

Vote 5

Provincial and Local Government

2006/07				
R thousand	Main appropriation	Adjusted appropriation	Decrease	Increase
Amount to be appropriated	24 903 440	25 392 288	-	488 848
of which:				
Current payments	322 600	318 753	(3 847)	-
Transfers and subsidies	24 574 782	25 065 919	-	491 137
Payments for capital assets	6 058	7 616	-	1 558
Executive authority	Minister for Provincial and Local Government			
Accounting officer	Director-General of Provincial and Local Government			

Aim

The aim of the Department of Provincial and Local Government is to develop and promote a national system of integrated and co-operative governance and to support provincial and local government.

Changes to programme purposes and measurable objectives

No changes were made to programme purposes or measurable objectives.

Adjusted Estimates of National Expenditure 2006

Table 5.1: Provincial and Local Government

Programme		2006/07					
R thousand	Main appropriation	Additional appropriation				Total additional appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable /unavoidable	Virement	Other adjustments		
1. Administration	123 993	-	-	(4 205)	-	(4 205)	119 788
2. Governance, Policy and Research	29 287	-	-	6 952	-	6 952	36 239
3. Urban and Rural Development	10 729	-	-	(2 269)	-	(2 269)	8 460
4. Systems and Capacity Building	109 798	-	-	(497)	(2 000)	(2 497)	107 301
5. Free Basic Services and Infrastructure	40 458	-	-	(2 588)	-	(2 588)	37 870
6. Provincial and Local Government Transfers	24 523 240	-	479 397	-	11 451	490 848	25 014 088
7. Fiscal Transfers	65 935	-	-	2 607	-	2 607	68 542
Total	24 903 440	-	479 397	-	9 451	488 848	25 392 288
Economic classification							
Current payments	322 600	-	-	(1 847)	(2 000)	(3 847)	318 753
Compensation of employees	140 400	-	-	(22 106)	-	(22 106)	118 294
Goods and services	182 200	-	-	20 259	(2 000)	18 259	200 459
Transfers and subsidies	24 574 782	-	479 397	289	11 451	491 137	25 065 919
Provinces and municipalities	24 523 418	-	479 397	(65)	11 451	490 783	25 014 201
Departmental agencies and accounts	49 724	-	-	-	-	-	49 724
Non-profit institutions	1 590	-	-	-	-	-	1 590
Households	50	-	-	354	-	354	404

Table 5.1: Provincial and Local Government (continued)

2006/07							
		Additional appropriation					
	Main appropriation	Roll-overs	Unforeseeable /unavoidable	Virement	Other adjustments	Total additional appropriation	Adjusted appropriation
R thousand							
Payments for capital assets	6 058	-	-	1 558	-	1 558	7 616
Machinery and equipment	6 038	-	-	1 578	-	1 578	7 616
Software and other intangible assets	20	-	-	(20)	-	(20)	-
Total	24 903 440	-	479 397	-	9 451	488 848	25 392 288

Details of adjustments to Estimates of National Expenditure 2006

Unforeseeable and unavoidable expenditure – R479,397 million

R479,397 million has been allocated for rehabilitating infrastructure following flood damage in the western, eastern and northern Cape regions.

Virements

Table 5.2: Details on virements per programme and economic classification

Programme / Economic classification	R thousand		Motivation
	From	To	
1. Administration	(7 473)	3 268	
Current payments	(6 816)	2 914	
Compensation of employees	(6 816)	-	Savings are due to vacant posts.
Goods and services	-	2 914	Funds shifted from compensation of employees in (programme 1) will be used for co-sourcing certain internal audit functions and moving a number of units to a new building
Transfers and Subsidies	(20)	354	
Provinces and municipalities	(20)	-	Savings arose because RSC levies were phased out after June 2006.
Households	-	354	Funds shifted from compensation of employees (in this programme) will be used for payments for early retirements.
Payments for capital assets	(637)	-	
Machinery and equipment	(617)	-	Savings are due to internal reprioritisation to fund additional capital expenditure in programme 4.
Software and other intangible assets	(20)	-	Savings are due to internal reprioritisation to fund additional capital expenditure in programme 4.
2. Governance, Policy and Research	(2 917)	9 869	
Current payments	(2 899)	9 825	
Compensation of employees	(2 899)	-	Savings are due to vacant posts.
Goods and services	-	9 825	Funds shifted from compensation of employees (in programmes 1, 3 and 4) will be used for assistance to the Democratic Republic of Congo and various meetings of the Southern African Development Community local government forum, and for establishing the Khoisan committee.
Transfers and Subsidies	(18)	-	
Provinces and municipalities	(18)	-	Savings arose because RSC levies were phased out after June 2006.
Payments for capital assets	-	44	
Machinery and equipment	-	44	Funds shifted from machinery and equipment (in programme 3) will be used for office furniture and equipment for new posts.

