

4. ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2004

4.1 MANAGEMENT REPORT FOR THE YEAR ENDED 31 MARCH 2004

Report by the Accounting Officer to the Executive Authority and Parliament of the Republic of South Africa.

I. General review of the state of affairs

The provision of low cost housing as one of government's main core pro-poor programmes, has gone a long way in the past 10 years since the new government came into power towards addressing the constitutional requirements regarding the provision of adequate shelter. The new housing subsidy programme has created and transferred assets (as capital) into the hands of the poor, as an important instrument to wealth redistribution, and job creation or maintenance for these communities. Since 1994, R28,3bn had been budgeted for investment by government for poor communities through this programme, of which R27,6bn had been spent by the end of the year under review, and is expected to grow over the next 3 years by some R14,2bn to reach a cumulative investment of R42,5bn in just 13 years.

Notwithstanding the impressive delivery and the impact of the programme to date, for a range of reasons that are discussed elsewhere in this report, the programme continues to be faced with daunting, but not insurmountable problems, particularly at the two levels of government charged with delivery and other delivery agencies and role players, which have impacted on the government-led housing delivery over the past three years as outlined by the trends of provincial expenditure outcomes during the three to four years.

The response of the department to these has been in the form of a comprehensive strategy for development which dealt with these challenges as they were detected and analysed, both on the short-term basis through providing adequate and comprehensive implementation guidelines to deal with implementation blockages and support to provinces where capacity was the issue, as well as on a long-term basis through development of a comprehensive policy programme enhancement strategy.

Of significance during the year, was the conclusion of the comprehensive stakeholder consultative process- the National Housing Summit that was held in November 2004, whose outcomes again confirmed the continued relevance of the seven major policy thrusts of the department outlined in the White Paper On Housing Policy and which are expected to inform the future agenda of the department for the next decade. In addition, the Housing MinMEC Committee approved that, the process for the disestablishment of the South African Housing Fund, and its counterparts at provincial level, recognising that there are now adequate mechanisms that have been developed by government in the past decade to safeguard housing funds within the current well structured intergovernmental fiscal framework, be commenced with. It is anticipated that this task will be concluded once the appropriate legislative processes and approvals are concluded during the coming period.

I.1 General budget overview

The adjusted budget of the department for the year under review is R4,571bn (2003: R4,299bn) and reflects an increase of 6% over the previous years budget. As is the case in the previous years, transfer payments formed a major portion of the Vote, amounting to R4,459bn (or 97%) and R4,173bn (or 97%) in 2003. The major portion of these transfer payments went to provinces as Conditional grants transfers in terms of the Division of Revenue Act, 2003 (Act No. of 2003) at R4,246bn (or 93% of total budget) (2003: R3,800bn or 88% of total budget) for the Housing Subsidy Grant which is transferred to provinces through the South African Housing Fund, and R109m (or 2% of the budget) (2003: R106m or 2% of the budget) for the

Human Settlement Redevelopment grant. The balance of R36,997m (or 0.8% of the budget) went to various institutions for various purposes, as outlined in paragraph 5.

Excluding the transfer to the South African Housing Fund and Human Settlement Redevelopment Programme conditional grants, the budget is comprised of Programme 1: Administration at R48,050 million (22%); Programme 2: Policy Planning at R15,132 million (7%); Programme 3: Programme Management at R13,4 million (6%); Programme 4: Housing Sector Performance at R97,171 million (45%); Programme 5: Housing Communication R9,363 million (4%); Programme 6: Housing Development at R28,8 million (13%) and Programme 7: Housing Equity R4,919 million (2%). The combined total of these programmes (excluding the conditional grants) constitutes only 5% of total expenditure.

1.2 Spending Analysis

Spending analysis of the Vote reflects that, of the R4,571bn allocated, the department spent R4,554bn (99.6%) (2003: R4,213bn or 97.9%) during the year under review, reflecting an under-spending variance of 0.4% for the Vote.

The reasons for under-spending, which are mainly discussions in so far as they are attributable to programmes that under-spent by more than 5% of their adjusted appropriations, can be summarised below in accordance to the applicable Standard Items as follows:

A. Personnel Expenditure

The adjusted appropriation for the year was R43,807 million of which R39,885 million was spent. The underspending amount of R3,922 million (9%) can be attributed to vacancies that existed during the year while posts were being filled and those that were not filled at all. The most affected programmes in this case are Policy Planning at 21% variance; Programme Management at 8%; Housing Communications at 40% and Housing Equity at 90%. Programme 7: Housing Equity's underspending in personnel was mainly as a result of the arrangements entered into between the department and the National Housing Finance Corporation in terms of which the staff were seconded to commence with the strategy setting and operationalisation of the programme and paid for by the latter. Plans are in advanced stages to fill all vacant posts and implement programs planned and outstanding for 2003/04 during 2004/05 and thus, expenditure is expected to increase significantly in the coming year.

B. Administrative, Inventories and Equipment

The combined under-spending in these standard items amounted to R4,432m as a result of savings from personnel-related costs resulting from the fact that there were vacancies and thus no spending could be incurred. The major contributors to this are Programme 1: Administration at R0,7m, Programme 2: Policy Planning at R2,103 million; Programme 3: Programme Management at R0,25m, Programme 4: Housing Sector Performance, Programme 5: Housing Communication, and Programme 7: Housing Equity at a combined total of R1,371million.

C. Professional and Special Services

The combined under-spending under this item is mainly due to savings from outstanding projects relating mainly, to the following:

- Tenders for the Risk Assessment review, Fraud Prevention plan update and the development of the Audit coverage plan for the coming year in order to ensure full compliance with this Corporate Governance requirement;
- Office refurbishment project management costs;
- Completion of the drafting of regulations under the Home Loan Mortgage Disclosure Act (Act No. 63 of 2000);

- Development of a set of Technical Standards and Specifications that will serve as the Norm for Redevelopment of Public Sector Hostels;
- Evaluation of the National Capacity Building Programme.

At a programme level the main contributors to the under-spending situation relate to savings in Programme 1: Administration R0, 296m; Programme 2: Policy Planning at R0, 340m; Programme 3: Programme Management at R1, 669m and Programme 7: Housing Equity at R2, 656m. Roll-over requests were made to the National Treasury in respect of the savings on outstanding project payments for jobs in progress so as to ensure these are funded in the new year.

2. Services rendered by the department

By its nature the National Department of Housing's main purpose, task and mandate is that of policy development and monitoring. This includes the setting of appropriate norms and standards for housing development, programme implementation monitoring and evaluation, including research on housing related matters, maintenance of a housing data bank (for housing information derived from and for the other spheres of government through the HUIS, HSS and the Housing Debtors' systems), assessment and analysis of appropriate information related to key housing indicators necessary for informed decision making. With the exception of negligible revenue derived from the sale of the National Housing Code, no other direct services are rendered to the public by the National Department.

2.1 Tariff Policy

The tariff charge for the sale of the National Housing Code is determined so as to recover the original costs of producing the Code and thus no profit margins are included in the charges. Consideration is underway for the discontinuation of these charges in future.

2.2 Free Services

No free services were rendered by the department to the public during the year under review and there are none planned for the foreseeable future.

2.3 Inventories

The total amount of all assets acquired during the financial period was R6,929m. This includes the following: Computer Equipment R4,218m, Furniture R0,886m, other machinery and equipment R0,761m and Vehicles (transport assets) R1,063m. The total value of the inventory on hand at year end was R17,071m which excludes R0,058m in respect of consumables in stores.

3. Capacity constraints

Due to a number of reasons, such as mobility of staff across government departments, other parastatal organisations and the private sector, and the impact of the implementation of the moratorium on recruitment especially outside the public sector, the department continued to be faced with high levels of staff vacancies, especially at the middle and junior management levels. These vacancies and loss of skills at various times continued to affect the department's operations and, as expected, affected in some cases the service delivery capacity of the department. This tended to result in the department being forced to outsource some of the services expected to be performed during the current year in order to achieve its goals.

The areas most affected, and where this has been most glaring, include the internal audit unit, where the vacancy rate has fluctuated at between 50% and 100% due to resignations of the staff in this component, resulting in a serious gap in ensuring the meeting of the Treasury Regulations requirements and limiting the role and functioning of the Audit Committee in this regard. The matter is currently being seriously



rectified – with some of the outstanding audits per the original plan being outsourced, while the recruitment of appropriately qualified staff with the upgrading of the levels of the posts in the unit is in process. The Audit Committee composition is also under consideration to ensure that, when sufficient work in the unit is carried out during the coming year, the committee's capacity is also enhanced and strengthened. The other areas that have been affected and which are being considered relate to the new requirements for setting up proper and functioning Supply Chain Management Units, the security services, Investigative Capacity on corruption and maladministration in housing, as well as increased research and evaluation capacity. While some discussions on these have been held with National Treasury on the need to provide funding to perform these tasks, funding provided has been inadequate resulting in the department having to balance and prioritise other requirements at the expense of these functions.

4. Utilisation of Donor Funds

Donor Funds amounting to R9,193 million were utilised in 2002/2003 to help fund the following projects:

4.1 Social Housing Foundation – R3,476 million from the Norwegian Government was transferred to Social Housing Foundation for the funding of the Housing Cooperative Sector in South Africa.

4.2 Peoples' Housing Partnership Trust – R5,717 million from the USAID funds was transferred to PHPT for funding of the entity's operational costs and outstanding field activities.

5. Trading Public Entities

The Department transferred funds to the following public entities:

5.1 South African Housing Fund

PURPOSE

To make funds available to Provincial governments to finance national and provincial housing programmes in terms of the Housing Act, 1997 (Act 107 of 1997).

