

PROVINCE OF KWAZULU-NATAL

ADJUSTMENTS ESTIMATE

OF

PROVINCIAL REVENUE

AND

EXPENDITURE

**for the
Financial Year ending 31 March 2017**

Presented to the KZN Legislature

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Summary of 2016/17 Adjustments Estimate

1. Introduction

Table 1 provides a summary of the 2016/17 Adjustments Estimate. The 2016/17 main appropriation, appropriated by the KwaZulu-Natal Legislature, amounted to R109.006 billion, including a statutory amount of R77.790 million allocated under Vote 2: Provincial Legislature. The province continued to budget for a surplus in 2016/17, as it has since 2009/10. This budgeted surplus or Contingency Reserve was initially provided for to start repaying the provincial overdraft, which arose from high provincial over-expenditure in 2007/08, 2008/09 and 2009/10, however, the province continues to budget for a surplus, despite the fact that the provincial overdraft was fully repaid in 2010/11. This is done to protect the province from any fiscal shocks which may arise. The original surplus budgeted for in 2016/17 was R750 million.

Table 1: Provincial budget summary

R thousand	Main appropriation	Additional appropriation					Total additional appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	90 254 597	49 209	-	(98 431)	(179 370)	720 028	491 436	90 746 033
Transfers and subsidies	10 820 225	10 500	-	258 619	237 052	(57 860)	448 311	11 268 536
Payment of capital assets	7 771 970	92 525	-	(159 650)	(57 682)	7 100	(117 707)	7 654 263
Payment of financial assets	159 249	-	-	(538)	-	19	(519)	158 730
Total expenses	109 006 041	152 234	-	-	-	669 287	821 521	109 827 562
Total receipts	108 418 501	-	-	-	-	19 842	19 842	108 438 343
Surplus/(Deficit) before financing	(587 540)	(152 234)	-	-	-	(649 445)	(801 679)	(1 389 219)
Financing of which:								
Provincial roll-overs		152 234					152 234	152 234
Allocations from provincial cash resources	1 337 540					671 120	671 120	2 008 660
Allocations from the Contingency Reserve						(26 536)	(26 536)	(26 536)
Surplus/(Deficit) after financing	750 000	-	-	-	-	(4 861)	(4 861)	745 139

The 2016/17 main appropriation is increased by R821.521 million, growing the total budget for the 2016/17 financial year to R109.828 billion – an increase of some 1 per cent. On the other hand, provincial receipts increased by R19.842 million which is discussed later in this Summary. The province funded a number of commitments (discussed in detail in Section 6 of this Summary) from its own provincial cash resources.

There were a number of financial pressures faced by the province during the first 6 months of 2016/17. This included the above-budget 2016 wage adjustment which was not funded by National Treasury, spending pressures in Health and the payment of stipends to *Izinduna*, to mention a few. In addition, it is likely that the province's equitable share allocation will be cut again over the 2017/18 MTEF as a result of data updates of the equitable share formula. It is against this backdrop that the Executive Council considered it necessary that the approved cost-cutting measures, which were first introduced in 2009/10, remain in place in 2016/17, and these measures are constantly being improved upon, through introduction of new measures and amendments of existing measures. To this end, an additional cost-cutting measure, intended to rationalise international travel, was introduced in 2016/17.

In addition, the province has decided to deal with the long-outstanding issue of the remuneration of *Izinduna* in the province. The President had signed various proclamations that determined the rates which *Izinduna* should be remunerated at, with the first such proclamation having been signed in February 2014, backdated to April 2013. The latest proclamation sets the annual remuneration rate at R91 000, whereas the department of Co-operative Governance and Traditional Affairs (COGTA) in the province is currently remunerating the 3 100 *Izinduna* at R15 600 per annum. The Executive Council took a decision to resolve this matter by paying the *Izinduna* the annual remuneration set by the President from December 2016, which has necessitated that the province fund this pressure in accordance with guidelines provided by the Executive Council, wherein 50 per cent of the amount due for 2016/17 will be paid by COGTA, while the remaining 50 per cent will be funded from provincial cash resources.

While the province has faced some negative indicators since the 2016/17 budget was tabled in the Legislature in March 2016, as mentioned above, there have been some positives too. The most important of these is that the province continues to remain cash positive, continuing a trend which first started in May 2010, although, with the introduction of cash blocking, some departments have experienced challenges due to spending pressures, such as Health, which was in overdraft in excess of the agreed limits at the end of September 2016.

The province was able to fund most of the provincial commitments (which are discussed in detail later) from the provincial net surplus of R779.030 million realised at the end of 2015/16 and from the Contingency Reserve (R26.536 million). On the other hand, the province reflected a significant projected over-expenditure in its 2016/17 mid-year report, resulting mainly from spending pressures in Health relating to carry-over of expenditure from 2015/16, such as municipal payments for the municipal clinics in the Metro, medicines, medical supplies, as well as increased contract prices for water, electricity, security and cleaning services and infrastructure. Spending pressures in Health are of concern to Provincial Treasury and actions have been taken to ensure careful management of the budget to avoid over-spending in 2016/17.

Another positive indicator was with regard to the conditional grant expenditure by departments. The province continues to show good spending levels against its conditional grant allocation. With regard to the 2015/16 conditional grant performance, the province under-spent by R71.904 million, with only R16.716 million surrendered to the National Revenue Fund, mainly due to under-spending by Arts and Culture of R16.171 million, which could not be approved by National Treasury for roll-over since this would be the second year that the roll-over is approved for the same project.

Provincial Treasury approved equitable share roll-overs from 2015/16 amounting to R152.234 million. These were only approved where departments provided sufficient motivation that these funds were committed.

In addition, as mentioned below, the province allocated funding from the 2015/16 net surplus to a number of provincial priorities, such as the above-budget 2016 wage adjustment, funding for the payment of *Izinduna*, Archive Repository, the cross-border crime fighting initiative, exchange rate pressures faced by Health, among others.

2. Sources of funding

The funding of additional expenditure of departments through the 2016/17 provincial Adjustments Estimate is derived from additional transfers from national, provincial roll-overs, provincial cash resources, budgeted surplus and the reprioritisation of provincial funds.

2.1 Transfers from National

Table 2 provides details of the adjusted provincial receipts for 2016/17, which is additional funding received from National Treasury. The province did not receive an additional equitable share allocation from the National Treasury and, as such, the shortfall in the budget caused by the above-budget wage adjustment was funded from provincial resources. An amount of R19.842 million was received from National Treasury in relation to a top-up of conditional grants, namely R8.536 million in respect of the National School Nutrition Programme (NSNP) grant to cover the shortfall caused by high food inflation, R4 million in respect of the NHI grant to help strengthen Health Information Systems, and R7.305 million for the MPSD grant due to an oversight by the National Department of Sport and Recreation (NDOSR). The allocations for the Mass Participation Sport Development grant published in the 2016 DORA were incorrect and are being rectified to tie up with the numbers agreed to at a HEADCOM meeting held in 2015. In addition, an amount of R29.315 million was received in respect of the approved roll-over of conditional grant committed funds and these were treated as provincial roll-overs and are therefore excluded from Table 2. The approved roll-overs per grant are discussed in detail below (Section 5).

In addition, an amount of R275.691 million that was withheld by the National Department of Transport (NDOT) in 2015/16 relating to the Provincial Roads Maintenance grant (PRMG) due to non-compliance by the department on the reporting requirement for the grant in terms of DORA will be transferred to the department in 2016/17. This will not be appropriated to the department (hence this amount is not included in the tables in this document), but is hereby highlighted in the 2016/17 Adjustments Estimate Act. Although the funds were withheld in 2015/16, the department spent R245.450 million of the withheld amount, and under-spent by only R30.241 million, which relates to the disaster portion of the grant. However, Provincial Treasury together with the department proved to National Treasury that the funds had been spent, hence National Treasury has released the funds in 2016/17.

Table 2: Summary of provincial receipts

R thousand	Main appropriation	Additional appropriation					Total additional appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Transfer receipts from National	105 386 733	-	-	-	-	19 842	19 842	105 406 575
Equitable share	87 897 580						-	87 897 580
Conditional grants	17 489 153					19 842	19 842	17 508 995
Vote 3: Agriculture and Rural Development	300 503	-	-	-	-	-	-	300 503
Comprehensive Agricultural Support Programme	222 155						-	222 155
Ilima/Letsema Projects grant	63 876						-	63 876
Land Care Programme grant	10 632						-	10 632
EPWP Integrated Grant for Provinces	3 840						-	3 840
Vote 4: Economic Dev., Tourism & Enviro Affairs	6 927	-	-	-	-	-	-	6 927
EPWP Integrated Grant for Provinces	6 927						-	6 927
Vote 5: Education	3 459 225	-	-	-	-	8 536	8 536	3 467 761
National School Nutrition Programme (NSNP) grant	1 355 247					8 536	8 536	1 363 783
Maths, Science and Technology grant	62 453						-	62 453
Social Sector EPWP Incentive Grant for Provinces	27 318						-	27 318
EPWP Integrated Grant for Provinces	2 790						-	2 790
Education Infrastructure grant	1 958 321						-	1 958 321
HIV and AIDS (Life-Skills Education) grant	53 096						-	53 096
Vote 7: Health	7 302 804	-	-	-	-	4 000	4 000	7 306 804
National Health Insurance grant	15 083		-	-	-	4 000	4 000	19 083
Comprehensive HIV, AIDS and TB grant	4 244 243						-	4 244 243
Social Sector EPWP Incentive Grant for Provinces	13 000						-	13 000
Health Professions Training and Development grant	312 377						-	312 377
National Tertiary Services grant	1 596 286						-	1 596 286
Health Facility Revitalisation grant	1 114 693						-	1 114 693
EPWP Integrated Grant for Provinces	7 122						-	7 122
Vote 8: Human Settlements	3 139 896	-	-	-	-	-	-	3 139 896
Human Settlements Development grant	2 991 763						-	2 991 763
EPWP Integrated Grant for Provinces	15 194						-	15 194
Housing Disaster Relief grant	132 939						-	132 939
Vote 9: Community Safety and Liaison	11 043	-	-	-	-	-	-	11 043
Social Sector EPWP Incentive Grant for Provinces	11 043						-	11 043
Vote 10: Sport and Recreation	99 019	-	-	-	-	7 305	7 305	106 324
Mass Participation and Sport Development grant	90 785					7 305	7 305	98 090
EPWP Integrated Grant for Provinces	2 000						-	2 000
Social Sector EPWP Incentive Grant for Provinces	6 234						-	6 234
Vote 11: COGTA	3 667	-	-	-	-	-	-	3 667
EPWP Integrated Grant for Provinces	3 667						-	3 667
Vote 12: Transport	2 992 478	-	-	-	-	1	1	2 992 479
Provincial Roads Maintenance grant	1 925 378					1	1	1 925 379
EPWP Integrated Grant for Provinces	56 055						-	56 055
Public Transport Operations grant	1 011 045						-	1 011 045
Vote 13: Social Development	3 958	-	-	-	-	-	-	3 958
Social Sector EPWP Incentive Grant for Provinces	3 958						-	3 958
Vote 14: Public Works	4 471	-	-	-	-	-	-	4 471
EPWP Integrated Grant for Provinces	4 471						-	4 471
Vote 15: Arts and Culture	165 162	-	-	-	-	-	-	165 162
Community Library Services grant	163 162						-	163 162
EPWP Integrated Grant for Provinces	2 000						-	2 000
Provincial own receipts	3 031 768						-	3 031 768
Total	108 418 501	-	-	-	-	19 842	19 842	108 438 343
Total new receipts								19 842

In respect of Transport, R1 000 was allocated in respect of the Public Transport Operations grant (PTOG) increasing the budget from R1 011 045 to R1 011 046 in order to correct a rounding error in the allocation letter that the province received from National Treasury during the preparation of the 2016/17 MTEF budget, and to ensure that the allocation agrees with the amount included in DORA.

It must be noted that R16.716 million of conditional grants from 2015/16 was not approved by National Treasury for roll-over to 2016/17. This amount has been paid over to the National Revenue Fund. This relates to a portion of the uncommitted conditional grant funds from 2015/16 of R522 000 for the Expanded Public Works Programme Integrated Grant for Provinces under Human Settlements and R23 000 for the National Tertiary Services Grant by Health, as well as R16.171 million relating to the Community Library Services grant for the construction of the Manyiseni library by Arts and Culture, which was not approved since this would be the second year that the roll-over is approved for the same project.

It should be noted that Agriculture and Rural Development will receive additional funding in the form of an indirect grant in respect of additional fodder via the CASP grant, and the province was advised of this by National Treasury.

3. 2016/17 Net financial position

KwaZulu-Natal continues to maintain a healthy cash positive position, as it has since May 2010. However, this positive cash balance has been on a downward trend, mainly due to fiscal consolidation, unforeseen spending pressures such as the exchange rate pressures, as well as the unfunded above-budget wage agreements. National Treasury has indicated that they will not be funding any part of the 2016 above-budget wage adjustment (detail provided below) and the province will have to absorb this pressure within its baseline.

The cost-cutting measures, which were first introduced in 2009/10, continue to be implemented by departments and public entities. During the year, an additional cost-cutting measure was introduced, which is meant to rationalise international travel, where departments and entities will have to seek approval for the costing of such trips. Vacant posts were frozen in the province in 2015/16 and are only filled with express approval of the Premier and the MEC for Finance. During the year, controls around the filling of posts were further tightened resulting in all posts, whether grant funded or contract posts, needing approval prior to filling, due to budget pressures faced by departments against *Compensation of employees*.

The net financial position of the province determines the amount of funds available for allocation in the Adjustments Budget. The province under-spent its 2015/16 budget allocation by R653.569 million and *Own revenue* was over-collected by R265.349 million. The province also continued to budget for a Contingency Reserve in 2016/17, which was R750 million. A portion of the revenue over-collection was already allocated to departments in the 2015/16 Adjustments Budget and must therefore be excluded from the net financial position calculation. As such, R139.888 million is deducted from the net financial position, as well as R26.536 million which was allocated from the Contingency Reserve to fund commitments in the 2016/17 Adjustments Budget. These factors all resulted in the province ending the year with a surplus of R745.139 million. These funds are now available to finance various provincial commitments, the detail of which is provided below.

Details of other provincial commitments are provided under each departmental chapter.

4. 2016 wage adjustment

The 2016 above-budget wage adjustment was determined at 7.6 per cent for all Level 1 – 12 public servants as opposed to the 7.2 per cent provided for in the budget. This shortfall of 0.4 per cent translates into a monetary shortfall of some R277 million for 2016/17 which the provincial fiscus had to fund from within, as National Treasury has indicated that they are not funding any part thereof. This is discussed in more detail later in this summary.

Departments were requested to indicate the budget pressures that this 0.4 per cent difference would exert on their budgets and to also indicate whether they would be in a position to fund any portion of this from within their budgets. Departments submitted budget pressures of R277.022 million in this regard. As National Treasury is not funding any portion of this, it was left up to the provincial fiscus to fund this

gap in the current year and an amount of R277.022 million was allocated to departments to assist with the above-budget wage adjustment. Departments have been alerted, though, that this is a once-off allocation and departments will therefore have to reprioritise their 2017/18 MTEF budgets to provide for the carry-through of this shortfall from within their existing baselines.

It is noted that, at the time of the preparation of this report, confirmation had not been received regarding the 2016 increase in the Members' remuneration (inclusive of MECs). As a result, no adjustments in this regard are included in this document. It is noted that there is a reduction of R5.489 million in the operational budget of the Legislature and a corresponding increase in the statutory Members' remuneration. This shift was undertaken to move R3 million from *Compensation of employees* in the sub-programme: Office of the Speaker in Programme 1 to the same category in respect of the Members' remuneration. This shift was required to reflect the remuneration of the Speaker and Deputy Speaker as part of the statutory allocation and not the operational budget. The purpose of the funds remains unchanged. In addition, R2.489 million was moved from *Goods and services* in the sub-programme: Members' Facilities in Programme 2 to the same category in respect of the Members' remuneration. According to the Legislature, the telephone allowances of Members' should be included in the statutory allocation. These allowances currently form part of the operational budget under Programme 2, and this shift corrects this misallocation. The purpose of the funds remains unchanged. It is noted, though, although the shifting of funds from the operational budget to the Members' remuneration is permissible as the purpose of the funds remain unchanged, Legislature approval is needed because the shift results in a reduction in the amount to be appropriated to the Legislature.

5. 2015/16 unspent conditional grants

In aggregate, the province recorded a net under-expenditure of R76.272 million on the conditional grants received for the 2015/16 financial year. These funds cannot be used for any other purpose and, if not rolled over, then the unspent portion must be surrendered to the National Revenue Fund. Of this amount, R30.241 million relates to the disaster portion of the PRMG under Transport. The department's allocation of R275.691 million against this grant was withheld by the NDOT in 2015/16 due to non-compliance by the department, as previously mentioned. However, the department spent R245.450 million of the withheld amount, and showed an under-spending against the grant of R30.241 million, which was not considered to be real under-spending due to the fact that the initial allocation, had not been received by the department. The R275.691 million that was withheld will be transferred to the department in 2016/17. This will not be appropriated to the department (hence this amount is not included in the departmental tables in this document), but is highlighted in the 2016/17 Adjustments Appropriation Act. The balance of the under-spent conditional grant allocation, amounting to R16.716 million, had to be repaid to the National Revenue Fund.

The approved roll-overs per grant are as follows:

- R6.363 million for the National Health Insurance (NHI) grant.
- R22.952 million for the Community Library Services grant.

6. Summary of adjustments allocations

Table 3 provides a summary of the additional funds allocated to the various provincial departments and forms the basis of the 2016/17 Adjustments Estimate.

Further details of these adjustments, which resulted in an overall increase of R832.585 million, are provided under the specific department's chapter. These adjustments include roll-overs, additional funding provided to departments, as well as any shifts between departments. It must be noted that the increased amount to be voted is R832.585 million (Table 3 below).

The largest share of the additional allocations was given to the Departments of Health (R460.363 million), followed by Education (R188.746 million), Co-operative Governance and Traditional Affairs (COGTA) (R70.145 million), Provincial Legislature (R48.743 million), Agriculture

and Rural Development (DARD) (R46.098 million), Human Settlements (R45.265 million), and Public Works (R28.080 million). It should be noted that two departments, namely Economic Development, Tourism and Environmental Affairs (DEDTEA) and Provincial Treasury, had reductions in their budgets of R98.381 million and R23.974 million, respectively.

Table 3: Summary of Roll-overs, Shifts and Additional Funding for 2016/17

R thousand	Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts	Other adjustments	Total adjustment
Vote 1: Office of the Premier	8 000	-	-	-	23 674	31 674
Above budget 2016 wage adjustment					1 200	1 200
Renovations to palaces	8 000					8 000
Gaming and Betting moved from Vote 6: Provincial Treasury					22 474	22 474
Vote 2: Provincial Legislature	-	-	-	-	48 743	48 743
PL to retain own revenue over-collection					2 603	2 603
Ito FMPPLA all unspent operational funds are retained by the Legislature					46 008	46 008
Above budget 2016 wage adjustment					743	743
Suspension of 2% cut of zero-based addition					(611)	(611)
Vote 3: Agriculture and Rural Development	46 098	-	-	-	-	46 098
Roll-over of unspent funds from 2015/16 for drought relief and motor vehicles	46 098					46 098
Vote 4: Economic Dev., Tourism & Enviro Affairs	-	-	-	-	(98 381)	(98 381)
Above budget 2016 wage adjustment					1 224	1 224
Above budget 2016 wage adjustment - EKZNW					395	395
Suspension of funds from SBGE to Vote 7: Health					(61 000)	(61 000)
Suspension of funds from KZN Property Dev Holdings to Vote 7: Health					(39 000)	(39 000)
Vote 5: Education	40 210	-	-	-	148 536	188 746
Above budget 2016 wage adjustment					140 000	140 000
Roll-over of motor vehicles and minor assets	40 210					40 210
NSNP grant					8 536	8 536
Vote 6: Provincial Treasury	-	-	-	-	(23 974)	(23 974)
Suspension of funds moved to COGTA for the Mandela Day Marathon					(1 500)	(1 500)
Suspension of Gaming and Betting moved to Vote 1: OTP					(22 474)	(22 474)
Vote 7: Health	6 363	-	-	-	454 000	460 363
Exchange rate pressures					250 000	250 000
Above budget 2016 wage adjustment					100 000	100 000
NHI grant					4 000	4 000
Suspension of funds from V4: EDTEA towards exchange rate pressures					100 000	100 000
Roll-over of NHI grant	6 363					6 363
Vote 8: Human Settlements	-	-	-	-	45 265	45 265
Funds returned by NHFC in 16/17					6 916	6 916
Funds returned by Khuboni Shezi Attorneys					26 015	26 015
Above budget 2016 wage adjustment					1 029	1 029
SARS refund					19	19
Funding from Dept of Military Veterans					11 286	11 286
Vote 9: Community Safety and Liaison	-	-	-	-	-	-
Vote 10: Sport and Recreation	-	-	-	-	1 057	1 057
Sponsorships received in 15/16 for Sport Awards					410	410
Above budget 2016 wage adjustment					3 342	3 342
Suspension of Sport Development Centre funds to 17/18					(10 000)	(10 000)
Mass Participation and Sport Development grant					7 305	7 305
Vote 11: Co-operative Governance and Traditional Affairs	27 637	-	-	-	42 508	70 145
Funds moved from Vote 6: PT for Mandela Day Marathon					1 500	1 500
Above budget 2016 wage adjustment					2 053	2 053
Roll-over for 2016 local govt. elections, PDMC at Mkondeni and Mandela Day Marathon	27 637					27 637
50% of funding for payment of <i>Izinduna</i>					38 955	38 955
Vote 12: Transport	-	-	-	-	5 680	5 680
Increase in PTOG re rounding problem with NT allocation letter					1	1
Above budget 2016 wage adjustment					3 679	3 679
Cross-border crime fighting initiative (25kms)					2 000	2 000
Vote 13: Social Development	-	-	-	-	4 137	4 137
Above budget 2016 wage adjustment					4 137	4 137
Vote 14: Public Works	974	-	-	-	27 106	28 080
Above budget 2016 wage adjustment					19 220	19 220
Infrastructure Master Plan					7 886	7 886
Roll-over for the Infrastructure Master Plan	974					974
Vote 15: Arts and Culture	22 952	-	-	-	2 000	24 952
Archive Repository					2 000	2 000
Roll-over of Community Library Services grant	22 952					22 952
Total	152 234	-	-	-	680 351	832 585

Health received an additional allocation totaling R460.363 million. Of this, R100 million was allocated for the higher than budgeted 2016 wage adjustment being the full cost of the above-budget 2016 wage adjustment, as well as R350 million to address the impact of the Rand:Dollar exchange rate on imported medicines and medical supplies. In addition, R4 million was allocated by the National Department of Health for the NHI grant, in order to help strengthen Health Information Systems, which is a necessary

step for the success of the NHI Disease Related Grouping reimbursement model. In addition, the department received a roll-over of R6.363 million in respect of the NHI conditional grant, which will be used to pay for an electronic queuing system and internet connectivity for all clinics in NHI districts.

Education received additional funding of R188.746 million from provincial cash resources. Of this, R140 million was allocated to the department in respect of the 2016 above-budget wage adjustment. This amount was allocated from provincial cash resources and it fully compensates the department for the shortfall related to the above-budget 2016 wage adjustment. In addition, the department received an amount of R8.536 million in respect of the NSNP grant to cover the shortfall caused by high food inflation, as well as the roll-over of R40.210 million in respect of committed funds relating to payments for vehicles and minor assets which were ordered in 2015/16, but not delivered.

Human Settlements was allocated R45.265 million, mainly due to funds returned to the Provincial Revenue Fund and these were allocated back to the department. In this regard, R6.916 million was allocated to the department relating to funds returned by the National Housing Finance Corporation (NHFC). The department transferred funds to the NHFC in 2011/12 in order to assess, administer and manage Social Housing Programmes on behalf of the department. On completion and close-out of each project, the NHFC had to repay any unspent funds together with interest earned to the department. In addition, R26.015 million is allocated back to the department in respect of funds returned by Khuboni Shezi Attorneys. These funds were paid into the Provincial Revenue Fund in December 2015 by Khuboni Shezi Attorneys in respect of unspent funds transferred by the department to the attorneys for the purpose of purchasing the Four Seasons Hotel in Durban, but which transaction was cancelled, as well as R11.286 million received from the Department of Military Veterans in 2013/14 and 2014/15 which was held in a suspense account since then. These funds have now been paid into the Provincial Revenue Fund and are thus allocated back to the department for spending on the Military Veterans Housing Project. The department was also allocated R1.029 million relating to the above-budget 2016 wage adjustment, as well as R19 000 relating to a SARS refund received by the department. The department intends to utilise this refund to cater for write-offs in respect of debit balances in the Salary Tax Debt account.

COGTA received additional funding of R70.145 million in the 2016/17 Adjustments Estimate. The department was allocated R2.053 million in respect of the above-budget 2016 wage adjustment and this fully compensates the department for the above-budget wage adjustment pressures. The department was also allocated R38.955 million, for the remuneration of *Izinduna*. The provincial Executive Council took a resolution to start remunerating *Izinduna*, and that approximately 50 per cent of the funding would be allocated to the department from provincial cash resources. As such, these additional funds are now allocated to the department in this regard. It should be noted that a similar position will be taken over the 2017/18 MTEF with 50 per cent of the annual cost of remunerating *Izinduna* being taken proportionately from all departments for allocation to COGTA and the balance is to be sourced from within the department's baseline. COGTA received roll-overs of R27.637 million for committed funds in respect of the drought intervention programme, 2016 local government elections, Provincial Disaster Management Centre (PDMC) and the Mandela Day Marathon event. Furthermore, the department was allocated R1.500 million to be transferred to the uMgungundlovu District Municipality in respect of the Mandela Day Marathon event. The MEC for Finance undertook at a sub-committee on Major Events held on 10 August 2016 to suspend R1.500 million from Vote 6: Provincial Treasury to Vote 11: COGTA to assist with funding this event.

Public Works received an additional allocation of R28.080 million. Of this R19.220 million was allocated to cover the above-budget 2016 wage adjustment, and once-off additional funds of R7.886 million were specifically and exclusively appropriated for the completion of the Provincial Infrastructure Master Plan, while R974 000 was a roll-over for the Infrastructure Master Plan.

The main adjustments per category are as follows:

Roll-overs: The total amount rolled over from 2015/16 to 2016/17 is R152.234 million, of which national conditional grant roll-overs amounted to R29.315 million, leaving R99.967 million as provincial roll-overs. It should be noted that the conditional grant roll-overs that were approved were not paid back to the National Revenue Fund. The provincial roll-overs of R99.967 million relate to various commitments arising from 2015/16, under Agriculture and Rural Development relating to the drought intervention programme and motor vehicles. COGTA received roll-overs for committed funds in respect of the drought intervention programme, 2016 local government elections, PDMC and Mandela Day Marathon event. Public Works received a roll-over relating to commitments for the work relating to the development of an Infrastructure Master Plan for the province. Education received a roll-over for unspent committed funds for commitments that existed at the end of 2015/16 with regard to purchasing motor vehicles and minor assets and the Office of the Premier also received roll-overs for the implementation of the refurbishment of the royal palaces.

Other adjustments: An amount of R12.536 million was received from National Treasury. Of this R8.536 million was allocated to the Department of Education from the National Department of Basic Education in respect of the NSNP grant to cover the shortfall caused by high food inflation, while Health was allocated R4 million by the National Department of Health for the NHI grant. Provincial Legislature also received R46.008 million, in terms of the Financial Management for Parliaments Amendments Act (FMPPLA), which permits that the department retains any unspent operational funds from the prior year. However, of this amount, R11.064 million was set aside by the Legislature to possibly provide for the Legislature's unauthorised expenditure relating to 2013/14, and R37.547 million was allocated to the Legislature. The authorisation of this unauthorised expenditure was not addressed in prior years because there was uncertainty surrounding the roles and responsibilities of Provincial Treasury and the Legislature, as well as SCOPA and the newly constituted Standing Committee on Oversight (STACOV) in terms of the FMPPLA. This amount was authorised by STACOV on 28 September 2016, and the Legislature and Provincial Treasury are currently in discussion with the A-G's office regarding the accounting treatment of this amount and R11.064 million remains in the Legislature's bank account pending the outcome of this discussion.

Apart from the additional allocations mentioned above, the province had to fund provincial commitments from its provincial cash resources as follows:

- *Office of the Premier:* The department received an amount of R31.674 million. Of this, R1.200 million was allocated to the department against *Compensation of employees* for the 2016 above-budget wage adjustment and R8 million, relates to the roll-over of funds from 2015/16 in relation to the rehabilitation of royal palaces. In addition, R22.474 million was suspended from Vote 6: Provincial Treasury and allocated to Vote 1: Office of the Premier relating to the movement of both the public entity KwaZulu-Natal Gaming and Betting Board (R19.255 million) and the administration unit dealing with gaming and betting (R3.219 million) with effect from 28 September 2016, as determined by Premier's Minute No. 2 of 2016. This relates to the balance of funds to be moved to the KZNGBB and the administration unit dealing with gaming and betting in the remaining months of the 2016/17 financial year.
- *Provincial Legislature:* The Legislature received additional funding made up of R743 000 allocated from the provincial fiscus toward funding the above-budget 2016 wage adjustment in respect of the Legislature staff, as well as R48.611 million of surplus funds/revenue over-collected in 2015/16 was allocated back to the Legislature in 2016/17, as mentioned. In addition, R611 000 was deducted from the Legislature's budget. When the 2016/17 Main Budget was tabled, it was agreed to not effect any budget cuts against Vote 2 in view of the ongoing discussion to top-slice the budgets of all Provincial Legislatures' budgets from provinces for these to be administered by National Treasury. It was also said, at the time, that if this top-slicing did not occur, the Legislature's budget would be cut during the 2016/17 Adjustments Estimate. As such, a 2 per cent cut (R611 000) was effected against the additional funds given to the Legislature with regard to the zero-based budget exercise, and this full amount was cut from *Goods and services* and will be achieved through cost-containment in respect of public participation events. An amount of R2.603 million was allocated

back to the Legislature to increase the 2016/17 operational budget, which was revenue was over-collected in 2015/16.

- *Agriculture and Rural Development:* The department received R46.098 million, which relates to the roll-over of committed funds from 2015/16 to 2016/17 towards drought relief intervention programmes, such as boreholes, stock watering dams, etc., and for the purchase of motor vehicles.
- *DEDTEA:* The department's allocation was increased by R1.224 million to cover the above-budget 2016 wage adjustment. EKZNW also received additional funding of R395 000 for the above-budget 2016 wage adjustment. It should be noted that the department's budget was cut by R100 million. During the preparation of the *EPRE*, the department was relieved of the full cut of R554.672 million that was to be implemented against their baseline, and the baseline cut effected was only R403.617 million, a difference of R151.055 million. As such, a further R100 million was reduced from the department's baseline in the 2016/17 Adjustments Estimate, and the balance of R51 million will be reduced from the 2017/18 baseline. The reduction was effected from the Small Business Growth Enterprise (SBGE) budget and from the KZN Property Development Holdings.
- *Provincial Treasury:* The department's budget allocation was decreased by an amount of R23.974 million. The MEC for Finance undertook at a Sub-committee on Major Events held on 10 August 2016, that R1.500 million would be suspended from Vote 6: Provincial Treasury to Vote 11: COGTA toward the Mandela Day Marathon Event. In addition, R22.474 million was suspended from Vote 6: Provincial Treasury and was allocated to Vote 1: Office of the Premier relating to the movement of both the KZNGBB and the administration unit dealing with gaming and betting with effect from 28 September 2016, as determined by Premier's Minute No. 2 of 2016. Similarly, the gaming and betting revenue budget calculated at R270.760 million was also moved between the two Votes. It must be noted that only the budget from 28 September onward was suspended, whereas the balance will remain with Vote 6 this year, as this Vote has incurred the related expenditure in the first half of the year. The full budget will be moved in 2017/18.
- *Sport and Recreation:* The department received a net increase of R1.057 million. The department received an allocation of R410 000 relating to funds received as sponsorships from various organisations toward the department's annual KZN Sport Awards. These funds were received in the Provincial Revenue Fund in 2015/16 and were allocated back to the department for spending on the KZN Sport Awards in 2016/17. The department will use these funds for cash rewards given to the sport stars. The department was also allocated R3.342 million for the above-budget 2016 wage adjustment to fund the shortfall. An amount of R10 million in respect of the construction of the sport development centre in Durban was suspended from 2016/17 against *Transfers and subsidies to: Provinces and municipalities* and will be allocated back to the department in the 2017/18 MTEF budget process. The eThekweni Metro experienced challenges with regard to the eviction of the current tenants of the site at the Durban Kings Park Precinct. Court proceedings are still underway with regard to the matter, hence the R10 million will not be utilised in 2016/17. As previously mentioned, there was an adjustment to the MPSD, due to an oversight by NDOSR.
- *Transport:* The department received R5.680 million, of which R3.679 million was in respect of the above-budget 2016 wage adjustment and R1 000 was allocated in respect of the PTOG in order to correct a rounding error, as mentioned above. In addition, the department was allocated R2 million to commence the planning of the cross-border crime fighting project commissioned by the Premier. This relates to the construction of a crime fighting structure on the border between KZN and Mozambique. It should be noted that a further R48 million has been earmarked to be allocated to the department in this regard during the 2017/18 MTEF budget process. The funds are specifically and exclusively allocated to the department and will appear as such in the Adjustments Appropriation Bill. Therefore, these funds may not be used for any other purpose. It was agreed by the Executive Council that this project should be undertaken by the province but with the understanding that a MOA must be entered into with the Department of Home Affairs who is responsible for border infrastructure, so that the funds can be recouped. Similarly, a MOA with the South African National Defence Force (SANDF) must be entered into so that the border will be patrolled.

- *Social Development:* The department's allocation was increased by R4.137 million, which was allocated for the above-budget 2016 wage adjustment.
- *Arts and Culture:* The department was appropriated an amount of R2 million toward the construction of an Archive Repository in Pietermaritzburg. This project was supported by the Executive Council. A further R20.881 million in 2017/18, R52.925 million in 2018/19 and R93.543 million in 2019/20 will be allocated during the 2017/18 MTEF budget process. These funds are specifically and exclusively appropriated to ensure they are not used for any other purpose. The department received a roll-over totalling R22.952 million against the Community Library Services grant against *Buildings and other fixed structures*, while the amount for the Manyiseni library (R16.171 million) was not approved since this would be the second year that a roll-over would be approved for the same project.

7. Expenditure

Tables 4 and 5 present a summary of the adjusted appropriation by vote and economic classification.

Further to the additional allocation received by the departments, as highlighted in the above sections, departments have moved funds between programmes, sub-programmes and economic classifications. In most instances, these movements are within the prescripts governing the limitations to which Accounting Officers and Provincial Treasury may approve the movement of funds to utilise savings in one area to offset excess expenditure in another area. In cases where these limitations are exceeded, the approval of the Legislature is required and is therefore highlighted in this Adjustments Estimate. These movements are fully explained under each Vote in Section 2 of this document.

It is noted that the following definitions/guidelines are applicable to determine the type/category of adjustments reflected under the various columns in all Expenditure tables in this document:

<i>Roll-overs:</i>	Funds from 2015/16 that were committed but not spent in that year, and are to be re-appropriated in 2016/17.
<i>Unforeseeable/unavoidable:</i>	Expenditure that could not be anticipated at the time of finalising the 2016/17 main budget.
<i>Virement:</i>	The utilisation of savings or under-spending under one main division/ sub-division/ economic classification of a vote toward the defrayment of excess expenditure under another main division/ sub-division/ economic classification of the same vote. That is, the original purpose of the funds has changed.
<i>Shifts:</i>	The re-allocation of funds incorrectly allocated during the 2016/17 <i>EPRE</i> budget process, or where the funds are shifted due to the re-classification of expenditure (e.g. in line with SCOA definitions). This also includes functions shifted within a vote to follow the internal transfer of functions (e.g. from one programme to another). That is, the original purpose of the funds remains the same.
<i>Other adjustments:</i>	Any additional funding that is allocated to the department during the year, other than roll-overs. This also includes funds shifted between votes to follow the transfer of functions (i.e. function shifts between departments), funds suspended to other financial years and surrendered funds.

The amount reflected against *Statutory payments* is the remuneration of the Members of the Legislature.

Table 4: Expenditure summary by vote

R thousand	Main appropriation	Additional appropriation					Total additional appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Office of the Premier	658 644	8 000	-	-	-	23 674	31 674	690 318
2. Provincial Legislature	440 862	-	-	-	(5 489)	37 679	32 190	473 052
3. Agriculture and Rural Development	2 170 644	46 098	-	-	-	-	46 098	2 216 742
4. Economic Dev., Tourism and Enviro Affairs	2 702 992	-	-	-	-	(98 381)	(98 381)	2 604 611
5. Education	45 464 373	40 210	-	-	-	148 536	188 746	45 653 119
6. Provincial Treasury	675 280	-	-	-	-	(23 974)	(23 974)	651 306
7. Health	36 578 637	6 363	-	-	-	454 000	460 363	37 039 000
8. Human Settlements	3 485 112	-	-	-	-	45 265	45 265	3 530 377
9. Community Safety and Liaison	210 123	-	-	-	-	-	-	210 123
10. Sport and Recreation	426 479	-	-	-	-	1 057	1 057	427 536
11. Co-operative Governance and Traditional Affairs	1 545 923	27 637	-	-	-	42 508	70 145	1 616 068
12. Transport	9 571 940	-	-	-	-	5 680	5 680	9 577 620
13. Social Development	2 778 162	-	-	-	-	4 137	4 137	2 782 299
14. Public Works	1 432 608	974	-	-	-	27 106	28 080	1 460 688
15. Arts and Culture	786 472	22 952	-	-	-	2 000	24 952	811 424
Sub-total	108 928 251	152 234	-	-	(5 489)	669 287	816 032	109 744 283
Statutory payments	77 790	-	-	-	5 489	-	5 489	83 279
Total: Provincial departments	109 006 041	152 234	-	-	-	669 287	821 521	109 827 562
Amount to be voted								816 032

Table 5: Expenditure summary by economic classification

R thousand	62 599 811	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	90 176 807	49 209	-	(98 431)	(184 859)	720 028	485 947	90 662 754
Compensation of employees	67 799 512	-	-	193 728	(14 500)	277 881	457 109	68 256 621
Goods and services	22 373 950	49 209	-	(291 298)	(170 359)	442 147	29 699	22 403 649
Interest and rent on land	3 345	-	-	(861)	-	-	(861)	2 484
Transfers and subsidies to:	10 820 225	10 500	-	258 619	237 052	(57 860)	448 311	11 268 536
Provinces and municipalities	1 084 929	10 500	-	63 985	32 481	(8 500)	98 466	1 183 395
Departmental agencies and accounts	1 846 560	-	-	32 316	31 636	576	64 528	1 911 088
Higher education institutions	8 500	-	-	6 617	2 500	-	9 117	17 617
Foreign governments and international organisations	217	-	-	-	-	-	-	217
Public corporations and private enterprises	1 389 254	-	-	142 272	214 447	(53 595)	303 124	1 692 378
Non-profit institutions	3 232 372	-	-	(23 279)	(16 999)	(29 682)	(69 960)	3 162 412
Households	3 258 393	-	-	36 708	(27 013)	33 341	43 036	3 301 429
Payments for capital assets	7 771 970	92 525	-	(159 650)	(57 682)	7 100	(117 707)	7 654 263
Buildings and other fixed structures	6 819 032	64 133	-	(86 042)	(74 173)	3 500	(92 582)	6 726 450
Machinery and equipment	931 253	28 392	-	(69 988)	16 491	3 600	(21 505)	909 748
Heritage assets	4 500	-	-	-	-	-	-	4 500
Specialised military assets	-	-	-	-	-	-	-	-
Biological assets	636	-	-	711	-	-	711	1 347
Land and subsoil assets	-	-	-	-	-	-	-	-
Software and other intangible assets	16 549	-	-	(4 331)	-	-	(4 331)	12 218
Payments for financial assets	159 249	-	-	(538)	-	19	(519)	158 730
Sub-total	108 928 251	152 234	-	-	(5 489)	669 287	816 032	109 744 283
Statutory payments	77 790	-	-	-	5 489	-	5 489	83 279
Total: Economic classification	109 006 041	152 234	-	-	-	669 287	821 521	109 827 562
Amount to be voted								816 032

8. Infrastructure

Tables 6 and 7 below show the summary of the adjusted infrastructure budgets by vote and main category. Further details are provided under each Vote in Section 2.

In aggregate, infrastructure spending is set to decrease to R11.907 billion from the original budget of R11.978 billion, a decrease of R71.488 million. This is mainly due to the reduction of infrastructure budgets by departments such as Health, Human Settlements, Sport and Recreation, COGTA and Public Works, while Office of the Premier, Provincial Legislature, Agriculture and Rural Development, and Arts and Culture have increased theirs, with more detail provided below. It must be noted that some departments, such as Health and DARD have reduced their *Maintenance and repairs: Current* budget. Any overall decrease in *Capital* requires Legislature approval.

Table 6: Summary of infrastructure expenditure by vote

R thousand	Main appropriation	Additional appropriation					Total additional appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Office of the Premier	3 108	8 000	-	2 300	-	-	10 300	13 408
2. Provincial Legislature	4 490	-	-	-	-	12 542	12 542	17 032
3. Agriculture and Rural Development	162 844	27 733	-	(18 326)	-	-	9 407	172 251
4. Economic Dev., Tourism and Enviro Affairs	463 691	-	-	-	-	-	-	463 691
5. Education	2 452 129	-	-	-	-	-	-	2 452 129
6. Provincial Treasury	-	-	-	-	-	-	-	-
7. Health	1 536 515	-	-	(63 820)	-	-	(63 820)	1 472 695
8. Human Settlements	138 531	-	-	(9 700)	-	-	(9 700)	128 831
9. Community Safety and Liaison	-	-	-	-	-	-	-	-
10. Sport and Recreation	59 609	-	-	355	-	(10 000)	(9 645)	49 964
11. Co-operative Governance and Traditional Affairs	76 596	5 448	-	(39 649)	-	-	(34 201)	42 395
12. Transport	6 771 540	-	-	-	-	-	-	6 771 540
13. Social Development	137 701	-	-	-	-	-	-	137 701
14. Public Works	72 618	-	-	(2 120)	-	-	(2 120)	70 498
15. Arts and Culture	99 000	22 952	-	(9 203)	-	2 000	15 749	114 749
Total: Provincial departments	11 978 372	64 133	-	(140 163)	-	4 542	(71 488)	11 906 884
Amount to be voted								(71 488)

Table 7: Summary of infrastructure expenditure by category

R thousand	Main appropriation	Additional appropriation					Total additional appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Existing infrastructure assets	9 603 629	14 135	-	(23 127)	(10 000)	12 542	(6 450)	9 597 179
Maintenance and repair: Current	4 361 572	-	-	(69 084)	2 031	11 042	(56 011)	4 305 561
Upgrades and additions: Capital	3 071 705	-	-	281 042	-	1 500	282 542	3 354 247
Refurbishment and rehabilitation: Capital	2 170 352	14 135	-	(235 085)	(12 031)	-	(232 981)	1 937 371
New infrastructure assets: Capital	1 776 975	49 998	-	(142 036)	(52 142)	2 000	(142 180)	1 634 795
Infrastructure transfers	576 483	-	-	(15 000)	62 142	(10 000)	37 142	613 625
Infrastructure transfers: Capital	574 483	-	-	(15 000)	62 142	(10 000)	37 142	611 625
Infrastructure transfers: Current	2 000	-	-	-	-	-	-	2 000
Infrastructure: Payments for fin assets	-	-	-	-	-	-	-	-
Infrastructure: Leases	21 285	-	-	40 000	-	-	40 000	61 285
Total	11 978 372	64 133	-	(140 163)	-	4 542	(71 488)	11 906 884
Capital infrastructure	7 593 515	64 133	-	(111 079)	(2 031)	(6 500)	(55 477)	7 538 038
Current infrastructure	4 384 857	-	-	(29 084)	2 031	11 042	(16 011)	4 368 846
Amount to be voted								(71 488)

Health decreased its infrastructure budget by R63.820 million. *Maintenance and repair: Current* was reduced by R58.058 million attributable to more complex maintenance projects being behind schedule, as these projects require technical assistance from the department's Infrastructure Development unit and to be administered by head office SCM, as the technical nature of these projects is above the institution delegations. *Refurbishment and rehabilitation: Capital* was also reduced by R77.479 million due to a misallocation of funding in the *EPRE*, as the department's final Annual Implementation Plan was only provided after the *EPRE* was concluded for 2016/17. Mitigating this reduction in budget to some extent is an increase of R26.245 million against *Upgrades and additions: Capital* to address pressures against the Lower Umfolozi War Memorial Hospital alterations and additions to existing hospital, Port Shepstone Provincial Hospital new multi-departmental core block and Ex-Boys Model School major repairs and renovations to buildings (head office administration extension), as well as an increase of R45.472 million against *New infrastructure assets: Capital* due to faster than expected progress made on projects which include the Dr. Pixley ka Seme Hospital, the Ngwelezane Hospital new 192 bed ward block and the Stanger Hospital new labour and neo-natal wards.

Human Settlements decreased its infrastructure budget by R9.700 million. The department has terminated contracts with the contractors appointed to undertake work in the uMkhanyakude, Amajuba and uMgungundlovu districts as a result of poor performance. However, the department is currently in the process of appointing new contractors for these projects and the projects are continuing in 2016/17. These savings were moved to *Goods and services* to cater for the implementation of the anti-land invasion strategy which has necessitated the safeguarding of departmental owned properties against illegal occupation.

Sport and Recreation decreased its infrastructure budget by R9.645 million in respect of the funds for construction of the sport development centre (R10 million) in Durban which were suspended from the

2016/17 budget and will be allocated back to the department in the 2017/18 MTEF budget process. The eThekweni Metro experienced challenges with regard to the eviction of the current tenants of the site at the Durban Kings Park Precinct. Court proceedings are still underway with regard to the matter, hence the R10 million will not be utilised in 2016/17. This amount was slightly offset by an increase of R355 000 against *New infrastructure assets: Capital* for a variation order payment in respect of the completed construction of the Ugu district office. This payment was not anticipated and was therefore not budgeted for in the main budget.

COGTA reduced its infrastructure allocation by R34.201 million, as a result of savings identified of R39.649 million from the budget allocation for the rehabilitation of Community Service Centres (CSCs), as well as from the construction of new CSCs and *Imizi Yesizwe* that will no longer be undertaken. These savings were moved to *Goods and services* for the remuneration of *Izinduna*. This reduction was mitigated slightly by a roll-over of funds from 2015/16 of R5.448 million for the completion of the PDMC at Mkhondeni, providing for the fittings and fixtures of the boardrooms and the conference centre.

Public Works decreased its infrastructure budget by R2.120 million in respect of savings identified under *New infrastructure assets: Capital* due to delays in the completion of the head office project by the contractor, who failed to complete the project within the stipulated timeframe. In addition, there was slow progress in the construction of uMgungundlovu district office's new administrative wing. These funds were moved to *Goods and services* to cater for increased costs against property payments relating to electricity in the North Coast region, as well as to *Machinery and equipment* to cater for increased costs related to computer equipment.

On the other hand, four departments increased their infrastructure budget, and this is discussed in more detail as follows:

Office of the Premier increased its infrastructure budget by R8 million due to a roll-over of funds from 2015/16 to 2016/17 that relates to the funding required for the continuation of the renovations of the royal palaces, a project being jointly undertaken with Provincial Treasury's Infrastructure Crack Team.

Provincial Legislature increased its infrastructure budget by R12.542 million, from funds allocated back to the Legislature in line with the PFMA and FMPPLA, which relate to R11.042 million which was allocated to *Maintenance and repair: Current* for the audio-visual project in respect of the Legislature's main chamber. In addition, R1.500 million was allocated to *Upgrades and additions: Capital* to cater for renovations to the Law Society building in the existing Legislature complex, which was damaged by fire in 2014/15. The Legislature received a once-off R1.500 million in the 2015/16 Adjustments Estimate to renovate this building, based on an assessment by DOPW. This project did not commence in 2015/16, as the revised estimate of R6 million from DOPW was far higher than the original estimate. Provincial Treasury's infrastructure unit undertook to investigate the reason for the price escalation. The preliminary assessment is that DOPW's original estimate was completely under-stated and omitted basic costs such as professional fees, inaccessibility of the building site, etc. As a result, the revised estimate of some R6 million is considered to be reasonable. DOPW envisages commencing the project in the third quarter of 2016/17, hence this allocation of R1.500 million. The balance will need to be funded from the Legislature's 2017/18 budget.

Agriculture and Rural Development increased its infrastructure budget by R9.407 million, mainly due to a roll-over of R27.733 million from 2015/16 to 2016/17, in relation to the drought projects, which relates to the rehabilitation of diptanks, boreholes, stock watering dams and diptanks. There was also a reduction of R18.326 million against *Maintenance and repair: Current* in respect of an incorrect allocation for repairs of agricultural infrastructure. This category was inadvertently over-budgeted for in the *EPRE*.

Arts and Culture increased its infrastructure budget by R15.749 million due to an amount of R22.952 million which was rolled over from 2015/16 to 2016/17 in respect of the Community Library Services grant for the construction of the Port Shepstone library. Additional funding of R2 million was allocated to the department against *New infrastructures assets: Capital* toward the construction of an

Archive Repository in Pietermaritzburg. Also R2.935 million was moved from *Transfers and subsidies to: Provinces and municipalities* in respect of the appointment of staff for mobile libraries in municipalities, which was over-budgeted for. These funds were moved to *Refurbishment and rehabilitation: Capital* for renovations to the roof of the library services building which was not anticipated. Setting this off to some extent was the reduction of R9.203 million as a result of the cancellation of budgeted for transfers (R15 million) to the eThekweni Metro in respect of the construction of the mega-library due to various challenges experienced by the Metro with the construction of the mega-library. These funds (R15 million) remained within *Transfers and subsidies to: Provinces and municipalities* but now for transfer to the Metro for the appointment of new library staff for various libraries. This reduction was mitigated by minor virements undertaken against this category.

Table 7 above also reflects that departments have made adjustments against the various categories. From this, it can be seen that the reductions have been effected mainly against *Maintenance and repairs: Current, Refurbishment and rehabilitation: Capital* and *Infrastructure transfers: Capital* (largely under Transport, Education, Sport and Recreation and DEDTEA), with *Upgrades and additions: Capital* showing a substantial increase relating mainly to virements undertaken by Health and the Legislature, as explained above.

9. Transfers to local government

Table 8 gives a summary of the transfers to local government. Details of these transfers are provided under each Vote in Section 2.

Transfers to municipalities are set to increase by R87.438 million, being the net effect after taking into account increases and decreases in various departments. The bulk of these transfers are administered by Public Works (R533.931 million), Arts and Culture (R234.030 million), Health (R221.789 million), Human Settlements (R85.792 million) and COGTA (R71.234 million).

COGTA transferred funding to municipalities mainly for the Corridor Development and Massification programmes, construction of CSCs Disaster Management and Operational Support for CSCs programmes. The department increased its allocation to municipalities by R38.418 million, through shifts (R8.793 million), virements (R17.625 million) and roll-over of funds for municipalities (R10.500 million), for projects under the Small Town Rehabilitation programme such as taxi rank upgrades, pothole repairs etc, expenditure related to the consolidation of merged municipalities, as well as for the construction of CSCs. It should be noted that an amount of R21.582 million was shifted from *Provinces and municipalities* to *Goods and services* in respect of the Massification programme, as the respective municipalities have not spent the grants previously transferred to them. The department made a decision not to transfer further funds to municipalities that have not spent their previous years' grants but rather undertake the projects in-house using the department's Project Management Unit (PMU).

Public Works' allocation to *Transfers and subsidies to: Provinces and municipalities* relates to the payment of property rates. The department did not make adjustments in respect of transfers to local government, however, some of the municipalities were disestablished, merged into newly demarcated municipality, and some municipalities' names have changed.

Arts and Culture increased its transfers to municipalities by R3.441 million, due to an increase in transfer by R15.425 million to the Newcastle Municipality for the construction of Newcastle (R5.425 million) and Charlestown (R10 million) libraries. Mitigating this increase was a reduction in transfers of R12.935 million, mainly as a result of R10 million that was reduced from eThekweni Metro for the provincialisation of libraries and R2.935 million reduced from various municipalities, as the appointment of staff for mobile libraries in municipalities was over-budgeted for. This affected municipalities such as eNdameni, Mandeni, etc. The decrease in transfers requires Legislature approval.

Health increased its transfers to local government by R52.738 million due to expenditure that was carried over from 2015/16 in respect of municipal clinics. Provincial Treasury approval was given for the increase in *Transfers and subsidies*.

Table 8: Summary of transfers to local government

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts	Other adjustments		
A KZN2000 eThekweni	594 375	-	-	44 827	800	(10 000)	35 627	630 002
Total: Ugu Municipalities	35 971	1 100	-	10 125	10 475	-	21 700	57 671
B KZN212 uMdoni	6 843	-	-	10 125	13 875	-	24 000	30 843
B KZN213 uMzumba	3 075	-	-	-	-	-	-	3 075
B KZN214 uMuziwabantu	3 608	-	-	-	2 000	-	2 000	5 608
B KZN216 Ray Nkonyeni	16 045	1 100	-	-	600	-	1 700	17 745
C DC21 Ugu District Municipality	6 400	-	-	-	(6 000)	-	(6 000)	400
Total: uMgungundlovu Municipalities	110 628	5 000	-	1	1 041	1 500	7 542	118 170
B KZN221 uMshwathi	6 532	-	-	-	-	-	-	6 532
B KZN222 uMngeni	9 146	-	-	-	-	-	-	9 146
B KZN223 Mpofana	1 225	-	-	-	-	-	-	1 225
B KZN224 iMpendle	1 579	-	-	-	1 441	-	1 441	3 020
B KZN225 Msunduzi	88 685	-	-	-	-	-	-	88 685
B KZN226 Mkhambathini	1 654	-	-	1	-	-	1	1 655
B KZN227 Richmond	1 407	-	-	-	-	-	-	1 407
C DC22 uMgungundlovu District Municipality	400	5 000	-	-	(400)	1 500	6 100	6 500
Total: uThukela Municipalities	62 877	2 200	-	8 478	(1 310)	-	9 368	72 245
B KZN235 Okhahlamba	12 413	-	-	7 500	(6 110)	-	1 390	13 803
B KZN237 iNkosi Langalibalele	25 061	1 100	-	-	2 400	-	3 500	28 561
B KZN238 Alfred Duma	23 694	1 100	-	978	2 400	-	4 478	28 172
C DC23 uThukela District Municipality	1 709	-	-	-	-	-	-	1 709
Total: uMzinyathi Municipalities	50 758	-	-	505	(6 611)	-	(6 106)	44 652
B KZN241 eNdumeni	12 253	-	-	-	2 000	-	2 000	14 253
B KZN242 Nquthu	19 283	-	-	505	(8 444)	-	(7 939)	11 344
B KZN244 uMsinga	5 523	-	-	-	2 000	-	2 000	7 523
B 62599811 uMvoti	13 299	-	-	-	-	-	-	13 299
C DC24 uMzinyathi District Municipality	400	-	-	-	-	-	-	400
Total: Amajuba Municipalities	23 819	-	-	-	20 775	-	20 775	44 594
B KZN252 Newcastle	14 944	-	-	-	15 425	-	15 425	30 369
B KZN253 eMadlangeni	3 523	-	-	-	5 000	-	5 000	8 523
B KZN254 Dannhauser	4 952	-	-	-	-	-	-	4 952
C DC25 Amajuba District Municipality	400	-	-	-	350	-	350	750
Total: Zululand Municipalities	55 613	-	-	(831)	(6 811)	-	(7 642)	47 971
B KZN261 eDumbe	3 573	-	-	-	200	-	200	3 773
B KZN262 uPhongolo	11 614	-	-	-	(6 444)	-	(6 444)	5 170
B KZN263 Abaqulusi	10 296	-	-	179	-	-	179	10 475
B KZN265 Nongoma	6 251	-	-	-	-	-	-	6 251
B KZN266 Ulundi	21 568	-	-	(1 010)	-	-	(1 010)	20 558
C DC26 Zululand District Municipality	2 311	-	-	-	(400)	-	(400)	1 911
Total: uMkhanyakude Municipalities	30 223	1 100	-	-	(400)	-	700	30 923
B KZN271 uMhlabyalingana	13 390	-	-	-	-	-	-	13 390
B KZN272 Jozini	6 692	-	-	-	-	-	-	6 692
B KZN275 Mtubatuba	5 119	-	-	-	4 000	-	4 000	9 119
B KZN276 Big Five Hlabisa	4 622	1 100	-	-	-	-	1 100	5 722
C DC27 uMkhanyakude District Municipality	400	-	-	-	(400)	-	(400)	-
Total: King Cetshwayo Municipalities	48 566	-	-	674	3 622	-	4 296	52 862
B KZN281 uMfolozi	1 817	-	-	505	7 000	-	7 505	9 322
B KZN282 uMhlathuze	23 372	-	-	-	1 000	-	1 000	24 372
B KZN284 uMlalazi	7 823	-	-	(336)	(78)	-	(414)	7 409
B KZN285 Mthonjaneni	3 416	-	-	-	-	-	-	3 416
B KZN286 Nkandla	11 738	-	-	505	-	-	505	12 243
C DC28 King Cetshwayo District Municipality	400	-	-	-	-	-	-	400
Total: iLembe Municipalities	32 989	-	-	-	(400)	-	(400)	32 589
B KZN291 Mandeni	3 270	-	-	-	-	-	-	3 270
B KZN292 KwaDukuza	16 554	-	-	-	-	-	-	16 554
B KZN293 Ndwedwe	7 265	-	-	-	-	-	-	7 265
B KZN294 Maphumulo	5 500	-	-	-	166	-	166	5 666
C DC29 iLembe District Municipality	400	-	-	-	(400)	-	(400)	-
Total: Harry Gwala Municipalities	22 297	1 100	-	(22)	2 500	-	3 578	25 875
B KZN433 Greater Kokstad	9 887	-	-	-	-	-	-	9 887
B KZN434 uBuhlebezwe	3 813	-	-	-	-	-	-	3 813
B KZN435 uMzimkhulu	5 378	-	-	-	2 500	-	2 500	7 878
B KZN436 Dr Nkosazana Dlamini Zuma	2 819	1 100	-	(22)	400	-	1 478	4 297
C DC43 Harry Gwala District Municipality	400	-	-	-	(400)	-	(400)	-
Unallocated	2 060	-	-	-	(2 000)	-	(2 000)	60
Total	1 070 176	10 500	-	63 757	21 681	(8 500)	87 438	1 157 614
Amount to be voted								87 438

Sport and Recreation reduced its allocation to the eThekweni Metro by R10 million in respect of the construction of the sport development centre in Durban. This amount was suspended from the department's 2016/17 budget under *Transfers and subsidies to: Provinces and municipalities* and will be allocated back to the department during the 2017/18 MTEF budget process. The eThekweni Metro experienced challenges with regard to the eviction of the current tenants of the site, as mentioned above. The department undertook a shift of R11.141 million from *Buildings and other fixed structures* to *Transfers and subsidies to: Provinces and municipalities* for the construction of sport facilities by municipalities, such as Cwaka Sport Complex (Nquthu Municipality), and Nxamalala sport field (iMpendle Municipality), due to a decision that these projects be implemented by the municipality instead of the department. Included in the R11.141 million, is R2 million provided by the department to

various municipalities in respect of the maintenance of sport fields, due to the finalisation of SLAs between the department and municipalities.

10. Actual expenditure and revised spending projections for the rest of 2016/17

Tables 9 and 10 below provide a summary of the actual expenditure as at the end of September 2016, projected expenditure for the rest of the financial year and total revised spending per department and economic classification. Details per department are provided in Section 2 of this document. The aggregated actual expenditure after six months of the year was on target at 50.6 per cent of the adjusted budget when compared to the straight-line benchmark of 50 per cent after six months.

All departments except Health are projecting to spend within budget, mainly due to additional funding and roll-overs approved, which has eliminated the spending pressures. Departments also undertook to spend within budget by reprioritising savings to fund spending pressures. Health is projecting over-spending of R355.016 million, mainly due to commitments from 2015/16, higher than expected NHLS fee-for-service costs, as well as above inflation increases in food prices and municipal services costs. Categories such as *Compensation of employees*, *Goods and services*, *Households and Machinery and equipment*, show projected over-spending in the second half of the year and these are mainly due to pressures against Health and should be addressed as part of the on-going cost containment plan.

Table 9: Actual payments and revised spending projections by programme

R thousand	2015/16	Adjusted	Actual payments		Projected payments		Projected actual
	Audited outcome	appropriation	April '16 - September 2016		October '16 - March 2017		
			% of budget		% of budget		
1. Office of the Premier	692 067	690 318	273 195	39.6	417 123	60.4	690 318
2. Provincial Legislature	436 137	556 331	245 432	44.1	310 899	55.9	556 331
3. Agriculture and Rural Development	2 199 187	2 216 742	1 045 079	47.1	1 171 663	52.9	2 216 742
4. Economic Development, Tourism and Environmental Affairs	2 983 585	2 604 611	1 491 586	57.3	1 113 025	42.7	2 604 611
5. Education	42 887 911	45 653 119	23 487 624	51.4	22 165 495	48.6	45 653 119
6. Provincial Treasury	641 047	651 306	297 951	45.7	353 355	54.3	651 306
7. Health	34 110 724	37 039 000	19 374 338	52.3	18 019 678	48.7	37 394 016
8. Human Settlements	4 131 025	3 530 377	2 002 793	56.7	1 527 584	43.3	3 530 377
9. Community Safety and Liaison	190 811	210 123	99 351	47.3	110 772	52.7	210 123
10. Sport and Recreation	437 496	427 536	197 014	46.1	230 522	53.9	427 536
11. Co-operative Governance and Traditional Affairs	1 518 088	1 616 068	596 893	36.9	1 019 175	63.1	1 616 068
12. Transport	9 338 492	9 577 620	4 302 852	44.9	5 274 768	55.1	9 577 620
13. Social Development	2 610 357	2 782 299	1 259 470	45.3	1 522 829	54.7	2 782 299
14. Public Works	1 406 247	1 460 688	585 866	40.1	874 822	59.9	1 460 688
15. Arts and Culture	763 542	811 424	264 945	32.7	546 479	67.3	811 424
Total	104 346 716	109 827 562	55 524 389	50.6	54 658 189	49.8	110 182 578

Table 10: Actual payments and revised spending projections by economic classification

R thousand	2015/16	Adjusted	Actual payments		Projected payments		Projected actual
	Audited outcome	appropriation	April' 16 - September 2016		October '16 - March 2017		
			% of budget		% of budget		
Current payments	83 023 094	90 745 008	45 239 887	49.9	45 635 121	50.3	90 875 008
Compensation of employees	62 713 150	68 337 411	33 731 913	49.4	34 625 498	50.7	68 357 411
Goods and services	20 170 113	22 405 113	11 506 470	51.4	11 008 643	49.1	22 515 113
Interest and rent on land	139 831	2 484	1 504	60.5	980	39.5	2 484
Transfers and subsidies to:	12 511 399	11 269 561	6 647 814	59.0	4 840 747	43.0	11 488 561
Provinces and municipalities	1 417 932	1 183 395	356 355	30.1	827 040	69.9	1 183 395
Departmental agencies and accounts	2 110 000	1 912 113	1 124 808	58.8	787 305	41.2	1 912 113
Higher education institutions	2 000	17 617	-	-	17 617	100.0	17 617
Foreign governments and international organisations	292	217	-	-	217	100.0	217
Public corporations and private enterprises	1 707 464	1 692 378	765 616	45.2	926 762	54.8	1 692 378
Non-profit institutions	3 196 532	3 162 412	2 338 244	73.9	824 168	26.1	3 162 412
Households	4 077 179	3 301 429	2 062 791	62.5	1 457 638	44.2	3 520 429
Payments for capital assets	8 640 101	7 654 263	3 478 311	45.4	4 181 952	54.6	7 660 263
Buildings and other fixed structures	7 917 113	6 726 450	3 288 635	48.9	3 437 815	51.1	6 726 450
Machinery and equipment	698 213	909 748	188 068	20.7	727 680	80.0	915 748
Heritage assets	3 683	4 500	695	15.4	3 805	84.6	4 500
Specialised military assets	-	-	-	-	-	-	-
Biological assets	350	1 347	51	3.8	1 296	96.2	1 347
Land and subsoil assets	-	-	-	-	-	-	-
Software and other intangible assets	20 742	12 218	862	7.1	11 356	92.9	12 218
Payments for financial assets	172 122	158 730	158 377	99.8	369	0.2	158 746
Total	104 346 716	109 827 562	55 524 389	50.6	54 658 189	49.8	110 182 578

Vote 1

Office of the Premier

R thousand	2016/17			
	Main appropriation	Adjusted appropriation	Decrease	Increase
Operational budget	656 562	688 145		31 583
Remuneration of the Premier ¹	2 082	2 173		91
Total amount to be appropriated	658 644	690 318		31 674
<i>of which:</i>				
Current payments	581 088	554 845	(26 243)	
Transfers and subsidies	56 488	102 630		46 142
Payments for capital assets	16 680	30 603		13 923
Payments for financial assets	4 388	2 240	(2 148)	
Responsible Executive Authority	The Premier			
Administering department	Office of the Premier			
Accounting Officer	Director-General: Office of the Premier			

1. Vision and mission

Vision

The vision of the Office of the Premier (OTP) is: *To be the centre of governance, providing leadership towards achieving KZN Vision 2030.*

Mission statement

The mission of the department is to support the Premier in carrying out his constitutional and statutory duties. The department fulfils this mission primarily by:

- Promoting an integrated service delivery model.
- Enhancing co-operative governance within the province.
- Effective stakeholder management and communication.
- Enhancing performance management and accountability through monitoring and evaluation.

2. Strategic objectives

The *strategic policy direction* of the OTP is directly linked to national government's 14 outcomes and also informs the department's strategic objectives, as listed below:

- Integrate, co-ordinate and facilitate transversal policies, programmes, strategies, plans and systems of the province.
- Lead in macro planning and policy management to achieve the electoral mandate.
- Monitoring and evaluation of provincial government's programmes.
- Provide strategic leadership and direction for provincial government.
- Oversee the development and implementation of legislation.

¹ At the time of going to print with the 2016/17 *EPRE*, the proclamation determining the 2015 salary adjustment relating to office bearers had not been signed, hence this amount remained unchanged from the 2015/16 *EPRE*. Similarly, at the time of going to print with this document, the proclamation determining the 2016 salary adjustment relating to office bearers has not been signed. As such, the above-mentioned adjustment now aligns the Premier's salary to the 2015 salary level.

- Promote inter and intra-governmental relations and good governance.

Based on the mission and mandates, the department identified the following strategic objectives:

- To realise the existence of functional public policy and strategic planning management systems and processes for the provincial government.
- To achieve co-ordinated provincial policies, strategies and programmes.
- To ensure the existence of governance conditions conducive to respect for human rights, promotion of science and technology, and conservation and management of cultural heritage resources.
- To realise enhanced government communication and governance, human resources development, state law advisory services and service delivery in and by the provincial administration.
- To have in place co-ordinated and aligned policies and plans of the three spheres of government and foreign governments and agencies.
- To achieve effectively monitored and evaluated government policies and programmes.
- To enhance and promote the status of the Zulu Monarch and to establish the necessary institutional arrangements in support of the Zulu Monarchy and members of the Royal family.

3. Summary of adjusted estimates for the 2016/17 financial year

The 2016/17 Main Appropriation of the OTP was R658.644 million, as detailed in the *EPRE*. During the year, the department's allocation was increased by R31.674 million. The main adjustments that led to the overall increase of R31.674 million are summarised below, and are explained in more detail in Section 4 hereunder:

- *Roll-overs*: R8 million was approved as a roll-over from 2015/16 to 2016/17 and relates to the funding required for the continuation of the renovations of the King's palaces (eNyokeni, KwaKhangela, KwaDlamahlahla and Linduzulu), a project being jointly undertaken with Provincial Treasury's Infrastructure Crack Team. This roll-over was allocated to the Royal Household sub-programme in Programme 3: Policy and Governance, against *Buildings and other fixed structures*.
- *Virement between programmes*: The department undertook a reprioritisation exercise in order to fund various spending pressures faced by the department. This resulted in numerous virements which are detailed in Section 4, but are summarised between programmes as follows:
 - o Programme 1: Administration was decreased by a net amount of R2.990 million as follows:
 - Savings of R3.500 million within *Goods and services* were identified in the Director-General (R2.300 million) and Financial Management (R1.200 million) sub-programmes. These savings were due to cost-cutting and were moved to Programme 3 to cater for spending pressures such as the Crown Gospel Awards (R1 million), refurbishment of the Ministerial houses in Ulundi (R2.300 million), as well as support to military veterans (R200 000) that were not budgeted for. The department has undertaken to assist in the training and empowerment of military veterans at the Coastal College in respect of their skills development and to enhance their contribution towards reconciliation, nation building, as well as self-sustenance.
 - Off-setting the above was a movement of savings of R510 000, identified in Programme 2: Institutional Development against *Compensation of employees* due to posts such as the Director: Monitoring and Evaluation and Director: Service Delivery Complaints Management being filled later than anticipated. These savings were moved to the Premier Support sub-programme in Programme 1 against *Transfers and subsidies: Households* in respect of staff exit costs.
 - o Programme 2 was increased by a net amount of R1.136 million as a result of the following:
 - R8.746 million was moved within *Goods and services* against the Provincial Policy Management sub-programme (R3.746 million) and the Heritage sub-programme

(R5 million) in Programme 3 as a result of savings identified against the funding for the Nerve Centre, the PGDS reviews and the Citizens' Satisfaction Survey in terms of negotiated prices with the various service providers, which resulted in costs being lower than budgeted for, and Heritage events such as the unveiling of statues and monuments of Griffith Mxenge, Josiah Gumede, Pixley ka Seme, as well as Monti Naiker that are no longer taking place in 2016/17. These funds were moved to the Information Communication Technology (ICT) sub-programme in Programme 2 to cater for additional office accommodation for the Office Support and Auxiliary Services staff (R3.081 million), as well as for the ICT Government Strategy (R5.728 million), which seeks to guide departments in respect of ICT governance.

- This was offset by the following virements of R7.610 million out of Programme 2:
 - Savings of R7.100 million were identified across various sub-programmes against *Compensation of employees* (R4.610 million) and *Goods and services* (R3 million) in Programme 2 due to posts such as Director: Monitoring and Evaluation and Director: Service Delivery Complaints Management being filled later than anticipated, as well as the "I do right, even when nobody is watching" campaigns, that were postponed to next year as a result of the municipal elections, respectively. These savings were moved to *Goods and services* in Programme 3 to cover spending pressures in respect of various youth projects such as youth development camps for in- and out-of-school youth (R1.600 million) and support to military veterans (R1.400 million), and to *Transfers and subsidies to: Departmental agencies and accounts* to cover spending pressures in respect of the operational expenses for the Royal Household Trust (R3.100 million) as detailed later, and the litigation costs for Amafa aKwaZulu-Natali (hereafter referred to as Amafa) (R1 million). With regard to the latter, Amafa acquired nine farms in the Emakhosini area. Negotiations were undertaken with the affected families to relocate to alternate land or to take payment compensation. Some families declined the offer and lodged claims as labour tenants. It must be noted that the estimated cost of legal/litigation proceedings amounts to R3 million in total, and the balance of R2 million was reprioritised within Programme 3.
 - As mentioned, savings of R510 000 were identified in the Strategic Human Resources sub-programme in Programme 2 against *Compensation of employees* due to posts such as Director: Monitoring and Evaluation and Director: Service Delivery Complaints Management being filled later than anticipated. These savings were moved to the Premier Support sub-programme in Programme 1 against *Transfers and subsidies to: Households* for staff exit costs.
- o Programme 3 was increased by a net amount of R1.854 million as a result of the following:
 - R8.746 million was identified from *Goods and services* against the Provincial Policy Management sub-programme (R3.746 million) and the Heritage sub-programme (R5 million) in Programme 3 as a result of savings identified against the funding for the Nerve Centre, the PGDS reviews and the Citizens' Satisfaction Survey in terms of negotiated prices with the various service providers, which resulted in costs being lower than budgeted for, and Heritage events such as the unveiling of statues and monuments that are no longer taking place in 2016/17, as mentioned. These funds were moved to Programme 2 to cater for additional office accommodation for the Office Support and Auxiliary Services staff (R3.081 million), as well as for the ICT Government Strategy (R5.728 million), which seeks to guide departments in respect of ICT governance.
 - R10.600 million was moved from *Compensation of employees* and *Goods and services* from Programme 1 and Programme 2 to Programme 3 as follows:
 - R4 million was transferred to *Goods and services* to the Premier's Priority Programmes sub-programme to cover various youth projects such as youth development camps for in- and out-of-school youth (R1.600 million), Crown Gospel Awards (R1 million), as

well as support to military veterans (R1.400 million).

- R5.400 million was moved to the Royal Household sub-programme for the refurbishment of the Ministerial houses in Ulundi (R2.300 million) against *Goods and services*, and for the operational expenses of the Royal Household Trust (R3.100 million) against *Transfers and subsidies to: Departmental agencies and accounts*.
- R1 million was moved to *Transfers and subsidies to: Departmental agencies and accounts* under the Heritage sub-programme for transfer to Amafa to cover litigation costs emanating from labour tenants, as mentioned earlier.
- The funds for the last instalment of the first charge for the former Department of the Royal Household was inadvertently incorrectly reflected in the *EPRE* as R4.388 million instead of R2.194 million against *Payments for financial assets* in Programme 3. An amount of R2.194 million was therefore moved to *Goods and services* within the Royal Household sub-programme in Programme 3 to correct the budget. These funds will be used for operational expenses of the Royal Household Chief Directorate, such as traveling and subsistence.

In addition to the above virements, the department undertook virements across sub-programmes and economic classifications within programmes, as detailed in Section 4 below.

All virements undertaken are permissible in terms of the PFMA and Treasury Regulations. Provincial Treasury approval for the increase in transfers relating to Amafa, the Royal Household Trust, as well as the KZN Law Society was obtained.

- *Other adjustments:* The budget was increased by a net amount of R23.674 million, as follows:
 - o R1.200 million was allocated to the department against *Compensation of employees* from the provincial fiscus for the 2016 above-budget wage adjustment that was determined at a 7.6 per cent increase as opposed to the 7.2 per cent provided for in the budget. These funds were allocated equally across all three programmes, and the department was fully compensated for this in 2016/17.
 - o R22.474 million was suspended from Vote 6: Provincial Treasury and allocated to Vote 1: Office of the Premier relating to the movement of both the public entity KwaZulu-Natal Gaming and Betting Board (KZNGBB) (R19.255 million) and the administration unit dealing with gaming and betting (R3.219 million) with effect from 28 September 2016, as determined by Premier's Minute No. 2 of 2016. This relates to the balance of funds to be moved to the KZNGBB and the administration unit dealing with gaming and betting in the remaining months of the 2016/17 financial year, as Provincial Treasury had already transferred the funds due to the KZNGBB in the first six months of the year. Similarly, the Gaming revenue budget calculated at R270.760 million is also moved between the two Votes, but this is not shown in these tables, as these relate to expenditure only.

Tables 1.1 and 1.2 reflect a summary of the 2016/17 Adjusted appropriation of the department, summarised according to programme and economic classification. Details of the economic classification are given in *Annexure – Vote 1: Office of the Premier*.

Table 1.1 : Summary by programmes

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Administration	92 507	-	-	(2 990)	-	400	(2 590)	89 917
2. Institutional Development	273 866	-	-	1 136	-	22 874	24 010	297 876
3. Policy and Governance	292 271	8 000	-	1 854	-	400	10 254	302 525
Total	658 644	8 000	-	-	-	23 674	31 674	690 318
Amount to be voted								31 674
of which: Unauth. Exp. (1st charge) not avail for spending								(2 194)
Baseline available for spending after first charge								688 124

Table 1.2 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	581 088	-	-	(30 662)	-	4 419	(26 243)	554 845
Compensation of employees	275 611	-	-	(14 697)	-	3 524	(11 173)	264 438
Goods and services	305 477	-	-	(15 965)	-	895	(15 070)	290 407
Interest and rent on land	-	-	-	-	-	-	-	-
Transfers and subsidies to:	56 488	-	-	26 887	-	19 255	46 142	102 630
Provinces and municipalities	54	-	-	26	-	-	26	80
Departmental agencies and accounts	45 195	-	-	10 810	-	19 255	30 065	75 260
Higher education institutions	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	27	-	-	27	27
Households	11 239	-	-	16 024	-	-	16 024	27 263
Payments for capital assets	16 680	8 000	-	5 923	-	-	13 923	30 603
Buildings and other fixed structures	1 937	8 000	-	-	-	-	8 000	9 937
Machinery and equipment	10 178	-	-	5 923	-	-	5 923	16 101
Heritage assets	4 500	-	-	-	-	-	-	4 500
Specialised military assets	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-
Software and other intangible assets	65	-	-	-	-	-	-	65
Payments for financial assets	4 388	-	-	(2 148)	-	-	(2 148)	2 240
Total	658 644	8 000	-	-	-	23 674	31 674	690 318
Amount to be voted								31 674
of which: Unauth. Exp. (1st charge) not avail for spending	(2 194)							(2 194)
Baseline available for spending after first charge	656 450							688 124

4. Changes to programme purposes and service delivery measures

The only change to the programme structure was the inclusion of the Gaming and Betting sub-programme under Programme 2. The service delivery information for the department is as per the 2016/17 APP.

