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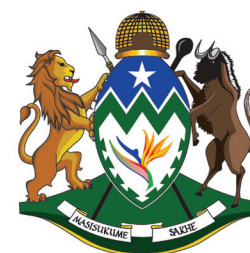
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Department:
Co-operative Governance and Traditional Affairs
PROVINCE OF KWAZULU-NATAL



A N N U A L - R E P O R T 2010-2011

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

"The Cog that turns the Wheels of Service Delivery"

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Making our system of co-operative governance work better for our people

SUBMITTING THE ANNUAL REPORT TO THE MEC

Ms N Dube

MEC for Co-operative Governance and Traditional Affairs – KwaZulu-Natal

I have the honour of submitting the Annual Report of the *Department of Co-operative Governance and Traditional Affairs* for the period 1 April 2010 to 31 March 2011.



Ms DN Qhobosheane

Head of Department

Accounting Officer: Vote 11

Department of Co-operative Governance and Traditional Affairs

31 May 2011

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SECTION 1

General Information

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1. GENERAL INFORMATION

Vision, Mission and Values

Vision

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

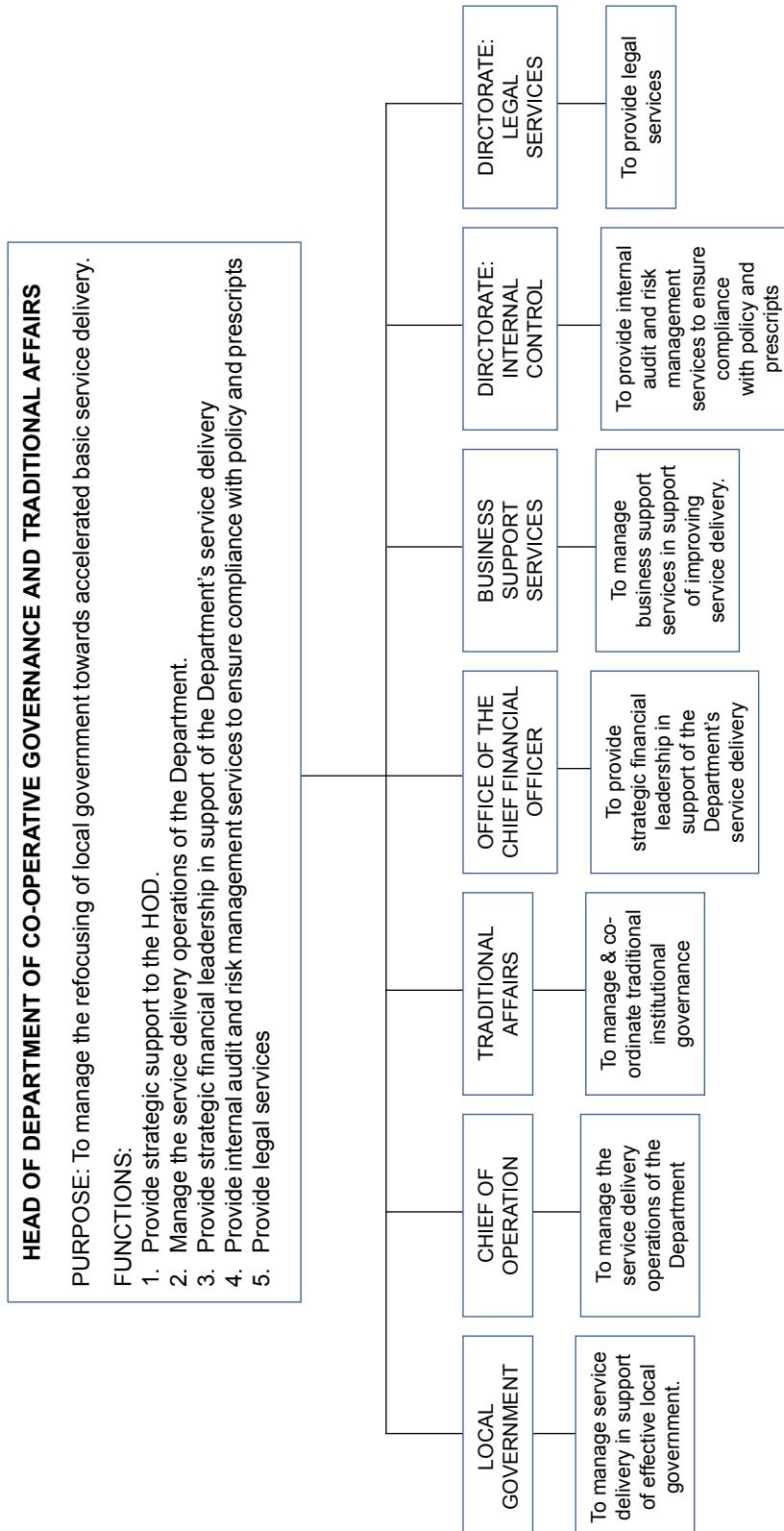
Mission

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-centred, 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



Legislative Mandate

The legislative mandate of KZN COGTA 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-ordinating 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 COGTA**

There are a number of pieces of legislation which are specific to the Department of COGTA in KwaZulu-Natal:

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**

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Some general pieces of legislation are applicable to all provincial departments within KwaZulu-Natal, 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 MEC

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

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 MEC 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 wound up as of November 2010, as all planning will now become the responsibility of the Local Municipalities with the implementation of the KwaZulu-Natal Planning and Development Act
KwaZulu-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

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FOREWORD BY THE MEC FOR CO-OPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS, THE HONOURABLE MS NOMUSA DUBE



Local government in KwaZulu-Natal is continuing on a developmental trajectory to becoming a fully fledged democratic structure that is ready to provide adequate services to communities.

We wish to indicate that the period under review was significant in that the sphere of democratic local government is marking 10 years since its inception in the year 2000. This means that the foundation for a consolidated and efficient service delivery mechanism is now firmly in place.

The year 2010/2011 was a period of much activity in local government, in particular, with highlights such as the hosting of some of the teams participating in the world cup in the world-class stadia developed by the Department of Cooperative Governance and Traditional Affairs and which will remain a lasting positive legacy with respect to sporting infrastructure.

Another key highlight of the last year was the hosting of municipal elections, which was indeed a major significance in the democratisation of our local government and, effectively, the enhancement of service delivery to our people. Accordingly, we are pleased to mention that without an intensive public awareness campaign on both the importance of registering to vote and the voter participation during the polling day, the elections may otherwise not have been as successful in terms of voter turnout.

The Department has also been involved actively with individual municipalities in terms of ensuring that each municipality is implementing a turnaround strategy, which was born out of the State of Local Government report of 2009 which, itself, came about as a result of rampant service delivery protests in municipalities. The process of helping municipalities to implement their turn-around strategies will continue because intense monitoring will be a necessity until such time that we are satisfied that realistic improvements have been achieved in municipal spaces.

Coupled with this, will be a relentless effort of ensuring that we fight corruption, maladministration and that we promote good governance in keeping with Operation Clean Audit by 2014 that was launched in January 2010. Support for effective utilisations of the Municipal Infrastructure Grant and capacitation of municipalities for effective and efficient spending of the public funds will be enhanced.

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The Department has continued to practically display its commitment to ensuring that the Institution of Traditional Leadership receives due administrative empowerment as a way of ensuring that amakhosi do indeed become active participants in the development of rural communities in particular.

We have continued to organise Installations of Traditional Leaders by His Majesty the King in order to ensure that due reverence is afforded to the Institution of Traditional leadership in line with the Constitution of South Africa.

At this point, we would like to thank Mr F. Brooks, who was the Chief Accounting Officer for the Department during the year under

review. But we would also like to thank the new Head of Department, Ms N. Qhobosheane, who joined the Department shortly before the end of the year 2010/2011. We also extend our sincere thanks to the rest of the officials and staff within the Department, for their continued commitment to the Department as well as to its mandate of ensuring local government that is efficient, effective, accountable and responsive to the needs of our people.



Ms Nomusa Dube, MPL

**MEC for Cooperative Governance and
Traditional Affairs, KwaZulu-Natal**

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ACCOUNTING OFFICER'S OVERVIEW

The period under review is historic in that the sphere of democratic local government is marking 10 years since its inception in the year 2000, meaning that the foundation for a consolidated and efficient service delivery mechanism is now safely in place.

We have recently held municipal elections. In partnership with South African Local Government Association KwaZulu-Natal, the Department has implemented a successful Induction Programme. A comprehensive Training Programme which will be accredited to SAQA is currently being developed. The Training Programme will be linked to the skills audit that will be conducted.

The Ward Committees are currently being elected. The composition of the Ward Committees will encompass all the community structures within that particular ward. Currently the Department is finalising preparations for the election of traditional councils. Therefore, at this juncture, the Department is well on track in terms of the process of fine-tuning working relations with both our clients in municipalities and amakhosi to ensure that our democracy does indeed manifest itself in realistic and deepened service delivery for our communities.

The Department had a budget of about R1,1 billion, of which 99% was spent. The Department also received an unqualified Audit opinion for three consecutive years. The Department has met all - and in certain areas exceeded - its targets in its annual performance plan. These achievements were accomplished despite the cost-cutting measures that were rigorously implemented. The financial resources allocated are not sufficient to speed up service delivery and creation of environment to fast track job creation.

A comprehensive plan has been developed to fill all the funded vacant posts since the lifting of the moratorium by the Provincial Executive. In filling the vacant posts, Employment Equity targets as set by National Government are being considered (see attachment). The Department has met and exceeded the target in terms of Blacks in Management posts and is currently at 77% in this category (level 9 – 16)

Other highlights for the Department during this year of reporting are:

- Supporting and promoting a stable and developmental system of Local Government which has helped to reduce service delivery backlog.
- Audit Outcomes and Financial Management of Municipalities have also improved (Unqualified audit). The Department has ensured that Municipalities have Municipal Standing Committees on Public Accounts (SCOPAs). 27 municipalities have anti-corruption strategies and fraud prevention plans. 19 municipalities have fully implemented the anti-corruption strategies and fraud prevention plans, 10 municipalities have not implemented their plans and 4 municipalities have partially implemented their plans. Targeted support is being provided to those municipalities where challenges exist.

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- The Department has also harmonized relations with Traditional Leaders by enhancing their developmental role through support systems and provision of tools of trade.
- Thusong Service Centres have been implemented with the aim of ensuring that rural communities have access to government services and socio economic conditions of marginalised communities are enhanced.
- 17 Imizi yezizwe are 100% complete and the Department is awaiting a handover report from the Department of Human Settlements.
- The Community Works Programme is currently implemented in 8 municipalities namely: Msunduzi, Umzumbe, Msinga, Nongoma, Jozini, uMhlabyalingana, Mtubatuba and Umlalazi. This Programme will further be rolled-out in 3 additional municipalities: Nkandla, Indaka and Ndwedwe. The process to appoint participants in the 3 additional municipalities is in progress.
- A comprehensive Turn-Around Strategy for KwaZulu-Natal Municipalities has been developed and adopted by all the municipalities in the Province. Through this programme, the Department ensured the implementation of outcome 9, which focuses on a responsive, accountable, effective and efficient local government system.
- Through the Provincial Disaster Management programme, rapid response and awareness, and municipal capacity building as well as mobilisation of other partners and financial resources for recovery purposes was undertaken.
- A sound platform for Integrated Development Planning has been developed through IDP support, enactment of the Provincial Planning and Development Act and District Development Planning Shared Services.
- Infrastructure Support, for Corridor Development, Massification, Small Town Rehabilitation has been put in place.
- 8 nodes were identified for support through the Small Rehabilitation Programme and 29 projects were approved and grant funding was transferred in December 2010 for the implementation of these projects. Through this, a total number of 470 new employment opportunities were created. 12 projects were successfully completed and are in line with the business plan objectives.
- 10 new corridor projects were packaged to open up private sector investment and 13 projects were successfully completed. Following from this, a total number of 380 employment opportunities have been created with R33 million of the Medium Term Expenditure Framework cycle budget secured as counter-funding for the implementation of these projects.
- The Provincial and Local Houses of Traditional Leadership were established.

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A number of municipalities have received specific support on governance matters such as adopting Rules and Orders (10 municipalities), Delegation Frameworks and technical deployments for hands-on support.

Together with the local municipalities in the Province, the Department can do more to improve the quality of lives for the citizens of KwaZulu-Natal.



Ms DN Qhobosheane

Head of Department

Accounting Officer: Vote 11

Department of Co-operative Governance and Traditional Affairs

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SECTION 2

Information on Predetermined Objectives

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2. INFORMATION ON PREDETERMINED OBJECTIVES

2.1 Overall Performance

Overall, the Department has achieved 72% of its planned targets and 22% were not achieved; one was not reported on. The remaining 5% were discontinued.

2.1.1 Voted Funds

Main Appropriation R'000	Adjusted Appropriation R'000	Actual Amount Spent R'000	(Over)/Under Expenditure R'000
1,061,903	1,061,903	1,052,177	9,726
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 support and build capacity of local and traditional institutions. This will be underpinned by a people-centred approach based on the Batho Pele principles.

2.1.3 Summary of Programmes

The Department had 6 programmes for the year 2008/09. The programmes are as follows:

PROGRAMME	SUB-PROGRAMME
1. Administration	1.1 Office of the MEC 1.2 Office of the HOD 1.3 Corporate Services
2. Local Governance	2.1 Municipal Administration 2.2 Municipal Finance 2.3 Public Participation 2.4 Municipal Infrastructure 2.5 Disaster Management
3. Development Planning	3.1 Spatial Planning 3.2 Development Administration 3.3 Municipal Strategic Planning 3.4 Provincial Planning and Development Commission (PPDC) 3.5 Special Projects
4. Traditional Institutional Management	4.1 Traditional Institutional Administration 4.2 Traditional Resource Administration 4.3 Traditional Land Administration
5. Urban and Rural Development Urban and Rural Development	5.1 Community Development Worker 5.2 Rural Connectivity 5.3 Rural Development 5.4 Synergistic Partnerships 5.5 Urban Development

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PROGRAMME	SUB-PROGRAMME
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 2010/11

The main challenge faced by the Department during the period was technical and professional, as well as management capacity constraints to perform the functions inherent to its programmes, including the high vacancies within the department. Overall, the Department has achieved 76% of its planned targets for the year 2010/2011 and obviously did not achieve 24%. The remaining 5% were targets that were discontinued during the year at QRM meetings. The lack of capacity has impacted on the ability of the Department to deliver programmes effectively, efficiently and in a sustainable manner to its primary clients, being municipalities and traditional institutions. Some brief comments are made regarding the following critical performance areas where the impact has been perverse.

Infrastructure

The greatest challenge facing our municipalities remains the development of infrastructure towards service delivery. National backlog eradication targets, set for each sector, have been reviewed and are now generally held to be 2014. With current Municipal Infrastructure Grant and Integrated National Electrification Programme funding levels, achievement of the water, sanitation and electricity targets are at risk. In the same context the free basic services delivery to indigent communities is not being implemented satisfactorily as per targets.

The Government's Free Basic Services (FBS) commitment to economically disadvantaged communities (indigent) continues to have a limited impact due to the enormous backlogs in infrastructure. Guidelines have been developed for the implementation of Free Basic Water, Sanitation and Electricity. However additional support will continue to be provided in respect of planning to eradicate backlogs in the first place, and in implementation of infrastructure development programmes and Free Basic Service provision.

Disaster Management

The KwaZulu-Natal Province has faced increasing levels of disaster risk and devastating incidents throughout the 2010/11 financial year, ranging from man-made and natural hazards, veld fires, strong winds and severe storms, that have triggered widespread hardship and devastation during the past year. These recent major incidents of fire, strong winds and floods and lightning resulting in deaths that occurred in the province have become an eye opener and many lessons have been learnt. The need exists for the KwaZulu-Natal Provincial Government to move quickly and swiftly in an attempt to fully comply with the Disaster Management Act (No. 52 of 2002). Resourcing the organs of state and communities is of utmost importance as to enable the province to deal with Disaster Risk Management. The change in mind set for the municipalities responsible for disaster management continues to be the priority in order to enable the proper planning, budgeting and development of necessary programmes for prevention, mitigation and development strategies.

Development Planning

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 continues to be 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.

There has been a significant challenge in getting fully funded Integrated Development Plans with full stakeholder participation at a municipal level. This has resulted in the plans on paper, that have become more challenging to implement in reality. The Department will continue lobbying for the full integration of all government plans into the IDPs in order to ensure that there is synergy between the municipal plans, the provincial government's plans and other government and private sector stakeholders plans. This will be pursued in the context of the Department's mandate of ensuring co-operative governance.

2.1.6 Overview of the organisational environment for 2010/11

Due to a high number of vacancies, an interim structure was developed to ensure optimum performance with the limited resources at its disposal. This re-configuration took into cognisance the external evaluation of department's performance recommendations that had taken place in 2009/10 financial year.

As part of the Strategic planning process of the department, those recommendations were taken into considerations, to ensure that the department is strategically placed and resourced to deliver on its mandate whilst satisfying the needs of its primary clients, i.e. Municipalities and Traditional Institutions.

2.1.7 Key policy developments and legislative changes

There were several major policy developments that affected the department during the year, principally around the Municipal Turn-around Strategy and Outcome 9, and the Department has been actively involved in supporting all municipalities in KwaZulu-Natal with the development of their Turn-around Strategies, and has commenced the process to implement its new mandate as a coordinating department at all levels and spheres of government, for the development of the citizens and communities of KwaZulu-Natal.

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2.1.8 Departmental revenue, expenditure, and other specific topics

	2008/09 Actual R'000	2009/10 Actual R'000	2010/11 Target R'000	2010/11 Actual R'000	% deviation from target
• Sales of goods & services non-capital assets	1,012	927	883	1,089	(23,3)
• Sales of capital assets (Capital Revenue)	0	0	0	2,229	0
• Machinery & equipment	0	0	0	2,229	0
• Interest, dividend & rent on land	931	1,089	587	389	33,7
• Financial transactions (Recovery of loans and advances)	8,927	927	500	1,915	(283)
TOTAL DEPARTMENTAL RECEIPTS	10,870	5,490	1970	5,622	(185,4)

2.1.9 Conditional grants and earmarked funds

The department did not receive any conditional grants during the 2010/11 financial year.

2.2 Programme Performance

The activities of the Department of Co-operative Governance and Traditional Affairs - KwaZulu-Natal 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:-

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- 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

As part of the implementation of the structure of the department, a Human Resource and Recruitment plans were developed. The department has identified critical vacant posts and has gone on a recruitment drive to fill the vacancies.

With the appointment of the Information Technology Manager, a detailed Information Technology Strategy has been developed which looks to ensure that the Information Technology resources of the department are properly managed in order to ensure optimal use. Further a Disaster Recovery Plan has been developed to ensure that the information of the department is protected in all eventualities.

The table below outlines the performance of this programme against set targets for the 2010/11 financial year:-

Programme One: Administration				
Strategic Objective	Measure/Indicator	Actual Performance against Target		Reason for Variance
		Target	Actual achieved	
Improved management and accountability of financial, physical and human resources and systems for the Department and Ministry	Number of Human Resource Plans developed	1	1	
	% Departmental buildings/ offices that are maintained in terms of Occupational Health Safety Act.	100%	0%	100% compliance is not possible due to inherent defects of certain buildings
	% vehicles that are roadworthy	80%	98%	
	Number of Information Technology Strategy reviewed and implemented annually	1	1	

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Programme One: Administration				
Strategic Objective	Measure/Indicator	Actual Performance against Target		Reason for Variance
		Target	Actual achieved	
	Organisational investigations conducted for entire department and or business units	1	1	
	Number of jobs evaluated	1	1	
	Number of Batho Pele Service Delivery workshops facilitated	1	0	Internal staff capacity constraints
	% legal matters attended to within the agreed norms and standards	100%	100%	
	Number of Preferential Procurement targets implemented	11	11	
	Number of Asset Management Strategy implemented	1	1	
	Number of internal Audit Plans developed and submitted	1	1	
	Number of Strategic and Operational Risk Assessments conducted	1	1	
	% compliance with high level Strategic and Operational risks	100%	100%	
	Number of procedural risk assessment processes conducted	2	2	
	% compliance with high level procedural risks	100%	100%	
	Number of Fraud Prevention Strategies reviewed	1	1	

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.

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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 separation of powers 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 & Administration

In order to ensure the improvement of municipal governance and administration, seven municipalities were selected for provision of support in the form of workshops on the development and adoption of governance frameworks, policies and guidelines. In addition copies of revised generic rules and orders, including the explanatory manual of the Code of Conduct for Councillors was provided. Due to the support provided by the Municipal Legal Forum the following municipalities were able to adopt revised rules and orders: Emnambithi, Endumeni, Hlabisa, Mtubatuba, Ndwedwe, Indaka and Umshwati.

Implementation of the revised rules and orders was monitored through obtaining schedules of meetings for the year, including minutes of at least two meetings which were assessed to determine compliance.

