

**Department of Local Government
and Housing**

Annual Financial Statements
for the year ended 31 March 2008

**WESTERN CAPE PROVINCE
DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING
VOTE 8**

**ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2008**

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**REPORT OF THE ACCOUNTING OFFICER
for the year ended 31 March 2008**

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

The mandate of the Department is to facilitate the creation of sustainable human settlements and to empower local government to fulfil its constitutional mandate. To this end the Department has finalised its Human Settlement Strategy, called Isidima (“giving dignity”), and has engaged with the Five Year Strategic Agenda for Local Government. These two key strategic initiatives have informed the day-to-day work of the Department.

During the 2007/08 financial year the Department made good progress with the Isidima Strategy. The Strategy was formally launched in June 2007, and a detailed implementation plan was developed. One of the highlights of Isidima is the list of lead and pilot projects that are intended to showcase Isidima best practices. One of these is the Grabouw Sustainable Development Initiative, which has developed a holistic development plan for Grabouw that encompasses various aspects of social and economic development. Another highlight is the land rationalisation study, which has identified national, provincial, and municipal land that is suitable for human settlements.

To support the roll-out of Isidima, a Geographic Information System (GIS) Unit has been established. This unit integrates the Department’s spatial information with that of other departments and enables our department to plan in a coherent manner for sustainable and integrated human settlements. Another useful planning tool is the Housing Demand Database, which is nearing completion. The first phase has focused on surveying households in informal dwelling units (including back yard dwellers), and the second phase will focus on overcrowding.

In 2007/08 we set a target of building 16 000 houses and servicing 18 000 sites. We are proud that we managed to overshoot our targets: in 2007/08 delivery altogether totaled 18 064 serviced sites and 16 093 housing units. This translates into concrete improvements for over 34 000 families.

The Department has facilitated the establishment of new ward committees. In addition, districts were supported to re-establish their speakers’ forums and thereby enhance public participation. The Department also facilitated the establishment of youth units in the districts and metro. Furthermore, the Department supported all municipalities to implement public participation mechanisms, and established the “District Public Participation Task Team” to facilitate this process.

The **community development workers** are a vital part of the Department in this respect; they constitute a central part of our legacy. The primary function of CDWs is to provide communities with information on government services and to fundamentally narrow the gap between government and citizens. But our CDWs do so much more. CDWs are going the extra mile to facilitate community economic development and poverty alleviation projects. As a result, CDWs are making a noticeable impact against our Departmental objectives. For instance, CDWs facilitate the establishment of projects in the second economy, educate towards the development of ward-based planning, and also conduct consumer education workshops for housing beneficiaries.

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The Department has many initiatives to support municipalities in their implementation of the Five-Year Local Government Strategic Agenda. For example, a number of municipalities have been assisted with the formulation of Anti-Corruption Strategies and with the implementation of the Batho Pele Ethos, and the Department assisted the West Coast, Central Karoo and Eden municipalities to develop staff retention plans. Much effort has been invested in improving municipal Integrated Development Plans (IDPs), and this support has resulted in 26 out of 30 IDPs being assessed as credible (of which three were assessed as excellent). There have also been specialised interventions in municipalities such as Oudtshoorn, and the objective of all such interventions is to ensure good governance and continued service delivery.

A flagship achievement is the recent Governance Summer School, a pioneering event jointly hosted by us and the Northern and Eastern Cape. Some 300 Mayors, Municipal Managers, other senior municipal, provincial politicians and officials met together for four days to share their skills and experiences in local government. Given the dynamics and challenges of coalition-based government in the Province, the theme of the Summer School was leadership. Based on the success of the event, we want to make this an annual undertaking which can continue to serve as a platform for co-operative governance between the municipalities and provincial governments of the Northern, Eastern and Western Cape.

Effective and efficient interdepartmental co-operation was achieved between the Departments of Local Government and Housing, Community Safety and Health in the establishment of the Emergency Management Centre at the Tygerberg Hospital. This co-operation focuses on the dispatching of emergency response vehicles and co-ordination of disaster management activities. In addition, the Provincial Disaster Management Centre conducted a risk and vulnerability assessment for the entire province and is supporting the development of municipal risk and vulnerability assessments.

Sound intergovernmental relations underpins all of the Department's work, and the Department was able to operationalise the following intergovernmental structures in line with the Intergovernmental Relations Framework Act: namely the Premier's Co-ordinating Forum, Premier's Metro Co-ordinating Forum, and all District Co-ordinating Forums. The Department has also continued with Provincial Advisory Forum meetings, as these facilitate constant communication and co-operation between the Department and municipalities.

The MEC introduced a new programme, 1 000 Volunteers, to bolster our PHP projects and tie them into community volunteerism. Over 1 050 volunteers are participating, including approximately 80 departmental/government officials and over 80 corporate volunteers. In Wallacedene, dedicated volunteers are involved in all aspects of the construction process, including foundations, bricklaying, plastering, painting, plumbing and finishing—thus gaining much-needed skills and construction experience.

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General view on spending for the financial year

| | 2007/08 | 2006/07 |
|----------------------------|----------------|----------------|
| | R'000 | R'000 |
| Final appropriation | | |
| Total | 1 431 861 | 1 266 109 |
| Administration | 78 618 | 59 427 |
| Housing | 1 276 237 | 1 111 077 |
| Local government | 76 638 | 95 108 |
| Special functions | 368 | 497 |
| Underspending | | |
| Total | 78 028 | 230 398 |
| Administration | - | 289 |
| Housing | 73 931 | 229 764 |
| Local government | 4 097 | 345 |
| Special functions | - | - |

All programmes and sub-programmes remained within their approved budgets. Application was made to the Provincial Treasury for the roll over of all unspent conditional grants and contractual commitments not concluded in 2007/08. The reasons for the under spending are discussed under 'Notes to the appropriation statement'.

The virements, as indicated in the appropriation statements, were approved and applied to utilize savings under a main division to cover over expenditure on another main division. This was done in terms of section 43 of the PFMA.

2. Service rendered by the department

2.1 Free Services

No free services were rendered during the year under review.

2.2 Inventory

Two types of inventory are generated by LOGIS. The one consists of an inventory of store items (RR026 LOGIS report), the other inventory of furniture and equipment (RR025 LOGIS report). The value of the inventory of store items as at 31 March 2008 amounted to R1,536,879. The value of the inventories was valued at weighted average price. Inventories are issued on the first in first out (FIFO) basis.

3. Capacity constraints

Another strategic goal of the Department as stated in the Annual Performance Plan for 2007/08 is to establish a well functioning transformed department capacitated to deliver:

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Strategy

A department that is adequately staffed, skilled and motivated to deliver on its mandate. This includes:

- Continuous adjustment to the organisation of the department to meet its mandate
- Developing a team based approach to projects
- Applying recruitment, retention, selection, training and career development processes that are in line with legislative imperatives and departmental objectives
- Becoming a learning organisation with strategic planning and management competence.

Key focus areas

- Improved work flow processes
- Team work based on professionalism, willingness, tolerance and commitment
- Information, architecture and systems
- Human Resource Development plans focussed on career development and service delivery.
- Performance monitoring
- Performance management

Targeted outputs over the medium term

- All posts filled with competent and motivated staff
- A departmental performance monitoring system in place
- A performance management system implemented at all levels of the organisation
- Skills development strategy in place and being operationalised
- Social capital strategy implemented to effect changes to the organisational culture within the Department
- An inter-directorate team-based approach to projects
- The culture of the department transformed in line with Batho Pele values and principles
- Public Finance Management Act (PFMA) and Division of Revenue Act (DORA) compliance
- 100% of budget efficiently and effectively spent each year.
- Work flow processes reviewed and improved to include service level agreements within the Department.

The Department is currently realigning its establishment for improved delivery on its mandate. Phase 1 was implemented in 2007/08. Provision was also made in the 2008/09 budget for implementing phase 2 and 3 of the proposed re-aligned structure.

4. Utilisation of donor funds

No donor funds were received or utilised by the Department. Donations, both cash and in-kind to the value of R139 670.65 were received as contribution towards the MEC's budget speech in June 2007. (Refer to Annexure 1G).

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5. Trading entities and public entities

The Western Cape Housing Development Board (WCHDB) was abolished in October 2005. The Western Cape Housing Development Fund (WCHDF) was dormant during the 2007/08 financial year. All expenditure relating to assets was expensed under programme 2: Housing. The income derived from the WCHDB assets and debtors was accounted as departmental revenue and subsequently paid over to the Provincial Revenue Fund. All transactions iro the WCHDF are regarded as related party transactions.

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

The Department also contracted Thubelisha Homes (National Public Entity) to manage and develop the N2 Gateway and other housing projects. Refer to Disclosure note 22 of the financial statements.

6. Organisations to whom transfer payments have been made

All transfer payments and the purpose for the payments made are reported in Annexure 1B – 1F to the Annual Financial Statements.

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

7. Public private partnerships (PPP)

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

8. Corporate governance arrangements

The internal audit consortium, appointed by the Provincial Treasury, performs the internal audit function in the Province.

The Department formally adopted an Anti-fraud and Corruption Strategy comprising the following:

- The Fraud and Corruption Policy
- The Fraud and Corruption Prevention Plan
- The Fraud Response Plan
- The Fraud Risk Register
- Code of Conduct

The departmental Anti-Fraud and Corruption Strategy, which is the first of its kind for the Western Cape provincial government was formally launched on 13 May 2008. The establishment of a Fraud and Risk Management Committee will assist the Accounting Officer to create a strong culture in the Department to fight fraud and corruption which undercuts service delivery and threatens our sense of justice.

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Through excellent co-operation between the Department, the Special Investigating Unit and the Forensic Investigative Unit of the Department of the Premier, we are also making great progress in the investigation of alleged corruption and the recovery of losses which occurred in the past. Government employees who fraudulently received housing subsidies are signing acknowledgements of debt and additional cases are to be brought before the court in the upcoming months. These actions are vital for us to restore the integrity of our public service and programmes.

The shared audit committee and the Internal audit unit have been functional since the 2004/05 financial year. The Report of the Audit Committee is incorporated as Part 3 in the Annual Report of the Department.

The department has implemented a system to manage the conflicts of interest of employees by ensuring that all SMS members and all members of Bid committees are compelled to declare their conflict of interest annually.

9. Discontinued activities/activities to be discontinued

No activities were discontinued or are to be discontinued.

10. New/proposed activities

None

11. Asset management

The Supply Chain Management (SCM) unit within the Department of Local Government and Housing allocates the Department's assets with unique asset numbers for verification, reconciliation and location purposes.

The fixed properties of the ex Western Cape Housing Development Board are separately disclosed in the financial statements of the Western Cape Housing Development Fund.

12. Events after the reporting date

No conditions/events, both favorable and unfavorable, existed at year-end. No events occurred between 31 March 2008 and the date of approval of the financial statements that necessitated adjusting the financial statements as on 31 March 2008.

The xenophobic attacks that have started roughly around 22 May 2008 and have given rise to the Disaster and the need for the Department of Local Government and Housing to respond as a first line function. The estimated scope for this situation is roughly three months and therefore all planning and financial processes takes this time line into consideration. The Disaster as declared (which was gazetted on 4 June 2008) has placed a number of pressures on departments to respond in light of providing humanitarian assistance as an urgent and immediate call. The Department applied for additional funding of R19,5m via the Provincial Treasury to cover the projected additional expenditure flowing from the declared disaster.

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13. Performance information

The Department identified its shortcoming on reliable/verifiable performance information. To address this, the Department identified the following strategic goal as stated in the Annual Performance Plan for 2007/08:

A comprehensive information and knowledge management system supported by a strategic and coordinated research agenda as a basis for planning, action, monitoring and evaluation.

Strategy

A hub of information will be created in support of the Department's work. This hub will include the management of all existing information, the identification of information needs, generation of new information required, analysis of information and policies provided by provincial and national government, and support for provincial and local planning and strategy processes in support of developmental local government and sustainable human settlements.

Key focus areas

- A comprehensive data base and knowledge management system for the department
- Policy analysis and new policy development
- Co-ordination of departmental inputs into the Provincial policy and strategy formulation processes
- A coordinated and focused research programme in support of the department and the strategies of iKapa Elihlumayo
- Effective multi-year integrated and quality planning of provincial, local and national government, supported by adequate resources and capacity and aligned with provincial strategies
- People effectively trained to maximise these systems

Targeted outputs over the medium term

- An operational data base and knowledge management system servicing the department and iKapa Elihlumayo strategies
- Departmental analysis of all key policies completed and accessible to all provincial staff
- Participation of the province, municipalities and the social partners in the Western Cape in all key policy dialogues
- Provincial policies to support developmental local government and sustainable human settlements developed
- A strategic research agenda defined and research projects initiated and linked to provincial priorities
- All plans aligned to the new policy imperatives and the provincial spatial development framework

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- IDPs that are responsive to local community needs and aligned to national, provincial and local priorities.
- Departmental policy and strategy inputs are collated and incorporated into the Provincial policy and strategy documents

14. Scopa resolutions

Report of the Auditor-General: 2006/07 Annual Financial Statements

| Number | Emphasis of matters | Findings on progress |
|--------|---|--|
| 1 | Disclosure of irregular, fruitless & wasteful expenditure | * PFMA to be amended to make provision for condonement of irregular payments. If not condoned, amounts to be recovered from guilty parties or written off. A National Treasury memorandum was received that stipulates the processes to be followed as from 1 April 2008. |
| 2 | Other matters Invoices not paid within 30 days | <p>* The department will improve the working methods and procedures to comply in terms of the PFMA and NTR 8.2.3, that unless determined in a contract or other agreement, all payments due to creditors must be settled within 30 days from receipt of an invoice.</p> <p>* Contracts or agreements was amended as follows to comply with the regulations in future. Claims will only be settled within 30 days upon certification of completion on the percentage of work performed by contractors.</p> <p>* The oversight function are performed by internal control and reports on the non-compliance in this regard on a regular basis to the CFO and HOD.</p> <p>* The delay of above 4 - 9 working days between the authorisation date of payments and the actual payment date/disbursement date was taken up with Provincial Treasury to speed up the process and to be in compliance with the terms of NTR 8.2.3</p> <p>* NAPS payments are arranged to avoid non-compliance to NTR 8.2.3</p> |
| 3 | Significant deviations in the preparation of financial statements in accordance with prescribed accounting practice | Checked regularly on updates from Accountant-General's website. |

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15. Prior modifications to audit process

Regular meetings to follow up on the progress of the findings of the Auditor-General were convened throughout the year. These meetings and progress reports were conducted by our Internal Control component involving senior officials. These reports were submitted to the Accounting Officer and Provincial Treasury.

