

# Vote 11

## Co-operative Governance and Traditional Affairs

R thousand	2017/18			
	Main appropriation	Adjusted appropriation	Decrease	Increase
Operational budget	1 583 324	1 624 824		41 500
MEC remuneration <sup>1</sup>	1 902	1 902		
<b>Total amount to be appropriated</b>	<b>1 585 226</b>	<b>1 626 726</b>		<b>41 500</b>
<i>of which:</i>				
Current payments	1 519 975	1 518 417	(1 558)	
Transfers and subsidies	34 214	41 102		6 888
Payments for capital assets	31 037	67 207		36 170
Payments for financial assets	-	-		
Responsible MEC	MEC for Co-operative Governance and Traditional Affairs			
Administering department	Co-operative Governance and Traditional Affairs			
Accounting Officer	Head: Co-operative Governance and Traditional Affairs			

### 1. Vision and mission

#### Vision

The vision of the Department of Co-operative Governance and Traditional Affairs (COGTA) is: *People centred sustainable co-operative governance.*

#### Mission statement

The department's mission statement is: *The department will co-ordinate and foster co-operation among governance institutions and build capacity to accelerate delivery of high quality services to communities.*

### 2. Strategic objectives

The department has five main *strategic policy directions*, namely five key priorities of government including the creation of sustainable livelihood, skills development, healthy communities, rural development, and the fight against corruption; KZN provincial government integrated programme of action; national outcome relating to a responsive, accountable, effective and efficient local government system; and the mandate ranging from the co-ordination of organs of state to ensure maximum impact of co-operative governance to clarifying the role of the private sector and of state-owned enterprises in the new dispensation.

The strategic goals of the department are as follows:

- *Improved co-operative governance.* The strategic objective supporting this goal is:
  - Improved functionality of Inter-Governmental Relations (IGRs).
- *Strengthened governance.* The strategic objectives supporting this goal are:
  - Improved administrative management.
  - Strengthened accountability of governance institutions.
  - Improved decision making through citizen participation.
- *Increased economic opportunities.* The strategic objectives supporting this goal are:

<sup>1</sup> At the time of going to print, the proclamation determining the 2017 salary adjustment relating to public office bearers had not been signed, hence this amount remains unchanged from the 2017/18 EPRE.

- Strengthened sectoral development.
- Improved government led job creation programmes.
- Improved decision making through citizen participation.
- *Strengthened delivery of basic services.* The strategic objective supporting this goal is:
  - Improved co-ordination of service delivery.
- *Improved spatial equity.* The strategic objective supporting this goal is:
  - Improved spatial hierarchy of services.
- *Enhanced response to climate change.* The strategic objectives supporting this goal are:
  - Increased adaptation to climate change impacts.
  - Improved disaster management.

### 3. Summary of adjusted estimates for the 2017/18 financial year

The main appropriation of COGTA was R1.585 billion in 2017/18. During the year, the department's budget increased by R41.500 million to R1.627 billion, which is the amount that is to be appropriated in the 2017/18 Adjustments Estimate. The main reasons for this increase, as well as other adjustments, are summarised below, and explained in detail in Section 4.

- *Virement between programmes:* The following virements were undertaken across programmes:
  - Programme 2: Local Governance and Programme 4: Traditional Institutional Management were decreased by R33.273 million and R10.020 million, respectively, against *Compensation of employees*. The savings resulted from the slow progress with the filling of approved vacant posts attributed to lengthy internal recruitment processes, as well as delays with the approval of the proposed new organisational structure by the Department of Public Service and Administration (DPSA). The department indicated that DPSA has approved Programmes 2, 3 and 4, and has only given partial approval for Programme 1. The department is liaising with DPSA to resolve the issues raised, and to secure a meeting with DPSA and the Office of the Premier in this regard. Some of the posts affected in both programmes include Directors: Local Government Champions (five), Deputy Directors: Inter-governmental Relations (three), Director: Rural Development Facilitation, Deputy Directors: Rural Development Facilitation (two), Researchers (two), etc.

The total savings of R43.293 million were moved, as follows:

- Programme 1: Administration was increased by R6.101 million due to the above-mentioned savings from Programme 2, as follows:
  - R5.856 million was moved to *Machinery and equipment* for the purchase of replacement vehicles that were damaged beyond economical repair (due to accidents and wear and tear). Also, the funds cater for invoices for vehicles ordered in 2016/17 but only paid for in 2017/18, as well as for the purchase of a backup generator at the department's Wadley House offices in Pietermaritzburg.
  - R245 000 was moved to *Software and other intangible assets* for the purchase of assistive devices such as OpenBook reader and Job Access With Speech (JAWS) screen reading software for three vision impaired interns (Monitoring and Evaluation unit), and one official (Traditional Affairs unit) employed by the department. This is to assist them in reading and data capturing.
- Programme 3: Development and Planning was increased by R37.192 million due to savings from Programmes 2 (R27.172 million) and 4 (R10.020 million), as follows:
  - R8.238 million was moved to *Goods and services* to cater for invoices from 2016/17 in respect of the drought relief intervention programme for the drilling of boreholes, rehabilitation of pumps, static tanks, etc.

- R21.470 million was moved to *Buildings and other fixed structures* to cater for 2016/17 commitments pertaining to the construction and rehabilitation of the Mvozana, Silutshane, Amahlubi and Amatimatolo Community Service Centres (CSCs).
- R5.800 million was moved to *Transfers and subsidies to: Provinces and municipalities* in respect of the Small Town Rehabilitation programme. The transfer is in respect of existing projects including the Utrecht Central Business District (CBD) road rehabilitation, pothole repairs, and the area cleaning programme in Emadlangeni. The funds will also be used for road resurfacing, landscaping and open space management and streetlights in uMfolozi. In addition, the funds will cater for the finalisation of the Imbube Cultural Village in uPhongolo, which is at its final phase. These relate to commitments from the previous year.
- R1.684 million was moved to *Machinery and equipment* for the procurement of furniture and computer equipment for the Traditional Administrative Centres (TACs) ordered in 2016/17 but were paid for in 2017/18, as well as for new and replacement office and computer equipment.

In addition to these virements between programmes, the department also undertook virements across sub-programmes and economic categories within programmes. Details of these virements are provided per programme in Section 4. All of these virements are permissible in terms of the PFMA and Treasury Regulations. In instances where *Transfers and subsidies* were increased, the required Treasury approval was obtained.

The virements undertaken from Programme 2, as the transferring programme, as well as the virements to Programme 3, as the receiving programme, require Legislature approval, as these exceed the 8 per cent threshold in terms of the PFMA.

- *Shifts*: An amount of R4 million was shifted from Programme 1 to Programme 2 for the centralisation of service delivery campaigns such as ward committee events, Community Development Work (CDW) outreach, OSS, etc. The original purpose of the funds remains unchanged. In addition to the shifts between programmes, the department also undertook shifts across sub-programmes and economic categories within programmes, which are explained in Section 4.
- *Other adjustments*: Adjustments amounting to R41.500 million were made as follows:
  - o R1.500 million was allocated to Programme 3, against *Goods and services* in respect of the Mandela Day Marathon event. The MEC for Finance undertook at a sub-committee on Major Events held on 10 August 2016 to suspend R1.500 million from Vote 6: Provincial Treasury to Vote 11: COGTA to assist with funding this event. The MEC undertook to suspend these funds over a 3-year period i.e. in 2016/17, 2017/18 and 2018/19.
  - o R40 million was allocated to Programme 4, against *Goods and services* to assist with the costs relating to the Traditional Council (TC) elections and these funds are specifically and exclusively allocated to the department for this purpose.

Tables 11.1 and 11.2 reflect a summary of the 2017/18 adjusted appropriation of the department, summarised according to programme and economic classification.

Details of the economic classification are given in *Annexure – Vote 11: COGTA*.

**Table 11.1 : Summary by programmes**

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts		
1. Administration	393 839	-	-	6 101	(4 000)	-	395 940
2. Local Governance	291 385	-	-	(33 273)	4 000	-	262 112
3. Development and Planning	338 735	-	-	37 192	-	1 500	377 427
4. Traditional Institutional Management	561 267	-	-	(10 020)	-	40 000	591 247
<b>Total</b>	<b>1 585 226</b>	-	-	-	-	<b>41 500</b>	<b>1 626 726</b>
<b>Amount to be voted</b>							<b>41 500</b>

Table 11.2 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
<b>Current payments</b>	<b>1 519 975</b>	-	-	(41 058)	(2 000)	41 500	(1 558)	1 518 417
Compensation of employees	1 086 644	-	-	(99 853)	(321 760)	-	(421 613)	665 031
Goods and services	433 331	-	-	58 795	319 760	41 500	420 055	853 386
Interest and rent on land	-	-	-	-	-	-	-	-
<b>Transfers and subsidies to:</b>	<b>34 214</b>	-	-	<b>4 888</b>	<b>2 000</b>	-	<b>6 888</b>	<b>41 102</b>
Provinces and municipalities	21 115	-	-	5 844	2 000	-	7 844	28 959
Departmental agencies and accounts	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-
Households	13 099	-	-	(956)	-	-	(956)	12 143
<b>Payments for capital assets</b>	<b>31 037</b>	-	-	<b>36 170</b>	-	-	<b>36 170</b>	<b>67 207</b>
Buildings and other fixed structures	20 674	-	-	21 470	-	-	21 470	42 144
Machinery and equipment	10 213	-	-	14 605	-	-	14 605	24 818
Heritage assets	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-
Software and other intangible assets	150	-	-	95	-	-	95	245
<b>Payments for financial assets</b>	<b>-</b>	-	-	-	-	-	-	-
<b>Total</b>	<b>1 585 226</b>	-	-	-	-	<b>41 500</b>	<b>41 500</b>	<b>1 626 726</b>
Amount to be voted								41 500

#### 4. Changes to programme purposes and service delivery measures

The department has not changed the purpose of any of its programmes, which conform to the sector specific programme and budget structure for the COGTA sector for 2017/18.

Also, the non financial information currently reflected in the 2017/18 *EPRE* largely corresponds to the department's 2017/18 APP with a few discrepancies between the *EPRE* and the APP.

According to the department, when the *EPRE* was finalised, it was still in the process of finalising the APP. As such, a few of the targets were amended and these changes were not brought into the *EPRE*. The department is now aligning the non financial information in the 2017/18 Adjustments Estimate to the APP.

