

## Vote 8

## Department of Cooperative Governance and Traditional Affairs

## Adjusted budget summary

R thousand	2016/17				
	Main appropriation	Special appropriation	Adjusted appropriation	Decrease	Increase
<b>Total amount to be appropriated</b>	<b>407 596</b>		<b>428 830</b>	<b>(49 280)</b>	<b>70 514</b>
<i>of which economic classification:</i>					
Current payments	312 842		369 973	(2 249)	59 380
Transfers and subsidies	84 746		48 782	(47 031)	11 067
Payments for capital assets	10 008		10 075		67
Payments for financial assets					
<i>of which source of funding:</i>					
Equitable Share	301 971		300 385	(47 031)	45 445
Conditional Grants					
Earmarked funds	29 411		52 231	(2 249)	25 069
Provincial Receipts	76 214		76 214		
<b>Direct charge against the Provincial Revenue Fund</b>	<b>407 596</b>		<b>428 830</b>	<b>(49 280)</b>	<b>70 514</b>
<b>Amount not to be appropriated - Aid Assistance</b>					
<b>Executive Authority</b>	<b>MEC for Co-operative Governance and Traditional Affairs</b>				
<b>Accounting Officer</b>	<b>Head of Department: Co-operative Governance and Traditional Affairs</b>				
<b>Website address</b>	<b>www.fscogta.gov.za</b>				

## Aim

Coordinated a sustainable service delivery at the Local Government level.

## Changes to programme purposes, objectives and measures

Provincial Department of Health has not made changes to programme purposes or changed any indicators during the 2016/2017 financial year.

## Adjusted Estimates of Provincial Expenditure 2016

Table 8.1(a): Adjusted Estimates per programme

Programme	2016/17								
	Main appropriation	Special appropriation	Adjustment appropriation					Total adjustment appropriation	Adjusted appropriation
			Roll-overs	Unforeseeable /unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		
1. Administration	133 006				883			883	133 889
2. Local Governance	123 111				(78)	(2 249)	11 983	9 656	132 767
3. Development and Planning	101 696				(4 213)		11 500	7 287	108 983
4. Traditional Institutional Management	40 115				3 294			3 294	43 409
5. House of Traditional Leaders	9 668				114			114	9 782
<b>Subtotal</b>	<b>407 596</b>					<b>(2 249)</b>	<b>23 483</b>	<b>21 234</b>	<b>428 830</b>
<b>Direct charge against the Provincial Revenue Fund</b>									
Item									
<b>Total</b>	<b>407 596</b>					<b>(2 249)</b>	<b>23 483</b>	<b>21 234</b>	<b>428 830</b>

## Economic classification

Table 8.1(b): Adjusted Estimates by economic classification

Economic classification	Main appropriation	Special appropriation	Adjustments Appropriation					Total adjustment appropriation	Adjusted appropriation
			Unforeseeable/ unavoidable	Virements and shifts	Declared unspent funds	Other adjustments	Roll-overs		
R'thousand									
<b>Current payments</b>	<b>312 842</b>			<b>46 897</b>	<b>(2 249)</b>	<b>12 483</b>	<b>57 131</b>	<b>369 973</b>	
Compensation of employees	199 658			2 050			2 050	201 708	
Goods and Services	113 184			44 822	(2 249)	12 483	55 056	168 240	
Interest and rent on land				25			25	25	
<b>Transfers and subsidies to</b>	<b>84 746</b>			<b>(46 964)</b>		<b>11 000</b>	<b>(35 964)</b>	<b>48 782</b>	
Provinces and municipalities	81 803			(45 576)		11 000	(34 576)	47 227	
Departmental agencies and accounts									
Universities and technikons									
Public corporations and private enterprises									
Foreign governments and international organisations									
Non-profit institutions	1 738			(1 455)			(1 455)	283	
Households	1 205			67			67	1 272	
<b>Payments for capital assets</b>	<b>10 008</b>			<b>67</b>			<b>67</b>	<b>10 075</b>	
Buildings and other fixed structures									
Machinery and equipment	10 008			59			59	10 067	
Cultivated assets									
Software and other intangible assets				8			8	8	
Land and subsoil assets									
Heritage assets									
<b>Payments for financial assets</b>									
<b>Total</b>	<b>407 596</b>				<b>(2 249)</b>	<b>23 483</b>	<b>21 234</b>	<b>428 830</b>	

