



DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING



ANNUAL REPORT 2004/2005

FREE STATE PROVINCE





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FOREWORD BY THE EXECUTING AUTHORITY

The 2004/2005 financial year marked the commencement of the second decade of freedom and a renewed determination of building a South Africa that truly belongs to all. We committed ourselves to ensuring effective service delivery, to alleviating poverty through using our local government and housing portfolios towards growing the economy of the country and developing the skills of our people. This will ensure sustainable development and ensuring public participation in different facets of the development of our country.

This annual report gives an account of how the Department of Local Government and Housing has discharged its assigned mandate and responsibilities entrusted to it by the citizens of the Free State province, and of South Africa.

Over the past year the department has made notable progress in the area of housing delivery and provision of infrastructure for the creation of sustainable human settlements. In the process, jobs and skills development opportunities were created including empowerment of emerging contractors and housing support institutions. The department was also involved in enhancing the treasury, and financial management capacities of municipalities through the Municipal Support Programme and Project Consolidate.

The department started with the recruitment and training process on Community Development Workers. As part of government's initiative to enhance its communication and awareness, information and education programme on how the people can acquire its services, the programme will also ensure government's accessibility to its people.

While the department made notable achievements during the year under review, it also experienced the most challenging period in local government as it saw an unprecedented spell of civic protests in the province. Various methods were adopted in dealing with these such as; meetings with communities and political leaders as well as the launch of Project Consolidate which is meant to directly address the problem of incapacity within some municipalities and therefore improve services rendered.

The department also experienced problems in housing provision ranging from incomplete houses, poor quality houses, contract defaulting, financial mismanagement and lack of skilled contractors, which sometimes led to the abandonment of projects. The department implemented various strategies to deal with these challenges for an improved and better quality service.

As we traverse the path towards the next decade of freedom, we will adopt a hands-on approach in working with municipalities and other social partners in ensuring the evolution of sustainable human settlements, eradication of informal settlements, strengthening the capacity of municipalities to provide efficient and accountable local government system and effective ward committee system

I wish to thank all of our social partners that collaborated with us in delivering quality services to our people. I also extend my appreciation to management and staff of the department for their continued support, commitment and dedication.

MR MJ MAFEREKA
MEC: LOCAL GOVERNMENT AND HOUSING
Date: 31/08/2005



*P*ART 1

GENERAL INFORMATION



ART 1: GENERAL INFORMATION



OVERVIEW BY THE ACCOUNTING OFFICER

This report is presented at a time when the country is celebrating 50 years of the Freedom Charter. The Freedom Charter envisioned a democratic, safe, peaceful and prosperous South Africa. As a country we have set ourselves ideals of ensuring that **the People Shall Govern and There Shall be Housing, Security and Comfort**.

For the year under review the Ministry for Housing unveiled a ground-breaking plan called Breaking New Ground to accelerate the provision of housing and create sustainable human settlements. Similarly, the Ministry for Provincial and Local Government launched a support initiative called Project Consolidate, a hands on support programme geared towards empowering municipalities to deal with service delivery challenges thus ensuring effective provision of services to citizens.

On Local Government policy development, we have witnessed the enactment of the Municipal Property Rates Act that will create a uniform property rating system in the country. Importantly, this Act concludes the local government transformation process. The implementation of various other local government legislation to effect a thorough transformation of local government remains to be effected.

The following have been achieved

- Of the 10 000 allocated subsidies 9 000 houses have been constructed. An additional 2 000 subsidies targeting rural households was also allocated. Importantly, houses for these 2000 rural housing subsidies are nearing completion with 94% of the project complete. The department in partnership with the Development Bank of Southern Africa (DBSA) is supporting 10 selected municipalities in the Province with the development of Housing Sector Plans that will significantly improve planning for housing delivery. These will also act as an instrument for engaging municipalities to partner effectively with the department in providing housing and creating sustainable human settlements.
- Capacity building opportunities have been extended to a number of emerging contractors and support institutions for the People Housing Process. Training sessions on the Emerging Contractor Support and Mentoring and the People Housing Process have also been conducted with satisfactory outcomes.
- We have made significant investment of **R353.4 million** drawn from the Municipal Infrastructure Grant (MIG) and the Provincial Infrastructure Fund (PIF) to ensure that municipalities provide infrastructure services and address inherited massive infrastructure backlog. Critically 82% (R290 million) of the allocated resources have been expended in providing this service.
- Through the Municipal Support Programme, the majority of municipalities (23) in our province have been given technical support in drafting budget, compiling annual financial statements for 2003/2004, the development of uniform economic tariffs and the development of credit control and indigent support policies.
- A Provincial Action Plan for Project Consolidate has been developed. A total of R12.2 million has been obtained from Provincial Infrastructure Funds and Local Government Capacity Building Grant (LGCBG) and allocated for short-term catalytic projects (bulk water supply, upgrading of sewage purification plants, upgrading of gravel roads, planning and surveying).



- We have partnered with Provincial Treasury on convening Municipal Finance Management Act district workshops targeting municipal elected and administrative leaders.
- A maximum of 95 CDW learners are currently undergoing training and they will be supplementing the efforts of government in ensuring that communities access its services.
- The first phase of developing a provincial disaster management operational centre has been completed.
- We have processed a number of land development applications that are critical for development of localities.

Despite all these achievements, there are a number of challenges that still remain to be dealt with in the new financial year. These are:

- Working with municipalities to build their institutional capacity to discharge their mandate and partner with us in implementing Breaking New Ground in housing delivery.
- Effective implementation of MIG and PIF to deal with infrastructure backlog but also implementing these in a manner that contributes towards job creation and economic growth.
- Fast-tracking the implementation of Project Consolidate, and
- Improving the financial viability of municipalities.

I wish to thank our employees and all our stakeholders for the role they played in ensuring that we meet our targets.

KF RALIKONTSANE
HEAD OF THE DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING
Date: 31/08/2005



INFORMATION ON THE DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING

The Department of Local Government and Housing is responsible for the following core functions:

1. To facilitate the creation of sustainable human settlements
2. To promote accountable and sustainable local governance
3. To ensure integrated land development and planning
4. To ensure accountable and sustainable traditional institutions
5. To ensure that effective and efficient corporate and support services are rendered to the department's internal stakeholders.

Institutions reporting to the Executing Authority:

The Townships Board



BILLS SUBMITTED TO THE LEGISLATURE DURING THE 2004/2005 FINANCIAL YEAR

The following Bills were submitted to the Free State Legislature during the period under review:

- The Free State Provincial and Local Houses on Traditional Leaders Bill
- The Free State Traditional Leadership and Governance Bill

MINISTERIAL VISITS ABROAD

PLACE	DATE	PURPOSE OF VISIT
Bangkok/ Thailand	9-17 July 2004	Attending the HIV/AIDS Conference
Madrid/ Spain	12-17 August 2004	Attending the World Urban Forum



STRATEGIC OVERVIEW

*V*ISION

DEVELOPMENTAL LOCAL GOVERNANCE AND INTEGRATED HUMAN SETTLEMENTS IN THE FREE STATE

*M*ISSION

TO STRENGTHEN AND MONITOR LOCAL GOVERNMENT TOWARDS ACCELERATED, QUALITY SERVICE DELIVERY

*C*ORE VALUES

1. We will be driven by the needs of those we serve
2. We will be professional in the way we conduct our business
3. We will at all times show compassion and empathy
4. We will be project focused, result oriented and pro-active.



LEGISLATIVE MANDATE

The following legal framework guides the Department of Local Government and Housing's operations:

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 2002/2003 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 formalized 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 No. 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 is carrying out its legislative imperative as set out in the Housing Act, 1997. Section 2 of the Housing Act, 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 3 spheres of government must ensure that housing development:



- (i) provides as wide a choice of housing and tenure options as is reasonably possible
- (ii) is economically, fiscally, socially and financially affordable and sustainable
- (iii) is based on integrated development planning
- (iv) is administered in a transparent, accountable and equitable manner, and upholds the practice of good governance (Section 2(1)(c)).

Prevention of Illegal Eviction from and Unlawful Occupation of Land Act 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 identities on discriminatory lending patterns. The act came into operation during 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 during 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 housing is in dire need.

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.

This 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 Finance Management Act of 2003 (Act No. 56 of 2003)

- To secure sound and sustainable management of the financial affairs of municipalities and other institutions in the local sphere of government.
- To establish treasury norms and standards for the local sphere of government and to provide for matters connected therewith.

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. Again this Act is more reactive than pro-active.

The Fund Raising Act No. 107 of 1978

It 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

This 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

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

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

Provides for the better control and management of Black affairs.

Black Authorities Act No. 68 of 1951

Provides for the administration of communal land and related matters.

The Physical Planning Act No. 125 of 1991

This Act governs secondary land uses on farmland, which are not agriculture related, and it also enables the amendment of Guide Plans and the evaluation of consistency regarding land development.

Municipal System 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, render services and manage their finances and revenue, Critically, the MSA formalises a range of alternative service rendering mechanisms that could be used to complement traditional service rendering mechanisms / arrangements used by municipalities.

This Act also enables the Integrated Development Plans (IDP). The IDP is a single and inclusive strategic plan that must be compiled and adopted by the municipality. IDPs must include a financial plan, performance management plan, disaster plan and a spatial development framework within which all sector plans should be addressed.

We Belong! We Care! We Serve!

FREE STATE PROVINCE



National Spatial Development Perspective (NSDP)

The key objectives of the NSDP are to:

- Provide a framework within which to discuss the future development of the national space economy by reflecting the localities of severe deprivation and need, of resource potential, of infrastructure endowment and of current and potential economic activity by describing the key social, economic and natural resource trends shaping the national geography.
- Act as a common reference point for national, provincial and local governments to analyse and debate the comparative developmental potentials of localities in the country by providing a coarse-grained national mapping of potential.
- Identify key areas of tension and/or priority in achieving positive spatial outcomes with government infrastructure investment and development spending.
- Provide national government's strategic response to the above for a given time frame. (The Presidency: Policy Coordination and Advisory Services, March 2002)

Free State Growth and Development Strategy (FSGDS)

One of the most critical elements of the strategy is the need to overcome the existence of two economies in our country and in the Free State in particular.

The Free State Growth and Development Strategy will serve as the ultimate guide for the development of the province over the next decade. (Office of the Province Address, February 2002)

Integrated Development Planning (IDP)

A key municipal planning tool that seeks to promote integration by balancing social, economic and ecological pillars of sustainability without compromising the institutional capacity required in the implementation, and by coordinating actions across sectors and spheres of government. (IDPLG)

Collective development initiatives to ensure sustainable and maximum impact.

Towards integrated service provision and poverty eradication

PART 2

DEPARTMENTAL PERFORMANCE



ART 2: DEPARTMENTAL PERFORMANCE

1. Voted funds

Appropriation	Main Appropriation R'000	Adjusted Appropriation R'000	Actual Amount Spent R'000	Over/Under expenditure R'000
	763 490	-	632 008	131 482
Responsible Minister	MEC Local Government and Housing: Mr MJ Mafereka			
Administering Department	Local Government and Housing			
Accounting Officer	K. F. Ralikontsane			

2. Aim of Vote

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

3. Key Strategic Objectives, Programmes and Achievements

3.1 Key Strategic Objectives

The department has identified the following strategic objectives:

- 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.

3.2 Summary of Programmes

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

PROGRAMME NO.	PROGRAMME	SUB-PROGRAMMES
1	Administration	1.1 MEC 1.2 Office of the HOD 1.3 Corporate Services



PROGRAMME NO.	PROGRAMME	SUB-PROGRAMMES
2	Housing	2.1 Housing Planning and Research 2.2 Housing Performance and Subsidy Programmes 2.3 Urban Renewal and Human Settlement Redevelopment 2.4 Housing Asset Management
3	Local Government	3.1 Municipal Administration 1.2 Municipal Finance 1.3 Disaster Management 1.4 Municipal Infrastructure
4	Land Development and Planning	4.1 Spatial Planning 4.2 Land Use Management 4.3 Integrated Development and Planning 4.4 Local Economic Development
5	Traditional Affairs	5.1 Traditional Resource Administration 5.2 Traditional Institutional Arrangements

3.3 Overview of the service delivery environment

Despite numerous socio-economic and political challenges such as civic unrests, unemployment and positional posturing for oncoming local government elections within which the department operated, the following were achieved:

- The department provided basic infrastructure services such as water, sanitation, roads, storm water drainage, solid water disposal, community facilities and community lighting through Municipal Infrastructure Grant. Out of the allocation of R313.9 million to municipalities, 82% (R257 million) was spent by the end of March 2005. A sum of 127 infrastructure projects were implemented by 20 local municipalities and as a result 411, 996 person days employment opportunities were created, 874 persons received accredited training and 1.1 million benefited from these services.
- Through the Municipal Support Programme, the department allocated R34.6 million to municipalities to enhance their treasury capacity and provide relief to those encountering financial distress. The department expended R23.3 million of the allocated money by end of March 2005. Critical activities that are central to a stable institutional and administrative system in municipalities such as drafting of economic tariffs, development of operating and capital budgets, compilation of annual financial statements and maintenance of financial records were concluded.

Furthermore, in partnership with Provincial Treasury five districts joint information sessions/workshops on the provisions of the Municipal Finance Management Act of 2003 were facilitated during September and October months in 2004. A total of 403 participants consisting of elected leaders; senior managers, municipal managers and chief financial officers attended these sessions.

- The department completed 9 000 housing units out of the target of 10 000 housing units.



- A total of 94% of the 2 000 additional housing units for rural housing in Thaba- Nchu and Qwaqwa were completed.
- A total of 230 participants were trained in emerging contractor support in People Housing Process, Rental Housing and Property Management and Information and Knowledge Management.
- The department has provided financial support to each municipality (i.e. R58 240.00) for the gradual development of Spatial Development Frameworks and evaluated these against set guidelines and norms determined by the department.
- The department has also developed a Provincial Action Plan on Project Consolidate, a practical hands-on programme of support aimed at revitalizing municipalities to empower them in addressing service delivery challenges and thus enabling them to effectively provide services to the communities. This involves the deployment of support teams to work actively with municipalities in resolving their service delivery challenges. Local municipalities concerned include Mqohaka, Setsoto, Naledi, Nala, Kopanong, Mohokare, Tokologo, Matjhabeng, Maluti-a-Phofung, Phumelela, Tswelopele and Xhariep District Municipality. A series of bilateral and joint meetings as well as workshops with administrative and elected leaders of the 12 selected local municipalities were facilitated where buy-in and ownership from these leaders was elicited.
- An amount of R12.2 million has been allocated to some of the selected municipalities to implement various projects such as the upgrading of roads, the upgrading of sewage purification plants, bulk water supply, the installation of high mast lights and surveying and for maintenance and operations of their water treatment plants. Institutional arrangements such as district implementation task teams have been established and engagement with stakeholders to partner with government in implementing the programme has started.
- We supported four district municipalities with the development and finalization of local economic development strategies. This strategically confirmed the role expected from districts to promote regional development and assist less able municipalities on matters related to LED initiatives.

Some service delivery targets that still remain challenges for the department include among others:

- Provision of social and rental housing
- Supporting municipalities in implementing the Local Government: Municipal Property Rates Act
- Supporting municipalities on their IDP processes
- Implementation of integrated sustainable human settlement; and
- Obtaining office space for Community Development Workers
- Building institutional and administrative system of local government
- Building financially viable municipalities
- Promoting and sustaining local economic development.

3.4 Overview of the organisational environment

The department's ability to perform optimally was challenged among others by the under-mentioned internal factors:

- Instability as a result of a change of leadership, both political and administrative, with the latter resulting in lengthy periods of acting management that sometimes led to periods of indecision on important matters in the department.
- The operational implementation of the PDMS system for the period under discussion is one of the most serious challenges facing the department as it is directly linked to performance and service delivery and yet remains the most misunderstood



- and poorly implemented performance management methods;
- The grievances of officials emanating from the PDMS led to low morale, adding to the current poor morale in the department;
 - Finalisation of all outstanding performance appraisals, promotions and merit awards handled in terms of the old system – and possible grievances emanating from this process, and
 - The full implementation of the functioning of the Health Risk Manager in the department e.g. the submission of all cases pertaining to this function to ensure the effective management of sick leave in the department.

In order to overcome the above factors as well as other human resources related problems, the department implemented the following measures during the course of the reporting period in an endeavour to overcome further constraints.

- The filling of 21 posts classified as critical was achieved and this contributed slightly in improving service delivery and reducing workloads of some of the employees who were overburdened.
- Up to 42 employees were awarded bursaries towards the enhancement of their competencies. In addition, two critical learnerships in the field of Financial Management and Information Technology were identified for serving officials and unemployed youth respectively.
- The Workplace Skills Plan including the training needs of officials in the department has been developed and submitted to the PSETA accordingly. This has assisted immensely in implementing the Performance and Development Management System (PDMS) during this period as training was linked to implementation of the strategic plan.
- The workplace skills plan encompassing the training needs of officials in the department has been developed and submitted to the PSETA accordingly. This has assisted immensely in implementing the Performance and Development Management System (PDMS) during this period because training was linked to implementation of the strategic plan.

Additional challenges within the period under review included:

- Staff shortage and employee low morale
- Shortage of office space
- Implementation of the new staff establishment, and
- Lack of consultation on the new organisational structure.

3.5 Strategic overview and key policy developments for the financial year

Key policy developments for the year under review included the introduction of CDWs and Project consolidate.

Project Consolidate

Government has introduced Project Consolidate “a hands on programme of support” to harness resources and expertise across the spheres of government to work together with selected municipalities that are encountering service delivery challenges thus enabling them to provide services to the communities effectively.

These selected municipalities were identified after an extensive municipal profiling conducted by the Department of Provincial and Local Government (*dplg*). The municipal profiling exercise determined the extent to which these municipalities have performed their powers and functions, provision of service delivery and formal housing and socio-economic development prevalent in these localities. In the Province we selected 12 municipalities to be supported through Project Consolidate.



Community Development Workers (CDW) Programme

Government has initiated the Community Development Workers' Programme to ensure that a significant number of citizens access services that government provides. The CDWs will serve as a link between government and its people enhancing communication and understanding of government programme, especially among rural people. Additionally, the programme would promote citizen participation in local government matters and in reconstruction and development efforts.

A total of 95 CDW learners have been recruited and currently undergoing training. We are anticipating that further 205 CDW learners will be recruited in the next financial year.

Municipal Infrastructure Grant (MIG) to provide basic infrastructure services such as water, sanitation, roads, storm water drainage, solid water disposal, community facilities and community lighting.

Popularisation and promotion of the Municipal Finance Management Act.

During September/ October 2004, five districts workshops were held on the provisions of the Municipal Finance management Act in cooperation with Provincial Treasury.

Breaking New Ground in Housing Delivery

During the year under review, the National Ministry of Housing unveiled the Comprehensive Housing Plan, Breaking New Ground in Housing delivery, to accelerate the provision of housing. This plan also places emphasis on an integrated approach to housing which, while developing sustainable human settlements, would alleviate poverty, create employment opportunities, eradicate informal settlements and redress spatial settlement patterns.

4. Departmental revenue, expenditure and other specific topics

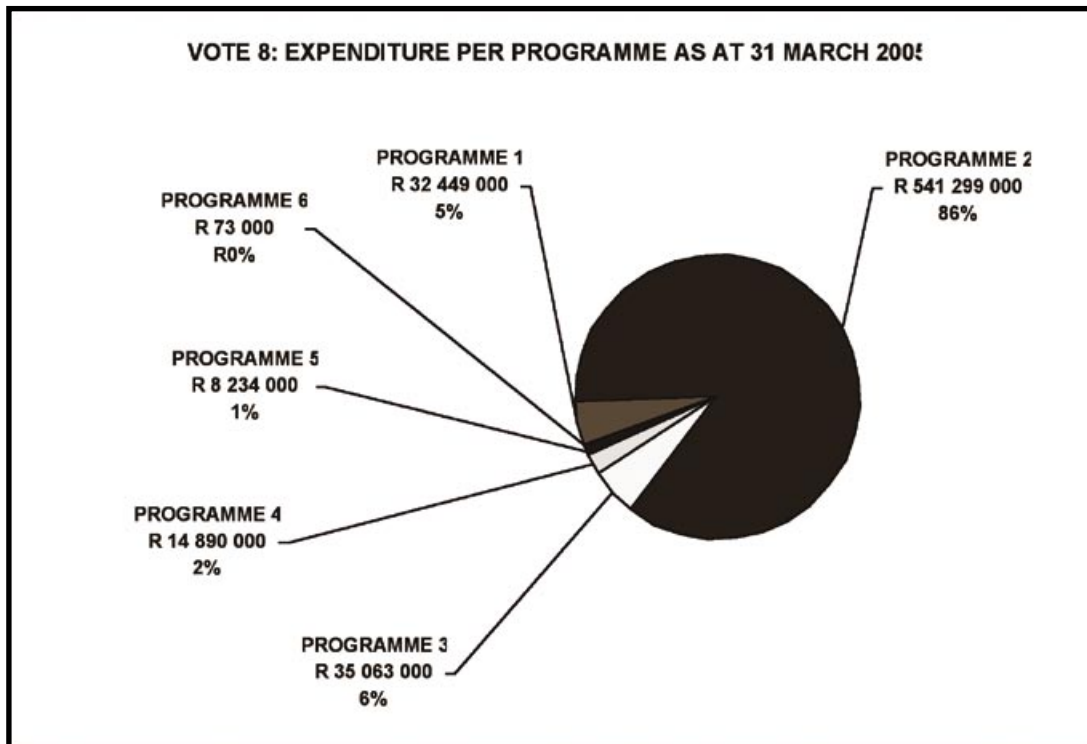
Departmental Revenue

Collection of departmental revenue						
R'000	2001/02 Actual	2002/03 Actual	2003/04 Actual	2004/05 Target	2004/05 Actual	% deviation from target
Tax revenue						
Non-tax revenue	869	774	990	1,056	1 668	
Sales of goods and services	826	763	955	1,056	1 668	158%
Interest, dividends and rent on land	43	11	35			
Sales of capital assets(Capital Revenue)						
Financial transactions						
(Recovery of loans and advances)						
TOTAL DEPARTMENTAL RECEIPTS	869	774	990	1,056	1 668	



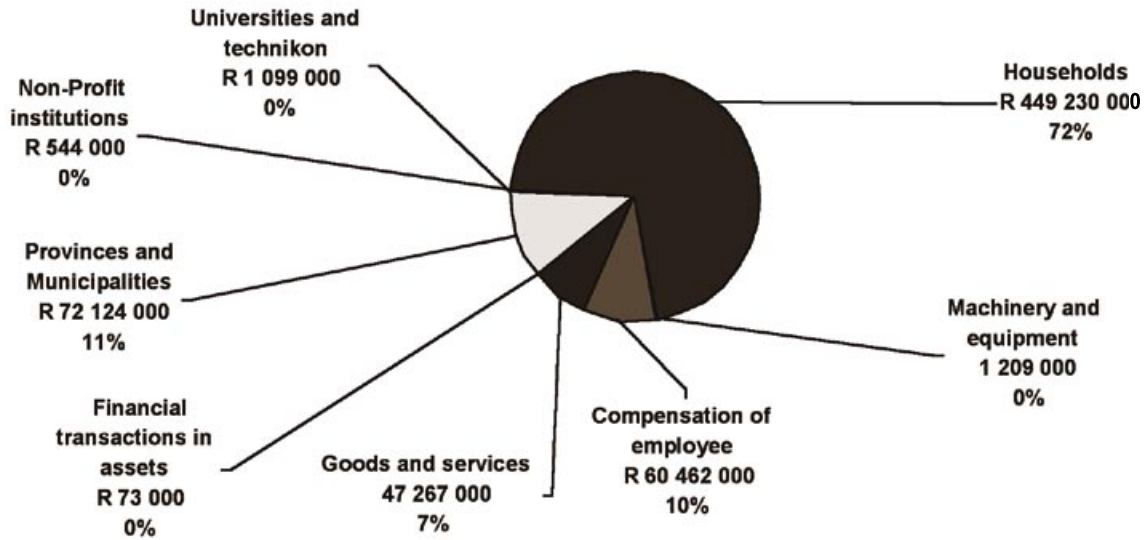
Departmental Expenditure

Departmental expenditure						
Programme R'000	Voted for 2004/05	Roll-overs and adjustments	Virement	Total voted	Actual Expenditure	Variance
Programme 1	38,905	2,221		41,126	32,449	8,677
Programme 2	463,943	179,293	1,324	644,560	541,299	103,261
Programme 3	37,684	12,266	-1,324	48,626	35,063	13,563
Programme 4	20,519	-1,524		18,995	14,890	4,105
Programme 5	10,183			10,183	8,234	1,949
Programme 6					73	-73
Total	571,234	192,256	0	763,490	632,008	131,482





VOTE 8: EXPENDITURE PER ECONOMIC CLASSIFICATION: R 632 008 000 AS AT MARCH 2005



Transfer Payments

Transfers to Households		
NAME OF INSTITUTION	AMOUNT TRANSFERRED	ACTUAL EXPENDITURE
Project Linked Support Housing	422,111	403,495
Individual Support Housing	16,782	1,285
Rural Support-Inf Land Housing	23,139	6,951
Discount Benefit Scheme Housing	2,500	207
People Housing Process	45,692	37,012
Institutional support	7,713	-
Employer Social Benefit	452	275
Social Assistance	20	5
TOTAL	518,409	449,230



Transfers to Universities and Technikons		
NAME OF INSTITUTION	AMOUNT TRANSERRED	ACTUAL EXPENDITURE
University of Free State	1,100	1,099

TOTAL	1,100	1,099
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Transfers to Non-Profit Institution		
NAME OF INSTITUTION	AMOUNT TRANSERRED	ACTUAL EXPENDITURE
House of Traditional Leaders	589	544

TOTAL	589	544
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Transfers to Local Government (Municipalities)		
NAME OF INSTITUTION	AMOUNT TRANSERRED	ACTUAL EXPENDITURE
Human Settlement Grant	26,650	15,444
Financial Assistance and Projects	7,948	7,948
MIG Capacity Building Grant	8,904	7,974
RSC levy	286	193
Provincial Infrastructure	36,967	30,437
Planning and Surveying	8,129	5,770
Town Planning schemes and Spatial Planning Framework	2,956	2,300

TOTAL	91,840	70,066
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Water Quality

Considering the water quality results and associated key findings of the Free State Water Quality Management project, areas of urgent need and current threat to Primary Health and Environmental Health in the Free State were identified. The Department of Local Government and Housing (LGH) of the Free State province initiated a Short Term Crisis Intervention project to urgently fast track supportive interventions to local government in order to:

- Enable local government to better fulfil their mandated responsibilities regarding water services delivery, and;
- To address areas of current high risk to both primary and environmental health.

The above would be achieved through identification of urgent drinking-water quality, sanitation, staff capacity and infrastructure issues and subsequent interventions.

The CSIR was appointed by LGH to interact with Local Government and assist in the identification of necessary support by both (i) an on-site functional assessment, and (ii), determination of operational needs. The latter would focus on Immediate Needs, which would enable rapid improvement in service delivery and typically included provision of essential laboratory test equipment, essential chemicals, safety equipment, maintenance of broken equipment, and the fixing of essential maintenance vehicles.

A functional assessment was conducted by CSIR in the Eastern, Northern and South/Central regions in January 2005, with a focus of those sites previously identified as requiring urgent assistance. The assessments included interviews with senior municipal officials; site visits to water and wastewater treatment facilities and interactions with on-site personnel. Critical consideration was given toward the following:

- Operations and maintenance
- Plant capacity and capability
- Test equipment
- Record keeping systems
- Safety procedures and systems
- Competency (formalized mentorship programmes, on-site capacity for learnerships, etc).

Needs identified through these interactions were categorized as:

- Immediate (2 months – i.e. end March 2005) – for example, provision of essential test equipment and safety equipment, repair of broken critical equipment, purchase of essential chemicals, and the fixing of essential maintenance vehicles.
- Short to medium term (6 months to 1 year) – similar to above, but either not as urgent or requiring greater planning and support
- Long term (> 1 year) – strategic investments requiring proper prior investigations and design.

The focus of the CSIR assessment was on the Immediate Needs, attention to which could bring about an immediate improvement. Given financial and planning limitations, needs were ranked according to relative benefit. The Free State Province Grant support would be used to address needs in order of ranking (i.e. Immediate Needs first; with remaining allocations used for Short to Medium Term and then Long Term needs).



Following completion of the crisis intervention project, the following aggregated water quality status updates were presented.

Municipality	Town	Original Status	New Status (March 2005)
Kopanong	Jagersfontein drinking-water	Red	Yellow
Letsemeng	Koffiefontein wastewater	Red	Green
Mangaung	Botshabelo wastewater	Red	Green
Mohokare	Zastron wastewater	Red	Red
Ngwathe	Edenville drinking-water	Yellow	Green
	Heilbron wastewater	Red	Yellow
Moghaka	Kroonstad wastewater Viljoenskroon wastewater	Red	Green
Matjhabeng	Allanridge wastewater	Red	Yellow
	Henneman wastewater	Yellow	Yellow
	Odendaalsrus wastewater	Red	Red
Mosilonyana	Brandfort wastewater	Red	Red
Tokologo	Boshof drinking-water Dealesville drinking-water Hertzogville drinking-water	Red	Red
Setsoto	Clocolan drinking-water	Yellow	Green
	Ficksburg wastewater	Red	Red
	Senekal wastewater	Red	Red
Maluti-a-Phofung	Harrismith wastewater	Red	Yellow
Phumelela	Warden wastewater	Red	Yellow
Nketoana	Reitz wastewater	Red	Green

An improvement in status was noted in 11 out of the 20 areas following the 3 month crisis intervention, with the remaining 9 areas showing no significant water quality improvements and therefore no change in status (i.e. improvements may have been noted but they did not warrant a status change). The main reasons why some areas showed no improvement in status, included:

- Need for alternative water source (e.g. high nitrates/fluorides)
- Need for infrastructure (e.g. water treatment plant)
- Need for improvements to existing facilities (e.g. plant upgrades, equipment repairs)
- Need for adequate staff capacity (e.g. formal training for operator/s and foremen/supervisors)
- The process to allow improvements has been initiated but will shortly bear fruit (e.g. new equipment has been ordered, and when implemented should result in notable improvements in water quality)



Status improvements in the above municipalities can therefore only be expected in the medium to long term, once the above aspects have been appropriately implemented.

MIG Capacity Grant (Management Fees)

Funds were utilized to launch the Municipal Infrastructure Grant (MIG) programme successfully during May and June 2004 in the Province as well as in the Districts and Local Municipalities. During these launches the MIG framework, policies and procedures were presented and handed out to the Municipalities. These launches were well attended and received by the Municipalities and contributed to the successful implementation of the MIG programme.

A Consortium (PWC, Makomota FMS and MPS Consulting Engineers) was appointed until the end of September 2005 to provide an administrative and technical support service. The services of the consortium assisted the Provincial MIG Management Unit to monitor the MIG programme effectively.

Town Planning Schemes and Spatial Planning Frameworks

The funds made available to the 5 Municipalities for land use schemes will assist in edge-to-edge land development management. Financial assistance for spatial development frameworks to all Municipalities will ensure that land development proposals can be assessed against Municipal integrated plans.

Local Government Capacity Building Grant

During the year under review the Local Government Capacity Building Grant was allocated towards building capacity at selected District and Local Municipalities experiencing financial and/or administrative capacity constraints. A portion of the grant was appropriated to provide demand driven technical assistance, based on the individual needs analysis of each District/Local Municipality. Although training, skills transfer and capacity building remain challenges; the following key focus areas were addressed:

- Drafting uniform, cost reflective economic tariffs
- Assistance with drafting operating and capital budgets
- Revenue collection and expenditure control
- Addressing deficiencies in credit control and indigent support
- Maintaining up to date financial administrative systems
- Drafting annual financial statements
- Compliance with key pieces of local government finance related legislation, including the Municipal Finance Management Act.

Another portion of the grant was provided as limited once-off financial assistance to Local Municipalities experiencing severe liquidity and general financial constraints. Assistance of this nature assisted such Municipalities to meet the challenges of maintaining basic standards of service delivery, but also to address and restructure institutional arrangements towards meeting the demands of creditors within their overall financial position.

