

# Vote 29

## Cooperative Governance and Traditional Affairs

### Adjusted budget summary

R thousand	2009/10			
	Main appropriation	Adjusted appropriation	Decrease	Increase
<b>Amount to be appropriated</b>	<b>35 607 039</b>	<b>36 527 133</b>	<b>–</b>	<b>920 094</b>
<i>of which:</i>				
Current payments	382 407	433 120	–	50 713
Transfers and subsidies	35 216 431	36 080 693	–	864 262
Payments for capital assets	8 201	13 320	–	5 119
Executive authority	Minister of Cooperative Governance and Traditional Affairs			
Accounting officer	Director-General of Cooperative Governance and Traditional Affairs			
Website address	www.dplg.gov.za			

### Aim

*The aim of the Department of Cooperative Governance and Traditional Affairs is to improve cooperative governance across the three spheres of government thereby ensuring that provinces and municipalities carry out their services delivery and development functions effectively.*

### Reorganisation of department

The Department of Provincial and Local Government becomes the Department of Cooperative Governance and Traditional Affairs. The integrated sustainable rural development programme (ISRDP) and ISRDP monitoring and evaluation is transferred to the new Department of Rural Development and Land Reform.

### Mid-year performance status

Indicator	Programme	Annual performance		
		Projected for 2009/10 as published in the 2009 ENE	Achieved in the first six months of 2009/10 (April to September)	Change of estimate for 2009/10
As published in the 2009 ENE	Programme linked to the indicator			
Total number of district municipalities supported in implementing local economic development strategies (total 46 districts)	Governance, Policy and Research	14 (30%)	7 (15%)	–
Total number of provinces supported with the intergovernmental relations capacity building programme (total 9 provinces)	Governance, Policy and Research	4	4	–
Total number of districts supported with the intergovernmental relations capacity building programme (total 46 districts)	Governance, Policy and Research	23	23	–
Percentage of integrated development plans drafted in accordance with development planning outcomes	Governance, Policy and Research	260 (92%)	240 (85%)	–
Number of institutions of traditional leadership supported through capacity building programmes	Governance, Policy and Research	830	0	–

Indicator	Programme	Annual performance		
		Projected for 2009/10 as published in the 2009 ENE	Achieved in the first six months of 2009/10 (April to September)	Change of estimate for 2009/10
<b>As published in the 2009 ENE</b>	<b>Programme linked to the indicator</b>			
Amount spent by municipalities on municipal infrastructure grants by end of municipal financial year and as a percentage of total municipal infrastructure grant allocation for that financial year	Provincial and Local Government Transfers	R11.1bn (100%)	R4.9bn (44%)	R11.4 billion (100%)
Number of households reached with basic services funded by the municipal infrastructure grant	Provincial and Local Government Transfers			
❖ Water		1.2 million	94 495	-
❖ Sanitation		687 070	7 643	-
❖ Roads		965 636	2 020 176	4 040 352
❖ Community lighting		464 183	316 362	-
Percentage of indigent households accessing free basic services:	Provincial and Local Government Transfers			
❖ Water		87%	71%	
❖ Electricity		87%	58%	-
Number of provinces receiving support each year through a dedicated hands-on support programme	Systems and Capacity Building	4	9	-
Number of additional municipalities receiving support on financial statements	Systems and Capacity Building	200	257	-
Number of fully functional disaster management centres across the 3 spheres of government	Systems and Capacity Building	12	8	-
Number of additional nodal municipalities with spatial development frameworks for land use and management plans reflected in their integrated development plans	Urban and Rural Development	10	2	-
Number of additional nodal municipalities with strategic local economic development projects reflected in the integrated development plan budgets for public sector investments	Urban and Rural Development	4	2	-

The intergovernmental relations capacity building programme has been suspended, because it does not conform to the department's new mandate.

No institutions of traditional leadership have been supported through capacity building programmes in the first half of the year because the department is translating the training material. The programmes will start in December 2009, and the target for 2009/10 will be met.

The estimated amount spent by municipalities on municipal infrastructure grants (MIG) by the end of the 2009/10 municipal financial year has been increased, because there is an additional amount rolled over for the MIG allocation.

The estimated number of households reached with roads funded by the municipal infrastructure grant for 2009/10 has been increased, because municipalities have given roads priority in order to be able to deliver other services to households.

All 9 provinces received hands-on support. This indicator is demand driven.