It is noted that the department introduced a few new measures to align with the targets published in the 2016/17 APP, due to the *EPRE* being published before the APP was finalised, and this is indicated as “new”. One performance measure is no longer valid and this is indicated by “n/a” in the Mid-year actual and Revised target columns.

It must also be noted that Programme 2 is affected by the function shift of Gaming and Betting to the Office of the Premier and, as a result, some of the non-financial targets also move between the Votes.

4.1 Programme 1: Administration

The purpose of this programme is to provide administrative support to the Premier, Executive Council and the Director-General in fulfilling their legislative and oversight functions and in promoting good governance.

Tables 1.3 and 1.4 reflect a summary of the 2016/17 adjusted appropriation of Programme 1, summarised according to sub-programme and economic classification.

Details of the main adjustments, which resulted in a net decrease of R2.590 million, are given in the paragraphs following the tables.

Table 1.3 : Programme 1: Administration

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Premier Support	29 874			6 510	1 900		8 410	38 284
2. Executive Council Support	7 537				2 100		2 100	9 637
3. Director-General	12 954			(1 300)	(1 600)		(2 900)	10 054
4. Financial Management	42 142			(8 200)	(2 400)	400	(10 200)	31 942
Total	92 507	-	-	(2 990)	-	400	(2 590)	89 917
Amount to be voted								(2 590)

Table 1.4 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments	
Current payments	90 306	-	-	(4 585)	-	400	(4 185)
Compensation of employees	58 414			(1 000)		400	(600)
Goods and services	31 892			(3 585)			(3 585)
Interest and rent on land							-
Transfers and subsidies to:	1 064	-	-	1 510	-	-	1 510
Provinces and municipalities							-
Departmental agencies and accounts							-
Higher education institutions							-
Foreign governments and international organisations							-
Public corporations and private enterprises							-
Non-profit institutions							-
Households	1 064			1 510			1 510
Payments for capital assets	1 137	-	-	85	-	-	85
Buildings and other fixed structures							-
Machinery and equipment	1 137			85			85
Heritage assets							-
Specialised military assets							-
Biological assets							-
Land and subsoil assets							-
Software and other intangible assets							-
Payments for financial assets							-
Total	92 507	-	-	(2 990)	-	400	(2 590)
Amount to be voted							(2 590)

Virement – Programme 1: Administration: (R2.990 million)

Programme 1 was decreased by a net amount of R2.990 million as a result of the following:

- Savings of R3.500 million within *Goods and services* as a result of cost-cutting were identified in the Director-General (R2.300 million) and Financial Management (R1.200 million) sub-programmes. These savings were moved to Programme 3 to cater for spending pressures such as the Crown Gospel Awards (R1 million), refurbishment of the Ministerial houses in Ulundi (R2.300 million), as well as support to military veterans (R200 000), as previously explained.
- Off-setting the above, was a movement of R510 000 from Programme 2 against *Compensation of employees* due to posts such as the Director: Monitoring and Evaluation and Director: Service Delivery Complaints Management being filled later than anticipated, to the Premier Support sub-programme in this programme against *Transfers and subsidies to: Households* for staff exit costs.
- The following virements were undertaken within Programme 1:
 - Savings of R1 million were identified under *Compensation of employees* in the Financial Management sub-programme due to budgeted vacant posts such as State Accountants and Assistant Directors that were filled later than anticipated. These funds were moved to *Transfers and subsidies to: Households* in the Premier Support sub-programme for staff exit costs.
 - Savings of R1 million emanating from cost-cutting within *Goods and services* was moved from the Director-General sub-programme to the Financial Management sub-programme to cater for internal control and risk management activities.
 - R85 000 identified as savings under *Goods and services* were moved to *Machinery and equipment* within the Director-General sub-programme for office furniture and equipment.
 - An amount of R5 million was transferred from the Financial Management sub-programme to the Premier Support sub-programme within *Goods and services* to cater for the establishment of a Commission of Inquiry into the underlying causes of political murders in the province.

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

Shifts – Programme 1: Administration

Funds were moved across all sub-programmes within *Compensation of employees* in Programme 1 to align the department's Human Resources and the Budget structures. The purpose of the funds remains unchanged. The shifts are not evident in Table 1.4, as the shifts were within an economic category.

Other adjustments – Programme 1: Administration: R400 000

An amount of R400 000 was allocated to this programme against the Financial Management sub-programme and against *Compensation of employees* for the 2016 above-budget wage adjustment.

Service delivery measures – Programme 1: Administration

Table 1.5 reflects the service delivery information for Programme 1 as per the 2016/17 APP. Note that some measures in this programme are annual in nature and are reported on after the closure of the financial year. These are indicated as “annual” in the 2016/17 Mid-year actual column.

The department introduced several measures to align with the targets published in the 2016/17 APP, due to the *EPRE* being published before the APP was finalised, and these are indicated as “new”. The descriptions of some measures have been revised as indicated in bold italics.

The targets are also aligned to the APP and, where changes were made, these are shown in the 2016/17 Revised target column.

Table 1.5 : Service delivery measures – Programme 1: Administration

Outputs	Performance indicators	Performance indicators		
		2016/17 Original target	2016/17 Mid-year actual	2016/17 Revised target
1 Premier Support				
1.1 Administrative support services to the Premier	• Performance score attained on Premier Support Administrative Support Services performance assessment matrix	3	-	
Parliamentary Support Services	• Performance score attained on Premier Support Parliamentary Services Management performance assessment matrix	new	-	3
2 Executive Council Support				
2.1 Effective and efficient Provincial Executive Council and key committees administrative support service	• No. of Executive Council decision matrix implementation progress reports submitted to the Executive Council	20	8	
	• No. of Executive Council <i>Makgotla</i> decision within 10 days of meeting	new	1	2
	• No. of Executive Council meeting decision matrices circulated within 10 days of meeting	new	10	20
3 Director-General				
3.1 Strategic management meeting resolutions	• No. of EXCO meetings supported	24	5	12
	• No. of MANCO meetings supported	new	3	8
4 Financial management				
4.1 Risk management register	• Approved risk management register	new	annual	1
4.2 Internal control reports	• No. of quarterly internal control management reports submitted to EXCO	new	2	4
4.3 Financial management reports	• No. of financial management reports, monthly IYM submitted to Treasury by the 15th of each month	12	6	
4.4 AFS	• No. AFS submitted in terms of prescripts	1 final, 3 interim	2	4 (1 final, 3 interim)
4.5 Procurement plan	• No. of procurement plan submitted in terms of prescripts	4	annual	1

4.2 Programme 2: Institutional Development

The purpose of this programme is to improve service delivery through institutional capacity building and transformation management in the province.

Tables 1.6 and 1.7 reflect a summary of the 2016/17 adjusted appropriation of Programme 2, summarised according to sub-programme and economic classification.

Details of the main adjustments, which resulted in an overall increase of R24.010 million, are provided in the paragraphs below.

Table 1.6 : Programme 2: Institutional Development

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments	
1. Strategic Human Resources	89 556			(1 789)		400	(1 389)
2. Information Communication Technology (ICT)	63 764			10 675			10 675
3. Legal Services	11 562			(993)			(993)
4. Communication Services	52 153			(2 300)			(2 300)
5. Special Programmes	41 025			(1 757)			(1 757)
6. Intergovernmental Relations	15 806			(2 700)			(2 700)
7. Gaming and Betting						22 474	22 474
Total	273 866	-	-	1 136	-	22 874	24 010
Amount to be voted							24 010

Table 1.7 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments	
Current payments	267 852	-	-	(3 254)	-	3 619	365
Compensation of employees	123 042			(8 942)		2 724	(6 218)
Goods and services	144 810			5 688		895	6 583
Interest and rent on land	-						-
Transfers and subsidies to:	57	-	-	474	-	19 255	19 729
Provinces and municipalities	54			15			15
Departmental agencies and accounts						19 255	19 255
Higher education institutions							-
Foreign governments and international organisations							-
Public corporations and private enterprises							-
Non-profit institutions				27			27
Households	3			432			432
Payments for capital assets	5 957	-	-	3 915	-	-	3 915
Buildings and other fixed structures	766						-
Machinery and equipment	5 126			3 915			3 915
Heritage assets							-
Specialised military assets							-
Biological assets							-
Land and subsoil assets							-
Software and other intangible assets	65						-
Payments for financial assets	-	-	-	1	-	-	1
Total	273 866	-	-	1 136	-	22 874	24 010
Amount to be voted							24 010

Virement – Programme 2: Institutional Development: R1.136 million

The following movements were undertaken, which resulted in a net increase of R1.136 million in respect of Programme 2 as follows:

- R8.746 million was moved within *Goods and services* against the Provincial Policy Management sub-programme (R3.746 million) and the Heritage sub-programme (R5 million) in Programme 3 as a result of savings identified against the funding for the Nerve Centre, the PGDS reviews and the Citizens' Satisfaction Survey in terms of negotiated prices with the various service providers, which resulted in costs being lower than budgeted for, and Heritage events such as the unveiling of statues and monuments that are no longer taking place in 2016/17, as mentioned. These funds were moved to the ICT sub-programme in this programme to cater for additional office accommodation for the Office Support and Auxiliary Services staff (R3.081 million), as well as for the ICT Government Strategy (R5.728 million), which seeks to guide departments in respect of ICT governance.
- Offsetting the above, the department undertook a virement of R7.610 million from Programme 2 to Programmes 1 and 3 as follows:
 - Savings of R7.100 million were identified across sub-programmes against *Compensation of employees* (R4.100 million) and *Goods and services* (R3 million) in Programme 2 due to posts such as Director: Monitoring and Evaluation and Director: Service Delivery Complaints Management being filled later than anticipated, as well as the "I do right, even when nobody is watching" campaigns, that were postponed to 2017 as a result of the municipal elections, respectively. These savings were moved to *Goods and services* in Programme 3 to cover spending pressures in respect of various youth projects such as youth development camps for in- and out-of-school youth (R1.600 million) and training of military veterans at the Coastal

College (R1.400 million), and to *Transfers and subsidies to: Departmental agencies and accounts* to cover spending pressures in respect of the operational expenses for the Royal Household Trust (R3.100 million), as well as the litigation costs for Amafa (R1 million).

- o Savings of R510 000 were identified in the Strategic Human Resources sub-programme in Programme 2 against *Compensation of employees* due to posts being filled later than anticipated. These savings were moved to Programme 1 against *Transfers and subsidies to: Households* to provide for staff exit costs.

In addition to the above, various virements were undertaken within Programme 2 and across economic categories as follows:

- Savings of R15 000 were identified under *Goods and services* in the Strategic Human Resources sub-programme and moved to *Transfers and subsidies to: Provinces and municipalities* for higher than anticipated vehicle licences.
- Savings of R27 000 identified under *Goods and services* in the Legal Services sub-programme were moved to *Transfers and subsidies to: Non-profit institutions* to cater for a sponsorship to the KZN Law Society towards hosting a function to honour the appointment of members of the judiciary.
- Savings of R3.900 million were identified in the Strategic Human Resources sub-programme against *Compensation of employees*. These were moved to *Goods and services* for legal fees (R1.900 million) as well as security services (R2 million).
- Savings of R432 000 were identified under *Compensation of employees* across various sub-programmes and these were moved to *Transfers and subsidies to: Households* for staff exit costs.
- Savings of R3.915 million were identified under *Goods and services* across various sub-programmes and moved to *Machinery and equipment* to cover office furniture and equipment (R648 000), the implementation of an electronic leave system (R1.400 million), the upgrade of the LAN infrastructure at the LA Complex in Ulundi where some of the Royal Household offices are based and in Glenwood where the Provincial Public Service Training Academy is based (R550 000), as well as the purchase of vehicles (R1.317 million).
- Savings of R1 000 were identified under *Goods and services* and were moved to *Payments for financial assets* within the Strategic Human Resources sub-programme for staff debts written off.
- All virements undertaken are permissible in terms of the PFMA and Treasury Regulations. Provincial Treasury approval was obtained for the increase in *Transfers and subsidies to: Non-profit institutions* in respect of a sponsorship to the KZN Law Society for a function to honour the appointment of members of the judiciary.

Other adjustments – Programme 2: Institutional Development: R22.874 million

The following other adjustments were undertaken, which resulted in a net increase of R22.874 million in respect of Programme 2:

- An amount of R400 000 was allocated to the Strategic Human Resources sub-programme in this programme against *Compensation of employees* for the 2016 above-budget wage adjustment.
- R22.474 million was suspended from Vote 6: Provincial Treasury and allocated to Vote 1: Office of the Premier under the Gaming and Betting sub-programme relating to the movement of both the public entity KZNGBB (R19.255 million against *Transfers and subsidies to: Departmental agencies and accounts*) and the administration unit dealing with gaming and betting (R3.219 million against *Compensation of employees* and *Goods and services*) with effect from 28 September 2016, as determined by Premier's Minute No. 2 of 2016. This relates to the balance of funds to be moved to the KZNGBB and the administration unit dealing with gaming and betting in the remaining months of 2016/17, as Provincial Treasury had already transferred the funds due to the KZNGBB in the first six months of the year. Similarly, the Gaming revenue budget, calculated at R270.760 million, is also moved between the two Votes, but this is not shown in these tables, as these relate to expenditure only.

Service delivery measures – Programme 2: Institutional Development

Table 1.8 reflects the service delivery information for Programme 2 as per the 2016/17 APP. Note that the department introduced new measures to align with the targets published in the 2016/17 APP, due to the EPRE being published before the APP was finalised, and this is indicated as “new”. The descriptions of some measures have been revised as indicated in bold italics. Note also that a few performance measures are no longer valid and this is indicated by “n/a” in the Mid-year actual and Revised target columns.

Table 1.8 : Service delivery measures – Programme 2 : Institutional Development

Outputs	Performance indicators	Performance indicators		
		2016/17 Original target	2016/17 Mid-year actual	2016/17 Revised target
1 Strategic Human Resources				
1.1 Technical human resource management <i>policy</i> support services	• No. of quarterly reports on technical support services provided to all HR units in the provincial govt. of KZN on policy <i>matters</i>	4	2	
1.2 Integrated Public Sector HRD strategy and Professional Support Programme	• One Integrated Public Sector HRD strategy and Professional Support Programme <i>drafted</i>	Draft compiled	1 (Project Scope)	
2 Information Communication Technology (ICT)				
2.1 IT governance assessment reports	• No. of 6 monthly provincial departments' IT governance assessment co-ordination reports submitted to G and A cluster	2	1	
3 Legal Services				
3.1 <i>Appropriate and constitutionally compliant Provincial Legislation</i>	• <i>No. of quarterly reports on Provincial Legislature Programme submitted within 10 days of each quarter</i>	10	2	10
4 Communication Services				
4.1 <i>Annual Departmental Communication Plan</i>	• No. of media engagements facilitated for the Premier • Annual Communication Plan approved by EXCO by 30 April • No. of internal newsletters to OTP staff on developments in the department	50 new new	n/a - -	n/a 1 4
5 Special Programmes - Integrity Management				
5.1 Annual performance plans for each human rights target group	• No. of annual performance business plans for human rights target groups: 1 x gender, 1 x disability, 1 x children, 1 x senior citizens	1 per group, 4 total	4	
5.2 Ombudsperson co-ordination	• No. of OTP Ombudsperson reports	2	-	
5.3 Annual performance plans for each human rights target group	• No. of annual performance business plans for human rights target groups: 1 x gender, 1 x disability, 1 x children, 1 x senior citizens	1 per group, 4 total	n/a	n/a
6 Intergovernmental Relations (IGR)				
6.1 Technical Premier's forum meetings	• No. of IGR Premier's <i>Technical Co-ordinating</i> forum decision matrices	4	1	

4.3 Programme 3: Policy and Governance

Programme 3's purpose is to initiate province-wide development and implementation of policies and strategies to achieve a co-ordinated approach towards sustainable provincial growth and development.

Tables 1.9 and 1.10 below reflect a summary of the 2016/17 adjusted appropriation of Programme 3, summarised according to sub-programme and economic classification. Details of the main adjustments, which resulted in an overall increase of R10.254 million, are given in the paragraphs below the tables.

Table 1.9 : Programme 3: Policy and Governance

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Provincial Policy Management	64 160			(9 246)	(11 500)	400	(20 346)	43 814
2. Premier's Priority Programmes	119 798			4 782	3 700		8 482	128 280
4. Royal Household	48 863	8 000		10 310	7 300		25 610	74 473
4. Heritage	59 450			(3 992)	500		(3 492)	55 958
Total	292 271	8 000	-	1 854	-	400	10 254	302 525
Amount to be voted								10 254
of which: Unauth. Exp. (1st charge) not avail for spending								(2 194)
Baseline available for spending after first charge								300 331

Table 1.10 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments	
Current payments	222 930	-	-	(22 823)	-	400	(22 423)
Compensation of employees	94 155			(4 755)		400	(4 355)
Goods and services	128 775			(18 068)			(18 068)
Interest and rent on land							-
Transfers and subsidies to:	55 367	-	-	24 903	-	-	24 903
Provinces and municipalities	-			11			11
Departmental agencies and accounts	45 195			10 810			10 810
Higher education institutions							-
Foreign governments and international organisations							-
Public corporations and private enterprises							-
Non-profit institutions							-
Households	10 172			14 082			14 082
Payments for capital assets	9 586	8 000	-	1 923	-	-	9 923
Buildings and other fixed structures	1 171	8 000					8 000
Machinery and equipment	3 915			1 923			1 923
Heritage assets	4 500						-
Specialised military assets							-
Biological assets							-
Land and subsoil assets							-
Software and other intangible assets							-
Payments for financial assets	4 388	-	-	(2 149)	-	-	(2 149)
Total	292 271	8 000	-	1 854	-	400	10 254
Amount to be voted							10 254
of which: Unauth. Exp. (1st charge) not avail for spending	(2 194)						(2 194)
Baseline available for spending after first charge	290 077						300 331

Roll-overs – Programme 3: Policy and Governance: R8 million

An amount of R8 million was approved as a roll-over from 2015/16 to 2016/17 and relates to the funding required for the continuation of the renovations of the King's palaces, a project being jointly undertaken with Provincial Treasury's Infrastructure Crack Team. This roll-over was allocated to the Royal Household sub-programme against *Buildings and other fixed structures*.

Virement – Programme 3: Policy and Governance: R1.854 million

The following movements were undertaken, which resulted in a net increase of R1.854 million in respect of Programme 3 as follows:

- Funds amounting to R10.600 million were moved to Programme 3 as follows:
 - Savings of R3.500 million within *Goods and services* were identified in Programme 1 in the Director-General (R2.300 million) and Financial Management (R1.200 million) sub-programmes. These savings were moved to the Premier's Priority Programmes sub-programme to cater for spending pressures such as the Crown Gospel Awards (R1 million), military veterans training at the Coastal College (R200 000), as well as the Royal Household sub-programme for refurbishment of the Ministerial houses in Ulundi (R2.300 million).
 - Savings of R7.100 million were identified across sub-programmes against *Compensation of employees* (R4.100 million) and *Goods and services* (R3 million) in Programme 2 due to posts being filled later than anticipated, as well as the "I do right, even when nobody is watching" campaigns, that were postponed to next year as a result of the municipal elections, respectively. These savings were moved to *Goods and services* in this programme to cover spending pressures in respect of various youth projects such as youth development camps for in- and out-of-school youth (R1.600 million) and military veterans training at the Coastal College (R1.400 million), to *Transfers and subsidies to: Departmental agencies and accounts* to cover spending pressures in respect of the operational expenses for the Royal Household Trust (R3.100 million), as well as the litigation costs for Amafa (R1 million).
- Offsetting the above, was an amount of R8.746 million which was reduced from *Goods and services* from the Provincial Policy Management sub-programme (R3.746 million) and the Heritage sub-programme (R5 million) as a result of savings identified against the funding for the Nerve

Centre, the PGDS reviews and the Citizens' Satisfaction Survey in terms of negotiated prices with the various service providers, which resulted in costs being lower than budgeted for, and Heritage events such as the unveiling of statues and monuments that are no longer taking place in 2016/17, as mentioned. These funds were moved to the ICT sub-programme in Programme 2 to *Goods and services* for the ICT Government Strategy and for additional office accommodation for the Office Support and Auxiliary Services staff.

In addition to the above, various virements were undertaken within Programme 3 and across economic categories, as follows:

- R11 000 was moved within the Royal Household sub-programme from *Goods and services* to *Transfers and subsidies to: Provinces and municipalities* to provide for motor vehicle licences
- R4.755 million was moved from the Provincial Policy Management sub-programme (R900 000), and Premier's Priority Programmes sub-programme (R3.810 million) from *Compensation of employees* to *Transfers and subsidies to: Departmental agencies and accounts* (R4.710 million) to provide for an increase in the transfer to the Royal Household Trust to address spending pressures.
- Savings of R45 000 were identified in the Premier's Priority Programmes sub-programme from *Compensation of employees* due to cost-cutting and were moved to *Payments for financial assets* to cover staff debts written off.
- R14 million was moved within the Premier's Priority Programmes sub-programme from *Goods and services* to *Transfers and subsidies to: Households* to provide for external bursaries to empower disadvantaged youth through education.
- R82 000 was moved within the Royal Household sub-programme from *Goods and services* to *Transfers and subsidies to: Households* to provide for staff exit costs.
- R2 million was moved from *Goods and services* to *Transfers and subsidies to: Departmental agencies and accounts* within the Heritage sub-programme for the transfer payment to Amafa to cater for the litigation costs emanating from labour tenants.
- Savings of R1.923 million were identified in *Goods and services* within the Provincial Policy Management (R467 000) and Premier's Priority Programmes (R1.456 million) sub-programmes due to cost-cutting. These were moved to *Machinery and equipment* for the purchase of departmental vehicles, as well as office furniture and equipment for new appointees.
- The last instalment of the first charge for the former Department of the Royal Household was inadvertently incorrectly reflected in the EPRE as R4.388 million instead of R2.194 million against *Payments for financial assets*. The funds were moved to *Goods and services* within the Royal Household sub-programme to correct the budget. These funds will be used for operational expenses of the Royal Household Chief Directorate, such as traveling and subsistence. This was offset by the increase of R45 000 in respect of *Payments for financial assets* relating to staff debt written off, resulting in a net decrease of R2.149 million.

All virements undertaken are permissible in terms of the PFMA and Treasury Regulations and, where applicable, were approved by Treasury, such as the increases of R7.810 million for the Royal Household Trust and R3 million for Amafa against *Transfers and subsidies to: Departmental agencies and accounts*, as well as R14 million against *Transfers and subsidies to: Households* to cater for bursaries for disadvantaged students.

Shifts – Programme 3: Policy and Governance

Funds were moved across all sub-programmes within *Compensation of employees* in Programme 3 to align the Human Resources and the Budget structures of the department. The purpose of the funds remains unchanged. The shifts are not evident in Table 1.9, as the funds were shifted within an economic category. However, it is noted that, out of the shifts, R7.300 million was allocated to the Royal Household Chief Directorate for the filling of critical posts such as security guards, general workers, plumber, drivers, etc.

Other adjustments – Programme 3: Policy and Governance: R400 000

An amount of R400 000 was allocated to the Provincial Policy Management sub-programme in this programme against *Compensation of employees* for the above-budget 2016 wage adjustment.

Service delivery measures – Programme 3: Policy and Governance

Table 1.11 reflects the service delivery information for Programme 3 as per the 2016/17 APP. The department revised several measures to align with the targets published in the 2016/17 APP, due to the *EPRE* being published before the APP was finalised. The description of one measure was revised as indicated in bold italics. Note also that a number of performance measures are no longer valid and these are indicated by “n/a” in the Mid-year actual and Revised target columns.

Table 1.11 : Service delivery measures – Programme 3: Policy and Governance

Outputs	Performance indicators	Performance indicators		
		2016/17 Original target	2016/17 Mid-year actual	2016/17 Revised target
1. Provincial Policy Management				
1.1 Macro Policy Development and Co-ordination				
1.1.1 Policy audit reports	• No. of policy audit reports	2	1	-
2. Premier's Priority Programmes				
2.1 Effective and efficient stakeholder engagement co-ordination (strategic partnerships, community outreach)	• No. of provincial stakeholder forum meetings	4	n/a	n/a
2.2 Youth development and empowerment	• No. of updated annual business plans on youth development programmes	1	n/a	n/a
2.3 Youth forum co-ordination reports	• No. of quarterly monitoring reports on youth forums establishment and supported	4	1	
2.4 Strategic partnership forums	• No. of forum meetings with each sector – 1 x NGO, 1 x business, 1 x traditional authority, and 1 x religious sector	4	2	-
3. King's Support and Royal Household				
3.1 Amakhosi installed	• No. of Amakhosi installed statutorily	5	n/a	n/a
4. Heritage				
4.1 <i>Heritage</i> awareness	• No. of <i>community</i> heritage <i>awareness</i> events	6	5	11
4.2 Heritage memory infrastructure developed	• No. of monuments or memorials erected	6	1	2
4.3 Monitoring reports on Amafa Council performance	• No. of Amafa monitoring reports	3	-	4

5. Specifically and exclusively appropriated allocations

Table 1.12 below shows the amounts that are specifically and exclusively appropriated for specific purposes in terms of the KZN Adjustments Appropriation Act. Note that transfers to public entities (which are also specifically and exclusively appropriated funds) are not included here, as they are discussed in Section 10 below. Details of the main adjustments, which resulted in an overall increase of R25.610 million in respect of the department's specifically and exclusively appropriated funding, are provided in the paragraphs following the tables.

Table 1.12 : Summary of specifically and exclusively appropriated funding

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Prog 2: Centralisation of communications budget	52 153						-	52 153
2. Prog 3: Poverty Eradication Master Plan operations centre	11 775						-	11 775
3. Prog 3: The Royal Household	48 863	8 000		10 310	7 300		25 610	74 473
Total	112 791	8 000	-	10 310	7 300	-	25 610	138 401
Amount to be voted								25 610

- *Roll-overs*: R8 million was approved as a roll-over from 2015/16 to 2016/17 and relates to the funding required for the continuation of the renovations of the King's palaces, a project being

jointly undertaken with Provincial Treasury's Infrastructure Crack Team. This roll-over was allocated to the Royal Household sub-programme in Programme 3 against *Buildings and other fixed structures*.

- **Virement:** The following virements amounting to a net increase of R10.310 million were made to specifically and exclusively appropriated funds:
 - o Savings of R7.810 million were identified against *Compensation of employees* in Programme 2 and Programme 3 as a result of posts such as Director: Monitoring and Evaluation, as well as Director: Service Delivery Complaints Management, being filled later than anticipated. These savings were moved to *Transfers and subsidies to: Departmental agencies and accounts* in Programme 3 to cover spending pressures in respect of the operational expenses for the Royal Household Trust.
 - o Savings of R2.300 million were identified in Programme 1 and were moved within *Goods and services* in the Royal Household Chief Directorate for the refurbishment of the Ministerial houses in Ulundi.
- **Shifts:** various shifts were undertaken across all sub-programmes within *Compensation of employees* in Programme 3 to align the Human Resources and the Budget structures of the department. The purpose of the funds remains unchanged. The shifts are not evident in the economic categories, as the funds were shifted within categories. However, it is noted that, out of the shifts, R7.300 million was allocated to the Royal Household Chief Directorate for the filling of critical posts such as security guards, general workers, plumber, drivers, etc.

6. Gifts, donations and sponsorships

The department is not envisaging any gifts, donations and sponsorships in excess of R100 000.

7. Infrastructure

Table 1.13 reflects a summary of the 2016/17 infrastructure payments by category, which was increased by R10.300 million.

Table 1.13 : Summary of infrastructure payments by category

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Existing infrastructure assets	3 108	8 000	-	2 300	-	-	10 300	13 408
Maintenance and repair: Current	1 171			2 300			2 300	3 471
Upgrades and additions: Capital							-	-
Refurbishment and rehabilitation: Capital	1 937	8 000					8 000	9 937
New infrastructure assets: Capital							-	-
Infrastructure transfers	-	-	-	-	-	-	-	-
Infrastructure transfers: Capital							-	-
Infrastructure transfers: Current							-	-
Infrastructure: Payments for fin assets							-	-
Infrastructure: Leases							-	-
Capital infrastructure	1 937	8 000	-	-	-	-	8 000	9 937
Current infrastructure	1 171	-	-	2 300	-	-	2 300	3 471
Total	3 108	8 000	-	2 300	-	-	10 300	13 408
Amount to be voted								10 300

- **Roll-overs:** R8 million was approved as a roll-over from 2015/16 to 2016/17 and relates to the funding required for the continuation of the renovations of the King's palaces, a project being jointly undertaken with Provincial Treasury's Infrastructure Crack Team. This roll-over was allocated to the Royal Household sub-programme in Programme 3 against *Buildings and other fixed structures*.
- **Virements:** Savings of R2.300 million were identified in Programme 1 and were moved within *Goods and services* in the Royal Household Chief Directorate for the refurbishment of the Ministerial houses in Ulundi.

8. Conditional grants

The department receives no national conditional grants.

9. Transfers and subsidies

Table 1.14 indicates *Transfers and subsidies* per programme.

Details of the main adjustments, which resulted in an overall increase of R46.142 million, are given in the following paragraphs.

Table 1.14 : Summary of transfers and subsidies by programme and main category

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Unforeseeable/			Other			
		Roll-overs	unavoidable	Virement	Shifts	adjustments		
1. Administration	1 064	-	-	1 510	-	-	1 510	2 574
Households	1 064	-	-	1 510	-	-	1 510	2 574
Staff exit costs	1 064			1 510			1 510	2 574
2. Institutional Development	57	-	-	474	-	19 255	19 729	19 786
Provinces and municipalities	54	-	-	15	-	-	15	69
Motor vehicle licences	54	-	-	15	-	-	15	69
Departmental agencies and accounts	-	-	-	-	-	19 255	19 255	19 255
KwaZulu-Natal Gaming and Betting Board						19 255	19 255	19 255
Non-profit institutions	-	-	-	27	-	-	27	27
KZN Law Society				27			27	27
Households	3	-	-	432	-	-	432	435
Staff exit costs	3			432			432	435
3. Policy and Governance	55 367	-	-	24 903	-	-	24 903	80 270
Provinces and municipalities	-	-	-	11	-	-	11	11
Motor vehicle licences				11			11	11
Departmental agencies and accounts	45 195	-	-	10 810	-	-	10 810	56 005
Amafa aKwaZulu-Natali	30 028			3 000			3 000	33 028
Royal Household Trust	15 167			7 810			7 810	22 977
Households	10 172	-	-	14 082	-	-	14 082	24 254
Staff exit costs				82			82	82
Bursaries	10 172			14 000			14 000	24 172
Total	56 488	-	-	26 887	-	19 255	46 142	102 630
Amount to be voted								46 142

- **Virement:** R26.887 million was moved from various categories to fund the following:
 - o Amounts of R1.510 million, R432 000 and R82 000 were moved to Programmes 1, 2 and 3, respectively, against *Households* to provide for unanticipated staff exit costs.
 - o R15 000 and R11 000 was moved to *Provinces and municipalities* in Programme 2 and 3, respectively for motor vehicle licences as a result of additional vehicles that were ordered in 2015/16 but received in April 2016.
 - o R27 000 was moved to *Non-profit institutions* in respect of a sponsorship to the KZN Law Society for hosting a function to honour the appointments of members of the judiciary.
 - o R10.810 million was moved to Programme 3 against *Departmental agencies and accounts* in respect of increased transfers payments of R7.810 million to the Royal Household Trust for operational expenses, as well as R3 million to Amafa for legal fees.
 - o R14 million was moved to Programme 3 against *Households* for external bursaries. This adjustment was required due to the decision by the department to empower the youth through bursaries in response to the “fees must fall” campaign.
- **Other adjustments:** The budget was increased by R19.255 million that was suspended from Vote 6: Provincial Treasury and allocated to the department relating to the movement of the Gaming and Betting function as determined by Premier’s Minute No. 2 of 2016, as mentioned earlier. This relates to the balance of transfers to be made to the KZNGBB in the remaining months of 2016/17, as Provincial Treasury had already transferred the funds due to the KZNGBB in the first six months of the year.

10. Transfers to public entities

Table 1.15 reflects transfers made by the department to its public entities, Amafa, the Royal Household Trust and the KZNGBB. Details of the main adjustments, which resulted in an overall increase of R30.065 million in transfers to public entities, are provided in the paragraphs following the tables.

Table 1.15 : Summary of transfers to public entities

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments	
Amafa aKwaZulu-Natali	30 028			3 000		3 000	33 028
Royal Household Trust	15 167			7 810		7 810	22 977
Kwazulu-Natal Gaming and Betting Board						19 255	19 255
Total	45 195	-	-	10 810	-	19 255	75 260
Amount to be voted							30 065

- *Virement*: The following virements totalling R10.810 million, for which Provincial Treasury approval was obtained, were made:
 - The department undertook a virement of R3 million, which was reprioritised from Programme 2 (*Compensation of employees*) and Programme 3 (*Goods and services*) to Amafa for litigation costs emanating from claims lodged by labour tenants in terms of farms in the eMakhosini area.
 - R7.810 million was reprioritised from Programme 2 and Programme 3 (*Compensation of employees*) to the Royal Household Trust (*Transfers and subsidies to: Departmental agencies and accounts*) to cater for operational expenses of the Royal Household Trust.
- *Other adjustments*: An amount of R19.255 million was allocated to the KZNGBB, being funds that were suspended from Vote 6: Provincial Treasury and allocated to the department relating to the movement of the Gaming and Betting function as determined by Premier's Minute No. 2 of 2016, as previously mentioned.

11. Transfers to local government

The department made no changes to transfer payments to local government. It is noted that an amount of R80 000 is reflected against *Transfers and subsidies to: Provinces and municipalities* in Table 1.14. This relates to the payment of motor vehicle licences. As this amount will not be transferred to any municipality, the table reflecting transfers to local government is excluded.

12. Actual payments and revised spending projections for the rest of 2016/17

Tables 1.16 and 1.17 reflect actual payments as at the end of September 2016, projected payments for the rest of the financial year in rand value and as a percentage of the adjusted appropriation per programme and economic classification, and the total revised spending. The tables also show the 2015/16 Audited outcome.

The department is projecting a balanced budget for all three programmes at year-end. However, only 39.6 per cent of the department's annual budget was spent at mid-year, which is lower than the straight-line benchmark of 50 per cent after six months. This is largely explained in the paragraphs below the table.

Table 1.16 : Actual payments and revised spending projections by programme

Table 10: Total payments and forces spending projected by programme							
R thousand	2015/16 Audited outcome	Adjusted appropriation	Actual payments		Projected payments		Projected actual
			April '16 - September 2016		October '16 - March 2017		
			% of budget		% of budget		
1. Administration	93 063	89 917	39 295	43.7	50 622	56.3	89 917
2. Institutional Development	299 475	297 876	114 766	38.5	183 110	61.5	297 876
3. Policy and Governance	299 529	302 525	119 134	39.4	183 391	60.6	302 525
Total	692 067	690 318	273 195	39.6	417 123	60.4	690 318

Table 1.17 : Actual payments and revised spending projections by economic classification

R thousand	2015/16 Audited outcome	Adjusted appropriation	Actual payments		Projected payments		Projected actual
			April '16 - September 2016		October '16 - March 2017		
			% of budget		% of budget		
Current payments	574 427	554 845	231 877	41.8	322 968	58.2	554 845
Compensation of employees	229 945	264 438	123 884	46.8	140 554	53.2	264 438
Goods and services	344 482	290 407	107 993	37.2	182 414	62.8	290 407
Interest and rent on land		-		-	-	-	-
Transfers and subsidies to:	81 570	102 630	30 188	29.4	72 442	70.6	102 630
Provinces and municipalities	77	80	80	100.0	-	-	80
Departmental agencies and accounts	56 020	75 260	24 122	32.1	51 138	67.9	75 260
Higher education institutions		-		-	-	-	-
Foreign governments and international organisations		-		-	-	-	-
Public corporations and private enterprises		-		-	-	-	-
Non-profit institutions		27	27	100.0	-	-	27
Households	25 473	27 263	5 959	21.9	21 304	78.1	27 263
Payments for capital assets	33 298	30 603	8 890	29.0	21 713	71.0	30 603
Buildings and other fixed structures	2 271	9 937	3 581	36.0	6 356	64.0	9 937
Machinery and equipment	27 197	16 101	4 614	28.7	11 487	71.3	16 101
Heritage assets	3 683	4 500	695	15.4	3 805	84.6	4 500
Specialised military assets		-		-	-	-	-
Biological assets		-		-	-	-	-
Land and subsoil assets		-		-	-	-	-
Software and other intangible assets	147	65		-	65	100.0	65
Payments for financial assets	2 772	2 240	2 240	100.0	-	-	2 240
Total	692 067	690 318	273 195	39.6	417 123	60.4	690 318

- Spending against Programme 1 is at 43.7 per cent of the annual budget which is below the straight-line benchmark of 50 per cent, mainly due to under-spending against *Compensation of employees* in respect of lengthy recruitment processes, staff exits and the moratorium on the filling of non-critical posts, as well as *Goods and services* with regard to the non-purchase of furniture and equipment.
- Spending on Programme 2 is at 38.5 per cent of the annual budget, below the straight-line benchmark of 50 per cent. This is mainly due to delays with the Integrity Management roadshows, the postponement of the launch of the Integrity Management call centre to next year, as well as invoices received later than anticipated, as mentioned. This programme is anticipated to be fully spent at year-end. This is realistic, given prior year trends.
- Spending on Programme 3 is, at 39.4 per cent of the annual budget, below the straight-line benchmark of 50 per cent. There was low spending on *Goods and services* because events, such as the Heritage/King Shaka Day celebrations will only be paid for in the third quarter, as well as planned heritage events such as unveiling of monuments and construction of tombstones of past struggle stalwarts, did not take place in the first six months as anticipated due to the need to first undertake extensive consultation with relevant stakeholders. It must be noted that R8 million relating to the refurbishment of the four palaces (eNyokeni, KwaKhangela, KwaDlamahlahla and Linduzulu) was approved as a roll-over and is therefore included in the Adjusted Appropriation.

In respect of economic classification, the following end-of-year analysis is made:

- It is noted that the high projected expenditure in the remaining quarters against *Compensation of employees* is a result of the projected filling of critical vacant posts that exist within the department. The department is making a concerted effort to try and remain within budget and one of the undertakings was not to fill all the posts in its approved organisational structure in one year, but rather to adopt a phased-in approach. The department needs to review its projections though, to factor in the slow progress they have made in filling these posts thus far. Projections for the third and fourth quarters appear far too high, if posts are only in the process of being filled now, and it is likely that there will be savings at year-end.
- Only 37.2 per cent of the annual budget has been spent thus far against *Goods and services*. Quite a substantial amount is anticipated to be utilised in the final two quarters attributed to the fact that most of the department's events, such as the Premier's Service Excellence Awards, His Majesty, the King's birthday celebrations, etc., take place from the third quarter onward.

Vote 1: Office of the Premier

- In respect of *Transfers and subsidies*, the department was significantly below the annual budget at 29.4 per cent. This is mainly attributed to lower than anticipated transfers to Amafa and Royal Household Trust, as well as lower than anticipated staff exit costs.
- With regard to *Payments for capital assets*, the following analyses is made:
 - *Buildings and other fixed structures* is anticipated to be fully spent at year-end. As mentioned, R8 million for the refurbishment of the four palaces (eNyokeni, KwaKhangela, KwaDlamahlahla and Linduzulu) was approved as a roll-over and is included in the Adjusted appropriation.
 - *Machinery and equipment* is anticipated to be fully spent at year-end, despite only having spent 28.7 per cent of the annual budget at mid-year.
 - *Heritage assets* is anticipated to be fully spent at year-end, despite only having spent 28.7 per cent of the annual budget at mid-year.
- With regard to *Payments for financial assets*, the last instalment of the first charge for the former Department of the Royal Household was paid in the first half of the year.

Table 1.A : Summary by economic classification : Office of the Premier

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	583 282	-	-	(30 662)	-	4 419	(26 243)	557 039
Compensation of employees	275 611	-	-	(14 697)	-	3 524	(11 173)	264 438
Salaries and wages	250 467	-	-	(15 037)	(1 553)	3 165	(13 425)	237 042
Social contributions	25 144	-	-	340	1 553	359	2 252	27 396
Goods and services	307 671	-	-	(15 965)	-	895	(15 070)	292 601
Administrative fees	6 483	-	-	(3 953)	-	21	(3 932)	2 551
Advertising	39 751	-	-	657	-	104	761	40 512
Assets less than capitalisation threshold	7 370	-	-	2 340	-	16	2 356	9 726
Audit cost: External	4 338	-	-	(60)	-	-	(60)	4 278
Bursaries: Employees	1 444	-	-	(290)	-	-	(290)	1 154
Catering: Departmental activities	16 245	-	-	(4 383)	-	-	(4 383)	11 862
Communication (G&S)	13 493	-	-	2 111	-	50	2 161	15 654
Computer services	32 727	-	-	1 278	-	5	1 283	34 010
Cons & prof serv: Business and advisory services	36 922	-	-	(12 622)	-	-	(12 622)	24 300
Cons & prof serv: Infras and planning	-	-	-	-	-	-	-	-
Cons & prof serv: Laboratory services	-	-	-	-	-	-	-	-
Cons & prof serv: Scientific and tech services	-	-	-	-	-	-	-	-
Cons & prof serv: Legal costs	265	-	-	1 977	-	52	2 029	2 294
Contractors	24 845	-	-	(2 294)	-	21	(2 273)	22 572
Agency and support / outsourced services	5 216	-	-	729	-	-	729	5 945
Entertainment	-	-	-	-	-	-	-	-
Fleet services (incl. govt motor transport)	5 876	-	-	816	-	-	816	6 692
Housing	-	-	-	-	-	-	-	-
Inventory: Clothing material and accessories	10	-	-	-	-	-	-	10
Inventory: Farming supplies	-	-	-	-	-	-	-	-
Inventory: Food and food supplies	-	-	-	-	-	-	-	-
Inventory: Fuel, oil and gas	-	-	-	-	-	-	-	-
Inventory: Learner and teacher support material	-	-	-	-	-	-	-	-
Inventory: Materials and supplies	-	-	-	-	-	-	-	-
Inventory: Medical supplies	-	-	-	-	-	-	-	-
Inventory: Medicine	-	-	-	-	-	-	-	-
Medsas inventory interface	-	-	-	-	-	-	-	-
Inventory: Other supplies	-	-	-	-	-	-	-	-
Consumable supplies	4 436	-	-	(321)	-	14	(307)	4 129
Consumable: Stationery, printing and office supplies	10 297	-	-	(754)	-	193	(561)	9 736
Operating leases	10 622	-	-	273	-	47	320	10 942
Property payments	12 496	-	-	2 707	-	21	2 728	15 224
Transport provided: Departmental activity	11 206	-	-	(1 900)	-	-	(1 900)	9 306
Travel and subsistence	44 024	-	-	(3 241)	-	351	(2 890)	41 134
Training and development	4 516	-	-	1 332	-	-	1 332	5 848
Operating payments	678	-	-	197	-	-	197	875
Venues and facilities	14 411	-	-	(564)	-	-	(564)	13 847
Rental and hiring	-	-	-	-	-	-	-	-
Interest and rent on land	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Rent on land	-	-	-	-	-	-	-	-
Transfers and subsidies to	56 488	-	-	26 887	-	19 255	46 142	102 630
Provinces and municipalities	54	-	-	26	-	-	26	80
Provinces	54	-	-	26	-	-	26	80
Provincial Revenue Funds	54	-	-	-	-	-	-	54
Provincial agencies and funds	-	-	-	26	-	-	26	26
Municipalities	-	-	-	-	-	-	-	-
Municipalities	-	-	-	-	-	-	-	-
Municipal agencies and funds	-	-	-	-	-	-	-	-
Departmental agencies and accounts	45 195	-	-	10 810	-	19 255	30 065	75 260
Social security funds	-	-	-	-	-	-	-	-
Entities receiving funds	45 195	-	-	10 810	-	19 255	30 065	75 260
Higher education institutions	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-
Public corporations	-	-	-	-	-	-	-	-
Subsidies on production	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-
Private enterprises	-	-	-	-	-	-	-	-
Subsidies on production	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	27	-	-	27	27
Households	11 239	-	-	16 024	-	-	16 024	27 263
Social benefits	1 067	-	-	2 024	1 064	-	3 088	4 155
Other transfers to households	10 172	-	-	14 000	(1 064)	-	12 936	23 108
Payments for capital assets	16 680	8 000	-	5 923	-	-	13 923	30 603
Buildings and other fixed structures	1 987	8 000	-	(50)	-	-	7 950	9 937
Buildings	-	-	-	-	-	-	-	-
Other fixed structures	1 987	8 000	-	(50)	-	-	7 950	9 937
Machinery and equipment	10 128	-	-	5 915	-	-	5 915	16 043
Transport equipment	2 972	-	-	1 803	-	-	1 803	4 775
Other machinery and equipment	7 156	-	-	4 112	-	-	4 112	11 268
Heritage assets	4 500	-	-	58	-	-	58	4 558
Specialised military assets	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-
Software and other intangible assets	65	-	-	-	-	-	-	65
Payments for financial assets	2 194	-	-	(2 148)	-	-	(2 148)	46
Total	658 644	8 000	-	-	-	23 674	31 674	690 318
Amount to be voted								31 674
of which: Unauth. Exp. (1st charge) not available for spending	(2 194)							(2 194)
Baseline available for spending after first charge	656 450							688 124

Vote 2

Provincial Legislature

R thousand	2016/17			
	Main appropriation	Adjusted appropriation	Decrease	Increase
Operational budget	437 609	473 052		32 190
Statutory amount (Members' remuneration) ¹	77 790	83 279		5 489
Of which: Remuneration of Speaker and Deputy Speaker ¹	3 253	3 396		143
Total budget	518 652	556 331		37 679
Total amount to be appropriated	440 862	473 052		32 190
of which:				
Current payments	335 565	362 016		26 451
Transfers and subsidies	97 097	101 336		4 239
Payments for capital assets	8 200	9 700		1 500
Payments for financial assets	-	-		
Responsible MEC	Speaker of the Provincial Legislature			
Administering department	Provincial Legislature			
Accounting Officer	Secretary: Provincial Legislature			

1. Vision and mission

Vision

The vision of the Provincial Legislature (hereafter referred to as the Legislature) is: *To be an activist, people-centred Legislature.*

Mission

The mission of the department is: *To deepen democracy and entrench activism in KwaZulu-Natal through robust oversight, effective public participation and efficient law-making.*

2. Strategic objectives

Strategic policy direction: By focussing on its oversight role and by encouraging public participation, the Legislature seeks to align its operations and strategic position with the overall aim of government to achieve accountability and effective service delivery for all citizens of the province in the following areas: access to quality education and health care, prevention of crime and eradication of corruption, creation of decent work and expansion of work opportunities, and agrarian reform and rural development.

Law-making

To be an effective, efficient and visible law-maker through:

- Improved technical capacity on law-making by the Legislature.
- Constitutionally compliant laws enacted by the Legislature.

Oversight

¹ At the time of going to print with the 2016/17 EPRE, the proclamation determining the 2015 salary adjustment relating to office bearers had not been signed, hence this amount remained unchanged from the 2015/16 EPRE. Similarly, at the time of going to print with this document, the proclamation determining the 2016 salary adjustment relating to office bearers has not been signed. As such, the above-mentioned adjustment now aligns the Speaker's and Deputy Speaker's salaries to the 2015 salary level.

To ensure effective execution of oversight on service delivery, governance and implementation of laws (and conventions) by the Provincial Executive Council through:

- Improved oversight on compliance and accountability by provincial organs of state in terms of relevant legislative prescripts and protocols.
- Improved oversight on service delivery targets set in the NDP, PGDP and MTSF and on the achievement of government outcomes.
- Acceleration of economic transformation in the province.

Public participation

To ensure enhanced public participation in all legislative processes of the Legislature through:

- Improved citizen engagement and participation in the legislative processes.
- Improved public and civic education programmes to empower the citizens of KwaZulu-Natal.

Governance and leadership

To ensure improved leadership and governance of the Legislature through:

- Improved institutional performance, efficiencies, communication and transformation.
- Improved institutional fiscal discipline and implementation of financial and supply chain prescripts.
- Improved corporate and human capital management services.
- Improved institutional internal controls and governance practices.
- Improved intergovernmental and international relations.

3. Summary of adjusted estimates for the 2016/17 financial year

The main appropriation of the Legislature was R518.652 million in 2016/17, including the statutory Members' remuneration (Direct Charge on the Provincial Revenue Fund) of R77.790 million. The total amount appropriated for 2016/17 (i.e. the Legislature's operational budget, excluding the statutory Members' remuneration) was R440.862 million.

During the year, the Legislature received additional funding of R37.679 million. In addition, funds were shifted from the Legislature's operational budget to increase the statutory Members' remuneration, as detailed later in the report. These two adjustments resulted in the operational budget increasing from R440.862 million, as reflected in the 2016/17 *EPRE*, to R473.052 million, while the Members' remuneration increased from R77.790 million to R83.279 million. The net increase in the operational budget is therefore R32.190 million, which is the additional amount to be appropriated. The main reasons for these adjustments are summarised below, and are explained in detail in Section 4:

- *Virement between programmes*: The Legislature undertook several virements affecting the operational budget. Savings of R4 million were identified under *Goods and services* in Programme 2: Parliamentary Business, mainly as a result of savings made in respect of venues and facilities due to cost-containment. These funds were moved to the same economic category in Programme 1: Administration to offset spending pressures in respect of SAP support services.

In addition, the Legislature undertook further virements between sub-programmes and economic categories within each programme, as explained in Sections 4.1 and 4.2 below. All virements undertaken are permissible in terms of the PFMA, Treasury Regulations and the Financial Management of Parliament and Provincial Legislatures Act (FMPPLA), Act No. 10 of 2009, although the FMPPLA does not provide much detail in this regard.

- *Shifts*: The Legislature undertook several shifts resulting in a net decrease of R5.489 million in the operational budget and a corresponding increase in the statutory Members' remuneration, as follows:
 - With regard to the operational budget, R1.822 million was moved from *Compensation of employees* and *Goods and services* in Programme 1 to the same categories in Programme 2. In line with the organisational structure, the Knowledge Management unit moved from the sub-programme: Corporate Services in Programme 1 to the sub-programme: Oversight (Research and

Library Services) in Programme 2. The purpose of the funds remains unchanged.

- o R3 million was moved from *Compensation of employees* in the sub-programme: Office of the Speaker in Programme 1 to the same category in respect of the Members' remuneration. This shift was required to reflect the remuneration of the Speaker and Deputy Speaker as part of the statutory allocation and not the operational budget. The purpose of the funds remains unchanged.
- o R2.489 million was moved from *Goods and services* in the sub-programme: Members' Facilities in Programme 2 to the same category in respect of the Members' remuneration. According to the Legislature, the telephone allowances of Members' should be included in the statutory allocation. These allowances currently form part of the operational budget under Programme 2, and this shift corrects this misallocation. The purpose of the funds remains unchanged.
- o The net result of these shifts is a reduction of R4.822 million and R667 000 against Programmes 1 and 2, respectively, and an increase of R5.489 million in the Members' remuneration.

It is noted that, although the shifting of funds from the operational budget to the Members' remuneration is permissible as the purpose of the funds remains unchanged, Legislature approval is needed because the shift results in a reduction in the amount to be appropriated to the Legislature.

In addition to the above, the Legislature undertook further minor shifts between sub-programmes within each programme, as explained in Sections 4.1 and 4.2 below.

- *Other adjustments:* Several adjustments were made to the operational budget, resulting in an increase of R37.679 million. This increase is summarised below, and detail is given in Sections 4.1 and 4.2:
 - o Additional funding of R743 000 was allocated from the provincial fiscus toward funding the above-budget 2016 wage adjustment in respect of the Legislature staff. The full amount was allocated to *Compensation of employees* in Programme 1.
 - o R611 000 was deducted from *Goods and services* in Programme 2. When the 2016/17 Main Budget was tabled, it was agreed to not effect any budget cuts against Vote 2 in view of the ongoing discussion to top-slice the budgets of all Provincial Legislatures' budgets from provinces for these to be administered by National Treasury. It was also said, at the time, that if this top-slicing did not occur, the Legislature's budget would be cut during the 2016/17 Adjustments Estimate. As such, a 2 per cent cut was effected against the additional funds given to the Legislature with regard to the zero-based budget exercise, and this full amount was cut from *Goods and services* in Programme 2.
 - o R37.547 million was allocated back to the Legislature in line with the PFMA and FMPPLA, which provide for provincial legislatures to retain any surplus funds and/or retain any monies received (i.e. revenue collected) in the prior year. The composition of this amount is as follows:
 - Although the Legislature's net under-spending in 2015/16 was R43.125 million, the operational budget (i.e. Programmes 1 and 2) was under-spent by R46.008 million, offset by over-spending of R2.883 million in respect of the statutory Members' remuneration. However, the Members' remuneration is a direct charge on the Provincial Revenue Fund, and is therefore excluded when determining the Legislature's year-end position. As such, the unspent operational amount of R46.008 million from 2015/16 was allocated back to increase the Legislature's 2016/17 operational budget.
 - Revenue was over-collected by R2.603 million in 2015/16, and this amount was allocated back to increase the 2016/17 operational budget.
 - In total, then, R48.611 million of surplus funds/revenue over-collected in 2015/16 was allocated back to the Legislature in 2016/17. However, of this amount, R11.064 million was set aside to possibly provide for the Legislature's unauthorised expenditure relating to 2013/14. The authorisation of this unauthorised expenditure was not addressed in prior years because there was uncertainty surrounding the roles and responsibilities of Provincial Treasury and the Legislature, as well as SCOPA and the newly constituted Standing Committee on Oversight (STACOV) in terms of the FMPPLA. This amount was authorised by STACOV on 28 September 2016, and the Legislature and Provincial Treasury are currently in discussion

with the A-G's office regarding the accounting treatment of this amount. Pending the outcome of this discussion, the R11.064 million remains in the Legislature's bank account. As such, only R37.547 million of the R48.611 million is allocated back in the Adjustments Estimate and is included in the tables below.

- o The R37.547 million was allocated as follows:
 - R24.547 million was allocated to Programme 1 to *Compensation of employees* (R973 000) *Goods and services* (R22.074 million) and *Buildings and other fixed structures* (R1.500 million), as explained in Section 4.1 below.
 - R13 million was allocated to Programme 2 to *Goods and services* (R8 million) and *Transfers and subsidies to: Non-profit institutions* (R5 million), as explained in Section 4.1 below.

The net result of the above virements, shifts and other adjustments is that the adjusted budget of Programmes 1 and 2 increases by R24.468 million and R7.722 million, respectively, while the Members' remuneration increases by R5.489 million. The additional amount to be appropriated in the Adjustments Estimate is therefore R32.190 million (excluding the Members' remuneration).

These adjustments are included in the tables below, and are permissible in terms of the relevant legislation and will be formalised in the Adjustments Estimate. As mentioned, the increase in the Members' remuneration requires Legislature approval because it results in a reduction in the amount to be appropriated to the Legislature in terms of the operational budget.

Tables 2.1 and 2.2 reflect a summary of the 2016/17 adjusted appropriation of the Legislature, summarised according to programme and economic classification. Details of the economic classification are given in *Annexure – Vote 2: Provincial Legislature*.

Table 2.1 : Summary by programmes

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Administration	171 165	-	-	4 000	(4 822)	25 290	24 468	195 633
2. Parliamentary Business	269 697	-	-	(4 000)	(667)	12 389	7 722	277 419
Total	440 862	-	-	-	(5 489)	37 679	32 190	473 052
Direct Charge on the Provincial Revenue Fund	77 790	-	-	-	5 489	-	5 489	83 279
Members' remuneration	77 790	-	-	-	5 489	-	5 489	83 279
Total	518 652	-	-	-	-	37 679	37 679	556 331
Amount to be voted								32 190

Table 2.2 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	335 565	-	-	761	(5 489)	31 179	26 451	362 016
Compensation of employees	185 627	-	-	-	(3 000)	1 716	(1 284)	184 343
Goods and services	149 938	-	-	761	(2 489)	29 463	27 735	177 673
Interest and rent on land	-	-	-	-	-	-	-	-
Transfers and subsidies to:	97 097	-	-	(761)	-	5 000	4 239	101 336
Provinces and municipalities	38	-	-	-	-	-	-	38
Departmental agencies and accounts	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-
Foreign governments and international organisations	217	-	-	-	-	-	-	217
Public corporations and private enterprises	27	-	-	-	-	-	-	27
Non-profit institutions	95 948	-	-	-	-	5 000	5 000	100 948
Households	867	-	-	(761)	-	-	(761)	106
Payments for capital assets	8 200	-	-	-	-	1 500	1 500	9 700
Buildings and other fixed structures	395	-	-	-	-	1 500	1 500	1 895
Machinery and equipment	6 238	-	-	-	-	-	-	6 238
Heritage assets	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-
Software and other intangible assets	1 567	-	-	-	-	-	-	1 567
Payments for financial assets	-	-	-	-	-	-	-	-
Total	440 862	-	-	-	(5 489)	37 679	32 190	473 052
Direct Charge on the Provincial Revenue Fund	77 790	-	-	-	5 489	-	5 489	83 279
Members' remuneration	77 790	-	-	-	5 489	-	5 489	83 279
Total	518 652	-	-	-	-	37 679	37 679	556 331
Amount to be voted								32 190

4. Changes to programme purposes and service delivery measures

The Legislature has not changed the purpose of its two programmes, which conform to the customised programme and budget structure for the Legislature sector for 2016/17. Also, the non financial information currently in the 2016/17 EPRE largely corresponds to the Legislature's tabled APP.

4.1 Programme 1: Administration

Programme 1 consists of four sub-programmes, as follows:

- Office of the Speaker provides political and administrative leadership to the Legislature, and ensures the provision of protocol services to Members. This sub-programme caters for the running costs of the Office of the Speaker, as well as the Speaker's Responsibility programme.
- Office of the Secretary co-ordinates planning, performance monitoring, evaluation and reporting, and ensures effectiveness of internal control, risk management and governance processes.
- Financial Management aims to provide efficient and effective financial management, and includes the CFO's office, financial management services, as well as SCM services. The main purpose is to plan the departmental budget, as well as to monitor and evaluate expenditure and revenue collection. In addition, various costs relating to the vote as a whole are centralised under this sub-programme, such as cell-phone, land-line and all current maintenance costs.
- Corporate Services renders corporate services through ICT, communication, human resources management and institutional support (i.e. library services, fleet services, security services, etc). Capital building renovation costs and other major procurement costs are centralised under this sub-programme, accounting for the size of the budget, as well as the fluctuations in trends.

Tables 2.3 and 2.4 reflect a summary of the 2016/17 adjusted appropriation of Programme 1, summarised according to sub-programme and economic classification. Details of the main adjustments, which resulted in an overall increase of R24.468 million, are given in the paragraphs after the tables.

Table 2.3 : Programme 1: Administration

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments	
1. Office of the Speaker	27 735				(3 000)		24 735
2. Office of the Secretary	23 808			2 700		1 844	28 352
3. Financial Management	56 465				(3 940)	13 432	65 957
4. Corporate Services	63 157			1 300	2 118	10 014	76 589
Total	171 165	-	-	4 000	(4 822)	25 290	195 633
Amount to be voted							24 468

Table 2.4 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments	
Current payments	161 816	-	-	4 761	(4 822)	23 790	185 545
Compensation of employees	94 633				(4 373)	1 716	91 976
Goods and services	67 183			4 761	(449)	22 074	93 569
Interest and rent on land							-
Transfers and subsidies to:	1 149	-	-	(761)	-	-	388
Provinces and municipalities	38						38
Departmental agencies and accounts							-
Higher education institutions							-
Foreign governments and international organisations	217						217
Public corporations and private enterprises	27						27
Non-profit institutions							-
Households	867			(761)			106
Payments for capital assets	8 200	-	-	-	-	1 500	9 700
Buildings and other fixed structures	395					1 500	1 895
Machinery and equipment	6 238						6 238
Heritage assets							-
Specialised military assets							-
Biological assets							-
Land and subsoil assets							-
Software and other intangible assets	1 567						1 567
Payments for financial assets							-
Total	171 165	-	-	4 000	(4 822)	25 290	195 633
Amount to be voted							24 468

Virement – Programme 1: Administration: R4 million

The main appropriation of Programme 1 was increased by a net amount of R4 million as follows:

- Enforced savings of R4 million were achieved under *Goods and services* in the sub-programme: Members' Facilities under Programme 2, mainly by cutting back on venues and facilities costs, in line with the cost-containment plan implemented by the Legislature in 2015/16 and continuing to date, which focusses on streamlining public participation events. This amount was moved to the same category in the sub-programme: Corporate Services under Programme 1 toward funding in-year spending pressures in respect of higher than budgeted costs for SAP support services.
- This increase of R4 million in the sub-programme: Corporate Services was offset by a virement of R2.700 million from *Compensation of employees* in this sub-programme to the same category in the sub-programme: Office of the Secretary, which was under-budgeted for in the main appropriation.
- Within the programme, R761 000 was identified as savings under *Transfers and subsidies to: Households* in respect of lower than anticipated costs relating to staff exits and the Speaker's social responsibility programme. These savings were moved to *Goods and services* toward funding in-year spending pressures. This virement was undertaken within the sub-programme: Office of the Speaker, and hence is not visible in Table 2.3.

Shifts – Programme 1: Administration: (R4.822 million)

The main appropriation of Programme 1 was reduced by a net amount of R4.822 million. In each case, purpose and economic classification of the funds remains unchanged. The shifts are as follows:

- R3 million was moved from *Compensation of employees* in the sub-programme: Office of the Speaker in this programme to the same category in respect of the Members' remuneration. This shift was required to reflect the remuneration of the Speaker and Deputy Speaker as part of the statutory allocation and not the operational budget. As mentioned, this adjustment requires Legislature approval, as it affects the amount to be appropriated to the Legislature.
- An amount of R1.822 million was moved from Programme 1 to Programme 2, with R1.373 million moving within *Compensation of employees*, and R449 000 moving within *Goods and services*. In line with the organisational structure, the Knowledge Management unit moved from the sub-programme: Corporate Services in Programme 1 to the sub-programme: Oversight in Programme 2, which is responsible for research and library services.
- There was a further shift across sub-programmes within Programme 1, with R3.940 million shifted from the sub-programme: Financial Management to the sub-programme: Corporate Services, in respect of correctly locating the Facilities Management function.

Other adjustments – Programme 1: Administration: R25.290 million

The main appropriation of Programme 1 was increased by a net amount of R25.290 million, accounting for the adjustments undertaken across all sub-programmes, apart from the Office of the Speaker, as follows:

- Additional funding of R743 000 was allocated from the provincial fiscus toward funding the above-budget 2016 wage adjustment in respect of the Legislature staff. The full amount was allocated to *Compensation of employees* in this programme.
- Of the R37.547 million allocated back to the Legislature in line with the PFMA and FMPPLA, which provide for provincial legislatures to retain any surplus funds and/or retain revenue collected in the prior year, R24.547 million was allocated to this programme as follows:
 - R973 000 was allocated to *Compensation of employees* to further assist with funding the above-budget 2016 wage adjustment in respect of the Legislature staff. It is noted that the Legislature does not fall under the Public Service, and the 2016 wage adjustment for the Legislature staff was on a sliding scale, averaging 8 per cent, marginally higher than the Public Service.

- o R22.074 million was allocated to *Goods and services* as follows:
 - R11.292 million for the audio-visual project in respect of the Legislature’s main chamber (previously known as the Hansard project). In 2014/15, the Legislature was allocated an additional once-off R14 million for a similar project. However, the required procurement processes took far longer than envisaged, and the funding was largely absorbed by other spending pressures. In 2015/16, the Legislature took a decision to continue with a similar project from within its baseline, and the tender was awarded in April 2016. Of this amount, R11.042 million was allocated to contractors’ costs, while the balance of R250 000 was allocated for consultants’ fees.
 - R3.639 million to cater for improved security at the Legislature complex, in line with National Occupational Safety Association (NOSA) requirements.
 - R1.684 million to provide for a civic education programme to be conducted by the Communication Services unit, through various media and communication issues.
 - R5.459 million to offset in-year spending pressures in respect of audit fees, SAP support services, etc.
- o R1.500 million was allocated to *Buildings and other fixed structures* for renovations to the Law Society building, which is owned by the Legislature, and was damaged by fire in 2014/15. The Legislature received a once-off R1.500 million in the 2015/16 Adjustments Estimate to renovate this building, based on an assessment by the Department of Public Works (DOPW). This project did not commence in 2015/16, as the revised estimate of R6 million from DOPW was far higher than the original estimate. Provincial Treasury’s infrastructure unit undertook to investigate the reason for the price escalation. The preliminary assessment is that DOPW’s original estimate was completely under-stated and omitted basic costs such as professional fees, inaccessibility of the building site, etc. As a result, the revised estimate of some R6 million is considered to be reasonable. DOPW envisages commencing the project in the third quarter, hence this allocation of R1.500 million. The balance will need to be funded from the Legislature’s 2017/18 budget.

Service delivery measures – Programme 1: Administration

Table 2.5 shows the service delivery information for Programme 1, including the actual achievement for the first six months of the year. The information reflected is aligned to the *EPRE* and the tabled APP.

Table 2.5 : Service delivery measures – Programme 1: Administration

Outputs	Performance indicators	Performance targets		
		2016/17 Original target	2016/17 Mid-year actual	2016/17 Revised target
1. Improved performance monitoring and reporting	• No. of performance reports against Annual Oversight Plans (AOP) and APP targets	5	3	
2. Achieved clean audit by 2016/17	• Quarterly review reports on key controls, audits and risk issues	4	2	
3. Developed and implemented transformation plan/policy	• No. of reports on the development and implementation of the transformation plan/policy	4	2	
4. Improved ICT management	• No. of reports on the review and implementation of the ICT plan	4	2	
5. Improved human resources management and development	• No. of reports on development and implementation of the HR plan	4	2	
6. Improved control environment and attainment of clean audit in respect of SCM	• No. of reports on the development and implementation of the SCM strategy	4	2	

4.2 Programme 2: Parliamentary Business

This programme consists of six sub-programmes, conforming to the customised budget structure for the sector. The main objectives and services of these sub-programmes are as follows:

- Law-making: To pass effective and relevant laws in the province. This sub-programme also incorporates the functions of House Proceedings and Hansard.

- NCOP: To facilitate NCOP liaison services.
- Oversight: To execute and conduct effective oversight of the Executive Committees, and to provide research and legal services.
- Public Participation: To address complaints through the petitions' system, and to create awareness of legislative processes through public education and the promotion of public involvement. This sub-programme combines both staff and sectoral public participation costs.
- Members' Facilities: To provide benefits and facilities in respect of Members and to offer support to political parties. This sub-programme makes provision for the constituency and secretarial allowances, as well as the PPF.

Tables 2.6 and 2.7 reflect a summary of the 2016/17 adjusted appropriation of Programme 2, summarised according to sub-programme and economic classification. Details of the main adjustments, which resulted in an overall increase of R7.722 million in the main appropriation of Programme 2, are provided in the paragraphs following the tables.

Table 2.6 : Programme 2: Parliamentary Business

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Law-making	45 063			8 354			8 354	53 417
2. NCOP	2 066						-	2 066
3. Oversight	78 132				1 822	8 000	9 822	87 954
4. Public Participation	33 648			(5 554)		(611)	(6 165)	27 483
5. Members' Facilities	110 788			(6 800)	(2 489)	5 000	(4 289)	106 499
Total	269 697	-	-	(4 000)	(667)	12 389	7 722	277 419
Amount to be voted								7 722

Table 2.7 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	173 749	-	-	(4 000)	(667)	7 389	2 722	176 471
Compensation of employees	90 994				1 373		1 373	92 367
Goods and services	82 755			(4 000)	(2 040)	7 389	1 349	84 104
Interest and rent on land							-	-
Transfers and subsidies to:	95 948	-	-	-	-	5 000	5 000	100 948
Provinces and municipalities							-	-
Departmental agencies and accounts							-	-
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions	95 948					5 000	5 000	100 948
Households							-	-
Payments for capital assets	-	-	-	-	-	-	-	-
Buildings and other fixed structures							-	-
Machinery and equipment							-	-
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets	-	-	-	-	-	-	-	-
Total	269 697	-	-	(4 000)	(667)	12 389	7 722	277 419
Amount to be voted								7 722

Virement – Programme 2: Parliamentary Business: (R4 million)

The main appropriation of Programme 2 was decreased by a net amount of R4 million as follows:

- Enforced savings of R4 million were achieved under *Goods and services* in the sub-programme: Members' Facilities under this programme, mainly by cutting back on venues and facilities costs, in line with the Legislature's cost-containment plan, which focusses on streamlining public participation events. This amount was moved to the same category in the sub-programme: Corporate Services under Programme 1 toward funding in-year spending pressures in respect of SAP support services.

- Further savings of R2.800 million and R5.554 million were identified under the sub-programmes: Members' Facilities (*Goods and services*) and Public Participation (*Compensation of employees*), respectively, largely due to over-budgeting, and were moved to the same categories in the sub-programme: Law-making, which was under-budgeted for in the main appropriation. Because the virement was within the same categories, it is not evident in Table 2.7.

Shifts – Programme 2: Parliamentary Business: (R667 000)

The main appropriation of Programme 2 was reduced by a net amount of R667 000 as follows:

- R1.822 million was moved from Programme 1 to this programme, with R1.373 million moving within *Compensation of employees*, and R449 000 moving within *Goods and services*. In line with the organisational structure, the Knowledge Management unit moved from the sub-programme: Corporate Services in Programme 1 to the sub-programme: Oversight in Programme 2, which is responsible for research and library services. The purpose and economic classification of the funds remains unchanged.
- R2.489 million was moved from *Goods and services* under the sub-programme: Members' Facilities in this programme, to the same category in respect of the Members' remuneration. According to the Legislature, the telephone allowances of Members' should be included in the statutory allocation. These allowances currently form part of Programme 2's operational budget, and this shift corrects this misallocation. The purpose and economic classification of the funds remains unchanged. As mentioned, though, this adjustment requires Legislature approval, as it affects the amount to be appropriated to the Legislature.

Other adjustments – Programme 2: Parliamentary Business: R12.389 million

The main appropriation of Programme 2 was increased by a net amount of R12.389 million, as follows:

- Of the R37.547 million allocated back to the Legislature in line with the PFMA and FMPPLA, which provide for provincial legislatures to retain any surplus funds and/or revenue collected in the prior year, R13 million was allocated to Programme 2 as follows:
 - R8 million was allocated to *Goods and services* in the sub-programme: Oversight for Members' overseas study tours, which were not held in 2014/15 and 2015/16 as part of cost-containment.
 - R5 million was allocated to *Transfers and subsidies to: Non-profit institutions* in the sub-programme: Members' Facilities to increase the Political Parties' Fund (PPF). In this regard, Executive Council approval was obtained by the Legislature to lift the capping of the Political Parties' Fund which was set at R30 million per annum, in terms of Cabinet Resolution No. 468 dated 2 December 2015. Provincial Treasury indicated at the time that the R5 million (plus carry-through) required for the uncapping of the PPF must be funded by the Legislature, in view of the fiscal constraints facing the province.

It is noted that, in terms of the Treasury Regulations, Treasury approval is required for an increase in transfers. However, the FMPPLA, like the PFMA, is silent in this regard. Chapter 9 of the FMPPLA permits the Executive Authority to issue regulations to facilitate the application of the Act, and the Legislature is currently reviewing this matter.

- This additional amount of R13 million was offset by a reduction of R611 000. As mentioned, when the 2016/17 Main Budget was tabled, it was agreed to not effect any budget cuts against Vote 2 in view of the ongoing discussion to top-slice the budgets of all Provincial Legislatures' budgets from provinces for these to be administered by National Treasury. It was also said, at the time, that if this top-slicing did not occur, the Legislature's budget would be cut during the 2016/17 Adjustments Estimate. As such, because the top-slicing has not been implemented at this stage, a 2 per cent cut was effected against the additional funds relating to the zero-based budget exercise and this resulted in a reduction of R611 000. The full amount was cut from *Goods and services* under the sub-programme: Public Participation in this programme, to be achieved by cost-containment.

Service delivery measures – Programme 2: Parliamentary Business

Table 2.8 shows service delivery information for Programme 2, including the actual achievements for the first six months of the year.

The information is largely aligned to the tabled APP. However, to ensure full alignment with the APP, which was tabled after the *EPRE*, there is a minor change to the wording of one performance indicator, and this is reflected in bold italics.

Table 2.8 : Service delivery measures – Programme 2: Parliamentary Business

Outputs	Performance indicators	Medium term targets		
		2016/17 Original target	2016/17 Mid-year actual	2016/17 Revised target
1. Increased level of awareness and knowledge of the Legislature and its core business	• No. of public education campaigns/workshops	20	14	
2. Enhanced oversight, law-making and accountability	• No. of sittings facilitated	26	16	
3. Improved oversight over departmental planning	• No. of final draft AOPs submitted	18	3 rd quarter	
	• No. of progress reports and development of a provincial service delivery baseline	4	2	
4. Improved input into the departmental APPs and budgets	• No. of reports on the consideration of 2017/18 draft APPs and budgets tabled at committee meetings	15	3 rd quarter	
5. Improved oversight over departmental performance against their APPs and budgets	• No. of analysis reports on quarterly and annual reports	5 per Committee	3 rd quarter	
6. Improved tracking of resolutions	• Quarterly reports on resolutions	4	2	
7. Improved oversight over financial management and performance of depts. and public entities	• No. of reports on Finance Committee hearings conducted	3	-	
8. Improved oversight over depts. and public entities i.r.o. attainment of clean audit reports	• No. of SCOPA hearings conducted	2	1	
9. Enhanced oversight through focused intervention studies and oversight visits	• No. of focused intervention studies conducted	9	3 rd and 4 th quarters	
	• No. of oversight visits conducted	64	32	
10. Empowerment of committees to perform oversight	• No. of study tours	5	-	
11. Improved processing of legislation before committees	• No. of reports on Bills processed	4	2	

5. Specifically and exclusively appropriated allocations

Table 2.9 shows amounts that are specifically and exclusively appropriated for specific purposes in terms of the KZN Adjustments Appropriation Act. The Legislature has funding that is specifically and exclusively appropriated for the PPF. Details of the adjustment, which resulted in an increase of R5 million, are provided in the paragraph following the table.

Table 2.9 : Summary of specifically and exclusively appropriated funding

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Prog. 2: Political Parties' Fund	30 000					5 000	5 000	35 000
Total	30 000	-	-	-	-	5 000	5 000	35 000
Amount to be voted								5 000

- *Other adjustments:* Of the amount of R37.547 million allocated back to the Legislature in line with the PFMA and FMPPLA, which provide for provincial legislatures to retain any surplus funds and/or retain revenue collected in the prior year, R5 million was used to increase the transfer to the PPF. In this regard, Executive Council approval was obtained by the Legislature to lift the capping of the PPF which was set at R30 million per annum, in terms of Cabinet Resolution No. 468 dated 2 December 2015. This adjustment is therefore in line with this Cabinet Resolution.

6. Gifts, donations and sponsorships

The Legislature is not envisaging granting any gifts, donation or sponsorships exceeding R100 000 during 2016/17.

7. Infrastructure

Table 2.10 provides a summary of infrastructure payments per main category. The infrastructure budget relates to the maintenance and upgrading of the Legislature buildings. The information provided is largely dependent on the implementing agent, DOPW. Details of the adjustments, which resulted in an overall increase of R12.542 million, are provided in the paragraphs following the table.

