

VOTE 8

**DEPARTMENT OF COOPERATIVE
GOVERNANCE AND TRADITIONAL AFFAIRS**

Vote 8

Department of Cooperative Governance and Traditional Affairs

Adjusted budget summary

R thousand	2014/15			
	Main Appropriation	Adjusted appropriation	Decrease	Increase
Amount to be appropriated	341 625	371 625	(1 325)	31 325
of which:				
Current payments	274 991	275 266	(1 325)	1 600
Transfers and subsidies	63 160	91 736		28 576
Payments for capital assets	3 474	4 623		1 149
Payments for financial assets				
Direct charge against the Provincial Revenue Fund	341 625	371 625	(1 325)	31 325
Executive Authority	MEC for Cooperative Governance and Traditional Affairs & Human Settlements			
Accounting Officer	Head of the Department: Cooperative Governance and Traditional Affairs			
Website address	www.cogta.fs.gov.za			

Aim

Coordinated a sustainable service delivery at the Local Government level.

Changes to programme purposes, objectives and measures

None

Adjusted Estimates of Provincial Expenditure 2014

Table 8.1: Adjusted Estimates

Programme		2014/15						
		Adjustments Appropriation						
R' thousand	Main appropriation	Roll-overs	Unforeseeable / unavoidable	Virements and shifts	Declared unspent	Other adjustments	Total adjustment appropriation	Adjusted appropriation
1. Administration	110 123			(2 840)			(2 840)	107 283
2. Local Governance	114 784			(8 270)		18 200	9 930	124 714
3. Development and Planning	72 892			10 710		11 800	22 510	95 402
4. Traditional Institutional Management	34 400			750			750	35 150
5. House of Traditional Leaders	9 426			(350)			(350)	9 076
Subtotal	341 625					30 000	30 000	371 625

Economic classification

Table 8.1(b): Adjusted Estimates

Programme		2014/15						
R' thousand	Main appropriation	Adjustments Appropriation					Total adjustment appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable / unavoidable	Virements and shifts	Declared unspent	Other adjustments		
Economic classification								
Current payments	274 991			(1 325)		1 600	275	275 266
Compensation of employees	174 285			1 200		1 600	2 800	177 085
Goods and Services	100 706			(2 526)			(2 526)	98 180
Interest and rent on land				1			1	1
Transfers and subsidies to;	63 160			176		28 400	28 576	91 736
Provinces and municipalities	60 525			439		28 400	28 839	89 364
Departmental agencies and account								
Universities and technikons								
Public corporations and private enterprises								
Foreign governments and international organisations								
Non-profit institutions	1 638			(1 250)			(1 250)	388
Households	997			987			987	1 984
Payments for capital assets	3 474			1 149			1 149	4 623
Buildings and other fixed structures								
Machinery and equipment	3 474			1 149			1 149	4 623
Cultivated assets								
Software and other intangible assets								
Land and subsoil assets								
Heritage assets								
Specialised military assets								
Payments for financial assets								
Total	341 625					30 000	30 000	371 625

Programme 1: Administration

Table 8.1.1: Adjusted Estimates

Subprogramme		2014/15				
R' thousand	Main appropriation	Adjustments Appropriation				Total adjustment appropriation
		Roll-overs	Unforeseeable / unavoidable	Virements and shifts	Declared unspent Other adjustments	
1.Office of the MEC	10 122			962		962
2.Corporate Services	100 001			(3 802)		(3 802)
Subtotal	110 123			(2 840)		(2 840)
Direct charge against the Provincial Revenue Fund						
Item						
Total	110 123			(2 840)		(2 840)
Economic classification						
Current payments	108 099			(4 552)		(4 552)
Compensation of employees	56 838					
Goods and Services	51 261			(4 553)		(4 553)
Interest and rent on land				1		1
Transfers and subsidies to;	182			532		532
Provinces and municipalities						
Departmental agencies and account						
Universities and technikons						
Public corporations and private enterprises						
Foreign governments and international organisations						
Non-profit institutions						
Households	182			532		532
Payments for capital assets	1 842			1 180		1 180
Buildings and other fixed structures						
Machinery and equipment	1 842			1 180		1 180
Cultivated assets						
Software and other intangible assets						
Land and subsoil assets						
Heritage assets						
Specialised military assets						
Payments for financial assets						
Total	110 123			(2 840)		(2 840)

