

PART 4: ANNUAL FINANCIAL STATEMENTS

**ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2004**

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The Annual Report of the Western Cape Housing Development Board and the Financial Statements of the Western Cape Housing Development Fund will be tabled separately.

MANAGEMENT REPORT

For the year ended 31 March 2004

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

1. General review of the state of financial affairs

- As part of the departmentalisation model that was implemented on 1 August 2002, the Department of Housing entered into a free agency service agreement with the new Department of Local Government for rendering the support services. The Department continued to render this service during 2003/04.
- As at the 31 March 2004, 67% of the Housing subsidy grant of R423 282 000 was spent. The remaining amount was however, committed to 31 projects. The main reasons for the underspending were (i) the introduction of the procurement policy for municipalities and housing developers, (ii) the financial contribution of R2 479 by beneficiaries to qualify for subsidies (iii) the enrolment of projects by the National Home Builders Registration Council (NHBRC) and (iv) environmental impact assessments for new projects. These policy changes were implemented in the 2002/03 financial year and had a big impact on the spending in the 2003/04 financial year. The Department applied to the Provincial Treasury for the roll-over of the unspent funds.
- The Department also embarked on a total restructuring of the Department to be in line with the new financial programme structures that were implemented on 1 April 2004 and the demands of a changing housing environment. The new financial structure was developed in conjunction with national and other provincial departments of housing and National Treasury to bring uniformity in the housing sector. It is envisaged that the Department will start implementing the new establishment in the second half of the 2004/05 financial year after approval by the Provincial Cabinet.
- Although business plans for the full Human Settlement Redevelopment Programme grant of R13 500 000 were submitted timeously to the national Department of Housing in April 2003, it was only approved very late in the financial year. This again resulted in the Department not reaching the outcomes of this programme as stipulated in the strategic plan for the year under review. Application was made to the Provincial Treasury for the approval to roll-over all the unspent funds.
- The expenditure incurred by the Western Cape Housing Development Board is now reflected for the first time in the financial statement of the Department.

- The Department also collected revenue of R27 985 000 in the financial year. This is R2 823 000 in excess of the revenue budget. Application was made to the Provincial Treasury for the re-appropriation of the excess revenue for housing purposes in the 2004/05 financial year.
- Excluded from the financial statements is R10m that was spent from the iSLP fund administered by the Department. This programme is in it's final stages and will be finalised by 31 March 2005.

1.1 General view

<u>Budget allocation</u>	<u>R'000</u>
Total	540 612
Administration	18 037
Housing planning and research	27 294
Housing subsidy programmes	423 282
Urban renewal and human settlement redevelopment programme	34 613
Old business (rental housing)	36 390
Restructuring	977
Special functions: Authorised losses	19

<u>Underspending</u>	<u>R'000</u>
Total	169 993
Administration	2 733
Housing planning and research	2 905
Housing subsidy programmes	141 417
Urban renewal and human settlement redevelopment programme	22 238
Old business (rental housing)	539
Restructuring	161

1.2 Spending trends

All programmes and subprogrammes remained within their approved budgets. Application was made to the Provincial Treasury for the roll-over of all unspent conditional grants.

2. Services rendered by the Department

2.1 Tariff policy

Parking fees

All tariffs are revised annually by the Department of Transport and Public Works and approved by the Provincial Treasury in terms of National Treasury Regulation 7.3.1. These tariffs are applicable to all officials, consultants or persons who utilise official parking bays. These bays are also allocated by the said department.

2.2 Free Services

The Department renders a free agency service i.r.o. support services to the Department of Local Government resulting from the departmentalisation on 1 August 2002. All direct costs are however claimed from the said department.

2.3 Consumables

One main store is operated through the LOGIS procurement system. The costing method used is FIFO (first in first out). The value of the consumables as at 31 March 2004, per major category, is (R'000):

➤ Computer requisites	105	
➤ Other stationery	<u>140</u>	
➤ Total		<u>245</u>

3. **Programme performance**

Detail of the performances of the respective programmes against targets set are given in Part 2: Programme Performance of the Annual Report.

Underspending

The reasons for underspending are discussed in the Notes to the Appropriation Statement.

Impact on programmes and service delivery

Human Settlement Redevelopment Programme

- Hampering of the goals/outcomes of the Human Settlement Redevelopment Programme. Targets as set in the business plans cannot be met and the legacy of disfunctionality in human settlements cannot be addressed.

Housing subsidy grant

- The underspending on the housing subsidy grant led to the provision of less housing opportunities during the year. It also increased the housing backlog in the Province.

Actions taken or planned to avoid recurrence

In light of the significant changes in housing policy directives, the Department reviewed the organisational structure in order to effectively deal with the new housing environment. The Department, the Western Cape Housing Development Board and the Provincial Minister have been in the process of putting policies and action plans in place to reverse the slow delivery of housing opportunities.

The Department and the Provincial Minister will also conduct communication campaigns and information sessions to empower communities and municipalities as well as other stakeholders. The Department will extensively communicate with beneficiaries to ensure a clear understanding of their rights and responsibilities in respect of housing.

Closer co-operation and communication with national departments will ensure that business plans in respect of national conditional grants are approved timeously to enable the Department to spend the full allocations in the financial year.

4. Capacity constraints

The Department experienced capacity constraints i.r.o. the support services because of the agency service to the Department of Local Government. To address the capacity problem in the Directorate: Housing Settlement, the Department recruited contract workers. The shift to People's Housing Process projects created capacity problems in the Housing Management directorate. To address the capacity constraints, the Department will be restructured in the 2004/05 financial year.

5. Utilisation of donor funds

No donor funds were received or utilised by the Department.

6. Public entities

The Western Cape Housing Development Board.

6.1 General

The Western Cape Housing Development Board is a provincial public entity as listed in terms of Schedule 3 of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (as amended).

6.2 The Western Cape Housing Development Board (WCHDB).

Purpose

The WCHDB was established in terms of the Western Cape Housing Development Act, 1999 (Act No. 6 of 1999). The duties and functions of the Board are stipulated in Section 7 of the said Act.

Financial arrangements

The Western Cape Housing Development Fund (WCHDF) was dormant during the 2003/04 financial year. All expenditure relating to assets was expensed under programme 5: Old business. The income derived from the WCHDB assets and debtors was paid into the Provincial Revenue Fund.

The accounting authority is the head of the department responsible for housing in the Province and the chief financial officer of the Department is also the chief financial officer of the Board.

The performance of the Board and the financial statements of the Western Cape Housing Development Fund will be tabled in a separate report to the Provincial Parliament.