Allocations were also made to enable especially smaller Local Municipalities to implement projects that would have a positive impact on cash flow and revenue enhancement in general. Projects thus identified and implemented include the following priority areas for which funding is not normally available:

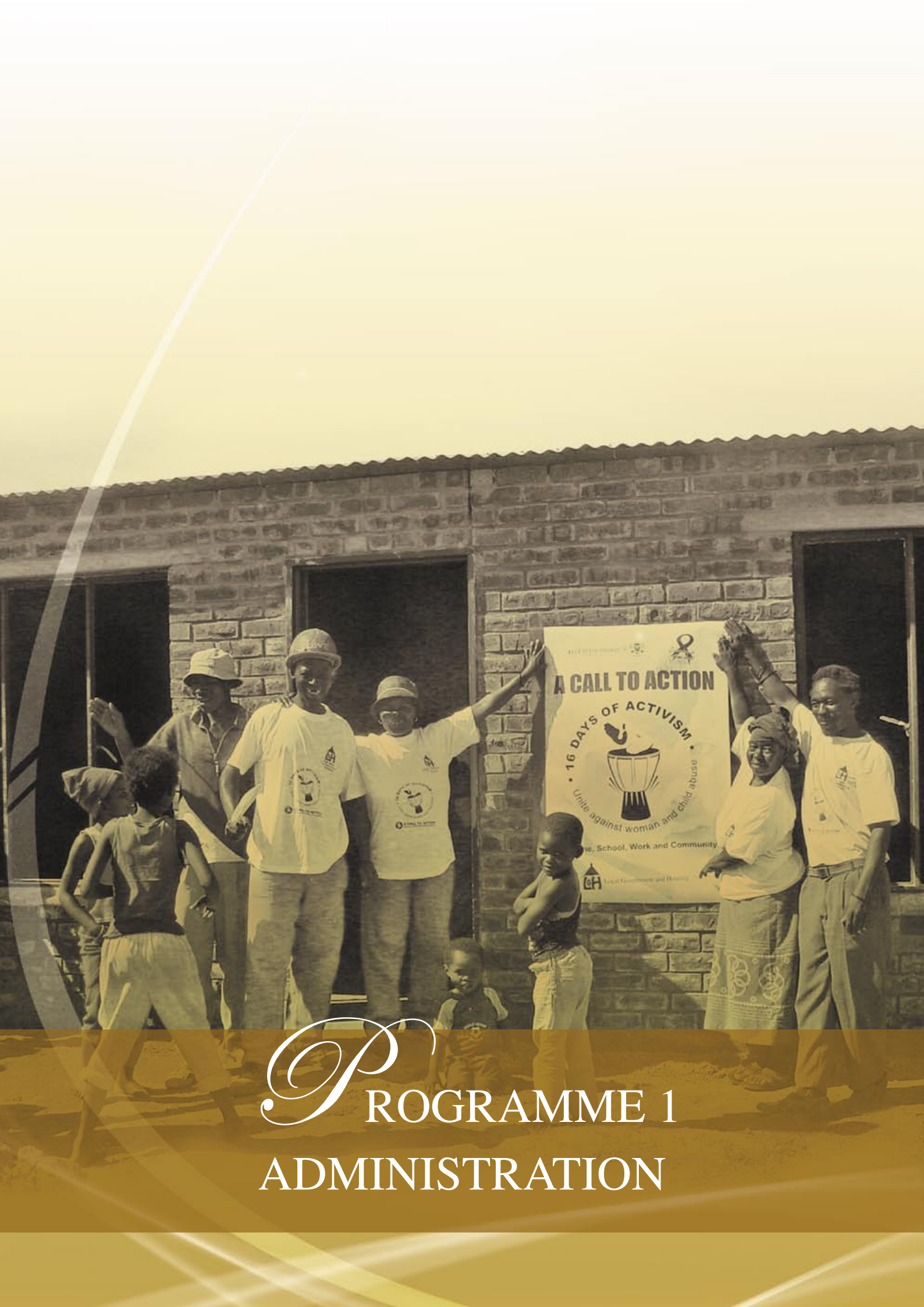
- Verification of debtor databases
- Compilation of valuation rolls
- Computer equipment
- Office renovations
- Vehicles for service delivery
- Office equipment and renovation.



PROGRAMME PERFORMANCE

The activities of the Department of Local Government and Housing are organized in the following five programmes:

- Programme 1: Administration
- Programme 2: Housing
- Programme 3: Local Government
- Programme 4: Land Development and Planning
- Programme 5: Traditional Affairs.



*P*ROGRAMME 1
ADMINISTRATION



PROGRAMME 1: ADMINISTRATION



Purpose: To provide effective and integrated corporate support service to the department.

Strategic Objectives

1. Render advice on and integrate human resource management and employee relations with line functions
2. Structure and develop the department to achieve internal excellence
3. Establish and implement integrated communication strategy
4. Oversee and render departmental legal services
5. Establish an effective and efficient information management infrastructure
6. Establish and sustain viable auxiliary services
7. Establish and manage special programmes
8. Provide effective and efficient financial management
9. Provide procurement and asset management
10. Implement internal auditing.

Outputs and Service Delivery Achievements

MEASURABLE OBJECTIVE	PLANNED ACTIVITIES	KEY PERFORMANCE INDICATOR FOR 2004/2005	PROGRESS AS ON 31 MARCH 2005
1. Implement Human Resource Development Strategy in the Public Service by December 2007.	Implement learnerships and internships.	Two learnerships and internships implemented by June 2004.	Draft Learnership and Internship Policies developed. ITTA was approved to implement ICT Learnership but failed to deliver. CTS contracted to implement ICT provincially by 01.06.2005.
	Assess impact of human resource development interventions and implement executive development programme.	An Impact assessment report generated and recommendations implemented.	One training officer has completed a course in Maccaulei, which includes impact assessment of human resources development interventions.
	Develop and implement workplace skills plan.	Executive development programme for 6 managers implemented by June 2004.	Six SMS members attended the course. Positive comments about the quality and relevance of the course.
	Implement development programmes for human resource development professionals.	Workplace skills plan developed and implemented by June 2004.	WSP developed and submitted to PSETA. Implemented.
		Development programmes implemented for 5 human resource development for professionals.	Two HRD professionals registered for Higher Certificate in Occupational ETD Practice at Maccaulei.



MEASURABLE OBJECTIVE	PLANNED ACTIVITIES	KEY PERFORMANCE INDICATOR FOR 2004/2005	PROGRESS AS ON 31 MARCH 2005
	Implement life-skills programme.	Life-skills programme implemented for 2 % of staff complement.	Motheo FET College designed and submitted a life skills programme to SAQA for accreditation. ABET and Life Skills Programme to commence in May 2005.
2. Advise department on strategic interventions regarding organizational structure, systems and processes to improve organizational efficiency.	<p>Implement recommended solutions regarding organizational structure.</p> <p>Co-ordinate and advise department on Performance and Development Management System (PDMS)</p>	<p>Recommended solutions implemented in full.</p> <p>Performance development plans developed and implemented for all personnel.</p>	<p>The department embarked on a major restructuring process, which was approved by the MEC on 29 December 2005. Early in March 2005, the MEC approved the placement of all serving officials in posts corresponding with the functions being performed by them as a regular demand of their jobs.</p> <p>The department has also developed a Plan of Action to ensure the successful implementation of the new structure, which will be appropriately addressed during the next financial year. Critical vacancies are in the process of being identified, prioritised and funded for purposes of advertisement and filling.</p> <p>Performance and Development Plans are in place for all officials in the Department for the period 1 April 2005 until 31 September 2005. Following a letter from this unit to SMS Members, copies of most reviewed and scored PDPs have been received, limited still outstanding, being followed-up in writing.</p> <p>In ensuring the improved implementation of the PDMS for levels 1 – 12, Quality Assurance Committees have been established in the department, comprising of senior managers from various units within the department.</p> <p>The primary role of these Committees is to improve the implementation of the PDMS in the department and to ensure that disagreements with regard to performance assessments are dealt with appropriately prior to cases being submitted to the Moderating Committee for a recommendation.</p> <p>Various changes have also been effected to the approved PDMS Policy Framework, thereby improving the system and clarifying certain issues.</p>



MEASURABLE OBJECTIVE	PLANNED ACTIVITIES	KEY PERFORMANCE INDICATOR FOR 2004/2005	PROGRESS AS ON 31 MARCH 2005
			<p>Following discussions in the Moderating Committee during December 2004, a presentation in this regard will be made to Senior Management as soon as the changes have been approved by the Executive Council.</p> <p>Information sessions will also be held in the department during the next financial year to improve the knowledge and understanding of officials with regard to the PDMS.</p>
<p>3. Advise department on matters regarding organizational development and employee assistance programme.</p>	<p>Devise and implement departmental customer care programme.</p> <p>Establish a knowledge and information management system.</p> <p>Develop and implement Employee Assistance Programme.</p>	<p>50 % of customers are satisfied with services provided.</p> <p>Knowledge and Information management plan developed and implemented December 2004.</p> <p>Employee Assistance Programme implemented.</p>	<p>Customer Care Operational Plan drafted. Call Centre to receive complaints, compliments still to be established.</p> <p>Draft Knowledge Management in place and circulated. This needs management buy-in and the implementation of LKM in the dept.</p> <p>EAP Unit established and fully operational. Policy guidelines developed.</p>
<p>4. Coordinate departmental strategic plan and align it to the Free State Development Plan (FSDP).</p>	<p>Coordinate and organize strategic planning.</p> <p>Monitor and report on departmental projects in the FSDP.</p>	<p>Strategic planning organized, coordinated and finalized by December every year</p> <p>Monitoring reports generated and submitted.</p>	<p>2005/2010 Strategic Plan finalized and submitted to Provincial Treasury. 50 Copies of the Strategic Plan were submitted to the Free State Legislature for purposes of tabling.</p> <p>As is required in terms of the Treasury Regulations and following a decision of the Senior Management Team, quarterly Performance Review Meetings are held with all Deputy Directors upward in the Department to review progress made with regard to the 204/2005 Strategic Plan. These Performance Reports are submitted to Provincial Treasury for submission to National Treasury.</p> <p>Monthly progress reports are submitted on progress made with regard to identified projects attached to the different programmes of the various EXCO Clusters (Programmes of Action).</p>



MEASURABLE OBJECTIVE	PLANNED ACTIVITIES	KEY PERFORMANCE INDICATOR FOR 2004/2005	PROGRESS AS ON 31 MARCH 2005
5. Create a positive departmental culture	<p>Institutionalise common and uniform practices</p> <p>Conduct quarterly team building sessions</p>	<p>10% increase in the number of staff complying with common and uniform practices</p> <p>Four departmental team building sessions</p>	<p>Implementation of Employee Morale Survey postponed on several occasions. Benefits derived from the outcome to institute uniform practices not realized.</p> <p>Various attempts to conduct an employee morale survey failed. Intervention sought from Executive Management.</p>
6. Develop, maintain and implement departmental policies on personnel administration and employee relations.	Develop and maintain policies on employee relations and personnel administration.	10% Increase in performance and job satisfaction.	<p>Several sessions were held in directorates to assist with regard to human resources matters.</p> <p>All district offices were visited to address issues pertaining to human resources.</p> <p>All cases pertaining to PDMS was processed on PERSAL.</p> <p>All SOMA cases were handled and processed in the department.</p> <p>Several human resources related queries were addressed by means of individual consultations, verbal as well as written.</p> <p>Several policies were drafted and implemented i.e. skills retention policy, overtime procedure, probation policy drafted etc.</p> <p>All matters pertaining to personnel recruitment, provisioning and utilization were handled.</p>
7. Increase the capacity of line managers on personnel administration, human resource policy development and employee relations. (Ongoing)	<p>Build capacity on personnel administration, Performance Development Management System and employee relations.</p> <p>Ensure human resource planning and development by line managers.</p>	<p>10% Decrease in queries lodged and staff turnover.</p> <p>30% of units are complying and implementing the identified policies.</p>	<ul style="list-style-type: none"> • The departmental bargaining forum has dismantled and the department is part of the GPSSBC. • Several meetings were held with the directorates on issues pertaining to grievances and misconduct. • Training was done on the code of conduct on several occasions. • All the district offices were visited on matters pertaining to employee relations and occupational health and safety.



MEASURABLE OBJECTIVE	PLANNED ACTIVITIES	KEY PERFORMANCE INDICATOR FOR 2004/2005	PROGRESS AS ON 31 MARCH 2005
			<ul style="list-style-type: none"> • Workshop was arranged to capacitate the members of the occupational health and safety committee. • Workshop was arranged to capacitate the members of the occupational health and safety committee. • Several meetings in conjunction with Housing were attended to address issues pertaining to occupational health and safety on site. • Several employee related queries were addressed by means of individual consultations, verbal as well as written. • All cases pertaining to employee relations were handled and processed. • Several policies were drafted to assist with regard to employee relations i.e. sexual harassment, working hours, strike contingency plan, occupational health and safety guidelines etc. • The department was also represented at the Free State Provincial Bargaining Council
8. Establish and implement a departmental communication strategy	Develop and implement departmental communication strategy including policies	<p>Communication strategy developed by May 2005</p> <p>Implementation and continuous assessment</p>	<p>Various communication strategies have been drafted. Some have been implemented and others are due for presentation to management for inputs and or approval. These include:</p> <p>The internal or employee communication strategy</p> <ul style="list-style-type: none"> • The employee morale survey communication strategy • Communication strategy for civic unrests which has been submitted to the office of MEC • The Employee Briefing Plan as part of the internal communication strategy has been completed



MEASURABLE OBJECTIVE	PLANNED ACTIVITIES	KEY PERFORMANCE INDICATOR FOR 2004/2005	PROGRESS AS ON 31 MARCH 2005
			<ul style="list-style-type: none"> • Draft communication and marketing strategy for The Rental Housing Tribunal • The communication plan for the budget vote • Media plan for the IDP Summit • The generic communication strategy is at its research stage pending draft finalisation with management interviews and inputs from the provincial strategy as well as the Department of Housing and the Department of Provincial and Local Government's communication strategy. The draft strategy should be finalised by end May 2005 for further consultation and inputs by management. • The national communication strategies for Project Consolidate and Community Development Workers are being amended for the provincial projects.
<p>9. Create a departmental corporate image</p>	<p>A brand for the department created</p> <p>Profile external stakeholders.</p> <p>Communicate with stakeholders continuously through different media</p> <p>Standardize all correspondence tools/templates</p> <p>The departmental website is functional and managed.</p>	<p>All communication infrastructure and processes in place</p> <p>A database of external stakeholders collected</p> <p>Media plans developed for various stakeholders and activities</p> <p>In support of departmental corporate image and identity</p> <p>The website is reconstructed and functional.</p>	<p>The corporate identity plan has been completed and is being progressively implemented.</p> <p>Stakeholders profiled continuously</p> <p>Electronic and print media used effectively to communicate with external stakeholders.</p> <p>Corporate correspondence templates design in progress.</p> <p>All employees were issued with nametags as per Batho Pele principles</p> <p>The construction of the website is in progress.</p>
<p>10. Consolidate, align and render legal services in the department on an ongoing basis.</p>	<p>Identify and consolidate all business units with legal components and align these.</p> <p>Render assistance on legal matters to the business units.</p>	<p>A consolidated legal services unit established and fully functional.</p> <p>A significant number of cases successfully resolved.</p>	<p>This unit has not been activated during the period under reporting. Legal matters related to housing and local government and housing were however dealt with by different units within the Department. Where necessary, the legal advisors in the Department of the Premier were approached for legal opinions and/or assistance.</p>



MEASURABLE OBJECTIVE	PLANNED ACTIVITIES	KEY PERFORMANCE INDICATOR FOR 2004/2005	PROGRESS AS ON 31 MARCH 2005
11. An information management strategy developed by July 2004.	Compile and implement a departmental information management strategy	The departmental information management strategy drawn and implemented	Departmental information management strategy is finalised.
12. Develop effective information communication systems and security services for the department by September 2004	<p>Develop, integrate and implement information communication system and security services</p> <p>Develop departmental policy on ICT.</p> <p>Build employees' capacity to implement the system</p>	<p>Departmental ICT system fully operational</p> <p>Improved flow of information</p> <p>100% integration of disparate information systems achieved</p> <p>Departmental policy on ICT developed and implemented. The capacity of 100 officials developed to use the system.</p>	<p>ICT Security Policy developed and approved.</p> <p>ICT Helpdesk operational.</p> <p>Departmental Website structure in progress.</p> <p>ICT Infrastructure 30% upgraded. (Lebohang).</p> <p>BoE data communications completed and arrangements for the installation of telephones are in progress.</p> <p>Data Communications and provision of telephones at the Disaster Management building in process.</p> <p>District Offices ICT Infrastructure installation is in planning stage.</p>
13. Manage and maintain security functions in the department	Develop and implement departmental security management policy and plan	10 % reduction in loss and theft incidents in the department	Various theft cases have been investigated and reported, thus reducing loss and theft incidents in the department.
14. Implement the HIV/AIDS guidelines in the workplace	<p>Create awareness of the impact of HIV/AIDS.</p> <p>Train selected employees on Voluntary Counselling and Training.</p> <p>Establish and maintain partnerships on HIV/AIDS.</p>	<p>Four awareness workshops convened</p> <p>12 employees trained on Voluntary Counselling and Training</p> <p>Partnerships on HIV/AIDS established</p>	<p>Two awareness workshops held including Voluntary Counselling and Training (VCT).</p> <p>One VCT workshop held.</p> <p>HIV/AIDS Consortium established in UNIQWA/Vista and relevant training provided by District AIDS Council.</p>
15. Identification and implementation of other special programmes	Do an environmental scan and audit existing projects/programmes	An audit report generated and recommendations implemented	Need identified to improve and accelerate youth and gender related programmes



MEASURABLE OBJECTIVE	PLANNED ACTIVITIES	KEY PERFORMANCE INDICATOR FOR 2004/2005	PROGRESS AS ON 31 MARCH 2005
16. Develop a consolidated departmental budget	<p>Prepare and submit Medium Term Expenditure Framework (MTEF) submission</p> <p>Compilation of budget statement 2</p> <p>Preparation of adjustment budget.</p>	<p>MTEF documentation submitted to Treasury by July</p> <p>Final Budget Statement 2 submitted by February 2005</p> <p>Adjustment budget compiled by October 2004.</p>	<p>MTEF documents submitted</p> <p>Budget Statement 2 was submitted</p> <p>Adjustment budget was compiled and submitted.</p>
17. Compiling of the financial statements (Balance sheet, income statement, cash flow statements).	<p>Compilation of financial statements and management report.</p> <p>Compilation of Annual Report.</p>	<p>Financial statements for the department, Housing Fund and Trust Funds were finalised.</p> <p>Annual Report Finalised by 31 September 2004.</p>	<p>Financial Statements for the department, Housing Fund and Trust Funds were submitted by 31 May.</p> <p>The annual report was submitted.</p>
18. Ensure sound accounting practices in the department on an ongoing basis.	<p>Provide effective and efficient financial control measures.</p> <p>Monitor the financial capacity needs of the department.</p>	<p>100% accuracy of accounting records obtained.</p> <p>50 % of the department's identified financial needs addressed.</p>	<p>Sound accounting maintained and daily records kept.</p> <p>Needs identified and 215 officials trained.</p>
19. Ensure regular financial reporting to meet legislative compliance dates.	Compilation and submission of compliance reports to relevant institutions.	Seven compliance report submitted by set dead lines	All monthly compliance reports submitted.
20. Increase revenue by 5%	Develop and implement a Revenue Business Plan	2% increase in revenue generated	Revenue increased by 51%.
21. Ensure effective loss control management	Implement, update and manage an effective loss control process	10 % reduction in loss and theft incidents in the Department	Loss control committee was appointed but no meetings took place.
22. Provide an effective and efficient banking service to the department.	Daily management of the Pay Master General (PMG) account.	70% decrease on PMG interface account.	100% decrease
23. Providing and effective and efficient salary, tax and debt function to the department	<p>Effective payroll management – including PERSAL, salaries, allowances, tax and deductions</p> <p>Management of departmental internal and external debt</p>	<p>100% of transactions approved and processed before closing of monthly pay runs</p> <p>% Decrease in debt</p>	<p>100% of transactions were approved</p> <p>12% decrease in debt</p>
24. Risk management and fraud prevention	Implement, update, monitor and evaluate fraud prevention plan	10% decrease in fraudulent cases	No new fraudulent cases identified
25. Public Finance Management Act implementation	Ensure effective Public Finance Management Act training and capacity building	40 officials trained on PFMA	<p>215 officials trained in the following:</p> <ul style="list-style-type: none"> • Standard Chart of Accounts: 5 • Basic Accounting System: 67 • Supply Chain Management: 50 • PERSAL: 16 • PFMA: 4



MEASURABLE OBJECTIVE	PLANNED ACTIVITIES	KEY PERFORMANCE INDICATOR FOR 2004/2005	PROGRESS AS ON 31 MARCH 2005
	Ensure effective implementation of punitive measures in event of persistent and material breaches of the Act	Number of officials convicted and punished	<ul style="list-style-type: none"> • Security Awareness: 42 • Conditional Grants: 3 • HIV: 3 • Annual Financial Statements / GRAP 1,2 and 3: 12 • Asset Management: 5 • 1-Request Information: 4 • Health and Safety: 2 • Housing Subsidy Management System: 1 • Debt Policy: 1 • The department together with Free State University has developed a Certificate in Forensic Investigation Course. This was attended by 42 officials from the department and various municipalities. • No cases registered where the Act was breached.
26. Ensure effective asset management.	Maintain and implement asset register – including transport management.	70% of the asset registers updated. 50% decrease in the reported misuse of the Departmental assets	Asset registers in the process of being updated with a complete stock take. A system for identifying and reporting misuse of assets was implemented.
27. Supply of goods and services through the supply chain management.	Develop and implement supply chain management policy	A supply chain management policy developed and approved by June. 10% increase in the quality and value of supplied services and goods.	Supply Chain Management unit structure was approved. SCM policies were compiled and implemented. Job descriptions were compiled. Could not clarify the exact increase in the quality and value of supplied services and goods.
28. Develop and implement an Internal Audit strategy and charter.	Compilation of an internal audit charter. Compilation of a rolling three year strategic internal audit plan. Conduct regularity, performance and forensic audits and report on audit findings. Compilation and implementation of a Internal Audit code of ethics.	Internal audit charter developed and implemented by September. An internal audit plan compiled by September Audit reports generated and recommendations implemented. Code of ethics compiled and implemented by September.	Internal Auditor in process of being appointed. Provincial Treasury appointed internal Audit Committee.



Challenges and achievements

Specific challenges for the internal environment were low employee morale, instability in the department due to changes in leadership, both political and administrative. This sometimes affected decision-making processes, which delayed progress. Lack of office space that resulted in employees sharing offices, sometimes more than three employees per office, also had an impact on overall productivity.

The restructuring process also caused some turbulence within the department however this has since subsided. Against this background, the department continued to function effectively.

- **These are some of the events that the department participated in locally and nationally**
 - The Rand show exhibition in support of the National Housing initiative as part of a drive to create an awareness of government's housing programmes.
 - The launch of the Municipal Infrastructure Grant (MIG).
 - The Housing Imbizo in support of the National Housing Minister's nationwide Imbizo programme.
 - The visit by the NCOP that focused on Housing, Water and Sanitation projects in the province.
 - Implemented a media plan in response to bad publicity in the local and national media on civic unrests in municipalities. Media releases were also issued to update the public about progress made with regards to drinking water quality management matters in various towns in the province.
 - Marketing and promotion of the IDP Summit
 - The Imbizo Focus Week with SALGA, Office of the Premier, DPLG and Mantsopa Municipality for the visit by Deputy Minister N. Hangana.

- The department worked with SALGA FS, SALGA national and GCIS in the development and implementation of the communication strategy for Phumelela in particular, which was also adapted for other areas. A design for the community newsletter was also developed for Phumelela, which was approved by the municipality and SALGA.

- The department co-ordinated activities of approximately 8 stakeholders who participated in the building of houses for the beneficiaries of the 16 days of activism campaign in Thabong, Matjhabeng municipality. The activity included branding for the department and the campaign, awareness through radio interviews and print media both for which media releases and advertorials were issued for the pre and post event publicity. The handover event for the Free State was the only event nationally, covered extensively on the main SABC television news in all three channels.

- The following publications were published during the period under review.
 - The 2003/2004 Annual Report
 - The LED Summit Report
 - The Re Betla Tsela Newsletter
 - The employee assistant programme booklet.
 - Winds of Change booklet

- The following articles were also published
 - Local Government and Housing articles in Succeed Magazine and South Africa the Good News magazines respectively. These magazines are distributed internationally and the Good News magazine is distributed as the SAA's in-flight magazine for international flights.



*P*ROGRAMME 2
HOUSING



PROGRAMME 2: HOUSING

Purpose: To facilitate the creation of sustainable human settlements.

Strategic Objectives

1. To develop provincial Multi-year Housing Delivery Plans
2. To provide regulatory framework
3. To conduct housing research
4. To provide capacity and support to municipalities with regard to housing delivery in line with Housing Act
5. To implement strategic interventions to accelerate human settlements delivery and build institutional capacity and systems
6. To provide individual subsidies to qualifying beneficiaries in accordance with the Housing Policy
7. To monitor Housing performance and delivery
8. To rehabilitate dysfunctional urban areas with the notion of economic and social development
9. To create integrated and functional human settlements
10. To provide for efficient and effective Housing asset management.

Outputs and Service Delivery Achievements

MEASURABLE OBJECTIVE	PLANNED ACTIVITIES	KEY PERFORMANCE INDICATOR FOR 2004/2005	PROGRESS AS ON 31 MARCH 2005
1. Conduct and implement housing demand research annually.	<p>Conduct research on Social Housing.</p> <p>Revisit IDPs and align allocations.</p>	Two research projects conducted and the recommendations implemented.	<p>A study was undertaken on the status of informal settlement that highlighted that there are 19 566 households in shacks and 52 109 of the households in backyards.</p> <p>An amount of R6 035 000 was budgeted for the planning and surveying of more than 15 000 sites in the 2004/2005 financial year.</p> <p>A total of 9 071 sites have been planned and surveyed. This objective forms part of the Comprehensive Housing plan</p>
2. Develop and implement a Provincial Multi-Year Housing allocation and monitoring plan by October each year.	Design and implement Housing allocation and monitoring formula.	Housing development plan in place.	<p>A Comprehensive Plan has been drafted for the Free State Province as well as business plans for specific projects. Due to insufficient funds the elements in 2005/6 needs to be reviewed. The Comprehensive plan will be presented to various municipalities in workshops.</p> <p>Information on the housing backlog from the municipalities has been requested and received by the department. This will inform the department on the housing needs in line with the municipalities' integrated development planning.</p>



MEASURABLE OBJECTIVE	PLANNED ACTIVITIES	KEY PERFORMANCE INDICATOR FOR 2004/2005	PROGRESS AS ON 31 MARCH 2005
6. Improve the effectiveness and accessibility of housing delivery services.	Decentralize all housing delivery services to five DCs by March 2005. Establish efficient Housing Customer Service Centres in five DCs by March 2007.	50% reduction of queries referred to Head Office.	The preparation for the decentralization has been initiated and DC managers will be relocated once negotiations with the districts are finalized. The new organizational structure and post established as approved by the MEC is also aligned with the demarcation decision of EXCO. A help desk has been established to assist stakeholders and beneficiaries with their queries. Funds are not sufficient for relocation at present.
7. Maximize public private partnerships in housing.	Partnerships formed with emerging contractors, material suppliers and financiers and any other stakeholders Reinforce social compacts.	Two partnerships established and functioning.	Partnerships have been forged with the stakeholders and formal meetings are held with support organizations, developers and small contractors, material suppliers, conveyancers and the construction CETA. Other institutions like Thubelitsha, Servcon, FDC, Nurcha and NHBRC form part of the partnership.
8. Increase housing specialized skills by 2007.	Identify the respective skills that need specialisation. Customise the South African Housing professional Institute.	Two areas of housing specialisation areas established and implemented. Feasibility study conducted and report submitted.	Consumer Education pilot project has been completed. Four officials in the department trained as Consumer Education trainers. 1368 beneficiaries were trained through the pilot project. CETA: <ul style="list-style-type: none"> 14 learners: Construction Contracting at NQF 2 34 learners for both Construction Mason (Face Brick Laying) and Plastering at NQF 3. Project management and technical skills have been identified as area of specialisation in Housing. Additional focus will be placed on the process of internal project management and monitoring of projects.
9. Implement an integrated and consolidated capacity building programme annually.	Facilitate departmental Capacity Building Forum. Participate in the compilation of a departmental capacity building programme (B/P)	30% programmes integrated	Programmes are approximately 70 % integrated with other departmental capacity building programmes. The following training programmes were conducted in the year under review. <ul style="list-style-type: none"> Emerging Contractor Support and Mentoring



MEASURABLE OBJECTIVE	PLANNED ACTIVITIES	KEY PERFORMANCE INDICATOR FOR 2004/2005	PROGRESS AS ON 31 MARCH 2005
			<ul style="list-style-type: none"> • People Housing Process • Information and Knowledge Management • Various Computers Programmes • Minute taking and meeting procedures <p>The Consumer Education pilot project has been completed.</p> <p>A total of 1 368 beneficiaries have been trained by four departmental trainers. Additional training for 20 officials will be conducted in this financial year. This training includes officials from municipalities with dedicated housing units.</p>
10. To provide 5% individual subsidies to qualifying beneficiaries in accordance with housing policies.	Identify and allocate subsidies Administer and monitor	750 properties completed 750 sites subsidised 750 top structures subsidised	800 subsidies were approved by the MEC for the existing properties in Botshabelo. These are properties within the FDC portfolio.
11. To provide 55% project linked subsidies to qualifying beneficiaries in accordance with housing policies.	Identify and allocate subsidies Administer and monitor	8 250 subsidies approved	18 290 Project linked Subsidies have been allocated in the five districts. Construction is at different levels and the deadline for completion is the 30 June 2005.
12. To provide 30% PHP subsidies to qualifying beneficiaries in accordance with housing policies.	Identify and allocate subsidies Administer and monitor	4 500 subsidies approved 4 500 houses completed	No allocations were made in the 2004/2005 financial year. New internal policies are drawn for the allocation and management of PHP.
13. To provide 1% Consolidation subsidies to qualifying beneficiaries in accordance with housing policies.	Identify and allocate subsidies Administer and monitor	150 subsidies approved	No applications for consolidation subsidies were received by the department. Implementation plans is being considered and Consolidation subsidies will be allocated in the 2005/6 financial year.
14. To provide 2% Institutional subsidies to qualifying beneficiaries in accordance with housing policies.	Identify and allocate subsidies Administer and monitor	300 subsidies approved	No institutional subsidies were allocated as no requests were received. The department need to identify institutions and facilitate capacity building programmes to ensure that they are sustainable.
15. To provide 2% Hostel Redevelopment to hostels in accordance with housing policies.	Identify and allocate subsidies Administer and monitor	300 units upgraded 4 hostels upgraded	Two hostels were upgraded in Welkom accommodating 712 people. 179 units under construction. 533 units completed. A third hostel, with 100 units, was approved in December 2004.



MEASURABLE OBJECTIVE	PLANNED ACTIVITIES	KEY PERFORMANCE INDICATOR FOR 2004/2005	PROGRESS AS ON 31 MARCH 2005
16. To provide 0 Relocation subsidies to qualifying beneficiaries in accordance with housing policies.	Identify and allocate subsidies Administer and monitor	0 relocated subsidies approved	14 Relocation subsidies were approved in Matjhabeng municipality. A contract for 150 subsidies has been signed between the MEC and Thubelitsha.
17. To provide for 3% support for disaster relief in accordance with the Housing Policy.	Identify and allocate subsidies Administer and monitor	450 families assisted	No requests were received for the programme.
18. To provide 6% Rural Housing subsidies to qualifying beneficiaries in accordance with the Housing Policy.	Identify and allocate subsidies Administer and monitor	900 rural housing subsidies approved	2000 Rural Subsidies were allocated with 1000 subsidies in Mangaung and Maluti-a-Phofung municipalities respectively. Both projects are 98% completed
19. To provide 0% Savings Linked subsidies to qualifying beneficiaries in accordance with the Housing Policy.	Identify and allocate subsidies Administer and monitor	0 subsidies approved 0 houses provided/ built	No requests were received for savings linked subsidies for the financial year.
20. Establish a Housing allocation and monitoring strategy by March 2005.	Compile, submit and implement.	Draft copy of strategy compiled	The Housing allocation strategy is replaced by the Comprehensive Housing Plan issued by national Department of Housing.
21. Support the macro planning and identification of urban nodes.	Facilitate the identification and planning of urban nodes.	100 % degree of compliance to identified urban renewal nodes. Two projects identified and implemented.	Areas were identified in line with the Comprehensive Housing Plan. Implementation Plan was submitted to the national Department of Housing. A pilot project will be undertaken in Mangaung municipality (Urban Renewal Project and Inner City Renewal Project).
22. Rehabilitate five dysfunctional Urban (Inner City) Areas	Facilitate Private and Public investment in the inner City rejuvenation	20% increase in inner-city rejuvenation	An amount of R150 000 per town has been budgeted for market surveys to be conducted in those areas that have been identified as Nodal Points. The survey is meant to establish the viability of developing Social Housing Institutions whose critical features include the rehabilitation or regeneration of inner cities. The mentioned Social Housing Institutions will solidify public/private partnerships in the towns wherein they will be developed. Mangaung Local Municipality has already conducted a Market Survey to establish the feasibility of developing a Social Housing Institution within its area for purposes of bringing about inner city rejuvenation.



