

**NATIONAL COUNCIL OF PROVINCES
QUESTION FOR WRITTEN REPLY
QUESTION NUMBER: 265 [CW357E]
DATE OF PUBLICATION: 5 JUNE 2015**

★265. Mr F Essack (Mpumalanga: DA) to ask the Minister of Finance:

1. (a) What are the details of the capital budget of each (i) district and (ii) local municipality in Mpumalanga in the past three financial years and (b) how much was (i) budgeted for, (ii) awarded to and (iii) spent in each municipality;
2. What are the details of each capital project in each of the said municipalities in terms of (a) description, (b) estimated costs and (c) time frames for completion?

CW357E

REPLY:

The National Treasury can only provide the details submitted by each responsible municipality as each municipality is accountable for its own budget. Therefore, any queries that may arise on the data should be referred to the appropriate municipality.

Section 71 of the Municipal Finance Management Act, 2003 (Act No. 56 of 2003) (MFMA) includes a requirement that a municipality must submit to the relevant Treasury a monthly statement on the state of the municipality's budget. Provincial Treasuries are required to publish this information for the Municipalities within their respective provinces on a monthly basis and in the format determined by the National Treasury. The National Treasury on the other hand is required to publish this information for all 278 municipalities on a quarterly basis within 30 days after the prescribed period.

This information is in the public domain (can be obtained from the National Treasury's website) and it is compiled to give expression the transparency principal in our Constitution.

The information is articulated per financial year.

1. a) (i), (ii) and b) (i), (ii) and (iii)

In fulfilling requirements set out in section 71 of the MFMA, below are the capital budgets and expenditure of Mpumalanga municipalities for the 2011/12, 2012/13 and 2013/14 financial years.

2011/12 financial year

Total capital budgets for all municipalities in the country was R44.5 billion and was adjusted to R45.8 billion, resulting in the expenditure of R33 billion or 73 per cent of the adjusted budget. The aggregated capital budget of all Mpumalanga municipalities was R1.3 billion and subsequently adjusted to R2.2 billion, of which only R1.3 billion or 62 per cent was

spent; and five municipalities did not budget for capital expenditure. Fourteen municipalities underspent their capital budget. Dipaleseng had the largest underspending at 100 per cent. Albert Luthuli and Ehlanzeni were the only municipalities that overspent their capital budgets. Mbombela Municipality which is the largest and only non-delegated municipality in the province, underspent its capital budget by 52.7 per cent.

Aggregated budgets of capital expenditure for the 4th quarter ended 30 June 2012 (Preliminary results)

R thousands	Main appropriation	Adjusted Budget	Year to date: 30 June 2012	Total Expenditure as % of main appropriation	Total Expenditure as % of adjusted budget	(Over)	Under	(Over)/Under as % of adjusted budget
MPUMALANGA								
Albert Luthuli	-	143	117 303	-	81792.1%	(117 160)	-	(81692.1%)
Msukaligwa	-	-	38 732	-	-	(38 732)	-	-
Mkhondo	71 703	75 943	24 086	33.6%	31.7%	-	51 857	68.3%
Pitsoetshe (MP)	-	-	7 651	-	-	(7 651)	-	-
Lekwa	44 066	75 747	42 431	96.3%	56.0%	-	33 317	44.0%
Dipaleseng	32 517	32 517	-	-	-	-	32 517	100.0%
Govan Mbeki	-	145 354	64 549	-	44.4%	-	80 806	55.6%
Gert Sibande	37 000	41 350	35 728	96.6%	86.4%	-	5 623	13.6%
Total Gert Sibande	185 286	371 055	330 479	178.4%	89.1%	(163 542)	204 119	10.9%
Victor Khanye	-	36 567	34 006	-	93.0%	-	2 561	7.0%
Emalahleni (Mp)	-	-	24 430	-	-	(24 430)	-	-
Steve Tshwete	208 480	364 067	193 771	92.9%	53.2%	-	170 296	46.8%
Emakhazeni	13 131	13 704	1 837	14.0%	13.4%	-	11 867	86.6%
Thembisile Hani	-	126 487	81 646	-	64.5%	-	44 841	35.5%
Dr J.S. Moroka	214 900	174 070	94 536	44.0%	54.3%	-	79 534	45.7%
Nkangala	36 007	29 827	6 949	19.3%	23.3%	-	22 878	76.7%
Total Nkangala	472 518	744 722	437 175	92.5%	58.7%	(24 430)	331 977	41.3%
Thaba Chweu	-	25 356	14 954	-	59.0%	-	10 402	41.0%
Mbombela	640 400	535 596	253 078	39.5%	47.3%	-	282 518	52.7%
Umgindi	-	-	5 769	-	-	(5 769)	-	-
Nkomazi	-	-	151 982	-	-	(151 982)	-	-
Bushbuckridge	681	474 258	122 423	-	25.8%	-	351 835	74.2%
Ehlanzeni	16 500	14 900	18 257	110.7%	122.5%	(3 357)	-	(22.5%)
Total Ehlanzeni	657 582	1 050 109	566 464	86.1%	53.9%	(161 108)	644 754	46.1%
Total Mpumalanga	1 315 385	2 165 887	1 334 117	101.4%	61.6%	(349 081)	1 180 850	38.4%
Total National	44 564 427	45 818 799	33 238 896	74.6%	72.5%	(2 222 321)	14 802 224	27.5%

