

PART FIVE

Annual Financial Statements

ANNUAL FINANCIAL STATEMENTS for the year ended 31 March 2002

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

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**MANAGEMENT REPORT
For the year ended 31 March 2002**

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

1. General review of the state of financial affairs

Important policy decisions and strategic issues facing the Department

- The establishment of a fully autonomous and accountable department with a sound and self-sufficient transformed administration -
- The filling of all vacant posts, taking into account representivity on all levels of employment
- The restructuring of current financial structures to be in line with national and other provincial structures
- The incorporation of the Western Cape Housing Development Fund with the Departmental financial structures -
- To develop and implement financial and other administrative policies to adapt to changing legislation and regulations
- Closer co-operation and better communication with national departments to ensure that business plans in respect of national conditional grants are approved timeously to enable the Department to spend the annual allocations within the financial year -
- To follow up and possible write-off old debts transferred to the Department from the previous Department 70 as part of the decentralisation of the departmental accountant function
- Training and development of new appointees

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1.1 General view

Budget allocation

	R'000
Total	489106
Administration	21036
Housing	384406
Development Planning	20698
Local Government Services	51195
Restructuring	11741
Special functions: Authorised losses	30

Underspending

	R'000
Total	53309
Administration	1586
Housing	20527
Development Planning	5575
Local Government Services	23722
Restructuring	1899

1.2 Spending trends

Graph attached as Annexure A:

- Indicates total expenditure for 2001/2002 financial year compared to that of 2000/01.

Graph attached as Annexure B:

- Indicates the spending per programme.

Graphs attached as Annexures C to H:

- Indicates the spending per standard item per programme and for the Vote.

Note: For the purpose of comparison, the conditional grant (R325 861 m) in respect of the SA Housing Fund is left out.

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2. Services rendered by the Department

2.1 Tariff policy

Subsidised motor transport

- Tariffs are determined by the national Department of Transport.

Parking fees

- All tariffs are revised annually, by the Department and approved by the Provincial Treasury in terms of National Treasury Regulation 7.3.1. These tariffs are costs recoverable.

2.2 Free Services

No free services are rendered by the Department.

3. Under/(over) spending

Reasons for underspending

Programme 1: Administration

The saving is due to the non-filling of vacant posts that were created with the decentralisation of the Departmental Accountant and Personnel functions on 1 April 2001. These posts were approved by the Provincial Cabinet and were advertised during the year. The Department is in the process of filling the posts.

Programme 2: Housing

The saving is due to the non-filling of vacant posts, centralising of functions and the late approval of business plans for the Human Redevelopment Settlement Programme.

Programme 3: Development Planning

The saving is due to the non-filling of vacant posts, rationalising of equipment and the late submission of claims in respect of spatial planning projects by municipalities.

Programme 4: Local Government Services

The saving is due to the non-filling of vacant posts (due to the uncertainty if the local government finance function should be transferred to the

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Provincial Treasury), contracts not completed by 31 March 2002, the late approval of business plans for the Management Support Programme and the late submission of claims in respect of IDP's by municipalities.

Programme 5: Restructuring

The saving is due to the phasing out of supernumeraries.

Impact on programmes and service delivery

Human Settlement Redevelopment Programme

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

Local Government Support Grant

- Projects to improve revenue collection and service delivery of municipalities are delayed.

Underspending on other programmes did not have a negative impact on service delivery, because it is mainly new initiatives and programmes that were not completed or claimed before 31 March 2002.

Action taken or planned to avoid recurrence

The Department is in the process of filling the vacant posts taking into account representivity on all levels of employment. Savings due to the rationalising and centralisation of administrative expenditure and the better utilisation of other resources will be budgeted for human resource development to increase service delivery. Closer co-operation and communication with national departments will ensure that business plans in respect of national conditional grants are approved timeously to enable the Department to spend the full allocations in the financial year.

4. Capacity constraints

The Department is currently experiencing capacity problems in the Directorate: Housing Settlement that is responsible for the administration of the Western Cape Housing Development Board properties. In terms of Section 15.2(a) of the Housing Act, 1997 (Act 107 of 1997), all immovable property owned by the Board must be transferred to the relevant municipalities at a date to be determined by the national Minister in consultation with the MEC. Insufficient provision was made by SICA (Workstudy Report) in 2000 for staff to manage the administration of the assets in

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anticipation of the assets being transferred to municipalities. A work study investigation and a performance audit was done to address the problem, but are not finalised yet.

These capacity constraints have a negative impact on service delivery and the collection of moneys due by debtors i.r.o. properties owned by the Board.

5. Utilisation of donor funds

No donor funds were received or utilised by the Department.

