

VOTE 8

LOCAL GOVERNMENT

To be appropriated by Vote	R238 858 000
Responsible MEC	MEC of Local Government
Administering Department	Department of Local Government
Accounting Officer	Head of Department

1. OVERVIEW

Vision

To ensure that Gauteng Province comprises viable local government and sustainable communities.

Mission

The Department's mission is to:

- Monitor and support developmental local government;
- Promote integrated service delivery;
- Enable Gauteng to become a globally competitive city region.

Core functions of the Department

There are five main roles of the department:

- Monitor the development and performance of local government;
- Support local government where there are capacity constraints;
- Promote capacity development in a more systematic manner, to ensure that local government is increasingly able to manage its own affairs;
- Regulate how municipalities exercise their authority;
- Intervene where local government consistently fails to adequately perform its designated functions.

The functions of the department in the MTEF period will be geared towards achieving the five strategic goals, which are to:

- Strengthen local governance and accountability;
- Ensure functional and sustainable local government;
- Monitor municipal performance and evaluate service delivery;
- Ensure the effective management and utilisation of Gauteng Provincial Government (GPG) land;
- Strengthen the department's corporate capacity.

Mandate of the department

The department is drawing its mandate from the Constitution of the Republic of South Africa, 1996 (Act No. 108 of 1996) and other related national and provincial legislation.

Constitutional mandate

In terms of the Constitution, the Department of Local Government is mandated as follows:

- Section 139 (1) - The Provincial Executive may intervene if a municipality fails to fulfil an executive obligation.
- Section 154 (1) - Provincial governments, by legislative and other measures, must support and strengthen the capacity of municipalities to manage their own affairs, to exercise their powers and to perform their functions.
- Section 155 (5) - Provincial legislation must determine the different types of municipality to be established in the province.

- Section 155 (6) - Provincial government must establish municipalities in the province and must monitor, support and promote the development of local government.
- Provincial government has the legislative and executive authority to ensure the effective performance by municipalities of their functions in respect of matters listed in Schedules 4 and 5, by regulating the Executive Authority exercised by municipalities in section 156 (1).
- The MEC may assign any power or function that is to be exercised or performed in terms of an Act of Parliament or a Provincial Act, to Municipal Councils.

Legislative mandate

- Municipal Property Rates Act, 2004;
- Municipal Finance Management Act (MFMA), 2003;
- Gauteng Planning and Development Act, 2003;
- Disaster Management Act, 2002;
- Municipal Systems Act, 2000;
- Municipal Electoral Act, 2000;
- Municipal Demarcation Act, 1998;
- Rationalisation of Local Government Affairs Act, 1998;
- Municipal Structures Act, 1998;
- (Municipal Structures Act, 1998) Schedule 6 to Local Government: Municipal Structures Act, 1998: Identification of Traditional Leaders for purposes of Section 81;
- Water Services Act, 1997 ;
- Land Administration Act, 1996;
- Local Government Transition Act, 1993;
- Fire Brigade Services Act, 1987 ;
- Division of Land Ordinance, 1986;
- Black Communities Development Act, 1984;
- Local Authorities Capital Development Fund Ordinance, 1978;
- Local Authorities Rating Ordinance, 1977;
- Removal of Graves and Dead Bodies Ordinance, 1925;
- Agricultural Holdings Registration Act, 1919;
- Local Authorities Roads Ordinance, 1904;

Brief analysis of demands services

In 2005, the department completed a five year review of local government performance. The review identified challenges facing municipalities in the following key performance areas: Institutional Development and Transformation, Service Delivery, Financial Management, Governance and Local Economic Development (LED). Therefore, the department undertook to provide municipalities with capacity support to address the challenges identified in the five year review.

Key policy areas and developments

The core function of the department is to support and monitor municipalities in Gauteng Province. This is espoused in the vision and mission of the department. The functions of the department are carried out through five Chief Directorates (also referred to as Programmes) including the Office of the MEC, HOD and DDG. The work carried out in these programmes is aimed at strengthening the capacity of municipalities to enable them to perform their constitutional mandate.

The first key policy development that is impacting on the department's programmes is the Five Year Local Government Strategic Agenda. The Agenda came about after a qualitative assessment of local government performance since 2000. The Agenda addresses the question of what must be done to support local government. The key strategic priority of the Agenda is to mainstream hands-on support to local government to improve governance, performance and accountability. Therefore, since 2006 the local government support programmes of the department have been focusing on achieving this strategic priority.

The second key policy development is entrenching good governance systems in municipalities. The lessons drawn from the review of the performance of local government in the previous term highlighted the issue of weak accountability mechanisms at local government level. To address this problem, the department together with municipal leadership established the Municipal Public Accounts Committees (MPACs) throughout Gauteng. In 2009/10 financial year the department will focus its attention on monitoring the effectiveness of MPACs caring out its oversight and accountability functions. The department will conduct an assessment study on how these committees are working and identify challenges, in order to provide municipalities with appropriate support.

The questions that need to be dealt with are around community involvement and improvement in the quality of local democracy. The key issue for 2009/10 financial year will be implementation of the ward based planning. The strategy for community participation will be implemented. The mechanisms to strengthen the functionality of the ward committees will also be implemented.

The third policy development is the Framework and Bill on Traditional Leaders. This framework and bill will be completed in 2009/10 financial year. The department will ensure that the institution of Traditional Leaders receives the administrative support through appropriate systems and structures. The department will continue defining the relationship between Local Government structures and Traditional Leaders and Traditional Communities in the province.

