

Vote 14

Department of Local Government

	2014/15			
	Main appropriation	Adjusted appropriation	Decrease	Increase
Amount to be appropriated	R188 750 000	R199 130 000		R10 380 000
Statutory appropriations				
Responsible MEC	Provincial Minister of Local Government, Environmental Affairs and Development Planning			
Administering department	Department of Local Government			
Accounting officer	Head of Department, Local Government			

Aim

The mission of the Department of Local Government is:

To capacitate municipalities to deliver quality services to communities;

To promote participative, integrated and sustainable communities;

To ensure municipal plans reflect national, provincial and local priorities and resources through sound intergovernmental relations;

To be the first port of call of municipalities for advice and support; and

To facilitate delivery through sound administration and the engagement of all spheres of government and social partners.

Changes to programme purposes, objectives and measures

No changes were made to programme purposes, objectives and measures.

Adjusted Estimates of Provincial Expenditure 2014

Table 14.1: Payments and estimates per programme and per economic classification

2014/15								
Programme		Main appropriation	Additional appropriation				Adjusted appropriation	
			Roll-overs	Unforeseeable/ unavoidable	Virement and shifts	Other adjustments		Total additional appropriation
		R'000	R'000	R'000	R'000	R'000	R'000	R'000
1.	Administration	40 524			(2 921)	1 180	(1 741)	38 783
2.	Local Governance	102 854			3 996	9 200	13 196	116 050
3.	Development and Planning	45 371			(1 075)		(1 075)	44 296
4.	Traditional Institutional Management	1						1
Total		188 750				10 380	10 380	199 130

Table 14.1: Payments and estimates per programme and per economic classification (continued)

2014/15							
Economic classification	Main appropriation	Additional appropriation				Adjusted appropriation	
		Roll-overs	Unforeseeable/ unavoidable	Virement and shifts	Other adjustments		Total additional appropriation
	R'000	R'000	R'000	R'000	R'000	R'000	
Current payments	178 952			(6 825)	1 180	(5 645)	173 307
Compensation of employees	135 593			(6 894)		(6 894)	128 699
Goods and services	43 359			69	1 180	1 249	44 608
Interest and rent on land							
Transfers and subsidies to	5 643			6 735	9 200	15 935	21 578
Provinces and municipalities	4 675			6 684	9 200	15 884	20 559
Departmental agencies and accounts	375			4		4	379
Higher education institutions							
Foreign governments and international organisations							
Public corporations and private enterprises							
Non-profit institutions	593						593
Households				47		47	47
Payments for capital assets	4 055			47		47	4 102
Buildings and other fixed structures							
Machinery and equipment	3 958			14		14	3 972
Heritage assets							
Specialised military assets							
Biological assets							
Land and subsoil assets							
Software and other intangible assets	97			33		33	130
<i>Of which: "Capitalised Compensation" included in Payments for capital assets</i>							
<i>Of which: "Capitalised Goods and services" included in Payments for capital assets</i>							
Payments for financial assets	100			43		43	143
Total	188 750				10 380	10 380	199 130

Details of adjustments to the Estimates of Provincial Expenditure 2014

Virements and shifts of funds within vote/programme

Table 14.2: Virements and Shifting of funds

Programmes					
1. Administration					
2. Local Governance					
3. Development and Planning					
4. Traditional Institutional Management					
FROM:			TO:		
Programme/ sub-programme by economic classification	Motivation	R'000	Programme/ sub-programme by economic classification	Motivation	R'000
VIREMENTS					
None.					
SHIFTING OF FUNDS					
Programme 1: Administration		86	Programme 1: Administration		86
Compensation of employees	Slow spending due to delay in filling vacant posts and staff leaving the department.	6	Transfers and subsidies to households	Leave gratuity paid to ex-officials.	6
Goods and services	Shift of budget for TV licence from communication.	4	Transfers and subsidies to departmental agencies and accounts	SABC TV licence budgeted under communications.	4
Machinery and equipment	Saving due to lower than budgeted quotes received for video conferencing system.	33	Software and other intangible assets	Renewal of Monkey Survey licence and purchase of Adobe In Design software.	33
Goods and services	Reprioritisation of budget for consultants.	43	Payment for financial assets	Additional funds required for write-offs as more cases are finalised by State Attorney.	43
Programme 2: Local Governance		128	Programme 2: Local Governance		128
Sub-programme 2.2: Public Participation			Sub-programme 2.2: Public Participation		
Compensation of employees	Under spending due to staff leaving the department and vacant posts not filled as anticipated.	9	Transfers and subsidies to households	Leave gratuity paid to official who left the department.	9
Sub-programme 2.6: Community Development Workers			Sub-programme 2.6: Community Development Workers		
Compensation of employees	Under spending due to staff leaving the department and vacant posts not filled as anticipated.	22	Transfers and Subsidies to households	Leave gratuity paid to official who left the department.	22
Sub-programme 2.6: Community Development Workers			Sub-programme 2.6: Community Development Workers		
Compensation of employees	Under spending due to staff leaving the department and vacant posts not filled as anticipated.	90	Transfers and subsidies to provinces and municipalities	Additional funds needed for CDW operational grant transfers.	90
Sub-programme 2.1: Municipal Administration			Sub-programme 2.4: Municipal Performance, Monitoring, Reporting and Evaluation		
Goods and services	Saving due to market testing indicating lower prices on anticipated capital purchases.	7	Machinery and equipment	Replacement of audio visual equipment.	7