## Programme 1: Administration

Table 8.1.1: Adjusted Estimates

		2016/17						
Subprogramme	Main appropriation	Special appropriation	Adjustment appropriation			Total adjustment appropriation	Adjusted appropriation	
			Unforeseeable /unavoidable	Virements and shifts	Declared unspent funds			Other adjustments
R'thousand			Roll-overs					
1. Office of the MEC	11 231				147	147	11 378	
2. Corporate Services	121 775				736	736	122 511	
<b>Total</b>	<b>133 006</b>				<b>883</b>	<b>883</b>	<b>133 889</b>	
<b>Economic classification</b>								
<b>Current payments</b>	<b>130 206</b>				<b>434</b>	<b>434</b>	<b>130 640</b>	
Compensation of employees	72 829				2 265	2 265	75 094	
Goods and Services	57 377				(1 832)	(1 832)	55 545	
Interest and rent on land					1	1	1	
<b>Transfers and subsidies to</b>	<b>193</b>				<b>87</b>	<b>87</b>	<b>280</b>	
Provinces and municipalities								
Departmental agencies and accounts								
Universities and technikons								
Public corporations and private enterprises								
Foreign governments and international organisations								
Non-profit institutions								
Households	193				87	87	280	
<b>Payments for capital assets</b>	<b>2 607</b>				<b>362</b>	<b>362</b>	<b>2 969</b>	
Buildings and other fixed structures								
Machinery and equipment	2 607				354	354	2 961	
Cultivated assets								
Software and other intangible assets					8	8	8	
Land and subsoil assets								
Heritage assets								
<b>Payments for financial assets</b>								
<b>Total</b>	<b>133 006</b>				<b>883</b>	<b>883</b>	<b>133 889</b>	

## Programme 2: Local Governance

Table 8.1.2: Adjusted Estimates

		2016/17							
Subprogramme	R'thousand	Main appropriation	Special appropriation	Adjustment appropriation			Total adjustment appropriation	Adjusted appropriation	
				Unforeseeable /unavoidable	Virements and shifts	Declared unspent funds			Other adjustments
1. Municipal Administration	25 146				1 105		(8 096)	(6 991)	18 155
2. Municipal Finance	70 778				5 465	(2 249)	11 983	15 199	85 977
3. Public Participation	18 783				(5 363)			(5 363)	13 420
4. Capacity Development	8 404				(1 285)			(1 285)	7 119
5. Municipal Performance, Monitoring, Reporting	-						8 096	8 096	8 096
<b>Total</b>	<b>123 111</b>				<b>(78)</b>	<b>(2 249)</b>	<b>11 983</b>	<b>9 656</b>	<b>132 767</b>
<b>Economic classification</b>									
<b>Current payments</b>	<b>75 352</b>				<b>13 988</b>	<b>(2 249)</b>	<b>5 983</b>	<b>17 722</b>	<b>93 074</b>
Compensation of employees	41 663				2 431			2 431	44 094
Goods and Services	33 689				11 533	(2 249)	5 983	15 267	48 956
Interest and rent on land					24			24	24
<b>Transfers and subsidies to</b>	<b>46 447</b>				<b>(13 631)</b>		<b>6 000</b>	<b>(7 631)</b>	<b>38 816</b>
Provinces and municipalities	44 879				(12 382)		6 000	(6 382)	38 497
Departmental agencies and accounts									
Universities and technikons									
Public corporations and private enterprises									
Foreign governments and international organisations									
Non-profit institutions	1 264				(1 264)			(1 264)	
Households	304				15			15	319
<b>Payments for capital assets</b>	<b>1 312</b>				<b>(435)</b>			<b>(435)</b>	<b>877</b>
Buildings and other fixed structures									
Machinery and equipment	1 312				(435)			(435)	877
Cultivated assets									
Software and other intangible assets									
Land and subsoil assets									
Heritage assets									
<b>Payments for financial assets</b>									
<b>Total</b>	<b>123 111</b>				<b>(78)</b>	<b>(2 249)</b>	<b>11 983</b>	<b>9 656</b>	<b>132 767</b>

