

Vote 5

Provincial and Local Government

R thousand	2007/08 To be appropriated	2008/09	2009/10
MTEF allocations			
Administration	130 569	136 876	141 682
Governance, Policy and Research	30 649	32 181	36 096
Urban and Rural Development	11 280	11 844	12 395
Systems and Capacity Building	126 176	137 405	151 121
Free Basic Services and Infrastructure	42 053	44 156	47 794
Provincial and Local Government Transfers	28 424 184	32 027 857	38 774 374
Fiscal Transfers	79 264	87 627	98 651
Total	28 844 175	32 477 946	39 262 113
Direct charges against the National Revenue Fund	–	–	–
Total expenditure estimates	28 844 175	32 477 946	39 262 113
Economic classification			
Current payments	352 077	375 451	400 991
Transfers and subsidies	28 486 832	32 096 935	38 855 262
Payments for capital assets	5 266	5 560	5 860
Total expenditure estimates	28 844 175	32 477 946	39 262 113
Executive authority	Minister for Provincial and Local Government		
Accounting officer	Director-General of Provincial and Local Government		

Aim

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

Programme purposes

Programme 1: Administration

Provide for the management, leadership and administration of the department.

Programme 2: Governance, Policy and Research

Provide policy advice and research support for: the development and monitoring of intergovernmental relations and the performance of provincial government; provincial-municipal relations; integrated development planning; local economic development; the institution of traditional leadership; and international and donor relations.

Programme 3: Urban and Rural Development

Manage, co-ordinate, monitor and measure the effectiveness of the integrated implementation of the urban renewal programme and the integrated sustainable rural development programme across all spheres of government.

Programme 4: Systems and Capacity Building

Provide capacity building and hands-on support programmes to local government. Provide a national disaster management centre. Promote intergovernmental fiscal relations. Regulate and monitor the local government institutional and administrative framework.

Programme 5: Free Basic Services and Infrastructure

Strengthen local government capacity to increase access to basic services, including free basic services for all communities, to enable municipalities to meet their constitutional mandate.

Programme 6: Provincial and Local Government Transfers

Provide for the transfer of conditional grants directly administered by the department to the provincial and local spheres of government.

Programme 7: Fiscal Transfers

Provide for financial transfers to various authorities and institutions in terms of the relevant legislation or founding agreements.

Strategic overview: 2003/04 – 2009/10

One of the department's key strategic objectives is to establish a sustainable system of local government that is able to provide infrastructure and other essential services. A direct consequence of effective service delivery is the alleviation of poverty and unemployment, both key government priorities. Over the next five years, the department will implement the five year strategic agenda for local government. The agenda's three strategic priorities are: institutionalising hands-on support to local government; integrating the national and provincial spheres of government to support local government; and refining policy. To date, the Department of Provincial and Local Government has introduced several measures to support municipalities, including: new performance management regulations; a national integrated development plan (IDP) engagement process; and the presidential imbizo process. The department also aims to review the transformation process at local government level. Starting in 2000, the transformation process entailed three consecutive but overlapping phases: establishment, consolidation and sustainability.

Municipal reform and the mid-term strategic agenda

In 2004, Project Consolidate was conceived as a two year strategy to provide hands-on support to struggling municipalities. Performance at the 136 target municipalities improved drastically. While Project Consolidate was an immediate, ad hoc and limited intervention, the five year strategic agenda aims to systematise and locate the lessons from Project Consolidate within the general operations of government. The focus thus shifts from ad hoc deployments of emergency capacity to ensuring that weaker municipalities have the necessary fiscal and other resources to recruit and appoint appropriate personnel.

Intergovernmental relations

Unified and co-ordinated action is essential for addressing the causes and effects of poverty and underdevelopment. The Intergovernmental Relations Framework Act (2005) was introduced to provide more uniformity in intergovernmental co-ordination and is expected to increase the effectiveness of government programmes. So far, it has clarified the status, role and purpose of intergovernmental structures, as well as the mechanisms for intergovernmental co-operation on setting priorities, and on budgeting and implementation.

With the continued support of the department, 2004/05 to 2006/07 was a period of sustained intergovernmental engagement with municipal integrated development plans. This resulted in more municipal plans and budgets being adopted, better integration between capital budgets and IDPs, and more credible and viable IDPs. The

department will continue to consolidate the new planning system and give municipalities direct strategic support through the provinces and planning implementation management support centres. Aligning the national spatial development perspective, the provincial growth and development strategies and the municipal IDPs will be the department's key focus over the medium term. This will enable government to function as a cohesive force for social and economic transformation, and direct its leadership, resources and services at the poor in a targeted and sustainable way.

Traditional leadership

The Traditional Leadership and Governance Framework Act (2003) was promulgated to achieve better synergy between the institutions of traditional leadership and all spheres of government in the development of rural areas. The main task for the DPLG in the current MTEF period is to introduce a national programme of support for the institutions of traditional leadership as a development partner with government, and to assist provinces that have inherited institutions of traditional leadership as a result of changes to provincial boundaries with the implementation of the legislative framework.

Reviews of the policy framework for provincial and local government

The integrated sustainable rural development programme (ISRDP) and the urban renewal programme (URP), co-ordinate projects for improving service delivery and alleviating poverty. The department will continue to focus on their key target groups – the poor, the marginalised, the underdeveloped and the disadvantaged. The department plans to do a comprehensive review of provincial government functions. A similar policy review process is envisaged for local government.

Expenditure estimates

Table 5.1 Provincial and Local Government

Programme	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2003/04	2004/05	2005/06	2006/07		2007/08	2008/09	2009/10
R thousand								
1. Administration	88 222	102 762	108 940	119 788	119 788	130 569	136 876	141 682
2. Governance, Policy and Research	20 371	20 473	24 153	36 239	36 239	30 649	32 181	36 096
3. Urban and Rural Development	3 371	5 536	8 308	8 460	8 087	11 280	11 844	12 395
4. Systems and Capacity Building	64 237	70 708	83 379	107 301	105 473	126 176	137 405	151 121
5. Free Basic Services and Infrastructure	14 154	27 092	37 788	37 870	37 758	42 053	44 156	47 794
6. Provincial and Local Government Transfers	9 203 092	12 840 923	15 631 191	25 014 088	25 014 088	28 424 184	32 027 857	38 774 374
7. Fiscal Transfers	62 807	70 736	82 369	68 542	68 542	79 264	87 627	98 651
Total	9 456 254	13 138 230	15 976 128	25 392 288	25 389 975	28 844 175	32 477 946	39 262 113
Change to 2006 Budget estimate				488 848	486 535	1 019 730	1 024 900	