7. Other organisations to whom transfer payments have been made

Reporting on all transfer payments and the purpose for the payments are done in Annexure 1 C of the Notes to the Annual Financial Statements.

Accountability arrangements in place over each transfer payment made is stipulated in the individual agreements to the entities receiving the transfer payments.

8. Public/private partnerships (PPP)

The Department did not enter into any PPP agreements during the year under review.

9. Discontinued activities/activities to be discontinued

No activities were discontinued or are to be discontinued.

10. New/proposed activities

The Department has been rendering the support functions (Finance, Personnel and Logistic services) to the Department of Local Government since 1 August 2002. It is anticipated that this service will continue during the 2004/05 financial year.

11. Events after the accounting date

The Department implemented a new programme structure, in line with national and other provincial housing departments from 1 April 2004. This structure resulted from housing sectorial meetings held throughout 2002 and 2003 and is a further refinement of the structure that was implemented on 1 April 2003.

No conditions/events, both favourable and unfavourable, existed at year-end. There occurred thus no events between 31 March 2004 and the date of approval of the financial statements that necessitated adjusting the financial statements as on 31 March 2004.

12. **Progress with financial management improvements**

An awareness campaign with 6 structured information sessions on the PFMA was held during the period under review.

Regular reporting is done to the Provincial Treasury to ensure that the Department is on track with the implementation of the PFMA.

More emphasis will be placed on the successful incorporation of the Western Cape Housing Development Fund in the books of the Department after the disestablishment of the Fund. This will also entail the sanitising of the debtor accounts and property register of the Board.

A consortium was appointed by the Provincial Treasury to perform the internal audit function in the Province. This will ensure that the internal audit function will come to its right in the Province.

The proposed new establishment of the Department will also lead to the restructuring of the financial component of the Department and establishment of a dedicated support structure for the chief financial officer.

13. **Performance information**

The reporting on non-financial information will now be done by using the Housing subsidy system (HSS). In 2003/04, the Department embarked on a data clean-up with the help of the national Department of Housing. Old/historic projects are also being registered and reconciled on the HSS. This process started in the 2003/04 financial year and will be concluded in 2004/05.

The In-Year Monitoring (IYM) system, developed by National Treasury, was also implemented and will be rolled out to the respective programme managers. This will lead to accurate reporting to both the Treasury and national Department of Housing. The issue of conflicting reports will hereby be eliminated.

The Department will also implement quarterly reporting in a standard format, developed by the national Department of Housing together with the 9 provinces. Progress in attaining the goals set in the strategic plans will be monitored on a quarterly basis and corrective measures, if necessary, can be implemented timeously.

Approval

The annual financial statements set out on pages 40 to 75 have been approved by the Accounting Officer.

**JW AFRICA
(ACCOUNTING OFFICER)**

DATE: 31 MAY 2004

**REPORT OF THE AUDITOR-GENERAL TO THE PROVINCIAL PARLIAMENT OF
THE WESTERN CAPE ON THE FINANCIAL STATEMENTS OF THE
DEPARTMENT OF HOUSING (VOTE 8) FOR THE YEAR ENDED 31 MARCH 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 HOUSING (VOTE 8)
FOR THE YEAR ENDED 31 MARCH 2004**

1. AUDIT ASSIGNMENT

The financial statements as set out on pages 40 to 75, 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 (Act No. 1 of 1999) (PFMA).

4. EMPHASIS OF MATTER

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

4.1 Irregular expenditure, R690 000 [Note 24 to the financial statements: page 23]

The appointment of consultants during the previous financial year was not undertaken in terms of the normal tender process nor was approval obtained for deviation from the prescribed process. The accounting officer reported the matter to provincial treasury and the Auditor-General but no evidence could be provided that the matter was reported to national treasury in terms of section 64(3) of the PFMA. Total irregular expenditure during the previous financial year amounted to approximately R247 000 and a further amount of approximately R443 000 was spent during the financial year under review. An application for *ex post facto* approval was submitted to the provincial tender board who notified the department that it was not in a position to provide the necessary approval and that approval should be sought from provincial treasury. At the time of writing this report the necessary approval had not yet been obtained.

4.2 Trust accounts

External account administrators perform a fiduciary function in administering People's Housing Process (PHP) subsidies within trust accounts and are required to submit reconciliations of all the trust accounts. The following shortcomings were noted:

- Reconciliations were received late resulting in inadequate monthly reporting to management; and
- Interest received on the trust accounts was not in all cases supported by bank statements to substantiate the amount of interest paid to the department.

4.3 Internal audit

Only one internal audit, which focussed on the adequacy of the sick leave policy in terms of reporting, recording and monitoring of sick leave, was performed at the department during the financial year under review.

4.4 Risk assessment and fraud prevention plan

A risk assessment should be conducted regularly in order to identify emerging risks in the institution. The risk management strategy, which must include a fraud prevention plan, assist management in measuring the adequacy of the internal control environment and enable mitigating controls to be established in order to remedy weaknesses within the control environment. No specific risk assessment was conducted at the department during the financial year under review and the fraud prevention plan adopted by the department is a generic document that has not yet been tailored to their specific needs.

4.5 Special investigation: Integrated Serviced Land Project

The Integrated Serviced Land Project (ISLP), which the department administered on an agency service basis, is currently the focus of a special investigation. The investigation focuses on the transactions since the inception of the ISLP in 1994 and a separate report will be issued in this regard.

4.6 Forensic audit

A forensic audit, which focussed on the verification of procedures pertaining to applications for subsidised housing and the processing thereof as well as the investigation of alleged irregularities, was finalised by Internal Audit during the financial year under review. Internal audit issued a separate report in this regard on 24 July 2003. Disciplinary steps were taken against officials but this matter had not yet been finalised at the time of writing this report.

4.7 Internal checking and control

Various control weaknesses and deficiencies were brought to the attention of the accounting officer by way of informal queries and management letters, which included, *inter alia*, the following:

- Insufficient stock count procedures;
- Inadequate measures to verify the completeness of royalty income;
- Procedural forms to ensure adherence to requirements for the awarding of subsidies were not properly completed;
- Inadequate procedures to confirm that companies comply with BEE requirements when awarding tenders;
- Inadequate procedures to ensure that multiple quotations are obtained for repairs and maintenance to monitor even spending between suppliers and that the preferential procurement policy is adhered to; and
- Insufficient verification of “top structure” housing subsidy payments.

5. APPRECIATION

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

I THERON
for Auditor-General

Bellville
23 July 2004

**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 supplementary 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 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.

