

**DEPARTMENT OF LOCAL GOVERNMENT  
VOTE 12**

**PART FOUR**

**ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2004**

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**MANAGEMENT REPORT  
FOR THE YEAR ENDED 31 MARCH 2004**

Report by the Accounting Officer to the Executive Authority and the Members of the Provincial Parliament of the Western Cape.

**1. GENERAL REVIEW OF THE STATE OF FINANCIAL AFFAIRS**

During 2003/04 the department continued playing an important facilitating and supporting role through interpretation, advice and the distribution of guiding documents and draft policies. Formal liaison structures such as the Provincial advisory forum (political) and the supporting technical structure were fully utilised for this purpose.

The department embarked on a restructuring process in order to align its line functions to its 2003/04 Strategic Plan and to arrive at a functional and efficient organisational structure that is able to give effect to the goals and objectives contained in the plan.

The strategic plan focused on 10 goals:

Building appropriate organisational skills and capabilities.

Providing sound administration.

Creating effective human resource and financial management capacity for the department.

Shaping provincial strategy in respect of local government.

Providing leadership in building developmental local government.

Ensuring local government sustainability.

Facilitating excellent intergovernmental relationships.

Enabling legislative clarity.

Facilitating a constructive management of the prevailing political dynamics.

Facilitate and support the creation of an effective disaster management system.

The department also started to address its key challenge for 2003/04, which was to effect the paradigm shift from being a delivery agent for national, to a pro-active leader in ensuring successful municipalities through partnerships and co-responsibility.

A decision was taken during the previous financial year to change the type of municipality in all the municipalities in the Province to that of the mayoral executive system combined with the ward-participatory system. This required amendment to the Local Government: Municipal Structures Act, 1998 which made it possible to execute mid-stream changes to the type of municipality. The mayoral executive system combined with the ward-participatory system was subsequently implemented at municipalities during June 2003.

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In order to give proper effect to the implementation of the above systems, the Department in co-operation with organised local government in the Province held a workshop during September 2003 for key councillors and senior officials.

The 2003/04 year has seen continued attempts to address the division of powers and functions between the provincial and local spheres of government. Municipalities were supported with the development of their performance management systems, as well as to improve and align the content of Integrated development plans with the budgets and strategic plans of provincial departments. A management development programme was designed and presented in four courses on management, with the previously disadvantaged groups as target. A document on public participation in the local government sphere was developed and is now being rolled-out to municipalities. The Urban Renewal Programme (URP) and Integrated Sustainable Rural Development Programme (ISRDP) were managed very successfully, with the Central Karoo ISRDP Node being recognised as the most successful rural node. Business plans were also drafted for both programmes.

The first Vuna Awards were awarded to Beaufort West Municipality (first), Matzikama Municipality (second) and Theewaterskloof Municipality (third). A study was also initiated to investigate the levying of sustainable taxes on agricultural land.

The viability of municipalities was monitored on an ongoing basis and four reports were submitted to the Head of the Department and the Minister. Eight management support programmes were implemented at identified municipalities, including two comprehensive interventions at Witzenberg and Kannaland Municipalities. An investigation into various aspects with regard to the provision of free basic services was completed and as result of this a comprehensive presentation was made to the national Department of Provincial and Local Government (DPLG) to revise the equitable share formula. Support was also given to municipalities with the implementation of free basic electricity by means of technical guidance at three workshops where all stakeholders, including Eskom, DPLG and WECLOGO were present. District municipalities were supported with the Consolidated Municipal Infrastructure Programme (CMIP) and 185 projects to the value of R183,76 million were completed. CMIP capacity building workshops were held in all five districts and various courses relating to municipal infrastructure were presented.

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The Western Cape has survived several major emergency and disastrous events namely the Muldersvlei train accident, Montagu Floods, Sealand shipping incident and multiple major fires in informal settlements. The newly promulgated Disaster Management Act has shown to be a challenge for all spheres of Government. The Provincial Government Western Cape has again shown to be the leader in the field of Disaster Management with the implementation of the Disaster Management Information Management Software programme, which has been provided to all 30 Municipalities, the Provincial Departments and Security Forces in the Province. The Premier successfully launched this system, which is a first for South Africa, on 29 July 2003.

**1.1 Spending trends**

The Department's total budget for the 2003/04 financial year amounts to R78 762 000. This figure includes an amount of R14 883 000 that represents roll over funds for conditional grant business plan commitments, i.e. those related to the Local government capacity building fund grant and the Consolidated municipal infrastructure programme grant. The following reflects the budget allocation per programme:

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**Budget allocation**

	<b>2003/04</b>	<b>2002/03</b>
	<b>R'000</b>	<b>R'000</b>
<b>Total</b>	<b>78 762</b>	<b>55 590</b>
Administration	17 880	4 602
Local Government Institutional Services	4 474	2 326
Developmental Local Government	6 314	7 025
Local Government Monitoring and Support	44 469	35 806
Co-operative Governance	410	-
Disaster Management	5 215	5 831

**Underspending**

	<b>R'000</b>	<b>R'000</b>
<b>Total</b>	<b>22 689</b>	<b>17 774</b>
Administration	6 484	529
Local Government Institutional Services	1 637	292
Developmental Local Government	1 354	806
Local Government Monitoring and Support	12 613	15 336
Co-operative Governance	410	-
Disaster Management	191	811

The 2002/03 figures reflected above were for the period 01 August 2002 to 31 March 2003.

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**1.2 Under/(over) spending**

Reasons for underspending

**Programme 1: Administration**

Saving due to agency service rendered by the Department of Housing resulting in savings on personnel, administrative, professional and special services and equipment costs. Savings on equipment were largely due to slow progress with line functional restructuring, resulting in a delay with the purchasing of computer and other equipment.

**Programme 2: Local Government Institutional Services**

Saving due to the non-appointment of consultants for the compilation of the Provincial Act on Local Government.

**Programme 3: Developmental Local Government**

Saving due to the non-appointment of the project management team for the compilation of the provincial policy and framework regarding the division of powers and functions between provincial and local government resulting in savings on personnel, administration and professional and special services costs.

**Programme 4: Local Government Monitoring and Support**

Saving due to the late approval of management support programme business plans by the Department of Provincial and Local Government.

**Actions taken or planned to avoid recurrence**

Continued pressure on the national department will hopefully improve the situation and enable us to spend the full allocation in the financial year, with business plans approved timeously.

**Programme 5: Co-operative Governance**

Saving due to the non-materialisation of the Provincial Summit and the Provincial Intergovernmental Conference resulting in savings on administration and professional and special services costs.

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**Programme 6: Disaster Management**

Savings due to non-appointment of personnel to finalise the Provincial Disaster Management Framework resulting in savings on personnel, equipment and professional and special services costs.

**2. SERVICES RENDERED BY THE DEPARTMENT**

2.1 The department rendered the following services:

1. Advisory service on the application of local government legislation.
2. Formulation of appropriate provincial legislation on local government.
3. Execution of legislation.
4. Technical support with the review of integrated development plans.
5. Provincial disaster management.
6. Support with municipal valuations.
7. Co-ordination of ISRDP and URP.
8. Conduct research initiatives in respect of local government.
9. Support with the implementation of performance management.
10. Promotion and co-ordination of internal and external training initiatives.
11. Capacity building within local government.
12. Facilitating the transfer of functions and powers between the provincial and local government spheres.
13. The implementation and maintenance of inter-governmental fora for good governance and sound relations.
14. Implementation of management support programmes.
15. Promoting developmental local government.

2.2. Tariff policy

None of the services rendered by the department were subject to any tariff.

2.3 Free services

This department rendered no free services which would have yielded significant revenue had a tariff been charged.

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**3. CAPACITY CONSTRAINTS**

Capacity constraints were mainly evident in the support services of the department. For the period under review, the Department of Housing rendered centralised support services to this department on an agency basis.

**4. UTILISATION OF DONOR FUNDS**

No donor funds were received or utilised by the department.

**5. PUBLIC ENTITIES**

The department has no public entities reporting to it.

**6. OTHER ORGANISATIONS TO WHOM TRANSFER PAYMENTS HAVE BEEN MADE**

All transfer payments and the purposes for the payments made are reported in Annexures 1B and 1C of the Notes to the Annual Financial Statements.

Accountability arrangements in place on each transfer payment made, are stipulated in the individual agreements with the entities receiving the transfer payments.

**7. PUBLIC/PRIVATE PARTNERSHIPS (PPP)**

The department did not enter into any PPP during the period under review.