FINANCIAL ARRANGEMENTS

In 2003/2004 R4,246,239 million was paid over to Provincial Governments in terms of Section 12 of the Housing Act, 1997 and have to be utilised according to the prescripts set out in the Housing Code. In addition, funds transferred to the Fund are distributed to provinces in terms of the annual Division of Revenue Act (DORA) as conditional grants. The provincial allocations are determined according to an allocation formula based on a number of factors as determined by Housing MinMEC and approved by Cabinet.

5.2 Servcon

PURPOSE

The purpose of SERVCON is to provide exclusive management services with respect to the normalisation of a designated or ring-fenced portfolio comprising Properties in Possession (PIP's) and Non-Performing Loans (NPL's) in terms of the normalisation programme agreed to between Government through the Department of Housing and the Banking Council which represents the participating banks.

FINANCIAL ARRANGEMENTS

For 2003/2004 R49,969 million was transferred to SERVCON.

SERVCON provided the Department with a business plan, which set out activities, key performance indicators and a budget with an expected cash flow. The Department received quarterly progress reports, a statement of real expenditure for that quarter and a claim for costs incurred for the previous quarter. Payment transfers were made in terms of these claims.

5.3 Social Housing Foundation

PURPOSE

The purpose of the Social Housing Foundation is to develop and build capacity of social housing institutions, to encourage networking both locally and internationally, to promote development aid funding for social housing development in South Africa, to promote information and skills exchange and to develop a policy framework for social housing in South Africa.

FINANCIAL ARRANGEMENTS

In 2003/2004 financial transfers totalling R11,000 million were made in terms of the budget and cash flows contained in an approved business plan and subject to any conditions attached to the approval of the business plan by the Department of Housing. Claims were made, based on requirements and expenditure reports that were provided by Social Housing Foundation and evaluated by the Department. Quarterly reports of performance were also received by the department and are compared to targets sets.

5.4 National Urban Reconstruction and Housing Agency (NURCHA)

PURPOSE

The National Urban Reconstruction and Housing Agency's (NURCHA) mission is to expedite housing delivery for low-income households over the short to medium term. It was established as a Presidential Lead Project in 1995 by agreement between Government and the Open Society Foundation of New York. Its primary function is to help release finance for low-cost housing from financial institutions. NURCHA's main activity is to offer guarantees to banks, to encourage them to make bridging finance loans available to developers. MinMEC appointed NURCHA as the savings scheme intermediary for the National Savings Programme.

FINANCIAL ARRANGEMENTS

NURCHA provided the Department with a business plan, which set out activities, key performance indicators and a budget with an expected cash flow. The Department received quarterly progress reports, a statement of real expenditure for that quarter and a claim for costs incurred for the previous quarter. Payment transfers were made in terms of these claims. The claim of R9 643 535 was for the National Savings Programme.

6. Other organisations to whom transfer payments have been made

In addition to the above the department transferred funds to the following entities:

6.1 Provinces: Human Settlement Redevelopment Programme

PURPOSE

Grants to provincial departments for addressing dysfunctional human settlements based on business plans agreed to with Local Governments and approved by the National Department of Housing.

FINANCIAL ARRANGEMENTS

In 2003/2004 R109,000 million was paid over to Provincial Governments in terms of the approved programme dealing with addressing dysfunctionalities in Human Settlements as a special pilot programme. Funds are transferred to the provinces in accordance with the annual Division of Revenue Act, 2003 as conditional grants. The provincial allocations are determined according to an allocation formula based on a number of factors as determined by Housing MinMEC and approved by Cabinet. Provinces have to submit project proposals supported by business plans outlining activities to be funded which are considered and approved by the Human Settlement Redevelopment Programme Steering Committee. The provincial allocations are, as is the case with the Housing Subsidy grant, distributed to provinces in terms of the Housing allocations formula.



6.2 Banking Institutions: Interest and Redemption of Private Loans

PURPOSE

Payment of Interest on Loans of the former National Housing Board.

FINANCIAL ARRANGEMENTS

In 2003/2004 financial year transfers totalling R27,804 million were made in terms of repayment claims received in accordance to the agreement terms which are based on the prevailing interest rates. These liabilities are now being taken up by the National Treasury and consolidated into the liabilities of government to be made as direct charges to the National Revenue Fund.

6.3 Habitat

PURPOSE

Membership subscription in International Cooperation Forum.

FINANCIAL ARRANGEMENTS

In the 2003/2004 financial year transfers totalling R61,461 were made for the annual membership subscription fee.

6.4 Banking Institutions: First Time Home Buyer Interest Subsidy Scheme

PURPOSE

Payment of interest subsidies to banks for First Time Home Buyers.

FINANCIAL ARRANGEMENTS

In the 2003/2004 financial year transfers totalling R1,576m were made to banking institutions for the payment towards subsidising the interest on loans issued under this programme which is currently being phased out and will be finalised by 2006.

7. Public/Private Partnerships (PPP)

During the year under review, the Department has been engaged with various stakeholders, including the National Treasury, various provincial housing departments, the NEDLAC partners and the National Housing Finance Corporation, in the process of setting up a Public Private Partnership on Rental Housing as a result of discussions and commitments made at the Job Summit. The project involves the setting up of Rental housing entities to be funded jointly amongst the NEDLAC partners and various interested private parties across the country on a cost and risk sharing basis. It is envisaged that the major parts of these projects will be implemented during the coming years and are expected to deliver approximately 45 000 rental housing units to the poor over a period of three years.

8. Corporate Governance Arrangements

As has been reported above, while a comprehensive risk assessment process was undertaken in the year preceding 2002/2003, with internal auditing work having been carried out in certain limited areas, the various units were allocated responsibilities to undertake periodic risk reviews during the year, with reviews for certain areas targeted to be carried out on an outsourced basis under the supervision of the internal audit unit. The capacity problems in the audit unit and the absence of dedicated capacity to oversee and champion risk management and fraud plan implementation resulted in there being inadequate work done in this regard. The department has, in the meantime, in recognition of these inadequacies, undertaken a comprehensive risk review which will entail the appointment of dedicated capacity to oversee its rigorous implementation.

While the internal audit unit and audit committee have been established as required in terms of the PFMA the matters reported above have compromised their effectiveness during major parts of this periods and serious consideration has been given to this matter by senior management of the department. A register to record

senior management external interest has been established and senior management are made to declare their interests in accordance with government policy and the register is updated periodically.

9. Discontinued activities/activities to be discontinued

The Disestablishment of the SA Housing Trust

The trust has been disestablished in terms of Act 26 of 2002: Disestablishment of South African Trust Limited Act 2002. In terms of this act all liabilities attached to the trust were transferred to National Treasury when the act to disestablish the trust was promulgated in the third quarter of the 2002/2003 financial year.

The Delisting of SA Housing Fund

The SA Housing Fund has been delisted from the list of Public Entities by the National Treasury during the year under review. The delisting of the fund is due to the agreement with National Treasury that the continued existence of the fund is no longer necessary, a decision that was approved by MinMEC in November 2003. The legislative process to amend the Housing Act is underway to effect alignments between the Housing Act and the Public Finance Management Act and Division of Revenue legislation provisions.

10. Progress with Financial Management Improvement

The department has completed the implementation of its PFMA Implementation Plan. The key financial control policies of the department have been approved and implemented. Departmental financial training workshops are conducted continuously and staff are sent to relevant training courses and workshops to ensure all line function areas understand and comply with the financial control policies.

In addition to the above, the Department is reviewing these policies and delegations annually in order to ensure that they continue to be effective, relevant (within the context of a growing and changing organisation) and promote efficiency. The challenges brought about by the requirements of Supply Chain Management policy and the delegation of the procurement to departments have posed challenges to the department, more especially relating to capacity constraints and will result in a phased approach to the implementation of this requirement.

11. Performance Information

The Department's Strategic Plan is regarded as the primary plan that guides all other planning processes of the Department. This process is undertaken every year and aligned to the Medium Term Expenditure Framework Process and is the basis for preparation of the operational plans of each unit, performance agreements of Senior Managers and work plans of all other staff. In accordance with the governance and committee structure framework approved by the Strategic Management Committee (SMC), operational plans and performance agreements are reviewed at operational level on a quarterly basis and quarterly reports to the Executive Authority dealt with higher level strategic issues. Performance reports by provinces are tabled and discussed by the Strategic Management Committee on a monthly basis and the intergovernmental structures in Housing namely, the Heads of Housing Committee (HOD) and MinMEC committee on a quarterly basis.

Housing Institutions report to the department on a quarterly basis in accordance with a framework that was developed by the department in this regard, and their reports are also tabled in the HOD meetings and MinMEC. In accordance with the department's approach in dealing with matters of governance, a review is currently underway to determine the effective and efficient functioning of these structures and to consider any improvements and amendments to the performance management reporting and monitoring process. In this regard, a new framework for quarterly reporting which will cover much broader issues than is currently



the case, is under consideration by the Strategic Management Committee.

Arrangements have been made to engage external expertise to conduct periodic performance audits of the internal units of the department within the planned activities of the internal audit unit. As to the broader impact of the housing policy and programme, special arrangements have been made with external parties to verify the information. However, assessments on the impact of our programme in relation to the Constitutional requirements are periodically conducted by the institutions that government has put in place to do so, such as the Human Rights Commission, and the Public Service Commission, as well as the multinational organs such as the UNDP and HABITAT.

12 Approval

The annual financial statements starting from pages {79 to 124} have been approved by the Accounting Officer.



