

# Vote 5

## Provincial and Local Government

	2004/05 To be appropriated	2005/06	2006/07
MTEF allocations	R12 850 768 000	R14 370 586 000	R15 914 319 000
Statutory amounts	-	-	-
Responsible Minister	Minister for Provincial and Local Government		
Administering Department	Department of Provincial and Local Government		
Accounting Officer	Director-General of Provincial and Local Government		

### Aim

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

### Programme purpose and measurable objectives

#### Programme 1: Administration

**Purpose:** Provide for the management, leadership and administration of the department.

#### Programme 2: Governance, Policy and Research

**Purpose:** 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, institutions of traditional leadership and international and donor relations.

**Measurable objective:** Stabilise and strengthen the system of intergovernmental relations and build a capacitated and developmentally orientated provincial sphere in order to promote an outcome-based approach to intergovernmental development planning and local economic development and the developmental role of the institutions of traditional leadership.

#### Programme 3: Urban and Rural Development

**Purpose:** Manage, co-ordinate, monitor and measure the effectiveness of the implementation of the Urban Renewal Programme (URP) and the Integrated Sustainable Rural Development Programme (ISRDP). Ensure integration of development programmes across all spheres of government and propose strategies for improvement.

**Measurable objective:** Ensure the effectiveness of the implementation of the URP and the ISRDP through the alignment and co-ordination of programmes with development initiatives across all spheres of government.

#### **Programme 4: Systems and Capacity Building**

**Purpose:** Provide capacity-building and support programmes to local government. Provide a national disaster management centre. Promote intergovernmental fiscal relations.

**Measurable objective:** Promote a sustainable system of local government, which fosters integrated development and service delivery through monitoring and support for capacity-building and systems development.

#### **Programme 5: Free Basic Services and Infrastructure**

**Purpose:** Strengthen service delivery capacity for local government to enable municipalities to meet their constitutional mandate by increasing, in a sustainable manner, access to basic services for all communities.

**Measurable objective:** Strengthen the capacity of municipalities to deliver sustainable infrastructure and increase access to basic services, including free basic services to the poor, by producing guidelines and advice on project management and through the establishment of Project Management Units (PMUs).

#### **Programme 6: Provincial and Local Government Transfers**

**Purpose:** Provide for conditional grants to the provincial and local spheres of government that are directly administered by the department.

**Measurable objective:** Reinforce the pace and quality of municipal infrastructure investment and promote the reforming and restructuring of service delivery by municipalities by managing the equitable share and conditional grants to the provincial and local spheres.

#### **Programme 7: Fiscal Transfers**

**Purpose:** Provides for financial transfers to various authorities and institutions in terms of the relevant legislation and founding agreements.

**Measurable objective:** Meet financial obligations to ensure that the objectives contained in the legislation or founding agreements of authorities and institutions are effectively and efficiently performed.

### **Strategic overview and key policy developments: 2000/01 – 2006/07**

The Department of Provincial and Local Government (**the dplg**), in consultation with other sector departments involved in local government activities, continues to play a leading role in the transformation of the different spheres of government. This includes the processes of democratisation, demarcation and amalgamation of municipalities in three phases. The first phase, between 2000 and 2002, was the establishment phase, the current consolidation phase is expected to continue to 2005, and the final phase will be the sustainability phase.

In order to reflect the main emphasis of **the dplg**'s mandate and to facilitate accountability, the programme structure of the department has been realigned according to the revised departmental structure. The former *Governance and Development* programme has been renamed *Governance, Policy and Research* and realigned to focus on all governance and policy issues, including those to do with local economic development and traditional leadership. The URP and ISRDP have been accommodated in the new *Urban and Rural Development* programme.

The former *Institutional Reform and Support* programme has been renamed *Systems and Capacity Building*, which more correctly describes its purpose in the transformation of local government.

Three additional programmes have been added. *Free Basic Services and Infrastructure* has been created to focus on community involvement in the provision of services and the implementation of government's policy on the provision of infrastructure through a single grant mechanism. *Provincial and Local Government Transfers* and *Fiscal Transfers* distinguishes these grants from the normal operating budget of the department.

#### *Legal framework*

As part of its mandate and in line with the constitutional vision of a developmental local government, **the dplg** developed the Local Government Municipal Structures Act (117 of 1998) and the Local Government Municipal Systems Act (32 of 2000), which together set out the structures, core systems and functions of local government.

The Disaster Management Act (57 of 2002) provides for a national policy and the integration of disaster management activities across the three spheres of government. Implementation will be phased in over two years, taking into account capacity limitations in the provincial and local spheres. The aim is to establish national norms and standards to ensure a uniform approach.

The Local Government Property Rates Bill was introduced in Parliament during 2003. The Bill will address the legal framework necessary for the new local government property rating system introducing innovation in administration and improving revenue collection at the local level. Once promulgated, the Act will be implemented over a period of approximately four years.

The rationalisation of outdated local government legislation in consultation with provinces will be completed by December 2004.

A White Paper on Traditional Leadership and Governance has been finalised, and addresses issues such as the role and functions of traditional leaders, the structures of traditional leadership institutions, and the relationship between traditional leadership and government. The Traditional Leadership and Governance Framework Act (41 of 2003) sets norms and standards for provincial legislation. Each provincial government is expected to finalise its own legislation during 2004/05.

#### *Grant administration*

The department is responsible for administering and managing a system of intergovernmental transfers. Transfers from national government to municipalities are in the process of being rationalised into three main sources of income. These are: the local government equitable share, which is to fund the operating costs of basic service provision; the Municipal Infrastructure Grant (MIG), which provides for municipal infrastructure provisioning; and the Municipal Systems Improvement Grant (MSIG), which provides support to municipalities for implementing new systems according to the Local Government Municipal Systems Act.

The creation of the MIG incorporates the many infrastructure grants to municipalities to create a single consolidated fund for infrastructure provisioning. Phased in over a three-year period, beginning in 2003, the new MIG will be created through the merger of the Consolidated Municipal Infrastructure Programme (CMIP), the Local Economic Development Fund, the Community-Based Public Works Programme (managed by the Department of Public Works), the Building for Sports and Recreation Programme (managed by the Department of Sport and Recreation), the Water Services Grant (managed by the Department of Water Affairs and Forestry), and the National Electrification Programme (managed by the Department of Minerals and Energy).

**The dplg** is working closely with other sector departments to integrate all national government capacity-building grants into a single, consolidated MSIG. This grant aims to build capacity in

order to enhance integrated development planning, strategic management and service delivery skills, and financial management and budget reforms.

The MSIG continues to assist municipalities to implement the new division of municipal powers and functions, and to introduce a revenue enhancement programme.

#### *The local sphere*

The department will continue to support the role played by municipalities in preparing participatory, strategic, implementation-oriented integrated development plans (IDPs). Work will continue to consolidate the new system and support the improvement of the quality of IDPs. At the same time, the intergovernmental planning framework will give greater clarity to the appropriate type of planning in each sphere, and its role.

The department supported the establishment of 44 Planning and Implementation Management Support Centres (PIMS-Centres) at the district municipality level. These are now fully operational, and three more are in the final stages. The department will continue to support the PIMS-Centres so that support can be given to municipalities on developing strategies for integrated development planning and implementation. The PIMS-Centres are providing the ideal conduit for sharing best practice with all municipalities within a district, and are supplementing the efforts of the Knowledge Sharing Facility project to provide knowledge-sharing facilities in the local government sector.

The Municipal Transformation Monitoring Project evaluates the capacity of municipalities, on the basis of which **the dplg** determines intervention measures. This mechanism will continue to assist the department in the medium term (2004/05–2006/07) to promptly respond to municipalities in critical need of support in the areas of system development and financial stabilisation.

#### *Intergovernmental relations*

In consultation with other role-players, **the dplg** has been continuously engaged in several initiatives to strengthen relations between the spheres of government, including a review of the entire system of intergovernmental relations undertaken in 1999/00 and the publication of guidelines on intergovernmental disputes and interventions under section 100 of the Constitution.

The document, 'Towards a Ten Year Review', identified the linkage between state practice and sustainable development. The priority over the next decade for the Governance and Administration Cluster, in which the department plays a role, is to constitute a state that is capable of addressing the development challenges arising from the co-existence of two economies. The state must thus function as a cohesive force for social and economic transformation, directing its leadership, resources and services to the poor in a targeted and sustainable way. Effective intergovernmental relations is a precondition for unified state action to reverse the effects of poverty and underdevelopment in South Africa. The department has focused its work on establishing the policy, legislation and institutional machinery for implementing the three sphere system of government in line with national development priorities.

#### *Challenges for the medium term*

With much of the policy and legislative regime in place and local government established and functioning, the emphasis now is on ensuring that the three spheres of government work better to improve service delivery through a stable, predictable and efficient intergovernmental relations system. The four main challenges are: strengthening the capacity of service delivery institutions, particularly at the local level, and enhancing, accelerating and integrating service delivery across the board; completing the remaining work on establishing local government; promoting

community and public participation in governance; and promoting greater stability, predictability, efficiency and legal certainty within the intergovernmental system.

