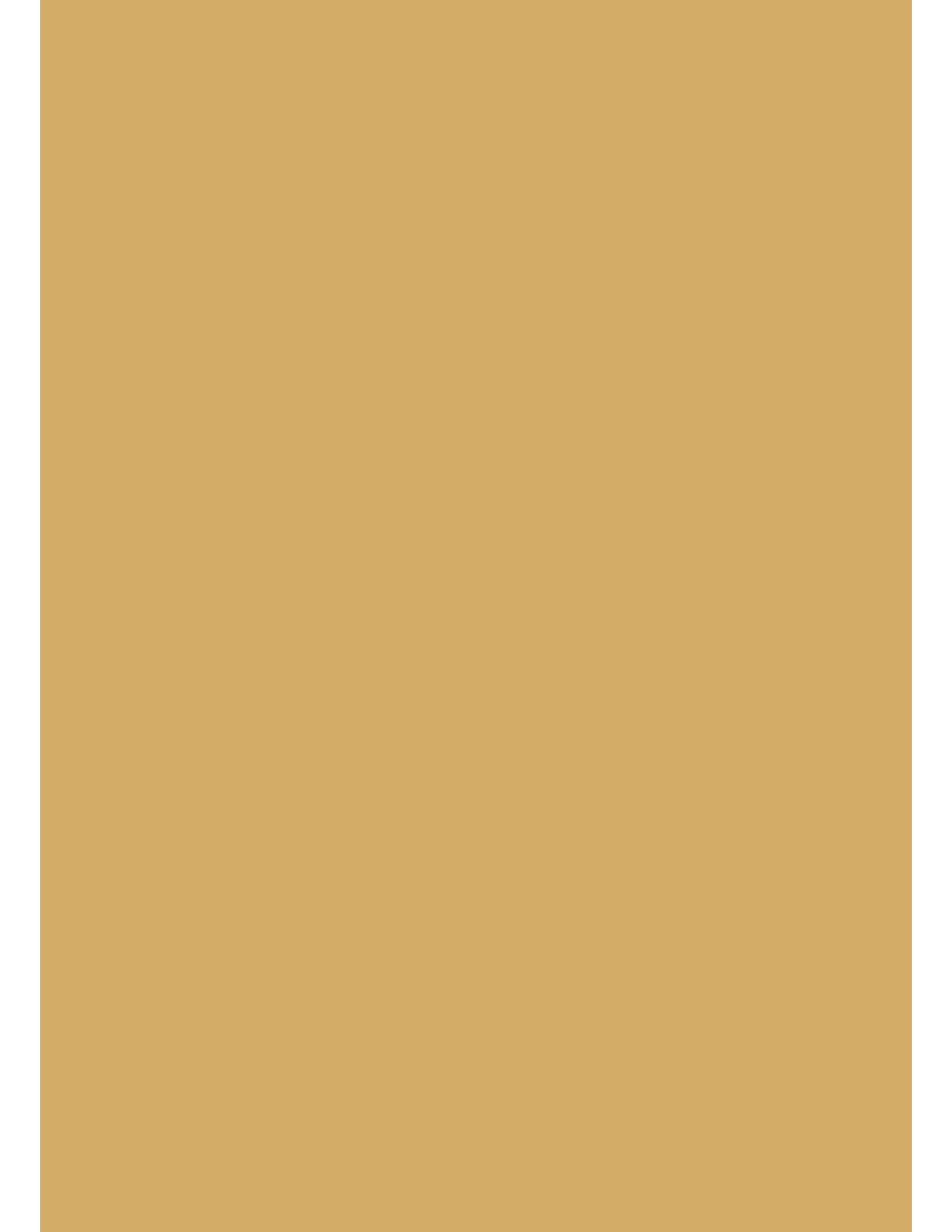


# ANNUAL REPORT 2007-2008



**the dplg**

Department:  
Provincial and Local Government  
**REPUBLIC OF SOUTH AFRICA**





the dplg

---

Department:  
Provincial and Local Government  
**REPUBLIC OF SOUTH AFRICA**

ANNUAL REPORT  

---

FINANCIAL YEAR 2007-2008



# the dplg

---

Department:  
Provincial and Local Government  
**REPUBLIC OF SOUTH AFRICA**

# 2007-2008

## ANNUAL REPORT

---

**Mr. FS Mufamadi**

Minister for Provincial and Local Government

It is my pleasure to submit the Annual Report of the Department of Provincial and Local Government (**dplg**) for the financial year 1 April 2007 to 31 March 2008.

To the best of my knowledge, the contents of the report are consistent with the disclosure principles contained in the Guide for the preparation of Annual Reports issued by National Treasury. This report seeks to portray the **dplg**'s activities during the financial year under review and is based on sound underlying departmental information and management systems.

In presenting this report we acknowledge progress made during the 2007/2008 financial year as well as the challenges that lie ahead.



**Ms Lindiwe Msengana-Ndlela**

Director-General

31 August 2008

## ACRONYMS AND ABBREVIATIONS

for the year ended 31 March 2008

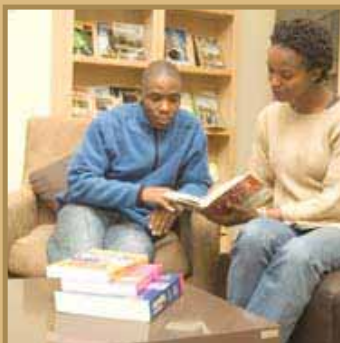
<b>AFSs</b>	Annual Financial Statements	<b>G&amp;A</b>	Governance and Administration Cluster
<b>ASGISA</b>	Accelerated and Shared Growth Initiative for South Africa	<b>GDS</b>	Growth and Development Summit
<b>BT</b>	Business Trust	<b>GPR</b>	Governance, Policy and Research
<b>CBO</b>	Community Based Organisation	<b>GTZ</b>	German Technical Co-operation
<b>CDW</b>	Community Development Worker	<b>HRD</b>	Human Resources Development
<b>CFO</b>	Chief Financial Officer	<b>ICDM</b>	Intergovernmental Committee on Disaster Management
<b>CLGF</b>	Commonwealth Local Government Forum	<b>ICT</b>	Information and Communication Technology
<b>CMP</b>	Consolidation of Municipal Transformation Programme	<b>IDP</b>	Integrated Development Planning
<b>CRL</b>	Cultural, Religious and Linguistic Rights Commission	<b>IDR</b>	International and Donor Relations
<b>DMA</b>	Disaster Management Act	<b>IDT</b>	Independent Development Trust
<b>dplg</b>	Department of Provincial and Local Government	<b>IGR</b>	Intergovernmental Relations
<b>DPSA</b>	Department of Public Service and Administration	<b>IGRF</b>	Intergovernmental Relations Framework
<b>DRC</b>	Democratic Republic of Congo	<b>IR</b>	International Relations
<b>EDC</b>	Equity and Development Committee	<b>ISRDP</b>	Integrated Sustainable Rural Development Programme
<b>EDRMS</b>	Electronic Document Records and Management System	<b>ITIL</b>	Information Technology Infrastructure Library
<b>EOC</b>	Emergency Operational Committee	<b>KPI</b>	Key Performance Indicator
<b>EPWP</b>	Expanded Public Works Programme	<b>LGES</b>	Local Government Equitable Share
<b>EU</b>	European Union	<b>LOGOLA</b>	Local Government and Leadership Academy
<b>EXCO</b>	Executive Committee	<b>LGRC</b>	Local Government Resource Centre
<b>FAP</b>	Farm Workers Awareness Programme	<b>LGSA</b>	Local Government Strategic Agenda
<b>FBS</b>	Free Basic Services	<b>M&amp;E</b>	Monitoring and Evaluation
<b>FBSI</b>	Free Basic Services and Infrastructure	<b>MDB</b>	Municipal Demarcation Board

<b>MDGs</b>	Millennium Developmental Goals	<b>OHS</b>	Occupational Health and Safety
<b>MEC</b>	Member of Executive Council	<b>PCAS</b>	Policy Co-ordination and Advisory Services
<b>MFMA</b>	Municipal Finance Management Act	<b>PCC</b>	President's Coordinating Council
<b>MIG</b>	Municipal Infrastructure Grant	<b>PGDSs</b>	Provincial Growth and Development Strategies
<b>MinMec</b>	Ministers and Members of the Executive Council	<b>PMDs</b>	Performance Management and Development System
<b>MIS</b>	Management Information System	<b>PMS</b>	Performance Management System
<b>MLDP</b>	Municipal Leadership Development Programme	<b>PMU</b>	Project Management Unit
<b>MOU</b>	Memorandum of Understanding	<b>PSC</b>	Programme Steering Committee
<b>MR&amp;E</b>	Monitoring Reporting and Evaluation	<b>REDS</b>	Regional Electricity Distributors
<b>MSA</b>	Municipal Systems Act	<b>SACN</b>	South African Cities Network
<b>MSIG</b>	Municipal Systems Improvement Grant	<b>SADC</b>	Southern African Development Community
<b>MSP</b>	Municipal Service Partnership	<b>SALGA</b>	South African Local Government Association
<b>NCBF</b>	National Capacity Building Framework	<b>SAQA</b>	South African Qualification Authority
<b>NCOP</b>	National Council of Provinces	<b>SITA</b>	State Information Technology Agency
<b>NDMAF</b>	National Disaster Management Advisory Forum	<b>SLAs</b>	Service Level Agreements
<b>NDMC</b>	National Disaster Management Centre	<b>SMS</b>	Senior Management Service
<b>NGO</b>	Non-Governmental Organisation	<b>SRS</b>	Situation Reporting system
<b>NHTL</b>	National House of Traditional Leaders	<b>TAC</b>	Technical Advisory Committee
<b>NQF</b>	National Qualifications Framework	<b>TLI</b>	Traditional Leadership Institutions
<b>NSDP</b>	National Spatial Development Perspective	<b>UDZ</b>	Urban Development Zone
<b>NYS</b>	National Youth Service	<b>URP</b>	Urban Renewal Programme
<b>ODA</b>	Official Development Assistance	<b>WSP</b>	Workplace Skills Plan

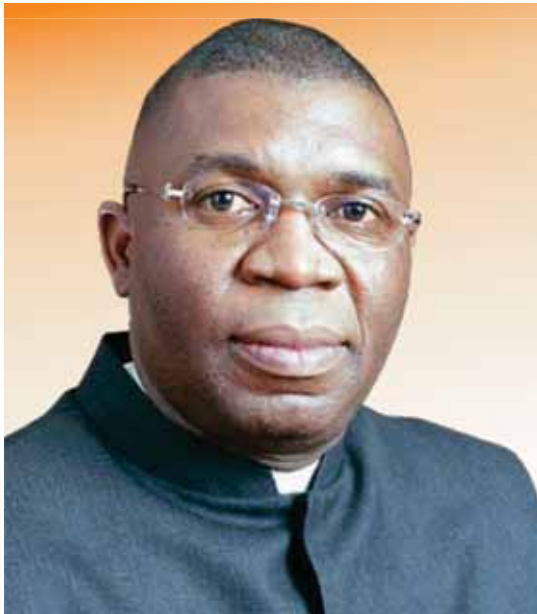
# CONTENTS

Foreword by the Minister	8
Message by the Deputy Minister	10
The <b>dplg</b> at a Glance	12
Allocation Trends – Municipalities	13
Overview by the Accounting Officer	14
The <b>dplg</b> Value Chain	20
Snapshot of the Year	22
<b>CHAPTER 1 - Introduction and General Information</b>	<b>25</b>
1.1 Introduction	26
1.2 Information on the Ministry	26
1.3 Vision, Mission and Values	26
1.4 Legislative mandate	27
1.5 Organisational Structure	28
<b>CHAPTER 2 - Programme Performance</b>	<b>31</b>
2.1 Summary	32
2.1.3 Introduction to departmental programmes	32
2.1.4 Achievements	32
2.1.5 Overview of the service delivery environment for 2007/08	32
2.1.6 Overview of organisational environment	36
2.1.7 Policy developments	39
2.2 Programme 1: Administration (Corporate Services)	40
2.3 Programme 1: Administration (Monitoring and Evaluation)	50
2.4 Programme 2: Governance, Policy and Research	58
2.5 Programme 3: Urban and Rural Development	68
2.6 Programme 4: Systems and Capacity Building	80
2.7 Programme 5: Free Basic Services and Infrastructure	92
2.8 Programme 6: Provincial and Local Government Transfers	100
2.9 Programme 7: Fiscal Transfers	104
2.10 Disclosure Notes in respect of Conditional Grants	109





<b>CHAPTER 3 - Financial Performance</b>	135
Report of the Audit Committee	136
Report of the Accounting Officer	138
Report of the Auditor-General	143
Statement of Accounting Policies and Related Matters	148
Appropriation Statement	154
Notes to the Appropriation Statement	178
Statement of Financial Performance	180
Statement of Financial Position	181
Statement of Changes in Net Assets	182
Cash Flow Statement	183
Notes to the Annual Financial Statements	184
Annexures to the Financial Statements	202
<b>CHAPTER 4 - Human Resources Oversight Report</b>	269
Service Delivery	272
Expenditure	274
Employment and Vacancies	279
Job Evaluation	281
Employment Changes	283
Employment Equity	286
Performance Rewards	292
Foreign Workers	294
Leave Utilised for the Period 1 April 2007 to 31 March 2008	295
HIV and AIDS and Health Promotion Programmes	297
Labour Relations	298
Skills Development	299
Injuries on Duty	300
Utilisation of Consultants	301
List of Legislation Administered by the <b>dplg</b>	307
List of Publications	308



Minister: Mr FS Mufamadi

## FOREWORD BY THE MINISTER

This annual report by the Department of Provincial and Local Government (**dplg**) provides a comprehensive overview for the financial year 2007/08 of the department's contribution to the programmes of government in responding to the needs of our people. These include capacity building efforts which have led among other things to better forward planning in that sphere of government that is most critical in the provision of services, the local government.

In the period under review, all of the country's municipalities have shown a 100% adoption rate of qualitatively improved Integrated Development Plans (IDPs), compared to the (96%) adoption rate in 2006/7. This increase will go a long way towards propelling municipalities to reach their service delivery targets.

Our practical, hands-on programme of support to local government, Project Consolidate of 2004-2006, which was established in order to address the identified capacity deficits in targeted municipalities, institutional development and service delivery anomalies, has continued to yield results. It has shown improved systematic performance. As a result, this initiative has been mainstreamed throughout government, with the adoption of the Local Government Strategic Agenda for (2006 -2011).

To date 359 Service Delivery Facilitators were deployed through this programme in 105 municipalities, to provide technical and professional support in the areas of planning and financial management. In the 2007/2008 financial year, Municipalities have shown improvements in the timeous submission of Annual Financial Statements from 69% to 81% compared with the previous financial year. A slight improvement was also seen with the establishment of Internal Audit Committees from 72% to 74% in the same

period, whilst the vacancy rate of Chief Financial Officers decreased from 19% to 17%.

Due to our continued capacity building efforts, the country's municipalities have also shown a significant improvement in their capacity to spend Municipal Infrastructure Grant (MIG) funds. Expenditure improved by 14%, 30% and 35% between 2004/05 and 2005/06, 2005/06 and 2006/07 and 2006/07 and 2007/08 respectively. Altogether an amount of R23.9 billion had been allocated and transferred to municipalities in the past four-years. This allocation includes an amount of R1.8 billion ring-fenced for the bucket eradication programme. By the end of March 2008 municipalities had spent over R22.5 billion or 95 percent of the total allocation. In addition, the Project Management Units (PMU) capacity in municipalities has been strengthened by the deployment of 135 technical experts through the Siyenza Manje programme.

Another tool that enables the provision of service delivery, the Local Government Equitable Share (LGES), was managed effectively with all funds of just over R20 billion having been transferred to municipalities as scheduled and in full compliance with the Division of Revenue Act, 2007. Furthermore, the 2nd set of Regulations on the Municipal Property Rates Act was gazetted for public comments on 19 December 2007.



Since the Ministry's publication of the Performance Management Regulations in 2006, vacancy rates at management level are showing a decrease. The vacancy rate, which stood at 22% or 62 municipalities as at the end of September 2007, had been reduced to 12% or 35 municipalities by the end of March 2008. This means that 88% of all municipal manager posts nationally, have been filled.

With regards to monitoring and evaluation, the **dplg** has initiated projects focused on developing a local government monitoring, reporting and evaluation system. Provinces were engaged in a process to develop a core set of local government indicators. Furthermore, the department has been working with National Treasury to streamline reporting between local, provincial and national government on matters relating to local government performance.

Preparations for the FIFA 2010 Soccer World Cup are on track with the establishment of a 2010 National Disaster Management Steering Committee and the adoption of a 2010 Disaster Management Policy document.

During the period under review, a government-wide national programme of support to the Institutions of Traditional Leadership and a policy on Khoi-san communities, were finalised. As a result, a dedicated national department responsible for traditional leadership will be established. This department will be located within the Ministry for Provincial and Local Government.

Also in this period, the Ministry and Department undertook a policy review of the system of provincial and local government as mandated by Cabinet. The process, which was initiated in 2007, draws on the practical lessons of

the thirteen-years of democratic government. The review included a public call for responses to key questions in respect of provincial and local government which was complemented by a comprehensive research programme that will result in the submission of a draft White Paper to Cabinet.

Lastly, I would like to express my gratitude to the Deputy Minister, Nomatyala Hangana, Director-General Lindiwe Msengana-Ndlela and all staff members of the Ministry and Department of Provincial and Local Government for their dedication and commitment to fulfilling the government's mandate to better the lives of all our people.

**F.S. MUFAMADI**

Minister for Provincial and Local Government



Deputy Minister: Ms NE Hanga

## MESSAGE BY THE DEPUTY MINISTER

“During the last couple of years, the **dplg** has gone a long way in providing a sound support system for local government in fulfilling its developmental mandate. We have worked hard to support municipalities to develop IDPs, LED strategies, to establish Ward Committees and most recently to appoint Community Development Workers. To date, the majority of Municipalities have adopted IDP’s.”

### Good Communication is essential to reach out to people

It is important that we should be comfortable to talk openly about challenges that hinder on improved service delivery. This is important because when we communicate both our successes and failures to the people we will not only get them to understand our situation as government but also we will be in a position to hear crucial information that will assist us in shaping and improving the way we interact with the ordinary people. Our honest engagement with the community will provide us with important data that will assist in bringing aspects of policy in line with practice thereby refocusing our efforts to better serve our people. This simple conversation and consultation can make a big difference in how we plan and implement projects and ultimately lead to a safer and better quality environment for communities. If we are not open and do not consult with people, chances are, we will experience protests that would otherwise have been avoided had this simple conversation taken place.

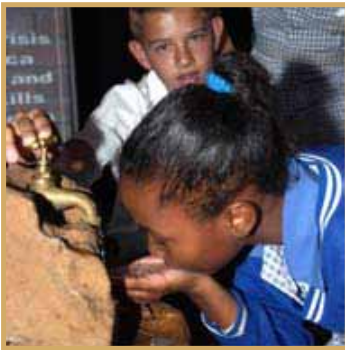
Ward committees are critical structures in the facilitation of this communication. They are some of the structures that can help us ensure that people have sufficient information about the government’s programmes and this will ensure

that we do not leave our people vulnerable to all sorts of negative influences that in turn, create a gap between government and people resulting in public protests over a perceived lack of service delivery.

Equally so, they help us convey the challenges we face, the plans we have in place to deal with those challenges, but most importantly, provides a platform where our communities can air their views, and sometimes even help us find solutions to our problems. By communicating properly we would have proactively dealt with this devastating negative public perception that local government is not delivering.

During the last couple of years, the **dplg** has gone a long way in providing a sound support system for local government in fulfilling its developmental mandate. We have worked hard to support municipalities to develop IDPs, LED strategies, to establish Ward Committees and most recently to appoint Community Development Workers. To date, the majority of Municipalities have adopted IDP’s.

There has been an increase in the establishment of Ward Committees throughout the country, while Community Development Workers are already visibly interacting with communities. We need to build on these gains in order to reinforce commitments we made to the people.



### The Marginalised groups in our society

We should heed the President's call in his State of the Nation Address to ensure that our development initiatives do not exclude the often-marginalised groups in our society – that is children, youth, women and people with disabilities. To the extent possible, we have to afford these designated groups access to opportunities for development and advancement and continue to capacitate them so that they not only benefit from our development initiatives but also are able to contribute to the achievement of our development objectives, now and in the future. This commitment can be far fetched if we do not firstly deal with attitudes that have been institutionalised in the minds of many, and entrenched social and cultural norms that make gender based violence a particularly difficult problem. Initiatives like the 16 Days of Activism for no Violence against Women and Children Campaign have already intensified the fight against gender-based violence by getting all the partners together, including big business and NGO's to once more put the issue of women and children's safety on the national agenda. We have done so by launching our 365 Days National Action Plan early this year, which aims at dealing with this scourge in a more interventionist and programmatic way.

### Partnerships

Partnerships are critical if we wish to succeed in bringing quality services, especially for vulnerable groups:

We are committed, going forward; to focus the partnerships we have built to enable more attention to be paid to improving the quality of delivery, especially aimed at vulnerable groups such as women, children, the youth and disabled.

We have heeded the President's call to employ and attract the expertise of retired professionals in order to speed up service delivery at municipal level. Through this and other channels of mobilisation, we have strengthened and complemented the management and technical capacity of municipalities through targeted deployments of key professionals and experts.

We would like to commend and appreciate the overwhelming response we got from Big Business.

Once again we would like to thank all the institutions that have and continue to provide advice to the **dplg**, they are: South African Local Government Association (SALGA), Municipal Demarcation Board; South African Cities Network; Commission for the Promotion of Rights of Cultural, Religious and Linguistic Communities, the National House of Traditional Leaders, and Commission on Traditional Leadership Disputes and Claims.

### dplg officials

The efforts of the **dplg** officials under the Leadership of the Director-General Ms Lindiwe Msengana-Ndlela are commended. They have convinced us that they are committed to this course and I am certain that this enthusiasm will be carried over as we continue to serve our people.

**Ms Nomatyala Hangana**

Deputy Minister for Provincial and Local Government

## THE **dplg** AT A GLANCE

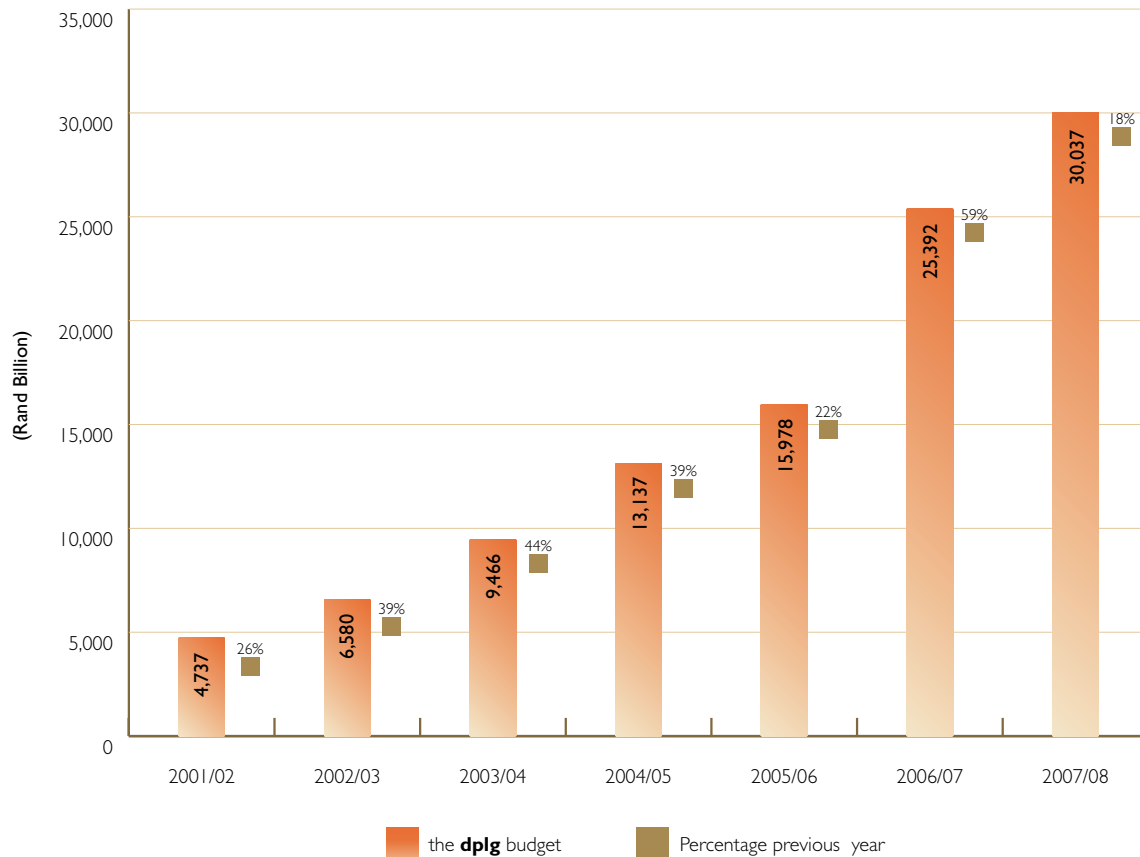
for the year ended 31 March 2008

### Orientation

THINGS TO KNOW	
1.	Before 1994, there were 4 Administrations, 10 Bantustans and more than 800 racially segregated local authorities.
2.	The National and Provincial Government System came into effect in 1994 after adoption of the Constitution of the Republic of South Africa. The New Local Government System was inaugurated later, on 5 December 2000. The first term of these municipalities ended after 5 years in December 2005 and the second elections were held on 1 March 2006.
3.	For the year 2000 more than 800 municipalities were amalgamated and reconstituted to 284 in order to uphold the principles and values of a democratic South Africa. After the enactment of the Constitution Twelfth Amendment Act and the Cross-boundary Municipalities Laws Repeal and related Matters Act in 2005, there are now 283 municipalities.
4.	The <b>dplg</b> is a coordinating national department, which is responsible for governance matters, particularly at the provincial and local spheres of government.

## ALLOCATION TRENDS – MUNICIPALITIES

for the year ended 31 March 2008



FINANCE	
5.	Out of the three (3) components of the government's budget (National, Provincial and Local), the allocations to municipalities is the fastest growing component.
6.	In the 2001/02 financial year, total transfers to local government amounted to only R 4,7 billion. By the 2006/07 financial year, the annual transfer amounted to R 26,4 billion (including additional funding and rollovers) and is expected to increase to approximately R31 billion by the 2008/09 financial year.
7.	Transfers to local government are expected to increase to approximately R 41 billion by 2009/10 financial year.



Director-General: Ms Lindiwe Msengana-Ndlela

## OVERVIEW BY THE ACCOUNTING OFFICER

The budgetary allocation of the Department of Provincial and Local Government (**dplg**) has increased steadily over the recent years, with an allocation of R28,8 billion in the 2007/8 financial year. This amount will increase further to R34,1 billion in 2008/9 and, by the 2009/10 financial year, our department would have been allocated an approximate amount of R100,1 billion over the three years from 2007/8 to 2009/10.

As we present the Annual Report for the 2007/08 financial year, it is imperative that we provide an overview of some of our successes, in our endeavour to serve our people.

The successes that we have gained during the 2007/08 financial year are highlighted in terms of the following Key Focus Areas, which are:

### (i) Policy

Significant lessons have been registered during the last thirteen years of practice, with respect to the functionality of the system of provincial and local government. This period dates back from the establishment of provincial system of government in 1994-1996, and to the advent of a new and integrated system of local government in 2000. These lessons have demonstrated the complexity of

the cooperative governance system and its impact on the ability of the three spheres to achieving their developmental mandate.

It is, in this regard, that Cabinet mandated the department to undertake a policy review of the system of provincial and local government. The first phase of the policy review was initiated in July 2007 with a public call for responses to key questions in respect of provincial and local government. This public process was complemented by a comprehensive research programme.

The process thus far has generated significant discussions and we have received inputs from various sectors of society. We intend submitting a report on provincial and local government by January 2009.





### (ii) Traditional Leadership

Strengthening institutions of traditional leadership and building the capacity of traditional leadership is a key element in our efforts to improve the governance system for South Africa and the quality of life for traditional communities. During the 2007/8 financial year, we finalised a government wide national programme of support to the Institutions of Traditional Leadership. In addition, we developed and proposed to Cabinet the adoption of a government-wide National Support Programme for Traditional Leadership. Cabinet also approved our recommendation for a dedicated national department responsible for traditional leadership within our Ministry.

From a legislative perspective, we also began a process of proposing amendments to the Traditional Leadership and Governance Framework Act as well as the National House of Traditional Leaders Act. These amendments will address gaps and legal uncertainties in current legislation, as well as clarify the powers, functions and duties of the National House. We intend submitting the amendments to these pieces of legislation to Parliament for finalization in the 2008/09 financial year.

### (iii) Provincial Government

We have improved our focus on the role of provincial government and this had led us to facilitate discussions and support programmes through IGR structures such as the President's Coordinating Council. In the past year, these discussions included the strengthening and alignment of the Provincial Growth and Development Strategies (PGDSs) to local IDPs (Integrated Development Plans) and the

National Spatial Development Perspective (NSDP). We also undertook comprehensive capacity assessments of the Offices of the Premier and Provincial Departments of Local Government towards developing an improvement framework arising from the findings of the assessments.

### (iv) Service Delivery and Development Targets

The percentage increases in household access to basic services are significant when considering that the population of the country grew by 8,2% between 2001 and 2007. At the same time the increased investment in municipal infrastructure as reflected in the rise in the MIG allocation from R5.762 billion in 2006/7 to R8.262 billion in 2007/8, has enabled steady access to South Africans in general and free basic services to indigent households, in particular.

This support has also enabled municipalities to record significant progress with basic service delivery as confirmed by the Community Survey (October, 2007) results that were published by Statistics South Africa. For instance, 88,6% of households had access to piped water in 2007 compared with 84,5% in 2001. Similarly, 80% of households had access to electricity in 2007, compared with 69,7% in 2001. With respect to sanitation, 60,4% of households had access to flush toilets compared with 51,9% in 2001.

The number of households using the bucket toilet system reduced from 4,1% of households in 2001 to 2,3% in 2007. The acceleration of the bucket eradication programme in 2007 addressed the conditions of over 250 000 households in formal established areas, thus improving the sanitation facilities of over 1 million families. This was done through,

“We also continued to give priority to infrastructure investment and development in the 21 urban and rural nodes. In order to build on the progress in the nodes with respect to basic social services, we have developed individual economic profiles for each node.”

amongst others, the Municipal Infrastructure Grant (MIG), intensive hands-on support, and a programme management approach. The main stakeholders in these infrastructure programmes include Department of Water Affairs and Forestry (DWAF), Department of Minerals and Energy (DME), National Treasury, Development Bank of Southern Africa (DBSA), Southern African Institution of Civil Engineers (SAICE) and United States Agency for International Development (USAID).

We also continued to give priority to infrastructure investment and development in the 21 urban and rural nodes. In order to build on the progress in the nodes with respect to basic social services, we have developed individual economic profiles for each node. These profiles include the identification of key interventions for public sector investment opportunities and a firmer platform for resource mobilisation and implementation.

### (v) Capacity Building and Hands-on-support

As we had reported previously, we launched Project Consolidate in 2004 to identify practices in local government that should point us towards the need for policy refinement. This initiative has enabled the three spheres of government to gain a better understanding of the challenges that face local government. As a result, our department has been able to mobilize for higher levels of hands-on support to municipalities. This approach has been mainstreamed throughout government, through the adoption of the Local Government Strategic Agenda for the current term of local government (2006-2011). In the past year, a total of 105 municipalities were able to work with technical experts and professionals who were deployed as part of this programme.

Other successes in capacity building include the following:

#### Municipal Transformation and Institutional Development

With targeted support on integrated development planning, all (100%) municipalities have now (2007/08) been able to adopt their IDPs in time as compared to an adoption rate of 100% in 2006/07 and 98% in 2005/06.

In addition to this, the **dplg** has introduced initiatives to enhance performance management systems within municipalities. Following the publication of the Performance Management Regulations in 2006, the vacancy rates at management level are starting to decrease. For example, the vacancy rate of municipal managers has decreased from 22% as at the end of September 2007 to 12% by 31 March 2008.

#### Financial Management and Viability

Good financial management remains a key challenge at a municipal level. In the last year, we have seen some improvements. For example, the timeous submission of Annual Financial Statements (AFS) by municipalities improved from 69% to 81% as compared to the previous financial year. The establishment of Internal Audit Committees has marginally improved from 72% to 74% whilst the vacancy rate of Chief Financial Officers (CFOs) decreased from 19% to 17%. In the new year, we will be working with provinces, municipalities, National Treasury and the Office of the Auditor-General to address the remaining challenges.



### Local Economic Development (LED)

At a national level, the publication of the LED Framework in 2006 was an important development. Provinces are playing a key role in supporting municipalities with the implementation of LED strategies and resolutions of Growth and Development Summits (GDS) that were held in Metros and Districts. Other important partners in supporting provinces and municipalities in LED are the Department of Trade and Industry (DTI), Economic Development Agencies, the European Union (EU) and the German Agency for Technical Co-operation (GTZ).

### Disaster Management

With regard to improving capacity for disaster management, our initiatives have focussed on the development of unit standard qualifications in relation to creating a career-path for disaster management. We have, through the National Disaster Management Centre, registered the unit standards for the National Qualification Framework (NQF) levels 3 to 7 with the South African Qualifications Authority (SAQA). We have also developed regulations for Disaster Management Volunteers. We hope that these efforts will enable municipalities to recruit volunteers in larger scales.

Our preparations for the FIFA 2010 Soccer World Cup are at an advanced stage. We have established a 2010 National Disaster Management Steering Committee and adopted a 2010 Disaster Management Policy document. To date, disaster management centres have been established in 5 of the 9 host cities and disaster management host city plans are in place in 7 of the host cities. We aim to support the remaining host cities to establish these centres.

### Youth, people with disabilities and women programmes

We are responsible for coordinating national equity related programmes in local government, including programmes on women, youth, people with disabilities and HIV/AIDS. We have started to engage organised structures of the youth and young people to be involved in local government programmes. We have also placed emphasis on skills development for municipal infrastructure and local economic development. The 16 Days of Activism Campaign for the Elimination of Violence against Women and Children was extended to reach rural areas and involving men as partners in fighting this scourge. We have also developed framework documents that will assist municipalities to implement national policies in respect of equity and HIV and AIDS programmes.

### (vi) Public Participation

The thrust of the **dplg**'s support effort in respect of public participation has focused on improving the involvement of communities in local decision-making, and in the implementation of development programmes. Some municipalities have managed to institutionalise public participation and communication systems in their daily operations.

Support to the ward committee system has seen a greater focus on community-driven development with many municipalities committing resources to ward functioning and ward/community based planning. We have also developed accredited training material which is intended to assist ward committees.

Working together with the Department of Public Service and Administration (DPSA), we have supported the implementation of the Community Development Worker (CDW) programme. The CDWs continue to play an important role in working with indigent households and in supporting government in the fight against poverty.

Support to municipalities in developing and implementing anti-corruption strategies was intensified with a total of 89 municipalities being supported in 2007/08. Through assistance from the South African Local Government Association (SALGA), provincial government and donors, municipalities have been assisted to develop anti-corruption intervention in the following target areas: procurement; housing; employment practices; customer care hotlines; and overarching anti-fraud and corruption policies and strategies.

### (vii) Stakeholder Mobilisation

The success of our work is dependent on interaction and co-ordination with stakeholders and partners. While we have delivered joint projects successfully, the approach has not always been structured. Hence, we have sought to formally incorporate stakeholder mobilisation into the **dplg** model of operations and management.

### Monitoring and Evaluation

We have initiated projects focused on developing a fully fledged local government monitoring, reporting and evaluation system. Provinces have been engaged in a systematic process developing a core set of local government indicators. Together with National Treasury, this has also included a process to streamline reporting between local, provincial and national government on matters relating to local government performance.

### (ix) Knowledge Management and Innovation

At the **dplg**, we will seek to build a coherent governance framework that supports, enables and empowers the local sphere of government. Accordingly, we have adopted innovative models such as Action Learning, and a programme of Research and Innovation that informs the policy process, and improve service delivery.

### (x) Organisational Capability and Performance

The magnitude of the **dplg**'s expected contribution to government's strategic agenda has not always been proportional to the capacity and capability of the organisation. Hence, there is an ongoing need to develop our human and institutional capabilities. During the past year, a significant number of existing and new staff members received training in various fields. Furthermore, an organisational performance analysis had been conducted at each quarterly review meeting to assess the achievement of the department against business plan targets and annual milestones in its strategic plan in order to enhance performance.

### Conclusion

This Annual Report outlines the details of the various programmes managed by the department and how we have performed towards meeting the targets we set. We firmly believe that we are on track towards meeting the strategic objective of reconstruction and development.

I wish to once again re-iterate my appreciation to Minister Sydney Mufamadi and Deputy Minister Nomatyala Hanga for their leadership. We also appreciate the support that we continue to receive from our portfolio committee in the National Assembly and the select committee in the National Council of provinces, as well as other parliamentary committees.

Furthermore, our partnerships with key community organizations have yielded positive results in provinces and municipalities and we are encouraged by their levels of commitment to partner with us.

The staff of the **dplg** continues to put in every effort to ensure our organization implements its mandate effectively and that we, individually and collectively, are able to make a difference in our communities.



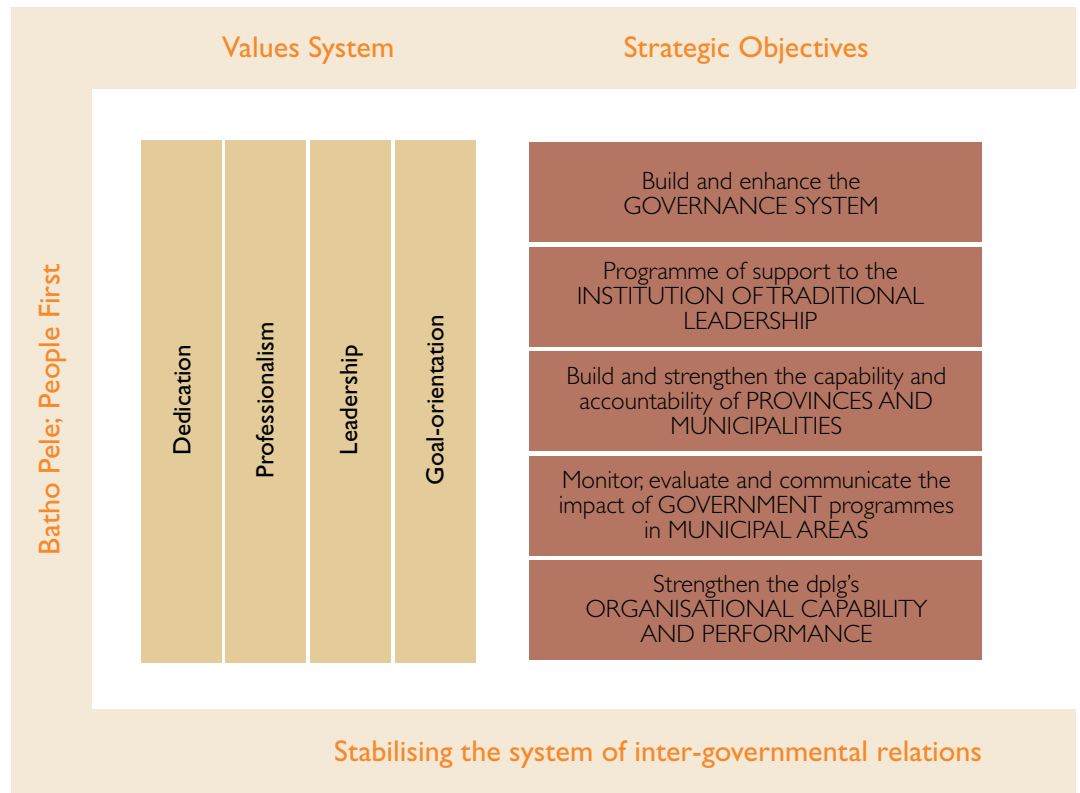
**Ms Lindiwe Msengana-Ndlela**  
Director-General



“This Annual Report outlines the details of the various programmes managed by the department and how we have performed towards meeting the targets we set. We firmly believe that we are on track towards meeting the strategic objective of reconstruction and development.”

# THE dplg VALUE CHAIN

## STRATEGIC DIRECTION



The achievements of this financial year would not have been possible without the dedication and contributions by staff members of the **dplg**. We are moving confidently and focussed forward in the set strategic direction upholding **dplg** values and Batho Pele principles.

### Organisational Structure

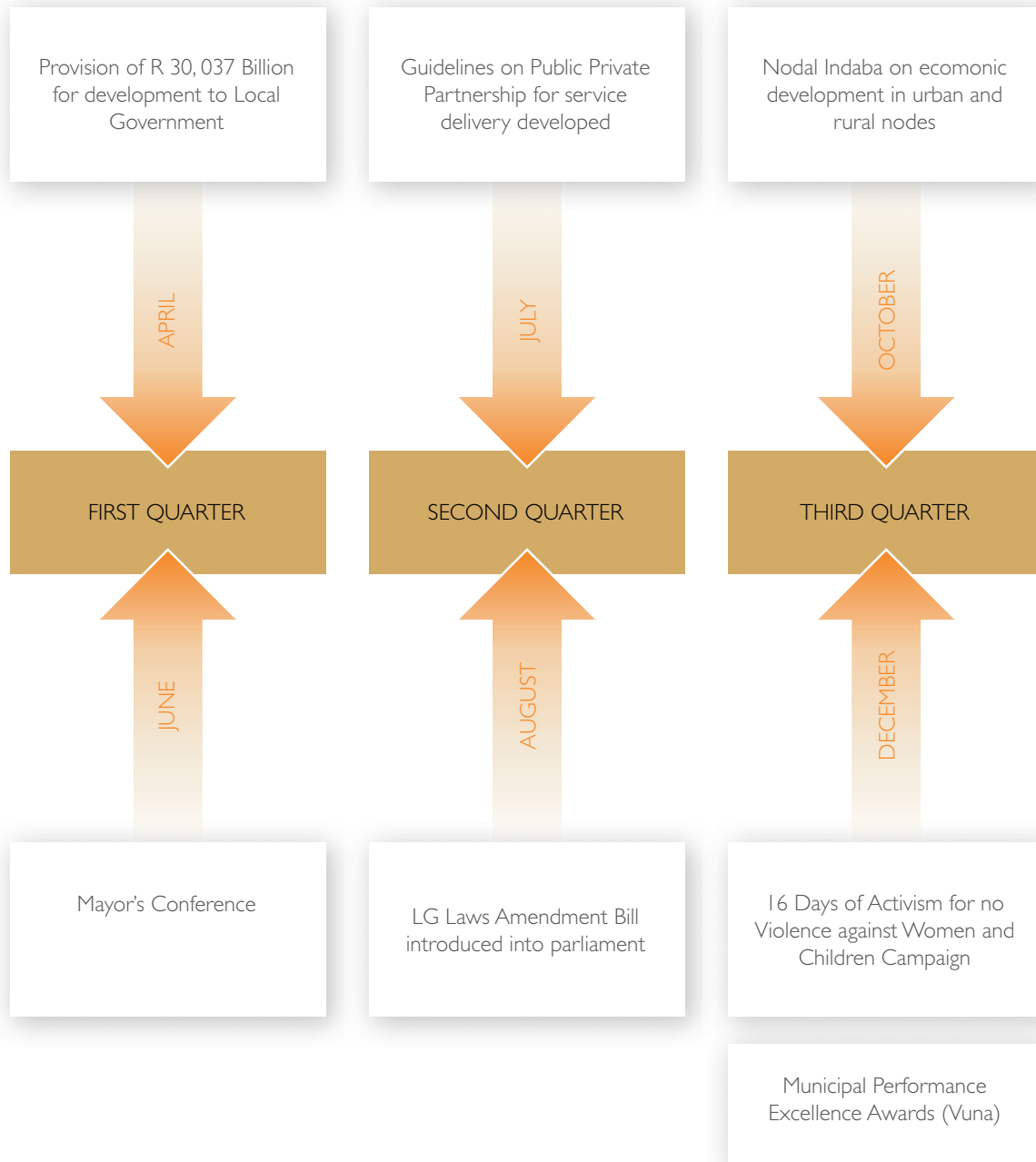
### Services

Governance Policy and Research	<b>idp</b>	Integrated Development Planning
Systems and Capacity Building	<b>mSP</b>	Municipal Service Partnerships
Urban and Rural Development	<b>ndmc</b>	National Disaster Management Centre
Free Basic Services and Infrastructure	<b>led</b>	Local Economic Development Programme
Monitoring and Evaluation	<b>isrdp</b>	Integrated Sustainable Rural Development Programme
Corporate Services	<b>urp</b>	Urban Renewal Programme
	<b>mig</b>	Municipal Infrastructure Grant
	<b>hos</b>	Hands-on-Support

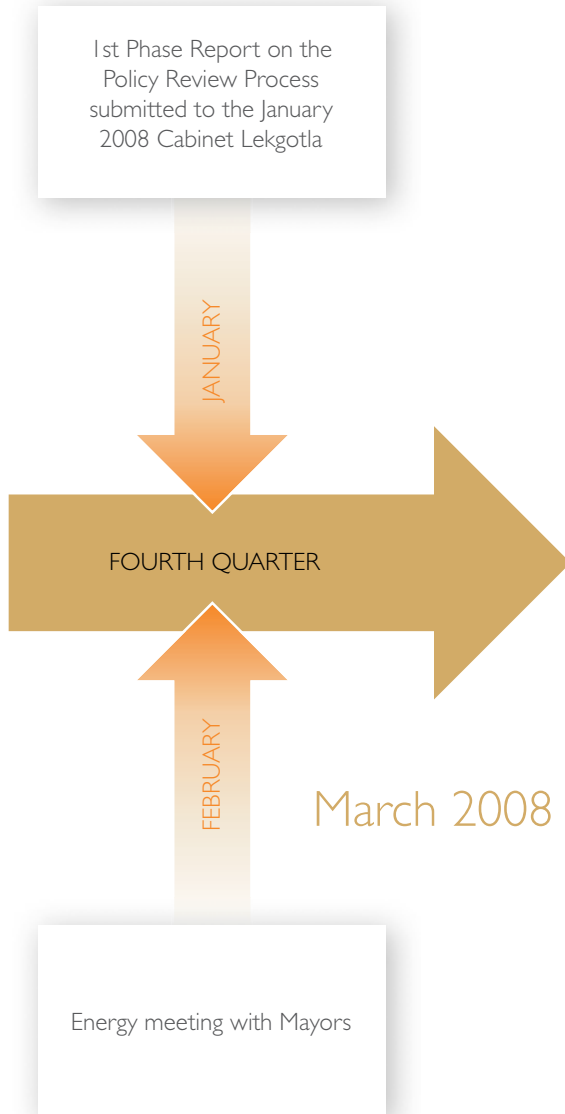
Realising the  
People's  
Contract, Public  
Participation  
and  
Empowerment

towards accelerated service delivery and development

# SNAPSHOT OF THE YEAR







This snapshot notes the major events and achievements of this year.



The first chapter of the report provides contextual background information on the Ministry, the vision, mission and values, the legislative mandate of the **dplg** as well as the organisational structure.

CHAPTER 01

---

# Introduction and General Information

# INTRODUCTION AND GENERAL INFORMATION

This report assesses the **dplg**'s performance against planned targets published in the Vote 5: **dplg** Estimates of National Expenditure (ENE) 2007 document and against identified objectives and medium term output targets as detailed in the respective programme delivery plans for the 2007/08 financial year. The first chapter of the report provides contextual background information including information on the Ministry and the vision, mission, values and legislative mandate of the department. The second chapter provides an overview of the aim of the vote, key strategic objectives, programmes, achievements as well as the context in which the department operated as in its external service delivery environment and internal organisational challenges sketched in broad themes. A Programme-by-Programme account of the department's achievements as per performance related indicators in the respective tables follows. Each Programme's non-financial data is presented as performance achieved against service delivery outputs planned. The additional tables indicate the budgeted and actual expenditure financial data per Programme. The third chapter includes the reports of the Audit Committee, Accounting Officer, Auditor-General and the Financial Statements. The explanatory rates and Human Resources statistics are listed in the HR Oversight Report of Chapter 4.

## 1.2 Information on the Ministry

### 1.2.1 Objectives of the Ministry

The main objective of the Ministry is to provide political leadership and strategic guidance to the **dplg** in fulfilling its mandate.

### 1.2.2 Public entities reporting to the Ministry

South African Local Government Association (SALGA)

### 1.2.3 Constitutional Institutions and other agencies related to the Ministry

- Municipal Demarcation Board (MDB)
- Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities (CRL Commission)
- Commission on Claims and Disputes Relating to Traditional Leadership
- South African Cities Network (SACN)
- National House of Traditional Leaders (NHTL)

## Ministerial visits abroad

During the period under review, the Minister undertook official visits to the following countries:

Switzerland and the United Kingdom.

The Deputy Minister did not undertake any visits abroad during the period under review.

## 1.3 Vision, Mission and Values

### VISION

A capable and well integrated system of government working together to achieve sustainable development and enhanced service delivery in a developmental state.

### MISSION

Our mission is to provide professional and technical support to Government by:



- Developing appropriate legislation to promote integration in government's development programmes and service delivery;
- Providing strategy interventions, support and partnerships to facilitate policy implementation in the provinces and local government; and
- Creating enabling mechanisms for communities to participate in governance.

## VALUES

Our values are informed by the Batho Pele (people first) principle of the South African Public Service and specific **dplg** focus is on the following:

- Dedication to development and service delivery;
- Professionalism in the conduct of all employees;
- Leading and participating in service delivery; and
- Goal-orientation in undertaking our mandate

## 1.4 Legislative mandate

Our primary mandate is to:

- Develop and monitor the implementation of national policy and legislation seeking to transform and strengthen key institutions and mechanisms of governance to fulfil their developmental role;
- Develop, promote and monitor mechanisms, systems and structures to enable integrated service delivery and implementation within government; and
- Promote sustainable development by providing support to provincial and local government.

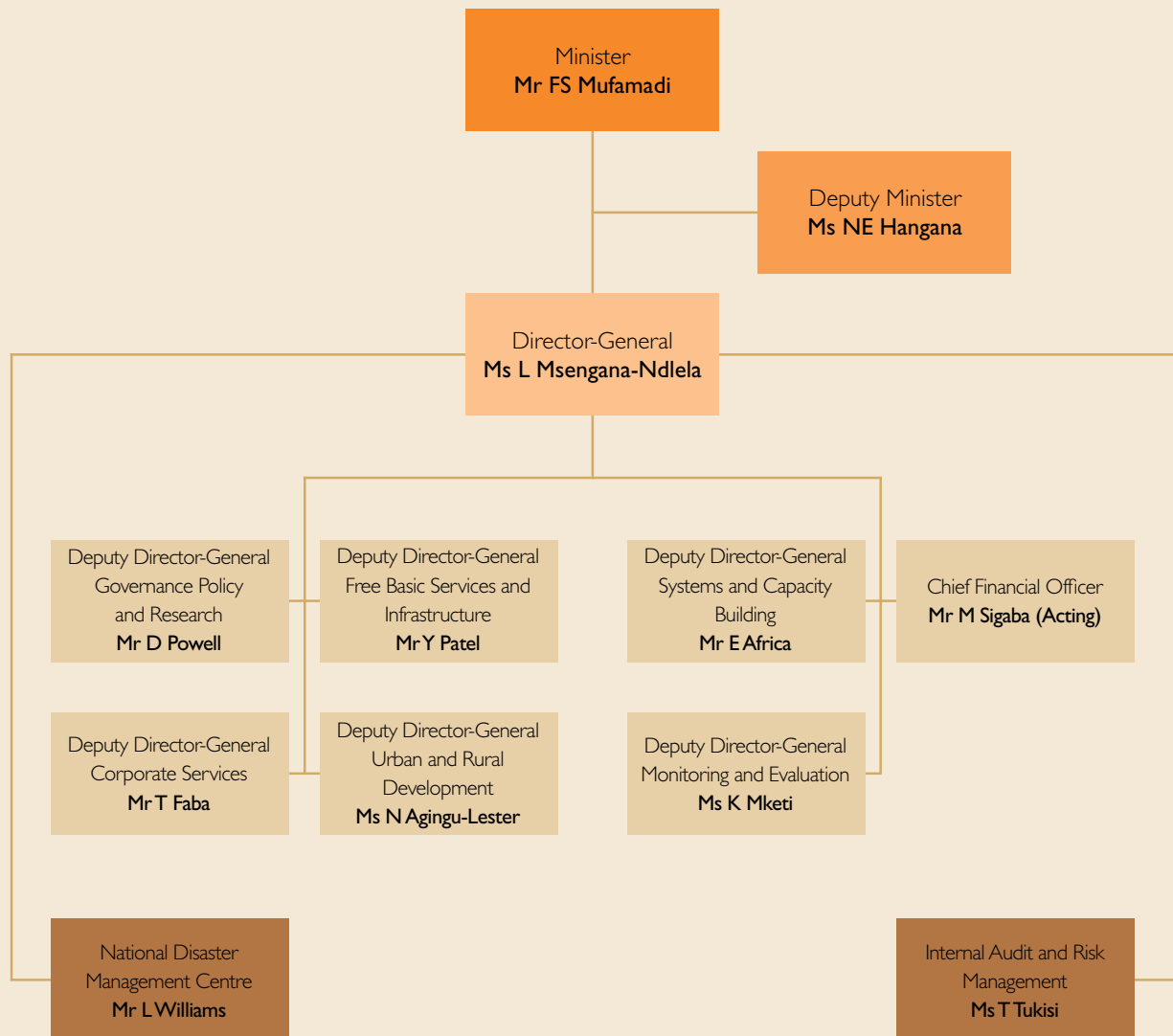
The **dplg**'s mandate is derived from Chapters 3 and 7 of the Constitution of the Republic of South Africa, 1996, hereafter referred to as the Constitution.

As a national department our function is to develop national policies and legislation with regard to local government, and to monitor; inter alia, the implementation of the following:

- Intergovernmental Relations Framework Act, 2005 (Act No. 13 of 2005)
- Municipal Property Rates Act, 2004 (Act No.6 of 2004);
- Local Government: Municipal Finance Management Act, 2003 (Act No.56 of 2003);
- Traditional Leadership and Governance Framework Act, 2003 (Act No.41 of 2003);
- Disaster Management Act, 2002 (Act No.57 of 2002);
- Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000);
- Local Government: Municipal Structures Act, 1998 (Act No.117 of 1998);
- Local Government: Municipal Demarcation Act, 1998 (Act No. 27 of 1998);
- White Paper on Local Government (1998).

Annexure A provides a complete list of legislation administered by the **dplg**.

## ORGANISATIONAL STRUCTURE





## OUR VISION

A capable and well integrated system of government working together to achieve sustainable development and enhanced service delivery in a developmental state.



The second chapter of the report provides the dplg's aim, strategic objectives and programmes as well as the achievements during the year under review.

It also provides a summary of the purpose, measurable objective, the service delivery objectives and indicators, programme developments of dplg programmes as well as the performance information per programme in the tables.



CHAPTER 02

---

Programme  
Performance

# INTRODUCTION AND GENERAL INFORMATION

## 2.1 Summary

Appropriation	
Final appropriation by Vote 5	R 30 037 000 000
Statutory appropriation	R nil
Responsible Minister	Minister for Provincial and Local Government
Administering Department	Department of Provincial and Local Government
Accounting Officer	Director-General of Provincial and Local Government

### 2.1.1 Aim of vote

The aim of the **dplg** is to develop and promote a national system of integrated and co-operative governance and to support provincial and local government.

### 2.1.2 Key Strategic Objectives, Programmes and Achievements

The department had adopted the following five strategic objectives, which have guided the development of specific measurable objectives, projects, outputs, outcomes and the setting of the performance indicators with its baselines and projections:

1. To build and enhance the governance system in order to enable sustainable development and service delivery;
2. To oversee the implementation of the intergovernmental programme of support to the Institution of Traditional Leadership to perform their constitutional mandate;
3. To build and strengthen the capability and accountability of Provinces and Municipalities to implement their constitutional mandate;
4. To monitor, evaluate and communicate the impact of government programmes in municipal areas in order to enhance performance, accountability and public confidence;
5. To strengthen the **dplg's** organisational capability and performance to deliver on its mandate.

### 2.1.3 Introduction to departmental programmes

The activities of the Department of Provincial and Local Government are organised under the following seven programmes:

- Programme 1: Administration (Corporate Services and Monitoring and Evaluation)
- Programme 2: Governance, Policy and Research
- Programme 3: Urban and Rural Development
- Programme 4: Systems and Capacity Building
- Programme 5: Free Basic Services and Infrastructure
- Programme 6: Provincial and Local Government Transfers
- Programme 7: Fiscal Transfers

### 2.1.4 Achievements

We are pleased to record some of our significant achievements for the period under review. These achievements add on a solid base that we have firmly secured over the years as we continue to improve our services in an effort to deliver on our commitments. The achievements are:

#### (i) Policy

The policy review of the system of provincial and local government is arguably one of the most significant reviews that we have undertaken. Many lessons have been learnt during the last thirteen years of practice, with respect to the functionality of the system of provincial and local government, beginning from the establishment of the provincial system of government in 1994-1996, and to the advent of a democratic system of local governance in 2000. These lessons have demonstrated the complexity of the cooperative governance system and its impact on the ability of the three spheres to achieving their developmental mandate.

This policy process has generated discussions and received inputs from various sectors of society. The first phase of the policy review was initiated in July 2007 with a public call for



responses to key questions in respect of provincial and local government. This public process was complemented by a comprehensive research programme.

### (ii) Traditional Leadership

Strengthening institutions of traditional leadership and building the capacity of traditional leadership is a key element in our efforts to improve the governance system for South Africa and the quality of life for traditional communities. During the 2007/08 financial year, we finalised a government wide national programme of support to the Institutions of Traditional Leadership and a policy on Khoi-San communities. In addition, we developed and proposed to Cabinet the adoption of a government-wide National Support Programme for Traditional Leadership. Cabinet also approved our recommendation for a dedicated national department responsible for traditional leadership within our Ministry.

### (iii) Provincial Government

Our focus on the role of provincial government had led us to facilitate discussions and support programmes through Intergovernmental Relations (IGR) structures, such as the President's Coordinating Council. In the past year, these discussions included the following:

- The support programmes that are leading to improvements in provincial spending and audit outcomes of provinces of 2006/07 financial year as compared to 2005/06 financial year;
- The strengthening and alignment of Provincial Growth and Development Strategies (PGDSs) to local Integrated Development Plans (IDPs) and the National Spatial Development Perspective (NSDP);

- Undertaking comprehensive capacity assessments of the Offices of the Premier and Provincial Departments of Local Government and developing an improvement framework arising from the findings of the assessments;
- Specific support initiatives that have assisted provinces to implement the Intergovernmental Relations Framework Act.

### (v) Capacity Building and Hands-on-Support

The 'Project Consolidate' initiative (2004-2006) has enabled the three spheres of government to gain a better understanding of the challenges that face local government. As a result, our department has been able to mobilise for higher levels of hands-on-support to municipalities. This approach has been mainstreamed throughout government, through the adoption of the Local Government Strategic Agenda for the current term of local government (2006-2011). In the past year, a total of 105 municipalities were able to work with technical experts and professionals who were deployed as part of this programme. Other successes in capacity building include the following:

#### Municipal Transformation and Institutional Development

With targeted support on integrated development planning, all municipalities were once again able to achieve 100% adoption rate of IDP's on time in 2007/08. In 2006/07, municipalities also achieved a 100% adoption rate, in comparison with a 98% adoption rate in 2005/06).

In addition to this, the **dplg** has introduced initiatives to enhance performance management systems within municipalities. Following the publication of the Performance Management Regulations in 2006, the vacancy rates at management level are starting to decrease. For example,

“In the last year, we have seen some improvements, for example, the timeous submission of Annual Financial Statements (AFSs) by municipalities improved from 69% to 81% as compared to the previous financial year.”

the vacancy rate of municipal managers has decreased from 22% as at the end of September 2007 to 12% by 31 March 2008.

#### **Financial Management and Viability**

Good financial management remains a key challenge at municipal level. In the last year, we have seen some improvements. For example, the timeous submission of Annual Financial Statements (AFSs) by municipalities improved from 69% to 81% as compared to the previous financial year. The establishment of Internal Audit Committees has marginally improved from 72% to 74% whilst the vacancy rate of Chief Financial Officers (CFOs) decreased from 19% to 17%. In the new year, we will be working with provinces, municipalities, National Treasury and the Office of the Auditor-General to address the remaining challenges.

#### **Local Economic Development (LED)**

At a national level, the publication of the LED Framework in 2006 was an important development. Provinces are playing a key role in supporting municipalities with the implementation of LED strategies and resolutions of Growth and Development Summits (GDS) that were held in Metros and Districts. Other important partners in supporting provinces and municipalities in LED are the Department of Trade and Industry (DTI), Economic Development Agencies, the European Union (EU) and the German Agency for Technical Co-operation (GTZ).

#### **Disaster Management**

With regard to improving capacity for disaster management, our initiatives have focussed on the development of unit standard qualifications in relation to creating a career-path

for disaster management. We have, through the National Disaster Management Centre, registered the unit standards for the National Qualifications Framework (NQF) levels 3 to 7 with the South African Qualifications Authority (SAQA). We have also developed regulations for Disaster Management Volunteers. We hope that these efforts will enable municipalities to recruit volunteers in larger scales.

Our preparations for the FIFA 2010 Soccer World Cup are at an advanced stage. We have established a 2010 National Disaster Management Steering Committee and adopted a 2010 Disaster Management Policy document. To date, disaster management centres have been established in 5 of the 9 host cities and disaster management host city plans are in place in 7 of the host cities. We aim to support the remaining host cities to establish these centres.

#### **Youth, people with disabilities and women programmes**

We are responsible for coordinating national equity related programmes in local government, including programmes on women, youth, people with disabilities and HIV/AIDS. We have started to engage organised structures of the youth and young people to be involved in local government programmes. We have also placed emphasis on skills development for municipal infrastructure and local economic development. The 16 Days of Activism Campaign for No Violence against Women and Children was extended to reach rural areas and involving men as partners in fighting this scourge. We have also developed framework documents that will assist municipalities to implement national policies in respect of equity and HIV and AIDS programmes.

In 2008/09, we will provide support to municipalities in the roll out of Frameworks as it relates to HIV and AIDS, Gender, Disability and Youth Development. We will also intensify our support of the 16 Days of Activism Campaign.



### (vi) Public Participation

The thrust of the **dplg**'s support effort in respect of public participation has focused on improving the involvement of communities in local decision-making, and in the implementation of development programmes. Some municipalities have managed to institutionalise public participation and communication systems in their daily operations.

Support to the ward committee system has seen a greater focus on community-driven development, with many municipalities committing resources to ward functioning and ward/community based planning. Accredited training material was developed and launched to assist in the ward committee capacity building process.

Working together with the Department of Public Service and Administration (DPSA), we have supported the implementation of the Community Development Worker (CDW) programme. The CDWs continue to play a critical role in working with indigent households and in supporting government in the fight against poverty.

Support to municipalities in developing and implementing anti-corruption strategies was intensified with a total of 89 municipalities being supported in 2007/08. Through assistance from the South African Local Government Association (SALGA), provincial government and donors, municipalities have been assisted to develop anti-corruption intervention in the following target areas: procurement; housing; employment practices; customer care hotlines as well as overarching anti-fraud and corruption policies and strategies.

This year, we will continue to support municipalities to deepen local democracy and establish and develop effective

public participation systems. This extends beyond the focus on improving the functionality of ward committees. It includes support for the communication strategies and programmes of municipalities as well as proper complaint management systems that enable responsiveness to the differentiated needs of communities that reside in municipalities.

To further strengthen our efforts of increasing the public participatory processes, we will also be building capacity for language facilitation in local government. This will be launched through a multilingualism conference in June 2008. We will also intensify our support in the rollout of the Local Government Anti-Corruption strategy to 150 municipalities.

### (vii) Stakeholder Mobilisation

The success of our work is dependent on interaction and co-ordination with stakeholders and partners. While we have delivered joint projects successfully, the approach has not always been structured. Hence, there will be emphasis on establishing improved mechanisms to ensure that stakeholder mobilisation is formally incorporated into the **dplg** model of operations and management.

### (viii) Monitoring and Evaluation

We have initiated projects focused on developing a fully fledged local government monitoring, reporting and evaluation system. Provinces have been engaged in a systematic process developing a core set of local government indicators. Together with National Treasury, this has also included a process to streamline reporting between local, provincial and national government on matters relating to local government performance.

“With regard to the role of the **dplg**, it is important to note that the Department does not render direct services to the public as some government departments usually deliver. It has more of a coordinating and facilitating role in engaging different government spheres and role players to support and assist local government.”

In 2008/09, we will intensify the support programme for monitoring and evaluation in provinces and municipalities.

#### (ix) Knowledge Management and Innovation

At the **dplg**, we will seek to build a coherent governance framework that supports, enables and empowers the local sphere of government. Accordingly, we adopt innovative models such as Action Learning, and a programme of Research and Innovation that informs the policy process, and improve service delivery models. Knowledge management and the process of building capacity through shared learning are central to this notion of innovation. We will utilise International Relations (IR) and the Official Development Assistance (ODA) programme to develop and implement innovative development programmes.

### 2.1.5 Overview of the service delivery environment for 2007/08

An overview of the context within which the **dplg** operated and implemented its strategic plan in 2007/08, especially with reference to the environment in which its primary stakeholders, i.e. provincial and local government functioned, is provided below.

Project Consolidate (2004-2006) and the subsequent Five Year Local Government Strategic Agenda (LGSA) (2006-2011) had succeeded in bringing about an improved systemic performance of local government, but a number of municipalities continued to experience organisational leadership and delivery capacity constraints. The aim of the LGSA therefore included positioning institutions such as national sector departments, provincial government and the institutions of traditional leadership better to support and complement the work of municipalities. The department

of expertise to support municipalities continued in the year which included planning, technical and financial management assistance. The Presidential Izimbizo programme of visits to provinces and municipalities, which gave community members the opportunity to interact with the different spheres of government led by the President, also assisted municipalities as action plans of issues raised were developed and continuous monitoring and reporting of such issues occurred.

With regard to the role of the **dplg**, it is important to note that the department does not render direct services to the public as some government departments usually deliver. It has more of a coordinating and facilitating role in engaging different government spheres and role players to support and assist local government.

Relevant aspects of the environment in provinces and municipalities with specific reference to the five Key Performance Areas of Local Government are indicated below:

- With regard to Service Delivery and Infrastructure, there was a substantial improvement in the levels of service delivery by municipalities as shown by the Community Survey of Statistics South Africa, 2007 (which compared service delivery statistics between 2001 and 2007). However, in general, infrastructure backlogs on especially water, sanitation, electricity and refuse removal remained high in 2007/08, most notably in more rural municipalities. This resulted in continued pressure on municipalities and provincial governments to address the substantial infrastructure and service backlogs. Municipalities were also required to put emphasis on meeting the more immediate targets set by national government, e.g. with regard to the eradication of buckets that existed prior to 1994 and



are located in established residential settlements before the end of December 2007. Special effort went into the eradication of bucket backlogs and Government came close of completely removing the bucket-system of sanitation in such areas. With regard to access to Free Basic Services, indications were that the percentage of indigents, who had access to Free Basic Water and Free Basic Electricity respectively, was 77% and 73% as at March 2008.