Table 2.10 : Summary of infrastructure payments by category

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Existing infrastructure assets	4 490	-	-	-	-	12 542	12 542	17 032
Maintenance and repair: Current	4 095					11 042	11 042	15 137
Upgrades and additions: Capital	395					1 500	1 500	1 895
Refurbishment and rehabilitation: Capital							-	-
New infrastructure assets: Capital								
Infrastructure transfers	-	-	-	-	-	-	-	-
Infrastructure transfers: Capital							-	-
Infrastructure transfers: Current							-	-
Infrastructure: Payments for fin assets							-	-
Infrastructure: Leases							-	-
Capital infrastructure	395	-	-	-	-	1 500	1 500	1 895
Current infrastructure	4 095	-	-	-	-	11 042	11 042	15 137
Total	4 490	-	-	-	-	12 542	12 542	17 032
Amount to be voted								12 542

- *Other adjustments:* The infrastructure budget was increased by R12.542 million, from funds allocated back to the Legislature in line with the PFMA and FMPPLA, which provide for provincial legislatures to retain any surplus funds and/or revenue collected in the prior year, as follows:
 - o R11.042 million was allocated to *Maintenance and repair: Current* for the audio-visual project in respect of the Legislature's main chamber. In 2014/15, the Legislature was allocated an additional once-off R14 million for a similar project. However, the required procurement processes took far longer than envisaged, and the funding was largely absorbed by other spending pressures. In 2015/16, the Legislature took a decision to continue with this project from within its baseline, and the tender was awarded in April 2016. Of this amount, R11.042 million was allocated to contractors' costs under *Maintenance and repair: Current*, and the balance of R250 000 was allocated for consultants' fees (and is not reflected in this table).
 - o R1.500 million was allocated to *Upgrades and additions: Capital* under the sub-programme: Corporate Services, to cater for renovations to the Law Society building in the existing Legislature complex, which was damaged by fire in 2014/15. As mentioned, the Legislature received a once-off R1.500 million in the 2015/16 Adjustments Estimate to renovate this building, based on an assessment by DOPW. This project did not commence in 2015/16, as the revised estimate of R6 million from DOPW was far higher than the original estimate. Provincial Treasury's infrastructure unit undertook to investigate the reason for the price escalation. The preliminary assessment is that DOPW's original estimate was completely under-stated and omitted basic costs such as professional fees, inaccessibility of the building site, etc. As a result, the revised estimate of some R6 million is considered to be reasonable. DOPW envisages commencing the project in the third quarter of 2016/17, hence this allocation of R1.500 million. The balance will need to be funded from the Legislature's 2017/18 budget.

8. Conditional grants

The Legislature has no national conditional grants.

9. Transfers and subsidies

Table 2.11 provides a summary of transfers and subsidies per programme relating to the Legislature.

The Legislature's transfers and subsidies budget reflects a net increase of R4.239 million compared to the main appropriation, as explained below.

Table 2.11 : Summary of transfers and subsidies by programme and main category

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Administration	1 149	-	-	(761)	-	-	(761)	388
Provinces and municipalities	38	-	-	-	-	-	-	38
Motor vehicle licences	38	-	-	-	-	-	-	38
Foreign govts and international organisations	217	-	-	-	-	-	-	217
Commonwealth Parliamentary Association	217	-	-	-	-	-	-	217
Public corporations and private enterprises	27	-	-	-	-	-	-	27
Insurance companies	27	-	-	-	-	-	-	27
Households	867	-	-	(761)	-	-	(761)	106
Social benefit	867	-	-	(761)	-	-	(761)	106
2. Parliamentary Business	95 948	-	-	-	-	5 000	5 000	100 948
Non-profit institutions	95 948	-	-	-	-	5 000	5 000	100 948
Funding for political parties (e.g. const. allow)	65 948	-	-	-	-	-	-	65 948
Political Parties' Fund	30 000	-	-	-	-	5 000	5 000	35 000
Total	97 097	-	-	(761)	-	5 000	4 239	101 336
Amount to be voted								4 239

- *Virement*: R761 000 was identified as savings under *Households* in Programme 1 in respect of lower than anticipated costs relating to staff exits and the Speaker's social responsibility programme. These savings were moved to *Goods and services* within the programme toward funding in-year spending pressures. This reduction in transfers is permissible in terms of the PFMA as the funds were not gazetted for a particular transfer. Also, as mentioned, the FMPPLA does not contain detail at this level regarding the virement of funds.
- *Other adjustments*: Of the funds allocated back to the Legislature in line with the PFMA and FMPPLA, which provide for provincial legislatures to retain any surplus funds and/or retain revenue collected in the prior year, R5 million was used to increase the transfer to the PPF, in terms of Cabinet Resolution No. 468 dated 2 December 2015, as mentioned previously.

10. Transfers to public entities

The Legislature transfers no funds to public entities.

11. Transfers to local government

The Legislature makes no transfer payments to local government. It is noted that an amount of R38 000 is reflected against *Provinces and municipalities* in Table 2.11 above. This relates to the payment of motor vehicle licences. As this amount will not be transferred to any municipality, the table reflecting transfers to local government is excluded.

12. Actual payments and revised spending projections for the rest of 2016/17

Tables 2.12 and 2.13 reflect actual payments as at the end of September 2016, projected payments for the rest of the year in rand value and as a percentage of the adjusted appropriation per programme and economic classification, and revised projected spending. The tables also show the 2015/16 audited outcome.

Note that these tables include the statutory Members' remuneration of R83.279 million, hence the Adjusted appropriation in respect of *Compensation of employees* and *Goods and services* is higher than the amounts reflected in Table 2.2, by R80.790 million and R2.489 million, respectively.

Table 2.12 : Actual payments and revised spending projections by programme

R thousand	2015/16 Audited outcome	Adjusted appropriation	Actual payments April '16 - September 2016		Projected payments October '16 - March 2017		Projected actual
			% of budget		% of budget		
1. Administration	145 983	195 633	75 727	38.7	119 906	61.3	195 633
2. Parliamentary Business	212 950	277 419	132 007	47.6	145 412	52.4	277 419
Members' remuneration	77 204	83 279	37 698	45.3	45 581	54.7	83 279
Total	436 137	556 331	245 432	44.1	310 899	55.9	556 331

Table 2.13 : Actual payments and revised spending projections by economic classification

	2015/16 Audited outcome	Adjusted appropriation	Actual payments		Projected payments		Projected actual
R thousand			April '16 - September 2016		October '16 - March 2017		
			% of budget		% of budget		
Current payments	348 820	445 295	180 053	40.4	265 242	59.6	445 295
Compensation of employees	237 933	265 133	119 808	45.2	145 325	54.8	265 133
Goods and services	110 887	180 162	60 245	33.4	119 917	66.6	180 162
Interest and rent on land		-		-	-	-	-
Transfers and subsidies to:	81 471	101 336	65 379	64.5	35 957	35.5	101 336
Provinces and municipalities	19	38	13	34.2	25	65.8	38
Departmental agencies and accounts		-		-	-	-	-
Higher education institutions		-		-	-	-	-
Foreign governments and international organisations	292	217		-	217	100.0	217
Public corporations and private enterprises		27		-	27	100.0	27
Non-profit institutions	81 055	100 948	65 366	64.8	35 582	35.2	100 948
Households	105	106		-	106	100.0	106
Payments for capital assets	5 846	9 700	-	-	9 700	100.0	9 700
Buildings and other fixed structures		1 895		-	1 895	100.0	1 895
Machinery and equipment	4 139	6 238		-	6 238	100.0	6 238
Heritage assets		-		-	-	-	-
Specialised military assets		-		-	-	-	-
Biological assets		-		-	-	-	-
Land and subsoil assets		-		-	-	-	-
Software and other intangible assets	1 707	1 567		-	1 567	100.0	1 567
Payments for financial assets		-		-	-	-	-
Total	436 137	556 331	245 432	44.1	310 899	55.9	556 331

At mid-year, the Legislature is projecting to remain within budget at year-end. Both programmes, the Members' remuneration, as well as all economic categories are projecting a balanced budget at year-end, after taking into account the extensive adjustments mentioned above.

With regard to the vote as a whole, mid-year spending totalled R245.432 million, or 44.1 per cent of the adjusted appropriation, which is lower than the 50 per cent straight-line benchmark for mid-year. If the additional funds are excluded, then spending was largely on track at 47.3 per cent, as explained below:

- Mid-year spending of Programme 1 as a whole was fairly low at 38.7 per cent when compared to the straight-line benchmark for mid-year, partly because the filling of posts took longer than anticipated. In addition, there were also delays in the receipt of invoices in respect of the Women's and Senior Citizens' Parliaments that were held in August and September. Furthermore, there was low spending due to delays in the submission of invoices by DOPW, orders placed for goods not received by mid-year, etc. The Legislature is confident that the programme will be fully spent by year-end, because several once-off projects are anticipated to be finalised in the second half of the year, such as the audio-visual project for the Legislature's main chamber which is nearly complete, the renovation of a lift in the Legislature building, improved security in line with NOSA requirements, among others. It is also anticipated that the renovations to the Law Society building will commence by year-end.
- The spending of Programme 2 as a whole was marginally low, with 47.6 per cent of the adjusted appropriation spent by mid-year. Although there was significant under-spending at mid-year in respect of advertising, communication, catering, travel and subsistence and venues and facilities because of delays in the receipt of invoices for the Women's and Senior Citizens' Parliaments that were held in August and September, this was offset by the fact that the mid-year spending includes the full annual transfer of R35 million to the PPF. The Legislature is confident that the programme will be fully spent by year-end, because Members' study tours are still to take place, and several public participation events are scheduled for the second half of the year, including Taking Legislature to the People, People with Disability Parliament, and the Official Opening of the Legislature.

- The Members' remuneration was slightly low in the first six months, with 45.3 per cent of the adjusted appropriation spent, because the annual salary increase for Members is not included, as this is usually determined at the end of the third quarter, and backdated to April.

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

- *Compensation of employees* spending was fairly low at 45.2 per cent of the adjusted appropriation spent. It is likely that the full budget will be spent by year-end, despite the fairly low mid-year spending. As mentioned, the Members' remuneration expenditure is anticipated to increase when the annual salary increase for Members, with back-pay to April 2016, is included. Also, the year-end projections include provision for several critical posts that were recently filled.
- *Goods and services* spending was low at 33.4 per cent of the adjusted appropriation, due to cost-containment and under-spending in respect of advertising, communication, catering, travel and subsistence and venues and facilities because of delays in the receipt of invoices for the Women's and Senior Citizens' Parliaments that were held in August and September. The Legislature is confident that the category will be fully spent by year-end, because several once-off projects are anticipated to be finalised in the second half of the year, as mentioned above.
- *Transfers and subsidies* spending was high at 64.5 per cent, mainly in respect of *Non-profit institutions* because the annual transfer to the PPF is made in April each year. Although *Provinces and municipalities*, *Foreign governments and international organisations*, *Public corporations and private enterprises* and *Households* show low or no spending compared to the adjusted appropriation, the Legislature is projecting a balanced budget at year-end. As the adjusted appropriation for these categories totals less than R400 000, any under-spending that may occur will be minimal.
- *Payments for capital assets* shows no expenditure in the first half of the year pending the development of the SAP assets module by the SAP consultants. Also, although the category is showing a balanced budget at year-end, this is dependent on the submission of invoices from DOPW for various projects, such as the renovations to the lift in the Legislature building. Expenditure is also dependent on how soon the renovations to the Law Society building commence.

Table 2.A : Summary by economic classification : Provincial Legislature

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	335 565	-	-	761	(5 489)	31 179	26 451	362 016
Compensation of employees	185 627	-	-	-	(3 000)	1 716	(1 284)	184 343
Salaries and wages	162 664	-	-	-	(2 500)	1 716	(784)	161 880
Social contributions	22 963	-	-	-	(500)	-	(500)	22 463
Goods and services	149 938	-	-	761	(2 489)	29 463	27 735	177 673
Administrative fees	1 395	-	-	(60)	-	100	40	1 435
Advertising	8 935	-	-	(119)	-	1 200	1 081	10 016
Assets less than capitalisation threshold	285	-	-	-	-	-	-	285
Audit cost: External	2 019	-	-	-	-	1 067	1 067	3 086
Bursaries: Employees	756	-	-	(400)	-	-	(400)	356
Catering: Departmental activities	19 146	-	-	(1 570)	-	(400)	(1 970)	17 176
Communication (G&S)	11 967	-	-	(1 475)	(2 489)	-	(3 964)	8 003
Computer services	3 494	-	-	(1 131)	-	-	(1 131)	2 363
Cons & prof serv: Business and advisory services	5 963	-	-	8 242	-	4 542	12 784	18 747
Cons & prof serv: Infras and planning	-	-	-	-	-	-	-	-
Cons & prof serv: Laboratory services	-	-	-	-	-	-	-	-
Cons & prof serv: Scientific and tech services	-	-	-	-	-	-	-	-
Cons & prof serv: Legal costs	290	-	-	200	-	-	200	490
Contractors	10 459	-	-	(4 583)	-	11 981	7 398	17 857
Agency and support / outsourced services	-	-	-	-	-	-	-	-
Entertainment	673	-	-	(449)	-	-	(449)	224
Fleet services (incl. govt motor transport)	1 558	-	-	-	-	-	-	1 558
Housing	-	-	-	-	-	-	-	-
Inventory: Clothing material and accessories	-	-	-	-	-	-	-	-
Inventory: Farming supplies	-	-	-	-	-	-	-	-
Inventory: Food and food supplies	187	-	-	350	-	-	350	537
Inventory: Fuel, oil and gas	-	-	-	-	-	-	-	-
Inventory: Learner and teacher support material	-	-	-	-	-	-	-	-
Inventory: Materials and supplies	84	-	-	-	-	-	-	84
Inventory: Medical supplies	7	-	-	-	-	-	-	7
Inventory: Medicine	-	-	-	-	-	-	-	-
Medsas inventory interface	-	-	-	-	-	-	-	-
Inventory: Other supplies	-	-	-	-	-	-	-	-
Consumable supplies	1 210	-	-	21	-	-	21	1 231
Consumable: Stationery, printing and office supplies	1 169	-	-	117	-	-	117	1 286
Operating leases	6 473	-	-	-	-	-	-	6 473
Property payments	5 298	-	-	66	-	2 700	2 766	8 064
Transport provided: Departmental activity	8 743	-	-	(1 567)	-	(211)	(1 778)	6 965
Travel and subsistence	31 593	-	-	13 767	-	8 000	21 767	53 360
Training and development	2 952	-	-	(498)	-	-	(498)	2 454
Operating payments	9 464	-	-	(975)	-	484	(491)	8 973
Venues and facilities	15 818	-	-	(9 175)	-	-	(9 175)	6 643
Rental and hiring	-	-	-	-	-	-	-	-
Interest and rent on land	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Rent on land	-	-	-	-	-	-	-	-
Transfers and subsidies to	97 097	-	-	(761)	-	5 000	4 239	101 336
Provinces and municipalities	38	-	-	-	-	-	-	38
Provinces	38	-	-	-	-	-	-	38
Provincial Revenue Funds	-	-	-	-	-	-	-	-
Provincial agencies and funds	38	-	-	-	-	-	-	38
Municipalities	-	-	-	-	-	-	-	-
Municipalities	-	-	-	-	-	-	-	-
Municipal agencies and funds	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-
Social security funds	-	-	-	-	-	-	-	-
Entities receiving funds	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-
Foreign governments and international organisations	217	-	-	-	-	-	-	217
Public corporations and private enterprises	27	-	-	-	-	-	-	27
Public corporations	27	-	-	-	-	-	-	27
Subsidies on production	-	-	-	-	-	-	-	-
Other transfers	27	-	-	-	-	-	-	27
Private enterprises	-	-	-	-	-	-	-	-
Subsidies on production	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-
Non-profit institutions	95 948	-	-	-	-	5 000	5 000	100 948
Households	867	-	-	(761)	-	-	(761)	106
Social benefits	-	-	-	-	-	-	-	-
Other transfers to households	867	-	-	(761)	-	-	(761)	106
Payments for capital assets	8 200	-	-	-	-	1 500	1 500	9 700
Buildings and other fixed structures	395	-	-	-	-	1 500	1 500	1 895
Buildings	395	-	-	-	-	1 500	1 500	1 895
Other fixed structures	-	-	-	-	-	-	-	-
Machinery and equipment	6 238	-	-	-	-	-	-	6 238
Transport equipment	1 500	-	-	-	-	-	-	1 500
Other machinery and equipment	4 738	-	-	-	-	-	-	4 738
Heritage assets	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-
Software and other intangible assets	1 567	-	-	-	-	-	-	1 567
Payments for financial assets	-	-	-	-	-	-	-	-
Total: Operational budget	440 862	-	-	-	(5 489)	37 679	32 190	473 052
Direct Charge on the Provincial Revenue Fund	77 790	-	-	-	5 489	-	5 489	83 279
Members' remuneration	77 790	-	-	-	5 489	-	5 489	83 279
Total	518 652	-	-	-	-	37 679	37 679	556 331
Amount to be voted								32 190

Vote 3

Agriculture and Rural Development

R thousand	2016/17			
	Main appropriation	Adjusted appropriation	Decrease	Increase
Operational budget	2 168 822	2 214 840		46 018
MEC remuneration ¹	1 822	1 902		80
Total amount to be appropriated	2 170 644	2 216 742		46 098
<i>of which:</i>				
Current payments	1 742 000	1 576 383	(165 617)	
Transfers and subsidies	249 496	465 965		216 469
Payments for capital assets	179 148	174 394	(4 754)	
Payments for financial assets	-	-		
Responsible MEC	MEC for Agriculture and Rural Development			
Administering department	Agriculture and Rural Development			
Accounting Officer	Head: Agriculture and Rural Development			

1. Vision and mission

Vision

The vision of the Department of Agriculture and Rural Development (DARD) is: *A united, sustainable and vibrant agricultural sector with thriving rural communities in balance with nature.*

Mission

The department's mission is: *To promote, through partnerships, sound agricultural practices that promote economic growth, food security and advancement of rural communities.*

2. Strategic objectives

Strategic policy direction: The department has taken into account the policy direction and priorities of national and provincial government, as well as its mandate in order to come up with its priority activities.

DARD's new approach to agrarian reform is built on the foundation of sound scientific agricultural technology, and the optimal use of resources as captured in the commodity approach. The next level in the reform is based on a sound business model that will support the development and running of the "farming business". To penetrate the value chain, an agro-processing building block is also advocated so that value is added to primary agricultural production for best value in the market place and to improve shelf life.

The department has set the following goals and strategic objectives in order to achieve this:

Rural development, agrarian reform and social and economic infrastructure development

- Provide technical support, extension, specialist advisory services and progressive training and mentorship to households and farmers.
- Provide and develop support systems and infrastructure for sustainable land use, agricultural development and comprehensive rural development.

¹ At the time of going to print with the 2016/17 EPRE, the proclamation determining the 2015 salary adjustment relating to office bearers had not been signed, hence this amount remained unchanged from the 2015/16 EPRE. Similarly, at the time of going to print with this document, the proclamation determining the 2016 salary adjustment relating to office bearers has not been signed. As such, the above-mentioned adjustment now aligns the MEC's salary to the 2015 salary level.

- Ensure the prevention, control and/or eradication of animal diseases.
- Create and facilitate improved access to a stable and diversified food supply for improved nutritional well-being and improvement in household income.
- Undertake appropriate adaptive agricultural research and technology development and transfer, to advance agriculture.

Creation of decent work opportunities and ensuring economic growth and infrastructure development

- Create access to local and international markets for local agricultural products.
- Develop commercial farming entrepreneurs and agri-business.
- Enhance linkages with international entities, partners, stakeholders and all spheres of government.

3. Summary of adjusted estimates for the 2016/17 financial year

The Main Appropriation of the department was R2.171 billion in 2016/17. During the year, the department received an additional allocation totalling R46.098 million, resulting in the revised budget of R2.217 billion. The main reasons for this increase, as well as other adjustments, are summarised below, and explained in detail in Section 4.

- *Roll-overs:* An amount of R46.098 million was rolled over from 2015/16 to 2016/17, as follows:
 - R8.089 million in respect of motor vehicles, for which orders were placed in 2015/16 but were not delivered by year-end, resulting in an amount of R8.089 million being rolled over and allocated to Programme 1: Administration (R5.023 million) under the Financial Management sub-programme and Programme 2: Agriculture (R3.066 million) under Farmer Support and Development against *Machinery and equipment*. There is a need for departmental vehicles to enable the department to perform its duties effectively.
 - R27.733 million relates to boreholes, stock watering dams and the rehabilitation of diptanks. The funds were not spent in 2015/16 but orders were issued by year-end. These funds were allocated to *Buildings and other fixed structures* under Programme 2 in the Farmer Support and Development sub-programme and the Veterinary Services sub-programme.
 - R10.276 million in respect of feed, fodder and animal medicine for which orders were issued by year-end. The general supply of animal feed was limited, due to the high demand across the country as a result of the drought. These funds were allocated against *Goods and services* under Programme 2 in the Veterinary Services sub-programme and the Farmer Support and Development sub-programme.
- *Virement between programmes:* The following virements were undertaken across programmes:
 - Savings of R3 million were identified against *Goods and services* under Programme 2 and were moved to Programme 3: Rural Development against *Higher education institutions* to fund the partnership with the University of Zululand (UNIZULU) for the establishment and operationalisation of the Centre for Sustainable and Integrated Rural Development. The objective of the Memorandum of Understanding (MOU) between the department and UNIZULU is to collaborate on formal education, non-formal education, outreach, schools programme, etc. This R3 million was offset by savings of R700 000 under *Compensation of employees* in Programme 3 which were moved to *Transfers and subsidies to: Households* in Programme 2, resulting in a net decrease of R2.300 million in Programme 2, and an equivalent increase in Programme 3.

In addition to the above virements across programmes, the department undertook extensive virements within programmes, affecting sub-programmes, sub-sub-programmes and economic classifications, details of which are provided per programme in Section 4 below.

The above virements are permissible in terms of the PFMA and Treasury Regulations. The increase in transfers and subsidies was approved by Provincial Treasury, while the reduction in capital (discussed under the programme) requires Legislature approval. In addition, the virement to Programme 3 exceeds the 8 per cent threshold, and therefore Legislature approval is required.

- *Shifts*: The department undertook the following shifts:
 - o R455 000 was shifted from Programme 2 to Programme 1 in respect of motor vehicle licence fees within *Transfers and subsidies to: Provinces and municipalities*. This is due to the fact that the bulk of departmental vehicles are budgeted for under Programme 1. The purpose of the funds remains unchanged.
 - o R4.265 million shifted within Programme 1 from *Goods and services* to *Transfers and subsidies to: Households* to correct the classification for external bursaries. The purpose of the funds remains unchanged.
 - o R73.686 million from *Goods and services* and R35.576 million from *Buildings and other fixed structures* was shifted to *Transfers and subsidies to: Public corporations and private enterprises* to cater for projects funded through direct transfer payments such as the SA Sugar Association (R28.115 million), Inqanawe Tunnels (R3.054 million), Rapid Dawn 1064 CC (R1.474 million), River Valley Project (R1.200 million), Siyathuthuka Farms (R4.099 million), Independent Development Trust (IDT) (R20.326 million), Nyezenhle Holdings – Roadside Abattoir (R7 million), Uthukela Local House of Traditional Leaders Development Trust (R18.245 million), Sizisizwe Trading Enterprise Co-operative (R4.728 million), Copperfield Dairy (R6.500 million), Izobuya Nini Trading Enterprise CC (R1.500 million), Indlovu Family CC (R7.521 million), as well as Ekuphileni Poultry and Agricultural Farming Primary Co-operative (R5.500 million). These shifts are within Programme 2 and the purpose of the funds remains unchanged.

Tables 3.1 and 3.2 reflect a summary of the 2016/17 adjusted appropriation of the department, summarised according to programme and economic classification. Note that further details of adjustments at economic classification level are provided in *Annexure – Vote 3: Agriculture and Rural Development*.

Table 3.1 : Summary by programmes

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Administration	486 144	5 023	-	-	455	-	5 478	491 622
2. Agriculture	1 673 278	41 075	-	(2 300)	(455)	-	38 320	1 711 598
3. Rural Development	11 222	-	-	2 300	-	-	2 300	13 522
Total	2 170 644	46 098	-	-	-	-	46 098	2 216 742
Amount to be voted								46 098

Table 3.2 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	1 742 000	10 276	-	(97 942)	(77 951)	-	(165 617)	1 576 383
Compensation of employees	983 934	-	-	(17 210)	-	-	(17 210)	966 724
Goods and services	757 995	10 276	-	(80 732)	(77 951)	-	(148 407)	609 588
Interest and rent on land	71	-	-	-	-	-	-	71
Transfers and subsidies to:	249 496	-	-	102 942	113 527	-	216 469	465 965
Provinces and municipalities	1 466	-	-	(14)	-	-	(14)	1 452
Departmental agencies and accounts	131 350	-	-	(435)	-	-	(435)	130 915
Higher education institutions	-	-	-	3 000	-	-	3 000	3 000
Foreign governments and international organisations	-	-	-	-	-	-	-	-
Public corporations and private enterprises	83 792	-	-	98 377	109 262	-	207 639	291 431
Non-profit institutions	25 207	-	-	-	-	-	-	25 207
Households	7 681	-	-	2 014	4 265	-	6 279	13 960
Payments for capital assets	179 148	35 822	-	(5 000)	(35 576)	-	(4 754)	174 394
Buildings and other fixed structures	136 190	27 733	-	-	(35 576)	-	(7 843)	128 347
Machinery and equipment	42 267	8 089	-	(5 711)	-	-	2 378	44 645
Heritage assets	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-
Biological assets	636	-	-	711	-	-	711	1 347
Land and subsoil assets	-	-	-	-	-	-	-	-
Software and other intangible assets	55	-	-	-	-	-	-	55
Payments for financial assets	-	-	-	-	-	-	-	-
Total	2 170 644	46 098	-	-	-	-	46 098	2 216 742
Amount to be voted								46 098

4. Changes to programme purposes and service delivery measures

The department has not changed the purpose of any of its programmes. It is noted that there have been a few minor changes to service delivery measures to align the targets originally published in the 2016/17 EPRE with the department's APP, which was published after the 2016/17 EPRE.

4.1 Programme 1: Administration

The primary role of Programme 1 is to support the line function components of the department in achieving their goals. Tables 3.3 and 3.4 summarise the 2016/17 adjusted appropriation of Programme 1, summarised according to sub-programme and economic classification. Details of the main adjustments, which resulted in an overall increase of R5.478 million, are given in the paragraphs below.

Table 3.3 : Programme 1: Administration

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Office of the MEC	12 920			-			-	12 920
2. Senior Management	38 301			171			171	38 472
3. Corporate Services	213 771			13 963			13 963	227 734
4. Financial Management	190 386	5 023		(14 156)	455		(8 678)	181 708
5. Communication Services	30 766			22			22	30 788
Total	486 144	5 023	-	-	455	-	5 478	491 622
Amount to be voted								5 478

Table 3.4 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	433 010	-	-	135	(4 265)	-	(4 130)	428 880
Compensation of employees	201 857			(8 419)			(8 419)	193 438
Goods and services	231 153			8 554	(4 265)		4 289	235 442
Interest and rent on land							-	-
Transfers and subsidies to:	4 192	-	-	(135)	4 720	-	4 585	8 777
Provinces and municipalities	770				455		455	1 225
Departmental agencies and accounts	2 952			(435)			(435)	2 517
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions							-	-
Households	470			300	4 265		4 565	5 035
Payments for capital assets	48 942	5 023	-	-	-	-	5 023	53 965
Buildings and other fixed structures	26 775						-	26 775
Machinery and equipment	22 167	5 023					5 023	27 190
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets							-	-
Total	486 144	5 023	-	-	455	-	5 478	491 622
Amount to be voted								5 478

Roll-overs – Programme 1: Administration: R5.023 million

R5.023 million was rolled over and allocated to the Financial Management sub-programme against *Machinery and equipment* in respect of the purchase of motor vehicles, for which orders were placed but not delivered by year-end. There is a need for departmental vehicles to enable the department to perform its duties effectively.

Virement – Programme 1: Administration

Various virements were undertaken within the programme both at sub-programme and economic classification level, which resulted in no change to the allocation for the programme. The detail of the virements is explained below:

- Savings of R8.854 million were identified within the programme as follows:

- o R8.419 million from *Compensation of employees* due to delays in the filling of vacant budgeted posts such as Deputy Director General: Rural Development, Chief Director: Scientific Research, Chief Director: Veterinary Services, Director: Supply Chain Management.
- o R435 000 from *Transfers and subsidies to: Departmental agencies and accounts* in respect of a provision for payments to PSETA. In terms of a National Treasury circular, departments with sector SETAs no longer need to transfer funds to PSETA from 2015/16 onwards.

These savings were moved as follows:

- o R300 000 was moved to *Transfers and subsidies to: Households* within Programme 1, in respect of higher than anticipated staff exit costs.
- o R8.554 million was moved to *Goods and services* within Programme 1 for the training of staff, as well as the new SITA Service Level Agreement in respect of the department's IT.

The above virements account for the movements across sub-programmes. The virements are permissible in terms of the PFMA and Treasury Regulations. The reduction in transfers and subsidies does not require Legislature approval, as it is not gazetted.

Shifts – Programme 1: Administration: R455 000

The department undertook the following shifts, where the purpose of the funds remains unchanged:

- R4.265 million was shifted within Programme 1 from *Goods and services* to *Transfers and subsidies to: Households* to correct the classification for external bursaries.
- R455 000 was shifted from Programme 2 to Programme 1 in respect of motor vehicle licence fees against *Transfers and subsidies to: Provinces and municipalities*. This is due to the fact that most departmental vehicles are budgeted for under Programme 1.

4.2 Programme 2: Agriculture

Programme 2 has two main core functions, namely Agriculture and Veterinary services. Agriculture encompasses crop production, livestock farming, land use and land reform (a national priority run by DARD at provincial level), as well as veterinary services which entails animal disease control, prevention of zoonotic diseases, and ensuring safety of food products of animal origin.

Tables 3.5 and 3.6 summarise the 2016/17 adjusted appropriation of Programme 2 according to sub-programme, sub-sub programme and economic classification. Details of the main adjustments, which resulted in an overall increase of R38.320 million, are provided in the paragraphs following the tables.

Table 3.5 : Programme 2: Agriculture

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Sustainable Resource Management	88 808	-	-	2 453	-	-	2 453	91 261
Engineering Services	34 337			(1 453)			(1 453)	32 884
Land Care	37 832			4 000			4 000	41 832
Land Use Management	13 202			(94)			(94)	13 108
Disaster Risk Management	3 437						-	3 437
2. Farmer Support and Development	1 154 348	30 309	-	(16 755)	(455)	-	13 099	1 167 447
Farmer-settlement and Development	488 319	27 243		(22 344)			4 899	493 218
Extension and Advisory Services	617 129	3 066		(10 511)	(455)		(7 900)	609 229
Food Security	48 900			16 100			16 100	65 000
3. Veterinary Services	145 959	10 766	-	18 017	-	-	28 783	174 742
Animal Health	108 935	10 766		18 100			28 866	137 801
Veterinary Public Health	8 752						-	8 752
Veterinary Laboratory Services	28 272			(83)			(83)	28 189
4. Research and Technology Development Services	159 058	-	-	(5 763)	-	-	(5 763)	153 295
Research	100 376			(6 062)			(6 062)	94 314
Infrastructure Support Services	58 682			299			299	58 981
5. Agricultural Economic Services	7 492	-	-	32	-	-	32	7 524
Agri-Business Support and Development	7 492			32			32	7 524
6. Structured Agricultural Education and Training	117 613	-	-	(284)	-	-	(284)	117 329
Higher Education and Training	100 799			(284)			(284)	100 515
Further Education and Training (FET)	16 814						-	16 814
Total	1 673 278	41 075	-	(2 300)	(455)	-	38 320	1 711 598
Amount to be voted								38 320

Table 3.6 : Summary by economic classification

R thousand		Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation	
			Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts			Other adjustments
Current payments		1 298 068	10 276	-	(97 377)	(73 686)	-	(160 787)	1 137 281
Compensation of employees		775 610			(8 091)			(8 091)	767 519
Goods and services		522 387	10 276		(89 286)	(73 686)		(152 696)	369 691
Interest and rent on land		71						-	71
Transfers and subsidies to:		245 304	-	-	100 077	108 807	-	208 884	454 188
Provinces and municipalities		696			(14)	(455)		(469)	227
Departmental agencies and accounts		128 398						-	128 398
Higher education institutions								-	-
Foreign governments and international organisations								-	-
Public corporations and private enterprises		83 792			98 377	109 262	207 639	-	291 431
Non-profit institutions		25 207						-	25 207
Households		7 211			1 714		1 714	-	8 925
Payments for capital assets		129 906	30 799	-	(5 000)	(35 576)	-	(9 777)	120 129
Buildings and other fixed structures		109 415	27 733		-	(35 576)		(7 843)	101 572
Machinery and equipment		19 800	3 066		(5 711)			(2 645)	17 155
Heritage assets								-	-
Specialised military assets								-	-
Biological assets		636			711		711	-	1 347
Land and subsoil assets								-	-
Software and other intangible assets		55						-	55
Payments for financial assets								-	-
Total		1 673 278	41 075	-	(2 300)	(455)	-	38 320	1 711 598
Amount to be voted									38 320

Roll-overs – Programme 2: Agriculture: R41.075 million

The roll-over of R41.075 million relates to various outstanding commitments from 2015/16 that were paid in 2016/17, and includes:

- An amount of R10.276 million in respect of feed, fodder and animal medicine for which orders were issued by year-end. The general supply of animal feed was limited in 2015/16, due to the high demand across the country as a result of the drought. These funds were allocated under *Goods and services* in the Animal Health sub-sub-programme against the Veterinary Services sub-programme (R4.631 million) and Farmer-settlement and Development sub-sub-programme in the Farmer Support and Development sub-programme (R5.645 million).
- R27.733 million relates to boreholes, stock watering dams and the rehabilitation of diptanks. The funds were not spent in 2015/16, but orders were issued by year-end. These funds were allocated to *Buildings and other fixed structures* in the Farmer-settlement and Development sub-sub-programme under the Farmer Support and Development sub-programme (R21.598 million) and the Animal Health sub-sub-programme under the Veterinary Services sub-programme (R6.135 million).
- R3.066 million in respect of motor vehicles, for which orders were placed but not delivered by year-end, resulting in the funds being rolled over and allocated to the Extension Advisory Services sub-sub-programme under the Farmer Support and Development sub-programme against *Machinery and equipment*.

Virement – Programme 2: Agriculture: (R2.300 million)

Extensive virements were undertaken within the programme, at sub-programme, sub-sub-programme and economic classification level, which resulted in an overall decrease of R2.300 million. The detail of the virements is explained below:

- R3 million was reprioritised from *Goods and services* to Programme 3 against *Transfers and subsidies to: Higher education institutions* to fund the partnership agreement with UNIZULU for the establishment of the Centre of Sustainable and Integrated Rural Development. The objective of the MOU between the department and UNIZULU is to collaborate on formal education, non-formal education, outreach, schools programme, etc., as mentioned above. This was offset by a virement of R700 000 from savings under *Compensation of employees* in Programme 3 which were moved to Programme 2 to offset a shortfall with regard to staff exit costs under *Transfers and subsidies to: Households*. This resulted in a net reduction of R2.300 million in respect of Programme 2.

- In addition to the above, savings of R100.102 million were identified across various sub-programmes and economic classification within Programme 2, as follows:
 - R8.091 million against *Compensation of employees* due to delays in filling vacant posts such as District Managers for eight districts due to slow recruitment processes, and unplanned staff exits.
 - R86.286 million from *Goods and services* in respect of the reprioritisation of projects. These funds were for Communal Estate projects and these projects were moving slower than anticipated.
 - R14 000 under *Transfers and subsidies to: Provinces and municipalities* in respect of municipal rates at Owen Sithole College of Agriculture (OSCA) which were over-budgeted for.
 - R5.711 million against *Machinery and equipment* due to challenges in respect of service providers not meeting the specifications for high tech laboratory equipment. This will only be re-advertised and procured in the next financial year.

These savings were moved within Programme 2 as follows:

- R98.377 million against *Transfers and subsidies to: Public corporation and private enterprises* to use the Masisizane Fund as the implementing agent for the acquisition of tractors and implements, training of operators of the equipment, capacitating farmers through education, training and skills transfer, etc.
- R1.014 million against *Transfer and subsidies to: Households* in respect of staff exit costs.
- R711 000 against *Biological assets* to offset the shortfall as a result of the purchase of animals for research purposes under this category.

These virements are permissible in terms of the PFMA and Treasury Regulations, but the reduction in capital requires Legislature approval, while the increase in transfers was approved by Provincial Treasury.

Shifts – Programme 2: Agriculture: (R455 000)

The department undertook the following shifts:

- R455 000 was shifted from this programme under the Extension Advisory Services sub-sub-programme in the Farmer Support and Development sub-programme to Programme 1 under the Financial Management sub-programme in respect of motor vehicle licence fees against *Transfers and subsidies to: Provinces and municipalities*. The purpose of the funds remains unchanged.
- R73.686 million was moved from *Goods and services* and R35.576 million from *Buildings and other fixed structures* to *Transfers and subsidies to: Public corporations and private enterprise* to cater for projects funded through direct transfer payments such as the SA Sugar Association (R28.115 million), Inqanawe Tunnels (R3.054 million), Rapid Dawn 1064 CC (R1.474 million), River Valley Project (R1.200 million), Siyathuthuka Farms (R4.099 million), IDT (R20.326 million), Nyezenhle Holdings – Roadside Abattoir (R7 million), Uthukela Local House of Traditional Leaders Development Trust (R18.245 million), Sizisizwe Trading Enterprise Co-operative (R4.728 million), Copperfield Dairy (R6.500 million), Izobuya Nini Trading Enterprise CC (R1.500 million), Indlovu Family CC (R7.521 million), as well as Ekuphileni Poultry and Agricultural Farming Primary Co-operative (R5.500 million), as mentioned. These shifts are within Programme 2 and the purpose of the funds remains unchanged. Also, it is noted that the R35.576 million moved from *Buildings and other fixed structures* remains a capital transfer, hence there is no reduction in capital.

Service delivery measures – Programme 2: Agriculture

Table 3.7 shows the service delivery measures relating to Programme 2, including both customised measures prescribed for the Agriculture sector, as well as several measures, which are not prescribed by the sector.

It must be noted that not all the targets fall in line with the APP, which was tabled subsequent to the *EPRE*, and this accounts for the amounts reflected in the Revised target column. New measures were introduced in the APP after the *EPRE* was published, and these are indicated as “New” in the Original target column and targets are shown in the Revised target column.

Table 3.7 : Service delivery measures – Programme 2: Agriculture

Outputs		Performance indicators	Performance targets		
			2016/17 Original target	2016/17 Mid-year actual	2016/17 Revised target
1. Sustainable Resource Management					
1.1	Engineering services	<ul style="list-style-type: none">No. of agricultural engineering advisory reports preparedNo. of designs with specification for agricultural engineering solutions providedNo. of agricultural infrastructure established	180 250 337	116 175 126	12
1.2	Infrastructure	<ul style="list-style-type: none">No. of dip tanks constructedNo. of dip tanks rehabilitatedNo. of boreholes establishedNo. of irrigation schemes rehabilitatedNo. of irrigation schemes developedNo. of km of fencing erectedNo. of dams establishedNo. of projects of animal houses implemented (piggery, poultry, etc)No. of agro-processing facilities established	30 78 80 2 34 450 77 26 12	10 10 45 - 7 280 19 4 14	
1.3	Land use	<ul style="list-style-type: none">No. of ha of agricultural land protected through guiding subdivision / rezoning / change of agricultural land useNo. of natural resource assessments completedNo. of soil profiles described (NRS)No. of ha of vegetation sites surveyed e.g. veld condition assessment	4 000 16 5 000 5 000	3 167 12 436 58	400 61
1.4	Disaster risk management	<ul style="list-style-type: none">No. of disaster relief schemes managedNo. of disaster risk reduction programmes managed	1 1	- 2	
1.5	Land care	<ul style="list-style-type: none">No. of green jobs created through land careNo. of ha protected/rehabilitated to improve agricultural productionNo. of awareness campaigns conducted at schools on Land Care	2 000 6 500 New	1 930 6 677 2	970 8 000 10
2. Farmer Support and Development					
2.1	Farmer-settlement and development	<ul style="list-style-type: none">No. of smallholder producers receiving supportNo. of commercial farmers supported	3 150 275	6 827 12	
2.2	Specialist agricultural advisory services	<ul style="list-style-type: none">No. of scientific evaluation reports on commodity based projectsNo. of scientific value adding reports on diversified agricultural productsNo. of agricultural business plans assessed	90 22 330	61 19 116	
2.3	Mentorship	<ul style="list-style-type: none">No. of projects mentored	50	4	
2.4	Extension and advisory services	<ul style="list-style-type: none">No. of smallholder producers supported with agricultural adviceNo. of ha under irrigation used by smallholder farmersNo. of jobs createdNo. of communal estates established	15 000 2 500 1 000 74	14 693 1 000 416 5	
2.5	Crop production	<ul style="list-style-type: none">No. of ha of maize establishedNo. of ha of beans establishedNo. of ha of vegetables establishedNo. of ha of soya bean establishedNo. of ha of cotton establishedNo. of ha of sugarcane establishedNo. of ha of groundnuts rehabilitatedNo. of ha of banana establishedNo. of ha of macadamia establishedNo. of ha of citrus fruits establishedNo. of ha of pineapple established	15 500 5 800 700 1 600 1 000 1 445 665 13 150 105 25	40 128 25 - - 10 61 - - - -	
2.6	Food security	<ul style="list-style-type: none">No. of households benefitting from agricultural food security initiativesNo. of hectares cultivated for food production in communal areas and land reform projectsNo. of community gardens establishedNo. of household gardens establishedNo. of institutional gardens supportedNo. of food security livestock projects established (goats, layers & indigenous chickens)No. of food security tunnels establishedNo. of food security mushroom projects resuscitated	2 130 25 865 170 1 370 190 - 198 60	3 712 61 10 18 7 4 8 -	400

Table 3.7 : Service delivery measures – Programme 2: Agriculture

Outputs	Performance indicators	Performance targets		
		2016/17 Original target	2016/17 Mid-year actual	2016/17 Revised target
3. Veterinary Services				
3.1 Animal health	<ul style="list-style-type: none"> No. of epidemiological units visited for veterinary interventions Animals vaccinated control / notifiable diseases No. of animals surveyed for diseases (TB, CA, rabies, AI, NCD, nagana, BSE) 	20 000 1 500 000 68 000	3 656 526 338 23 235	
3.2 Export control	<ul style="list-style-type: none"> No. of clients serviced for animal products export control 	500	226	1500
3.3 Veterinary public health	<ul style="list-style-type: none"> % level of abattoir compliance to meat safety legislation No. of inspections of facilities processing animal product and by-product No. of inspections to further processing facilities 	100% 705 600	78% 452 33	
3.4 Veterinary laboratory services	<ul style="list-style-type: none"> No. of veterinary laboratory quality control tests which meets ISO 17025 standards No. of tests performed 	65 000 150 000	24 071 74 217	
4. Research and Technology Development Services				
4.1 Research and technical development	<ul style="list-style-type: none"> No. of research and technology development projects implemented to improve agricultural production No. of samples analysed 	96 35 000	- 19 495	
4.2 Infrastructure and support services	<ul style="list-style-type: none"> No. of research infrastructure managed 	11	-	
4.3 Technology transfer services	<ul style="list-style-type: none"> No. of scientific papers published (nationally or internationally) No. of presentations made at scientific events (nationally or internationally) 	11 101	- 217	
5. Agricultural Economic Services				
5.1 Agri-business support and development	<ul style="list-style-type: none"> No. of agri-businesses supported with agricultural economics services toward accessing markets No. of clients benefitted from agricultural economic advice provided No. of functional agro-processing facilities established 	40 1 000 6	18 523 5	30
5.2 Macro-economic support	<ul style="list-style-type: none"> No. of agricultural economic information responses provided No. of economic reports compiled 	800 5	567 2	4
6. Structured Agricultural Education and Training				
6.1 Higher education and training (HET)	<ul style="list-style-type: none"> No. of agricultural HET graduates 	500	-	90
6.2 Further education and training (FET)	<ul style="list-style-type: none"> No. of participants trained in agricultural skills development programmes No. of intervention in revitalisation of agricultural schools No. of interventions in schools programmes 	2 400 5 4	1 835 - -	2 500 8

4.3 Programme 3: Rural Development

This is a fairly new programme created in 2015/16 with the aim to initiate, plan and monitor development in specific rural areas (comprehensive rural development project sites) across the three spheres of government and to facilitate rural development initiatives by engaging communities on priorities and to institutionalise and support community organisational structures.

Tables 3.8 and 3.9 reflect a summary of the 2016/17 adjusted appropriation of Programme 3, summarised according to sub-programme and economic classification.

Details of the main adjustments, which resulted in an overall increase of R2.300 million, are given in the paragraphs below the tables.

Table 3.8 : Programme 3: Rural Development

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Rural Development Coordination	4 492			1 849			1 849	6 341
2. Social Facilitation	6 730			451			451	7 181
Total	11 222	-	-	2 300	-	-	2 300	13 522
Amount to be voted								2 300

Table 3.9 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	10 922	-	-	(700)	-	-	(700)	10 222
Compensation of employees	6 467			(700)			(700)	5 767
Goods and services	4 455						-	4 455
Interest and rent on land							-	-
Transfers and subsidies to:	-	-	-	3 000	-	-	3 000	3 000
Provinces and municipalities							-	-
Departmental agencies and accounts							-	-
Higher education institutions				3 000			3 000	3 000
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions							-	-
Households							-	-
Payments for capital assets	300	-	-	-	-	-	-	300
Buildings and other fixed structures							-	-
Machinery and equipment	300						-	300
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets	-	-	-	-	-	-	-	-
Total	11 222	-	-	2 300	-	-	2 300	13 522
Amount to be voted								2 300

Virement – Programme 3: Rural Development: R2.300 million

Various virements were undertaken affecting the programme both at sub-programme and economic classification level, which resulted in an overall increase of R2.300 million. The detail of the virements is explained below:

- Savings of R700 000 were identified under *Compensation of employees* as a result of vacant posts due to delays in the finalisation of the matching and placing process of staff. The matching and placing of staff into the new structure is a process which involved organised labour and, due to the large number of employees within the department, the process could not be finalised by the end of 2015/16. These savings were moved to Programme 2 to offset the shortfall with regard to staff exit costs against *Transfers and subsidies to: Households*.
- R3 million was moved from Programme 2 to *Transfer and subsidies to: Higher education institutions* under Programme 3 in the Rural Development Co-ordination sub-programme for the department's contribution to the development of the Centre for Sustainable and Integrated Rural Development at UNIZULU.

The above virements are permissible in terms of the PFMA and Treasury Regulations and the required Treasury approval was obtained in respect of the increase in transfers. The virement from Programme 2 to Programme 3 exceeds the 8 per cent threshold, and therefore Legislature approval is required.

Service delivery measures – Programme 3: Rural Development

Table 3.10 shows the service delivery measures relating to Programme 3. Many new measures were introduced in the APP after the *EPRE* was published, and these are indicated as “New” in the Original target column and targets are shown in the Revised target column.

Table 3.10 : Service delivery measures – Programme 3: Rural Development

Outputs	Performance indicators	Performance targets		
		2016/17 Original target	2016/17 Mid-year actual	2016/17 Revised target
1. Rural Development	Co-ordination			
1.1 Effective Rural Development monitoring and evaluation	<ul style="list-style-type: none"> No. of KZN Interdepartmental task team meetings convened to track rural development implementation District rural development plans integrated into IDPs No. of youth, women and people with disabilities who participate in rural development project 	4 11 2 000	1 - -	

Table 3.10 : Service delivery measures – Programme 3: Rural Development

Outputs	Performance indicators	Performance targets		
		2016/17 Original target	2016/17 Mid-year actual	2016/17 Revised target
	<ul style="list-style-type: none"> Develop outcome 7 performance reports for the province No. of reported sub-outcomes verified No. of impact assessments completed No. of statistical review reports produced 	4 2 2 2	2 - - -	
2. Social Facilitation				
2.1 Sustainable enterprises & industries promoted in areas with economic potential	<ul style="list-style-type: none"> increased participation in the value chain of prioritised commodities Develop rural development plans for each of the 4 pillars – River catalytic, Agri-villages, Communal estates and Land Reform No. of Agri-businesses supported with agricultural economics advice towards accessing markets & sustainable participation in value chains No. of clients who have benefited from agricultural economic and advice provided No. of agricultural economic information responses provided No. of economic reports provided No. of Agri-businesses supported with business entity advice Develop a youth in agribusiness empowerment model No. of business entities (incl co-ops) equipped with rural enterprise development skills No. of projects mentored No. of agricultural graduates deployed in rural projects No. of reports on implementation of the agri-park strategy for each district No. of partnerships brokered promoting rural development No. of women owned enterprises supported to participate in agricultural value chains 	4 New New New 65 1 110 50 50 4 5 11	1 - - - 55 1 100 4 2 2 42	10 1 000 800 4 65 1 110 50 50 4 5 11

5. Specifically and exclusively appropriated allocations

Table 3.11 shows the amounts that are specifically and exclusively appropriated for specific purposes in terms of the 2016/17 KZN Adjustments Appropriation Act. Note that transfers to public entities and conditional grants (which are also specifically and exclusively appropriated funds) are not included here, as they are discussed in Sections 8 and 9 below.

There was no amendment to the amount of R50 million allocated for drought relief. It is noted that the department will receive additional funding in the form of an indirect grant in respect of additional fodder via the Comprehensive Agricultural Support Programme (CASP) grant, and the province was advised of this by National Treasury.

Table 3.11 : Summary of specifically and exclusively appropriated funding

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Prog. 2: Drought Relief	50 000						-	50 000
Total	50 000	-	-	-	-	-	-	50 000
Amount to be voted								

6. Gifts, donations and sponsorships

The department is not envisaging any gifts, donations and sponsorships above R100 000 during the current financial year.

7. Infrastructure

Table 3.12 shows the summary of infrastructure payments per main category.

Details of the main adjustments, which resulted in an overall increase of R9.407 million, are provided in the paragraphs following the tables.

Table 3.12 : Summary of infrastructure payments by category

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Existing infrastructure assets	108 005	6 135	-	(18 326)	-	-	(12 191)	95 814
Maintenance and repair: Current	26 654			(18 326)			(18 326)	8 328
Upgrades and additions: Capital							-	-
Refurbishment and rehabilitation: Capital	81 351	6 135					6 135	87 486
New infrastructure assets: Capital	54 839	21 598	-	-	(35 576)	-	(13 978)	40 861
Infrastructure transfers	-	-	-	-	35 576	-	35 576	35 576
Infrastructure transfers: Capital					35 576		35 576	35 576
Infrastructure transfers: Current							-	-
Infrastructure: Payments for fin assets							-	-
Infrastructure: Leases							-	-
Capital infrastructure	136 190	27 733	-	-	-	-	27 733	163 923
Current infrastructure	26 654	-	-	(18 326)	-	-	(18 326)	8 328
Total	162 844	27 733	-	(18 326)	-	-	9 407	172 251
Amount to be voted								9 407

- *Roll-overs*: An amount of R27.733 million was allocated in respect of the following:
 - *Refurbishment and rehabilitation: Capital* was allocated an amount of R6.135 million which relates to the rehabilitation of diptanks. The funds were not spent in 2015/16, but orders were issued by year-end.
 - *New infrastructure assets: Capital* was increased by R21.598 million in respect of boreholes, stock watering dams and diptanks. The funds were not spent in 2015/16 but orders were issued by year-end.
- *Virements*: The decrease of R18.326 million against *Maintenance and repair: Current* is in respect of an incorrect allocation for repairs of agricultural infrastructure. This category was inadvertently over-budgeted for in the *EPRE*.
- *Shifts*: An amount of R35.576 million is shifted from direct payment for *New infrastructure assets: Capital* to *Infrastructure transfers: Capital* in respect of projects where the department's CASP grant portion is transferred to the beneficiaries. The department provides 50 per cent of the funding to farmers as support and the farmer must provide the other 50 per cent. These beneficiaries include Copperfield Dairy, Izobuya Nini Trading Enterprise CC, Indlovu Family CC, as well as Ekuphileni Poultry and Agricultural Farming Primary Co-operative. The original purpose of the funds remains unchanged.

8. Conditional grants

Tables 3.13 and 3.14 provide a summary of changes to conditional grants.

Details of the main adjustments, which result in no change to the overall grant allocations, are provided below the table.

It is noted that the department will receive additional funding in the form of an indirect grant in respect of additional fodder via the CASP grant, and the province was advised of this by National Treasury.

Table 3.13 : Summary of changes to conditional grants

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Administration	-	-	-	-	-	-	-	-
2. Agriculture	300 503	-	-	-	-	-	-	300 503
CASP grant	222 155						-	222 155
Ilima/Letsema Projects grant	63 876						-	63 876
Land Care Programme grant	10 632						-	10 632
EPWP Integrated Grant for Provinces	3 840						-	3 840
3. Rural Development	-	-	-	-	-	-	-	-
Total	300 503	-	-	-	-	-	-	300 503
Amount to be voted								-

Table 3.14 : Summary of conditional grants by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	245 500	-	-	-	(10 500)	-	(10 500)	235 000
Compensation of employees	17 893						-	17 893
Goods and services	227 607				(10 500)		(10 500)	217 107
Interest and rent on land							-	-
Transfers and subsidies to:	-	-	-	-	41 348	-	41 348	41 348
Provinces and municipalities							-	-
Departmental agencies and accounts							-	-
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises					41 348		41 348	41 348
Non-profit institutions							-	-
Households							-	-
Payments for capital assets	55 003	-	-	-	(30 848)	-	(30 848)	24 155
Buildings and other fixed structures	47 492				(30 848)		(30 848)	16 644
Machinery and equipment	7 511						-	7 511
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets							-	-
Total	300 503	-	-	-	-	-	-	300 503
Amount to be voted								-

- *Shifts*: The department undertook a shift of R10.500 million from *Goods and services* and R30.848 million from *Buildings and other fixed structures* to *Transfers and subsidies to: Public corporations and private enterprises* in respect of projects where the department's CASP grant portion is transferred to the beneficiaries. The department provides 50 per cent of the funding to farmers as support and the farmer must provide the other 50 per cent. Also, it is noted that the R30.848 million moved from *Buildings and other fixed structures* remains a capital transfer, hence there is no reduction in capital. The original purpose of the funds remains unchanged.

9. Transfers and subsidies

Table 3.15 shows the summary of transfers and subsidies by programme and main category. Details of the main adjustments, which resulted in an overall increase of R216.469 million in the transfers and subsidies allocation, are provided in the paragraphs before and following the tables.

- *Virement*: The following virements were undertaken at programme level:
 - o In respect of Programme 1:
 - *Departmental agencies and accounts* was decreased by R435 000 in respect of a provision that was made for payments to PSETA. In terms of a circular from National Treasury, departments that have sector SETAs no longer need to transfer funds to PSETA from 2015/16 onwards.
 - *Households* was increased by R300 000 to fund the shortfall for unplanned staff exit costs.
 - o In respect of Programme 2:
 - *Provinces and municipalities* was decreased by R14 000 due to municipal rates for OSCA which were over-budgeted for.
 - *Public corporations and private enterprises* was increased by R98.377 million to use the Masisizane Fund as the implementing agent for the acquisition of tractors and implements, training of operators of the equipment, capacitating farmers through education, etc.
 - *Households* was increased by R1.714 million in respect of unplanned staff exit costs.
 - o In respect of Programme 3:
 - *Higher education institutions* was increased by R3 million, being the department's contribution to UNIZULU for the Centre for Sustainable and Integrated Rural Development, as mentioned.

The above virements are permissible in terms of the PFMA and Treasury Regulations, and the increase in *Public corporations and private enterprises* for the Masisizane Fund, and in *Higher education institutions* for UNIZULU was approved by Provincial Treasury.

Table 3.15 : Summary of transfers and subsidies by programme and main category

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Administration	4 192	-	-	(135)	4 720	-	4 585	8 777
Provinces and municipalities	770	-	-	-	455	-	455	1 225
Motor vehicle licences	770				455		455	1 225
Departmental agencies and accounts	2 952	-	-	(435)	-	-	(435)	2 517
Skills Development Levy	2 952			(435)			(435)	2 517
Households	470	-	-	300	4 265	-	4 565	5 035
Other transfers to households					4 265		4 265	4 265
Staff exit costs	470			300			300	770
2. Agriculture	245 304	-	-	100 077	108 807	-	208 884	454 188
Provinces and municipalities	696	-	-	(14)	(455)	-	(469)	227
Motor vehicle licences	658				(455)		(455)	203
Municipal accounts	38			(14)			(14)	24
Departmental agencies and accounts	128 398	-	-	-	-	-	-	128 398
Agri-Business Development Agency	128 397						-	128 397
TV and radio licences	1						-	1
Public corporations and private enterprises	83 792	-	-	98 377	109 262	-	207 639	291 431
Mjindi	53 183						-	53 183
Independent Development Trust (IDT)					20 326		20 326	20 326
Agricultural Show Societies	100						-	100
SA Sugarcane Research Institute	2 242						-	2 242
SA Sugar Association					28 115		28 115	28 115
Soil Conservation Subsidy	1 605						-	1 605
Inqanawe Tunnel Project					3 054		3 054	3 054
Rapid Dawn 1064 CC					1 474		1 474	1 474
River Valley Project					1 200		1 200	1 200
Siyathuthuka Farms					4 099		4 099	4 099
Communal Estates	26 662						-	26 662
Masisizane Fund				98 377			98 377	98 377
Nyezenhle Holdings - Roadside Abattoir					7 000		7 000	7 000
Uthukela Local House of Trad. Leaders Dev. Tr.					18 245		18 245	18 245
Sizisizwe Trad. Ent. Primary Co-Op.					4 728		4 728	4 728
Copperfield Dairy					6 500		6 500	6 500
Izobuya Nini Trading Enterprise CC					1 500		1 500	1 500
Indlovu Family CC					7 521		7 521	7 521
Ekuphileni Poultry and Agric. Farming Prim. Co-op.					5 500		5 500	5 500
Non-profit institutions	25 207	-	-	-	-	-	-	25 207
Zakhe Agricultural College	3 446						-	3 446
Agricultural Schools	21 761						-	21 761
Households	7 211	-	-	1 714	-	-	1 714	8 925
Social benefit - staff exit costs	7 211			1 714			1 714	8 925
3. Rural Development	-	-	-	3 000	-	-	3 000	3 000
Higher education institutions	-	-	-	3 000	-	-	3 000	3 000
University of Zululand				3 000			3 000	3 000
Total	249 496	-	-	102 942	113 527	-	216 469	465 965
Amount to be voted								216 469

- *Shifts*: Some shifts were made at programme level, and the purpose of the funds remains unchanged:
 - In respect of Programme 1:
 - R455 000 was shifted from Programme 2 to Programme 1 in respect of motor vehicle licence fees against *Provinces and municipalities*.
 - R4.265 million was shifted within Programme 1 from *Goods and services* to *Households* to correct the classification for external bursaries.
 - In respect of Programme 2:
 - R455 000 was shifted from this programme to Programme 1 for motor vehicle licence fees against *Provinces and municipalities*.
 - R73.686 million was moved from *Goods and services* and R35.576 million from *Buildings and other fixed structures* to *Public corporations and private enterprises* to cater for projects funded through direct transfer payments such as the SA Sugar Association, Inqanawe Tunnels, Rapid Dawn 1064 CC, River Valley Project, Siyathuthuka Farms, IDT, Nyezenhle Holdings –

Roadside Abattoir, Uthukela Local House of Traditional Leaders Development Trust, Sizisizwe Trading Enterprise Co-operative, Copperfield Dairy, Izobuya Nini Trading Enterprise CC, Indlovu Family CC, as well as Ekuphileni Poultry and Agricultural Farming Primary Co-operative, as mentioned. These shifts are within Programme 2.

10. Transfers to public entities

Table 3.16 reflects transfers made by the department to public entities. There were no movements in respect of the transfers to the public entities and therefore, there was no change in the allocation.

Table 3.16 : Summary of transfers to public entities

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Agri-Business Development Agency	128 397						-	128 397
Mjindi Farming (Pty) Ltd	53 183						-	53 183
Total	181 580	-	-	-	-	-	-	181 580
Amount to be voted								

11. Transfers to local government

The department does not make any transfers to local government. It is noted that an amount of R770 000 is reflected against *Transfers and subsidies to: Provinces and municipalities* in Table 3.15 above. This relates to the payment of motor vehicle licences. As this amount will not be transferred to any municipality, the table reflecting transfers to local government is excluded.

12. Actual payments and revised spending projections for the rest of 2016/17

Tables 3.17 and 3.18 reflect actual payments as at the end of September 2016, projected payments for the rest of the financial year and the total revised spending in rand value and as a percentage of the adjusted appropriation per programme and economic classification. The tables also show the 2015/16 Audited outcome.

Table 3.17 : Actual payments and revised spending projections by programme

R thousand	2015/16 Audited outcome	Adjusted appropriation	Actual payments		Projected payments		Projected actual
			April '16 - September 2016	% of budget	October '16 - March 2017	% of budget	
1. Administration	341 761	491 622	210 363	42.8	281 259	57.2	491 622
2. Agriculture	1 855 535	1 711 598	829 699	48.5	881 899	51.5	1 711 598
3. Rural Development	1 891	13 522	5 017	37.1	8 505	62.9	13 522
Total	2 199 187	2 216 742	1 045 079	47.1	1 171 663	52.9	2 216 742

Table 3.18 : Actual payments and revised spending projections by economic classification

R thousand	2015/16 Audited outcome	Adjusted appropriation	Actual payments		Projected payments		Projected actual
			April '16 - September 2016	% of budget	October '16 - March 2017	% of budget	
Current payments	1 738 423	1 576 383	786 034	49.9	790 349	50.1	1 576 383
Compensation of employees	911 392	966 724	473 146	48.9	493 578	51.1	966 724
Goods and services	826 804	609 588	312 888	51.3	296 700	48.7	609 588
Interest and rent on land	227	71	-	-	71	100.0	71
Transfers and subsidies to:	246 968	465 965	143 358	30.8	322 607	69.2	465 965
Provinces and municipalities	1 313	1 452	620	42.7	832	57.3	1 452
Departmental agencies and accounts	101 306	130 915	27 872	21.3	103 043	78.7	130 915
Higher education institutions		3 000	-	-	3 000	100.0	3 000
Foreign governments and international organisations		-	-	-	-	-	-
Public corporations and private enterprises	112 091	291 431	107 861	37.0	183 570	63.0	291 431
Non-profit institutions	13 770	25 207	-	-	25 207	100.0	25 207
Households	18 488	13 960	7 005	50.2	6 955	49.8	13 960
Payments for capital assets	213 177	174 394	115 687	66.3	58 707	33.7	174 394
Buildings and other fixed structures	172 688	128 347	102 144	79.6	26 203	20.4	128 347
Machinery and equipment	40 139	44 645	13 441	30.1	31 204	69.9	44 645
Heritage assets		-	-	-	-	-	-
Specialised military assets		-	-	-	-	-	-
Biological assets	350	1 347	51	3.8	1 296	96.2	1 347
Land and subsoil assets		-	-	-	-	-	-
Software and other intangible assets		55	51	92.7	4	7.3	55
Payments for financial assets	619	-	-	-	-	-	-
Total	2 199 187	2 216 742	1 045 079	47.1	1 171 663	52.9	2 216 742

The total expenditure at mid-year was at 47.1 per cent of the adjusted budget which is slightly below the straight-line benchmark of 50 per cent.

Spending against Programme 1 is at 42.8 per cent of the adjusted budget mainly due to vacant posts, slower than anticipated progress relating to upgrades/renovations at departmental offices, as well as once-off expenditure on departmental vehicles which are to be delivered in the second half of the year.

Programme 2 shows actual expenditure of R829.699 million or 48.5 per cent of the adjusted budget spent which is closely aligned to the straight-line benchmark of 50 per cent. This level of expenditure is high compared to trends in previous years and is mainly due to the increase in transfer payments in respect of the acquisition of mechanisation equipment, as well as the department's 50 per cent grant funded projects.

Programme 3 is a new programme utilised by the department with effect from 2015/16. The spending was low at 37.1 per cent as this function is being developed and posts still need to be filled. Also contributing to the low spending is the provision of a once off R3 million transfer payment to UNIZULU for the establishment of the centre for Sustainable and Integrated Rural Development which will be paid in the second half of the year.

As at mid-year, the department is projecting to fully spend the adjusted budget of R2.217 billion.

With regard to economic category:

- Spending against *Compensation of employees* was slightly low at 48.9 per cent against the annual budget. The low spending is due to delays in the filling of vacant posts such as Deputy Director General: Rural Development, Chief Director: Scientific Research, Chief Director: Veterinary Services, District Directors, Director: Supply Chain Management as a result of slow recruitment processes, as well as unplanned exits, as mentioned above.
- *Goods and services* expenditure was high at mid-year, with 51.3 per cent of the annual budget spent, as a result of the carry-over of expenditure from 2015/16 relating to feed, fodder and animal medicine for which a roll-over was approved.
- With regard to *Transfers and subsidies*:
 - Expenditure against *Provinces and municipalities* was at 42.7 per cent due to the fact that this is dependent on when vehicles were purchased.
 - Spending on *Departmental agencies and accounts* was lower than the mid-year benchmark of 50 per cent at 21.3 per cent, in line with the actual requirement for project implementation by ADA.
 - Spending on *Public corporations and private enterprises* was low compared to the mid-year benchmark at 37 per cent due to the fact that this item depends on the progress made by implementing agents and project beneficiaries.
 - Expenditure against *Households* was largely on par with mid-year benchmark at 50.2 per cent and is projecting to be fully spent.
- *Buildings and other fixed structures* was significantly high at 79.6 per cent at mid-year, largely due to the good progress on infrastructure projects in the Makhathini area, as well as the roll-over requested for boreholes and stock watering dams where invoices were processed in the first six months.
- *Machinery and equipment* was lower than the mid-year benchmark of 50 per cent. This low rate of expenditure relates mainly to vehicles ordered but not yet delivered and paid for. A roll-over in respect of vehicles ordered was approved and this category is anticipated to fully spend at year-end.
- *Biological assets* was significantly lower than the mid-year benchmark at 3.8 per cent. This relates to animals required for research and training, and these are only acquired when the correct breed is available and required.
- *Software and other intangible assets* spent R51 000 at mid-year in respect of computer licences against an annual budget of R55 000 and is projecting to be fully spent at year-end.

Table 3.A : Summary by economic classification : Agriculture and Rural Development

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments	
Current payments	1 742 000	10 276	-	(97 942)	(77 951)	-	1 576 383
Compensation of employees	983 934	-	-	(17 210)	-	-	966 724
Salaries and wages	839 933	-	-	(14 076)	-	-	825 857
Social contributions	144 001	-	-	(3 134)	-	-	140 867
Goods and services	757 995	10 276	-	(80 732)	(77 951)	-	609 588
Administrative fees	1 562	-	-	547	-	-	2 109
Advertising	6 450	-	-	(490)	-	-	5 960
Assets less than capitalisation threshold	8 095	-	-	(3 230)	-	-	4 865
Audit cost: External	6 004	-	-	(109)	-	-	5 895
Bursaries: Employees	5 622	-	-	(90)	(4 265)	-	1 267
Catering: Departmental activities	2 439	-	-	(76)	-	-	2 363
Communication (G&S)	29 766	-	-	2 770	-	-	32 536
Computer services	42 513	-	-	7 784	-	-	50 297
Cons & prof serv: Business and advisory services	637	-	-	(18)	-	-	619
Cons & prof serv: Infras and planning	92 918	-	-	(20 160)	(41 894)	-	30 864
Cons & prof serv: Laboratory services	445	-	-	(98)	-	-	347
Cons & prof serv: Scientific and tech services	-	-	-	-	-	-	-
Cons & prof serv: Legal costs	2 473	-	-	(213)	-	-	2 260
Contractors	43 837	-	-	(4 816)	(9 500)	-	29 521
Agency and support / outsourced services	14 683	-	-	(2 463)	-	-	12 220
Entertainment	-	-	-	-	-	-	-
Fleet services (incl. govt motor transport)	41 721	-	-	(69)	-	-	41 652
Housing	-	-	-	-	-	-	-
Inventory: Clothing material and accessories	5 521	-	-	1 026	-	-	6 547
Inventory: Farming supplies	167 543	5 645	-	(62 639)	(22 292)	-	88 257
Inventory: Food and food supplies	-	-	-	-	-	-	-
Inventory: Fuel, oil and gas	3 199	-	-	(440)	-	-	2 759
Inventory: Learner and teacher support material	1 323	-	-	30	-	-	1 353
Inventory: Materials and supplies	11 232	-	-	(2 348)	-	-	8 884
Inventory: Medical supplies	518	-	-	(154)	-	-	364
Inventory: Medicine	17 142	4 631	-	12 261	-	-	34 034
Medsas inventory interface	-	-	-	-	-	-	-
Inventory: Other supplies	4 059	-	-	343	-	-	4 402
Consumable supplies	27 143	-	-	3 135	-	-	30 278
Consumable: Stationery, printing and office supplies	9 688	-	-	(2 368)	-	-	7 320
Operating leases	30 848	-	-	646	-	-	31 494
Property payments	79 402	-	-	(2 886)	-	-	76 516
Transport provided: Departmental activity	302	-	-	190	-	-	492
Travel and subsistence	79 676	-	-	(8 791)	-	-	70 885
Training and development	9 951	-	-	406	-	-	10 357
Operating payments	9 586	-	-	1 334	-	-	10 920
Venues and facilities	1 697	-	-	244	-	-	1 941
Rental and hiring	-	-	-	10	-	-	10
Interest and rent on land	71	-	-	-	-	-	71
Interest	-	-	-	-	-	-	-
Rent on land	71	-	-	-	-	-	71
Transfers and subsidies to	249 496	-	-	102 942	113 527	-	465 965
Provinces and municipalities	1 466	-	-	(14)	-	-	1 452
Provinces	1 428	-	-	-	-	-	1 428
Provincial Revenue Funds	-	-	-	-	-	-	-
Provincial agencies and funds	1 428	-	-	-	-	-	1 428
Municipalities	38	-	-	(14)	-	-	24
Municipalities	-	-	-	-	-	-	-
Municipal agencies and funds	38	-	-	(14)	-	-	24
Departmental agencies and accounts	131 350	-	-	(435)	-	-	130 915
Social security funds	-	-	-	-	-	-	-
Entities receiving funds	131 350	-	-	(435)	-	-	130 915
Higher education institutions	-	-	-	3 000	-	-	3 000
Foreign governments and international organisations	-	-	-	-	-	-	-
Public corporations and private enterprises	83 792	-	-	98 377	109 262	-	291 431
Public corporations	57 130	-	-	(3 947)	20 326	-	73 509
Subsidies on production	-	-	-	-	-	-	-
Other transfers	57 130	-	-	(3 947)	20 326	-	73 509
Private enterprises	26 662	-	-	102 324	88 936	-	217 922
Subsidies on production	-	-	-	-	-	-	-
Other transfers	26 662	-	-	102 324	88 936	-	217 922
Non-profit institutions	25 207	-	-	-	-	-	25 207
Households	7 681	-	-	2 014	4 265	-	13 960
Social benefits	7 681	-	-	2 014	-	-	9 695
Other transfers to households	-	-	-	-	4 265	-	4 265
Payments for capital assets	179 148	35 822	-	(5 000)	(35 576)	-	174 394
Buildings and other fixed structures	136 190	27 733	-	-	(35 576)	-	128 347
Buildings	26 775	-	-	-	-	-	26 775
Other fixed structures	109 415	27 733	-	-	(35 576)	-	101 572
Machinery and equipment	42 267	8 089	-	(5 711)	-	-	44 645
Transport equipment	18 028	8 089	-	-	-	-	26 117
Other machinery and equipment	24 239	-	-	(5 711)	-	-	18 528
Heritage assets	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-
Biological assets	636	-	-	711	-	-	1 347
Land and sub-soil assets	-	-	-	-	-	-	-
Software and other intangible assets	55	-	-	-	-	-	55
Payments for financial assets	-	-	-	-	-	-	-
Total	2 170 644	46 098	-	-	-	-	2 216 742
Amount to be voted							46 098

Vote 4

Economic Development, Tourism and Environmental Affairs

R thousand	2016/17			
	Main appropriation	Adjusted appropriation	Decrease	Increase
Operational budget	2 701 170	2 602 709	(98 461)	
MEC remuneration ¹	1 822	1 902		80
Total amount to be appropriated	2 702 992	2 604 611	(98 381)	
<i>of which:</i>				
Current payments	823 031	758 899	(64 132)	
Transfers and subsidies	1 871 620	1 837 535	(34 085)	
Payments for capital assets	8 341	8 171	(170)	
Payments for financial assets	-	6		6
Responsible MEC	MEC for Economic Development, Tourism and Environmental Affairs			
Administering department	Economic Development, Tourism and Environmental Affairs			
Accounting Officer	Head: Economic Development, Tourism and Environmental Affairs			

1. Vision and mission

Vision

The vision of the Department of Economic Development, Tourism and Environmental Affairs (DEDTEA) is: *Leading the attainment of inclusive and sustainable economic growth for job creation.*

Mission

The department's mission is to: *Provide leadership and facilitate integrated economic planning, be a catalyst for economic transformation and sustainable development, implement strategies that drive economic growth and promote sound environmental management, create a conducive environment for trade, investment and tourism and monitor and enforce sound business and consumer regulations.*

2. Strategic objectives

Strategic policy direction: The strategic focus for DEDTEA during the 5-year period is to build a resilient KZN provincial economy that can respond to global factors, stimulating provincial economic development, alignment of functions and purpose of all economic development entities, as well as building a vibrant organisation. The key strategic goals and objectives of the department include integrated economic planning and development in the province, sustainable and inclusive economic growth for job creation, preferred tourism destination in the country, sustainable environmental management and achieve institutional excellence responsive to the needs of the country.

The department has identified the following strategic goals and objectives:

Lead and co-ordinate integrated economic planning and development.

- Co-ordinate social partners and other stakeholders in the province.
- Collect, process, maintain and report on economic and other social data.

¹ At the time of going to print with the 2016/17 EPRE, the proclamation determining the 2015 salary adjustment relating to office bearers had not been signed, hence this amount remained unchanged from the 2015/16 EPRE. Similarly, at the time of going to print with this document, the proclamation determining the 2016 salary adjustment relating to office bearers has not been signed. As such, the above-mentioned adjustment now aligns the MEC's salary to the 2015 salary level.

- Track the implementation of economic interventions.
- Provide research on priority and strategic sectors.
- Develop and maintain an efficient regulatory and governance framework.
- Influence policy direction for economic and infrastructure development.

Facilitate sustainable and inclusive economic growth to ensure job creation.

- Facilitate the implementation of economic transformation strategies and policies.
- Implement existing productive and service sector strategies and plans.
- Promote SMMEs and co-operatives.
- Facilitate trade and investment.

Provide preferred tourism destination in the country.

- Provide guidance, support and direction in terms of tourism policies, legislation and strategies.
- Implement the KZN Tourism Master Plan.

Implement sustainable environmental management.

- Implement environmental management strategies and plans.
- Streamline the process of Environmental Impact Assessments (EIAs).
- Promote and facilitate integrated environmental management through capacity building and awareness raising programmes and projects.

3. Summary of adjusted estimates for the 2016/17 financial year

The main appropriation of DEDTEA was R2.703 billion as per the *EPRE*. During the year, the department's baseline was reduced by R98.381 million resulting in an adjusted appropriation of R2.605 billion. The main reasons for this reduction, as well as other adjustments, are summarised below, and explained in detail in Section 4:

- *Virement between programmes:* The department undertook the following virements across programmes. This also affected economic classification and sub-programmes, as detailed later:
 - Programme 1: Administration was increased by R22.774 million, which is made up of savings moved from Programme 4: Business Regulation and Governance and Programme 7: Environmental Affairs, as explained:
 - R6.664 million savings were identified from Programme 4 under *Compensation of employees* (R2.213 million) mainly due to lengthy recruitment processes, and *Goods and services* (R4.451 million) relating to consumer awareness campaign events being cancelled due to unforeseen circumstances, as well as the implementation of cost-cutting on items such as advertising, travel and subsistence, minor assets and catering. These savings were moved to Programme 1 under *Goods and services* to defray spending pressures driven by higher than projected costs relating to the printing of the budget speech and the Specialised Investment Advisory Team, whose services are used as and when they are required by the department in terms of a service level agreement, as well as to fund resettlement costs for relocation of the Ministry from Durban to Pietermaritzburg and to offset spending pressures brought about by legal costs under the Office of the MEC.
 - Savings of R16.110 million were moved from Programme 7 to this programme within *Goods and services* due to delays in the implementation of the Invasive Alien Species programme (IASP). These delays are due to the fact that suppliers who provide this service were not registered on the suppliers' database. These savings were utilised to offset spending pressures brought about by consultants assisting in the department's SCM unit to alleviate work pressure caused by the function shift in respect of Environmental Affairs from the Department of Agriculture and Rural Development (DARD), as well as the Specialised Investment Advisory Team, which was under-budgeted for by the department.