6. Public entities

The Western Cape Housing Development Board.

6.1 General

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

6.2 The Western Cape Housing Development Board (WCHDB).

Purpose

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

Financial arrangements

Funds are budgeted as a national conditional grant under the sub-programme Housing Management of the programme Housing of the Department in terms of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (as amended). Transfers are made to the Fund as funds are received from the national Department of Housing. Reporting and other conditions as stipulated in the applicable annual Division of Revenue Act are strictly adhered to.

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

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

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7. Other organisations to whom transfer payments have been made

All transfer payments and the purpose for the payments made are reported in note 6 of the Notes to the annual Financial Statements.

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

8. Public/private partnerships (PPP)

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

9. Corporate governance arrangements

A new Fraud and Theft Prevention Plan was implemented on 30 June 2001 in terms of the Public Finance Management Act, 1999 (Act No 1 of 1999) (as amended) and has as a objective that:

- (a) the policies, procedures, rules, regulations and other government prescripts, including human resources policies be strictly adhered to;
- (b) the disciplinary code and procedures be applied and supervisors be trained in the application of the process thereof;
- (c) the prescribed internal control measures within policies, procedures, rules, regulations and other official prescripts be applied and adhered to;
- (d) a risk management plan be implemented in liaison with the Internal Audit Unit of Provincial Administration: Western Cape;
- (e) structured programme of ongoing risk assessment be introduced and maintained;
- (f) a Fraud Prevention Committee be established with terms of reference as set out in appendix 4 of the Plan;
- (g) the code of ethics and business conducts, as well as the Code of Conduct for the Public Service be respected and applied by all officials;
- (h) the Fraud Policy and Response Plan be supported and adhered to and that officials foster a culture of zero tolerance to corruption, fraud, theft and maladministration by all individuals;
- (i) record be kept in respect of all allegations of fraud, as well as losses or damages suffered through criminal or possible criminal acts or omissions. In this regard officials were made aware of the Fraud Line 0800-122-6545;
- (j) physical security be tightened. Officials again be made aware of the Search Policy;

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(k) an awareness campaign belodged, firstly by means of educational workshops and secondly by the use of posters, and

(l) ongoing maintenance and review of the Plan be done.

The Plan was developed by the Internal Audit component of the Province and the effectiveness of the plan is evident in the Report of the Auditor General on the state of the financial affairs of the Department.

The system was strictly administered and functioned effectively. In all cases of fraud, theft, etc. reported, the circumstances that gave rise to the incident were analysed and preventative measures were taken to safeguard the Province's interest.

10. Discontinued activities/activities to be discontinued

No activities were discontinued/are to be discontinued.

11. New/proposed activities

The Department of Finance initially rendered a Departmental Accountant Service on a centralised basis for this Department. To keep in line with the spirit of the Public Finance Management Act, 1999 (Act No. 1 of 1999) (as amended) the Department of Finance embarked on a process of decentralising the Departmental Accountant Services to the respective departments. As from 1 April 2001 the Department rendered this service by itself with the Department of Finance playing a role in the transitional phase.

The same process was followed with the personnel function that was decentralised by the Department of Provincial Administration as from 1 April 2001 with the said department playing a supportive role in the transitional period.

The decentralisation had a positive effect on the operations of the Department as the services are now being rendered within the Department to officials of the Department. Management information is more readily available and is also more up to date and credible.

The total cost for the decentralising of the function in the 2001/02 financial year was R2 084 000 and was financed by shifting funds from Vote 3: Finance (R1 235 000) and Vote 1: Premier, D -G and Corporate Services (R849 000). The carry -through cost over the MTEF period was also shifted from the said votes.

12. Events after the accounting date

The Provincial Cabinet approved on 3 July 2002 the further decentralising of departments in the Province as from 1 August 2002. This will mean that two new departments, namely Housing and Local Government will be established and Programme 3: Development Planning be shifted to the new Department of Environmental Affairs and Development Planning.

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The funds for each function, as appropriated by the Provincial Legislature, will be shifted to the new Votes and will be reported on as such in the Annual Report for 2002/03.

13. Progress with financial management improvements

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

A Chief Financial Officer (CFO) for the Department was appointed on 1 March 2001 to assist the Accounting Officer in his responsibilities set out in part 2 of Chapter 5 of the PFMA.

Regular reporting is done to the Provincial Treasury to ensure that the Department is on track with the implementation of the PFMA. The centralised Internal Audit Component of the Provincial Administration also monitors the implementation of the PFMA in the Department.

Financial delegations in terms of part 3 of Chapter 5 of the PFMA, as well as in terms of the new NTR's (9 April 2001) and PTI's were updated and issued during the financial year.

