



cogta

Department:
Co-operative Governance and Traditional Affairs
PROVINCE OF KWAZULU-NATAL

*Working together to make Co-operative Governance
Everybody's Business*



Annual Report

2011/2012

People centred sustainable co-operative governance, which focuses on effective service delivery responsive to the needs of the community.

Submitting the Annual Report to the Minister

Ms N Dube

MEC for Co-operative Governance and Traditional Affairs - KZN

I have the honour of submitting the Annual Report of the *Department of Co-operative Governance and Traditional Affairs* for the period 1 April 2011 to 31 March 2012.



Ms DN Qhobosheane

31 May 2012



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Section 1: General Information



1. GENERAL INFORMATION

Vision, Mission and Values

Vision

The vision of the department is “People centered sustainable co-operative governance, which focuses on effective service delivery responsive to the needs of the community”

Mission

To strengthen cooperation amongst all spheres of government, support and build capacity of local governance institutions, facilitate and coordinate stakeholder engagement, in pursuance of people-centered, accelerated service delivery

Values

Value	Definition
Transparency, integrity, professionalism and objectivity	Allowing service beneficiaries and staff to ask questions and responding to their enquiries honestly, frankly and timely
A high standard of fiscal discipline and accountability	All expenditure be accounted for and be aligned to departmental objectives
Value for money	Adding value to the lives of service beneficiaries
Open communication and consultation	Listening to and taking account of the views and paying heed to the needs of service beneficiaries when deciding what services should be provided.
Respect for staff and investment in them as a valued asset	Treating staff with consideration and respect and assign development programmes in line with the departments objectives and providing a wellness programme.
Recognition of performance excellence	Rewarding and recognising staff for good performance
Service excellence through teamwork, sound planning and committed implementation	Support programmes developed by the Department are designed and monitored to have impact on service beneficiaries



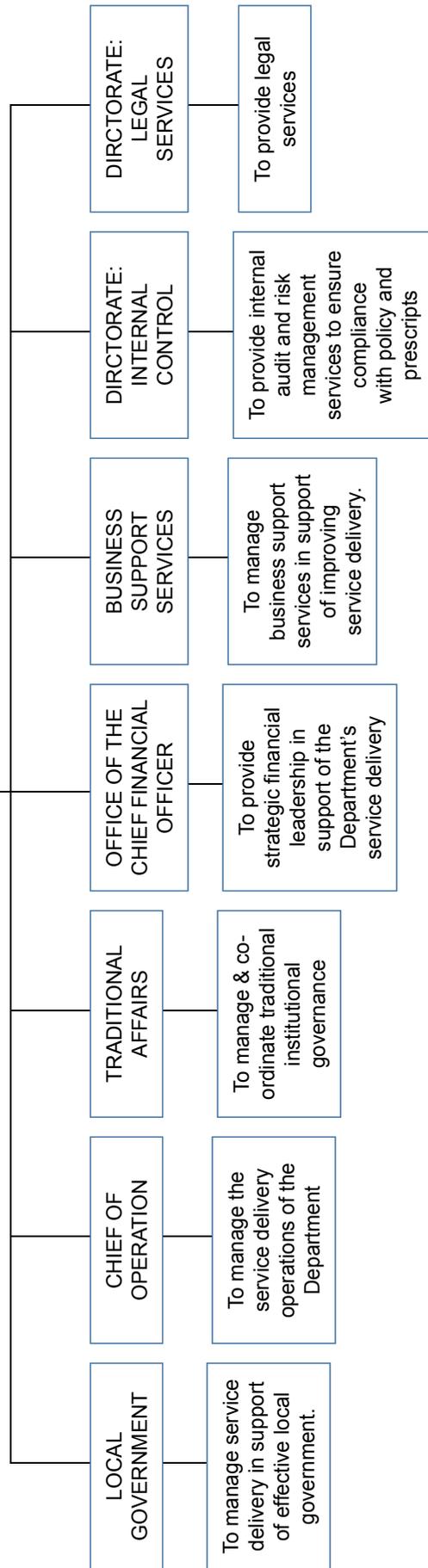
APPROVED ORGANISATION AND POST ESTABLISHMENT OF THE DEPARTMENT OF CO-OPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS – KWAZULU-NATAL

HEAD OF DEPARTMENT OF CO-OPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS

PURPOSE: To manage the refocusing of local government towards accelerated basic service delivery.

FUNCTIONS:

1. Provide strategic support to the HOD.
2. Manage the service delivery operations of the Department.
3. Provide strategic financial leadership in support of the Department's service delivery
4. Provide internal audit and risk management services to ensure compliance with policy and prescripts
5. Provide legal services



Legislative Mandate

The legislative mandate of KZN CGTA is presented below by summarizing the relevant sections of the Constitution, general legislation relevant to the Department in terms of its function, general legislation for the running of departments and lastly legislation relevant to municipalities.

Constitutional mandate

Chapter 3 of the **Constitution of the Republic of South Africa** determines that the three spheres of government in the Republic are distinctive, inter-dependent and interrelated. The principles of co-operative government and intergovernmental relations in terms of the Constitution are:

- preserve the peace, national unity and the indivisibility of the Republic;
- secure the well-being of the people of the Republic;
- provide *effective, transparent, accountable and coherent government* for the Republic as a whole;
- be loyal to the Constitution, the Republic and its people;
- *respect the constitutional status, institutions, powers and functions of government in the other spheres;*
- *not assume any power or function except those conferred on them in terms of the Constitution;*
- exercise their powers and perform their functions in a manner that *does not encroach on the geographical, functional or institutional integrity of government in another sphere;* and
- *co-operate with one another in mutual trust and good faith by*
 - fostering friendly relations;
 - assisting and supporting one another;
 - informing one another of, and consulting one another on, matters of common interest;
 - co-coordinating their actions and legislation with one another;
 - adhering to agreed procedures;
 - and avoid legal proceedings against one another.
- In addition to these principles, the Constitution defines a number of key duties for provincial departments responsible for local government:
 - Support (S154 and S155)
 - Intervention (S139)
 - Monitoring (S155)

Legislation

These Constitutional imperatives are then taken forward in a number of pieces of legislation.

(i) **General legislation for departments dealing with local government and traditional affairs**

The main pieces of legislation pertaining to the local government system are:

- Municipal Systems Act
- Municipal Structures Act
- Municipal Financial Management Act
- Traditional Leadership and Governance Framework Act
- Intergovernmental Framework Relations Act
- Disaster Management Act



It is important to note that these pieces of legislation have their “policy home” in the White Paper on Developmental Local Government which was published in 1998. This identifies a number of roles and roles and functions for provincial departments of local government:

- Strategic
- Development
- Inter-governmental
- Regulatory
- Institutional development and capacity-building
- Fiscal
- Monitoring
- Intervention

(ii) Specific legislation for KZN CGTA

There are a number of pieces of legislation which are specific to the Department of CGTA in KZN:

KwaZulu-Natal Traditional Leadership and Governance Act (Act no. 3 of 2005) as amended (KwaZulu-Natal Traditional Leadership and Governance Amendment Act (Act No. 9 of 2007). KwaZulu-Natal Planning and Development Act. This new legislation establishes a statutory framework for the transformation of spatial planning and land use management policies, frameworks and systems throughout the Province. The focus of the Department will therefore be on the establishment of District Wide Development Planning Shared Services to ensure that the municipalities will have access to the required planning competency and capacity to implement this new framework.

(iii) General legislation for running of departments

Some general pieces of legislation are applicable to all provincial departments within KZN, as illustrated below:

- The Public Finance Management Act (Act no. 1 of 1999)
- Treasury Regulations
- The KwaZulu-Natal Supply Chain Management Policy Framework
- Public Service Regulations
- Division of Revenue Act

(iv) Legislation for municipalities

Lastly, in addition to the above, there are some specific pieces of legislation which apply specifically to municipalities:

- The Pounds Act
- The Development Facilitation Act
- Municipal Property Rates Act, 2004 (Act No. 6 of 2004)
- Water Services Act
- Cemeteries and Crematoria Act
- Communal Land Rights Act



Entities Reporting to the Minister

The following entities report to the MEC for Co-operative Governance and Traditional Affairs - KZN:

Name of entity	Legislation	Nature of Business
Umsekeli Municipal Support Services	Proclamation 100/1996	To assist the Department in its constitutional obligation to support municipalities in their daily execution of their functions. The entity has since undergone a process of closure, and all functions undertaken by the department.
Provincial Planning and Development Commission	Section 5 of Town Planning Ordinance, No.27 of 1949	To advise the Minister on planning and development matters generally, conduct research and assist in the formulation of policies, standards and guidelines on provincial, regional and local planning and development. This entity has been winded up as of November 2010, as all planning will now become the responsibility of the Local Municipalities with the implementation of the KZN Planning and Development Act
Kwa Zulu Natal Provincial House of Traditional Leaders	Was established on the 15 August 2006, in terms of Section 33(6) of the KwaZulu-Natal Traditional Leadership and Governance Act, 2005 (Act No. 5 of 2005)	The House comprises of representatives from 11 Local Houses, a representative of Isilo and three Amakhosi from Umzimkhulu. The House has 10 executive committee members and 3 representatives to the National House of Traditional Leaders



MEC's Statement

2011/12 ANNUAL REPORT FOREWORD BY THE MEC FOR CO-OPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS IN KWAZULU-NATAL, HONOURABLE NOMUSA DUBE



This annual report covers a year of further significant milestones with regards to the mandate of the Provincial Government of KwaZulu-Natal to improve the sphere of local government and the institution of traditional leadership towards lasting development and growth.

Since adopting the new attitude to conduct our business unusually, we have increasingly witnessed a paradigm shift in our municipalities and traditional leadership, in the form of sustained improvements in municipal administration, governance and performance as well as a rise in efforts to dignify and develop traditional leaders and their support structures.

At the core of these strides is the consistent ability of the Department of Cooperative Governance and Traditional Affairs in the province and its staff to innovate in order to turn around the fortunes of our people in municipal and traditional spaces.

Informed by the tenet that it is in this sphere of Local Government and Traditional Affairs where the triple ills of poverty, inequality and unemployment manifest themselves in the most glaring manner, we have in the year under review embarked on an accelerated commitment to eradicate the dearth in service delivery which was caused by evidence of poor workmanship at local government level.

We have taken a strong stand against corruption and other ills that sought to undermine service delivery. We have put in place a range of structures, policies and procedures which enhance governance through improved oversight and decision making, and, more significantly, we have monitored compliance regularly. Accordingly, we note that the Auditor-General has showered our province with accolades and recognised our municipalities as the best governed in the country.

Through our support interventions, we have facilitated improvement in the delivery of infrastructure to historically disadvantaged communities. Substantial employment opportunities have been created through the Municipal Infrastructure Grant (MIG) and Massification programmes.

But most importantly, our endeavours in the year under review have been made at the critical period when we hosted the local government elections and, additionally, the epoch making traditional council elections as well as subsequent ensuring that the transition therefrom was enabling for the incoming incumbents to take the baton and continue to up the pace in working for the betterment of our communities. Through our mobilization campaigns, support efforts both prior and post



the elections, the local government as well as the traditional council polls became a resounding success, and for the first time, we generated interest on the latter given that it was a unique brand of elections to society at large.

In ensuring the functionality of the Institution of Traditional Leadership, the department has purchased tools of trade for traditional leaders as well as a pioneering leadership study programme. The department has continued to press ahead with the programme to build respectable work residences (Imizi yezizwe) for traditional communities.

While we recognise the achievements made through our humble collective effort, we are, however, under no illusion about the importance of the work that still needs to be done.



MS NOMUSA DUBE, MPL

Mec for Co-operative Governance and Traditional Affairs
KwaZulu-Natal Provincial Government



Accounting Officer's Overview

During the 2011/2012 financial year, the Department worked tirelessly with Municipalities and Amakhosi in ensuring that people within the Province of KwaZulu-Natal get services that contribute to the improvement in the quality of their lives.

The Department, in conjunction with the Independent Electoral Commission and other Sector Departments, ensured the successful organisation of the Local Government Elections. All municipalities were supported at the first council meetings as per the post-election plan. Furthermore, a Handbook for Councillors as well as eight (8) modules was produced to support councillor empowerment.

The Department supported the Municipal Demarcation Board with its Municipal Capacity Assessment (MCA). Hands-on support was provided to those municipalities which experienced technical difficulties in completing the MCA. All municipalities received a workshop on the Municipal Turn-Around Strategy (MTAS) and individual support sessions held with some municipalities to finalise their MTAS action plans. The Department also assisted National DCOG to roll-out the Municipal Infrastructure Support Agency programme to 23 municipalities within the Province. In addition, a comprehensive assessment of the status of municipal administrative and institutional systems for these municipalities was undertaken.

Eight identified Councils (decision-making structures) were given hands-on individual support with regards to Rules and Orders, Roles & Responsibilities and Delegation Systems. The following municipalities adopted the revised Rules & Orders as well as Roles and Responsibilities to enhance good governance in Council meetings and municipalities of Nongoma, Nquthu, Umhlabuyalingana, Jozini, Msinga, Umgungundlovu and Umsunduzi. The Roles & Responsibilities, aimed at enhancing good governance in municipalities, were adopted in the following municipalities: Nkandla, Hlabisa and Imbabazane. Due to effective, efficient and economical management of resources, two (2) additional municipalities (Umgungundlovu and Umsunduzi) were assisted in adopting revised Rules & Orders.

Twelve municipalities were supported with Business plans for the implementation of KZN Pounds Act. Assessment of Workplace Skills Plans was conducted for all 61 municipalities. Training on the process for Individual Performance Assessments as well as the constitution and functioning of the compulsory assessing committees in Provincial District Technical Advisory Committee Meetings was conducted in the following municipalities: Indaka, Umzinyathi, Umvoti, Msinga, Nquthu and Endumeni. Monitoring of submission of performance agreements was conducted, and the Mayors and Municipal Managers were made aware of the requirements in terms of the amendment to the Systems act, Act 7 of 2011.

The Department hosted monthly meetings to capacitate senior managers of all District Municipalities on the IGR Framework. Four District Inter-governmental Forums were given hands-on support and general support was given to all the District Inter-governmental Forums. Umkhanyakude received hands-on support to ensure that all IGR structures are fully functional.

Assessment was conducted to 61 Municipal Audit Outcomes and municipalities received continuous support from the department in conjunction with the Provincial Treasury and the Auditor General. The focus area was to enhance the functionality of the Audit Committees and GRAP 17 readiness. There has been a series of indirect support to municipalities to achieve unqualified audit reports, including support of Audit Committees, MPAC workshops, support of the Auditor General's programmes, financial assessments and recommendations to councils at the targeted municipalities. Financial assessments were undertaken at 8 municipalities. Five Municipalities received unqualified audits without matters of emphasis.

Various successful interventions were made to ensure that all the 61 municipalities submit their Annual Financial Statements on time (31 August 2011) to the Auditor-General.



Municipalities were supported in developing Infrastructure and Implementation Plans. A comprehensive report on the state of infrastructure in the province - which contains the status of service delivery (water, sanitation and electricity) - was produced during July 2011.

The Department conducted workshops on the Provincial Disaster Management Framework and distributed it to all stakeholders. This was aimed at improving their understanding of the contents as well as to ensure implementation as required. The implementation of the framework was monitored on an on-going basis. A needs analysis was conducted on the functionality of Disaster Management Centres.

Six Municipalities were identified for medium level support in respect of their Spatial Development Frameworks (SDFs). On-going discussions were held with municipalities on their SDFs. Support was provided to seven (7) municipalities through the Development Administration Municipal Support Programme.

Twenty-three (23) new corridor development projects were facilitated to attract private sector investment and to grow the economy. Due to the increased participation of members of the economic cluster in the corridor programme, high level interventions were brought on board and approved which resulted in the Department exceeding its originally set target. A total of 256 jobs were created through the Corridor Development programme in the 2011/2012 financial year. The Department secured counter funding from the IDC, DWA, Municipalities and the private sector, which contributed towards projects. The following municipalities secured counter funding arrangements for their interventions: Ilembe, eThekweni, uMgungundlovu, Hibiscus Coast, uMzumbi, Ingwe, KwaSani and Nquthu.

About 126 employment opportunities were created through the projects within the Small Town Rehabilitation Programme. Continuous support was provided to fast track implementation of projects in line with the approved implementation plans. Eleven projects were successfully completed, and close-out reports were received and verified.

Seven new towns were identified and approved for support in respect of the revitalisation of the PSEDS tertiary nodes. These towns included iMpindle, Weenen, Kokstad, Melmoth, Mbazwana, Underberg and uMzimkhulu. A workshop was held with the municipalities, and all confirmed their participation in the programme.

Municipalities were also supported to package LED projects in line with KZN priorities. Eleven (11) projects were packaged and approved. Grants were transferred for the implementation of all 10 projects, whilst the 11th project received only the first tranche payment. A Provincial Growth and Development Summit was held in Partnership with KZN DEDT and DAEA.

Support was provided to 263 Traditional Councils on the compilation and the maintenance of Traditional Council asset inventories. About 120 Traditional Councils were further supported on the implementation of financial practice notes. The Department helped improve capacity of Traditional Councils in managing their finances and assets. Furthermore, the Department successfully managed the elections of traditional councils. This enabled the smooth transition of Traditional Councils and their formalisation as per the KwaZulu-Natal Traditional Leadership and Governance Act of 2005. An induction manual was developed to ensure that the new Traditional Council members are aware of their roles and functions. To ensure the safekeeping of departmental records, the department developed an uBukhosi database. This database contains information on existing and former Amakhosi in the province.

With the incorporation of the traditional communities of Umzimkhulu into the province of KwaZulu-Natal, the Department supported Traditional Councils in Umzimkhulu to regularise their trust accounts. Umzimkhulu Traditional Councils were further supported through the Departmental task team in formalizing them as per the KwaZulu-Natal Traditional Leadership and Governance Act of 2005. The Department also conducted research on the background and the status of headmen and traditional leaders of Umzimkhulu to ensure that their transition and formalization is efficient. The Department established a provincial committee on dispute resolution.



To ensure that Amakhosi have adequate leadership for sustainable development, the Department in partnership with the University of KwaZulu-Natal developed a Leadership programme in which Amakhosi enrolled and graduated in February 2012. Amakhosi who graduated from the programme were given an opportunity to upgrade their qualification.

Amakhosi and traditional council secretaries were trained on computers applications to improve the administrative functions within traditional councils. Support was also provided to Ondlunkulu on the establishment of co-operatives, and they participated in the capacity building programme through orientation workshops. This aims to strengthen the Institution of traditional leadership and development of traditional communities.

In order to monitor disputes that affect developments in the community, an electronic database on disputes was developed. Members of the Provincial house and the local houses of traditional leaders were trained on their roles and functions to ensure that the district and provincial structures are run effectively. Support was provided to traditional councils in order to ensure that Ingonyama Trust land is managed in a sustainable manner. Through this support, the Department processed and demarcated residential, commercial and institutional land rights applications for various developments in Ingonyama Trust land.

About 260 Traditional Councils were supported with the alignment of their Land Use Management Systems (LUMS), with their respective municipal LUMS and 248 on the establishment and maintenance of their land use databases. The Empangisweni Traditional Administrative Centre was constructed. Through this centre, the department aims to support Traditional Institutions with the establishment of a conducive working headquarter and official residences. Government services were provided to the following Traditional Councils: Usuthu, Matheni, KwaKhoza, Nodwengu, Sigweje, Obuka, Madzikane, Ngcolosi, Ngome and Emandleni.

Municipalities received support on the establishment of sites concerning the implementation of the Community Works Programme and new councillors were orientated on CWP. In line with the Sukuma Sakhe ethos, twenty two (22) municipalities were identified for the creation of job opportunities through the CWP but due to financial limitations, 11 of them received support in implementing the programme. As a result, a total of 12157 job opportunities were created. Functional co-operatives were identified and linked up with the CWP. Participants were incorporated into the CWP Programme and 300 job opportunities associated with Co-operatives were created. The following eight (8) municipalities were identified for co-operative: Nkandla, Ndwedwe, Indaka, Okhahlamba, Ulundi, Nquthu, Imbabazane, and Abaqulusi. This support included training on co-operatives and the development of functional co-operative support plans.

At the Summit involving Local Government and Traditional Leadership held in December 2011, it was resolved that the Section 81 of the Municipal Structures Act of 1998 and related laws would need to be urgently implemented across the province as of the beginning of the next (financial) year, 2012/13. We are committed to making KwaZulu-Natal's Municipalities the pulse of service delivery excellence in South Africa.



Ms. D.N. Qhobosheane
Head of Department
Accounting Officer: Vote 11
Department of Cooperative Governance and Traditional Affairs



Section 2: Information on Predetermined Objectives



2. INFORMATION ON PREDETERMINED OBJECTIVES

2.1 Overall Performance

Departments should customize the framework and the content to reflect their own specific circumstances.

2.1.1 Voted Funds

Main Appropriation R'000	Adjusted Appropriation R'000	Actual Amount Spent R'000	(Over)/Under Expenditure R'000
1,138,289	1,155,995	1,106,022	50,091
Responsible MEC	MEC for Co-operative Governance and Traditional Affairs		
Administering Dept	Department of Co-operative Governance and Traditional Affairs		
Accounting Officer	Head of Department of Co-operative Governance and Traditional Affairs		

2.1.2 Aim of vote

The Department of Co-operative governance and traditional affairs will foster good governance, cooperative governance and sustainable development in Kwazulu-Natal through traditional and local government structures. This is underpinned by a professional approach, based on the Batho Pele principles.

2.1.3 Summary of Programmes

The Department had 6 programmes for the year 2011/12. The programmes are as follows:

PROGRAMME	SUB-PROGRAMME
1. Administration	1.1 Office of the MEC 1.2 Corporate Services
2. Local Governance	1.1 Municipal Administration 1.2 Municipal Finance 1.3 Public Participation 1.4 Municipal Infrastructure 1.5 Disaster Management
3. Development Planning	1.1 Spatial Planning 1.2 Development Administration 1.3 Municipal Strategic Planning 1.4 Provincial Planning and Development Commission (PPDC) 1.5 Special Projects
4. Traditional Institutional Management	1.1 Traditional Institutional Administration 1.2 Traditional Resource Administration 1.3 Traditional Land Administration



5. Urban and Rural Development	1.1 Community Development Worker 1.2 Rural Connectivity 1.3 Rural Development 1.4 Synergistic Partnerships 1.5 Urban Development
6. Capacity and Systems	6.1 Capacity Building 6.2 Monitoring & Evaluation 6.3 External Communication 6.4 Municipal & Traditional Institutional Transformation 6.5 Development Information System

2.1.4 Key strategic objectives

The department has four strategic goals with corresponding strategic objectives as listed below:

STRATEGIC GOALS	STRATEGIC OBJECTIVES
Sustained performance of institutions of local governance	<ul style="list-style-type: none"> • Effective support to Local Government and Traditional Institutions for strengthened governance. • Effective support to Local Government and Traditional Institutions for Clean Financial Management. • Effective support to Local Government and Traditional Institutions towards sustained and accelerated service delivery. • Effective support to Local Government and Traditional Institutions for effective integrated planning.
Strengthened co-operative governance	<ul style="list-style-type: none"> • Empowered stakeholder participation in government programmes at local level (stakeholders are communities including business and unions). • Improve cooperative governance between Provincial and local spheres for effective service delivery. • Improve participation of Traditional Institutions into the governance system.
Efficient and effective oversight	<ul style="list-style-type: none"> • Improved oversight of Local Government and Traditional Institutions in respect of governance and service delivery. • Effective Departmental monitoring, evaluation and reporting systems in respect of Local Government and Traditional Institutions. • Improved accountability of Local Government and Traditional Institutions to communities in respect of governance and service delivery.
Improved organizational capacity and proficiency of the Department and Ministry	<ul style="list-style-type: none"> • Improved management and accountability of financial, physical and human resources and systems for Department and Ministry.

2.1.5 Overview of the service delivery environment for 2011/12

The main focus of the department during the year under review was to effectively carry out its new mandate of co-ordinating service delivery horizontally and vertically across all spheres of government and organs of the state. In order to effectively carry out this mandate the department had to ensure that it involves all stakeholders and organs of



the state in planning matters at a local government level. There has been a massive improvement in the involvement of national and provincial departments and organs of state in IDP process in municipalities. The formation of the Provincial Planning Commission and the close working relation that the department enjoys with the Commission has been pivotal in the department's ability to carry out this service delivery co-ordinating mandate.

The focus of the department going forward is to develop focused and realistic Service Delivery Plans at district municipality level, which will be consolidated into a Provincial Service Delivery Plan in line with the Provincial Growth and Development Strategy with realistic milestones which will guide the social and economic infrastructure development, thereby creating a conducive environment for economic growth, whilst eradicating the service delivery backlogs.

The outcome of the local government elections held during the year under dictated that the department in partnership with SALGA and LGSETA had to develop a number of capacity building initiatives to orientate the newly elected councillors, since more than 70% of the councillors elected into the councils were first time councillors. On the same token this created an opportune moment for the department to drive the new mandate of development and implementation co-ordinated, realistic Service Delivery Plans from the IDP processes upwards.

2.1.6 Overview of the organisational environment for 2011/12

As dictated by the change in the mandate of the department, it was critical that all critical vacancies in the department undergo a process of recruitment in order to be better resourced with expertise and skills required in fulfilling the new mandate of the department. The year under review saw a number of posts at middle and senior management level being filled. A Human Resource Plan was also developed and approved in line with the human resource requirement of the department in order to inform all future personnel and succession planning in the department.

2.1.7 Key policy developments and legislative changes

The momentum gained with the new mandate dictated that a number of legislative changes be undergone in order to address matters of protocols and processes. During the year under review the Provincial Planning Commission finalised the Provincial Growth and Development Strategy, which became our guiding document as we co-ordinate the development of the IDPs and Service Delivery Plans. As a department we have started the process of amendment of the Act No 5 of 2005 on Traditional Governance in order to cater for the practical processes required in terms of co-operation from the traditional leaders in rural development.

The department has started a process of exploring the implementation of S81 of the Municipal Structures Act in order to enhance participation of the traditional leaders in municipalities. This will ensure participation of traditional leaders in the development of the communities over which they have jurisdiction and acceptance of development agencies as ambassadors of improvement of the lives of their communities.



2.1.8 Departmental revenue, expenditure, and other specific topics

	2009/10 Actual R'000	2010/11 Actual R'000	2011/12 Target R'000	2011/12 Actual R'000	% deviation from target
Sales of goods & services non capital assets	927	1,089	883	1,263	43
Sales of capital assets (Capital Revenue)	0	2,229	0	0	0
Machinery & equipment	0	2,229	0	0	0
Interest, dividend & rent on land	1,089	389	600	2,141	(257)
Financial transactions (Recovery of loans and advances)	927	1,915	600	555	(0.83)
TOTAL DEPARTMENTAL RECEIPTS	5,490	5,622	2,083	3,959	(90)

2.1.9 Conditional grants and earmarked funds

The department did not receive any conditional grants during the 2011/12 financial year.



2.2 Programme Performance

The activities of the Department of Co-operative Governance and Traditional Affairs - KZN are organized in the following programmes:

Programme 1: Administration

Programme 2: Local Governance

Programme 3: Development and Planning

Programme 4: Traditional Institutional Management

Programme 5: Urban and Rural Development

Programme 6: Systems and Institutional Development

Programme 1: Administration

Purpose: This programme is dedicated to all supporting services within the department as well as the Office of the Ministry and all special projects. The programme consists of two sub-programmes, namely Office of the MEC and Corporate Services.

Strategic Objectives: Improved management and accountability of financial, physical and human resources and systems for Department and Ministry.

Service Delivery Objectives and Indicators:

This programme is responsible for:-

- Provision of Human Resource Management including Labour Relations and the management of service benefits;
- Provision of Human Capital Development including the Departmental Wellness Programmes
- Provision of Auxiliary Services encompassing Transport, Security, Office Services and Occupational Health and Safety;
- Provision of an Information Communication Technology Service including the provision of information system, management of service level agreements with service providers and the provision of IT related resources; and
- Provision of Management Services encompassing Organisation and Work Study, Job Evaluation and Batho Pele Service Delivery initiatives and programmes.
- Provision of Financial Management support to the department

OFFICE OF THE MEC

The overall performance in implementing drafted policies and procedures related to administration, logistical support, Administrative support and appropriate legislation in the ministry has been successfully implemented. Consistent checks were performed on the implementation and adherence thereto.

The Corporate Communications unit guided by the Annual communications strategy implemented a total of 10 media briefings, issued a total of 55 media statements and press releases, produced 48 radio features and responded to 300 media enquiries and organized 89 public participation outreach programmes in line with the departments communication strategy.

The MEC held a total of 89 Public interaction engagements, where she interacted with communities in various districts across the province. Five Imbizos were organized where the



MEC interacted with communities mobilizing for participation in Local Government election and Traditional council elections. Amakhosi and councillor summits were also convened.

HUMAN RESOURCE ADMINISTRATION

A review of HR Plan was conducted and finalised. The Recruitment Plan was implemented.

AUXILIARY SERVICES

Ninety Nine percent (99%) of Buildings are safe and secure. Although the target of 100% was not met, all buildings are deemed to be safe and secure. Non-compliance is due to inherent defects of certain buildings. There has been a marked improvement due to the appointment of Safety Representatives and the training of Fire Marshalls and First Aiders.

Notwithstanding reduced funding, which impacts on the number of vehicles which can be replaced annually, the Department Fleet was maintained with 98% of the vehicles deemed to be roadworthy. 214 out of 218 are roadworthy.

INFORMATION COMMUNICATION TECHNOLOGY

The Master Systems Plan was implemented.

LEGAL SERVICES

All legal matters were attended to within the agreed norms and standards, and well within the set or agreed time frames. The Draft Bill on Traditional Leadership and Governance was drafted and submitted by the due date of 30 March 2012. All agreements, policies and litigation matters were dealt with as per the set time frames and norms and standards.

FINANCIAL MANAGEMENT

The Department met its financial statutory reporting requirements. These included the Procurement Plan, In Year Monitoring Schedules and other reports required by the Provincial Treasury.

INTERNAL CONTROL

A Strategic and Operational Risk Assessment was conducted on Business Units within the Department. Business Units were made aware of these risks and remedial actions were put in place to minimize them.



