

VOTE 7

DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS

R thousand	2016/17			
	Main appropriation	Adjusted appropriation	Decrease	Increase
Amount to be appropriated	418 763	516 463		97 700
of which:				
Current payments	381 605	417 695		36 090
Transfers and subsidies	9 053	42 937		33 884
Payments for capital assets	28 105	55 805		27 700
Payment for financial assets		26		26
Executive authority	MEC for Cooperative Governance and Traditional Affairs			
Accounting officer	Head of Department			

1. Vision and Mission

Vision

Lead provincial departments in the coordination, collaboration, and facilitation of cooperative governance in building a globally competitive and people-driven Gauteng City-Region.

Mission

In pursuit of our vision of cooperative governance, COGTA shall: Support, facilitate, coordinate, and regulate inter-sphere and cross-departmental integrated planning, budgeting, implementation; Monitor, evaluate and report on local government performance in order to achieve an accountable, stable, efficient, effective and resilient, activist and ethical local government and empowered communities.

2. Changes to programme purpose, objective and measures

No changes.

3. Summary of Adjusted Estimates of Departmental Expenditure 2016/17

TABLE 7.1: DEPARTMENT OF COOPERATIVE GOVERNANCE AND TRADITIONAL AFFAIRS

Programme	Main Appropriation	2016/17 Adjustments							Total Adjustments	Adjusted Appropriation
		Function Shifts, Surrenders and Suspensions	Roll-overs: National	Roll-overs: Provincial	Virements and Shifts	Unforeseeable/unavoidable	Additional Funding: National	Additional Funding: Provincial		
R thousand										
1. Administration	123 863									123 863
2. Local Governance	203 091									203 091
3. Development and Planning	81 395			27 700				70 000	97 700	179 095
4. Traditional Institutional Development	10 414									10 414
Total for programmes	418 763			27 700				70 000	97 700	516 463

Economic classification	Main Appropriation	2016/17 Adjustments							Total Adjustments	Adjusted Appropriation
		Function Shifts, Surrenders and Suspensions	Roll-overs: National	Roll-overs: Provincial	Virements and Shifts	Unforeseeable/unavoidable	Additional Funding: National	Additional Funding: Provincial		
R thousand										
Current payments	381 605				(3 910)			40 000	36 090	417 695
Compensation of employees	281 299									281 299
Salaries & wages	242 229									242 229
Social contributions	39 070									39 070
Goods and services	100 306				(3 910)			40 000	36 090	136 396
Interest and rent on land										
Transfers and subsidies	9 053				3 884			30 000	33 884	42 937
Provinces and municipalities	7 000				3 884			30 000	33 884	40 884
Departmental agencies and accounts										
Higher education institutions										
Foreign governments and international organisations										
Public corporations and private enterprises										
Non-profit institutions										
Households	2 053									2 053
Payments for capital assets	28 105			27 700					27 700	55 805
Buildings and other fixed structures	8 000			27 700					27 700	35 700
Machinery and equipment	20 105									20 105
Heritage assets										
Specialised military assets										
Biological assets										
Land and sub-soil assets										

Economic classification	Main Appropriation	2016/17 Adjustments							Total Adjustments	Adjusted Appropriation
		Function Shifts, Surrenders and Suspensions	Roll-overs: National	Roll-overs: Provincial	Virements and Shifts	Unforeseeable/unavoidable	Additional Funding: National	Additional Funding: Provincial		
R thousand										
Software and other intangible assets										
Payments for financial assets					26				26	26
Thefts & Losses					26				26	26
Total economic classification	418 763			27 700				70 000	97 700	516 463

The 2016/17 main appropriation of the department amounts to R419 million, made up of R417 million equitable share and R2 million conditional grant earmarked for the Expanded Public Works Programme (EPWP) in order to contribute to job creation in the province. The department's budget is adjusted upwards by R97.7 million to an adjusted appropriation of R516 million. The increase mainly relates to the roll-over of R27.7 million for the building procured for the Provincial Disaster Management Centre (PDMC). The increase is also attributed to additional funding of R30 million earmarked for transfers to municipalities as part of an intervention to address service delivery challenges at Emfuleni LM for the new Pump Station in Vereeniging, Rand West LM (Mohlakeng Ext. 5 and 11 for Electricity Services, and R20 million to assist Merafong LM (Khutsong) with water infrastructure replacement and refurbishment as part of the Ntirhisano outreach programme. The additional funding will enable the department to assist the affected municipalities with service delivery challenges backlogs and improve the quality of lives of residences of these municipalities as part of the premier's Ntirhisano outreach programme which aims to address service delivery challenges throughout the province. A further R20 million is received to support interventions in respect of recent floods in the province.