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

14. Other

A Statement of changes in net assets/equity is required in terms of the accounting policy as prescribed by National Treasury. The Department, however, has not complied with this requirement as the statement is attuned to accrual accounting and the Department is still functioning on a cash accounting basis and is therefore not in a position to comply.

Approval

The annual financial statements set out on pages 84 to 114 have been approved by the Accounting Officer.



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(JWAFRICA)

(ACCOUNTINGOFFICER)

31MAY2002

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**REPORT OF THE AUDITOR - GENERAL TO THE PROVINCIAL PARLIAMENT OF
THE WESTERN CAPE ON THE FINANCIAL STATEMENTS OF THE DEPARTMENT OF
PLANNING, LOCAL GOVERNMENT AND HOUSING FOR THE YEAR
ENDED 31 MARCH 2002**

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

**REPORT OF THE AUDITOR -GENERAL TO
THE PROVINCIAL PARLIAMENT OF THE WESTERN CAPE ON THE
FINANCIAL STATEMENTS OF THE DEPARTMENT OF PLANNING, LOCAL
GOVERNMENT AND HOUSING FOR THE YEAR ENDED 31 MARCH 2002**

1. AUDIT ASSIGNMENT

The financial statements as set out on pages 84 to 114 for the year ended 31 March 2002, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read with sections 3 and 5 of the Auditor -General Act, 1995 (Act No. 12 of 1995). These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the accounting officer. My responsibility is to express an opinion on these financial statements, based on the audit.

2. NATURE AND SCOPE

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

An audit includes:

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

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

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

3. UNQUALIFIED AUDIT OPINION

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In my opinion the financial statements fairly present, in all material respects, the financial position of the department at 31 March 2002 and the results of its operations and cash flows for the year then ended in accordance with prescribed accounting practice and in the manner required by the relevant act.

4. EMPHASIS OF MATTER

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

4.1 Matters affecting the financial statements

4.1.1 Payables - current, R75,9 million: Note 13 to the financial statements on page 98

Included in the above is an amount of approximately R50,9 million in respect of the Integrated Serviced Land Project (ISLP) which the department administered on an agency service basis. The total grant received for this project amounted to approximately R125,3 million of which an amount of approximately R74,4 million was spent on various projects and the remaining balance of R50,9 million represents unspent balances at year-end, which was verified. However, the annual statements for this project are compiled separately and submitted at a later stage and had therefore not yet been audited at the time of compiling this report.

4.1.2 Contingent liabilities, R6 million: Note 19 to the financial statements on page 100

During the audit it was noted that due to legal cases where compensation was claimed from the department, a contingent liability might exist as at 31 March 2002 for which no provision was made in the financial statements. In reply to a management letter the accounting officer indicated that provision was subsequently made and an amount of R5 million was now included in the above figure. However, as this amount was an estimate and the cases have not yet been finalised, the reasonableness thereof could not be verified.

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4.2 Matters not affecting the financial statements

4.2.1 Internal audit

At a Cabinet meeting held on 29 September 1999, it was approved that certain support services should be delivered on a centralised basis, and that this situation would be reviewed after two years. Based on this, the internal audit function of the Western Cape Province was established as a centralised (shared) function for all the respective departments within the province. During the 2001 -02 financial year the internal audit department formed part of Vote 1 –Premier, Director -General and Corporate Services. An evaluation of the internal audit function of the Western Cape Province is included in the Report of the Auditor -General on the financial statements of the aforementioned vote for the year ended 31 March 2002.

4.2.2 Audit committee

On 4 May 2000, the Minister of Finance, in accordance with the powers assigned to him in terms of sections 17(2) and 77(c) of the Public Finance Management Act, 1999 (Act No. 1 of 1999), established a centralised audit committee for the Western Cape Province for a period of two years. An overview of the audit committee of the province is included in the Report of the Auditor -General on the financial statements of Vote 1 –Premier, Director -General and Corporate Services for the year ended 31 March 2002.

5. APPRECIATION

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



I. THERON
for Auditor -General

Cape Town
31 July 2002

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**STATEMENT OF ACCOUNTING POLICIES AND RELATED MATTERS
for the year ended 31 March 2002**

The financial statements have been, unless otherwise indicated, prepared in accordance with the following policies, which have been applied consistently in all material respects. 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 for Departments and Constitutional Institutions issued in terms of the Act, as well as the Division of Revenue Act, Act 1 of 2001.

1. Basis of preparation

The financial statements have been prepared on the cash basis of accounting except where stated otherwise. Under the cash basis of accounting transactions and other events are recognised when cash is received or paid. This basis of accounting measures financial results for a period as the difference between cash receipts and cash payments.