4. Current expenditure

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

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5. Unauthorised, irregular, 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.

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.

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8. Investments

Non-current investments 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.

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

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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 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 the 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.

Termination benefits

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

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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 National/ 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.

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.

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**APPROPRIATION STATEMENT
for the year ended 31 March 2004**

Programme	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings/Underspending	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
1 Administration	18,556	(519)	18,037	15,304	2,733	84.85	18,698	17,273
Current	17,413	(519)	16,894	14,810	2,084	87.66	18,006	17,085
Capital	1,143		1,143	494	649	43.22	692	188
2 Planning and subsidy administration	27,294		27,294	24,389	2,905	89.36	25,218	20,774
Current	27,144		27,144	24,372	2,772	89.79	24,911	20,725
Capital	150		150	17	133	11.33	307	49
3 Housing subsidy programmes	423,282		423,282	281,865	141,417	66.59	378,860	378,860
Current								
Capital	423,282		423,282	281,865	141,417	66.59	378,860	378,860
4 Urban renewal and human settlement redevelopment	34,113	500	34,613	12,375	22,238	35.75	26,890	7,777
Current	1,500	500	2,000	1,996	4	99.80	1,971	1,971
Capital	32,613		32,613	10,379	22,234	31.82	24,919	5,806
5 Old business (rental housing)	36,390		36,390	35,851	539	98.52	10,329	10,274
Current	36,360		36,360	35,851	509	98.60	10,275	10,220
Capital	30		30		30		54	54
6 Restructuring	977		977	816	161	83.52	10,332	9,667
Current	977		977	816	161	83.52	10,332	9,667
Capital								
7 Development planning							4,674	4,674
Current							4,671	4,671
Capital							3	3
8 Local government services							8,880	8,879
Current							8,875	8,874
Capital							5	5
9 Special Functions		19	19	19				
Current		19	19	19				
Capital								
Total	540,612		540,612	370,619	169,993	68.56	483,881	458,178
Reconciliation with Income Statement								
Add: Other Receipts			2,823				1,182	
Actual amounts per Income Statement			543,435	370,619			485,063	458,178

Economic classification	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings/Underspending	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current	83,317		83,317	77,864	5,453	93.46	79,041	73,212
Personnel	40,005	(457)	39,548	38,892	656	98.34	56,078	51,686
Transfer payments	1,500	500	2,000	1,996	4	99.80	8,047	8,047
Other	41,812	(43)	41,769	36,976	4,793	88.52	14,916	13,479
Capital	457,295		457,295	292,755	164,540	64.02	404,840	384,966
Transfer payments	455,895		455,895	292,244	163,651	64.10	403,779	384,666
Acquisition of capital assets	1,400		1,400	511	889	36.50	1,061	300
Total	540,612		540,612	370,619	169,993	68.56	483,881	458,178

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Standard item classification	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings/Underspending	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Personnel	40,005	(457)	39,548	38,892	656	98.34	56,078	51,686
Administrative	5,787	(2)	5,785	5,375	410	92.91	5,761	5,759
Consumables	1,353	249	1,602	870	732	54.31	1,185	1,183
Equipment	2,000	(26)	1,974	899	1,075	45.54	1,609	713
Land and buildings								
Professional and special services	33,892	(283)	33,609	30,209	3,400	89.88	7,083	5,785
Transfer payments	457,395	500	457,895	294,240	163,655	64.26	411,826	392,713
Miscellaneous	180		180	115	65	63.89	339	339
Special functions		19	19	19				
Total	540,612		540,612	370,619	169,993	68.56	483,881	458,178

**WESTERN CAPE PROVINCE
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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	Virement	Revised Allocation	Actual Expenditure	Savings/Underspending	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Corporate affairs	15,756	(542)	15,214	12,585	2,629	82.72	16,132	14,708
Current	14,613	(519)	14,094	12,114	1,980	85.95	15,450	14,530
Capital	1,143	(23)	1,120	471	649	42.05	682	178
Office of the Provincial Minister of Housing	2,800	23	2,823	2,719	104	96.32	1,924	1,923
Current	2,800		2,800	2,696	104	96.26	1,914	1,913
Capital		23	23	23			10	10
Office of the Provincial Minister of Local Government							642	642
Current							642	642
Capital								
Special functions		19	19	19				
Current		19	19	19				
Capital								
Total	18,556	(500)	18,056	15,323	2,733	84.86	18,698	17,273

Economic classification	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings/Underspending	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current	17,336	(500)	16,836	14,829	2,007	88.08	18,006	17,085
Personnel	8,840		8,840	8,739	101	98.86	11,275	10,383
Transfer payments								
Other	8,496	(500)	7,996	6,090	1,906	76.16	6,731	6,702
Capital	1,220		1,220	494	726	40.49	692	188
Transfer payments								
Acquisition of capital assets	1,220		1,220	494	726	40.49	692	188
Total	18,556	(500)	18,056	15,323	2,733	84.86	18,698	17,273

Standard item classification	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings/Underspending	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Personnel	8,840		8,840	8,739	101	98.86	11,275	10,383
Administration	3,984	(19)	3,965	3,555	410	89.66	3,145	3,145
Consumables	900		900	169	731	18.78	966	966
Equipment	1,400		1,400	655	745	46.79	843	310
Land and buildings								
Professional and special services	3,252	(500)	2,752	2,071	681	75.25	2,142	2,142
Transfer payments								
Miscellaneous	180		180	115	65	63.89	327	327
Special functions		19	19	19		100.00		
Total	18,556	(500)	18,056	15,323	2,733	84.86	18,698	17,273

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**DETAIL PER PROGRAMME 2: PLANNING AND SUBSIDY ADMINISTRATION
for the year ended 31 March 2004**

Programme per subprogramme	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings/Underspending	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Planning	13,885		13,885	13,526	359	97.41	12,588	11,376
Current	13,855		13,855	13,512	343	97.52	12,565	11,353
Capital	30		30	14	16	46.67	23	23
Subsidy administration	13,409		13,409	10,863	2,546	81.01	12,630	9,398
Current	13,289		13,289	10,860	2,429	81.72	12,346	9,372
Capital	120		120	3	117	2.50	284	26
Total	27,294		27,294	24,389	2,905	89.36	25,218	20,774

Economic classification	2002/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings/Underspending	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current	27,144		27,144	24,372	2,772	89.79	24,911	20,724
Personnel	20,575		20,575	20,181	394	98.09	19,636	16,856
Transfer payments								
Other	6,569		6,569	4,191	2,378	63.80	5,275	3,868
Capital	150		150	17	133	11.33	307	50
Transfer payments								
Acquisition of capital assets	150		150	17	133	11.33	307	50
Total	27,294		27,294	24,389	2,905	89.36	25,218	20,774