An amount of R3.8 million was reallocated from goods and services to transfers and subsidies and is earmarked to be transferred to Merafong LM and Emfuleni LM to assist with water provision through water tankers to affected areas; the verification of large electricity accounts; metering equipment; and the water infrastructure maintenance project. The budget is also re-aligned within programmes, sub-programmes and economic classification to address the core outputs of the department. The shifts aim to ensure the achievement of the operational requirements and the realization of the departmental objectives. The adjustments budget will further assist the department as an intervention to address and improve service delivery challenges that were identified in Emfuleni and Merafong Local Municipalities. Funds are further shifted within compensation of employees to fund personnel requirements within programme 4.

4. Details of Adjustments to Estimates of Departmental Expenditure 2016/17

Programme 1: Administration

TABLE 7.2: PROGRAMME 1: ADMINISTRATION

Sub-programme	Main Appropriation	2016/17 Adjustments							Total Adjustments	Adjusted Appropriation
		Function Shifts, Surrenders and Suspensions	Roll-overs: National	Roll-overs: Provincial	Virements and Shifts	Unforeseeable/unavoidable	Additional Funding: National	Additional Funding: Provincial		
R thousand										
1. Office of The MEC	4 629								(800)	3 829
2. Corporate Services	119 234								800	120 034
Total for programme	123 863									123 863

Economic classification	Main Appropriation	2016/17 Adjustments							Total Adjustments	Adjusted Appropriation
		Function Shifts, Surrenders and Suspensions	Roll-overs: National	Roll-overs: Provincial	Virements and Shifts	Unforeseeable/unavoidable	Additional Funding: National	Additional Funding: Provincial		
R thousand										
Current payments	117 705				(26)				(26)	117 679
Compensation of employees	79 842									79 842
Salaries & wages	68 976									68 976

Economic classification	Main Appropriation	2016/17 Adjustments							Total Adjustments	Adjusted Appropriation
		Function Shifts, Surrenders and Suspensions	Roll-overs: National	Roll-overs: Provincial	Virements and Shifts	Unforeseeable/unavoidable	Additional Funding: National	Additional Funding: Provincial		
R thousand										
Social contributions	10 866									10 866
Goods and services	37 863				(26)				(26)	37 837
Interest and rent on land										
Interest (Incl. interest on finance leases)										
Rent on land										
Transfers and subsidies	2 053									2 053
Provinces and municipalities										
Non-profit institutions										
Households	2 053									2 053
Payments for capital assets	4 105									4 105
Buildings and other fixed structures										
Machinery and equipment	4 105									4 105
Heritage assets										
Specialised military assets										
Biological assets										
Land and sub-soil assets										
Software and other intangible assets										
Payments for financial assets					26				26	26
Total economic classification	123 863									123 863

TABLE 7.3: DETAILS OF SHIFTS AND VIREMENT PER ECONOMIC CLASSIFICATION: PROGRAMME 1: ADMINISTRATION

Economic classification	Motivation	From	Motivation	To
Current payments		(7 529)		7 503
Compensation of employees				
Goods and services	Lack of office space is the main reason for low expenditure on consumable suppliers, less than anticipated take up for the training and departmental meetings held within the premises	(7 529)	Reallocation of funds to cater for expenditure incurred during the voter education campaigns	7 503
Interest and rent on land				
Transfers and subsidies		(1 500)		1 500
Provinces and municipalities				
Departmental agencies and accounts				
Higher education institutions				
Foreign governments and international organisations				
Public corporations and private enterprises				
Non-profit institutions				
Households	Pension for Ex Development members is re-classified within households benefits	(1 500)	Pension for Ex Development members is re-classified within households benefits	1 500
Payments for capital assets				
Buildings and other fixed structures				
Machinery and equipment				
Heritage assets				

Economic classification	Motivation	From	Motivation	To
Specialised military assets				
Biological assets				
Land and sub-soil assets				
Software and other intangible assets				
Payments for financial assets			To write off irrecoverable staff debts	26
Total economic classification		(9 029)		9 029

Virements and shifts

An amount of R9 million is shifted within the programme to address areas with significant budget pressures. Funds were shifted within goods and services from savings realized on items such as consumable supplies due to lack of office space; low uptake of bursaries and training; venues and facilities due to meetings being held within departmental premises. Savings realized were re-directed to cover the cost incurred during the 2016 voter education election campaigns.