##### 4.1 Programme 1: Administration

This programme comprises all support services within the department, the Office of the Ministry and all special projects.

Tables 11.3 and 11.4 reflect a summary of the 2017/18 adjusted appropriation of Programme 1, summarised according to sub-programme and economic classification.

Details of the main adjustments, which resulted in an overall increase of R2.101 million, are provided in the paragraphs following the tables.

Table 11.3 : Programme 1: Administration

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Office of the MEC	27 320	-	-	(4 950)	-	-	(4 950)	22 370
2. Corporate Services	366 519	-	-	11 051	(4 000)	-	7 051	373 570
<b>Total</b>	<b>393 839</b>	-	-	<b>6 101</b>	<b>(4 000)</b>	-	<b>2 101</b>	<b>395 940</b>
Amount to be voted								2 101

Table 11.4 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation	
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts			Other adjustments
<b>Current payments</b>	<b>379 639</b>	-	-	(1 682)	(4 000)	-	(5 682)	373 957
Compensation of employees	205 148			(24 973)			(24 973)	180 175
Goods and services	174 491			23 291	(4 000)		19 291	193 782
Interest and rent on land							-	-
<b>Transfers and subsidies to:</b>	<b>12 464</b>	-	-	(1 585)	-	-	(1 585)	10 879
Provinces and municipalities	215			44			44	259
Departmental agencies and accounts							-	-
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions							-	-
Households	12 249			(1 629)			(1 629)	10 620
<b>Payments for capital assets</b>	<b>1 736</b>	-	-	9 368	-	-	9 368	11 104
Buildings and other fixed structures							-	-
Machinery and equipment	1 736			9 123			9 123	10 859
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets				245			245	245
<b>Payments for financial assets</b>							-	-
<b>Total</b>	<b>393 839</b>	-	-	6 101	(4 000)	-	2 101	395 940
<b>Amount to be voted</b>								<b>2 101</b>

### Virement – Programme 1: Administration: R6.101 million

The main appropriation of Programme 1 was increased by R6.101 million as a result of the following virements, which affected both sub-programmes under this programme:

- Savings of R6.101 million were moved from Programme 2, mainly from *Compensation of employees* due to the slow progress with regard to the filling of approved vacant posts, as well as delays with the approval of the proposed new organisational structure by DPSA, as discussed. These savings were moved to Programme 1 under the sub-programme: Corporate Services, as follows:
  - R5.856 million was moved to *Machinery and equipment* for the purchase of replacement vehicles that were damaged beyond economical repair. Also, the funds cater for invoices for vehicles ordered in 2016/17 but paid for in 2017/18, as well as for the purchase of a backup generator at the department's Wadley House offices in Pietermaritzburg.
  - R245 000 was moved to *Software and other intangible assets* for the purchase of assistive devices such as OpenBook reader and JAWS screen reading software for three vision impaired interns, and one official employed by the department. This is to assist them in reading and data capturing.
- In addition to the above virements to Programme 1, the following virements were undertaken across economic categories within the programme, which affected the two sub-programmes:
  - Savings of R4.950 million were identified under the sub-programme: Office of the MEC and were moved to the sub-programme: Corporate Services within *Goods and services* in respect of higher than anticipated maintenance and repair costs relating to the departmental fleet.
  - The following savings were identified across economic classification within the sub-programme: Corporate Services:
    - Savings of R24.973 million were mainly identified under the sub-programme: Corporate Services against *Compensation of employees* due to the slow progress with regard to the filling of approved critical vacant posts, as well as delays with the approval of the proposed new organisational structure by DPSA, as discussed.
    - Savings of R1.921 million were realised under the sub-programme: Corporate Services against *Transfers and subsidies to: Households* due to the lower than budgeted payment of external bursaries.

The total savings of R26.894 million were moved within Corporate Services, as follows:

- R23.291 million was moved to *Goods and services* for marketing costs (such as the SABC airtime sale, drought and winter campaigns, etc.), improvement of the department's ICT systems in line with the Auditor-General (A-G) recommendations, maintenance and repair to the departmental fleet, as well as to cater for increased consultant costs for departmental projects such as the Sage Pastel (an online SCM system for placing requisitions), biometric headcount system, etc.
- R44 000 was moved to *Transfers and subsidies to: Provinces and municipalities* in respect of the higher than budgeted payments in respect of motor vehicle licence fees.
- R292 000 was moved to *Transfers and subsidies to: Households* for higher than budgeted staff exit costs.
- R3.267 million was moved to *Machinery and equipment* to cater for replacement vehicles damaged beyond economical repair.

All virements were permissible in terms of the PFMA and Treasury Regulations.

The reduction in external bursaries requires Legislature approval, as the funds were appropriated for transfer to another institution in terms of the PFMA.

#### Shifts – Programme 1: Administration: (R4 million)

An amount of R4 million was shifted from the sub-programme: Corporate Services, against *Goods and services* to Programme 2 in order to centralise service delivery campaigns, as explained. The original purpose of the funds remains unchanged.

## 4.2 Programme 2: Local Governance

The purpose of the programme is to co-ordinate, support, promote and enhance governance, administration and public participation in local government.

Tables 11.5 and 11.6 reflect a summary of the 2017/18 adjusted appropriation of Programme 2, summarised according to sub-programme and economic classification.

Details of the main adjustments, which resulted in an overall decrease of R29.273 million, are provided in the paragraphs following the tables.

**Table 11.5 : Programme 2: Local Governance**

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts		
1. Municipal Administration	55 704			(19 477)		(19 477)	36 227
2. Municipal Finance	32 264			(5 144)		(5 144)	27 120
3. Public Participation	168 206			(140)	4 000	3 860	172 066
4. Capacity Development	18 380			(1 298)		(1 298)	17 082
5. Municipal Perf. Monitoring, Reporting and Evaluation	16 831			(7 214)		(7 214)	9 617
<b>Total</b>	<b>291 385</b>	<b>-</b>	<b>-</b>	<b>(33 273)</b>	<b>4 000</b>	<b>(29 273)</b>	<b>262 112</b>
<b>Amount to be voted</b>							<b>(29 273)</b>

Table 11.6 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation	
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts			Other adjustments
<b>Current payments</b>	<b>290 090</b>	-	-	(33 370)	3 000	-	(30 370)	259 720
Compensation of employees	242 275			(38 039)			(38 039)	204 236
Goods and services	47 815			4 669	3 000		7 669	55 484
Interest and rent on land							-	-
<b>Transfers and subsidies to:</b>	<b>150</b>	-	-	46	1 000	-	1 046	1 196
Provinces and municipalities					1 000		1 000	1 000
Departmental agencies and accounts							-	-
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions							-	-
Households	150			46			46	196
<b>Payments for capital assets</b>	<b>1 145</b>	-	-	51	-	-	51	1 196
Buildings and other fixed structures							-	-
Machinery and equipment	1 145			51			51	1 196
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
<b>Payments for financial assets</b>							-	-
<b>Total</b>	<b>291 385</b>	-	-	(33 273)	4 000	-	(29 273)	262 112
<b>Amount to be voted</b>								<b>(29 273)</b>

### Virement – Programme 2: Local Governance: (R33.273 million)

The main appropriation of Programme 2 decreased by R33.273 million as a result of the following virements, which affected all sub-programmes, but with a substantial decrease against the Municipal Administration sub-programme due to the non-filling of approved vacant posts:

- Savings of R38.039 million were mainly identified under the sub-programme: Municipal Administration, against *Compensation of employees* ascribed to slow progress with the filling of approved vacant posts such as Directors: Local Government Champions (five), Deputy Directors: Inter-governmental Relations (three), etc. This is as a result of lengthy internal recruitment processes, as well as delays with the approval of the proposed new organisational structure by DPSA, as explained. The total savings were moved as follow:
  - o R33.273 million was moved to Programmes 1 and 3, as follows:
    - R6.101 million was moved to Programme 1 in respect of:
      - *Machinery and equipment* (R5.856 million) for the purchase of replacement vehicles and to cater for invoices for vehicles ordered in 2016/17, but paid for in 2017/18. The increase is also to provide for the purchase of a backup generator at the department’s Wadley House offices in Pietermaritzburg.
      - *Software and other intangible assets* (R245 000) for the purchase of assistive devices for the three vision impaired interns, and one official employed by the department.
    - R27.172 million was moved to Programme 3 in respect of:
      - *Goods and services* (R8.238 million) to cater for 2016/17 invoices in respect of the drought relief intervention programme for the drilling of boreholes, rehabilitation of pumps, static tanks, etc.
      - *Buildings and other fixed structures* (R13.134 million) to cater for 2016/17 commitments pertaining to the construction and rehabilitation of CSCs.
      - *Transfers and subsidies to: Provinces and municipalities* (R5.800 million) in respect of the Small Town Rehabilitation programme.
  - o R4.766 million was moved within Programme 2, as follows:

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- R4.669 million was moved to the sub-programme: Public Participation, against *Goods and services* in respect of service delivery events, as explained.
- R46 000 was moved to the Public Participation and Municipal Administration sub-programmes, against *Transfers and subsidies to: Households* in respect of staff exit costs.
- R51 000 was moved to the sub-programmes: Municipal Finance and Public Participation, against *Machinery and equipment* in respect of commitments such as purchase of furniture and computer equipment from the previous year.

In addition to the above virements, the department undertook further virements across sub-programmes, but within the same economic classification, accounting for the movements at sub-programme level. These virements are permissible in terms of the PFMA and Treasury Regulations.

The virement from Programme 2 requires Legislature approval, as it exceeds the 8 per cent threshold in terms of the PFMA.

### Shifts – Programme 2: Local Governance: R4 million

The following shifts were undertaken in Programme 2, which affected the sub-programme: Public Participation, for which the original purpose remains unchanged:

- R4 million was shifted from *Goods and services* in Programme 1, to the same category in the sub-programme: Public Participation in order to centralise service delivery campaigns.
- In addition to the shift from Programme 1 to Programme 2, an amount of R1 million was shifted within the sub-programme: Public Participation from *Goods and services* to *Transfers and subsidies to: Provinces and municipalities* for the Integrated Youth Development Summit to support municipalities in developing the framework for the KZN Youth Development programmes in all KZN municipalities.