Standard item classification	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings/Underspending	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Personnel	20,575		20,575	20,181	394	98.09	19,636	16,856
Administrative	1,425	38	1,463	1,463		100.00	1,468	1,466
Consumables	295	249	544	543	1	99.82	89	87
Equipment	500		500	200	300	40.00	579	217
Land and buildings								
Professional and special services	4,499	(287)	4,212	2,002	2,210	47.53	3,444	2,146
Transfer payments								
Miscellaneous							2	2
Special functions								
Total	27,294		27,294	24,389	2,905	89.36	25,218	20,774

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**DETAIL PER PROGRAMME 3: HOUSING SUBSIDY PROGRAMMES
for the year ended 31 March 2004**

Programme per subprogramme	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings/Underspending	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Project linked	244,107		244,107	168,066	76,041	68.85	378,860	378,860
Current								
Capital	244,107		244,107	168,066	76,041	68.85	378,860	378,860
Individual	10,000		10,000	2,532	7,468	25.32		
Current								
Capital	10,000		10,000	2,532	7,468	25.32		
People's housing process	100,000		100,000	94,487	5,513	94.49		
Current								
Capital	100,000		100,000	94,487	5,513	94.49		
Consolidation	10,000		10,000	1,030	8,970	10.30		
Current								
Capital	10,000		10,000	1,030	8,970	10.30		
Institutional	10,000		10,000		10,000			
Current								
Capital	10,000		10,000		10,000			
Hostels	30,000		30,000	11,765	18,235	39.22		
Current								
Capital	30,000		30,000	11,765	18,235	39.22		
Relocation	8,500		8,500	2,135	6,365	25.12		
Current								
Capital	8,500		8,500	2,135	6,365	25.12		
Disaster/emergency programme	3,175		3,175	1,850	1,325	58.27		
Current								
Capital	3,175		3,175	1,850	1,325	58.27		
Rural housing	2,500		2,500		2,500			
Current								
Capital	2,500		2,500		2,500			
Savings-linked	5,000		5,000		5,000			
Current								
Capital	5,000		5,000		5,000			
Total	423,282		423,282	281,865	141,417	66.59	378,860	378,860

Economic classification	2003/04						2001/02	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings/Underspending	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current								
Personnel								
Transfer payments								
Other								
Capital	423,282		423,282	281,865	141,417	66.59	378,860	378,860
Transfer payments	423,282		423,282	281,865	141,417	66.59	378,860	378,860
Acquisition of capital assets								
Total	423,282		423,282	281,865	141,417	66.59	378,860	378,860

Standard item classification	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings/Underspending	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Personnel								
Administrative								
Consumables								
Equipment								
Land and buildings								
Professional and special services								
Transfer payments	423,282		423,282	281,865	141,417	66.59	378,860	378,860
Miscellaneous								
Special functions								
Total	423,282		423,282	281,865	141,417	66.59	378,860	378,860

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**DETAIL PER PROGRAMME 4: URBAN RENEWAL AND HUMAN SETTLEMENT REDEVELOPMENT
for the year ended 31 March 2004**

Programme per subprogramme	2002/03						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings/Underspending	Expenditure as % of revised allocation %	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
Urban renewal	13,033		13,033	4,157	8,876	31.90	1	
Current								
Capital	13,033		13,033	4,157	8,876	31.90	1	
Human settlements	21,080	500	21,580	8,218	13,362	38.08	26,889	7,777
Current	1,500	500	2,000	1,996	4	99.80	1,971	1,971
Capital	19,580		19,580	6,222	13,358		24,918	5,806
Total	34,113	500	34,613	12,375	22,238	35.75	26,890	7,777

Economic classification	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings/Underspending	Expenditure as % of revised allocation %	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
Current	1,500	500	2,000	1,996	4	99.80	1,971	1,971
Personnel								
Transfer payments	1,500	500	2,000	1,996	4	99.80	1,971	1,971
Other								
Capital	32,613		32,613	10,379	22,234	31.82	24,919	5,806
Transfer payments	32,613		32,613	10,379	22,234	31.82	24,919	5,806
Acquisition of capital assets								
Total	34,113	500	34,613	12,375	22,238	35.75	26,890	7,777

Standard item classification	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings/Underspending	Expenditure as % of revised allocation %	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000		R'000	R'000
Personnel								
Administrative								
Consumables								
Equipment								
Land and buildings								
Professional and special services								
Transfer payments	34,113	500	34,613	12,375	22,238	35.75	26,890	7,777
Miscellaneous								
Special functions								
Total	34,113	500	34,613	12,375	22,238	35.75	26,890	7,777

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**DETAIL PER PROGRAMME 5: OLD BUSINESS(RENTAL HOUSING)
for the year ended 31 March 2004**

Programme per subprogramme	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings/Underspending	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Administration	10,808	104	10,912	10,882		99.73	10,329	10,274
Current	10,778	104	10,882	10,882		100.00	10,275	10,220
Capital	30		30		30		54	54
Maintenance	12,882	(10,972)	1,910	1,910		100.00		
Current	12,882	(10,972)	1,910	1,910		100.00		
Capital								
Transfer of rental stock	1,500	(1,297)	203	203		100.00		
Current	1,500	(1,297)	203	203		100.00		
Capital								
Sale of rental stock	1,000	(375)	625	116	509	18.56		
Current	1,000	(375)	625	116	509	18.56		
Capital								
Management of rental stock	8,700	12,509	21,209	21,209		100.00		
Current	8,700	12,509	21,209	21,209		100.00		
Capital								
Devolution of rental stock	1,500	31	1,531	1,531		100.00		
Current	1,500	31	1,531	1,531		100.00		
Capital								
Total	36,390		36,390	35,851	539	98.52	10,329	10,274

Economic classification	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings/Underspending	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current	36,360		36,360	35,851	509	98.60	10,275	10,220
Personnel	9,616	(439)	9,177	9,177		100.00	8,542	8,487
Transfer payments								
Other	26,744	439	27,183	26,674	509	98.13	1,733	1,733
Capital	30		30		30		54	54
Transfer payments								
Acquisition of capital assets	30		30		30		54	54
Total	36,390		36,390	35,851	539	98.52	10,329	10,274