Table 5.2: Details on virements per programme and economic classification (continued)

Programme / Economic classification	R thousand		Motivation
	From	To	
3. Urban and Rural Development	(2 269)	-	
Current payments	(2 210)	-	
Compensation of employees	(2 071)	-	Savings are due to vacant posts.
Goods and services	(139)	-	Savings are due to internal reprioritisation to fund goods and services in programme 2.
Transfers and Subsidies	(13)	-	
Provinces and municipalities	(13)	-	Savings arose because RSC levies were phased out after June 2006.
Payments for capital assets	(46)	-	
Machinery and equipment	(46)	-	Savings are due to internal reprioritisation to fund machinery and equipment in programme 2.
4. Systems and Capacity Building	(7 510)	7 013	
Current payments	(7 510)	5 045	
Compensation of employees	(7 510)	-	Savings are due to vacant posts.
Goods and services	-	5 045	Funds shifted from compensation of employees (in this programme) will be used for: provincial workshops on municipal performance regulations; disaster management; the municipal leadership development pilot programme; the 16 Days of Activism campaign; and municipal performance excellence awards.
Transfers and Subsidies	-	3	
Provinces and municipalities	-	3	Funds shifted from compensation of employees (in this programme) will be used for RCS levies.
Payments for capital assets	-	1 965	
Machinery and equipment	-	1 965	Funds shifted from compensation of employees (in this programme) and payments for capital assets (in programme 1) will be used for hardware for the National Disaster Management Centre's 3D terrain model.
5. Free Basic Services and Infrastructure	(2 820)	232	
Current payments	(2 803)	-	
Compensation of employees	(2 770)	-	Savings are due to vacant posts.
Goods and services	(33)	-	Savings are due to internal reprioritisation to fund goods and services in programme 2.
Transfers and Subsidies	(17)	-	
Provinces and municipalities	(17)	-	Savings arose because RSC levies were phased out after June 2006.
Payments for capital assets	-	232	
Machinery and equipment	-	232	Funds shifted from compensation of employees (in this programme) will be used for office equipment in a new building and specialised computer hardware.
7. Fiscal Transfers	(40)	2 647	
Current payments	(40)	2 647	
Compensation of employees	(40)	-	Savings are due to vacant posts.
Goods and services	-	2 647	Funds shifted from compensation of employees (in programme 1 and in this programme) will be used to fund the programme of hearings for the Commission on Traditional Leaders Dispute and Claims, which must be completed within a five-year period, and for a national conference on traditional initiation schools.
Total for vote	(23 029)	23 029	

Other adjustments – R9,451 million

Use of funds in emergency situations in terms of section 16 of the Public Finance Management Act

Programme 6: Provincial and Local Government Transfers

R11,451 million was allocated to the department to defray expenditure on flood disasters in the Bophirima district, North West. These funds will increase the total funds available for the municipal infrastructure grant to the Bophimira District Municipality.

Shifting of funds between votes**Programme 4: Systems and Capacity Building**

R3 million, incorrectly allocated to the Department of Provincial and Local Government for the Working on Fire programme, has been shifted to the Department of Water Affairs and Forestry.

R1 million has been shifted from the Department of Justice and Constitutional Development to assist with the 16 Days of Activism campaign, which is being convened by the deputy minister of the Department of Provincial and Local Government.

Expenditure 2005/06 and preliminary expenditure 2006/07**Table 5.3: Provincial and Local Government**