The increase in *Transfers and subsidies to: Provinces and municipalities* for the Integrated Youth Development Summit was approved by Provincial Treasury.

### Service delivery measures – Programme 2: Local Governance

Table 11.7 shows the service delivery information for Programme 2 as per the APP of COGTA, as well as the actual achievement for the first six months of the year.

A number of new outputs were added to the department’s APP and were not reported in the 2017/18 EPRE. These outputs are shown as “New” in the 2017/18 Original target column. Most targets are not reported on at mid-year, as the department projects to undertake them in the fourth quarter.

**Table 11.7 : Service delivery measures – Programme 2: Local Governance**

Outputs	Performance indicators	Performance targets		
		2017/18 Original target	2017/18 Mid-year actual	2017/18 Revised target
<b>2.1. Municipal Governance and Administration</b>				
2.1.1. Support municipalities to enhance the functionality of oversight structures	• No. of municipalities with functional oversight structures	54	-	
2.1.2. Strengthen the institutional capacity of municipalities by monitoring compliance with local govt legislation and policies	• No. of municipalities complying with local govt legislation	54	-	
	• No. of municipalities complying with local govt policies	54	-	
	• No. of draft standard by-laws developed to support the municipalities with their legislative competency	5	5	
	• No. of municipalities supported to complying with MSA regulations	54	-	
2.1.3. Implementation of Back to Basics (B2B) progs through a functional Nerve Centre	• % of Municipal Governance and Administration COGTA B2B issues resolved	100%	100%	



Table 11.7 : Service delivery measures – Programme 2: Local Governance

Outputs	Performance indicators	Performance targets		
		2017/18 Original target	2017/18 Mid-year actual	2017/18 Revised target
<b>2.2. Municipal Finance</b>				
2.2.1. Capacitate municipalities with expenditure on capital infrastructure	• No. of municipal expenditure on capital infrastructure spent (new constructions, maintenance and operation)	54	54	
	• No. of municipalities assessed on expenditure allocated to capital infrastructure spent (new constructions, maintenance and operation)	54	-	
2.2.2. Assist municipalities to implement revenue raising strategy	• No. of municipalities supported to improve revenue management and debt collection	17	17	
	• No. of municipalities guided to comply with MPRA by target date	44	-	
2.2.3. Section 81 and 131 (corrective actions based on the reports)	• No. of reports submitted on state of Municipal Finance in terms of section 131 of the MFMA	1	1	
2.2.4. Ensure municipalities address all issues highlighted in the audit outcomes	• No. of municipalities supported toward achievement of clean audits	54	-	
	• No. of municipalities with functional audit committees	54	-	
	• No. of municipalities monitored on implementation of Audit Response Plan based on 2015/16 audit outcomes monitored	54	54	
2.2.5. Implementation of B2B progs through a functional Nerve Centre	• % of Municipal Finance COGTA B2B issues resolved	100%	100%	
<b>2.3. Public Participation</b>				
2.3.1. Support municipalities in improving functionality of ward committees as per municipal structures/systems act	• No. of municipalities with functional ward committees as per Municipal Structures/Systems Acts	44	-	
	• No. of ward committees supported on implementation of ward operational plans	870	-	
2.3.2. Assist municipalities align budget with community needs	• No. of municipalities with ward-based plans aligned to IDP	44	-	
2.3.3. Capacitate municipalities in accordance to the capacity building strategy (B2B approach)	• No. of municipalities supported to roll-out gender policy framework	54	-	
2.3.4. Assist municipalities to enhance engagement of stakeholders and constant feedback in order to reduce service delivery protests	• No. of municipalities supported on the development of ward level database with community concerns and remedial actions produced	44	-	
	• No. of municipalities with functional rapid response teams in line with the strategy	54	-	
2.3.5. Implementation of B2B progs through a functional Nerve Centre	• % of Public Participation COGTA B2B issues resolved	100%	100%	
<b>2.4. Capacity Building</b>				
2.4.1. Capacitate municipalities in accordance to the capacity building strategy (in context of B2B approach)	• No. of provincial capacity building strategies co-ordinated	1	-	
	• No. of capacity building interventions conducted in municipalities	3	-	
	• No. of strategic partnerships facilitated	2	-	
	• No. of learnership progs implemented in accordance to the provincial capacity building strategy	1	-	
2.4.2. Implementation of B2B progs through a functional Nerve Centre	• % of Capacity Building COGTA B2B issues resolved	100%	-	
<b>2.5. IDP Co-ordination</b>				
2.5.1. Alignment of IDP with Sector department budgets	• % of public sector expenditure spent in accordance to the municipal IDP	New	-	65%
2.5.2. Implement an Integrated Provincial Service Delivery Plan based on MTEF of provincial and national departments and municipal IDPs	• % of public sector capital expenditure within KZN spent in accordance with the PGDS identified/aligned projects	New	-	60%
	• No. of municipalities supported with development of legally compliant IDP	New	-	54
2.5.3. Coordinate the establishment of a joint provincial forum addressing integrated development planning	• No. of provincial service delivery IGR forums functional and maintained	New	-	1
2.5.4. Extend shared services to include local government	• No. of district shared services implemented	New	-	10
<b>2.6. Municipal Performance Monitoring, Reporting and Evaluation</b>				
2.6.1. Support municipalities to establish an effective performance management to ensure value for money	• No. of municipalities supported to institutionalise performance management system	54	-	

**Table 11.7 : Service delivery measures – Programme 2: Local Governance**

Outputs	Performance indicators	Performance targets		
		2017/18 Original target	2017/18 Mid-year actual	2017/18 Revised target
2.6.2. Report on progress of performance made by municipalities	<ul style="list-style-type: none"> <li>No. of municipal performance reports compiled as per the requirements of Section 47 of the MSA</li> </ul>	1	-	
2.6.3. Support municipalities enhance the oversight role of councillors in assessing the performance of administration	<ul style="list-style-type: none"> <li>No. of evaluations conducted</li> </ul>	1	-	
	<ul style="list-style-type: none"> <li>No. of municipalities complying with single reporting mechanism</li> </ul>	54	54	
2.6.4. Support municipalities to enhance the oversight role of councillors in assessing the performance of administration	<ul style="list-style-type: none"> <li>No. of electronic dashboards implemented</li> </ul>	10	-	
	<ul style="list-style-type: none"> <li>No. of municipal support plans implemented in line with 10 point plan</li> </ul>	54	-	
	<ul style="list-style-type: none"> <li>% of COGTA issues resolved</li> </ul>	100%	100%	
	<ul style="list-style-type: none"> <li>% of sector issues facilitated</li> </ul>	100%	100%	

### 4.3 Programme 3: Development and Planning

The purpose of this programme is to promote informed integrated planning and development in the province. Tables 11.8 and 11.9 reflect a summary of the 2017/18 adjusted appropriation of Programme 3, summarised according to sub-programme and economic classification.

Details of the main adjustments, which resulted in an overall increase of R38.692 million, are given in the paragraphs below the tables.

**Table 11.8 : Programme 3: Development and Planning**

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Spatial Planning	42 220			(538)			(538)	41 682
2. Land Use Management	24 694			(3 115)			(3 115)	21 579
3. Local Economic Development	120 205			43 130		1 500	44 630	164 835
4. Municipal Infrastructure	76 268			3 882			3 882	80 150
5. Disaster Management	56 207			241			241	56 448
6. IDP Co-ordination	19 141			(6 408)			(6 408)	12 733
<b>Total</b>	<b>338 735</b>	<b>-</b>	<b>-</b>	<b>37 192</b>	<b>-</b>	<b>1 500</b>	<b>38 692</b>	<b>377 427</b>
<b>Amount to be voted</b>								<b>38 692</b>

**Table 11.9 : Summary by economic classification**

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
<b>Current payments</b>	<b>289 629</b>	<b>-</b>	<b>-</b>	<b>8 347</b>	<b>(1 000)</b>	<b>1 500</b>	<b>8 847</b>	<b>298 476</b>
Compensation of employees	122 072			(17 085)			(17 085)	104 987
Goods and services	167 557			25 432	(1 000)	1 500	25 932	193 489
Interest and rent on land							-	-
<b>Transfers and subsidies to:</b>	<b>21 000</b>	<b>-</b>	<b>-</b>	<b>5 841</b>	<b>1 000</b>	<b>-</b>	<b>6 841</b>	<b>27 841</b>
Provinces and municipalities	20 900			5 800	1 000		6 800	27 700
Departmental agencies and accounts							-	-
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions							-	-
Households	100			41			41	141
<b>Payments for capital assets</b>	<b>28 106</b>	<b>-</b>	<b>-</b>	<b>23 004</b>	<b>-</b>	<b>-</b>	<b>23 004</b>	<b>51 110</b>
Buildings and other fixed structures	20 674			21 470			21 470	42 144
Machinery and equipment	7 282			1 684			1 684	8 966
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets	150			(150)			(150)	-
<b>Payments for financial assets</b>							<b>-</b>	<b>-</b>
<b>Total</b>	<b>338 735</b>	<b>-</b>	<b>-</b>	<b>37 192</b>	<b>-</b>	<b>1 500</b>	<b>38 692</b>	<b>377 427</b>
<b>Amount to be voted</b>								<b>38 692</b>

**Virement – Programme 3: Development and Planning: R37.192 million**

The main appropriation for Programme 3 was increased by R37.192 million due to the following virements that affected all sub-programmes, with the bulk of the increase moving to the Local Economic Development sub-programme to cater for previous year commitments:

- Savings of R37.192 million were identified from Programmes 2 and 4 due to slower than anticipated filling of approved vacant posts, as well as delays with the approval of the organisational structure by DPSA, as follows:
  - R27.172 million was moved to the sub-programme: Local Economic Development from Programme 2, and allocated to:
    - *Goods and services* (R8.238 million) to cater for invoices from 2016/17 in respect of the drought relief intervention programme for the drilling of boreholes, rehabilitation of pumps, static tanks, etc.
    - *Buildings and other fixed structures* (R13.134 million) to cater for 2016/17 commitments pertaining to the construction and rehabilitation of CSCs.
    - *Transfers and subsidies to: Provinces and municipalities* (R5.800 million) in respect of the Small Town Rehabilitation programme for the continuation of various projects, as explained. These relate to commitments from the previous year.
  - R10.020 million was moved to the sub-programme: Local Economic Development from Programme 4, and allocated as follows:
    - R8.336 million was moved to *Buildings and other fixed structures* to cater for 2016/17 commitments pertaining to the construction and rehabilitation of CSCs.
    - R1.684 million was moved to *Machinery and equipment* for the purchase of new and replacement computers, as well as the procurement of furniture and computer equipment for TACs ordered in 2016/17, but paid for in 2017/18.
- In addition to the virements to Programme 3, the following virements were undertaken within Programme 3:
  - Savings of R3.950 million (not visible in Table 11.9) were identified within *Transfers and subsidies to: Provinces and municipalities* from the Development Planning and Shared Services to the Small Town Rehabilitation programme. As such, the total amount moved to the Small Town Rehabilitation programme is R9.750 million.
  - Savings of R17.085 million were identified against *Compensation of employees* under various sub-programmes due to slow progress with the filling of approved vacant posts such as Chief Director: Municipal Infrastructure, Deputy Directors: Municipal Infrastructure, etc. This is due to lengthy internal recruitment processes, as well as delays with the approval of the proposed new organisational structure by DPSA, as mentioned.
  - Savings of R150 000 were moved from *Software and other intangible assets* due to non-purchase of Microsoft Access, Oracle and Desktop Publishing software, as the current licences are still valid.
  - The total savings of R17.235 million were moved, as follows:
    - R17.194 million was moved to *Goods and services* to cater for 2016/17 commitments pertaining to the drought relief intervention programme, as explained.
    - R41 000 was moved to *Transfers and subsidies to: Households* for higher than budgeted staff exit costs.

