EXPERIENCED SPECIALISTS AND MID – MANAGEMENT   | 7       | 0         | 0      | 1     | 6       | 1         | 0      | 0     | 15    |
| SKILLED TECHNICAL AND ACADEMICALLY QUALIFIED WORKERS, JUNIOR MANAGEMENT, SUPERVISORS, FOREMAN AND SUPERINTENDENTS | 6       | 0         | 0      | 1     | 1       | 1         | 1      | 0     | 10    |
| SEMI SKILLED AND DISCRETIONARY DECISION MAKING  | 6       | 0         | 0      | 0     | 6       | 0         | 0      | 0     | 12    |
| UN SKILLED AND DEFINED DECISION MAKING  | 0       | 0         | 0      | 0     | 0       | 0         | 0      | 0     | 0     |
| TOTAL   | 22      | 0         | 0      | 2     | 13      | 2         | 1      | 0     | 40    |



TABLE 6.4 PROMOTIONS

| OCCUPATIONAL BANDS  | MALE    |           |        |       | FEMALE  |           |        |       | TOTAL |
|---|---------|-----------|--------|-------|---------|-----------|--------|-------|-------|
|   | AFRICAN | COLOUR-ED | INDIAN | WHITE | AFRICAN | COLOUR-ED | INDIAN | WHITE |       |
| TOP MANAGEMENT  | 0       | 0         | 0      | 0     | 0       | 0         | 0      | 0     | 0     |
| SENIOR MANAGEMENT   | 0       | 0         | 0      | 0     | 1       | 0         | 0      | 0     | 1     |
| PROFESSIONALLY QUALIFIED AND EXPERIENCED SPECIALISTS AND MID - MANAGEMENT   | 4       | 0         | 0      | 5     | 0       | 0         | 0      | 1     | 10    |
| SKILLED TECHNICAL AND ACADEMICALLY QUALIFIED WORKERS, JUNIOR MANAGEMENT, SUPERVISORS, FOREMAN AND SUPERINTENDENTS | 0       | 0         | 0      | 0     | 5       | 0         | 0      | 1     | 6     |
| SEMI SKILLED AND DISCRETIONARY DECISION MAKING  | 0       | 0         | 0      | 0     | 1       | 0         | 0      | 0     | 1     |
| UN SKILLED AND DEFINED DECISION MAKING  | 0       | 0         | 0      | 0     | 0       | 0         | 0      | 0     | 0     |
| TOTAL   | 4       | 0         | 0      | 5     | 7       | 0         | 0      | 2     | 18    |



TABLE 6.5 TERMINATIONS

| OCCUPATIONAL BANDS  | MALE    |           |        |       | FEMALE  |           |        |       | TOTAL |
|---|---------|-----------|--------|-------|---------|-----------|--------|-------|-------|
|   | AFRICAN | COLOUR-ED | INDIAN | WHITE | AFRICAN | COLOUR-ED | INDIAN | WHITE |       |
| TOP MANAGEMENT  | 0       | 0         | 0      | 0     | 0       | 0         | 0      | 0     | 0     |
| SENIOR MANAGEMENT   | 0       | 0         | 0      | 0     | 0       | 0         | 0      | 0     | 0     |
| PROFESSIONALLY QUALIFIED AND EXPERIENCED SPECIALISTS AND MID - MANAGEMENT   | 1       | 0         | 0      | 1     | 4       | 0         | 0      | 0     | 6     |
| SKILLED TECHNICAL AND ACADEMICALLY QUALIFIED WORKERS, JUNIOR MANAGEMENT, SUPERVISORS, FOREMAN AND SUPERINTENDENTS | 4       | 0         | 0      | 1     | 2       | 0         | 0      | 3     | 10    |
| SEMI SKILLED AND DISCRETIONARY DECISION MAKING  | 2       | 0         | 0      | 0     | 1       | 0         | 0      | 0     | 3     |
| UN SKILLED AND DEFINED DECISION MAKING  | 2       | 0         | 0      | 0     | 0       | 0         | 0      | 0     | 2     |
| TOTAL   | 9       | 0         | 0      | 2     | 7       | 0         | 0      | 0     | 21    |



TABLE 6.6 DISCIPLINARY ACTION

| OCCUPATIONAL BANDS    | MALE    |           |        |       | FEMALE  |           |        |       | TOTAL |
|-----------------------|---------|-----------|--------|-------|---------|-----------|--------|-------|-------|
|                       | AFRICAN | COLOUR-ED | INDIAN | WHITE | AFRICAN | COLOUR-ED | INDIAN | WHITE |       |
| DISCIPLINARY ACTION   | 0       | 0         | 0      | 0     | 0       | 0         | 0      | 0     | 0     |
| DEMOTION              | 0       | 0         | 0      | 0     | 0       | 0         | 0      | 0     | 0     |
| FINAL WRITTEN WARNING | 1       | 0         | 0      | 0     | 0       | 0         | 0      | 0     | 1     |
| WRITTEN WARNING       | 1       | 0         | 0      | 0     | 0       | 0         | 0      | 1     | 2     |
| TOTAL                 | 2       | 0         | 0      | 0     | 0       | 0         | 0      | 1     | 3     |

