

# Vote 5

## Provincial and Local Government

|                            |   |
|----------------------------|---|
| To be appropriated by Vote | R4 279 165 000  |
| Statutory appropriations   | –   |
| Responsible Minister       | Minister for Provincial and Local Government                      |
| Administering Department   | Department of Provincial and Local Government                     |
| Accounting Officer         | Director-General of Department 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 cooperative governance and to support the development of provincial and local government.*

### Key objectives and programmes

The key objectives of the Department are to:

- Introduce policy frameworks and practical measures to strengthen intergovernmental relations and improve coordination between the different spheres of government
- Consolidate and enhance integrated development planning, to guide strategic programmes and promote coordination across Government
- Coordinate the Urban Renewal Strategy and the Integrated Sustainable Rural Development Strategy
- Develop, implement and benchmark a performance management system for provincial and local government
- Develop and implement local government finance policy, monitor municipal finances and provide support to municipalities in financial distress
- Support provincial and local government, as well as institutions of traditional leadership, through the implementation of new legislation
- Implement targeted capacity building programmes within provinces, municipalities and institutions of traditional leadership
- Implement a comprehensive disaster management system

The four programmes of the Department, reviewed in the remainder of the chapter, are *Administration, Governance and development, Institutional reform and support, and Auxiliary and associated services*.

### Strategic overview and key policy developments: 1997/98 – 2003/04

The Department's three main portfolios cover provincial government, local government and traditional affairs. The Constitutional Development portfolio was transferred to the Department of Justice in 1999. The Department of Provincial and Local Government's role in these three areas is to develop policy and legislation, and to oversee implementation in the provincial and local spheres. The challenge is to be supportive without being prescriptive, and to transform and build provincial and local government while sustaining service delivery.

The core business of the Department revolves around development planning, infrastructure and service delivery in the provincial and local spheres, the monitoring of these two spheres, capacity building support, and disaster management. The Department is in the process of organisational restructuring so as to streamline its various sections to meet these challenges more effectively.

The Department's external environment is marked by transition. Provincial finances have largely stabilised, but the need remains to strengthen provincial capacities and to ensure effective linkages between provincial governments and national departments. Following the demarcation of new municipalities and the introduction of new structures, the transitional challenge is considerable. Staff, budgets, systems and departments have to be amalgamated or restructured, and functional plans realigned. The Department works alongside the new municipalities as they deal with the new challenges of planning, budgeting, implementation and management.

A major priority is to align the Department's different programmes and portfolios, while maintaining the specific strategic focus of each. The joint core business, across departmental portfolios, is thus development planning and intergovernmental coordination, the delivery of infrastructure and services, monitoring and evaluation of provincial and local government, supporting provincial and local government as well as traditional authorities, and coordinating the management of disasters.

In the medium term, the Department will build on recent work in these areas. Key activities are:

- Intergovernmental relations: The Intergovernmental Relations Audit Report (1999/00), undertaken by a team of specialists on behalf of the Department, examined intergovernmental relations in South Africa and made recommendations on how to strengthen coordination between the spheres of government. On this basis, the Department has identified important intergovernmental priorities for 2001. These priorities cover improving the operation of intergovernmental structures, such as the Intergovernmental Forum; monitoring and supervising provincial and local government; streamlining the role of local government in the intergovernmental system; and decentralising of functions to local government.
- Local government: Having to oversee the final phase in the transformation of local government, the Department released a White Paper on Local Government in March 1998 to provide a framework for far-reaching changes to policy and legislation. Following from this, several legislative reforms have already been promulgated:
  - The Municipal Demarcation Act of 1998 provides for the creation of an independent board to redemarcate municipal boundaries. The Municipal Demarcation Board was established in 1999 and the 2000 elections were held within the jurisdictions demarcated by the Board.
  - The Municipal Structures Act of 1998 provides for the introduction of new municipal institutions, and some new structural roles, such as those of executive mayors.
  - The Municipal Systems Act of 2000 provides for the reform of municipal administration and operations.
  - In addition, the Department published the Property Rates Bill for public comment in August 2000. The draft Bill has stimulated considerable public debate.

The Department has introduced a series of programmes aimed at realising the White Paper's vision of a developmental system of local government. These include:

- Streamlining and developing a new system of intergovernmental transfers from the central fiscus to municipalities: The bulk of these transfers are now made through the equitable share for local government. The Department has implemented the transfer of R293 town staff and associated funds to municipalities, and future transfers for this purpose will be incorporated into the equitable share allocations. The Department also manages one of Government's leading infrastructure delivery programmes, the Consolidated Municipal Infrastructure Programme. The new Local Economic Development Fund, a major

- instrument aimed at promoting job creation at the local level, should enhance local government's ability to address poverty alleviation and job creation.
- Developing policy on local government finances, municipal planning and municipal service partnerships: These policy frameworks have formed the basis for the different Acts on local government.
  - Designing and managing the institutional restructuring of local government: This culminated in the local elections in December 2000. It entailed coordinating and facilitating the work of the Electoral Commission, the Municipal Demarcation Board and provinces, as well as providing support where required.
  - Establishing a programme to monitor municipal finances, and providing technical and financial support to municipalities experiencing severe financial difficulties: The programme has been successful in stabilising municipal finances and informing policy on municipal support and interventions. Furthermore, it has laid the foundation for a more structured and better-designed programme of support to municipalities in financial distress.
- Traditional affairs: The *Status Quo Report on Traditional Leadership* was published in 1999, followed by a draft discussion document in 2000. This concluded the first two phases of the policy development process and a White Paper on Traditional Leadership and Institutions will be finalised in 2001. The main items to be addressed are the role and functions of traditional leaders, the structures of traditional leadership institutions and the relationship between traditional leadership and various spheres of government.
  - Disaster management: The Department successfully managed the Y2K process at the local level. It also played a major role in coordinating the management of natural disasters in 1999 and 2000, and has considerably enhanced the effectiveness of Government's disaster management capacity. The White Paper on Disaster Management was published in 1999 and legislation flowing from this will be promulgated in 2001. This will, for the first time, provide an effective disaster management policy for the country as a whole by integrating activities across the three spheres of government.

## Expenditure estimates

Table 5.1: Provincial and Local Government

| Programme                         | Expenditure outcome |                    |                                   |                                      |                     | Medium-term expenditure estimate |                  |                  |
|-----------------------------------|---------------------|--------------------|-----------------------------------|--------------------------------------|---------------------|----------------------------------|------------------|------------------|
|                                   | Audited<br>1997/98  | Audited<br>1998/99 | Preliminary<br>outcome<br>1999/00 | Adjusted<br>appropriation<br>2000/01 | Revised<br>estimate | 2001/02                          | 2002/03          | 2003/04          |
| R thousand                        |                     |                    |                                   |                                      |                     |                                  |                  |                  |
| Administration                    | 19 193              | 18 300             | 19 647                            | 24 934                               | 23 183              | 26 664                           | 26 681           | 28 463           |
| Governance and development        | 892 694             | 719 873            | 807 353                           | 1 023 772                            | 1 016 951           | 1 103 994                        | 1 295 523        | 1 575 989        |
| Institutional reform and support  | 150 622             | 2 311 900          | 2 418 285                         | 2 664 007                            | 2 660 895           | 3 119 217                        | 3 515 323        | 3 888 780        |
| Auxiliary and associated services | 47 933              | 34 149             | 56 236                            | 42 098                               | 41 782              | 29 290                           | 31 407           | 33 538           |
| <b>Total</b>                      | <b>1 110 442</b>    | <b>3 084 222</b>   | <b>3 301 521</b>                  | <b>3 754 811</b>                     | <b>3 742 811</b>    | <b>4 279 165</b>                 | <b>4 868 934</b> | <b>5 526 770</b> |
| Change to 2000 Budget Estimate    |                     |                    |                                   | 121 238                              | 109 238             | 476 133                          | 852 260          |                  |

| Economic classification       |                  |                  |                  |                  |                  |                  |                  |                  |
|-------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>Current</b>                | <b>262 300</b>   | <b>2 379 977</b> | <b>2 591 883</b> | <b>2 794 787</b> | <b>2 782 587</b> | <b>3 208 086</b> | <b>3 611 103</b> | <b>3 999 775</b> |
| Personnel                     | 25 204           | 26 879           | 27 786           | 39 278           | 32 811           | 42 975           | 45 639           | 47 915           |
| Transfer payments             | 191 981          | 2 316 750        | 2 486 341        | 2 652 071        | 2 650 940        | 3 098 764        | 3 495 806        | 3 858 094        |
| Other current                 | 45 115           | 36 348           | 77 756           | 103 438          | 98 836           | 66 347           | 69 658           | 93 766           |
| <b>Capital</b>                | <b>848 142</b>   | <b>704 245</b>   | <b>709 638</b>   | <b>960 024</b>   | <b>960 224</b>   | <b>1 071 079</b> | <b>1 257 831</b> | <b>1 526 995</b> |
| Transfer payments             | 845 829          | 702 450          | 706 261          | 955 100          | 955 100          | 1 069 100        | 1 256 100        | 1 524 100        |
| Acquisition of capital assets | 2 313            | 1 795            | 3 377            | 4 924            | 5 124            | 1 979            | 1 731            | 2 895            |
| <b>Total</b>                  | <b>1 110 442</b> | <b>3 084 222</b> | <b>3 301 521</b> | <b>3 754 811</b> | <b>3 742 811</b> | <b>4 279 165</b> | <b>4 868 934</b> | <b>5 526 770</b> |

| Standard items of expenditure     |                  |                  |                  |                  |                  |                  |                  |                  |
|-----------------------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Personnel                         | 25 204           | 26 879           | 27 786           | 39 278           | 32 811           | 42 975           | 45 639           | 47 915           |
| Administrative                    | 9 125            | 9 649            | 11 329           | 27 320           | 23 864           | 16 994           | 17 484           | 18 273           |
| Inventories                       | 1 861            | 2 538            | 3 100            | 7 141            | 6 638            | 3 356            | 3 454            | 5 186            |
| Equipment                         | 3 464            | 2 643            | 4 351            | 5 839            | 6 070            | 2 931            | 2 731            | 4 095            |
| Land and buildings                | -                | -                | -                | -                | -                | -                | -                | -                |
| Professional and special services | 31 847           | 22 691           | 61 737           | 67 583           | 67 135           | 45 045           | 47 720           | 69 107           |
| Transfer payments                 | 1 037 810        | 3 019 200        | 3 192 602        | 3 607 171        | 3 606 040        | 4 167 864        | 4 751 906        | 5 382 194        |
| Miscellaneous                     | 1 131            | 622              | 616              | 479              | 253              | -                | -                | -                |
| <b>Total</b>                      | <b>1 110 442</b> | <b>3 084 222</b> | <b>3 301 521</b> | <b>3 754 811</b> | <b>3 742 811</b> | <b>4 279 165</b> | <b>4 868 934</b> | <b>5 526 770</b> |

### Expenditure trends

The significant increase in the Vote in 1998/99 was due to the consolidation of the different municipal transfers on various national and provincial departmental votes into a single transfer, the equitable share to local government. A number of additional transfer payments were also introduced, including funds for the R293 towns and the local government support grants. The equitable share to local government is projected to rise sharply over the medium term to ensure adequate funding for the delivery of basic municipal services to poor households.