Programme 2: Local Governance

Table 8.1.2: Adjusted Estimates

Subprogramme		2014/15					
R' thousand	Main appropriation	Adjustments Appropriation					Adjusted appropriation
		Roll-overs	Unforeseeable / unavoidable	Virements and shifts	Declared unspent	Other adjustments	
1. Municipal Administration	19 424			201			19 625
2. Municipal Finance	71 286			(3 850)		18 200	85 636
3. Public Participation	18 040			(4 620)			13 420
4. Capacity Development	6 034			(1)			6 033
Subtotal	114 784			(8 270)		18 200	124 714
Direct charge against the Provincial Revenue Fund							
Item							
Total	114 784			(8 270)		18 200	124 714
Economic classification							
Current payments	79 144			(6 966)		1 600	73 778
Compensation of employees	45 793					1 600	47 393
Goods and Services	33 351			(6 966)			26 385
Interest and rent on land							
Transfers and subsidies to;	35 008			(1 364)		16 600	50 244
Provinces and municipalities	33 642					16 600	50 242
Departmental agencies and account							
Universities and technikons							
Public corporations and private enterprises							
Foreign governments and international organisations							
Non-profit institutions	1 200			(1 200)			
Households	166			(164)			2
Payments for capital assets	632			60			692
Buildings and other fixed structures							
Machinery and equipment	632			60			692
Cultivated assets							
Software and other intangible assets							
Land and subsoil assets							
Heritage assets							
Specialised military assets							
Payments for financial assets							
Total	114 784			(8 270)		18 200	124 714

Programme 3: Development and Planning

Table 8.1.3 Adjusted Estimates

Subprogramme		2014/15					
R' thousand	Main appropriation	Adjustments Appropriation					Adjusted appropriation
		Roll-overs	Unforeseeable / unavoidable	Virements and shifts	Declared unspent	Other adjustments	Total adjustment appropriation
1. Spatial Planning	21 416						21 416
2. Local Economic Development (LED)	5 768						5 768
3. Municipal Infrastructure	38 567			10 203		6 800	17 003
4. Disaster Management	7 141			507		5 000	5 507
Subtotal	72 892			10 710		11 800	22 510
Direct charge against the Provincial Revenue Fund							
Item							
Total	72 892			10 710		11 800	22 510
Economic classification							
Current payments	45 163			9 779			9 779
Compensation of employees	32 366			1 200			1 200
Goods and Services	12 797			8 579			8 579
Interest and rent on land							
Transfers and subsidies to;	27 026			1 008		11 800	12 808
Provinces and municipalities	26 883			439		11 800	12 239
Departmental agencies and account							
Universities and technikons							
Public corporations and private enterprises							
Foreign governments and international organisations							
Non-profit institutions							
Households	143			569			569
Payments for capital assets	703			(77)			(77)
Buildings and other fixed structures							
Machinery and equipment	703			(77)			(77)
Cultivated assets							
Software and other intangible assets							
Land and subsoil assets							
Heritage assets							
Specialised military assets							
Payments for financial assets							
Total	72 892			10 710		11 800	22 510

Programme 4: Traditional Institutional Management

Table 8.1.4 Adjusted Estimates

Subprogramme		2014/15						
R' thousand	Main appropriation	Adjustments Appropriation					Total adjustment appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable / unavoidable	Virements and shifts	Declared unspent	Other adjustments		
1. Traditional Institutional Administration	34 400			750			750	35 150
Subtotal	34 400			750			750	35 150
Direct charge against the Provincial Revenue Fund								
Item								
Total	34 400			750			750	35 150
Economic classification								
Current payments	33 499			750			750	34 249
Compensation of employees	31 630			750			750	32 380
Goods and Services	1 869							1 869
Interest and rent on land								
Transfers and subsidies to;	648							648
Provinces and municipalities								
Departmental agencies and account								
Universities and technikons								
Public corporations and private enterprises								
Foreign governments and international organisations								
Non-profit institutions	438			(50)			(50)	388
Households	210			50			50	260
Payments for capital assets	253							253
Buildings and other fixed structures								
Machinery and equipment	253							253
Cultivated assets								
Software and other intangible assets								
Land and subsoil assets								
Heritage assets								
Specialised military assets								
Payments for financial assets								
Total	34 400			750			750	35 150