Funds are also re-classified within household benefits to provide for the pension of Ex-development members and to write-off irrecoverable staff debts on payment for financial assets.

Programme 2: Local Governance

TABLE 7.4: PROGRAMME 2: LOCAL GOVERNANCE

Sub-programme	Main Appropriation	2016/17 Adjustments							Total Adjustments	Adjusted Appropriation
		Function Shifts, Surrenders and Suspensions	Roll-overs: National	Roll-overs: Provincial	Virements and Shifts	Unforeseeable/unavoidable	Additional Funding: National	Additional Funding: Provincial		
R thousand										
1. Municipal Administration	14 364									14 364
2. Municipal Finance	11 604				(950)				(950)	10 654
3. Public Participation	145 933				(700)				(700)	145 233
4. Capacity Development	16 708				1 650				1 650	18 358
5. Municipal Performance, Monitoring, Reporting & Evaluation	14 482									14 482
Total for programme	203 091									203 091

Economic classification	Main Appropriation	2016/17 Adjustments							Total Adjustments	Adjusted Appropriation
		Function Shifts, Surrenders and Suspensions	Roll-overs: National	Roll-overs: Provincial	Virements and Shifts	Unforeseeable/unavoidable	Additional Funding: National	Additional Funding: Provincial		
R thousand										
Current payments	198 091				(3 384)				(3 384)	194 707
Compensation of employees	165 946									165 946
Salaries & wages	142 713									142 713
Social contributions	23 233									23 233
Goods and services	32 145				(3 384)				(3 384)	28 761
Interest and rent on land										
Interest (Incl. interest on finance leases)										
Rent on land										
Transfers and subsidies	5 000				3 384				3 384	8 384
Provinces and municipalities	5 000				3 384				3 384	8 384
Households										

Economic classification	Main Appropriation	2016/17 Adjustments							Total Adjustments	Adjusted Appropriation
		Function Shifts, Surrenders and Suspensions	Roll-overs: National	Roll-overs: Provincial	Virements and Shifts	Unforeseeable/unavoidable	Additional Funding: National	Additional Funding: Provincial		
R thousand										
Payments for capital assets										
Buildings and other fixed structures										
Machinery and equipment										
Heritage assets										
Specialized military assets										
Biological assets										
Land and sub-soil assets										
Software and other intangible assets										
Payments for financial assets										
Total economic classification	203 091									203 091

TABLE 7.5: DETAILS OF SHIFTS AND VIREMENTS PER ECONOMIC CLASSIFICATION: PROGRAMME 2: LOCAL GOVERNANCE

Economic classification	Motivation	From	Motivation	To
Current payments		(7 732)		4 348
Compensation of employees	Training for CDWs deferred; printing and gazetting of municipal review reports deferred; use of consultants rationalised; and travelling minimised due to meetings being held within departmental premises.	(7 732)	Funds are made available to cater for expenditure incurred during the voter education campaigns.	4 348
Goods and services				
Interest and rent on land				
Transfers and subsidies				3 384
Provinces and municipalities			Funds are made available to assist Emfuleni LM with the verification of large electricity accounts; metering equipment; and water infrastructure maintenance project	3 384
Departmental agencies and accounts				
Higher education institutions				
Foreign governments and international organizations				
Public corporations and private enterprises				
Non-profit institutions				
Households				
Payments for capital assets				
Buildings and other fixed structures				
Machinery and equipment				
Heritage assets				
Specialized military assets				
Biological assets				
Land and sub-soil assets				
Software and other intangible assets				
Payments for financial assets				
Total economic classification		(7 732)		7 732

Virements and shifts

An amount R7.7 million is shifted within goods and services and to transfers and subsidies to fund expenditure incurred during the voter education campaigns; to assist Emfuleni LM with the verification of the largest electricity accounts; the

purchase of metering equipment; and water infrastructure maintenance projects as part of the departments intervention to address service delivery challenges in the municipality.