2. Revenue

Voted funds are the amounts appropriated to a department in accordance with the final budget known as the adjustment estimate. Interest received is recognised upon receipt of the funds, and no accrual is made for interest receivable from the last receipt date to the end of the reporting period. Unexpended voted funds are surrendered to the Provincial Revenue Fund.

Dividends received are recognised as revenue in the financial statements of the department, however, it is also recognised as an expense in the same year, as the dividends are paid over to the Provincial Revenue Fund.

3. Expenditure

Capital and current expenditure is recognised in the income statement when the payment is made. Interest paid is also recognised when paid and no accrual for interest is made between the payment date and the reporting date.

4. Unauthorised, irregular, and fruitless and wasteful expenditure

Unauthorised expenditure means:

- the overspending of a vote or a main division within a vote, or

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

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

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

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

Irregular expenditure is treated as expenditure in the income statement until such expenditure is either not condoned by Provincial Treasury or the Provincial Tender Board, at which point it is treated as a current asset until it is recovered from a third party.

Fruitless and wasteful expenditure means expenditure that was made in vain and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is treated as a current asset in the balance sheet until such expenditure is recovered from a third party.

5. Debts written off

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

6. Assets

Physical assets (fixed assets, moveable assets and inventories) are written off in full when they are paid for and are accounted for as expenditure in the income statement.

7. Receivables

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

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8. Payables

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

9. Provisions

Provisions are not normally recognised under the cash basis of accounting.

10. Lease commitments

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

11. Subsequent payments

Payments made after the accounting date that relates to goods and services received before or on the accounting date are disclosed as a note to the financial statements. These payments are not recognised in the balance sheet as a liability or as expenditure in the income statement as the financial statements are prepared on the cash basis of accounting.

12. Employee benefits

Short-term employee benefits

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

Termination benefits

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

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Retirement benefits

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

Medical benefits

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

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

13. Recoverable revenue

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

14. Comparative figures

No comparative figures are available for the year under review i.r.o. Balance Sheet and Cash Flow Statements due to the fact that these statements were not included in the prior year's financial statements.

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**INCOME STATEMENT (STATEMENT OF FINANCIAL PERFORMANCE)
for the year ended 31 March 2002**

	Note	2001/02 R'000	2000/01 R'000
REVENUE			
Voted funds			
- Conditional grants	1	373860	364360
- Portion of equitable share		114979	99602
- Own revenue	2	267	722
Total voted funds		489106	464684
Nonvoted funds			
- Own revenue	2	133	(58)
TOTAL REVENUE		489239	464626
EXPENDITURE			
Personnel	3	60471	52466
Administrative		7412	7120
Inventories		1230	1170
Equipment	4	1910	2 010
Professional and special services	5	10672	11017
Transfer payments	6	352375	360461
Miscellaneous	7	1697	818
Special functions: authorised losses	8	30	5
TOTAL EXPENDITURE		435797	435067
NET SURPLUS FOR THE YEAR		53442	29559
ANALYSIS OF NET SURPLUS FOR THE YEAR			
Voted funds to be surrendered to Revenue Fund			
- Gross funds to be surrendered	11	53309	29617
Revenue to be surrendered to Revenue Fund		133	(58)
		53442	29559

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**BALANCE SHEET (STATEMENT OF FINANCIAL POSITION)
at 31 March 2002**

ASSETS	Note	2002	2001
		R'000	R'000
Current assets			
Cash and cash equivalents	9	5331	
Receivables	10	102235	
Investments	17	21716	
Total assets		129282	
LIABILITIES			
Current liabilities			
Voted fund stakes surrendered	11	53309	
Revenue fund stakes surrendered	12	(1)	
Payables	13	75947	
Total liabilities		129255	
NET ASSETS/EQUITY			
Recoverable revenue		27	
Total net assets/equity		27	
Total liabilities and equity		129282	

*No comparative figures available due to being part of Department 70 during the previous financial year.

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**CASH FLOW STATEMENT
for the year ended 31 March 2002**

	Note	2001/02 R'000	2000/01 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash flow generated by operating activities	15	384 169	
Cash generated (utilised) to (increase)/decrease working capital	16	(26 261)	
Voted funds and Revenue fund surrendered	18	(401)	
Net cash flow available from operating activities		357 507	
CASH FLOWS FROM INVESTING ACTIVITIES			
		(352 176)	
Purchase of equipment	15	(1 439)	
Purchase of investments	17	(21 716)	
Transfer Payments (Capital Expenditure)	6	(329 021)	
Net cash flows from operating and investing activities		5 331	
Net increase/(decrease) in cash and cash equivalents	9	5 331	
Cash and cash equivalents at beginning of period		-	
Cash and cash equivalents at end of period	9	5 331	

*No comparative figures available due to being part of Department 70 during the previous financial year. Consequently there is also no opening balance.