PROGRAMME (Sub-Programme)	DEPARTMENTAL STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	TARGETS 2011/12	PLANNED	ACTUAL	VARIANCE	> 20% variance	Reason for Variance
1. Administration 1.1. Office of the MEC	4.1. Improved management and accountability of financial, physical and human resources and systems for the Department and Ministry.	% compliance with set procedures and standards as per the Procedures Manual and appropriate legislation	100%	100%	100%	0%	0%	
		% projects implemented as per the approved Ministerial Strategic Plan	100%	100%	1	0%	0%	
		Number of strategies implemented for effective communication of the Ministry's and the Departmental initiatives	1	1	1	0	0%	
		Number of Imbizos held by the MEC, Mayors and Councillors	4	4	4	0	0%	
1. Administration 1.2. Corporate Services	4.1. Improved management and accountability of financial, physical and human resources and systems for the Department and Ministry.	Number of Human Resource Plans developed	1 Human Resource Plan	1	1	0	0%	
		% Departmental buildings/ offices that are maintained in terms of Occupational Health Safety Act.	100%	100%	99.00%	-1%	-1%	
		% vehicles that are roadworthy	80%	80%	98%	18%	23%	The lifting of the moratorium and the purchase of subsidized vehicles has increased the size of the fleet
		Number of Master Systems Plans reviewed and implemented annually	1	1	1	0	0%	
1. Administration 1.3. Financial Management	4.1. Improved management and accountability of financial, physical and human resources and systems for the Department and Ministry.	% legal matters attended to within the agreed norms and standards	100%	100%	100%	0%	0%	
		Number of programmes achieving 2% variance	6	6	0	-6	-100%	Unanticipated expenditure resulted in variances greater than 2%
		% compliance of AFS submissions by 31 May in terms of Section 40(1)(b) and (c) of the PFMA	100%	1	1	0	0%	
		Number of YMs submitted in terms of Section 40(4)(c) of the PFMA	12	12	12	0	0%	
1. Administration 1.4. Internal Control	4.1. Improved management and accountability of financial, physical and human resources and systems for the Department and Ministry.	Number of Preferential Procurement targets implemented	11	11	11	0	0%	
		Number of Asset Management Strategy implemented	1	1	0	-1	-100%	The Department is implementing the Provincial Treasury Strategy. Duplication was unnecessary.
		Number of internal Audit Plans developed and submitted	1	1	1	0	0%	
		Number of Strategic and Operational Risk Assessments conducted	1	1	1	0	0%	
		% compliance with high level Strategic and Operational risks	100%	100%	100%	0%	0%	
		Number of procedural risk assessment processes conducted	2	2	2	0	0%	
		% compliance with high level procedural risks	100%	100%	100%	0%	0%	
		Number of Fraud Prevention Strategies reviewed	1	1	1	0	0%	



Programme 2: Local Governance

Purpose: The purpose of this programme is to implement institutional, administrative and financial municipal framework, and to provide municipal infrastructure framework.

The programme consists of five sub-programmes which are detailed below, namely Municipal Governance and Administration, Municipal Finance, Public Participation, Disaster Management and Municipal Infrastructure.

Strategic Objectives: The following Strategic objectives are applicable to this programme:-

- Effective support to Local Government and Traditional Institutions for strengthened governance
- Improve cooperative governance between Provincial and Local spheres for effective service delivery
- Improved oversight of Local Government and Traditional Institutions in respect of governance and service delivery

Service Delivery Objectives and Indicators: This programme is responsible for:-

- Enhancing the oversight role of councillors and the division between the Executive and Administrative arms in a municipality.
- Provision of support to municipal governance structures to improve community participation and accessibility
- Ensuring sound financial management in all 61 municipalities in KwaZulu Natal
- Combating corruption, promoting ethics and ensuring accountability in all 61 municipalities in KwaZulu-Natal by 2014.
- Managing and co-ordinating municipal infrastructure development through facilitating municipal infrastructure investment planning, infrastructure development programme implementation and appropriate operation and maintenance in 61 municipalities
- Developing and improving disaster management capacity of 61 municipalities in order to deal with disaster occurrences in the province.

MUNICIPAL GOVERNANCE AND ADMINISTRATION

During the 2011/2012 financial year, the Department in conjunction with the Independent Electoral Commission, National Intelligence Agency, South African Local Government Association and other Sector Departments ensured the successful organisation of the Local Government Elections. All municipalities were supported at the first council meetings as per the post-election plan. These meetings were held to elect office bearers to the 61 municipalities. Furthermore, a Handbook for Councillors as well as 8 modules was produced to support councillor empowerment. The modules, in conjunction with LGSETA, will be accredited in the new financial year and will be rolled out as specialised training for specific portfolios. This aims to support municipalities with capacity building initiatives.

The Department supported the Municipal Demarcation Board with its Municipal Capacity Assessment (MCA). Hands on support were provided to those municipalities which experienced technical difficulties in completing the MCA. Ugu, uThukela and Umkhanyakude have been identified for longer term qualitative capacity assessment in the 2012/2013 financial year.

Vulnerable municipalities were given hands on support on their outstanding action plans and council resolutions. All municipalities received a workshop on the Municipal Turn Around Strategy (MTAS) and individual support sessions held with some municipalities to finalise their MTAS action plans. The Department also assisted National DCOG to roll-out the Municipal Infrastructure Support Agency



programme to 23 municipalities within the Province. In addition a comprehensive assessment of the status of municipal administrative and institutional systems for these municipalities was undertaken.

Municipal Governance and Administration experts were deployed to build capacity to the following eight (8) municipalities: uPhongolo, Amajuba, Indaka, Mpofana, uMshwathi, Ndwedwe, Maphumulo and Umzumbe. The focus areas were as follows:

- to enhance governance and to apply appropriate frameworks, policies and guidelines as reflected in each municipality's project plan;
- to provide support on Municipal Administration and HR policies;
- empowering of SCOPAs;
- assist with land disposal transactions, exhumation processes and;
- to ensure proper record keeping and a functional registry.

Eight identified Councils (decision-making structures) were given hands on individual support with regards to Rules and Orders, Roles & Responsibilities and Delegation Systems. The following municipalities adopted the revised Rules & Orders as well as Roles and Responsibilities to enhance good governance in Council meetings and municipalities: Nongoma, Nquthu, Umhlabuyalingana, Jozini, Msinga Umgungundlovu and Umsunduzi. The following municipalities adopted Roles & Responsibilities to enhance good governance in municipalities: Nkandla, Hlabisa and Imbabazane. Due to effective, efficient and economical management of resources 2 additional municipalities (Umgungundlovu and Umsunduzi) were assisted in adopting revised Rules & Orders.

Twelve municipalities were supported with Business plans for the implementation of KZN Pounds Act. All municipalities were provided with a generic copy of the Recruitment Policy for consideration and adoption by councils. Assessment of Workplace Skills Plans was conducted for all 61 municipalities. The following municipalities were trained on the process for Individual Performance Assessments as well as the constitution and functioning of the compulsory assessing committees in Provincial District Technical Advisory Committee Meetings: Indaka, Umzinyathi, Umvoti, Msinga, Nquthu and Endumeni. Monitoring of submission of performance agreements was done consistently. The Mayors and Municipal Managers were made aware of the requirements in terms of the amendment to the Systems act, Act 7 of 2011. Required actions were conducted in terms of The Municipal Systems Act, 31 for new Municipal Managers and Section 56 appointments.

It was ensured that the Municipal Legal Forum met on a regular basis. Some of the issues discussed included the Unemployment Insurance Fund contributions by councillors and the re-instatement of expelled councillors. A workshop on the new Consumer Protection Act, 2008 (Act No. 68 of 2008) was organised in partnership with the Department of Economic Development and Tourism to make members more knowledgeable on the Act. The Municipal Legal Forum assisted with resolving identified matters and relevant actions were taken to all matters received.

The Department hosted monthly meetings to capacitate senior managers of all District Municipalities on the IGR Framework. Four District Inter-governmental Forums were given hands-on support and general support was given to all the District Inter-governmental Forums. Umkhanyakude received hands on support to ensure that all IGR structures are fully functional.



PROGRAMME (Sub-Programme)	DEPARTMENTAL STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	TARGETS 2011/12	PLANNED	ACTUAL	VARIANCE	Reason for Variance	
2. Local Governance 2.1. Municipal Governance & Administration	1.1. Effective support to Local Government and Traditional Institutions towards sustained and accelerated service delivery	No. of municipalities supported with capacity building initiatives (incl council leadership programme)	61	61	0	-61	SALGA conducted similar training and there was no need to duplicate the work. The COGTA modules are being amended and accredited and will be rolled out in 2012/13 FY	
		No of municipal establishment processes supported	1	1	1	0		
		No. of municipalities supported with the implementation of MTAS support plans	36 priority	36	35	-1		
		No. of municipalities supported by deploying local administrative and governance experts	6	6	8	2	One deployee was deployed in two municipalities resulting in wider coverage	
		No. of municipalities supported with functional decision making structures	8	8	8	0		
		No. of municipalities supported with implementing municipal Gov and Admin policies, plans and frameworks (skills plans)	5	5	5	0		
		No. of municipalities supported with implementing the s57 regulations (competency assessment, employment contracts and performance agreements)	5	5	5	0		
		% of Municipal Governance & Admin matters actioned	100%	100%	100%	0%		
		3.1. Improved oversight of Local Government and Traditional Institutions in respect of governance and service delivery	No. of municipalities supported with functional oversight structures	8	8	8	0	
		2.2. Improve co-operative governance between Provincial and Local spheres for effective service delivery.	No. of municipalities supported with functional District Inter Governmental Relation structures and systems	4	4	4	0	

MUNICIPAL FINANCE

Assessment was conducted to 61 Municipal Audit Outcomes and municipalities received continuous support from the department in conjunction with the Provincial Treasury and the Auditor General. The focus area was to enhance the functionality of the Audit Committees and GRAP 17 readiness. There has been a series of indirect support to municipalities to achieve unqualified audit reports including support of Audit Committees, MPAC workshops, support of Auditor General programmes, financial assessments and recommendations to councils at the targeted municipalities. Financial assessments were undertaken at 8 municipalities. 4 Municipalities received unqualified audits.



Various successful interventions were made to ensure that the all 61 municipalities submit their Annual Financial Statements on time (31 August 2011) to the Auditor-General. The timely submission of the Annual Financial Statements was also reinforced by the Auditor General door-to-door visits which were supported by departmental officials accompanying the Auditor General.

Five municipalities (KwaSani, Nkandla, Umkhanyakude, eDumbe and Indaka) were given medium support and were further provided support in the preparation and subsequent timely submission of the Annual Financial Statements.

The Section 131 Report of the MFMA was compiled and tabled to the legislature on 28 July 2011. The MPRA section 80 proved to be a challenge due in insufficient funding.

An Anti-Corruption/Fraud Prevention Survey was disseminated and data was collected for analysis. From the survey conducted, fifteen (15) municipalities were identified to requiring support. Unfortunately, the project was not implemented to benefit the municipalities due to the limitation on the departmental budget and market response exceeding the planned budget.

However, the Forensic Unit was actively involved in other investigations dealing with queries from the National Anti-Fraud and Corruption Hotline. The project was advertised and will be undertaken in the 2012/13 financial year.

PROGRAMME (Sub-Programme)	DEPARTMENTAL STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	TARGETS 2011/12	PLANNED	ACTUAL	VARIANCE	Reason for Variance
2. Local Governance 2.2. Municipal Finance	1.2. Effective support to Local Government and Traditional Institutions for clean financial management	Number of municipalities that are supported to achieve unqualified reports	20	20	20	0	
		Number of municipalities that are supported to submit their AFS timeously	61	61	5	-92	The target was erroneously included into the APP; the original target for the year was 5.
	3.1. Improved oversight of Local Government and Traditional Institutions in respect of governance and service delivery	Number of reports submitted on state of municipal finances (Reports prepared in terms of Section 131 of the MFMA and Section 80 of the MPRA)	2	2	2	0	
		Number of municipalities supported with the implementation of anti-corruption/fraud prevention strategies/ plans	15 municipalities implementing anti-corruption /fraud prevention strategies/ plans	15	0	-15	Project was stalled as a result of bid exceeding the available budget. The Bid was cancelled



PUBLIC PARTICIPATION

The consultation process was undertaken with all municipalities on the Provincial Public and Community Participation Policy. The process of engaging other sector Departments regarding the integration of participatory structures is an on-going activity. A steering committee was established for the Provincial Ward Funding Framework. The Revised Municipal policy on Ward Committee Election and Operation was rolled-out. Ward Funding Framework was presented to municipalities at Provincial Public Participation Steering Committee.

A comprehensive Ward Committee Election Support Plan was developed and rolled out to all stakeholders detailing milestones and timeframes for implementation. All local municipalities were supported with the election of Ward Committees. A Provincial Ward Committee Database was uploaded. A Training Manual Module I, "Train the Trainer" support programme was rolled out in February 2012

In the establishment of ward committees numerous delays were experienced and no functionality assessments were been conducted. No Ward Committee Functionality Report was submitted due to the late conclusion of the Ward Committee election process.

All Community Development Workers (CDWs) were trained on NSIS. Fourteen Best Practices on the Community Development Programme were showcased; of which twelve were published nationally and three provincially. CDWs were given the Tools of Trade in order to improve their work and reporting.

The role of CDWs within the War Rooms was clearly defined and communicated to the CDWs. CDWs were involved in war rooms at ward level. In the wards where no war rooms were established, CDWs continued with their daily door to door activities. One hundred and fifty one (151) war rooms were established and household profiling was conducted.

In some areas through the good working relations between CDW and councillor, the Department managed to alleviate the problems experience by many households by ensuring the provision of social grants. The increasing recognition of the CDWs is benefiting the communities and various stakeholders. The CDWs played a pivotal role in Operation Sukuma Sakhe. As part of the re-launching of Operation Sukuma Sakhe in 2011, the role of the CDWs was redefined and identified as being central to the operation of War Rooms at Ward level.

Lists of intervention areas were compiled and communicated with relevant stakeholders e.g. Department of Arts and Culture. CDWs participated in 2 projects i.e. Workers Parliament and Department of Arts Projects. CDWs also supported the Department of Human Settlement Sanitation Survey as well as other outreach programmes namely "Taking Legislature to the People and Women's Parliament, Public Service Week and the Mandela Day Celebrations. CDWs were also actively involved in providing support during the Ward Committee elections.



PROGRAMME (Sub-Programme)	DEPARTMENTAL STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	TARGETS 2011/12	PLANNED	ACTUAL	VARIANCE	Reason for Variance
2. Local Governance 2.3. Public Participation	2.1. Empowered stakeholder participation in government programmes at local level	No. of Provincial Public and Community Participation Implementation Plans developed	1	1	1	0	
		No. of community participation interventions supported by CDWs.	3	3	3	0	
	1.1. Effective support to Local Government and Traditional Institutions for strengthened governance	No. of municipalities supported with establishing WCs post LG elections	51	51	47	-4	
		No. of reports produced on functionality of WCs in municipalities	1	1	1	0	
		No. of Community Development Programme enhancement Strategy Developed	1	1	0	-1	The strategy was not finalised due to delays from National DCoG
		No. of wards supported by CDWs on the flagship programme	300	300	303	3	

MUNICIPAL INFRASTRUCTURE

A Desktop Study/Assessment of existing infrastructure was carried out and several meetings were held to evaluate progress and review assessment. Substantial difficulties were experienced in the assessment of existing infrastructure, location, design criteria and specifications, capacity etc. due to deficiencies in municipal records. However, this was managed.

Delays were experienced regarding the Universal Access Plan (UAP). Some of the reasons for the delay were due to the difficulties in obtaining detailed information regarding existing infrastructure and the design specifications municipal records. The work that has been completed constitutes a valuable base for UAP development in new financial year.

Municipalities were supported in developing Infrastructure and Implementation Plans. An analysis was conducted on 60 Implementation plans and priority municipalities were identified. Nine (9) District workshops were conducted to capacitate municipalities on the new reporting process, project management and associated cash flow management. Sixty (60) Implementation plans were submitted to DCoG (DORA compliance). Two reports were produced for cabinet i.e. an abridged updated Municipal Performance Report and the year end (annual) Assessment Report.

A comprehensive report on the state of infrastructure in the province was produced July 2011, which contains the status of service delivery (water, sanitation and electricity).



PROGRAMME (Sub-Programme)	DEPARTMENTAL STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	TARGETS 2011/12	PLANNED	ACTUAL	VARIANCE	Reason for Variance
2. Local Governance 2.4. Municipal Infrastructure	1.3. Effective support to Local Government and Traditional Institutions towards sustained and accelerated service delivery	No. of municipalities supported in the development of UAP	1	1	0	-1	Due to the difficulty in obtaining information on infrastructure services in the district, only a draft report could be prepared. In the 2012/13 financial year, focus of the department will be on developing Universal Access Plans for all districts in the province, in order to have a better planned infrastructure roll out programme through MIG.
		No. of municipalities supported in developing infrastructure implementation plans (incl MIG performance and MIIS)	23	23	23	0	
		No. of reports produced on infrastructure development and service delivery (HH service delivery and FBS)	1	1	1	0	

DISASTER MANAGEMENT

The Department conducted workshops on the Provincial Disaster Management Framework and distributed it to all stakeholders. This aimed to improve their understanding of the contents as well as to ensure implementation as required. The implementation of the framework was monitored on an on-going basis.

The Provincial Disaster Management Plan was developed. Input was sourced from municipalities and other stakeholders for incorporation into the plan.

The Provincial Disaster Management Centre (PDMC) was not established as set out due to delays beyond the control of the Department. Department of Public Works was addressed on the requirements for the refurbishment of the PDMC through the Departmental Auxiliary Services. The Project Manager was appointed by DoPW and draft designs were submitted and discussed for finalisation. Project Steering Committee meetings were held on a monthly basis in order to track progress. A site visit was conducted to the Ekurhuleni Metro and Gauteng PDMC to view their Communication systems and it assisted in understating the type of the system to be procured by our PDMC. Draft renovations and communication installation plans are available.

The PDMC participated at in IDP alignment session. A report was compiled and feedback letters were sent to the 10 Districts and 1 metro. The status quo report on sector plans was completed and the preparation guidelines were sent to municipalities. Municipalities were assisted in aligning their Disaster Management Plans with their IDP's. The PDMC co-ordinated workshops with IDP Managers and Disaster Managers to foster alignment between the IDP and Disaster Management Plans. The PDMC participated in the IDP Assessment Week as of the 26th - 30th March 2012 to ensure alignment thereof.



A needs analysis was conducted on the functionality of Disaster Management Centres. Grants were transferred in October 2011 and support was provided to 6 District Disaster Management Centres. Support was provided to all 10 Districts and the Metro, the PDMC attended the District Advisory Forums, transfers were done to beneficiary municipalities earmarked for support; and support was also provided to those municipalities.

Furthermore, pamphlets on seasonal disasters were developed and distributed to the community members, prioritizing their vulnerabilities. The PDMC is working together with the Department of Education in conducting Awareness Campaigns. Campaigns were held at schools vulnerable to disasters with the intention to increase awareness. Public messages were communicated on an on-going basis. Awareness Campaigns were held in ten (10) Districts and the Metro, pamphlets distributed to informal settlements within ten Districts and the Metro.

The Provincial database was updated with the list of volunteers who assisted during disasters and incidents. The workshops were conducted on Provincial Volunteer Strategy to 10 Districts and the Metro at the Special Provincial Disaster Management Advisory Forum and volunteer training was conducted in 4 districts and the metro.

Assessment was conducted on fire occurrences on an on-going basis. A draft report on incident patterns was completed and the draft schedule of municipalities vulnerable to fire related incidents was prepared and updated regularly. A fire-seasonal report was compiled; informed by the needs assessment that was conducted by the Provincial Fire Services Task Team. A provincial fire preparedness report was compiled. The Provincial Fire Services task team met bi-monthly to review state of preparedness and share best practice”

Seventeen (17) fire fighters were trained by Rural Metro to received accredited certificates. Training on Fire Brigade Services as per the Act was conducted on an on-going basis; with Rural Metro as the appointed service provider.



PROGRAMME (Sub-Programme)	DEPARTMENTAL STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	TARGETS 2011/12	PLANNED	ACTUAL	VARIANCE	Reason for Variance
2. Local Governance 2.5. Disaster Management	2.2. Improve co-operative governance between Provincial and Local spheres for effective service delivery.	Number of Provincial Disaster Management Framework developed, implemented and reviewed.	1	1	1	0	
		Number of Provincial Disaster Management Plan developed, implemented and reviewed	1	1	1	0	
		Number of Provincial Disaster Management Centres established, enhanced and maintained .	1	1	0	-1	The department has been let down by the continuous delays in the appointment of the implementing agent by Public Works. Even as at May 2012, the matter has not been advertised for bidding and is still held up the bureaucratic processes in Public Works
		Number of Municipalities supported with the preparation and review of Disaster Management Plans aligned to IDPs	11	11	11	0	
		Number of districts disaster management centres supported for effective functionality	11	11	11	0	
	1.1. Effective support to Local Government and Traditional Institutions for strengthened governance	Number of awareness campaigns conducted	4	4	4	0	
		Number of municipalities supported in disaster management volunteer programme	3	3	3	0	
		Number of Provincial fire preparedness reports compiled	1	1	1	0	
		Number of people accredited (investigated) in terms of the Fire Brigade Services Act	10	10	17	7	there was opportunity to accommodate more trainees



Programme 3: Development and Planning

Purpose: The purpose of this programme is to promote informed integrated planning and development in the province.

This Programme consists of five sub-programmes, namely Spatial Planning, Development Administration, Municipal Strategic Planning, Municipal Performance Management, and Special Initiatives.

Strategic Objectives: The following Strategic objectives are applicable to this programme:-

- Effective support to Local Government and Traditional Institutions for strengthened governance
- Improve cooperative governance between Provincial and Local spheres for effective service delivery
- Improved oversight of Local Government and Traditional Institutions in respect of governance and service delivery

Service Delivery Objectives and Indicators: This programme is responsible for:-

- Promoting improved alignment through implementation of a Provincial IDP assessment framework and annual support and assessment plan in order to improve the credibility rating of 61 municipal IDPs and improved service delivery
- Providing a Provincial Spatial Development framework for improved and aligned Municipal Spatial Development Frameworks and Land Use Management Systems, so as to promote orderly development and investment confidence in 61 municipalities
- Building the development planning capacity of municipalities to facilitate improved municipal strategic planning, spatial planning and performance management through the establishment of 10 District Wide Development Planning Shared Services
- Establishment and support of 61 functional municipal Organisational Performance Management Systems (OPMS) to report on progress with implementing Municipal IDP

MUNICIPAL STRATEGIC PLANNING

The Provincial IDP Management Support Plan was revised and adopted by municipalities and was further implemented to improve the IDP credibility.

The following municipalities were identified as the six lowest ranking IDP's in need of support: Umhlabuyalingana, Nongoma, Big 5 False Bay, Mtubatuba, Mthonjaneni and UMfolozi. The support provided included developing the IDP in line with the COGTA IDP Format Guide and training of Councillors and senior officials on the IDP process to improve the quality of the IDP's.

An IDP assessment week was held from 04 April 11 to 07 April 11. Sector Departments namely Provincial Treasury, Human Settlements, Land Reform, DED, Agriculture and KZN COGTA participated for entire week. Nine (9) Sector Departments and two parastatals were trained on IDP's. Two training sessions were held and the representatives from the following sectors departments attended: Department of Human Settlements, Department of Health, Eskom, Umngeni Water, Department of Public Works, Department of Education, Office of the Premier, Department of Treasury, Department of Social Development, Department of Arts and Culture, Department of Agriculture, Environment and Rural Development and Ezemvelo KZN Wildlife.

Furthermore, the Department conducted Feedback sessions on the draft IDP's. 61 Adopted IDP's were assessed and analysed. It must be noted that all 61 IDPs were drafted and assessed in terms of the 5 Local Governments Key Priority Areas and incorporated the Provincial Programme of Action.



PROGRAMME (Sub-Programme)	DEPARTMENTAL STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	TARGETS 2011/12	PLANNED	ACTUAL	VARIANCE	Reason for Variance
3. Development and Planning 3.1. Municipal Strategic Planning	1.4. Effective support to Local Government and Traditional Institutions for effective integrated planning	Number of Provincial IDP Management and Support Plan adopted	1	1	1	0	
		Number of municipal IDPs supported with capacity building initiatives	5	5	5	0	
		Number of Sector Departments supported with Integrated Dev Planning capacity building initiatives	6	6	6	0	
		Number of reports produced iro IDP Credibility Framework	1	1	1	0	

SPATIAL PLANNING

Six Municipalities were identified for medium level support in respect of their Spatial Development Frameworks (SDFs). On-going discussions were held with municipalities on their SDFs. The Department participated in the adjudication of tenders to appoint consultants to prepare SDFs as part of the Department of Rural Development and Land Reform SCM process. The state of readiness for municipalities to receive support proved to be a challenge.

A report was produced in respect of SDF compliance including alignment of the SDF with PSEDS. The Department rendered procedural (method) and technical (ToRs) support to KwaSani, Ulundi, Hlabisa and Umhlabuyalingana municipalities. High level of support was provided to KwaSani in respect of the preparation of schemes.

Town Planning Schemes updates were completed for 5 Municipalities i.e. Okhahlamba, Umtshezi, Umvoti, Mkhambathini and Umlalazi. A report was also produced also produced in respect of provincial scheme compliance framework.

PROGRAMME (Sub-Programme)	DEPARTMENTAL STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	TARGETS 2011/12	PLANNED	ACTUAL	VARIANCE	Reason for Variance
3. Development and Planning 3.2. Spatial Planning	1.4. Effective support to Local Government and Traditional Institutions for effective integrated planning	Number of municipalities supported to produce legally compliant Spatial Development Frameworks (SDFs)	6	6	4	-2	Support was provided on the drafting of the frameworks tailor made to the circumstances of the remaining 2 municipalities, it is yet to be adopted by the respective councils.
		Number of reports produced in respect Spatial Development Framework compliance [incl SDF alignment with PSEDS]	1	1	1	0	
		Number of municipalities supported to produce legally compliant schemes	6	6	6	0	
		Number of reports produced in respect of Provincial scheme compliance framework [incl implementation of LUMS]	1	1	1	0	Ok

DEVELOPMENT ADMINISTRATION

The Development Administration Benchmark was reviewed for alignment purposes. The Department reviewed municipal decisions and processed PDA Transitional Arrangements applications on an on-going basis despite capacity constraints. An overall Benchmark Report was developed and the PDA applications received and historic applications were assessed. Department did not meet the legal time frames due to capacity limitations and the absence of delegations, making it virtually impossible to meet the 30 day deadline.

Delays were encountered with the appointment of Appeals Tribunals, and Norms and Standards Committees. Training was successfully carried out as per the requirements of the programme. However, the immediate challenges are the number of larger municipalities, including the two largest, where implementation of the PDA is problematic, with large scale default on legal procedures. It became necessary to change the training programme towards more one-on-one interactions on specific applications.

Support was provided to seven (7) municipalities through the Development Administration Municipal Support Programme. However, some challenges were experienced such as high level of bureaucracies in large municipalities, and the lack of commitment in designing and implementing proper system workflows. This led to frustration among the development community. A number of smaller municipalities managed well with the PDA implementation. The training programme undertaken was in terms of the new Planning and Development Act, best practice, conditions of establishment, how to manage hearings, etc.

PROGRAMME (Sub-Programme)	DEPARTMENTAL STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	TARGETS 2011/12	PLANNED	ACTUAL	VARIANCE	Reason for Variance
3. Development and Planning 3.3. Development Administration	2.2. Improve co- operative governance between Provincial and Local spheres for effective service delivery.	Number of reports produced on the Development Administration benchmark	1	1	1	0	
		Number of Provincial Norms and Standards developed	3	3	0	-3	Appointment of the committees to undertake the research took longer than anticipated.
	1.3. Effective support to Local Government and Traditional Institutions towards sustained and accelerated service delivery	Number of municipalities supported by the Development Administration Municipal Support Programme	7	7	7	0	

MUNICIPAL PERFORMANCE

The Department conducted spot checks on all 61 municipalities with particular focus on the Audit working paper file, as part of the third level operational support. Specific Action Plans were developed to support municipalities to develop a functional OPMS Systems. These Action Plans were also implemented in the municipalities. OPMS Training was conducted on the municipalities identified with EXCO and the administrative staff. Support was also provided at the Audit Committee meetings



and Strategic Planning sessions. Individual visits were conducted to ensure that all the documents are aligned to the IDP, SDBIP, Departmental Scorecards and the relevant reporting templates. 61 Annual Performance reports were tabled in Council by the 31 March 2012. The Annual Municipal Performance Report was finalized and tabled in Provincial Legislature for the 09/10 financial year on 23 August 2011 prior to deadline date. The document was gazetted, printed and distributed.

PROGRAMME (Sub-Programme)	DEPARTMENTAL STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	TARGETS 2011/12	PLANNED	ACTUAL	VARIANCE	Reason for Variance
3. Development and Planning 3.4. Municipal Performance	Improve service delivery, accountability and transparency	Number of municipalities supported to develop functional PMS systems	10	10	10	0	
		Number of municipalities supported to develop and submit annual performance reports	10	10	10	0	
		Number of Consolidated Annual municipal Performance Reports prepared	1	1	1	0	

SPECIAL INITIATIVES

Twenty three (23) new corridor development projects were facilitated to attract private sector investment and to grow the economy. Due to the increased participation of members of the economic cluster in the corridor programme, high level interventions were brought on board and approved which resulted in the Department exceeding its originally set target.

Municipalities continuously implemented corridor projects to successful completion and 10 projects were successfully completed. A total of 256 jobs created through Corridor Development programme in the 2011/2012 financial year. The reason for this was due to a large number of projects that were approved in the previous year being implemented in the 2011/12 financial year. Most Corridor Development projects are multi-year funded initiatives and the first year is for planning and design.

The Department secured counter funding from the IDC, DWA, Municipalities and the private sector which contributed towards projects. The following municipalities secured counter funding arrangements for their interventions: Ilembe, Ethekewini, uMgungundlovu, Hibiscus Coast, uMzumbe, Ingwe, KwaSani and Nquthu.

About 126 employment opportunities were created through the Small Town Rehabilitation Programme projects in the past financial year. Continuous support was provided to fast track implementation of projects in line with the approved implementation plans. Eleven projects were successfully completed with and close-out reports were received and verified.

Seven new towns were identified and approved for support in respect of the revitalisation of the PSEDS tertiary nodes. These towns included iMpindle, Weenen, Kokstad, Melmoth, Mbazwana, Underberg and uMzumkhulu. A workshop was held with the municipalities all confirmed their participation in the programme.



Municipalities were also supported to package LED projects in line with KZN priorities. 11 projects were packaged and approved. Grants were transferred for the implementation of all 10 projects, whilst the 11th project received only the first tranche payment.

A Provincial Growth and Development Summit was held in Partnership with KZN DEDT and DAEA on 14th and 15th November at the Olive Convention Centre. The summit was a success and will culminate in district summits in the next financial year.

PROGRAMME (Sub-Programme)	DEPARTMENTAL STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	TARGETS 2011/12	PLANNED	ACTUAL	VARIANCE	Reason for Variance
3. Development and Planning 3.4. Special Initiatives	1.3. Effective support to Local Government and Traditional Institutions towards sustained and accelerated service delivery	Number of new corridor development projects facilitated to attract private sector investments and grow the economy	15	15	22	7	The budget allowed for more projects to be packaged
		Number of corridor projects supported to successful completion in line with business plan objectives,	10	10	10	0	
		Number of direct employment opportunities secured through corridor projects implementation.	250	250	798	548	A large number of projects approved in the previous years were only implemented in the 2011/12 financial year.
		% counter funding mobilised on Corridor Development Projects in the MTEF cycle budget	30%	30%	30%	0	
		Number of nodal revitalisation projects successfully packaged and implemented.	10	10	25	15	Received additional funding for projects during the current F/Y
		Number of direct employment opportunities secured.	200	200	704	504	Projects approved in the previous years were only implemented in the 2011/12 financial year.
		Number of small town rehabilitation projects supported to successful completion in line with business plan objectives,	10	10	10	0	
		Number of PSEDS tertiary nodes supported for revitalisation	6	6	7	1	
		Number of municipal Local Economic Development projects packaged and supported	11	11	11	0	
		Number of Provincial Growth & Development Summits facilitated	1	1	1	0	



Programme 4: Traditional Institutional Management

Purpose: The purpose of this programme is to support and enhance the capacity of traditional councils.