Standard item classification	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings/Underspending	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Personnel	9,616	(439)	9,177	9,177		100.00	8,542	8,487
Administrative	375	(39)	336	336		100.00	736	736
Consumables	158		158	158		100.00	98	98
Equipment	100	(26)	74	44	30	59.46	128	128
Land and buildings								
Professional and special services	26,141	504	26,645	26,136	509	98.09	825	825
Transfer payments								
Miscellaneous								
Special functions								
Total	36,390		36,390	35,851	539	98.52	10,329	10,274

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**DETAIL PER PROGRAMME 6: RESTRUCTURING
for the year ended 31 March 2004**

Programme per subprogramme	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings/Underspending	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Restructuring	977		977	816	161	83.52	10,332	9,667
Current	977		977	816	161	83.52	10,332	9,667
Capital								
Total	977		977	816	161	83.52	10,332	9,667

Economic classification	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings/Underspending	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current	977		977	816	161	83.52	10,332	9,667
Personnel	974	(18)	956	795	161	83.16	10,290	9,625
Transfer payments								
Other	3	18	21	21		100.00	42	42
Capital								
Transfer payments								
Acquisition of capital assets								
Total	977		977	816	161	83.52	10,332	9,667

Standard item classification	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings/Underspending	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Personnel	974	(18)	956	795	161	83.16	10,290	9,625
Administrative	3	18	21	21		100.00	42	42
Consumables								
Equipment								
Land and buildings								
Professional and special services								
Transfer payments								
Miscellaneous								
Special functions								
Total	977		977	816	161	83.52	10,332	9,667

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**DETAIL PER PREVIOUS PROGRAMME: DEVELOPMENT PLANNING
for the year ended 31 March 2004**

Programme per subprogramme	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings/Underspending	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Administration							244	244
Current							244	244
Capital								
Regional planning							2,522	2,522
Current							2,519	2,519
Capital							3	3
Information management							505	505
Current							505	505
Capital								
Land development management							1,403	1,403
Current							1,403	1,403
Capital								
Total							4,674	4,674

Economic classification	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings/Underspending	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current							4,671	4,671
Personnel							3,560	3,560
Transfer payments							602	602
Other							509	509
Capital							3	3
Transfer payments								
Acquisition of capital assets							3	3
Total							4,674	4,674

Standard item classification	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings/Underspending	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Personnel							3,560	3,560
Administrative							151	151
Consumables							27	27
Equipment							18	18
Land and buildings								
Professional and special services							316	316
Transfer payments							602	602
Miscellaneous								
Special functions								
Total							4,674	4,674

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**DETAIL PER PREVIOUS PROGRAMME: LOCAL GOVERNMENT SERVICES
for the year ended 31 March 2004**

Programme per subprogramme	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings/Underspending	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Administration							529	529
Current							524	524
Capital							5	5
Local government legislation and administration							637	637
Current							637	637
Capital								
Local government development							1,303	1,302
Current							1,303	1,302
Capital								
Local government finance							6,411	6,411
Current							6,411	6,411
Capital								
Total							8,880	8,879

Economic classification	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings/Underspending	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Current							8,875	8,874
Personnel							2,775	2,775
Transfer payments							5,474	5,474
Other							626	625
Capital							5	5
Transfer payments								
Acquisition of capital assets							5	5
Total							8,880	8,879

Standard item classification	2003/04						2002/03	
	Adjusted Appropriation	Virement	Revised Allocation	Actual Expenditure	Savings/Underspending	Expenditure as % of revised allocation	Revised Allocation	Actual Expenditure
	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Personnel							2,775	2,775
Administrative							219	219
Consumables							5	5
Equipment							41	40
Land and buildings								
Professional and special services							356	356
Transfer payments							5,474	5,474
Miscellaneous							10	10
Special functions								
Total							8,880	8,879

**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) 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 of special functions (theft and losses)

Detail of these transactions per programme can be viewed in note 9.1 (Details of special functions (theft and losses)) to the annual financial statements.

4. Explanations of material variances from Amount Voted (after virement):

4.1 Per programme:

Programme 1: Underspending due to the non-filling of posts in anticipation of a new establishment and the subsequent non buying of equipment (computers, etc.) for these posts. The underspending on administrative expenditure and consumables are directly related to the vacancies throughout the Department as these expenditure items are centralised. The underspending on professional and special services is due to the iSLP audit that was postponed to the 2004/05 financial year.

Programme 2: Underspending due to the tender for the adapted capacity building courses not finalised before year end and the national Department of Housing standing in for the expenses relating to datalines for the Housing Subsidy Scheme.

Programme 3: The underspending is due to the following:

The new procurement policy for greenfields projects has drastically extended the approval time for projects. The following are critical aspects: NHBRC approval is required. Very few new projects have received in principle NHBRC enrolment. Collection strategy for beneficiary contributions has not been finalised by the national Department of Housing. Environmental impact assessments take up to 14 months for approval.

To get past the R2,479.00 contributions, beneficiaries apply for People's Housing Process projects. This is a very slow delivery process.

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Programme 4: The underspending is due to the business plans for projects which were only approved in November 2003. Municipalities have to go through tender procedures to appoint contractors to complete the projects. The Department only transfers money to the municipalities after receiving certified claims from the municipalities.

Programme 6: The underspending is due to the phasing out of super-numeraries.

4.2 Per standard item:

Personnel: Underspending due to the non-filling of posts in anticipation of a new restructured establishment.

Administrative expenditure and consumables: The underspending is directly related to the vacancies throughout the Department

Equipment: Underspending due to the non-purchasing of equipment (computers, furniture, etc) for personnel not appointed.

Professional and special services: The underspending on professional and special services is due to the ISLP audit that was postponed to the 2004/05 financial year, capacity building courses not finalised before year end, as well as contracts not completed.

Transfer payments: Saving due to the late approval of business plans for the Human settlement redevelopment programme by national Housing and the slow spending on housing projects. (See explanations for underspending in programmes 3 and 4 above).