MEASURABLE OBJECTIVE	PLANNED ACTIVITIES	KEY PERFORMANCE INDICATOR FOR 2004/2005	PROGRESS AS ON 31 MARCH 2005
			<p>Maluti-a-Phofung has been identified as a Nodal Point and the municipality has <i>resolved</i> to initiate a Social Housing Project, which will also bring about inner city rejuvenation.</p> <p>Two other municipalities namely Masilonyana and Metsimaholo have been identified for market surveys.</p> <p>Two cities were identified through the Human Settlement Redevelopment Programme:</p> <ul style="list-style-type: none"> • Pedestrian bridge in Bethlehem could not be constructed due to lack of funds. • 34 Vendor stalls completed in Bethlehem. • Mangaung Activity Corridor KPA 4 to 7 completed: • Paving sidewalks • Centre island • Bus shelters • Signage
<p>23. Facilitate the creation of two integrated and functional settlements.</p>	<p>Identify and implement relevant projects.</p>	<p>Two projects identified and implemented.</p>	<p>Mangaung and Matjhabeng municipalities have been identified by the MEC as pilot areas for the new Comprehensive Housing Plan.</p> <p>An investigation on the Informal settlements in the province has been completed. A draft strategy has been compiled and will be finalized by end April 2005.</p>
<p>24. Fast track, integrate and align the provision of bulk and basic infrastructure through the PIG and MIG to municipalities.</p>	<p>Facilitate the identification and monitor the implementation of projects.</p>	<p>100% expenditure of the allocated funds</p>	<p>Out of the allocated budget of R313, 9m on MIG, R257, 4m (82%) was spent. It is envisaged that the total amount (100%) will be spent by the end of the Municipal Financial year (June 2005).</p> <p>Out of the allocated budget of R39, 5m on PIG R32, 6m (83%) was spent. The balance of these funds is committed on infrastructure projects.</p>
<p>25. Provide effective and efficient Housing asset management in line with the maintenance plan.</p>	<p>Audit the current rental stock.</p>	<p>262 houses maintained.</p>	<p>Approval for the establishment of a Specification Team has been granted.</p> <p>A database will be created from the Information gathered.</p>



MEASURABLE OBJECTIVE	PLANNED ACTIVITIES	KEY PERFORMANCE INDICATOR FOR 2004/2005	PROGRESS AS ON 31 MARCH 2005
	<p>Update the database on the asset register.</p> <p>Ensure management of assets.</p>	<p>Audit report of housing assets.</p> <p>Maintenance Plan compiled.</p>	<p>Once the specification team has compiled Terms of Reference for the audit the submission for approval bids committee to publish the terms of reference and invite bids. The audit report will be available by August 2005.</p> <p>A submission has been prepared wherein approval is requested to expend the amount of R115 000, 00 for major corrective maintenance for 3 rental units in Welkom and one 1 in Odendaalsrus, with Kroonstad and Bloemfontein to follow.</p>
<p>26. Provide for the sale of rental stock.</p>	<p>Enforce the sale of government financed houses.</p>	<p>100 properties sold.</p>	<p>Currently investigating legality to sell the 2 remaining units in President Court to Fast Gear Investments.</p> <p>Discount Benefit Scheme:</p> <ul style="list-style-type: none"> • 45 896 qualifying properties • 29 615 agreements signed • 22 701 registered • 16 262 outstanding <p>(Large number due to properties in former Bantustan / self-governing territories).</p> <p>Currently in the process of commissioning an Evaluation Report whence the market values will be established and made available to tenants in Kroonstad and Welkom.</p> <p>Township Registers are also being opened for Bloemfontein and Sasolburg. The vesting and transfer of land on which rental units in Sasolburg are situated is in the process of being approved.</p>
<p>27. Promote and Regulate rental housing on an ongoing basis.</p>	<p>Appoint tribunal members.</p> <p>Appoint support staff for the Tribunal.</p>	<p>The existence of a fully and operational tribunal.</p>	<p>The request for the appointment of members has been approved by the MEC. Suitable candidates will be interviewed and the Housing Portfolio Committee will be consulted on their appointment.</p> <p>Notices calling for proposals from reputable practicing Mediators have been published.</p> <p>Mediators have been published thrice in both local and national newspapers. Proposals have been received and these have been embodied in a submission for approval.</p>



MEASURABLE OBJECTIVE	PLANNED ACTIVITIES	KEY PERFORMANCE INDICATOR FOR 2004/2005	PROGRESS AS ON 31 MARCH 2005
	<p>Build the capacity of Tribunal Members.</p> <p>Launch the Tribunal</p> <p>Market and publicise the Tribunal and RHIOs, and their operation.</p>		<p>A training course for Members of the Tribunal on the operation of the Rental Housing Tribunal and the legislation applicable thereto was arranged and paid for in 2003. The Service Providers are awaiting the appointment of Members.</p> <p>The Tribunal will be launched when Members have been appointed.</p> <p>The Social Housing, Rental and Capacity Building Directorate is working together with the Communication Unit to create an awareness of the Tribunal, to inform and educate the public about the Rental Housing Tribunal and its purpose. This will be done mainly through the media, both print and electronic, and supplementary publications such as brochures.</p>
<p>28. Transfer all Housing Assets and Rental Stock, as well as manage housing contracts effectively and transparently.</p>	<p>Discuss the transfer of land with the Department of Public Works and municipalities.</p> <p>Engage with current stakeholders to ensure compliance with contracts.</p>	<p>50% of properties transferred</p> <p>70% compliance with contracts</p>	<p>The department has rental-housing units in Metsimaholo, Moqhaka and Bloemfontein municipalities. These municipalities are willing to take transfer of the rental units within their jurisdiction.</p> <p>A Task Team will be established between the department and the affected municipalities for purposes of the transfer of the rental units.</p> <p>The department has requested title deeds in respect of the land on which these properties are situated to establish ownership of the land.</p> <p>Out of the 46 projects allocated under the various subsidy programmes for this financial year, only 4 contracts have not yet been signed on. All those that have signed contracts have complied with their contractual obligations.</p>

Challenges and achievements

Challenges that the department faced in carrying out its housing mandate ranged from matters relating to contractual defaulting, houses that have not been completed due to various reasons affecting contractors. Some of these include finances, subcontracting, lack of skills, lack of project management skills and commitment to the process. Poor quality houses resulting from some of the above challenges meant that the department had to spend extra amount of money to repair damaged or badly constructed houses. This also resulted in the public not trusting government's housing process.



The People Housing Process (PHP) housing scheme, though ideal in its nature, has not achieved its original intended purpose. Where the scheme was supposed to have been focused on beneficiaries building their own houses, gaining skills while simultaneously building team and community spirit – hence Masakhane- this scheme has often been treated in the same manner as the other programmes where a developer builds for beneficiaries.

Generally, there are overall challenges to meet the people's housing needs and to adhere to the policy specifications at the same time. The HIV/AIDS pandemic is the resultant child-headed families, are affecting the housing scenario. This change in the environment as a result of the impact of the disease needs to be taken into account while addressing housing provision and policy.

The National Ministry of Housing has recently unveiled the Comprehensive Housing Plan to accelerate the delivery of housing, develop sustainable human settlements, alleviate poverty, create employment opportunities, eradicate informal settlements and redress spatial settlement patterns.

Emanating from the Comprehensive Housing Plan the Minister of Housing, Lindiwe Sisulu has issued an injunction compelling provinces to attain set targets in eradicating informal settlements. The province was given a target of eradicating all informal settlements within the next three years. The department realized that these are daunting challenges that will be encountered such as the acquisition of well-located land, planning and servicing of this land, construction of social amenities and institutional capacity at municipal and provincial level towards the implementation of this programme.

The department has to complete houses that have been left incomplete and repair those that are defective, however this must be preceded by undertaking an extensive costing exercise to determine the required degree of repairs. Adequate resources will be raised to attend to this matter.

The department will continue to provide an emerging contractor mentorship and support programme to enhance the skills of developers and thus contribute towards improving the quality of housing. Strategically, as a proactive measure, we will be closely monitoring compliance with housing contracts.

Contractual documents will be revised to ensure the incorporation of Expanded Public Works Programme (EPWP) in these contracts. These would ensure that the lofty ideals of training people in relevant skills, promoting small and medium enterprises and labour extensive methods as encapsulated in the EPWP are enhanced.

The department will be concluding 10 housing sector plans for selected municipalities in the province and the outcomes of these plans will be used in compiling the Provincial Multi-Year Housing Development Plan.

Municipal Infrastructure Grant

The Provincial Municipal Infrastructure Grant Programme was launched in the Free State province's five districts during April 2004. An alignment process of existing structures to required institutional arrangements by the programme was immediately embarked on. The province took a decision that it would convert previous Municipal CMIP structures into interim Project Management Units that would allow for the continuity of the programme without any implementation problems.

The interim Provincial MIG Management Unit (PMMU) was providing overall co-ordination, monitoring, reporting and alignment for effective implementation of the programme. A provincial structure has been designed and still needs to be filled accordingly. A team of consultants who have contracts that have been extended for another six-month period until end September 2005 also currently supports the interim unit.



The challenge will be to find sufficient funds to fill the critical vacant positions once the organizational structure has been approved in order to ensure that skills transfer takes place, especially in the technical field within municipalities.

Project Management Units (PMUs)

Business Plans for 8 PMUs were approved by DPLG and currently 6 PMUs are staffed and operational. Maluti-a-Phofung and Thabo Mofutsanyana have not filled vacant positions on their approved structure. Capacity within the PMUs is lacking as all of them are newly established and in the 2005/2006 financial year the biggest challenge will be to build the capacity of the PMUs.

Implementation of infrastructure projects

Through the assistance of the interim PMMU, the following municipalities managed to spend 100% of the allocated funds.

- Mangaung Local Municipality
- Motheo District Municipality
- Metsimaholo Local Municipality

The biggest challenge for the 2004/2005 financial year was the introduction of the new Municipal Infrastructure Grant (MIG) programme to receiving municipalities; ensuring that provisions were made on their capital budgets and that new registration forms for the implementation of infrastructure projects were submitted. The late approval of some of the MIG registration forms by DPLG contributed to the low expenditure percentage.

A further challenge was to assist municipalities with the identification and implementation of infrastructure projects. Due to the above challenges the expenditure of municipalities mentioned below is as follows:

Xhariep District Municipality	85%
Matjhabeng Local Municipality	59%
Lejweleputswa District Municipality	69%
Maluti-a-Phofung Local Municipality	96%
Thabo Mofutsanyana District Municipality	86%
Moqhaka Local Municipality	23%
Northern Free State District Municipality	77%

Intervention meetings were held in all municipalities and it is envisaged that a 100% expenditure on projects will be achieved by the end of the Municipal Financial year (end June 2005).

Human Settlement Redevelopment Programme

The department, in partnership with the Mangaung municipality, successfully launched the Mangaung Activity Corridor. The project entails the upgrading of the Dr. Belcher Road and the construction of new bridges in Mangaung. The project was approved in January 2005 and the contractual completion period is February 2007. This project will create employment opportunities for 49 people from the community and will also focus on skills transfer to the youths employed in the project.



Black Economic Empowerment

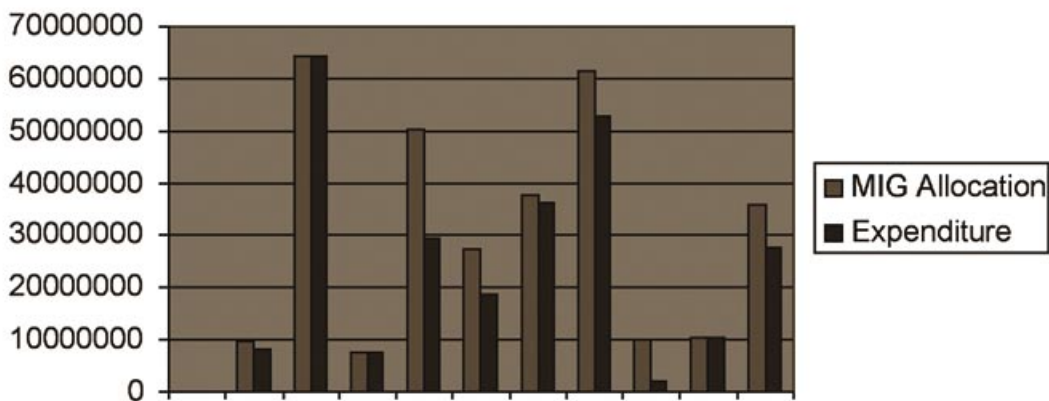
The department has ensured that 95% of all the subsidies approved benefited the small, medium, and micro enterprises. Women driven companies were allocated ± 7 000 subsidies.

People’s Housing Process

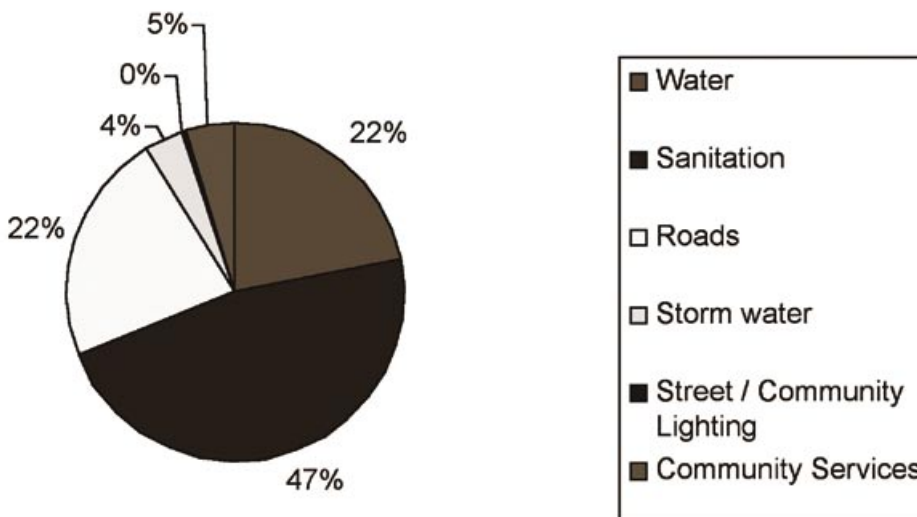
The department conducted two investigations in Maluti-a-Phofung on the People’s Housing Process subsidy programme. All the housing support organisations were visited and all problematic accounts were frozen to ensure more accountability for housing funds.

Partnership was forged with the Construction Education Training Authority to build capacity in Support Organisations. A total of 20 support organisations were identified and capacitated in construction management, project management, and financial management. Most of the units constructed through Peoples Housing Process (PHP) are 45m² and good quality.

MIG: Allocation vs Expenditure



MIG Expenditure per Category





*P*ROGRAMME 3
LOCAL GOVERNMENT



PROGRAMME 3: LOCAL GOVERNMENT

Purpose: To promote accountable and sustainable local governance.

Strategic Objectives

1. Building a strong local government sphere and enhancing its status within a stable cooperative governance framework
2. Building financially viable local government
3. Building a stable institutional and administrative system in local government
4. Improving and accelerating service delivery and economic development
5. Deepening local democracy and accountability
6. Stabilizing the system of intergovernmental relations
7. Ensuring the establishment of Disaster Management Centres
8. Ensure that municipalities have disaster management plans
9. Monitoring the implementation of the Disaster Management Plans
10. Developing and maintaining an effective Disaster Management Information and Communication Systems.

Outputs and Service Delivery Achievements

MEASURABLE OBJECTIVE	PLANNED ACTIVITIES	KEY PERFORMANCE INDICATOR FOR 2004/2005	PROGRESS AS ON 31 MARCH 2005
1. Provide support and facilitate the implementation of policies in respect of local government by March 2005	<p>Finalise the second phase of rationalization of provincial legislation pertaining to local government.</p> <p>Assist with interpretation and implementation of legislation on request.</p> <p>Support municipalities with rationalization of municipal by-laws</p>	<p>A bill on the second phase of the rationalization of provincial legislation pertaining to local government developed and approved by provincial legislature.</p> <p>A number of written advices developed on interpretation of legislation on a demand basis.</p> <p>Six municipalities supported with the rationalization and development of municipal by-laws.</p>	<p>Research has been done and relevant departments are currently being consulted.</p> <p>Various municipalities were advised on interpretation of legislation such as the Contravention of Public Health Regulations, litigation in relation to unfair labour practice, functions of council versus that of administration.</p> <p>Work in progress</p>
2. Monitor and support 100% of municipalities to achieve financial viability by March 2007.	Effective monitoring and implementation of Municipal Support Programme (MSP).	<p>A business plan on MSP with key programme milestone was developed and implemented.</p> <p>Number of capacity building programmes on MSP developed and implemented in selected municipalities.</p>	<p>A business plan with allocation of R25, 15 million was approved on 21 June 2004.</p> <p>22 Management Support Programmes were implemented at selected district/local municipalities. These municipalities were supported with:</p> <ul style="list-style-type: none"> • Drafting 2004/05 budgets • Drafting 2004/05 adjustment budgets



MEASURABLE OBJECTIVE	PLANNED ACTIVITIES	KEY PERFORMANCE INDICATOR FOR 2004/2005	PROGRESS AS ON 31 MARCH 2005
	Developing quarterly reports on financial standing of municipalities	Four quarterly reports on financial standing of municipalities developed 25 municipalities captured on the monitoring system.	Four Quarterly Reports on the State of Local Government Finance in the Province were compiled and submitted to the MEC and management during the year under review. The overall financial positions of all district/local municipalities are monitored on the system on a monthly and quarterly basis. Monitoring information on 25 municipalities is captured on the monitoring system.
3. Facilitate the implementation of local government policies.	Facilitate the implementation of credit control and indigent support policies by municipalities. Implement best practice on revenue management. Develop and approve Debt Restructuring Plans.	Credit control and indigent support policies developed and implemented in 20 municipalities. Best practice framework on revenue management developed and rolled out to 12 municipalities. Debt Restructuring Plans developed at 20 local municipalities.	20 credit control and indigent support policies were approved by municipalities on the Management Support Programme of which 18 municipalities implemented credit control with varying degrees of intensity and success. Work in progress The majority of the municipalities (19 municipalities out of 20) have Debt Restructuring Plans in place.
4. Building a conducive environment for sound municipal financial relations –(creditors and banks).	Assist municipalities in drafting and implementing creditors management plan. Facilitate negotiations between municipalities and creditors/financiers.	Creditors management plans drafted and implemented by 6 municipalities. Number of repayment agreements/contracts signed.	The Management Support Programme (MSP) has supported all selected municipalities with the development and implementation of creditors management plans. These have resulted in a decline in the need for emergency financial assistance. The department assisted the Kopanong Local Municipality to negotiate repayment agreements with both the South African Revenue Service (SARS) and the Bloem Water Board in an attempt to reschedule arrears payments with due regard to Council's overall financial position.
5. Ensure that selected municipalities implement projects related to Municipal Revenue Enhancement (MRE) Programme by March 2007.	Assist municipalities to implement MRE projects.	MRE projects implemented in 8 municipalities.	R3 160 000, 00 was provided to 16 local municipalities to implement projects with a positive impact on cash flow. These include projects such as: <ul style="list-style-type: none"> • Debtors data base verification • Computer equipment and software • Vehicles and equipment for credit control • Office furniture, equipment and renovations • Emergency drought relief



MEASURABLE OBJECTIVE	PLANNED ACTIVITIES	KEY PERFORMANCE INDICATOR FOR 2004/2005	PROGRESS AS ON 31 MARCH 2005
			<ul style="list-style-type: none"> • Electricity vending machines • Repair and upgrade of service delivery vehicles • Compiling valuation rolls.
6. Ensure stable institutional and administrative systems in local government by March 2007.	<p>Audit institutional and administrative capabilities of municipalities.</p> <p>Launch and convene Peer Review Forum.</p>	<p>An audit report developed.</p> <p>Targeted support interventions developed and implemented in 6 municipalities.</p> <p>A best practice framework is developed.</p> <p>Best practice framework(s) developed for six implementing municipalities.</p>	<p>An audit report on institutional and administrative capabilities focusing on housing and infrastructure service delivery and implementation of Performance Management System (PMS) has been developed.</p> <p>Through the DBSA funded municipal capacity building programme, 24 municipalities currently being assisted technically with the implementation of on PMS.</p> <p>Phumelela Local Municipality is currently being assisted with conducting Section 78 investigation of the Municipal Systems Act (MSA) in relation to their pronounced powers and functions.</p> <p>A study on the feasibility of a Shared Service Centre is based on Thabo Mofutsanyana District Municipality and its selected local municipalities are currently being conducted.</p> <p>A draft best practice report informed by the experiences of municipalities that participated in the Vuna Awards has been developed.</p> <p>This is yet to be finalised and implemented</p>
7. Monitor performance of municipalities quarterly.	<p>Develop and implement a monitoring instrument.</p> <p>Develop and disseminate quarterly monitoring reports.</p> <p>Develop an annual report on Performance Management System (PMS) in municipalities.</p> <p>Profile best performing municipalities informed by the Vuna Awards criteria.</p>	<p>A monitoring instrument is developed and implemented.</p> <p>Four quarterly monitoring reports developed and disseminated.</p> <p>An annual performance report developed and submitted .</p> <p>Reports developed on best performing municipalities</p>	<p>Monitoring instrument is developed.</p> <p>Two section 106 investigations in terms of the MSA were done and reports thereon developed for Moqhaka and Northern FSDC.</p> <p>Annual performance report developed but not submitted.</p> <p>A consolidated report on best performing municipalities that participated in the Vuna Awards has been developed.</p>



MEASURABLE OBJECTIVE	PLANNED ACTIVITIES	KEY PERFORMANCE INDICATOR FOR 2004/2005	PROGRESS AS ON 31 MARCH 2005
8. Facilitate the effective implementation of Free Basic Services (FBS) by March 2007.	<p>Co-ordinate the establishment of a team to assist municipalities with the implementation of Free Basic Services.</p> <p>A document on innovative service delivery trends, developed and shared with 10 municipalities.</p> <p>Monitor the effective use of Equitable Share with respect to FBS.</p>	<p>Team established and operational.</p> <p>A total 25 municipalities implementing FBS.</p> <p>Two reports were developed on the effective use of Equitable Share with respect to FBS.</p> <p>An increase in the number of households benefiting from FBS.</p>	<p>Team established but operate irregularly and a fully fledged team will be established soon after procurement of expertise to be enlisted.</p> <p>All twenty local municipalities are implementing Free Basic Water Services whereas 17 local municipalities are providing Free Basic Electricity.</p> <p>A survey has been conducted and collected information is currently being processed.</p> <p>This will be determined later as the information is processed.</p>
9. Effective co-ordination of the Integrated Sustainable Rural Development Programme (ISRDP) and Urban Renewal Programme (URP).	Establish effective ISRDP and URP partnerships.	Five partnerships developed.	Work in progress.
10. Effective co-ordination, implementation and monitoring of Community Development Workers (CDW) Programme.	<p>Train and recruit Community Development Workers.</p> <p>Co-ordination, implementation and monitoring of Community Development Workers (CDW) programme in all municipalities .</p>	60 CDWs trained	<p>96 CDW Learners have been recruited and started their CDW Learnership on 28 February 2005.</p> <p>The CDW learners are in training and the Department could only be able to execute the planned activities when their CDW Learnership ends on January 2005.</p>
11. Ensure effective support of the ward committee system in municipalities.	Support implementation of ward committee system in municipalities.	Eight municipalities are supported in implementing a ward committee system by March 2005.	<p>Ward committees were supported through cooperation and collaboration of District municipalities, which used Municipal Systems Improvement Grant (MSIG) funding.</p> <p>A total of 13 municipalities conducted training on planning, budgetary processes, role and responsibilities of ward committees and PMS targeting ward committee members.</p> <p>In partnership with SALGA –FS and district municipalities a Provincial Ward Committee Conference was convened where ± 500 delegates attended including ward committees members, councillors and officials from all spheres of government. Outcomes of this conference will be used in developing a Provincial Programme of Action and Support.</p>



MEASURABLE OBJECTIVE	PLANNED ACTIVITIES	KEY PERFORMANCE INDICATOR FOR 2004/2005	PROGRESS AS ON 31 MARCH 2005
	<p>Provide appropriate training to ward councillors and committees.</p> <p>Promote innovative community participation instruments / initiatives (including Community Based Planning).</p>	<p>250 ward committees members trained.</p> <p>Four municipalities are implementing innovative community participation initiatives.</p>	<p>12 municipal, SALGA-FS and departmental officials have been trained to implement the training in the next financial year (2005-2006).</p> <p>Not achieved (No funding).</p>
12. Raise awareness on codes of conduct and responsible citizenry by March 2007.	<p>Develop and implement anti-corruption policy and strategy.</p> <p>Development and implementation of awareness campaigns.</p>	<p>An anti-corruption policy and strategy developed and implemented.</p> <p>Awareness workshops / sessions held.</p>	<p>Work in progress</p> <p>Five district workshops were conducted for housing beneficiaries.</p>
13. Ensure efficiency of existing Intergovernmental Relations (IGR) systems and structures.	Periodic review of IGR structures and systems to ensure effective departmental participation.	Two review reports on IGR structures developed.	Work in progress
14. Facilitate provincial policy on municipal international relations by March 2007.	Develop and implement provincial policy on municipal international relations.	A policy framework on municipal international relations developed and approved by provincial legislature.	Work in progress
15. Support municipalities to implement IGR legislation by March 2007.	Develop and implement support programmes on IGR legislation.	2 support programmes developed and implemented on IGR legislation.	Work in progress
16. Ensure a functional stakeholder management framework by March 2007.	Develop and implement a stakeholder management framework.	Stakeholder management framework developed and implemented.	Work in progress
17. Ensure that Disaster Management Centres are established by March 2007.	<p>Establish effective and efficient provincial disaster management control centre.</p> <p>Assist district municipalities to establish disaster management control centres.</p> <p>Establish a Provincial Disaster Management Advisory Forum.</p> <p>Establishment of District Disaster Management Advisory Forums.</p>	<p>A provincial disaster management control centre established and operational.</p> <p>Two district disaster management control centres established and operational.</p> <p>Provincial Disaster Management Advisory Forum established.</p> <p>Two Municipal Disaster Management Advisory Forums established.</p>	<p>The Disaster Management Centre is in the process of establishment.</p> <p>Motheo District Municipality has budgeted for the establishment of the centre in the 2006/2007 financial year.</p> <p>Provincial Disaster Management Advisory Forum has been established.</p> <p>Disaster Management Advisory Forums have been established for three districts.</p>



MEASURABLE OBJECTIVE	PLANNED ACTIVITIES	KEY PERFORMANCE INDICATOR FOR 2004/2005	PROGRESS AS ON 31 MARCH 2005
	Develop and implement capacity building interventions and support systems for municipalities. Initiate establishment of Provincial Intergovernmental Coordinating Committee.	Capacity building interventions customized and implemented in 3 district municipalities. Intergovernmental Coordinating Committee established and functional.	Disaster Management Officers have been appointed in all the districts to assist in the development of capacity building intervention strategy. The National Disaster Management Framework will inform the establishment of this Committee.
18. Ensure that all municipalities have Disaster Management Plans by March 2007.	Develop guidelines for Municipal Disaster Management Plans. Monitor the implementation of the Disaster Management Plans.	Disaster Management Guidelines developed and disseminated. Disaster Management Plans developed and implemented in 8 municipalities. Quarterly monitoring reports developed and submitted	Guidelines on Disaster Management Plans distributed to all district municipalities. Continuous review conducted. Monitoring tools to be developed by December 2005.
19. Develop and maintain effective Disaster Management Information and Communication Systems by March 2007.	Conduct research for suitable information and communication systems.	A research report generated and implemented. An early warning system developed and implemented. A vulnerability atlas has been developed and implemented.	Second phase of the Centre not started yet.

Challenges and achievements

The achievement of the above objectives resulted in the following impact within the public:

The department facilitated the development of a Provincial Action Plan on Project Consolidate and established institutional arrangements for implementation of Project Consolidate. We also leveraged resources for the implementation of short term catalytic projects for dealing with immediate service challenges faced by municipalities selected for Project Consolidate: Key achievements are:

- Development and implementation of the Provincial Action Plan.
- R12, 2 million allocated for short-term catalytic projects (bulk water supply, upgrading of sewage purification plants, upgrading of gravel roads, planning and surveying); ensuring effective operations of water and wastewater treatment plants and enlisting of three technicians drawn from the Provincial Infrastructure Grant and MIG capacity building grants.
- Support, buy-in and participation of provincial sectoral departments and other stakeholders have been elicited.



*P*ROGRAMME 4

LAND DEVELOPMENT AND PLANNING



PROGRAMME 4: LAND DEVELOPMENT AND PLANNING

Purpose: To ensure integrated land development planning.

Strategic Objectives

1. Build capacity of municipalities regarding land development
2. Accelerate the integrated development planning process
3. Contribute to the viability of human settlements by means of orderly land development processes
4. Strengthen local economic development for municipalities.

Outputs and Service Delivery Achievements

MEASURABLE OBJECTIVE	PLANNED ACTIVITIES	KEY PERFORMANCE INDICATOR FOR 2004/2005	PROGRESS AS ON 31 MARCH 2005
1. Provide guidelines relating to land management by 31 December 2004.	<p>Conduct Policy Research regarding Land Development and Planning.</p> <p>Manage information on Land Development and Planning.</p>	<p>The number of policies and guidelines that can be implemented formulated i.r.o. applicable legislation.</p> <p>Work in progress</p>	<p>Guidelines in respect of Land Management Schemes (LUMS) finalised for 6 Pilot Municipalities in terms of which 6 Schemes are to be submitted by 30 May 2005.</p> <p>Legend for TPS land uses developed and incorporated in guidelines.</p> <p>Developed a legend for Spatial Development Frameworks (SDFs) and distributed these to municipalities.</p> <p>Compiled draft status quo report for Free State Spatial Development Framework.</p> <p>To extend GIS information the following were acquired:</p> <ul style="list-style-type: none"> • 2 data servers • Census 1996/2001 data • Surveyor General data (spikes removed).
2. Institute a training programme regarding land management.	<p>Develop training materials.</p> <p>Provide Training to municipalities.</p>	<p>Eight municipalities trained to apply sound land use management principles.</p>	<p>Training material to conduct land use surveys in progress.</p> <p>Not all municipalities have been trained.</p>
3. Prepare guidelines to assist municipalities in the process of compilation of land use schemes by 31 March 2005.	<p>Research conducted on content and procedures.</p> <p>Manage the institution of Land use Schemes.</p>	<p>6 municipalities assisted in implementation of quality land use schemes</p>	<p>LUMS guidelines have been developed and finalized.</p> <p>One on one consultation process on LUMS guidelines with 6 Pilot Municipalities consultants completed.</p> <p>Final LUMS documents to be submitted by 30 May 2005.</p>



MEASURABLE OBJECTIVE	PLANNED ACTIVITIES	KEY PERFORMANCE INDICATOR FOR 2004/2005	PROGRESS AS ON 31 MARCH 2005
4. Build institutional capacity on IDPs continuously	Training Render assistance relating to IDP	The capacity of all municipalities to implement IDP projects developed.	Training did not take place in a formal manner, but most meetings were attended and support was given at these meetings. An IDP Summit was held and here Municipalities voiced their concerns and uncertainties and these will be followed up by formal training sessions.
5. Manage the monitoring of IDPs on a monthly basis.	Review monthly, quarterly and annual reporting on IDPs. Providing reports to DPLG.	Monthly, quarterly and annual reports generated.	The Monitoring Consultant has done all reports and these have been forwarded to DPLG.
6. Co-ordinate the assessment and alignment of IDPs annually.	Assess and align the IDPs.	30% alignment between different institutions achieved.	In view of the support and information at meetings the alignment has improved. This will however still receive specific attention as it appears to be a field of uncertainty.
7. Assess and process land development applications on an ongoing basis.	Evaluate and process applications in terms of legislation.	The number of Land Development applications evaluated and processed i.r.o set norms and standards.	MOTHEO, XHARIEP AND THABO MOFUTSANYANA Subdivisions – 158 Subdivisions (Act 70/70)-32 Consolidations –76 Rezoning –88 Township Establishment –19 Rem/Res –180 Amendment of TPS –20 Amendment of lay out –3 Inclusions –13 Permits –3 Road board applications –4 NORTHERN FREE STATE AND LEWELEPUTSWA Township Establishment –15 Subdivision (70/70) –4 Subdivision (ordinance) –43 Consolidations –23 Permits –6 Rezoning –24 Removal of restrictions –38 Amendment of TPS –3 Amendment of General Plan –2 Closure of Public Place –1
8. Assist both district and local municipalities in strategy formulation for local economic development by 31 May 2007.	Assist with compilation of LED strategies for municipalities.	50% municipalities compiled LED strategies.	Five district municipalities and two local municipalities have LED strategies drawn according to guidelines provided by the National Department of Provincial and Local Government.