The programme consists of three sub-programmes, namely Traditional Governance and Finance, Traditional Institutional Support and Traditional Land Administration

Strategic Objectives: The following Strategic objectives are applicable to this programme:-

- Effective support to Local Government and Traditional Institutions for strengthened governance
- Improved oversight of Local Government and Traditional Institutions in respect of governance and service delivery

Service Delivery Objectives and Indicators: This programme is responsible for:-

- Implementing financial management tools aimed at improving financial management of traditional institutions
- Ensuring transformation of outstanding traditional communities in compliance with legislation
- Enhancing good governance through policies and frameworks

TRADITIONAL GOVERNANCE AND FINANCE

Support was provided to 263 Traditional Councils on the compilation and the maintenance of Traditional Council asset inventories. About 120 Traditional Councils were further supported on the implementation of financial practice notes. Through the provided support, the Department improved capacity of Traditional Councils in managing of its finances and assets.

Furthermore, the Department successfully managed the elections of traditional council. This enabled the smooth transition of Traditional Councils and their formalisation as per the KwaZulu-Natal Traditional Leadership and Governance Act of 2005. An induction manual was developed to ensure that the new Traditional Council members are aware of their roles and functions.

To ensure the safekeeping of departmental records, the department developed an UBukhosi database. This database contains information on existing and former amakhosi in the province.

With the incorporation of the traditional communities of Umzimkhulu into the province of KwaZulu-Natal the Department supported Traditional Councils in Umzimkhulu to regularise their trust accounts. Umzimkhulu Traditional Councils were further supported through the Departmental task team in formalizing them as per the KwaZulu-Natal Traditional Leadership and Governance Act of 2005. The Department also conducted research on the background and the status of headmen and traditional leaders of Umzimkhulu to ensure that their transition and formalization is efficient. The Department established a provincial committee on dispute resolution.

TRADITIONAL INSTITUTIONAL SUPPORT

To ensure that Amakhosi have adequate leadership for sustainable development the Department in partnership with the University of KwaZulu-Natal developed a Leadership programme in which Amakhosi enrolled and graduated in February 2012. The Amakhosi who graduated from the programme were given an opportunity to upgrade their qualification.

Amakhosi and traditional council secretaries were trained on computers applications to improve the smooth running of administrative functions within traditional councils. Support was also provided to



PROGRAMME (Sub-Programme)	DEPARTMENTAL STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	TARGETS 2011/12	PLANNED	ACTUAL	VARIANCE	>20% variance	Reason for Variance
4. Traditional Affairs 4.1. Governance and Finance	3.2. Effective Departmental monitoring, evaluation and reporting systems in respect of Local Government and Traditional Institutions	Number of Traditional Administrative Centre Asset Inventories completed and updated	257	257	263	6	2%	
		Number of uBukhosi and Izinduna databases developed and maintained	1 database maintained	1	1	0	0%	
		Number of Performance Management Systems developed and implemented for Traditional Councils and House of Traditional Leaders	1 PMS consulted on, refined and adopted	1	1	0	0%	
	1.1. Effective support to Local Government and Traditional Institutions for strengthened governance	Number of Traditional Councils supported to implement the financial management practice notes	99	99	120	21	21%	
		Number of policies finalised and implemented to guide the collection of taxes and levies in 300 traditional councils	1 Policy implemented	1	0	-1	-100%	Indicator discontinued as Policy was not part of Departments Mandate.
		Number of policies developed on the position and the status of Headmen/Traditional Leaders of uMzimkhulu	1	1	1	0	0%	
		Number of Bills piloted through parliament	1 bill developed and submitted to Parliament	1	0	-1	-100%	Delays in the national process prompted the Province to draft its own law; the bill was finalised only in March 2012, and is still in the process of consultation with all stakeholders concerned.
		Number of management tools developed and implemented to support the functioning of traditional councils and houses	1 implemented	1	1	0	0%	
		Number of Governance Manuals implemented	1	1	1	0	0%	
		Number of Commissions established to deal with claims and disputes	1 Provincial Committee of the CILLDC formed	1	1	0	0%	
Number of governance induction manuals developed	1 induction manual developed	1	1	0	0%			
Number of compliance frameworks developed and implemented to achieve successful smooth transition of traditional councils	1	1	1	0	0%	OK		



Ondlunkulu on the establishment of co-operatives and participated in the capacity building programme through orientation workshops. This aims to strengthen the Institution of traditional leadership and development of traditional communities.

In order to monitor disputes that affect developments in the community, an electronic database on disputes was developed.

Members of the Provincial house and the local houses of traditional leaders were trained on their roles and functions to ensure that the district and provincial structures are run effectively.

TRADITIONAL LAND ADMINISTRATION

Support was provided to traditional councils with an aim of ensuring that Ingonyama Trust land is managed in a sustainable manner. Through this support, the Department processed and demarcated residential, commercial and institutional land rights applications for various developments in Ingonyama Trust land.

About 260 Traditional Councils were supported with the alignment of their Land Use Management Systems (LUMS) with their respective municipal LUMS and 248 on the establishment and maintenance of their land use databases.

PROGRAMME (Sub-Programme)	DEPARTMENTAL STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	TARGETS 2011/12	PLANNED	ACTUAL	VARIANCE	>20% variance	Reason for Variance
4. Traditional Affairs 4.1. Land Administration	1.1. Effective support to Local Government and Traditional Institutions for strengthened governance	Number of TCs capacitated and supported with alignment of land allocation processes to Municipal LUMs.	251 TCs	251	260	9	4%	
		Number of land rights applications processed and demarcated for various developments in communal land.	1600	1600	1960	360	23%	The appointment of contract workers assisted in handling more work
		Number of land boundary disputes resolved	44 TC boundary disputes resolved	44	68	24	55%	The appointment of contract workers assisted in handling more work
	3.2. Effective Departmental monitoring, evaluation and reporting systems in respect of Local Government and Traditional Institutions	Number of TCs supported with establishment and maintenance of land database.	232	232	248	16	7%	



PROGRAMME (Sub-Programme)	DEPARTMENTAL STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	TARGETS 2011/12	PLANNED	ACTUAL	VARIANCE	>20% variance	Reason for Variance
4. Traditional Affairs 4.1. Institutional Support		Number of Capacity Building Programmes implemented for the young Amakhosi and Traditional Council Secretaries	1	1	1	0	0%	
		Number of Amakhosi undertaking the leadership programme	30	30	30	0	0%	
		No of panels of experts established to assist the department in resolving disputes	1 Panel established	1	0	-1	-100%	Delays in the approval of the framework resulted in the delays in constitution of the panel as the Terms of reference of the panel are to be informed by the framework.
	1.1. Effective support to Local Government and Traditional Institutions for strengthened governance	Number of TC's capacitated on land matters	66	66	66	0	0%	
			No of capacity building programmes developed for Ondlunkulu	1	1	0	-1	-100%
		No of co-operatives established	11	11	10	-1	-9%	
		No of TAC's provided with office equipment	20	20	0	-20	-100%	Delays in the finalisation of the refurbishment resulted in the delays in acquisition and provision of the office equipment as the department does not have the storage capacity to keep the equipment.
		No of Imizi Yezizwe constructed	4	4	0	-4	-100%	The department had to re-configure the specification of the new houses in order to reduce the costs from the R2.3 million to R1.2 million per house. Robust engagements with Amakhosi were necessary to accept the houses of a perceived "lower specification" than the ones that had already been built by Human Settlement.
		No of training/ capacity building programmes undertaken for the Provincial, Local Houses and TC's	11	11	11	0	0%	
			1 Framework implemented	1	0	-1	-100%	Provincial Traditional House, requested more time to review the draft policy, as it impacted on succession which is an issue very dear to the Amakhosi in the country.
			Database developed	1	1	0	0%	
		Number of districts in which the database is rolled out	3	3	3	0	0%	
		3.2. Effective Departmental monitoring, evaluation and reporting systems in respect of Local Government and Traditional Institutions		Database developed and maintained	1	1	0	0%
Number of districts in which the database is rolled out	3			3	0	0%		



Programme 5: Urban and Rural Development

Purpose: The purpose of this programme is to assist communities that are largely classified within the Second Economy Framework to access socio-economic opportunities and to assist with the challenges that are facing them, enhance service delivery and improve quality of life.

This programme has four sub-programmes, namely Rural Connectivity, Rural Development, Synergistic Partnerships, Community Development Workers and Urban Development.

Strategic Objectives: The following Strategic objectives are applicable to this programme:-

- Effective support to Local Government and Traditional Institutions for strengthened governance
- Improve cooperative governance between Provincial and Local spheres for effective service delivery

Service Delivery Objectives and Indicators: This programme is responsible for:-

- Establishment of Thusong Service Centres in previously marginalised communities within all 61 Municipalities within the province. To ensure the habitability of 100% of Traditional Administrative Centres through construction and rehabilitation.
- Development of urban frameworks to support targeted municipalities in the implementation of urban renewal and regeneration initiatives towards addressing rural urban migration challenges including poverty and unemployment in line with PGDS and corridor development
- Facilitation of implementation of an integrated Municipal LED IDP programme to achieve sustainable local economic development in terms of PGDS, PSEDS and nodal points
- The deployment of community development workers to facilitate and support access of vulnerable communities to essential government services.

RURAL CONNECTIVITY

The Department transferred funds for the construction of 1 Thusong Service Centre (TSC). Six Municipalities were supported with transfer funding for security at TSC'S. Six TSC's were refurbished and handed over to the respective municipalities.

Funding was transferred to 8 Local Municipalities for TSC operational support. 40 bills of quantities were prepared and 30 contractors appointed for the refurbishment of Traditional Administrative Centres. 30 contractors were appointed in the process. The unforeseen delay on the appointment of the Quantity Surveyors became a challenge in meeting the set target and was then amended to 42.

The Epangisweni Traditional Administrative Centre was constructed. Through this centre the department to support Traditional Institutions with the establishment of a conducive working headquarters and official residences.

Government services were provided to the following Traditional Councils: Usuthu, Matheni, KwaKhoza, Nodwengu, Sigweje, Obuka, Madzikane, Ngcolosi, Ngome and Emandleni



PROGRAMME (Sub-Programme)	DEPARTMENTAL STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	TARGETS 2011/12	PLANNED	ACTUAL	VARIANCE	>20% variance	Reason for Variance
5. Urban & Rural Development 5.1. Rural Connectivity	1.3. Effective support to Local Government and Traditional Institutions towards sustained and accelerated service delivery	Number of Thusong Service Centres constructed	1	1	0	-1	-100%	TS is 15% complete as a result of delays in finalisation of the agreements with the prospective users of the centre.
		Number of Thusong Service Centres refurbished	7	7	6	-1	-14%	
		Number of Thusong Service Centres aligned with 6 block services model	3	3	3	0	0%	
		Number of Traditional Administrative Centres refurbished and maintained	88	88	42	-46	-52%	Bids were cancelled for the remaining 46 TACs
		Number of Traditional Administrative Centres constructed	1	1	1	0	0%	
		Number of TAC's providing government services	10	10	10	0	0%	

RURAL DEVELOPMENT

Municipalities received support on the establishment of sites concerning the implementation of the Community Works Programme and new councillors were orientated on CWP. Twenty two (22) municipalities in line Sukuma Sakhe were identified for the creation of job opportunities through the CWP but due to financial limitations 11 received support in implementing the programme. As a result, a total of 12157 job opportunities were created.

Functional co-operatives were identified and linked up with the CWP. Participants were incorporated into the CWP Programme and 300 job opportunities associated with Co-operatives were created. The following Eight (8) municipalities were identified for co-operative: Nkandla, Ndwedwe, Indaka, Okhahlamba, Ulundi, Nquthu, Imbabazane, Abaqulusi.

The support included training on co-operatives and the development of functional co-operative support plans



PROGRAMME (Sub-Programme)	DEPARTMENTAL STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	TARGETS 2011/12	PLANNED	ACTUAL	VARIANCE	>20% variance	Reason for Variance
5. Urban & Rural Development 5.3. Rural Development	1.3. Effective support to Local Government and Traditional Institutions towards sustained and accelerated service delivery	Number of Provincial CWP plans developed and implemented	0	0	0	0	0%	The indicator was erroneously included into the APP. The target was achieved in the 10/11 FY
		Number of Municipalities supported with implementation of CWP in at least 2 wards per municipality	33	33	11	-22	-67%	Due to national budget cuts the programme is restricted to 11 municipalities currently
		Number of work opportunities created through CWP	33000	33000	12157	-20843	-63%	Due to national budget cuts the programme is restricted to 11 municipalities currently
		% of CWP work opportunities associated with functional co- operatives	10% (3300)	3300	300	-3000	-91%	Due to national budget cuts the programme is restricted to 11 municipalities currently
		Number of municipalities assisted in developing functional co- operatives	8	8	8	0	0%	
		Number of new Community development projects facilitated to promote Rural Development	3	3	3	0	0%	
5. Urban & Rural Development 5.3. Urban Development	1.3. Effective support to Local Government and Traditional Institutions towards sustained and accelerated service delivery	Number of municipalities supported with the implementation of urban development projects	2	2	2	0	0%	



SYNERGYSTIC PARTNERSHIPS

At the Summit between Local Government and Traditional Leadership held in December 2011, it was resolved that the Section 81 of the Municipal Structures Act of 1998 and related laws would need to be urgently implemented across the province beginning of the next (financial) year, 2012/13. The KZN Section 81 implementation plan will, amongst other elements, address the issue of the current Joint Coordination Committees and provide clear guidelines on their decommissioning. This plan will be subjected to a consultation process with Municipalities and Houses of Traditional Leaders prior its implementation.

Formalization of Synergistic partnerships and establishment of Joint Coordinating Committee was not achieved due to critical positions not being filled following the need for structural re-alignment. As a result, capacity building to JCC was not conducted.

PROGRAMME (Sub-Programme)	DEPARTMENTAL STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	TARGETS 2011/12	PLANNED	ACTUAL	VARIANCE	>20% variance	Reason for Variance
5. Urban & Rural Development 5.2. Synergistic Partnerships	2.3. Improve participation of Traditional Institutions into the governance system	Number of synergistic partnerships formalised	2	2	0	-2	-100%	A different implementation approach was taken subsequent to the Summit on Synergistic partnership being held in order to address the functionality challenges of the previously formed Joint Co-ordinating Committees
		Number of Joint Coordinating Committees established and / maintained	2	2	0	-2	-100%	A different implementation approach was taken subsequent to the Summit on Synergistic partnership being held in order to address the functionality challenges of the previously formed Joint Co-ordinating Committees
		Number of JCCs supported through capacity building programme	2	2	0	-2	-100%	A different implementation approach was taken subsequent to the Summit on Synergistic partnership being held in order to address the functionality challenges of the previously formed Joint Co-ordinating Committees



Programme 6: Systems and Institutional Development

Purpose: The main purpose of this programme is to develop and implement a comprehensive capacity building strategy for the department, in addition to establish business units to handle monitoring and evaluation and external communications in order to promote municipal and traditional institutional transformation.

This programme consists of the following five sub-programmes Capacity Building, Monitoring and Evaluation, Institutional Transformation and External Communication and Development Information Services.

Strategic Objectives: The following Strategic objectives are applicable to this programme:-

- Effective support to Local Government and Traditional Institutions for strengthened governance
- Improved management and accountability of financial, physical and human resources and systems for Department and Ministry

Service Delivery Objectives and Indicators: This programme is responsible for:-

- To improve quarterly and Annual performance reporting of the Department and conduct periodic and systematic evaluation on the results of programme support as per the Departmental Monitoring and Evaluation Framework as well as other legislative requirements for monitoring, reporting and evaluation.

MONITORING AND EVALUATION

The Department produced the required four Quarterly Reports and its Annual Report to the Provincial Treasury. In addition to these Statutory Reports, other reports were also submitted as requested by the Office of the Premier. Some of these reports included the Programme of Action, Cabinet Lekgotla, Job Creation Report, etc.

The internal reporting system was improved by further enhancing the web based Departmental Performance Monitoring and Evaluation System.

An Evaluation Plan and Interview Guide were developed and evaluations were conducted. Four districts were selected for the Periodic Evaluation and data collection was undertaken which informed the compilation of Evaluation Report in line with the Monitoring and Evaluation Framework.



PROGRAMME (Sub-Programme)	DEPARTMENTAL STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	TARGETS 2011/12	PLANNED	ACTUAL	VARIANCE	>20% variance	Reason for Variance
6. Systems and Institutional Development 6.1. Monitoring and Evaluation	4.1. Improved management and accountability of financial, physical and human resources and systems for the Department and Ministry.	Number of Quarterly Reports produced in line with the M & E Framework	4	4	4	0	0%	
		Number of Departmental Annual Performance Reports produced in line with the M & E Framework	1	1	1	0	0%	
		Number of evaluation Reports on Departmental support for the LGTAS	1	1	0	-1	-100%	The Evaluation focussed on the departmental support programmes in general and not specific on LGTAS

DEVELOPMENT INFORMATION SERVICES

Sixty one municipalities were supported with Ward Profile Maps. 20 municipalities have pre-profile maps and 41 municipalities with post profile information. A report was compiled on datasets, mapping and applications. GIS profiles of all households with access to schooling were compiled. Fifteen Organs of State contributed to the PSEDS Database. Water, Electricity and Energy datasets were uploaded onto GIS database and maps were produced.

Three MPRA Value Added Maps were compiled for Umngeni Municipality. About 49 municipalities' property register updates were completed.

All 10 Development Planning Shared Services (DPSS) have been established with a functional Geographic Information System (GIS). However, only 8 have a functional District Information Management Services (DIMS). DIMS usage remained steady in five District Municipalities that were on the Service Level Agreement at the beginning of the financial year. Three more District Municipalities revived their Service Level Agreements on DIMS in one form or the other resulting in a slight increase in the overall usage of the system. Two remaining two District Municipalities opted not to proceed with DIMS implementation, one due to financial limitations at the municipality and the other due to technical implementation challenges.

The Provincial DIMS Portal was not implemented due to inadequate system usage. Ten GIS Shared Services were functional within DPSS.



PROGRAMME (Sub-Programme)	DEPARTMENTAL STRATEGIC OBJECTIVE	PERFORMANCE INDICATOR	TARGETS 2011/12	PLANNED	ACTUAL	VARIANCE	>20% variance	Reason for Variance
6. Systems and Institutional Development 6.2. Development Information Services	1.4. Effective support to Local Government and Traditional Institutions for effective integrated planning	Number of Municipalities supported with ward profile maps	35	35	51	16	46%	
		Number of PSEDS systems maintained updated	1	1	1	0	0%	
		Number of property registers established and supplied to municipalities on a monthly basis.	49	49	49	0	0%	
		Number of Development Planning Shared Service established and maintained with GIS and DIMS capacity	10	10	8	-2	-20%	10 GIS Shared Services are in place but only 8/10 DIMS are established and maintained. Two districts experienced challenges, one due to limited funding and the other due to technical implementation aspects.



Section 3: Annual Financial Statements



6. ANNUAL FINANCIAL STATEMENTS

Report of the Audit Committee

REPORT OF THE AUDIT & RISK COMMITTEE ON

VOTE 11 – CO-OPERATIVE GOVERNANCE & TRADITIONAL AFFAIRS

The KwaZulu-Natal Provincial Audit & Risk Committee is pleased to present its report for the financial year ended 31 March 2012.

Provincial Audit & Risk Committee Members and Attendance

The Provincial Audit and Risk Committee (the PARC) consists of the members listed hereunder. The PARC is split into three (3) Cluster Audit & Risk Committees (the CARC) which consists of members of the PARC; is responsible for the Governance & Administration, Social and Economic Clusters respectively and reporting into the PARC. The Chairman of the PARC is also the Chairman of the different CARCs and attends all CARC meetings. The CARC and the PARC are required to meet at least four times and two times respectively in a financial year. During the financial year ending 31 March 2012, a total of thirteen meetings (13) were held, namely, two (2) PARC meetings, three (3) CARC meetings per cluster, and two (2) special meetings. Members attended the meetings as reflected below:

Surname & Initial	PARC		CARC		Special		Total no. of Meetings	Total no. of Meetings Attended
	No. of Meetings Held	Attended	No. of Meetings Held	Attended	No. of Meetings Held	Attended		
Ms T Tsautse (Chairperson)	2	2	9	9 [#]	2	2	13	13
Ms M Mothipe	2	1	3	3 [*]	2	2	7	6
Ms N Jaxa	2	2	3	3 [*]	2	2	7	7
Mr L Mangquku	2	2	3	3 [*]	2	2	7	7
Mr T Boltman	2	2	3	3 [*]	2	2	7	7
Mr F Docrat	2	2	3	3 [*]	2	2	7	7
Mr V Naicker	2	2	3	3 [*]	2	1	7	6

* - 3 Meetings per cluster were held

- Chairman attends all CARC meetings

Provincial Audit & Risk Committee Responsibility

The Provincial Audit and Risk Committee reports that it complied with its responsibilities arising from the Public Finance Management Act, No.1 of 1999 (PFMA), Treasury Regulations, including any other statutory and other regulations. The Provincial Audit and Risk Committee also reports that it adopted appropriate formal terms of reference as its Provincial Audit and Risk Committee Charter, regulated its affairs in compliance with this charter and discharged all its responsibilities as contained therein.

The Effectiveness of Internal Control

The systems of internal control are the responsibility of the department's management and are designed to provide effective assurance that assets are safeguarded and that liabilities and working capital are efficiently managed. In line with the requirements of the PFMA and the principles of the King III Report



on Corporate Governance, the Internal Audit Function provides the Provincial Audit and Risk Committee and the departmental management with assurance that the systems of internal controls are appropriate and effective. This is achieved by means of the risk management process, as well as the identification of corrective actions and suggested enhancements to the controls and processes. From the various reports of the Internal Auditors; and the Report and Management Letter of the Auditor-General on the Annual Financial Statements, it was noted that the systems of internal control were not effective for the entire year under review as control deficiencies were detected in the following significant areas:

- Human Resource Management
- Fleet Management
- Disaster Management
- Information Technology General Controls

The quality of “In Year Monitoring” and monthly / quarterly reports submitted in terms of the Treasury Regulations and the Division of Revenue Act

The Provincial Audit and Risk Committee, through the Internal Audit Function, was satisfied with the content and quality of monthly and quarterly reports prepared and issued by the Accounting Officer and the department during the year under review except for underspending of the budget by the Department; as well as a lack of certain controls in assessing the completeness of information prior to transferring funds to institutions.

Audit of Performance Information

The monitoring of the department’s performance is a key function of the executive management of the department. The Provincial Audit & Risk Committee has no direct line of responsibility over the department’s performance. However, the Provincial Audit and Risk Committee is responsible for ensuring, principally through the Internal Audit Function that the systems of performance management, measurement and reporting; as well as the systems of internal control that underpin the performance management framework of the department, remain robust and are reviewed routinely in the internal audit plans.

The Committee has accepted the responsibility of ensuring that adequate reporting on performance information is in line with its mandate and charter.

The Committee reviewed the Internal Audit and Auditor-General reports relating to Performance Information and noted the following material deficiencies:

- Non alignment of performance indicators and performance targets
- Performance targets were not completely translated into quarterly targets
- Certain measurable objectives and outputs did not relate to identified performance indicators
- Lack of evidence for actual performance reported
- Inconsistencies in targets between the Annual Performance Plan and the quarterly reports.
- Targets for certain programmes not reported in the quarterly reports.
- Inadequate validation processes

Internal Audit Function

The Provincial Audit & Risk Committee provides oversight and monitors the activities of the Internal Audit Function. Consequently, the Committee is able to report on the effectiveness and efficiency of the function. The function was effective during the period under review and there were no unjustified restrictions or limitations. The Committee will in the forthcoming year, monitor progress to ensure that the Internal Audit Function continues to add value to the department and achieves its optimal performance.



Risk Management Function

Risk Management is a proactive discipline that involves scenario planning and that is intended to provide reasonable assurance that the department will achieve its objectives. King III principle 2.2 states that the board, (executive authority in the case of a government department) “should appreciate that strategy, risk, performance and sustainability are inseparable.”

The committee noted that, during the 2011/12 financial year, the Internal Audit Unit assisted the department with a risk streamlining exercise. This exercise was an attempt to create one reference point for organizational risks – i.e. one risk register instead of pockets of risk registers that the department used to have prior to this exercise.

The consolidated risk register was presented to the Committee in the fourth quarter of the 2011/12 financial year. The committee advised that:

- The department review the accuracy of the risk register and the appropriateness of the risk ratings,
- The Internal Audit Unit formally handed-over the risk register to the department,
- The department strengthens its risk management function and oversight structures in order to ensure the sustainability of this process.

Other Governance Issues

As part of its governance responsibilities, the Committee also monitors the fraud prevention strategies that have been developed and implemented by provincial departments, and these responsibilities include monitoring the implementation of recommendations arising from forensic investigations.

During the period under review, the Committee noted that the department had 3 completed investigations that were conducted by the Provincial Treasury’s Internal Audit Function.

The department was urged to implement recommendations arising from the completed investigation, and to provide the Internal Audit Function with a detailed list of all other investigations being conducted internally or by other relevant authorities.

Evaluation of Financial Statements

The Provincial Audit and Risk Committee reviewed the Annual Financial Statements of the Department, as well as the Auditor General’s management report together with management’s response thereto. The Provincial Audit and Risk Committee concurs and accepts the Auditor-General’s conclusions on the annual financial statements, and is of the opinion that the audited annual financial statements be accepted and read together with the report of the Auditor-General.


 Chairperson: Provincial Audit & Risk Committee

Date: 31 July 2012



Report of the Accounting Officer

Report by the Accounting Officer to the Executive Authority and Provincial Legislature of KwaZulu Natal.

1. General review of the state of financial affairs

The year under review has been an eventful year for the Department. This is the year that marked the third term of democratic wall to wall local government and the ushering in of councillors for their five (5) year term in office. It therefore marked a year of new beginnings as preparations for the orientation of the new councillors as well as changes in municipal administrations took shape.

With more than 70% of the councillors elected into office for the first time, challenges were experienced in a number of municipalities. These challenges were mainly in two areas namely:

- Lack of capacity and limited understanding of the municipal environment.
- We have seen 19 municipalities being led by political coalition. The coalition has come with a number of challenges as a result of personal clashes between councillors over political principles as well as personal issues.

This year the Department also held elections for the Traditional Councils in the areas under Traditional Leadership throughout the province. This election process also had its own challenges in terms of the processes and application of appropriate legislation. The Department had to rise above these challenges in order to ensure that successful elections were held.

Simultaneously, this year has been unique and special for the Department in terms of execution of its legal mandate of co-operative governance and provision of support to the institutions of local governance. This new mandate required a change in the manner in which the Department has been doing business as well as refocus on its strategic direction. The gearing up for the implementation of our mandate which entails being the service delivery co-ordinating department at both provincial and local government level, whilst also overseeing the electioneering process which resulted in the shifting of power in the local government sphere has been an interesting and exciting experience. Notwithstanding, the Department continues with striving towards achievement of its **four** strategic goals, namely:-

- *"Sustained performance of institution of local governance"*, which aims at making municipalities and institutions of traditional leadership work.
- *"Strengthened co-operative governance"* which is to make government institutions work together to improve the lives of the people of KwaZulu Natal.
- *"Efficient and effective oversight"*, which means effectively monitoring that the municipalities and institutions of traditional leadership work effectively
- *"Improved organisational capacity and proficiency in the department and ministry"* which is improving capacity of the department and ministry to support the key main clients of the department, i.e. municipalities and institutions of traditional leadership

With the moratorium on filling of vacancies having been lifted, the Department went on a recruitment drive to fill as many vacancies as possible during the year under review. The recruitment drive has had challenges though, with difficulties being experienced in attracting the personnel of the right skills and calibre. The Department had to re-advertise on numerous occasions in order to attract the people with requisite skills. Despite the challenges, progress has been made in the filling of vacancies and we are continuing to make progress in this regard.



The Department has continued to enhance governance, deepening local democracy, and building a strong local government sphere that ultimately translates into improved service delivery. As this year was the first year for the new term of office of the local government councillors, the Department had to deal with a number of issues from administration to political processes to ensure that the municipalities are kept afloat. Municipalities were continuously encouraged to enhance the oversight function of all councillors and adopt a standardised reporting format. Concerted efforts to turn around municipalities which were experiencing financial distress and were on the verge of technical insolvency were pursued vigorously. It is worth mentioning that the co-operation received from the new councils of those municipalities that were assisted helped ease the load, hence the achievement of financial turnaround in the affected municipalities.

The Department continued with the rolling out of the Massification Programme which is specifically aimed at addressing service delivery backlogs. Provincial priority projects in needy communities were targeted, which resulted in the delivery of water, sanitation and electrification. In this regard, the focus was on areas/communities that were excluded from electricity provision.

We collaborated with Eskom and Department of Energy for the development of a strategy to electrify these "islands" on a priority basis. This project is anticipated to reach completion by 2014. Eskom increased its network capacity in identified areas to carry the additional load.

As part of future planning, a desktop analysis / study of the current existing infrastructure was conducted during the year under review. Difficulties were however experienced in conducting detailed assessments of existing infrastructure, its location, design criteria and specifications, capacity etc. due to deficiencies in municipal records. It is on this basis that the Department took a conscious decision to focus its energies towards the development of Comprehensive Infrastructure Plans in all district municipalities in the 2012/13 financial year.

Hands-on support was provided to uThukela and Umkhanyakude districts in order to ensure continuous supply of water delivery to the areas within these districts. We will continue to monitor the situation closely in these districts to ensure that service delivery is not severely affected by the collapse in administration.

Disaster Awareness campaigns were successfully rolled out by the Provincial Disaster Management Centre as part of the mitigating activities to make the communities aware of the things to do to avoid minor incidents from escalating into major disasters. It was an honour for the Department to partner with BHP Billiton in disaster management. A donor funding of R2 million was received from BHP Billiton to assist us in immediate relief as well as mitigating activities to disasters. We intend to continue with the relationship with BHP Billiton and take it to even greater heights so that we continue as partners in "*Resourcing the Future*".

The Department continues with the implementation of Operation Clean Audit, in order to ensure that financial management at a local government level is enhanced. The focus area in the year under review has been to enhance the functionality of the Audit Committees and GRAP 17 readiness. There has been a series of indirect support initiatives to municipalities to achieve unqualified audit reports including support of Audit Committees, MPAC workshops, support to Auditor General Programmes, financial assessments and recommendations to councils at the targeted municipalities.