## Expenditure estimates

**Table 5.1: Provincial and Local Government**

Programme	Expenditure outcome			Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome			2004/05	2005/06	2006/07
R thousand	2000/01	2001/02	2002/03	2003/04				
1 Administration	31 115	36 948	53 229	75 185	73 396	88 266	88 380	99 151
2 Governance, Policy and Research	14 745	14 866	18 431	19 756	20 644	26 978	28 777	33 400
3 Urban and Rural Development	–	832	4 819	5 896	4 799	9 878	10 316	11 882
4 Systems and Capacity Building	38 330	44 700	36 951	74 481	73 039	64 819	64 015	74 897
5 Free Basic Services and Infrastructure	11 376	7 427	11 199	19 016	18 383	28 989	33 726	39 262
6 Provincial and Local Government Transfers	3 496 556	4 506 527	6 387 087	9 209 583	9 209 583	12 566 924	14 079 501	15 598 170
7 Fiscal Transfers	55 529	41 766	45 044	62 314	62 077	64 914	65 871	57 557
<b>Total</b>	<b>3 647 651</b>	<b>4 653 066</b>	<b>6 556 760</b>	<b>9 466 231</b>	<b>9 461 921</b>	<b>12 850 768</b>	<b>14 370 586</b>	<b>15 914 319</b>
Change to 2003 Budget Estimate				67 230	62 920	2 250 732	2 841 148	
<b>Economic classification</b>								
<b>Current payments</b>	<b>93 237</b>	<b>102 002</b>	<b>123 023</b>	<b>194 674</b>	<b>190 364</b>	<b>222 168</b>	<b>228 287</b>	<b>261 800</b>
Compensation of employees	31 245	34 182	46 315	62 785	57 007	108 185	116 240	124 855
Goods and services	61 768	67 753	76 361	131 705	133 173	113 983	112 047	136 945
Interest and rent on land	–	–	–	–	–	–	–	–
Financial transactions in assets and liabilities	224	67	347	184	184	–	–	–
Unauthorised expenditure	–	–	–	–	–	–	–	–
<b>Transfers and subsidies to:</b>	<b>3 550 014</b>	<b>4 544 627</b>	<b>6 427 895</b>	<b>9 264 198</b>	<b>9 264 198</b>	<b>12 623 193</b>	<b>14 135 601</b>	<b>15 645 435</b>
Provinces and municipalities	3 496 645	4 506 630	6 387 225	9 209 818	9 209 818	12 567 267	14 079 870	15 598 566
Departmental agencies and accounts	51 307	37 842	40 670	44 561	44 561	44 923	44 158	34 602
Universities and technikons	–	–	–	–	–	–	–	–
Foreign governments & international organisations	7	155	–	–	–	–	–	–
Public corporations & private enterprises	–	–	–	–	–	–	–	–
Non-profit institutions	–	–	–	7 940	7 940	9 503	10 073	10 677
Households	2 055	–	–	1 879	1 879	1 500	1 500	1 590
<b>Payments for capital assets</b>	<b>4 400</b>	<b>6 437</b>	<b>5 842</b>	<b>7 359</b>	<b>7 359</b>	<b>5 407</b>	<b>6 698</b>	<b>7 084</b>
Buildings and other fixed structures	–	–	–	–	–	–	–	–
Machinery and equipment	4 400	6 437	5 842	7 359	7 359	5 407	6 698	7 084
Cultivated assets	–	–	–	–	–	–	–	–
Software and other intangible assets	–	–	–	–	–	–	–	–
Land and subsoil assets	–	–	–	–	–	–	–	–
<b>Total</b>	<b>3 647 651</b>	<b>4 653 066</b>	<b>6 556 760</b>	<b>9 466 231</b>	<b>9 461 921</b>	<b>12 850 768</b>	<b>14 370 586</b>	<b>15 914 319</b>

## Expenditure trends

Expenditure on the vote increased by an annual average of 37,4 per cent between 2000/01 and 2003/04 as the allocations to the Consolidated Municipal Infrastructure Programme grant and the equitable share rose as reflected in the *Provincial and Local Government Transfers* programme. The budget will grow at an annual average rate of 18,9 per cent over the medium term. Conditional grants and the equitable share, reflected in the transfers to provinces and municipalities

expenditure item, are expected to grow with an annual average increase of 19,2 per cent over the medium term, and make up 98,2 per cent of the vote in 2004/05. This is necessary to support the transformation of the local sphere in line with the White Paper on Local Government.

Particular emphasis has also been placed on addressing the backlog of infrastructure needs, leading to considerable increases in the MIG and Consolidated Municipal Infrastructure Programme grant. The consolidation of municipal infrastructure grants into the MIG grant will accelerate, and all funding provided for the CMIP grant will be absorbed by the MIG grant by 2006/07. These allocations are important sources of funding for the Integrated Sustainable Rural Development Programme and the Urban Renewal Programme.

In addition the equitable share grew by 163,0 per cent between 2000/01 and 2003/04 to support local government operating costs and the funding of free basic services. This is reflected as part of the *Provincial and Local Government Transfers* programme.

The remaining 1,8 per cent of the budget is for current payments which fund the operational costs of the department (1,7 per cent) and payments for capital assets (0,1 per cent).

## Departmental receipts

It is estimated that departmental receipts will amount to R92 000 per year over the medium term. These are derived from parking fees, commission on insurance policy deductions, recovery of capital and interest on subsidised vehicles, and bursary repayments, and are paid into the National Revenue Fund.

**Table 5.2: Departmental receipts**

R thousand	Revenue outcome			Adjusted appropriation	Medium-term revenue estimate			
	Audited	Audited	Preliminary outcome		2003/04	2004/05	2005/06	2006/07
	2000/01	2001/02	2002/03					
Tax receipts	-	-	-	-	-	-	-	
Sales of goods and services produced by department (excl capital assets)	16	12	16	18	20	21	21	
Sales of scrap, waste, arms and other used current goods (excl capital assets)	-	-	-	1	1	1	1	
Transfers received	-	-	-	-	-	-	-	
Fines, penalties and forfeits	-	-	-	-	-	-	-	
Interest, dividends and rent on land	42	29	23	29	30	30	30	
Sales of capital assets	-	-	-	82	-	-	-	
Financial transactions in assets and liabilities	397	3 983	1 163	320	40	40	40	
<b>Total departmental receipts</b>	<b>455</b>	<b>4 024</b>	<b>1 202</b>	<b>450</b>	<b>91</b>	<b>92</b>	<b>92</b>	

## Programme 1: Administration

*Administration* conducts the overall management of the department, formulates policy, and provides for the leadership functions of the Ministry's and the department's senior management. Other activities include: providing centralised administrative support and legal services; managing departmental, personnel and financial administration; determining working methods and procedures; strengthening corporate governance, compliance and due diligence; and exercising managerial and administrative control.

## Expenditure estimates

Table 5.3: Administration

Subprogramme	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary		2004/05	2005/06	2006/07
R thousand	2000/01	2001/02	outcome 2002/03	2003/04			
Minister <sup>1</sup>	598	646	691	751	791	831	872
Deputy Minister <sup>2</sup>	–	420	536	602	643	675	709
Management	3 140	3 063	3 409	5 119	6 441	6 839	7 171
Corporate Services	25 881	30 038	45 821	60 475	66 313	65 057	72 964
Corporate Governance, Compliance and Due Diligence	1 272	1 372	2 425	7 544	13 388	14 244	16 657
Government Motor Transport	–	1 342	–	510	690	734	778
Special Functions: Authorised Losses	224	67	347	184	–	–	–
<b>Total</b>	<b>31 115</b>	<b>36 948</b>	<b>53 229</b>	<b>75 185</b>	<b>88 266</b>	<b>88 380</b>	<b>99 151</b>
Change to 2003 Budget Estimate				11 012	22 176	18 027	

1 Payable as from 1 April 2003. Salary: R597 228. Car allowance: R149 307.

2 Payable as from 1 April 2003. Salary: R485 412. Car allowance: R121 353.

## Economic classification

	29 908	32 716	49 058	70 120	84 511	84 442	94 972
<b>Current payments</b>							
Compensation of employees	12 806	17 005	24 572	30 945	50 169	54 252	59 189
Goods and services	16 878	15 644	24 139	38 991	34 342	30 190	35 783
Interest and rent on land	–	–	–	–	–	–	–
Financial transactions in assets and liabilities	224	67	347	184	–	–	–
Unauthorised expenditure	–	–	–	–	–	–	–
<b>Transfers and subsidies to:</b>	<b>35</b>	<b>52</b>	<b>72</b>	<b>105</b>	<b>159</b>	<b>172</b>	<b>187</b>
Provinces and municipalities	35	52	72	105	159	172	187
Departmental agencies and accounts	–	–	–	–	–	–	–
Universities and technikons	–	–	–	–	–	–	–
Foreign governments & international organisations	–	–	–	–	–	–	–
Public corporations & private enterprises	–	–	–	–	–	–	–
Non-profit institutions	–	–	–	–	–	–	–
Households	–	–	–	–	–	–	–
<b>Payments for capital assets</b>	<b>1 172</b>	<b>4 180</b>	<b>4 099</b>	<b>4 960</b>	<b>3 596</b>	<b>3 766</b>	<b>3 992</b>
Buildings and other fixed structures	–	–	–	–	–	–	–
Machinery and equipment	1 172	4 180	4 099	4 960	3 596	3 766	3 992
Cultivated assets	–	–	–	–	–	–	–
Software and other intangible assets	–	–	–	–	–	–	–
Land and subsoil assets	–	–	–	–	–	–	–
<i>Of which: Capitalised compensation</i>	–	–	–	–	–	–	–
<b>Total</b>	<b>31 115</b>	<b>36 948</b>	<b>53 229</b>	<b>75 185</b>	<b>88 266</b>	<b>88 380</b>	<b>99 151</b>

## Details of transfer payments and subsidies:

Provinces and municipalities							
Municipalities							
Current	35	52	72	105	159	172	187
Regional Services Council levies	35	52	72	105	159	172	187
<b>Total</b>	<b>35</b>	<b>52</b>	<b>72</b>	<b>105</b>	<b>159</b>	<b>172</b>	<b>187</b>

## Expenditure trends

The average annual growth in *Administration* over the medium term is 9,7 per cent. An additional R7,2 million is provided in the 2004/05 baseline for the Corporate Governance, Compliance and Due Diligence subprogramme. The Corporate Governance, Compliance and Due Diligence Unit has been expanded to improve monitoring and evaluation and thus enhance and increase the department's output. The unit will also address fraud and corruption in the local sphere.

Compensation of employees increases by 62,1 per cent in 2004/05 to accommodate the increased establishment requirement in the disciplines of corporate planning, project management, local government transformation, anti-corruption, audit and risk management, IT and marketing and communication.

## Programme 2: Governance, Policy and Research

*Governance, Policy and Research* 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 to do with the provincial and local spheres of government and the institutions of traditional leadership.