In addition to the above virements, the department undertook further virements across sub-programmes, but within the same economic classification, accounting for the movements at sub-programme level.

These virements are permissible in terms of the PFMA and Treasury Regulations. The increase in *Transfers and subsidies to: Provinces and municipalities* was approved by Provincial Treasury.

The virements to Programme 3 require Legislature approval, as they exceed the 8 per cent threshold in terms of the PFMA. Also, Legislature approval is required for a reduction of R3.950 million (not visible in Table 11.9) that was moved within *Transfers and subsidies to: Provinces and municipalities* from the Development Planning and Shared Services to the Small Town Rehabilitation programme.

### Shifts – Programme 3: Development and Planning

An amount of R1 million was shifted from *Goods and services* to *Transfers and subsidies to: Provinces and municipalities* within the sub-programme: Spatial Planning, and hence is not visible in Table 11.8. This shift relates to the Geographic Information System (GIS) Precinct Support in respect of local infrastructure (both social and economic) to help communities address pressures arising from population growth. This was initially budgeted for under *Goods and services* as the department had planned to undertake the project. The purpose of the funds remains unchanged.

### Other adjustments – Programme 3: Development and Planning: R1.500 million

An amount of R1.500 million was allocated to the sub-programme: Local Economic Development, against *Goods and services* in respect of the Mandela Day Marathon event. The MEC for Finance undertook at a sub-committee on Major Events held on 10 August 2016 to suspend R1.500 million from Vote 6: Provincial Treasury to Vote 11: COGTA to assist with funding this event over three years, as mentioned.

### Service delivery measures – Programme 3: Development and Planning

Table 11.10 shows the service delivery information for Programme 3 as per the APP and EPRE of COGTA, as well as the actual achievements for the first six months of the year. Most targets are not reported on at mid-year, as the department projects to undertake them in fourth quarters.

**Table 11.10 : Service delivery measures – Programme 3: Development and Planning**

Outputs	Performance indicators	Performance targets		
		2017/18 Original target	2017/18 Mid-year Actual	2017/18 Revised target
<b>3.1. Spatial Planning</b>				
3.1.1. Align SDFs of municipalities with Provincial Spatial Planning guidelines and Integrated Urban Dev. Framework (IUDF)	• No. of municipal SDFs aligned with provincial spatial planning guidelines	54	-	-
	• No. of municipalities supported with the development of densification strategies	10	-	-
3.1.2. Assist municipalities in implementing Land Use Management Schemes and systems	• No. of municipalities supported to implement Land Use Schemes	44	-	-
3.1.3. Development of a suite of plans	• No. of municipalities supported to produce precinct plans	5	-	-
	• No. of Traditional Master Settlement Plans developed	8	-	-
	• No. of nodal development plans developed to promote growth of small towns	4	-	-
3.1.4. Development and implementation of key corridor development plans	• No. of Corridor Development Plans developed	1	-	-
<b>3.2. Development Information Services</b>				
3.2.1. Disaster Monitoring (GIS to record events and disasters with early warning and effectiveness thereof, response, impact, frequency of disasters)	• % of incidents data mapped	100%	100%	-
	• % of incidents, where early warning messages were disseminated mapped	100%	100%	-
3.2.2. Assist municipalities in implementing Land Use Management Schemes and systems	• % of adopted municipal schemes in the province mapped	100%	100%	-
	• % of PGDP projects mapped	100%	100%	-

Table 11.10 : Service delivery measures – Programme 3: Development and Planning

Outputs	Performance indicators	Performance targets		
		2017/18 Original target	2017/18 Mid-year Actual	2017/18 Revised target
3.2.3. Source, produce and disseminate updated municipal property registers (i.e. cadastral layer with ownership information), and analysis of municipal rate data for revenue gaps (where applicable)	<ul style="list-style-type: none"> <li>No. of municipalities supported with MPRA implementation</li> </ul>	38	-	
<b>3.3. Land Use Management</b>				
3.3.1. Support municipalities to meet the time norms for processing of development applications	<ul style="list-style-type: none"> <li>No. of municipalities supported to achieve 76% dev. applications that meet time norms for processing</li> </ul>	44	-	
3.3.2. Assist municipalities in implementing Land Use Management Schemes	<ul style="list-style-type: none"> <li>No. of municipalities supported with implementation of SPLUMA</li> <li>No. of municipalities supported with formalisation of towns</li> </ul>	44 13	- -	
3.3.3. Align SDFs of municipalities with Provincial Spatial Planning Guidelines and IUDF	<ul style="list-style-type: none"> <li>No. of Provincial Development Norms and Standards developed</li> </ul>	2	-	
3.3.4. Undertake cadastral survey work for the provision and maintenance of property descriptions of the areas of jurisdiction of Traditional Institutions	<ul style="list-style-type: none"> <li>% of received boundary description requests attended to</li> <li>No. of <i>Izigodi</i> mapped</li> </ul>	100% 232	100% 97	
<b>3.4. Local Economic Development (Special initiatives)</b>				
3.4.1. Establish District Agencies to drive LED and Investment	<ul style="list-style-type: none"> <li>No. of district agencies supported to effectively drive LED</li> </ul>	10	-	
3.4.2. Provide Support to informal economy	<ul style="list-style-type: none"> <li>No. of districts/metro supported with informal economy initiatives</li> </ul>	11	-	
3.4.3. Establish agri-hubs/fresh produce market facilities aligned to institutional markets (schools, prisons, hospitals)	<ul style="list-style-type: none"> <li>No. of municipalities with agri-hubs/fresh produce market facilities aligned to the institutional markets</li> </ul>	2	-	
3.4.4. Implementation of LED projects in line with municipal LED strategies	<ul style="list-style-type: none"> <li>No. of municipalities supported to implement LED projects in line with updated municipal LED strategies</li> <li>No. of municipalities supported to implement the Red Tape intervention prog</li> <li>No. of TCs supported with development Initiatives</li> <li>No. of dialogues held to support social cohesion and nation building</li> </ul>	10 11 2 6	- - - 2	
<b>3.5. Local Economic Development (CSCs)</b>				
3.5.1. Establishment of CSCs in Key Nodes aligned to Provincial Framework	<ul style="list-style-type: none"> <li>No. of CSC construction progs implemented</li> </ul>	1	-	
3.5.2. Maintain EPWP and CWP employment opportunities	<ul style="list-style-type: none"> <li>No. of CSC rehabilitation progs implemented</li> <li>No. of municipalities supported with Grade 1 CSCs functionality</li> <li>No. of Grade 2 CSCs supported for functionality</li> <li>No. of work opportunities created through the CWP in municipalities</li> </ul>	1 20 30 40 500	- - - -	
<b>3.6. Local Economic Development (EPWP)</b>				
3.6.1. Maintain EPWP and CWP employment opportunities	<ul style="list-style-type: none"> <li>No. of employment opportunities created through EPWP inclusive of all sectors (FFW, Corridor, Small town, CSC Construction)</li> <li>No. of municipalities supported to comply with EPWP principles</li> </ul>	1 500 54	- -	
<b>3.7. Municipal Infrastructure</b>				
3.7.1. Functionality of IGR forums to promote the coordination of service delivery	<ul style="list-style-type: none"> <li>No. of functional co-ordinating structures for infrastructure development and service delivery</li> <li>No. of municipalities supported with service delivery progs</li> <li>No. of municipalities supported to implement indigent policies</li> </ul>	11 31 53	4 - -	
3.7.2. Support municipalities on the delivery of basic services	<ul style="list-style-type: none"> <li>No. of municipalities supported with increasing yard water connections</li> <li>No. of municipalities supported in provision of basic level of sanitation services</li> </ul>	13 13	- -	
3.7.3. Municipalities with the supply of energy	<ul style="list-style-type: none"> <li>No. of municipalities supported with increasing households with a source of electrical supply</li> </ul>	9	-	
3.7.4. Support municipalities in implementing operations and maintenance plans	<ul style="list-style-type: none"> <li>No. of municipalities implementing operation and maintenance plans</li> <li>No. of municipalities monitored on the delivery of infrastructure as per required standards</li> </ul>	53 53	- -	
<b>3.8. Disaster Management</b>				
3.8.1. Internalise Disaster Management planning in relevant structures (mainstream disaster management function within relevant stakeholders)	<ul style="list-style-type: none"> <li>No. of districts and metro supported with Disaster Risk Management Planning</li> <li>No. of sector depts and stakeholders supported with Disaster Risk Management Planning</li> </ul>	10 districts & Metro 4 depts & 2 stakeholders	- -	