The Department successfully managed the elections of traditional councils. This enabled the smooth transition of Traditional Councils and their formalisation as per the KwaZulu-Natal Traditional Leadership



and Governance Act of 2005. An induction manual was developed to ensure that the new Traditional Council members are aware of their roles and responsibilities.

Support was further provided to 263 Traditional Councils on the compilation and the maintenance of Traditional Council asset inventories. Further 120 Traditional Councils were supported on the implementation of financial practice notes. We continue to seek ways to improve capacity of Traditional Councils in managing of their finances and assets.

To ensure the safekeeping of departmental records, the Department developed an Ubukhosi database. This database contains information on existing and former Amakhosi in the Province. It is anticipated that the existence of this database will help reduce the succession disputes amongst the traditional leadership in the province.

The Department's total voted funds for the 2011/12 financial year originally amounted to approximately R1, 156 billion (2010/11: R1, 062 billion). This represents an increase of approximately 8.85% over the previous financial period.

The Department incurred expenditure of R1, 106 billion for the 2011/12 financial period versus a R1,002 billion expenditure in 2011/12 financial period. The year on year increase in actual expenditure is approximately 10%.

Consequently, of the voted funds of R1, 156 billion approximately R50 million remained unspent. Out of these savings, R8.1 million was as a result of vacancies, with R15.2 million being as a result of delays in implementation of projects and R26.1 million is savings from capital expenditure.

Post 2011/12 Budget Adjustment, the Department underwent a process of re-prioritisation of its budget, which resulted in the following virements having to take place:

Programme 1

1.1.1. Savings of **R3,300 million** in **Compensation of Employees**, incurred due to the non-filling of vacant posts, has been moved within Programme 1 and as follows:

- **R2,069 million** to Goods and Services of which R700,000 for S&T to cover official visits abroad in the Office of the MEC (all other virements occurred in the sub-programme: Corporate Services) and R1,369 million for the voter mobilisation of the TC Elections campaign.
- **R1,127 million** to Transfers and Subsidies to cover the costs of External Bursaries (R727,000) and Leave Gratuity (R400,000).
- **R104,000** to Payments for Financial Assets for the write-off of Thefts and Losses.

1.1.2. **Goods and Services** Increased by **R7,819 million** of which:

- **R2,069 million** from Compensation of Employees of which R700,000 for T&S Foreign to cover official visits abroad in the Office of the MEC and R1,369 million for the marketing of the TC Elections campaign.
- **R1,4 million** was vired from Programme 2: Local Governance and utilized to cover the costs of the recruitment agencies tasked with the recruitment and selection in the filling of vacant posts.



- **R850,000** from Programme 4: Traditional Institutional Management was vired to Inventory for the Lexus Nexus license renewal.
 - **R3,5 million** from Programme 6: Systems and Institutional Development of which R2,9 million for the maintenance and repair costs of Whitby Lodge and Wadley House and R600,000 to cover the costs of the recruitment agencies tasked with the recruitment and selection in the filling of vacant posts.
- 1.1.3. **Transfers and Subsidies** increased by **R1,127 million** to cover the costs of External Bursaries (R727,000) and Leave Gratuity (R400,000) paid to officials upon retirement or medical board.
- 1.1.4. **Payments for Capital Assets** decreased by **R2,5 million**. The amount originally budgeted for the purchase of computer servers was based on foreign exchange rates. Subsequently the servers were sourced locally, hence the saving of R2,5 million. This amount was vired to Programme 5: Urban and Rural Development for the construction and maintenance of Traditional Administrative Centres and Thusong Centres.

Programme 2

- 1.1.5. **Goods and Services** decreased by **R5,986 million** of which:
- A saving of **R36,000**, project: Anti-corruption Roll-out, was vired to Transfers and Subsidies within the sub-programme: Municipal Finance to cover to cover the costs of Leave Gratuity paid to an official upon retirement.
 - A saving of **R1,4 million** from the project: Rationalization of Municipalities, in the sub-programme: Municipal Admin, to Programme 1: Administration to cover the costs of recruitment agencies tasked with the recruitment and selection in the filling of vacant posts.
 - Savings of **R4,550 million** from the sub-programme: Municipal Finance, project: Municipal Audit Queries, to Programme 5: Urban and Rural Development for the construction and maintenance of Traditional Administrative Centres and Thusong Centres.
- 1.1.6. **Transfers and Subsidies** increased by **R36,000** to cover to cover the costs of Leave Gratuity paid to an official upon retirement.
- 1.1.7. The sub-programmes decreased/increased as follows:
- **R1,4 million** from the **sub-programme: Municipal Admin** to Programme 1: Administration to cover the costs of recruitment agencies tasked with the recruitment and selection in the filling of vacant posts.
 - **R5,550 million** from the **sub-proramme: Municipal Finance** of which R1 million was moved to the sub-programme: Disaster Management for the project: Roll-out of Community Capacity Building and Awareness in respect of disaster management; and R4,550 million to Programme 5: Urban and Rural Development for the construction and maintenance of Traditional Administrative Centres and Thusong Centres. These savings occurred in the project: Municipal Audit Queries, R4,550 million and R1 million Provincial Interventions.
 - The **sub-programme: Public Participation** decreased by **R30, 000**. This saving from the project: Provincial Public Participation Steering Committee was then moved to the sub-programme: Disaster Management to cover a shortfall relating to the project: Fire Brigade Services.



- The **sub-programme: Disaster Management** increased by **R1,030 million** in respect of the Fire Brigade Services and Community Capacity Building and Awareness in respect of disaster management, projects.

Programme 4

- 1.1.1. **Goods and Services** decreased by **R2, 918 million**. R68,000 was moved to Payments for Financial Assets to cover the write-off of Thefts and Losses incurred by the programme, whilst R2 million was moved to Programme 5: Urban and Rural Development for the for the construction and maintenance of Traditional Administrative Centres and Thusong Centres; and R850,000 to Programme 1: Administration for the various license renewals.
- 1.1.2. **Payment for Financial Assets** increased by R68, 000 to cover the write-off of Thefts and Losses incurred by the programme.
- 1.1.3. The **sub-programme: Traditional Institutional Admin** increased in Goods and Services by **R3, 650 million** to cover the costs of the IEC project management of the Traditional Council Elections.
- 1.1.4. The **sub-programme: Traditional Resource Admin** decreased by **R6,5 million** in Goods and Services. This saving occurred in the Ondlunkulu project, Capacity building for TC Secretaries, Leadership Course for Amakhosi, Legal costs relating to Dispute Resolution and printing costs relating to the TC Elections. Of this saving, R3, 650 million was moved to the sub-programme: Traditional Institutional Admin increased by R3, 650 million to cover the costs of the Independent Electoral Commission project management of the Traditional Council Elections, whilst R2 million was moved to Programme 5: Urban and Rural Development for the for the construction and maintenance of Traditional Administrative Centres and Thusong Centres; and R850,000 to Programme 1: Administration for the various license renewals.

Programme 5

- 1.1.1. **Goods and Service** decreased by **R360, 000**. R355, 000 was vired to Payments for Capital Assets for the construction and maintenance of Traditional Administrative Centres and Thusong Centres and R5,000 to Payment for Financial Assets to cover the write-off of Thefts and Losses incurred by the programme.
- 1.1.2. **Payments for Capital Assets** increased by **R9,405 million** for the construction and maintenance of Traditional Administrative Centres and Thusong Centres.
- 1.1.3. The **sub-programme: Public Participation-CDW** decreased by **R470, 000** due to savings in t operational costs. Of this R355,000 was vired to the sub-programme: Rural Connectivity for the construction and maintenance of Traditional Administrative Centres and Thusong Centres and R115,000 to Urban Development for Transport and Subsistence costs.
- 1.1.4. The **sub-programme: Rural Connectivity** increased by **R9,405 million** of which R2,5 million is from Programme 1: Administration, R4,550 million from Programme 2: Local Governance and R2 million from Programme 4: Traditional Institutional Management, all for costs relating to the construction and maintenance of Traditional Administrative Centres and Thusong Centres.



- 1.1.5. The amount originally budgeted for the purchase of computer servers for the department was based on foreign exchange rates. Subsequently the servers were sourced locally, hence the saving of R2, 5 million. This amount was vired to Programme 5: Urban and Rural Development for the construction and maintenance of Traditional Administrative Centres and Thusong Centres.
- 1.1.6. The sub-programme: Urban Development increased by R115,000 in Transport and Subsistence costs.

Programme 6

- 1.1.1. **Compensation of Employees** increased by **R633, 000**. This occurred in the **sub-programme: Capacity Building** and is as a result of the appointment of contract workers in this sub-programme. The funds were vired from savings in Goods and Services in the sub-programme: Institutional Transformation and External Communication in the project: Departmental Launches.
- 1.1.2. **Goods and Services** decreased by **R4, 133 million**. R633, 000 was moved to Compensation of Employees and the balance to Programme 1: Administration of which R2,9 million was for the maintenance and repair costs of Whitby Lodge and Wadley House and R600,000 to cover the costs of the recruitment agencies tasked with the recruitment and selection in the filling of vacant posts. R500, 000 each from the sub-programmes: Monitoring and Evaluation and DIS and R2,5 million from Institutional Transformation and External Communication.

2. Services rendered by the Department

- 1.1 The Department rendered the following services during the year under review:-
- Formulate and administer legislative and policy framework in respect of local government and traditional institutions;
 - Monitor and support the finances, governance and broader service delivery by municipalities and traditional institutions;
 - Build capacity and provide hands on support to municipalities especially the poor and under capacitated municipalities and institutions of Traditional Leadership
 - Provide support to the municipalities, specifically on the implementation of Municipal Property Rates Act.
 - Promote informed and structured integrated planning and development;
 - Render professional and secretariat support to planning and development statutory bodies;
 - Facilitate and monitor the impact of Project Consolidate municipal interventions;
 - Implement legislation applicable to the institution of Traditional Leadership and to land under management of Traditional Leadership; and
 - Promote synergy between municipalities and institution of Traditional Leadership on land use and development.
 - Implement transformation of Traditional Institutions
 - Facilitate development and functionality of Thusong Centres
 - Monitor functioning of Community Development Workers (CDWs)
 - Manage rural and urban development
 - Monitor delivery of basic services to community
 - Monitor public participation and community empowerment in service delivery,



1.2 Tariff policy

In 2010/11 the only tariffs levied by the Department related to the sale of maps and digital information. The tariffs are listed below:-

SHEET SIZE	PAPER		LAMINATED	
	MAP (R)	TOPO (R)	MAP (R)	TOPO (R)
A0	118.50	142.50	128.70	149.50
A1	94.50	111.00	107.90	122.20
A2	72.00	87.00	75.40	88.40
A3	22.50	30.00	32.50	39.00
A4	15.00	22.50	N/A	N/A
MAP BOOK – Thematic Maps				R200
MAP BOOK – Census				R300

1.3 Free Services

The services rendered by the Department, in terms of its core functions, are mandated by legislation and are related to constitutional obligations and are therefore provided free of charge, to both municipalities and traditional institutions.

3. Capacity constraints

Post 2009 national and provincial elections, it became apparent that the department needs to put more emphasis on co-ordination of service delivery by all government agencies in order to ensure delivery of complete package to the communities. It is in that spirit that financial sustainability and municipal ability to spatial and strategic plan holistically by municipalities becomes critical. We have thus as a department embarked on a thorough analysis of IDPs by the municipalities and forge involvement by all government agencies in the compilation of the IDPs to ensure co-ordinated provision of infrastructure to support the delivery services to the communities.

Thus the change in the mandate of the department, the department had to do a new Strategic Planning which entails the change in the mandate and outlining the outcome approach to the performance with the department being the “cog” in the wheel of service delivery. The intended outcomes outlined in the new Strategic Plan of the department are such that the department has to ensure the implementation of the mandate fully by inco-operating intentions of the Strategic Plan into the Annual Performance Plan and Strategic Objectives and Goals.

The vacancies in the department particularly for vacant critical posts which had a negative impact on the service delivery and the ability of the department to execute its mandate optimally, have been reduced, and the department continues to strive to fill the remaining critical vacancies at a fast pace. Capacity has been improved in the Financial Management to enhance controls and segregation of duties in order to ensure compliance with Public Finance Management and Treasury Regulations in all transactions that the department gets into.

The department is using lessons learnt from “District-wide Development Planning Shared Services” to consolidated and strengthened its support for establishing capacity in municipalities by expanding this model beyond the field of municipal strategic planning, spatial planning, development administration, municipal performance management and development information services. Establishment of Programme Management, Project Management Units, Governance and Financial Experts shared services is under



way with the aim of ensuring delivery of a complete package of capacity and hands-on support to the municipalities using the limited resources at our disposal.

The greatest challenge that municipalities face remains the development of infrastructure towards service delivery. The current funding levels of the Municipal Infrastructure Grant and the Integrated National Electrification and the manner in which the use of these funding is being prioritized is proving not effective to ensure the full achievement of the water, sanitation and electricity targets. Similarly, free basic service delivery to indigent communities is not being implemented satisfactorily, as originally targeted. The service delivery environment throughout the province is characterised by a lack of financial resources and skilled personnel, spiralling unit costs, lack of bulk infrastructure, inappropriate infrastructure investment planning, dispersed settlement patterns, topography and limited financial provision for operations and maintenance of assets. These factors and the mitigation of the afore-mentioned risks are being addressed in the strategy development. It is on this basis that the department has prioritised the development of Universal Access Plans throughout all the districts which will be consolidated at a provincial level, with the intention of ensuring that we have a clear picture of the infrastructure available and infrastructure required to eradicate the backlogs as well as provide for economic development infrastructure.

4. Utilisation of donor funds

The department received funding amounting to R2 million from BHP Billiton for Disaster Relief and disaster prevention initiatives during the year under review. The funding went a long way in assisting the department with Disaster relief and mitigation measures such as conducting road shows on disaster management and prevention and acquisition of Electric Conductors to prevent lightning strikes which had become prevalent in our province over the past 18 months. As at the end of the financial year under review the full funding had been utilised.

5. Trading entities and public entities

5.1 Provincial Planning and Development Commission

The KwaZulu-Natal Town and Regional Planning Commission trading as the Provincial Planning and Development Commission (PPDC) was established in terms of the Natal Town Planning Ordinance, No 27 of 1949 and recognised as the Planning and Development Commission in terms of the Development Facilitation Act 1995 (Act no.67 of 1995). The PPDC was responsible for the processing of certain categories of development applications and appeals in terms of the Natal Town Planning Ordinance, 1949. It was also responsible to advise the MEC for Local Government "as defined" on Development Planning issues and policies and to undertake research in this regard. In November 2010, the PPDC was closed down as a result of the implementation of the KwaZulu Natal Planning Act, which places the responsibility of processing development planning to the municipalities. At the moment the PPDC is therefore in the process of finalising all the research work which will assist the municipality to deliver better on their new mandate as promulgated by the KwaZulu Natal Planning Act.

5.2 Provincial Planning and Development Commission

This Entity was established by Proclamation 100/1996. Umsekeli's primary function is to assist the Department in its Constitutional obligation to support municipalities in the daily execution of their functions.

The process of winding up of the affairs of Umsekeli started in the 2007/08 financial year. The winding up process had taken longer than was anticipated, due to challenges that had arisen,



as a result of litigation matters that were brought about by the former employees of Umsekeli. All of these litigations were finalised during the 2011/12 financial year, and the process of winding up was also brought to finality when the Repeal of Ordinance Bill was passed in November 2011. This means that the department has to inherit all assets and obligations off the entity.

Obviously, with Umsekeli technically wound up, the department did not allocate any funding for the 2011/12 financial year. Obligations arising from the litigation matters are all settled using the funds which are in investment accounts which Umsekeli had opened when it was still fully operational.

5.3 KwaZulu-Natal House of Traditional Leaders

The passing of Traditional Leadership Framework Act (2003) as amended, as well as the Traditional Leadership and Governance Act (Act 5 of 2005) resulted in the transformation of the institution of traditional leadership, which saw the establishment of the Provincial House, the Local Houses of Traditional Leaders and Traditional Councils as part of the transformation process that sought to democratize the institution and align it to other democratic structures of government. The KwaZulu-Natal House of Traditional Leaders however is in the process of being delisted as a Public Entity listed in Schedule 3 of the Public Finance Management Act.

As a result this has placed additional capacity and support requirements on the department to ensure effective transformation and smooth transition to democratic principles. In response, the Department, has established eleven districts offices to support these structures and has further developed partnership with the University of KwaZulu Natal and University of Zululand to develop a dedicated capacity building programme for Traditional Leadership.

The Department continues to promote the synergic relationship between the municipalities and the traditional councils in the planning and development of areas under the jurisdiction of the traditional councils programmes such as LUMS, IDPs and others.

6. Organisations to whom transfer payments have been made

Transfers were made to relevant municipalities in terms of the Division of Revenue Act for the following projects:

- Massification
- Implementation of principle of good governance for municipalities
- Rehabilitation of Small Towns
- Implementation of the Municipal Finance Management Act no 56 of 2003
- Implementation of the KwaZulu Natal Pounds Act
- To promote investment through Corridor Development particularly on the municipalities located along the primary and secondary provincial corridors;
- For capacity building and development planning support; and
- For Disaster Management

7. Public private partnerships (PPP)

The department did not pursue any public / private partnerships during the financial year ended 31 March 2012.



8. Corporate governance arrangements

The Sub-directorate: Internal Control makes use of a customised Control and Risk Self Assessment module to conduct risk assessments within this Department. The risk criteria / risk types for these risk assessments were set by management and include financial risks, administrative risks, asset risks, equipment risks and documentation risks.

All Chief Directorates, where potential risk are more likely to occur, were identified and an annual risk assessment plan was recommended and approved for execution.

The department continues to implement an integrated risk management approach and a common risk management methodology which is to be adopted by all members of staff, thereby involving the entire department's staff in the corporate governance issues.

Internal Control Sub-directorate has conducted audits into department administration compliance, traditional councils, grants paid to municipalities, value-for-money on Integrated Development Initiative grants, payments for suppliers and Human Resources activities, where the controls that exist in the department were tested for effectiveness and efficiency.

9. Discontinued activities/activities to be discontinued

The department has no discontinued the activities during the year under review other than the continuation of the winding up processes of the entities as highlighted above.

10. New/proposed activities

The department aims to use the momentum from the previous financial year of municipalities whereby there was significant improvement in the number of unqualified audit opinions achieved by the municipalities topped with the record breaking achievement of five clean audits. This momentum will be used in the implementation of Operation Clean Audit by 2014 which remains our key flagship programme. The Provincial Plan of Action adopted by Cabinet will go a long way in ensuring that Municipalities obtain Clean Audits. The Department will continue to provide technical hands-on support to municipalities in developing individual audit response plans to address issues raised by the Auditor-General and Programmatic support to address common audit shorting comings such as debt and asset management.

The Department will with even more vigour implement the Municipal Turn-Around Strategies (MTAS). The support to the National Department of Co-operative Governance on the roll out programme of the Municipal Infrastructure Support Agency (MISA) will also be intensified in the 23 identified municipalities.

The Department will put in place an intensive and focussed capacity building NQF accredited programme to capacitate the municipalities. This capacity building programme will be based on the councillors' skills audit that was conducted during the 2011/12 financial year. This is meant to capacitate and empower all newly elected councillors to undertake their duties and obligations to the community in a structured manner.

In order to support municipalities and stakeholders and to share best practices the concept of shared services will be pursued in respect of the following: To support municipalities in exercising their legislative authority and with general municipal legal matters, the Department in conjunction with SALGA KZN will establish a shared legal service in the form of a Municipal Legal Forum. This shared service will support councils in undertaking their legislative competence, which to date has been neglected.



Capacity constraints within municipalities and the department have had a negative impact on the rate of progress made in addressing service delivery challenges. Whilst the Department has invested a great deal of time and resources in development planning capacity building initiatives, there are still serious capacity constraints in most municipalities, particularly in the smaller and rural-based municipalities. High staff turnover, as well as a scarcity of requisite skills to perform development planning functions, has resulted in a situation where municipalities are not able to retain or even recruit suitably qualified and experienced staff to perform these functions. It is for this reason that the concept of a shared service has been pursued as an option that has the potential to achieve greater economies of scale and improve the sustainability of the department's development planning capacity building programme.

The establishment of the Water and Energy Forums is hailed as a gigantic step forward for the province because water and electricity are key strategic catalyst for development and economic growth. These forums will enhance and ensure coordination of water delivery in KwaZulu-Natal. Closer working relationships with the Department of Water Affairs, Energy and Eskom have assisted in ensuring that the challenges related to service delivery will be addressed in an integrated manner. Some of the joint programmes implemented by ourselves and Department of Water Affairs include the provision of water to UMkhanyakude District Municipality, uThungulu District Municipality and uThukela District municipality. The Department will speed up the phasing out of the retail function for uThukela Water and ensure that the Water Services providers swiftly take over the function. The Department will provide support to the municipalities during this transition period.

The Provincial Disaster Management Centre has continued to provide intervention support to the first line clients, being the municipalities, to deal with the disaster management issues and associated implications. Disaster mitigation and contingency plans to support municipalities to deal with the effects of climate change will be improved. This will include participation in climate change forums and implementing the outcomes thereof. Awareness campaigns and interventions will be concentrated in low-lying areas that are in the flood plains. Campaigns on evacuation and resettlement issues will be implemented to educate people from the various district municipalities. Provincial Disaster Management will actively engage the Departments of Human Settlements, Health, Transport and Education as well as municipalities on the reconstruction of damaged houses, schools, hospitals and infrastructure.

The implementation of Section 81 provides a platform for both the institution of Traditional Leadership and Municipalities to engage in a formalised environment on issues of service delivery enabling traditional leaders to undertake their developmental role effectively.

Social and economic infrastructure is an integral part of the medium term strategic framework as encapsulated in the State of the Nation and State of the Provinces Addresses (2012-2015). In this context, the Department will facilitate the implementation of the hierarchy of Community Service Centres (CSCs) in line with the province's aligned approach towards service delivery. Infrastructural developments in terms of the CSC concept will inter-alia contribute towards the restoration of the dignity of traditional leadership through the provision of dignified accommodation.

The Province is faced with a number of challenges amongst others succession and land disputes; therefore the Department has developed a conflict management framework which will be implemented in the 2012/13 financial year. The institution of traditional leadership has in the past not received the respect and dignity it deserves therefore the Department will intensify capacity building programmes for the institution of Traditional Leadership.



The Department will provide support to municipalities to ensure proper involvement of communities in decisions that affect their lives as per Chapter 2 and 4 of the Municipal Systems Act. The Department piloted a survey on how municipalities are performing their public participation requirements in the Sisonke District family of municipalities. The results of this survey indicated a need for the provision of more hands on support to municipalities to enable them to carry out these requirements. The department has further finalised the revision of the Community Participation Framework which will now ensure proper implementation of the framework.

Amongst the activities that the Department will undertake to improve municipal engagement of communities, will be supporting municipalities with the development of Ward Based Plans where Community Development Workers (CDWs) are deployed. The department will continue supporting municipalities with development of ward committee support plans and the development and implementation of community participation plans as required by Chapter 2 and 4 of the Municipal Structures Act. Central to the deserving community members of our communities receiving government services are the government cadres, living within the communities.

It is for this reason that CDWs have been integrated in the Provincial War on Poverty (Operation Sukuma Sakhe). As part of their work, the CDWs will continue to anchor the war rooms within their wards and ensure their continued functionality.

The Department has initiated a Policy and Research Directorate aimed at providing strategic direction for the Department's Research agenda that will provide empirical evidence to support government's policies that guide service delivery.

11. Asset management

With the appointment of the Deputy and Assistant Managers responsible for Asset Management, the department is already exploring the process of using the purchase module on Hardcat in order to limit the tedious reconciliation process between BAS and Hardcat. In the prior year the department had an immaterial **R8,000** difference between the two systems. The migration to full implementation of Hardcat is to limit the errors and the inaccuracy when the transactions are recorded on BAS as well as the misallocation of budgetary codes on the system.

The Department continues to comply with the Treasury Practice Note on Asset Management, and is in the process of developing an Asset Management Strategy using Treasury Regulations and Practice Note as a guide.

12. Inventories

All inventory opening and closing balances, together with movements for the year have been reflected in the Annexure on Inventory on the Annual Financial Statements. The department is in the process of opening up an Inventory module on Hardcat in order to have all inventory movements recorded electronically in preparation for the Disaster Management Stores which are set to be opened during the 2012/13 financial year.

13. Events after the reporting date

There are no significant events affecting the Annual Financial Statements that took place after the reporting date.



14. Information on predetermined objectives

The department has set up Monitoring and Evaluation unit which has taken custody of the interrogation of performance information and monitoring the performance of the department against the set out strategic goals and objectives. During the year under review the departments used Monitoring and Evaluation unit with the office of the Chief Financial Officer to interrogate evidence of performance for validity, accuracy and completeness in order to be satisfied that the evidence is a true reflection of the performance claimed. The findings and shortcomings on evidence are discussed with the business unit concerned in order to revise the performance report which is then presented to department's EXCO for endorsement.

The Monitoring and Evaluation unit then collate the performance information based on the recommendation of the EXCO in order to paint a consolidated picture of the department's performance.

15. SCOPA resolutions

During the year under review there were no specific resolutions affecting the department in its capacity as Vote 11. However there were transversal resolutions that the department had had to respond to, these resolutions are listed in the table below. Further there were other resolutions that were passed by SCOPA that affected the Public Entity reporting to the department in their own right as Organs of State. Nevertheless the department through the various business units within the department with knowledge and expertise on the subject matter affected by the resolution assisted the entities to ensure that all the resolutions were attended to, to the satisfaction of SCOPA.

SCOPA Resolutions	Subject	Findings on progress
That the Accounting Officers of the departments and the Accounting Authorities of the public entities that have incurred irregular expenditure during the 2010/2011 financial year be requested to report to Provincial Treasury the full circumstances resulting in the incurrence of irregular expenditure by 31 January 2012:	Irregular Expenditure	A complete Irregular expenditure and circumstances were submitted to Provincial Treasury for consideration for condonation.
That the Accounting Officers of the various departments report on the following matters: <ul style="list-style-type: none"> The extent to which employees in their departments performed remunerative work outside their employment in the department without written permission from the relevant authority as per the requirements of section 30 of the Public Service Act of South Africa, 1994 (Proclamation No. 103 of 1994) and section 33(1) of the Educator's Employment Act No. 138 of 1994. What action was being taken to inform officials of the requirements in this matter and what disciplinary action has been taken against officials who have performed private remunerative work without authority? 	government employees performing private remunerative work	The department submitted a nil return as there were no employees in the department that were identified to be performing private remunerative work without MEC's approval
That the Accounting Officers of the departments and the Accounting Authorities of the public entities that required material adjustments to be made to their 2010/2011 annual financial statements, report to the Public Accounts Standing Committee by 31 January 2012 on what action is being taken to ensure that the 2011/2012 annual financial statements do not require adjustment when submitted to the Auditor-General	adjustments made to the annual financial statements by the Auditor-General	A report was submitted in this regard, and the specific steps taken on specific matters that required adjustments.



That the Accounting Officers of the department's report to the Public Accounts Standing Committee by 31 January 2012 on what costs were incurred in the 2010/2011 financial year on engaging consultants, what functions these consultants were engaged to perform and why the function could not be performed by officials of the departments.	engagement of consultants	A report to that effect was submitted to SCOPA
That the Accounting Officers of the departments and the Accounting Authorities of public entities report to the Public Accounts Standing Committee by 31 January 2012 on the following: <ul style="list-style-type: none"> • What investigations are currently underway in the departments and public entities and what deadline has been set for these to be completed? • What investigations have been completed in the 2009/2010 and 2010/2011 financial years? 	investigations completed and investigations in progress	A report was submitted detailing the two cases that were under investigation in the department as was highlighted in the audit report by Auditor General in the 2010/11 financial year.
That the MECs of the departments be requested to report on the number of Accounting Officers and senior management staff who should have signed performance agreements and how many of these have actually signed the agreements and to provide reasons in the event of non-compliance.	signing of performance agreements by members of the senior management	The department submitted a NIL return as all Performance Agreement had been signed by all senior managers before 31 May 2011.
That the Accounting Officers of the departments and the Accounting Authorities of the public entities report to the Public Accounts Standing Committee by 31 January 2012 on the findings of the Auditor-General on predetermined objectives of the departments and public entities and what action is being taken to ensure that the concerns of the Auditor-General are addressed.	Findings on Pre-determined objectives	An action plan was submitted and table at SCOPA in response to this matter.
That the Accounting Officers of the departments which have staff debts or have written off staff debts in their financial statements must report on the follow: <ul style="list-style-type: none"> • The amount of staff debt which exists in their departments and the reasons for this. • Action taken to reduce staff debts. • Any amounts of staff debt that have been written off in the past three financial years and the reasons for recovery not being possible. • The amounts of staff debt handed over for collection and the extent of recovery through the collections process. 	write-off of staff debts	An audited schedule of all staff debts written off, and the reasons for writing them off was submitted.

16. Prior modifications to audit reports

During the 2010/11 audit, the department received an unqualified audit report with an emphasis of matter being raised on the irregular expenditure to the amount of R5.5 million which was incurred, without proper tender process being followed. The expenditure in question was investigated and value for money was found to have been received on this transaction. This expenditure was then subsequently submitted to Provincial Treasury for condonation.



As per the table below, the following matters of non-compliance were noted during the 2009/10 audit.

Nature of matter of non-compliance	Financial year in which it first arose	Progress made in clearing / resolving the matter
The department did not maintain appropriate measures to ensure that the transfers to municipalities are applied for their intended purpose, as per the requirements of Treasury Regulation (TR) 8.4.1	2010/11	Measures have been taken to ensure that all funding transferred to the municipalities is used for the intended purposes. Further the department is developing transfer payment manual to guide the accountability for the funds transferred to other organs of state.

17. Exemptions and deviations received from the National Treasury

No exemptions nor deviations were received from the National Treasury

18. Other

There are no other matters to report on for the 2010/11 financial year.

19. Approval

The Annual Financial Statements set out on pages 71 to 126 have been approved by the Accounting Officer(s).



.....
Ms DN Qhobosheane
Head of Department
31 May 2012



Report of the Auditor-General

REPORT OF THE AUDITOR-GENERAL TO THE KWAZULU-NATAL PROVINCIAL LEGISLATURE ON VOTE NO. 11: DEPARTMENT OF CO-OPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the financial statements of the Department of Co-operative Governance and Traditional Affairs set out on pages 71 to 126, which comprise the appropriation statement, the statement of financial position as at 31 March 2012, statement of financial performance, statement of changes in net assets and the cash flow statement for the year then ended, and the notes, comprising a summary of significant accounting policies and other explanatory information.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation of these financial statements in accordance with the Departmental financial reporting framework prescribed by the National Treasury and the requirements of the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA) and Division of Revenue Act of South Africa, 2011 (Act No. 6 of 2011) (DoRA), and for such internal control as the accounting officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor-General's responsibility

3. My responsibility is to express an opinion on the financial statements based on my audit. I conducted my audit in accordance with the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA), the General Notice issued in terms thereof and International Standards on Auditing. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the department's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the department's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.
5. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

6. In my opinion, the financial statements present fairly, in all material respects, the financial position of the Department of Co-operative Governance and Traditional Affairs as at 31 March 2012 and its financial performance and cash flows for the year then ended, in accordance with the Departmental



financial reporting framework prescribed by the National Treasury and the requirements of the PFMA and DoRA.