The increase in personnel expenditure of 40 per cent between 1999/00 and 2000/01 was due to the high level of vacancies in 1999/00, the restructuring of the Department after the transfer of Constitutional Development function to the Department of Justice, and the need to refocus on the core activities of the Department. The 64 per cent increase in expenditure between 1998/99 and 1999/00 in Programme 4 was primarily due to the demarcation process before the municipal elections in 2000. Expenditure on this programme declined by 25 per cent between 1999/00 and 2000/01 as the demarcation process neared completion. The 27 per cent increase in the *Governance and development* programme in 2000/01 was due to an increase in poverty alleviation allocations directed towards the acceleration of municipal economic development through municipal projects and the creation of jobs at community level.

### Departmental receipts

It is estimated that departmental receipts will amount to R200 000 per year. These receipts are derived from the collection of parking fees, commission on insurance policy deductions, subsidised vehicles and bursary repayments. These are paid into the National Revenue Fund.

### Programme 1: Administration

The aim of the programme is to conduct the overall management of the Department. Policy determination is the function of the Minister, Director-General and other members of the Department's management. The programme's key activities also include expenditure incurred in

organising the Department; providing centralised administrative, office support and legal services; managing departmental, personnel and financial administration; determining working methods and procedures; and exercising administrative control.

## Expenditure estimates

Table 5.2: Administration

| Subprogramme                   | Expenditure outcome |                    |                                   | Adjusted appropriation<br>2000/01 | Medium-term expenditure estimate |               |               |
|--------------------------------|---------------------|--------------------|-----------------------------------|-----------------------------------|----------------------------------|---------------|---------------|
|                                | Audited<br>1997/98  | Audited<br>1998/99 | Preliminary<br>outcome<br>1999/00 |                                   | 2001/02                          | 2002/03       | 2003/04       |
| R thousand                     |                     |                    |                                   |                                   |                                  |               |               |
| Minister <sup>1</sup>          | 474                 | 503                | 518                               | 518                               | 634                              | 669           | 702           |
| Management                     | 1 879               | 1 833              | 1 542                             | 2 265                             | 3 319                            | 3 491         | 3 662         |
| Corporate services             | 16 840              | 15 964             | 17 587                            | 22 151                            | 22 711                           | 22 521        | 24 099        |
| <b>Total</b>                   | <b>19 193</b>       | <b>18 300</b>      | <b>19 647</b>                     | <b>24 934</b>                     | <b>26 664</b>                    | <b>26 681</b> | <b>28 463</b> |
| Change to 2000 Budget Estimate |                     |                    |                                   | 1 457                             | 1 869                            | 885           |               |

<sup>1</sup> Payable as from 1 April 2000: salary: R478 530; car allowance: R119 632

### Economic classification

|                               |               |               |               |               |               |               |               |
|-------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Current</b>                | <b>18 035</b> | <b>17 991</b> | <b>19 110</b> | <b>24 554</b> | <b>26 152</b> | <b>26 508</b> | <b>28 153</b> |
| Personnel                     | 10 175        | 10 466        | 11 191        | 13 128        | 15 084        | 16 018        | 16 946        |
| Transfer payments             | –             | –             | –             | –             | –             | –             | –             |
| Other current                 | 7 860         | 7 525         | 7 919         | 11 426        | 11 068        | 10 490        | 11 207        |
| <b>Capital</b>                | <b>1 158</b>  | <b>309</b>    | <b>537</b>    | <b>380</b>    | <b>512</b>    | <b>173</b>    | <b>310</b>    |
| Transfer payments             | –             | –             | –             | –             | –             | –             | –             |
| Acquisition of capital assets | 1 158         | 309           | 537           | 380           | 512           | 173           | 310           |
| <b>Total</b>                  | <b>19 193</b> | <b>18 300</b> | <b>19 647</b> | <b>24 934</b> | <b>26 664</b> | <b>26 681</b> | <b>28 463</b> |

### Standard items of expenditure

|                                   |               |               |               |               |               |               |               |
|-----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Personnel                         | 10 175        | 10 466        | 11 191        | 13 128        | 15 084        | 16 018        | 16 946        |
| Administrative                    | 3 878         | 4 134         | 4 365         | 6 300         | 6 340         | 6 584         | 6 961         |
| Inventories                       | 693           | 690           | 694           | 951           | 856           | 886           | 926           |
| Equipment                         | 2 088         | 1 069         | 1 278         | 1 230         | 1 464         | 1 173         | 1 510         |
| Land and buildings                | –             | –             | –             | –             | –             | –             | –             |
| Professional and special services | 1 422         | 1 690         | 1 761         | 3 160         | 2 920         | 2 020         | 2 120         |
| Transfer payments                 | –             | –             | –             | –             | –             | –             | –             |
| Miscellaneous                     |               |               |               |               |               |               |               |
| Civil Pensions Stabilisation Fund | 111           | 126           | 150           | 165           | –             | –             | –             |
| Theft and losses                  | 826           | 125           | 208           | –             | –             | –             | –             |
| <b>Total</b>                      | <b>19 193</b> | <b>18 300</b> | <b>19 647</b> | <b>24 934</b> | <b>26 664</b> | <b>26 681</b> | <b>28 463</b> |

## Expenditure trends

Increased support to the Ministry, the departmental head and management explains the 15 per cent annual increase for personnel.

## Programme 2: Governance and development

This programme supports the development of constitutional principles and practices surrounding intergovernmental relations, cooperative governance and an integrated system of planning and delivery. The activities entail research, policy management, administration, monitoring and evaluation of programmes, and targeted institutional support for special initiatives. These activities focus on intergovernmental relations, development and planning for effective service delivery, the Consolidated Municipal Infrastructure Programme, the Local Economic Development Fund, the Social Plan Fund, and ongoing support to the Municipal Infrastructure Investment Unit.

## Expenditure estimates

Table 5.3: Governance and development

| Subprogramme  | Expenditure outcome |                    |                                   | Adjusted appropriation<br>2000/01 | Medium-term expenditure estimate |                  |                  |
|---|---------------------|--------------------|-----------------------------------|-----------------------------------|----------------------------------|------------------|------------------|
|   | Audited<br>1997/98  | Audited<br>1998/99 | Preliminary<br>outcome<br>1999/00 |                                   | 2001/02                          | 2002/03          | 2003/04          |
| R thousand  |                     |                    |                                   |                                   |                                  |                  |                  |
| Management  | 523                 | 564                | 621                               | 711                               | 1 013                            | 1 061            | 1 118            |
| Intergovernmental relations                               | 3 223               | 2 431              | 3 720                             | 7 604                             | 4 917                            | 5 125            | 5 332            |
| Development and planning                                  | 4 474               | 4 224              | 6 163                             | 10 050                            | 9 249                            | 10 737           | 18 233           |
| Consolidated Municipal Infrastructure Programme           | 850 071             | 704 654            | 700 531                           | 891 722                           | 1 003 815                        | 1 169 600        | 1 421 306        |
| Local Economic Development Fund                           | -                   | -                  | 9 544                             | 104 257                           | 78 000                           | 100 000          | 120 000          |
| Social Plan Fund  | -                   | -                  | 2 768                             | 2 978                             | 1 000                            | 2 000            | -                |
| Municipal Infrastructure Investment Unit                  | 30 505              | 8 000              | 4 006                             | 6 450                             | 6 000                            | 7 000            | 10 000           |
| Rural Administrative Infrastructure Development programme | 3 698               | -                  | -                                 | -                                 | -                                | -                | -                |
| Housing Fund  | 200                 | -                  | -                                 | -                                 | -                                | -                | -                |
| KwaZulu-Natal Peace Initiative                            | -                   | -                  | 80 000                            | -                                 | -                                | -                | -                |
| <b>Total</b>  | <b>892 694</b>      | <b>719 873</b>     | <b>807 353</b>                    | <b>1 023 772</b>                  | <b>1 103 994</b>                 | <b>1 295 523</b> | <b>1 575 989</b> |
| Change to 2000 Budget Estimate                            |                     |                    |                                   | 34 373                            | 76 460                           | 201 600          |                  |

### Economic classification

|                               |                |                |                |                  |                  |                  |                  |
|-------------------------------|----------------|----------------|----------------|------------------|------------------|------------------|------------------|
| <b>Current</b>                | <b>46 885</b>  | <b>17 517</b>  | <b>101 137</b> | <b>68 218</b>    | <b>34 864</b>    | <b>39 393</b>    | <b>51 859</b>    |
| Personnel                     | 5 820          | 5 623          | 5 906          | 8 350            | 8 611            | 9 145            | 9 305            |
| Transfer payments             | 34 403         | 8 000          | 86 556         | 38 484           | 6 570            | 8 550            | 10 000           |
| Other current                 | 6 662          | 3 894          | 8 675          | 21 384           | 19 683           | 21 698           | 32 554           |
| <b>Capital</b>                | <b>845 809</b> | <b>702 356</b> | <b>706 216</b> | <b>955 554</b>   | <b>1 069 130</b> | <b>1 256 130</b> | <b>1 524 130</b> |
| Transfer payments             | 845 670        | 702 307        | 706 011        | 955 000          | 1 069 000        | 1 256 000        | 1 524 000        |
| Acquisition of capital assets | 139            | 49             | 205            | 554              | 130              | 130              | 130              |
| <b>Total</b>                  | <b>892 694</b> | <b>719 873</b> | <b>807 353</b> | <b>1 023 772</b> | <b>1 103 994</b> | <b>1 295 523</b> | <b>1 575 989</b> |