Economic classification

	190 667	229 728	263 968	318 754	316 441	352 077	375 451	400 991
Current payments								
Compensation of employees	51 846	71 918	99 367	118 294	115 981	149 295	156 758	164 597
Goods and services	136 529	157 681	164 559	200 460	200 460	202 782	218 693	236 394
<i>of which:</i>								
Communication	5 715	6 686	5 739	7 511	7 511	7 564	8 037	8 354
Computer services	823	1 208	3 716	2 815	2 815	3 206	3 352	3 456
Consultants, contractors and special services	60 484	49 141	52 165	75 652	75 652	78 784	87 694	101 219
Inventory	2 736	3 222	4 690	5 209	5 209	5 986	6 298	6 533
Maintenance, repairs and running costs	1 345	1 657	1 712	2 697	2 697	1 488	1 553	1 588
Operating leases	15 329	17 896	21 607	36 884	36 884	24 270	25 303	25 909
Travel and subsistence	35 282	34 529	31 404	28 616	28 616	27 205	29 025	30 644
Financial transactions in assets and liabilities	2 292	129	42	–	–	–	–	–

Table 5.1 Provincial and Local Government (continued)

R thousand	Audited outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2003/04	2004/05	2005/06	2006/07		2007/08	2008/09	2009/10
Transfers and subsidies	9 258 091	12 902 962	15 705 715	25 065 918	25 065 918	28 486 832	32 096 935	38 855 262
Provinces and municipalities	9 203 250	12 841 143	15 631 508	25 014 200	25 014 200	28 425 779	32 029 553	38 776 240
Departmental agencies and accounts	52 501	60 126	67 814	49 724	49 724	56 572	62 597	74 119
Public corporations and private enterprises	78	52	177	–	–	81	85	88
Foreign governments and international organisations	190	114	–	–	–	–	–	–
Non-profit institutions	1 500	1 500	5 500	1 590	1 590	4 400	4 700	4 815
Households	572	27	716	404	404	–	–	–
Payments for capital assets	7 496	5 540	6 445	7 616	7 616	5 266	5 560	5 860
Machinery and equipment	6 366	5 100	6 122	7 616	7 616	5 266	5 560	5 860
Software and other intangible assets	1 130	440	323	–	–	–	–	–
Total	9 456 254	13 138 230	15 976 128	25 392 288	25 389 975	28 844 175	32 477 946	39 262 113

Expenditure trends

Expenditure increased at an average annual rate of 39 per cent between 2003/04 and 2006/07, and is expected to rise further over the MTEF period, reaching R39,3 billion in 2009/10. This represents an average annual increase of 15,6 per cent, and includes an additional allocation of R5,5 billion to the 2006 Budget baseline.

The growth is mainly due to the provisions for the local government equitable share and the municipal infrastructure grant. Transfers increase by R28,6 billion over the seven-year period, growing at average annual rates of 39,4 per cent between 2003/04 and 2006/07 and 15,7 per cent between 2007/08 and 2009/10. Growth in current expenditure between 2003/04 and 2006/07 is 18,7 per cent, and 8 per cent between 2007/08 and 2009/10.

Departmental receipts

Departmental receipts are generated from the collection of parking fees, commissions on insurance policy deductions, subsidised vehicles and bursary payments.

Table 5.2 Departmental receipts

R thousand	Audited outcome			Adjusted appropriation	Medium-term receipts estimate		
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Departmental receipts	599	806	328	1 583	134	135	135
Sales of goods and services produced by department	54	61	135	109	110	111	111
Sales of scrap, waste and other used current goods	2	1	1	1	1	1	1
Interest, dividends and rent on land	5	2	3	3	3	3	3
Sales of capital assets	82	–	–	–	–	–	–
Financial transactions in assets and liabilities	456	742	189	1 470	20	20	20
Total	599	806	328	1 583	134	135	135

Programme 1: Administration

The *Administration* programme conducts the overall management of the department and provides centralised support services.

Expenditure estimates

Table 5.3 Administration

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
R thousand							
Minister ¹	747	791	837	885	938	985	1 034
Deputy Minister ²	603	625	649	687	728	764	802
Management	5 315	4 930	6 076	8 600	9 712	10 123	10 346
Corporate Services	57 054	69 369	68 787	71 908	80 916	84 335	86 131
Monitoring and Evaluation	6 746	9 765	13 376	17 048	15 967	16 644	17 009
Government Motor Transport	485	–	607	774	815	852	869
Property Management	14 980	17 153	18 566	19 886	21 493	23 173	25 491
Special Functions: Authorised Losses	2 292	129	42	–	–	–	–
Total	88 222	102 762	108 940	119 788	130 569	136 876	141 682
Change to 2006 Budget estimate				(4 205)	2 368	1 659	

1. Payable as from 1 April 2006. Salary: R707 956 Car allowance: R176 988.

2. Payable as from 1 April 2006. Salary: R549 264 Car allowance: R137 315.

Economic classification

	82 356	98 100	104 406	117 298	125 797	131 844	136 308
Current payments							
Compensation of employees	25 591	33 060	40 877	46 700	56 774	59 613	62 593
Goods and services	54 473	64 911	63 487	70 598	69 023	72 231	73 715
<i>of which:</i>							
Communication	5 389	6 339	5 261	5 826	5 945	6 297	6 436
Computer services	663	836	2 630	2 460	2 426	2 529	2 584
Consultants, contractors and special services	16 486	6 051	7 502	9 388	5 646	5 886	6 015
Inventory	1 383	1 741	2 867	3 165	4 155	4 331	4 426
Maintenance, repairs and running costs	940	1 187	1 384	1 553	1 378	1 436	1 468
Operating leases	15 093	17 532	21 211	22 174	23 817	24 827	25 370
Travel and subsistence	6 754	7 499	10 495	8 055	8 603	9 149	9 253
Financial transactions in assets and liabilities	2 292	129	42	–	–	–	–
Transfers and subsidies	338	169	318	458	1 676	1 781	1 954
Provinces and municipalities	77	100	125	54	1 595	1 696	1 866
Public corporations and private enterprises	67	52	177	–	81	85	88
Households	194	17	16	404	–	–	–
Payments for capital assets	5 528	4 493	4 216	2 032	3 096	3 251	3 420
Machinery and equipment	5 373	4 402	4 020	2 032	3 096	3 251	3 420
Software and other intangible assets	155	91	196	–	–	–	–
Total	88 222	102 762	108 940	119 788	130 569	136 876	141 682

Expenditure trends

The average annual increase in expenditure from 2003/04 to 2006/07 was 10,7 per cent, due to a need to adjust the baseline for monitoring and evaluation, communication, information systems and general office support systems to support the department's external service delivery units. Provision has been made for an average annual increase of 5,8 per cent from 2006/07 to 2009/10. Spending on property management shows an average annual increase of 8,6 per cent over the MTEF period.

Programme 2: Governance, Policy and Research

The *Governance, Policy and Research* programme supports the development of integrated and co-operative governance, constitutional principles and practices in intergovernmental relations, and an integrated system of

planning and delivery. Activities include research and policy making related to provincial and local government and the institution of traditional leadership.

Apart from the *Management* subprogramme, there are five subprogrammes:

- *Intergovernmental Relations* supports constitutional principles and practices in intergovernmental relations.
- *Development Planning* supports the development of integrated and co-operative governance.
- *Local Economic Development* provides support to municipalities to build the required capacity for local economic development.
- *Traditional Leadership and Institutions* focuses on research and policy making related to the institution of traditional leadership.
- *International and Donor Relations* manages relations with donor and international support.