Gauteng Provincial Government has adopted the Global City Region (GCR) perspective and the department has duly responded by developing new policies on local government matters. These policies are:

- The Powers and Function study
- The Feasibility Study on the Metropolitan form of Local Government

The allocation of powers and functions between different spheres of government and within the two-tier system of local government will be reviewed annually in an effort to enhance efficiency and effectiveness, equity and sustainability across the three spheres of government.

The process of determining the feasibility of moving towards a metropolitan form of local government in Gauteng started in 2007/08 financial year. In 2008/09 financial year the department embarked on a consultative drive, where stakeholders were engaged to optimally reconfigure the system of local government in order to give the Gauteng Region a global competitive edge.

The Department of Provincial and Local Government's policy process of developing a White Paper on Provincial Government and reviewing the White Paper on Local Government is in progress. These key policy developments will have an impact on the role of provinces; as a result the department will participate and if necessary facilitate the involvement of relevant stakeholders in the processes of shaping these policies.

2. REVIEW OF THE 2008/09 FINANCIAL YEAR

The department developed and implemented the Public Participation Framework to assist municipalities to address challenges in community participation and also strengthen the functionality of ward committees. This included implementing four accredited training modules for ward committees.

A plan to monitor the implementation of anti-corruption and fraud prevention plans by municipalities was developed.

The department monitored the efficacy of Municipal Public Accounts Committees (MPACs) and also developed the guidelines for the functioning of the MPACs.

In 2008/09 the department monitored functionality of Intergovernmental Relation (IGR) structures at district municipality level.

The Community Development Workers (CDW) referral system was fully implemented whereby service delivery cases were referred to relevant sector departments. The Intergovernmental Service Delivery Forums were facilitated by CDWs to ensure that the service delivery referral cases are attended to by sector departments.

The department monitored the implementation of infrastructure projects and expenditure of Municipal Infrastructure Grant (MIG) funds. This includes monitoring MIG expenditure on 20 Priority Townships.

To support municipalities with technical capacity, the deployed engineers have overseen the implementation of infrastructure projects, ranging from roads, water, sanitation, solid waste, electricity and housing projects.

They have also assisted municipalities with the implementation of infrastructure master plans, aligning the infrastructure plans to Integrated Development Plans (IDPs) and have assisted municipalities with maintenance of infrastructure assets.

About 50 municipal officials were trained in Prince 2 Project Management Course to provide them with the necessary skills to manage the implementation of infrastructure projects.

The department implemented the Provincial Sanitation Strategy to ensure that Gauteng meets the national sanction targets. To ensure that Gauteng province meets the water targets for 2008 the department completed the Water Demand Management Strategy and the audit on water losses. The plan for implementing Water Demand Management Strategy was implemented.

To address the electricity crisis, the department coordinated the development and implementation of the energy crisis strategy, including the development of the Strategy for Alternative Energy Systems and Resources.

To support municipalities with organizational transformation and development, 11 municipalities were assisted with the development of Human Resource Development Strategies. This will enable them to fill in critical posts. The department also conducted a review of the organisational designs of municipalities and supported targeted municipalities with the implementation of Performance Management Systems. Finally, the department coordinated the Provincial Capacity Building Task Team and the Technical Working Task Team that will ensure mainstreaming of capacity building support to municipalities. The following training was delivered in 2008/09 financial year:

- 40 municipal officials trained in project management;
- 60 municipal officials targeted for leadership and management training;
- 150 officials trained on Local Government Accounting Certificate; learnership training on Local Government

Accounting Certificate was provided in all municipalities.

To support municipalities with financial management capacity, the Department developed and implemented the Financial Management Support Plan which resulted in 15 accountants deployed in all municipalities.

The Revenue Enhancement Strategy was implemented and this resulted in the establishment of the Revenue Management Entity to assist municipalities with debt recovery. There was also an implementation of knowledge sharing on best practice mechanisms of financial management such as, asset management, financial reporting and accounting.

To monitor municipal performance and ensure that challenges facing municipal performance are identified, the Department implemented the Monitoring and Evaluation Framework and System. Performance indicators have been developed in agreement with all municipalities. Quarterly reports on municipal performance have been compiled. The Department also compiled quarterly reports on municipal compliance to financial management legislation such as MPFM, POBA and Municipal Property Rates Act. Reports on the financial performance of municipalities were generated on a quarterly basis through the EMMA electronic system

To ensure that the Provincial Disaster Management Centre (PDMC) is operational, the Disaster Management Unit was established with the training of staff and implementation of the Virtual Agility/E-Team Disaster Information System to all municipalities and sector department and the TETRA Communications System. The Level III disaster mobile centre was constructed and put into operation.

The Provincial Disaster Management and Fire Brigade structures were coordinated and facilitated to ensure that they are operational. To ensure effective disaster risk reduction and management strategies are implemented, the focus was on the Gautrain and the 2010 World Cup. The Department conducted disaster readiness exercises.

3.OUTLOOK FOR THE 2009/10 YEAR

The department of Local Government will do the following in 2009/10 financial year:

Disaster Management Project

The department will aim to ensure effective disaster risk reduction and management strategies with the key focus on Gautrain and 2010 World Cup. It will also establish the Provincial Fire and Disaster Management Academy by end of 2009/10 financial year.

Capacity Building

In order to continue to provide municipal support to ensure local government institutional transformation and development; the department will continue to target 50 percent reduction in municipal debt through Revenue

Enhancement Entity, deploy accountants to all municipalities, share knowledge and best practice mechanisms in municipal financial management and develop and implement financial management models for municipalities. In the coming financial year, accredited training modules will be provided to capacitate the ward committees in 11 municipalities. The department will support municipalities to implement the ward based planning, as well as to monitor and support the structures of traditional leaders to implement the Provincial Act on Traditional Leaders.