Ms MZ NXUMALO
DIRECTOR-GENERAL



4.2 REPORT OF THE AUDITOR-GENERAL



AUDITOR - GENERAL



1. AUDIT ASSIGNMENT

The financial statements as set out on pages 89 to 124, for the year ended 31 March 2004, have been audited in terms of section 188 of the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996), read with sections 3 and 5 of the Auditor-General Act, 1995 (Act No. 12 of 1995) and section 11(8) of the Housing Act, 1997 (Act No. 107 of 1997). These financial statements, the maintenance of effective control measures and compliance with relevant laws and regulations are the responsibility of the accounting authority. My responsibility is to express an opinion on these financial statements, based on the audit.

2. NATURE AND SCOPE

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

An audit includes:

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

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

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

3. AUDIT OPINION

In my opinion, the financial statements fairly present, in all material respects, the financial position of the

Department of Housing at 31 March 2004 and the results of its operations and cash flows for the year then ended, in accordance with prescribed accounting practice.

4. EMPHASIS OF MATTER

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

4.1 No Internal Audit Function

Sections 38 (1)(a)(ii) and 76 (4)(e) of the PFMA and Treasury Regulation 3.2.2 require that a department must have an internal audit function. The internal audit function was not staffed during the year under review. Consequently, no internal audits were conducted and no reports were produced.

4.2 Audit Committee

Treasury Regulation 3.1 stipulates that the committee should review the adequacy of internal controls and internal audits, the compliance with laws and regulations and the adequacy, accuracy and reliability of financial information. Due to only one meeting with a full quorum being held, it is uncertain whether the committee's statutory reporting and other responsibilities can be effectively fulfilled.

4.3 Risk Assessment

Treasury Regulation 3.2.1 requires that the accounting officer must ensure that a risk assessment is conducted regularly so as to identify emerging risks of the Department. The Department has not formally conducted a risk assessment as required in terms of the Treasury Regulation. As a result, a risk management strategy that includes a fraud prevention plan has not been completed to address any risks.

5. APPRECIATION

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

Mr N. Manik on behalf of
AUDITOR-GENERAL

PRETORIA
28/07/04

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



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

I. Basis of Preparation

The financial statements have been prepared on a modified cash basis of accounting, except where stated otherwise. The modified cash basis is constituted by the cash basis of accounting supplemented with additional disclosures. The reporting entity is in transition from reporting on a cash basis of accounting to

reporting on an accrual basis of accounting. Under the cash basis of accounting, transactions and other events are recognised when cash is received or paid. Under the accrual basis of accounting, transactions and other events are recognised when incurred and not when cash is received or paid.

2. Revenue

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

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

3. Donor Aid

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

4. Current Expenditure

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

5. Unauthorised, Irregular, Fruitless and Wasteful Expenditure

Unauthorised expenditure means:

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

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

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

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

Irregular expenditure is treated as expenditure in the income statement.

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

6. Debts Written Off

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

7. Capital Expenditure

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

8. Investments

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

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

9. Investments in Controlled Entities

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

- To appoint or remove all, or the majority of, the members of that entity's board of directors or equivalent governing body;
 - To appoint or remove the entity's Chief Executive Officer;
 - To cast all, or the majority of, the votes at meetings of that board of directors or equivalent governing body; or
 - To control all, or the majority of, the voting rights at a general meeting of that entity.
- Investments in controlled entities are shown at cost.

10. Receivables

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

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

11. Payables

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

12. Provisions

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

13. Lease Commitments

Lease commitments for the period remaining from the accounting date until the end of the lease contract are disclosed as part of the disclosure 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.

14. Accruals

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

15. Employee Benefits

Short-term employee benefits

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

Termination benefits

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

Retirement benefits

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

Medical benefits

The Department provides medical benefits for (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.

16. Capitalisation Reserve

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

17. Recoverable Revenue

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

18. Comparative Figures

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year. The comparative figures shown in these financial statements are limited to the figures shown in the previous year's audited financial statements and such other comparative figures that the department may reasonably have available for reporting.



4.4 APPROPRIATION STATEMENT

for the year ended 31 March 2004

		PROGRAMME									
		2003/04					2002/03				
		Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings / (Underspend) (Excess) R'000	Expenditure as % of revised Allocation	Revised Allocation R'000	Actual Expenditure R'000		
1. Administration		45,450	2,600	48,050	47,030	1,020	98%	52,021	42,133		
	Current Capital	44,298 1,152	1,851 749	46,149 1,901	45,153 1,877	996 24	98% 99%	50,603 1,418	41,100 1,033		
2. Housing Policy Planning & Research		16,448	-1,316	15,132	11,140	3,992	74%	13,165	8,231		
	Current Capital	15,956 492	-1,340 24	14,616 516	10,864 276	3,618 374	75% 28%	12,552 613	7,812 419		
3 Programme Management		126,459	-4,046	122,413	118,221	4,192	97%	212,565	192,917		
	Current Capital	17,322 109,137	-4,006 -40	13,317 109,096	9,144 109,077	4,172 20	69% 100%	106,141 106,424	86,564 106,353		
4 Housing Sector Performance		92,171	5,000	97,171	95,722	1,449	99%	177,445	135,721		
	Current Capital	91,971 200	4,079 921	96,050 1,121	94,606 1,116	1,444 5	98% 100%	176,892 553	135,350 371		
5 Communication		10,177	-814	9,363	7,607	1,756	81%	10,075	5,323		
	Current Capital	10,076 101	-844 30	9,232 131	7,476 131	1,756 0	81% 100%	9,985 90	5,318 5		
6 Housing Development Funding		4,275,039	-996	4,274,043	4,274,043	0	100%	3,829,474	3,828,769		



Economic classification	2003/04					2002/03				
	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised Allocation	Revised Allocation R'000	Actual Expenditure R'000		
Current	213,340	-1,684	211,656	195,608	15,914	92%	389,709	304,275		
Personnel	49,243	-5,436	43,807	39,885	3,922	91%	42,451	35,633		
Transfer payments	98,361	5,004	103,365	100,054	3,311	97%	266,570	219,853		
Other	65,736	-1,252	64,484	55,669	8,681	87%	80,688	48,789		
Capital	4,357,751	1,684	4,359,435	4,358,773	796	100%	3,909,772	3,908,855		
Transfer payments	4,355,241	0	4,355,241	4,355,239	2	100%	3,906,676	3,906,674		
Acquisition of capital assets	2,510	1,684	4,194	3,534	794	81%	3,096	2,181		
TOTAL	4,571,091	0	4,571,091	4,554,381	16,710	100%	4,299,481	4,213,130		
Standard item classification	2003/04					2002/03				
	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised Allocation	Revised Allocation R'000	Actual Expenditure R'000		
Personnel	49,243	-5,436	43,807	39,885	3,922	91%	42,451	35,633		
Administrative	18,835	-651	18,184	15,278	2,906	84%	17,538	13,206		
Inventories	2,431	441	2,872	2,313	559	81%	5,106	2,428		
Equipment	3,806	2,576	6,382	5,415	967	85%	5,292	3,447		
Land and buildings		-1,934	41,225	36,190	5,035	88%	55,808	31,862		
Professional and special services	43,159									
Transfer payments	4,453,602	5,004	4,458,606	4,455,293	3,313	100%	4,173,246	4,126,527		
Miscellaneous	15	0	15	7	8	47%	40	19		
Special functions	0	0	0	0	0		0	8		
TOTAL	4,571,091	0	4,571,091	4,554,381	16,710	100%	4,299,481	4,213,130		

1. Total must exclude the total for direct charges to the NRF

2. Only to be completed for the NRF



DETAIL PER PROGRAMME I

for the year ended 31 March 2004

		2003/04						2002/03	
Programme per sub-programme		Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised Allocation	Revised Allocation R'000	Actual Expenditure R'000
I.1	Minister	1,976	648	2,624	2,602	22	99%	1,951	1,876
	Current	1,976	106	2,082	2,060	22	99%	1,924	1,874
	Capital		542	542	542	0	100%	27	2
I.2	Management	4,530	-756	3,774	3,751	23	99%	4,913	4,264
	Current	4,479	-860	3,619	3,597	22	99%	4,611	3,986
	Capital	51	104	155	154	1	99%	302	278
I.3	Corporate service	38,943	2,708	41,651	40,677	974	2	45,156	35,993
	Current	37,843	2,605	40,448	39,496	952	98%	44,068	35,239
	Capital	1,100	103	1,203	1,181	22	98%	1,088	754
I.4	Government Motor Transport	1	0	1	0	1	0%	1	0
	Current	1		1		1	0%	1	
	Capital								
	TOTAL	45,450	2,600	48,050	47,030	1,020	98%	52,021	42,133



Economic classification	2003/04						2002/03		
	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised Allocation	Revised Allocation R'000	Actual Expenditure R'000	
Current	44,298	1,851	46,149	45,153	996	2	50,603	41,100	
Personnel	21,413	373	21,786	21,771	15	100%	19,977	19,183	
Transfer payments	22,885	1,478	24,363	23,382	981	96%	30,626	21,917	
Other									
Capital	1,152	749	1,901	1,877	24	1	1,418	1,033	
Transfer payments	1	749	1	1,877	1	99%	1	1,033	
Acquisition of capital assets	1,151		1,900		23		1,417		
TOTAL	45,450	2,600	48,050	47,030	1,020	98%	52,021	42,133	
Standard item classification	2003/04						2002/03		
	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised Allocation	Revised Allocation R'000	Actual Expenditure R'000	
Personnel	21,413	373	21,786	21,771	15	100%	19,977	19,183	
Administration	9,274	211	9,485	9,049	436	95%	8,674	7,179	
Inventories	894	438	1,332	1,254	78	94%	2,153	1,727	
Equipment	1,756	1,600	3,356	3,170	186	94%	2,425	1,706	
Land and buildings									
Professional and special services	12,097	-22	12,075	11,779	296	98%	18,751	12,311	
Transfer payments	1	0	1	7	1	0%	1	0	
Miscellaneous	15	0	15		8	47%	40	19	
Special functions							0	8	
TOTAL	45,450	2,600	48,050	47,030	1,020	98%	52,021	42,133	

