



PRESENTATION TO THE SELECT  
COMMITTEE ON FINANCE  
EXPENDITURE REPORT  
2007/2008

**MPUMALANGA  
DEPARTMENT OF LOCAL  
GOVERNMENT AND HOUSING**

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## KEY FOCUS AREAS

- Summary of spending;
- Expenditure per quarter;
- Spending on Conditional Grant;
- Reasons for under spending;
- Challenges;
- Strategic Interventions

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## Summary of Departmental Expenditure

| R thousand                     | Main appropriation | Adjusted Budget  | Total Expenditure | (Over)Under   | %Spending  |
|--------------------------------|--------------------|------------------|-------------------|---------------|------------|
| <b>2007/08</b>                 |                    |                  |                   |               |            |
| <i>Programmes</i>              |                    |                  |                   |               |            |
| Administration                 | 84,111             | 86,665           | 71,397            | 15,268        | 82%        |
| Housing                        | 582,995            | 733,595          | 706,044           | 27,551        | 96%        |
| Local Governance               | 80,246             | 67,692           | 61,229            | 6,463         | 90%        |
| Development and Planning       | 56,177             | 82,014           | 46,788            | 35,226        | 57%        |
| Traditional Institutional Mgt  | 36,057             | 36,057           | 35,402            | 655           | 98%        |
| <b>Total</b>                   | <b>839,586</b>     | <b>1,006,023</b> | <b>920,860</b>    | <b>85,163</b> | <b>92%</b> |
| <i>Economic Classification</i> |                    |                  |                   |               |            |
| Current payments               | 246,778            | 251,852          | 221,549           | 30,303        | 88%        |
| Compensation of employees      | 168,536            | 155,624          | 139,843           | 15,781        | 90%        |
| Goods and Services             | 78,242             | 96,228           | 81,706            | 14,522        | 85%        |
| Transfers and subsidies        | 559,098            | 707,787          | 684,001           | 23,786        | 97%        |
| Payments for capital assets    | 33,710             | 46,384           | 15,310            | 31,074        | 33%        |
| <b>Total</b>                   | <b>839,586</b>     | <b>1,006,023</b> | <b>920,860</b>    | <b>85,163</b> | <b>92%</b> |

## Quarterly Expenditure

| R'000       | 1 <sup>st</sup> Quarter | 2 <sup>nd</sup> Quarter | 3 <sup>rd</sup> Quarter | 4 <sup>th</sup> Quarter | Total   |
|-------------|-------------------------|-------------------------|-------------------------|-------------------------|---------|
| Expenditure | 137,245                 | 206,592                 | 220,746                 | 356,277                 | 920,860 |
| % of total  | 15%                     | 22%                     | 24%                     | 39%                     |         |

## Housing Grant

| R thousand  | Main appropriation | Adjusted Budget | Total expenditure | (Over) Under  | % Spending |
|---|--------------------|-----------------|-------------------|---------------|------------|
|   | 2007/08            |                 |                   |               |            |
| Integrated Housing and Human Settlement Development Grant | 526,286            | 676,286         | 652,178           | 24,108        | 96%        |
| <b>Total</b>  | <b>526,286</b>     | <b>676,286</b>  | <b>652,178</b>    | <b>24,108</b> | <b>96%</b> |

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## Compensation of employees (R15 million)

- Implementation of the no work no pay rule during the industrial action;
- Internal promotions; and
- The restructuring of the Department.

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### Goods and Services (R14 million)

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- Commitments towards several projects to be completed in 2008/09;
  - Construction of landfill site at Msukaligwa Municipality;
  - Capacity assessment at Lekwa and Govan Mbeki Municipalities;
  - Reconstitution of the Traditional Councils;
  - Payment for Project consolidate PMU;
  - Renovations of four Thusong Service Centres (TSC)

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### Transfers and Subsidies (R23 million)

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- Underspending on the Intergrated Human Settlement Conditional grant;
- Committed to the acquisition of properties;

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## Capital Assets (R31 million)

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- Commitments towards the construction of the Delmas Municipality water purification plant;
  - Civil works at R24.7 million
  - Electrical works at R3 million;
  - Professional fees at R2,6 million; and
  - Project to be completed December 2008

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## CHALLENGES

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- Severe staff shortages especially in the Housing Technical Directorate;
- Non Availability of suitable land for integrated human settlements
- Poor quality of houses especially on old projects
- Slow delivery of houses due to capacity problems of the contractors
- Fraud cases cause delays on the delivery of houses on projects affected