

Vote 5

Provincial and Local Government

2007/08				
R thousand	Main appropriation	Adjusted appropriation	Decrease	Increase
Amount to be appropriated	28 844 175	30 036 751	–	1 192 576
of which:				
Current payments	352 077	339 043	(13 034)	–
Transfers and subsidies	28 486 832	29 692 421	–	1 205 589
Payments for capital assets	5 266	5 287	–	21
Executive authority	Minister for Provincial and Local Government			
Accounting officer	Director-General of Provincial and Local Government			

Aim

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

Adjusted Estimates of National Expenditure 2007

Table 5.1: Adjusted estimates

2007/08							
Programme	Additional appropriation						
R thousand	Main appropriation	Roll-overs	Unforeseeable /unavoidable	Virement	Other adjustments	Total additional appropriation	Adjusted appropriation
1. Administration	130 569	–	–	1 951	5 356	7 307	137 876
2. Governance, Policy and Research	30 649	–	–	12 654	–	12 654	43 303
3. Urban and Rural Development	11 280	–	–	(598)	–	(598)	10 682
4. Systems and Capacity Building	126 176	–	–	(12 697)	(18 356)	(31 053)	95 123
5. Free Basic Services and Infrastructure	42 053	–	–	(1 651)	–	(1 651)	40 402
6. Provincial and Local Government Transfers	28 424 184	817 740	387 836	–	–	1 205 576	29 629 760
7. Fiscal Transfers	79 264	–	–	341	–	341	79 605
Total	28 844 175	817 740	387 836	–	(13 000)	1 192 576	30 036 751
Economic classification							
Current payments	352 077	–	–	(34)	(13 000)	(13 034)	339 043
Compensation of employees	149 295	–	–	(7 949)	–	(7 949)	141 346
Goods and services	202 782	–	–	7 915	(13 000)	(5 085)	197 697
Transfers and subsidies	28 486 832	817 740	387 836	13	–	1 205 589	29 692 421
Provinces and municipalities	28 425 779	817 740	387 836	2	–	1 205 578	29 631 357
Departmental agencies and accounts	56 572	–	–	–	–	–	56 572
Public corporations and private enterprises	81	–	–	–	–	–	81
Non-profit institutions	4 400	–	–	–	–	–	4 400
Households	–	–	–	11	–	11	11
Payments for capital assets	5 266	–	–	21	–	21	5 287
Machinery and equipment	5 266	–	–	21	–	21	5 287
Total	28 844 175	817 740	387 836	–	(13 000)	1 192 576	30 036 751

Details of adjustments to Estimates of National Expenditure 2007

Roll-overs – R817.74 million

Programme 6: Provincial and Local Government Transfers

R817.74 million was rolled over for municipal infrastructure projects. The funds were stopped due to persistent under-spending by some municipalities.

Unforeseeable and unavoidable expenditure – R387.836 million

Programme 6: Provincial and Local Government Transfers

Funds have been allocated for local and district municipalities through the municipal infrastructure grant for reconstruction and rehabilitation: R180.923 million to municipalities in KwaZulu-Natal following storms and tidal surges in March 2007 and R6.913 million to the West Coast District Municipality area for flood damage in June 2007.

R200 million has been allocated for the shortfall for eradicating bucket toilets.