DETAIL PER PROGRAMME 2

for the year ended 31 March 2004

Programme per sub-programme	2003/04						2002/03	
	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised Allocation	Revised Allocation R'000	Actual Expenditure R'000
2.1 National Housing Policy and Strategy	5,596	459	6,055	4,841	1,214	80%	5,626	3,222
Current Capital	5,506 90	399 60	5,905 150	4,793 48	1,112 102	81% 32%	5,293 333	2,952 270
2.2 Housing Framework Legislation	3,387	-1,276	2,111	1,572	539	74%	3,359	1,747
Current Capital	3,217 170	-1,176 -100	2,041 70	1,534 38	507 32	75% 54%	3,233 126	1,663 84
2.3 Human Settlement Policy and Integration	4,854	-30	4,824	3,367	1,457	70%	4,122	3,204
Current Capital	4,814 40	-81 51	4,733 91	3,311 56	1,422 35	70% 62%	3,967 155	3,139 65
2.4 Research	2,550	-469	2,081	1,299	782	62%	0	0
Current Capital	2,358 192	-482 13	1,876 205	1,165 134	711 71	62% 65%		
2.5 Contribution	61	0	61	61	0	100%	58	58
Current Capital	61	0	61	61	0	100%	58	58
TOTAL	16,448	-1,316	15,132	11,140	3,992	74%	13,165	8,231

Economic classification	2003/04						2002/03		
	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised Allocation	Revised Allocation R'000	Actual Expenditure R'000	
Current	15,956	-1,340	14,616	10,864	3,618	75%	12,552	7,812	
Personnel	8,130	-781	7,349	5,800	1,549	79%	6,063	5,384	
Transfer payments	61	0	61	61	0	100%	58	58	
Other	7,765	-559	7,206	5,003	2,069	71%	6,431	2,370	
Capital	492	24	516	276	374	0	613	419	
Transfer payments									
Acquisition of capital assets	492	24	516	276	374	28%	613	419	
TOTAL	16,448	-1,316	15,132	11,140	3,992	74%	13,165	8,231	
Standard item classification	2003/04						2002/03		
	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised Allocation	Revised Allocation R'000	Actual Expenditure R'000	
Personnel	8,130	-781	7,349	5,800	1,549	79%	6,063	5,384	
Administrative	2,703	535	3,238	1,809	1,429	56%	2,627	1,677	
Inventories	685	-212	473	160	313	34%	707	108	
Equipment	674	41	715	354	361	50%	1,054	526	
Land and buildings									
Professional and special services	4,195	-899	3,296	2,956	340	90%	2,656	478	
Transfer payments	61	0	61	61	0	100%	58	58	
Miscellaneous									
Special functions									
TOTAL	16,448	-1,316	15,132	11,140	3,992	74%	13,165	8,231	



DETAIL PER PROGRAMME 3

for the year ended 31 March 2004

		2003/04						2002/03		
Programme per sub-programme	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised Allocation	Revised Allocation R'000	Actual Expenditure R'000	Actual Expenditure R'000	
3.1 National Housing Subsidy Scheme	6,338	-1,577	4,761	3,573	1,188	75%	6,140	3,826	3,826	
Current Capital	6,292 46	-1,556 -21	4,736 25	3,548 25	1,188 0	75% 100%	5,845 295	3,578 248	3,578 248	
3.2 Capacity Building	5,401	-1,504	3,897	3,145	752	81%	11,362	2,459	2,459	
Current Capital	5,364 37	-1,499 -5	3,865 32	3,126 19	739 13	81% 59%	11,251 111	2,371 88	2,371 88	
3.3 Special Programme Support	111,220	-109,965	1,255	927	328	74%	182,798	181,784	181,784	
Current Capital	111,166 54	-109,951 -14	1,215 40	894 33	321 7	74% 83%	76,780 106,018	75,767 106,017	75,767 106,017	
3.4 Phasing out of Subsidy Programmes	3,500	109,000	112,500	110,576	1,924	98%	12,265	4,847	4,847	
Current Capital	3,500	109,000	112,500	110,576	1,924	98%	12,265	4,847	4,847	
TOTAL	126,459	-4,046	122,413	118,221	4,192	97%	212,565	192,916	192,916	
		2003/04						2002/03		
Economic classification	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised Allocation	Revised Allocation R'000	Actual Expenditure R'000	Actual Expenditure R'000	
Current	17,322	-4,006	13,317	9,144	4,172	69%	106,141	86,564	86,564	
Personnel	7,234	-2,740	4,494	4,152	342	92%	6,353	4,174	4,174	
Transfer payments	3,500	0	3,500	1,576	1,924	45%	87,265	79,847	79,847	
Other	6,588	-1,266	5,323	3,416	1,906	64%	12,523	2,543	2,543	

Capital	109,137	-40	109,096	109,077	20	100%	106,424	106,353
Transfer payments	109,000		109,000	109,000	0	100%	106,000	106,000
Acquisition of capital assets	137	-40	96	77	20	79%	424	353
TOTAL	126,459	-4,046	122,413	118,221	4,192	97%	212,565	192,917
2003/04								
Standard item classification	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised Allocation	Revised Allocation R'000	Actual Expenditure R'000
Personnel	7,234	-2,740	4,494	4,152	342	92%	6,353	4,174
Administrative	1,788	-46	1,742	1,572	170	90%	1,522	1,095
Inventories	136	11	147	97	50	66%	128	55
Equipment	222	-60	162	124	38	77%	558	396
Land and buildings		0						
Professional and special services								
Transfer payments	4,579	-1,211	3,368	1,700	1,668	50%	10,739	1,350
Miscellaneous	112,500	0	112,500	110,576	1,924	98%	193,265	185,847
Special functions								
TOTAL	126,459	-4,046	122,413	118,221	4,192	97%	212,565	192,917

DETAIL PER PROGRAMME 4

for the year ended 31 March 2004

2003/04									2002/03		
Programme per sub-programme	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised Allocation	Revised Allocation R'000	Actual Expenditure R'000			
4.1 Policy and Programme Monitoring	3,040	1,109	4,149	4,130	19	100%	3,925	3,395			
Current	2,980	1,132	4,112	4,095	17	100%	3,659	3,260			
Capital	60	-23	37	35	2	95%	266	135			
4.2 Information Management	18,965	-812	18,153	18,117	36	100%	19,850	17,849			



	18,889 76	-1,809 997	17,080 1,073	17,044 1,073	36 0	100% 100%	19,718 132	17,752 97
4.3 Industry Analysis and Development Finance	4,165	-1,297	2,868	2,862	6	100%	3,222	2,624
Current Capital	4,102 63	-1,244 -53	2,858 10	2,854 8	4 2	100% 80%	3,068 154	2,486 138
4.4 Contributions	66,001	6,000	72,001	70,613	1,388	98%	150,448	111,853
Current Capital	66,000 1	6,000 0	72,000 1	70,613 0	1,387 1	98% 0%	150,447 1	111,853
TOTAL	92,171	5,000	97,171	95,722	1,449	99%	177,445	135,721
2003/04								
Economic classification	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised Allocation	Revised Allocation R'000	Actual Expenditure R'000
Current	91,971	4,079	96,050	94,606	1,444	98%	176,892	135,350
Personnel	7,349	-759	6,590	6,585	5	100%	6,606	5,910
Transfer payments	66,000	6,000	72,000	70,613	1,387	98%	150,447	111,853
Other	18,622	-1,162	17,460	17,408	52	100%	19,839	17,587
Capital	200	921	1,121	1,116	5	100%	553	371
Transfer payments	1	0	1	1	1		1	
Acquisition of capital assets	199	921	1,120	1,116	4	100%	552	371
TOTAL	92,171	5,000	97,171	95,722	1,449	99%	177,445	135,721
2002/03								



Standard item classification	2003/04						2002/03	
	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised Allocation	Revised Allocation R'000	Actual Expenditure R'000
Personnel	7,349	-759	6,590	6,585	5	100%	6,606	5,910
Administrative	1,582	-425	1,157	1,139	18	98%	1,559	1,348
Inventories	310	-7	303	295	8	97%	378	244
Equipment	425	1,051	1,476	1,469	7	100%	840	627
Land and buildings								
Professional and special services	16,504	-860	15,644	15,621	23	100%	17,614	15,739
Transfer payments	66,001	6,000	72,001	70,613	1,388	98%	150,448	111,853
Miscellaneous								
Special functions								
TOTAL	92,171	5,000	97,171	95,722	1,449	99%	177,445	135,721

DETAIL PER PROGRAMME 5

for the year ended 31 March 2004

Programme per sub-programme	2003/04						2002/03	
	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised Allocation	Revised Allocation R'000	Actual Expenditure R'000
5.1 Housing Communication	5,205	-453	4,752	3,315	1,438	70%	5,391	1,984
Current	5,174	-523	4,651	3,214	1,438	69%	5,311	1,984
Capital	31	70	101	101	0	100%	80	0
5.2 Public Relations	3,470	1,083	4,553	4,281	272	94%	3,888	3,204
Current	3,425	1,098	4,523	4,251	272	94%	3,878	3,199
Capital	45	-15	30	30	0	100%	10	5
5.3 Provincial, Media and Local Liaison	1,502	-1,444	58	12	46	21%	796	135
Current	1,477	-1,419	58	12	46	21%	796	135
Capital	25	-25	0					
TOTAL	10,177	-814	9,363	7,608	1,756	81%	10,075	5,323