## Expenditure estimates

Table 5.4: Governance, Policy and Research

Subprogramme	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome		2004/05	2005/06	2006/07
R thousand	2000/01	2001/02	2002/03	2003/04			
Management	523	961	1 514	1 454	1 821	2 071	2 619
Intergovernmental Relations	3 522	3 941	5 861	4 852	6 641	7 301	7 782
Provincial Co-ordination and Support	–	–	–	–	1 558	1 755	1 960
Development Planning	1 534	3 600	5 142	4 358	4 576	5 443	6 764
Local Economic Development	3 050	3 085	1 562	3 000	3 120	3 435	3 691
Traditional Leadership and Institutions	6 116	3 279	4 352	5 076	6 871	6 152	7 940
International and Donor Relations	–	–	–	1 016	2 391	2 620	2 644
<b>Total</b>	<b>14 745</b>	<b>14 866</b>	<b>18 431</b>	<b>19 756</b>	<b>26 978</b>	<b>28 777</b>	<b>33 400</b>
Change to 2003 Budget Estimate				(689)	9 439	10 113	

### Economic classification

	14 668	14 609	18 146	19 579	26 883	28 676	33 293
<b>Current payments</b>							
Compensation of employees	6 699	6 729	7 860	9 571	19 602	20 962	22 111
Goods and services	7 969	7 880	10 286	10 008	7 281	7 714	11 182
Interest and rent on land	–	–	–	–	–	–	–
Financial transactions in assets and liabilities	–	–	–	–	–	–	–
Unauthorised expenditure	–	–	–	–	–	–	–
<b>Transfers and subsidies to:</b>	<b>27</b>	<b>175</b>	<b>23</b>	<b>38</b>	<b>62</b>	<b>66</b>	<b>70</b>
Provinces and municipalities	20	20	23	38	62	66	70
Departmental agencies and accounts	–	–	–	–	–	–	–
Universities and technikons	–	–	–	–	–	–	–
Foreign governments & international organisations	7	155	–	–	–	–	–
Public corporations & private enterprises	–	–	–	–	–	–	–
Non-profit institutions	–	–	–	–	–	–	–
Households	–	–	–	–	–	–	–



R thousand	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome		2004/05	2005/06	2006/07
	2000/01	2001/02	2002/03				
<b>Payments for capital assets</b>	<b>50</b>	<b>82</b>	<b>262</b>	<b>139</b>	<b>33</b>	<b>35</b>	<b>37</b>
Buildings and other fixed structures	-	-	-	-	-	-	-
Machinery and equipment	50	82	262	139	33	35	37
Cultivated assets	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-
<i>Of which: Capitalised compensation</i>	-	-	-	-	-	-	-
<b>Total</b>	<b>14 745</b>	<b>14 866</b>	<b>18 431</b>	<b>19 756</b>	<b>26 978</b>	<b>28 777</b>	<b>33 400</b>

**Details of transfer payments and subsidies:**

Provinces and municipalities							
Municipalities							
Current	20	20	23	38	62	66	70
Regional Services Council levies	20	20	23	38	62	66	70
Foreign governments and international organisations							
Current	7	155	-	-	-	-	-
African Union of Local Authorities	7	155	-	-	-	-	-
<b>Total</b>	<b>27</b>	<b>175</b>	<b>23</b>	<b>38</b>	<b>62</b>	<b>66</b>	<b>70</b>

**Expenditure trends**

The expenditure on the *Governance, Policy and Research* programme is projected to increase at an average annual rate of 19,1 per cent over the medium term. This provides for the new Provincial Co-ordination and Support subprogramme as well as an increase in expenditure of 60,4 per cent and 55,2 per cent for the Intergovernmental Relations and Development Planning subprogrammes respectively from 2003/04 to 2006/07.

The annual average increase of 37,5 per cent over the medium term for the International and Donor Relations subprogramme is due to increased involvement in the areas of governance, municipal administration and disaster management in the SADC region and in support of NEPAD.

Traditional leadership and Institutions increases at an annual average rate of 16,1 per cent over the medium term to finance the appointment of additional senior managers as a result of increased responsibility arising from the promulgation of the Traditional Leadership and Governance Framework Act.

The decrease in expenditure on goods and services of 27,2 per cent in 2004/05 was mainly due to reprioritisation within individual subprogrammes.

**Service delivery, objectives and indicators****Recent outputs***Policy and legislation*

An enabling legislative framework for intergovernmental relations was prepared after a thorough consultative process and a Cabinet workshop that will enable the introduction of a Bill in Parliament in 2004.

A review process was completed, followed by the development of a policy framework, regarding the reallocation of powers and functions across the three spheres of government, and the relevant sections of the Municipal Systems Act were amended accordingly.

### *Development and planning*

Significant progress has been made with the preparation of an intergovernmental planning framework for approval by Cabinet. An IDP Nerve Centre is on the point of being rolled out. A draft local economic development strategy and implementation framework has been completed, and awaits formal Cabinet approval.

The work on aligning municipal IDPs and provincial growth and development strategies (PGDS) is progressing, with a provincial workshop held in 2003. A PGDS review process has begun, and in future more cognisance will be taken of IDPs.

### *Traditional leadership*

The White Paper on Traditional Leadership and Governance was published, and the Traditional Leadership and Governance Framework Act to reform traditional leadership legislation was passed by Parliament. The next phase of repealing outdated legislation has begun, and will be achieved once the provincial legislation, which is in the process of being drafting, is promulgated.

## **Medium-term output targets**

### **Governance, Policy and Research**

<b>Measurable objective:</b> Stabilise and strengthen the system of intergovernmental relations and build a capacitated and developmentally orientated provincial sphere in order to promote an outcome-based approach to intergovernmental development planning and local economic development and the developmental role of the institutions of traditional leadership.			
<b>Subprogramme</b>	<b>Output</b>	<b>Measure/indicator</b>	<b>Target</b>
Intergovernmental Relations	Intergovernmental relations (IGR) legislation and IGR framework	Promulgation of IGR legislation and adoption of IGR framework	July 2004
	Framework for managing assignment of (schedule 4 and 5 and plenary) powers and functions to municipalities	Approval of the framework by Cabinet	April 2004
	Policy framework for implementing sections 100 and 139 of the Constitution	Approval of framework	March 2005
Provincial Co-ordination and Support	Piloting of a framework on provincial co-ordination and support	Comprehensive mid-year report on the pilots	October 2004
	Extension of the programme of provincial support	Provinces implementing support programme	March 2005
Development Planning	Protocol to co-ordinate development planning across the spheres of government	Intergovernmental framework for integrated development planning submitted to Cabinet	October 2004
Local Economic Development	Local economic development (LED) policy framework	Approval of LED policy by Cabinet	July 2004
Traditional Leadership and Institutions	Implementation of national policy and legislation	Promulgation of provincial legislation	March 2005
		Advanced plans to set up commission on claims and disputes relating to Traditional leadership	March 2005
	Development of policy framework on Khoisan	Policy approved by Cabinet	August 2004

Subprogramme	Output	Measure/indicator	Target
International and Donor Relations	Development of legislation on municipal international relations	Act promulgated	September 2004
	New donor relations programme	Coherent department-wide programme finalised	August 2004
	Reviewed Donor and International Relations Monitoring and Evaluation Plan	Full implementation of the final Donor and International Relations Monitoring and Evaluation Plan	September 2004

### Programme 3: Urban and Rural Development

*Urban and Rural Development* provides support for the effective implementation of the Urban Renewal Programme and the Integrated Sustainable Rural Development Programme. The programmes are part of overall government strategies to work in an integrated manner. Twenty-one nodal points have been identified in relation to the landscape of underdevelopment and poverty in South Africa. These nodes were identified via a scientific poverty mapping exercise on the basis of census data available prior to the 2001 census. Central to both the programmes is the need to maximise the impact of expenditure and investment by all spheres of government in the nodes.

### Expenditure estimates

Table 5.5: Urban and Rural Development

Subprogramme	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome		2004/05	2005/06	2006/07
R thousand	2000/01	2001/02	2002/03	2003/04			
Management	–	–	–	960	1 908	1 913	2 578
Urban Renewal	–	832	2 412	1 872	2 290	2 165	2 668
Urban Renewal: Monitoring and Evaluation	–	–	–	798	1 695	2 036	2 031
Rural Development	–	–	2 407	1 412	2 290	2 165	2 676
Integrated Sustainable Rural Development Programme: Monitoring and Evaluation	–	–	–	854	1 695	2 037	1 929
<b>Total</b>	<b>–</b>	<b>832</b>	<b>4 819</b>	<b>5 896</b>	<b>9 878</b>	<b>10 316</b>	<b>11 882</b>
Change to 2003 Budget Estimate				(1 168)	91	88	

#### Economic classification

<b>Current payments</b>	<b>–</b>	<b>832</b>	<b>4 180</b>	<b>5 747</b>	<b>9 739</b>	<b>10 176</b>	<b>11 732</b>
Compensation of employees	–	–	3	3 028	6 038	6 439	6 829
Goods and services	–	832	4 177	2 719	3 701	3 737	4 903
Interest and rent on land	–	–	–	–	–	–	–
Financial transactions in assets and liabilities	–	–	–	–	–	–	–
Unauthorised expenditure	–	–	–	–	–	–	–
<b>Transfers and subsidies to:</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>19</b>	<b>19</b>	<b>20</b>	<b>22</b>
Provinces and municipalities	–	–	–	19	19	20	22
Departmental agencies and accounts	–	–	–	–	–	–	–
Universities and technikons	–	–	–	–	–	–	–
Foreign governments & international organisations	–	–	–	–	–	–	–
Public corporations & private enterprises	–	–	–	–	–	–	–
Non-profit institutions	–	–	–	–	–	–	–
Households	–	–	–	–	–	–	–

Subprogramme	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome		2004/05	2005/06	2006/07
R thousand	2000/01	2001/02	2002/03	2003/04			
<b>Payments for capital assets</b>	-	-	639	130	120	120	128
Buildings and other fixed structures	-	-	-	-	-	-	-
Machinery and equipment	-	-	639	130	120	120	128
Cultivated assets	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-
<i>Of which: Capitalised compensation</i>	-	-	-	-	-	-	-
<b>Total</b>	-	832	4 819	5 896	9 878	10 316	11 882

**Details of transfer payments and subsidies:**

Provinces and municipalities							
Municipalities							
Current							
Regional Services Council levies	-	-	-	19	19	20	22
<b>Total</b>	-	-	-	19	19	20	22

**Expenditure trends**

The expenditure on *Urban and Rural Development* has increased substantially since 2003/04, because the Integrated Sustainable Rural Development and Urban Renewal programmes were, until mid-2003/04, being co-ordinated mainly by consultants and have only recently been fully established with permanent staff. This explains the increase of R3,0 million in 2004/05 for compensation of employees.

The annual average increase of 26,3 per cent for the programme over the medium term reflects the increased emphasis on monitoring and evaluation and the co-ordination aspects of integrated development.