Virements

Table 5.2: Details on virements per programme and economic classification

Programme / Economic classification	R thousand		Motivation
	From	To	
1. Administration	(4 189)	6 140	
Current payments	(4 189)	6 132	
Compensation of employees	(4 189)	–	Savings of 7.7% due to vacant posts that have not been filled since the beginning of the financial year have been shifted to goods and services.
Goods and services	–	6 132	Funds shifted from compensation of employees in this programme (R4.2 million), programme 2 (R341 000), programme 3 (R598 000) and programme 4 (R1 million) will be used for increased international travel and subsistence costs (R1.9 million), a performance audit (R800 000), internal audit (R1.1 million), bandwidth upgrade, maintenance and contracts, software licenses and IT hardware for Cape Town (R300 000) additional monitoring and evaluation functions on the municipal leadership pilot project (R1.2 million) and legal services for municipal demarcation cases (R1 million).
Transfers and Subsidies	–	2	
Provinces and municipalities	–	2	Funds shifted from compensation of employees in programme 5 will be used to for motor vehicle licenses.
Payments for capital assets	–	6	
Machinery and equipment	–	6	Funds shifted from compensation of employees in programme 5 will be used to buy office equipment.
2. Governance, Policy and Research	(341)	12 995	
Current payments	(341)	12 980	
Compensation of employees	(341)	–	Savings of 7.7% due to vacant posts that have not been filled since the beginning of the financial year have been shifted to goods and services in programme 1.
Goods and services	–	12 980	Funds shifted from goods and services in programme 4 (R11.6 million) and compensation of employees in programme 5 (R1.3 million) will be used for: establishing a Khoi-San committee and consultation on Khoi-San policy (R1.4 million); managing the development of the White Paper on Provinces and the local government policy review process (R9.2 million); and projects from the previous financial year completed this financial year (R2.3 million).
Payments for capital assets	–	15	
Machinery and equipment	–	15	Funds shifted from compensation of employees in programme 5 will be used to buy office equipment.
3. Urban and Rural Development	(598)	–	
Current payments	(598)	–	
Compensation of employees	(598)	–	Savings of 7.7% due to vacant posts that have not been filled since the beginning of the financial year have been shifted to goods and services in programme 5.

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

Programme / Economic classification	R thousand		Motivation
	From	To	
4. Systems and Capacity Building	(12 708)	11	
Current payments	(12 708)	–	
Compensation of employees	(1 010)	–	Savings of 7.7% due to vacant posts that have not been filled since the beginning of the financial year have been shifted to goods and services in programme 1.
Goods and services	(11 698)	–	The savings are a result of: Municipal Performance Monitoring and Support (R5 million) due to work that was previously done by consultants and is now done in-house, and Project Consolidate (R13.9 million) due to expenditure trends up to July 2007 and savings on personnel as the expenditure for the DDG's office is allocated to the Branch. The shortfall is a result of: Performance Management (R2.3 million) for performance excellence awards; 2010 World Cup (R2.5 million) not budgeted for in the original budget; and Municipal Leadership Pilot Project (R2.4 million) that cost more than expected. The savings will be used in goods and services in programme 2.
Transfers and Subsidies	–	11	
Households	–	11	Funds shifted from compensation of employees in programme 5 (R11 000) will be used for employer contributions to social benefits.
5. Free Basic Services and Infrastructure	(1 651)	–	
Current payments	(1 651)	–	
Compensation of employees	(1 651)	–	Savings of 7.7% due to vacant posts that have not been filled since the beginning of the financial year have been shifted to goods and services in programme 2.
7. Fiscal Transfers	(160)	501	
Current payments	(160)	501	
Compensation of employees	(160)	–	Savings of 7.7% due to vacant posts that have not been filled since the beginning of the financial year have been shifted to goods and services in this programme.
Goods and services	–	501	Funds shifted from compensation of employees in this programme and programme 4 will be used for the National House of Traditional Leaders.
Total for Vote	(19 647)	19 647	

Other adjustments – (R13 million)**Shifting of funds between votes****Programme 1: Administration**

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

Programme 4: Systems and Capacity Building

R14 million has been shifted to the Department of Water Affairs and Forestry for the Working on Fire Project.

Funds shifted within a vote**Programme 4: Systems and Capacity Building**

R5.365 million has been shifted to programme 1 following the shift of the monitoring and evaluation function from this programme.