### Standard items of expenditure

|                                   |                |                |                |                  |                  |                  |                  |
|-----------------------------------|----------------|----------------|----------------|------------------|------------------|------------------|------------------|
| Personnel                         | 5 820          | 5 623          | 5 906          | 8 350            | 8 611            | 9 145            | 9 305            |
| Administrative                    | 1 259          | 948            | 1 779          | 3 595            | 3 623            | 3 843            | 3 973            |
| Inventories                       | 283            | 155            | 361            | 1 561            | 545              | 555              | 575              |
| Equipment                         | 203            | 76             | 207            | 554              | 130              | 130              | 130              |
| Land and buildings                | -              | -              | -              | -                | -                | -                | -                |
| Professional and special services | 4 967          | 2 536          | 6 460          | 16 131           | 15 515           | 17 300           | 28 006           |
| Transfer payments                 | 880 073        | 710 307        | 792 567        | 993 484          | 1 075 570        | 1 264 550        | 1 534 000        |
| Miscellaneous                     |                |                |                |                  |                  |                  |                  |
| Civil Pensions Stabilisation Fund | 89             | 91             | 73             | 97               | -                | -                | -                |
| Gifts                             | -              | 137            | -              | -                | -                | -                | -                |
| <b>Total</b>                      | <b>892 694</b> | <b>719 873</b> | <b>807 353</b> | <b>1 023 772</b> | <b>1 103 994</b> | <b>1 295 523</b> | <b>1 575 989</b> |

## Policy developments

- Intergovernmental relations: During the period 1998–2000, the subprogramme on intergovernmental relations concentrated on defining the key strategic issues where government interventions could strengthen the intergovernmental system. Outputs during this phase included discussion documents on strategic issues and policy options on cooperative government and on monitoring and supervision. Guidelines were published on the practical application of provisions governing intervention in municipal affairs, and an independent audit was undertaken of the main elements of the intergovernmental system. The President's Coordinating Council was established to strengthen intergovernmental relations between the national level and provincial executive councils, and an annual Intergovernmental Conference was proposed. The Department's work in this area and its overall programme for local

government transformation now form part of the Cluster on Governance and Administration's priorities for 2001.

From 1997 to 1999, the research component coordinated the implementation of the Constitution, which encompassed legal and comparative research functions on Constitutional affairs and liaison with other stakeholders. The restructuring of the Department after the 1999 national elections led to the refocusing of this subprogramme on research and support services to facilitate effective governance.

A review of the Department's overall programme strategy on intergovernmental relations over the next three years will commence shortly, in line with the new departmental structure and the transformation plan for local government. The programme envisages specific policy and other interventions aimed primarily at strengthening the intergovernmental systems that affect local government and service delivery in the short to medium term. The main expected outputs are reflected in Table 5.4 below.

- **Development and planning:** The subprogramme has undertaken a major study of the experiences of 20 municipalities in the integrated development planning process since 1998, as well as providing a manual on the Integrated Development Plan, training programmes and other support initiatives to municipalities. Handbooks on local economic development and guidelines on municipal service partnerships were also issued, alongside extensive training countrywide. The strategic objective for the next three years is to ensure that municipalities receive adequate support to comply with the new regulatory framework for integrated development planning and municipal service delivery. Policy initiatives to strengthen the frameworks for integrated development planning, local economic development and municipal service partnerships are currently under development. These initiatives will be complemented by support, training and capacity building programmes.

Government will also continue to promote the full spectrum of municipal service partnerships. Efforts are under way to pilot selected municipal community partnerships around the country. A revised Municipal Infrastructure Investment Framework document and a policy document on municipal services partnerships will be submitted to Cabinet early in 2001.

- **Consolidated Municipal Infrastructure Programme:** Cabinet approved the Programme in 1996 to consolidate the Bulk and Connector Infrastructure Grant programme of the Department of Housing and the Municipal and Extended Municipal Infrastructure Programmes of the Department of Constitutional Development in a single programme. Following the decision by Cabinet to redirect the programme in order to make it more developmental, it has been extended to include internal services, as well as community services and facilities. The Cabinet decision that 65 per cent of funds should go towards supporting the housing programme was rescinded, allowing the programme to concentrate on rural areas. During the next three years, a greater effort will be made to maximise the developmental impact of the Consolidated Municipal Infrastructure Programme. A robust monitoring and evaluation system will be established and a capacity building policy framework adopted and implemented. Closer coordination will be sought with other infrastructure programmes and the Local Economic Development Fund.
- **Local Economic Development Fund:** The Fund was established in 1999/00 with a total allocation of R42 million. In 2000/01, a further allocation of R75 million was made to the Department. Over the last two years, 120 municipalities have received assistance from the Fund, leading to the creation of just over 1 000 part-time and 1 000 full-time jobs, as well as the construction and commissioning of various types of economic infrastructure and assets. The first of the annual national Local Economic Development Trade Fairs was convened in Johannesburg in November 2000, to showcase local economic development projects and expose smaller municipalities to national markets. The Department also issued the first Local Economic Development Best Practice newsletter in 2000. During the next three years, the

programme will concentrate on improving its linkages with the other household, social and economic infrastructure programmes of Government, alongside its current activities.

- **Social Plan Fund:** The Fund was established in 1998 at the National Job Summit. The Department was allocated an amount of R3 million for 1999/00 to 2001/02. In the last two years, 102 municipalities received a grant of R50 000 to undertake local economic regeneration studies. Almost 50 regeneration studies have been completed to date. These reports are being analysed and, depending on their quality and usefulness, recommendations will be made to Cabinet regarding the future of the Fund.
- **Municipal Infrastructure Investment Unit:** The Unit was set up in 1998 to encourage private sector investment in municipal services and to establish a market for such investment. Government provides an annual grant to the Unit. Through this grant, the Unit has undertaken 15 pilot projects and has assisted many other municipalities in preparing and finalising appropriate municipal service partnership agreements. Over the next three years, Government will expand the support provided to the Unit. The Unit will also receive a three-year allocation for the first time in 2001/02.

### Expenditure trends

Expenditure on this programme is projected to increase by 15 per cent a year on average over the medium term. This increase is primarily due to increased allocations to the Consolidated Municipal Infrastructure Programme (a capital transfer) of 12 per cent in 2000/01, 16 per cent in 2001/02 and 21 per cent in 2003/04, for the extension and rehabilitation of basic municipal infrastructure services. The Local Economic Development Fund allocations are directed towards municipal economic development projects. These allocations increase significantly over the medium term, with a projected average annual growth of 28 per cent. Government's commitment to the Municipal Infrastructure Investment Unit's role in leveraging private sector funding for municipal service delivery is underscored by the 28 per cent increase in this subprogramme in 2002/03 and a further 22 per cent increase in 2003/04.

### Outputs and service delivery trends

**Table 5.4: Governance and development: Key outputs and indicators**

| Subprogramme                | Outputs  | Service delivery indicators   |
|-----------------------------|--|---|
| Intergovernmental relations | Development of a medium-term plan for the devolution of functions to local government  | Medium-term plan developed for and approved by the Cluster on Governance and Administration as a priority for 2001  |
|                             | Framework for monitoring, support and supervision<br>Rendering of a support and research service to facilitate effective governance                | Policy proposals to President's Coordinating Council, Cluster on Governance and Administration, and Cabinet<br>Research reports, publications, and recommendation to the relevant Cabinet Cluster and other relevant institutions<br>Development of joint initiatives with academic research institutions |
| Development and planning    | Policy papers on integrated development planning, local economic development and municipal service partnerships                                    | Workshops and consultations with all major role players and spheres of government to ensure wide acceptance of policy frameworks  |
|                             | An effective support programme on independent development plans, local economic development and municipal services partnerships for municipalities | Handbooks, manuals, capacity building programmes and appropriate financial instruments developed and implemented by the Department  |



| Subprogramme                                    | Output  | Service delivery indicators  |
|---|---|--|
| Municipal Infrastructure Investment Unit        | Ongoing financial and policy support to the Unit  | Receiving annual reports and monitoring the work of the Unit through regular meetings with management  |
| Consolidated Municipal Infrastructure Programme | Effective and efficient administration of the programme to transfer grants to municipalities to assist with the provision of basic municipal infrastructure     | Production of quarterly, biannual and annual reports showing progress of the programme against types of indicators<br>Ongoing approval by MinMEC and Cabinet of the ongoing efforts to redirect the programme and make it more developmental |
| Local Economic Development Fund                 | Effective and efficient administration of the programme to support innovative municipality-led projects aimed at promoting job creation and alleviating poverty | Production of quarterly, biannual and annual reports showing progress of the programme against different types of indicators<br>Ongoing approval by MinMEC and Cabinet, at key milestones, of the progress and performance of the programme  |
| Social Plan Fund                                | Effective and efficient administration of the programme to provide funds to municipalities to undertake regeneration studies                                    | Production of quarterly, biannual and annual reports showing progress of the programme against different types of indicators   |

### Programme 3: Institutional reform and support

The aim of this programme is to render support to provincial and local government and traditional leadership institutions, and to promote development. Apart from disaster management, the key activities in this programme include institutional capacity building and support, performance management, and support to the South African Local Government Association. More finance-orientated activities are Project Viability (which monitors and supports municipalities with financial management difficulties), the transfer of funds for the personnel of R293 towns to municipalities, assistance to municipalities through financial restructuring or support programmes, and support to municipalities in financial distress. Directly related to the current transition process are the Local Government Transitional Fund, which assists municipalities with the amalgamation process resulting from the redemarcation of municipal boundaries and the municipal systems improvement programme. The latter is a first step towards more consolidated capacity building grants, and assists municipalities with implementing new systems in line with the requirements of the Municipal Systems Act, 2000 and the draft Municipal Finance Management Bill. Finally, the local government equitable share is also administered under this programme. This is an unconditional transfer to municipalities to which they are constitutionally entitled.