16. Exemptions and deviations received from the National Treasury

The Department did not apply or receive any exemptions from the PFMA or National Treasury Regulations or deviations from the National Treasury from financial reporting requirements for the previous and current financial years.

17. Investigations

On 25 April 2007, the State President issued a Proclamation empowering the Special Investigating Unit to conduct an investigation into low cost housing for the purpose of recovery of any losses suffered by Institutions for the period 1994 to 25 April 2007. The objectives of these investigations are, amongst others, to identify the corrupted areas, to bring the transgressors to book and recover the monies, but more importantly to enable the projects to continue in order to provide housing to the participants. In terms of the afore-mentioned Presidential Proclamation the Special Investigating Unit was requested to investigate:

- the findings of the Auditor-General Report for 2005/06 dated January 2006
- 16 Peoples Housing Process Projects. Subsequent to the request to the SIU the Mama's Housing Project was, at a Steering Committee Meeting of 5 July 2007, withdrawn from investigation. The project was withdrawn due to the fact that the Forensic Investigation Unit had already done an in-depth investigation on the project and had issued their findings. The Department was already giving effect to the findings of the Forensic Report and therefore no further investigation was required.

Further to the above, a performance audit was executed during 2006. This audit focused on the allocation of housing subsidies to municipal employees as well as the administration of low-cost housing projects by my Department for the period January 1995 to November 2005. The comparison of 8 municipalities has identified 2210 cases where the subsidies were awarded to municipal officials earning in excess of the subsidy threshold. Subsequent to the issue of the Audit Report the Department has requested the SIU to investigate the 2210 cases.

Prior to the referral of the 16 PHP cases as mentioned above, two projects, i.e. Twins and Chicago Bulls in Mfuleni, were forwarded to the SIU for investigation. The investigations pertaining to these two projects were finalised in 2006. The accused party was found guilty of fraud in the Magistrates Court of the Cape on 9 November 2006.

The investigation process is currently progressing well due to excellent co-operation between my Department, the Special Investigating Unit and the Forensic Investigative Unit of the Department of the Premier. For the category "subsidy approvals to government employees earning salaries in excess of the housing subsidy threshold in the Auditor-General Report for 2005/06", 100 acknowledgements of debt to the value of R1 440 712 were already signed for the period January to March 2008.

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It should further be noted that matters referred to the SIU for investigation in terms of Proclamation 7 of 2007 and the co-operative agreement between the Department and the SIU since 2005, was monitored through:

- A monthly Housing Proclamation Steering Committee
- A monthly Departmental/SIU Steering Committee, as well as the
- Quarterly Progress Reports devised by the SIU.

From the date of the agreement in 2005 the Directorate Legislation within the Department is the nodal point for referring matters to the SIU. Initially the issues were mostly local government related but as from 2006, all housing issues were also channelled through this Directorate. These issues mostly related to PHP projects where possible irregularities were identified. The reasoning behind the decision to use one Directorate as a nodal point was to ensure that proper control and monitoring is exercised over matters referred to the SIU in terms of the agreement.

As mentioned above, 15 PHP projects are currently being attended to by the SIU. The Department is diligently supporting the SIU in their investigations to facilitate the conclusion of the process. The Department has looked into the main reasons for irregularities occurring on these projects and has implemented various controls to prevent future transgressions and to limit the risk to the Department, should irregularities occur again. Most of the irregularities that occur seem to be linked to the relationship between the Supplier and the Accounts Administrator (AA). To better monitor and manage the disbursement of funds to the AA and from the AA to the Supplier/Developer, the following controls have been instituted:

- Subsidies are paid over to an accounts administrator (AA) in small tranches of 50 subsidies for approved beneficiaries for house construction. The AA opens a separate bank account specifically for the project. The subsidies are paid into this account. The AA controls payments from this account for building materials and services rendered in pursuance of the project.
- The AA is required to submit reconciliations to the Department on a monthly basis.
- When 85% or more houses are complete, the Departmental inspectors go out to physically verify before the next tranche is released.
- The inspector's report is also given to the accounts administrator as an independent verification of the project certifier's certification. This enables the accounts administrator to see if he/she has been paying for legitimate claims.

It should be noted that the majority of the PHP projects referred to the SIU were approved a number of years ago. The lessons learned over the past few years have informed the processes and controls that have been implemented to counter future irregular activities. The Department is currently more vigilant and prepared to prevent future fraud and corruption within this programme.

A clean-up process of old projects is currently underway. Thubelisha Homes and the Development Action Group are currently assisting the Department in completing projects that have been underperforming. In most cases the projects were delayed due to the collapse of the community organisation or as result of a split within the support organisation. The Department is in a process of appointing a third service provider to assist with the clean-up process. Should irregularities be identified within these projects, further referrals will be made to the SIU.

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The Department is also currently doing a value for money investigation iro municipal rates and tax expenditure, land availability agreements, property register, rental and sales agreements and the timeframes of transferring of sold properties.

The Erasmus Commission of Inquiry was established in terms of Proclamation 18 of 2007 and published in Government Gazette 6485 on 4 December 2007. The total cost for the Department was R1 257 235.86 in the financial year. This Proclamation was repealed on 19 March 2008 and a second commission was established. The second commission is funded by the Department of the Premier.

18. Approval

The Annual Financial Statements set out on pages 52 to 107 have been approved by the Accounting Officer.



**(S MAJIET)
(ACCOUNTING OFFICER)**

DATE: 29 July 2008

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**REPORT OF THE AUDITOR-GENERAL
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**REPORT OF THE AUDITOR-GENERAL TO THE WESTERN CAPE PROVINCIAL
PARLIAMENT ON THE FINANCIAL STATEMENTS AND PERFORMANCE
INFORMATION OF VOTE 8: DEPARTMENT OF LOCAL GOVERNMENT AND
HOUSING FOR THE YEAR ENDED 31 MARCH 2008**

REPORT ON THE FINANCIAL STATEMENTS

Introduction

1. I have audited the accompanying financial statements of the Department of Local Government and Housing which comprise the appropriation statement, statement of financial position as at 31 March 2008, statement of financial performance, statement of changes in net assets and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on pages 52 to 107.

Responsibility of the accounting officer for the financial statements

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

Responsibility of the Auditor-General

3. As required by section 188 of the Constitution of the Republic of South Africa, 1996 read with section 4 of the Public Audit Act, 2004 (Act No. 25 of 2004) (PAA), my responsibility is to express an opinion on these financial statements based on my audit.
4. I conducted my audit in accordance with the International Standards on Auditing and *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance on whether the financial statements are free from material misstatement.
5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

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In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.

6. An audit also includes evaluating the:
 - appropriateness of accounting policies used
 - reasonableness of accounting estimates made by management
 - overall presentation of the financial statements.
7. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Basis of accounting

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

Opinion

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

OTHER MATTERS

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

Non-compliance with applicable legislation

Invoices not paid within 30 days from receipt

10. Audit testing revealed that invoices amounting to R1 750 846 were not paid within 30 days from receipt as required in terms of section 38(1)(f) of the PFMA and Treasury Regulation 8.2.3. A similar audit finding was reported in the previous three years.

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Matters of governance

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

| Matter of governance | Yes | No |
|---|-----|----|
| Audit committee | | |
| • The department had an audit committee in operation throughout the financial year. | ■ | |
| • The audit committee operates in accordance with approved, written terms of reference. | ■ | |
| • The audit committee substantially fulfilled its responsibilities for the year, as set out in section 77 of the PFMA and Treasury Regulation 3.1.10. | ■ | |
| Internal audit | | |
| • The department had an internal audit function in operation throughout the financial year. | ■ | |
| • The internal audit function operates in terms of an approved internal audit plan. | ■ | |
| • The internal audit function substantially fulfilled its responsibilities for the year, as set out in Treasury Regulation 3.2. | ■ | |
| Other matters of governance | | |
| The annual financial statements were submitted for audit as per the legislated deadlines (section 40 of the PFMA for departments). | ■ | |
| The financial statements submitted for audit were not subject to any material amendments resulting from the audit. | ■ | |
| No significant difficulties were experienced during the audit concerning delays or the unavailability of expected information and/or the unavailability of senior management. | ■ | |
| The prior year's external audit recommendations have been substantially implemented. | ■ | |
| SCOPA resolutions have been substantially implemented. (Except invoices not paid within 30 days from receipt) | ■ | |

Unaudited supplementary schedules

12. Annexure 1C: Statement of unconditional grants and transfers to municipalities includes a column of amounts spent by the municipality. I have not audited this amount and accordingly I do not express an opinion thereon.

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OTHER REPORTING RESPONSIBILITIES

REPORT ON PERFORMANCE INFORMATION

13. I have reviewed the performance information as set out on pages 7 to 31.

Responsibility of the accounting officer for the performance information

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

Responsibility of the Auditor-General

15. I conducted my engagement in accordance with section 13 of the PAA read with *General Notice 616 of 2008*, issued in *Government Gazette No. 31057 of 15 May 2008*.

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

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

Audit findings (performance information)

Non-compliance with regulatory requirements

17. I draw attention to the fact that one of the department's performance objectives were identified that were not well-defined, whilst five planned targets were not measurable, as required by section 40(3)(a) of the PFMA.

Evidence materially inconsistent with reported performance information

18. The evidence provided to support the performance information reported in the annual report was, in 28 of the 88 cases tested, materially inconsistent with the reported performance information. This has subsequently been adjusted in the annual report.

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OTHER REPORTS

Investigations

19. The Department referred the following matters to the Special Investigation Unit (SIU) for investigation in terms Presidential Proclamation No. 7 of 2007, dated 25 April 2007, during the year under review:
20. The 572 cases identified in the performance audit report of the Auditor-General, issued on 4 January 2006, on housing subsidies awarded to government employees by the former Western Cape Department of Housing during the period January 1995 to March 2004.
21. The 2 210 cases where housing subsidies were awarded to municipal officials at eight municipalities earning in excess of the subsidy threshold, as identified by the Auditor-General during a performance audit performed on the allocation of housing subsidies to municipal employees and the administration of low-cost housing projects by the Western Cape Department of Local Government and Housing during the period January 1995 to November 2005.
22. A total of 15 people housing projects (PHP) where possible irregularities were identified by the department.
23. Twenty-nine PHP housing projects out of a total of 158, for which subsidies amounting to R115 496 761 were approved for the building of 7 818 houses, were identified by the department as "blocked" or slow-moving projects as a result of possible irregularities with its administration by external parties or where the progress on the projects was not up to standard. Six of these projects have already been referred to the SIU as part of the above 15 projects, whilst some of the others have also been identified for possible referral. Several of these projects had already been "blocked" since 2004 and 2005 and the building of some of the houses has consequently been delayed.
24. The accounting officer's report further elaborates on the above-mentioned investigations on page 43.

Performance audits

25. A performance audit report on the allocation of housing subsidies to municipal employees and the administration of low-cost housing projects by the department during the period January 2005 to November 2005 was issued subsequent to year-end.

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VOTE 8

REPORT OF THE AUDITOR-GENERAL
for the year ended 31 March 2008

APPRECIATION

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

Auditor - General

Cape Town

31 July 2008



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

**WESTERN CAPE PROVINCE
DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING
VOTE 8**

**ACCOUNTING POLICIES
for the year ended 31 March 2008**

The Financial Statements have been prepared in accordance with the following policies, which have been applied consistently in all material aspects, unless otherwise indicated. However, where appropriate and meaningful, additional information has been disclosed to enhance the usefulness of the Financial Statements and to comply with the statutory requirements of the Public Finance Management Act, Act 1 of 1999 (as amended by Act 29 of 1999), and the Treasury Regulations issued in terms of the Act and the Division of Revenue Act, Act 1 of 2007.

1. Presentation of the Financial Statements

1.1 Basis of preparation

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

1.2 Presentation currency

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

1.3 Rounding

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

1.4 Comparative figures

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

1.5 Comparative figures - Appropriation Statement

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

2. Revenue

2.1 Appropriated funds

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

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**ACCOUNTING POLICIES
for the year ended 31 March 2008**

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

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

2.2 Departmental revenue

All departmental revenue is paid into the Provincial Revenue Fund when received, unless otherwise stated. Amounts owing to the Provincial Revenue Fund at the end of the financial year are recognised in the statement of financial position.

Amounts receivable at the reporting date are disclosed in the disclosure notes to the annual financial statements.

2.2.1 Tax revenue

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

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

2.2.2 Sales of goods and services other than capital assets

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

2.2.3 Fines, penalties & forfeits

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

2.2.4 Interest, dividends and rent on land

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

2.2.5 Sale of capital assets

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

2.2.6 Financial transactions in assets and liabilities

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

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**ACCOUNTING POLICIES
for the year ended 31 March 2008**

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

Forex gains are recognised on payment of funds.

2.2.7 Transfers received (including gifts, donations and sponsorships)

All cash gifts, donations and sponsorships are paid into the Provincial Revenue Fund and recorded as revenue in the Statement of Financial Performance when received. Amounts receivable at the reporting date are disclosed in the disclosure notes to the financial statements. All in-kind gifts, donations and sponsorships are disclosed at fair value in an annexure to the financial statements.

2.3 Direct Exchequer receipts

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

2.4 Local and foreign aid assistance

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

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

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

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

3. Expenditure

3.1 Compensation of employees

3.1.1 Short-term employee benefits

Salaries and wages comprise payments to employees (including leave entitlements, thirteenth cheques and performance bonuses). Salaries and wages are recognised as an expense in the Statement of Financial Performance when final authorisation for payment is effected on the

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VOTE 8**

**ACCOUNTING POLICIES
for the year ended 31 March 2008**

system (by no later than 31 March of each year). Capitalised compensation forms part of the expenditure for capital assets in the Statement of Financial Performance¹.