Emphasis of matters

7. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Irregular expenditure

8. As disclosed in note 22 to the financial statements, the department incurred irregular expenditure of R20,764 million during the year as a result of non-compliance with supply chain management (SCM) regulations and the Public Service Regulations (PSR).

Restatement of corresponding figures

9. As disclosed in notes 10 and 22 to the financial statements, the corresponding figures for prepayments and advances and irregular expenditure for 31 March 2011 have been restated as a result of an error discovered during 2012 in the financial statements of the Department of Co-operative Governance and Traditional Affairs at, and for the year ended, 31 March 2011.

Material underspending of the budget

10. As disclosed in the appropriation statement, the department has materially underspent its total budget by an amount of R49,646 million. This resulted from underspending on administration (R6,087 million), local governance (R7,386 million), development and planning (R9,163 million), traditional institutional management (R10,337 million), urban and rural development (R15,692 million) and systems and institutional development (R981 000). As a consequence, projects and expenditure budgeted within these programmes were/was not completed and procured within the year.

Additional matters

11. I draw attention to the matters below. My opinion is not modified in respect of these matters.

Unaudited supplementary schedules

12. The supplementary information set out on pages xx to xx does not form part of the financial statements and is presented as additional information. I have not audited these schedules and, accordingly, I do not express an opinion thereon.

Financial reporting framework

13. The financial reporting framework prescribed by the National Treasury and applied by the department is a compliance framework. The wording of my opinion on a compliance framework should reflect that the financial statements have been prepared in accordance with this framework and not that they "present fairly". Section 20(2)(a) of the PAA, however, requires me to express an opinion on the fair presentation of the financial statements. The wording of my opinion therefore reflects this requirement.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

14. In accordance with the PAA and the General Notice issued in terms thereof, I report the following findings relevant to performance against predetermined objectives, compliance with laws and regulations and internal control, but not for the purpose of expressing an opinion.

Predetermined objectives

15. I performed procedures to obtain evidence about the usefulness and reliability of the information in the annual performance report as set out on pages xx to xx of the annual report.



16. The reported performance against predetermined objectives was evaluated against the overall criteria of usefulness and reliability. The usefulness of information in the annual performance report relates to whether it is presented in accordance with the National Treasury annual reporting principles and whether the reported performance is consistent with the planned objectives. The usefulness of information further relates to whether indicators and targets are measurable (i.e. well defined, verifiable, specific, measurable and time bound) and relevant as required by the National Treasury Framework for managing programme performance information.
17. The reliability of the information in respect of the selected programmes is assessed to determine whether it adequately reflects the facts (i.e. whether it is valid, accurate and complete).
18. There were no material findings on the annual performance report concerning the usefulness and reliability of the information.

Additional matter

19. Although no material findings concerning the usefulness and reliability of the performance information was identified in the annual performance report I draw attention to the following matter below.

Achievement of planned targets

20. Of the 129 planned targets, 32 (25%) were not achieved during the year under review. This was due to under spending of the budget relevant to the programme: Urban and rural development.

Compliance with laws and regulations

21. I performed procedures to obtain evidence that the department has complied with applicable laws and regulations regarding financial matters, financial management and other related matters. My findings on material non-compliance with specific matters in key applicable laws and regulations as set out in the General Notice issued in terms of the PAA are as follows:

Procurement and contract management

22. Goods and services with a transaction value of between R10 000 and R500 000 were procured without obtaining written price quotations from at least three different prospective providers as per the requirements of Practice Note 8 of 2007/08.
23. Goods and services of a transaction value above R500 000 were procured without inviting competitive bids as per the requirements of Treasury Regulation 16A.6.4 and Practice Note 8 of 2007/08.
24. Quotations were not obtained on a rotation basis or according to the bid procedure from the approved panel of service providers as required by SCM Practice Note 3 of 2003.

Expenditure management

25. The accounting officer did not take reasonable steps to prevent irregular expenditure, as required by sections 38(1)(c)(ii) and 39(1)(b) of the PFMA.
26. The accounting officer did not take effective and appropriate steps against officials responsible for making or permitting irregular expenditure as required by section 38(1)(h) of the PFMA.
27. The accounting officer did not implement sound cash management systems to avoid making prepayments, thereby contravening TR 15.10.1.2(c)



Transfer of funds

28. The accounting officer did not implement appropriate measures to ensure that funds transferred to municipalities are applied for their intended purposes, as per the requirements of TR 8.4.1.

Annual financial statements

29. The financial statements submitted for auditing were not prepared in all material respects in accordance with the requirements of section 40(1) of the PFMA. Material misstatements of prepayments, immovable assets, irregular expenditure, fruitless and wasteful expenditure and commitments identified by the auditors were subsequently corrected, resulting in the financial statements receiving an unqualified audit opinion.

Internal control

30. I considered internal control relevant to my audit of the financial statements, annual performance report and compliance with laws and regulations. The matters reported below under the fundamentals of internal control are limited to the significant deficiencies that resulted in the basis for the findings on compliance with laws and regulations included in this report.

Leadership

31. The accounting officer did not exercise adequate oversight responsibility regarding accuracy of the financial statements and compliance with SCM Regulations, PFMA and Treasury Regulations.

32. Adequate monitoring processes have not been implemented for transfer of funds to the municipalities and processes to prevent, detect and report irregular expenditure.

Financial and performance management

33. The department did not have proper processes and a system of record management for the identification and recording of immovable assets, prepayments, commitments, accruals, fruitless and wasteful and irregular expenditure resulting in material adjustments to the financial statements.

34. A system for monitoring compliance has not been established to prevent non-compliance with laws and regulations.

OTHER REPORTS

Investigations

35. An investigation into the fraudulent diversion of funds to the wrong service provider was completed and disciplinary proceedings are in progress against the responsible staff member.

Pietermaritzburg
Pietermaritzburg
31 July 2012



Appropriation Statement for the year ended 31 March 2012

Appropriation per programme									
2011/12								2010/11	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1. Administration									
Current payment	183,315	-	4,519	187,834	187,207	627	99.7%	150,768	150,659
Transfers and subsidies	5,526	-	1,127	6,653	6,650	3	100.0%	1,915	1,916
Payments for capital assets	14,624	-	(2,500)	12,124	6,667	5,457	55.0%	9,118	2,951
Payments for financial assets	-	-	104	104	104	-	100.0%	-	659
	203,465	-	3,250	206,715	200,628	6,087		161,801	156,185
2. Local Governance									
Current payment	226,943	-	(113,619)	113,324	106,286	7,038	93.8%	118,056	117,191
Transfers and subsidies	28,581	-	107,669	136,250	136,250	-	100.0%	173,585	173,474
Payments for capital assets	1,327	-	-	1,327	979	348	73.8%	800	453
Payments for financial assets	-	-	-	-	-	-		-	21
	256,851	-	(5,950)	250,901	243,515	7,386		292,441	291,139
3. Development and Planning									
Current payment	78,237	-	(1,700)	76,537	67,622	8,915	88.4%	62,865	62,417
Transfers and subsidies	191,458	-	1,700	193,158	193,158	-	100.0%	218,377	218,376
Payments for capital assets	832	-	-	832	584	248	70.2%	272	197
Payments for financial assets	-	-	-	-	-	-		-	105
	270,527	-	-	270,527	261,364	9,163		281,514	281,095
4. Traditional Institutional Management									
Current payment	203,388	-	(2,918)	200,470	195,526	4,944	97.3%	136,924	136,300
Transfers and subsidies	455	-	-	455	424	31	93.2%	858	782
Payments for capital assets	11,848	-	-	11,848	6,487	5,361	54.8%	8,530	8,285
Payments for financial assets	-	-	68	68	67	1	98.5%	-	46
	215,691	-	(2,850)	212,841	202,504	10,337		146,312	145,413

Appropriation per programme (continued)									
2011/12								2010/11	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
5. Urban and Rural Development									
Current payment	99,383	-	(360)	99,023	97,910	1,113	98.9%	122,590	83,772
Transfers and subsidies	20,917	-	-	20,917	20,889	28	99.9%	4,009	3,960
Payments for capital assets	26,411	-	9,405	35,816	21,266	14,550	59.4%	16,337	4,384
Payments for financial assets	-	-	5	5	4	1	80.0%	-	20
	146,711	-	9,050	155,761	140,069	15,692		142,936	92,136
6. Systems and Institutional Development									
Current payment	61,984	-	(3,500)	58,484	57,683	801	98.6%	36,711	36,452
Payments for capital assets	766	-	-	766	586	180	76.5%	188	169
	62,750	-	(3,500)	59,250	58,269	981		36,899	36,621
TOTAL	1,155,995	-	-	1,155,995	1,106,349	49,646	95.7%	1,061,903	1,002,589
Reconciliation with statement of financial performance									
ADD									
Departmental receipts				3,959				5,622	
Actual amounts per statement of financial performance (total revenue)				1,159,954				1,067,525	
ADD									
Aid assistance					118				2,043
Actual amounts per statement of financial performance (total expenditure)					1,106,467				1,004,632



Appropriation per economic classification									
	2011/12							2010/11	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	355,734	-	(4,037)	351,697	343,521	8,176	97.7%	295,080	293,722
Goods and services	497,516	-	(113,541)	383,975	368,713	15,262	96.0%	332,834	293,069
Transfers and subsidies									
Provinces and municipalities	240,693	-	107,633	348,326	348,281	45	100.0%	394,813	394,813
Departmental agencies and accounts	-	-	1,700	1,700	1,700	-	100.0%	-	-
Households	6,244	-	1,163	7,407	7,390	17	99.8%	3,790	3,664
Payments for capital assets									
Buildings and other fixed structures	28,150	-	9,405	37,555	22,625	14,930	60.2%	23,784	11,985
Machinery and equipment	27,658	-	(2,500)	25,158	13,914	11,244	55.3%	11,602	4,461
Software and other intangible assets	-	-	-	-	30	(30)	-	-	10
Payments for financial assets	-	-	177	177	175	2	98.9%	-	865
Total	1,155,995	-	-	1,155,995	1,106,349	49,646	95.7%	1,061,903	1,002,589



Detail per programme 1 – Administration

Detail per sub-programme	2011/12							2010/11	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1.1 Office of the MEC									
Current payment	17,435	-	-	17,435	17,119	316	98.2%	20,384	20,294
Payments for capital assets	186	-	-	186	113	73	60.8%	109	107
Payments for financial assets	-	-	-	-	-	-	-	-	144
1.2 Corporate Services									
Current payment	165,880	-	4,519	170,399	170,088	311	99.8%	130,384	130,365
Transfers and subsidies	5,526	-	1,127	6,653	6,650	3	100.0%	1,915	1,916
Payments for capital assets	14,438	-	(2,500)	11,938	6,554	5,384	54.9%	9,009	2,844
Payments for financial assets	-	-	104	104	104	-	100.0%	-	515
Total	203,465	-	3,250	206,715	200,628	6,087	97.1%	161,801	156,185
Economic classification	2011/12							2010/11	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	86,925	-	(3,300)	83,625	83,570	55	99.9%	74,426	74,407
Goods and services	96,390	-	7,819	104,209	103,637	572	99.5%	76,342	76,252
Transfers and subsidies									
Provinces & municipalities	165	-	-	165	120	45	72.7%	-	-
Households	5,361	-	1,127	6,488	6,530	(42)	100.6%	1,915	1,916
Payments for capital assets									
Machinery and equipment	14,624	-	(2,500)	12,124	6,637	5,487	54.7%	9,118	2,941
Software and other intangible assets	-	-	-	-	30	(30)	-	-	10
Payments for financial assets									
	-	-	104	104	104	-	100.0%	-	659
Total	203,465	-	3,250	206,715	200,628	6,087	97.1%	161,801	156,185



Detail per programme 2 – Local Governance

Detail per sub-programme	2011/12							2010/11	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
2.1 Municipal Administration									
Current payment	36,156	-	(7,971)	28,185	27,328	857	97.0%	20,604	20,165
Transfers and subsidies	25,581	-	5,600	31,181	31,181	-	100.0%	60,545	60,545
Payments for capital assets	224	-	-	224	164	60	73.2%	202	132
Payments for financial assets	-	-	-	-	-	-	-	-	20
2.2 Municipal Finance									
Current payment	22,957	-	(5,586)	17,371	16,611	760	95.6%	24,265	24,250
Transfers and subsidies	-	-	36	36	36	-	100.0%	-	-
Payments for capital assets	220	-	-	220	99	121	45.0%	300	144
Payments for financial assets	-	-	-	-	-	-	-	-	1
2.3 Public Participation									
Current payment	11,489	-	(1,001)	10,488	9,476	1,012	90.4%	8,075	7,975
Transfers and subsidies	-	-	-	-	-	-	-	141	31
Payments for capital assets	353	-	-	353	168	185	47.6%	-	14
2.4 Disaster Management									
Current payment	35,797	-	1,030	36,827	36,533	294	99.2%	35,786	35,751
Transfers and subsidies	3,000	-	-	3,000	3,000	-	100.0%	11,899	11,898
Payments for capital assets	260	-	-	260	548	(288)	210.8%	238	153
2.5 Municipal Infrastructure									
Current payment	120,544	-	(100,091)	20,453	16,338	4,115	79.9%	29,326	29,050
Transfers and subsidies	-	-	102,033	102,033	102,033	-	100.0%	101,000	101,000
Payments for capital assets	270	-	-	270	-	270	-	60	10
Total	256,851	-	(5,950)	250,901	243,515	7,386	97.1%	292,441	291,139

Economic classification	2011/12							2010/11	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	44,229	-	(350)	43,879	41,237	2,642	94.0%	31,339	31,084
Goods and services	182,714	-	(113,269)	69,445	65,049	4,396	93.7%	86,717	86,107
Transfers and subsidies									
Provinces and municipalities	28,320	-	107,633	135,953	135,953	-	100.0%	172,643	172,643
Households	261	-	36	297	297	-	100.0%	801	800
Payments for capital assets									
Machinery and equipment	1,327	-	-	1,327	979	348	73.8%	941	470
Payments for financial assets									
	-	-	-	-	-	-	-	-	35
Total	256,851	-	(5,950)	250,901	243,515	7,386	97.1%	292,441	291,139



Detail per programme 3 – Development and Planning

Detail per sub-programme	2011/12							2010/11	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
3.1 Spatial Planning									
Current payment	11,083	-	-	11,083	9,957	1,126	89.8%	8,905	8,879
Transfers and subsidies	2,250	-	-	2,250	2,250	-	100.0%	-	-
Payments for capital assets	226	-	-	226	171	55	75.7%	96	71
Payments for financial assets	-	-	-	-	-	-	-	-	14
3.2 Development Administration									
Current payment	15,588	-	-	15,588	13,133	2,455	84.3%	14,802	14,740
Transfers and subsidies	1,000	-	-	1,000	1,000	-	100.0%	913	912
Payments for capital assets	265	-	-	265	134	131	50.6%	94	82
Payments for financial assets	-	-	-	-	-	-	-	-	6
3.3 Municipal Strategic Management									
Current payment	10,826	-	-	10,826	7,496	3,330	69.2%	6,495	6,439
Transfers and subsidies	5,461	-	-	5,461	5,461	-	100.0%	4,227	4,227
Payments for capital assets	87	-	-	87	65	22	74.7%	41	34
Payments for financial assets	-	-	-	-	-	-	-	-	56
3.4 Municipal Performance Management									
Current payment	5,962	-	-	5,962	4,205	1,757	70.5%	4,937	4,894
Payments for capital assets	96	-	-	96	97	(1)	101.0%	31	5
3.5 Provincial Planning and Development Commission									
Current payment	-	-	-	-	-	-	-	1,450	1,384
Payments for financial assets	-	-	-	-	-	-	-	-	29
3.6 Special Projects									
Current payment	34,778	-	(1,700)	33,078	32,831	247	99.3%	26,276	26,081
Transfers and subsidies	182,747	-	1,700	184,447	184,447	-	100.0%	213,237	213,237
Payments for capital assets	158	-	-	158	117	41	74.1%	10	5
Total	270,527	-	-	270,527	261,364	9,163	96.6%	281,514	281,095

Economic classification	2011/12							2010/11	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	29,738	-	-	29,738	25,897	3,841	87.1%	22,681	22,544
Goods and services	48,499	-	(1,700)	46,799	41,725	5,074	89.2%	40,184	39,873
Transfers and subsidies									
Provinces and municipalities	191,458	-	-	191,458	191,458	-	100.0%	218,264	218,264
Departmental agencies and accounts	-	-	1,700	1,700	1,700	-	100.0%	-	-
Households	-	-	-	-	-	-	-	113	112
Payments for capital assets									
Machinery and equipment	832	-	-	832	584	248	70.2%	272	197
Payments for financial assets									
	-	-	-	-	-	-	-	-	105
Total	270,527	-	-	270,527	261,364	9,163	96.6%	281,514	281,095



Detail per programme 4 – Traditional Institutional Management

Detail per sub-programme	2011/12							2010/11	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
4.1 Traditional Institutional Administration									
Current payment	129,568	-	3,588	133,156	129,416	3,740	97.2%	79,266	78,694
Payments for capital assets	1,812	-	-	1,812	496	1,316	27.4%	7,870	7,810
Payments for financial assets	-	-	62	62	62	-	100.0%	-	28
4.2 Traditional Resource Administration									
Current payment	59,424	-	(6,505)	52,919	51,755	1,164	97.8%	44,574	44,694
Transfers and subsidies	55	-	-	55	92	(37)	167.3%	734	665
Payments for capital assets	8,475	-	-	8,475	4,457	4,018	52.6%	450	329
Payments for financial assets	-	-	5	5	4	1	80.0%	-	14
4.3 Traditional Land Administration									
Current payment	14,396	-	(1)	14,395	14,355	40	99.7%	13,084	12,912
Transfers and subsidies	400	-	-	400	332	68	83.0%	124	117
Payments for capital assets	1,561	-	-	1,561	1,534	27	98.3%	210	146
Payments for financial assets	-	-	1	1	1	-	100.0%	-	4
Total	215,691	-	(2,850)	212,841	202,504	10,337	95.1%	146,312	145,413



Economic classification	2011/12							2010/11	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	98,539	-	(910)	97,629	96,906	723	99.3%	82,489	82,314
Goods and services	104,849	-	(2,008)	102,841	98,620	4,221	95.9%	54,435	53,986
Transfers and subsidies									
Households	455	-	-	455	424	31	93.2%	858	782
Payments for capital assets									
Buildings and other fixed structures	6,180	-	-	6,180	3,307	2,873	53.5%	7,760	7,764
Machinery and equipment	5,668	-	-	5,668	3,180	2,488	56.1%	770	521
Payments for financial assets									
	-	-	68	68	67	1	98.5%	-	46
Total	215,691	-	(2,850)	212,841	202,504	10,337	95.1%	146,312	145,413



Detail per programme 5 – Urban and Rural Development

Detail per sub-programme	2011/12							2010/11	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
5.1 Public Participation-CDW's									
Current payment	79,799	-	(4,275)	75,524	75,852	(328)	100.4%	64,593	64,681
Transfers and subsidies	167	-	-	167	139	28	83.2%	103	54
Payments for capital assets	2,290	-	-	2,290	45	2,245	2.0%	80	19
Payments for financial assets	-	-	5	5	4	1	80.0%	-	20
5.2 Rural Connectivity									
Current payment	5,948	-	3,800	9,748	8,458	1,290	86.8%	45,461	7,147
Transfers and subsidies	15,500	-	-	15,500	15,500	-	100.0%	148	148
Payments for capital assets	22,150	-	9,405	31,555	19,465	12,090	61.7%	16,099	4,238
5.3 Rural Development									
Current payment	6,705	-	-	6,705	6,857	(152)	102.3%	6,095	5,989
Transfers and subsidies	5,250	-	-	5,250	5,250	-	100.0%	-	-
Payments for capital assets	1,861	-	-	1,861	1,658	203	89.1%	9	48
5.4 Synergistic Partnerships									
Current payment	4,247	-	-	4,247	3,930	317	92.5%	4,582	4,176
Payments for capital assets	95	-	-	95	98	(3)	103.2%	134	79
5.5 Urban Development									
Current payment	2,684	-	115	2,799	2,813	(14)	100.5%	1,859	1,779
Transfers and subsidies	-	-	-	-	-	-	-	3,758	3,758
Payments for capital assets	15	-	-	15	-	15	-	15	-
Total	146,711	-	9,050	155,761	140,069	15,692	89.9%	142,936	92,136



Economic classification	2011/12							2010/11	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	86,768	-	-	86,768	86,662	106	99.9%	76,775	76,142
Goods and services	12,615	-	(360)	12,255	11,248	1,007	91.8%	45,815	7,630
Transfers and subsidies									
Provinces and municipalities	20,750	-	-	20,750	20,750	-	100.0%	3,906	3,906
Households	167	-	-	167	139	28	83.2%	103	54
Payments for capital assets									
Buildings and other fixed structures	21,970	-	9,405	31,375	19,318	12,057	61.6%	16,024	4,221
Machinery and equipment	4,441	-	-	4,441	1,948	2,493	43.9%	313	163
Payments for financial assets									
	-	-	5	5	4	1	80.0%	-	20
Total	146,711	-	9,050	155,761	140,069	15,692	89.9%	142,936	92,136



Detail per programme 6 – Systems and Institutional Development

Detail per sub-programme	2011/12							2010/11	
	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
6.1 Capacity Building									
Current payment	683	-	633	1,316	1,311	5	99.6%	642	618
6.2 Monitoring and Evaluation									
Current payment	6,042	-	(500)	5,542	4,839	703	87.3%	3,643	3,587
Payments for capital assets	209	-	-	209	372	(163)	178.0%	63	45
6.3 Institutional Transformation and External Communications									
Current payment	46,065	-	(2,493)	43,572	43,460	112	99.7%	23,057	22,890
6.4 Development Information Services									
Current payment	9,194	-	(1,140)	8,054	8,073	(19)	100.2%	9,369	9,357
Payments for capital assets	557	-	-	557	214	343	38.4%	125	124
Total	62,750	-	(3,500)	59,250	58,269	981	98.3%	36,899	36,621
2011/12									
Economic classification	Adjusted Appropriation	Shifting of Funds	Virement	Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual expenditure
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current payments									
Compensation of employees	9,535	-	523	10,058	9,249	809	92.0%	7,370	7,231
Goods and services	52,449	-	(4,023)	48,426	48,434	(8)	100.0%	29,341	29,221
Payments for capital assets									
Machinery and equipment	766	-	-	766	586	180	76.5%	188	169
Total	62,750	-	(3,500)	59,250	58,269	981	98.3%	36,899	36,621

Notes to the Appropriation Statement for the Year Ended 31 March 2012

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

Detail of these transactions can be viewed in the note on Transfers and subsidies, disclosure note 30 and Annexure 1 (B, C & H) 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 payments for financial assets

Detail of these transactions per programme can be viewed in the note on Payments for financial assets to the Annual Financial Statements.

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

4.1 Per Programme

Administration	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	%
	206,715	200,628	6,087	2.94
<p>Explanation of variance: The under expenditure of R 5,437 million under Payment for Capital Assets occurred mainly in the Directorate: Information and Communication Technology. The purchase of new computer servers was delayed due to delays in the SITA procurement processes.</p>				
Local Governance	250,901	243,515	7,386	2.94
<p>Explanation of variance: The under-expenditure of R2, 642 million in Compensation of Employees is as a result of the vacancies. The under-expenditure of R4, 396 million in Goods and Services relates to projects for the Water and Energy Strategy Phase 1 & 2 that did not take place. The MPRA project was not approved due to the escalated costs in appointing consultants to perform the function. The under-expenditure under Capital Assets resulted from the provision made for the purchasing of furniture and equipment for the vacant posts; however the posts were not filled.</p>				
Development and Planning	270,527	261,364	9,163	3.39
<p>Explanation of variance: The under-expenditure of R3, 840 million on Compensation of Employees occurred due to the vacancies. The under-expenditure of R5, 075 million on Goods & Services occurred as a result of unspent money, which had been allocated for COP 17 venue bookings, IDP support to municipalities and Vuna Awards. The under-expenditure of R248, 000 on Capital Assets occurred due to delays in filling of posts and furniture and equipment not being purchased.</p>				
Traditional Institutional Management	212,841	202,504	10,337	4.86



Explanation of variance: The under-expenditure of R4, 610 million under Goods & Services occurred as a result of TC elections not being finalised in March as initially anticipated, hence it will be carried over to 2012/2013 financial year. The under-expenditure within Transfers and Subsidies is as a result of delayed leave gratuity payment to an official, due to the official's file being audited. The under-expenditure for Payments for Capital Assets is due to unfinalised tender processes for the procurement of 166 Safes for TCs and other IDT projects.

Urban and Rural Development	155,761	140,069	15,692	10.07
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Explanation of variance: The over-expenditure of R2, 793 million under Goods & Services was as a result of provision of tools of trade for the CDWs which costed more than was anticipated. The under-expenditure within Payments for Capital Assets was as a result of the construction of the three new TAC's not being completed in time due to the disruption experienced with the changing weather patterns.

Systems and Institutional Development	59,250	58,269	981	1.66
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Explanation of variance: The variance under Compensation of Employees is due to vacancies which were not filled. The variance under Payments of Capital Assets is due to the DIS server that was purchased under Goods & Services, but projected for, under Capital Assets.

4.2 Per Economic classification	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	%
Current payments				
Compensation of employees	351,697	343,521	8,176	2.32
Goods and services	383,975	368,713	15,262	3.97
Transfers and subsidies				
Provinces and municipalities	348,326	348,281	45	0.01
Departmental agencies & accounts	1,700	1,700	-	0.00
Households	7,407	7,390	17	0.23
Payments for capital assets				
Buildings and other fixed structures	37,555	22,625	14,930	39.76
Machinery and equipment	25,158	13,914	11,244	44.69
Software and other intangible assets	-	30	(30)	0.00
Payments for financial assets	177	175	2	1.13

Explanation of variance: The under-expenditure in Compensation of Employees was as result of vacancies within the department. The under-expenditure in Goods and Services is due to some projects that had a budget allocation but were not undertaken or completed as at 31 March 2012. A roll-over request has been made for all those projects that were in progress at 31 March 2012. The under-expenditure in Payments for Capital Assets is mainly as a result of servers not being installed in time, and non-completion of Traditional Administration Center and Imizi Yesizwe constructions. A roll-over request has been made to Provincial Treasury for the funding to finance the remainder of these projects.



Statement of Financial Performance for the Year Ended 31 March 2012

	Note	2011/12 R'000	2010/11 R'000
REVENUE			
Annual appropriation	1	1,155,995	1,061,903
Departmental revenue	2	3,959	5,622
TOTAL REVENUE		1,159,954	1,067,525
EXPENDITURE			
Current expenditure			
Compensation of employees	4	343,521	293,722
Goods and services	5	368,713	293,069
Aid assistance	3	118	2,043
Total current expenditure		712,352	588,834
Transfers and subsidies			
Transfers and subsidies	7	357,371	398,477
Total transfers and subsidies		357,371	398,477
Expenditure for capital assets			
Tangible capital assets	8	36,539	16,446
Software and other intangible assets	8	30	10
Total expenditure for capital assets		36,569	16,456
Payments for financial assets	6	175	865
TOTAL EXPENDITURE		1,106,467	1,004,632
SURPLUS/(DEFICIT) FOR THE YEAR		53,487	62,893
Reconciliation of Net Surplus/(Deficit) for the year			
Voted funds		49,646	59,314
Annual appropriation		49,646	59,314
Departmental revenue and NRF Receipts	13	3,959	5,622
Aid assistance	3	(118)	(2,043)
SURPLUS/(DEFICIT) FOR THE YEAR		53,487	62,893



Statement of Financial Position as at 31 March 2012

	Note	2011/12 R'000	2010/11 R'000
ASSETS			
Current assets		57,696	66,033
Cash and cash equivalents	9	2,204	7,485
Prepayments and advances	10	47,508	49,608
Receivables	11	7,984	8,940
TOTAL ASSETS		57,696	66,033
LIABILITIES			
Current liabilities		57,393	65,892
Voted funds to be surrendered to the Revenue Fund	12	49,646	59,314
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	13	2,341	606
Payables	14	742	1,190
Aid assistance unutilised	3	4,664	4,782
TOTAL LIABILITIES		57,393	65,892
NET ASSETS		303	141
Represented by:			
Recoverable revenue		303	141
TOTAL		303	141



Statement of Changes in Net Assets for the Year Ended 31 March 2012

	<i>Note</i>	2011/12 R'000	2010/11 R'000
Recoverable revenue			
Opening balance		141	653
Transfers:		162	(512)
Debts revised		-	(512)
Debts raised		162	-
Closing balance		303	141
TOTAL		303	141



Cash Flow Statement for the Year Ended 31 March 2012

	<i>Note</i>	2011/12 R'000	2010/11 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		1,159,954	1,065,296
Annual appropriated funds received	1.1	1,155,995	1,061,903
Departmental revenue received	2	3,959	3,393
Net (increase)/decrease in working capital		2,608	(48,345)
Surrendered to Revenue Fund		(61,538)	(75,523)
Current payments		(712,352)	(588,834)
Payments for financial assets		(175)	(865)
Transfers and subsidies paid		(357,371)	(398,477)
Net cash flow available from operating activities	15	31,126	(46,748)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	8	(36,569)	(16,456)
Proceeds from sale of capital assets	2.3	-	2,229
Net cash flows from investing activities		(36,569)	(14,227)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in net assets		162	(512)
Net cash flows from financing activities		162	(512)
Net increase/(decrease) in cash and cash equivalents		(5,281)	(61,487)
Cash and cash equivalents at the beginning of the period		7,485	68,972
Cash and cash equivalents at end of period	9	2,204	7,485



Statement of Accounting Policies and Related Matters

The Financial Statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the Financial Statements and to comply with the statutory requirements of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the Act and the Division of Revenue Act, Act 6 of 2011.

1. Presentation of the Financial Statements

1.1 Basis of preparation

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

1.1 Presentation currency

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

1.2 Rounding

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

1.3 Comparative figures

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

1.4 Comparative figures - Appropriation Statement

A comparison between actual amounts and final appropriation per major classification of expenditure is included in the Appropriation Statement.

2. Revenue

2.1 Appropriated funds

Appropriated funds comprises of departmental allocations.

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

Unexpended appropriated funds are surrendered to the Provincial Revenue Fund. Any amounts owing to the Provincial Revenue Fund at the end of the financial year are recognised as payable in the statement of financial position.

Any amount due from the Provincial Revenue Fund at the end of the financial year is recognised as a receivable in the statement of financial position.



2.2 Departmental revenue

All departmental revenue is recognised in the statement of financial performance when received and is subsequently paid into the Provincial Revenue Fund, unless stated otherwise.