- Preparations with regard to infrastructure development for the 2010 FIFA World Cup in the bigger host cities commenced and continued in 2007/08. With regard to infrastructure spending in terms of the Municipal Infrastructure Grant (MIG), municipalities managed to further improve spending patterns, e.g. as much as 35% between 2006/07 and 2007/08. The disestablishment of the previous cross boundary municipalities also continued to have an influence in certain provinces and municipalities. Although relevant implementation protocol and service level agreements between the respective provinces came to an end by 31 March 2007, the receiving provinces had to plan for and render additional support to such municipalities that were now included within their areas of jurisdiction.
- Concerning Local Economic Development (LED) there was a need for municipalities to have an enhanced focus on economic development and income generating activities which would also contribute to improving the financial viability of municipalities. Many District Municipalities convened their Growth and Development Summits and resolutions from these summits have been fed into the Integrated Development Plan (IDP) Review processes. The **dpig's** Framework for Stimulating Local Economies (2006) contributed in raising the profile of economic development issues and also assisted in giving clarity and direction to LED strategy development. The work on the economic profiling of the 21 urban and rural development nodes in the country also contributed positively to identifying support needs and key interventions that need to be directed to each of the nodes.
- With regard to Municipal Financial Viability local government's share of revenue raised nationally continued to increase over the past few years from 3,3% (R8,1 billion) in 2002/03 to 6,6% (R30,5 billion) in 2007/08. While considerable progress was made with the budgeting process, municipalities were still facing some challenges - particularly with regard to quality and timely in-year reporting information, ability to collect revenue that was billed to consumers for services rendered, and their inability to spend capital budgets.
- With reference to Municipal Transformation and Institutional Development the municipalities in general continued to make significant progress in complying with legislation passed in recent years which aim to ensure accountable and sustainable municipalities. Such legislation include the Disaster Management Act, 2002, national and provincial legislation on traditional leadership, the Local Government Municipal Finance Management Act (MFMA), 2003, the Municipal Property Rates Act, 2004 and the Intergovernmental Relations Framework Act, 2005. The alignment of the Provincial Growth and Development Strategy (PGDS) with other strategic processes continued to improve across all provinces as well as the participation of sector departments in the development and implementation of the PGDS. The filling of Municipal Manager (MM) and Section 57 manager posts were continuously monitored and reported on and there was for example a positive trend in the filling of vacant MM and Chief Financial

“The development of more credible municipal IDPs through planning sessions engaging relevant role players from different government spheres made a positive impact in this regard. A positive trend also was that more district municipalities started conducting customer satisfaction surveys which indicates an increasing realisation of the importance of client orientated service delivery. ”

Officer positions by the end of 2007. With regard to the MFMA there was a positive trend in the number of municipalities that established internal audit committees, or had shared audit committees, and there was also an improvement in the number of municipalities that submitted their Annual Financial Statements by the due date of 31 August 2007.

- With regard to Public Participation and Good Governance, despite a comprehensive institutional framework for public inclusion in municipal governance, the quality of communication between council and communities required improvement. The development of more credible municipal IDPs through planning sessions engaging relevant role players from different government spheres made a positive impact in this regard. A positive trend also was that more district municipalities started conducting customer satisfaction surveys which indicates an increasing realisation of the importance of client orientated service delivery.

Towards the end of the period the disruptions in the supply of electricity posed a challenge and provinces and municipalities had to plan and implement energy saving measures. Trends in macro-economic factors, especially the incremental increases in interest rates and higher inflation, (caused by food and fuel prices) led to a decline in discretionary income by consumers. This especially affected the poor negatively.

Towards the end of the 2007/08 financial year, in February 2008, President Thabo Mbeki delivered his annual State of the Nation Address (SONA). The President made a number of pronouncements including a need for the country to operate in a “Business Unusual” environment with the aim of achieving and delivering on government’s programmes at a faster pace. The President announced the Apex priorities

in terms of which the three spheres of government committed to use the remainder of the government term to accelerate progress towards the achievement of the identified priorities. These include the further acceleration of economic growth and development, speeding up the process of building the infrastructure needed to achieve economic and social goals, skills development and capacity building; improving the effectiveness of interventions directed at the second economy and poverty eradication; and further strengthening the machinery of government to ensure that it has the capacity to respond to development imperatives.

### 2.1.6 Overview of organisational environment for 2007/08

Internally, issues such as organisational alignment, appropriate staffing levels, effective human resources development and management systems were identified as challenges requiring attention to optimise the performance of the organisation.

Some branches were affected by vacancies in Executive Management at the start of the year, but had succeeded in building their staff levels through intensive recruitment. The **dplg** staff worked long hours to make up for limited capacity. Despite such problems, the FBSI branch has managed to partner with a range of different organisations and initiatives to ensure that core responsibilities can be fulfilled. For example, funding was secured through the European Union for community participation. The USAID supported **dplg**’s coordination role on the bucket eradication programme and has extended this support to the water programme. The Local Government SETA has committed resources for ward committee training. The FBSI branch works closely with the German Agency for Technical Cooperation (GTZ) and also receives support through the Netherlands





funded Masibambane programme. The URD Branch had in partnership with the Business Trust completed Local Economic Development Profiles which had highlighted economic potential in the nodes and the steps required to unlock them. The Systems and Capacity Building Branch had mobilised partners that include the Development Bank of Southern Africa (DBSA), Illima Trust, GTZ and USAID in its rolling out of hands-on support to municipalities through Service Delivery Facilitators (SDF's).

The magnitude of the **dplg's** expected contribution to government's programmes has not always been proportional to the capacity and capability of the organisation. Hence, there is an ongoing need to develop our human and institutional capabilities. During the period under review a significant number of existing and new staff members received training in various fields. The department will continue to address the challenges of staff retention and the turnover rate through its strategic resourcing. The department had adopted a strategic approach to recruitment through the extension of partnerships with recruitment agencies specifically to focus on the recruitment of critical and specialised skills. The focus on continuous improvement of performance resulted in a review of the Performance Management and Development System (PMDS) and processes of the department during the financial year. We will continue to monitor the effective implementation of the PMDS with the intention to improve performance in the department.

### 2.1.7 Policy developments

The major policy development in the **dplg's** sphere had been the review of the provincial and local government system. In January 2007, Cabinet had mandated the Ministry and the **dplg** to develop a policy framework on provincial government and to review the white paper on

local government. In January 2008, Cabinet decided that a consolidated draft white paper on provincial and local government should be submitted to the July 2008 Extended Cabinet meeting, and the finalised white paper be submitted to the January 2009 Extended Cabinet meeting.

The review commenced with a public submissions process on the 31st of July 2007. The **dplg** published sixty-five questions on provincial government, local government and cooperative governance. The public was given until the 31st of October 2007 to respond to these questions. One hundred and sixty one (161) submissions were received from all sectors. In parallel a comprehensive programme of research was launched covering many aspects of governance and practice. Interviews were held with a broad sample of practitioners. Various consultations were held with public institutions and experts in particular fields. Extensive use was made of secondary research, including the research that other departments had commissioned and case studies based on analytical field work. The body of experience and practice that has accumulated over the last fourteen years was carefully sifted and examined.

The review presents a series of options to address the findings that have emerged out of it. These options range from options for major institutional reform to provincial government, the two-tier system and the arrangement of powers and functions, to options aimed at enhancing the effectiveness of provincial and local government within the existing constitutional framework.

“Our information technology and management processes have ensured the successful implementation of the server consolidation and virtualisation project which improved reliability and robustness, ensuring maximum uptime and utilisation of the infrastructure.”



Deputy Director-General: Mr Tozi Faba

## PROGRAMME 1: ADMINISTRATION (CORPORATE SERVICES)

### 2.2.1 Purpose

The Corporate Services programme has a purpose of providing for the management, leadership and administration of the department and to strengthen corporate capacity underpinned by a value based and client focused performance culture.

### 2.2.2 Measurable objective

Effective leadership, management and administrative support to business units of the **dplg** ensured, through continuous refinement of corporate policies, structures and systems in compliance with legislation and best practice and championing Batho Pele principles and service delivery.

### 2.2.3 Service delivery objectives and indicators

The Corporate Services branch has over the past year endeavored to increase the utility, visibility and quality of its

services in order to enhance the overall performance of the department. Our communication efforts have contributed to increasing the brand and profile of the department and its programmes, events and initiatives through an effective combination of marketing and communication approaches. Our information technology and management processes have ensured the successful implementation of the server consolidation and virtualisation project which improved reliability and robustness, ensuring maximum uptime and utilisation of the infrastructure. Effective management, maintenance and support on our back-end environment can now be carried out on a regular basis. The Human Resource Development (HRD) unit has contributed to building internal capacity, and has also established a vibrant internship programme that provides work experience for inexperienced graduates. By end of March 2008, 26 Interns were placed, which constitutes 5% of the organisation's establishment. Subsequently four of the Interns were permanently placed in the department.



“A further key milestone during this financial year for the unit was the approval of the Local Government Communication System guidelines in June 2007 by the President’s Coordinating Council (PCC).”

#### 2.2.4 Programme Developments

The programme Corporate Services is divided into four Sub-Programmes:

##### 1. Internal Communication and Marketing

In order to implement its mandate to provide strategic communication support function to the department, the unit heightened the brand and profile of the department and its programmes, events and initiatives through an effective combination of marketing and communication approaches.

Key focus areas for the year included communication around the first of several of government’s milestones towards the attainment of the Millennium Developmental Goals (MDGs) as incorporated in the **dplg**’s Bucket Eradication Programme. An extensive communication process was undertaken incorporating electronic and print broadcasting tools through extensive aggressive community liaison effort.

Awareness of the department’s brand and programmes was done through effective advertising (print and electronic), exhibition tools (for example at the Rand Easter Show, sector exhibitions, and others), and through the production of other publicity materials. Effective communication support was given to key initiatives of the department including the Vuna Awards for local government performance excellence, 16 Days of Activism for no Violence against Women and

Children, the Policy speech of the Minister, the Mayors’ Conference and the Youth Summit on Infrastructure.

A further key milestone during this financial year for the unit was the approval of the Local Government Communication System guidelines in June 2007 by the President’s Coordinating Council (PCC). Thereafter, the guidelines were implemented immediately at the following instances, through presentations to the provincial and local IGR fora, training sessions for communication functionaries, launches of District Communication fora, Councillor training on communication and even in the appointment of communication functionaries in municipalities.

##### 2. Development Communication and Stakeholder Relations

The sub-programme, Development Communication and Stakeholder Relations, developed and implemented the communication strategy for the department, its sub-programmes such as Free Basic Services (FBS), Urban Renewal Programme (URP), Integrated Sustainable Rural Development Programme (ISRDP), Anti-Corruption and Local Government Leadership Academy (LOGOLA) as well as for various service delivery campaigns.

The sub-programme also ensured that information on key **dplg** programmes was availed to the media, the public and relevant stakeholders through various communication campaigns and tools, including nodal champion visits, the

website, publications (Urban News and Rural Focus), brochures and leaflets as well as exhibitions.

The sub-programme also supported the Presidential and Ministerial Izimbizo programme in various Provinces through logistical planning, development of communication strategies and the implementation thereof. The plans included media liaison, exhibitions, community and stakeholder mobilisation and participation.

The sub-programme further contributed to the National Communicators Forum and provided support to various communications clusters, especially the Governance & Administration and Social Sector Clusters. It also assisted to drive communications for special projects within the Local Government Strategic Agenda (LGSA); promoted regular interaction between the three spheres of government; and coordinated and managed the **dplg** participation in interdepartmental relations support through fora and committees.

### 3. Information Technology and Management

The Information Technology and Management unit had adopted the Information Technology Infrastructure Library (ITIL) best practices in an effort to improve the delivery of services to all **dplg** users. All Information Technology and Management permanent staff were trained on the ITIL foundation course. The major boardrooms in the various buildings occupied by the **dplg** were equipped with video conferencing, presentation and recording facilities. This contributed to effectiveness in the day-to-day operations of the department and saves time and costs. Successful implementation of the server consolidation and virtualisation project had improved the reliability and robustness of the department's information technology and ensures maximum uptime and utilisation of infrastructure. Effective management, maintenance and support on the back-end environment can now be performed on a regular basis.

The website for the Urban and Rural Development Programmes has been revamped internally, including an administrative console that caters for URP stakeholders and visitors to manage documents, policies and newsletters. The departmental intranet and internet facilities have been revamped giving a new look and feel in line with the **dplg** branding. The Electronic Records and Document Management Systems (EDRMS) has been rolled out to the Ministry and one line function branch to better manage the flow of documents and records in line with the departmental file plan.

### 4. Human Resource Management and Development

The purpose of the Chief Directorate is to render organisational support, human resource management, human resource development as well as administrative support services to the **dplg**.

#### Staff Retention

A key focus area during the period was the improvement of staff retention and reducing the turnover rate. The department's organisational structure increased from 472 posts in 2006 to 509 posts in 2007/08. This increase in posts had an impact on the vacancy rate. Out of the total turnover rate of 22.8% resignations constituted 14.5% whilst the remaining 7.6% was largely due to transfers to other departments, retirements and natural attrition. The department will continue to address the challenges of staff retention and the turnover rate through its strategic resourcing.

#### Organisational Effectiveness

To achieve the vision of an organisation that is not only efficient and effective, but also sufficiently flexible and resilient to meet the service delivery demands, the sub-programme played a pivotal role in adapting its practices to retain and enhance the department's reputation of management competence to execute and achieve significant performance. To support the department's vision, the sub-programme initiated a change management programme that will eventually lead to the development of strategies in order to effectively support our corporate strategies.

#### Employment Equity and Transformation

In addition to achieving the demographic profile as promulgated by the Employment Equity Act, 1998, the current **dplg** focus has been on sustaining the imperative for diversity in the department and thus encouraging employees to place more emphasis on this versus the legal imperatives for equity and transformation, as the latter will not be sustainable on its own. At the end of the financial year, the **dplg** had achieved the target of 75% Black people and 39% representation of women in the Senior Management Service (SMS). Currently the department employs five (5) people with disabilities, which represents 1% of the total establishment.



“The department took a multifaceted approach to Corporate Wellness and introduced a staff motivational programme that included guest motivational speakers and staff Izimbizo for employees to interact on informal levels and to build stronger teams.”

An ongoing challenge for the **dplg** is to improve and sustain the level of diversity at the SMS levels. The department aims to increase the number of people with disabilities in the workplace and the number of women at the senior management service levels.

#### **Organisational Capacity**

The development of organisational capacity is aligned with the performance management process of the department. The objective in terms of capacity development is to build high-level competence and proficiency for all levels of staff. The department's investment in capacity development over the past year was R1 901 796.38 (1.3% of its payroll).

In addition to building internal capacity, the department established a vibrant internship programme that provides work experience for inexperienced graduates. In the past financial year, the department placed 26 interns. Four of the interns were employed permanently in the department.

#### **Customer Support and Service Delivery Enhancement**

To enhance the culture and performance of the department, Corporate Services initiated the development of service standards and a Corporate Service Charter. To impact positively on the delivery of services to our external customers and citizens, Service Delivery Plans were

developed with each of the line function branches. The department made available to the public an Annual Report to Citizens, which can be accessed on the **dplg** website.

#### **Employee and Corporate Health and Wellness**

Underpinning the core values of the department is the objective of fostering and encouraging a culture of employee engagement and participation. In order to achieve this objective, employee health and wellness was introduced as a key initiative and programme. Over the past year, the employee health and wellness programme emphasised personal health and wellness, including physical fitness, proper nutrition and the HIV and AIDS Workplace Management Programme with a specific focus on promoting responsible healthcare decisions.

The department took a multifaceted approach to Corporate Wellness and introduced a staff motivational programme that included guest motivational speakers and staff Izimbizo for employees to interact on informal levels and to build stronger teams.

The Employee Assistance Programme actively provided resources and/or the referral to other resources when needed by employees to resolve personal or professional problems or crises.



### Performance Management and Development

The focus on continuous improvement of performance resulted in a review of the Performance Management and Development System (PMDS) and processes of the department during the financial year. We will continue to monitor the effective implementation of the PMDS with the intention to improve performance in the department.

### Strategic Resourcing

To ensure and maintain appropriate staffing levels the **dplg** focuses on recruiting the best talent for all branches. While constrained by the narrow skills base in the labour market we will nevertheless apply effective recruitment practices in order to ensure statutory compliance with the Employment Equity Act. As at 31 March 2008, the Department had 509 employees and 91 vacant posts (418 permanent and 18 additional to the establishment).

The department adopted a strategic approach to recruitment through the extension of partnerships with recruitment agencies specifically to focus on the recruitment of critical and specialised skills. The department also engaged with recruitment agencies that specialise in the recruitment and placement of people with disabilities. Plans are already in place to address identified challenges associated with the recruitment of persons with disabilities. A report on the **dplg's** readiness and status to improve disability employment statistics was finalised and presented to the department's Executive Committee during the 2007/08 financial year. The recommendations contained in the report will be implemented during the 2008/09 financial year.

The **dplg** views its retention and scarce skills plans as an integral part of its HRD strategy. In the financial year under review, the department developed a Succession Policy to guide the implementation of a system of succession planning for scarce/critical skills posts. The objective is to build and increase the pool of suitably qualified employees for middle and senior management succession to higher posts, with particular emphasis on groups whose promotion will promote employment equity.

### Administrative Support Services

To contribute to the achievement of the **dplg's** overall strategic objectives, the Directorate has provided an adequate, safe, secure and healthy office environment and also ensured effective and efficient administrative support functions. Achievements of note include the training of 30 officials on Occupational Health and Safety (OHS) to comply with OHS legislation. Further accomplishments include the procurement of 248 licenses for the Electronic Document and Records Management System (EDRMS) for use by Senior Management Service, the installation of electronic Access Control and a CCTV monitoring system at the 508 Proes Street (Nosa) Building and the implementation of energy efficiency measures. Further accomplishments include the development, revision and implementation of administrative policies and the development of a Cost Containment Strategy for travel management, which yielded a cost saving of R453 070,25 on travel. The Unit further improved on the delivery and support of external service providers through the implementation of Service Level Agreements.

## 2.2.5 Service Delivery Achievements

The progress for the programme Administration against selected medium term output targets are provided below:

Sub-programmes	Outputs	Measures/ indicators	Actual performance against targets	
			Target	Actual
Development Communication and Marketing	Finalisation of corporate communication policies and strategy	Approved policies and communication strategy	Communication strategy approved and implemented	<p><b>Achieved</b></p> <p>Communication strategy and plans developed and implemented for the following: the <b>dplg</b>, FBS, MDGs (bucket eradication), Anti-corruption, LOGOLA, and four nodes as per request</p> <p>Brand awareness heightened advertising exhibitions (e.g. Rand Show, sector exhibitions, etc), and production of publicity materials</p> <p>Communication support provided to Vuna Awards, 16 Days of Activism Campaign, Policy Speech, Mayor's conference, Youth Summit, Production of statements: Annual Report and Strategic Plan. Revamp of foyer project executed</p>
	Nodal communities and stakeholders informed about ISRDP/URP progress and successes	Number of events supported in the nodes	Communication support to eight nodal events	<p><b>Achieved</b></p> <p>Nodal events executed Portfolio Committee and Political champion visits; Launch of the Economic Profiles and Launch of LED twinning partnership</p>
		Successful Izimbizo implemented	Communication support to Izimbizo	<p><b>Achieved</b></p> <p>Support provided to following izimbizo: City of Johannesburg, City of Cape Town, Ukhahlamba and uThukela District Municipalities</p>
External communication and marketing	Conduct perception audit	<p>Audit findings available</p> <p>Media profile analysis</p> <p>Tracked perception index</p>	Perception surveys and other analysis reports conducted	<p><b>Partially Achieved</b></p> <p>Perception audit underway with desktop research phase</p>

Sub-programmes	Outputs	Measures/ indicators	Actual performance against targets	
			Target	Actual
	LGCS implementation	Approved guidelines	Communication capacity enhanced and structures set up within the three spheres of government	<p><b>Achieved</b> LGCS guidelines approved by PCC. LGCS guidelines implemented through: -presentations to provincial and local IGR fora and training sessions for communication functionaries</p> <p>Launch of District Communication for Councillor training on communication Influencing the appointment of communication functionaries in Municipalities</p>
Human Resources Management and Development	Customer service and service delivery enhancement	% of Service standards developed as per service offering	Customer satisfaction survey of CS clients	<b>Achieved</b> Service standards developed and Corporate Service Charter developed
		% of needs analysis reports per CS client register	Service delivery reports per CS client register	<b>Achieved</b> The Service Delivery Improvement Plan (SDIP) was developed for the department and submitted to the DPSA
	Organisational development and change management	Development and approval of organisational structure by target date	Design and implement new organisational structure	<b>Partially Achieved</b> Organisational structure for 2008/09 is developed
		Change management strategy	Change management strategy work shopped and approved	<b>Partially Achieved</b> Focus groups and interviews conducted with individual DDGs
		% increase of staff motivation levels	Interventions for staff motivation implemented and reported on	<b>Achieved</b> Multifaceted approach adopted in developing the motivational programme for the department. Interventions included, amongst others, guest motivational speakers, Staff Imbizo for employees to interact on informal levels, the Wellness Day which featured, health assessments, voluntary HIV testing, etc.



## PROGRAMME 1: ADMINISTRATION (CORPORATE SERVICES)

Sub-programmes	Outputs	Measures/ indicators	Actual performance against targets	
			Target	Actual
Human Resources Management and Development		% compliance with implementation of Performance Management and Development System (PMDS)	Review and enhancement of the implementation of the PMDS	<b>Achieved</b> Reviewed and facilitated the implementation of the PMDS through ongoing communication/ workshops, follow-up interventions and status reports
	5.1.5 Roll-out Anti-corruption and fraud prevention strategy for <b>dplg</b>	Approved anti-corruption and fraud prevention strategy by target date	Anti-corruption and fraud prevention strategy developed and implemented	<b>Achieved</b> Anti-corruption and fraud prevention strategy developed and implemented. Anti-corruption and whistle blowing policy developed
			Anti-corruption awareness initiatives developed and rolled out	<b>Achieved</b> Internal Anti-corruption campaign launched and awareness material distributed
	HRM&D strategy development, policy review and alignment	% of staff trained in alignment with departmental workplace skills plan	HRM&D Strategy developed and adopted	<b>Partially Achieved</b> Five Year HR plan developed in process of consultation
		% of staff retained		<b>Achieved</b> Training conducted as per training calendar in which at least 66% of staff participated
		% levels of staffing within <b>dplg</b>	Quarterly and annual report on strategy implementation	<b>Partially Achieved</b> The Succession Planning Policy was drafted and broadly consulted. The Implementation of the Policy is planned for 2008/09

Sub-programmes	Outputs	Measures/ indicators	Actual performance against targets	
			Target	Actual
Human Resources Management and Development	HRM&D strategy development, policy review and alignment	Number of staff with career management plans in place	Realigned policy and procedures e.g. recruitment and selection; Career management and succession planning	<p><b>Achieved</b> The Employment Equity Policy and departmental Bursary policies were reviewed and procedures realigned</p> <p><b>Partially Achieved</b> Developed Succession Planning policy which was adopted by EXCO and presented to the Equity and Development Committee (EDC) for final consultation</p>
		% of policies as per HR best practice and legal requirements		<p><b>Achieved</b> Two key policies were reviewed to align with best practice and legal requirements, the departmental Bursary Policy and the Employment Equity Policy</p>
Information Technology and Management	Develop an ICT governance framework	% compliance with service standards	Governance framework completed and rolled out	<p><b>Partially Achieved</b> ICT Governance Framework completed and in consultation with SITA for finalisation</p>
	Coordination of the 5-year Local Government Strategic Agenda in relation to ICTs	No. of LG Fora attended No. of Municipalities connected and trained	Draft of an ISO20000/ Cobit implementation plan	<p><b>Partially Achieved</b> 248 municipalities are connected to the LGRC through the LGNet. During Phase I training 1496 users were trained</p>
Enhance organisational culture and performance	Financial Reporting and production of Annual Financial Statements	Prepare AFSs for financial year-end (31 March) and signed off by Accounting Officer (AO) by 31 May	Annual Financial Statements (AFSs) approved Unqualified audit report	<p><b>Achieved</b> Financial Statements for the year ended 31 March 2008 were completed and submitted to National Treasury and the Office of the Auditor-General</p>
Ensure efficient and effective use of organisational resources	Preparation of departmental annual budgets	% of budget completed by target date	National Treasury approved budget	<p><b>Achieved</b> ENE vote 29 developed and published</p>
	Finalise MTEF plan	% of MTEF planning completed by target date	MTEF submission completed	<p><b>Achieved</b> The budget process and adjustment estimate processes were completed successfully</p>

Sub-programmes	Outputs	Measures/ indicators	Actual performance against targets	
			Target	Actual
	Implementation of Supply Chain Management policies and procedures	% of the demand management plan developed by target date  % improvement in turn-around times  % Auditor General (AG) queries regarding procurement	Supply chain management policies and practices developed and implemented	<b>Achieved</b> A target of 56% of our procurement contracts awarded to historically disadvantaged organisations with more than 50.1% black ownership, including black women
	Input into Conditional Grant Framework	% of Final Draft Conditional Framework completed by 30 November	Conditional Grant Framework approved by National Treasury and implemented	<b>Achieved</b> Managed the processes outlined in the Division of Revenue Act, 2007, monitored and reported on expenditure by municipalities on the grant

“The department adopted a strategic approach to recruitment through the extension of partnerships with recruitment agencies specifically to focus on the recruitment of critical and specialised skills.”

“Our system for reviewing organisational performance has matured to a point where we are able to conduct performance gap analysis and provide an organisation-wide performance report. This has enhanced the quality of the **dplg** Quarterly Review Meetings, since we are now able to produce key resolutions and action plans while improving our performance tracking processes.”



Deputy Director-General: Ms Tumi Mketi

## PROGRAMME 1: ADMINISTRATION (MONITORING AND EVALUATION)

### 2.3.1 Purpose:

The purpose of the Monitoring and Evaluation programme is to monitor performance, evaluate service delivery and deepen corporate Governance values and practices.

### 2.3.2 Measurable objective:

Effective leadership, management and administrative support to business units of the **dplg** ensured, through continuous refinement of corporate policies, structure and systems in compliance with legislation and best practice, and championing Batho Pele principles and service delivery.

### 2.3.3 Service delivery objectives and indicators:

This Programme is now in its third year of implementation existence and is making steady progress towards ensuring

effective, efficient and optimal performance throughout the programmes of the department. This is performed through the improvement of monitoring and evaluation support systems that are provided to these programmes and also to provinces and municipalities.

The improvements have also enabled the department to strengthen certain processes of the good governance such as timeous development and submission of all compliance plans and reports. This highly useful management tool will be institutionalised, nurtured and sustained for future use thereby enhancing the institutional memory of the **dplg**.

The branch outputs for the 2007/08 financial year has built on the achievements of the previous financial year. Amongst the number of the outputs for the year under review that were achieved, the following stand out as some of the highlights of the branch performance.

The level and quality of the organisational planning continues to improve, very much evident in the development and



“Other major achievements include the provision of due diligence services and support, through the provision of sound legal services and a well-coordinated Intergovernmental Fora and Cluster system.”

timeous completion of the **dplg** Strategic Plan (2007-2012) and the Branch Business Plans. Our system for reviewing organisational performance has matured to a point where we are able to conduct performance gap analysis and provide an organisation-wide performance report. This has enhanced the quality of the **dplg** Quarterly Review Meetings, since we are now able to produce key resolutions and action plans while improving our performance tracking processes.

Furthermore, the continuous improvement of the Monitoring, Reporting and Evaluation system has enabled the department to produce a mid-year report and action plan on the implementation of the LGSA. These reports were presented and adopted by the Cabinet Lekgotla in January 2008. The development of these reports was a joint monitoring and reporting effort between the **dplg**, sector departments, provinces, municipalities and SALGA. This approach improved the intergovernmental coordination and cooperation between the three spheres of government. The programme has also supported municipalities with the implementation of their Performance Management System (PMS). As a result, the number of municipalities implementing such systems increased from 27 to 105 municipalities during 2007. These improvements in the monitoring processes have enabled the development and publishing of the report on the Performance of Municipalities for the 2005/06 period, as required by the Municipal Systems Act, 2000.

Moreover, a draft set of core performance indicators for Local Government were developed to ensure alignment throughout the entire business process and to create a basis for measuring performance at the outcome and impact level. The key objective in this regard is to ensure that the necessary alignment and logic is achieved. Therefore, to support this set of core performance indicators, a Logic Model, which is a results based management approach for Local Government, had been developed. In order to further enhance the necessary alignment and integration in the monitoring and reporting of Local Government performance, a critical analysis of the seven general Key Performance Indicators was developed in 2000 to guide municipal planning and facilitate the measurement of performance. The good practice study with regard to the implementation of the Performance Management System (PMS) in municipalities was documented, and resulted in improved compliance with the implementation of performance management systems.

Other major achievements include the provision of due diligence services and support, through the provision of sound legal services and a well-coordinated Intergovernmental Fora and Cluster system. Achievements in this area of work were the development of the Good Governance Handbook on Contract Management, the improvement in the number of contracts that are compliant with the Contract Management System, the submission of the report on the Promotion of Access to Information Act, the roll-

out of the Promotion of Administrative Justice Act through the training of **dplg** staff and selected Provinces, and the efficient coordination of the Cluster Liaison Strategy.

In the next financial year the programme will begin to set a base for a gradual introduction of organisational performance management through electronic medium, and we will work closely with the ICT sub-programme in ensuring that there is a smooth phased in transition that will complement the current manual system of Performance Management.

### 2.3.4 Programme Developments

This Programme is divided into five sub-Programmes:

#### 1. Corporate Planning and Project Management

During the past financial year, the Corporate Planning and Project Management sub-programme focused on building on the work performed with respect to the institutionalisation of internal systems and processes for deepening corporate governance values and practices. This enabled the branches and the department to improve on the monitoring of performance and evaluating service delivery. The department's quarterly review meeting has been strengthened by the presentation of an organisational performance analysis, which has highlighted the performance status of the organisation and each branch. Milestones that were identified as partially or not achieved led to follow up through corrective actions. The challenges identified through the organisational gap analysis will be addressed through proper phased in interventions as we improve steadily on our organisational systems and processes.

Other significant highlights were noted in the areas of developing planning, reviewing and reporting guidelines that assisted greatly in the formulation of branch business plans and managing performance information. Noticeable improvements were also made by involving all managers in the planning process and compliance issues with regard to performance information. A sound platform has been established for internal operations planning and implementation in terms of project management through the development of key guidelines for project scoping and cost management. This initiative will address challenges that hamper the proper execution of projects.

The development of the Business Plan for the financial year 2007/08 had been completed and the accompanying Performance Plan contains the deliverables of the

department per measurable objective. The medium-term strategies of the Strategic Plan (2007-12) have been programmed with high level projects, outputs, outcomes and indicators, deliverables and timeframes for the new financial year had been identified.

#### 2. Performance Monitoring and Evaluation

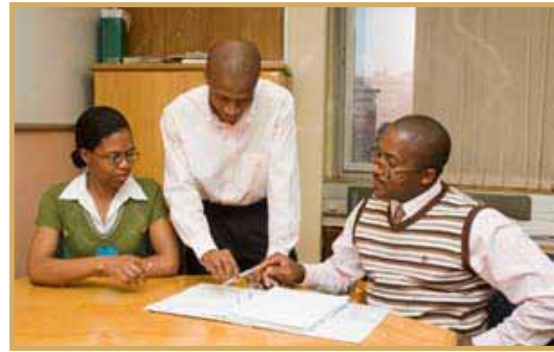
The process of developing an Integrated Monitoring, Reporting and Evaluation System gained considerable momentum resulting in the development of a Logic model (Results Based Management approach) for Local Government. This important tool and model has been aligned with the Government-wide Monitoring and Evaluation Policy framework developed by the Presidency.

It has also been aligned with the Framework for Managing Programme Performance Information developed by the National Treasury. Another important milestone for the year under review is the development of a proposed set of core performance indicators for local government based on the LGSA and other relevant documents, including new government priorities.

To ensure improved monitoring and reporting on the LGSA, the planning and reporting tools were reviewed for applicability to provinces and national sector departments. National reports on the implementation of this Strategic Agenda were compiled and presented at the IGR forums, as well as discussed at the January and July Cabinet Makgotla held in 2007/08 financial year.

The department compiled an inaugural Report on Municipal Performance, for 2005/06 as required by Section 48 of the Municipal Systems Act, 2000. The Minister is obliged to compile this consolidated annual Report and submit it to Parliament and the MECs for Local Government.

Performance Management Systems are critical in improving municipal performance the progress of which must be reflected annually in the Section 48 Report. Provinces were assisted to develop their support plans and to date, six provinces have submitted their Performance Management Systems (PMS) Support Plans outlining planned interventions to assist in increasing the number of municipalities implementing PMS. A National PMS Implementation Support Strategy has been developed and documentation of PMS good practice in selected municipalities has been undertaken. Lessons learned are being used to develop a Good Practice Model that will be utilised to provide hands-on support to municipalities. A needs analysis was



“The process of developing an Integrated Monitoring, Reporting and Evaluation System gained considerable momentum resulting in the development of a Logic model (Results Based Management approach) for Local Government.”

conducted in Xhariep, Thabo Mofutsanyana and Gert Sibande municipalities to determine their PMS support requirements. Five districts have been selected for the provision of hands-on support for PMS, which are Sisonke in KwaZulu-Natal, Vhembe in Limpopo, Ukhahlamba in Eastern Cape, Thabo Mofutsanyana in Free State and Namakwa in Northern Cape.

While we performed fairly well in a number of areas we were not able to implement the Monitoring Reviewing and Evaluation policy on time due to the fact that the process of developing MRE Policy for LG is highly dependent on the finalisation of performance indicators for LG and the framework that clarifies roles and responsibilities. Consultations with sector department, provinces and municipalities on the development of these draft performance indicators for LG were necessary.

Despite the lack of evaluation capacity in the sub-programme, an outline of the evaluation guidelines was developed, which will form a good base for the development of the guidelines for policy, programme and project evaluations.

### 3. Compliance and Legal Services

The Compliance and Legal Services unit handled cross-boundary litigation on behalf of the Minister and where the validity of the Local Government: Municipal Performance

Regulations was questioned. The unit also developed a draft good governance handbook on contract management which will be consulted on and implemented in the new financial year. A compliance register was updated and the branches were informed about the application thereof.

In compliance with the Promotion of Access to Information Act, (Act No. 2 of 2000), the section 32 report was submitted to the South African Human Rights Commission on 13 March 2008, and the section 15 report was gazetted on 1 February 2008 and the updated Manual published on 18 May 2007 (ref: Gazette No. 29886). Workshops on the Promotion of Administrative Justice Act, (Act No.3 of 2000) were conducted in the **dplg** and the provinces.

The Local Government Laws Amendment Bill was processed through Parliament and the proposals of the Houses of Parliament were incorporated according to acceptable drafting standards. The unit also submitted the annual legislation programme of the **dplg** for 2008 to the Office of the Leader of Government Business and Parliament in October 2007, reflecting Bills that are to be piloted through Parliament in 2008. An updated programme was submitted in March 2008. The unit provided continuous support to management structures including traditional leadership structures, departmental bargaining chamber, the FIFA 2010 task team, the Fire Brigade legislative drafting team, discussions of Rate Ratio Regulations, Performance

regulations, Volunteer regulations and the repeal of laws providing for floor crossing by political parties.

#### 4. Corporate Secretariat

The Corporate Secretariat focused on the provisioning of secretariat support to corporate governance and intergovernmental forums. The sub-programme facilitated and coordinated intergovernmental forums such as the President's Coordinating Council (PCC), the Local Government MinMec meetings and the monthly corporate governance forum (ExCo) for the year under review. Cluster Liaison support (G&A Cluster) was aimed at coordinating reporting to ensure the implementation of **dplg** priorities contained in the Government's Programme of Action.

#### 5. Internal Audit and Risk Management

The sub-programme Internal Audit and Risk Management was responsible for the development of risk based internal

audit plans and the implementation thereof. Internal Audit reports with recommendations to improve internal controls and risk management processes were presented to management and the Audit Committee. Management action plans to correct identified weaknesses were monitored and updated continuously.

The Departmental annual risk assessment was conducted and a risk register for strategic and operational risks was developed and aligned to the business plans of the Department. Mitigation of the identified risks was monitored and reported on through the Departmental Quarterly Review Meetings. The fraud prevention plan was developed and rolled out through the Department. Anti-corruption and Whistle blowing policy and procedures were developed and communicated to all. An internal anti-corruption campaign was launched in support of the implementation of the Fraud Prevention Plan.

### 2.3.5 Service delivery achievements

The progress for the programme Administration (Monitoring and Evaluation) against selected medium-term output targets are provided below:

Sub-programmes	Outputs	Measures/ indicators	Actual performance against targets	
			Target	Actual
Corporate Planning and Project Management	Design and implement a Programme Management System	Programme management system designed and implemented by target date	Programme management framework completed. MIS platform for programme management designed and implemented	<b>Partially Achieved</b> Draft Scope and Cost Management Procedures have been developed
Performance Monitoring and Evaluation	Reporting and feedback on the Local Government Strategic Agenda	Reporting framework and system developed by target date	Reporting framework developed	<b>Achieved</b> Reporting framework developed and used to compile the bi-annual progress reports
		Number of sector departments and provinces meeting minimum reporting requirements	Data-collection tools for reporting and verification developed	<b>Achieved</b> 85% of national sector departments use the reporting tool to compile the LGSA bi-annual report.
		Feedback to sector departments and provinces by target date	Capacity-building on reporting frameworks and tools. Quarterly feedback to sector departments and provinces	<b>Achieved</b> All provinces use the reporting tool to compile the bi-annual provincial reports



## PROGRAMME I: ADMINISTRATION (MONITORING AND EVALUATION)

Sub-programmes	Outputs	Measures/ indicators	Actual performance against targets	
			Target	Actual
Performance Monitoring and Evaluation	An MR&E policy for local government	Finalised MR&E policy for local government	Develop and implement the MR&E policy for local government	<b>Not Achieved</b> Outline on the MR&E policy for LG developed in collaboration with the Policy unit in the Presidency
Performance Monitoring and Evaluation	An MR&E system for local government to report on service delivery	Development of an operational MR&E system by target date	Core LG Indicators	<b>Achieved</b> LG Logic Model developed  Draft set of core performance indicators developed and consulted with provinces and sector departments  Analysis of the 7 general KPI's in the Municipal Planning and Performance Management Regulations conducted
	Develop planning, monitoring, evaluation and reporting capacity at all levels	Number of the staff capacitated in MR&E	MR&E capacity-building strategy developed	<b>Partially Achieved</b> Draft Capacity Building Strategy for LG developed  30 <b>dplg</b> managers trained on MR&E  National workshop on Performance Monitoring, Reporting and Evaluation held to share good practice models and new policy framework on Managing Programme Performance and Results Based Model for LG (150 participants) national, provincial and SALGA
	Guidelines for conducting programme evaluations	Use of evaluation results to improve programme performance and policy review	Develop guidelines for policy, programme and project evaluations	<b>Partially Achieved</b> Outline of the Evaluation Guidelines developed  Concept Paper on the LG Learning Network developed

Sub-programmes	Outputs	Measures/ indicators	Actual performance against targets	
			Target	Actual
Performance Monitoring and Evaluation	LG Performance Management and Excellence and Systems	Increased number of municipalities with adopted Performance Management Systems (PMS)	Number of municipalities implementing PMS	<p><b>Achieved</b> The number of municipalities implementing PMS increased from 27 to 105</p> <p>Needs analysis conducted to determine support requirements for Xhariep, Thabo Mofutsanyana and Gert Sibande</p> <p>Five municipalities identified for hands-on support for PMS. Cacadu District Municipality (DM) and its nine Local Municipalities (LM's) supported in partnership with GTZ.</p>
	LG Performance Management and Excellence and Systems	Best practices identified	Documentation of good practice in terms of PMS implementation	<p><b>Achieved</b> PMS Good Practice documented in five Municipalities i.e. Tshwane Metro, Gariep LM, Gamagara LM, Zululand DM and Cape Winelands DM.</p>
		Compile annual Municipal Performance Report	National report on LG Performance developed	<p><b>Achieved</b> Draft Section 48 report compiled and presented to Exco and the Technical MinMec</p>
	LG Performance Management and Excellence and Systems	Develop PMS Implementation Support Strategy	Draft PMS Implementation Support Strategy	<p><b>Achieved</b> Consultation on Draft PMS Implementation Support strategy</p> <p>Six (6) provinces have submitted their PMS Support Plans with budgets and improvement plans outlined</p>
Performance Monitoring and Evaluation	Effective and efficient secretariat systems in place to facilitate implementation of the IGR Act	Number of IGR and Corporate Governance forums facilitated effectively. Implement Framework for managing internal procedures of IGR Forums	Effective coordination and support to IGR Forums (PCC, Tech PCC, LG MinMec, Tech MinMec)	<p><b>Achieved</b> All IGR and Corporate Governance forums convened as planned including Cabinet Makgotla processes</p>
	Co-ordinate, facilitate and monitor implementation of the Government Programme of Action (GPoA) as it relates to the <b>dplg</b>	Effective Facilitation of <b>dplg</b> Bi-monthly reporting on GPoA activities	Cluster report card processes coordinated	<p><b>Achieved</b> All Cluster Report Card processes coordinated and G&amp;A Cluster and G&amp;A working Sessions convened as planned</p>



### 2.3.6 Programme I: Sub-programme budget and actual expenditure

The expenditure and variance versus the final appropriation is provided below:

Programme per sub-programme	Final Appropriation	Actual Expenditure	Variance
	R'000	R'000	R'000
Minister	951	951	-
Deputy Minister	864	864	-
Management	9,560	9,560	-
Corporate Services	88,024	88,024	-
Monitoring and Evaluation	16,532	16,532	-
Government Motor Transport	815	785	30
Property Management	25,344	25,344	-
Special Functions: Authorised Losses	810	811	-1
<b>Total</b>	<b>142,900</b>	<b>142,871</b>	<b>29</b>

Economic classification	Final Appropriation	Actual Expenditure	Variance
	R'000	R'000	R'000
<b>Current payments</b>			
Compensation of employees	52,490	52,490	-
Goods and services	83,234	83,234	-
Financial transactions in assets and liabilities	810	811	(1)
<b>Transfers and subsidies</b>			
Provinces and municipalities	10	10	-
Public corporations and private enterprises	393	393	-
Households	788	788	-
<b>Payments for capital assets</b>			
Machinery and equipment	4,916	4,886	30
Software and other intangible assets	259	259	-
<b>Total</b>	<b>142,900</b>	<b>142,871</b>	<b>29</b>

“There has been enormous commitment across government to build the economic capability of local and district municipalities, and this has been translated into the widespread dissemination of the National Local Economic Development (LED) Framework and Guidelines.”



Deputy Director-General: Mr Derek Powell

## PROGRAMME 2: GOVERNANCE, POLICY AND RESEARCH

### 2.4.1 Purpose

The programme outputs focus on providing programme support to the following governance and development areas: policy review of provincial and local government; monitoring of the implementation of the Intergovernmental Relations Framework Act, 2005 (IGRF); advisory and support work for integrated development planning (IDP) and local economic development; developmental work for the institutions of traditional leadership and promoting national and departmental objectives through the work of the international and donor relations unit.

### 2.4.2 Measurable Objective

The measurable objective is based on maintaining a stable and effective system of intergovernmental relations between the three spheres of government and support selected countries within the Southern African Development Community to undertake government reforms in acc-

ordance with government policy and obligations, by developing and implementing policies, systems and support programmes.

### 2.4.3 Service Delivery Objectives and Indicators

During the year under review, many of the policy and governance objectives of the Branch were achieved against planned set targets supported by a stable trend in budget expenditure. The Cabinet decision to establish a National Department of Traditional Affairs will give further impetus to implementation of the government-wide programme of support to the Institutions of Traditional Leaders. There is continued impetus in intergovernmental alignment in development planning, with an improved credibility rating and a 100% adoption rate for Integrated Development Plans (IDPs) by municipalities in 2007/08. There has been enormous commitment across government to build the economic capability of local and district municipalities, and



“Another significant development was the decision by Cabinet to mandate the **dplg** to undertake a Policy Review on the System of Provincial and Local Government. This is now a key output indicator for the programme.”

this has been translated into the widespread dissemination of the National Local Economic Development (LED) Framework and Guidelines. Policy development is also evolving in the field of International and Donor Relations, and in this regard the new guidelines for provincial and municipal international relations will assist in building a coherent and strategic approach to provincial and municipal involvement in international relations. The departments continued support to the Democratic Republic of the Congo (DRC) has yielded positive results with the promulgation of the Organic Law on Decentralisation by the DRC Parliament in October 2007.

Another significant development was the decision by Cabinet to mandate the **dplg** to undertake a Policy Review on the System of Provincial and Local Government. This is now a key output indicator for the programme. The objective to submit a White Paper to Cabinet by January 2009 remains on track, with a number of key submissions on progress to date that were made to IGR structures and Cabinet during 2007/08. These reports were supported by a number of stakeholder engagements and consultations.

In addition to this major undertaking, a number of activities related to the implementation of the IGRF Act were conceptualised and under development during this period ready for roll-out in 2008/09. These include an IGR capacity

building project for senior government officials, combined with an IGR communication strategy. Both of these programmes promote the dissemination across government of the IGR Toolkit. The intention of these programmes is to build the knowledge, understanding and confidence of government officials in the actual practice of cooperative government, as well as in the interests of informed compliance with national policy and legislation.

The year under review also saw the development of the first IGR Report to Parliament, which is provided for by the IGRF Act. This Report will be published in the 2008/09 financial year and is intended to be an assessment of the current status of intergovernmental relations in the Republic, during the establishment phase of structures and procedures as required by the Act.

#### 2.4.4 Programme Developments:

This Programme is divided into five sub-programmes:

##### 1. Intergovernmental Relations (IGR)

During the year under review, this sub-programme focused on the implementation of the IGRF Act and the research and policy review process for the new white paper on provincial

“The Development Planning sub-programme continued its sustained focus on improving the quality of IDPs by crafting the IDP format guide, the Master Sector Plan and initiating both provincial and national development planning and intergovernmental fora.”

and local government. To support the implementation of the IGRF Act, a comprehensive set of 10 intergovernmental policy and legislative guidelines, plus advocacy and information materials were researched, written and published, and then collectively branded as the IGR Toolkit. This Toolkit was widely disseminated across government and is available on the **dplg** website.

The conduct of intergovernmental relations in the Republic is the focus of the inaugural IGR Report to Parliament, which was researched and developed during 2007/08, together with the development of IGR Indicators for improving future measurement and assessment processes. In assessing the performance of intergovernmental relations since the promulgation of the Act in 2005, lessons learned and good practices are captured. These examples assist in informing the recommended areas for improvement. The next report will be due in 2010/11, and will benefit from the introduction of a monitoring system to assess IGR in action.

Also under development in terms of IGRF Act implementation were the IGR Capacity Building and Communication strategies, both of which will be launched in 2008/09. Ongoing research support was provided to the Presidential Izimbizo programme, through the production of comprehensive municipal profiles for all officials and Political Leaders engaged in the programme.

The first phase of the policy review on the system of provincial and local government was initiated in July 2007 with a public call for responses to key questions in respect to the role, functions and performance of provincial and local government. These generated a broad range of responses from both the government and civil society sectors. This public process was complemented by a comprehensive research programme conducted by the branch, together with a number of consultations and workshops. These

processes have led to a distillation of the key policy issues that will be addressed in the draft white paper during 2008/09. The final review paper in January 2009 will propose a series of practical reforms, together with specific policy options, strategies and recommendations for improving the system of Provincial and Local Government.

## 2. Developmental Planning

The process of technical support to municipalities continued during the year under review, with results being seen in the 100% adoption rate of IDPs and high scores for credibility. The challenge of improving intergovernmental and fiscal coordination is currently being addressed through the introduction of Sector Master Plans to systemise development engagements at local level. This is a long-term project running until 2010 aimed at strengthening intergovernmental planning, and jointly working with the Presidency to explore the options of increasing planning capacity within and across the three spheres of government.

The Development Planning sub-programme continued its sustained focus on improving the quality of IDPs by crafting the IDP format guide, the Master Sector Plan and initiating both provincial and national development planning and intergovernmental fora. These sustained efforts by all partners resulted in the 100% adoption rate since 2000. During the 2007/08 financial year, the sector master plans were designed to guide sector departments on support and joint planning with municipalities. It would also seek to ensure that implementation of the plans are achieved. The differentiated IDP format guide consolidates the logic and subsequent packaging of the IDP. The IDP analysis sessions, designed to evaluate and improve on the 2008/09 IDP, will be held in all provinces from April 2008. According to the results of the Provincial IDP analysis, the credibility of IDPs has increased from 64% in the 2006/07 financial year to 79% in the 2007/08 financial year.



The IDP programme is a long-term project running until 2010 and is aimed at strengthening intergovernmental planning in order to explore options for increasing planning capacity within and across the three spheres of government. A SAQA approved NQF level 5 training programme on project management was coordinated by the sub-programme. Further, training of councillors on IDP NQF Level 5 was also undertaken by the Unit. During the past financial year, the IDP Nerve Centre (IDPNC) Questionnaire was designed and distributed to municipalities for completion. The IDPNC is expected to be fully functioning and assist municipalities with their IDP by September 2008.

The sub-programme also continued to assist and support the Policy Coordination and Advisory Service (PCAS) with NSDP pilot projects, which is already beginning to show some impact on spatial planning.

### 3. Local Economic Development (LED)

During the year 2007/08 the sub-programme Local Economic Development focused on supporting the implementation of the National Framework for LED, which was launched in August 2006. Numerous presentations and discussions on the Framework were held at national, provincial and local government forums. In collaboration with Local Government Sector Education and Training Authority (LGSETA), the LED training material, at NQF Levels 5 and 6, have been developed. The training material seeks to improve the understanding and application of the approach to LED as described in the Framework.

The programme was also successful in mobilising LED capacity building initiatives to 22 district municipalities. These initiatives are aimed at addressing capacity building constraints thus seeking to assist LED stakeholders to play

an effective role in facilitating, strengthening planning, and implementing LED programmes.

### 4. Traditional Leadership and Institutions

A key programme of the unit is the National Programme of Support to the Traditional Leadership. The objective of this programme is to establish a 'whole of government' support programme for the institution of Traditional Leadership. This is in order to restore the dignity of the institution and integrate the traditional leadership into the governance system. In preparation for this programme, extensive consultation was undertaken with Provinces. This process assisted the development of a funding model for the Support Programme, prior to the final proposal being submitted to Cabinet. A significant development in the year under review was the Cabinet decision to establish a national department for Traditional Leadership. This new institution will augment government's current ability to support the institutions of traditional leaders.

The policy discussion document on the policy on the Khoi-San communities was extensively consulted on with the National Khoi-San Council. The document will be submitted to Cabinet for approval followed by the consultation with all stakeholders. This will be followed by the submission of the Bill during the 2009/10 financial year.

During the year under review, an inter-departmental task team was established, with the purpose of examining the intergovernmental assignment of functions to the traditional leaders. This task team will then integrate with an Inter-Ministerial Committee, whose mandate will be to assess and identify roles to be assigned. At a political level, ministers will take specific responsibility to liaise with the institution and then to collectively identify appropriate sector specific roles and responsibilities. One example of a sector-led initiative

in this regard is the work of the Department of Justice and Constitutional Development, which has introduced a Bill for the establishment of Traditional Courts.

The Unit was not able to achieve targets set in two areas: firstly, the development of a partnership model for traditional leadership and government, and secondly, the development of an information sharing programme on traditional leadership. Implementation of these programmes is dependent upon the establishment of the Provincial Houses of Traditional Leadership, as required by legislation. The focus of the unit during the year under review therefore, was on assisting provinces to develop their own provincial legislation for establishment. This legislation will then provide for the establishment of the Local Houses of Traditional Leaders and the reconstitution of the Traditional Councils. The unit will then be in a position to focus on the partnership model and the information-sharing programme.

#### International and Donor Relations

The sub-programme continued to host continental and international delegates for comparative governance learning. International delegates that were hosted involved representatives from Southern Sudan, Swaziland, Tanzania and Thailand. Issues of interest were the following: Intergovernmental Relations, decentralisation, and the systems used at national and provincial level for the monitoring and evaluation of the performance of Local Government.

The continued support to the Democratic Republic of Congo in the development of their Organic Law on Decentralisation, also yielded positive results; in this case content inputs and financial support up to 17% of required funding were secured for a National Consultative Forum on Decentralisation held in October 2007, (This was support from USAID and German Agency for Technical Corporation (GTZ) offices in South Africa).

A variety of other support measures were implemented as part of our involvement in the Southern Africa Development Community (SADC) region, particularly focusing on the establishment of the SADC Local Government Desk and consolidation of the SADC Local Government agenda. This project was constrained in August 2007 due to the decision taken by the SADC Council to bring more focus to the SADC priorities. The project remains relevant and would

effectively be addressed when South Africa becomes the chair in August 2008.

A number of research items on institutional development studies were also undertaken in order to give greater clarity regarding the Provincial and Municipal International Relations (P&MIR) role.

Critical to these were the following:

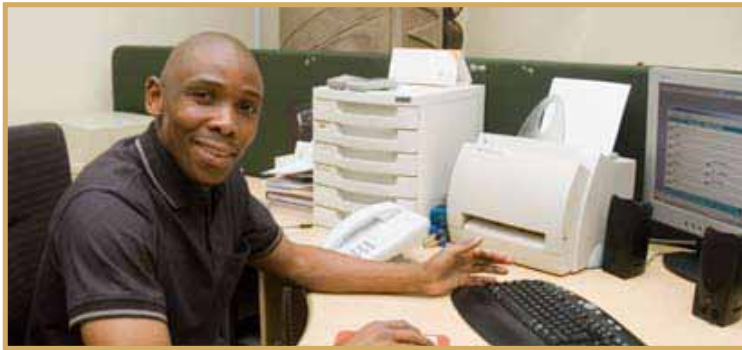
- Developing guidelines for effective measures and mechanisms to coordinate the conduct of International Relations and the implementation of South Africa's Foreign Policy;
- Establishment of a Provincial International Relations Practitioners Forum;
- Establishment of a Provincial and National department's "Consultative Forum";
- Commission of studies in the areas of:
  - Institutional arrangements for the management of International Relations in Provinces and Municipalities;
  - Consensus on Provincial and Municipal Twinning; and
  - Transfrontier Municipal Dynamics.

The focus on P&MIR would now be less on coordination policy and compliance management as Department of Foreign Affairs (DFA) is the responsible department and structures are in place. The **dpplg** will now focus on specific projects that are in line with the competent areas of the department:

- DRC and SA Provincial Twinning;
- Shanghai Expo and City mobilisation;
- Official Development Assistance (ODA) in support to the Local Government Strategic Agenda; and
- Continued hosting of incoming delegates.

The IDR unit has not managed to achieve the target of arranging a Local Government trilateral with India and Brazil due to difficulties in getting all parties to agree on a government-to-government working group. The focus of India, Brazil and South Africa (IBSA) would need to be defined in terms of specific activities and at a bilateral level. This might result in a practical based trilateral working group





### 2.4.5 Service Delivery Achievements

The progress for the programme Governance, Policy and Research against selected medium-term output targets are provided below:

Sub-programmes	Outputs	Measures/ indicators	Actual performance against targets	
			Target	Actual
Intergovernmental Relations	Manage national policy development process	Green Paper / White Paper (WPP)	Cabinet adopts Green Paper	<p><b>Achieved</b></p> <p>Publication launched July 2007:</p> <p>Policy Review on the System of Provincial and Local Government: 65 Policy Questions</p> <p>Mass distribution to media, stakeholders and government</p> <p>Research and progress report submitted to the January 2008 Cabinet Lekgotla</p> <p>Cabinet recommended the compilation of one White Paper which is to cover the Policy Review of both Provincial and Local Government</p> <p>Cabinet approved that a draft WPP must be submitted in mid 2008 and the process completed in January 2009</p>
	Local Government Laws Amendment Bill	Draft legislation introduced into Parliament	Local Government Laws Amendment Bill enacted	<p><b>Achieved</b></p> <p>The Local Government Laws Amendment Act enacted</p>
	Bi-annual IGR report	Bi-annual IGR report published	Submit Bi-annual IGR Report to Parliament	<p><b>Partially Achieved</b></p> <p>Final Report to be tabled in Parliament by June 2008</p>

Sub-programmes	Outputs	Measures/ indicators	Actual performance against targets	
			Target	Actual
Intergovernmental Relations	Programme of support to provincial and local spheres of government to implement the IGFR Act	Regulations and guidelines issued under the Act, complemented by technical advice and capacity assessments	Support provided to provinces and districts	<p><b>Achieved</b> During 2007/08 IGR training workshops conducted nationally and in all 9 provinces.</p> <p>The IGR Toolkit was developed and gazetted by April 2007.</p> <p>IGR Capacity building strategy conceived; to be implemented in 4 provinces and 23 District Municipalities in the 2008/09 financial year</p> <p>IGR Communications Strategy conceived; implementation scheduled for 2008/09</p>
International and Donor Relations	Provincial and Municipal International Relations policy	Policy adopted	Research practice on P&MIR	<b>Partially Achieved</b> Proposal developed, sections being reviewed with partners. Target is Quarter 3 2008/09 financial year
			International Partner Alignment improved	<b>Partially Achieved</b> Facilitated twinning initiatives with DRC underway
			District Feasibility Studies planned and initiated	<b>Achieved</b> Knowledge on International Trade opportunities shared
				<b>Partially Achieved</b> Poor feedback for initial request for information from Provinces
			Discussed at last PMIR Forum, follow –ups underway	
			Similar research for SADC purposes	
			Focused exchanges with India and Brazil counterparts on SA White Paper Process	<b>Not Achieved</b> Separate bi-laterals with India and Brazil underway

## PROGRAMME 2: GOVERNANCE, POLICY AND RESEARCH

Sub-programmes	Outputs	Measures/ indicators	Actual performance against targets	
			Target	Actual
International and Donor Relations	Support for completed legislation on decentralisation in the Democratic Republic of the Congo (DRC)	Draft legislation tabled in DRC Parliament	Draft legislation tabled in DRC Parliament by October 2007	<b>Achieved</b> Draft legislation tabled in September 2007 and adopted by National Assembly. Currently being deliberated upon by Senate. Expected date: June 2008
Traditional Leadership	National programme of support adopted	National programme of support introduced	Programme to support institutions of Traditional Leadership adopted	<b>Partially Achieved</b> Financial inputs from provinces consolidated and proposal to Cabinet being finalised
	Co-ordinate capacity-building programme of traditional leadership	Number of traditional leadership institutions capacitated	Effective training and capacity building programmes for traditional leadership developed	<b>Partially Achieved</b> Appointment of service providers finalised  Learning material (LED and Public participation) developed  Training programme finalised and to commence in May 2008
	Support the entering into partnerships between traditional leadership and government to promote service delivery and development	Number of partnerships entered into	Partnership model for adaptation by Traditional Councils (TC's) and municipalities, TC's and other role players	<b>Not Achieved</b> Partnership Model to be finalised during May 2008/09
	Policy and legislation on Khoisan developed and implemented	Policy on Khoisan finalised and legislation promulgated	Policy document finalised (Discussion document)	<b>Partially Achieved</b> Consultation on criteria for recognition of communities and leaders with National Khoisan Council (NKC)  Discussion document amended in line with the comments from the NKC and the Ministry
	Co-ordination of the implementation of the decisions of the Commission	Number of decisions implemented	Implementation of decisions coordinated	<b>Partially Achieved</b> The Commission was advised on the legislative implications of its mandate and the need for amendments
	Develop an information sharing programme on traditional leadership	Number of departments, provinces and municipalities sharing the programme	Develop information sharing programme	<b>Not Achieved</b> Programme to be developed during 2008/09

Sub-programmes	Outputs	Measures/ indicators	Actual performance against targets	
			Target	Actual
	Assignment of roles and functions by affected departments	Establishment of inter-ministerial committee  Programme of assignment of roles and functions by departments	Roles and functions to be assigned and assignment instruments identified	<b>Achieved</b> Background document for the preparation of inter-ministerial workshop developed; One working committee meeting held; presentation to G and A Cluster for discussion on roles and functions of traditional leaders
Development Planning	Development of credible IDPs	Number of municipalities with credible IDP's  Number of municipalities that incorporate Sector Master Plans of sector departments	IDPs reviewed and re-aligned with planning benchmarks and priority sectoral projects	<b>Achieved</b> 100% adoption rate for 07/08 financial year  Credibility Framework and IDP Format Guide distributed and 20% of municipalities using format Intergovernmental planning and coordination for IDP reviews and IDP analysis weeks (April/May 2008)  Sector Master Plans is a multi-year project that ends in 2010. The Sector Master Plans were workshopped with six departments by end of quarter 4
	Amendments on development planning regarding the Municipal Systems Act (2000).	Consultations completed and consensus reached with major stakeholders on proposed legislative amendments	Legislative amendments completed	<b>Achieved</b> The amendments to be incorporated into the White Paper process
		Technical Support provided to selected municipalities for 2007 IDP's	Technical Support provided to selected municipalities for 2007 IDP's	<b>Achieved</b> 18 district families of municipalities received technical support deployed from the <b>dplg</b> . Further support for 08/09 planned
Local Economic Development	Implementation of the National Framework for LED	Levels of LED capacity and skills in municipalities Community awareness and education on LED and enterprise opportunities	Credible LED programmes in place in all municipalities informed by IDP/ PGDS/ NSDP alignment	<b>Achieved</b> LED training material for NQF level 5 and 6 completed  Draft guidelines for Local Economic Development Agencies developed  Red Tape Reduction Awareness workshop held for 2010 host cities

Sub-programmes	Outputs	Measures/ indicators	Actual performance against targets	
			Target	Actual
	Support to municipalities to adopt realistic local economic development plans in accordance with the National Framework for LED	Number of district municipalities to which technical experts have been deployed to support the development of realistic LED plans by July 2007	18 district municipalities	<b>Partially Achieved</b> Mobilised LED capacity building for 18 district family of municipalities through the dti

#### 2.4.6 Programme 2: Sub-programme budget and actual expenditure

The expenditure and variance versus the final appropriation is provided below:

Programme per sub-programme	Final Appropriation	Actual Expenditure	Variance
	R'000	R'000	R'000
Management	1,273	1,133	140
Intergovernmental Relations	11,696	10,777	919
Development Planning	5,673	5,673	-
Local Economic Development	2,137	2,137	-
Traditional Leadership and Institutions	6,553	6,553	-
International and Donor Relations	12,507	12,507	-
<b>Total</b>	<b>39,839</b>	<b>38,780</b>	<b>1,059</b>

Economic classification	Final Appropriation	Actual Expenditure	Variance
	R'000	R'000	R'000
<b>Current</b>			
Compensation of employees	18,729	17,670	1,059
Goods and services	20,208	20,208	-
<b>Transfers and subsidies</b>			
Foreign governments and international organisations	139	139	-
Non-profit institutions	72	72	-
<b>Capital</b>			
Buildings and other fixed structures	-	-	-
Machinery and equipment	683	683	-
Software and other intangible assets	8	8	-
<b>Total</b>	<b>39,839</b>	<b>38,780</b>	<b>1,059</b>

“One of the ongoing lessons arising from partnerships arrangements is that they must enable government to achieve more than can be achieved by either party acting independently.”



Deputy Director-General: Ms Nellie Lester

## PROGRAMME 3: URBAN AND RURAL DEVELOPMENT

### 2.5.1 Purpose

The purpose of the Integrated Sustainable Rural Development Programme (ISRDP) and Urban Renewal Programme (URP) is to manage, co-ordinate, monitor and measure the effectiveness of the integrated implementation of the urban renewal and the integrated sustainable rural development Programme of Action across all spheres of government.

### 2.5.2 Measurable objective

The objective is to improve service delivery and development opportunities in the nodal municipalities of the urban renewal programme and the integrated sustainable rural development programme by implementing and maintaining alignment and integration protocols across all spheres of government.

### 2.5.3 Service delivery objectives and indicators

During the year under review, the core service delivery objective for the Urban and Rural Development (URD) programme was to provide support in order to improve coordination, integration and implementation of government programmes for positive impact in the rural and urban nodes. This was made possible through a delicate balance of partnerships not only between government departments but also with state institutions, organised business, donors and community based organisations. One of the ongoing lessons arising from partnerships arrangements is that they must enable government to achieve more than can be achieved by either party acting independently.

The targeted support by sector departments has contributed to the continued improvement of access to basic services. The coordination support provided by the Independent Development Trust has enabled the programme to provide hands-on support particularly in rural areas where capacity challenges were experienced.



“During 2007/08, **dplg**'s partnership with Business Trust resulted in the finalisation of the Economic Profiles of fifteen rural and eight urban nodes.”

During 2007/08, **dplg**'s partnership with Business Trust resulted in the finalisation of the Economic Profiles of fifteen rural and eight urban nodes. The profiles narrowed significantly the knowledge gap by improving government's understanding of the economic character of each node. The profiles have been designed to improve the information available to decision makers in public and private sector and to facilitate more targeted investment to support economic development in the nodes. The establishment of a technical support facility for the Eastern Cape nodes through the support of the European Commission is aimed at enhancing delivery capacity through budget support to municipal operations. It is expected that this effort would further support the mainstreaming of urban renewal practice within this province. The branch initiated a project to reorientate councillors on the programme. This work was however not completed due to unavailability of the councillors in the four remaining nodes.

Valuable lessons have been documented in the Lessons Learnt study that was conducted by the ISRDP chief directorate with regards to the improvement of intergovernmental coordination and communication mechanisms with stakeholders. A review of the anchor projects by URP has revealed that concentrating public and private sector investments can be a powerful tool for enhancing investor confidence, public participation and promoting the quality of public space and local services in underdeveloped areas.

The audit of the intergovernmental structures and the implementation of the financing protocol indicated that significantly more can be done towards a coordinated response by sector departments to maximise the return on investments and improved efficiencies in pursuit of equity.

#### 2.5.4 Programme developments:

This Programme is divided into four sub-programmes:

##### I. Urban Renewal Programme Management

The sub-programme focused on institutionalising and codifying existing practice to provide guidance on effective implementation of joint-government programmes in the urban townships. During the financial year under review, an Intergovernmental Relations (IGR) audit was completed and the findings are now being mainstreamed into the legislated IGR structures. A Programme Steering Committee (PSC) consisting of a range of stakeholders was established to guide and support the two Eastern Cape urban nodes through the EU funding as part of national office undertaking through the Technical Support Facility. The PSC is made up of a range of stakeholders and provides an advisory role to the URP programmes. The current coordination support to the nodal municipalities is aimed at giving effect to the recommendations of the economic profiles launched in

“The sub-programme Urban Renewal Monitoring and Evaluation focused on the establishment of monitoring, evaluation and reporting systems for the programme. This would facilitate credible reporting on progress made, evaluation of impact and documenting of lessons for knowledge sharing and informing government policy and practice.”

October 2007. A review of the financing protocol in terms of sector departmental support and financial commitments to the nodes had identified a need for an enhanced system for tracking not only the departmental budget allocations, but also the actual implementation in nodal areas. A comparative analysis of the commitments per financial year is being carried out and will be finalised in the next financial year.

An MOU was signed between Galeshewe, Motherwell and Mdantsane as a record of a partnership around knowledge sharing on local economic development, sustainable livelihoods and institutional frameworks on tools and systems to advance development in the urban nodes. The institutional audit and analysis of the national and Eastern Cape provincial urban renewal programme capacity was also completed during this reporting period. This culminated in a programme of action in the form of a mentoring and coaching programme that will be implemented in the next financial year. A review of the financing protocol in terms of sector departmental support and financial commitments to the nodes had identified a need for an enhanced system for tracking not only the departmental budget allocations, but also the actual implementation in nodal areas. A comparative analysis of the commitments per financial year is being carried out and will be finalised in the next financial year.

## 2. Urban Renewal: Monitoring and Evaluation

The sub-programme Urban Renewal Monitoring and Evaluation focused on the establishment of monitoring, evaluation and reporting systems for the programme. This would facilitate credible reporting on progress made, evaluation of impact and documenting of lessons for knowledge sharing and informing government policy and practice.

Comprehensive progress reports on the urban nodes were submitted to the Cabinet Makgotla in July 2007 and January 2008. The progress report submitted in July 2007 focused on the analysis of nodal crime trends based on the statistics that was released in July 2007. The Anchor Project Case Studies report has been finalised and will be published for knowledge sharing in 2008/09. Two editions of the URP newsletter were published and 6000 copies were distributed. The URP website was improved. A URP Knowledge Management Framework was developed and will be launched in 2008/09. The Knowledge Management Framework draws on the experiences of the last seven years and emphasises a strong focus on learning. An urban renewal learning network was established between the **dplg**, National Treasury, DBSA and SACN and a 5 day learning event was successfully held for 60 township practitioners. The purpose of the learning event was to give exposure to urban practitioners to the latest research on urban development and facilitate effective peer-learning.

## 3. Rural Development Programme management

The sub-programme Integrated Sustainable Rural Development Programme (ISRDP) aims at ensuring that nodal areas build up their internal capacity for integrated and sustainable development while simultaneously transforming their nodes into economically viable, socially stable and harmonious entities.