**8. CORPORATE GOVERNANCE ARRANGEMENTS**

A Chief Financial Officer (CFO) for the Department has been appointed on 01 July 2003 to assist the Accounting Officer in his responsibilities as set out in part 2 of chapter 5 of the PFMA. The Department of Housing is rendering an agency service in respect of the support functions until such time as the necessary critical mass has been attained.

The department made use of a centralised internal audit unit and audit committee.

With reference to internal control systems the department was fully reliant on the agency department for compliance with prescripts.



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The Provincial Tender Board was abolished on 31 December 2003. The Department subsequently compiled its own Accounting Officer's Supply Chain Management System effective 01 January 2004. The Accounting Officer's system and delegations were issued to departmental officials in terms of section 44 of the PFMA on 06 February 2004.

**9. DISCONTINUED ACTIVITIES/ACTIVITIES TO BE DISCONTINUED**

No activities were discontinued/are to be discontinued.

**10. NEW/PROPOSED ACTIVITIES**

No new activities were proposed.

**11. EVENTS AFTER THE ACCOUNTING DATE**

No events took place or came about since 31 March 2004 that have any material effect on the financial statements.

**12. PROGRESS WITH FINANCIAL MANAGEMENT IMPROVEMENTS**

All staff members were originally introduced to the new financial legislation by means of information sessions by the Provincial Treasury, distribution of applicable documentation and training sessions in order to ensure that they have a background knowledge of the norms and standards of the Public Finance Management Act (PFMA), the National Treasury Regulations (NTR's) and the Provincial Treasury Instructions (PTI's). All newly appointed staff will in future also undergo similar training and personnel will also be nominated for courses presented by the Provincial Treasury.

Quarterly reporting was done to the Provincial Treasury to ensure that the department is on track with the implementation of the PFMA.

Financial processes and procedures in respect of the Treasury Instructions and the Exchequer Act have been adapted and issued in terms of the PFMA and NTR's. As the need arises, new procedures are developed and issued in terms of the new legislation/regulations.

**13. PERFORMANCE INFORMATION**

Performance is assessed on a quarterly basis by means of the evaluation of individual performance agreements inclusive of work plans derived from the objectives and outputs contained in the Strategic Plan of the department. Continuous monitoring is done through bi-weekly management meetings and meetings with the Executive Authority.

A strategic planning feedback session is held at least once a year to ascertain progress with implementation.

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**APPROVAL**

The annual financial statements set out on pages 65 to 100 have been approved by the Accounting Officer.

.....  
**(MJ BREWIS)**

**ACCOUNTING OFFICER**

**29 JULY 2004**

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A U D I T O R - G E N E R A L

**REPORT OF THE AUDITOR-GENERAL TO THE PROVINCIAL PARLIAMENT OF  
THE WESTERN CAPE ON THE FINANCIAL STATEMENTS OF THE DEPARTMENT  
OF LOCAL GOVERNMENT (VOTE 12) FOR THE YEAR ENDED 31 MARCH 2004**

**1. AUDIT ASSIGNMENT**

The financial statements as set out on pages 65 to 100, for the year ended 31 March 2004, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read with sections 3 and 5 of the Auditor-General Act, 1995 (Act No. 12 of 1995). These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements, based on the audit.

**2. NATURE AND SCOPE**

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

An audit includes:

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

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

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

### **3. AUDIT OPINION**

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

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

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

#### **4.1 Agency services agreement with Department of Housing**

*[Paragraphs 3 and 8 of the management report]*

Since the establishment of the separate Department of Local Government on 1 August 2002, the finance and human resource management and administration as well as general support services of the department are still being performed jointly by staff of the Departments of Housing and Local Government on the basis of an agency services agreement. It was therefore not practical to perform an audit evaluation of the various systems of internal control at the department.

#### **4.2 Asset management: R2 432 000**

*[Annexure 3 to the financial statements]*

The existence and recording of assets amounting to R2 432 000 could not be verified due to a lack of a complete asset register for the department. Furthermore, asset management at the department was found to be inadequate to control its assets and to comply with the requirements of section 38(1)(d) of the PFMA and Treasury Regulation 10. This was mainly due to the fact that the prescribed logistical information system (LOGIS) register, which is the official register for accounting purposes, did not contain sufficient information through which all the department's assets could be controlled, identified and verified.

#### **4.3 Housing loan guarantees: R213 000**

*[Note 18 and Annexure 2 to the financial statements]*

Housing loan guarantees issued since the inception of the PFMA were not properly authorised. This was due to a lack of appropriately approved delegations, as the powers granted to the MEC for finance in terms of section 66(2)(b) of the PFMA, were not further delegated to the provincial departments.

#### **4.4 Internal audit**

Due to capacity constraints by the provincial shared internal audit directorate, only one internal audit was performed at the department during the financial year under

review, which focussed on the adequacy of the system of internal control in the supply chain management. The procedures carried out and subsequent findings were not considered during the external audit due to the limited nature of the above-mentioned assignment.

## **5. APPRECIATION**

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

**D.A. van Huyssteen**  
***for Auditor-General***

**Bellville**  
**30 July 2004**

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**STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS  
FOR THE YEAR ENDED 31 MARCH 2004**

The financial statements have been prepared in accordance with the following policies, which have been applied consistently in all material respects, unless otherwise indicated. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the financial statements and to comply with the statutory requirements of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999), the Treasury Regulations for Departments and Constitutional Institutions issued in terms of the Act and the Division of Revenue Act, Act 7 of 2003.

**1. Basis of preparation**

The financial statements have been prepared on a modified cash basis of accounting, except where stated otherwise. The modified cash basis constitutes the cash basis of accounting supplemented with additional disclosures. The reporting entity is in transition from reporting on a cash basis of accounting to reporting on an accrual basis of accounting. Under the cash basis of accounting transactions and other events are recognised when cash is received or paid. Under the accrual basis of accounting transactions and other events are recognised when incurred and not when cash is received or paid.

**2. Revenue**

Voted funds are the amounts appropriated to a department in accordance with the final budget known as the Adjusted Estimates of Provincial Expenditure. Unexpended voted funds are surrendered to the Provincial Revenue Fund.

Interest and dividends received are recognised upon receipt of the funds, and no accrual is made for interest or dividends receivable from the last receipt date to the end of the reporting period. They are recognised as revenue in the financial statements of the department and then transferred to the Provincial Revenue Fund.

**3. Donor Aid**

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

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**4. Current expenditure**

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

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

Unauthorised expenditure means:

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

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

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

- the Public Finance Management Act,
- the State Tender Board Act, or any regulations made in terms of this act, or
- any provincial legislation providing for procurement procedures in that provincial government.

Irregular expenditure is treated as expenditure in the income statement.

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

**6. Debts written off**

Debts are written off when identified as irrecoverable. No provision is made for irrecoverable amounts.

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**7. Capital expenditure**

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

**8. Investments**

Non-current investments excluding marketable securities are shown at cost and adjustments are made only where in the opinion of the directors, the investment is impaired. Where an investment has been impaired, it is recognised as an expense in the period in which the impairment is identified.

On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the income statement.

**9. Investments in controlled entities**

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

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

Investments in controlled entities are shown at cost.

**10. Receivables**

Receivables are not normally recognised under the cash basis of accounting. However, receivables included in the balance sheet arise from cash payments that are recoverable from another party.

Receivables for services delivered are not recognised in the balance sheet as a current asset or as income in the income statement, as the financial statements are prepared on a cash basis of accounting, but are disclosed separately as part of the disclosure notes to enhance the usefulness of the financial statements.



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**11. Payables**

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

**12. Provisions**

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

**13. Lease commitments**

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

**14. Accruals**

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

**15. Employee benefits**

*Short-term employee benefits*

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

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*Termination benefits*

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

*Retirement benefits*

The department provides retirement benefits for its employees through a defined benefit plan for government employees. These benefits are funded by both employer and employee contributions. Employer contributions to the fund are expensed when money is paid to the fund. No provision is made for retirement benefits in the financial statements of the department. Any potential liabilities are disclosed in the financial statements of the Provincial Revenue Fund and not in the financial statements of the employer department.

*Medical benefits*

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

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

**16. Capitalisation reserve**

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

**17. Recoverable revenue**

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

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**18. Comparative figures**

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year. The comparative figures shown in these financial statements are limited to the figures shown in the previous year's audited financial statements and such other comparative figures that the department may reasonably have available for reporting. Comparative figures provided are for the period 1 August 2002 to 31 March 2003. In the 2003/2004 financial year the Department had six programmes compared to five programmes in 2002/2003, whilst the programme descriptions have also changed. It was thus necessary to restate the comparative figures.