- o Programme 2: Integrated Economic Development services shows a net increase of R1.714 million as a result of the following virements:
 - R17.905 million savings were identified from Programme 6: Tourism under *Goods and services* due to cost-cutting and reprioritisation from events such as the Metro FM Awards and the East3 Route. These savings were moved to offset spending pressures driven by events/projects such as the South African Music Conference and the launch of the Essence Festival under *Transfers and subsidies to: Provinces and municipalities* (R2 million), as well as various events under *Goods and services* (R15.905 million) including the Youth Business Campaign, the KZN Youth Expo 2016, the Career and Business Skills Development event, the uThungulu Women in Business Conference Awards, the Future Leaders Awards and the Youth Technical Skills programme.
 - Mitigating this to some extent was the reduction of R16.191 million under Ithala Finance Development Corporation (Ithala) due to the entity's healthy positive cash balance. These savings of R9.391 million, R3.800 million and R3 million were moved from Programme 2 to Programmes 3, 6 and 7, respectively. These savings were moved within *Transfers and subsidies* to cater for pressures in some of the public entities, such as the Dube TradePort Corporation (DTPC) in Programme 3, KZN Sharks Board (KZNSB) and KZN Tourism Authority (TKZN) in Programme 6, and Ezemvelo KwaZulu-Natal Wildlife (EKZNW) in Programme 7.
- o Programme 3: Trade and Sector Development was increased by R33.629 million, as follows:
 - Savings were identified from Programme 2 under Ithala due to the entity's healthy positive cash balance. As such, R9.391 million was moved to this programme with R1 million of this to be used to increase the transfer to DTPC to fund the development of a framework plan for the Automotive Supplier Park project aimed at stimulating economic growth and job creation in the automotive industry through large-scale investment in strategic economic infrastructure and to boost the auto manufacturing sector in the province, and to the Moses Kotane Institute (MKI) which was increased by R8.391 million to cater for the Science, Technology, Engineering and Mathematics (STEM) fund, as well as for the set-up of the Information Communication Technology (ICT) institute for Software Engineering and Business Process Outsourcing in eight TVET colleges in the province and for the ICT Hub.
 - Savings of R4.500 million were moved from Programme 6 under *Goods and services* as a result of reprioritisation undertaken and cost-cutting implemented on events such as the East3 Route and Metro FM Awards. These savings were moved to Programme 3 for the Durban Fashion Fair, the Culture Food and Music Festival and the KZN Industrial Economic Hubs.
 - The balance of R19.738 million was moved from Programme 7 due to delays in the implementation of the IASP, and this was moved to Programme 3 to fund various projects including the KZN Industrial Economic Hubs, the Film Strategy, the Amakha Essential Co-operative, the Aerotropolis Institute and the KZN Craft Hub within *Goods and services*.
- o Programme 4: Business Regulation and Governance was reduced by R6.664 million. Savings were identified from Programme 4 under *Compensation of employees* (R2.213 million) mainly due to lengthy recruitment processes, and *Goods and services* (R4.451 million) relating to consumer awareness campaign events being cancelled due to unforeseen circumstances, as well as the implementation of cost-cutting on items such as advertising, travel and subsistence, minor assets and catering. Savings were moved to Programme 1 under *Goods and services* to defray spending pressures driven by higher than projected costs relating to the printing of the budget speech and the Specialised Investment Advisory Team, to fund resettlement costs for relocation of the Ministry from Durban to Pietermaritzburg and to offset spending pressures brought about by legal costs under the Office of the MEC.
- o Programme 6: Tourism shows a net decrease of R20.105 million, made up of R3.800 million moved from Programme 2 to Programme 6 to increase the transfer to TKZN (R800 000) for the STEM Festival Conference and to KZNSB (R3 million) for the provision of safe and reliable

river crossing boats for the community in the Mfolozi area, which will be done in partnership with the Mfolozi Municipality and the Maritime Centre of Excellence under KZNSB. Savings of R23.905 million were identified against *Goods and services* due to reprioritisation from events and cost-cutting implemented on the Metro FM Awards and the East3 Route events, and were re-directed, as follows:

- R17.905 million was moved to Programme 2 to offset spending pressures driven by events/projects such as the South African Music Conference and the launch of the Essence Festival under *Transfers and subsidies to: Provinces and municipalities* (R2 million), as well as various events under *Goods and services* (R15.905 million) including the Youth Business Campaign, the KZN Youth Expo 2016, the Career and Business Skills Development event, the uThungulu Women in Business Conference Awards, the Future Leaders Awards and the Youth Technical Skills programme.
- R4.500 million moved to Programme 3 under *Goods and services* (R4 million) for the Culture and Food Festival and the Industrial Economic Hubs and to *Transfers and subsidies to: Provinces and municipalities* (R500 000) for the Durban Fashion Fair.
- R1.500 million was moved to Programme 7 under *Goods and services* for the Trash to Cash Campaign training which was held on 26 March 2016, and was thus only payable in 2016/17.
- o Programme 7: Environmental Affairs shows a net decrease of R31.348 million largely due to delays in the implementation of the IASP. Savings were moved to Programmes 1 and 3, as follows:
 - R16.110 million was moved to Programme 1 under *Goods and services* to offset spending pressures brought about by consultants assisting in the department's SCM unit, as well as the Specialised Investment Advisory Team which was under-budgeted for by the department.
 - R19.738 million was moved to Programme 3 under *Goods and services* to fund various projects including the KZN Industrial Economic Hubs, the Film Strategy aimed at developing a roadmap for the film industry in terms of identifying bottlenecks, opportunities and strengths in order to create much needed jobs, and to deal with issues of poverty and inequality, to the Amakha Essential Co-operative which produces essential oils and contributes to job creation, poverty alleviation, and advancement of women and youth, the Aerotropolis Institute aimed at assisting in the development of an aerotropolis close to Durban's King Shaka International Airport (KSIA) and the KZN Craft Hub.
 - Mitigating this reduction was R4.500 million added to Programme 7 from Programmes 2 and 6. Savings of R1.500 million were identified in Programme 6 to fund the Trash to Cash Campaign training which was held on 26 March 2016, and R3 million from Programme 2 to increase the transfer to EKZNW.

These virements are permissible in terms of the PFMA and Treasury Regulations. Where necessary, the required Treasury approval was obtained, such as the increase in transfers to entities, as well as the introduction of several new transfers. Legislature approval is required for the net reduction in *Payments for capital assets* and the virements undertaken to Programme 1 which exceed the 8 per cent limit permitted in terms of the PFMA. Also, the reductions in the transfers to Ithala and specifically and exclusively appropriated funds to the Small Business Growth Enterprise (SBGE) require Legislature approval.

- *Shifts:* The department undertook extensive shifting of funds between programmes, where the original purpose of the funds remains unchanged. Besides this, the department undertook extensive shifts between economic classifications, and these are detailed in Section 4 of this report.

The department undertook the following shifts between programmes:

- o A net amount of R4.335 million was shifted between Programme 3 and Programme 2, the purpose of the funds remains unchanged:
 - R5 million for the Industrial Economic Hubs was moved from *Goods and services* in Programme 3 to *Transfers and subsidies to: Public corporations and private enterprises* in

Programme 2 for transfer to Ithala, as this public entity has been appointed as the implementing agent in respect of the Industrial Economic Hubs.

- R665 000 was moved from *Goods and services* in Programme 2 to *Transfers and subsidies to: Public corporations and private enterprises* in Programme 3. This was transferred to the KZN Fashion Council which was assigned to undertake the Africa Fashion Exchange in line with its youth economic empowerment programme, and the event took place from 20 to 24 June 2016.
- o Programme 5 was reduced by R300 000 due to the re-classification of funds in respect of the Forward Keys project which was re-classified under *Goods and services* to Programme 6 against *Transfers and subsidies to: Departmental agencies and accounts*, since TKZN has been assigned to implement this project. The purpose of the funds remains unchanged.
- o R1 million for the Ndumo Nkululeko Regeneration Programme in respect of the Ndumo Lodge upgrade was moved from Programme 6 under *Transfers and subsidies to: Public corporations and private enterprises* to Programme 7 against *Transfers and subsidies to: Departmental agencies and accounts*, since this project will be implemented by EKZNW.
- *Other adjustments:* The department's budget allocation was decreased by a net amount of R98.381 million, as explained below:
 - o Additional funding of R1.224 million was allocated against *Compensation of employees* in Programme 1. This additional funding was to cover the above-budget 2016 wage adjustment determined at 7.6 per cent as opposed to the 7.2 per cent provided for in the budget, leaving a shortfall of 0.4 per cent. These funds were provided from the provincial fiscus, and were allocated in 2016/17 (without carry-through costs) in accordance with the information provided by the department in costing the gap. This additional amount fully compensates the department for the shortfall related to the above-budget 2016 wage adjustment. EKZNW also received additional funding of R395 000 for the 2016 wage adjustment and this was allocated against *Transfers and subsidies to: Departmental agencies and accounts* in Programme 7.
 - o An amount of R100 million was reduced from the department's budget and moved to the Department of Health. This was part of the funds not surrendered by the department when the 2016/17 EPRE was tabled. These funds are moved to assist the Department of Health with its exchange rate pressures relating to the procurement of medicines and medical supplies. This budget cut results in a reduction of the department's baseline and was effected, as follows:
 - R64.882 million was reduced from *Transfers and subsidies to: Public corporations and private enterprises* in respect of the transfer to Ithala in Programme 2. Of this, R35.997 million was reduced from the KZN Property Development Holdings allocation and R28.885 million in respect of the SBGE.
 - R35.118 million was cut from *Transfers and subsidies to: Non-profit institutions* in Programme 2, which relates to the transfer to the SBGE which was erroneously shown as R69.040 million in the 2016/17 EPRE, with an over-provision of R37 million.

Tables 4.1 and 4.2 reflect a summary of the 2016/17 adjusted appropriation of the department, summarised according to programme and economic classification. Details of the economic classification are given in *Annexure – Vote 4: Economic Development, Tourism and Environmental Affairs*.

Table 4.1 : Summary by programmes

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Administration	226 179	-	-	22 774	-	1 224	23 998	250 177
2. Integrated Economic Development Services	414 345	-	-	1 714	4 335	(100 000)	(93 951)	320 394
3. Trade and Sector Development	769 338	-	-	33 629	(4 335)	-	29 294	798 632
4. Business Regulation and Governance	111 786	-	-	(6 664)	-	-	(6 664)	105 122
5. Economic Planning	38 525	-	-	-	(300)	-	(300)	38 225
6. Tourism	285 323	-	-	(20 105)	(700)	-	(20 805)	264 518
7. Environmental Affairs	857 496	-	-	(31 348)	1 000	395	(29 953)	827 543
Total	2 702 992	-	-	-	-	(98 381)	(98 381)	2 604 611
Amount to be voted								(98 381)

Table 4.2 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts	Other adjustments		
Current payments	823 031	-	-	(16 756)	(48 600)	1 224	(64 132)	758 899
Compensation of employees	346 398	-	-	(41 448)	-	1 224	(40 224)	306 174
Goods and services	476 633	-	-	24 692	(48 600)	-	(23 908)	452 725
Interest and rent on land	-	-	-	-	-	-	-	-
Transfers and subsidies to:	1 871 620	-	-	16 920	48 600	(99 605)	(34 085)	1 837 535
Provinces and municipalities	6 050	-	-	5 000	(2 500)	-	2 500	8 550
Departmental agencies and accounts	1 315 649	-	-	13 804	13 268	395	27 467	1 343 116
Higher education institutions	8 500	-	-	3 617	2 500	-	6 117	14 617
Foreign governments and international organisations	-	-	-	-	-	-	-	-
Public corporations and private enterprises	281 740	-	-	(12 641)	65 749	(64 882)	(11 774)	269 966
Non-profit institutions	254 334	-	-	6 309	(30 417)	(35 118)	(59 226)	195 108
Households	5 347	-	-	831	-	-	831	6 178
Payments for capital assets	8 341	-	-	(170)	-	-	(170)	8 171
Buildings and other fixed structures	-	-	-	-	-	-	-	-
Machinery and equipment	4 141	-	-	3 830	-	-	3 830	7 971
Heritage assets	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-
Software and other intangible assets	4 200	-	-	(4 000)	-	-	(4 000)	200
Payments for financial assets	-	-	-	6	-	-	6	6
Total	2 702 992	-	-	-	-	(98 381)	(98 381)	2 604 611
Amount to be voted								(98 381)

4. Changes to programme purposes and service delivery measures

The department made no changes to the purpose of their programmes.

It is noted, however, that there are a few discrepancies between the *EPRE* and the APP. According to the department, when the *EPRE* was finalised, it was still in the process of finalising the APP. As such, some of the targets were amended and these changes were not brought into the *EPRE*. The department is now aligning the non financial information to the APP information.

4.1 Programme 1: Administration

The main purpose of Programme 1 is to provide for the overall management of the department, and to render a support service to the other programmes in respect of transversal functions.

Tables 4.3 and 4.4 reflect a summary of the 2016/17 adjusted appropriation of Programme 1, summarised according to sub-programme and economic classification.

Details of the main adjustments, which led to an overall increase of R23.998 million, are given in the paragraphs following the tables.

Table 4.3 : Programme 1: Administration

		Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
			Unforeseeable/ Roll-overs	unavoidable	Virement	Shifts		
R thousand								
1. Office of the MEC		25 984			2 290	5	2 295	28 279
2. Office of the HOD		31 676			18 980	(500)	18 480	50 156
3. Financial Management		39 976			166	500	1 890	41 866
4. Corporate Services		128 543			1 338	(5)	1 333	129 876
Total		226 179	-	-	22 774	-	1 224	250 177
Amount to be voted								23 998

Table 4.4 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments	
Current payments	223 916	-	-	19 078	-	1 224	20 302
Compensation of employees	88 281			(11 377)		1 224	(10 153)
Goods and services	135 635			30 455			30 455
Interest and rent on land							-
Transfers and subsidies to:	578	-	-	1 798	-	-	1 798
Provinces and municipalities	50						-
Departmental agencies and accounts	5			4			4
Higher education institutions							-
Foreign governments and international organisations							-
Public corporations and private enterprises							-
Non-profit institutions							-
Households	523			1 794			1 794
Payments for capital assets	1 685	-	-	1 892	-	-	1 892
Buildings and other fixed structures							-
Machinery and equipment	1 685			1 892			1 892
Heritage assets							-
Specialised military assets							-
Biological assets							-
Land and subsoil assets							-
Software and other intangible assets							-
Payments for financial assets				6			6
Total	226 179	-	-	22 774	-	1 224	23 998
Amount to be voted							23 998

Virement – Programme 1: Administration: R22.774 million

The main appropriation of Programme 1 was increased by R22.774 million. Although these funds were moved to all sub-programmes, the bulk was re-allocated to the sub-programme: Office of the HOD, as follows:

- Savings of R6.664 million were identified under *Compensation of employees* and *Goods and services* in Programme 4. The savings against *Compensation of employees* of R2.213 million were mainly due to lengthy recruitment processes, whereas the *Goods and services* savings of R4.451 million related to consumer awareness campaign events, which were cancelled due to unforeseen circumstances, as well as the implementation of cost-cutting on items such as advertising, travel and subsistence, minor assets and catering. These funds were moved to *Goods and services* in Programme 1 to defray spending pressures driven by higher than projected costs relating to the Specialised Investment Advisory Team whose services are used as and when they are required by the department in terms of a service level agreement. This was allocated under the sub-programme: Office of the HOD. Funds were also allocated for the printing of the budget speech, resettlement costs for relocation of the Ministry from Durban to Pietermaritzburg, as well as legal costs under the office of the MEC.
- Savings of R16.110 million, identified under *Goods and services* in Programme 7 due to delays in the implementation of IASP, were moved to this programme under *Goods and services* to offset spending pressures brought about by consultants assisting in the department's SCM unit under the sub-programme Financial Management, as well as the Specialised Investment Advisory Team which was under-budgeted for by the department. Expenditure of R17.399 million was incurred in respect of the Specialised Investment Advisory Team by mid-year and only R9.300 million was budgeted for this project.

In addition to the above virements, the following virements were undertaken within Programme 1:

- R11.377 million savings identified under *Compensation of employees* as a result of delays in filling budgeted vacant posts due to lengthy recruitment processes, were moved within Programme 1, across the following economic categories:
 - R7.681 million was moved to *Goods and services* to defray spending pressures due to higher than anticipated costs in respect of SITA, legal costs, and costs relating to the consultants assisting in the SCM unit.

- o R4 000 was moved to *Transfers and subsidies to: Departmental agencies and accounts* to provide for SABC TV licences, which were under-budgeted for.
- o R1.794 million was moved to *Transfers and subsidies to: Households* to cater for unanticipated staff exit costs.
- o R1.892 million was moved to *Machinery and equipment* to provide for the procurement of water tanks for head office and all district offices, in line with the department's drought relief initiative, which aims to enable the department to become more water-sufficient.
- o R6 000 was moved to *Payments for financial assets* to defray spending pressures relating to staff debts written-off, which was not budgeted for.

These virements are permissible in terms of the PFMA and Treasury Regulations. The required Treasury approval was obtained for the increase in *Transfers and subsidies to: Departmental agencies and accounts*. However, the virements to this programme exceed the 8 per cent limit permitted in terms of the PFMA, and therefore Legislature approval is required. On the other hand, approval is not required in terms of the PFMA and Treasury Regulations for the increase under *Transfers and subsidies to: Households*, since it relates to staff exit costs.

Shifts – Programme 1: Administration

The following shifts were undertaken across sub-programmes, and these movements are not visible at economic category level, where the original purpose of funds remains unchanged:

- R5 000 for SABC TV licences was erroneously budgeted for within *Transfers and subsidies to: Departmental agencies and accounts* under the sub-programme: Corporate Services and was moved to the Office of the MEC sub-programme.
- R500 000 which was budgeted to develop integrated policies and procedures for the funding of departmental projects was inadvertently budgeted for under the sub-programme: Office of the HOD instead of the sub-programme: Financial Management, and this was corrected.

Other adjustments – Programme 1: Administration: R1.224 million

The department received additional funding of R1.224 million to cover the above-budget 2016 wage adjustment and this was allocated against *Compensation of employees* under the sub-programme: Financial Management.

4.2 Programme 2: Integrated Economic Development Services

The main purpose of this programme is the provision of strategic leadership, direction and co-ordination of economic empowerment initiatives in KZN.

Tables 4.5 and 4.6 reflect a summary of the 2016/17 adjusted appropriation of Programme 2, summarised according to sub-programme and economic classification.

Details of the main adjustments, which resulted in an overall decrease of R93.951 million, are provided in the paragraphs following the tables.

Table 4.5 : Programme 2: Integrated Economic Development Services

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments	
1. Enterprise Development	337 417			(31 123)	5 000	(126 123)	211 294
2. Regional and Local Economic Development	43 724			(9 219)		(9 219)	34 505
3. Economic Empowerment	33 204			42 056	(665)	41 391	74 595
Total	414 345	-	-	1 714	4 335	(93 951)	320 394
Amount to be voted							(93 951)

Table 4.6 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments	
Current payments	148 506	-	-	18 569	(3 865)	-	14 704
Compensation of employees	66 339			(8 476)		(8 476)	57 863
Goods and services	82 167			27 045	(3 865)	23 180	105 347
Interest and rent on land						-	-
Transfers and subsidies to:	265 764	-	-	(17 217)	8 200	(100 000)	(109 017)
Provinces and municipalities				2 000		2 000	2 000
Departmental agencies and accounts						-	-
Higher education institutions	6 000					-	6 000
Foreign governments and international organisations						-	-
Public corporations and private enterprises	121 600			(16 191)	40 240	(64 882)	80 767
Non-profit institutions	133 440			(1 882)	(32 040)	(35 118)	64 400
Households	4 724			(1 144)		(1 144)	3 580
Payments for capital assets	75	-	-	362	-	-	362
Buildings and other fixed structures						-	-
Machinery and equipment	75			362		362	437
Heritage assets						-	-
Specialised military assets						-	-
Biological assets						-	-
Land and subsoil assets						-	-
Software and other intangible assets						-	-
Payments for financial assets						-	-
Total	414 345	-	-	1 714	4 335	(100 000)	320 394
Amount to be voted							(93 951)

Virement – Programme 2: Integrated Economic Development Services: R1.714 million

The main appropriation of Programme 2 was increased by a net amount of R1.714 million due to the following virements, which affected all sub-programmes and various economic categories. Besides the funds moved to Programme 2 from Programme 6, as well as from this programme to Programmes 3, 6 and 7, there were also savings identified under the sub-programmes: Enterprise Development and Regional and Local Economic Development and these were moved to the Economic Empowerment sub-programme, as explained below:

- R17.905 million savings under *Goods and services* in Programme 6, realised as a result of cost-cutting and reprioritisation of funds from projects such as the Metro FM Awards and the East3 Route, were moved to offset spending pressures in respect of the following projects:
 - R2 million was moved to *Transfers and subsidies to: Provinces and municipalities* for transfer to the eThekweni Metro for the South African Music Conference in the amount of R1.500 million and for the launch of the Essence Festival in the amount of R500 000. The department appointed the Metro to co-ordinate these events.
 - R15.905 million was moved to *Goods and services* to defray spending pressures relating to the following events and programmes:
 - R2 million to fund the Youth Business Campaign which took place on 26 March 2016. This campaign was aimed at promoting entrepreneurship and encourages young people to become involved in business and to become Small, Micro and Medium Enterprise.
 - R2 million to fund the KZN Youth Expo 2016 which was held from 25 to 26 March 2016. This expo focused on developing skills of students involved in emerging business and potential business people in the media and entertainment industry.
 - R2.500 million to fund the Career and Business Skills Development project which took place on 23 March 2016. The project sought to promote a culture of self-reliance through business skills development on entrepreneurship.
 - R2 million to fund the uThungulu Women in Business Conference Awards which was held on 23 March 2016.
 - R3 million to fund the Future Leaders Awards which took place on 27 March 2016.

- R4.405 million to fund the Youth Technical Skills programme which is linked to employment placement opportunities, where youth with grade 10 and above are trained on various technical skills in the Manufacturing, Engineering and Related Services Sector Education and Training Authority and construction SETA trades covering diesel mechanics, welding, fitter and turning, steel work, bricklaying and plumbing.
- R16.191 million was moved from Programme 2 to Programmes 3, 6 and 7 within *Transfers and subsidies* to cater for pressures in some of the public entities. These funds were reduced from Ithala's Enterprise Development Fund under *Transfers and subsidies to: Public corporations and private enterprises* taking into account the entity's healthy positive cash balance. These identified savings were moved to cater for pressures identified under the following public entities:
 - o R1 million was moved to increase the transfer to DTPC under *Transfers and subsidies to: Departmental agencies and accounts* in Programme 3 to provide for the development of a framework plan for the Automotive Supplier Park project.
 - o R3 million was moved to *Transfers and subsidies to: Departmental agencies and accounts* in Programme 7, for transfer to EKZNW for the development of concept plans required for revamping three resorts (Midmar, Amatikhulu and Umlalazi), conducting a fleet needs analysis and for the appointment of legal advisors in respect of the proposed outsourcing of the commercial operations of the Ntshondwe resort in the Ithala Game Reserve.
 - o R8.391 million was moved to *Transfers and subsidies to: Non-profit institutions* in Programme 3 for transfer to the MKI in respect of the STEM fund, to set up an ICT institute for Software Engineering and Business Process Outsourcing in eight identified TVET colleges across the province, and for the ICT Hub.
 - o R3 million was moved to *Transfers and subsidies to: Departmental agencies and accounts* in Programme 6 for transfer to the KZNSB to fund the Maritime Centre of Excellence's initiative relating to the provision of safe and reliable river crossing boats for the community in the Mfolozi area, as explained previously.
 - o R800 000 was moved to *Transfers and subsidies to: Departmental agencies and accounts under TKZN* in Programme 6 for the STEM Festival Conference which was assigned to this entity by the department.

In addition to the above virements, the following virements were undertaken within Programme 2:

- Savings of R8.476 million identified under *Compensation of employees* due to lengthy recruitment processes and these were utilised as follows:
 - o R8.074 million was moved to *Goods and services* for the Youth Technical Skills programme.
 - o R40 000 was moved to *Transfers and subsidies to: Households* to cater for higher than anticipated staff exit costs.
 - o R362 000 was moved to *Machinery and equipment* to provide for higher than anticipated costs relating to the replacement of computers.
- R3.066 million savings identified under *Transfers and subsidies* relating to the SBGE (R1.882 million) under *Transfers and subsidies to: Non-profit institutions* and R1.184 million under *Transfers and subsidies to: Households* attributed to UniZulu bursaries for students studying towards the Diploma in Co-operative Management were utilised to fund the Youth Technical Skills programme within Programme 2 under *Goods and services*.

These virements are permissible in terms of the PFMA and Treasury Regulations. In respect of the increase in *Transfers and subsidies*, the required Treasury approval was granted. However, the reductions in the transfers to Ithala and the SBGE require Legislature approval.

Shifts – Programme 2: Integrated Economic Development Services: R4.335 million

The following shifts were undertaken between this programme and Programme 3, and the original purpose of the funds remains unchanged:

- R5 million for the KZN Industrial Economic Hubs was moved from *Goods and services* in Programme 3 to *Transfers and subsidies to: Public corporations and private enterprises* in Programme 2 for transfer to Ithala under the sub-programme: Enterprise Development, as this entity has been appointed as the implementing agent in respect of the Industrial Economic Hubs.
- R665 000 was moved from *Goods and services* in Programme 2 to *Transfers and subsidies to: Public corporations and private enterprises* in Programme 3. These funds were transferred to the KZN Fashion Council which was assigned to undertake the Africa Fashion Exchange in line with its youth economic empowerment programme. Approximately 50 young people in KZN participated by showcasing African cuisine, fashion designed by young people, as well as airport activations that involve young people who are promoters. This event was held from 20 to 24 June 2016.
- R2.900 million relating to the Black Industrialist programme was moved from *Goods and services* to be correctly classified against *Transfers and subsidies to: Public corporations and private enterprises* within Programme 2, and the purpose of the funds remains unchanged. This programme focuses on black South African entities that are directly involved in the production of goods on a large scale, with an interest of at least 51 per cent ownership, management and operation of an industrial enterprise that aims to unlock the country's productive assets for massive employment.
- R200 000 relating to SMMEs moved from *Goods and services* to *Transfers and subsidies to: Public corporations and private enterprises* within Programme 2. These funds were transferred to Commerce Edge which is an entity that was co-ordinating the KZN Enterprise and Supplier Development Expo. Commerce Edge was utilised to provide a six square metre exhibition stand for 20 SMMEs from all districts in KZN to showcase their products at the KZN Enterprise and Supplier Development Expo which took place from 8 to 9 June 2016. SMMEs were selected from various SMME-related databases of the department and its entities.
- R100 000 was moved from *Goods and services* to be correctly placed under *Transfers and subsidies to: Public corporations and private enterprises* within Programme 2. This relates to a sponsorship in respect of the Women Enterprise Development programme to the Simile Manufacture Primary Co-operative which is formed by a group of women who established a small scale manufacturing sewing factory.
- R32.040 million allocated for transfer to the SBGE was moved within Programme 2 from *Transfers and subsidies to: Non-profit institutions* to *Transfers and subsidies to: Public corporations and private enterprises* for transfer to Ithala, within the sub-programme: Enterprise Development. This shift was required because the SBGE is being incubated under Ithala as a business unit, and the purpose of the funds remain unchanged.

Other adjustments – Programme 2: Integrated Economic Development Services: (R100 million)

An amount of R100 million was reduced from the department's budget and moved to the Department of Health. This forms part of the funds not surrendered by the department when the 2016/17 *EPRE* was tabled. The full amount was effected in respect of Programme 2. This budget cut resulted in a reduction in the department's 2016/17 main appropriation, effected as follows:

- R64.882 million was cut from *Transfers and subsidies to: Public corporations and private enterprises* in respect of the transfer to Ithala. Of this, R35.997 million was reduced from the KZN Property Development Holdings allocation (also shown in Table 4.26) and R28.885 million from the transfer to the SBGE.
- R35.118 million was reduced from *Transfers and subsidies to: Non-profit institutions*. This amount relates to the transfer to the SBGE which was erroneously shown as R69.040 million in the 2016/17 *EPRE*, with an over-provision of R37 million.

Service delivery measures – Programme 2: Integrated Economic Development Services

Table 4.7 shows the service delivery information for Programme 2 as per the department's 2016/17 APP and the *EPRE*, as well as the actual achievements for the first six months of the year.

Table 4.7 : Service delivery measures – Programme 2: Integrated Economic Development Services

Outputs	Performance indicators	Performance targets		
		2016/17 Original target	2016/17 Mid-year actuals	2016/17 Adjusted target
1. Enterprise Development – SMMEs and Co-operatives				
1.1 SMMEs and Co-operatives registered (have been in operation for more than two years)	• No. of reports on SMMEs and Co-operatives registered (that have been in operation for more than two years)	4	2	
1.2 SMMEs and Co-operatives supported	• No. of SMMEs and co-operatives registered in KZN that have been in operation for more than 2 years	2 119	808	
2. Regional and Local Economic Development				
2.1 Employment opportunities supported by RLED	• No. of employment opportunities supported	80	-	
2.2 Capacity building intervention conducted	• No. of jobs created	100	-	
3. Economic Empowerment				
3.1 BEE Stakeholder engagement initiative co-ordinated	• No. of BEE structures co-ordinated	5	4	
3.2 Facilitate the implementation of economic transformation strategies and policies	• No. of specific interventions implemented	3	6	

4.3 Programme 3: Trade and Sector Development

The main purpose of this programme is to stimulate economic growth through industry development, trade and investment promotion.

Tables 4.8 and 4.9 reflect a summary of the 2016/17 adjusted appropriation of Programme 3, summarised according to sub-programme and economic classification. Details of the main adjustments, which resulted in an overall increase of R29.294 million, are given in the paragraphs below the tables.

Table 4.8 : Programme 3: Trade and Sector Development

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Trade and Investment Promotion	477 461			5 986	1 000		6 986	484 447
2. Sector Development	165 507			27 643	(5 335)		22 308	187 815
3. Strategic Initiatives	126 370						-	126 370
Total	769 338	-	-	33 629	(4 335)	-	29 294	798 632
Amount to be voted								29 294

Table 4.9 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	39 983	-	-	20 774	(7 000)	-	13 774	53 757
Compensation of employees	15 934			(3 829)			(3 829)	12 105
Goods and services	24 049			24 603	(7 000)		17 603	41 652
Interest and rent on land							-	-
Transfers and subsidies to:	729 355	-	-	12 811	2 665	-	15 476	744 831
Provinces and municipalities				1 500	3 000		4 500	4 500
Departmental agencies and accounts	466 643			2 000	1 000		3 000	469 643
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises	149 070			920	(1 335)		(415)	148 655
Non-profit institutions	113 642			8 391			8 391	122 033
Households							-	-
Payments for capital assets	-	-	-	44	-	-	44	44
Buildings and other fixed structures							-	-
Machinery and equipment				44			44	44
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets	-	-	-	-	-	-	-	-
Total	769 338	-	-	33 629	(4 335)	-	29 294	798 632
Amount to be voted								29 294

Virement – Programme 3: Trade and Sector Development: R33.629 million

The department undertook virements from Programmes 2, 6 and 7. The funds were added to the sub-programme: Trade and Investment Promotion and the sub-programme: Sector Development, as summarised below:

- Savings of R9.391 million was moved from *Transfers and subsidies to: Public corporations and private enterprises* in Programme 2 to *Transfers and subsidies* in this programme. These savings were identified under Ithala due to the entity's healthy positive cash balance, and were utilised as explained below:
 - R1 million was moved DTPC under to *Transfers and subsidies to: Departmental agencies and accounts* to provide for the development of a framework plan for the Automotive Supplier Park project.
 - R8.391 million was moved to *Transfers and subsidies to: Non-profit institutions* to fund the MKI in respect of the STEM fund and to set up an ICT institute for Software Engineering and Business Process Outsourcing in eight identified TVET colleges across the province, as well as for the ICT Hub.
- Savings of R4.500 million identified in Programme 6 against *Goods and services* as a result of cost-cutting implemented on events such as the East3 Route and the Metro FM Awards, were moved to this programme, as follows:
 - R500 000 was moved to *Transfers and subsidies to: Provinces and municipalities* for the Durban Fashion Fair which will be co-ordinated by the eThekweni Metro.
 - R4 million was moved to *Goods and services* to address spending pressures in respect of the Culture Food and Music Festival (R2 million) which was held on 28 March 2016 and the KZN Industrial Economic Hubs (R2 million).
- R19.738 million savings identified under *Goods and services* in Programme 7 from the budget relating to IASP, were moved to *Goods and services* in this programme to fund projects such as R6 million relating to the KZN Industrial Economic Hubs, R1 million for Wifi Hotspots which is an ICT programme, the department is involved in undertaking research before rolling out Wifi in key economic and tourist' zones in KZN, R568 000 for the Film Strategy, R1 million for the Amakha Essential Co-operative, R2.300 million for the Aerotropolis Institute, R2.500 million in respect of Durban Aerotropolis Masterplan, R2 million for the Aerotropolis Project Management Unit where the department appointed consultants to assist with the implementation of the aerotropolis project, R1.500 million for the KZN Craft Hub and R2.870 million to fund the KZN Integrated Maritime Strategy Implementation.

The following virements were undertaken within this programme:

- R3.829 million savings from *Compensation of employees* attributed to lengthy recruitment processes was moved to *Goods and services* (R3.785 million) to fund projects such as the KZN Economic Council (R3 million), for travelling and subsistence (R392 000) and advertising (R393 000), as well as R44 000 to *Machinery and equipment* to offset spending pressures brought about by unanticipated costs of replacing computers.
- R2.550 million savings were identified under *Transfers and subsidies to: Public corporations and private enterprises* in respect of Teledialogue/Tele-Festival (R200 000), KZN Tooling Initiative (R350 000) and the Maritime Cluster (R2 million), since the contracts for these projects were lower than the budget allocated for each. These savings were moved to *Goods and services* to fund the KZN Economic Council. These movements require Legislature approval.
- R5.470 million savings were identified under *Goods and services* due to delays in the implementation of projects such as the High Speed Rail project (renamed to KSIA public transport link) were moved to *Transfers and subsidies*, as follows:
 - R1 million was moved to *Transfers and subsidies to: Provinces and municipalities* under the Alfred Duma Municipality towards the Ladysmith Airport to assist with the development of an

integrated master plan and infrastructure upgrades (in total, this project is allocated R2 million, if the shift described below is taken into account).

- o R1 million was moved to *Transfers and subsidies to: Departmental agencies and accounts* to increase the transfer to DTPC for the Automotive Supplier Park project.
- o R3.470 million was moved to *Transfers and subsidies to: Public corporations and private enterprises*. Of this, R1 million was utilised to fund the KZN Fashion Council for the Fashion Week, R2 million was allocated to increase the transfers relating to the study and fencing of the Mkuze Airport undertaken by the uMhlosinga Development Agency, and R470 000 to cater for the Aerotropolis Conference.

These virements are permissible in terms of the PFMA and Treasury Regulations. Where necessary, the required Treasury approval was obtained, such as the increase in transfers to entities, as well as the introduction of several new transfers. However, the reductions in the transfer payments in respect of the Teledialogue/Tele-Festival and Aerotropolis and the Maritime Cluster require Legislature approval.

Shifts – Programme 3: Trade and Sector Development: (R4.335 million)

The department undertook shifts within Programme 3 and to other programmes and across economic categories which resulted in the net reduction of R4.335 million against this programme. The purpose of the funds remains unchanged:

- R665 000 was moved from *Goods and services* in Programme 2 to *Transfers and subsidies to: Public corporations and private enterprises* in Programme 3 in respect of the Africa Fashion Exchange conducted by the KZN Fashion Council, as explained earlier.
- R5 million was moved from *Goods and services* in Programme 3 to *Transfers and subsidies to: Public corporations and private enterprises* in Programme 2 under Ithala, as the entity has been appointed to be the implementing agent for the Industrial Economic Hubs.
- R3 million was re-classified from *Goods and services* to *Transfers and subsidies to: Provinces and municipalities* within Programme 3. The department entered into a partnership with municipalities that will be implementing various projects. These funds will be transferred to various municipalities, as follows:
 - o R1 million for the Richards Bay Airport towards a feasibility study to be undertaken. Funds will be transferred to the uMhlathuze Municipality.
 - o R1 million allocated to the Alfred Duma Municipality for the Ladysmith Airport in assisting with the development of an integrated master plan and infrastructure upgrades.
 - o R1 million for the Ladysmith Black Mambazo Academy, also allocated to the Alfred Duma Municipality.
- R2 million for the Maritime Cluster was re-classified from *Transfers and subsidies to: Public corporations and private enterprise* to *Goods and services* within Programme 3. A decision was taken by the department to appoint a service provider for the implementation of this project.
- R1 million was moved from *Goods and services* to *Transfers and subsidies to: Departmental agencies and accounts* under DTPC for the cutflower project which is assigned to DTPC as the implementing agent. This is the process of setting up a cutflower hub at the iLembe Agrivillage that will be responsible to collect, sort and package cut flowers from KwaZulu-Natal and these will then be flown from the Dube TradePort Cargo Terminal to Hamad International Airport directly by Qatar Airways, and then be dispatched from the cutflower warehouse to 150 destinations throughout the world.

Service delivery measures – Programme 3: Trade and Sector Development

Table 4.10 shows the service delivery information for Programme 3 as per the department's 2016/17 APP and the EPRE, as well as the actual achievements for the first six months of the year.

Table 4.10 : Service delivery measures – Programme 3: Trade and Sector Development

Outputs	Performance indicators	Performance Targets		
		2016/17 Original target	2016/17 Mid-year actual	2016/17 Revised target
1. Trade and Investment Promotion				
1.1 Progress reports on trade, exports and investment promoted	<ul style="list-style-type: none"> No. of investment and/or export strategies completed Value of exports facilitated No. of trade exhibitions hosted at airport 	4 - 1	- - -	
2. Sector Development				
2.1 Productive and service sector strategies and plans implemented	<ul style="list-style-type: none"> No. of jobs created and sustained 	60	-	
2.2 Economic transformation strategies and policies implemented	<ul style="list-style-type: none"> No. of business plans completed No. of strategic interventions implemented No. of people trained No. of clusters supported (KZN Music Cluster, KZN CTC, KZNFC, KZNFI) 	2 20 300 5	- 5 50 -	
3. Strategic Initiatives				
3.1 Stakeholder engagement report on strategic industrial interventions	<ul style="list-style-type: none"> % of resolutions adopted and implemented by social partners 	65%	-	
3.2 Productive and service sector strategies and plans implemented	<ul style="list-style-type: none"> No. of investment projects facilitated by aerotropolis and IEHs No. of jobs created through aerotropolis initiative No. of jobs created through maritime initiative No. of jobs created through IEHs initiative No. of business plans or master plans completed No. of review reports on strategic sector 	3 50 22 74 4 2	- - - - - -	

4.4 Programme 4: Business Regulation and Governance

The aim of this programme is to enable an equitable and socially responsible business environment. Tables 4.11 and 4.12 summarise the 2016/17 adjusted appropriation of Programme 4, summarised according to sub-programme and economic classification. Details of the main adjustments, which resulted in an overall decrease of R6.664 million, are given in the paragraphs following the tables.

Table 4.11 : Programme 4: Business Regulation and Governance

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Regulation Services	5 879			(270)			(270)	5 609
2. Consumer Protection	32 154			(6 394)			(6 394)	25 760
3. Liquor Regulation	73 753						-	73 753
Total	111 786	-	-	(6 664)	-	-	(6 664)	105 122
Amount to be voted								(6 664)

Table 4.12 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	38 033	-	-	(6 832)	-	-	(6 832)	31 201
Compensation of employees	21 241			(2 351)			(2 351)	18 890
Goods and services	16 792			(4 481)			(4 481)	12 311
Interest and rent on land							-	-
Transfers and subsidies to:	73 753	-	-	138	-	-	138	73 891
Provinces and municipalities							-	-
Departmental agencies and accounts	73 753						-	73 753
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions							-	-
Households				138			138	138
Payments for capital assets	-	-	-	30	-	-	30	30
Buildings and other fixed structures							-	-
Machinery and equipment				30			30	30
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets	-	-	-	-	-	-	-	-
Total	111 786	-	-	(6 664)	-	-	(6 664)	105 122
Amount to be voted								(6 664)

Virement – Programme 4: Business Regulation and Governance: (R6.664) million

The main appropriation of Programme 4 was decreased by R6.664 million which was moved from the sub-programme: Regulation Services (R270 000) and Consumer Protection (R6.394 million), as follows:

- Savings of R6.832 million were identified under *Compensation of employees* (R2.351 million) due to lengthy recruitment processes, and *Goods and services* (R4.481 million) relating to consumer awareness campaign events which were cancelled due to unforeseen circumstances, as well as cost-cutting on items such as advertising, travel and subsistence, minor assets and catering. These savings were moved, as explained below:
 - R6.664 million was moved to *Goods and services* in Programme 1 to offset spending pressures relating to higher than projected costs with respect to the printing of the budget speech and the Specialised Investment Advisory Team whose services are sought as and when they are required by the department in terms of a service level agreement, resettlement costs for relocation of the Ministry from Durban to Pietermaritzburg, as well as legal costs under the Office of the MEC.

The balance of R168 000 was utilised within Programme 4 to defray pressures, as follows:

- R138 000 was moved to offset spending pressures against *Transfers and subsidies to: Households* which relates to unanticipated staff exit costs.
- R30 000 was moved to *Machinery and equipment* to cater for the unanticipated replacement of computer equipment.

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

Service delivery measures – Programme 4: Business Regulation and Governance

Table 4.13 shows the service delivery information for Programme 4 as per the department's 2016/17 APP and the *EPRE*, as well as the actual achievements for the first six months of the year.

Table 4.13 : Service delivery measures – Programme 4: Business Regulation and Governance

Outputs	Performance indicators	Performance targets		
		2016/17 Original target	2016/17 Mid-year actual	2016/17 Revised target
1. Regulation Services				
1.1 Formal and Informal Business Regulation	<ul style="list-style-type: none"> • No. of municipalities monitored and evaluated with implementation of regulations of barriers identified • No. of provincial informal economy policy alignment programmes facilitated • No of barriers identified • No of barriers addressed 	31 20 3 3	18 13 1 1	
2. Consumer Protection				
2.1 Develop and maintain an efficient regulatory and governance framework	<ul style="list-style-type: none"> • No. of consumer education programmes conducted • No. of inspections conducted • No of written complaints resolved • No. of written complaints received 	1 500 400 1 936 2 420	589 291 1 628 2 737	
3. Liquor Regulation				
3.1 Develop and maintain an efficient regulatory and governance framework	<ul style="list-style-type: none"> • No. of KZNLA monitoring reports (tracking the effectiveness of the KZNLA in regulating the industry) • No. of reviews of the legislative framework relating to liquor, consumer and regulation services 	4 4	1 -	

4.5 Programme 5: Economic Planning

The purpose of this programme is to develop provincial economic policies and strategies to achieve and measure sustainable economic development. Tables 4.14 and 4.15 reflect a summary of the 2016/17 adjusted appropriation of Programme 5, summarised according to sub-programme and economic classification.

Details of the main adjustments, which resulted in an overall decrease of R300 000, are given in the paragraphs following the tables.

Table 4.14 : Programme 5: Economic Planning

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Policy and Planning	7 445				(300)		(300)	7 145
2. Research and Development	15 499			4 516			4 516	20 015
3. Knowledge Management	7 419			(4 154)			(4 154)	3 265
4. Monitoring and Evaluation	8 162			(362)			(362)	7 800
Total	38 525	-	-	-	(300)	-	(300)	38 225
Amount to be voted								(300)

Table 4.15 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	32 000	-	-	328	(6 800)	-	(6 472)	25 528
Compensation of employees	16 938			(1 416)			(1 416)	15 522
Goods and services	15 062			1 744	(6 800)		(5 056)	10 006
Interest and rent on land							-	-
Transfers and subsidies to:	2 500	-	-	3 617	6 500	-	10 117	12 617
Provinces and municipalities					500		500	500
Departmental agencies and accounts					3 500		3 500	3 500
Higher education institutions	2 500			3 617	2 500		6 117	8 617
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions							-	-
Households							-	-
Payments for capital assets	4 025	-	-	(3 945)	-	-	(3 945)	80
Buildings and other fixed structures							-	-
Machinery and equipment	25			55			55	80
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets	4 000			(4 000)			(4 000)	-
Payments for financial assets							-	-
Total	38 525	-	-	-	(300)	-	(300)	38 225
Amount to be voted								(300)

Virement – Programme 5: Economic Planning

The following virements were undertaken within Programme 5, between sub-programmes and economic categories. Savings were identified from the sub-programme: Knowledge Management (R4.154 million) and the sub-programme: Monitoring and Evaluation (R362 000) and were moved to the sub-programme: Research and Development:

- Savings of R1.416 million were identified under *Compensation of employees* due to lengthy recruitment processes. These were moved to *Goods and services* to offset spending pressures brought about by higher than anticipated costs for administrative fees, training and development, as well as operating payments.
- R4 million savings were identified under *Software and other intangible assets* ascribed to the Integrated Statistical database project which is not going to be procured in 2016/17 due to challenges in finding a suitable supplier. This reduction requires Legislature approval, and these savings were moved, as follows:
 - R328 000 was moved to *Goods and services* to cater for administrative fees, training and development, as well as operating payments, as mentioned previously.
 - R3.617 million was moved to *Transfers and subsidies to: Higher education institutions* for the implementation of the Solar PV Rooftop project assigned to Mangosuthu University of Technology (MUT) and Durban University of Technology (DUT). The cost for this project was higher than budgeted.
 - R55 000 was moved to *Machinery and equipment* to fund the procurement of computer equipment which was higher than anticipated.

These virements are permissible in terms of the PFMA and Treasury Regulations. Where necessary, the required Treasury approval was obtained, such as the increase in transfer for the implementation of the Solar PV Rooftop project. The reduction in *Payments for capital assets* requires Legislature approval.

Shifts – Programme 5: Economic Planning: (R300 000)

The following shifts were undertaken across economic categories between programmes and within the programme, which resulted in a net decrease of R300 000. The original purpose of the funds remains unchanged, and these shifts are described as follows:

- R6.800 million was incorrectly allocated under *Goods and services* in Programme 5, and these funds were moved to be correctly placed as follows:
 - R300 000 relating to the Forward Keys project was incorrectly allocated to *Goods and services* in Programme 5. These funds were moved to *Transfers and subsidies to: Departmental agencies and accounts* in Programme 6, as TKZN is responsible for the implementation of this project.
 - R500 000 relating to the Innovation Forums initiative moved from *Goods and services* to *Transfers and subsidies to: Provinces and municipalities* within Programme 5, because the department appointed Innovate Durban (an entity of the eThekweni Metro) to co-ordinate these forums. These funds will be utilised to support and stimulate and instil a culture of innovation in the communities around the innovation parks or hubs, also known as Techno-Hubs.
 - R3.500 million was shifted from *Goods and services* to *Transfers and subsidies to: Departmental agencies and accounts* within Programme 5. These funds are for Industrial Symbiosis which comprises catalytic packaged projects aimed at funding waste related projects, as well as the Biogas pilot /Bio-energy research project aimed at assisting with the development and promotion of renewable energy. Funds were moved to *Transfers and subsidies* as these projects are to be administered by the Council for Scientific and Industrial Research (CSIR).
 - R2.500 million relating to the Solar PV Rooftop project was shifted from *Goods and services* to *Transfers and subsidies to: Higher education institutions* for transfer to DUT who is responsible for this project.
 - A correction was also made within *Transfers and subsidies to: Higher education institutions* where R2.500 million for the KZN University Technology Transfer programme was erroneously allocated to MUT in Programme 5 in the *EPRE*. The purpose of the funds remains unchanged, and the funds are now allocated as follows:
 - R1.100 million to UniZulu.
 - R1.046 million to UKZN.
 - R354 000 to DUT.

Service delivery measures – Programme 5: Economic Planning

Table 4.16 shows the service delivery information for Programme 5: Economic Planning as per the department's 2016/17 APP and the *EPRE*, as well as the actual achievements for the first six months of the year. One target have been adjusted, as reflected in Table 4.16 (under the column "2016/17 Revised target"), to align the target in the *EPRE* to the department's tabled 2016/17 APP.

Table 4.16 : Service delivery measures – Programme 5: Economic Planning

Outputs	Performance indicators	Performance targets		
		2016/17 Original target	2016/17 Mid -year actual	2016/17 Revised target
1. Policy and Planning				
1.1 Economic policy and strategy development	<ul style="list-style-type: none"> • No. of policy advocacy reports • No. of economic strategies reviewed • No. of strategies implemented • No. of policy briefs • No. of strategy implementation tracking reports 	2 - 2 2 2	1 1 3 - -	6

Table 4.16 : Service delivery measures – Programme 5: Economic Planning

Outputs	Performance indicators	Performance targets		
		2016/17 Original target	2016/17 Mid -year actual	2016/17 Revised target
2. Research and Development				
2.1 Research Reports on priority and strategy sectors	<ul style="list-style-type: none"> No. of research reports on priority and strategy sectors No. of research and development initiatives supported 	11	5	
		5	2	
3. Knowledge Management				
3.1 Collect, process, maintain and report on economic and other social data	<ul style="list-style-type: none"> No. of operational integrated statistical databases No. of updated project analysis reports against APP targets No. of reports tracking provincial knowledge base indicators 	1	-	
		4	2	
		4	2	
4. Monitoring and Evaluation				
4.1 Evaluation assessment reports	<ul style="list-style-type: none"> No. of evaluation assessment reports 	5	1	
4.2 Annual evaluation plans	<ul style="list-style-type: none"> Approved 3-year evaluation plan 	1	1	

4.6 Programme 6: Tourism

The main purpose of this programme is to stimulate economic growth through tourism development.

Tables 4.17 and 4.18 reflect a summary of the 2016/17 adjusted appropriation of Programme 6, according to sub-programme and economic classification.

Details of the main adjustments, which resulted in an overall decrease of R20.805 million, are given in the paragraphs following the tables.

Table 4.17 : Programme 6: Tourism

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Tourism Planning	12 183			(2 564)			(2 564)	9 619
2. Tourism Growth and Development	261 561			(14 260)	(700)		(14 960)	246 601
3. Tourism Sector Transformation	11 579			(3 281)			(3 281)	8 298
Total	285 323	-	-	(20 105)	(700)	-	(20 805)	264 518
Amount to be voted								(20 805)

Table 4.18 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	96 452	-	-	(27 835)	(29 112)	-	(56 947)	39 505
Compensation of employees	17 412			(3 847)			(3 847)	13 565
Goods and services	79 040			(23 988)	(29 112)		(53 100)	25 940
Interest and rent on land							-	-
Transfers and subsidies to:	188 791	-	-	7 730	28 412	-	36 142	224 933
Provinces and municipalities	6 000			1 500	(6 000)		(4 500)	1 500
Departmental agencies and accounts	171 021			3 800	7 768		11 568	182 589
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises	11 070			2 630	26 844		29 474	40 544
Non-profit institutions	700			(200)	(200)		(400)	300
Households							-	-
Payments for capital assets	80	-	-	-	-	-	-	80
Buildings and other fixed structures							-	-
Machinery and equipment	80						-	80
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets							-	-
Total	285 323	-	-	(20 105)	(700)	-	(20 805)	264 518
Amount to be voted								(20 805)

Virement – Programme 6: Tourism: (R20.105 million)

The department undertook virements within and to other programmes and economic categories, resulting in a decrease of R20.105 million as explained below:

- Savings of R3.800 million were moved from Programme 2 under *Transfers and subsidies to: Public corporations and private enterprises*, reduced from the transfer to Ithala due to positive cash balances held by this entity. These savings were moved to *Transfers and subsidies to: Departmental agencies and accounts* in this programme to increase the transfer to TKZN (R800 000) for the STEM Festival Conference and R3 million to KZNSB for the Maritime Centre of Excellence relating to the provision of safe and reliable river crossing boats for the community in the Mfolozi area.
- Savings of R27.835 million identified under *Compensation of employees* (R3.847 million) due to delays in the filling of critical posts, *Goods and services* (R23.988 million) as a result of cost-cutting and reprioritisation relating to events such as the Metro FM Awards and the East3 Route, were moved as follows:
 - R17.905 million was moved to Programme 2, as follows:
 - R15.905 million was moved to *Goods and services* with R3 million going to the Future Leaders Awards (R3 million), R2 million for the Youth Business Campaign, R2 million for the KZN Youth Expo 2016, R2 million for the uThungulu Women Business Conference, R2.500 million for Career and Business Skills and R4.405 million for the Youth Technical Skills programme.
 - R2 million was moved to *Transfers and subsidies to: Provinces and municipalities* for transfer to the eThekweni metro to fund the South African Music Conference (R1.500 million) and R500 000 to cater for the launch of the Essence Festival which was held in November 2016.
 - R4.500 million was moved to Programme 3. Of this, R4 million was moved to *Goods and services* for the Culture and Food Festival and the Industrial Economic Hubs. The balance of R500 000 was moved to *Transfers and subsidies to: Provinces and municipalities* for the Durban Fashion Fair.
 - R1.500 million was moved to Programme 7 under *Goods and services* to cater for the Trash to Cash Campaign training which was held on 26 March 2016. This training was aimed at training people to clean the environment and minimise waste that goes to landfill sites while simultaneously creating sustainable jobs.

The following virements of R3.930 million were undertaken within Programme 6:

- R1.500 million for Woza eDurban New Year's Picnic was moved to *Transfers and subsidies to: Provinces and municipalities*.
- R2.430 million was moved to *Public corporations and private enterprises*, with R1.200 million being for the KZN Liaison Campaign, R1.200 million for The New Age Business Briefing (SABC Business Breakfast), and R30 000 for the eKasi Tour 2016.
- R9.570 million savings were identified as a result of the cancellation of the World Amateur Golfers Tournament (R9.070 million) and the reduction of the Ndumo Lodge upgrade (R500 000) allocation. These funds were re-allocated within *Transfers and subsidies to: Public corporations and private enterprises* in Programme 6, as follows.
 - R1.500 million was allocated for the Spring Day Music Explosion 2016.
 - R1.200 million was allocated for the Umgababa New Year's Picnic 2016.
 - R1.500 million was allocated for the KwaDukuza Festival 2016.
 - R1 million was allocated for the Indlamu Sakhisizwe Cultural Tourism 2016.
 - R500 000 was allocated for Indlamu Cosmopolitan 2016.

- R1.200 million was allocated for the Durban Summer Beach Festival 2016.
- R670 000 was allocated for the eKasi Tour 2016.
- R1 million was allocated for the Richards Bay Imbizo 2016.
- R1 million was allocated for the Impucuzeko Maskandi Festival 2016.
- R200 000 savings were identified under *Transfers and subsidies to: Non-profit institutions* relating to the WowZulu Production in respect of Ndumo Lodge upgrade, and this was moved to *Transfers and subsidies to: Public corporations and private enterprises* to fund the eKasi Tour 2016.

These virements are permissible in terms of the PFMA and Treasury Regulations. Where necessary, the required Treasury approval was obtained, such as the increase in transfers to entities, as well as the introduction of several new transfers. However, the reductions in the transfer payments in respect of the World Amateur Golfers Tournament (R9.070 million) and the reduction in the Ndumo Lodge upgrade allocations require Legislature approval.

Shifts – Programme 6: Tourism: (R700 000)

The department undertook the following shifts from Programme 6 to other programmes and within the programme:

- R1 million for the Ndumo Nkululeko Regeneration Programme (Ndumo Lodge upgrade) was moved from Programme 6 under *Transfers and subsidies to: Public corporations and private enterprises* to Programme 7 against *Transfers and subsidies to: Departmental agencies and accounts*, because this project will be implemented by EKZNW.
- R300 000 relating to the Forward Keys project was moved from Programme 5 under *Goods and services*, to this programme under *Transfers and subsidies to: Departmental agencies and accounts*, as TKZN is responsible for the implementation of this project.
- R6 million for Africa Bike week was re-classified from *Transfers and subsidies to: Provinces and municipalities* to *Transfers and subsidies to: Public corporations and private enterprises* within Programme 6. The transfer will no longer be made to the Ugu District Municipality, but the funds will be paid directly to the service provider.
- R29.812 million was re-classified within Programme 6 from *Goods and services* to *Transfers and subsidies* within the programme. The funds will be transferred, as follows:
 - R1 million relating to a sponsorship for the Ugu Jazz Festival 2016 was inadvertently budgeted for under *Goods and services* rather than *Transfers and subsidies to: Public corporations and private enterprises* within Programme 6. Funds were transferred to a private enterprise who was responsible to co-ordinate this festival. This shift was undertaken to correctly place the budget.
 - R500 000 for the Tourism Sustaining Competitive and Responsible Enterprises which is undertaken in partnership with the International Labour Organisation was budgeted for under *Goods and services*, and a shifting of funds was undertaken to *Transfers and subsidies to: Public corporations and private enterprises* within Programme 6.
 - R20.844 million for the Metro FM Awards was erroneously budgeted for under *Goods and services* and was moved to be correctly placed under *Transfers and subsidies to: Public corporations and private enterprises*. These funds will be transferred to the service provider who is appointed by the department to co-ordinate this event.
 - R7.468 million was shifted from *Goods and services* to *Transfers and subsidies to: Departmental agencies and accounts* under TKZN within this programme. These funds are for the Loeries Creative Week event (R4.168 million) that took place from 15 to 21 August 2016 and R2.575 million for the Vodacom Durban July 2016 event which was held from 2 to 3 July 2016, as well as R725 000 for the Metro FM Awards.
- R700 000 was shifted from *Transfers and subsidies* to *Goods and services* within Programme 6. Of this, R500 000 for the Blue Flag impact study was moved from *Transfers and subsidies to: Public*

corporations and private enterprises and R200 000 for the Simunye Information Centre moved from *Transfers and subsidies to: Non-profit institutions*. A decision was taken by the department not to transfer these funds to Africa Ignite which was assigned for the refurbishment of the Simunye Information Centre and to CSIR for the Blue Flag impact study. The implementation of these projects will be carried out internally through the appointment of a service provider following SCM processes.

Service delivery measures – Programme 6: Tourism

Table 4.19 shows the service delivery information for Programme 6 as per the department's 2016/17 APP and the *EPRE*, as well as the actual achievements for the first six months of the year.

Table 4.19 : Service delivery measures – Programme: Tourism

Outputs	Performance indicators	Performance targets		
		2016/17 Original target	2016/17 Mid-year actual	2016/17 Revised target
1. Tourism Planning				
1.1 Tourism stakeholder engagement reports	• % of resolutions adopted and implemented by social partners	95%	-	
1.2 Tourism policies, legislation and strategies developed	• No. of tourism research, policies, strategies and frameworks identified and developed	7	1	
2. Tourism Growth and Development				
2.1 Progress reports on the implementation of the KZN Tourism Master Plan	• No. of tourism interventions implemented towards growth and employment creation	5	-	
	• No. of tourist guides/tourism businesses registered	500	316	
3. Tourism Sector Transformation				
3.1 Tourism transformation and policies Implemented	• No. of tourism specific interventions implemented	15	8	

4.7 Programme 7: Environmental Affairs

This programme aims to ensure effective compliance and governance in respect of environmental management.

Tables 4.20 and 4.21 reflect a summary of the 2016/17 adjusted appropriation of Programme 7, according to sub-programme and economic classification.

Details of the main adjustments, which resulted in an overall decrease of R29.953 million, are given in the paragraphs following the tables.

Table 4.20 : Programme 7: Environmental Affairs

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Environmental Policy Planning and Co-Ordination	8 711			4 286			4 286	12 997
Intergovt. Co-ordination, Spatial and Dev Planning	7 606			4 543			4 543	12 149
Climate Change Management	1 105			(257)			(257)	848
2. Compliance and Enforcement	37 934			(4 095)			(4 095)	33 839
Enviro. Quality Managemt Compliance and Enforcemnt	37 934			(4 095)				37 934
3. Environmental Quality Management	49 643			(7 506)			(7 506)	42 137
Impact Management	23 279			(6 405)			(6 405)	16 874
Air Quality Management	3 953			1 605			1 605	5 558
Pollution and Waste Management	22 411			(2 706)			(2 706)	19 705
4. Biodiversity Management	720 253			(27 444)	1 000	395	(26 049)	694 204
Biodiversity and Protected Area Plan. and Managemt	155 681			(35 844)	(50 000)		(85 844)	69 837
Conservation Agencies and Services	554 227			8 000	51 000	395	59 395	613 622
Coastal Management	10 345			400			400	10 745
5. Environmental Empowerment Services	34 323			(1 524)			(1 524)	32 799
Environmental Capacity Development and Support	34 323			(1 524)			(1 524)	32 799
6. Environmental Affairs Services Support	6 632			4 935			4 935	11 567
Environmental Services Administrative Support	6 632			4 935			4 935	11 567
Total	857 496	-	-	(31 348)	1 000	395	(29 953)	827 543
Amount to be voted								(29 953)

Table 4.21 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments	
Current payments	244 141	-	-	(40 838)	(1 823)	-	(42 661)
Compensation of employees	120 253			(10 152)			(10 152)
Goods and services	123 888			(30 686)	(1 823)		(32 509)
Interest and rent on land							-
Transfers and subsidies to:	610 879	-	-	8 043	2 823	395	11 261
Provinces and municipalities							-
Departmental agencies and accounts	604 227			8 000	1 000	395	9 395
Higher education institutions							-
Foreign governments and international organisations							-
Public corporations and private enterprises							-
Non-profit institutions	6 552				1 823		1 823
Households	100			43			43
Payments for capital assets	2 476	-	-	1 447	-	-	1 447
Buildings and other fixed structures							-
Machinery and equipment	2 276			1 447			1 447
Heritage assets							-
Specialised military assets							-
Biological assets							-
Land and subsoil assets							-
Software and other intangible assets	200						-
Payments for financial assets							-
Total	857 496	-	-	(31 348)	1 000	395	(29 953)
Amount to be voted							(29 953)

Virement – Programme 7: Environmental Affairs: (R31.348) million

The department undertook virements within and to other programmes and economic categories, as explained below:

- Net savings of R40.838 million were identified against *Compensation of employees* (R10.152 million) due to delays in filling posts and *Goods and services* (R30.686 million) relating to the IASP. These savings were moved to address the following pressures:
 - R16.110 million was moved to Programme 1 under *Goods and services* to offset spending pressures brought about by the appointment of consultants assisting the department's SCM unit to alleviate work pressure caused by the function shift in respect of Environmental Affairs from the DARD, as well as for the Specialised Investment Advisory Team which was under-budgeted for by the department.
 - R19.738 million was moved to Programme 3 under *Goods and services* to fund projects such as R6 million to the KZN Industrial Economic Hubs, R1 million for the Wifi Hotspots, R568 000 for the Film Strategy, R1 million for the Amakha Essential Co-operative, R2.300 million for the Aerotropolis Institute, R2.500 million in respect of the Durban Aerotropolis Masterplan, R2 million for the Aerotropolis Project Management Unit, R1.500 million for the KZN Craft Hub and R2.870 million to fund the KZN Integrated Maritime Strategy Implementation.
 - R1.500 million was moved from Programme 6 to Programme 7 within *Goods and services* to fund the Trash to Cash Campaign training which was held on 26 March 2016.
 - Savings of R3 million were identified from Programme 2 against *Transfers and subsidies to: Public corporations and private enterprises* under Ithala due to the entity's healthy positive cash balance. These were moved to *Transfers and subsidies to: Departmental agencies and accounts* under EKZNW to develop concept plans for revamping three resorts, namely Midmar, Amatikhulu and Umlalazi, as well as to conduct a fleet needs analysis, and to appoint legal advisors on the proposed outsourcing of the commercial operations of the Ntshondwe resort at Ithala Game Reserve.

In addition to the above-mentioned virements across programmes, the following were undertaken within Programme 7:

- R5 million was moved from the IASP to *Transfers and subsidies to: Departmental agencies and accounts* towards EKZNW's drought relief initiative. EKZNW facilities require borehole pumps and water tanks.

- o R43 000 was moved to *Transfers and subsidies to: Households* for staff exit costs.
- o R1.447 million was moved to *Machinery and equipment* for the purchase of equipment such as borehole pumps and water tanks in respect of the drought relief programme of the department.

These virements are permissible in terms of the PFMA and Treasury Regulations. Where necessary, the required Treasury approval was obtained, such as the increase in transfers to EKZNW, as well as the introduction of a new transfer payment.

Shifts – Programme 7: Environmental Affairs: R1 million

The department undertook the following shifts from Programme 6 to Programme 7 and within the programme:

- R1 million for the Ndumo lodge upgrade was moved from *Transfers and subsidies to: Public corporations and private enterprises* in Programme 6 to be correctly placed under *Transfers and subsidies to: Departmental agencies and accounts* in this programme. The department has appointed EKZNW to be the implementing agent for this project.
- R1.823 million for the Integrated Greening programme undertaken by the Wildlands Conservation Trust was inadvertently allocated against *Goods and services* and these funds are now correctly placed against *Transfers and subsidies to: Non-profit institutions* within Programme 7.

Other adjustments – Programme 7: Environmental Affairs: R395 000

EKZNW received additional funding of R395 000 for the above-budget 2016 wage adjustment. These funds are allocated against *Transfers and subsidies to: Departmental agencies and accounts*.

Service delivery measures – Programme 7: Environmental Affairs

Table 4.22 shows the service delivery information for Programme 7: Environmental Affairs as per the department's 2016/17 APP and the *EPRE*, as well as the actual achievements for the first six months of the year. Nine targets have been adjusted, as reflected in Table 4.22 (under the column "2016/17 Revised target"), to align the target in the *EPRE* to the department's tabled 2016/17 APP.

Table 4.22 : Service delivery measures – Programme 7: Environmental Affairs

Outputs	Performance indicators	Performance targets		
		2016/17 Original target	2016/17 Mid-year actual	2016/17 Revised target
1. Environmental Policy Planning and Co-ordination				
1.1 Progress reports on the development of environmental strategies and plans	• No. of intergovernmental sector tools reviewed	61	-	
	• No. of legislative tools developed	14	-	4
	• No. of environmental research projects undertaken	3	-	4
	• No. of functional environmental information management systems	12	-	
	• No. of climate change response tools developed	1	-	
2. Compliance and Enforcement				
2.1 Environmental regulation and governance reports	• No. of enforcement actions finalised for non-compliance with environmental legislation	360	193	300
	• No. of compliance inspections conducted	770	422	800
	• No. of received S24G applications finalised	20	10	25
3. Environmental Quality Management				
3.1 Air Quality Management (AQM)	• % of EIA applications finalised within legislated timeframes	98%	98%	
3.2 Impact management	• No. of designated organs of state with approved AQMPs	1	-	
3.3 Pollution and waste management	• % Atmospheric Emission Licences with complete applications issued within legislated timeframes	100%	-	
	• % of facilities with Atmospheric Emission Licences reporting to the National Atmospheric Emissions Inventory System (NAEIS)	70%	-	100%
	• % of waste licence applications finalised within legislated timeframes	85%	100%	

Table 4.22 : Service delivery measures – Programme 7: Environmental Affairs

Outputs		Performance indicators	Performance targets		
			2016/17 Original target	2016/17 Mid-year actual	2016/17 Revised target
4. Biodiversity Management					
4.1	Progress reports on biodiversity management	• No. of coastal management programmes adopted	2	-	
		• No. of hectares cleared of invasive alien species	160 000	12 222	
		• Reduction in the percentage rate of decline of existing endangered species	7%	-	8%
5. Environmental Empowerment Services					
5.1	Progress reports on the implementation of environment empowerment services	• No. of environmental capacity building activities conducted	44	31	50
		• No. of environmental awareness activities conducted	1 000	562	
		• No. of work opportunities created through environmental initiatives	7 500	2 000	8 000

5. Specifically and exclusively appropriated allocations

Table 4.23 shows the amounts that are specifically and exclusively appropriated for specific purposes in terms of the KZN Adjustments Appropriation Act.

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

Details of the main adjustments, which resulted in an overall decrease of R69.040 million in respect of the department's specifically and exclusively appropriated funding, are provided in the paragraphs following the table.

Table 4.23 : Summary of specifically and exclusively appropriated funding

R thousand		Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
			Unforeseeable/			Other			
			Roll-overs	unavoidable	Virement	Shifts	adjustments		
1. Prog. 2: KZN Growth Fund Trust		64 400						-	64 400
2. Prog. 2: Small Business Growth Enterprise		69 040			(1 882)	(32 040)	(35 118)	(69 040)	-
3. Prog. 3: Moses Kotane Institute		45 431						-	45 431
4. Prog. 6: Africa Bike Week event		6 000						-	6 000
Total		184 871	-	-	(1 882)	(32 040)	(35 118)	(69 040)	115 831
Amount to be voted									(69 040)

The transfer to the SBGE was erroneously shown as R69.040 million in the 2016/17 *EPRE*, with an over-provision of R37 million. The previously mentioned budget cut was effected on this R37 million over-provision and part of it was moved to *Goods and services* to offset spending pressures relating to the Youth Technical Skills programme. The allocation of R32.040 million for the transfer to the SBGE was shifted to Ithala because the SBGE has been incubated under Ithala as a business unit. The specifically and exclusively appropriated funds for SBGE were moved as follows:

- *Virements*: R1.882 million was identified as savings from the R37 million over-provision relating to the transfer to the SBGE, and was moved from the SBGE to *Goods and services* to fund the Youth Technical Skills programme.
- *Shifts*: R32.040 million, which was the correct allocation for the transfer to SBGE, was shifted after the SBGE was incubated under Ithala as a business unit, as explained previously. As a result of this shift, the budget for SBGE will no longer be included under the specifically and exclusively appropriated funding table. It should be noted that, subsequent to this shifting of funds, a budget cut of R28.885 million was effected on the SBGE allocation.
- *Other adjustments*: R35.118 million budget cut was effected on the department's baseline against the SBGE's allocation. This cut was effected from the amount which was erroneously shown as R69.040 million in the 2016/17 *EPRE*, with an over-provision of R37 million.

Legislature approval is required for the reduction in the specifically and exclusively appropriated funds.

6. Gifts, donations and sponsorships

The department is not envisaging any gifts, donations and sponsorship in excess of R100 000 in 2016/17.

7. Infrastructure

Table 4.24 shows the summary of infrastructure payments per main category. There were no adjustments made in respect of infrastructure payments.

Table 4.24 : Summary of infrastructure payments by category

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Existing infrastructure assets	-	-	-	-	-	-	-	-
Maintenance and repair: Current							-	-
Upgrades and additions: Capital							-	-
Refurbishment and rehabilitation: Capital							-	-
New infrastructure assets: Capital							-	-
Infrastructure transfers	463 691	-	-	-	-	-	-	463 691
Infrastructure transfers: Capital	463 691						-	463 691
Infrastructure transfers: Current							-	-
Infrastructure: Payments for fin assets							-	-
Infrastructure: Leases							-	-
Capital infrastructure	463 691	-	-	-	-	-	-	463 691
Current infrastructure	-	-	-	-	-	-	-	-
Total	463 691	-	-	-	-	-	-	463 691
Amount to be voted								-

8. Conditional grants

Table 4.25 provides a summary of conditional grants. There were no adjustments made to the conditional grant allocation of the department.

Table 4.25 : Summary of changes to conditional grants

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
7. Environmental Affairs	6 927	-	-	-	-	-	-	6 927
EPWP Integrated Grant for Provinces	6 927						-	6 927
Total	6 927	-	-	-	-	-	-	6 927
Amount to be voted								-

9. Transfers and subsidies

Table 4.26 shows the summary of transfers and subsidies by programme and main category.

Details of the main adjustments, which resulted in an overall decrease of R34.085 million in the transfers and subsidies allocation, are provided in the paragraphs before and after the table.

- *Virement*: The department undertook the following virements affecting transfers and subsidies, which resulted in a net increase of R16.920 million, as follows:
 - Savings of R1.798 million were moved from *Compensation of employees* within Programme 1 to various transfers and subsidies categories, as follows:
 - R4 000 was moved to *Departmental agencies and accounts* for SABC TV licences which were under-budgeted.
 - R1.794 million was moved to *Households* to cater for unanticipated staff exit costs, which are difficult to predict.

Table 4.26 : Summary of transfers and subsidies by programme and main category

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Unforeseeable/			Other			
		Roll-overs	unavoidable	Virement	Shifts	adjustments		
1. Administration	578	-	-	1 798	-	-	1 798	2 376
Provinces and municipalities	50	-	-	-	-	-	-	50
Motor vehicle licences	50						-	50
Departmental agencies and accounts	5	-	-	4	-	-	4	9
SABC TV licences	5			4			4	9
Households	523	-	-	1 794	-	-	1 794	2 317
Social benefit - Bursaries	523						-	523
Staff exit costs				1 794			1 794	1 794
2. Integrated Economic Development Services	265 764	-	-	(17 217)	8 200	(100 000)	(109 017)	156 747
Provinces and municipalities	-	-	-	2 000	-	-	2 000	2 000
South African Music Conference				1 500			1 500	1 500
Essence Festival				500			500	500
Higher education institutions	6 000	-	-	-	-	-	-	6 000
UKZN RLED Initiative	6 000						-	6 000
Public corporations and private enterprises	121 600	-	-	(16 191)	40 240	(64 882)	(40 833)	80 767
Commerce Edge					200		200	200
Black Industrialist programme					2 900		2 900	2 900
Women Enterprise Development					100		100	100
Ithala	121 600			(16 191)	37 040	(64 882)	(44 033)	77 567
Non-profit institutions	133 440	-	-	(1 882)	(32 040)	(35 118)	(69 040)	64 400
SBGE	69 040			(1 882)	(32 040)	(35 118)	(69 040)	-
KZNGFT	64 400						-	64 400
Households	4 724	-	-	(1 144)	-	-	(1 144)	3 580
Social benefits - Bursaries	4 724			(1 184)			(1 184)	3 540
Staff exit costs				40			40	40
3. Trade and Sector Development	729 355	-	-	12 811	2 665	-	15 476	744 831
Provinces and municipalities	-	-	-	1 500	3 000	-	4 500	4 500
Richards Bay Airport					1 000		1 000	1 000
Durban Fashion Fair				500			500	500
Ladysmith Airport				1 000	1 000		2 000	2 000
Ladysmith Black Mambazo Academy				-	1 000		1 000	1 000
Departmental agencies and accounts	466 643	-	-	2 000	1 000	-	3 000	469 643
TIK	82 420						-	82 420
DTPC	384 223			2 000	1 000		3 000	387 223
Public corporations and private enterprises	149 070	-	-	920	(1 335)	-	(415)	148 655
RBIDZ	126 370						-	126 370
KZN Fashion Council	5 000			1 000	665		1 665	6 665
KZN Clothing & Textile	700						-	700
Ugu ICT Incubator	2 700						-	2 700
Music Cluster	3 000						-	3 000
Study Mkuze Airport	4 000			2 000			2 000	6 000
Teledialogue/Tele-Festival and Aerotropolis	1 000			(200)			(200)	800
KZN Tooling initiative	1 500			(350)			(350)	1 150
KZN Exporter Awards	800						-	800
Aerotropolis International Conference				470			470	470
Maritime Cluster	4 000			(2 000)	(2 000)		(4 000)	-
Non-profit institutions	113 642	-	-	8 391	-	-	8 391	122 033
KZN Film Commission	68 211						-	68 211
MKI	45 431			8 391			8 391	53 822
4. Business Regulation and Governance	73 753	-	-	138	-	-	138	73 891
Departmental agencies and accounts	73 753	-	-	-	-	-	-	73 753
KZNLA	73 753						-	73 753
Households	-	-	-	138	-	-	138	138
Staff exit costs				138			138	138
5. Economic Planning	2 500	-	-	3 617	6 500	-	10 117	12 617
Provinces and municipalities	-	-	-	-	500	-	500	500
eThekweni: Innovation Forums initiative					500		500	500
Departmental agencies and accounts	-	-	-	-	3 500	-	3 500	3 500
CSIR - Industrial Symbiosis					1 000		1 000	1 000
CSIR - Biogas pilot/ bio-energy research					2 500		2 500	2 500
Higher education institutions	2 500	-	-	3 617	2 500	-	6 117	8 617
Technology Transfer: UniZulu					1 100		1 100	1 100
Solar PV Rooftop: DUT				718	2 500		3 218	3 218
Solar PV Rooftop:MUT				2 899			2 899	2 899
Technology Transfer: MUT	2 500				(2 500)		(2 500)	-
Technology Transfer: UKZN					1 046		1 046	1 046
Technology Transfer: DUT					354		354	354

Table 4.26 : Summary of transfers and subsidies by programme and main category

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Unforeseeable/		Other				
		Roll-overs	unavoidable	Virement	Shifts	adjustments		
6. Tourism	188 791	-	-	7 730	28 412	-	36 142	224 933
Provinces and municipalities	6 000	-	-	1 500	(6 000)	-	(4 500)	1 500
eThekweni - Woze Durban				1 500			1 500	1 500
Ugu District Munic. - Africa Bike Week event	6 000				(6 000)		(6 000)	-
Departmental agencies and accounts	171 021	-	-	3 800	7 768	-	11 568	182 589
KZN Sharks Board	69 175			3 000			3 000	72 175
Tourism KwaZulu Natal	101 846			800	7 768		8 568	110 414
Public corporations and private enterprises	11 070	-	-	2 630	26 844	-	29 474	40 544
World Amateur Golfers Tournament	9 070			(9 070)			(9 070)	-
Ugu Jazz festival					1 000		1 000	1 000
Ndumo Lodge upgrade	1 500			(500)	(1 000)		(1 500)	-
Tourism SCORE					500		500	500
Blue Flag impact study	500				(500)		(500)	-
Africa Bike Week event					6 000		6 000	6 000
Spring Day Music Explosion 2016				1 500			1 500	1 500
Umgababa New Years Picnic 2016				1 200			1 200	1 200
Kwadukuza Festival 2016				1 500			1 500	1 500
Indlamu Sakhisizwe Cultural Tourism				1 000			1 000	1 000
indlamu cosmopolitan 2016				500			500	500
Durban Summer Beach Festival 2016				1 200			1 200	1 200
eKasi Tour 2016				900			900	900
Richards Bay Imbizo 2016				1 000			1 000	1 000
Impucuzeko Maskandi Festival 2016				1 000			1 000	1 000
KZN Liaison Campaign				1 200			1 200	1 200
The New Age Business Briefing				1 200			1 200	1 200
Metro FM Awards					20 844		20 844	20 844
Non-profit institutions	700	-	-	(200)	(200)	-	(400)	300
Simunye Info. Centre	200				(200)		(200)	-
WowZulu Production - Ndumo Lodge upgrade	500			(200)			(200)	300
7. Environmental Affairs	610 879	-	-	8 043	2 823	395	11 261	622 140
Departmental agencies and accounts	604 227	-	-	8 000	1 000	395	9 395	613 622
EKZNW	604 227			8 000	1 000	395	9 395	613 622
Non-profit institutions	6 552	-	-	-	1 823	-	1 823	8 375
WESSA	450						-	450
Wildlands Conservation Trust					1 823		1 823	1 823
SAAMBR	6 102						-	6 102
Households	100	-	-	43	-	-	43	143
Staff exit costs	100			43			43	143
Total	1 871 620	-	-	16 920	48 600	(99 605)	(34 085)	1 837 535
Amount to be voted								(34 085)

- *Virement*: continued:

- o Programme 2 shows a reduction of R17.217 million as a result of the following virements:

- Savings of R2 million moved from *Goods and services* in Programme 6 due to cost-cutting and reprioritisation relating to events such as the Metro FM Awards and the East3 Route, were utilised to offset spending pressures under *Provinces and municipalities* in respect of the South African Music Conference and the launch of the Essence Festival. Both events were co-ordinated by the eThekweni Metro on behalf of the department.
 - R16.191 million was moved from Programme 2 to Programmes 3, 6 and 7. These funds were reduced from Ithala under *Public corporations and private enterprises* due to the entity's healthy positive cash balance. These savings were moved to cater for pressures under the following public entities:
 - R1 million was moved to *Departmental agencies and accounts* under DTPC to fund for the development of framework plan for the Automotive Supplier Park project in Programme 3.
 - R3 million was moved to *Departmental agencies and accounts* in Programme 6 for the provision of safe and reliable river crossing boats for the community in the Mfolozi area, which will be done in partnership with the Mfolozi Municipality and the Maritime Centre of Excellence under KZNSB.