In the current reporting period, the ISRDP undertook to review how well the ISRDP coordination was mainstreamed into the IGR structures among the three spheres of government. The review indicated that while IGR structures have been established in all the nodes, there is room for significant improvement in the coordination of the programme. To this end, the programme undertook activities to strengthen national capacity, and support to





provinces / municipalities in order to speed-up service delivery at local levels. In addition, political champions and the Portfolio Committee were supported by the ISRDP, including:

- a) The political champion visits to OR Tambo, Maluti -a-Phofung & Central Karoo;
- b) The Portfolio Committee visits to Kgalagadi and Maluti -a-Phofung;
- c) The briefing to the Portfolio Committee on Provincial and Local Government on progress that had been made and challenges faced in implementing the programme; and
- d) The Sekhukhune Municipal profile report in preparation for the Presidential Imbizo.

To assist in the creation of sustainable local economies and to alleviate poverty, the ISRDP coordinated provincial briefing and consultation sessions on the economic profiles for the rural nodes. This preparation process contributed significantly to the success of the national nodal economic indaba that witnessed active levels of participation by the nodal partners. The participants had an opportunity to analyse the findings of the profiles leading to the identification of further interventions. The ISRDP also provided planning and implementation support to the Alfred Nzo, Umzinyathi, Ukhahlamba, Kgalagadi, Zululand and Central Karoo rural nodes during the Growth and Development Summits. An assessment of the number of stakeholders providing technical and financial support to each of the rural nodes was under taken during this reporting period. The outcome of this Financial Protocol review will inform the development of an enhanced tracking system in the next financial year.

#### 4. Rural Development: Monitoring and Evaluation

The focus of the sub-programme ISRDP Monitoring and Evaluation is on monitoring, evaluation and reporting systems and the information management system for the ISRDP. In order to improve knowledge of rural nodal programmes and anchor projects, the ISRDP undertook the Lessons Learnt Study as a basis for documenting progress and key learning and implications for the programme in the balance of the programme cycle. An independent Mid-term review was also conducted in partnership with the Independent Development Trust (IDT). The findings and recommendations of the two reports informed the review of the strategic plan of the branch and the development of the business plans for the following year. The directorate also contributed to several analytical reports, compiled and submitted for July 2007 and January 2008 Makgotla, political champion visits, Portfolio Committee visits, Izimbizo and in response to parliamentary questions. With regards to information sharing and publicity of the programme, two editions (10000 copies) of Rural Focus newsletter were published and circulated to communicate the progress made and key interventions under the ISRDP. The model for monitoring, evaluation and reporting on the interventions directing to nodes was developed to enhance targeted project planning in the nodes. Stakeholders will be capacitated in the next financial year.

### 2.5.5 Service Delivery Achievements

The progress for the programme Urban and Rural Development against selected medium-term output targets are provided below:

Sub-programmes	Outputs	Measures/ indicators	Actual performance against targets	
			Target	Actual
ISRDP/URP	Mainstream the coordination of the ISRDP / URP into the IGR structures within the three spheres of government	Number of operational structures where the ISRDP / URP is a standing item for meetings according to decided upon schedule	Support provided to IGR forums in rural and urban nodes.	<p><b>Achieved</b> Existing IGR structures in the nodes were reviewed and the IGR report has been compiled</p> <p>IGR structures have been established in all the nodes</p> <p>Intersectoral ISRDP M&amp;E Forums were convened to ensure enhanced planning and benchmarking amongst nodes.</p>
	Strengthen national capacity to support provinces and municipalities and to deepen delivery of national programmes in local areas through Mobilisation of resources	Number of political champions and Portfolio Committee meetings supported	Technical and financial support directed to the nodes and blockages to service delivery resolved	<p><b>Achieved</b> Supported preparation for: Political champion visits to OR Tambo, Maluti –a –Phofung and Central Karoo</p> <p>Portfolio Committees visits to Kgalagadi and Maluti –a–Phofung supported Presentation made to the Portfolio Committee</p> <p>Supported the Sekhukhune municipality in preparing for the Presidential Imbizo</p>
		<p>Number of external partners mobilised to support Provinces and Sector Departments</p> <p>Number of external partners mobilised to support the nodes</p>	MOUs / SLA signed with partners per node	<p><b>Achieved</b> Capacity workshop with SAPS held in the Western Cape, Northern Cape and Gauteng in order to ensure support to the nodes</p> <p>7 provinces and 5 national sector departments indicated commitments made to support the nodes in the period under review</p> <p>Memorandum of understanding signed with the NDA – regarding support to the rural nodes</p>

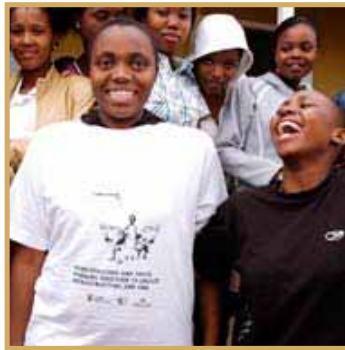
Sub-programmes	Outputs	Measures/ indicators	Actual performance against targets	
			Target	Actual
	Strengthen national capacity to support provinces and municipalities and to deepen delivery of national programmes in local areas through Mobilisation of resources	<p>Number of external partners mobilised to support Provinces and Sector Departments</p> <p>Number of external partners mobilised to support the nodes</p>	MOUs / SLA signed with partners per node	<p>A follow up to the session held with DSD provincial representatives in order to ensure support to the nodes was held. This has also resulted in provincial departments of social development indicating their financial support for the nodes.</p> <p>Partnership established with DOC to provide ICT skills to 1800 learners in both urban and rural nodes. Selection session finalised and the youth have been placed in FET colleges around the country</p>
				<p>3 Working sessions held with stakeholders towards the establishment of the Integrated Craft Hub in the Eastern Cape as requested by the Deputy Ministers of Trade and Industry and Arts and Culture</p> <p>Bilateral meeting held with the Department of Transport regarding the transport support needs for the node</p>

Sub-programmes	Outputs	Measures/ indicators	Actual performance against targets	
			Target	Actual
	Roll-out Hands-on Support	Increased number of municipalities receiving technical support	A resource pool of specialists, increased deployment	<p><b>Partially Achieved</b></p> <p>ISRDP: No Councillor orientation was conducted</p> <p>URP: Held 1 Programme Steering Committee Meeting Support to 2 Eastern Cape urban nodes, with focused thematic discussion on Social Development in the nodal programme</p> <p>Finalised the operational business plan for Eastern Cape support programme</p> <p>Provided focused technical support to both province and nodes</p>
Urban Renewal Programme	Support the development of sustainable local economies and anti-poverty initiatives through Improved LED information for municipalities	Number of districts' economic profiles produced	Economic profiles produced for all districts	<p><b>Achieved</b></p> <p>The Nodal economic profiles were completed and launched</p> <p>Consultations were held with Provincial and Nodal stakeholders to identify further interventions</p> <p>Provided planning and implementation support to the following nodes during the Growth and Development Summits: Alfred Nzo Umzinyathi Ukhahlamaba Kgalagadi Zululand Central Karoo</p>
		Number of nodal economic profiles produced	Economic profiles produced for all rural and urban nodes	<p><b>Achieved</b></p> <p>Consultation sessions held with all the nodes and provinces and the findings were presented during the Nodal Economic Indaba</p> <p>Nodal economic support needs identified and packaged</p> <p>Nodal Economic Indaba held</p>

Sub-programmes	Outputs	Measures/ indicators	Actual performance against targets	
			Target	Actual
Urban Renewal Programme	Improved economic planning skills	Number of municipalities and targeted nodes supported with development of economic planning skills	Design of skills support programme	<p><b>Achieved</b></p> <p>Nodal managers were inducted on township development strategies (including a module on township economies), in partnership with National Treasury, SACN and DBSA.</p> <p>Facilitated the Local Economic Development twinning project:</p> <ul style="list-style-type: none"> <li>- best practices on LED skills</li> <li>- Operational business plans on LED</li> <li>- Identification and training of LED project leaders</li> <li>- Undertook Institutional Analysis of the Eastern Cape provincial URP capacity.</li> <li>- Initiated Project Khulis'umnotho partnership with dti</li> </ul>
	Develop planning, monitoring, evaluation and reporting capacity at all levels	Number of nodes and structures capacitated in MR&E	M&E capacity-building programme designed and being implemented for the rural and urban nodes	<p><b>Achieved</b></p> <p>The implementation of the M&amp;E framework was tested in the Eastern Cape and nodes in the Western Cape</p> <p>Training was provided to Central Karoo</p> <p>The printing of the model is being finalised</p> <p>Support to improve reporting was provided to some urban nodes - the Eastern Cape, Northern Cape, Western Cape and KwaZulu Natal</p>

To assist in the creation of sustainable local economies and to alleviate poverty, the ISRDP coordinated provincial briefing and consultation sessions on the economic profiles for the rural nodes. This preparation process contributed significantly to the success of the national nodal economic indaba that witnessed active levels of participation by the nodal partners.

Sub-programmes	Outputs	Measures/ indicators	Actual performance against targets	
			Target	Actual
Urban Renewal Programme	Success of ISRDP / URP Programmes communicated	Number and frequency of newsletters produced and distributed	3 000 copies of URP News twice a year  5 000 Rural focus newsletters twice a year	<b>Achieved</b> Two editions of Urban News were published  Two editions of Rural Focus newsletter were published - Provided events management and communication support for the following: - Presidential Imbizo City of Johannesburg - Presidential Imbizo City of Cape Town - INK Open Day - Launch of LED Twinning Programme in Galeshewe - Political champion visit in INK - Portfolio Committee visit in Alexandra
	Success of ISRDP / URP Programmes communicated	Number of nodal communication campaigns supported	Three public outreach initiatives undertaken	<b>Achieved</b> Provided planning, events management and communication support for the following: Communication strategies in the nodes, Government Communication and Information System, Department of Communication, Political Champion and Portfolio Committee, Izimbizo, Nodal Economic Indaba



Sub-programmes	Outputs	Measures/ indicators	Actual performance against targets	
			Target	Actual
Urban Renewal Programme	Improved knowledge of ISRDP nodal programmes and anchor projects	Number of learning products (impact assessment, lessons learnt studies, project audits) for the rural nodes	6 learning products July 2007 and January 2008	<b>Achieved</b> ISRDP Midterm Review of the Programme Design was conducted in partnership with IDT.
	Measurement of impact of ISRDP programmes			The Study on Lessons Learnt has been completed
	Success of ISRDP communicated	Updated ISRDP progress reports submitted to Cabinet		<b>Achieved</b> Analytical reports compiled and submitted for July and January Cabinet/Makgotla, political champion visits, Portfolio Committee visits, Izimbizo and responding to parliamentary questions (11 events).  State of the Nation and Provinces Addresses were analysed, shared with stakeholders and role of stakeholders was defined



Sub-programmes	Outputs	Measures/ indicators	Actual performance against targets	
			Target	Actual
Urban Renewal Monitoring and Evaluation	Improved knowledge on nodal programmes and anchor projects	Number of URP nodes in which impact assessments and studies and project audits have been completed	4 impact assessment and knowledge products by July 2007 and January 2008	<p><b>Achieved</b></p> <p>A knowledge sharing framework for the URP is in place – its draws on the experiences of the last 7 years and serves to provide more focus for learning events. The website for the URP has been improved in terms of updated content. The impact study on 5 anchor projects is completed, but not published. The URP and ISRDP reports were submitted for the July 2007 and the January 2008 Cabinet Makgotla</p> <p>An urban renewal learning network was established with National Treasury, SACN and DBSA and a 5 day learning event was successfully held for 60 township managers. The purpose was to give exposure to urban practitioners to the latest research on urban development and facilitate effective peer-learning</p>
	Number of stakeholders providing technical and financial support to each of the nodes	6 learning products by July 2007 and January 2008	4 impact assessment and knowledge products by July 2007 and January 2008	<p><b>Partially Achieved</b></p> <p>The Financing Protocol is under review to inform future action. The report outlines key national sector departments' support and financial commitment to the ISRDP / URP nodes</p>





### 2.5.6 Programme 3: Sub-programme budget and actual expenditure

The expenditure and variance versus the final appropriation is provided below:

Programme per sub-programme	Final Appropriation	Actual Expenditure	Variance
	R'000	R'000	R'000
Management	1,364	1,364	477
Urban Renewal Monitoring and Evaluation	2,133	2,133	-
Urban Renewal Programme Management	2,106	1,629	477
Integrated Sustainable Rural Development Programme Management	2,018	1,532	486
Integrated Sustainable Rural Development Monitoring and Evaluation	2,206	1,968	238
<b>Total</b>	<b>9,827</b>	<b>8,626</b>	<b>1,201</b>

Economic classification	Final Appropriation	Actual Expenditure	Variance
	R'000	R'000	R'000
<b>Current</b>			
Compensation of employees	6,393	6,393	-
Goods and services	3,360	2,159	1,201
<b>Transfers and subsidies</b>			
<b>Capital</b>			
Machinery and equipment	74	74	-
<b>Total</b>	<b>9,827</b>	<b>8,626</b>	<b>1,201</b>

“Work within the branch advanced well on key policy instruments such as the Local Government Laws Amendment Bill; the Revised National Capacity Building Framework for Local Government; repeal of legislation and amendments to the Constitution relating to the Former Cross Boundary Municipalities and the Local Government Gender Framework.”



Deputy Director-General: Mr Elroy Africa

## PROGRAMME 4: SYSTEMS AND CAPACITY BUILDING

### 2.6.1 Purpose

To provide capacity building and hands-on support to local government; to establish a national disaster management centre; to promote intergovernmental fiscal relations; and to regulate and monitor the local government institutional and administrative framework.

### 2.6.2 Measurable objective

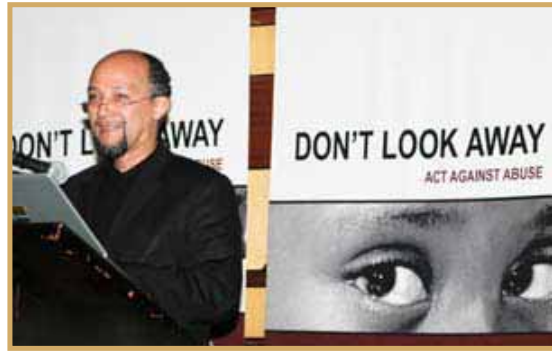
The measurable objective for Systems and Capacity Building is based on a sustainable system of local government that fosters integrated development and service delivery through monitoring and support for building capacity and developing systems.

### 2.6.3 Service delivery objectives and indicators

During the 2007/08 financial year, a number of highlights contributed to the high-level objectives of the programme.

Work within the branch advanced well on key policy instruments such as the Local Government Laws Amendment Bill; the Revised National Capacity Building Framework for Local Government; repeal of legislation and amendments to the Constitution relating to the Former Cross Boundary Municipalities and the Local Government Gender Framework.

In December 2007, a second set of draft regulations on the rate ratio between the residential and non-residential categories of properties in terms of the Municipal Property Rates Act were gazetted for public comment. The **dplg** and National Treasury are currently reviewing the ratios on the basis of public comments with a view to gazetting for implementation by December 2008. Together with provincial departments of local government, the department will continue to support municipalities regarding the implementation of the Act. There are 257 municipalities in the country that have the power to levy property rates. Of these, 27 municipalities have implemented the Act thus far whilst the implementation is continuing by an increased number of municipalities.



“Key stakeholders were mobilised throughout the year to support the implementation of the 5-Year Local Government Strategic Agenda (2006 – 2011).”

Vulnerable groups – children, youth, women, people with disabilities and the elderly – are receiving attention so that these priorities are mainstreamed into all aspects of our work as government – from planning, budgeting, to implementation, and to monitoring and evaluation. The programme continues to enhance its initiatives aimed at supporting provinces and municipalities in this regard. During 2007 two sets of guidelines on mainstreaming Gender, and HIV and AIDS in Local Government, were published. Currently, similar frameworks for Disability and Youth Development are being finalised. At the same time, the branch is gearing up to fast track targeted interventions to ensure that we deliver services and implement these development programmes focussed on the special needs of these groups. Through viable partnerships, the capacity of municipalities to respond more effectively and more speedily to the needs of designated groups is being enhanced.

Towards the end of 2007 the branch had coordinated two important initiatives. Firstly, an effective 16 Days of Activism Campaign against Women and Children Abuse (25 November - 16 December 2007) aimed at raising national awareness around fighting violence against women and children, was coordinated. Secondly, a successful Vuna Awards Ceremony was held and an assessment report was compiled. The Vuna Awards aims to incentivise, recognise and show-case municipal best practices across the country.

Key stakeholders were mobilised throughout the year to support the implementation of the 5-Year Local Government Strategic Agenda (2006 – 2011). A total of 359 Service Delivery Facilitators have been mobilised to date, benefitting 105 municipalities. The hands-on support is directed at municipalities where key challenges exist that are being resolved through direct, time bound specialist assistance.

Ongoing implementation and support was provided for the roll-out of key programmes such as: municipal financial management; equity and development (e.g. Women in Local Government Conference); anti-corruption; Municipal Leadership Development; and LG 2010 Coordination.

The branch was also responsible for the effective grant management of the Local Government Equitable Share (LGES) and the Municipal Systems Improvement Grant (MSIG), which together represented a total grant portfolio of R220 million.

### 2.6.4 Programme developments:

This Programme is divided into nine sub-programmes:

#### 1. Intergovernmental Fiscal Relations

The Local Government Equitable Share (LGES) is a key source of revenue for smaller municipalities. The LGES was managed effectively and all funds (R20 675 620.00) were transferred to municipalities as scheduled and in full compliance with the DORA, 2007. The second set of Regulations on the Municipal Property Rates Act was gazetted for public comments on 19 December 2007. Some municipalities are forecasting an increased own revenue, based on more rational rating decisions. The average percentage revenue increase for 21 of the municipalities that implemented the Act on 1 July 2007 is 92.42%, with a range of 3.13% to 5.69%. A draft municipal viability framework and a status quo report on municipal borrowing were compiled in support of National Treasury in developing a municipal viability and sustainability framework.

#### 2. Local Government Institutional and Administrative Systems

The Local Government Laws Amendment Bill was introduced into Parliament with the purpose of addressing urgent deficiencies in the municipal regulatory framework. The processing of the Bill continues in the 2008/09 financial year. The Repeal of Legislation and Amendments to the Constitution relating to the Former Cross Boundary Municipalities was accented to by the President in December 2007. Support to cross-boundary municipalities progressed further through the Inter-Ministerial Committee and in cooperation with National Treasury. The sub-programme is also responsible for the development of the Upper Limits of Remuneration of Councillors. In December 2007 the Notice on Upper Limits of Remuneration of Councillors was published in the Gazette. The **dplg** interacted closely with the Department of Public Services and Administration (dpsa) which rolled out its Batho Pele pilot training programme to municipalities during 2007/08. Emphasis was placed on monitoring and reporting on the critical vacancies of Section 57 Managers and a report was compiled for MinMec and included in the Report on the Local Government Strategic Agenda to the Cabinet Lekgotla held in January 2008.

#### 3. Disaster management

During the 2007/08 financial year the National Disaster Management Centre guided and monitored the further

implementation of the Disaster Management Act, 57 of 2002. The Intergovernmental Committee on Disaster Management (ICDM) and the National Disaster Management Advisory Forum (NDMAF) were officially established by the President and the Minister respectively in terms of the Disaster Management Act.

Other structures established and activities undertaken included the Emergency Operational Committee (EOC), dealing with disasters that occurred during the reporting period, and the Disaster Management Technical Advisory Committee (TAC), which aims to finalise a Work-plan for disaster risk assessments throughout the country in order to develop an indicative disaster risk profile for the country.

Disaster Management Centres were established in 7 out of the 9 provinces and provincial disaster management forums in terms of the Disaster Management Act were established in 8 of the 9 provinces. In order to monitor compliance by disaster management stakeholders, a Monitoring and Evaluation Instrument was developed and implemented.

Disaster Management Volunteer Regulations was finalised and will be submitted to the National Council of Provinces (NCOP). Unit standards for the National Qualification Framework (NQF) levels 3-6 were published and registered. These will serve as a basis for a career path in disaster management.

Three sets of disaster management guidelines were developed and will be published early in 2008/09. As far as hands-on support is concerned, support was provided to the Western Cape and Eastern Cape provinces during the early November floods, heavy rain and storms. A final drought report was produced in collaboration with the Department of Water Affairs and Forestry (DWAF).

The Disaster Management Early Warning System has been operationalised. A daily Fire Danger Index was implemented and live fire updates are issued on a daily basis. Version 2 of the Situation Reporting System (SRS) was developed and implemented.

#### 4. Municipal Performance Monitoring and Support

The sub-programme is responsible for the efficient management of the Municipal Systems Improvement Grant (MSIG). Through the grant, 254 municipalities were assisted to undertake key projects aimed at system enhancement and capability strengthening in targeted areas. All funds (R200m) were transferred to municipalities as scheduled



“Disaster Management Centres were established in 7 out of the 9 provinces and provincial disaster management forums in terms of the Disaster Management Act were established in 8 of the 9 provinces.”

and in full compliance with DORA, 2007. Support was provided for the implementation of the Municipal Finance Management Act (MFMA) and the roll-out of the Annual Financial Statements project to 120 municipalities. The financial performance of municipalities was monitored in the areas of Chief Financial Officer turnover; Annual Financial Statements; Audit Reports; and Budgets.

A successful Vuna Awards Ceremony was held in December 2007, publicly communicating the success stories of local government. An assessment report of the 2007 Vuna Awards was compiled afterwards. The development of a concept paper on local government benchmarks was completed and will contribute to work on finalising a local government benchmark framework in the 2008/09 financial year. This framework will inform the refinement of the local government performance indicators.

### 5. Municipal Leadership Development Programme

The sub-programme implemented the pilot phase of the Municipal Leadership Development Programme, in which 379 councillors and senior municipal officials received training in key areas of leadership development. The initial phases of the Local Government Skills Audit were conducted in 6 municipalities and a draft Skills Audit Tool developed. The findings of the skills audit will impact on the municipal Workplace Skills Plans (WSPs).

A first draft of the Professionalisation Framework for Local Government was developed with the purpose of setting out professional norms and standards for broad municipal occupational categories. The Competency Guidelines were published for comments in 2007. The intention is to set competency guidelines to inform Section 57 employee job requirements, which will assist with standardisation. Managers from 14 municipalities subsequently underwent competency assessments.

### 6. Local Government Anti-Corruption

The sub-programme provided dedicated attention to support provinces in rolling out the Local Government Anti-Corruption Strategy. This strategy has to date been launched in 4 provinces, and 108 municipalities have developed anti-corruption policies. A draft Local Government Anti-Corruption Communication Strategy was developed in support of the implementation of the Local Government Anti-Corruption Strategy. The intention is to create greater public and community awareness (i.e. rights and responsibilities) in fighting corruption. The communication strategy will be rolled-out during the course the 2008/09 financial year.

### 7. Local Government Equity and Development

The sub-programme finalised and supported the implementation of the Local Government HIV and AIDS

Framework. The implementation plan was finalised and support was provided to selected municipalities to develop their strategies and implementation plans. The Local Government Gender Framework and Implementation Plan was finalised and the Framework was launched during the financial year. A successful roll-out of the Gender Framework in 2008/09 will increase sensitivity in addressing the needs of women in service delivery at a local level.

Significant progress was registered in the development of the Local Government Framework for Youth Development and the Disability Framework for Local Government. The respective draft guidelines were produced and stakeholder consultations in this regard undertaken. The two frameworks will be finalised during 2008/09. Support was also given to the implementation of the National Youth Service (NYS). Plans were received from 7 of the 10 municipalities selected and were implemented in 6 municipalities to participate in the National Youth Service "Proud to Serve Campaign". Consequently, over 50% of municipalities are implementing youth development programmes.

The sub-programme coordinated and provided programme management support to a successful 16 Days of Activism Campaign in 2007. Some of the core 2007 campaign objectives of the Deputy Minister of Provincial and Local Government were to mobilise men and boys to participate in programmes designed to encourage behavioural change. The second and crucial objective was to take the campaign to rural and farming communities. The campaign achieved these objectives through successfully hosting the first ever nationwide Million Men's March against the abuse of women and children to mark the beginning of the 16 days campaign on 25 November 2007. The national Million Men's March was hosted in partnership with Mangaung District Municipality and the Free State Office of the Premier. The remaining eight provinces hosted their Million Men's Marches with the support and leadership of Premiers, MECs, Mayors, Councillors, NGOs and Faith Based Organisations.

The Farm Worker's Awareness Programme (FAP) was hosted in the Western Cape's Overberg District on 14 October 2007, a day before the International Rural Women's Day (15 October 2007), and attracted participation of 4000 farming communities from Grabouw, Worcester, and the Overberg. The FAP is a critical programme of the campaign that seeks to impact on marginalised farming communities that are statistically most affected by acts of violence against women and children, due to stressful living conditions and the abuse of alcohol.

The rural focus was extended to cover the closing ceremony of the campaign on International Human Rights Day on 10 December 2007. The closing ceremony was held in the rural village of Setlagole in the North West, in partnership with Ratlou Local Municipality and the North West Department of Community Safety and Liaison. The closing ceremony was well attended by community members from surrounding villages.

The campaign also supported Presidential special programmes during other commemorative days such as World AIDS Day on 1 December 2007, and the International Day for the Disabled on 3 December 2007, which was held in Cape Town.

## 8. 2010 World Cup Coordination

The newly established sub-programme co-ordinated the integration of 2010 work by various stakeholders through the Host Cities Forum, which is chaired by the Minister for Provincial and Local Government. A communication protocol was adopted to better coordinate and clarify roles and responsibilities across government with regard to the 2010 World Cup preparations. Support was provided to various sector departments and Host Cities guided by the Implementation Plan. A multi-disciplinary team of key government departments was established to trouble shoot and support host cities. This has resulted in a clearer understanding of the roles and responsibilities of various partners, particularly the role of provinces. The sub-programme continues to monitor overall progress and provide appropriate support.

## 9. Capacity Building and Hands-on Support Coordination

The Capacity Building and Hands-on Support Coordination sub-programme is responsible for the coordination and roll-out of hands-on support to municipalities by mobilising key stakeholders. Hands-on support is directed to municipalities where key challenges exist and these are being directly addressed and resolved with the support of the Service Delivery Facilitators (SDFs). A resource pool of SDFs has been established and is operational in priority municipalities. Key partners that were successfully mobilised include Development Bank of Southern Africa (DBSA), Ilima Trust, German Agency for Technical Cooperation (GTZ), USAID and the Old Mutual Property Group and resulted in a total of 359 SDFs that have been mobilised to date, benefiting 105 municipalities. National, provincial and local government are

benefiting from these partners' interventions covering areas such as project management; human resource management, financial management, local economic development and improved capacity to accelerate the eradication of the bucket system.

A final draft of the revised National Capacity Building Framework (NCBF) was prepared and consulted on. The aim of the revised NCBF is to have a national framework to better support, coordinate and align the efforts of various stakeholders in undertaking municipal capacity building.

The sub-programme worked closely with SALGA in rolling out a municipal peer review and learning network. Two municipalities participated in the peer review and learning network and key lessons were shared. The intention behind this project is to encourage peer municipal learning and the sharing of key lessons to promote better local service delivery and good municipal governance.

### 2.6.5 Service Delivery Achievements

The progress for the programme Systems and Capacity Building against selected medium-term output targets are provided below:

Sub-programmes	Outputs	Measures/ indicators	Actual performance against targets	
			Target	Actual
Capacity Building	Implementation of the revised LG National Capacity Building Framework (NCBF) and Integrated HOS Programme	National and provincial government providing support in terms of the NCBF	The refined NCBF, that also provides for targeted support to the provincial Departments of Local Government finalised	<b>Partially Achieved</b> Final Draft NCBF approved in principle by EXCO  Draft NCBF Implementation Plan prepared
Project Consolidate	Roll-out Hands On Support	Increased number of municipalities receiving technical support; lessons arising from HOS and the number of issues successfully addressed from the Imbizo programme	Establish a resource pool of specialists.	<b>Achieved</b> SAACE, USAID, ILIMA, Old Mutual Group and GTZ have been successfully engaged, mobilised and deployed to municipalities to provide hands on support. This work is ongoing
			Develop a Deployment Management Framework	<b>Partially Achieved</b> Draft deployment coordination plan finalised and circulated to all stakeholders for comments
			Management support for the Presidential Imbizo Programme	<b>Achieved</b> Support provided for all izimbizo in 2007/08
	Resource pool of specialist service delivery facilitators established and operational in priority municipalities	Number of professionals and specialists available to be deployed to targeted municipalities by March 2008	Minimum pool of 280 professionals and Specialists	<b>Achieved:</b> 359 deployees mobilised to benefit all Project Consolidate municipalities. This work is ongoing

Sub-programmes	Outputs	Measures/ indicators	Actual performance against targets	
			Target	Actual
	Local Government Knowledge Management Programme	Number of appropriate knowledge management publications on Project Consolidate developed and distributed by December 2007	<ul style="list-style-type: none"> <li>- Regular publication of lessons on progress arising from hands-on support</li> <li>- Minimum of 3 publications</li> <li>- Develop knowledge exchange portal</li> </ul>	<b>Achieved:</b> Four issues of "One Voice" published. Best practice DVD on public participation produced
2010 World Cup Coordination	Local Government 2010 Project	Technical capacity and support provided to Host Cities	Finalise and implement the "LG 2010 Implementation Plan"	<p><b>Achieved</b> Implementation plan finalised.</p> <p>Technical support has been mobilised for host cities</p> <p>A total of 4 Knowledge management workshops held</p> <p>Continuous implementation and monitoring</p>
Local Government Equity and Development	Mainstreaming of Gender Equity, Youth Development, Disability, HIV and AIDS interventions in provincial and local government	Number of municipalities and provinces mainstreaming and implementing Gender Equity, Youth Development, Disability and HIV and AIDS programmes	Frameworks and Implementation plans developed; Progressive mainstreaming and implementation of Gender Equity and HIV and AIDS interventions	<p><b>Achieved</b> Frameworks and Implementation plans for Gender Equity and HIV and AIDS launched.</p> <p>District Municipalities receiving support on their HIV and AIDS programmes with funding from GTZ, USAID and CMTP</p>
	Local government youth development audit conducted in selected municipalities	Frameworks and Implementation Plans for Youth Development by target date Frameworks and Implementation Plans for Disability Development by target date	Frameworks and Implementation Plans for Youth Development and Disability developed by March 2008	<p><b>Partially Achieved</b> Draft LG Disability Framework and Implementation plan developed. Draft Disability-Friendly Service Delivery booklet developed</p> <p>Draft LG Youth Development Framework and Implementation Plan developed</p>
	16 Days of Activism Campaign and 365 days of action for no violence against women and children	Number of provinces and municipalities rolling out the 16 Days of Activism Campaign and 365 days of action for no violence against women and children	Support the implementation of the National programme in provinces and municipalities	<p><b>Achieved</b> 16 Days of Activism Programme in 2007 successfully coordinated and implemented</p> <p>Draft 16 Days of Activism Campaign and year-end long Programme of Action for 2008 developed</p>



## PROGRAMME 4: SYSTEMS AND CAPACITY BUILDING

Sub-programmes	Outputs	Measures/ indicators	Actual performance against targets	
			Target	Actual
	Local government HIV and AIDS framework piloted and rollout plan developed	Report on pilot study highlighting lessons learned and indicating recommendations for rollout by target date	Report on pilot study highlighting lessons learned and indicating recommendations for rollout by December 2007	<b>Achieved</b> District Municipalities receiving support on their HIV and AIDS programmes (funding from USAID, Consolidation of Municipal Transformation Programme (CMTP) and GTZ)  Ongoing, first phase assessment report provided by CMTP
	Gender framework for local government implemented	Number of district municipalities with gender equity plans by March 2008	20 district municipalities with gender equity plans by March 2008	<b>Partially Achieved</b> Mpumalanga and Limpopo provinces supported to mainstream gender
	Local government youth development audit conducted in selected municipalities	Data collection instrument and protocols developed by target date	Data collection instrument and protocols developed by December 2007	<b>Partially Achieved</b> Draft report prepared on the 59 municipalities that responded to the questionnaire
Local Government Institutional and Administrative Systems	Roll out of Local Government Batho Pele programme	Number of people and citizens satisfied with local government services	LG Batho Pele strategy and programme of action framework completed	<b>Not Achieved</b> The <b>dplg</b> worked closely with the <b>dpsa</b> which had already rolled out a pilot training programme on Batho Pele in municipalities  Lack of internal HR capacity
	HR recruitment and resource strategy and framework	Number of municipalities, where identified critical vacancies, exist	Research Report on critical vacancies at municipal level	<b>Partially Achieved</b> A report on municipal vacancies for Section 57 Managers was submitted to MinMec included in documentation to the January 2008 Cabinet Lekgotla  Discussions were initiated with National Treasury on HR recruitment and retention strategy for municipalities. This has proven to be more complex than initially envisaged
Local Government Institutions and Administrative Systems	Regulation of local government administrative systems in line with the Municipal Systems Act (2000)	Second set of key regulations on administrative systems in local government	March 2008	<b>Partially Achieved</b> Work on the second set regulations has commenced, but will be reconsidered after the policy review / LGLAB processes have been completed

Sub-programmes	Outputs	Measures/ indicators	Actual performance against targets	
			Target	Actual
	Amendments to local government laws	Amendments through a Local Government Laws Amendment Bill done by target date	Amendments through a Local Government Laws Amendment Bill done by March 2008	<b>Achieved</b> During 2007/08, the <b>dplg</b> introduced a LG Laws Amendment Bill into Parliament in July 2007 and supported the processing of the LGLAB in the Portfolio and Select Committees
Municipal performance monitoring and support	Improvement in the quality of services rendered by municipalities	Identified best practices showcased	LG benchmarks on municipal performance excellence developed  Successful convening of municipal performance excellence (Vuna) awards	<b>Not Achieved</b> Concept Paper on LG Benchmarks prepared. The research has been completed and consultations took longer than anticipated  <b>Achieved</b> Municipal Performance Excellence Awards and recognition of National Sector and Provincial departments held during November and December 2007. Draft VUNA assessment framework finalised
	Municipal Finance Management Act (MFMA) and Municipal Systems Act (MSA) Compliance Project: and Annual Financial Statements (AFS) Project	Municipalities submit AFS on time. Increased number of municipalities with unqualified audit reports	Finalise and roll-out AFS Support Programme	<b>Achieved</b> CFO Turnover Barometer implemented and quarterly reports with comparisons produced  2004/05-2005/06 Municipal Audit Opinion Baseline Report prepared
	Municipal Viability and Sustainability Project	Increased number of viable and sustainable municipalities	Develop municipal viability model	<b>Partially Achieved</b> Report on status quo assessment and related concept paper prepared
Municipal Leadership Development Programme	Professionalisation of the Local Government sector	Increase in the pool and quality of LG professionals; and level of compliance with the Professionalisation Framework	Professionalisation Framework developed	<b>Partially Achieved</b> Draft Professionalisation Framework developed
	Roll-out the Municipal Leadership Development Programme (MLDP)	Number of political and administrative leadership cadres that have undergone leadership development	MLDP developed and pilot implemented	<b>Partially Achieved</b> 4 Pilot skills programmes completed in 13 districts, 2 skills programmes in all districts

## PROGRAMME 4: SYSTEMS AND CAPACITY BUILDING

Sub-programmes	Outputs	Measures/ indicators	Actual performance against targets	
			Target	Actual
	Fast-tracking and finalising work on the national local government skills audit	Number of municipalities with baseline information on employees, including scarce skills information  Finalise initial phases of the local government Skills Audit	10 municipalities completed in phase 1 by March 2008; 14 municipality completed in phase 2 by July 2007; and 115 municipalities completed in phase 3 by January 2008	<b>Partially Achieved</b> Phase 1: 9 municipalities completed. Skills audit for section 57 managers conducted in 14 municipalities  Draft skills audit tool developed
Intergovernmental Fiscal Relations	Municipal Property Rates Act (MPRA) implementation	Increased number of municipalities complying with the MPRA and having increased own revenue	MPRA regulations gazetted	<b>Partially Achieved</b> MPRA regulations gazetted for public comments  42 municipalities supported in the areas of rates policy development, by-laws and rating aspects in the budget
Anti-Corruption	Local Government Anti-Corruption Strategy and Campaign	Number of municipalities with Anti-Corruption Policies and programmes; Number of effective local government anti-corruption support programmes from national government and provinces	Implementation of the support programme for the National Anti-Corruption Strategy on Local Government	<b>Partially Achieved</b> 25 districts (total of 108 including LM's) have been supported to develop and implement own anti-corruption strategies



Sub-programmes	Outputs	Measures/ indicators	Actual performance against targets	
			Target	Actual
National Disaster Management Centre	Support the establishment of relevant DM structures, such as ICDM, DM Advisory Forums, DM Centres, TA Committee and Task Teams, Fire Brigade Board (FBB), and Fire Services Task Teams	% of DM structures established in the three spheres of government by target date as per the baseline profiles / standards.	Implementation Support Programme developed to assist structures to conform to baseline profiles / standards.	<p><b>Achieved</b> ICDM and NDMAF officially established by the President and Minister of Provincial and Local Government respectively. 4 x NDMAF and PDMC meetings held</p> <p>EOC re-established and two meetings held</p> <p>TAC established and TOR finalised. Work-plan for risk assessments developed. FBB met twice under chairmanship of Deputy Minister.</p> <p>Disaster Management Centre established in 7 out of 9 provinces with remainder in process.</p> <p>Provincial Forums established in 8 out of 9 provinces</p>
	Enhanced disaster management responsiveness across spheres	Monitor compliance externally of all relevant DM legislation by all 3 spheres of government	% compliance with relevant legislation by all 3 spheres of government by target date	<p><b>Achieved</b> M&amp;EI developed and implemented for all different categories of role-players in all spheres of government.</p> <p>Project Management Tool work-shopped and implemented in all spheres of government</p> <p>Gap analysis to be conducted in each sphere of government</p>

### 2.6.6 Programme 4: Sub-programme budget and actual expenditure

The expenditure and variance versus the final appropriation is provided below:

Programme per sub-programme	Final Appropriation	Actual Expenditure	Variance
	R'000	R'000	R'000
Management	2,166	1,255	911
Intergovernmental Fiscal Relations	4,590	4,589	1
Local Government Institutional and Administrative Systems	3,843	3,457	386
Capacity Building Systems	818	818	-
Disaster Management	26,355	26,143	212
Municipal Performance Monitoring and Support	12,827	12,807	20
Municipal Leadership Development Programme	7,616	7,576	40
Anti-Corruption	2,799	2,394	405
Local Government Equity and Development	12,205	12,205	-
Project Consolidate	19,231	19,179	52
<b>Total</b>	<b>92,450</b>	<b>90,423</b>	<b>2,027</b>

Economic classification	Final Appropriation	Actual Expenditure	Variance
	R'000	R'000	R'000
<b>Current</b>			
Compensation of employees	32,113	30,087	2,026
Goods and services	58,788	58,788	-
<b>Transfers and subsidies</b>			
Provinces and municipalities	-	-	-
Dept agencies and accounts	-	-	-
Public corporations and private enterprises	-	-	-
Non-profit institutions	-	-	-
Households	11	11	-
<b>Capital</b>			
Machinery and equipment	835	834	1
Software and other intangible assets	703	703	-
<b>Total</b>	<b>92,450</b>	<b>90,423</b>	<b>2,027</b>

“Preparations for comprehensive infrastructure planning to be undertaken by municipalities, were finalised that will enable a national roadmap for reaching all households with basic services by 2014, including the upgrading of informal settlements. For the 2008/09 financial year, there will be a focus on accelerating water infrastructure and connections.”



Deputy Director-General: Mr Yusuf Patel

## PROGRAMME 5: FREE BASIC SERVICES AND INFRASTRUCTURE

### 2.7.1 Purpose

The purpose of the programme is to address the infrastructure and service delivery needs of communities in a participatory and sustainable manner.

### 2.7.2 Measurable objective

Strengthen the capacity of municipalities to deliver sustainable infrastructure and increase access to basic services through project management and infrastructure planning. Facilitate the provision of engineering services.

### 2.7.3 Service Delivery Objectives and Indicators

During the year under review the key objectives of the Free Basic Services and Infrastructure Programme were achieved. These include support for the accelerated provision of basic services and free basic services by municipalities, effective

management of the Municipal Infrastructure Grant (MIG) with improved spending levels, improved technical support on Municipal Service Partnerships, and support towards further improvement in the public participation environment created by municipalities.

During the 2007/08 financial year there was a particular focus on the bucket eradication programme. A coordinated intergovernmental effort was initiated that resulted in accelerated delivery. In July 2007, the Programme facilitated the joint working session that the Minister for Provincial and Local Government and for Water Affairs and Forestry had with Local Government MECs and Mayors on removing obstacles to bucket eradication projects. A dedicated technical team was composed by the **dplg** to support and coordinate the acceleration process in each of the municipalities with outstanding buckets.

At the same time, preparations for comprehensive infrastructure planning to be undertaken by municipalities, were finalised that will enable a national roadmap for reaching all households with basic services by 2014, including



the upgrading of informal settlements. For the 2008/09 financial year, there will be a focus on accelerating water infrastructure and connections.

The Programme recorded good progress with the further extension of hands-on support to municipalities through deployment of technical resources. This resulted in better project planning and implementation as well as improved MIG spending. This was augmented with additional support to municipalities on professional project preparation. Resources were mobilised with the Business Trust under the Accelerated and Shared Growth Initiative for South Africa (ASGI-SA) for the establishment of a project preparation fund.

In order to address the challenge of youth unemployment and inability of many municipalities to attract and retain skilled technical staff, a special programme on youth development was initiated in partnership with SALGA and the National Youth Commission. A national Youth Summit was held that set the basis for a youth capacity building programme in the municipal infrastructure and local economic development fields. This entails training youth and linking them to a youth service programme in municipalities, and eventually broadening this to the placement of youth in companies operating in marginalised local economies.

The municipal indigent policy guidelines were rolled out during the financial year. This, together with a communication campaign and learning exchange process facilitated by the launch of the Free Basic Service (FBS) lesson series, resulted in a significant number of additional indigent households accessing free basic services. Municipalities were supported in improving their own monitoring and reporting systems that will be linked into an improved national system.

Further work was done to support the establishment of Municipal Service Partnerships (MSPs). Guidelines on Public-Private-Partnerships in municipalities were launched accompanied with a training programme. The MSP unit also provided good support to the national electricity emergency process as well as the electricity distribution restructuring process. A study was completed on the role of local government in energy efficiency and sustainable development.

The functionality of the ward committee system is critical in improving local democracy, accountability and service delivery. In this regard, a key highlight of the year was the launch of the ward committee accredited training programme that will enable the empowerment of ward committee members to undertake their representation responsibilities effectively. A draft public participation policy framework was completed and submitted into the provincial and local government policy review process that is currently underway. A study was undertaken on how municipalities are supporting ward committees. This study will inform the finalisation of the ward committee funding model.

## 2.7.4 Programme developments

This Programme is divided into four sub-programmes:

### I. Municipal Infrastructure

The focus of this sub-programme is to promote sustainable provision and management of municipal infrastructure that addresses the social and economic growth needs of communities. The Municipal Infrastructure Grant (MIG) that is managed within the sub-programme augments the

municipal infrastructure funding capacity of municipalities so as to ensure that basic services reach poor communities. The sub-programme interacts with the National Basic Services Task Team formed to coordinate the roll-out of universal access to basic services by 2014.

The sub-programme has entered its fifth year of implementation in April 2008. For the past four years an amount of over R23.899 billion has been allocated to municipalities through MIG. The allocations include an amount of R1.8 billion ring-fenced for the bucket eradication programme. By end of March 2008 municipalities had spent over R22.5 billion (95 percent of the allocation) or leaving R1.3 billion still to be spent. It is projected that 100 % expenditure on the remaining amount will be reported by the end of the municipal financial year in June 2008. Municipal expenditure on the MIG programme improved by 14 percent, 30 percent and 35 percent between 2004/05 and 2005/06, 2005/06 and 2006/07, and the 2006/07 and 2007/08 financial year. The percentage improvement shows improved municipal capacity to spend as the MIG baseline allocations were increased. The Project Management Units (PMU) capacity in municipalities has been strengthened by the deployment of 135 technical experts through the Siyenza Manje programme.

With regard to the bucket eradication programme, the overall reduction of the backlogs in the remaining provinces up to March 2008 was 91%. A bucket eradication communication plan was developed and rolled out in collaboration with Government Communication and Information Services (GCIS), Department of Water Affairs and Forestry (DWAF) and the Department of Housing (DoH).

To strengthen the practice of sustainable infrastructure delivery, the Comprehensive Infrastructure Planning (CIP) framework has been developed to assist municipalities to improve their Integrated Development Plans (IDPs), deliver infrastructure services in a sustainable manner, and address asset management. The target for 17% of municipalities to have comprehensive infrastructure roll-out plans was not met. However, the CIP framework is now completed after considerable time was spent on consulting with various sector departments, provinces, municipalities and SALGA.

Between April 2007 and December 2007, the cumulative number of households reached through the MIG since its inception in the 2004/05 financial year was 293 880 and 864 521 for basic sanitation and water respectively. Employment opportunities were created for 134 247 persons, thereby contributing to the 1 million jobs target of the Expanded

Public Works Programme (EPWP). A project is on average 12 months in construction with an average of 20 working days in a month. The employment opportunities for women (including female, youth and disabled persons) in person days expressed as a percentage, was 38,7% of the total employment opportunities. The employment of youth was 39,7% of the total employment opportunities.

## 2. Free Basic Services Co-ordination

The focus of this sub-programme is to support municipalities to provide free basic services in a financially sustainable manner. In terms of monitoring access to free basic services, the M&E system has been piloted and training provided to 19 municipalities. This training will be rolled out in 2008. As of March 2008, 77% of indigent households have access to free basic water and 73% have access to free basic electricity. Funding challenges still exist for free basic services, and in 2008 a study will be undertaken to review the financing of free basic services.

Working sessions were held in all provinces to assist with development and implementation of Indigent Policies and in 2 provinces further support was provided at municipal level. More in-depth support is required to municipalities in assisting with implementation of indigent policies – in 2008 the intention is to support 5 provinces to host working sessions with municipalities, with the aim to develop indigent policy improvement plans for each municipality.

A lesson series was published and further case studies are being developed to enable learning amongst municipalities on the provision of free basic services.

## 3. Municipal Service Partnerships

The focus of the sub-programme is to promote the participation of the private sector, public entities and community based organisations in municipal service delivery through partnership arrangements with municipalities and the provision of technical support and advice to municipalities undertaking Municipal Service Partnership (MSP) processes.

During the 2007/08 financial year, the sub-programme conducted training workshops for relevant officials in the provincial governments and selected municipalities to enhance their capacity to facilitate and manage municipal service partnerships. As part of the process of mobilising role players to participate in municipal service delivery in partnership with municipalities, the unit initiated the





consultation process with Community Based Organisations (CBOs), Non Governmental Organisations (NGOs) and National House of Traditional Leaders. Notwithstanding tremendous efforts to enable local government to fully exploit the opportunities provided by the MSPs as an alternative service delivery option, the use of MSPs in municipal service delivery remains minimal.

The sub-programme has also contributed to the process of developing an enabling legislative framework for the creation of Regional Electricity Distributors (REDs), as well as with the electricity emergency response actions. The sub-programme is positioned to create awareness among key stakeholders about MSP opportunities, provide hands-on support to municipalities exploring the possibility of using MSPs or alternative financing mechanisms and assisting municipalities to engage in partnerships for accelerating infrastructure development and achievement of service delivery targets.

#### 4. Public Participation and Empowerment

The sub-programme was able to launch the accredited ward committee training programme which will be rolled-out fully in the next financial year. The aim is to enhance the capacity of ward committee members to better understand government processes, in particular municipal programmes.

Research and case studies for a funding model for the ward committee system was developed in the financial year. The model will support the functionality of ward committees to ensure that public participation and community empowerment as envisaged in policy and legislation is effectively implemented.

A draft public participation framework to guide municipal processes and procedures was developed. In the local and provincial government policy review process, attention will be paid to the refinements to the current public participation processes, drawing on lessons learnt over the last few years. The sub-programme has facilitated interaction between communities and municipalities in a number of cases. These interventions have enabled communities to better understand the decision-making systems and processes. It has also assisted municipalities to find effective participation mechanisms and approaches.

The sub-programme worked closely with the Department of Public Service and Administration to strengthen the community Development Worker (CDW) programme. In the period under review, a study was conducted on the implementation of the CDW programme in 6 provinces and the CDW Master Plan was launched.

### 2.7.5 Service Delivery Achievements

The progress for the programme Free Basic Services and Infrastructure against selected medium-term output targets are provided below:

Sub-programmes	Outputs	Measures/ indicators	Actual performance against targets	
			Target	Actual
Municipal Infrastructure	Improved capacity of local government to deliver infrastructure and maintain access to basic services	Number of infrastructure backlogs reduced	Cumulative totals of 400 000 households (basic sanitation) and 550 000 households (basic water) reached through MIG	<b>Partially Achieved</b> As at end of the 3rd quarter (December 2008) the cumulative total stood at 293 880 households (sanitation) and 864 521 household (water)
		Number of municipalities supported to comply with non-financial reporting as required by the Division of Revenue Act	100 municipalities assisted by <b>dplg</b> to comply with non-financial reporting	<b>Achieved</b> 137 municipalities were assisted by <b>dplg</b> to comply with non-financial reporting
	Hands-on targeted support provided to identified municipalities in allocated provinces.	Number of municipalities receiving targeted support on programme management and comprehensive infrastructure planning	49 municipalities receiving targeted support on programme management and comprehensive infrastructure planning	<b>Achieved</b> 135 deployees were mobilised to provide targeted technical/ project management/ civil engineering support to over 100 municipalities. Technical support was also provided to 56 municipalities with bucket sanitation systems that had to be eradicated. All municipalities are supported in general through the provincial teams
	Support the acceleration of integrated service delivery to meet national targets by instituting a national project management approach outlining the activities of all three spheres of government in meeting the national service delivery targets per municipality	% MIG funding spent on infrastructure	Bucket eradication in established communities	<b>Achieved</b> 91% of the buckets were eradicated, leaving total number of 23 083 buckets to be eradicated. The remaining bucket eradications is at an advanced stage of construction. Some completed structures are in need of bulk water supply

## PROGRAMME 5: FREE BASIC SERVICES AND INFRASTRUCTURE

Sub-programmes	Outputs	Measures/ indicators	Actual performance against targets	
			Target	Actual
		% of municipalities with infrastructure roll-out plans	17% of municipalities with infrastructure roll-out plans	<b>Not Achieved</b> The strategic framework for a coordinated approach to 2014 targets was done in consultation with sectors, provinces and SALGA. The preparations for Comprehensive Infrastructure Plans per municipality are in a process of completion. The compilation of the plans will be done in the next financial year and will enable a national roadmap for 2014 universal access targets
		Input into effective configuration of the MIG and Equitable Share to address funding and capacity gaps	Support programme adopted to accelerate MIG spending by municipalities	<b>Partially Achieved</b> Configuration of MIG to be guided by CIP process.  In 2006/07 funds were stopped in 37 municipalities. The impact of this was that 90% of the municipalities achieved 100% expenditure in 2007/08  Hands on support was provided to municipalities still spending funds of 2006/07 during 2007/08
		Deployment and communication plan adopted and implemented	Develop a communication plan for the eradication of the bucket sanitation systems	<b>Achieved</b> Completed and implemented in collaboration with DWAF, Housing and GCIS
	Implement SHS Pilot Projects, jointly with the Department of Housing	% of the pilot projects completed by target dates, per project plan, per province	Conceptual framework developed and adopted by Joint Housing / LG MINMEC	<b>Partially Achieved</b> Khutsong has been selected as a pilot project. A task team has been established to align resources towards the implementation of the sustainable resettlement plan
Municipal Infrastructure Grant	Municipal capital budgets supplemented to provide basic services to poor households	Transfers made according to conditions and in compliance with the requirements of the Division of Revenue Act by target date	Municipal Infrastructure Grant transfers made by March 2008	<b>Achieved</b> All MIG funds (R8,2 billion) were transferred to municipalities as at 31 March 2008. Expenditure was 6,9 billion (84%). All Disaster funds (R492 353 000) were transferred to municipalities as at 31 March 2008, of which expenditure was R45 811 000 (9%)

Sub-programmes	Outputs	Measures/ indicators	Actual performance against targets	
			Target	Actual
Free Basic Services Co-ordination	Support accelerated municipal infrastructure provision and service delivery through infrastructure roll out and provision of Free Basic Services (FBS)	% access to FBS by municipality based on indigent registers	Monitoring Report on infrastructure roll-out and FBS targets	<b>Achieved</b> Monitoring reports produced quarterly. FBW progress based on DWAF data and FBE based on info collected from ESKOM and municipalities. Progress April 07-March 08; FBW access increased from 73% to 77% and FBE access increased from 60% to 73%
	Implementation of guidelines on the indigent policy	Number of municipalities implementing the Guidelines	All municipalities to have started by December 2007	<b>Achieved</b> All municipalities have access to the guidelines, provided during provincial workshops with all provinces. Work with individual municipalities have started in the E Cape and N Cape and will continue in 2008/09
	Provision of free basic services monitored	Frequency of provincial progress reports	Quarterly monitoring and reporting	<b>Achieved</b> Quarterly progress reports produced, with FBW access increased from 73% to 77% (April 07-March 08) and FBE increased from 60% to 73%  A draft protocol is in place with STATSSA to publish official Basic Services and FBS information
Municipal Services Partnership	Councillors and officials trained on the implementation of municipal services partnerships (MSP) guidelines	Number of municipalities trained and supported on the processes of establishing and implementing MSP projects by December 2007	All 283 municipalities	<b>Partially Achieved</b> Municipal officials from selected municipalities trained in Three Provinces (Limpopo, Free State and North West)  Training workshop for municipal officials in the remaining 6 provinces will be conducted December 2008
	Technical support provided to municipalities on MSPs	All new and existing municipal services partnerships supported	Continuous	<b>Achieved</b> Technical support provided to six municipalities in new MSP implementation

## PROGRAMME 5: FREE BASIC SERVICES AND INFRASTRUCTURE

Sub-programmes	Outputs	Measures/ indicators	Actual performance against targets	
			Target	Actual
Public Participation and Empowerment	Offices of Speakers in municipal councils strengthened	Provincial indaba convened with relevant role-players	September 2007	<b>Achieved</b> There was a meeting with all Municipal Speakers at the ward committee training launch. It was agreed that the capacity issues related to their offices be incorporated in the policy review process
	Draft public participation framework finalised and distributed to municipalities for implementation	Framework on public participation developed and gazetted	November 2007	<b>Achieved</b> The Framework on Public Participation has been completed and incorporated into the policy review process

## 2.7.6 Programme 5: Sub-programme budget and actual expenditure

The expenditure and variance versus the final appropriation is provided below:

Programme per sub-programme	Final Appropriation	Actual Expenditure	Variance
	R'000	R'000	R'000
Management	2,225	1,646	579
Municipal Infrastructure	21,931	20,065	1,866
Free Basic Services Co-ordination	4,217	4,182	35
Municipal Service Partnerships	3,620	3,472	148
Public Participation and Empowerment	5,177	5,177	-
<b>Total</b>	<b>37,170</b>	<b>34,542</b>	<b>2,628</b>

Economic classification	Final Appropriation	Actual Expenditure	Variance
	R'000	R'000	R'000
<b>Current</b>			
Compensation of employees	16,559	15,794	765
Goods and services	19,688	18,380	1,308
<b>Transfers and subsidies</b>			
Provinces and municipalities	-	-	-
<b>Capital</b>			
Machinery and equipment	802	247	555
Software and other intangible assets	121	121	-
<b>Total</b>	<b>37,170</b>	<b>34,542</b>	<b>2,628</b>

“The Provincial and Local Government Transfers represents each municipality's share of revenue raised nationally to contribute to the cost of providing free basic services to qualifying households. The local government equitable share formula is used to divide this allocation between 283 municipalities.”



Chief Financial Officer (Acting): Mr Mbulelo Sigaba

## PROGRAMME 6: PROVINCIAL AND LOCAL GOVERNMENT TRANSFERS

### 2.8.1 Purpose

Provide for the transfer of conditional grants directly administered by the department to the provincial and local spheres of government.

### 2.8.2 Measurable objective

Reinforce the pace and quality of municipal infrastructure development and promote reforms and the restructuring of service delivery by municipalities through managing the transfers of the equitable share and conditional grants to the provincial and local spheres.

### 2.8.3 Service delivery objectives and indicators

The funds were transferred in compliance to the Division of Revenue Act and full details per municipality and province are provided in Annexures to the Financial Statements, which are included in this Report.

### 2.8.4 Programme developments

This Programme is divided into two sub-programmes:

#### 2.8.5 Provincial transfers

The department no longer has any transfers under this sub-programme.

#### 2.8.6 Local government transfers

This represents each municipality's share of the local government share of revenue raised nationally to contribute to the cost of providing free basic services to qualifying households. The local government equitable share formula is used to divide this allocation between 283 municipalities.

#### 2.8.7 Municipal Systems Improvement Programme

Assist municipalities with building in-house capacity to perform their functions and stabilise institutional and governance systems.



“The Municipal Systems Improvement Programme assists municipalities with building in-house capacity to perform their functions and stabilise institutional and governance systems.”

### 2.8.8 Municipal Infrastructure Grant

This is a Schedule 4 grant which is meant to supplement the funding of infrastructure programmes funded from municipal budgets to enable municipalities to address backlog in municipal infrastructure required for the provision of basic services.

Sub-programmes	Outputs	Measures/ indicators	Actual performance against targets	
			Target	Actual
Equitable Share	Main statutory transfer to local government	Transfers made according to approved payment schedule and in compliance with the requirements of the Division of Revenue Act	March 2008	<b>Achieved</b> Transfers made according to approved payment schedule and in compliance with the requirements of the Division of Revenue Act by March 2008
Municipal Systems Improvement Programme	Funding assistance to build in-house capacity	Transfers made according to conditions and in compliance with the requirements of the Division of Revenue Act	March 2008	<b>Achieved</b> Transfers made according to conditions and in compliance with the requirements of the Division of Revenue Act by March 2008



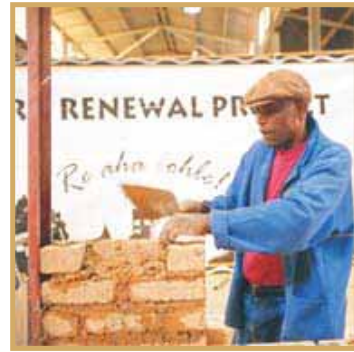
### 2.8.9 Programme 6: Sub-programme budget and actual expenditure

The expenditure and variance versus the final appropriation is provided below:

Programme per sub-programme	Final Appropriation	Actual Expenditure	Variance
	R'000	R'000	R'000
Equitable Share	20,675,620	20,675,620	-
Municipal Systems Improvement Programme	200,000	200,000	-
Municipal Infrastructure Grant	8,754,140	8,754,140	-
<b>Total</b>	<b>29,629,760</b>	<b>29,629,760</b>	<b>-</b>

Economic classification	Final Appropriation	Actual Expenditure	Variance
	R'000	R'000	R'000
<b>Current</b>			
<b>Transfers and subsidies</b>			
Provinces and municipalities	29,629,760	29,629,760	-
<b>Total</b>	<b>29,629,760</b>	<b>29,629,760</b>	<b>-</b>





“The funds were transferred in compliance to the Division of Revenue Act and full details per municipality and province are provided in Annexures to the Financial Statements, which are included in this Report.”

“The institutions to which funds were transferred maintained a satisfactory level of financial management and will prepare and submit their own annual reports.”



## PROGRAMME 7: FISCAL TRANSFERS

### 2.9.1 Purpose

Provide for financial transfers to various authorities and institutions in terms of the relevant legislation or founding agreements.

### 2.9.2 Programme strategic overview

The institutions to which funds were transferred maintained a satisfactory level of financial management and will prepare and submit their own annual reports.

### 2.9.3 Programme policy development / Sub-Programmes

#### 2.9.3.1 South African Local Government Association (SALGA)

The South African Local Government Association (SALGA) was established in 1996 through the Constitution to assist with the comprehensive transformation of local government

in South Africa in line with the democratic principles upheld by the current government.

Section 163 of the Constitution envisages an important role for organised local government. It provides that an Act of Parliament must cater for the recognition of national and provincial organisations representing municipalities, and determine procedures by which local government may consult the national and provincial government, designate representatives to participate in the National Council of Provinces and nominate persons to the Financial and Fiscal Commission.

The Organised Local Government Act (1997) recognises SALGA as a representative of organised local government. The Act permits organised local government to designate up to 10 part-time representatives to the National Council of Provinces of the national Parliament, and to further nominate two persons to the Financial and Fiscal Commission, which advises National Treasury on budget issues. SALGA participates in intergovernmental structures and can therefore influence national and provincial legislation and gauge the impact of the legislation on local government.



### 2.9.3.2 Municipal Demarcation Board (MDB)

The Municipal Demarcation Board (MDB) is a constitutional institution, which aims to: contribute to constitutional democracy and development through the spatial configuration of municipal boundaries, wards and districts in South Africa; assess the capacity of municipalities to perform their constitutional functions; make recommendations to members of executive councils responsible for local government's revision of powers and functions between district and local municipalities; and give, within the scope of its mandate, advice and support to improve the development of a sound system of local government.

### 2.9.3.3 South African Cities Network (SACN)

The SACN is a joint programme of the **dplg**, SALGA and the nine largest South African cities (that make up to approximately 70% of the country's socio-economic landscape). Since its establishment in October 2002, the SACN has positioned itself as both a source of information to the leadership of South Africa's largest cities and also as a catalyst for debate on urban issues.

Since its establishment in 2002, the SACN has maintained sound relationships with all spheres of government, enabling it to serve as a vehicle for the promotion of city development strategies as a tool for urban development. In its first three years of operation, the SACN developed knowledge products and added value through its input to processes which address governance challenges as well as opportunities for cities.

SACN identifies, assembles and disseminates information that enhances the ability of decision-makers to learn from the experience of others and efficiently use their resources

to build sustainable cities. These include:

- State of South African Cities Report;
- Guidelines for the Urban Development Zone (UDZ) legislation;
- Input into the National Urban Policy representing the consolidated view of the nine largest municipalities in South Africa;
- An analysis of cities and the constraints for implementation of the Expanded Public Works Programme;
- A comparative analysis of globally competitive city regions and a strategy for cities in the Gauteng region;
- A study on spatial exclusion and urban renewal in South African cities; and
- National IDP Hearings conducted in conjunction with the **dplg**.

The functions that SACN performed in this period under review were:

The first half of 2007/08 saw steady progress in the implementation of the agreed business plan. The State of City Finances was published in October 2007, providing a comprehensive analysis of audited financial statements in the cities and highlighting future threats to municipal revenue and financial sustainability. The first Sustainable Cities Annual Report was also published, providing a comprehensive snapshot of good urban environmental management practice by the municipalities as a summary of learning for the first year of the Urban Environmental Management programme.

During the first half of 2007/08, the SACN hosted 15 knowledge sharing and learning events, attended by over 500 people, and received over 12 000 individual visitors to the website.

“SACN identifies, assembles and disseminates information that enhances the ability of decision-makers to learn from the experience of others and efficiently use their resources to build sustainable cities. These include.”

The following table provides more detailed information on outputs and results compared to previous years.

	2003/04	2004/05	2005/06	2006/07	2007/08	2007/08 Extrapolated	Total
Number of knowledge exchange and networking events	6	17	21	26	15	24	85
Number of people attending KE and networking events	230	620	860	1 332	506	860	3 548
Number of publications	2	4	7	5	2	4	20
Number of printed copies of publications	1 500	2000	4000	3000	3000	6000	13 500
Number of publications downloaded off website				2 439	1 062	4 248	3501
Ave number of people receiving e- news letter every month	685	854	1 141	1 543	1 603	1 603	5826
Number of page impressions on website		158 891	231 200	324 883	88 057	352 228	803 031
Number of unique visitors to website		25 427	42 070	54 173	12 330	49 320	134 000
Bandwidth downloaded from website (Gigabytes)				43.67	11.45	45.8	43.67
Number of video records of events			1	9	2	4	12

It is clear from the extrapolated numbers for 2007/08 that the SACN will maintain performance levels achieved in 2006/07. It expects to host a similar number of learning events although the number of people attending these events may be lower. This is because there has been a new emphasis on knowledge sharing through small reference groups that deal with issues in great detail, rather than large seminars with a wider audience.

The SACN continues to receive and analyse feedback from participants at learning events to refine and improve learning methodology.

#### 2.9.3.4 Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities

The Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities (CRL Commission) was formed through chapter nine of the Constitution. It was legally established by the Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities Act (2002) and became effective in January 2004.



Key to the promotion and protection of the cultural, religious and linguistic rights of all communities in South Africa is the need to acknowledge the history of oppression of the rights of the majority of communities and the resultant destruction of their identities.

In its attempts at recovering lost identities, the CRL Commission:

- Monitors and mediates conflicts related to the alleged violations of the rights of cultural, religious and linguistic communities;
- Monitors, investigates and researches any issues that may be in need of promotion and protection for the revival of lost identities;
- Educates, lobbies and advises communities with respect to their mutual culture, religion and language rights, and through these exercises, targeting the youth and specific categories of adults, providing them with information about the values, beliefs and practices of their communities;
- Establishes dates for community organisation, and recommends the establishment of community organisations and councils;
- Monitors state policy and legislative developments to facilitate the promotion and protection of the rights of all communities.

### 2.9.3.5 Commission on Traditional Leadership Disputes and Claims

The Commission on Traditional Leadership Disputes and Claims was established in terms of Chapter 6 of the Traditional Leadership and Governance Framework Act (No 41 of 2003). The aim of the Commission is to restore the integrity of the Institution of Traditional Leaders and to promote good governance in traditional communities. The

Commission operates nationally and has authority to decide on any traditional leadership dispute and claim contemplated in the Act and arising in any province.

In terms of Section 28(7) of the Act, the Commission had to undertake an investigation into the twelve existing paramountcies in order to restore the integrity and legitimacy of the Institution of Traditional Leadership at the highest position. The investigation should be understood within the context of Section 8 of the Act which makes provision for three leadership positions within the Institution of Traditional Leadership, namely: kingship, senior traditional leadership and headmanship. The position of existing paramountcies had to be determined in relation to the three positions provided for by the Act.

### 2.9.3.6 National House of Traditional Leaders

The National House of Traditional Leaders is a statutory body established by the National House of Traditional Leadership Act, 1997 (No 10 of 1997) as amended. Its main objectives are primarily to promote the role of traditional leadership within a democratic constitutional dispensation through representation and advancement of the aspirations of traditional leaders and their rural communities at national level. The House has the further task of enhancing unity and understanding between traditional communities and co-operation between the National House and the various provincial houses.