## Expenditure estimates

**Table 5.5: Institutional reform and support**

| Subprogramme                                  | Expenditure outcome |                    |                                   | Adjusted appropriation<br>2000/01 | Medium-term expenditure estimate |                  |                  |
|---|---------------------|--------------------|-----------------------------------|-----------------------------------|----------------------------------|------------------|------------------|
|   | Audited<br>1997/98  | Audited<br>1998/99 | Preliminary<br>outcome<br>1999/00 |                                   | 2001/02                          | 2002/03          | 2003/04          |
| R thousand                                    |                     |                    |                                   |                                   |                                  |                  |                  |
| Management                                    | 323                 | 753                | 495                               | 847                               | 1 025                            | 1 073            | 1 131            |
| Disaster management                           | 981                 | 1 353              | 77 901                            | 40 130                            | 4 639                            | 4 835            | 11 833           |
| Institutional capacity building and support   | 5 351               | 7 179              | 7 357                             | 18 729                            | 13 729                           | 14 241           | 18 756           |
| Performance management and municipal finance  | 4 879               | 7 595              | 7 843                             | 7 901                             | 9 730                            | 9 661            | 11 604           |
| South Africa Local Government Association     | 5 000               | 12 050             | 13 200                            | 15 000                            | 15 000                           | 15 000           | 15 000           |
| Project Viability                             | 4 186               | 11 695             | 11 689                            | 16 400                            | 16 500                           | 18 100           | 18 915           |
| R293 town personnel grant                     | –                   | 951 000            | 503 000                           | 463 000                           | 358 123                          | 358 123          | 358 123          |
| Local government support                      | –                   | 181 000            | 137 000                           | 150 000                           | 160 000                          | 220 000          | 230 000          |
| Local Government Transition Fund              | –                   | –                  | –                                 | 100 000                           | 250 000                          | 200 000          | –                |
| Municipal systems improvement programme       | –                   | –                  | –                                 | –                                 | 30 471                           | 30 290           | 30 418           |
| Local government equitable share <sup>1</sup> | –                   | 1 011 950          | 1 659 800                         | 1 852 000                         | 2 260 000                        | 2 644 000        | 3 193 000        |
| External debt of old local authorities        | 129 902             | 127 325            | –                                 | –                                 | –                                | –                | –                |
| <b>Total</b>                                  | <b>150 622</b>      | <b>2 311 900</b>   | <b>2 418 285</b>                  | <b>2 664 007</b>                  | <b>3 119 217</b>                 | <b>3 515 323</b> | <b>3 888 780</b> |
| Change to 2000 Budget Estimate                |                     |                    |                                   | 138 958                           | 456 466                          | 706 927          |                  |

<sup>1</sup> Includes an amount specifically and exclusively appropriated as contribution to the equitable share of nationally raised revenue to the local government sphere.

### Economic classification

|                               |                |                  |                  |                  |                  |                  |                  |
|-------------------------------|----------------|------------------|------------------|------------------|------------------|------------------|------------------|
| <b>Current</b>                | <b>150 480</b> | <b>2 311 304</b> | <b>2 417 431</b> | <b>2 660 960</b> | <b>3 118 817</b> | <b>3 514 923</b> | <b>3 887 416</b> |
| Personnel                     | 7 214          | 9 158            | 9 940            | 16 280           | 16 367           | 17 382           | 18 390           |
| Transfer payments             | 136 245        | 2 292 591        | 2 356 714        | 2 585 730        | 3 073 594        | 3 467 413        | 3 826 541        |
| Other current                 | 7 021          | 9 555            | 50 777           | 58 950           | 28 856           | 30 128           | 42 485           |
| <b>Capital</b>                | <b>142</b>     | <b>596</b>       | <b>854</b>       | <b>3 047</b>     | <b>400</b>       | <b>400</b>       | <b>1 364</b>     |
| Transfer payments             | –              | –                | –                | –                | –                | –                | –                |
| Acquisition of capital assets | 142            | 596              | 854              | 3 047            | 400              | 400              | 1 364            |
| <b>Total</b>                  | <b>150 622</b> | <b>2 311 900</b> | <b>2 418 285</b> | <b>2 664 007</b> | <b>3 119 217</b> | <b>3 515 323</b> | <b>3 888 780</b> |

### Standard items of expenditure

|                                   |                |                  |                  |                  |                  |                  |                  |
|-----------------------------------|----------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Personnel                         | 7 214          | 9 158            | 9 940            | 16 280           | 16 367           | 17 382           | 18 390           |
| Administrative                    | 2 553          | 2 136            | 2 659            | 14 457           | 3 941            | 4 065            | 4 199            |
| Inventories                       | 740            | 1 250            | 359              | 4 076            | 1 405            | 1 463            | 3 105            |
| Equipment                         | 238            | 603              | 864              | 3 047            | 400              | 400              | 1 364            |
| Land and buildings                | –              | –                | –                | –                | –                | –                | –                |
| Professional and special services | 3 552          | 6 029            | 47 579           | 40 219           | 23 510           | 24 600           | 35 181           |
| Transfer payments                 | 136 245        | 2 292 591        | 2 356 714        | 2 585 730        | 3 073 594        | 3 467 413        | 3 826 541        |
| Miscellaneous                     |                |                  |                  |                  |                  |                  |                  |
| Civil Pensions Stabilisation Fund | 80             | 133              | 156              | 188              | –                | –                | –                |
| Gifts                             | –              | –                | 14               | 10               | –                | –                | –                |
| <b>Total</b>                      | <b>150 622</b> | <b>2 311 900</b> | <b>2 418 285</b> | <b>2 664 007</b> | <b>3 119 217</b> | <b>3 515 323</b> | <b>3 888 780</b> |

## Policy developments

- Disaster management: The Department's work on disaster management is aimed at developing an integrated and coordinated approach to disaster management. A disaster management policy is being developed, which focuses on preventing or reducing the risk of disasters and mitigating their severity, on emergency preparedness, and on a rapid and effective response to disasters and post-disaster recovery.

- Institutional capacity building and support: The Department is responsible for the development and implementation of legislation flowing from the White Paper of Local Government and the Constitution regarding the new system of local government. The primary concern of the Department is to ensure that the new municipal system is both functional and sustainable. This subprogramme monitors the operations of the new municipal councils and ensures appropriate training of the new councillors and officials. It also builds the institutional capacity of new municipalities, and develops policy to integrate traditional leadership and institutions into the broader system of governance.
- Performance management and municipal finance: The White Paper on Local Government provided a broad policy framework for the establishment of a national performance management system. A legal framework for the system has since been developed and provided for in the Municipal Systems Act. This framework will be used to provide “early warning” on municipalities experiencing difficulties. It will thus enable the provincial and national spheres to provide timely support to these municipalities, and enable municipalities to compare their own performance, identify best practices and learn from each other. The aim is to instil a best value approach to service delivery and development, and to provide performance information for national and provincial policy-making processes and spending decisions. The White Paper also provided a new framework for municipal finance, which supports the developmental role of local government.
- In 1997, the Department embarked on a major exercise aimed at reforming the administration of property taxation. The policy work on property taxation culminated in a draft Property Rates Bill, which was submitted to Cabinet in August 2000. The Department is reviewing all the inputs received to date and will finalise the Bill in the first quarter of 2001. Other major policy initiatives include a review of the financing of district councils with a view to aligning their expenditure responsibilities with the revenue-raising powers. Related to the above, is the work on the optimal assignment of revenue-raising powers between Category C and B municipalities. The Department’s work, which includes municipal tariff policy development, will usher in a new regime of financing local government in line with the White Paper.
- Support to the South African Local Government Association: The Association’s objectives are firstly to give voice to the interests of local government at national and provincial levels, in intergovernmental processes and at other policy-making forums. Secondly, it builds the capacity of local government councillors and officials. An annual transfer is made to the Association.
- Project Viability: Municipalities in South Africa are experiencing a variety of financial challenges, which have placed tremendous pressure on their cash flow. The Department began to monitor the cash flow of municipalities in 1995. Under Project Viability, the Department currently collects information for purposes of supporting local government in line with the Constitution. Since the inception of Project Viability, 25 questionnaires have been sent out to all municipalities. Responses to the questionnaire are analysed in quarterly reports. This information is critical for prompt intervention by national and provincial government in the affairs of municipalities to avoid their financial collapse. Project Viability will support an early warning system in line with the requirements of the Municipal Systems Act. The Act requires regular monitoring of and reporting on the performance of municipalities. The Department, through this programme, also provides technical assistance to municipalities in the implementation of fiscal reforms and transformation plans.
- Local government support: Constitutionally, local government is a separate sphere of government. However, the national and provincial spheres of government have a constitutional mandate to support local government. Together with the provincial departments of local government, the Department manages a programme of support for municipalities in financial distress. The focus of the programme is on restoring financial stability by instituting credit control and fiscal restructuring measures, administrative restructuring and improving municipal

financial reporting. Substantial progress has been made in stabilising municipal finances, improving revenue collection and preparing realistic budgets and audited financial statements. The programme of support to municipalities in financial distress will be maintained and strengthened over the next few years

- **R293 town personnel grant:** The deadline for transferring R293 staff to municipalities was the end of September 2000. The Department has now divided the R293 town personnel allocation of R463 million between provinces and municipalities according to the number of R293 staff transferred to municipalities or retained by provinces (to date approximately 60 per cent have been transferred). For 2001/02, the allocation to municipalities for R293 staff transferred will be administered as a separate local government equitable share fund. The allocation to provinces for staff retained will be incorporated into the provincial equitable share.
- **Local Government Transition Fund:** The process of institutionally restructuring the system of local government is nearing completion. One of the most important tasks in the transformation of local government was the drawing of new municipal boundaries. The previous 843 municipalities were disestablished and 284 new municipalities created. The restructuring of local government is, however, far from over. Municipalities will be required to amalgamate and restructure administrations and service delivery arrangements, among other things. At the same time, local government must ensure continued access to municipal services by all citizens. Enormous pressures will initially be placed on municipalities during this process. It is therefore critical to provide financial assistance to municipalities for approximately two years. This will be a one-off grant and will be incorporated into the equitable share from 2003/04. The primary objectives of the grant are to facilitate a smooth transition to the new municipal structures. It will fund the preparation of the strategic transformation plans and assist municipalities in designing and implementing appropriate institutional and service delivery arrangements.
- **Municipal systems improvement programme:** The White Paper on Local Government provided a framework for developmental local government. Achieving these developmental outcomes will require changes in the operations and administrative organisation of municipalities. The Municipal Systems Act of 2000 establishes a legal framework for the new municipal systems, including the development of Integrated Development Plans, performance management systems and related municipal management reforms. The grant provides direct assistance to municipalities, particularly through the funding of Planning and Implementation Management Support centres in district municipalities to assist with the preparation of Integrated Development Plans in line with municipal budgets. The grant will also assist municipalities in piloting performance management and monitoring systems, and will complement other initiatives by the National Treasury aimed at building municipal financial management capacity and implementing budget reforms.
- **Local government equitable share:** For 1997/98, transfers to local government were included in the global allocation for provinces. No provision was made for earmarking these funds for the exclusive use of local government. This fiscal relationship was a creation of the interim Constitution, which made local government a functional responsibility of provincial government, and required transfers to local government to be made via the provinces. The new Constitution recognises local government as a separate sphere of government, entitled to an equitable share of nationally raised revenue. From 1998/99 onwards, allocations flowed directly from national to local government according to an objective, formula-based approach. This explicitly removes discretion over the allocation of funds to municipalities. From the 2001/02 municipal financial year, allocations will be made to the newly demarcated municipalities. Various ad hoc transfers, such as transfers for R293 towns and the Department of Water Affairs and Forestry operating subsidies will be incorporated into the equitable share in future years. From 1999/00, the portion for functions and administration of R293 towns (R447 million of the R980 million allocation) was incorporated into the equitable share. The salaries for R293 staff transferred to municipalities have been guaranteed at 100 per cent of provincial salary levels for

a three-year period (the 2001/02 to 2003/04 national financial years) and will be administered as a separate local government equitable share allocation. From 2004/05, these funds will be fully incorporated and allocated according to the equitable share formula.