**Table 11.10 : Service delivery measures – Programme 3: Development and Planning**

Outputs	Performance indicators	Performance targets		
		2017/18 Original target	2017/18 Mid-year Actual	2017/18 Revised target
3.8.2. Disseminate early warning systems, impact, frequency and response plan	<ul style="list-style-type: none"> <li>% of disaster incidents where prior warning was disseminated</li> <li>% of disaster events responded to within 6 hours</li> </ul>	100%	100%	100%
3.8.3. Provincial and District Disaster Management IGR Structures operational	<ul style="list-style-type: none"> <li>No. of Provincial Disaster Management Advisory Forums held</li> <li>No. of Municipal Disaster Management Advisory Forums supported</li> </ul>	4	1	11
3.8.4. Capacitate municipalities on Disaster Risk Management	<ul style="list-style-type: none"> <li>Provincial fire brigade services established by target date (2018)</li> </ul>	1	-	-
3.8.5. Implement seasonal awareness progs (incl. risk reduction measures for climate change) - communities made aware of potential risks, hazards and vulnerability	<ul style="list-style-type: none"> <li>No. of Disaster Risk Management public awareness campaigns conducted</li> <li>No. of municipalities supported with Disaster Risk Management</li> </ul>	2	-	11
3.8.6. Monitor the implementation of Disaster Risk Reduction Legislation by municipalities, sector depts and stakeholders	<ul style="list-style-type: none"> <li>No. of Districts and Metro monitored on the implementation of Disaster Risk Management Legislation</li> <li>No. of sector depts and stakeholders monitored on the implementation of Disaster Risk Management Legislation</li> <li>No. of functional Municipal Disaster Management Centres</li> </ul>	10 districts & Metro	-	-
		7 depts & 3 stakeholders	-	-
		Province, 10 districts & Metro	-	-

#### 4.4 Programme 4: Traditional Institutional Management

The purpose of this programme is to support and enhance the capacity of traditional councils. Tables 11.11 and 11.12 reflect a summary of the 2017/18 adjusted appropriation of Programme 4, summarised according to sub-programme and economic classification. Details of the main adjustments, which resulted in an overall increase of R29.980 million, are provided in the paragraphs following the tables.

**Table 11.11 : Programme 4: Traditional Institutional Management**

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Traditional Institutional Administration	440 852			2 908		40 000	42 908	483 760
2. Traditional Resource Administration	82 207			(10 590)			(10 590)	71 617
3. Rural Development Facilitation	20 410			(2 423)			(2 423)	17 987
4. Traditional Land Administration	17 798			85			85	17 883
<b>Total</b>	<b>561 267</b>	<b>-</b>	<b>-</b>	<b>(10 020)</b>	<b>-</b>	<b>40 000</b>	<b>29 980</b>	<b>591 247</b>
<b>Amount to be voted</b>								<b>29 980</b>

**Table 11.12 : Summary by economic classification**

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
<b>Current payments</b>	<b>560 617</b>	<b>-</b>	<b>-</b>	<b>(14 353)</b>	<b>-</b>	<b>40 000</b>	<b>25 647</b>	<b>586 264</b>
Compensation of employees	517 149			(19 756)	(321 760)		(341 516)	175 633
Goods and services	43 468			5 403	321 760	40 000	367 163	410 631
Interest and rent on land							-	-
<b>Transfers and subsidies to:</b>	<b>600</b>	<b>-</b>	<b>-</b>	<b>586</b>	<b>-</b>	<b>-</b>	<b>586</b>	<b>1 186</b>
Provinces and municipalities							-	-
Departmental agencies and accounts							-	-
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions							-	-
Households	600			586			586	1 186
<b>Payments for capital assets</b>	<b>50</b>	<b>-</b>	<b>-</b>	<b>3 747</b>	<b>-</b>	<b>-</b>	<b>3 747</b>	<b>3 797</b>
Buildings and other fixed structures							-	-
Machinery and equipment	50			3 747			3 747	3 797
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
<b>Payments for financial assets</b>							<b>-</b>	<b>-</b>
<b>Total</b>	<b>561 267</b>	<b>-</b>	<b>-</b>	<b>(10 020)</b>	<b>-</b>	<b>40 000</b>	<b>29 980</b>	<b>591 247</b>
<b>Amount to be voted</b>								<b>29 980</b>

#### **Virement – Programme 4: Traditional Institutional Management: (R10.020 million)**

The main appropriation for Programme 4 was decreased by R10.020 million due to the following virements that affected all sub-programmes:

- Savings of R19.756 million were identified from *Compensation of employees* under the sub-programmes: Traditional Resource Administration and Rural Development Facilitation due to slower than anticipated filling of approved vacant posts, as well as delays with the approval of the organisational structure by DPSA, as follows:
  - o R10.020 million was moved to Programme 3 in respect of:
    - R8.336 million was moved to *Buildings and other fixed structures* to cater for 2016/17 commitments pertaining to the construction and rehabilitation of CSCs.
    - R1.684 million was moved to *Machinery and equipment* for the purchase of new and replacement computers, as well as the procurement of furniture and computer equipment for TACs ordered in 2016/17, but paid for in 2017/18.
  - o R9.736 million remained within Programme 4, as follows:
    - R5.403 million was moved to *Goods and services* under the Traditional Institutional Administration to cater for higher than budgeted costs in respect of travel and subsistence for *Amakhosi* and TC secretaries due to various travel engagements.
    - R586 000 was moved to *Households* for the payment of higher than budgeted staff exit costs.
    - R3.747 million was moved to *Machinery and equipment* to cater for commitments from 2016/17 for the purchase of office furniture for TACs.

In addition to the above virements, the department undertook further virements across sub-programmes, but within the same economic classification, accounting for the movements at sub-programme level.

These virements are permissible in terms of the PFMA and Treasury Regulations.

#### **Shifts – Programme 4: Traditional Institutional Management**

An amount of R321.760 million was shifted from *Compensation of employees* to *Goods and services* within the sub-programme: Traditional Institutional Administration for the payment of *Izinduna* in the province. The shift is undertaken due to the payment of *Izinduna* being under *Goods and services*, as a result of challenges with capturing of the *Izinduna* on the PERSAL system, due to a PERSAL coding problem. The purpose of the funds remains the same.

#### **Other adjustments – Programme 4: Traditional Institutional Management: R40 million**

An amount of R40 million was allocated to the sub-programme: Traditional Institutional Administration, against *Goods and services* to assist with the costs relating to the TC elections to be held in February 2018, and these funds are specifically and exclusively allocated to the department for this purpose.

#### **Service delivery measures – Programme 4: Traditional Institutional Management**

Table 11.13 shows the service delivery for Programme 4 as per the APP and EPRE of COGTA, as well as the actual achievement for the first six months of the year. The targets remain unchanged.

Some targets are not reported on at mid-year, as the department projects to undertake them in the fourth quarter.

**Table 11.13 : Service delivery measures – Programme 4: Traditional Institutional Management**

Outputs	Performance indicators	Performance targets		
		2017/18 Original target	2017/18 Mid-year actual	2017/18 Revised Target
<b>4.1. Traditional Institutional Administration</b>				
4.1.1. To enhance traditional institutional governance by supporting traditional institutions in the application of appropriate legislation, policies and frameworks	<ul style="list-style-type: none"> <li>No. of progs implemented to support Traditional Institutions</li> </ul>	1	-	
4.1.2. To enhance traditional institutional governance by supporting traditional institutions in the application of appropriate legislation, policies and frameworks	<ul style="list-style-type: none"> <li>No. of Amakhosi installed</li> </ul>	7	-	
	<ul style="list-style-type: none"> <li>No. of Amakhosi recognised</li> </ul>	15	11	
	<ul style="list-style-type: none"> <li>% of dispute claims finalised</li> </ul>	100%	-	
4.1.3. Support platforms for sharing traditional cultures and indigenous knowledge at provincial and district levels	<ul style="list-style-type: none"> <li>% of approved cultural platforms supported</li> </ul>	100%	-	
	<ul style="list-style-type: none"> <li>No. of Izizwe with updated family trees</li> </ul>	15	8	
<b>4.2. Traditional Resource Administration</b>				
4.2.1. Audit skills levels of traditional leadership institutions	<ul style="list-style-type: none"> <li>No. of capacity building programmes aligned to the Provincial Capacity Building Strategy</li> </ul>	1	-	
	<ul style="list-style-type: none"> <li>No. of seminars held on institutions of Traditional Leadership</li> </ul>	2	1	
	<ul style="list-style-type: none"> <li>No. of Houses of Traditional Leaders supported with functionality in accordance with the Act</li> </ul>	12	-	

## 5. Specifically and exclusively appropriated allocations

Table 11.14 shows the amounts that are specifically and exclusively appropriated for specific purposes in terms of the KZN Adjustments Appropriation Act, 2017.

Note that conditional grants, as well as transfers to public entities and local government (which are also specifically and exclusively appropriated funds) are not included here, as they are discussed in Sections 8, 9 and 10 below.

Details of the main adjustments, which resulted in an overall increase of R41.500 million in respect of the department's specifically and exclusively appropriated funding, are provided in the paragraphs following the table.

**Table 11.14 : Summary of specifically and exclusively appropriated funding**

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts	Other adjustments		
1. Prog. 3: Mandela Day Marathon event						1 500	1 500	1 500
2. Prog. 4: Remuneration of Izinduna	126 164						-	126 164
3. Prog. 4: Traditional Council elections						40 000	40 000	40 000
<b>Total</b>	<b>126 164</b>	-	-	-	-	<b>41 500</b>	<b>41 500</b>	<b>167 664</b>
<b>Amount to be voted</b>								<b>41 500</b>

- *Other adjustments:* Additional funds of R41.500 million were allocated to the specifically and exclusively appropriated budget, as follows:
  - o R1.500 million was allocated to the Mandela Day Marathon event.
  - o R40 million was allocated for the TC elections scheduled to take place in February 2018.

## 6. Gifts, donations and sponsorships

The department is not envisaging any gifts, donations and sponsorship in excess of R100 000 during the current financial year.



## 7. Infrastructure

Table 11.15 shows the summary of infrastructure payments per main category. Details of the main adjustments, which resulted in an overall increase of R21.470 million, are provided in the paragraphs following the table.

