

Presentation to the Select Committee on Appropriations DEVOLUTION OF PROPERTY RATE FUNDS GRANT

24 May 2011



national treasury

Department:
National Treasury
REPUBLIC OF SOUTH AFRICA

Devolution of Property Rate Funds Grant – 31 December 2010

Table: Devolution of Property Rate Funds Expenditure as at 31 December 2011 (Section 32)

R thousand	Adjusted budget	Projected outcome	Actual payments as at 31 December 2010	Actual payments as % of adjusted budget	(Over)	Under	%(Over) / under of adjusted budget	% share of grant to total grant expenditure	2009/10: Audited Outcome as at 31 December 2009	Year-on-year growth
Eastern Cape	283 429	134 374	134 374	47.4%	–	149 055	52.6%	13.6%	92 149	45.8%
Free State	222 386	341 528	151 919	68.3%	-119 142	–	-53.6%	15.4%	134 746	12.7%
Gauteng	294 457	1 475	1 475	0.5%	–	292 982	99.5%	0.1%	138 088	-98.9%
Kw aZulu-Natal	710 068	710 068	290 156	40.9%	–	–	0.0%	29.4%	216 795	33.8%
Limpopo	15 154	7 577	7 577	50.0%	–	7 577	50.0%	0.8%	–	#DIV/0!
Mpumalanga	57 615	58 297	58 297	101.2%	-682	–	-1.2%	5.9%	39 358	48.1%
Northern Cape	39 600	39 600	29 858	75.4%	–	–	0.0%	3.0%	30 732	-2.8%
North West	79 990	79 990	53 391	66.7%	–	–	0.0%	5.4%	43 276	23.4%
Western Cape	283 041	283 041	259 660	91.7%	–	–	0.0%	26.3%	65 512	296.4%
Total	1 985 740	1 655 950	986 707	49.7%	-119 824	449 614	16.6%	100.0%	760 656	29.7%

Adjusted budget includes provincial roll overs

Spending vs Transfers received

DEVOLUTION OF PROPERTY RATE FUNDS GRANT

Province	Division of Revenue Act, 2010 (Act No. 1 of 2010)	Government Gazette: Other Gazettes	Provincial roll-overs	Total available	Funds transferred to provinces	Funds spent by provinces	% Spent of transferred funds	Projected (over)/under
R thousand								
Eastern Cape	147,467	34,205	101,757	283,429	181,672	134,374	74.0%	149,055
Free State	154,158	68,228	-	222,386	222,386	151,919	68.3%	(119,142)
Gauteng	191,381	103,076	-	294,457	294,457	1,475	0.5%	292,982
KwaZulu-Natal	259,891	450,000	177	710,068	709,891	290,156	40.9%	-
Limpopo	15,154	-	-	15,154	15,154	7,577	50.0%	7,577
Mpumalanga	44,374	13,241	-	57,615	57,615	58,297	101.2%	(682)
Northern Cape	29,698	9,902	-	39,600	39,600	29,858	75.4%	-
North West	72,718	7,272	-	79,990	79,990	53,391	66.7%	-
Western Cape	181,351	83,111	18,579	283,041	264,462	259,660	98.2%	-
Total	1,096,192	769,035	120,513	1,985,740	1,865,227	986,707	52.9%	329,790

Devolution of Property Rate Funds Grant – 31 March 2011 (Preliminary outcome)

Table: Devolution of Property Rate Funds Expenditure as at 31 March 2011 (Section 32)

R thousand	Adjusted budget	Preliminary outcome as at 31 March 2011	Preliminary outcome as % of adjusted budget	(Over)	Under	%(Over) / under of adjusted budget	% share of grant to total grant expenditure	2009/10: Audited Outcome as at 31 March 2010	Year-on-year growth
Eastern Cape	283 429	220 539	77.8%	–	62 890	22.2%	13.6%	108 577	103.1%
Free State	222 386	222 377	100.0%	–	9	0.0%	13.7%	185 095	20.1%
Gauteng	294 457	213 336	72.5%	–	81 121	27.5%	13.2%	263 640	-19.1%
Kw aZulu-Natal	710 068	507 320	71.4%	–	202 748	28.6%	31.4%	237 205	113.9%
Limpopo	15 154	14 730	97.2%	–	424	2.8%	0.9%	7 237	103.5%
Mpumalanga	57 615	57 615	100.0%	–	–	0.0%	3.6%	58 473	-1.5%
Northern Cape	39 600	37 534	94.8%	–	2 066	5.2%	2.3%	37 140	1.1%
North West	79 990	79 990	100.0%	–	–	0.0%	4.9%	66 776	19.8%
Western Cape	283 041	264 700	93.5%	–	18 341	6.5%	16.4%	250 285	5.8%
Total	1 985 740	1 618 141	81.5%	–	367 599	18.5%	100.0%	1 214 428	33.2%

Adjusted budget includes provincial roll overs

Issues affecting spending

- Municipalities are still experiencing challenges with timeous submission of invoices to provincial departments in the following provinces:
 - Eastern Cape
 - Gauteng
 - KZN
 - Northern Cape
- Provincial asset registers in respect of immovable assets still not finalised in most provinces.
- The two biggest contributors to poor expenditure are Gauteng and KZN. In both provinces, the two biggest issues raised are:
 - Non-submission or late submission of invoices by municipalities;
 - Non-finalisation of valuation rolls and property verification.
- The reasons provided by Gauteng and KZN suggest that the requests for additional funding during 2010/11 were based on incomplete or inaccurate information.

Actions to address challenges

- National Treasury and the national Department of Public Works have convened a task team to deal with the issue of registering and managing immovable government properties.
- The progress made by certain provinces (e.g. KwaZulu-Natal and Western Cape) within various inter-governmental forums between the province and municipalities to address challenges related to this must be assessed and there must be a transfer of best practices and lessons learned.
- It would be prudent for provinces to institute project plans, containing timeframes and augmented by progress reports, whereby the process of registering and valuing provincial properties is addressed.