Any amount owing to the Provincial Revenue Fund is recognised as a payable in the statement of financial position.

No accrual is made for amounts receivable from the last receipt date to the end of the reporting period. These amounts are however disclosed in the disclosure note to the annual financial statements.

2.3 Aid assistance

Aids assistance is recognised as revenue when received.

The cash payments made during the year relating to aid assistance projects are recognised as expenditure in the statement of financial performance when final authorisation for payments is effected on the system (by no later than 31 March of each year)

Unutilised amounts are recognised as payables in the statement of financial position.

3. Expenditure

3.1 Compensation of employees

3.1.1 Salaries and wages

Salaries and wages are expensed in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

Other employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the financial statements at its face value and are not recognised in the statement of financial performance or position.

Employee costs are capitalised to the cost of a capital project when an employee spends more than 50% of his/her time on the project. These payments form part of expenditure for capital assets in the statement of financial performance.

3.1.2 Social contributions

Employer contributions to post employment benefit plans in respect of current employees are expensed in the statement of financial performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

No provision is made for retirement benefits in the financial statements of the department. Any potential liabilities are disclosed in the financial statements of the National Revenue Fund and not in the financial statements of the employer department.

Employer contributions made by the department for certain of its ex-employees (such as medical benefits) are classified as transfers to households in the statement of financial performance.



3.2 Goods and services

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

The expense is classified as capital if the goods and/or services were acquired for a capital project or if the total purchase price exceeds the capitalisation threshold (currently R5, 000). All other expenditures are classified as current.

Rental paid for the use of buildings or other fixed structures is classified as *goods and services* and not as *rent on land*.

3.3 Payments for financial assets

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

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

3.4 Transfers and subsidies

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

3.5 Unauthorised expenditure

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

Unauthorised expenditure approved with funding is derecognised from the statement of financial position when the unauthorised expenditure is approved and the related funds are received.

Where the amount is approved without funding it is recognised as expenditure in the statement of financial performance on the date of approval.

3.6 Fruitless and wasteful expenditure

Fruitless and wasteful expenditure is recognised as expenditure in the statement of financial performance according to the nature of the payment and not as a separate line item on the face of the statement. If the expenditure is recoverable it is treated as an asset until it is recovered from the responsible person or written off as irrecoverable in the statement of financial performance.

3.7 Irregular expenditure

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



4. Assets

4.1 Cash and cash equivalents

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

Bank overdrafts are shown separately on the face of the statement of financial position.

For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand.

4.2 Prepayments and advances

Amounts prepaid or advanced are recognised in the statement of financial position when the payments are made and are derecognised as and when the goods/services are received or the funds are utilised.

Prepayments and advances outstanding at the end of the year are carried in the statement of financial position at cost.

4.3 Receivables

Receivables included in the statement of financial position arise from cash payments made that are recoverable from another party (including departmental employees) and are derecognised upon recovery or write-off.

Receivables outstanding at year-end are carried in the statement of financial position at cost plus any accrued interest. Amounts that are potentially irrecoverable are included in the disclosure notes.

4.4 Inventory

Inventories that qualify for recognition must be initially reflected at cost. Where inventories are acquired at no cost, or for nominal consideration, their cost shall be their fair value at the date of acquisition.

All inventory items at year-end are reflected using the weighted average cost formula.

4.5 Capital assets

4.5.1 Movable assets

Initial recognition

A capital asset is recorded in the asset register on receipt of the item at cost. Cost of an asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the movable capital asset is stated at fair value. Where fair value cannot be determined, the capital asset is included in the asset register at R1.

All assets acquired prior to 1 April 2004 are included in the register R1.

Subsequent recognition

Subsequent expenditure of a capital nature is recorded in the statement of financial performance as "expenditure for capital assets" and is capitalised in the asset register of the department on completion of the project.

Repairs and maintenance is expensed as current "goods and services" in the statement of financial performance.



4.5.2 Immovable assets

Initial recognition

A capital asset is recorded on receipt of the item at cost. Cost of an asset is defined as the total cost of acquisition. Where the cost cannot be determined accurately, the immovable capital asset is stated at R1 unless the fair value for the asset has been reliably estimated.

Subsequent recognition

Work-in-progress of a capital nature is recorded in the statement of financial performance as "expenditure for capital assets". On completion, the total cost of the project is included in the asset register of the department that is accountable for the asset.

Repairs and maintenance is expensed as current "goods and services" in the statement of financial performance.

5. Liabilities

5.1 Payables

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

5.2 Contingent liabilities

Contingent liabilities are included in the disclosure notes to the financial statements when it is possible that economic benefits will flow from the department, or when an outflow of economic benefits or service potential is probable but cannot be measured reliably.

5.3 Commitments

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

5.4 Accruals

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

5.5 Employee benefits

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

5.6 Lease commitments

Finance lease

Finance leases are not recognised as assets and liabilities in the statement of financial position. Finance lease payments are recognised as an expense in the statement of financial performance and are apportioned between the capital and interest portions. The finance lease liability is disclosed in the disclosure notes to the financial statements.

Operating lease

Operating lease payments are recognised as an expense in the statement of financial performance. The operating lease commitments are disclosed in the disclosure notes to the financial statement.



5.7 Impairment and other provisions

The department tests for impairment where there is an indication that a receivable may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. An estimate is made for doubtful receivables based on a review of all outstanding amounts at year-end.

Provisions are disclosed when there is a present legal or constructive obligation to forfeit economic benefits as a result of events in the past and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the obligation can be made.

6. Net Assets

6.1 Recoverable revenue

Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year. Amounts are either transferred to the Provincial Revenue Fund when recovered or are transferred to the statement of financial performance when written-off.

7. Related party transactions

Specific information with regards to related party transactions is included in the disclosure notes.

8. Key management personnel

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



Notes to the Annual Financial Statements for the Year Ended 31 March 2012

1. Annual Appropriation

1.1 Annual Appropriation

Included are funds appropriated in terms of the Appropriation Act (and the Adjustments Appropriation Act) for Provincial Departments:

	2011/12		2010/11	
	Final Appropriation R'000	Actual Funds Received R'000	Funds not requested/ not received R'000	Appropriation Received R'000
Programmes				
Administration	206,715	206,715	-	161,801
Local Governance	250,901	250,901	-	292,441
Development and Planning	270,527	270,527	-	281,514
Traditional Institutional Management	212,841	212,841	-	146,312
Urban and Rural Development	155,761	155,761	-	142,936
Systems and Institutional Development	59,250	59,250	-	36,899
Total	1,155,995	1,155,995	-	1,061,903

2. Departmental revenue

	Note	2011/12 R'000	2010/11 R'000
Sales of goods and services other than capital assets	2.1	1,263	1,089
Interest, dividends and rent on land	2.2	2,141	389
Sales of capital assets	2.3	-	2,229
Transactions in financial assets and liabilities	2.4	555	1,915
Departmental revenue collected		3,959	5,622

2.1 Sales of goods and services other than capital assets

	2	2011/12 R'000	2010/11 R'000
Sales of goods and services produced by the department		1,258	1,088
Sales by market establishment		965	809
Other sales		293	279
Sales of scrap, waste and other used current goods		5	1
Total		1,263	1,089

2.2 Interest, dividends and rent on land

	2	2011/12 R'000	2010/11 R'000
Interest		2,141	389
Total		2,141	389



	Note	2011/12 R'000	2010/11 R'000
2.3 Sales of capital assets			
	2		
Tangible capital assets		-	2,229
Machinery and equipment	15	-	2,229
Total		-	2,229
2.4 Transactions in financial assets and liabilities			
	2		
Receivables		303	426
Other Receipts including Recoverable Revenue		252	1,489
Total		555	1,915
3. Aid assistance			
3.1 Aid assistance received in cash from other sources			
Local			
Opening Balance		4,782	6,825
Expenditure		(118)	(2,043)
Current		(118)	(2,043)
Closing Balance		4,664	4,782
3.2 Total assistance			
Opening Balance		4,782	6,825
Expenditure		(118)	(2,043)
Current		(118)	(2,043)
Closing Balance		4,664	4,782
3.3 Analysis of balance			
Aid assistance unutilised		4,664	4,782
Other sources		4,664	4,782
Closing balance		4,664	4,782
4. Compensation of employees			
4.1 Salaries and Wages			
Basic salary		204,075	170,120
Performance award		1,353	72
Service Based		478	500
Compensative/circumstantial		10,218	8,357
Periodic payments		1	6
Other non-pensionable allowances		87,154	78,916
Total		303,279	257,971



	Note	2011/12 R'000	2010/11 R'000
4.2 Social contributions			
Employer contributions			
Pension		24,689	21,304
Medical		15,486	14,384
Bargaining council		67	63
Total		40,242	35,751
Total compensation of employees		343,521	293,722
Average number of employees		1,243	1,176
5. Goods and services			
Administrative fees		192	940
Advertising		11,654	4,690
Assets less than R5,000	5.1	5,507	9,354
Bursaries (employees)		714	618
Catering		2,280	1,778
Communication		6,946	6,192
Computer services	5.2	14,453	11,832
Consultants, contractors and agency/outsourced services	5.3	193,023	153,395
Entertainment		4	14
Audit cost – external	5.4	5,716	4,913
Fleet services		7,245	4,958
Inventory	5.5	9,721	4,742
Operating leases		18,792	17,289
Property payments	5.6	17,785	10,525
Transport provided as part of the departmental activities		386	114
Travel and subsistence	5.7	39,887	29,803
Venues and facilities		4,350	2,455
Training and staff development		882	2,249
Other operating expenditure	5.8	29,176	27,208
Total		368,713	293,069
5.1 Assets less than R5,000			
	5		
Tangible assets		5,507	9,354
Machinery and equipment		5,507	9,354
Total		5,507	9,354



	Note	2011/12 R'000	2010/11 R'000
5.2 Computer services			
	5		
SITA computer services		12,735	10,946
External computer service providers		1,718	886
Total		14,453	11,832
5.3 Consultants, contractors and agency/outsourced services			
	5		
Business and advisory services		120,297	132,981
Legal costs		7,292	5,301
Contractors		58,765	11,006
Agency and support/outsourced services		6,669	4,107
Total		193,023	153,395
5.4 Audit cost – External			
	5		
Regularity audits		5,716	4,913
Total		5,716	4,913
5.5 Inventory			
	5		
Learning and teaching support material		20	7
Food and food supplies		267	148
Fuel, oil and gas		45	1
Other consumable materials		1,057	392
Materials and supplies		129	81
Stationery and printing		8,049	3,879
Medicine		154	234
Total		9,721	4,742
5.6 Property payments			
	5		
Municipal services		4,856	4,518
Property maintenance and repairs		5,260	1,593
Other		7,669	4,414
Total		17,785	10,525
5.7 Travel and subsistence			
	5		
Local		36,634	27,099
Foreign		3,253	2,704
Total		39,887	29,803



	Note	2011/12 R'000	2010/11 R'000
5.8 Other operating expenditure			
	5		
Learnerships		5,468	1,103
Professional bodies, membership and subscription fees		9	-
Resettlement costs		1,807	3,776
Other		21,892	22,329
Total		29,176	27,208
6. Payments for financial assets			
Other material losses written off	6.1	-	10
Debts written off	6.2	175	855
Total		175	865
6.1 Other material losses written off			
Nature of losses	6		
Medical aid recoveries		-	10
Total		-	10
6.2 Debts written off			
Nature of debts written off	6		
Ex-employee		72	855
Breach of contract		10	-
Employee		93	-
Total		175	855
7. Transfers and subsidies			
Provinces and municipalities	Note 30/Annexure 1B	348,281	394,813
Departmental agencies and accounts	Annexure 1C	1,700	-
Households	Annexure 1H	7,390	3,664
Total		357,371	398,477
Unspent funds transferred to the above beneficiaries		329,790	353,252
8. Expenditure for capital assets			
Tangible assets		36,539	16,446
Buildings and other fixed structures	28	22,625	11,985
Machinery and equipment	26	13,914	4,461
Software and other intangible assets		30	10
Computer software	27	30	10
Total		36,569	16,456



8.1 Analysis of funds utilised to acquire capital assets – 2011/12

	Voted funds R'000	Aid assistance R'000	Total R'000
Tangible assets	36,539	-	36,539
Buildings and other fixed structures	22,625	-	22,625
Machinery and equipment	13,914	-	13,914
Software and other intangible assets	30	-	30
Computer software	30	-	30
Total	36,569	-	36,569

8.2 Analysis of funds utilised to acquire capital assets – 2010/11

	Voted funds R'000	Aid assistance R'000	Total R'000
Tangible assets	16,446	-	16,446
Buildings and other fixed structures	11,985	-	11,985
Machinery and equipment	4,461	-	4,461
Software and other intangible assets	10	-	10
Computer software	10	-	10
Total	16,456	-	16,456

	Note	2011/12 R'000	2010/11 R'000
9. Cash and cash equivalents			
Consolidated Paymaster General Account		2,132	7,415
Disbursements		2	-
Cash on hand		70	70
Total		2,204	7,485
10. Prepayments and advances			
Travel and subsistence		69	18
Prepayments		47,439	49,590
Total		47,508	49,608

The prepayment balance was restated due to an amount of R11,803,477.92 which was not disclosed during the prior financial year, which resulted in the reduction of expenditure and an increase in voted funds to be surrendered by R11,803,477.92 respectively.

11. Receivables

	Note	2011/12			2010/11	
		R'000	R'000	R'000	R'000	R'000
		Less than one year	One to three years	Older than three years	Total	Total
Claims recoverable	11.1 / Annex 4	244	5,248	-	5,492	7,042
Recoverable expenditure	11.2	271	786	-	1,057	899
Staff debt	11.3	307	93	-	400	196
Other debtors	11.4	345	467	223	1,035	803
Total		1,167	6,594	223	7,984	8,940

	Note	2011/12 R'000	2010/11 R'000
11.1 Claims recoverable			
	11		
National departments		-	146
Provincial departments		1,648	3,296
Public entities		244	-
Local governments		3,600	3,600
Total		5,492	7,042

11.2 Recoverable expenditure (disallowance accounts)

	Note	2011/12 R'000	2010/11 R'000
11.2 Recoverable expenditure (disallowance accounts)			
	11		
Payment Fraud		616	616
Salary Reversal		332	193
Income Tax		71	70
Medical Aid		-	2
Deduction Disallowance		13	-
Tax Debt		11	12
ACB Recalls		14	6
Total		1,057	899

11.3 Staff debt

	Note	2011/12 R'000	2010/11 R'000
11.3 Staff debt			
	11		
Leave without pay		1	2
Breach of contract		69	48
Fruitless expenditure		77	-
Overpaid salaries		42	14
S&T		48	-
Telephone		9	9
Vehicle damage		148	123
Tax debt		6	-
Total		400	196



	Note	2011/12 R'000	2010/11 R'000
11.4 Other debtors			
	11		
Ex-employees		602	504
External debtors		298	164
Suppliers		-	1
Appeal Board		135	134
Total		1,035	803

12. Voted funds to be surrendered to the Revenue Fund

Opening balance		59,314	70,498
Transfer from statement of financial performance		49,646	59,314
Paid during the year		(59,314)	(70,498)
Closing balance		49,646	59,314

The prepayment balance was restated due to an amount of R11,803,477.92 which was not disclosed during the prior financial year, which resulted in the reduction of expenditure and an increase in voted funds to be surrendered by R11,803,477.92 respectively.

13. Departmental revenue to be surrendered to the Revenue Fund

Opening balance		606	9
Transfer from Statement of Financial Performance		3,959	5,622
Paid during the year		(2,224)	(5,025)
Closing balance		2,341	606

14. Payables – current

Description

Advances received	14.1	132	722
Clearing accounts	14.2	610	468
Total		742	1,190

14.1 Advances received

Description	14		
KwaZulu-Natal Department of Agriculture		132	722
Total		132	722



	Note	2011/12 R'000	2010/11 R'000
14.2 Clearing accounts			
Description	14		
ACB Recalls		235	90
Appeal Board		152	149
Salary Reversal		51	46
Tax Recoveries		17	17
Income Tax		153	165
Pension		1	-
Financial Institutions		1	1
Total		610	468

15. Net cash flow available from operating activities

Net surplus/(deficit) as per Statement of Financial Performance	53,487	62,893
Add back non cash/cash movements not deemed operating activities	(22,361)	(109,641)
(Increase)/decrease in receivables – current	956	536
(Increase)/decrease in prepayments and advances	2,100	(49,469)
Increase/(decrease) in payables – current	(448)	588
Proceeds from sale of capital assets	-	(2,229)
Expenditure on capital assets	36,569	16,456
Surrenders to Revenue Fund	(61,538)	(75,523)
Net cash flow generated by operating activities	31,126	(46,748)

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

Consolidated Paymaster General account	2,132	7,415
Disbursements	2	-
Cash on hand	70	70
Total	2,204	7,485



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

17. Contingent liabilities

		Note	2011/12 R'000	2010/11 R'000
Liable to	Nature			
Housing loan guarantees	Employees	Annex 3A	168	239
Claims against the department		Annex 3B	59,770	1,665
Other departments (interdepartmental unconfirmed balances)		Annex 5	8,560	4,910
Total			68,498	6,814

18. Commitments

Current expenditure

Approved and contracted	53,646	32,267
	53,646	32,267

Capital expenditure

Approved and contracted	29,067	-
	29,067	-

Total Commitments

	82,713	32,267
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Indicate whether a commitment is for longer than a year

Included in the lease commitments are the following contracts which will end after 31 March 2013:
Security commitments of R430, 555.

19. Accruals

Listed by economic classification	30 Days	30+ Days	Total	Total
Goods and services	12,866	1,610	14,476	15,774
Capital assets	455	87	542	316
Total	13,321	1,697	15,018	16,090

Listed by programme level

Administration		9,367	12,776
Local Governance		2,815	440
Development and Planning		240	220
Traditional Institutional Management		2,329	2,529
Urban and rural Development		210	71
Systems and Institutional Development		57	54
Total		15,018	16,090

Confirmed balances with other departments	Annex 5	807	858
Confirmed balances with other government entities	Annex 5	-	2
Total		807	860



	Note	2011/12 R'000	2010/11 R'000
20. Employee benefits			
Leave entitlement		16,416	10,580
Service bonus (Thirteenth cheque)		7,658	6,707
Capped leave commitments		36,801	36,812
Other		-	23
Total		60,875	54,122

The leave entitlement balance as disclosed above is the net of negative leave balances. The rand value of negative leave balances as at 31 March 2012 was R647,429.81 and relates to pro-rata leave balances.

21. Lease commitments

21.1 Operating leases expenditure

2011/12	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	6,365	2,486	8,851
Later than 1 year and not later than 5 years	-	-	7,454	2,105	9,559
Total lease commitments	-	-	13,819	4,591	18,410

2010/11	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	9,645	2,010	11,655
Later than 1 year and not later than 5 years	-	-	8,440	938	9,378
Total lease commitments	-	-	18,085	2,948	21,033

21.2 Finance leases expenditure

2011/12	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	-	709	709
Later than 1 year and not later than 5 years	-	-	-	208	208
Total present value of lease liabilities	-	-	-	917	917

2010/11	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
Not later than 1 year	-	-	-	510	510
Later than 1 year and not later than 5 years	-	-	-	225	225
Total present value of lease liabilities	-	-	-	735	735



	Note	2011/12 R'000	2010/11 R'000
22. Irregular expenditure			
22.1 Reconciliation of irregular expenditure			
Opening balance		49,180	39,566
Add: Irregular expenditure – relating to current year		20,764	9,614
Irregular expenditure awaiting condonation		69,944	49,180

The comparative amount had to be restated as a result of R4,217,924.72 which was deemed to be irregular expenditure in the prior year.

Analysis of awaiting condonation per age classification

Current year	20,764	9,614
Prior years	49,810	39,566
Total	69,944	49,180

22.2 Details of irregular expenditure – current year

Incident	Disciplinary steps taken/criminal proceedings	2011/12 R'000
Insufficient quotations obtained.	Under investigation.	4,338
Procurement of goods and services without following a competitive bidding process.	Under investigation	16,021
Overtime not approved.	Under investigation	169
Overtime in excess of 30% of basic salary.	Under investigation	236
Total		20,764

22.3 Details of irregular expenditures under investigation

Incident	2011/12 R'000
Transfers without Treasury approval in terms of Treasury Regulation 6.3.1.	25,879
Contracts not meeting urgent/emergency criteria as per Practice Note 2 of 2008.	9,416
Procurement of goods and services without following a competitive bidding process.	7,557
Acting allowances paid beyond 12 months.	338
Procurement of furniture for Traditional Administrative Centres.	4,218
Total	47,408

22.4 Details of irregular expenditure not recoverable (not condoned)

Incident	Not condoned by (condoning authority)	2011/12 R'000
Contract awarded to Limpopo Sch. Vibes T/A Drum Beat without following a competitive bidding process.	Accounting Officer.	1,772
Total		1,772



	Note	2011/12 R'000	2010/11 R'000
23. Fruitless and wasteful expenditure			
23.1 Reconciliation of fruitless and wasteful expenditure			
Opening balance		-	-
Fruitless and wasteful expenditure – relating to prior year		7,904	-
Fruitless and wasteful expenditure – relating to current year		6,804	-
Less: Amounts condoned		(13,480)	-
Less: Amounts transferred to receivables for recovery		(78)	-
Fruitless and wasteful expenditure awaiting condonement		1,150	-
23.2 Analysis of awaiting condonation per economic classification			
Current		1,150	-
Total		1,150	-

An amount of R7,901,985 relating to salaries of excess staff is included in the amount relating to the prior year total. This amount was condoned in terms of Resolution No. 07 of 2002. A further amount of R1,500 relating to accommodation expenditure is also included and is being recovered from the official.

23.3 Analysis of Current year's fruitless and wasteful expenditure

Incident	Disciplinary steps taken/criminal proceedings	2011/12 R'000
1. Electrical work - Cheapest quote not utilised.	G6(11/12): Letter of warning issued. Approval granted by the HOD on 26/03/2012.	26
2. Cancellation fees for the opening of the Provincial House.	G10(11/12): Approved by the HOD on 10/08/2011. No further action taken.	161
3. Incorrect date booked for venue.	G4(11/12): Letter of warning issued. Approval granted by the HOD on 26/03/2012.	14
4. Additional booking of 52 rooms for 31/10/2011.	G47(11/12): Approval granted by the HOD in February 2012 for disciplinary action to be instituted & to recover the full amount.	76
5. Settlement fee for cancellation of contract.	None. This was the settlement of proposed litigation that resulted from actions beyond the Department's control, whereby Intaka was suing government for damages. The Department tabled the matter in Cabinet and obtained Cabinet approval to settle the matter and sever all ties with Intaka.	1,150
6. Remuneration of excess staff.	None. This situation arose as a result of the negotiated settlement in terms of Resolution No. 07 of 2002, whereby the Department had to pay a number of employees salaries whilst they were not active in the Department. Over the years, the Department had done a number of initiatives to reduce the number of these people on the "redundant list" whilst working within the confines of Resolution No. 07 of 2002. This expenditure was condoned through Resolution No. 07 of 2002.	5,377
Total		6,804



	Note	2011/12 R'000	2010/11 R'000
24. Related party transactions			
Payments made			
Goods and services		2,029	4,469
Transactions in financial assets and liabilities		-	29
Total		2,029	4,498
Year end balances arising from revenue/payments			
Payables to related parties		-	783
Total		-	783

List related party relationships

The department has the following public entities under its control: 1. uMsekeli, to whom it is a successor in law. The department provided financial assistance to uMsekeli in the form of salaries and re-imbursments for monthly operating expenditure such as telephone, electricity and water costs. 2. Traditional Trust and Levies Account. This entity is supported by the department through administrative support, as well as human capital support. Due to the nature of the support provided to this entity, the value of this support could not be quantified as at 31 March 2012.

25. Key management personnel

	No. of Individuals		
Political office bearers (provide detail below)	1	1,566	1,491
Officials:			
Level 15 to 16	5	5,068	2,390
Level 14 (incl. CFO if at a lower level)	14	12,909	11,582
Total	20	19,543	15,463

26. Impairment

Impairment			
Debtors		223	232
Total		223	232

27. Movable Tangible Capital Assets

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2012

	Opening balance R'000	Current Year Adjustments to prior year balances R'000	Additions R'000	Disposals R'000	Closing Balance R'000
MACHINERY AND EQUIPMENT	61,314	-	13,914	2,094	73,134
Transport assets	26,970	-	5,430	-	32,400
Computer equipment	23,178	-	3,506	46	26,638
Furniture and office equipment	9,667	-	1,535	-	11,202
Other machinery and equipment	1,499	-	3,443	2,048	2,894
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	61,314	-	13,914	2,094	73,134



27.1 Additions

ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2012

	Cash	Non-cash	(Capital Work in Progress current costs and finance lease payments)	Received current, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	13,914	-	-		13,914
Transport assets	5,430	-	-	-	5,430
Computer equipment	3,506	-	-	-	3,506
Furniture and office equipment	1,535	-	-	-	1,535
Other machinery and equipment	3,443	-	-	-	3,443
TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS	13,914	-	-	-	13,914

27.2 Disposals

DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2012

	Sold for cash	Transfer out or destroyed or scrapped	Total disposals	Cash Received Actual
	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT		2,094	2,094	-
Transport assets	-	-	-	-
Computer equipment	-	46	46	-
Furniture and office equipment	-	-	-	-
Other machinery and equipment	-	2,048	2,048	-
TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS	-	2,094	2,094	-

27.3 Movement for 2010/11

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011

	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
MACHINERY AND EQUIPMENT	59,155	4,440	2,281	61,314
Transport assets	27,503	1,433	1,966	26,970
Computer equipment	21,347	1,917	86	23,178
Furniture and office equipment	9,290	437	60	9,667
Other machinery and equipment	1,015	653	169	1,499
TOTAL MOVABLE TANGIBLE ASSETS	59,155	4,440	2,281	61,314



27.4 Minor assets

MOVEMENT IN MINOR ASSETS PER THE ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2012

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
	R'000	R'000	R'000	R'000	R'000	R'000
Opening balance	-	-	-	7,011	-	7,011
Additions	-	1	-	5,506	-	5,507
Disposals	-	-	-	(4,061)	-	(4,061)
TOTAL	-	1	-	8,456	-	8,457

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of minor assets at cost	-	-	-	4,451	-	4,451
TOTAL NUMBER OF MINOR ASSETS	-	-	-	4,451	-	4,451

MOVEMENT IN MINOR ASSETS PER THE REGISTER FOR THE YEAR ENDED AS AT 31 MARCH 2011

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Opening balance		-		6,555		6,555
Additions				9,354		9,354
Disposals				(8,898)		(8,898)
TOTAL MINOR ASSETS		-	-	7,011	-	7,011

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of minor assets at cost	-	-	-	3,900	-	3,900
TOTAL NUMBER OF MINOR ASSETS	-	-	-	3,900	-	3,900

28. Intangible Capital Assets

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2012

	Opening balance	Current Year Adjust-ments to prior year balances	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
COMPUTER SOFTWARE	-	240	30	-	270
TOTAL INTANGIBLE CAPITAL ASSETS	-	240	30	-	270



28.1 Additions

ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED
31 MARCH 2012

	Cash	Non-cash	(Develop-ment work-in- progress – current costs)	Received current, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
COMPUTER SOFTWARE	30	-	-	-	30
TOTAL ADDITIONS TO INTANGIBLE CAPITAL ASSETS	30	-	-	-	30

28.2 Movement for 2010/11

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011

	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
COMPUTER SOFTWARE	-	10	10	-
TOTAL INTANGIBLE CAPITAL ASSETS	-	10	10	-

29. Immovable Tangible Capital Assets

MOVEMENT IN IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2012

	Opening balance	Curr Year Adjustments to prior year balances	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES					
Buildings and other fixed structures	-	-	59,139	-	59,139
TOTAL IMMOVABLE TANGIBLE CAPITAL ASSETS	-	-	59,139	-	59,139

The Immovable Assets disclosed on this schedule relate to the TACs and MPCCs that were built by the department and awaiting transfer to their custodians. The delays on the transfer of these structures have been due to the delays in the finalisation of the process of formalisation of the rural towns and transfer of R293 towns and public structures which fall under the Ingonyama Trust Land. The department has been working closely with the Provincial Planning Commission and the Ingonyama Trust Board to ensure that the process of formalisation of the areas affected is fast tracked.