Monitoring and Evaluation

The department will continue to improve its effectiveness in monitoring municipal performance through; the development and implementation of municipal monitoring and evaluation system across all 14 municipalities, compile bi-annual reporting on the implementation of the 5 Year Long Government Strategic Agenda (5YLGSA) across all the 14 municipalities. It will further continue to evaluate the extent and impact of service delivery integration across all the 14 municipalities by 2010. Finally, the department will continue to monitor municipal compliance with existing finance legislation.

Infrastructure Delivery

The department is set to continue the implementation of Municipal Infrastructure Grant (MIG) by monitoring expenditure for the grant. It will further implement alternative waste water management systems; implement the Provincial Sanitation Strategy and Water Demand Strategies. Capacity building is still a focus in the coming year as more technical support will be provided to municipalities. We further envisage implementing plans that will ensure 6 percent reduction in electricity consumption in all municipalities.

Cross Cutting Issues

The Department will develop guidelines on HIV/AIDS, youth development disability programme and develop guidelines and support when monitoring the implementation of guidelines.

4. RECEIPTS AND FINANCING

4.1 Summary of receipts

The main source of funding for the department is the provincial equitable share. The budget allocation in 2005/06 to 2008/09 financial year increased by an average of 28.9 percent due to the introduction of Municipal Support and the Disaster Management Centre. Allocations have decreased by 10 percent from R249.6 million in 2007/08 to R224.6 million in 2011/12 due to the completion of the Disaster Management Centre.

TABLE 1: SUMMARY OF RECEIPTS: LOCAL GOVERNMENT

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08	2008/09			2009/10	2010/11	2011/12
Equitable share	104 887	206 163	249 277	224 470	315 020	315 020	238 858	213 911	223 977
Conditional grants	24 198								
Total treasury funding	129 085	206 163	249 277	224 470	315 020	315 020	238 858	213 911	223 977

The budget allocation increased from R224.6 million in 2008/09 by 6.5 percent to R239.3 million in 2009/10 due to an increase in Municipal Support. It subsequently decreased by 10.4 percent to R214.2 million in 2010/11 and increased by 4.7 percent in 2011/12 to accommodate the personnel inflationary increases.

4.2 Departmental receipts collection

The Departmental revenue is generated mainly from parking fees, rental of housing (domestic services), interest earned from staff debt, commission on staff deductions and stale cheques; which is minimal.

TABLE 2: DEPARTMENTAL RECEIPTS: LOCAL GOVERNMENT

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08	2008/09			2009/10	2010/11	2011/12
Tax receipts									
Casino taxes									
Horse racing taxes									
Liquor licences									
Motor vehicle licences									
Sales of goods and services other than capital assets		61	76	186	186	97	70	72	72
Transfers received									
Fines, penalties and forfeits									
Interest, dividends and rent on land		12	33			22	30	32	32
Sales of capital assets									
Financial transactions in assets and liabilities	386	425	364	110	110	271	360	362	362
Total departmental receipts	386	498	473	296	296	390	460	466	466

Collection in terms of receipts (revenue) is not easily determined as the department is not generating income. Most of the revenue collection is generated from the Eskom servitudes. This revenue source is not consistent. As a result revenue varies from month to month due to unpredictable nature thereof. The increase in revenue budget is based on previous year's collection that is estimated to exceed R400 000.

5. PAYMENT SUMMARY

5.1 Key assumptions

When preparing this budget the department allocated each of the additional funds to respective programmes over the MTEF period. The 2009 MTEF budget took into consideration salary increase of 10.5 percent and full cost of aspects of personnel matters. The anticipated cost increases on goods and services is consistent with the outlook for inflation and it took into account the operational budget for the running and renting of the Disaster Management Centre. The department is responsible for supporting and monitoring local government by promoting integrated service delivery to ensure efficiency and effectiveness among municipalities in the province.

5.2 Programme summary

TABLE 3: SUMMARY OF PAYMENTS AND ESTIMATES: LOCAL GOVERNMENT

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08	2008/09			2009/10	2010/11	2011/12
1. Administration	37 807	39 313	36 869	49 816	53 024	53 024	55 206	52 752	53 747
2. Local Governance	67 885	117 725	157 135	127 123	127 060	127 060	133 963	111 776	118 482
3. Integrated Development Planning and Service Delivery	22 792	46 351	56 213	42 953	130 383	135 509	45 063	45 945	48 086

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08	2008/09			2009/10	2010/11	2011/12
4. Traditional Institution Management			2 048	4 578	4 553	4 553	4 626	3 438	3 662
Total payments and estimates	128 484	203 389	252 265	224 470	315 020	320 146	238 858	213 911	223 977

5.3 Summary of economic classification

TABLE 4: SUMMARY OF ECONOMIC CLASSIFICATION: LOCAL GOVERNMENT

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08	2008/09			2009/10	2010/11	2011/12
Current payments	93 498	147 767	205 258	196 850	217 400	222 415	211 308	200 111	210 177
Compensation of employees	52 354	66 157	99 053	123 572	127 082	126 984	135 277	139 576	144 906
Goods and services	41 142	81 561	106 101	73 278	90 318	95 431	76 031	60 535	65 271
Interest and rent on land									
Financial transactions in assets and liabilities	2	49	104						
Transfers and subsidies	30 653	27 702	16 766	17 420	86 920	86 920	17 000	6 000	6 000
Provinces and municipalities	24 198	20 770	16 766	10 920	80 920	80 920	11 000		
Departmental agencies and accounts	200								
Universities and technikons									
Public corporations and private enterprises									
Foreign governments and international organizations									
Non-profit institutions									
Households	6 255	6 932		6 500	6 000	6 000	6 000	6 000	6 000
Payments for capital assets	4 333	27 920	30 241	10 200	10 700	10 811	10 550	7 800	7 800
Buildings and other fixed structures									
Machinery and equipment	4 333	27 920	30 241	10 200	10 700	10 811	10 550	7 800	7800
Cultivated assets									
Software and other intangible assets									

	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
R thousand	2005/06	2006/07	2007/08	2008/09			2009/10	2010/11	2011/12
Land and subsoil assets									
Total economic classification:	128 484	203 389	252 265	224 470	315 020	320 146	238 858	213 911	223 977

The largest share of the budget amounting to R364.2 million over the MTEF (or 54 percent of the budget) is allocated mainly for monitoring the local government to ensure that municipalities are viable and sustainable to perform their constitutional responsibilities within the Programme 2: Local Governance. The key deliverable of this programme is the deployment of the Community Development Workers.