Programme 5: House of Traditional Leaders

Table 8.1.5 Adjusted Estimates

Subprogramme		2014/15						
R' thousand	Main appropriation	Adjustments Appropriation						Adjusted appropriation
		Roll-overs	Unforeseeable / unavoidable	Virements and shifts	Declared unspent	Other adjustments	Total adjustment appropriation	
1.Administration of House of Traditional Leaders	9 426			(350)			(350)	9 076
Subtotal	9 426			(350)			(350)	9 076
Direct charge against the Provincial Revenue Fund								
Item								
Total	9 426			(350)			(350)	9 076
Economic classification								
Current payments	9 086			(336)			(336)	8 750
Compensation of employees	7 658			(750)			(750)	6 908
Goods and Services	1 428			414			414	1 842
Interest and rent on land								
Transfers and subsidies to;	296							296
Provinces and municipalities								
Departmental agencies and account								
Universities and technikons								
Public corporations and private enterprises								
Foreign governments and international organisations								
Non-profit institutions								
Households	296							296
Payments for capital assets	44			(14)			(14)	30
Buildings and other fixed structures							-	
Machinery and equipment	44			(14)			(14)	30
Cultivated assets								
Software and other intangible assets								
Land and subsoil assets								
Heritage assets								
Specialised military assets								
Payments for financial assets								
Total	9 426			(350)			(350)	9 076

Virements and shifts

Table 8.2: Details on virements and shifts within a department

Programmes Summary					
1.Administration		(4 553)			1 713
2.Local Governance		(8 330)			60
3.Development and Planning		(77)			10 787
4.Traditional Institutional Management					750
5. House of Traditional Leaders		(764)			414
Total		(13 724)			13 724
FROM:			TO:		
Programme by Economic classification	Motivation	R' thousand	Programme by Economic classification	Motivation	R' thousand
Programme 1		(4 553)	Programme 1		1 713
Goods and services	Surplus funds of R 1,713 million shifted within programme 1 as operational expenditure and R 4,633 million to Prog 3, Municipal Infrastructure for outsourced contractors	(4 553)	Goods and services	Provision made for interest and rent on land	1
			Transfer payments	Provision made for households: donations and gifts and Household bursaries of non-employees	532
			Machinery and equipment	Provision made for financial leases other machinery: cell phones and office equipment	1 180
			Programme 3		4 633
			Goods and services	Funds re-allocated for outsourced contractors: maintenance and repair, non-infrastructure on sub-programme municipal infrastructure	4 633
Percentage of programme budget		-4.13%			
Programme 2		(8 330)	Programme 1		1 793
Goods and services	Funds earmarked for C/P: Bus & Adv Services: Communication was utilised for Contractors: Event Promoters of R1,500 million on Programme 1 (MEC) and R1,340 million for Municipal Conditional Grant at Programme 3, Free Basic Services. Funds to the amount of R3,200 million under Municipal Financial Performance Management, C/P: BUS & Advisory Services was utilised for Municipal Conditional Grant under Programme 3, Municipal Infrastructure. Surplus funds of R 1,030 million were utilised from venues and facilities under sub-programme Public Participation and defray to Free Basic Services under programme 3.	(6 966)	Goods and services	Funds to an amount of R 1,5 million utilised by the Office of the MEC for contractors, event promoters and R 293 thousand for Operating leases	1 793
Transfer payments	Funds earmarked for non profit institutions of R1,500 million utilised by Programme 1 R293 thousand for operating leases, by Programme 3 for leave gratuity and R400 thousand by the House of Traditional Leaders for operational costs.	(1 364)			
			Programme 2		60
			Machinery and equipment	Allocated for office equipment, furniture and computer equipment on payment of capital assets.	60
			Programme 3		6 077
			Goods and services	Funds to the amount of R 3,200 million re-allocated to Municipal Infrastructure and R2,370 million to Free Basic Services for outsourced contractors: maintenance and repair, non-infrastructure	5 570
			Transfer payments	Payment of leave gratuity by Disaster Management on Programme 3	507
			Programme 5		400
			Transfer payments	Provision made of R400,000 to the House of Traditional Leaders for operational costs.	400
Percentage of programme budget		-7.28%			
Programme 3		(77)	Programme 3		10 787
Machinery and equipment	Savings identified utilised for travel and subsistence within the programme	(77)	Compensation	Provision made with the appointment of interns as well as critical vacant posts	1 200
			Goods and services	From funds re-allocated, R 23,050 million was shifted to outsourced contractors: maintenance and repair, non-infrastructure	8 579
			Transfer and subsidies	Payment of leave gratuity by Disaster Management and municipal conditional grant	1 008
Percentage of programme budget		-0.11%			
Programme 5		(764)	Programme 4		750
Compensation	Savings on non-critical posts not filled utilised for the defrayment of Programme 4, Traditional Institutional Management	(750)	Compensation	For the defrayment of projected over-expenditure on allowances and salaries	750
Machinery and equipment	Savings identified utilised for travel and subsistence within the programme	(14)	Programme 5		14
			Goods and services	From funds re-allocated to contractors, stage and sound crew	14
Percentage of programme budget		-8.11%			
Total		-13 724			13 724