MEASURABLE OBJECTIVE	PLANNED ACTIVITIES	KEY PERFORMANCE INDICATOR FOR 2004/2005	PROGRESS AS ON 31 MARCH 2005
9. Monitor and evaluate progress on local economic development on an ongoing basis.	<p>Receive and evaluate financial reports</p> <p>Provide reports to DPLG</p>	Quarterly LED reports generated and submitted.	Monthly LED Reports have been generated and submitted, capturing the status of LED projects.
10. Promote the viability of human settlements by means of orderly land development processes.	<p>Implement land tenure legislative requirements.</p> <p>Consider land development in accordance with Spatial Development Framework.</p>	<p>1 300 Deeds of Transfer registered</p> <p>70% of development projects are implemented in accordance with spatial development framework.</p>	<p>2 167 deeds of transfer registered in favour of qualifying beneficiaries in terms of Act 81/1988.</p> <p>90% of applications received are in accordance with SDFs.</p> <p>Other 10% referred back before evaluation.</p>
11. Assist in the resettlement of people from unlawful occupation of land and from disaster-prone areas on a continuously.	<p>Conduct a situational analysis re illegal settlements.</p> <p>Interact with municipalities re their intentions re settlements-IDPs.</p> <p>Initiate the process of planning, survey and opening of township registers.</p> <p>Training of municipalities in relevant legislation.</p> <p>Identify land pressures on municipal areas.</p> <p>Vesting of state land and transfer as and when need arises.</p> <p>Assist Housing Chief Directorate in identification of suitable land.</p>	<p>Render assistance on 30% of unlawful settlements.</p> <p>50% of investigated unlawful properties transferred.</p> <p>50% increase in opening of township registers.</p>	<p>Consultants appointed to conduct the analysis-reports available.</p> <p>The directorate's role is limited to assisting with land availability and township registers.</p> <p>Assistance of municipalities with land availability and township registers in progress e.g. assistance of Matjhabeng municipality with township registers for Kutlwanong, Phomolong, Meloding and Thabobong.</p> <p>General plans with township registers have been identified and the municipality advised accordingly. The municipality is being assisted with opening township registers for those GP's without registers.</p> <p>Response from municipalities on their needs analysis /2006. is expected during the first quarter of 2005.</p> <p>The Maluti-a-Phofung municipality is being assisted with the vesting and transfer of 18 parcels state land for developmental purposes.</p> <p>Vesting disposal of two land parcels in Maluti-a-Phofung and Tswelopele municipalities facilitated via the national Department of Public Works.</p> <p>The application for vesting and transfer of 18 Qwa-Qwa state land farm properties for developmental purposes in process.</p> <p>Documents for the vesting of erf 1449 Sasolburg with the department of Land Affairs</p> <p>The documentation for the opening of township registers for Erlich Park is with State Attorneys.</p>



Townships Board

The Townships Board has been instituted in terms of the Townships Ordinance, 1969 (Ordinance 9/1969). In terms of the legislation the following people are *ex officio* members as a result of the office they hold:

- The Director Spatial Planning
- The Director Roads
- The Registrar of Deeds
- The Surveyor General.

The MEC may also appoint a representative of SALGA Free State and any other person who is qualified in town planning related matters or has an interest in town planning. In the past numerous additional members had been appointed and the pool of expertise and experience was sound.

The Townships Board started as an *ad hoc* planning board as long ago as 1894 when the President of the old Free State Republic had to be advised regarding the establishment of towns.

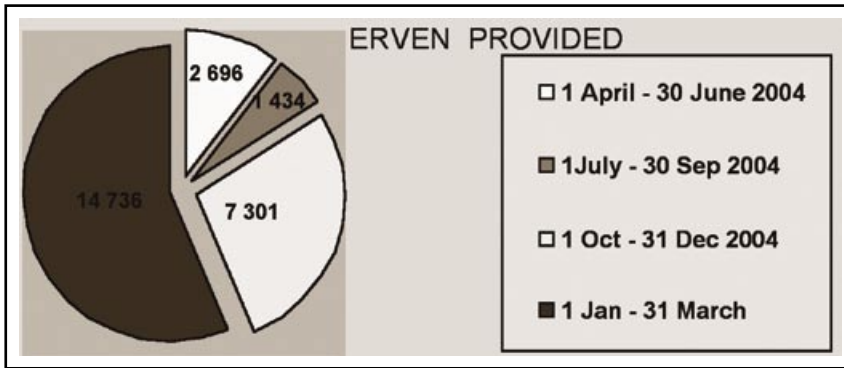
Over the years this *ad hoc* board evolved into a fully-fledged Townships Board that met every fortnight. All the township ordinances since the early 1900s described the composition of the board and whereas the initial board also had only the *ex officio* members it became clear that more expertise was required and at the turn of the 20th century Townships Board had no fewer than 13 members. This can be ascribed to the rapid development and the complex development that took place.

As all institutions the Townships Board also evolved in its composition regarding the gender and demographic aspects and this led to a well informed Townships Board as different cultures, backgrounds and experience led to more and more planning **with** the people instead of **for** the people.

The main function of the Townships Board is to advise the MEC for Local Government and Housing about all land development and land use matters. This is becoming a demanding task as developments are costly and objectors to the change in land use take up much time and court cases oftentimes take place. The previous MEC terminated the membership of all appointed members at the end of 2004 and as yet no new appointments have been made resulting in Townships Board now functioning only with the *ex officio* members.

LAND DEVELOPMENT

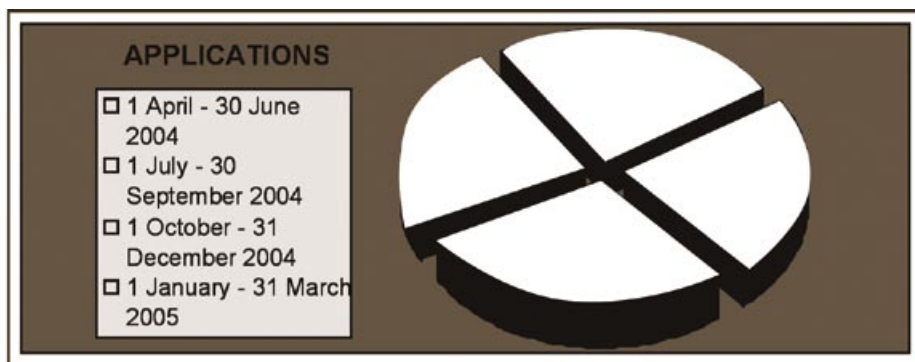
PERIOD 2004/2005	NUMBER OF APPLICATIONS	NUMBER OF ERVEN
1 April – 30 June	10	2 696
1 July – 30 September	8	1 434
1 October – 31 December	9	7 301
1 January – 31 March	8	14 736
	35	26 176

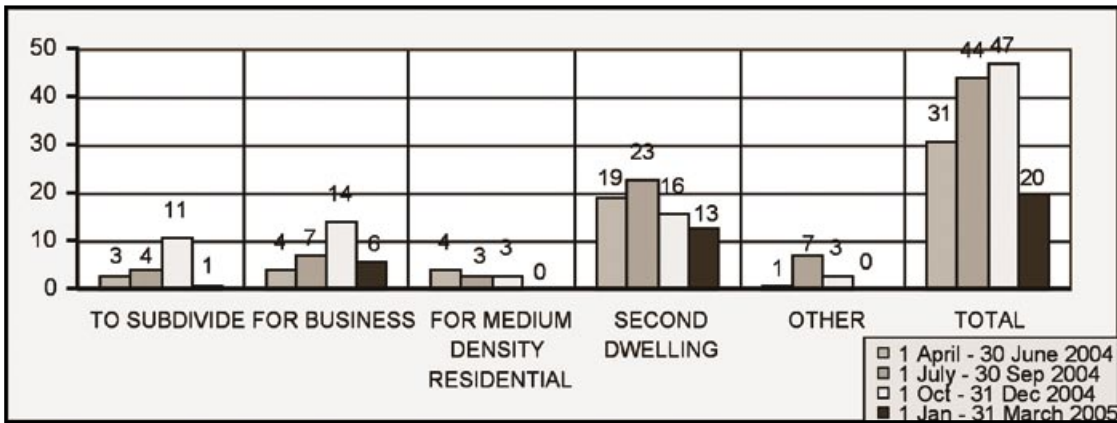


CHANGE IN LAND USE

REMOVAL OF RESTRICTIONS

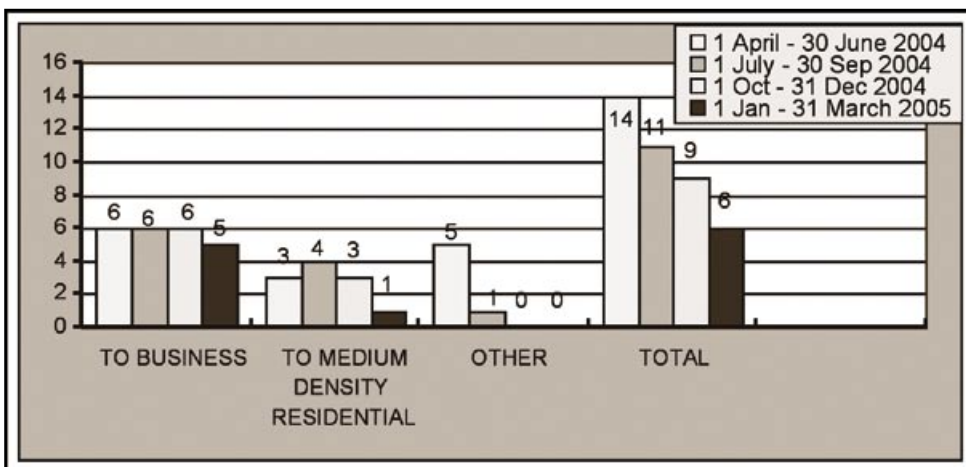
YEAR 2004 / 2005	TO SUBDIVIDE	FOR BUSINESS	FOR MEDIUM DENSITY RESIDENTIAL	SECOND DWELLING	OTHER	TOTAL
1 April – 30 June	3	4	4	19	1	31
1 July – 30 Sep	4	7	3	23	7	44
1 Oct – 31 Dec	11	14	3	16	3	47
1 Jan – 31 March	1	6	---	13	---	20
	19	31	10	71	11	142





REZONING

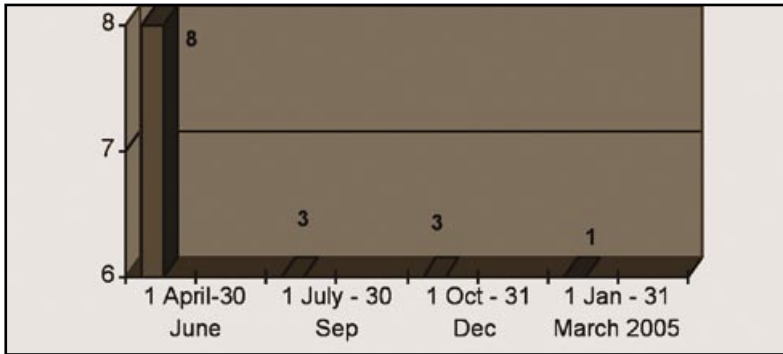
YEAR 2004	TO BUSINESS	TO MEDIUM DENSITY RESIDENTIAL	OTHER	TOTAL
1 April – 30 June	6	3	5	14
1 July – 30 Sep	6	4	1	11
1 Oct – 31 Dec	6	3	---	9
1 Jan – 31 March	5	1	---	6
	23	11	6	40





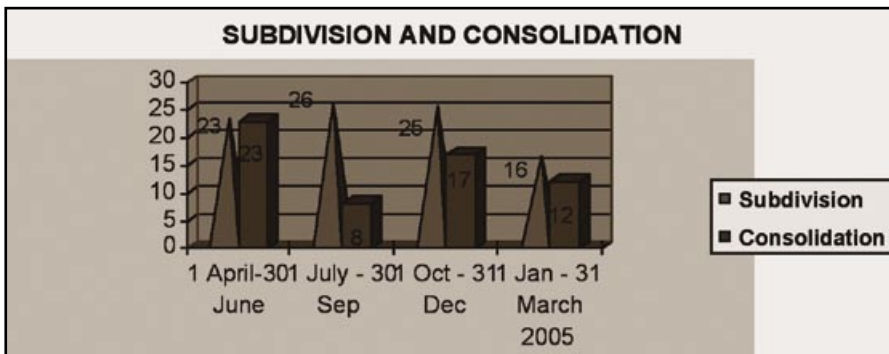
AMENDMENT OF GENERAL PLAN

2004 / 2005	TOTAL
1 April – 30 June	8
1 July – 30 Sep	3
1 Oct – 31 Dec	3
1 Jan – 31 March	1
	15



SUBDIVISION AND CONSOLIDATION

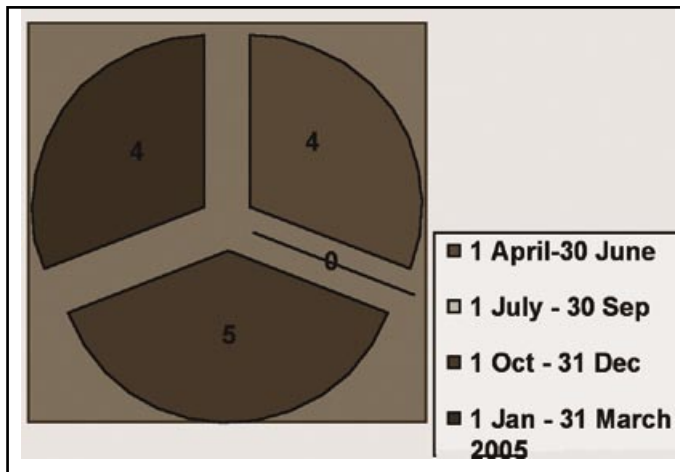
YEAR 2004 / 2005	SUBDIVISION	CONSOLIDATION
1 April – 30 June	23	23
1 July – 30 Sep	26	8
1 Oct – 31 Dec	25	17
1 Jan – 31 March	16	12
	90	60





AMENDMENT OF TOWN-PLANNING SCHEME

YEAR 2004 / 2005	TOTAL
1 April – 30 June	4
1 July – 30 Sep	0
1 Oct – 31 Dec	5
1 Jan – 31 March	4
	13



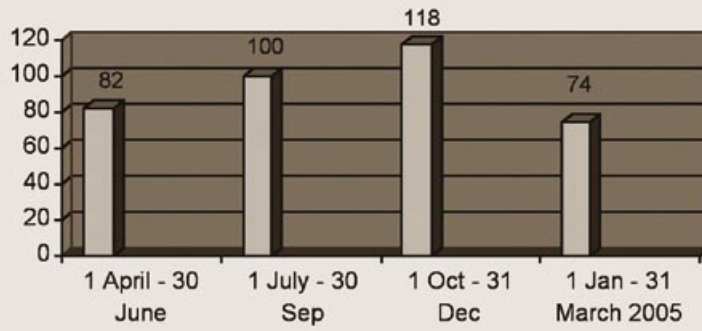
TOWNSHIPS BOARD

SCHEDULED AGENDAS AND MINUTES

YEAR 2004/2005	TIME		ITEMS Number	AGENDA Pages	MINUTES Pages
	Hours	Min			
1 April – 30 June	11	06	82	1 005	41
1 July – 30 Sep	12	07	100	1 248	44
1 Oct – 31 Dec	14	23	118	1 670	54
1 Jan – 31 March	5	00	74	983	34
	42	36	374	4 906	173



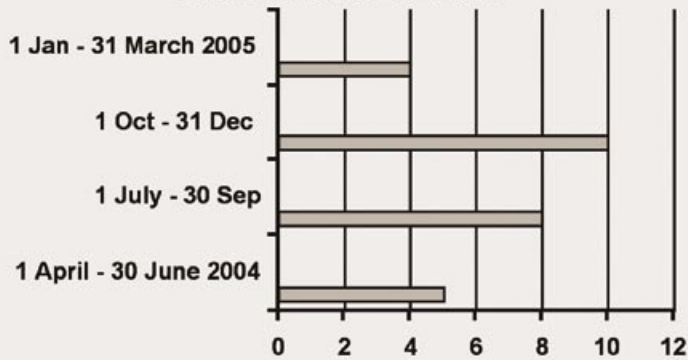
ITEMS AT TOWNSHIPS BOARD

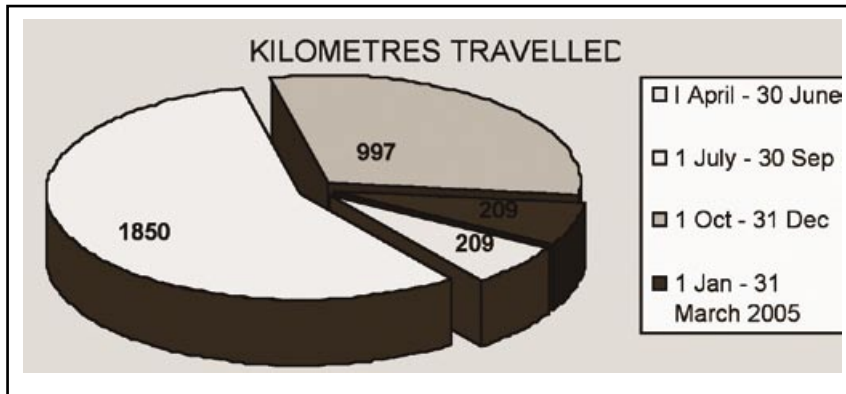


OBJECTIONS HEARD

YEAR 2004 / 2005	TIME		ITEMS Number	AGENDA Pages	MINUTES Pages
	Hours	Min			
1 April – 30 June	21	50	5	184	28
1 July – 30 Sep	25	45	8	356	34
1 Oct – 31 Dec	31	55	10	376	51
1 Jan – 31 March	12	06	4	153	19
	91	36	27	1 069	132

OBJECTIONS HEARD





Challenges and achievements

Over the past three years and especially over the past year the land development applications received by the department steadily increased in numbers. Many factors may contribute to this fact although the most probable factor is the steady decline in the prime interest/ bond rate. Many developers make use of the opportunity to develop and sell properties especially in the townhouse market and exclusive holiday / leisure market.

However, it is also evident that municipalities do not have the necessary capacity to regulate the use of land. It is quite apparent that individuals and developers in many cases ignore the regulatory measures. Land Use Schemes and proper land development administration at local level would most certainly improve this situation.

The availability of upgraded software and the improvement of the capability of hardware ensured that the quality and the production of maps improved. Many departments are still unable to provide data that is needed for the Free State Spatial Development Framework.

The following were also achieved in Local Economic Development

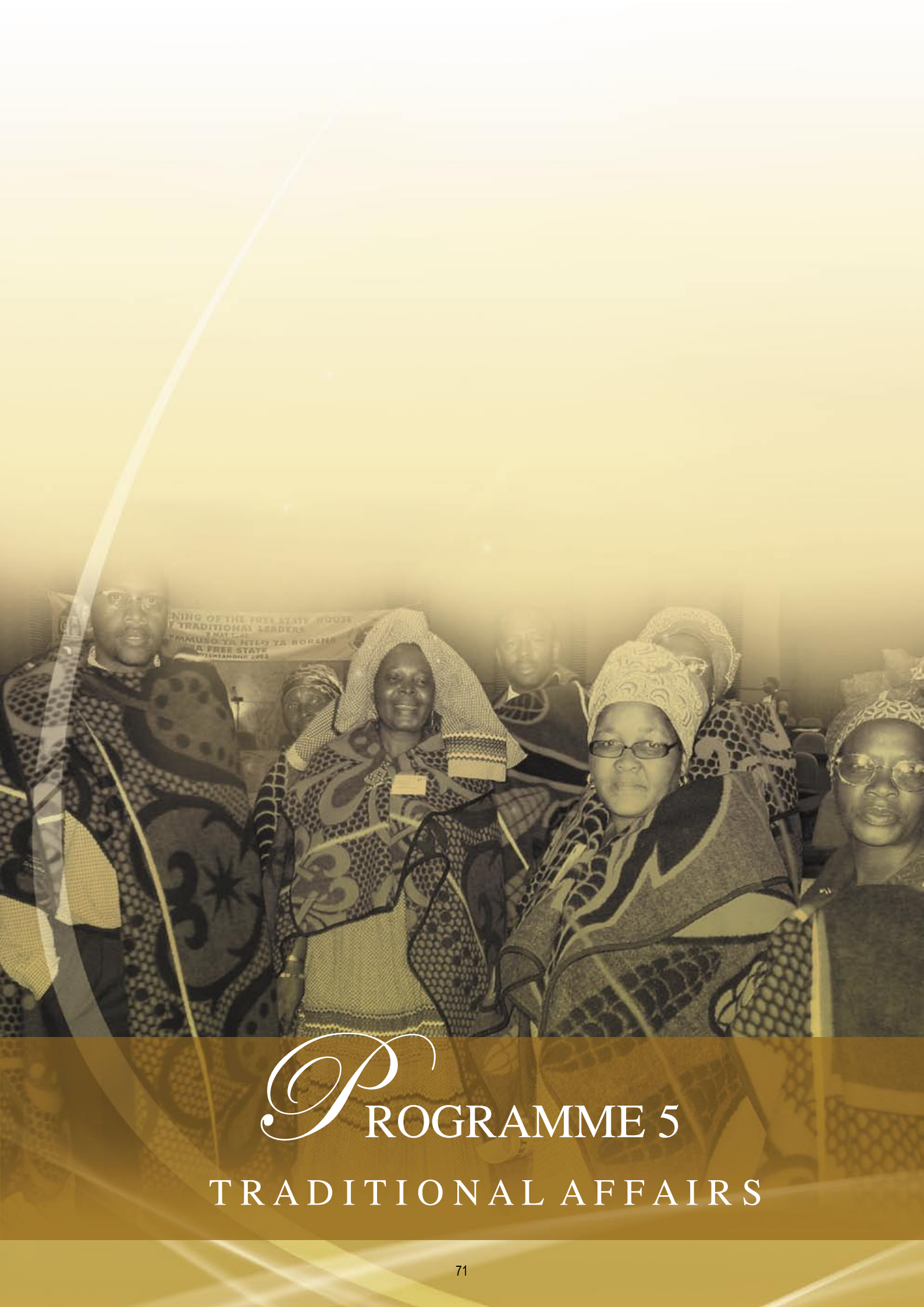
- The department hosted a DPLG Policy meeting on the draft LED policy. The meeting was attended by representatives from all municipalities.
- The department was represented at an LED Support Framework Workshop and LED National Workshop hosted by DPLG for all the provinces.
- Department hosted a District LED Forum meeting as a follow up on the recommendations of the LED Summit held earlier.
- An LED Stakeholders Workshop was held in Bloemfontein with DPLG, SALGA and municipalities.

The status of LED strategies in municipalities in the Free State Province was as follows as at 31 March 2005

- Mangaung municipality launched their LED Strategy in June 2004.
- Motheo District municipality launched their LED Strategy in October 2004.
- Xhariep, Matjhabeng and Thaba Mofutsanyana also have LED strategies in place.
- The Lejweleputswa LED Summit was held in November 2004 and February 2005 to compile a strategy.
- Nketoana municipality hosted an LED Summit where the groundwork was laid for the development of an LED strategy for the municipality.



- Naledi municipality hosted an LED Summit towards the development of an LED strategy for the municipality.
- Awe assisted with the Audit that was done on the Philippolis project, as well as the revival of the project. Proud to say that this project is delivering their first order by the end of April 2005 to a factory in Bloemfontein, after 2 years of no productivity.
- Dipelaneng Piggery project in Hobhouse experienced some problems to an extent that the SPCA reported the project to police. An investigation is in progress to resolve this issue. The project is still in operation.
- Linkages have been established with the national Department of Agriculture regarding assistance to the Lechabile Commonage Farm project in Jagersfontein.
- The Hydro Weavers project in Gariep Dam, was launched in November 2004. This was attended by Deputy Ministers of Sports, Arts and Culture, and Environmental Affairs.



*P*ROGRAMME 5

TRADITIONAL AFFAIRS



PROGRAMME 5: TRADITIONAL AFFAIRS

Purpose: To ensure accountable and sustainable Traditional Institutions.

Strategic Objectives

1. Deepening democracy and accountability
2. Strengthening institutional administrative systems
3. Accelerating service delivery
4. Strengthening institutional capacity
5. Building the financial viability of Traditional Leadership Institutions.

Outputs and Service Delivery Achievements

MEASURABLE OBJECTIVE	PLANNED ACTIVITIES	KEY PERFORMANCE INDICATOR FOR 2004/2005	PROGRESS AS ON 31 MARCH 2005
1. Build awareness of the role of the Institution of Traditional Leadership in developmental issues.	Raise awareness and educate communities on the role of Traditional Leaders.	30% increase in the awareness and understanding of communities on the role of Traditional Leadership.	<p>Rural communities and Traditional Councils were consulted extensively on Traditional Leadership issues. These consultations took the form of meetings and workshops on activities of the House and the legislation.</p> <p>Traditional Leaders are participating in government programmes such as HIV/AIDS awareness, Youth programmes and Agricultural activities to make people aware that the House is part of government.</p> <p>The House presented a paper at a workshop organised by the Gender Commission on the role of Traditional Leaders in developmental issues and the customary law regarding the Recognition of Customary Marriages Act of 1998.</p>
2. Facilitate the development of provincial legislation.	Drafting of provincial legislation on traditional leadership and governance.	100% compliance.	<p>The Bill on Traditional Leadership Governance 2004 was published by the Legislature for public comments and is due for tabling and promulgation.</p> <p>The Free State Provincial and Local Houses on Traditional Leaders Bill was approved by EXCO for publication.</p> <p>It was decided that a new Bill be drafted on amending the existing Act on Provincial Houses. The draft Bill was discussed at a meeting of Traditional Leaders where all 13 Traditional Councils were represented. The Bill has had buy-in from all Traditional Leaders in the Free State.</p> <p>Traditional leaders have been involved in the drafting of the legislation.</p>



MEASURABLE OBJECTIVE	PLANNED ACTIVITIES	KEY PERFORMANCE INDICATOR FOR 2004/2005	PROGRESS AS ON 31 MARCH 2005
			<p>The draft Bill was published for public comment on 5 November 2004 in the Provincial Gazette and notices were published in local newspapers Express and Daily Sun.</p> <p>The Local Radio Station, Mosupatsela FM Stereo, was commissioned to read the notice. We received written representations from various stakeholders such as non-governmental organisations, interest groups, Traditional Leadership, professional groups and sectoral departments in the province.</p> <p>Most of the written representations received are with regards to the claim for traditional leadership.</p> <p>Facilitate acceleration of enactment of the Free State Traditional Leadership Bill by the Free State Provincial Legislature.</p> <p>The department and the Provincial Task Team made a presentation to the Portfolio Committee.</p> <p>The Draft Bill was circulated to all municipalities, provincial department, Gender Commission, Provincial Youth Commission, SANGOCO, Human Rights Commission, Academics of the University of the Free State. A consultation plan has been drafted. On receipt of comments, meeting will be arranged for public discussions.</p>
<p>3. Ensure the effectiveness and efficiency of the Houses of the Traditional Leaders.</p>	<p>Develop performance measurement yardstick</p> <p>Conduct Performance audits</p>	<p>50% compliance with the performance yardstick</p> <p>Performance audit report compiled and recommendations implemented.</p>	<p>A meeting was held with 5 representatives from the 13 Makgotla (Traditional Councils) to discuss the roles and functions of the three categories of traditional leadership in order to submit the inputs to the department for incorporation in the draft legislation on traditional leadership.</p> <p>Visits to the following Makgotla: Phomolong, Matsieng, Bolata, Thibella, Makholokoeng, and Makholokoeng was undertaken to conduct performance audits and a needs analysis with a view to provide support to the traditional councils.</p> <p>The Chairperson of the Free State House of Traditional Leaders was part of a delegation visiting Zimbabwe as per invitation of the Zimbabwean Minister for Local Government, Public Works and National Housing for benchmarking of best practices.</p>



MEASURABLE OBJECTIVE	PLANNED ACTIVITIES	KEY PERFORMANCE INDICATOR FOR 2004/2005	PROGRESS AS ON 31 MARCH 2005
4. Promote institutional capacity in the Provincial House of Traditional Leader.	<p>Develop and implement capacity building programmes.</p> <p>Conduct institutional resource analysis.</p>	<p>The capacity of 40 traditional leaders built.</p> <p>1 Local House established and functional.</p>	<p>59 Traditional Leaders from the House and Traditional Councils attended a workshop on the Framework Act organized jointly with the Centre of Legal Studies in the University of the Witwatersrand.</p> <p>A workshop was organised by the House of Traditional Leaders to discuss the Traditional Leadership and Government Framework Act, 2003 (Act No. 41 of 2003), and to introduce the provincial legislative process.</p> <p>A workshop was held to discuss the National Act and to introduce the provincial legislative process with all Marena and Dikgosi and 5 members from each traditional council.</p> <p>A workshop was held for Traditional Leaders on the following: Municipal Systems Act Municipal Structures Act Municipal Finance Management Act IDPs LED</p> <p>Morena S D Sekonyela was appointed Senior Traditional Leader for Thibella Traditional Council.</p>
5. Customise the Traditional Leadership and Governance Framework Act by 2007.	<p>Establish a Provincial Task Team (PTT) to finalize a provincial legislation .</p> <p>Develop provincial legislation and policy guidelines.</p> <p>Establish a Local House of Traditional Leadership and reconstitution of the Traditional Councils.</p>	<p>A Provincial Task Team established.</p> <p>Provincial legislation compiled and submitted to EXCO. 0% implementation of the Provincial Framework Act.</p> <p>Two local Houses established and functional by September 2005.</p> <p>12 Traditional Councils reconstituted and functional by September 2005.</p>	<p>A task team of 7 members has been established.</p> <p>A workshop on the 6th draft of the Traditional Leadership and Governance Bill held where a draft of the Provincial and Local Houses of Traditional Leadership was introduced.</p> <p>Provincial Legislation on Traditional Leadership and Governance 2004 has been submitted to the Legislature for promulgation.</p> <p>Legislation on Local Houses not yet in place.</p>
6. Ensure financial accountability of Traditional Leadership Institutions.	<p>Develop mechanisms for sound financial control.</p>	<p>30% compliance with financial management principles and controls.</p>	<p>Improvement has been noted with financial management in the institution.</p>



Challenges and responsibilities

The unavailability of a new provincial legislation has slowed down the process of transformation of traditional Leadership Institutions. The full implementation of the Traditional Leadership and Governance Framework Act No. 41 of 2003 cannot be achieved without the implementation of the Provincial Legislation.

As the embodiment of the way of life of our people and a custodian of our customs, traditions and values, the Institution of Traditional Leadership has earned for itself a special place in the developmental plans of the Free State Government.