TABLE 6.7 SKILLS\*

| OCCUPATIONAL CATEGORIES                    | MALE   |           |        |  | FEMALE   |           |        |  |
|--|--|-----------|--------|--|--|-----------|--------|--|
|  | AFRICAN  | COLOUR-ED | INDIAN | WHITE  | AFRICAN  | COLOUR-ED | INDIAN | WHITE  |
| LEGISLATORS, SENIOR OFFICIALS AND MANAGERS | Presidential Leadership Programme<br>Executive Development Programme<br>Strategic Management Leadership<br>Diversity Management<br>Change Management<br>Project Management<br>FinancialManagement<br>Service Delivery Innovation<br>Risk Management<br>Computer literacy<br>Fraud Prevention | None      | None   | Presidential Leadership Programme<br>Executive Development Programme<br>Strategic Management Leadership<br>Diversity Management<br>Change Management<br>Project Management<br>FinancialManagement<br>Service Delivery Innovation<br>Risk Management<br>Computer literacy<br>Fraud Prevention | Presidential Leadership Programme<br>Executive Development Programme<br>Strategic Management Leadership<br>Diversity Management<br>Change Management<br>Project Management<br>FinancialManagement<br>Service Delivery Innovation<br>Risk Management<br>Computer literacy<br>Fraud Prevention |           | None   | Presidential Leadership Programme<br>Executive Development Programme<br>Strategic Management Leadership<br>Diversity Management<br>Change Management<br>Project Management<br>FinancialManagement<br>Service Delivery Innovation<br>Risk Management<br>Computer literacy<br>Fraud Prevention |
| PROFESSIONALS                              | Town and Regional Planning<br>Disaster and Environment Management<br>Computer literacy   |           |        | Town and Regional Planning<br>Disaster and Environment Management<br>Computer literacy   | Town and Regional Planning<br>Disaster and Environment Management<br>Computer literacy   |           |        | Town and Regional Planning<br>Disaster and Environment Management<br>Computer literacy   |
| TECHNICIANS AND ASSOCIATE PROFESSIONALS    | Project management<br>Strategic planning<br>Performance Management   |           |        | Project management<br>Strategic planning<br>Performance Management   | Project management<br>Strategic planning<br>Performance Management   |           |        | Project management<br>Strategic planning<br>Performance Management   |



|  |   |  |  |   |   |  |  |   |
|--|---|--|--|---|---|--|--|---|
| CLERKS                                     | Project Management<br>Strategic Planning<br>Performance Management<br>Diversity Management<br>Report Writing<br>Internal Risk Management<br>Dealing with fraud<br>Performance Management in terms of the Public Finance Act<br>Preparing Annual Financial Reports<br>Internal Audit and Governance<br>Corporate Communication |  |  | Project Management<br>Strategic Planning<br>Performance Management<br>Diversity Management<br>Report Writing<br>Internal Risk Management<br>Dealing with fraud<br>Performance Management in terms of the Public Finance Act<br>Preparing Annual Financial Reports<br>Internal Audit and Governance<br>Corporate Communication | Project Management<br>Strategic Planning<br>Performance Management<br>Diversity Management<br>Report Writing<br>Internal Risk Management<br>Dealing with fraud<br>Performance Management in terms of the Public Finance Act<br>Preparing Annual Financial Reports<br>Internal Audit and Governance<br>Corporate Communication |  |  | Project Management<br>Strategic Planning<br>Performance Management<br>Diversity Management<br>Report Writing<br>Internal Risk Management<br>Dealing with fraud<br>Performance Management in terms of the Public Finance Act<br>Preparing Annual Financial Reports<br>Internal Audit and Governance<br>Corporate Communication |
| SERVICES AND SALES WORKERS                 | None  |  |  |   |   |  |  |   |
| SKILLED AGRICULTURE AND FISHERY WORKERS    | None  |  |  | None  | None  |  |  | None  |
| CRAFT AND RELATED TRADE WORKERS            | None  |  |  | None  | None  |  |  | None  |
| PLANT AND MACHINE OPERATORS AND ASSEMBLERS | None  |  |  | None  | None  |  |  | None  |
| ELEMENTARY OCCUPATIONS                     | ABET<br>Life Skills<br>Records Management   |  |  |   |   |  |  | ABET<br>Life Skills<br>Records Management   |
| TOTAL                                      |   |  |  |   |   |  |  |   |
| EMPLOYEES WITH DISABILITIES                |   |  |  |   |   |  |  |   |



## PART 7 PERFORMANCE REWARDS

TABLE 7.1  
PERFORMANCE REWARDS BY RACE, GENDER AND DISABILITY – level 1-15

|                           | BENEFICIARY PROFILE                 |                                    |                         | COST                      |                                      |
|---------------------------|-------------------------------------|------------------------------------|-------------------------|---------------------------|--------------------------------------|
|                           | NUMBER OF BENEFICIARIES             | TOTAL NUMBER OF EMPLOYEES IN GROUP | % OF TOTAL WITHIN GROUP | COST                      | AVERAGE COST PER EMPLOYEE BENEFITTED |
| <b>AFRICAN</b>            | <b>43</b>                           | <b>174</b>                         | <b>25%</b>              | <b>R614 942.08</b>        | <b>R14 300.98</b>                    |
| MALE                      | 22                                  | 108                                | 20%                     | R313 752.26               | R14 261.47                           |
| FEMALE                    | 21                                  | 66                                 | 32%                     | R300 989.82               | R14 332.85                           |
| <b>ASIAN</b>              | <b>0</b>                            | <b>1</b>                           | <b>0</b>                | <b>0</b>                  | <b>0</b>                             |
| MALE                      | 0                                   | 0                                  | 0                       | 0                         | 0                                    |
| FEMALE                    | 0                                   | 1                                  | 0                       | 0                         | 0                                    |
| <b>COLOURED</b>           | <b>3</b>                            | <b>8</b>                           | <b>38%</b>              | <b>R32 672.21</b>         | <b>R10 890.74</b>                    |
| MALE                      | 0                                   | 2                                  | 0                       | 0                         | 0                                    |
| FEMALE                    | 3                                   | 6                                  | 50%                     | R32672.21                 | R10 890.74                           |
| <b>WHITE</b>              | <b>35</b>                           | <b>127</b>                         | <b>28%</b>              | <b>R448 972.87</b>        | <b>R12 827.80</b>                    |
| MALE                      | 4                                   | 53                                 | 8%                      | R63 932.56                | R15 983.14                           |
| FEMALE                    | 31                                  | 74                                 | 42%                     | R385 040.31               | R12 420.66                           |
| EMPLOYEES WITH DISABILITY | 2 already included in white females | 5 included above                   | 20%                     | R25 663.20 included above | R12 831.60 included above            |
| <b>TOTAL</b>              | <b>81</b>                           | <b>310</b>                         | <b>26%</b>              | <b>R1 096 387.16</b>      | <b>R13 535.64</b>                    |