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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
REVENUE			
Voted funds		540,612	483,881
Annual Appropriation	1	540,612	483,881
Non voted funds		2,823	1,182
Other revenue to be surrendered to the revenue fund	2	2,823	1,182
TOTAL REVENUE		543,435	485,063
EXPENDITURE			
Current		77,864	73,213
Personnel	3	38,892	51,686
Administrative		5,375	5,759
Consumables	4	870	1,183
Machinery and Equipment	5	388	414
Professional and special services	6	30,209	5,785
Transfer payments	7	1,996	8,047
Miscellaneous	8	115	339
Special functions: authorised losses	9	19	
Capital		292,755	384,965
Machinery and Equipment	5	511	299
Transfer payments	7	292,244	384,666
TOTAL EXPENDITURE		370,619	458,178
NET SURPLUS		172,816	26,885
Reconciliation of Net Surplus for the year			
Voted Funds to be surrendered to the Revenue Fund	13	169,993	25,703
Other Revenue to be surrendered to the Revenue Fund	14	2,823	1,182
NET SURPLUS FOR THE YEAR		172,816	26,885

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**BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
at 31 March 2004**

ASSETS	Note	2003/04 R'000	2002/03 R'000
Current assets		244,017	132,124
Cash and cash equivalents	10	242,284	3,191
Receivables	11	1,733	128,933
TOTAL ASSETS		244,017	132,124
LIABILITIES			
Current liabilities		243,811	131,941
Voted funds to be surrendered to the Provincial Revenue Fund	13	169,993	25,703
Revenue funds to be surrendered to the Provincial Revenue Fund	14	2,752	3
Payables	15	71,066	106,235
TOTAL LIABILITIES		243,811	131,941
NET ASSETS		206	183
Represented by:		206	183
Recoverable revenue		206	183
TOTAL		206	183

**WESTERN CAPE PROVINCE
DEPARTMENT OF HOUSING
VOTE 8**

**STATEMENT OF CHANGES IN NET ASSETS
for the year ended 31 March 2004**

	Note	2003/04 R'000	2002/03 R'000
Recoverable revenue			
Opening balance		183	27
Transfer to Revenue Fund			(14)
Debts written off	9	(18)	
Debts raised		41	170
Closing balance		<u>206</u>	<u>183</u>
TOTAL		<u>206</u>	<u>183</u>

**WESTERN CAPE PROVINCE
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**CASH FLOW STATEMENT
for the year ended 31 March 2004**

	Note	2003/04 R'000	2002/03 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash flow generated by operating activities	16	490,733	412,067
Cash generated (utilised) to (increase)/decrease working capital	17	92,054	3,746
Voted funds and Revenue funds surrendered	18	(50,939)	(54,704)
Net cash flow available from operating activities		531,848	361,109
CASH FLOWS FROM INVESTING ACTIVITIES			
		(292,755)	(384,965)
Purchase of equipment	5	(511)	(299)
Transfer payments (Capital)	7	(292,244)	(384,666)
Net cash flows from operating and investing activities		239,093	(23,856)
Net increase/(decrease) in cash and cash equivalents		239,093	(23,856)
Cash and cash equivalents at beginning of period		3,191	27,047
Cash and cash equivalents at end of period	10	242,284	3,191

**WESTERN CAPE PROVINCE
DEPARTMENT OF HOUSING
VOTE 8**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2004**

1 Annual Appropriation

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

Programmes	Total Appropriation 2003/04 R'000	Actual Appropriation received R'000	Variance over/(under) R'000	Total Appropriation 2002/03 R'000
1. Administration	18,037	18,037		18,698
2. Housing planning and research	27,294	27,294		25,218
3. Housing subsidy programmes	423,282	423,282		378,860
4. Urban renewal and human settlement redevelopment	34,613	34,613		26,890
5. Old business (rental housing)	36,390	36,390		10,329
6. Restructuring	977	977		10,332
Development planning				4,674
Local government services				8,880
Special functions	19	19		
TOTAL	540,612	540,612		483,881

1.2 Conditional grants

	Note	2003/04 R'000	2002/03 R'000
Total grants received	Annexure 1 A	455,895	409,479

1.3 The reasons for the underspending on the Human settlement redevelopment programme are stated in Annexure 1B. Application was made to the Provincial Treasury for the roll-over of all unspent funds.

	2003/04 R'000	2002/03 R'000
2 Other revenue to be surrendered to the revenue fund		
Description		
Recovery of loans and advances	3	128
Subsidised motor transport		114
Contract debt	3	14
Monies prescribed by law/ordinances		
Access to information		1
Monies not prescribed by law/ordinances	23,654	89
Miscellaneous capital receipts	4	17
Housing income	21,730	
Interest on trust accounts	1,381	
Royalties	471	
Administration fees	21	50
Stale cheques written back	47	6
Other		16
Miscellaneous		
Refunds previous years	4,328	1,181
	27,985	1,399
Less own revenue budget	(25,162)	(217)
Excess revenue collected	2,823	1,182

**WESTERN CAPE PROVINCE
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	Note	2003/04 R'000	2002/03 R'000
3 Personnel			
3.1 Current expenditure			
Appropriation to Executive and Legislature		682	835
Basic salary costs		26,427	35,903
Pension contributions		3,643	5,105
Medical aid contributions		2,012	2,661
Other salary related costs		6,128	7,182
Total Personnel Costs		38,892	51,686
Average number of employees		270	470
4 Consumables			
4.1 Current expenditure			
Consumables purchased during the year			
Publications, printing and binding		380	457
Photo copy paper		178	196
Protective clothing		12	84
Computer requisites		288	392
Other		12	54
Total cost of consumables		870	1,183
5 Machinery and Equipment			
Current (Rentals, maintenance and sundry)		388	414
Capital	5.1	511	299
Total current and capital expenditure		899	713
5.1 Capital machinery and equipment analysed as follows:			
Computer equipment		467	36
Furniture and office equipment		29	241
Other machinery and equipment		15	22
Total capital machinery and equipment		511	299

**WESTERN CAPE PROVINCE
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VOTE 8**

6	Professional and special services	Note	2003/04 R'000	2002/03 R'000
6.1	Current expenditure			
	Auditors' remuneration (Regulatory)		1,461	1,802
	Legal fees (State Attorney and private)		529	359
	Contractors		297	46
	Consultants and advisory services		2,430	1,551
	Board members		479	345
	Human Resource Development		392	1,556
	Deeds fees		411	
	Debt collecting fees		144	
	Security		26	
	Levies		130	
	Rates and taxes		11,201	
	Devolution		1,530	
	Discount benefit		1,070	
	Transfers (4/1987)		6,602	
	Maintenance		1,866	
	Sanitation		1,625	
	Other		16	126
	Total Professional and special services		30,209	5,785
7	Transfer payments			
	Conditional grant transfers	Annexure 1 A & B	292,244	390,366
	Transfers to public entities and institutions	Annexure 1C	500	
	Other transfers	Annexure 1C	1,496	2,347
			294,240	392,713
7.1	Analysis of payments			
	Capital		292,244	384,666
	Current		1,996	8,047
			294,240	392,713
8	Miscellaneous			
8.1	Current Expenditure			
	Remissions, refunds and payments made as an act of grace			
	Gifts, donations and sponsorships made	8.2	8	35
	Thefts and losses			
	Ex Gratia payments			
	Other			
	Pension surplus staff		105	202
	Local Authorities Medical Aid Fund (LAMAF)			65
	Group insurance		2	37
	Total miscellaneous expenditure		115	339