Economic classification	2003/04						2002/03		
	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised Allocation	Revised Allocation R'000	Actual Expenditure R'000	
Current	10,076	-844	9,232	7,476	1,756	81%	9,985	5,318	
Personnel	3,538	-1,101	2,437	1,463	974	60%	2,353	982	
Transfer payments	6,538	257	6,795	6,013	782	88%	7,632	4,336	
Other									
Capital	101	30	131	131	0	100%	90	5	
Transfer payments	101	30	131	131	0	100%	90	5	
Acquisition of capital assets									
TOTAL	10,177	-814	9,363	7,607	1,756	81%	10,075	5,323	
Standard item classification	2003/04						2002/03		
	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised Allocation	Revised Allocation R'000	Actual Expenditure R'000	
Personnel	3,538	-1,101	2,437	1,463	974	60%	2,353	982	
Administrative	3,196	-1,001	2,195	1,537	658	70%	2,996	1,881	
Inventories	360	207	567	497	70	88%	1,731	294	
Equipment	299	-56	243	241	2	99%	366	192	
Land and buildings									
Professional and special services	2,784	1,137	3,921	3,869	52	99%	2,629	1,974	
Transfer payments									
Miscellaneous									
Special functions									
TOTAL	10,177	-814	9,363	7,607	1,756	81%	10,075	5,323	

DETAIL PER PROGRAMME 6

for the year ended 31 March 2004

		2003/04						2002/03		
Programme per sub-programme		Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised Allocation	Revised Allocation R'000	Actual Expenditure R'000	
6.1	Grant to Housing Funds	4,246,239	0	4,246,239	4,246,239	0	100%	3,800,674	3,800,674	
	Current Capital	4,246,239	0	4,246,239	4,246,239	0	100%	3,800,674	3,800,674	
6.2	Interest and Redemption on Private Loans	28,800	-996	27,804	27,804	0	100%	28,800	28,095	
	Current Capital	28,800	-996	27,804	27,804	0	100%	28,800	28,095	
	TOTAL	4,275,039	-996	4,274,043	4,274,043	0	100%	3,829,474	3,828,769	
		2003/04						2002/03		
Economic classification		Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised Allocation	Revised Allocation R'000	Actual Expenditure R'000	
	Current	28,800	-996	27,804	27,804	0	100%	28,800	28,095	
	Personnel									
	Transfer payments	28,800	-996	27,804	27,804	0	100%	28,800	28,095	
	Other									
	Capital	4,246,239	0	4,246,239	4,246,239	0	100%	3,800,674	3,800,674	
	Transfer payments	4,246,239	0	4,246,239	4,246,239	0	100%	3,800,674	3,800,674	
	Acquisition of capital assets									
	TOTAL	4,275,039	-996	4,274,043	4,274,043	0	100%	3,829,474	3,828,769	





2003/04							2002/03	
Standard item classification	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised Allocation	Revised Allocation R'000	Actual Expenditure R'000
Personnel								
Administrative Inventories								
Equipment								
Land and buildings								
Professional and special services								
Transfer payments	4,275,039	-996	4,274,043	4,274,043	0	100%	3,829,474	3,828,769
Miscellaneous								
Special functions								
TOTAL	4,275,039	-996	4,274,043	4,274,043	0	100%	3,829,474	3,828,769

DETAIL PER PROGRAMME 7

for the year ended 31 March 2004

2003/04							2002/03	
Programme per sub-programme	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised Allocation	Revised Allocation R'000	Actual Expenditure R'000
7.1 Office of Disclosure	5,347	-428	4,919	618	4,301	13%	4,736	36
Current	4,917	-370	4,489	561	3,986	12%	4,736	36
Capital	430	-58	430	57	315	15%		
TOTAL	5,347	-428	4,919	618	4,301	13%	4,736	36

Economic classification	2003/04						2002/03		
	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised Allocation	Revised Allocation R'000	Actual Expenditure R'000	
Current	4,917	-428	4,489	561	3,928	12%	4,736	36	
Personnel	1,579	-428	1,151	114	1,037	10%	1,099	36	
Transfer payments	3,338	0	3,338	447	2,891	13%	3,637		
Other									
Capital	430	0	430	57	373		0	0	
Transfer payments	430		430	57	373	13%			
Acquisition of capital assets									
TOTAL	5,347	-428	4,919	618	4,301	13%	4,736	36	
Standard item classification	2003/04						2002/03		
	Adjusted Appropriation R'000	Virement R'000	Revised Allocation R'000	Actual Expenditure R'000	Savings (Excess) R'000	Expenditure as % of revised Allocation	Revised Allocation R'000	Actual Expenditure R'000	
Personnel	1,579	-428	1,151	114	1,037	10%	1,099	26	
Administrative	292	75	367	172	195	47%	160	10	
Inventories	46	4	50	10	40	20%	9		
Equipment	430	0	430	57	373	13%	49		
Land and buildings		-							
Professional and special services	3,000	79	2,921	265	2,656	9%	3,419		
Transfer payments									
Miscellaneous									
Special functions									
TOTAL	5,347	-428	4,919	618	4,301	13%	4,736	36	

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

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

Details of these transactions can be viewed in note 8 (Transfer payments) and Annexure I to the annual financial statements.

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

Details of these transactions can be viewed in note I (Annual Appropriation) to the annual financial statements.

3. Details of special functions (theft and losses)

Details of these transactions per programme can be viewed in note I0 (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	AMOUNT R'000	EXPLANATION OF ANY MATERIAL VARIANCES FROM AMOUNT VOTED
1 Administration	1,020	The saving of R1,020 million is mainly attributed to personnel-related costs (personnel, administration, inventories and equipment) due to vacant posts. On professional and special services the saving can be attributed to the tender to appoint consultants to unblock projects and fast-track housing deliveries in provinces. There was a delay in approving the terms of references and the consultants only commenced work in January 2004.
2 Policy Planning	3,992	The saving of R3,992 million is mainly attributed to personnel-related costs (personnel, administration, inventories and equipment) due to vacant posts. On professional and special services the saving can be attributed to the tender for the drafting of regulations under the Home Loan Mortgage Disclosure Act (Act No. 63 of 2000). Delays were experienced with the finalisation of the draft regulation. It was anticipated that Cabinet would approve the Home Loan Mortgage Disclosure Bill so that consultants could finalise drafting the regulations and the appointment of Consultants for the Development of a Medium Density Housing Programme. There have been delays in the development of policy due to the extent of the scoping and pending a decision on the focus of policy and detailed guidelines.
3 Programme Management	4,192	The saving of R4,192 million is mainly attributed to personnel-related costs (personnel, administration, inventories and equipment) due to vacant posts.
		Savings on Professional and Special Services of R1,668 million is as a result of tenders for the outsourcing of the Development of a set of Technical Standards and Specifications that will serve as the norm for Redevelopment of Public Sector Hostels. Delays in the completion of the tender as the first report of the consultants was of poor quality and not acceptable for the department. This resulted in the report being submitted to the task team during March 2004 for consideration instead of the original anticipated date of November/December 2003 and the delay in the tender for Outsourcing of the Evaluation of the National Capacity Building Programme. The programme was delayed due to unavailability of officials. Of the 1 200 officials who participated in the capacity building programme, 200 could not be traced due to changes in addresses and those who left the housing sector. Savings on Transfer Payments of R1,924 is as a result of the lower interest rate which impacted on the First Time Home Buyers Subsidy Scheme.
4 Housing Performance	1,449	The saving of R1,449 million is mainly attributed to savings on Transfer Payments: SERVCON and is due to a lower amount claimed than was originally estimated. This is due to fluctuations of interest rates and bank costs.
5 Communication	1,756	The saving of R1,756 million is mainly attributed to personnel-related costs (personnel, administration, inventories and equipment) due to vacant posts.
6 Housing Development Funding	-	
7 Housing Equity	4,301	This programme is new on the budget and under-spending can be attributed to the filling of vacant posts only in the latter part of the year and subsequent slow progress in spending .
TOTAL SAVING	16,710	



4.2 By Standard Item

STANDARD ITEM	AMOUNT R'000	EXPLANATION OF ANY MATERIAL VARIANCES FROM AMOUNT VOTED
Personnel	3,922	Saving is mainly due to vacant posts. This is due to the recruitment process and vacancies filled in the latter part of the year.
Administration	2,906	Saving is mainly due to personnel-related costs due to vacant posts and the strengthening of the rand which reduced the costs of foreign visits.
Inventories	559	Saving is mainly due to personnel-related costs due to vacant posts.
Equipment	967	Saving is mainly due to personnel-related costs due to vacant posts.
Land and buildings	-	
Professional and special services	5,035	<p>The saving of R5,035 million on Professional and Special Services can be mainly attributed to the following:</p> <p>The tender to appoint consultants to unblock projects and fast track housing delivery in provinces. There was a delay in approving the terms of references and the consultants only commenced work in January 2004.</p> <p>The tender for the drafting of regulations under the Home Loan Mortgage Disclosure Act (Act No. 63 of 2000) is was experiencing delays with the finalisation of the draft regulation. It was anticipated that Cabinet would approve the Home Loan Mortgage Disclosure Bill so that consultants could finalise drafting the regulations and the appointment of Consultants for the Development of a Medium Density Housing programme. There have been delays in the development of policy due to the extent of the scoping and pending a decision on the focus of policy and detailed guidelines.</p>
		<p>A further contributing factor is as a result of tenders for the outsourcing of the Development of a set of Technical Standards and Specifications that will serve as the Norm for Redevelopment of Public Sector Hostels. Delays in the completion of the tender as the first report of the consultants was of poor quality and not acceptable to the department. This resulted in the report only being submitted to the task team during March 2004 for consideration instead of the original anticipated date of November/December 2003 and the delay in the tender for Outsourcing of the Evaluation of the National Capacity Building Programme. The programme was delayed due to unavailability of officials. Of the 1 200 officials who participated in the capacity building programme, 200 officials could not be traced due to change in addresses and those who had left the housing sector.</p>
Transfer payments	3,313	Savings on Transfer Payments of R1,924 is as a result of the lower interest rate which impacted on the First Time Home Buyers Subsidy Scheme and the saving of R1,348 million on SERVCON that is due to a lesser amount claimed than was originally estimated. This is due to fluctuation of interest rates and bank costs.
Miscellaneous	8	Awards and Gifts
TOTAL SAVING	16,710	