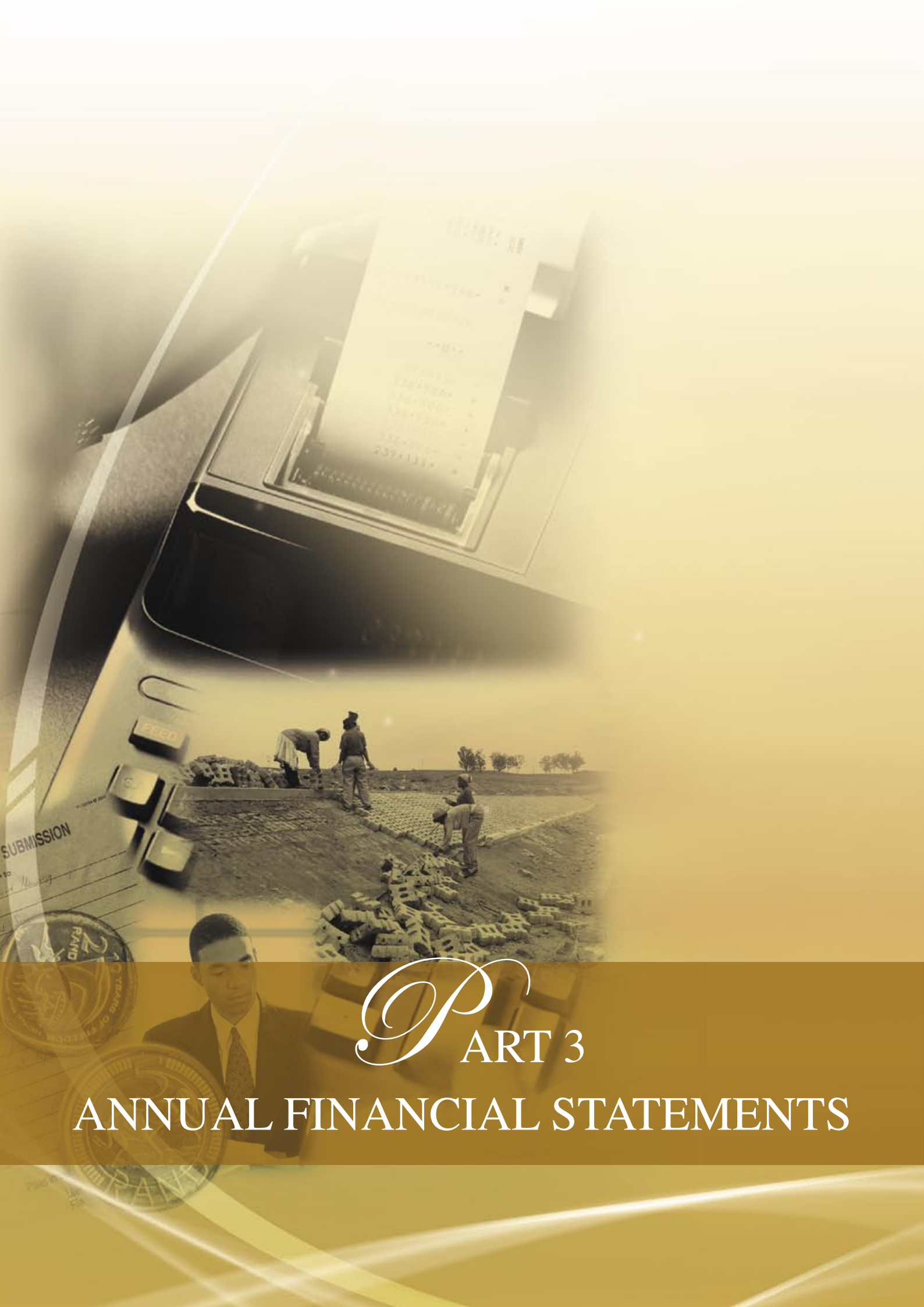
Traditional Leaders have a critical role to play in our endeavours to effectively address the challenges facing their communities. These include the involvement of traditional leaders in development and social programmes i.e. ISRDP, EPWP, CDWs, Project Consolidate and fight against HIV and AIDS, violence against women and children.

In order to have successful Implementation of IDPs, Traditional Leaders should work collaboratively with municipalities and civil society to improve the lives of rural communities, accentuate services and push back the frontiers of poverty.

The House will be involved in the implementation of the provincial government's developmental programme of action, as it is a responsibility of every sector, to ensure the improvement of the quality of life of all their constituencies.

The provincial government has developed legislation on traditional leadership, which was widely discussed and consulted upon. In due course, the above piece of legislation will be passed.

Traditional leaders as custodians of culture and customs are challenged to ensure preservation and promotion of our traditions, customs and culture. This in itself will enable us as a nation to be proud of our heritage and to realise the ideal of moral regeneration. Whilst this institution is ensuring that there is enhanced service delivery to rural areas, it should also uphold democratic values by involving women in the administration of traditional councils. This is imperative since the framework legislation on traditional leadership and governance requires that a third of members of the traditional councils be composed of women.



*P*ART 3

ANNUAL FINANCIAL STATEMENTS



ART 3: ANNUAL FINANCIAL STATEMENTS



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DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING
VOTE 8
REPORT OF THE ACCOUNTING OFFICER AND APPROVAL
for the year ended 31 March 2005

**REPORT BY THE ACCOUNTING OFFICER TO THE EXECUTIVE AUTHORITY
AND FREE STATE LEGISLATURE**

1. General review of the state of financial affairs

The allocation received in the Main Budget for the 2004/2005 financial year amounts to R571 234 000. This allocation includes conditional grants to the worth R385 641 000 for housing, the amount of R31 050 000 for the Local Government Capacity Building Grant, R9 010 000 for Human Settlement Redevelopment Grant and R3 321 000 for CMIP Capacity Building. Provision was made also for infrastructure projects for R19 083 000 with R6 035 000 for informal settlements, R1 500 000 for town planning schemes, R1 456 000 for Integrated Development Planning and R5 000 000 for audit fees.

The rollover funds as well as additional allocations made in the adjustment budget are made up as follows:

Conditional grants

Local Government Support	R9 418 000
Human Settlement Grant	R17 641 000
CMIP Management Fees	R1 897 000
CMIP Capacity Building Grant	R5 080 000
Departmental commitments	<u>R136 152 000</u>
Total	R170 188 000

Provincial funds

Provincial Infrastructure	R15 655 000
Informal Settlements	R2 094 000
Municipal Infrastructure	<u>R4 229 000</u>
Total	R 21 978 000

Additional Funding (Housing allowances)	<u>R90 000</u>
Total	R90 000

**DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING
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Budget Reconciliation

	2004/05	2003/04
	R'000	R'000
Main appropriation	571,234	501,760
Plus: Adjustment estimate	192,256	59,358
Rollover from previous year	192,166	58,913
Additional allocation	90	445
Sub -Total	763,490	561,118
Less: Total expenditure	(632,008)	(493,746)
Authorised programme	(631,935)	(493,611)
Authorised losses	(73)	(135)
Surplus per appropriation account	131,482	67,372
Less: Roll over/carried forward	(112,469)	(53,563)
Saving	19,013	13,809

The amount requested to be rolled over to the 2005/06 financial year was made up as follows:

Local Government Capacity Building	10 809
Human Settlement Grant	11 208
MIG Management Fees	1 923
MIG Capacity Building Grant	3 004
Provincial Infrastructure	6 471
Informal Settlements	2 359
Housing Projects	72 852
Integrated Development Frameworks	466
Town Planning Schemes	190
Departmental commitments	<u>3 187</u>
Total	112 469

2. Services rendered by the department

2.1 Advertisements: Rezoning fees/ removal of restrictions



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Tariff Policy

A tariff policy regarding fees payable for 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 resulted in 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 presently under consideration.

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 have been operational from 1st April 2004, and the rest will come into operation on 1st 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 R56 814, 79 were in the store.

3. Capacity constraints

The department still experiences a shortage of personnel. Although all functions were performed as expected, most personnel were responsible for handling additional functions, which placed strain on service delivery.

Restructuring took place in the department during the last four months of the financial year, and after all posts were job evaluated, some personnel were appointed.

Lack of sufficient office accommodation, which also confines the appointment of more staff, is an additional constraint. Coupled with the problem of accommodation, is shortage of resources.

4. Organisations to whom transfer payments have been made

The main functions performed by the department are:

- To support, strengthen and ensure sustainable and developmental Local Government and Traditional Authorities
- To 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:

District Municipalities
Local Municipalities
Developers

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Households
Universities
House of Traditional Leaders
Tribal Councils.

Accountability arrangements

A framework for the utilisation of funds and conditions for payments has been set, and monitored during the payment process. Funds are gazetted and transferred in terms of the conditions as mentioned in the gazette. For projects related transfers, the actual transfers are only made when actual work has been completed at the receiving institution.

5. Corporate governance arrangements

In enhancing the corporate functioning of the Free State Provincial Government as a whole, the department gave monthly progress reports to the Department of the Premier on various key activities applicable to the department as contained in the Social Sector Programme of Action.

The department also held quarterly performance review meetings that were attended by all senior managers, affording the department the opportunity to review its performance against set objectives as contained in the 2004/2005 Strategic Plan.

No new risk assessment was conducted in the department therefore the fraud prevention plan for the previous financial year was retained. The Internal Audit Unit will be established in the 2005/06 financial year. A decision was also taken to appoint an Audit Committee for the department and the Executive Council's decision in this regard is still awaited.

The code of conduct was distributed to all officials within the department to ensure awareness of the code among employees. The Health and Safety Committee of the department has been fully functional with health and safety representatives monitoring the work environment on a monthly basis for compliance with regulations.

6. Discontinued activities / activities to be discontinued

Housing Fund

As of 1 April 2004 the Housing Fund, which is part of the Comprehensive Housing Plan, was taken up in the business of the department. An amount of R140 million was transferred from the Housing Fund Trading Account to the department via the Adjustment Appropriation.

Capacity Building Programmes

A total amount of R31 050 000 was received for the 2004/2005 financial for capacity building programmes in municipalities. This has however been discontinued as of 1 April 2005.

Municipal Infrastructure Grant Management Fees

No allocation was made for the 2005/2006 financial year. During the 2004/2005 financial year an amount of R3 321 million was received for the monitoring of infrastructure projects.

7. New / proposed activities

Community Development Workers

The department started with the process of training Community Development Workers within the 2004/2005 financial year. A total of 300 Community Development Workers will be trained. These will be a vehicle used to bring the government closer to the people and



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thus provide the necessary interface between communities and government. The projected budget implication for the department for the 2005/2006 financial year is R8 006 million. The Local Government Water and Related Services SETA will contribute R6 369 million for training and the monthly allowances of these Community Development Workers.

Project Consolidate

This programme is implemented in 12 of the 25 municipalities in the Free State to provide support to selected municipalities so that they can effectively address their service delivery challenges.

8. Progress with financial management improvement

To improve the accountability of the department and the effective and efficient utilisation of resources, various financial reforms were implemented. These are:

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 process, and to promote accountability and compatibility within the various Departments of Local Government and Housing in all provinces.

8.2 Standard Chart of Accounts

As of 1 April 2004 the new Standard Chart of Accounts (replacing the current standard item structure) was also implemented to ensure that classifications of transactions are consistent within all government departments (National and Provincial). This would enhance the quality of information derived from the accounting system for various users and enhance 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.

8.3 Basic Accounting System

Since 1 April 2004 the department implemented the Basic Accounting System (BAS) to replace the Financial Management System. The BAS was successfully implemented with the training of 59 officials.

9. Performance Information

Quarterly progress reports on the measurable objectives of the department's strategic plan are submitted as part of performance measurement. The first report on progress against targets was submitted in June 2004 and thereafter on a quarterly basis.

10. Events after the reporting date

In May 2005 there was change of political leadership of the department. The new Executing Authority of the department was appointed with the appointment of the new Members of the Executive Council in the province.

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11. PROVINCIAL PUBLIC ACCOUNTS COMMITTEE (PROPAC) Resolutions

Resolution Number	Subject	Findings
Resolution 17/2004	Outstanding matters	There is lack of internal control regarding rezoning fees. The former MEC still owed the department and amount of money on an advance paid to him. Timeframes for the implementation of the Supply Chain Unit were not adhered to.
Resolution 17/2004	Money transferred to municipalities	R7, 4 million was transferred to municipalities. Evidence must be given that it was utilised for the intended purpose.
Resolution 21/2004	Free State Housing Fund	Auditor General queries should be followed up on time. An action plan must be implemented to ensure good quality houses. The Welkom/ Devinfra Housing project must be completed. The legal status of the funds should be determined since the Housing Board has been abolished.
Resolution 30/2004	Internal Control	Accounting Officers must revisit all internal controls. Internal Audit Units should be established.
Resolution 36/2004	Housing Loan Guarantees	The department must investigate all housing loan guarantees.
Resolution 37/2004	Housing Subsidies	Internal control over housing subsidies for officials must be investigated.
Resolution 30/2003	Performance agreements/ contracts for Accounting Officers	All Accounting Officers must enter into performance agreements/ contracts.

12. Other

During the 2004/2005 financial year, the department also held the following events:
The Local Economic Development (LED) Summit and Integrated Development Planning (IDP) Summit with the latter in contribution to the Free State Growth and Development Strategy.

Approval

The annual financial statements set out on pages 91 to 133 have been approved by the Accounting Officer.



MR KF RALIKONTSANE
ACCOUNTING OFFICER LOCAL GOVERNMENT AND HOUSING

DATE: 03/08/2005



AUDITOR - GENERAL

REPORT

OF THE

AUDITOR-GENERAL

TO THE

FREE STATE PROVINCIAL LEGISLATURE

ON THE

FINANCIAL STATEMENTS OF THE DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING

FOR

THE YEAR ENDED 31 MARCH 2005

PUBLISHED BY AUTHORITY



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**REPORT OF THE AUDITOR-GENERAL TO FREE STATE LEGISLATURE
ON THE FINANCIAL STATEMENTS OF VOT 8 - DEPARTMENT OF
LOCAL GOVERNMENT AND HOUSING
for the year ended 31 March 2005**

1. AUDIT ASSIGNMENT

The financial statements as set out on pages 91 - 133, for the year ended 31 March 2005, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read with sections 4 and 20 of Public Audit Act, 2004 (Act No. 25 of 2004). These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the accounting officer. 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.

The audit was completed in accordance with Auditor-General Directive No. 1 of 2005.

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 2005 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 (No.1 of 1999).

4. EMPHASIS OF MATTER

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

4.1 Other significant uncertainties

(a) Leave entitlement

The accuracy of leave entitlement amounting to R1,65 million as disclosed in note 20 of the financial statements could not be verified beyond any doubt. Due to a lack of controls, leave for March 2005 was not in all instances captured on the system timeously.

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4.2 Weaknesses in internal control

(a) General

The following serve as examples of the more serious deviations that were observed:

- The fixed asset register was not in all instances complete and accurate.
- Controls were in some instances not in place to ensure the adherence to applicable rules and regulations.
- Some general information system controls were not in all instances implemented during the year.

(b) Bridging finance - housing

Bridging finance totalling R17 725 589 was paid to developers over a number of years, however, due to a lack of proper records, it was not possible to determine the actual amount outstanding as at 31 March 2005. The amount outstanding at 31 March 2005 was R3 080 927.

(c) Control over vehicles

Various differences between authorised trips and actual kilometres travelled were observed and it appears that proper management control measures in this regard were not effective. Unauthorised trips can not be excluded.

(d) Transfer payments to municipalities

Transfer payments increased drastically during March 2005. Satisfactory reasons for this could not be obtained in all instances and may indicate inadequate control over the payment of grants.

4.3 Matters in the public interest

(a) Physical verification of houses built

An audit test again revealed various deficiencies regarding houses built (some 1442 sites in 30 towns were visited). Some houses were not completed yet and some cases of weak workmanship were found. The following serve as examples:

- (i) In 15 instances houses paid for during the financial year under review, were still not completed or not built at all at the time of the audit. Cognisance was taken of the fact that "happy letters" which should prove the completion of houses were since received in 7 instances.
- (ii) Walls and floors with cracks and foundation problems were identified on 12 sites.
- (iii) Roofs at 14 sites were not properly fitted, leaked or were rusting.
- (iv) No sewerage services were rendered and toilets were not always fitted or connected, or were defective at 360 sites. However, full payments were made as if the houses had been completed.
- (v) Poor quality cement as plaster is coming from the wall on 9 sites were found.
- (vi) Houses built in Qwaqwa could not be verified in 17 instances 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.



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- (vii) In 14 instances houses were found to be not occupied.
- (viii) In 9 instances houses were built but no approval for the subsidy applications could be submitted for audit purposes.
- (ix) At a peoples housing project in Parys it was found that 20 houses were not completed or completed by the occupiers themselves for which the developer was paid R300 000.
- (x) A project in Tshiame was stopped a few years ago due to poor quality of material used. In 163 instances houses were completed up to foundation level and a further 265 to wall plate level for which amounts of R1 042 638 and R3 097 148 was paid. If the department does not take steps to ensure the completion of these houses, the total amount of R4 139 786 can be seen as fruitless expenditure.

According to the replies from management, certain houses were since been completed and services rendered but no proof in this regard was submitted.

The above-mentioned findings included a lack of a proper procedure framework to perform inspections and to assure the quality of houses built.

4.4 Non-compliance with laws and regulations

(a) Income tariffs not approved

The stipulations of Treasury Regulation 7.3.1 and paragraph 8.1.1 of the Revenue policy states that "The accounting officer must obtain approval from the relevant Treasury for the proposed structure". Documentation regarding the approval of tariffs could not be submitted during the audit. Examples of these tariffs are rezoning fees, sales price for tender documentation and fees collectable for the request of information.

(b) Housing matters

(i) Abolishment of the Free State Provincial Housing Board

Since the abolishment of the Free State 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). This matter was also reported on in paragraph 5.1.3(a) of the previous report.

(ii) Payments not timeously made

Payments were not always made within 30 days as stipulated by section 38(1)(f) of the Public Finance Management Act, 1999 (Act No. 1 of 1999)(PFMA) and paragraph 8.2.3 of the Treasury Regulations due to inadequate controls in this regard.

(iii) Non-compliance with National Housing Code (NHC)

In terms of paragraph 8.2.1.3(c) of the National Housing Code the Account Administrator must, once a people housing project has been completed, submit a detailed reconciliation to the department for payments. Due to a lack of management controls the department could not indicate which projects were completed for payments

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made totalling to R31 849 118 in order to verify the submission of the prescribed reconciliation reports. This indicates a serious lack of control over the actual service delivery by support organizations.

(iv) Penalty clause with regard to housing subsidies not applied

According to the agreements between the developers and the department, the completion date for the delivery of houses allocated to them was specified. Failure to meet this deadline would give rise to a penalty of R100 per day per house. This matter is the result of the lack of a proper procedure manual for ensuring the timeous completion of projects. Specific approval authorising delays could not be submitted at the time of the audit and similar cases were also reported on in paragraph 5.1.3(d) of the previous report of the Free State Housing fund.

(c) Submission of financial statements

The financial statements submitted on the 31 May 2005 were withdrawn and new statements were received on 3 August 2005 which is considered to be the date of submission to the Auditor-General.

4.5 Financial management

(a) Internal audit and audit committee

An internal audit section did not exist and an audit committee did not function for the year under review. This is in contradiction to section 38(1) (a) (ii) of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA).

This matter was reported for the past three financial years.

(b) Procurement of goods and services

(i) Supply chain management

Approval was obtained to extend the implementation of the supply chain management framework to 1 August 2004. However, certain policies and procedures were only approved by the accounting officer during February 2005 with the result that the framework was not fully used for the bulk of the financial year.

(ii) Tender Committee – Appointment of members

The appointment of the members of the Departmental Tender Committee in terms of section 38(1) (a) (iii) of the PFMA was not formalised by means of an official appointment letter.

(iii) Tender documentation

Complete tender documentation for three tenders could not be submitted for audit purposes due to inadequate safe keeping of documentation.



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(iv) *Quotations*

Three quotations were not in all cases obtained for amounts greater than R30 000 which is in contradiction to the procurement policy of the department.

(v) *Declaration of interest*

A register of financial interest and a security clearance register for staff involved in the procurement process were not kept due to a lack of management policies in this regard.

5. **APPRECIATION**

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

BJK van Niekerk for Auditor-General
Bloemfontein

30 Augustus 2005



AUDITOR - GENERAL

DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING
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ACCOUNTING POLICIES
for the year ended 31 March 2005

STATEMENT OF ACCOUNTING POLICIES

The Annual Financial Statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the Annual Financial Statements and to comply with the statutory requirements of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999), the Treasury Regulations for Departments and Constitutional Institutions issued in terms of the Act and the Division of Revenue Act, Act 5 of 2004. The following issued, but not yet effective Standards of Generally Recognised Accounting Practice have not been fully complied with in the Annual Financial Statements: GRAP 1, 2 and 3.

1. Basis of preparation

The Annual Financial Statements have been prepared on a modified cash basis of accounting, except where stated otherwise. The modified cash basis constitutes the cash basis of accounting supplemented with additional disclosure items. Under the cash basis of accounting transactions and other events are recognised when cash is received or paid. Under the accrual basis of accounting transactions and other events are recognised when incurred and not when cash is received or paid.

2. Revenue

Appropriated funds

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 surrendered to the Provincial Revenue Fund, unless otherwise stated.

Departmental revenue

Tax revenue

A tax receipt is defined as compulsory, irrecoverable revenue collected by entities. Tax receipts are recognised as revenue in the statement of financial performance on receipt of the funds.

Sale of goods and services other than capital assets

This comprises the proceeds from the sale of goods and/or services produced by the entity. Revenue is recognised in the statement of financial performance on receipt of the funds.

Fines, penalties and forfeits

Fines, penalties and forfeits are compulsory receipts imposed by court or quasi-judicial body. Revenue is recognised in the statement of financial performance on receipt of the funds.

Interest, dividends and rent on land

Interest and dividends received are recognised upon receipt of the funds, and no provision 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 Statement of Financial Performance of the department and then transferred to the Provincial Revenue Fund.

Revenue received from the rent of land is recognised in the statement of financial performance on receipt of the funds.



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Sale of capital assets

The proceeds from the sale of capital assets is recognised as revenue in the statement of financial performance on receipt of the funds.

Financial transactions in assets and liabilities

Repayments of loans and advances previously extended to employees and public corporations for policy purposes are recognised as revenue in the statement of financial performance on receipt of the funds.

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

Local and foreign aid assistance

Local and foreign aid assistance is recognised in the statement of financial performance on receipt of funds. Where amounts are expensed before funds are received, a receivable is raised. Where amounts have been inappropriately expensed using Local and Foreign aid assistance, a payable is raised. In the situation where the department is allowed to retain surplus funds, these funds are shown as a reserve.

3. Expenditure

Compensation of employees

Salaries and wages comprise payments to employees. Salaries and wages are recognised as an expense in the statement of financial performance when the payment is made. The expenditure is classified as capital where the employees were involved, on a full time basis, on capital projects during the financial year. All other payments are classified as current expense.

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

Short-term employee benefits

The cost of short-term employee benefits is expensed in the Statement of Financial Performance in the reporting period when the final authorisation for payment is effected on the system. Short-term employee benefits, that give rise to a present legal or constructive obligation are disclosed as a disclosure note to the Annual Financial Statements and are not recognised in the Statement of Financial Performance.

Long-term employee benefits and other post employment benefits

Termination benefits

Termination benefits are recognised and expensed only when the final authorisation for payment is effected on the system.

Medical benefits

The department provides medical benefits for its employees through defined benefit plans. Employer contributions to the fund are incurred when the final authorisation for payment is effected on the system. No provision is made for medical benefits in the Annual Financial Statements of the department.

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Post employment retirement benefits

The department provides retirement benefits for certain of its employees through a defined benefit plan for government employees. These benefits are funded by both employer and employee contributions. Employer contributions to the fund are expensed when the final authorisation for payment is effected on the system. No provision is made for retirement benefits in the Annual Financial Statements of the department. Any potential liabilities are disclosed in the Annual Financial Statements of the Provincial Revenue Fund and not in the Annual Financial Statements of the employer department.

Other employee benefits

Obligations arising from leave entitlement, thirteenth cheque and performance bonus that are reflected in the disclosure notes have not been paid for at year-end.

Goods and services

Payments made for goods and/or services are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system. The expense is classified as capital if the goods and services were used on a capital project.

Interest and rent on land

Interest and rental payments resulting from the use of land, are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system. This item excludes rental on the use of buildings or other fixed structures.

Financial transactions in assets and liabilities

Financial transactions in assets and liabilities include bad debts written off. Debts are written off when identified as irrecoverable. Debts written-off are limited to the amount of savings and/or under spending available to the department. The write off occurs at year-end or when funds are available. No provision is made for irrecoverable amounts.

Unauthorised expenditure

Unauthorised expenditure is defined as:

- 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.

Such expenditure is treated as a current asset in the Statement of Financial Position until such expenditure is approved by the relevant authority, recovered or written off as irrecoverable.



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Irregular expenditure

Irregular expenditure is defined as:

Expenditure, other than unauthorised expenditure, incurred in contravention 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.

It is treated as expenditure in the Statement of Financial Performance. If such expenditure is not condoned and it is possibly recoverable it is disclosed as receivable in the Statement of Financial Position at year-end.

Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is defined as:

Expenditure that was made in vain and would have been avoided had reasonable care been exercised, therefore

- it must be recovered from a responsible official (a debtor account should be raised), or
- the vote. (If responsibility cannot be determined.)

Such expenditure is treated as a current asset in the Statement of Financial Position until such expenditure is recovered from the responsible official or written off as irrecoverable.

4. Transfers and subsidies

Transfers and subsidies include all irrecoverable payments made by the entity. Transfers and subsidies are recognised as an expense when the final authorisation for payment is effected on the system.

5. Expenditure for capital assets

Capital assets are assets that can be used repeatedly and continuously in production for more than one year. Payments made for capital assets are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system.

6. Investments

Investments include; Investments in Associates; Joint ventures; Investments in controlled entities and other investments.

Investments are shown at cost. On disposal of an investment, the surplus/ (deficit) are recognised as revenue in the Statement of Financial Performance.

DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING
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ACCOUNTING POLICIES
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7. Receivables

Receivables are not normally recognised under the modified cash basis of accounting. However, receivables included in the Statement of Financial Position arise from cash payments that are recoverable from another party, when the payments are made.

Receivables for services delivered are not recognised in the Statement of Financial Position as a current asset or as income in the Statement of Financial Performance, as the Annual Financial Statements are prepared on a modified cash basis of accounting, but are disclosed separately as part of the disclosure notes to enhance the usefulness of the Annual Financial Statements.

8. Cash and cash equivalents

Cash and cash equivalents consists of cash on hand and balances with banks, short term investments in money market instruments and demand deposits. Cash equivalents are short-term highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

9. Payables

Payables are not normally recognised under the modified cash basis of accounting. However, payables included in the Statement of Financial Position arise from advances received that are due to the Provincial Revenue Fund or another party.

10. 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 notes to the Annual Financial Statements. These commitments are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance as the Annual Financial Statements are prepared on the cash basis of accounting.

Operating lease expenditure is expensed when the payment is made.

Finance lease expenditure is expensed when the payment is made, but results in the acquisition of the asset under the lease agreement. A finance lease is not allowed in terms of the Public Finance Management Act.

11. Accruals

This amount represents goods/services that have been received, but no invoice has been received from the supplier at the reporting date, OR an invoice has been received but final authorisation for payment has not been effected on the system. These amounts are not recognised in the Statement of Financial Position as a liability or as expenditure in the Statement of Financial Performance as the Annual Financial Statements are prepared on a modified cash basis of accounting, but are however disclosed as part of the disclosure notes.

12. Contingent liability

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



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VOTE 8
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for the year ended 31 March 2005

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

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

Contingent liabilities are not recognised in the Statement of Financial position, but the information is disclosed as part of the disclosure notes.

13. Commitments

This amount represents goods/services that have been approved and/or contracted, but no delivery has taken place at the reporting date. These amounts are not recognised in the Statement of financial position as a liability or as expenditure in the Statement of Financial Performance as the Annual Financial Statements are prepared on a modified cash basis of accounting, but are however disclosed as part of the disclosure notes.

14. Capitalisation reserve

The capitalisation reserve represents an amount equal to the value of the investment and/or loans capitalised. On disposal, repayment or recovery, such amounts are transferred to the Revenue Fund.

15. Recoverable revenue

Recoverable revenue represents payments made and recognised in the Statement of Financial Performance 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.

16. Comparative figures

Where necessary, comparative figures have been restated to conform to the changes in the presentation in the current year. The comparative figures shown in these Annual Financial Statements are limited to the figures shown in the previous year's audited Annual Financial Statements and such other comparative figures that the department may reasonably have available for reporting. Reclassification of expenditure has occurred due to the implementation of the Standard Chart of Accounts. It is not practical to present comparative amounts in the Cash Flow Statements as this would involve reclassification of amounts dating back to the 2002/03 year-end.

DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING
VOTE 8
APPROPRIATION STATEMENT
for the year ended 31 March 2005

Appropriation per Programme									
	2004/2005							2003/2004	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Expenditure R'000	Variance R'000	Expenditure as % of final appropriation %	Final Appropriation R'000	Actual Payments R'000
1. Administration									
Current payment	38 542	205	-	38 747	31 926	6 821	82.4%	40 384	31 425
Transfers and subsidies	212	15	-	227	139	88	61.2%	109	46
Expenditure for capital assets	2 372	(220)	-	2 152	384	1 768	17.8%	1 050	921
2. Housing									
Current payment	38 109	(50)	1 244	39 303	29 158	10 145	74.2%	31 188	23 277
Transfers and subsidies	603 938	50	-	603 988	511 841	92 147	84.7%	396 401	370 980
Expenditure for capital assets	1 189	-	80	1 269	300	969	23.6%	2 540	1 346
3. Local Government									
Current payment	40 472	-	(1 324)	39 148	26 719	12 429	68.3%	37 827	25 385
Transfers and subsidies	8 573	-	-	8 573	8 110	463	94.6%	21 329	15 742
Expenditure for capital assets	905	-	-	905	234	671	25.9%	577	433
4. Development and Planning									
Current payment	15 396	(15)	-	15 381	12 385	2996	80.5%	15 383	11 123
Transfers and subsidies	3 050	15	-	3 065	2 342	723	76.4%	3 594	3 478
Expenditure for capital assets	549	-	-	549	163	386	29.7%	620	465
5. Traditional Affairs									
Current payment	9 283	(6)	-	9 277	7 541	1 736	81.3%	8 968	7 870
Transfers and subsidies	606	6	-	612	565	47	92.3%	598	577
Expenditure for capital assets	294	-	-	294	128	166	43.5%	550	543
6. Special function: Losses									
Current payment	-	-	-	-	73	(73)	0.0%	-	135
Total	763 490	-	-	763 490	632 008	131 482	82.8%	561 118	493 746
Reconciliation with Statement of Financial Performance									
Departmental receipts				612	-			-	
Local and foreign aid assistance				-	-			464	
Actual amounts per Statement of Financial Performance (Total Revenue)				764 102				561 582	
Local and foreign aid assistance					-				464
Actual amounts per Statement of Financial Performance Expenditure					632 008				494 210



DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING
VOTE 8
APPROPRIATION STATEMENT
for the year ended 31 March 2005

Appropriation per Economic Classification									
	2004/2005							2003/2004	
	Adjusted Appropriation R'000	Shifting of Funds R'000	Virement R'000	Final Appropriation R'000	Actual Payment R'000	Variance R'000	Payment as % of final appropriation %	Final Appropriation R'000	Actual Payment R'000
Current payments									
Compensation to employees	68 893	(225)	(1 324)	67 344	60 462	6 882	89.8%	60 414	53 257
Goods and services	72 909	359	1 244	74 512	47 267	27 245	63.4%	73 336	45 823
Financial transactions in assets and liabilities	-	-	-	-	73	(73)	0.0%	-	135
Transfers & subsidies									
Provinces & municipalities	96 353	14	-	96 367	72 124	24 243	74.8%	96 071	64 863
Universities & technikons	1 100	-	-	1 100	1 099	1	99.9%	-	-
Non-profit institutions	589	-	-	589	544	45	92.4%	555	555
Households	518 337	72	-	518 409	449 230	69 179	86.7%	325 405	325 405
Payment on capital assets									
Machinery & equipment	5 309	(220)	80	5 169	1 209	3 960	23.4%	5 337	3 708
Total	763 490	-	-	763 490	632 008	131 482	82.8%	561 118	493 746

DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING
VOTE 8
APPROPRIATION STATEMENT
for the year ended 31 March 2005

DETAIL PER PROGRAMME 1 – Administration for the year ended 31 March 2005									
Programme per sub programme	2004/2005							2003/2004	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1.1 MEC									
Current payment	4 131	255	-	4 386	3 436	950	78.3%	3 796	2 988
Transfers and subsidies	26	-	-	26	8	18	30.8%	9	7
Expenditure for capital assets	-	-	-	-	-	-	-	40	12
1.2 Corporate Services									
Current payment	34 411	(50)	-	34 361	28 490	5 871	82.9%	36 588	28 437
Transfers and subsidies	186	15	-	201	131	70	65.2%	100	39
Expenditure for capital assets	2 372	(220)	-	2 152	384	1 768	17.8%	1 010	909
Total	41 126	-	-	41 126	32 449	8 677	78.9%	41 543	32 392

Economic Classification	2004/2005							2003/2004	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation to employees	20 916	(15)	-	20 901	18 246	2 655	87.3%	17 780	15 935
Goods and services	17 626	220	-	17 846	13 680	4 166	76.7%	22 604	15 490
Transfers & subsidies									
Provinces & municipalities	62	2	-	64	53	11	82.8%	109	46
Households	150	13	-	163	86	77	52.8%	-	-
Payment on capital assets									
Machinery & equipment	2 372	(220)	-	2 152	384	1 768	17.8%	1 050	921
Total	41 126	-	-	41 126	32 449	8 677	78.9%	41 543	32 392



DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING
VOTE 8
APPROPRIATION STATEMENT
for the year ended 31 March 2005

DETAIL PER PROGRAMME 2 – Housing for the year ended 31 March 2005									
Programme per sub programme	2004/2005							2003/2004	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
2.1 Housing Planning and Research									
Current payment	13 502	(50)	1 244	14 696	11 824	2 872	80.5%	7 990	7 024
Transfers and subsidies	20	50	-	70	69	1	98.6%	20	14
Expenditure for capital assets	120	-	80	200	194	6	97%	100	26
2.2 Housing Performance and Subsidy Programmes									
Current payment	19 274	-	-	19 274	13 621	5 653	70.7%	23 198	16 253
Transfers and subsidies	518 043	-	-	518 043	448 982	69 061	86.7%	396 381	370 966
Expenditure for capital assets	500	-	-	500	106	394	21.2%	2 440	1 320
2.3 Urban Renewal and Human Settlement Redevelopment									
Transfers and subsidies	84 727	-	-	84 727	61 684	23 043	72.8%	-	-
2.4 Housing Asset Management									
Current payment	5 333	-	-	5 333	3 713	1 620	69.6%	-	-
Transfers and subsidies	1 148	-	-	1 148	1 106	42	96.3%	-	-
Expenditure for capital assets	569	-	-	569	-	569	0.0%	-	-
Total	643 236	-	1 324	644 560	541 299	103 261	84%	430 129	395 603

Economic Classification	2004/2005							2003/2004	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current									
Compensation to employees	19 531	(50)	-	19 481	17 840	1 641	91.6%	16 751	14 966
Goods and services	18 578	-	1 244	19 822	11 318	8 504	57.1%	14 437	8 311
Transfers & subsidies									
Provinces & municipalities	84 801	-	-	84 801	61 742	23 059	72.8%	70 996	45 575
Universities & Technikons	1 100	-	-	1 100	1 099	1	99.9%	-	-
Households	518 037	50	-	518 087	449 000	69 087	86.7%	325 405	325 405
Capital									
Machinery & equipment	1 189	-	80	1 269	300	969	23.6%	2 540	1 346
Total	643 236	-	1 324	644 560	541 299	103 261	84%	430 129	395 603

DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING
VOTE 8
APPROPRIATION STATEMENT
for the year ended 31 March 2005

DETAIL PER PROGRAMME 3 – Local Government for the year ended 31 March 2005									
Programme per sub programme	2004/2005							2003/2004	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
3.1 Municipal Administration									
Current payment	8 609	(545)	-	8 064	7 090	974	87.9%	35 927	23 750
Transfers and subsidies	163	(2)	-	161	150	11	93.2%	21 087	15 738
Expenditure for capital assets	425	-	-	425	181	244	42.6%	547	433
3.2 Municipal Finance									
Current payment	27 650	162	-	27 812	16 925	10 887	60.9%	-	-
Transfers and subsidies	8 401	-	-	8 401	7 952	449	94.7%	-	-
Expenditure for capital assets	130	-	-	130	25	105	19.2%	-	-
3.3 Disaster Management									
Current payment	2 889	-	-	2 889	2 328	561	80.6%	1 900	1 635
Transfers and subsidies	9	-	-	9	7	2	77.8%	242	4
Expenditure for capital assets	350	-	-	350	28	322	8%	30	-
3.4 Municipal Infrastructure									
Current payment	1 324	383	(1 324)	383	376	7	98.2%	-	-
Transfers and subsidies	-	2	-	2	1	1	50%	-	-
Total	49 950	-	(1 324)	48 626	35 063	13 563	72.1%	59 733	41 560

Economic classification	2004/2005							2003/2004	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current									
Compensation to employees	10 143	-	(1 324)	8 819	8 384	435	95.1%	7 813	6 625
Goods and services	30 329	-	-	30 329	18 335	11 994	60.5%	30 014	18 760
Transfers & subsidies									
Provinces & municipalities	8 423	6	-	8 429	7 976	453	94.6%	21 329	15 742
Households	150	(6)	-	144	134	10	93.1%	-	-
Capital									
Machinery & equipment	905	-	-	905	234	671	25.9%	577	433
Total	49 950	-	(1 324)	48 626	35 063	13 563	72.1%	59 733	41 560



DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING
VOTE 8
APPROPRIATION STATEMENT
for the year ended 31 March 2005

DETAIL PER PROGRAMME 4 – Development and Planning for the year ended 31 March 2005									
Programme per sub programme	2004/2005							2003/2004	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
4.1 Spatial Planning									
Current payment	7 404	(15)	-	7 389	6 647	742	90%	7 599	6 352
Transfers and subsidies	25	15	-	40	30	10	75%	2 058	1 966
Expenditure for capital assets	339	-	-	339	100	239	29.5%	420	415
4.2 Land Use Management									
Current payment	7 677	-	-	7 677	5 428	2 249	70.7%	7 784	4 771
Transfers and subsidies	69	-	-	69	12	57	17.4%	1 536	1 512
Expenditure for capital assets	210	-	-	210	63	147	30%	200	50
4.3 Integrated Development and Planning									
Transfers and subsidies	2 956	-	-	2 956	2 300	656	77.8%	-	-
4.4 Local Economic Development									
Current payment	315	-	-	315	310	5	98.4%	-	-
Total	18 995	-	-	18 995	14 890	4 105	78.4%	19 597	15 066

Economic Classification	2004/2005							2003/2004	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current									
Compensation to employees	11 154	(15)	-	11 139	9 727	1 412	87.3%	11 191	9 165
Goods and services	4 242	-	-	4 242	2 658	1 584	62.7%	4 192	1 958
Transfers & subsidies									
Provinces & municipalities	3 050	-	-	3 050	2 332	718	76.5%	3 594	3 478
Households	-	15	-	15	10	5	66.7%	-	-
Capital									
Machinery & equipment	549	-	-	549	163	386	29.7%	620	465
Total	18 995	-	-	18 995	14 890	4 105	78.4%	19 597	15 066

DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING
VOTE 8
APPROPRIATION STATEMENT
for the year ended 31 March 2005

DETAIL PER PROGRAMME 5 – Traditional Affairs for the year ended 31 March 2005									
Programme per sub programme	2004/2005							2003/2004	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
5.1 Traditional Resource Administration									
Current payment	5 272	(216)	-	5 056	3 943	1 113	78%	8 968	7 870
Transfers and subsidies	6	6	-	12	11	1	91.7%	598	577
Expenditure for capital assets	136	-	-	136	128	8	94.1%	550	543
5.2 Traditional Institutional Arrangements									
Current payment	4 011	210	-	4 221	3 598	623	85.2%	-	-
Transfers and subsidies	600	-	-	600	554	46	92.3%	-	-
Expenditure for capital assets	158	-	-	158	-	158	0.0%	-	-
Total	10 183	-	-	10 183	8 234	1 949	80.9%	10 116	8 990

Economic Classification	2004/2005							2003/2004	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current									
Compensation to employees	7 149	(145)	-	7 004	6 265	739	89.4%	6 879	6 566
Goods and services	2 134	139	-	2 273	1 276	997	56.1%	2 089	1 304
Transfers & subsidies									
Provinces & municipalities	17	6	-	23	21	2	91.3%	43	22
Non-profit institutions	589	-	-	589	544	45	92.4%	555	555
Capital									
Machinery & equipment	294	-	-	294	128	166	43.5%	550	543
Total	10 183	-	-	10 183	8 234	1 949	80.9%	10 116	8 990



DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING
VOTE 8
APPROPRIATION STATEMENT
for the year ended 31 March 2005

DETAIL PER PROGRAMME 6 – Special function: Losses for the year ended 31 March 2005									
Programme per sub programme	2004/2005							2003/2004	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation %	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000		R'000	R'000
6.1 Losses	-	-	-	-	73	(73)	-	-	135
Current payment	-	-	-	-	73	(73)	-	-	135
Total	-	-	-	-	73	(73)	-	-	135

Economic Classification	2004/2005							2003/2004	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Payment	Variance	Payment as % of final appropriation %	Final Appropriation	Actual Payment
	R'000	R'000	R'000	R'000	R'000	R'000		R'000	R'000
Current	-	-	-	-	73	(73)	-	-	135
Financial transactions in assets and liabilities	-	-	-	-	73	(73)	-	-	135
Total	-	-	-	-	73	(73)	-	-	135

DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING
VOTE 8
NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2005

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

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

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

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

3. Detail on financial transactions in assets and liabilities

Detail of these transactions per programme can be viewed in note 5 (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	Voted Funds after virement	Actual Expenditure	R'000	%
	Administration	41 126	32 449	8 677	21.1%
		The under-spending is due to the restructuring of the Department that resulted in vacant posts not filled. Under goods and services all bursaries were not paid out and therefore requested to be rolled over. The carry through cost of the vacancies also had an impact on the other items under goods and services as well as the payments for capital assets.			
	Housing	644 560	541 299	103 261	16%
		The under-spending is due to the restructuring of the Department that resulted in vacant posts not filled. The carry through cost of the vacancies also had an impact on the other items under goods and services as well as the payments for capital assets. Under transfers and subsidies the main under-spending was due to housing funds and human settlement grants not fully utilised. These last two amounts were requested to be rolled over.			
	Local Government	48 626	35 063	13 563	27.9%
		The under-spending is mainly due to not filling of vacant posts and the Local Government Capacity Building Grant not fully spent and requested to be rolled over.			
	Development and Planning	18 995	14 890	4 105	21.6%
		The under-spending is due to the restructuring of the Department that resulted in vacant posts not filled. The carry through cost of the vacancies also had an impact on the other items under goods and services as well as the payments for capital assets. Funds in regard to Spatial Development Frameworks and Town Planning Schemes were not spent and requested to be rolled over.			
	Traditional Affairs	10 183	8 234	1 949	19.1%
		The under-spending is due to the restructuring of the Department that resulted in vacant posts not filled. The carry through cost of the vacancies also had a impact on the other items under goods and services as well as the payments for capital assets.			
	Special functions and losses	-	73	(73)	-
		No amount is budgeted for losses according to prescripts.			



DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING
VOTE 8
NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2005

4.2 Per Economic classification: **R'000** **%**

Current expenditure

Compensation of employees 60 462 10.2%

The under-spending is due to the restructuring of the Department that resulted in vacant posts not being filled.

Goods and services 47 267 36.6%

The under-spending is mainly regarding the carry through cost of vacancies not being filled, bursaries not paid out, maintenance on housing assets that was requested to be rolled over as it forms part of the housing fund, Local Government Capacity Building funds requested to be rolled over as well as MIG Management Fees that were requested to be rolled over.

Financial transactions in assets and liabilities 73

Transfers and subsidies

Provinces and municipalities 72,124 25.2%

The under-spending is mainly due to committed conditional grants not spent as a result on not meeting the conditions as stipulated in the various frameworks. These funds were all requested to be rolled over which included MIG Capacity Building, Human Settlement Redevelopment, Provincial Infrastructure, Informal Settlements, Spatial Development Frameworks and Town Planning Schemes.

Universities and technikons 1,099 0.1%

Non-profit institutions 544 7.6%

The under-spending is mainly regarding transfers not made to the House of Traditional Leaders and Tribal Councils.

Households 449,230 13.3%

The under-spending is as a result of the housing fund not being spent in total. The housing funds were requested to be rolled over as it is already committed.

Payments for capital assets

Machinery and equipment 1,209 76.6%

The under-spending is as a result of the carry through cost of not filling vacant posts and equipment therefore not being purchase. Request for roll over funds for computer equipment was submitted.

DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING
VOTE 8
STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 31 March 2005

	Note	2004/05 R'000	2003/04 R'000
REVENUE			
Annual appropriation	1	763 490	561 118
Departmental revenue	2	612	-
Local and foreign aid assistance		-	464
TOTAL REVENUE		<u>764 102</u>	<u>561 582</u>
EXPENDITURE			
Current expenditure			
Compensation of employees	3	60 462	53 257
Goods and services	4	47 267	45 823
Financial transactions in assets and liabilities	5	73	135
Local and foreign aid assistance		-	464
Total current expenditure		<u>107 802</u>	<u>99 679</u>
Transfers and subsidies	6	522 997	390 823
Expenditure for capital assets			
Machinery and Equipment	7	1 209	3 708
Total expenditure for capital assets		<u>1 209</u>	<u>3 708</u>
TOTAL EXPENDITURE		<u>632 008</u>	<u>494 210</u>
NET SURPLUS/(DEFICIT)		132 094	67 372
NET SURPLUS/(DEFICIT) FOR THE YEAR		<u>132 094</u>	<u>67 372</u>
Reconciliation of Net Surplus/(Deficit) for the year			
Voted Funds to be surrendered to the Revenue Fund	11	131 482	67 372
Departmental receipts to be surrendered to Revenue Fund	12	612	-
NET SURPLUS/(DEFICIT) FOR THE YEAR		<u>132 094</u>	<u>67 372</u>



DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING
VOTE 8
STATEMENT OF FINANCIAL POSITION
as at 31 March 2005

	Note	2004/05 R'000	2003/04 R'000
ASSETS			
Current assets		19 194	82 700
Voted funds to be surrendered to the Revenue Fund	11	17 767	67 428
Cash and cash equivalents	8	9	8
Prepayments and advances	9	148	151
Receivables	10	1 270	15 113
TOTAL ASSETS		<u>19 194</u>	<u>82 700</u>
LIABILITIES			
Current liabilities		19 190	82 698
Bank overdraft	13	10 667	77 719
Payables	14	8 523	4 979
TOTAL LIABILITIES		<u>19 190</u>	<u>82 698</u>
NET ASSETS		<u>4</u>	<u>2</u>
Represented by:			
Recoverable revenue		4	2
TOTAL		<u>4</u>	<u>2</u>

Amounts in regard to 2003/04 restated

DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING
VOTE 8
STATEMENT OF CHANGES IN NET ASSETS
for the year ended 31 March 2005

	Note	2004/05 R'000	2003/04 R'000
Capitalisation reserve			
Recoverable revenue			
Opening balance		2	60
Debts raised		2	-
Prior year adjustment		-	(58)
Closing balance		4	2
TOTAL		4	2



DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING
VOTE 8
CASH FLOW STATEMENT
for the year ended 31 March 2005

	Note	2004/05 R'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts		640 715
Annual appropriated funds received		621 655
Departmental revenue received		1 668
Net (Increase)/Decrease in working capital		17 392
Surrendered to Revenue Fund		58 346
Current payments		(107 802)
Transfers and subsidies paid		(522 997)
Net cash flow available from operating activities	15	<u>68 262</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for capital assets		<u>(1 209)</u>
Net cash flows from investing activities		<u>(1 209)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase/(decrease) in cash and cash equivalents		67 053
Cash and cash equivalents at beginning of year		(77 711)
Cash and cash equivalents at end of year		<u>(10 658)</u>

DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING
VOTE 8
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1. Annual Appropriation

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

	Final Appropriation R'000	Actual Funds Received R'000	Variance over/(under) R'000	Total Appropriation 2003/04
All programmes	763 490	621 655	(141 835)	561 118
Total	763 490	621 655	(141 835)	561 118

Appropriation amounts were requested in total and not per programme. An amount of R 112 469 178 was requested to be rolled over as a result of commitments already entered into. Explanations of variances: Refer to Notes to the Appropriation Statement for explanations of material variances.

1.2 Conditional grants	Note	2004/05 R'000	2003/04 R'000
Total grants received	ANNEXURE 1A	599 210	397 374

	Note	2004/05 R'000	2003/04 R'000
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2. Departmental revenue to be surrendered to revenue fund

Description

Sales of goods and services other than capital assets		1 665	950
Interest, dividends and rent on land		3	35
Transfers received consist of:		-	5
Gifts, donations and sponsorships received	ANNEXURE 1G	-	5
Total revenue collected		1 668	990
Less: Departmental Revenue Budgeted	12	1 056	990
Departmental revenue collected		612	-



DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING
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	Note	2004/05 R'000	2003/04 R'000
3. Compensation of employees			
3.1 Salaries and wages			
Basic salary		38 535	33 697
Performance award		1 422	516
Service Based		38	106
Compensative/circumstantial		262	256
Periodic payments		179	-
Other non-pensionable allowances		11753	11 338
		<u>52 189</u>	<u>45 913</u>
3.2 Social contributions			
3.2.1 Short term employee benefits			
Pension		5 786	5 060
Medical		2 467	2 277
Bargaining council		10	7
Insurance		10	-
		<u>8 273</u>	<u>7 344</u>
Total compensation of employees		<u>60 462</u>	<u>53 257</u>
Average number of employees		<u>320</u>	<u>310</u>

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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	Note	2004/05 R'000	2003/04 R'000
4. Goods and services			
Advertising		2 355	1 710
Attendance fees (including registration fees)		417	927
Bank charges and card fees		59	71
Bursaries (employees)		2 284	1 180
Communication		1 428	1 843
Computer services		480	-
Consultants, contractors and special services		26 893	26 573
Courier and delivery services		24	40
Drivers licences and permits		-	4
Entertainment		1 722	1 642
External audit fees	4.1	3 138	4 620
Equipment less than R5 000		1 049	385
Inventory	4.2	1 485	1 261
Legal fees		31	12
Maintenance, repairs and running cost		569	269
Operating leases		831	936
Plant flowers and other decorations		1	-
Resettlement costs		77	137
Translations and transcriptions		5	-
Travel and subsistence	4.3	4 397	4 175
Protective, special clothing & uniforms		22	38
		47 267	45 823
4.1 External audit fees			
Regulatory audits		2 257	1 849
Performance audits		252	134
Other audits		629	2 637
Total external audit fees		3 138	4 620
4.2 Inventory			
Food and Food supplies		5	27
Fuel, oil and gas		1	1
Stationery and Printing		1 479	1 233
Total Inventory		1 485	1 261
4.3 Travel and subsistence			
Local		4 250	3 981
Foreign		147	194
Total travel and subsistence		4 397	4 175



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	Note	2004/05 R'000	2003/04 R'000
5. Financial transactions in assets and liabilities			
Debts written off	5.1	73	135
		73	135
5.1 Bad debts written off			
Nature of debts written off			
Personnel debt		73	135
		73	135
6. Transfers and subsidies			
Provinces and municipalities	ANNEXURE 1B & 1C	72 124	64 863
Universities and Technikons	ANNEXURE 1D	1 099	-
Non-profit institutions	ANNEXURE 1E	544	555
Households	ANNEXURE 1F	449 230	325 405
		522 997	390 823
7. Expenditure for capital assets			
Machinery and equipment	ANNEXURE 3	1 209	3 708
Total		1 209	3 708
8. Cash and cash equivalents			
Cash on hand		9	8
		9	8
9. Prepayments and advances			
Description			
Travel and subsistenc		148	151
		148	151

DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING
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10. Receivables					2004/05	2003/04
					R'000	R'000
	ANNEXURE	Less than One year	One to three years	Older than three years	Total	Total
Amounts owing by						
Other entities	4	252	98	-	350	5 472
Staff debtors	10.1	259	4	192	455	450
Other debtors	10.2	460	5	-	465	9 191
		971	107	192	1 270	15 113

Amounts of R 192 000 (2004: R 432 502.27) included above may not be recoverable, but has not been written off in the Statement of financial performance.

	Note	2004/05	2003/04
		R'000	R'000
10.1 Staff debtors			
PERSAL		455	450
		455	450
10.2 Other debtors			
Nature of advances			
Dishonoured Cheques		25	5
General Suspense Account		-	51
Income accrued		440	9 135
		465	9 191



DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING
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	Note	2004/05 R'000	2003/04 R'000
11. Voted funds to be surrendered to the Revenue Fund			
Opening balance			86 499
Transfer from Statement of Financial Performance		(67 428)	67 372
Voted funds not requested/not received		131 482	(134 800)
Paid during the year		(141 835)	(86 499)
		60 014	(86 499)
Closing balance		(17 767)	(67 428)
12. Departmental revenue to be surrendered to revenue fund			
Transfer from Statement of Financial Performance		612	985
Departmental revenue budgeted*		1 056	(985)
Paid during the year	2	(1 668)	-
		-	-
Closing balance		-	-
13. Bank overdraft			
Paymaster General Account		10 667	77 719
		10 667	77 719
Closing balance		10 667	77 719

This amount represents payments processed on Basic Accounting System for which the actual transfer of funds is outstanding.

DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING
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14. Payables - current
Description

		30 Days	30+ Days	2004/05 Total	2003/04 Total
Amounts owing to					
Other departments	ANNEXURE 5	28	-	28	-
Advances received	14.1	-	91	91	91
Other payables	14.2	19	8 385	8 404	4 888
		47	8 476	8 523	4 979

	Note	2004/05 R'000	2003/04 R'000
14.1 Advances received			
Description			
Advances from Departments		91	91
		91	91

14.2 Other payables			
Description			
Income Tax		-	2
Salary Pension		5	-
Advances Free State		8 381	-
Appeals Board		4	-
Salary Motor Finance		14	-
Housing Fund		-	4 886
		8 404	4 888



DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING
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NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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	Note	2004/05 R'000	2003/04 R'000
15. Reconciliation of net cash flow from operating activities to surplus / (deficit)			
Net surplus/(deficit) as per Statement of Financial Performance		132 094	
(Increase)/decrease in receivables – current		13 843	
(Increase)/decrease in prepayments and advances		3	
(Increase)/decrease in payables – current		3 544	
(Increase)/decrease in Recoverable Revenue		2	
Departmental Revenue Budgeted Surrenders		1 056	
Capital expenditure		58 346	
Voted funds not requested/not received		1 209	
		<u>(141 835)</u>	
Net cash flow generated by operating activities		<u>68 262</u>	
16. Appropriated funds and departmental revenue surrendered			
Appropriated funds surrendered		(60 014)	(84 999)
Departmental revenue surrendered		1 668	(985)
		<u>(58 346)</u>	<u>(85 984)</u>

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DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2005

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

		Note	2004/05 R'000	2003/04 R'000
17.	Contingent liabilities			
	Liable to			
	Nature			
	Housing loan guarantees	Employees	773	616
	Capped leave commitments	Employees	4 616	4 416
		ANNEXURE 2		
			<u>5 389</u>	<u>5 032</u>
18.	Commitments per programme			
	Current expenditure			
	Approved and contracted		24 604	19 035
	Approved but not yet contracted		476	1 090
			<u>25 080</u>	<u>20 125</u>
	Capital expenditure			
	Approved and contracted		773 459	34 334
	Approved but not yet contracted		217 369	-
			<u>990 828</u>	<u>34 334</u>
	Total Commitments		<u>1 015 908</u>	<u>54 459</u>

Housing commitments are made over the MTEF period of three years
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DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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			2004/05 R'000	2003/04 R'000
19. Accruals				
By economic classification	30 Days	30+ Days	Total	Total
Goods and services	347	-	347	445
Machinery and equipment	368	-	368	74
	<u>715</u>	<u>-</u>	<u>715</u>	<u>519</u>
Listed by programme level				
Administration			195	102
Housing			104	361
Local Government			279	7
Development and Planning			103	21
Traditional Affairs			34	28
			<u>715</u>	<u>519</u>
20. Employee benefits				
Leave entitlement			1 651	1 301
Thirteenth cheque			1 630	1 493
Performance awards			134	-
			<u>3 415</u>	<u>2 794</u>

Restated amount for Leave entitlement for 2003/04

			2004/05 R'000	2003/04 R'000
21. Lease Commitments				
21.1 Operating leases	Machinery and equipment			Total
Not later than 1 year	145	145	220	
Later than 1 year and not later than 3 years	760	760	765	
Later than three years	104	104	44	
Total present value of lease liabilities	<u>1 009</u>	<u>1 009</u>	<u>1 029</u>	

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	2004/05 R'000	2003/04 R'000
22. Senior management personnel		
Member of the Executive Council	643	-
Superintendent General	834	631
Chief Financial Officer	534	454
Chief Directors	1 618	1 007
Directors	3 640	3 446
	<u>7 269</u>	<u>5 538</u>

The amounts included are in regard to the Basic Salary of the relevant officials. Included in the amount as reflected under the Superintendent General is a 10% allowance as Head of the Department Local Government and Housing



**DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING
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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
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ANNEXURE 1A

STATEMENT OF CONDITIONAL GRANTS RECEIVED

NAME OF DEPARTMENT	GRANT ALLOCATION				SPENT			2003/04	
	Division of Revenue Act	Roll Overs	DORA Adjustments	Total Available	Amount received by department	Amount spent by department	% of available funds spend by department	Division of Revenue Act	Amounts spent by department
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Department of Housing: Housing Fund	385 641	136 152	-	521 793	521 793	448 950	86%	325 403	325 403
Department of Housing: Human Settlement Redevelopment	9 010	17 641	-	26 651	26 651	15 443	57.9%	19 431	1 905
Department of Provincial and Local Government: Provincial Project Management for MIG	3 321	1 897	-	5 218	5 218	3 295	63.1%	4 870	2 973
Department of Provincial and Local Government: CMIP Capacity Building	5 900	5 080	-	10 980	10 980	7 976	72.6%	6 225	1 451
Department of Provincial and Local Government: Local Government Capacity	25 150	9 418	-	34 568	34 568	23 760	68.7%	41 445	31 757
	429 022	170 188	-	599 210	599 210	499 424		397 374	363 489

Housing Fund: The reason for under spending is related to the roll over funds of R 136 152 000 of the previous financial year. An amount of R 72 852 000 was requested to be rolled over.

Human Settlement Redevelopment: The reason for under spending is due to the late awarding of tenders as a number of roll players like Telkom and Spoornet had to be consulted. An amount of R 11 208 000 was requested to be rolled over.

Provincial Project Management for MIG: The reason for the under spending was due to the fact that the Business Plan was only approved in February 2005. An amount of R 1 923 000 was requested to be rolled over.

CMIP Capacity Building: The reason for the under spending was due to the fact that the Business Plan was only approved in December 2004. An amount of R 3 004 000 was requested to be rolled over.

Local Government Capacity: The reason for the under spending is due to the late submission of claims by Management Support Teams. An amount of R 10 809 000 was requested to be rolled over.

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ANNEXURE 1B

STATEMENT OF CONDITIONAL GRANTS PAID TO DEPARTMENTS

NAME OF DEPARTMENT	GRANT ALLOCATION				TRANSFER		SPENT			2003/04
	Division of Revenue Act R'000	Roll Overs R'000	DORA Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred %	Amount received by department R'000	Amount spent by department R'000	% of available funds spend by department %	Division of Revenue Act R'000
Department of Public Roads, Works and Transport	1 000	-	-	1 000	1 000	100%	1 000	1 000	100%	-
Department of Education	1 058	-	-	1 058	1 058	100%	1 058	1 058	100%	-
	2 058	-	-	2 058	2 058		2 058	2 058		-



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ANNEXURE 1C

STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		SPENT			2003/04
	Division of Revenue Act R'000	Roll Overs R'000	DORA Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred %	Amount received by municipality R'000	Amount spent by municipality R'000	% of available funds spend by municipality %	Division of Revenue Act R'000
Human Settlement Grant										8 500
Dihlabeng Municipality	-	1 974	-	1 974	1 770	89.7%	1 770	1 770	100%	-
Mangaung Municipality	7 835	15 666	-	23 501	12 499	53.2%	12 499	12 499	100%	-
Masilonyana Municipality	1 175	-	-	1 175	1 175	100%	1 175	1 175	100%	-
Financial Assistance and Projects with a positive impact										
Letsemeng	-	-	-	-	-	-	-	-	-	344
Kopanong	2 300	-	-	2 300	2 300	100%	2 300	2 300	100%	1 389
Mohokare	800	-	-	800	800	100%	800	800	100%	774
Xhariep	1 000	-	-	1 000	1 000	100%	1 000	1 000	100%	350
Naledi	438	-	-	438	438	100%	438	438	100%	820
Mantsopa	350	-	-	350	350	100%	350	350	100%	663
Masilonyana	400	-	-	400	400	100%	400	400	100%	445
Tokologo	400	-	-	400	400	100%	400	400	100%	611
Tswelopele	400	-	-	400	400	100%	400	400	100%	700
Matjhabeng	-	-	-	-	-	-	-	-	-	269
Nala	340	-	-	340	340	100%	340	340	100%	771
Setsoto	100	-	-	100	100	100%	100	100	100%	175
Dihlabeng	100	-	-	100	100	100%	100	100	100%	1 291
Nketoana	200	-	-	200	200	100%	200	200	100%	238
Maluti-a-Phofung	200	-	-	200	200	100%	200	200	100%	580
Phumelela	220	-	-	220	220	100%	220	220	100%	884
Moqhaka	-	-	-	-	-	-	-	-	-	1 512
Ngwathe	400	-	-	400	400	100%	400	400	100%	2 338
Metsimaholo	150	-	-	150	150	100%	150	150	100%	242
Mafube	150	-	-	150	150	100%	150	150	100%	1 595
MIG Capacity Building Grant										
Kopanong	250	-	-	250	250	100%	250	250	100%	-

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Lejweleputswa Dist/ Municipality	140	140	-	280	273	97.5%	273	273	100%	386
Letsemeng	250	(3)	-	247	253	102.4%	253	253	100%	-
Maluti-a-Phofung	250	-	-	250	425	170%	425	425	100%	673
Mangaung	-	-	-	-	628	-	628	628	100%	981
Masilonyana	250	-	-	250	250	100%	250	250	100%	-
Matjhabeng	500	500	-	1 000	936	93.6%	936	936	100%	582
Mohokare	250	19	-	269	231	85.9%	231	231	100%	-
Moqhaka	500	64	-	564	436	77.3%	436	436	100%	-
Motheo Dist/Mun	140	140	-	280	123	43.9%	123	123	100%	142
Northern Free State Dist/Municipality	140	140	-	280	661	236.1%	661	661	100%	616
Ngwathe	500	413	-	913	499	54.7%	499	499	100%	-
Phumelela	750	111	-	861	639	74.2%	639	639	100%	-
Setsoto	500	-	-	500	500	100%	500	500	100%	-
Thabo Mofutsanyana	140	140	-	280	1 073	383.2%	1 073	1 073	100%	1 261
Tokologo	500	500	-	1 000	500	50%	500	500	100%	-
Xhariep Dist/Mun	140	140	-	280	297	106.1%	297	297	100%	439
Other	700	700	-	1 400	-	-	-	-	-	-
RSCL										
Northern Free State Dist/Municipality	8	-	-	8	6	75%	6	6	100%	-
Eastern Free State Dist/Municipality	12	-	-	12	11	91.7%	11	11	100%	-
Lejweleputswa Dist/ Municipality	2	-	-	2	1	50%	1	1	100%	-
Motheo Dist/ Municipality	264	-	-	264	175	66.3%	175	175	100%	-
Provincial Infrastructure Grant										
	-	19 884	-	19 884	-	-	-	-	-	17 050
CSIR	-	-	-	-	850	-	850	850	100%	-
Letsemeng	2 875	-	-	2 875	4 645	161.6%	4 645	4 645	100%	-
Kopanong	2 034	-	-	2 034	1 686	82.9%	1 686	1 686	100%	-
Mohokare	1 600	-	-	1 600	1 859	116.2%	1 859	1 859	100%	-
Naledi	-	-	-	-	140	-	140	140	100%	-
Mangaung	-	-	-	-	-	-	-	-	-	-



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Mantsopa	-	-	-	-	174	-	174	174	100%	-
Masilonyana	-	-	-	-	888	-	888	888	100%	-
Tokologo	-	-	-	-	1 550	-	1 550	1 550	100%	-
Tswelopele	341	-	-	341	326	95.6%	326	326	100%	-
Nala	5 300	-	-	5 300	6 239	117.7%	6 239	6 239	100%	-
Setsoto	-	-	-	-	141	-	141	141	100%	-
Dihlabeng	-	-	-	-	1 582	-	1 582	1 582	100%	-
Nketoana	-	-	-	-	4 666	-	4 666	4 666	100%	-
Maluti-a-Phofung	-	-	-	-	3 528	-	3 528	3 528	100%	-
Phumelela	-	-	-	-	379	-	379	379	100%	-
Thabo Mofutsanyana	4 033	-	-	4 033	-	-	-	-	-	-
Moqhaka	-	-	-	-	1 353	-	1 353	1 353	100%	-
Mafube	-	-	-	-	431	-	431	431	100%	-
Northern Free State Dist/ Municipality	900	-	-	900	-	-	-	-	100%	-

Planning and Surveying

Letsemeng	200	86	-	286	150	52.4%	150	150	100%	200
Kopanong	60	75	-	135	57	42.2%	57	57	100%	120
Mohokare	300	-	-	300	300	100%	300	300	100%	-
Naledi	200	-	-	200	140	70%	140	140	100%	200
Mangaung	750	285	-	1 035	375	36.2%	375	375	100%	1 900
Tokologo	214	80	-	294	82	27.9%	82	82	100%	-
Tswelopele	140	19	-	159	138	86.8%	138	138	100%	-
Matjhabeng	-	735	-	735	735	100%	735	735	100%	1 470
Nala	-	84	-	84	84	100%	84	84	100%	200
Setsoto	281	40	-	321	321	100%	321	321	100%	-
Dihlabeng	200	166	-	366	100	27.3%	100	100	100%	400
Nketoana	400	-	-	400	400	100%	400	400	100%	-
Maluti-a-Phofung	-	150	-	150	150	100%	150	150	100%	1 000
Moqhaka	375	-	-	375	-	-	-	-	-	-
Ngwathe	450	278	-	728	506	69.5%	506	506	100%	150
Metsimaholo	2 000	-	-	2 000	2 000	100%	2 000	2 000	100%	-
Mafube	465	-	-	465	232	49.9%	232	232	100%	-
Phumelela	-	96	-	96	-	-	-	-	-	-

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Town Planning Schemes and Spatial Planning Frameworks

Letsemeng	59	-	-	59	58	98.3%	58	58	100%	271
Kopanong	248	-	-	248	-	-	-	-	-	81
Mohokare	58	-	-	58	58	100%	58	58	100%	81
Xhariep Dist/Mun	58	-	-	58	-	-	-	-	-	81
Naledi	58	-	-	58	58	100%	58	58	100%	81
Mangaung	58	-	-	58	-	-	-	-	-	81
Mantsopa	264	-	-	264	263	99.6%	263	263	100%	-
Motheo Dist/Mun	58	-	-	58	58	100%	58	58	100%	81
Masilonyana	248	-	-	248	249	100.4%	249	249	100%	81
Tokologo	58	-	-	58	58	100%	58	58	100%	81
Tswelopele	58	-	-	58	59	101.7%	59	59	100%	271
Matjhabeng	58	-	-	58	-	-	-	-	-	541
Nala	58	-	-	58	-	-	-	-	-	81
Lejweleputswa Dist/Mun	59	-	-	59	-	-	-	-	-	81
Setsoto	264	-	-	264	264	100%	264	264	100%	81
Dihlabeng	58	-	-	58	58	100%	58	58	100%	331
Nketoana	308	-	-	308	58	18.8%	58	58	100%	291
Maluti-a-Phofung	518	-	-	518	518	100%	518	518	100%	81
Phumelela	58	-	-	58	-	-	-	-	-	81
Thabo Mofutsanyana	59	-	-	59	-	-	-	-	-	81
Moqhaka	59	-	-	59	58	98.3%	58	58	100%	281
Ngwathe	58	-	-	58	309	532.8%	309	309	100%	81
Metsimaholo	58	-	-	58	58	100%	58	58	100%	81
Mafube	58	-	-	58	58	100%	58	58	100%	81
Northern Free State Dist/ Municipality	58	-	-	58	58	100%	58	58	100%	81
Northern Free State Dist/ Municipality	-	-	-	-	-	-	-	-	-	5
	49 218	42 622	-	91 840	70 066		70 066	70 066		55 791

RSC Levies are included in the above-mentioned Annexure as the payment of these levies is classified as Transfers to Municipalities.