Expenditure estimates

Table 5.4 Governance, Policy and Research

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
R thousand							
Management	2 324	1 957	1 193	1 258	1 339	1 405	1 566
Intergovernmental Relations	4 611	5 008	6 185	8 093	8 773	9 212	10 335
Development Planning	3 746	3 256	4 520	4 704	5 301	5 566	6 245
Local Economic Development	3 332	2 834	2 005	2 800	3 294	3 459	3 881
Traditional Leadership and Institutions	4 490	4 367	5 757	6 481	6 240	6 552	7 351
International and Donor Relations	1 868	3 051	4 493	12 903	5 702	5 987	6 718
Total	20 371	20 473	24 153	36 239	30 649	32 181	36 096
Change to 2006 Budget estimate				6 952	(164)	(2 299)	

Economic classification

Current payments	19 879	20 249	24 036	36 186	30 649	32 181	36 096
Compensation of employees	8 367	12 446	15 106	16 730	20 668	21 701	22 786
Goods and services	11 512	7 803	8 930	19 456	9 981	10 480	13 310
<i>of which:</i>							
Communication	13	15	24	182	288	302	384
Consultants, contractors and special services	6 402	2 326	2 413	8 015	4 165	4 373	5 556
Inventory	281	302	220	591	368	386	490
Operating leases	113	122	72	163	102	107	136
Travel and subsistence	3 561	3 797	4 365	5 143	3 791	3 981	5 055
Transfers and subsidies	227	162	46	9	-	-	-
Provinces and municipalities	26	38	46	9	-	-	-
Public corporations and private enterprises	11	-	-	-	-	-	-
Foreign governments and international organisations	190	114	-	-	-	-	-
Households	-	10	-	-	-	-	-
Payments for capital assets	265	62	71	44	-	-	-
Machinery and equipment	265	62	71	44	-	-	-
Total	20 371	20 473	24 153	36 239	30 649	32 181	36 096

Expenditure trends

Expenditure increased from R20,4 million in 2003/04 to R36,2 million in 2006/07. R3,2 million was provided through a virement in the 2006 Adjusted Estimates for support to the Democratic Republic of Congo (DRC) ahead of its national elections and technical assistance in implementing its Constitution, and for establishing the Khoisan Committee. Total expenditure in the *Governance, Policy and Research* programme drops to R30,7 million in 2007/08.

The implementation of the Intergovernmental Relations Framework Act (2005) will continue, including providing support to the various institutions that comprise the intergovernmental system. Expenditure on this is reflected in the *Intergovernmental Relations* subprogramme. Other large increases from 2006/07 to 2009/10 are a 9,9 per cent increase in the *Development Planning* subprogramme for supporting the IDP process and an increase of 11,5 per cent in the *Local Economic Development* subprogramme.

Service delivery objectives and indicators

Recent outputs

A progress report on implementing the Intergovernmental Relations Framework Act (2005) was submitted to Cabinet in January 2007, as a contribution to government's mid-term review. The institutional machinery provided for in the act is operational in all three spheres of government, except in two districts.

Integrated development plan reviews covering all districts and metros were concluded by June 2006, and a report on adopting IDPs was submitted to the Presidential Co-ordinating Council and the July 2006 Cabinet lekgotla. The report outlined progress and proposed a hands-on approach to supporting selected municipalities in 2007, including helping with developing credible IDPs. Draft legislation was also developed to improve planning regulation.

The local economic development framework and toolkit was launched nationally in June 2006 to link national and provincial strategies. The framework, which is linked to the Accelerated and Shared Growth Initiative for South Africa (ASGISA), sets out national priorities for local economic development, with a view to guiding practice at all levels of government.

A draft national programme of support for the institutions of traditional leadership was adopted by the forum of Cabinet ministers and provincial members of the executive council (MinMEC) and presented to Cabinet in November 2006. The programme is designed to assist the institutions to fulfil their statutory and constitutional role as a development partner with government.

A system to monitor the expenditure of donor funds was introduced to improve financial reporting and to optimise the use of available funding.

Selected medium-term output targets

Governance, Policy and Research

Measurable objective: Maintain a stable and effective system of intergovernmental relations between the three spheres of government and support selected countries within the Southern African Development Community to undertake government reforms in accordance with government policy and obligations, by developing and implementing policies, systems and support programmes.

Subprogramme	Output	Measure/indicator	Target
Intergovernmental Relations	Statutory report on the implementation of the Intergovernmental Relations Framework (IGFR) Act (2005)	Report submitted to Cabinet	January 2008
	Programme of support to provincial and local spheres of government to implement the IGFR Act	Regulations and guidelines issued under the act, complemented by technical advice and capacity assessments	July 2007
Development Planning	Amendments on development planning regarding the Municipal Systems Act (2000)	Consultations completed and consensus reached with major stakeholders on proposed legislative amendments	December 2007
	Programme of support to municipalities to develop and adopt credible integrated development plans	Technical support provided to selected municipalities for 2007 IDPs	May 2007
International and Donor Relations	Support for completed legislation on decentralisation in the Democratic Republic of the Congo (DRC)	Draft legislation tabled in DRC Parliament	October 2007
Local Economic Development	Support to municipalities to adopt realistic local economic development plans in accordance with national framework for local economic development	Number of district municipalities to which technical experts have been deployed to support development of realistic local economic development plans by July 2007	17 municipalities
Traditional Leadership	National programme of support for the institutions of traditional leadership	National programme adopted and implemented by Cabinet	July 2007

Programme 3: Urban and Rural Development

Urban and Rural Development supports the effective implementation of the presidential urban renewal programme and the presidential integrated sustainable rural development programme. Activities are centred around both practical approaches and systems for strengthening co-operation between the spheres of government and government agencies, and non-governmental partners. The programme is also responsible for developing and maintaining information systems for improved monitoring and evaluation of the programme.

Apart from the *Management* function, there are four subprogrammes:

- *Urban Renewal Programme Management* provides support to and co-ordination across government for the urban renewal programme.
- *Urban Renewal Monitoring and Evaluation* manages a national system for reporting on and impact analysis of the URP.
- *Integrated Sustainable Rural Development Programme Management* provides support to and co-ordination across government for the integrated sustainable rural development programme.
- *Integrated Sustainable Rural Development Monitoring and Evaluation* manages a national system for reporting on and impact analysis of the ISRDP.