**Service delivery, objectives and indicators****Recent outputs***The Urban Renewal Programme*

A total of 79 anchor projects are currently under way in the nodes, with just over 50 per cent of these in the implementation phase. Political Champions (individual Ministers and Members of Executive Councils who were appointed by Cabinet) have been active in supporting the nodes. The URP facilitated approximately 11 visits by Political Champions to urban nodes in 2003. Significant support for the programme has been mobilised. A draft memorandum of understanding with the Umsobomvu Youth Fund is being prepared, and agreements with other stakeholders are being discussed.

The Urban Renewal Forum convened six times in 2003. The progress reports submitted to the Social Sector Cluster and Cabinet reflect that provincial and national line departments' support for the URP is improving.

*Integrated Sustainable Rural Development Programme*

A workshop involving all three spheres of government was held to improve alignment of IDPs. Lessons will be shared, and the resolutions will be implemented in 2004/05. The Interdepartmental Task Team (IDTT), a co-ordinating structure chaired by the department, met monthly. The IDTT's monitoring, reporting and evaluation task team also met monthly to develop reporting systems, and will continue to assist with developing further detailed indicators for the programme.

Relationships have been established with stakeholders, like Siemens, the Development Bank of Southern Africa and Future Growth, that support work in the nodes. The department worked more closely with the Uthungulu District on piloting the District Information Management System. There are plans to roll the system out nationally.

*Anchor projects*

The implementation of anchor projects in the nodes has made significant progress. In the first six months of 2003/04, 28 150 labour days were created and some 87 000 households benefited in the URP nodes, whilst 65 893 labour days were created and 163 394 households benefited in the ISRDP nodes from CMIP projects.

**Medium-term output targets****Urban and Rural Development**

<b>Measurable objective:</b> Ensure the effectiveness of the implementation of the URP and the ISRDP through the alignment and co-ordination of programmes with development initiatives across all spheres of government.			
<b>Subprogramme</b>	<b>Output</b>	<b>Measure/Indicator</b>	<b>Target</b>
Urban Renewal	Consolidate development interventions in the nodes	Co-ordinated technical support for Political Champion visits to nodes	Bi-monthly
	Implement alignment and integration protocols	Urban Renewal Forum meetings convened and reports produced	Quarterly
		Financial protocol developed in collaboration with National Treasury	July 2004
		External stakeholder mobilisation protocol developed	January 2005
Urban Renewal: Monitoring and Evaluation	Monitoring and evaluation of programmes	Monitoring and evaluation framework developed and functioning	June 2004
		Progress assessment reports to Social Sector Cluster, and Cabinet	Quarterly
		Annual best practice studies produced	July 2004
Rural Development	Management of the implementation of programme	Technical and political support provided to the nodes	Bi-monthly
		External stakeholders mobilised to provide funding to the nodes	June 2004
	Intergovernmental co-ordination, and integration of government programmes	Financial alignment Project developed	July 2004
		Implementation framework developed and functioning	July 2004
Integrated Sustainable Rural Development: Monitoring and Evaluation	Monitor and evaluate progress and impact	Indicators developed Nodal information and reports analysed	June 2004 Quarterly
	Information management	Web-enabled reporting system finalised and updated	June 2004 and update monthly

## Programme 4: Systems and Capacity Building

*Systems and Capacity Building* provides support to local government to promote development, and manages the national disaster management centre. The main emphasis of the programme is on systems, in particular fiscal, administrative, performance management and capacity-building systems.

### Expenditure estimates

**Table 5.6: Systems and Capacity Building**

Subprogramme	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary Outcome		2003/04	2004/05	2005/06
R thousand	2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07
Management	403	1 144	1 724	1 318	1 782	2 095	2 199
Intergovernmental Fiscal Relations	17 075	14 358	16 797	18 536	20 537	24 144	25 679
Local Government Administrative Systems	2 187	1 589	1 883	3 199	5 016	5 308	5 756
Capacity Building Systems	1 643	1 907	4 413	4 999	3 787	9 819	13 803
Disaster Management	14 818	23 222	8 241	38 359	25 075	13 413	17 445
Performance Management and Monitoring Systems	2 204	2 480	3 893	8 070	6 328	6 816	7 474
Local Government Leadership Academy	–	–	–	–	2 294	2 420	2 541
<b>Total</b>	<b>38 330</b>	<b>44 700</b>	<b>36 951</b>	<b>74 481</b>	<b>64 819</b>	<b>64 015</b>	<b>74 897</b>
Change to 2003 Budget Estimate				25 769	7 873	2 617	

### Economic classification

<b>Current payments</b>	<b>33 453</b>	<b>42 919</b>	<b>36 367</b>	<b>72 887</b>	<b>63 260</b>	<b>62 398</b>	<b>73 199</b>
Compensation of employees	8 860	8 025	10 371	13 509	20 176	21 541	22 863
Goods and services	24 593	34 894	25 996	59 378	43 084	40 857	50 336
Interest and rent on land	–	–	–	–	–	–	–
Financial transactions in assets and liabilities	–	–	–	–	–	–	–
Unauthorised expenditure	–	–	–	–	–	–	–
<b>Transfers and subsidies to:</b>	<b>2 080</b>	<b>24</b>	<b>32</b>	<b>45</b>	<b>64</b>	<b>68</b>	<b>72</b>
Provinces and municipalities	25	24	32	45	64	68	72
Departmental agencies and accounts	–	–	–	–	–	–	–
Universities and technikons	–	–	–	–	–	–	–
Foreign governments & international organisations	–	–	–	–	–	–	–
Public corporations & private enterprises	–	–	–	–	–	–	–
Non-profit institutions	–	–	–	–	–	–	–
Households	2 055	–	–	–	–	–	–
<b>Payments for capital assets</b>	<b>2 797</b>	<b>1 757</b>	<b>552</b>	<b>1 549</b>	<b>1 495</b>	<b>1 549</b>	<b>1 626</b>
Buildings and other fixed structures	–	–	–	–	–	–	–
Machinery and equipment	2 797	1 757	552	1 549	1 495	1 549	1 626
Cultivated assets	–	–	–	–	–	–	–
Software and other intangible assets	–	–	–	–	–	–	–
Land and subsoil assets	–	–	–	–	–	–	–
<i>Of which: Capitalised compensation</i>	–	–	–	–	–	–	–
<b>Total</b>	<b>38 330</b>	<b>44 700</b>	<b>36 951</b>	<b>74 481</b>	<b>64 819</b>	<b>64 015</b>	<b>74 897</b>

R thousand	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary		2004/05	2005/06	2006/07
	2000/01	2001/02	Outcome	2003/04			
<b>Details of transfer payments and subsidies:</b>							
<b>Provinces and municipalities</b>							
<b>Municipalities</b>							
<b>Current</b>	<b>25</b>	<b>24</b>	<b>32</b>	<b>45</b>	<b>64</b>	<b>68</b>	<b>72</b>
Regional Services Council levies	25	24	32	45	64	68	72
<b>Households (Other transfers to households)</b>							
<b>Current</b>	<b>2 055</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Individual	7	-	-	-	-	-	-
Y2K	2 048	-	-	-	-	-	-
<b>Total</b>	<b>2 080</b>	<b>24</b>	<b>32</b>	<b>45</b>	<b>64</b>	<b>68</b>	<b>72</b>

## Expenditure trends

The initial decrease in expenditure of 13,0 per cent in 2004/05 is largely due to the rollover of R14,7 million in 2003/04, and the reduction in consultancy services for disaster management, financial monitoring, and capacity-building. The new subprogramme to cater for the Local Government Leadership Academy to be established in 2004 has also been accommodated from 2004/05.

The allocations for the subprogrammes Capacity Building Systems and Intergovernmental Fiscal Relations increase substantially from 2004/05 to 2006/07 (264,5 per cent and 25,0 per cent respectively) to provide mainly for additional support to new municipal councils after the 2005 local government elections.

In the Disaster Management subprogramme, provision was made for a command centre to oversee the response to flood damage in 2000/01. In 2002/03 the Working on Fire project was piloted in collaboration with the Department of Water Affairs and Forestry (DWAF) and will continue through 2003/04 to 2004/05. The pilot aims to establish six fire associations, in which an integrated approach to fire management is tested across the three spheres of government. A specific allocation for this project has not been provided for in 2005/06 and 2006/07.

The increase of 128,4 per cent in the provision for goods and services in 2003/04 was due to the rollover of unspent funds and an additional allocation for the Working on Fire project. In 2003/04, compensation of employees increased by 30,3 per cent to provide for the new establishment and subprogrammes.

## Service delivery objectives and indicators

### Recent outputs

#### *Disaster management*

The preparation for the implementation of the Disaster Management Act has reached an advanced stage. Substantial work has been done on a guiding policy document, the Disaster Management Framework, and generic guidelines on the establishment of disaster management plans have been developed. The department, together with provinces and other sector departments, co-ordinated a

major relief effort during the veld fires of August and September 2003, and was able to raise funding for these disasters.

### *Knowledge sharing*

A Knowledge Sharing Facility (KSF) has been launched in partnership with the South African Local Government Association (Salga). Implementation of the KSF has successfully progressed with the launching of the district and local learning networks.

### *Legislation*

The Local Government Property Rates Bill was introduced in Parliament during 2003.

### *Assisting municipalities*

A total of 108 municipalities were identified as needing support. Funds were transferred to each of the provinces for the necessary teams to assist with the problems. The quarterly monitoring programme has continued, and plays a major part in the monitoring task. A revenue enhancement programme has been developed and is ready to be rolled out. The provincial and national Vuna Awards for municipal performance excellence were launched and provincial and national winners were selected.

## **Medium-term output targets**

### **Systems and Capacity Building**

**Measurable objective:** Promote a sustainable system of local government, which fosters integrated development and service delivery through monitoring and support for capacity-building and systems development.