Expenditure 2006/07 and preliminary expenditure 2007/08

Table 5.3: Expenditure trends

Programme	2006/07				2007/08		
	Expenditure outcome				Preliminary expenditure		
R thousand	Adjusted appropriation	Apr 2006 - Sep 2006	Apr 2006 - Mar 2007	Apr 06 - Mar 07 % of adjusted appropriation	Adjusted appropriation	Apr 2007 - Sep 2007	% change 06/07 - 07/08 Apr - Sep
1. Administration	119 788	60 195	127 543	106.5	137 876	64 821	7.7
2. Governance, Policy and Research	36 239	13 130	37 624	103.8	43 303	15 318	16.7
3. Urban and Rural Development	8 460	3 531	7 960	94.1	10 682	3 769	6.7
4. Systems and Capacity Building	107 301	31 162	98 741	92.0	95 123	37 377	19.9
5. Free Basic Services and Infrastructure	37 870	15 525	36 620	96.7	40 402	15 001	(3.4)
6. Provincial and Local Government Transfers	25 014 088	8 340 834	24 196 349	96.7	29 629 760	10 523 169	26.2
7. Fiscal Transfers	68 542	31 685	70 835	103.3	79 605	42 747	34.9
Total	25 392 288	8 496 062	24 575 672	96.8	30 036 751	10 702 202	26.0
Current payments	318 753	130 516	305 721	95.9	339 043	146 367	12.1
Compensation of employees	118 294	54 401	116 166	98.2	141 346	62 832	15.5
Goods and services	200 459	76 026	189 288	94.4	197 697	83 401	9.7
Financial transactions in assets and liabilities	–	89	267	–	–	134	50.6
Transfers and subsidies	25 065 919	8 364 430	24 256 970	96.8	29 692 421	10 554 581	26.2
Provinces and municipalities	25 014 201	8 340 923	24 196 442	96.7	29 631 357	10 523 176	26.2
Departmental agencies and accounts	49 724	22 866	49 724	100.0	56 572	29 024	26.9
Public corporations and private enterprises	–	52	278	–	81	170	226.9
Foreign governments and international organisations	–	96	2 983	–	–	–	(100.0)
Non-profit institutions	1 590	70	6 809	428.2	4 400	2 200	3042.9
Households	404	423	734	181.7	11	11	(97.4)
Payments for capital assets	7 616	1 116	12 981	170.4	5 287	1 254	12.4
Machinery and equipment	7 616	1 116	4 837	63.5	5 287	1 254	12.4
Total	25 392 288	8 496 062	24 575 672	96.8	30 036 751	10 702 202	26.0

Selected expenditure trends for the first half of 2007/08

Expenditure in the first six months of 2007/08 was R10.7 billion, or 35.6 per cent of the adjusted appropriation of R30 billion for the year as a whole. Expenditure in the first six months of 2007/08 increased by 26 per cent compared to the first six months of 2006/07.

The main increases compared to 2006/07 are related to improved capacity and funds transferred to public authorities and departmental agencies according to agreements with the department.

Expenditure in 2006/07 was 96.8 per cent of the adjusted appropriation for that year.

Changes to transfers and subsidies and conditional grants

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

2007/08							
		Additional appropriation					
R thousand	Main appropriation	Roll-overs	Unforeseeable /unavoidable	Virement	Other adjustments	Total additional appropriation	Adjusted appropriation
1. Administration	1 676	–	–	2	–	2	1 678
Provinces and municipalities							
Municipalities							
Municipalities							
Current	1 595	–	–	2	–	2	1 597
Municipal services	1 595	–	–	2	–	2	1 597
4. Systems and Capacity Building	–	–	–	11	–	11	11
Households							
Other transfers							
Capital	–	–	–	11	–	11	11
Employee social benefit	–	–	–	11	–	11	11
6. Provincial and Local Government Transfers	28 424 184	817 740	387 836	–	–	1 205 576	29 629 760
Provinces and municipalities							
Municipalities							
Municipalities							
Capital	7 548 564	817 740	387 836	–	–	1 205 576	8 754 140
Municipal Infrastructure Grant	7 548 564	817 740	387 836	–	–	1 205 576	8 754 140

Table 5.5: Summary of changes to conditional grants: Local Government (Municipalities) ¹

2007/08							
	Main appropriation	Additional appropriation				Total additional appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable /unavoidable	Virement	Other adjustments		
R thousand							
6. Provincial and Local Government Transfers							
Municipal Infrastructure Grant	7 548 564	817 740	387 836	–	–	1 205 576	8 754 140

¹ Main appropriation detail provided in the Division of Revenue Act, 2007.