4.5 INCOME STATEMENT

INCOME STATEMENT (STATEMENT OF FINANCIAL PERFORMANCE)

for the year ended 31 March 2004

	Note	2003/04 R'000	2002/03 R'000
REVENUE			
Voted funds		4,571,091	4,299,490
Annual Appropriation	1	4,571,091	4,299,481
Appropriation for unauthorised expenditure		-	9
Other revenue to be surrendered to the revenue fund	2	49,618	1,496
Local and foreign aid assistance (incl. RDP/ Donor funds)	3	3,476	55,030
TOTAL REVENUE		4,624,185	4,356,016
EXPENDITURE			
Current			
Personnel	4	39,885	35,634
Administrative		15,277	13,206
Inventories	5	2,316	2,428
Machinery and Equipment	6	1,892	1,267
Professional and special services	7	36,190	31,861
Transfer payments	8	100,054	219,854
Miscellaneous	9	7	19
Special functions: authorised losses	10	-	7
Local and foreign aid assistance (incl. RDP/ Donor funds)	3	9,193	45,190
Unauthorised expenditure approved	11	-	9
TOTAL CURRENT EXPENDITURE		204,814	349,475
Capital			
Machinery and Equipment	6	3,521	2,180
Transfer payments	8	4,355,239	3,906,674
TOTAL CAPITAL EXPENDITURE		4,358,760	3,908,854
TOTAL EXPENDITURE		4,563,575	4,258,329
NET SURPLUS		60,610	97,687
NET SURPLUS FOR THE YEAR		60,610	97,687
Reconciliation of Net Surplus for the year			
Voted Funds to be surrendered to the Revenue Fund	16	16,709	86,351
Other Revenue to be surrendered to the Revenue Fund	2	49,618	1,496
Local and foreign aid assistance (incl. RDP/ Donor funds)	3		9,840
		(5,717)	
NET SURPLUS FOR THE YEAR		60,610	97,687



4.6 BALANCE SHEET

BALANCE SHEET (STATEMENT OF FINANCIAL POSITION) for the year ended 31 March 2004

ASSETS	Note	2003/04 R'000	2002/03 R'000
Current assets		70,493	96,309
Unauthorised and fruitless and wasteful expenditure	11	738	737
Cash and cash equivalents	12	69,130	95,008
Receivables	13	625	564
Non-current assets		880,000	880,000
Investments in controlled entities	14	880,000	880,000
TOTAL ASSETS		950,493	976,309
LIABILITIES			
Current liabilities		66,303	86,389
Voted funds to be surrendered to the Revenue Fund	16	16,634	86,351
Other Revenue funds to be surrendered to the Revenue Fund	17	49,183	9
Payables	18	487	29
TOTAL LIABILITIES		66,303	86,389
NET ASSETS/LIABILITIES		884,190	889,920
Represented by:		884,189	889,920
Capitalisation reserve		880,000	880,000
Recoverable revenue		66	80
Local and foreign aid assistance (including RDP funds) rolled over	3	4,123	9,840
TOTAL		950,493	976,309

4.7 STATEMENT OF CHANGES IN NET ASSETS

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

	Note	2003/04 R'000	2002/03 R'000
Capitalisation reserve			
Opening balance		880,000	1,350,009
Transfers		-	(470,009)
Closing balance		880,000	880,000
Recoverable revenue			
Opening balance		80	70
Transfer to Revenue Fund		(14)	10
Closing balance		66	80
Local and foreign aid assistance (including RDP funds) remaining			
Opening balance	3	9,840	-
Transfers	3	3,476	55,030
Transfer to / from other reserves	3	(9,193)	(45,190)
Closing balance		4,123	9,840
TOTAL		884,189	889,920



4.8 CASH FLOW STATEMENT

CASH FLOW STATEMENT

for the year ended 31 March 2004

	Note	2003/04 R'000	2002/03 R'000
CASH FLOWS FROM OPERATING ACTIVITIES			
Net cash flow generated by operating activities	20	14,981	99,955
Cash (utilised) to (increase) working capital	21	(5,343)	(2,783)
Voted funds and Revenue funds surrendered	22	(86,786)	(65,263)
Local and foreign aid assistance (including RDP funds)		5,717	-
Net cash flow available from operating activities		(71,431)	31,909
CASH FLOWS FROM INVESTING ACTIVITIES			
Capital expenditure		(3,521)	(2,372)
Proceeds from sale of investments	2	49,076	-
Net cash flows from operating and investing activities		(25,878)	29,537
Net (decrease)/increase in cash and cash equivalents		(25,878)	29,537
Cash and cash equivalents at beginning of period		95,008	65,471
Cash and cash equivalents at end of period	12	69,130	95,008

4.9 NOTES TO THE ANNUAL FINANCIAL STATEMENTS

I Annual Appropriation

1.1 Included are funds appropriated in terms of the Appropriation Act for National Departments (voted Funds) and Provincial Departments (Equitable Share):

Programmes	Total Appropriation 2003/04 R'000	Actual Appropriation Received R'000	Variance over/ under R'000	Total Appropriation 2003/04 R'000	Total Appropriation 2002/03 R'000
Administration	45,450	45,450	-	45,450	51,851
Housing Policy Planning and Research	16,448	16,448	-	16,448	13,165
Programme Management	126,459	126,459	-	126,459	212,565
Housing Sector Performance	92,171	92,171	-	92,171	177,585
Communications	10,177	10,177	-	10,177	10,075
Housing Development Funding	4,275,039	4,275,039	-	4,275,039	3,829,474
Housing Equity	5,347	5,347	-	5,347	4,766
TOTAL	4,571,091	4,571,091	-	4,571,091	4,299,481

Explanation of material variances including whether or not application will be made for a roll-over:

2 Other revenue to be surrendered to the revenue fund

Description

(Specify material amounts separately)

Material losses recovered	2.1	386	1,003
Gifts, donations and sponsorships received	2.2	-	186
Cheques written back/stale cheques		13	3
Proceeds on sale of investments		49,076	-
Interest received		35	13
Sales Departmental Publications		51	28
Commision on Insurances		13	11
Loans: Non Contractual Dept Debt		26	25
Domestic Services		-	208
Parking		18	19
		49,618	1,496

2.1 Material losses recovered

Nature of loss recovered

(Group major categories, but list material items)

Refunds from suppliers	-	693
Other	386	310
	386	1,003



2.2	Gifts, donations and sponsorships received by the department			2003/04 R'000	2002/03 R'000
	Nature of gift, donation and sponsorship (Group major categories, but list material items including the name of the organisation)				
	Housing Awards			-	16
	Ministers Farewell			-	170
				-	186
3	Local and foreign aid assistance (including RDP funds)				
3.1	Assistance received in cash	Opening Balance	Revenue	Expenditure	
	Name of Donor and Purpose			Current	Capital
	Foreign				
	USAID	9,840			5,717
	NORWAY		3,476		3,476
		9,840	3,476	9,193	4,123
	Analysis of balance				
	Balance remaining			4,123	9,840
				4,123	9,840
4	Personnel			2003/04 R'000	2002/03 R'000
4.1	Current expenditure				
	Appropriation to Executive and Legislature			713	750
	Basic salary costs			25,432	23,605
	Pension contributions			3,729	3,450
	Medical aid contributions			1,639	1,516
	Other salary related costs			8,372	6,313
	Total Personnel Costs			39,885	35,634
	Average number of employees			207	201
5	Inventories				
5.1	Current expenditure				
	Inventories purchased during the year (Group major categories, but list material items)				
	Cleansing materials			35	25
	Clothing: Uniforms and Protective clothing			34	33
	Cartridge/ Toners/ Ribbons			698	317
	Computer Software			48	735
	Crockery			9	2
	Other domestic supplies			58	53
	Maintenance: Materials			19	58

First Aid Supplies		1	2
Toiletries		15	12
Electrical/ Technical Supplies & Brooms & Brushes		5	1
Books/ Magazines/ Publications		348	159
Photographic Supplies		12	86
Printing Departmental		435	114
Printing Official		1	54
Stationery		402	512
Non Store items		196	265
Total cost of inventories		2,316	2,428
5.2 Inventories on hand at year end (for disclosure purposes only)			
Costing method used			
(Group major categories, but list material items)			
Stationery	Average Cost	57	96
Consumables	Average Cost	-	26
		57	122
The value of inventory on hand disclosed is for main depots/all stores			
6 Machinery and equipment			
		2003/04 R'000	2002/03 R'000
Current (Rentals, maintenance and sundry)		1,892	1,267
Capital	6.1	3,521	2,372
Total current and capital expenditure		5,413	3,639
6.1 Capital machinery and equipment analysed as follows:			
Computer Equipment		2,325	1,628
Furniture and Office Equipment		526	491
Other Machinery and Equipment		-	253
Transport: Purchase Government Vehicle		498	-
Maintenance		42	-
Security Equipment		80	-
Audio-visual Equipment		12	-
Photographic Equipment		38	-
		3,521	2,372
7 Professional and special services			
7.1 Current expenditure			
Auditors' Remuneration		2,203	1,775
Regulatory			
Performance			
Other audits			
Contractors		16,562	470