**Table 11.15 : Summary of infrastructure payments by category**

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Unforeseeable/		Virement	Shifts	Other adjustments		
		Roll-overs	unavoidable					
<b>Existing infrastructure assets</b>	<b>10 674</b>	-	-	<b>12 884</b>	-	-	<b>12 884</b>	<b>23 558</b>
Maintenance and repair: Current							-	-
Upgrades and additions: Capital							-	-
Refurbishment and rehabilitation: Capital	10 674			12 884			12 884	23 558
<b>New infrastructure assets: Capital</b>	<b>10 000</b>			<b>8 586</b>			<b>8 586</b>	<b>18 586</b>
<b>Infrastructure transfers</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Infrastructure transfers: Capital							-	-
Infrastructure transfers: Current							-	-
<b>Infrastructure: Payments for financial assets</b>							-	-
<b>Infrastructure: Leases</b>							-	-
<b>Non infrastructure</b>							-	-
Capital infrastructure	20 674	-	-	21 470	-	-	21 470	42 144
Current infrastructure	-	-	-	-	-	-	-	-
<b>Total</b>	<b>20 674</b>	<b>-</b>	<b>-</b>	<b>21 470</b>	<b>-</b>	<b>-</b>	<b>21 470</b>	<b>42 144</b>
<b>Amount to be voted</b>								<b>21 470</b>

- *Virement*: The infrastructure budget was increased by R21.470 million due to savings from *Compensation of employees* under Programmes 2 and 4 to Programme 3, as follows:
  - o R12.884 million was moved to *Refurbishment and rehabilitation: Capital* relating to previous year commitments in respect of the rehabilitation of CSCs.
  - o R8.586 million was moved to *New infrastructure assets: Capital* in respect of previous year commitments relating to the construction of CSCs.

The above virements are permissible in terms of the PFMA and Treasury Regulations.

## 8. Conditional grants

Table 11.16 provides a summary of conditional grants per main category. There is no change to the department's conditional grant allocation. The department received a national conditional grant allocation in respect of the EPWP Integrated Grant for Provinces, which the department uses for their Food for Waste programme in communities, where the most needy members collect domestic waste from households and in public places and, in return, they receive food parcels.

The full grant funding is allocated to *Goods and services*.

**Table 11.16 : Summary of changes to conditional grants**

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Unforeseeable/		Virement	Shifts	Other adjustments		
		Roll-overs	unavoidable					
<b>3. Development and Planning</b>	<b>3 338</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3 338</b>	
EPWP Integrated Grant for Provinces	3 338						-	3 338
<b>Total</b>	<b>3 338</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3 338</b>
<b>Amount to be voted</b>								<b>-</b>

## 9. Transfers and subsidies

Table 11.17 shows the summary of transfers and subsidies by programme and main category.

Details of the main adjustments, which resulted in an overall increase of R6.888 million, are provided in the paragraphs after the table.

Table 11.17 : Summary of transfers and subsidies by programme and main category

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Unforeseeable/		Virement	Shifts	Other adjustments		
		Roll-overs	unavoidable					
<b>1. Administration</b>	<b>12 464</b>	-	-	(1 585)	-	-	(1 585)	10 879
Provinces and municipalities	215	-	-	44	-	-	44	259
Motor vehicle licences	215			44			44	259
Households	12 249	-	-	(1 629)	-	-	(1 629)	10 620
Staff exit costs	2 704			292			292	2 996
External bursaries and claim against the state	9 545			(1 921)			(1 921)	7 624
<b>2. Local Government</b>	<b>150</b>	-	-	46	1 000	-	1 046	1 196
Provinces and municipalities	-	-	-	-	1 000	-	1 000	1 000
Integrated Youth Development Summit					1 000		1 000	1 000
Households	150	-	-	46	-	-	46	196
Staff exit costs	150			46			46	196
<b>3. Development and Planning</b>	<b>21 000</b>	-	-	5 841	1 000	-	6 841	27 841
Provinces and municipalities	20 900	-	-	5 800	1 000	-	6 800	27 700
Construction of TSCs and CSCs	7 500						-	7 500
Development Planning and Shared Services	5 200			(3 950)			(3 950)	1 250
Schemes Support programme	7 000						-	7 000
Spatial Development Framework Support	1 200						-	1 200
GIS Precinct Support					1 000		1 000	1 000
Small Town Rehabilitation programme				9 750			9 750	9 750
Households	100	-	-	41	-	-	41	141
Staff exit costs	100			41			41	141
<b>4. Traditional Institutional Management</b>	<b>600</b>	-	-	586	-	-	586	1 186
Households	600	-	-	586	-	-	586	1 186
Staff exit costs	600			586			586	1 186
<b>Total</b>	<b>34 214</b>	-	-	4 888	2 000	-	6 888	41 102
<b>Amount to be voted</b>								<b>6 888</b>

- *Virement*: The department undertook virements in respect of *Transfers and subsidies*. These virements, which resulted in a net increase of R4.888 million, are summarised as follows:
  - o In Programme 1, savings of R1.921 million were realised under *Households* due to lower than budgeted external bursary payments. These savings remained within Programme 1, as follows:
    - *Provinces and municipalities* increased by R44 000 for higher than budgeted motor vehicle licence fees.
    - *Households* increased by R292 000 in respect of higher than budgeted staff exit costs.
    - *Machinery and equipment* increased by R1.585 million to cater for previous year commitments in respect of replacement vehicles.
  - o In Programme 2, savings of R46 000 were realised under *Compensation of employees* due to slower than anticipated filling of vacant posts. These savings remained within Programme 2, and were moved to *Households* in respect of higher than budgeted staff exit costs.
  - o In Programme 3, the following virements were undertaken:
    - Savings of R3.950 million were realised under *Provinces and municipalities* within Programme 3, against Development Planning and Shared Services due to non-submission of MOAs, business plans and Council resolutions by the respective municipalities, as shown in Table 11.24.
    - The funds were moved to the Small Town Rehabilitation programme for the implementation of various projects, as explained, and will be transferred to various municipalities as shown in Table 11.25.
    - Savings of R5.800 million were realised under Programme 2 against *Compensation of employees* and were moved to Programme 3, against *Provinces and municipalities* under the Small Town Rehabilitation programme for various projects, and will be transferred to various municipalities as shown in Table 11.25.
    - Savings of R41 000 were realised against *Compensation of employees* due to slower than anticipated filling of approved posts, and were moved to *Households* for higher than budgeted staff exit costs within Programme 3.

- o In Programme 4, savings of R586 000 were realised under *Compensation of employees* due to slower than anticipated filling of approved vacant posts, and were moved to *Households* for higher than budgeted staff exit costs within Programme 4.

All these virements are permissible in terms of the PFMA and Treasury Regulations, and Treasury approval was granted where transfers were increased.

The decrease against external bursaries and the Development Planning and Shared Services requires Legislature approval, as the funds were appropriated and gazetted for transfer to institutions in terms of the PFMA.

- *Shifts*: The following shifts, which resulted in an increase of R2 million, were undertaken against the *Transfers and subsidies* budget, for which the purpose of the funds remains unchanged, as follows:
  - o R1 million was shifted from *Goods and services* to *Provinces and municipalities* within Programme 2 for the Integrated Youth Development Summit to support municipalities in developing the framework for the KZN Youth Development programmes in all KZN municipalities. This will be transferred to the uMlalazi and Mandeni municipalities as shown in Table 11.19.
  - o R1 million was shifted from *Goods and services* to *Provinces and municipalities* within Programme 3 for the GIS Precinct Support for local infrastructure in order to help communities address pressures arising from population growth. This will be transferred to the eThekweni Metro as shown in Table 11.21.

## 10. Transfers to local government

Tables 11.18 to 11.25 show the details of transfers to local government, which are specifically and exclusively appropriated in terms of the KZN Adjustments Appropriation Act. It is noted that the amount against *Provinces and municipalities* in Table 11.17 includes provision for motor vehicle licences. This amount is excluded from the transfers to local government table, as these funds will not be transferred to any municipality. It is further noted that allocations to specific municipalities will be gazetted following the tabling of the Adjustments Estimate, in line with DORA requirements.

Details of the main adjustments, which resulted in an overall increase of R7.800 million, are provided in the paragraphs below:

- *Virement*: The department undertook the following virements affecting transfers to local government:
  - o Funds of R3.950 million were realised under *Provinces and municipalities* within Programme 3, against Development Planning and Shared Services due to non-submission of MOAs, business plans and Council resolutions by the respective municipalities, as shown in Table 11.24. The funds were moved to the Small Town Rehabilitation programme for the implementation of various projects, as explained, and will be transferred to various municipalities as shown in Table 11.25.
  - o Savings of R5.800 million were identified against *Compensation of employees* under Programme 2 and moved to *Provinces and municipalities* in Programme 3, against the Small Town Rehabilitation programme for various projects, and will be transferred to various municipalities as shown in Table 11.25.

All these virements are permissible in terms of the PFMA and Treasury Regulations, and Treasury approval was granted where transfers were increased.

Legislature approval is required for the decrease in transfers in respect of Development Planning and Shared Services, as the funds were gazetted for transfers to municipalities in terms of the PFMA.

- *Shifts*: The department undertook the following shifts affecting transfers to local government:
  - o R1 million was shifted from *Goods and services* to *Transfers and subsidies to: Provinces and municipalities* within Programme 2 for the Integrated Youth Development Summit to support

municipalities in developing the framework for the KZN Youth Development programmes in all KZN municipalities. This will be transferred to two municipalities, as shown in Table 11.19.

- o R1 million was shifted from *Goods and services* to *Transfers and subsidies to: Provinces and municipalities* within Programme 3 for the GIS Precinct Support. This will be transferred to the eThekweni Metro, as shown in Table 11.21.