All other payments are classified as current expense.

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

3.1.2 Post retirement benefits

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

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

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

3.1.3 Termination benefits

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

3.1.4 Other long-term employee benefits

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

Long-term employee benefits that give rise to a present legal or constructive obligation are disclosed in the disclosure notes to the financial statements. These amounts are not recognised in the Statement of Financial Performance or Position.

3.2 Goods and services

Payments made for goods and/or services are recognised as an expense in the Statement of Financial Performance when the final authorisation for payment is effected on the system (by no later than 31 March of each year). The expense is classified as capital if the goods and services were used for a capital project or an asset of R5000 or more is purchased. All assets costing less than R5 000 will also be reflected under goods and services.

¹ This accounting policy is only relevant where the department elects to capitalise the compensation paid to employees involved on capital projects.

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**ACCOUNTING POLICIES
for the year ended 31 March 2008**

3.3 Interest and rent on land

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

3.4 Financial transactions in assets and liabilities

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

Forex losses are recognised on payment of funds.

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

3.5 Unauthorised expenditure

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

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

3.6 Fruitless and wasteful expenditure

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

3.7 Irregular expenditure

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

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**ACCOUNTING POLICIES
for the year ended 31 March 2008**

3.8 Transfers and subsidies

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

3.9 Expenditure for capital assets

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

4. Assets

4.1 Cash and cash equivalents

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

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

4.2 Other financial assets

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

4.3 Prepayments and advances

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

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

4.4 Receivables

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

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

4.5 Investments

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

Investments are tested for an impairment loss whenever events or changes in circumstances indicate that the investment may be impaired. Any loss is included in the disclosure notes.

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4.6 Loans

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

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

4.7 Inventory

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

4.8 Capital assets

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

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

Disclosure Notes 25 and 26 reflect the total movement in the asset register for the current financial year.

5. Liabilities

5.1 Voted funds to be surrendered to the Revenue Fund

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

5.2 Departmental revenue to be surrendered to the Revenue Fund

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

5.3 Bank overdraft

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

5.4 Payables

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

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**ACCOUNTING POLICIES
for the year ended 31 March 2008**

5.5 Contingent liabilities

Contingent liabilities are included in the disclosure notes.

5.6 Commitments

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

5.7 Accruals

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

5.8 Employee benefits

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

5.9 Lease commitments

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

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

6. Receivables for departmental revenue

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

7. Net Assets

7.1 Capitalisation reserve

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

7.2 Recoverable revenue

Amounts are recognised as recoverable revenue when a payment made in a previous financial year becomes recoverable from a debtor in the current financial year.

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**ACCOUNTING POLICIES
for the year ended 31 March 2008**

8. Related party transactions

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

9. Key management personnel

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

10. Public private partnerships

A description of the PPP arrangement, the contract fees and current and capital expenditure relating to the PPP arrangement is included in the disclosure notes.

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**APPROPRIATION STATEMENT
for the year ended 31 March 2008**

| Appropriation per Programme | | | | | | | | | |
|---|------------------------|-------------------|----------|---------------------|--------------------|---------------|---|---------------------|--------------------|
| Programmes | 2007/08 | | | | | | | 2006/07 | |
| | Adjusted Appropriation | Shifting of Funds | Virement | Final Appropriation | Actual Expenditure | Variance | Expenditure as % of final appropriation | Final Appropriation | Actual Expenditure |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | % | R'000 | R'000 |
| 1. Administration | | | | | | | | | |
| Current payment | 71,296 | - | 1,847 | 73,143 | 73,143 | - | 100.0 | 57,221 | 57,217 |
| Transfers and subsidies | 722 | - | 1,575 | 2,297 | 2,297 | - | 100.0 | 634 | 634 |
| Payment for capital assets | 3,135 | - | 43 | 3,178 | 3,178 | - | 100.0 | 1,572 | 1,287 |
| 2. Housing | | | | | | | | | |
| Current payment | 74,875 | 6,329 | 1,353 | 82,557 | 81,607 | 950 | 98.8 | 63,285 | 62,933 |
| Transfers and subsidies | 1,203,317 | (6,329) | (3,649) | 1,193,339 | 1,120,457 | 72,882 | 93.9 | 1,046,624 | 817,241 |
| Payment for capital assets | 613 | - | (272) | 341 | 242 | 99 | 71.0 | 1,168 | 1,139 |
| 3. Local Government | | | | | | | | | |
| Current payment | 65,897 | (1,151) | (1,494) | 63,252 | 59,552 | 3,700 | 94.2 | 57,217 | 57,209 |
| Transfers and subsidies | 10,558 | 1,151 | - | 11,709 | 11,312 | 397 | 96.6 | 37,218 | 37,217 |
| Payment for capital assets | 1,448 | - | 229 | 1,677 | 1,677 | - | 100.0 | 673 | 337 |
| 4. Special functions | | | | | | | | | |
| Current payment | - | - | 368 | 368 | 368 | - | 100.0 | 497 | 497 |
| Total | 1,431,861 | - | - | 1,431,861 | 1,353,833 | 78,028 | 94.6 | 1,266,109 | 1,035,711 |
| Reconciliation with Statement of Financial Performance | | | | | | | | | |
| Add: | | | | | | | | | |
| Departmental revenue | | | | | 36,562 | | | 19,707 | |
| Actual amounts per Statement of Financial Performance (Total Revenue) | | | | 1,468,423 | | | | 1,285,816 | |
| Actual amounts per Statement of Financial Performance Expenditure | | | | | 1,353,833 | | | | 1,035,711 |

| Appropriation per Economic classification | | | | | | | | | |
|--|------------------------|-------------------|----------|---------------------|--------------------|---------------|---|---------------------|--------------------|
| Economic classification | 2007/08 | | | | | | | 2006/07 | |
| | Adjusted Appropriation | Shifting of Funds | Virement | Final Appropriation | Actual Expenditure | Variance | Expenditure as % of final appropriation | Final Appropriation | Actual Expenditure |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | % | R'000 | R'000 |
| Current payments | | | | | | | | | |
| Compensation of employees | 110,812 | (331) | - | 110,481 | 110,481 | - | 100.0 | 99,949 | 99,595 |
| Goods and services | 101,256 | 5,509 | 1,706 | 108,471 | 103,821 | 4,650 | 95.7 | 77,774 | 77,764 |
| Financial transactions in assets and liabilities | - | - | 368 | 368 | 368 | - | 100.0 | 497 | 497 |
| Transfers & subsidies | | | | | | | | | |
| Provinces & municipalities | 28,408 | (100) | (1,957) | 26,351 | 24,581 | 1,770 | 93.3 | 80,122 | 79,617 |
| Departmental agencies & accounts | - | 1,040 | - | 1,040 | 1,040 | - | 100.0 | 1,000 | 1,225 |
| Non-profit institutions | 700 | (75) | - | 625 | 625 | - | 100.0 | 527 | 302 |
| Households | 1,185,489 | (6,043) | (117) | 1,179,329 | 1,107,820 | 71,509 | 93.9 | 1,002,827 | 773,948 |
| Payment for capital assets | | | | | | | | | |
| Machinery & equipment | 5,196 | - | (45) | 5,151 | 5,052 | 99 | 98.1 | 3,263 | 2,614 |
| Software & other intangible assets | - | - | 45 | 45 | 45 | - | 100.0 | 150 | 149 |
| Total | 1,431,861 | - | - | 1,431,861 | 1,353,833 | 78,028 | 94.6 | 1,266,109 | 1,035,711 |

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**APPROPRIATION STATEMENT
for the year ended 31 March 2008**

**Detail per programme 1 - Administration
for the year ended 31 March 2008**

| Programme per sub-programme | 2007/08 | | | | | | | 2006/07 | |
|-------------------------------|------------------------|-------------------|--------------|---------------------|--------------------|----------|---|---------------------|--------------------|
| | Adjusted Appropriation | Shifting of Funds | Virement | Final Appropriation | Actual Expenditure | Variance | Expenditure as % of final appropriation | Final Appropriation | Actual Expenditure |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | % | R'000 | R'000 |
| 1.1 Office of the MEC | | | | | | | | | |
| Current payment | 4,883 | - | 141 | 5,024 | 5,024 | - | 100.0 | 4,297 | 4,297 |
| Transfers and subsidies | - | - | - | - | - | - | - | - | - |
| Payment for capital assets | 7 | - | 102 | 109 | 109 | - | 100.0 | 88 | 77 |
| 1.2 Corporate services | | | | | | | | | |
| Current payment | 66,413 | - | 1,706 | 68,119 | 68,119 | - | 100.0 | 52,924 | 52,920 |
| Transfers and subsidies | 722 | - | 1,575 | 2,297 | 2,297 | - | 100.0 | 634 | 634 |
| Payment for capital assets | 3,128 | - | (59) | 3,069 | 3,069 | - | 100.0 | 1,484 | 1,210 |
| Total | 75,153 | - | 3,465 | 78,618 | 78,618 | - | 100.0 | 59,427 | 59,138 |

| Economic classification | 2007/08 | | | | | | | 2006/07 | |
|------------------------------------|------------------------|-------------------|--------------|---------------------|--------------------|----------|---|---------------------|--------------------|
| | Adjusted Appropriation | Shifting of Funds | Virement | Final Appropriation | Actual Expenditure | Variance | Expenditure as % of final appropriation | Final Appropriation | Actual Expenditure |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | % | R'000 | R'000 |
| Current payments | | | | | | | | | |
| Compensation of employees | 35,847 | (79) | - | 35,768 | 35,768 | - | 100.0 | 28,976 | 28,974 |
| Goods and services | 35,449 | 79 | 1,847 | 37,375 | 37,375 | - | 100.0 | 28,245 | 28,243 |
| Transfers & subsidies | | | | | | | | | |
| Provinces & municipalities | - | - | - | - | - | - | - | 16 | 16 |
| Non-profit institutions | 200 | - | - | 200 | 200 | - | 100.0 | 27 | 27 |
| Households | 522 | - | 1,575 | 2,097 | 2,097 | - | 100.0 | 591 | 591 |
| Payment for capital assets | | | | | | | | | |
| Machinery & equipment | 3,135 | - | 26 | 3,161 | 3,161 | - | 100.0 | 1,498 | 1,213 |
| Software & other intangible assets | - | - | 17 | 17 | 17 | - | 100.0 | 74 | 74 |
| Total | 75,153 | - | 3,465 | 78,618 | 78,618 | - | 100.0 | 59,427 | 59,138 |

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**APPROPRIATION STATEMENT
for the year ended 31 March 2008**

**Detail per programme 2 - Housing
for the year ended 31 March 2008**

| Programme per sub-programme | 2007/08 | | | | | | | 2006/07 | |
|---|------------------------|-------------------|----------------|---------------------|--------------------|---------------|---|---------------------|--------------------|
| | Adjusted Appropriation | Shifting of Funds | Virement | Final Appropriation | Actual Expenditure | Variance | Expenditure as % of final appropriation | Final Appropriation | Actual Expenditure |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | % | R'000 | R'000 |
| 2.1 Housing planning and research | | | | | | | | | |
| Current payment | 16,357 | (5,511) | - | 10,846 | 10,846 | - | 100.0 | 10,311 | 10,294 |
| Transfers and subsidies | - | 100 | - | 100 | 100 | - | 100.0 | 11,142 | 7,148 |
| Payment for capital assets | 248 | - | (75) | 173 | 74 | 99 | 42.8 | 337 | 336 |
| 2.2 Housing development implementation | | | | | | | | | |
| Current payment | 36,169 | 17,519 | 1,527 | 55,215 | 54,299 | 916 | 98.3 | 34,165 | 33,830 |
| Transfers and subsidies | 1,153,317 | (6,718) | (49) | 1,146,550 | 1,081,646 | 64,904 | 94.3 | 977,221 | 752,347 |
| Payment for capital assets | 365 | - | (197) | 168 | 168 | - | 100.0 | 666 | 638 |
| 2.3 Housing property management | | | | | | | | | |
| Current payment | 22,349 | (5,679) | (174) | 16,496 | 16,462 | 34 | 99.8 | 18,809 | 18,809 |
| Transfers and subsidies | 50,000 | 289 | (3,600) | 46,689 | 38,711 | 7,978 | 82.9 | 58,261 | 57,746 |
| Payment for capital assets | - | - | - | - | - | - | - | 165 | 165 |
| Total | 1,278,805 | - | (2,568) | 1,276,237 | 1,202,306 | 73,931 | 94.2 | 1,111,077 | 881,313 |

| Total | 2007/08 | | | | | | | 2006/07 | |
|------------------------------------|------------------------|-------------------|----------------|---------------------|--------------------|---------------|---|---------------------|--------------------|
| | Adjusted Appropriation | Shifting of Funds | Virement | Final Appropriation | Actual Expenditure | Variance | Expenditure as % of final appropriation | Final Appropriation | Actual Expenditure |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | % | R'000 | R'000 |
| Current payments | | | | | | | | | |
| Compensation of employees | 37,671 | - | 1,494 | 39,165 | 39,165 | - | 100.0 | 34,922 | 34,575 |
| Goods and services | 37,204 | 6,329 | (141) | 43,392 | 42,442 | 950 | 97.8 | 28,363 | 28,358 |
| Transfers & subsidies | | | | | | | | | |
| Provinces & municipalities | 18,350 | (100) | (1,957) | 16,293 | 14,920 | 1,373 | 91.6 | 45,326 | 44,821 |
| Non-profit institutions | - | 100 | - | 100 | 100 | - | 100.0 | 50 | 50 |
| Households | 1,184,967 | (6,329) | (1,692) | 1,176,946 | 1,105,437 | 71,509 | 93.9 | 1,001,248 | 772,370 |
| Payment for capital assets | | | | | | | | | |
| Machinery & equipment | 613 | - | (300) | 313 | 214 | 99 | 68.4 | 1,092 | 1,064 |
| Software & other intangible assets | - | - | 28 | 28 | 28 | - | 100.0 | 76 | 75 |
| Total | 1,278,805 | - | (2,568) | 1,276,237 | 1,202,306 | 73,931 | 94.2 | 1,111,077 | 881,313 |