Expenditure estimates

Table 5.5 Urban and Rural Development

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
R thousand							
Management	360	1 294	1 745	1 023	2 163	2 272	2 373
Urban Renewal Programme Management	1 383	860	1 162	1 234	2 286	2 400	2 513
Urban Renewal Monitoring and Evaluation	365	978	1 799	1 864	2 198	2 308	2 416
Integrated Sustainable Rural Development Programme Management	691	1 051	1 639	2 413	2 349	2 466	2 582
Integrated Sustainable Rural Development Monitoring and Evaluation	572	1 353	1 963	1 926	2 284	2 398	2 511
Total	3 371	5 536	8 308	8 460	11 280	11 844	12 395
Change to 2006 Budget estimate				(2 269)	-	-	

Economic classification

	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Current payments	3 220	5 465	8 284	8 442	11 280	11 844	12 395
Compensation of employees	1 018	3 620	4 988	5 308	7 770	8 158	8 567
Goods and services	2 202	1 845	3 296	3 134	3 510	3 686	3 828
<i>of which:</i>							
Communication	12	26	43	136	133	140	145
Consultants, contractors and special services	1 630	232	1 211	1 668	1 900	1 995	2 070
Inventory	33	48	66	40	94	99	103
Operating leases	9	13	92	180	101	106	110
Travel and subsistence	471	2 040	1 530	803	1 069	1 122	1 167
Transfers and subsidies	2	11	15	3	-	-	-
Provinces and municipalities	2	11	15	3	-	-	-
Payments for capital assets	149	60	9	15	-	-	-
Machinery and equipment	149	60	9	15	-	-	-
Total	3 371	5 536	8 308	8 460	11 280	11 844	12 395

Expenditure trends

The rapid increase in expenditure from 2003/04 to 2006/07 was to provide adequate capacity for implementing the urban renewal programme (URP) and the integrated sustainable rural development programme (ISRDP), both of which are funded by the *Urban and Rural Development* programme. Expenditure for 2007/08 to 2009/10 is set to increase by 4,8 per cent, mainly for existing personnel, for recording and communicating the

knowledge gained in the implementation of the two programmes, and for technical support from the department and other stakeholders. Expenditure in 2006/07 was low, because of difficulties in filling vacant posts on time. While these funds were used in another programme, the baseline has been adjusted in 2007/08 so that all posts can be filled.

Service delivery objectives and indicators

Recent outputs

Guidelines for sector departments to participate in the URP and ISRDP and an orientation manual for stakeholders have been produced and disseminated. Partnerships which will benefit all of the 21 nodes have been secured with the National Development Agency, the Development Bank of Southern Africa, the Land Bank, the European Union and the Business Trust. The Business Trust partnership has led to detailed economic profiles being developed for all nodes and the EU partnership has secured support for the urban nodes in the Eastern Cape and for the national URP office.

An implementation framework for the URP has been completed, and a management toolkit for urban nodal programme managers produced.

Half yearly comprehensive progress reports were delivered to the Cabinet makgotla. Impact assessment studies have been conducted for five nodes (three urban and two rural), and the first study on lessons from the URP was published in December 2006. Communication outputs in 2005/06 consisted of biannual newsletters (Urban News and Rural Focus) and the launch of an updated and improved website. The department team also gives hands-on support to the nodal areas for local communications campaigns, like project launches and roadshows.

Selected medium-term output targets

Urban and Rural Development

Measurable objective: Improve service delivery and development opportunities in the nodal municipalities of the urban renewal programme and the integrated sustainable rural development programme by implementing and maintaining alignment and integration protocols across all spheres of government.

Subprogramme	Output	Measure/indicator	Target
Urban Renewal Programme Management	Stakeholders mobilised to provide both financial and technical support to urban renewal programme (URP) nodes	Number of stakeholders providing technical and financial support to each of the URP nodes	8 stakeholders to each URP node
Urban Renewal Monitoring and Evaluation	Improved knowledge on nodal programmes and anchor projects Measurement of impact of the URP programmes Success of the URP communicated	Number of URP nodes in which impact assessments and studies and project audits have been completed Updated URP nodal progress report completed and submitted to Cabinet Number and frequency of URP News produced and distributed Number of nodal communication campaigns supported	4 impact assessment and knowledge products July 2007 and January 2008 3 000 copies of URP News twice a year 3 public outreach initiatives
Integrated Sustainable Rural Development Programme Management	Stakeholders mobilised to provide financial and technical support to the integrated sustainable rural development programme (ISRDP) nodes	Number of stakeholders providing technical and financial support to each of the ISRDP nodes	8 stakeholders to each ISRDP node
Integrated Sustainable Rural Development Monitoring and Evaluation	Improved knowledge of ISRDP nodal programmes and anchor projects Measurement of impact of ISRDP programmes Success of ISRDP communicated to stakeholders	Number of learning products (impact assessment, lessons learnt studies, project audits) for the rural nodes Updated ISRDP progress reports submitted to Cabinet Number and frequency of ISRDP newsletter produced and distributed Number of nodal communication campaigns supported	6 learning products July 2007 and January 2008 5 000 newsletters twice a year 3 public outreach initiatives

Programme 4: Systems and Capacity Building

The *Systems and Capacity Building* programme develops local government policy frameworks and provides support to local government through the building of systems, in particular financial management, administrative and institutional systems, and performance management and capacity building. The programme also provides for the management of the national disaster management centre.

Apart from *Management*, there are nine subprogrammes:

- *Intergovernmental Fiscal Relations* manages policy and disbursement of the local government equitable share and the municipal systems improvement grant, and fosters sound intergovernmental fiscal relations.
- *Local Government Institutional and Administrative Systems* promotes institutional and sound administrative support to promote development and service delivery.
- *Capacity Building Systems* supports the implementation of fiscal, administrative, performance management and capacity building systems.
- *Disaster Management* administers the Disaster Management Act (2002) and manages the national disaster management centre.
- *Municipal Performance Monitoring and Support* implements and supports performance management systems and monitors the performance of municipalities for targeted support and recognition of performance excellence.
- *Municipal Leadership Development Programme* develops and co-ordinates standardised leadership development for senior local government officials and councillors.
- *Anti-corruption* co-ordinates and provides support for implementing the local government anti-corruption strategy.
- *Local Government Equity and Development* co-ordinates support for mainstreaming gender, disability, HIV and Aids, and youth issues into local government development programmes.
- *Project Consolidate* provides hands-on support for implementing government's programme of action and addresses service delivery challenges in a targeted number of municipalities.

Expenditure estimates

Table 5.6 Systems and Capacity Building

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
R thousand							
Management	1 639	1 156	1 872	835	746	741	810
Intergovernmental Fiscal Relations	3 232	4 132	21 288	5 991	6 494	6 845	7 050
Local Government Institutional and Administrative Systems	3 618	3 620	4 220	8 222	5 639	5 944	6 122
Capacity Building Systems	4 316	2 075	1 969	–	–	39 045	40 219
Disaster Management	32 588	30 945	41 884	37 056	47 010	54 009	65 179
Municipal Performance Monitoring and Support	18 844	24 941	7 254	11 643	18 273	19 260	19 838
Municipal Leadership Development Programme	–	1 556	1 985	6 179	2 440	2 572	2 646
Anti-Corruption	–	1 765	2 280	2 424	2 900	3 057	3 148
Local Government Equity and Development	–	518	627	5 430	5 627	5 932	6 109
Project Consolidate	–	–	–	29 521	37 047	–	–
Total	64 237	70 708	83 379	107 301	126 176	137 405	151 121
Change to 2006 Budget estimate				(2 497)	7 546	17 107	