Savings reprioritised emanate from deferred conferences and training of CDWs; delayed printing and gazetting of municipal review reports; rationalised use of consultants; and minimal travelling due to meetings being held within premises. The department also realised savings on items such as catering, consumable suppliers and agency, and outsourced services as part of cost containment. All savings realised were re-directed to support the core objectives of the department.

Programme 3: Development Planning

TABLE 7.6: PROGRAMME 3: DEVELOPMENT PLANNING

Sub-programme	Main Appropriation	2016/17 Adjustments							Total Adjustments	Adjusted Appropriation
		Function Shifts, Surrenders and Suspensions	Roll-overs: National	Roll-overs: Provincial	Virements and Shifts	Unforeseeable/unavoidable	Additional Funding: National	Additional Funding: Provincial		
R thousand										
1. Land Use Management	608				(500)				(500)	108
2. IDP Coordination	6 001									6 001
3. Disaster Management	58 260			27 700				20 000	47 700	105 960
4. Municipal Infrastructure	16 526				500			50 000	50 500	67 026
Total for programme	81 395			27 700				70 000	97 700	179 095

Economic classification	Main Appropriation	2016/17 Adjustments							Total Adjustments	Adjusted Appropriation
		Function Shifts, Surrenders and Suspensions	Roll-overs: National	Roll-overs: Provincial	Virements and Shifts	Unforeseeable/unavoidable	Additional Funding: National	Additional Funding: Provincial		
R thousand										
Current payments	55 395				(500)			40 000	39 500	94 895
Compensation of employees	30 316									30 316
Salaries & wages	26 072									26 072
Social contributions	4 244									4 244
Goods and services	25 079				(500)			40 000	39 500	64 579
Interest and rent on land										
Transfers and subsidies	2 000				500			30 000	30 500	32 500
Provinces and municipalities	2 000				500			30 000	30 500	32 500
Households										
Payments for capital assets	24 000			27 700					27 700	51 700
Buildings and other fixed structures	8 000			27 700					27 700	35 700
Machinery and equipment	16 000									16 000
Heritage assets										
Specialised military assets										
Biological assets										
Land and sub-soil assets										
Software and other intangible assets										
Payments for financial assets										
Total economic classification	81 395			27 700				70 000	97 700	179 095

TABLE 7.7: DETAILS OF SHIFTS AND VIREMENTS PER ECONOMIC CLASSIFICATION: PROGRAMME 3: DEVELOPMENT PLANNING

Economic classification	Motivation	From	Motivation	To
Current payments		(6 780)		6 280
Compensation of employees	Tender process for photo copier machines deferred till 2017 when the PDMC is fully functional, including delays in the installation of telephone lines for the PDMC.	(6 780)	Funding is made available for creating public awareness around the PDMC in light of the recent floods that affected the province and for the PDMC to provide some relief to affected communities.	6 280
Goods and services				
Interest and rent on land				
Transfers and subsidies				500
Provinces and municipalities			Funds are made available to provide assistance to Merafong LM with water provision through water tankers to affected areas	500
Departmental agencies and accounts				
Higher education institutions				
Foreign governments and international organizations				
Public corporations and private enterprises				
Non-profit institutions				
Households				
Payments for capital assets				
Buildings and other fixed structures				
Machinery and equipment				
Heritage assets				
Specialised military assets				
Biological assets				
Land and sub-soil assets				
Software and other intangible assets				
Payments for financial assets				
Total economic classification		(6 780)		6 780

Provincial roll-over: R27.7 million

The program receives a provincial roll-over amount of R27.7 million for the procurement of the building for the Provincial Disaster Management Centre (PDMC). The centre will enable the province to be better equipped for responding to disasters in more coordinated manner.

Virements and shifts

The tender process for the procurement of photo copier machines and the installation of the telephone line is deferred until 2017 when the PDMC would be fully functional. Because of this funds are re-allocated within goods and services and transfers and subsidies to provide for the campaigns and marketing of the new PDMC to the amount of R6 million, whilst R500 000 will be transferred to Merafong LM to assist the municipality with water distribution to communities using water tankers to affected areas.