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VOTE 8**

**APPROPRIATION STATEMENT
for the year ended 31 March 2008**

**Detail per programme 3 - Local Government
for the year ended 31 March 2008**

| Programme per sub-programme | 2007/08 | | | | | | | 2006/07 | |
|-------------------------------------|------------------------|-------------------|----------------|---------------------|--------------------|--------------|---|---------------------|--------------------|
| | Adjusted Appropriation | Shifting of Funds | Virement | Final Appropriation | Actual Expenditure | Variance | Expenditure as % of final appropriation | Final Appropriation | Actual Expenditure |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | % | R'000 | R'000 |
| 3.1 Local governance | | | | | | | | | |
| Current payment | 37,495 | 649 | - | 38,144 | 38,144 | - | 100.0 | 34,878 | 34,878 |
| Transfers and subsidies | 5,358 | 114 | - | 5,472 | 5,472 | - | 100.0 | 10,534 | 10,533 |
| Payment for capital assets | 1,273 | 79 | 229 | 1,581 | 1,581 | - | 100.0 | 236 | 202 |
| 3.2 Development and planning | | | | | | | | | |
| Current payment | 28,402 | (1,800) | (1,494) | 25,108 | 21,408 | 3,700 | 85.3 | 22,339 | 22,331 |
| Transfers and subsidies | 5,200 | 1,037 | - | 6,237 | 5,840 | 397 | 93.6 | 26,684 | 26,684 |
| Payment for capital assets | 175 | (79) | - | 96 | 96 | - | 100.0 | 437 | 135 |
| Total | 77,903 | - | (1,265) | 76,638 | 72,541 | 4,097 | 94.7 | 95,108 | 94,763 |

| Economic classification | 2007/08 | | | | | | | 2006/07 | |
|-----------------------------------|------------------------|-------------------|----------------|---------------------|--------------------|--------------|---|---------------------|--------------------|
| | Adjusted Appropriation | Shifting of Funds | Virement | Final Appropriation | Actual Expenditure | Variance | Expenditure as % of final appropriation | Final Appropriation | Actual Expenditure |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | % | R'000 | R'000 |
| Current payments | | | | | | | | | |
| Compensation of employees | 37,294 | (252) | (1,494) | 35,548 | 35,548 | - | 100.0 | 36,051 | 36,046 |
| Goods and services | 28,603 | (899) | - | 27,704 | 24,004 | 3,700 | 86.6 | 21,166 | 21,163 |
| Transfers & subsidies | | | | | | | | | |
| Provinces & municipalities | 10,058 | - | - | 10,058 | 9,661 | 397 | 96.1 | 34,780 | 34,780 |
| Departmental agencies & accounts | - | 1,040 | - | 1,040 | 1,040 | - | 100.0 | 1,000 | 1,225 |
| Non-profit institutions | 500 | (175) | - | 325 | 325 | - | 100.0 | 450 | 225 |
| Households | - | 286 | - | 286 | 286 | - | 100.0 | 988 | 987 |
| Payment for capital assets | | | | | | | | | |
| Machinery & equipment | 1,448 | - | 229 | 1,677 | 1,677 | - | 100.0 | 673 | 337 |
| Total | 77,903 | - | (1,265) | 76,638 | 72,541 | 4,097 | 94.7 | 95,108 | 94,763 |

**WESTERN CAPE PROVINCE
DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING
VOTE 8**

**APPROPRIATION STATEMENT
for the year ended 31 March 2008**

**Detail per programme 4 - Special functions
for the year ended 31 March 2008**

| Programme per sub-programme | 2007/08 | | | | | | | 2006/07 | |
|--|------------------------|-------------------|----------|---------------------|--------------------|----------|---|---------------------|--------------------|
| | Adjusted Appropriation | Shifting of Funds | Virement | Final Appropriation | Actual Expenditure | Variance | Expenditure as % of final appropriation | Final Appropriation | Actual Expenditure |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | % | R'000 | R'000 |
| 4.1 Theft and losses/ debt write-off Current payment | - | - | 368 | 368 | 368 | - | 100.0 | 497 | 497 |
| Total | - | - | 368 | 368 | 368 | - | 100.0 | 497 | 497 |

| Economic classification | 2007/08 | | | | | | | 2006/07 | |
|---|------------------------|-------------------|----------|---------------------|--------------------|----------|---|---------------------|--------------------|
| | Adjusted Appropriation | Shifting of Funds | Virement | Final Appropriation | Actual Expenditure | Variance | Expenditure as % of final appropriation | Final Appropriation | Actual Expenditure |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 | % | R'000 | R'000 |
| Current payments Financial transactions in assets and liabilities | - | - | 368 | 368 | 368 | - | 100.0 | 497 | 497 |
| Total | - | - | 368 | 368 | 368 | - | 100.0 | 497 | 497 |

**WESTERN CAPE PROVINCE
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**NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2008**

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

Detail of these transactions can be viewed in note 6 (Transfers and subsidies) and Annexure 1 (B-F) to the Annual Financial Statements.

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

Detail of these transactions can be viewed in note 1 (Annual Appropriation) to the Annual Financial Statements.

3. Detail on financial transactions in assets and liabilities

Detail of these transactions per programme can be viewed in note 5 (Details of special functions (theft and losses)) to the annual financial statements.

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

4.1 Per programme:

| Programme name | Final Appropriation | Actual Expenditure | Variance | Variance as a % of Final Approp. |
|----------------|---------------------|--------------------|----------|----------------------------------|
| | R'000 | R'000 | R'000 | % |

| | | | | |
|----------------------|-----------|-----------|--------|-------|
| Programme 2: Housing | 1,276,237 | 1,202,306 | 73,931 | 5.79% |
|----------------------|-----------|-----------|--------|-------|

| | | | | |
|---|--|--|--|--|
| Explanation of variance: The underspending is mainly due to problems experienced with illegal occupants of the N2 Gateway houses in December 2007/January 2008. | | | | |
|---|--|--|--|--|

| | | | | |
|-------------------------------|--------|--------|-------|-------|
| Programme 3: Local Government | 76,638 | 72,541 | 4,097 | 5.36% |
|-------------------------------|--------|--------|-------|-------|

| | | | | |
|--|--|--|--|--|
| Explanation of variance: The underspending is mainly due to contracts not concluded/finalised iro water waste management and other MIG related support to municipalities by 31 March 2008. | | | | |
|--|--|--|--|--|

**WESTERN CAPE PROVINCE
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**NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2008**

4.2 Per economic classification:

| Economic Classification | Final Appropriation | Actual Expenditure | Variance | Variance as a % of Final Approp. |
|--------------------------------------|------------------------|-----------------------|---------------|-------------------------------------|
| | R'000 | R'000 | R'000 | % |
| Current expenditure | | | | |
| Compensation of employees | 74,713 | 74,713 | - | - |
| Goods and services | 71,053 | 66,446 | 4,607 | 6.48 |
| | | | | - |
| Transfers and subsidies | | | | |
| Provinces and municipalities | 26,351 | 24,581 | 1,770 | 6.72 |
| Departmental agencies and accounts | 1,040 | 1,040 | - | - |
| Non-profit institutions | 425 | 425 | - | - |
| Households | 1,177,232 | 1,105,723 | 71,509 | 6.07 |
| Payments for capital assets | | | | |
| Machinery and equipment | 2,033 | 1,891 | 142 | 6.99 |
| Software and other intangible assets | 28 | 28 | - | - |
| Total | 1,352,875 | 1,274,847 | 78,028 | 5.77 |

**WESTERN CAPE PROVINCE
DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING
VOTE 8**

**STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 31 March 2008**

| | Note | 2007/08 R'000 | 2006/07 R'000 |
|---|------|------------------|------------------|
| REVENUE | | | |
| Annual appropriation | 1. | 1,431,861 | 1,266,109 |
| Departmental revenue | 2. | 36,562 | 19,707 |
| TOTAL REVENUE | | 1,468,423 | 1,285,816 |
| EXPENDITURE | | | |
| Current expenditure | | | |
| Compensation of employees | 3. | 110,481 | 99,595 |
| Goods and services | 4. | 103,821 | 77,764 |
| Financial transactions in assets and liabilities | 5. | 368 | 497 |
| Total current expenditure | | 214,670 | 177,856 |
| Transfers and subsidies | 6. | 1,134,066 | 855,092 |
| Expenditure for capital assets | | | |
| Machinery and equipment | 7. | 5,052 | 2,614 |
| Software and other intangible assets | 7. | 45 | 149 |
| Total expenditure for capital assets | | 5,097 | 2,763 |
| TOTAL EXPENDITURE | | 1,353,833 | 1,035,711 |
| SURPLUS/(DEFICIT) | | 114,590 | 250,105 |
| SURPLUS/(DEFICIT) FOR THE YEAR | | 114,590 | 250,105 |
| Reconciliation of Net Surplus/(Deficit) for the year | | | |
| Voted Funds | 11. | 78,028 | 230,398 |
| Departmental revenue | 2. | 36,562 | 19,707 |
| SURPLUS/(DEFICIT) FOR THE YEAR | | 114,590 | 250,105 |

**WESTERN CAPE PROVINCE
DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING
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**STATEMENT OF FINANCIAL POSITION
at 31 March 2008**

| | Note | 2007/08 R'000 | 2006/07 R'000 |
|--|------|------------------|------------------|
| ASSETS | | | |
| Current assets | | 131,256 | 289,146 |
| Cash and cash equivalents | 8. | 126,749 | 281,565 |
| Prepayments and advances | 9. | 87 | 130 |
| Receivables | 10. | 4,420 | 7,451 |
| TOTAL ASSETS | | 131,256 | 289,146 |
| LIABILITIES | | | |
| Current liabilities | | 131,177 | 289,114 |
| Voted funds to be surrendered to the Revenue Fund | 11. | 78,028 | 230,398 |
| Departmental revenue to be surrendered to the Revenue Fund | 12. | 3,501 | 8,816 |
| Payables | 13. | 49,648 | 49,900 |
| TOTAL LIABILITIES | | 131,177 | 289,114 |
| NET ASSETS | | 79 | 32 |
| Represented by: | | | |
| Recoverable revenue | | 79 | 32 |
| TOTAL | | 79 | 32 |

**WESTERN CAPE PROVINCE
DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING
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**STATEMENT OF CHANGES IN NET ASSETS
for the year ended 31 March 2008**

| | Note | 2007/08 R'000 | 2006/07 R'000 |
|---|------|------------------|------------------|
| Recoverable revenue | | | |
| Opening balance | | 32 | 241 |
| Transfers | | 47 | (209) |
| Debts written off | 5.5 | - | (114) |
| Debts revised | 10.3 | - | (121) |
| Debts recovered (included in departmental receipts) | | (151) | (41) |
| Debts raised | | 198 | 67 |
| Closing balance | | 79 | 32 |
| Total | | 79 | 32 |

**WESTERN CAPE PROVINCE
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**CASH FLOW STATEMENT
for the year ended 31 March 2008**

| | Note | 2007/08 R'000 | 2006/07 R'000 |
|--|------|------------------|------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Receipts | | 1,518,423 | 1,345,906 |
| Annual appropriated funds received | 1.1 | 1,431,861 | 1,266,109 |
| Departmental revenue received | 2. | 86,562 | 79,797 |
| Net (increase)/ decrease in working capital | | 2,822 | 5,121 |
| Surrendered to Revenue Fund | | (322,275) | (94,621) |
| Current payments | | (214,670) | (177,856) |
| Transfers and subsidies paid | | (1,134,066) | (855,092) |
| Net cash flow available from operating activities | 14. | (149,766) | 223,458 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Payments for capital assets | | (5,097) | (2,763) |
| Net cash flows from investing activities | 7. | (5,097) | (2,763) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Increase/ (decrease) in net assets | | 47 | (209) |
| Net cash flows from financing activities | | 47 | (209) |
| Net increase/ (decrease) in cash and cash equivalents | | (154,816) | 220,486 |
| Cash and cash equivalents at beginning of period | | 281,565 | 61,079 |
| Cash and cash equivalents at end of period | 15. | 126,749 | 281,565 |

**WESTERN CAPE PROVINCE
DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING
VOTE 8**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2008**

1. Annual Appropriation

1.1 Annual Appropriation

Included are funds appropriated in terms of the Appropriation Act for Provincial Departments (Equitable Share)

| | Final Appropriation 2007/08 R'000 | Actual Funds Received 2007/08 R'000 | Funds not requested/ not received 2007/08 R'000 | Appropriation Received 2006/07 R'000 |
|-------------------|--|--|---|---|
| Programmes | R'000 | R'000 | R'000 | R'000 |
| Administration | 78,618 | 78,618 | - | 59,427 |
| Housing | 1,276,237 | 1,276,237 | - | 1,111,077 |
| Local Government | 76,638 | 76,638 | - | 95,108 |
| Special functions | 368 | 368 | - | 497 |
| Total | 1,431,861 | 1,431,861 | - | 1,266,109 |

| Note | 2007/08 R'000 | 2006/07 R'000 |
|------|------------------|------------------|
|------|------------------|------------------|

1.2 Conditional grants **

| | | | |
|---|-------------|-----------|-----------|
| Total grants received | ANNEXURE 1A | 1,177,770 | 1,004,732 |
| Provincial Grants included in Total grants received | | <u>-</u> | <u>-</u> |

(** It should be noted that the Conditional grants are included in the amounts per the Final Appropriation in Note 1.1)

2. Departmental revenue

| | | | |
|---|-----|----------------------|----------------------|
| Sales of goods and services other than capital assets | 2.1 | 44 | 35 |
| Interest, dividends and rent on land | 2.2 | 953 | 2,530 |
| Financial transactions in assets and liabilities | 2.3 | 85,535 | 70,732 |
| Transfers received | 2.4 | 30 | 6,500 |
| Total revenue collected | | <u>86,562</u> | <u>79,797</u> |
| Less: Departmental revenue budgeted | 12. | 50,000 | 60,090 |
| Total | | <u>36,562</u> | <u>19,707</u> |

