

LOCAL GOVERNMENT

Departmental Restructuring

The Department of Local Government was formerly a programme in the Department of Planning, Local Government and Housing. After the Cabinet decision to restructure the Department of Planning, Local Government and Housing, separated departments of Housing (Vote 8) and Local Government (Vote 12) were created and the programme Development Planning was transferred to the Department of Environmental Affairs. As from 1 August 2002 the Department of Local Government has therefore existed as a separate department.

Aims and Objectives

The aim of the Department of Local Government is to promote, coordinate and monitor the establishment, development and regulation of effective, efficient, transparent and sustainable local government.

Specific objectives of the Department include:

- To assist the 30 newly established municipalities with the process of transformation;
- To provide for an integrated, coordinated approach to disaster management;
- To assist and support municipalities to conceptualise and implement developmental local government;
- To develop a framework for community participation in Local Government for municipalities;
- To monitor and support local government to comply with financial prescripts;
- To coordinate the implementation of Management Support Programmes at identified municipalities.

Spending Trends

The issues facing the local governments sphere are dealt with in Chapter 7. This section looks at actual expenditure from 1997/98 to 2001/02 and budget expenditure from 2002/03 to 2004/05 of the programme Local Government and the Department of Local Government respectively.

Table 1 reflects the actual expenditure and budget trends over the period 1997/98 to 2004/05.

Table1: SpendingTrends1997/9 8to2004/05

	Actual 1997/98 R'000	Actual 1998/99 R'000	Actual 1999/00 R'000	Actual 2000/01 R'000	Actual 2001/02 R'000	Budget 2002/03 R'000	MTEF 2003/04 R'000	MTEF 2004/05 R'000
Expenditure Level	220 907	33 965	13 454	18 666	27 473	42 088	41 660	40 972
Difference		(186 942)	(20 511)	5 212	8 807	14 615	(428)	(688)
Nominal Growth%		-84,62	-60,39	38,74	47,18	53,20	-1,02	-1,65
RealGrowth %		-85,59	-62,60	29,54	38,07	43,31	-6,44	-6,07

The reason for the huge decline in actual expenditure between the 1997/98 and the 1998/99 financial years is due to the phasing -in of the payment of an equitable share to the local governments sphere directly from a national level. The former intergovernmental transfers that were included in the budget of this Department and paid to municipalities were deducted from the Province's equitable share allocation to form part of the local government allocation.

The MTEF allocations indicate a decline, with the average real growth rate scheduled to rise by only 14,3 % between 2001/02 and 2003/05. A substantial increase in the Western Cape's portion of the national conditional Local Government Support Grant in 2000/01 and the inclusion in 2002/03 of the capacity building portion of the Consolidated Municipal Infrastructure Programme (CMIP) national conditional grant, which formerly formed part of the CMIP Agency payment, is the reason for the increase between these financial years. However, this amount was not included in the Budget 2002 (Blue Book) but was later appropriated in an Act i.e. the Western Cape Social Grant and CMIP Grant Appropriation Act, 2002 (Act 5 of 2002).

The figures for 2000/01 and 2001/02 mask some issues. Additional expenditure would have been incurred if:

- The Department's business plans with regard to the national conditional Local Government Support Grant had been approved earlier by the national Department of Provincial and Local Government and not as late as September/October annually.
- Vacant posts had been filled. The Department has a large number of vacant posts because the impact of proposed new legislation with regard to local government, especially the Municipal Finance Management Bill, was anticipated.

In 2001/02 the Department of Local Government only spent 53,7% of its adjusted budget of R51,195 million compared with the former Department of Planning, Local Government and Housing as a whole, which underspent by 10,9%.

Table2: Local Government Funds available visavis Funds Spent in 2001/02

Main Budget	Adjustments	Adjusted Budget	Actual Expenditure	% Spent on Adjusted Budget	Under spending	% Under - spending on Adjusted Budget
R'000	R'000	R'000	R'000	Budget	R'000	
15 890	35 305	51 195	27 473	53.66	23 722	46.34

- The late approval of the Department's business plan by the national Department of Provincial and Local Government with regard to the national conditional Local Government Support Grant. Transfer payments to municipalities with a total value of R13,710 million were delayed and had to be rolled over to the 2002/03 financial year.
- The non-filling of a large number of vacant posts due to the anticipated impact of proposed new legislation with regard to local government, especially the Municipal Finance Management Bill, as mentioned before.
- Contracts of service providers, for example for the drafting of a provincial Local Government Act and for undertaking a risk and vulnerability assessment of disaster management, which will run into the 2002/03 financial year. The Department requested an amount of R4,7 million to be rolled over for these purposes, but an amount of only R1,424 million was approved.
- The delay in the purchase of disaster management software technology to provide for an integrated and coordinated approach to disaster management, which was due to an extended open tender process. An amount of R1,2 million had to be rolled over.

Service Delivery and Performance Measures

Listed below are a number of recent achievements of this department.

- The Provincial Minister of Local Government and Development Planning established two forums (District Advisory Forums and Provincial Advisory Forum) to streamline the transformation process.
- Regular meetings in connection with disaster management and firefighting were held to ensure a proactive approach to disasters in the Province.
- The Department enhanced the firefighting capabilities of the Province by giving financial support to the City of Cape Town to keep an additional firefighting helicopter on standby during summer.
- Eight Management Support Programmes were instituted at five district municipalities and three at local municipalities which experienced serious administrative and financial problems subsequent to amalgamation.
- Technical and financial support was given to municipalities with the drafting of Integrated Development Plans and Frameworks.
- Fifteen projects to the value of R10,6 million for 2000/01 and 2001/02 were approved and coordinated by the Department in terms of local economic development.

- To give legislative substance to the constitutional obligation of the Province, the Department has put a process in place to lay the foundation for a provincial Act to monitor and support municipalities.
- One hundred and seventy-two projects at a total cost of R72,6 million were approved and coordinated in terms of the Consolidated Municipal Infrastructure Programme (CMIP) during the 2001/02 financial year.
- 1123 municipal officials received during 2001/02 training at a total cost of R2,5 million under the capacity building programme which forms part of CMIP. Training was conducted in driving (Code 10, 11, 14, tractor, truck mounted crane, digger loader); road maintenance (active supervision, contracts, installation of guard rails, road repairs, road safety for workers), water and waste water (basics, intermediate, engineers), electricity (basics, high voltage).
- The municipal process with regard to the compilation of Integrated Development Plans (IDP) was successfully facilitated and 29 of the 30 municipalities adopted and submitted IDPs timeously.
- A study was commissioned to do a disaster risk assessment for the whole Province.
- A computer-based system for disaster management was developed.

Municipal Finance Management Bill (MFMB)

The National Treasury compiled a MFMB which was tabled in the National Parliament and is currently being deliberated in the Finance Portfolio Committee. For further detail on the legislative progress, please see Chapter 7. The MFMB, which will be enacted before long, will have a major impact on the department's activities and its available resources.

Conclusion

This new department in terms of the departmentalisation model started functioning on 1 August 2002, and will consequently require some restructuring and consolidation.

The process of approving business plans required in terms of national conditional grants needs to be streamlined to prevent underspending.

Although the Department underspent in the past, the important role it is required to play in supporting municipalities needs to be acknowledged.

The implementation of the MFMB, once enacted, will affect resources of the department, and also the Department of Finance. However, financial pressure in this regard will result in an unfunded mandate if funding is not channelled in favour of provinces through the vertical division of revenue collected nationally.