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**APPROPRIATION STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2004**

Programme		2003/04						2002/03	
		Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised allocation	Revised Allocation R'000	Actual Expenditure R'000
<b>1</b>	<b>Administration</b>	<b>17,880</b>		<b>17,880</b>	<b>11,396</b>	<b>6,484</b>	<b>63.74%</b>	<b>4,602</b>	<b>4,073</b>
	Current	14,678		14,678	10,526	4,152	71.71%	4,292	3,837
	Capital	3,202		3,202	870	2,332	27.17%	310	236
<b>2</b>	<b>Local Government Institutional Services</b>	<b>4,474</b>		<b>4,474</b>	<b>2,837</b>	<b>1,637</b>	<b>63.41%</b>	<b>2,326</b>	<b>2,034</b>
	Current	4,424		4,424	2,837	1,587	64.13%	2,276	2,024
	Capital	50		50	19	50	0.00%	50	10
<b>3</b>	<b>Developmental Local Government</b>	<b>6,314</b>		<b>6,314</b>	<b>4,960</b>	<b>1,354</b>	<b>78.56%</b>	<b>7,025</b>	<b>6,219</b>
	Current	6,284		6,284	4,941	1,343	78.63%	7,025	6,219
	Capital	30		30	19	11	63.33%		
<b>4</b>	<b>Local Government Monitoring and Support</b>	<b>44,469</b>		<b>44,469</b>	<b>31,856</b>	<b>12,613</b>	<b>71.64%</b>	<b>35,806</b>	<b>20,470</b>
	Current	44,169	(8)	44,161	31,798	12,363	72.00%	35,751	20,465
	Capital	300	8	308	58	250	18.83%	55	5
<b>5</b>	<b>Co-operative Governance</b>	<b>410</b>		<b>410</b>		<b>410</b>	<b>0.00%</b>		
	Current	410		410		410	0.00%		
<b>6</b>	<b>Disaster Management</b>	<b>5,215</b>		<b>5,215</b>	<b>5,024</b>	<b>191</b>	<b>96.34%</b>	<b>5,831</b>	<b>5,020</b>
	Current	4,115		4,115	3,980	135	96.72%	4,631	3,830
	Capital	1,100		1,100	1,044	56	94.91%	1,200	1,190
	<b>Total</b>	<b>78,762</b>		<b>78,762</b>	<b>56,073</b>	<b>22,689</b>	<b>71.19%</b>	<b>55,590</b>	<b>37,816</b>
<b>Reconciliation with Income Statement</b>									
Add: Other Receipts				483				288	
<b>Actual amounts per Income Statement</b>				<b>79,245</b>	<b>56,073</b>			<b>55,878</b>	<b>37,816</b>

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**APPROPRIATION STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2004**

Economic classification	2003/04						2002/03	
	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised allocation	Revised Allocation R'000	Actual Expenditure R'000
<b>Current</b>	<b>73,942</b>	<b>(8)</b>	<b>73,934</b>	<b>54,082</b>	<b>19,852</b>	<b>73.15%</b>	<b>54,025</b>	<b>36,375</b>
Personnel	20,594		20,594	16,505	4,089	80.14%	8 585	8 438
Transfer payments	32,883		32,883	21,177	11,706	64.40%	31,830	15,974
Other	20,465	(8)	20,457	16,400	4,057	80.17%	13,610	11,963
<b>Capital</b>	<b>4,820</b>	<b>8</b>	<b>4,828</b>	<b>1,991</b>	<b>2,837</b>	<b>41.24%</b>	<b>1,565</b>	<b>1,441</b>
Acquisition of capital assets	3,820	8	3,828	991	2,837	25.89%	1,565	1,441
Transfer payments	1,000		1,000	1,000		100.00%		
<b>Total</b>	<b>78,762</b>		<b>78,762</b>	<b>56,073</b>	<b>22,689</b>	<b>71.19%</b>	<b>55,590</b>	<b>37,816</b>

Standard item classification	2003/04						2002/03	
	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised allocation	Revised Allocation R'000	Actual Expenditure R'000
Personnel	20,594		20,594	16,505	4,089	80.14%	8,585	8,438
Administrative	4,494	(267)	4,227	3,429	798	81.12%	1,314	1,034
Inventories	563	362	925	851	74	92.00%	665	310
Equipment	4,043	43	4,086	1,212	2,874	29.66%	1,762	1,562
Professional and special services	15,015	(157)	14,858	11,733	3,125	78.97%	11,193	10,257
Transfer payments	33,883		33,883	22,177	11,706	65.45%	31,830	15,974
Miscellaneous	170	19	189	166	23	87.83%	241	241
<b>Total</b>	<b>78,762</b>		<b>78,762</b>	<b>56,073</b>	<b>22,689</b>	<b>71.19%</b>	<b>55,590</b>	<b>37,816</b>

**DEPARTMENT OF LOCAL GOVERNMENT  
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**DETAIL PER PROGRAMME 1: ADMINISTRATION  
FOR THE YEAR ENDED 31 MARCH 2004**

Programme per subprogramme	2003/04						2002/03	
	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised allocation	Revised Allocation R'000	Actual Expenditure R'000
<b>Office of the Minister of Local Government</b>	<b>3,125</b>	<b>478</b>	<b>3,603</b>	<b>3,582</b>	<b>21</b>	<b>99.42%</b>	<b>1,868</b>	<b>1,718</b>
Current	2,685	478	3,163	3,163		100.00%	1,812	1,663
Capital	440		440	419	21	95.23%	56	55
<b>Corporate affairs</b>	<b>13,255</b>	<b>(478)</b>	<b>12,777</b>	<b>7,814</b>	<b>4,963</b>	<b>61.16%</b>	<b>2,734</b>	<b>2,355</b>
Current	10,493	(478)	10,015	7,363	2,652	73.52%	2,480	2,174
Capital	2,762		2,762	451	2,311	16.33%	254	181
<b>Restructuring</b>	<b>1,500</b>		<b>1,500</b>		<b>1,500</b>	<b>0.00%</b>		
Current	1,500		1,500		1,500	0.00%		
Capital								
<b>Total</b>	<b>17,880</b>		<b>17,880</b>	<b>11,396</b>	<b>6,484</b>	<b>63.74%</b>	<b>4,602</b>	<b>4,073</b>

Economic classification	2003/04						2002/03	
	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised allocation	Revised Allocation R'000	Actual Expenditure R'000
<b>Current</b>	<b>14,540</b>		<b>14,540</b>	<b>10,526</b>	<b>4,014</b>	<b>72.39%</b>	<b>4,292</b>	<b>3,837</b>
Personnel	9,962		9,962	6,978	2,984	70.05%	2,628	2,627
Other	4,578		4,578	3,548	1,030	77.50%	1,664	1,210
<b>Capital</b>	<b>3,340</b>		<b>3,340</b>	<b>870</b>	<b>2,470</b>	<b>26.05%</b>	<b>310</b>	<b>236</b>
Acquisition of capital assets	3,340		3,340	870	2,470	26.05%	310	236
<b>Total</b>	<b>17,880</b>		<b>17,880</b>	<b>11,396</b>	<b>6,484</b>	<b>63.74%</b>	<b>4,602</b>	<b>4,073</b>

Standard item classification	2003/04						2002/03	
	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised allocation	Revised Allocation R'000	Actual Expenditure R'000
Personnel	9,962		9,962	6,978	2,984	70.05%	2,628	2,627
Administration	2,140	8	2,148	2,010	138	93.58%	616	555
Inventories	386	53	439	438	1	99.77%	503	159
Equipment	3,441	1	3,442	956	2,486	27.77%	359	285
Professional and special services	1,831	(81)	1,750	875	875	50.00%	455	406
Miscellaneous	120	19	139	139		100.00%	41	41
<b>Total</b>	<b>17,880</b>		<b>17,880</b>	<b>11,396</b>	<b>6,484</b>	<b>63.74%</b>	<b>4,602</b>	<b>4,073</b>

**DEPARTMENT OF LOCAL GOVERNMENT  
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**DETAIL PER PROGRAMME 2: LOCAL GOVERNMENT INSTITUTIONAL SERVICES  
FOR THE YEAR ENDED 31 MARCH 2004**