### Expenditure trends

The major increase in spending on the programme is due mainly to a larger equitable share, funding for disaster management and support for the transitional requirements of local government. Overall expenditure increased from R150,6 million in 1997/98 to R2 311,9 million in 1998/99, when the local sphere was allocated a larger portion of the equitable share. The local government equitable share increased by 64 per cent in 1999/00 and 12 per cent in 2000/01, and is projected to increase by 22, 17 and 21 per cent respectively over the next three years.

The disaster management allocations rose from R1,3 million in 1998/99 to R77,9 million in 1999/00, to fund limited disaster relief and to provide for the investigation into Year 2000 compliance at municipal level. In 2000/01, provision was made for the command centre to oversee the rehabilitation of flood damage.

The local government sphere is currently in a transition phase and national assistance is being provided as from 2000/01 for a period of three years. Government's contribution to the cost of amalgamating municipalities following the demarcation process is funded through the Transition Fund, via a supplementary allocation of R100 million in 2000/01 and allocations of R250 million and R200 million in subsequent years. This grant will be incorporated into the equitable share following the completion of the transition process. Other transfers to local government are projected to rise significantly after the transition process. The R293 town personnel grant will be incorporated into the equitable share after this medium-term expenditure period. Personnel expenditure constitutes 0,5 per cent of the total programme allocation, and transfer payments 98 per cent.

### Outputs and service delivery trends

Table 5.6: Institutional reform and support: Key outputs and indicators

| Subprogramme                                | Outputs  | Service delivery indicators   |
|---|--|---|
| Disaster management                         | An overall disaster management policy<br><br>Develop and implement targeted capacity building programmes for provincial and local government   | Publication and implementation of a disaster management policy and associated manual<br><br>Informal training and awareness programmes in four of the most disaster-prone provinces (KwaZulu-Natal, Eastern Cape, Mpumalanga and the Northern Province) to be completed<br><br>Evaluate the effectiveness of the capacity building programmes   |
| Institutional capacity building and support | Consolidate, develop and sustain an integrated intergovernmental relations disaster management system<br><br>Capacity building strategy for local and provincial government<br><br>Put in place the legal requirements for the implementation of the Systems Act | An integrated disaster management system at national level established in terms of the new Act<br><br>An integrated information management system established<br><br>Appropriate training on the new local government legislative framework, and support to the new district councils and provinces to enable them to discharge their obligations towards local councils<br><br>Technical assistance to municipalities to develop workplace development skills in terms of the skills development Act<br><br>Prepare the necessary documentation for signature by the President in January 2001, for determining the date on which the Act will take effect<br><br>Prepare the necessary documentation for signature by Minister, for the phasing in of the provisions of the Act |

| Subprogramme   | Outputs   | Service delivery indicators  |
|--|---|--|
| Performance Management and Municipal Finance                 | Rationalise or repeal all old order local government legislation  | Conduct research to determine what old order legislation requires rationalisation, repeal or re-enactment by the end of 2001<br>Prepare the necessary legislation and assist with the passage of such legislation through Parliament by end of 2002            |
|  | Develop an appropriate framework for financing councillor remuneration  | Investigate different options for financing councillor allowances and prepare cabinet memorandum for financing by June 2002<br>Prepare the necessary amendments to the Remuneration of Public Office Bearers Act by end of 2002                                |
|  | Monitor cross-boundary municipalities   | Develop a best practice model for the administration of cross-boundary municipalities – June 2002<br>Investigate the implications and possibility of amending provincial boundaries  |
|  | Finalise policy and legislation on Traditional leadership and Institutions, and rationalise existing legislation                        | Draft and launch White Paper (end June 2001)<br>Draft framework national legislation (December 2001)   |
|  | Render a support service to the National House of Traditional Leaders   | Compile and administer the budget of the House<br>Amendment to Act as required from time to time   |
|  | Render a support service to Local Government and Traditional Leadership MinMECs and Technical MinMECs                                   | Provide continuous efficient secretariat services  |
|  | Pilot and implement Performance Management System framework in the Municipal Systems Act  | A long-term implementation strategy developed and agreed to by stakeholders<br>National key performance indicators developed and agreed to by stakeholders by December 2002<br>A database on performance management best practice established by December 2002 |
|  | Monitoring framework for local government transition/establishment phase  | A monitoring framework for local government transition developed and agreed to by stakeholders by April 2001<br>Monitoring report formats and support framework for local government transition developed and agreed to by stakeholders by June 2001           |
|  | National legislative framework for property tax   | Improved property tax administration resulting in increased revenue collection<br>Property Rates Bill to be introduced into Parliament in first quarter of 2001  |
|  | National Municipal Tariff Policy and guidelines   | Effective and efficient implementation of municipal tariffs<br>Guidelines in support of Municipal Systems Act published in April 2001  |
| South African Local Government Association Project Viability | A policy framework and legislation for the division of fiscal powers between Category B and C municipalities                            | Revenue sources and generation commensurate with functions and responsibility<br>Proposals on the assignment of fiscal powers and functions between Category B and C municipalities to be submitted to the MinMEC, and Cabinet by June 2001                    |
|  | Establishment of a fiscal database for modelling finances   | Database model established to enable the Department to analyse data and provide decision-makers with policy options  |
| R293 town personnel grant                                    | Transfer of annual grant  | Timely payment and compliance with Public Finance Management Act   |
|  | Monitoring of municipal finances, and performance of municipalities in general  | Quarterly report on finances and performance, and establishment of early warning system<br>Database on municipal efficiency, updated on a quarterly basis  |
| Local government support                                     | Render support to municipalities during the transformation process  | Managing the implementation of the fiscal reform and organisational transformation plans   |
|  | Transfer funds to all eligible municipalities to assist with the payments of salaries of transferred R293 staff for a three-year period | Transfer of all eligible R293 staff to municipalities  |
|  | Provide financial assistance to municipalities that may no longer be able to maintain service delivery                                  | In consultation with provincial departments for local government, identify and prioritise for intervention municipalities in financial distress by the end of April each year  |

| Subprogramme                            | Outputs   | Service delivery indicators  |
|---|---|--|
| Local Government Transition Fund        | Ensure financially viable and stable municipalities through budgetary and fiscal restructuring exercises and the implementation of proper financial administration systems and procedures   | Fiscal Restructuring Business Plan from municipalities to be approved jointly by a committee comprising of members of the Department, National Treasury, provinces and the Auditor-General by end of April/early May each year<br>Appoint management support teams to assist with the implementation of the fiscal restructuring exercises where necessary – within two months of approval of the business plan  |
|   | Monitor and guide municipalities in the utilisation of the funds transferred during 2000/01<br>Transfer funds to all eligible municipalities to assist them in implementing transformation exercises in 2001/02 and 2002/03   | Preparation of transformation plans by all municipalities by April 2001<br>Successful amalgamation and reorganisation of municipalities<br>Consolidated budgets in line with Integrated Development Plans  |
| Municipal Systems Improvement Programme | Provide technical assistance to municipalities during the transition<br>Provide assistance to municipalities with the implementation of new operational and organisational systems  | Assisting municipalities lacking capacity in preparing and implementing strategic transformation plans<br>Implementation of new performance management system in pilot municipalities. Integrated Development Plans prepared in line with the Municipal Systems Act  |
| Local government equitable share        | Determine equitable share allocations to individual municipalities for 2001/02 and release an annual report on the equitable share for local government<br>Annually review the impact of the equitable share on the various types of municipalities<br>Pay equitable share on a quarterly basis | Release annual report on allocations to individual municipalities for the next financial year by March/April each year<br>Measure appropriateness of formula and size of allocation. Submit proposals to MinMEC and Cabinet by July 2001<br>Payment of equitable share to individual municipalities within first month of the start of the quarter   |
|   | Incorporate ad hoc operating transfers into the equitable share   | Incorporation of R293 town personnel allocation into the local government equitable share during 2004/05<br>Transferring Department of Water Affairs and Forestry water schemes to municipalities on an individual basis and the concomitant phasing in of the Department's operating transfers into equitable share over a period as agreed to by the Department, National Treasury and Department of Water Affairs and Forestry, starting from 2001/02 |

#### Programme 4: Auxiliary and associated services

The aim of this programme is to render auxiliary and associated services to the Department. Activities of this programme include Communication services and Government motor transport, which purchases vehicles for departmental use and for allocation under the subsidised motor transport scheme. It also entails support to a number of special bodies formed by Government to deal with specific issues of governance. These are the National House of Traditional Leaders; the Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities; the Municipal Demarcation Board; and the Public Sectoral Education Training Authority, which administers contributions to the PSETA.