### 2.9.4 Programme 7: Sub-programme budget and actual expenditure

The expenditure and variance versus the final appropriation is provided below:

Programme per sub-programme	Final Appropriation	Actual Expenditure	Variance
	R'000	R'000	R'000
South African Local Government Association	20,461	20,461	-
Municipal Demarcation Board	20,664	20,664	-
South African Cities Network	4,400	4,400	-
Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities	15,447	15,447	-
Commission on Traditional Leadership Disputes and Claims	10,639	10,573	66
National House of Traditional Leaders	13,194	13,169	25
<b>Total</b>	<b>84,805</b>	<b>84,714</b>	<b>91</b>

Economic classification	Final Appropriation	Actual Expenditure	Variance
	R'000	R'000	R'000
<b>Current</b>			
Compensation of employees	5,712	5,712	-
Goods and services	18,095	18,004	91
<b>Transfers and subsidies</b>			
Dept agencies and accounts	56,572	56,572	-
Non-profit institutions	4,400	4,400	-
<b>Capital</b>			
Machinery and equipment	26	26	-
<b>Total</b>	<b>84,805</b>	<b>84,714</b>	<b>91</b>

# DISCLOSURE NOTES IN RESPECT OF CONDITIONAL GRANTS IN TERMS OF SECTION 13 (2) OF THE DIVISION OF REVENUE ACT 2007

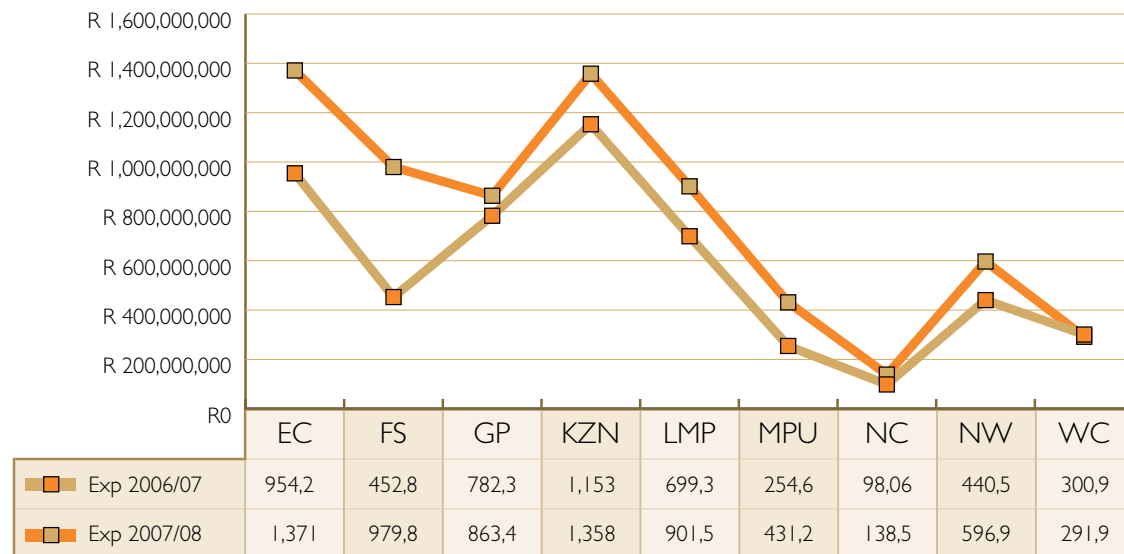
## 2.10.1 MUNICIPAL INFRASTRUCTURE GRANT

### Introduction

The Municipal Infrastructure Grant integrated various grants that used to be managed by different sector departments. The implementation of MIG was earmarked to kick start from 2006/07 financial year. However, the implementation was brought forward with two years starting in 2004/05 and the allocations to municipalities were much more than were anticipated, resulting with a lot of challenges for municipalities. The challenges were further exacerbated by the fact that no proper arrangements were in place to phase-in municipalities in the new arrangement of infrastructure delivery.

However, the situation has since improved since the 2005/06 financial year. Municipalities have demonstrated improved capacity to spend MIG funds. The following graph provides a comparison of expenditure between 2006/07 and 2007/08 financial years.

Figure 1. Comparison of Expenditure - 2006/07 versus 2007/08 financial years



The above figure demonstrates the significant improvement of municipal capacity to spend MIG funds from 2006/07 to 2007/08 financial year. The most improved expenditure is recorded in Free State, and Mpumalanga that spent 116 and 69 percent in 2007/08 financial year more than what was spent during 2006/07 financial year respectively. However, Western Cape recorded lower expenditure during the same period. Western Cape expenditure was affected by City of Cape Town spending that spent 76 percent of their 2007/08 allocation. City of Cape Town accounts for more than 60 percent of the total Western Cape allocation.

The main contributing factor of slow spending is project implementation planning by municipalities. Most municipalities start planning after their councils have approved capital budgets by the end of May of each year. Then they would start projects designs and procurement processes that would see most projects being implemented from the beginning of January the following year with only three months left to the end of the financial year. The **dplg** has been working with municipalities to encourage prior planning before the start of the financial year.

### Summary of the 2007/08 Expenditure as at end of March 2008

Municipalities were allocated an amount of R7,548 billion for 2007/08 financial year as per the 2007 Division of Revenue Act. However, the MIG allocations were adjusted upwards by R714 million to R8,262 billion as a result of additional funds received for bucket eradication as well as the approval of the roll-overs for funds that were stopped during the 2006/07 financial year.

The **dplg** has transferred 100 percent of the available funds to municipalities as at the end of March 2008.

Municipalities spent R6,942 billion which represents 84 percent from the revised allocation. Table 1 provides a summary of expenditure per province for 2007/08 financial year. This is the highest expenditure since the inception of the MIG programme in 2004/2005 taking into account that the allocation of R8,261 billion includes a total of R513 million which was rolled over from the 2006/2007 financial year. This amount was stopped from the allocation of municipalities that under-performed during 2006/07 financial year. The detailed expenditure report per municipality is provided in Annexure 1B of the Annual Financial Statements.

Province	Revised allocation	Transferred to date	Transfers from total allocation	Actual expenditure to date	Expenditure from total allocation	Expenditure from amount transferred	Amount not yet spent
	(R'000)	(R'000)	%	(R'000)	%	%	(R'000)
Eastern Cape	1,613,091	1,613,091	100%	1,371,282	85%	85%	241,809
Free State	1,258,725	1,258,725	100%	979,869	78%	78%	278,856
Gauteng	1,058,152	1,058,152	100%	863,476	82%	82%	194,677
KwaZulu Natal	1,439,345	1,439,345	100%	1,358,597	94%	94%	80,748
Limpopo	980,188	980,188	100%	911,049	93%	93%	69,139
Mpumalanga	576,005	576,005	100%	431,245	75%	75%	144,760
Northern Cape	222,453	222,453	100%	138,521	62%	62%	83,933
North West	760,642	760,642	100%	596,942	78%	78%	163,699
Western Cape	353,186	353,186	100%	291,921	83%	83%	61,266
<b>Total</b>	<b>8,261,788</b>	<b>8,261,788</b>	<b>100%</b>	<b>6,942,901</b>	<b>84%</b>	<b>84%</b>	<b>1,318,887</b>

Municipalities reported the under spending of R1,319 billion as at 31 March 2008. This is the amount transferred to municipal primary bank accounts, but not yet spent. It must also be noted that during the 2007/2008 financial the total MIG allocation increased significantly with the inclusion of R400 million for the bucket eradication target. A further R200 million was approved for the same purpose during November 2007 when municipalities reported a shortfall in funding.

Nevertheless, there are a number of municipalities that reported huge balances unspent in their bank accounts. Table 2 shows the list of municipalities that reported significant variances/balances that was not spent by end of March 2008. The majority of the municipalities are high capacity municipalities.



Table 2: List of Municipalities with significant balances Transferred but not yet spent					
	Allocation	Transferred to date	Actual Expenditure to date	Expenditure from total allocation	Amount transferred not yet spent
Province	(R'000)	(R'000)	(R'000)	%	(R'000)
<b>Eastern Cape</b>					
Baviaans	22 204	22 204	-	0%	22 204
Nelson Mandela	109 536	109 536	64 262	59%	45 274
Alfred Nzo District Municipality	88 085	88 085	61 703	70%	26 382
Buffalo City	109 470	109 470	83 969	77%	25 501
Chris Hani District Municipality	210 131	210 131	184 107	88%	26 024
Amatole District Municipality	182 194	182 194	165 356	91%	16 838
<b>Free State</b>					
Matjhabeng	151 559	151 559	84 613	56%	66 946
Tokologo	26 505	76 505	15 973	60%	60 532
Masilonyana	87 128	87 128	53 567	61%	33 561
Nketoana	110 864	110 864	83 509	75%	27 355
Ngwathe	79 361	79 361	61 974	78%	17 388
<b>Gauteng</b>					
City of Tshwane	221 684	221 684	134 862	61%	86 822
City of Johannesburg	329 585	329 585	256 067	78%	73 518
Emfuleni	93 188	93 188	77 148	83%	16 040
<b>Kwazulu Natal</b>					
uMgungundlovu District Municipality	41 608	41 608	20 398	49%	21 210
<b>Limpopo</b>					
Polokwane	111 892	111 892	72 738	65%	39 155
<b>Mpumalanga</b>					
Govan Mbeki	33 606	33 606	9 124	27%	24 482
Thembisile	40 039	40 039	17 793	44%	22 246
Dr JS Moroka	41 108	41 108	21 191	52%	19 917
Emalahleni	34 746	34 746	18 530	53%	16 217
Mbombela	78 954	78 954	57 024	72%	21 930
<b>Northern Cape</b>					
Kareeberg	37 485	37 485	2 261	6%	35 224
<b>North West</b>					
Bophirima District Municipality	68 959	68 959	27 904	40%	41 055
Rustenburg	113 368	113 368	56 826	50%	56 542
Moses Kotane	46 279	46 279	24 430	53%	21 849
City of Matlosana	131 128	131 128	99 681	76%	31 447
<b>Western Cape</b>					
City of Cape Town	219 485	219 485	166 231	76%	53 254
<b>Total</b>	<b>2 820 152</b>	<b>2 870 152</b>	<b>1 921 239</b>	<b>68%</b>	<b>948 913</b>

Together these municipalities reported an under expenditure of R949 million which accounts for more than 70 percent of the total unspent funds of R1,319 billion.

I. DISTRIBUTION OF MUNICIPALITIES IN TERMS OF THE LEVEL OF EXPENDITURE  
AS AT END OF MARCH FOR 2006/07 AND 2007/08

Province	Municipalities spending 0 percent	Municipalities spending less than 50 percent	Municipalities spending between 50 and 79 percent	Municipalities spending 80 - 99 percent	Municipalities spending 100 percent	Total Receiving
EC	1	9	11	11	8	40
FS	-	2	4	2	13	21
GP	-	1	1	5	4	11
KZN	1	11	8	10	22	52
LMP	-	2	3	8	16	29
MPU	-	5	7	3	4	19
NC	2	6	5	4	6	23
NW	-	1	3	5	13	22
WC	-	-	1	3	18	22
	4	37	43	51	104	239
<b>% share to total receiving</b>	<b>2%</b>	<b>15%</b>	<b>18%</b>	<b>21%</b>	<b>44%</b>	<b>100%</b>

Table 3 shows that 239 municipalities received MIG funds in 2006/07 financial year. 104 or 44 percent of municipalities spent 100 percent of the funds by end of March 2007 (end of national financial year). There were 4 municipalities that reported zero expenditure, and 37 municipalities that reported expenditure of less than 50 percent during the same period.

Province	Municipalities spending 0 percent	Municipalities spending less than 50 percent	Municipalities spending between 50 and 79 percent	Municipalities spending 80 - 99 percent	Municipalities spending 100 percent	Total Receiving
EC	2	5	8	11	14	40
FS	-	1	9	7	4	21
GP	-	-	3	4	5	12
KZN	1	4	7	9	34	55
LMP	-	1	6	6	16	29
MPU	-	4	5	2	8	19
NC	3	8	7	6	6	30
NW	-	4	6	3	9	22
WC	-	-	6	1	17	24
	6	27	57	49	113	252
<b>% share to total receiving</b>	<b>2%</b>	<b>11%</b>	<b>23%</b>	<b>19%</b>	<b>45%</b>	<b>100%</b>

Table 4 shows that 252 municipalities received MIG funds in 2007/08 financial year. 113 or 45 percent of municipalities spent 100 percent of the funds by end of March 2008 (end of national financial year). There were 6 municipalities that reported zero expenditure, and 27 municipalities that reported expenditure of less than 50 percent during the same period. This table demonstrate a significant improvement of expenditure taking into account of additional 13 municipalities that received MIG

funds for the first time during 2007/08 financial year. This coupled with the additional funds of over R700 million that were allocated during November 2007 affected municipal spending of MIG funds during 2007/08 financial year.

## 2. MIG TRANSFERS, EXPENDITURE OF TRANSFERRED AMOUNT AND AMOUNT NOT YET TRANSFERRED AS AT 31 MARCH 2008

The **dplg** transferred all the funds allocated to municipalities as per the revised allocation. The MIG allocations to municipalities for the 2007/08 financial year were increased to some municipalities for the purpose of bucket eradication as well as roll-overs of stopped funds of 2006/2007, the detail of which is gazetted by National Treasury. The detailed allocation as well as expenditure per municipality is attached as Annexure IB of the Annual Financial Statements.

## 3. RE-ALLOCATION OF FUNDS DUE TO IMPROVED PERFORMANCE

The **dplg** recommended to National Treasury to stop funds for selected number of municipalities that were not performing on their MIG programme. The municipalities were informed that the stopped funds would be paid back depending on the improvement of expenditure. Working sessions were held with the affected municipalities during April and July. Municipalities were given tight targets to spend their funds. 90 percent of the affected municipalities managed to demonstrate improved capacity to spend the funds and their funds were re-allocated during November 2007. Table 5 provides a detailed list and allocations paid back to the affected municipalities.

Table 5: Re-allocation of Funds in 2007/2008		
Municipalities: Transfers stopped during 2006/2007	Re-Allocations to Municipalities during 2007/2008	Reasons
Nelson Mandela	0	Nelson Mandela did not receive funds as the funds that were stopped had been allocated to them erroneously for bucket eradication.
Kouga	4,555,000.00	Due to improved spending, the amount that was stopped during 2006/07 financial year was re-allocated back to the municipality as the roll-over to the 2007/08 financial year
Koukamma	773,000.00	Due to improved spending, the amount that was stopped during 2006/07 financial year was re-allocated back to the municipality as the roll-over to the 2007/08 financial year
Mbhashe	9,940,720.30	Due to improved spending, the amount that was stopped during 2006/07 financial year was re-allocated back to the municipality as the roll-over to the 2007/08 financial year
Emalahleni	4,327,837.20	Due to improved spending, the amount that was stopped during 2006/07 financial year was re-allocated back to the municipality as the roll-over to the 2007/08 financial year
Sakhisizwe	514,316.35	Due to improved spending, the amount that was stopped during 2006/07 financial year was re-allocated back to the municipality as the roll-over to the 2007/08 financial year
Elundini	3,037,540.91	Due to improved spending, the amount that was stopped during 2006/07 financial year was re-allocated back to the municipality as the roll-over to the 2007/08 financial year
Maletswai	1,688,507.24	Due to improved spending, the amount that was stopped during 2006/07 financial year was re-allocated back to the municipality as the roll-over to the 2007/08 financial year
O.R. Tambo District Municipality	111,180,068.50	Due to improved spending, the amount that was stopped during 2006/07 financial year was re-allocated back to the municipality as the roll-over to the 2007/08 financial year

Table 5: Re-allocation of Funds in 2007/2008		
Municipalities: Transfers stopped during 2006/2007	Re-Allocations to Municipalities during 2007/2008	Reasons
Matjhabeng	0.00	The municipality did not meet the specified target in terms of expenditure. Furthermore they could not prove that they had any plans to utilise the stopped funds and therefore the funds were not allocated back to them.
Ekurhuleni	20,000,000.00	Due to improved spending, the amount that was stopped during 2006/07 financial year was re-allocated back to the municipality as the roll-over to the 2007/08 financial year
City of Johannesburg	10,000,000.00	Due to improved spending, the amount that was stopped during 2006/07 financial year was re-allocated back to the municipality as the roll-over to the 2007/08 financial year
Emfuleni	29,297,167.86	Due to improved spending, the amount that was stopped during 2006/07 financial year was re-allocated back to the municipality as the roll-over to the 2007/08 financial year
uMuziwabantu	1,883,189.53	Due to improved spending, the amount that was stopped during 2006/07 financial year was re-allocated back to the municipality as the roll-over to the 2007/08 financial year
Hibiscus Coast	473,653.86	Due to improved spending, the amount that was stopped during 2006/07 financial year was re-allocated back to the municipality as the roll-over to the 2007/08 financial year
Richmond	1,996,000.00	Due to improved spending, the amount that was stopped during 2006/07 financial year was re-allocated back to the municipality as the roll-over to the 2007/08 financial year
Msinga	2,081,252.06	Due to improved spending, the amount that was stopped during 2006/07 financial year was re-allocated back to the municipality as the roll-over to the 2007/08 financial year
Umvoti	3,191,261.00	Due to improved spending, the amount that was stopped during 2006/07 financial year was re-allocated back to the municipality as the roll-over to the 2007/08 financial year
Abaqulusi	3,415,774.85	Due to improved spending, the amount that was stopped during 2006/07 financial year was re-allocated back to the municipality as the roll-over to the 2007/08 financial year
Mbonambi	560,000.00	Due to improved spending, the amount that was stopped during 2006/07 financial year was re-allocated back to the municipality as the roll-over to the 2007/08 financial year
Ndwedwe	4,833,515.00	Due to improved spending, the amount that was stopped during 2006/07 financial year was re-allocated back to the municipality as the roll-over to the 2007/08 financial year
Maphumulo	Did not receive their stopped funds back	As at September 2007 Maphumulo had not spent a cent of their 2007/08 allocation as they were still spending their allocation of the previous financial year. This indicated that the municipality still lacked the capacity to spend their allocation and the
Vhembe District Municipality	28,500,438.13	Due to improved spending, the amount that was stopped during 2006/07 financial year was re-allocated back to the municipality as the roll-over to the 2007/08 financial year
Molemole	3,240,355.63	Due to improved spending, the amount that was stopped during 2006/07 financial year was re-allocated back to the municipality as the roll-over to the 2007/08 financial year
Polokwane	26,799,513.27	Due to improved spending, the amount that was stopped during 2006/07 financial year was re-allocated back to the municipality as the roll-over to the 2007/08 financial year

Table 5: Re-allocation of Funds in 2007/2008		
Municipalities: Transfers stopped during 2006/2007	Re-Allocations to Municipalities during 2007/2008	Reasons
Albert Luthuli	11,923,489.93	Due to improved spending, the amount that was stopped during 2006/07 financial year was re-allocated back to the municipality as the roll-over to the 2007/08 financial year
Lekwa	3,200,349.16	Due to improved spending, the amount that was stopped during 2006/07 financial year was re-allocated back to the municipality as the roll-over to the 2007/08 financial year
Steve Tshwete	3,124,468.23	Due to improved spending, the amount that was stopped during 2006/07 financial year was re-allocated back to the municipality as the roll-over to the 2007/08 financial year
Emakhazeni	2,727,970.00	Due to improved spending, the amount that was stopped during 2006/07 financial year was re-allocated back to the municipality as the roll-over to the 2007/08 financial year
Mbombela	8,199,612.14	Due to improved spending, the amount that was stopped during 2006/07 financial year was re-allocated back to the municipality as the roll-over to the 2007/08 financial year
Nkomazi	26,699,831.00	Due to improved spending, the amount that was stopped during 2006/07 financial year was re-allocated back to the municipality as the roll-over to the 2007/08 financial year
Namakwa District Municipality	900,000.89	Due to improved spending, the amount that was stopped during 2006/07 financial year was re-allocated back to the municipality as the roll-over to the 2007/08 financial year
Siyancuma	3,000,378.32	Due to improved spending, the amount that was stopped during 2006/07 financial year was re-allocated back to the municipality as the roll-over to the 2007/08 financial year
IKai! Garib	2,000,000.00	Due to improved spending, the amount that was stopped during 2006/07 financial year was re-allocated back to the municipality as the roll-over to the 2007/08 financial year
Siyanda District Municipality	2,500,000.00	Due to improved spending, the amount that was stopped during 2006/07 financial year was re-allocated back to the municipality as the roll-over to the 2007/08 financial year
Magareng	1,797,286.95	Due to improved spending, the amount that was stopped during 2006/07 financial year was re-allocated back to the municipality as the roll-over to the 2007/08 financial year
Rustenburg	35,820,233.81	Due to improved spending, the amount that was stopped during 2006/07 financial year was re-allocated back to the municipality as the roll-over to the 2007/08 financial year
Tswaing	3,020,000.00	The municipalities performance improved significantly in April 2007. No meeting was held as the municipality have all the plans in place to spend the 2007/08 funds and the portion that was stopped.

#### 4. PROPOSED STOPPING OF FUNDS DUE TO POOR EXPENDITURE

During December 2007 a number of municipalities in all nine Provinces were under performing with regard to expenditure on MIG projects. Municipalities that were spending below 30 percent of the allocation at the time were identified for stopping in terms of Section 26 (1) of DORA which provides the following:

The National Treasury may in its discretion or at the request of a transferring national officer stop the transfer of –

- (a) a schedule 4,5 or 6 allocation referred to in section 25(1) to a province or municipality on the grounds of persistent an material non-compliance with the provisions of this Act, or a condition to which the allocation as provided for in the relevant framework, is subject; or
- (b) a schedule 4,5,6 or 7 allocation referred to in section 25(1) if the National Treasury anticipates that a province or municipality will substantially under-spend on that programme or allocation in the financial year

Having observed persistent under-spending by municipalities, the **dplg** sought to implement section 27 of the DORA. Meetings were held with the identified municipalities in all 9 Provinces indicated in the table below:

<b>Municipalities : Proposed Stopping of Funds</b>	<b>Reasons</b>	<b>Actions</b>
<b>EC:</b> Nelson Mandela, Ikwezi, Makana, Baviaans, Kouga, Koukamma, Nkonkobe, Inxuba Yethemba, Elundini, Ntabankulu, Umzimvubu, Alfred Nzo, Buffalo City, Mnquma, Blue Crane Route	Underspending	These municipalities were identified for stopping of funds due low level of expenditure. These municipalities promised to improve performance during one on one sessions. At the end of the financial year, a significant improvement in the expenditure figures was noted and all funds were transferred to municipalities since funds were committed to running projects
<b>FS:</b> Mohokare, Masilonyana, Kopanong, Metsimaholo, Thabo Mofutsanyana	Underspending	These municipalities were identified for stopping of funds due low level of expenditure. These municipalities promised to improve performance during one on one sessions. At the end of the financial year, a significant improvement in the expenditure figures was noted and all funds were transferred to municipalities since funds were committed to running projects
<b>GT:</b> Nokeng tsa Taemane	Underspending	These municipalities were identified for stopping of funds due low level of expenditure. These municipalities promised to improve performance during one on one sessions. At the end of the financial year, a significant improvement in the expenditure figures was noted and all funds were transferred to municipalities since funds were committed to running projects
<b>KZN:</b> Ezinqolweni, Msunduzi, Umvoti, Nongoma, Jozini, Hlabisa, Umlalazi, Nkandla, Maphumulo, Ingwe, Ubuhlebezwe, Umzumbe, Mkhambathini, Ntambanana, Umtshezi	Underspending	These municipalities were identified for stopping of funds due low level of expenditure. These municipalities promised to improve performance during one on one sessions. At the end of the financial year, a significant improvement in the expenditure figures was noted and all funds were transferred to municipalities since funds were committed to running projects
<b>LP:</b> Makhuduthamaga, Greater Marble Hall, Greater Giyani, Bela-Bela	Underspending	These municipalities were identified for stopping of funds due low level of expenditure. These municipalities promised to improve performance during one on one sessions. At the end of the financial year, a significant improvement in the expenditure figures was noted and all funds were transferred to municipalities since funds were committed to running projects

<b>Municipalities : Proposed Stopping of Funds</b>	<b>Reasons</b>	<b>Actions</b>
<b>MP:</b> Msukaligwa, Ehlanzeni, Lekwa, Delmas, Emalaheni, Thembisile, Dr JS Moroka, Ehlanzeni.	Underspending	These municipalities were identified for stopping of funds due low level of expenditure. These municipalities promised to improve performance during one on one sessions. At the end of the financial year, a significant improvement in the expenditure figures was noted and all funds were transferred to municipalities since funds were committed to running projects
<b>NC:</b> Namakwa, Ubuntu, Umsobomvu, Kareeberg, Renosterberg, Magareng, Phokwane, Frances Baard, Kamiesberg, Mier, Karoo Hoogland, Richtersveld, Khai-Ma, Tsantsabane, Kgatelopele	Underspending	These municipalities were identified for stopping of funds due low level of expenditure. These municipalities promised to improve performance during one on one sessions. At the end of the financial year, a significant improvement in the expenditure figures was noted and all funds were transferred to municipalities since funds were committed to running projects
<b>NW:</b> Naledi, Mamusa, Lekwa-Teemane, Bophirima, Ventersdorp, Potchefstroom	Underspending	These municipalities were identified for stopping of funds due low level of expenditure. These municipalities promised to improve performance during one on one sessions. At the end of the financial year, a significant improvement in the expenditure figures was noted and all funds were transferred to municipalities since funds were committed to running projects
<b>WC:</b> Cape Winelands, Matzikama, Witzenberg, Hessequa	Underspending	These municipalities were identified for stopping of funds due low level of expenditure. These municipalities promised to improve performance during one on one sessions. At the end of the financial year, a significant improvement in the expenditure figures was noted and all funds were transferred to municipalities since funds were committed to running projects

## 5. IMPLICATIONS OF REALLOCATIONS ON COMMITMENTS ALREADY MADE BY MUNICIPALITIES

During the meetings regarding the stopping of allocations many municipalities indicated that the decision to reallocate their funds would have implications since they won't be able to meet their contractual obligations. Many if not all of their projects had reached construction phase and the stopping of funds at the time would have had a negative impact on service delivery. Furthermore, municipalities presented their action plans in the meetings which showed that they would have urgent need of the funds in the following months in order to continue with projects on the ground.

As a result, the **dplg** took the decision not to stop funds but advised municipalities to plan for the new financial year so that they are not faced with the same challenges at the end of 2008/2009 financial year. Furthermore, municipalities were informed that they should make concerted effort to spend the remaining allocation of 2007/2008 by no later than the end of the municipal financial year i.e. 30 June 2008 to avoid the stopping and re-allocation of their funds.

## 6. INDICATE PROVINCIAL AND MUNICIPAL MONITORING FOR COMPLIANCE WITH THE MIG CONDITIONS PROVIDED FOR IN THE RELEVANT FRAMEWORK AND PROVISIONS OF DORA

The MIG is administered in terms of the Division of Revenue Act. Due to the interventions undertaken by **dplg** to assist municipalities to comply with the Division of Revenue Act, municipal compliance with the Act improved significantly during 2007/08 financial year. During 2007/08 financial year, Non-compliance with the DORA was observed mainly on non-reporting by municipalities in terms of the monthly and quarterly reports that need to be submitted. It was established that municipalities that were not complying in this regard were new receiving municipalities and did not have capacity to report since they were receiving MIG for the first time. Letters were written on monthly basis after expenditure reports were assessed to those municipalities that were not reporting. Furthermore, training sessions were conducted to assist municipalities struggling with reporting during 2007.

A template was developed for payment schedule per project (cash flow projections), which the municipalities were requested to complete and submit to **dplg**. This is used as an early warning-monitoring tool for MIG expenditure by municipalities. It assists the municipalities, provinces and the **dplg** in monitoring the progress of the MIG projects on a monthly basis and it easily shows where the challenges are to inform the interventions aimed at dealing with those particular challenges.

The **dplg** has developed processes and procedures to assist with the grant administration. Furthermore, the department has developed a number of monitoring systems to monitor municipal compliance with the grant conditions. The monitoring systems developed are the following:

#### **Project Registration**

All the projects funded with the municipal infrastructure grant should be registered before the municipality can implement the project. Through project registration system all the spheres of government are involved i.e. municipalities, provinces and national (including sector departments).

The following compliance issues are assessed through project registration: projects have the IDP numbers to reflect if the project is in the IDP of a particular municipality, the project is in line with Provincial Growth and Development Strategies (PGDS), project addresses EPWP guideline provisions, projects meet sector technical requirements, projects addresses infrastructure backlogs instead of funding operational expenditure and etc.

#### **Monthly DORA reports**

Municipalities submit expenditure reports on monthly basis to **dplg** through all the 9 provinces (departments of Local Government and housing). The **dplg** analyse the expenditure for all municipalities to determine the municipal performance and actions required to address bottlenecks. The monthly expenditure report is assessed against the monthly project list that gives expenditure per registered projects. Based on these reports, interventions in terms of DORA compliance issues are determined.

#### **Monthly Project List**

This report is submitted to **dplg** through provinces to provide monthly progress regarding all the projects being implemented by municipalities. It provides progress for both financial and non-financial information regarding project implementation at municipal level. This is quite an important report since it provides information that is crucial for all the stakeholders to intervene and support required to particular municipalities.

It provides details such as progress regarding project implementation status (number and value of projects registered, number and value of projects in design and tender stages, number and value of projects on construction and completed stages). It also gives monthly progress reports of outputs (number of households serviced and employment opportunities created). This report is also used by sector departments to determine interventions and support required for their respective sectors.

#### **Quarterly Key Performance Indicators report (KPI)**

The essential tool utilized by the National government for monitoring the delivery of infrastructure through the Municipal Infrastructure Programme is the Key Performance Indicator (KPI) Report compiled quarterly. The KPI report provides information on the key achievements of the programme in the delivery of infrastructure to the poor.



The **dplg** has developed a KPI reporting template which is completed by the PMUs (municipal level) as well as the PPMUs (provincial level). The KPI Reports are verified by the Sector Departments before submission to the **dplg**.

Indicated below is a reporting cycle that reflects how KPI Reports should be compiled and finalised:

- Within 30 days after the end of each quarter, the PMUs together with their municipalities compile the KPI reports and forward these to the PPMUs.
- The PPMUs consolidate the municipal KPI reports and draft a provincial KPI report within 15 days, which is forwarded to the Sector Departments for verification.
- After receiving the KPI reports, the Sector Departments are required to verify the information contained in the reports and respond to the PPMUs within the following 15 days.
- Once the KPI reports have been verified by the Sector Departments and referred back to the PPMUs, The PPMUs are required to forward the verified provincial and municipal KPI reports to the National MI Unit within 10 days.
- The National MI Unit must consolidate the provincial KPI reports and submit the National KPI report within 10 days to the Executive Manager.
- The **dplg** will publish the document by the end of the third month after the quarter as well as reporting to the Select Committee on Finance.

## 7. LIST OF ACHIEVEMENTS IN LINE WITH THE MIG ALLOCATION PURPOSE AND OUTPUTS

The number of households that have access to sanitation are 293 880 and households receiving access to water 864 521. 134 247 persons were employed; (a project is on average 12 months in construction with an average of 20 working days a month). The employment opportunities for women (including female youth and disabled persons) in person days expressed, as a percentage was 38, 72% of the total employment opportunities. The employment of youth 39, 71% of the total employment opportunities.

## 8. LIST OF INCIDENTS OF NON-COMPLIANCE WITH DORA AND THE STEPS TAKEN TO DEAL WITH SUCH NON-COMPLIANCE

Due to the interventions undertaken by **dplg** to assist municipalities to comply with the Division of Revenue Act, municipal compliance with the Act improved significantly during 2007/08 financial year. During 2007/08 non-compliance with the DORA was mainly on non-reporting by municipalities in terms of the monthly and quarterly reports that need to be submitted. It was established that municipalities that were not complying in this regard were new receiving municipalities and did not have capacity to report since they were receiving MIG for the first time. Letters were written on a monthly basis after expenditure reports were assessed to those municipalities that were not reporting. Furthermore, training sessions were conducted to assist municipalities struggling with reporting during October and November 2006.

A template was developed for payment schedule per project (cash flow projections), which the municipalities were requested to complete and submit to **dplg**.

This is used as an early warning-monitoring tool for MIG expenditure by municipalities. It assists the municipalities, provinces and the **dplg** in monitoring the progress of the MIG projects on a monthly basis and it easily shows where the challenges are to inform the interventions aimed at dealing with those particular challenges. This also assists in instances where there is no movement on a project, whereby it can be recommended that such a project be stopped/suspended and funds be re-directed to other projects that are already registered and due for implementation or to projects which are already being implemented.

The idea of the payment schedule per project was as a result that the **dplg** realised that most of the municipalities are not spending according to the payment schedules (cash flow projections) submitted to **dplg** at the beginning of the financial year. There are huge variances between scheduled amounts and actual expenditures, resulting in under expenditure at municipalities.

<b>Table 7: List of municipalities non-compliance in the form of non-reporting was identified.</b>		
<b>Municipality: Non compliance reported</b>	<b>Reasons for non compliance</b>	<b>Corrective steps taken</b>
Mbashe	Non reporting	Letters of non-compliance were sent to municipalities. The importance of reporting was also presented in meetings and workshops.
Mnquma	Non reporting	Letters of non-compliance were sent to municipalities. The importance of reporting was also presented in meetings and workshops.
Great Kei	Non reporting	Letters of non-compliance were sent to municipalities. The importance of reporting was also presented in meetings and workshops.
Buffalo City	Non reporting	Letters of non-compliance were sent to municipalities. The importance of reporting was also presented in meetings and workshops.
Nkonkobe	Non reporting	Letters of non-compliance were sent to municipalities. The importance of reporting was also presented in meetings and workshops.
Inxuba Yethemba	Non reporting	Letters of non-compliance were sent to municipalities. The importance of reporting was also presented in meetings and workshops.
Intsika Yethu	Non reporting	Letters of non-compliance were sent to municipalities. The importance of reporting was also presented in meetings and workshops.
Engcobo	Non reporting	Letters of non-compliance were sent to municipalities. The importance of reporting was also presented in meetings and workshops.
Elundini	Non reporting	Letters of non-compliance were sent to municipalities. The importance of reporting was also presented in meetings and workshops.
Ntabankulu	Non reporting	Letters of non-compliance were sent to municipalities. The importance of reporting was also presented in meetings and workshops.
Qaukeni	Non reporting	Letters of non-compliance were sent to municipalities. The importance of reporting was also presented in meetings and workshops.
Nyandeni	Non reporting	Letters of non-compliance were sent to municipalities. The importance of reporting was also presented in meetings and workshops.
Mhlontlo	Non reporting	Letters of non-compliance were sent to municipalities. The importance of reporting was also presented in meetings and workshops.
Alfred Nzo	Non reporting	Letters of non-compliance were sent to municipalities. The importance of reporting was also presented in meetings and workshops.
Xhariep	Non reporting	Letters of non-compliance were sent to municipalities. The importance of reporting was also presented in meetings and workshops.
Lejweleputswa	Non reporting	Letters of non-compliance were sent to municipalities. The importance of reporting was also presented in meetings and workshops.
Nokeng tsa Taemane	Non reporting	Letters of non-compliance were sent to municipalities. The importance of reporting was also presented in meetings and workshops.
Newcastle	Non reporting	Letters of non-compliance were sent to municipalities. The importance of reporting was also presented in meetings and workshops.
Zululand	Non reporting	Letters of non-compliance were sent to municipalities. The importance of reporting was also presented in meetings and workshops.
Umhlabuyalingana	Non reporting	Letters of non-compliance were sent to municipalities. The importance of reporting was also presented in meetings and workshops.
Mbonambi	Non reporting	Letters of non-compliance were sent to municipalities. The importance of reporting was also presented in meetings and workshops.
Ezinqolweni	Non reporting	Letters of non-compliance were sent to municipalities. The importance of reporting was also presented in meetings and workshops.
Richmond	Non reporting	Letters of non-compliance were sent to municipalities. The importance of reporting was also presented in meetings and workshops.
Umvoti	Non reporting	Letters of non-compliance were sent to municipalities. The importance of reporting was also presented in meetings and workshops.
Jozini	Non reporting	Letters of non-compliance were sent to municipalities. The importance of reporting was also presented in meetings and workshops.

<b>Table 7: List of municipalities non-compliance in the form of non-reporting was identified.</b>		
<b>Municipality: Non compliance reported</b>	<b>Reasons for non compliance</b>	<b>Corrective steps taken</b>
Hlabisa	Non reporting	Letters of non-compliance were sent to municipalities. The importance of reporting was also presented in meetings and workshops.
Ndwedwe	Non reporting	Letters of non-compliance were sent to municipalities. The importance of reporting was also presented in meetings and workshops.
Maphumulo	Non reporting	Letters of non-compliance were sent to municipalities. The importance of reporting was also presented in meetings and workshops.
Nongoma	Non reporting	Letters of non-compliance were sent to municipalities. The importance of reporting was also presented in meetings and workshops.
Umlalazi	Non reporting	Letters of non-compliance were sent to municipalities. The importance of reporting was also presented in meetings and workshops.
Nkandla	Non reporting	Letters of non-compliance were sent to municipalities. The importance of reporting was also presented in meetings and workshops.
Ga-Segonyana	Non reporting	Letters of non-compliance were sent to municipalities. The importance of reporting was also presented in meetings and workshops.
Kamiesberg	Non reporting	Letters of non-compliance were sent to municipalities. The importance of reporting was also presented in meetings and workshops.
Hantam	Non reporting	Letters of non-compliance were sent to municipalities. The importance of reporting was also presented in meetings and workshops.
Ubuntu	Non reporting	Letters of non-compliance were sent to municipalities. The importance of reporting was also presented in meetings and workshops.
Umsobomvu	Non reporting	Letters of non-compliance were sent to municipalities. The importance of reporting was also presented in meetings and workshops.
Emthanjeni	Non reporting	Letters of non-compliance were sent to municipalities. The importance of reporting was also presented in meetings and workshops.
Kareeberg	Non reporting	Letters of non-compliance were sent to municipalities. The importance of reporting was also presented in meetings and workshops.
Renosterberg	Non reporting	Letters of non-compliance were sent to municipalities. The importance of reporting was also presented in meetings and workshops.
Thembisile	Non reporting	Letters of non-compliance were sent to municipalities. The importance of reporting was also presented in meetings and workshops.
Siyathemba	Non reporting	Letters of non-compliance were sent to municipalities. The importance of reporting was also presented in meetings and workshops.
Siyancuma	Non reporting	Letters of non-compliance were sent to municipalities. The importance of reporting was also presented in meetings and workshops.
Pixley Ka Seme	Non reporting	Letters of non-compliance were sent to municipalities. The importance of reporting was also presented in meetings and workshops.
//Khara Hais	Non reporting	Letters of non-compliance were sent to municipalities. The importance of reporting was also presented in meetings and workshops.
Siyanda	Non reporting	Letters of non-compliance were sent to municipalities. The importance of reporting was also presented in meetings and workshops.
Sol Plaatjie	Non reporting	Letters of non-compliance were sent to municipalities. The importance of reporting was also presented in meetings and workshops.
Magareng	Non reporting	Letters of non-compliance were sent to municipalities. The importance of reporting was also presented in meetings and workshops.
Kgalagadi	Non reporting	Letters of non-compliance were sent to municipalities. The importance of reporting was also presented in meetings and workshops.
!Kai! Garip	Non reporting	Letters of non-compliance were sent to municipalities. The importance of reporting was also presented in meetings and workshops.
Phokwane	Non reporting	Letters of non-compliance were sent to municipalities. The importance of reporting was also presented in meetings and workshops.

## 2.10.2 Municipal Systems Improvement Grant

### I. GROWTH IN RECEIVING MUNICIPALITIES

At the inception of the Municipal Systems Improvement Grant (MSIG), the focus was on the District Municipalities with a broad view that allocations will be beneficial to local municipalities under the district jurisdiction using the district wide business plan. The approach was largely influenced by the establishment of the 47 District based Planning and Implementation Management Service Centres to facilitate the implementation of MSIG projects and support to local municipalities.

In the advent of the launch of Project Consolidate in 2004, the grant modus operandi shifted in support of the initiative. The grant coverage targeted individual municipalities giving local municipalities the status as direct beneficiaries or receiving officers. The number of receiving municipalities increased from 47 districts to 198 municipalities (151 municipalities added) in 2005/06. In the financial year 2006/07 the number of municipalities increased from 198 to 211 municipalities and the majority once again being the Project Consolidate municipalities. This signifies a 6% increase in coverage.

In the financial year 2007/08, the MSIG coverage increased to 254 municipalities, out of a total of 283 municipalities. Guided by the grant framework in the DoRA, the MSIG funds were primarily used for the following nine output areas:-

- Capacity Building
- Municipal Property Rates Act
- General Agreed Municipal Accounting Practice (GAMAP)
- Revenue Enhancements
- Performance Management
- Public Participation
- Integrated Development Planning (IDP)
- Municipal Finance Management Act (MFMA)
- Annual Financial Statements

### 2. COMPARATIVE ANALYSIS OF MSIG EXPENDITURE FOR 2006/07 – 2007/08

The allocations on Municipal Systems Improvement Grant (MSIG) are transferred according to Municipal financial year which in this case ends on 30 June 2008. A total of R200 million was transferred to receiving municipalities in July and November 2007 respectively.

The table below indicates that by close of national financial year, 31 March 2008, the MSIG expenditure remained at 49% (R97 mil) compared to the 38% (77 million) in March 2007. This shows a 10% improvement from the previous financial year. At the end of 2006/07 municipal financial year (June 2007) the MSIG expenditure remained at 80% (R156 mil of R200mil).

Province	Expenditure as at March 2007	Expenditure %	Expenditure as at June 2007	Expenditure %	Expenditure as at March 2008	Expenditure %
Eastern Cape	7 367	26.1	25 133	89	16 361	58.7
Free State	7 827	45.6	14 740	85.8	10 781	56.3
Gauteng	5 574	61.7	8 709	96.4	4 206	50.1
KwaZulu Natal	12 873	32.3	27 024	67.9	15 213	39.2
Limpopo	11 131	50.3	17 955	81.1	12 213	53.6
Mpumalanga	13 571	57.2	19 711	83.0	10 158	54.0
Northern Cape	5 900	28.2	17 180	82.1	13 175	52.5
North West	5 406	25.1	14 537	67.5	8 564	48.1
Western Cape	7 573	43.7	11 136	64.3	6 682	34.6
Unallocated						
<b>TOTAL</b>	<b>77 222</b>	<b>38.6%</b>	<b>156 124</b>	<b>80%</b>	<b>97 860</b>	<b>49%</b>

### 3. LIST OF MUNICIPALITIES WHERE TRANSFERS WERE WITHHELD IN TERMS OF SEC 13(2) (A) OF THE DIVISION OF REVENUE ACT,2007

In terms of MSIG, the number of municipalities where transfers were withheld was 27 in 2007/08 signifying an improvement compared to 69 in 2006/07. The decrease to 27 in the 2007/08 indicates an improving trend of municipal compliance to the conditions of the DoRA.

Derm. Code	List of Municipalities where transfers were withheld and reasons for withholding				
	Municipalities	Allocations	Amount Withheld	Reasons	Actions
EC121	Mbhashe	734	367	Expenditure for the municipality was less than 50% with no reasons provided.	MSIG workshop focusing on project and expenditure management as well as reporting of the MSIG was held in January 2008 and expenditure improved since the intervention.
EC136	Emalahleni	734	367	Expenditure for the municipality was less than 50%. Low spending due to late project implementation.	MSIG workshop focusing on project and expenditure management as well as reporting of the MSIG was held in January 2008. Expenditure is still low. Non - Compliance letters have been sent to the municipality.

Table 2: Transfers withheld and reasons for withholding					
Derm. Code	List of Municipalities where transfers were withheld and reasons for withholding				
	Municipalities	Allocations	Amount Withheld	Reasons	Actions
EC138	Sakhisizwe	734	367	Expenditure for the municipality was less than 50%. Low spending due to late project implementation.	MSIG workshop focusing on project and expenditure management as well as reporting of the MSIG was held in January 2008 and expenditure improved since the intervention.
EC141	Elundini	734	367	Expenditure for the municipality was less than 50%. Low spending due to late project implementation.	MSIG workshop focusing on project and expenditure management as well as reporting of the MSIG was held in January 2008 and expenditure improved since the intervention.
EC152	Ntabankulu	734	367	Expenditure for the municipality was less than 50%. Low spending due to late project implementation.	MSIG workshop focusing on project and expenditure management as well as reporting of the MSIG was held in January 2008 and expenditure improved since the intervention.
EC156	Mhlontlo	734	367	Expenditure for the municipality was less than 50%. Low spending due to late project implementation.	MSIG workshop focusing on project and expenditure management as well as reporting of the MSIG was held in January 2008. Expenditure is still low. Non - Compliance letters have been sent to the municipality.
FS195	Phumelela	1 000	500	Expenditure for the municipality was less than 50%. Low spending due to late project implementation.	MSIG workshop focusing on project and expenditure management as well as reporting of the MSIG was held in January 2008. Expenditure is still low. Non - Compliance letters have been sent to the municipality.
KZ211	Vulamehlo	734	367	Expenditure for the municipality was less than 50%. Low spending due to late project implementation.	MSIG workshop focusing on project and expenditure management as well as reporting of the MSIG was held in January 2008. Expenditure is still low. Non - Compliance letters have been sent to the municipality.

Table 2: Transfers withheld and reasons for withholding					
Derm. Code	List of Municipalities where transfers were withheld and reasons for withholding				
	Municipalities	Allocations	Amount Withheld	Reasons	Actions
KZ213	Umzumbe	734	367	Expenditure for the municipality was less than 50%. Low spending due to late project implementation.	MSIG workshop focusing on project and expenditure management as well as reporting of the MSIG was held in January 2008. Expenditure is still low. Non - Compliance letters have been sent to the municipality.
KZ223	Mpofana	734	367	Expenditure for the municipality was less than 50% with no reasons provided.	MSIG workshop focusing on project and expenditure management as well as reporting of the MSIG was held in January 2008. Expenditure is still low. Non - Compliance letters have been sent to the municipality.
KZ233	Indaka	734	367	Expenditure for the municipality was less than 50%. Low spending due to late project implementation.	MSIG workshop focusing on project and expenditure management as well as reporting of the MSIG was held in January 2008. Expenditure is still low. Non - Compliance letters have been sent to the municipality.
KZ235	Okhahlamba	734	367	Expenditure for the municipality was less than 50%. Low spending due to late project implementation.	MSIG workshop focusing on project and expenditure management as well as reporting of the MSIG was held in January 2008. Expenditure is still low. Non - Compliance letters have been sent to the municipality.
KZ244	Msinga	734	367	Expenditure for the municipality was less than 50%. Low spending due to late project implementation.	MSIG workshop focusing on project and expenditure management as well as reporting of the MSIG was held in January 2008. Expenditure is still low. Non - Compliance letters have been sent to the municipality.

Table 2: Transfers withheld and reasons for withholding					
Derm. Code	List of Municipalities where transfers were withheld and reasons for withholding				
	Municipalities	Allocations	Amount Withheld	Reasons	Actions
DC24	Umzinyathi District Municipality	1 000	500	Expenditure for the municipality was less than 50%. Low spending due to late project implementation.	MSIG workshop focusing on project and expenditure management as well as reporting of the MSIG was held in January 2008. Expenditure is still low. Non - Compliance letters have been sent to the municipality.
KZ272	Jozini	734	367	Expenditure for the municipality was less than 50%. Low spending due to late project implementation.	MSIG workshop focusing on project and expenditure management as well as reporting of the MSIG was held in January 2008. Expenditure is still low. Non - Compliance letters have been sent to the municipality.
KZ274	Hlabisa	734	367	Expenditure for the municipality was less than 50%. Low spending due to late project implementation.	MSIG workshop focusing on project and expenditure management as well as reporting of the MSIG was held in January 2008. Expenditure is still low. Non - Compliance letters have been sent to the municipality.
NP03a3	Fetakgomo	734	367	Expenditure for the municipality was less than 50%. Low spending due to late project implementation.	MSIG workshop focusing on project and expenditure management as well as reporting of the MSIG was held in January 2008. Expenditure is still low. Non - Compliance letters have been sent to the municipality.
NP334	Ba-Phalaborwa	1 000	500	Expenditure for the municipality was less than 50%. Low spending due to late project implementation.	MSIG workshop focusing on project and expenditure management as well as reporting of the MSIG was held in January 2008. Expenditure is still low. Non - Compliance letters have been sent to the municipality.
NC072	Umsobomvu	734	367	Expenditure for the municipality was less than 50%. Low spending due to late project implementation.	MSIG workshop focusing on project and expenditure management as well as reporting of the MSIG was held in January 2008 and expenditure improved since the intervention.



Table 2: Transfers withheld and reasons for withholding					
Derm. Code	List of Municipalities where transfers were withheld and reasons for withholding				
	Municipalities	Allocations	Amount Withheld	Reasons	Actions
DC37	Bojanala Platinum District Municipality	1 000	500	Expenditure for the municipality was less than 50%. Low spending due to late project implementation.	MSIG workshop focusing on project and expenditure management as well as reporting of the MSIG was held in January 2008. Expenditure is still low. Non - Compliance letters have been sent to the municipality.
NW392	Naledi	734	367	Expenditure for the municipality was less than 50%. Low spending due to late project implementation.	MSIG workshop focusing on project and expenditure management as well as reporting of the MSIG was held in January 2008 and expenditure improved since the intervention. The municipality exhausted the allocation.
NW393	Mamusa	734	367	Expenditure for the municipality was less than 50%. Low spending due to late project implementation.	MSIG workshop focusing on project and expenditure management as well as reporting of the MSIG was held in January 2008 and expenditure improved since the intervention.
WC022	Witzenberg	734	367	Expenditure for the municipality was less than 50%. Low spending due to late project implementation.	MSIG workshop focusing on project and expenditure management as well as reporting of the MSIG was held in January 2008 and expenditure improved since the intervention.
WC031	Theewaterskloof	734	367	Expenditure for the municipality was less than 50%. Low spending due to late project implementation.	MSIG workshop focusing on project and expenditure management as well as reporting of the MSIG was held in January 2008 and expenditure improved since the intervention.
WC041	Kannaland	2 884	1,442	Expenditure for the municipality was less than 50%. Low spending due to late project implementation.	MSIG workshop focusing on project and expenditure management as well as reporting of the MSIG was held in January 2008. Expenditure is still low. Non - Compliance letters have been sent to the municipality.

#### 4. ACHIEVEMENTS IN TERMS OF SECTIONS 13 (2) (C) OF THE DORA, 2007

##### 4.1 Performance Management

Through the performance management output, municipalities were assisted with the development and implementation of performance management systems. A total of one hundred and fourteen (114) performance management systems projects were implemented throughout the country by municipalities. Fifty four percent (54%) of the total budget of sixteen million five hundred thousand rand (R16,5 million) was utilised as at the end of March 2008. A total of sixty (60) municipalities, totalling fifty three percent (53%) of the municipalities implementing performance management systems have completed the implementation of their performance management systems projects.

##### 4.2 Revenue Enhancement

Due to the adverse effect of a lack of revenue on municipalities, this output was also prioritized by the MSIG as one of the interventions most urgently needed by municipalities for the grant to fund. The reasons for the appalling revenue collection levels at municipalities vary from non payment of services by residents, to limited or non existent revenue collection procedures and insufficient controls. To assist in this regard the MSIG has assisted municipalities, as part of their revenue enhancement, to improve billing systems, develop and implement credit control policies and cleanse data. A total of one hundred and twelve (112) revenue enhancement projects have been implementation. To-date forty two (42) municipalities have billing systems implemented, credit and indigent policies developed and implemented.

##### 4.3 Public Participation

Part of the constitutional mandate of municipal councillors is to ensure that there is community participation in local governance. To this end, community participation is essential in processes like budgeting, IDP and performance assessment. MSIG recipient municipalities have a total of seventy six (76) projects funded for public participation for the financial year 2007/08. A budget of twelve million nine hundred thousand rand (R12, 9 million) has been budgeted for this output. Since the inception of the MSIG, there has been an increased level of legislative compliance by municipalities, relating to community participation in local governance.

##### 4.4 Municipal Property Rates Act (MPRA)

The Municipal Property Rates Act (MPRA) is a piece of legislation that seeks to establish uniformity among municipalities in various provinces. In an effort to comply with the provisions of the Municipal Property Rates Act (MPRA) a total of one hundred and nineteen (119) municipalities nationally have sought to establish common valuation rolls, establish standardised methods of levying tax and standardise exemptions. Forty seven million rands have been made availed through the MSIG for this purpose and all implementing municipalities have developed property rate policies.

##### 4.5 Annual Financial Statements (AFSs)

The annual financial statements are a legislative requirement that the municipalities must compile annual financial statements at the end of every financial year in order to give an indication of the financial performance of the municipality for the year. Ninety six (96) municipalities have prioritised the compilation of annual financial statements and this has been done at a total budget of twenty million, nine hundred thousand rand (R20, 9 million). Increased levels of compliance with the provisions of the MFMA have been recorded with all these municipalities submitting their Annual Financial Statements. More municipalities can now meet their submission deadlines set by the Auditor General and have cleared the work backlog from previous years as well.

#### 4.6 Integrated Development Plan (IDP)

Integrated Development Plans are an essential part of the planning and budgeting process within municipalities. The grant has been able to assist municipalities to review their IDPs and submit their first draft of IDPs by the end of March 2008. As a consequence, there also is a clear synergy or alignment between the IDP and the budget. There are also higher levels of community involvement in the process of developing IDPs.

### 5 NON COMPLIANCE WITH THE MSIG FRAMEWORK & DORA IN TERMS OF SECTION 13(2) (B) & (D)

The Division of Revenue Act remained a key tool containing standards and requirements for administering and managing this grant for both the national transferring officer and the receiving officers. The Act provides fundamental monitoring base and states that the relevant receiving officer must, in respect of an allocation transferred to a municipality, within 10 days after the end of each month, submit a report to the relevant transferring national or provincial officer. One of the key tools provided by the Act is the payment schedule, which indicates when and how the grant will be transferred to the receiving officers.

The MSIG frameworks also serve a basis for conditions of the grant and monitoring of grant activities. Monitoring mechanisms adopted to manage the grant included expenditure and progress reports, quarterly review meetings and site visits. There have been cases of under spending by municipalities as in Annexure 1 and non-compliance by some municipalities with the DoRA as it pertains to the submission of monthly expenditure reports and performance reports (see Table 3).

Steps taken and current mechanisms used by department in dealing with challenges above involve:

- Quarterly progress review meetings with receiving municipalities;
- Partnership with Provincial Departments and sector departments mainly Department of Water Affairs and Forestry (DWAF) to assist municipalities with MSIG activities/projects implementation;
- Developed the MSIG Operations and Procedure manual which is communicated to municipalities throughout;
- Monthly telephone and letter follow-ups as well as visits to non-complying municipalities to assist with reporting and compilation of activity plans;
- Implemented the withholding clause in terms of the DoRA, 2007 to non complying municipalities; and
- Annual provincial workshops on the DoRA, 2007.

<b>Table 3: List of municipalities which did not comply with the DoRA reporting requirements consistently</b>				
<b>Province</b>	<b>Code</b>	<b>Municipality</b>	<b>Reasons for non-compliance</b>	<b>Remedial measures taken</b>
B	EC124	Amahlathi	Non reporting	Non - Compliance letters have been sent to the municipality. Telephonic enquires made to the municipality. MSIG workshop focusing on project and expenditure management as well as reporting of the MSIG was held at Amathole DM in February 2008.
B	EC126	Ngqushwa	Non reporting	Non - Compliance letters have been sent to the municipality. Telephonic enquires made to the municipality. MSIG workshop focusing on project and expenditure management as well as reporting of the MSIG was held at Amathole DM in February 2008.
B	EC137	Engcobo	Non reporting	Non - Compliance letters have been sent to the municipality. Telephonic enquires made to the municipality. MSIG workshop focusing on project and expenditure management as well as reporting of the MSIG was held at Chris Hani DM in February 2008.
B	EC156	Mhlontlo	Non reporting	Non - Compliance letters have been sent to the municipality. Telephonic enquires made to the municipality. MSIG workshop focusing on project and expenditure management as well as reporting of the MSIG was held at O.R. Tambo DM in January 2008.
C	DC44	Alfred Nzo District Municipality	Non reporting	Non - Compliance letters have been sent to the municipality. Telephonic enquires made to the municipality. MSIG workshop focusing on project and expenditure management as well as reporting of the MSIG was held at the municipality in March 2008.
<b>FREE STATE</b>				
B	FS185	Nala	Non reporting	Non - Compliance letters have been sent to the municipality. Telephonic enquires made to the municipality. MSIG workshop focusing on project and expenditure management as well as reporting of the MSIG was held at Lejweleputswa DM in January 2008.
C	DC18	Lejweleputswa District	Non reporting	Non - Compliance letters have been sent to the municipality. Telephonic enquires made to the municipality. MSIG workshop focusing on project and expenditure management as well as reporting of the MSIG was held at Lejweleputswa DM in January 2008.
B	FS193	Nketoana	Non reporting	Non - Compliance letters have been sent to the municipality. Telephonic enquires made to the municipality. MSIG workshop focusing on project and expenditure management as well as reporting of the MSIG was held at Thaba Mofutsanyana DM in January 2008.
B	FS204	Metsimaholo	Non reporting	Non - Compliance letters have been sent to the municipality. Telephonic enquires made to the municipality. MSIG workshop focusing on project and expenditure management as well as reporting of the MSIG was held at Fezile Dabi DM in January 2008.
<b>KWAZULU-NATAL</b>				
B	KZ213	Umzumbe	Non reporting	Non - Compliance letters have been sent to the municipality. Telephonic enquires made to the municipality. MSIG workshop focusing on project and expenditure management as well as reporting of the MSIG was held at Ugu DM in January 2008.

<b>Table 3: List of municipalities which did not comply with the DoRA reporting requirements consistently</b>				
<b>Province</b>	<b>Code</b>	<b>Municipality</b>	<b>Reasons for non-compliance</b>	<b>Remedial measures taken</b>
B	KZ221	uMshwathi	Non reporting	Non - Compliance letters have been sent to the municipality. Telephonic enquires made to the municipality. MSIG workshop focusing on project and expenditure management as well as reporting of the MSIG was held at Umgungundlovu DM in January 2008.
B	KZ222	uMngeni	Non reporting	Non - Compliance letters have been sent to the municipality. Telephonic enquires made to the municipality. MSIG workshop focusing on project and expenditure management as well as reporting of the MSIG was held at Umgungundlovu DM in January 2008.n
B	KZ223	Mpofana	Non reporting	Non - Compliance letters have been sent to the municipality. Telephonic enquires made to the municipality. MSIG workshop focusing on project and expenditure management as well as reporting of the MSIG was held at Umgungundlovu DM in January 2008.
B	KZ224	Impendle	Non reporting	Non - Compliance letters have been sent to the municipality. Telephonic enquires made to the municipality. MSIG workshop focusing on project and expenditure management as well as reporting of the MSIG was held at Umgungundlovu DM in January 2008.
B	KZ244	Msinga	Non reporting	Non - Compliance letters have been sent to the municipality. Telephonic enquires made to the municipality. MSIG workshop focusing on project and expenditure management as well as reporting of the MSIG was held at Umzinyathi DM in February 2008.
B	KZ245	Umvoti	Non reporting	Non - Compliance letters have been sent to the municipality. Telephonic enquires made to the municipality. MSIG workshop focusing on project and expenditure management as well as reporting of the MSIG was held at Umzinyathi DM in January 2008.
C	DC24	Umzinyathi District Municipality	Non reporting	Non - Compliance letters have been sent to the municipality. Telephonic enquires made to the municipality. MSIG workshop focusing on project and expenditure management as well as reporting of the MSIG was held at Umzinyathi DM in January 2008.
B	KZ263	Abaqulusi	Non reporting	Non - Compliance letters have been sent to the municipality. Telephonic enquires made to the municipality. MSIG workshop focusing on project and expenditure management as well as reporting of the MSIG was held at Zululand DM in January 2008.
<b>NORTHERN CAPE</b>				
B	NC066	Karoo Hoogland	Non reporting	Non - Compliance letters have been sent to the municipality. Telephonic enquires made to the municipality. MSIG workshop focusing on project and expenditure management as well as reporting of the MSIG was held at the Province in March 2008.
B	NC083	//Khara Hais	Non reporting	Non - Compliance letters have been sent to the municipality. Telephonic enquires made to the municipality. MSIG workshop focusing on project and expenditure management as well as reporting of the MSIG was held at the Province in March 2008.

Table 3: List of municipalities which did not comply with the DoRA reporting requirements consistently				
Province	Code	Municipality	Reasons for non-compliance	Remedial measures taken
B	NC086	Kgatelopele	Non reporting	Non - Compliance letters have been sent to the municipality. Telephonic enquires made to the municipality. MSIG workshop focusing on project and expenditure management as well as reporting of the MSIG was held at the Province in March 2008.
B	NC094	Phokwane	Non reporting	Non - Compliance letters have been sent to the municipality. Telephonic enquires made to the municipality. MSIG workshop focusing on project and expenditure management as well as reporting of the MSIG was held at the Province in March 2008.
<b>NORTH WEST</b>				
B	NW393	Mamusa	Non reporting	Non - Compliance letters have been sent to the municipality. Telephonic enquires made to the municipality. MSIG workshop focusing on project and expenditure management as well as reporting of the MSIG was held at the Province in February 2008.
B	NW395	Molopo	Non reporting	Non - Compliance letters have been sent to the municipality. Telephonic enquires made to the municipality. MSIG workshop focusing on project and expenditure management as well as reporting of the MSIG was held at the Province in February 2008.
C	DC39	Bophirima District Municipality	Non reporting	Non - Compliance letters have been sent to the municipality. Telephonic enquires made to the municipality. MSIG workshop focusing on project and expenditure management as well as reporting of the MSIG was held at the Province in February 2008.
B	NW405	Merafong City	Non reporting	Non - Compliance letters have been sent to the municipality. Telephonic enquires made to the municipality. MSIG workshop focusing on project and expenditure management as well as reporting of the MSIG was held at the Province in February 2008. Funds for the municipality will not be transferred unless expenditure report is submitted.
B	KZ266	Ulundi	Non reporting	Non - Compliance letters have been sent to the municipality. Telephonic enquires made to the municipality. MSIG workshop focusing on project and expenditure management as well as reporting of the MSIG was held at Zululand DM in January 2008.
B	KZ272	Jozini	Non reporting	Non - Compliance letters have been sent to the municipality. Telephonic enquires made to the municipality
B	KZ273	The Big Five False Bay	Non reporting	Non - Compliance letters have been sent to the municipality. Telephonic enquires made to the municipality.
B	KZ275	Mtubatuba	Non reporting	Non - Compliance letters have been sent to the municipality. Telephonic enquires made to the municipality
B	KZ292	KwaDukuza	Non reporting	Non - Compliance letters have been sent to the municipality. Telephonic enquires made to the municipality. Funds for the municipality will not be transferred unless expenditure report is submitted.
B	KZ294	Maphumulo	Non reporting	Non - Compliance letters have been sent to the municipality. Telephonic enquires made to the municipality. Funds for the municipality will not be transferred unless expenditure report is submitted.

Table 3: List of municipalities which did not comply with the DoRA reporting requirements consistently				
Province	Code	Municipality	Reasons for non-compliance	Remedial measures taken
B	KZ5a5	Ubuhlebezwe	Non reporting	Non - Compliance letters have been sent to the municipality. Telephonic enquires made to the municipality. Funds for the municipality will not be transferred unless expenditure report is submitted.
<b>LIMPOPO</b>				
B	NP03a5	Elias Motsoaledi	Non reporting	Non - Compliance letters have been sent to the municipality. Telephonic enquires made to the municipality. Funds for the municipality will not be transferred unless expenditure report is submitted.
<b>MPUMALANGA</b>				
B	MP306	Dipaleseng	Non reporting	Non - Compliance letters have been sent to the municipality. Telephonic enquires made to the municipality. Funds for the municipality will not be transferred unless expenditure report is submitted.
B	MP324	Nkomazi	Non reporting	Non - Compliance letters have been sent to the municipality. Telephonic enquires made to the municipality. MSIG workshop focusing on project and expenditure management as well as reporting of the MSIG was held at the Province in February 2008.
B	MP325	Bushbuckridge	Non reporting	Non - Compliance letters have been sent to the municipality. Telephonic enquires made to the municipality. MSIG workshop focusing on project and expenditure management as well as reporting of the MSIG was held at the Province in February 2008.
C	DC32	Ehlanzeni District Municipality	Non reporting	Non - Compliance letters have been sent to the municipality. Telephonic enquires made to the municipality. MSIG workshop focusing on project and expenditure management as well as reporting of the MSIG was held at the Province in February 2008.
<b>WESTERN CAPE</b>				
B	WC014	Saldanha Bay	Non reporting	Non - Compliance letters have been sent to the municipality. Telephonic enquires made to the municipality. Funds for the municipality will not be transferred unless expenditure report is submitted.
B	WC015	Swartland	Non reporting	Non - Compliance letters have been sent to the municipality. Telephonic enquires made to the municipality. Funds for the municipality will not be transferred unless expenditure report is submitted.
B	WC032	Overstrand	Non reporting	Non - Compliance letters have been sent to the municipality. Telephonic enquires made to the municipality. Funds for the municipality will not be transferred unless expenditure report is submitted.
B	WC033	Cape Agulhas	Non reporting	Non - Compliance letters have been sent to the municipality. Telephonic enquires made to the municipality. Funds for the municipality will not be transferred unless expenditure report is submitted.
B	WC041	Kannaland	Non reporting	Non - Compliance letters have been sent to the municipality. Telephonic enquires made to the municipality. Funds for the municipality will not be transferred unless expenditure report is submitted.
B	WC045	Oudtshoorn	Non reporting	Non - Compliance letters have been sent to the municipality. Telephonic enquires made to the municipality. Funds for the municipality will not be transferred unless expenditure report is submitted.



The third chapter of the report provides the reports by the Audit Committee, Accounting Officer, Auditor-General, the Annual Financial Statements as well as the Notes and Annexures to the Financial Statements.



# CHAPTER 03

## Financial Performance

<b>CONTENTS</b>	<b>Page</b>
Report of the Audit Committee	136
Report of the Accounting Officer	138
Report of the Auditor-General	143
Statement of Accounting Policies and Related Matters	148
Appropriation Statement	154
Notes to the Appropriation Statement	178
Statement of Financial Performance	180
Statement of Financial Position	181
Statement of Changes in Net Assets	182
Cash Flow Statement	183
Notes to the Annual Financial Statements	184
Annexures to the Financial Statements	202

# REPORT OF THE AUDIT COMMITTEE

We are pleased to present our report for the financial year ended 31 March 2008.



Mr Andile Sangqu

## I. AUDIT COMMITTEE MEMBERS AND ATTENDANCE

The Audit Committee consists of the members listed hereunder and meets four times per annum as per its approved terms of reference. During the current year, five meetings were held of which one was special to discuss the financial statements.

Name of member	Number of meetings attended
Mr Andile Sangqu (Chairperson)	5
Ms Nadira Singh	4
Ms Gugu Moloi	2
Mr Paballo Makosholo	5
Mr Khulekani Buthelezi	5

Ms G. Moloi resigned during December 2007, and Mr S. Mbalekwa's contract commenced on 17 March 2008.

## 2. AUDIT COMMITTEE RESPONSIBILITY

The Audit Committee is satisfied that, it has complied with its responsibilities as outlined in section 38(1)(a) of the Public Finance Management Act and Treasury Regulation 3.1.13. The Audit Committee also reports that it has adopted appropriate formal terms of reference as its audit committee charter, has regulated its affairs in compliance with this charter and has discharged all its responsibilities as contained therein.

## 3. THE EFFECTIVENESS OF INTERNAL CONTROL

The Department reviewed its risk profile at both strategic and operational levels to ensure alignment to the 2007 – 12 Strategic Plan as well as Branch business plans. The Audit Committee has noted the progress made towards the mitigation of risk as report on by management on a regular basis. There were instances where residual risk levels have not improved during 2007/08, however the Department

has formulated long term plans to address these risk and continues to monitor and report on the implementation thereof. The Department has committed itself to advance its risk management processes to ensure that it keeps abreast with developments in the risk management field and to ensure a high-quality risk profile. The Internal Audit Plan was developed based on the Department's risk profile.

The Internal Audit reports presented and discussed during the financial year indicated instances where controls were found to be inadequate or ineffective especially with regard to the physical verification of assets and inadequate controls around the IT environment. Recommendations were provided by Internal Audit and management had made commitments to implement corrective action as reflected in management Action Plans. Internal Audit has developed the Audit Findings Tracking Tool to monitor the implementation thereof.

The governance structures in the Department are well established, which includes a risk management unit and internal audit unit. The internal audit plan is risk based. The internal Audit unit has undergone an external Quality Assurance Review undertaken during the year under review in terms of the International Standards for the Institute of Internal Auditors (IIA) and has received the outcome of the Quality Assurance Review (QAR) which was extremely positive as the unit achieved a "Generally Compliant" result. Some enhancements highlighted in the report have already been implemented and the unit will report regularly on the Audit Committee on the progress.

The Department has developed and is currently implementing a fraud prevention plan which addresses the fraud risks identified. Management has provided the Audit Committee with feedback on alleged cases of corruption being investigated by the Department. The Audit Committee is satisfied that management is committed in the fight against corruption; and the processes undertaken in this regard include the development of policies and procedures and the review of processes which are susceptible to acts of corruption.



Ms Nadira Singh



Mr Khulekani Buthelezi



Mr Paballo Makosholo



Ms Gugu Moloi

The Audit Committee has noted the Report of the Auditor-General and has tasked management to prepare a comprehensive plan to indicate how the Department will address the issues raised in the report. Management has already embarked on the process of addressing these issues with immediate effect, these include, inter alia:

- Verification of performance information against the **dplg** strategic plan and estimates of National Expenditure document. The Audit Committee is aware of the importance of reporting on performance information as well as challenges faced by government as a whole in this area. It acknowledges the processes that the Department has implemented as well as management's future commitment to addressing the issues raised in the external audit report.
- Physical verification of assets against the asset register.