Additional provincial funding: R70 million

An additional amount of R70 million is allocated to the department to enable it to assist local municipalities in the province with service delivery challenges as part of the Ntirhisano outreach programme. From the additional amount, R30 million will be transferred to municipalities. In this regard, Emfuleni LM is allocated R14 million for the new pump station for water reticulation as part of challenge identified during the Ntirhisano outreach visit program; and R16 million each will be transferred to Rand West L M for the Mohlakeng Extension 5 and 11 electricity services. Furthermore, another R20 million is allocated to the department to enable it to implement a project related to water infrastructure replacement and refurbishment in Merafong (Khutsong) as part of the Ntirhisano outreach program. A further R20 million is received to support interventions in respect of recent floods in the province.

Programme 4: Traditional Institutional Management

TABLE 7.8: PROGRAMME 4: TRADITIONAL INSTITUTIONAL MANAGEMENT

Sub- programme	Main Appropriation	2016/17 Adjustments							Total Adjustments	Adjusted Appropriation
		Function Shifts, Surrenders and Suspensions	Roll-overs: National	Roll-overs: Provincial	Virements and Shifts	Unforeseeable/unavoidable	Additional Funding: National	Additional Funding: Provincial		
R thousand										
1. Traditional Institutional Administration	4 850									4 850
2. Traditional Resource Admin	4 206				(450)				(450)	3 756
3. Rural Development Facilita	411									411
4. Traditional Land Admin	947				450				450	1 397
Total for programme	10 414									10 414

Economic classification	Main Appropriation	2016/17 Adjustments							Total Adjustments	Adjusted Appropriation
		Function Shifts, Surrenders and Suspensions	Roll-overs: National	Roll-overs: Provincial	Virements and Shifts	Unforeseeable/unavoidable	Additional Funding: National	Additional Funding: Provincial		
R thousand										
Current payments	10 414									10 414
Compensation of employees	5 195									5 195
Salaries & wages	4 468									4 468
Social contributions	727									727
Goods and services	5 219									5 219
Interest and rent on land										
Interest (Incl. interest on finance leases)										
Rent on land										
Transfers and subsidies										
Provinces and municipalities										
Households										
Payments for capital assets										
Buildings and other fixed structures										
Machinery and equipment										
Biological assets										
Land and sub-soil assets										
Software and other intangible assets										
Payments for financial assets										
Total economic classification	10 414									10 414

TABLE 7.9: DETAILS OF SHIFTS AND VIREMENTS PER ECONOMIC CLASSIFICATION: PROGRAMME 4: TRADITIONAL INSTITUTIONAL MANAGEMENT

Economic classification	Motivation	From	Motivation	To
Current payments		(726)		726
Compensation of employees	Reallocation of funds to align budget with the recent approved organisational structure.	(450)	Reallocation of funds to align budget with the recent approved organisational structure.	450
Goods and services	Use of consultant services minimized.	(276)	Funds are made available to provide for the Amandebele Ba Lebelo heritage celebration and Amandebele Ndzunza Sokhumi commemoration event and to supplement the training budget for traditional leaders and host cultural events.	276
Interest and rent on land				
Transfers and subsidies				
Provinces and municipalities				
Departmental agencies and accounts				
Higher education institutions				
Foreign governments and international organisations				
Public corporations and private enterprises				
Non-profit institutions				
Households				
Payments for capital assets				
Buildings and other fixed structures				
Machinery and equipment				
Heritage assets				
Specialized military assets				
Biological assets				
Land and sub-soil assets				
Software and other intangible assets				
Payments for financial assets				
Total economic classification		(726)		726

Virements and shifts

Funds are reallocated within the programme and within compensation of employees to align the budget with the recent approved organisational structure. Shifts made within goods and services will provide for the support of Amandebele Ba Lebelo heritage celebration and Amandebele Ndzunza Sokhumi commemoration event.