- R800 000 was moved to *Departmental agencies and accounts* under TKZN in Programme 6 for the STEM Festival Conference.
- R3 million was moved to *Departmental agencies and accounts* under EKZNW in Programme 7, to fund the development of concept plans required for revamping three resorts (Midmar, Amatikhulu and Umlalazi), conducting a fleet needs analysis and for the appointment of legal advisors on the proposed outsourcing of the commercial operations of the Ntshondwe resort at the Ithala Game Reserve.
- R8.391 million was moved under *Non-profit institutions* in Programme 3 to fund MKI in respect of the STEM Fund, to set up an ICT institute for Software Engineering and Business Process Outsourcing in eight TVET colleges across the province and for the ICT Hub.
- R1.144 million was reduced under *Households*. Of this, the reduction of R1.184 million is attributed to UniZulu bursaries for students studying towards a Diploma in Co-operative Management and moved to *Goods and services* to fund the Youth Technical Skills programme. Mitigating this reduction were savings of R40 000 identified under *Compensation of employees* due to lengthy recruitment processes were moved to *Households* to cater for higher than anticipated staff exit costs.
- o R12.811 million was added to Programmes 3, as follows:
 - R1.500 million savings were moved from Programme 6 under *Goods and services* as a result of cost-cutting implemented on events such as the East3 Route and Metro FM Awards to this programme under *Provinces and municipalities* for the Durban Fashion Fair and for the Ladysmith Airport.
 - R2 million was moved to *Departmental agencies and accounts* to increase the transfer to DTPC for the Automotive Supplier Park, as mentioned above. Of this, R1 million came from Programme 2 and R1 million was from savings identified from within Programme 3.
 - A net amount of R920 000 under *Public corporations and private enterprises* was made up by R2.550 million savings moved from this category since costs for these projects were lower than the budget allocated in respect of Teledialogue/Tele-Festival (R200 000), the KZN Tooling Initiative (R350 000) and the Maritime Cluster (R2 million). These savings were moved to *Goods and services* to fund the KZN Economic Council. Mitigating this was R3.470 million which was moved to *Public corporations and private enterprises*. Of this, R1 million was utilised to fund the KZN Fashion Council for Fashion week, R2 million to increase transfers relating to the study and fencing of the Mkuze Airport which is transferred to uMhlozinga Development Agency and R470 000 to cater for the Aerotropolis Conference.
 - R8.391 million was moved to *Non-profit institutions* in Programme 3 to fund the MKI in respect of the STEM Fund, set up an ICT institute for Software Engineering and Business Process Outsourcing in eight TVET colleges across the province and for the ICT Hub.
- o Programme 4 was allocated R138 000 to address pressures against *Households* which relates to unanticipated staff exit costs.
- o In Programme 5 there is a virement of R3.617 million which was moved to *Higher education institutions* for the implementation of the Solar PV Rooftop project, assigned to MUT and DUT.
- o A net increase of R7.730 million in Programme 6 was due to the following:
 - R1.500 million for Woza eDurban New Year's Picnic was moved to *Provinces and municipalities* in this programme.
 - Savings of R3.800 million was moved from Programme 2 under *Public corporations and private enterprises*. This was reduced from the transfer to Ithala due to the entity's healthy positive cash balance. These savings were moved to *Departmental agencies and accounts* in this programme to increase transfers to TKZN (R800 000) for the STEM Festival

Conference and R3 million to KZNSB for the provision of safe and reliable river crossing boats for the community in the Mfolozi area, which will be undertaken by the Maritime Centre of Excellence in partnership with the Mfolozi Municipality.

- R2.430 million was moved to *Public corporations and private enterprises*, with R1.200 million for the KZN Liaison Campaign, R1.200 million for The New Age Business Briefing (SABC Business Breakfast), and R30 000 for the eKasi Tour 2016.
- R200 000 savings from *Non-profit institutions* relating to the transfer to the Wow-Zulu production for the Ndumo Lodge upgrade was moved to *Public corporations and private enterprises* to fund the eKasi Tour 2016.
- R9.570 million savings were identified as a result of the cancellation of the World Amateur Golfers Tournament (R9.070 million) and the reduction of the Ndumo Lodge upgrade (R500 000) allocation. These funds were re-allocated within *Public corporations and private enterprises* as follows:
 - R1.500 million allocated for the Spring Day Music Explosion 2016.
 - R1.200 million allocated for the Umgababa New Year's Picnic 2016.
 - R1.500 million allocated for the KwaDukuza Festival 2016.
 - R1 million allocated for the Indlamu Sakhisizwe Cultural Tourism 2016.
 - R500 000 allocated for the Indlamu Cosmopolitan 2016.
 - R1.200 million allocated for the Durban Summer Beach Festival 2016.
 - R670 000 allocated for the eKasi Tour 2016.
 - R1 million allocated for the Richards Bay Imbizo 2016.
 - R1 million allocated for the Impucuzeko Maskandi Festival 2016.
- o With regard to Programme 7, R8.043 million was moved *Transfers and subsidies* as follows:
 - R8 million was moved to EKZNW for projects including concept plans for revamping three resorts, namely Midmar, Amatikhulu and Umlalazi, and to conduct a fleet needs analysis, as well as to appoint legal advisors on the proposed outsourcing of the commercial operations of the Ntshondwe resort at the Ithala Game Reserve (R3 million) and drought relief programme (R5 million), as explained previously.
 - R43 000 was moved to *Households* for staff exit costs.
- *Shifts*: The following shifts were undertaken, which resulted in a net increase of R48.600 million, and the purpose of these funds remains unchanged:
 - o Programme 2: Shifting of funds was undertaken in respect of transfers and subsidies and these are explained below:
 - R200 000 relating to SMMEs was moved from *Goods and services* to *Public corporations and private enterprises* within Programme 2. These funds were transferred to Commerce Edge, and were utilised to provide a six square metre exhibition stand for 20 SMMEs from all districts in KZN to showcase their products at the KZN Enterprise and Supplier Development Expo which took place from 8 to 9 June 2016. SMMEs were selected from various SMME-related databases of the department and its entities.
 - R2.900 million for the Black Industrialist programme was shifted from *Goods and services* to be correctly classified against *Public corporations and private enterprises* within Programme 2.
 - R100 000 for the Women Enterprise Development programme was moved from *Goods and services* to be correctly placed against *Public corporations and private enterprises* within

Programme 2. This relates to a sponsorship to the Simile Manufacture Primary Co-operative which is formed by a group of women who established a small scale manufacturing sewing factory.

- The transfer to Ithala was increased by R37.040 million. Of this, R32.040 million relates to the transfer to SBGE which was moved from *Non-profit institutions* to *Public corporations and private enterprises* for transfer to Ithala, within Programme 2. This shift was required because the SBGE is being incubated under Ithala as a business unit. The balance of R5 million relates to the KZN Industrial Economic Hubs which was moved from *Goods and services* in Programme 3 to *Public corporations and private enterprises*, as Ithala has been appointed as the implementing agent in respect of the Industrial Economic Hubs.
- o The department undertook shifts within Programme 3 and to other programmes and economic categories, as follows:
 - R1 million for the Richards Bay Airport towards a feasibility study was re-classified from *Goods and services* to *Provinces and municipalities* within Programme 3 as these funds will be transferred to the uMhlathuze Municipality.
 - R1 million allocated to the Alfred Duma Municipality for the Ladysmith Airport in assisting with the development of an integrated master plan and infrastructure upgrades. These funds were moved from *Goods and services* to *Provinces and municipalities*.
 - R1 million allocated to the Alfred Duma Municipality for the Ladysmith Black Mambazo Academy was moved from *Goods and services* to be correctly placed against *Provinces and municipalities* within Programme 3.
 - R1 million for the cut flower project was moved from *Goods and services* to *Departmental agencies and accounts* under DTPC as this project is assigned to DTPC as the implementing agent on behalf of the department.
 - R665 000 was moved from *Goods and services* in Programme 2 to *Public corporations and private enterprises* in Programme 3. This is in respect of the KZN Fashion Council for the Africa Fashion Exchange, as explained earlier.
 - R2 million for the Maritime Cluster was re-classified from *Public corporations and private enterprises* to *Goods and services* within Programme 3.
- o Programme 5 shifts include the following:
 - R500 000 for the Innovation Forums initiative moved from *Goods and services* to *Provinces and municipalities* within Programme 5 because the department appointed Innovate Durban (an entity of the eThekweni Metro) to co-ordinate these forums. These funds will be utilised to support, stimulate and instil a culture of innovation in the communities around the innovation parks or hubs, also known as Techno-Hubs.
 - R3.500 million was shifted from *Goods and services* to *Departmental agencies and accounts* within Programme 5. These funds are for Industrial Symbiosis which comprises catalytic packaged projects aimed at funding waste related projects and the Biogas pilot /Bio-energy Research project aimed at assisting with the development and promotion of renewable energy. These funds are moved to *Transfers and subsidies* because these projects are to be administered by CSIR.
 - R2.500 million for the Solar PV Rooftop project was shifted from *Goods and services* to *Higher education institutions* under DUT who is responsible for this project.
 - R2.500 million relating to the KZN University Technology Transfer programme was erroneously allocated to MUT against *Higher education institutions* in Programme 5. The purpose of the funds remains unchanged, and these funds are now correctly allocated to UniZulu (R1.100 million), UKZN (R1.046 million) and DUT (R354 000).
 -

- Programme 6 shifting of funds moved to other programmes and within the programme:
 - R6 million for Africa Bike week was re-classified from *Provinces and municipalities* to *Public corporations and private enterprises* within Programme 6.
 - R7.768 million was added to the transfer to TKZN. Of this, R300 000 relates to the Forward Keys project and this was moved from Programme 5 under *Goods and services*, to this programme under *Departmental agencies and accounts*, as TKZN is responsible for the implementation of this project. An amount of R7.468 million was shifted from *Goods and services* to *Departmental agencies and accounts* under TKZN within this programme. These funds are for the Loeries Creative Week event (R4.168 million) that took place from 15 to 21 August 2016 and for the Vodacom Durban July 2016 event (R2.575 million) which was held from 2 to 3 July 2016, as well as for the Metro FM Awards (R725 000).
 - R1 million relating to a sponsorship for the Ugu Jazz Festival 2016, was inadvertently budgeted for under *Goods and services* rather than *Public corporations and private enterprises* within Programme 6. This shift was undertaken to correctly place the budget.
 - R1 million for the Ndumo Nkululeko Regeneration Programme (Ndumo Lodge upgrade) was moved from Programme 6 under *Public corporations and private enterprises* to Programme 7 against *Departmental agencies and accounts*, because this project will be implemented by EKZNW.
 - R500 000 for the Tourism Sustaining Competitive and Responsible Enterprises (SCORE) which is undertaken in partnership with the International Labour Organisation was budgeted for under *Goods and services*, and the funds are shifted to *Public corporations and private enterprises* within Programme 6.
 - R20.844 million for the Metro FM Awards was erroneously budgeted for under *Goods and services* and was moved to be correctly placed under *Public corporations and private enterprises*.
 - R700 000 was moved from *Transfers and subsidies* to *Goods and services* within Programme 6. Of this, R500 000 was for the Blue Flag impact study which is moved from *Public corporations and private enterprises* and R200 000 for the Simunye Information Centre moved from *Non-profit institutions*. A decision was taken by the department not to transfer these funds to Africa Ignite which was assigned for the refurbishment of the Simunye Information Centre and the CSIR for the Blue Flag impact study. The implementation of these projects will be carried out internally through the appointment of a service provider following SCM processes.
- The department undertook the following shifts from Programme 6 to Programme 7 and within the programme:
 - R1 million for the Ndumo Lodge upgrade was moved from *Public corporations and private enterprises* in Programme 6 to be correctly place under *Departmental agencies and accounts* in this programme. The department has appointed EKZNW to be the implementing agent for this project.
 - R1.823 million for the Integrated Greening programme undertaken by the Wildlands Conservation Trust was mistakably allocated against *Goods and services* and these funds were correctly placed under *Non-profit institutions* within Programme 7.
- *Other adjustments: Transfers and subsidies* were decreased by a net amount of R99.605 million as follows:
 - An amount of R100 million was reduced from the department's budget and moved to the Department of Health, this was part of the funds not surrendered by the department when the 2016/17 EPRE was tabled. These funds are moved to assist the Department of Health with its exchange rate pressures. This budget cut results in a reduction in the department's baseline and was effected as follows;

- R64.882 million was cut from *Public corporations and private enterprises* under the transfer to Ithala in Programme 2. Of this, R35.997 million was reduced from the KZN Property Development Holdings allocation and R28.885 million from the SBGE.
- R35.118 million was reduced under: *Non-profit institutions* in Programme 2. This amount relates to the transfer to the SBGE which was erroneously shown as R69.040 million in the 2016/17 EPRE, with an over-provision of R37 million.
- o EKZNW received additional funding of R395 000 for the 2016 wage adjustment, these funds are allocated against *Departmental agencies and accounts* in Programme 7.

10. Transfers to public entities

Table 4.27 below reflects transfers made by the department to public entities. Details of the main adjustments, which resulted in an overall decrease of R20.070 million in transfers to public entities, are provided in the paragraphs following the table.

Table 4.27 : Summary of transfers to public entities

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation	
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts			Other adjustments
Prog 2. Ithala Development Corporation	121 600			(16 191)	37 040	(64 882)	(44 033)	77 567
Enterprise Development Fund	82 200			(16 191)			(16 191)	66 009
KZN Property Development Holdings SOC Ltd	39 400					(35 997)	(35 997)	3 403
SBGE					32 040	(28 885)	3 155	3 155
KZN Industrial Economic Hub					5 000		5 000	5 000
Prog 3. DTPC	384 223			2 000	1 000		3 000	387 223
Prog 3. KZNFC	68 211						-	68 211
Prog 3. RBIDZ	126 370						-	126 370
Prog 3. TIK	82 420						-	82 420
Prog 4. KZNLA	73 753						-	73 753
Prog 6. KZNSB	69 175			3 000			3 000	72 175
Prog 6. TKZN	101 846			800	7 768		8 568	110 414
Prog 7. EKZNW	604 227			8 000	1 000	395	9 395	613 622
Bhambatha lodge, Ingodini Border Caves	4 500						-	4 500
Subsidy from Vote 4	540 487					395	395	540 882
Invasive Alien Species	50 000						-	50 000
Rhino anti-poaching	9 240						-	9 240
Ithala Game Reserve				3 000			3 000	3 000
Drought Relief Programme				5 000			5 000	5 000
Ndumo Lodge upgrade					1 000		1 000	1 000
Total	1 631 825	-	-	(2 391)	46 808	(64 487)	(20 070)	1 611 755
Amount to be voted								(20 070)

- *Virement*: The department undertook the following virements affecting transfers and subsidies and this resulted in a net reduction of R2.391 million as explained below:
 - o R16.191 million savings were identified from Ithala under the Enterprise Development fund due to the entity's healthy positive cash balance. These savings were moved to cater for pressures under the following public entities:
 - R1 million to provide for the development of a framework plan for the Automotive Supplier Park project assigned to DTPC. Another R1 million was from savings identified under *Goods and services* due to delays in implementation of projects such as the High Speed Rail project (also known as KSIA public transport link).
 - R3 million was moved to EKZNW to provide funds for the development of concept plans required for revamping three resorts (Midmar, Amatikhulu and Umlalazi), conducting a fleet needs analysis and to appoint legal advisors on the proposed outsourcing of the commercial operations of the Ntshondwe resort at Ithala Game Reserve, as explained previously.
 - R8.391 million was utilised to fund the MKI in respect of the STEM Fund, set up an ICT institute for Software Engineering and Business Process Outsourcing in eight identified TVET colleges across the province and for ICT Hub.

- R3 million was allocated to the KZNSB for the Maritime Centre of Excellence initiative to provide safe and reliable river crossing boats for the community in the Mfolozi area, which will be done by in a partnership with the Mfolozi Municipality.
 - R800 000 for the STEM Festival Conference was moved to TKZN.
- o R5 million was moved from IASP to fund EKZNW's drought relief programme.
- *Shifts:* The department undertook a shifting of funds which resulted in an increase of R46.808 million against the transfers to public entities:
 - o A shifting of R37.040 million was undertaken to increase the transfer to Ithala:
 - R5 million for the KZN Industrial Economic Hubs was moved from *Goods and services*, as Ithala has been appointed as the implementing agent in respect of the Industrial Economic Hubs.
 - R32.040 million allocated for transfer to SBGE was moved to Ithala because the SBGE is being incubated under Ithala as a business unit.
 - o R1 million for the Ndumo Lodge upgrade was moved from *Transfers and subsidies to: Public corporations and private enterprises* to be correctly placed under EKZNW, since it is the implementing agent for this project.
 - o R1 million for the cutflower project was moved from *Goods and services* to increase the transfer to DTPC, as it was appointed as the implementing agent for this project.
 - o R7.768 million was moved to TKZN to fund the Loeries Creative Week event (R4.168 million) that took place from 15 to 21 August 2016, for the Vodacom Durban July 2016 (R2.575 million) event which was held from 2 to 3 July 2016, Metro FM Awards (R725 000), and the Forward Keys project (R300 000), since TKZN is responsible to co-ordinate these projects/events on behalf of the department.
- *Other adjustments:* The transfer to public entities allocation was reduced by a net amount of R64.487 million, as follows:
 - o Budget cuts were effected against the department, of which R64.882 million was effected against Ithala. Of this, R35.997 million was reduced from the KZN Property Development Holdings allocation and R28.885 million from the SBGE allocation.
 - o EKZNW received additional funding of R395 000 for the 2016 wage adjustment.

11. Transfers to local government

Table 4.28 shows the details of transfers to local government. It is noted that the amount against *Provinces and municipalities* in Table 4.26 includes provision for motor vehicle licences. This amount is excluded from the transfers to local government table, as these funds will not be transferred to any municipality.

Details of the main adjustments, which resulted in an overall increase of R2.500 million, are provided in the paragraphs following the table.

Table 4.28 : Summary of transfers to local government

	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
A KZN2000 eThekweni Metro	-	-	-	4 000	500	-	4 500	4 500
Total: Ugu Municipalities	6 000	-	-	-	(6 000)	-	(6 000)	-
C DC21 Ugu District Municipality	6 000	-	-	-	(6 000)	-	(6 000)	-
Total: uThukela Municipalities	-	-	-	1 000	2 000	-	3 000	3 000
B KZN232 Alfred Duma	-	-	-	1 000	2 000	-	3 000	3 000
Total: King Cetshwayo District Municipality	-	-	-	-	1 000	-	1 000	1 000
B KZN282 uMhlathuze	-	-	-	-	1 000	-	1 000	1 000
	6 000	-	-	5 000	(2 500)	-	2 500	8 500
								2 500

- **Virement:** The department undertook the following virements affecting transfers to municipalities:
 - R4 million was allocated to eThekweni Metro to fund South African Music Conference (R1.500 million), R500 000 to cater for the Durban Fashion Fair, R500 000 for the launch of Essence Festival and R1.500 million for Woza eDurban New Year's Picnic. The eThekweni Metro is appointed by the department to facilitate these events.
 - R1 million for the Ladysmith Airport is allocated under the Alfred Duma Municipality. These funds will be utilised to assist with the development of an integrated master plan and infrastructure upgrades.
- **Shifts:** The department undertook the following shifts:
 - R500 000 for the Innovation Forums initiatives is placed under Innovate Durban (an entity under the eThekweni Metro) that is assigned to co-ordinate the Techno-Hubs forums.
 - R6 million for Africa Bike week moved from *Transfers and subsidies to: Provinces and municipalities* to be re-classified under *Transfers and subsidies to: Public corporations and private enterprises*, as these funds will be transferred directly to the service provider.
 - R2 million will be transferred to the Alfred Duma Municipality for the Ladysmith Airport (R1 million) for assisting with the development of an integrated master plan and infrastructure upgrades and R1 million for the Ladysmith Black Mambazo Academy.
 - R1 million was shifted to this category with respect to the Richards Bay Airport towards a feasibility study to be undertaken. The funds will be transferred to the uMhlathuze Municipality.

12. Actual payments and revised spending projections for the rest of 2016/17

Tables 4.29 and 4.30 reflect actual payments as at the end of September 2016 projected payments for the rest of the financial year and the total revised spending in rand value and as a percentage of the Adjusted Appropriation per programme and economic classification. The tables also show the 2015/16 Audited outcome. Comments are given above and below the tables.

- Programme 1 reflects fairly high spending of 52.2 per cent of budget, which is slightly high compared to the straight-line benchmark of 50 per cent. This can be ascribed to outstanding 2015/16 invoices in respect of building leases, which were only submitted by the Department of Public Works (DOPW) in 2016/17.
- Programme 2 spending is relatively low at 47.1 per cent due to lengthy recruitment processes, and delays caused by longer than anticipated administration processes which affected the implementation of several projects, such as the Local Competitiveness Fund (LCF) programme, which is aimed at encouraging partnerships which facilitate private sector investment in sustainable local economic development projects in sectors such as the automotive sector. Also affected by delays in administration processes was the Call for Proposal (CFP) support programme to small-scale sugar-cane growers, the Youth Technical Skills, as well as the BEE advisory council.
- Spending against Programme 3 is high at 65.4 per cent of the annual budget compared to the straight-line benchmark of 50 per cent. The department and various entities reviewed the quarterly payment schedules when concluding the SLAs. TIK, DTPC, RBIDZ, MKI and KZNFC received increased transfers in line with these entities' activities.

Table 4.29 : Actual payments and revised spending projections by programme

Table 122: Total payments and forecast spending projections by programme							
R thousand	2015/16 Audited outcome	Adjusted appropriation	Actual payments		Projected payments		Projected actual
			April '16 - September 2016	% of budget	October '16 - March 2017	% of budget	
1. Administration	185 577	250 177	130 599	52.2	119 578	47.8	250 177
2. Integrated Economic Development Services	427 599	320 394	150 913	47.1	169 481	52.9	320 394
3. Trade and Sector Development	939 786	798 632	522 129	65.4	276 503	34.6	798 632
4. Business Regulation and Governance	96 704	105 122	61 684	58.7	43 438	41.3	105 122
5. Economic Planning	29 492	38 225	11 922	31.2	26 303	68.8	38 225
6. Tourism	375 674	264 518	139 290	52.7	125 228	47.3	264 518
7. Environmental Affairs	928 753	827 543	475 049	57.4	352 494	42.6	827 543
Total	2 983 585	2 604 611	1 491 586	57.3	1 113 025	42.7	2 604 611

Table 4.30 : Actual payments and revised spending projections by economic classification

	2015/16 Audited outcome	Adjusted appropriation	Actual payments		Projected payments		Projected actual
			April '16 - September 2016		October '16 - March 2017		
R thousand			% of budget		% of budget		
Current payments	650 090	758 899	292 940	38.6	465 959	61.4	758 899
Compensation of employees	276 699	306 174	145 538	47.5	160 636	52.5	306 174
Goods and services	373 391	452 725	147 402	32.6	305 323	67.4	452 725
Interest and rent on land		-		-	-	-	-
Transfers and subsidies to:	2 329 046	1 837 535	1 196 437	65.1	641 098	34.9	1 837 535
Provinces and municipalities	9 553	8 550		-	8 550	100.0	8 550
Departmental agencies and accounts	1 543 700	1 343 116	901 315	67.1	441 801	32.9	1 343 116
Higher education institutions	2 000	14 617		-	14 617	100.0	14 617
Foreign governments and international organisations		-		-	-	-	-
Public corporations and private enterprises	540 534	269 966	147 942	54.8	122 024	45.2	269 966
Non-profit institutions	222 421	195 108	141 624	72.6	53 484	27.4	195 108
Households	10 838	6 178	5 556	89.9	622	10.1	6 178
Payments for capital assets	3 842	8 171	2 203	27.0	5 968	73.0	8 171
Buildings and other fixed structures	17	-		-	-	-	-
Machinery and equipment	3 825	7 971	2 203	27.6	5 768	72.4	7 971
Heritage assets		-		-	-	-	-
Specialised military assets		-		-	-	-	-
Biological assets		-		-	-	-	-
Land and subsoil assets		-		-	-	-	-
Software and other intangible assets		200		-	200	100.0	200
Payments for financial assets	607	6	6	100.0	-	-	6
Total	2 983 585	2 604 611	1 491 586	57.3	1 113 025	42.7	2 604 611

- Programme 4 spending was high at 58.7 per cent compared to the straight-line benchmark of 50 per cent because the quarterly payment schedule of KZNLA was revised by the department and the entity when concluding the SLA. As such, the transfer was increased from the original projections to be aligned with the entity's activities for the first half of the year. Also contributing marginally was unanticipated spending relating to staff exit costs.
- Programme 5 was extremely low at 31.2 per cent of the annual budget compared to the straight-line benchmark of 50 per cent. This low spending is mainly ascribed to the moratorium on the filling of non-critical vacant posts, delays in the signing of SLAs for the Solar PV Rooftop project, as well as the Bio-Gas project in respect of research and development projects conducted in partnership with other institutions. Also contributing was no spending recorded to install the Statistical Database software because the service provider is taking longer than anticipated.
- Spending against Programme 6 is higher than the 50 per cent straight-line benchmark, at 52.7 per cent due to the increased transfers to KZNSB and TKZN, as the quarterly payment schedules were revised by the department and both the entities when concluding the SLA. Furthermore, the TKZN transfer included additional funding for the Loeries Creative Week, and the Vodacom Durban July events.
- Programme 7 spending was high at 57.4 per cent because EKZNW received an increased transfer compared to projections in line with the SLA between the department and the entity. *Transfers and subsidies to: Households* was high due to unanticipated staff exit costs, which are difficult to predict.

With regard to economic classification categories:

- Spending against *Compensation of employees* was slightly lower than the 50 per cent straight-line benchmark at 47.5 per cent due to delays in the filling of posts, as well as the moratorium in the filling of posts.
- Spending against *Goods and services* was at 32.6 per cent which is lower than the 50 per cent benchmark. This mainly emanates from slow administration processes which affected the implementation of several projects associated with the LCF programme and the CFP support programme, as explained above. There are also challenges in implementation of the KZN Industrial Hub projects, since the project manager post was vacant, and there were also savings relating to IASP. Also contributing were delays in the implementation of the Nkululeko Cwaka Msinga project, where the implementation of the project is dependent on COGTA processes, as they are dealing with planning for this project. There was also a saving as a result of cost-cutting implemented in respect of

the Mbumbulu May Day and Vodacom Durban July. Also contributing was low spending due to a consumer awareness campaign event, which did not take place as anticipated.

The spending against the *Transfer and subsidies* categories were high because most public entities received increased transfers in the second quarter.

- With regard to expenditure against *Transfer and subsidies to: Departmental agencies and accounts*, 67.1 per cent of its annual budget was transferred in the first half of the financial year. This is largely attributed to the quarterly payment schedules which were revised upward by the department in respect of most public entities including TIK, DTPC, KZNLA, KZNSB, EKZNW and TKZN. The quarterly payment schedules for all these entities were revised and increased to be aligned with these entities' activities. In addition, the TKZN transfer was increased because of the Vodacom Durban July 2016 and the Loeries Creative Week events that were co-ordinated by the entity on behalf of the department.
- With regard to expenditure against *Transfers and subsidies to: Public corporations and private enterprises*, spending was 54.8 per cent which is higher than 50 per cent benchmark due to transfer payments made to various private enterprises for events including the Youth Business Campaign, the KZN Youth Expo 2016, the Career and Business Skills Development, the uThungulu Women in Business Conference Awards, the Future Leaders Awards, the Culture Food and Music Festival and the SABC Summer Song 2015.
- *Transfers and subsidies to: Non-profit institutions* spending was at 72.6 per cent, and this is significantly higher than the straight line benchmark of 50 per cent due to the KZN Growth Fund Trust annual allocation which was transferred in full to the entity, and the increased transfer received by KZNFC and MKI, after the quarterly payment schedules were revised and increased to be aligned with these entities' activities.
- *Transfers and subsidies to: Households* spending was for higher than the 50 per cent straight-line benchmark at 89.9 per cent because external bursaries relating to the Postgraduate Diplomas and Masters in LED offered by UKZN were paid earlier than anticipated. Also contributing were staff exit costs which were higher than anticipated.
- With regard to *Machinery and equipment*, only 27.6 per cent was paid which is far lower than the 50 per cent benchmark due to delays in the relocation of the Ministry office from Durban to Pietermaritzburg. Also contributing were lengthy recruitment processes, as well as the moratorium on the filling of non-critical posts, and therefore there was lower expenditure for additional equipment requirements.

The department is projecting a balanced budget at year-end after the adjustments have been made.

Table 4.A : Summary by economic classification : Economic Development, Tourism and Environmental Affairs

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	823 031	-	-	(16 756)	(48 600)	1 224	(64 132)	758 899
Compensation of employees	346 398	-	-	(41 448)	-	1 224	(40 224)	306 174
Salaries and wages	295 618	-	-	(29 097)	-	1 224	(27 873)	267 745
Social contributions	50 780	-	-	(12 351)	-	-	(12 351)	38 429
Goods and services	476 633	-	-	24 692	(48 600)	-	(23 908)	452 725
Administrative fees	1 245	-	-	320	-	-	320	1 565
Advertising	12 182	-	-	1 618	-	-	1 618	13 800
Assets less than capitalisation threshold	6 828	-	-	(5 231)	-	-	(5 231)	1 597
Audit cost: External	4 800	-	-	(204)	-	-	(204)	4 596
Bursaries: Employees	1 775	-	-	(1 065)	-	-	(1 065)	710
Catering: Departmental activities	8 016	-	-	(4 396)	-	-	(4 396)	3 620
Communication (G&S)	13 176	-	-	(3 069)	-	-	(3 069)	10 107
Computer services	15 078	-	-	1 311	-	-	1 311	16 389
Cons & prof serv: Business and advisory services	171 904	-	-	76 438	(46 477)	-	29 961	201 865
Cons & prof serv: Infras and planning	-	-	-	-	-	-	-	-
Cons & prof serv: Laboratory services	20	-	-	-	-	-	-	20
Cons & prof serv: Scientific and tech services	-	-	-	-	-	-	-	-
Cons & prof serv: Legal costs	2 720	-	-	1 545	-	-	1 545	4 265
Contractors	16 286	-	-	7 821	-	-	7 821	24 107
Agency and support / outsourced services	71 386	-	-	(23 569)	(1 823)	-	(25 392)	45 994
Entertainment	340	-	-	(270)	-	-	(270)	70
Fleet services (incl. govt motor transport)	4 219	-	-	(316)	-	-	(316)	3 903
Housing	-	-	-	-	-	-	-	-
Inventory: Clothing material and accessories	5 415	-	-	(2 612)	-	-	(2 612)	2 803
Inventory: Farming supplies	10 900	-	-	(4 990)	-	-	(4 990)	5 910
Inventory: Food and food supplies	60	-	-	(60)	-	-	(60)	-
Inventory: Fuel, oil and gas	-	-	-	-	-	-	-	-
Inventory: Learner and teacher support material	-	-	-	-	-	-	-	-
Inventory: Materials and supplies	100	-	-	-	-	-	-	100
Inventory: Medical supplies	-	-	-	-	-	-	-	-
Inventory: Medicine	-	-	-	-	-	-	-	-
Medsas inventory interface	-	-	-	-	-	-	-	-
Inventory: Other supplies	40	-	-	171	-	-	171	211
Consumable supplies	1 543	-	-	944	-	-	944	2 487
Consumable: Stationery, printing and office supplies	4 321	-	-	(1 988)	-	-	(1 988)	2 333
Operating leases	37 220	-	-	(3 653)	-	-	(3 653)	33 567
Property payments	18 606	-	-	2 156	-	-	2 156	20 762
Transport provided: Departmental activity	3 650	-	-	(2 332)	-	-	(2 332)	1 318
Travel and subsistence	45 841	-	-	(7 090)	-	-	(7 090)	38 751
Training and development	2 895	-	-	(740)	-	-	(740)	2 155
Operating payments	5 157	-	-	(80)	(300)	-	(380)	4 777
Venues and facilities	8 910	-	-	(4 726)	-	-	(4 726)	4 184
Rental and hiring	2 000	-	-	(1 241)	-	-	(1 241)	759
Interest and rent on land	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Rent on land	-	-	-	-	-	-	-	-
Transfers and subsidies to	1 871 620	-	-	16 920	48 600	(99 605)	(34 085)	1 837 535
Provinces and municipalities	6 050	-	-	5 000	(2 500)	-	2 500	8 550
Provinces	50	-	-	-	-	-	-	50
Provincial Revenue Funds	-	-	-	-	-	-	-	-
Provincial agencies and funds	50	-	-	-	-	-	-	50
Municipalities	6 000	-	-	5 000	(2 500)	-	2 500	8 500
Municipalities	6 000	-	-	1 500	(6 000)	-	(4 500)	1 500
Municipal agencies and funds	-	-	-	3 500	3 500	-	7 000	7 000
Departmental agencies and accounts	1 315 649	-	-	13 804	13 268	395	27 467	1 343 116
Social security funds	-	-	-	-	-	-	-	-
Entities receiving funds	1 315 649	-	-	13 804	13 268	395	27 467	1 343 116
Higher education institutions	8 500	-	-	3 617	2 500	-	6 117	14 617
Foreign governments and international organisations	-	-	-	-	-	-	-	-
Public corporations and private enterprises	281 740	-	-	(12 641)	65 749	(64 882)	(11 774)	269 966
Public corporations	247 970	-	-	(16 191)	37 040	(64 882)	(44 033)	203 937
Subsidies on production	-	-	-	-	-	-	-	-
Other transfers	247 970	-	-	(16 191)	37 040	(64 882)	(44 033)	203 937
Private enterprises	33 770	-	-	3 550	28 709	-	32 259	66 029
Subsidies on production	-	-	-	-	-	-	-	-
Other transfers	33 770	-	-	3 550	28 709	-	32 259	66 029
Non-profit institutions	254 334	-	-	6 309	(30 417)	(35 118)	(59 226)	195 108
Households	5 347	-	-	831	-	-	831	6 178
Social benefits	100	-	-	1 975	-	-	1 975	2 075
Other transfers to households	5 247	-	-	(1 144)	-	-	(1 144)	4 103
Payments for capital assets	8 341	-	-	(170)	-	-	(170)	8 171
Buildings and other fixed structures	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-
Other fixed structures	-	-	-	-	-	-	-	-
Machinery and equipment	4 141	-	-	3 830	-	-	3 830	7 971
Transport equipment	2 500	-	-	(1 464)	-	-	(1 464)	1 036
Other machinery and equipment	1 641	-	-	5 294	-	-	5 294	6 935
Heritage assets	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-
Software and other intangible assets	4 200	-	-	(4 000)	-	-	(4 000)	200
Payments for financial assets	-	-	-	6	-	-	6	6
Total	2 702 992	-	-	-	-	(98 381)	(98 381)	2 604 611
Amount to be voted							(98 381)	

Vote 5

Education

R thousand	2016/17			
	Main appropriation	Adjusted appropriation	Decrease	Increase
Operational budget	45 462 551	45 651 217		188 666
MEC remuneration ¹	1 822	1 902		80
Total amount to be appropriated	45 464 373	45 653 119		188 746
<i>of which:</i>				
Current payments	41 223 371	41 543 657		320 286
Transfers and subsidies	1 875 975	1 877 655		1 680
Payments for capital assets	2 333 135	2 199 915	(133 220)	
Payments for financial assets	31 892	31 892		
Responsible MEC	MEC for Education			
Administering department	Education			
Accounting Officer	Head: Education			

1. Vision and mission

Vision

The vision of the Department of Education (DOE) is: *A well-educated, skilled and highly developed citizenry.*

Mission statement

The department's mission is: *To provide equitable access to quality education for the people of KwaZulu-Natal.*

2. Strategic objectives

Strategic policy directions: These are directly linked to the 14 national outcomes, which also inform the department's strategic goals and objectives, as listed below:

- Quality basic education.
- Skilled and capable workforce to support an inclusive growth path.

Six strategic goals encapsulate the department's contribution toward the achievement of national and provincial goals, and all other international mandates within the context of MTSF 2014-2019 for the current electoral cycle, and national and provincial action plans. Hereunder are the strategic goals:

- Broaden access to education and provide resources.
- Improve schools' functionality and educational outcomes at all levels.
- Develop human resource and organisational capacity and enhance skills.
- Develop schools into centres of community focus, care and support.
- Ensure good corporate governance, management and an efficient administration.
- Promote national identity and social cohesion.

¹ At the time of going to print with the 2016/17 EPRE, the proclamation determining the 2015 salary adjustment relating to office bearers had not been signed, hence this amount remained unchanged from the 2015/16 EPRE. Similarly, at the time of going to print with this document, the proclamation determining the 2016 salary adjustment relating to office bearers has not been signed. As such, the above-mentioned adjustment now aligns the MEC's salary to the 2015 salary level.

3. Summary of adjusted estimates for the 2016/17 financial year

The main appropriation of DOE was R45.464 billion in 2016/17. During the year, the department's budget was increased by R188.746 million, which is the amount that is to be appropriated in the 2016/17 Adjustments Estimate. The main reasons for this increase, as well as other adjustments, are summarised below, and are explained in detail in Section 4:

- *Roll-overs:* Approval was granted by Provincial Treasury (PT) for the roll-over of R40.210 million from 2015/16 to 2016/17 in respect of committed funds relating to payments for vehicles and minor assets which were ordered in 2015/16, but not delivered. This amount was allocated as follows:
 - R25 million was allocated against *Goods and services* in Programme 2: Public Ordinary School Education for the purchase of school furniture such as learner desks, sport equipment, computers, etc.
 - R15.210 million was allocated against *Machinery and equipment* in Programme 4: Public Special School Education for the purchase of buses for special schools.
- *Virements between programmes:* The following virements were undertaken across programmes:
 - R30 million was moved from Programme 5: Early Childhood Development against *Transfers and subsidies to: Non-profit institutions*. These funds were inadvertently allocated against this programme and economic classification during the finalisation of the *EPRE*. This amount is now being correctly allocated in Programme 2 against the sub-programme: Public Secondary Level in respect of *Transfers and subsidies to: Households* for staff exit costs.
 - In addition to the above virements between programmes, the department undertook extensive virements across sub-programmes and economic categories within programmes. Details of these virements are provided per programme in Section 4 below. All virements within programmes are permissible in terms of the PFMA and Treasury Regulations. Where necessary, Provincial Treasury approval was obtained. However, *Transfers and subsidies to: Non-profit institutions* and *Payments for capital assets* in respect of *Buildings and other fixed structures* and *Machinery and equipment* reflect a net decrease in Table 5.2, and Legislature approval is therefore required in this regard.
- *Shifts:* There were no shifts undertaken between programmes and across economic categories.
- *Other adjustments:* The department's budget allocation was increased by a net amount of R148.536 million as explained below:
 - R140 million additional funding was allocated from provincial cash resources in order to fund the above-budget 2016 wage adjustment. This amount was allocated to *Compensation of employees* in Programme 2. It should be noted that the department provided for a wage increase for 2016/17 at 7.2 per cent through the reprioritisation of its infrastructure budget and additional funding from the provincial fiscus and National Treasury. However, the final agreement was reached at 7.6 per cent which was 0.4 per cent higher than budgeted. This additional amount allocated to the department fully compensates it for the shortfall related to the above-budget 2016 wage adjustment.
 - The department was allocated an additional amount of R8.536 million from the National Department of Basic Education in respect of the National School Nutrition Programme (NSNP) grant to cover the shortfall caused by high food inflation. This amount was allocated to *Goods and services* in Programme 2.

Tables 5.1 and 5.2 reflect a summary of the 2016/17 adjusted appropriation of the department, summarised according to programme and economic classification.

Details of the economic classification are given in *Annexure – Vote 5: Education*.

Table 5.1 : Summary by programmes

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Administration	1 833 037	-	-	-	-	-	-	1 833 037
2. Public Ordinary School Education	37 899 641	25 000	-	30 000	-	148 536	203 536	38 103 177
3. Independent School Subsidies	81 941	-	-	-	-	-	-	81 941
4. Public Special School Education	1 020 360	15 210	-	-	-	-	15 210	1 035 570
5. Early Childhood Development	803 579	-	-	(30 000)	-	-	(30 000)	773 579
6. Infrastructure Development	2 509 501	-	-	-	-	-	-	2 509 501
7. Examination and Education Related Services	1 316 314	-	-	-	-	-	-	1 316 314
Total	45 464 373	40 210	-	-	-	148 536	188 746	45 653 119
Amount to be voted								188 746
of which: Unauth. Exp. (1st charge) not avail. for spending (31 892)								(31 892)
Baseline available for spending after first charge								45 621 227

Table 5.2 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	41 223 371	25 000	-	146 750	-	148 536	320 286	41 543 657
Compensation of employees	37 768 394	-	-	(5 593)	-	140 000	134 407	37 902 801
Goods and services	3 454 977	25 000	-	152 195	-	8 536	185 731	3 640 708
Interest and rent on land	-	-	-	148	-	-	148	148
Transfers and subsidies to:	1 875 975	-	-	1 680	-	-	1 680	1 877 655
Provinces and municipalities	1 158	-	-	-	-	-	-	1 158
Departmental agencies and accounts	83 257	-	-	-	-	-	-	83 257
Higher education institutions	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-
Non-profit institutions	1 712 512	-	-	(28 320)	-	-	(28 320)	1 684 192
Households	79 048	-	-	30 000	-	-	30 000	109 048
Payments for capital assets	2 333 135	15 210	-	(148 430)	-	-	(133 220)	2 199 915
Buildings and other fixed structures	2 231 603	-	-	(140 000)	-	-	(140 000)	2 091 603
Machinery and equipment	97 532	15 210	-	(8 430)	-	-	6 780	104 312
Heritage assets	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-
Software and other intangible assets	4 000	-	-	-	-	-	-	4 000
Payments for financial assets	31 892	-	-	-	-	-	-	31 892
Total	45 464 373	40 210	-	-	-	148 536	188 746	45 653 119
Amount to be voted								188 746
of which: Unauth. Exp. (1st charge) not avail. for spending (31 892)								(31 892)
Baseline available for spending after first charge								45 621 227

4. Changes to programme purposes and service delivery measures

There were no changes to the purpose of the programmes, which conform to the sector specific programme and budget structure for the Education sector for 2016/17.

The non financial information currently reflected in the 2016/17 *EPRE* largely corresponds to the department's 2016/17 APP with only a few discrepancies between the *EPRE* and the APP. According to the department, when the *EPRE* was finalised, it was still in the process of finalising the APP. As such, a few of the targets were amended and these changes were not brought into the *EPRE*. The department is now aligning the non financial information in the 2016/17 Adjustments Estimate to the APP.

4.1 Programme 1: Administration

The main objective of Programme 1 is to provide overall management of the education system in the province, including the functioning of the Office of the MEC for Education, education management services for the education system, human resource development for office-based staff and the Education Management Information System (EMIS). There were no changes to the main appropriation of the programme.

Tables 5.3 and 5.4 reflect a summary of the 2016/17 adjusted appropriation of this programme, summarised according to sub-programme and economic classification. Details of the main adjustments, which resulted in no change to the main appropriation, are provided in table below.

Table 5.3 : Programme 1: Administration

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Office of the MEC	35 974						-	35 974
2. Corporate Services	781 342			48			48	781 390
3. Education Management	952 236			(48)			(48)	952 188
4. Human Resource Development	10 299						-	10 299
5. Education Management Information System (EMIS)	53 186						-	53 186
Total	1 833 037	-	-	-	-	-	-	1 833 037
Amount to be voted								
of which: Unauth. Exp. (1st charge) not avail. for spending								(31 892)
Baseline available for spending after first charge								1 801 145

Table 5.4 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	1 717 984	-	-	(2 000)	-	-	(2 000)	1 715 984
Compensation of employees	1 311 032			(2 048)			(2 048)	1 308 984
Goods and services	406 952						-	406 952
Interest and rent on land	-			48			48	48
Transfers and subsidies to:	32 570	-	-	-	-	-	-	32 570
Provinces and municipalities	1 158						-	1 158
Departmental agencies and accounts							-	-
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions							-	-
Households	31 412						-	31 412
Payments for capital assets	50 591	-	-	2 000	-	-	2 000	52 591
Buildings and other fixed structures							-	-
Machinery and equipment	50 591			2 000			2 000	52 591
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets	31 892						-	31 892
Total	1 833 037	-	-	-	-	-	-	1 833 037
Amount to be voted								
of which: Unauth. Exp. (1st charge) not avail. for spending								(31 892)
Baseline available for spending after first charge								1 801 145

Virement – Programme 1: Administration

- Savings of R2 million were identified within the sub-programme: Education Management Information System (EMIS), against *Compensation of employees* due to reduced personnel numbers, as a result of the non-filling of non-critical vacant posts, as well as the moratorium on the filling of non-critical posts. These savings were moved to *Machinery and equipment* within the same sub-programme to cater for the purchase of tools of trade to allow the department to verify the learner numbers more accurately and to enhance connectivity in schools in support of South African Schools Administration Management System (SA-SAMS).
- Savings of R48 000 were identified under sub-programme: Education Management, against *Compensation of employees* due to reduced personnel numbers, as a result of the non-filling of non-critical vacant posts, as well as the moratorium on the filling of non-critical posts. These savings were moved to the sub-programme: Corporate Services to offset spending pressures against *Interest and rent on land* in respect of payments of overdue accounts such as domestic accounts for office buildings.

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

Service delivery measures – Programme 1: Administration

Table 5.5 below shows the main service delivery measures relevant to Programme 1. It must be noted that one of the performance indicators in this programme is reported on annually rather than quarterly, due to a decision taken by the Education sector. This is indicated by “annual” in the table.

The service delivery measures in the 2016/17 *EPRE* were not fully aligned to those in the department's 2016/17 APP due to the *EPRE* being published before the APP was finalised, therefore some outputs have been adjusted, as reflected under the column "2016/17 Revised target", to align them to the targets included in the tabled APP. The output in bold italics indicates that the wording has changed.

Table 5.5 : Service delivery measures – Programme 1: Administration

Outputs	Performance indicators	Performance targets		
		2016/17 Original target	2016/17 Mid-year actual	2016/17 Revised target
<i>To bring about effective management at all levels</i>	No. of public schools that use the school administration and management systems to electronically provide data to the national learner tracking system	5 987	5 663	5 992
	No. of public schools that can be contacted electronically (e-mail)	5 987	1 843	2 035
	% of education current expenditure going towards non-personnel items	8.4%	annual	
	No. of schools visited by district officials for monitoring and support	5 987	5 652	5 992

4.2 Programme 2: Public Ordinary School Education

This programme houses the core functions of the department, and its aim is the provision of public ordinary schools from Grades 1 to 12, in accordance with the South African Schools Act.

Tables 5.6 and 5.7 reflect a summary of the 2016/17 adjusted appropriation of Programme 2, summarised according to sub-programme and economic classification. Details of the main adjustments, which led to the net increase of R203.536 million, are given in the paragraphs below the table.

Table 5.6 : Programme 2: Public Ordinary School Education

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Public Primary Level	22 021 739	10 000					10 000	22 031 739
2. Public Secondary Level	14 200 790	15 000		30 000		140 000	185 000	14 385 790
3. Human Resource Development	177 103						-	177 103
4. School Sport, Culture and Media Services	52 201						-	52 201
5. Conditional grants	1 447 808					8 536	8 536	1 456 344
National School Nutrition Programme (NSNP) grant	1 355 247					8 536	8 536	1 363 783
EPWP Integrated Grant for Provinces	2 790						-	2 790
Social Sector EPWP Incentive Grant for Provinces	27 318						-	27 318
Maths, Science and Technology grant	62 453						-	62 453
Total	37 899 641	25 000	-	30 000	-	148 536	203 536	38 103 177
Amount to be voted								203 536

Table 5.7 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	36 373 158	25 000	-	12 000	-	148 536	185 536	36 558 694
Compensation of employees	33 960 498			(100)		140 000	139 900	34 100 398
Goods and services	2 412 660	25 000		12 000		8 536	45 536	2 458 196
Interest and rent on land				100			100	100
Transfers and subsidies to:	1 475 542	-	-	30 000	-	-	30 000	1 505 542
Provinces and municipalities							-	-
Departmental agencies and accounts							-	-
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions	1 429 549						-	1 429 549
Households	45 993			30 000			30 000	75 993
Payments for capital assets	50 941	-	-	(12 000)	-	-	(12 000)	38 941
Buildings and other fixed structures							-	-
Machinery and equipment	46 941			(12 000)			(12 000)	34 941
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets	4 000						-	4 000
Payments for financial assets							-	-
Total	37 899 641	25 000	-	30 000	-	148 536	203 536	38 103 177
Amount to be voted								203 536

Roll-overs – Programme 2: Public Ordinary School Education: R25 million

An amount of R25 million was rolled over from 2015/16 and allocated to *Goods and services* under the sub-programme: Public Primary Level (R10 million) and Public Secondary Level (R15 million) relating to funds committed for the purchase of minor assets, including school furniture such as learner desks, sport equipment, computers, etc.

Virements – Programme 2: Public Ordinary School Education: R30 million

- The main appropriation of Programme 2 increased by R30 million against the sub-programme: Public Secondary Level. These funds were inadvertently allocated in Programme 5 against *Transfers and subsidies to: Non-profit institutions* during the finalisation of the EPRE. This amount is correctly allocated to this programme against *Transfers and subsidies to: Households* in respect of staff exit costs.

In addition, the following virements were undertaken within the programme:

- R12 million was moved from *Machinery and equipment* to *Goods and services* within the sub-programme: Maths, Science and Technology (MST) grant to provide for training and development, as well as travel and subsistence costs according to the business plan activities. These funds were inadvertently allocated against *Machinery and equipment* during the finalisation of the EPRE. It should be noted that the business plan was approved in May after the budget was finalised in March and the department is now aligning the budget to the business plan activities.
- R100 000 was identified against *Compensation of employees* due to reduced personnel numbers, as a result of the non-filling of non-critical vacant posts, as well as the moratorium on the filling of non-critical posts. These savings were moved within the sub-programme: Public Secondary Level to offset spending pressures against *Interest and rent on land* in respect of payments of overdue accounts, such as domestic accounts for office buildings.

These virements are permissible in terms of the PFMA and Treasury Regulations. The reduction in *Payments for capital assets* in respect of *Machinery and equipment* requires Legislature approval.

Other adjustments – Programme 2: Public Ordinary School Education: R148.536 million

The main appropriation of Programme 2 was increased by a net amount of R148.536 million as explained below:

- R140 million was allocated against *Compensation of employees* under the sub-programme: Public Secondary Level for the above-budget 2016 wage adjustment.
- R8.536 million was received from the Department of Basic Education and allocated to *Goods and services* under the sub-programme: NSNP grant to cover the shortfall caused by high food inflation.

Service delivery measures – Programme 2: Public Ordinary School Education

Table 5.8 below illustrates the main service delivery measures relevant to Programme 2.

It must be noted that most of the performance indicators in this programme are reported on annually, rather than quarterly, due to a decision taken by the Education sector. These are indicated by “annual” in the table.

The service delivery measures reflected in the 2016/17 EPRE were not fully aligned to those in the department’s 2016/17 APP due to the EPRE being published before the APP was finalised. Therefore some outputs have been adjusted, as reflected under the column “2016/17 Revised target”, to align them to the targets included in the department’s tabled APP. Some outputs have bold italics indicating where the wording has changed.

Table 5.8 : Service delivery measures – Programme 2 : Public Ordinary School Education

Outputs	Performance indicators	Performance targets		
		2016/17 Original target	2016/17 Mid-year actual	2016/17 Revised target
To provide access in the public ordinary schooling system	No. of full service schools servicing learners with learning barriers	101	annual	
	No. of primary schools with an overall pass rate in ANA of 50% and above	2 406	annual	2 344
	No. of secondary schools with an overall pass rate in ANA of 40% and above	343	annual	323
	No. of secondary schools with NSC pass rate of 60% and above	1 543	annual	
	% of children who turned 9 in the previous year and who are currently enrolled in Grade 4 (or higher grade)	68%	annual	
	% of children who turned 12 in the preceding year and who are currently enrolled in Grade 7 (or higher grade)	55%	annual	
	No. of schools provided with media resources	600	annual	
	Learner absenteeism rate	5%	1.8%	
	Teacher absenteeism rate	7%	0.05%	
	No. of learners in public ordinary schools benefiting from the 'No Fee School' policy	1 939 310	annual	
	No. of educators trained in Literacy/Language content and methodology	42 504	annual	
	No. of educators trained in Numeracy/Mathematics content and methodology	42 504	annual	

4.3 Programme 3: Independent School Subsidies

The purpose of this programme is to support independent schools, in accordance with the South African Schools Act. One of the main aims of this programme is to ensure timeous and orderly registration of independent schools in terms of the South African Schools' Act, as well as other legislative frameworks. These schools are evaluated and monitored by the department, and their capacity is developed to ensure the effective functioning of these schools and their governing bodies.

Tables 5.9 and 5.10 reflect a summary of the 2016/17 adjusted appropriation of Programme 3, summarised according to sub-programmes and economic classification. There were no adjustments made to the main appropriation of this programme, which remains unchanged from the *EPRE*.

Table 5.9 : Programme 3: Independent School Subsidies

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Primary Level	50 285						-	50 285
2. Secondary Level	31 656						-	31 656
Total	81 941	-	-	-	-	-	-	81 941
Amount to be voted								

Table 5.10 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	-	-	-	-	-	-	-	-
Compensation of employees							-	-
Goods and services							-	-
Interest and rent on land							-	-
Transfers and subsidies to:	81 941	-	-	-	-	-	-	81 941
Provinces and municipalities							-	-
Departmental agencies and accounts							-	-
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions	81 941						-	81 941
Households	-						-	-
Payments for capital assets	-	-	-	-	-	-	-	-
Buildings and other fixed structures							-	-
Machinery and equipment							-	-
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets	-						-	-
Total	81 941	-	-	-	-	-	-	81 941
Amount to be voted								

Service delivery measures – Programme 3: Independent School Subsidies

Table 5.11 illustrates the main service delivery measures relevant to Programme 3. It must be noted that most of the performance indicators in this programme are reported on annually rather than quarterly, due to a decision taken by the Education sector, as indicated in the table by “annual”. The service delivery measures in the 2016/17 EPRE were fully aligned to those in the department’s tabled 2016/17 APP.

Table 5.11 : Service delivery measures – Programme 3 : Independent School Subsidies

Outputs	Performance indicators	Performance targets		
		2016/17 Original target	2016/17 Mid-year actual	2016/17 Revised target
To ensure that quality education occurs in independent schools	• No. of subsidised learners in registered independent schools	29 314	annual	
	• % of registered independent schools receiving subsidies	53%	annual	
	• % of registered independent schools visited for monitoring and support	100%	40%	

4.4 Programme 4: Public Special School Education

The purpose of this programme is to provide compulsory public education in special schools in accordance with the South African Schools Act and White Paper 6 on Inclusive Education.

Tables 5.12 and 5.13 summarises the 2016/17 adjusted appropriation of Programme 4. Details of the main adjustments, which led to the net increase of R15.210 million, are given in the paragraphs below.

Table 5.12 : Programme 4: Public Special School Education

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts	Other adjustments		
1. Schools	1 013 450	15 210					15 210	1 028 660
2. Human Resource Development	6 910	-					-	6 910
Total	1 020 360	15 210	-	-	-	-	15 210	1 035 570
Amount to be voted								15 210

Table 5.13 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts	Other adjustments		
Current payments	881 960	-	-	-	-	-	-	881 960
Compensation of employees	875 050						-	875 050
Goods and services	6 910						-	6 910
Interest and rent on land							-	-
Transfers and subsidies to:	138 400	-	-	-	-	-	-	138 400
Provinces and municipalities							-	-
Departmental agencies and accounts							-	-
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions	136 757						-	136 757
Households	1 643						-	1 643
Payments for capital assets	-	15 210	-	-	-	-	15 210	15 210
Buildings and other fixed structures							-	-
Machinery and equipment		15 210					15 210	15 210
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets	-	-	-	-	-	-	-	-
Total	1 020 360	15 210	-	-	-	-	15 210	1 035 570
Amount to be voted								15 210

Roll-overs – Programme 4: Public Special School Education: R15.210 million

Provincial Treasury approved a roll-over of R15.210 million from 2015/16 and this was allocated to *Machinery and equipment* under the sub-programme: Schools relating to funds committed for the purchase of buses, etc. for special schools.

Service delivery measures – Programme 4: Public Special School Education

Table 5.14 illustrates the main service delivery measures relevant to Programme 4. It must be noted that several of the performance indicators in this programme are reported on annually rather than quarterly, due to a decision taken by the Education sector. This is indicated by “annual” in the table.

The service delivery measures reflected in the 2016/17 *EPRE* were not fully aligned to those in the department’s 2016/17 APP due to the *EPRE* being published before the APP was finalised. Therefore one output has been adjusted, as reflected under the column “2016/17 Revised target”, to align it to the target included in the department’s tabled APP.

Table 5.14 : Service delivery measures – Programme 4 : Public Special School Education

Outputs	Performance indicators	Performance targets		
		2016/17 Original target	2016/17 Mid-year actual	2016/17 Revised target
To provide access to mainstream schools, full service schools and special schools in accordance with policy and the principles of inclusive education	• % of learners with special needs in special schools retained in school until age 16	100%	annual	
	• % of special schools serving as Resource Centres	22%	annual	35%

4.5 Programme 5: Early Childhood Development

The purpose of this programme is to provide for Early Childhood Development (ECD) at the Grade R and earlier levels in accordance with White Paper 5 on ECD. Tables 5.15 and 5.16 reflect a summary of the 2016/17 adjusted appropriation of Programme 5, summarised according to sub-programme and economic classification. Details of the main adjustments, which resulted in an overall decrease of R30 million, are provided in the paragraphs following the table.

Table 5.15 : Programme 5: Early Childhood Development

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Grade R in Public Schools	701 480			(30 000)			(30 000)	671 480
2. Grade R in Early Childhood Development Centres	20 398						-	20 398
3. Pre-Grade R Training	75 934						-	75 934
4. Human Resource Development	5 767						-	5 767
Total	803 579	-	-	(30 000)	-	-	(30 000)	773 579
Amount to be voted								(30 000)

Table 5.16 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	753 314	-	-	-	-	-	-	753 314
Compensation of employees	634 777						-	634 777
Goods and services	118 537						-	118 537
Interest and rent on land							-	-
Transfers and subsidies to:	50 265	-	-	(30 000)	-	-	(30 000)	20 265
Provinces and municipalities							-	-
Departmental agencies and accounts							-	-
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions	50 265			(30 000)			(30 000)	20 265
Households							-	-
Payments for capital assets	-	-	-	-	-	-	-	-
Buildings and other fixed structures							-	-
Machinery and equipment							-	-
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets	-	-	-	-	-	-	-	-
Total	803 579	-	-	(30 000)	-	-	(30 000)	773 579
Amount to be voted								(30 000)

Virement – Programme 5: Early Childhood Development (R30 million)

The main appropriation of Programme 5 was reduced by R30 million against *Transfers and subsidies to: Non-profit institutions* in the sub-programme: Grade R in Public Schools to correctly align the budget which was inadvertently allocated against this category instead of *Transfers and subsidies to: Households* in Programme 2, as previously explained.

It should be noted that the department made provision for the procurement of LTSM against *Goods and services* and the reduction in the *Transfers and subsidies to: Non-profit institutions* therefore has no impact on the provision of LTSM.

The reduction in *Transfers and subsidies to: Non-profit institutions* requires Legislature approval.

Service delivery measures – Programme 5: Early Childhood Development

Table 5.17 illustrates the main service delivery measures relevant to Programme 5.

It must be noted that the performance indicators in this programme are reported on annually rather than quarterly, due to a decision taken by the Education sector. This is indicated by “annual” in the table.

The service delivery measures reflected in the 2016/17 *EPRE* were fully aligned to those in the department’s tabled 2016/17 APP.

Table 5.17 : Service delivery measures – Programme 5: Early Childhood Development

Outputs	Performance indicators	Performance targets		
		2016/17 Original target	2016/17 Mid-year actual	2016/17 Revised target
To provide publicly funded Grade R in accordance with policy	• No. of public schools that offer Grade R	3 995	annual	
	• % of Grade 1 learners who have received formal Grade R education	97%	annual	
	• % of employed ECD practitioners with NQF level 4 and above	55%	annual	

4.6 Programme 6: Infrastructure Development

The aim of this programme is to provide and maintain infrastructure facilities for the administration and schools. It thus reflects the implementation of infrastructure across all affected programmes.

Tables 5.18 and 5.19 reflect a summary of the 2016/17 adjusted appropriation of Programme 6, summarised according to sub-programme and economic classification.

Details of the main adjustments, which resulted in no change to the main appropriation, are provided in the paragraphs below the table.

Table 5.18 : Programme 6: Infrastructure Development

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Administration	118 628			40 000			40 000	158 628
2. Public Ordinary Schools	1 748 765			100 000			100 000	1 848 765
3. Special Schools	297 016			(70 000)			(70 000)	227 016
4. Early Childhood Development	345 092			(70 000)			(70 000)	275 092
Total	2 509 501	-	-	-	-	-	-	2 509 501
Amount to be voted								

Table 5.19 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments	
Current payments	277 898	-	-	138 500	-	-	138 500
Compensation of employees	26 600			(1 500)		(1 500)	25 100
Goods and services	251 298			140 000		140 000	391 298
Interest and rent on land						-	-
Transfers and subsidies to:	-	-	-	-	-	-	-
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	2 231 603	-	-	(138 500)	-	-	(138 500)
Buildings and other fixed structures	2 231 603			(140 000)		(140 000)	2 091 603
Machinery and equipment				1 500		1 500	1 500
Heritage assets						-	-
Specialised military assets						-	-
Biological assets						-	-
Land and subsoil assets						-	-
Software and other intangible assets						-	-
Payments for financial assets	-						-
Total	2 509 501	-	-	-	-	-	2 509 501
Amount to be voted							-

Virements – Programme 6: Infrastructure Development

- R140 million was moved from *Buildings and other fixed structures* to *Goods and services* to make provision for the maintenance of school buildings, as well as for operating leases in respect of office buildings. The department indicated that there were delays in awarding some projects by the Department of Public Works (DOPW) and the Development Bank of Southern Africa (DBSA) who are implementing agents in respect of *Refurbishment and rehabilitations: Capital* projects. Also, there was poor contractor performance in respect of *New infrastructure assets: Capital* for construction projects, such as Inkosi Albert High school, Ndumo Model school, Mdombolo secondary school, etc. The funds were moved as follows between sub-programmes:
 - R100 million was the net amount moved from within the Education Infrastructure grant (EIG) in the sub-programmes: Special Schools and Early Childhood Development to the sub-programme: Public Ordinary Schools to offset pressures against maintenance projects which are progressing faster than anticipated.
 - R40 million was moved within the equitable share in the sub-programmes: Special Schools and Early Childhood Development to the sub-programme: Administration to provide for leases in respect of office buildings.
- R1.500 million was inadvertently allocated against *Compensation of employees* instead of *Machinery and equipment* for the purchase of tools of trade for employees appointed in terms of DORA. According to the EIG grant framework, 20 per cent of the allocation can be utilised towards the purchase of tools of trade for employees. This amount is now correctly aligned within the sub-programme: Administration.

It should be noted that the decrease in *Payments for capital assets* in respect of *Buildings and other fixed structures* requires Legislature approval.

Service delivery measures – Programme 6: Infrastructure Development

Table 5.20 illustrates the main sector specific service delivery measures relevant to Programme 6. It must be noted that the performance indicators in this programme are reported on annually rather than quarterly, due to a decision taken by the Education sector. This is indicated by “annual” in the table. The service delivery measures reflected in the 2016/17 *EPRE* were not fully aligned to those in the department’s 2016/17 *APP* due to the *EPRE* being published before the *APP* was finalised. Therefore changes have been made to the targets as reflected under the column “2016/17 Revised target”, to align them to the targets included in the department’s tabled *APP*.

Table 5.20 : Service delivery measures – Programme 6: Infrastructure Development

Outputs	Performance indicators	Performance targets		
		2016/17 Original target	2016/17 Mid-year actual	2016/17 Revised target
To put in place basic infrastructure for schooling in accordance with policy	• No. of public ordinary schools provided with water supply	425	annual	
	• No. of public ordinary schools provided with electricity supply	75	annual	50
	• No. of public ordinary schools provided with sanitation facilities	200	annual	
	• No. of classrooms built in public ordinary schools	1 000	annual	900
	• No. of specialist rooms built in public ordinary schools	1 200	annual	300
	• No. of new schools completed and ready for occupation (includes replacement schools)	11	annual	14
	• No. of new schools under construction (includes replacement schools)	30	annual	27
	• No. of Grade R classrooms built	252	annual	291
	• No. of hostels built	2	annual	4
	• No. of schools undergoing scheduled maintenance	250	annual	

4.7 Programme 7: Examination and Education Related Services

The purpose of Programme 7 is to provide examination support services to learners in the relevant grades, and ensure quality in the provision of education, through quality assurance.

Tables 5.21 and 5.22 reflect a summary of the 2016/17 adjusted appropriation of Programme 7, summarised according to sub-programmes and economic classification.

Details of the main adjustments, which resulted in no change to the main appropriation, are provided in the paragraphs below the table.

Table 5.21 : Programme 7: Examination and Education Related Services

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Payments to SETA	83 257						-	83 257
2. Professional Services	576 140						-	576 140
3. External Examinations	603 821						-	603 821
4. Conditional grant	53 096						-	53 096
HIV and AIDS (Life-Skills Education) grant	53 096						-	53 096
Total	1 316 314	-	-	-	-	-	-	1 316 314
Amount to be voted								

Table 5.22 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	1 219 057	-	-	(1 750)	-	-	(1 750)	1 217 307
Compensation of employees	960 437			(1 945)			(1 945)	958 492
Goods and services	258 620			195			195	258 815
Interest and rent on land							-	-
Transfers and subsidies to:	97 257	-	-	1 680	-	-	1 680	98 937
Provinces and municipalities							-	-
Departmental agencies and accounts	83 257						-	83 257
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions	14 000			1 680			1 680	15 680
Households							-	-
Payments for capital assets	-	-	-	70	-	-	70	70
Buildings and other fixed structures							-	-
Machinery and equipment				70			70	70
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets	-						-	-
Total	1 316 314	-	-	-	-	-	-	1 316 314
Amount to be voted								

Virements – Programme 7: Examination and Education Related Services

An amount of R1.945 million was moved from *Compensation of employees* to various categories within the sub-programme: HIV and AIDS (Life-Skills Education) grant. This was to correctly allocate the funds which were incorrectly allocated to these categories in the finalisation of the *EPRE* while the business plan was only finalised in May. These funds were moved as follows:

- R195 000 was moved to *Goods and services* for costs associated with travel and subsistence for monitoring of schools.
- R1.680 million was moved to *Transfers and subsidies to: Non-profit institutions* for transfers to schools to purchase uniforms for orphans and vulnerable children.
- R70 000 was moved to *Machinery and equipment* towards the purchase of tools of trade for facilitators at district level according to the activities of the business plan.

Treasury approval was obtained for the increase in *Transfers and subsidies: Non-profit institutions* for the increase in transfers.

Service delivery measures – Programme 7: Examination and Education Related Services

Table 5.23 illustrates the main service delivery measures relevant to Programme 7. The department complied with the service delivery measures as prescribed by the Education sector.

It must be noted that the performance indicators in this programme are reported on annually rather than quarterly, due to a decision taken by the Education sector. These are indicated by “annual” in the table.

The service delivery measures reflected in the 2016/17 *EPRE* were not fully aligned to those in the department’s 2016/17 APP, therefore changes have been made to the targets as reflected under the column “2016/17 Revised target”, to align them to the targets included in the department’s tabled APP. The output reflected as “n/a” indicates that the target is no longer being used.

Table 5.23 : Service delivery measures – Programme 7: Examination and Education Related Services

Outputs	Performance indicators	Performance targets		
		2016/17 Original target	2016/17 Mid-year actual	2016/17 Revised target
To attain the highest possible educational outcomes amongst learners in public ordinary schools	• % of learners who passed National Senior Certificate (NSC)	65%	annual	70%
	• % of Grade 12 learners passing at bachelor level	24%	annual	
	• % of Grade 12 learners achieving 50% or more in Mathematics	16%	annual	
	• % of Grade 12 learners achieving 50% or more Physical Science	18%	annual	
	• % of Grade 3 learners achieving 50% and above in Home Language in ANA	77%	annual	74%
	• % of Grade 3 learners achieving 50% and above in Mathematics in ANA	77%	annual	74%
	• % of Grade 6 learners achieving 50% and above in Home Language in ANA	82.5%	annual	62%
	• % of Grade 6 learners achieving 50% and above in Mathematics in ANA	42.4%	annual	39%
	• % of Grade 9 learners achieving 50% and above in Home Language in ANA	54.8%	annual	34%
	• % of Grade 9 learners achieving 50% and above in Mathematics in ANA	8.8%	n/a	n/a

5. Specifically and exclusively appropriated allocations

Table 5.24 shows amounts that are specifically and exclusively appropriated for specific purposes in terms of the KZN Adjustments Appropriation Act. Note that conditional grants (which are also specifically and exclusively appropriated funds) are not included here, but are discussed in Section 8.

There were no adjustments against the specifically and exclusively appropriated funding, as reflected in the table.

Table 5.24 : Summary of specifically and exclusively appropriated funding

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Prog.1: Improving infrastructure support	10 746						-	10 746
2. Prog. 6: Water and sanitation in schools	100 000						-	100 000
Total	110 746	-	-	-	-	-	-	110 746
Amount to be voted								

6. Gifts, donations and sponsorships

The department is not envisaging any gifts, donations and sponsorships exceeding R100 000 during the financial year.

7. Infrastructure

Table 5.25 summarises infrastructure payments per main category. Details of the main adjustments to the infrastructure allocation are provided below. It should be noted that there were no changes to the main appropriation of this category.

Table 5.25 : Summary of infrastructure payments by category

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Existing infrastructure assets	2 065 011	-	-	101 469	-	-	101 469	2 166 480
Maintenance and repair: Current	220 526			100 000			100 000	320 526
Upgrades and additions: Capital	923 799			148 206			148 206	1 072 005
Refurbishment and rehabilitation: Capital	920 686			(146 737)			(146 737)	773 949
New infrastructure assets: Capital	387 118			(141 469)			(141 469)	245 649
Infrastructure transfers	-	-	-	-	-	-	-	-
Infrastructure transfers: Capital							-	-
Infrastructure transfers: Current							-	-
Infrastructure: Payments for fin assets							-	-
Infrastructure: Leases				40 000			40 000	40 000
Capital infrastructure	2 231 603			(140 000)			(140 000)	2 091 603
Current infrastructure	220 526			140 000			140 000	360 526
Total	2 452 129	-	-	-	-	-	-	2 452 129
Amount to be voted								

- **Virements:** The following virements were undertaken:

- o Savings of R146.737 million were realised due to the previously mentioned delays in awarding of some projects by the implementing agents DOPW and DBSA. The projects include Dokkies Teacher Development Academy in respect of *Refurbishment and rehabilitations: Capital* projects. These funds were moved to *Upgrades and additions: Capital* to offset pressures in respect of various projects which are accelerating on site.
- o Savings of R141.469 million were realised against *New infrastructure assets: Capital* due to the previously mentioned poor contractor performance in respect of *New infrastructure assets: Capital* for construction projects, such as Inkosi Albert High school, Ndumo Model school, Mdombolo secondary school, etc. These savings were moved to *Upgrades and additions: Capital* (R41.469 million) and *Maintenance and repair: Current* (R100 million) to offset pressures in respect of projects that are progressing faster than anticipated.
- o *Infrastructure: Leases* was increased by R40 million from *Upgrades and additions: Capital* to provide for costs related to leasing of office buildings.

The net reduction of R140 million in respect of *Capital infrastructure* requires Legislature approval. It should be noted, though, that this amount remains within the infrastructure category.

8. Conditional grants

Tables 5.26 and 5.27 provide a summary of conditional grants. Details of the main adjustments, which resulted in the overall increase of R8.536 million, are provided in the paragraphs following the tables.

