

Vote 29

Provincial and Local Government

Adjusted budget summary

2008/09				
R thousand	Main appropriation	Adjusted appropriation	Decrease	Increase
Amount to be appropriated	34 193 880	35 639 007	-	1 445 127
<i>of which:</i>				
Current payments	370 348	371 576	-	1 228
Transfers and subsidies	33 816 748	35 259 364	-	1 442 616
Payments for capital assets	6 784	8 067	-	1 283
Executive authority	Minister for Provincial and Local Government			
Accounting officer	Director-General of Provincial and Local Government			

Aim

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

Mid-year performance status

Indicators	Annual performance	
	Projected for 2008/09 as published in the 2008 ENE	Achieved in the first six months of 2008/09 (April to September)
As published in the 2008 ENE		
Number of provinces involved in the pilot for the intergovernmental relations capacity building programme	4	4
Percentage of IDPs drafted in accordance with framework	85%	42%
Number of provinces with capacity building plans	3	3
Number of municipalities receiving support on financial statements	160	96
Number of fully functional disaster management centres across the three spheres of government	9	6
Number of nodal municipalities with spatial development frameworks for land use and management plans reflected in their IDPs	2	2
Number of nodal municipalities with strategic LED projects reflected in their IDP budgets for public sector investments	2	2
Amount spent by municipalities on municipal infrastructure grants by end of municipal financial year and as a percentage of total allocation for that year	R8.7bn (100%)	R3.615bn (45%)
Number of households reached with basic services by MIG:		
- water	1 020 293	408 157
- sanitation	566 070	226 428
- roads	817 636	327 054
- community lighting	388 183	116 455
Percentage of indigent households (5 517 090 in total in 2001) accessing free basic services:		
- water	85%	40%
- electricity	73%	30%

Adjusted Estimates of National Expenditure 2008

Table 29.1: Adjusted estimates

Programme	2008/09						
	Main appropriation	Additional appropriation				Total additional appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable /unavoidable	Virement	Other adjustments		
R thousand							
1. Administration	150 219	-	-	(1 460)	1 931	471	150 690
2. Governance, Policy and Research	44 449	-	-	(1 669)	892	(777)	43 672
3. Urban and Rural Development	11 577	-	-	1 050	247	1 297	12 874
4. Systems and Capacity Building	108 399	-	-	(3 395)	1 303	(2 092)	106 307
5. Free Basic Services and Infrastructure	41 430	-	-	(1 026)	700	(326)	41 104
6. Provincial and Local Government Transfers	33 745 775	-	768 856	-	671 000	1 439 856	35 185 631
7. Fiscal Transfers	92 031	-	-	6 500	198	6 698	98 729
Departmental Total	34 193 880	-	768 856	-	676 271	1 445 127	35 639 007
Economic classification							
Current payments	370 348	-	-	(4 043)	5 271	1 228	371 576
Compensation of employees	166 390	-	-	(17 314)	5 271	(12 043)	154 347
Goods and services	203 958	-	-	13 241	-	13 241	217 199
Financial transactions in assets and liabilities	-	-	-	30	-	30	30
Transfers and subsidies	33 816 748	-	768 856	2 760	671 000	1 442 616	35 259 364
Provinces and municipalities	33 745 975	-	768 856	120	671 000	1 439 976	35 185 951
Departmental agencies and accounts	65 973	-	-	1 500	-	1 500	67 473
Public corporations and private enterprises	100	-	-	-	-	-	100
Non-profit institutions	4 700	-	-	-	-	-	4 700
Households	-	-	-	1 140	-	1 140	1 140
Payments for capital assets	6 784	-	-	1 283	-	1 283	8 067
Machinery and equipment	6 784	-	-	1 283	-	1 283	8 067
Total	34 193 880	-	768 856	-	676 271	1 445 127	35 639 007

Details of adjustments to Estimates of National Expenditure 2008

Unforeseeable and unavoidable expenditure – R768.856 million

Programme 6: Provincial and Local Government Transfers

R281.498 million has been allocated for the rehabilitation of infrastructure destroyed by flooding in the Western Cape and Eastern Cape in November 2007.

R22.186 million has been allocated for the rehabilitation of infrastructure damaged by flooding in Western Cape in July 2008.

R418.125 million has been allocated for the recovery and rehabilitation of infrastructure damaged by the storm in KwaZulu-Natal in June 2008 and to ensure community and structural resilience to future incidents.