Programme	2005/06				2006/07		
	Expenditure outcome				Preliminary expenditure		
R thousand	Adjusted appropriation	Apr 2005 - Sep 2005	Apr 2005 - Mar 2006	Apr 05 - Mar 06 % of adjusted appropriation	Adjusted appropriation	Apr 2006 - Sep 2006	% change 05/06 - 06/07 Apr - Sep
1. Administration	109 640	52 210	109 592	100,0	119 788	60 195	15,3
2. Governance, Policy and Research	24 241	10 795	24 153	99,6	36 239	13 130	21,6
3. Urban and Rural Development	8 353	3 703	8 308	99,5	8 460	3 531	(4,6)
4. Systems and Capacity Building	83 939	36 908	83 379	99,3	107 301	31 162	(15,6)
5. Free Basic Services and Infrastructure	38 227	11 938	37 788	98,9	37 870	15 525	30,0
6. Provincial and Local Government Transfers	15 631 202	5 839 815	15 631 191	100,0	25 014 088	8 340 834	42,8
7. Fiscal Transfers	83 391	34 232	82 369	98,8	68 542	31 685	(7,4)
Total	15 978 993	5 989 601	15 976 780	100,0	25 392 288	8 496 062	41,8
Current payments	266 527	119 575	264 620	99,3	318 753	130 516	9,1
Compensation of employees	101 243	45 490	99 367	98,1	118 294	54 401	19,6
Goods and services	165 242	74 068	165 211	100,0	200 459	76 026	2,6
Financial transactions in assets and liabilities	42	17	42	100,0	-	89	423,5
Transfers and subsidies	15 705 755	5 867 645	15 705 715	100,0	25 065 919	8 364 430	42,6
Provinces and municipalities	15 631 543	5 839 959	15 631 508	100,0	25 014 201	8 340 923	42,8
Departmental agencies and accounts	67 814	27 063	67 814	100,0	49 724	22 866	(15,5)
Foreign governments and international organisations	-	-	-	-	-	96	(100,0)
Public corporations and private enterprises	182	62	177	97,3	-	52	(16,1)
Non-profit institutions	5 500	375	5 500	100,0	1 590	70	(81,3)
Households	716	186	716	100,0	404	423	127,4
Payments for capital assets	6 711	2 381	6 445	96,0	7 616	1 116	(53,1)
Machinery and equipment	6 303	2 339	6 122	97,1	7 616	1 116	(52,3)
Software and other intangible assets	408	42	323	79,2	-	-	(100,0)
Total	15 978 993	5 989 601	15 976 780	100,0	25 392 288	8 496 062	41,8

Selected expenditure trends for the first half of the 2006/07 financial year

Expenditure in the first six months of 2006/07 was R8,496 billion, or 33,5 per cent of the adjusted appropriation of R25,392 billion. Spending has slowed down because the equitable share is now paid every four months instead of every three months, and because of delayed expenditure following the completion of a contractual commitment for municipal profiling.

The year-on-year increase in total expenditure relates to higher budgeted allocations to the local government equitable share and municipal infrastructure grant.

Summary of changes to transfers and subsidies, and conditional grants

Table 5.4: Summary of changes to transfers and subsidies per programme

2006/07							
R thousand	Main appropriation	Additional appropriation				Total additional appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable /unavoidable	Virement	Other adjustments		
1. Administration	124	-	-	334	-	334	458
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	74	-	-	(20)	-	(20)	54
Regional Services Council levies	74	-	-	(20)	-	(20)	54
Households							
Social benefits							
Current	50	-	-	354	-	354	404
Employee social benefit	50	-	-	354	-	354	404
2. Governance, Policy and Research	27	-	-	(18)	-	(18)	9
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	27	-	-	(18)	-	(18)	9
Regional Services Council levies	27	-	-	(18)	-	(18)	9
3. Urban and Rural Development	16	-	-	(13)	-	(13)	3
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	16	-	-	(13)	-	(13)	3
Regional Services Council levies	16	-	-	(13)	-	(13)	3
4. Systems and Capacity Building	30	-	-	3	-	3	33
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	30	-	-	3	-	3	33
Regional Services Council levies	30	-	-	3	-	3	33
5. Free Basic Services and Infrastructure	26	-	-	(17)	-	(17)	9
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	26	-	-	(17)	-	(17)	9
Regional Services Council levies	26	-	-	(17)	-	(17)	9
6. Provincial and Local Government Transfers	24 523 240	-	479 397	-	11 451	490 848	25 014 088
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Capital	6 265 300	-	479 397	-	11 451	490 848	6 756 148
Municipal infrastructure grant	6 265 300	-	479 397	-	11 451	490 848	6 756 148

Table 5.6: Summary of changes to conditional grants: Local Government (Municipalities) ¹

2006/07							
R thousand	Main appropriation	Additional appropriation				Total additional appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable /unavoidable	Virement	Other adjustments		
Municipal Infrastructure Grant	6 265 300	–	479 397	–	11 451	490 848	6 756 148

¹ Main appropriation detail provided in the Division of Revenue Act, 2006