TABLE 7.2 PERFORMANCE REWARDS BY SALARY BANDS FOR PERSONNEL BELOW SENIOR MANAGEMENT SERVICE – level 1-12

| SALARY BANDS                        | BENEFICIARY PROFILE     |                     |                                | COST         |   |   |
|-------------------------------------|-------------------------|---------------------|--------------------------------|--------------|---|---|
|                                     | NUMBER OF BENEFICIARIES | NUMBER OF EMPLOYEES | % OF TOTAL WITHIN SALARY BANDS | TOTAL COST   | AVERAGE COST PER EMPLOYEE (beneficiary) | TOTAL COST AS A % OF THE TOTAL PERSONNEL EXPENDITURE FOR THE DEPT |
| LOWER SKILLED LEVELS 1-2            | 2                       | 9                   | 22%                            | R6 384.00    | R3 192                                  | 0.014%  |
| SKILLED LEVELS 3-5                  | 18                      | 59                  | 31%                            | R130 855.22  | R7 269.73                               | 0.28%   |
| HIGHLY SKILLED PRODUCTION LEVEL 6-8 | 53                      | 157                 | 34%                            | R657 187.86  | R12 199.77                              | 1.4%  |
| HIGHLY SKILLED SUPERVISION 9-12     | 8                       | 71                  | 11%                            | R301 960.08  | R37 745.01                              | 0.64%   |
| TOTAL                               | 81                      | 296                 | 27%                            | R1096 387.16 | R13 535.64                              | 2.3%  |

TABLE 7.3 PERFORMANCE REWARDS BY CRITICAL OCCUPATIONS

| CRITICAL OCCUPATION                              | BENEFICIARY PROFILE     |                     |                              | COST        |                           |
|--|-------------------------|---------------------|------------------------------|-------------|---------------------------|
|  | NUMBER OF BENEFICIARIES | NUMBER OF EMPLOYEES | % OF TOTAL WITHIN OCCUPATION | TOTAL COST  | AVERAGE COST PER EMPLOYEE |
| MANAGEMENT                                       | 0                       | 10                  | 0                            | 0           | 0                         |
| INFORMATION TECHNOLOGY                           | 0                       | 4                   | 0                            | 0           | 0                         |
| ORGANISATIONAL DEVELOPMENT                       | 2                       | 3                   | 67%                          | R33 048.54  | R16 524.27                |
| TECHNICAL/ ENGINEERING RELATED ADVISORY SERVICES | 0                       | 20                  | 0                            | 0           | 0                         |
| FINANCE  | 8                       | 43                  | 19%                          | R151 026.98 | R18 878.37                |
| TOTAL  | 10                      | 80                  | 13%                          | R184 075.52 | R35 402.64                |



TABLE 7.4 PERFORMANCE RELATED REWARDS (CASH BONUS), BY SALARY BAND FOR SMS

| SALARY BANDS | BENEFICIARY PROFILE     |                     |                                | TOTAL COST | AVERAGE COST PER EMPLOYEE | TOTAL COST AS A % OF THE TOTAL PERSONNEL EXPENDITURE |
|--------------|-------------------------|---------------------|--------------------------------|------------|---------------------------|--|
|              | NUMBER OF BENEFICIARIES | NUMBER OF EMPLOYEES | % OF TOTAL WITHIN SALARY BANDS |            |                           |  |
| 13-16        | 0                       | 0                   | 0                              | 0          | 0                         | 0  |
| TOTAL        | 0                       | 0                   | 0                              | 0          | 0                         | 0  |