The actual number of additional nodal municipalities with spatial development frameworks for land use and management plans reflected in their integrated development plans for 2009/10 is likely to be less than originally anticipated, because the ISRDP function, which was responsible for spatial development frameworks, was transferred to the Department of Rural Development and Land Reform, and also because the special development facilitators resigned.

## Adjusted Estimates of National Expenditure 2009

Programme	2009/10							Adjusted appropriation
	Main appropriation	Additional appropriation					Total additional appropriation	
		Roll-over	Unforeseeable/unavoidable	Virement	Function shift	Other adjustments		
R thousand								
1. Administration	163 543	–	2 137	18 645	–	–	20 782	184 325
2. Governance, Policy and Research	49 035	–	710	(2 600)	–	–	(1 890)	47 145
3. Urban and Rural Development	12 909	–	165	(1 200)	(2 340)	–	(3 375)	9 534
4. Systems and Capacity Building	106 265	–	61 111	(11 945)	–	–	49 166	155 431
5. Free Basic Services and Infrastructure	41 942	–	677	(2 900)	–	–	(2 223)	39 719
6. Provincial and Local Government Transfers	35 131 362	287 834	569 800	–	–	–	857 634	35 988 996
7. Fiscal Transfers	101 983	–	–	–	–	–	–	101 983
<b>Total</b>	<b>35 607 039</b>	<b>287 834</b>	<b>634 600</b>	<b>–</b>	<b>(2 340)</b>	<b>–</b>	<b>920 094</b>	<b>36 527 133</b>
<b>Economic classification</b>								
<b>Current payments</b>	<b>382 407</b>	<b>–</b>	<b>63 600</b>	<b>(10 547)</b>	<b>(2 340)</b>	<b>–</b>	<b>50 713</b>	<b>433 120</b>
Compensation of employees	195 917	–	4 800	(24 633)	(1 975)	–	(21 808)	174 109
Goods and services	186 490	–	58 800	14 081	(365)	–	72 516	259 006
Financial transactions in assets and liabilities	–	–	–	5	–	–	5	5
<b>Transfers and subsidies</b>	<b>35 216 431</b>	<b>287 834</b>	<b>569 800</b>	<b>6 628</b>	<b>–</b>	<b>–</b>	<b>864 262</b>	<b>36 080 693</b>
Provinces and municipalities	35 131 462	287 834	569 800	–	–	–	857 634	35 989 096
Departmental agencies and accounts	78 109	–	–	–	–	–	–	78 109
Public corporations and private enterprises	69	–	–	453	–	–	453	522
Foreign governments and international organisations	116	–	–	30	–	–	30	146
Non-profit institutions	4 815	–	–	3 500	–	–	3 500	8 315
Households	1 860	–	–	2 645	–	–	2 645	4 505
<b>Payments for capital assets</b>	<b>8 201</b>	<b>–</b>	<b>1 200</b>	<b>3 919</b>	<b>–</b>	<b>–</b>	<b>5 119</b>	<b>13 320</b>
Machinery and equipment	8 201	–	1 200	3 919	–	–	5 119	13 320
<b>Total</b>	<b>35 607 039</b>	<b>287 834</b>	<b>634 600</b>	<b>–</b>	<b>(2 340)</b>	<b>–</b>	<b>920 094</b>	<b>36 527 133</b>

## Details of adjustments to Estimates of National Expenditure 2009

### Roll-overs – R287.834 million

Programme 6: Provincial and Local Government Transfers

R287. 834 million has been rolled over for municipal infrastructure projects.

### Unforeseeable and unavoidable expenditure – R634.6 million

An additional R634.6 million is allocated for unforeseen and unavoidable expenditure, of which R4.8 million is for higher salary increases than the main budget provided for.

Programme 1: Administration

An additional R2.137 million is allocated for higher salary increases than the main budget provided for.

**Programme 2: Governance, Policy and Research**

An additional R710 000 is allocated for higher salary increases than the main budget provided for.

**Programme 3: Urban and Rural Development**

An additional R165 000 is allocated for higher salary increases than the main budget provided for.

**Programme 4: Systems and capacity building**

An additional R1.111 million is allocated for higher salary increases than the main budget provided for.

An additional R60 million is allocated for disaster management national readiness for the 2010 FIFA World Cup.

**Programme 5: Free Basic Services and Infrastructure**

An additional R677 000 is allocated for is allocated for higher salary increases than the main budget provided for.