<b>Subprogramme</b>	<b>Output</b>	<b>Measure/indicator</b>	<b>Target</b>
Intergovernmental Fiscal Relations	Equitable share allocation	Disbursement of equitable share and submission of periodic reports	Quarterly
	Guidelines on the implementation of the Local Government Property Rates Bill	Guidelines circulated and workshopped with municipalities	July 2004
	Finalisation of the division of fiscal powers and the restructuring of the Regional Services Council levy	New fiscal powers and functions approved and assigned to municipalities	December 2004
	Short- and medium-term review of the equitable share allocation	Recommendations on a new framework submitted to the Treasury	December 2004
	Structural mechanisms for intergovernmental fiscal relations	Intergovernmental fiscal forums established and operational	July 2004
	Implement the revenue enhancement programme in 20 pilot municipalities	Sell 30% of the debtor book of 7 of the pilot municipalities	July 2004
Local Government Administrative Systems	Legislation on rationalisation of remaining provisions of outdated legislation	Rationalisation of Bills promulgated by provinces	December 2004
	A regulatory framework for the abolition of cross-boundary municipalities	Report presented to Parliament	November 2004
	Policy on transformation of local government public sector towards the creation of a single public service	Approval by Cabinet	November 2004
	Policy on the remuneration of municipal councillors	Approval by Cabinet	August 2004



Subprogramme	Output	Measure/indicator	Target
Capacity Building Systems.	Extended Knowledge Sharing Facility (KSF)	Annual review of KSF programme	December 2004
	Consolidation of strategic support to municipalities through PIMS-Centres	Sustainable operation of PIMS-Centres	44 by March 2005
	Preparation of training programme for new councillors	Alignment of councillor training programme with the Local Government Leadership Academy	March 2005
Disaster Management	Implementation of the Disaster Management Act	Fully functional structures piloted across the three spheres of government	August 2004
	Co-ordination and management of disasters	Effective disaster management intervention plans and strategies developed	5 by March 2005
	Further development and maintenance of the integrated information system	Disaster management information system fully developed and operational	March 2005
Performance Management and Monitoring Systems	Best practice reports based on the Municipal Performance Excellence Awards	Best practice of winning municipalities and other innovative ideas of municipalities that participated in the awards showcased and documented	September 2004
	Annual report on the performance of municipalities	Report made available to relevant stakeholders	October 2004
	Framework for monitoring provincial government	Framework approved by Cabinet	June 2005
	Reports on the status of municipal transformation	Production of reports	Quarterly
Local Government Leadership Academy	Establish the academy	Finalised institutional arrangements and agreements on administration of leadership development programme	September 2004
	Roll-out of pilot leadership development programme	Pilot class of municipal officials and councillors trained	January 2005

## Programme 5: Free Basic Services and Infrastructure

*Free Basic Services and Infrastructure* 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.

### Expenditure estimates

Table 5.7: Free Basic Services and Infrastructure

Subprogramme	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome		2004/05	2005/06	2006/07
R thousand	2000/01	2001/02	2002/03	2003/04			
Management	–	–	–	3 000	3 443	3 497	4 028
Municipal Infrastructure	7 015	6 174	8 509	11 662	16 622	20 114	21 849
Free Basic Services Co-ordination	267	350	935	1 260	3 247	4 085	5 415
Municipal Service Partnerships	–	–	–	–	2 294	2 420	2 541
Public Participation and Empowerment	4 094	903	1 755	3 094	3 383	3 610	5 429
<b>Total</b>	<b>11 376</b>	<b>7 427</b>	<b>11 199</b>	<b>19 016</b>	<b>28 989</b>	<b>33 726</b>	<b>39 262</b>
Change to 2003 Budget Estimate				(2 845)	4 238	7 743	

	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome		2004/05	2005/06	2006/07
R thousand	2000/01	2001/02	2002/03	2003/04			
<b>Economic classification</b>							
<b>Current payments</b>	<b>10 994</b>	<b>7 172</b>	<b>10 922</b>	<b>18 431</b>	<b>28 792</b>	<b>33 061</b>	<b>38 558</b>
Compensation of employees	2 877	1 834	2 534	4 463	10 842	11 600	12 330
Goods and services	8 117	5 338	8 388	13 968	17 950	21 461	26 228
Interest and rent on land	-	-	-	-	-	-	-
Financial transactions in assets and liabilities	-	-	-	-	-	-	-
Unauthorised expenditure	-	-	-	-	-	-	-
<b>Transfers and subsidies to:</b>	<b>9</b>	<b>5</b>	<b>7</b>	<b>23</b>	<b>34</b>	<b>37</b>	<b>39</b>
Provinces and municipalities	9	5	7	23	34	37	39
Departmental agencies and accounts	-	-	-	-	-	-	-
Universities and technikons	-	-	-	-	-	-	-
Foreign governments & international organisations	-	-	-	-	-	-	-
Public corporations & private enterprises	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-

	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome		2004/05	2005/06	2006/07
R thousand	2000/01	2001/02	2002/03	2003/04			
<b>Payments for capital assets</b>	<b>373</b>	<b>250</b>	<b>270</b>	<b>562</b>	<b>163</b>	<b>628</b>	<b>665</b>
Buildings and other fixed structures	-	-	-	-	-	-	-
Machinery and equipment	373	250	270	562	163	628	665
Cultivated assets	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-
<i>Of which: Capitalised compensation</i>	-	-	-	-	-	-	-
<b>Total</b>	<b>11 376</b>	<b>7 427</b>	<b>11 199</b>	<b>19 016</b>	<b>28 989</b>	<b>33 726</b>	<b>39 262</b>

**Details of transfer payments and subsidies:**

<b>Provinces and municipalities</b>							
<b>Municipalities</b>							
<b>Current</b>	<b>9</b>	<b>5</b>	<b>7</b>	<b>23</b>	<b>34</b>	<b>37</b>	<b>39</b>
Regional Services Council levies	9	5	7	23	34	37	39
<b>Total</b>	<b>9</b>	<b>5</b>	<b>7</b>	<b>23</b>	<b>34</b>	<b>37</b>	<b>39</b>

**Expenditure trends**

The annual average growth for the programme of 27,3 per cent over the medium term reflects increasing emphasis on free basic services, the Municipal Infrastructure Grant (MIG), and encouraging public participation and partnerships in local government. The main increases in 2004/05 are in the Municipal Infrastructure (R5,0 million) and Free Basic Services Co-ordination (R2,0 million) subprogrammes. In addition, the new Municipal Service Partnerships subprogramme has an initial allocation of R2,3 million.

The annual average increase in compensation of employees of 40,3 per cent over the medium term is as a result of the expansion of services connected with the delivery of municipal infrastructure, municipal service partnerships and the co-ordination of free basic services.

## Service delivery objective and indicators

### Recent outputs

#### *Implementing the Municipal Infrastructure Grant*

The Municipal Infrastructure Task Team (MITT), which includes nine national departments, has been established to co-ordinate the implementation of the Municipal Infrastructure Grant. To date a MIG policy framework and programme manual have been developed and approved for the phasing-in period. Nine pilot sites were identified, and transfers, primarily targeted at the establishment of project management units, began in September 2003.

#### *Reviews and assessments*

The municipal infrastructure backlog assessment, which is a part of the municipal infrastructure investment framework, and the review of the municipal services partnerships, has been undertaken.

#### *Free basic services*

A national technical task team has been established to resolve issues to do with the implementation of the free basic services policy. There have been considerable improvements in areas serviced with electricity from Eskom, through standard funding agreements and a uniform free basic electricity tariff.

### 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, including free basic services to the poor, by producing guidelines and advice on project management and through the establishment of Project Management Units.

Subprogramme	Output	Measure/indicator	Target
Municipal Infrastructure	Manage the implementation of the MIG	Establish project management units in 78 municipalities to accelerate service delivery	March 2005
	Provide and monitor information on investment in municipal infrastructure	Cabinet approval of the Municipal Infrastructure Investment Framework	March 2004
Free Basic Services Co-ordination	Support to municipalities struggling with implementation of free basic services	50% rollout of free basic services to households with access to infrastructure	March 2005
	Monitoring the provision of free basic services	Reporting on the implementation of free basic services	Quarterly
		Fully operational monitoring system	December 2004
Municipal Service Partnerships	Promotion of the participation of the private sector, public sector and NGOs and CBOs in service delivery	Increase in public-private partnerships' role in service delivery	March 2005
	Promotion of the public sector as the preferred service provider	Increased capacity of municipalities in service delivery	March 2005
Public Participation and Empowerment	Minimum mechanisms, processes and procedures to facilitate effective interaction and communication between municipalities and communities	Ministerial guidelines on public participation submitted to Cabinet	June 2004
	Support the establishment of a community development workers (CDW) programme	Alignment of national policy framework on CDWs	February 2005

## Programme 6: Provincial and Local Government Transfers

The *Provincial and Local Government Transfers* programme is responsible for managing the equitable share and the conditional grants to the provincial and local spheres of government for which the department is directly responsible.

### Expenditure estimates

**Table 5.8: Provincial and Local Government Transfers**

Subprogramme	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome		2004/05	2005/06	2006/07
R thousand	2000/01	2001/02	2002/03	2003/04			
Provincial Transfers	-	-	-	-	-	-	-
Local Government Capacity Building	150 000	160 000	241 244	232 339	220 459	-	-
Consolidated Municipal Infrastructure Programme	-	-	51 887	38 408	-	-	-
Municipal Infrastructure Grant	-	-	-	-	40 733	43 558	46 171
Disaster Relief	-	2 500	-	27 213	-	-	-
Local Government Transfers	-	-	-	-	-	-	-
Equitable Share	2 414 997	3 184 328	4 186 813	6 350 377	7 677 546	8 643 341	9 364 941
Municipal Systems Improvement Programme	-	41 235	93 831	150 993	182 243	200 000	200 000
Consolidated Municipal Infrastructure Programme	851 100	996 002	1 670 767	2 246 253	-	-	-
Municipal Infrastructure Grant	-	-	-	47 000	4 445 943	5 192 602	5 987 058
Local Economic Development Grant	80 459	86 944	110 565	117 000	-	-	-
Integrated Sustainable Rural Development Programme	-	33 018	31 980	-	-	-	-
Disaster relief	-	2 500	-	-	-	-	-
<b>Total</b>	<b>3 496 556</b>	<b>4 506 527</b>	<b>6 387 087</b>	<b>9 209 583</b>	<b>12 566 924</b>	<b>14 079 501</b>	<b>15 598 170</b>
Change to 2003 Budget Estimate				34 687	2 204 915	2 800 810	