Other adjustments: **R 30.000 million**

Additional Funding **R 30.000 million**

Viljoenskroon Access Road ***R10.000 million***

The Department is allocated an additional **R10.000 million** for construction of the Viljoenskroon access road. The construction of the access road commenced in August 2014 and is expected to be completed by end January 2015.

Disaster Management ***R5.000 million***

The Department is also allocated an additional R5.000 million for Disaster management – MAP veld fires.

Municipal Financial Support ***R15.000 million***

Limited funding to the Municipal Financial Support Directorate will affect client municipalities and strategic partnerships adversely. Key programmes of Government such as the Executive Council's Special Management Support Programme to vulnerable municipalities as well as Support and Capacity Building Programmes will be compromised. The serious decline in the financial fortunes of municipalities, the continuing state of the global economy and socio-economic factors in the Province necessitates that the said Programmes also be supplemented with financial injections to stabilise municipalities and allow an opportunity to restructure and re-negotiate their commitments and obligations.

An additional amount of **R15.000 million** is recommended for Municipal Financial Assistance of which **R6.500 million** is to augment funds already transferred by the Department to Mafube Local Municipality during the 2014/15 financial year.

Expenditure 2013/14 and preliminary expenditure 2014/15

Table 8.3 Expenditure trends

R thousand	2013/14					2014/15		
	Expenditure outcome					Preliminary expenditure		
	Adjusted appropriation	Apr 2013 - Sep 2013	Apr 2013 - Sep 2013 % adjusted appropriation	Apr 2013 - Mar 2014	Apr 13 - Mar 14 % adjusted appropriation	Adjusted appropriation	Apr 2014 - Sep 2014	Apr 14 - Sep 14 % of adjusted appropriation
1. Administration	110 304	50 761	46.02%	95 430	86.52%	107 283	47 091	43.89%
2. Local Governance	105 130	58 389	55.54%	106 020	100.85%	124 714	52 959	42.46%
3. Development and Planning	66 739	16 003	23.98%	63 361	94.94%	95 402	42 990	45.06%
4. Traditional Institutional Management	24 917	13 847	55.57%	31 911	128.07%	35 150	16 465	46.84%
5. House of Traditional Leaders	9 451	5 410	57.24%	10 384	109.87%	9 076	4 071	44.85%
Subtotal	316 541	144 410	45.62%	307 106	97.02%	371 625	163 576	44.02%
Direct charge against the Provincial Revenue Fund								
Total	316 541	144 410	45.62%	307 106	97.02%	371 625	163 576	44.02%
Current payments	255 016	110 815	43.45%	236 836	92.87%	275 266	138 751	50.41%
Compensation of employees	141 112	69 777	49.45%	130 975	92.82%	177 085	82 684	46.69%
Goods and services	113 884	41 028	36.03%	105 831	92.93%	98 180	56 067	57.11%
Interest and rent on land	20	10		30		1		
Financial transactions in assets and liabilities								
Transfers and subsidies	58 173	32 775	56.34%	67 747	116.46%	91 736	23 206	25.30%
Provinces and municipalities	54 824	30 541	55.71%	64 816	118.23%	89 364	22 306	24.96%
Departmental agencies and accounts								
Universities and technikons								
Public corporations & private enterprises								
Non-profit institutions	2 089	1 459	69.84%	1 845	88.32%	388	204	52.58%
Households	1 260	775	61.51%	1 086	86.19%	1 984	696	35.08%
Payments for capital assets	3 352	820	24%	2 427	72.40%	4 623	1 595	34.50%
Buildings and other fixed structures								
Machinery and equipment	3 352	820	24%	2 427	72.40%	4 623	1 595	34.50%
Specialised military assets								
Cultivated assets								
Software and other intangible assets								
Heritage assets								
Land and subsoil assets								
Payments for financial assets				96			24	