**Programme 6: Provincial and Local Government Transfer**

An additional R60.8 million is allocated for the rehabilitation of infrastructure destroyed by flooding in Western Cape in November 2008.

An additional R509 million is allocated for the increased cost of providing free basic electricity to poor households (local government equitable share).

**Virements**

<b>Programmes</b>					
1. Administration					
2. Governance, Policy and Research					
3. Urban and Rural Development					
4. Systems and Capacity Building					
5. Free Basic Services and Infrastructure					
6. Provincial and Local Government Transfers					
7. Fiscal Transfers					
<b>FROM:</b>			<b>TO:</b>		
<b>Programme by economic classification</b>	<b>Motivation</b>	<b>R thousand</b>	<b>Programme by economic classification</b>	<b>Motivation</b>	<b>R thousand</b>
<b>Programme 1</b>		<b>(4 986)</b>	<b>Programme 1</b>		<b>4 024</b>
Compensation of employees	Reductions due to restructuring	(2 597)	Goods and services	For projects and a consultant	2 463
	Salary of CFO shifted for appointment of consultant	(1 400)		For increased audit costs	134
	Reductions due to restructuring	(277)		For a consultant to perform the duties of the CFO	1 400
			Financial transactions in assets and liabilities	For writing off losses	5
			Machinery and equipment	For a printer and furniture	22
			<b>Programme 2</b>		<b>250</b>
			Non-profit institutions (current)	For financial assistance to United Cities and Local Governments of Africa	250
			<b>Programme 1</b>		<b>712</b>
Goods and services	Reclassification	(453)	Public corporations and private enterprises (current)	For car insurance for the ministry	453
	Funds shifted to payments for capital assets because items cost more than R5 000	(259)	Machinery and equipment	Funds shifted from current payments because items cost more than R5 000	259

FROM:			TO:		
Programme by economic classification	Motivation	R thousand	Programme by economic classification	Motivation	R thousand
<b>Programme 2</b>		<b>(6 957)</b>	<b>Programme 1</b>		<b>5 100</b>
Compensation of employees	Reductions due to restructuring	(6 947)	Goods and services	For international relations and operational costs	100
				For international relations and operational costs in the minister's office	4 455
			Households (current)	For severance package for the director general	545
			<b>Programme 2</b>		<b>1 857</b>
			Goods and services	For costs from 2008/09	317
			Goods and services	For costs from 2008/09	500
			Foreign governments and international organizations (current)	Commonwealth membership fees	30
			Non-profit institutions (current)	For financial assistance to United Cities and Local Governments of Africa	1 000
Machinery and equipment	Reductions in office furniture	10		For 2010 FIFA World Cup disaster management and establishing a national disaster centre	10
<b>Programme 3</b>		<b>(1 200)</b>	<b>Programme 1</b>		<b>950</b>
Compensation of employees	Reductions due to restructuring	(1 200)	Goods and services	For Operation Clean Audit	800
				For international relations and operational costs in the minister's office	150
			<b>Programme 2</b>		<b>250</b>
			Non-profit institutions (current)	For financial assistance to United Cities and Local Governments of Africa	250
<b>Programme 4</b>		<b>(15 593)</b>	<b>Programme 1</b>		<b>4 266</b>
Compensation of employees	Reductions due to restructuring	(8 914)	Goods and services	For Operation Clean Audit, office accommodation, external audit and legal expenses	4 266
			<b>Programme 2</b>		<b>1 000</b>
			Non-profit institutions (current)	For financial assistance to United Cities and Local Governments of Africa	1 000
			<b>Programme 4</b>		<b>3 648</b>
			Machinery and equipment	For office equipment	3 648
			<b>Programme 1</b>		<b>6 679</b>
Goods and services	Savings on disaster management because work that was previously done by consultants is now in-house	(6 679)	Goods and services	For international relations and operational costs in the minister's office	6 679
<b>Programme 5</b>		<b>(3 098)</b>	<b>Programme 1</b>		<b>1 900</b>
Compensation of employees	Reductions due to restructuring	(3 098)	Households (current)	For severance package for the director general	1 900
			<b>Programme 2</b>		<b>1 000</b>
			Non-profit institutions (current)	For financial assistance to United Cities and Local Governments of Africa	1 000
			<b>Programme 5</b>		<b>198</b>
			Goods and services	For costs from 2008/09	198
<b>Total</b>		<b>(31 834)</b>			<b>31 834</b>

## Function shifts - R2.34 million

Programme 3: Urban and Rural Development

R2.34 million is shifted to the Department of Rural Development and Land Affairs following the shift of the integrated sustainable rural development programme and its monitoring and evaluation functions.