5. Expenditure 2015/16 and preliminary expenditure 2016/17

TABLE 7.10: EXPENDITURE 2015/16 AND PRELIMINARY EXPENDITURE 2016/17: COOPERATE GOVERNANCE AND TRADITIONAL AFFAIRS

Department	2015/16				2016/17		
	Expenditure Outcome				Preliminary expenditure		
R thousand	Adjusted appropriation	April 2015 - September 2015	April 2015 - March 2016	April 2015 - March 2016 as a % of adjusted appropriation	Adjusted appropriation	April 2016-September 2016	% change 15/16-16/17 Apr-Sept
1. Administration	115 582	47 658	105 531	94%	123 863	65 372	37%
2. Local Governance	200 631	86 384	206 287	99%	203 091	90 681	5%
3. Development and Planning	83 116	17 822	50 268	64%	179 095	54 945	208%
4. Traditional Institutional Development	7 248	3 310	6 802	94%	10 414	3 698	12%
Total for programmes	406 577	155 174	368 888	91%	516 463	214 696	38%
Current payments	362 575	144 228	316 556	98%	417 695	171 800	19%
Compensation of employees	254 419	119 868	247 479	97%	281 299	135 854	13%

Department	2015/16				2016/17		
	Expenditure Outcome				Preliminary expenditure		
Goods and Services	108 156	24 360	69 077	98%	136 396	35 946	48%
Interest and rent on land							
Transfers and subsidies	13 730	10 417	50 659	99%	42 937	9 466	(9%)
Provinces and municipalities	11 563	9 563	48 988	99%	40 884	8 733	0%
Departmental agencies and accounts							
Higher education institutions							
Foreign governments & international organizations							
Public corporations & private enterprises							
Non-profit institutions							
Households	2 167	854	1 671	93%	2 053	733	(14%)
Payments for capital assets	30 146	403	1 170	4%	55 805	33 404	8 189%
Buildings and other fixed structures					35 700	31 600	
Machinery and equipment	30 146	403	1 170	4%	20 105	1 804	348%
Heritage assets							
Land and sub-soil assets							
Software and other intangible assets							
Payments for financial assets	126	126	503	100%	26	26	0%
Total economic classification	406 577	155 174	368 888	91%	516 463	214 696	38%

Expenditure trends 2015/16

Total expenditure for the department in the 2015/16 financial year amounts to R369 million. This represents 91 per cent of the total budget of R406.6 million. The expenditure was driven mainly by the support rendered to municipalities in addressing service delivery challenges relating to electricity and water infrastructure. Such interventions include amongst others; the Boiketlong informal settlement high mass street lighting and water and sanitation provision projects. In terms of personnel, only critical posts were filled due to unavailability of office space which resulted in underspending on compensation of employees.

Expenditure trends in the first half of 2016/17

Expenditure for the first six months of the 2016/17 financial year amounts to R215 million. This represents 42 per cent of the total allocation of R516 million. The biggest drivers of expenditure to date are the department's procurement of the PDMC building, marketing of the PDMC, Imbizos held for the voter education elections campaign and support for municipalities in the following projects: GRAP 17, Performance Management System (PMS), EPWP, water infrastructure, verification of largest electricity accounts and metering equipment. Funds have been re-prioritised within the department's goods and services budget from areas which demonstrated trends of underspending to areas which demonstrated spending pressures.

Programme 1: Administration

Expenditure for the programme amounts to R65.3 million or 37 per cent in the first half of 2016/17 compared to R47.6 million spent over the same period in 2015/16. Apart from compensation of employees, the drivers of expenditure in the programme are telecommunication equipment for voter education during elections campaigns, Microsoft software licenses and settlement of legal services fees on various legal opinion matters. Despite that, expenditure remains relatively low due to unavailability of office space.

Programme 2: Local Governance

The programme expenditure amounts to R90.7 million or 45 per cent of the total budget in the 2016/17 financial year compared to R86.3 million spent over the same period in the 2015/16 financial year. The under expenditure on goods and services is due to late procurement on the following projects: Top 100 debtors accounts; Implementation of tariff model; and contract management training for municipalities that started during the second quarter and payment will

be effected during the third and fourth quarters of the financial year in line with the demand and procurement plans of the department.

Programme 3: Development and Planning

As at mid-2016/17, expenditure amounts to R54.9 million or 31 per cent of the total allocation of R179 million. The key drivers of expenditure on the programme is from buildings and fixed structures due to the procurement of a building for the PDMC. The department received a provincial roll-over of R27.7 million during the adjustments budget.