**WESTERN CAPE PROVINCE
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VOTE 8**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2008**

| | Note | 2007/08 R'000 | 2006/07 R'000 |
|--|------|------------------|------------------|
| 2.1 Sales of goods and services other than capital assets | | | |
| Sales of goods and services produced by the department | | 43 | 33 |
| Administrative fees | | 43 | 33 |
| Sales of scrap, waste and other used current goods | | 1 | 2 |
| Total | | 44 | 35 |
| | | | |
| 2.2 Interest, dividends and rent on land | | | |
| Interest | | 433 | 1,810 |
| Rent on land | | 520 | 720 |
| Total | | 953 | 2,530 |
| | | | |
| 2.3 Financial transactions in assets and liabilities | | | |
| Nature of loss recovered | | | |
| Loans and Advances | | 22,770 | 25,588 |
| Other receipts including recoverable revenue | | 62,765 | 45,144 |
| Total | | 85,535 | 70,732 |
| | | | |
| 2.4 Transfers received | | | |
| National Governments | | - | 6,500 |
| Public Corporations and Private enterprises | | 30 | - |
| Total | | 30 | 6,500 |

Included in the above are the following receipts in respect of the former WCHDF (R'000):
Royalties: R520
Rental on Housing Properties: R2 037

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DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING
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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2008**

| | Note | 2007/08 | 2006/07 |
|--|------|----------------|---------------|
| | | R'000 | R'000 |
| 3. Compensation of employees | | | |
| 3.1 Salaries and wages | | | |
| Basic salary | | 75,712 | 69,742 |
| Performance award | | 1,521 | 1,444 |
| Service Based | | 539 | 651 |
| Compensative/circumstantial | | 2,498 | 1,831 |
| Periodic payments | | 866 | 515 |
| Other non-pensionable allowances | | 14,202 | 13,081 |
| Total | | 95,338 | 87,264 |
| 3.2 Social contributions | | | |
| 3.2.1 Employer contributions | | | |
| Pension | | 9,507 | 8,313 |
| Medical | | 5,397 | 3,772 |
| Bargaining Council | | 20 | 21 |
| Insurance | | 1 | 2 |
| Total | | 14,925 | 12,108 |
| 3.2.2 Post retirement benefits | | | |
| Pension | | 112 | 104 |
| Medical | | 104 | 116 |
| Insurance | | 2 | 3 |
| Total | | 218 | 223 |
| Total compensation of employees | | 110,481 | 99,595 |
| Average number of employees | | 667 | 657 |

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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2008**

| | Note | 2007/08 R'000 | 2006/07 R'000 |
|---|------|------------------|------------------|
| 4. Goods and services | | | |
| Advertising | | 4,577 | 3,848 |
| Attendance fees (including registration fees) | | 60 | 47 |
| Bank charges and card fees | | 36 | 76 |
| Bursaries (employees) | | 354 | 222 |
| Communication | | 4,801 | 4,998 |
| Computer services | | 513 | 147 |
| Consultants, contractors and special services | | 46,236 | 26,932 |
| Courier and delivery services | | 35 | 62 |
| Tracing agents & debt collections | | 108 | 130 |
| Drivers licences and permits | | - | 9 |
| Entertainment | | 2,636 | 3,475 |
| External audit fees | 4.1 | 2,706 | 2,779 |
| Equipment less than R5 000 | | 1,891 | 1,874 |
| Freight service | | - | 19 |
| Inventory | 4.2 | 3,040 | 2,947 |
| Lease payments | 20. | 1,204 | 1,152 |
| Legal fees | | 2,830 | 999 |
| Maintenance, repair and running costs | | 9,536 | 8,728 |
| Medical services | | 49 | 71 |
| Personnel agency fees | | - | 108 |
| Plant flowers and other decorations | | 102 | 111 |
| Printing and publications | | 432 | 1,898 |
| Professional bodies and membership fees | | 159 | 69 |
| Resettlement costs | | 275 | 417 |
| Subscriptions | | 142 | 120 |
| Owned and leasehold property expenditure | | 142 | 69 |
| Translations and transcriptions | | 76 | 24 |
| Transport provided as part of the departmental activities | | 2 | 6 |
| Travel and subsistence | 4.3 | 15,247 | 11,759 |
| Venues and facilities | | 3,088 | 1,895 |
| Protective, special clothing & uniforms | | 192 | 66 |
| Training & staff development | | 3,352 | 2,707 |
| Total | | 103,821 | 77,764 |

**WESTERN CAPE PROVINCE
DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING
VOTE 8**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2008**

| | Note | 2007/08 R'000 | 2006/07 R'000 |
|--|------|------------------|------------------|
| 4.1 External audit fees | | | |
| Regulatory audits | | 2,129 | 2,086 |
| Performance audits | | 577 | 693 |
| Total | | <u>2,706</u> | <u>2,779</u> |
| 4.2 Inventory | | | |
| Domestic Consumables | | 376 | 35 |
| Fuel, oil and gas | | 15 | 29 |
| Other consumables | | 4 | - |
| Parts and other maint mat | | 7 | 8 |
| Sport and recreation | | - | 7 |
| Stationery and Printing | | 2,638 | 2,868 |
| Total Inventory | | <u>3,040</u> | <u>2,947</u> |
| 4.3 Travel and subsistence | | | |
| Local | | 13,266 | 10,280 |
| Foreign | | 1,981 | 1,479 |
| Total travel and subsistence | | <u>15,247</u> | <u>11,759</u> |
| 5. Financial transactions in assets and liabilities | | | |
| Material losses through criminal conduct: | | 11 | 14 |
| Theft | 5.4 | 5 | 9 |
| Other material losses | 5.1 | 6 | 5 |
| Other material losses written off | 5.2 | 354 | 154 |
| Debts written off | 5.3 | 3 | 329 |
| Total | | <u>368</u> | <u>497</u> |

**WESTERN CAPE PROVINCE
DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING
VOTE 8**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2008**

| | Note | 2007/08 R'000 | 2006/07 R'000 |
|---|--|------------------|------------------|
| 5.1 Other Material losses | | | |
| Nature of losses | | | |
| Incident | Disciplinary steps taken/criminal proceedings | | |
| Fraud: A company by the name of Long sight communications offered a workshop on CV fraud during 2005, for which the Department had to register to secure a booking. After payment of the registration fee the Department received a credit voucher from Long sight, indicating that due to a lack of facilitators, the workshop would not take place. Since then the company could not be reached/traced. | | - | 5 |
| Fraud with Individual Consolidation Subsidies: Developer failed to deliver top structures to beneficiaries. | | 6 | - |
| Total | | 6 | 5 |
| <p>All reasonable steps were taken to recover the debt from the developer. No criminal steps were taken. The Department was under considerable pressure from beneficiaries who have not received the benefit of a completed top structure.</p> | | | |
| 5.2 Other material losses written off | | | |
| Nature of losses | | | |
| Vehicle and vehicle equipment damage | | 92 | 145 |
| Ex-employees: Transport and subsistence advances | | - | 9 |
| Ex-employees: Interest on voluntary severance package (Arbitration outcome) | | 60 | - |
| Unresolved accounts | | 202 | - |
| Total | | 354 | 154 |

**WESTERN CAPE PROVINCE
DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING
VOTE 8**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2008**

| | Note | 2007/08 R'000 | 2006/07 R'000 |
|--|------|------------------|------------------|
| 5.3 Debts written off | | | |
| Nature of debts written off | | | |
| Out of Service debt | | 1 | 329 |
| Bad debt | | 2 | - |
| Total | | 3 | 329 |
| The bad debt written off was in respect of land sold for which payment was never received. | | | |
| 5.4 Details of theft | | | |
| Cash and equipment | | - | 9 |
| Theft of office equipment | | 5 | - |
| Total | | 5 | 9 |
| Although reported to the SAPS, no further criminal steps were taken with regard to the theft of the office equipment as the theft could not be proved against the alleged persons. | | | |
| 5.5 Irrecoverable amounts written off | | | |
| Receivables written off | | - | 114 |
| Fraud and losses | | - | 96 |
| Salary overpayments | | - | 6 |
| State guarantees | | - | 12 |
| Total | | - | 114 |

**WESTERN CAPE PROVINCE
DEPARTMENT OF LOCAL GOVERNMENT AND HOUSING
VOTE 8**

**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2008**

| | Note | 2007/08 R'000 | 2006/07 R'000 |
|---|------------------|-------------------------|-----------------------|
| 6. Transfers and subsidies | | | |
| Provinces and municipalities | ANNEXURES 1B, 1C | 24,581 | 79,617 |
| Departmental agencies and accounts | ANNEXURE 1D | 1,040 | 1,225 |
| Non-profit institutions | ANNEXURE 1E | 625 | 302 |
| Households | ANNEXURE 1F | 1,107,820 | 773,948 |
| Total | | <u>1,134,066</u> | <u>855,092</u> |
| 7. Expenditure on capital assets | | | |
| Machinery and equipment | 25.1 | 5,052 | 2,614 |
| Software and other intangible assets | | 45 | 149 |
| Computer Software | 26.1 | <u>45</u> | <u>149</u> |
| Total | | <u>5,097</u> | <u>2,763</u> |
| 8. Cash and cash equivalents | | | |
| Consolidated Paymaster General Account | | (46,662) | (19,670) |
| Cash receipts | | - | 32 |
| Disbursements | | 3,843 | 1 |
| Cash with commercial banks (Local) | | 169,568 | 301,202 |
| Total | | <u>126,749</u> | <u>281,565</u> |
| <p>Cash with commercial banks represents cash not required by the Department for immediate use and is invested by the Provincial Treasury at various commercial banks. Interest earned on these investments is reflected in the financial statements of the PGWC. Included in these investments is a total amount of R45 026 000 which was invested on behalf of the WCHDF.</p> | | | |
| 9. Prepayments and advances | | | |
| Description | | | |
| Travel and subsistence | | <u>87</u> | <u>130</u> |
| Total | | <u>87</u> | <u>130</u> |

**WESTERN CAPE PROVINCE
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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2008**

| | Note | | | | 2007/08 R'000 | 2006/07 R'000 |
|-------------------------------------|------------|--------------------------------|--------------------------------|------------------------------------|------------------|------------------|
| 10. Receivables | | | | | | |
| | Note | Less than one year R'000 | One to three years R'000 | Older than three years R'000 | Total R'000 | Total R'000 |
| Staff debtors | 10.1 | 182 | 151 | 27 | 360 | 255 |
| Other debtors | 10.2 | 127 | 388 | 2,827 | 3,342 | 4,165 |
| Intergovernmental receivables | ANNEXURE 3 | 702 | 16 | - | 718 | 3,031 |
| Total | | 1,011 | 555 | 2,854 | 4,420 | 7,451 |
| 10.1 Staff debtors | | | | | | |
| In service debt: | | | | | | |
| Breach of contract: Study bursaries | | | | | 53 | 21 |
| Salary related debts | | | | | 2 | 79 |
| Transport and subsistence | | | | | 2 | 21 |
| Private telephone accounts | | | | | 12 | - |
| Out of service debt: | | | | | | |
| Breach of contract: Study bursaries | | | | | 13 | 7 |
| Salary related debts | | | | | 157 | 82 |
| Transport and subsistence | | | | | 88 | 30 |
| Private telephone | | | | | 17 | - |
| State guarantees | | | | | 16 | 15 |
| Total | | | | | 360 | 255 |
| 10.2 Other Debtors | | | | | | |
| Loss control account | | | | | 2,814 | 3,547 |
| Persal clearing accounts | | | | | 4 | 22 |
| Miscellaneous disallowances | | | | | 524 | 596 |
| Total | | | | | 3,342 | 4,165 |
| 10.3 Debts revised | | | | | | |
| Out of service debt | | | | | - | 121 |
| Total | | | | | - | 121 |

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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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| | Note | 2007/08 R'000 | 2006/07 R'000 |
|--|------|----------------------|-----------------------|
| 11. Voted funds to be surrendered to the Revenue Fund | | | |
| Opening balance | | 230,398 | 21,641 |
| Transfer from Statement of Financial Performance | | 78,028 | 230,398 |
| Paid during the year | | (230,398) | (21,641) |
| Closing balance | | <u><u>78,028</u></u> | <u><u>230,398</u></u> |

Summary of requests for the roll-over of unspent funds: Proposed use of the funds: (R'000): Integrated Human Settlement and Development Grant - N2 Gateway project: R54,363. Housing research projects (Backyarder programme, housing demand database, Vulnerability index, blitz study in Du Noon, Housing occupancy study): R1,700. Development of a complete Water and Sewer Management information system, Water demand system and the provision of training courses for Water and Wastewater treatment to municipal personnel at all municipalities in the Western Cape: R3,500. Provincial contribution towards accelerating housing delivery (as gazetted): R17,883.