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According to the criteria used to assess compliance with municipal legislation, 47 municipalities have achieved 60% of the benchmark, six did not achieve this benchmark and 8 are non-complaint. Of the 47 that met 60% of the benchmark 27 are MTAS vulnerable municipalities.

In preparation for the 2011 Local Government Elections a compliance framework was developed and implemented, and all formalities on the build up to elections were also finalised.

To support the skills shortage in governance in municipalities, the Department deployed skilled personnel to selected municipalities. The following municipalities benefitted from these deployments:

Nquthu	Big5FalseBay	Mandeni	Ubuhlebezwe
Nkandla	Mfolozi	Mtubatuba	Okhahlamba
Umkhanyakude	Ntambanana	Hlabisa	Uphongolo
Amajuba	Indaka		

The skilled deployees supported the above 14 municipalities in the following areas:

- co-ordinate and promote the council decision-making processes, by assisting with determining, reviewing and implementing appropriate municipal governance and administration processes, systems, plans, frameworks and procedures;
- enhance council decision making processes;
- establishment of municipal SCOPA, and enhancing the oversight function of council;
- revise standing rules and orders;
- determine, review, adopt and implement appropriate municipal administration and HR policies, plans and procedures; and,
- promoting good governance principles and compliance such as adoption of a municipal delegations framework, and written roles and responsibilities for municipal political structures, office-bearers and municipal senior officials.

In order to ensure the implementation of the Local Government Turn-Around Strategy, all municipalities were supported to develop their individual turnaround strategies. Out of the 61 municipalities in the province, 36 were identified as vulnerable, and are being given “hands on” support on various governance and administration issues.

The following municipalities were workshopped and guided on the compliance with the legislative prescripts and requirements pertaining to Section 56 & Section 57 of the Municipal Systems Act and applicable Regulations pertaining to Employment Contract and Performance Agreements of Senior Managers in Municipalities.

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Newcastle	Msinga	Umzinyathi	Dannhauser
Mthonjaneni	Umtshezi	Emadlangeni	Umuziwabantu

With respect to the signing of Employment Contracts (ECs) and Performance Agreements (PAs) by Municipal Managers, 43 (EC) and 42 (PA) agreements were submitted respectively. Similarly, 150 of the 264 Employment Contracts and 161 of the 264 Performance Agreements with respect to senior managers have been received. The standard of the agreements are fair and further discussion and training is planned for the next financial year to ensure an improvement of future performance agreements.

Eighty-nine percent (89%) of critical vacant posts in municipalities are filled with suitably qualified individuals. As at the end of March 2011, 37 of the 325 Section 56 Manager posts were vacant and the affected municipalities have been instructed to fill their posts. Umkhanyakude and Newcastle have been assisted with specimen adverts, interview questions, etc.

A draft Municipal Capacity Building Strategy has been compiled and a consultative process via the Co-ordinating Committee has commenced. However, full implementation has been kept in abeyance as a result of an initiative by the national sphere which included the development of the Professionalization Framework, the conducting of a skills audit of municipal staff in all municipalities, and the process of developing a skills gap database. These processes will culminate in a revised capacity building strategy which will focus on developing actual competencies required, identify the current skills gap and appropriate capacity building programmes.

All 61 municipalities have submitted their Work Place Skills Plans (WPSP) to LGSETA, which is compiling a “quality” report with a view to improving the quality of the WPSP.

Support was provided to four District Intergovernmental Forums (DIFs) to establish operational committee structures and systems. In addition, all 10 district municipalities were provided with grant funding to enhance stakeholder relations and to improve the functionality of the District Intergovernmental Structures.

In addition, 48 other municipalities were supported to establish Municipal Standing Committees on Public Accounts (SCOPAs). The Newcastle, Dannhauser, Emnambithi, Msinga, Zululand, Richmond and Abaqulusi Municipalities, which are part of the 36 vulnerable MTAS municipalities, are applying oversight mechanisms. In total, 55 municipal SCOPAs have been established. The support rendered to establish Municipal SCOPAs has greatly enhanced the oversight function of 55 municipalities.

Municipal Finance

All 61 municipalities were assessed as per audit report findings of 2009/2010 and compared to queries raised in previous audit cycle. Common areas of non-compliance related to the update of asset registers, fair valuation of assets and depreciation for the targeted municipalities were assessed. In the case of Msunduzi, assets were not valued in accordance with GRAP 17 and the asset register was incomplete. More than 90% compliance was achieved in respect of reflecting property, plant and equipment on the financial statements.

The municipalities tailored approach to Asset Management is in accordance with the Departmental Framework and the Financial Management Initiative was implemented in 22 municipalities. All areas pertaining to asset management were assessed and reviewed. Planned assistance and scheduled guidance will be emphasised for the 2011/2012 financial year. Municipalities expressed the need for the establishment of a working group in this regard, and this was dealt with at the District Area Finance Forums.

As per the audit outcomes, 22 municipalities were guided on implementing specific action plans identified by the Auditor-General. Although there were some municipalities with capacity constraints that requested financial assistance to fast track the process, none could be provided by the Department due to internal capacity constraints.

Regarding the implementation of the Debt Management and Revenue Enhancement Strategy, the ILembe District and its local municipalities were selected for the pilot. KwaDukuza, Mandeni and the District Municipality were provided with specific technical support and were able to participate in meaningful discussions with the Audit Committee on the application of specific debt management strategies and monitoring of progress. Specific tailored engagement in audit committees established strategies to address escalating debt. The implementation of action plans and ongoing support will be constantly monitored and evaluated to reassess debt management strategies. Collection strategies and revenue enhancement will be reviewed after the elections. Assistance to stop councillor interference in debt collection and corrective action against debt collection service providers will also be considered.

A GRAP conversion workshop for low capacity municipalities was held, the Provincial Treasury was represented and information packs were disseminated. Individual municipalities were guided with specific support actions in relation to requests.

Due to the poor audit outcomes with 9 disclaimers and 8 qualified audits received out of the 61 municipalities for the 2009/10 financial year guidance and intervention meetings between the MEC and municipalities were held. Municipalities were then individually provided with guidance on strengthening their reporting and attending to the queries raised by the Auditor General. This was done through specific technical support in the development

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of individual audit response plans. This effectively enhanced the municipalities' ability to proceed through the next phase of audit with one disclaimer, one adverse and six qualified opinions being received. Specific support was provided for Indaka, Edumbe, Umkhanyakude, Umhlabuyalingana and Msunduzi municipalities to assist in the areas of financial deficiencies through financial recovery plans. As a result, an improvement was recorded in the audit outcomes with six qualified audits received compared to eight, one disclaimer received instead of nine compared to the previous financial year. One adverse opinion was received compared to zero, and 53 unqualified with emphasis of matter was received.

A total of 360 learners participated in the Municipal Finance Learnership programme. A graduation for successful candidates is scheduled and new enrolments for the upgraded NQF model is on track for roll out in the 2011/2012 financial year.

The Roving Valuation Appeals Board was established in July 2010 although there is a challenge of securing Valuation Appeal Board members since remuneration is market driven which the Department couldn't meet in terms of financial constraints. This has impacted on the functionality of the Board. A report on functionality has been produced and is available for perusal.

The implementation of the Municipal Property Rates Act has improved with 55 municipalities implementing the Act. The second cycle of General Valuations is underway. Indaka and Msinga were provided with specific and additional technical support.

The engagement with audit committees was undertaken to review planned assistance in terms of anti - corruption strategies. Higher capacity municipalities are on track with implementation but assistance to lower capacity municipalities is being provided. The election timeline has been cited as an obstacle in the way forward.

A total of 33 municipalities have responded to a departmental survey and of those surveyed 27 have an anti-corruption strategy and fraud prevention plan in place. However, only 19 municipalities have fully implemented the anti-corruption strategy and fraud prevention plan. Within the 33 municipalities that responded, 10 have not implemented their plans and four have partially implemented their plans. Targeted support will be provided in 2011/2012 Financial year.

Public Participation

The reviewed Ward Committee establishment and operations policy is in place and 178 ward committees are functional. The Ward Committee Marketing Strategy was finalised as well and was presented to municipalities at the Public Participation Provincial Steering Committee held on 22 March 2011. As part of the Ward Committee Capacity Building Programme, two capacity building modules were rolled out in 45 municipalities.

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Due to the 2011 Local Government Elections, an Election Support Plan was developed and workshopped at the District “Think Tank” Workshops.

A number of municipalities were supported in various areas and these were:

- Completion of functionality assessments by all wards with allocated Community Development Workers;
- Workshops conducted on the deliverables of the existing Community Participation Framework for vulnerable municipalities;
- The Winterton, Greytown, Ingwe, Indaka and Vryheid Outreach programmes;
- Citizen satisfaction surveys conducted in Umzumbe and Ndwedwe municipalities.

Municipal Infrastructure

Institutional arrangements were put in place with Department of Water Affairs, Water Utilities (Boards) and private sector support. Umkhanyakude district was selected as a pilot for a total review and planning of water resourcing, bulk distribution and reticulation. A Desktop study for one pilot Universal Access Plan was conducted for Umkhanyakude District.

The approach to the Universal Access Plan for water was changed to include elements of water resources, water reconciliation studies, and alternative technologies and demand side management. The project is progressing as per the implementation timeframes, although some difficulties have been experienced in obtaining records and as-built plans of existing infrastructure from the Water Service Authority. Municipal information records are deficient and this hampers the development of such plan. The Department has prevailed upon a range of service providers who have been involved in Umkhanyakude to provide information from their archives.

The Provincial Electricity Universal Access Plan for 2009 – 2014 has been reviewed, and it includes a special focus on rural and land reform areas. Institutional arrangements were put in place for monitoring and reviewing of backlog eradication. Meetings were held with Eskom, Department of Energy and the eThekweni Metro regarding the provision of electricity to informal settlements.

The assessment regarding municipalities achieving 60% of Free Basic Services benchmark has not been possible due to extensive deficiencies in municipal records and reporting required by the MFMA. The MFMA reporting on the provision of Free Basic Services by Municipalities has been discussed with the Municipal Finance and the Public Participation Business Units, and it was agreed that it should be targeted as the first area for improvement.

Despite the enhancement of the Municipal Infrastructure Grant and Municipal Infrastructure Services by the Department of Co-operative Governance still pending, 37 municipalities achieved 65% against the Infrastructure Development benchmark.

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The development of Infrastructure Development plans for 60 municipalities were facilitated (multi-year), these plans were analysed monthly and municipalities were supported to address deficiencies. The challenges with the operationalisation of the Municipal Infrastructure Grant and Municipal Infrastructure Information Systems delayed the registration of projects. As a result a temporary registration process was implemented.

Currently there are no criteria for Municipal Infrastructure Grant cities as this has not been finalised at a National level. The assessment of secondary cities against such criteria could also not be undertaken due to the unavailability of these criteria.

All three targets regarding households to basic services were exceeded:

- Water - at year end 86.21% of households have access (vs target of 84.8%.)
- Sanitation - at year end 80.47% of households had access (vs revised target of 79.7%)
- Electricity - at year end 76.99% of households had access (vs revised target of 75%)

Disaster Management

A Provincial Disaster Management Framework has been rolled-out to all 10 districts and the Metro. The framework has been printed and distributed to all 10 districts and the Metro.

Renovations for the Provincial Disaster Management Centre will only be done during the 2011/12 financial year as discussions between the centre management and the Department of Public Works with regards to the renovations to the new centre have not been concluded.

Financial support was provided to three municipalities to enhance their Disaster Management Centres. The building has not commenced as the process is still at the SCM phase as adverts calling for Project Managers have been placed. The actual construction will be done in the 2011/12 financial year.

In order to ensure better coordination of disaster relief, 11 Disaster Management Plans were aligned with municipal Integrated Development Plans.

The Capacity Building Programmes were implemented in all District municipalities and the recruitment programme has been rolled out in uGu, iLembe and uMkhanyakude. Awareness campaigns were held in the form of Road Shows and awareness messages were further communicated to the communities during the mass funerals held in Bergville, Emadlangeni, Vryheid and eThekweni.

In preparation for the 2010 FIFA World Cup, the Provincial Disaster Management Master Plan was developed. The report on lessons from the 2010 FIFA World Cup was compiled

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and shared with the National Disaster Management Committee, Provincial Disaster Management Advisory Forum members and District municipalities.

The Provincial Fire Preparedness guideline has been developed and was submitted to the National Disaster Management Committee. Five people are undergoing training in terms of the Fire Brigade Services Act, and will receive accreditation in the next financial year.

A database for people to be trained was developed. Fitness Assessments were conducted and suitable people as provided by Rural Metro were registered for training during the month of January 2011. The training programme will take one year, finishing in February 2012, and at the end of the programme the trainees will be accredited and will receive NQF6 certificates.

The Provincial Disaster Management Advisory Forum has been established and is functional and effective. Quarterly meetings were held and the minutes are available on file. The membership of the 10 district and 1 metro advisory forum was reconstituted and quarterly meetings are held with the Provincial Disaster Management Committee supporting all Districts throughout the year.

The table below outlines the performance of this programme against set targets for the 2010/11 financial year:-

Municipal Governance and Administration				
Strategic Objective	Measure/Indicator	Actual Performance against Target		Reason for Variance
		Target	Actual	
Effective support to Local Government and Traditional Institutions for strengthened governance	Number of municipal councils applying revised, adopted governance frameworks, policies and guidelines	7	7	
	Number of compliance frameworks developed and implemented for the 2011 Local Government Elections	1	1	
	Number of capacity building programmes (orientation programme for new councillors) developed	1	1	
	Number of Municipalities benefiting from the deployment of skilled professionals	12	14	Two deployees were shared amongst 4 municipalities; thus 2 extra municipalities were covered
	Number of municipalities supported to devise and implement turnaround strategies	61	61	

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Municipal Governance and Administration				
Strategic Objective	Measure/Indicator	Actual Performance against Target		Reason for Variance
		Target	Actual	
	Number of quarterly reports on the implementation of the Local Government Turnaround Strategy	3	3	
	Number of municipalities in compliance with S 57 regulations	15	15	
	% of critical posts filled by suitably qualified individuals	95%	0	The Department only record filled/ vacant posts, no assessment is done based on qualifications.
	Number of municipal capacity building strategies implemented	1	0	Draft Municipal Capacity Building Strategy drafted and consultative process commenced.
	Number of municipalities with skills plan adopted	15	15	
	Number of municipalities assessed and complying with relevant legislation	18	47	The target of 18 was set not knowing the baseline and that target of 18 represented the larger municipalities that are responsible for delivering a wider range of services. The survey was conducted and reflected a higher rate of compliance due to the support provided by the department.
Improve cooperative governance between Provincial and Local spheres for effective service delivery	Number of district intergovernmental forums (DIFs) with operational committee structures and systems.	4	4	
Improved oversight of Local Government and Traditional Institutions in respect of governance and service delivery	Number of municipal councils applying oversight mechanisms	7	7	

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Municipal Finance				
Strategic Objective	Measure/Indicator	Actual Performance against Target		Reason for Variance
		Target	Actual	
Effective support to Local Government and Traditional Institutions for Clean Financial Management	Number of municipalities complying/implementing MFMA	22	22	
	Number of municipalities implementing Best Practice Debt Management Strategy to achieve debt reduction.	5	5	
	Number of municipalities supported with MFMA implementation.	5	5	
	Number of municipalities with improved audit outcomes and number of municipalities achieving unqualified audits	5	6	
	Number of Municipal Finance Learnership implemented	1	1	
Improved oversight of Local Government and Traditional Institutions in respect of governance and service delivery	Number of Valuation Appeal Boards established and report on functionality produced.	1	1	
	Number of municipalities that are implementing /supporting MPRA	1	1	
	Number of Municipal Fraud Hotlines Launched and Administered	1	0	Dispute exists in terms of legal implications with service provider - Impasse referred to Legal Division for comment.
	Number of Strategic Partnerships with Law Enforcement Agencies entered into and reported.			
Number of municipalities that are investigated in terms of section 106 of MSA	2	0	Awaiting Legal Opinion.	
	Number of reports on cases from the National Anti-corruption Hotline	1	1	
	Number of municipalities where anti corruption strategy is implemented	1	1	
	Number of municipalities monitored on implementation of grant funding	1	0	Due to internal capacity constraints this target was not achieved
Improved accountability of Local Government and traditional Institutions to communities in respect of governance and service delivery	Number of consolidated assessment reports prepared	2	2	

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Public Participation				
Strategic Objective	Measure/Indicator	Actual Performance against Target		Reason for Variance
		Target	Actual	
Effective support to Local Government and Traditional Institutions for strengthened governance	Number of reviewed Ward Committee establishment and operations policy	1	1	
	Number of functional ward committees	150	178	More committees are functional through Community Development Workers involvement
	Number of municipalities adopting the community participation framework	11	12	
	Number of ward Committee marketing strategy developed & Implemented.	1	1	
	Number of Ward Committee Funding model developed & Implemented.	1	0	The Province has not adopted this framework due to the financial implications to municipalities for its implementation.
	Number of Provincial Ward Committee Conference hosted.	1	1	
	Number of Capacity building / training programmes conducted.	2	2	
Empowered stakeholder participation in government programmes at local level	Number of plans to strengthen participation of traditional structures in ward committees	1	0	The Ward Establishment policy was amended. However, due to the LG elections the policy was not implemented
	Number of outreach programmes/ Izimbizo supported	2	2	
	Number of citizen satisfaction surveys conducted	2	1	One municipality received support, but was not able to complete the survey process

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Municipal Infrastructure				
Strategic Objective	Measure/Indicator	Actual Performance against Target		Reason for Variance
		Target	Actual	
Effective support to Local Government and Traditional Institutions towards sustained and accelerated service delivery	Number of infrastructure development plans facilitated and monitored.	60	60	
	Number of municipal planned and preventative maintenance programmes developed to ensure sustainability of services	1	0	Project suspended until 2011 due insufficient capacity / other priorities
	Number of Municipalities implementing MIG city Programme	61	0	Criteria for MIG cities are determined at a National level. No criteria were available. Assessment of secondary cities against such criteria hence not achievable.
	Number of Bulk Infrastructure Projects funded through the Bulk Infrastructure Fund	1	0	This indicator originated from Outcome 9 introduced during the financial year. The Bulk Infrastructure Fund did not exist in 2010, only in June 2011 a draft framework for the establishment of the fund has been tabled.
	Number of Provincial water sector strategies and work plans finalised	1	0	Bid process to commence due to change in approach
	Number of Universal Access Plans for electricity (UAP) finalised	1	1	
	Number of Infrastructure strategies developed	10	0	A "master plan" or UAP has not been completed for each district. This is been done on a pilot basis. A comprehensive strategy for water in Ilembe has been completed.
	Number of frameworks for financing of basic service delivery	1	0	Although elements of a financial framework have been produced separately, a consolidated framework has not been completed.
	Number of Municipalities that have registered projects on MIIS	60	60	

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Municipal Infrastructure				
Strategic Objective	Measure/Indicator	Actual Performance against Target		Reason for Variance
		Target	Actual	
	Number of Municipalities that submit monthly reports on MIG performance	60	60	
	Number of Municipalities that have been supported on MIG spending	17	17	
	Number of special interventions	9	13	4 additional municipalities supported due to deteriorated performance during the year.
	Number of municipalities achieving 65% of the infrastructure development performance benchmark	30	37	target of 30 was informed by what the business unit could realistically achieve based on its capacity. Exceeding the target by 7 is that 7 additional municipalities scored higher on the benchmark assessment
	Number of municipalities achieving 60% of Free basic service benchmark	28	0	The assessment has not been possible due to extensive deficiencies in municipal records and reporting required by the MFMA. MFMA reporting on the provision of FBSS by the Municipalities has been targeted as the first area for improvement.
	Water, sanitation and electricity service delivery impact assessment report	1	1	
	% households with access to basic level of water	85.60%	86.21%	
	% households with access to basic level of sanitation	57.60%	80.47%	it is believed that the target (estimated from planned unit costs) was exceeded due lower unit costs but more likely due to government pressure on delivering water and sanitation
	% households with access to basic level of refuse removal	0%	0.00%	deficient records on the indicator prevented the Department from establishing the baseline
	% households with access to electricity	74%	76.99%	

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Disaster Management				
Strategic Objective	Measure/Indicator	Actual Performance against Target		Reason for Variance
		Target	Actual	
Effective support to Local Government and Traditional Institutions towards sustained and accelerated service delivery	Provincial Disaster Management Framework adopted and gazetted	1	1	
	Number of Municipalities with applicable Disaster Management Frameworks and Plans	11	11	
	No of functional districts disaster management centres established	3	0	Centres are functional; the outstanding issue is having stand alone buildings as planned by municipalities. The process is currently at the SCM phase as adverts calling for Project Managers have been placed. The actual construction will be done in the 2011/12 financial year.
	Number of DMP aligned with IDP's	11	11	
	Number of Capacity Building Programmes developed	11	11	
	Number of Capacity Building Programmes developed	1	1	
	Provincial 2010 DM Master Plan developed and approved	1	1	
	Number of Provincial fire preparedness reports compiled	1	1	
	Number of people accredited (investigated) in terms of the Fire Brigade Services Act	5	5	
Improve cooperative governance between Provincial and Local spheres for effective service delivery	A fully resourced and functional provincial disaster management centre with all critical posts filled and functional communication system installed	1	0	The overall target has been partially met as the most critical posts have been filled, only outstanding are the renovations to the centre offices will be fully utilised.