Actual expenditure in regard to municipalities is not audited.



DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING
VOTE 8
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2005

ANNEXURE 1D

STATEMENT OF TRANSFERS TO UNIVERSITIES AND TECHNIKONS

UNIVERSITIES/ TECHNIKONS	TRANSFER ALLOCATION				EXPENDITURE			2003/04
	Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	Amount not Transferred	% of Available funds Transferred %	Appropriation Act
	R'000	R'000	R'000	R'000	R'000			R'000
University Free State	1 100	-	-	1 100	1 099	1	99.9%	-
TOTAL	1 100	-	-	1 100	1 099	1		-

ANNEXURE 1E

STATEMENT OF TRANSFERS TO NON-PROFIT INSTITUTIONS

NON PROFIT ORGANISATION	TRANSFER ALLOCATION				EXPENDITURE			2003/04
	Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred %	Appropriation Act	
	R'000	R'000	R'000	R'000	R'000		R'000	
House of Traditional Leaders	589	-	-	589	544		92.4%	555
TOTAL	589	-	-	589	544			555

DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING
VOTE 8
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2005

ANNEXURE 1F

STATEMENT OF TRANSFERS TO HOUSEHOLDS

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2003/04
	Appropriation Act	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Appropriation Act
	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers							
Project Linked Support Housing	422 111	-	-	422 111	403 495	95.6%	325 403
Individual Support Housing	16 782	-	-	16 782	1 285	7.7%	-
Rural Support-Inf Land Housing	23 139	-	-	23 139	6 951	30%	-
Discount Benefit Scheme Housing	2 500	-	-	2 500	207	8.3%	-
Peoples Housing Process	45 692	-	-	45 692	37 012	81%	-
Institutional Support	7 713	-	-	7 713	-	0%	-
Employer Social Benefit	380	-	72	452	275	60.8%	-
Social Assistance	20	-	-	20	5	25%	-
TOTAL	518 337	-	72	518 409	449 230		325 403

ANNEXURE 1G

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	2004/05 R'000	2003/04 R'000
Received in cash			
PricewaterhouseCoopers	Housing Lekgotla	-	5
Subtotal		-	5
Received in kind			
Development Bank of South Africa	Banners and folders for LED summit	-	55
Development Bank of South Africa	Name tags for LED summit	-	1
GTZ	Office furniture and equipment	-	40
Subtotal		-	96
Total		-	101

- Totals do not form part of the totals as on the face of the Statement of Financial Performance.



DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING
VOTE 8
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2005

ANNEXURE 1H

STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE AND REMISSIONS, REFUNDS AND PAYMENTS MADE AS AN ACT OF GRACE FOR THE YEAR ENDED 31 MARCH 2005

NAME OF ORGANISATION	NATURE OF GIFT, DONATION OR SPONSORSHIP	R'000
Paid in cash		
Australia South Africa Local Governance Partnership	Cash contribution	15
Total		15

- Totals do not form part of the totals as on the face of the Statement of Financial Performance.

ANNEXURE 2

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2005 – LOCAL

Guarantor institution	Guarantee in respect of	Original Guaranteed Capital Amount R'000	Opening Balance 1 April 2004 R'000	Guarantees Issued during the year R'000	Guarantees Released during the year R'000	Guaranteed Interest outstanding As at 31 March 2005 R'000	Closing Balance 31 March 2005 R'000	Realised losses i.r.o. claims paid out R'000
Housing								
Standard Bank		226	105	33	-	-	138	-
Firststrand FNB		473	138	36	-	-	174	-
ABSA		205	122	22	-	-	144	-
BoE Bank		247	16	33	-	-	49	-
Saambou Bank (FNB)		567	100	-	-	-	100	-
Permanent Bank (Old Mutual/Nedbank/Perm)		41	77	-	-	-	77	-
African Bank (Unique Finance)		72	13	-	-	-	13	-
Free State Development Corporation		185	45	33	-	-	78	-
Total		2 016	616	157	-	-	773	-

DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING
VOTE 8
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2005

ANNEXURE 3

PHYSICAL ASSET MOVEMENT SHEDULE FOR THE YEAR ENDED 31 MARCH 2005

	Additions R'000	Disposals R'000	Transfers In R'000	Transfers Out R'000
MACHINERY AND EQUIPMENT	1 209	-	-	-
Computer equipment	554	-	-	-
Furniture and office equipment	539	-	-	-
Transport assets	116	-	-	-
	1 209	-	-	-

PHYSICAL ASSET MOVEMENT SHEDULE FOR THE YEAR ENDED 31 MARCH 2004

	Additions R'000	Disposals R'000	Transfers In R'000	Transfers Out R'000
MACHINERY AND EQUIPMENT	3 708	-	-	-
Computer equipment	824	-	-	-
Furniture and office equipment	653	-	-	-
Transport assets	2 231	-	-	-
	3 708	-	-	-



DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING
VOTE 8
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2005

ANNEXURE 4

INTER-GOVERNMENTAL RECEIVABLES

Government Entity	Confirmed Balance outstanding		Unconfirmed Balance outstanding	
	31/03/2005 R'000	31/03/2004 R'000	31/03/2005 R'000	31/03/2004 R'000
Department				
FSPG Premier's Office	-	-	29	29
FSPG Health	-	-	36	35
FSPG Public Works, Roads and Transport	-	-	76	29
FSPG Art, Culture, Science and Technology	-	-	-	4
Gauteng Provincial Government	-	-	10	-
FSPG Provincial Treasury	-	-	15	-
Kwa-Zulu Natal Provincial Government	-	-	2	1
North West Provincial Government	-	-	98	98
Subtotal	-	-	266	196
Other Government Entities				
Government Pensioen Fund	-	-	20	-
Claims recoverable	-	-	2	11
Housing Fund	48	5 265	-	-
Profmed	-	-	1	-
Municipal Pensioen Fund	-	-	1	-
South African Revenue Services	-	-	4	-
Old Mutual Bank	-	-	1	-
Myburg Attorneys	-	-	1	-
Wesbank	-	-	6	-
Subtotal	48	5 265	36	11
TOTAL	48	5 265	302	207

DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING
VOTE 8
ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2005

ANNEXURE 5

INTER-DEPARTMENTAL PAYABLES

Government Entity	Confirmed Balance		Unconfirmed Balance	
	31/03/2005 R'000	31/03/2005 R'000	31/03/2005 R'000	31/03/2005 R'000

Amounts included in Statement of Financial Position

Current

Advances Kwa-Zulu Natal	28	-	-	-
Total	28	-	-	-



DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING
VOTE 8
TRUST FUNDS - SMALL HOLDINGS
for the year ended 31 March 2005

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Head of the Department
Free State: Department of Local Government and Housing

Date: 03/08/2005

**DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING
VOTE 8
TRUST FUNDS - SMALL HOLDINGS
for the year ended 31 March 2005**

**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 2005**

1. AUDIT ASSIGNMENT

The financial statements as set out on pages 137 to 142, for the year ended 31 March 2005, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read with sections 4 and 20 of Public Audit Act, 2004 (Act No. 25 of 2004). These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the accounting officer. 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.

The audit was completed in accordance with Auditor-General Directive No. 1 of 2005.

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.



DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING
VOTE 8
TRUST FUNDS - SMALL HOLDINGS
for the year ended 31 March 2005

4. EMPHASIS OF MATTER

Trust deed

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. APPRECIATION

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

**BJK van Niekerk for Auditor-General
Bloemfontein**

26 Augustus 2005



AUDITOR - GENERAL

DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING
VOTE 8
TRUST FUNDS - SMALL HOLDINGS
for the year ended 31 March 2005

BALANCE SHEET AT 31 MARCH 2005

	Notes	1 April 2004 to 31 March 2005 R'000	1 April 2003 to 31 March 2004 R'000
ASSETS			
Investments			
Corporation for Public Deposits	2	6 920	6 420
Total assets		6 920	6 420
EQUITY AND LIABILITIES			
Capital and reserves			
Trust Funds	2	6 920	6 420
Total equity and liabilities		6 920	6 420



DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING
VOTE 8
TRUST FUNDS - SMALL HOLDINGS
for the year ended 31 March 2005

INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2005

	Notes	1 April 2004 to 31 March 2005 R'000	1 April 2003 to 31 March 2004 R'000
Interest received	2	500	563
Net profit/(loss) for the period		<u>500</u>	<u>563</u>

DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING
VOTE 8
TRUST FUNDS - SMALL HOLDINGS
for the year ended 31 March 2005

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2005

		Retained Earnings R'000	Total R'000
Balance at 31 March 2004		<u>6 420</u>	<u>5 857</u>
Net Profit / (Loss) for the period	2	<u>500</u>	<u>563</u>
Balance at 31 March 2005		<u>6 920</u>	<u>6 420</u>



DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING
VOTE 8
TRUST FUNDS - SMALL HOLDINGS
for the year ended 31 March 2005

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2005

	Note	1 April 2004 to 31 March 2005 R'000	1 April 2003 to 31 March 2004 R'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Interest received		500	563
Net cash inflow/(outflows) from operating activities		500	563
CASH FLOWS FROM INVESTING ACTIVITIES:			
Interest on investments capitalised		(500)	(563)
Net cash outflow from investing activities		(500)	(563)
Net increase in cash and cash equivalents		-	-
Cash and cash equivalents at beginning of period		-	-
Cash and cash equivalents at end of period (Note 5)		-	-

DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING
VOTE 8
TRUST FUNDS - SMALL HOLDINGS
for the year ended 31 March 2005

NOTES TO THE FINANCIAL STATEMENTS AT 31 MARCH 2005

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 Department Local Government and Housing 2004-2005 Financial Year

7.78865218249%

Hoewe	Opening balance 2004-2005	Interest Capitalised	Closing balance 2004-2005
Adaminasiefontein 1029	4,288.92	334.05	4,622.97
Beslis Ond 12528 Bloemfontein	2,373.26	184.85	2,558.11
Blaaubank 303 Kroonstad	763.95	59.50	823.45
Buitenzorg Kroonstad	32,712.67	2,547.88	35,260.55
Caledonspoor 190 Fouriesburg	2,861.14	222.84	3,083.99
Constantia Bultfontein	46,750.84	3,641.26	50,392.10
Cornelia	5,199.88	405.00	5,604.88
Cyfervelei No 6 Viljoenskroon	5,903.83	459.83	6,363.66
Halkyn 660 Thaba Nchu	1,545.00	120.33	1,665.34
Kleinfontein Winburg	84,726.22	6,599.03	91,325.25
La Porte Vase Kroonstad	157,694.50	12,282.28	169,976.78
Laumervillera Betlehem	1,795.79	139.87	1,935.65
Loutersbronnen Winburg	5,355.40	417.11	5,772.52

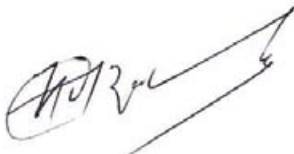


DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING
VOTE 8
TRUST FUNDS - SMALL HOLDINGS
for the year ended 31 March 2005

Hoewe	Opening balance 2004-2005	Interest Capitalised	Closing balance 2004-2005
Merriesfontein Boshof	1,420.95	110.67	1,531.62
Middelpunt Glen	731.65	56.99	788.63
Mimosa 132 Senekal	70,425.25	5,485.18	75,910.43
Morgenster 132 Senekal	1,432.57	111.58	1,544.14
Nolens Volens Theunissen	14,533.88	1,131.99	15,665.87
Paradys Bloemfontein	22,806.04	1,776.28	24,582.32
Pistoriusrust Parys	58,521.76	4,558.06	63,079.82
Ramlaric	3,224.65	251.16	3,475.80
Ramlaric Ond 4	4,289.72	334.11	4,623.83
Renovaal	390,231.74	30,393.79	420,625.54
Ribblesdale Bloemfontein	4,289.59	334.10	4,623.69
Rietpan Ond Bloemfontein	1,795.18	139.82	1,935.00
Scheerpan Oost Boshof	348.42	27.14	375.56
Triangle 471 Vrede	1,614.18	125.72	1,739.90
Turin Kroonstad	7,148.58	556.78	7,705.36
Vaalrivier	1,570,654.56	122,332.82	1,692,987.38
Vaalpark	1,639,627.65	127,704.89	1,767,332.55
Vaalpower Heilbron	1,009,515.77	78,627.67	1,088,143.44
Veekraal	1,263,336.90	98,396.92	1,361,733.82
Yarraweah	2,144.90	167.06	2,311.96
Total	6,420,065.34	500,036.56	6,920,101.90

DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING
VOTE 8
FREE STATE HOUSING FUND FINANCIAL STATEMENTS
for the year ended 31 March 2005

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Head of the Department
Free State: Department of Local Government and Housing

Date: 03/08/2005



DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING
VOTE 8
FREE STATE HOUSING FUND FINANCIAL STATEMENTS
for the year ended 31 March 2005



AUDITOR - GENERAL

REPORT

OF THE

AUDITOR-GENERAL

TO THE

FREE STATE PROVINCIAL LEGISLATURE

ON THE

FINANCIAL STATEMENTS OF THE FREE STATE HOUSING FUND

FOR

THE YEAR ENDED 31 MARCH 2005

PUBLISHED BY AUTHORITY

**DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING
VOTE 8
FREE STATE HOUSING FUND FINANCIAL STATEMENTS
for the year ended 31 March 2005**

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DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING
VOTE 8
FREE STATE HOUSING FUND FINANCIAL STATEMENTS
for the year ended 31 March 2005

**REPORT OF THE AUDITOR-GENERAL TO
THE FREE STATE PROVINCIAL LEGISLATURE
ON THE FINANCIAL STATEMENTS OF THE FREE STATE HOUSING FUND
FOR THE YEAR ENDED 31 MARCH 2005**

1. AUDIT ASSIGNMENT

The financial statements as set out on pages 150 to 164, for the year ended 31 March 2005, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read with sections 4 and 20 of Public Audit Act, 2004 (Act No. 25 of 2004). These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the accounting officer. 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.

The audit was completed in accordance with Auditor-General Directive No. 1 of 2005.

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

3. QUALIFICATION

3.1 Limitation on the scope of the 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) Differences between financial statements and trial balance

The following differences were observed between the trial balance and the financial statements:

- (i) Provision for bad debts – R4 550 355
- (ii) Trade and other payables – R6 549 595 (Supporting documentation for R2 709 156 could also not be submitted).

DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING
VOTE 8
FREE STATE HOUSING FUND FINANCIAL STATEMENTS
for the year ended 31 March 2005

(b) *Supporting documentation for fundamental errors*

Fundamental error transactions amounting to R4 851 902 (Dt) and R8 070 753 (Cr) as disclosed in note 7 of the financial statements of the fund could not be verified due to the lack of supporting documentation.

(c) *Trade and other receivables*

The accuracy of the debtors in respect of rental, loans to individuals and property sold amounting to R4 913 000 (2004: R4 399 000), prior to the provision for bad debts, could not be verified as various debtor files could not be submitted for audit purposes. This was also reported on in paragraph 3.1(c)(i) of the previous report.. Some of these debtors did not make any payments since September 1994.

3.2 Fixed assets

The Housing Fund does not have a documented policy and procedure manual in place regarding the recording and disposal of fixed assets. As a result of this the following was noted:

- (a) Fixed assets were overstated by approximately R280 000 owing to the incorrect value of a house if compared to other houses in the specific area.
- (b) As was also reported in previous audit reports, supporting documentation for disposals totalling R313 000 could still not be submitted for audit purposes.
- (c) Some property files could not be submitted for audit purposes and the validity of the properties sold could not be determined.

3.3 Administration of the R7 500 Discount benefit scheme

The Government initiated a scheme through which individuals living in state-owned houses could purchase these houses and receive a R7 500 discount if certain conditions were met. These houses were carried over to the various local authorities where they were situated to manage the scheme. The role of the Free State Housing Fund was to compile monthly statistics on the scheme and submit these to the National Department of Housing. According to statistics submitted by the department some 14875 houses to the value of R111 562 500 must still be transferred. The contingent liability that would have to be paid by the Department for the transfer cost at R208 per house to be registered amounts to R3 094 000 and is not disclosed in the financial statements.

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.



DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING
VOTE 8
FREE STATE HOUSING FUND FINANCIAL STATEMENTS
for the year ended 31 March 2005

5. **EMPHASIS OF MATTER**

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

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

(a) **Approved tariffs**

The Housing Fund did not have a documented policy to ensure the tariffs regarding the rental of houses are approved and reviewed annually by the accounting officer as prescribed by Treasury Regulation 7.3.1. This matter was also reported in paragraph 5.1.3(c) of the previous report.

(b) **Submission of financial statements**

The financial statements submitted on the 31 May 2005 were withdrawn and new statements received on 3 August 2005, which is considered to be the date of submission to the Auditor-General.

5.1.2 **Financial management**

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 for the year under review. This was also reported in paragraph 5.1.4(a) of the previous report.

5.1.3 **Matters in the public interest**

Houses applied for not transferred

Applications from 16 tenants to purchase properties under the R7 500 discount benefit scheme are not resolved since August 1996.

5.1.4 **Performance audit**

A performance audit on the application and approval process pertaining to housing subsidies is currently being conducted at the department.

The performance audit covers the period from January 1995 to March 2004. The focus areas of the audit were *inter alia* as follows:

- Subsidy approvals granted to government employees earning salaries in excess of the housing subsidy threshold.

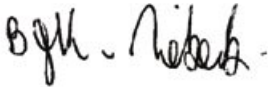
DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING
VOTE 8
FREE STATE HOUSING FUND FINANCIAL STATEMENTS
for the year ended 31 March 2005

- Subsidy approvals granted after applicants' date of death.
- Duplicate subsidy approvals granted to a specific individual.
- Duplicate subsidy approvals granted to an applicant and his/her spouse.

A separate report in this regard will be issued.

6. APPRECIATION

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



**BJK van Niekerk for Auditor-General
Bloemfontein**

26 August 2005



AUDITOR - GENERAL



DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING
VOTE 8
FREE STATE HOUSING FUND FINANCIAL STATEMENTS
for the year ended 31 March 2005

BALANCE SHEET AT 31 MARCH 2005 – OLD AND NEW BUSINESS

	Notes	2004/05 R'000	2003/04 R'000
ASSETS			
Non current assets			
Property, plant and equipment	2	8 691	9 727
Current assets			
		9 497	162 326
Trade and other receivables	3	5 657	6 045
Cash and cash equivalents	4	3 840	156 281
Total assets		18 188	172 053
EQUITY AND LIABILITIES			
Capital and reserves			
Retained earnings		11 552	172 018
Current liabilities			
Trade and other payables	5	6 636	35
Total equity and liabilities		18 188	172 053

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INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2005 - OLD BUSINESS

	Notes	2004/05 R'000	2003/04 R'000
Income		834	600
Administrative expenses		(462)	(410)
Other operating expenses		(11)	(110)
Net profit/(loss) for the period	10	<u>361</u>	<u>80</u>



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INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2005 - NEW BUSINESS

	Notes	2004/05 R'000	2003/04 R'000
Funds received from National Department of Housing		-	325 403
Other operating expenses		-	(464 967)
Operating profit/(loss)		-	(139 564)
Interest received		435	3983
Net profit/(loss) for the period		435	(135 581)

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**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2005
- OLD AND NEW BUSINESS**

		Retained Earnings R'000	Total R'000
Balance at 31 March 2003		308 687	308 687
Capital adjustment		(1)	(1)
Fundamental error	7	(1 167)	(1 167)
		<hr/>	<hr/>
Restated balances		307 519	307 519
Net (loss)/profit for the period		(135 501)	(135 501)
Balance at 31 March 2004		172 018	172 018
Funds transferred to Department of Local Government and Housing		(140 381)	(140 381)
Funds to be transferred to Department of Local Government and Housing		(3 840)	(3840)
Fundamental errors	7	(17 041)	(17 041)
		<hr/>	<hr/>
Restated balances		10 756	10 756
Net (loss)/profit for the period		796	796
Balance at 31 March 2005		11 552	11 552



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CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2005 - OLD AND NEW BUSINESS

	Note	2004/05 R'000	2003/04 R'000
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash receipts from customers		-	327 195
Cash paid to suppliers and employees		(12 714)	(465 142)
Cash generated from/(utilised in) operations			
Advances to Department Local Government & Housing previously disclosed as cash and cash equivalents	8	(12 714)	(137 947)
Cash transferred to Department Local Government & Housing		(140 381)	-
Interest received		654	4 113
Net cash inflow/(outflows) from operating activities		(152 441)	(134 077)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Net (decrease)/increase in cash and cash equivalents		(152 441)	(134 077)
Cash and cash equivalents at beginning of period		156 281	290 358
Cash and cash equivalents at end of period		3 840	156 281

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NOTES TO THE FINANCIAL STATEMENTS AT 31 MARCH 2005 - 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.

1.2 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.

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.



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	2004/05 R'000	2003/04 R'000
2. PROPERTY, PLANT AND EQUIPMENT		
Opening Balance	9 727	10 894
Fundamental error in opening balances	(1 036)	(1 167)
Gross carrying amount at end of year	8 691	9 727
 3. TRADE AND OTHER RECEIVABLES		
Write-off from suspense account - Department of Local Government & Housing	- 324	821 297
Rental debtors	3 235	2 819
Provision for bad debts	(2 911)	(2 522)
	33	8
Loans to individuals	1 028	896
Provision for bad debts	(995)	(888)
	5	3
Properties sold	650	684
Provision for bad debts	(645)	(681)
Loan account: Department of Local Government and Housing	-	4887
Loan account Free State Provincial Treasury	5 265	-
Other receivables	30	29
	5 657	6 045

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	2004/05 R'000	2003/04 R'000
5. TRADE AND OTHER PAYABLES		
Unallocated cash	8	5
Sundry payables	20	20
Inter-departmental transfers	10	10
Loan Account: Department of Local Government & Housing	49	-
	87	35
7. FUNDAMENTAL ERRORS		
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)
Correction of fundamental error relating to differences between debtors system and general ledger control account.	61	-
Correction of fundamental error relating to erf 1590 registered to Metsimaholo Local Municipality included in the asset register of the Free State Housing Fund.	(1 036)	-
Correction of fundamental error relating to two amounts appearing on the local authority suspense account due to duplicate receipts that was not written off in 1998 as part of the write-off of local authority loan accounts.	(863)	-
	(1 838)	(1 167)



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	2004/05 R'000	2003/04 R'000
8. RECONCILIATION OF NET PROFIT TO CASH GENERATED FROM OPERATIONS		
Net profit/(loss)	361	80
Adjustments for:		
- Sundry Debtors written off	(863)	-
- Correction Debtors Closing Balance	61	-
- Capital adjustments properties sold	-	(1)
- Interest received	(219)	(130)
Operating profit before working capital changes	(660)	(51)
Changes in working capital:		
- (Increase)/ decrease in accounts receivables	388	53
- Increase/(decrease) in trade payables	52	5
Cash generated from operations	(220)	7

10. Profit from operations

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

Profit on sale of properties	21	-
Provision for bad debts	460	340

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NOTES TO THE FINANCIAL STATEMENTS AT 31 MARCH 2005 - 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 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.

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.



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NOTES TO THE FINANCIAL STATEMENTS AT 31 MARCH 2005 - NEW BUSINESS

	2004/05 R'000	2003/04 R'000
4. CASH AND CASH EQUIVALENTS		
Cash on hand and bank balances	3 840	156 281
	<u>3 840</u>	<u>156 281</u>
5. TRADE AND OTHER PAYABLES		
Loan Account – Free State Provincial Treasury	2 709	-
Funds to be transferred to Department of Local Government & Housing	3 840	-
	<u>6 549</u>	<u>-</u>

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NOTES TO THE FINANCIAL STATEMENTS AT 31 MARCH 2005 - NEW BUSINESS

	2004/05	2003/04
	R'000	R'000
7. FUNDAMENTAL ERRORS		
Expenses on hostels in 1997 and 1998 were included in the income allocations of the Free State Housing Fund. These expenses were however directly paid by the National Housing Fund and not included in the expenditure of the Free State Housing Fund resulting in understatement of expenditure.	(23 213)	-
Prior year interest received not included in income	697	-
Difference in theoretical and actual bank balance as a result of inaccurate income confirmations from the National Housing Fund.	7313	-
	<u>(15 203)</u>	<u>-</u>
8. RECONCILIATION OF NET PROFIT TO CASH GENERATED FROM OPERATIONS		
Net profit /(loss)	435	(135 581)
Adjustments for:		
- Interest received	(435)	(3 983)
- Cash to be transferred to Department of Local Government and Housing	(3 840)	-
- Fundamental errors	(15 203)	-
Operating profit before working capital changes	<u>(19 043)</u>	<u>(139 564)</u>
Changes in working capital:		
- (Increase)/ decrease in accounts receivables	-	1 610
- (Increase)/ decrease in accounts payable	6 549	-
Cash generated from operations	<u>(12 494)</u>	<u>(137 954)</u>



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NOTES TO THE FINANCIAL STATEMENTS AT 31 MARCH 2005 - NEW BUSINESS

	2004/05 R'000	2003/04 R'000
9. CONTINGENT LIABILITY		
Unpaid claims		
- Project linked	-	2 875
- Individual non-credit	-	-
- Housing Support Centres	-	24
	<u>-</u>	<u>2 899</u>

11. EVENTS DURING THE REPORTING PERIOD

- (i) The Housing Fund is incorporated into the Provincial Department of Local Government and Housing as from 1 April 2004 and the New Business therefore become dormant as from that date.
- (ii) Appointment of Mr SC Polelo as acting Head of Department since 1 September 2004

12. EVENTS AFTER THE REPORTING DATE

- (i) Appointment of Mr MJ Mafereka as new MEC since 20 April 2005.
- (ii) Mr KF Ralikontsane was appointed since 1 August 2005 as Head of the Department.