12. Departmental revenue to be surrendered to the Revenue Fund

| | | | |
|--|---|---------------------|---------------------|
| Opening balance | | 8,816 | 1,999 |
| Transfer from Statement of Financial Performance | | 36,562 | 19,707 |
| Departmental revenue budgeted | 2 | 50,000 | 60,090 |
| Paid during the year | | (91,877) | (72,980) |
| Closing balance | | <u><u>3,501</u></u> | <u><u>8,816</u></u> |

13. Payables – current

| Description | | 30 Days | 30+ Days | 2007/08 Total R'000 | 2006/07 Total R'000 |
|---------------------------------|------------|-----------------|----------------------|---------------------------|---------------------------|
| | Note | R'000 | R'000 | | |
| Amounts owing to other entities | ANNEXURE 4 | - | - | - | 146 |
| Clearing accounts | 13.1 | - | 124 | 124 | 18 |
| Other payables | 13.2 | - | 49,524 | 49,524 | 49,736 |
| Total | | <u><u>-</u></u> | <u><u>49,648</u></u> | <u><u>49,648</u></u> | <u><u>49,900</u></u> |

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| | Note | 2007/08 R'000 | 2006/07 R'000 |
|---|------|------------------|------------------|
| 13.1 Clearing accounts | | | |
| Description | | | |
| Persal clearing accounts | | 124 | 15 |
| ACB recalls | | - | 3 |
| Total | | 124 | 18 |
| | | | |
| 13.2 Other payables | | | |
| Description | | | |
| Western Cape Housing Development Fund | | 48,924 | 49,736 |
| Capacity development support funding: Municipalities | | 600 | - |
| Total | | 49,524 | 49,736 |
| | | | |
| 14. Net cash flow available from operating activities | | | |
| Net surplus/(deficit) as per Statement of Financial Performance | | 114,590 | 250,105 |
| Add back non cash/cash movements not deemed operating activities | | (264,356) | (26,647) |
| (Increase)/decrease in receivables – current | | 3,031 | 7,015 |
| (Increase)/decrease in prepayments and advances | | 43 | (33) |
| Increase/(decrease) in payables – current | | (252) | (1,861) |
| Expenditure on capital assets | | 5,097 | 2,763 |
| Surrenders to revenue fund | | (322,275) | (94,621) |
| Other non cash items | | 50,000 | 60,090 |
| Net cash flow generated by operating activities | | (149,766) | 223,458 |
| | | | |
| 15. Reconciliation of cash and cash equivalents for cash flow purposes | | | |
| Consolidated Paymaster General Account | | (46,662) | (19,670) |
| Cash receipts | | - | 32 |
| Disbursements | | 3,843 | 1 |
| Cash with commercial banks - Local | | 169,568 | 301,202 |
| Total | | 126,749 | 281,565 |

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

| | Note | 2007/08 R'000 | 2006/07 R'000 |
|-----------------------------------|---|-------------------|------------------|
| 16. Contingent liabilities | | | |
| Liable to | Nature | | |
| Housing loan guarantees | Employees | ANNEXURE 2A 93 | 274 |
| Claims against the department | Arbitration award | ANNEXURE 2B - | 462 |
| Other departments | Inter-departmental unconfirmed balances | ANNEXURE 4 - | 38 |
| Other | Court cases | ANNEXURE 2B 44 | - |
| Total | | <u>137</u> | <u>774</u> |
| 17. Commitments | | | |
| Current expenditure | | | |
| Approved and contracted | | 6,712 | 7,474 |
| Approved but not yet contracted | | 548 | - |
| | | <u>7,260</u> | <u>7,474</u> |
| Non-current expenditure | | | |
| Approved and contracted | | 71 | 275 |
| Approved but not yet contracted | | 70 | - |
| | | <u>141</u> | <u>275</u> |
| Total Commitments | | <u>7,401</u> | <u>7,749</u> |

| |
|---|
| <p>Included in the amount of R6,712,000 is R2,354,000, being the Department's obligation for 2008/09 in terms of the contract with the SIU. The amount paid to the SIU in 2007/08 amounted to R1,922,000.</p> |
|---|

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| | Note | 2007/08 R'000 | 2006/07 R'000 |
|--|----------------|------------------|------------------|
| 18. Accruals | | | |
| | 30 Days | 30+ Days | Total |
| | R'000 | R'000 | R'000 |
| By economic classification | | | Total |
| | | | R'000 |
| Goods and services | 1,526 | 585 | 2,111 |
| Transfers and subsidies | 2,854 | 1,946 | 4,800 |
| Machinery and Equipment | 57 | 32 | 89 |
| Software and other intangible assets | - | - | - |
| Total | 4,437 | 2,563 | 7,000 |
| Listed by programme level | | | |
| Programme 1: Administration | - | - | 1,221 |
| Programme 2: Housing | - | - | 5,597 |
| Programme 3: Local Government | - | - | 182 |
| Total | - | - | 7,000 |
| Confirmed balances with departments | ANNEXURE 4 | 855 | 1,000 |
| Total | | 855 | 1,000 |
| 19. Employee benefit provisions | | | |
| Leave entitlement | | 3,658 | 2,916 |
| Thirteenth cheque | | 2,809 | 2,631 |
| Performance awards | | 2,030 | 1,906 |
| Capped leave commitments | | 6,281 | 6,489 |
| Total | | 14,778 | 13,942 |

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| 20. | Lease Commitments | Land | Buildings & other fixed structures | Machinery and equipment | Total |
|------|---|-------|--|-------------------------------|-------|
| 20.1 | Operating leases | R'000 | R'000 | R'000 | R'000 |
| | 2007/08 | | | | |
| | Not later than 1 year | - | - | 779 | 779 |
| | Later than 1 year and not later than 5 years | - | - | 623 | 623 |
| | Total present value of lease liabilities | - | - | 1,402 | 1,402 |
| | 2006/07 | | | | |
| | Not later than 1 year | - | - | 781 | 781 |
| | Later than 1 year and not later than 5 years | - | - | 919 | 919 |
| | Total present value of lease liabilities | - | - | 1,700 | 1,700 |

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| | Land | Buildings & other fixed structures | Machinery and equipment | Total |
|---|-------|--|-------------------------------|------------|
| | R'000 | R'000 | R'000 | R'000 |
| 20.2 Finance leases | | | | |
| 2007/08 | | | | |
| Not later than 1 year | - | - | 118 | 118 |
| Later than 1 year and not later than 5 years | - | - | 41 | 41 |
| Total present value of lease liabilities | - | - | 159 | 159 |
| Analysis | | | | |
| Condoned | - | - | 159 | 159 |
| Total | - | - | 159 | 159 |
| 2006/07 | | | | |
| Not later than 1 year | - | - | 98 | 98 |
| Later than 1 year and not later than 5 years | - | - | 38 | 38 |
| Total present value of lease liabilities | - | - | 136 | 136 |
| Analysis | | | | |
| Condoned | - | - | 136 | 136 |
| Total | - | - | 136 | 136 |

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| | Note | 2007/08 R'000 | 2006/07 R'000 |
|--|------|------------------|------------------|
| 21. Irregular expenditure | | | |
| 21.1 Reconciliation of irregular expenditure | | | |
| Opening Balance | | 5,290 | 690 |
| Irregular expenditure – current year | | - | 4,600 |
| Irregular expenditure awaiting condonement | | 5,290 | 5,290 |
| Analysis of awaiting condonement per classification | | | |
| Current expenditure | | 5,290 | 5,290 |
| | | 5,290 | 5,290 |
| Analysis of awaiting condonement per age classification | | | |
| Current | | - | 4,600 |
| Prior years | | 5,290 | 690 |
| Total | | 5,290 | 5,290 |

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| | Note | 2007/08 R'000 | 2006/07 R'000 |
|---|--|------------------|------------------|
| 21.2 Irregular expenditure | | | |
| Incident | Disciplinary steps taken/criminal proceedings | | |
| Case 1: Irregular procurement of goods and services. (Contravention of the procurement prescriptions.) | Suspension of one month without pay and final written warning. | - | 30 |
| Case 2: Irregular procurement of goods and services. (Contravention of the procurement prescriptions.) | Suspension of one month without pay and final written warning. | - | 27 |
| Case 3: Irregular procurement of goods and services. (Contravention of the procurement prescriptions.) | Dismissal/no criminal action taken | - | 3,691 |
| Case 4: Irregular procurement of goods and services. (Contravention of the procurement prescriptions.) | Dismissal/no criminal action taken | - | 842 |
| Case 5: Irregular procurement of goods and services. (Contravention of the procurement prescriptions.) | Disciplinary steps in process | - | 10 |
| Total | | - | 4,600 |

Current legislation does not allow for the condonation of irregular expenditure as previously indicated in the Department's 2005/06 financial statements. (Par. 7 of the Accounting Officer's report). The matters therefore could not be finalised until an adjustment was made to the relevant legislation, but will however be dealt with during 2008/09 in accordance with National Treasury Practice Note No. 4 of 2008/09.

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22. Related party transactions

Thubelisha Homes, a National public entity, manages the N2 Gateway project. Total amounts transferred to them were R18 138 093 for legal and eviction costs and R254 695 750 for Housing subsidies. All transactions (revenue and expenditure) in respect of WCHDB properties and debtors were accounted for in the Department's financial records. Furthermore, the Department occupies a building (27 Wale street building) free of charge, which building is the property of the WC: Department of Transport and Public Works. All maintenance costs, municipal rates and taxes and municipal services in respect of the building are paid for by the WC: Department of Transport and Public Works. The Department also used IT infrastructure provided by the Department of the Premier free of charge. Furthermore, internal audits are conducted in the Department free of charge by the Internal Audit Directorate of the Western Cape Provincial Treasury.

| | Note | 2007/08 R'000 | 2006/07 R'000 |
|--|------|------------------|------------------|
|--|------|------------------|------------------|

23. Key management personnel

| Description | No of Individuals | Total R'000 | Total R'000 |
|---|----------------------|----------------|----------------|
| Political Office Bearers (provide detail below) | 1 | 835 | 777 |
| Level 15 to 16 | 3 | 1,826 | 1,017 |
| Level 14 (incl CFO if at lower level) | 6 | 3,979 | 2,500 |
| Total | - | 6,640 | 4,294 |

Included in total remuneration for 2007/08 are performance bonuses of R192 375 paid to SMS members. No family members of key management personnel are employed by the Department. No related party transactions were concluded with key management personnel or family of key management personnel.

24. Provisions

Potential irrecoverable debts

| | | |
|--|--------------|--------------|
| Households and non profit institutions | 270 | 993 |
| Private enterprises | 2,464 | 2,063 |
| Other debtors | 128 | 28 |
| Total | 2,862 | 3,084 |

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**DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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25. Tangible Capital Assets

MOVEMENT IN TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED 31 MARCH 2008

| | Opening balance | Current Year Adjustments to prior year balances | Additions | Disposals | Closing balance |
|------------------------------------|--------------------|--|--------------|--------------|--------------------|
| | R'000 | R'000 | R'000 | R'000 | R'000 |
| MACHINERY AND EQUIPMENT | 14,332 | (29) | 5,280 | 1,587 | 17,996 |
| Transport assets | 389 | - | 1,174 | 1,563 | - |
| Computer equipment | 11,856 | (178) | 3,184 | 24 | 14,838 |
| Furniture and Office equipment | 1,628 | (21) | 611 | - | 2,218 |
| Other machinery and equipment | 459 | 170 | 311 | - | 940 |
| TOTAL TANGIBLE ASSETS | 14,332 | (29) | 5,280 | 1,587 | 17,996 |

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**DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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**25.1 ADDITIONS TO TANGIBLE CAPITAL ASSET PER ASSET REGISTER FOR THE YEAR ENDED
31 MARCH 2008**

| | Cash Cost R'000 | Non-Cash Fair Value R'000 | (Capital work in progress - current costs) Cost R'000 | Received current year, not paid (Paid current year, received prior year) Cost R'000 | Total Cost R'000 |
|------------------------------------|-----------------------|---------------------------------|---|---|------------------------|
| MACHINERY AND EQUIPMENT | 5,052 | 205 | - | 23 | 5,280 |
| Transport assets | 1,174 | - | - | - | 1,174 |
| Computer equipment | 3,054 | 130 | - | - | 3,184 |
| Furniture and Office equipment | 513 | 75 | - | 23 | 611 |
| Other machinery and equipment | 311 | - | - | - | 311 |
| TOTAL CAPITAL ASSETS | 5,052 | 205 | - | 23 | 5,280 |

**25.2 DISPOSALS OF TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED
31 MARCH 2008**

| | Sold for cash Cost/value price as per AR R'000 | Transfer out of destroyed or scrapped Cost/value price as per AR R'000 | Total disposals R'000 | Cash Received Actual Cost R'000 |
|------------------------------------|---|---|-----------------------------|--|
| MACHINERY AND EQUIPMENT | - | 1,587 | 1,587 | - |
| Transport assets | - | 1,563 | 1,563 | - |
| Computer equipment | - | 24 | 24 | - |
| TOTAL | - | 1,587 | 1,587 | - |

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**DISCLOSURE NOTES TO THE ANNUAL FINANCIAL STATEMENTS
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**25.3 MOVEMENT IN TANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED
31 MARCH 2007**

| | Opening balance | Additions | Disposals | Closing Balance |
|--------------------------------|--------------------|--------------|-----------|--------------------|
| | R'000 | R'000 | R'000 | R'000 |
| MACHINERY AND EQUIPMENT | 10,743 | 3,589 | - | 14,332 |
| Transport assets | 389 | - | - | 389 |
| Computer equipment | 9,768 | 2,088 | - | 11,856 |
| Furniture and Office equipment | 336 | 1,292 | - | 1,628 |
| Other machinery and equipment | 250 | 209 | - | 459 |
| TOTAL TANGIBLE ASSETS | 10,743 | 3,589 | - | 14,332 |

26. Intangible Capital Assets

**MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED
31 MARCH 2008**

| | Opening balance | Adjustments to prior year balances | Additions | Disposals | Closing balance |
|------------------------------------|--------------------|--|-----------|-----------|--------------------|
| | R'000 | R'000 | R'000 | R'000 | R'000 |
| COMPUTER SOFTWARE | 208 | 22 | 45 | - | 275 |
| TOTAL INTANGIBLE ASSETS | 208 | 22 | 45 | - | 275 |

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**26.1 ADDITIONS TO INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR ENDED
31 MARCH 2008**

| | Cash Cost R'000 | Non-cash Fair Value R'000 | (Development work in progress - current costs) Cost R'000 | Received current year, not paid (Paid current year, received prior year) Cost R'000 | Total Cost R'000 |
|-------------------|-----------------------|---------------------------------|---|---|------------------------|
| COMPUTER SOFTWARE | 45 | - | - | - | 45 |
| TOTAL | 45 | - | - | - | 45 |

**26.2 MOVEMENT IN INTANGIBLE CAPITAL ASSETS PER ASSET REGISTER FOR THE YEAR
ENDED 31 MARCH 2007**

| | Opening balance R'000 | Additions R'000 | Disposals R'000 | Closing balance R'000 |
|--------------------------------|-----------------------------|--------------------|--------------------|-----------------------------|
| COMPUTER SOFTWARE | 101 | 107 | - | 208 |
| TOTAL INTANGIBLE ASSETS | 101 | 107 | - | 208 |