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Disaster Management				
Strategic Objective	Measure/Indicator	Actual Performance against Target		Reason for Variance
		Target	Actual	
	Functional and effective Provincial Disaster Management Advisory Forum established	1	1	
	Ten (10) district and 1 metro advisory forum membership reconstituted and quarterly meetings conducted	11	11	

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

Spatial Planning

The assessment of Spatial Development Frameworks was done for all 61 municipalities and comments were sent via letters to municipalities. In addition to the approved Spatial Development Frameworks, the Department assisted 5 municipalities in the review of their Spatial Development Frameworks.

The Department further conducted an assessment of the alignment of Municipal Spatial Development Frameworks to Municipal Capital Budget expenditure. From the assessment, although information in this regard was a challenge, it shows that only 25% of municipal capital budgets are aligned to Spatial Development Frameworks.

A similar assessment was conducted for some Provincial Departments and their capital budget expenditure is in line with the Provincial Spatial Economic Development Strategy. Due to the lack of information available, the assessment was focussed on this Department and two additional Departments (Education and Arts & Culture). The assessment indicated that 59% of the capital budgets are aligned to the PSEDs.

The target of processing 95% of current statutory applications was not achieved due to a huge backlog of applications. However, 119 out of the 285 applications have been dealt with at about 35% compliance. New applications in terms of the Provincial Planning and Development Act are being dealt with at about 80% compliance.

Eighteen municipalities have been supported with the development of land use schemes:

- 12 Municipalities through the updating of Town Planning Schemes, recommendations of which are to be used in the development of schemes in terms of the KwaZulu-Natal Planning and Development Act; and,
- 6 Municipalities through assessment and input on the drafting of their land use schemes.

To deal with the challenges of urbanisation the Department has commissioned the development of an Urban Development Framework. Six of the eight planned chapters have been finalised. The Framework is to be completed before the end of the financial year.

Development Administration

With the new Provincial Planning and Development Act the focus has shifted to monitoring of municipalities in the processing of their own land development applications.

However, the backlog of applications (submitted in terms of the repealed Town Planning Ordinance) is being processed, and is expected to be completed in the third quarter of 2011/12. The processing of these land development applications is at an estimated compliance level of 60%. Support to Statutory Bodies such as the Development Tribunals and Appeal Structures is estimated at 100%.

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In an attempt to increase economic development in smaller rural towns, the Department has commenced a process of formalisation of small towns. Five such towns were prioritised and two small towns have now reached their milestones in respect of formalisation, being Ndwedwe and Maphumulo. The Ndwedwe Development Facilitation Act application has been submitted and heard, judgement is awaited. The Maphumulo General Plan has been submitted. Progress has been delayed as a result of the Ingonyama Trust Board having to enter into agreements with municipalities, and having to conduct land audits prior to any work on layout and schemes. It is expected that better progress will be made in 2011/12.

Municipal Planning and Development Act Fora have been well attended by municipalities. These Fora served as a “clearing house” for implementation challenges and problem-solving around the new Provincial Planning and Development Act. It also assisted with training and capacity building on a wide range of Planning and Development Act issues.

To ascertain the maturity of municipalities in implementing and managing the new legislation referred to above, a development administration benchmark assessment tool was developed. Eighteen (18) of the 51 local municipalities were assessed and achieved 70% and greater on the assessment. An intensive programme of training has been undertaken throughout the year, and this will continue, with monthly Planning and Development Act Forums, and one-on-one training in municipalities with development pressure.

A challenge is the massive training need created by the shift in responsibility brought about by the new Planning and Development Act implementation (devolving powers from Provincial to Local). Training has been conducted on a wide front, and includes municipalities, private sector, departments and SoE's,

Strategic Planning

To deal with the aspect of different planning models for different types of municipalities, the Department developed six different IDP models. Nineteen (19) municipalities have produced simplified Integrated Development Plans following the models that have been developed.

All 61 municipalities with their draft Integrated Development Plans were supported on how to integrate Rural Development and Agrarian Reform. This was done jointly led by representatives from Department of Agriculture and Rural Development.

Furthermore, all 61 draft Integrated Development Plans were supported on how to integrate Safety Plans. This was done during analysis of draft Integrated Development Plans in the Commission called Governance and Public Participation with a representative from Community Safety and Liaison also making inputs.

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In order to determine the credibility of municipal IDPs, a credibility assessment framework was applied. Forty (40) of the 61 municipalities assessed achieved a 60% rating on this assessment.

The Annual Provincial IDP Management Plan was adopted and all municipal Integrated Development Plans were audited and support was given with the incorporation of Provincial Strategic Plans and the Programme of Action (POA) and Safety Plans. Emanating from this, an Annual Provincial Integrated Development Plan Assessment Report has been produced.

In facilitating integration through the IDP process, 6 Provincial Departments participated effectively in the Integrated Development Planning processes.

Fifty five (55) municipalities are fully participating on the District Wide Development Planning Shared Services. A Provincial Report on the state of Development Planning Shared Services (DPSS) has been developed.

Municipal Performance

From the Department's assessment criteria, there are 40 functional Organisational Performance Management Systems.

The Department further established and maintained the functionality of 10 District Family Performance Management System Technical Advisory Committees where issues around implementation, functionality, reporting and capacity building are discussed.

The Annual Consolidated Municipal Performance Report was also completed and tabled in the Legislature. In support of this report, all municipalities submitted their data sheets although a great majority was not complete and did not contain remedial actions.

Special Initiatives

In support of implementing the Provincial Spatial Economic Development Strategy, 10 new corridor projects were packaged to open up private sector investment and 13 projects were successfully completed. Following from this, a total number of 380 employment opportunities have been created with R33 million of the Medium Term Expenditure Framework cycle budget secured as counter-funding for the implementation of these projects.

To re-energise our Province's small towns, the Department launched the Small Town Rehabilitation Programme last year. This year, 6 projects were implemented in support of this programme and 29 projects were approved and grant funding was transferred in December for the implementation of these projects. Through this, a total number of 470 new employment opportunities were created. 12 projects were successfully completed and are in line with the business plan objectives.

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The Department will further collaborate with the National Department of Cooperative Governance and the EU to align initiatives in the small towns being supported. The Department of Agriculture has also agreed to partner with the Department in the implementation of projects and align it to the Cleanest City Competition.

Furthermore, 11 Local Economic Development projects were approved and grants transferred. Focus has been on supporting Local Economic Development issues identified during the Municipal Turn-Around Strategy process. Municipalities with no credible Local Economic Development Strategies have been prioritized for support. These include Indaka, Msinga, Ezinqoleni, Ingwe and uMngeni.

The table below outlines the performance of this programme against set targets for the 2010/11 financial year:-

Spatial Planning				
Strategic Objective	Measure/Indicator	Actual Performance against Target		Reason for Variance
		Target	Actual	
Effective support to Local Government and Traditional Institutions for strengthened governance	1.6.1.1 Number of municipalities supported in the development and implementation of SDFs aligned with PSEDS	61	61	
	% Municipal Capital Budget aligned with SDF	55%	25%	Assessment of alignment is done retrospectively for all 61 municipalities. Little mitigation, other than future support that is provided to aid alignment, can be provided.
	1.6.1.2 % alignment of provincial capital budget with spatial priorities of the Province	55%	59%	
	1.6.1.3 Municipal performance against Municipal Spatial Planning capacity benchmark	51	17	Challenges are the low Spatial Planning capacity within municipalities and high staff turn-over#Remedial action: Capacity is being built through the Development Planning Shared Services

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Spatial Planning				
Strategic Objective	Measure/Indicator	Actual Performance against Target		Reason for Variance
		Target	Actual	
	1.6.1.4 % compliance in processing of statutory planning applications within norms and standards	95%	35%	Target not achieved due to a huge backlog of applications and low staff capacity. Remedial Action: (1) Two Service providers have been appointed to assist wit this matter.
	1.6.1.5 Number of municipalities participating on District Wide Development Planning Shared Service (DPSS)	56	56	
	1.6.1.6 Number of municipalities supported in developing schemes	10	18	
	1.6.1.7 % of land area in the province covered by schemes (It is noted that this is indicated as a deliverable for the above in the Outcome 9 Report. However, it is believed that this should be reported separately because if reported together with the above it is not easy to measure)	25%	3.05%	Coverage is estimated at 3,05%. Remedial Action: Municipalities to be assisted to prepare schemes ito PDA -Draft schemes currently being assessed
	Number of urban development frameworks developed	1	0	The project was a late handover during the FY, the document is planned to be completed in July 2011,
	1.6.1.8 Number of municipalities with updated town planning schemes	10	14	

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Development Administration				
Strategic Objective	Measure/Indicator	Actual Performance against Target		Reason for Variance
		Target	Actual	
Improved cooperative governance between Provincial and Local spheres for effective service delivery	Municipal performance against Development Administration capacity benchmark	51	18	An Intensive programme of training has been undertaken throughout the year, and this will continue, with monthly PDA Forums, and one-on-one training sessions in municipalities with development pressures.
	Number of municipalities participating on District Wide Development Planning Shared Service	56	55	
Effective support to Local Government and Traditional Institutions for strengthened governance	% compliance with SLA with statutory bodies (Development Tribunal, Development Appeals Tribunal, Town Planning Appeals Board, PDA Appeals Tribunal)	100%	100%	
	% of applications processed i.t.o statutory norms and standards	100%	60%	The backlog in land development applications being processed i.t.o. the old legislation to be completed by the third quarter.
	% municipal compliance with provincial land development norms and standards	100%	0	The backlog in land development applications being processed i.t.o. the old legislation to be completed by the third quarter.
	Number of rural settlements formalised	5	2	Progress has been stalled by the land owner having to enter into agreements with municipalities, and having to conduct land audits prior to any work on layout and schemes. It is expected that better progress will be made in 2011/12.

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Strategic Planning				
Strategic Objective	Measure/Indicator	Actual Performance against Target		Reason for Variance
		Target	Actual	
Improved cooperative governance between Provincial and Local spheres for effective service delivery	Percentage of smaller municipalities producing IDP's that are simplified by 2014	19	19	
	Number of segmentation models developed	1	6	
	Number of Provincial IDP assessment framework management and support Plan adopted per annum	1	1	
	Number of municipalities with a clear Rural Development and Agrarian Reform focus and targets	61	61	
	Number of municipalities integrating Flagship targets in their IDPs	61	61	
	Number of supported on how to integrate Safety Plans	61	61	
	Number of municipalities integrating safety plans into their IDPs	61	61	
	No of IDPs supported with incorporation of provincial strategic plans and programme of action(POA)	61	61	
	Annual Provincial IDP assessment report produced	1	1	
	Number of Community Based Plans facilitated	5	2	The late appointment of service providers for 5 CBP's. Facilitation is continuing and there is an average progress of 35% as at end of this financial year.
	Number of internal Departmental Sub-Programmes participating effectively in IDP Process	18	9	So far 9 Departmental Sub-Programmes are participating effectively in IDP Process.
	Number of municipalities achieving 60% rating on IDP assessment	50	40	40 municipalities achieved 60% rating on IDP assessment. MEC signed letters and forwarded to Mayors. Provincial IDP Assessment Report approved by MEC.
	Number of municipalities achieving required 70 % of strategic planning capacity benchmark	56	59	

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Strategic Planning				
Strategic Objective	Measure/Indicator	Actual Performance against Target		Reason for Variance
		Target	Actual	
	Number of municipalities participating on District Wide Development Planning Shared Service (DPSS)	56	55	
	Number of Provincial Reports on the State of Development Planning Shared Services (DPSS)	1	1	
	1.4.1.17 Number of Planners trained (Internship programme)	11	11	
	Number of sector departments participating effectively in Municipal IDP Process	6	6	

Municipal Performance				
Strategic Objective	Measure/Indicator	Actual Performance against Target		Reason for Variance
		Target	Actual	
3.2 Effective Departmental monitoring, evaluation and reporting systems in respect of Local Government and Traditional Institutions	Number of functional OPMS	40	40	
	Number of established District Family PMS Technical Advisory Committees	10	10	
	Number of functional District Family PMS technical Advisory Committees	10	10	
	Vuna Awards	1	0	An assessment toolkit has been developed by National COG; however it still to be piloted at a District and local municipality to assesses the practicality of it.
	Number of municipalities reporting on performance in terms of section 34 and 46 of the MSA (as part of OPMS and IDP process)	61	61	
	Number of consolidated AMPR approved. (prepared, tabled in legislature, media published) in terms of Section 46 of the Municipal Systems Act (2000)	1	1	

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Special Initiatives				
Strategic Objective	Measure/Indicator	Actual Performance against Target		Reason for Variance
		Target	Actual	
Effective support to Local Government and Traditional Institutions towards sustained and accelerated service delivery	Number of new corridor development projects strategically packaged to attract private sector developments	10	10	
	Framework for support strategy for oNdlunkulu economic development initiatives developed and rolled out to oNdlunkulu in priority corridors,	5	0	This programme was moved to the Traditional Affairs branch during the Financial Year
	Number of corridor projects successfully completed in line with business plan, including projects in the previous financial year	10	13	
	Number of direct employment opportunities secured through corridor interventions	200	380	
	% counter funding mobilised on Corridor Development Projects in the MTEF cycle budget	30%	30%	
	Number of partnership agreements initiated with other local economic development programmes to align initiatives in the small towns being supported	2	2	
	Number of high impact projects packaged and implemented in support of the priority small towns	6	6	
	Number of work opportunities created through the small town rehabilitation programme	100	470	
	Number of small town rehabilitation projects successfully completed in line with business plan objectives, including projects in the previous financial year	8	12	
	Number of LED projects packaged in municipalities. (moved from Urban Development)	11	11	

Programme 4: Traditional Institutional Management

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

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

In order to move towards a comprehensive asset management process, 257 Traditional Councils were assisted in verifying their assets. A process has been put in place to ensure that the entire process is eventually compliant with the PFMA.

The Framework on Performance Management Systems has been translated in to isiZulu, isiXhosa and South Sesotho. As part of the implementation process, the business unit will print and distribute to all Local Houses, however training/consultation will also be conducted during the next financial year

Rules and Orders to assist the Local Houses in their functionality have been adopted by all Local Houses. A comprehensive consultation process with the Local Houses will be conducted in the next financial year to support the implementation process.

A database for uBukhosi and Izinduna has been developed and is being maintained as well as a policy on the position of the status of Traditional Leaders of uMzimbhulu.

Traditional Institutional Management

A policy document for Conflict Management to assist the Department with resolving conflicts amongst Amakhosi has been developed. An electronic conflict management database has also been developed and is being maintained.

In enhancing the skills and competencies of Amakhosi, 20 Amakhosi are in the process

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of participating in the leadership programme that was developed through the University of KwaZulu-Natal. In addition, a Capacity Building programme for new Traditional Councillors has been developed and is being implemented.

Traditional Land Administration

To provide assistance to the Ingonyama Trust Board in managing and administering traditional land resources, the Department has undertaken the following activities:

- 250 Traditional Councils were trained on land use management matters.
- 179 Traditional Councils have established and maintained Land Use databases.
- 250 Traditional Councils were supported with the alignment of land allocation to Municipal land use management schemes.
- 54 Land and Boundary disputes were resolved.
- 39 applications were processed for leases for schools in respect of the Ingonyama Trust Board.
- 6 applications were processed for leases for clinics in respect of the Ingonyama Trust Board.
- 110 applications were processed for leases for commercial sites in respect of the Ingonyama Trust Board.

The table below outlines the performance of this programme against set targets for the 2010/11 financial year:-

Traditional Governance and Finance				
Strategic Objective	Measure/Indicator	Actual Performance against Target		Reason for Variance
		Target	Actual	
Effective support to Local Government and Traditional Institutions for strengthened governance	Number of Traditional Councils supported to implement the financial management practice notes	33	33	
	Number of policies finalised and implemented to guide the collection of taxes and levies in 300 traditional councils	1	1	
	Number of uBukhosi and Izinduna databases developed and maintained	1	1	
	Number of Traditional Council Asset Registers compiled and maintained	257	257	

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Traditional Governance and Finance				
Strategic Objective	Measure/Indicator	Actual Performance against Target		Reason for Variance
		Target	Actual	
Effective support to Local Government and Traditional Institutions for strengthened governance	Number of Action Plans developed to reconstitute Traditional Councils for 2011 Elections	1	1	
	Number of policies developed on the position of the status of Headmen/Traditional Leaders of uMzimkhulu	1	1	
	Number of management plans developed and implemented to achieve successful smooth transition of traditional councils	1	1	
	Number of Governance Manuals implemented	1	0	A more comprehensive consultation process will be conducted with the LHs along with an Induction Programme.
Improved oversight of Local Government and Traditional Institutions in respect of governance and service delivery	Number of Performance Management Systems adopted and implemented for Traditional Councils and House of Traditional Leaders	1	0	The PMS Document has been adopted but not implemented. Training/consultation will be conducted during the Induction Training which will be done in the next financial year.

Traditional Institutional Support				
Strategic Objective	Measure/Indicator	Actual Performance against Target		Reason for Variance
		Target	Actual	
Effective support to Local Government and Traditional Institutions towards sustained and accelerated service delivery	Number of Capacity Building Programmes implemented for the young Amakhosi and Traditional Council Secretaries	1	0	
	Number of Amakhosi undertaking the leadership programme	20	20	
	Number of Capacity Building programmes (orientation programme for new Traditional Councillors) developed and implemented	1	1	

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Traditional Institutional Support				
Strategic Objective	Measure/Indicator	Actual Performance against Target		Reason for Variance
		Target	Actual	
	Number of Conflict Management Frameworks developed	1	0	A draft policy document has been developed.
	Number of Annual Reports prepared in terms of Framework	1	0	A draft policy document has been developed.
	Number of electronic conflict management databases developed	1	1	

Traditional Land Administration				
Strategic Objective	Measure/Indicator	Actual Performance against Target		Reason for Variance
		Target	Actual	
Effective support to Local Government and Traditional Institutions towards sustained and accelerated service delivery	Number of districts in which the database is rolled out	3	3	
	Number of TCs supported with alignment of land allocation to Municipal LUMS	239	250	
	Number of applications for leases for schools processed i.t.o Ingonyama Trust Act	12	39	
	Number of applications for leases for clinics and hospitals processed e.g. Ingonyama Trust Act	6	6	
	Number of applications for land leases for commercial developments processed i.t.o Ingonyama Trust Act	33	105	
	Number of frameworks implemented for determination of areas of jurisdiction of traditional communities and resolution of boundary disputes prepared	1	0	
	Number of Traditional Council boundary disputes resolved within framework of Departmental norms and standards	55	54	

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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.

The table below outlines the performance of this programme against set targets for the 2010/11 financial year:-

Community Development Workers				
Strategic Objective	Measure/Indicator	Actual Performance against Target		Reason for Variance
		Target	Actual	
Effective support to Local Government and Traditional Institutions for strengthened governance	Number of CDW's to be replaced.	52	52	
	Number of CDW capacity enhancement models implemented	2	2	
	Number of CDWP impact assessment conducted	1	0	Impact assessment was put on hold due to National undertaking an impact assessment on the CDWP. Findings used to develop Draft CDW policy.