Table 5.26 : Summary of changes to conditional grants

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
2. Public Ordinary School Education	1 447 808	-	-	-	-	8 536	8 536	1 456 344
National School Nutrition Programme (NSNP) grant	1 355 247					8 536	8 536	1 363 783
Maths, Science and Technology grant	62 453						-	62 453
Social Sector EPWP Incentive Grant for Provinces	27 318						-	27 318
EPWP Integrated Grant for Provinces	2 790						-	2 790
6. Infrastructure Development	1 958 321	-	-	-	-	-	-	1 958 321
Education Infrastructure grant	1 958 321						-	1 958 321
7. Examination and Education Related Services	53 096	-	-	-	-	-	-	53 096
HIV and AIDS (Life-Skills Education) grant	53 096						-	53 096
Total	3 459 225	-	-	-	-	8 536	8 536	3 467 761
Amount to be voted								8 536

Table 5.27 : Summary of conditional grants by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	1 482 338	-	-	108 750	-	8 536	117 286	1 599 624
Compensation of employees	87 875			(3 445)			(3 445)	84 430
Goods and services	1 394 463			112 195		8 536	120 731	1 515 194
Interest and rent on land							-	-
Transfers and subsidies to:	14 000	-	-	1 680	-	-	1 680	15 680
Provinces and municipalities							-	-
Departmental agencies and accounts							-	-
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions	14 000			1 680			1 680	15 680
Households							-	-
Payments for capital assets	1 962 887	-	-	(110 430)	-	-	(110 430)	1 852 457
Buildings and other fixed structures	1 911 946			(100 000)			(100 000)	1 811 946
Machinery and equipment	46 941			(10 430)			(10 430)	36 511
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets	4 000						-	4 000
Payments for financial assets	-						-	-
Total	3 459 225	-	-	-	-	8 536	8 536	3 467 761
Amount to be voted								8 536

- **Virements:** The following virements were undertaken:
 - Within the MST grant, R12 million was moved from *Machinery and equipment* to *Goods and services* to provide for training and development, as well as travel and subsistence according to the business plan activities. As previously explained, these funds were initially allocated against *Machinery and equipment* during the finalisation of the *EPRE*. It should be noted that the business plan was approved in May after the budget was finalised in March and the department is aligning the budget to the business plan activities.
 - The following were the changes made within the *EIG*:
 - R1.500 million was moved from *Compensation of employees* to *Machinery and equipment* in respect of the *EIG* within Programme 6 and the sub-programme Administration. This was to correctly allocate funds which were incorrectly allocated in the finalisation of the *EPRE* as the business plan was only finalised in May. These funds relate to the purchase of tools of trade for employees appointed in terms of DORA. It should be noted that, according to the *EIG* grant framework, 20 per cent of the allocation can be utilised towards the purchase of tools of trade for employees.
 - R100 million was moved from *Buildings and other fixed structures* within the *EIG* to offset pressures against *Goods and services* for maintenance projects which are progressing faster than anticipated.

- o R1.945 million was moved from *Compensation of employees* to various categories within the sub-programme: HIV and AIDS (Life-Skills Education) grant. This was to correctly allocate the funds which were incorrectly allocated in the finalisation of the *EPRE* while the business plan was only finalised in May. The funds were moved as follows at economic category level:
 - R195 000 was moved to *Goods and services* for costs associated with travel and subsistence for monitoring of schools.
 - R1.680 million was moved to *Transfers and subsidies to: Non-profit institutions* for transfers to schools to purchase uniforms for orphans and vulnerable children.
 - R70 000 was moved to *Machinery and equipment* towards the purchase of tools of trade for facilitators at district level according to the activities of the business plan.

Other adjustments: The conditional grant allocation was increased by R8.536 million, as explained previously. This amount was received from the Department of Basic Education and was allocated against *Goods and services* under the NSNP grant to cover the shortfall caused by high food inflation.

9. Transfers and subsidies

Table 5.28 shows a summary of transfers and subsidies per programme. The adjustments in transfers and subsidies resulted in an overall increase of R1.680 million, as explained in the paragraphs after the table.

Table 5.28 : Summary of transfers and subsidies by programme and main category

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Administration	32 570	-	-	-	-	-	-	32 570
Provinces and municipalities	1 158	-	-	-	-	-	-	1 158
Motor vehicle licences	1 158						-	1 158
Households	31 412	-	-	-	-	-	-	31 412
Staff exit costs	31 412						-	31 412
2. Public Ordinary School Education	1 475 542	-	-	30 000	-	-	30 000	1 505 542
Non-profit institutions	1 429 549	-	-	-	-	-	-	1 429 549
Section 21 schools	1 422 672						-	1 422 672
Section 20 schools	6 877						-	6 877
Households	45 993	-	-	30 000	-	-	30 000	75 993
Staff exit costs	45 993			30 000			30 000	75 993
3. Independent School Subsidies	81 941	-	-	-	-	-	-	81 941
Non-profit institutions	81 941	-	-	-	-	-	-	81 941
Independent schools	81 941						-	81 941
4. Public Special School Education	138 400	-	-	-	-	-	-	138 400
Non-profit institutions	136 757	-	-	-	-	-	-	136 757
Schools	136 757						-	136 757
Households	1 643	-	-	-	-	-	-	1 643
Staff exit costs	1 643						-	1 643
5. Early Childhood Development	50 265	-	-	(30 000)	-	-	(30 000)	20 265
Non-profit institutions	50 265	-	-	(30 000)	-	-	(30 000)	20 265
ECD centres	50 265			(30 000)			(30 000)	20 265
6. Infrastructure Development	-	-	-	-	-	-	-	-
7. Examination and Education Related Services	97 257	-	-	1 680	-	-	1 680	98 937
Departmental agencies and accounts	83 257	-	-	-	-	-	-	83 257
ETDP SETA	83 257						-	83 257
Non-profit institutions	14 000	-	-	1 680	-	-	1 680	15 680
HIV and AIDS	14 000			1 680			1 680	15 680
Total	1 875 975	-	-	1 680	-	-	1 680	1 877 655
Amount to be voted								1 680

- *Virements:* The following virements resulting in a net increase of R1.680 million were undertaken under *Transfers and subsidies*:
 - o R30 million was moved from Programme 5 against *Non-profit institutions* to Programme 2 against *Households*. These funds were inadvertently allocated against Programme 5 during the finalisation of the *EPRE*. This amount is correctly allocated to the sub-programme: Public Secondary Level against *Households* in respect of staff exit costs.

- o R1.680 million was moved within Programme 7 from *Compensation of employees* to *Non-profit institutions* in order to cater for transfers to schools to purchase uniforms for orphans and vulnerable children. This was to correctly align the budget with the HIV and AIDS (Life-Skills Education) grant business plan activities as the budget was finalised before the plan.

These virements are permissible in terms of the PFMA and Treasury Regulations. The reduction in *Transfers and subsidies to: Non-profit institutions* requires Legislature approval. The increase in transfers and subsidies was approved by Provincial Treasury.

10. Transfers to public entities

The department does not undertake transfers to public entities.

11. Transfers to local government

There were no transfers to local government made by the department. It is noted that the appropriation of R1.158 million in Table 5.28 relates to the payment of motor vehicle licences. As this amount will not be transferred to any municipality, the table reflecting transfers to local government is excluded.

12. Actual payments and revised spending projections for the rest of 2016/17

Tables 5.29 and 5.30 reflect actual payments as at the end of September 2016, projected payments for the rest of the year, in rand value and as a percentage of the adjusted appropriation per programme and economic classification, the revised projected spending for the year, and the 2015/16 audited outcome.

Table 5.29 : Actual payments and revised spending projections by programme

Table 6.20: Actual payments and revised spending projections by programme							
R thousand	2015/16 Audited outcome	Adjusted appropriation	Actual payments		Projected payments		Projected actual
			April '16 - September 2016	% of budget	October '16 - March 2017	% of budget	
1. Administration	1 651 446	1 833 037	921 170	50.3	911 867	49.7	1 833 037
2. Public Ordinary School Education	35 580 506	38 103 177	19 852 484	52.1	18 250 693	47.9	38 103 177
3. Independent School Subsidies	77 278	81 941	39 007	47.6	42 934	52.4	81 941
4. Public Special School Education	942 327	1 035 570	584 925	56.5	450 645	43.5	1 035 570
5. Early Childhood Development	603 671	773 579	353 849	45.7	419 730	54.3	773 579
6. Infrastructure Development	2 613 953	2 509 501	1 144 004	45.6	1 365 497	54.4	2 509 501
7. Examination and Education Related Services	1 418 730	1 316 314	592 185	45.0	724 129	55.0	1 316 314
Total	42 887 911	45 653 119	23 487 624	51.4	22 165 495	48.6	45 653 119

Table 5.30 : Actual payments and revised spending projections by economic classification

R thousand	2015/16 Audited outcome	Adjusted appropriation	Actual payments		Projected payments		Projected actual
			April '16 - September 2016		October '16 - March 2017		
			% of budget		% of budget		
Current payments	38 506 958	41 543 657	20 866 968	50.2	20 676 689	49.8	41 543 657
Compensation of employees	34 527 080	37 902 801	18 649 227	49.2	19 253 574	50.8	37 902 801
Goods and services	3 841 946	3 640 708	2 217 593	60.9	1 423 115	39.1	3 640 708
Interest and rent on land	137 932	148	148	100.0	-	-	148
Transfers and subsidies to:	1 908 152	1 877 655	1 660 441	88.4	217 214	11.6	1 877 655
Provinces and municipalities	1 702	1 158	699	60.4	459	39.6	1 158
Departmental agencies and accounts	78 139	83 257	-	-	83 257	100.0	83 257
Higher education institutions	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-
Non-profit institutions	1 656 841	1 684 192	1 578 072	93.7	106 120	6.3	1 684 192
Households	171 470	109 048	81 670	74.9	27 378	25.1	109 048
Payments for capital assets	2 440 909	2 199 915	928 323	42.2	1 271 592	57.8	2 199 915
Buildings and other fixed structures	2 343 612	2 091 603	908 456	43.4	1 183 147	56.6	2 091 603
Machinery and equipment	97 297	104 312	19 675	18.9	84 637	81.1	104 312
Heritage assets	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-
Software and other intangible assets	-	4 000	192	4.8	3 808	95.2	4 000
Payments for financial assets	31 892	31 892	31 892	100.0	-	-	31 892
Total	42 887 911	45 653 119	23 487 624	51.4	22 165 495	48.6	45 653 119

The department's spending trend against the adjusted appropriation was at 51.4 per cent in the first half of the year, and is reflecting a projected balanced budget at year-end at programme and economic classification level. This is due to anticipated reduction in employee numbers, as well as the implementation of the departmental internal cost-containment plan, in an effort to reduce any possible over-expenditure.

With regard to economic category, mid-year expenditure against *Compensation of employees* was marginally lower than the straight-line benchmark of 50 per cent, at 49.2 per cent, due to lower than budgeted number of employees currently in the system. It is anticipated, however, that this number will increase during the first quarter of the 2017 school year when new learner enrolments are undertaken for the new academic year. The department will continue to monitor this trend so as not to end the financial year with under-expenditure. It should be noted that the personnel numbers fluctuated in the first half of the year, ascribed to various reasons including appointment of temporary educators, relief educators in cases where an educator was on prolonged sick or maternity leave, attrition, etc. The department was advised by Provincial Treasury to undertake an in-depth analysis of the allocation for *Compensation of employees* and prepare a comprehensive Human Resource plan. Also, the department should ensure that they efficiently manage the termination of salaries for employees who have left the department due to transfers, resignations, death, etc. The projections for the remaining half of the year include provision for the appointment of exam markers, invigilators for monitoring of exams, DORA posts, etc.

Spending against *Goods and services* was higher than the straight-line benchmark of 50 per cent, at 60.9 per cent, after this category was increased by R185.731 million to provide for maintenance costs and commitments from the previous year. This was mainly attributed to higher than anticipated property payments in respect of water and lights, as well as maintenance costs in respect of office buildings, travel and subsistence for monitoring in various district offices and schools, legal services in respect of the high volume of litigation cases against the department, communication costs in respect of telephone and fax and bursaries for employees, etc. The department indicated that spending includes R86 million in respect of commitments from the previous year. The projections include bursaries for employees, communication in respect of the various programmes undertaken by the department including adverts and marketing, agency and support services for the management of PILIR cases, as well as computer services for SITA costs for various district offices, etc. Also included are items such as travel and subsistence in respect of the plan to improve matric results, namely operation Bounce Back, including operating payments for printing of the material used for NSC supplementary, June and AET examination expenditure which will be re-imbursed by the DHET. It should be noted that there is a MOU in place until DHET is equipped to implement provincial exams. The department should continue to implement cost-cutting measures against this category to avoid any over-spending.

Interest and rent on land reflects spending in respect of payments relating to overdue accounts.

The expenditure against *Transfers and subsidies to: Provinces and municipalities* was fairly high at 60.4 per cent compared to the 50 per cent straight-line benchmark. This emanates from payments for the renewal and registration of vehicle licences, which are paid upon receipt of invoices.

Transfer payments against *Transfers and subsidies to: Departmental agencies and accounts* reflects no spending by mid-year. This was due to the full transfer being projected to be undertaken in the second half of the year in respect of ETDP SETA for the skills levy.

Spending against *Transfers and subsidies to: Non-profit institutions* was high at 93.7 per cent compared to the 50 per cent straight-line benchmark. This was mainly in respect of schools who complied with transfer requirements. The department projects to fully spend against this category after adjustments were undertaken and funds were moved to *Households*.

Spending against *Transfers and subsidies to: Households* was high at 74.9 per cent compared to the 50 per cent straight-line benchmark. This relates mainly to staff exit costs which were higher than anticipated.

Spending against *Buildings and other fixed structures* was fairly low 43.4 per cent in the first half of the year, after adjustments were undertaken to reduce this allocation and to move it to *Goods and services*

with regard to maintenance and operating leases. It should be noted that, although spending was fairly low, the department has accelerated spending on both specifically and exclusively allocated funds for water and sanitation in schools and the EIG. Mid-year expenditure includes work undertaken in respect of *New infrastructure assets: Capital* such as small and large primary and secondary schools, *Refurbishment and rehabilitation: Capital* including major building maintenance and refurbishment of large and small schools, as well as *Upgrades and additions: Capital* to schools which includes fencing in schools and the specific and exclusive allocation for water and sanitation in schools. The construction projects relating to water and sanitation in schools commenced in July for the Southern and Midlands Regions. The finalisation of the tender processes in respect of the specific and exclusive funding in the remaining districts is anticipated to take place in the remaining two quarters.

Machinery and equipment spending was low at 18.9 per cent, which is far below the straight-line benchmark of 50 per cent, mainly attributed to delays in the finalisation of the procurement of tools of trade, including vehicles and office equipment, as well as no and late receipt of invoices for vehicles already delivered. However, this category is projected to break-even at year-end after adjustments were undertaken.

Software and other intangible assets spending was low at mid-year due to challenges with the advertised tender for ICT and connectivity in schools. However, this category is projected to break-even at year-end.

Payments for financial assets shows an amount of R31.892 million which mainly relates to the repayment of the first charge. This is in relation to the unauthorised expenditure which was not approved by SCOPA relating to the department's 2013/14 over-expenditure.

The department is projecting a balanced budget at year-end after the adjustments have been made.

Table 5.A : Summary by economic classification : Education

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	41 223 371	25 000	-	146 750	-	148 536	320 286	41 543 657
Compensation of employees	37 768 394	-	-	(5 593)	-	140 000	134 407	37 902 801
Salaries and wages	29 666 064	-	-	(4 845)	-	140 000	135 155	29 801 219
Social contributions	8 102 330	-	-	(748)	-	-	(748)	8 101 582
Goods and services	3 454 977	25 000	-	152 195	-	8 536	185 731	3 640 708
Administrative fees	1 554	-	-	-	-	-	-	1 554
Advertising	6 835	-	-	-	-	-	-	6 835
Assets less than capitalisation threshold	28 431	-	-	-	-	-	-	28 431
Audit cost: External	9 423	-	-	-	-	-	-	9 423
Bursaries: Employees	57 000	-	-	-	-	-	-	57 000
Catering: Departmental activities	34 097	-	-	-	-	-	-	34 097
Communication (G&S)	7 183	-	-	-	-	-	-	7 183
Computer services	90 738	-	-	-	-	-	-	90 738
Cons & prof serv: Business and advisory services	99 355	-	-	-	-	-	-	99 355
Cons & prof serv: Infras and planning	10 772	-	-	-	-	-	-	10 772
Cons & prof serv: Laboratory services	446	-	-	-	-	-	-	446
Cons & prof serv: Scientific and tech services	-	-	-	-	-	-	-	-
Cons & prof serv: Legal costs	3 509	-	-	-	-	-	-	3 509
Contractors	500	-	-	-	-	-	-	500
Agency and support / outsourced services	1 200 857	-	-	-	-	8 536	8 536	1 209 393
Entertainment	-	-	-	-	-	-	-	-
Fleet services (incl. govt motor transport)	47 060	-	-	-	-	-	-	47 060
Housing	-	-	-	-	-	-	-	-
Inventory: Clothing material and accessories	-	-	-	-	-	-	-	-
Inventory: Farming supplies	-	-	-	-	-	-	-	-
Inventory: Food and food supplies	523	-	-	-	-	-	-	523
Inventory: Fuel, oil and gas	277	-	-	-	-	-	-	277
Inventory: Learner and teacher support material	564 372	-	-	-	-	-	-	564 372
Inventory: Materials and supplies	13 840	-	-	-	-	-	-	13 840
Inventory: Medical supplies	7 231	-	-	-	-	-	-	7 231
Inventory: Medicine	-	-	-	-	-	-	-	-
Medias inventory interface	-	-	-	-	-	-	-	-
Inventory: Other supplies	189 659	25 000	-	-	-	-	25 000	214 659
Consumable supplies	76 899	-	-	-	-	-	-	76 899
Consumable: Stationery, printing and office supplies	80 610	-	-	-	-	-	-	80 610
Operating leases	42 202	-	-	40 000	-	-	40 000	82 202
Property payments	317 522	-	-	100 000	-	-	100 000	417 522
Transport provided: Departmental activity	8 642	-	-	-	-	-	-	8 642
Travel and subsistence	181 508	-	-	6 195	-	-	6 195	187 703
Training and development	221 224	-	-	6 000	-	-	6 000	227 224
Operating payments	143 317	-	-	-	-	-	-	143 317
Venues and facilities	9 291	-	-	-	-	-	-	9 291
Rental and hiring	100	-	-	-	-	-	-	100
Interest and rent on land	-	-	-	148	-	-	148	148
Interest	-	-	-	148	-	-	148	148
Rent on land	-	-	-	-	-	-	-	-
Transfers and subsidies to	1 875 975	-	-	1 680	-	-	1 680	1 877 655
Provinces and municipalities	1 158	-	-	-	-	-	-	1 158
Provinces	1 158	-	-	-	-	-	-	1 158
Provincial Revenue Funds	-	-	-	-	-	-	-	-
Provincial agencies and funds	1 158	-	-	-	-	-	-	1 158
Municipalities	-	-	-	-	-	-	-	-
Municipalities	-	-	-	-	-	-	-	-
Municipal agencies and funds	-	-	-	-	-	-	-	-
Departmental agencies and accounts	83 257	-	-	-	-	-	-	83 257
Social security funds	-	-	-	-	-	-	-	-
Entities receiving funds	83 257	-	-	-	-	-	-	83 257
Higher education institutions	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-
Public corporations	-	-	-	-	-	-	-	-
Subsidies on production	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-
Private enterprises	-	-	-	-	-	-	-	-
Subsidies on production	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-
Non-profit institutions	1 712 512	-	-	(28 320)	-	-	(28 320)	1 684 192
Households	79 048	-	-	30 000	-	-	30 000	109 048
Social benefits	79 048	-	-	-	-	-	30 000	109 048
Other transfers to households	-	-	-	-	-	-	-	-
Payments for capital assets	2 333 135	15 210	-	(148 430)	-	-	(133 220)	2 199 915
Buildings and other fixed structures	2 231 603	-	-	(140 000)	-	-	(140 000)	2 091 603
Buildings	2 231 603	-	-	(140 000)	-	-	(140 000)	2 091 603
Other fixed structures	-	-	-	-	-	-	-	-
Machinery and equipment	97 532	15 210	-	(8 430)	-	-	6 780	104 312
Transport equipment	31 840	15 210	-	-	-	-	15 210	47 050
Other machinery and equipment	65 692	-	-	(8 430)	-	-	(8 430)	57 262
Heritage assets	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-
Software and other intangible assets	4 000	-	-	-	-	-	-	4 000
Payments for financial assets	31 892	-	-	-	-	-	-	31 892
Total	45 464 373	40 210	-	-	-	148 536	188 746	45 653 119
Amount to be voted								188 746
of which: Unauth. Exp. (1st charge) not available for spending			(31 892)					(31 892)
Baseline available for spending after first charge			45 432 481					45 621 227

Vote 6

Provincial Treasury

R thousand	2016/17			
	Main appropriation	Adjusted appropriation	Decrease	Increase
Operational budget	673 458	649 404	(24 054)	
MEC remuneration ¹	1 822	1 902		80
Total amount to be appropriated	675 280	651 306	(23 974)	
<i>of which:</i>				
Current payments	627 760	615 925	(11 385)	
Transfers and subsidies	42 977	30 369	(12 608)	
Payments for capital assets	4 543	5 012		469
Payments for financial assets	-	-		
Responsible MEC	MEC for Finance			
Administering department	Provincial Treasury			
Accounting Officer	Accountant-General			

1. Vision and mission

Vision

The vision of the department is: *Be the centre of excellence in financial and fiscal management in the country.*

Mission statement

The department's mission is: *To enhance the KwaZulu-Natal Provincial Government's service delivery by responding to the expectations of all stakeholders in the value chain as a key driver through:*

- Optimum and transparent allocation of financial resources while enhancing revenue generation and financial management practices in compliance with applicable legislation and corporate governance principles.
- Competent and dedicated employees who are at the centre of ensuring best value to their stakeholders.

2. Strategic objectives

Strategic policy direction: The Provincial Treasury will ensure a credible distribution of available funds between departments taking cognisance of the demands for social services and the need to stimulate economic development and growth, and will commit to provide ongoing, effective and efficient support services to internal and external clients. The department will analyse and monitor government revenue and expenditure in the provincial and local spheres, including public entities, undertake robust public policy research and instil prudent financial management and good governance.

The department has set the following goals and strategic objectives:

- To promote sound financial management practices and fiscal management through good governance.
- To ensure targeted financial resources allocation and utilisation that contributes to improved service delivery.
- To enhance the capacity and capability of Supply Chain Management (SCM) in departments, municipalities and public entities to eliminate irregular expenditure.

¹ At the time of going to print with the 2016/17 EPRE, the proclamation determining the 2015 salary adjustment relating to office bearers had not been signed, hence this amount remained unchanged from the 2015/16 EPRE. Similarly, at the time of going to print with this document, the proclamation determining the 2016 salary adjustment relating to office bearers has not been signed. As such, the above-mentioned adjustment now aligns the MEC's salary to the 2015 salary level.

- To focus on the enhancement of broad-based Black Economic Empowerment (B-BBEE) through effective SCM policies.
- To monitor and facilitate infrastructure delivery in the province and thereby contribute towards job creation.
- To co-ordinate and enhance revenue collection for sustainable service delivery to the citizens.
- To promote sound cash management practices and improve liquidity in the province.

3. Summary of adjusted estimates for the 2016/17 financial year

The main appropriation of Provincial Treasury was R675.280 million in 2016/17. During the year, the department's budget was reduced by R23.974 million. The main adjustments that led to the overall decrease in the budget are summarised below, and further details are given in Section 4.

- *Virements between programmes:* The following virements were undertaken across programmes:
 - Savings of R8 million resulted from VAT review orders, which were issued for uMhlabyalingana, Jozini, Ndwedwe and Pongola Municipalities, being delayed due to the service provider being in breach of the contracts as a result of failure to satisfactorily meet deliverables. These savings were moved from *Goods and services* under the Municipal Finance sub-programme (Municipal Support Programme (MSP)) in Programme 2: Fiscal Resource Management, and were distributed to the following programmes:
 - R1.500 million was moved to the Corporate Services sub-programme in Programme 1: Administration against *Goods and services* to cater for fleet services and operating leases costs that were higher than budgeted.
 - R6.500 million was moved to the Assurance Services sub-programme (R4.700 million), as well as the Forensic Services sub-programme (R1.800 million) in Programme 4: Internal Audit against *Goods and services* to cater for performance audits relating to previous years, as well as forensic audits that were higher than budgeted.
 - There were savings of R21.300 million mainly in respect of the suspension of the e-Procurement Tool programme, against computer services due to relocation of the PERSAL mainframe from Pietermaritzburg to Pretoria, KwaZulu-Natal Gaming and Betting Board (KZNGBB) funds that were held against Programme 3, etc. These funds were moved from Programme 3: Financial Management from the various sub-programmes and economic classifications, as follows:
 - R18.800 million was moved from Programme 3 (all sub-programmes except Gaming and Betting) to the Assurance Services sub-programme (R8.800 million), as well as the Forensic Services sub-programme (R10 million) in Programme 4 within *Goods and services* for performance audit costs that were higher than budgeted due to increase in the scope of work, which also covers public entities, as well as municipalities. These funds also cater for commitments from previous years, increased demand for performance audits from departments, as well as forensic investigations, which are ongoing.
 - R2.500 million was moved from the Support and Interlinked Financial Systems sub-programme to the Special Projects sub-programme in Programme 5: Growth and Development against *Goods and services* towards the feasibility study for the Legislature Complex and PPP Government Precinct, which were undertaken in 2015/16 but funds were not rolled over.

In addition, the department undertook virements within programmes and sub-programmes and economic classification categories, with further details given below. All the above adjustments are permissible in terms of the Treasury Regulations and the PFMA, except the virement to Programme 4, which exceeds 8 per cent, and therefore requires Legislature approval. Furthermore, the donation to the Coastal Horse Care Unit exceeds R100 000 and therefore also requires Legislature approval.

- *Shifts:* The following shifts were undertaken by the department, where the original purpose of the funds remains unchanged:

- o R15 million was moved from Programme 3 to Programme 1 due to the separation of IT Management and Support and Interlinked Financial Systems, with the latter remaining in Programme 3 due to it being a transversal programme. IT Management, which focuses on the department's IT requirements, moved to the Corporate Services sub-programme in Programme 1.
- o R4 million was shifted within the Gaming and Betting sub-programme in Programme 3 from *Goods and services* to *Transfers and subsidies to: Departmental agencies and accounts* due to a misclassification of the budget relating to the KZNGBB when the 2016/17 EPRE was prepared.
- **Other adjustments:** Adjustments, amounting to a decrease of R23.974 million are as follows:
 - o The MEC for Finance undertook at a Sub-committee on Major Events held on 10 August 2016, that R1.500 million would be suspended from Vote 6: Provincial Treasury to Vote 11: COGTA toward the Mandela Day Marathon event. These funds were moved from the Office of the MEC sub-programme in Programme 1 and from *Goods and services*.
 - o R22.474 million was suspended from Vote 6: Provincial Treasury and allocated to Vote 1: Office of the Premier relating to the movement of both the KZNGBB and the administration unit dealing with gaming and betting with effect from 28 September 2016, as determined by Premier's Minute No. 2 of 2016. Similarly, the gaming and betting revenue budget calculated at R270.760 million is also moved between the two Votes. It must be noted that only the budget from 28 September onward is suspended, whereas the balance will remain with Vote 6 this year, as this Vote has incurred the related expenditure in the first half of the year. The full amount will be moved in 2017/18. This budget is moved from Programme 3 against *Compensation of employees, Goods and services*, as well as *Departmental agencies and accounts*.

Tables 6.1 and 6.2 reflect a summary of the 2016/17 adjusted appropriation of the department, summarised according to programme and economic classification. Details of the economic classification are given in *Annexure – Vote 6: Provincial Treasury*.

Table 6.1 : Summary by programmes

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Administration	134 552	-	-	1 500	15 000	(1 500)	15 000	149 552
2. Fiscal Resource Management	103 056	-	-	(8 000)	-	-	(8 000)	95 056
3. Financial Management	295 563	-	-	(21 300)	(15 000)	(22 474)	(58 774)	236 789
4. Internal Audit	121 683	-	-	25 300	-	-	25 300	146 983
5. Growth and Development	20 426	-	-	2 500	-	-	2 500	22 926
Total	675 280	-	-	-	-	(23 974)	(23 974)	651 306
Amount to be voted								(23 974)

Table 6.2 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	627 760	-	-	(3 115)	(4 000)	(4 720)	(11 835)	615 925
Compensation of employees	279 429	-	-	(2 675)	-	(2 324)	(4 999)	274 430
Goods and services	345 057	-	-	2 234	(4 000)	(2 396)	(4 162)	340 895
Interest and rent on land	3 274	-	-	(2 674)	-	-	(2 674)	600
Transfers and subsidies to:	42 977	-	-	2 646	4 000	(19 254)	(12 608)	30 369
Provinces and municipalities	24	-	-	-	-	-	-	24
Departmental agencies and accounts	34 255	-	-	2 136	4 000	(19 254)	(13 118)	21 137
Higher education institutions	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-
Non-profit institutions	3 370	-	-	371	-	-	371	3 741
Households	5 328	-	-	139	-	-	139	5 467
Payments for capital assets	4 543	-	-	469	-	-	469	5 012
Buildings and other fixed structures	-	-	-	-	-	-	-	-
Machinery and equipment	4 543	-	-	469	-	-	469	5 012
Heritage assets	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-
Total	675 280	-	-	-	-	(23 974)	(23 974)	651 306
Amount to be voted								(23 974)

4. Changes to programme purposes and service delivery measures

The department made the following changes to the purpose of its programmes:

- A decision was taken by the department after the tabling of the 2016/17 *EPRE*, to separate the forensic services function from the risk management function in Programme 4. As such, a new Forensic Services sub-programme was created and R25.911 million was moved to it from the Risk Management sub-programme. This movement did not affect any economic categories.
- Programme 3 is affected by function shift of Gaming and Betting to Office of the Premier and, as a result, some of the non-financial targets also move between the Votes. This is explained in greater detail under Programme 3 below.

4.1 Programme 1: Administration

The purpose of this programme is to provide strategic support services in terms of financial management human resources, auxiliary services, information communication and technology, and legal services.

The main services under this programme are as follows:

- To support the Executive Authority in providing strategic and political direction to provincial departments, public entities, as well as municipalities.
- To provide the MEC with technical support on the appropriation of revenue, to ensure equitable distribution among provincial departments.
- To render financial and supply chain management functions to the department.
- To provide human resource management functions to the department.
- To render legal professional guidance in operational matters of the department.
- To deliver auxiliary services to the department, such as the telecom system, transport fleet management and control of registry.
- To provide IT Management support to the department.

Tables 6.3 and 6.4 reflect a summary of the 2016/17 adjusted appropriation of Programme 1, summarised according to sub-programme and economic classification.

Details of the main adjustments, which resulted in an overall increase of R15 million, are provided in the paragraphs following the tables.

Table 6.3 : Programme 1: Administration

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts	Other adjustments		
Office of the MEC	28 845			(1 300)		(1 500)	(2 800)	26 045
Head of Department	9 489			(500)			(500)	8 989
Chief Financial Office	30 560						-	30 560
Corporate Services	65 658			3 300	15 000		18 300	83 958
Total	134 552	-	-	1 500	15 000	(1 500)	15 000	149 552
Amount to be voted								15 000

Table 6.4 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	124 060	-	-	1 363	15 000	(1 500)	14 863	138 923
Compensation of employees	79 466			(772)			(772)	78 694
Goods and services	44 594			2 135	15 000	(1 500)	15 635	60 229
Interest and rent on land							-	-
Transfers and subsidies to:	7 872	-	-	73	-	-	73	7 945
Provinces and municipalities	24						-	24
Departmental agencies and accounts							-	-
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions	3 370			23			23	3 393
Households	4 478			50			50	4 528
Payments for capital assets	2 620	-	-	64	-	-	64	2 684
Buildings and other fixed structures							-	-
Machinery and equipment	2 620			64			64	2 684
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets							-	-
Total	134 552	-	-	1 500	15 000	(1 500)	15 000	149 552
Amount to be voted								15 000

Virement – Programme 1: Administration: R1.500 million

The department undertook virements in respect of Programme 1 resulting in a net increase of R1.500 million, as follows:

- The Office of the MEC sub-programme was reduced by an amount of R1.300 million, as follows.
 - Savings of R800 000 was moved from *Compensation of employees* due to the moratorium on the filling of non-critical posts to the Corporate Services sub-programme against *Goods and services* to cater for fleet services and operating leases that were higher than budgeted for.
 - Savings of R500 000 was moved within *Goods and services* due to cost-cutting in respect of travelling and subsistence. This was moved to the Corporate Services sub-programme (Legal Services) towards legal fees for additional legal expertise required by the department, which was higher than anticipated.
 - An internal virement was undertaken where savings of R23 000 were moved from *Compensation of employees* due to the moratorium on the filling of non-critical posts. These savings were moved to *Transfers and subsidies to: Non-profit institutions* to cater for donations made to various institutions such as schools and NGOs in line with the OSS programme that were not adequately budgeted for.
- The Office of the HOD sub-programme was reduced by R500 000 from *Goods and services* as a result of cost-cutting mainly in respect of travelling and subsistence, and the savings were moved as follows:
 - R200 000 was moved to the Corporate Services sub-programme (Legal Services) against *Compensation of employees* and R300 000 within *Goods and services* to cater for the shortfall as a result of an employee that was transferred from the Office of the MEC to Legal Services, as well as towards legal fees that were higher than anticipated, respectively.
 - An amount of R64 000 was moved within this sub-programme from *Goods and services* to *Machinery and equipment* to cater for the purchase of computers that was higher than budgeted.
- The Chief Financial Office sub-programme made one internal virement, with an amount of R50 000 being moved from *Compensation of employees* to *Transfers and subsidies to: Households* in respect of staff exit costs that were higher than budgeted.
- The Corporate Services sub-programme was increased by a net amount of R3.300 million as follows:

- o R1.500 million was moved from the Municipal Finance sub-programme in Programme 2 within *Goods and services* to cater for fleet services and operating leases that were higher than budgeted for. This resulted in the net increase for Programme 1 as a whole of R1.500 million.
- o R800 000 was moved from *Compensation of employees* to the Corporate Services sub-programme against *Goods and services* to cater for fleet services and operating leases that were higher than budgeted for.
- o R500 000 was moved within *Goods and services* to the Corporate Services sub-programme (Legal Services) towards legal fees for additional legal expertise required by the department, and was higher than anticipated.
- o R500 000 was moved to the Corporate Services sub-programme (Legal Services) against *Compensation of employees* (R200 000) and within *Goods and services* to cater for the shortfall as a result of an employee that was transferred from the Office of the MEC to Legal Services, as well as towards legal fees that were higher than anticipated (R300 000).
- o R99 000 was moved within the Corporate Services sub-programme from savings in *Compensation of employees* resulting from an Assistant Director post that was filled later than anticipated. This was moved to *Goods and services* to cater for the shortfall in bursaries for employees.

All of these virements are permissible in terms of the PFMA and the Treasury Regulations. Provincial Treasury approval for the increase of R23 000 against *Transfers and subsidies to: Non-profit institutions* was obtained.

Shifts – Programme 1: Administration: R15 million

A shift totalling R15 million was undertaken between programmes, where the original purpose of the funds remains unchanged. In this regard, a decision was taken by Provincial Treasury to separate Support and Interlinked Financial Systems and IT Management with the former remaining in Programme 3 and the latter moving to Programme 1. As such, R15 million was moved to Programme 1 under the Corporate Services sub-programme against *Goods and services*.

Other adjustments – Programme 1: Administration: (R1.500 million)

The MEC for Finance undertook at a Sub-committee on Major Events held on 10 August 2016, that R1.500 million would be suspended from Vote 6: Provincial Treasury to Vote 11: COGTA toward the Mandela Day Marathon event. As such, R1.500 million was moved from the Office of the MEC sub-programme against *Goods and services*. Savings were as a result of cost-cutting, mainly in respect of travelling and subsistence.

4.2 Programme 2: Fiscal Resource Management

The main purpose of this programme is to effectively manage and monitor the provincial and local government fiscal resources.

The objectives and services of this programme are as follows:

- To ensure targeted financial resource allocation and utilisation that contributes to improved service delivery.
- To ensure efficient budget and expenditure management and accurate financial reporting by provincial departments and public entities.
- To co-ordinate and enhance revenue collection for sustainable service delivery to the citizens.
- To provide a platform to enhance regional economic growth and development through quality research.
- To ensure efficient planning and management of infrastructure in the province.

- To ensure efficient budget and expenditure management and accurate financial reporting for the delegated municipalities in KZN.
- To assist and provide technical support to delegated municipalities that are in financial distress in KZN.

Tables 6.5 and 6.6 reflect a summary of the 2016/17 adjusted appropriation of Programme 2, summarised according to sub-programme and economic classification. Details of the main adjustments, which resulted in an overall decrease of R8 million, are provided in the following tables.

Table 6.5 : Programme 2: Fiscal Resource Management

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Programme Support	2 970			195			195	3 165
Economic Analysis	24 715			(195)			(195)	24 520
Public Finance	14 190						-	14 190
Municipal Finance	61 181			(8 000)			(8 000)	53 181
Total	103 056	-	-	(8 000)	-	-	(8 000)	95 056
Amount to be voted								(8 000)

Table 6.6 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	102 770	-	-	(8 098)	-	-	(8 098)	94 672
Compensation of employees	59 397						-	59 397
Goods and services	43 373			(8 098)			(8 098)	35 275
Interest and rent on land							-	-
Transfers and subsidies to:	-	-	-	-	-	-	-	-
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	286	-	-	98	-	-	98	384
Buildings and other fixed structures							-	-
Machinery and equipment	286			98			98	384
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets	-	-	-	-	-	-	-	-
Total	103 056	-	-	(8 000)	-	-	(8 000)	95 056
Amount to be voted								(8 000)

Virement – Programme 2: Fiscal Resource Management (R8 million)

The department undertook the following virements under this programme, which resulted in a net reduction of R8 million as follows:

- The Municipal Finance sub-programme was decreased by R8 million under *Goods and services*, with savings emanating from VAT review orders, which were issued for uMhlabuyalingana, Jozini, Ndwedwe and Pongola Municipalities, being delayed due to the service provider being in breach of the contracts as a result of failure to satisfactorily meet deliverables. These savings were moved as follows:
 - R1.500 million was moved to *Goods and services* under Corporate Services (Auxiliary Services) in Programme 1 to cater for fleet services and operating leases that were higher than budgeted, as previously explained.
 - R6.500 million was moved to Programme 4, of which R4.700 million was moved to the Assurance Services sub-programme to cater for performance audits arising from previous years' commitments, and R1.800 million was moved to the Forensic Services sub-programme to provide

for performance audit costs, as well as forensic investigations that were higher than budgeted for, and including commitments from the previous financial year.

- R195 000 was moved within *Compensation of employees* from the Economic Analysis sub-programme to the Programme Support sub-programme to provide for salary costs that were higher than budgeted.
- R98 000 was moved within the Public Finance sub-programme from *Goods and services* to *Machinery and equipment* to cater for the purchase of computers, which was higher than budgeted.

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

Service delivery measures – Programme 2: Fiscal Resource Management

Table 6.7 shows the service delivery information for Programme 2 as per the APP of Provincial Treasury, as well as the actual achievements for the first six months of the year. The department did not make changes to its service delivery measures and targets, as the 2016/17 *EPRE* is fully aligned to the department's 2016/17 APP.

Table 6.7 : Service delivery measures – Programme 2: Fiscal Resource Management

Outputs	Performance indicators	Performance targets		
		2016/17 Original target	2016/17 Mid-year actual	2016/17 Revised target
1.1 Economic Analysis				
1.1.1 To determine and evaluate economic parameters and socio-economic imperatives to inform provincial and local allocation	<ul style="list-style-type: none"> To provide an economic analysis for the province 	Produce 4 provincial departmental economic reports	-	
		Produce 1 Socio-economic Review Outlook (SERO)	-	
		Produce 1 Provincial Economic Review and Outlook (PERO)	-	
		Produce 9 district socio-economic reports	5	
	<ul style="list-style-type: none"> To provide input into Overview of Prov. Revenue and Expenditure (OPRE) 	Input to OPRE submitted on time for tabling	-	
1.1.2 To provide a platform to enhancing regional economic growth and development	<ul style="list-style-type: none"> To provide quality research for regional policy analysis 	Produce 5 economic research reports	2	
1.2 Infrastructure				
1.2.1 Efficient infrastructure management in KZN that contributes to effective economic and social infrastructure	<ul style="list-style-type: none"> Assessment report of User-Asset Management Plans (U-AMPs) 	Compile a consolidated assessment report on U-AMPs	1	
	<ul style="list-style-type: none"> Reports on implementation of the IDMS in KZN 	Produce 4 reports on the implementation of IDMS in KZN	2	
1.2.2 To facilitate implementation and institutionalisation of the IDMS in all KZN provincial departments and municipalities	<ul style="list-style-type: none"> Reports on the infrastructure site visits conducted 	Submit 4 reports on the site visits conducted	2	
	<ul style="list-style-type: none"> Progress reports on infrastructure budgets and delivery plans using IRM data 	Submit 4 reports on the infrastructure expenditure KZN	2	
1.2.3 To assist and provide technical support to the development of the KZN Provincial Infrastructure Master Plan	<ul style="list-style-type: none"> Estimates of Provincial Revenue and Expenditure (EPRE) 	Inputs into OPRE on time for tabling	-	
	<ul style="list-style-type: none"> Reports on support to develop the Prov Infrastructure Plan (IMP) KZN 	Produce 4 reports on the support to develop prov IMP	2	
	<ul style="list-style-type: none"> Reports on infrastructure funding mechanisms and opportunities to support the provincial fiscal framework 	Produce 4 reports on the infrastructure mechanisms in KZN	2	
2. Public Finance				
2.1 Provincial Budget Management				
2.1.1 Promote effective and optimal financial resource allocation for prov. govt.	<ul style="list-style-type: none"> No. of chapters in MTEC report 	15 inputs completed 1 working day before MTEC as per budget process timetable	15	
	<ul style="list-style-type: none"> EPRE on time for tabling 	EPRE on time for tabling	-	
	<ul style="list-style-type: none"> AEPRE on time for tabling 	AEPRE on time for tabling	-	

Table 6.7 : Service delivery measures – Programme 2: Fiscal Resource Management

Outputs	Performance indicators	Performance targets		
		2016/17 Original target	2016/17 Mid-year actual	2016/17 Revised target
2.1.2	Ensure efficient budget and expenditure management and accurate financial reporting for prov. govt. (incl. public entities)	<ul style="list-style-type: none"> Section 32 report (monthly provincial IYM report) Quarterly performance reports for departments 	12 (reports p/a submitted to NT by 22nd monthly) 3 quarterly performance reports	6 2
2.2	Provincial Own Revenue			
2.2.1	Promote optimal and sustainable revenue generation and collection by prov. depts. and public entities	<ul style="list-style-type: none"> Conduct and co-ordinate quarterly Prov. Revenue Forums Monitoring of dept. revenue collection Revenue input into the publication of prov. budget documents 	4 forums per year 3 revenue quarterly performance reports Revenue input into OPRE and EPRE on time for tabling	- 2 -
2.3	Special Advisory Support Services			
2.3.1	Promote effective and optimal financial resource allocation for provincial govt. (including public entities)	<ul style="list-style-type: none"> Input into the revision and maintenance of DORA Institutionalise framework for monitoring of provincial public entities 	Input to be submitted by due date as set by NT Report bi-annually for all listed public entities	PT input into 2016 DORA was submitted to NT by due date 1
3.	Municipal Finance			
3.1	To ensure efficient budget and expenditure management and accurate financial reporting for local govt.	<ul style="list-style-type: none"> Section 71(6) report (Monthly municipal IYM report) within prescribed time frame Section 71(7) quarterly budget performance reports 	12 Section 71(6) reports 4 Section 71(7) quarterly budget performance reports, 45 days after end of quarter	6 reports 2 report
3.2	To assist and provide technical support to delegated municipalities that are in financial distress	<ul style="list-style-type: none"> No. of municipalities supported by MSP 	8 municipalities to be supported through MSP	24 municipalities

4.3 Programme 3: Financial Management

The purpose of this programme is to ensure effective and efficient management of physical and financial assets for provincial and local government. The main services undertaken by this programme are:

- To ensure the effective and efficient management of assets and implementation of PPP projects.
- To realise the effective and efficient acquisition of goods and services for provincial government and to secure sound SCM for local government.
- To optimise liquidity requirements and maximise returns within acceptable levels of risk for provincial government and to secure sound cash management for local government.
- To ensure that financial reporting provides a full and true reflection of the financial position of the province and municipalities as prescribed, inclusive of the accounting responsibilities related to the PMG and IGCC account.
- To develop and implement financial and associated governance norms and standards, in order to enhance performance orientated financial results and accountability in provincial departments and municipalities as prescribed.
- To implement and support transversal financial systems across the province.

Tables 6.8 and 6.9 below reflect a summary of the 2016/17 adjusted appropriation of Programme 3, summarised according to sub-programme and economic classification. Details of the main adjustments, which resulted in an overall decrease of R58.774 million in the Main appropriation, are provided in the paragraphs below. As mentioned, funds were suspended from Vote 6: Provincial Treasury and allocated to Vote 1: Office of the Premier relating to the movement of both the KZNGBB and the administration unit dealing with gaming and betting with effect from 28 September 2016, as determined by Premier's Minute No. 2 of 2016. This is explained in greater detail under the *Other adjustments* section below.

Table 6.8 : Programme 3: Financial Management

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments	
Cash Management & Liability	22 548			(5 000)		(5 000)	17 548
Public Private Partnerships (PPP)	8 288			(3 000)		(3 000)	5 288
Supply Chain Management	47 272			(8 000)		(8 000)	39 272
Financial Reporting	38 083			(4 136)		(4 136)	33 947
Norms and Standards	5 968			(800)		(800)	5 168
Support and Interlinked Financial Systems	129 914			(2 500)	(15 000)	(17 500)	112 414
Gaming and Betting	43 490			2 136		(22 474)	23 152
Total	295 563	-	-	(21 300)	(15 000)	(58 774)	236 789
Amount to be voted							(58 774)

Table 6.9 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments	
Current payments	259 821	-	-	(23 496)	(19 000)	(3 220)	214 105
Compensation of employees	69 393			(1 852)		(2 324)	65 217
Goods and services	187 154			(18 970)	(19 000)	(896)	148 288
Interest and rent on land	3 274			(2 674)		(2 674)	600
Transfers and subsidies to:	35 055	-	-	2 174	4 000	(19 254)	21 975
Provinces and municipalities						-	-
Departmental agencies and accounts	34 255			2 136	4 000	(19 254)	21 137
Higher education institutions						-	-
Foreign governments and international organisations						-	-
Public corporations and private enterprises						-	-
Non-profit institutions						-	-
Households	800			38		38	838
Payments for capital assets	687	-	-	22	-	-	709
Buildings and other fixed structures						-	-
Machinery and equipment	687			22		22	709
Heritage assets						-	-
Specialised military assets						-	-
Biological assets						-	-
Land and subsoil assets						-	-
Software and other intangible assets						-	-
Payments for financial assets						-	-
Total	295 563	-	-	(21 300)	(15 000)	(22 474)	236 789
Amount to be voted							(58 774)

Virement – Programme 3: Financial Management: (R21.300 million)

The virements undertaken under Programme 3 resulted in a decrease of R21.300 million against the programme, due to the following:

- The Financial Assets and Liability Management sub-programme was reduced by R5 million (R1.226 million from *Compensation of employees*, R1.100 million from *Goods and services* and R2.674 million from *Interest and rent on land*). This amount was moved to the Forensic Services sub-programme in Programme 4 against *Goods and services* to provide for outstanding commitments from 2015/16 in respect of forensic investigations that were higher than budgeted for.
- The PPP sub-programme was reduced by R3 million (R2.600 million from *Compensation of employees* and R400 000 from *Goods and services*). This amount was moved to the Forensic Services sub-programme in Programme 4 against *Goods and services* to provide for outstanding commitments from 2015/16 in respect of forensics investigations that were higher than budgeted for.
- R8 million was moved from the Supply Chain Management sub-programme within *Goods and services* attributed to savings that were realised due to the suspension of the e-Procurement Tool programme as a result of an ongoing audit of the system. This was moved to the Assurance Services sub-programme in Programme 4 to provide for performance audit costs that were higher than budgeted, as well as commitments from 2015/16.
 - Further to this, an internal virement of R1.400 million was undertaken. This was moved from *Goods and services* to *Compensation of employees* within the Supply Chain Management sub-programme to defray cost pressures relating to salaries of contract management employees.

- The Financial Reporting sub-programme was reduced by a net amount of R4.136 million against *Goods and services* mainly due to cost-cutting, as well as funds that were held on behalf of KZNGBB as follows:
 - R2 million was moved to the Forensic Services sub-programme in Programme 4 within *Goods and services* for forensic investigation costs that were higher than budgeted.
 - R2.136 million was moved within Programme 3 to the Gaming and Betting sub-programme against *Transfers and subsidies to: Departmental agencies and accounts*. These were funds held by the department on behalf of KZNGBB and were moved to the entity to cater for the increased board members fees, as well as the office accommodation for the entity. As mentioned, the KZNGBB and the Gaming and Betting administration unit have subsequently been moved to Vote 1 with effect from 28 September 2016, in line with the Premier's Minute No. 2 of 2016. This is discussed in more detail under the *Other adjustments* section in this programme. This increase in transfers was approved by Provincial Treasury.
 - Further to this, an internal virement of R1.312 million was undertaken. This was moved from *Goods and services* to *Compensation of employees* within the Financial Reporting sub-programme to defray cost pressures relating to Chartered Accountant students from the South African Institute of Chartered Accountants (SAICA).
 - An internal virement of R22 000 was undertaken. This was moved from *Goods and services* to *Machinery and equipment* within the Financial Reporting sub-programme to cater for the purchasing of computers, which was higher than budgeted.
- The Norms and Standards sub-programme was reduced by R800 000, of which R700 000 was from *Compensation of employees*, and R100 000 from *Goods and services*. This was moved to the Assurance Services sub-programme in Programme 4 to assist with previous years' commitments in respect of performance audits.
- The Support and Interlinked Financial Systems sub-programme was decreased by R2.500 million as a result of savings realised against computer services due to the relocation of the PERSAL mainframe from Pietermaritzburg to Pretoria, as follows:
 - R2.500 million was moved within *Goods and services* to the Special Projects sub-programme in Programme 5 to provide for the Legislature Complex and the PPP Government Precinct feasibility studies, which were undertaken in 2015/16 but funds were not rolled over.
 - Furthermore, R38 000 was moved within the sub-programme from *Compensation of employees* to *Transfers and subsidies to: Households* to cater for staff exit costs that were higher than anticipated.

These virements are permissible in terms of the PFMA and the Treasury Regulations. Provincial Treasury approval for increasing the transfer to the KZNGBB was obtained.

Shifts – Programme 3: Financial Management: (R15 million)

The shifts undertaken under Programme 3 resulted in a decrease of R15 million against the programme, due to the following:

- A shift amounting to R15 million was undertaken from this programme, where the original purpose of the funds remains unchanged. In this regard, a decision was taken by Provincial Treasury to separate Support and Interlinked Financial Systems and IT Management with the former remaining in Programme 3 and the latter moving to Programme 1. As such, R15 million was moved to Programme 1 against the Corporate Services sub-programme within *Goods and services*.
- An amount of R4 million was shifted within the Gaming and Betting sub-programme in Programme 3 from *Goods and services* to *Transfers and subsidies to: Departmental agencies and accounts* for transfer to KZNGBB due to a misclassification of budget when the 2016/17 EPRE was prepared.

Other adjustments – Programme 3: Financial Management: (R22.474 million)

An amount of R22.474 million was suspended from Vote 6: Provincial Treasury and allocated to Vote 1: Office of the Premier relating to the movement of both the KZNGBB and the administration unit dealing with gaming and betting with effect from 28 September 2016, as determined by Premier's Minute No. 2 of 2016. Similarly, the gaming and betting revenue budget calculated at R270.760 million is also moved between the two Votes. It must be noted that only the budget from 28 September onward is suspended, whereas the balance will remain with Vote 6 this year, as this Vote has incurred the related expenditure in the first half of the year. The full amount will be moved in 2017/18. This budget is moved from Programme 3 against *Compensation of employees, Goods and services*, as well as *Departmental agencies and accounts*.

Service delivery measures – Programme 3: Financial Management

Table 6.10 shows the service delivery information for Programme 3 as per the APP of Provincial Treasury, as well as the actual achievement for the first six months of the year. The department made a few minor changes to some of the targets in order to ensure alignment between the *EPRE* and the APP. These targets are shown under the "Revised target" column in the table. Note that a number of performance measures are no longer valid and these are indicated by "n/a" in the Mid-year actual and Revised target columns. It must also be noted that the targets relating to Gaming and Betting to be achieved after 28 September 2016, as determined by Premier's Minute No. 2 of 2016, were moved to OTP, in line with the movement of the KZNGBB and the administration unit, as mentioned above.

Table 6.10 : Service delivery measures – Programme 3: Financial Management

Outputs	Performance indicators	Performance targets		
		2016/17 Original target	2016/17 Mid-year actual	2016/17 Revised target
1. Financial Assets and Liability Management				
1.1 To assist departments in improving cash management	• Conduct tax information seminar annually	2 sessions	1 sessions	
	• Risk analysis per dept. to ensure compliance to tax legislation	56 reports	29 reports	
	• Provide quarterly assessment reports to depts. on status of bank related suspense accounts	56 assessment reports	28 compliance reports	
	• Review monthly bank reconciliations per dept.	168 reconciled bank reconciliations	84 reconciled bank reconciliation	
	• Produce quarterly reports on withdrawals on municipal bank accounts	4 reports on withdrawals from municipal bank accounts	2 reports	
2. Public Private Partnerships (PPPs)				
2.1 To provide technical, financial and legal advice and support of all provincial PPP projects in line with PPP project cycle as regulated by NT guidelines	• No. of seminars/workshops conducted for prov. depts., public entities, municipalities, and municipal entities	2		1
	• No. of reports for Provincial Treasury, management and NT PPP Unit	12		6
	• Contract management reports on closed deal	12		6
3. Supply Chain Management				
3.1 Support and monitor adherence of state institutions to SCM prescripts	• No. of SCM training sessions and information sessions conducted	Conduct 4 training, information sessions and workshops for state institutions 4 SCM forums for depts. and municipalities		10
	• No. of assessments	Conduct 60 SCM assessments in depts., municipalities and public entities and investigate complaints		52
	• No of reviews of the supplier registration form	Reviews and update supplier registration form		2
4. Financial Reporting				
4.1 To assist departments, municipalities and public entities in the attainment of a clean audit outcome for the province.	• Consolidated AFS for provincial depts. and provincial revenue fund	Audited Consolidated AFS for FY 2015/16 by 30 November 2016	n/a	n/a
	• Consolidated AFS for public entities tabled in Legislature	Audited Consolidated AFS for FY 2015/16 by 30 November 2016	n/a	n/a

Table 6.10 : Service delivery measures – Programme 3: Financial Management

Outputs	Performance indicators	Performance targets		
		2016/17 Original target	2016/17 Mid-year actual	2016/17 Revised target
	<ul style="list-style-type: none"> Annual Financial Statements for the Revenue Fund tabled in Legislature Provincial Audit Outcome analysis for municipalities, departments and public entities AFS support and training to provincial departments Financial Management Monitoring Support to public entities Financial Management Monitoring Support to Municipalities 	<p>Revenue Fund for AFS for FY 14/15 tabled in Legislature by 30 November 2016</p> <p>Summary of Audit Outcome analysis on AG's audit report for provincial depts. and public entities by 31 August 2016</p> <p>Summary of Audit Outcome Analysis on AG's audit report for municipalities by 28 Feb 2017</p> <p>1 AFS training workshop by 31 March 2017</p> <p>Pre-audit review in 15 departments by 31 May 2016</p> <p>Pre-audit review in 12 public entities by 31 May 2017</p> <p>1 AFS training workshop for 12 public entities by 31 March 2016</p> <p>1 AFS training workshop for 58 municipalities by 30 June 2016</p> <p>Pre-audit review in 15 departments by report 30 August 2016</p> <p>Progress reports on intensive on-site financial management support to 15 municipalities within 10 days of every quarter end</p>	<p>n/a</p> <p>Summary of Audit Outcome analysis on AG's audit report for provincial departments and public entities by 30 Sept 2016</p> <p>n/a</p> <p>n/a</p> <p>n/a</p> <p>1 Pre audit review completed</p> <p>n/a</p> <p>1 Asset workshop on GRAP standard for AFS/Audit readiness by 30June 2016</p> <p>Pre-audit assessment report in 10 municipalities by 30 August 2016</p> <p>Progress reports on intensive on-site financial management support to 10 municipalities within 10 days of every quarter end</p>	<p>n/a</p> <p>n/a</p> <p>n/a</p> <p>n/a</p> <p>n/a</p> <p>n/a</p> <p>n/a</p> <p>n/a</p> <p>n/a</p>
5. Norms and Standards				
5.1 To develop, facilitate implementation and monitor compliance with financial norms and standards in depts., municipalities and public entities	<ul style="list-style-type: none"> No. of policies and practice notes developed and reviewed for depts. municipalities and their respective entities No. of depts. assessed and monitored 	<p>48 instruction notes and policies developed and/or reviewed based on needs analysis</p> <p>All depts. assessed and monitored</p>	<p>10 instruction notes, 6 standard operating procedure and 34 polices reviewed and 2 standard operating procedure and 8 policies developed</p> <p>All depts. assessed and monitored</p>	
6. Support and Interlink Financial Systems				
6.1 To provide technical and functional support to supporting and interlinked financial systems	<ul style="list-style-type: none"> No. of initiatives implemented No. of policy reviews completed No. of compliance reports completed No. of information sessions conducted Mean-time to resolve (MTTR)- Treasury Percentage network uptime MTTR (transversal systems) 	<p>2</p> <p>4</p> <p>12</p> <p>4</p> <p>8 hr MTTR</p> <p>99%</p> <p>8 – 24 hr MTTR</p>	<p>n/a</p> <p>n/a</p> <p>n/a</p> <p>n/a</p> <p>2hr00min</p> <p>n/a</p> <p>n/a</p>	<p>n/a</p> <p>n/a</p> <p>n/a</p> <p>n/a</p> <p>n/a</p> <p>n/a</p> <p>n/a</p>
7. Gaming and Betting				
7.1 Enhance the Gaming and Betting regulatory environment in KZN	<ul style="list-style-type: none"> Amended KZN Gaming and Betting Legislation No. of quarterly regulatory reports on Board activities 4 reconciled tax returns Functionality of the KZNGBB 	<p>Implementation of the 2016 Act and review of Regulations</p> <p>4 quarterly reports</p> <p>4 reconciled tax returns</p> <p>4 minutes of Board meetings</p>	<p>n/a</p> <p>2</p> <p>2</p> <p>3</p>	<p>n/a</p> <p>2</p> <p>2</p> <p>3</p>

4.4 Programme 4: Internal Audit

This programme consists of three sub-programmes, namely Assurance Services, Risk Management, and Forensics Services. The main purpose of the programme is to develop effective risk management strategies and governance, to build and maintain successful client relationships, to develop knowledge by creating a learning culture, and to build foundations for excellence to support the provincial government in achieving its objectives. The following services are rendered by the unit:

- To conduct risk assessments on behalf of the Accounting Officers and Chief Executive Officers of provincial departments and public entities, develop comprehensive risk profiles and recommend improvements on significant risk exposures for each client.
- To review accounting and management processes and systems of internal control for efficiency and effectiveness in terms of their design and operation and provide recommendations for improvement.
- To develop, facilitate implementation and monitor integrated risk management strategies and fraud prevention strategies.
- To conduct forensic investigations and facilitate prosecution, perform misconduct enquiries and recovery in liaison with other state law enforcement agencies.
- To provide training and development programmes in areas such as risk management, strategy development and management, project management, design and improvement of systems of internal control, financial management and reporting, leadership, forensic investigations, governance, etc.
- To provide a consulting function as per requests by relevant MECs and Heads of Departments.
- To prepare special reviews on computerised systems and performance.

Tables 6.11 and 6.12 reflect a summary of the 2016/17 adjusted appropriation of Programme 4, summarised according to sub-programme and economic classification. Details of the main adjustments, which resulted in an overall increase of R25.300 million, are provided in the paragraphs below the table.

Table 6.11 : Programme 4: Internal Audit

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Assurance Services	65 275			10 500			10 500	75 775
2. Risk Management	56 408			(3 000)	(25 911)		(28 911)	27 497
3. Forensic Services				17 800	25 911		43 711	43 711
Total	121 683	-	-	25 300	-	-	25 300	146 983
Amount to be voted								25 300

Table 6.12 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	120 683	-	-	24 964	-	-	24 964	145 647
Compensation of employees	71 173			(51)			(51)	71 122
Goods and services	49 510			25 015			25 015	74 525
Interest and rent on land							-	-
Transfers and subsidies to:	50	-	-	51	-	-	51	101
Provinces and municipalities							-	-
Departmental agencies and accounts							-	-
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions							-	-
Households	50			51			51	101
Payments for capital assets	950	-	-	285	-	-	285	1 235
Buildings and other fixed structures							-	-
Machinery and equipment	950			285			285	1 235
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets							-	-
Total	121 683	-	-	25 300	-	-	25 300	146 983
Amount to be voted								25 300

Virement – Programme 4: Internal Audit: R25.300 million

The department undertook several virements from other programmes to this programme amounting to R25.300 million, as follows:

- The Assurance Services sub-programme was increased by a net amount of R10.500 million, as follows:
 - R13.500 million was moved within *Goods and services*, and was received from various sub-programmes in Programme 3 (R8.800 million), as well as from the Municipal Finance sub-programme in Programme 2 (R4.700 million), to cater for previous year commitments in respect of performance audits, as previously explained.
 - This was off-set by a movement of R3 million within *Compensation of employees* moved from this sub-programme emanating from savings in respect of low intake of internal audit learners due to cost-cutting as a result of the cost pressures in Internal Audit to the Forensic Services sub-programme to cater for salaries that were higher than budgeted for.
- The sub-programme: Risk Management was decreased by R3 million within *Compensation of employees* emanating from savings in respect of low intake of internal audit learners due to cost-cutting as a result of the cost pressures in Internal Audit, and was moved to the Forensic Services sub-programme to cater for salaries that were higher than budgeted for.
- The Forensic Services sub-programme was increased by a net amount of R17.800 million as follows:
 - R10 million was moved from various sub-programmes under Programme 3, as explained. This was moved to *Goods and services* to cater for forensic investigations from previous years but to be paid in 2016/17.
 - R1.800 million was moved from Programme 2 within *Goods and services* to the Forensic Services sub-programme to provide for forensic investigations that were higher than budgeted for, and includes 2015/16 commitments.
 - Further to this, an amount of R6 million emanating from savings in respect of low intake of internal audit learners due to cost-cutting as a result of the cost pressures in Internal Audit, were moved within *Compensation of employees* from the Assurance Services sub-programme (R3 million) and from the Risk Management sub-programme (R3 million) to cater for salaries that were higher than budgeted for.

The department also undertook two virements within the programme, as follows

- Savings of R51 000 were realised in *Compensation of employees* due to the moratorium of the filling of non-critical posts. These funds were moved to *Transfers and subsidies to: Households* for staff exit costs, which were higher than anticipated.
- Savings of R285 000 were realised in *Goods and services* due to cost-cutting. These funds were moved to *Machinery and equipment* for the purchase of computers, which were higher than anticipated.

It must be noted that the virement to the programme exceeds the 8 per cent permissible in respect of the receiving programme in terms of the PFMA and Treasury Regulations, therefore Legislature approval is required.

Shift – Programme 4: Internal Audit

A decision was taken by the department after that tabling of the *EPRE* to separate the forensic services function from the risk management function. As such, a new Forensic Services sub-programme was created and R25.911 million was moved to it from the Risk Management sub-programme. This movement did not affect any economic categories and the original purpose of the funds remains unchanged.

Service delivery measures – Programme 4: Internal Audit

Table 6.13 shows the service delivery information for Programme 4 as per the APP of Provincial Treasury, as well as the actual achievement for the first six months of the year.

The department did not make changes to any of its service delivery measures and targets, as the 2016/17 EPRE is largely aligned to the department's 2016/17 APP. However, a number of performance measures are no longer valid and these are indicated by "n/a" in the Mid-year actual and Revised target columns.

Table 6.13 : Service delivery measures – Programme 4: Internal Audit

Outputs	Performance indicators	Performance targets		
		2016/17 Original target	2016/17 Mid- year actual	2016/17 Revised target
1. Assurance Services				
1.1. To provide an efficient, effective and economical assurance service	• No. of Internal Audit operational plans and a rolling three-year strategic plan developed and approved	22	16	
	• Annual Audit and Risk Committee report on clients' areas of risk management, governance and internal control submitted to MEC: Finance	1	-	
	• No. of risk based audit reports including follow up audit reports and reports on financial, IT, performance and governance audits	176	63	
	• No. of audit reports on predetermined objectives	22	n/a	n/a
1.2. To build and maintain client relationships	• No. of meetings held between clients and the Cluster Audit and Risk Committee (CARC)	60	30	
1.3. To enhance capacity within and outside the unit	• No. of training and development programmes attended	12	5	
	• No. of internal and/independent external quality assurance reviews (QAR) conducted	1	n/a	n/a
2. Risk Management				
2.1. Promote good governance through effective risk management	• Risk registers updated, biannually, for provincial departments, municipalities and public entities	100	36	
	• Review risk management maturity of departments, public entities and municipalities, and assist with development of risk policies and procedures	50	-	
	• Review and/or assist with development of Occupational Health and Safety programmes for departments, public entities and municipalities	40	15	
	• Review and/or assist with development of governance Frameworks for departments and public entities	10	2	
	• Review and/or assist with development of DPSA compliant IT Governance Framework, including BCP for departments, public entities and municipalities	40	4	
	• Assist with provision of complex internal audit services/reviews provided to municipalities and municipal entities	15	1	
	• Review of internal audit and audit committee practices of municipalities, and assist with closing of gaps	40	-	
	• Risk and governance-related conferences/forums held for provincial departments, municipalities, and public entities	5	2	
	• Best risk management/governance guidelines/transversal risk policies produced by the unit	1	-	
	• Risk Management Information System developed and rolled-out to provincial departments, municipalities, and public entities	5	5	
	• Review and/or assist with development of fraud prevention plans for provincial departments, municipalities, and public entities	70	15	
	• Risk/governance-related training/awareness provided to risk officials of departments, municipalities, and public entities	40	31	
3. Forensic Services				
3.1. To promote a culture of zero tolerance for fraud and corruption	• No. of forensic audits performed and investigations as per clients' requests and referrals from the Assurance team	40	22	
	• Updated register of forensic investigations – MEC report	4	2	
	• No. of follow-ups on completed investigations per institution	120	60	
	• Development and roll-out of fraud case management system	1	n/a	n/a
	• Update the fraud case management system with forensic investigations per provincial dept.	15	26	

4.5 Programme 5: Growth and Development

Programme 5 consists of two sub-programmes, namely Budget Communication and Special Projects. It makes provision for the MEC outreach programmes, PPP Government Precinct and Legislature Complex feasibility studies, and special projects approved by Cabinet.

Tables 6.14 and 6.15 below summarise the 2016/17 adjusted appropriation of Programme 5, summarised according to sub-programme and economic classification. Details of the main adjustments, which resulted in an overall increase of R2.500 million, are provided in the paragraphs following the tables.

Table 6.14 : Programme 5: Growth and Development

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Budget Communication	3 526			(270)			(270)	3 256
2. Special Project	16 900			2 770			2 770	19 670
Total	20 426	-	-	2 500	-	-	2 500	22 926
Amount to be voted								2 500

Table 6.15 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	20 426	-	-	2 152	-	-	2 152	22 578
Compensation of employees							-	-
Goods and services	20 426			2 152			2 152	22 578
Interest and rent on land							-	-
Transfers and subsidies to:	-	-	-	348	-	-	348	348
Provinces and municipalities							-	-
Departmental agencies and accounts							-	-
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions				348			348	348
Households							-	-
Payments for capital assets	-	-	-	-	-	-	-	-
Buildings and other fixed structures							-	-
Machinery and equipment							-	-
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets	-	-	-	-	-	-	-	-
Total	20 426	-	-	2 500	-	-	2 500	22 926
Amount to be voted								2 500

Virement – Programme 5: Growth and Development: R2.500 million

The following virements were undertaken between programmes resulting in a net increase of R2.500 million as follows:

- Savings of R2.500 million were realised from the Support and Interlinked Financial Systems sub-programme in Programme 3 as a result of savings realised against computer services due to the relocation of the PERSAL mainframe from Pietermaritzburg to Pretoria. These funds were moved within *Goods and services* to the Special Projects sub-programme for the Legislature Complex as well as the PPP Government Precinct feasibility studies, which were undertaken in 2015/16 but funds were not rolled over.
- Savings of R270 000 were realised from *Goods and services* in the Budget Communication sub-programme, as a result of transport for public events being less than anticipated. These were moved to the Special Projects sub-programme against *Transfers and subsidies to: Non-profit institutions* to cater for a donation made to the Coastal Horse Care Unit to assist in constructing a training facility as this unit deals with horse rescue, education and rehabilitation relating to horses. It must be noted that this donation is more than R100 000 and therefore requires Legislature approval. The increase in transfers was approved by Provincial Treasury.
- An amount of R78 000 was moved within the Budget Communication sub-programme from *Goods and services* to *Transfers and subsidies to: Non-profit institutions* to cater for donations to schools and NGOs in line with OSS programmes that were not budgeted for.

Service delivery measures – Programme 5: Growth and Development

Table 6.16 shows the service delivery information for Programme 5 as per the APP of Provincial Treasury, as well as the actual achievement for the first six months of the year. The target contained in the EPRE is fully aligned with the APP.

Table 6.16 : Service delivery measures – Programme 5: Growth and Development

Outputs	Performance indicators	Performance targets		
		2016/17 Original target	2016/17 Mid-year actual	2016/17 Revised target
5.1 To provide for specific departmental approved events and initiatives not catered for in any other programme that will provide development in the province.	• No. of events co-ordinated successfully	5	5	

5. Specifically and exclusively appropriated allocations

Table 6.17 below shows the amounts that are specifically and exclusively appropriated for specific purposes in terms of the KZN Adjustments Appropriation Act. Note that public entities (which are also specifically and exclusively appropriated funds) are not included, as they are discussed in Section 10.

The department did not undertake any adjustments against specifically and exclusively appropriated funds.

Table 6.17 : Summary of specifically and exclusively appropriated funding

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts	Other adjustments		
1. Prog. 2: Improving infrastructure support	9 185	-	-	-	-	-	-	9 185
2. Prog. 3: Replacing Biometric Scanners	12 000	-	-	-	-	-	-	12 000
3. Prog. 5: IALCH floor repairs	3 000	-	-	-	-	-	-	3 000
Total	24 185	-	-	-	-	-	-	24 185
Amount to be voted								-

6. Gifts, donations and sponsorships

The department donated an amount of R270 000 to the Coastal Horse Care Unit. These funds will be used to assist in constructing a training facility as this unit deals with horse rescue, education and rehabilitation relating to horses. Provincial Treasury approval was obtained for the increase in transfers, but the donation requires Legislature approval as it exceeds R100 000.

7. Infrastructure

The department does not have any infrastructure projects in 2016/17.

8. Conditional grants

The department does not receive any conditional grant allocation.

9. Transfers and subsidies

Table 6.18 shows the summary of transfers and subsidies per programme.

The adjustments in *Transfers and subsidies* resulted in an overall decrease of R12.608 million, which is explained in detail in the paragraphs after the table.

Table 6.18 : Summary of transfers and subsidies by programme and main category

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Administration	7 872	-	-	73	-	-	73	7 945
Provinces and municipalities	24	-	-	-	-	-	-	24
Non-profit institutions	3 370	-	-	23	-	-	23	3 393
Financial Literacy Association	3 150	-	-	-	-	-	-	3 150
Donations (OSS)	220	-	-	23	-	-	23	243
Households	4 478	-	-	50	-	-	50	4 528
Other transfers to households	2 418	-	-	50	-	-	50	2 468
Thuthuka Bursary Fund	2 060	-	-	-	-	-	-	2 060
2. Fiscal Resource Management	-	-	-	-	-	-	-	-
3. Financial Management	35 055	-	-	2 174	4 000	(19 254)	(13 080)	21 975
Departmental agencies and accounts	34 255	-	-	2 136	4 000	(19 254)	(13 118)	21 137
KZN Gaming and Betting	34 255	-	-	2 136	4 000	(19 254)	(13 118)	21 137
Households	800	-	-	38	-	-	38	838
Staff exit costs	800	-	-	38	-	-	38	838
4. Internal Audit	50	-	-	51	-	-	51	101
Households	50	-	-	51	-	-	51	101
Staff exit costs	50	-	-	51	-	-	51	101
5. Growth and Development	-	-	-	348	-	-	348	348
Non-profit institutions	-	-	-	348	-	-	348	348
Donations (OSS)	-	-	-	78	-	-	78	78
Coastal Horse Care Unit	-	-	-	270	-	-	270	270
Total	42 977	-	-	2 646	4 000	(19 254)	(12 608)	30 369
Amount to be voted								(12 608)

- *Virement*: The overall increase of R2.646 million was moved from both *Compensation of employees* and *Goods and services*. These were moved to the following:
 - R139 000 was moved to Programmes 1, 3 and 4 against *Households* to cater staff exit costs that were not adequately budgeted for.
 - R371 000 was moved to *Non-profit institutions*, of which R270 000 was against Programme 5 for a donation made to the Coastal Horse Care Unit for the establishment of a horse training centre. As mentioned, this donation is more than R100 000 and therefore requires Legislature approval. The balance of R101 000 was moved to Programme 1 (R23 000) and Programme 5 (R78 000) for other donations to schools and NGOs made by the MEC in line with the OSS programme.
 - R2.136 million, which were KZNGBB funds that were held by the department in the Financial Reporting sub-programme in Programme 3, moved back to the entity against *Departmental agencies and accounts*. These funds will cater for the increased board member fees, as well as office accommodation for the entity.
- *Shift*: R4 million was shifted within the Gaming and Betting sub-programme in Programme 3 from *Goods and services* to *Departmental agencies and accounts* due to a misclassification of budget in respect of the KZNGBB when the 2016/17 EPRE was prepared. The purpose of the funds remains unchanged.
- *Other adjustments*: R19.254 million, being a portion of the transfer to the KZNGBB, was moved from Vote 6: Provincial Treasury and allocated to Vote 1: Office of the Premier relating to the movement of the KZNGBB with effect from 28 September 2016, as determined by Premier's Minute No. 2 of 2016. It must be noted that only the budget from 28 September onward is suspended, the balance will remain with Vote 6 this year. The full amount will be moved in 2017/18. This budget is moved from Programme 3 against *Departmental agencies and accounts*.

10. Transfers to public entities

Table 6.19 below reflects transfers made by the department to the public entity, KZNGBB.

It must be noted that the table excludes the allocation to the Gaming and Betting administration unit, and this resulted in a net decrease of R13.118 million.

Table 6.19 : Summary of transfers to public entities

		Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation	
		Unforeseeable/			Other				
R thousand	Main appropriation	Roll-overs	unavoidable	Virement	Shifts	adjustments			
	KZN Gaming and Betting Board	34 255			2 136	4 000	(19 254)	(13 118)	21 137
	Total	34 255	-	-	2 136	4 000	(19 254)	(13 118)	21 137
Amount to be voted									(13 118)

- *Virement*: R2.136 million, which were KZNGBB funds that were held by the department in the Financial Reporting sub-programme in Programme 3, were transferred back to the entity to cater for increased board member fees, as well as office accommodation for the entity.
- *Shift*: R4 million was shifted within the Gaming and Betting sub-programme in Programme 3 from *Goods and services* to *Transfers and subsidies to: Departmental agencies and accounts* due to a misclassification of budget when the 2016/17 EPRE was prepared.
- *Other adjustments*: R19.254 million, being a portion of the KZNGBB, was moved from Vote 6: Provincial Treasury and allocated to Vote 1: Office of the Premier relating to the movement of the KZNGBB with effect from 28 September 2016, as determined by Premier's Minute No. 2 of 2016, as mentioned above. This was moved from *Departmental agencies and accounts* in Programme 3.

11. Transfers to local government

The amounts against *Provinces and municipalities* in Table 6.18 above cater for motor vehicle licences. These funds will not be transferred to any municipality, and therefore the table for transfers to local government has not been included.

12. Actual payments and revised spending projections for the rest of 2016/17

Tables 6.20 and 6.21 reflect actual payments as at the end of September 2016, projected payments for the rest of the year and the total revised spending in rand value and as percentage of Adjusted Appropriation per programme and economic classification. The tables also show the 2015/16 Audited outcome.

Mid-year expenditure for the vote as a whole compared to the 50 per cent straight-line benchmark was below target at 45.7 per cent, with three out of five programmes showing relatively low expenditure, as explained in detail below:

- After adjustments, Programme 1: Administration was, at 41.8 per cent of the annual budget, slightly lower than the 50 per cent straight-line benchmark, despite the expenditure relating to computer services as a result of the relocation of IT Management from Programme 3 to this programme, as previously explained. The budget and expenditure relating to this function are now reflected against this programme.
- Spending is still low despite the adjustments of budget in Programme 2: Fiscal Resource Management, which was at 43.6 per cent of the annual budget, slightly lower than the 50 per cent straight-line benchmark. There was low spending in respect of the Infrastructure Crack Team as a result of the streamlining of the deployments of the Infrastructure Support Team in order to achieve operational efficiencies. Moreover, spending on the MSP was far lower than projected, as a result of VAT review orders which were issued for uMhlabuyalingana, Jozini, Ndwedwe and Pongola Municipalities being delayed as the service provider was in breach of the contracts as a result of failure to satisfactorily meet deliverables, and this is currently being addressed.