FROM:			TO:		
Programme/ sub-programme by economic classification	Motivation	R'000	Programme/ sub-programme by economic classification	Motivation	R'000
Programme 1: Administration			Sub-programme 2.4: Municipal Performance, Monitoring, Reporting and Evaluation		
Compensation of employees	Under spending due to staff leaving the department and vacant posts not filled as anticipated.	1 811	Transfers and subsidies to provinces and municipalities	Transfers of grants to municipalities for infrastructure and performance management.	6 150
Goods and Services	Reprioritisation of consultant's budget.	860	Sub-programme 3.2: Disaster Management		
Machinery and Equipment	Saving due to lower than anticipated spending on legal fees.	250	Goods and Services	Additional operational funds required within the disaster management unit.	500
Sub-programme 2.1: Municipal Administration					
Compensation of employees	Post became vacant during the financial year.	180			
Goods and services	Saving due to lower than anticipated spending on legal fees.	79			
Sub-programme 2.2: Public Participation					
Compensation of employees	User spending due to staff leaving the department and vacant post not filled as anticipated.	874			
Goods and services	Saving on consultants as internal capacity was used on projects.	143			
Sub-programme 2.5: Service Delivery Integration					
Compensation of employees	Under spending due to staff leaving the department and vacant posts not filled as anticipated.	80			
Sub-programme 2.6: Community Development Worker Programme					
Compensation of employees	Under spending due to staff leaving the department and vacant posts not filled as anticipated.	798			
Programme 3.1: Municipal Infrastructure					
Compensation of employees	Under spending due to staff leaving the department and vacant posts not filled as anticipated.	88			
Sub-programme 3.2: Disaster Management					
Compensation of employees	Under spending due to staff leaving the department and vacant posts not filled as anticipated.	744			
Goods and services	Delays by State Information Technology Agency (SITA) on procurement for upgrade of Disaster Management Centre.	119			
Sub-programme 3.3: Integrated Development Planning and Coordination					
Compensation of employees	Post became vacant during the financial year.	624			

FROM:			TO:		
Programme/ sub-programme by economic classification	Motivation	R'000	Programme/ sub-programme by economic classification	Motivation	R'000
Programme 2: Local Governance		1 638	Programme 2: Local Governance		1 638
Sub-programme 2.4: Municipal Performance, Monitoring and Evaluation			Sub-Programme 2.4: Municipal Performance, Monitoring and Evaluation		
Compensation of employees	Under spending due to delay in filling vacant post.	413	Goods and services	Appointment of service providers to assist with governance, monitoring and capacity building in municipalities.	1 638
Sub-programme 2.1: Municipal administration					
Goods and services	Saving due to lower than anticipated spending on legal fees.	140			
Sub-programme 2.3: Capacity Development					
Goods and services	Saving on consultants as internal capacity was used on projects.	669			
Sub-programme 2.6: Community Development Worker Programme (CDW)					
Goods and services	Saving on operational cost for CDW regional offices due to delays in securing alternative office accommodation.	416			
Sub-programme 2.5: Service Delivery Integration		444	Sub-Programme 2.5: Service Delivery Integration		444
Compensation of employees	Under spending due to staff leaving the department and vacant posts not filled as anticipated.	444	Transfers and subsidies to provinces and municipalities	Additional funds needed for Thusong centres operational grant transfers.	444
Sub-programme 3.2: Disaster Management		1 001	Sub-Programme 3.2: Disaster Management		1 001
Compensation of employees	Under spending due to delay in filling vacant post.	711	Transfers and subsidies to households	Leave gratuity paid to officials who left the department.	10
Goods and services	Budget for the establishment of Wolwekloof was initially under goods and services.	290	Goods and services	Additional workshops for Integrated Development Planning (IDP) engagements and the additional funds required for operations within the infrastructure unit.	701
			Machinery and equipment	Purchases of assets for the Wolwekloof training academy.	290

Other adjustments - R10 380 000

Shifting of funds between votes - R10 380 000

Programme 1: Corporate Services - R1 180 000

R1 180 000 shifted from Vote 3: Provincial Treasury for the Internal Control component (Transversal Projects).