The Audit Committee has noted the improvement of the **dplg**'s actions compared to previous years, as reflected in the Audit Report. The Committee also noted the improvement of the overall reporting of the Department and is encouraged by its endeavors.

Management will report directly to the Audit Committee, with Internal Audit reporting independently on the progress made by management in implementing the plan to enable the Audit Committee to fulfill its oversight role on risk and fraud matters.

#### 4. QUALITY OF MANAGEMENT AND MONTHLY/QUARTERLY REPORTS SUBMITTED IN TERMS OF THE ACT AND THE DIVISION OF REVENUE ACT

The Department presented and reviewed the financial management reports at its Quarterly Review Meetings. These reports were also tabled and discussed at the Audit Committee meetings. The Committee was satisfied with the reports being issued by the Accounting Officer

and the Department during the year under review. The Committee, however, requested the Department to table issues of concern, such as the spending and compliance with DoRA by municipalities. The Committee will, therefore, discuss some ideas on how the Department can be assisted with the capacity constraints in municipalities.

#### 5. EVALUATION OF FINANCIAL STATEMENTS

The Audit Committee has:

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

The Committee concurs and accepts the conclusions of the Auditor-General 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 of the Audit Committee

4 August 2008

# REPORT BY THE ACCOUNTING OFFICER TO THE EXECUTIVE AUTHORITY AND PARLIAMENT OF THE REPUBLIC OF SOUTH AFRICA

## I. GENERAL REVIEW OF THE STATE OF FINANCIAL AFFAIRS

I.1 The total expenditure, excluding local and foreign aid assistance, amounted to R30, 029 716 000 representing 99, 97% of the total appropriation. The under expenditure of R7 035 000 was therefore 0,02% of the total budget. This comprised mainly of compensation for employees and goods and services. The following table reflects the savings trend since 2002/03:

Year	Expenditure R '000	Saving %	Saving R '000
2002/03	6 579 638	0,35	22 878
2003/04	9 466 231	0,26	24 957
2004/05	13 121 077	0,12	16 304
2005/06	15 957 562	0,02	2 865
2006/07	24 573 267	3,22	817 739
2007/08	30 029 716	0,02	7 035

I.2 The main estimates of National expenditure provided for the appropriation of an amount of R28 844 175 000 and this was increased by R1 192 576 000 in the Adjustments Estimate to bring the total amount voted to R30 036 751 000. This represented an increase of R4 644 463 000 (18.3%) over the previous financial year. The main increases were in respect of the equitable share for the replacement of RSC Levies and municipal infrastructure grant to local government.

I.3 The comparative revised budget allocations are as follows:

Allocations per programme	Previous year R'000	Current year R'000
Programme 1 – Administration	127 113	142 900
Programme 2 – Governance, Policy and Research	37 624	39 839
Programme 3 – Urban and Rural Development	7 960	9 827
Programme 4 – Systems and Capacity Building	98 741	92 450
Programme 5 – Free Basic Services and Infrastructure	36 620	37 170
Programme 6 – Provincial and Local Government Transfers	25 014 088	29 629 760
Programme 7 – Fiscal Transfers	70 142	84 805
<b>Total</b>	<b>25 392 288</b>	<b>30 036 751</b>
<b>Allocation per economic classification</b>		
Compensation of employees	116 169	131 996
Goods and services	188 157	203 373
Financial transactions in assets and liabilities	267	810
Transfers and subsidies	25 074 709	29 692 145
Payment for capital assets	12 986	8 427
<b>Total</b>	<b>25 392 288</b>	<b>30 036 751</b>

## Under/ (over) spending

The total under expenditure amounted to R7 035 000 which is 0,02% of the amount voted. The main contributing factors to this under expenditure were the non filling of vacant posts and projects that could not be completed before year end.

## Virements

The following virements were effected in terms of section 43 of the PFMA (Act no. 1 of 1999) as amended.

### PROGRAMME 5 TO PROGRAMME 7: R 3,232,000

The savings in **Programme 5** have mainly been realised through vacancies, which were not filled during the course of the year and a contract that was not renewed for consultants for the macro audit on municipal infrastructure backlogs.

The main reasons for the excess spending in **Programme 7** were (1) the increased travelling and allowances paid to commissioners due to increase in the number of hearings conducted by the commission, (2) increased accommodation costs for the Chairperson and Deputy Chairperson of the House due to delays by Public Works in finalising their residential accommodation and (3) the chamber of the House relocated to Cape Town from Pretoria resulting to increased travel and hotel accommodation costs by members and support staff.

### PROGRAMME 4 TO PROGRAMME 7: R 1,968,000

The savings in **Programme 4** have mainly been realised through vacancies, which were not filled during the course of the year.

The main reasons for the excess spending in **Programme 7** were (1) the increased travelling and allowances paid to commissioners due to increase in the number of hearings conducted by the commission, (2) increased accommodation costs for the Chairperson and Deputy Chairperson of the House due to delays by Public Works in finalising their residential accommodation and (3) the chamber of the House relocated to Cape Town from Pretoria resulting

to increased travel and hotel accommodation costs by members and support staff.

### PROGRAMME 4 TO PROGRAMME 1: R 1,524,000

The excess spending in **Programme 1** is mainly attributed to increased costs related to legal fees and purchase of IT equipment. In addition, the department became responsible for the rental and services of an additional building and the subsequent move had additional financial implications. Finally, the increased staff establishment had a substantial impact on the provisioning of general logistical requirements.

### PROGRAMME 2 TO PROGRAMME 1: R 3 464,000

The savings have mainly been realised through White paper projects which will be funded by Donor Funds and vacancies, filled during the course of the year.

### PROGRAMME 3 TO PROGRAMME 1: R 855,000

The saving on **Programme 3**, which was mainly due to vacancies, which were only filled during the course of the year, was used to fund the excess spending in **Programme 1**.

## 2. SERVICE RENDERED BY THE DEPARTMENT

### 2.1 Tariff policy

The Department did not provide services for which a tariff must be determined, or rendered a free service as contemplated in Treasury Regulation 7.3.2.

### 2.2 Inventories

Inventories on hand at year end amounted to R287,135 consisting mainly of stationery. The average price costing method as provided for by the LOGIS system was utilized.

### 3. CAPACITY CONSTRAINTS

The Internal Audit Unit continued to be assisted throughout the year in terms of the co-sourcing agreement. Vacant posts and skills shortages covering a broad spectrum of specialisation in the various programmes continue to affect the **dplg**'s operations and have affected the service delivery capacity of the department. The **dplg** had to continue outsourcing services to consultants to assist the roll-out of programmes and as result much reliance was placed on temporary staff, contractors and consultants for the completion of programmes.

### 4. UTILISATION OF DONOR FUNDS

The donor funds were utilized in the following areas:

- Strengthening Local Governance Programme (SLGP)
- Masibambane project
- Local government support programme
- Consolidation of municipal transformation programme
- Increasing Sustainable Local Government Services (ISLGS) Program

### 5. TRADING ENTITIES AND PUBLIC ENTITIES

There are no trading entities under the control of the Department.

The South African Local Government Association (SALGA) is the only listed public entity which is fully operational. The Municipal Infrastructure Investment Unit has been de-registered and is in the process of being de-listed.

### 6. ORGANISATIONS TO WHOM TRANSFER PAYMENTS HAVE BEEN MADE

- South African Local Government Association (SALGA)  
SALGA has been recognised in terms of the Organised Local Government Act to represent the sector and to participate in intergovernmental forums and the transfer is a contribution towards operating costs of this self accounting entity.
- Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities  
The Commission is a constitutional institution listed in terms of the PFMA.

- The Municipal Demarcation Board  
The Board is a constitutional institution listed in terms of the PFMA.
- South African Cities Network  
The transfer is a contribution to the operational costs of this local government organisation.
- Municipalities  
Transfers made in terms of the Division of Revenue Act.
- Non-Profit Institutions:

#### Commonwealth Local Government Forum (CLGF)

CLGF works to promote and strengthen effective democratic local government throughout the Commonwealth and member countries and to facilitate the exchange of good practice in local government structures and services. The payment was in respect of annual membership fees.

The above institutions report on their financial results independently from the department and the entities and constitutional institutions are responsible for their Annual Reports which must be submitted to the executive Authority for tabling in parliament.

### 7. PUBLIC PRIVATE PARTNERSHIPS (PPP)

The Department has not entered into any such agreements.

### 8. CORPORATE GOVERNANCE ARRANGEMENTS

The Department regards good corporate governance as an effective mechanism for encouraging efficiency in the operations of the Department, prevention of corruption and combating fraud. It therefore continuously strives towards achieving compliance with the principles of good corporate governance.

#### 8.1 Risk Management

The Department has conducted an enterprise wide risk assessment and developed a Risk register comprising both strategic and operational risks. The risks were aligned to the business plans of the Department and resulted in effective and efficient monitoring of risks through the Departmental Quarterly Review meetings where all Sub-programme managers reported on their progress in mitigating their risks.

The Department embarked further on the risk identification process which aims at addressing risks normally raised by internal and external auditors.

## 8.2 Internal Audit and Audit Committee

The Internal Audit Unit and the Audit Committee continued to play an important role in the corporate governance mechanism of the Department.

The Internal Audit plans were developed and approved by the Audit Committee. These plans were in line with the priority risk areas of the Department. Audits conducted included, Assurance, the majority of which were business processes, Information Technology reviews and ad-hoc assignments (special requests).

Top Management Team discussed all completed reports, developed and implemented the action plans on recommended improvements. These reports were tabled and discussed at the Audit Committee meetings. Internal and External Audits Follow-up Tools were developed and implemented to monitor the progress on the management action plans to address the audit findings.

In strengthening the capacity of the Internal Audit Unit, the service provider was utilised to assist the unit. The Internal Audit Unit underwent an external quality assessment review and received good results of Generally Compliant in conducting the activities according to the prescribed Standards. To further enhance conformity to the Standards and operational effectiveness, recommendations provided are currently being implemented.

The Audit Committee is fully functional and met regularly during the year to provide and oversight role on the operations of the Department and the systems of corporate governance supporting the achievement of the Department's objectives. During the period under review the Executive Authority concurred with the premature termination of one committee member. The new member was subsequently appointed with effect from 1 April 2008.

## 8.3 Prevention of fraud and corruption

The **dplg** launched its internal Anti-Corruption campaign in support of the implementation of the Fraud Prevention Plan. The plan focuses on ensuring that there are adequate and effective policies and procedures in place to prevent, identify and address acts of corruption; enhancing the awareness and responsibilities of officials in eradicating corruption;

and highlighting the Department's zero tolerance stance towards corruption.

## 8.4 Other

The physical environment is managed by a separate unit and matters of safety and health are priorities within the rented buildings occupied by the department. Personal health matters are addressed by the Quality of Worklife unit through a communication campaign and the periodic arrangement of Wellness Days to monitor vital health indicators.

## 9. DISCONTINUED ACTIVITIES/ ACTIVITIES TO BE DISCONTINUED

The transfers to the Municipal Infrastructure Investment Unit ceased in the 2005/06 financial year as the Unit is in the process of de-registration and will cease to be a public entity.

## 10. NEW/PROPOSED ACTIVITIES

The **dplg** is undertaking a major policy review on the system of provincial and local government. A draft White Paper will be submitted to the Extended Cabinet Lekgotla in January 2009.

Following a cabinet decision to approve the government wide programme of support to the institutions of Traditional leadership and approval for the establishment of a new department of Traditional affairs plans are afoot to implement these resolutions in 2008. The Department of Traditional leadership will be established in terms of the Public Service Act and all the applicable prescripts and shall operate like any other Government department operating at national level.

As this will be a new department aimed at ensuring increased efficiency and effectiveness in the manner in which traditional leadership as a government function is managed, a phased in approach will be adopted in establishing the department and implementing its programmes. Traditional leadership programmes will feature permanently within the democratic system of governance in South Africa and there will be a need to forge and sustain partnerships between traditional leadership and government at all levels; hence the proposed department will exist on a permanent basis.

Like all national departments the proposed department will have its head office located in Pretoria, and will work with provinces to administer the traditional affairs function as a concurrent functional domain for provinces and the national government. The new department will also be charged with the responsibility to mobilize other Organs of State and Non-Governmental Organizations to work with and support the structures of traditional leadership at all levels.

## II. ASSET MANAGEMENT

During the reporting year the **dplg** was engaged in an extensive process of capturing assets into the asset management system in an effort to update the asset register. The **dplg** is currently in the process of updating the Asset Register following the disposal of damaged, redundant, obsolete, unserviceable computer and audio visual equipment.

The **dplg** has established a fully operational asset management unit within the Finance and Supply Chain Management Branch and asset management teams have been appointed and are fully operational. Verification of assets has been conducted to ensure that all assets recorded in the asset register exist.

The **dplg** is in the process of reviewing its current asset management policy, procedures and systems to improve internal control over assets.

- **Events after the reporting date.**

None.

- **Performance information**

Performance information is compiled on a quarterly basis and evaluated during the department's quarterly review meetings and Branch Reports are generated within a Management Information System, which reflects quarterly and progressive performance, including expenditure and is linked with the risk areas highlighted

in the risk assessment. The Branch Monitoring and Evaluation is responsible for the compilation of the information and comparison thereof with targets set in the **dplg's** annual Strategic and Business plan. Performance information is included as Part of Chapter two of this report.

- **Scopa resolutions**

Not applicable

### Approval

The Annual Financial Statements set out on pages 148 to 267 have been approved by the Accounting Officer.



**Ms Lindiwe Msengana-Ndlela**  
Director-General  
15 July 2008



# REPORT OF THE AUDITOR-GENERAL TO PARLIAMENT ON THE FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION OF VOTE NO. 5: DEPARTMENT OF PROVINCIAL AND LOCAL GOVERNMENT FOR THE YEAR ENDED 31 MARCH 2008

## REPORT ON THE FINANCIAL STATEMENTS

### Introduction

1. I have audited the accompanying financial statements of the Department of Provincial and Local Government which comprise the appropriation statement, statement of financial position as at 31 March 2008, 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 notes, as set out on pages 148 to 267.

### Responsibility of the accounting officer for the financial statements

2. The accounting officer is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting determined by the National Treasury, as set out in accounting policy note 1.1 to the financial statements and in the manner required by the Public Finance Management Act, 1999 (Act No. 1 of 1999) (PFMA) and the Division of Revenue Act, 2007 (Act No. 1 of 2007) (DoRA). This responsibility includes:
  - designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error
  - selecting and applying appropriate accounting policies
  - making accounting estimates that are reasonable in the circumstances.

### Responsibility of the Auditor-General

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA), my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with the International Standards on Auditing and General Notice 616 of 2008, issued in Government Gazette No. 31057 of 15 May 2008. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance on 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 and fair presentation 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.
6. An audit also includes evaluating the:
  - appropriateness of accounting policies used
  - reasonableness of accounting estimates made by management
  - overall presentation of the financial statements.

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

### Basis of accounting

8. The department's policy is to prepare financial statements on the modified cash basis of accounting determined by the National Treasury, as set out in accounting policy note 1.1 to the financial statements.

### Opinion

9. In my opinion the financial statements present fairly, in all material respects, the financial position of the Department of Provincial and Local Government as at 31 March 2008 and its financial performance and cash flows for the year then ended, in accordance with the modified cash basis of accounting determined by the National Treasury, as set out in accounting policy note 1.1 to the financial statements, and in the manner required by the PFMA and DoRA.

### OTHER MATTERS

Without qualifying my audit opinion, I draw attention to the following matters that relate to my responsibilities in the audit of the financial statements:

### Non-compliance with applicable legislation

10. Included in the disposals of R10 699 000, as disclosed in note 29, is an amount of R5 612 906 which represents the value of major assets that could not be verified during the asset verification process. Some of these assets could have been disposed off, but the department did not have adequate records to prove that. It may also represent assets that may have been lost or damaged through acts or omissions committed by officials. The department has not complied with the requirements of Treasury Regulations 12.5 and 12.6 and consequently no action has been taken to establish liability for the losses or to recover the loss from the responsible official, if the losses had been the result of theft or omissions. In addition to this the rand value of the minor assets that could not be physically verified amounts to R2 047 000.

### Matters of governance

11. The PFMA tasks the accounting officer with a number of responsibilities concerning financial and risk management and internal control. Fundamental to achieving this is the implementation of certain key governance responsibilities, which I have assessed as follows:

Matter of governance	Yes	No
<b>Audit committee</b>		
• The department had an audit committee in operation throughout the financial year.	√	
• The audit committee operates in accordance with approved, written terms of reference.	√	
• The audit committee substantially fulfilled its responsibilities for the year, as set out in section 77 of the PFMA and Treasury Regulation 3.1.10	√	
<b>Internal audit</b>		
• The department had an internal audit function in operation throughout the financial year.	√	
• The internal audit function operates in terms of an approved internal audit plan.	√	
• The internal audit function substantially fulfilled its responsibilities for the year, as set out in Treasury Regulation 3.2	√	
<b>Other matters of governance</b>		
The annual financial statements were submitted for audit as per the legislated deadlines (section 40 of the PFMA).	√	
The financial statements submitted for audit were not subject to any material amendments resulting from the audit.		√
No significant difficulties were experienced during the audit concerning delays or the unavailability of expected information and/or the unavailability of senior management.	√	
The prior year's external audit recommendations have been substantially implemented.		√

## Unaudited supplementary schedules

12. Annexure 1A, Statement of Conditional Grants Paid to Municipalities, includes a column detailing amounts spent by the municipality. I have not audited these amounts and accordingly I do not express an opinion thereon.

issued in Government Gazette No. 31057 of 15 May 2008.

16. In terms of the foregoing my engagement included performing procedures of an audit nature to obtain sufficient appropriate evidence about the performance information and related systems, processes and procedures. The procedures selected depend on the auditor's judgement.

## OTHER REPORTING RESPONSIBILITIES

### REPORT ON PERFORMANCE INFORMATION

13. I have reviewed the performance information as set out on pages 45 to 101.

17. I believe that the evidence I have obtained is sufficient and appropriate to provide a basis for the audit findings reported below.

### Responsibility of the accounting officer for the performance information

14. The accounting officer has additional responsibilities as required by section 40(3)(a) of the PFMA to ensure that the annual report and audited financial statements fairly present the performance against predetermined objectives of the department.

### Audit findings (performance information)

#### Non-compliance with regulatory requirements

18. Lack of reporting on all predetermined objectives in annual report

I draw attention to the fact that the Department of Provincial and Local Government has not reported on all the predetermined objectives, as required by section 40(3)(a) of the PFMA.

### Responsibility of the Auditor-General

15. I conducted my engagement in accordance with section 13 of the PAA read with General Notice 616 of 2008,

The following table summarises the objectives, describing the affected output that was reflected in the strategic plan, but not reported on:

PROGRAMME	DESCRIPTION OF AFFECTED OUTPUT
Programme 1: Corporate Services	Organisational development and change management regarding Batho Pele
Programme 1: Monitoring and Evaluation	Automation of MR&E system
Programme 2: Governance, Policy and Research	Framework for Local Economic Development and Indigent Policy
Programme 4: National Disaster Management Centre	Compliance with disaster management legislation
Programme 4: Systems and Capacity Building	Local Government Performance Management Excellence and Systems
Programme 4: Systems and Capacity Building	Support to the provincial Departments of Local Government
Programme 4: Systems and Capacity Building	Support to Offices of the Premier

The following table summarises objectives, describing the affected output that was reflected in the budget (ENE), but not reported on:

PROGRAMME	DESCRIPTION OF AFFECTED OUTPUT
Programme 3: Urban and Rural Development	Mobilisation of stakeholders to provide Integrated Sustainable Rural Development Programme nodes
Programme 4: Systems and Capacity Building	Revised local government equitable share formula

### Objectives reported in annual report, but not predetermined as per strategic plan and/or budget

19. I draw attention to the fact that the following objectives, describing the affected outputs, are reported in the annual report of the Department of Provincial and Local Government, although they were not included as predetermined objectives in the strategic plan and/or the budget:

PROGRAMME	DESCRIPTION OF OUTPUTS
Programme 1: Corporate Services	Nodal communities and stakeholders
Programme 1: Corporate Services	Organisational development and change management regarding workshopping and approval of the change management strategy
Programme 1: Monitoring and Evaluation	Performance management
Programme 1: Monitoring and Evaluation	Effective and efficient secretariat systems
Programme 1: Monitoring and Evaluation	Implementation of the GPoA
Programme 3: Urban and Rural Development	Strengthen national capacity to support and deepen delivery of national programmes
Programme 5: Free Basic Services and Infrastructure	National project management approach

### Lack of sufficient appropriate audit evidence

20. The following actual achievement of measures/indicators/targets from the audited programmes could not be substantiated by adequate evidence:

MEASURE/INDICATOR	TARGET	ACTUAL ACHIEVEMENT
<b>PROGRAMME 4: SYSTEMS AND CAPACITY BUILDING</b>		
Number of provinces and municipalities rolling out the 16 Days of Activism Campaign and 365 days of action for no violence against women and children	Implementation of the national programme and provinces and municipalities supported	Achieved <ul style="list-style-type: none"> <li>• 2007: 16 Days of Activism Programme successfully coordinated and implemented</li> <li>• Draft 2008 16 Days of Activism Campaign and year-long Programme of Action developed</li> </ul>
% compliance with relevant legislation by all 3 spheres of government by target date	Baseline compliance model developed and adopted National Implementation Support Programme for Compliance	Achieved <ul style="list-style-type: none"> <li>• Project Management Tool workshopped and implemented in all spheres of government</li> </ul>

### 21. Lack of systems generating performance information

I was unable to obtain sufficient appropriate audit evidence in relation to the performance information with regard to the actual achievement of the eradication of the bucket system, as the system used for generating information on the target of bucket eradication in established communities was not adequate for purposes of the evaluation.

## OTHER REPORTS

22. A performance audit was conducted during the year under review concerning the management of the municipal infrastructure grant. The report covered the 2004-05, 2005-06 and 2006-07 financial years and will be tabled in due course.

## APPRECIATION

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

*Auditor-General*

Pretoria  
29 July 2008



AUDITOR - GENERAL

# 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 2 of 2006.

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

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

Unexpended appropriated funds are surrendered to the National Revenue Fund. Amounts owing to the National Revenue Fund at the end of the financial year are recognised in the statement of financial position.

### 2.2 Departmental revenue

All departmental revenue is paid into the National Revenue Fund when received, unless otherwise stated. Amounts owing to the National Revenue Fund at the end of the financial year are recognised in the statement of financial position. Amounts receivable at the reporting date are disclosed in the disclosure notes to the annual financial statements.

#### 2.3.1 Tax revenue

Tax revenue consists of all compulsory unrequited amounts collected by the department in accordance with laws and or regulations (excluding fines, penalties & forfeits).

Tax receipts are recognised in the statement of financial performance when received.

### 2.3.2 Sales of goods and services other than capital assets

The proceeds received from the sale of goods and/or the provision of services is recognised in the Statement of Financial Performance when the cash is received.

### 2.3.3 Fines, penalties & forfeits

Fines, penalties & forfeits are compulsory unrequited amounts which were imposed by a court or quasi-judicial body and collected by the department. Revenue arising from fines, penalties and forfeits is recognised in the Statement of Financial Performance when the cash is received.

### 2.3.4 Interest, dividends and rent on land

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

### 2.3.5 Sale of capital assets

The proceeds received on sale of capital assets are recognised in the Statement of Financial Performance when the cash is received.

### 2.3.6 Financial transactions in assets and liabilities

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

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

Forex gains are recognised on payment of funds.

### 2.3.7 Transfers received (including gifts, donations and sponsorships)

All cash gifts, donations and sponsorships are paid into the National Revenue Fund and recorded as revenue in

the Statement of Financial Performance when received. Amounts receivable at the reporting date are disclosed in the disclosure notes to the financial statements.

All in-kind gifts, donations and sponsorships are disclosed at fair value in an annexure to the financial statements.

### 2.3 Direct Exchequer receipts

All direct exchequer fund receipts are recognised in the Statement of Financial Performance when the cash is received.

### 2.4 Local and foreign aid assistance

Local and foreign aid assistance is recognised as revenue when notification of the assistance is received from the National Treasury or when the department directly receives the cash from the donor(s).

All in-kind local and foreign aid assistance are disclosed at fair value in the annexures to the annual financial statements.

The cash payments made during the year relating to local and foreign aid assistance projects are recognised as expenditure in the Statement of Financial Performance. The value of the assistance expensed prior to the receipt of the funds is recognized as a receivable in the statement of financial position.

Inappropriately expensed amounts using local and foreign aid assistance and any unutilised amounts are recognised as payables in the statement of financial position.

### 2.5 CARA Fund assistance

All CARA funds received must be recorded as revenue when funds are received. The cash payments made during the year relating to CARA earmarked projects are recognised as current or capital expenditure in the statement of financial performance.

Any unspent CARA funds are transferred to Retained Funds as these funds do not need to be surrendered to the National Revenue Fund.

### 3. Expenditure

#### 3.1 Compensation of employees

##### 3.1.1 Short-term employee benefits

Salaries and wages comprise payments to employees (including leave entitlements, thirteenth cheques and performance bonuses). Salaries and wages are recognised as an expense in the Statement of Financial Performance when final authorisation for payment is effected on the system (by no later than 31 March of each year).

All other payments are classified as current expense.

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 Position.

##### 3.1.2 Post retirement benefits

The department provides retirement benefits (pension benefits) for certain of its employees through a defined benefit plan for government employees. These benefits are funded by both employer and employee contributions.

Employer contributions (i.e. social contributions) to the fund are expensed when the final authorisation for payment to the fund is effected on the system (by no later than 31 March of each year). No provision is made for retirement benefits in the financial statements of the department. Any potential liabilities are disclosed in the financial statements of the National Revenue Fund and not in the financial statements of the employer department.

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

##### 3.1.3 Termination benefits

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

##### 3.1.4 Other long-term employee benefits

Other long-term employee benefits (such as capped leave) are recognised as an expense in the Statement of Financial Performance as a transfer (to households) when the final authorisation for payment is effected on the system (by no later than 31 March of each year).

Long-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 Position.

#### 3.2 Goods and services

Payments made for goods and/or services are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year). The expense is classified as capital if the goods and services were used for a capital project or an asset of R5000 or more is purchased. All assets costing less than R5000 will also be reflected under goods and services.

#### 3.3 Interest and rent on land

Interest and rental payments are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year). This item excludes rental for the use of buildings or other fixed structures. If it is not possible to distinguish between payment for the use of land and the fixed structures on it, the whole amount should be recorded under goods and services.

#### 3.4 Financial transactions in assets and liabilities

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

Forex losses are recognised on payment of funds.

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



### 3.5 Unauthorised expenditure

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

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

### 3.6 Fruitless and wasteful expenditure

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

### 3.7 Irregular expenditure

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

### 3.8 Transfers and subsidies

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

### 3.9 Expenditure for capital assets

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

## 4. Assets

### 4.1 Cash and cash equivalents

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

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

### 4.2 Other financial assets

Other financial assets are carried in the Statement of Financial Position at cost.

### 4.3 Prepayments and advances

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

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

### 4.4 Receivables

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

Receivables outstanding at year-end are carried in the statement of financial position at cost.

### 4.5 Investments

Capitalised investments are shown at cost in the statement of financial position. Any cash flows such as dividends received or proceeds from the sale of the investment are recognised in the statement of financial performance when the cash is received.

Investments are tested for an impairment loss whenever events or changes in circumstances indicate that the

investment may be impaired. Any loss is included in the disclosure notes.

#### 4.6 Loans

Loans are recognised in the statement of financial position at the nominal amount when cash is paid to the beneficiary. Loan balances are reduced when cash repayments are received from the beneficiary. Amounts that are potentially irrecoverable are included in the disclosure notes.

Loans that are outstanding at year-end are carried in the statement of financial position at cost.

#### 4.7 Inventory

Inventories purchased during the financial year are disclosed at cost in the notes.

#### 4.8 Capital assets

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 capital asset should be stated at fair value. Where fair value cannot be determined, the capital asset is included in the asset register at RI.

Projects (of construction/development) running over more than one financial year relating to assets, are only capitalised as assets on completion of the project and at the total cost incurred over the duration of the project.

Disclosure Notes 29 and 30 reflect the total movement in the asset register for the current financial year.

### 5. Liabilities

#### 5.1 Voted funds to be surrendered to the Revenue Fund

Unexpended appropriated funds are surrendered to the National Revenue Fund. Amounts owing to the National Revenue Fund at the end of the financial year are recognised in the Statement of Financial Position.

#### 5.2 Departmental revenue to be surrendered to the Revenue Fund

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

#### 5.3 Bank overdraft

The bank overdraft is carried in the statement of position at cost.

#### 5.4 Payables

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

#### 5.5 Contingent liabilities

Contingent liabilities are included in the disclosure notes.

#### 5.6 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.

#### 5.7 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.

#### 5.8 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.

#### 5.9 Lease commitments

Lease commitments are not recognised in the statement of financial position as a liability or as expenditure in the

statement of financial performance but are included in the disclosure notes.

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

## **6. Receivables for departmental revenue**

Receivables for departmental revenue are disclosed in the disclosure notes to the annual financial statements.

## **7. Net Assets**

### **7.1 Capitalisation reserve**

The capitalisation reserve comprises of financial assets and/ or liabilities originating in a prior reporting period but which are recognised in the statement of financial position for the first time in the current reporting period. Amounts are transferred to the National Revenue Fund on disposal, repayment or recovery of such amounts.

### **7.2 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.

## **8. Related party transactions**

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

## **9. Key management personnel**

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

# APPROPRIATION STATEMENT

for the year ended 31 March 2008

Appropriation per programme			
	2007/08		
	Adjusted Appropriation	Shifting of Funds	Virement
	R'000	R'000	R'000
<b>I. Administration</b>			
Current payment	133,096	(813)	5,070
Transfers and subsidies	1,678	(487)	-
Payment for capital assets	3,102	1,300	773
<b>2. Governance, Policy and Research</b>			
Current payment	43,288	(887)	(3,464)
Transfers and subsidies	-	211	-
Payment for capital assets	15	676	-
<b>3. Urban &amp; Rural Development</b>			
Current payment	10,682	(74)	(855)
Transfers and subsidies	-	-	-
Payment for capital assets	-	74	-
<b>4. Systems and Capacity Building</b>			
Current payment	93,865	(291)	(3,492)
Transfers and subsidies	11	-	-
Payment for capital assets	1,247	291	-
<b>5. Free Basic Services and Infrastructure</b>			
Current payment	39,479	-	(3,232)
Transfers and subsidies	-	-	-
Payment for capital assets	923	-	-
<b>6. Provincial &amp; Local Government Transfers</b>			
Transfers and subsidies	29,629,760	-	-
<b>7. Fiscal Transfers</b>			
Current payment	18,633	(26)	5,200
Transfers and subsidies	60,972	-	-
Payment for capital assets	-	26	-
<b>Subtotal</b>	<b>30,036,751</b>	<b>-</b>	<b>-</b>
<b>Reconciliation with Statement of Financial Performance</b>			
<b>Add:</b>			
Prior year unauthorised expenditure approved with funding			
Departmental revenue			
Local and foreign aid assistance received			
<b>Actual amounts per Statements of Financial Performance (Total revenue)</b>			
<b>Add:</b>			
Local and foreign aid assistance			
Prior year unauthorised expenditure approved			
<b>Actual amounts per Statements of Financial Performance (Total expenditure)</b>			

Appropriation per programme					
2007/08				2006/07	
Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
R'000	R'000	R'000	%	R'000	R'000
137,353	137,353	-	100.0%	122,409	122,839
1,191	1,191	-	100.0%	1,080	1,080
5,175	5,145	30	99.4%	3,624	3,624
38,937	37,878	1,059	97.3%	29,074	29,074
211	211	-	100.0%	8,144	8,144
691	691	-	100.0%	406	406
9,753	8,552	1,201	87.7%	7,916	7,921
-	-	-	0.0%	29	29
74	74	-	100.0%	15	10
90,082	88,057	2,025	97.8%	90,702	90,702
11	11	-	100.0%	29	29
1,538	1,537	1	99.9%	8,010	8,010
36,247	34,174	2,073	94.3%	35,710	35,710
-	-	-	0.0%	13	13
923	368	555	39.9%	897	897
29,629,760	29,629,760	-	100.0%	25,014,088	24,196,349
23,807	23,716	91	99.6%	18,782	19,475
60,972	60,972	-	100.0%	51,326	51,326
26	26	-	100.0%	34	34
<b>30,036,751</b>	<b>30,029,716</b>	<b>7,035</b>	<b>100.0%</b>	<b>25,392,288</b>	<b>24,575,672</b>
66,387				-	
731				6,830	
11,621				28,178	
<b>30,115,490</b>				<b>25,427,296</b>	
	6,189				35,362
	66,387				-
	<b>30,102,292</b>				<b>24,611,034</b>

## APPROPRIATION STATEMENT (continued)

for the year ended 31 March 2008

Appropriation per economic classification			
Economic Classification	2007/08		
	Adjusted Appropriation	Shifting of Funds	Virement
	R'000	R'000	R'000
<b>Current payments</b>			
Compensation of employees	141,346	(845)	(8,506)
Goods and services	197,697	(1,656)	6,514
Financial transactions in assets and liabilities	-	410	1,219
<b>Transfers and subsidies</b>			
Provinces and municipalities	29,631,357	(1,587)	-
Departmental agencies and accounts	56,572	-	-
Foreign governments and international organisations	-	139	-
Public corporations and private enterprises	81	312	-
Non-profit institutions	4,400	72	-
Households	11	788	-
<b>Payments for capital assets</b>			
Machinery and equipment	5,287	1,276	773
Software and other intangible assets	-	1,091	-
<b>Total</b>	<b>30,036,751</b>	<b>-</b>	<b>-</b>

Appropriation per economic classification					
2007/08				2006/07	
Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
R'000	R'000	R'000	%	R'000	R'000
131,995	128,146	3,849	97.1%	116,169	116,166
202,555	199,955	2,600	98.7%	188,157	189,288
1,629	1,629	-	100.0%	267	267
29,629,770	29,629,770	-	100.0%	25,014,181	24,196,442
56,572	56,572	-	100.0%	49,724	49,724
139	139	-	100.0%	2,983	2,983
393	393	-	100.0%	278	278
4,472	4,472	-	100.0%	6,809	6,809
799	799	-	100.0%	734	734
7,336	6,750	586	92.0%	4,842	4,837
1,091	1,091	-	100.0%	8,144	8,144
<b>30,036,751</b>	<b>30,029,716</b>	<b>7,035</b>	<b>100.0%</b>	<b>25,392,288</b>	<b>24,575,672</b>

## APPROPRIATION STATEMENT (continued)

for the year ended 31 March 2008

Detail per programme I – Administration			
Programme per sub-programme	2007/08		
	Adjusted Appropriation	Shifting of Funds	Virement
	R'000	R'000	R'000
<b>I.1 Minister</b>			
Current payment	938	13	-
<b>I.2 Deputy Minister</b>			
Current payment	728	136	-
<b>I.3 Management</b>			
Current payment	9,723	(212)	-
Transfers and subsidies	-	-	-
Payment for capital assets	27	22	-
<b>I.4 Corporate Services</b>			
Current payment	87,519	(4,915)	-
Transfers and subsidies	83	1,108	-
Payment for capital assets	2,252	1,204	773
<b>I.5 Monitoring and Evaluation</b>			
Current payment	14,290	2,160	-
Transfers and subsidies	-	-	-
Payment for capital assets	8	74	-
<b>I.6 Government Motor Transport</b>			
Payment for capital assets	815	-	-
<b>I.7 Property Management</b>			
Current payment	19,898	1,595	3,851
Transfers and subsidies	1,595	(1,595)	-
<b>I.8 Special Function: Authorised Losses</b>			
Current payment	-	410	1,219
<b>Total</b>	<b>137,876</b>	<b>-</b>	<b>5,843</b>



Detail per programme I – Administration					
2007/08				2006/07	
Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
R'000	R'000	R'000	%	R'000	R'000
951	951	-	100.0%	887	885
864	864	-	100.0%	688	687
9,511	9,511	-	100.0%	8,935	8,935
-	-	-	0.0%	408	408
49	49	-	100.0%	33	33
82,604	82,604	-	100.0%	72,932	73,365
1,191	1,191	-	100.0%	665	665
4,229	4,229	-	100.0%	2,718	2,718
16,450	16,450	-	100.0%	18,133	18,133
-	-	-	0.0%	7	7
82	82	-	100.0%	142	142
815	785	30	96.3%	731	731
25,344	25,344	-	100.0%	20,567	20,567
-	-	-	0.0%	-	-
1,629	1,629	-	100.0%	267	267
<b>143,719</b>	<b>143,689</b>	<b>30</b>	<b>100.0%</b>	<b>127,113</b>	<b>127,543</b>

## APPROPRIATION STATEMENT (continued)

for the year ended 31 March 2008

Appropriation per economic classification			
Economic Classification	2007/08		
	Adjusted Appropriation	Shifting of Funds	Virement
	R'000	R'000	R'000
<b>Current payments</b>			
Compensation of employees	53,335	(845)	-
Goods and services	79,761	(378)	3,851
Financial transactions in assets and liabilities	-	410	1,219
<b>Transfers and subsidies</b>			
Provinces and municipalities	1,597	(1,587)	-
Public corporations and private enterprises	81	312	-
Non-profit institutions	-	-	-
Households	-	788	-
<b>Payments for capital assets</b>			
Machinery and equipment	3,102	1,041	773
Software and other intangible assets	-	259	-
<b>Total</b>	<b>137,876</b>	<b>-</b>	<b>5,843</b>

Appropriation per economic classification					
2007/08				2006/07	
Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
R'000	R'000	R'000	%	R'000	R'000
52,490	52,490	-	100.0%	47,980	47,977
83,234	83,234	-	100.0%	74,162	74,595
1,629	1,629	-	100.0%	267	267
10	10	-	100.0%	41	41
393	393	-	100.0%	278	278
-	-	-	0.0%	70	70
788	788	-	100.0%	691	691
4,916	4,886	30	99.4%	3,437	3,437
259	259	-	100.0%	187	187
<b>143,719</b>	<b>143,689</b>	<b>30</b>	<b>100.0%</b>	<b>127,113</b>	<b>127,543</b>

## APPROPRIATION STATEMENT (continued)

for the year ended 31 March 2008

Detail per programme 2 – Governance, Policy and Research			
Programme per sub-programme	2007/08		
	Adjusted Appropriation	Shifting of Funds	Virement
	R'000	R'000	R'000
<b>2.1 Management</b>			
Current payment	1,273		
Transfers and subsidies	-		
Payment for capital assets	-		
<b>2.2 Intergovernmental Relations</b>			
Current payment	17,991	(2,984)	(3,464)
Transfers and subsidies	-	-	-
Payment for capital assets	-	153	-
<b>2.3 Development Planning</b>			
Current payment	7,749	(2,124)	-
Transfers and subsidies	-	-	-
Payment for capital assets	-	48	-
<b>2.4 Local Economic Development</b>			
Current payment	3,157	(1,032)	-
Transfers and subsidies	-	-	-
Payment for capital assets	-	12	-
<b>2.5 Traditional Leadership and Institutions</b>			
Current payment	6,948	(868)	-
Transfers and subsidies	-	-	-
Payment for capital assets	15	458	-
<b>2.6 International &amp; Donor Relations</b>			
Current payment	6,170	6,121	-
Transfers and subsidies	-	211	-
Payment for capital assets	-	5	-
<b>Total</b>	<b>43,303</b>	<b>-</b>	<b>(3,464)</b>

Detail per programme 2 – Governance, Policy and Research					
2007/08				2006/07	
Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
R'000	R'000	R'000	%	R'000	R'000
1,273	1,133	140	89.0%	1,225	1,225
-	-	-	0.0%	1	1
-	-	-	0.0%	31	31
11,543	10,624	919	92.0%	7,042	7,042
-	-	-	0.0%	3	3
153	153	-	100.0%	154	154
5,625	5,625	-	100.0%	4,481	4,481
-	-	-	0.0%	3	3
48	48	-	100.0%	28	28
2,125	2,125	-	100.0%	2,796	2,796
-	-	-	0.0%	1	1
12	12	-	100.0%	28	28
6,080	6,080	-	100.0%	5,938	5,938
-	-	-	0.0%	2	2
473	473	-	100.0%	37	37
12,291	12,291	-	100.0%	7,592	7,592
211	211	-	100.0%	8,134	8,134
5	5	-	100.0%	128	128
<b>39,839</b>	<b>38,780</b>	<b>1,059</b>	<b>97.3%</b>	<b>37,624</b>	<b>37,624</b>

## APPROPRIATION STATEMENT (continued)

for the year ended 31 March 2008

Appropriation per economic classification			
Economic Classification	2007/08		
	Adjusted Appropriation	Shifting of Funds	Virement
	R'000	R'000	R'000
<b>Current payments</b>			
Compensation of employees	20,327	-	(1598)
Goods and services	22,961	(887)	(1866)
<b>Transfers and subsidies</b>			
Provinces and municipalities	-	-	-
Foreign governments and international organisations	-	139	-
Public corporations and private enterprises	-	-	-
Non-profit institutions	-	72	-
Households	-	-	-
<b>Payments for capital assets</b>			
Machinery and equipment	15	668	-
Software and other intangible assets	-	8	-
<b>Total</b>	<b>43,303</b>	<b>-</b>	<b>(3,464)</b>

Appropriation per economic classification					
2007/08				2006/07	
Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
R'000	R'000	R'000	%	R'000	R'000
18,729	17,670	1,059	94.3%	16,745	16,745
20,208	20,208	-	100.0%	12,329	12,329
-	-	-	0.0%	11	11
139	139	-	100.0%	2,983	2,983
-	-	-	0.0%	-	-
72	72	-	100.0%	5,149	5,149
-	-	-	0.0%	1	1
683	683	-	100.0%	144	144
8	8	-	100.0%	262	262
<b>39,839</b>	<b>38,780</b>	<b>1,059</b>	<b>97.3%</b>	<b>37,624</b>	<b>37,624</b>

## APPROPRIATION STATEMENT (continued)

for the year ended 31 March 2008

Detail per programme 3 – Urban and Rural Development			
Programme per sub-programme	2007/08		
	Adjusted Appropriation	Shifting of Funds	Virement
	R'000	R'000	R'000
<b>3.1 Management</b>			
Current payment	2,037	(9)	(673)
Transfers and subsidies	-	-	-
Payment for capital assets		9	
<b>3.2 Urban Renewal Programme</b>			
Current payment	2,106	(15)	-
Transfers and subsidies	-	-	-
Payment for capital assets	-	15	-
<b>3.3 Urban Renewal Monitoring and Evaluation</b>			
Current payment	2,055	78	-
Transfers and subsidies	-	-	-
Payment for capital assets	-	-	-
<b>3.4 Integrated Sustainable Rural Development Programme Management</b>			
Current payment	2,278	(128)	(182)
Transfers and subsidies	-	-	-
Payment for capital assets	-	50	-
<b>3.5 Integrated Sustainable Rural Development Monitoring and Evaluation</b>			
Current payment	2,206	-	-
Transfers and subsidies	-	-	-
<b>Total</b>	<b>10,682</b>	<b>-</b>	<b>(855)</b>

Appropriation per economic classification			
Economic Classification	2007/08		
	Adjusted Appropriation	Shifting of Funds	Virement
	R'000	R'000	R'000
<b>Current payments</b>			
Compensation of employees	7,172	-	(779)
Goods and services	3,510	(74)	(76)
<b>Transfers and subsidies</b>			
Provinces and municipalities	-	-	-
Households	-	-	-
<b>Payments for capital assets</b>			
Machinery and equipment	-	74	-
<b>Total</b>	<b>10,682</b>	<b>-</b>	<b>(855)</b>



Detail per programme 3 – Urban and Rural Development					
2007/08				2006/07	
Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
R'000	R'000	R'000	%	R'000	R'000
1,355	1,355	-	100.0%	706	706
-	-	-	0.0%	-	-
9	9	-	0.0%	-	-
2,091	1,614	477	77.2%	1,141	1,141
-	-	-	0.0%	1	1
15	15	-	100.0%	-	-
2,133	2,133	-	100.0%	1,985	1,985
-	-	-	0.0%	1	1
-	-	-	0.0%	10	10
1,968	1,482	486	75.3%	1,969	1,974
-	-	-	0.0%	1	1
50	50	-	100.0%	5	-
2,206	1,968	238	89.2%	2,115	2,115
-	-	-	0.0%	26	26
<b>9,827</b>	<b>8,626</b>	<b>1,201</b>	<b>87.8%</b>	<b>7,960</b>	<b>7,960</b>

Appropriation per economic classification					
2007/08				2006/07	
Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
R'000	R'000	R'000	%	R'000	R'000
6,393	6,393	-	100.0%	4,950	4,950
3,360	2,159	1,201	64.3%	2,966	2,971
-	-	-	0.0%	3	3
-	-	-	0.0%	26	26
74	74	-	100.0%	15	10
<b>9,827</b>	<b>8,626</b>	<b>1,201</b>	<b>87.8%</b>	<b>7,960</b>	<b>7,960</b>

## APPROPRIATION STATEMENT (continued)

for the year ended 31 March 2008

Detail per programme 4 – Systems and Capacity Building			
Programme per sub-programme	2007/08		
	Adjusted Appropriation	Shifting of Funds	Virement
	R'000	R'000	R'000
<b>4.1 Management</b>			
Current payment	3,246	-	(1,080)
Transfers and subsidies	-	-	-
<b>4.2 Intergovernmental Fiscal Relations</b>			
Current payment	7,042	(2,459)	-
Transfers and subsidies	-	-	-
Payment for capital assets	7	-	-
<b>4.3 Local Government Institutional and Administrative Systems</b>			
Current payment	5,416	(56)	(1,593)
Transfers and subsidies	-	-	-
Payment for capital assets	20	56	-
<b>4.4 Capacity Building Systems</b>			
Current payment	-	-	-
<b>4.5 Disaster Management</b>			
Current payment	25,962	(40)	(819)
Transfers and subsidies	11	-	-
Payment for capital assets	1,200	40	-
<b>4.6 Municipal Performance Monitoring &amp; Support</b>			
Current payment	11,623	1,184	-
Transfers and subsidies	-	-	-
Payment for capital assets	20	-	-
<b>4.7 Municipal Leadership</b>			
Current payment	8,831	(1,222)	-
Transfers and subsidies	-	-	-
Payment for capital assets	-	7	-
<b>4.8 Anti- Corruption</b>			
Current payment	2,799	-	-
Payment for capital assets	-	-	-
<b>4.9 Local Government Equity &amp; Development</b>			
Current payment	6,687	5,382	-
Payment for capital assets	-	136	-
<b>4.10 Project Consolidate</b>			
Current payment	22,259	(3,080)	-
Transfers and subsidies	-	-	-
Payment for capital assets	-	52	-
<b>Total</b>	<b>95,123</b>	<b>-</b>	<b>(3,492)</b>

Detail per programme 4 – Systems and Capacity Building						
2007/08				2006/07		
Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure	
R'000	R'000	R'000	%	R'000	R'000	
2,166	1,235	931	57.0%	673	673	
-	20	(20)	0.0%	35	35	
4,583	4,583	-	100.0%	4,662	4,662	
-	-	-	0.0%	3	3	
7	6	1	85.7%	-	-	
3,767	3,381	386	89.8%	4,927	4,927	
-	-	-	0.0%	2	2	
76	76	-	100.0%	22	22	
-	-	-	0.0%	-	-	
25,103	24,892	211	99.2%	30,098	30,098	
11	11	-	100.0%	13	13	
1,240	1,240	-	100.0%	7,470	7,470	
12,807	12,807	-	100.0%	11,506	11,506	
-	-	-	0.0%	2	2	
20	-	20	0.0%	-	-	
7,609	7,569	40	99.5%	6,081	6,081	
-	-	-	0.0%	1	1	
7	7	-	100.0%	10	10	
2,799	2,394	405	85.5%	2,835	2,835	
-	-	-	0.0%	1	1	
12,069	12,069	-	100.0%	6,032	6,032	
136	136	-	100.0%	1	1	
19,179	19,127	52	99.7%	23,888	23,888	
-	-	-	0.0%	7	7	
52	52	-	100.0%	472	472	
<b>91,631</b>	<b>89,605</b>	<b>2,026</b>	<b>97.8%</b>	<b>98,741</b>	<b>98,741</b>	

## APPROPRIATION STATEMENT (continued)

for the year ended 31 March 2008

Appropriation per economic classification			
Economic Classification	2007/08		
	Adjusted Appropriation	Shifting of Funds	Virement
	R'000	R'000	R'000
<b>Current payments</b>			
Compensation of employees	35,123	-	(3,011)
Goods and services	58,742	(291)	(481)
<b>Transfers and subsidies</b>			
Provinces and municipalities	-	-	-
Households	11	-	-
<b>Payments for capital assets</b>			
Machinery and equipment	1,247	(412)	-
Software and other intangible assets	-	703	-
<b>Total</b>	<b>95,123</b>	<b>-</b>	<b>(3,492)</b>

Appropriation per economic classification					
2007/08				2006/07	
Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
R'000	R'000	R'000	%	R'000	R'000
32,112	30,087	2,025	93.7%	25,946	25,946
57,970	57,970	-	100.0%	64,756	64,756
-	-	-	0.0%	18	18
11	11	-	100.0%	11	11
835	834	1	99.9%	580	580
703	703	-	100.0%	7,430	7,430
<b>91,631</b>	<b>89,605</b>	<b>2,026</b>	<b>97.8%</b>	<b>98,741</b>	<b>98,741</b>

## APPROPRIATION STATEMENT (continued)

for the year ended 31 March 2008

Detail per programme 5 – Free Basic Services and Infrastructure			
Programme per sub-programme	2007/08		
	Adjusted Appropriation	Shifting of Funds	Virement
	R'000	R'000	R'000
<b>5.1 Management</b>			
Current payment	2,309	-	(124)
Transfers and subsidies	-	-	-
Payment for capital assets	40	-	-
<b>5.2 Municipal Infrastructure</b>			
Current payment	26,294	(2,425)	(2,749)
Transfers and subsidies	-	-	-
Payment for capital assets	811	-	-
<b>5.3 Free Basic Services Co-ordination</b>			
Current payment	3,923	259	-
Transfers and subsidies	-	-	-
Payment for capital assets	35	-	-
<b>5.4 Municipal Service Partnerships</b>			
Current payment	3,942	-	(359)
Transfers and subsidies	-	-	-
Payment for capital assets	37	-	-
<b>5.5 Public Participation &amp; Empowerment</b>			
Current payment	3,011	2,166	-
Transfers and subsidies	-	-	-
<b>Total</b>	<b>40,402</b>	<b>-</b>	<b>(3,232)</b>

Appropriation per economic classification			
Economic Classification	2007/08		
	Adjusted Appropriation	Shifting of Funds	Virement
	R'000	R'000	R'000
<b>Current payments</b>			
Compensation of employees	19,791	-	(3,232)
Goods and services	19,688	-	-
<b>Transfers and subsidies</b>			
Provinces and municipalities	-	-	-
<b>Payments for capital assets</b>			
Machinery and equipment	923	(121)	-
Software and other intangible assets	-	121	-
<b>Total</b>	<b>40,402</b>	<b>-</b>	<b>(3,232)</b>

Detail per programme 5 – Free Basic Services and Infrastructure					
2007/08				2006/07	
Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
R'000	R'000	R'000	%	R'000	R'000
2,185	1,646	539	75.3%	2,412	2,412
-	-	-	0.0%	1	1
40	-	40	0.0%	6	6
21,120	19,706	1,414	93.3%	24,240	24,240
-	-	-	0.0%	7	7
811	359	452	44.3%	891	891
4,182	4,182	-	100.0%	3,376	3,376
-	-	-	0.0%	2	2
35	-	35	0.0%	-	-
3,583	3,463	120	96.7%	3,665	3,665
-	-	-	0.0%	2	2
37	9	28	24.3%	-	-
5,177	5,177	-	100.0%	2,017	2,017
-	-	-	0.0%	1	1
<b>37,170</b>	<b>34,542</b>	<b>2,628</b>	<b>92.9%</b>	<b>36,620</b>	<b>36,620</b>

Appropriation per economic classification					
2007/08				2006/07	
Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
R'000	R'000	R'000	%	R'000	R'000
16,559	15,794	765	95.4%	16,430	16,430
19,688	18,380	1,308	93.4%	19,280	19,280
-	-	-	0.0%	13	13
802	247	555	30.8%	632	632
121	121	-	100.0%	265	265
<b>37,170</b>	<b>34,542</b>	<b>2,628</b>	<b>92.9%</b>	<b>36,620</b>	<b>36,620</b>

## APPROPRIATION STATEMENT (continued)

for the year ended 31 March 2008

Detail per programme 6 – Provincial and Local Government Transfers			
Programme per sub-programme	2007/08		
	Adjusted Appropriation	Shifting of Funds	Virement
	R'000	R'000	R'000
<b>6.1 Equitable Share</b>			
Transfers and subsidies	20,675,620	-	-
<b>6.2 Municipal Systems</b>			
Transfers and subsidies	200,000	-	-
<b>6.3 Municipal Infrastructure</b>			
Transfers and subsidies	8,754,140	-	-
<b>Total</b>	<b>29,629,760</b>	<b>-</b>	<b>-</b>

Appropriation per economic classification			
Economic Classification	2007/08		
	Adjusted Appropriation	Shifting of Funds	Virement
	R'000	R'000	R'000
<b>Transfers and subsidies</b>			
Provinces and municipalities	29,629,760	-	-
<b>Total</b>	<b>29,629,760</b>	<b>-</b>	<b>-</b>



Detail per programme 6 – Provincial and Local Government Transfers					
2007/08				2006/07	
Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
R'000	R'000	R'000	%	R'000	R'000
20,675,620	20,675,620	-	100.0%	18,057,940	18,057,940
200,000	200,000	-	100.0%	200,000	200,000
8,754,140	8,754,140	-	100.0%	6,756,148	5,938,409
<b>29,629,760</b>	<b>29,629,760</b>	<b>-</b>	<b>100%</b>	<b>25,014,088</b>	<b>24,196,349</b>

Appropriation per economic classification					
2007/08				2006/07	
Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
R'000	R'000	R'000	%	R'000	R'000
29,629,760	29,629,760	-	100.0%	25,014,088	24,196,349
<b>29,629,760</b>	<b>29,629,760</b>	<b>-</b>	<b>100.0%</b>	<b>25,014,088</b>	<b>24,196,349</b>

## APPROPRIATION STATEMENT (continued)

for the year ended 31 March 2008

Detail per programme 7 – Fiscal Transfers			
Programme per sub-programme	2007/08		
	Adjusted Appropriation	Shifting of Funds	Virement
	R'000	R'000	R'000
<b>7.1 South African Local Government Association</b>			
Transfers and subsidies	20,461	-	-
<b>7.2 Municipal Demarcation Board</b>			
Transfers and subsidies	20,664	-	-
<b>7.3 South African Cities Network</b>			
Transfers and subsidies	4,400	-	-
<b>7.4 Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities</b>			
Transfers and subsidies	15,447	-	-
<b>7.5 Commission on Traditional Leadership Disputes and Claims</b>			
Current payment	9,439	-	1,200
Transfers and subsidies	-	-	-
Payment for capital assets	-	-	-
<b>7.6 National House of Traditional Leaders</b>			
Current payment	9,194	(26)	4,000
Transfers and subsidies	-	-	-
Payment for capital assets	-	26	-
<b>Total</b>	<b>79,605</b>	<b>-</b>	<b>5,200</b>

Appropriation per economic classification			
Economic Classification	2007/08		
	Adjusted Appropriation	Shifting of Funds	Virement
	R'000	R'000	R'000
<b>Current payments</b>			
Compensation of employees	5,598	-	114
Goods and services	13,035	(26)	5,086
<b>Transfers and subsidies</b>			
Provinces and municipalities	-	-	-
Department agencies and municipalities	56,572	-	-
Non-profit institutions	4,400	-	-
Households	-	-	-
<b>Payments for capital assets</b>			
Machinery and equipment	-	26	-
<b>Total</b>	<b>79,605</b>	<b>-</b>	<b>5,200</b>

Detail per programme 7 – Fiscal Transfers					
2007/08				2006/07	
Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
R'000	R'000	R'000	%	R'000	R'000
20,461	20,461	-	100.0%	19,494	19,494
20,664	20,664	-	100.0%	16,827	16,827
4,400	4,400	-	100.0%	1,590	1,590
15,447	15,447	-	100.0%	13,403	13,403
10,639	10,573	66	99.4%	9,275	9,968
-	-	-	0.0%	4	4
-	-	-	0.0%	14	14
13,168	13,143	25	99.8%	9,507	9,507
-	-	-	0.0%	8	8
26	26	-	100.0%	20	20
<b>84,805</b>	<b>84,714</b>	<b>91</b>	<b>99.9%</b>	<b>70,142</b>	<b>70,835</b>

Appropriation per economic classification					
2007/08				2006/07	
Final Appropriation	Actual Expenditure	Variance	Expenditure as % of final appropriation	Final Appropriation	Actual Expenditure
R'000	R'000	R'000	%	R'000	R'000
5,712	5,712	-	100.0%	4,118	4,118
18,095	18,004	91	99.5%	14,664	15,357
-	-	-	0.0%	7	7
56,572	56,572	-	100.0%	49,724	49,724
4,400	4,400	-	100.0%	1,590	1,590
-	-	-	0.0%	5	5
26	26	-	100.0%	34	34
<b>84,805</b>	<b>84,714</b>	<b>91</b>	<b>99.9%</b>	<b>70,142</b>	<b>70,835</b>

## NOTES TO THE APPROPRIATION STATEMENT

### for the year ended 31 March 2008

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

Detail of these transactions can be viewed in note 7 (Transfers and subsidies) and Annexure I (A-G) to the Annual Financial Statements.

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

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

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

Detail of these transactions per programme can be viewed in note 6 (Financial transactions in assets and liabilities) to the Annual Financial Statements.

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

	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
4.1 Per programme:	R'000	R'000	R'000	%
<b>Programme 1</b>				
Administration	143,719	143,689	30	0.0%
<b>Programme 2</b>				
Governance, Policy and Research <sup>1</sup>	39,839	38,780	1,059	2.7%
<b>Programme 3</b>				
Urban and Rural Development <sup>2</sup>	9,827	8,626	1,201	12.2%
<b>Programme 4</b>				
Systems and Capacity Building <sup>3</sup>	91,631	89,605	2,026	2.2%
<b>Programme 5</b>				
Free Basic Services and Infrastructure <sup>4</sup>	37,170	34,542	2,628	7.1%
<b>Programme 6</b>				
Provincial and Local Government				
Transfers	29,629,760	29,629,760	-	0.0%
<b>Programme 7</b>				
Fiscal Transfers	84,805	84,714	91	0.1%

<sup>1</sup> The underspending is mainly on compensation of employees due to vacant posts.

<sup>2</sup> The underspending is mainly due to contracts that could not be completed during 2007/08 financial year.

<sup>3</sup> The underspending is mainly on compensation of employees due to vacant posts.

<sup>4</sup> The underspending is mainly on compensation of employees due to vacant posts as well as contracts that could not be completed during 2007/08 financial year.

4.2 Per Economic classification	Final Appropriation	Actual Expenditure	Variance	Variance as a % of Final Appropriation
	R'000	R'000	R'000	%
<b>Current payment:</b>				
Compensation of employees <sup>1</sup>	131,995	128,146	3,849	3%
Goods and services <sup>2</sup>	202,555	199,955	2,600	1%
Financial transactions in assets and liabilities	1,629	1,629	-	-
<b>Transfers and subsidies:</b>				
Provinces and municipalities	29,629,770	29,629,770	-	-
Departmental agencies and accounts	56,572	56,572	-	-
Public corporations and private enterprises	393	393	-	-
Foreign governments and international organisations	139	139	-	-
Non-profit institutions	4,472	4,472	-	-
Households	799	799	-	-
<b>Payments for capital assets: <sup>3</sup></b>				
Machinery and equipment	7,336	6,750	586	8%
Software and other intangible assets	1,091	1,091	-	-

Explanations of material variances from Amounts Voted (after virement) per economic classification:

<sup>1</sup> The underspending is mainly due to vacant posts.

<sup>2</sup> The underspending is mainly due to contracts that could not be completed during 2007/08 financial year.

<sup>3</sup> The saving is mainly due to Audio Visual equipment for the boardrooms that were not paid in time due to late delivery.