Source: National Treasury Local Government Database

1. a) (i), (ii) and b) (i), (ii) and (iii)

2012/13 financial year

Total capital budget of all municipalities in the country was R52 billion and was adjusted to R54 billion, resulting in the spending of R42 billion or 77 per cent of the adjusted capital budget. Total capital budget of all municipalities in Mpumalanga Province was R2.8 billion, adjusted to R2.9 billion of which R1.5 billion or 50 per cent was spent; and

Victor Khanye did not budget for capital expenditure. Nineteen municipalities underspent their capital budget. The municipality with the largest underspending was Mkhondo where only 6 per cent of the adjusted capital budget was spent. Ehlanzeni was the only municipality that overspent their capital budget, by 78 per cent. Mbombela, which is the

largest and only non-delegated municipality in the province spent only 50 per cent of its adjusted capital budget.

Aggregated over and under spending of capital adjusted budgets for the 4th quarter ended 30 June 2013

R thousands	Main appropriation	Adjusted Budget	Year to date: 30 June 2013	Total Exp as % of main appropriation	Total Exp as % of adj budget	(Over)	Under	(Over)/Under as % of adj budget
MPUMALANGA								
Albert Luthuli	132 916	132 916	121 557	91.5%	91.5%	-	11 359	8.5%
Msukaligwa	81 862	81 862	17 976	22.0%	22.0%	-	63 886	78.0%
Mkhondo	96 747	96 747	5 445	5.6%	5.6%	-	91 301	94.4%
Pixley Ka Seme (MP)	32 237	32 237	29 881	92.7%	92.7%	-	2 356	7.3%
Lekwa	56 847	56 847	35 437	62.3%	62.3%	-	21 410	37.7%
Dipaleseng	43 091	43 091	9 229	21.4%	21.4%	-	33 862	78.6%
Govan Mbeki	261 809	261 809	96 078	36.7%	36.7%	-	165 732	63.3%
Gert Sibande	32 000	32 000	19 619	61.3%	61.3%	-	12 381	38.7%
Total Gert Sibande	737 510	737 510	335 223	45.5%	45.5%	-	402 287	54.5%
Victor Khanye	-	-	110 600	-	-	(110 600)	-	-
Emalahleni (Mp)	149 380	149 380	52 538	35.2%	35.2%	-	96 842	64.8%
Steve Tshwete	195 689	292 734	184 301	94.2%	63.0%	-	108 433	37.0%
Emakhazeni	17 582	16 875	15 460	87.9%	91.6%	-	1 416	8.4%
Thembisile Hani	124 822	124 822	120 518	96.6%	96.6%	-	4 304	3.4%
Dr J.S. Moroka	138 622	138 622	74 006	53.4%	53.4%	-	64 616	46.6%
Nkangala	66 365	66 365	9 847	14.8%	14.8%	-	56 518	85.2%
Total Nkangala	692 460	788 798	567 270	81.9%	71.9%	(110 600)	332 129	28.1%
Thaba Chweu	137 171	137 171	16 713	12.2%	12.2%	-	120 458	87.8%
Mbombela	541 568	523 096	262 688	48.5%	50.2%	-	260 408	49.8%
Umjindi	41 964	43 774	22 658	54.0%	51.8%	-	21 116	48.2%
Nkomazi	185 547	185 547	124 396	67.0%	67.0%	-	61 151	33.0%
Bushbuckridge	510 808	510 808	96 401	18.9%	18.9%	-	414 407	81.1%
Ehlanzeni	40 319	37 664	66 958	166.1%	177.8%	(29 293)	-	(77.8%)
Total Ehlanzeni	1 457 377	1 438 060	589 814	40.5%	41.0%	(29 293)	877 540	59.0%
Total Mpumalanga	2 887 346	2 964 369	1 492 307	51.7%	50.3%	(139 893)	1 611 955	49.7%
Total National	51 790 736	54 363 124	41 678 912	80.5%	76.7%	(735 572)	13 419 785	23.3%

Source: National Treasury Local Government Database

1. a) (i), (ii) and b) (i), (ii) and (iii)

2013/14 financial year

Aggregated capital budget of all municipalities in the country was R56 billion and was adjusted to R62 billion, resulting in the spending of R48 billion or 78 per cent of the adjusted

capital budget. The capital budget of all municipalities in Mpumalanga Province was R2.9 billion, adjusted to R3.2 billion of which R2 billion or 67 per cent was spent; and

Nineteen municipalities underspent their capital budget. The municipality with the largest underspending was Nkangala District where only 14 per cent of the capital budget was spent. Albert Luthuli and Msukaligwa overspent their capital budget. Mbombela, which is the largest and only non-delegated municipality in the province spent only 35 per cent of its adjusted capital budget.