Main expenditure trends for the first half of the 2014/15 financial year**Programme 1: Administration**

Slow spending of 43.89 percent of the allocated budget of R107.283 million for the first six months of the financial year was due to slow spending under Payment of Capital Assets. The expenditure projected in the second term is 56.11 percent. In comparison with the previous financial year, there is a decrease of 2.13 percent due to expenditure which is closely monitored in line with Cost Containment Measures.

Programme 2: Local Governance

In the first six months of the financial year, 42.46 percent of the allocated budget amounting to R124.714 million was spent. It is projected that 57.54 percent of the funds will be spent within the remaining months of the financial year when transfers to municipalities for financial assistance have been gazetted. In comparison with the previous financial year, the spending pattern has decreased with 13.08 percent mainly due to Operation Clean Audit and measure put in place in line with Cost Containment Measures.

Programme 3: Development and Planning

In the first half of the 2014/15 financial year, 45.06 percent of the allocated budget of R95.402 million was spent. It is projected that 54.94 percent of the funds will be spent within the remaining months of the financial year when transfers to municipalities for Municipal Infrastructure and Local Economic Development (LED) projects will be affected. In comparison with the previous financial year, there is an increase in spending of 21.08 percent due to funds allocated for payment of contractors and technical support to Provincial municipalities.

Programme 4: Traditional Institutional Management

Traditional Affairs spent 46.84 percent of the allocated funds of R35.150 million in the first six months. It is projected that 53.16 percent of the funds will be spent within the remaining months of the financial year. Operational costs are expected to increase as a result of upcoming ceremonies before March 2015 and the implementation of increases in allowances of Traditional Leaders. In comparison with the previous financial year, there is a decrease of 8.73 percent in spending due to expenses which are closely monitored in line with Cost Containment Measures.

Programme 5: House of Traditional Leaders

The House of Traditional Leaders spent 44.85 percent of the allocated budget of R9.076 million in the first six months of the 2014/15 financial year. The Programme projects to spend 55.15 percent of the funds within the remaining months of the financial year. Operational cost will increase with the upcoming ceremonies in the remaining six months of the 2014/15 financial year and the opening of the House of Traditional Leaders in March 2015. In comparison with the previous financial year, the spending pattern decreased with 12.39 percent due to slow spending under compensation of employees.

Economic Classification**Current payments**

The Department has spent 50.41 percent of the allocated budget amounting to R275.266 million under Current payments for the 2014/15 financial year. The Department will continue to closely monitor expenditure particularly under compensation of employees as the Department has appointed security learnership personnel on a contract basis. There has been an increase of 6.96 percent in comparison with the previous financial year. The Department projects to spend 49.59 per cent as at end March 2015 due to departmental activities planned for the remainder of the financial year.

Transfers and subsidies

The spending of 25.30 percent on the allocated amount of R91.736 million on transfers and subsidies was mainly due to committed grants to municipalities which have incurred expenditure in terms of financial assistance, various municipal infrastructure projects and non-profit institutions affected. There was a decrease of 31.04 percent in comparison with the previous financial year expenditure. The Department projects to fully spend the allocation under Transfers and subsidies as it continues to maintain fiscal discipline and support distressed municipalities within the Province.