Programme per subprogramme	2003/04						2002/03	
	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised allocation	Revised Allocation R'000	Actual Expenditure R'000
<b>Legislation and administration</b>	<b>4,474</b>		<b>4,474</b>	<b>2,837</b>	<b>1,637</b>	<b>63.41%</b>	<b>2,326</b>	<b>2,034</b>
Current	4,424		4,424	2,837	1,587	64.13%	2,276	2,024
Capital	50		50		50	0.00%	50	10
<b>Total</b>	<b>4,474</b>		<b>4,474</b>	<b>2,837</b>	<b>1,637</b>	<b>63.41%</b>	<b>2,326</b>	<b>2,034</b>

Economic classification	2003/04						2002/03	
	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised allocation	Revised Allocation R'000	Actual Expenditure R'000
<b>Current</b>	<b>4,424</b>		<b>4,424</b>	<b>2,837</b>	<b>1,587</b>	<b>64.13%</b>	<b>2,276</b>	<b>2,024</b>
Personnel	2,835		2,835	2,416	419	85.22%	1,559	1,558
Other	1,589		1,589	421	1,168	26.49%	717	466
<b>Capital</b>	<b>50</b>		<b>50</b>		<b>50</b>	<b>0.00%</b>	<b>50</b>	<b>10</b>
Acquisition of capital assets	50		50		50	0.00%	50	10
<b>Total</b>	<b>4,474</b>		<b>4,474</b>	<b>2,837</b>	<b>1,637</b>	<b>63.41%</b>	<b>2,326</b>	<b>2,034</b>

Standard item classification	2003/04						2002/03	
	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised allocation	Revised Allocation R'000	Actual Expenditure R'000
Personnel	2,835		2,835	2,416	419	85.22%	1,559	1,558
Administrative	174	(13)	161	92	69	57.14%	128	63
Inventories	102		102	32	70	31.37%	21	11
Equipment	63	13	76	26	50	34.21%	69	29
Professional and special services	1,300		1,300	271	1,029	20.85%	349	173
Miscellaneous							200	200
<b>Total</b>	<b>4,474</b>		<b>4,474</b>	<b>2,837</b>	<b>1,637</b>	<b>63.41%</b>	<b>2,326</b>	<b>2,034</b>

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**DETAIL PER PROGRAMME 3: DEVELOPMENTAL LOCAL GOVERNMENT  
FOR THE YEAR ENDED 31 MARCH 2004**

Programme per subprogramme	2003/04						2002/03	
	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised allocation	Revised Allocation R'000	Actual Expenditure R'000
<b>Development and co-ordination</b>	<b>5,018</b>		<b>5,018</b>	<b>4,014</b>	<b>1,004</b>	<b>79.99%</b>	<b>6,225</b>	<b>5,683</b>
Current	4,994		4,994	3,995	999	80.00%	6,225	5,683
Capital	24		24	19	5	79.17%		
<b>Valuations</b>	<b>535</b>		<b>535</b>	<b>396</b>	<b>139</b>	<b>74.02%</b>	<b>263</b>	<b>242</b>
Current	533		533	396	137	74.30%	263	242
Capital	2		2		2	0.00%		
<b>Community based projects</b>	<b>761</b>		<b>761</b>	<b>550</b>	<b>211</b>	<b>72.27%</b>	<b>537</b>	<b>294</b>
Current	757		757	550	207	72.66%	537	294
Capital	4		4		4	0.00%		
<b>Total</b>	<b>6,314</b>		<b>6,314</b>	<b>4,960</b>	<b>1,354</b>	<b>78.56%</b>	<b>7,025</b>	<b>6,219</b>

Economic classification	2003/04						2002/03	
	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised allocation	Revised Allocation R'000	Actual Expenditure R'000
<b>Current</b>	<b>6,284</b>		<b>6,284</b>	<b>4,941</b>	<b>1,343</b>	<b>78.63%</b>	<b>7,025</b>	<b>6,219</b>
Personnel	3,066		3,066	2,635	431	85.94%	1,571	1,438
Transfer payments							4,494	4,272
Other	3,218		3,218	2,306	912	71.66%	960	509
<b>Capital</b>	<b>30</b>		<b>30</b>	<b>19</b>	<b>11</b>	<b>63.33%</b>		
Acquisition of capital assets	30		30	19	11	63.33%		
<b>Total</b>	<b>6,314</b>		<b>6,314</b>	<b>4,960</b>	<b>1,354</b>	<b>78.56%</b>	<b>7,025</b>	<b>6,219</b>

Standard item classification	2003/04						2002/03	
	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised allocation	Revised Allocation R'000	Actual Expenditure R'000
Personnel	3,066		3,066	2,635	431	85.94%	1,571	1,438
Administrative	960	(212)	748	638	110	85.29%	265	265
Inventories	34	216	250	246	4	98.40%	92	92
Equipment	74	13	87	56	31	64.37%	39	19
Professional and special services	2,130	(17)	2,113	1,358	755	64.27%	564	133
Transfer payments							4,494	4,272
Miscellaneous	50		50	27	23	54.00%		
<b>Total</b>	<b>6,314</b>		<b>6,314</b>	<b>4,960</b>	<b>1,354</b>	<b>78.56%</b>	<b>7,025</b>	<b>6,219</b>



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**DETAIL PER PROGRAMME 4: LOCAL GOVERNMENT MONITORING AND SUPPORT  
FOR THE YEAR ENDED 31 MARCH 2004**

Programme per subprogramme	2003/04						2002/03	
	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised allocation	Revised Allocation R'000	Actual Expenditure R'000
<b>Evaluation and assistance</b>	<b>34,548</b>		<b>34,548</b>	<b>22,034</b>	<b>12,514</b>	<b>63.78%</b>	<b>27,189</b>	<b>11,995</b>
Current	34,315	(8)	34,307	21,976	12,331	64.06%	27,139	11,995
Capital	233	8	241	58	183	24.07%	50	
<b>Infrastructure capacitation</b>	<b>9,921</b>		<b>9,921</b>	<b>9,822</b>	<b>99</b>	<b>99.00%</b>	<b>8,617</b>	<b>8,475</b>
Current	9,854		9,854	9,822	32	99.68%	8,612	8,470
Capital	67		67		67	0.00%	5	5
<b>Total</b>	<b>44,469</b>		<b>44,469</b>	<b>31,856</b>	<b>12,613</b>	<b>71.64%</b>	<b>35,806</b>	<b>20,470</b>

Economic classification	2003/04						2002/03	
	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised allocation	Revised Allocation R'000	Actual Expenditure R'000
<b>Current</b>	<b>44,169</b>	<b>(8)</b>	<b>44,161</b>	<b>31,798</b>	<b>12,363</b>	<b>72.00%</b>	<b>35,801</b>	<b>20,465</b>
Personnel	3,144		3,144	2,990	154	95.10%	1,885	1,873
Transfer payments	30,883		30,883	19,177	11,706	62.10%	24,736	9,902
Other	10,142	(8)	10,134	9,631	503	95.04%	9,180	8,690
<b>Capital</b>	<b>300</b>	<b>8</b>	<b>308</b>	<b>58</b>	<b>250</b>	<b>18.83%</b>	<b>5</b>	<b>5</b>
Acquisition of capital assets	300	8	308	58	250	18.83%	5	5
<b>Total</b>	<b>44,469</b>		<b>44,469</b>	<b>31,856</b>	<b>12,613</b>	<b>71.64%</b>	<b>35,806</b>	<b>20,470</b>

Standard item classification	2003/04						2002/03	
	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised allocation	Revised Allocation R'000	Actual Expenditure R'000
Personnel	3,144		3,144	2,990	154	95.10%	1,885	1,873
Administrative	752	(105)	647	426	221	65.84%	221	68
Inventories	21	93	114	115	(1)	100.88%	26	25
Equipment	365	12	377	126	251	33.42%	95	39
Professional and special services	9,304		9,304	9,022	282	96.97%	8,843	8,563
Transfer payments	30,883		30,883	19,177	11,706	62.10%	24,736	9,902
<b>Total</b>	<b>44,469</b>		<b>44,469</b>	<b>31,856</b>	<b>12,613</b>	<b>71.64%</b>	<b>35,806</b>	<b>20,470</b>

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**DETAIL PER PROGRAMME 5: CO-OPERATIVE GOVERNANCE  
FOR THE YEAR ENDED 31 MARCH 2004**