**Table 11.18 : Summary of transfers to local government**

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
A KZN2000 eThekweni	-	-	-	-	1 000	-	1 000	1 000
<b>Total: Ugu Municipalities</b>	<b>1 400</b>	-	-	-	-	-	-	<b>1 400</b>
B KZN216 Ray Nkonyeni	1 000	-	-	-	-	-	-	1 000
C DC21 Ugu District Municipality	400	-	-	-	-	-	-	400
<b>Total: uMgungundlovu Municipalities</b>	<b>2 400</b>	-	-	-	-	-	-	<b>2 400</b>
B KZN221 uMshwathi	1 400	-	-	-	-	-	-	1 400
B KZN225 Msunduzi	1 000	-	-	-	-	-	-	1 000
<b>Total: uThukela Municipalities</b>	<b>11 200</b>	-	-	350	-	-	350	<b>11 550</b>
B KZN235 Okhahlamba	7 500	-	-	1 500	-	-	1 500	9 000
B KZN237 iNkosi Langalibalele	1 300	-	-	-	-	-	-	1 300
B KZN238 Alfred Duma	2 100	-	-	(1 100)	-	-	(1 100)	1 000
C DC23 uThukela District Municipality	300	-	-	(50)	-	-	(50)	250
<b>Total: uMzinyathi Municipalities</b>	<b>300</b>	-	-	750	-	-	750	<b>1 050</b>
B KZN241 eNdumeni	-	-	-	750	-	-	750	750
C DC24 uMzinyathi District Municipality	300	-	-	-	-	-	-	300
<b>Total: Amajuba Municipalities</b>	<b>1 700</b>	-	-	(300)	-	-	(300)	<b>1 400</b>
B KZN253 eMadlangeni	-	-	-	1 000	-	-	1 000	1 000
B KZN254 Dannhauser	400	-	-	-	-	-	-	400
C DC25 Amajuba District Municipality	1 300	-	-	(1 300)	-	-	(1 300)	-
<b>Total: Zululand Municipalities</b>	<b>2 500</b>	-	-	3 000	-	-	3 000	<b>5 500</b>
B KZN261 eDumbe	2 500	-	-	(1 500)	-	-	(1 500)	1 000
B KZN262 uPhongolo	-	-	-	4 500	-	-	4 500	4 500
<b>Total: uMkhanyakude Municipalities</b>	<b>1 000</b>	-	-	-	-	-	-	<b>1 000</b>
B KZN271 uMhlabyalingana	1 000	-	-	-	-	-	-	1 000
<b>Total: King Cetshwayo Municipalities</b>	<b>400</b>	-	-	2 000	500	-	2 500	<b>2 900</b>
B KZN281 uMfolozi	-	-	-	2 000	-	-	2 000	2 000
B KZN284 uMlalazi	-	-	-	-	500	-	500	500
C DC28 King Cetshwayo District Municipality	400	-	-	-	-	-	-	400
<b>Total: iLembe Municipalities</b>	<b>-</b>	-	-	-	500	-	500	<b>500</b>
B KZN291 Mandeni	-	-	-	-	500	-	500	500
<b>Total</b>	<b>20 900</b>	-	-	5 800	2 000	-	7 800	<b>28 700</b>
<b>Amount to be voted</b>								<b>7 800</b>

**Table 11.19 : Transfers to local government - Integrated Youth Development Summit**

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
<b>Total: King Cetshwayo Municipalities</b>	-	-	-	-	500	-	500	<b>500</b>
B KZN284 uMlalazi	-	-	-	-	500	-	500	500
<b>Total: iLembe Municipalities</b>	-	-	-	-	500	-	500	<b>500</b>
B KZN291 Mandeni	-	-	-	-	500	-	500	500
<b>Total</b>	-	-	-	-	1 000	-	1 000	<b>1 000</b>
<b>Amount to be voted</b>								<b>1 000</b>

**Table 11.20 : Transfers to local government - Construction of TSCs and CSCs**

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
<b>Total: uThukela Municipalities</b>	<b>7 500</b>	-	-	-	-	-	-	<b>7 500</b>
B KZN235 Okhahlamba	7 500	-	-	-	-	-	-	7 500
<b>Total</b>	<b>7 500</b>	-	-	-	-	-	-	<b>7 500</b>
<b>Amount to be voted</b>								<b>-</b>

**Table 11.21 : Transfers to local government - GIS Precinct Support**

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
A KZN2000 eThekweni	-	-	-	-	1 000	-	1 000	1 000
<b>Total</b>	-	-	-	-	1 000	-	1 000	<b>1 000</b>
<b>Amount to be voted</b>								<b>1 000</b>

Table 11.22 : Transfers to local government - Schemes Support programme

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts		
<b>Total: Ugu Municipalities</b>	1 000	-	-	-	-	-	1 000
B KZN216 Ray Nkonyeni	1 000						1 000
<b>Total: uMgungundlovu Municipalities</b>	2 000	-	-	-	-	-	2 000
B KZN221 uMshwathi	1 000						1 000
B KZN225 Msunduzi	1 000						1 000
<b>Total: uThukela Municipalities</b>	2 000	-	-	-	-	-	2 000
B KZN237 iNkosi Langalibalele	1 000						1 000
B KZN238 Alfred Duma	1 000						1 000
<b>Total: Zululand Municipalities</b>	1 000	-	-	-	-	-	1 000
B KZN261 eDumbe	1 000						1 000
<b>Total: uMkhanyakude Municipalities</b>	1 000	-	-	-	-	-	1 000
B KZN271 uMhlabuyalingana	1 000						1 000
<b>Total</b>	<b>7 000</b>	-	-	-	-	-	<b>7 000</b>
<b>Amount to be voted</b>							<b>-</b>

Table 11.23 : Transfers to local government - Spatial Development Framework Support

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts		
<b>Total: Ugu Municipalities</b>	400	-	-	-	-	-	400
C DC21 Ugu District Municipality	400						400
<b>Total: uMgungundlovu Municipalities</b>	400	-	-	-	-	-	400
B KZN221 uMshwathi	400						400
<b>Total: Amajuba Municipalities</b>	400	-	-	-	-	-	400
B KZN254 Dannhauser	400						400
<b>Total</b>	<b>1 200</b>	-	-	-	-	-	<b>1 200</b>
<b>Amount to be voted</b>							<b>-</b>

Table 11.24 : Transfers to local government - Development Planning and Shared Services

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts		
<b>Total: uThukela Municipalities</b>	1 700	-	-	(1 150)	-	(1 150)	550
B KZN237 iNkosi Langalibalele	300						300
B KZN238 Alfred Duma	1 100			(1 100)		(1 100)	-
C DC23 uThukela District Municipality	300			(50)		(50)	250
<b>Total: uMzinyathi Municipalities</b>	300	-	-	-	-	-	300
C DC24 uMzinyathi District Municipality	300						300
<b>Total: Amajuba Municipalities</b>	1 300	-	-	(1 300)	-	(1 300)	-
C DC25 Amajuba District Municipality	1 300			(1 300)		(1 300)	-
<b>Total: Zululand Municipalities</b>	1 500	-	-	(1 500)	-	(1 500)	-
B KZN261 eDumbe	1 500			(1 500)		(1 500)	-
<b>Total: King Cetshwayo Municipalities</b>	400	-	-	-	-	-	400
C DC28 King Cetshwayo District Municipality	400						400
<b>Total</b>	<b>5 200</b>	-	-	(3 950)	-	(3 950)	<b>1 250</b>
<b>Amount to be voted</b>							<b>(3 950)</b>

Table 11.25 : Transfers to local government - Small Town Rehabilitation programme

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts		
<b>Total: uThukela Municipalities</b>	-	-	-	1 500	-	1 500	1 500
B KZN235 Okhahlamba				1 500		1 500	1 500
<b>Total: uMzinyathi Municipalities</b>	-	-	-	750	-	750	750
B KZN241 eNdameni				750		750	750
<b>Total: Amajuba Municipalities</b>	-	-	-	1 000	-	1 000	1 000
B KZN253 eMadlangeni				1 000		1 000	1 000
<b>Total: Zululand Municipalities</b>	-	-	-	4 500	-	4 500	4 500
B KZN262 uPhongolo				4 500		4 500	4 500
<b>Total: King Cetshwayo Municipalities</b>	-	-	-	2 000	-	2 000	2 000
B KZN281 uMfolozi				2 000		2 000	2 000
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9 750</b>	<b>-</b>	<b>9 750</b>	<b>9 750</b>
<b>Amount to be voted</b>							<b>9 750</b>

## 11. Actual payments and revised spending projections for the rest of 2017/18

Tables 11.26 and 11.27 reflect actual payments as at the end of September 2017 and projected payments for the rest of the financial year and the total revised spending in Rand value and as a percentage of the adjusted appropriation per programme and economic classification. The tables also show the 2016/17 audited outcome.

**Table 11.26 : Actual payments and revised spending projections by programme**

	2016/17 Audited outcome	Adjusted appropriation	Actual payments		Projected payments		Projected actual
			April 2017 - September 2017	% of budget	October 2017 - March 2018	% of budget	
<b>R thousand</b>							
1. Administration	380 420	395 940	183 672	46.4	212 268	53.6	395 940
2. Local Governance	254 130	262 112	116 236	44.3	145 876	55.7	262 112
3. Development and Planning	637 148	377 427	155 115	41.1	222 312	58.9	377 427
4. Traditional Institutional Management	331 667	591 247	270 141	45.7	321 106	54.3	591 247
<b>Total</b>	<b>1 603 365</b>	<b>1 626 726</b>	<b>725 164</b>	<b>44.6</b>	<b>901 562</b>	<b>55.4</b>	<b>1 626 726</b>

**Table 11.27 : Actual payments and revised spending projections by economic classification**

	2016/17 Audited outcome	Adjusted appropriation	Actual payments		Projected payments		Projected actual
			April 2017 - September 2017	% of budget	October 2017 - March 2018	% of budget	
<b>R thousand</b>							
<b>Current payments</b>	<b>1 231 104</b>	<b>1 518 417</b>	<b>669 181</b>	<b>44.1</b>	<b>849 236</b>	<b>55.9</b>	<b>1 518 417</b>
Compensation of employees	630 145	665 031	327 769	49.3	337 262	50.7	665 031
Goods and services	600 959	853 386	341 412	40.0	511 974	60.0	853 386
Interest and rent on land	-	-	-	-	-	-	-
<b>Transfers and subsidies to:</b>	<b>233 930</b>	<b>41 102</b>	<b>22 153</b>	<b>53.9</b>	<b>18 949</b>	<b>46.1</b>	<b>41 102</b>
Provinces and municipalities	161 956	28 959	15 734	54.3	13 225	45.7	28 959
Departmental agencies and accounts	14 550	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-
Public corporations and private enterprises	10 100	-	-	-	-	-	-
Non-profit institutions	32 651	-	-	-	-	-	-
Households	14 673	12 143	6 419	52.9	5 724	47.1	12 143
<b>Payments for capital assets</b>	<b>138 331</b>	<b>67 207</b>	<b>33 830</b>	<b>50.3</b>	<b>33 377</b>	<b>49.7</b>	<b>67 207</b>
Buildings and other fixed structures	110 922	42 144	28 270	67.1	13 874	32.9	42 144
Machinery and equipment	26 728	24 818	5 315	21.4	19 503	78.6	24 818
Heritage assets	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-
Software and other intangible assets	681	245	245	100.0	-	-	245
<b>Payments for financial assets</b>							
<b>Total</b>	<b>1 603 365</b>	<b>1 626 726</b>	<b>725 164</b>	<b>44.6</b>	<b>901 562</b>	<b>55.4</b>	<b>1 626 726</b>

The department spent 44.6 per cent of the adjusted appropriation in the first six months of the financial year and projects to spend 55.4 per cent in the remaining six months. The fairly high projections in the second half of the year are mainly due to additional funds allocated in the Adjustments Estimate, which are projected in the second half of the year.