### Economic classification

<b>Current payments</b>	-	-	-	-	-	-	-
Compensation of employees	-	-	-	-	-	-	-
Goods and services	-	-	-	-	-	-	-
Interest and rent on land	-	-	-	-	-	-	-
Financial transactions in assets and liabilities	-	-	-	-	-	-	-
Unauthorised expenditure	-	-	-	-	-	-	-
<b>Transfers and subsidies to:</b>	<b>3 496 556</b>	<b>4 506 527</b>	<b>6 387 087</b>	<b>9 209 583</b>	<b>12 566 924</b>	<b>14 079 501</b>	<b>15 598 170</b>
Provinces and municipalities	3 496 556	4 506 527	6 387 087	9 209 583	12 566 924	14 079 501	15 598 170
Departmental agencies and accounts	-	-	-	-	-	-	-
Universities and technikons	-	-	-	-	-	-	-
Foreign governments & international organisations	-	-	-	-	-	-	-
Public corporations & private enterprises	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-
<b>Payments for capital assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Buildings and other fixed structures	-	-	-	-	-	-	-
Machinery and equipment	-	-	-	-	-	-	-
Cultivated assets	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-
Of which: Capitalised compensation	-	-	-	-	-	-	-
<b>Total</b>	<b>3 496 556</b>	<b>4 506 527</b>	<b>6 387 087</b>	<b>9 209 583</b>	<b>12 566 924</b>	<b>14 079 501</b>	<b>15 598 170</b>

	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome		2004/05	2005/06	2006/07
R thousand	2000/01	2001/02	2002/03	2003/04			
<b>Details of transfer payments and subsidies:</b>							
<b>Provinces and municipalities</b>							
<b>Provincial Revenue Funds</b>							
<b>Current</b>	<b>150 000</b>	<b>162 500</b>	<b>293 131</b>	<b>297 960</b>	<b>261 192</b>	<b>43 558</b>	<b>46 171</b>
Local Government Capacity Building	150 000	160 000	241 244	232 339	220 459	-	-
Consolidated Municipal Infrastructure Programme	-	-	51 887	38 408	-	-	-
Municipal Infrastructure Grant	-	-	-	-	40 733	43 558	46 171
Disaster Relief	-	2 500	-	27 213	-	-	-
<b>Municipalities</b>							
<b>Current</b>	<b>2 417 547</b>	<b>3 261 651</b>	<b>4 314 124</b>	<b>6 501 370</b>	<b>7 859 789</b>	<b>8 843 341</b>	<b>9 564 941</b>
Equitable share transfer to municipalities	2 414 997	3 184 328	4 186 813	6 350 377	7 677 546	8 643 341	9 364 941
Municipal Systems Improvement Programme	-	41 235	93 831	150 993	182 243	200 000	200 000
Local Economic Development Grant	2 550	570	1 500	-	-	-	-
Integrated Sustainable Rural Development Programme	-	33 018	31 980	-	-	-	-
Disaster Relief	-	2 500	-	-	-	-	-
<b>Capital</b>	<b>929 009</b>	<b>1 082 376</b>	<b>1 779 832</b>	<b>2 410 253</b>	<b>4 445 943</b>	<b>5 192 602</b>	<b>5 987 058</b>
Consolidated Municipal Infrastructure Programme	851 100	996 002	1 670 767	2 246 253	-	-	-
Municipal Infrastructure Grant	-	-	-	47 000	4 445 943	5 192 602	5 987 058
Local Economic Development Grant	77 909	86 374	109 065	117 000	-	-	-
<b>Total</b>	<b>3 496 556</b>	<b>4 506 527</b>	<b>6 387 087</b>	<b>9 209 583</b>	<b>12 566 924</b>	<b>14 079 501</b>	<b>15 598 170</b>

## Expenditure trends

The programme's budget has grown by 163,4 per cent over the period 2000/01 to 2003/04. It is projected to grow by a further 36,5 per cent in 2004/05. The main increases in the 2004/05 allocation are for the equitable share and the MIG, which increases from R47 million in 2003/04 to R4,4 billion in 2004/05. The average annual increase over the period 2000/01 to 2006/07 is 28,3 per cent.

To facilitate the speedy and smooth implementation of the MIG, all committed and uncommitted infrastructure transfers to local government (except for the Sports and Recreation Programme and the Electrification Programme) will be moved to the department's vote from 1 April 2004. This arrangement will not apply to commitments where the Department of Water Affairs and Forestry is the implementing agent of the capital project. These funds will be retained on the DWAF vote. In line with Cabinet decisions, commitments made by line departments before 30 September 2003 will be honoured by the department and will be audited as such by the Auditor-General.

## Service delivery objectives and indicators

### Recent outputs

The Consolidated Municipal Infrastructure Programme has assisted more than 3 million households since its introduction, assisting all municipalities to provide bulk, connector and internal infrastructure, and community facilities that benefit poor households. Projects include water and sanitation services, roads, stormwater infrastructure, solid waste disposal and

community services. Projects typically involve local contractors and are labour intensive, targeting women and youth for employment and training.

The department transferred an amount of R27,2 million to the Western Cape in 2003 to cover costs related to flood damage in the Montagu, Swellendam and Robertson areas of the province.

### Medium-term output targets

#### Provincial and Local Government Transfers

**Measurable objective:** Reinforce the pace and quality of municipal infrastructure investment and promote the reforming and restructuring of service delivery by municipalities by managing the equitable share and conditional grants to the provincial and local spheres.

Subprogramme	Output	Measure/indicator	Target
Provincial Transfers	Local Government Capacity Building Grant	Compliance with requirements of the Division of Revenue Act (DoRA)	100% of funds transferred by March 2005 in accordance with payment schedule
	Municipal Infrastructure Grant	Compliance with requirements of DoRA	100% of funds transferred by March 2005 in accordance with payment schedule
Local Government Transfers	Development of the distribution formula for the local government equitable share	Comprehensive and all-inclusive formula	December 2004
	Municipal Systems Improvement Grant	Compliance with requirements of DoRA	100% of funds transferred by March 2005 in accordance with payment schedule
	Municipal Infrastructure Grant	Compliance with requirements of DoRA	100% of funds transferred by March 2005 in accordance with payment schedule

### Programme 7: Fiscal Transfers

*Fiscal Transfers* makes funds available to public authorities and other institutions in terms of the agreements between government and the individual authority or institution.

### Expenditure estimates

Table 5.9: Fiscal Transfers

Subprogramme	Expenditure outcome			Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome		2004/05	2005/06	2006/07
R thousand	2000/01	2001/02	2002/03	2003/04			
South African Local Government Association	16 600	16 000	22 000	20 250	17 300	18 370	19 472
Municipal Demarcation Board	29 215	15 842	11 670	14 311	17 023	14 552	15 130
Municipal Infrastructure Investment Unit	6 450	6 000	7 000	10 000	10 600	11 236	–
South African Cities Network	–	–	–	1 500	1 500	1 500	1 590
Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities	317	20	–	9 140	9 703	10 286	10 903
Commission on Claims and Disputes Relating to Traditional Leadership	–	–	–	1 000	2 000	2 120	2 247
National House of Traditional Leaders	2 905	3 904	4 374	6 113	6 788	7 807	8 215
Public Sector Education and Training Authority	42	–	–	–	–	–	–
<b>Total</b>	<b>55 529</b>	<b>41 766</b>	<b>45 044</b>	<b>62 314</b>	<b>64 914</b>	<b>65 871</b>	<b>57 557</b>
Change to 2003 Budget Estimate				464	2 000	1 750	

R thousand	Expenditure outcome			Adjusted appropriation 2003/04	Medium-term expenditure estimate		
	Audited	Audited	Preliminary		2004/05	2005/06	2006/07
	2000/01	2001/02	outcome 2002/03				
<b>Economic classification</b>							
<b>Current payments</b>	<b>4 214</b>	<b>3 754</b>	<b>4 350</b>	<b>7 910</b>	<b>8 983</b>	<b>9 534</b>	<b>10 046</b>
Compensation of employees	3	589	975	1 269	1 358	1 446	1 533
Goods and services	4 211	3 165	3 375	6 641	7 625	8 088	8 513
Interest and rent on land	-	-	-	-	-	-	-
Financial transactions in assets and liabilities	-	-	-	-	-	-	-
Unauthorised expenditure	-	-	-	-	-	-	-
<b>Transfers and subsidies to:</b>	<b>51 307</b>	<b>37 844</b>	<b>40 674</b>	<b>54 385</b>	<b>55 931</b>	<b>55 737</b>	<b>46 875</b>
Provinces and municipalities	-	2	4	5	5	6	6
Departmental agencies and accounts	51 307	37 842	40 670	44 561	44 923	44 158	34 602
Universities and technikons	-	-	-	-	-	-	-
Foreign governments & international organisations	-	-	-	-	-	-	-
Public corporations & private enterprises	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	7 940	9 503	10 073	10 677
Households	-	-	-	1 879	1 500	1 500	1 590
<b>Payments for capital assets</b>	<b>8</b>	<b>168</b>	<b>20</b>	<b>19</b>	<b>-</b>	<b>600</b>	<b>636</b>
Buildings and other fixed structures	-	-	-	-	-	-	-
Machinery and equipment	8	168	20	19	-	600	636
Cultivated assets	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-
<i>Of which: Capitalised compensation</i>	-	-	-	-	-	-	-
<b>Total</b>	<b>55 529</b>	<b>41 766</b>	<b>45 044</b>	<b>62 314</b>	<b>64 914</b>	<b>65 871</b>	<b>57 557</b>
<b>Details of transfer payments and subsidies:</b>							
<b>Provinces and municipalities</b>							
<b>Municipalities</b>							
<b>Current</b>	<b>-</b>	<b>2</b>	<b>4</b>	<b>5</b>	<b>5</b>	<b>6</b>	<b>6</b>
Regional Services Council levies	-	2	4	5	5	6	6
<b>Departmental agencies and accounts (Entities)</b>							
<b>Current</b>	<b>51 307</b>	<b>37 842</b>	<b>40 670</b>	<b>44 561</b>	<b>44 923</b>	<b>44 158</b>	<b>34 602</b>
South African Local Government Association	15 600	16 000	22 000	20 250	17 300	18 370	19 472
Municipal Infrastructure Investment Unit	6 450	6 000	7 000	10 000	10 600	11 236	-
Public Sector Education and Training Authority	42	-	-	-	-	-	-
Municipal Demarcation Board	29 215	15 842	11 670	14 311	17 023	14 552	15 130
<b>Non-profit institutions</b>							
<b>Current</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7 940</b>	<b>9 503</b>	<b>10 073</b>	<b>10 677</b>
Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities	-	-	-	7 940	9 503	10 073	10 677
<b>Households (Other transfers to households)</b>							
<b>Current</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1 879</b>	<b>1 500</b>	<b>1 500</b>	<b>1 590</b>
South African Cities Network	-	-	-	1 500	1 500	1 500	1 590
Traditional leaders	-	-	-	379	-	-	-
<b>Total</b>	<b>51 307</b>	<b>37 844</b>	<b>40 674</b>	<b>54 385</b>	<b>55 931</b>	<b>55 737</b>	<b>46 875</b>

## **Expenditure trends**

Expenditure is expected to decrease at an annual average rate of 2,6 per cent over the medium term because the term of the Municipal Infrastructure Investment Unit (MIIU) ends in March 2006. Specific additional allocations include expenses linked to elections for the Municipal Demarcation Board (2004/05) and organisational restructuring of the South African Local Government Association (2002/03 and 2003/04).