## Expenditure estimates

**Table 5.7: Auxiliary and associated services**

| Subprogramme  | Expenditure outcome |                    |                                   | Adjusted appropriation<br>2000/01 | Medium-term expenditure estimate |               |               |
|---|---------------------|--------------------|-----------------------------------|-----------------------------------|----------------------------------|---------------|---------------|
|   | Audited<br>1997/98  | Audited<br>1998/99 | Preliminary<br>outcome<br>1999/00 |                                   | 2001/02                          | 2002/03       | 2003/04       |
| R thousand  |                     |                    |                                   |                                   |                                  |               |               |
| Communication services  | 30 217              | 17 515             | 9 936                             | 10 104                            | 6 602                            | 7 870         | 8 129         |
| National House of Traditional Leaders   | 709                 | 864                | 2 374                             | 3 506                             | 3 487                            | 3 593         | 3 755         |
| Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities | –                   | 572                | 793                               | 3 530                             | 6 712                            | 8 923         | 10 128        |
| Municipal Demarcation Board   | –                   | 401                | 33 598                            | 24 815                            | 12 288                           | 10 820        | 11 325        |
| PSETA   | –                   | –                  | –                                 | 42                                | 100                              | 100           | 100           |
| Government motor transport  |                     |                    |                                   |                                   |                                  |               |               |
| Departmental  | 180                 | 268                | 285                               | 1                                 | 1                                | 1             | 1             |
| Subsidised  | 159                 | 143                | 250                               | 100                               | 100                              | 100           | 100           |
| Training Fund for Local Government Affairs  | 14 735              | 11 500             | 9 000                             | –                                 | –                                | –             | –             |
| Volkstaat Council   | 1 933               | 2 886              | –                                 | –                                 | –                                | –             | –             |
| <b>Total</b>  | <b>47 933</b>       | <b>34 149</b>      | <b>56 236</b>                     | <b>42 098</b>                     | <b>29 290</b>                    | <b>31 407</b> | <b>33 538</b> |
| Change to 2000 Budget Estimate  |                     |                    |                                   | (53 550)                          | (58 662)                         | (57 152)      |               |

### Economic classification

|                               |               |               |               |               |               |               |               |
|-------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| <b>Current</b>                | <b>46 900</b> | <b>33 165</b> | <b>54 205</b> | <b>41 055</b> | <b>28 253</b> | <b>30 279</b> | <b>32 347</b> |
| Personnel                     | 1 995         | 1 632         | 749           | 1 520         | 2 913         | 3 094         | 3 274         |
| Transfer payments             | 21 333        | 16 159        | 43 071        | 27 857        | 18 600        | 19 843        | 21 553        |
| Other current                 | 23 572        | 15 374        | 10 385        | 11 678        | 6 740         | 7 342         | 7 520         |
| <b>Capital</b>                | <b>1 033</b>  | <b>984</b>    | <b>2 031</b>  | <b>1 043</b>  | <b>1 037</b>  | <b>1 128</b>  | <b>1 191</b>  |
| Transfer payments             | 159           | 143           | 250           | 100           | 100           | 100           | 100           |
| Acquisition of capital assets | 874           | 841           | 1 781         | 943           | 937           | 1 028         | 1 091         |
| <b>Total</b>                  | <b>47 933</b> | <b>34 149</b> | <b>56 236</b> | <b>42 098</b> | <b>29 290</b> | <b>31 407</b> | <b>33 538</b> |

### Standard items of expenditure

|                                   |               |               |               |               |               |               |               |
|-----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Personnel                         | 1 995         | 1 632         | 749           | 1 520         | 2 913         | 3 094         | 3 274         |
| Administrative                    | 1 435         | 2 431         | 2 526         | 2 968         | 3 090         | 2 992         | 3 140         |
| Inventories                       | 145           | 443           | 1 686         | 553           | 550           | 550           | 580           |
| Equipment                         | 935           | 895           | 2 002         | 1 008         | 937           | 1 028         | 1 091         |
| Land and buildings                | –             | –             | –             | –             | –             | –             | –             |
| Professional and special services | 21 906        | 12 436        | 5 937         | 8 073         | 3 100         | 3 800         | 3 800         |
| Transfer payments                 | 21 492        | 16 302        | 43 321        | 27 957        | 18 700        | 19 943        | 21 653        |
| Miscellaneous                     |               |               |               |               |               |               |               |
| Civil Pensions Stabilisation Fund | 25            | 10            | 11            | 19            | –             | –             | –             |
| Gifts                             | –             | –             | 4             | –             | –             | –             | –             |
| <b>Total</b>                      | <b>47 933</b> | <b>34 149</b> | <b>56 236</b> | <b>42 098</b> | <b>29 290</b> | <b>31 407</b> | <b>33 538</b> |

## Policy developments

- Communication services: The service has expanded in line with the recent Cabinet decision to include support to the Minister as well as the Department.
- National House of Traditional Leaders: This statutory body has been established in terms of the Constitution, with the primary purpose of advising Government on matters pertaining to traditional leadership. It also helps to coordinate the activities of the provincial Houses of Traditional Leaders.
- Commission for Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities: A comprehensive consultative process took place between 1997 and 2000 to



prepare for the establishment of the Commission. This included special debates and public hearings in the National Assembly and provincial legislatures, public submissions on the functions and structures of the Commission, two national consultative conferences (held on Heritage Day in 1998 and 1999), and various working group discussions. A draft Bill was submitted to the 1999 Conference, and submissions from the public were invited in early 2000. The Minister appointed a technical committee in March 2000 to assist with the finalisation of draft legislation on the Commission. This legislation was submitted to Cabinet in October 2000, after further consultation in all provinces. The subprogramme will now focus on the approval of the Bill by Cabinet, its adoption by Parliament and the actual establishment of the Commission in terms of the enacted legislation. Key activities will include a preliminary database of cultural, religious and linguistic community organisations and statutory institutions dealing with community rights.

- **Municipal Demarcation Board:** The Constitution prescribes an independent demarcation authority, and states that national legislation should define criteria and procedures by which this authority will determine new boundaries. The Municipal Demarcation Act, 1998, gave effect to this requirement through establishing the Municipal Demarcation Board, which was formed 1 February 1998. The Board was obliged to follow a clear sequence of steps in preparing for the 2000 municipal elections, systematically demarcating different types of municipalities in terms of criteria set out in the Act. The main responsibility of the Board in the short to medium term will be to review existing municipal and ward boundaries.

### Expenditure trends

The increased expenditure on the programme in 1999/00 was mainly due to the municipal demarcation process, in preparation for the 2000 local government elections. Following completion of the demarcation process, expenditure in this programme is projected to decline by 25 per cent in 2000/01, 28 per cent in 2001/02 and then to increase by 4 and 6 per cent in 2002/03 and 2003/04 respectively. Personnel expenditure constitutes 9 per cent of the total spending within the programme, whereas transfer payments make up 64 per cent. Professional and special services were projected to increase by 35,9 per cent in 2000/01, primarily as a result of the communication strategy on local government transformation following the demarcation process, and are projected to decline by 49 per cent in 2001/02.

### Outputs and service delivery trends

**Table 5.8: Auxiliary and associated services: Key outputs and indicators**

| Subprogramme  | Outputs   | Service delivery indicators   |
|---|---|---|
| National House of Traditional Leaders   | Negotiate with Government on matters relating to traditional leadership | Represent traditional leaders at national level and consult with other key stakeholders   |
| Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities | The adoption of legislation on the Commission by Parliament             | Establishment of the Commission   |
| Municipal Demarcation Board   | Review existing municipal and ward boundaries                           | Attend to queries/complaints of persons aggrieved by boundary demarcation and delimitation<br>The determination of boundaries relating to tribal authorities will need further consideration, as the policy process and the issues regarding the powers and functions of traditional leaders are nearing finality |

| <b>Subprogramme</b> | <b>Outputs</b>   | <b>Service delivery indicators</b>   |
|---------------------|--|--|
|                     | <p>Update and maintain database</p> <p>Attend to requests from the Minister and members of the Executive Councils responsible for local government in each province, to redemarcate municipal boundaries</p> | <p>Up-to-date information on municipalities, including geographical information, map production and boundary delineation, and data on the capacity of the newly established municipalities</p> <p>Survey all cross-boundary municipalities to assist Government in making policy decisions</p> <p>Proposals to the Minister and members of the Executive Councils that have tribal authorities within their provinces on the boundaries of tribal authorities in the light of the policy being developed by the Department</p> |

## **Annexure: Vote 5: Provincial and Local Government**

Table 5.9: Summary of expenditure trends and estimates per programme

Table 5.10: Summary of expenditure trends and estimates per economic classification

Table 5.11: Summary of expenditure trends and estimates per standard item

Table 5.12 Summary of transfers and subsidies per programme

Table 5.13: Summary of personnel numbers and costs

Table 5.14: Summary of expenditure on training

Table 5.15: Summary of grants to local government

**Table 5.9: Summary of expenditure trends and estimates per programme**

|                                   | Expenditure outcome |                  |                     | Main appropriation | Adjustments appropriation |                           |                        | Revised estimate | Medium-term expenditure estimate |                  |                  |                  |                  |
|-----------------------------------|---------------------|------------------|---------------------|--------------------|---------------------------|---------------------------|------------------------|------------------|----------------------------------|------------------|------------------|------------------|------------------|
|                                   | Audited             | Audited          | Preliminary outcome |                    | Rollovers from 1999/00    | Other adjustments 2000/01 | Adjusted appropriation |                  | Current                          | Capital          | Total            | 2002/03          | 2003/04          |
|                                   | 1997/98             | 1998/99          | 1999/00             | 2001/02            |                           |                           |                        |                  |                                  |                  |                  |                  |                  |
| R thousand                        |                     |                  |                     |                    |                           |                           |                        |                  |                                  |                  |                  |                  |                  |
| Administration                    | 19 193              | 18 300           | 19 647              | 21 859             | 311                       | 2 764                     | 24 934                 | 23 183           | 26 152                           | 512              | 26 664           | 26 681           | 28 463           |
| Governance and development        | 892 694             | 719 873          | 807 353             | 989 399            | 33 984                    | 389                       | 1 023 772              | 1 016 951        | 34 864                           | 1 069 130        | 1 103 994        | 1 295 523        | 1 575 989        |
| Institutional reform and support  | 150 622             | 2 311 900        | 2 418 285           | 2 525 710          | 38 168                    | 100 129                   | 2 664 007              | 2 660 895        | 3 118 817                        | 400              | 3 119 217        | 3 515 323        | 3 888 780        |
| Auxiliary and associated services | 47 933              | 34 149           | 56 236              | 38 725             | 3 200                     | 173                       | 42 098                 | 41 782           | 28 253                           | 1 037            | 29 290           | 31 407           | 33 538           |
| <b>Total</b>                      | <b>1 110 442</b>    | <b>3 084 222</b> | <b>3 301 521</b>    | <b>3 575 693</b>   | <b>75 663</b>             | <b>103 455</b>            | <b>3 754 811</b>       | <b>3 742 811</b> | <b>3 208 086</b>                 | <b>1 071 079</b> | <b>4 279 165</b> | <b>4 868 934</b> | <b>5 526 770</b> |
| Change to 2000 Budget Estimate    |                     |                  |                     |                    |                           |                           | 121 238                | 109 238          |                                  |                  | 476 133          | 852 260          |                  |