A large portion of this programme's budget is allocated to the Programme 1: Administration, within which the Corporate Services, receives the second largest share amounting to R161.7 million (or 23 percent). The third largest share amounting to R139.1 million (or 20 percent) is allocated to Programme 3: Development and Planning, within which the Provincial Disaster Management function is located.

The department's spending increased from R128.5 million in 2005/06 to R252.3 million in 2007/08. This increase of R123.8 million was due mainly to goods and services relating to the Local Governance programme and once-off capital expenditure in the region of R25 million for the establishment of the Disaster Management Centre in Midrand.

The department's allocated budget of R224.5 million was adjusted upwards to R315 million in 2008/09 due mainly to the once-off R70 million allocated for the eradication of the water backlogs in identified areas in order to meet the 2010 targets within the Development and Planning programme. The other adjustment within this programme relate a new conditional grant (called Internally Displaced People Management grant) amounting to R17 million that was allocated for the cost of providing temporary shelters for the internally displaced foreign nationals during the xenophobic attacks episode within the province. An amount of R500 000 was reprioritised from budget for transfers and subsidies in favour of payments for capital assets to finance the purchase of computer equipments for the new training centre, new employees and upgrading of the servers (including new servers for the Disaster Recovery and Business Continuity) during the 2008/09 adjustment budget process.

The department receives total allocation of R676.7 million over the MTEF, out of which a total of R290.9 million is set aside for key programmes including the Community Development Workers, disaster management and revenue management. A total of R219.7 million is allocated for the Community Development Workers programme. In order to improve the municipal revenue raising capacity, a total of R31.1 million is allocated for the Revenue Enhancement Project. A total of R40 million is allocated for the disaster management including the acquisition of a mobile disaster management centre to ensure a safe 2010 World Cup within the province.

5.4 Transfers

5.4.1 Transfers to local government

TABLE 5: SUMMARY OF DEPARTMENTAL TRANSFERS TO LOCAL GOVERNMENT BY CATEGORY

	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
R thousand	2005/06	2006/07	2007/08	2008/09			2009/10	2010/11	2011/12
Category A	14 999	9 075	5 083	6 131	6 131	6 131	5 803		
Category B					57 893	57 893			
Category C	9 199	11 695	5 916	4 789	16 896	16 896	5 197		
Total departmental transfers	24 198	20 770	10 999	10 920	80 920	80 920	11 000		

Transfers and subsidies initially decline from R24.2 million in 2005/06 to R20.8 million in 2006/07, thereafter decline to an average of R11 million over a period ending in 2009/11 mainly due to completion of the Municipal

Support Programme in 2009/10. These allocations include funds transfer to municipalities for the HIV/AIDS programme. A once-off R70 million allocated for the eradication of the water backlogs in identified areas in order to meet the 2010 targets within the Development and Planning programme increased the adjusted appropriation to R80.9 million in 2008/09.

6. PROGRAMME DESCRIPTION

PROGRAMME 1: ADMINISTRATION

Programme description

The Administration programme renders corporate support to the department. The programme enables the business units of the department to perform efficiently by providing HR support, financial management support, strategic planning support, ITC and facilities' support.

Programme objectives

- To ensure that Human Resource Management is a strategic partner to all units in the department.
- To provide effective legal services to the department.
- To provide efficient and effective facilities management to the department.
- To provide an effective, efficient and stable ICT infrastructure and support to the department. To ensure prudent financial management, efficient and effective procurement systems and that financial planning and budget is aligned to the strategic plan of the department.

TABLE 6: SUMMARY OF PAYMENTS AND ESTIMATES: ADMINISTRATION

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08	2008/09			2009/10	2010/11	2011/12
1. Office of the MEC	3 290	2 848	4 053	3 738	4 158	4 158	4 236	4 347	4 499
2. Corporate Services	34 517	36 465	32 816	46 078	48 866	48 828	50 970	48 405	49 248
Total payments and estimates	37 807	39 313	36 869	49 816	53 024	53 024	55 206	52 752	53 747

TABLE 7: SUMMARY OF PROVINCIAL PAYMENTS AND ESTIMATES BY ECONOMIC CLASSIFICATION: ADMINISTRATION

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08	2008/09			2009/10	2010/11	2011/12
Current payments	29 636	31 805	30 721	42 516	45 724	45 724	48 356	45 852	46 847
Compensation of employees	18 046	18 724	19 660	23 425	25 809	25 809	27 246	27 203	28 562
Goods and services	11 588	13 032	10 957	19 091	19 915	19 915	21 110	18 649	18 285
Interest and rent on land									
Financial transactions in assets and liabilities	2	49	104						
Transfers and subsidies	6 455	6 932	5 767	6 500	6 000	6 000	6 000	6 000	6 000
Provinces and municipalities									
Departmental agencies and accounts	200								