29.1 Immovable Tangible Capital Assets

ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2012

	Cash	Non-cash	(Capital Work in Progress current costs and finance lease payments)	Received current, not paid (Paid current year, received prior year)	Total
	R'000	R'000	R'000	R'000	R'000
BUILDINGS AND OTHER FIXED STRUCTURES	22,625	59,139	(22,625)	-	59,139
Buildings and other fixed structures	22,625	59,139	(22,625)	-	59,139
TOTAL ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS	22,625	59,139	(22,625)	-	59,139



30 STATEMENT OF UNCONDITIONAL GRANTS PAID TO THE PROVINCES

NAME OF PROVINCE / GRANT	GRANT ALLOCATION				TRANSFER				SPENT			2010/11
	Division of Revenue Act R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred %	Re-allocations by National Treasury or National Department %	Amount received by department R'000	Amount spent by department R'000	% of available funds spent by department %	Division of Revenue Act R'000	
KZN Department of Transport (Vehicle Licences)	120	-	-	120	120	100	-	120	120	100%	155	
	120	-	-	120	120		-	120	120		155	



**ANNEXURE 1B
STATEMENT OF UNCONDITIONAL GRANTS AND TRANSFERS TO MUNICIPALITIES**

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		SPENT			2010/11	
	Amount	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Total Available	
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000	
eThekweni	6,925	-	-	6,925	6,925	100%	6,925	-	-	21,800	
Vulamehlo	900	-	-	900	900	100%	900	94	10%	725	
Umdoni	9,080	-	-	9,080	9,080	100%	9,080	2,866	32%	1,000	
Umzambe	1,000	-	-	1,000	1,000	100%	1,000	-	-	1,000	
uMuziwabantu	1,000	-	-	1,000	1,000	100%	1,000	-	-	4,225	
Ezinqoleni	-	-	-	-	-	-	-	-	-	5,752	
Hibiscus Coast	1,000	-	-	1,000	1,000	100%	1,000	-	-	1,000	
Ugu	9,605	-	-	9,605	9,605	100%	9,605	-	-	52,766	
uMngeni	-	-	-	-	-	-	-	-	-	5,900	
Mpofana	900	-	-	900	900	100%	900	-	-	725	
Impendle	11,300	-	-	11,300	11,300	100%	11,300	1,644	15%	1,500	
Msunduzi	300	-	-	300	300	100%	300	-	-	14,900	
Mkhambathini	-	-	-	-	-	-	-	-	-	1,000	
Richmond	-	-	-	-	-	-	-	-	-	10,448	
uMgungundlovu	25,027	-	-	25,027	25,027	100%	25,027	627	3%	9,544	
Ernambithi/Ladysmith	18,000	-	-	18,000	18,000	100%	18,000	2,419	13%	9,701	
Indaka	-	-	-	-	-	-	-	-	-	925	
Umtshezi	7,220	-	-	7,220	7,220	100%	7,220	393	5%	-	
Okhahlamba	1,167	-	-	1,167	1,167	100%	1,167	22	2%	6,600	
Uthukela	24,060	-	-	24,060	24,060	100%	24,060	-	-	3,957	
Endumeni	-	-	-	-	-	-	-	-	-	1,150	
Nquthu	6,167	-	-	6,167	6,167	100%	6,167	-	-	9,000	

ANNEXURE 1B (Continued)
STATEMENT OF UNCONDITIONAL GRANTS AND TRANSFERS TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER			SPENT			2010/11	
	Amount	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Total Available		
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000	R'000	
Msinga	2,667	-	-	2,667	2,667	100%	2,667	161	6%	3,156		
Umvoti	1,167	-	-	1,167	1,167	100%	1,167	-	-	-		
Umzinyathi	12,532	-	-	12,532	12,532	-	12,532	-	-	12,624		
Newcastle	9,920	-	-	9,920	9,920	100%	9,920	-	-	2,134		
eMdlangeni	-	-	-	-	-	-	-	-	-	2,550		
Dannhauser	-	-	-	-	-	-	-	-	-	-		
Amajuba	1,630	-	-	1,630	1,630	100%	1,630	-	-	3,120		
eDumbe	-	-	-	-	-	-	-	-	-	-		
uPhongolo	3,600	-	-	3,600	3,600	100%	3,600	179	5%	1,725		
Abaqulusi	9,600	-	-	9,600	9,600	100%	9,600	95	1%	-		
Nongoma	-	-	-	-	-	-	-	-	-	-		
Ulundi	750	-	-	750	750	100%	750	-	-	-		
Zululand	23,070	-	-	23,070	23,070	100%	23,070	1,630	7%	20,561		
Umhlabuyalingana	1,000	-	-	1,000	1,000	100%	1,000	657	66%	7,500		
Jozini	-	-	-	-	-	-	-	-	-	7,300		
The Big 5 False Bay	-	-	-	-	-	-	-	-	-	-		
Hiabisa	1,000	-	-	1,000	1,000	100%	1,000	-	-	7,000		
Mtubatuba	-	-	-	-	-	-	-	-	-	10,660		
Umkhanyakude	18,405	-	-	18,405	18,405	100%	18,405	-	-	21,409		
Umfolozo	4,250	-	-	4,250	4,250	-	4,250	-	-	2,000		
uMhlatuze	-	-	-	-	-	-	-	-	-	3,758		



ANNEXURE 1B (Continued)
STATEMENT OF UNCONDITIONAL GRANTS AND TRANSFERS TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER			SPENT			2010/11	
	Amount	Roll Overs	Adjustments	Total Available	Actual Transfer	% of Available funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Total Available		
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000	%	R'000	R'000	
Ntambanana	1,167	-	-	1,167	1,167	100%	1,167	-	-	-	-	
uMlazi	500	-	-	500	500	100%	500	87	17%	1,000		
Mthonjeni	14,000	-	-	14,000	14,000	100%	14,000	2,314	17%	-		
Nkandla	7,500	-	-	7,500	7,500	100%	7,500	-	-	6,800		
uThungulu	9,846	-	-	9,846	9,846	100%	9,846	-	-	778		
KwaDukuza	1,665	-	-	1,665	1,665	100%	1,665	89	5%	-		
Ndwedwe	2,000	-	-	2,000	2,000	100%	2,000	-	-	725		
Maphumulo	13,000	-	-	13,000	13,000	100%	13,000	-	-	1,700		
IlLembe	19,505	-	-	19,505	19,505	100%	19,505	25	0%	58,679		
Ingwe	10,000	-	-	10,000	10,000	100%	10,000	-	-	400		
Kwa Sani	9,930	-	-	9,930	9,930	100%	9,930	391	4%	1,000		
Greater Kokstad	6,200	-	-	6,200	6,200	100%	6,200	160	3%	1,500		
Ubuhlebezwe	6,720	-	-	6,720	6,720	100%	6,720	691	10%	6,000		
Umzimkhulu	4,350	-	-	4,350	4,350	100%	4,350	3,577	82%	1,000		
Sisonke	28,536	-	-	28,536	28,536	100%	28,536	250	1%	46,116		
	348,161	-	-	348,161	348,161		348,161	18,371		394,813		

**ANNEXURE 1C
STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS**

DEPARTMENT/ AGENCY/ ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2010/11
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjust-ments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred %	Appro-riation Act R'000
AGRI-BUSINESS DEV AGENCY	-	-	1,700	1,700	1,700	100%	-
	-	-	1,700	1,700	1,700	100%	-



**ANNEXURE 1H
STATEMENT OF TRANSFERS TO HOUSEHOLDS**

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2010/11
	Adjusted Appropriation Act R'000	Roll Overs R'000	Adjust-ments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred	Appropriation Act R'000
Transfers							
Employee Social Benefits	4,621	-	437	5,058	4,965	98%	2,769
Bursaries (Non-Employees)	1,587	-	726	2,313	2,297	99%	1,021
Claims Against the State	36	-	-	36	128	356%	-
Total	6,244	-	1,163	7,407	7,390	99,8%	3,790

**ANNEXURE 1J
STATEMENT OF AID ASSISTANCE RECEIVED**

NAME OF DONOR	PURPOSE	OPENING BALANCE R'000	REVENUE R'000	EXPENDI-TURE R'000	CLOSING BALANCE R'000
Received in cash					
Development Bank of SA	Municipal capacity building	570	-	118	452
Department of Co-operative Governance and Traditional Affairs	Municipal capacity building	4,212	-	-	4,212
TOTAL		4,782	-	118	4,664



**ANNEXURE 3A
STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2012 – LOCAL**

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2011	Guarantees draw downs during the year	Guarantees repayments/ cancelled/ reduced/ released during the year	Revaluations	Closing balance 31 March 2012	Guaranteed interest for year ended 31 March 2012	Realised losses not recoverable i.e. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
	Housing								
Standard Bank		80	-	16	-	-	16	-	-
First National Bank		118	37	-	17	-	20	-	-
ABSA		250	80	-	30	-	50	-	-
Peoples Bank		164	30	16	14	-	32	-	-
Old Mutual		74	10	24	24	-	10	-	-
Ithala		331	82	-	82	-	-	-	-
SA Home Loans		331	-	40	-	-	40	-	-
Total		1,348	239	96	167	-	168	-	-

**ANNEXURE 3B
STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2012**

Nature of Liability	Opening Balance 01/04/2011	Liabilities incurred during the year	Liabilities paid/cancelled/ reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing Balance 31/03/2012
	R'000	R'000	R'000	R'000	R'000
Claims against the department					
LRH Khumalo	80	-	80	-	-
Hlathwayo & Others	100	-	100	-	-
Road Trans Cartage and Plant Hire	35	-	35	-	-
Buthlezi	25	-	25	-	-
Giant Concerts	500	-	-	-	500
Dube Traditional Council & Others	75	-	-	-	75
Khoza	110	-	-	-	110
Castelyn & Others	180	-	-	-	180
Ingonyama Trust	150	-	150	-	-
Inkosi Jiyane NO & Another	75	-	-	-	75
Makhanya	75	-	-	-	75
Mbuyazi	75	-	-	-	75
Haffejee	150	-	-	-	150
Maphanga & Others	35	-	-	-	35
Ingonyama Trust	-	200	-	-	200
Propalux 121 (PTY) Ltd	-	1000	-	-	1000
Maphanga & Another	-	75	-	-	75
Le Sueur	-	60	-	-	60
Mngomezulu & Others	-	100	-	-	100



ANNEXURE 3B (Continued)
STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2012

Nature of Liability	Opening Balance 01/04/2011	Liabilities incurred during the year	Liabilities paid/cancelled/reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing Balance 31/03/2012
	R'000	R'000	R'000	R'000	R'000
Khumalo & Others	-	250	-	-	250
Gumede & Others	-	56,000	-	-	56,000
Mbuyazi & Others	-	150	-	-	150
Umnjeni Wenkosi of the Mkhwanazi Traditional Community	-	150	-	-	150
Minguni	-	120	-	-	120
Dube & Others	-	150	-	-	150
Mdluli & Another	-	120	-	-	120
Umnjeni Wenkosi Wakwa Hlabisa & Another	-	120	-	-	120
Total	1,665	58,495	390	-	59,770

**ANNEXURE 4
CLAIMS RECOVERABLE**

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2012 R'000	31/03/2011 R'000	31/03/2012 R'000	31/03/2011 R'000	31/03/2012 R'000	31/03/2011 R'000
Department						
Eastern Cape Department of Local Government	-	-	1,648	1,648	1,648	1,648
Mpumalanga Department of Local Government	-	-	-	1,648	-	1,648
Department of Justice	-	11	-	-	-	11
Department of Transport	-	-	-	-	-	-
Department of Water Affairs	-	135	-	-	-	135
	-	146	1,648	3,296	1,648	3,442
Other Government Entities						
Msunduzi Municipality	2,600	2,600	-	-	2,600	2,600
Newcastle Municipality	1,000	1,000	-	-	1,000	1,000
Trans-Caledon Tunnel Authority	244	-	-	-	244	-
	3,844	3,600	-	-	3,844	3,600
TOTAL	3,844	3,746	1,648	3,296	5,492	7,042



**ANNEXURE 5
INTER-GOVERNMENT PAYABLES**

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL	
	31/03/2012	31/03/2011	31/03/2012	31/03/2011	31/03/2012	31/03/2011
	R'000	R'000	R'000	R'000	R'000	R'000
DEPARTMENTS						
Current						
Department of Works	448	274	3,656	4,805	4,104	5,079
Department of Health	-	5	-	105	-	110
Office of The Premier	346	193	-	-	346	193
Department of Human Settlements	-	35	4,652	-	4,652	35
KZN Provincial Treasury	-	67	-	-	-	67
Department of Education	-	-	5	-	5	-
Department of Justice	-	14	-	-	-	14
Gauteng Provincial Government	-	270	-	-	-	270
Department of Transport	13	-	247	-	260	-
Total	807	858	8,560	4,910	9,367	3,768
OTHER GOVERNMENT ENTITY						
Current						
Government Printing Works	-	2	-	-	-	2
Total	-	2	-	-	-	2

ANNEXURE 6 INVENTORY

Inventory	Note	Quantity	2011/12	Quantity	2010/11
			R'000		R'000
Opening balance			499		529
Add/(Less): Adjustments to prior year balance			3		(2)
Add: Additions/Purchases - Cash			1,416		1,130
(Less): Issues			(1,315)		(1,160)
Add/(Less): Adjustments			-		2
Closing balance			603		499

No quantities have been disclosed as the inventory consists of different types of inventory and each type of inventory has a different unit of measure.



Section 4: Human Resource Management



4.1 SERVICE DELIVERY

4.1.1 Main services provided and standards

SERVICES	CUSTOMERS	STANDARD OF SERVICE
<ul style="list-style-type: none"> • Provide for the functioning of the office of the MEC • Provide corporate support to the Department • Provide management and support services to local government within a regulatory framework • Support municipalities to be financially accountable and sustainable • Support municipal infrastructural development • Ensure the establishment of effective and efficient disaster management mechanisms • Support municipalities in the delivery of services • Promote and facilitate provincial spatial frameworks for development at municipal level • Promote orderly development • Promote effective and efficient integrated development planning • Render professional support to the Provincial Planning and Development Commission • Manage the institutional, administrative and financial framework of the Traditional Institution • Manage and register traditional land rights • Render support services to the House of Traditional Leaders • Improved access to community services • Empowered traditional leadership and support structures • Strengthened functional linkage with municipalities 	<ul style="list-style-type: none"> • MEC • Departmental staff • Learners/Students • Municipalities • Public Entities • Kwanaloga • Community based organisations (CBO's) • Members of communities • NGO's • Ingonyama Trust Board • Institution of Traditional Leadership 	Service Standards are currently being reviewed

4.1.2 Consultation Arrangements with customers

Type of arrangement	Customer	Actual achievement
Participation in National forums	Same as above	Regular and active participation
Capacity building workshops with all municipalities and traditional authorities		<ul style="list-style-type: none"> • Number of capacity building programmes • New programmes are developed and implemented on a regular and ongoing basis
Regular interaction and information sharing with customers		<ul style="list-style-type: none"> • Regular meetings with municipalities and traditional institutions • Consult on one on one basis with municipalities and traditional councils • Promote services on inter/intranet • Publish policies on inter/intranet • Implementation of Promotion of Access to Information Act



4.1.3 Service Delivery Access Strategy

Access Strategy	Actual achievements
Improve and extend inter/intranet web site	<ul style="list-style-type: none"> - Inter/Intranet web site updated regularly - Regular meetings with Municipalities and Traditional Authorities
Regular interaction with municipalities and traditional authorities	<ul style="list-style-type: none"> - One-on one training with municipal and traditional authority staff and political office bearers

4.1.4 Service Information Tool

Types of information	Actual Achievements
Improve and extend inter/intranet web site	Inter/Intranet web site monitored and updated regularly
Use of intranet/internet	Wide promotion of intranet/internet
Conduct empowerment and information dissemination workshops and conferences	<ul style="list-style-type: none"> - Consult on one on one basis with municipalities and traditional authorities - Promote services on inter/intranet - Publish policies on inter/intranet - Implementation of Promotion of Access to Information Act - Arrange annual Local Government Conference
Regular updating of information on the website	Inter/Intranet web site updated regularly

4.1.5 Complaints Mechanism

Complaints Mechanism	Actual Achievements
Provide contact details of Management teams	Achieved
Provide comments page on website	Achieved
Feedback on capacity building workshops by way of evaluation forms	Achieved
Resolve problems/complaints within stipulated time-frames	Achieved



4.2 EXPENDITURE

TABLE 4.2.1 - Personnel costs by Programme

Programme	Total Voted Expenditure (R'000)	Compensation of Employees Expenditure (R'000)	Training Expenditure (R'000)	Professional and Special Services (R'000)	Compensation of Employees as percent of Total Expenditure	Average Compensation of Employees Cost per Employee (R'000)	Employment
Donor	0	0	0	0	0	0	0
Prog 1: Administration	200,628	83,570	0	0	41.7	63	1,330
Prog 2: Local Governance	243,515	41,237	0	0	16.9	31	1,330
Prog 3: Development & Planning	261,364	25,897	0	0	9.9	19	1,330
Prog 4: Traditional Institutional Management	202,504	96,906	0	0	47.9	73	1,330
Prog 5: Urban and Rural Development	140,069	86,662	0	0	61.9	65	1,330
Prog 6: Systems and Inst dev	58,269	9,249	0	0	15.9	7	1,330
Total as on Financial Systems (BAS)	1,106,349	343,521	0	0	31.0	258	1,330



TABLE 4.2.2 - Personnel costs by Salary band

Salary Bands	Compensation of Employees Cost (R'000)	Percentage of Total Personnel Cost for Department	Average Compensation Cost per Employee (R'000)	Total Personnel Cost for Department including Goods and Transfers (R'000)	Number of Employees
Lower skilled (Levels 1-2)	6,269	1.6	104,483	387,336	60
Skilled (Levels 3-5)	28,262	7.3	132,065	387,336	214
Highly skilled production (Levels 6-8)	137,402	35.5	210,739	387,336	652
Highly skilled supervision (Levels 9-12)	64,459	16.6	381,414	387,336	169
Senior management (Levels 13-16)	33,662	8.7	731,783	387,336	46
Contract (Levels 1-2), Permanent	768	0.2	36,571	387,336	21
Contract (Levels 3-5)	5,232	1.4	52,848	387,336	99
Contract (Levels 6-8)	11,677	3	243,271	387,336	48
Contract (Levels 9-12)	6,900	1.8	405,882	387,336	17
Contract (Levels 13-16)	5,750	1.5	1,437,500	387,336	4
Periodical Remuneration	992	0.3	855	387,336	1,160
Abnormal Appointment	64,946	16.8	38,774	387,336	1,675
TOTAL	366,319	94.6	87,952	387,336	4,165

TABLE 4.2.3 - Salaries, Overtime, Home Owners Allowance and Medical Aid by Programme

Programme	Salaries (R'000)	Salaries as % of Personnel Cost	Over-time (R'000)	Over-time as % of Personnel cost	HOA (R'000)	HOA as % of Personnel Cost	Medical Ass (R'000)	Medical Ass. As % of Pers Cost	Total Personnel Cost per Pro-gramme
Prog1: Administration	63,754	70.1	669	0.7	2,161	2.4	3,690	4.1	90,978
Prog2: Local governance	32,763	72.4	87	0.2	803	1.8	1,338	3	45,279
Prog3: Development & planning	20,650	68.3	27	0.1	405	1.3	712	2.4	30,213
Prog4: Traditional inst man	81,920	66.6	1,293	1.1	1,705	1.4	2,743	2.2	122,960
Prog5: Urban and rural dev	60,302	68.5	1,185	1.3	3,576	4.1	6,709	7.6	88,039
Prog6: Systems & inst dev	7,376	74.7	20	0.2	274	2.8	273	2.8	9,868
TOTAL	266,765	68.9	3,281	0.8	8,924	2.3	15,465	4	387,337



TABLE 4.2.4 - Salaries, Overtime, Home Owners Allowance and Medical Aid by Salary Band

Salary bands	Salaries (R'000)	Salaries as % of Person-nel Cost	Over-time (R'000)	Over-time as % of Person-nel cost	HOA (R'000)	HOA as % of Person-nel Cost	Medical Ass (R'000)	Medical Ass As % of Pers Cost	Total Person-nel Cost per Pro-gramme
Lower skilled (Levels 1-2)	4,378	64.8	61	0.9	412	6.1	454	6.7	6,761
Skilled (Levels 3-5)	18,905	64.8	512	1.8	1,606	5.5	2,639	9	29,195
Highly skilled production (Levels 6-8)	94,891	67.8	2,178	1.6	5,472	3.9	10,222	7.3	139,988
Highly skilled supervision (Levels 9-12)	49,605	70.7	371	0.5	633	0.9	1,621	2.3	70,140
Senior management (Levels 13-16)	28,116	72.1	2	0	746	1.9	461	1.2	38,980
Contract (Level 1-2)	761	99	7	0.9	0	0	0	0	769
Contract (Levels 3-5)	5,062	96.2	40	0.8	10	0.2	28	0.5	5,263
Contract (Levels 6-8)	11,400	96.6	111	0.9	0	0	28	0.2	11,805
Contract (Levels 9-12)	6,057	81.2	0	0	0	0	1	0	7,456
Contract (Levels 13-16)	4,789	72.2	0	0	46	0.7	11	0.2	6,631
Periodical Remuneration	0	0	0	0	0	0	0	0	1,585
Abnormal Appointment	42,804	62.2	0	0	0	0	0	0	68,764
TOTAL	266,768	68.9	3,282	0.8	8,925	2.3	15,465	4	387,337

4.3 EMPLOYMENT AND VACANCIES

Programme	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Programme 1: Administration, Permanent	629	435	30.8	59
Programme 2: Local Governance, Permanent	234	136	41.9	8
Programme 3: Development & Planning, Permanent	163	75	54	0
Programme 3: Development & Planning, Temporary	10	10	0	0
Programme 4: Traditional Institutional Management, Permanent	313	223	28.8	13
Programme 5: Urban & Rural Development, Permanent	518	424	18.1	1
Programme 6: System & Institutional Development, Permanent	59	27	54.2	0
TOTAL	1,926	1,330	30.9	81

Salary Band	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Lower skilled (Levels 1-2), Permanent	78	60	23.1	0
Skilled (Levels 3-5), Permanent	308	214	30.5	9
Highly skilled production (Levels 6-8), Permanent	881	652	26	6
Highly skilled supervision (Levels 9-12), Permanent	402	159	60.4	0
Highly skilled supervision (Levels 9-12), Temporary	10	10	0	0
Senior management (Levels 13-16), Permanent	57	46	19.3	1
Other, Permanent	1	0	100	0
Contract (Levels 1-2), Permanent	21	21	0	13
Contract (Levels 3-5), Permanent	99	99	0	43
Contract (Levels 6-8), Permanent	48	48	0	9
Contract (Levels 9-12), Permanent	17	17	0	0
Contract (Levels 13-16), Permanent	4	4	0	0
TOTAL	1,926	1,330	30.9	81

Critical Occupations	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to Establishment
Administrative related, Permanent	44	309	(602.3)	65
All artisans in the building metal machinery etc., Permanent	11	10	9.1	0
Architects town and traffic planners, Permanent	59	14	76.3	0
Archivists curators and related professionals, Permanent	0	0	0	0
Auxiliary and related workers, Permanent	3	3	0	0
Building and other property caretakers, Permanent	7	7	0	0
Bus and heavy vehicle drivers, Permanent	5	4	20	0
Cartographers and surveyors, Permanent	8	5	37.5	0
Cartographic surveying and related technicians, Permanent	9	7	22.2	0
Cleaners in offices workshops hospitals etc., Permanent	65	56	13.8	0
Client inform clerks (switch receipt inform clerks), Permanent	2	2	0	0



Communication and information related, Permanent	21	6	71.4	0
Community development workers, Permanent	4	3	25	0
Engineering sciences related, Permanent	7	5	28.6	0
Engineers and related professionals, Permanent	33	28	15.2	0
Finance and economics related, Permanent	44	26	40.9	0
Financial and related professionals, Permanent	50	40	20	0
Financial clerks and credit controllers, Permanent	41	37	9.8	0
Food services aids and waiters, Permanent	5	4	20	0
General legal administration & rel. professionals, Permanent	3	3	0	0
Head of department/chief executive officer, Permanent	2	2	0	0
Human resources & organisation development & relate profes- sional, Permanent	14	9	35.7	0
Human resources clerks, Permanent	28	20	28.6	0
Human resources related, Permanent	52	19	63.5	2
Information technology related, Permanent	8	4	50	0
Language practitioners interpreters & other communications, Permanent	1	1	0	0
Legal related, Permanent	4	2	50	0
Library mail and related clerks, Permanent	15	8	46.7	0
Light vehicle drivers, Permanent	25	16	36	0
Material-recording and transport clerks, Permanent	3	2	33.3	0
Messengers porters and deliverers, Permanent	47	40	14.9	0
Mining geology & geophysical & related technicians, Perma- nent	8	5	37.5	0
Motor vehicle drivers, Permanent	3	3	0	0
Other administration & related clerks and organisers, Permanent	585	480	17.9	13
Other administrative policy and related officers, Permanent	41	22	46.3	0
Other information technology personnel, Permanent	1	1	0	0
Other occupations, Permanent	0	0	0	0
Regulatory inspectors, Permanent	6	2	66.7	0
Road workers, Permanent	3	3	0	0
Safety health and quality inspectors, Permanent	2	1	50	0
Secretaries & other keyboard operating clerks, Permanent	79	49	38	0
Security guards, Permanent	14	12	14.3	0

TABLE 4.3.3 - Employment and Vacancies by Critical Occupation at end of period

Critical Occupations	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to Establishment
Security officers, Permanent	1	1	0	0
Senior managers, Permanent	69	42	39.1	1
Social sciences related, Permanent	0	0	0	0
Trade labourers, Permanent	4	3	25	0
Water plant and related operators, Permanent	0	0	0	0
TOTAL	1,450	1,330	8.3	81

4.4 JOB EVALUATION

Salary Band	Number of Posts	Number of Jobs Evaluated	% of Posts Evaluated	Number of Posts Upgraded	% of Upgraded Posts Evaluated	Number of Posts Downgraded	% of Downgraded Posts Evaluated
Lower skilled (Levels 1-2)	146	0	0	0	0	0	0
Contract (Levels 1-2)	4	0	0	0	0	0	0
Contract (Levels 3-5)	27	0	0	0	0	0	0
Contract (Levels 6-8)	39	0	0	0	0	0	0
Contract (Levels 9-12)	15	0	0	0	0	0	0
Skilled (Levels 3-5)	359	0	0	0	0	0	0
Highly skilled production (Level 6-8)	819	0	0	0	0	0	0
Highly skilled supervision (Level 9-12)	449	0	0	0	0	0	0
Senior Management Service Band A	26	0	0	0	0	0	0
Senior Management Service Band B	12	0	0	0	0	0	0
Senior Management Service Band C	3	0	0	0	0	0	0
Senior Management Service Band D	1	0	0	0	0	0	0
TOTAL	1,931	0	0	0	0	0	0

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

Occupation	Number of Employees	Job Evaluation Level	Remuneration Level	Reason for Deviation	No of Employees in Dept
	0	0	0	0	0

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



4.5 EMPLOYMENT CHANGES

TABLE 4.5.1 - Annual Turnover Rates by Salary Band

Salary Band	Employment at Beginning of Period (April 2011)	Appointments	Terminations	Turnover Rate
Lower skilled (Levels 1-2), Permanent	81	0	12	14.8
Skilled (Levels 3-5), Permanent	226	0	10	4.4
Highly skilled production (Levels 6-8), Permanent	696	0	11	1.6
Highly skilled supervision (Levels 9-12), Permanent	94	11	5	5.3
Highly skilled supervision (Levels 9-12), Temporary	0	8	1	0
Senior Management Service Band A, Permanent	19	1	1	5.3
Senior Management Service Band B, Permanent	9	2	0	0
Senior Management Service Band C, Permanent	2	1	0	0
Senior Management Service Band D, Permanent	2	0	0	0
Contract (Level 1-2), Permanent	0	6	0	0
Contract (Levels 3-5), Permanent	5	23	21	420
Contract (Levels 6-8), Permanent	17	47	23	135.3
Contract (Levels 9-12), Permanent	9	11	13	144.4
Contract (Band A), Permanent	3	3	2	66.7
Contract (Band B), Permanent	1	0	0	0
TOTAL	1,164	113	99	8.5

TABLE 4.5.2 - Annual Turnover Rates by Critical Occupation

Occupation	Employment at Beginning of Period (April 2011)	Appointments	Terminations	Turnover Rate
Administrative related, Permanent	62	32	15	24.2
All artisans in the building metal machinery etc., Permanent	17	0	1	5.9
Architects town and traffic planners, Permanent	6	2	3	50
Archivists curators and related professionals, Permanent	0	0	0	0
Auxiliary and related workers, Permanent	20	0	2	10
Building and other property caretakers, Permanent	21	0	1	4.8
Bus and heavy vehicle drivers, Permanent	10	0	1	10
Cartographers and surveyors, Permanent	4	0	0	0
Cartographers and surveyors, Temporary	0	8	1	0
Cartographic surveying and related technicians, Permanent	8	0	0	0
Cleaners in offices workshops hospitals etc., Permanent	45	0	2	4.4
Client inform clerks (switchboard reception inform clerks), Permanent	4	0	0	0
Communication and information related, Permanent	2	1	1	50
Community development workers, Permanent	9	0	0	0
Engineering sciences related, Permanent	8	0	0	0

Occupation	Employment at Beginning of Period (April 2011)	Appoint-ments	Terminations	Turnover Rate
Finance and economics related, Permanent	13	6	1	7.7
Financial and related professionals, Permanent	24	9	5	20.8
Financial clerks and credit controllers, Permanent	34	2	3	8.8
Food services aids and waiters, Permanent	7	0	1	14.3
General legal administration & rel. professionals, Permanent	2	0	0	0
Head of department/chief executive officer, Permanent	2	0	0	0
Human resources & organisation developm & relate prof, Permanent	2	4	1	50
Human resources clerks, Permanent	30	0	2	6.7
Human resources related, Permanent	4	6	6	150
Information technology related, Permanent	0	1	0	0
Language practitioners interpreters & other commun, Permanent	0	0	0	0
Library mail and related clerks, Permanent	20	0	0	0
Light vehicle drivers, Permanent	12	0	1	8.3
Material/Recording and Transport Clerks, Permanent	0	2	2	0
Messengers porters and deliverers, Permanent	60	0	5	8.3
Mining geology & geophysical & related technicians, Permanent	4	0	0	0
Motor vehicle drivers, Permanent	5	0	0	0
Other administration & related clerks and organisers, Permanent	581	16	21	3.6
Other administrative policy and related officers, Permanent	50	0	1	2
Other occupations, Permanent	0	0	0	0
Road workers, Permanent	3	0	0	0
Safety health and quality inspectors, Permanent	0	0	0	0
Secretaries & other keyboard operating clerks, Permanent	42	15	12	28.6
Security guards, Permanent	14	0	3	21.4
Security officers, Permanent	1	0	1	100
Senior managers, Permanent	32	8	5	15.6
Social sciences related, Permanent	1	0	0	0
Trade labourers, Permanent	5	0	2	40
Water plant and related operators, Permanent	0	0	0	0
Regulatory inspectors, Permanent	0	1	0	0
Trade/industryadvisors and other related profession	0	0	0	0
TOTAL	1164	113	99	8.5



TABLE 4.5.3 - Reasons why staff are leaving the Department

Termination Type	Number	Percentage of Total Resignations	Percentage of Total Employment	Total	Total Employment
Death, Permanent	14	14.1	1.2	99	1,164
Resignation, Permanent	10	10.1	0.9	99	1,164
Resignation, Temporary	1	1	0.1	99	1,164
Expiry of contract, Permanent	58	58.6	5	99	1,164
Retirement, Permanent	15	15.2	1.3	99	1,164
Other, Permanent	1	1	0.1	99	1,164
TOTAL	99	100	8.5	99	1,164

TABLE 4.5.4 - Granting of Employee Initiated Severance Packages

Category	No of applications received	No of applications referred to MPSA	No of applications supported by MPSA	No of packages approved by department
Lower Skilled (Salary Level 1-2)	0	0	0	0
Skilled (Salary Level 3-5)	0	0	0	0
Highly Skilled Production (Salary Level 6-8)	0	0	0	0
Highly Skilled Production (Salary Level 9-12)	0	0	0	0
Senior Management (Salary Level 13 and higher)	0	0	0	0
Total	0	0	0	0



TABLE 4.5.5 - Promotions by Critical Occupation

Occupation	Employment at Beginning of Period (April 2011)	Promotions to another Salary Level	Salary Level Promotions as a % of Employment	Progressions to an-other Notch within Salary Level	Notch progressions as a % of Employment
Administrative related	62	1	1.6	27	43.5
All artisans in the building metal machinery etc.	17	0	0	0	0
Architects town and traffic planners	6	0	0	0	0
Archivists curators and related professionals	0	0	0	0	0
Auxiliary and related workers	20	0	0	16	80
Building and other property caretakers	21	0	0	9	42.9
Bus and heavy vehicle drivers	10	0	0	0	60
Cartographers and surveyors	4	0	0	3	75
Cartographic surveying and related technicians	8	0	0	8	100
Cleaners in offices workshops hospitals etc.	45	0	0	18	40
Client inform clerks (switchboard reception inform clerks)	4	0	0	3	75
Communication and information related	2	0	0	0	
Community development workers	9	0	0	9	100
Engineering sciences related	8	2	25	1	12.5
Finance and economics related	13	0	0	6	46.2
Financial and related professionals	24	0	0	11	45.8
Financial clerks and credit controllers	34	1	2.9	26	76.5
Food services aids and waiters	7	0	0	6	85.7
General legal administration & rel. professionals	2	0	0	0	0
Head of department / chief executive officer	2	0	0	0	0
Human resources & organisation development & related professions	2	0	0	1	50
Human resources clerks	30	3	10	20	66.7
Human resources related	4	1	25	1	25
Information technology related	0	0	0	0	0
Language practitioners interpreters & other communication	0	0	0	0	0
Library mail and related clerks	20	0	0	15	75
Light vehicle drivers	12	0	0	5	41.7
Material/Recording and Transport Clerks, Permanent	0	1	0	0	0
Messengers porters and deliverers	60	0	0	21	35
Mining geology & geophysical & related technicians	4	0	0	1	25
Motor vehicle drivers	5	0	0	0	0
Other administration & related clerks and organisers	581	6	1	508	87.4
Other administrative policy and related officers	50	1	2	42	84
Other occupations	0	0	0	0	0
Road workers	3	0	0	0	0
Safety health and quality inspectors	0	0	0	0	0