## **PART 8 FOREIGN WORKERS**

### TABLE 8.1 FOREIGN WORKERS BY SALARY BAND

FIVE – SALARY BAND 11 – CUBAN OFFICIALS – HIGHLY SKILLED SUPERVISION – TECHNICIANS AND ASSOCIATE PROFESSIONALS

### TABLE 8.2 FOREIGN WORKERS BY MAJOR OCCUPATION

FIVE – SALARY BAND 11 – CUBAN OFFICIALS – HIGHLY SKILLED SUPERVISION – TECHNICIANS AND ASSOCIATE PROFESSIONALS



## PART 9 LEAVE UTILISATION FOR THE PERIOD 1 JANUARY 2003 TO 31 DECEMBER 2003

TABLE 9.1 SICK LEAVE JANUARY 2003 TO DECEMBER 2003

| SALARY BAND                            | TOTAL DAYS | % DAYS WITH MEDICAL CERTIFICATE | NUMBER OF EMPLOYEE USING SICK LEAVE | % OF TOTAL EMPLOYEES USING SICK LEAVE | AVERAGE DAYS PER EMPLOYEE | ESTIMATED COST (R '000) | TOTAL NUMBER OF EMPLOYEES USING SICK LEAVE | TOTAL NUMBER OF DAYS WITH MEDICAL CERTIFICATION |
|--|------------|---------------------------------|-------------------------------------|---------------------------------------|---------------------------|-------------------------|--|---|
| LOWER SKILLED LEVELS 1-2               | 27         | 88%                             | 6                                   | 2%                                    | 5                         | R3 573                  | 6  | 24  |
| SKILLED LEVELS 3-5                     | 283        | 79%                             | 41                                  | 13%                                   | 7                         | R55 930                 | 41   | 226   |
| HIGHLY SKILLED PRODUCTION LEVELS 6-8   | 772        | 74%                             | 114                                 | 37%                                   | 7                         | R2 80715                | 114  | 571   |
| HIGHLY SKILLED SUPERVISION LEVELS 9-12 | 311        | 80%                             | 41                                  | 13%                                   | 8                         | R2 26724                | 41   | 249   |
| SENIOR MANAGEMENT LEVELS 13-16         | 15         | 100%                            | 3                                   | 1%                                    | 5                         | R36 648                 | 3  | 15  |
| TOTAL                                  | 1408       | 84%                             | 205                                 | 13%                                   | 7                         | R603 590                | 205  | 1084  |



TABLE 9.2  
DISABILITY LEAVE (TEMPORARY AND PERMANENT) 1 JANUARY 2003 TO 31 DECEMBER 2003

| SALARY BAND                            | TOTAL DAYS | % DAYS WITH MEDICAL CERTIFICATE | NUMBER OF EMPLOYEE USING DISABILITY | % OF TOTAL EMPLOYEES USING DISABILITY | AVERAGE DAYS PER EMPLOYEE | ESTIMATED COST (R '000) | TOTAL NUMBER OF DAYS WITH MEDICAL CERTIFICATION | TOTAL NUMBER OF EMPLOYEES USING DISABILITY |
|--|------------|---------------------------------|-------------------------------------|---------------------------------------|---------------------------|-------------------------|---|--|
| LOWER SKILLED LEVELS 1-2               | 0          | 0                               | 0                                   | 0                                     | 0                         | 0                       | 0   | 0  |
| SKILLED LEVELS 3-5                     | 14         | 100%                            | 3                                   | 1%                                    | 5                         | R2 767                  | 14  | 3  |
| HIGHLY SKILLED PRODUCTION LEVELS 6-8   | 61         | 98%                             | 14                                  | 5%                                    | 4                         | R22 180                 | 60  | 14   |
| HIGHLY SKILLED SUPERVISION LEVELS 9-12 | 30         | 100%                            | 3                                   | 1%                                    | 10                        | R21 870                 | 30  | 3  |
| SENIOR MANAGEMENT LEVELS 13-16         | 0          | 0                               | 0                                   | 0                                     | 0                         | 0                       | 0   | 0  |
| <b>TOTAL</b>                           | <b>105</b> | <b>99%</b>                      | <b>20</b>                           | <b>7%</b>                             | <b>5</b>                  | <b>R64 817</b>          | <b>104</b>                                      | <b>20</b>                                  |

TABLE 9.3 ANNUAL LEAVE 1 JANUARY 2003 TO 31 DECEMBER 2003

| SALARY BANDS                           | TOTAL DAYS TAKEN | AVERAGE PER EMPLOYEE | EMPLOYMENT |
|--|------------------|----------------------|------------|
| LOWER SKILLED LEVELS 1-2               | 208              | 23                   | 9          |
| SKILLED LEVELS 3-5                     | 1036             | 18                   | 59         |
| HIGHLY SKILLED PRODUCTION LEVELS 6-8   | 3509             | 22                   | 157        |
| HIGHLY SKILLED SUPERVISION LEVELS 9-12 | 1318             | 19                   | 71         |
| SENIOR MANAGEMENT LEVELS 13-16         | 192              | 14                   | 14         |
| <b>TOTAL</b>                           | <b>6263</b>      | <b>20</b>            | <b>310</b> |



TABLE 9.4 CAPPED LEAVE 1 JANUARY 2003 TO 31 DECEMBER 2003

| SALARY BANDS                           | TOTAL DAYS OF CAPPED LEAVE TAKEN | AVERAGE NUMBER OF DAYS TAKEN PER EMPLOYEE | AVERAGE CAPPED LEAVE PER EMPLOYEE AS ON AT 31 DECEMBER 2003 | NUMBER EMPLOYEES | TOTAL NUMBER OF CAPPED LEAVE AVAILABLE | NUMBER OF EMPLOYEES AS AT 31 DECEMBER 2003 |
|--|----------------------------------|---|---|------------------|--|--|
| LOWER SKILLED LEVELS 1-2               | 1                                | 0.1                                       | 87  | 9                | 783                                    | 9  |
| SKILLED LEVELS 3-5                     | 52                               | 0.9                                       | 35  | 59               | 2065                                   | 59   |
| HIGHLY SKILLED PRODUCTION LEVELS 6-8   | 124                              | 0.8                                       | 33  | 157              | 5181                                   | 157  |
| HIGHLY SKILLED SUPERVISION LEVELS 9-12 | 21                               | 0.3                                       | 37  | 71               | 2627                                   | 71   |
| SENIOR MANAGEMENT LEVELS 13-16         | 2                                | 0.14                                      | 89  | 14               | 1246                                   | 14   |
| TOTAL                                  | 200                              | 0.6                                       | 39  | 310              | 12090                                  | 310  |