Table 5.6 Systems and Capacity Building (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Economic classification							
Current payments	62 990	70 241	75 719	102 326	124 929	136 065	149 730
Compensation of employees	11 947	14 031	21 306	27 129	36 883	38 727	40 663
Goods and services	51 043	56 210	54 413	75 197	88 046	97 338	109 067
<i>of which:</i>							
Communication	32	28	68	656	583	614	708
Computer services	146	170	817	321	650	686	699
Consultants, contractors and special services	26 472	25 104	22 793	40 298	51 733	59 028	69 909
Inventory	707	824	780	997	471	497	507
Maintenance, repairs and running costs	402	466	283	227	100	106	108
Travel and subsistence	19 300	14 748	5 072	6 616	6 339	6 688	6 821
Other	3 984	14 870	24 600	12 071	28 170	29 719	30 315
Transfers and subsidies	35	42	6 716	33	-	-	-
Provinces and municipalities	35	42	66	33	-	-	-
Departmental agencies and accounts	-	-	1 950	-	-	-	-
Non-profit institutions	-	-	4 000	-	-	-	-
Households	-	-	700	-	-	-	-
Payments for capital assets	1 212	425	944	4 942	1 247	1 340	1 391
Machinery and equipment	237	425	944	4 942	1 247	1 340	1 391
Software and other intangible assets	975	-	-	-	-	-	-
Total	64 237	70 708	83 379	107 301	126 176	137 405	151 121

Details of major transfers and subsidies:

Non-profit institutions							
Current	-	-	4 000	-	-	-	-
The South African Red Cross Society	-	-	4 000	-	-	-	-

Expenditure trends

Average annual growth in expenditure from 2003/04 to 2006/07 was 18,7 per cent. The growth rate is expected to fall to 12,1 per cent between 2006/07 and 2009/10. Project Consolidate interventions resulted in additional allocations in 2006/07 and 2007/08 and the incorporation of the *Capacity Building Systems* subprogramme allocation for the two years of Project Consolidate. Project Consolidate interventions are set to stabilise from 2008/09 and the available funding will go to the *Capacity Building Systems* subprogramme. Expenditure on the *Disaster Management* subprogramme grows at an average annual rate of 20,7 per cent from 2006/07 to 2009/10.

Service delivery objectives and indicators**Recent outputs**

Local government leadership, management and operational components were strengthened to deliver on the required services, as well as local government institutional and administrative systems, in line with the Municipal Systems Act (2000).

The administration and disbursement of the local government equitable share were duly undertaken in terms of the Division of Revenue Act (2006).

The first set of the Municipal Property Rates Act regulations, focusing on administrative issues, was gazetted for public comment in October 2006.

The Minister for Provincial and Local Government published regulations for municipal performance management in August 2006. The regulations were enacted after extensive consultation with key stakeholders. This was followed by a programme of workshops for municipalities and provinces on the content of the regulations and how to implement them

The department developed, monitored and facilitated the implementation of protocols for the rationalisation of 19 former cross-boundary municipalities, including monitoring the service level agreements and facilitating the transition process.

In June 2006, the Minister for Provincial and Local Government released a new framework for councillor remuneration as decided by Cabinet. The framework provides a point of reference for streamlining remuneration systems for councillors across all categories of municipalities, and for aligning them with provincial government systems.

The Local Government Laws amendment bill has been drafted and is aimed at refining existing local government legislation to strengthen the legal and regulatory dispensation. It will be considered by Parliament in 2007.

Functional provincial disaster management structures have been established in all but one province, with good progress having been made at the district and metropolitan municipal level. Disaster management regulations and guidelines are being finalised. Phase 1 of the integrated disaster management information system has been implemented. The Working on Fire programme and the South African Air Force have continued to support participating provinces in the fight against veld and forest fires.

281 experts and professionals, also called service delivery facilitators, were deployed to 85 Project Consolidate municipalities. By the end of 2006, this had yielded the following key benefits:

- Technical, financial, planning, project management and other specialist skills have been strengthened.
- There have been positive impacts on local government, as most municipalities have reported progress in filling vacant posts and other actions, ensuring that signed performance contracts are in place.
- Service delivery has been accelerated as blocked projects have been unblocked.
- Local economic development strategies are either being developed or have been finalised.
- Financial systems have been established, audit queries addressed and, in a number of municipalities, revenue income has increased substantially.
- Key stakeholders are involved in supporting local government in a more organised and co-ordinated way, including the Development Bank of Southern Africa, the Institute of Municipal Finance Officers, and the Old Mutual Group.

Selected medium-term output targets

Systems and Capacity Building

Measurable objective: A sustainable system of local government that fosters integrated development and service delivery through monitoring and support for building capacity and developing systems.

Subprogramme	Output	Measure/Indicator	Target
Intergovernmental Fiscal Relations	Municipal Property Rates Act (2004) regulations	First set of regulations focusing on administrative issues gazetted for implementation	December 2007
		Second set of regulations focusing on valuation and rating gazetted for public comments	March 2008
		Concept paper produced	March 2008
Local Government Institutional and Administrative Systems	Options developed for revised local government equitable share formula to assist poorer municipalities	Second set of key regulations on administrative systems in local government	March 2008
		Amendments through a Local Government Laws amendments bill	March 2008
Disaster Management	2010 FIFA World Cup host cities assisted with contingency planning	Contingency plans in place	March 2008

Subprogramme	Output	Measure/Indicator	Target
Municipal Performance Monitoring and Support	Municipal performance excellence acknowledged	Identified best practices showcased	Annual award ceremony and best practices made available to municipalities
Municipal Leadership Development Programme	Fast-tracking and finalising work on the national local government skills audit Rollout of national training and support programme to local government over the next 5 years	Number of municipalities with baseline information on employees, including scarce skills information Drafts of national training and development strategy based on findings of phased skills audit at the 3 proficiency levels	10 municipalities completed in phase 1 by March 2007; another 14 completed in phase 2 by July 2007; and another 115 completed in phase 3 by January 2008 Draft 1 of strategy for 10 municipalities in phase 1 of skills audit by May 2007; draft 2 for 14 municipalities in phase 2 of skills audit by September 2007; and draft 3 for 115 municipalities in phase 3 of skills audit by March 2008
Anti-Corruption	Local government anti-corruption and implementation plan rolled out	Number of metros and districts with anti-corruption strategies in place by March 2008 Communication strategies developed in metros and districts to inform communities and other stakeholders about anti-corruption preventative measures	All metros and district municipalities March 2008
Local Government Equity and Development	Local government HIV and Aids framework piloted and rollout plan developed Gender framework for local government implemented Local government youth development audit conducted in selected municipalities	Report on pilot study highlighting lessons learned and indicating recommendations for rollout Number of district municipalities with gender equity plans by March 2008 Data collection instrument and protocols developed	December 2007 20 district municipalities December 2007
Project Consolidate	Resource pool of specialist service delivery facilitators established and operational in priority municipalities Structured sharing and publication of Project Consolidate lessons and experiences	Number of professionals and specialists available to be deployed to targeted municipalities by March 2008 Number of appropriate knowledge management publications on Project Consolidate developed and distributed by December 2007	Minimum pool of 280 professionals and specialists Minimum of 3 publications

Programme 5: Free Basic Services and Infrastructure

The *Free Basic Services and Infrastructure* programme provides support to local government to enable it to deliver sustainable infrastructure and increase access to basic services, including free basic services such as water and electricity.