Table 5.10: Summary of expenditure trends and estimates per economic classification

|   | Expenditure outcome |                  |                     | Adjustments appropriation |               |                     | Revised estimate | Medium-term expenditure estimate |                  |                  |                  |                  |                  |
|---|---------------------|------------------|---------------------|---------------------------|---------------|---------------------|------------------|----------------------------------|------------------|------------------|------------------|------------------|------------------|
|   | Audited             | Audited          | Preliminary outcome | Main appropriation        | Rollovers     | Other               |                  | Adjusted appropriation           | Current          | Capital          | Total            | 2002/03          | 2003/04          |
|   | 1997/98             | 1998/99          | 1999/00             |                           | from 1999/00  | adjustments 2000/01 |                  |                                  |                  | 2001/02          |                  |                  |                  |
| R thousand  |                     |                  |                     |                           |               |                     |                  |                                  |                  |                  |                  |                  |                  |
| <b>Current</b>  | <b>262 300</b>      | <b>2 379 977</b> | <b>2 591 883</b>    | <b>2 618 076</b>          | <b>73 736</b> | <b>102 975</b>      | <b>2 794 787</b> | <b>2 782 587</b>                 | <b>3 208 086</b> | <b>-</b>         | <b>3 208 086</b> | <b>3 611 103</b> | <b>3 999 775</b> |
| Personnel   | 25 204              | 26 879           | 27 786              | 35 389                    | 3 000         | 889                 | 39 278           | 32 811                           | 42 975           | -                | 42 975           | 45 639           | 47 915           |
| Salaries and wages                                      | 16 490              | 17 340           | 18 234              | 24 031                    | 2 720         | 469                 | 27 220           | 20 753                           | 28 399           | -                | 28 399           | 30 272           | 31 625           |
| Other   | 8 714               | 9 539            | 9 552               | 11 358                    | 280           | 420                 | 12 058           | 12 058                           | 14 576           | -                | 14 576           | 15 367           | 16 290           |
| Transfer payments                                       | 191 981             | 2 316 750        | 2 486 341           | 2 518 895                 | 33 664        | 99 512              | 2 652 071        | 2 650 940                        | 3 098 764        | -                | 3 098 764        | 3 495 806        | 3 858 094        |
| Other levels of Government                              | 139 340             | 2 284 411        | 2 426 064           | 2 482 549                 | 32 214        | 100 000             | 2 614 763        | 2 613 632                        | 3 059 164        | -                | 3 059 164        | 3 453 963        | 3 811 541        |
| Households and non-profit institutions                  | 52 641              | 32 339           | 60 277              | 36 346                    | 1 450         | (488)               | 37 308           | 37 308                           | 39 600           | -                | 39 600           | 41 843           | 46 553           |
| Foreign countries and international credit institutions | -                   | -                | -                   | -                         | -             | -                   | -                | -                                | -                | -                | -                | -                | -                |
| Other current transfers                                 | -                   | -                | -                   | -                         | -             | -                   | -                | -                                | -                | -                | -                | -                | -                |
| Other current expenditure                               | 45 115              | 36 348           | 77 756              | 63 792                    | 37 072        | 2 574               | 103 438          | 98 836                           | 66 347           | -                | 66 347           | 69 658           | 93 766           |
| <b>Capital</b>  | <b>848 142</b>      | <b>704 245</b>   | <b>709 638</b>      | <b>957 617</b>            | <b>1 927</b>  | <b>480</b>          | <b>960 024</b>   | <b>960 224</b>                   | <b>-</b>         | <b>1 071 079</b> | <b>1 071 079</b> | <b>1 257 831</b> | <b>1 526 995</b> |
| Capital transfers                                       | 845 829             | 702 450          | 706 261             | 955 100                   | -             | -                   | 955 100          | 955 100                          | -                | 1 069 100        | 1 069 100        | 1 256 100        | 1 524 100        |
| Other levels of Government                              | 845 670             | 702 307          | 706 011             | 955 000                   | -             | -                   | 955 100          | 955 100                          | -                | 1 069 100        | 1 069 100        | 1 256 100        | 1 524 100        |
| Other capital transfers                                 | 159                 | 143              | 250                 | 100                       | -             | -                   | -                | -                                | -                | -                | -                | -                | -                |
| Movable capital   | 2 313               | 1 795            | 3 377               | 2 517                     | 1 927         | 480                 | 4 924            | 5 124                            | -                | 1 979            | 1 979            | 1 731            | 2 895            |
| Motor vehicles  | 180                 | 268              | 285                 | 1                         | -             | -                   | 1                | 1                                | -                | 1                | 1                | 1                | 1                |
| Equipment   | 625                 | 323              | 630                 | 260                       | 150           | 220                 | 630              | 630                              | -                | 900              | 900              | 550              | 1 634            |
| Computers   | 902                 | 625              | 2 410               | 2 225                     | 1 757         | 251                 | 4 233            | 4 433                            | -                | 1 066            | 1 066            | 1 157            | 1 220            |
| Other   | 606                 | 579              | 52                  | 31                        | 20            | 9                   | 60               | 60                               | -                | 12               | 12               | 23               | 40               |
| Fixed capital   | -                   | -                | -                   | -                         | -             | -                   | -                | -                                | -                | -                | -                | -                | -                |
| Land  | -                   | -                | -                   | -                         | -             | -                   | -                | -                                | -                | -                | -                | -                | -                |
| Buildings   | -                   | -                | -                   | -                         | -             | -                   | -                | -                                | -                | -                | -                | -                | -                |
| Infrastructure  | -                   | -                | -                   | -                         | -             | -                   | -                | -                                | -                | -                | -                | -                | -                |
| Other   | -                   | -                | -                   | -                         | -             | -                   | -                | -                                | -                | -                | -                | -                | -                |
| <b>Total</b>  | <b>1 110 442</b>    | <b>3 084 222</b> | <b>3 301 521</b>    | <b>3 575 693</b>          | <b>75 663</b> | <b>103 455</b>      | <b>3 754 811</b> | <b>3 742 811</b>                 | <b>3 208 086</b> | <b>1 071 079</b> | <b>4 279 165</b> | <b>4 868 934</b> | <b>5 526 770</b> |

**Table 5.11: Summary of expenditure trends and estimates per standard item**

|                                   | Expenditure outcome |                  |                     | Main appropriation | Adjustments appropriation |                           |                        | Revised estimate | Medium-term expenditure estimate |                  |                  |                  |                  |
|-----------------------------------|---------------------|------------------|---------------------|--------------------|---------------------------|---------------------------|------------------------|------------------|----------------------------------|------------------|------------------|------------------|------------------|
|                                   | Audited             | Audited          | Preliminary outcome |                    | Rollovers from 1999/00    | Other adjustments 2000/01 | Adjusted appropriation |                  | Current                          | Capital          | Total            | 2002/03          | 2003/04          |
|                                   | 1997/98             | 1998/99          | 1999/00             |                    |                           |                           |                        |                  |                                  |                  |                  |                  |                  |
| R thousand                        |                     |                  |                     |                    |                           |                           |                        |                  |                                  |                  |                  |                  |                  |
| Personnel                         | 25 204              | 26 879           | 27 786              | 35 389             | 3 000                     | 889                       | 39 278                 | 32 811           | 42 975                           | -                | 42 975           | 45 639           | 47 915           |
| Administrative                    | 9 125               | 9 649            | 11 329              | 15 635             | 10 237                    | 1 448                     | 27 320                 | 23 864           | 16 994                           | -                | 16 994           | 17 484           | 18 273           |
| Inventories                       | 1 861               | 2 538            | 3 100               | 5 515              | 1 387                     | 239                       | 7 141                  | 6 638            | 3 356                            | -                | 3 356            | 3 454            | 5 186            |
| Equipment                         | 3 464               | 2 643            | 4 351               | 3 432              | 1 927                     | 480                       | 5 839                  | 6 070            | 952                              | 1 979            | 2 931            | 2 731            | 4 095            |
| Land and buildings                | -                   | -                | -                   | -                  | -                         | -                         | -                      | -                | -                                | -                | -                | -                | -                |
| Professional and special services | 31 847              | 22 691           | 61 737              | 41 248             | 25 448                    | 887                       | 67 583                 | 67 135           | 45 045                           | -                | 45 045           | 47 720           | 69 107           |
| Transfer payments                 | 1 037 810           | 3 019 200        | 3 192 602           | 3 473 995          | 33 664                    | 99 512                    | 3 607 171              | 3 606 040        | 3 098 764                        | 1 069 100        | 4 167 864        | 4 751 906        | 5 382 194        |
| Miscellaneous                     | 1 131               | 622              | 616                 | 479                | -                         | -                         | 479                    | 253              | -                                | -                | -                | -                | -                |
| <b>Total</b>                      | <b>1 110 442</b>    | <b>3 084 222</b> | <b>3 301 521</b>    | <b>3 575 693</b>   | <b>75 663</b>             | <b>103 455</b>            | <b>3 754 811</b>       | <b>3 742 811</b> | <b>3 208 086</b>                 | <b>1 071 079</b> | <b>4 279 165</b> | <b>4 868 934</b> | <b>5 526 770</b> |