Programme 2: Local Governance R9 2000 000

R9 200 000 shifted from Vote 3: Provincial Treasury for the Municipal Support Transversal Projects Funding.

Actual payments and revised spending projections for the remainder of the financial year

Table 14.3: Actual payments and revised spending projections

2014/15						
Preliminary expenditure						
Programme	Adjusted appropriation	Actual payments April 2014 - September 2014		Projected payments October 2014 - March 2015		Total Preliminary expenditure
	R'000	R'000	% of budget	R'000	% of budget	R'000
1. Administration	38 783	15 289	39.42	23 494	60.58	38 783
2. Local Governance	116 050	41 160	35.47	74 890	64.53	116 050
3. Development and Planning	44 296	14 696	33.18	29 600	66.82	44 296
4. Traditional Institutional Management	1			1	100.00	1
Total	199 130	71 145	35.73	127 985	64.27	199 130

2014/15						
Preliminary expenditure						
Economic classification	Adjusted appropriation	Actual payments April 2014 - September 2014		Projected payments October 2014 - March 2015		Total Preliminary expenditure
	R'000	R'000	% of budget	R'000	% of budget	R'000
Current payments	173 307	69 653	40.19	103 654	59.81	173 307
Compensation of employees	128 699	60 719	47.18	67 980	52.82	128 699
Goods and services	44 608	8 930	20.02	35 678	79.98	44 608
Interest and rent on land		4		(4)		
Transfers and subsidies to	21 578	51	0.24	21 527	99.76	21 578
Provinces and municipalities	20 559			20 559	100.00	20 559
Departmental agencies and accounts	379	4	1.06	375	98.94	379
Higher education institutions						
Foreign governments and international organisations						
Public corporations and private enterprises						
Non-profit institutions	593			593	100.00	593
Households	47	47	100.00			47
Payments for capital assets	4 102	1 298	31.64	2 804	97.38	4 102
Buildings and other fixed structures						
Machinery and equipment	3 972	1 204	30.31	2 768	69.69	3 972
Heritage assets						
Specialised military assets						
Biological assets						
Land and subsoil assets						
Software and other intangible assets	130	94	72.31	36	27.69	130
<i>Of which: "Capitalised Compensation" included in Payments for capital assets</i>						
<i>Of which: "Capitalised Goods and services" included in Payments for capital assets</i>						
Payments for financial assets	143	143	100.00			143
Total	199 130	71 145	35.73	127 985	64.27	199 130

Actual payments for the financial year 2013/14

Table 14.4: Actual payments

2013/14							
Actual expenditure							
Programme		Adjusted appropriation	Actual payments		Actual payments		Total Actual expenditure
			April 2013 - September 2013		October 2013 - March 2014		
		R'000	R'000	% of budget	R'000	% of budget	R'000
1.	Administration	31 643	12 181	38.50	19 917	62.94	32 098
2.	Local Governance	98 246	40 877	41.61	53 869	54.83	94 746
3.	Development and Planning	45 658	17 777	38.94	27 441	60.10	45 218
4.	Traditional Institutional Management	1					
Total		175 548	70 835	40.35	101 227	57.66	172 062

Economic classification	2013/14 Actual expenditure					Total Preliminary expenditure R'000
	Adjusted appropriation	Actual payments April 2013 - September 2013		Actual payments October 2013 - March 2014		
	R'000	R'000	% of budget	R'000	% of budget	
Current payments	162 182	69 701	42.98	86 652	53.43	156 353
Compensation of employees	120 905	56 478	46.71	60 932	50.40	117 410
Goods and services	41 277	13 223	32.03	25 720	62.31	38 943
Interest and rent on land						
Transfers and subsidies to	9 326	122	1.31	9 364	100.41	9 486
Provinces and municipalities	8 211			8 146	99.21	8 146
Departmental agencies and accounts	369	2	0.54	368	99.73	370
Universities and technikons				200		200
Foreign governments and international organisations						
Public corporations and private enterprises						
Non-profit institutions	587			587	100.00	587
Households	159	120	75.47	63	39.62	183
Payments for capital assets	3 840	346	9.06	5 729	1 160.67	6 075
Buildings and other fixed structures						
Machinery and equipment	3 821	346	9.06	5 536	144.88	5 882
Heritage assets						
Specialised military assets						
Biological assets						
Land and subsoil assets						
Software and other intangible assets	19			193	1 015.79	193
<i>Of which: "Capitalised Compensation" included in Payments for capital assets</i>						
<i>Of which: "Capitalised Goods and services" included in Payments for capital assets</i>						
Payments for financial assets	200	666	333	(518)	(259)	148
Total	175 548	70 835	40.35	101 227	57.66	172 062