Consultants and advisory services		13,272	9,781
Commissions and committees		12	-
Computer services		-	16,991
State Attorney		50	-
Computer Share		15	-
Spec: Investigative Team		800	-
Spec: Cleaning Service		62	-
Spec: Contractors Serv Other		14	-
Spec: Housing Summit		1,189	-
Spec: Maintenance Serv		645	-
Spec: Printing & Reproduction Serv		1,021	-
Spec: SAFETYNET		57	-
Spec: Security Serv		288	-
Other (specify material amounts separately)		-	2,844
Total Professional and Special Services		36,190	31,861
8 Transfer payments		2003/04 R'000	2002/03 R'000
South African Housing Fund	Annexure IA	4,246,239	3,800,674
Human Settlement Redevelopment	Annexure IA	109,000	106,000
Entities	Annexure IB	100,054	219,854
		4,455,293	4,126,528
Analysis of transfer payments			
Capital		4,355,239	3,906,674
Current		100,054	219,854
		4,455,293	4,126,528
9 Miscellaneous			
9.1 Current expenditure			
Gifts, donations and sponsorships	9.1	7	19
Total miscellaneous expenditure		7	19
9.1 Gifts, donations and sponsorships paid in cash by the Department (items expensed during the current year)			
Nature of gifts, donations and sponsorships			
(Group major categories, but list material items)			
Current			
WSSD gifts		-	1
Retired Officials		-	3
French Minister		-	1
Chinese Minister of Housing		-	1
Governer of the Reserve Bank		-	1
African Ministers:WSSD		-	11

Ministers Farewell		-	1
Director: UN Habitat		1	-
DG of Housing Finance USA & African Ministers Conference		4	-
Ambassador of South Africa in Washington and New York		1	-
Facilitator of STI's			-
Housing Summit			-
DDG: Strategic Support farewell			-
		7	19
10 Special functions: Authorised losses		2003/04 R'000	2002/03 R'000
Other material losses written off in income statement	10.1	-	7
			7
10.1 Other material losses written off in income statement			
Nature of losses			
(Group major categories, but list material items)			
Non recoverable recruitment costs		-	7
		-	7
11 Unauthorised and fruitless and wasteful expenditure disallowed		2003/04 R'000	2002/03 R'000
Unauthorised expenditure	11.2	642	641
Fruitless and wasteful expenditure	11.4	96	96
		738	737
11.1 Reconciliation of unauthorised expenditure balance			
Opening balance		641	650
Approved by Parliament		-	(9)
Closing balance		641	641
11.2 Unauthorised expenditure Incident			
	Disciplinary steps taken / criminal proceedings		
98/99 Q Data Consulting		105	105
98/99 Housing Support Initiatives		58	58
98/99 Herdboys McCann-Erickson		32	32
99/00 National Housing Award		446	446
		641	641
11.3 Reconciliation of fruitless and wasteful expenditure			
Opening balance		96	-
Fruitless and wasteful current year		-	96
Closing balance		96	96



11.4 Fruitless and wasteful expenditure				
Incident	Disciplinary steps taken / criminal proceedings			
Interest on late payments - Diners Club Under investigation The Chief Financial Officer requested a disciplinary hearing. At this stage Legal Services reported that no official could be held responsible however the Chief Financial Officer requested that warning letters be issued to all staff mentioned as a matter of record.			96	96
			96	96
12 Cash and cash equivalents				
Paymaster General Account			69,118	94,998
Cash on hand			12	10
			69,130	95,008
13 Receivables - current			2003/04 R'000	2002/03 R'000
Amounts owing by other departments	Annexure 5		260	25
Staff debtors	13.2		166	52
Other debtors	13.3		199	451
Advances	13.4			36
			625	564
13.1 Age analysis – receivables current				
Less than one year			418	391
One to two years (List material amounts)			59	24
More than two years (List material amounts)			148	140
			625	555
13.2 Staff debtors				
(Group major categories, but list material items)				
Telephone debt			4	21
S & T debt			84	1
Study			3	-
Vehicle			11	16
Tax			14	2
Salary deductions and payments				12
Salary deduction disallowance			7	-
Salary disallowance			16	-
Salary reversal control			27	-
			166	52
13.3 Other debtors				
(Group major categories, but list material items)				
Military debt			47	42



	Suspense acc		11	269
	Government Garage		142	130
	Unpaid/ Recall BAS EBT Control		-	9
	Debt suspense		-1	-
			199	450
13.4	Advances			
	Nature of advances			
	(Group major categories, but list material items)			
	Credit card		-	5
	S & T advances		-	31
			-	36
14	Investments		2003/04 R'000	2002/03 R'000
	Investee	Nature of investment		
	(Reflected at cost)			
	NHFC	Shares	880,000	880,000
	SERVCON	Shares		
	MIF	Shares		
			880,000	880,000
15	Investments in controlled entities			
	Total investments in controlled entities	Annexure 2A	880,000	880,000
16	Voted funds to be surrendered to the Revenue Fund			
	Opening balance		86,351	63,773
	Transfer from income statement		16,709	86,351
	Voted funds not requested / not received		-75	-
	Paid during the year		-86,351	(63,773)
	Closing balance		16,634	86,351
17	Other revenue funds to be surrendered to the Revenue Fund			
	Opening balance		9	3
	Transfer from income statement for revenue to be surrendered		49,609	1,493
	Paid during the year		(435)	(1,487)
	Closing balance		49,183	9
18	Payables - current		2003/04 R'000	2002/03 R'000
	Description			
	Other payables	18.1	487	29
			487	29



18.1	Other payables		
	Identify major categories, but list material amounts		
	Salary deductions	1	2
	Gauteng GG Transport	27	27
	Unpaid/Recall BAS EBT Control	398	-
	EBT Rejection Account	22	-
	Tax RSA	39	-
		487	29
19	Amounts owing by controlled entities		
	Total amounts owing by controlled entities	Annexure 2A	880 880,000
20	Net cash flow generated by operating activities		
	Net surplus as per Income Statement	60,610	97,583
	Adjusted for items separately disclosed	-45,554	2,372
	Proceeds on sale of investments ()	-49,076	-
	Capital expenditure	3,521	2,372
	Voted funds not requested / not received	-75	-
	Net cash flow generated by operating activities	14,981	99,955
21	Cash generated / (utilised) to (increase)/decrease working capital	2003/04 R'000	2002/03 R'000
	(Increase) / decrease in receivables – current	(62)	(149)
	(Increase) / decrease in receivables – non-current	-	470,009
	(Increase) / decrease in other current assets	25,878	8
	Increase / (decrease) in payables - current	71	(2,652)
	Increase / (decrease) in other current liabilities	(20,544)	(469,999)
		5,343	(2,783)
22	Voted funds and revenue funds surrendered		
	Voted funds surrendered	86,351	63,773
	Revenue funds surrendered	435	1,490
		86,786	65,263



4.10 DISCLOSURE OF NOTES OF THE ANNUAL FINANCIAL STATEMENTS

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

23 Contingent liabilities			2003/04	2002/03
Liable to	Nature		R'000	R'000
Motor vehicle guarantees	Employees	Annexure 3	-	-
Housing loan guarantees	Employees	Annexure 3	575	546
Other guarantees		Annexure 3	245,284	1,322,793
Claims			-	-
Other: Labour court case			1,600	-
			247,459	1,323,339
24 Commitments				
Current expenditure				
Approved and contracted/ordered			-	5,424
Approved but not yet contracted			-	-
			-	5,424
Capital expenditure				
Approved and contracted/ordered			-	-
Approved but not yet contracted			-	-
			-	-
Total Commitments			-	5,424
25 Accruals				
Listed by standard item				
Administrative			863	485
Inventories			354	43
Machinery and Equipment			23	75
Professional and special services			315	156
			1,555	759
Listed by programme level				
Administration			1,175	376
Policy Planning			84	216
Programme Management			33	67
Housing Performance			159	60
Communications			105	40
			1,555	759
26 Employee benefits			2003/04	2002/03
			R'000	R'000
Leave entitlement			4,510	4,661
Thirteenth cheque			1,069	994
Performance bonus			-	140
			5,579	5,795



27	Leases				
27.1	Operating leases	Property	Equipment	Total	Total
	Name of financial institution				
	Not later than 1 year				
	Later than 1 year and not later than 3 years			594	1,005
	Later than 3 years				
	Total present value of lease liabilities	-	-	594	1,005
28	Key management personnel				
28.1	Remuneration			2003/04	2002/03
				R'000	R'000
	Minister			713	639
	Director-General			811	739
	Deputy Directors-General			611	1,105
	Chief Directors			4,028	2,802
	Directors			6,412	5,123
				12,575	10,408
28.2	Other remuneration and compensation provided to key management and close members of the family of key management personnel				
	The total amount of all other remuneration and compensation provided to key management during the reporting period showing separately the aggregate amounts provided to:				
	• The Minister, Deputy Ministers, Director-General, Deputy Director-General				
	• Other members of key management				
	• Close members of the family of key management personnel				
28.3	Loans that are not widely available (and/or widely known) to persons outside the key management				
	For each individual member of key management, the amount of:				
	• loans advanced during the period and terms and conditions thereof;				
	• loans repaid during the period;				
	• the closing balance of all loans and receivables;				
	• where the individual is not a director or member of senior management, the relationship of the individual to such.				
29	Gifts, donations and sponsorships				
	Nature of gift, donation or sponsorship				
	(Group major categories, but list material items)				
	WSSD gifts				1
	Retired officials				3
	French Minister				1
	Chinese Minister of Housing				1
	Governor of Reserve Bank				1
	African Ministers: WSSD				11
	Minister's Farewell				1
					19
					-