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**NOTES TO THE ANNUAL FINANCIAL STATEMENTS
for the year ended 31 MARCH 2002**

1. Conditional grants

Received from	Total Allocation R'000	Actual expenditure R'000	Variance (over)/under R'000	%	2000/01 R'000
Dept. of prov. and local government	24772	11062	13710	55.34	8284
Dept. of Housing	16297	1861	14436	88.58	9000
Dept. of Housing	1830	1037	793	43.33	1860
Dept. of Housing	325861	325861			341466
Provincial conditional grant	5100	5100			5100
TOTAL	373860	344921	28939		365710

1.1 Explanation of material variances

Business plans in respect of national conditional grants are being approved too late in the financial year by the national departments. A request for her roll over of unspent funds was submitted to the Provincial Treasury on 30 April 2002.

2. Own revenue

Description	2001/02 R'000	2000/01 R'000
Recovery of loans and advances		
Subsidised motor transport	185	215
Moneys prescribed by law/ordinance		
Access to information	1	-
Moneys not prescribed by law/ordinance		
Miscellaneous capital receipts	20	12
Stale cheques written back		7
Administration fees	44	-
Other	3	2
Miscellaneous		
Refunds previous years	147	256
Other	-	172
Total	400	664
Own revenue budget	267	722
Revenue collected in excess/(short) of revenue budget	133	(58)

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3. Personnel

	2001/02	2000/01
	R'000	R'000
Appropriation to Executive Authorities*	1 198	1 023
Basic salary costs	41 858	35 908
Pension contributions	6 158	5 290
Medical aid contributions	3 144	2 862
Other salary related costs	8 113	7 383
	<u>60 471</u>	<u>52 466</u>
Average number of employees	<u>623</u>	<u>619</u>

*Provincial Minister of Local Government and Provincial Minister of Housing. The Provincial Minister responsible for Development planning is being paid by the Department of Environmental and Cultural Affairs and Sport.

4. Equipment

	Note	2001/02	2000/01
		R'000	R'000
Current (Rentals, maintenance and sundry)		471	750
Capital	4.1	1 439	1 260
		<u>1 910</u>	<u>2 010</u>

4.1 Capital equipment analysed as follows :

	2001/02
	R'000
Computer equipment	770
Furniture and office equipment	659
Other equipment	10
	<u>1 439</u>

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5. Professional and special services

	Current expenditure	Capital expenditure	2001/02	2000/01
	R'000	R'000	R'000	R'000
Auditors' remuneration	1736		1736	869
Legal fees (State Attorney and private)	1716		1716	1904
Contractors	66		66	31
Consultants and advisory services	5219		5219	6025
Commissions and committees	396		396	459
Human resource development	1437		1437	1244
Other	102		102	485
	10672		10672	11017

6. Transfer payments

Transferee	Current expenditure	Capital expenditure	2001/02	2000/01
	R'000	R'000	R'000	R'000
Conditional grants –paid to				
Western Cape Housing Development Fund		325861	325861	341466
Municipalities –Human Settlement Redevelopment Programme		1860	1860	5203
Municipalities –Management Support Grant	11062		11062	4229
Municipalities –Local Govern - ment assistance	250		250	217 0
Municipalities –Hostels Redevelopment Programme			-	3000

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Transferee	Current expenditure R'000	Capital expenditure R'000	2001/02 R'000	2000/01 R'000
Othertransfers				
SASurfLife -saving Association	100		100	100
InstituteforHousing(W C)	600		600	-
Municipalities(Firefighting helicopter)	1500		1500	1123
Municipalities(Firefighting equipment)		1300	1300	-
Municipalities(Spatial frameworks)	1855		1855	37
Municipalities(IDP's)	2515		2515	-
Municipalities(Settl ement assistance)	5322		5322	1795
WesternCapeNatureCon - servationBoard(Spatialdata)	150		150	-
Other(ProvincialDev.Council)			-	1338
	23354	329021	352375	360461

7. Miscellaneous

	Notes	2001/02 R'000	2000/01 R'000
Stabilisationfund [Terminatedafter2001]			380
Remissions,refundsandpaymentsmadeasan actofgrace	7.1	1	
Gifts,donationsandsponsorshipsmade	7.2	26	15
Theftandlosses	8	30	5
ExGratiapayments		1	
Other			
-ClaimsagainsttheState		1505	
-Pension surplusstaff		56	334
-LocalAuthoritiesMedicalAidFund(LAMAF)		106	87
-Groupinsurance		2	2
		1727	823