TABLE 9.5 LEAVE PAYOUTS FOR THE PERIOD 1 APRIL 2003 TO 31 MARCH 2004

| REASON  | TOTAL AMOUNT (R'000) | NUMBER OF EMPLOYEES | AVERAGE PAYMENT PER EMPLOYEE |
|---|----------------------|---------------------|------------------------------|
| LEAVE PAYOUT FOR 2003/2004 DUE TO NON-UTILISATION OF LEAVE FOR THE PREVIOUS CYCLE | 0                    | 0                   | 0                            |
| CAPPED LEAVE PAYOUTS ON TERMINATION OF SERVICE FOR 2003/2004                      | R86 000              | 3                   | R28 667                      |
| CURRENT LEAVE PAYOUT ON TERMINATION OF SERVICE FOR 2003/2004                      | R4 000               | 2                   | R2 000                       |
| TOTAL   | R90 000              | 5                   | R18 000                      |



## PART 10 HIV/AIDS AND 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 AND RELATED DISEASES (IF ANY)                               | KEY STEPS TAKEN TO REDUCE THE RISK.<br>This department has no occupational categories whose nature exposes its employees to the risks associated with HIV/AIDS. |
| No particular occupational class or categories of employees are by nature of their work dangerously exposed to the of contracting HIV/AIDS | Not applicable  |

TABLE 10.2 DETAILS OF HEALTH PROMOTION AND HIV/AIDS PROGRAMMES  
(TICK THE APPLICABLE BOXES AND PROVIDE THE REQUIRED INFORMATION)

| QUESTION  | YES  | NO         | DETAILS IF YES   |
|---|--|------------|--|
| HAS THE DEPARTMENT DESIGNATED A MEMBER OF THE SMS TO IMPLEMENT THE PROVISIONS CONTAINED IN PART D VI OF CHAPTER 1 OF THE PSR, 2001? IF SO, PROVIDE HER/HIS NAME AND POSITION  | <b>YES</b>   |            | MR. T. S MOKOENA:<br>DIRECTOR<br>ADMINISTRATIVE<br>SUPPORT<br>SERVICES |
| DOES THE DEPARTMENT HAVE A DESIGNATED 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 | Special Programme Officer has recently been appointed to deal with <i>inter alia</i> HIV/AIDS. An Employee Assistance Programme will soon be established to assist troubled employees. | <b>YES</b> |  |



|  |            |  |   |
|--|------------|--|---|
| HAS THE DEPARTMENT INTRODUCED AN EMPLOYEE ASSISTANCE OR HEALTH PROMOTION PROGRAMME FOR YOUR EMPLOYEES? IF SO, INDICATE THE KEY ELEMENTS/SERVICES OF THIS PROGRAMME   |            | <b>PROVINCIAL APPROACH ON THE GO OF WHICH DEPARTMENT IS PART</b> |   |
| HAS THE DEPARTMENT ESTABLISHED COMMITTEES AS CONTEMPLATED IN PART VI E.5 (E) OF CHAPTER 1 OF THE PSR 2001? IF SO, PLEASE PROVIDE THE NAMES OF THE MEMBERS OF THE COMMITTEES AND THE STAKEHOLDER/S THAT THEY REPRESENT            | <b>YES</b> |  | G. M SILINGILE (CHAIRPERSON)  |
| 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 | <b>YES</b> |  | PROVINCIAL HUMAN RESOURCES POLICIES DISCOURAGE DISCRIMINATION OF PROSPECTIVE EMPLOYEES ON THE BASIS OF HIV STATUS |
| HAS THE DEPARTMENT INTRODUCED MEASURES TO PROTECT HIV – POSITIVE EMPLOYEES OR THOSE RECEIVED TO BE HIV – POSITIVE FROM DISCRIMINATION? IF SO, LIST THE KEY ELEMENTS OF THESE MEASURES  | <b>YES</b> |  | SAME AS ABOVE   |
| DOES THE DEPARTMENT ENCOURAGE ITS EMPLOYEES TO UNDERGO VOLUNTARY COUNSELING AND TESTING? IF SO, LIST THE RESULTS THAT YOU HAVE ACHIEVED  | <b>YES</b> |  | INFORMATION NOT AVAILABLE AT PRESENT, TRAINING ON NCCT WILL COMMENCE SOON   |
| HAS THE DEPARTMENT DEVELOPED MEASURES/INDICATORS TO MONITOR AND EVALUATE THE IMPACT OF ITS HEALTH PROMOTION PROGRAMME? IF SO, LIST THESE MEASURES/INDICATORS   |            | <b>NO</b>  |   |



## PART 11 LABOUR RELATIONS

TABLE 11.1 COLLECTIVE AGREEMENTS 1 APRIL 2003 TO 31 MARCH 2004

| SUBJECT MATTER | DATE  |
|----------------|-------|
| NONE           | ----- |

TABLE 11.2  
MISCONDUCT AND DISCIPLINARY HEARINGS FINALISED 1 APRIL 2003 TO 31 MARCH 2004

| OUTCOMES OF DISCIPLINARY HEARINGS | NUMBER  | % OF TOTAL |
|-----------------------------------|---|------------|
| CORRECTIONAL COUNSELING           | 40  | 13%        |
| VERBAL WARNINGS                   | Numerous cases handled telephonically etc. = 25 | 8%         |
| WRITTEN WARNING                   | 1   | 0.3%       |
| FINAL WRITTEN WARNING             | 1   | 0.3%       |
| SUSPENDED WITHOUT PAY             | 0   | 0          |
| FINE                              | 0   | 0          |
| DEMOTION                          | 0   | 0          |
| DISMISSAL                         | 1   | 0.3%       |
| NOT GUILTY                        | 0   | 0          |
| CASE WITHDRAWN                    | 3   | 0          |
| TOTAL                             | 71  | 23%        |