## Expenditure 2008/09 and preliminary expenditure 2009/10

Programme	2008/09					2009/10		
	Expenditure outcome					Preliminary expenditure		
R thousand	Adjusted appropriation	Apr 08 - Sep 08	% of adjusted appropriation	Apr 08 - Mar 09	% of adjusted appropriation	Adjusted appropriation	Apr 09 - Sep 09	% of adjusted appropriation
1. Administration	150 690	74 999	49.8	165 069	109.5	184 325	85 096	46.2
2. Governance, Policy and Research	43 672	19 496	44.6	41 590	95.2	47 145	22 856	48.5
3. Urban and Rural Development	12 874	4 621	35.9	10 775	83.7	9 534	5 937	62.3
4. Systems and Capacity Building	106 307	42 781	40.2	96 460	90.7	155 431	46 343	29.8
5. Free Basic Services and Infrastructure	41 104	17 447	42.4	37 810	92.0	39 719	19 805	49.9
6. Provincial and Local Government Transfers	35 185 631	12 110 614	34.4	34 897 796	99.2	35 988 996	15 073 793	41.9
7. Fiscal Transfers	98 729	57 798	58.5	98 595	99.9	101 983	55 597	54.5
<b>Total</b>	<b>35 639 007</b>	<b>12 327 756</b>	<b>34.6</b>	<b>35 348 095</b>	<b>99.2</b>	<b>36 527 133</b>	<b>15 309 427</b>	<b>41.9</b>
<b>Economic classification</b>								
<b>Current payments</b>	<b>371 576</b>	<b>167 396</b>	<b>45.1</b>	<b>363 038</b>	<b>97.7</b>	<b>433 120</b>	<b>182 040</b>	<b>42.0</b>
Compensation of employees	154 347	72 346	46.9	153 753	99.6	174 109	80 894	46.5
Goods and services	217 199	94 995	43.7	208 863	96.2	259 006	101 061	39.0
Interest and rent on land	–	–	0.0	70	0.0	–	–	0.0
Transactions in financial assets and liabilities	30	55	183.3	352	1173.3	5	85	1700.0
<b>Transfers and subsidies</b>	<b>35 259 364</b>	<b>12 156 084</b>	<b>34.5</b>	<b>34 975 863</b>	<b>99.2</b>	<b>36 080 693</b>	<b>15 122 555</b>	<b>41.9</b>
Provinces and municipalities	35 185 951	12 110 619	34.4	34 897 805	99.2	35 989 096	15 073 799	41.9
Departmental agencies and accounts	67 473	43 257	64.1	67 473	100.0	78 109	39 466	50.5
Public corporations and private enterprises	100	221	221.0	340	340.0	522	422	80.8
Foreign governments and international organisations	–	–	0.0	146	0.0	146	–	0.0
Non-profit institutions	4 700	1 175	25.0	8 325	177.1	8 315	4 704	56.6
Households	1 140	812	71.2	1 774	155.6	4 505	4 164	92.4
<b>Payments for capital assets</b>	<b>8 067</b>	<b>4 276</b>	<b>53.0</b>	<b>9 194</b>	<b>114.0</b>	<b>13 320</b>	<b>4 832</b>	<b>36.3</b>
Machinery and equipment	8 067	4 276	53.0	9 194	114.0	13 320	4 832	36.3
<b>Total</b>	<b>35 639 007</b>	<b>12 327 756</b>	<b>34.6</b>	<b>35 348 095</b>	<b>99.2</b>	<b>36 527 133</b>	<b>15 309 427</b>	<b>41.9</b>

## Main expenditure trends for the first half of 2009/10

Expenditure in the first six months of 2009/10 was R15.309 billion, or 41.9 per cent of the adjusted appropriation of R36.527 billion for the year as a whole. In comparison, mid-year expenditure in 2008/09 was R12.328 billion, or 34.6 per cent of the 2008/09 adjusted appropriation. Expenditure in the first six months of 2009/10 increased by R2.982 billion or 24.2 per cent, compared to expenditure in the first six months of 2008/09.

The main expenditure increase compared to 2008/09 is related to increases in municipal costs.