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Community Development Workers				
Strategic Objective	Measure/Indicator	Actual Performance against Target		Reason for Variance
		Target	Actual	
	Number of Ward Communities supported by CDW on government services (Flagship)	250	250	
	Number of wards supported on the implementation of Community Based Participation process towards development of Ward Plans	5	5	
	Number of Ward Committee Functionality Assessments supported	150	150	
	Number of household profiles produced	10000	10000	
	Number of households linked to government services	3000	3000	
	Number of poor households linked to Municipal indigent Registers	3000	3000	
	Number of CDW's to be replaced.	52	52	

Rural Connectivity				
Strategic Objective	Measure/Indicator	Actual Performance against Target		Reason for Variance
		Target	Actual	
Effective support to Local Government and Traditional Institutions for strengthened governance	Number of established (constructed) Thusong Service Centres	5	5	
	Number of functional (providing services) Thusong Service Centres	2	2	
	1.3.5.1 (b) Number of Traditional Administrative Centres Rehabilitated	21	0	SCM processed delayed in the 1st quarter pushed project timeframes out
	1.3.5.2 (b) Number of Traditional Administrative Centres constructed	4	4	
	1.3.5.3 (b) Number of Traditional Administrative Centres functional	10	10	

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Rural Development				
Strategic Objective	Measure/Indicator	Actual Performance against Target		Reason for Variance
		Target	Actual	
Effective support to Local Government and Traditional Institutions towards sustained and accelerated service delivery	Number of Ondlungulu District Rural Development Working Committees established	10	0	Projects relocated to Traditional Affairs
	Number of oNdlunkulu cooperatives established	11	0	Projects relocated to Traditional Affairs
	Number of high impact projects packaged for oNdlunkulu resulting from cooperatives	1	0	Projects relocated to Traditional Affairs

Urban Development				
Strategic Objective	Measure/Indicator	Actual Performance against Target		Reason for Variance
		Target	Actual	
1.3 Effective support to Local Government and Traditional Institutions towards sustained and accelerated service delivery	Number of Municipalities supported with Urban Development projects	1	1	

Synergistic Partnership				
Strategic Objective	Measure/Indicator	Actual Performance against Target		Reason for Variance
		Target	Actual	
Improve participation of traditional institutions into the governance system	Number of synergistic partnerships formalised	1	1	
	Number of functional Joint Coordinating Committees	1	0	Target not achieved due to a lack of internal capacity.
	Number of Provincial Synergistic Partnerships Summits	1	0	Target terminated during the financial year, with the focus on formalising partnerships

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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.

The table below outlines the performance of this programme against set targets for the 2010/11 financial year:-

Development Information System				
Strategic Objective	Measure/Indicator	Actual Performance against Target		Reason for Variance
		Target	Actual	
Effective support to Local Government and Traditional Institutions towards sustained and accelerated service delivery	Number of wards profiled, updated and maintained	57	57	
	Number of consolidated PSEDs databases	1	1	
	Number of property registers established and supplied to municipalities on a quarterly basis.	49	49	
	Number of functional and operational Provincial DIMS established and updated with information accessed from 10 municipal DIMS	1	1	
	Number of DPSSs functional and operational with GIS capacity and maintenance thereof	10	10	

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Monitoring and Evaluation				
Strategic Objective	Measure/Indicator	Actual Performance against Target		Reason for Variance
		Target	Actual	
Improved management and accountability of financial, physical and human resources and systems for the Department and Ministry	4.1.2.1 Number of Quarterly Reports produced in line with the M & E Framework	4	4	
	4.1.2.2 Number of Departmental Annual Performance Reports produced in line with the M & E Framework	1	1	
	4.1.2.3 Number of Consolidated Databases on Performance information for Local Government and Traditional Institutions	1	0	Specifications for the EMMA enhancement has not commenced due to the delays experienced with SITA. This delayed the development of the EMMA enhancement and hampered the consolidation of Local Govt information into one database.
	4.1.2.4 Number of evaluation Reports on Departmental support for the LGTAS	1	0	A draft Evaluation Framework was developed. The finalisation is dependent on consultative sessions with Business Units in order to agree on an approach and process.
	4.1.2.5 Number of integrated M & E plans developed and implemented	1	1	
	4.1.2.6 Number of centralised electronic data depository systems developed and functional	1	1	
	4.1.2.7 Number of guidelines for documenting procedures for data management developed and implemented	1	1	

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SECTION 3

Annual Financial Statements

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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 2011.

Provincial Audit & Risk Committee Members and Attendance

The Provincial Audit and Risk Committee consist of the members listed hereunder. During the year under review the contracts of two (2) members expired while the contracts of the five (5) other members were terminated by the MEC: Finance. A new Provincial Audit & Risk Committee was appointed with effect from the 01 June 2011.

The Cluster Audit & Risk Committee (CARC) is a sub-committee of the Provincial Audit & Risk Committee (PARC). 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 2011 a total of eleven (11) meetings were held, namely, two (2) PARC meetings, seven (7) CARC meetings and two (2) special meetings. Members attended the meetings as reflected below:

Surname & Initial	PARC		CARC		Special		Total no. of Meetings Attended
	No. of Meetings Held	Attended	No. of Meetings Held	Attended	No. of Meetings Held	Attended	
Adv BS Khuzwayo (Contract expired June 2011)	2	2	7	7	2	1	10
Mr V Naicker (Contract expired – reappointed 01 June 2011)	2	2	2	2	2	1	5
Mr N Mhlongo (Contract terminated December 2010)	2	1	3	3	2	2	6
Mr S Taku (Contract terminated December 2010)	2	2	2	2	2	2	6
Mr P Mnisi (Contract terminated December 2010)	2	2	2	2	2	2	6
Ms P Gobinca (Contract terminated December 2010)	2	2	2	2	2	2	6
Ms E Ogunniyi (Contract terminated December 2010)	2	0	2	1	2	1	2
Ms T Tsautse (Appointed 01 June 2011)	0	0	0	0	0	0	0
Mr T Boltman (Appointed 01 June 2011)	0	0	0	0	0	0	0
Mr F Docrat (Appointed 01 June 2011)	0	0	0	0	0	0	0
Ms N Jaxa (Appointed 01 June 2011)	0	0	0	0	0	0	0
Ms M Mothipe (Appointed 01 June 2011)	0	0	0	0	0	0	0
Mr L Mangquku (Appointed 01 June 2011)	0	0	0	0	0	0	0

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. Subsequent to the dissolution of the previous Committee, the new Provincial Audit & Risk Committee resolved all outstanding responsibilities for the financial year.

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 Reports (II and III) 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, 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 year under review as control deficiencies were detected in the following significant control areas:

- Supply Chain Management
- Asset Management
- Integrated Development Plans
- Traditional Institution Management

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.

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 material deficiencies relating to insufficient evidence of reported targets.

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."

Since the approval of the Provincial Risk Management Framework in March 2010, and during the financial year under review, the Committee monitored how the department established the necessary risk management functions, risk policies, and oversight structures. The Committee believes that these interventions will assist the department in complying with the Provincial Risk Management Framework, and the risk management sections of the PFMA.

The Committee noted that the department had a dedicated Risk Management Function but did not have a Risk Management Committee, and hence urged the department to establish this during the 2011/12 financial year.

The Committee also urged the department to speed up the slow progress being made in implementing risk mitigation strategies arising from the Financial and IT Security risk assessments as facilitated by Provincial Treasury's Internal Audit Function.

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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 these investigations.

Evaluation of Financial Statements

The Provincial Audit and Risk Committee were provided a report by the Internal Audit Function that reflects the results of the review of the annual financial statements. The Provincial Audit and Risk Committee concurs and accepts the Internal Audit report on the above, as well as 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: 05 August 2011

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 last year of the local councillors 5 year term in office. It therefore marked a year of preparation for new beginnings as we usher out other councillors and prepare for the orientation of the new councillors. On the same token this year has been a year for the implementation of the new department's mandate which entails being the service delivery co-ordinating department at provincial and local government level. As a department we found this year interesting in that we had to start the implementation of our new mandate, whilst also assisting the Independent Elections Commission to prepare for the local government election, which will mark the exit of other councillors and the introduction of new members of council.

Nevertheless we continue with the implementation of the new mandate of the department which required a change in the manner in which the department has been doing business and the strategic direction of the department. The department therefore had to develop new strategic goals to make sure that it is steered in the right direction. The strategic direction therefore resulted in the **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 experience in attracting the personnel of the right skill and calibre. Further there has been challenges experienced on the diaries of senior managers who are members of the shortlisting and interviewing panels, in lieu of the pressing matters on the ground vs the time consuming process of shortlisting and interviewing. Despite

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the challenges progress has been made though in the filling of vacancies and the department will continue with making progress in this regard.

The department continued to enhance governance, deepening local democracy, and building a strong local government sphere that ultimately translates into improved service delivery, and municipalities were continuously encouraged to enhance the oversight function of all councillors and adopt a standardised reporting format. As this year was the last year for the term of office of the local government councillors, the department had to gear itself for the closure on the chapter as far as the current term of councillors is concerned and preparing for the opening of a new chapter for new term. The department had therefore had to assist the Municipal Demarcation Board to determine new boundaries for the wards where boundaries had to be reviewed, and assisting the MEC to play her oversight role on this process effectively.

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. The programme entailed amongst other projects, the upgrade of the water scheme in Murchison in preparation for the bulk water infrastructure roll-out within the rural areas of Ugu District. It also entailed the electrification of Umkhanyakude as well as the reticulation of Water in the Umkhanyakude rural areas, using the Jozini Dam as the main water source.

In line with the provincial priorities, the department supported municipalities in successfully staging the 2010 FIFA World Cup. All stadia was completed in time for the staging of the world renowned event and the successful screening of the games in fan parks. In partnership with Ilembe and Mguni district municipalities the department successfully brought the games to the people in the rural areas through the use of Public Viewing Areas.

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. As a disaster prone province, the Provincial and Districts Disaster Management Centres are being equipped with all the necessary equipment and stock supplies to be able to give the communities effective immediate response should the disaster strike.

The department continues with the implementation of Operation Clean Audit, in order to ensure that financial management at a local government level is enhanced. Municipalities continue to be supported on the roll-out of Asset Management programme as well as the Debt-Collection Project in order to ensure that not only are municipality achieving Clean Audit, but are also able to effectively collect debt owed to them to ensure that they are financial viable and self sustainable.

The department continued with supporting the institution of traditional leadership. The addition of two General Managers and one Senior General Manager in Traditional Affairs Branch has significantly enhanced the capacity of this branch in order to be able to support the institution

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of traditional leadership more effectively. 22 Amakhosi were enrolled into a strategic leadership course in partnership with the University of KwaZulu-Natal in order to enhance the strategic leadership abilities of the Amakhosi.

In line with the strategic goal of making institutions of traditional leadership work better, tools of trade were provided to Amakhosi, and the Traditional Councils with the aim of ensuring that traditional leadership institution is fully equipped to play their community development role effectively.

The department's total voted funds for the 2010/11 financial year originally amounted to approximately R1,062 billion (2009/10: R1,131 billion). This represents an decrease of approximately 6% over the previous financial period. These voted funds were then reduced by R37 million as part of the provincial budget cut of 7.5% on equitable share across the departments, as well as the net effect of discontinuation of Stadia Funding and the increase in the Small Town Rehabilitation allocation.

The department incurred expenditure of R1,052 billion for the 2010/11 financial period versus a R1,023 billion expenditure in 2009/10 financial period. The year on year increase in actual expenditure is approximately 3%.

Consequently, of the voted funds of R1,062 billion, approximately R9.7 million remained unspent. Out of these savings, R7 million was as a result of delays in delivery of new servers and vehicles for the department by SITA and Department of Transport respectively, whilst savings of R1.7 million were as a result of delays in filling of vacancies.

Post 2010/11 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

- Savings of R5 million identified under *Goods and Services* in the Sub programme: Corporate Services will be used to offset over expenditure under *Goods and Services* in Programme 2: under Sub programme - Municipal Infrastructure in respect of uMhlathuze Water Board for the construction of bulk water and reticulation at Ingwavuma area which exceeded the budget that was originally provided for.
- Savings of R980,000 due to non-filling of vacant posts identified under *Compensation of Employees* will be allocated to *Goods and Services* for operating leases backdated to December - Redlands and Southern Life Plaza buildings, which exceeded the original budget.

Programme 2

- Savings of R1,900 million due to non-filling of vacant posts identified under *Compensation of Employees* will be allocated to *Goods and Services* of which R1,500 million will fund uMhlathuze Water project under sub programme: Municipal Infrastructure and R400,000 to

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cover the purchasing of tents under sub programme: Disaster Management which exceeded the original budget.

- R6,100 million moved from Programme 3, due to delays in the implementation of Dukuduku Projects with Department of Human Settlement and Department of Agriculture to fund Massification Projects launches in Programme 2: under sub programme Municipal Infrastructure, identified as Winterton massification; Greytown massification; Ingwe electrification and Umhlabuyalingana infrastructure.
- R3 million moved from Programme 3 due to savings in the implementation of shared services for the KwaZulu-Natal Planning Act for the purchasing of tents and blanket for Ethekwini Disaster Management Centre under sub programme: Disaster Management.
- R5 million moved from Programme 1 due to delays in the renovations of offices by Public Works to fund uMhlathuze Water Board for the construction of bulk water and reticulation at Ingwavuma area Municipal Infrastructure under sub programme: Municipal Infrastructure.
- R2,500 million moved from Programme 4 under *Compensation of Employees* due to the non-filling of vacant posts will be moved to *Goods and Services* of which R1,300 million will be used to defray costs related to mass funerals at Okhahlamba, Ethekwini and Umzimkhulu and R1,200 to cover over expenditure related to Disaster Management Community Awareness campaigns at Pongola and Bulwer which exceeded the original budget.

Programme 3

- Savings of R1,300 million from Sub programme: Municipal Strategic Management and R7,800 million under sub programme : Special Projects have been identified under *Goods and Services* to fund massification launches and purchasing of tents and blankets for Ethekwini Disaster Management Centre in Programme 2.
- Savings of R1 million identified from *Compensation of Employees* due to the non-filling of vacant posts will be allocated to *Goods and Services* within the same programme for the Small Town Rehabilitation Project Launches.
- R300,000 moved from Programme 4 under *Compensation of Employees* due to the non-filling of vacant posts will be moved to *Goods and Services* to cover over expenditure related to the upgrade of uMsunduzi railway station.

Programme 4

- R4,800 million was identified as savings, of which R3, million is due to non-filling of vacant posts identified under *Compensation of Employees* and R1,800 million identified under *Goods and Services* due to the postponement of the installation of Inkosi Chiliza will be allocated to Goods and Services as follows:

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R2,500 million will be allocated to Programme 2 to cater for over expenditure relating to mass funerals at Okhahlamba, Ethekwini and Umzimkhulu as well as over expenditure related to Community Awareness campaigns at Pongola and Bulwer which exceeded the original budget.

R300,000 to Programme 3 to cover over expenditure related to the upgrade of uMsunduzi railway station which exceeded the original budget

R2, million will be allocated to Programme 6 to fund the Electrification launch at kwaMnyathi, at Vryheid which exceeded the original budget.

Programme 5

- R1,500 million identified as savings under *Compensation of Employees* due to the non-filling of vacant posts in sub programme: Public Participation-CDWs is to be utilised to settle invoices of old completed IDT projects in sub Programme: Rural Connectivity.
- A total saving of R12,310 million has been identified under *Goods and Services* due to savings from the Outreach and Expansion programmes under the sub programme Public Participation-CDWs (R4,600 million), savings from uMseleni Business Hub, Structured co operative programme under the sub programme Rural Development (R5,850 million) and savings from the Joint Coordinating Summit from Synergistic Partnerships (R1,860 million) to be utilised to settle invoices of old completed IDT projects in sub Programme: Rural Connectivity.

2. Service rendered by the department

2.1 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 ill 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 Institution
- Facilitate development and functionality of Thusong Centres

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- 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,

2.2 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		GLOSS		COPY
	VECTOR	COLOUR	VECTOR	COLOUR	
AO	R 79.00	R95.00	R158.00	R189.00	R21.00
A1	R63.00	R74.00	R126.00	R147.00	R15.00
A2	R48.00	R58.00	R95.00	R115.00	R15.00
A3	R15.00	R20.00	R30.00	R40.00	R0.50
A4	R10.00	R15.00	R20.00	R30.00	R0.30
MAP BOOK – Thematic Maps	R 200.00				
MAP BOOK - Census	R 300.00				

2.3 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

The departmental strategic plan of the past five years focused mainly on the stabilization of the local government sector, especially providing support to municipalities, firstly through Project Consolidate and the Five Year Strategic Agenda. The hands on support given to municipalities provided an excellent opportunity for the achievement of the activism approach by all management in the department. The close face-to-face encounter with municipalities, including the municipal assessment provided a better understanding and appreciation of the challenges experienced by municipalities on the ground and provided clarity on the response and interventions required. Our province continued to be one of the trend-setters in a number of interventions and approaches that most provinces modelled on, e.g. the process of support and assessment of the IDPs, the shared services model, the establishment of the Local Houses of Traditional Leaders, the Monitoring and Evaluation framework to monitor our work and many other forms of intervention.

With 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

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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 incorporating 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 continue to affect service delivery. Development of systems to enhance accountability coupled with the diligent and dedicated officials in the department ensured a viable environment for enhanced performance and accountability, and optimal performance of the department in view of the capacity challenges.

The department consolidated and strengthened its support for establishing capacity in municipalities in the field of municipal strategic planning, spatial planning, development administration, municipal performance management and development information services with the establishment of district-wide Development Planning Shared services. Focus was placed on ensuring that the municipalities have access to the required planning competency and capacity to implement this new framework.

The greatest challenge that municipalities face remains the development of infrastructure towards service delivery, and the national backlog eradication targets were reviewed and have been set for 2014. The current funding levels of the Municipal Infrastructure Grant and the Integrated National Electrification in 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 aforementioned risks are being addressed in the strategy development. The department anticipates facilitating bulk infrastructure development along selected nodes and corridors, as spelt out in the Provincial Spatial Economic Development Strategy (PSEDS), which should result in a significant impact on service delivery. A total of 25 nodes have been identified in the PSEDS and the roll-out of support to these nodes will occur over the MTEF period, with at least 6 nodes receiving support per year through the Small Town Rehabilitation programme.

4. Utilisation of donor funds

The department received funding from the Development Bank of South Africa (DBSA) which was provided from 2006/07 to 2009/10, aimed at building municipal capacity. These funds were used in capacity building initiatives in municipalities and the ward committees. At the end of the financial year under review there was approximately R4.8 million that had not been spent from these donor funds.

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 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.

Umsekeli Municipal Support Services

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 however could still not be brought to finality before the end of the current financial year, due to challenges that had arisen, as a result of litigation matters that was brought about by the former employees of Umsekeli. Some of these litigations have been settled out of court, whilst with the others the court decision is still awaited, so that the winding up process can be finalized.

With Umsekeli technically wound up, the department did not allocate any funding for the 2010/11 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.

5.2 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

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however is in the process of being de-listed 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 2011.

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.

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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 discontinued the activities of Provincial Planning and Development Commission and is also in the process of winding up Umsekeli Municipal Services

10. New/proposed activities

Critical to the new mandate of the department will be the strengthening of the coordination of the provincial government work and the Monitoring and Evaluation capability to ensure the timeous interventions that will ensure that there is change for the better in all situations. There will be a gearing-up process of the department to position itself for the challenges ahead by bringing in the requisite capacity to deliver and perform to the optimum.

The new administration has undertaken the assessment of all municipalities nationally, to get a sense of the practical challenges on the ground and provide a complete review and overhaul of the areas that need to be revisited and/or require amendments of legislation and policies. The process of developing turnaround strategies will provide an opportunity of refocusing the municipalities to go back to the drawing boards and determine what the key priorities facing their municipalities are and how they will be ensuring coordination of the initiatives across government and ensuring that in turning around the municipalities, there is a new wave of efficiency and effectiveness, especially in the face of the growing number of protests and dissatisfaction among the communities.

As we gear ourselves for the next elections towards the next term of local government, the department will ensure that the focus will be on accelerating the functioning of the municipalities and ensuring that there is renewed accountability and enhanced monitoring and evaluation frameworks, this will ensure that the problems and gaps can be identified right at the beginning and the appropriate interventions brought to bear just in time.

The department will continue with the process of filling all critical vacancies to ensure that optimal support is afforded to the local governance institutions, especially with the imminent local government and traditional council elections that will take place during 2011.

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The Employee Assistance Programme of the department will be one of the priority areas to ensure proper care for staff suffering from various health challenges that continue to undermine performance. The performance management systems will be implemented with vigilance to ensure high levels of performance from programmes and individual staff members. Measure to recognize and reward performance and also serve as motivation for staff to perform will be further supported and put in place.

The department's Corporate Services will be enhanced through the recruitment of adequately skilled staff to ensure the effective implementation of the Human Resource Plan, financial management and to improve the performance of all programmes and effectively create efficiency. The focus will also centre on providing an effectively positive working environment for staff which promotes efficiency.

The area of focus will be the improvement of financial management and governance in the institute of traditional leadership. The guideline document (policy framework) outlining generic processes on interventions and approaches to be adopted and followed when dealing with conflicts will be developed and implemented, in order to fast-track resolution of disputes which in some cases it completely paralyzes the functioning of the Traditional Councils

11. Asset management

The department has developed and continues to implement an Asset Management Policy and framework which is aligned to Treasury Guidelines. During the year under review a lot of emphasis was placed on ensuring that all assets are correctly recorded, and the reconciling items between the BAS and Hardcat are eradicated. This exercise has yield significant result thereby reducing reconciling items to less **R8,000** between Hardcat and BAS for the year under review.

In line with the policy and the framework, the department has conducted two asset counts during the year to ensure that the recorded assets in Hardcat correspond to the assets on the ground.

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.

13. Events after the reporting date

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

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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 had used the Quarterly Review Sessions to self-critic and review each business unit performance against the set performance target.