Following the promulgation of the Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities Act (19 of 2002), a commission was established in 2003. The commission is required to set up its own structures and operate independently of the state. Funds are therefore provided for the remuneration of a full-time chairperson and part-time commissioners, normal operational expenses, and for the initiation of projects within the specific disciplines assigned in the Act. The budget for this subprogramme increases by an annual average of 6,1 per cent for the period 2003/04 to 2006/07.

The average annual increase in compensation of employees of 21,1 per cent over the period 2001/02 to 2006/07 is due to the conversion of status from part-time to full-time of the chairperson and deputy chairperson of the National House of Traditional Leaders.

## **Service delivery objectives and indicators**

### **Recent outputs**

The term of the first Municipal Demarcation Board appointed in terms of the Local Government: Municipal Demarcation Act (27 of 1998) came to end in January 2004 and a new board was appointed by the President. During 2003/04 the board ensured active involvement of municipalities and other role-players in its activities through two committees, public meetings, circulars, a user-friendly website and other methods of communication. Role-players were also empowered through the distribution of a CD 'SA explorer' containing valuable information and maps.

The Municipal Infrastructure Investment Unit made significant progress with twelve projects, and work has been undertaken on a further twelve projects. These projects concern solid waste disposal, sanitation and water. The MIIU has also contributed to the development of government policy and legislation with regard to the Municipal Finance Management Act, Municipal Systems Amendment Act (44 of 2003) and the regulation of public-private partnerships.

The National House of Traditional Leaders contributed to the development of government policy and legislation on traditional leadership and governance, communal land rights, property rates, the national water resource strategy and customary marriages. Contributions were also made at the SADC Annual Conference on Traditional Leaders and the Conference of African Traditional Leaders, both held in 2003.

The commissioners appointed by the President to serve on the Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities were sworn in at a ceremony in December 2003.



## Medium-term output targets

### Fiscal Transfers

<b>Measurable objective:</b> Meet financial obligations to ensure that the objectives contained in the legislation or founding agreements of authorities and institutions are effectively and efficiently performed.			
<b>Subprogramme</b>	<b>Output</b>	<b>Measure/indicator</b>	<b>Target</b>
South African Local Government Association	Participation in the system of intergovernmental relations	Attendance at all Local Government MINMECs and President's Co-ordination Council meetings and the National Council of Provinces	100% attendance throughout the year
	Build capacity of local government	Success of the Knowledge Sharing Facility and attendance at all training initiatives	Minimum of 50% attendance
Municipal Demarcation Board	Alignment of Government Service delivery boundaries	Consultations and reports on each of the boundaries	March 2005
	Boundary categorisation and re-determination	Completion of investigation and publication of boundaries	March 2005
Municipal Infrastructure Investment Unit	Support to active projects	Reports on project	70 reports by March 2005
	Completion of Municipal Services Partnerships (MSPs)	Formal conclusion	7 MSPs by March 2005
	Conclude existing diagnostics	Completion of report on diagnostic study	March 2005
National House of Traditional Leaders	National Conference on traditional initiation schools	75% attendance and completion of conference report	September 2004
	Reports and Advisory Consultations on the implementation of the Traditional Leadership and Governance Framework Act	Completion of reports by each of the National House of Traditional Leaders technical committees	March 2005
Commission for the Promotion and Protection of the Rights of Cultural, Religious and Linguistic Communities	Establishment of support structure	Capacity established in the fields of administration, communication, planning and research	September 2004
	Management of a national consultative conference	Finalisation of project plan	March 2005
	Framework for collaboration with other constitutional institutions	Commission approval of framework	March 2005

## Public entities reporting to the Minister

### Municipal Infrastructure Investment Unit

The Municipal Infrastructure Investment Unit is a non-profit company created in 1998 to help municipalities find innovative solutions to critical problems with financing and managing essential municipal services. The MIIU received grant funding to provide technical assistance to local governments pursuing municipal service partnerships, including long-term concession contracts, build-operate-transfer agreements, management contracts, and other partnerships with public and private entities. The MIIU has assisted in finalising projects with a total contract value of over R6 billion. The original concept for the MIIU envisaged a five-year term, which Cabinet later extended by three years. Consequently, no funds have been provided for 2006/07.

### South African Local Government Association

The South African Local Government Association was created in 1996, and registered as an association not for gain. Salga is mandated to represent the interests of organised local government in the intergovernmental relations system, and seeks to promote sound labour relations practices as

well as build the capacity of local government. The organisation was recognised by government in January 1998 as the one national organisation representing the majority of provincial organisations in terms of section 2 of the Organised Local Government Act (52 of 1997).

Salga is funded from a combination of sources. These include a share of the national revenue allocated to local government, membership fees from provincial and local government associations that are voluntary members, and donations from the donor community that funds specific projects.

## **Annexure**

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

Table 5.10: Summary of expenditure trends and estimates per programme

Table 5.11: Summary of expenditure trends and estimates per economic classification

Table 5.12: Summary of personnel numbers and compensation of employees

Table 5.13: Summary of expenditure on training

Table 5.14: Summary of information and communications technology expenditure

Table 5.15: Summary of conditional grants to provinces

Table 5.16: Summary of conditional grants to local government (municipalities)

Table 5.17: Summary of official development assistance expenditure

Table 5.18: Summary of expenditure on infrastructure

Table 5.10: Summary of expenditure trends and estimates per programme

	Expenditure outcome				Medium-term expenditure estimate					
	Audited		Preliminary outcome	Main appropriation	Additional appropriation	Adjusted appropriation	Revised estimate	Medium-term expenditure estimate		
	2000/01	2001/02	2002/03					2004/05	2005/06	2006/07
R thousand										
1 Administration	31 115	36 948	53 229	64 173	11 012	75 185	73 396	88 266	88 380	99 151
2 Governance, Policy and Research	14 745	14 866	18 431	20 445	(689)	19 756	20 644	26 978	28 777	33 400
3 Urban and Rural Development	-	832	4 819	7 064	(1 168)	5 896	4 799	9 878	10 316	11 882
4 Systems and Capacity Building	38 330	44 700	36 951	48 712	25 769	74 481	73 039	64 819	64 015	74 897
5 Free Basic Services and Infrastructure	11 376	7 427	11 199	21 861	(2 845)	19 016	18 383	28 989	33 726	39 262
6 Provincial and Local Government Transfers	3 496 556	4 506 527	6 387 087	9 174 896	34 687	9 209 583	9 209 583	12 566 924	14 079 501	15 598 170
7 Fiscal Transfers	55 529	41 766	45 044	61 850	464	62 314	62 077	64 914	65 871	57 557
<b>Total</b>	<b>3 647 651</b>	<b>4 653 066</b>	<b>6 556 760</b>	<b>9 399 001</b>	<b>67 230</b>	<b>9 466 231</b>	<b>9 461 921</b>	<b>12 850 768</b>	<b>14 370 586</b>	<b>15 914 319</b>
Change to 2003 Budget Estimate						67 230	62 920	2 250 732	2 841 148	

**Table 5.11: Summary of expenditure trends and estimates per economic classification**

	Expenditure outcome				Medium-term expenditure estimate					
	Audited		Preliminary outcome	Revised estimate	Adjusted appropriation		Revised estimate	Medium-term expenditure estimate		
	2000/01	2001/02	2002/03		2003/04	2004/05		2005/06	2006/07	
<b>Current payments</b>										
<b>Compensation of employees</b>	31 245	34 182	46 315	68 998	(6 213)	62 785	57 007	108 185	116 240	124 855
- Salaries and wages	27 148	29 928	40 624	60 010	(5 375)	54 635	49 623	94 032	101 030	108 515
- Social contributions	4 097	4 254	5 691	8 988	(838)	8 150	7 384	14 153	15 210	16 340
<b>Goods and services</b>	61 768	67 753	76 361	93 015	38 690	131 705	133 173	113 983	112 047	136 945
<b>Interest and rent on land</b>	-	-	-	-	-	-	-	-	-	-
- Interest	-	-	-	-	-	-	-	-	-	-
- Rent on land	-	-	-	-	-	-	-	-	-	-
<b>Financial transactions in assets and liabilities</b>										
<b>Unauthorised expenditure</b>	224	67	347	-	184	184	184	-	-	-
<b>Total current payments</b>	93 237	102 002	123 023	162 013	32 661	194 674	190 364	222 168	228 287	261 800
<b>Transfers and subsidies to:</b>										
<b>Provinces and municipalities</b>	3 496 645	4 506 630	6 387 225	9 175 131	34 687	9 209 818	9 209 818	12 567 267	14 079 870	15 598 566
- Provinces	150 000	162 500	293 131	270 747	27 213	297 960	297 960	261 192	43 558	46 171
- Provincial Revenue Funds	150 000	162 500	293 131	270 747	27 213	297 960	297 960	261 192	43 558	46 171
- Provincial agencies and funds	-	-	-	-	-	-	-	-	-	-
- Municipalities	3 346 645	4 344 130	6 094 094	8 904 384	7 474	8 911 858	8 911 858	12 306 075	14 036 312	15 552 395
- Municipalities	3 346 645	4 344 130	6 094 094	8 904 384	7 474	8 911 858	8 911 858	12 306 075	14 036 312	15 552 395
- Municipal agencies and funds	-	-	-	-	-	-	-	-	-	-
<b>Departmental agencies and accounts</b>	51 307	37 842	40 670	44 561	-	44 561	44 561	44 923	44 158	34 602
- Social security funds	-	-	-	-	-	-	-	-	-	-
- Departmental agencies (non-business entities)	51 307	37 842	40 670	44 561	-	44 561	44 561	44 923	44 158	34 602