## Programme 3: Development and Planning

Table 8.1.3: Adjusted Estimates

		2016/17						
Subprogramme	Main appropriation	Special appropriation	Adjustment appropriation				Total adjustment appropriation	Adjusted appropriation
			Unforeseeable /unavoidable	Virements and shifts	Declared unspent funds	Other adjustments		
R'thousand			Roll-overs					
1. Spatial Planning	24 658			(2 808)			(2 808)	21 850
2. Local Economic Development (LED)	6 657			20			20	6 677
3. Municipal Infrastructure	56 492			(1 525)		11 500	9 975	66 467
4. Disaster Management	13 889			100			100	13 989
<b>Total</b>	<b>101 696</b>			<b>(4 213)</b>		<b>11 500</b>	<b>7 287</b>	<b>108 983</b>
<b>Economic classification</b>								
<b>Current payments</b>	<b>58 853</b>			<b>28 752</b>		<b>6 500</b>	<b>35 252</b>	<b>94 105</b>
Compensation of employees	40 333			(1 640)			(1 640)	38 693
Goods and Services	18 520			30 392		6 500	36 892	55 412
Interest and rent on land								
<b>Transfers and subsidies to</b>	<b>37 077</b>			<b>(33 194)</b>		<b>5 000</b>	<b>(28 194)</b>	<b>8 883</b>
Provinces and municipalities	36 924			(33 194)		5 000	(28 194)	8 730
Departmental agencies and accounts								
Universities and technikons								
Public corporations and private enterprises								
Foreign governments and international organisations								
Non-profit institutions								
Households	153							153
<b>Payments for capital assets</b>	<b>5 766</b>			<b>229</b>			<b>229</b>	<b>5 995</b>
Buildings and other fixed structures								
Machinery and equipment	5 766			229			229	5 995
Cultivated assets								
Software and other intangible assets								
Land and subsoil assets								
Heritage assets								
<b>Payments for financial assets</b>								
<b>Total</b>	<b>101 696</b>			<b>(4 213)</b>		<b>11 500</b>	<b>7 287</b>	<b>108 983</b>

**Programme 4: Traditional Institutional Management**

Table 8.1.4: Adjusted Estimates

		2016/17						
Subprogramme	R'thousand	Main appropriation	Special appropriation	Adjustment appropriation			Total adjustment appropriation	Adjusted appropriation
				Unforeseeable /unavoidable	Virements and shifts	Declared unspent funds		
1. Traditional Institutional Administration		40 115				3 294	3 294	43 409
<b>Total</b>		<b>40 115</b>				<b>3 294</b>	<b>3 294</b>	<b>43 409</b>
<b>Economic classification</b>								
<b>Current payments</b>		<b>39 133</b>				<b>3 589</b>	<b>3 589</b>	<b>42 722</b>
Compensation of employees		37 093				(140)	(140)	36 953
Goods and Services		2 040				3 729	3 729	5 769
Interest and rent on land								
<b>Transfers and subsidies to</b>		<b>706</b>				<b>(226)</b>	<b>(226)</b>	<b>480</b>
Provinces and municipalities								
Departmental agencies and accounts								
Universities and technikons								
Public corporations and private enterprises								
Foreign governments and international organisations								
Non-profit institutions		474				(191)	(191)	283
Households		232				(35)	(35)	197
<b>Payments for capital assets</b>		<b>276</b>				<b>(69)</b>	<b>(69)</b>	<b>207</b>
Buildings and other fixed structures								
Machinery and equipment		276				(69)	(69)	207
Cultivated assets								
Software and other intangible assets								
Land and subsoil assets								
Heritage assets								
<b>Payments for financial assets</b>								
<b>Total</b>		<b>40 115</b>				<b>3 294</b>	<b>3 294</b>	<b>43 409</b>