ANNEXURE 1A

STATEMENT OF CONDITIONAL GRANTS TO PROVINCES BY NATIONAL DEPARTMENT AS AT 31 MARCH 2004

(List each Grant by Province)	GRANT ALLOCATION					EXPENDITURE					SPENT		
	Division of Revenue Act	Adjustments Estimate	Roll Overs	Total Available	Actual Transfer (1)	Amount not Transferred	% of Available Transferred	Capital	Current	Amount received by Province	Actual amount Spent	% of amount Transferred Spent	
	R'000	R'000	R'000	R'000	R'000	R'000		R'000	R'000	R'000	R'000		
SA Housing Fund													
Eastern Cape	641,757			641,757	641,757		100%	641,757		641,757	792,623	124%	
Free State	325,403			325,403	325,403		100%	325,403		325,403	464,531	143%	
Gauteng	923,892			923,892	923,892		100%	923,892		923,892	968,462	105%	
KwaZulu-Natal	796,390			796,390	796,390		100%	796,390		796,390	912,037	115%	
Limpopo	426,160			426,160	426,160		100%	426,160		426,160	426,160	100%	
Mpumalanga	275,408			275,408	275,408		100%	275,408		275,408	355,113	129%	
Northern Cape	85,973			85,973	85,973		100%	85,973		85,973	104,191	121%	
North West	347,974			347,974	347,974		100%	347,974		347,974	401,959	116%	
Western Cape	423,282			423,282	423,282		100%	423,282		423,282	281,818	67%	
SUB TOTAL	4,246,239			4,246,239	4,246,239			4,246,239		4,246,239	4,706,894	111%	
Human Settlement Redevelopment Programme													
Eastern Cape	11,000			11,000	11,000		100%	11,000		11,000	10,200	93%	
Free State	8,500			8,500	8,500		100%	8,500		8,500	1,904	22%	
Gauteng	21,000			21,000	21,000		100%	21,000		21,000	23,258	111%	
KwaZulu-Natal	26,000			26,000	26,000		100%	26,000		26,000	15,534	60%	
Limpopo	11,000			11,000	11,000		100%	11,000		11,000	12,212	111%	
Mpumalanga	7,000			7,000	7,000		100%	7,000		7,000	9,359	134%	
Northern Cape	3,000			3,000	3,000		100%	3,000		3,000	1,467	49%	
North West	8,000			8,000	8,000		100%	8,000		8,000	2,543	32%	
Western Cape	13,500			13,500	13,500		100%	13,500		13,500	10,379	77%	
SUB TOTAL	109,000			109,000	109,000			109,000		109,000	86,856	80%	
GRAND TOTAL	4,355,239			4,355,239	4,355,239		100%	4,355,239		4,355,239	4,793,750	110%	
(1)	Actual amount spent includes spending of funds rolled over at provincial level.												





ANNEXURE 1B										
STATEMENT OF TRANSFERS TO PUBLIC ENTITIES AND INSTITUTIONS BY NATIONAL/PROVINCIAL DEPARTMENT AS AT 31 MARCH 2004										
(List each Transfer by public Entity/ Institution)	GRANT ALLOCATION					EXPENDITURE				
	Appropriations Act	Adjustments Estimate	Roll Overs	Total Available	Actual Transfer (1)	Amount not Transferred	% of Available Transferred	Capital	Current	
	R'000	R'000	R'000	R'000	R'000	R'000		R'000	R'000	R'000
MERCANTILE										
SERVCON	27,804			27,804	27,804		100%		27,804	
SOCIAL HOUSING FOUNDATION	50,824			50,824	49,969		98%		49,969	
NURCHA	11,000			11,000	11,000		100%		11,000	
HABITAT	10,176			10,176	9,644	532	95%		9,644	
NATIONAL HOUSING FINANCE CORPORATION	61			61	61		100%		61	
TRANSFERS FOR SUBSIDIES	1,576			1,576	1,576		0%			1,576
TOTAL	101,442			101,442	100,054	533	100%	-	100,054	



ANNEXURE 2

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

(Only Public and Private Entities)																	
Name of Public Entity	Nature of Public Entities Business	Relevant Act	Entity's PFMA Schedule type (State year end if not 31 March)	% Held	Number of shares held		Cost of investment		Profit / (Loss) for the year		Are the losses guaranteed	Amounts owing to		Amounts owing by	AO Value of Investment	Audit Report Status	
					R'000	R'000	2003/2004	2002/2003	2003/2004	2002/2003		2003/2004	2002/2003				R'000
National Housing Finance Corporation (NHFC)	It's purpose is to search for better ways of mobilising finance for housing from sources outside Government, in partnership with the broadest range of organisations.	Banks Act 94 of 1990	3A	100%	2003/2004	2002/2003	2003/2004	2002/2003	2003/2004	2002/2003	2003/2004	2002/2003	2003/2004	2002/2003			
					84,187,338	84,187,338	880,000	880,000	-	-	No	-	-	-	-	-	-
							880,000	880,000	-	-		-	-	-	-	-	-



ANNEXURE 3

STATEMENT OF FINANCIAL GUARANTEES ISSUED AS AT 31 MARCH 2004

DOMESTIC/ FOREIGN (provide separate returns for Domestic and Foreign)

Guaranteed institution	Guarantee in respect of	Original Guaranteed capital amount	Opening Balance 01/04/2003	Guarantees issued during the year	Guarantees Released during the year	Guaranteed interest outstanding as at 31/03/2004	Closing Balance 31/03/2004	Realised losses i.r.o. claims paid out
		R'000	R'000	R'000	R'000	R'000	R'000	R'000
Standard Bank of SA Ltd	Housing Scheme for Public Servants	101	101		57		44	
NedBank	Housing Scheme for Public Servants	38	38	70			108	
Firststrand Bank: FNB	Housing Scheme for Public Servants	52	52				52	
ABSA	Housing Scheme for Public Servants	239	239	17	49		207	
Old Mutual	Housing Scheme for Public Servants	6	6				6	
People's Bank	Housing Scheme for Public Servants	29	29				29	
Firststrand Bank (FNB - Former Saambou)	Housing Scheme for Public Servants	107	107				107	
Old Mutual	Housing Scheme for Public Servants	22	22				22	
National Housing Board	Security loans raised by the National Housing Board: Loans 1 and 8	692,344,600	692,344,600		692,344,600			
Servcon Housing Solutions (Pty) Ltd	Risk exposure of the payment normalisation programme	245,284	245,284				245,284	
TOTAL		692,590,478	692,590,478	87	692,344,706	-	245,859	
		594,407	594	87	106	-	575	

ANNEXURE 4

PHYSICAL ASSET MOVEMENT SCHEDULE (Not including inventories)						
PHYSICAL ASSETS ACQUIRED DURING FINANCIAL YEAR 2003/04	Opening Balance	Additions	Disposals	Transfers In	Transfers Out	Closing Balance
	R'000	R'000	R'000	R'000	R'000	R'000
LAND AND BUILDINGS	-	-	-	-	-	-
Land	-	-	-	-	-	-
Dwellings	-	-	-	-	-	-
Non-Residential Buildings	-	-	-	-	-	-
Investment Properties	-	-	-	-	-	-
Other structures (Infrastructure Assets)	-	-	-	-	-	-
Mineral & Similar Non-Regenerative Resources	-	-	-	-	-	-
Capital work in Progress	-	-	-	-	-	-
Heritage Assets	-	-	-	-	-	-
	18,421	2,016	1,002			19,435
MACHINERY AND EQUIPMENT						
Computer equipment	10,137	1,075	903			10,310
Furniture and office equipment	1,405	317	74			1,647
Other machinery and equipment	582	126	25			683
Specialised military assets						
Transport assets	-	498				498
Other	6,296					6,296
	18,421	2,016	1,002			19,435

PHYSICAL ASSETS ACQUIRED DURING FINANCIAL YEAR 2002/03	Opening Balance	Additions	Disposals	Transfers In	Transfers Out	Closing Balance
	R'000	R'000	R'000	R'000	R'000	R'000
LAND AND BUILDINGS	-	-	-	-	-	-
Land	-	-	-	-	-	-
Dwellings	-	-	-	-	-	-
Non-Residential Buildings	-	-	-	-	-	-
Investment Properties	-	-	-	-	-	-
Other structures (Infrastructure Assets)	-	-	-	-	-	-
Mineral & Similar Non-Regenerative Resources	-	-	-	-	-	-
Capital work in Progress	-	-	-	-	-	-
Heritage Assets	-	-	-	-	-	-

MACHINERY AND EQUIPMENT

9,474 2,196 6,750 18,421

Computer equipment	1,835	1,552	6,750	10,137
Furniture and office equipment	915	489		1,405
Other machinery and equipment	428	154		582
Specialised military assets				
Transport assets				
Other	6,296			6,296
	9,474	2,196	6,750	18,421

ANNEXURE 5

INTER-DEPARTMENTAL RECEIVABLES - CURRENT				
Department	Confirmed balance outstanding 31/03/2004	31/03/2003	Unconfirmed balance outstanding 31/03/2004	31/03/2003
	R'000	R'000	R'000	R'000
SARS			11	
Eastern Cape			124	
FreeState				
Kwa-Zulu Natal			60	
Northern Province			64	
TOTAL	-	-	260	-