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7.1 Remissions, refunds and payments made as an act of grace

Nature of remissions, refunds and payments	Current expenditure R'000	Capital expenditure R'000	2001/02 R'000	2000/01 R'000
Refund of difference in parking fees while acting as Director	1		1	-
	<u>1</u>		<u>1</u>	<u>-</u>

**7.2 Gifts, donations and sponsorships paid in cash by the department
(items expensed during the current year)**

Nature of gifts, donations and sponsorships	Current expenditure R'000	Capital expenditure R'000	2001/02 R'000	2000/01 R'000
Provincial corporate gifts SA Town Planning Conference (Sponsorship)	7		7	5
Donation to Cape Town Women Festival Trust	19		19	-
			-	10
	<u>26</u>		<u>26</u>	<u>15</u>

8. Special functions: Authorised losses

	Notes	2001/02 R'000	2000/01 R'000
Material losses through criminal conduct	8.1	30	4
Other material losses written off	8.2	-	1
		<u>30</u>	<u>5</u>

8.1 Material losses through criminal conduct

Nature of losses	Current expenditure R'000	Capital expenditure R'000	2001/02 R'000	2000/01 R'000
Theft of computer equipment	30		30	-
Theft of cellphones			-	4
	<u>30</u>		<u>30</u>	<u>4</u>

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8.2 Othermateriallosseswrittenoffinincomestatementincurrentperiod

Natureoflosses	Current expenditure	Capital expenditure	2001/02	2000/01
	R'000	R'000	R'000	R'000
DamagetoGG -vehicles			-	1
			-	1

9. Cashandcashequivalents

	2001/02 R'000	2000/01 R'000
PaymasterGeneralAccount/ExchequerAccount	5331	
	5331	

**9.1 PaymasterGeneralAccount/Exchequer
Account**

	2001/02 R'000	2000/01 R'000
BalanceasperNationalAccountingOffice	19598	
Add:Outstandingdeposits	2918	
Subtotal	22516	
Deduct:	17185	
Orderspayable	12393	
PMGadjustmentaccount	2	
ACBcontrol account	4790	
Balanceabove	5331	

10. Receivables –current

	Note	2001/02 R'000	2000/01 R'000
Amountsowingbyotherdepartments	14	101434	
Staffdebtors	10.3	62	
ConsolidatedMunicipalInfrastructure Programme(CMIP)		353	
Otherdebtors	10.4	386	
		102235	

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10.1 **Amounts of R308000 included above may not be recoverable, but has not been written off in the income statement.**

10.2 **Age analysis –receivables current**

	2001/02 R'000	2000/01 R'000
Less than one year	101927	
One to two years	12	
More than two years	296	
	<hr/> 102235 <hr/>	

10.3 **Staff debtors**

	2001/02 R'000	2000/01 R'000
Personnel debt	46	
Subsistence and travel advances	16	
	<hr/> 62 <hr/>	

10.4 **Other debtors**

	2001/02 R'000	2000/01 R'000
Debt transferred from Department 70	211	
Loss control account	163	
Warrant vouchers: Fraud external	9	
Other	3	
	<hr/> 386 <hr/>	

11. **Voted fundstobesurrendered**

Voted fundstobesurrendered	Notes	2001/02 R'000	2000/01 R'000
Opening balance*			
Transfer from income statement		53309	29617
Closing balance		<hr/> 53309 <hr/>	<hr/> 29617 <hr/>

The balance of R29617000 in respect of the 2000/01 financial year was paid over by Department 70.

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12. Revenue fundstobesurrendered

Fundstobesurrendered	Notes	2001/02 R'000	2000/01 R'000
Openingbalance*			
Ownrevenuecollectedasperrevenue budget		267	722
Ownrevenuecollectedinexcess/(short)of revenuebudget		133	(58)
Paidduringtheyear	18	401	658
Closingbalance		(1)	6

*TheshortpaymentofR6000inthepreviousyearwaspaidbyDepartment70.