R17.04 million has been allocated to Gauteng and R30.007 million to Western Cape for costs incurred by various stakeholders in managing the temporary accommodation for displaced people caused by the violence against foreign nationals

Virements

Table 29.2: Virements

Programme / Economic classification	R thousand		Details and motivation
	From	To	
1. Administration	(6 334)	4 874	
Current payments	(6 334)	3 864	
Compensation of employees	(6 334)	-	- Savings due to 33 vacant posts, at various stages of being filled: R3.834 million to goods and services in this programme R30 000 to financial transactions in assets and liabilities in this programme R120 000 to provinces and municipalities in this programme R890 000 to machinery and equipment in this programme
Goods and services	-	3 834	From compensation of employees in this programme: For audit consultants (R1 million); the 365 days of activism against women and children campaign which was previously only 16 days (R1 million); and for legal costs on pending cases in Moutse and Matatiele (R1.834 million)
Financial transactions in assets and liabilities	-	30	From compensation of employees in this programme for thefts and losses
Transfers and Subsidies	-	120	
Provinces and municipalities	-	120	From compensation of employees in this programme for vehicle licenses and non life assurance for ministers' vehicles
Payments for capital assets	-	890	
Machinery and equipment	-	890	From compensation of employees in this programme for the filing system
2. Governance, Policy and Research	(4 323)	2 654	
Current payments	(4 281)	2 414	
Compensation of employees	(4 281)	-	- Savings due to 25 vacant posts, at various stages of being filled: R912 000 to goods and services in this programme R240 000 to households in this programme R3.129 million to goods and services in programme 7
Goods and services	-	2 414	R912 000 from compensation of employees in this programme R42 000 from machinery and equipment in this programme For consultants to finalise the implementation of the White Paper process
Transfers and Subsidies	-	240	
Households	-	240	From compensation of employees in this programme for severance packages
Payments for capital assets	(42)	-	
Machinery and equipment	(42)	-	- Equipment for a temporary senior manager no longer required as work was done in-house: To goods and services in this programme
3. Urban and Rural Development	(643)	1 693	
Current payments	(643)	1 673	
Compensation of employees	(643)	-	- Savings due to 3 vacant posts, in the process of being filled: To goods and services in this programme.
Goods and services	-	1 673	R643 000 from compensation of employees in this programme for consultants on the rural policy review R1.03 million from compensation of employees in programme 4 for consultants on the state of the nodes report
Payments for capital assets	-	20	
Machinery and equipment	-	20	From compensation of employees in programme 4 for office furniture for the new chief director
4. Systems and Capacity Building	(4 394)	999	
Current payments	(4 394)	584	
Compensation of employees	(4 394)	-	- Savings due to 19 vacant posts, at various stages of being filled: R1.03 million to goods and services in programme 3 R20 000 to machinery and equipment in programme 3 R584 000 to goods and services in this programme R415 000 to machinery and equipment in this programme R845 000 to goods and services in programme 7 R1.5 million to departmental agencies and accounts in programme 7
Goods and services	-	584	From compensation of employees in this programme for traveling costs for municipalities to monitor the implementation of the Municipal Property Rates Act
Payments for capital assets	-	415	
Machinery and equipment	-	415	From compensation of employees in this programme for disaster management software for the 2010 FIFA World Cup

Table 29.2: Virements (continued)

Programme / Economic classification	R thousand		Details and motivation
	From	To	
5. Free Basic Services and Infrastructure	(2 662)	1 636	
Current payments	(2 662)	736	
Compensation of employees	(2 662)	-	Savings due to 23 vacant posts, at various stages of being filled: R736 000 to goods and services in this programme R900 000 to households in this programme R1 million to compensation of employees in programme 7 R26 000 to goods and services in programme 7
Goods and services	-	736	From compensation of employees in this programme for updating unit costs and service level agreements between contractors and municipalities
Transfers and Subsidies	-	900	
Households	-	900	From compensation of employees in this programme for severance packages
7. Fiscal Transfers	-	6 500	
Current payments	-	5 000	
Compensation of employees	-	1 000	From compensation of employees in programme 5 for basic salaries in the National House of Traditional Leaders and the Commission on Disputes and Claims
Goods and services	-	4 000	R3.129 million from compensation of employees in programme 2 R845 000 from compensation of employees in programme 4 R26 000 from compensation of employees in programme 5 For increased legal costs due to the number of hearings by the Commission on Traditional Leadership Disputes and Claims, and for traveling and accommodation costs for the National House of Traditional Leaders after the Chamber was moved from Pretoria to Cape Town
Transfers and Subsidies	-	1 500	
Departmental agencies and accounts	-	1 500	From compensation of employees in programme 4 for the Commission for the Promotion and Protection of the Rights of Cultural, Linguistic and Religious Communities for convening two national consultative conference
Total for Vote	(18 356)	18 356	