# STATEMENT OF FINANCIAL PERFORMANCE

for the year ended 31 March 2008

	Note	2007/08	2006/07
		R'000	R'000
<b>REVENUE</b>			
Annual appropriation	1	30,036,751	25,392,288
Appropriation for unauthorised expenditure approved	9	66,387	-
Departmental revenue	2	731	6,830
Local and foreign aid assistance	3	11,621	28,178
<b>TOTAL REVENUE</b>		<b>30,115,490</b>	<b>25,427,296</b>
<b>EXPENDITURE</b>			
<b>Current expenditure</b>			
Compensation of employees	4	128,146	116,166
Goods and services	5	199,955	189,288
Financial transactions in assets and liabilities	6	1,629	267
Local and foreign aid assistance	3	6,189	35,362
Unauthorised expenditure approved	9	66,387	-
<b>Total current expenditure</b>		<b>402,306</b>	<b>341,083</b>
<b>Transfers and subsidies</b>	7	<b>29,692,145</b>	<b>24,256,970</b>
<b>Expenditure for capital assets</b>			
Machinery and equipment	8	6,750	4,837
Software and other intangible assets	8	1,091	8,144
<b>Total expenditure for capital assets</b>		<b>7,841</b>	<b>12,981</b>
<b>TOTAL EXPENDITURE</b>		<b>30,102,292</b>	<b>24,611,034</b>
<b>SURPLUS/(DEFICIT)</b>			
Add back unauthorised expenditure	9	-	1,123
Add back fruitless and wasteful expenditure	10	24	-
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>13,222</b>	<b>817,385</b>
<b>Reconciliation of Surplus/(Deficit) for the year</b>			
Voted Funds	15	7,059	817,739
Departmental Revenue	16	731	6,830
Local and foreign aid assistance	3	5,432	(7,184)
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>13,222</b>	<b>817,385</b>

# STATEMENT OF FINANCIAL POSITION

for the year ended 31 March 2008

	Note	2007/08	2006/07
		R'000	R'000
<b>ASSETS</b>			
<b>Current assets</b>		16,395	833,143
Unauthorised expenditure	9	1,123	67,510
Fruitless and wasteful expenditure	10	24	-
Cash and cash equivalents	11	10,279	751,321
Prepayments and advances	13	1,934	134
Receivables	14	3,031	2,515
Local and foreign aid assistance receivable	3	4	11,663
<b>Non-current assets</b>		5	6
Other financial assets	12	5	6
<b>TOTAL ASSETS</b>		16,400	833,149
<b>LIABILITIES</b>			
<b>Current liabilities</b>		16,395	833,142
Voted funds to be surrendered to the Revenue Fund	15	7,059	817,739
Departmental revenue to be surrendered to the Revenue Fund	16	14	9
Payables	17	416	261
Local and foreign aid assistance unutilised	3	8,906	15,133
<b>Non-current liabilities</b>			
Payables			
<b>TOTAL LIABILITIES</b>		16,395	833,142
<b>NET ASSETS</b>		5	7
<b>Represented by:</b>			
Recoverable revenue		5	7
<b>TOTAL</b>		5	7

## STATEMENT OF CHANGES IN NET ASSETS

for the year ended 31 March 2008

	Note	2007/08	2006/07
		R'000	R'000
<b>Recoverable revenue</b>			
Opening balance		7	22
Transfers:		(2)	(15)
Debts recovered (included in departmental revenue)		(8)	(15)
Debts raised		6	-
Closing balance		5	7
<b>Total</b>		<b>5</b>	<b>7</b>



# CASH FLOW STATEMENT

for the year ended 31 March 2008

		2007/08	2006/07
	Note	R'000	R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Receipts		30,115,153	25,427,296
Annual appropriated funds received	1.1	30,036,751	25,392,288
Appropriation for unauthorised expenditure received	9	66,387	-
Departmental revenue received	2	394	6,830
Local and foreign aid assistance received	3	11,621	28,178
Net decrease in working capital		64,202	(36)
Surrendered to Revenue Fund		(818,465)	(9,693)
Current payments		(402,282)	(341,083)
Unauthorised expenditure – current payment	9	-	1,123
Transfers and subsidies paid		(29,692,145)	(24,256,970)
<b>Net cash flow available from operating activities</b>	18	<b>(733,537)</b>	<b>820,637</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payments for capital assets		(7,841)	(12,981)
Proceeds from sale of capital assets	2	337	-
Decrease in other financial assets		1	25
<b>Net cash flows from investing activities</b>		<b>(7,503)</b>	<b>(12,956)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Increase in net assets		(2)	(15)
<b>Net cash flows from financing activities</b>		<b>(2)</b>	<b>(15)</b>
Net decrease in cash and cash equivalents		(741,042)	807,666
Cash and cash equivalents at the beginning of the period		751,321	(56,345)
<b>Cash and cash equivalents at end of period</b>	19	<b>10,279</b>	<b>751,321</b>

# NOTES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2008

	Final Appropriation	Actual Funds Received	Funds not requested/ not received	Appropriation received 2006/07
	R'000	R'000	R'000	R'000
<b>I. Annual Appropriation</b>				
<b>I.1 Annual Appropriation Programmes</b>				
Administration	143,719	143,719	-	127,113
Governance, Policy and Research	39,839	39,839	-	37,624
Urban and Rural Development	9,827	9,827	-	7,960
Systems and Capacity Building	91,631	91,631	-	98,741
Free Basic Services and Infrastructure	37,170	37,170	-	36,620
Provincial and Local Government Transfers	29,629,760	29,629,760	-	25,014,088
Fiscal Transfers	84,805	84,805	-	70,142
<b>Total</b>	<b>30,036,751</b>	<b>30,036,751</b>	<b>-</b>	<b>25,392,288</b>

	Note	2007/08 R'000	2006/07 R'000
<b>2. Departmental revenue</b>			
Tax revenue			
Sales of goods and services other than capital assets	2.1	125	110
Interest, dividends and rent on land	2.2	3	6
Sales of capital assets	2.3	337	-
Financial transactions in assets and liabilities	2.4	266	6,714
<b>Departmental revenue collected</b>		<b>731</b>	<b>6,830</b>
<b>2.1 Sales of goods and services other than capital assets</b>			
Sales of goods and services produced by the department		125	109
Other sales		125	109
Sales of scrap, waste and other used current goods			1
<b>Total</b>		<b>125</b>	<b>110</b>
<b>2.2 Interest, dividends and rent on land</b>			
Interest		3	6
<b>Total</b>		<b>3</b>	<b>6</b>

	Note	2007/08	2006/07
		R'000	R'000
<b>2.3 Sale of capital assets</b>			
Other capital assets		337	-
<b>Total</b>		337	-
<b>2.4 Financial transactions in assets and liabilities</b>			
<b>Nature of recovery</b>			
Receivables		265	6,711
Stale cheques written back		1	3
<b>Total</b>		266	6,714
<b>3. Local and foreign aid assistance</b>			
<b>3.1 Assistance received in cash from RDP</b>			
<b>Foreign</b>			
Opening Balance		3,470	10,654
Revenue		11,621	24,554
Expenditure		6,189	31,738
Current		6,189	31,738
Closing Balance		8,902	3,470
<b>3.2 Assistance received in cash: Other</b>			
<b>Local</b>			
Opening Balance		-	-
Revenue		-	3,624
Expenditure		-	3,624
Current		-	3,624
Closing Balance		-	-
<b>Total assistance</b>			
Opening Balance		3,470	10,654
Revenue		11,621	28,178
Expenditure		6,189	35,362
Current		6,189	35,362
Closing Balance		8,902	3,470
<b>Analysis of balance</b>			
Local and foreign aid receivable		4	11,663
Local and foreign aid unutilised		8,906	15,133
Closing balance		8,902	3,470

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2008

	Note	2007/08	2006/07
		R'000	R'000
<b>4. Compensation of employees</b>			
<b>4.1 Salaries and Wages</b>			
Basic salary		81,023	73,937
Performance award		4,314	3,880
Service Based		427	342
Compensative/circumstantial		1,481	1,382
Periodic payments		-	24
Other non-pensionable allowances		27,718	24,695
<b>Total</b>		<b>114,963</b>	<b>104,260</b>
<b>4.2 Social contributions</b>			
<b>4.2.1 Employer contributions</b>			
Pension		9,543	8,588
Medical		3,628	3,306
Bargaining council		12	12
<b>Total</b>		<b>13,183</b>	<b>11,906</b>
<b>Total compensation of employees</b>		<b>128,146</b>	<b>116,166</b>
Average number of employees		436	415

	Note	2007/08	2006/07
		R'000	R'000
<b>5. Goods and services</b>			
Advertising		13,121	10,665
Attendance fees (including registration fees)		157	289
Bank charges and card fees		117	60
Bursaries (employees)		568	273
Catering		5,823	2,127
Communication		7,095	7,422
Computer services		5,189	4,534
Consultants, contractors and special services		56,366	62,809
Courier and delivery services		410	210
Entertainment		13	269
External audit fees	5.1	4,305	2,831
Equipment less than R5000		1,186	2,367
Firearm handling fees		-	1
Inventory	5.2	8,523	5,168
Legal fees		3,587	3,777
Maintenance, repairs and running costs		2,408	2,127
Medical Services		5	-
Operating leases		33,634	35,929
Personnel agency fees		82	91
Photographic services		14	-
Plant flowers and other decorations		96	85
Printing and publications		4,469	1,606
Professional bodies and membership fees		35	5
Resettlement costs		347	239
Subscriptions		548	398
Storage of furniture		116	19
Owned and leasehold property expenditure		6,907	5,020
Translations and transcriptions		638	735
Transport provided as part of the departmental activities		1,112	53
Travel and subsistence	5.3	33,970	33,369
Venues and facilities		7,198	5,418
Protective, special clothing & uniforms		5	-
Training & staff development		1,911	1,392
<b>Total</b>		<b>199,955</b>	<b>189,288</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2008

	Note	2007/08	2006/07
		R'000	R'000
<b>5.1 External audit fees</b>			
Regularity audits		3,388	2,831
Performance audits		917	-
<b>Total</b>		<b>4,305</b>	<b>2,831</b>
<b>5.2 Inventory</b>			
Other inventory		1	6
Domestic consumables		4,108	91
Learning and teaching support material		165	79
Food and food supplies		366	-
Fuel, oil and gas		130	72
Other consumables		22	10
Parts and other maintenance material		27	15
Stationery and printing		3,596	4,892
Medical supplies		108	3
<b>Total</b>		<b>8,523</b>	<b>5,168</b>
<b>5.3 Travel and subsistence</b>			
Local		31,314	31,064
Foreign		2,656	2,305
<b>Total</b>		<b>33,970</b>	<b>33,369</b>
<b>6. Financial transactions in assets and liabilities</b>			
Other material losses written off	6.1	1,629	195
Debts written off	6.2	-	72
<b>Total</b>		<b>1,629</b>	<b>267</b>
<b>6.1 Other material losses written off</b>			
<b>Nature of losses</b>			
Cancellation fees on transport and subsistence		119	1
Cancellation fees on hiring of venues		132	-
Car accident claims		140	194
European Union		1,238	-
<b>Total</b>		<b>1,629</b>	<b>195</b>

		2007/08	2006/07
Note		R'000	R'000
<b>6.2 Debts written off</b>			
<b>Nature of debts written off</b>			
Transfer to debts written off			
Warrant voucher fraud 1999		-	72
<b>Total</b>		-	72
<b>7. Transfers and subsidies</b>			
Provinces and municipalities	Annex IA, IB	29,629,770	24,196,442
Departmental agencies and accounts	Annex IC	56,572	49,724
Foreign governments and international organisations	Annex IE	139	2,983
Public corporations and private enterprises	Annex ID	393	278
Non-profit institutions	Annex IF	4,472	6,809
Households	Annex IG	799	734
<b>Total</b>		29,692,145	24,256,970
<b>8. Expenditure for capital assets</b>			
Machinery and equipment	29	6,750	4,837
Software and other intangible assets		1,091	8,144
Computer software	30	1,091	8,144
<b>Total</b>		7,841	12,981
<b>9. Unauthorised expenditure</b>			
<b>9.1 Reconciliation of unauthorised expenditure</b>			
Opening balance		67,510	66,387
Unauthorised expenditure – current year		-	1,123
Amounts approved by Parliament/Legislature (with funding)		(66,387)	-
Current expenditure		(66,387)	-
Unauthorised expenditure awaiting authorisation		1,123	67,510
<b>9.2 Analysis of Current Year Unauthorised expenditure</b>			
<b>Incident</b>	<b>Disciplinary steps taken/criminal proceedings</b>	<b>2007/08</b>	
Overspending of the Vote 2006/07	No disciplinary actions have been taken against any official.	1,123	
<b>Total</b>		1,123	

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2008

	Note	2007/08	2006/07
		R'000	R'000
<b>10. Fruitless and wasteful expenditure</b>			
<b>10.1 Reconciliation of fruitless and wasteful expenditure</b>			
Opening balance		-	-
Fruitless and wasteful expenditure – current year		24	-
Current expenditure		24	-
Fruitless and wasteful expenditure awaiting condonement		24	-
<b>10.2 Analysis of Current Year Fruitless and wasteful expenditure</b>			
<b>Incident</b>	<b>Disciplinary steps taken/criminal proceedings</b>		
Penalty paid to Matlotlo Communications	No disciplinary actions have been taken against any official.		24
<b>Total</b>			24
<b>11. Cash and cash equivalents</b>			
Consolidated Paymaster General Account		85,902	782,017
Cash receipts		-	(6)
Disbursements		(75,643)	(30,710)
Cash on hand		20	20
<b>Total</b>		10,279	751,321
<b>12. Other financial assets</b>			
<b>Non-current</b>			
<b>Local</b>			
Staff debtors		5	6
<b>Total</b>		5	6
<b>Total Non Current Other Financial Assets</b>		5	6
<b>13. Prepayments and advances</b>			
Staff advances		2	7
Travel and subsistence		26	80
Advances paid to other entities		1,906	47
<b>Total</b>		1,934	134



## NOTES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

	Note	Less than one year	One to three years	Older than three years	2007/08 Total	2006/07 Total
		R'000	R'000	R'000	R'000	R'000
<b>14. Receivables</b>						
Staff debtors	14.1	317	622	50	989	763
Other debtors	14.2	1,600	83	-	1,683	1,670
Intergovernmental receivables	Annex 3	356	3	-	359	82
<b>Total</b>		<b>2,273</b>	<b>708</b>	<b>50</b>	<b>3,031</b>	<b>2,515</b>
<b>14.1 Staff Debtors</b>						
Tax debt					28	13
Bursary debt					2	7
Car accidents					689	638
Telephone debt					14	25
Salary overpayment					237	79
Salary reversal control					11	-
Unauthorised use of government vehicle					8	-
Other					-	1
<b>Total</b>					<b>989</b>	<b>763</b>
<b>14.2 Other debtors</b>						
Fraud payments to suppliers					64	64
Theft petty cash					15	15
VAT on donor projects					36	692
Suppliers					1,564	893
Other					4	6
<b>Total</b>					<b>1,683</b>	<b>1,670</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2008

	Note	2007/08	2006/07
		R'000	R'000
<b>15. Voted funds to be surrendered to the Revenue Fund</b>			
Opening balance		817,739	2,865
Transfer from Statement of Financial Performance		7,059	817,739
Paid during the year		(817,739)	(2,865)
<b>Closing balance</b>		<b>7,059</b>	<b>817,739</b>
<b>16. Departmental revenue to be surrendered to the Revenue Fund</b>			
Opening balance		9	7
Transfer from Statement of Financial Performance		731	6,830
Paid during the year		(726)	(6,828)
<b>Closing balance</b>		<b>14</b>	<b>9</b>

Description	Note	2007/08		2006/07	
		30 Days	30+ Days	Total R'000	Total R'000
<b>17. Payables – current</b>					
Other payables	17.1	416	-	416	261
<b>Total</b>		<b>416</b>	<b>-</b>	<b>416</b>	<b>261</b>
<b>17.1 Advances received</b>					
Description					
Salaries and deductions				397	245
Staff				15	16
Supplier				4	-
<b>Total</b>				<b>416</b>	<b>261</b>

	Note	2007/08	2006/07	
		R'000	R'000	
<b>18. Net cash flow available from operating activities</b>				
Net surplus as per Statement of Financial Performance		13,222	817,385	
Add back non cash/cash movements not deemed operating activities		(746,759)	3,252	
Increase in receivables – current		(516)	744	
Increase in prepayments and advances		(1,800)	149	
Decrease in other current assets		66,363	-	
Increase in payables – current		155	194	
Proceeds from sale of capital assets		(337)	-	
(Increase)/decrease in other financial assets		-	(1,123)	
Expenditure on capital assets		7,841	12,981	
Surrenders to Revenue Fund		(818,465)	(9,693)	
<b>Net cash flow generated by operating activities</b>		<b>(733,537)</b>	<b>820,637</b>	
<b>19. Reconciliation of cash and cash equivalents for cash flow purposes</b>				
Consolidated Paymaster General account		85,902	782,017	
Cash receipts		-	(6)	
Disbursements		(75,643)	(30,710)	
Cash on hand		20	20	
<b>Total</b>		<b>10,279</b>	<b>751,321</b>	
<b>20. Contingent liabilities</b>				
<b>Liable to</b>	<b>Nature</b>			
Motor vehicle guarantees	Employees	Annex 2A	272	554
Housing loan guarantees	Employees	Annex 2A	230	302
Claims against the department		Annex 2B	575	575
Other departments (interdepartmental unconfirmed balances)		Annex 4	230	427
<b>Total</b>			<b>1,307</b>	<b>1,858</b>
<b>21. Commitments</b>				
<b>Current expenditure</b>				
Approved and contracted		1,022	3,039	
Approved and not yet contracted		-	173	
		1,022	3,212	
<b>Capital expenditure</b>				
Approved and contracted		1,774	139	
		1,774	139	
<b>Total Commitments</b>		<b>2,796</b>	<b>3,351</b>	

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2008

Description	Note			2007/08	2006/07
		30 Days	30+ Days	Total R'000	Total R'000
<b>22. Accruals</b>					
<b>Listed by economic classification</b>					
Compensation of employees		46	11	57	40
Goods and services		4,972	960	5,932	5,514
Machinery and equipment		1,629	97	1,726	-
<b>Total</b>		<b>6,647</b>	<b>1,068</b>	<b>7,715</b>	<b>5,554</b>
<b>Listed by programme level</b>					
Programme 1 - Administration				3,330	3,240
Programme 2 - Governance, Policy and Research				654	877
Programme 3 - Urban and Rural Development				17	12
Programme 4 - Systems and Capacity Building				3,559	1,115
Programme 5 - Free Basic Services and Infrastructure				46	255
Programme 7 - Fiscal Transfers				109	55
<b>Total</b>				<b>7,715</b>	<b>5,554</b>
Confirmed balances with other departments			Annex 4	439	145
Confirmed balances with other government entities			Annex 4	15	-
<b>Total</b>				<b>454</b>	<b>145</b>
<b>23. Employee benefits</b>					
Leave entitlement				4,565	2,287
Thirteenth cheque				3,026	2,899
Performance awards				2,496	4,314
Capped leave commitments				4,743	4,583
<b>Total</b>				<b>14,830</b>	<b>14,083</b>

The current figure of 2007/08 for performance awards was based on 1.5% of the total budget for compensation of employees for 2008/09 financial year.

	Land	Buildings and other fixed structures	Machinery and equipment	Total R'000
<b>24. Lease Commitments</b>				
<b>Finance leases</b>				
<b>2007/2008</b>				
Not later than 1 year	-	-	2,038	2,038
Later than 1 year and not later than 5 years	-	-	2,176	2,176
<b>Total present value of lease liabilities</b>			4,214	4,214
<b>Analysis</b>				
Condoned	-	-	1,420	1,420
Not condoned	-	-	2,794	2,794
<b>Total</b>	-	-	4,214	4,214
<b>2006/2007</b>				
Not later than 1 year	-	-	2,577	2,577
Later than 1 year and not later than 5 years	-	-	1,911	1,911
<b>Total present value of lease liabilities</b>	-	-	4,488	4,488
<b>Analysis</b>				
Condoned	-	-	1,557	1,557
Not condoned	-	-	2,931	2,931
<b>Total</b>	-	-	4,488	4,488

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2008

Note	2007/08	2006/07
	R'000	R'000
<b>25. Irregular expenditure</b>		
<b>25.1 Reconciliation of irregular expenditure</b>		
Opening balance	24,161	25,835
Add: Irregular expenditure – current year	12,515	2,182
Less: Amounts condoned	-	3,856
Current expenditure	-	3,856
<b>Irregular expenditure awaiting condonement</b>	<b>36,676</b>	<b>24,161</b>
<b>Analysis of awaiting condonement per classification</b>		
Current expenditure	36,676	24,161
	36,676	24,161
<b>Analysis of awaiting condonement per age classification</b>		
Current year	12,515	2,182
Prior years	24,161	21,979
<b>Total</b>	<b>36,676</b>	<b>24,161</b>
<b>25.2 Irregular expenditure</b>		
<b>Incident</b>	<b>Disciplinary steps taken/ criminal proceedings</b>	
Contracts were entered into between the Command Centre & various parties in 2000/01 & 2001/02 financial years without adhering to State Tender Board procedures.	Re- application for Ex- post facto approval from the State Tender Board has been submitted. No disciplinary steps will be taken against any official.	20,559
Non- compliance with regard to the Procurement Policy	No official will be held responsible for this expenditure. Condonement to be applied.	12
Non- compliance with regard to the Procurement Policy	No official will be held responsible for this expenditure. Condonement to be applied.	392
Leases of office equipment	No official will be held responsible for this expenditure. A letter to National Treasury was written for application of condonement for this expenditure.	4,164
Leases of office equipment	No official will be held responsible for this expenditure	1,059
Transfers made to SA Cities Network not in compliance with Sec. 38 (1) (j) of the PFMA	Top Management Team of the department took a decision that no official should be held responsible for this expenditure.	10,490
<b>Total</b>		<b>24,161</b>

	No. of Individuals	2007/08	2006/07
		R'000	R'000
<b>26. Related party transactions</b>			
Public and Constitutional entities established under the department are related parties to the Department of Provincial and Local Government ( <b>dplg</b> ). Details about the public and constitutional entities are disclosed in section 5 and 6 of the Accounting officer's report.			
<b>27. Key management personnel</b>			
Political office bearers	2	2,152	1,866
Officials			
Level 15 to 16	8	5,651	3,884
Level 14 (incl CFO if at a lower level)	36	18,716	16,407
<b>Total</b>		26,519	22,157
<b>28. Provisions</b>			
<b>Potential irrecoverable debts</b>			
Staff debtors		689	-
Claims recoverable		4	793
<b>Total</b>		693	793

	Opening balance	Current Year Adjustments to prior year balances	Additions	Disposals	Closing Balance
	R'000	R'000	R'000	R'000	R'000
<b>29. Tangible Capital Assets</b>					
MOVEMENT IN TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2008					
<b>MACHINERY AND EQUIPMENT</b>	31,890	1,171	8,547	10,699	30,909
Transport assets	3,511	-	1,873	615	4,769
Computer equipment	22,251	1,138	4,417	8,186	19,620
Furniture and office equipment	2,983	7	513	475	3,028
Other machinery and equipment	3,145	26	1,744	1,423	3,492
<b>TOTAL TANGIBLE ASSETS</b>	31,890	1,171	8,547	10,699	30,909

The amounts of the fair value of finance lease assets in the finance lease register as at 31 March 2008 are transport assets R1,652 million (31 March 2007:R1,246 million) and furniture and office equipment R3,386 million (31 March 2007:R 2,7 million). These amounts are not included in note 29 and 30.

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2008

	Cash Cost	Non-cash Fair Value/RI	(Capital Work in Progress current costs) Cost	Received current, not paid (Paid current year, received prior year) Cost	Total Cost
	R'000	R'000	R'000	R'000	R'000
<b>29.1 ADDITIONS TO TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2008</b>					
<b>MACHINERY AND EQUIPMENT</b>	6,750	647	-	1,150	8,547
Transport assets	1,226	647	-	-	1,873
Computer equipment	4,634	-	-	(217)	4,417
Furniture and office equipment	503	-	-	10	513
Other machinery and equipment	387	-	-	1,357	1,744
<b>Total</b>	6,750	647	-	1,150	8,547

	Sold for cash Cost/value price as per AR	Transfer out or destroyed or scrapped Cost/value price as per AR	Total disposals	Cash Received Actual Cost
	R'000	R'000	R'000	R'000
<b>29.2 DISPOSALS OF TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2008</b>				
<b>MACHINERY AND EQUIPMENT</b>	709	9,990	10,699	337
Transport assets	615	-	615	337
Computer equipment	-	8,186	8,186	-
Furniture and office equipment	-	475	475	-
Other machinery and equipment	94	1,329	1,423	-
<b>Total</b>	709	9,990	10,699	337



	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
<b>29.3 MOVEMENT IN TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2007</b>				
<b>MACHINERY AND EQUIPMENT</b>	27,181	4,913	204	31,890
Transport assets	2,984	731	204	3,511
Computer equipment	19,011	3,240	-	22,251
Furniture and office equipment	2,295	688	-	2,983
Other machinery and equipment	2,891	254	-	3,145
<b>Total Tangible Assets</b>	<b>27,181</b>	<b>4,913</b>	<b>204</b>	<b>31,890</b>

	2007/08	2006/07
	R'000	R'000
Minor assets		
The department has minor assets (Tangible) amounting to:	10,694	9,415

	Opening balance	Current Year Adjust-ments to prior year balances	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000	R'000
<b>30. Intangible Capital Assets</b>					
MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED					
<b>COMPUTER SOFTWARE</b>	10,540	223	1,541	-	12,304
<b>Total Intangible Assets</b>	<b>10,540</b>	<b>223</b>	<b>1,541</b>	<b>-</b>	<b>12,304</b>

## NOTES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2008

	Cash Cost	Current Year Non-Cash Fair Value/RI	(Development work in progress – current costs) Cost	Received current year, not paid (Paid current year, received prior year) Cost	Total Cost
	R'000	R'000	R'000	R'000	R'000
<b>30.1 ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2008</b>					
COMPUTER SOFTWARE	1,091	438	-	12	1,541
<b>Total</b>	<b>1,091</b>	<b>438</b>	<b>-</b>	<b>12</b>	<b>1,541</b>

	Opening balance	Additions	Disposals	Closing balance
	R'000	R'000	R'000	R'000
<b>30.2 MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2007</b>				
COMPUTER SOFTWARE	2,396	8,144	-	10,540
<b>Total</b>	<b>2,396</b>	<b>8,144</b>	<b>-</b>	<b>10,540</b>

	2007/08	2006/07
	R'000	R'000
Minor assets		
The department has minor assets (Intangible) amounting to:	69	69

# LIST OF ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

		<b>Page</b>
<b>Annexure 1A</b>	STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES	202
<b>Annexure 1B</b>	STATEMENT OF UNCONDITIONAL GRANTS AND TRANSFERS TO MUNICIPALITIES	238
<b>Annexure 1C</b>	STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS	259
<b>Annexure 1D</b>	STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES	261
<b>Annexure 1E</b>	STATEMENT OF TRANSFERS TO FOREIGN GOVERNMENT AND INTERNATIONAL ORGANISATIONS	261
<b>Annexure 1F</b>	STATEMENT OF TRANSFERS/SUBSIDIES TO NON-PROFIT INSTITUTIONS	261
<b>Annexure 1G</b>	STATEMENT OF TRANSFERS/SUBSIDIES TO HOUSEHOLDS	263
<b>Annexure 1H</b>	STATEMENT OF LOCAL AND FOREIGN AID ASSISTANCE RECEIVED FOR THE YEAR ENDED 31 MARCH 2008	263
<b>Annexure 1I</b>	STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE AND REMISSIONS, REFUNDS AND PAYMENTS MADE AS AN ACT OF GRACE FOR YEAR ENDED AT 31 MARCH 2008	264
<b>Annexure 2A</b>	STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2008 – LOCAL	264
<b>Annexure 2B</b>	STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2008	266
<b>Annexure 3</b>	INTER-GOVERNMENTAL RECEIVABLES	266
<b>Annexure 4</b>	INTER-GOVERNMENTAL PAYABLES	267

# ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS

for the year ended 31 March 2008

ANNEXURE 1A STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES				
NAME OF MUNICIPALITY	GRANT ALLOCATION			
	Division of Revenue Act	Roll Overs	Adjustments	Total Available
Municipal Systems Improvement Grant	R'000	R'000	R'000	R'000
<b>EASTERN CAPE</b>				
Nelson Mandela	-	-	-	-
Camdeboo	734	-	-	734
Blue Crane Route	734	-	-	734
Ikwezi	734	-	-	734
Makana	150	-	-	150
Ndlambe	734	-	-	734
Sundays River Valley	734	-	-	734
Kouga	150	-	-	150
Koukamma	150	-	-	150
Cacadu District Municipality	1,000	-	-	1,000
Mbhashe	734	-	-	734
Mnquma	734	-	-	734
Great Kei	734	-	-	734
Amahlathi	734	-	-	734
Buffalo City	-	-	-	-
Ngqushwa	150	-	-	150
Nkonkobe	734	-	-	734
Nxuba	734	-	-	734
Amatole District Municipality	1,000	-	-	1,000
Inxuba Yethemba	150	-	-	150
Tsolwana	734	-	-	734
Inkwanca	734	-	-	734
Lukhanji	1,000	-	-	1,000
Intsika Yethu	734	-	-	734
Emalahleni	734	-	-	734
Engcobo	734	-	-	734
Sakhisizwe	734	-	-	734
Chris Hani District Municipality	1,000	-	-	1,000
Elundini	734	-	-	734
Maletswai	150	-	-	150
Ukhahlamba District Municipality	1,000	-	-	1,000
Mbizana	734	-	-	734
Ntabankulu	734	-	-	734
Qaukeni	734	-	-	734

ANNEXURE 1A STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES					
TRANSFER		SPENT			2006/07
Actual Transfer	% of Available Funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Division of Revenue Act
R'000	%	R'000	R'000	%	R'000
-	0.0%	-	-	0.0%	4,000
734	100.0%	734	25	3.4%	-
734	100.0%	734	734	100.0%	150
734	100.0%	734	456	62.1%	150
150	100.0%	150	-	0.0%	150
734	100.0%	734	734	100.0%	-
734	100.0%	734	733	99.9%	-
150	100.0%	150	115	76.7%	150
150	100.0%	150	30	20.0%	150
1,000	100.0%	1,000	731	73.1%	1,000
734	100.0%	734	661	90.1%	734
734	100.0%	734	734	100.0%	734
734	100.0%	734	30	4.1%	150
734	100.0%	734	-	0.0%	-
-	0.0%	-	-	0.0%	4,000
150	100.0%	150	-	0.0%	-
734	100.0%	734	84	11.4%	150
734	100.0%	734	332	45.2%	150
1,000	100.0%	1,000	1,000	100.0%	1,000
150	100.0%	150	9	6.0%	-
734	100.0%	734	46	6.3%	150
734	100.0%	734	734	100.0%	150
1,000	100.0%	1,000	1,000	100.0%	1,000
734	100.0%	734	13	1.8%	734
734	100.0%	734	186	25.3%	734
734	100.0%	734	-	0.0%	734
734	100.0%	734	681	92.8%	734
1,000	100.0%	1,000	1,000	100.0%	1,000
734	100.0%	734	734	100.0%	734
150	100.0%	150	101	67.3%	-
1,000	100.0%	1,000	1,000	100.0%	1,000
734	100.0%	734	450	61.3%	734
734	100.0%	734	671	91.4%	734
734	100.0%	734	734	100.0%	734

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2008

ANNEXURE IA STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES				
NAME OF MUNICIPALITY	GRANT ALLOCATION			
	Division of Revenue Act	Roll Overs	Adjustments	Total Available
Municipal Systems Improvement Grant	R'000	R'000	R'000	R'000
<b>EASTERN CAPE (continued)</b>				
Port St. Johns	734	-	-	734
Nyandeni	734	-	-	734
Mhlontlo	734	-	-	734
King Sabata Dalindyebo	884	-	-	884
O.R. Tambo District Municipality	1,000	-	-	1,000
Umzimvubu	734	-	-	734
Matatiele	734	-	-	734
Alfred Nzo District Municipality	1,000	-	-	1,000
	27,868	-	-	27,868
<b>FREE STATE</b>				-
Letsemeng	150	-	-	150
Kopanong	1,000	-	-	1,000
Mohokare	734	-	-	734
Xhariep District Municipality	1,000	-	-	1,000
Naledi	734	-	-	734
Mantsopa	734	-	-	734
Motheo District Municipality	1,000	-	-	1,000
Masilonyana	734	-	-	734
Tokologo	734	-	-	734
Tswelopele	734	-	-	734
Matjhabeng	1,000	-	-	1,000
Nala	734	-	-	734
Lejweleputswa District Municipality	1,000	-	-	1,000
Setsoto	734	-	-	734
Dihlabeng	734	-	-	734
Nketoana	734	-	-	734
Maluti-a-Phofung	734	-	-	734
Phumelela	1,000	-	-	1,000
Thabo Mofutsanyana District Municipality	1,000	-	-	1,000
Moqhaka	734	-	-	734
Ngwathe	734	-	-	734
Metsimaholo	734	-	-	734
Mafube	734	-	-	734
Fezile Dabi District Municipality	1,000	-	-	1,000
	19,160	-	-	19,160

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

ANNEXURE IA STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES					
TRANSFER		SPENT			2006/07
Actual Transfer	% of Available Funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Division of Revenue Act
R'000	%	R'000	R'000	%	R'000
734	100.0%	734	62	8.4%	734
734	100.0%	734	399	54.4%	734
734	100.0%	734	-	0.0%	734
884	100.0%	884	652	73.8%	734
1,000	100.0%	1,000	508	50.8%	1,000
734	100.0%	734	-	0.0%	734
734	100.0%	734	245	33.4%	734
1,000	100.0%	1,000	-	0.0%	1,000
27,868	100.0%	27,868	15,624	56.1%	28,244
150	100.0%	150	142	94.7%	
1,000	100.0%	1,000	745	74.5%	1,000
734	100.0%	734	-	0.0%	734
1,000	100.0%	1,000	297	29.7%	1,000
734	100.0%	734	734	100.0%	734
734	100.0%	734	691	94.1%	-
1,000	100.0%	1,000	1,000	100.0%	1,000
734	100.0%	734	-	0.0%	150
734	100.0%	734	734	100.0%	734
734	100.0%	734	608	82.8%	734
1,000	100.0%	1,000	640	64.0%	4,000
734	100.0%	734	-	0.0%	734
1,000	100.0%	1,000	-	0.0%	1,000
734	100.0%	734	640	87.2%	734
734	100.0%	734	599	81.6%	150
734	100.0%	734	-	0.0%	-
734	100.0%	734	724	98.6%	734
1,000	100.0%	1,000	302	30.2%	1,000
1,000	100.0%	1,000	594	59.4%	1,000
734	100.0%	734	734	100.0%	734
734	100.0%	734	734	100.0%	-
734	100.0%	734	-	0.0%	-
734	100.0%	734	60	8.2%	-
1,000	100.0%	1,000	803	80.3%	1,000
19,160	100.0%	19,160	10,781	56.3%	17,172

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2008

ANNEXURE 1A STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES				
NAME OF MUNICIPALITY	GRANT ALLOCATION			
	Division of Revenue Act	Roll Overs	Adjustments	Total Available
Municipal Systems Improvement Grant	R'000	R'000	R'000	R'000
<b>GAUTENG</b>				
<b>City of Johannesburg</b>	-	-	-	-
Nokeng tsa Taemane	734	-	-	734
Kungwini	1,000	-	-	1,000
Metsweding District Municipality	1,000	-	-	1,000
Emfuleni	734	-	-	734
Midvaal	734	-	-	734
Lesedi	734	-	-	734
Sedibeng District Municipality	1,000	-	-	1,000
Randfontein	734	-	-	734
Westonaria	734	-	-	734
West Rand District Municipality	1,000	-	-	1,000
	8,404	-	-	8,404
<b>KWAZULU-NATAL</b>				
Vulamehlo	734	-	-	734
Umzumbe	734	-	-	734
Ezinqolweni	734	-	-	734
Ugu District Municipality	1,000	-	-	1,000
uMshwathi	734	-	-	734
uMngeni	1,000	-	-	1,000
Mooi Mpofana	734	-	-	734
Impendle	734	-	-	734
Mkhambathini	734	-	-	734
Richmond	734	-	-	734
uMgungundlovu District Municipality	1,000	-	-	1,000
Emnambithi/Ladysmith	734	-	-	734
Indaka	734	-	-	734
Umtshezi	734	-	-	734
Okhahlamba	734	-	-	734
Imbabazane	734	-	-	734
Uthukela District Municipality	1,000	-	-	1,000
Endumeni	734	-	-	734
Nquthu	734	-	-	734
Msinga	734	-	-	734



## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

ANNEXURE 1A STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES					
TRANSFER		SPENT			2006/07
Actual Transfer	% of Available Funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Division of Revenue Act
R'000	%	R'000	R'000	%	R'000
-	0.0%		-		4,000
734	100.0%	734	626	85.3%	-
1,000	100.0%	1,000	1,000	100.0%	1,000
1,000	100.0%	1,000	604	60.4%	1,000
734	100.0%	734	6	0.8%	150
734	100.0%	734	734	100.0%	
734	100.0%	734	401	54.6%	734
1,000	100.0%	1,000	14	1.4%	1,000
734	100.0%	734	-	0.0%	150
734	100.0%	734	38	5.2%	-
1,000	100.0%	1,000	783	78.3%	1,000
8,404	100.0%	8,404	4,206	50.0%	9,034
734	100.0%	734	280	38.1%	734
734	100.0%	734	-	0.0%	734
734	100.0%	734	287	39.1%	-
1,000	100.0%	1,000	1,000	100.0%	1,000
734	100.0%	734	-	0.0%	734
1,000	100.0%	1,000	-	0.0%	4,000
734	100.0%	734	-	0.0%	150
734	100.0%	734	-	0.0%	-
734	100.0%	734	337	45.9%	734
734	100.0%	734	332	45.2%	734
1,000	100.0%	1,000	691	69.1%	1,000
734	100.0%	734	734	100.0%	734
734	100.0%	734	95	12.9%	734
734	100.0%	734	310	42.2%	-
734	100.0%	734	-	0.0%	734
734	100.0%	734	234	31.9%	-
1,000	100.0%	1,000	856	85.6%	1,000
734	100.0%	734	-	0.0%	-
734	100.0%	734	411	56.0%	734
734	100.0%	734	-	0.0%	734

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2008

ANNEXURE IA STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES				
NAME OF MUNICIPALITY	GRANT ALLOCATION			
	Division of Revenue Act	Roll Overs	Adjustments	Total Available
Municipal Systems Improvement Grant	R'000	R'000	R'000	R'000
<b>KWAZULU-NATAL (continued)</b>				
Umvati	734	-	-	734
Umzinyathi District Municipality	1,000	-	-	1,000
eMadlangeni	734	-	-	734
Dannhauser	734	-	-	734
Amajuba District Municipality	1,000	-	-	1,000
uPhongolo	150	-	-	150
Abaqulusi	734	-	-	734
Nongoma	734	-	-	734
Ulundi	734	-	-	734
Zululand District Municipality	1,000	-	-	1,000
Umhlabuyalingana	734	-	-	734
Jozini	734	-	-	734
The Big Five False Bay	734	-	-	734
Hlabisa	734	-	-	734
Mtubatuba	734	-	-	734
Umkhanyakude District Municipality	1,000	-	-	1,000
Mbonambi	734	-	-	734
Ntambanana	734	-	-	734
Umlalazi	734	-	-	734
Mthonjaneni	734	-	-	734
Nkandla	734	-	-	734
uThungulu District Municipality	1,000	-	-	1,000
Mandeni	150	-	-	150
KwaDukuza	150	-	-	150
Ndwedwe	734	-	-	734
Maphumulo	734	-	-	734
iLembe District Municipality	1,000	-	-	1,000
Ingwe	734	-	-	734
Kwa Sani	734	-	-	734
Greater Kokstad	734	-	-	734
Ubuhlebezwe	734	-	-	734
Umzimkhulu	734	-	-	734
Sisonke District Municipality	1,000	-	-	1,000
	40,076	-	-	40,076

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

ANNEXURE IA STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES					
TRANSFER		SPENT			2006/07
Actual Transfer	% of Available Funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Division of Revenue Act
R'000	%	R'000	R'000	%	R'000
734	100.0%	734	-	0.0%	-
1,000	100.0%	1,000	-	0.0%	1,000
734	100.0%	734	141	19.2%	734
734	100.0%	734	734	100.0%	150
1,000	100.0%	1,000	1,000	100.0%	1,000
150	100.0%	150	17	11.3%	150
734	100.0%	734	-	0.0%	734
734	100.0%	734	734	100.0%	734
734	100.0%	734	-	0.0%	734
1,000	100.0%	1,000	143	14.3%	1,000
734	100.0%	734	420	57.2%	734
734	100.0%	734	-	0.0%	734
734	100.0%	734	-	0.0%	734
734	100.0%	734	159	21.7%	734
734	100.0%	734	-	0.0%	-
1,000	100.0%	1,000	931	93.1%	1,000
734	100.0%	734	738	100.5%	734
734	100.0%	734	377	51.4%	734
734	100.0%	734	734	100.0%	734
734	100.0%	734	207	28.2%	734
734	100.0%	734	494	67.3%	734
1,000	100.0%	1,000	38	3.8%	1,000
150	100.0%	150	150	100.0%	-
150	100.0%	150	-	0.0%	150
734	100.0%	734	20	2.7%	734
734	100.0%	734	-	0.0%	734
1,000	100.0%	1,000	620	62.0%	1,000
734	100.0%	734	-	0.0%	734
734	100.0%	734	274	37.3%	734
734	100.0%	734	734	100.0%	4,000
734	100.0%	734	-	0.0%	734
734	100.0%	734	734	100.0%	734
1,000	100.0%	1,000	668	66.8%	1,000
40,076	100.0%	40,076	15,630	39.0%	39,886

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2008

ANNEXURE 1A STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES				
NAME OF MUNICIPALITY	GRANT ALLOCATION			
	Division of Revenue Act	Roll Overs	Adjustments	Total Available
Municipal Systems Improvement Grant	R'000	R'000	R'000	R'000
<b>LIMPOPO</b>				
Makhuduthamaga	734	-	-	734
Fetakgomo	734	-	-	734
Greater Marble Hall	734	-	-	734
Elias Motsoaledel	734	-	-	734
Greater Tubatse	1,484	-	-	1,484
Greater Sekhukhune District Municipality	1,000	-	-	1,000
Greater Giyani	734	-	-	734
Greater Letaba	734	-	-	734
Ba-Phalaborwa	1,000	-	-	1,000
Maruleng	734	-	-	734
Mopani District Municipality	1,000	-	-	1,000
Musina	734	-	-	734
Mutale	734	-	-	734
Thulamela	734	-	-	734
Makhado	1,300	-	-	1,300
Vhembe District Municipality	1,000	-	-	1,000
Blouberg	772	-	-	772
Aganang	734	-	-	734
Molemole	734	-	-	734
Lepelle-Nkumpi	734	-	-	734
Capricorn District Municipality	1,000	-	-	1,000
Thabazimbi	734	-	-	734
Lephalale	734	-	-	734
Mookgopong	734	-	-	734
Modimolle	734	-	-	734
Bela Bela	734	-	-	734
Mogalakwena	734	-	-	734
Waterberg District Municipality	1,000	-	-	1,000
	23,502	-	-	23,502

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

ANNEXURE IA STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES					
TRANSFER		SPENT			2006/07
Actual Transfer	% of Available Funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Division of Revenue Act
R'000	%	R'000	R'000	%	R'000
734	100.0%	734	-	0.0%	4,000
734	100.0%	734	277	37.7%	734
734	100.0%	734	441	60.1%	734
734	100.0%	734	-	0.0%	734
1,484	100.0%	1,484	662	44.6%	1,484
1,000	100.0%	1,000	190	19.0%	1,000
734	100.0%	734	734	100.0%	734
734	100.0%	734	651	88.7%	734
1,000	100.0%	1,000	302	30.2%	1,150
734	100.0%	734	629	85.7%	734
1,000	100.0%	1,000	774	77.4%	1,000
734	100.0%	734	668	91.0%	-
734	100.0%	734	598	81.5%	734
734	100.0%	734	298	40.6%	734
1,300	100.0%	1,300	1,300	100.0%	1,518
1,000	100.0%	1,000	306	30.6%	1,000
772	100.0%	772	643	83.3%	772
734	100.0%	734	728	99.2%	734
734	100.0%	734	177	24.1%	150
734	100.0%	734	243	33.1%	734
1,000	100.0%	1,000	11	1.1%	1,000
734	100.0%	734	66	9.0%	734
734	100.0%	734	734	100.0%	-
734	100.0%	734	258	35.1%	-
734	100.0%	734	-	0.0%	-
734	100.0%	734	555	75.6%	-
734	100.0%	734	146	19.9%	-
1,000	100.0%	1,000	724	72.4%	1,000
23,502	100.0%	23,502	12,115	51.5%	22,148

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2008

ANNEXURE 1A STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES				
NAME OF MUNICIPALITY	GRANT ALLOCATION			
	Division of Revenue Act	Roll Overs	Adjustments	Total Available
Municipal Systems Improvement Grant	R'000	R'000	R'000	R'000
<b>MPUMALANGA</b>				
Albert Luthuli	1,484	-	-	1,484
Msukaligwa	734	-	-	734
Mkhondo	734	-	-	734
Pixley Ka Seme	734	-	-	734
Lekwa	750	-	-	750
Dipaleseng	734	-	-	734
Govan Mbeki	734	-	-	734
Gert Sibande District Municipality	1,000	-	-	1,000
Delmas	734	-	-	734
Emalahleni	750	-	-	750
Steve Tshwete	734	-	-	734
Emakhazeni	734	-	-	734
Thembisile	1,634	-	-	1,634
Dr JS Moroka	734	-	-	734
Nkangala District Municipality	1,000	-	-	1,000
Thaba Chweu	734	-	-	734
Mbombela	734	-	-	734
Umjindi	734	-	-	734
Nkomazi	1,484	-	-	1,484
Bushbuckridge	884	-	-	884
Ehlanzeni District Municipality	1,000	-	-	1,000
	18,794	-	-	18,794

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

ANNEXURE 1A STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES					
TRANSFER		SPENT			2006/07
Actual Transfer	% of Available Funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Division of Revenue Act
R'000	%	R'000	R'000	%	R'000
1,484	100.0%	1,484	1,133	76.3%	1,484
734	100.0%	734	734	100.0%	734
734	100.0%	734	628	85.6%	734
734	100.0%	734	237	32.3%	734
750	100.0%	750	418	55.7%	750
734	100.0%	734	-	0.0%	150
734	100.0%	734	734	100.0%	734
1,000	100.0%	1,000	838	83.8%	1,000
734	100.0%	734	734	100.0%	734
750	100.0%	750	18	2.4%	750
734	100.0%	734	369	50.3%	734
734	100.0%	734	645	87.9%	734
1,634	100.0%	1,634	526	32.2%	1,634
734	100.0%	734	410	55.9%	4,000
1,000	100.0%	1,000	1,000	100.0%	1,000
734	100.0%	734	170	23.2%	734
734	100.0%	734	734	107.2%	734
734	100.0%	734	734	100.0%	3,000
1,484	100.0%	1,484	-	0.0%	1,484
884	100.0%	884	-	0.0%	884
1,000	100.0%	1,000	-	0.0%	1,000
18,794	100.0%	18,794	10,062	54%	23,742

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2008

ANNEXURE 1A STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES				
NAME OF MUNICIPALITY	GRANT ALLOCATION			
	Division of Revenue Act	Roll Overs	Adjustments	Total Available
Municipal Systems Improvement Grant	R'000	R'000	R'000	R'000
<b>NORTHERN CAPE</b>				
Moshaweng	734	-	-	734
Ga-Segonyana	734	-	-	734
Gammagara	734	-	-	734
Kgalagadi District Municipality	1,000	-	-	1,000
Richtersveld	734	-	-	734
Nama Khoi	734	-	-	734
Kamiesberg	734	-	-	734
Hantam	734	-	-	734
Karoo Hoogland	734	-	-	734
Khai-Ma	734	-	-	734
Namakwa District Municipality	1,000	-	-	1,000
Ubuntu	734	-	-	734
Umsobomvu	734	-	-	734
Emthanjeni	734	-	-	734
Kareeberg	734	-	-	734
Renosterberg	734	-	-	734
Thembelihle	734	-	-	734
Siyathemba	734	-	-	734
Siyancuma	734	-	-	734
Karoo District Municipality	1,000	-	-	1,000
Mier	734	-	-	734
!Kai! Garib	734	-	-	734
//Khara Hais	734	-	-	734
!Kheis	734	-	-	734
Tsantsabane	1,000	-	-	1,000
Kgatelopele	734	-	-	734
Siyanda District Municipality	1,000	-	-	1,000
Sol Plaatje	734	-	-	734
Dikgatlong	734	-	-	734
Magareng	734	-	-	734
Phokwane	734	-	-	734
Frances Baard District Municipality	1,000	-	-	1,000
	25,084	-	-	25,084



## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

ANNEXURE IA STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES					
TRANSFER		SPENT			2006/07
Actual Transfer	% of Available Funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Division of Revenue Act
R'000	%	R'000	R'000	%	R'000
734	100.0%	734	580	79.0%	150
734	100.0%	734	295	40.2%	734
734	100.0%	734	292	39.8%	150
1,000	100.0%	1,000	259	25.9%	1,000
734	100.0%	734	559	76.2%	-
734	100.0%	734	-	0.0%	-
734	100.0%	734	4	0.5%	734
734	100.0%	734	493	67.2%	734
734	100.0%	734	-	0.0%	734
734	100.0%	734	734	100.0%	150
1,000	100.0%	1,000	544	54.4%	1,000
734	100.0%	734	734	100.0%	734
734	100.0%	734	591	80.5%	734
734	100.0%	734	481	65.5%	150
734	100.0%	734	734	100.0%	734
734	100.0%	734	-	0.0%	734
734	100.0%	734	535	72.9%	734
734	100.0%	734	524	71.4%	-
734	100.0%	734	412	56.1%	734
1,000	100.0%	1,000	1,000	100.0%	1,000
734	100.0%	734	168	22.9%	734
734	100.0%	734	36	4.9%	734
734	100.0%	734	-	0.0%	-
734	100.0%	734	692	94.3%	734
1,000	100.0%	1,000	1,000	100.0%	4,000
734	100.0%	734	-	0.0%	-
1,000	100.0%	1,000	586	58.6%	1,000
734	100.0%	734	734	100.0%	150
734	100.0%	734	-	0.0%	734
734	100.0%	734	-	0.0%	150
734	100.0%	734	-	0.0%	734
1,000	100.0%	1,000	1,000	100.0%	1,000
25,084	100.0%	25,084	12,987	51.8%	20,910

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2008

ANNEXURE 1A STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES				
NAME OF MUNICIPALITY	GRANT ALLOCATION			
	Division of Revenue Act	Roll Overs	Adjustments	Total Available
Municipal Systems Improvement Grant	R'000	R'000	R'000	R'000
<b>NORTH WEST</b>				
Moretele	1,076	-	-	1,076
Madibeng	734	-	-	734
Kgetlengrivier	734	-	-	734
Moses Kotane	734	-	-	734
Bojanala Platinum District Municipality	1,000	-	-	1,000
Ratlou	734	-	-	734
Tswaing	734	-	-	734
Mafikeng	1,000	-	-	1,000
Ditsobotla	734	-	-	734
Ramotshere Moiloa	734	-	-	734
Central District Municipality	1,000	-	-	1,000
Kagisano	734	-	-	734
Naledi	734	-	-	734
Mamusa	734	-	-	734
Greater Taung	734	-	-	734
Molopo	734	-	-	734
Lekwa-Teemane	734	-	-	734
Bophirima District Municipality	1,000	-	-	1,000
Ventersdorp	734	-	-	734
Maquassi Hills	734	-	-	734
Merafong City	734	-	-	734
Southern District Municipality	1,000	-	-	1,000
	17,820	-	-	17,820

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

ANNEXURE 1A STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES					
TRANSFER		SPENT			2006/07
Actual Transfer	% of Available Funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Division of Revenue Act
R'000	%	R'000	R'000	%	R'000
1,076	100.0%	1,076	1,013	94.1%	4,000
734	100.0%	734	497	67.7%	-
734	100.0%	734	148	20.2%	-
734	100.0%	734	734	100.0%	734
1,000	100.0%	1,000	300	30.0%	1,000
734	100.0%	734	327	44.6%	734
734	100.0%	734	689	93.9%	734
1,000	100.0%	1,000	1,000	100.0%	4,000
734	100.0%	734	416	56.7%	734
734	100.0%	734	603	82.2%	734
1,000	100.0%	1,000	106	10.6%	1,000
734	100.0%	734	122	16.6%	734
734	100.0%	734	734	100.0%	734
734	100.0%	734	-	0.0%	734
734	100.0%	734	88	12.0%	734
734	100.0%	734	-	0.0%	734
734	100.0%	734	-	0.0%	734
1,000	100.0%	1,000	-	0.0%	1,000
734	100.0%	734	504	68.7%	734
734	100.0%	734	576	78.5%	-
734	100.0%	734	-	0.0%	734
1,000	100.0%	1,000	707	70.7%	1,000
17,820	100.0%	17,820	8,564	48.1%	21,542

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2008

ANNEXURE 1A STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES				
NAME OF MUNICIPALITY	GRANT ALLOCATION			
	Division of Revenue Act	Roll Overs	Adjustments	Total Available
Municipal Systems Improvement Grant	R'000	R'000	R'000	R'000
<b>WESTERN CAPE</b>				
Matzikama	734	-	-	734
Cederberg	1,000	-	-	1,000
Bergrivier	734	-	-	734
Swartland	734	-	-	734
West Coast District Municipality	1,000	-	-	1,000
Witzenberg	734	-	-	734
Drakenstein	734	-	-	734
Breede Valley	150	-	-	150
Breede River Winelands	734	-	-	734
Cape Winelands District Municipality	1,000	-	-	1,000
Theewaterskloof	734	-	-	734
Overstrand	150	-	-	150
Cape Agulhas	734	-	-	734
Swellendam	734	-	-	734
Overberg District Municipality	1,000	-	-	1,000
Kannaland	2,884	-	-	2,884
George	150	-	-	150
Oudtshoorn	1,000	-	-	1,000
Knysna	150	-	-	150
Eden District Municipality	1,000	-	-	1,000
Laingsburg	734	-	-	734
Prince Albert	734	-	-	734
Beaufort West	734	-	-	734
Central Karoo District Municipality	1,000	-	-	1,000
	19,292	-	-	19,292
<b>Subtotal</b>	200,000	-	-	200,000

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

ANNEXURE 1A STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES					
TRANSFER		SPENT			2006/07
Actual Transfer	% of Available Funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Division of Revenue Act
R'000	%	R'000	R'000	%	R'000
734	100.0%	734	343	46.7%	734
1,000	100.0%	1,000	551	55.1%	4,000
734	100.0%	734	459	62.5%	-
734	100.0%	734	-	0.0%	-
1,000	100.0%	1,000	450	45.0%	1,000
734	100.0%	734	403	54.9%	734
734	100.0%	734	-	0.0%	-
150	100.0%	150	75	50.0%	150
734	100.0%	734	144	19.6%	734
1,000	100.0%	1,000	582	58.2%	1,000
734	100.0%	734	622	84.7%	734
150	100.0%	150	-	0.0%	-
734	100.0%	734	-	0.0%	-
734	100.0%	734	-	0.0%	-
1,000	100.0%	1,000	349	34.9%	1,000
2,884	100.0%	2,884	-	0.0%	2,884
150	100.0%	150	150	100.0%	-
1,000	100.0%	1,000	-	0.0%	-
150	100.0%	150	150	100.0%	150
1,000	100.0%	1,000	208	20.8%	1,000
734	100.0%	734	670	91.3%	734
734	100.0%	734	169	23.0%	734
734	100.0%	734	568	77.4%	734
1,000	100.0%	1,000	789	78.9%	1,000
19,292	100.0%	19,292	6,682	34.6%	17,322
200,000	100.0%	200,000	96,655	48.6%	200,000

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2008

ANNEXURE 1A STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES				
NAME OF MUNICIPALITY	GRANT ALLOCATION			
	Division of Revenue Act	Roll Overs	Adjustments	Total Available
Municipal Infrastructure Grant	R'000	R'000	R'000	R'000
<b>EASTERN CAPE</b>				
Nelson Mandela	109,536	62,805	-	172,341
Camdeboo	2,528	-	-	2,528
Blue Crane Route	4,359	7,200	-	11,559
Ikwezi	-	12,300	-	12,300
Makana	15,144	-	-	15,144
Ndlambe	7,919	-	-	7,919
Sundays River Valley	13,532	-	-	13,532
Baviaans	15,504	6,700	-	22,204
Kouga	13,014	-	4,555	17,569
Koukamma	4,319	2,000	773	7,092
Cacadu District Municipality	2,998	176,201	-	179,199
Mbhashe	12,912	-	9,941	22,853
Mnquma	18,479	-	-	18,479
Great Kei	2,833	-	-	2,833
Amahlathi	8,129	-	-	8,129
Buffalo City	109,470	-	-	109,470
Ngqushwa	5,418	-	-	5,418
Nkonkobe	7,555	-	-	7,555
Amatole District Municipality	169,194	32,295	-	201,489
Inxuba Yethemba	2,357	-	-	2,357
Lukhanji	9,862	-	-	9,862
Intsika Yethu	9,599	-	-	9,599
Emalahleni	6,362	-	4,328	10,690
Engcobo	7,520	-	-	7,520
Sakhisizwe	3,574	-	514	4,088
Chris Hani District Municipality	210,131	11,525	-	221,656
Elundini	9,928	-	3,037	12,965
Senqu	8,234	-	-	8,234
Maletswai	3,180	-	1,689	4,869
Ukhahlamba District Municipality	98,356	28,160	-	126,516
Mbizana	11,290	-	-	11,290
Ntabankulu	6,578	-	-	6,578
Qaukeni	12,301	-	-	12,301
Port St Johns	6,862	-	-	6,862

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

ANNEXURE 1A STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES					
TRANSFER		SPENT			2006/07
Actual Transfer	% of Available Funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Division of Revenue Act
R'000	%	R'000	R'000	%	R'000
172,341	100.0%	172,341	64,262	37.3%	285,471
2,528	100.0%	2,528	2,305	91.2%	8,050
11,559	100.0%	11,559	10,359	89.6%	10,562
12,300	100.0%	12,300	6,120	49.8%	6,270
15,144	100.0%	15,144	6,384	42.2%	14,846
7,919	100.0%	7,919	4,681	59.1%	7,047
13,532	100.0%	13,532	13,532	100.0%	16,742
22,204	100.0%	22,204	-	0.0%	13,027
17,569	100.0%	17,569	9,780	55.7%	16,410
7,092	100.0%	7,092	2,831	39.9%	3,736
179,199	100.0%	179,199	2,661	1.5%	187,601
22,853	100.0%	22,853	19,253	84.2%	11,490
18,479	100.0%	18,479	8,002	43.3%	16,444
2,833	100.0%	2,833	2,833	100.0%	2,521
8,129	100.0%	8,129	8,100	99.6%	7,234
109,470	100.0%	109,470	83,969	76.7%	97,156
5,418	100.0%	5,418	5,418	100.0%	4,822
7,555	100.0%	7,555	-	0.0%	6,724
201,489	100.0%	201,489	166	0.1%	162,037
2,357	100.0%	2,357	2,357	100.0%	2,097
9,862	100.0%	9,862	9,862	100.0%	8,776
9,599	100.0%	9,599	8,773	91.4%	8,543
10,690	100.0%	10,690	7,240	67.7%	5,662
7,520	100.0%	7,520	7,520	100.0%	6,692
4,088	100.0%	4,088	3,988	97.6%	3,180
221,656	100.0%	221,656	184,107	83.1%	141,489
12,965	100.0%	12,965	6,666	51.4%	9,055
8,234	100.0%	8,234	8,234	100.0%	7,328
4,869	100.0%	4,869	4,869	100.0%	2,830
126,516	100.0%	126,516	114,856	90.8%	76,399
11,290	100.0%	11,290	11,290	100.0%	10,047
6,578	100.0%	6,578	6,578	100.0%	5,853
12,301	100.0%	12,301	12,301	100.0%	10,947
6,862	100.0%	6,862	3,381	49.3%	6,106

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2008

ANNEXURE IA STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES				
NAME OF MUNICIPALITY	GRANT ALLOCATION			
	Division of Revenue Act	Roll Overs	Adjustments	Total Available
Municipal Infrastructure Grant	R'000	R'000	R'000	R'000
<b>EASTERN CAPE (continued)</b>				
Nyandeni	12,893	-	-	12,893
Mhlontlo	10,757	-	-	10,757
King Sabata Dalindyebo	19,402	-	-	19,402
O.R. Tambo District Municipality	331,108	246	111,180	442,534
Umzimvubu	10,976	-	-	10,976
Matatiele	12,175	-	-	12,175
Alfred Nzo District Municipality	86,595	6,558	-	93,153
	1,412,883	345,990	136,017	1,894,890
<b>FREE STATE</b>				
Letsemeng	16,311	-	-	16,311
Kopanong	33,018	-	-	33,018
Mohokare	14,807	5,000	-	19,807
Naledi	5,057	-	-	5,057
Mangaung	125,466	-	-	125,466
Mantsopa	53,435	8,000	-	61,435
Masilonyana	59,128	28,000	-	87,128
Tokologo	26,506	-	50,000	76,506
Tswelopele	32,743	22,400	6,021	61,164
Matjhabeng	151,559	-	-	151,559
Nala	93,509	-	-	93,509
Setsoto	123,867	18,000	-	141,867
Dihlabeng	39,019	-	-	39,019
Nketoana	70,864	40,000	-	110,864
Maluti-a-Phofung	59,244	-	-	59,244
Phumelela	7,675	-	-	7,675
Thabo Mofutsanyana District Municipality	22,416	-	-	22,416
Moqhaka	34,743	-	-	34,743
Ngwathe	53,362	26,000	-	79,362
Metsimaholo	16,856	-	-	16,856
Mafube	15,719	-	-	15,719
	1,055,304	147,400	56,021	1,258,725



## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

ANNEXURE IA STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES					
TRANSFER		SPENT			2006/07
Actual Transfer	% of Available Funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Division of Revenue Act
R'000	%	R'000	R'000	%	R'000
12,893	100.0%	12,893	12,893	100.0%	11,474
10,757	100.0%	10,757	7,661	71.2%	9,573
19,402	100.0%	19,402	16,266	83.8%	17,266
442,534	100.0%	442,534	442,288	99.9%	298,919
10,976	100.0%	10,976	10,976	100.0%	30,755
12,175	100.0%	12,175	9,552	78.5%	10,136
93,153	100.0%	93,153	61,703	66.2%	66,491
1,894,890	100.0%	1,894,890	1,204,017	63.5%	1,627,808
16,311	100.0%	16,311	16,172	99.1%	9,542
33,018	100.0%	33,018	22,953	69.5%	20,473
19,807	100.0%	19,807	9,705	49.0%	12,731
5,057	100.0%	5,057	3,949	78.1%	7,634
125,466	100.0%	125,466	125,466	100.0%	86,956
61,435	100.0%	61,435	53,074	86.4%	23,646
87,128	100.0%	87,128	53,567	61.5%	39,744
76,506	100.0%	76,506	15,973	20.9%	10,381
61,164	100.0%	61,164	53,204	87.0%	15,085
151,559	100.0%	151,559	84,613	55.8%	83,733
93,509	100.0%	93,509	93,509	100.0%	26,185
141,867	100.0%	141,867	132,011	93.1%	31,926
39,019	100.0%	39,019	33,366	85.5%	20,399
110,864	100.0%	110,864	83,509	75.3%	15,253
59,244	100.0%	59,244	46,818	79.0%	50,946
7,675	100.0%	7,675	7,675	100.0%	16,382
22,416	100.0%	22,416	21,646	96.6%	20,447
34,743	100.0%	34,743	31,495	90.7%	19,082
79,362	100.0%	79,362	61,974	78.1%	22,894
16,856	100.0%	16,856	16,856	100.0%	16,631
15,719	100.0%	15,719	12,334	78.5%	13,826
1,258,725	100.0%	1,258,725	979,869	77.8%	563,896

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2008

ANNEXURE IA STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES				
NAME OF MUNICIPALITY	GRANT ALLOCATION			
	Division of Revenue Act	Roll Overs	Adjustments	Total Available
Municipal Infrastructure Grant	R'000	R'000	R'000	R'000
<b>GAUTENG</b>				
Ekurhuleni	287,679	-	20,000	307,679
City of Johannesburg	319,585	-	10,000	329,585
City of Tshwane	221,684	-	-	221,684
Nokeng tsa Taemane	6,905	-	-	6,905
Kungwini	14,629	-	-	14,629
Emfuleni	63,891	-	29,297	93,188
Midvaal	8,110	-	-	8,110
Lesedi	8,252	-	-	8,252
Mogale City	32,585	-	-	32,585
Randfontein	11,695	-	-	11,695
Westonaria	23,211	-	-	23,211
West Rand District Municipality	629	-	-	629
	998,855	-	59,297	1,058,152
<b>KWAZULU-NATAL</b>				
eThekweni	342,455	-	83,777	426,232
Vulamehlo	3,620	-	-	3,620
Umdoni	3,380	-	27,076	30,456
Umzumbe	8,982	-	-	8,982
uMuziwabantu	4,392	-	1,883	6,275
Ezinqolweni	2,463	-	-	2,463
Hibiscus Coast	9,332	-	33,421	42,753
Ugu District Municipality	112,289	-	3,607	115,896
uMshwathi	4,413	-	-	4,413
uMngeni	3,533	-	-	3,533
Msunduzi	58,036	-	-	58,036
Mkhambathini	2,045	-	-	2,045
Richmond	3,607	-	1,996	5,603
uMgungundlovu District Municipality	41,608	-	-	41,608
Emnambithi/Ladysmith	9,320	-	-	9,320
Indaka	5,183	-	-	5,183
Umtshezi	2,167	-	-	2,167
Okhahlamba	6,331	-	-	6,331
Imbabazane	5,430	-	-	5,430
Uthukela District Municipality	69,738	-	-	69,738
Endumeni	2,041	-	-	2,041

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

ANNEXURE IA STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES					
TRANSFER		SPENT			2006/07
Actual Transfer	% of Available Funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Division of Revenue Act
R'000	%	R'000	R'000	%	R'000
307,679	100.0%	307,679	293,772	95.5%	256,006
329,585	100.0%	329,585	256,067	77.7%	284,522
221,684	100.0%	221,684	134,862	60.8%	200,698
6,905	100.0%	6,905	4,789	69.4%	6,145
14,629	100.0%	14,629	13,163	90.0%	13,018
93,188	100.0%	93,188	77,148	82.8%	57,073
8,110	100.0%	8,110	8,110	100.0%	7,217
8,252	100.0%	8,252	8,252	100.0%	10,504
32,585	100.0%	32,585	31,779	97.5%	28,998
11,695	100.0%	11,695	11,695	100.0%	10,967
23,211	100.0%	23,211	23,211	100.0%	23,406
629	100.0%	629	629	100.0%	-
1,058,152	100.0%	1,058,152	863,477	81.6%	898,554
426,232	100.0%	426,232	342,455	80.3%	304,940
3,620	100.0%	3,620	3,620	100.0%	3,222
30,456	100.0%	30,456	3,380	11.1%	3,008
8,982	100.0%	8,982	5,913	65.8%	7,993
6,275	100.0%	6,275	5,933	94.5%	3,908
2,463	100.0%	2,463	1,871	76.0%	2,192
42,753	100.0%	42,753	7,154	16.7%	8,304
115,896	100.0%	115,896	112,289	96.9%	100,360
4,413	100.0%	4,413	4,413	100.0%	3,927
3,533	100.0%	3,533	3,533	100.0%	3,144
58,036	100.0%	58,036	58,036	100.0%	51,647
2,045	100.0%	2,045	1,237	60.5%	-
5,603	100.0%	5,603	5,603	100.0%	3,210
41,608	100.0%	41,608	20,398	49.0%	38,847
9,320	100.0%	9,320	9,320	100.0%	8,294
5,183	100.0%	5,183	4,518	87.2%	4,613
2,167	100.0%	2,167	625	28.8%	-
6,331	100.0%	6,331	6,331	100.0%	5,634
5,430	100.0%	5,430	5,430	100.0%	4,832
69,738	100.0%	69,738	69,738	100.0%	63,988
2,041	100.0%	2,041	2,041	100.0%	-

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2008

ANNEXURE IA STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES				
NAME OF MUNICIPALITY	GRANT ALLOCATION			
	Division of Revenue Act	Roll Overs	Adjustments	Total Available
Municipal Infrastructure Grant	R'000	R'000	R'000	R'000
<b>KWAZULU-NATAL (continued)</b>				
Nquthu	7,231	-	-	7,231
Msinga	7,694	-	2,081	9,775
Umvoti	4,201	-	3,191	7,392
Umzinyathi District Municipality	75,136	-	-	75,136
Newcastle	32,868	-	-	32,868
Dannhauser	4,492	-	-	4,492
Amajuba District Municipality	18,218	-	-	18,218
eDumbe	3,244	-	-	3,244
uPhongolo	5,194	-	-	5,194
Abaqulusi	7,209	-	3,416	10,625
Nongoma	7,158	-	-	7,158
Ulundi	7,708	-	-	7,708
Zululand District Municipality	106,532	-	-	106,532
Umhlabuyalingana	6,513	-	-	6,513
Jozini	8,568	-	-	8,568
Hlabisa	5,608	-	-	5,608
Umkhanyakude District Municipality	90,713	-	-	90,713
Mbonambi	4,077	-	560	4,637
uMhlathuze	31,509	-	117	31,626
Ntambanana	2,014	-	-	2,014
Umlalazi	7,840	-	-	7,840
Mthonjaneni	2,287	-	-	2,287
Nkanda	5,721	-	-	5,721
uThungulu District Municipality	74,650	-	-	74,650
Mandeni	7,295	-	-	7,295
KwaDukuza	11,064	-	-	11,064
Ndwedwe	6,833	-	4,833	11,666
Maphumulo	5,236	-	-	5,236
iLembe District Municipality	68,321	-	33,400	101,721
Ingwe	5,086	-	-	5,086
Greater Kokstad	4,777	-	-	4,777
Ubuhlebezwe	5,491	-	-	5,491
Umzimkhulu	16,226	-	-	16,226
Sisonke District Municipality	63,831	-	-	63,831
	1,420,910	-	199,358	1,620,268

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

ANNEXURE IA STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES					
TRANSFER		SPENT			2006/07
Actual Transfer	% of Available Funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Division of Revenue Act
R'000	%	R'000	R'000	%	R'000
7,231	100.0%	7,231	4,719	65.3%	6,435
9,775	100.0%	9,775	9,775	100.0%	6,847
7,392	100.0%	7,392	4,201	56.8%	3,738
75,136	100.0%	75,136	67,251	89.5%	68,985
32,868	100.0%	32,868	26,493	80.6%	29,249
4,492	100.0%	4,492	4,492	100.0%	3,998
18,218	100.0%	18,218	18,218	100.0%	16,212
3,244	100.0%	3,244	3,244	100.0%	2,887
5,194	100.0%	5,194	5,194	100.0%	4,622
10,625	100.0%	10,625	10,625	100.0%	6,416
7,158	100.0%	7,158	-	0.0%	6,370
7,708	100.0%	7,708	7,708	100.0%	6,859
106,532	100.0%	106,532	106,533	100.0%	95,241
6,513	100.0%	6,513	6,463	99.2%	5,796
8,568	100.0%	8,568	8,568	100.0%	7,625
5,608	100.0%	5,608	5,492	97.9%	4,990
90,713	100.0%	90,713	90,713	100.0%	81,075
4,637	100.0%	4,637	4,637	100.0%	3,628
31,626	100.0%	31,626	31,509	99.6%	28,040
2,014	100.0%	2,014	2,014	100.0%	-
7,840	100.0%	7,840	4,823	61.5%	6,977
2,287	100.0%	2,287	2,090	91.4%	2,035
5,721	100.0%	5,721	1,677	29.3%	5,091
74,650	100.0%	74,650	74,650	100.0%	71,223
7,295	100.0%	7,295	7,295	100.0%	6,492
11,064	100.0%	11,064	11,064	100.0%	9,846
11,666	100.0%	11,666	10,939	93.8%	6,080
5,236	100.0%	5,236	721	13.8%	4,660
101,721	100.0%	101,721	68,143	67.0%	60,799
5,086	100.0%	5,086	4,462	87.7%	4,526
4,777	100.0%	4,777	4,777	100.0%	4,251
5,491	100.0%	5,491	3,195	58.2%	4,886
16,226	100.0%	16,226	16,226	100.0%	7,666
63,831	100.0%	63,831	56,848	89.1%	56,804
1,620,268	100.0%	1,620,268	1,358,597	83.9%	1,262,412

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2008

ANNEXURE IA STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES				
NAME OF MUNICIPALITY	GRANT ALLOCATION			
	Division of Revenue Act	Roll Overs	Adjustments	Total Available
Municipal Infrastructure Grant	R'000	R'000	R'000	R'000
<b>LIMPOPO</b>				
Makhuduthamaga	13,562	-	-	13,562
Fetakgomo	4,526	-	-	4,526
Greater Marble Hall	5,714	-	-	5,714
Greater Groblersdal	11,094	-	-	11,094
Greater Tubatse	14,599	-	-	14,599
Greater Sekhukhune District Municipality	185,962	-	-	185,962
Greater Giyani	11,534	-	-	11,534
Greater Letaba	13,002	-	-	13,002
Greater Tzaneen	19,611	-	-	19,611
Ba-Phalaborwa	5,356	-	-	5,356
Maruleng	10,452	-	-	10,452
Mopani District Municipality	123,937	-	-	123,937
Musina	2,903	-	-	2,903
Mutale	3,846	-	-	3,846
Thulamela	26,638	-	-	26,638
Makhado	23,875	-	-	23,875
Vhembe District Municipality	139,866	-	28,500	168,366
Blouberg	9,378	-	-	9,378
Aganang	7,578	-	-	7,578
Molemole	6,602	-	3,241	9,843
Polokwane	85,093	-	26,800	111,893
Lepelle-Nkumpi	10,940	-	-	10,940
Capricorn District Municipality	83,904	-	-	83,904
Thabazimbi	13,846	-	-	13,846
Lephalale	14,404	-	-	14,404
Mookgopong	3,625	-	-	3,625
Modimolle	13,561	-	-	13,561
Bela Bela	4,580	-	-	4,580
Mogalakwena	51,660	-	-	51,660
	921,648	-	58,541	980,189

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

ANNEXURE IA STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES					
TRANSFER		SPENT			2006/07
Actual Transfer	% of Available Funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Division of Revenue Act
R'000	%	R'000	R'000	%	R'000
13,562	100.0%	13,562	9,455	69.7%	12,069
4,526	100.0%	4,526	4,526	100.0%	4,733
5,714	100.0%	5,714	1,145	20.0%	5,084
11,094	100.0%	11,094	9,270	83.6%	9,873
14,599	100.0%	14,599	14,599	100.0%	12,992
185,962	100.0%	185,962	185,962	100.0%	168,647
11,534	100.0%	11,534	7,434	64.5%	10,264
13,002	100.0%	13,002	13,002	100.0%	11,571
19,611	100.0%	19,611	19,611	100.0%	17,452
5,356	100.0%	5,356	4,580	85.5%	4,766
10,452	100.0%	10,452	10,452	100.0%	4,193
123,937	100.0%	123,937	123,937	100.0%	110,292
2,903	100.0%	2,903	2,908	100.2%	2,584
3,846	100.0%	3,846	3,846	100.0%	3,422
26,638	100.0%	26,638	26,638	100.0%	23,705
23,875	100.0%	23,875	23,144	96.9%	21,247
168,366	100.0%	168,366	168,405	100.0%	124,467
9,378	100.0%	9,378	8,492	90.6%	8,346
7,578	100.0%	7,578	7,578	100.0%	6,743
9,843	100.0%	9,843	5,380	54.7%	5,875
111,893	100.0%	111,893	72,738	65.0%	77,725
10,940	100.0%	10,940	9,804	89.6%	9,734
83,904	100.0%	83,904	83,904	100.0%	74,997
13,846	100.0%	13,846	13,846	100.0%	12,322
14,404	100.0%	14,404	14,441	100.3%	12,818
3,625	100.0%	3,625	3,460	95.4%	3,226
13,561	100.0%	13,561	7,130	52.6%	12,068
4,580	100.0%	4,580	3,520	76.9%	4,076
51,660	100.0%	51,660	51,660	100.0%	45,972
980,189	100.0%	980,189	910,867	92.9%	821,263