Apart from *Management*, there are four subprogrammes:

- *Municipal Infrastructure* manages the implementation of the municipal infrastructure grant.
- *Free Basic Services Co-ordination* helps municipalities implement free basic services.
- *Municipal Services Partnerships* promotes the participation of the private sector, the public sector, NGOs and community based organisations in service delivery.
- *Public Participation and Empowerment* facilitates effective interaction and communication between municipalities and communities.

Expenditure estimates

Table 5.7 Free Basic Services and Infrastructure

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
R thousand							
Management	1 173	1 912	3 279	2 405	2 154	2 262	2 448
Municipal Infrastructure	9 643	17 276	25 240	26 145	28 743	30 180	32 667
Free Basic Services Co-ordination	956	2 949	4 156	3 440	3 958	4 156	4 498
Municipal Service Partnerships	–	1 547	2 692	3 710	4 187	4 396	4 759
Public Participation and Empowerment	2 382	3 408	2 421	2 170	3 011	3 162	3 422
Total	14 154	27 092	37 788	37 870	42 053	44 156	47 794
Change to 2006 Budget estimate				(2 588)	250	(1 467)	

Table 5.7 Free Basic Services and Infrastructure (continued)

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Economic classification							
Current payments	13 898	26 600	36 914	37 278	41 130	43 187	46 745
Compensation of employees	3 637	7 496	15 067	17 034	21 442	22 514	23 640
Goods and services	10 261	19 104	21 847	20 244	19 688	20 673	23 105
<i>of which:</i>							
Communication	12	22	35	179	195	205	229
Consultants, contractors and special services	7 838	14 177	13 953	12 042	11 943	12 540	14 016
Inventory	188	271	578	331	425	446	499
Operating leases	56	163	147	261	250	263	293
Travel and subsistence	1 445	1 654	3 960	3 039	3 937	4 134	4 620
Transfers and subsidies	12	22	46	9	-	-	-
Provinces and municipalities	12	22	46	9	-	-	-
Payments for capital assets	244	470	828	583	923	969	1 049
Machinery and equipment	244	121	701	583	923	969	1 049
Software and other intangible assets	-	349	127	-	-	-	-
Total	14 154	27 092	37 788	37 870	42 053	44 156	47 794

Expenditure trends

The introduction of the municipal infrastructure grant and larger allocations for co-ordinating free basic services are the main reasons for the large increases in 2004/05 and 2005/06. Between 2006/07 and 2009/10, average annual growth for the *Municipal Infrastructure* subprogramme is expected to be 7,7 per cent, and 9,4 per cent for the *Free Basic Services Co-ordination* subprogramme. Overall, the increase in programme expenditure between 2003/04 and 2006/07 was R23,7 million or 38,8 per cent. Over the MTEF period it is expected to be 8,1 per cent.

Service delivery objectives and indicators

Recent outputs

The task team of the technical inter-ministerial committee on Project Consolidate and comprehensive human settlements, which includes nine national departments, has continued to co-ordinate the implementation of the project.

Municipal infrastructure policy principles and a support strategy have been developed to provide a roadmap for infrastructure development, and workshops are conducted at various levels. Nine targeted municipalities are receiving assistance in developing comprehensive infrastructure plans to assist them with the delivery of sustainable services. Guidelines on asset management have been produced, and these will assist municipalities with infrastructure life cycle cost management.

From the inception of the municipal infrastructure grant in 2004 to June 2006, 495 561 households received access to water, and 242 187 households received proper sanitation.

Although 169 project management units have been established, the department, together with other initiatives like the Siyenza Manje programme, provided additional capacity to municipalities for implementing infrastructure projects. Since December 2006, 43 senior engineers, 77 students and 31 graduates have been placed in municipalities, benefiting 62 municipalities.

In October 2006, the municipal service partnerships unit launched a practical guide for municipalities on municipal service partnerships. The guide is being distributed to all municipalities and the phased training of selected officials and councillors will follow throughout 2007/08.

The public participation and empowerment unit has developed a draft framework on public participation which will be finalised in 2007/08. By September 2006, 2 000 community development workers had been deployed, and 60 per cent of designated ward committees established.

The free basic services unit has developed and distributed guidelines on the indigent policy to all municipalities. By the end of September 2006, 116 Project Consolidate municipalities had developed indigent registers. Free basic services campaign material has been distributed to all municipalities through the print and electronic media.

Selected medium-term output targets

Free Basic Services and Infrastructure

Measurable objective: Strengthen the capacity of municipalities to deliver sustainable infrastructure and increase access to basic services through project management and infrastructure planning. Facilitate the provision of engineering services.

Subprogramme	Output	Measure/indicator	Target
Municipal infrastructure	Improved capacity of local government to deliver infrastructure and maintain access to basic services	Number of infrastructure backlogs reduced	400 000 more households with access to basic sanitation 550 000 more households with access to basic water 100 municipalities
	Hands-on targeted support provided to identified municipalities in allocated provinces	Number of municipalities supported to comply with non-financial reporting as required by the Division of Revenue Act Number of municipalities receiving targeted support on programme management and comprehensive infrastructure planning	49 municipalities
Free Basic Services Co-ordination	Implementation of guidelines on the indigent policy	Number of municipalities implementing the guidelines	All municipalities to have started by December 2007
	Provision of free basic services monitored	Frequency of provincial progress reports	Quarterly monitoring and reporting
Municipal Services Partnership	Councillors and officials trained on the implementation of municipal services partnerships (MSP) guidelines	Number of municipalities trained and supported on the processes of establishing and implementing MSP projects by December 2007	All 283 municipalities
	Technical support provided to municipalities on MSPs	All new and existing municipal services partnerships supported	Continuous
Public Participation and Empowerment	Offices of speakers in municipal councils strengthened	Provincial indaba convened with relevant role-players	September 2007
	Draft public participation framework finalised and distributed to municipalities for implementation	Framework on public participation developed and gazetted	November 2007

Programme 6: Provincial and Local Government Transfers

The *Provincial and Local Government Transfers* programme is responsible for disbursing the equitable share and specific conditional grants to the provincial and local spheres of government.

The two subprogrammes, *Provincial Transfers* and *Local Government Transfers*, make transfers to provinces and local government. For 2007/08, funds have only been provided for local government transfers as follows:

- *Equitable Share*: the share of nationally raised revenue which is payable to the local government sphere in terms of section 214 of the Constitution.
- *Municipal Systems Improvement Programme*: to assist municipalities in building in-house capacity to perform their functions and stabilise institutional and governmental systems.
- *Municipal Infrastructure Grant*: to supplement municipal capital budgets and eradicate the backlog in municipal infrastructure for providing basic services to poor households.