## Departmental receipts

R thousand	2008/09					2009/10			
	Adjusted estimate	Audited outcome				Actual receipts			
		Apr 08 - Sep 08	Apr 08 - Sep 08 % of adjusted estimate	Apr 08 - Mar 09	Apr 08 - Mar 09 % of adjusted estimate	Budget estimate	Adjusted estimate	Apr 09 - Sep 09	Apr 09 - Sep 09 % of adjusted estimate
<b>Departmental receipts</b>	<b>395</b>	<b>298</b>	<b>75.4</b>	<b>820</b>	<b>207.6</b>	<b>570</b>	<b>602</b>	<b>369</b>	<b>61.3</b>
Sales of goods and services produced by department	112	75	67.0	150	133.9	112	144	75	52.1
Interest, dividends and rent on land	3	–	–	2	66.7	3	3	–	–
Sales of capital assets	–	–	–	–	–	–	–	105	–
Transactions in financial assets and liabilities	280	223	79.6	668	238.6	455	455	189	41.5
<b>Total</b>	<b>395</b>	<b>298</b>	<b>75.4</b>	<b>820</b>	<b>207.6</b>	<b>570</b>	<b>602</b>	<b>369</b>	<b>61.3</b>

### Main departmental revenue trends for the first half of 2009/10

Departmental revenue collection in the first six months of 2009/10 was R369 000 or 61.3 per cent of the adjusted revenue estimate of R602 000 for the year as a whole. In comparison, mid-year revenue collection in 2008/09 was R298 000 or 75.4 per cent of the 2008/09 adjusted estimate. Departmental revenue collection in the first six months of 2009/10 increased by R71 000 or 23.8 per cent, compared to revenue collected in the first six months of 2008/09.

The main revenue increase compared to 2008/09 is due to redundant assets that were sold and money that was recovered from officials.

## Changes to transfers and subsidies, and conditional grants

### Summary of changes to transfers and subsidies

R thousand	Main appropriation	2009/10					Total additional appropriation	Adjusted appropriation
		Additional appropriation						
		Roll-over	Unforeseeable/unavoidable	Virement	Function shift	Other adjustments		
<b>1. Administration</b>								
<b>Public corporations and private enterprises</b>								
<b>Private enterprises</b>								
<b>Other transfers</b>								
<b>Current</b>	<b>69</b>	–	–	<b>453</b>	–	–	<b>453</b>	<b>522</b>
Non-life insurance premiums	69	–	–	453	–	–	453	522
<b>Households</b>								
<b>Social benefits</b>								
<b>Current</b>	–	–	–	<b>2 645</b>	–	–	<b>2 645</b>	<b>2 645</b>
Severance Package	–	–	–	2 645	–	–	2 645	2 645
<b>2. Governance, Policy and Research</b>								
<b>Foreign governments and international organisations</b>								
<b>Current</b>	<b>116</b>	–	–	<b>30</b>	–	–	<b>30</b>	<b>146</b>
United Cities and Local Government in Africa	116	–	–	(116)	–	–	(116)	–
Commonwealth to Local Government Forum	–	–	–	146	–	–	146	146

## Summary of changes to transfers and subsidies

		2009/10							
		Additional appropriation					Total additional appropriation	Adjusted appropriation	
R thousand	Main appropriation	Roll-over	Unforeseeable/unavoidable	Virement	Function shift	Other adjustments			
<b>2. Governance, Policy and Research</b>									
<b>Non-profit institutions</b>									
<b>Current</b>									
	-	-	-	3 500	-	-	3 500	3 500	
United Cities and Local Government in Africa	-	-	-	3 500	-	-	3 500	3 500	
<b>6. Provincial and Local Government Transfers</b>									
<b>Provinces and municipalities</b>									
<b>Municipalities</b>									
<b>Municipal bank accounts</b>									
<b>Current</b>									
	23 846 502	-	509 000	-	-	-	509 000	24 355 502	
Local government equitable share	23 846 502	-	509 000	-	-	-	509 000	24 355 502	
<b>Capital</b>									
	11 084 860	287 834	60 800	-	-	-	348 634	11 433 494	
Municipal infrastructure grant	11 084 860	287 834	60 800	-	-	-	348 634	11 433 494	

## Summary to changes to conditional grants: Local government

		2009/10							
		Additional appropriation					Total additional appropriation	Adjusted appropriation	
R thousand	Main appropriation	Roll-over	Unforeseeable/unavoidable	Virement	Function shift	Other adjustments			
<b>6. Provincial and Local Government Transfers</b>									
Municipal infrastructure grant	11 084 860	287 834	60 800	-	-	-	348 634	11 433 494	