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2008

ANNEXURE IA STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES				
NAME OF MUNICIPALITY	GRANT ALLOCATION			
	Division of Revenue Act	Roll Overs	Adjustments	Total Available
Municipal Infrastructure Grant	R'000	R'000	R'000	R'000
<b>MPUMALANGA</b>				
Albert Luthuli	28,782	-	11,923	40,705
Msukaligwa	13,141	-	-	13,141
Mkhondo	20,571	-	-	20,571
Pixley Ka Seme	9,908	-	-	9,908
Lekwa	14,390	-	3,200	17,590
Dipaleseng	5,718	-	-	5,718
Govan Mbeki	33,606	-	-	33,606
Delmas	6,990	-	-	6,990
Emalahleni	34,746	-	-	34,746
Steve Tshwete	12,019	-	3,125	15,144
Emakhazeni	3,430	-	2,728	6,158
Thembisile	40,039	-	-	40,039
Dr JS Moroka	41,108	-	-	41,108
Thaba Chweu	9,963	-	-	9,963
Mbombela	70,754	-	8,200	78,954
Umjindi	7,899	-	-	7,899
Nkomazi	50,119	-	26,700	76,819
Bushbuckridge	98,167	-	-	98,167
Ehlanzeni District Municipality	18,779	-	-	18,779
	520,129	-	55,876	576,005



## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

ANNEXURE IA STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES					
TRANSFER		SPENT			2006/07
Actual Transfer	% of Available Funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Division of Revenue Act
R'000	%	R'000	R'000	%	R'000
40,705	100.0%	40,705	30,346	74.6%	25,723
13,141	100.0%	13,141	4,226	32.2%	11,694
20,571	100.0%	20,571	20,488	99.6%	18,306
9,908	100.0%	9,908	9,908	100.0%	8,817
17,590	100.0%	17,590	14,178	80.6%	12,805
5,718	100.0%	5,718	5,718	100.0%	5,089
33,606	100.0%	33,606	9,124	27.1%	29,906
6,990	100.0%	6,990	4,373	62.6%	6,221
34,746	100.0%	34,746	18,530	53.3%	30,921
15,144	100.0%	15,144	15,144	100.0%	10,696
6,158	100.0%	6,158	4,030	65.4%	3,052
40,039	100.0%	40,039	17,793	44.4%	35,631
41,108	100.0%	41,108	21,191	51.5%	36,582
9,963	100.0%	9,963	9,963	100.0%	8,866
78,954	100.0%	78,954	57,024	72.2%	65,189
7,899	100.0%	7,899	7,899	100.0%	7,030
76,819	100.0%	76,819	76,819	100.0%	44,602
98,167	100.0%	98,167	96,191	98.0%	91,212
18,779	100.0%	18,779	8,291	44.2%	17,942
576,005	100.0%	576,005	431,236	74.9%	470,284

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2008

ANNEXURE IA STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES				
NAME OF MUNICIPALITY	GRANT ALLOCATION			
	Division of Revenue Act	Roll Overs	Adjustments	Total Available
Municipal Infrastructure Grant	R'000	R'000	R'000	R'000
<b>NORTHERN CAPE</b>				
Moshaweng	16,920	-	-	16,920
Ga-Segonyana	11,566	-	-	11,566
Kgalagadi District Municipality	8,519	-	-	8,519
Richtersveld	823	-	-	823
Nama Khoi	3,645	-	-	3,645
Kamiesberg	1,416	-	-	1,416
Hantam	1,823	1,000	-	2,823
Karoo Hoogland	-	390	-	390
Khai-Ma	1,860	1,052	-	2,912
Namakwa District Municipality	1,156	17,441	900	19,497
Ubuntu	-	1,538	-	1,538
Umsobomvu	5,335	-	-	5,335
Emthanjeni	5,352	3,065	-	8,417
Kareeberg	1,591	35,893	-	37,484
Renosterberg	7,513	-	-	7,513
Thembelihle	2,952	-	-	2,952
Siyathemba	2,293	1,148	-	3,441
Siyancuma	9,973	6,920	3,000	19,893
Karoo District Municipality	2,238	3,824	-	6,062
Mier	850	27	-	877
!Kai! Garib	4,634	-	2,000	6,634
//Khara Hais	15,001	2,483	-	17,484
Tsantsabane	3,954	658	-	4,612
Kgatelopele	1,292	2,718	-	4,010
Siyanda District Municipality	2,919	-	2,500	5,419
Sol Plaatje	17,093	8,517	-	25,610
Dikgatlong	5,410	-	-	5,410
Magareng	2,305	-	1,797	4,102
Phokwane	7,576	-	-	7,576
Frances Baard District Municipality	838	-	-	838
	146,847	86,674	10,197	243,718

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

ANNEXURE IA STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES					
TRANSFER		SPENT			2006/07
Actual Transfer	% of Available Funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Division of Revenue Act
R'000	%	R'000	R'000	%	R'000
16,920	100.0%	16,920	16,920	100.0%	15,057
11,566	100.0%	11,566	11,566	100.0%	10,293
8,519	100.0%	8,519	8,518	100.0%	7,706
823	100.0%	823	384	46.7%	-
3,645	100.0%	3,645	3,621	99.3%	8,355
1,416	100.0%	1,416	-	0.0%	409
2,823	100.0%	2,823	2,710	96.0%	3,128
390	100.0%	390	161	41.3%	-
2,912	100.0%	2,912	1,342	46.1%	-
19,497	100.0%	19,497	1,306	6.7%	22,467
1,538	100.0%	1,538	1,360	88.4%	1,445
5,335	100.0%	5,335	3,033	56.9%	7,524
8,417	100.0%	8,417	6,004	71.3%	2,357
37,484	100.0%	37,484	2,261	6.0%	3,470
7,513	100.0%	7,513	-	0.0%	4,720
2,952	100.0%	2,952	1,421	48.1%	1,085
3,441	100.0%	3,441	3,441	100.0%	3,326
19,893	100.0%	19,893	16,721	84.1%	3,902
6,062	100.0%	6,062	2,238	36.9%	14,039
877	100.0%	877	-	0.0%	-
6,634	100.0%	6,634	5,513	83.1%	4,124
17,484	100.0%	17,484	17,485	100.0%	6,033
4,612	100.0%	4,612	1,678	36.4%	-
4,010	100.0%	4,010	2,599	64.8%	-
5,419	100.0%	5,419	4,297	79.3%	5,870
25,610	100.0%	25,610	12,200	47.6%	16,983
5,410	100.0%	5,410	3,102	57.3%	4,815
4,102	100.0%	4,102	1,544	37.6%	2,797
7,576	100.0%	7,576	6,464	85.3%	6,741
838	100.0%	838	631	75.3%	-
243,718	100.0%	243,718	138,520	56.8%	156,646

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2008

ANNEXURE IA STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES				
NAME OF MUNICIPALITY	GRANT ALLOCATION			
	Division of Revenue Act	Roll Overs	Adjustments	Total Available
Municipal Infrastructure Grant	R'000	R'000	R'000	R'000
<b>NORTH WEST</b>				
Moretele	38,404	-	-	38,404
Madibeng	76,098	-	-	76,098
Rustenburg	77,547	-	35,820	113,367
Kgetlengrivier	5,101	-	-	5,101
Moses Kotane	46,279	-	-	46,279
Ratlou	5,811	-	-	5,811
Tswaing	7,206	-	3,020	10,226
Mafikeng	14,151	-	-	14,151
Ditsobotla	9,338	-	-	9,338
Zeerust	7,987	-	-	7,987
Central District Municipality	89,704	-	-	89,704
Kagisano	4,992	-	-	4,992
Naledi	2,889	-	-	2,889
Mamusa	3,751	-	-	3,751
Greater-Taung	10,100	1,451	-	11,551
Lekwa-Teemane	3,453	-	-	3,453
Bophirima District Municipality	68,959	-	-	68,959
Ventersdorp	7,002	-	-	7,002
Potchefstroom	13,577	-	-	13,577
City of Matlosana	131,128	-	-	131,128
Maquassi Hills	66,768	-	-	66,768
Merafong City	31,557	-	-	31,557
	721,802	1,451	38,840	762,093

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

ANNEXURE IA STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES					
TRANSFER		SPENT			2006/07
Actual Transfer	% of Available Funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Division of Revenue Act
R'000	%	R'000	R'000	%	R'000
38,404	100.0%	38,404	37,879	98.6%	34,175
76,098	100.0%	76,098	76,098	100.0%	67,720
113,367	100.0%	113,367	56,826	50.1%	69,010
5,101	100.0%	5,101	5,101	100.0%	6,464
46,279	100.0%	46,279	24,430	52.8%	41,184
5,811	100.0%	5,811	5,811	100.0%	5,171
10,226	100.0%	10,226	7,291	71.3%	6,413
14,151	100.0%	14,151	14,151	100.0%	12,593
9,338	100.0%	9,338	9,338	100.0%	8,310
7,987	100.0%	7,987	7,987	100.0%	7,107
89,704	100.0%	89,704	89,704	100.0%	69,231
4,992	100.0%	4,992	3,585	71.8%	4,443
2,889	100.0%	2,889	1,219	42.2%	2,571
3,751	100.0%	3,751	1,786	47.6%	3,338
11,551	100.0%	11,551	10,399	90.0%	20,439
3,453	100.0%	3,453	928	26.9%	3,073
68,959	100.0%	68,959	27,904	40.5%	37,648
7,002	100.0%	7,002	4,583	65.5%	6,017
13,577	100.0%	13,577	13,577	100.0%	12,083
131,128	100.0%	131,128	99,681	76.0%	63,335
66,768	100.0%	66,768	58,119	87.0%	27,447
31,557	100.0%	31,557	28,637	90.7%	29,253
762,093	100.0%	762,093	585,034	76.8%	537,025

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2008

ANNEXURE IA STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES				
NAME OF MUNICIPALITY	GRANT ALLOCATION			
	Division of Revenue Act	Roll Overs	Adjustments	Total Available
Municipal Infrastructure Grant	R'000	R'000	R'000	R'000
<b>WESTERN CAPE</b>				
City of Cape Town	219,485	-	-	219,485
Matzikama	3,366	-	1,870	5,236
Cederberg	2,159	-	1,163	3,322
Bergrivier	-	-	960	960
Saldanha Bay	3,291	-	920	4,211
Swartland	2,872	-	2,000	4,872
West Coast District Municipality	2,246	-	-	2,246
Witzenberg	4,265	-	-	4,265
Drakenstein	11,037	-	-	11,037
Stellenbosch	7,200	-	-	7,200
Breede Valley	7,760	-	-	7,760
Breede River Winelands	4,402	-	-	4,402
Cape Winelands District Municipality	344	-	-	344
Theewaterskloof	22,916	-	-	22,916
Overstrand	3,834	-	-	3,834
Overberg District Municipality	2,709	-	-	2,709
Kannaland	12,861	3,001	-	15,862
Hessequa	3,526	-	-	3,526
Mossel Bay	3,917	-	-	3,917
George	13,287	-	-	13,287
Oudtshoorn	4,056	-	-	4,056
Bitou	2,924	-	-	2,924
Knysna	7,082	-	-	7,082
Eden District Municipality	1,068	-	-	1,068
Prince Albert	-	-	-	-
Central Karoo District Municipality	3,579	-	-	3,579
	350,186	3,001	6,913	360,100
<b>Subtotal</b>	<b>7,548,564</b>	<b>584,516</b>	<b>621,060</b>	<b>8,754,140</b>
<b>Total of conditional grants</b>	<b>7,748,564</b>	<b>584,516</b>	<b>621,060</b>	<b>8,954,140</b>

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

ANNEXURE IA STATEMENT OF CONDITIONAL GRANTS PAID TO MUNICIPALITIES					
TRANSFER		SPENT			2006/07
Actual Transfer	% of Available Funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Division of Revenue Act
R'000	%	R'000	R'000	%	R'000
219,485	100.0%	219,485	166,231	75.7%	196,657
5,236	100.0%	5,236	2,249	43.0%	5,729
3,322	100.0%	3,322	2,159	65.0%	2,000
960	100.0%	960	-	0.0%	-
4,211	100.0%	4,211	3,291	78.2%	2,928
4,872	100.0%	4,872	2,871	58.9%	3,556
2,246	100.0%	2,246	1,573	70.0%	4,329
4,265	100.0%	4,265	4,265	100.0%	3,795
11,037	100.0%	11,037	11,037	100.0%	9,822
7,200	100.0%	7,200	7,200	100.0%	9,407
7,760	100.0%	7,760	7,760	100.0%	6,906
4,402	100.0%	4,402	4,402	100.0%	5,652
344	100.0%	344	344	100.0%	-
22,916	100.0%	22,916	21,533	94.0%	7,772
3,834	100.0%	3,834	2,963	77.3%	4,575
2,709	100.0%	2,709	2,709	100.0%	2,411
15,862	100.0%	15,862	12,555	79.2%	4,618
3,526	100.0%	3,526	2,803	79.5%	18,914
3,917	100.0%	3,917	3,917	100.0%	25,687
13,287	100.0%	13,287	13,287	100.0%	35,511
4,056	100.0%	4,056	4,056	100.0%	10,609
2,924	100.0%	2,924	2,924	100.0%	3,678
7,082	100.0%	7,082	7,082	100.0%	37,787
1,068	100.0%	1,068	1,068	100.0%	12,476
-	0.0%	-	-	0.0%	232
3,579	100.0%	3,579	3,579	100.0%	3,209
360,100	100.0%	360,100	291,858	81.0%	418,260
8,754,140	100.0%	8,754,140	6,763,475	77.3%	6,756,148
8,954,140		8,954,140	6,860,130		6,956,148

The **dplg** certifies that all transfers to Municipalities were deposited into the primary bank accounts of the Municipalities.

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2008

ANNEXURE 1B STATEMENT OF UNCONDITIONAL GRANTS AND TRANSFERS TO MUNICIPALITIES				
NAME OF MUNICIPALITY	GRANT ALLOCATION			
	Amount	Roll Overs	Adjustments	Total Available
Local Government Equitable Share	R'000	R'000	R'000	R'000
<b>EASTERN CAPE</b>				
Nelson Mandela	573,411	-	-	573,411
Camdeboo	14,102	-	-	14,102
Blue Crane Route	15,061	-	-	15,061
Ikwezi	5,694	-	-	5,694
Makana	26,379	-	-	26,379
Ndlambe	21,800	-	-	21,800
Sundays River Valley	12,393	-	-	12,393
Baviaans	5,905	-	-	5,905
Kouga	19,213	-	-	19,213
Koukamma	10,845	-	-	10,845
Cacadu District Municipality	48,719	-	-	48,719
Mbhashe	37,585	-	-	37,585
Mnquma	53,919	-	-	53,919
Great Kei	11,354	-	-	11,354
Amahlathi	32,636	-	-	32,636
Buffalo City	252,125	-	-	252,125
Ngqushwa	22,215	-	-	22,215
Nkonkobe	34,154	-	-	34,154
Nxuba	7,700	-	-	7,700
Amatole District Municipality	283,953	-	-	283,953
Inxuba Yethemba	15,372	-	-	15,372
Tsolwana	9,068	-	-	9,068
Inkwanca	6,480	-	-	6,480
Lukhanji	40,858	-	-	40,858
Intsika Yethu	33,276	-	-	33,276
Emalahleni	24,535	-	-	24,535
Engcobo	22,662	-	-	22,662
Sakhisizwe	12,891	-	-	12,891
Chris Hani District Municipality	145,668	-	-	145,668
Elundini	24,351	-	-	24,351
Senqu	31,230	-	-	31,230
Maletswai	8,366	-	-	8,366
Gariep	9,109	-	-	9,109
Ukhahlamba District Municipality	65,347	-	-	65,347



## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

ANNEXURE IB STATEMENT OF UNCONDITIONAL GRANTS AND TRANSFERS TO MUNICIPALITIES					
TRANSFER		SPENT			2006/07
Actual Transfer	% of Available Funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Total Available
R'000	%	R'000	R'000	%	R'000
573,411	100.0%	573,411	-	0.0%	487,471
14,102	100.0%	14,102	-	0.0%	11,875
15,061	100.0%	15,061	-	0.0%	12,857
5,694	100.0%	5,694	-	0.0%	4,985
26,379	100.0%	26,379	-	0.0%	22,243
21,800	100.0%	21,800	-	0.0%	18,451
12,393	100.0%	12,393	-	0.0%	11,469
5,905	100.0%	5,905	-	0.0%	5,192
19,213	100.0%	19,213	-	0.0%	16,312
10,845	100.0%	10,845	-	0.0%	9,478
48,719	100.0%	48,719	-	0.0%	41,735
37,585	100.0%	37,585	-	0.0%	43,840
53,919	100.0%	53,919	-	0.0%	50,986
11,354	100.0%	11,354	-	0.0%	10,069
32,636	100.0%	32,636	-	0.0%	28,417
252,125	100.0%	252,125	-	0.0%	213,344
22,215	100.0%	22,215	-	0.0%	19,470
34,154	100.0%	34,154	-	0.0%	29,592
7,700	100.0%	7,700	-	0.0%	6,732
283,953	100.0%	283,953	-	0.0%	239,569
15,372	100.0%	15,372	-	0.0%	13,033
9,068	100.0%	9,068	-	0.0%	8,114
6,480	100.0%	6,480	-	0.0%	5,769
40,858	100.0%	40,858	-	0.0%	34,974
33,276	100.0%	33,276	-	0.0%	37,913
24,535	100.0%	24,535	-	0.0%	22,609
22,662	100.0%	22,662	-	0.0%	26,902
12,891	100.0%	12,891	-	0.0%	11,369
145,668	100.0%	145,668	-	0.0%	120,018
24,351	100.0%	24,351	-	0.0%	28,578
31,230	100.0%	31,230	-	0.0%	27,650
8,366	100.0%	8,366	-	0.0%	7,493
9,109	100.0%	9,109	-	0.0%	7,922
65,347	100.0%	65,347	-	0.0%	57,631

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2008

ANNEXURE 1B STATEMENT OF UNCONDITIONAL GRANTS AND TRANSFERS TO MUNICIPALITIES				
NAME OF MUNICIPALITY	GRANT ALLOCATION			
	Amount	Roll Overs	Adjustments	Total Available
Local Government Equitable Share	R'000	R'000	R'000	R'000
<b>EASTERN CAPE (continued)</b>				
Mbizana	36,538	-	-	36,538
Ntabankulu	20,427	-	-	20,427
Qaukeni	35,629	-	-	35,629
Port St. Johns	21,719	-	-	21,719
Nyandeni	42,290	-	-	42,290
Mhlonlo	32,538	-	-	32,538
King Sabata Dalindyebo	60,441	-	-	60,441
O.R. Tambo District Municipality	210,420	-	-	210,420
Umzimvubu	50,978	-	-	50,978
Matatiele	34,706	-	-	34,706
Alfred Nzo District Municipality	66,255	-	-	66,255
	2,550,317	-	-	2,550,317
<b>FREE STATE</b>				
Letsemeng	19,514	-	-	19,514
Kopanong	34,947	-	-	34,947
Mohokare	19,789	-	-	19,789
Xhariep District Municipality	7,734	-	-	7,734
Naledi	14,444	-	-	14,444
Mangaung	236,571	-	-	236,571
Mantsopa	26,048	-	-	26,048
Motheo District Municipality	106,909	-	-	106,909
Masilonyana	31,887	-	-	31,887
Tokologo	16,610	-	-	16,610
Tswelopele	23,560	-	-	23,560
Matjhabeng	174,279	-	-	174,279
Nala	54,072	-	-	54,072
Lejweleputswa District Municipality	63,679	-	-	63,679
Setsoto	64,635	-	-	64,635
Dihlabeng	51,249	-	-	51,249
Nketoana	30,143	-	-	30,143
Maluti-a-Phofung	129,419	-	-	129,419
Phumelela	21,391	-	-	21,391
Thabo Mofutsanyana District Municipality	38,448	-	-	38,448

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

ANNEXURE IB STATEMENT OF UNCONDITIONAL GRANTS AND TRANSFERS TO MUNICIPALITIES					
TRANSFER		SPENT			2006/07
Actual Transfer	% of Available Funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Total Available
R'000	%	R'000	R'000	%	R'000
36,538	100.0%	36,538	-	0.0%	37,802
20,427	100.0%	20,427	-	0.0%	24,308
35,629	100.0%	35,629	-	0.0%	41,215
21,719	100.0%	21,719	-	0.0%	25,726
42,290	100.0%	42,290	-	0.0%	45,643
32,538	100.0%	32,538	-	0.0%	35,261
60,441	100.0%	60,441	-	0.0%	55,092
210,420	100.0%	210,420	-	0.0%	190,354
50,978	100.0%	50,978	-	0.0%	66,629
34,706	100.0%	34,706	-	0.0%	18,598
66,255	100.0%	66,255	-	0.0%	73,495
2,550,317	100.0%	2,550,317	-	0.0%	2,308,185
19,514	100.0%	19,514	-	0.0%	16,455
34,947	100.0%	34,947	-	0.0%	28,863
19,789	100.0%	19,789	-	0.0%	16,658
7,734	100.0%	7,734	-	0.0%	7,158
14,444	100.0%	14,444	-	0.0%	12,258
236,571	100.0%	236,571	-	0.0%	196,823
26,048	100.0%	26,048	-	0.0%	21,851
106,909	100.0%	106,909	-	0.0%	91,518
31,887	100.0%	31,887	-	0.0%	27,178
16,610	100.0%	16,610	-	0.0%	14,080
23,560	100.0%	23,560	-	0.0%	19,863
174,279	100.0%	174,279	-	0.0%	143,647
54,072	100.0%	54,072	-	0.0%	44,769
63,679	100.0%	63,679	-	0.0%	53,531
64,635	100.0%	64,635	-	0.0%	53,830
51,249	100.0%	51,249	-	0.0%	42,599
30,143	100.0%	30,143	-	0.0%	25,302
129,419	100.0%	129,419	-	0.0%	109,268
21,391	100.0%	21,391	-	0.0%	18,130
38,448	100.0%	38,448	-	0.0%	38,853

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2008

ANNEXURE 1B STATEMENT OF UNCONDITIONAL GRANTS AND TRANSFERS TO MUNICIPALITIES				
NAME OF MUNICIPALITY	GRANT ALLOCATION			
	Amount	Roll Overs	Adjustments	Total Available
Local Government Equitable Share	R'000	R'000	R'000	R'000
<b>FREE STATE (continued)</b>				
Moqhaka	64,906	-	-	64,906
Ngwathe	61,188	-	-	61,188
Metsimaholo	38,891	-	-	38,891
Mafube	29,900	-	-	29,900
Fezile Dabi District Municipality	89,872	-	-	89,872
	1,450,085	-	-	1,450,085
<b>GAUTENG</b>				
Ekurhuleni	1,396,748	-	-	1,396,748
City of Johannesburg	2,579,342	-	-	2,579,342
City of Tshwane	1,101,416	-	-	1,101,416
Nokeng tsa Taemane	13,753	-	-	13,753
Kungwini	34,072	-	-	34,072
Metsweding District Municipality	17,750	-	-	17,750
Emfuleni	237,309	-	-	237,309
Midvaal	18,907	-	-	18,907
Lesedi	23,740	-	-	23,740
Sedibeng District Municipality	161,815	-	-	161,815
Mogale City	81,598	-	-	81,598
Randfontein	36,765	-	-	36,765
Westonaria	36,393	-	-	36,393
West Rand District Municipality	106,113	-	-	106,113
	5,845,721	-	-	5,845,721

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

ANNEXURE 1B STATEMENT OF UNCONDITIONAL GRANTS AND TRANSFERS TO MUNICIPALITIES					
TRANSFER		SPENT			2006/07
Actual Transfer	% of Available Funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Total Available
R'000	%	R'000	R'000	%	R'000
64,906	100.0%	64,906	-	0.0%	53,711
61,188	100.0%	61,188	-	0.0%	50,452
38,891	100.0%	38,891	-	0.0%	32,095
29,900	100.0%	29,900	-	0.0%	24,873
89,872	100.0%	89,872	-	0.0%	78,264
1,450,085	100.0%	1,450,085	-	0.0%	1,222,029
1,396,748	100.0%	1,396,748	-	0.0%	1,191,332
2,579,342	100.0%	2,579,342	-	0.0%	2,252,848
1,101,416	100.0%	1,101,416	-	0.0%	1,002,650
13,753	100.0%	13,753	-	0.0%	12,036
34,072	100.0%	34,072	-	0.0%	29,080
17,750	100.0%	17,750	-	0.0%	14,987
237,309	100.0%	237,309	-	0.0%	193,117
18,907	100.0%	18,907	-	0.0%	16,306
23,740	100.0%	23,740	-	0.0%	19,854
161,815	100.0%	161,815	-	0.0%	140,377
81,598	100.0%	81,598	-	0.0%	68,281
36,765	100.0%	36,765	-	0.0%	31,249
36,393	100.0%	36,393	-	0.0%	44,335
106,113	100.0%	106,113	-	0.0%	91,303
5,845,721	100.0%	5,845,721	-	0.0%	5,107,755

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2008

ANNEXURE 1B STATEMENT OF UNCONDITIONAL GRANTS AND TRANSFERS TO MUNICIPALITIES				
NAME OF MUNICIPALITY	GRANT ALLOCATION			
	Amount	Roll Overs	Adjustments	Total Available
Local Government Equitable Share	R'000	R'000	R'000	R'000
<b>KWAZULU-NATAL</b>				
eThekweni	1,339,261	-	-	1,339,261
Vulamehlo	11,867	-	-	11,867
Umdoni	10,145	-	-	10,145
Umzumbe	29,295	-	-	29,295
uMuziwabantu	14,615	-	-	14,615
Ezinqolweni	8,651	-	-	8,651
Hibiscus Coast	34,761	-	-	34,761
Ugu District Municipality	106,874	-	-	106,874
uMshwathi	19,353	-	-	19,353
uMngeni	13,646	-	-	13,646
Mooi Mpofana	7,869	-	-	7,869
Impendle	7,806	-	-	7,806
Msunduzi	142,899	-	-	142,899
Mkhambathini	9,793	-	-	9,793
Richmond	10,243	-	-	10,243
uMgungundlovu District Municipality	158,256	-	-	158,256
Emnambithi/Ladysmith	40,115	-	-	40,115
Indaka	20,994	-	-	20,994
Umtshezi	10,816	-	-	10,816
Okhahlamba	21,191	-	-	21,191
Imbabazane	22,563	-	-	22,563
Uthukela District Municipality	104,886	-	-	104,886
Endumeni	9,944	-	-	9,944
Nquthu	22,949	-	-	22,949
Msinga	22,683	-	-	22,683
Umvoti	14,442	-	-	14,442
Umzinyathi District Municipality	69,183	-	-	69,183
Newcastle	110,311	-	-	110,311
eMadlangeni	4,714	-	-	4,714
Dannhauser	16,521	-	-	16,521
Amajuba District Municipality	48,135	-	-	48,135
eDumbe	12,647	-	-	12,647
uPhongolo	20,694	-	-	20,694
Abaqulusi	27,463	-	-	27,463

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

ANNEXURE IB STATEMENT OF UNCONDITIONAL GRANTS AND TRANSFERS TO MUNICIPALITIES					
TRANSFER		SPENT			2006/07
Actual Transfer	% of Available Funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Total Available
R'000	%	R'000	R'000	%	R'000
1,339,261	100.0%	1,339,261	-	0.0%	1,133,276
11,867	100.0%	11,867	-	0.0%	14,893
10,145	100.0%	10,145	-	0.0%	8,932
29,295	100.0%	29,295	-	0.0%	31,058
14,615	100.0%	14,615	-	0.0%	16,439
8,651	100.0%	8,651	-	0.0%	10,490
34,761	100.0%	34,761	-	0.0%	29,551
106,874	100.0%	106,874	-	0.0%	90,521
19,353	100.0%	19,353	-	0.0%	20,499
13,646	100.0%	13,646	-	0.0%	12,061
7,869	100.0%	7,869	-	0.0%	7,446
7,806	100.0%	7,806	-	0.0%	7,957
142,899	100.0%	142,899	-	0.0%	119,512
9,793	100.0%	9,793	-	0.0%	12,411
10,243	100.0%	10,243	-	0.0%	11,888
158,256	100.0%	158,256	-	0.0%	134,121
40,115	100.0%	40,115	-	0.0%	34,480
20,994	100.0%	20,994	-	0.0%	18,566
10,816	100.0%	10,816	-	0.0%	9,564
21,191	100.0%	21,191	-	0.0%	21,449
22,563	100.0%	22,563	-	0.0%	19,817
104,886	100.0%	104,886	-	0.0%	87,242
9,944	100.0%	9,944	-	0.0%	8,564
22,949	100.0%	22,949	-	0.0%	22,247
22,683	100.0%	22,683	-	0.0%	28,918
14,442	100.0%	14,442	-	0.0%	16,708
69,183	100.0%	69,183	-	0.0%	59,221
110,311	100.0%	110,311	-	0.0%	90,042
4,714	100.0%	4,714	-	0.0%	6,081
16,521	100.0%	16,521	-	0.0%	15,367
48,135	100.0%	48,135	-	0.0%	40,702
12,647	100.0%	12,647	-	0.0%	12,950
20,694	100.0%	20,694	-	0.0%	20,555
27,463	100.0%	27,463	-	0.0%	24,242

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2008

ANNEXURE 1B STATEMENT OF UNCONDITIONAL GRANTS AND TRANSFERS TO MUNICIPALITIES				
NAME OF MUNICIPALITY	GRANT ALLOCATION			
	Amount	Roll Overs	Adjustments	Total Available
Local Government Equitable Share	R'000	R'000	R'000	R'000
<b>KWAZULU-NATAL (continued)</b>				
Nongoma	23,849	-	-	23,849
Ulundi	27,295	-	-	27,295
Zululand District Municipality	103,479	-	-	103,479
Umhlabuyalingana	17,519	-	-	17,519
Jozini	23,710	-	-	23,710
The Big Five False Bay	4,817	-	-	4,817
Hlabisa	19,091	-	-	19,091
Mtubatuba	5,832	-	-	5,832
Umkhanyakude District Municipality	68,404	-	-	68,404
Mbonambi	14,916	-	-	14,916
uMhlathuze	72,008	-	-	72,008
Ntambanana	7,056	-	-	7,056
Umlalazi	28,117	-	-	28,117
Mthonjaneni	8,757	-	-	8,757
Nkandla	16,877	-	-	16,877
uThungulu District Municipality	153,074	-	-	153,074
Mandeni	23,331	-	-	23,331
KwaDukuza	25,955	-	-	25,955
Ndwedwe	21,004	-	-	21,004
Maphumulo	16,237	-	-	16,237
iLembe District Municipality	98,959	-	-	98,959
Ingwe	16,933	-	-	16,933
Kwa Sani	4,320	-	-	4,320
Greater Kokstad	17,482	-	-	17,482
Ubuhlebezwe	17,112	-	-	17,112
Unzimkhulu	28,408	-	-	28,408
Sisonke District Municipality	80,959	-	-	80,959
	3,471,086	-	-	3,471,086



## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

ANNEXURE IB STATEMENT OF UNCONDITIONAL GRANTS AND TRANSFERS TO MUNICIPALITIES					
TRANSFER		SPENT			2006/07
Actual Transfer	% of Available Funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Total Available
R'000	%	R'000	R'000	%	R'000
23,849	100.0%	23,849	-	0.0%	26,641
27,295	100.0%	27,295	-	0.0%	29,703
103,479	100.0%	103,479	-	0.0%	87,541
17,519	100.0%	17,519	-	0.0%	22,222
23,710	100.0%	23,710	-	0.0%	28,026
4,817	100.0%	4,817	-	0.0%	7,328
19,091	100.0%	19,091	-	0.0%	22,135
5,832	100.0%	5,832	-	0.0%	6,418
68,404	100.0%	68,404	-	0.0%	61,982
14,916	100.0%	14,916	-	0.0%	16,077
72,008	100.0%	72,008	-	0.0%	61,266
7,056	100.0%	7,056	-	0.0%	9,675
28,117	100.0%	28,117	-	0.0%	32,935
8,757	100.0%	8,757	-	0.0%	11,266
16,877	100.0%	16,877	-	0.0%	22,301
153,074	100.0%	153,074	-	0.0%	127,361
23,331	100.0%	23,331	-	0.0%	20,870
25,955	100.0%	25,955	-	0.0%	22,271
21,004	100.0%	21,004	-	0.0%	25,013
16,237	100.0%	16,237	-	0.0%	19,581
98,959	100.0%	98,959	-	0.0%	83,315
16,933	100.0%	16,933	-	0.0%	19,139
4,320	100.0%	4,320	-	0.0%	5,040
17,482	100.0%	17,482	-	0.0%	15,055
17,112	100.0%	17,112	-	0.0%	19,073
28,408	100.0%	28,408	-	0.0%	29,615
80,959	100.0%	80,959	-	0.0%	61,412
3,471,086	100.0%	3,471,086	-	0.0%	3,091,031

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2008

ANNEXURE 1B STATEMENT OF UNCONDITIONAL GRANTS AND TRANSFERS TO MUNICIPALITIES				
NAME OF MUNICIPALITY	GRANT ALLOCATION			
	Amount	Roll Overs	Adjustments	Total Available
Local Government Equitable Share	R'000	R'000	R'000	R'000
<b>LIMPOPO</b>				
Makhuduthamaga	50,469	-	-	50,469
Fetakgomo	15,946	-	-	15,946
Greater Marble Hall	24,339	-	-	24,339
Elias Motsoaledi	46,699	-	-	46,699
Greater Tubatse	44,875	-	-	44,875
Greater Sekhukhune District Municipality	143,375	-	-	143,375
Greater Giyani	46,913	-	-	46,913
Greater Letaba	46,980	-	-	46,980
Greater Tzaneen	71,241	-	-	71,241
Ba-Phalaborwa	22,229	-	-	22,229
Maruleng	18,560	-	-	18,560
Mopani District Municipality	190,465	-	-	190,465
Musina	11,142	-	-	11,142
Mutale	14,390	-	-	14,390
Thulamela	93,347	-	-	93,347
Makhado	85,167	-	-	85,167
Vhembe District Municipality	191,707	-	-	191,707
Blouberg	28,488	-	-	28,488
Aganang	26,402	-	-	26,402
Molemole	26,636	-	-	26,636
Polokwane	147,400	-	-	147,400
Lepelle-Nkumpi	44,070	-	-	44,070
Capricorn District Municipality	176,435	-	-	176,435
Thabazimbi	21,420	-	-	21,420
Lephalale	34,567	-	-	34,567
Mookgopong	8,881	-	-	8,881
Modimolle	21,552	-	-	21,552
Bela Bela	17,490	-	-	17,490
Mogalakwena	92,560	-	-	92,560
Waterberg District Municipality	56,784	-	-	56,784
	1,820,529	-	-	1,820,529

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

ANNEXURE IB STATEMENT OF UNCONDITIONAL GRANTS AND TRANSFERS TO MUNICIPALITIES					
TRANSFER		SPENT			2006/07
Actual Transfer	% of Available Funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Total Available
R'000	%	R'000	R'000	%	R'000
50,469	100.0%	50,469	-	0.0%	44,113
15,946	100.0%	15,946	-	0.0%	16,531
24,339	100.0%	24,339	-	0.0%	21,395
46,699	100.0%	46,699	-	0.0%	40,658
44,875	100.0%	44,875	-	0.0%	41,826
143,375	100.0%	143,375	-	0.0%	124,799
46,913	100.0%	46,913	-	0.0%	43,469
46,980	100.0%	46,980	-	0.0%	41,303
71,241	100.0%	71,241	-	0.0%	61,813
22,229	100.0%	22,229	-	0.0%	20,208
18,560	100.0%	18,560	-	0.0%	18,437
190,465	100.0%	190,465	-	0.0%	152,651
11,142	100.0%	11,142	-	0.0%	9,917
14,390	100.0%	14,390	-	0.0%	16,477
93,347	100.0%	93,347	-	0.0%	81,513
85,167	100.0%	85,167	-	0.0%	73,824
191,707	100.0%	191,707	-	0.0%	158,204
28,488	100.0%	28,488	-	0.0%	27,660
26,402	100.0%	26,402	-	0.0%	24,760
26,636	100.0%	26,636	-	0.0%	23,256
147,400	100.0%	147,400	-	0.0%	125,598
44,070	100.0%	44,070	-	0.0%	38,622
176,435	100.0%	176,435	-	0.0%	141,824
21,420	100.0%	21,420	-	0.0%	19,792
34,567	100.0%	34,567	-	0.0%	29,891
8,881	100.0%	8,881	-	0.0%	7,955
21,552	100.0%	21,552	-	0.0%	18,671
17,490	100.0%	17,490	-	0.0%	14,875
92,560	100.0%	92,560	-	0.0%	78,251
56,784	100.0%	56,784	-	0.0%	47,544
1,820,529	100.0%	1,820,529	-	0.0%	1,565,837

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2008

ANNEXURE 1B STATEMENT OF UNCONDITIONAL GRANTS AND TRANSFERS TO MUNICIPALITIES				
NAME OF MUNICIPALITY	GRANT ALLOCATION			
	Amount	Roll Overs	Adjustments	Total Available
Local Government Equitable Share	R'000	R'000	R'000	R'000
<b>MPUMALANGA</b>				
Albert Luthuli	57,774	-	-	57,774
Msulaligwa	40,381	-	-	40,381
Mkhondo	35,689	-	-	35,689
Pixley Ka Seme	32,319	-	-	32,319
Lekwa	30,458	-	-	30,458
Dipaleseng	17,235	-	-	17,235
Govan Mbeki	77,275	-	-	77,275
Gert Sibande District Municipality	171,638	-	-	171,638
Delmas	19,797	-	-	19,797
Emalaheni	71,058	-	-	71,058
Steve Tshwete	36,445	-	-	36,445
Emakhazeni	13,727	-	-	13,727
Thembisile	82,389	-	-	82,389
Dr JS Moroka	86,330	-	-	86,330
Nkangala District Municipality	215,577	-	-	215,577
Thaba Chweu	28,505	-	-	28,505
Mbombela	117,864	-	-	117,864
Umjindi	17,573	-	-	17,573
Nkomazi	94,488	-	-	94,488
Bushbuckridge	161,651	-	-	161,651
Ehlanzeni District Municipality	112,707	-	-	112,707
	1,520,880	-	-	1,520,880

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

ANNEXURE IB STATEMENT OF UNCONDITIONAL GRANTS AND TRANSFERS TO MUNICIPALITIES					
TRANSFER		SPENT			2006/07
Actual Transfer	% of Available Funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Total Available
R'000	%	R'000	R'000	%	R'000
57,774	100.0%	57,774	-	0.0%	49,958
40,381	100.0%	40,381	-	0.0%	34,283
35,689	100.0%	35,689	-	0.0%	31,210
32,319	100.0%	32,319	-	0.0%	27,188
30,458	100.0%	30,458	-	0.0%	26,099
17,235	100.0%	17,235	-	0.0%	14,698
77,275	100.0%	77,275	-	0.0%	65,331
171,638	100.0%	171,638	-	0.0%	149,801
19,797	100.0%	19,797	-	0.0%	16,839
71,058	100.0%	71,058	-	0.0%	60,811
36,445	100.0%	36,445	-	0.0%	30,611
13,727	100.0%	13,727	-	0.0%	11,890
82,389	100.0%	82,389	-	0.0%	70,806
86,330	100.0%	86,330	-	0.0%	73,423
215,577	100.0%	215,577	-	0.0%	188,428
28,505	100.0%	28,505	-	0.0%	24,749
117,864	100.0%	117,864	-	0.0%	102,361
17,573	100.0%	17,573	-	0.0%	15,378
94,488	100.0%	94,488	-	0.0%	81,926
161,651	100.0%	161,651	-	0.0%	113,530
112,707	100.0%	112,707	-	0.0%	94,771
1,520,880	100.0%	1,520,880	-	0.0%	1,284,091

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2008

ANNEXURE 1B STATEMENT OF UNCONDITIONAL GRANTS AND TRANSFERS TO MUNICIPALITIES				
NAME OF MUNICIPALITY	GRANT ALLOCATION			
	Amount	Roll Overs	Adjustments	Total Available
Local Government Equitable Share	R'000	R'000	R'000	R'000
<b>NORTHERN CAPE</b>				
Moshaweng	23,078	-	-	23,078
Ga-Segonyana	23,412	-	-	23,412
Gammagara	7,786	-	-	7,786
Kgalagadi District Municipality	31,443	-	-	31,443
Richtersveld	4,587	-	-	4,587
Nama Khoi	12,982	-	-	12,982
Kamiesberg	4,623	-	-	4,623
Hantam	7,588	-	-	7,588
Karoo Hoogland	4,996	-	-	4,996
Khai-Ma	4,700	-	-	4,700
Namakwa District Municipality	20,728	-	-	20,728
Ubuntu	6,826	-	-	6,826
Umsobomvu	11,507	-	-	11,507
Emthanjeni	13,749	-	-	13,749
Kareeberg	4,492	-	-	4,492
Renosterberg	5,580	-	-	5,580
Thembelihle	5,278	-	-	5,278
Siyathemba	7,542	-	-	7,542
Siyancuma	12,434	-	-	12,434
Karoo District Municipality	16,973	-	-	16,973
Mier	3,361	-	-	3,361
!Kai! Garib	16,676	-	-	16,676
//Khara Hais	20,368	-	-	20,368
!Kheis	5,776	-	-	5,776
Tsantsabane	9,584	-	-	9,584
Kgatelopele	5,516	-	-	5,516
Siyanda District Municipality	29,998	-	-	29,998
Sol Plaatje	60,738	-	-	60,738
Dikgatlong	16,792	-	-	16,792
Magareng	11,010	-	-	11,010
Phokwane	24,142	-	-	24,142
Frances Baard District Municipality	53,083	-	-	53,083
	487,348	-	-	487,348

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

ANNEXURE IB STATEMENT OF UNCONDITIONAL GRANTS AND TRANSFERS TO MUNICIPALITIES					
TRANSFER		SPENT			2006/07
Actual Transfer	% of Available Funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Total Available
R'000	%	R'000	R'000	%	R'000
23,078	100.0%	23,078	-	0.0%	19,551
23,412	100.0%	23,412	-	0.0%	20,149
7,786	100.0%	7,786	-	0.0%	5,697
31,443	100.0%	31,443	-	0.0%	32,449
4,587	100.0%	4,587	-	0.0%	4,012
12,982	100.0%	12,982	-	0.0%	11,044
4,623	100.0%	4,623	-	0.0%	4,098
7,588	100.0%	7,588	-	0.0%	6,533
4,996	100.0%	4,996	-	0.0%	4,471
4,700	100.0%	4,700	-	0.0%	4,243
20,728	100.0%	20,728	-	0.0%	18,221
6,826	100.0%	6,826	-	0.0%	5,957
11,507	100.0%	11,507	-	0.0%	9,795
13,749	100.0%	13,749	-	0.0%	11,598
4,492	100.0%	4,492	-	0.0%	3,954
5,580	100.0%	5,580	-	0.0%	4,887
5,278	100.0%	5,278	-	0.0%	4,672
7,542	100.0%	7,542	-	0.0%	6,440
12,434	100.0%	12,434	-	0.0%	10,763
16,973	100.0%	16,973	-	0.0%	14,647
3,361	100.0%	3,361	-	0.0%	3,333
16,676	100.0%	16,676	-	0.0%	15,213
20,368	100.0%	20,368	-	0.0%	16,888
5,776	100.0%	5,776	-	0.0%	5,195
9,584	100.0%	9,584	-	0.0%	9,174
5,516	100.0%	5,516	-	0.0%	4,807
29,998	100.0%	29,998	-	0.0%	26,290
60,738	100.0%	60,738	-	0.0%	50,356
16,792	100.0%	16,792	-	0.0%	14,344
11,010	100.0%	11,010	-	0.0%	9,352
24,142	100.0%	24,142	-	0.0%	20,471
53,083	100.0%	53,083	-	0.0%	45,909
487,348	100.0%	487,348	-	0.0%	424,513

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2008

ANNEXURE 1B STATEMENT OF UNCONDITIONAL GRANTS AND TRANSFERS TO MUNICIPALITIES				
NAME OF MUNICIPALITY	GRANT ALLOCATION			
	Amount	Roll Overs	Adjustments	Total Available
Local Government Equitable Share	R'000	R'000	R'000	R'000
<b>NORTH WEST</b>				
Moretele	55,568	-	-	55,568
Madibeng	103,200	-	-	103,200
Rustenburg	97,332	-	-	97,332
Kgetlengrivier	15,675	-	-	15,675
Moses Kotane	85,308	-	-	85,308
Bojanala Platinum District Municipality	162,197	-	-	162,197
Ratlou	23,090	-	-	23,090
Tswaing	22,539	-	-	22,539
Mafikeng	44,315	-	-	44,315
Ditsobotla	28,342	-	-	28,342
Ramotshere Moiloa	28,236	-	-	28,236
Central District Municipality	179,723	-	-	179,723
Kagisano	20,124	-	-	20,124
Naledi	12,785	-	-	12,785
Mamusa	11,496	-	-	11,496
Greater Taung	34,416	-	-	34,416
Molopo	4,223	-	-	4,223
Lekwa-Teemane	10,249	-	-	10,249
Bophirima District Municipality	87,057	-	-	87,057
Ventersdorp	17,057	-	-	17,057
Potchefstroom	34,003	-	-	34,003
City of Matlosana	135,346	-	-	135,346
Maquassi Hills	28,497	-	-	28,497
Merafong City	65,298	-	-	65,298
Southern District Municipality	107,264	-	-	107,264
	1,413,340	-	-	1,413,340



## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

ANNEXURE 1B STATEMENT OF UNCONDITIONAL GRANTS AND TRANSFERS TO MUNICIPALITIES					
TRANSFER		SPENT			2006/07
Actual Transfer	% of Available Funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Total Available
R'000	%	R'000	R'000	%	R'000
55,568	100.0%	55,568	-	0.0%	47,984
103,200	100.0%	103,200	-	0.0%	88,000
97,332	100.0%	97,332	-	0.0%	87,839
15,675	100.0%	15,675	-	0.0%	13,363
85,308	100.0%	85,308	-	0.0%	72,634
162,197	100.0%	162,197	-	0.0%	139,081
23,090	100.0%	23,090	-	0.0%	20,179
22,539	100.0%	22,539	-	0.0%	19,625
44,315	100.0%	44,315	-	0.0%	37,640
28,342	100.0%	28,342	-	0.0%	24,546
28,236	100.0%	28,236	-	0.0%	24,673
179,723	100.0%	179,723	-	0.0%	151,124
20,124	100.0%	20,124	-	0.0%	18,837
12,785	100.0%	12,785	-	0.0%	11,034
11,496	100.0%	11,496	-	0.0%	10,052
34,416	100.0%	34,416	-	0.0%	30,600
4,223	100.0%	4,223	-	0.0%	4,509
10,249	100.0%	10,249	-	0.0%	8,945
87,057	100.0%	87,057	-	0.0%	72,694
17,057	100.0%	17,057	-	0.0%	14,585
34,003	100.0%	34,003	-	0.0%	28,189
135,346	100.0%	135,346	-	0.0%	111,882
28,497	100.0%	28,497	-	0.0%	24,000
65,298	100.0%	65,298	-	0.0%	68,625
107,264	100.0%	107,264	-	0.0%	72,047
1,413,340	100.0%	1,413,340	-	0.0%	1,202,687

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2008

ANNEXURE 1B STATEMENT OF UNCONDITIONAL GRANTS AND TRANSFERS TO MUNICIPALITIES				
NAME OF MUNICIPALITY	GRANT ALLOCATION			
	Amount	Roll Overs	Adjustments	Total Available
Local Government Equitable Share	R'000	R'000	R'000	R'000
<b>WESTERN CAPE</b>				
City of Cape Town	1,451,247	-	-	1,451,247
Matzikama	12,687	-	-	12,687
Cederberg	10,522	-	-	10,522
Bergrivier	8,963	-	-	8,963
Saldanha Bay	14,513	-	-	14,513
Swartland	10,641	-	-	10,641
West Coast District Municipality	50,455	-	-	50,455
Witzenberg	17,643	-	-	17,643
Drakenstein	29,109	-	-	29,109
Stellenbosch	17,276	-	-	17,276
Breede Valley	26,082	-	-	26,082
Breede River Winelands	20,085	-	-	20,085
Cape Winelands District Municipality	145,785	-	-	145,785
Theewaterskloof	20,720	-	-	20,720
Overstrand	15,446	-	-	15,446
Cape Agulhas	6,899	-	-	6,899
Swellendam	7,765	-	-	7,765
Overberg District Municipality	28,785	-	-	28,785
Kannaland	7,718	-	-	7,718
Hessequa	11,249	-	-	11,249
Mossel Bay	17,056	-	-	17,056
George	29,693	-	-	29,693
Oudtshoorn	17,205	-	-	17,205
Bitou	9,916	-	-	9,916
Knysna	13,331	-	-	13,331
Eden District Municipality	87,717	-	-	87,717
Laingsburg	3,535	-	-	3,535
Prince Albert	3,954	-	-	3,954
Beaufort West	11,162	-	-	11,162
Central Karoo District Municipality	9,155	-	-	9,155
	2,116,314	-	-	2,116,314
<b>Subtotal</b>	20,675,620	-	-	20,675,620

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

ANNEXURE IB STATEMENT OF UNCONDITIONAL GRANTS AND TRANSFERS TO MUNICIPALITIES					
TRANSFER		SPENT			2006/07
Actual Transfer	% of Available Funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Total Available
R'000	%	R'000	R'000	%	R'000
1,451,247	100.0%	1,451,247	-	0.0%	1,280,807
12,687	100.0%	12,687	-	0.0%	10,831
10,522	100.0%	10,522	-	0.0%	9,151
8,963	100.0%	8,963	-	0.0%	7,790
14,513	100.0%	14,513	-	0.0%	12,215
10,641	100.0%	10,641	-	0.0%	9,352
50,455	100.0%	50,455	-	0.0%	43,320
17,643	100.0%	17,643	-	0.0%	15,169
29,109	100.0%	29,109	-	0.0%	24,230
17,276	100.0%	17,276	-	0.0%	15,111
26,082	100.0%	26,082	-	0.0%	21,672
20,085	100.0%	20,085	-	0.0%	16,919
145,785	100.0%	145,785	-	0.0%	127,434
20,720	100.0%	20,720	-	0.0%	17,618
15,446	100.0%	15,446	-	0.0%	13,018
6,899	100.0%	6,899	-	0.0%	5,862
7,765	100.0%	7,765	-	0.0%	6,700
28,785	100.0%	28,785	-	0.0%	24,681
7,718	100.0%	7,718	-	0.0%	6,725
11,249	100.0%	11,249	-	0.0%	9,450
17,056	100.0%	17,056	-	0.0%	14,269
29,693	100.0%	29,693	-	0.0%	24,568
17,205	100.0%	17,205	-	0.0%	14,434
9,916	100.0%	9,916	-	0.0%	8,382
13,331	100.0%	13,331	-	0.0%	11,253
87,717	100.0%	87,717	-	0.0%	74,734
3,535	100.0%	3,535	-	0.0%	3,189
3,954	100.0%	3,954	-	0.0%	3,597
11,162	100.0%	11,162	-	0.0%	9,434
9,155	100.0%	9,155	-	0.0%	9,897
2,116,314	100.0%	2,116,314	-	0.0%	1,851,812
20,675,620	100.0%	20,675,620	-	0.0%	18,057,940

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2008

ANNEXURE IB STATEMENT OF UNCONDITIONAL GRANTS AND TRANSFERS TO MUNICIPALITIES				
NAME OF MUNICIPALITY	GRANT ALLOCATION			
	Amount	Roll Overs	Adjustments	Total Available
Local Government Equitable Share	R'000	R'000	R'000	R'000
<b>Regional Service Council Levies</b>				
<b>Gauteng</b>				
City of Tshwane	-	-	-	
<b>Subtotal</b>	-	-	-	-
<b>Vehicle licences</b>				
<b>Gauteng</b>				
City of Tshwane	-	-	10	10
<b>Subtotal</b>	-	-	10	10
<b>Municipal rates and taxes</b>				
<b>Gauteng</b>				
City of Tshwane	1,595	-	(1,595)	-
<b>Subtotal</b>	1,595	-	(1,595)	-
				-
<b>Total of unconditional grants</b>	20,677,215	-	(1,585)	20,675,630

ANNEXURE IC STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS				
DEPARTMENT/ AGENCY/ ACCOUNT	TRANSFER ALLOCATION			
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available
	R'000	R'000	R'000	R'000
South African Local Government Association	20,461	-	-	20,461
Municipal Demarcation Board	20,664	-	-	20,664
Commission for the Promotion and Protection of the Rights of Cultural, Religious & Linguistic Communities	15,447	-	-	15,447
	56,572	-	-	56,572

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

ANNEXURE IB STATEMENT OF UNCONDITIONAL GRANTS AND TRANSFERS TO MUNICIPALITIES					
TRANSFER		SPENT			2006/07
Actual Transfer	% of Available Funds Transferred	Amount received by municipality	Amount spent by municipality	% of available funds spent by municipality	Total Available
R'000	%	R'000	R'000	%	R'000
-		-	-		86
-		-	-		86
10	100.0%	10	-	0.0%	7
10	100.0%	10		0.0%	7
-		-			-
-		-	-		-
20,675,630	100.0%	20,675,630	-	0.0%	18,058,033

ANNEXURE IC STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS			
TRANSFER		2006/07	
Actual Transfer	% of Available Funds Transferred	Final Appropriation Act	
R'000	%	R'000	
20,461	100%	19,494	
20,664	100%	16,827	
15,447	100%	13,403	
56,572		49,724	

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2008

ANNEXURE ID STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES				
NAME OF PUBLIC CORPORATION/PRIVATE ENTERPRISE	TRANSFER ALLOCATION			
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available
	R'000	R'000	R'000	R'000
<b>Private Enterprises</b>				
Subsidies				
Kgwerano Asset Management	-	-	272	272
Glenrand M.I.B	81	-	38	119
Matrix Vehicle Tracking	-	-	2	2
<b>Total</b>	<b>81</b>	<b>-</b>	<b>312</b>	<b>393</b>

ANNEXURE IE STATEMENT OF TRANSFERS TO FOREIGN GOVERNMENT AND INTERNATIONAL ORGANISATIONS				
FOREIGN GOVERNMENT/INTERNATIONAL ORGANISATION	TRANSFER ALLOCATION			
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available
	R'000	R'000	R'000	R'000
<b>Transfers</b>				
Commonwealth Local Government Forum	-	-	139	139
United Cities and Local Government of Africa	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>139</b>	<b>139</b>

ANNEXURE IF STATEMENT OF TRANSFERS TO NON-PROFIT INSTITUTIONS				
NON-PROFIT INSTITUTIONS	TRANSFER ALLOCATION			
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available
	R'000	R'000	R'000	R'000
<b>Transfers</b>				
South African Cities Network	4,400	-	-	4,400
United Cities & Local Government of Africa	-	-	72	72
SAMDI	-	-	-	-
Southern African Development Comm. Secretariate	-	-	-	-
<b>Total</b>	<b>4,400</b>	<b>-</b>	<b>72</b>	<b>4,472</b>

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

ANNEXURE ID STATEMENT OF TRANSFERS/SUBSIDIES TO PUBLIC CORPORATIONS AND PRIVATE ENTERPRISES				
EXPENDITURE				2006/07
Actual Transfer	% of Available Funds Transferred	Capital	Current	Final Appropriation Act
R'000	%	R'000	R'000	R'000
272	100%	272	-	200
119	100%	119	-	78
2	100%	2	-	-
393		393	-	278

ANNEXURE IE STATEMENT OF TRANSFERS TO FOREIGN GOVERNMENT AND INTERNATIONAL ORGANISATIONS		
EXPENDITURE		2006/07
Actual Transfer	% of Available Funds Transferred	Final Appropriation Act
R'000	%	R'000
139	100%	226
-	0%	2,757
139		2,983

ANNEXURE IF STATEMENT OF TRANSFERS TO NON-PROFIT INSTITUTIONS		
EXPENDITURE		2006/07
Actual Transfer	% of Available Funds Transferred	Final Appropriation Act
R'000	%	R'000
4,400	100%	1,590
72	100%	2,499
-	0%	70
-	0%	2,650
4,472		6,809

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2008

ANNEXURE IG STATEMENT OF TRANSFERS TO HOUSEHOLDS				
HOUSEHOLDS	TRANSFER ALLOCATION			
	Adjusted Appropriation Act	Roll Overs	Adjustments	Total Available
	R'000	R'000	R'000	R'000
Employees (Leave Gratuity)	-	-	778	778
Employees (Arbitration Award)	11	-	-	11
Employees (Payment made as an act of grace)	-	-	10	10
<b>Total</b>	11	-	788	799

ANNEXURE IH STATEMENT OF LOCAL AND FOREIGN AID ASSISTANCE RECEIVED FOR THE YEAR ENDED 31 MARCH 2008	
NAME OF DONOR	PURPOSE
<b>Received in cash</b>	
African Renaissance	Implementation of DRC project plan
Danish	Project Consolidate Knowledge Management- <b>dplg</b>
European Union	Local Government support: Mpumalanga/Limpopo Provinces
European Union	Masibambane project
Netherlands	Masibambane project
Netherlands	Sectoral budget support
UNDP	White Paper on Disaster Management
<b>Subtotal</b>	
<b>Received in kind</b>	
DFID	Consolidate Municipal Transformation Programme
GTZ	German Technical Co-operation Contribution on Strengthening Local Government Programme (SLGP)
USAID	Local Government Support Programme Increasing Sustainable Local Government Services (ISLGS) Programme
EC	Urban Renewal Programme
Development Bank of Southern Africa	Implementation of municipal property rates
<b>Subtotal</b>	
<b>Total</b>	



## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

ANNEXURE IG STATEMENT OF TRANSFERS TO HOUSEHOLDS			
EXPENDITURE		2006/07	
Actual Transfer	% of Available Funds Transferred	Final Appropriation Act	
R'000	%	R'000	
778	100%	676	
11	100%	-	
10	100%	58	
799		734	

ANNEXURE IH STATEMENT OF LOCAL AND FOREIGN AID ASSISTANCE RECEIVED FOR THE YEAR ENDED 31 MARCH 2008			
OPENING BALANCE	REVENUE	EXPENDITURE	CLOSING BALANCE
R'000	R'000	R'000	R'000
223	-	223	-
1,598	1,200	1,120	1,678
(11,663)	10,421	(1,238)	(4)
-	12,813	6,034	6,779
12,813	(12,813)	-	-
55	-	50	5
444	-	-	444
3,470	11,621	6,189	8,902
-	20,063	6,371	13,692
-	29,718	29,718	-
-	25,879	16,072	9,807
-	38,662	25,390	13,272
-	2,427	666	1,761
-	3,500	1,100	2,400
-	120,249	79,317	40,932
3,470	131,870	85,506	49,834

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2008

ANNEXURE II STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE AND REMISSIONS, REFUNDS AND PAYMENTS MADE AS AN ACT OF GRACE FOR THE YEAR ENDED 31 MARCH 2008		
NATURE OF GIFT, DONATION OR SPONSORSHIP (Group major categories but list material items including name of organisation)	2007/08	2006/07
	R'000	R'000
<b>Made in kind</b>		
Major Assets	430	-
Minor Assets	622	-
<b>Subtotal</b>	1,052	-
<b>Remissions, refunds, and payments made as an act of grace</b>		
Doves Funerals – Funeral Costs of Late Seabi C	10	-
Mabuza Z- Loss of personal items	-	2
Lehapa MC- Late Tsotetsi MJK – Sitting allowances	-	5
AVBOB – Funeral costs of Late Olyn J	-	16
Mpiti Funeral Undertakers – Funeral costs of Late Mpantsha DN	-	10
Mhlauli NC – Reimbursement of Air Ambulance Costs	-	25
<b>Subtotal</b>	10	58
<b>Total</b>	1,062	58

ANNEXURE 2A STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2008 – LOCAL				
Guarantor institution	Guarantee in respect of	Original guaranteed capital amount	Opening balance 1 April 2007	Guarantees draw downs during the year
		R'000	R'000	R'000
Stannic	<b>Motor vehicles</b>			
	Employees	952	554	-
		952	554	-
ABSA Bank First National Bank Nedcor Bank Old Mutual Bank Standard Bank	<b>Housing</b>			
	Employees	77	41	36
	Employees	80	93	-
	Employees	-	19	-
	Employees	16	16	-
	Employees	57	133	-
		230	302	36
	<b>Total</b>	1,182	856	36

ANNEXURE 2A STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2008 – LOCAL				
Guarantees repayments/ cancelled/ reduced/ released during the year	Revaluations	Closing balance 31 March 2008	Guaranteed inter- est for year ended 31 March 2008	Realised losses not recover- able i.e. claims paid out
R'000	%	R'000	R'000	R'000
282	-	272	-	-
282	-	272	-	-
-	-	77	-	-
13	-	80	-	-
19	-	-	-	-
-	-	16	-	-
76	-	57	-	-
108	-	230	-	-
390	-	502	-	-

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (continued)

for the year ended 31 March 2008

ANNEXURE 2B STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2008					
Nature of Liability	Opening Balance	Liabilities incurred during the year	Liabilities paid/cancelled/reduced during the year	Liabilities recoverable (Provide details hereunder)	Closing Balance
	01/04/2007				31/03/2008
	R'000	R'000	R'000	R'000	R'000
<b>Claims against the department</b>					
Pe-Corporate Services vs Minister for Provincial and Local Government	575	-	-	-	575
	575	-	-	-	575
<b>Total</b>	<b>575</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>575</b>

ANNEXURE 3 INTER-GOVERNMENT RECEIVABLES						
Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2008	31/03/2007	31/03/2008	31/03/2007	31/03/2008	31/03/2007
	R'000	R'000	R'000	R'000	R'000	R'000
<b>Department</b>						
Correctional Services	-	-	23	-	23	-
Defence	4	-	-	-	4	-
Foreign Affairs	18	-	-	-	18	-
Government Communications	25	-	-	-	25	-
Home Affairs	12	-	-	-	12	-
Justice and Constitutional Development	-	7	-	-	-	7
National Treasury	-	15	-	-	-	15
Office of the Public Service Commission	53	-	-	4	53	4
Public Service and Administration	-	-	27	-	27	-
Public Works	-	29	31	-	31	29
Social Development	-	-	7	-	7	-
Statistics South Africa	-	12	-	-	-	12
South African Police Service	3	3	-	-	3	3
South African Social Security Agency	15	-	-	-	15	-
Water Affairs and Forestry	-	12	-	-	-	12
Gauteng: Health	17	-	-	-	17	-
Limpopo: Local Government and Housing	7	-	-	-	7	-
Limpopo: Provincial Treasury	25	-	-	-	25	-
Mpumalanga: Culture, Sport and Recreation	51	-	-	-	51	-
Western Cape: Cultural Affairs and Sport	41	-	-	-	41	-
<b>Total</b>	<b>271</b>	<b>78</b>	<b>88</b>	<b>4</b>	<b>359</b>	<b>82</b>

## ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS (CONTINUED)

ANNEXURE 4 INTER-GOVERNMENT PAYABLES						
Government Entity	Confirmed balance outstanding		Unconfirmed balance outstanding		Total	
	31/03/2008	31/03/2007	31/03/2008	31/03/2007	31/03/2008	31/03/2007
	R'000	R'000	R'000	R'000	R'000	R'000
<b>DEPARTMENTS</b>						
<b>Current</b>						
Arts and Culture	-	-	-	14	-	14
Environment & Tourism	11	-	-	-	11	-
Foreign Affairs	-	-	167	329	167	329
Government Communications	-	40	-	-	-	40
Government Printing Works	8	-	-	-	8	-
Home Affairs	1	-	-	-	1	-
Labour	20	-	-	-	20	-
Parliament of South Africa	3	-	-	-	3	-
Public Works	293	18	63	-	356	18
South African Police Service	2	-	-	-	2	-
Gauteng: Public Transport Roads and Works	66	66	-	84	66	150
Gauteng: Shared Service Centre	1	-	-	-	1	-
Western Cape: Transport and Public Works	34	21	-	-	34	21
<b>Subtotal</b>	439	145	230	427	669	572
<b>OTHER GOVERNMENT ENTITY</b>						
<b>Current</b>						
SAMD I	15	-	-	-	15	-
<b>Subtotal</b>	15	-	-	-	15	-

The fourth chapter of the report provides the human resources statistics for service delivery, expenditure, employment and vacancies, job evaluation, employment changes, employment equity, performance rewards, foreign workers, HIV and Aids and Health Promotion Programmes, Labour Relations, Inquiries on duty and the utilisation of consultants.

SECTION 04

---

# Human Resources Oversight Report

## TABLE OF CONTENTS

### for the year ended 31 March 2008

<b>Table</b>	<b>Description</b>	<b>Page</b>
Table 1.1	- Main service for service delivery improvement and standards	272
Table 1.2	- Consultation arrangements for customers	273
Table 1.3	- Service delivery access strategy	273
Table 1.4	- Service information tool	273
Table 1.5	- Complaint mechanism	273
Table 2.1	- Personnel costs by programme	274
Table 2.2	- Personnel costs by Salary band	275
Table 2.3	- Salaries, Overtime, Home Owners Allowance and Medical Aid by Programme	276
Table 2.4	- Salaries, Overtime, Home Owners Allowance and Medical Aid by Salary Band	277
Table 3.1	- Employment and vacancies by programme at end of period	279
Table 3.2	- Employment and vacancies by salary band at end of period	280
Table 3.3	- Employment and vacancies by critical occupation at end of period	280
Table 4.1	- Job evaluation	281
Table 4.2	- Profile of employees whose positions were upgraded due to their posts being upgraded	282
Table 4.3	- Employees whose salary level exceed the grade determined by job evaluation	282
Table 4.4	- Profile of employees whose salary level exceeded the grade determined by job evaluation	282
Table 5.1	- Annual turnover rates by salary band	283
Table 5.2	- Annual turnover rates by critical occupation	284
Table 5.3	- Reasons why staff are leaving the department	284
Table 5.4	- Promotions by critical occupation	285
Table 5.5	- Promotions by salary band	285
Table 6.1	- Total number of employees (incl. Employees with disabilities) per occupational category	286
Table 6.2	- Total number of employees (incl. Employees with disabilities) per occupational band	287
Table 6.3	- Recruitment	288
Table 6.4	- Promotions	289
Table 6.5	- Terminations	290
Table 6.6	- Disciplinary Action	291
Table 6.7	- Skills development	291
Table 7.1	- Performance rewards by race, gender and disability	292
Table 7.2	- Performance rewards by salary band for personnel below senior management service	292
Table 7.3	- Performance rewards by critical occupation	293
Table 7.4	- Performance related rewards (cash bonus) by salary band for senior management service	293



Table 8.1 - Foreign workers by salary band	294
Table 8.2 - Foreign workers by major occupation	294
Table 9.1 - Sick leave for 1 April 2007 to 31 March 2008	295
Table 9.2 - Incapacity leave (temporary and permanent ) for 1 April 2007 to 31 March 2008	295
Table 9.3 - Annual leave for 1 April 2007 to 31 March 2008	296
Table 9.4 - Capped leave for 1 April 2007 to 31 March 2008	296
Table 9.5 - Leave payouts for 1 April 2007 to 31 March 2008	296
Table 10.1 - Steps taken to reduce the risk of occupational exposure	297
Table 10.2 - Details of health promotion and HIV/AIDS programmes	297
Table 11.1 - Collective agreements	298
Table 11.2 - Misconduct and discipline hearings finalised	298
Table 11.3 - Types of misconduct addressed and disciplinary hearings	298
Table 11.4 - Grievances lodged	298
Table 11.5 - Disputes lodged	298
Table 11.6 - Strike actions	298
Table 11.7 - Precautionary suspensions	299
Table 12.1 - Training needs identified	299
Table 12.2 - Training provided	300
Table 13.1 - Injury on duty	300
Table 14.1 - Reporting on consultant appointments using appropriated funds	301
Table 14.2 - Analysis of consultant appointments using appropriated funds, in terms of HDI's	303
Table 14.3 - Report on consultant appointments using donor funds	306

# HUMAN RESOURCES OVERSIGHT REPORT

## I. SERVICE DELIVERY

In line with the White Paper on transformation the **dplg** annually develops a service delivery plan to ensure continuous improvement in the delivery of services to clients.