**WESTERN CAPE PROVINCE
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8.2	Gifts, donations and sponsorships paid in cash by the department (items expensed during the current year)			
		Note	2003/04 R'000	2002/03 R'000
	Nature of gifts, donations and sponsorships			
	Provincial corporate gifts		8	35
	Total		8	35
9	Special functions: Authorised losses		2003/04 R'000	2002/03 R'000
9.1	Debts written off			
	Balances transferred from Dept. 70		18	
	Western Cape Housing Development Board debtors		1	
	Total		19	
10	Cash and cash equivalents		2003/04 R'000	2002/03 R'000
	Paymaster General Account		1,181	1,151
	Petty cash		4	
	Temporary investment	12	241,099	2,040
			242,284	3,191
11	Receivables - current			
	Amounts owing by other departments	Annexure 5	31	101,743
	Staff debtors	11.3	8	26
	Other debtors	11.4	1,585	1,508
	Advances	11.5	109	97
	Journal line error suspense			14
	Suspense: Miscellaneous			27
	Inter responsibility clearance control			25,518
			1,733	128,933
11.1	Amounts of R447 000 (2003:R389 000) included above may not be recoverable, but has not been written off in the income statement.			
11.2	Age analysis – receivables current			
	Less than one year		148	26,803
	One to two years		906	101,523
	More than two years		679	607
			1,733	128,933
11.3	Staff debtors			
	Personnel debt		8	26
			8	26
11.4	Other debtors			
	Debtors: Provincial		464	436
	Loss control account		215	162
	Warrant vouchers: Fraud external			9
	Miscellaneous debt		205	214
	Miscellaneous disallowances		701	671
	Other			16
			1,585	1,508

**WESTERN CAPE PROVINCE
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VOTE 8**

	Note	2003/04 R'000	2002/03 R'000
11.5 Advances			
Nature of advances			
Subsistence and travel advances		109	97
		109	97
12 Investments			
Investee	Nature of investment		
Provincial Treasury	Temporary investment	241,099	2,040
		241,099	2,040
13 Voted funds to be surrendered			
Opening balance		25,703	53,309
Transfer from income statement less excess on own revenue budget		169,993	25,703
Paid during the year	18	(25,703)	(53,309)
Closing balance		169,993	25,703
14 Revenue funds to be surrendered			
Opening balance		3	(1)
Total revenue collected	2	27,985	1,399
Paid during the year	18	(25,236)	(1,395)
Closing balance		2,752	3
15 Payables - current			
Description			
Amounts owing to other departments	Annexure 6	191	
Integrated Serviced Land Project		18,522	28,756
Western Cape Housing Development Fund	Annexure 2A	52,116	52,161
Other payables	15.1	237	25,318
		71,066	106,235
15.1 Other payables			
Interresponsibility clearance control		10	
Warrant vouchers cancelled and re-issued		1	3
Receipt suspense account			25,314
Suspense: Miscellaneous		225	
Persal control accounts (SARS, Medical funds, etc.)		1	1
		237	25,318
16 Net cash flow generated by operating activities			
Net surplus as per Income Statement		172,816	26,885
Adjusted for items separately disclosed		317,917	385,182
Capital expenditure included in transfer payments	7	292,244	384,666
Capital expenditure	5	511	299
Own revenue budget		25,162	217
Net cash flow generated by operating activities		490,733	412,067

**WESTERN CAPE PROVINCE
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VOTE 8**

17	Cash generated (utilised) to (increase)/decrease working capital		2003/04	2002/03
			R'000	R'000
	(Increase) / decrease in receivables – current		127,223	(26,542)
	Increase / (decrease) in payables		(35,169)	30,288
			92,054	3,746
18	Voted funds and Revenue funds surrendered			
		Note		
	Voted funds surrendered	13	25,703	53,309
	Revenue funds surrendered	14	25,236	1,395
			50,939	54,704

**WESTERN CAPE PROVINCE
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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.

19 Contingent liabilities	Nature	Note	2003/04 R'000	2002/03 R'000
Liable to				
Housing loan guarantees	Employees	Annexure 3	439	671
Claims iro legal costs			587	75
			1,026	746
20 Commitments				
Current expenditure				
Approved and contracted/ordered			1,170	755
			1,170	755
Capital expenditure				
Approved and contracted/ordered			163,651	18,472
			163,651	18,472
Total Commitments			164,821	19,227
21 Accruals				
Listed by standard Item				
Administrative expenditure			161	85
Consumables			11	17
Equipment			24	1
Professional and special services			51	33
Transfer payments			678	-
			925	136
Listed by programme				
Programme 1: Administration			94	82
Programme 2: Housing planning and research			110	54
Programme 3: Housing subsidy programmes			446	-
Programme 4: Old business/rental housing			275	-
			925	136
Revenue				
Stale cheques written back			122	75
			1,047	211
22 Employee benefits				
Leave entitlement			5,391	5,686
Thirteenth cheque			2,267	1,103
Performance bonus			670	161
			8,328	6,950
23 Leases				
23.1 Operating leases (Rentals of photocopiers and fax machines)				
(Nashua, Minolco, Canon, Pansolutions, Technofin)				
Not later than 1 year			265	389
Later than 1 year and not later than 3 years			200	268
Later than 3 years			13	327
			478	984

**WESTERN CAPE PROVINCE
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24 Irregular expenditure	Note	2003/04 R'000	2002/03 R'000
24.1 Movement schedule of irregular expenditure			
Opening balance		247	
Irregular expenditure – current year		443	
		<u>690</u>	<u>247</u>
Analysis			
Current		443	247
Prior years		247	
		<u>690</u>	<u>247</u>

25 Key management personnel

25.1 Remuneration

The Provincial Minister (s), the Accounting Officer (AO) and all other members of the Senior Management Service (SMS) are classified as key management personnel. The AO's total remuneration for the financial year was R0,595m, while R0,682m was paid to the Provincial Minister. The total remuneration for the other key management personnel was R2,290m. Included in the above are cash bonuses amounting to R0,041m paid to the qualifying SMS personnel during the year.