Other adjustments – R676.271 million**Adjustments due to significant and unforeseeable economic and financial events**

Additional funding of R5.271 million has been allocated to cover costs related to the higher than budgeted wage increase made by the Minister for Public Service and Administration.

Programme 1: Administration

R1.931 million

Programme 2: Governance, Policy and Research

R892 000

Programme 3: Urban and Rural Development

R247 000

Programme 4: Systems and Capacity Building

R1.303 million

Programme 5: Free Basic Services

R700 000

Programme 7: Fiscal Transfer

R198 000

Adjustments due to significant and unforeseeable economic and financial events

Programme 6: Provincial and Local Government Transfers

R671 million has been allocated to cover municipal costs for providing free basic services, due to the electricity price increase.

Funds shifted within a vote

Programme 1: Administration

R1.46 million will be shifted from compensation of employees to goods and services in programme 2 following the shift of the library services function.

Expenditure 2007/08 and preliminary expenditure 2008/09

Table 29.3: Expenditure trends

Programme	2007/08					2008/09		
	Expenditure outcome					Preliminary expenditure		
R thousand	Adjusted appropriation	Apr 2007 - Sep 2007	Apr 07 – Sep 07 % of adjusted appropriation	Apr 2007- Mar 2008	Apr 07 – Mar 08 % of adjusted appropriation	Adjusted appropriation	Apr 2008 - Sep 2008	Apr 08 – Sep 08 % of adjusted appropriation
1. Administration	137 876	64 822	47.0	143 690	104.2	150 690	74 999	49.8
2. Governance, Policy and Research	43 303	15 318	35.4	38 780	89.6	43 672	19 496	44.6
3. Urban and Rural Development	10 682	3 769	35.3	8 626	80.8	12 874	4 621	35.9
4. Systems and Capacity Building	95 123	37 377	39.3	89 605	94.2	106 307	42 781	40.2
5. Free Basic Services and Infrastructure	40 402	15 001	37.1	34 542	85.5	41 104	17 447	42.4
6. Provincial and Local Government Transfers	29 629 760	10 523 168	35.5	29 629 759	100.0	35 185 631	12 110 614	34.4
7. Fiscal Transfers	79 605	42 747	53.7	84 714	106.4	98 729	57 798	58.5
Total	30 036 751	10 702 202	35.6	30 029 716	100.0	35 639 007	12 327 756	34.6
Economic classification			-		0.0			
Current payments	339 043	146 367	43.2	329 730	97.3	371 576	167 250	45.0
Compensation of employees	141 346	62 832	44.5	128 146	90.7	154 347	72 346	46.9
Goods and services	197 697	83 401	42.2	199 955	101.1	217 199	94 849	43.7
Financial transactions in assets and liabilities	-	134	-	1 629	0.0	30	55	183.3
Transfers and subsidies	29 692 421	10 554 581	35.5	29 692 145	100.0	35 259 364	12 156 230	34.5
Provinces and municipalities	29 631 357	10 523 176	35.5	29 629 769	100.0	35 185 951	12 110 619	34.4
Departmental agencies and accounts	56 572	29 024	51.3	56 572	100.0	67 473	43 257	64.1
Public corporations and private enterprises	81	170	209.9	393	485.2	100	221	221.0
Foreign governments and international organisations	-	-	-	139	0.0	-	146	0.0
Non-profit institutions	4 400	2 200	50.0	4 473	101.7	4 700	1 175	25.0
Households	11	11	100.0	799	7263.6	1 140	812	71.2
Payments for capital assets	5 287	1 254	23.7	7 841	148.3	8 067	4 276	53.0
Machinery and equipment	5 287	1 254	23.7	6 751	127.7	8 067	4 276	53.0
Software and other intangible assets	-	-	-	1 090	0.0	-	-	0.0
Total	30 036 751	10 702 202	35.6	30 029 716	100.0	35 639 007	12 327 756	34.6

Selected expenditure trends for the first half of 2008/09

Expenditure in the first six months of 2008/09 was R12.328 billion, or 34.6 per cent of the adjusted appropriation of R35.639 billion for the year as a whole. Expenditure in the first six months of 2008/09

increased by R1.626 billion, or 15.2 per cent compared to spending in the first six months of 2007/08 which amounted to R10.702 billion, or 35.6 per cent of the 2007/08 adjusted appropriation.