13. Payables –current

Description	Notes	2001/02 R'000	2000/01 R'000
Otherpayables	13.1	5926	
IntegratedServicedLandProject(iSLP)		50870	
MasakhaneProject		311	
WesternCapeHousingDevelopmentFund		18840	
		75947	

13.1 Otherpayables

	2001/02 R'000	2000/01 R'000
Fleetmaninterfacingcontrolaccount	151	
Warrantvoucherscancelledand re-issued	118	
Suspense:Miscellaneousreceipts	24	
Suspense:Miscellaneous	5613	
Persalcontrolaccounts(SARS,MedicalFunds,etc)	20	
	5926	

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14. Transactions with other departments

Name of department	*Receipts <i>R'000</i>	*Payments R'000	Owing by other department R'000	**Owing to other department R'000
Prov. Administration: Kwazulu - Natal			18	
Department 70			153	
Department 70 (Transfer of balances)			101263	
Actual 2001/02: R'000			101434	

* This information cannot be supplied since it is not readily available from the FMS accounting system

** The FMS does not make provision for the recording of amounts owing to other Departments. A figure of amounts owing to other departments is therefore not available.

15. Net cash flow generated by operating activities

	Notes	2001/02 R'000	2000/01 R'000
Net surplus as per Income Statement Plus Income budgeted for		53709	
Adjusted for items separately disclosed		330460	
Purchase of equipment	4.1	1439	
Capital expenditure included in Transfer payments	6	329021	
Net cash flow generated by operating activities		384169	

16. Cash generated (utilised) to (increase) / decrease working capital

	2001/02 R'000	2000/01 R'000
(Increase) / decrease in receivables – current	(101950)	
Increase / (decrease) in payables	75689	
	(26261)	

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17. Investments

Investee	Nature of investment	2001/02 R'000	2000/01 R'000
Provincial Treasury	Temporary investment	21716	
		<u>21716</u>	

18. Revenue fund surrendered

	Notes	2001/02 R'000	2000/01 R'000
Revenue fund surrendered	12	401	
		<u>401</u>	

19. Contingent liabilities

Liabilities	Nature of contingent liability	Notes	As at 31 March 2002 R'000	As at 31 March 2001 R'000
Motor vehicle guarantees	Employees	19.1	53	73
Housing loan guarantees	Employees	19.2	953	928
Claims*	Legal action against the Department		5000	
			<u>6006</u>	

***Estimate of claims for damages and legal cost in respect of court cases lost on planning and other disputes.**

19.1 Motor vehicle guarantees

Name of financial institution	Opening balance R'000	Guarantee issued during the financial year R'000	Guarantee released during the financial year R'000	Closing balance R'000
Stannic	73		20	53
	<u>73</u>		<u>20</u>	<u>53</u>

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19.2 Housing loan guarantees

Name of financial institution	Opening balance	Guarantee issued during the financial year	Guarantee released during the financial year	Closing balance
	R'000	R'000	R'000	R'000
First National Bank	55		15	40
ABSA	382	45	17	410
BOE Bank	89		22	67
Saambou Bank	92	15	26	81
Permanent Bank	169		18	151
Standard Bank	61			61
Cape of Good Hope Bank	46			46
Nedbank		63		63
FBC Fidelity Bank	9			9
Cash Bank	25			25
	928	123	98	953

20. Subsequent payments not recognised in income statement

20.1 Listed by standard item

**2001/02
R'000**

Administrative expenditure	26
Stores and livestock	23
Equipment	33
	<u>82</u>

20.2 Listed by programme

**2001/02
R'000**

Programme 1: Administration	33
Programme 2: Housing	25
Programme 3: Development Planning	11
Programme 4: Local Government Services	13
	<u>82</u>

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20.3 Short term employee benefits

Major classes	2001/02 R'000
Leave entitlement*	10163
Thirteenth cheque	1077
Performance bonuses (SMS) – Note 22.2	135
	11375

*This figure includes accumulated figures obtained from Persal.

21. Commitments

Liability to	Current expenditure	Capital expenditure	2001/02 R'000
Approved and contracted	1711		1711
	1711		1711

22. Key management personnel

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

22.1 Remuneration

The Accounting Officer were paid R0.507m, while the 2 Provincial Ministers were paid R1,198m in the financial year. The total remuneration on packages, excluding cash bonuses, of the 13 SMS members employed on a full time basis by the Department were R4,821m.

22.2 Other remuneration and compensation provided to key management

Cash bonuses to the amount of R24317 were paid in the financial year to key management personnel i.r.o. the 2000/01 financial year. Cash bonuses to the amount of R135213 i.r.o. the 2001/02 financial year were paid in April 2002.