## Programme 5: House of Traditional Leaders

Table 8.1.5: Adjusted Estimates

		2016/17						
Subprogramme	Main appropriation	Special appropriation	Adjustment appropriation				Total adjustment appropriation	Adjusted appropriation
			Unforeseeable /unavoidable Roll-overs	Virements and shifts	Declared unspent funds	Other adjustments		
R'thousand								
1.Administration of House of Traditional Leaders	9 668			114		114	9 782	
<b>Total</b>	<b>9 668</b>			<b>114</b>		<b>114</b>	<b>9 782</b>	
<b>Economic classification</b>								
<b>Current payments</b>	<b>9 298</b>			<b>134</b>		<b>134</b>	<b>9 432</b>	
Compensation of employees	7 740			(866)		(866)	6 874	
Goods and Services	1 558			1 000		1 000	2 558	
Interest and rent on land								
<b>Transfers and subsidies to</b>	<b>323</b>						<b>323</b>	
Provinces and municipalities								
Departmental agencies and accounts								
Universities and technikons								
Public corporations and private enterprises								
Foreign governments and international organisations								
Non-profit institutions								
Households	323						323	
<b>Payments for capital assets</b>	<b>47</b>			<b>(20)</b>		<b>(20)</b>	<b>27</b>	
Buildings and other fixed structures								
Machinery and equipment	47			(20)		(20)	27	
Cultivated assets								
Software and other intangible assets								
Land and subsoil assets								
Heritage assets								
<b>Payments for financial assets</b>								
<b>Total</b>	<b>9 668</b>			<b>114</b>		<b>114</b>	<b>9 782</b>	

## Virements and shifts

Table 8.2: Details on virements and shifts

Programmes Summary					
		R' thousand			R' thousand
1.Administration		(1 832)			2 715
2.Local Governance		(14 081)			14 003
3.Development and Planning		(34 834)			30 621
4.Traditional Institutional Management		(435)			3 729
5. House of Traditional Leaders		(886)			1 000
<b>Total</b>		<b>(52 068)</b>			<b>52 068</b>
FROM:			TO:		
Programme by Economic classification	Motivation	R' thousand	Programme by Economic classification	Motivation	R' thousand
Programme 1		(1 832)	Programme 1		2 715
			Compensation	Savings identified for the defrayment of compensation of Security Personnel under programme 1	2 265
Goods and services	Reprioritisation of funds identified identified to accommodate spending under interest , rent on land, transfer payments (households) and machinery and equipment.	(1 832)	Goods and services	Provision made for interest and rent on land	1
			Transfer payments	Provision made for households, leave gratuity	87
			Machinery and equipment	Provision made for machinery and equipment, office equipment	362
			Programme 4		2 290
			Goods and services	Provision totaling to an amount of R2,290 million was made for contractors event promoters.	2 290
<b>Percentage of programme budget</b>		<b>1.38%</b>			
Programme 2		(14 081)	Programme 2		7 199
Transfer payments	Funds earmarked for non profit institutions of R1,264 million utilised within Programme 2 and R7,882 million were utilised for municipal support and financial assistance and R4,5 million was utilised by programme 3 for municipal sustainability.	(13 646)	Compensation	Funds made available from operation clean audit for support personal at municipalities within programme 2	2 431
Machinery and equipment	Savings identified utilised for contactors: event promoters under programme 1	(435)	Goods and services	Funds made available from operation clean audit for support personal at municipalities within programme 2	4 753
			Transfer payments	Provision made for households, leave gratuity	15
			Machinery and equipment	Provision made for machinery and equipment, office equipment	
			Programme 3		4 500
			Goods and services	Funds from programme 2 to an amount of R4,5 million for municipal support and sustainability under Free Basic Services.	4 500
			Programme 4		1 144
			Goods and services	Provision totaling to an amount of R1,144 million was made for contractors event promoters.	1 144
			Programme 5		1 000
			Goods and services	Provision totaling to an amount of R1 million was made for contractors event promoters.	1 000
<b>Percentage of programme budget</b>		<b>11.44%</b>			
Programme 3		(34 834)	Programme 2		6 804
Compensation	Savings identified for the defrayment of compensation of Security Personnel under programme 1	(1 640)			
Transfer payments	From programme 3, funds to an amount of R18,194 million was reprioritised from MIG conditional grant and R15 million from project management under goods and services. The amount of R11,892 million was allocated for municipal support and sustainability under Free Basic Services and an amount of R14 million was allocated to P/P: Sewerage and R6,804 million was allocated for Financial assistance under programme 2. An amount of R298 thousand was utilised within the the programme for machinery and equipment.	(33 194)	Goods and services	Funds to the amount of R6,804 million allocated for operation clean audit, municipal support and financial assistance.	6 804
			Programme 3		26 121
			Goods and services	Within programme 3, funds was allocated to P/P Sewerage system to an amount of R14 million and R 11,892 million for municipal support and sustainability under Free Basic Services.	25 892
			Machinery and equipment	R498 thousand was utilised for computer equipment as capital items within the programme	229
<b>Percentage of programme budget</b>		<b>34.25%</b>			