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08	2008/09			2009/10	2010/11	2011/12
Universities and technikons									
Public corporations and private enterprises									
Foreign governments and international organizations									
Non-profit institutions									
Households	6 255	6 932	5 767	6 500	6 000	6 000	6 000	6 000	6 000
Payments for capital assets	1 716	576	381	800	1 300	1 300	850	900	900
Buildings and other fixed structures									
Machinery and equipment	1 716	576	381	800	1 300	1 300	850	900	900
Cultivated assets									
Software and other intangible assets									
Land and subsoil assets									
Total economic classification	37 807	39 313	36 869	49 816	53 024	53 024	55 206	52 752	53 747

Expenditure ranges between R36.9 million and R39.3 million during the first three years under review. Allocations increase from R49.8 million in 2008/09 to an annual average of R53.3 million over the MTEF. A trend in the Corporate Services has a significant influence in the total expenditure and budget of the programme.

Current payments form the largest component of the total budget, with the compensation of employees allocated more than 50 percent of the current payments. Current payments range between R29.6 million and R28.6 million over the 7-year period. The restructure of the department and filling of vacant posts increased the personnel budget in 2008/09. The budget increased by R3.2 million during the 2008/09 adjustment budget process as a result of centralisation of the contract management function from other programmes to the Corporate Services and salary adjustments based on the higher than anticipated wage settlement.

An amount of R500 000 was reprioritised from budget for transfers and subsidies in favour of payments for capital assets to finance the purchase of computer equipments for the new training centre, new employees and upgrading of the servers (including new servers for the Disaster Recovery and Business Continuity) during the 2008/09 adjustment budget process.

PROGRAMME 2: LOCAL GOVERNANCE

Programme description

The Local Governance programme supports and monitors local government in the province. It aims to ensure that municipalities are viable and sustainable to perform their constitutional responsibilities. The programme also ensures that communities have access to basic services and government services.

Programme objectives

To improve access to government services for communities by:

- Deepening democracy and good governance;
- Monitor and evaluate Municipal Performance;
- Mainstreaming of HIV/ AIDS programmes in municipalities;

- Ensuring accelerated municipal basic service and infrastructure delivery to meet national targets;
- Ensuring that municipalities are institutionally viable;
- Supporting and developing capacity of municipalities to become fully functional and sustainable

TABLE 8: SUMMARY OF PAYMENTS AND ESTIMATES: LOCAL GOVERNANCE

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08	2008/09			2009/10	2010/11	2011/12
1. Municipal Administration	40 496	81 685	9 598	9 898	9 537	8 211	8 027	10 252	11 474
2. Municipal Finance	2 280	1 471	18 944	24 798	24 737	24 013	25 132	9 486	10 043
3. Community Development Workers	25 109	34 569	74 127	70 000	70 426	70 426	72 634	75 094	78 641
4. Capacity Development			54 466	22 427	22 360	24 410	28 170	16 944	18 324
Total payments and estimates	67 885	117 725	157 135	127 123	127 060	127 060	133 963	111 776	118 482

TABLE 9: SUMMARY OF ECONOMIC CLASSIFICATION: LOCAL GOVERNANCE

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08	2008/09			2009/10	2010/11	2011/12
Current payments	41 407	95 033	141 072	114 703	114 640	114 640	121 263	109 876	116 582
Compensation of employees	25 235	34 816	64 118	77 136	77 562	77 465	84 073	86 822	89 321
Goods and services	16 172	60 217	76 954	37 567	37 078	37 175	37 190	23 054	27 261
Interest and rent on land									
Financial transactions in assets and liabilities									
Transfers and subsidies	24 198	20 770	10 999	10 920	10 920	10 920	11 000		
Provinces and municipalities	24 198	20 770	10 999	10 920	10 920	10 920	11 000		
Departmental agencies and accounts									
Universities and technikons									
Public corporations and private enterprises									
Foreign governments and international organizations									
Non-profit institutions									
Households									
Payments for capital assets	2 280	1 922	5 064	1 500	1 500	1 500	1 700	1 900	1 900

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08	2008/09			2009/10	2010/11	2011/12
Buildings and other fixed structures									
Machinery and equipment	2 280	1 922	5 064	1 500	1 500	1 500	1 700	1 900	1 900
Cultivated assets									
Software and other intangible assets									
Land and subsoil assets									
Total economic classification	67 885	117 725	157 135	127 123	127 060	127 060	133 963	111 776	118 482

The expenditure over the period 2005/06 to 2007/08 increased at an annual average rate of 54 percent from R67.9 million to R157.1 million. The largest share of the budget is allocated for ensuring that communities have access to the basic services and government services through the Community Development Workers sub-programme. Its expenditure rises from R25.1 million to R74.1 million during the first three years. Allocations are set to increase to annual average of R226.4 million over the MTEF.

The second largest share is allocated for supporting and developing capacity of municipalities to become fully functional and sustainable through the Capacity Development sub-programme. This sub-programme was created in 2007/08 in which it spent R54.5 million. A large portion of funds for creating this sub-programme were reprioritised from the Municipal Administration sub-programme, which as a result reflects a sharp decline in expenditure from R81.7 million in 2006/07 to R9.6 million in 2007/08. The Municipal Administration sub-programme consequently reflects the lowest share of the budget over the MTEF.

The budget is allocated mainly in the current payments as well as the transfers and subsidies. Expenditure on current payments increased sharply from R41.4 million in 2005/06 to an annual average of R118 million over the next two years mainly as result of increased goods and services. Further implementation of the labour intensive Community Development Workers programme contributed to the increase in the compensation of employees from R34.8 million in 2006/07 to a range between R64.1 million in 2007/08 and R89.3 million in 2011/12.