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

15. SCOPA resolutions

The following SCOPA resolutions were attended to by the department during the financial year under review:

Reference to previous audit report and SCOPA resolutions	Subject	Findings on progress
Reference to 2009/10 Audit Report	Res. 60/2010: Transversal Resolution on findings on non-compliance with laws and regulations in departments and public entities	A detailed Action Plan has been submitted to SCOPA highlighting all major findings and the actions to be taken to correct them as well as timelines and responsible people.

16. Prior modifications to audit reports

During the 2009/10 audit, the department received an unqualified audit report with an emphasis of matter being raised on the irregular expenditure to the amount of R3,933 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 condoned.

There was only one matter of non-compliance found during the 2009/10 audit. The table below illustrates the details of the matter of non-compliance and progress made towards resolving that matter.

Nature of matter of non-compliance	Financial year in which it first arose	Progress made in clearing / resolving the matter
The department did not have a human resource plan for the medium term expenditure framework 2008-10	2009/10	A human resource plan has been developed and is being implemented by the department.

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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 82 to 133 have been approved by the Accounting Officer(s).



Ms DN Qhobosheane

Head of Department

Accounting Officer: Vote 11

Department of Co-operative Governance and Traditional Affairs

31 May 2011

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

Introduction

1. I have audited the accompanying financial statements of the Department of Co-operative Governance and Traditional Affairs, which comprise the appropriation statement, the statement of financial position as at 31 March 2011, and the statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 82 to 104.

Accounting officer's responsibility for the financial statements

2. The accounting officer is responsible for the preparation of the financial statements in accordance with the Departmental Financial Reporting Framework prescribed by the National Treasury and in the manner required by the Public Finance Management Act of South Africa, 1999 (Act No. 1 of 1999) (PFMA), and for such internal control as management determines 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. As required by section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), section 4 of the Public Audit Act of South Africa, 2004 (Act No. 25 of 2004) (PAA) and the PFMA, my responsibility is to express an opinion on the financial statements based on my audit.
4. I conducted my audit in accordance with International Standards on Auditing and *General Notice No. 1111 of 2010*, issued in *Government Gazette No. 33872 of 15 December 2010*. 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.
5. 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 entity'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 entity's internal control.

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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.

6. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

7. 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 2011 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.

Emphasis of matter

8. I draw attention to the matter below. My opinion is not modified in respect of this matter:

Irregular expenditure

9. As disclosed in note 22 to the financial statements, the department incurred irregular expenditure of R5,515 million during the year as a result of non-compliance with Supply Chain Management (SCM) regulations.

Additional matters

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

Unaudited supplementary schedules

11. The supplementary information set out on pages 35 to 45 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

12. The financial reporting framework prescribed by the National Treasury and applied by the department is a compliance framework. Thus my opinion would have reflected that the financial statements had been properly prepared instead of fairly presented as required by section 20(2)(a) of the PAA, which requires me to express an opinion on the fair presentation of the financial statements of the department.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

13. In accordance with the PAA and in terms of *General Notice No. 1111 of 2010*, issued in *Government Gazette No. 33872 of 15 December 2010*, I include below my findings on the annual performance report as set out on pages 105 to 123 and material non-compliance with laws and regulations applicable to the department.

Predetermined objectives

Reliability of information

14. The following criteria are relevant to the findings below:
- Validity: The reported performance did occur and does not pertain to the entity.
 - Accuracy: The amounts, numbers and other data relating to reported actual performance have been recorded and reported appropriately.
 - Completeness: All actual results and events that should have been recorded have been included in the reported performance information.
15. The following audit findings relate to the above criteria:
- Sufficient appropriate evidence in relation to 38% of the reported targets in programme 2: Local governance could not be obtained. I could therefore not obtain the required assurance as to the validity, accuracy and completeness of these targets.

Compliance with laws and regulations

Annual financial statements

16. The financial statements submitted for audit purposes did not comply with section 40(1)(c)(i) of the PFMA. Material misstatements were identified during the audit, these were corrected by management.

Procurement and contract management

17. Goods and services with a transaction value of over R500 000 were not procured by means of a competitive bidding process as per the requirements of TR 16A6.4 and National Treasury Practice Notes 6 and 8 of 2007-08.

Expenditure management

18. The accounting officer did not take effective and appropriate steps to prevent irregular expenditure, as per the requirements of section 38(1)(c)(ii) of the PFMA.

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Transfer of funds

19. The accounting officer 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.

INTERNAL CONTROL

20. In accordance with the PAA and in terms of *General Notice No. 1111 of 2010*, issued in *Government Gazette No. 33872 of 15 December 2010*, I considered internal control relevant to my audit, but not for the purpose of expressing an opinion on the effectiveness of internal control. The matters reported below are limited to the significant deficiencies that resulted in the findings on the annual performance report and the findings on compliance with laws and regulations included in this report.

Leadership

21. The accounting officer did not exercise oversight responsibility regarding performance reporting and compliance with SCM and TRs.

Financial and performance management

22. The department did not implement proper record keeping in a timely manner to ensure that complete, relevant and accurate information is accessible and available to support performance reporting.
23. The department did not prepare regular, accurate and complete financial and performance reports that are evidenced and supported by reliable information.

OTHER REPORTS

Investigations completed

24. An investigation was conducted into the fraudulent changing of account information to divert funds to a different service provider. The investigation resulted in disciplinary action and criminal proceedings being taken against three officials of the department.
25. A final written warning was issued to an official following the outcome of an investigation into SCM processes not being complied with in respect of the awarding of tenders.

Performance audit

26. A performance audit is being conducted on the readiness of government to report on its performance. The focus of the audit is on how government institutions are guided and assisted to report on their performance, as well as the systems and processes that they have put in place. The findings will be reported on in a separate report.

Auditor-General.

Pietermaritzburg

29 July 2011



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APPROPRIATION STATEMENT for the year ended 31 March 2011

Appropriation per programme									
2010/11							2009/10		
	Adjusted Appropriation	Shift-ing 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	154,668	–	(3,900)	150,768	150,659	109	99.9%	150,512	137,361
Transfers and subsidies	1,915	–	–	1,915	1,916	(1)	100.1%	1,699	1,870
Payments for capital assets	9,118	–	–	9,118	2,951	6,167	32.4%	15,459	14,583
Payments for financial assets	–	–	–	–	659	(659)		–	280
	165,701	–	(3,900)	161,801	156,185	5,616		167,670	154,094
2. Local Governance									
Current payment	101,556	–	16,500	118,056	117,191	865	99.3%	95,622	85,961
Transfers and subsidies	173,444	–	–	173,444	173,443	1	100.0%	255,021	255,345
Payments for capital assets	941	–	–	941	470	471	49.9%	1,062	1,260
Payments for financial assets	–	–	–	–	35	(35)		–	759
	275,941	–	16,500	292,441	291,139	1,302		351,705	343,325
3. Development and Planning									
Current payment	71,765	–	(8,900)	62,865	62,417	448	99.3%	61,837	44,138
Transfers and subsidies	218,377	–	–	218,377	218,376	1	100.0%	186,732	186,764
Payments for capital assets	272	–	–	272	197	75	72.4%	787	655
Payments for financial assets	–	–	–	–	105	(105)		–	15
	290,414	–	(8,900)	281,514	281,095	419		249,356	231,572
4. Traditional Institutional Management									
Current payment	141,924	–	(5,000)	136,924	136,300	624	99.5%	146,247	138,310
Transfers and subsidies	858	–	–	858	782	76	91.1%	2,160	1,071
Payments for capital assets	8,530	–	–	8,530	8,285	245	97.1%	1,184	776
Payments for financial assets	–	–	–	–	46	(46)		–	205
	151,312	–	(5,000)	146,312	145,413	899		149,591	140,362
5. Urban and Rural Development									
Current payment	139,114	–	(16,524)	122,590	83,772	38,818	68.3%	136,018	125,503
Transfers and subsidies	4,009	–	–	4,009	3,960	49	98.8%	37	55
Payments for capital assets	313	–	16,024	16,337	16,187	150	99.1%	501	599
Payments for financial assets	–	–	–	–	20	(20)		–	34
	143,436	–	(500)	142,936	103,939	38,997		136,556	126,191
6. Systems and Institutional Development									
Current payment	34,911	–	1,800	36,711	36,452	259	99.3%	38,210	27,615
Payments for capital assets	188	–	–	188	169	19	89.9%	830	261
	35,099	–	1,800	36,899	36,621	278		39,040	27,876
TOTAL	1,061,903	–	–	1,061,903	1,014,392	47,511	95.5%	1,093,918	1,023,420
Reconciliation with statement of financial performance									
ADD									
Departmental receipts				5,622				5,490	
Actual amounts per statement of financial performance (total revenue)				1,067,525				1,099,408	
ADD									
Aid assistance					2,043				6,066
Actual amounts per statement of financial performance (total expenditure)					1,016,435				1,029,486

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Appropriation per economic classification									
	2010/11							2009/10	
	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	303,590	–	(8,510)	295,080	293,722	1,358	99.5%	310,001	263,517
Goods and services	340,348	–	(7,514)	332,834	293,069	39,765	88.1%	318,445	295,371
Transfers and subsidies									
Provinces and municipalities	394,813	–	–	394,813	394,813	–	100.0%	438,803	438,803
Departmental agencies and accounts	–	–	–	–	–	–		2,800	2,800
Households	3,790	–	–	3,790	3,664	126	96.7%	4,046	3,502
Payments for capital assets									
Buildings and other fixed structures	5,800	–	17,984	23,784	23,788	(4)	100.0%	7,980	7,980
Machinery and equipment	13,562	–	(1,960)	11,602	4,461	7,141	38.5%	11,835	10,138
Software and other intangible assets	–	–	–	–	10	(10)		8	16
Payments for financial assets	–	–	–	–	865	(865)		–	1,293
Total	1,061,903	–	–	1,061,903	1,014,392	47,511	95.5%	1,093,918	1,023,420

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Detail per programme 1 – Administration

Detail per sub-programme	2010/11							2009/10	
	Adjusted Appropriation	Shift-ing 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	21,334	–	(950)	20,384	20,294	90	99.6%	24,576	18,441
Transfers and subsidies	–	–	–	–	–	–		195	195
Payments for capital assets	109	–	–	109	107	2	98.2%	219	887
Payments for financial assets	–	–	–	–	144	(144)		–	4
1.2 Corporate Services									
Current payment	133,334	–	(2,950)	130,384	130,365	19	100.0%	125,936	118,920
Transfers and subsidies	1,915	–	–	1,915	1,916	(1)	100.1%	1,504	1,675
Payments for capital assets	9,009	–	–	9,009	2,844	6,165	31.6%	15,240	13,696
Payments for financial assets	–	–	–	–	515	(515)		–	276
Total	165,701	–	(3,900)	161,801	156,185	5,616	96.5%	167,670	154,094

Economic classification	2010/11							2009/10	
	Adjusted Appropriation	Shift-ing 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	75,406	–	(980)	74,426	74,407	19	100.0%	71,653	66,714
Goods and services	79,262	–	(2,920)	76,342	76,252	90	99.9%	78,859	70,647
Transfers and subsidies									
Households	1,915	–	–	1,915	1,916	(1)	100.1%	1,699	1,870
Payments for capital assets									
Buildings and other fixed structures	–	–	–	–	–	–		7,980	7,980
Machinery and equipment	9,118	–	–	9,118	2,941	6,177	32.3%	7,471	6,587
Software and other intangible assets	–	–	–	–	10	(10)		8	16
Payments for financial assets	–	–	–	–	659	(659)		–	280
Total	165,701	–	(3,900)	161,801	156,185	5,616	96.5%	167,670	154,094

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Detail per programme 2 – Local Governance

Detail per sub-programme	2010/11							2009/10	
	Adjusted Appropriation	Shift-ing 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	24,304	–	(3,700)	20,604	20,165	439	97.9%	17,102	16,956
Transfers and subsidies	60,545	–	–	60,545	60,545	–	100.0%	62,008	62,008
Payments for capital assets	202	–	–	202	132	70	65.3%	97	64
Payments for financial assets	–	–	–	–	20	(20)	–	–	752
2.2 Municipal Finance									
Current payment	31,565	–	(7,300)	24,265	24,250	15	99.9%	19,290	14,289
Transfers and subsidies	–	–	–	–	–	–	–	6,550	6,874
Payments for capital assets	300	–	–	300	144	156	48.0%	11	62
Payments for financial assets	–	–	–	–	1	(1)	–	–	1
2.3 Public Participation									
Current payment	8,075	–	–	8,075	7,975	100	98.8%	7,820	5,541
Payments for capital assets	141	–	–	141	31	110	22.0%	–	–
Payments for financial assets	–	–	–	–	14	(14)	–	–	6
2.4 Disaster Management									
Current payment	24,786	–	11,000	35,786	35,751	35	99.9%	15,543	15,638
Transfers and subsidies	11,899	–	–	11,899	11,898	1	100.0%	6,000	6,000
Payments for capital assets	238	–	–	238	153	85	64.3%	818	698
2.5 Municipal Infrastructure									
Current payment	12,826	–	16,500	29,326	29,050	276	99.1%	35,867	33,537
Transfers and subsidies	101,000	–	–	101,000	101,000	–	100.0%	180,463	180,463
Payments for capital assets	60	–	–	60	10	50	16.7%	136	436
Total	275,941	–	16,500	292,441	291,139	1,302	99.6%	351,705	343,325

Economic classification	2010/11							2009/10	
	Adjusted Appropriation	Shift-ing 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	33,239	–	(1,900)	31,339	31,084	255	99.2%	32,125	25,346
Goods and services	68,317	–	18,400	86,717	86,107	610	99.3%	63,497	60,615
Transfers and subsidies									
Provinces and municipalities	172,643	–	–	172,643	172,643	–	100.0%	254,871	254,871
Households	801	–	–	801	800	1	99.9%	150	474
Payments for capital assets									
Machinery and equipment	941	–	–	941	470	471	49.9%	1,062	1,260
Payments for financial assets									
	–	–	–	–	35	(35)	–	–	759
Total	275,941	–	16,500	292,441	291,139	1,302	99.6%	351,705	343,325

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Detail per programme 3 – Development and Planning

Detail per sub-programme	2010/11							2009/10	
	Adjusted Appropriation	Shift-ing 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	9,775	–	(870)	8,905	8,879	26	99.7%	8,690	5,046
Transfers and subsidies	–	–	–	–	–	–	–	–	32
Payments for capital assets	96	–	–	96	71	25	74.0%	70	35
Payments for financial assets	–	–	–	–	14	(14)	–	–	–
3.2 Development Administration									
Current payment	15,132	–	(330)	14,802	14,740	62	99.6%	17,223	13,348
Transfers and subsidies	913	–	–	913	912	1	99.9%	–	–
Payments for capital assets	94	–	–	94	82	12	87.2%	281	263
Payments for financial assets	–	–	–	–	6	(6)	–	–	12
3.3 Municipal Strategic Management									
Current payment	8,195	–	(1,700)	6,495	6,439	56	99.1%	9,639	4,135
Transfers and subsidies	4,227	–	–	4,227	4,227	–	100.0%	10,800	10,800
Payments for capital assets	41	–	–	41	34	7	82.9%	102	96
Payments for financial assets	–	–	–	–	56	(56)	–	–	1
3.4 Municipal Performance Management									
Current payment	5,367	–	(430)	4,937	4,894	43	99.1%	9,005	6,158
Payments for capital assets	31	–	–	31	5	26	16.1%	80	19
3.5 Provincial Planning and Development Commission									
Current payment	1,550	–	(100)	1,450	1,384	66	95.4%	4,133	2,797
Transfers and subsidies	–	–	–	–	–	–	–	2,800	2,800
Payments for capital assets	–	–	–	–	–	–	–	–	–
Payments for financial assets	–	–	–	–	29	(29)	–	–	2
3.6 Special Projects									
Current payment	31,746	–	(5,470)	26,276	26,081	195	99.3%	13,147	12,654
Transfers and subsidies	213,237	–	–	213,237	213,237	–	100.0%	173,132	173,132
Payments for capital assets	10	–	–	10	5	5	50.0%	254	242
Total	290,414	–	(8,900)	281,514	281,095	419	99.9%	249,356	231,572

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Economic classification	2010/11							2009/10	
	Adjusted Appropriation	Shift-ing 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	23,681	–	(1,000)	22,681	22,544	137	99.4%	31,816	19,397
Goods and services	48,084	–	(7,900)	40,184	39,873	311	99.2%	30,021	24,741
Transfers and subsidies									
Provinces and municipalities	218,264	–	–	218,264	218,264	–	100.0%	183,932	183,932
Departmental agencies and accounts	–	–	–	–	–	–		2,800	2,800
Households	113	–	–	113	112	1	99.1%	–	32
Payments for capital assets									
Machinery and equipment	272	–	–	272	197	75	72.4%	787	655
Payments for financial assets	–	–	–	–	105	(105)		–	15
Total	290,414	-	(8,900)	281,514	281,095	419	99.9%	249,356	231,572

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Detail per programme 4 – Traditional Institutional Management

Detail per sub-programme	2010/11							2009/10	
	Adjusted Appropriation	Shift-ing 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	79,146	–	120	79,266	78,694	572	99.3%	88,010	85,481
Transfers and subsidies	–	–	–	–	–	–	–	14	100
Payments for capital assets	6,570	–	1,300	7,870	7,810	60	99.2%	126	128
Payments for financial assets	–	–	–	–	28	(28)	–	–	189
4.2 Traditional Resource Administration									
Current payment	49,074	–	(4,500)	44,574	44,694	(120)	100.3%	46,800	42,243
Transfers and subsidies	734	–	–	734	665	69	90.6%	2,146	971
Payments for capital assets	1,750	–	(1,300)	450	329	121	73.1%	572	450
Payments for financial assets	–	–	–	–	14	(14)	–	–	10
4.3 Traditional Land Administration									
Current payment	13,704	–	(620)	13,084	12,912	172	98.7%	11,437	10,586
Transfers and subsidies	124	–	–	124	117	7	94.4%	–	–
Payments for capital assets	210	–	–	210	146	64	69.5%	486	198
Payments for financial assets	–	–	–	–	4	(4)	–	–	6
Total	151,312	–	(5,000)	146,312	145,413	899	99.4%	149,591	140,362

Economic classification	2010/11							2009/10	
	Adjusted Appropriation	Shift-ing 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	85,489	–	(3,000)	82,489	82,314	175	99.8%	82,028	78,128
Goods and services	56,435	–	(2,000)	54,435	53,986	449	99.2%	64,219	60,182
Transfers and subsidies									
Households	858	–	–	858	782	76	91.1%	2,160	1,071
Payments for capital assets									
Buildings and other fixed structures	5,800	–	1,960	7,760	7,764	(4)	100.1%	–	–
Machinery and equipment	2,730	–	(1,960)	770	521	249	67.7%	1,184	776
Payments for financial assets									
	–	–	–	–	46	(46)	–	–	205
Total	151,312	–	(5,000)	146,312	145,413	899	99.4%	149,591	140,362

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Detail per programme 5 – Urban and Rural Development

Detail per sub-programme	2010/11							2009/10	
	Adjusted Appropriation	Shift-ing 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	70,563	–	(5,970)	64,593	64,681	(88)	100.1%	63,196	59,144
Transfers and subsidies	103	–	–	103	54	49	52.4%	37	22
Payments for capital assets	80	–	–	80	19	61	23.8%	–	–
Payments for financial assets	–	–	–	–	20	(20)	–	–	21
5.2 Rural Connectivity									
Current payment	48,005	–	(2,544)	45,461	7,147	38,314	15.7%	48,691	48,487
Transfers and subsidies	148	–	–	148	148	–	100.0%	–	–
Payments for capital assets	75	–	16,024	16,099	16,041	58	99.6%	349	461
Payments for financial assets	–	–	–	–	–	–	–	–	9
5.3 Rural Development									
Current payment	12,245	–	(6,150)	6,095	5,989	106	98.3%	15,598	12,688
Transfers and subsidies	–	–	–	–	–	–	–	–	33
Payments for capital assets	9	–	–	9	48	(39)	533.3%	90	94
5.4 Synergistic Partnerships									
Current payment	6,442	–	(1,860)	4,582	4,176	406	91.1%	4,798	3,288
Payments for capital assets	134	–	–	134	79	55	59.0%	40	16
5.5 Urban Development									
Current payment	1,859	–	–	1,859	1,779	80	95.7%	3,735	1,896
Transfers and subsidies	3,758	–	–	3,758	3,758	–	100.0%	–	–
Payments for capital assets	15	–	–	15	–	15	–	22	28
Payments for financial assets	–	–	–	–	–	–	–	–	4
Total	143,436	–	(500)	142,936	103,939	38,997	72.7%	136,556	126,191

Economic classification	2010/11							2009/10	
	Adjusted Appropriation	Shift-ing 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	78,405	–	(1,630)	76,775	76,142	633	99.2%	77,557	67,752
Goods and services	60,709	–	(14,894)	45,815	7,630	38,185	16.7%	58,461	57,751
Transfers and subsidies									
Provinces and municipalities	3,906	–	–	3,906	3,906	–	100.0%	–	–
Households	103	–	–	103	54	49	52.4%	37	55
Payments for capital assets									
Buildings and other fixed structures	–	–	16,024	16,024	16,024	–	100.0%	–	–
Machinery and equipment	313	–	–	313	163	150	52.1%	501	599
Payments for financial assets									
	–	–	–	–	20	(20)	–	–	34
Total	143,436	–	(500)	142,936	103,939	38,997	72.7%	136,556	126,191

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Detail per programme 6 – Systems and Institutional Development

Detail per sub-programme	2010/11							2009/10	
	Adjusted Appropriation	Shift-ing 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	642	–	–	642	618	24	96.3%	1,617	774
6.2 Monitoring and Evaluation									
Current payment	3,593	–	50	3,643	3,587	56	98.5%	8,042	4,006
Payments for capital assets	63	–	–	63	45	18	71.4%	402	158
6.3 Institutional Transformation and External Communications									
Current payment	21,475	–	1,582	23,057	22,890	167	99.3%	17,138	17,507
6.4 Development Information Services									
Current payment	9,201	–	168	9,369	9,357	12	99.9%	11,413	5,328
Payments for capital assets	125	–	–	125	124	1	99.2%	428	103
Total	35,099	–	1,800	36,899	36,621	278	99.2%	39,040	27,876

Economic classification	2010/11							2009/10	
	Adjusted Appropriation	Shift-ing 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	7,370	–	–	7,370	7,231	139	98.1%	14,822	6,180
Goods and services	27,541	–	1,800	29,341	29,221	120	99.6%	23,388	21,435
Payments for capital assets									
Machinery and equipment	188	–	–	188	169	19	89.9%	830	261
Total	35,099	–	1,800	36,899	36,621	278	99.2%	39,040	27,876

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NOTES TO THE APPROPRIATION STATEMENT for the year ended 31 March 2011

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 notes 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 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	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	%
Administration	161,801	156,185	5,616	3.47

Explanation of variance: The under-expenditure on Compensation of Employees and Goods and Services is as a result of the non-filling of posts and the resultant savings in operational costs. The over-expenditure on the Payments for Financial Assets relates to the write-off of irrecoverable debts. The under-expenditure on Capital Assets is as a result of the national strike in the motor industry earlier in the year resulting in the non-delivery of new vehicles ordered through the Department of Transport. Similarly the ordering of the refreshment of servers through SITA was delayed due to their internal processes.