Table 8.2: Details on virements and shifts

FROM:			TO:		
Programme by Economic classification	Motivation	R' thousand	Programme by Economic classification	Motivation	R' thousand
Programme 4		(435)	Programme 4		295
Compensation	Savings identified for the defrayment of compensation of Security Personnel under programme 1	(140)			
Transfer and subsidies	Saving under transfer payments (NPI) was utilised for operational cost under goods and services within the programme	(226)	Goods and services	Provision totaling to an amount of R368 thousand was made for contractors, event promoters	295
Machinery and equipment	Reprioritised for operational cost under goods and services within the programme	(69)			
Percentage of programme budget		1.08%			
Programme 5		(886)			-
Compensation	Savings identified for the defrayment of compensation of Security Personnel under programme 1	(886)			
Machinery and equipment	Saving utilised for machinery and equipment, office equipment programme 1	(20)			
Percentage of programme budget		9.16%			
Total		(52 068)			52 068

**Other adjustments: R 23.483 million**

**PROGRAMME 2: LOCAL GOVERNANCE R 11.983 million**

**a) Operation clean audit R 5.983 million**

Currently 86.6 percent of the budget of R 37.983 million had already been spend, leaving R3.743 million still available for the remainder of the financial year. Taken also into account the current commitments in terms of agreements to the amount of R11.983 million, the Department is projecting a committed shortfall of R7.459 million. The additional commitments are in terms of the extension of agreements in terms of various consultants supporting municipalities under Operation Clean Audit.

**Minus: Declared Savings: R 2.249 million**

The amount totaling **R 2.249 million** was declared as savings by the department as follows:

- Provincial events to the Department of the Premier R 1.049 million
- The Trade Bridge to the Department of the Premier R 1.200 million

**Total R 2.249 million**

**Total amount to be allocated to Operational Clean Audit: R 3.734 million**

Allocation Operational Clean Audit R 5,983 million  
 Minus declared savings R 2.249 million  
**Adjusted Allocation amount R 3.734 million**

**b) Municipal Financial Support R 6 million**

Limited funding to the Municipal Financial Support Directorate would affect client municipalities and strategic partnerships adversely. 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. Funds are already augmented for Municipal Financial Assistance of **R6 million** by the Department to Mafube Local Municipality during the 2016/17 financial year.

**PROGRAMME 3: DEVELOPMENT AND PLANNING R 11.500 million**

**a) Water and Sanitation Intervention R 5 million**

An amount of R5.000 million in regard to water and sanitation intervention was already committed through a submission.

**b) MURPA R 6.500 million**

In terms of MURPA the department has allocated budget of R 18. 998 million with a total amount of R18.986 million already spent. The remaining commitments until the contract will end amounts to R6.500 million.