Programme per subprogramme	2003/04						2002/03	
	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised allocation	Revised Allocation R'000	Actual Expenditure R'000
<b>Facilitation services</b>	<b>410</b>		<b>410</b>		<b>410</b>	<b>0.00%</b>		
Current	410		410		410	0.00%		
Capital								
<b>Total</b>	<b>410</b>		<b>410</b>		<b>410</b>	<b>0.00%</b>		

Economic classification	2003/04						2002/03	
	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised allocation	Revised Allocation R'000	Actual Expenditure R'000
<b>Current</b>	<b>410</b>		<b>410</b>		<b>410</b>	<b>0.00%</b>		
Other	410		410		410	0.00%		
<b>Capital</b>								
Acquisition of capital assets								
<b>Total</b>	<b>410</b>		<b>410</b>		<b>410</b>	<b>0.00%</b>		

Standard item classification	2003/04						2002/03	
	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised allocation	Revised Allocation R'000	Actual Expenditure R'000
Personnel								
Administrative	260		260		260	0.00%		
Inventories								
Equipment								
Professional and special services	150		150		150	0.00%		
Transfer payments								
<b>Total</b>	<b>410</b>		<b>410</b>		<b>410</b>	<b>0.00%</b>		

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**DETAIL PER PROGRAMME 6: DISASTER MANAGEMENT  
FOR THE YEAR ENDED 31 MARCH 2004**

Programme per subprogramme	2003/04						2002/03	
	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised allocation	Revised Allocation R'000	Actual Expenditure R'000
<b>Prevention, mitigation and reconstruction</b>	<b>5,215</b>		<b>5,215</b>	<b>5,024</b>	<b>191</b>	<b>96.34%</b>	<b>5,831</b>	<b>5,020</b>
Current	4,115		4,115	3,980	135	96.72%	4,631	3,830
Capital	1,100		1,100	1,044	56	94.91%	1,200	1,190
<b>Total</b>	<b>5,215</b>		<b>5,215</b>	<b>5,024</b>	<b>191</b>	<b>96.34%</b>	<b>5,831</b>	<b>5,020</b>

Economic classification	2003/04						2002/03	
	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised allocation	Revised Allocation R'000	Actual Expenditure R'000
<b>Current</b>	<b>4,115</b>		<b>4,115</b>	<b>3,980</b>	<b>135</b>	<b>96.72%</b>	<b>4,631</b>	<b>3,830</b>
Personnel	1,587		1,587	1,486	101	93.64%	942	942
Transfer payments	2,000		2,000	2,000		100.00%	2,600	1,800
Other	528		528	494	34	93.56%	1,089	1,088
<b>Capital</b>	<b>1,100</b>		<b>1,100</b>	<b>1,044</b>	<b>56</b>	<b>94.91%</b>	<b>1,200</b>	<b>1,190</b>
Acquisition of assets	100		100	44	56	44.00%	1,200	1,190
Transfer payments	1,000		1,000	1,000		100.00%		
<b>Total</b>	<b>5,215</b>		<b>5,215</b>	<b>5,024</b>	<b>191</b>	<b>93.34%</b>	<b>5,831</b>	<b>5,020</b>

Standard item classification	2003/04						2002/03	
	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised allocation	Revised Allocation R'000	Actual Expenditure R'000
Personnel	1,587		1,587	1,486	101	93.64%	942	942
Administrative	208	55	263	263		100.00%	84	83
Inventories	20		20	20		100.00%	23	23
Equipment	100	4	104	48	56	46.15%	1,200	1,190
Professional and special services	300	(59)	241	207	34	85.89%	982	982
Transfer payments	3,000		3,000	3,000		100.00%	2,600	1,800
<b>Total</b>	<b>5,215</b>		<b>5,215</b>	<b>5,024</b>	<b>191</b>	<b>96.34%</b>	<b>5,831</b>	<b>5,020</b>

**DEPARTMENT OF LOCAL GOVERNMENT  
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**NOTES TO THE APPROPRIATION STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2004**

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

Detail of these transactions can be viewed in note 7 (Transfer payments) and Annexures 1A, 1B, and 1C 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. Explanations of material variances from Amount Voted (after virement):**

**3.1 Per programme:**

Programme 1: Administration: Saving due to agency service rendered by the Department of Housing resulting in savings on personnel costs, administrative costs, equipment and professional and special services. Savings on equipment were also largely due to slow progress with linefunctional restructuring, resulting in a delay in the purchasing of equipment.

Programme 2: Local Government Institutional Services: Saving due to the non-appointment of consultants for the compilation of the Provincial Act on Local Government resulting in the saving on professional and special services.

Programme 3: Developmental Local Government: Saving due to the non-appointment of a project management team for the compilation of the provincial policy framework regarding the division of powers and functions between provincial and local government resulting in savings on personnel, administration and professional and special services costs.

Programme 4: Local Government Monitoring and Support: Saving due to the late approval of management support programme business plans by the Department of Provincial and Local Government resulting in savings on transfer payments.

Programme 5: Co-operative Governance: Saving due to the non-materialisation of the Provincial Summit and the Provincial Inter-governmental Conference resulting in savings on administration and professional and special services costs.

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**NOTES TO THE APPROPRIATION STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2004**

Programme 6: Disaster Management: Saving due to the non-appointment of personnel to finalise the Provincial Disaster Management Framework resulting in savings on personnel, equipment and professional and special services.

**3.2 Per standard item:**

Personnel costs: Saving due to the non-filling of vacant posts resulting in savings on personnel costs.

Administrative costs: Saving due to agency service rendered by the Department of Housing resulting in savings on administrative costs.

Equipment: Saving due to agency service rendered by the Department of Housing resulting in savings on equipment.

Professional and special services: Saving due to the non-appointment of consultants.

Transfer payments: Saving due to the late approval of management support programme business plans by the Department of Provincial and Local Government.

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**INCOME STATEMENT (STATEMENT OF FINANCIAL PERFORMANCE)  
FOR THE YEAR ENDED 31 MARCH 2004**

	Note	2003/04 R'000	2002/03 R'000
<b>REVENUE</b>			
<b>Voted funds</b>			
Annual Appropriation	1	78,762	55,590
Other revenue to be surrendered to the revenue fund	2	483	288
<b>TOTAL REVENUE</b>		<b><u>79,245</u></b>	<b><u>55,878</u></b>
<b>EXPENDITURE</b>			
<b>Current</b>			
Personnel	3	16,505	8,438
Administrative		3,429	1,034
Inventories	4	851	310
Equipment	5	221	121
Professional and special services	6	11,733	10,257
Transfer payments	7	21,177	15,974
Miscellaneous	8	166	241
		<b><u>54,082</u></b>	<b><u>36,375</u></b>
<b>Capital</b>			
Machinery and Equipment	5	991	1,441
Transfer payments	7	1,000	
		<b><u>1,991</u></b>	<b><u>1,441</u></b>
<b>TOTAL EXPENDITURE</b>		<b><u>56,073</u></b>	<b><u>37,816</u></b>
<b>NET SURPLUS FOR THE YEAR</b>	15	<b><u>23,172</u></b>	<b><u>18,062</u></b>
<b>Reconciliation of Net Surplus for the year</b>			
Voted Funds to be surrendered to the Revenue Fund	11	22,689	17,774
Other Revenue to be surrendered to the Revenue Fund	2	483	288
<b>NET SURPLUS FOR THE YEAR</b>		<b><u>23,172</u></b>	<b><u>18,062</u></b>

**DEPARTMENT OF LOCAL GOVERNMENT  
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**BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)  
AT 31 MARCH 2004**

<b>ASSETS</b>	<b>Note</b>	<b>2003/04 R'000</b>	<b>2002/03 R'000</b>
<b>Current assets</b>			
Cash and cash equivalents	9	23,217	20,130
Receivables	10	144	65
<b>TOTAL ASSETS</b>		<u><b>23,361</b></u>	<u><b>20,195</b></u>
 <b>LIABILITIES</b>			
<b>Current liabilities</b>			
Voted funds to be surrendered	11	22,689	17,774
Revenue funds to be surrendered	12	5	6
Bank overdraft	13		1,760
Payables	14	659	648
<b>TOTAL LIABILITIES</b>		<u><b>23,353</b></u>	<u><b>20,188</b></u>
 <b>NET ASSETS</b>		 <u><b>8</b></u>	 <u><b>7</b></u>
 <b>Represented by:</b>			
Recoverable revenue		<u>8</u>	<u>7</u>
<b>TOTAL</b>		<u><b>8</b></u>	<u><b>7</b></u>