Local Governance	292,441	291,139	1,302	0.45
Development and Planning	281,514	281,095	419	0.15
Traditional Institutional Management	146,312	145,413	899	0.61
Urban and Rural Development	142,936	103,939	38,997	27.28

Explanation of variance: The under-expenditure on Goods and Services is as a result of the construction of the MPCCs which was not finalised during the financial year. The Department has requested a rollover of R37,787,000 to finalise the project during the 2011/12 financial year.

Systems and Institutional Development	36,899	36,621	278	0.75
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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	295,080	293,722	1,358	0.46
Goods and services	33,834	293,069	39,765	11.95
Transfers and subsidies				
Provinces and municipalities	394,813	394,813	–	–
Households	3,790	3,664	126	3.32
Payments for capital assets				
Buildings and other fixed structures	23,784	23,788	(4)	(0.05)
Machinery and equipment	11,602	4,461	7,141	61.55
Software and other intangible assets	–	10	(10)	
Payments for financial assets	–	865	(865)	

Explanation of variance: The under-expenditure on Compensation of Employees and Goods and Services is as a result of the non-filling of posts and the resultant savings in operational costs as well as the construction of the MPCCs which was not finalised during the financial year. The Department has requested a rollover of R37,787,000 to finalise the project during the 2011/12 financial year. The over-expenditure on Payments for Financial Assets relates to the write-off of irrecoverable debts. The under-expenditure on Transfers & Subsidies is as a result of savings on leave gratuities where less accumulated leave was paid out to officials than originally budgeted for. The under-expenditure on Capital Assets is as a result of the national strike in the motor industry earlier in the year resulting in the non-delivery of new vehicles ordered through the Department of Transport. Similarly the ordering of the refreshment of servers through SITA was delayed due to their internal processes.

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STATEMENT OF FINANCIAL PERFORMANCE for the year ended 31 March 2011

	<i>Note</i>	2010/11 R'000	2009/10 R'000
REVENUE			
Annual appropriation	1	1,061,903	1,093,918
Departmental revenue	2	5,622	5,490
TOTAL REVENUE		1,067,525	1,099,408
EXPENDITURE			
Current expenditure			
Compensation of employees	4	293,722	263,517
Goods and services	5	293,069	295,371
Aid assistance	3	2,043	6,066
Total current expenditure		588,834	564,954
Transfers and subsidies			
Transfers and subsidies	7	398,477	445,105
Total transfers and subsidies		398,477	445,105
Expenditure for capital assets			
Tangible capital assets	8	28,249	18,118
Software and other intangible assets	8	10	16
Total expenditure for capital assets		28,259	18,134
Payments for financial assets	6	865	1,293
TOTAL EXPENDITURE		1,016,435	1,029,486
SURPLUS/(DEFICIT) FOR THE YEAR		51,090	69,922
Reconciliation of Net Surplus/(Deficit) for the year			
Voted funds		47,511	70,498
Annual appropriation		47,511	70,498
Departmental revenue and NRF Receipts	13	5,622	5,490
Aid assistance	3	(2,043)	(6,066)
SURPLUS/(DEFICIT) FOR THE YEAR		51,090	69,922

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STATEMENT OF FINANCIAL POSITION as at 31 March 2011

	Note	2010/11 R'000	2009/10 R'000
ASSETS			
Current assets		54,230	78,587
Cash and cash equivalents	9	7,485	68,972
Prepayments and advances	10	37,805	139
Receivables	11	8,940	9,476
TOTAL ASSETS		54,230	78,587
LIABILITIES			
Current liabilities		54,089	77,934
Voted funds to be surrendered to the Revenue Fund	12	47,511	70,498
Departmental revenue and NRF Receipts to be surrendered to the Revenue Fund	13	606	9
Payables	14	1,190	602
Aid assistance unutilised	3	4,782	6,825
TOTAL LIABILITIES		54,089	77,934
NET ASSETS		141	653
Represented by:			
Recoverable revenue		141	653
TOTAL		141	653

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STATEMENT OF CHANGES IN NET ASSETS for the year ended 31 March 2011

	<i>Note</i>	2010/11 R'000	2009/10 R'000
Recoverable revenue			
Opening balance		653	1,524
Transfers:		(512)	(871)
Debts revised		(512)	(871)
Closing balance		141	653
TOTAL		141	653

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CASH FLOW STATEMENT for the year ended 31 March 2011

	<i>Note</i>	2010/11 R'000	2009/10 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts		1,065,296	1,096,910
Annual appropriated funds received	1.1	1,061,903	1,093,918
Departmental revenue received	2	3,393	2,992
Net (increase)/decrease in working capital		(36,542)	2,653
Surrendered to Revenue Fund		(75,523)	67,124
Current payments		(588,834)	(564,954)
Payments for financial assets		(865)	(1,293)
Transfers and subsidies paid		(398,477)	(445,105)
Net cash flow available from operating activities	15	(34,945)	155,335
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for capital assets	8	(28,259)	(18,134)
Proceeds from sale of capital assets	2.3	2,229	2,498
Net cash flows from investing activities		(26,030)	(15,636)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase/(decrease) in net assets		(512)	(871)
Net cash flows from financing activities		(512)	(871)
Net increase/(decrease) in cash and cash equivalents		(61,487)	138,828
Cash and cash equivalents at the beginning of the period		68,972	(69,856)
Cash and cash equivalents at end of period	16	7,485	68,972

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 1 of 2010.

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.

1.2 Presentation currency

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

1.3 Rounding

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

1.4 Comparative figures

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

1.5 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 underspending 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.

5. Related party transactions

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

6. Key management personnel

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

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NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2011

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:

		2010/11		2009/10
	Final	Actual Funds	Funds not	Appropriation
	Appropriation	Received	requested/ not received	Received
Programmes	R'000	R'000	R'000	R'000
Administration	161,801	161,801	–	167,670
Local Governance	292,441	292,441	–	351,705
Development and Planning	281,514	281,514	–	249,356
Traditional Institutional Management	146,312	146,312	–	149,591
Urban and Rural Development	142,936	142,936	–	136,556
Systems and Institutional Development	36,899	36,899	–	39,040
Total	1,061,903	1,061,903	–	1,093,918

2. Departmental revenue

	Note	2010/11 R'000	2009/10 R'000
Sales of goods and services other than capital assets	2.1	1,089	927
Interest, dividends and rent on land	2.2	389	1,089
Sales of capital assets	2.3	2,229	2,498
Transactions in financial assets and liabilities	2.4	1,915	976
Departmental revenue collected		5,622	5,490

2.1 Sales of goods and services other than capital assets

	2		
Sales of goods and services produced by the department		1,088	925
Sales by market establishment		809	666
Other sales		279	259
Sales of scrap, waste and other used current goods		1	2
Total		1,089	927

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2.2 Interest, dividends and rent on land

	Note	2010/11 R'000	2009/10 R'000
	2		
Interest		389	1,089
Total		389	1,089

2.3 Sales of capital assets

	2		
Tangible capital assets		2,229	2,498
Machinery and equipment	26	2,229	2,498
Total		2,229	2,498

2.4 Transactions in financial assets and liabilities

	2		
Receivables		426	574
Other Receipts including Recoverable Revenue		1,489	402
Total		1,915	976

3. Aid assistance

3.1 Aid assistance received in cash from other sources

Local			
Opening Balance		6,825	12,891
Expenditure		(2,043)	(6,066)
Current		(2,043)	(6,066)
Closing Balance		4,782	6,825

3.2 Total assistance

Opening Balance		6,825	12,891
Expenditure		(2,043)	(6,066)
Current		(2,043)	(6,066)
Closing Balance		4,782	6,825

3.3 Analysis of balance

Aid assistance unutilised		4,782	6,825
Other sources		4,782	6,825
Closing balance		4,782	6,825

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4. Compensation of employees

4.1 Salaries and Wages

	Note	2010/11 R'000	2009/10 R'000
Basic salary		170,120	150,725
Performance award		72	2,558
Service Based		500	711
Compensative/circumstantial		8,357	4,566
Periodic payments		6	-
Other non-pensionable allowances		78,916	71,801
Total		257,971	230,361

4.2 Social contributions

Employer contributions

Pension		21,304	20,699
Medical		14,384	12,423
Bargaining council		63	34
Total		35,751	33,156
Total compensation of employees		293,722	263,517
Average number of employees		1,176	1,177

5. Goods and services

Administrative fees		940	4,484
Advertising		4,690	7,037
Assets less than R5,000	5.1	9,354	3,643
Bursaries (employees)		618	665
Catering		1,778	3,960
Communication		6,192	5,159
Computer services	5.2	11,832	5,967
Consultants, contractors and agency/outsourced services	5.3	153,395	167,168
Entertainment		14	9
Audit cost – external	5.4	4,913	5,133
Fleet services		4,958	5,941
Inventory	5.5	4,742	4,997
Operating leases		17,289	13,201
Owned and leasehold property expenditure	5.6	10,525	8,653
Transport provided as part of the departmental activities		114	822
Travel and subsistence	5.7	29,803	31,780
Venues and facilities		2,455	3,549
Training and staff development		2,249	2,055
Other operating expenditure	5.8	27,208	21,148
Total		293,069	295,371

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5.1 Assets less than R5,000

	Note	2010/11 R'000	2009/10 R'000
	5		
Tangible assets		9,354	3,643
Machinery and equipment		9,354	3,643
Total		9,354	3,643

5.2 Computer services

	5		
SITA computer services		10,946	5,814
External computer service providers		886	153
Total		11,832	5,967

5.3 Consultants, contractors and agency/outsourced services

	5		
Business and advisory services		132,981	148,351
Infrastructure and planning		–	4
Legal costs		5,301	4,673
Contractors		11,006	6,852
Agency and support/outsourced services		4,107	7,288
Total		153,395	167,168

5.4 Audit cost – External

	5		
Regularity audits		4,913	5,133
Total		4,913	5,133

5.5 Inventory

	5		
Learning and teaching support material		7	67
Food and food supplies		148	116
Fuel, oil and gas		1	1
Other consumable materials		392	469
Maintenance material		81	114
Stationery and printing		3,879	4,014
Medical supplies		234	216
Total		4,742	4,997

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5.6 Owned and leasehold property expenditure

	<i>Note</i>	2010/11 R'000	2009/10 R'000
	5		
Municipal services		4,518	2,556
Property maintenance and repairs		1,593	3,468
Other		4,414	2,629
Total		10,525	8,653

5.7 Travel and subsistence

	5		
Local		27,099	31,197
Foreign		2,704	583
Total		29,803	31,780

5.8 Other operating expenditure

	5		
Learnerships		1,103	–
Professional bodies, membership and subscription fees		–	4
Resettlement costs		3,776	235
Other		22,329	20,909
Total		27,208	21,148

6. Financial transactions in assets and liabilities

Material losses through criminal conduct		–	5
Theft	6.3	–	5
Other material losses written off	6.1	10	–
Debts written off	6.2	855	1,288
Total		865	1,293

6.1 Other material losses written off

Nature of losses	6		
(Group major categories, but list material items)			
Medical aid recoveries		10	–
Total		10	–

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6.2 Debts written off

	Note	2010/11 R'000	2009/10 R'000
Nature of debts written off	6		
Ex-employee		855	858
Breach of contract		-	93
Employee		-	3
Vehicle damage		-	14
Other		-	274
State guarantee		-	45
Telephone		-	1
Total		855	1,288

6.3 Details of theft

Nature of theft	6		
Petty Cash		-	5
Total		-	5

6.4 Assets written off

Nature of write-off			
Furniture and office equipment		61	51
Computer equipment		86	304
Other machinery and equipment		168	-
Total		315	355

7. Transfers and subsidies

Provinces and municipalities	<i>Annexure 1B</i>	394,813	438,803
Departmental agencies and accounts	<i>Annexure 1C</i>	-	2,800
Households	<i>Annexure 1H</i>	3,664	3,502
Total		398,477	445,105

8. Expenditure for capital assets

Tangible assets		28,249	18,118
Buildings and other fixed structures	28	23,788	7,980
Machinery and equipment	26	4,461	10,138
Software and other intangible assets		10	16
Computer software	27	10	16
Total		28,259	18,134

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

	<i>Note</i>	2010/11 R'000	2009/10 R'000
	Voted funds R'000	Aid assistance R'000	Total R'000
Tangible assets	28,249	-	28,249
Buildings and other fixed structures	23,788	-	23,788
Machinery and equipment	4,461	-	4,461
Software and other intangible assets	10	-	10
Computer software	10	-	10
Total	28,259	-	28,259

8.2 Analysis of funds utilised to acquire capital assets – 2009/10

	Voted funds R'000	Aid assistance R'000	Total R'000
Tangible assets	18,118	-	18,118
Buildings and other fixed structures	7,980	-	7,980
Machinery and equipment	10,138	-	10,138
Software and other intangible assets	16	-	16
Computer software	16	-	16
Total	18,134	-	18,134

9. Cash and cash equivalents

Consolidated Paymaster General Account	7,415	68,398
Disbursements	-	4
Cash on hand	70	570
Total	7,485	68,972

10. Prepayments and advances

Travel and subsistence	18	139
Prepayments	37,787	-
Total	37,805	139

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11. Receivables

		2010/11				2009/10
		R'000	R'000	R'000	R'000	R'000
	Note	Less than one year	One to three years	Older than three years	Total	Total
Claims recoverable	11.1					
	Annex 4	135	6,907	-	7,042	7,577
Recoverable expenditure	11.2	771	128	-	899	223
Staff debt	11.3	73	123	-	196	129
Other debtors	11.4	186	386	231	803	1,547
Total		1,165	7,544	231	8,940	9,476

11.1 Claims recoverable

	Note	2010/11	2009/10
		R'000	R'000
	11		
National departments		11	11
Provincial departments		3,966	3,966
Local governments		3,600	3,600
Total		7,577	7,577

11.2 Recoverable expenditure (disallowance accounts)

	11		
Payment Fraud		616	-
Salary Reversal		193	123
Income Tax		70	90
Medical Aid		2	8
Deduction Disallowance		-	1
Tax Debt		12	1
ACB Recalls		6	-
Total		899	223

11.3 Staff debt

	11		
Leave without pay		2	-
Breach of contract		48	41
Other		-	7
Overpaid salaries		14	10
S&T		-	2
Telephone		9	18
Vehicle damage		123	51
Total		196	129

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11.4 Other debtors

	Note	2010/11 R'000	2009/10 R'000
	11		
Ex-employees		504	1,265
External debtors		164	148
Suppliers		1	-
Appeal Board		134	134
Total		803	1,547

12. Voted funds to be surrendered to the Revenue Fund

Opening balance	70,498	(72,856)
Transfer from statement of financial performance	47,511	70,498
Paid during the year	(70,498)	72,856
Closing balance	47,511	70,498

13. Departmental revenue to be surrendered to the Revenue Fund

Opening balance	9	251
Transfer from Statement of Financial Performance	5,622	5,490
Paid during the year	(5,025)	(5,732)
Closing balance	606	9

14. Payables – current

Description			
Advances received	14.1	722	-
Clearing accounts	14.2	468	602
Total		1,190	602

14.1 Advances received

Description	14		
(Identify major categories, but list material amounts)			
KwaZulu-Natal Department of Agriculture		722	-
Total		722	-

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14.2 Clearing accounts

	Note	2010/11 R'000	2009/10 R'000
Description	14		
(Identify major categories, but list material amounts)			
ACB Recalls		90	304
Appeal Board		149	143
Sizwe & Old Mutual		-	67
Salary Reversal		46	18
Tax Recoveries		17	24
Income Tax		165	38
Pension		-	8
Financial Institutions		1	-
Total		468	602

15. Net cash flow available from operating activities

Net surplus/(deficit) as per Statement of Financial Performance	51,090	69,922
Add back non cash/cash movements not deemed operating activities	(86,035)	85,413
(Increase)/decrease in receivables – current	536	2,430
(Increase)/decrease in prepayments and advances	(37,666)	(97)
Increase/(decrease) in payables – current	588	320
Proceeds from sale of capital assets	(2,229)	(2,498)
Expenditure on capital assets	28,259	18,134
Surrenders to Revenue Fund	(75,523)	67,124
Net cash flow generated by operating activities	(34,945)	155,335

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

Consolidated Paymaster General account	7,415	68,398
Disbursements	-	4
Cash on hand	70	570
Total	7,485	68,972

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DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2011

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	2010/11 R'000	2009/10 R'000
Liable to	Nature			
Housing loan guarantees	Employees	Annex 3A	239	239
Claims against the department		Annex 3B	1,665	3,180
Other departments (interdepartmental unconfirmed balances)		Annex 5	4,910	6,569
Other		Annex 3B	-	1,886
Total			6,814	11,874

18. Commitments

Current expenditure

Approved and contracted	32,267	14,675
Total Commitments	32,267	14,675

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 2012:
Security commitments of R154,000-00 which ends on 30 October 2012.
Cleaning commitments of R241,132-00 which ends on 31 March 2014.