Table 6.20 : Actual payments and revised spending projections by programme

R thousand	2015/16 Audited outcome	Adjusted appropriation	Actual payments		Projected payments		Projected actual
			April '16 - September 2016		October '16 - March 2017		
			% of budget		% of budget		
1. Administration	112 194	149 552	62 557	41.8	86 995	58.2	149 552
2. Fiscal Resource Management	84 294	95 056	41 451	43.6	53 605	56.4	95 056
3. Financial Management	276 560	236 789	122 783	51.9	114 006	48.1	236 789
4. Internal Audit	134 604	146 983	59 367	40.4	87 616	59.6	146 983
5. Growth and Development	33 395	22 926	11 793	51.4	11 133	48.6	22 926
Total	641 047	651 306	297 951	45.7	353 355	54.3	651 306

Table 6.21 : Actual payments and revised spending projections by economic classification

Table 6.2.4: Actual payments and revised spending projections by economic classification							
R thousand	2015/16 Audited outcome	Adjusted appropriation	Actual payments		Projected payments		Projected actual
			April '16 - September 2016	% of budget	October '16 - March 2017	% of budget	
Current payments	573 093	615 925	273 220	44.4	342 705	55.6	615 925
Compensation of employees	231 285	274 430	126 327	46.0	148 103	54.0	274 430
Goods and services	341 808	340 895	146 893	43.1	194 002	56.9	340 895
Interest and rent on land		600		-	600	100.0	600
Transfers and subsidies to:	53 573	30 369	22 623	74.5	7 746	25.5	30 369
Provinces and municipalities	10 501	24	8	33.3	16	66.7	24
Departmental agencies and accounts	32 534	21 137	20 112	95.2	1 025	4.8	21 137
Higher education institutions		-		-	-	-	-
Foreign governments and international organisations		-		-	-	-	-
Public corporations and private enterprises	4	-		-	-	-	-
Non-profit institutions	4 140	3 741	1 971	52.7	1 770	47.3	3 741
Households	6 394	5 467	532	9.7	4 935	90.3	5 467
Payments for capital assets	14 037	5 012	2 108	42.1	2 904	57.9	5 012
Buildings and other fixed structures		-		-	-	-	-
Machinery and equipment	14 037	5 012	2 108	42.1	2 904	57.9	5 012
Heritage assets		-		-	-	-	-
Specialised military assets		-		-	-	-	-
Biological assets		-		-	-	-	-
Land and subsoil assets		-		-	-	-	-
Software and other intangible assets		-		-	-	-	-
Payments for financial assets	344	-	-	-	-	-	-
Total	641 047	651 306	297 951	45.7	353 355	54.3	651 306

- After the relocation of the IT Management function, budget and expenditure to Programme 1, Programme 3: Financial Management was above the straight-line benchmark, with 51.9 per cent of the annual budget spent. Also attributing to this, was the filling of senior management posts such as Directors for Support and Interlinked Financial Systems, as well as Chief Director: Financial Reporting.
- After the adjustments of R25.300 million, necessitated by increased demand from client departments and public entities, mainly in respect of forensic services, auditing, etc. Programme 4: Internal Audit was, at 40.4 per cent, below the straight-line benchmark of 50 per cent.
- Programme 5: Growth and Development was, at 51.4 per cent, higher than the straight-line benchmark of 50 per cent, mainly due to a donation of R270 000 to the Coastal Horse Care Unit, as previously explained. Also contributing to the high spending were higher than anticipated invoices from the Department of Health (DOH) for the floor repairs at the IALCH, as well as the PPP exit strategy. Funding for the floor repairs is housed under Provincial Treasury in order to ensure adequate quality control verification, and proper financial control.

With regard to economic classification:

- Spending against *Compensation of employees* shows low spending at 46 per cent of the annual budget due to delays in the filling of various vacant posts, including the Directors: SCM (Asset Management and Loss Control), Accounting and Strategic Management, Support and Interlinked Financial Systems, PPP, as well as Chief Director: Financial Reporting. The post of Director: Support and Interlinked Financial Systems has since been filled, as has the Chief Director: Financial Reporting.
- There was low spending against *Goods and services* at mid-year at 43 per cent of the annual budget, mainly attributed to:
 - Savings on bank charges/interest due to the positive bank balance on the PMG account.
 - Lower than projected spending on subsistence and travel costs due to cost-cutting.
 - Lower than projected audit costs.
 - Lower than projected printing and publishing costs due to cost-cutting.
 - Slow spending on the Infrastructure Crack Team, as well as the MSP projects, as previously explained under Programme 2.

This low expenditure was offset to some extent by over-expenditure in respect of consultants employed with respect to auditing and forensic services due to increased demand.

- *Transfers and subsidies* was higher than the 50 per cent straight-line benchmark at 77.1 per cent:
 - *Provinces and municipalities* relates mainly to motor vehicle licence fees. Compared to the Adjusted appropriation of R24 000, an amount of R8 000 was spent, at 33.3 per cent of the annual budget. This was due to delays in the procurement of new motor vehicles and, as a result, licensing fees were lower than anticipated.
 - An amount of R20.112 million was transferred to the KZNGBB against *Departmental agencies and accounts*. As mentioned, the Gaming and Betting function moved to Vote 1: OTP as determined by Premier's Minute No. 2 of 2016, with effect from 28 September 2016.
 - The projections and expenditure reflected against *Non-profit institutions* largely relate to donations in respect of the OSS programme as well as the KwaZulu-Natal Financial Literacy Association (KZNFLA). This category was higher than the 50 per cent straight-line benchmark at 52.7 per cent, mainly because of the donation made to the Coastal Horse Care Unit.
 - Expenditure against *Households* (which mainly caters for staff exits/injury on duty and the Thuthuka Bursary Fund) was significantly low at 9 per cent of annual budget, due to lower than projected bursary payments towards the Thuthuka Bursary Fund. Expenditure on this item is normally high in the fourth quarter, when the new academic year begins.
- After adjustments necessitated by higher than projected expenditure on the replacement of computers and laptops, spending against *Machinery and equipment* was relatively low at 42.1 per cent of the annual budget.

The department is projecting a balanced budget at year-end after the adjustments have been undertaken.

Table 6.A : Summary by economic classification : Provincial Treasury

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	627 760	-	-	(3 115)	(4 000)	(4 720)	(11 835)	615 925
Compensation of employees	279 429	-	-	(2 675)	-	(2 324)	(4 999)	274 430
Salaries and wages	248 161	-	-	(2 783)	-	(1 965)	(4 748)	243 413
Social contributions	31 268	-	-	108	-	(359)	(251)	31 017
Goods and services	345 057	-	-	2 234	(4 000)	(2 396)	(4 162)	340 895
Administrative fees	11 116	-	-	(1 117)	-	(21)	(1 138)	9 978
Advertising	2 415	-	-	569	-	(104)	465	2 880
Assets less than capitalisation threshold	869	-	-	6 829	-	(16)	6 813	7 682
Audit cost: External	6 991	-	-	-	-	-	-	6 991
Bursaries: Employees	250	-	-	319	-	-	319	569
Catering: Departmental activities	1 292	-	-	500	-	(351)	149	1 441
Communication (G&S)	3 362	-	-	155	-	(30)	125	3 487
Computer services	129 935	-	-	(8 668)	(4 000)	(5)	(12 673)	117 262
Cons & prof serv: Business and advisory services	117 273	-	-	4 408	-	(140)	4 268	121 541
Cons & prof serv: Infras and planning	-	-	-	-	-	-	-	-
Cons & prof serv: Laboratory services	-	-	-	-	-	-	-	-
Cons & prof serv: Scientific and tech services	-	-	-	-	-	-	-	-
Cons & prof serv: Legal costs	1 183	-	-	1 228	-	(52)	1 176	2 359
Contractors	18 170	-	-	(2 270)	-	(141)	(2 411)	15 759
Agency and support / outsourced services	360	-	-	-	-	(80)	(80)	280
Entertainment	23	-	-	-	-	-	-	23
Fleet services (incl. govt motor transport)	1 161	-	-	321	-	-	321	1 482
Housing	-	-	-	-	-	-	-	-
Inventory: Clothing material and accessories	-	-	-	-	-	-	-	-
Inventory: Farming supplies	-	-	-	-	-	-	-	-
Inventory: Food and food supplies	-	-	-	-	-	-	-	-
Inventory: Fuel, oil and gas	-	-	-	-	-	-	-	-
Inventory: Learner and teacher support material	-	-	-	-	-	-	-	-
Inventory: Materials and supplies	-	-	-	-	-	-	-	-
Inventory: Medical supplies	-	-	-	-	-	-	-	-
Inventory: Medicine	-	-	-	-	-	-	-	-
Medsas inventory interface	-	-	-	-	-	-	-	-
Inventory: Other supplies	-	-	-	-	-	-	-	-
Consumable supplies	684	-	-	-	-	(107)	(107)	577
Consumable: Stationery, printing and office supplies	2 544	-	-	145	-	(279)	(134)	2 410
Operating leases	16 057	-	-	(128)	-	(217)	(345)	15 712
Property payments	6 496	-	-	1 034	-	21	1 055	7 551
Transport provided: Departmental activity	1 102	-	-	5	-	(80)	(75)	1 027
Travel and subsistence	16 722	-	-	(1 241)	-	(476)	(1 717)	15 005
Training and development	2 571	-	-	183	-	(61)	122	2 693
Operating payments	2 695	-	-	214	-	(257)	(43)	2 652
Venues and facilities	1 786	-	-	(252)	-	-	(252)	1 534
Rental and hiring	-	-	-	-	-	-	-	-
Interest and rent on land	3 274	-	-	(2 674)	-	-	(2 674)	600
Interest	3 274	-	-	(2 674)	-	-	(2 674)	600
Rent on land	-	-	-	-	-	-	-	-
Transfers and subsidies to	42 977	-	-	2 646	4 000	(19 254)	(12 608)	30 369
Provinces and municipalities	24	-	-	-	-	-	-	24
Provinces	24	-	-	-	-	-	-	24
Provincial Revenue Funds	-	-	-	-	-	-	-	-
Provincial agencies and funds	24	-	-	-	-	-	-	24
Municipalities	-	-	-	-	-	-	-	-
Municipalities	-	-	-	-	-	-	-	-
Municipal agencies and funds	-	-	-	-	-	-	-	-
Departmental agencies and accounts	34 255	-	-	2 136	4 000	(19 254)	(13 118)	21 137
Social security funds	-	-	-	-	-	-	-	-
Entities receiving funds	34 255	-	-	2 136	4 000	(19 254)	(13 118)	21 137
Higher education institutions	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-
Public corporations	-	-	-	-	-	-	-	-
Subsidies on production	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-
Private enterprises	-	-	-	-	-	-	-	-
Subsidies on production	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-
Non-profit institutions	3 370	-	-	371	-	-	371	3 741
Households	5 328	-	-	139	-	-	139	5 467
Social benefits	850	-	-	308	-	-	308	1 158
Other transfers to households	4 478	-	-	(169)	-	-	(169)	4 309
Payments for capital assets	4 543	-	-	469	-	-	469	5 012
Buildings and other fixed structures	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-
Other fixed structures	-	-	-	-	-	-	-	-
Machinery and equipment	4 543	-	-	469	-	-	469	5 012
Transport equipment	1 675	-	-	-	-	-	-	1 675
Other machinery and equipment	2 868	-	-	469	-	-	469	3 337
Heritage assets	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	-	-	-
Total	675 280	-	-	-	-	(23 974)	(23 974)	651 306
Amount to be voted								(23 974)

Vote 7

Health

R thousand	2016/17			
	Main appropriation	Adjusted appropriation	Decrease	Increase
Operational budget	36 576 815	37 037 098		460 283
MEC remuneration ¹	1 822	1 902		80
Total amount to be appropriated	36 578 637	37 039 000		460 363
<i>of which:</i>				
Current payments	34 374 587	34 777 645		403 058
Transfers and subsidies	734 473	845 421		110 948
Payments for capital assets	1 361 970	1 308 327	(53 643)	
Payments for financial assets	107 607	107 607		
Responsible MEC	MEC for Health			
Administering department	Health			
Accounting Officer	Head: Health			

1. Vision and mission

Vision

The vision of the Department of Health is: *Optimal health for all persons in KwaZulu-Natal.*

Mission

The department's mission statement is: *To develop and implement a sustainable, co-ordinated, integrated and comprehensive health system at all levels, based on the primary health care approach through the district health system, to ensure universal access to health care.*

2. Strategic objectives

Strategic policy direction: Directly linked with the National Development Plan (NDP) 2030 with the main focus on improving the health and well-being of the population and strengthening the health system effectiveness.

The department's strategic goals, each comprising a number of strategic objectives and sub-outcomes, have been aligned with the NDP 2030, the MTSF 2014-2019, the PGDP 2030 and National Health sector priorities. The overarching goal remains "Increasing the life expectancy of all South Africans". The strategic goals for 2015-2019 are:

- Strengthen health system effectiveness.
- Reduce and manage the burden of disease.
- Universal health coverage.
- Strengthen human resources for health.
- Improved quality of health care.

¹ At the time of going to print with the 2016/17 EPRE, the proclamation determining the 2015 salary adjustment relating to office bearers had not been signed, hence this amount remained unchanged from the 2015/16 EPRE. Similarly, at the time of going to print with this document, the proclamation determining the 2016 salary adjustment relating to office bearers has not been signed. As such, the above-mentioned adjustment now aligns the MEC's salary to the 2015 salary level.

3. Summary of adjusted estimates for the 2016/17 financial year

The main appropriation of the Department of Health was R36.579 billion in 2016/17. During the year, the department received an additional allocation totalling R460.363 million.

The main reasons for this increase, as well as other adjustments, are summarised below, and explained in detail in Section 4.

- *Roll-overs:* The department received a roll-over of R6.363 million in respect of the National Health Insurance (NHI) conditional grant, which will be used to pay for an electronic queuing system and internet connectivity for all clinics in NHI districts. This was allocated to Programme 2 against *Goods and services* (R1.270 million) and *Machinery and equipment* (R5.093 million).
- *Virement between programmes:* One virement was undertaken between programmes, with R65 million moving from Programme 8: Health Facilities Management to Programme 6: Health Sciences and Training. The savings are largely attributable to more complex maintenance projects being behind schedule. These projects require technical assistance from the department's Infrastructure Development unit and need to be administered by head office SCM, as the technical nature of the projects is above institution delegations, for example, the relaying of a sewer line. The funding was moved to offset pressure on the Cuban Doctors' programme.

In addition to the above, extensive virements were undertaken between sub-programmes and economic classifications within programmes, as part of the department's cost-containment plan to remain within budget, and these are discussed in detail in Section 4 below. Where applicable, approval for the various increases in *Compensation of employees*, as well as transfer payments for the eThekweni Metro (municipal clinics) and the Cuban Doctors' programme was received from Provincial Treasury. Legislature approval is required for the reduction in capital for the vote as a whole.

- *Shifts:* Some shifts were undertaken, but these are only within Infrastructure, as well as the Comprehensive HIV, AIDS and TB conditional grant to correct a misalignment in the 2016/17 EPRE and with the grant's business plan, respectively, and hence, are not visible at summary level.
- *Other adjustments:* The department's budget allocation was increased by a net amount of R454 million, as explained below:
 - R350 million was allocated to Programme 2 (R168 million), Programme 4 (R77 million) and Programme 5 (R105 million) against *Goods and services* to address pressures on imported medicines, medical supplies and equipment resulting from the deterioration of the Rand:Dollar exchange rate.
 - R100 million was allocated to *Compensation of employees*, with R50 million each to Programmes 2 and 6, to fully fund the shortfall from the above-budget 2016 wage adjustment. Departments budgeted at 7.2 per cent, while the settlement amount was 7.6 per cent, leaving a gap of 0.4 per cent unfunded. No funding was provided from National Treasury in this regard and funding was made available from within provincial resources.
 - R4 million was allocated by the National Department of Health for the NHI conditional grant, against *Goods and services* (R400 000) and *Machinery and equipment* (R3.600 million) in Programme 2. The purpose of these funds is to help strengthen Health Information Systems, which is a necessary step for the success of the NHI Disease Related Grouping reimbursement model.

Tables 7.1 and 7.2 below reflect a summary of the 2016/17 adjusted appropriation of the department, summarised according to programme and economic classification.

Details of the economic classification are given in *Annexure – Vote 7: Health*.

Table 7.1 : Summary by programmes

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Administration	839 035	-	-	-	-	-	-	839 035
2. District Health Services	17 370 402	6 363	-	-	-	222 000	228 363	17 598 765
3. Emergency Medical Services	1 199 775	-	-	-	-	-	-	1 199 775
4. Provincial Hospital Services	9 723 434	-	-	-	-	77 000	77 000	9 800 434
5. Central Hospital Services	4 435 839	-	-	-	-	105 000	105 000	4 540 839
6. Health Sciences and Training	1 100 150	-	-	65 000	-	50 000	115 000	1 215 150
7. Health Care Support Services	326 487	-	-	-	-	-	-	326 487
8. Health Facilities Management	1 583 515	-	-	(65 000)	-	-	(65 000)	1 518 515
Total	36 578 637	6 363	-	-	-	454 000	460 363	37 039 000
Amount to be voted								460 363
of which: Unauth. Exp. (1st charge) not avail. for spending								(107 607)
Baseline available for spending after first charge								36 931 393

Table 7.2 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	34 374 587	1 270	-	(48 612)	-	450 400	403 058	34 777 645
Compensation of employees	23 096 722	-	-	289 925	-	100 000	389 925	23 486 647
Goods and services	11 277 865	1 270	-	(339 667)	-	350 400	12 003	11 289 868
Interest and rent on land	-	-	-	1 130	-	-	1 130	1 130
Transfers and subsidies to:	734 473	-	-	110 948	-	-	110 948	845 421
Provinces and municipalities	174 707	-	-	52 838	-	-	52 838	227 545
Departmental agencies and accounts	20 025	-	-	15	-	-	15	20 040
Higher education institutions	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-
Non-profit institutions	203 313	-	-	-	-	-	-	203 313
Households	336 428	-	-	58 095	-	-	58 095	394 523
Payments for capital assets	1 361 970	5 093	-	(62 336)	-	3 600	(53 643)	1 308 327
Buildings and other fixed structures	896 221	-	-	4 275	-	-	4 275	900 496
Machinery and equipment	465 749	5 093	-	(66 611)	-	3 600	(57 918)	407 831
Heritage assets	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-
Payments for financial assets	107 607	-	-	-	-	-	-	107 607
Total	36 578 637	6 363	-	-	-	454 000	460 363	37 039 000
Amount to be voted								460 363
of which: Unauth. Exp. (1st charge) not avail. for spending								(107 607)
Baseline available for spending after first charge								36 931 393

4. Changes to programme purposes and service delivery measures

The department did not change the purpose of any of its programmes. However, there have been some changes to service delivery measures to align the targets originally published in the 2016/17 *EPRE* with the department's APP, which was published after the *EPRE*.

4.1 Programme 1: Administration

Programme 1's main objective is to provide overall strategic leadership, co-ordination and management of activities toward the achievement of optimal health status of all the communities in the province, as well as the administration of the department in line with good governance practice. The programme also includes the formulation of policies and strategies in line with national and provincial priorities.

Tables 7.3 and 7.4 summarise the 2016/17 adjusted appropriation of Programme 1 according to sub-programme and economic classification.

Details of the main adjustments within the programme, which resulted in no change to the main appropriation, are provided in the paragraphs below the tables.

Table 7.3 : Programme 1: Administration

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Office of the MEC	19 634						-	19 634
2. Management	819 401						-	819 401
Total	839 035	-	-	-	-	-	-	839 035
Amount to be voted								
of which: Unauth. Exp. (1st charge) not avail. for spending								(107 607)
Baseline available for spending after first charge								731 428

Table 7.4 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	695 434	-	-	22 205	-	-	22 205	717 639
Compensation of employees	356 418			15 105			15 105	371 523
Goods and services	339 016			7 000			7 000	346 016
Interest and rent on land				100			100	100
Transfers and subsidies to:	6 519	-	-	(100)	-	-	(100)	6 419
Provinces and municipalities	3 359						-	3 359
Departmental agencies and accounts	1			(1)			(1)	-
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions							-	-
Households	3 159			(99)			(99)	3 060
Payments for capital assets	29 475	-	-	(22 105)	-	-	(22 105)	7 370
Buildings and other fixed structures							-	-
Machinery and equipment	29 475			(22 105)			(22 105)	7 370
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets	107 607						-	107 607
Total	839 035	-	-	-	-	-	-	839 035
Amount to be voted								
of which: Unauth. Exp. (1st charge) not avail. for spending								(107 607)
Baseline available for spending after first charge								731 428

Virements – Programme 1: Administration

The following virements were undertaken within the programme and within the various sub-programmes and are therefore not evident in Table 7.3:

- *Machinery and equipment* was reduced by R22.105 million due to funding originally intended for equipment related to the development of a video conferencing facility intended to reduce travelling costs, which has been delayed due to lengthy SCM processes. The funding will now be utilised to address IT costs in respect of minor assets for the facility. This reduction of capital requires Legislature approval.
- *Transfers and subsidies to: Departmental agencies and accounts*, as well as *Transfers and subsidies to: Households* were reduced due to over-budgeting for TV licences (R1 000) and staff exit costs (R99 000), respectively. Although this is a decrease in transfers, Legislature approval is not required as these amounts are not gazetted.
- *Compensation of employees* was increased by R15.105 million to provide for the higher than anticipated uptake in housing allowances (carry-through costs from the 2015 wage agreement) and pay progression. The increase in *Compensation of employees* has received Provincial Treasury approval.
- *Goods and services* increased by R7 million to provide for pressures against business advisory services, which was under-budgeted, including PILIR costs.
- *Interest and rent on land* was increased by R100 000 due to unbudgeted interest on overdue accounts, including Telkom, as well as water and lights.

Service delivery measures – Programme 1: Administration

Table 7.5 shows the revised service delivery information for Programme 1. Note that one measure in this programme is annual in nature and is only reported on after the closure of the financial year. The department revised two measures to align with the targets published in the 2016/17 APP, due to the EPRE being published before the APP was finalised.

Table 7.5 : Service delivery measures – Programme 1: Administration

Outputs	Performance indicators	Performance targets		
		2016/17 Original target	2016/17 Mid-year actual	2016/17 Revised target
To conduct the strategic management and overall administration of the Dept. of Health	• Audit opinion from the Auditor-General	Unqualified	annual	
	• Percentage hospitals with broadband access	100%	47.1%	50%
	• Percentage fixed PHC facilities with broadband access	55%	19.7%	50%

4.2 Programme 2: District Health Services

The main purpose of this programme is to render primary health care services and district hospital services, and the programme is the main vehicle for improving health services in the province.

Tables 7.6 and 7.7 summarise the 2016/17 adjusted appropriation of Programme 2 according to sub-programme and economic classification. Details of the main adjustments, which resulted in an overall increase of R228.363 million, are provided in the paragraphs following the tables.

Table 7.6 : Programme 2: District Health Services

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. District Management	289 975	6 363		(4 000)		4 000	6 363	296 338
2. Community Health Clinics	3 880 589					63 000	63 000	3 943 589
3. Community Health Centres	1 564 694			(35 000)			(35 000)	1 529 694
4. Community-Based Services	40 000					60 000	60 000	100 000
5. Other Community Services	1 177 971			(25 000)		50 000	25 000	1 202 971
6. HIV and AIDS	4 244 243						-	4 244 243
7. Nutrition	55 000			(6 000)			(6 000)	49 000
8. Coroner Services	192 428						-	192 428
9. District Hospitals	5 925 502			70 000		45 000	115 000	6 040 502
Total	17 370 402	6 363	-	-	-	222 000	228 363	17 598 765
Amount to be voted								228 363

Table 7.7 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	16 842 647	1 270	-	(42 574)	-	218 400	177 096	17 019 743
Compensation of employees	11 229 114			30 000		50 000	80 000	11 309 114
Goods and services	5 613 533	1 270		(73 334)		168 400	96 336	5 709 869
Interest and rent on land				760			760	760
Transfers and subsidies to:	397 062	-	-	48 996	-	-	48 996	446 058
Provinces and municipalities	169 048			52 738			52 738	221 786
Departmental agencies and accounts	41			(6)			(6)	35
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions	170 213						-	170 213
Households	57 760			(3 736)			(3 736)	54 024
Payments for capital assets	130 693	5 093	-	(6 422)	-	3 600	2 271	132 964
Buildings and other fixed structures							-	-
Machinery and equipment	130 693	5 093		(6 422)		3 600	2 271	132 964
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets							-	-
Total	17 370 402	6 363	-	-	-	222 000	228 363	17 598 765
Amount to be voted								228 363

Roll-overs – Programme 2: District Health Services: R6.363 million

An amount of R6.363 million was allocated against the sub-programme: District Management, with R5.093 million allocated to *Machinery and equipment* and R1.270 million to *Goods and services* for the National Treasury approved roll-over of committed, but unspent funding from 2015/16 against the NHI conditional grant. The funding will be used to pay for an electronic queuing system and internet connectivity for all clinics in NHI districts.

Virement – Programme 2: District Health Services

There were no virements to or from this programme, but there were a number of movements within the programme between economic category, which accounts for the movement across sub-programmes. It is noted that the increase in the sub-programme: District Hospitals was largely due to National Health Laboratory Services (NHLS) and medicine payments in the other sub-programmes, which will be deferred to April 2017, in an effort to remain within budget in 2016/17. The resultant savings were largely moved to address pressures in *Compensation of employees*, etc., as mentioned below.

With regard to economic classification, savings of R83.498 million were identified as follows:

- R73.334 million was identified against *Goods and services*, being March 2017 NHLS and medicine payments, which will be deferred to April 2017, in an effort to remain within the budget in 2016/17.
- R6 000 was identified against *Transfers and subsidies to: Departmental agencies and accounts* due to over-budgeting for TV licences. Although this is a decrease in transfers, Legislature approval is not required as these amounts are not gazetted.
- R3.736 million from savings under *Transfers and subsidies to: Households* in respect of staff exit costs, as the department is anticipating a reduction in resignations due to the moratorium on the filling of vacant posts.
- Enforced savings of R6.422 million were identified against *Machinery and equipment* resulting from a decision to put on hold the procurement of replacement vehicles, to remain within budget.

These savings were moved within the programme as follows:

- R30 million was moved to *Compensation of employees* mainly to provide for pressures attributed to the carry-through costs for the increased uptake in the housing allowance, which formed part of the 2015 wage agreement, as well as the 2016/17 pay progression. This increase in *Compensation of employees* has received Provincial Treasury approval.
- R760 000 was moved to *Interest and rent on land* to address unbudgeted interest on overdue accounts such as electricity and medical gas.
- R52.738 million was moved to *Transfers and subsidies to: Provinces and municipalities* to offset pressures arising from 2015/16 commitments in respect of municipal clinics in the eThekweni Metro being payable in 2016/17. This increase in a transfer received Provincial Treasury approval.

These virements account for the adjustments across sub-programmes and are in accordance with Treasury Regulations.

Other adjustments – Programme 2: District Health Services: R222 million

The allocation to Programme 2 was increased by R222 million as follows:

- R50 million was allocated to *Compensation of employees* against the Other Community Services sub-programme to provide for pressures from the above-budget wage adjustment in 2016.
- R168 million was allocated to *Goods and services* in the Community Health Clinics (R63 million), Community Based Services (R60 million) and District Hospitals (R45 million) sub-programmes to address pressures on imported medicines and medical supplies resulting from the deterioration of the Rand:Dollar exchange rate. These funds are specifically and exclusively appropriated for this purpose.

- R4 million was allocated to the District Management sub-programme being additional funding from the National Department of Health for the NHI conditional grant, with R400 000 allocated to *Goods and services* and R3.600 million to *Machinery and equipment* to help strengthen Health Information Systems.

Service delivery measures – Programme 2: District Health Services

Table 7.8 shows the revised service delivery information for Programme 2. Note that some measures in this programme are annual in nature and are only reported on after the closure of the financial year. The department revised six measures to align with the targets published in the 2016/17 APP, due to the *EPRE* being published before the APP was finalised. The descriptions of some measures have been revised as indicated in bold italics. Note also that a number of performance measures are no longer valid and these are indicated by “n/a” in the Mid-year actual and Revised target columns.

Table 7.8 : Service delivery measures – Programme 2: District Health Services

Table 7.8 : Service delivery measures – Programme 2: District health services					
Outputs	Performance indicators	Performance targets			
		2016/17 Original target	2016/17 Mid-year actual	2016/17 Revised target	
1. Clinics and Community Health Centres					
To provide facilities for patients to be treated at PHC level	• No. of districts piloting NHI interventions	3	n/a	n/a	
	• Established NHI Consultation Forum	Established	n/a	n/a	
	• Percentage of fixed PHC facilities scoring above 70% on the Ideal Clinic Dashboard	40%	40.4%		
	• Client Satisfaction Survey Rate (PHC)	100%	70.5%		
	• Client Satisfaction Rate (PHC)	85%	Annual		
	• Outreach household registration visit coverage (annualised)	30%	10.5%	25%	
	• No. of districts with fully fledged District Clinical Specialist Teams	2	-		
	• PHC utilisation rate (annualised)	3	2.7		
	• Complaint resolution rate	85%	85.4%		
	• Complaint resolution within 25 working days rate	95%	93.9%		
2. District Hospitals					
Rendering hospital service at district level	• National core standards self-assessment rate	100%	63%		
	• Quality improvement plan after self-assessment rate	100%	63%		
	• Percentage of hospitals compliant with all extreme and vital measures of the national core standards	21%	16.7%		
	• Client satisfaction survey rate	100%	100%		
	• Client satisfaction rate	95%	Annual	90%	
	• Average length of stay – total	6 days	5.6 days		
	• Inpatient bed utilisation rate – total	65.8%	58.2%		
	• Expenditure per patient day equivalent	R1 947	R2 224		
	• Complaints resolution rate	80%	80.9%		
	• Complaint resolution within 25 working days rate	95%	92.8%		
	3. HIV and AIDS, TB and STI control				
	Rendering primary health care service in respect of HIV and AIDS, TB and STI control	• Adults remaining on ART – total	1 205 438	1 036 536	
• Total children (under 15 years) remaining on ART – total		68 286	53 717		
• TB / HIV co-infected clients on ART rate		90%	87.4%		
• Client tested for HIV (including ANC)		2 659 268	1 452 205		
• TB symptom 5 years and older screened <i>in facility</i> rate		35%	71%		
• Male condom distribution coverage (annualised)		81	50.8	61.8	
• Medical male circumcision performed – total		1 096 604 cum	595 794 cum	793 528 cum	
• TB client treatment success rate		86%	87.3%		
• TB client lost to follow up rate		3.4%	3.8%		
• TB client death rate		3.5%	annual		
• TB MDR confirmed treatment initiation rate		70%	annual		
• TB MDR treatment success rate		60%	annual	62.5%	
4. Maternal, child and women health					
Rendering a comprehensive and integrated maternal, child and women health at primary health care level	• Antenatal 1st visit before 20 weeks rate	62.6%	68.3%		
	• Mother postnatal visit within 6 days rate	82%	63.5%		
	• Antenatal client initiated on ART rate	97%	Annual		
	• Infant 1st PCR test positive around 10 weeks rate	>1%	1.5%		
	• Immunisation coverage under 1 year (annualised)	92%	82.4%		
	• Measles 2nd dose coverage (annualised)	90%	99.5%		
	• DTap-IPV/Hib 3 - Measles 1st dose drop-out rate	6%	32%		
	• Child under 5 years diarrhoea case fatality rate	2.5%	1.9%	2.8%	

Table 7.8 : Service delivery measures – Programme 2: District Health Services

Outputs	Performance indicators	Performance targets		
		2016/17 Original target	2016/17 Mid-year actual	2016/17 Revised target
	<ul style="list-style-type: none"> Child under 5 years pneumonia case fatality rate Child under 5 years severe acute malnutrition case fatality rate School Grade 1 learners screening coverage (annualised) School Grade 8 learners screening coverage (annualised) Couple year protection rate (annualised) Cervical cancer screening coverage (annualised) Human papillomavirus vaccine 1st dose coverage Human papillomavirus vaccine 2nd dose coverage Vitamin A dose 12-59 months coverage (annualised) Infant exclusively breastfed at HepB 3rd dose rate Maternal mortality in facility ratio (annualised) Neonatal death in facility rate 	3% 8% 25% 20% 60% 75% 85% 85% 65% 60% 115/ 100 000 9.3/ 1000	2.1% 7.3% 16% 11.1% 50.7% 81.1% Annual Annual 63.6% 53.9% annual annual	55%
5. Disease prevention and control				
Rendering preventive and promotive health services	<ul style="list-style-type: none"> Clients screened for hypertension Clients screened for diabetes Clients screened for mental health Cataract surgery rate (annualised) Malaria case fatality rate 	7 980 052 5 127 276 100 000 1 154/ 1 mil < 0.5%	5 097 400 4 835 084 2 627 746 195/1 mil 1.4%	

4.3 Programme 3: Emergency Medical Services

The purpose of this programme is to render pre-hospital emergency medical services, including inter-hospital transfers and planned patient transport. Tables 7.9 and 7.10 reflect a summary of the 2016/17 adjusted appropriation of Programme 3, summarised according to sub-programme and economic classification. Details of the main adjustments, which resulted in no increase to the main budget, are provided in the paragraphs following the tables.

Table 7.9 : Programme 3: Emergency Medical Services

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Emergency Services	1 131 508			(27 000)			(27 000)	1 104 508
2. Planned Patient Transport	68 267			27 000			27 000	95 267
Total	1 199 775	-	-	-	-	-	-	1 199 775
Amount to be voted								

Table 7.10 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	1 143 802	-	-	31 266	-	-	31 266	1 175 068
Compensation of employees	842 003						-	842 003
Goods and services	301 799			31 206			31 206	333 005
Interest and rent on land				60			60	60
Transfers and subsidies to:	4 392	-	-	-	-	-	-	4 392
Provinces and municipalities	2 300						-	2 300
Departmental agencies and accounts	2			(2)			(2)	-
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions							-	-
Households	2 090			2			2	2 092
Payments for capital assets	51 581	-	-	(31 266)	-	-	(31 266)	20 315
Buildings and other fixed structures							-	-
Machinery and equipment	51 581			(31 266)			(31 266)	20 315
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets							-	-
Total	1 199 775	-	-	-	-	-	-	1 199 775
Amount to be voted								

Virement – Programme 3: Emergency Medical Services

Virements were undertaken within the programme and economic classifications, with R27 million moving from the Emergency Services sub-programme to the Planned Patient Transport sub-programme, to correct over- and under-budgeting in the *EPRE* between sub-programmes. The movements are as follows:

- *Machinery and equipment* was reduced by R31.266 million as part of the departmental cost-containment plan to remain within budget. The procurement of Emergency Medical Services vehicles have been put on hold in 2016/17. This reduction of capital requires Legislature approval.
- The bulk of these funds were moved to *Goods and services* (R31.206 million) to address pressures resulting from increased fuel costs.
- The balance of R60 000 was moved to *Interest and rent on land* to address unbudgeted interest on overdue accounts, such as electricity and medical gas.
- In addition to the above, *Transfers and subsidies to: Departmental agencies and accounts* was reduced by R2 000 due to over-budgeting for TV licences, with the funding moved to *Transfers and subsidies to: Households* to address staff exit cost pressures. Although this is a decrease in transfers, Legislature approval is not required as these amounts are not gazetted.

Service delivery measures – Programme 3: Emergency Medical Services

Table 7.11 shows the service delivery information for Programme 3. There are no changes in targets.

Table 7.11 : Service delivery measures – Programme 3: Emergency Medical Services

Table 7.11: Service delivery measures – Programme 3: Emergency medical services				
Outputs	Performance indicators	Performance targets		
		2016/17 Original target	2016/17 Mid-year actual	2016/17 Revised target
Emergency Medical Services				
Rendering emergency medical services including ambulance services, special operations, communications and air ambulance services	• EMS P1 urban response under 15 minutes rate	6%	4.4%	
	• EMS P1 rural response under 40 minutes rate	34%	34.7%	
	• EMS inter-facility transfer rate	40%	31.2%	

4.4 Programme 4: Provincial Hospital Services

The purpose of this programme is the delivery of hospital services which are accessible, appropriate and effective and the provision of general specialist services including a specialised rehabilitation service, and a platform for training health professionals and research.

Tables 7.12 and 7.13 summarise the 2016/17 adjusted appropriation of Programme 4 according to sub-programme and economic classification.

Details of the main adjustments, which resulted in an overall increase of R77 million, are provided in the paragraphs following the tables.

Table 7.12 : Programme 4: Provincial Hospital Services

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. General (Regional) Hospitals	7 668 159			58 000		74 000	132 000	7 800 159
2. Tuberculosis Hospitals	793 589			(39 000)			(39 000)	754 589
3. Psychiatric-Mental Hospitals	845 859			(11 000)			(11 000)	834 859
4. Sub-acute, Step-down and Chronic Medical Hospitals	395 897			(8 000)		3 000	(5 000)	390 897
5. Dental Training Hospital	19 930						-	19 930
Total	9 723 434	-	-	-	-	77 000	77 000	9 800 434
Amount to be voted								77 000

Table 7.13 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	9 636 201	-	-	(1 250)	-	77 000	75 750	9 711 951
Compensation of employees	7 334 492			149 000			149 000	7 483 492
Goods and services	2 301 709			(150 460)		77 000	(73 460)	2 228 249
Interest and rent on land				210			210	210
Transfers and subsidies to:	62 233	-	-	50	-	-	50	62 283
Provinces and municipalities				100			100	100
Departmental agencies and accounts	82			(1)			(1)	81
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions	33 100						-	33 100
Households	29 051			(49)			(49)	29 002
Payments for capital assets	25 000	-	-	1 200	-	-	1 200	26 200
Buildings and other fixed structures							-	-
Machinery and equipment	25 000			1 200			1 200	26 200
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets							-	-
Total	9 723 434	-	-	-	-	77 000	77 000	9 800 434
Amount to be voted								77 000

Virement – Programme 4: Provincial Hospital Services

There were no virements to or from this programme, however, there were a number of movements within the programme between sub-programmes and economic classifications. The increase in the sub-programme: General (Regional) Hospitals is largely due to NHLS and medicine payments in the other sub-programmes, which will be deferred to April 2017, in an effort to remain within the budget in 2016/17. The funding was largely moved to address pressures against *Compensation of employees* attributed to the carry-through costs for the increased uptake in the housing allowance, as mentioned previously.

The virements undertaken per economic classification were mainly as follows:

- R150.460 million was identified against *Goods and services*, being the NHLS payments for March 2017, deferred to April 2017.
- Also reduced was *Transfers and subsidies to: Departmental agencies and accounts* (R1 000), as well as *Transfers and subsidies to: Households* (R49 000) because of over-budgeting for TV licences and staff exit costs, respectively. Although this is a decrease in transfers, Legislature approval is not required as these amounts are not gazetted.

This funding was moved as follows:

- R149 million was moved to *Compensation of employees* to partly fund the increased uptake of the housing allowance and pay progression, as previously mentioned. Also included in the increase to *Compensation of employees* was the General (Regional) Hospitals sub-programme, where the increase was to address pressures following reprioritisation from this sub-programme in the 2016/17 EPRE to fund pressures on medicines and medical supplies. This increase in *Compensation of employees* has received Provincial Treasury approval.
- *Machinery and equipment* was increased by R1.200 million to fund the procurement of essential critical medical equipment under the Psychiatric Mental Hospitals sub-programme.
- *Interest and rent on land* was increased by R210 000 to address unbudgeted interest on overdue accounts, such as electricity, medical gas and accounts for surgical implants.
- *Transfers and subsidies to: Provinces and municipalities* was increased by R100 000 to address pressures related to motor vehicle licences.

Other adjustments – Programme 4: Provincial Hospital Services: R77 million

This programme was allocated an additional R77 million against *Goods and services* in the General (Regional) Hospitals sub-programme (R74 million) and the Sub-acute, Step-down and Chronic Medical Hospitals sub-programme (R3 million) to address pressures on imported medicines and medical supplies resulting from the deterioration of the Rand:Dollar exchange rate. These funds are specifically and exclusively appropriated for this purpose.

Service delivery measures – Programme 4: Provincial Hospital Services

Table 7.14 below shows the revised service delivery information for Programme 4. The department revised some measures to align them with the targets published in the 2016/17 APP. Note also that three performance measures are no longer valid and these are indicated by “n/a” in the Mid-year actual and Revised target columns.

Table 7.14 : Service delivery measures – Programme 4: Provincial Hospital Services

Outputs		Performance indicators	Performance targets		
			2016/17 Original target	2016/17 Mid-year actual	2016/17 Revised target
1. General (Regional) Hospitals					
Rendering of hospital services at a general specialist level and a platform for training of health workers and research	• National core standards self-assessment rate	100%	84.6%		
	• Quality improvement plan after self-assessment rate	100%	54.5%		
	• Percentage of hospitals compliant with all extreme and vital measures of the national core standards	23%	27.3%	25%	
	• Client satisfaction survey rate	100%	100%		
	• Client satisfaction rate	89%	Annual		
	• Average length of stay – total	6.5 days	6.3 days		
	• Inpatient bed utilisation rate – total	70.7%	73.6%		
	• Expenditure per PDE	R2 822	R3 087		
	• Complaints resolution rate	86%	72%		
	• Complaints resolution within 25 working days rate	97.5%	96.6%		
2. Specialised Hospitals					
Rendering of hospital services at a specialist level including TB, psychiatric, oral and dental, step-down and chronic	• National core standards self-assessment rate	100%	57.9%		
	• Quality improvement plan after self-assessment rate	100%	27.3%		
	• Percentage of hospitals compliant with all extreme and vital measures of the national core standards	33%	-	22%	
	• Client satisfaction survey rate	100%	68.4%		
	• Client satisfaction rate	89%	Annual	72%	
	• Average length of stay - total	39.1 days	n/a	n/a	
	• Inpatient bed utilisation rate - total	63%	n/a	n/a	
	• Expenditure per PDE	R1 582	n/a	n/a	
	• Complaints resolution rate	55.5%	44.8%	83.2%	
	• Complaints resolution within 25 working days rate	92%	88.5%	94.4%	

4.5 Programme 5: Central Hospital Services

The main purpose of this programme is to provide tertiary health services and to create a platform for training of health workers. Tables 7.15 and 7.16 reflect a summary of the 2016/17 adjusted appropriation of Programme 5, summarised according to sub-programme and economic classification. Details of the main adjustments, which resulted in an overall increase of R105 million, are given in the paragraphs below the tables.

Table 7.15 : Programme 5: Central Hospital Services

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Central Hospital Services	2 333 471					28 000	28 000	2 361 471
2. Provincial Tertiary Hospital Services	2 102 368					77 000	77 000	2 179 368
Total	4 435 839	-	-	-	-	105 000	105 000	4 540 839
Amount to be voted								105 000

Table 7.16 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments	
Current payments	4 419 576	-	-	(2 000)	-	105 000	4 522 576
Compensation of employees	2 407 673			101 000		101 000	2 508 673
Goods and services	2 011 903			(103 000)		105 000	2 013 903
Interest and rent on land						-	-
Transfers and subsidies to:	10 763	-	-	2 000	-	-	12 763
Provinces and municipalities						-	-
Departmental agencies and accounts	57			25		25	82
Higher education institutions						-	-
Foreign governments and international organisations						-	-
Public corporations and private enterprises						-	-
Non-profit institutions						-	-
Households	10 706			1 975		1 975	12 681
Payments for capital assets	5 500	-	-	-	-	-	5 500
Buildings and other fixed structures						-	-
Machinery and equipment	5 500					-	5 500
Heritage assets						-	-
Specialised military assets						-	-
Biological assets						-	-
Land and subsoil assets						-	-
Software and other intangible assets						-	-
Payments for financial assets						-	-
Total	4 435 839	-	-	-	-	105 000	4 540 839
Amount to be voted							105 000

Virement – Programme 5: Central Hospital Services

Virements were undertaken within this programme and within the two sub-programmes, with no net effect to the budget of either of the two sub-programmes, as follows:

- Savings of R103 million were identified against *Goods and services* resulting from the planned deferment of NHLS and Inkosi Albert Luthuli Central Hospital (IALCH) PPP payments from March 2017 to April 2017 under *Goods and services*.
- R101 million was moved to partly fund the shortfall under *Compensation of employees* due to the previously mentioned increased uptake in the housing allowance and pay progression, as well as the carry-through costs of the critical specialist posts that were filled in 2015/16. The increase in *Compensation of employees* has received Provincial Treasury approval.
- R25 000 was moved to *Transfers and subsidies to: Departmental agencies and accounts* to address under-budgeting for TV licences.
- R1.975 million was moved to *Transfers and subsidies to: Households* to address staff exit costs (leave gratuity) spending pressures.

Other adjustments – Programme 5: Central Hospital Services: R105 million

A total of R105 million was allocated to *Goods and services* in Programme 5, with R28 million allocated to the Central Hospital Services sub-programme and R77 million to the Provincial Tertiary Hospital Services sub-programme, to address pressures on imported medicines and medical supplies resulting from the deterioration of the Rand:Dollar exchange rate. These funds are specifically and exclusively appropriated for this purpose.

Service delivery measures – Programme 5: Central Hospital Services

Table 7.17 shows the revised service delivery information for Programme 5.

Note that some measures in this programme are annual in nature and are only reported on after the closure of the financial year. The department revised two measures to align with the targets published in the 2016/17 APP, due to the *EPRE* being published before the APP was finalised.

Table 7.17 : Service delivery measures – Programme 5: Central Hospital Services

Outputs	Performance indicators	Performance targets		
		2016/17 Original target	2016/17 Mid-year actual	2016/17 Revised target
1. Tertiary Hospitals				
To provide tertiary health services and create a platform for the training of health workers	• National core standards self-assessment rate	100%	66.7%	
	• Quality improvement plan after self-assessment rate	100%	-	
	• Percentage of hospitals compliant with all extreme and vital measures of the national core standards	66%	-	33%
	• Client satisfaction survey rate	100%	100%	
	• Client satisfaction rate	96%	Annual	
	• Average length of stay – total	7.7 days	7.9 days	
	• Inpatient bed utilisation rate – total	78.9%	79.9%	
	• Expenditure per PDE	R4 780	R3 286	R2 894
	• Complaints resolution rate	85%	72%	
	• Complaints resolution within 25 working days rate	100%	96.8%	
2. Central Hospitals				
Rendering of a highly specialised medical health and quaternary service on a national basis and a platform for the training of health workers and research	• National core standards self-assessment rate	100%	100%	
	• Quality improvement plan after self-assessment rate	100%	-	
	• Percentage of hospitals compliant with all extreme and vital measures of the national core standards	100%	-	
	• Client satisfaction survey rate	100%	-	
	• Client satisfaction rate	96%	Annual	
	• Average length of stay – total	8.5 days	8.8 days	
	• Inpatient bed utilisation rate – total	67.1%	66.3%	
	• Expenditure per PDE	R8 173	R9 401	
	• Complaints resolution rate	80%	85%	
	• Complaints resolution within 25 working days rate	96.5%	100%	

4.6 Programme 6: Health Sciences and Training

The purpose of this programme is to render training and development opportunities for actual and potential employees of the department.

Tables 7.18 and 7.19 summarises the 2016/17 adjusted appropriation of Programme 6: Health Sciences and Training, according to sub-programme and economic classification.

Details of the main adjustments within the programme, which resulted in an increase of R115 million to the main appropriation, are provided in the paragraphs below the tables.

Table 7.18 : Programme 6: Health Sciences and Training

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Other adjustments		
1. Nursing Training Colleges	280 382			1 100		1 100	281 482
2. EMS Training Colleges	18 176			1 000		1 000	19 176
3. Bursaries	255 910			65 100		65 100	321 010
4. Primary Health Care Training	38 530			2 700		2 700	41 230
5. Training Other	507 152			(4 900)	50 000	45 100	552 252
Total	1 100 150	-	-	65 000	- 50 000	115 000	1 215 150
Amount to be voted							115 000

Table 7.19 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments	
Current payments	842 326	-	-	7 979	-	50 000	900 305
Compensation of employees	776 000			5 000		50 000	831 000
Goods and services	66 326			2 979			69 305
Interest and rent on land							-
Transfers and subsidies to:	252 824	-	-	60 002	-	-	312 826
Provinces and municipalities							-
Departmental agencies and accounts	19 842						19 842
Higher education institutions							-
Foreign governments and international organisations							-
Public corporations and private enterprises							-
Non-profit institutions							-
Households	232 982			60 002			292 984
Payments for capital assets	5 000	-	-	(2 981)	-	-	2 019
Buildings and other fixed structures							-
Machinery and equipment	5 000			(2 981)			2 019
Heritage assets							-
Specialised military assets							-
Biological assets							-
Land and subsoil assets							-
Software and other intangible assets							-
Payments for financial assets							-
Total	1 100 150	-	-	65 000	-	50 000	1 215 150
Amount to be voted							115 000

Virement – Programme 6: Health Sciences and Training: R65 million

A total of R65 million was moved to this programme from Programme 8: Health Facilities Management, and allocated to the sub-programme: Bursaries, to address pressures from the carry-through costs of the increase in the number of Cuban Doctors' programme intake in 2015/16, as well as the increased cost of the Cuban Doctors' programme due to the weakening Rand:Dollar exchange rate. There were also numerous smaller movements within the programme and between economic classifications, mainly to address pressures in *Compensation of employees*, which was under-budgeted. These account for the net movements between sub-programmes, as follows:

- R60 million was allocated to *Transfers and subsidies to: Households* to offset the above-mentioned pressure on the Cuban Doctors' programme. This increase in *Transfers and subsidies to: Households* was approved by Provincial Treasury.
- R5 million was allocated to *Compensation of employees* across all sub-programmes (except Training Other) to fund the previously mentioned carry-through cost of the increased uptake in the housing allowance and pay progression. This increase in *Compensation of employees* has received Provincial Treasury approval.
- *Machinery and equipment* was reduced by R2.981 million as part of the departmental cost-containment plan to remain within budget. The procurement of college vehicles will be put on hold in 2016/17. This reduction of capital requires Legislature approval. This funding was moved within the programme, with R2.979 million moved to *Goods and services* to cover the negative effects of the weakening Rand:Dollar exchange rate on travelling and subsistence costs of the students under the Cuban Doctors' programme. The balance of R2 000 was moved to *Transfers and subsidies to: Households* to address pressures in the Cuban Doctors' programme.

Other adjustments – Programme 6: Health Sciences and Training: R50 million

A total of R50 million was allocated to Programme 6 against *Compensation of employees* in the Training Other sub-programme, to address pressures from the above-budget 2016 wage adjustment.

Service delivery measures – Programme 6: Health Sciences and Training

Table 7.20 shows the service delivery information for Programme 6. Note that all measures in this programme are annual in nature and are only reported on at the end of the financial year. The department revised both measures to align with the targets published in the 2016/17 APP, due to the EPRE being published before the APP was finalised.

Table 7.20 : Service delivery measures – Programme 6: Health Sciences and Training

Table 7.20: Service delivery measures – Programme 6: Health Sciences and Training				
Outputs	Performance indicators	Performance targets		
		2016/17 Original target	2016/17 Mid-year actual	2016/17 Revised target
1. Bursaries				
Provision of bursaries for health science training programmes at undergraduate and postgraduate levels. Target group includes actual and potential employees	• No. of bursaries awarded for first year medicine students	50	annual	10 Cuban 50 RSA
	• No. of bursaries awarded for first year nursing students	450	annual	225

4.7 Programme 7: Health Care Support Services

The purpose of this programme is to manage the supply of pharmaceuticals and medical sundries to hospitals, community health centres, clinics and local authorities. The programme also is responsible for the provision of laundry services to hospitals, care and rehabilitation centres and certain local authorities, as well as provision of specialised orthotic and prosthetic services to hospitals and clinics.

Tables 7.21 and 7.22 summarise the 2016/17 adjusted appropriation of Programme 7: Health Care Support Services according to sub-programme and economic classification.

Details of the main adjustments within the programme, which resulted in no change to the main appropriation, are provided in the paragraphs following the tables.

Table 7.21 : Programme 7: Health Care Support Services

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Laundry Services	281 884			(2 000)			(2 000)	279 884
2. Orthotic and Prosthetic Services	44 603			2 000			2 000	46 603
Total	326 487	-	-	-	-	-	-	326 487
Amount to be voted								

Table 7.22 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	317 307	-	-	(5 000)	-	-	(5 000)	312 307
Compensation of employees	106 900			(9 000)			(9 000)	97 900
Goods and services	210 407			4 000			4 000	214 407
Interest and rent on land							-	-
Transfers and subsidies to:	680	-	-	-	-	-	-	680
Provinces and municipalities							-	-
Departmental agencies and accounts							-	-
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions							-	-
Households	680						-	680
Payments for capital assets	8 500	-	-	5 000	-	-	5 000	13 500
Buildings and other fixed structures							-	-
Machinery and equipment	8 500			5 000			5 000	13 500
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets							-	-
Total	326 487	-	-	-	-	-	-	326 487
Amount to be voted								

Virement – Programme 7: Health Support Services

The virement within this programme and between the Laundry Services and Orthotic and Prosthetic Services sub-programmes, was due to the following:

- Enforced savings of R9 million were identified under *Compensation of employees*, due to a decision to put on hold the filling of Laundry Services posts under this programme to remain within budget.
- R4 million was redirected to *Goods and services* to cover the gap brought about by increased fuel and oil costs.
- R5 million was allocated to *Machinery and equipment* for the procurement of Orthotic and Prosthetic Services critical equipment.

4.8 Programme 8: Health Facilities Management

The main purpose of this programme is the facilities management of community health clinics, community health centres, district hospitals, emergency medical services facilities, provincial hospitals, central and tertiary hospitals, as well as all other buildings and structures.

Tables 7.23 and 7.24 summarise the 2016/17 adjusted appropriation of Programme 8 according to sub-programme and economic classification.

Details of the main adjustments, which resulted in a reduction of R65 million to the main appropriation, are provided in the paragraphs below the tables.

Table 7.23 : Programme 8: Health Facilities Management

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Community Health Facilities	133 293			16 637			16 637	149 930
2. District Hospital Services	365 010			(208 226)			(208 226)	156 784
3. Provincial Hospital Services	840 970			60 103			60 103	901 073
4. Central Hospital Services	76 043			(22 508)			(22 508)	53 535
5. Other Facilities	168 199			88 994			88 994	257 193
Total	1 583 515	-	-	(65 000)	-	-	(65 000)	1 518 515
Amount to be voted								(65 000)

Table 7.24 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	477 294	-	-	(59 238)	-	-	(59 238)	418 056
Compensation of employees	44 122			(1 180)			(1 180)	42 942
Goods and services	433 172			(58 058)			(58 058)	375 114
Interest and rent on land							-	-
Transfers and subsidies to:	-	-	-	-	-	-	-	-
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	1 106 221	-	-	(5 762)	-	-	(5 762)	1 100 459
Buildings and other fixed structures	896 221			4 275			4 275	900 496
Machinery and equipment	210 000			(10 037)			(10 037)	199 963
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets	-						-	-
Total	1 583 515	-	-	(65 000)	-	-	(65 000)	1 518 515
Amount to be voted								(65 000)

Virement – Programme 8: Health Facilities Management: (R65 million)

This programme was reduced by R65 million, with the funding moving to Programme 6: Health Sciences and Training to address pressures from the carry-through costs of the increase in the number of Cuban Doctors' programme intake in 2015/16, as well as the increased cost of the Cuban Doctors' programme due to the weakening Rand:Dollar exchange rate. The savings were largely against

Maintenance and repairs in the sub-programme: District Hospital Services, with the bulk of the funding moved within the category to other sub-programmes. The virements undertaken from and within Programme 8 account for the movements between sub-programmes, as follows:

- R58.058 million in projected savings from *Goods and services* was attributable to more complex maintenance projects being behind schedule. These projects require technical assistance from the department's Infrastructure Development unit and need to be administered by head office SCM, as the technical nature of the projects is above institution delegations, for example, the relaying of a sewer line.
- The reduction in *Machinery and equipment* of R10.037 million is attributable to the Health Technology Services unit being behind on the planned equipment replacement programme due to lengthy SCM processes. Note that the reduction in *Machinery and equipment* requires Legislature approval.
- The savings of R1.180 million against *Compensation of employees* were due to difficulty in filling Health Facility Revitalisation grant posts, with no suitable candidates applying. This is being addressed by readvertising with planned appointments in the fourth quarter.
- Apart from the above-mentioned movement of R65 million to Programme 6, the balance of the savings of R4.275 million was moved to *Buildings and other fixed structures*, to address commitments from 2015/16, including projects for the Dr Pixley ka Seme new Regional Hospital, Stanger new Neo-Natal unit and Ngwelezane Hospital new 192 surgical wards.

Service delivery measures – Programme 8: Health Facilities Management

Table 7.25 shows the revised service delivery information for Programme 8.

Note that all measures in this programme are annual in nature and are only reported on at the end of the financial year. There are no changes to performance measures or targets.

Table 7.25 : Service delivery measures – Programme 8: Health facilities Management

Table 7.25 : Service delivery measures – Programme 6: Health facilities management				
Outputs	Performance indicators	Performance targets		
		2016/17 Original target	2016/17 Mid-year actual	2016/17 Revised target
1. Health Facilities Management				
Provision of new health facilities and the refurbishment, upgrading and maintenance of existing facilities	• No. of health facilities that have undergone major and minor refurbishment	8	annual	
	• Establish SLAs with DOPW (and any other implementing agents)	1	annual	

5. Specifically and exclusively appropriated allocations

Table 7.26 shows the amounts that are specifically and exclusively appropriated for specific purposes in terms of the KZN Adjustments Appropriation Act. Note that conditional grants (which are also specifically and exclusively appropriated funds) are not included here, as they are discussed in section 8 below.

Details of the main adjustments, which resulted in an overall increase of R402.738 million in respect of the department's specifically and exclusively appropriated funding, are provided in the paragraphs following the tables.

Table 7.26 : Summary of specifically and exclusively appropriated funding

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Prog 1: Improving infrastructure support	22 743						-	22 743
2. Prog 2: Municipal clinics	169 048			52 738			52 738	221 786
3. Prog 7: Hospital linen	80 000						-	80 000
4. NHLS fee-for-service pressures	310 497	-	-	-	-	-	-	310 497
Prog 2: NHLS fee-for-service pressures	175 000						-	175 000
Prog 4: NHLS fee-for-service pressures	105 497						-	105 497
Prog 5: NHLS fee-for-service pressures	30 000						-	30 000
5. Exchange rate pressures - medicine, equipment and supplies	785 695	-	-	-	-	350 000	350 000	1 135 695
Prog 2: Medicine, equipment and supplies	369 378					168 000	168 000	537 378
Prog 4: Medicine, equipment and supplies	194 216					77 000	77 000	271 216
Prog 5: Medicine, equipment and supplies	112 101					105 000	105 000	217 101
Prog 8: Medicine, equipment and supplies	110 000						-	110 000
Total	1 367 983	-	-	52 738	-	350 000	402 738	1 770 721
Amount to be voted								402 738

- **Virement:** Funds appropriated for Municipal clinics were increased by R52.738 million to cover the 2015/16 carry over-expenditure which was not paid due to over-spending against the overall baseline. As the funding that was specifically and exclusively appropriated for this purpose in 2015/16 was absorbed by spending pressures, the department had to find the funding in 2016/17 to increase the allocation accordingly. These funds were moved within Programme 2 from *Goods and services, Transfers and subsidies to: Departmental agencies and accounts, Transfers and subsidies to: Households and Machinery and equipment*, as discussed previously. The increase in a transfer was approved by Provincial Treasury, while the decrease in capital needs Legislature approval.
- **Other adjustments:** The department received additional funding of R350 million, to address pressures on imported medicines and medical supplies resulting from the deterioration of the Rand:Dollar exchange rate. These funds were allocated to Programmes 2, 4 and 5 against *Goods and services*, and are specifically and exclusively appropriated for this purpose.

6. Gifts, donations and sponsorships

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

7. Infrastructure

Table 7.27 shows the summary of infrastructure payments per main category. Details of the main adjustments, which resulted in an overall decrease of R63.820 million, are provided in the paragraphs following the tables.

Note that there was an erroneous amount depicted against the Main appropriation in the equivalent table in the *EPRE*, which resulted in an over-statement of *Capital infrastructure* by R10 million in this table only (not affecting any other tables). This is now corrected as discussed under *Shifts* below the table.

Table 7.27 : Summary of infrastructure payments by category

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Existing infrastructure assets	955 355	-	-	(109 292)	(10 000)	-	(119 292)	836 063
Maintenance and repair: Current	440 294			(58 058)	(10 000)		(68 058)	372 236
Upgrades and additions: Capital	360 261			26 245			26 245	386 506
Refurbishment and rehabilitation: Capital	154 800			(77 479)			(77 479)	77 321
New infrastructure assets: Capital	581 160			45 472	10 000		55 472	636 632
Infrastructure transfers	-	-	-	-	-	-	-	-
Infrastructure transfers: Capital							-	-
Infrastructure transfers: Current							-	-
Infrastructure: Payments for fin assets							-	-
Infrastructure: Leases							-	-
Capital infrastructure	1 096 221	-	-	(5 762)	10 000	-	4 238	1 100 459
Current infrastructure	440 294	-	-	(58 058)	(10 000)	-	(68 058)	372 236
Total	1 536 515	-	-	(63 820)	-	-	(63 820)	1 472 695
Amount to be voted								(63 820)

- **Virement:** The department undertook the following virements affecting the infrastructure categories:
 - *Maintenance and repair: Current* was reduced by R58.058 million attributable to more complex maintenance projects being behind schedule. As mentioned, these projects require technical assistance from the department's Infrastructure Development unit and to be administered by head office SCM, as the technical nature of these projects is above the institution delegations. This funding was moved from Programme 8 to Programme 6 to address pressures in the Cuban Doctors' programme.
 - The increase of R26.245 million against *Upgrades and additions: Capital* is to address pressures against the Lower Umfolozi War Memorial Hospital alterations and additions to existing hospital, Port Shepstone Provincial Hospital new multi-departmental core block and Ex-Boys Model School major repairs and renovations to buildings (head office administration extension).
 - *Refurbishment and rehabilitation: Capital* was reduced by R77.479 million due to a misallocation of funding in the *EPRE*, as the department's final Annual Implementation Plan was only provided after the *EPRE* was concluded for 2016/17. Part of the funding (R5.762 million) was moved to Programme 6 to address pressures in the Cuban Doctors' programme, while R26.245 million was moved to *Upgrades and additions: Capital*, as mentioned above. A further R45.472 million was moved to *New infrastructure assets: Capital*, as discussed below.
 - The increase of R45.472 million against *New infrastructure assets: Capital* was due to faster than expected progress made on projects which include the Dr. Pixley ka Seme Hospital, the Ngwelezane Hospital new 192 bed ward block and the Stanger Hospital new labour and neo-natal wards.
- **Shifts:** The department moved an amount of R10 million which was erroneously depicted in the equivalent table in the *EPRE* against *Maintenance and repair: Current* to *New infrastructure assets: Capital*, as mentioned previously. There is no change in purpose for this funding and no other table was affected.

8. Conditional grants

Tables 7.28 and 7.29 provide a summary of changes to conditional grants.

Details of the main adjustments, which resulted in a net increase of R10.363 million in the conditional grant allocation, is given in the paragraph following the tables.

Note that there was an erroneous amount depicted against the Main appropriation in the equivalent table to Table 7.29 in the *EPRE*, which resulted in the incorrect reflection of the various economic categories in this table only (not affecting any other tables). This is now corrected as discussed under *Shifts* below the table.

Table 7.28 : Summary of changes to conditional grants

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Prog. 2: District Health Services	4 272 326	6 363	-	-	-	4 000	10 363	4 282 689
National Health Insurance grant	15 083	6 363				4 000	10 363	25 446
Comprehensive HIV, AIDS and TB grant	4 244 243						-	4 244 243
Social Sector EPWP Incentive Grant for Provinces	13 000						-	13 000
2. Prog. 4: Provincial Hospital Services	312 377	-	-	-	-	-	-	312 377
Health Professions Training and Development grant	312 377						-	312 377
3. Prog. 5: Central Hospital Services	1 596 286	-	-	-	-	-	-	1 596 286
National Tertiary Services grant	1 596 286						-	1 596 286
4. Prog. 8: Health Facilities Management	1 121 815	-	-	-	-	-	-	1 114 693
Health Facility Revitalisation grant	1 114 693						-	1 114 693
EPWP Integrated Grant for Provinces	7 122						-	7 122
Total	7 302 804	6 363	-	-	-	4 000	10 363	7 313 167
Amount to be voted								10 363

Table 7.29 : Summary of conditional grants by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	6 451 573	1 270	-	(115 257)	(25 508)	400	(139 095)	6 312 478
Compensation of employees	3 319 815			(33 000)	175 534		142 534	3 462 349
Goods and services	3 131 758	1 270		(82 257)	(201 042)	400	(281 629)	2 850 129
Interest and rent on land							-	-
Transfers and subsidies to:	91 020	-	-	551	12 846	-	13 397	104 417
Provinces and municipalities	70 000				10 000		10 000	80 000
Departmental agencies and accounts							-	-
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions	11 507				1 167		1 167	12 674
Households	9 513			551	1 679		2 230	11 743
Payments for capital assets	760 211	5 093	-	114 706	12 662	3 600	136 061	896 272
Buildings and other fixed structures	731 455			81 572			81 572	813 027
Machinery and equipment	28 756	5 093		33 134	12 662	3 600	54 489	83 245
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets							-	-
Total	7 302 804	6 363	-	-	-	4 000	10 363	7 313 167
Amount to be voted								10 363

- *Roll-overs*: An amount of R6.363 million was rolled over from 2015/16 in respect of the NHI conditional grant in Programme 2, with R5.093 million allocated to *Machinery and equipment* and R1.270 million to *Goods and services* for the roll-over of committed, but unspent funding from 2015/16 against the NHI conditional grant. Note that this is a provincial roll-over as the funds were not paid back to the National Revenue Fund.
- *Virement*: The department undertook the following virements at an economic classification level within the various grants, which are permissible in terms of the grant business plans:
 - Comprehensive HIV, AIDS and TB grant:
 - *Compensation of employees* was reduced by R28 million, attributable to the slow pace in the filling of nursing and data capturers posts under the grant.
 - *Goods and services* was increased by R15.730 million due to a decision to prioritise the NHLS payments under the grant with pressures being experienced due to increased HIV and AIDS monitoring tests that need to be paid under the grant.
 - *Transfers and subsidies to: Households* was increased by R1.270 million due to staff exit costs being higher than budgeted.
 - *Machinery and equipment* was increased by R11 million to make provision for four HIV and AIDS/STI/TB (HAST) vehicles to provide mainly Male Medical Circumcision (MMC) services. These vehicles were ordered late in 2015/16 but paid for in 2016/17.
 - Health Facility Revitalisation grant:
 - *Compensation of employees* was reduced by R5 million due to the inability of the department to attract suitably qualified professional staff. The department has written to National Health for assistance, in reviewing the salary ranges relating to the posts.
 - *Goods and services* was reduced by R95.797 million as a result of more complex maintenance projects being behind schedule. This is because the projects require technical assistance from the department's Infrastructure Development unit and need to be administered by head office SCM, as the technical nature of the projects is above institution delegations.

- *Buildings and other fixed structures* was increased by R81.572 million to address commitments from 2015/16 and faster than expected progress on projects, including the Dr Pixley ka Seme new Regional Hospital, Stanger new Neo-Natal unit and Ngwelezane Hospital new 192 surgical wards, among others.
- *Machinery and equipment* was increased by R19.225 million to address committed expenditure to meet NDOH ideal clinic requirements from 2015/16, as well as to address the backlog in the delivery and commissioning of equipment by the Independent Development Trust, such as ward beds and operating theatre equipment.
- o National Tertiary Services grant:
 - *Goods and services* was reduced by R2.190 million due to a revision of the business plan, with the funding moved to *Machinery and equipment*.
 - *Transfers and subsidies to: Households* was decreased by R719 000 due to staff exit costs being less than budgeted and moved to *Machinery and equipment*.
 - *Machinery and equipment* was increased by R2.909 million to procure critical medical equipment in line with the revised business plan.
- *Shifts:* After the 2016/17 *EPRE* was published, the Comprehensive HIV, AIDS and TB business plan was finalised with some misalignment of funding at economic classification level to the *EPRE* tables. In addition, there was a further amendment to the plan at mid-year, exacerbating the misalignment. The movement involves a reduction of *Goods and services* by R201.042 million, and moved as follows:
 - o R175.534 million was moved to *Compensation of employees*.
 - o R10 million was moved to *Transfers and subsidies to: Provinces and municipalities*.
 - o R1.167 million was moved to *Transfers and subsidies to: Non-profit institutions*.
 - o R1.679 million was moved to *Transfers and subsidies to: Households*.
 - o R12.662 million was moved to *Machinery and equipment*.

All the movements in this regard form part of this process, and there is no change in purpose for this funding, and no other tables are affected.

- *Other adjustments:* R4 million was allocated by the National Department of Health for the NHI conditional grant, with R3.600 million allocated against *Machinery and equipment*, and the balance of R400 000 allocated to *Goods and services*, to help strengthen Health Information Systems.

9. Transfers and subsidies

Table 7.30 below shows the summary of transfers and subsidies by programme and main category.

Details of the main adjustments, which resulted in an overall increase of R110.948 million in the transfers and subsidies allocation, are provided in the paragraphs above and below the tables.

- *Virement:* The following virements totalling R110.948 million affected transfers and subsidies:
 - o In Programme 1, *Departmental agencies and accounts* and *Households* were reduced due to over-budgeting for TV licences and staff exit costs, respectively. This funding was moved within the programme to *Interest and rent on land* to address unbudgeted interest on overdue accounts.

Table 7.30 : Summary of transfers and subsidies by programme and main category

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Administration	6 519	-	-	(100)	-	-	(100)	6 419
Provinces and municipalities	3 359	-	-	-	-	-	-	3 359
Motor vehicle licences	3 359	-	-	-	-	-	-	3 359
Departmental agencies and accounts	1	-	-	(1)	-	-	(1)	-
SABC - TV licences	1	-	-	(1)	-	-	(1)	-
Households	3 159	-	-	(99)	-	-	(99)	3 060
Social benefits - Staff exit costs	3 159	-	-	(99)	-	-	(99)	3 060
2. District Health Services	397 062	-	-	48 996	-	-	48 996	446 058
Provinces and municipalities	169 048	-	-	52 738	-	-	52 738	221 786
Municipal clinics	169 048	-	-	52 738	-	-	52 738	221 786
Departmental agencies and accounts	41	-	-	(6)	-	-	(6)	35
SABC - TV licences	41	-	-	(6)	-	-	(6)	35
Non-profit institutions	170 213	-	-	-	-	-	-	170 213
Non-profit institutions	170 213	-	-	-	-	-	-	170 213
Households	57 760	-	-	(3 736)	-	-	(3 736)	54 024
Social benefits - Staff exit costs	57 760	-	-	(3 736)	-	-	(3 736)	54 024
3. Emergency Medical Services	4 392	-	-	-	-	-	-	4 392
Provinces and municipalities	2 300	-	-	-	-	-	-	2 300
Motor vehicle licences	2 300	-	-	-	-	-	-	2 300
Departmental agencies and accounts	2	-	-	(2)	-	-	(2)	-
SABC - TV licences	2	-	-	(2)	-	-	(2)	-
Households	2 090	-	-	2	-	-	2	2 092
Social benefits - Staff exit costs	1 654	-	-	2	-	-	2	1 656
Other transfers to households	436	-	-	-	-	-	-	436
4. Provincial Hospital Services	62 233	-	-	50	-	-	50	62 283
Provinces and municipalities	-	-	-	100	-	-	100	100
Motor vehicle licences	-	-	-	100	-	-	100	100
Departmental agencies and accounts	82	-	-	(1)	-	-	(1)	81
SABC - TV licences	82	-	-	(1)	-	-	(1)	81
Non-profit institutions	33 100	-	-	-	-	-	-	33 100
Non-profit institutions	33 100	-	-	-	-	-	-	33 100
Households	29 051	-	-	(49)	-	-	(49)	29 002
Social benefits - Staff exit costs	29 051	-	-	(49)	-	-	(49)	29 002
5. Central Hospital Services	10 763	-	-	2 000	-	-	2 000	12 763
Departmental agencies and accounts	57	-	-	25	-	-	25	82
SABC - TV licences	57	-	-	25	-	-	25	82
Households	10 706	-	-	1 975	-	-	1 975	12 681
Social benefits - Staff exit costs	10 706	-	-	1 975	-	-	1 975	12 681
6. Health Sciences and Training	252 824	-	-	60 002	-	-	60 002	312 826
Departmental agencies and accounts	19 842	-	-	-	-	-	-	19 842
HWSETA	19 842	-	-	-	-	-	-	19 842
Households	232 982	-	-	60 002	-	-	60 002	292 984
Social benefits - Staff exit costs	2 982	-	-	-	-	-	-	2 982
Bursaries	230 000	-	-	60 002	-	-	60 002	290 002
7. Health Care Support Services	680	-	-	-	-	-	-	680
Households	680	-	-	-	-	-	-	680
8. Health Facilities Management	-	-	-	-	-	-	-	-
Total	734 473	-	-	110 948	-	-	110 948	845 421
Amount to be voted								110 948

- *Virement*: continued:

- o In Programme 1, *Departmental agencies and accounts* and *Households* were reduced due to over-budgeting for TV licences and staff exit costs, respectively. This funding was moved within the programme to *Interest and rent on land* to address unbudgeted interest on overdue accounts.
- o In Programme 2, funding of R52.738 million was allocated to *Provinces and municipalities* to provide for commitments from 2015/16 in respect of municipal clinics. This increase in a transfer received Provincial Treasury approval. The savings were moved from within Programme 2 as follows:
 - Savings of R6 000 were identified against *Departmental agencies and accounts* mainly due to over-budgeting for TV licences.
 - Savings of R3.736 million were identified against *Households* due to the anticipated reduction in resignations and staff exit costs because of the moratorium in filling posts.

- The balance of R48.996 million was moved from *Goods and services* (R42.574 million), being NHLS and medicine payments deferred to April 2017, as well as *Machinery and equipment* (R6.422 million) due to a decision to put on hold the procurement of vehicles, to remain within budget.
- o In Programme 3, *Departmental agencies and accounts* was reduced by R2 000 due to over-budgeting for TV licences. This amount was moved within the programme to *Households* to address pressures related to staff exit costs.
- o In Programme 4, *Departmental agencies and accounts* (R1 000), as well as *Households* (R49 000) were reduced because of over-budgeting for TV licences and staff exit costs, respectively. The funding was moved to *Provinces and municipalities* to address pressures related to motor vehicle licences. The balance of R50 000 allocated to *Provinces and municipalities* was moved from *Goods and services*, also for pressures related to motor vehicle licences.
- o In Programme 5, R2 million was moved from *Goods and services*, with R25 000 moved to *Departmental agencies and accounts* to address under-budgeting for TV licences. A further R1.975 million was moved to *Households* to address staff exit costs pressures.
- o In Programme 6, R60.002 million was allocated to *Households*, with R60 million from Programme 8 and R2 000 from within Programme 6 (*Machinery and equipment*), to offset the pressures in the Cuban Doctors' programme from the carry-through costs of the increase in intake in 2015/16.

All the above virements are permissible in terms of the PFMA and Treasury Regulations, with the increase in transfer in Programme 6 receiving Provincial Treasury approval.

10. Transfers to public entities

The department does not transfer funds to any public entity.

11. Transfers to local government

Table 7.31 below shows the details of transfers to local government. It is noted that the amount against *Provinces and municipalities* in Table 7.30 includes provision for motor vehicle licences. This amount is excluded from the transfers to local government table, as these funds will not be transferred to any municipality. Details of the main adjustments, which resulted in an overall increase of R52.738 million, are provided in the paragraphs following the tables.

Table 7.31 : Summary of transfers to local government

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts	Other adjustments		
A KZN2000 eThekweni	169 048	-	-	52 738	-	-	52 738	221 786
Total	169 048	-	-	52 738	-	-	52 738	221 786
Amount to be voted								52 738

- *Virement*: The department increased transfers to local government by R52.738 million due to expenditure that was carried over from 2015/16 in respect of municipal clinics. Provincial Treasury approval was given for the increase in *Transfers and subsidies*.

12. Actual payments and revised spending projections for the rest of 2016/17

Tables 7.32 and 7.33 reflect actual payments as at the end of September 2016, projected payments for the rest of the financial year and the total revised spending in rand value and as a percentage of the Adjusted Appropriation per programme and economic classification. The tables also show the 2015/16 Audited outcome.