Expenditure trends

Per Programme

Programme 1: Administration

The programme has improved spending for the first half of the 2014/15 financial year as compared to 2013/14. This is due to filling of finance posts in the latter part of 2013/14 and centralisation of certain operating payments in office of the Chief Financial Officer (CFO).

Spending is expected to improve in the second half of the 2014/15 financial year as the process of filling posts is underway. Procurement of Information Technology (IT) equipment is also scheduled to take place in the third quarter.

Programme 2: Local Governance

Spending for this programme in the first six months of the 2014/15 financial year showed a slight decrease of 6.1 percentage points as compared to the same period in 2013/14.

The below average expenditure to end September 2014 is mainly a timing issue as transfer payments are processed in November and December 2014.

Programme 3: Development and planning

Development and planning recorded a 5.8 percentage point decrease in expenditure for the six months of the 2014/15 financial year as compared to 2013/14. This is due to payments made in 2013/14 for aerial fire-fighting.

Per Economic classification

Current payments

Expenditure on current payments for the first half of the 2014/15 financial year has decreased by 2.8 percentage points as compared to the same period in 2013/14. This is due to slow spending on goods and services and cost efficiency measures introduced in the Department in line with National Treasury's Instruction on cost containment.

Spending will improve in the second half of the 2014/15 financial year as more posts are being filled together with the implementation of pay progression. Procurement on most projects has also commenced which will lead to improved spending.

Transfers and subsidies

Transfer Payments made for six months of the 2014/15 financial year represent leave gratuities paid to ex-officials.

Transfers to municipalities and other entities are scheduled to take place in the second half of the 2014/15 financial year as the Memorandum of Understanding are finalised.

Payments for capital assets

The 22.6 percentage points increase in expenditure for the period up to the end of September 2014 is due to changes in classification for finance leases from the 2013/14 financial year, and purchasing of software and finance lease for Government Garage (GG) vehicles.

Procurement of assets for Information Technology (IT) refresh is expected to take place in the third quarter of 2014/15, therefore no under-expenditure is envisaged on assets.

Payments for financial assets

Payments for financial assets represent write-offs related to thefts & losses as well as staff debt.

Summary of receipts

Table 14.5: Summary of receipts

2014/15									
Receipts	Main Budget	Additional appropriation							Adjusted Budget
		Provincial Equitable Share	Conditional grants	Roll-overs	In-year own revenue	Shifting of funds between votes	Financing	Total	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Equitable share	188 700	10 380					10 380	199 080	
Conditional grants									
Financing									
Asset Finance Reserve									
Provincial Revenue Fund									
Departmental receipts	50							50	
Tax receipts									
Sales of goods and services other than capital assets	37							37	
Transfers received									
Fines, penalties and forfeits									
Interest, dividends and rent on land	13							13	
Sales of capital assets									
Financial transactions in assets and liabilities									
Total receipts	188 750	10 380					10 380	199 130	

Details of revenue source

Shifting of funds between votes: R10 380 000

R1 180 000 shifted from Vote 3: Provincial Treasury for the Internal Control component (Transversal Projects).

R9 200 000 shifted from Vote 3: Provincial Treasury for the Municipal Support Transversal Projects Funding.

Summary of changes to transfers and subsidies, and conditional grants

Table 14.6: Summary of transfers and subsidies per programme

		2014/15					
Programme	Main appropriation	Additional appropriation				Adjusted appropriation	
		Roll-overs	Unforeseeable/ unavoidable	Virement and shifts	Other adjustments		Total additional appropriation
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
1. Administration				10	10 380	10 390	10 390
<i>Departmental agencies and accounts</i>				4			
<i>Households</i>				6		6	6
2. Local Governance	4 893			6 715	9 200	15 915	20 808
<i>Provinces and municipalities</i>	4 675			6 684	9 200	15 884	20 559
<i>Non Profit Institutions</i>	218						218
<i>Households</i>				31		31	31
3. Development and Planning	750			10		10	760
<i>Departmental agencies and accounts</i>	375						
<i>Provinces and municipalities</i>	375						
<i>Households</i>				10		10	10
Total	5 643			6 735	19 580	26 315	31 958