19. Accruals

Listed by economic classification	30 Days	30+ Days	Total	Total
Goods and services	9,449	6,325	15,774	11,904
Capital assets	315	1	316	204
Total	9,764	6,326	16,090	12,108

Listed by programme level

Administration		12,776	7,370
Local Governance		440	1,200
Development and Planning		220	715
Traditional Institutional Management		2,529	2,145
Urban and rural Development		71	77
Systems and Institutional Development		54	601
Total		16,090	12,108
Confirmed balances with other departments	<i>Annex 5</i>	858	3,427
Confirmed balances with other government entities	<i>Annex 5</i>	2	-
Total		860	3,427

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20. Employee benefits

	10,580	10,424
Leave entitlement		
Service bonus (Thirteenth cheque)	6,707	6,139
Capped leave commitments	36,812	35,782
Other	23	-
Total	54,122	52,345

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 2011 was R1,178,861.01

21. Lease commitments

21.1 Operating leases expenditure

	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
2010/11					
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

	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
2009/10					
Not later than 1 year	-	-	10,490	2,533	13,023
Later than 1 year and not later than 5 years	-	-	13,242	2,711	15,953
Total lease commitments	-	-	23,732	5,244	28,976

21.2 Finance leases expenditure

	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
2010/11					
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

	Specialised military equipment	Land	Buildings and other fixed structures	Machinery and equipment	Total
2009/10					
Not later than 1 year	-	-	-	453	453
Later than 1 year and not later than 5 years	-	-	-	176	176
Total present value of lease liabilities	-	-	-	629	629

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22. Irregular expenditure

22.1 Reconciliation of irregular expenditure

Opening balance	39,566	35,295
Add: Irregular expenditure – relating to current year	5,515	4,271
Irregular expenditure awaiting condonation	45,081	39,566

Analysis of awaiting condonation per age classification

Current year	5,515	4,271
Prior years	39,566	35,295
Total	45,081	39,566

22.2 Details of irregular expenditure – current year

Incident	Disciplinary steps taken/ criminal proceedings	2010/11 R'000
Procurement of goods and services without following a competitive bids process.	Disciplinary steps taken against official.	1,772
Procurement of goods and services without following a competitive bids process.	None.	449
Procurement of goods and services without following a competitive bids process.	None.	642
Procurement of goods and services without following a competitive bids process.	None.	305
Contract awarded without obtaining three quotes.	None.	29
Procurement of goods and services without following a competitive bids process.	None.	388
Procurement of goods and services without following a competitive bids process.	None.	493
Procurement of goods and services without following a competitive bids process.	None.	49
Contract awarded without obtaining three quotes.	None.	90
Procurement of goods and services without following a competitive bids process.	None.	598
Procurement of goods and services without following a competitive bids process.	None.	560
Procurement of goods and services without following a competitive bids process.	None.	140
Total		5,515

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23. Related party transactions

	Note	2010/11 R'000	2009/10 R'000
Payments made			
Goods and services		4,469	5,355
Purchases of capital assets		-	424
Transactions in financial assets and liabilities		29	2
Total		4,498	5,781
Year end balances arising from revenue/payments			
Payables to related parties		783	16
Total		783	16

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-imbursements 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 2011. 3. Provincial Planning and Development Commission (up to 5 November 2010). This entity was supported by the department through administrative support, as well as human capital support.

24. Key management personnel

	No. of Individuals		
Political office bearers (provide detail below)	1	1,491	1,389
Officials:			
Level 15 to 16	4	2,390	3,846
Level 14 (incl. CFO if at a lower level)	14	11,582	9,320
Total	19	15,463	14,555

25. Impairment and other provisions

Impairment		
Debtors	232	919
Total	232	919

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26. Movable Tangible Capital Assets

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

	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	59,253	(98)	4,440	2,281	61,314
Transport assets	27,503	-	1,433	1,966	26,970
Computer equipment	21,415	(68)	1,917	86	23,178
Furniture and office equipment	9,291	(1)	437	60	9,667
Other machinery and equipment	1,044	(29)	653	169	1,499
TOTAL MOVABLE TANGIBLE CAPITAL ASSETS	59,253	(98)	4,440	2,281	61,314

26.1 Additions

ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011

	Cash R'000	Non-cash R'000	(Capital Work in Progress current costs and finance lease payments) R'000	Received current, not paid (Paid current year, received prior year) R'000	Total R'000
MACHINERY AND EQUIPMENT	4,461	-	-	(21)	4,440
Transport assets	1,433	-	-	-	1,433
Computer equipment	1,938	-	-	(21)	1,917
Furniture and office equipment	437	-	-	-	437
Other machinery and equipment	653	-	-	-	653
TOTAL ADDITIONS TO MOVABLE TANGIBLE CAPITAL ASSETS	4,461	-	-	(21)	4,440

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26.2 Disposals

DISPOSALS OF MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011

	Sold for cash R'000	Transfer out or destroyed or scrapped R'000	Total disposals R'000	Cash Received Actual R'000
MACHINERY AND EQUIPMENT	1,966	315	2,281	2,229
Transport assets	1,966	-	1,966	2,229
Computer equipment	-	86	86	-
Furniture and office equipment	-	60	60	-
Other machinery and equipment	-	169	169	-
TOTAL DISPOSAL OF MOVABLE TANGIBLE CAPITAL ASSETS	1,966	315	2,281	2,229

1.3 Movement for 2009/10

MOVEMENT IN MOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2010

	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
MACHINERY AND EQUIPMENT	53,782	8,701	3,230	59,253
Transport assets	24,239	4,716	1,452	27,503
Computer equipment	19,742	2,240	567	21,415
Furniture and office equipment	8,848	946	503	9,291
Other machinery and equipment	953	799	708	1,044
TOTAL MOVABLE TANGIBLE ASSETS	53,782	8,701	3,230	59,253

1.4 Minor assets

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

	Specialised military assets R'000	Intangible assets R'000	Heritage assets R'000	Machinery and equipment R'000	Biological assets R'000	Total R'000
Opening balance	-	-	-	6,555	-	6,555
Additions	-	-	-	9,354	-	9,354
Disposals	-	-	-	8,898	-	8,898
TOTAL	-	-	-	7,011	-	7,011

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	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

MINOR ASSETS OF THE DEPARTMENT AS AT 31 MARCH 2010

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Minor assets	-	-	-	6,555	-	6,555
TOTAL	-	-	-	6,555	-	6,555

	Specialised military assets	Intangible assets	Heritage assets	Machinery and equipment	Biological assets	Total
Number of R1 minor assets	-	-	-	24	-	24
Number of minor assets at cost	-	-	-	4,562	-	4,562
TOTAL NUMBER OF MINOR ASSETS	-	-	-	4,586	-	4,586

27. Intangible Capital Assets

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

	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	1,006	(1,006)	10	10	-
TOTAL INTANGIBLE CAPITAL ASSETS	1,006	(1,006)	10	10	-

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27.1 Additions

ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011

	Cash R'000	Non-cash R'000	(Develop- ment work-in- progress – current costs) R'000	Received current, not paid (Paid current year, received prior year) R'000	Total R'000
COMPUTER SOFTWARE	10	-	-	-	10
TOTAL ADDITIONS TO INTANGIBLE CAPITAL ASSETS	10	-	-	-	10

27.2 Disposals

DISPOSALS OF INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011

	Sold for cash R'000	Transfer out or destroyed or scrapped R'000	Total disposals R'000	Cash Received Actual R'000
COMPUTER SOFTWARE	-	10	10	-
TOTAL DISPOSALS OF INTANGIBLE CAPITAL ASSETS	-	10	10	-

27.3 Movement for 2009/10

MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2009

	Opening balance R'000	Additions R'000	Disposals R'000	Closing balance R'000
COMPUTER SOFTWARE	1,006	16	16	1,006
TOTAL INTANGIBLE CAPITAL ASSETS	1,006	16	16	1,006

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28. Immovable Tangible Capital Assets

ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2011

	Cash R'000	Non-cash R'000	(Capital Work in Progress current costs and finance lease payments) R'000	Received current, not paid (Paid current year, received prior year) R'000	Total R'000
BUILDINGS AND OTHER FIXED STRUCTURES	23,788	-	(23,788)	-	-
Buildings and other fixed structures	23,788	-	(23,788)	-	-
TOTAL ADDITIONS TO IMMOVABLE TANGIBLE CAPITAL ASSETS	23,788	-	(23,788)	-	-

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ANNEXURE 1B STATEMENT OF UNCONDITIONAL GRANTS AND TRANSFERS TO MUNICIPALITIES

NAME OF MUNICIPALITY	GRANT ALLOCATION			TRANSFER		SPENT			2009/10	
	Amount R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	Available funds Transferred %	Amount received by municipality R'000	Amount spent by municipality R'000	% of available funds spent by municipality %	Total Available R'000
eThekweni	21,800	-	-	21,800	21,800	100%	21,800	6,114	28%	51,000
Vulamehlo	725	-	-	725	725	100%	725	-	-	750
Umdoni	1,000	-	-	1,000	1,000	100%	1,000	-	-	3,000
Umzombe	1,000	-	-	1,000	1,000	100%	1,000	-	-	-
uMuziwabantu	4,225	-	-	4,225	4,225	100%	4,225	-	-	11,500
Ezinqoleni	5,752	-	-	5,752	5,752	100%	5,752	138	2%	100
Hibiscus Coast	1,000	-	-	1,000	1,000	100%	1,000	-	-	-
Ugu	52,766	-	-	52,766	52,766	100%	52,766	835	2%	46,375
uMngeni	5,900	-	-	5,900	5,900	100%	5,900	-	-	3,000
Mpofana	725	-	-	725	725	100%	725	-	-	-
Impendle	1,500	-	-	1,500	1,500	100%	1,500	-	-	-
Msunduzi	14,900	-	-	14,900	14,900	100%	14,900	5,000	34%	5,000
Mkhambathini	1,000	-	-	1,000	1,000	100%	1,000	-	-	-
Richmond	10,448	-	-	10,448	10,448	100%	10,448	378	4%	8,830
uMgungundlovu	9,544	-	-	9,544	9,544	100%	9,544	-	-	44,504
Emnambithi	9,701	-	-	9,701	9,701	100%	9,701	7,462	77%	14,100
Indaka	925	-	-	925	925	100%	925	-	-	750
Okhahlamba	6,600	-	-	6,600	6,600	100%	6,600	-	-	500
Uthukela	3,957	-	-	3,957	3,957	100%	3,957	5	0%	900
Endumeni	1,150	-	-	1,150	1,150	100%	1,150	-	-	-
Nquthu	9,000	-	-	9,000	9,000	100%	9,000	-	-	600
Msinga	3,156	-	-	3,156	3,156	100%	3,156	1,530	48%	9,970

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

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		SPENT			2009/10
	Amount R'000	Roll Overs R'000	Adjustments R'000	Total Available R'000	Actual Transfer R'000	% of Available funds Transferred %	Amount received by municipality R'000	Amount spent by municipality R'000	% of available funds spent by municipality %	
Umzinyathi	12,624	-	-	12,624	12,624	100%	12,624	-	-	6,738
Newcastle	2,134	-	-	2,134	2,134	100%	2,134	-	-	20,000
Emadlangeni	2,550	-	-	2,550	2,550	100%	2,550	-	-	550
Amajuba	3,120	-	-	3,120	3,120	100%	3,120	-	-	8,117
eDumbe	-	-	-	-	-	-	-	-	-	600
uPhongolo	1,725	-	-	1,725	1,725	100%	1,725	-	-	500
Abaqulusi	-	-	-	-	-	-	-	-	-	500
Nongoma	-	-	-	-	-	-	-	-	-	200
Ulundi	-	-	-	-	-	-	-	-	-	450
Zululand	20,561	-	-	20,561	20,561	100%	20,561	1,900	9%	12,537
Umhlabyalingana	7,500	-	-	7,500	7,500	100%	7,500	138	2%	-
Jozini	7,300	-	-	7,300	7,300	100%	7,300	1,529	21%	600
Hlabisa	7,000	-	-	7,000	7,000	100%	7,000	562	0%	-
Mtubatuba	10,660	-	-	10,660	10,660	100%	10,660	1,335	13%	2,300
Umkhanyakhude	21,409	-	-	21,409	21,409	100%	21,409	1,650	8%	14,437
Mbonambi	2,000	-	-	2,000	2,000	100%	2,000	450	23%	6,057
uMhlathuze	3,758	-	-	3,758	3,758	100%	3,758	-	-	1,000
Umlalazi	1,000	-	-	1,000	1,000	100%	1,000	-	-	-
Mthonjaneni	-	-	-	-	-	-	-	-	-	400
Nkandla	6,800	-	-	6,800	6,800	100%	6,800	-	-	4,500
uThungulu	778	-	-	778	778	100%	778	-	-	38,500
Mandeni	-	-	-	-	-	-	-	-	-	1,000

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

NAME OF MUNICIPALITY	GRANT ALLOCATION				TRANSFER		SPENT			2009/10
	Amount	Roll Overs	Adjustments	Total Available	Actual Transfer	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
Ndwedwe	725	-	-	725	725	100%	725	-	-	-
Maphumulo	1,700	-	-	1,700	1,700	100%	1,700	-	-	400
Ilembe	58,679	-	-	58,679	58,679	100%	58,679	6,519	11%	53,980
Ingwe	400	-	-	400	400	100%	400	-	-	-
Kwa Sani	1,000	-	-	1,000	1,000	100%	1,000	-	-	-
Kokstad	1,500	-	-	1,500	1,500	100%	1,500	-	-	-
Ubuhlebezwe	6,000	-	-	6,000	6,000	100%	6,000	6,000	100%	5,800
Umzimkhulu	1,000	-	-	1,000	1,000	100%	1,000	-	-	6,265
Sisonke	46,116	-	-	46,116	46,116	100%	46,116	16	0%	52,493
	394,813	-	-	394,813	394,813	100%	394,813	41,561	11%	438,803

ANNEXURE 1C STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

DEPARTMENT/ AGENCY/ ACCOUNT	TRANSFER ALLOCATION				TRANSFER		2009/10
	Adjusted Appropriation Act	Roll Overs	Adjust- ments	Total Available	Actual Transfer	% of Available funds Transferred	
	R'000	R'000	R'000	R'000	R'000	%	R'000
Provincial Planning and Development Commission	-	-	-	-	-	-	2,800
	-	-	-	-	-	-	2,800

ANNEXURE 1H STATEMENT OF TRANSFERS TO HOUSEHOLDS

HOUSEHOLDS	TRANSFER ALLOCATION				EXPENDITURE		2009/10
	Adjusted Appropriation Act	Roll Overs	Adjust- ments	Total Available	Actual Transfer	% of Available funds Transferred	
	R'000	R'000	R'000	R'000	R'000	%	R'000
Transfers							
Employee Social Benefits	2,769	-	-	2,769	2,456	89%	3,035
Bursaries (Non-Employees)	1,021	-	-	1,021	1,208	118%	670
Claims Against the State	-	-	-	-	-	-	341
Total	3,790	-	-	3,790	3,664	97%	4,046

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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	2,613	-	2,043	570
Department of Cooperative Governance and Traditional Affairs	Municipal capacity building	4,212	-	-	4,212
TOTAL		6,825	-	2,043	4,782

ANNEXURE 3A STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2011 – LOCAL

Guarantor institution	Guarantee in respect of	Original guaranteed capital amount R'000	Opening balance 1 April 2010 R'000	Guarantees draw downs during the year R'000	Guarantees repayments/ cancelled/ reduced/ released during the year R'000	Revaluations R'000	Closing balance 31 March 2011 R'000	Guaranteed interest for year ended 31 March 2011 R'000	Realised losses not recoverable i.e. claims paid out R'000
Housing									
First National Bank		343	37	-	-	-	37	-	-
ABSA		269	80	-	-	-	80	-	-
Peoples Bank		91	30	-	-	-	30	-	-
Old Mutual		231	10	-	-	-	10	-	-
Ithala		204	82	-	-	-	82	-	-
Total		1,138	239	-	-	-	239	-	-

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ANNEXURE 3B STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2011

Nature of Liability	Opening Balance 01/04/2010 R'000	Liabilities incurred during the year R'000	Liabilities paid/ cancelled/reduced during the year R'000	Liabilities recoverable (Provide details hereunder) R'000	Closing Balance 31/03/2011 R'000
Claims against the department					
LRH Khumalo	80	-	-	-	80
Hlatwayo & Others	100	-	-	-	100
Road Trans Cartage and Plant Hire	35	-	-	-	35
Buthlezi	25	-	-	-	25
Yengwa & Others	500	-	500	-	-
Giant Concerts	500	-	-	-	500
Dube Traditional Council & Others	75	-	-	-	75
Khoza	110	-	-	-	110
Castelyn & Others	180	-	-	-	180
PROQS	700	-	700	-	-
Ingonyama Trust	150	-	150	-	-
Inkosi Jiyane NO & Another	75	-	-	-	75
Makhanya	75	-	-	-	75
Mbuyazi	75	-	-	-	75
Johannesburg Metro Council	500	-	500	-	-
Dube & Others	-	200	200	-	-
Maphanga & Another	-	200	200	-	-
Enhance Strategies	-	50	50	-	-
Amajuba District Municipality & Others	-	500	500	-	-
Haffejee	-	150	-	-	150
Maphanga & Others	-	35	-	-	35
Subtotal	3,180	1,135	2,650	-	1,665

ANNEXURE 3B (Continued)
STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2011

Nature of Liability	Opening Balance 01/04/2010	Liabilities incurred during the year	Liabilities paid/ cancelled/reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing Balance 31/03/2011
	R'000	R'000	R'000	R'000	R'000
Other					
Occupation Specific Dispensation	1,886	-	1,886	-	-
Subtotal	1,886	-	1,886	-	-
Total	5,066	1,135	4,536	-	1,665

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ANNEXURE 4 CLAIMS RECOVERABLE

Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2011	31/03/2010	31/03/2011	31/03/2010	31/03/2011	31/03/2010
	R'000	R'000	R'000	R'000	R'000	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	1,648	1,648
Department of Justice	11	11	-	-	11	11
Department of Transport	-	-	-	670	-	670
Department of Water Affairs	135	-	-	-	135	-
	146	11	3,296	3,966	3,442	3,977
Other Government Entities						
Msunduzi Municipality	2,600	2,600	-	-	2,600	2,600
Newcastle Municipality	1,000	1,000	-	-	1,000	1,000
	3,600	3,600	-	-	3,600	3,600
TOTAL	3,746	3,611	3,296	3,966	7,042	7,577

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ANNEXURE 5 INTER-GOVERNMENT PAYABLES

GOVERNMENT ENTITY	Confirmed balance outstanding		Unconfirmed balance outstanding		TOTAL	
	31/03/2011	31/03/2010	31/03/2011	31/03/2010	31/03/2011	31/03/2010
	R'000	R'000	R'000	R'000	R'000	R'000
DEPARTMENTS						
Current						
Department of Works	274	3,425	4,805	3,302	5,079	6,727
Department of Health	5	1	105	1	110	2
Office of The Premier	193	1	-	-	193	1
Department of Human Settlements	35	-	-	3,266	35	3,266
KwaZulu-Natal Provincial Treasury	67	-	-	-	67	-
Department of Social Development	-	-	-	-	-	-
Department of Justice	14	-	-	-	14	-
Gauteng Provincial Government	270	-	-	-	270	-
Total	858	3,427	4,910	6,569	5,768	9,996
OTHER GOVERNMENT ENTITY						
Current						
Government Printing Works	2	-	-	-	2	-
Total	2	-	-	-	2	-

ANNEXURE 6 INTER-GOVERNMENT PAYABLES

Inventory	Note	Quantity	2010/11 R'000	Quantity	2009/10 R'000
Opening balance			529		534
Add/(Less): Adjustments to prior year balance			(2)		-
Add: Additions/Purchases - Cash			1,130		900
(Less): Issues			(1,160)		(905)
Add/(Less): Adjustments			2		-
Closing balance			499		529

Comparative figures had to be restated inline with Treasury guidelines. 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.

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ANNUAL FINANCIAL STATEMENTS OF OTHER ENTITIES (IF APPLICABLE)

Some departments have entities that are small in size and activity. It is recommended that the department publishes such entities' financial statements in the department's annual report.