27. The Department has leased assets under finance leases amounting to R269 000 (2007: R279 000).

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**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
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**ANNEXURE 1A
STATEMENT OF CONDITIONAL GRANTS RECEIVED**

| NAME OF DEPARTMENT | GRANT ALLOCATION | | | | | SPENT | | | 2006/07 | |
|-------------------------|--|----------------|------------------|-------------------|------------------|-------------------------------|----------------------------|--|-------------------------|-----------------------------|
| | Division of Revenue Act/ Provincial Grants | Roll Overs | DoRA Adjustments | Other Adjustments | Total Available | Amount received by department | Amount spent by department | % of Available funds spent by department | Division of Revenue Act | Amount spent by departments |
| | R'000 | R'000 | | R'000 | R'000 | R'000 | R'000 | % | R'000 | R'000 |
| Division of Revenue Act | | | | | | | | | | |
| Department of Housing | | | | | | | | | | |
| (Housing subsidies) | 948,548 | 229,222 | - | - | 1,177,770 | 1,177,770 | 1,121,708 | 95.2 | 998,143 | 768,921 |
| Disaster relief (2004) | - | - | - | - | - | - | - | - | 6,589 | 6,589 |
| | 948,548 | 229,222 | - | - | 1,177,770 | 1,177,770 | 1,121,708 | | 1,004,732 | 775,510 |

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**ANNEXURE 1B
STATEMENT OF CONDITIONAL GRANTS TO MUNICIPALITIES**

| NAME OF MUNICIPALITY | GRANT ALLOCATION | | | | TRANSFER | | SPENT | | | 2006/07 |
|------------------------------------|-------------------------|------------|-------------|-----------------|-----------------|----------------------------------|---------------------------------|------------------------------|--|-------------------------|
| | Division of Revenue Act | Roll Overs | Adjustments | Total Available | Actual Transfer | % of Available Funds Transferred | Amount received by municipality | Amount spent by municipality | % of available funds spent by municipality | Division of Revenue Act |
| | R'000 | R'000 | R'000 | R'000 | R'000 | % | R'000 | R'000 | % | R'000 |
| DISASTER RELIEF: (2004) | | | | | | | | | | |
| Mun: Knysna | - | - | - | - | - | - | - | - | - | 1,621 |
| Mun: Hessequa | - | - | - | - | - | - | - | - | - | 2,113 |
| Mun: Swellendam | - | - | - | - | - | - | - | - | - | 2,855 |
| DISASTER RELIEF: (2006) | | | | | | | | | | |
| Mun: Eden | - | - | - | - | - | - | - | - | - | 16,206 |
| | - | - | - | - | - | - | - | - | - | <u>22,795</u> |

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**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
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ANNEXURE 1C

STATEMENT OF UNCONDITIONAL GRANTS AND TRANSFERS TO MUNICIPALITIES

| NAME OF MUNICIPALITY | GRANT ALLOCATION | | | | TRANSFER | | SPENT | | | 2006/07 |
|---|------------------|------------|-------------|-----------------|-----------------|----------------------------------|---------------------------------|------------------------------|--|-----------------|
| | Amount | Roll Overs | Adjustments | Total Available | Actual Transfer | % of Available Funds Transferred | Amount received by municipality | Amount spent by municipality | % of available funds spent by municipality | Total Available |
| | R'000 | R'000 | R'000 | R'000 | R'000 | % | R'000 | R'000 | % | R'000 |
| Project preparation: | | | | | | | | | | |
| Mun: Beaufort West | 63 | - | - | 63 | 63 | 100.0 | 63 | 63 | 100.0 | 62 |
| Mun: Berg River | 62 | - | - | 62 | 57 | 91.9 | 57 | 57 | 100.0 | 63 |
| Mun: Breede River | 62 | - | - | 62 | 62 | 100.0 | 62 | 62 | 100.0 | 62 |
| Mun: Breede Valley | 62 | - | - | 62 | 62 | 100.0 | 62 | 62 | 100.0 | 63 |
| Mun: Cape Agulhas | 62 | - | - | 62 | 62 | 100.0 | 62 | 62 | 100.0 | 63 |
| Mun: Cederberg | 63 | - | - | 63 | 63 | 100.0 | 63 | 63 | 100.0 | 62 |
| Mun: Drakenstein | 62 | - | - | 62 | 62 | 100.0 | 62 | 62 | 100.0 | 63 |
| Mun: George | 63 | - | - | 63 | - | - | - | - | - | 62 |
| Mun: Kannaland | 62 | - | - | 62 | 62 | 100.0 | 62 | 62 | 100.0 | 63 |
| Mun: Knysna | 63 | - | - | 63 | 63 | 100.0 | 63 | 63 | 100.0 | 62 |
| Mun: Laingsburg | 63 | - | - | 63 | - | - | - | - | - | 63 |
| Mun: Hessequa | 63 | - | - | 63 | 63 | 100.0 | 63 | 63 | 100.0 | 62 |
| Mun: Matzikama | 62 | - | - | 62 | 62 | 100.0 | 62 | 62 | 100.0 | 63 |
| Mun: Mosselbay | 63 | - | - | 63 | - | - | - | - | - | 62 |
| Mun: Oudtshoorn | 62 | - | - | 62 | 62 | 100.0 | 62 | 62 | 100.0 | 63 |
| Mun: Overstrand | 62 | - | - | 62 | 62 | 100.0 | 62 | 62 | 100.0 | 63 |
| Mun: Plettenberg/ Bitou | 62 | - | - | 62 | 62 | 100.0 | 62 | 62 | 100.0 | 125 |
| Mun: Prince Albert | 63 | - | - | 63 | - | - | - | - | - | 62 |
| Mun: Saldanha Bay | 63 | - | - | 63 | - | - | - | - | - | 63 |
| Mun: Stellenbosch | 63 | - | - | 63 | 58 | 92.1 | 58 | 58 | 100.0 | 62 |
| Mun: Swartland | 62 | - | - | 62 | 62 | 100.0 | 62 | 62 | 100.0 | 63 |
| Mun: Swellendam | 63 | - | - | 63 | 63 | 100.0 | 63 | 63 | 100.0 | 62 |
| Mun: Theewaterskloof | 62 | - | - | 62 | 62 | 100.0 | 62 | 62 | 100.0 | 63 |
| Mun: Witzenberg | 63 | - | - | 63 | 63 | 100.0 | 63 | 63 | 100.0 | 62 |
| Aerial Fire-fighting assistance: | | | | | | | | | | |
| Mun: Overberg | 200 | - | - | 200 | 200 | 100.0 | 200 | 200 | 100.0 | - |
| Mun: City Cape Town | 1,500 | - | - | 1,500 | 1,500 | 100.0 | 1,500 | 1,500 | 100.0 | 1,500 |
| Disaster management centre: | | | | | | | | | | |
| Mun: Cental Karoo (Mun Cent (DC5)) | 1,500 | - | - | 1,500 | 1 500.0 | 100.0 | 1,500 | 1,500 | 100.0 | |
| Provincial MSP: | | | | | | | | | | |
| Mun: Cape winelands | - | - | - | - | - | - | - | - | - | 2,500 |
| Mun: Cederberg | 1,500 | - | - | 1,500 | 1,500 | 100.0 | 1,500 | 1,500 | 100.0 | 2,500 |
| Mun: Kannaland | 1,500 | - | - | 1,500 | 1,500 | 100.0 | 1,500 | 1,500 | 100.0 | 1,500 |
| Municipal rates and taxes: | | | | | | | | | | |
| Mun: City of Cape Town | 16,000 | - | (2,078) | 13,922 | 13,349 | 95.9 | 13,349 | 13,349 | 100.0 | 49,136 |
| Mun: Breede river/Winelands | - | - | - | - | - | - | - | - | - | 190 |
| Mun: Cederberg | - | - | - | - | - | - | - | - | - | 17 |

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ANNEXURE 1C (Continued)

STATEMENT OF UNCONDITIONAL GRANTS AND TRANSFERS TO MUNICIPALITIES

| NAME OF MUNICIPALITY | GRANT ALLOCATION | | | | TRANSFER | | SPENT | | | 2006/07 |
|-------------------------|------------------|------------|-------------|-----------------|-----------------|----------------------------------|---------------------------------|------------------------------|--|-----------------|
| | Amount | Roll Overs | Adjustments | Total Available | Actual Transfer | % of Available Funds Transferred | Amount received by municipality | Amount spent by municipality | % of available funds spent by municipality | Total Available |
| | R'000 | R'000 | R'000 | R'000 | R'000 | % | R'000 | R'000 | % | R'000 |
| Mun: Drakenstein | - | - | - | - | - | - | - | - | - | 4 |
| Mun: George | - | - | - | - | - | - | - | - | - | 178 |
| Mun: Saldanha bay | - | - | 21 | 21 | 21 | 100.0 | 21 | 21 | 100.0 | 469 |
| Mun: Swartland | - | - | - | - | - | - | - | - | - | 1 |
| Regional Service | | | | | | | | | | |
| Council Levies: | | | | | | | | | | |
| Mun: Overberg | - | - | - | - | - | - | - | - | - | 2 |
| Mun: Central Karoo | - | - | - | - | - | - | - | - | - | 2 |
| Mun: West Coast | - | - | - | - | - | - | - | - | - | 2 |
| Mun: Eden | - | - | - | - | - | - | - | - | - | 5 |
| Mun: Cape Winelands | - | - | - | - | - | - | - | - | - | 2 |
| Mun: City of Cape | - | - | - | - | - | - | - | - | - | 71 |
| Vehicle licence: | | | | | | | | | | |
| Mun: City of Cape | - | - | - | - | - | - | - | - | - | 1 |
| Town | | | | | | | | | | |
| CDW Operational | | | | | | | | | | |
| Cost Grant: | | | | | | | | | | |
| Mun: Cape Winelands | - | - | - | - | - | - | - | - | - | 350 |
| Mun: Central Karoo | - | - | - | - | - | - | - | - | - | 326 |
| Mun: City of Cape | - | - | - | - | - | - | - | - | - | 731 |
| Town | | | | | | | | | | |
| Mun: Eden | - | - | - | - | - | - | - | - | - | 340 |
| Mun: Overberg | 36 | - | - | 36 | 36 | 100.0 | 36 | 36 | 100.0 | 308 |
| Mun: Beaufort-West | 180 | - | - | 180 | 180 | 100.0 | 180 | 180 | 100.0 | - |
| Mun: Berg river | 54 | - | - | 54 | 54 | 100.0 | 54 | 54 | 100.0 | - |
| Mun: Bitou | 54 | - | - | 54 | 54 | 100.0 | 54 | 54 | 100.0 | - |
| Mun: Breede Valley | 162 | - | - | 162 | 162 | 100.0 | 162 | 162 | 100.0 | - |
| Mun: Cederberg | 180 | - | - | 180 | 180 | 100.0 | 180 | 180 | 100.0 | - |
| Mun: Drakenstein | 126 | - | - | 126 | 126 | 100.0 | 126 | 126 | 100.0 | - |
| Mun: George | 54 | - | - | 54 | 54 | 100.0 | 54 | 54 | 100.0 | - |
| Mun: Kannaland | 126 | - | - | 126 | 126 | 100.0 | 126 | 126 | 100.0 | - |
| Mun: Knysna | 54 | - | - | 54 | 54 | 100.0 | 54 | 54 | 100.0 | - |
| Mun: Laingsburg | 90 | - | - | 90 | 90 | 100.0 | 90 | 90 | 100.0 | - |
| Mun: Hessequa | 54 | - | - | 54 | 54 | 100.0 | 54 | 54 | 100.0 | - |
| Mun: Matzikama | 144 | - | - | 144 | 144 | 100.0 | 144 | 144 | 100.0 | - |
| Mun: Mossel Bay | 72 | - | - | 72 | - | - | - | - | - | - |
| Mun: Oudtshoorn | 54 | - | - | 54 | 54 | 100.0 | 54 | 54 | 100.0 | - |
| Mun: Overstrand | 72 | - | - | 72 | 72 | 100.0 | 72 | 72 | 100.0 | - |

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ANNEXURE 1C (Continued)

STATEMENT OF UNCONDITIONAL GRANTS AND TRANSFERS TO MUNICIPALITIES

| NAME OF MUNICIPALITY | GRANT ALLOCATION | | | | TRANSFER | | SPENT | | | 2006/07 |
|------------------------------------|------------------|------------|----------------|-----------------|-----------------|----------------------------------|---------------------------------|------------------------------|--|-----------------|
| | Amount | Roll Overs | Adjustments | Total Available | Actual Transfer | % of Available Funds Transferred | Amount received by municipality | Amount spent by municipality | % of available funds spent by municipality | Total Available |
| | R'000 | R'000 | R'000 | R'000 | R'000 | % | R'000 | R'000 | % | R'000 |
| Mun: Prince Albert | 90 | - | - | 90 | 90 | 100.0 | 90 | 90 | 100.0 | - |
| Mun: Saldanha Bay | 54 | - | - | 54 | 54 | 100.0 | 54 | 54 | 100.0 | - |
| Mun: Stellenbosch | 90 | - | - | 90 | 90 | 100.0 | 90 | 90 | 100.0 | - |
| Mun: Swartland | 36 | - | - | 36 | 36 | 100.0 | 36 | 36 | 100.0 | - |
| Mun: Swellendam | 90 | - | - | 90 | 90 | 100.0 | 90 | 90 | 100.0 | - |
| Mun: Theewaterkloof | 180 | - | - | 180 | 180 | 100.0 | 180 | 180 | 100.0 | - |
| Mun: Witzenberg | 162 | - | - | 162 | 162 | 100.0 | 162 | 162 | 100.0 | - |
| Mun: Central Karoo | 90 | - | - | 90 | 90 | 100.0 | 90 | 90 | 100.0 | - |
| Mun: West Coast | 54 | - | - | 54 | 54 | 100.0 | 54 | 54 | 100.0 | 345 |
| Housing consumer education: | | | | | | | | | | |
| Mun: Beaufort-West | 150 | - | - | 150 | 150 | 100.0 | 150 | 150 | 100.0 | - |
| Mun: Cape Winelands | 200 | - | - | 200 | 200 | 100.0 | 200 | 200 | 100.0 | - |
| Mun: City of Cape | 100 | - | - | 100 | - | - | - | - | - | - |
| Mun: George | 800 | - | - | 800 | 800 | 100.0 | 800 | 800 | 100.0 | - |
| Mun: Overstrand | 200 | - | - | 200 | 200 | 100.0 | 200 | 200 | 100.0 | - |
| Mun: Saldanha Bay | 200 | - | - | 200 | 200 | 100.0 | 200 | 200 | 100.0 | - |
| Master planning: | | | | | | | | | | |
| Mun: Drakenstein | 100 | - | - | 100 | - | - | - | - | - | - |
| Mun: George | 100 | - | - | 100 | - | - | - | - | - | - |
| Mun: Hessequa | 100 | - | - | 100 | - | - | - | - | - | - |
| Mun: Knysna | 100 | - | - | 100 | - | - | - | - | - | - |
| Mun: Bitou | 100 | - | - | 100 | - | - | - | - | - | - |
| Mun: Swartland | 100 | - | - | 100 | - | - | - | - | - | - |
| Mun: Swellendam | 100 | - | - | 100 | - | - | - | - | - | - |
| | 28,408 | - | (2,057) | 26,351 | 24,581 | | 24,581 | 24,581 | | 62,043 |