Programme 4: Traditional Institutional Development

The programme expenditure for mid-2016/17 amounts to R3.7 million or 36 per cent compared to R3.3 million spent over the same period in 2015/16. The under expenditure in goods and services is due to the delay in transferring funds to the traditional leaders as a result of outstanding financial information for the previous transfers. Expenditure is expected to increase in the second half of the year due to the department hosting two cultural events and a rural women's empowerment seminar during the third and fourth quarters, including the transfer of funds to the traditional leaders.

6. Departmental receipts

TABLE 7.11: DEPARTMENTAL RECIEPTS

Department	2015/16				2016/17		
	Audited Outcome				Actual Receipts		
	Adjusted appropriation	April 2015 - Sep 2015	April 2015 - Mar 2016	April 2015 - March 2016 as a % of adjusted appropriation	Adjusted appropriation	Apr 2016-Sep 2016	% change 15/16-16/17 Apr-Sept
R thousand							
Tax receipts							
Casino taxes							
Horse racing taxes							
Liquor licenses							
Motor vehicle licenses							
Sales of goods and services other than capital assets	141	160	292	207%	148	190	128%
Of which Health patient fees							
Transfers received							
Fines, penalties and forfeits							
Interest, dividends and rent on land	26	6	6	23%	27	1	4%
Sales of capital assets							
Financial transactions in assets and liabilities	314	52	60	19%	331	1 279	386%
Total receipts	481	218	358	74%	506	1 470	291%

Revenue trends for the first half of 2016/17

The main revenue sources for the department during the 2016/17 financial year are parking fees, sale of tender documents and third party commission. The department noted a trend of increasing number of potential bidders in response to tenders advertised. This trend increases sales of tender documents, which in turn makes revenue on sales of non-capital goods and services to be R42 000 higher than the R148 000 budgeted for Interest, dividends and rent on land currently shows a six monthly collection of R1 000. The item comprises of interest on debt from staff members.

The department received a once off amount of R1.2 million from the City of Tshwane Metropolitan Municipality for unspent funds relating to the debtors management grant transferred during the 2013/14 financial year. The grant was intended to assist the municipality with its debtor's management system.

Financial transactions in assets and liabilities are the major revenue generator item for the department. All funds recovered after year end are allocated to this item.

7. Changes to transfers and subsidies, conditional grants and infrastructure

7.1 Changes to transfers and subsidies

TABLE 7.12: SUMMARY OF CHANGES TO TRANSFERS AND SUBSIDIES

PROGRAMME	Main Appropriation	2016/17 Adjustments							Total Adjustments	Adjusted Appropriation
		Function Shifts, Surrenders and Suspensions	Roll-overs: National	Roll-overs: Provincial	Virements and Shifts	Unforeseeable/unavoidable	Additional Funding: National	Additional Funding: Provincial		
R thousand										
Programme 2	5 000				3 384				3 384	8 384
Provinces and Municipalities	5 000				3 384				3 384	8 384
Programme 3	2 000				500			30 000	30 500	32 500
Provinces and Municipalities	2 000				500			30 000	30 500	32 500
Total changes in transfer payments	7 000				3 884			30 000	33 884	40 884

Virements and shifts

The main budget for transfers to municipalities amounts to R7 million for the year under review. These funds are to improve the Performance Management System in municipalities and to implement asset management in line with GRAP 17; and R2 million for EPWP in order to broaden job creation initiatives. The department shifts R3.4 million and R500 000 from goods and services to transfers and subsidies so that it can be transferred to Emfuleni LM and Merafong LM to assist the municipalities with the verification of the large electricity accounts, metering equipment, water infrastructure maintenance projects and provision of water tankers as part of the department's intervention to address service delivery challenges in these municipalities.

The department receives additional funding of R30 million during the adjustments budget. This amount is earmarked for transfers to municipalities: Emfuleni LM is allocated R14 million for the upgrading of the pump station for water reticulation as part of addressing challenges identified during the Ntirhisano outreach visit, and R16 million is allocated to Rand West LM for the Mohlakeng extension 5 and 11 electricity services.

7.2 Changes to conditional grants

No changes.

7.3 Changes to infrastructure

No changes.