The main increases compared to 2007/08 are related to inflation related adjustments on salaries and municipal services.

Expenditure for 2007/08 was 100 per cent of the adjusted appropriation for that year.

Departmental receipts

Table 29.4: Receipts

R thousand	2008/09			
	Budget estimate	Adjusted estimate	Actual receipts Apr 08 - Sep 08	% of Adjusted estimate
Departmental receipts				
Sales of goods and services other than capital assets	112	112	75	67.0
Interest, dividends and rent on land	3	3	-	-
Financial transactions in assets and liabilities	20	280	223	79.6
Total	135	395	298	75.4

Actual departmental revenue collections for the first six months of 2008/09 were R298 000 or 75.4 per cent of the adjusted estimate of R395 000.

Changes to transfers and subsidies, and conditional grants

Table 29.5: Summary of changes to transfers and subsidies per programme

R thousands	2008/09						
	Main appropriation	Additional Appropriation				Total additional appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements	Other adjustments		
1. Administration	300	-	-	120	-	120	420
Provinces and municipalities							
Municipalities							
Municipal bank accounts							
Current	200	-	-	120	-	120	320
Vehicle licenses	200	-	-	120	-	120	320
2. Governance, Policy and Research	-	-	-	240	-	240	240
Households							
Social benefits							
Current	-	-	-	240	-	240	240
Severance packages	-	-	-	240	-	240	240
5. Free Basic Services and Infrastructure	-	-	-	900	-	900	900
Households							
Social benefits							
Current	-	-	-	900	-	900	900
Severance packages	-	-	-	900	-	900	900

Table 29.5: Summary of changes to transfers and subsidies per programme (continued)

2008/09							
R thousands	Main appropriation	Additional Appropriation				Total additional appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virements	Other adjustments		
6. Provincial and Local Government Transfers	33 745 775	-	768 856	-	671 000	1 439 856	35 185 631
Provinces and municipalities							
Provinces							
Provincial revenue funds							
Capital	-	-	29 730	-	-	29 730	29 730
Internally displaced people management grant	-	-	29 730	-	-	29 730	29 730
Municipalities							
Municipal bank accounts							
Current	25 088 685	-	-	-	671 000	671 000	25 759 685
Local government equitable share	24 888 685	-	-	-	671 000	671 000	25 559 685
Capital	-	-	17 317	-	-	17 317	17 317
Internally displaced people management grant	-	-	17 317	-	-	17 317	17 317
Municipal agencies and funds							
Capital	8 657 090	-	721 809	-	-	721 809	9 378 899
Municipal infrastructure grant	8 657 090	-	721 809	-	-	721 809	9 378 899
7. Fiscal Transfers	70 673	-	-	1 500	-	1 500	72 173
Departmental agencies and accounts							
Departmental agencies and accounts (non-business entities)							
Current	65 973	-	-	1 500	-	1 500	67 473
Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities	18 496	-	-	1 500	-	1 500	19 996

Table 29.6: Summary of changes to conditional grants: Provinces¹

2008/09							
R thousand	Main appropriation	Additional appropriation				Total additional appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Other adjustments		
Internally displaced people management grant	-	-	29 730	-	-	29 730	29 730

¹ Main appropriation detail provided in the Division of Revenue Act, 2008

Table 29.7: Summary of changes to conditional grants: Local Government (Municipalities)¹

2008/09							
R thousand	Main appropriation	Additional appropriation				Total additional appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Other adjustments		
Municipal infrastructure grant	8 657 090	-	721 809	-	-	721 809	9 378 899
Internally displaced people management grant	-	-	17 317	-	-	17 317	17 317

¹ Main appropriation detail provided in the Division of Revenue Act, 2008