TABLE 11.3 TYPES OF MISCONDUCT ADDRESSED AT DISCIPLINARY HEARINGS

| TYPE OF MISCONDUCT           | NUMBER | % OF TOTAL |
|------------------------------|--------|------------|
| FRAUD AND THEFT              | 0      | 0          |
| CODE OF CONDUCT              | 0      | 0          |
| ABUSE OF GOVERNMENT PROPERTY | 2      | 0.6%       |
| ABSENTEEISM                  | 0      | 0          |
| TOTAL                        | 2      | 0.6%       |

TABLE 11.4 GRIEVANCES LODGED FOR THE PERIOD 1 APRIL 2003 TO 31 MARCH 2004

|                                   | NUMBER | % OF TOTAL |
|-----------------------------------|--------|------------|
| NUMBER OF GRIEVANCES RESOLVED     | 7      | 2%         |
| NUMBER OF GRIEVANCES NOT RESOLVED | 0      | 0          |
| TOTAL NUMBER OF GRIEVANCES LODGED | 7      | 2%         |

TABLE 11.5  
DISPUTES LODGED WITH COUNCILS FOR THE PERIOD 1 APRIL 2003 TO 31 MARCH 2004

|                                 | NUMBER | % OF TOTAL |
|---------------------------------|--------|------------|
| NUMBER OF DISPUTES UPHELD       | 0      | 0          |
| NUMBER OF DISPUTES DISMISSED    | 0      | 0          |
| TOTAL NUMBER OF DISPUTES LODGED | 0      | 0          |

TABLE 11.6 STRIKE ACTIONS FOR THE PERIOD 1 APRIL 2003 TO 31 MARCH 2004

|  |   |
|--|---|
| TOTAL NUMBER OF PERSON WORKING DAYS LOST       | 0 |
| TOTAL COST OF WORKING DAYS LOST                | 0 |
| AMOUNT RECOVERED AS A RESULT OF NO WORK NO PAY | 0 |



TABLE 11.7 PRECAUTIONARY SUSPENSIONS FOR THE PERIOD 1 APRIL 2003 TO 31 MARCH 2004

|  |            |
|--|------------|
| NUMBER OF PEOPLE SUSPENDED                         | 1          |
| NUMBER OF PEOPLE WHOSE SUSPENSION EXCEEDED 30 DAYS | 1          |
| AVERAGE NUMBER OF DAYS SUSPENDED                   | 60         |
| COST OF SUSPENSIONS                                | R 7 272.00 |

- A number of verbal cases were handled that cannot be reflected above
- The department has also assisted with a number of cases in other departments
- Training on all areas of Labour Relations were conducted



## PART 12 SKILLS DEVELOPMENT

TABLE 12.1 TRAINING NEEDS IDENTIFIED 1 APRIL 2003 TO 31 APRIL 2004

| OCCUPATIONAL CATEGORIES                     | GENDER | NUMBER OF EMPLOYEES AS AT 1 APRIL 2003 | TRAINING NEEDS IDENTIFIED AT START OF REPORTING PERIOD   |   |                                      |       |
|---|--------|--|--|---|--------------------------------------|-------|
|   |        |  | LEADERSHIPS  | SKILLS PROGRAMMES AND OTHER SHORT COURSES   | OTHER FORMS OF TRAINING              | TOTAL |
| LEGISLATURES, SENIOR OFFICIALS AND MANAGERS | FEMALE | 10                                     | Strategic leadership<br>Change Management<br>Service Delivery<br>Innovation<br>Diversity<br>Management<br>Financial<br>Management<br>Knowledge<br>Management | Internal Control and Risk<br>Management<br>Strategic Planning<br>Performance Management<br>Dealing with fraud | Seminars<br>Workshops<br>Conferences | 14    |
|   | MALE   | 48                                     | Strategic Leadership<br>Change Management<br>Service Delivery<br>Innovation<br>Diversity<br>Management<br>Financial<br>Management<br>Knowledge<br>Management | Financial Management<br>Strategic Planning<br>Performance Management<br>Presidential Leadership<br>Programme  | -                                    | 11    |
| PROFESSIONALS                               | FEMALE | 14                                     | Town and regional<br>planning<br>Disaster management   | Town and regional planning<br>Microsoft excel<br>Disaster Management  | -                                    | 9     |
|   | MALE   | 18                                     | As above   | As above  | -                                    | -     |
| TECHNICIANS AND ASSOCIATE PROFESSIONALS     | FEMALE | -                                      | -  | -   | -                                    | -     |
|   | MALE   | 8                                      | -  | -   | -                                    | -     |