## Expenditure 2015/16 and preliminary expenditure 2016/17

Table 8.3 Expenditure trends

Table 8.3: Expenditure trends

R thousand	2015/16					2016/17			
	Audited outcome					Actual expenditure			
	Adjusted appropriation	Apr 2015 - Sep 2015	Apr 2015 - Sep 2015 (% of adjusted appropriation)	Apr 2015 - Mar 2016	Apr 2015 - Mar 2016 (% of adjusted appropriation)	Adjusted appropriation	Adjusted appropriation / Total (%)	Apr 2016 - Sep 2016	Apr 2016 - Sep 2016 (% of adjusted appropriation)
<b>Programmes</b>									
1. Administration	125 201	52 703	42 1%	122 296	97 7%	133 889	31 2%	65 410	48 9%
2. Local Governance	113 723	80 865	71 1%	116 168	102 1%	132 767	31 0%	91 407	68 8%
3. Development and Planning	90 922	52 824	58 1%	93 463	102 8%	108 983	25 4%	65 611	60 2%
4. Traditional Institutional Management	39 534	17 527	44 3%	38 122	96 4%	43 409	10 1%	19 629	45 2%
5. House of Traditional Leaders	10 935	6 164	56 4%	10 266	93 9%	9 782	2 3%	4 972	50 8%
<b>Subtotal</b>	<b>380 315</b>	<b>210 083</b>	<b>55 2%</b>	<b>380 315</b>	<b>100 0%</b>	<b>428 830</b>	<b>100 0%</b>	<b>247 029</b>	<b>57 6%</b>
<b>Direct charge against the Provincial Revenue Fund</b>			0 0%		0 0%				0 0%
<b>Total</b>	<b>380 315</b>	<b>210 083</b>	<b>55 2%</b>	<b>380 315</b>	<b>100 0%</b>	<b>428 830</b>	<b>1</b>	<b>247 029</b>	<b>57 61%</b>
<b>Economic Classification</b>									
<b>Current payments</b>	<b>332 061</b>	<b>176 242</b>	<b>53 1%</b>	<b>338 205</b>	<b>101 9%</b>	<b>369 973</b>	<b>86 3%</b>	<b>203 233</b>	<b>54 93%</b>
Compensation of employees	187 632	92 864	49 5%	184 632	98 4%	201 708	47 0%	97 547	48 36%
Goods and services	144 429	83 378	57 7%	153 568	106 3%	168 240	39 2%	105 669	62 81%
Interest and rent on land			0 0%	5	0 0%	25	0 0%	17	68 00%
<b>Transfers and subsidies</b>	<b>38 121</b>	<b>30 938</b>	<b>81 2%</b>	<b>36 142</b>	<b>94 8%</b>	<b>48 782</b>	<b>11 4%</b>	<b>36 916</b>	<b>75 68%</b>
Provinces and municipalities	37 232	30 504	81 9%	35 020	94 1%	47 227	11 0%	36 174	76 60%
Departmental agencies and accounts	6		0 0%	3	50 0%		0 0%		0 00%
Universities and technikons									
Public corporations and private enterprises									
Foreign governments and international organisations									
Non-profit institutions	378	204		363		283	0 1%	218	77 03%
Households	505	230	45 5%	756	149 7%	1 272	0 3%	524	41 19%
<b>Payments for capital assets</b>	<b>10 133</b>	<b>2 901</b>	<b>28 6%</b>	<b>5 968</b>	<b>58 9%</b>	<b>10 075</b>	<b>2 3%</b>	<b>6 865</b>	<b>68 14%</b>
Buildings and other fixed structures									
Machinery and equipment	10 133	2 901	28 6%	5 480	54 1%	10 067	2 3%	6 857	68 11%
Cultivated assets									
Software and other intangible assets			0 0%	488	0 0%	8	0 0%	8	100 00%
Land and subsoil assets									
Heritage assets									
<b>Payments for financial assets</b>		<b>2</b>	<b>0 0%</b>		<b>0 0%</b>		<b>0 0%</b>	<b>15</b>	<b>0 00%</b>
<b>Total</b>	<b>380 315</b>	<b>210 083</b>	<b>55 2%</b>	<b>380 315</b>	<b>100 0%</b>	<b>428 830</b>	<b>100 0%</b>	<b>247 029</b>	<b>57 61%</b>

## Main expenditure trends for the first half of the 2016/17 financial year

## Programme 1: Administration

Spending of 48.9 percent of the adjusted allocated amount of R133.889 million for the first six months of the financial year was due to slow spending under goods and services, items - Government Garage Fleet Services and Operating Leases and F/Ser Kilometers: Government. The expenditure projected in the second term is 51.1 percent. In comparison with the previous financial year, there is an increase of 6.8 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, 68.8 percent of the adjusted allocated amount of R132.767 million was spent. It is projected that 31.2 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 decreased with 2.3 percent mainly due to Operation Clean Audit and financial assistance to municipalities.

**Programme 3: Development and Planning**

In the first half of the 2016/17 financial year, 60.2 percent of the adjusted allocated amount of R108.983 million was spent. It is projected that 39.8 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 2.1 percent due to funds allocated for payment of contractors and technical support to Provincial Municipalities.