Table 5.12: Summary of transfers and subsidies per programme

|   | Expenditure outcome |                  |                     | Main appropriation | Adjustments appropriation |                           |                        | Revised estimate | Medium-term expenditure estimate |                  |                  |                  |                  |
|---|---------------------|------------------|---------------------|--------------------|---------------------------|---------------------------|------------------------|------------------|----------------------------------|------------------|------------------|------------------|------------------|
|   | Audited             | Audited          | Preliminary outcome |                    | Rollovers from 1999/00    | Other adjustments 2000/01 | Adjusted appropriation |                  | Current                          | Capital          | Total            | 2002/03          | 2003/04          |
|   | 1997/98             | 1998/99          | 1999/00             |                    |                           |                           |                        |                  |                                  |                  |                  |                  |                  |
| R thousand  |                     |                  |                     |                    |                           |                           |                        |                  |                                  |                  |                  |                  |                  |
| <b>Governance and development</b>                         | <b>880 073</b>      | <b>710 307</b>   | <b>792 567</b>      | <b>962 550</b>     | <b>30 934</b>             | <b>-</b>                  | <b>993 484</b>         | <b>992 353</b>   | <b>6 570</b>                     | <b>1 069 000</b> | <b>1 075 570</b> | <b>1 264 550</b> | <b>1 534 000</b> |
| Consolidated Municipal Infrastructure Programme           | 845 670             | 702 307          | 696 495             | 883 000            | -                         | -                         | 883 000                | 883 000          | -                                | 994 000          | 994 000          | 1 159 000        | 1 407 000        |
| Local Economic Development Fund                           | -                   | -                | 9 516               | 72 000             | 29 484                    | -                         | 101 484                | 100 353          | -                                | 75 000           | 75 000           | 97 000           | 117 000          |
| Social Plan Fund  | -                   | -                | 2 550               | 2 550              | -                         | -                         | 2 550                  | 2 550            | 570                              | -                | 570              | 1 550            | -                |
| Municipal Infrastructure Investment Unit                  | 30 505              | 8 000            | 4 006               | 5 000              | 1 450                     | -                         | 6 450                  | 6 450            | 6 000                            | -                | 6 000            | 7 000            | 10 000           |
| Rural Administrative Infrastructure Development programme | 3 698               | -                | -                   | -                  | -                         | -                         | -                      | -                | -                                | -                | -                | -                | -                |
| Housing Fund  | 200                 | -                | -                   | -                  | -                         | -                         | -                      | -                | -                                | -                | -                | -                | -                |
| KwaZulu-Natal Peace Initiative                            | -                   | -                | 80 000              | -                  | -                         | -                         | -                      | -                | -                                | -                | -                | -                | -                |
| <b>Institutional reform and support</b>                   | <b>136 245</b>      | <b>2 292 591</b> | <b>2 356 714</b>    | <b>2 483 000</b>   | <b>2 730</b>              | <b>100 000</b>            | <b>2 585 730</b>       | <b>2 585 730</b> | <b>3 073 594</b>                 | <b>-</b>         | <b>3 073 594</b> | <b>3 467 413</b> | <b>3 826 541</b> |
| Local government equitable share                          | -                   | 1 011 950        | 1 659 800           | 1 866 999          | -                         | -                         | 1 866 999              | 1 866 999        | 2 260 000                        | -                | 2 260 000        | 2 644 000        | 3 193 000        |
| South Africa Local Government Association                 | 5 000               | 12 050           | 13 200              | 1                  | -                         | -                         | 1                      | 1                | 15 000                           | -                | 15 000           | 15 000           | 15 000           |
| Project Viability   | 1 343               | 9 266            | -                   | -                  | -                         | -                         | -                      | -                | -                                | -                | -                | -                | -                |
| R293 town personnel grant                                 | -                   | 951 000          | 503 000             | 463 000            | -                         | -                         | 463 000                | 463 000          | 358 123                          | -                | 358 123          | 358 123          | 358 123          |
| Local government support                                  | -                   | 181 000          | 137 000             | 150 000            | -                         | -                         | 150 000                | 150 000          | 160 000                          | -                | 160 000          | 220 000          | 230 000          |
| Local Government Transition Fund                          | -                   | -                | -                   | -                  | -                         | 100 000                   | 100 000                | 100 000          | 250 000                          | -                | 250 000          | 200 000          | -                |
| Municipal Systems Improvement Programme                   | -                   | -                | -                   | -                  | -                         | -                         | -                      | -                | 30 471                           | -                | 30 471           | 30 290           | 30 418           |
| Performance management and monitoring                     | -                   | -                | -                   | 3 000              | -                         | -                         | 3 000                  | 3 000            | -                                | -                | -                | -                | -                |
| Local authority external debt                             | 129 902             | 127 325          | -                   | -                  | -                         | -                         | -                      | -                | -                                | -                | -                | -                | -                |
| Disaster management                                       | -                   | -                | 30 000              | -                  | -                         | -                         | -                      | -                | -                                | -                | -                | -                | -                |
| Y2K   | -                   | -                | 13 714              | -                  | 2 730                     | -                         | 2 730                  | 2 730            | -                                | -                | -                | -                | -                |
| <b>Auxiliary and associated services</b>                  | <b>21 492</b>       | <b>16 302</b>    | <b>43 321</b>       | <b>28 445</b>      | <b>-</b>                  | <b>(488)</b>              | <b>27 957</b>          | <b>27 957</b>    | <b>18 600</b>                    | <b>100</b>       | <b>18 700</b>    | <b>19 943</b>    | <b>21 653</b>    |
| Section 185 Commission                                    | -                   | -                | -                   | 3 530              | -                         | (530)                     | 3 000                  | 3 000            | 6 212                            | -                | 6 212            | 8 923            | 10 128           |

|  |                  |                  |                  |                  |               |               |                  |                  |                  |                  |                  |                  |                  |
|--|------------------|------------------|------------------|------------------|---------------|---------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Municipal Demarcation Board                | -                | 69               | 33 598           | 24 815           | -             | -             | 24 815           | 24 815           | 12 288           | -                | 12 288           | 10 820           | 11 325           |
| PSETA                                      | -                | -                | -                | -                | -             | 42            | 42               | 42               | 100              | -                | 100              | 100              | 100              |
| Government motor transport                 | 159              | 143              | 250              | 100              | -             | -             | 100              | 100              | -                | 100              | 100              | 100              | 100              |
| Masakhane                                  | 4 397            | 3 870            | -                | -                | -             | -             | -                | -                | -                | -                | -                | -                | -                |
| Nedlac                                     | 2 201            | 720              | 473              | -                | -             | -             | -                | -                | -                | -                | -                | -                | -                |
| Training Fund for Local Government Affairs | 14 735           | 11 500           | 9 000            | -                | -             | -             | -                | -                | -                | -                | -                | -                | -                |
| <b>Total</b>                               | <b>1 037 810</b> | <b>3 019 200</b> | <b>3 192 602</b> | <b>3 473 995</b> | <b>33 664</b> | <b>99 512</b> | <b>3 607 171</b> | <b>3 606 040</b> | <b>3 098 764</b> | <b>1 069 100</b> | <b>4 167 864</b> | <b>4 751 906</b> | <b>5 382 194</b> |

**Table 5.13: Summary of personnel numbers and costs<sup>1</sup>**

| Personnel numbers                 | 1997/98    | 1998/99    | 1999/00    | 2000/01    | 2001/02    |
|-----------------------------------|------------|------------|------------|------------|------------|
| Administration                    | 98         | 93         | 91         | 108        | 126        |
| Governance and development        | 34         | 35         | 35         | 45         | 42         |
| Institutional reform and support  | 54         | 58         | 59         | 80         | 85         |
| Auxiliary and associated services | 9          | 7          | 6          | 8          | 18         |
| <b>Total</b>                      | <b>195</b> | <b>193</b> | <b>191</b> | <b>241</b> | <b>271</b> |
| Total personnel cost (R thousand) | 25 204     | 26 879     | 27 786     | 39 278     | 42 975     |
| Unit cost (R thousand)            | 129,3      | 139,3      | 145,5      | 163,0      | 158,6      |

<sup>1</sup> Full-time equivalent

**Table 5.14: Summary of expenditure on training**

| R thousand                        | Preliminary outcome | Revised estimate | Medium-term expenditure estimate |            |            |
|-----------------------------------|---------------------|------------------|----------------------------------|------------|------------|
|                                   | 1999/00             | 2000/01          | 2001/02                          | 2002/03    | 2003/04    |
| Administration                    | 335                 | 398              | 320                              | 320        | 330        |
| Governance and development        | 77                  | 55               | 60                               | 60         | 70         |
| Institutional reform and support  | 12                  | 18               | 90                               | 90         | 105        |
| Auxiliary and associated services | 18                  | 42               | 130                              | 130        | 135        |
| <b>Total</b>                      | <b>442</b>          | <b>513</b>       | <b>600</b>                       | <b>600</b> | <b>640</b> |



Table 5.15: Summary of grants to local government

| Programme  | Expenditure outcome |                    |                                   |                                      |                     | Medium-term expenditure estimate |                  |                  |
|--|---------------------|--------------------|-----------------------------------|--------------------------------------|---------------------|----------------------------------|------------------|------------------|
|  | Audited<br>1997/98  | Audited<br>1998/99 | Preliminary<br>outcome<br>1999/00 | Adjusted<br>appropriation<br>2000/01 | Revised<br>estimate | 2001/02                          | 2002/03          | 2003/04          |
| R thousand   |                     |                    |                                   |                                      |                     |                                  |                  |                  |
| <b>Governance and development</b>                    |                     |                    |                                   |                                      |                     |                                  |                  |                  |
| Consolidated Municipal Infrastructure Programme      | 845 670             | 702 307            | 696 495                           | 883 000                              | 883 000             | 994 000                          | 1 159 000        | 1 407 000        |
| Local Economic Development Fund and Social Plan Fund | -                   | -                  | 12 066                            | 104 036                              | 102 903             | 75 570                           | 98 550           | 127 000          |
| KwaZulu-Natal Peace Initiative                       | -                   | -                  | 80 000                            | -                                    | -                   | -                                | -                | -                |
| <b>Institutional reform and support</b>              |                     |                    |                                   |                                      |                     |                                  |                  |                  |
| Local government support                             | -                   | 181 000            | 137 000                           | 150 000                              | 150 000             | 160 000                          | 220 000          | 230 000          |
| Local Government Transitional Fund                   | -                   | -                  | -                                 | 100 000                              | 100 000             | 250 000                          | 200 000          | -                |
| Municipal Systems Improvement Programme              | -                   | -                  | -                                 | -                                    | -                   | 30 471                           | 30 290           | 30 418           |
| <b>Total</b>   | <b>845 670</b>      | <b>883 307</b>     | <b>925 561</b>                    | <b>1 237 036</b>                     | <b>1 235 903</b>    | <b>1 510 041</b>                 | <b>1 707 840</b> | <b>1 794 418</b> |