TABLE 4.5.5 - Promotions by Critical Occupation

Occupation	Employment at Beginning of Period (April 2011)	Promotions to another Salary Level	Salary Level Promotions as a % of Employment	Progressions to an-other Notch within Salary Level	Notch progressions as a % of Employment
Secretaries & other keyboard operating clerks	42	0	0	22	52.4
Security guards	14	0	0	6	42.9
Security officers	1	0	0	1	100
Senior managers	32	1	3.1	1	3.1
Social sciences related	1	0	0	0	0
Trade labourers	5	0	0	0	0
Water plant and related operators	0	0	0	0	0
Trade/industry advisors and other related profession	0	0	0	0	0
TOTAL	1,164	17	1.5	793	68.1

TABLE 4.5.6 - Promotions by Salary Band

Salary Band	Employment at Beginning of Period (April 2011)	Promotions to another Salary Level	Salary Level Promotions as a % of Employment	Progressions to an-other Notch within Salary Level	Notch progressions as a % of Employment
Lower skilled (Levels 1-2), Permanent	81	0	0	74	91.4
Skilled (Levels 3-5), Permanent	226	0	0	459	203.1
Highly skilled production (Levels 6-8), Permanent	696	7	1	215	30.9
Highly skilled supervision (Levels 9-12), Permanent	94	6	6.4	41	43.6
Senior management (Levels 13-16), Permanent	32	3	9.4	1	3.1
Contract (Levels 1-2), Permanent	0	0	0	0	0
Contract (Levels 3-5), Permanent	5	1	20	0	0
Contract (Levels 6-8), Permanent	17	0	0	2	11.8
Contract (Levels 9-12), Permanent	9	0	0	1	11.1
Contract (Levels 13-16), Permanent	4	0	0	0	0
TOTAL	1,164	17	1.5	793	68.1



4.6 EMPLOYMENT EQUITY

Occupational Categories	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Legislators, senior officials and managers, Permanent	16	0	1	17	8	17	0	2	19	0	44
Professionals, Permanent	57	0	10	67	12	57	3	12	72	15	166
Professionals, Temporary	5	0	0	5	0	3	0	2	5	0	10
Technicians and associate professionals, Permanent	128	1	13	142	21	138	6	20	164	23	350
Clerks, Permanent	202	0	5	207	5	348	6	10	364	22	598
Service and sales workers, Permanent	13	0	0	13	0	1	0	0	1	0	14
Craft and related trades workers, Permanent	10	0	0	10	0	1	0	0	1	0	11
Plant and machine operators and assemblers, Permanent	23	0	0	23	0	0	0	0	0	0	23
Elementary occupations, Permanent	47	0	0	47	0	66	0	0	66	0	113
Other, Permanent	1	0	0	1	0	0	0	0	0	0	1
TOTAL	502	1	29	532	46	631	15	46	692	60	1,330

	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Employees with disabilities	0	0	0	0	1	1	0	0	1	3	5



TABLE 4.6.2 - Total number of Employees (incl. Employees with disabilities) per Occupational Bands

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Top Management, Permanent	2	0	0	2	1	1	0	0	1	0	4
Senior Management, Permanent	14	0	2	16	9	15	0	2	17	0	42
Professionally qualified and experienced specialists and mid-management, Permanent	54	0	14	68	23	45	0	15	60	8	159
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	230	1	6	237	10	330	13	16	359	46	652
Semi-skilled and discretionary decision making, Permanent	107	0	3	110	2	91	1	5	97	5	214
Unskilled and defined decision making, Permanent	23	0	0	23	0	37	0	0	37	0	60
Contract (Senior Management), Permanent	2	0	1	3	0	0	0	0	0	0	3
Contract (Professionally qualified), Permanent	7	0	0	7	1	7	0	1	8	1	17
Contract (Skilled technical), Permanent	18	0	2	20	0	25	1	2	28	0	48
Contract (Semi-skilled), Permanent	30	0	1	31	0	65	0	3	68	0	99
Contract (Unskilled), Permanent	10	0	0	10	0	11	0	0	11	0	21
TOTAL	497	1	29	527	46	627	15	44	686	30	1,319

TABLE 4.6.3 - Recruitment

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Top Management, Permanent	1	0	0	1	0	2	0	0	2	0	3
Senior Management, Permanent	10	0	3	13	0	9	0	1	10	1	24
Professionally qualified and experienced specialists and mid-management, Permanent	1	0	1	2	0	2	0	0	2	0	4
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	0	0	0	0	0	3	0	0	3	0	3
Semi-skilled and discretionary decision making, Permanent	1	0	2	3	0	4	0	0	4	0	7
Contract (Senior Management), Permanent	2	0	1	3	0	0	0	0	0	0	3
Contract (Professionally qualified), Permanent	1	0	0	1	1	2	0	1	3	1	6
Contract (Skilled technical), Permanent	12	0	0	12	0	18	0	1	19	0	31
Contract (Semi-skilled), Permanent	10	0	1	11	0	34	0	1	35	0	46
Contract (unskilled), permanent	24	0	0	24	0	29	0	2	31	0	55
TOTAL	50	0	2	44	1	90	0	5	95	1	151

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Top Management, Permanent	0	0	0	0	1	0	0	0	0	0	1
Senior Management, Permanent	1	0	1	2	1	2	0	0	2	0	5
Professionally qualified and experienced specialists and mid-management, Permanent	24	0	7	31	16	19	1	15	35	16	88
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	185	1	6	192	6	292	8	18	318	24	540
Semi-skilled and discretionary decision making, Permanent	80	0	0	80	1	71	1	4	76	3	160
Unskilled and defined decision making, Permanent	2	0	0	2	0	4	0	0	4	0	6
Contract (Senior Management), Permanent	0	0	0	0	0	0	0	0	0	0	0
Contract (Professionally qualified), Permanent	0	0	0	0	0	2	0	0	2	0	2
Contract (Skilled Technical), Permanent	3	0	0	3	0	3	0	0	3	0	6
Contract (Semi-skilled), Permanent	2	0	0	2	0	0	0	0	0	0	2
TOTAL	297	1	14	312	25	393	10	37	440	33	810
	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Employees with disabilities	0	0	0	0	1	1	0	0	1	2	4



TABLE 4.6.5 – Terminations

Occupational Bands	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Top Management, Permanent	0	0	0	0	0	0	0	0	0	0	0
Senior Management, Permanent	0	0	0	0	0	0	0	0	0	0	0
Professionally qualified and experienced specialists and mid-management, Permanent	3	0	0	3	1	1	0	0	1	2	7
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	15	0	0	15	0	4	0	0	4	2	21
Semi-skilled and discretionary decision making, Permanent	8	0	1	9	0	8	0	0	8	0	17
Unskilled and defined decision making, Permanent	1	0	0	1	0	7	0	0	7	0	8
Contract (Senior management), Permanent	2	0	1	3	1	0	0	0	0	0	4
Contract (Professionally qualified), Permanent	0	0	0	0	1	2	0	1	3	2	6
Contract (Skilled technical), Permanent	8	0	0	8	0	6	1	1	8	1	17
Contract (semi-skilled), Permanent	2	0	0	2	0	13	1	0	14	2	18
TOTAL	39	0	2	42	3	41	2	2	45	9	98

TABLE 4.6.6 - Disciplinary Action

Disciplinary action	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
No outcome	1	0	0	1	0	0	0	0	0	0	1
TOTAL	1	0	0	1	0	0	0	0	0	0	1



TABLE 4.6.7 - Skills Development

Occupational Categories	Male, African	Male, Coloured	Male, Indian	Male, Total Blacks	Male, White	Female, African	Female, Coloured	Female, Indian	Female, Total Blacks	Female, White	Total
Legislators, senior officials and managers, Permanent	15	0	2	17	12	11	0	2	13	0	42
Professionals, Permanent	29	0	4	33	9	30	2	10	42	13	97
Professionals, Temporary	5	0	0	5	0	1	0	1	2	0	7
Technicians and Associate Professionals	71	1	4	76	19	38	4	11	53	15	163
Clerks, Permanent	250	0	14	264	9	383	9	15	407	38	718
Service and sales workers, Permanent	11	0	0	11	0	0	0	0	0	0	11
Craft and related trades workers, Permanent	15	0	0	15	0	1	0	0	1	0	25
Plant and machine operators and assemblers, Permanent	24	0	0	24	0	1	0	0	1	0	25
Elementary occupations, Permanent	54	0	0	54	0	77	0	0	77	0	131
Other, Permanent	0	0	0	0	0	1	0	0	0	0	1
TOTAL	474	1	24	499	49	543	15	39	597	66	1211
Employees with disabilities	0	0	0	0	1	1	0	0	1	2	4

1.7 PERFORMANCE REWARDS

TABLE 4.7.1 - Performance Rewards by Race, Gender and Disability

	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
African, Female	0	541	0	0	0
African, Male	0	474	0	0	0
Asian, Female	0	39	0	0	0
Asian, Male	0	24	0	0	0
Coloured, Female	0	16	0	0	0
Coloured, Male	0	1	0	0	0
Total Blacks, Female	0	596	0	0	0
Total Blacks, Male	0	499	0	0	0
White, Female	0	64	0	0	0
White, Male	0	48	0	0	0
Employees with a disability	0	4	0	0	0
TOTAL	0	1211	0	0	0



TABLE 7.2 - Performance Rewards by Salary Band for Personnel below Senior Management Service

Salary Band	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
Lower skilled (Levels 1-2)	0	77	0	0	0
Skilled (Levels 3-5)	0	214	0	0	0
Highly skilled production (Levels 6-8)	0	669	0	0	0
Highly skilled supervision (Levels 9-12)	0	122	0	0	0
Contract (Levels 1-2)	0	4	0	0	0
Contract (Levels 3-5)	0	27	0	0	0
Contract (Levels 6-8)	0	39	0	0	0
Contract (Levels 9-12)	0	15	0	0	0
Periodical Remuneration	0	2022	0	0	0
Abnormal Appointment	0	1744	0	0	0
TOTAL	0	4933	0	0	0

TABLE 7.3 - Performance Rewards by Critical Occupations

Salary Band	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
Administrative related	0	253	0	0	0
All artisans in the building metal machinery etc.	0	15	0	0	0
Architects town and traffic planners	0	11	0	0	0
Auxiliary and related workers	0	0	0	0	0
Building and other property caretakers	0	100	0	0	0
Bus and heavy vehicle drivers	0	60	0	0	0
Cartographers and surveyors	0	12	0	0	0
Cartographic surveying and related technicians	0	8	0	0	0
Cleaners in offices workshops hospitals etc.	0	58	0	0	0
Client inform clerks (switchboard reception inform clerks)	0	0	0	0	0



Salary Band	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
Communication and information related	0	5	0	0	0
Community development workers	0	0	0	0	0
Engineering sciences related	0	3	0	0	0
Engineers and related professionals, Permanent	0	2	0	0	0
Finance and economics related	0	14	0	0	0
Financial and related professionals	0	40	0	0	0
Financial clerks and credit controllers	0	30	0	0	0
Food services aids and waiters	0	0	0	0	0
General legal administration & rel. professionals	0	1	0	0	0
Head of department/chief executive officer	0	1	0	0	0
Human resources & organisation development & relate professionals	0	7	0	0	0
Human resources clerks	0	17	0	0	0
Human resources related	0	22	0	0	0
Information Technology related, Permanent	0	4	0	0	0
Legal related, Permanent	0	1	0	0	0
Library mail and related clerks	0	7	0	0	0
Light vehicle drivers	0	14	0	0	0
Material/Recording and Transport clerks, Permanent	0	3	0	0	0
Messengers porters and deliverers	0	37	0	0	0
Mining geology & geophysical & related technicians	0	5	0	0	0
Motor vehicle drivers	0	6	0	0	0
Other administrative & related clerks and organisers	0	499	0	0	0
Other administrative policy and related officers	0	20	0	0	0

Salary Band	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
Other occupations, Permanent	0	1	0	0	0
Regulatory inspectors	0	2	0	0	0
Road workers	0	3	0	0	0
Safety, Health and Quality Inspectors, Permanent	0	1	0	0	0
Secretaries & other keyboard operating clerks	0	31	0	0	0
Security guards	0	12	0	0	0
Security officers	0	0	0	0	0
Senior managers	0	41	0	0	0
Social sciences related	0	4	0	0	0
Trade labourers	0	5	0	0	0
TOTAL	0	1,211	0	0	0



Salary Band	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)	% of SMS Wage Bill	Personnel Cost SMS (R'000)
Band A	0	26	0	0	0	0	0
Band B	0	12	0	0	0	0	0
Band C	0	3	0	0	0	0	0
Band D	0	1	0	0	0	0	0
TOTAL	0	42	0	0	0	0	0

1.8 FOREIGN WORKERS

Salary Band	Employment at Beginning Period	Percentage of Total	Employment at End of Period	Percentage of Total	Change in Employment	Percentage of Total	Total Employment at Beginning of Period	Total Employment at End of Period	Total Change in Employment
Highly skilled production (Levels 9-12)	2	33.3	3	42.9	1	100	6	7	1
Senior management (Levels 13-16)	1	16.7	1	14.3	0	0	6	7	1
Contract (Levels 3-5)	1	16.7	1	14.3	0	0	6	7	1
Contract (Levels 6-8)	1	16.7	1	14.3	0	0	6	7	1
Contract (Level 13 to 16)	1	16.7	0	0	-1	-100	6	7	1
Periodical Remuneration	0	0	0	0	0	0	0	0	0
Abnormal Appointment	0	0	0	0	0	0	0	0	0
TOTAL	6	100	7	100	1	100	6	7	1

Major Occupation	Employment at Beginning Period	Percentage of Total	Employment at End of Period	Percentage of Total	Change in Employment	Percentage of Total	Total Employment at Beginning of Period	Total Employment at End of Period	Total Change in Employment
Professionals and managers	4	66.7	4	57.1	0	0	6	7	1
Administrative Office Workers	2	33.3	2	28.6	0	0	6	7	1
Other occupations	0	0	1	14.3	1	100	6	7	1
TOTAL	6	100	7	100	1	100	6	7	1

1.9 LEAVE UTILISATION

Salary Band	Total Days	% Days with Medical Certification	Number of Employees using Sick Leave	% of Total Employees using Sick Leave	Average Days per Employee	Estimated Cost (R'000)	Total number of Employees using Sick Leave	Total number of days with medical certification
Lower skilled (Levels 1-2)	60	78.3	13	3.9	5	16	332	47
Skilled (Levels 3-5)	356	18.8	71	21.4	5	123	332	316
Highly skilled production (Levels 6-8)	579	84.1	127	38.3	5	349	332	487
Highly skilled supervision (Levels 9-12)	257	82.5	64	19.3	4	333	332	212
Senior management (Levels 13-16)	17	88.2	8	2.4	2	49	332	15
Contract (Levels 3-5)	49	69.4	17	5.1	3	17	332	34
Contract (Levels 6-8)	47	83	19	5.7	2	31	332	39
Contract (Levels 9-12)	14	100	3	0.9	5	23	332	14
Contract (Levels 13-16)	27	100	1	0.3	27	85	332	27
TOTAL	1406	83.3	323	99.9	4	1025	332	1191

Salary Band	Total Days	% Days with Medical Certification	Number of Employees using Sick Leave	% of Total Employees using Sick Leave	Average Days per Employee	Estimated Cost (R'000)	Total number of Employees using Sick Leave	Total number of days with medical certification
Lower skilled (Levels 1-2)	0	0	0	0	0	0	0	0
Skilled (Levels 3-5)	90	100	5	26.3	18	26	90	19
Highly skilled production (Levels 6-8)	179	100	10	52.6	18	99	179	19
Highly skilled supervision (Levels 9-12)	22	100	2	10.5	11	28	22	19
Senior Management (13-16)	0	0	0	0	0	0	0	0
Contract (Level 3 to 5)	0	0	0	0	0	0	0	0
TOTAL	291	100	17	100	15	153	291	19



TABLE 4.9.3 - Annual Leave for Jan 2011 to Dec 2011

Salary Band	Total Days Taken	Average days per Employee	Number of Employees who took leave
Lower skilled (Levels 1-2)	978	20	48
Skilled (Levels 3-5)	2,626.24	15	180
Highly skilled production (Levels 6-8)	4927	12	426
Highly skilled supervision (Levels 9-12)	1729	11	162
Senior management (Levels 13-16)	398	10	40
Contract (Levels 3-5)	220	5	44
Contract (Levels 6-8)	141	4	35
Contract (Levels 9-12)	58	6	9
Contract (Levels 13-16)	18	6	3
Not Available			
TOTAL	11,095.24	10	907

TABLE 4.9.4 - Capped Leave for Jan 2005 to Dec 2005

	Total days of capped leave taken	Average number of days taken per employee	Average capped leave per employee as at 31 December 2011	Number of Employees who took Capped leave	Total number of capped leave available at 31 December 2011	No. of employees as at 31 December 2011
Lower skilled (Levels 1-2)	23	3	100	9	21,711	218
Skilled (Levels 3-5)	46	6	81	8	12,806	158
Highly skilled production (Levels 6-8)	169	9	103	18	41,658	403
Highly skilled supervision (Levels 9-12)	50	5	91	11	9,598	106
Senior management (Levels 13-16)	5	5	146	1	3,930	27
TOTAL	293	6	98	47	89,703	912

TABLE 4.9.5 - Leave Payouts

Reason	Total Amount (R'000)	Number of Employees	Average Payment per Employee (R)
Leave payout for 2011/12 due to non-utilisation of leave for the previous cycle	23	5	4,600
Capped leave payouts on termination of service for 2011/2012	460	76	6,053
Current leave payout on termination of service for 2011/2012	90	8	11,250
TOTAL	550	84	6,548



1.10 HIV/AIDS AND HEALTH PROMOTION PROGRAMMES

HR OVERSIGHT - APRIL 2011 to MARCH 2012 - KwaZulu Natal - Co-operative Governance & Traditional Affairs			
TABLE 4.10.1 - Steps taken to reduce the risk of occupational exposure			
Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)			Key steps taken to reduce the risk
Due to the nature of work being conducted by employees of the Department, none of the employees are viewed to be at risk of contracting HIV and related diseases as a result of occupational exposure.			
This Department has not identified any staff to be at a high risk of contracting HIV and related diseases.			

TABLE 4.10.2 - Details of Health Promotion and HIV/AIDS Programmes [tick Yes/No and provide required information]			
Question	Yes	No	Details, if yes
1. Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	Yes		Mr DA Beykirch : Manager : Human Capital Development
2. Does the department have a dedicated unit or have you designated specific staff members to promote health and well being of your employees? If so, indicate the number of employees who are involved in this task and the annual budget that is available for this purpose.	Yes		There are five posts on the approved structure. All posts are currently vacant. One person from an employment agency is presently engaged in a temporary capacity.
3. Has the department introduced an Employee Assistance or Health Promotion Programme for your employees? If so, indicate the key elements/ services of the programme.	Yes		Counseling/ Referrals of staff who experience problems, Immune Supplements for HIV Positive Employees, Wellness Consultations which include on site Pre and Post Test Counseling, HIV Rapid Tests and CD4 Counts. Provisions of educational material and workshops HIV & AIDS training undertaken.
4. Has the department established (a) committee(s) as contemplated in Part VI E.5 (e) of Chapter 1 of the Public Service Regulations, 2001? If so, please provide the names of the members of the committee and the stakeholder(s) that they represent.	No		The membership is due for review when the new Employee Health and Wellness Framework issued by DPSA is introduced and a provincial policy is formulated. COGTA has participated in the formulation of the Provincial Policy being driven by OTP. New committee will be established once OTP finalizes the Provincial Policy.



5. Has the department reviewed the employment policies and practices of your department to ensure that these do not unfairly discriminate against employees on the basis of their HIV status? If so, list the employment policies/practices so reviewed.	Yes		The Employment Equity Report reflects the policies and practices.
6. Has the department introduced measures to protect HIV-positive employees or those perceived to be HIV-positive from discrimination? If so, list the key elements of these measures.	Yes		The Department renders a confidential service via the Employee Assistance Programme for employees. The EAP would engage labour relations if any discriminatory behavior is experienced so that remedial action may be taken.
7. Does the department encourage its employees to undergo Voluntary Counseling and Testing? If so, list the results that you have achieved.	Yes		Staff are encouraged to undergo testing during the wellness consultations. Educational material distributed throughout the Department also encourages testing. There has been an increase in the number of staff attending such wellness consultations coupled with an increase in those undergoing tests and disclosing their status.
8. Has the department developed measures/ indicators to monitor & evaluate the impact of your health promotion programme? If so, list these measures/indicators.	Yes		Regular follow-ups are conducted with the staff who receive the immune supplements and those who have undergone counseling. The service provider responsible for on-site testing and health consultations provides feedback each quarter on the problematic health issues and trends within the department.



COMMITTEE MEMBERS	STAKEHOLDERS - REPRESENTED AT DIRECTORATE LEVEL	COMMITTEE MEMBERS	STAKEHOLDERS - REPRESENTED AT DIRECTORATE LEVEL
Mr A Mkhize	ADMINISTRATIVE SERVICES	Mrs GNB Mhlongo	LOCAL GOVERNMENT
Ms N Madela	LOCAL GOVERNMENT	Mrs M Khumalo	HUMAN RESOURCE MANAGEMENT
Ms J Lascelles	SUPPLY CHAIN MANAGEMENT	Miss B T Mchunu	URBAN AND RURAL DEVELOPMENT
Ms N Shaw	OFFICE OF THE HEAD OF DEPARTMENT	Miss D L Zungu	URBAN AND RURAL DEVELOPMENT
Mrs L Shaik Mahomed	LOCAL GOVERNMENT	Ms P S Ndlovu	FINANCIAL MANAGEMENT
Mr B C Mntungwa	FINANCIAL MANAGEMENT	Ms B Q Ngcobo	LAND UTILISATION TRADITIONAL AFFAIRS
Ms N Bhikshu	ADMINISTRATIVE SERVICES	Ms W McLean	DEVELOPMENT ADMINISTRATION
Mr P Duma	SURVEY SERVICES	Ms B Mthembu	DEVELOPMENT ADMINISTRATION
Mr P Buthelezi	URBAN AND RURAL DEVELOPMENT	Ms O Cele	DEVELOPMENT ADMINISTRATION
Mrs R Bester	LOCAL GOVERNMENT	Ms L Mpanza	ADMINISTRATIVE SERVICES
Mrs R Luthuli	URBAN AND RURAL DEVELOPMENT	Ms N Ngidi	TRADITIONAL CONSTITUTIONAL AFFAIRS
Mrs R Seaward	HUMAN RESOURCE MANAGEMENT	Mr D Ntuli	SURVEY SERVICES
Miss S Smith	HUMAN RESOURCE MANAGEMENT	Mr M Mduduzi	TRADITIONAL AFFAIRS
Ms M J Mthembu	URBAN AND RURAL DEVELOPMENT	Ms T Kunene	LAND UTILISATION TRADITIONAL AFFAIRS
Ms S Cele	URBAN AND RURAL DEVELOPMENT	Mr M Mahlambi	DEVELOPMENT ADMINISTRATION
Ms T O Dube	URBAN AND RURAL DEVELOPMENT	Ms S Pillay	DEVELOPMENT ADMINISTRATION
Mrs F V Mbongwa	LOCAL GOVERNMENT	Ms L Russel	DEVELOPMENT ADMINISTRATION



1.11 LABOUR RELATIONS

TABLE 4.11.1 - Collective Agreements	
Subject Matter	Date
No Agreements concluded for this period.	

TABLE 4.11.2 - Misconduct and Discipline Hearings Finalised 1 April 2011 to 31 March 2012			
Outcomes of disciplinary hearings	Number	Percentage of Total	Total
Dismissal	1	1.05	1
Demotion	0	0	0
Counselling	8	8.42	8
Final Written Warning	58	61.05	58
Suspension Without Pay (1 to 3 Months)	2	2.10	2
Written warning	5	5.26	5
Verbal Warning	4	4.21	4
Not Sustained	17	17.89	17
TOTAL	95	100	95

TABLE 4.11.3 - Types of Misconduct Addressed at Disciplinary Hearings			
Type of misconduct	Number	% of Total	Total
Breach of Public Service Code of Conduct	2	2.38	2
Convicted of an offence	1	1.9	1
Contravened a statutory offence	4	4.76	4
Assault	1	1.9	1
Intimidation	2	2.38	2
Failed to comply with instructions	0	0	0
Abscondment	1	1.9	1
Medical Certificate Discrepancy	7	8.33	7
Negligence in executing duties	1	1.19	1
Poor performance	2	2.3	2
Poor timekeeping	0	0	0
Theft	1	1.19	1
Unauthorised Absences	2	2.38	2
Unauthorised Possession of State Property	0	0	0
Unauthorised use of state property	0	0	0
Misuse of state property	48	57.14	48
Undermining conduct	3	3.57	3
Under Influence of alcohol / drug while on duty	1	1.19	1
Vehicle abuse	4	4.76	4
Sexual Harassment	0	0	0
Disrespectful Behaviour	3	3.57	3
Fraud	1	1.19	3
Total	84	100	84



TABLE 4.11.4 - Grievances Lodged			
Number of grievances addressed	Number	% of total	Total
Total	6	100	0

TABLE 4.11.5 - Disputes Lodged			
Number of disputes addressed	Number	% of total	
Upheld	2	100	
Dismissed	0	0	
Total	2	100	

TABLE 4.11.6 - Strike Actions	
Strike actions	
Total number of person working days lost	140
Total cost (R'000) of working days lost	44,973.89
Amount (R'000) recovered as a result of no work no pay	44 973.89

TABLE 4.11.7 - Precautionary Suspensions	
Precautionary Suspensions	
Number of people suspended	0
Number of people whose suspension exceeded 30 days	0
Average number of days suspended	0
Cost (R'000) of suspensions	0



1.12 TRAINING

Occupational Categories	Gender	Employment	Learnership	Skills Programmes & other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	13	0	3	0	3
	Male	29	0	5	0	5
Professionals	Female	57	3	8	0	11
	Male	47	1	13	0	14
Technicians and associate professionals	Female	68	1	19	0	20
	Male	95	5	33	0	38
Clerks	Female	445	0	269	0	269
	Male	273	1	195	0	196
Service and sales workers	Female	0	0	0	0	0
	Male	11	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	1	0	0	0	0
	Male	15	0	1	0	1
Plant and machine operators and assembler	Female	1	0	1	0	1
	Male	24	0	3	0	3
Elementary occupations	Female	77	0	19	0	19
	Male	54	0	18	0	18
Interns	Female	67	0	9	0	9
	Male	34	0	1	0	1
Contracts	Female	29	0	2	0	2
	Male		0	3	0	3
Gender sub totals	Female	663 <small>excl contracts</small>	0	330	0	
	Male	548 <small>excl contracts</small>	0	272	0	
Total		1,211	11	602	0	613



TABLE 4.12.2 - Training Provided

Occupational Categories	Gender	Employment	Learnership	Skills Programmes & other short courses	Other forms of training	Total training
Legislators, senior officials and managers	Female	13	0	13	0	13
	Male	29	0	24	0	24
Professionals	Female	57	3	21	0	24
	Male	47	1	18	0	19
Technicians and associate professionals	Female	68	1	34	0	35
	Male	95	5	42	0	47
Clerks	Female	445	0	238	0	238
	Male	273	1	131	0	132
Service and sales workers	Female	0	0	0	0	0
	Male	11	0	0	0	0
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	1	0	0	0	0
	Male	15	0	0	0	0
Plant and machine operators and assemblers	Female	1	0	0	0	0
	Male	24	0	4	0	4
Elementary occupations	Female	77	0	7	0	7
	Male	54	0	3	0	3
Interns	Female	67	0	43	0	43
	Male	34	0	16	0	16
Contracts	Female	29	0	0	0	0
	Male		0	0	0	0
Gender sub totals	Female	663 excl contracts	0	329	0	329
	Male	548 excl contracts	0	265	0	265
Total		1,211	11	594	0	605

1.13 INJURY ON DUTY

TABLE 4.13.1 - Injury on Duty

Nature of injury on duty	Number	% of total
Required basic medical attention only	16	100
Temporary Total Disablement	0	0
Permanent Disablement	0	0
Fatal	0	0
Total	16	100



9. OTHER INFORMATION

Acronyms

AFS – Annual Financial Statements
 AMPR – Annual Municipal Performance Report
 AO – Accounting Officer
 CDW – Community Development Workers
 CFO – Chief Financial Officer
 DSSA – Development Bank of South Africa
 DIF – District Information Forums
 DIMS – District Information Management System
 DM – District Municipality
 DMP – Disaster Management Plan
 DPSS – Developing Planning Shared Services
 DPW – Department of Public Works
 DWA – Department of Water Affairs and Forestry
 EAP – Employee Assistance Programme
 GCIS – Government Communication Information System
 GIS – Geographical Information Services
 HOD – Head of Department
 IDP – Integrated Development and Planning
 IGR – Inter Governmental Relations
 ISRDP – Integrated Sustainable Rural Development Programme
 IT – Information Technology
 ICT – Information Communication Technology
 IGR – Intergovernmental Relations
 IYM – In Year Monitoring
 JCC – Joint Co-ordinating Committee
 KZN – KwaZulu-Natal
 LED – Local Economic Development
 LH – Local House
 MEC – Member of Executive Council
 M&E – Monitoring and Evaluation
 MFMA – Municipal Finance Management Act
 MPA – Municipal Plan of Action
 MPCC – Multi Purpose Community Centre
 MPRA – Municipal Property Rates Act
 MSP – Master System Plan
 MTEF – Medium Term Expenditure Framework
 NSDP – National Spatial Development Perspective
 OPMS – Organisational Performance Management System
 PFMA – Public Financial Management Act
 PGDS – Provincial Growth and Development Strategy
 PSEDS – Provincial Spatial Economic Development System
 SALGA – South African Local Government Association
 SDF – Spatial Development Framework
 SLA – Service Level Agreement
 SMS – Senior Management Services
 TAC – Traditional Administrative Centre
 TAU – Technical Assistance Unit
 TC – Traditional Council
 VIP – Very important Persons
 WC – Ward Committee



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