**DEPARTMENT OF LOCAL GOVERNMENT  
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**STATEMENT OF CHANGES IN NETT ASSETS/EQUITY  
FOR THE YEAR ENDED 31 MARCH 2004**

	Note	2003/04 R'000	2002/03 R'000
<b>Recoverable revenue</b>			
Opening balance		7	
Debts raised		1	7
Closing balance		<u>8</u>	<u>7</u>
<b>TOTAL EQUITY</b>		<u>8</u>	<u>7</u>



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

	Note	2003/04 R'000	2002/03 R'000
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net cash flow generated by operating activities	15	25,169	19,507
Cash generated (utilised) to (increase)/decrease working capital	16	(67)	590
Voted funds and Revenue funds surrendered	17	(18,264)	(286)
<b>Net cash flow available from operating activities</b>		<b>6,838</b>	<b>19,811</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
		<b>(1,991)</b>	<b>(1,441)</b>
Capital Expenditure	5	(991)	(1,441)
Transfer payments (Capital)	7	(1,000)	
<b>Net cash flows from operating and investing activities</b>		<b>4,847</b>	<b>18,370</b>
<b>Net increase in cash and cash equivalents</b>		<b>4,847</b>	<b>18,370</b>
<b>Cash and cash equivalents at beginning of period</b>		<b>18,370</b>	
<b>Cash and cash equivalents at end of period</b>	9	<b>23,217</b>	<b>18,370</b>

**DEPARTMENT OF LOCAL GOVERNMENT  
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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2004**

**1 Annual Appropriation**

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

<b>Programmes</b>	<b>Total Appropriation 2003/04 R'000</b>	<b>Actual Appropriation received 2003/04 R'000</b>	<b>Variance over/ (under) R'000</b>	<b>Total Appropriation 2002/03 R'000</b>
1. Administration	17,880	17,880		4,602
2. Local government institutional services	4,474	4,474		2,326
3. Developmental Local Government	6,314	6,314		7,025
4. Local government monitoring and support	44,469	44,469		35,806
5. Co-operative governance	410	410		
6. Disaster management	5,215	5,215		5,831
<b>TOTAL</b>	<b>78,762</b>	<b>78,762</b>		<b>55,590</b>

Included in the totals for "Total Appropriation" and "Actual" is the own revenue budget amounting to R6,000.

<b>1.2 Conditional grants</b>	<b>Note</b>	<b>2003/04 R'000</b>	<b>2002/03 R'000</b>
Total grants received	Annexure 1A	<b>38,904</b>	<b>33,353</b>

**1.3** The variances are explained in Annexure 1A. Application for the roll-over of unspent funds were made to the Provincial Treasury.

**DEPARTMENT OF LOCAL GOVERNMENT  
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<b>2 Other revenue to be surrendered to the revenue fund</b>		<b>2003/04 R'000</b>	<b>2002/03 R'000</b>
<b>Description</b>	<b>Note</b>		
Monies not prescribed by law/ordinances		<b>14</b>	<b>11</b>
Parking		2	3
Administration fees		5	2
Other: Interest		3	6
Cheques written back/stale cheques		4	
Miscellaneous			
Refunds previous years		<b>475</b>	<b>281</b>
<b>Total own revenue collected</b>	12	<b>489</b>	<b>292</b>
Less own revenue budget		(6)	(4)
<b>Excess revenue collected</b>		<b>483</b>	<b>288</b>
<hr/>			
<b>3 Personnel</b>		<b>2003/04 R'000</b>	<b>2002/03 R'000</b>
<b>3.1 Current expenditure</b>			
Appropriation to Executive and Legislature		678	491
Basic salary costs		10,965	5,577
Pension contributions		1,438	709
Medical aid contributions		748	383
Other salary related costs		2,676	1,278
<b>Total Personnel Costs</b>		<b>16,505</b>	<b>8,438</b>
Average number of employees		89	55
<hr/>			
<b>4 Inventories</b>		<b>2003/04 R'000</b>	<b>2002/03 R'000</b>
<b>4.1 Current expenditure</b>			
<b>Consumables purchased during the year</b>			
Publications, printing and binding		270	112
Stationery		351	86
Photo copy paper		57	24
Computer requisites		86	44
Other		87	44
<b>Total Cost of Consumables</b>		<b>851</b>	<b>310</b>

**DEPARTMENT OF LOCAL GOVERNMENT  
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<b>5 Machinery and Equipment</b>		<b>2003/04 R'000</b>	<b>2002/03 R'000</b>
	<b>Note</b>		
Current (Rentals, maintenance and sundry)		221	121
Capital	5.1	991	1,441
<b>Total current and capital expenditure</b>		<b>1,212</b>	<b>1,562</b>
<b>5.1 Capital machinery and equipment analysed as follows:</b>			
Computer equipment		504	1,231
Furniture and office equipment		74	197
Other machinery and equipment		413	13
<b>Total capital expenditure</b>		<b>991</b>	<b>1,441</b>
<b>6 Professional and special services</b>		<b>2003/04 R'000</b>	<b>2002/03 R'000</b>
<b>6.1 Current expenditure</b>			
Auditors' remuneration (Regulatory)		323	180
Legal fees (State Attorney and private)		41	149
Contractors			13
Consultants and advisory services		10,841	9,458
Human Resource Development		393	443
Other		135	14
<b>Total Professional and special services</b>		<b>11,733</b>	<b>10,257</b>

**DEPARTMENT OF LOCAL GOVERNMENT  
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<b>7</b>	<b>Transfer payments</b>		<b>2003/04 R'000</b>	<b>2002/03 R'000</b>
	Total transfer payments made	<b>Note</b> Annexure 1B & 1C	<u><b>22,177</b></u>	<u><b>15,974</b></u>
<b>7.1</b>	<b>Analysis of payments</b>			
	Current		21,177	15,974
	Capital		1,000	
			<u><b>22,177</b></u>	<u><b>15,974</b></u>
<b>8</b>	<b>Miscellaneous</b>		<b>2003/04 R'000</b>	<b>2002/03 R'000</b>
<b>8.1</b>	<b>Current Expenditure</b>	<b>Note</b>		
	Remissions, refunds and payments made as an act of grace	8.2		200
	Gifts, donations and sponsorships	8.3	32	1
	Local Authorities Medical Aid Fund (LAMAF)		134	40
	<b>Total miscellaneous expenditure</b>		<u><b>166</b></u>	<u><b>241</b></u>
<b>8.2</b>	<b>Remissions, refunds and payments made as an act of grace</b>			
	<b>Nature of remissions, refunds and payments</b>			
	Drakenstein municipality			200
				<u><b>200</b></u>
<b>8.3</b>	<b>Gifts, donations and sponsorships paid in cash by the department (items expensed during the current year)</b>			
	<b>Nature of gifts, donations and sponsorships</b>			
	Current: (Provincial corporate gifts)		32	1
			<u><b>32</b></u>	<u><b>1</b></u>
<b>9</b>	<b>Cash and cash equivalents</b>			
	Paymaster General Account		354	
	Cash on hand		1	
	Short term investment		22,862	20,130
			<u><b>23,217</b></u>	<u><b>20,130</b></u>

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<b>10 Receivables - current</b>		<b>2003/04 R'000</b>	<b>2002/03 R'000</b>
	<b>Note</b>		
Amounts owing by other departments	Annexure 4	6	4
Miscellaneous claims		6	
Persal control accounts (SARS, Medical funds, etc.)		12	
Staff debtors	10.3	9	17
Other debtors	10.4	19	14
Advances	10.5	92	30
		<b>144</b>	<b>65</b>
<b>10.1 Amounts of R9,000 (2003: R7,000) included above may not be recoverable, but has not been written off in the income statement.</b>			
<b>10.2 Age analysis – receivables current</b>		<b>2003/04 R'000</b>	<b>2002/03 R'000</b>
Less than one year		123	51
One to two years		12	7
More than two years		9	7
		<b>144</b>	<b>65</b>
<b>10.3 Staff debtors</b>			
Personnel debt		9	17
		<b>9</b>	<b>17</b>
<b>10.4 Other debtors</b>			
Debtors: Provincial		10	7
Loss control account		9	7
		<b>19</b>	<b>14</b>
<b>10.5 Advances</b>			
<b>Nature of advances</b>			
Subsistence and travel advances		92	30
		<b>92</b>	<b>30</b>
<b>11 Voted funds to be surrendered to the Revenue Fund</b>		<b>2003/04 R'000</b>	<b>2002/03 R'000</b>
Opening balance		17,774	
Transfer from income statement		22,689	17,774
Paid during the year		(17,774)	
Closing balance		<b>22,689</b>	<b>17,774</b>