SECTION 4

Human Resource Management

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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 	<p>Service Standards are currently being reviewed</p>

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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

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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 timeframes	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	156,185	74,407	0	0	47.6	61	1211
Prog 2: Local Governance	291,139	31,084	0	0	10.7	26	1211
Prog 3: Development & Planning	281,095	22,544	0	0	8	19	1211
Prog 4: Traditional Institutional Management	145,412	82,314	0	0	56.6	68	1211
Prog 5: Urban and Rural Development	141,726	76,142	0	0	53.7	63	1211
Prog 6: Systems and Inst dev	36,621	7,231	0	0	19.7	6	1211
Total as on Financial Systems (BAS)	1,052,179	293,722	0	0	27.9	243	1211

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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)	9,646	2.9	128,613	333,880	77
Skilled (Levels 3-5)	42,377	12.7	198,023	333,880	214
Highly skilled production (Levels 6-8)	106,144	31.8	158,661	333,880	669
Highly skilled supervision (Levels 9-12)	46,656	14	379,317	333,880	122
Senior management (Levels 13-16)	27,083	8.1	712,711	333,880	38
Contract (Levels 1-2), Permanent	55	0	11,000	333,880	4
Contract (Levels 3-5)	2,240	0.7	82,963	333,880	27
Contract (Levels 6-8)	5,526	1.7	141,692	333,880	39
Contract (Levels 9-12)	5,376	1.6	358,400	333,880	15
Contract (Levels 13-16)	3,854	1.2	642,333	333,880	6
Periodical Remuneration	2,152	0.6	1,064	333,880	2022
Abnormal Appointment	64,921	19.4	37,225	333,880	1744
TOTAL	316030	94.7	63498	333,880	4977

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

Programme	Salaries (R'000)	Salaries as % of Personnel Cost	Overtime (R'000)	Overtime 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 Programme
Prog1: administration	54650	69.2	655	0.8	2092	2.6	3522	4.5	79006
Prog2: local governance	24464	72.1	150	0.4	587	1.7	1083	3.2	33931
Prog3: development & planning	17410	62.3	83	0.3	333	1.2	702	2.5	27961
Prog4: traditional inst man	71314	65.9	44	0	14.05	1.3	2395	2.2	108254
Prog5: urban and rural dev	54366	70.6	0	0	3169	4.1	6241	8.1	76973
Prog6: systems & inst dev	5779	74.5	3	0	151	1.9	272	3.5	7755
TOTAL	227983	68.3	935	0.3	7737	2.3	14215	4.3	333880

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

Salary bands	Salaries (R'000)	Salaries as % of Personnel Cost	Overtime (R'000)	Overtime as % of Personnel Cost	HOA (R'000)	HOA as % of Personnel Cost	Medical Ass. (R'000)	Medical Ass. As % of Personnel Costs	Total Personnel Cost per salary band (R'000)
Lower skilled (Levels 1-2)	6703	66.3	115	1.1	551	5.5	713	7.1	10103
Skilled (Levels 3-5)	29361	68.6	212	0.5	1957	4.6	3987	9.3	42773
Highly skilled production (Levels 6-8)	75592	70	244	0.2	4256	3.9	7697	7.1	107940
Highly skilled supervision (Levels 9-12)	34675	68.1	9	0	468	0.9	1344	2.6	50950
Senior management (Levels 13-16)	22557	70.3	0	0	427	1.3	415	1.3	32067
Other	0	0	0	0	0	0	0	0	0
Contract (Level 1-2)	55	100	0	0	0	0	0	0	55
Contract (Levels 3-5)	2154	95.1	0	0	11	0.5	26	1.1	2264
Contract (Levels 6-8)	5147	91	230	4.1	4	0.1	33	0.6	5657
Contract (Levels 9-12)	4517	77.7	22	0.4	21	0.4	-1	0	5816
Contract (Levels 13-16)	3220	66.9	0	0	42	0.9	3	0.1	4813
Periodical Remuneration	0	0	0	0	0	0	0	0	3625
Abnormal Appointment	44002	64.9	104	0.2	0	0	0	0	67814
TOTAL	227983	68.3	936	0.3	7737	2.3	14217	4.3	333877

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4.3 EMPLOYMENT AND VACANCIES

TABLE 4.3.1 - Employment and Vacancies by Programme at end of period 31 March 2011

Programme	Number of Posts	Number of Posts Filled	Vacancy Rate	Number of Posts Filled Additional to the Establishment
Administration, Permanent	607	383	36.9	3
Programme 2: Local Governance, Permanent	221	105	52.48	0
Programme 3: Development & Planning, Permanent	190	71	62.63	2
Programme 4: Traditional Institutional Management, Permanent	323	202	37.46	20
Programme 5: Urban and Rural Development, Permanent	525	428	18.47	1
Programme 6: Systems & inst Dev, Permanent	65	22	66.15	0
TOTAL	1931	1211	37.28	26

TABLE 4.3.2 - Employment and Vacancies by Salary Band at end of period 31 March 2011

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	146	77	47.26	8
Skilled (Levels 3-5), Permanent	359	214	40.38	10
Highly skilled production (Levels 6-8), Permanent	819	669	18.31	5
Highly skilled supervision (Levels 9-12), Permanent	449	122	72.82	1
Senior management (Levels 13-16), Permanent	68	39	57.35	0
Contract (Level 1-2), Permanent	4	4	0	0
Contract (Levels 3-5), Permanent	27	27	0	1
Contract (Levels 6-8), Permanent	39	39	0	0
Contract (Levels 9-12), Permanent	15	15	0	1
Contract (Levels 13-16), Permanent	5	5	0	0
TOTAL	1931	1211	37.28	26

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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
Administrative related, Permanent	489	253	48.26	2
All artisans in the building metal machinery etc., Permanent	15	15	0	0
Architects town and traffic planners, Permanent	61	11	81.96	1
Archivists curators and related professionals, Permanent	0	0	0	0
Auxiliary and related workers, Permanent	0	0	0	0
Building and other property caretakers, Permanent	11	10	9.1	0
Bus and heavy vehicle drivers, Permanent	9	6	33.3	0
Cartographers and surveyors, Permanent	14	12	14.28	0
Cartographic surveying and related technicians, Permanent	10	8	20	0
Cleaners in offices workshops hospitals etc., Permanent	70	58	17.14	7
Client inform clerks(switch receipt inform clerks), Permanent	0	0	0	0
Communication and information related, Permanent	28	5	82.14	0
Community development workers, Permanent	0	0	0	0
Engineering sciences related, Permanent	5	3	40	0
Engineers and related professionals, Permanent	7	2	71.42	0
Finance and economics related, Permanent	45	14	68.9	0
Financial and related professionals, Permanent	54	40	25.9	0
Financial clerks and credit controllers, Permanent	36	30	16.7	1
Food services aids and waiters, Permanent	0	0	0	0
General legal administration & rel. professionals, Permanent	2	1	50	0
Head of department/chief executive officer, Permanent	2	1	50	0
Human resources & organisation development & relate professional, Permanent	17	7	58.8	0
Human resources clerks, Permanent	19	17	10.52	0
Human resources related, Permanent	79	22	72.15	1
Information technology related, Permanent	13	4	69.23	0
Language practitioners interpreters & other communications, Permanent	0	0	0	0
Legal related, Permanent	4	1	75	0
Library mail and related clerks, Permanent	13	7	46.2	0
Light vehicle drivers, Permanent	19	14	26.3	0
Material-recording and transport clerks, Permanent	3	3	0	0
Messengers porters and deliverers, Permanent	40	37	7.5	0
Mining geology & geophysical & related technicians, Permanent	14	5	64.28	0
Motor vehicle drivers, Permanent	9	6	33.3	0
Other administration & related clerks and organisers, Permanent	607	499	17.79	14
Other administrative policy and related officers, Permanent	41	20	51.2	0
Other information technology personnel, Permanent	1	0	100	0

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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
Other occupations, Permanent	1	1	0	0
Regulatory inspectors, Permanent	5	2	60	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	31	60.75	0
Security guards, Permanent	15	12	20	0
Security officers, Permanent	1	0	100	0
Senior managers, Permanent	72	41	43.05	0
Social sciences related, Permanent	11	4	63.6	0
Trade labourers, Permanent	5	5	0	0
Water plant and related operators, Permanent	0	0	0	0
TOTAL	1931	1211	37.28	26

4.4 JOB EVALUATION

TABLE 4.4.1 - 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
Contract (Band A)							
Contract (Band B)							
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	1931	0	0	0	0	0	0

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TABLE 4.4.2 - Profile of employees whose positions were upgraded due to their posts being upgraded

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

TABLE 4.4.3 - Employees whose salary level exceed the grade determined by Job Evaluation [i.t.o PSR 1.V.C.3]

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

TABLE 4.4.4 – Profile of employees whose salary level exceeded the grade determined by job evaluation (i.t.o PSR 1.V.C.3)

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

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4.5 EMPLOYMENT CHANGES

TABLE 4.5.1 - Annual Turnover Rates by Salary Band				
Salary Band	Employment at Beginning of Period (April 2010)	Appointments	Terminations	Turnover Rate
Lower skilled (Levels 1-2), Permanent	136	0	12	8.82
Skilled (Levels 3-5), Permanent	251	0	10	3.98
Highly skilled production (Levels 6-8), Permanent	617	2	11	1.78
Highly skilled supervision (Levels 9-12), Permanent	95	18	54	56.84
Highly skilled supervision (Levels 9-12), Temporary	0	7	1	0
Senior Management Service Band A, Permanent	19	3	1	5.26
Senior Management Service Band B, Permanent	9	1	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	4	0	0
Contract (Levels 3-5), Permanent	4	27	21	525
Contract (Levels 6-8), Permanent	14	36	23	164.28
Contract (Levels 9-12), Permanent	11	16	13	118.18
Contract (Band A), Permanent	3	3	2	66.66
Contract (Band B), Permanent	1	0	0	0
TOTAL	1164	111	99	8.50

TABLE 4.5.2 - Annual Turnover Rates by Critical Occupation				
Occupation	Employment at Beginning of Period (April 2010)	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	7	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(switchb recept inform clerks), Permanent	4	0	0	0

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TABLE 4.5.2 - Annual Turnover Rates by Critical Occupation

Occupation	Employment at Beginning of Period (April 2010)	Appointments	Terminations	Turnover Rate
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
Finance and economics related, Permanent	13	6	1	7.7
Financial and related professionals, Permanent	24	10	5	20.8
Financial clerks and credit controllers, Permanent	34	1	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	5	1	50
Human resources clerks, Permanent	30	0	2	6.7
Human resources related, Permanent	4	5	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	3	2	0
Messengers porters and deliverers, Permanent	60	0	5	8.33
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	51	0	1	1.96
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	40	14	12	30
Security guards, Permanent	14	0	3	21.42
Security officers, Permanent	1	0	1	100
Senior managers, Permanent	32	8	5	15.62
Social sciences related, Permanent	1	0	0	0
Trade labourers, Permanent	6	0	2	33.33
Water plant and related operators, Permanent	0	0	0	0
Regulatory inspectors, Permanent	0	0	0	0
Trade/industry advisors and other related profession	0	0	0	0
TOTAL	1164	111	99	8.50

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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	1164
Resignation, Permanent	10	10.1	0.9	99	1164
Resignation, Temporary	1	1	0.1	99	1164
Expiry of contract, Permanent	58	58.6	5	99	1164
Retirement, Permanent	15	15.2	1.3	99	1164
Other, Permanent	1	1	0.1	99	1164
TOTAL	99	100	8.5	99	1164

TABLE 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)	1			
Skilled (Salary Level 3-5)	1	1	1	1
Highly skilled production (Salary Level 6-8)	2			
Highly skilled production (Salary Level 9-12)	1			
Senior Management (Salary Level 13 and higher)				
TOTAL	5	1	1	1

TABLE 4.5.5 - Promotions by Critical Occupation

Occupation	Employment at Beginning of Period (April 2010)	Promotions to another Salary Level	Salary Level Promotions as a % of Employment	Progressions to another 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	6	60
Cartographers and surveyors	4	0	0	3	75
Cartographic surveying and related technicians	8	0	0	8	100

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TABLE 4.5.5 - Promotions by Critical Occupation

Occupation	Employment at Beginning of Period (April 2010)	Promotions to another Salary Level	Salary Level Promotions as a % of Employment	Progressions to another Notch within Salary Level	Notch progressions as a % of Employment
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	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 prof	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 commun	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	0	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	51	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
Secretaries & other keyboard operating clerks	40	0	0	22	52.4
Security guards	14	0	0	6	42.9

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TABLE 4.5.5 - Promotions by Critical Occupation

Occupation	Employment at Beginning of Period (April 2010)	Promotions to another Salary Level	Salary Level Promotions as a % of Employment	Progressions to another Notch within Salary Level	Notch progressions as a % of Employment
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	6	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	1164	16	1.5	793	68.1

TABLE 4.5.6 - Promotions by Salary Band

Salary Band	Employment at Beginning of Period (April 2010)	Promotions to another Salary Level	Salary Level Promotions as a % of Employment	Progressions to another Notch within Salary Level	Notch progressions as a % of Employment
Lower skilled (Levels 1-2), Permanent	136	0	0	74	91.4
Skilled (Levels 3-5), Permanent	251	0	0	215	85.65
Highly skilled production (Levels 6-8), Permanent	617	6	1	459	74.39
Highly skilled supervision (Levels 9-12), Permanent	95	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	4	1	20	0	0
Contract (Levels 6-8), Permanent	14	0	0	2	11.8
Contract (Levels 9-12), Permanent	11	0	0	1	11.1
Contract (Levels 13-16), Permanent	4	0	0	0	0
TOTAL	1164	16	1.5	793	68.1

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4.6 EMPLOYMENT EQUITY

TABLE 4.6.1 - Total number of Employees (incl. Employees with disabilities) per Occupational Category (SASCO)

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	13	263	9	384	9	15	408	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	16
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	1	0	1
TOTAL	474	1	23	498	49	544	15	39	598	66	1211
	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

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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	12	0	1	13	8	10	0	2	12	0	33
Professionally qualified and experienced specialists and mid-management, Permanent	31	0	6	37	22	17	0	9	26	5	91
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	262	1	10	273	14	333	12	21	366	50	703
Semi-skilled and discretionary decision making, Permanent	111	0	2	113	2	87	1	5	93	6	214
Unskilled and defined decision making, Permanent	28	0	0	28	0	47	0	0	47	0	75
Contract (Senior Management), Permanent	2	0	0	2	2	1	0	0	1	0	5
Contract (Professionally qualified), Permanent	8	0	1	9	0	6	1	1	8	1	17
Contract (Skilled technical), Permanent	12	0	3	15	0	18	1	1	20	2	37
Contract (Semi-skilled), Permanent	6	0	1	7	0	18	1	0	19	2	28
Contract (Unskilled), Permanent	0	0	0	0	0	4	0	0	4	0	4
TOTAL	474	1	24	499	49	542	16	39	597	66	1211

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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	0	0	0	0	0	1
Senior Management, Permanent	1	0	0	1	0	3	0	0	3	0	4
Professionally qualified and experienced specialists and mid-management, Permanent	9	0	0	9	1	3	0	3	6	0	16
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	0	0	0	0	0	3	1	0	4	0	4
Semi-skilled and discretionary decision making, Permanent	0	0	0	0	0	0	0	0	0	0	0
Contract (Senior Management), Permanent	0	0	0	0	2	1	0	0	1	0	3
Contract (Professionally qualified), Permanent	4	0	1	5	0	4	0	0	4	0	9
Contract (Skilled technical). Permanent	17	0	3	20	0	17	2	2	21	2	43
Contract (Semi-skilled), Permanent	5	0	1	6	0	18	1	0	19	2	27
Contract (unskilled), permanent	0	0	0	0	0	4	0	0	4	0	4
TOTAL	37	0	5	42	3	53	4	5	62	4	111
	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	0	0	0	0	0	0	0

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TABLE 4.6.4 - Promotions

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	1	0	1	2	2	0	0	0	0	0	4
Professionally qualified and experienced specialists and mid-management, Permanent	20	0	4	24	10	10	0	2	12	1	47
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	78	1	6	85	5	87	7	15	109	23	222
Semi-skilled and discretionary decision making, Permanent	178	0	2	180	2	265	2	4	271	6	459
Unskilled and defined decision making, Permanent	38	0	0	38	1	35	0	0	35	0	74
Contract (Senior Management), Permanent	0	0	0	0	0	0	0	0	0	0	0
Contract (Professionally qualified), Permanent	0	0	0	0	0	1	0	0	1	0	1
Contract (Skilled Technical), Permanent	1	0	0	1	0	1	0	0	1	0	2
Contract (Semi-skilled), Permanent	0	0	0	0	0	1	0	0	1	0	1
TOTAL	316	1	13	330	20	400	9	21	430	30	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	0	0	0	0	0	0	0

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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											
Senior Management, Permanent											
Professionally qualified and experienced specialists and mid-management, Permanent											
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent											
Semi-skilled and discretionary decision making, Permanent											
Unskilled and defined decision making, Permanent											
Contract (Senior management), Permanent											
Contract (Professionally qualified), Permanent											
Contract (Skilled technical), Permanent											
Contract (semi-skilled), Permanent											
TOTAL											
	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											

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
TOTAL											

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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

4.7 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

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TABLE 4.7.2 - 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 4.7.3 - Performance Rewards by Critical Occupations

Critical Occupations	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
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

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TABLE 4.7.3 - Performance Rewards by Critical Occupations

Critical Occupations	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
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
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	1211	0	0	0

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TABLE 4.7.4 - Performance Related Rewards (Cash Bonus) by Salary Band for Senior Management Service

SMS 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

4.8 FOREIGN WORKERS

TABLE 4.8.1 - Foreign Workers by Salary Band

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	40	2	33.3	0	0	5	6	1
Senior management (Levels 13-16)	1	20	1	16.7	0	0	5	6	1
Contract (Levels 3-5)	0	0	1	16.7	1	100	5	6	1
Contract (Levels 6-8)	0	0	1	16.7	1	100	5	6	1
Contract (Level 13 to 16)	1	20	1	16.7	0	0	5	6	1
Periodical Remuneration	0	0	0	0	0	0	0	0	0
Abnormal Appointment	1	20	0	0	-1	-100	5	6	1
TOTAL	5	100	6	100	1	100	5	6	1

TABLE 4.8.2 - Foreign Workers by Major Occupation

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	80	4	66.7	0	0	5	6	1
Administrative Office Workers	0	0	2	33.3	2	200	5	6	1
Other occupations	1	20	0	0	-1	-100	5	6	1
TOTAL	5	100	6	100	1	100	5	6	1

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4.9 LEAVE UTILISATION

TABLE 4.9.1 - Sick Leave for Jan 2010 to Dec 2010

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)	266	85.3	29	5.2	9	60	554	227
Skilled (Levels 3-5)	1252	89.1	126	22.7	10	382	554	1116
Highly skilled production (Levels 6-8)	2500	89	284	51.3	9	1,282	554	2226
Highly skilled supervision (Levels 9-12)	448	79.9	77	13.9	6	568	554	358
Senior management (Levels 13-16)	98	88.8	15	2.7	7	262	554	87
Contract (Levels 3-5)	25	80	8	1.4	3	7	554	20
Contract (Levels 6-8)	21	57.1	8	1.4	3	12	554	12
Contract (Levels 9-12)	26	88.5	6	1.1	4	36	554	23
Contract (Levels 13 -16)	1	100	1	0.2	1	3	554	1
TOTAL	4637	87.8	554	100	8	2612	554	4070

TABLE 4.9.2 - Disability Leave (Temporary and Permanent) for Jan 2009 to Dec 2009

Salary Band	Total Days	% Days with Medical Certification	Number of Employees using Disability Leave	% of Total Employees using Disability Leave	Average Days per Employee	Estimated Cost (R'000)	Total number of days with medical certification	Total number of Employees using Disability Leave
Lower skilled (Levels 1-2)	0	0	0	0	0	0	0	0
Skilled (Levels 3-5)	59	100	2	22.2	30	14	59	9
Highly skilled production (Levels 6-8)	81	100	4	44.4	20	36	81	9
Highly skilled supervision (Levels 9-12)	2	100	1	11.1	2	3	2	9
Senior Management (13-16)	19	100	1	11.1	19	48	19	9
Contract (Level 3 to 5)	5	100	1	11.1	5	1	5	9
TOTAL	166	100	9	100	18	102	166	9

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TABLE 4.9.3 - Annual Leave for Jan 2010 to Dec 2010

Salary Band	Total Days Taken	Average days per Employee	Number of Employees who took leave
Lower skilled (Levels 1-2)	1951	22	87
Skilled (Levels 3-5)	4945	24	210
Highly skilled production (Levels 6-8)	12282	19	638
Highly skilled supervision (Levels 9-12)	2288	21	111
Senior management (Levels 13-16)	637	18	35
Contract (Levels 3-5)	77	5	15
Contract (Levels 6-8)	156	7	21
Contract (Levels 9-12)	72	7	11
Contract (Levels 13-16)	55	9	6
Not Available	52	26	2
TOTAL	22515	20	1136

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 2010	Number of Employees who took Capped leave	Total number of capped leave available at 31 December 2010	No. of employees as at 31 December 2010
Lower skilled (Levels 1-2)	14	5	74	3	5145	70
Skilled (Levels 3-5)	78	5	92	15	18165	197
Highly skilled production (Levels 6-8)	95	5	107	18	29446	275
Highly skilled supervision (Levels 9-12)	30	8	95	4	7566	80
Senior management (Levels 13-16)	6	3	108	2	2060	19
TOTAL	223	5	97	42	62382	641

TABLE 4.9.5 - Leave Payouts

Reason	Total Amount (R'000)	Number of Employees	Average Payment per Employee (R)
Leave payout for 2009/10 due to non-utilisation of leave for the previous cycle	0	0	0
Capped leave payouts on termination of service for 2010/2011	460	76	6053
Current leave payout on termination of service for 2010/2011	90	8	11250
TOTAL	550	84	6548

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4.10 HIV/AIDS AND HEALTH PROMOTION PROGRAMMES

HR OVERSIGHT - APRIL 2010 to MARCH 2011 - 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.	Yes		
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.

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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.

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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

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4.11 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 2010 to 31 March 2011			
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

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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	6

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

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TABLE 4.11.6 – Strike Actions

Strike actions	
Total number of person working days lost	140
Total cost (R'000) of working days lost	44973.89
Amount (R'000) recovered as a result of no work no pay	44973.89

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

4.12 TRAINING

TABLE 4.12.1 - Training Needs identified –

Occupational Categories	Gender	Employment	Learner-ship	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 excl contracts	0	330	0	
	Male	548 excl contracts	0	272	0	
Total		1211	11	602	0	613

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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		1211	11	594	0	605

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4.13 INJURY ON DUTY

TABLE 13.1 - Injury on Duty		
Nature of injury on duty	Number	
Required basic medical attention only	4	
Temporary Total Disablement	0	
Permanent Disablement	0	
Fatal	0	
Total	4	

SECTION 5

Other Information

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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
DWAF	–	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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