Aggregated budgets of capital expenditure for the 4th quarter ended 30 June 2014 (Preliminary results)

	Main appropriation	Adjusted Budget	Year to date: 30 June 2014	Total Expenditure as % of main appropriation	Total Expenditure as % of adjusted budget	(Over)	Under	(Over) spending as % of adj budget	Under spending as % of adj budget
R thousands									
MPUMALANGA									
Albert Luthuli	101 978	102 901	119 077	116.8%	115.7%	(16 176)	-	15.7%	-
Msukaligwa	101 269	826	52 503	51.8%	6358.9%	(51 677)	-	6258.9%	-
Mkhondo	102 668	131 655	101 958	99.3%	77.4%	-	29 697	-	22.6%
Pixley Ka Seme (MP)	29 331	39 001	32 016	109.2%	82.1%	-	6 985	-	17.9%
Lekwa	43 308	77 920	64 050	147.9%	82.2%	-	13 870	-	17.8%
Dipaleseng	58 332	58 332	12 602	21.6%	21.6%	-	45 730	-	78.4%
Govan Mbeki	254 288	254 288	147 157	57.9%	57.9%	-	107 131	-	42.1%
Gert Sibande	40 500	24 400	18 539	45.8%	76.0%	-	5 861	-	24.0%
Total Gert Sibande	731 674	689 323	547 902	74.9%	79.5%	(67 853)	209 274	9.8%	30.4%
Victor Khanye	102 658	102 658	95 391	92.9%	92.9%	-	7 267	-	7.1%
Emalaheni (Mp)	164 633	234 313	67 787	41.2%	28.9%	-	166 526	-	71.1%
Steve Tshwete	269 476	348 087	259 299	96.2%	74.5%	-	88 788	-	25.5%
Emakhazeni	17 229	16 313	11 822	68.6%	72.5%	-	4 491	-	27.5%
Thembisile Hani	116 207	118 146	64 153	55.2%	54.3%	-	53 992	-	45.7%
Dr J.S. Moroka	129 881	190 985	111 063	85.5%	58.2%	-	79 921	-	41.8%
Nkangala	56 338	43 234	6 141	10.9%	14.2%	-	37 092	-	85.8%
Total Nkangala	856 422	1 053 735	615 656	71.9%	58.4%	-	438 078	-	41.6%
Thaba Chweu	57 438	56 338	45 952	80.0%	81.6%	-	10 386	-	18.4%
Mbombela	575 919	605 452	214 632	37.3%	35.4%	-	390 820	-	64.6%
Umjindi	70 537	68 569	64 728	91.8%	94.4%	-	3 841	-	5.6%
Nkomazi	229 757	229 757	154 413	67.2%	67.2%	-	75 345	-	32.8%
Bushbuckridge	397 913	483 019	480 820	120.8%	99.5%	-	2 199	-	0.5%
Ehlanzeni	61 710	45 605	24 608	39.9%	54.0%	-	20 997	-	46.0%
Total Ehlanzeni	1 393 274	1 488 740	985 153	70.7%	66.2%	-	503 587	-	33.8%
Total Mpumalanga	2 981 370	3 231 798	2 148 712	72.1%	66.5%	(67 853)	1 150 939	2.1%	35.6%
Total National	56 417 766	61 866 271	47 931 822	85.0%	77.5%	(873 683)	14 808 133	1.4%	23.9%

Source: National Treasury Local Government Database

The reasons for lack of adequate capital spending among municipalities varies, but mainly is attributed to:

- Most municipalities budgets are not multi-year budgets, due to poor budgeting skills within the municipalities;
- Lack of technical skills within the technical departments and Project Management Office of most municipalities, which leads to delays in implementing projects;
- Long lead times of projects within the supply management processes;
- Political interference in awarding of tenders; and
- Legal challenges from unsuccessful bidders.

The analyses above shows that there has been an improvement in the capital spending by municipalities, from 2011/12 to 2013/14 financial years. This is attributed to continual training by National Treasury on budgeting and supply chain management issues to both provincial treasuries and municipalities.

2. (a), (b) and (c)

The details of the capital budget, including each capital project are available from each responsible municipality as well as the detailed information per project can be requested directly from the municipalities. The Mpumalanga Provincial Treasury may also be able to assist on the second part of the question and therefore the question should be referred to them.