Expenditure estimates

Table 5.8 Provincial and Local Government Transfers

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
R thousand							
Provincial Transfers							
Local government capacity building	232 339	220 459	–	–	–	–	–
Disaster relief	27 213	–	40 689	–	–	–	–
Local Government Transfers							
Equitable share	6 350 377	7 677 546	9 643 341	18 057 940	20 675 620	23 774 767	29 444 144
Municipal systems improvement programme	150 993	182 243	200 000	200 000	200 000	200 000	200 000
Municipal infrastructure grant	2 442 170	4 480 675	5 436 161	6 756 148	7 548 564	8 053 090	9 130 230
Disaster relief	–	280 000	311 000	–	–	–	–
Total	9 203 092	12 840 923	15 631 191	25 014 088	28 424 184	32 027 857	38 774 374
Change to 2006 Budget estimate				490 848	1 000 000	1 000 000	

Economic classification

Transfers and subsidies	9 203 092	12 840 923	15 631 191	25 014 088	28 424 184	32 027 857	38 774 374
Provinces and municipalities	9 203 092	12 840 923	15 631 191	25 014 088	28 424 184	32 027 857	38 774 374
Total	9 203 092	12 840 923	15 631 191	25 014 088	28 424 184	32 027 857	38 774 374

Details of transfers and subsidies:

Provinces and municipalities							
Provinces							
Provincial revenue funds							
Current	259 552	220 459	40 689	–	–	–	–
Local government capacity building	232 339	220 459	–	–	–	–	–
Disaster relief	27 213	–	40 689	–	–	–	–
Municipalities							
Municipal bank accounts							
Current	6 539 778	8 180 522	10 154 341	18 257 940	20 875 620	23 974 767	29 644 144
Equitable share transfer to municipalities	6 350 377	7 677 546	9 643 341	18 057 940	20 675 620	23 774 767	29 444 144
Municipal systems improvement grant	150 993	182 243	200 000	200 000	200 000	200 000	200 000
Disaster relief	–	280 000	311 000	–	–	–	–
Municipal infrastructure grant	38 408	40 733	–	–	–	–	–
Capital	2 403 762	4 439 942	5 436 161	6 756 148	7 548 564	8 053 090	9 130 230
Municipal infrastructure grant	2 403 762	4 439 942	5 436 161	6 756 148	7 548 564	8 053 090	9 130 230
Total	9 203 092	12 840 923	15 631 191	25 014 088	28 424 184	32 027 857	38 774 374

Expenditure trends

The equitable share component is expected to continue to grow strongly over the MTEF period, at an average annual rate of 17,7 per cent, or R5 billion over the three years.

Growth in investment in infrastructure, reflected under municipal infrastructure grant expenditure, is expected to continue over the MTEF period, but at a slightly reduced average annual rate of 10,6 per cent, compared to 40,4 per cent over the past four years. An additional R400 million has been provided in 2007/08 to facilitate the eradication of the bucket system for sanitation.

Service delivery objectives and indicators

Recent outputs

Equitable share transfers were made in three tranches in line with the published payment schedule.

The funding provided through the municipal systems improvement programme grant continued to support municipalities to implement core municipal systems, the operations of the planning implementation management support centres, and revenue growth programmes.

Selected medium-term output targets

Provincial and Local Government Transfers

Measurable objective: Reinforce the pace and quality of municipal infrastructure development and promote reforms and the restructuring of service delivery by municipalities through managing the transfers of the equitable share and conditional grants to the provincial and local spheres.

Subprogramme	Output	Measure/indicator	Target
Equitable Share	Main statutory transfer to local government	Transfers made according to approved payment schedule and in compliance with the requirements of the Division of Revenue Act	March 2008
Municipal Systems Improvement Programme	Funding assistance to build in-house capacity	Transfers made according to conditions and in compliance with the requirements of the Division of Revenue Act	March 2008
Municipal Infrastructure Grant	Municipal capital budgets supplemented to provide basic services to poor households	Transfers made according to conditions and in compliance with the requirements of the Division of Revenue Act	March 2008

Programme 7: Fiscal Transfers

The *Fiscal Transfers* programme makes funds available to public authorities and other institutions in terms of agreements between them and government.

Each of the seven subprogrammes has a separate transfer:

- *South African Local Government Association* represents the local sphere of government and is recognised in terms of the Organised Local Government Act (1997).
- *Municipal Demarcation Board* is a constitutional body established in terms of the Municipal Demarcation Board Act (1998).
- *Municipal Infrastructure Investment Unit* (MIIU) played a leading role in developing municipal services partnerships to accelerate the equitable delivery of municipal services. The MIIU is being wound up and will be de-listed as a public entity.
- *SA Cities Network* was established to further co-operation between South African cities and maximise benefits through the exchange of information.
- *The Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities* (CRL Commission) is a constitutional body established in terms of its 2002 act.
- *Commission on Traditional Leadership Disputes and Claims* was established in terms of the Traditional Leadership Framework Governance Act (2003).
- *National House of Traditional Leaders* was established by legislation, according to the Constitution, to represent the interests of the traditional community and advise government.

Expenditure estimates

Table 5.9 Fiscal Transfers

Subprogramme	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
R thousand							
South African Local Government Association	20 250	17 300	18 385	19 494	20 461	22 058	23 466
Municipal Demarcation Board	14 311	22 523	24 959	16 827	20 664	22 043	30 260
Municipal Infrastructure Investment Unit	10 000	10 600	11 234	–	–	–	–
South African Cities Network	1 500	1 500	1 500	1 590	4 400	4 700	4 815
Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities	9 140	9 703	11 286	13 403	15 447	18 496	20 393
Commission on Traditional Leadership Disputes and Claims	–	681	6 302	8 470	9 598	10 957	9 890
National House of Traditional Leaders	7 606	8 429	8 703	8 758	8 694	9 373	9 827
Total	62 807	70 736	82 369	68 542	79 264	87 627	98 651
Change to 2006 Budget estimate				2 607	9 730	9 900	

Economic classification

Current payments	8 324	9 073	14 609	17 224	18 292	20 330	19 717
Compensation of employees	1 286	1 265	2 023	5 393	5 758	6 045	6 348
Goods and services	7 038	7 808	12 586	11 831	12 534	14 285	13 369
<i>of which:</i>							
Communication	257	256	308	532	420	479	452
Consultants, contractors and special services	1 656	1 251	4 293	4 241	3 397	3 872	3 653
Inventory	144	36	179	85	473	539	508
Travel and subsistence	3 751	4 791	5 982	4 960	3 466	3 951	3 728
Other	1 172	1 408	1 701	1 913	4 778	5 444	5 028
Transfers and subsidies	54 385	61 633	67 383	51 318	60 972	67 297	78 934
Provinces and municipalities	6	7	19	4	–	–	–
Departmental agencies and accounts	52 501	60 126	65 864	49 724	56 572	62 597	74 119
Non-profit institutions	1 500	1 500	1 500	1 590	4 400	4 700	4 815
Households	378	–	–	–	–	–	–
Payments for capital assets	98	30	377	–	–	–	–
Machinery and equipment	98	30	377	–	–	–	–
Total	62 807	70 736	82 369	68 542	79 264	87 627	98 651

Details of major transfers and subsidies:

Departmental agencies and accounts	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Current	52 501	60 126	65 864	49 724	56 572	62 597	74 119
South African Local Government Association	20 250	17 300	18 385	19 494	20 461	22 058	23 466
Municipal Infrastructure Investment Unit	10 000	10 600	11 234	–	–	–	–
Municipal Demarcation Board	14 311	22 523	24 959	16 827	20 664	22 043	30 260
Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities	7 940	9 703	11 286	13 403	15 447	18 496	20 393
Non-profit institutions	1 500	1 500	1 500	1 590	4 400	4 700	4 815
South African Cities Network	1 500	1 500	1 500	1 590	4 400	4 700	4 815
Households							
Other transfers							
Current	378	–	–	–	–	–	–
National House of Traditional Leaders	378	–	–	–	–	–	–

Expenditure trends

Average annual growth in the department's assistance to the institutions between 2006/07 and 2009/10 is 12,9 per cent. The main areas of growth are: the Municipal Demarcation Board (to prepare for the next round of

elections); the SA Cities Network (to improve relationships with and between cities in South Africa); and the Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities (to build additional capacity for fulfilling its mandate).