Transfers and subsidies initially decline from R24.2 million in 2005/06 to R20.8 million in 2006/07, thereafter decline to an average of R11 million over a period ending in 2009/11 mainly due to completion of the Municipal Support Programme in 2009/10.

Subsequent to the completion of the Municipal Support Programme in 2009/10, allocations for goods and services follow a downward pattern from an annual average of R37 million between 2008/09 and 2009/10 to an annual average of R25 million in the last two years of the MTEF

KEY OUTPUTS AND SERVICE DELIVERY MEASURES:

Programme 2: Local Governance

Programme / Subprogramme / Performance Measures	Estimated Annual Targets			
	Estimated outcomes	2009/10	2011/11	2011/12
Municipal Administration				
Number of municipalities assessed and complying with relevant legislation	14	14	14	14
Number of municipalities with functional IGR structures		14	14	14
Municipal Finance				
Number of municipalities that are implementing MFMA	14	14	14	14
Number of municipalities supported with MFMA implementation	14	14	14	14
Number of municipalities that have achieved unqualified audits	7	14	14	
Number of municipalities supported in AFS preparation	13	7		14

Number of municipalities submitted AFS by 31 August.	14	14	14	14
Number of municipalities that are implementing MPRA	6	14	14	
Number of municipalities that are supported in MPRA implementation	1			
Number of municipalities where anti-corruption strategy is implemented	9	14	14	14
Number of municipalities monitored on the implementation of grant funding	14	14	14	14
Number of municipalities that are investigated in terms of Section 106 of	14	14	14	14
Public Participation				
Number of municipalities with functional ward committees	242	242	181	423
Number of CDWs deployed in municipalities.	481	481	481	481
Number of municipalities where full CDW programmes are implemented	14	14	14	14
Number of Izimbizo held by MECs, Mayors & Councillors	4	4	4	4
No of Izimbizo supported	4	4	4	4
Capacity Development	11	11	3	14
Number of municipalities with skills plan adopted	175	175	18	0
Number of competency assessment of section 57 managers conducted	1	1	1	1
Number of municipal support plans developed	103	103	103	103
Number of municipalities where shared services is implemented	1	1	1	1
Number of councilor leadership training programmes implemented	11	11	3	14
Municipal Performance Monitoring, Reporting and Evaluation				
Number of Institutional Performance Management systems in place	11	11	14	14
Number of section 57 managers with signed employment contracts	175	175	193	193
Number of section 57 managers with signed performance agreements	137	137	193	193
Number of municipal quarterly performance reports submitted timeously	8	8	14	14
Number of municipal annual performance reports submitted timeously	11	11	14	14
Number of oversight reports submitted by Councils	14	14	14	14

PROGRAMME 3: DEVELOPMENT AND PLANNING

Programme description

The Development and Planning programme coordinates and facilitates integrated development and planning in municipalities to ensure that a variety of services are delivered in an integrated and sustainable manner.

Programme Objectives

- Facilitate and coordinate processes towards ensuring that MIDPs are credible, implementable and aligned to national and provincial policies, plans and strategies;
- To co-ordinate the implementation of the Disaster Management Plan;
- To ensure strategic management of provincial land for economic and social purposes.

TABLE 10: SUMMARY OF PAYMENTS AND ESTIMATES: INTEGRATED DEVELOPMENT PLANNING AND SERVICE DELIVERY

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08	2008/09			2009/10	2010/11	2011/12
1. Land Management	7 390	3 701	8 686	4 733	4 663	4 663	5 690	11 411	12 318
2. Municipal Integrated Development Planning	3 017	6 188	5 332	7 711	8 331	8 331	8 267	9 348	9 783
3. Disaster Management	6 918	30 461	36 993	22 219	39 209	44 335	25 229	18 221	18 679
4. Municipal Infrastructure	5 467	6 001	5 202	8 290	78 180	78 179	5 877	6 965	7 306
Total payments and estimate	22 792	46 351	56 213	42 953	130 383	135 509	45 063	45 945	48 086

TABLE 11: SUMMARY OF ECONOMIC CLASSIFICATION: INTEGRATED DEVELOPMENT PLANNING AND SERVICE DELIVERY

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08	2008/09			2009/10	2010/11	2011/12
Current payments	22 455	20 929	32 054	35 053	52 483	57 609	37 063	40 945	43 086
Compensation of employees	9 073	12 617	14 593	20 412	21 112	21 111	21 332	22 640	23 888
Goods and services	13 382	8 312	17 461	14 641	31 371	36 498	15 731	18 305	19 198
Interest and rent on land									
Financial transactions in assets and liabilities									
Transfers and subsidies					70 000	70 000			
Provinces and municipalities					70 000	70 000			
Departmental agencies and accounts									
Universities and technikons									
Public corporations and private enterprises									
Foreign governments and international organizations									
Non-profit institutions									
Households									
Payments for capital assets	337	25 422	24 159	7 900	7 900	7 900	8 000	5 000	5 000
Buildings and other fixed structures									
Machinery and equipment	337	25 422	24 159	7 900	7 900	7 900	8 000	5 000	5 000
Cultivated assets									
Software and other intangible assets									
Land and subsoil assets									
Total economic classification	22 792	46 351	56 213	42 953	130 383	135 509	45 063	45 945	48 086

The expenditure over the period 2005/06 to 2007/08 increased at an annual average rate of 65 percent from R22.8 million to R56.2 million. The largest share of the budget is allocated for the coordination of the disaster management plan implementation within the Disaster Management sub-programme. Its expenditure rises from R6.9 million in 2005/06 and sharply increases to over R30 million during the next two years. This increase relates to the once-off capital allocation for the establishment of the Disaster Management Centre in Midrand. The Disaster Management Centre provides adequate response to all disaster incidents that may occur or threaten to occur before and after the 2010 World Cup Tournament. A new conditional grant (called Internally Displaced People Management grant) amounting to R17 million was allocated to the sub-programme during the 2008/09

adjustment budget for the cost of providing temporary shelters for the internally displaced foreign nationals during the xenophobic attacks episode within the province. Allocations are set to increase to a total of R62.1 million over the MTEF.