The department was allocated an additional R41.500 million in respect of the Mandela Day Marathon event, and the TC elections scheduled to take place in February 2018.

Programme 1 reflects spending at 46.4 per cent of the adjusted appropriation, which is below the straight-line benchmark of 50 per cent for mid-year. This was due to slow progress with regard to the filling of approved critical vacant posts, non-receipt of invoices in respect of SITA costs, non-purchase of computers and furniture associated with the slow progress of filling vacant posts, etc. These have contributed to the fairly high projections in the second half of the year. The projections also cater for the purchase of motor vehicles, and maintenance of the departmental vehicle fleet, operating leases for all official buildings, the procurement of an IT server for the department, among others.

Programme 2 reflects spending at 44.3 per cent of the adjusted appropriation, which is below the straight-line benchmark of 50 per cent for mid-year mainly attributed to slower than anticipated filling of vacant posts. The projections in the second half of the year cater for the filling of approved critical vacant posts, payment of invoices, public participation events such as CDW outreach programmes, etc.

Spending against Programme 3 was fairly low in comparison to the straight-line benchmark of 50 per cent, at 41.1 per cent at mid-year. This was mainly due to non-receipt of invoices pertaining to the construction, refurbishment and rehabilitation of CSCs. The projections in the second half of the year cater for these, as well as for various projects such as construction, rehabilitation and refurbishment of CSCs and TACs, purchase of a communication system for the Provincial Disaster Management Centre, among others.

Programme 4 reflects spending at 45.7 per cent of the adjusted appropriation, which is below the straight-line benchmark of 50 per cent for mid-year. This is ascribed to slower than anticipated filling of approved vacant posts as a result of lengthy internal recruitment processes. The projections for the remaining six months are at 54.3 per cent, and include the additional R40 million allocated for the TC elections scheduled to take place in the fourth quarter of 2017/18.

With regard to economic classification, the following trends are noted:

Spending on *Compensation of employees* was largely on target at 49.3 per cent of the annual budget. The projections for the remaining six months are fairly reasonable at 50.7 per cent for payment of salaries and wages, as well as filling of approved vacant posts.

Spending against *Goods and services* was at 40 per cent of the adjusted appropriation at mid-year, which is well below the straight-line benchmark of 50 per cent, mainly due to non-receipts of invoices and slow progress for various projects. The high projections are also attributed to the additional funding allocated for the TC elections and reprioritisation undertaken for the payment of previous year commitments in respect of the drought relief intervention programme.

The high spending against *Transfers and subsidies to: Provinces and municipalities* in the first half of the year, at 54.3 per cent, can be attributed to funds transferred to municipalities for various projects, including the construction of TSCs and CSCs, Spatial Development Framework Support and the Schemes Support programme, etc. The projections in the second half of the year are in respect of the Small Town Rehabilitation projects, GIS Precinct Support, Integrated Youth Development Summit, etc.

Spending against *Transfers and subsidies to: Households* was high at 52.9 per cent of the annual budget at mid-year. The projections for the remaining six months cater for staff exit costs.

*Buildings and other fixed structures* relates to the construction and rehabilitation of houses for Amakhosi, TACs, CSCs, among others. The high spending of 67.1 per cent in the first half of the year relates to previous year commitments for the drought relief intervention programme, hence the low projections in the second half of the year at 32.9 per cent.

Spending against *Machinery and equipment* was low, at 21.4 per cent of the adjusted appropriation at mid-year. The low spending in the first half of the year was due to non-purchase of computers and furniture associated with the slow progress in filling vacant posts. The high projections in the remaining six months relate to previous year's commitments in respect of new and replacement computers, as well as the procurement of furniture and computer equipment for the TACs.

Spending against *Software and other intangible assets* is in respect of the purchase of assistive devices for the vision impaired interns employed by the department and this was fully spent by mid-year.

The department is projecting a balanced budget at the end of the year.





Table 11.A : Summary by economic classification : Co-operative Governance and Traditional Affairs

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation	
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts			Other adjustments
<b>Current payments</b>	<b>1 519 975</b>	-	-	<b>(41 058)</b>	<b>(2 000)</b>	<b>41 500</b>	<b>(1 558)</b>	<b>1 518 417</b>
Compensation of employees	1 086 644	-	-	(99 853)	(321 760)	-	(421 613)	665 031
Salaries and wages	999 586	-	-	(88 863)	(321 760)	-	(410 623)	588 943
Social contributions	87 078	-	-	(10 990)	-	-	(10 990)	76 088
Goods and services	433 331	-	-	58 795	319 760	41 500	420 055	853 386
Administrative fees	2 428	-	-	595	-	-	595	3 023
Advertising	12 236	-	-	12 451	-	-	12 451	24 687
Minor assets	6 343	-	-	(819)	-	-	(819)	5 524
Audit cost: External	7 422	-	-	-	-	-	-	7 422
Bursaries: Employees	1 520	-	-	(463)	-	-	(463)	1 057
Catering: Departmental activities	7 076	-	-	(1 847)	-	-	(1 847)	5 229
Communication (G&S)	12 889	-	-	1 632	-	-	1 632	14 521
Computer services	37 255	-	-	4 361	-	-	4 361	41 616
Cons. & prof serv: Business and advisory services	166 973	-	-	26 060	(2 000)	40 000	64 060	231 033
Infrastructure and planning	-	-	-	-	-	-	-	-
Laboratory services	-	-	-	-	-	-	-	-
Scientific and technological services	-	-	-	-	-	-	-	-
Legal costs	6 084	-	-	(23)	-	-	(23)	6 061
Contractors	22 778	-	-	10 139	-	1 500	11 639	34 417
Agency and support / outsourced services	3 370	-	-	157	-	-	157	3 527
Entertainment	-	-	-	-	-	-	-	-
Fleet services (incl gov motor transport)	13 557	-	-	4 767	-	-	4 767	18 324
Housing	-	-	-	-	-	-	-	-
Inventory: Clothing material and accessories	-	-	-	-	-	-	-	-
Inventory: Farming supplies	-	-	-	-	-	-	-	-
Inventory: Food and food supplies	-	-	-	-	-	-	-	-
Inventory: Fuel, oil and gas	-	-	-	-	-	-	-	-
Inventory: Learner and teacher support material	-	-	-	-	-	-	-	-
Inventory: Materials and supplies	-	-	-	-	-	-	-	-
Inventory: Medical supplies	-	-	-	-	-	-	-	-
Inventory: Medicine	-	-	-	-	-	-	-	-
Medsas inventory interface	-	-	-	-	-	-	-	-
Inventory: Other supplies	-	-	-	-	-	-	-	-
Consumable supplies	5 914	-	-	229	-	-	229	6 143
Consumable: Stationery, printing and office supplies	8 483	-	-	(314)	-	-	(314)	8 169
Operating leases	22 139	-	-	6 253	-	-	6 253	28 392
Property payments	38 845	-	-	(6 685)	-	-	(6 685)	32 160
Transport provided: Departmental activity	-	-	-	-	-	-	-	-
Travel and subsistence	43 976	-	-	4 714	-	-	4 714	48 690
Training and development	1 800	-	-	(260)	-	-	(260)	1 540
Operating payments	8 657	-	-	553	321 760	-	322 313	330 970
Venues and facilities	3 100	-	-	(2 500)	-	-	(2 500)	600
Rental and hiring	486	-	-	(205)	-	-	(205)	281
Interest	-	-	-	-	-	-	-	-
Rent on land	-	-	-	-	-	-	-	-
<b>Transfers and subsidies to</b>	<b>34 214</b>	-	-	<b>4 888</b>	<b>2 000</b>	-	<b>6 888</b>	<b>41 102</b>
Provinces and municipalities	21 115	-	-	5 844	2 000	-	7 844	28 959
Provinces	215	-	-	44	-	-	44	259
Provincial Revenue Funds	-	-	-	-	-	-	-	-
Provincial agencies and funds	215	-	-	44	-	-	44	259
Municipalities	20 900	-	-	5 800	2 000	-	7 800	28 700
Municipalities	20 900	-	-	5 800	2 000	-	7 800	28 700
Municipal agencies and funds	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-
Social security funds	-	-	-	-	-	-	-	-
Entities receiving funds	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-
Public corporations	-	-	-	-	-	-	-	-
Subsidies on production	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-
Private enterprises	-	-	-	-	-	-	-	-
Subsidies on production	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-
Households	13 099	-	-	(956)	-	-	(956)	12 143
Social benefits	3 554	-	-	965	-	-	965	4 519
Other transfers to households	9 545	-	-	(1 921)	-	-	(1 921)	7 624
<b>Payments for capital assets</b>	<b>31 037</b>	-	-	<b>36 170</b>	-	-	<b>36 170</b>	<b>67 207</b>
Buildings and other fixed structures	20 674	-	-	21 470	-	-	21 470	42 144
Buildings	20 674	-	-	21 470	-	-	21 470	42 144
Other fixed structures	-	-	-	-	-	-	-	-
Machinery and equipment	10 213	-	-	14 605	-	-	14 605	24 818
Transport equipment	-	-	-	6 582	-	-	6 582	6 582
Other machinery and equipment	10 213	-	-	8 023	-	-	8 023	18 236
Heritage assets	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-
Software and other intangible assets	150	-	-	95	-	-	95	245
<b>Payments for financial assets</b>	-	-	-	-	-	-	-	-
<b>Total</b>	<b>1 585 226</b>	-	-	-	-	<b>41 500</b>	<b>41 500</b>	<b>1 626 726</b>
<b>Amount to be voted</b>								<b>41 500</b>