**Programme 4: Traditional Institutional Management**

Traditional Affairs spent 45.2 percent of the adjusted allocated funds of R43.409 million in the first six months. It is projected that 54.8 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 traditional ceremonies before March 2017 and the implementation of increases in allowances of Traditional Leaders. In comparison with the previous financial year, there is an increase of 0.9 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 50.8 percent of the adjusted allocated funds of R9.782 million in the first six months of the 2016/17 financial year. The programme projects to spend 49.2 percent of the funds within the remaining months of the financial year. Operational cost will increase with the upcoming traditional ceremonies in the remaining six months of the 2016/17 financial year and the opening of the House of Traditional Leaders in March 2017. In comparison with the previous financial year, the spending pattern decrease with 5.6 percent due to spending with the inauguration of the King of the House of Traditional Leaders still had to be paid from the item contractors: event promoters.

**Economic Classification****Current payments**

The department has spent 54.9 percent of the adjusted allocated amount of R369.973 million under Current payments for the 2016/17 financial year. The department closely monitor expenditure particularly under compensation of employees as the department has appointed security learnership personnel on a contract basis. There has been no increase of spending in comparison with the previous financial year. The department projects to spend 45.1 percent as at end March 2017 due to departmental activities planned for the remainder of the financial year.

## Transfers and subsidies

The spending of 75.7 percent on the adjusted allocated amount of R48.782 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 5.5 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 68.1 percent on the adjusted allocation of R10.075 million under payment for capital assets in the first six months of the 2016/17 financial year. The increased spending of 39.5 percent can be attributed mainly to the procurement of one Fire Truck through the Government Garage by Disaster Management monitored in line with the cost containment measures on all Programmes

## Departmental receipts

Table 8.4 Expenditure trends

Table 8.4: Departmental receipts

	2015/16 Audited outcome					2016/17 Actual receipts				
	Adjusted estimate	Apr 2015 - Sep 2015	Apr 2015 - Sep 2015 (% of adjusted appropriation)	Apr 2015 - Mar 2016	Apr 2015 - Mar 2016 (% of adjusted estimate)	Budget estimate	Adjusted estimate	Adjusted receipts estimate /Total (%)	Apr 2016 - Sep 2016	Apr 2016 - Sep 2016 (% of adjusted estimate)
R thousand										
<b>Departmental receipts</b>	1 214	1 037	85 42%	1 431	117 87%	284	200	100 00%	88	44 00%
Tax receipts										
Sales of goods and services other than capital receipts	936	738	78 85%	1 034	110 47%	120	120	60 00%	75	62 50%
Transfers received										
Fines, penalties and forfeits										
Interest, dividends and rent on land	7	1	14 29%	2	28 57%	9	9	4 50%	6	66 67%
Sales of capital assets	26	2	7 69%	27	103 85%			0 00%		0 00%
Financial transactions in assets and liabilities	245	296	120 82%	368	150 20%	155	71	35 50%	7	9 86%
<b>Provincial Revenue Fund receipts (non-departmental receipts)</b>			0 00%		0 00%			0 00%		0 00%
Restructuring proceeds from SASRIA										
Structured levy account from SARB										
<b>Total departmental receipts</b>	1 214	1 037	85 42%	1 431	117 87%	284	200	100 00%	88	44 00%

## Main departmental revenue trends for the first half of 2016/17

- No programme within the department is linked to any business initiative for generating revenue.
- Spatial Planning and Land Use Management Act 16 of 2013 (SPLUMA) is a national law that was passed by parliament in 2013. From 1 July 2015 all land use applications are submitted to the local municipalities.

- Spatial Planning Directorate is also in the process of discussing the draft Provincial Legislation on land use and planning matters.
- Spatial Planning need to finalize all the land use applications as soon as possible as the term of office of the Townships Board (also known as the Land Use Advisory Board) appointed by the MEC: COGTA will lapse on 31 March 2017.