|  |        |     |   |   |   |    |
|--|--------|-----|---|---|---|----|
| CLERKS                                     | FEMALE | 125 | Financial management for non financial managers<br>Project Management<br>Performance Management<br>Human resource planning<br>Diversity Management<br>Women in leadership | Management of records<br>Financial management for non-financial managers.<br>Skills development facilitation<br>Computer literacy programmes<br>Fraud prevention<br>Intercultural training. | - | 14 |
|  | MALE   | 85  | As above  | As above  | - | -  |
| SERVICE AND SALES WORKERS                  | FEMALE | -   | -   | -   | - | -  |
|  | MALE   | -   | -   | -   | - | -  |
| SKILLED AGRICULTURE AND FISHERY WORKERS    | FEMALE | -   | -   | -   | - | -  |
|  | MALE   | -   | -   | -   | - | -  |
| CRAFT AND RELATED TRADES WORKERS           | FEMALE | -   | -   | -   | - | -  |
|  | MALE   | -   | -   | -   | - | -  |
| PLANT AND MACHINE OPERATORS AND ASSEMBLERS | FEMALE | -   | -   | -   | - | -  |
|  | MALE   | -   | -   | -   | - | -  |
| ELEMENTARY OCCUPATIONS                     | FEMALE | 1   | Records management<br>ABET  | -   | - | 2  |
|  | MALE   | 1   | Records management<br>ABET  | -   | - | 2  |
| SUB TOTAL                                  | FEMALE | -   | -   | -   | - | -  |
|  | MALE   | -   | -   | -   | - | -  |
| TOTAL                                      |        | 310 |   |   |   |    |

\* A TOTAL of 36 critical competencies/skills that are required for the department to be able to perform efficiently to fulfill its vision and mission were identified and are attached – see annexure



TABLE 12.2 TRAINING PROVIDED 1 APRIL 2003 TO 31 MARCH 2004

| OCCUPATIONAL CATEGORIES                     | GENDER | NUMBER OF EMPLOYEES AS AT 1 APRIL 2003 | TRAINING NEEDS IDENTIFIED AT START OF REPORTING PERIOD  |   |                         |       |
|---|--------|--|---|---|-------------------------|-------|
|   |        |  | LEADERSHIPS   | SKILLS PROGRAMMES AND OTHER SHORT COURSES | OTHER FORMS OF TRAINING | TOTAL |
| LEGISLATURES, SENIOR OFFICIALS AND MANAGERS | FEMALE | 10                                     | Project Management<br>Lessons in Leadership<br>Financial Management for non-financial managers<br>Diversity management<br>Risk and fraud prevention                         | Performance management                    |                         | 14    |
|   | MALE   | 48                                     | Strategic Planning<br>Project Management<br>Lessons in leadership<br>Fraud and risk prevention<br>Presidential Leadership programme<br>Internal control and risk management |   |                         | 11    |
| PROFESSIONALS                               | FEMALE | 14                                     | Town and regional planning<br>Disaster Management   | Microsoft excel                           |                         | 9     |
|   | MALE   | 18                                     | As Above  |   |                         |       |
| TECHNICIANS AND ASSOCIATE PROFESSIONALS     | FEMALE |  |   |   |                         |       |
|   | MALE   |  |   |   |                         |       |
| CLERKS                                      | FEMALE | 125                                    | Financial Management for non-financial managers<br>Performance Management<br>Project Management<br>Computer end user<br>Human Resource planning                             |   |                         | 14    |
|   | MALE   | 85                                     | As Above  |   |                         |       |
| SERVICE AND SALES WORKERS                   | FEMALE |  |   |   |                         |       |
|   | MALE   |  |   |   |                         |       |



|  |        |     |                         |  |  |   |
|--|--------|-----|-------------------------|--|--|---|
| SKILLED AGRICULTURE AND FISHERY WORKERS    | FEMALE |     |                         |  |  |   |
|  | MALE   |     |                         |  |  |   |
| CRAFT AND RELATED TRADES WORKERS           | FEMALE |     |                         |  |  |   |
|  | MALE   |     |                         |  |  |   |
| PLANT AND MACHINE OPERATORS AND ASSEMBLERS | FEMALE |     |                         |  |  |   |
|  | MALE   |     |                         |  |  |   |
| ELEMENTARY OCCUPATIONS                     | FEMALE | 1   | Records Management ABET |  |  | 1 |
|  | MALE   | 1   | Records Management ABET |  |  | 1 |
| SUB TOTAL                                  | FEMALE |     |                         |  |  |   |
|  | MALE   |     |                         |  |  |   |
| TOTAL                                      |        | 310 |                         |  |  |   |



## PART 13 INJURY ON DUTY

TABLE 13.1 INJURY ON DUTY 1 APRIL 2003 TO 31 MARCH 2004

| NATURE OF INJURY ON DUTY              | NUMBER | % OF TOTAL |
|---------------------------------------|--------|------------|
| REQUIRED BASIC MEDICAL ATTENTION ONLY | 0      | 0          |
| TEMPORARY TOTAL DISABLEMENT           | 0      | 0          |
| PERMANENT DISABLEMENT                 | 0      | 0          |
| FATAL                                 | 0      | 0          |
| TOTAL                                 | 0      | 0          |