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DETAILED INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2005 – OLD BUSINESS

	2004/05 R'000	2003/04 R'000
INCOME	834	600
Rental	592	469
Interest	219	130
Sundry income	2	1
Profit on Sale of Properties	21	-
LESS: EXPENSES	473	520
<i>Administration fees:</i>	462	410
Administrative fees	-	1
Commission: Loans/Rentals	2	69
Provision for doubtful debts	460	340
<i>Other operating expenditure:</i>	11	110
Repairs and maintenance	-	107
Subsidies	11	3
Loss on disposal of property	-	-
 NET PROFIT/(LOSS) FOR THE PERIOD	361	80



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DETAILED INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2005 – NEW BUSINESS

	2004/05 R'000	2003/04 R'000
OPERATING INCOME		325 403
Grant received from National Department of Housing	-	325 403
LESS: EXPENSES		464 967
<i>Operating expenditure:</i>		
Capital subsidy programme:		
Project-linked development	-	336 164
Transfer of houses	-	1 773
Individual subsidies	-	1 224
Institutional subsidies	-	12
Rural subsidies	-	18 375
Upgrading of hostels	-	17 141
People housing process	-	78 448
Consolidation subsidies	-	11 830
<i>Operating profit / (loss)</i>	-	(139 564)
Interest received	435	3 983
NET PROFIT / (LOSS) FOR THE PERIOD	435	(135 581)



*P*ART 4

HUMAN RESOURCE MANAGEMENT



ART 4: HUMAN RESOURCE MANAGEMENT

2004/2005

VOTED FUNDS

TOTAL AMOUNT APPROPRIATED FOR THE FINANCIAL YEAR 2004/2005	R 763 490 000
RESPONSIBLE MEC	MR MJ MAFEREKA
ACCOUNTING OFFICER	MR KF RALIKONTSANE

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 Homeless people All that qualify in terms of the housing scheme	Rural communities Homeless people All that qualify in terms of the housing scheme	Houses supplied	
Local Government support	All municipalities	All municipalities and subsequently the communities they serve	Supporting municipalities and building their capacity	
Land development/spatial planning	Consultants Communities Municipalities	Consultants Communities Municipalities	Land developed and planned	
Disaster management	Communities Municipalities	Communities Municipalities	Disaster prevention/management	
Traditional affairs	Communities Traditional leaders House of traditional leaders Traditional Councils	Communities Traditional leaders House of traditional leaders Traditional Councils	Sound traditional affairs	

TABLE 1.2 CONSULTATION ARRANGEMENTS WITH CUSTOMERS

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



TABLE 1.3 SERVICE DELIVERY ACCESS STRATEGY

ACCESS STRATEGY	ACTUAL ACHIEVEMENT
Road shows Formal meetings Makgotla Informal meetings	Easier accessibility

TABLE 1.4 SERVICE INFORMATION TOOL

TYPES OF INFORMATION TOOLS	ACTUAL ACHIEVEMENT
Road shows Formal meetings Makgotla Informal meetings	More informed people

TABLE 1.5 COMPLAINTS MECHANISM

COMPLAINTS MECHANISM	ACTUAL ACHIEVEMENT
Road shows Formal meetings Makgotla Informal meetings	Complains handled adequately



PART 2 EXPENDITURE

TABLE 2.1 PERSONNEL COSTS PER PROGRAMME

PROGRAMME	TOTAL EXPENDITURE 'R000	PERSONNEL EXPENDITURE 'R000	TRAINING EXPENDITURE **R000	GOODS AND SPEC SERVICES 'R000	PERSONNEL COST AS A % OF TOTAL EXPENDITURE	AVERAGE PERSONNEL COST PER EMPLOYEE	EMPLOYMENT
1	R 32 449	R 18 246	R 213	R 13 772	56 %	R196 193	92+3
2	R 541 229	R 17 840	R 71	R 11 318	3 %	R162 181	105+5
3	R 35 063	R 8 384	R 78	R 18 335	24 %	R190 545	44
4	R 14 890	R 9 727	R 49	R 2 658	65 %	R190 725	51
5	R 8 234	R 6 265	R 16	R 1 276	76 %	R240 261	26
TOTAL	R 631 865	R 60 462	R 427	R 47 359	10 %	R186 036	320+8 add

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

TABLE 2.2 PERSONNEL COSTS BY SALARY BANDS

SALARY BANDS	PERSONNEL EXPENDITURE 000	% OF TOTAL PERSONNEL COSTS	AVERAGE PERSONNEL COST PER EMPLOYEE	TOTAL PERSONNEL EXPENDITURE 000	NUMBER OF EMPLOYEES
LOWER SKILLED LEVELS 1-2					9
SKILLED LEVELS 3-5					59
HIGHLY SKILLED PRODUCTION LEVELS 6-8					167
HIGHLY SKILLED SUPERVISION LEVELS 9-12					71
SMS LEVELS 13-16					14
TOTAL	R 60 462			R 60 462	320



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

PROGRAMME	SALARIES		OVERTIME		HOMEOWNERS ALLOWANCE		MEDICAL ASSISTANCE	
	AMOUNT 'R000	SALARIES AS A % OF PERSONNEL COST	AMOUNT 'R000	OVERTIME AS A % OF PERSONNEL COST	AMOUNT 'R000	HOA AS A % OF PERSONNEL COST	AMOUNT R000	MED ASST AS % OF PERSONNEL COST
1	R 11 091	61%	R 5	0%	R 126	1%	R 725	4%
2	R 12 368	69%	R 55	0%	R 165	1%	R 785	4%
3	R 5 834	70%	R -	0%	R 93	1%	R 355	4%
4	R 6 801	70%	R 3	0%	R 148	2%	R 439	5%
5	R 2 443	39%	R -	0%	R 22	0%	R 164	3%
TOTAL	R 38 537	64%	R 63	0%	R 554	1%	R 2 468	4%

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								
TOTAL	R 38 537	64%	R 63	0%	R 554	1%	R 2 468	4%



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. MEC, CORPORATE SERVICES, FINANCE	280	91	68%	3 (contract appointments)
2. HOUSING, PROJECT MANAGEMENT	294	93	68%	5 (Cubans)
3. LOCAL GOVERNMENT, DISASTER MANAGEMENT	188	50	73%	0
4. LAND DEVELOPMENT, SPATIAL PLANNING, IDP, LED	130	60	54%	0
5. TRADITIONAL AFFAIRS	75	26	65%	0
DISTRICT SERVICES NOT ALLOCATED YET TO SPECIFIC PROGRAMME	17	0	100%	0
TOTAL	984	320	67%	8

- *The organisation structure and post establishment of the Department is in the process of being reviewed, which will in all probability reduce these figures*

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	12	12	N/A	0
SKILLED LEVELS 3-5	59	59	N/A	1
HIGHLY SKILLED PRODUCTION LEVELS 6-8	145	145	N/A	
HIGHLY SKILLED SUPERVISION LEVELS 9-12	82	82	N/A	5
SMS LEVELS 13-16	22	22	N/A	2
TOTAL NUMBER OF POSTS STILL TO BE SUBJECTED TO THE PROCESS OF JOB EVALUATION AFTER RESTRUCTURING TO DETERMINE THE CORRECT LEVEL	664	N/A	N/A	N/A
TOTAL	984	320	67%	8

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
INFORMATION TECHNOLOGY	19	6	68%	0
ORGANISATIONAL DEVELOPMENT	23	5	78%	0
TECHNICAL/ENGINEERING RELATED ADVISORY SERVICES	9	2	78%	5
FINANCE	101	44	56%	0
TOTAL	152	57	63%	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	12	0	0	0	0	0	0
SKILLED LEVELS 3-5	59	2	3%	1	50%	0	0
HIGHLY SKILLED PRODUCTION LEVELS 6-8	145	18	12%	8	44%	0	0
HIGHLY SKILLED SUPERVISION LEVELS 9-12	82	31	38%	5	16%	0	0
SMS LEVELS 13-16	22		73%	8	36%	0	0
BAND A		9					
BAND B		5					
BAND C		2					
BAND D		0					
TOTAL	984	67	7%	22	33%	0	0%

TABLE 4.2

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

BENEFICIARIES	AFRICAN	ASIAN	COLOURED	WHITE	TOTAL
FEMALE	3	0	0	7	10
MALE	7	0	0	5	12
TOTAL	10	0	0	12	22
EMPLOYEES WITH A DISABILITY	0	0	0	0	0

* 2 OFFICIALS WERE NOT AFFECTED

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

OCCUPATION	NUMBER OF EMPLOYEES	JOB EVALUATION LEVEL	REMUNERATION LEVEL	REASON FOR THE DEVIATION
	0	N/A	N/A	N/A
	0	N/A	N/A	N/A
	0	N/A	N/A	N/A
TOTAL NUMBER OF EMPLOYEES WHOSE SALARIES EXCEEDED THE LEVEL DETERMINED BY JOB EVALUATION IN 2004/2005				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 2004	APPOINTMENTS AND TRANSFERS INTO THE DEPARTMENT	TERMINATIONS AND TRANSFERS OUT OF DEPARTMENT	TURNOVER RATE
LOWER SKILLED LEVELS 1-2	9	2	0	33.3%
SKILLED LEVELS 3-5	59	15	6	35%
HIGHLY SKILLED PRODUCTION LEVELS 6-8	167	12	18	18%
HIGHLY SKILLED SUPERVISION LEVELS 9-12	71	12	3	21%
SMS LEVELS 13-16	14	3	0	21%
TOTAL	320	44	27	22%

TABLE 5.2 ANNUAL TURNOVER RATES BY CRITICAL OCCUPATION

CRITICAL OCCUPATION	NUMBER OF EMPLOYEES AS ON 1 APRIL 2004	APPOINTMENTS AND TRANSFERS INTO THE DEPT	TERMINATIONS AND TRANSFERS OUT OF DEPT	TURNOVER RATE
INFORMATION TECHNOLOGY	6	1	0	5%
ORGANISATIONAL DEVELOPMENT	5	0	1	4%
TECHNICAL/ENGINEERING RELATED ADVISORY SERVICES	2	2	4	67%
FINANCE	44	0	8	8%
TOTAL	57	3	13	11%



TABLE 5.3 REASONS WHY STAFF ARE LEAVING THE DEPARTMENT

TERMINATION TYPE	NUMBER	% OF TOTAL*
DEATH	2	0.63%
RESIGNATION	8	2.5%
EXPIRY OF CONTRACT	0	0
DISMISSAL/OPERATIONAL CHANGES	0	0
DISMISSAL/MISCONDUCT	1	0.31%
DISMISSAL/INEFFICIENCY	0	0
DISCHARGE DUE TO ILL-HEALTH	0	0
RETIREMENT	5	1.56%
TRANSFERS TO OTHER PUBLIC SERVICE DEPTS	11	3.44%
OTHER	0	0
TOTAL	27	8%
TOTAL NUMBER OF EMPLOYEES WHO LEFT AS A % OF THE TOTAL EMPLOYMENT*		8%

* TOTAL EMPLOYMENT = 320

TABLE 5.4 PROMOTIONS BY CRITICAL OCCUPATION

OCCUPATION	NUMBER OF EMPLOYEES AT BEGINNING OF THE PERIOD 1 APRIL 2004	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
INFORMATION TECHNOLOGY	5	1	20%	4	80%
ORGANISATIONAL DEVELOPMENT	3	1	33%	2	67%
TECHNICAL/ ENGINEERING RELATED ADVISORY SERVICE	23	0	0%	15	65%
FINANCE	51	1	2%	33	65%
TOTAL	82	3	4%	54	66%



TABLE 5.5 PROMOTIONS BY SALARY BAND

SALARY BAND	NUMBER OF EMPLOYEES AS ON 1 APRIL 2004	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	9	0	0%	7	78%
SKILLED LEVELS 3-5	59	1	2%	42	72%
HIGHLY SKILLED PRODUCTION LEVELS 6-8	167	17	10%	132	79%
HIGHLY SKILLED SUPERVISION LEVELS 9-12	71	11	16%	42	59%
SMS LEVELS 13-16	14	8	57%	4	29%
TOTAL	320	37	11%	227	71%



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	COLOURED	INDIAN	WHITE	AFRICAN	COLOURED	INDIAN	WHITE	
LEGISLATORS, SENIOR OFFICIALS AND MANAGERS, PROFESSIONALS PERMANENT (9 – 16)	36	1	0	28	25	0	1	14	105
OFFICERS PERMANENT (6 – 8)	41	0	0	20	26	2	1	54	144
CLERKS, PERMANENT (3 – 5)	25	0	0	1	30	2	0	1	59
CRAFT AND RELATED TRADEWORKERS PERMANENT	0	0	0	0	0	0	0	0	0
ELEMENTARY OCCUPATIONS PERMANENT (1 – 2)	8	0	0	0	4	0	0	0	12
TOTAL	110	1	0	49	85	4	2	69	320



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

OCCUPATIONAL BANDS	MALE				FEMALE				TOTAL
	AFRICAN	COLOURED	INDIAN	WHITE	AFRICAN	COLOURED	INDIAN	WHITE	
TOP MANAGEMENT (14 – 16)	5	0	0	1	2	0	0	0	8
SENIOR MANAGEMENT (13)	5	0	0	3	4	0	0	1	13
PROFESSIONALLY QUALIFIED AND EXPERIENCED SPECIALISTS AND MID – MANAGEMENT (9 – 12)	26	1	0	24	19	0	1	13	84
SKILLED TECHNICAL AND ACADEMICALLY QUALIFIED WORKERS, JUNIOR MANAGEMENT, SUPERVISORS, FOREMAN AND SUPERINTENDENTS (6 –)	41	0	0	20	26	2	1	54	144
SEMI SKILLED AND DISCRETIONARY DECISION MAKING (3 – 5)	25	0	0	1	30	2	0	1	59
UN SKILLED AND DEFINED DECISION MAKING (1 – 2)	8	0	0	0	4	0	0	0	12
TOTAL	110	1	0	49	85	4	2	69	320



TABLE 6.3 RECRUITMENT

OCCUPATIONAL BANDS	MALE				FEMALE				TOTAL
	AFRICAN	COLOURED	INDIAN	WHITE	AFRICAN	COLOURED	INDIAN	WHITE	
TOP MANAGEMENT (14 – 16)	1	0	0	0	1	0	0	0	2
SENIOR MANAGEMENT (13)	0	0	0	0	1	0	0	0	1
PROFESSIONALLY QUALIFIED AND EXPERIENCED SPECIALISTS AND MID – MANAGEMENT (9-12)	4	0	0	0	6	0	0	1	11
SKILLED TECHNICAL AND ACADEMICALLY QUALIFIED WORKERS, JUNIOR MANAGEMENT, SUPERVISORS, FOREMAN AND SUPERINTENDENTS (6 – 8)	9	0	0	1	6	0	0	0	16
SEMI SKILLED AND DISCRETIONARY DECISION MAKING (3-5)	3	0	0	0	9	0	0	0	12
UN SKILLED AND DEFINED DECISION MAKING (1 – 2)	2	0	0	0	0	0	0	0	2
TOTAL	19	0	0	1	23	0	0	1	44



TABLE 6.4 PROMOTIONS

OCCUPATIONAL BANDS	MALE				FEMALE				TOTAL
	AFRICAN	COLOURED	INDIAN	WHITE	AFRICAN	COLOURED	INDIAN	WHITE	
TOP MANAGEMENT (14 – 16)	1	0	0	0	1	0	0	1	3
SENIOR MANAGEMENT (13)	2	0	0	2	1	0	0	0	5
PROFESSIONALLY QUALIFIED AND EXPERIENCED SPECIALISTS AND MID – MANAGEMENT (9 – 12)	4	0	0	2	4	0	0	1	11
SKILLED TECHNICAL AND ACADEMICALLY QUALIFIED WORKERS, JUNIOR MANAGEMENT, SUPERVISORS, FOREMAN AND SUPERINTENDENTS (6 – 8)	7	0	0	1	4	0	0	1	13
SEMI SKILLED AND DISCRETIONARY DECISION MAKING (3 – 5)	0	0	0	0	1	0	0	0	1
UN SKILLED AND DEFINED DECISION MAKING (1 – 2)	0	0	0	0	0	0	0	0	0
TOTAL	14	0	0	5	11	0	0	3	33



TABLE 6.5 TERMINATIONS

OCCUPATIONAL BAND	MALE				FEMALE				TOTAL
	AFRICAN	COLOURED	INDIAN	WHITE	AFRICAN	COLOURED	INDIAN	WHITE	
TOP MANAGEMENT (14 – 16)	0	0	0	0	0	0	0	0	0
SENIOR MANAGEMENT (13)	0	0	0	0	0	0	0	0	0
PROFESSIONALLY QUALIFIED AND EXPERIENCED SPECIALISTS AND MID – MANAGEMENT (9 – 12)	1	0	0	1	1	0	0	0	2
SKILLED TECHNICAL AND ACADEMICALLY QUALIFIED WORKERS, JUNIOR MANAGEMENT, SUPERVISORS, FOREMAN AND SUPERINTENDENTS (6 – 8)	7	1	0	4	3	0	0	3	18
SEMI SKILLED AND DISCRETIONARY DECISION MAKING (3 – 5)	1	0	0	0	5	0	0	0	6
UN SKILLED AND DEFINED DECISION MAKING (1 – 2)	0	0	0	0	0	0	0	0	0
TOTAL	9	1	0	5	9	0	0	3	26

TABLE 6.6 DISCIPLINARY ACTION

OCCUPATIONAL BANDS	MALE				FEMALE				TOTAL
	AFRICAN	COLOURED	INDIAN	WHITE	AFRICAN	COLOURED	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	0	0	0	0	0	0	0	0	0
DISMISSAL	0	0	0	0	0	0	0	1	1
TOTAL	1	0	0	0	0	0	0	1	2



TABLE 6.7 SKILLS*

OCCUPATIONAL CATEGORIES	MALE				FEMALE				TOTAL
	AFRICAN	COLOURED	INDIAN	WHITE	AFRICAN	COLOURED	INDIAN	WHITE	
LEGISLATORS, SENIOR OFFICIALS AND MANAGERS	Financial Management Project Management Computer Skills Labour Relations Skills Supply Chain Management Leadership	0	0	Financial Management Project Management Management Computer Skills Labour Relations Skills Supply Chain Management Leadership	Financial Management Project Management Management Computer Skills Supply Chain Management Leadership	Financial Management Project Management Management Computer Skills Supply Chain Management	0	Financial Management Project Management Management Computer Skills Supply Chain Management	0
PROFESSIONALS	0	0	0	0	0	0	0	0	0
TECHNICIANS AND ASSOCIATE PROFESSIONALS	0	0	0	0	0	0	0	0	0
CLERKS	Financial Management Project Management Computer Skills Communication Meeting Procedures Organising and Planning Report Writing Supply Chain Management LOGIS HSS BAS	Financial Management Project Management Computer Skills Communication Meeting Procedures Organising and Planning Report Writing Supply Chain Management LOGIS HSS BAS	Project Management Computer Skills HSS	Financial Management Project Management Computer Skills Communication Meeting Procedures Organising and Planning Report Writing Supply Chain Management LOGIS HSS BAS	Financial Management Project Management Management Computer Skills Communication Meeting Procedures Organising and Planning Report Writing Supply Chain Management LOGIS HSS BAS	Financial Management Project Management Management Computer Skills Communication Meeting Procedures Organising and Planning Report Writing Supply Chain Management LOGIS HSS BAS	0	Financial Management Project Management Management Computer Skills Communication Meeting Procedures Organising and Planning Report Writing Supply Chain Management LOGIS HSS BAS	0
SERVICES AND SALES WORKERS	0	0	0	0	0	0	0	0	0
SKILLED AGRICULTURE AND FISHERY WORKERS	0	0	0	0	0	0	0	0	0
CRAFT AND RELATED TRADE WORKERS	0	0	0	0	0	0	0	0	0
PLANT AND MACHINE OPERATORS AND ASSEMBLERS	0	0	0	0	0	0	0	0	0
ELEMENTARY OCCUPATIONS	0	0	0	0	0	0	0	0	0
TOTAL	0	0	0	0	0	0	0	0	0
EMPLOYEES WITH DISABILITIES	0	0	0	0	0	0	0	0	0



PART 7 PERFORMANCE REWARDS

TABLE 7.1 PERFORMANCE REWARDS BY RACE, GENDER AND DISABILITY – level 1-16

	BENEFICIARY PROFILE			COST	
	NUMBER OF BENEFICIARIES	TOTAL NUMBER OF EMPLOYEES IN GROUP	% OF TOTAL WITHIN GROUP	COST	AVERAGE COST PER EMPLOYEE BENEFITTED
AFRICAN	108	195	55%	R 270 636 – 98	R 2505 – 90
MALE	62	110	56%	R 136051 – 56	R 2194 – 38
FEMALE	46	85	54%	R 134 585 – 42	R 2925 – 77
ASIAN	1	2	50%	R 0	0
MALE	0	0	0	R 0	0
FEMALE	0	2	0	R 0	0
COLOURED	5	5	100%	R 20 728 – 86	R 4145 – 77
MALE	1	1	100%	R 8956 – 56	R 8956 – 56
FEMALE	4	4	100%	R 11 772 – 30	R 2943 – 08
WHITE	99	118	84%	R 695 074 – 80	R 7020 – 96
MALE	38	49	78%	R 301 281 – 96	R 7928 – 47
FEMALE	61	69	88%	R 393 792 84	R 6455 – 62
EMPLOYEES WITH DISABILITY	4	6	67%	R 18 524 – 72	R 4631 – 18
TOTAL	213	320	67%	R 986 440 – 64	R4631 – 18

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	7	12	58%	R 11 593 – 92	R 1656 – 27	0.02%
SKILLED LEVELS 3-5	42	59	71%	R 61 921 – 94	R 1474 – 33	0.10%
HIGHLY SKILLED PRODUCTION LEVEL 6-8	122	145	84%	R 580 650 – 72	R 4759 – 43	0.96%
HIGHLY SKILLED SUPERVISION 9-12	42	82	51%	R 374 912 – 94	R 8926 – 50	0.62%
TOTAL	213	296	72%	R 1 029 079 – 52	R 16 816 – 53	1.7%



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 (BENEFICIARY)
INFORMATION TECHNOLOGY	4	6	66.67%	R 18 639 – 90	R 4659 – 98
ORGANISATIONAL DEVELOPMENT	2	5	40%	R 5117 – 25	R 2558 – 63
TECHNICAL/ENGINEERING RELATED ADVISORY SERVICES	16	0	0	R 82 597 – 50	R 5162 – 34
FINANCE	33	44	75%	R 150 805 – 50	R 4569 – 86
TOTAL	55	55		R 257 160 – 15	R 4675 – 64

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

SALARY BANDS	BENEFICIARY PROFILE			TOTAL COST	AVERAGE COST PER EMPLOYEE	
	NUMBER OF BENEFICIARIES	NUMBER OF EMPLOYEES	% OF TOTAL WITHIN SALARY BANDS			
13-16	4	22	18.18%	R 151 064 – 16	R 37 766 – 04	0.25%
TOTAL	4	22	18.18%	R 151 064 – 16	R 37 766 – 04	0.25%



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 2004 TO 31 DECEMBER 2004

TABLE 9.1 SICK LEAVE JANUARY 2004 TO DECEMBER 2004

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
LOWER SKILLED LEVELS 1-2	152	86.8%	20	8.2%	8	22	244
SKILLED LEVELS 3-5	368	80.4%	46	18.9%	8	78	244
HIGHLY SKILLED PRODUCTION LEVELS 6-8	1060	79.6%	127	52%	8	381	244
HIGHLY SKILLED SUPERVISION LEVELS 9-12	290	69.7%	46	18.9%	6	204	244
SENIOR MANAGEMENT LEVELS 13-16	16	100%	5	2%	3	26	244
TOTAL	1886	79%	244	100%	8	711	244

TABLE 9.2 DISABILITY LEAVE (TEMPORARY AND PERMANENT) 1 JANUARY 2004 TO 31 DECEMBER 2004

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-	0	0	0	0	0	0	0	0
HIGHLY SKILLED PRODUCTION LEVELS 6-8	132	100%	22		6	32456.15	132	22
HIGHLY SKILLED SUPERVISION LEVELS 9-1	82	100%	3		13 and 56x1	23045.59 and 24953.96	82	3
SENIOR MANAGEMENT LEVELS 13-16	0	0	0	0	0	0	0	0
TOTAL	214		25			80455.70	214	25



TABLE 9.3 LEAVE PAYOUTS FOR THE PERIOD 1 APRIL 2004 TO 31 MARCH 2005

REASON	TOTAL AMOUNT (R'000)	NUMBER OF EMPLOYEES	AVERAGE PAYMENT PER EMPLOYEE
CAPPED LEAVE PAYOUTS ON TERMINATION OF SERVICE FOR 2004/2005	37	9	4111
CURRENT LEAVE PAYOUT ON TERMINATION OF SERVICE FOR 2004/2005	18	8	2250
TOTAL	55	17	3235



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.
No particular occupational class or categories of employees are by nature of their work dangerously exposed to the of contracting HIV/AIDS	This department has no occupational categories whose nature exposes its employees to the risks associated with 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	Yes. Mr TS Mokoena Chief Director: Corporate Services	N/A	MR. T. S MOKOENA: CHIEF DIRECTOR ADMINISTRATIVE SUPPORT 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	Yes. Two employees are designated to promote health and well being of staff, viz. Special Programme Officer and Employee Assistance Programme Coordinator. Budget for these programmes is normally included in the run of the mill activities. With the establishment of these two units a separate budget will be available.	N/A	N/A
HAS THE DEPARTMENT INTRODUCED AN EMPLOYEE ASSISTANCE OR HEALTH PROMOTION PROGRAMME FOR YOUR EMPLOYEES? IF SO, INDICATE THE KEY ELEMENTS/SERVICES OF THIS PROGRAMME	Yes. The programme addresses substance abuse, stress and depression, death of employees inter alia and coordinates reference for troubled employees.	N/A	N/A
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	Yes. G Silingile, M Moshodi, D Mkgadi, S London, T Makasane. These are all internal stakeholders in the committee.	N/A	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	Yes. Provincial Human Resource Management policies ensure non-discrimination of HIV positive employees and prospective employees.	N/A	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	Yes. On disclosure of status and confidentiality for those infected.	N/A	SAME AS ABOVE
DOES THE DEPARTMENT ENCOURAGE ITS EMPLOYEES TO UNDERGO VOLUNTARY COUNSELING AND TESTING? IF SO, LIST THE RESULTS THAT YOU HAVE ACHIEVED	Yes. 20 employees have undergone VCT training. Two trained counsellors have disclosed status and are utilized to counsel the affected and infected.	N/A	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	N/A	No. Will receive attention.	N/A



PART 11 LABOUR RELATIONS

TABLE 11.1 COLLECTIVE AGREEMENTS 1 APRIL 2004 TO 31 MARCH 2005

SUBJECT MATTER	DATE
NONE	-----

TABLE 11.2 MISCONDUCT AND DISCIPLINARY HEARINGS FINALISED 1 APRIL 2004 TO 31 MARCH 2005

OUTCOMES OF DISCIPLINARY HEARINGS	NUMBER	% OF TOTAL
CORRECTIONAL COUNSELING	10	3.1%
VERBAL WARNINGS	10	3.1%
WRITTEN WARNING	0	0
FINAL WRITTEN WARNING	2	0.6%
SUSPENDED WITHOUT PAY	0	0
FINE	0	0
DEMOTION	0	0
DISMISSAL	1	0.3%
NOT GUILTY	2	0.6%
CASE WITHDRAWN	1	0.3%
TOTAL	26	8.1%

TABLE 11.3 TYPES OF MISCONDUCT ADDRESSED AT DISCIPLINARY HEARINGS

TYPE OF MISCONDUCT	NUMBER	% OF TOTAL
FRAUD AND THEFT	0	0
CODE OF CONDUCT	2	0.6%
ABUSE OF GOVERNMENT PROPERTY	0	0
ABSENTEEISM	1	0.3%
TOTAL	3	0.9%

TABLE 11.4 GRIEVANCES LODGED FOR THE PERIOD 1 APRIL 2004 TO 31 MARCH 2005

	NUMBER	% OF TOTAL
NUMBER OF GRIEVANCES RESOLVED	39	12.19%
NUMBER OF GRIEVANCES NOT RESOLVED	0	0
TOTAL NUMBER OF GRIEVANCES LODGED	39	12.19%



TABLE 11.5 DISPUTES LODGED WITH COUNCILS FOR THE PERIOD 1 APRIL 2004 TO 31 MARCH 2005

	NUMBER	% OF TOTAL
NUMBER OF DISPUTES UPHELD	4	1.3%
NUMBER OF DISPUTES DISMISSED	0	0
TOTAL NUMBER OF DISPUTES LODGED	4	1.3%

TABLE 11.6 STRIKE ACTIONS FOR THE PERIOD 1 APRIL 2004 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 2004 TO 31 MARCH 2005

NUMBER OF PEOPLE SUSPENDED	0
NUMBER OF PEOPLE WHOSE SUSPENSION EXCEEDED 30 DAYS	0
AVERAGE NUMBER OF DAYS SUSPENDED	0
COST OF SUSPENSIONS	0

- 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

APRIL 2004 TABLE 12. 1 TRAINING NEEDS IDENTIFIED 1 TO 31 APRIL 2005

OCCUPATIONAL CATEGORIES	GENDER	NUMBER OF EMPLOYEES AS AT 1 APRIL 2004	TRAINING NEEDS IDENTIFIED AT START OF REPORTING PERIOD			TOTAL
			LEADERSHIPS	SKILLS PROGRAMMES AND OTHER SHORT COURSES	OTHER FORMS OF TRAINING	
LEGISLATURES, SENIOR OFFICIALS AND MANAGERS	FEMALE	32	Executive Development Programme	Financial Management Project Management Computer Skills Negotiation skills	N/A	13
	MALE	59	Executive Development Programme	Financial Management Project Management Computer Skills Negotiation skills	N/A	11
PROFESSIONALS	FEMALE	N/A	N/A	N/A	N/A	9
	MALE	N/A	N/A	N/A	N/A	N/A
TECHNICIANS AND ASSOCIATE PROFESSIONALS	FEMALE	N/A	N/A	N/A	N/A	N/A
	MALE	N/A	N/A	N/A	N/A	N/A
CLERKS	FEMALE	121	Supervisory Development Programme	Financial Management Project Management Computer Skills Negotiation skills Communication Meeting Procedures Organising and Planning Time Management Report Writing Typing Skills LOGIS HSS BAS	N/A	14



CLERKS (continued)	MALE	178	N/A	Financial Management Project Management Computer Skills Negotiation skills Communication Meeting Procedures Organising and Planning Time Management Report Writing Typing Skills LOGIS HSS BAS	N/A	N/A
SERVICE AND SALES WORKERS	FEMALE	N/A	N/A	N/A	N/A	N/A
	MALE	N/A	N/A	N/A	N/A	N/A
SKILLED AGRICULTURE AND FISHERY WORKERS	FEMALE	N/A	N/A	N/A	N/A	N/A
	MALE	N/A	N/A	N/A	N/A	N/A
CRAFT AND RELATED TRADES WORKERS	FEMALE	N/A	N/A	N/A	N/A	N/A
	MALE	N/A	N/A	N/A	N/A	N/A
PLANT AND MACHINE OPERATORS AND ASSEMBLERS	FEMALE	N/A	N/A	N/A	N/A	N/A
	MALE	N/A	N/A	N/A	N/A	N/A
ELEMENTARY OCCUPATIONS	FEMALE	N/A	N/A	N/A	N/A	2
	MALE	N/A	N/A	N/A	N/A	2
SUB TOTAL	FEMALE	N/A	N/A	N/A	N/A	N/A
	MALE	N/A	N/A	N/A	N/A	N/A
TOTAL		390				51

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



TABLE 12.2 TRAINING PROVIDED FROM 1 APRIL 2004 TO 31 MARCH 2005

OCCUPATIONAL CATEGORIES	GENDER	NUMBER OF EMPLOYEES AS AT 1 APRIL 2004	TRAINING NEEDS IDENTIFIED AT START OF REPORTING PERIOD			TOTAL
			LEADERSHIPS	SKILLS PROGRAMMES AND OTHER SHORT COURSES	OTHER FORMS OF TRAINING	
LEGISLATURES, SENIOR OFFICIALS AND MANAGERS	FEMALE	15	Executive Development Programme	Financial Management Project Management Computer Skills Labour Relations Skills Supply Chain Management	N/A	14
	MALE	33	Executive Development Programme	Financial Management Project Management Computer Skills Labour Relations Skills Supply Chain Management	N/A	11
PROFESSIONALS	FEMALE	N/A	N/A	N/A	N/A	9
	MALE	N/A	N/A	N/A	N/A	N/A
TECHNICIANS AND ASSOCIATE PROFESSIONALS	FEMALE	N/A	N/A	N/A	N/A	N/A
	MALE	N/A	N/A	N/A	N/A	N/A
CLERKS	FEMALE	86	N/A	Financial Management Project Management Computer Skills Communication Meeting Procedures Organising and Planning Report Writing Supply Chain Management LOGIS HSS BAS	N/A	N/A



CLERKS (continued)	MALE	98	N/A	Financial Management Project Management Computer Skills Communication Meeting Procedures Organising and Planning Report Writing Supply Chain Management LOGIS HSS BAS	N/A	N/A
SERVICE AND SALES WORKERS	FEMALE	N/A	N/A	N/A	N/A	N/A
	MALE	N/A	N/A	N/A	N/A	N/A
SKILLED AGRICULTURE AND FISHERY WORKERS	FEMALE	N/A	N/A	N/A	N/A	N/A
	MALE	N/A	N/A	N/A	N/A	N/A
CRAFT AND RELATED TRADES WORKERS	FEMALE	N/A	N/A	N/A	N/A	N/A
	MALE	N/A	N/A	N/A	N/A	N/A
PLANT AND MACHINE OPERATORS AND ASSEMBLERS	FEMALE	N/A	N/A	N/A	N/A	N/A
	MALE	N/A	N/A	N/A	N/A	N/A
ELEMENTARY OCCUPATIONS	FEMALE	N/A	N/A	N/A	N/A	1
	MALE	N/A	N/A	N/A	N/A	1
SUB TOTAL	FEMALE	N/A	N/A	N/A	N/A	N/A
	MALE	N/A	N/A	N/A	N/A	N/A
TOTAL		232				36



PART 13 INJURY ON DUTY

TABLE 13.1 INJURY ON DUTY 1 APRIL 2004 TO 31 MARCH 2005

NATURE OF INJURY ON DUTY	NUMBER	% OF TOTAL
REQUIRED BASIC MEDICAL ATTENTION ONLY	4	1.3%
TEMPORARY TOTAL DISABLEMENT	0	0
PERMANENT DISABLEMENT	0	0
FATAL	0	0
TOTAL	4	1.3%



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	CONTRACT VALUE IN RAND
Establishment of Supply Chain Management	Ernest & Young	R 95 646.00
Preparation of the Financial Statements	Ernest & Young	R 49 500.00
	KPMG	R 597 190.94
Study of concerned groups apparent at Local Government: Memel, Vrede, Warden, Harrismith, Kestell	Advocate Mdladla	R 377 639.95
Training course for Forensic Investigation	University of the Free State	R 237 000.00
Setsoto	Gcabashe	R 249 343.32
Phumelela	Majuvu & Ass	R 221 997.90
Lejweleputswa	Majuvu & Ass	R 384 203.94
BAUD System	PWC	R 200 238.73
Fraud Prevention Plan	PWC	R 883.50

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

PROJECT TITLE	% OWNERSHIP BY HDI GROUPS	% MANAGEMENT BY HDI GROUPS	NUMBER OF CONSULTANTS FROM HDI GROUP
0	0	0	0



NOTES

Lined writing area for notes, overlaid on a background image of a child in a field.

NOTES



Lined writing area for notes, overlaid on a background image of a young boy in a field.



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