## Changes to transfers and subsidies, including conditional grants

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

R thousand	2016/17							Adjusted appropriation
	Main appropriation	Special appropriation	Adjustment appropriation				Total adjustments appropriation	
			Roll-overs	Unforeseeable /unavoidable	Virement and shifts	Declared unspent funds		
<b>1. Administration</b>	<b>193</b>				<b>87</b>		<b>87</b>	<b>280</b>
<b>Current</b>								
Households EmplS/Ben: Leave Gratuity	193				87		87	280
Households Donations & Gifts (Cash)								
Households EmplS/Ben: Injury on Duty								
Departmental Agencies & Accounts								
<b>2. Local Governance</b>	<b>46 447</b>				<b>(13 631)</b>	<b>6 000</b>	<b>(7 631)</b>	<b>38 816</b>
<b>Current</b>								
Households EmplS/Ben: Leave Gratuity	77				17		17	94
Households EmplS/Ben: Injury on Duty	227				(2)		(2)	225
Households Donations & Gifts (Cash)								
Mun B/Acc: Mun Conditional Grant	44 879				(12 382)	6 000	(6 382)	38 497
Non-Profit Institutions (SALGA)	1 264				(1 264)		(1 264)	
Universities & technicons								
<b>3. Development and Planning</b>	<b>37 077</b>				<b>(33 194)</b>	<b>5 000</b>	<b>(28 194)</b>	<b>8 883</b>
<b>Current</b>								
Households EmplS/Ben: Leave Gratuity	148							148
Households EmplS/Ben: Injury on Duty	3							3
Households Donations & Gifts (Cash)	2							2
Households EmplS/Ben: PST Retirement Benefit								
<b>Capital</b>								
Mun B/Acc: Mun Conditional Grant	36 924				(33 194)	5 000	(28 194)	8 730
<b>4. Traditional Institutional Management</b>	<b>706</b>				<b>(226)</b>		<b>(226)</b>	<b>480</b>
<b>Current</b>								
NPI:PMT/Refund & Rem-Act/Grace NPI	474				(191)		(191)	283
Households EmplS/Ben: Leave Gratuity	232				(185)		(185)	47
Households EmplS/Ben: Injury on Duty					150		150	150
Households Donations & Gifts (Cash)								
<b>5. House of Traditional Leaders</b>	<b>323</b>							<b>323</b>
<b>Current</b>								
Households PMT/Refund & Rem-Act/Grace								
Households EmplS/Ben: Injury on Duty								
Households Donations & Gifts (Cash)								
Households EmplS/Ben: Leave Gratuity	323							323
<b>Total transfers and subsidies</b>	<b>84 746</b>				<b>(46 964)</b>	<b>11 000</b>	<b>(35 964)</b>	<b>48 782</b>

### Summary of changes to conditional grants:

Not applicable.

**Summary of changes to provincial earmarked funds and other priorities:**

Table 8.6(b): Summary of changes to provincial earmarked funds and other priorities

R thousand	2016/17								Adjusted appropriation	
	Main appropriation	Special appropriation	Adjustment appropriation					Total adjustments appropriation		
			Roll-overs	Unforeseeable /unavoidable	Virement and shifts	Declared unspent funds	Other adjustments			
<b>1. Local Governance</b>	<b>19 411</b>					<b>18 586</b>	<b>(2 249)</b>	<b>5 983</b>	<b>22 320</b>	<b>41 731</b>
<b>Economic sphere</b>										
<b>Current</b>										
Operation Clean Audit	19 411					18 586	(2 249)	5 983	22 320	41 731
CNS: Bus & Adv Ser: Fin Management										
<b>2. Development and Planning</b>	<b>5 000</b>									<b>5 000</b>
<b>Economic sphere</b>										
<b>Capital</b>										
Firefighting Equipment	5 000									5 000
Machinery & Equipment: Vehicles										
<b>3. Development and Planning</b>	<b>5 000</b>					<b>500</b>			<b>500</b>	<b>5 500</b>
<b>Economic sphere</b>										
<b>Current</b>										
Water Laboratory Municipal Support	5 000					500			500	5 500
CNS: Bus & Adv Ser: PRJ Management										
<b>4. Development and Planning</b>										
<b>Total earmarked funds</b>	<b>29 411</b>					<b>19 086</b>	<b>(2 249)</b>	<b>5 983</b>	<b>22 820</b>	<b>52 231</b>

**Changes in Programme Structure: R 8.096 million**

**PROGRAMME 2: LOCAL GOVERNANCE R 8.096 million**

With the 2016/2017 budget structure, a sub-programme Municipal Performance, Monitoring, Reporting and Evaluation was created. This sub-programme was part of Municipal Administration within Programme 2, Local Governance.

**Revised Infrastructure Project List:**

Not applicable.

**Summary of Adjusted Infrastructure Appropriation:**

Not applicable.

**Aid Assistance**

Not applicable.