## PART 14 UTILISATION OF CONSULTANTS

TABLE 14.1 REPORT ON CONSULTANT APPOINTMENTS USING APPROPRIATED FUNDS

| PROJECT TITLE                                       | TOTAL NUMBER OF CONSULTANTS THAT WORKED ON THE PROJECT | DURATION: WORK DAYS       | CONTRACT VALUE IN RAND |
|---|--|---------------------------|------------------------|
| Housing sector plans                                | Mvusulusu Multi Dimensions Services                    |                           | R114 000.00            |
| Verification of RDP houses and informal settlements | Afritech Consulting                                    |                           | R350 000.00            |
|   | Impuku Consulting                                      |                           | R390 000.00            |
|   | Melodi Distributors                                    |                           | R380 000.00            |
|   | Twins Youth Initiative                                 |                           | R390 000.00            |
| Monitoring IDP process                              | Eliso Consulting                                       |                           | R225 000.00            |
| Maintenance of Archview Programme                   | Nedgroup   |                           | R17 818.20             |
|   | Mvusulusu Multi Dimensions Services                    |                           | R3 200.00              |
|   | Red Chilli Communication                               |                           | R28 728.00             |
|   | SITA   |                           | R298 800.66            |
|   | Sediba Consulting                                      |                           | R346 475.46            |
|   | Modulaqhowa Plants                                     |                           | R31 728.00             |
|   | Marie Grey and Ass                                     |                           | R360 222.04            |
|   | Steve Banhegyi   |                           | R370 222.04            |
|   | MST payments   |                           |                        |
|   | Phumelela  | A.C Odendaal & Associates |                        |
| Mafube  | Deloitte & Touche                                      |                           | R1 595 127.00          |
| Mohokare  | Ramathe & Associates                                   |                           | R131 807.60            |
|   | Ernest & Young   |                           | R307 914.66            |
| Nketoana  | Ernest & Young   |                           | R493 084.66            |
| Northern Free State                                 | MMS Consultants  |                           | R45 983.92             |
| Metsimaholo   | MMS Consultants  |                           | R44 978.33             |
| Letsemeng   | Gobodo Incorporated                                    |                           | R274 679.40            |
| Mantsopa  | Gobodo Incorporated                                    |                           | R772 777.79            |

|                       |                         |  |                    |
|-----------------------|-------------------------|--|--------------------|
| Setsoto               | Goboco Incorporated     |  | R649 769.84        |
| Matjhabeng            | Pricewaterhouse Coopers |  | R571 842.64        |
| Naledi                | KPMG                    |  | R434 037.74        |
| Ngwathe               | Makomota FMS            |  | R494 508.38        |
| Maluti a Phofung      | Makomota FMS (Pty) Ltd  |  | R214 440.00        |
|                       | Deloitte & Touché       |  | R295 984.46        |
| Thabo Mofutsanyane    | Makomota FMS (Pty) Ltd  |  | R437 942.37        |
| Masilonyana           | Pricewaterhouse Coopers |  | R531 168.31        |
| Dihlabeng             | Pricewaterhouse Coopers |  | R336 611.39        |
| Tokologo              | Ramathe & Associates    |  | R1 202 408.00      |
| Tswelopele            | Smit Kruger & Vennote   |  | R249 609.49        |
| Nala                  | Woudstra & Associates   |  | R1 397 220.20      |
| Kopanong              | Woudstra & Associates   |  | R1 075 605.76      |
| Bigen Africa          | Engineering Services    |  | R48 672.21 CMIP    |
|                       | Engineering Services    |  | R122 162.38 CMIP   |
| Makomota, PWC and MPS | Engineering Services    |  | R2 513 734.28 CMIP |

TABLE 14.2 ANALYSIS OF CONSULTANT APPOINTMENTS USING APPROPRIATED FUNDS, IN TERMS OF HISTORICALLY DISADVANTAGED INDIVIDUALS (HDI)

| PROJECT TITLE | % OWNERSHIP BY HDI GROUPS | % MANAGEMENT BY HDI GROUPS | NUMBER OF CONSULTANTS FROM HDI GROUPS THAT WORKED ON THE PROJECT |
|---------------|---------------------------|----------------------------|--|
|               |                           |                            |  |
|               |                           |                            |  |
|               |                           |                            |  |
|               |                           |                            |  |



TABLE 14.3 REPORT ON CONSULTANT APPOINTMENTS USING DONOR FUNDS

| PROJECT TITLE            | TOTAL NUMBER OF CONSULTANTS THAT WORKED ON THE PROJECT | DURATION: WORK DAYS      | DONOR AND CONTRACT VALUE IN RAND |
|--------------------------|--|--------------------------|----------------------------------|
| 0                        | 0  | 0                        | 0                                |
| 0                        | 0  | 0                        | 0                                |
| 0                        | 0  | 0                        | 0                                |
| TOTAL NUMBER OF PROJECTS | TOTAL INDIVIDUAL CONSULTANTS                           | TOTAL DURATION: WORKDAYS | TOTAL CONTRACT VALUE IN RAND     |
| 0                        | 0  | 0                        | 0                                |

TABLE 14.4 ANALYSIS OF CONSULTANT'S APPOINTMENTS USING DONOR FUNDS, IN TERMS OF HISTORICALLY DISADVANTAGED INDIVIDUALS (HDI)

| PROJECT TITLE | % OWNERSHIP BY HDI GROUPS | % MANAGEMENT BY HDI GROUPS | NUMBER OF CONSULTANTS FROM HDI GROUPS THAT WORKED ON THE PROJECT |
|---------------|---------------------------|----------------------------|--|
| 0             | 0                         | 0                          | 0  |



**A people united to build a better  
South Africa and a better world.**

*"Our deepest fear is not that we are inadequate.  
Our deepest fear is that we are powerful beyond  
measure. It is our light, not our darkness that  
frightens us. We ask ourselves: Who am I to be  
brilliant, gorgeous, talented and fabulous? Actually,  
who are you not to be? You are a child of God.  
Your playing small doesn't serve the world.  
There is nothing enlightening about  
shrinking so that other people won't  
feel insecure around you. We are  
born to manifest the Glory of God  
that is within us. It's not just in  
some of us - it's in everyone  
- and as we let our own light  
shine, we unconsciously  
give other people  
permission to do the same.  
As we are liberated from our  
own fear, our presence  
automatically liberates  
others."*

*Nelson Mandela*

**We have it within our power to build our own golden  
door into our second decade of liberation.**



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