The following tables reflect the components of the Service Delivery Improvement Plan as well as progress made in the implementation of the plan.

Main Services	Actual Customers	Potential Customers	Standard of Service	Actual Achievement against Standards
Governance, Policy and Research to deliver an improved intergovernmental relations (IGR) system	3 spheres of government	Structures of Government	White paper on Provinces	Policy Review process on track. Presentations and memoranda to Cabinet, MinMec and PCC
Assess and recognise performance across all the categories of municipalities	SALGA, DBSA, Productivity of South Africa, Provinces and Municipalities	Communities, Ward Committees	Vuna Awards awarded once every year to top performing Municipalities	Vuna Awards successfully hosted. Performance awards given to Municipalities, Provincial and National Sector Departments
Provide National Indicative Disaster Risk Profile	Provincial Disaster Management Offices and Municipalities (Metros and Districts)	NGO's, Civil Society, Academia, Private Sector and Communities	One approved profile updated annually	The Technical Advisory Committee (TAC) has been established. The TAC will determine the methodology that will be utilised for the development of the Indicative Disaster Risk Profile.
Support municipal infrastructure delivery, operations and maintenance	Municipalities and Communities	National sector departments, Provinces, DWAF, DBSA, LGSETA and National Treasury	Meetings held regularly	Regular meetings held with DWAF, DPW, DBSA and LGSETA
Support municipal infrastructure delivery, operations and maintenance	Municipalities and Communities	National sector departments, Provinces, DWAF, DBSA, LGSETA and National Treasury	Meetings held regularly	Regular meetings held with DWAF, DPW, DBSA and LGSETA
Filling of vacant posts	<b>dplg</b> Management and staff members, applicants for posts	Recruitment and Head Hunting Agencies	90% of posts filled. Short-listing and interviewing of posts within set target dates.	70% of 31 March 2007 vacancies filled. Substantial improvement in the turn around times. (Refer to note below table for explanation.)

**Note:** Although the department prioritised the filling of vacant posts, the following challenges were experienced with the recruitment and selection processes:

- There is an increase in candidates who are provided counter offers from their employers upon receipt of employment offers from this department. Non-acceptance of employment offers have a negative effect on the turnaround times linked to the filling of posts.
- Higher demand for specific skills in government and the private sector impact on the availability of applicants.
- Lucrative and competitive salaries offered in the private sector.
- Executive search companies are not always able to provide CV's of candidates with the required skills profiles.

The vacancy rate can further be attributed to the high demand for skills across government departments and the private sector, which resulted in a 21.1% turnover rate. The department appointed 110 new employees in the 2007/08 financial year; 87 employees left the department. If the department did not have a turnover rate of 21.1% and challenges with the recruitment of employees and members of the senior management service in some categories, the vacancy rate would have been substantially lower.

Type of Arrangement	Actual Customer	Potential Customer	Actual Achievements
Provincial visits	Provincial government	Civil society	Improved relations
Visits to District and Local Municipalities	District and Local Municipalities	Communities	Provided assistance on service delivery challenges
Izimbizo to consult on service delivery issues	Provincial and Local government	Private sector	Community input on the improvement of services
National and Provincial conferences	National, Provincial and Local government		Improved communication channels and relations

Access Strategy	Actual Achievements
<b>dplg</b> website	<b>dplg</b> website improved and accessible to all clients
Publications	Work done by <b>dplg</b> and partners publicised and communicated
On site visits	Improved access facilities and signage

Type of Information Tool	Actual Achievements
<b>dplg</b> publications	A list of <b>dplg</b> publications is provided as an Addendum D to the annual report
Information technology	<b>dplg</b> website functionality improved
<b>dplg</b> Staff Izimbizo	3 Staff Izimbizo held

Complaint Mechanism	Actual Achievements
Telephone Systems	Transparent and open communication. System upgraded to take messages.
Letters of complaints	In line with the PAIA requirements
Suggestion Boxes	Placed in all buildings
Meetings	Ongoing

## HUMAN RESOURCES OVERSIGHT REPORT (continued)

### 2. EXPENDITURE

Departments budget in terms of clearly defined programmes. The following tables summarise final audited expenditure by programme (Table 2.1) and by salary bands (Table 2.2). In particular, it provides an indication of the amount spent on personnel costs in terms of each of the programmes or salary bands within the department.

<b>Programme</b>	<b>Total Voted Expenditure (R'000)</b>	<b>Compensation of Employees Expenditure (R'000)</b>	<b>Training Expenditure (R'000)</b>	<b>Professional and Special Services (R'000)</b>	<b>Compensation of Employees as percent of Total Expenditure</b>	<b>Average Compensation of Employees Cost per Employee (R'000)</b>	<b>Employment</b>
Prog 1 Administration	142,126	52,633	0	0	37	120	440
Prog 2 Gov Policy and Research	38,759	17,695	0	0	45.7	40	440
Prog 3 Urban and Rural Development	8,607	6,391	0	0	74.3	15	440
Prog 4 Systems and Capacity Building	89,643	30,184	0	0	33.7	69	440
Prog 5 Free Basic Services and Infrastructure	34,569	15,852	0	0	45.9	36	440
Prog 6 Prov and Local Gov Transfers	29,629,773	0	0	0	0	0	440
Prog 7 Fiscal Transfers	84,709	5,715	0	0	6.7	13	440
Theft and losses	391	0	0	0	0	0	440
<b>Total</b>	<b>30,028,577</b>	<b>128,470</b>	<b>0</b>	<b>0</b>	<b>0.4</b>	<b>292</b>	<b>440</b>

<b>Salary Bands</b>	<b>Compensation of Employees Cost (R'000)</b>	<b>Percentage of Total Personnel Cost for Department</b>	<b>Average Compensation Cost per Employee (R)</b>	<b>Total Personnel Cost for Department including Goods and Transfers (R'000)</b>	<b>Number of Employees</b>
Lower skilled (Levels 1-2)	821	0.6	91,222	140,540	9
Skilled (Levels 3-5)	6,371	4.5	82,740	140,540	77
Highly skilled production (Levels 6-8)	13,324	9.5	151,409	140,540	88
Highly skilled supervision (Levels 9-12)	35,719	25.4	268,564	140,540	133
Senior management (Levels 13-16)	56,259	40	598,500	140,540	94
Contract (Levels 3-5)	553	0.4	110,600	140,540	5
Contract (Levels 6-8)	715	0.5	178,750	140,540	4
Contract (Levels 9-12)	3,758	2.7	268,429	140,540	14
Contract (Levels 13-16)	10,687	7.6	667,938	140,540	16
Periodical Remuneration	5,794	4.1	362,125	140,540	16
Abnormal Appointment	1,257	0.9	20,607	140,540	61
<b>Total</b>	<b>135,258</b>	<b>96.2</b>	<b>261,621</b>	<b>140,540</b>	<b>517</b>

## HUMAN RESOURCES OVERSIGHT REPORT (continued)

**Table 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 Personnel Cost	Total Personnel Cost per Programme (R'000)
Program 1 Administration	32,846	61.9	334	0.6	1,214	2.3	1,708	3.2	53,034
Program 2 Gov Policy and Research	11,285	61.5	0	0	426	2.3	497	2.7	18,360
Program 3 Urban and Rural Dev	3,979	61.2	0	0	255	3.9	160	2.5	6,505
Program 4 Systems and Capacity Building	19,098	60.6	0	0	803	2.5	685	2.2	31,506
Program 5 Free Basic Service and Infrastructure	11,084	63.6	8	0	279	1.6	392	2.2	17,430
Program 7 Fiscal Transfers	3,779	27.6	12	0.1	31	0.2	155	1.1	13,706
<b>Total</b>	<b>82,071</b>	<b>58.4</b>	<b>354</b>	<b>0.3</b>	<b>3,008</b>	<b>2.1</b>	<b>3,597</b>	<b>2.6</b>	<b>140,541</b>

Table 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 Cost	Total Personnel Cost per Salary Band (R'000)
Lower skilled (Levels 1-2)	545	66.4	20	2.4	29	3.5	74	9	821
Skilled (Levels 3-5)	4,469	69.8	67	1	151	2.4	462	7.2	6,400
Highly skilled production (Levels 6-8)	9,355	69.7	157	1.2	228	1.7	764	5.7	13,427
Highly skilled supervision (Levels 9-12)	25,309	68.7	98	0.3	557	1.5	1,029	2.8	36,836
Senior management (Levels 13-16)	32,627	56.2	0	0	1,574	2.7	1,095	1.9	58,034
Contract (Levels 3-5)	381	67.6	11	2	0	0	21	3.7	564
Contract (Levels 6-8)	515	67.6	1	0.1	0	0	16	2.1	762
Contract (Levels 9-12)	2,670	69.3	0	0	79	2.1	11	0.3	3,853
Contract (Levels 13-16)	6,195	54.6	0	0	390	3.4	126	1.1	11,347
Periodical Remuneration	0	0	0	0	0	0	0	0	6,124
Abnormal Appointment	3	0.1	0	0	0	0	0	0	2,373
<b>Total</b>	<b>82,069</b>	<b>58.4</b>	<b>354</b>	<b>0.3</b>	<b>3,008</b>	<b>2.1</b>	<b>3,598</b>	<b>2.6</b>	<b>140,541</b>

## HUMAN RESOURCES OVERSIGHT REPORT (continued)

HOA as % of Personnel Cost	Medical Ass. (R'000)	Medical Ass. as % of Personnel Cost	Total Personnel Cost per Programme (R'000)
2.3	1,708	3.2	53,034
2.3	497	2.7	18,360
3.9	160	2.5	6,505
2.5	685	2.2	31,506
1.6	392	2.2	17,430
0.2	155	1.1	13,706
2.1	3,597	2.6	140,541
HOA as % of Personnel Cost	Medical Ass. (R'000)	Medical Ass. as % of Personnel Cost	Total Personnel Cost per Salary Band (R'000)
3.5	74	9	821
2.4	462	7.2	6,400
1.7	764	5.7	13,427
1.5	1,029	2.8	36,836
2.7	1,095	1.9	58,034
0	21	3.7	564
0	16	2.1	762
2.1	11	0.3	3,853
3.4	126	1.1	11,347
0	0	0	6,124
0	0	0	2,373
2.1	3,598	2.6	140,541



### 3. EMPLOYMENT AND VACANCIES

The following tables summarise the number of posts on the establishment, the number of employees, the vacancy rate, and whether there are any staff that are additional to the establishment. This information is presented in terms of three key variables: - Programme (Table 3.1), Salary Band (Table 3.2) and Critical Occupations (Table 3.3).

Programme	Number of Posts	Number of Posts Filled	Vacancy Rate (Percentage of posts that are not filled)	Number of Posts Filled Additional to the Establishment
Programme 1 Administration, Permanent	232	195	15.9	1
Programme 2 Governance Policy and Research, Permanent	70	56	20	0
Programme 3 Urban and Rural Development, Permanent	21	19	9.5	0
Programme 4 Systems and Capacity Building Permanent	109	89	18.3	4
Programme 5 Free Basic Services and Infrastructure, Permanent	65	56	213.8	5
Programme 7 Fiscal Transfers Permanent	12	20	0	8
<b>Total</b>	<b>509</b>	<b>436</b>	<b>17.9</b>	<b>18</b>

The appointments additional to the establishment were mostly effected to provide capacity to temporary projects such as the Masibambane project, 2010 Co ordination support and 16 Days of Activism against Women and Children Abuse.

## HUMAN RESOURCES OVERSIGHT REPORT (continued)

**Table 3.2 - Employment and Vacancies by Salary Band at end of period**

Salary Band	Number of Posts	Number of Posts Filled	Vacancy Rate (Percentage of posts that are not filled)	Number of Posts Filled Additional to the Establishment
Lower skilled (Levels 1-2), Permanent	19	9	52.6	0
Skilled (Levels 3-5), Permanent	89	80	10.1	0
Highly skilled production (Levels 6-8), Permanent	105	85	19	0
Highly skilled supervision (Levels 9-12), Permanent	164	130	20.7	1
Senior management (Levels 13-16), Permanent	132	193	29.5	0
Contract (Levels 3-5)	0	5	-25	3
Contract (Levels 6-8)	0	4	-33.3	2
Contract (Levels 9-12)	0	15	0	9
Contract (Levels 13-16)	0	15	11.8	3
<b>Total</b>	<b>509</b>	<b>436</b>	<b>14</b>	<b>18</b>

The table below provides establishment and vacancy information for the key critical occupations of the department.

**Table 3.3 – Employment and Vacancies by Critical Occupation at end of period**

Critical Occupations	Number of Posts	Number of Posts Filled	Vacancy Rate (Percentage of Posts that are not filled)	Number of Posts Filled Additional to the Establishment
Administrative related, Permanent	180	153	15	12
Other administrative policy and related officers, Permanent	10	6	40	0
Secretaries & other keyboard operating clerks, Permanent	82	68	17.1	2
Senior managers, Permanent	132	105	19.2	3
<b>Total</b>	<b>402</b>	<b>332</b>	<b>17.4</b>	<b>17</b>

## 4. JOB EVALUATION

The Public Service Regulations, 1999 introduced job evaluation as a way of ensuring that work of equal value is remunerated equally. Within a nationally determined framework, an executing authority may evaluate or re-evaluate any job in his or her organisation.

The following table (Table 4.1) summarises the number of jobs that were evaluated during the year under review. The table also provides statistics on the number of posts that were upgraded or downgraded.

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)	19	0	0	0	0	0	0
Contract (Levels 3-5)	0	0	0	0	0	0	0
Contract (Levels 6-8)	0	0	0	0	0	0	0
Contract (Levels 9-12)	0	0	0	0	0	0	0
Contract (Band A)	0	0	0	0	0	0	0
Contract (Band B)	0	0	0	0	0	0	0
Contract (Band D)	0	0	0	0	0	0	0
Skilled (Levels 3-5)	89	0	0	0	0	0	0
Highly skilled production (Levels 6-8)	105	6	6	6	100	0	0
Highly skilled supervision (Levels 9-12)	164	1	0.6	1	100	0	0
Senior Management Service Band A	77	1	1.3	1	100	0	0
Senior Management Service Band B	47	0	0	0	0	0	0
Senior Management Service Band C	7	0	0	0	0	0	0
Senior Management Service Band D	1	0	0	0	0	0	0
<b>Total</b>	<b>509</b>	<b>8</b>	<b>1.6</b>	<b>8</b>	<b>100</b>	<b>0</b>	<b>0</b>

## HUMAN RESOURCES OVERSIGHT REPORT (continued)

The following table provides a summary of the number of employees whose salary positions were upgraded due to their posts being upgraded. The number of employees might differ from the number of posts upgraded since not all employees are automatically absorbed into the new posts and some of the posts upgraded could also be vacant.

Beneficiaries	African	Asian	Coloured	White	Total
Female	7	0	0	0	7
Male	1	0	0	0	1
<b>Total</b>	<b>8</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>8</b>
Employees with a Disability	0	0	0	0	0

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

Occupation	Number of Employees	Job Evaluation Level	Remuneration Level	Reason for Deviation	No of Employees in Dept
Manager	1	11	12	Buy offer	436
Senior Administration Clerk	2	4	5	Buy offer	436
Senior Registry Clerk	1	4	6	Buy offer	436
<b>Total</b>	<b>4</b>				<b>436</b>
Percentage of Total Employment					0.9

As part of the process to build and retain institutional knowledge, 4 employees accepted counter offers and as a result are on higher levels than the grade determined by job evaluation.

Beneficiaries	African	Asian	Coloured	White	Total
Female	1	0	0	0	1
Male	3	0	0	0	3
<b>Total</b>	<b>4</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>4</b>
Employees with a Disability	0	0	0	0	0

## 5. EMPLOYMENT CHANGES

This section provides information on changes in employment over the financial year. Turnover rates provide an indication of trends in the employment profile of the department. The following tables provide a summary of turnover rates by salary band (Table 5.1) and by critical occupations (Table 5.2). (These "critical occupations" should be the same as those listed in Table 3.3)

Table 5.1 - Annual Turnover Rates by Salary Band				
Salary Band	Employment at Beginning of Period (April 2007)	Appointments	Terminations	Turnover Rate %
Lower skilled (Levels 1-2), Permanent	13	4	1	7.7
Skilled (Levels 3-5), Permanent	66	24	16	24.2
Highly skilled production (Levels 6-8), Permanent	84	23	14	16.7
Highly skilled supervision (Levels 9-12), Permanent	115	38	26	22.6
Senior Management Service Band A, Permanent	60	7	11	18.3
Senior Management Service Band B, Permanent	28	3	4	14.3
Senior Management Service Band C, Permanent	6	1	0	0
Senior Management Service Band D, Permanent	1	0	0	0
Contract (Levels 3-5)	6	3	4	66.7
Contract (Levels 6-8)	5	1	2	40
Contract (Levels 9-12)	12	3	4	33.3
Contract (Band A)	1	2	2	200
Contract (Band B)	15	1	4	20
Contract (Band D)	1	0	0	0
<b>Total</b>	<b>413</b>	<b>110</b>	<b>87</b>	<b>21.1</b>

## HUMAN RESOURCES OVERSIGHT REPORT (continued)

Occupation	Employment at Beginning of Period (April 2007)	Appointments	Terminations	Turnover Rate %
Administrative related, Permanent	117	25	18	15.4
Other administrative policy and related officers, Permanent	16	0	4	25
Secretaries & other keyboard operating clerks, Permanent	69	21	11	15.9
Senior managers, Permanent	112	15	19	17
<b>Total</b>	<b>314</b>	<b>61</b>	<b>52</b>	<b>16.6</b>

Below (Table 5.3) is a demonstration of major reasons for staff leaving the department. During the period under review, 87 employees left the department, the most common reason being resignations and promotions and transfers to other departments.

Termination Type	Number	Percentage of Total Resignations	Percentage of Total Employment	Total	Total Employment
Death, Permanent	1	1.1	0.2	87	413
Resignation, Permanent	47	54	11.4	87	413
Expiry of contract, Permanent	7	8	1.7	87	413
Retirement, Permanent	1	1.1	0.2	87	413
Transfers to other departments	28	32.4	6.7	87	413
Other, Permanent	3	3.4	0.7	87	413
<b>Total</b>	<b>87</b>	<b>100</b>	<b>21.1</b>	<b>87</b>	<b>413</b>
<b>Resignations as % of Employment: 14.5</b>					

Except for the expiry of contracts and retirement, employees who left the department were offered promotions in other government departments or lucrative salaries in the private sector and municipalities. Although the department utilised its retention strategy to retain employees, only four employees accepted the counter offers due to the greater flexibility in the private sector pertaining to salaries.

The tables below show promotions by critical occupation and by salary band, which were effected during the period under review.

Occupation	Employment at Beginning of Period (April 2007)	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	117	13	11.1	53	45.3
Other administrative policy and related officers	16	3	18.8	4	25
Secretaries & other keyboard operating clerks	69	7	10.1	32	46.4
Senior managers	112	8	7.1	38	33.9
<b>Total</b>	<b>314</b>	<b>31</b>	<b>9.9</b>	<b>127</b>	<b>40.4</b>

Salary Band	Employment at Beginning of Period (April 2007)	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	13	0	0	10	76.9
Skilled (Levels 3-5), Permanent	66	5	7.6	32	48.5
Highly skilled production (Levels 6-8), Permanent	84	7	8.3	45	53.6
Highly skilled supervision (Levels 9-12), Permanent	115	13	11.3	45	39.1
Senior management (Levels 13-16), Permanent	95	8	8.4	36	37.9
Contract (Levels 3-5)	6	0	0	5	83.3
Contract (Levels 6-8)	5	0	0	1	20
Contract (Levels 9-12)	12	0	0	5	41.7
Contract (Levels 13-16)	17	0	0	12	70.6
<b>Total</b>	<b>413</b>	<b>33</b>	<b>8</b>	<b>191</b>	<b>46.2</b>

## HUMAN RESOURCES OVERSIGHT REPORT (continued)

### 6. EMPLOYMENT EQUITY

The tables in this section are based on the formats prescribed by the Employment Equity Act, 55 of 1998.

<b>Table 6.1 - Total number of Employees (incl. Employees with disabilities) per Occupational Category (SASCO)</b>											
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	38	4	6	49	12	25	3	0	29	6	94
Professionals, Permanent	68	5	3	78	8	93	5	1	99	18	201
Clerks, Permanent	24	1	0	25	0	74	2	1	77	11	113
Service and sales workers, Permanent	3	0	0	3	1	0	0	0	0	0	4
Plant and machine operators and assemblers, Permanent	6	2	0	8	0	0	0	0	0	0	8
Elementary occupations, Permanent	8	0	0	8	0	7	1	0	8	0	16
<b>Total</b>	<b>147</b>	<b>12</b>	<b>9</b>	<b>171</b>	<b>21</b>	<b>199</b>	<b>11</b>	<b>2</b>	<b>213</b>	<b>35</b>	<b>436</b>
Employees with disabilities	1	0	0	1	1	3	0	0	3	0	5



**Table 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	1	1	1	4	1	3	0	0	3	0	7
Senior Management, Permanent	35	3	5	43	6	25	4	0	30	7	85
Professionally qualified and experienced specialists and mid-management, Permanent	50	3	3	58	9	55	1	1	57	9	131
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	16	3	0	19	1	51	2	0	53	15	88
Semi-skilled and discretionary decision making, Permanent	24	2	0	26	0	48	2	1	51	0	77
Unskilled and defined decision making, Permanent	7	0	0	7	0	2	0	0	2	0	9
Contract (Top Management), Permanent	1	0	0	1	0	0	0	0	0	0	1
Contract (Senior Management), Permanent	7	0	0	7	4	2	0	0	2	2	15
Contract (Professionally qualified), Permanent	4	0	0	4	0	9	1	0	10	0	14
Contract (Skilled technical), Permanent	0	0	0	0	0	2	1	0	3	1	4
Contract (Semi-skilled), Permanent	2	0	0	2	0	2	0	0	2	1	5
<b>Total</b>	<b>147</b>	<b>12</b>	<b>9</b>	<b>171</b>	<b>21</b>	<b>199</b>	<b>11</b>	<b>2</b>	<b>213</b>	<b>35</b>	<b>436</b>

## HUMAN RESOURCES OVERSIGHT REPORT (continued)

<b>Occupational Bands</b>	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	1	0	0	1	0	1
Senior Management, Permanent	4	0	0	4	1	4	1	0	5	1	11
Professionally qualified and experienced specialists and mid-management, Permanent	16	0	2	17	2	12	1	0	11	2	35
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	6	0	0	5	0	15	1	0	16	1	23
Semi-skilled and discretionary decision making, Permanent	3	0	0	3	0	22	1	0	21	0	26
Unskilled and defined decision making, Permanent	3	0	0	3	0	1	0	0	1	0	4
Contract (Senior Management), Permanent	3	0	0	3	0	0	0	0	0	0	3
Contract (Professionally qualified), Permanent	2	0	0	2	0	1	0	0	1	0	3
Contract (Skilled technical), Permanent	0	0	0	0	0	0	0	0	0	1	1
Contract (Semi-skilled), Permanent	0	0	0	0	0	1	0	0	1	2	3
<b>Total</b>	<b>37</b>	<b>0</b>	<b>2</b>	<b>37</b>	<b>3</b>	<b>57</b>	<b>4</b>	<b>0</b>	<b>57</b>	<b>7</b>	<b>110</b>
Employees with disabilities	0	0	0	0	0	2	0	0	2	0	2

## HUMAN RESOURCES OVERSIGHT REPORT (CONTINUED)

<b>Occupational Bands</b>	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	1	1	0	0	0	0	0	0	1
Senior Management, Permanent	3	0	1	4	1	1	0	0	1	1	7
Professionally qualified and experienced specialists and mid-management, Permanent	5	0	0	5	1	6	0	1	7	0	13
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	1	0	0	1	0	5	0	0	5	1	7
Semi-skilled and discretionary decision making, Permanent	4	0	0	4	0	1	0	0	1	0	5
Unskilled and defined decision making, Permanent	0	0	0	0	0	0	0	0	0	0	0
Contract (Top Management), Permanent	0	0	0	0	0	0	0	0	0	0	0
Contract (Senior Management), Permanent	0	0	0	0	0	0	0	0	0	0	0
Contract (Professionally qualified), Permanent	0	0	0	0	0	0	0	0	0	0	0
Contract (Skilled technical), Permanent	0	0	0	0	0	0	0	0	0	0	0
Contract (Semi-skilled), Permanent	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>13</b>	<b>0</b>	<b>2</b>	<b>15</b>	<b>2</b>	<b>13</b>	<b>0</b>	<b>1</b>	<b>14</b>	<b>2</b>	<b>33</b>
Employees with disabilities	0	0	0	0	0	0	0	0	0	0	0

## HUMAN RESOURCES OVERSIGHT REPORT (continued)

**Table 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
Senior Management, Permanent	4	2	1	7	3	5	0	0	5	0	15
Professionally qualified and experienced specialists and mid-management, Permanent	5	0	0	5	1	9	1	0	10	3	19
Skilled technical and academically qualified workers, junior management, supervisors, foremen, Permanent	9	0	0	9	0	9	0	0	9	2	20
Unskilled and defined decision making, Permanent	1	0	0	1	0	0	0	0	0	0	1
Semi-skilled and discretionary decision making, Permanent	2	1	0	3	0	14	0	0	14	0	17
Contract (Senior Management), Permanent	5	0	0	5	0	0	0	0	0	0	5
Contract (Professionally qualified), Permanent	3	0	0	3	0	1	0	0	1	0	4
Contract (Skilled technical), Permanent	0	0	0	0	0	2	0	0	2	0	2
Contract (Semi-skilled), Permanent	1	0	0	1	0	2	0	0	2	1	4
<b>Total</b>	<b>30</b>	<b>3</b>	<b>1</b>	<b>34</b>	<b>4</b>	<b>42</b>	<b>1</b>	<b>0</b>	<b>43</b>	<b>6</b>	<b>87</b>
Employees with disabilities	0	0	0	0	0	0	0	0	0	0	0

**Table 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	Not Available
<b>TOTAL</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Table 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	3	3	0	6	6	10	1	0	11	4	27
Professionals	7	4	1	12	8	9	9	1	19	0	39
Technicians and Associate Professionals	0	0	0	0	0	0	0	0	0	0	0
Clerks	13	7	1	21	6	12	1	0	13	0	40
Service and Sales Workers	0	0	0	0	0	0	0	0	0	0	0
Skilled Agriculture and Fishery Workers	0	0	0	0	0	0	0	0	0	0	0
Craft and related Trades Workers	0	0	0	0	0	0	0	0	0	0	0
Plant and Machine Operators and Assemblers	2	0	0	2	0	0	0	0	0	0	2
Elementary Occupations	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>25</b>	<b>14</b>	<b>2</b>	<b>41</b>	<b>20</b>	<b>31</b>	<b>11</b>	<b>1</b>	<b>43</b>	<b>4</b>	<b>108</b>
Employees with disabilities	0	0	0	0	0	0	0	0	0	0	0

## HUMAN RESOURCES OVERSIGHT REPORT (continued)

### 7. PERFORMANCE REWARDS

In order to encourage good and improved performance, the department granted the following performance rewards during the year under review. The data is reflected in terms of race, gender and disability (Table 7.1 below).

Demographics	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
African, Female	82	198	41.2	1,481	18,059
African, Male	59	147	39.3	1,017	17,237
Asian, Female	1	2	50	12	11,661
Asian, Male	5	9	55.6	155	31,045
Coloured, Female	3	11	27.3	74	24,579
Coloured, Male	12	12	100	327	27,230
Total Blacks, Female	86	211	40.6	1,566	18,212
Total Blacks, Male	76	168	44.4	1,499	19,723
White, Female	27	35	77.1	669	24,784
White, Male	13	21	61.9	410	31,510
Employees with a disability	1	1	100	15	14,669
<b>Total</b>	<b>203</b>	<b>436</b>	<b>46.1</b>	<b>4,159</b>	<b>20,486</b>

Salary Band	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
Lower skilled (Levels 1-2)	4	9	44.4	20	5,000
Skilled (Levels 3-5)	34	82	41.5	266	7,824
Highly skilled production (Levels 6-8)	57	87	65.5	741	13,000
Highly skilled supervision (Levels 9-12)	50	135	37	1,304	26,080
Contract (Levels 3-5)	3	3	100	26	8,667
Contract (Levels 6-8)	1	2	50	22	22,000
Contract (Levels 9-12)	4	10	40	70	17,500
<b>Total</b>	<b>153</b>	<b>328</b>	<b>46.6</b>	<b>2,449</b>	<b>16,007</b>

Critical Occupations	Number of Beneficiaries	Total Employment	Percentage of Total Employment	Cost (R'000)	Average Cost per Beneficiary (R)
Administrative related	57	139	41	1,245	21,842
Other administrative policy and related officers	9	10	90	178	19,778
Secretaries & other keyboard operating clerks	34	70	48.6	373	10,971
Senior managers	50	108	45.7	1,477	29,450
<b>Total</b>	<b>150</b>	<b>327</b>	<b>45.7</b>	<b>3,273</b>	<b>21,820</b>

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	20	60	33.3	555	2,775	1.6	34,114
Band B	27	41	65.9	857	3,174	3.1	27,819
Band C	3	6	50	207	6,900	3.9	5,320
Band D	0	1	0	0	0	0	0
<b>Total</b>	<b>50</b>	<b>108</b>	<b>46.3</b>	<b>1,619</b>	<b>3,238</b>	<b>2.4</b>	<b>67,253</b>

## HUMAN RESOURCES OVERSIGHT REPORT (continued)

### 8. FOREIGN WORKERS

The table below summarise the employment of foreign nationals within the department in terms of salary band (Table 8.1 below) and major occupation (Table 8.2 below)

**Table 8.1 - Foreign Workers by Salary Band**

Salary Band	Employment at Beginning of 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
Senior management (Levels 13-16)	0	0	1	33.3	1	100	0	1	1
Contract (Levels 9-12)	1	50	1	33.3	0	0	1	1	0
Contract (Levels 13-16)	1	50	1	33.3	0	0	1	1	0
<b>Total</b>	<b>2</b>	<b>100</b>	<b>3</b>	<b>100</b>	<b>1</b>	<b>100</b>	<b>2</b>	<b>3</b>	<b>1</b>

**Table 8.2 - Foreign Workers by Major Occupation**

Major Occupation	Employment at Beginning of 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	2	100	3	100	1	100	2	3	1
<b>Total</b>	<b>2</b>	<b>100</b>	<b>3</b>	<b>100</b>	<b>1</b>	<b>100</b>	<b>2</b>	<b>3</b>	<b>1</b>



## 9. LEAVE UTILISED FOR THE PERIOD 1 APRIL 2007 TO 31 MARCH 2008

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)	19	89.5	4	1.3	5	3	307	17
Skilled (Levels 3-5)	399	79.9	55	17.9	7	90	307	319
Highly skilled production (Levels 6-8)	431	81.7	67	21.8	6	168	307	352
Highly skilled supervision (Levels 9-12)	510	73.7	99	32.2	5	485	307	376
Senior management (Levels 13-16)	431	81.2	61	19.9	7	872	307	350
Contract (Levels 3-5)	7	57.1	3	1	2	2	307	4
Contract (Levels 6-8)	19	94.7	2	0.7	10	7	307	18
Contract (Levels 9-12)	49	77.6	11	3.6	4	39	307	38
Contract (Levels 13-16)	23	95.7	5	1.6	5	59	307	22
<b>Total</b>	<b>1888</b>	<b>79.2</b>	<b>307</b>	<b>100</b>	<b>6</b>	<b>1,725</b>	<b>307</b>	<b>1496</b>

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
Highly skilled supervision (Levels 9-12)	30	100	1	20	30	18	30	5
Senior management (Levels 13-16)	578	100	4	80	145	131	578	5
<b>Total</b>	<b>608</b>	<b>100</b>	<b>5</b>	<b>100</b>	<b>122</b>	<b>149</b>	<b>608</b>	<b>5</b>

## HUMAN RESOURCES OVERSIGHT REPORT (continued)

**Table 9.3 - Annual Leave for the period 1 April 2007 to 31 March 2008**

Salary Band	Total Days Taken	Average days per Employee	Number of Employees who took leave
Lower skilled (Levels 1-2)	111	14	8
Skilled (Levels 3-5)	1410.92	17	82
Highly skilled production (Levels 6-8)	1734	18	95
Highly skilled supervision (Levels 9-12)	2293.88	16	144
Senior management (Levels 13-16)	1888	18	104
Contract (Levels 3-5)	120	17	7
Contract (Levels 6-8)	76	13	6
Contract (Levels 9-12)	255	13	19
Contract (Levels 13-16)	272	14	19
<b>Total</b>	<b>8160.8</b>	<b>17</b>	<b>484</b>

**Table 9.4 – Capped Leave for the period 1 April 2007 to 31 March 2008**

Salary Band	Total days of capped leave taken	Average number of days taken per employee	Average capped leave per employee as at 31 December 2007	Number of Employees who took Capped leave	Total number of capped leave available at 31 December 2007	Number of Employees as at 31 December 2007
Lower skilled (Levels 1-2)	1	1	35	1	104	3
Skilled (Levels 3-5)	17	6	39	3	809	21
Highly skilled production (Levels 6-8)	4	4	28	1	776	28
Highly skilled supervision (Levels 9-12)	34	6	40	6	2138	54
Senior management (Levels 13-16)	12	2	37	5	1359	37
<b>TOTAL</b>	<b>68</b>	<b>4</b>	<b>36</b>	<b>16</b>	<b>5186</b>	<b>143</b>

**Table 9.5 - Leave Payouts for the period 1 April 2007 to 31 March 2008**

Reason	Total Amount (R'000)	Number of Employees	Average Payment per Employee (R)
Leave payout for 2007/08 due to non-utilisation of leave for the previous cycle	49	5	9,800
Current leave payout on termination of service for 2007/08	470	46	10,217
<b>Total</b>	<b>519</b>	<b>51</b>	<b>10,176</b>

## 10. HIV AND AIDS AND HEALTH PROMOTION PROGRAMMES

Table 10.1 - Steps taken to reduce the risk of occupational exposure	
Units/categories of employees identified to be at high risk of contracting HIV & related diseases (if any)	Key steps taken to reduce the risk
All staff	1. Fully functional Quality of Work Life Unit
	2. Employee Assistance Programme policy and management guidelines
	3. Active First Aid Points
	4. Health and wellness prevention and awareness programmes
	5. Peer educators workshops held

The table below illustrates the measures taken by the department to establish and maintain a safe and healthy work environment.

Table 10.2 - Details of Health Promotion and HIV/AIDS Programmes			
Question	Yes	No	Details, if yes
1. Has the department designated a member of the SMS to implement the provisions contained in Part VI E of Chapter 1 of the Public Service Regulations, 2001? If so, provide her/his name and position.	√		Thomas van Staden, Senior Manager: Organisational 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.	√		3 Staff members, 1 x Deputy Director 2 x Assistant Dir; Annual operational Budget R138 451
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.	√		Counselling services, Health Promotion (workshops and awareness sessions), Employee development (life skills)
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.	√		Ms. Xoliswa Saila, Mr. Brandon Benyane, Ms. Ineth Marole, Ms. Lillian Morewa and Ms. Vuyokazi Maleka
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.	√		The Recruitment Policy and Employment Equity policy
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.	√		Support programme through Employee Assistance Programme, Enforcing the grievance procedure
7. Does the department encourage its employees to undergo Voluntary Counselling and Testing? If so, list the results that you have Achieved.	√		62 employees undertook VCT, 6 employees tested positive (3 male and 3 female) Support is provided to the employees who tested positive.
8. Has the department developed measures/indicators to monitor & evaluate the impact of your health promotion programme? If so, list these measures/indicators.		√	

## HUMAN RESOURCES OVERSIGHT REPORT (continued)

### II. LABOUR RELATIONS

The following collective agreements were entered into with trade unions within the department:

Table 11.1 - Collective Agreements	
Subject Matter	Date
No agreement	N/A

The following collective agreements were entered into with trade unions within the department:

Table 11.2 - Misconduct and Discipline Hearings Finalised			
Outcomes of disciplinary hearings	Number	Percentage of Total	Total
Total	0	0	0

Table 11.3 - Types of Misconduct Addressed and Disciplinary Hearings			
Type of misconduct	Number	Percentage of Total	Total
Total	0	0	0

Table 11.4 - Grievances Lodged			
Number of grievances addressed	Number	Percentage of Total	Total
Resolved	2	100	2
Not Resolved	0	0	0
Total	2	100	2

Table 11.5 - Disputes Lodged			
Number of disputes addressed	Number	% of total	Total
Upheld	0	0	
Dismissed	1	100	
Total	1	100	

Table 11.6 - Strike Actions	
Strike Actions	
Total number of person working days lost	18
Total cost (R'000) of working days lost	6592.94
Amount (R'000) recovered as a result of no work no pay	6592.94

Table 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

## 12. SKILLS DEVELOPMENT

This section highlights the efforts of the Department with regards to skills development.

Table 12.1 - Training Needs identified						
Occupational Categories	Gender	Employment	Learnerships	Skills Programmes and other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	34	0	9	2	11
	Male	60	0	13	1	14
Professionals	Female	117	0	16	0	16
	Male	84	0	10	0	10
Technicians and associate professionals	Female	0	0	0	0	0
	Male	0	0	0	0	0
Clerks	Female	88	0	19	2	21
	Male	25	0	15	0	15
Service and sales workers	Female	0	0	0	0	0
	Male	4	0	2	0	2
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	8	0	0	0	0
Elementary occupations	Female	8	0	0	0	0
	Male	8	0	2	0	2
Gender sub totals	Female	247	0	44	4	48
	Male	189	0	42	1	43
<b>Total</b>		<b>436</b>	<b>0</b>	<b>86</b>	<b>5</b>	<b>91</b>

## HUMAN RESOURCES OVERSIGHT REPORT (continued)

**Table 12.2 - Training Provided**

Occupational Categories	Gender	Employment	Learnerships	Skills Programmes and other short courses	Other forms of training	Total
Legislators, senior officials and managers	Female	34	0	11	2	13
	Male	60	0	8	1	9
Professionals	Female	117	0	18	0	18
	Male	84	0	13	0	13
Technicians and associate professionals	Female	0	0	0	0	0
	Male	0	0	0	0	0
Clerks	Female	88	0	29	2	31
	Male	25	0	19	0	19
Service and sales workers	Female	0	0	0	0	0
	Male	4	0	1	0	1
Skilled agriculture and fishery workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Craft and related trades workers	Female	0	0	0	0	0
	Male	0	0	0	0	0
Plant and machine operators and assemblers	Female	0	0	0	0	0
	Male	8	0	0	0	0
Elementary occupations	Female	8	0	2	0	2
	Male	8	0	2	0	2
Gender sub totals	Female	247	0	60	4	64
	Male	189	0	43	1	44
<b>Total</b>		<b>436</b>	<b>0</b>	<b>103</b>	<b>5</b>	<b>108</b>

### 13. INJURIES ON DUTY

The following table provides basic information on injury on duty

**Table 13.1 - Injury on Duty**

Nature of injury on duty	Number	% of total
Required basic medical attention only	2	100
Temporary Total Disablement	0	0
Permanent Disablement	0	0
Fatal	0	0
<b>Total</b>	<b>2</b>	

## 14. UTILISATION OF CONSULTANTS

This section highlights the efforts of the Department with regards to procurement of consultants.

Table 14.1 - Report on consultant appointments using appropriated funds			
Project Title	Total number of consultants that worked on the project	Duration: Work days	Contract value in Rand
<b>dplg</b> (FQ)198/2007: SERVICE PROVIDER TO CONDUCT RESEARCH ON PEER REVIEWS CONDUCTED WITH THE VIEW OF IDENTIFYING BEST PRACTICES	3	24 DAYS	R 72 960.00
<b>dplg</b> (FQ)220/2007: ADVISOR FROM TRAVEL WORKS TO ASSIST THE <b>Dplg</b> WITH THE COMPILATION OF TERMS OF REFERENCE FOR THE TRAVEL BID	1	2 DAYS	R 61 873.50
<b>Dplg</b> (FQ)52/2007: EVENTS MANAGER FOR THE MINISTER'S BUDGET DEBATE AND THE MAYORS CONFERENCE WITH NATIONAL AND PROVINCIAL GOVERNMENT 30-31 MAY 2007	3	15 DAYS	R 159 232.92
<b>Dplg</b> (FQ)43/2007: RENDERING CONSULTANCY SERVICE ON IMPACT EVALUATION AFS/GAMAP-GRAP CONVERSION PROJECT: 2006/2007	6	50 DAYS	R 168 400.00
<b>Dplg</b> (FQ)211/2007: A SERVICE PROVIDER FOR DEVELOPMENT PF MODEL CREDIT CONTROL POLICY AND BY-LAW COMPLYING WITH THE NATIONAL CREDIT ACT OF 2005	2	30 DAYS	R198 000.00
<b>Dplg</b> (FQ)233/2007: SOME ASPECTS OF <b>Dplg</b> 13 OF 2005: A PILOT MUNICIPAL LEADERSHIP DEVELOPMENT PROGRAMME (MLDP) TO BE EXTENDED TO FOCUS ON WOMEN LEADERS IN ADDITIONAL MUNICIPALITIES	9	64 DAYS	R 761 064.00
<b>Dplg</b> (FQ)235/2007: SERVICE PROVIDER FOR DESKTOP STUDY ON VARIOUS DOCUMENTS IN PREPARATION FOR THE ORGANISATIONAL DEVELOPMENT AND TRAINING NEEDS SEMINAR	4	15-20 DAYS	R 200 000.00
<b>Dplg</b> (FQ)190/2007: A SERVICE PROVIDER FOR A FULL COLOUR 3 PAGE PROFILE WITHIN THE TRADE AND INVESTMENT FEATURE	2	37 DAYS	R 51 300.00
<b>Dplg</b> (T)06/2007: DEVELOPMENT OF A REPORT AND INDICATORS FOR THE PRACTICE OF CO-OPERATIVE GOVERNANCE	4	180 DAYS	R 994 040.10
<b>Dplg</b> (FQ)04/2007: DEVELOPMENT OF A FIVE-YEAR STRATEGIC PLAN AND A 2007/2008 BUSINESS PLAN FOR THE BRANCH: URD	1	9 DAYS	R 60 420.00
<b>Dplg</b> (FQ)60/2007: A SERVICE PROVIDER TO FACILITATE THE INTEGRATION OF THE <b>Dplg</b> STRATEGIC PLAN 2007-2012	3	30 DAYS	R199 500.00

## HUMAN RESOURCES OVERSIGHT REPORT (continued)

Table 14.1 - Report on consultant appointments using appropriated funds			
Project Title	Total number of consultants that worked on the project	Duration: Work days	Contract value in Rand
<b>Dplg(FQ)142/2007:</b> APPOINTMENT OF A SERVICE PROVIDER FOR THE DOCUMENTATION OF LOCAL GOVERNMENT PERFORMANCE MANAGEMENT SYSTEM (PMS) GOOD PRACTICE REPORT IN 3 MUNICIPALITIES	2	36 DAYS	R 196 650.00
<b>Dplg(FQ)76/2007:</b> RENDER TECHNICAL SUPPORT TO THE MONITORING AND EVALUATION FUNCTION IN THE <b>Dplg</b>	1	40 DAYS	R 194 750.00
<b>Dplg(FQ)62/2007:</b> EVENTS, CO-ORDINATION TRANSLATION AND INTERPRETATION SERVICES	1	28 DAYS	R59 907.00
<b>Dplg(FQ)195/2007:</b> STRATEGIC PROJECT CO-ORDINATION, LANGUAGE AND BACKSTOP ADMINISTRATION SUPPORT TO THE IMPLEMENTATION OF THE AGREEMENT ON DECENTRALISATION WITH THE DEMOCRATIC REPUBLIC OF CONGO	1	49 DAYS	R 198 050.00
<b>Dplg(FQ)148/2007:</b> URGENT SUPPORT TO PREPARE INPUT FOR THE GOVERNANCE AND POLICY REVIEW PROCESS INFORMED BY THE INTERVENTIONS CHAMPIONED	5	10 DAYS	R 118 269.80
<b>Dplg(T)13/2007:</b> EVENTS MANAGEMENT FOR THE MUNICIPAL PERFORMANCE EXCELLENCE (VUNA AWARDS)	5	120 DAYS	R 1 418 787.00
<b>Dplg(T)02/2007:</b> APPOINTMENT OF A SERVICE TPROVIDER TO EDIT AND MANAGE THE PROJECT CONSOLIDATE NEWSLETTER	2	120 DAYS	R 1 156 425.10
<b>Dplg(T)14/2007:</b> PROJECT MANAGER FOR THE MUNICIPAL PERFORMANCE EXCELLENCE (VUNA AWARDS)	5	120 DAYS	R 2 578 327.00
<b>Dplg(FQ)126A/2007:</b> SERVICE PROVIDER TO ESTABLISH NATIONAL MUNICIPAL EXCELLENCE BENCHMARKING SYSTEM	3	29.25 DAYS	R 199 352.00
<b>Dplg(FQ)126B/2007:</b> SERVICE PROVIDER FOR THE MUNICIPAL PERFORMANCE	3	21 DAYS	R 191 520.00
<b>Dplg(FQ)172/2007:</b> APPOINTMENT OF A SERVICE PROVIDER FOR EDITING THE FINAL VERSION OF THE CAPACITY BUILDING FRAMEWORK (NCBF)	1	14 DAYS	R 99 180.00
<b>Dplg(FQ)58/2007:</b> APPOINTMENT OF A SERVICE PROVIDER FOR THE DEVELOPMENT OF DISABILITY FRAMEWORK FOR THE LOCAL GOVERNMENT SECTOR	2	47 DAYS	R 198 340.00
<b>Dplg(FQ)134/2007:</b> APPOINTMENT OF A SERVICE PROVIDER TO CONDUCT TWO PEER REVIEWS AND DEVELOPMENT OF IMPROVEMENT PLANS	2	30 DAYS	R 284 544.00



Table 14.1 - Report on consultant appointments using appropriated funds			
Project Title	Total number of consultants that worked on the project	Duration: Work days	Contract value in Rand
<b>Dplg</b> (FQ)133/2007: A SERVICE PROVIDER FOR 9 PROVINCIAL WORKSHOPS TO SUPPORT MUNICIPALITIES IN IMPLEMENTING INDIGENT POLICY	2	29 DAYS	R 197 305.50
<b>Dplg</b> (FQ)139/2007: TECHNICAL AND ADMINISTRATION SUPPORT FOR THE PRESIDENTIAL IMBIZO PROGRAMME	3	365 DAYS	R 797 772.00
<b>Dplg</b> (T)10/2007: APPOINTMENT OF A SHORT TERM SERVICE PROVIDER TO COMPILE THE FIRST ANNUAL REPORT FOR THE NATIONAL DISASTER MANAGEMENT CENTRE (NDMC)	5	81 DAYS	R 325 128.00
<b>Dplg</b> (T)07/2007: CO-SOURCING OF THE INTERNAL AUDIT ACTIVITIES	17	365 DAYS	R 1 233 730.00
<b>Dplg</b> (T)15/2007: APPOINTMENT OF A SERVICE PROVIDER TO DEVELOP AND COMPILE A COMPOSITE NATIONAL ANNUAL PERFORMANCE REPORT ON MUNICIPAL PERFORMANCE FOR THE FINANCIAL YEAR 2005/6 (SECTION 48 OF THE MUNICIPAL SYSTEMS ACT REPORT)	5	102 DAYS	R 438 444.00
<b>Total number of projects</b>	<b>Total individual consultants</b>	<b>Total duration: Work days</b>	<b>Total contract value in Rand</b>

Table 14.2 - Analysis of consultant appointments using appropriated funds, i.e. HDI's			
Project Title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of Consultants from HDI groups that work on the project
<b>Dplg</b> (FQ)198/2007: SERVICE PROVIDER TO CONDUCT RESEARCH ON PEER REVIEWS CONDUCTED WITH THE VIEW OF IDENTIFYING BEST PRACTICES	0	0	0
<b>Dplg</b> (FQ)220/2007: ADVISOR FROM TRAVEL WORKS TO ASSIST THE <b>Dplg</b> WITH THE COMPILATION OF TERMS OF REFERENCE FOR THE TRAVEL BID	0	0	0
<b>Dplg</b> (FQ)52/2007: EVENTS MANAGER FOR THE MINISTER'S BUDGET DEBATE AND THE MAYORS CONFERENCE WITH NATIONAL AND PROVINCIAL GOVERNMENT DATED 30-31 MAY 2007	40	40	0
<b>Dplg</b> (FQ)43/2007: RENDERING CONSULTANCY SERVICE ON IMPACT EVALUATION AFS/GAMAP-GRAP CONVERSION PROJECT: 2006/2007	64	64	4

## HUMAN RESOURCES OVERSIGHT REPORT (continued)

**Table 14.2 - Analysis of consultant appointments using appropriated funds, i.e. HDI's**

Project Title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of Consultants from HDI groups that work on the project
<b>Dplg</b> (FQ)211/2007: A SERVICE PROVIDER FOR DEVELOPMENT PF MODEL CREDIT CONTROL POLICY AND BY-LAW COMPLYING WITH THE NATIONAL CREDIT ACT OF 2005	67	67	1
<b>Dplg</b> (FQ)233/2007: SOME ASPECTS OF <b>Dplg</b> 13 OF 2005: A PILOT MUNICIPAL LEADERSHIP DEVELOPMENT PROGRAMME (MLDP) TO BE EXTENDED TO FOCUS ON WOMEN LEADERS IN ADDITIONAL MUNICIPALITIES	51	1	5
<b>Dplg</b> (FQ)235/2007: SERVICE PROVIDER FOR DESKTOP STUDY ON VARIOUS DOCUMENTS IN PREPARATION FOR THE ORGANISATIONAL DEVELOPMENT AND TRAINING NEEDS SEMINAR	0	0	0
<b>Dplg</b> (FQ)190/2007: A SERVICE PROVIDER FOR A FULL COLOUR 3 PAGE PROFILE WITHIN THE TRADE AND INVESTMENT FEATURE	0	0	0
<b>Dplg</b> (T)06/2007: DEVELOPMENT OF A REPORT AND INDICATORS FOR THE PRACTICE OF CO-OPERATIVE GOVERNANCE	100	100	2
<b>Dplg</b> (FQ)04/2007: DEVELOPMENT OF A FIVE-YEAR STRATEGIC PLAN AND A 2007/2008 BUSINESS PLAN FOR THE BRANCH: URD	55	55	1
<b>Dplg</b> (FQ)60/2007: A SERVICE PROVIDER TO FACILITATE THE INTEGRATION OF THE <b>Dplg</b> STRATEGIC PLAN 2007-2011	100	100	3
<b>Dplg</b> (FQ)142/2007: APPOINTMENT OF A SERVICE PROVIDER FOR THE DOCUMENTATION OF LOCAL GOVERNMENT PERFORMANCE MANAGEMENT SYSTEM (PMS) GOOD PRACTICE REPORT IN 3 MUNICIPALITIES	100	100	2
<b>Dplg</b> (FQ)76/2007: RENDER TECHNICAL SUPPORT TO THE MONITORING AND EVALUATION FUNCTION IN THE <b>Dplg</b>	0	0	0
<b>Dplg</b> (FQ)62/2007: EVENTS, CO-ORDINATION TRANSLATION AND INTERPRETATION SERVICES	100	100	1
<b>Dplg</b> (FQ)195/2007: STRATEGIC PROJECT CO-ORDINATION, LANGUAGE AND BACKSTOP ADMINISTRATION SUPPORT TO THE IMPLEMENTATION OF THE AGREEMENT ON DECENTRALISATION WITH THE DEMOCRATIC REPUBLIC OF CONGO	100	100	1
<b>Dplg</b> (FQ)148/2007: URGENT SUPPORT TO PREPARE INPUT FOR THE GOVERNANCE AND POLICY REVIEW PROCESS INFORMED BY THE INTERVENTIONS CHAMPIONED	100	100	5

Table 14.2 - Analysis of consultant appointments using appropriated funds, i.e. HDI's

Project Title	Percentage ownership by HDI groups	Percentage management by HDI groups	Number of Consultants from HDI groups that work on the project
<b>Dplg(T)</b> I 3/2007: EVENTS MANAGEMENT FOR THE MUNICIPAL PERFORMANCE EXCELLENCE (VUNA AWARDS)	100	100	5
<b>Dplg(T)</b> 02/2007: APPOINTMENT OF A SERVICE PROVIDER TO EDIT AND MANAGE THE PROJECT CONSOLIDATE NEWSLETTER	100	100	2
<b>Dplg(T)</b> I 4/2007: PROJECT MANAGER FOR THE MUNICIPAL PERFORMANCE EXCELLENCE (VUNA AWARDS)	50	50	3
<b>Dplg(FQ)</b> I 26A/2007: SERVICE PROVIDER TO ESTABLISH NATIONAL MUNICIPAL EXCELLENCE BENCHMARKING SYSTEM	50	25	2
<b>Dplg(FQ)</b> I 26B/2007: SERVICE PROVIDER FOR MUNICIPAL PERFORMANCE	35	5	1
<b>Dplg(FQ)</b> I 72/2007: APPOINTMENT OF A SERVICE PROVIDER FOR EDITING THE FINAL VERSION OF THE NATIONAL CAPACITY BUILDING FRAMEWORK (NCBF)	100	100	0
<b>Dplg(FQ)</b> 58/2007: APPOINTMENT OF A SERVICE PROVIDER FOR THE DEVELOPMENT OF DISABILITY FRAMEWORK FOR THE LOCAL GOVERNMENT SECTOR	0	0	1
<b>Dplg(FQ)</b> I 34/2007: APPOINTMENT OF A SERVICE PROVIDER TO CONDUCT TWO PEER REVIEWS AND DEVELOPMENT OF IMPROVEMENT PLANS	100	100	1
<b>Dplg(FQ)</b> I 33/2007: A SERVICE PROVIDER FOR 9 PROVINCIAL WORKSHOPS TO SUPPORT MUNICIPALITIES IN IMPLEMENTING INDIGENT POLICY	100	100	2
<b>Dplg(FQ)</b> I 39/2007: TECHNICAL AND ADMINISTRATION SUPPORT FOR THE PRESIDENTIAL IMBIZO PROGRAMME	0	0	0
<b>Dplg(T)</b> I 10/2007: APPOINTMENT OF A SHORT TERM SERVICE PROVIDER TO COMPILE THE FIRST ANNUAL REPORT FOR THE NATIONAL DISASTER MANAGEMENT CENTRE (NDMC)	51	51	2
<b>Dplg(T)</b> 07/2007: CO-SOURCING OF THE INTERNAL AUDIT ACTIVITIES	50	13	13
<b>Dplg(T)</b> I 5/2007: APPOINTMENT OF A SERVICE PROVIDER TO DEVELOP AND COMPILE A COMPOSITE NATIONAL ANNUAL PERFORMANCE REPORT ON MUNICIPAL PERFORMANCE FOR THE FINANCIAL YEAR 2005/6 (SECTION 48 OF THE MUNICIPAL SYSTEMS ACT REPORT)	100	2	3

## HUMAN RESOURCES OVERSIGHT REPORT (continued)

**Table 14.3 – Report on consultant appointments using Donor funds**

Project Title	Total number of consultants that worked on the project	Duration: Work days	Donor and Contract value in Rand
Service provider for the Implementation of the Project Knowledge Management Implementation plan for Project Consolidate for a period of two years [DPLG(T) 04/2006].		24 months	480,000.00
Appointment of Provincial Knowledge Manager: Northern Cape	1		
A service provider to produce the Project Consolidate visual DVD to showcase lessons and best practices in Blouberg Local Municipality [DPLG 9FQ0 102/2007]	5	25	199,990.20
Development of Engineering Skills in Municipalities.			7,000,000.00
IT and Business proces skill consulting services for MIG-MIS project.	1	6 Months	844,000.00
IT and Business proces skill consulting services for MIG-MIS project	3	6 Months	844,000.00
Facilitator for the Youth Development Framework workshop on 4 December 2007.		8	27,500.00
A service Provider for Interpretation Media Communication [DPLG (FQ) 120/2007]			35,456.00
Service Provider for suport to municipalities that need assistance in developing municipal indigent policies & aligning existing polices to the national framework for indigent policies [DPLG (FQ) 207/2007].	4	40 man days	198,616.50

## LIST OF LEGISLATION ADMINISTERED BY THE **dplg**

1. Intergovernmental Relations Framework Act, 2005 (Act No. 13 of 2005).
2. Municipal Property Rates Act, 2004 (Act No 6 of 2004).
3. Local Government: Municipal Finance Management Act, 2003 (Act No. 56 of 2003).
4. Traditional Leadership and Governance Framework Act, 2003 (Act No. 41 of 2003).
5. The Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities Act, 2002 (Act No. 19 of 2002).
6. The Black Administration Act, 1927 (Act No. 38 of 1927), excluding sections 1, 2(7), 7(bis), 7(ter), 8,11,11A, 12,20,21A,22,22 (bis) and 23.
7. Disaster Management Act, 2002 (Act No. 57 of 2002).
8. Local Government: Municipal Systems Act, 2000 (Act No. 32 of 2000).
9. Local Government: Cross-boundary Municipalities Act, 2000 (Act No. 29 of 2000).
10. Disestablishment of the Local Government Affairs Council Act, 1999 (Act No. 59 of 1999).
11. Local Government: Municipal Structures Act, 1998 (Act No. 117 of 1998).
12. Remuneration of Public Office Bearers Act, 1998 (Act No. 20 of 1998).
13. Local Government: Municipal Demarcation Act, 1998 (Act No. 27 of 1998).
14. Transfer of Staff to Municipalities Act, 1998 (Act No. 17 of 1998).
15. Organised Local Government Act, 1997 (Act No. 52 of 1997).
16. Repeal of Local Government Laws Act, 1997 (Act No. 42 of 1997).
17. South African Olympic Hosting Act, 1997 (Act No. 36 of 1997).
18. The National House of Traditional Leaders Act, 1997 (Act No. 10 of 1997).
19. Remuneration of Town Clerks Act Repeal Act, 1996 (Act No. 61 of 1996).
20. Section 23 of the KwaZulu-Natal Joint Services Act, 1990 (Act No. 84 of 1990).
21. The Municipal Accountants Act, 1988 (Act No. 21 of 1988).
22. The Pension Benefits for Councillors of Local Authorities Act, 1987 (Act No. 105 of 1987).
23. Sections 2 and 15 of the fire Brigade Services Act, 1987 (Act No. 99 of 1987).
24. The Abolition of Development Bodies Act, 1986 (Act No. 75 of 1986), excluding section 2(5).
25. Promotion of Local Government Affairs Act, 1983 (Act No. 91 of 1983), excluding Chapter I and 1A and section 14, section 15 insofar as it is applied with respect to sections 3(12), 6(1)(b) and 7A(2), and sections 17A and 17G.
26. The Civil Protection Act, 1977 (Act No. 67 of 1977), excluding sections 2, 2A, 3, 4, 5, 6 (1) and 7. Section 5 of the Removal of Restrictions Act, 1967 (Act No. 84 of 1967).
27. Jan Kempdorpe Act, 1964 (Act No. 40 of 1964).
28. Fire Brigade Services Act, 1987 (Act No. 99 of 1987).

## LIST OF THE dplg PUBLICATIONS

1. A Practical Guide on Municipal Service Partnerships (2006 - 2010).
2. Annual Report, 2006/07.
3. Breede River Local Municipality: Water Services on farms.
4. Free Basic Services Lessons Series in collaboration with Water Information Network of South Africa (2006/2007).
5. Gender Policy framework.
6. Greater Giyani Local Municipality: Turn-Around Strategy.
7. Guidelines for Credible Integrated Plans, September 2006.
8. Guidelines for District Growth and Development Summits.
9. Guidelines: Multi-dimensional Targeted Approach to Support Municipalities on Infrastructure service Delivery, Applicable from 1 April 2007, **dplg** website.
10. Guidelines: Municipal Infrastructure Asset Management. 1 April 2007, **dplg** website.
11. Guidelines: Sustainable Municipal Infrastructure Provision and Service Delivery.
12. Improving the local business environment, July 2008.
13. Integrated framework for response on municipal performance, 2005/2006.
14. Intergovernmental Relations toolkit, March 2007:
  - Draft Guidelines for managing Joint programmes: for public comment;
  - Draft implementation protocol guide;
  - Guidelines on the allocation of additional Powers and Functions to municipalities;
  - Intergovernmental Disputes Prevention and settlement: Guidelines for effective conflict Management.
15. Intergovernmental Co-operation and agreements: An Introduction, March 2007:
  - Intervening in Provinces and Municipalities: Guidelines for the application of sections 100 & 139 of the Constitution;
  - Practitioner's Guide to Intergovernmental Relations in South Africa;
  - Practitioner's guide to the Intergovernmental Relations system in South Africa;
  - Understand Intergovernmental Relations.
16. Interim Impact Assessment Alfred Nzo Nodal Municipality: Integrated Sustainable Rural Development, June 2006.
17. Interim Impact Assessment Maluti-A-Phofung: Integrated Sustainable Rural Development, June 2006.
18. Local Government: Anti-corruption strategy.
19. Local Government: Municipal Performance Regulations for Municipal Managers and managers directly accountable to Municipal Managers, 2006.
20. Local Government; Municipal Property Rates Act, 2004 (ACT NO 6 OF 2004)
21. The Municipal Property Rates Regulations, 2006.
22. Local Government Municipal Structures Act (Act 117 of 1998).
23. Local Government Municipal Systems Act (Act 32 of 2000).
24. Madibeng Local Municipality: Successful Implementation of Donor Materials.
25. National Framework for Local Economic Development in SA (2006-2011).
26. The National Political Champions of the URP, 2006/2007.



27. National Urban Renewal Programme:

- Implementation Framework,
- Lessons Learnt,
- Toolkit for Programme Managers.

28. Report On Municipal Performance (2005/2006).

29. Proposed Government-wide National Programme of support for the Institution of Traditional Leadership.

30. Project Consolidate, A COLLECTION OF CASE STUDIES, Knowledge Management Series Vol 1 & 2, November 2006:

- Volume 1: An 'Outline of the work done through the deployment of Service Delivery Facilitators;
- Volume 2: 'Project Consolidate, making a difference to ordinary people's lives: A collection of case studies;

31. Standard Operating procedures for ODA Management in the **dplg** and in support of the sector, March 2006.

32. Status of municipal IDP's and IDP engagements Draft Report, June 2006.

33. Steve Tshwete Local Municipality: Holds the Strings Together.

34. Urban and Rural development, Guidelines for Participation.

35. Urban Renewal Programme Urban news:

- Integrated Sustainable Rural Development Programme: Rural Focus;
- Nodal Report Interim Impact Assessment: Alexandra Urban Renewal Programme, June 2006.

## CONTACT DETAILS

PUBLISHED BY THE DEPARTMENT OF PROVINCIAL AND LOCAL GOVERNMENT

Contact enquiries: Tumi Mketi

Tel: +27 12 395 4621/4622

Fax: +27 12 395 4684

E-mail: [tumi@dplg.gov.za](mailto:tumi@dplg.gov.za)

The Communication Chief Directorate

Attention: Jeanny Morulane

Private Bag x 804

Pretoria

0001

South Africa

Tel: +27 12 334 0600

Fax: +27 12 334 0813

E-mail: [jeanny@dplg.gov.za](mailto:jeanny@dplg.gov.za)

Website: [www.thedplg.gov.za](http://www.thedplg.gov.za)

RP number: 255/2008

ISBN number: 978-0-9814215-0-6

Designed and Produced by:

Puisano Business Development Group (Pty) Ltd

a founding member of the Phamandla Consortium

Tel: +27 861 110 110 [www.puisano.com](http://www.puisano.com)

Chief Graphic Designer: Philip Jean Geel Assistant Designer: Marc Everitte



# NOTES

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

---

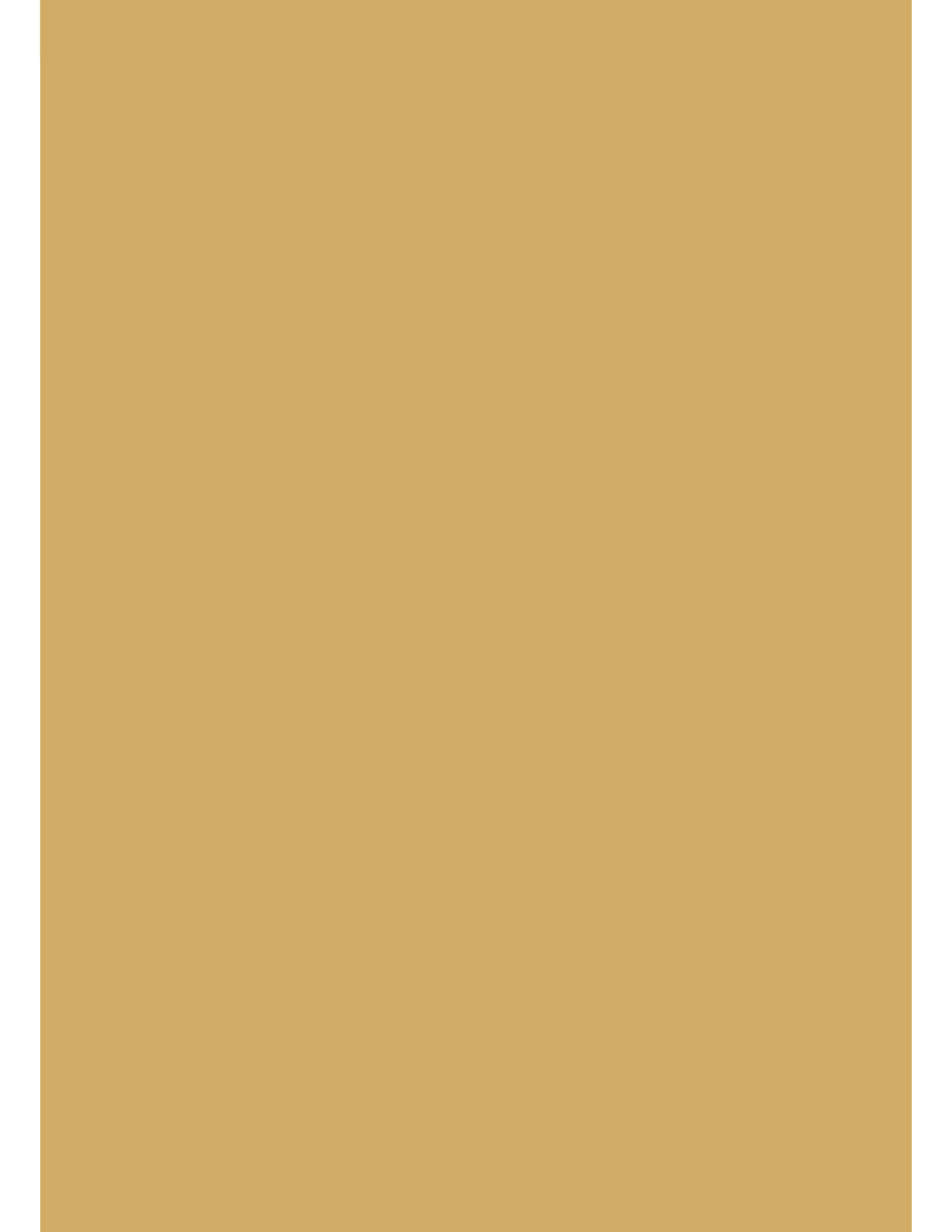
---

---

---

---







**the dplg**

Department:  
Provincial and Local Government  
**REPUBLIC OF SOUTH AFRICA**

87 Hamilton Street, Arcadia, Pretoria,  
Private Bag X804, Pretoria, 0001, South Africa  
Telephone: +27 (0) 12 334 0600  
Facsimile: +27 (0) 12 334 0904  
Website: [www.thedplg.gov.za](http://www.thedplg.gov.za)