**WESTERN CAPE PROVINCE
DEPARTMENT OF HOUSING
VOTE 8**

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2004**

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	Unspent	% of Available Spent	Capital	Current
	R'000	R'000	R'000	R'000	R'000	R'000		R'000	R'000
Housing Subsidy programme	423,282			423,282	281,865	141,147	66.59	281,865	
Human resettlement and redevelopment	13,500		19,113	32,613	10,379	22,234	31,82	10,379	
TOTAL	436,782		19,113	455,895	292,244	163,651	64.10	292,244	

**WESTERN CAPE PROVINCE
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VOTE 8**

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2004**

ANNEXURE 1B

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

NAME OF MUNICIPALITY (Human settlement redevelopment grant)	GRANT ALLOCATION				EXPENDITURE				
	Division of Revenue Act	Adjustments Estimate	Roll Overs	Total Available	Actual Transfer	Amount not Transferred	% of Available Transferred	Capital	Current
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Knysna	366		100	466	451	15	96.78	451	
Drakenstein			875	875	722	153	82.51	722	
Cederberg	250		50	300	29	271	9.67	29	
Breede River/ Winelands	353			353		353			
Bergrivier	576		586	1,162		1,162			
City of Cape Town	10,434		15,489	25,923	8,257	17,666	31.85	8,257	
Matzikamma			61	61	61		100.00	61	
Saldanha	100		811	911	85	826	9.33	85	
Stellenbosch			390	390	197	193	50.51	197	
Oudtshoorn	400		109	509		509			
Swartland	100		492	592	182	410	30.74	182	
Swellendam	236		50	286	134	152	46.85	134	
Theewaterskloof	161		100	261	261		100.00	261	
Mosselbay	219			219		219			
Eden	305			305		305			
TOTAL	13,500		19,113	32,613	10,379	22,234	31.82	10,379	

Reasons for underspending:

Business plans were only approved by the national Department of Housing in November 2003. Municipalities have to go through tender procedures to appoint contractors to complete the projects. The Department transfers only monies to municipalities after receiving certified claims from the municipalities. Municipalities must comply with the conditions as stipulated in the individual agreements for work done by the contractors. The Department reported the underspending and the reasons therefore in the monthly report (IYM) to the Provincial Treasury and the national Department of Housing. Application was made to the Provincial Treasury for the roll-over of the unspent funds.

**WESTERN CAPE PROVINCE
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VOTE 8**

**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2004**

ANNEXURE 1C

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

Public Entity	GRANT ALLOCATION				EXPENDITURE				
	Appropriations Act	Adjustments Estimate	Roll Overs	Total Available	Actual Transfer	Amount not Transferred	% of Available Transferred	Capital	Current
	R'000	R'000	R'000	R'000	R'000	R'000	%	R'000	R'000
Witzenberg Settlement Assistance	132			132	132				132
Boland Settlement Assistance	300			300	300				300
Breede River Settlement Assistance	120			120	120		100.00		120
Langeberg Settlement Assistance	150			150	150		100.00		150
City of Cape Town Settlement Assistance	798			798	794	4	99.50		794
District Six Redevelopment Trust	500			500	500		100.00		500
TOTAL	2,000			2,000	1,996	4	99.80		1,996

**WESTERN CAPE PROVINCE
DEPARTMENT OF HOUSING
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**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2004**

ANNEXURE 2A

STATEMENT OF INVESTMENTS IN AND AMOUNTS OWING BY/TO CONTROLLED/PUBLIC ENTITIES AS AT 31 MARCH 2004

(Only Public and Private Entities)

Name of public Entity	Nature of public entity's business	Relevant Act	Entity's PFMA Schedule type	% Held	Number of shares held		Cost of investment		Profit / (Loss) for the year		Are the losses guaranteed	Amt of losses guaranteed	Amounts owing to		Amounts owing by		AO Value of Investments	Audit Report Status (3)
					R'000		R'000		R'000		Yes/No	R'000	R'000		R'000		R'000	
					2003/04	2002/03	2003/04	2002/03	2003/04	2002/03			2003/04	2002/03	2003/04	2002/03		U/Q/A/D
WCHDB	(1)	(2)	3C										52,116	52,161				D
													<u>52,116</u>	<u>52,161</u>				

- (1) Allocation of housing subsidies to qualifying beneficiaries.
 (2) Housing Act, 1997 (Act 107 of 1997) (as amended by Act 4 of 2001) and the Western Cape Housing Development Act, 1999 (Act 6 of 1999)
 (3) Indicate whether or not the entity's financial statements are Unqualified, Qualified, Adverse or Disclaimer.

**WESTERN CAPE PROVINCE
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**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2004**

ANNEXURE 3

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
First National Bank	Housing loans		21	30			51	
ABSA	Housing loans		337	24	(156)		205	
BOE Bank	Housing loans		64		(64)			
Saambou Bank	Housing loans		21		(21)			
Permanent Bank	Housing loans		73		(73)			
Standard Bank	Housing loans		42		(20)		22	
Cape of Goodhope Bank	Housing loans		46		(46)			
Nedbank	Housing loans		58	55			113	
FBC Fidelity Bank	Housing loans		9		(9)			
Old Mutual Bank	Housing loans			48			48	
Total			671	157	(389)		439	

**WESTERN CAPE PROVINCE
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**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2004**

ANNEXURE 4

PHYSICAL ASSET MOVEMENT SCHEDULE (Not including consumables)

PHYSICAL ASSETS ACQUIRED DURING FINANCIAL YEAR 2003/04	Opening Balance R'000	Additions R'000	Disposals R'000	Transfers In R'000	Transfers Out R'000	Closing Balance R'000
MACHINERY AND EQUIPMENT*	299	511	-	-	-	810
Computer equipment	36	467				503
Furniture and office equipment	241	29				270
Other machinery and equipment	22	15				37
	299	511	-	-	-	810

PHYSICAL ASSETS ACQUIRED DURING FINANCIAL YEAR 2002/03	Opening Balance R'000	Additions R'000	Disposals R'000	Transfers In R'000	Transfers Out R'000	Closing Balance R'000
MACHINERY AND EQUIPMENT*	-	299	-	-	-	299
Computer equipment	-	36				36
Furniture and office equipment	-	241				241
Other machinery and equipment	-	22				22
	-	299	-	-	-	299

**WESTERN CAPE PROVINCE
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**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2004**

ANNEXURE 5

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
Local Government	15	312	5	
Department of Justice and Constitutional Development	8			
Department of Local Government and Traditional Affairs		1	1	
Department of Social Services (Gauteng Province)			2	
Total	23	313	8	-

ANNEXURE 6

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
Cape Administrative Academy	8			
Department 70	183	(101,524)		
Total	191	(101,524)		