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ANNEXURE 1D

STATEMENT OF TRANSFERS TO DEPARTMENTAL AGENCIES AND ACCOUNTS

| DEPARTMENTS/ AGENCY/ACCOUNT | TRANSFER ALLOCATION | | | | TRANSFER | | 2006/07 |
|--|----------------------------------|------------|-------------|--------------------|--------------------|---|-------------------------------|
| | Adjusted Appropriation Act | Roll Overs | Adjustments | Total Available | Actual Transfer | % of Available Funds Transferred | Final Appropriation Act |
| | R'000 | R'000 | R'000 | R'000 | R'000 | % | R'000 |
| SA Local Government Association (SALGA) | - | - | - | - | - | - | 1,000 |
| Western Cape Nature Conservation Board | - | - | 750 | 750 | 750 | 100.0 | - |
| National Sea Rescue Institute (NSRI) | - | - | 250 | 250 | 250 | 100.0 | 225 |
| Donations/sponsorships (Annexure 1H) | - | - | 40 | 40 | 40 | 100.0 | - |
| | - | - | 1,040 | 1,040 | 1,040 | | 1,225 |

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**ANNEXURE 1E
STATEMENT OF TRANSFERS/SUBSIDIES TO NON-PROFIT INSTITUTIONS**

| NON PROFIT ORGANISATION | TRANSFER ALLOCATION | | | | EXPENDITURE | | 2006/07 |
|---|----------------------------------|------------|-------------|--------------------|--------------------|----------------------------------|------------------------------|
| | Adjusted Appropriation Act | Roll Overs | Adjustments | Total Available | Actual Transfer | % of Available Transferred | Final Apropriation Act |
| | R'000 | R'000 | R'000 | R'000 | R'000 | % | R'000 |
| Lifesaving SA | 250 | - | - | 250 | 250 | 100.0 | 225 |
| Donations/Sponsorships (Annexure 1H) | 450 | - | (75) | 375 | 375 | 100.0 | 77 |
| TOTAL | 700 | - | (75) | 625 | 625 | | 302 |

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**ANNEXURE 1F
STATEMENT OF TRANSFERS/SUBSIDIES TO HOUSEHOLDS**

| HOUSEHOLDS | TRANSFER ALLOCATION | | | | EXPENDITURE | | 2006/07 |
|--|----------------------------------|----------------|----------------|--------------------|--------------------|----------------------------------|------------------------------|
| | Adjusted Appropriation Act | Roll Overs | Adjustments | Total Available | Actual Transfer | % of Available Transferred | Final Apropriation Act |
| | R'000 | R'000 | R'000 | R'000 | R'000 | % | R'000 |
| Integrated housing and human settlement redevelopment grant | 926,092 | 228,875 | (9,300) | 1,145,667 | 1,092,041 | 95.3 | 969,961 |
| Bursaries (non- employees) | 290 | - | (92) | 198 | 198 | 100.0 | 74 |
| Provincial housing accelerating grant | 30,000 | - | - | 30,000 | 12,117 | 40.4 | 30,000 |
| Employee social benefits - leave gratuities & sevarange packages | 232 | - | 2,770 | 3,002 | 3,002 | 100.0 | 2,792 |
| Arbitration award - ex- employee: KM Garcia | - | - | 462 | 462 | 462 | 100.0 | - |
| Total | 956,614 | 228,875 | (6,160) | 1,179,329 | 1,107,820 | | 1,002,827 |

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**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2008**

**ANNEXURE 1G
STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS RECEIVED
FOR THE YEAR ENDED 31 MARCH 2008**

| NAME OF ORGANISATION | NATURE OF GIFT, DONATION OR SPONSORSHIP | 2007/08 R'000 | 2006/07 R'000 |
|--|--|------------------|------------------|
| Received in cash | | | |
| ABSA Bank Ltd. | Sponsorship for the MEC's budget speech | 30 | - |
| Subtotal | | 30 | - |
| Received in kind | | | |
| United Nations International Strategy for Disaster Reduction (UN/ISDR) Unit for Africa | Inter-Agency field library for disaster reduction | - | 22 |
| ABSA Bank Ltd. | Sponsorship for the MEC's budget speech | 70 | - |
| Old Mutual | Sponsorship for the MEC's budget speech | 11 | - |
| Dirkale Investment | Sponsorship for the MEC's budget speech | 1 | - |
| Ernst & Young | Sponsorship for the MEC's budget speech | 28 | - |
| Subtotal | | 110 | 22 |
| Total | | 140 | 22 |

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**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 March 2008**

ANNEXURE 1H

**STATEMENT OF GIFTS, DONATIONS AND SPONSORSHIPS MADE AND REMISSIONS, REFUNDS
AND PAYMENTS MADE AS AN ACT OF GRACE FOR THE YEAR ENDED 31 MARCH 2008**

| NATURE OF GIFT, DONATION OR SPONSORSHIP | 2007/08 | 2006/07 |
|--|------------|-----------|
| | R'000 | R'000 |
| Paid in cash | | |
| Donations/sponsorships to non-profit institutions | | |
| Isandla Institute: Sponsor supper function at conference with objective for local government stakeholders to reflect on and critically engage with the notion of developmental local government. | | 17 |
| Konek: Donation for assistance with community upliftment projects as part of marketing the Department. | | 10 |
| South African women in construction (SAWIC): Donation/sponsorship for gala dinner. | 50 | 50 |
| Manenberg education fund: Donation to provide education opportunities for young people in Manenberg | 50 | |
| Lavender Hill Secondary school: Donation for assistance with a community upliftment project. | 50 | |
| Development Action Group (DAG): Donation/sponsorship to host a dinner and to produce a publication to mark their 20th anniversary. | 50 | |
| Disaster Management Institute of SA: Donation/sponsorship to host an annual disaster management conference. | 75 | |
| South African Housing Foundation: Donation/sponsorship for annual international conference and exhibition. | 100 | |
| Subtotal | 375 | 77 |
| Donations/sponsorships to departmental agencies and accounts | | |
| SA Local Government Association (SALGA): Sponsorship for the Provincial Members Assembly of SALGA in the Western Cape | 40 | |
| Total | 415 | 77 |

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**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
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ANNEXURE 2A

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2008 - LOCAL

| Guarantor institution | Guarantee in respect of | Original Guaranteed capital amount R'000 | Opening Balance 01/04/2007 R'000 | Guarantee drawdowns during the year R'000 | Guarantee repayments/ cancelled/ reduced/ released during the year R'000 | Currency Revaluations R'000 | Closing Balance 31/03/2008 R'000 | Guaranteed interest outstanding 31/03/2008 R'000 | Realised losses not recoverable, i.e. claims paid out R'000 |
|-----------------------|-------------------------|---|--|--|---|--------------------------------|--|--|--|
| Nedbank | Housing | 554 | 80 | - | 36 | - | 44 | - | - |
| First National Bank | Housing | 250 | 49 | - | - | - | 49 | - | - |
| ABSA | Housing | 768 | 134 | - | 134 | - | - | - | - |
| Peoples Bank | Housing | 53 | 11 | - | 11 | - | - | - | - |
| Total | | 1,625 | 274 | - | 181 | - | 93 | - | - |

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ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
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ANNEXURE 2B

STATEMENT OF CONTINGENT LIABILITIES AS AT 31 MARCH 2008

| Nature of Liability | Opening Balance 01/04/2007 R'000 | Liabilities incurred during the year R'000 | Liabilities paid/cancelled/ reduced during the year R'000 | Liabilities recoverable R'000 | Closing Balance 31/03/2008 R'000 |
|---|---|--|---|-------------------------------------|---|
| Claims against the department | | | | | |
| KM Garcia | 462 | - | 462 | - | - |
| | 462 | - | 462 | - | - |
| Other | | | | | |
| Thubelisha Homes & others various occupants: Opinion regarding claim for damages | - | 21 | - | - | 21 |
| Beaufort West election - Opinion regarding responding to the applicant's attorneys' letter regarding case No. 12226/2007 | - | 23 | - | - | 23 |
| | - | 44 | - | - | 44 |
| Total | 462 | 44 | 462 | - | 44 |

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**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
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**ANNEXURE 3
INTER-GOVERNMENTAL RECEIVABLES**

| Government Entity | Confirmed balance outstanding | | Unconfirmed balance outstanding | | Total | |
|---|-------------------------------|--------------|---------------------------------|------------|------------|--------------|
| | 31/03/2008 | 31/03/2007 | 31/03/2008 | 31/03/2007 | 31/03/2008 | 31/03/2007 |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| Departments | | | | | | |
| Provincial Government Western Cape: | | | | | | |
| Dept of Community Safety | 11 | - | 16 | - | 27 | - |
| Dept of Economic Development and Tourism | - | - | 12 | - | 12 | - |
| Dept of Education | 44 | - | - | - | 44 | - |
| Dept of Health | - | - | 61 | - | 61 | - |
| Dept of Transport and Public Works | 61 | 2,155 | 425 | 500 | 486 | 2,655 |
| Dept of Social Development | 2 | - | - | 2 | 2 | 2 |
| Dept of Cultural Affairs | 12 | - | 1 | - | 13 | - |
| Provincial Treasury | - | - | - | 2 | - | 2 |
| Dept of Local Government (Former) | - | - | - | 362 | - | 362 |
| Dept. Environmental Affairs and Development Planning | - | - | 2 | - | 2 | - |
| Western Cape Nature Conservation Board | 1 | - | - | - | 1 | - |
| National Departments: | | | | | | |
| Dept of Justice and Constitutional Development | - | - | - | 2 | - | 2 |
| Dept of Provincial and Local Government | - | - | - | 1 | - | 1 |
| Deputy Ministry of Provincial and Local Government | - | - | 4 | - | 4 | - |
| Dept of Social Services and Population Development | - | - | - | 2 | - | 2 |
| Dept of Environmental Affairs and Tourism | - | - | 15 | - | 15 | - |
| Dept of Public Works | 18 | - | - | - | 18 | - |
| SARS | - | - | 16 | - | 16 | - |
| Other Departments: | | | | | | |
| Prov. Government KwaZulu Natal (Dept. of Traditional Affairs and Local Government) | - | - | 1 | 2 | 1 | 2 |
| Prov. Government Gauteng (Gauteng Shared Service) | - | - | - | 3 | - | 3 |
| Eastern Cape Provincial Government: Local Government, Housing and Traditional Affairs | 3 | - | - | - | 3 | - |
| Free State Provincial Government: Local Government and Housing | - | - | 2 | - | 2 | - |
| Gauteng Provincial Government: Housing | - | - | 4 | - | 4 | - |
| Limpopo Provincial Government: Local Government and Housing | - | - | 5 | - | 5 | - |
| North West Provincial Government: Local Government and Housing | - | - | 1 | - | 1 | - |
| Northern Cape Provincial Government: Local Government and Housing | - | - | 1 | - | 1 | - |
| Total | 152 | 2,155 | 566 | 876 | 718 | 3,031 |

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**ANNEXURES TO THE ANNUAL FINANCIAL STATEMENTS
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**ANNEXURE 4
INTER-DEPARTMENTAL PAYABLES – CURRENT**

| GOVERNMENT ENTITY | Confirmed balance outstanding | | Unconfirmed balance outstanding | | TOTAL | |
|---|----------------------------------|--------------|------------------------------------|------------|------------|--------------|
| | 31/03/2008 | 31/03/2007 | 31/03/2008 | 31/03/2007 | 31/03/2008 | 31/03/2007 |
| | R'000 | R'000 | R'000 | R'000 | R'000 | R'000 |
| DEPARTMENTS | | | | | | |
| Current | | | | | | |
| Amounts included in Statement of Financial Position: | | | | | | |
| Provincial Government Western Cape: | | | | | | |
| Department of Transport & Public Works | 855 | 146 | - | - | 855 | 146 |
| Other Departments: | | | | | | |
| Amounts not included in Statement of Financial Position: | | | | | | |
| Provincial Government Western Cape: | | | | | | |
| Department of the Premier | - | 5 | - | 2 | - | 7 |
| Department of Education | - | 10 | - | 18 | - | 28 |
| Department of Transport & Public Works | - | 825 | - | 18 | - | 843 |
| Department of Cultural Affairs and Sport | - | 6 | - | - | - | 6 |
| Other Departments: | | | | | | |
| Provincial Government Eastern Cape (Dept. Sport, Recreation, Arts & Culture) | - | 8 | - | - | - | 8 |
| Total | 855 | 1,000 | - | 38 | 855 | 1,038 |