**Table 5.11: Summary of expenditure trends and estimates per economic classification (continued)**

	Expenditure outcome				Revised estimate	Medium-term expenditure estimate		
	Audited		Preliminary outcome	Adjusted appropriation		2004/05	2005/06	2006/07
	2000/01	2001/02	2002/03					
R thousand								
Cultivated assets	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-
Of which: Capitalised compensation	-	-	-	-	-	-	-	-
<b>Total payments on capital assets</b>	<b>4 400</b>	<b>6 437</b>	<b>5 842</b>	<b>6 856</b>	<b>7 359</b>	<b>5 407</b>	<b>6 698</b>	<b>7 084</b>
<b>Total</b>	<b>3 647 651</b>	<b>4 653 066</b>	<b>6 556 760</b>	<b>9 399 001</b>	<b>9 466 231</b>	<b>12 850 768</b>	<b>14 370 586</b>	<b>15 914 319</b>

**Table 5.12: Summary of personnel numbers and compensation of employees<sup>1</sup>**

Personnel numbers	2000/01	2001/02	2002/03	2003/04	2004/05
1 Administration	104	128	140	156	198
2 Governance, Policy and Research	27	26	50	47	65
3 Urban and Rural Development	-	-	-	7	15
4 Systems and Capacity Building	34	40	65	65	76
5 Free Basic Services and Infrastructure	15	15	15	18	31
6 Provincial and Local Government Transfers	-	-	-	-	-
7 Fiscal Transfers	-	4	7	7	7
<b>Total</b>	<b>180</b>	<b>213</b>	<b>277</b>	<b>300</b>	<b>392</b>
Total compensation of employees (R thousand)	31 245	34 182	46 315	62 785	108 185
Unit cost (R thousand)	173.6	160.5	167.2	209.3	276.0

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

Table 5.13: Summary of expenditure on training

	Expenditure outcome				Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome	2003/04		2004/05	2005/06	2006/07
	2000/01	2001/02	2002/03					
R thousand								
1 Administration	296	384	616	1 541	1 523	1 401	1 524	
2 Governance, Policy and Research	94	107	86	321	335	360	391	
3 Urban and Rural Development	-	-	2	130	-	180	176	
4 Systems and Capacity Building	59	76	146	342	436	433	468	
5 Free Basic Services and Infrastructure	114	76	76	169	232	182	308	
6 Provincial and Local Government Transfers	-	-	-	-	-	-	-	
7 Fiscal Transfers	1	2	2	20	20	21	22	
<b>Total</b>	<b>564</b>	<b>645</b>	<b>928</b>	<b>2 523</b>	<b>2 546</b>	<b>2 577</b>	<b>2 889</b>	

Table 5.14: Summary of information and communications technology expenditure

	Expenditure outcome				Adjusted appropriation	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome	2003/04		2004/05	2005/06	2006/07
	2000/01	2001/02	2002/03					
R thousand								
<b>1 Administration</b>	<b>1 300</b>	<b>2 595</b>	<b>3 269</b>	<b>3 109</b>	<b>3 051</b>	<b>3 187</b>	<b>3 379</b>	
Technology	818	1 881	1 905	2 231	2 256	2 339	2 480	
IT services	482	714	1 364	878	795	848	899	
<b>2 Governance, Policy and Research</b>	<b>2</b>	<b>-</b>	<b>198</b>	<b>77</b>	<b>33</b>	<b>35</b>	<b>37</b>	
Technology	2	-	198	77	33	35	37	
IT services	-	-	-	-	-	-	-	
<b>3 Urban and Rural Development</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>60</b>	<b>120</b>	<b>120</b>	<b>128</b>	
Technology	-	-	-	60	120	120	128	
IT services	-	-	-	-	-	-	-	
<b>4 Systems and Capacity Building</b>	<b>2 457</b>	<b>1 706</b>	<b>268</b>	<b>1 298</b>	<b>1 495</b>	<b>1 549</b>	<b>1 626</b>	
Technology	2 457	1 706	268	1 298	1 495	1 549	1 626	
IT services	-	-	-	-	-	-	-	



**Table 5.14: Summary of information and communications technology expenditure (continued)**

	Expenditure outcome				Adjusted appropriation 2003/04	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome	Adjusted appropriation 2003/04		2004/05	2005/06	2006/07
	2000/01	2001/02	2002/03					
R thousand								
<b>5 Free Basic Services and Infrastructure</b>	353	187	186	170	163	628	665	
Technology	353	187	186	170	163	628	665	
IT services	-	-	-	-	-	-	-	
<b>7 Fiscal Transfers</b>	8	-	5	-	-	-	-	
Technology	8	-	5	-	-	-	-	
IT services	-	-	-	-	-	-	-	
<b>Total</b>	<b>4 120</b>	<b>4 488</b>	<b>3 926</b>	<b>4 714</b>	<b>4 862</b>	<b>5 519</b>	<b>5 835</b>	

**Table 5.15: Summary of conditional grants to provinces<sup>1</sup>**

	Expenditure outcome				Adjusted appropriation 2003/04	Medium-term expenditure estimate		
	Audited	Audited	Preliminary outcome	Adjusted appropriation 2003/04		2004/05	2005/06	2006/07
	2000/01	2001/02	2002/03					
R thousand								
<b>6 Provincial and Local Government Transfers</b>								
Local Government Capacity Building	150 000	160 000	241 244	232 339	220 459	-	-	
Consolidated Municipal Infrastructure Programme	-	-	51 887	38 408	-	-	-	
Municipal Infrastructure Grant	-	-	-	-	40 733	43 558	43 171	
Disaster Relief	-	2 500	-	27 213	-	-	-	
<b>Total</b>	<b>150 000</b>	<b>162 500</b>	<b>293 131</b>	<b>297 960</b>	<b>261 192</b>	<b>43 558</b>	<b>43 171</b>	

<sup>1</sup> Detail provided in the Division of Revenue Act, 2004.

Table 5.16: Summary of conditional grants to local government (municipalities)<sup>1</sup>

	Expenditure outcome				Adjusted appropriation	Medium-term expenditure estimate		
	Audited		Preliminary outcome	2003/04		2004/05	2005/06	2006/07
	2000/01	2001/02						
<b>6 Provincial and Local Government Transfers</b>								
Municipal Systems Improvement Programme	-	41 235	93 831	150 993	182 243	200 000	200 000	
Consolidated Municipal Infrastructure Programme (CMIP)	851 100	996 002	1 670 767	2 246 253	-	-	-	
Municipal Infrastructure Grant	-	-	-	47 000	4 445 943	5 192 602	5 987 058	
Local Economic Development Grant	77 909	86 944	110 565	117 000	-	-	-	
Integrated Sustainable Rural Development Programme	-	33 018	31 980	-	-	-	-	
Disaster Relief	-	2 500	-	-	-	-	-	
<b>Total</b>	<b>929 009</b>	<b>1 159 699</b>	<b>1 907 143</b>	<b>2 561 246</b>	<b>4 628 186</b>	<b>5 392 602</b>	<b>6 187 058</b>	

<sup>1</sup> Detail provided in the Division of Revenue Act, 2004.

**Table 5.17: Summary of official development assistance expenditure**

Donor	Programme / Project name	Cash or kind	Expenditure outcome				Medium-term expenditure estimate						
			2000/01	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07				
R thousand													
Norway	Local government capacity building	Cash	11 770	10 123	2 479	7 000	6 400	-	-	-	-	-	-
	Project viability	Cash	1 502	169	2 736	1 200	800	-	-	-	-	-	-
	SADC conference	Cash	76	-	-	-	-	-	-	-	-	-	-
	White Paper on Traditional Leaders	Cash	-	-	-	439	-	-	-	-	-	-	-
	Mbombela support	Cash	-	2 881	-	562	-	-	-	-	-	-	-
	SALGA	Cash	-	6 221	-	2 766	-	-	-	-	-	-	-
	Municipal Demarcation Board	Cash	-	3 110	3 287	500	500	-	-	-	-	-	-
European Union	Local government support Mpumalanga/Limpopo	Cash	251	4 494	4 023	50 000	42 000	-	-	-	-	-	-
Netherlands	Sectoral budget support	Cash	5 889	18 954	9 315	61 200	40 000	-	-	-	-	-	-
	Masibambane project	Cash	-	-	-	1 000	1 500	1 500	-	-	-	-	1 500
Conseil de L'Europe	Winter schools intergovernmental relations	Cash	-	300	204	-	-	-	-	-	-	-	-
UNDP	White Paper on Disaster Management	Cash	-	-	-	443	-	-	-	-	-	-	-
DFID	Local government support	Kind	5 500	-	10 625	38 100	38 100	38 100	38 100	38 100	38 100	38 100	38 100
	LOGOSUL	Kind	-	-	410	-	-	-	-	-	-	-	-
USAID	Support to department	Kind	102 520	-	102 520	15 950	13 300	13 300	13 300	13 300	13 300	13 300	13 300
GTZ	Strengthening local government	Kind	7 329	6 280	7 272	7 611	8 625	12 684	12 684	12 684	12 684	12 684	12 684
<b>Total</b>			<b>134 837</b>	<b>52 532</b>	<b>142 871</b>	<b>186 771</b>	<b>151 225</b>	<b>65 584</b>	<b>52 284</b>	<b>65 584</b>	<b>52 284</b>	<b>52 284</b>	<b>52 284</b>

Table 5.18: Summary of expenditure on infrastructure

Projects	Expenditure outcome			Adjusted appropriation 2003/04	Medium-term expenditure estimate			Long-term planning		
	Audited	Audited	Preliminary outcome		2004/05	2005/06	2006/07	2007/08	2008/09	2009/10
	2000/01	2001/02	2002/03							
R thousand										
Infrastructure programmes or large infrastructure projects	-	-	-	-	-	-	-	-	-	-
Small project groups	-	-	-	-	-	-	-	-	-	-
Infrastructure transfers	931 559	1 082 946	1 781 332	2 410 253	4 445 943	5 192 603	5 987 059	-	-	-
<b>Total</b>	<b>931 559</b>	<b>1 082 946</b>	<b>1 781 332</b>	<b>2 410 253</b>	<b>4 445 943</b>	<b>5 192 603</b>	<b>5 987 059</b>	<b>-</b>	<b>-</b>	<b>-</b>