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<b>12 Revenue funds to be surrendered to the Revenue Fund</b>	<b>Note</b>	<b>2003/04 R'000</b>	<b>2002/03 R'000</b>
Opening balance		6	
Total revenue collected	2	489	292
Paid during the year		(490)	(286)
Closing balance		<b>5</b>	<b>6</b>
<b>13 Bank overdraft</b>		<b>2003/04 R'000</b>	<b>2002/03 R'000</b>
Paymaster General Account (Exchequer account)			<b>1,760</b>
<b>14 Payables - current</b>		<b>2003/04 R'000</b>	<b>2002/03 R'000</b>
<b>Description</b>	<b>Note</b>		
Amounts owing to other departments	Annexure 4	15	308
Masakhane Project		311	311
Other payables	14.1	333	29
		<b>659</b>	<b>648</b>
<b>14.1 Other payables</b>			
Receipt suspense account			3
Persal control accounts (SARS, Medical funds, etc.)		332	26
Suspense accounts: other		1	
		<b>333</b>	<b>29</b>
<b>15 Net cash flow generated by operating activities</b>		<b>2003/04 R'000</b>	<b>2002/03 R'000</b>
	<b>Note</b>		
Net surplus as per Income Statement		23,172	18,062
Adjusted for items separately disclosed		<b>1,997</b>	<b>1,445</b>
Capital expenditure	5	991	1,441
Transfer payments (Capital)	Annexure 1C	1,000	
Own revenue budget		6	4
Net cash flow generated by operating activities		<b>25,169</b>	<b>19,507</b>

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<b>16</b>	<b>Cash generated (utilised) to (increase)/decrease working capital</b>		<b>2003/04 R'000</b>	<b>2002/03 R'000</b>
	Increase in receivables – current		(78)	(58)
	Increase in payables – current		11	648
			<b>(67)</b>	<b>590</b>
<b>17</b>	<b>Voted funds and Revenue funds surrendered</b>		<b>2003/04 R'000</b>	<b>2002/03 R'000</b>
		<b>Note</b>		
	Voted funds surrendered		(17,774)	
	Revenue funds surrendered	12	(490)	(286)
			<b>(18,264)</b>	<b>(286)</b>



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**DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2004**

These amounts are not recognised in the financial statements, and are disclosed to enhance the usefulness of the financial statements and to comply with the statutory requirements of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999), the Treasury Regulations for Departments and Constitutional Institutions issued in terms of the Act and the Division of Revenue Act, Act 7 of 2003.

**18 Contingent liabilities**

<b>Liable to</b>	<b>Nature</b>	<b>Note</b>	<b>2003/04 R'000</b>	<b>2002/03 R'000</b>
Housing loan guarantees	Employees	Annexure 2	213	101
State Attorney	Legal action			259
			<b>213</b>	<b>360</b>

<b>2003/04 R'000</b>	<b>2002/03 R'000</b>
<b>4</b>	<b>101</b>

**19 Commitments**

**Current expenditure**

Approved and contracted/ordered	11,884	15,750
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**Capital expenditure**

Approved and contracted/ordered		50
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**Total Commitments**

<b>11,884</b>	<b>15,800</b>
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**20 Accruals**

<b>2003/04 R'000</b>	<b>2002/03 R'000</b>
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**Listed by standard item**

Personnel	4	
Administration	137	45
Inventories		1
Equipment	32	4
Professional and Technical Services	271	64
Transfer payments	2,083	
Cheques written back/stale cheques	4	
		<b>114</b>
		<b>2,531</b>

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<b>Listed by programme level</b>	<b>2003/04 R'000</b>	<b>2002/03 R'000</b>
Programme 1: Administration	123	78
Programme 2: Local Government Institutional Services	220	13
Programme 3: Developmental Local Government	48	20
Programme 4: Local Government Monitoring and Support	2,136	3
Cheques written back/stale cheques	4	
	<b>2,531</b>	<b>114</b>
<b>21 Employee benefits</b>	<b>2003/04 R'000</b>	<b>2002/03 R'000</b>
Leave entitlement	3,155	2,705
Thirteenth cheque	477	593
Performance bonus	332	126
	<b>3,964</b>	<b>3,424</b>
<b>22 Leases</b>	<b>2003/0 4 R'000</b>	<b>2002/03 R'000</b>
<b>22.1 Operating leases (Rental of photostat and fax machines)</b> (Minolco, Olivetti, Pansolutions, Automated Office Equipment)		
Not later than 1 year	184	
Later than 1 year and not later than 3 years	146	
Later than 3 years	386	
	<b>716</b>	*
*The Department of Housing rendered an agency service to the Department of Local Government during 2002/2003 and all rental equipment such as facsimile machines and copiers were rented by the Department of Housing. Therefore no comparative figures are available.		
<b>23 Irregular expenditure</b>	<b>2003/0 4 R'000</b>	<b>2002/03 R'000</b>
<b>23.1 Movement Schedule of irregular expenditure</b>		
<b>Opening Balance</b>		
Irregular expenditure current year	6	

**DEPARTMENT OF LOCAL GOVERNMENT  
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**23.2 Not condoned expenditure**

<b>Incident</b>	<b>Disciplinary steps taken/ criminal proceedings</b>	<b>2003/0 4 R'000</b>	<b>2002/03 R'000</b>
Non-compliance to tender procedures/pre-scripts in the procurement of services. Paid 18/03/2004.	NTR9 investigation is in progress. Status of case is therefore neither condoned or not condoned.		

**24 Key management personnel**

The Provincial Minister, the Accounting Officer and all other members of the Senior Management Service (SMS) are classified as key management personnel.

**24.1 Remuneration**

<b>Class of key management</b>	<b>Number of individuals</b>		<b>Aggregate remuneration</b>	
	<b>2003/04</b>	<b>2002/03</b>	<b>2003/04</b>	<b>2002/03</b>
		<b>3</b>		
Minister	1	1	R692,932	R493,764
Accounting Officer	1	1	R846,544	R522,336
SMS personnel	6	4	R2,349,774	R1,100,783
<b>Total</b>			<b><u>R3,889,250</u></b>	<b><u>R2,116,883</u></b>

Included in the above are cash bonuses to the value of R28,098 paid to qualifying members of the SMS.

## ANNEXURE 1A

### STATEMENT OF CONDITIONAL GRANTS RECEIVED BY DEPARTMENT AS AT 31 MARCH 2004

NAME OF DEPARTMENT	GRANT ALLOCATION				EXPENDITURE				
	Division of Revenue Act	Adjustments Estimate	Roll Overs	Total Available	Actual (1)	Unspent	% of Available Spent	Capital	Current
	R'000	R'000	R'000	R'000	R'000	R'000		R'000	R'000
PROVINCIAL AND LOCAL GOVERNMENT									
CMIP *	3,307		50	3,357	3,281	76	97.74		3,281
Local Government Capacity Building Fund:									
- Management support programmes	15,100		14,833	29,933	18,229	11,704	60.90		18,229
- CMIP capacity building	5,614			5,614	5,603	11	99.80		5,603
	24,021		14,883	38,904	27,113	11,791	69.69		27,113

\* Consolidated Municipal Infrastructure Programme

(1) Reasons for underspending:

The spending of the funds is subject to the national department's approval of the Provincial Business Plan.

The Provincial Business plan was submitted on 8 April 2003, but approval was only granted at the end of July 2003.

Money is paid over to the municipalities only after receipt of certified claims to prevent fiscal dumping.

Ongoing discussions take place with the national department of Provincial and Local Government to speed up the national approval process.

Application was made for a roll-over due to the fact that this is a conditional grant and all the funds are committed in approved municipal business plans. Approval for roll-over has however not been finalised by the Provincial Treasury.