Payments for capital assets

The Department has spent 34.50 percent on the allocation of R4.623 million under payment for capital assets in the first six months of the 2014/15 financial year. The slow spending can be attributed mainly to the lack of office space as the Department continues to fill vacant posts and is unable to purchase office furniture for the new appointees.

Departmental receipts

Table 8.4 Expenditure trends

		2013/14				2014/15			
		Audited outcome				Actual receipts			
R thousand	Adjusted estimate	Apr 2013 - Sep 2013	Apr 2013 - Sep 2013 % adjusted appropriation	Apr 2013 - Mar 2014	Apr 13 - Mar 14 % adjusted estimate	Budget estimate	Adjusted estimate	Apr 2014 - Sep 2014	Apr 14 - Sep 14 % of adjusted estimate
Departmental receipts	1 813	838	46.22%	2 191	120.85%	1 914	1 914	907	47.39%
Tax receipts									
Sales of goods and services other than Transfers received	1 603	817	50.97%	1 972	123.02%	1 692	1 767	821	46.46%
Fines, penalties and forfeits									
Interest, dividends and rent on land	10	8	80.00%		0.00%	11	8	1	12.50%
Sales of capital assets									
Financial transactions in assets and liabilities	200	13	6.50%	219	109.50%	211	139	85	61.15%
Provincial Revenue Fund receipts (non-departmental receipts)									
Restructuring proceeds from SASRIA									
Structured levy account from SARB									
Total	1 813	838	46.22%	2 191	120.85%	1 914	1 914	907	47.39%

Main departmental revenue trends for the first half of 2014/15

No programme within the Department is linked to any business initiative for generating revenue.

In terms of the trend over the last three years, applications received for township establishment indicate a decline in applications.

Changes to transfers and subsidies, including conditional grants

Table 8.5: Summary of changes to transfers and subsidies per programme

2014/15							
R thousand	Main appropriation	Adjustment appropriation				Adjusted appropriation	
		Roll-overs	Unforeseeable / unavoidable	Virement and shifts	Other adjustments		Total adjustments appropriation
1. Administration	182			532		532	714
Households EmplS/Ben: Leave Gratuity	72			(49)		(49)	23
Households Donations & Gifts (Cash)	90			481		481	571
Households EmplS/Ben: Injury on Duty	20					-	20
Households Bursaries (Non-employees)				100		100	100
2. Local Governance	35 008			(1 364)	16 600	15 236	50 244
Households EmplS/Ben: Leave Gratuity				2		2	2
Households EmplS/Ben: Injury on Duty						-	-
Households Donations & Gifts (Cash)	166			(166)		(166)	-
Mun B/Acc: Mun Conditional Grant	33 642				16 600	16 600	50 242
Non-Profit Institutions (SALGA)	1 200			(1 200)		(1 200)	-
Universities & technicons						-	-
3. Development and Planning	27 026			1 008	11 800	12 808	39 834
Households EmplS/Ben: Leave Gratuity	10			659		659	669
Households EmplS/Ben: Injury on Duty	92			(92)		(92)	-
Households Donations & Gifts (Cash)	2			2		2	4
Mun B/Acc: Mun Conditional Grant	26 883			439	11 800	12 239	39 122
Households EmplS/Ben: PST Retirement	39					-	39
4. Traditional Institutional Management	648			-		-	648
NPI:PMT/Refund & Rem-Act/Grace NPI	438			(50)		(50)	388
Households EmplS/Ben: Leave Gratuity				10		10	10
Households EmplS/Ben: Injury on Duty	36			(25)		(25)	11
Households Donations & Gifts (Cash)	174			65		65	239
Item name							-
5. House of Traditional Leaders	296			-		-	296
Households PMT/Refund & Rem-						-	-
Households EmplS/Ben: Injury on Duty						-	-
Households Donations & Gifts (Cash)	296					-	296
Households EmplS/Ben: Leave Gratuity						-	-
							-
Total transfers and subsidies	63 160			176	28 400	28 576	91 736