Excluding the once-off R70 million allocated during 2008/09 adjustment budget for the eradication of the water backlogs in identified areas in order to meet the 2010 targets, the Municipal Infrastructure sub-programme expenditure and budget ranges between R5.2 million and R8.3 million over the period under review. This amount reflects under transfers and subsidies.

KEY OUTPUTS AND SERVICE DELIVERY MEASURES

Integrated Development Planning and Service delivery

Programme / Subprogramme / Performance Measures	Estimated outcomes	2009/10	2010/11	2011/12
Integrated Development Planning				
Number of municipalities with credible IDPs	14	14	14	14
Number of municipalities supported on the development of IDPs	3	14	14	14
Local Economic Development				
Number of Municipalities with LED structures	14	14	14	14
Municipal Infrastructure				
Number of Municipalities that have registered projects on MHS	14	14	14	14
Number of Municipalities submit monthly reports on MIG performance	14	14	14	14
Number of Municipalities that have been supported on MIG spending	14	14	14	14
Number of Households with access to basic services (water, electricity and sanitation)	3 175 579	3 175 579	3 175 579	3 175 579
Number of Households with access to free basic services	3 080 597	3 175 579	3 175 579	3 175 579
Number of Households with access to free basic services	2 645 379	3 175 579	3 175 579	3 175 579
Disaster Management				
Number of Municipalities with applicable Disaster Management Framework and Plans	14	14	14	14
Number of meetings of the Intergovernmental Disaster Management structures	4	4	4	4
Number of Provincial fire preparedness reports compiled	4	4	4	4
Number of people accredited (investigated) in terms of the Act				

PROGRAMME 4: TRADITIONAL INSTITUTION MANAGEMENT

Programme description

To promote and facilitate viable and sustainable traditional institutions and to support and enhance the capacity of traditional authorities.

The key performance areas are:

- Traditional Institutional Administration
- Traditional Resource Administration
- Rural Development Facilitation
- Traditional Land Administration

Programme Objectives

- Strengthen co-operative governance between municipalities and traditional leaders;
- To manage institutional administrative and financial framework of the traditional institutions;
- To draw administrative policy guidelines, capacity building programme and to implement capacity building programmes;
- To support and strengthen the development capacity for structures of the institution of traditional leadership;
- To manage and register traditional land rights.

TABLE 12: SUMMARY OF PAYMENTS AND ESTIMATES: TRADITIONAL INSTITUTION MANAGEMENT

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08	2008/09			2009/10	2010/11	2011/12
1. Traditional Institution Administration			1 758	2 593	2 593	2 593	1 581	1 771	1 955
2. Traditional Resource Administration			290	1 985	1 960	1 960	1 405	1 667	1 707
3. Rural Development Facilities							1 640		
Total payments and estimates			2 048	4 578	4 553	4 553	4 626	3 438	3 662

TABLE 13: SUMMARY OF ECONOMIC CLASSIFICATION: TRADITIONAL INSTITUTION MANAGEMENT

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08	2008/09			2009/10	2010/11	2011/12
Current payments			1 411	4 578	4 553	4 442	4 626	3 438	3 662
Compensation of employees			682	2 599	2 599	2 599	2 626	2 911	3 135
Goods and services			729	1 979	1 954	1 843	2 000	527	527
Interest and rent on land									
Financial transactions in assets and liabilities									
Transfers and subsidies									
Provinces and municipalities									
Departmental agencies and accounts									
Universities and technikons									
Public corporations and private enterprises									
Foreign governments and international organisations									
Non-profit institutions									
Households									
Payments for capital assets			637			111			
Buildings and other fixed structures									
Machinery and equipment			637			111			

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08	2008/09			2009/10	2010/11	2011/12
Cultivated assets									
Software and other intangible assets									
Land and subsoil assets									
Total economic classification			2 048	4 578	4 553	4 553	4 626	3 438	3 662

Total payments for Traditional Institution Management programme grew from R2 million in 2007/08 to R4.6 million in 2008/09 and 2009/10 financial years. The allocations reduce to an average level of R3.5 million in the last two years as the allocations for the goods and services drastically reduce from R2 million to R500 000. This programme was established after the incorporation of North West and Mpumalanga traditional community areas into the Gauteng Province to provide for the administration of traditional affairs. Its growth is expected to start stabilising during the last two years under review.

Spending for the programme mainly occurs under compensation of employees at 57 percent of the total programme, while goods and services accounts for 43 percent. The allocations are provided to build capacity for this recently created programme.