Public entities and other agencies

Municipal Infrastructure Investment Unit

The Municipal Infrastructure Investment Unit (MIIU) stopped operating in March 2006 and should be de-registered in terms of the Companies Act (1973) before the end of March 2007. Its viable projects in progress have been taken over by the Project Development Facility (PDF), a single function trading entity in National Treasury, and projects not yet started have been cancelled by mutual consent with the municipalities concerned. The surplus funds will be transferred to the PDF, and the MIIU will then be formally de-listed as a public entity in terms of the Public Finance Management Act (1999).

South African Local Government Association

The South African Local Government Association (SALGA) was established in 1996 and registered as a non-profit association. SALGA is mandated to represent the interests of organised local government in the intergovernmental relations system. It promotes sound labour practices, giving voice to the interests of local government at national and provincial levels and in intergovernmental processes, and builds the capacity of local government. In January 1998, SALGA was recognised by government as the one national organisation representing the majority of provincial organisations in terms of section 2 of the Organised Local Government Act (1997).

SALGA is funded through a combination of sources, including a national government grant, membership fees from provincial and local government associations that are voluntary members, and donations from the donor community for specific projects.

Additional tables

Table 5.A Summary of expenditure trends and estimates per programme and economic classification

Programme	Appropriation		Audited outcome	Appropriation			Revised estimate
	Main	Adjusted		Main	Additional	Adjusted	
R thousand	2005/06		2005/06	2006/07			2006/07
1. Administration	99 340	109 640	108 940	123 993	(4 205)	119 788	119 788
2. Governance, Policy and Research	25 541	24 241	24 153	29 287	6 952	36 239	36 239
3. Urban and Rural Development	9 253	8 353	8 308	10 729	(2 269)	8 460	8 087
4. Systems and Capacity Building	67 949	83 939	83 379	109 798	(2 497)	107 301	105 473
5. Free Basic Services and Infrastructure	39 727	38 227	37 788	40 458	(2 588)	37 870	37 758
6. Provincial and Local Government Transfers	15 279 502	15 631 202	15 631 191	24 523 240	490 848	25 014 088	25 014 088
7. Fiscal Transfers	78 031	83 391	82 369	65 935	2 607	68 542	68 542
Total	15 599 343	15 978 993	15 976 128	24 903 440	488 848	25 392 288	25 389 975
Economic classification							
Current payments	247 584	266 527	263 968	322 601	(3 847)	318 754	316 441
Compensation of employees	121 056	119 809	99 367	140 400	(22 106)	118 294	115 981
Goods and services	126 528	146 676	164 559	182 201	18 259	200 460	200 460
Financial transactions in assets and liabilities	–	42	42	–	–	–	–
Transfers and subsidies	15 345 969	15 705 755	15 705 715	24 574 781	491 137	25 065 918	25 065 918
Provinces and municipalities	15 279 865	15 631 543	15 631 508	24 523 417	490 783	25 014 200	25 014 200
Departmental agencies and accounts	64 604	67 814	67 814	49 724	–	49 724	49 724
Public corporations and private enterprises	–	182	177	–	–	–	–
Non-profit institutions	1 500	5 500	5 500	1 590	–	1 590	1 590
Households	–	716	716	50	354	404	404
Payments for capital assets	5 790	6 711	6 445	6 058	1 558	7 616	7 616
Machinery and equipment	5 551	6 303	6 122	6 038	1 578	7 616	7 616
Software and intangible assets	239	408	323	20	(20)	–	–
Total	15 599 343	15 978 993	15 976 128	24 903 440	488 848	25 392 288	25 389 975

Table 5.B Summary of personnel numbers and compensation of employees

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimates		
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
A. Permanent and full-time contract employees							
Compensation (R thousand)	51 846	71 527	99 264	117 907	148 895	156 338	164 156
Unit cost (R thousand)	173	209	216	236	297	312	328
Personnel numbers (head count)	300	342	460	500	501	501	501
C. Interns							
Compensation of interns	–	391	103	387	400	420	441
Unit cost (R thousand)	–	15	26	14	14	14	14
Number of interns	–	26	4	28	29	30	32
Total for department							
Compensation (R thousand)	51 846	71 918	99 367	118 294	149 295	156 758	164 597
Unit cost (R thousand)	173	195	214	224	282	295	309
Personnel numbers (head count)	300	368	464	528	530	531	533

Table 5.C Summary of expenditure on training

	Audited outcome			Adjusted appropriation	Medium-term expenditure estimates		
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Training and staff development							
Expenditure (R thousand)	2 523	2 546	1 350	990	1 516	1 592	1 671
Number of employees trained (head count)	233	233	140	126	136	138	140
Bursaries (employees)							
Expenditure per programme (R thousand)	156	140	250	400	421	442	464
Number of employees (head count)	63	50	70	90	90	90	90
Total	2 679	2 686	1 600	1 390	1 937	2 034	2 135
Number of employees	296	283	210	216	226	228	230

Table 5.D Summary of conditional grants to provinces and municipalities¹

R thousand	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
Conditional grants to provinces							
6. Provincial and Local Government Transfers							
Local government capacity building	232 339	220 459	–	–	–	–	–
Disaster relief	27 213	–	40 689	–	–	–	–
Total	259 552	220 459	40 689	–	–	–	–
6. Provincial and Local Government Transfers							
Municipal systems improvement grant	150 993	182 243	200 000	200 000	200 000	200 000	200 000
Municipal infrastructure grant	2 442 170	4 480 675	5 436 161	6 756 148	7 548 564	8 053 090	9 130 230
Disaster relief	–	280 000	311 000	–	–	–	–
Total	2 593 163	4 942 918	5 947 161	6 956 148	7 748 564	8 253 090	9 330 230

1. Detail provided in the Division of Revenue Act (2007).

Table 5.E Summary of expenditure on infrastructure

Description	Service delivery outputs	Audited outcome			Adjusted appropriation	Medium-term expenditure estimate		
		2003/04	2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
R thousand								
Infrastructure transfers to other spheres, agencies and departments								
Municipal infrastructure grant	Basic bulk connector and internal infrastructure for municipal services	2 286 762	4 439 942	5 436 161	6 265 300	7 548 564	8 053 090	9 130 230
Total		2 286 762	4 439 942	5 436 161	6 265 300	7 548 564	8 053 090	9 130 230