**ANNEXURE 1B**

**STATEMENT OF CONDITIONAL GRANT TRANSFERS TO MUNICIPALITIES BY DEPARTMENT AS AT 31 MARCH 2004**

NAME OF MUNICIPALITY	GRANT ALLOCATION				EXPENDITURE					SPENT		
	Division of Revenue Act	Adjustments Estimate	Roll Overs	Total Available	Actual Transfer (1)	Amount not Transferred	% of Available Transferred	Capital	Current	Actual amount received	Actual amount spent	% of amount Transferred Spent
	R'000	R'000	R'000	R'000	R'000	R'000		R'000	R'000	R'000	R'000	
<b>Local government capacity building grant</b>												
Beaufort West			1,006	1,006	811	195	80.6%		811	1,006	811	80.6%
Bergriver	1,100			1,100	838	262	76.2%		838	1,100	838	76.2%
Bitou			1,057	1,057	625	432	59.1%		625	1,057	625	59.1%
Boland			53	53	53		100.0%		53	53	53	100.0%
Breede River/Winelands	1,000			1,000	149	851	14.9%		149	1,000	149	14.9%
Breede Valley	1,000		278	1,278	278	1,000	21.8%		278	1,278	278	21.8%
Cederberg	1,200		590	1,790	1,073	717	59.9%		1,073	1,790	1,073	59.9%
Central Karoo			75	75	75		100.0%		75	75	75	100.0%
Drakenstein			93	93	23	70	24.7%		23	93	23	24.7%
Eden			2,040	2,040	1,438	602	70.5%		1,438	2,040	1,438	70.5%
Kannaland	4,300		175	4,475	2,175	2,300	48.6%		2,175	4,475	2,175	48.6%
Knysna			219	219		219	0.0%			219		0.0%
Laingsburg			1,217	1,217	1,147	70	94.2%		1,147	1,217	1,147	94.2%
Langeberg	1,500		1,000	2,500	903	1,597	36.1%		903	2,500	903	36.1%
Matzikama			351	351	305	46	86.9%		305	351	305	86.9%
Oudtshoorn			337	337	188	149	55.8%		188	337	188	55.8%
Overberg			525	525	525		100.0%		525	525	525	100.0%
Overstrand			9	9		9	0.0%			9		0.0%
Saldanha Bay			1,500	1,500	1,061	439	70.7%		1,061	1,500	1,061	70.7%
Stellenbosch			33	33		33	0.0%			33		0.0%
Swellendam			1,883	1,883	1,726	157	91.7%		1,726	1,883	1,726	91.7%
Theewaterskloof			1,000	1,000	830	170	83.0%		830	1,000	830	83.0%
West Coast			95	95	95		100.0%		95	95	95	100.0%
Witzenberg	5,000		1,297	6,297	3,911	2,386	62.1%		3,911	6,297	3,911	62.1%
<b>TOTAL</b>	<b>15,100</b>		<b>14,833</b>	<b>29,933</b>	<b>18,229</b>	<b>11,704</b>	<b>60.9%</b>		<b>18,229</b>	<b>29,933</b>	<b>18,229</b>	<b>60.9%</b>

(1) Reasons for underspending:

The spending of the funds is subject to the national department's approval of the provincial business plan. The provincial business plan was submitted on 08 April 2003, but approval was only granted at the end of July 2003. Money is paid over to the municipalities only after receipt of certified claims to prevent fiscal dumping. Ongoing discussions take place with the national department of Provincial and Local Government to speed up the national approval process. Application was made for roll-over due to the fact that this is a conditional grant and all the funds are committed in approved municipal business plans. Approval for roll-over has however not been finalised by Provincial Treasury.

**ANNEXURE 1C**

**STATEMENT OF OTHER TRANSFERS BY DEPARTMENT AS AT 31 MARCH 2004**

Municipality/Entity/Institution	GRANT ALLOCATION				EXPENDITURE				
	Appropriations Act R'000	Adjustments Estimate R'000	Roll Overs R'000	Total Available R'000	Actual Transfer R'000	Amount not Transferred R'000	% of Available Transferred	Capital R'000	Current R'000
<b>MUNICIPALITIES:</b>									
<b>Project preparation</b>									
Bergriver		99		99	99		100.0%		99
Bitou		21		21	20	1	95.2%		20
Breede River/Winelands		20		20	20		100.0%		20
Breede Valley		30		30	30		100.0%		30
Cederberg		100		100	100		100.0%		100
Knysna		30		30	30		100.0%		30
Langeberg		70		70	69	1	98.6%		69
Matzikama		70		70	70		100.0%		70
Mossel Bay		80		80	80		100.0%		80
Oudtshoorn		50		50	50		100.0%		50
Overstrand		110		110	110		100.0%		110
Prince Albert		90		90	90		100.0%		90
Saldanha Bay		40		40	40		100.0%		40
Swartland		26		26	26		100.0%		26
Theewaterskloof-Grabouw		80		80	80		100.0%		80
Witzenberg		34		34	34		100.0%		34
<b>Total project preparation</b>		<b>950</b>		<b>950</b>	<b>948</b>	<b>2</b>	<b>99.8%</b>		<b>948</b>
<b>Fire-fighting equipment</b>									
Eden		500		500	500		100.0%	500	
Overberg		500		500	500		100.0%	500	
<b>Fire-fighting assistance</b>									
City of Cape Town	1,500	300		1,800	1,800		100.0%		1,800
<b>TOTAL MUNICIPALITIES</b>	<b>1,500</b>	<b>2,250</b>		<b>3,750</b>	<b>3,748</b>	<b>2</b>	<b>99.9%</b>	<b>1,000</b>	<b>2,748</b>
<b>INSTITUTIONS:</b>									
Life-saving SA	200			200	200		100.0%		200
<b>GRAND TOTAL</b>	<b>1,700</b>	<b>2,250</b>		<b>3,950</b>	<b>3,948</b>	<b>2</b>	<b>99.9%</b>	<b>1,000</b>	<b>2,948</b>

## ANNEXURE 2

### STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2004

#### DOMESTIC

Guaranteed institution	Guarantee in respect of	Original Guaranteed capital amount	Opening balance as at 01/04/2003	Guarantees issued during the year	Guarantees Released during the year	Guaranteed interest outstanding as at 31/03/2004	Closing Balance 31/03/2004	Realised losses i.r.o. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000
ABSA	Housing loans	35	35	72	9		98	
First Rand Bank	Housing loans			26			26	
Nedbank	Housing loans	36	36				36	
Saambou Bank (FNB)	Housing loans	30	30		17		13	
Standard Bank	Housing loans			40			40	
<b>Total</b>		<b>101</b>	<b>101</b>	<b>138</b>	<b>26</b>		<b>213</b>	

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**ANNEXURE 3**

**PHYSICAL ASSET MOVEMENT SCHEDULE (Not including inventories)**

<b>PHYSICAL ASSETS ACQUIRED DURING FINANCIAL YEAR 2003/04</b>	<b>Opening Balance</b>	<b>Additions</b>	<b>Dispo- sals</b>	<b>Trans- fers In</b>	<b>Trans- fers Out</b>	<b>Closing Balance</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
<b>MACHINERY AND EQUIPMENT</b>						
Computer equipment	1,231	504				1,735
Furniture and office equipment	197	74				271
Other machinery and equipment	13	413				426
	<b>1,441</b>	<b>991</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,432</b>

<b>PHYSICAL ASSETS ACQUIRED DURING FINANCIAL YEAR 2002/03</b>	<b>Opening Balance</b>	<b>Additions</b>	<b>Dispo- sals</b>	<b>Trans- fers In</b>	<b>Trans- fers Out</b>	<b>Closing Balance</b>
	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>	<b>R'000</b>
<b>MACHINERY AND EQUIPMENT</b>						
Computer equipment	0	1,231				1,231
Furniture and office equipment	0	197				197
Other machinery and equipment	0	13				13
	<b>0</b>	<b>1,441</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,441</b>

The difference of R1m between the capital amounts as per the income statement and this annexure is due to a transfer payment to the municipalities for the purchase of fire-fighting equipment. This equipment are assets of the municipalities and are therefore excluded on this statement.



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**ANNEXURE 4**

**INTER-DEPARTMENTAL RECEIVABLES - CURRENT**

Department	Confirmed balance outstanding		Unconfirmed balance outstanding	
	31/03/2004	31/03/2003	31/03/2004	31/03/2003
	R'000	R'000	R'000	R'000
Department of Environmental Affairs and Development Planning (PGWC)		4		
Department of Housing (PGWC)			6	
<b>TOTAL</b>	<b>-</b>	<b>4</b>	<b>6</b>	<b>-</b>

**INTER-DEPARTMENTAL PAYABLES - CURRENT**

Department	Confirmed balance outstanding		Unconfirmed balance outstanding	
	31/03/2004	31/03/2003	31/03/2004	31/03/2003
	R'000	R'000	R'000	R'000
Department of Housing (PGWC)	15	308		
<b>TOTAL</b>	<b>15</b>	<b>308</b>	<b>-</b>	<b>-</b>