KEY OUTPUTS AND SERVICE DELIVERY MEASURES

Traditional Institution Management

Programme / Subprogramme / Performance Measures	Target	Estimated outcomes	Estimated Annual Targets		
			2009/2010	2010/2011	2011/2012
Traditional Leadership					
Number of reports on the functionality of system and structures for Traditional Leaders	4	4			
Number of structures established for Traditional Leadership			4	4	4
Number of systems of systems developed and implemented			2	2	2
Number of capacity building programme for Traditional Leadership			2	2	2

7.3 OTHER PROGRAMME INFORMATION

7.3.1 Personnel number and costs

TABLE 14: PERSONNEL NUMBER AND COST: LOCAL GOVERNMENT

Personnel numbers	As at 31 March 2006	As at 31 March 2007	As at 31 March 2008	As at 31 March 2009	As at 31 March 2010	As at 31 March 2011	As at 31 March 2012
1. Administration	119	135	119	125	134	134	134
2. Local Governance	249	522	600	714	703	658	658
3. Integrated Development Planning and Service Delivery	40	49	99	100	102	104	104
4. Traditional Institutional Management			5	12	12	55	55
Total personnel numbers	408	706	823	951	951	951	951
Total provincial personnel cost (R thousand)	52 354	66 157	99 053	123 572	135 277	139 576	144 906
Unit cost (R thousand)	128	94	120	130	142	147	152

TABLE 15: SUMMARY OF DEPARTMENTAL PERSONNEL NUMBER AND COST: LOCAL GOVERNMENT

	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08				2008/09		2009/10
Total for department									
Personnel numbers (head count)	408	706	823	951	951	951	951	951	951
Personnel cost (R thousands)	52 354	66 157	99 053	123 572	127 082	126 984	135 277	139 576	144 906
Human resources component									
Personnel numbers (head count)	10	16	10	16	16	16	25	25	25
Personnel cost (R thousands)	2 071	2 469	1 927	2 619	2 619	2 619	2 729	2 801	2 801
Head count as % of total for department	2%	4%	2%	4%	4%	4%	6%	6%	6%
Personnel cost as % of total for department	4%	5%	4%	5%	5%	5%	5%	5%	5%
Finance component									
Personnel numbers (head count)	18	20	16	26	26	26	26	26	26
Personnel cost (R thousands)	8 016	3 344	4 148	4 369	4 369	4 369	4 669	4 796	4 796
Head count as % of total for department	4%	5%	4%	6%	6%	6%	6%	6%	6%
Personnel cost as % of total for department	15%	6%	8%	8%	8%	8%	9%	9%	9%
Full time workers									
Personnel numbers (head count)	408	706	733	887	887	936	933	932	932
Personnel cost (R thousands)	61 658	66 157	99 167	100 930	100 930	100 930	107 194	107 194	107 197
Head count as % of total for department	100%	173%	180%	217%	217%	229%	229%	228%	228%
Personnel cost as % of total for department	118%	126%	189%	193%	193%	193%	205%	205%	205%
Part-time workers									
Personnel numbers (head count)	5	15	8				3	4	4
Personnel cost (R thousands)	96	249	172						
Head count as % of total for department	1%	4%	2%				1%	1%	1%
Personnel cost as % of total for department									

	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08				2008/09		2009/10
Contract workers									
Personnel numbers (head count)		4		15	15	15	15	15	15
Personnel cost (R thousands)		61		102	102	102	135	148	148
Head count as % of total for department		1%		4%	4%	4%	4%	4%	4%
Personnel cost as % of total for department									

Table 15 above shows that the number of personnel headcount rise from 408 in 2005/06 to 823 in 2008/09 financial year demonstrating annual average increase of 53 percent. The total personnel costs increase proportionally to the increase in personnel numbers. The personnel number declines slightly from 884 in 2008/09 to 879 in 2009/10 financial year, then increases over the MTEF. The overall trend is influenced by increasing number of the Community Development Workers.

7.3.2 Training

TABLE 16: PAYMENTS ON TRAINING: LOCAL GOVERNMENT

R thousand	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
	2005/06	2006/07	2007/08	2008/09			2009/10	2010/11	2011/12
Programme 1. Administration of which Subsistence and travel	1 100	272		176	176	176	174	179	179
Payments on tuition	1 100	272		176	176	176	174	179	179
Programme 2. Local Governance of which Subsistence and travel		570		698	698	698	769	769	769
Payments on tuition		570		698	698	698	769	769	769
Programme 3. Integrated Development Planning and Service Delivery of which Subsistence and travel		209		188	188	188	188	198	198
Payments on tuition		209		188	188	188	188	198	198

	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
R thousand	2005/06	2006/07	2007/08	2008/09			2009/10	2010/11	2011/2012
Programme 4. Traditional Institution Management of which Subsistence and travel Payments on tuition									
Total payments on training	1 100	1 051		1 062	1 062	1 062	1 131	1 146	1 146

TABLE 17: INFORMATION ON TRAINING: LOCAL GOVERNMENT

	Outcome			Main appropriation	Adjusted appropriation	Revised estimate	Medium-term estimates		
R thousand	2005/06	2006/07	2007/08	2008/09			2009/10	2010/11	2011/2012
Number of staff	570	850		883	883	883	810	905	905
Number of personnel trained of which		257		469	469	469	517	570	570
Male		115	188	194	194	194	214	236	236
Female		142	192	275	275	275	303	334	334
Number of training opportunities of which	134	305		58	58	58	159	175	175
Tertiary	10	35	1	24	24	24	90	95	95
Workshops	92	230	24	9	9	9	35	40	40
Seminars	32	40		3	3	3	9	15	15
Other				22	22	22	25	25	25
Number of bursaries offered	10	30	1	25	25	25	90	100	100
Number of interns appointed	4	15	13	20	20	20	25	30	30
Number of learnership appointed	205		232	311	311	311	19	30	30
Number of days spent on training	217	243							

The annual average allocation for training, including bursaries, amounts to R1.1 million (or 0.78 percent of the average personnel budget) over the MTEF. This is below the one percent of the personnel budget that is required in terms of the Skills Development Levy.

The department has offered a total of 41 bursaries during the first three years under review. A total of 25 bursaries are budget for in 2008/09, which are projected to increase to 100 in the MTEF. The internship opportunities provided amount to 32 during the first three years. A total of 20 interns are budget for in 2008/09 which will rise to 30 in the MTEF.