Payments and estimates per sub-programme and economic classification

Table 14.7: Payments and estimates per sub-programme and economic classification

Table 14.7.1: Administration

2014/15							
Sub-programme	Main appropriation	Additional appropriation					Adjusted appropriation
		Roll-overs	Unforeseeable/ unavoidable	Virement and shifts	Other adjustments	Total additional appropriation	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
1. Office of the MEC							
2. Corporate Services	40 524			(2 921)	1 180	(1 741)	38 783
Total	40 524			(2 921)	1 180	(1 741)	38 783

2014/15							
Economic classification	Main appropriation	Additional appropriation					Adjusted appropriation
		Roll-overs	Unforeseeable/ unavoidable	Virement and shifts	Other adjustments	Total additional appropriation	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Current payments	36 369			(2 724)	1 180	(1 544)	34 825
Compensation of employees	22 626			(1 817)		(1 817)	20 809
Goods and services	13 743			(907)	1 180	273	14 016
Transfers and subsidies to				10		10	10
Departmental agencies and accounts				4		4	4
Households				6		6	6
Payments for capital assets	4 055			(250)		(250)	3 805
Machinery and equipment	3 958			(283)		(283)	3 675
Software and other intangible assets	97			33		33	130
Payments for financial assets	100			43		43	143
Total	40 524			(2 921)	1 180	(1 741)	38 783

Table 14.7.2: Local Governance

2014/15							
Sub-programme	Main appropriation R'000	Additional appropriation					Adjusted appropriation R'000
		Roll-overs	Unforeseeable/ unavoidable	Virement and shifts	Other adjustments	Total additional appropriation	
		R'000	R'000	R'000	R'000	R'000	
1. Municipal Administration	9 628			(406)		(406)	9 222
2. Public Participation	7 221			(1 017)		(1 017)	6 204
3. Capacity Development	11 115			(669)		(669)	10 446
4. Municipal Performance, Monitoring, Reporting and Evaluation	8 991			7 382	9 200	16 582	25 573
5. Service Delivery Integration	11 274			(80)		(80)	11 194
6. Community Development Worker Programme	54 625			(1 214)		(1 214)	53 411
Total	102 854			3 996	9 200	13 196	116 050

2014/15							
Economic classification	Main appropriation R'000	Additional appropriation					Adjusted appropriation R'000
		Roll-overs	Unforeseeable/ unavoidable	Virement and shifts	Other adjustments	Total additional appropriation	
		R'000	R'000	R'000	R'000	R'000	
Current payments	97 961			(2 726)		(2 726)	95 235
Compensation of employees	84 405			(2 910)		(2 910)	81 495
Goods and services	13 556			184		184	13 740
Transfers and subsidies to	4 893			6 715	9 200	15 915	20 808
Provinces and municipalities	4 675			6 684	9 200	15 884	20 559
Non-profit institutions	218						218
Households				31		31	31
Payments for capital assets				7		7	7
Machinery and equipment				7		7	7
Total	102 854			3 996	9 200	13 196	116 050

Table 14.7.3: Development and Planning

2014/15							
Sub-programme	Main appropriation	Additional appropriation					Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement and shifts	Other adjustments	Total additional appropriation	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
1. Municipal Infrastructure	11 971			(88)		(88)	11 883
2. Disaster Management	25 684			(363)		(363)	25 321
3. Integrated Development Planning Coordination	7 716			(624)		(624)	7 092
Total	45 371			(1 075)		(1 075)	44 296

2014/15							
Economic classification	Main appropriation	Additional appropriation					Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement and shifts	Other adjustments	Total additional appropriation	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Current payments	44 621			(1 375)		(1 375)	43 246
Compensation of employees	28 561			(2 167)		(2 167)	26 394
Goods and services	16 060			792		792	16 852
Transfers and subsidies to	750			10		10	760
Departmental agencies and accounts	375						375
Non-profit institutions	375						375
Households				10		10	10
Payments for capital assets				290		290	290
Machinery and equipment				290		290	290
Total	45 371			(1 075)		(1 075)	44 296

Table 14.7.4: Traditional Institutional Management

Sub-programme	2014/15						
	Main appropriation	Additional appropriation					Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Other adjustments	Total additional appropriation	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
1. Traditional Institutional Administration	1						1
Total	1						1

Economic classification	2014/15						
	Main appropriation	Additional appropriation					Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Other adjustments	Total additional appropriation	
	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Current payments	1						1
Compensation of employees	1						1
Total	1						1