



Devolution of rates and taxes grant Parliament

Presentation on the 2010/11 spending: 3rd Quarter & and additional information

Presentation by
Department of Infrastructure Development
Cape Town
May 2011



Contents

- 1.Introduction
- 2.Purpose and objectives of the conditional grant
- 3.Expenditure report – 3rd quarter:2010/11
- 4.Spending patterns during 2010/11
- 5.Challenges
- 6.Recommendations



Introduction

The purpose of the presentation is to provide Parliament with a report regarding the spending patterns of the Devolution of Rates and Taxes grant by the Department during the 3rd quarter of the 2010/11 financial year as well as spending as at year end, also to highlight some of the challenges the Department have experienced



Purpose and objective of the grant

To fund current and arrear rates and taxes expenditure for the financial year 2010-11



PROGRAMME AND PROJECT LIST

- The project is based on a list of devolved rates and taxes properties list provided from National Department of Public Works
- The National Public Works has devolved 8 279 properties thus far and the number excludes residential properties
- GPG has received a grant of to R155 million to pay the devolved rates and taxes from the National Public Works for 2008 / 2009 and R383 million for 2009/ 2010 Financial Year and R294 million in 2010/11 financial year



3RD QUARTER EXPENDITURE

PROJECT NAME	PERFORMANCE INDICATOR	MEASUREMENT UNIT	ANNUAL TARGETS R'000	QUARTERLY TARGETS R'000	ACTUAL PERFORMANCE R'000	VARIANCE R'000	EXPLANATION
RATES AND TAXES	PAYMENT OF RATES AND TAXES	ACTUAL RATES AND TAXES EXPENDITURE INCURRED	294,457	73,614	180,639	107,025	MUNICIPALITIES SUBMITTED THEIR INVOICES IN THE THIRD QUARTER OF THE PFMA FINANCIAL YEAR



Expenditure Report – 2010/11 Financial year

Municipality	Grant allocated for current F/Y	Total Expenditure for the current F/Y (Rands) C	Actual percentage per Expenditure %	Under expenditure (Rand Value)
City of Joburg	16,488,486.47	17,128,299.45	104	-639,812.98
City of Tshwane	136,812,919.18	106,493,159.10	78	30,319,760.08
Ekurhuleni	97,968,601.00	68,075,911.55	69	29,892,689.45
Emfuleni	18,045,371.71	12,524,180.58	69	5,521,191.13
Lesedi	3,700,360.35	0.00	-	3,700,360.35
Merafong	4,496,040.62	2,795,010.77	62	1,701,029.85
Midvaal	5,093,842.84	4,455,088.10	87	638,754.74
Mogale	1,338,941.48	1,709,322.10	128	-370,380.62
Nokeng Tsa Taemane	4,145,501.12	0.00	-	4,145,501.12
Randfontein	3,944,878.00	3,509,933.07	89	434,944.93
Westonaria	2,422,057.23	0.00	-	2,422,057.23
Kungwini	0.00	0.00	-	0.00
TOTAL	294,457,000.00	216,690,904.72	74	-77,766,095.28



Spending patterns during 2010/11

- Spending was very slow until September 2010 due to late submission of claims by the municipalities to the Department.
- As at 30 September 2010 an amount of R1.4 m was spent on the grant
- An additional amount of R103 million was requested in August 2010 based on the information received from municipalities in 31 August 2010
- A significant increase in spending patterns occurred from October 2010 after receipt of claims and processing of these claims
- The underspending as currently reflected is due to claims received that was less than originally indicated by municipalities or claims received in February 2011



CHALLENGES	REMEDIAL ACTIONS
Incorrect billing as a result of incorrect valuations on property	Department informs the municipalities about the discrepancy and often the valuation is revised but again
Non-submission of invoices by municipality	No invoice no payment approach is enforced. Furthermore, Department in conjunction with provincial treasury often remind municipalities of the claims on a regular basis i.e. daily, weekly, monthly
Often properties do not match our asset register although municipalities are certain that they belong to the province	Department is currently updating asset register with all new properties recently found to
Residential properties not included rates and taxes bills	Discussion is underway to include the residential properties on the devolved property list. The list will subsequently send to respective municipalities for billing
IE Works system (payment module) allows the processing of one tariffs code at a time	Query has been sent to National Public Works





Conclusion

The Department is committed to resolve all unpaid claims during 2011/12 based on accurate information received by the municipalities

Inter governmental relations will be enhanced between the spheres of government to enhance claim and payment processes



Thank you