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**APPROPRIATIONSTATEMENT
fortheyearended31March2002**

Programme	Original estimate 2001/02	Adjustment estimate 2001/02	Virement 2001/02	Amount Voted 2001/02	Expenditure 2001/02	Savings (Excess) 2001/02	%	Amount Voted 2000/01	Expenditure 2000/01
1.Administration	16950	4116	(30)	21036	19450	1586	7.54	14049	12375
2.Housing	369 539	14867		384406	363879	20527	5.34	390396	379392
3Developmentplanning	17211	3487		20698	15123	5575	26.93	22016	13782
4Localgovernmentservices	15890	35305		51195	27473	23722	46.34	25835	18666
5.Restructuring	11741			11741	98 42	1899	16.17	12383	10847
Specialfunctions:Authorised losses			30	30	30			5	5
Total	431331	57775		489106	435797	53309	10.90	464684	435067
Economicclassification – actualexpense	Original estimate 2001/02	Adjustment estimate 2001/02	Virement 2001/02	Amount Voted 2001/02	Expenditure 2001/02	Savings (Excess) 2001/02	%	Amount Voted 2000/01	Expenditure 2000/01
Current									
Personnel	70133	(756)	(2790)	66587	60471	6116	9.18	60526	52466
Transferpayments	6007	3850 2	(950)	43559	23354	20205	46.39	19282	10792
Other	20346	9875	2359	32580	21512	11068	33.97	29268	20880
Capital									
Transferpayments	334064	8094	1300	343458	329021	14437	4.2	353466	349669
Acquisitionofcapitalassets	781	206 0	81	2922	1439	1483	50.75	2142	1260
Personnel									
Total	431331	57775		489106	435797	53309	10.90	464684	435067

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**APPROPRIATION STATEMENT
for the year ended 31 March 2002 (continued)**

Standard items – actual expenditure	Original estimate 2001/02	Adjustment estimate 2001/02	Virement 2001/02	Amount Voted 2001/02	Expenditure 2001/02	Savings (Excess) 2001/02	%	Amount Voted 2000/01	Expenditure 2000/01
Personnel	70133	(756)	(2790)	66587	60471	6116	9.18	60526	52466
Administrative	6773	712	1134	8619	7412	1207	14.00	8243	7120
Inventories	1087	68	236	1391	1230	161	11.57	1363	1170
Equipment	1471	2120	73	3664	1910	1754	47.87	2916	2010
Professional and special services	11520	9030	(560)	19990	10672	9318	46.61	18045	11017
Transfer payments	340071	46596	350	387017	352375	34642	8.95	372748	360461
Miscellaneous	276	5	1527	1808	1697	111	6.14	838	818
Special functions: Authorised losses			30	30	30			5	5
Total	431331	57775		489106	435797	53309	10.90	464684	435067

**NOTES TO THE APPROPRIATION STATEMENT
for the year ended 31 March 2002**

1. Explanation of material variances from Amount Voted (after Virement):

1.1 Per programme:

Programme 1: Administration

The saving is due to the non-filling of vacant posts that were approved with the desentralisation of the support services functions (Departmental Accountant and personnel functions). The Department is in the process of filling these posts.

Programme 2: Housing

The saving is due to the non-filling of vacant posts, centralising of functions and the late approval of business plans i.r.o. the Human Settlement Redevelopment Programme by the national Department of Housing.

Programme 3: Development Planning

The saving is due to the non-filling of vacant posts, rationalising of equipment and the late submission of claims i.r.o. spatial planning projects by municipalities.

Programme 4: Local Government Services

The saving is due to the non-filling of vacant posts, contracts not completed and paid by 31 March 2002, the late approval of business plans for the Management Support Programme and the late submission of claims i.r.o. IDP's by municipalities.

Programme 5: Restructuring

The saving is due to the phasing out of supernumeraries.

1.2 Per standard item:

Personnel

The saving is due to the non -filling of vacant posts and the phasing out of supernumeraries.

Administrative expenditure

The saving is due to the non -filling of vacant posts and the more efficient use of resources, eg . the rationalising of the government motor fleet.

Stores and livestock

The saving is due to the non -filling of vacant posts.

Equipment

The saving is due to the centralising of functions and accommodation, rationalising of rental equipment and the non-delivery of the disaster management software package.

Professional and special services

The saving is due to contracts not completed and paid by 31 March 2002.

Transfer payments

The saving is due to the Human Settlement Redevelopment Programme business plans that were only approved on 3 October 2001, the late approval of the business plans for the Management Support Grant, as well as the late submission of claims by municipalities i.r.o. IDP and spatial planning projects.

Miscellaneous

The saving is due to less pension payments to ex -Housing Development Board members claimed by National Treasury.

Reconciliation of appropriation statement to income statement:

	2001/02	2000/01
	R'000	R'000
Total revenue per income statement	489239	464626
Less: Other receipts	133	(58)
Amount voted per appropriation statement	<u>489106</u>	<u>464684</u>
Total expenditure per income statement	435797	435067
Actual expenditure per appropriation statement	<u>435797</u>	<u>435067</u>