Table 7.32 : Actual payments and revised spending projections by programme

	2015/16 Audited outcome	Adjusted appropriation	Actual payments April '16 - September 2016		Projected payments October '16 - March 2017		Projected actual
R thousand			% of budget		% of budget		
1. Administration	846 622	839 035	1 263 471	150.6	(424 436)	(50.6)	839 035
2. District Health Services	16 007 896	17 598 765	8 639 561	49.1	9 067 220	51.5	17 706 781
3. Emergency Medical Services	1 174 378	1 199 775	615 887	51.3	583 888	48.7	1 199 775
4. Provincial Hospital Services	9 214 364	9 800 434	4 915 870	50.2	5 065 564	51.7	9 981 434
5. Central Hospital Services	4 124 929	4 540 839	2 272 416	50.0	2 334 423	51.4	4 606 839
6. Health Sciences and Training	1 058 822	1 215 150	754 203	62.1	460 947	37.9	1 215 150
7. Health Care Support Services	166 095	326 487	157 516	48.2	168 971	51.8	326 487
8. Health Facilities Management	1 517 618	1 518 515	755 414	49.7	763 101	50.3	1 518 515
Total	34 110 724	37 039 000	19 374 338	52.3	18 019 678	48.7	37 394 016

Table 7.33 : Actual payments and revised spending projections by economic classification

	2015/16 Audited outcome	Adjusted appropriation	Actual payments April '16 - September 2016		Projected payments October '16 - March 2017		Projected actual
R thousand			% of budget		% of budget		
Current payments	31 899 939	34 777 645	17 986 071	51.7	16 921 574	48.7	34 907 645
Compensation of employees	21 793 160	23 486 647	11 727 469	49.9	11 779 178	50.2	23 506 647
Goods and services	10 105 233	11 289 868	6 257 766	55.4	5 142 102	45.5	11 399 868
Interest and rent on land	1 546	1 130	836	74.0	294	26.0	1 130
Transfers and subsidies to:	843 093	845 421	652 377	77.2	412 044	48.7	1 064 421
Provinces and municipalities	133 330	227 545	78 135	34.3	149 410	65.7	227 545
Departmental agencies and accounts	19 009	20 040	19 999	99.8	41	0.2	20 040
Higher education institutions	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-
Public corporations and private enterprises	10	-	-	-	-	-	-
Non-profit institutions	213 402	203 313	102 181	50.3	101 132	49.7	203 313
Households	477 342	394 523	452 062	114.6	161 461	40.9	613 523
Payments for capital assets	1 257 629	1 308 327	628 267	48.0	686 060	52.4	1 314 327
Buildings and other fixed structures	1 052 053	900 496	518 658	57.6	381 838	42.4	900 496
Machinery and equipment	205 576	407 831	109 609	26.9	304 222	74.6	413 831
Heritage assets	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-
Payments for financial assets	110 063	107 607	107 623	100.0	-	-	107 623
Total	34 110 724	37 039 000	19 374 338	52.3	18 019 678	48.7	37 394 016

The department spent 52.3 per cent of its adjusted appropriation in the first six months, which is quite high taking into account that the adjusted budget includes additional funding of R454 million. The projections for the second half of the year include the R100 million allocated to *Compensation of employees* across all programmes for the above-budget 2016 wage adjustment. Also included is the R350 million in respect of additional funding for exchange rate pressures, allocated to Programmes 2, 4 and 5 against *Goods and services* and *Machinery and equipment*. In addition, the R4 million in additional funding and the roll-over of R6.363 million in respect of the NHI conditional grant are included in the projections. Despite the additional funding and various virements, the department has projected significant over-spending of R355.016 million, as discussed in more detail below. Also to be noted is that the department has prepared a cost-containment plan to ensure that year-end spending remains within the adjusted appropriation, and this will be implemented over the remaining five months of 2016/17. In addition, Provincial Treasury will deploy a team to assist the department in identifying areas of savings and cost-cutting.

The programmes that significantly deviated from the 50 per cent benchmark are as follows:

- Programme 1 spending was at 150.6 per cent, well ahead of the 50 per cent benchmark. The over-spending was mainly attributed to payments made for NHLS while invoice verification was undertaken per facility. This spending should have been allocated to Programmes 2, 4 and 5, and the department has projected to correct this in the third and fourth quarters, hence the negative projections in respect of Programme 1. In addition, the programme is under pressure due to carry-through costs of the increase in the housing allowance due to an increased uptake of the allowance following the increase in 2015/16. The programme is projecting a balanced budget at year-end.

- Programme 2 was largely on track at mid-year, but is projecting to over-spend by year-end by R108.016 million and this relates to pressures against *Compensation of employees* caused by the previously mentioned unanticipated increase in the uptake of the housing allowance, as well as the anticipated filling of HIV and AIDS related posts. There are also pressures in *Goods and services*, mainly against NHLS fee-for-service payments due to commitments from 2015/16, as well as property payments affected by higher than inflation increases in respect of water, electricity, security and cleaning service costs. There are also pressures from *Transfers and subsidies to: Households* due to medico-legal claims.
- Programme 4 is on track at mid-year, but projecting to over-spend by year-end by R181 million largely due to pressures against *Compensation of employees* caused by the previously mentioned unanticipated increase in the housing allowance. Exacerbating this pressure was an outstanding payment from 2015/16 in respect of the Joint Medical Establishment (JME), which is an arrangement with the University of KwaZulu-Natal (UKZN) for registrar and specialist medical training. *Goods and services* is also under pressure due to the higher than expected NHLS fee-for-service costs, the effect of the weakening Rand on medicine and medical supplies, as well as above inflation increases in food prices and municipal services costs. As with Programme 2, there is pressure due to medico-legal claims, which were not budgeted for.
- Although on track, Programme 5 is projecting to over-spend by R66 million at year-end, largely against *Compensation of employees* caused by the previously mentioned increase in the housing allowance. There is also pressure against *Goods and services*, mainly due to 2015/16 commitments for the NHLS, as well as pressure due to medico-legal claims, which were not budgeted for.

With regard to spending at economic classification level:

- *Compensation of employees* was on track at mid-year at 49.9 per cent, but is projected to over-spend by R20 million, attributed to the previously mentioned increase in the housing allowance, and the accrual of the JME costs from 2015/16. It is noted that the department has received R100 million in additional funding, which fully compensates for the above-budget 2016 wage adjustment.
- *Goods and services* spending was higher than the 50 per cent benchmark at 55.4 per cent mainly due to carry-over payments for IT services and the Revenue Enhancement project, as well as increased contract prices for water, electricity, security and cleaning services. There was also pressure related to the progressive weakening of the Rand in respect of medicine and medical supplies. These pressures are difficult to forecast and are dependant on market forces, and also contribute to projected year-end over-spending of R110 million in the category. It is noted that an additional R350 million has been allocated for the exchange rate pressures. In addition to the above pressures, the department is anticipating pressure from the NHLS fee-for-service costs, which are proving to be more expensive than budgeted for.
- *Interest and rent on land* spending was at 74 per cent, significantly higher than the 50 per cent benchmark, but is expected to end the year with a balanced budget.
- Spending on *Transfers and subsidies to: Provinces and municipalities* was low at 34.3 per cent at mid-year. This is because the department is behind on payments and this will be corrected in the third quarter. The delay is due to a disagreement between the department and the eThekweni Metro on targets and the linking of staff. A balanced budget is projected for year-end.
- *Transfers and subsidies to: Departmental agencies and accounts* spending was at 99.8 per cent at mid-year due to the HWSETA skills development levy, which has already been paid.
- *Transfers and subsidies to: Non-profit institutions* was on track at mid-year at 50.3 per cent and a balanced budget is projected at year-end.
- *Transfers and subsidies to: Households* was high at mid-year, with spending at 114.6 per cent of the adjusted budget mainly due to medico-legal claims and staff exit costs, which are demand driven and difficult to predict. The projected year-end over-spending of R219 million is largely due to carry-through of these pressures.

- *Buildings and other fixed structures* was at 57.6 per cent of the adjusted allocation due to commitments and late receipt of invoices from 2015/16. A balanced budget is projected at year-end.
- *Machinery and equipment* was below the 50 per cent benchmark at mid-year, at 26.9 per cent because of the slow pace in the non-medical and medical equipment procurement processes, as well as the slow pace in the delivery of new laundry vehicles and delays in the procurement processes for IT equipment relating to the Revenue Enhancement project. Year-end pressure of R6 million is due to a drive to address an accumulated backlog in the replacement of critical machinery and equipment, including vaccine fridges, resuscitation equipment, etc. The department has also identified the need to procure four HAST vehicles to provide mainly MMC services, resuscitation machines at CHCs, as well as procurement of medical equipment for the ideal clinic programme.

Table 7.A : Summary by economic classification : Health

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	34 374 587	1 270	-	(48 612)	-	450 400	403 058	34 777 645
Compensation of employees	23 096 722	-	-	289 925	-	100 000	389 925	23 486 647
Salaries and wages	20 174 448	-	-	281 813	-	100 000	381 813	20 556 261
Social contributions	2 922 274	-	-	8 112	-	-	8 112	2 930 386
Goods and services	11 277 865	1 270	-	(339 667)	-	350 400	12 003	11 289 868
Administrative fees	292	-	-	2 256	-	-	2 256	2 548
Advertising	49 824	-	-	(36 159)	-	-	(36 159)	13 665
Assets less than capitalisation threshold	75 524	-	-	(15 185)	-	-	(15 185)	60 339
Audit cost: External	20 000	-	-	-	-	-	-	20 000
Bursaries: Employees	3 885	-	-	(1 656)	-	-	(1 656)	2 229
Catering: Departmental activities	6 581	-	-	(1 013)	-	-	(1 013)	5 568
Communication (G&S)	103 494	-	-	4 559	-	-	4 559	108 053
Computer services	176 415	-	-	(5 149)	-	-	(5 149)	171 266
Cons & prof serv: Business and advisory services	50 483	-	-	16 957	-	-	16 957	67 440
Cons & prof serv: Infras and planning	2 000	-	-	(2 000)	-	-	(2 000)	-
Cons & prof serv: Laboratory services	1 630 542	-	-	(20 413)	-	-	(20 413)	1 610 129
Cons & prof serv: Scientific and tech services	-	-	-	-	-	-	-	-
Cons & prof serv: Legal costs	12 251	-	-	10 453	-	-	10 453	22 704
Contractors	288 767	-	-	(86 311)	-	-	(86 311)	202 456
Agency and support / outsourced services	1 192 588	-	-	(12 769)	-	-	(12 769)	1 179 819
Entertainment	7	-	-	1	-	-	1	8
Fleet services (incl. govt motor transport)	272 643	-	-	38 132	-	-	38 132	310 775
Housing	-	-	-	-	-	-	-	-
Inventory: Clothing material and accessories	25 830	-	-	(9 419)	-	-	(9 419)	16 411
Inventory: Farming supplies	-	-	-	-	-	-	-	-
Inventory: Food and food supplies	132 825	-	-	(3 560)	-	-	(3 560)	129 265
Inventory: Fuel, oil and gas	126 346	-	-	20 953	-	-	20 953	147 299
Inventory: Learner and teacher support material	160	-	-	867	-	-	867	1 027
Inventory: Materials and supplies	15 405	-	-	2 340	-	-	2 340	17 745
Inventory: Medical supplies	1 563 950	-	-	(137 451)	-	87 000	(50 451)	1 513 499
Inventory: Medicine	3 117 878	-	-	(155 025)	-	263 000	107 975	3 225 853
Medsas inventory interface	-	-	-	-	-	-	-	-
Inventory: Other supplies	1 454	-	-	(147)	-	-	(147)	1 307
Consumable supplies	439 549	-	-	(5 447)	-	-	(5 447)	434 102
Consumable: Stationery, printing and office supplies	98 908	120	-	(14 142)	-	-	(14 022)	84 886
Operating leases	136 823	-	-	24 221	-	-	24 221	161 044
Property payments	1 494 074	-	-	81 216	-	-	81 216	1 575 290
Transport provided: Departmental activity	83 280	-	-	(2 970)	-	-	(2 970)	80 310
Travel and subsistence	92 336	-	-	(15 299)	-	-	(15 299)	77 037
Training and development	24 613	1 150	-	(5 394)	-	400	(3 844)	20 769
Operating payments	33 463	-	-	(11 368)	-	-	(11 368)	22 095
Venues and facilities	5 672	-	-	(746)	-	-	(746)	4 926
Rental and hiring	3	-	-	1	-	-	1	4
Interest and rent on land	-	-	-	1 130	-	-	1 130	1 130
Interest	-	-	-	1 130	-	-	1 130	1 130
Rent on land	-	-	-	-	-	-	-	-
Transfers and subsidies to	734 473	-	-	110 948	-	-	110 948	845 421
Provinces and municipalities	174 707	-	-	52 838	-	-	52 838	227 545
Provinces	5 659	-	-	100	-	-	100	5 759
Provincial Revenue Funds	-	-	-	-	-	-	-	-
Provincial agencies and funds	5 659	-	-	100	-	-	100	5 759
Municipalities	169 048	-	-	52 738	-	-	52 738	221 786
Municipalities	-	-	-	-	-	-	-	-
Municipal agencies and funds	169 048	-	-	52 738	-	-	52 738	221 786
Departmental agencies and accounts	20 025	-	-	15	-	-	15	20 040
Social security funds	-	-	-	-	-	-	-	-
Entities receiving funds	20 025	-	-	15	-	-	15	20 040
Higher education institutions	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-
Public corporations	-	-	-	-	-	-	-	-
Subsidies on production	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-
Private enterprises	-	-	-	-	-	-	-	-
Subsidies on production	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-
Non-profit institutions	203 313	-	-	-	-	-	-	203 313
Households	336 428	-	-	58 095	-	-	58 095	394 523
Social benefits	105 992	-	-	(2 417)	-	-	(2 417)	103 575
Other transfers to households	230 436	-	-	60 512	-	-	60 512	290 948
Payments for capital assets	1 361 970	5 093	-	(62 336)	-	3 600	(53 643)	1 308 327
Buildings and other fixed structures	896 221	-	-	4 275	-	-	4 275	900 496
Buildings	896 221	-	-	4 275	-	-	4 275	900 496
Other fixed structures	-	-	-	-	-	-	-	-
Machinery and equipment	465 749	5 093	-	(66 611)	-	3 600	(57 918)	407 831
Transport equipment	127 437	-	-	(7 391)	-	-	(7 391)	120 046
Other machinery and equipment	338 312	5 093	-	(59 220)	-	3 600	(50 527)	287 785
Heritage assets	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-
Payments for financial assets	107 607	-	-	-	-	-	-	107 607
Total	36 578 637	6 363	-	-	-	454 000	460 363	37 039 000
Amount to be voted								460 363
of which: Unauth. Exp. (1st charge) not available for spending	(107 607)							(107 607)
Baseline available for spending after first charge	36 471 030							36 931 393

Vote 8

Human Settlements

R thousand	2016/17			
	Main appropriation	Adjusted appropriation	Decrease	Increase
Operational budget	3 485 112	3 530 377		45 265
MEC remuneration				
Total amount to be appropriated	3 485 112	3 530 377		45 265
<i>of which:</i>				
Current payments	422 620	437 371		14 751
Transfers and subsidies	3 028 198	3 066 788		38 590
Payments for capital assets	34 294	26 199	(8 095)	
Payments for financial assets	-	19		19
Responsible MEC	MEC for Public Works and Human Settlements ¹			
Administering department	Human Settlements			
Accounting Officer	Head: Human Settlements			

1. Vision and mission

Vision

The vision of the department is: *Together breaking new ground to achieve decent, integrated and sustainable human settlement patterns.*

Mission

The mission of the department is: *To deliver 200 000 suitably located housing opportunities and security of tenure over the next five years through collaborative partnership, legislative planning processes and empowerment of women in construction.*

2. Strategic objectives

Strategic policy direction: By focussing on its role of achieving decent, integrated and sustainable housing opportunities and security of tenure, the department seeks to align its operations and strategic position with the overall aim of government to achieve accountability and effective service delivery for all citizens. The strategic objectives of the department are summarised as follows:

- Ensuring the financial viability of the department.
- Provision of skilled human resources.
- Accelerating urban housing opportunities.
- Accelerating the creation of rental housing opportunities, and implementing projects that ensure spatial, social and economic integration.
- Identifying and implementing rectification projects to ensure transfers and home ownership.

3. Summary of adjusted estimates for the 2016/17 financial year

The main appropriation of the department was R3.485 billion in 2016/17. During the year, the department received an additional allocation totalling R45.265 million. The main reasons for this increase, as well as other adjustments, are summarised below, and are explained in detail in Section 4.

¹ The salary of the MEC for Human Settlements is budgeted for under Vote 14: Public Works

- *Virement between programmes:* The following virements were undertaken across programmes:
 - Savings of R1.216 million were identified in Programme 1: Administration under *Goods and services* in respect of various items, such as training and development, legal costs, communications, as well as travel and subsistence costs. The department had to reduce costs through cost-cutting and enforced savings due to expenditure pressures within the department.
 - Savings of R1.213 million were identified in Programme 2: Housing Needs, Research and Planning under *Goods and services* due to delays in the implementation of capacity building programmes against items such as training, reduction of costs in respect of travel and subsistence, as well as provision made for the purchase of minor assets such as office furniture, which was put on hold due to expenditure pressures in the department.
 - Furthermore, net savings of R2.803 million were identified in Programme 3: Housing Development, mainly under *Transfers and subsidies to: Households* in the Administration sub-programme due to slow progress in respect of servicing of sites which is the responsibility of the department in terms of the APP. Also contributing to the savings, was slow progress in respect of the restoration of title deeds in respect of a backlog in issuing of these title deeds. The departmental Serviced Sites Task Team has devised a strategy for this programme, via a policy that has been drafted. The department has engaged the Housing Development Agency (HDA) to assess department-owned sites to use such serviced sites using the Finance Linked Individual Subsidy Programme (FLISP) and other subsidy instruments. This is still in progress and, as a result, the procurement process for the professionals to undertake the servicing of sites was delayed thus resulting in savings against this programme.
 - The above-mentioned savings, totalling R5.232 million, were moved to Programme 4: Housing Asset Management, Property Management under *Transfers and subsidies to: Departmental agencies and accounts*, which relates to the KZN Housing Fund. The movement of savings provides for leave gratuities and severance packages of 43 officials who took early retirement as a result of the anticipated dissolution of the Extended Enhanced Discount Benefit Scheme (EEDBS) in 2017, as well as payment made to the GEPP for 15 of these officials.

In addition to the above virements, the department undertook virements across sub-programmes and economic categories within programmes, as explained in detail in Section 4 below.

These virements are permissible in terms of the PFMA and Treasury Regulations. However, Legislature approval is required for the decrease in *Transfers and subsidies to: Households*. The department also moved funds out of *Building and other fixed structures* and *Machinery and equipment*, as discussed in detail later in this report, and the net reduction in capital also requires Legislature approval. The increase in *Compensation of employees* and transfers and subsidies was approved by Provincial Treasury.

- *Shifts:* The department undertook several shifts across programmes and economic classification, and the main areas are as follows:
 - An amount of R745 000 was shifted to *Goods and services* in the Corporate Services sub-programme under Programme 1 from Programmes 2 (R104 000), 3 (R459 000) and 4 (R182 000) against *Goods and services*, as well as *Transfers and subsidies to: Departmental agencies and accounts* as funds relating to the KZN Housing Fund are allocated against *Transfers and subsidies to: Departmental agencies and accounts* in line with an Auditor-General (A-G) finding in the 2013/14 audit. This relates to the centralisation of office equipment leases costs, where the department took a decision to place this under the Information Management component in Programme 1. The purpose of the funds remains unchanged.
 - There was also a shift of R31.278 million from *Transfers and subsidies to: Households* to *Transfers and subsidies to: Public corporations and private enterprises* within Programme 3 under the Incremental Interventions sub-programme. This relates to funds allocated for the implementation of the Military Veterans' Housing Project. The department entered into an agreement with Ithala Development Finance Corporation (Ithala) as an implementing agent for the construction of houses for military veterans. The purpose of the funds remains unchanged.

- *Other adjustments:* The department's budget allocation was increased by a net amount of R45.265 million, as explained below:
 - o R6.916 million was allocated to the department relating to funds returned by the National Housing Finance Corporation (NHFC). The department transferred funds to the NHFC in 2011/12 in order to assess, administer and manage Social Housing Programmes on behalf of the department. On completion and close-out of each project, the NHFC had to repay any unspent funds together with interest earned to the department. As at the end of 2015/16, the NHFC had not completed projects for which funding was transferred. These funds were returned to the Provincial Revenue Fund in 2015/16 and are now allocated back to the department for spending on various housing projects. This amount was allocated to *Transfers and subsidies to: Households* under Programme 3.
 - o R26.015 million was allocated back to the department in respect of funds returned by Khuboni Shezi Attorneys. These funds were paid into the Provincial Revenue Fund in December 2015 by Khuboni Shezi Attorneys in respect of unspent funds transferred by the department to the attorneys for the purpose of purchasing the Four Seasons Hotel in Durban, but which transaction was cancelled. The transfer of the property was not finalised at the time due to apparent fraud and corruption and the subsequent investigations that were carried out. An amount of R11 million was originally transferred, but this has since earned interest and the full amount of R26.015 million was returned to the department to be used to assist in addressing the housing backlog. This amount was allocated to *Transfers and subsidies to: Households* under Programme 3.
 - o R1.029 million was allocated to the department relating to the above-budget 2016 wage adjustment in respect of a 7.6 per cent increase as opposed to the 7.2 per cent provided for in the budget, leaving a shortfall of 0.4 per cent which the department could not fund from within its existing allocation. This was allocated to *Compensation of employees* (R849 000) across Programmes 1 to 3, as well as to *Transfers and subsidies to: Departmental agencies and accounts* (R180 000) in Programme 4. This fully compensates the department for the wage adjustment in 2016/17.
 - o R19 000 was allocated to the department relating to a SARS refund received by the department. The department intends to utilise these funds to cater for write-offs in respect of debit balances in the Salary Tax Debt account. This amount was allocated to *Payments for financial assets* under Programme 3.
 - o R11.286 million was received from the Department of Military Veterans in 2013/14 and 2014/15 and held in a suspense account since then. These funds have now been paid into the Provincial Revenue Fund and are thus allocated back to the department for spending on the Military Veterans Housing Project. This amount was allocated to *Transfers and subsidies to: Public corporations and private enterprises* under Programme 3 for transfer to Ithala who is the implementing agent for this project.

Tables 8.1 and 8.2 reflect a summary of the 2016/17 Adjusted Appropriation of the Department of Human Settlements, summarised according to programme and economic classification.

Details of the economic classification are given in *Annexure – Vote 8: Human Settlements*.

Table 8.1 : Summary by programmes

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Administration	190 054	-	-	(1 216)	745	490	19	190 073
2. Housing Needs, Research and Planning	16 111	-	-	(1 213)	(104)	52	(1 265)	14 846
3. Housing Development	3 096 492	-	-	(2 803)	(459)	44 543	41 281	3 137 773
4. Housing Asset Management, Property Management	182 455	-	-	5 232	(182)	180	5 230	187 685
Total	3 485 112	-	-	-	-	45 265	45 265	3 530 377
Amount to be voted								45 265

Table 8.2 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	422 620	-	-	13 720	182	849	14 751	437 371
Compensation of employees	284 340	-	-	4 793	-	849	5 642	289 982
Goods and services	138 280	-	-	8 527	182	-	8 709	146 989
Interest and rent on land	-	-	-	400	-	-	400	400
Transfers and subsidies to:	3 028 198	-	-	(5 625)	(182)	44 397	38 590	3 066 788
Provinces and municipalities	86 087	-	-	50	-	-	50	86 137
Departmental agencies and accounts	200 455	-	-	5 232	(182)	180	5 230	205 685
Higher education institutions	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	57 436	31 278	11 286	100 000	100 000
Non-profit institutions	-	-	-	-	-	-	-	-
Households	2 741 656	-	-	(68 343)	(31 278)	32 931	(66 690)	2 674 966
Payments for capital assets	34 294	-	-	(8 095)	-	-	(8 095)	26 199
Buildings and other fixed structures	31 454	-	-	(9 700)	-	-	(9 700)	21 754
Machinery and equipment	2 840	-	-	1 605	-	-	1 605	4 445
Heritage assets	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	19	19	19
Total	3 485 112	-	-	-	-	45 265	45 265	3 530 377
Amount to be voted								45 265

4. Changes to programme purposes and service delivery measures

There are no changes to the department's programmes purpose.

It is noted that there have been a few minor changes to service delivery measures to align the targets originally published in the 2016/17 *EPRE* with the department's APP, which was published after the 2016/17 *EPRE*, and this is explained in each programme, where applicable.

4.1 Programme 1: Administration

The purpose of this programme is to identify and eliminate bottle-necks, as well as continuously improve the flow of financial, administrative and management information.

The strategic objectives of this programme are to strengthen governance and service delivery.

The programme provides for only one sub-programme, namely Corporate Services.

Tables 8.3 and 8.4 reflect a summary of the 2016/17 adjusted appropriation of Programme 1 summarised according to sub-programme and economic classification.

Details of the main adjustments, which resulted in an overall increase of R19 000 in respect of this programme, are provided in the paragraphs following the tables.

Table 8.3 : Programme 1: Administration

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Corporate Services	190 054	-	-	(1 216)	745	490	19	190 073
Total	190 054	-	-	(1 216)	745	490	19	190 073
Amount to be voted								19

Table 8.4 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts	Other adjustments		
Current payments	187 155	-	-	(3 454)	745	471	(2 238)	184 917
Compensation of employees	117 659			(107)		471	364	118 023
Goods and services	69 496			(3 747)	745		(3 002)	66 494
Interest and rent on land				400			400	400
Transfers and subsidies to:	902	-	-	581	-	-	581	1 483
Provinces and municipalities	295			50			50	345
Departmental agencies and accounts							-	-
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions							-	-
Households	607			531			531	1 138
Payments for capital assets	1 997	-	-	1 657	-	-	1 657	3 654
Buildings and other fixed structures				-			-	-
Machinery and equipment	1 997			1 657			1 657	3 654
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets						19	19	19
Total	190 054	-	-	(1 216)	745	490	19	190 073
Amount to be voted								19

Virement – Programme 1: Administration: (R1.216 million)

Virements were undertaken within the Corporate Services sub-programme in Programme 1, which resulted in a net decrease of R1.216 million against the main appropriation. These adjustments are discussed in more detail below:

- Savings of R3.854 million were identified as follows:
 - Savings of R107 000 were identified against *Compensation of employees* as a result of officials that took early retirement.
 - Savings of R3.747 million were identified against *Goods and services* in respect of various items such as training and development, legal costs, communications, as well as travel and subsistence costs. The department had to reduce costs relating to these items through cost-cutting and enforced savings due to expenditure pressures experienced by the department.
- These savings were moved within the programme, as follows:
 - *Interest and rent on land* was increased by R400 000 due to interest on overdue accounts to the GEPP for claims in respect of employees who took early retirement in previous years.
 - *Transfers and subsidies to: Provinces and municipalities* was increased by R50 000, as a result of under-budgeting in respect of motor vehicle licence fees.
 - *Transfers and subsidies to: Households* was increased by R531 000 to fund staff exit costs which were higher than anticipated.
 - *Machinery and equipment* was increased by R1.657 million due to the payment of invoices from 2015/16 paid in 2016/17 in respect of the purchase of additional computers.
- The remaining R1.216 million was moved to Programme 4 which relates to the KZN Housing Fund under *Transfers and subsidies to: Departmental agencies and accounts* to cater for leave gratuities and severance packages of 43 officials who took early retirement due to the anticipated dissolution of the EEDBS in 2017, as well as payment to the GEPP for 15 of these officials, as mentioned above.

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

Shift – Programme 1: Administration: R745 000

An amount of R745 000 was shifted to the Corporate Services sub-programme against *Goods and services* from Programmes 2, 3 and 4. This relates to the centralisation of office equipment leases costs,

where the department took a decision to place this under the Information Management component in Programme 1. The purpose of the funds remains unchanged.

Other adjustments – Programme 1: Administration: R490 000

An amount of R490 000 was allocated to the Corporate Services sub-programme, as explained below:

- R471 000 was allocated to *Compensation of employees* for the above-budget 2016 wage adjustment.
- R19 000 was allocated against *Payments for financial assets* relating to a SARS refund received by the department. The department intends to utilise these funds to cater for write-offs in respect of debit balances in the Salary Tax Debt account.

4.2 Programme 2: Housing needs, Research and Planning

The purpose of this programme is to develop tools to guide the department's investment decisions and to provide policy and support to the housing delivery process. In addition, the programme provides for the facilitation and integration of housing sector planning, education of stakeholders in housing sector planning, alignment of the housing budget with the current and future housing needs, and the capacitation of housing stakeholders for housing delivery through mentorship and training.

Programme 2 consists of four sub-programmes, in line with the uniform budget and programme structure of the Human Settlements sector, namely Administration, Policy, Planning and Research.

Tables 8.5 and 8.6 reflect a summary of the 2016/17 adjusted appropriation of Programme 2, summarised according to sub-programme and economic classification. Details of the main adjustments, which resulted in an overall decrease of R1.265 million, are provided in the paragraphs after the tables.

Table 8.5 : Programme 2: Housing Needs, Research and Planning

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Administration	410			(13)			(13)	397
2. Policy	4 246			58	(51)	52	59	4 305
3. Planning	3 717			(68)	(25)		(93)	3 624
4. Research	7 738			(1 190)	(28)		(1 218)	6 520
Total	16 111	-	-	(1 213)	(104)	52	(1 265)	14 846
Amount to be voted								(1 265)

Table 8.6 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	16 111	-	-	(1 266)	(104)	52	(1 318)	14 793
Compensation of employees	12 986			151		52	203	13 189
Goods and services	3 125			(1 417)	(104)		(1 521)	1 604
Interest and rent on land							-	-
Transfers and subsidies to:	-	-	-	-	-	-	-	-
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	-	-	-	53	-	-	53	53
Buildings and other fixed structures							-	-
Machinery and equipment				53			53	53
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets	-	-	-	-	-	-	-	-
Total	16 111	-	-	(1 213)	(104)	52	(1 265)	14 846
Amount to be voted								(1 265)

Virement – Programme 2: Housing Needs, Research and Planning: (R1.213 million)

The department moved funds between programmes, sub-programmes and economic classifications to offset spending pressures, resulting in a net decrease of R1.213 million against the main appropriation of Programme 2. These adjustments are discussed in more detail below:

The following virements were undertaken from Programme 2 to Programme 4:

- Savings of R1.213 million were identified against *Goods and services* under the following sub-programmes:
 - R23 000 from the Planning sub-programme due to enforced savings in respect of travel and subsistence, as a result of expenditure pressures experienced by the department.
 - R1.190 million from the Research sub-programme due to delays in the implementation of capacity building programmes on items such as training.
- The savings were moved to Programme 4 which relates to the KZN Housing Fund against *Transfers and subsidies to: Departmental agencies and accounts* to cater for leave gratuities and severance packages of 43 officials who took early retirement as a result of the anticipated dissolution of the EEDBS in 2017, as well as payment made to the GEPP for 15 of these officials, as mentioned above.

The following virements were undertaken within the programme between the sub-programmes and economic classification:

- Savings of R151 000 were identified against *Goods and services* in the following sub-programmes:
 - Administration was decreased by R13 000 due to enforced savings against travel and subsistence as a result of expenditure pressures experienced by the department.
 - Planning was decreased by R45 000 due to enforced savings against travel and subsistence as a result of expenditure pressures experienced by the department.
 - Policy was decreased by R93 000 due to the department delaying the purchase of minor assets such as office furniture to the new financial year, as a result expenditure pressures experienced by the department.
- These savings were moved to the sub-programme: Policy against *Compensation of employees* to correct under-budgeting for this category when the 2016/17 MTEF budget was prepared.
- Savings of R53 000 were identified within the sub-programme: Research against *Goods and services* due to delays in the implementation of capacity building programmes on items such as travel and subsistence, training, etc. These savings were moved to *Machinery and equipment* to cater for the purchase of furniture for the Deputy Director and Assistant Director: Capacity Building which was inadequately budgeted for.

These virements are permissible in terms of the PFMA and Treasury Regulations. The required Provincial Treasury approval was provided for the increase in *Compensation of employees*.

Shift – Programme 2: Housing Needs, Research and Planning: (R104 000)

An amount of R104 000 was shifted to Programme 1 under the Corporate Services sub-programme against *Goods and services* from the Policy, Planning and Research sub-programmes under this programme. This relates to the centralisation of office equipment lease costs, where the department took a decision to place this under the Information Management component in Programme 1. The purpose of the funds remains unchanged.

Other adjustments – Programme 2: Housing Needs, Research and Planning: R52 000

An amount of R52 000 was allocated under the Policy sub-programme against *Compensation of employees* for the above-budget 2016 wage adjustment.

Service delivery measures – Programme 2: Housing Needs, Research and Planning

Table 8.7 shows the service delivery information for Programme 2, as well as actual achievements in the first half of the year. The department made no changes to the 2016/17 APP in respect of this programme.

There are no outputs for most of the targets due to the fact that most of the outputs are set for the second half of the year.

Table 8.7 : Service delivery measures – Programme 2: Housing Needs, Research and Planning

Outputs	Performance indicators	Performance targets		
		2016/17 Original target	2016/17 Mid-year actual	2016/17 Revised target
Planning				
1. Improved planning to achieve integrated settlement developments	• A multi-year development plan developed by October each year	1	-	
	• No. of municipalities capacitated and supported with regard to human settlement development planning	25	47	
	• No. of research papers completed	4	-	
	• No. of municipalities capacitated on accreditation	7	-	
	• No. of catalytic projects	3	-	
	• No. of research papers completed	4	-	
	• No. of policies and/or guidelines approved	4	-	

4.3 Programme 3: Housing Development

This programme is responsible for the implementation and monitoring of housing delivery within all districts including the eThekweni Metro, through various subsidy mechanisms in terms of national and provincial policies.

This programme has a number of projects at various stages of implementation within each municipality. It is also expected to achieve certain key strategic objectives of the department through the implementation of projects using various subsidy instruments. The subsidy instruments implemented by the department are: individual, project linked, institutional, consolidation, relocation, disaster management, social housing, rectification, social and economic facilities and rural housing stock.

Programme 3 consists of the bulk of the Human Settlements Development Grant (HSDG), and the remainder of the grant falls under Programme 4.

Tables 8.8 and 8.9 reflect a summary of the 2016/17 adjusted appropriation of Programme 3, summarised according to sub-programme and economic classification.

Details of the main adjustments, which resulted in an overall increase of R41.281 million, are given in the paragraphs below the tables.

Table 8.8 : Programme 3: Housing Development

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Administration	89 535			(2 803)	(459)	326	(2 936)	86 599
2. Financial Interventions	420 009						-	420 009
3. Incremental Interventions	1 501 585					44 217	44 217	1 545 802
4. Social and Rental Interventions	225 490						-	225 490
5. Rural Interventions	859 873						-	859 873
Total	3 096 492	-	-	(2 803)	(459)	44 543	41 281	3 137 773
Amount to be voted								41 281

Table 8.9 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments	
Current payments	219 354	-	-	18 440	(459)	326	18 307
Compensation of employees	153 695			4 749		326	5 075
Goods and services	65 659			13 691	(459)		13 232
Interest and rent on land							-
Transfers and subsidies to:	2 844 841	-	-	(11 438)	-	44 217	32 779
Provinces and municipalities	85 792						-
Departmental agencies and accounts	18 000						-
Higher education institutions							-
Foreign governments and international organisations							-
Public corporations and private enterprises				57 436	31 278	11 286	100 000
Non-profit institutions							-
Households	2 741 049			(68 874)	(31 278)	32 931	(67 221)
Payments for capital assets	32 297	-	-	(9 805)	-	-	(9 805)
Buildings and other fixed structures	31 454			(9 700)			(9 700)
Machinery and equipment	843			(105)			(105)
Heritage assets							-
Specialised military assets							-
Biological assets							-
Land and subsoil assets							-
Software and other intangible assets							-
Payments for financial assets							-
Total	3 096 492	-	-	(2 803)	(459)	44 543	41 281
Amount to be voted							41 281

Virement – Programme 3: Housing Development: (R2.803 million)

The department moved funds between programmes, sub-programmes and economic classifications to offset spending pressures, resulting in a net decrease of R2.803 million against the main appropriation of Programme 3 as follows:

The following virements were undertaken from Programme 3 to Programme 4:

- Savings of R2.803 million were identified against the following economic classifications of the sub-programme Administration:
 - R1.964 million from *Compensation of employees* largely due to two officials who took early retirement during the financial year.
 - R734 000 from *Goods and services* in various items such as computer services, operating payments, travel and subsistence due to enforced savings, as well as cost-cutting measures.
 - R105 000 from *Machinery and equipment* due to the purchase of office furniture being delayed to the new year because of expenditure pressures experienced by the department.
- These savings were moved to Programme 4 which relates to the KZN Housing Fund against *Transfers and subsidies to: Departmental agencies and accounts* to cater for leave gratuities and severance packages of 43 officials who took early retirement as a result of the anticipated dissolution of the EEDBS in 2017, as well as payment made to the GEPP for 15 of these officials, as mentioned.

The following virements were undertaken within the programme affecting the economic classifications:

- Savings of R69.287 million, offset by an increase in staff exit costs of R413 000, were identified against *Transfers and subsidies to: Households* due to projects such as Inanda Dam, Redcliff, Sun hills, Tshelimnyama Phase 4, Umbhayi, etc. where construction was planned to start during the year. The planning stage of the projects took longer than anticipated due to delays as a result of social challenges and friction in the communities. Also contributing to the savings, was slow progress in the restoration of title deeds in respect of a backlog in issuing of these title deeds, for which a provision was made. These savings were moved as follows:
 - R6.713 million to *Compensation of employees* under the Financial Interventions sub-programme to cater for the increase in personnel costs relating to the appointment of professional contract employees such as Construction Managers who are appointed on contract from the operational capital (OPSCAP) allocation in the HSDG to enhance service delivery.

- R4.725 million to *Goods and services* under the Financial Interventions sub-programme to cater for the implementation of the anti-land invasion strategy which has necessitated the safeguarding of departmental owned properties against illegal occupation.
- R57.436 million was moved to *Transfers and subsidies to: Public corporations and private enterprises* under the Incremental Interventions sub-programme. This relates to the implementation of the Military Veterans Housing Project. The department entered into an agreement with Ithala as an implementing agent for the construction of houses for military veterans.
- A further R9.700 million was identified in the sub-programme: Financial Interventions against *Buildings and other fixed structures*. The department has terminated contracts with the contractors appointed to undertake work in the uMkhanyakude, Amajuba and uMgungundlovu districts as a result of poor performance. However, the department is currently in the process of appointing new contractors for these projects. These savings were moved to *Goods and services* in the same sub-programme to cater for the implementation of the anti-land invasion strategy which has necessitated the safeguarding of departmental owned properties against illegal occupation.

All of these virements are permissible in terms of the PFMA and Treasury Regulations. Provincial Treasury approval was granted for the increase in *Compensation of employees* and *Transfers and subsidies to: Public corporations and private enterprises*, while the decrease in *Transfers and subsidies to: Households*, and the reduction in *Buildings and other fixed structures* and *Machinery and equipment* requires Legislature approval.

Shift – Programme 3: Housing Development: (R459 000)

The following shifts were undertaken under this programme:

- R459 000 was shifted to Programme 1 from this programme under the Administration sub-programme against *Goods and services* which relates to the centralisation of office equipment lease costs where the department took a decision to place these costs under the Information Management component in Programme 1.
- There was also a shift of R31.278 million from *Transfers and subsidies to: Households* to *Transfers and subsidies to: Public corporations and private enterprises* under Programme 3 within the Incremental Interventions sub-programme. This relates to the implementation of the Military Veterans Housing Project. The department entered into an agreement with Ithala as an implementing agent for the construction of houses for military veterans.

The purpose of these funds in both instances remains unchanged.

Other adjustments – Programme 3: Housing Development: R44.543 million

An amount of R44.543 million was allocated to this programme for the above-budget 2016 wage adjustment, as well as housing projects, and this is discussed in more detail below:

- R326 000 was allocated to the Administration sub-programme against *Compensation of employees* for the above-budget 2016 wage adjustment.
- R11.286 million was received from the Department of Military Veterans in 2013/14 and 2014/15 and held in a suspense account since then. These funds have now been paid into the Provincial Revenue Fund and are thus allocated back to the department for spending on the Military Veterans Housing Project against *Transfers and subsidies to: Public corporations and private enterprises* for transfer to Ithala who is the implementing agent for this project.
- Additional funding of R32.931 million was allocated back to the department, as follows:
 - R6.916 million was allocated to the department relating to funds returned by the NHFC. The department transferred funds to the NHFC in 2011/12 in order to assess, administer and manage Social Housing Programmes on behalf of the department. These funds were returned to the

Provincial Revenue Fund in 2015/16 and are now allocated back to the department for spending on various housing projects. This was allocated to *Transfers and subsidies to: Households*.

- o R26.015 million was allocated back to the department in respect of funds returned by Khuboni Shezi Attorneys. These funds were paid into the Provincial Revenue Fund in December 2015 by Khuboni Shezi Attorneys in respect of unspent funds transferred by the department to the attorneys for the purpose of purchasing the Four Seasons Hotel in Durban, but which transaction was cancelled. The transfer of the property was not finalised at the time due to apparent fraud and corruption and the subsequent investigations that were carried out. An amount of R11 million was originally transferred, but this has since earned interest and the full amount of R26.015 million was returned to the department to be used to assist in addressing the housing backlog. This amount was allocated to *Transfers and subsidies to: Households* under Programme 3.

Service delivery measures – Programme 3: Housing Development

Table 8.10 shows the service delivery information for Programme 3. The table also shows the actual achievements in the first half of the year.

The department made some changes to service delivery targets to ensure alignment with the APP, as reflected under the column “2016/17 Revised target”, and as explained under Section 4: there were minor changes to service delivery measures to align the targets originally published in the 2016/17 EPRE with the department’s APP, which was published after the 2016/17 EPRE.

Table 8.10 : Service delivery measures – Programme 3: Housing Development

Outputs	Performance indicators	Performance targets		
		2016/17 Original target	2016/17 Mid-year actual	2016/17 Revised target
1.1 Finance linked individual subsidy programme	• No. of houses completed	400	130	
	• No. of serviced sites	2 000	-	
1.2 Informal settlements upgrade programme	• No. of households connected to basic services (incl. PLS)	4 626	1 225	
	• No. of houses completed	4 626	527	
1.3 Integrated Residential Development programme	• No. of new sites connected to basic water and sanitation services	2 974	170	
	• No. of houses completed	2 974	832	
1.4 Peoples' housing process	• No. of houses completed	2 355	1 775	
1.5 Disaster management rehabilitation (incl. OSS)	• No. of houses completed	1 654	353	
1.6 Rectification programme (1994-2002)	• No. of units rectified	838	27	
1.7 Affordable social housing (institutional subsidies)	• No. of units completed	680	39	
1.8 Community Residential Units	• No. of units completed	277	35	
1.9 Rural housing	• No. of houses completed	7 927	3 969	
1.10 Military Veterans' Housing Programme	• No. of houses completed	170	-	
1.11 Job creation	• No. of targeted persons days of work	980 000	70 289	
	• No. of target FTEs (Full Time Equivalent)	4 500	473	
1.12 Access to land and densification	• No. of houses completed	273	-	
1.13 All subsidy instruments	• No. of properties transferred	9 080	324	
	• No. of beneficiaries approved	9 345	10 519	
	• No. of serviced sites delivered per Human Settlements (housing) programme	8 829	1 739	
	• No. of new housing units (excluding rectification)	21 063	7 661	
	• No. of additional restructuring zones declared by the National Minister of Human Settlements	400	-	2
	• No. of the HSDG business plan reviews undertaken to ensure that targets are realistic and in line with departmental priorities and budgets	2 000	-	2
	• Three-year financial plan linked to HSDG business plan	4 626	-	1

4.4 Programme 4: Housing Assets Management, Property Management

This programme is responsible for the management of Ex-Natal Provincial Administration and Own Affairs stock. This stock includes residential properties, vacant land and a variety of other non-residential properties, all of which belong to the KZN Housing Fund. In terms of its mandate, all properties will, on a progressive basis, either be transferred to individual occupants in terms of the EEDBS, or be disposed of in the open market. Some of these properties will also be devolved to municipalities. In cases where a transfer is not possible, such stock will remain rental stock. The KZN Housing Fund is in the process of being dis-established and, once this process is finalised, all assets and liabilities will be transferred to the Vote.

Programme 4 consists of three sub-programmes, largely in line with the uniform budget and programme structure of the sector. These are: Administration, Sale and Transfer of Housing Properties and Housing Properties Maintenance.

Tables 8.11 and 8.12 reflect a summary of the 2016/17 adjusted appropriation of Programme 4, summarised according to sub-programme and economic classification. Details of the main adjustments, which resulted in an overall increase of R5.230 million, are provided in the paragraphs following the tables.

Note that all funds related to Programme 4 were moved in the 2016/17 EPRE to *Transfers and subsidies to: Departmental agencies and accounts* in line with the A-G finding in the 2013/14 audit.

Table 8.11 : Programme 4: Housing Asset Management, Property Management

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Administration	49 516			5 232	(182)	180	5 230	54 746
2. Sale and Transfer of Housing Properties	2 452						-	2 452
3. Housing Properties Maintenance	130 487						-	130 487
Total	182 455	-	-	5 232	(182)	180	5 230	187 685
Amount to be voted								5 230

Table 8.12 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	-	-	-	-	-	-	-	-
Compensation of employees							-	-
Goods and services							-	-
Interest and rent on land							-	-
Transfers and subsidies to:	182 455	-	-	5 232	(182)	180	5 230	187 685
Provinces and municipalities							-	-
Departmental agencies and accounts	182 455			5 232	(182)	180	5 230	187 685
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							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets	-	-	-	-	-	-	-	-
Total	182 455	-	-	5 232	(182)	180	5 230	187 685
Amount to be voted								5 230

Virement – Programme 4: Housing Assets Management, Property Management: R5.232 million

The department moved funds between programmes and economic classifications to offset spending pressures, resulting in a net increase of R5.232 million against the main appropriation of Programme 4 under *Transfers and subsidies to: Departmental agencies and accounts*, as detailed below:

- Enforced savings of R1.216 million were identified in Programme 1 under *Goods and services* in respect various items such as training and development, legal costs, communications, cost-cutting, as well as travel and subsistence costs, as mentioned. The enforced savings were made to provide for pressures under Programme 4.
- Savings of R1.213 million were identified in Programme 2 under *Goods and services* due to delays in the implementation of capacity building programmes in items such as training, reduction of costs in respect of travel and subsistence, as well as the department's decision to delay the purchase of minor assets such as office furniture.
- Savings of R2.803 million were identified in Programme 3, mainly under *Transfers and subsidies to: Households* due to the provision made for servicing of sites which is the responsibility of the department in terms of the APP. The departmental Serviced Sites Task Team has devised a strategy for this programme, via a policy that has been drafted. The department has engaged the HDA to assess department-owned sites to use such serviced sites using the FLISP and other subsidy instruments. This is still in progress and, as a result, the procurement process for the professionals to undertake the servicing of sites was delayed.
- This total of R5.232 million was moved to Programme 4 under the Administration sub-programme against *Transfers and subsidies to: Departmental agencies and accounts* in respect of leave gratuities and severance packages of 43 officials who took early retirement as a result of the anticipated dissolution of the EEDBS in 2017, as well as payment made to the GEPP for 15 of these officials.

These virements are permissible in terms of the PFMA and Treasury Regulations. Provincial Treasury approval was provided for the increase in *Transfers and subsidies*.

Shift – Programme 4: Housing Assets Management, Property Management: (R182 000)

R182 000 was shifted to *Goods and services* in Programme 1 from *Transfers and subsidies to: Departmental agencies and accounts* under the sub-programme Administration which relates to the centralisation of office equipment leases costs where the department took a decision to place it under the Information Management component in Programme 1. The purpose of the funds remains unchanged.

Other adjustments – Programme 4: Housing Assets Management, Property Management: R180 000

An amount of R180 000 was allocated to *Transfers and subsidies to: Departmental agencies and accounts* under the sub-programme Administration for the above-budget 2016 wage adjustment.

Service delivery measures – Programme 4: Housing Assets Management, Property Management

Table 8.13 shows the service delivery information for Programme 4, as well as actual achievements in the first half of the year.

The department made no changes as the measures are fully aligned to the 2016/17 APP under this programme.

Table 8.13 : Service delivery measures – Programme 4: Housing Asset Management, Property Management

Outputs	Performance indicators	Performance targets		
		2016/17 Original target	2016/17 Mid-year actual	2016/17 Revised target
1. To provide secure tenure to communities	• No. of units maintained	1 500	1 107	
	• No. rectified and or upgraded for pre-1994 units	1 205	487	
	• No. of rental units transferred	2 559	222	
	• No. of land parcels devolved to municipalities in terms of section 15 of the Housing Act, 1997	478	-	

5. Specifically and exclusively appropriated allocations

The department did not receive any specifically and exclusively appropriated allocations in 2016/17.

6. Gifts, donations and sponsorships

The department is not envisaging granting any gifts, donation or sponsorships exceeding R100 000 during 2016/17.

7. Infrastructure

Table 8.14 shows the summary of infrastructure payments per main category. Details of the main adjustments, which resulted in an overall decrease of R9.700 million, are provided in the paragraphs following the table. The capital allocation for the Vote as a whole was reduced by R8.095 million and this requires Legislature approval in terms of the PFMA.

Table 8.14 : Summary of infrastructure payments by category

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Existing infrastructure assets	-	-	-	-	-	-	-	-
Maintenance and repair: Current							-	-
Upgrades and additions: Capital							-	-
Refurbishment and rehabilitation: Capital							-	-
New infrastructure assets: Capital	31 454	-	-	(9 700)	-	-	(9 700)	21 754
Infrastructure transfers	85 792	-	-	-	-	-	-	85 792
Infrastructure transfers: Capital	85 792						-	85 792
Infrastructure transfers: Current							-	-
Infrastructure: Payments for fin assets							-	-
Infrastructure: Leases	21 285						-	21 285
Capital infrastructure	117 246	-	-	(9 700)	-	-	(9 700)	107 546
Current infrastructure	21 285	-	-	-	-	-	-	21 285
Total	138 531	-	-	(9 700)	-	-	(9 700)	128 831
Amount to be voted								(9 700)

- *Virement*: Savings of R9.700 million were identified from *New infrastructure assets: Capital*. The department has terminated contracts with the contractors appointed to undertake work in the uMkhanyakude, Amajuba and uMgungundlovu districts as a result of poor performance. However, the department is currently in the process of appointing new contractors for these projects and the projects are continuing in 2016/17. These savings were moved to *Goods and services* to cater for the implementation of the anti-land invasion strategy which has necessitated the safeguarding of departmental owned properties against illegal occupation.

8. Conditional grants

Tables 8.15 and 8.16 provide a summary of changes to conditional grants. Details of the main adjustments, which resulted in no change to the overall grant allocation, are given in the paragraphs following the tables. The virements and shifts are in line with the conditional grant business plan.

Table 8.15 : Summary of changes to conditional grants

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
3. Housing Development	3 006 957	-	-	-	-	-	-	3 006 957
Human Settlements Development grant	2 991 763						-	2 991 763
EPWP Integrated Grant for Provinces	15 194						-	15 194
4. Housing Asset Management, Property Management	132 939	-	-	-	-	-	-	132 939
Human Settlements Development grant	132 939						-	132 939
Total	3 139 896	-	-	-	-	-	-	3 139 896
Amount to be voted								-

Table 8.16 : Summary of conditional grants by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	130 009	-	-	21 551	-	-	21 551	151 560
Compensation of employees	72 254			7 126			7 126	79 380
Goods and services	57 755			14 425			14 425	72 180
Interest and rent on land							-	-
Transfers and subsidies to:	2 977 780	-	-	(11 851)	-	-	(11 851)	2 965 929
Provinces and municipalities	85 792						-	85 792
Departmental agencies and accounts	150 939						-	150 939
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises				57 436	31 278		88 714	88 714
Non-profit institutions							-	-
Households	2 741 049			(69 287)	(31 278)		(100 565)	2 640 484
Payments for capital assets	32 107	-	-	(9 700)	-	-	(9 700)	22 407
Buildings and other fixed structures	31 454			(9 700)			(9 700)	21 754
Machinery and equipment	653						-	653
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets							-	-
Total	3 139 896	-	-	-	-	-	-	3 139 896
Amount to be voted								-

- **Virement:** The department moved funds between programmes and economic classifications to offset spending pressures within the HSDG. These movements are discussed in more detail below:
 - Savings of R69.287 million were identified against *Transfers and subsidies to: Households* due to projects where construction was planned to start during the year. The planning stage took longer than anticipated due to delays as a result of social challenges and friction in the communities. These projects include Inanda Dam, Redcliff, Sun hills, Tshelimnyama Phase 4, Umbhayi, etc. The savings were also due to slow progress in respect of servicing of sites which is the responsibility of the department in terms of the APP. Also contributing to the savings was slow progress in respect of the restoration of title deeds in respect of a backlog in issuing of these title deeds for which a provision was made.
 - Savings of R9.700 million were identified under *Buildings and other fixed structures*. The department terminated contracts with the contractors appointed to undertake work in the uMkhanyakude, Amajuba and uMgungundlovu districts as a result of poor performance. However, the department is in the process of appointing new contractors for these projects.

These savings total R78.987 million, and were moved within Programme 3 and the HSDG, as follows:

- R7.126 million to *Compensation of employees* to cater for the increase in personnel costs relating to professional employees such as Construction Managers who are appointed on a contract basis from the OPSCAP allocation in the HSDG to enhance service delivery.
- R14.425 million to *Goods and services* to cater for the implementation of the anti-land invasion strategy which has necessitated the safeguarding of departmental owned properties against illegal occupation.
- R57.436 million to *Transfers and subsidies to: Public corporations and private enterprises*. This relates to the Military Veterans Housing Project. The department entered into an agreement with Ithala as the implementing agent for the construction of houses for military veterans.

These virements are permissible in terms of the PFMA and Treasury Regulations. Legislature approval is required for the decrease in *Transfers and subsidies*, while Provincial Treasury approval was provided for the increase in *Transfers and subsidies*.

- **Shifts:** There was a shift of R31.278 million from *Transfers and subsidies to: Households* to *Transfers and subsidies to: Public corporations and private enterprises* within Programme 3 under

the Incremental Interventions sub-programme. This relates to the Military Veterans Housing Project. The department entered into an agreement with Ithala as the implementing agent for the construction of houses for military veterans.

9. Transfers and subsidies

Table 8.17 shows the summary of transfers and subsidies by programme and main category. Details of the main adjustments, which resulted in an overall increase of R38.590 million in the transfers and subsidies allocation, are provided in the paragraphs following the table.

Table 8.17 : Summary of transfers and subsidies by programme and main category

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Administration	902	-	-	581	-	-	581	1 483
Provinces and municipalities	295	-	-	50	-	-	50	345
Motor vehicle licences	295			50			50	345
Households	607	-	-	531	-	-	531	1 138
Social benefit				531			531	531
Other transfers to households (Bursaries)	607						-	607
2. Housing Needs, Research and Planning	-	-	-	-	-	-	-	-
3. Housing Development	2 844 841	-	-	(11 438)	-	44 217	32 779	2 877 620
Provinces and municipalities	85 792	-	-	-	-	-	-	85 792
Operational costs for accredited municipalities	26 792						-	26 792
CRU programme	59 000						-	59 000
Departmental agencies and accounts	18 000	-	-	-	-	-	-	18 000
Housing Development Agency	18 000						-	18 000
Public corporations and private enterprises	-	-	-	57 436	31 278	11 286	100 000	100 000
Ithala: Military Veterans Housing Project				57 436	31 278	11 286	100 000	100 000
Households	2 741 049	-	-	(68 874)	(31 278)	32 931	(67 221)	2 673 828
Social benefit	45			413			413	458
Human Settlements Development grant	2 741 004			(69 287)	(31 278)		(100 565)	2 640 439
Other - Transfers from previous years						32 931	32 931	32 931
4. Housing Asset Management, Property Management	182 455	-	-	5 232	(182)	180	5 230	187 685
Departmental agencies and accounts	182 455	-	-	5 232	(182)	180	5 230	187 685
KZN Housing Fund	182 455			5 232	(182)	180	5 230	187 685
Total	3 028 198	-	-	(5 625)	(182)	44 397	38 590	3 066 788
Amount to be voted								38 590

- **Virement:** The department undertook the following virements resulting in a net decrease of R5.625 million, affecting transfers and subsidies:
 - Under Programme 1, the following movements were undertaken:
 - *Provinces and municipalities* increased by R50 000, as a result of an under-provision in respect of motor vehicle licence fees.
 - *Households* was increased by R531 000 to fund staff exit costs which were higher than anticipated.
 - Under Programme 3, the following movements were undertaken:
 - *Public corporations and private enterprises* increased by R57.436 million. This relates to the implementation of the Military Veterans Housing Project. The department entered into an agreement with Ithala as the implementing agent for the construction of houses for military veterans.
 - *Households* decreased by R68.874 million, as a result of savings of R69.287 million identified due to projects that were planned to start construction during the year. The planning stage took longer than anticipated due to delays as a result of social challenges and friction in the communities. Also contributing to the savings was slow progress in respect of the restoration of title deeds in respect of a backlog in issuing of these title deeds for which a provision was made. This was offset by an increase of R413 000 in respect of staff exit costs.

- o *Departmental agencies and accounts* under Programme 4 which relates to the KZN Housing Fund was increased by R5.232 million in respect of leave gratuities and severance packages of 43 officials who took early retirement as a result of the anticipated dissolution of the EEDBS in 2017, as well as payment made to the GEPP for 15 of these officials.

These virements are permissible in terms of the PFMA and Treasury Regulations. Legislature approval is required for the decrease in *Transfers and subsidies*, while Provincial Treasury approval was granted for the increased transfer to the KZN Housing Fund and Ithala for the construction of homes for military veterans.

- *Shifts*: The department undertook the following shifts resulting in a net decrease of R182 000, affecting *Transfers and subsidies*, and the purpose of the funds remains unchanged:
 - o R31.278 million was moved from *Households* to *Public corporations and private enterprises* within Programme 3. This relates to the implementation of the Military Veterans Housing Project. The department entered into an agreement with Ithala as the implementing agent for the construction of houses for military veterans.
 - o R182 000 was shifted from *Departmental agencies and accounts* under Programme 4 to *Goods and services* in Programme 1 which relates to the centralisation of office equipment leases costs where the department took a decision to place this under the Information Management component in Programme 1.
- *Other adjustments: Transfers and subsidies* was increased by R44.397 million as follows:
 - o R11.286 million was received from the Department of Military Veterans in 2013/14 and 2014/15 and held in a suspense account since then. These funds have now been paid into the Provincial Revenue Fund and are thus allocated back to the department for spending on the Military Veterans Housing Project. This amount was allocated to *Public corporations and private enterprises* under Programme 3 for transfer to Ithala who is the implementing agent for this project.
 - o R32.931 million additional funding was allocated back to the department, as follows:
 - R6.916 million was allocated to the department relating to funds returned by the NHFC. The department transferred funds to the NHFC in 2011/12 in order to assess, administer and manage Social Housing Programmes on behalf of the department. On completion and close-out of each project, the NHFC had to repay any unspent funds together with interest earned to the department. This amount was allocated to *Transfers and subsidies to: Households* for the implementation of various housing projects.
 - R26.015 million was allocated back to the department in respect of funds returned by Khuboni Shezi Attorneys. These funds were paid into the Provincial Revenue Fund in December 2015 by Khuboni Shezi Attorneys in respect of unspent funds transferred by the department to the attorneys for the purpose of purchasing the Four Seasons Hotel in Durban, but which transaction was cancelled. The transfer of the property was not finalised at the time due to apparent fraud and corruption and the subsequent investigations that were carried out. An amount of R11 million was originally transferred, but this has since earned interest and the full amount of R26.015 million was returned to the department to be used to assist in addressing the housing backlog. This amount was allocated to *Households* under Programme 3.
 - o *Departmental agencies and accounts* was increased by R180 000 in Programme 4 which relates to the KZN Housing Fund for the above-budget 2016 wage adjustment.

10. Transfers to public entities

Table 8.18 reflects transfers made by the department to public entities. Details of the main adjustments, which resulted in overall increase of R100 million in transfers to public entities, are provided in the paragraphs following the table.

Table 8.18 : Summary of transfers to public entities

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Ithala Development Finance Corporation				57 436	31 278	11 286	100 000	100 000
2. Housing Development Agency	18 000						-	18 000
Total	18 000	-	-	57 436	31 278	11 286	100 000	118 000
Amount to be voted								100 000

An amount of R100 million was transferred to Ithala against *Transfers and subsidies to: Public corporations and private enterprises* for the implementation of the Military Veterans Housing Project and was made up as follows:

- *Virement*: R57.436 million was moved from savings under *Transfers and subsidies to: Households to Transfers and subsidies to: Public corporations and private enterprises* in the Incremental Interventions sub-programme for the implementation of the Military Veterans Housing Project, using Ithala as an implementing agent.
- *Shifts*: There was also a shift of R31.278 million from *Transfers and subsidies to: Households to Transfers and subsidies to: Public corporation and private enterprises* within Programme 3 in the Incremental Interventions sub-programme, for the implementation of the Military Veterans Housing Project. These funds were allocated for the construction of houses for military veterans, but the department is now intending to use Ithala as the implementing agent. The purpose of the funds remains unchanged.
- *Other adjustments*: R11.286 million was received from the Department of Military Veterans in 2013/14 and 2014/15 and held in a suspense account since then. These funds have now been paid into the Provincial Revenue Fund and are thus allocated back to the department for spending on the Military Veterans Housing Project against *Transfers and subsidies to: Public corporations and private enterprises* for transfer to Ithala who is the implementing agent for this project.

11. Transfers to local government

Tables 8.19 to 8.21 show the details of transfers to local government. It is noted that the amount against *Transfers and subsidies to: Provinces and municipalities* in Table 8.17 includes provision for motor vehicle licences. This amount of R345 000 is excluded from the transfers to local government table, as these funds will not be transferred to any municipality. The department did not make any changes to its Main Appropriation in respect of *Transfers and subsidies to: Provinces and municipalities*.

Table 8.19 : Summary of transfers to local government

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
A KZN2000 eThekweni	59 000	-	-	-	-	-	-	59 000
Total: Ugu Municipalities	3 378	-	-	-	-	-	-	3 378
B KZN216 Ray Nkonyeni	3 378	-	-	-	-	-	-	3 378
Total: uMgungundlovu Municipalities	10 389	-	-	-	-	-	-	10 389
B KZN225 Msunduzi	10 389	-	-	-	-	-	-	10 389
Total: uThukela Municipalities	1 681	-	-	-	-	-	-	1 681
B KZN238 Alfred Duma	1 681	-	-	-	-	-	-	1 681
Total: Amajuba Municipalities	4 077	-	-	-	-	-	-	4 077
B KZN252 Newcastle	4 077	-	-	-	-	-	-	4 077
Total: King Cetshwayo Municipalities	2 154	-	-	-	-	-	-	2 154
B KZN282 uMhlathuze	2 154	-	-	-	-	-	-	2 154
Total: iLembe Municipalities	5 113	-	-	-	-	-	-	5 113
B KZN292 KwaDukuza	5 113	-	-	-	-	-	-	5 113
Total	85 792	-	-	-	-	-	-	85 792
Amount to be voted								-

Table 8.20 : Transfers to local government - CRU

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
A KZN2000 eThekweni	59 000						-	59 000
Total	59 000	-	-	-	-	-	-	59 000
Amount to be voted								-

Table 8.21 : Transfers to local government - Operational costs for accredited municipalities

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Unforeseeable/			Other			
		Roll-overs	unavoidable	Virement	Shifts	adjustments		
Total: Ugu Municipalities	3 378	-	-	-	-	-	-	3 378
B KZN216 Ray Nkonyeni	3 378						-	3 378
Total: uMgungundlovu Municipalities	10 389	-	-	-	-	-	-	10 389
B KZN225 Msunduzi	10 389						-	10 389
Total: uThukela Municipalities	1 681	-	-	-	-	-	-	1 681
B KZN238 Alfred Duma	1 681						-	1 681
Total: Amajuba Municipalities	4 077	-	-	-	-	-	-	4 077
B KZN252 Newcastle	4 077						-	4 077
Total: King Cetshwayo Municipalities	2 154	-	-	-	-	-	-	2 154
B KZN282 uMhlatuze	2 154						-	2 154
Total: iLembe Municipalities	5 113	-	-	-	-	-	-	5 113
B KZN292 KwaDukuza	5 113						-	5 113
Total	26 792	-	-	-	-	-	-	26 792
Amount to be voted								

12. Actual payments and revised spending projections for the rest of 2016/17

Tables 8.22 and 8.23 reflect actual payments as at the end of September 2016, projected payments for the rest of the financial year and the total revised spending in rand value and as a percentage of the Adjusted Appropriation per programme and economic classification. The tables also show the 2015/16 Audited outcome.

Table 8.22 : Actual payments and revised spending projections by programme

Table 6.22 Actual payments and revised spending projections by programme							
R thousand	2015/16 Audited outcome	Adjusted appropriation	Actual payments		Projected payments		Projected actual
			April '16 - September 2016		October '16 - March 2017		
			% of budget		% of budget		
1. Administration	198 260	190 073	102 393	53.9	87 680	46.1	190 073
2. Housing Needs, Research and Planning	16 411	14 846	7 897	53.2	6 949	46.8	14 846
3. Housing Development	3 674 667	3 137 773	1 772 953	56.5	1 364 820	43.5	3 137 773
4. Housing Asset Management, Property Management	241 687	187 685	119 550	63.7	68 135	36.3	187 685
Total	4 131 025	3 530 377	2 002 793	56.7	1 527 584	43.3	3 530 377

Table 8.23 : Actual payments and revised spending projections by economic classification

R thousand	2015/16 Audited outcome	Adjusted appropriation	Actual payments		Projected payments		Projected actual
			April '16 - September 2016		October '16 - March 2017		
			% of budget		% of budget		
Current payments	389 360	437 371	223 587	51.1	213 784	48.9	437 371
Compensation of employees	266 232	289 982	141 369	48.8	148 613	51.2	289 982
Goods and services	123 128	146 989	81 832	55.7	65 157	44.3	146 989
Interest and rent on land		400	386	96.5	14	3.5	400
Transfers and subsidies to:	3 726 625	3 066 788	1 775 346	57.9	1 291 442	42.1	3 066 788
Provinces and municipalities	163 157	86 137	78 191	90.8	7 946	9.2	86 137
Departmental agencies and accounts	259 644	205 685	119 550	58.1	86 135	41.9	205 685
Higher education institutions		-	-	-	-	-	-
Foreign governments and international organisations		-	-	-	-	-	-
Public corporations and private enterprises		100 000	100 000	100.0	-	-	100 000
Non-profit institutions		-	-	-	-	-	-
Households	3 303 824	2 674 966	1 477 605	55.2	1 197 361	44.8	2 674 966
Payments for capital assets	14 755	26 199	3 860	14.7	22 339	85.3	26 199
Buildings and other fixed structures	6 170	21 754	699	3.2	21 055	96.8	21 754
Machinery and equipment	8 585	4 445	3 161	71.1	1 284	28.9	4 445
Heritage assets		-	-	-	-	-	-
Specialised military assets		-	-	-	-	-	-
Biological assets		-	-	-	-	-	-
Land and subsoil assets		-	-	-	-	-	-
Software and other intangible assets		-	-	-	-	-	-
Payments for financial assets	285	19	-	-	19	100.0	19
Total	4 131 025	3 530 377	2 002 793	56.7	1 527 584	43.3	3 530 377

Mid-year spending for the vote was high at 56.7 per cent compared to the 50 per cent straight-line benchmark, despite receiving R45.265 million in additional funding in the Adjustments Estimate. This is mainly due to high spending against Programme 4, as well as *Interest and rent on land*, *Transfers and subsidies to: Public corporations and private enterprises*, and *Transfers and subsidies to: Provinces and municipalities* due to the following:

Vote 8: Human Settlements

- Interest on overdue accounts to the GEPF for claims in respect of employees who took early retirement in previous years.
- A transfer of R100 million made to Ithala for the implementation of the Military Veterans Housing Project.
- Invoices paid relating to operational costs of accredited municipalities which are based on the performance by the accredited municipality, in which case there was high performance by municipalities such as the Msunduzi Municipality.
- Unplanned staff exit costs under *Transfers and subsidies to: Households*.

The department is projecting a balanced budget at year-end after the adjustments have been made.

Table 8.A : Summary by economic classification : Human Settlements

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	422 620	-	-	13 720	182	849	14 751	437 371
Compensation of employees	284 340	-	-	4 793	-	849	5 642	289 982
Salaries and wages	256 852	-	-	2 063	-	378	2 441	259 293
Social contributions	27 488	-	-	2 730	-	471	3 201	30 689
Goods and services	138 280	-	-	8 527	182	-	8 709	146 989
Administrative fees	430	-	-	187	-	-	187	617
Advertising	2 201	-	-	(740)	-	-	(740)	1 461
Assets less than capitalisation threshold	540	-	-	2 007	-	-	2 007	2 547
Audit cost: External	6 000	-	-	72	-	-	72	6 072
Bursaries: Employees	220	-	-	-	-	-	-	220
Catering: Departmental activities	1 568	-	-	3 132	-	-	3 132	4 700
Communication (G&S)	7 816	-	-	(600)	-	-	(600)	7 216
Computer services	12 162	-	-	(3 309)	-	-	(3 309)	8 853
Cons & prof serv: Business and advisory services	11 892	-	-	6 100	-	-	6 100	17 992
Cons & prof serv: Infras and planning	1 847	-	-	2 000	-	-	2 000	3 847
Cons & prof serv: Laboratory services	-	-	-	-	-	-	-	-
Cons & prof serv: Scientific and tech services	-	-	-	-	-	-	-	-
Cons & prof serv: Legal costs	2 747	-	-	300	-	-	300	3 047
Contractors	17 299	-	-	(183)	-	-	(183)	17 116
Agency and support / outsourced services	102	-	-	(26)	-	-	(26)	76
Entertainment	-	-	-	-	-	-	-	-
Fleet services (incl. govt motor transport)	4 591	-	-	(65)	-	-	(65)	4 526
Housing	-	-	-	-	-	-	-	-
Inventory: Clothing material and accessories	17	-	-	-	-	-	-	17
Inventory: Farming supplies	-	-	-	-	-	-	-	-
Inventory: Food and food supplies	87	-	-	(29)	-	-	(29)	58
Inventory: Fuel, oil and gas	-	-	-	-	-	-	-	-
Inventory: Learner and teacher support material	213	-	-	(12)	-	-	(12)	201
Inventory: Materials and supplies	81	-	-	353	-	-	353	434
Inventory: Medical supplies	9	-	-	(1)	-	-	(1)	8
Inventory: Medicine	-	-	-	-	-	-	-	-
Medsas inventory interface	-	-	-	-	-	-	-	-
Inventory: Other supplies	-	-	-	-	-	-	-	-
Consumable supplies	136	-	-	71	-	-	71	207
Consumable: Stationery, printing and office supplies	1 343	-	-	(81)	-	-	(81)	1 262
Operating leases	23 062	-	-	671	182	-	853	23 915
Property payments	20 378	-	-	2 183	-	-	2 183	22 561
Transport provided: Departmental activity	126	-	-	1 400	-	-	1 400	1 526
Travel and subsistence	15 171	-	-	(4 594)	-	-	(4 594)	10 577
Training and development	2 072	-	-	(905)	-	-	(905)	1 167
Operating payments	1 786	-	-	(139)	-	-	(139)	1 647
Venues and facilities	4 272	-	-	(3 765)	-	-	(3 765)	507
Rental and hiring	112	-	-	4 500	-	-	4 500	4 612
Interest and rent on land	-	-	-	400	-	-	400	400
Interest	-	-	-	400	-	-	400	400
Rent on land	-	-	-	-	-	-	-	-
Transfers and subsidies to	3 028 198	-	-	(5 625)	(182)	44 397	38 590	3 066 788
Provinces and municipalities	86 087	-	-	50	-	-	50	86 137
Provinces	295	-	-	50	-	-	50	345
Provincial Revenue Funds	-	-	-	-	-	-	-	-
Provincial agencies and funds	295	-	-	50	-	-	50	345
Municipalities	85 792	-	-	-	-	-	-	85 792
Municipalities	85 792	-	-	-	-	-	-	85 792
Municipal agencies and funds	-	-	-	-	-	-	-	-
Departmental agencies and accounts	200 455	-	-	5 232	(182)	180	5 230	205 685
Social security funds	200 455	-	-	5 232	(182)	180	5 230	205 685
Entities receiving funds	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	57 436	31 278	11 286	100 000	100 000
Public corporations	-	-	-	57 436	31 278	11 286	100 000	100 000
Subsidies on production	-	-	-	-	-	-	-	-
Other transfers	-	-	-	57 436	31 278	11 286	100 000	100 000
Private enterprises	-	-	-	-	-	-	-	-
Subsidies on production	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-
Households	2 741 656	-	-	(68 343)	(31 278)	32 931	(66 690)	2 674 966
Social benefits	45	-	-	944	-	-	944	989
Other transfers to households	2 741 611	-	-	(69 287)	(31 278)	32 931	(67 634)	2 673 977
Payments for capital assets	34 294	-	-	(8 095)	-	-	(8 095)	26 199
Buildings and other fixed structures	31 454	-	-	(9 700)	-	-	(9 700)	21 754
Buildings	31 454	-	-	(9 700)	-	-	(9 700)	21 754
Other fixed structures	-	-	-	-	-	-	-	-
Machinery and equipment	2 840	-	-	1 605	-	-	1 605	4 445
Transport equipment	500	-	-	-	-	-	-	500
Other machinery and equipment	2 340	-	-	1 605	-	-	1 605	3 945
Heritage assets	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	-	-	19	19	19
Total	3 485 112	-	-	-	-	45 265	45 265	3 530 377
Amount to be voted								45 265

Vote 9

Community Safety and Liaison

R thousand	2016/17			
	Main appropriation	Adjusted appropriation	Decrease	Increase
Operational budget	210 123	210 123		
MEC remuneration ¹	-	-		
Total amount to be appropriated	210 123	210 123		
<i>of which:</i>				
Current payments	207 142	208 632		1 490
Transfers and subsidies	14	130		116
Payments for capital assets	2 967	1 351	(1 616)	
Payments for financial assets	-	10		10
Responsible MEC	MEC for Community Safety and Liaison			
Administering department	Community Safety and Liaison			
Accounting Officer	Head: Community Safety and Liaison			

Vision

The department's vision is to see that: *The people of KwaZulu-Natal live in a safe and secure environment.*

Mission

The mission set for the department is: *To be the lead department in co-ordinating integrated, participatory community safety initiatives and promoting police accountability towards a crime free KwaZulu-Natal.*

2. Strategic objectives

Strategic policy direction: By focussing on its role of creating a secure environment in which all South Africans can live, the department seeks to align its operations and strategic position with the overall aim of government to achieve accountability and effective service delivery for all citizens of the province in the following areas: that all people in South Africa are and feel safe, and a long and healthy life for all is achieved.

The strategic objectives set by the department are to:

- Evaluate police service delivery and compliance with national policy standards and make recommendations for redress where required.
- Assess the effectiveness of visible policing in the province.
- Improve South African Police Service (SAPS) efficiency and effectiveness through independent service delivery evaluation and reward.
- Improve public confidence and trust in the police.
- Address service delivery complaints against the police to support the raising of service standards.
- Oversee the establishment and functioning of Community Policing Forums (CPFs) at all police stations in the province.
- Enhance the capacity of community police structures to improve co-operation between the police and the community.
- Promote community dialogue and participation in support of crime prevention initiatives and activities.

¹ The salary of the MEC for Community Safety and Liaison is budgeted for under Vote 12: Transport.

- Execute social crime prevention programmes at provincial and local level.
- Research and develop social crime prevention responses to community safety priorities.
- Consolidate the community safety network structure.
- Promote the establishment of a victim support network.
- Raise awareness of protective rights among vulnerable groups.
- Promote corporate governance and provide strategic project support.
- Implement the Volunteer Social Crime Prevention Programme (VSCPP).

3. Summary of adjusted estimates for the 2016/17 financial year

The main appropriation of the department was R210.123 million in 2016/17. The department's budget was not increased in-year. However, there were extensive virements undertaken within the vote, which are summarised below, and further details are given in Section 4:

- *Virement between programmes:* The following virements were undertaken across programmes:
 - o Savings of R1.016 million were identified under *Compensation of employees* in Programme 1: Administration and moved to Programme 2: Civilian Oversight. This movement was to defray excess expenditure against *Goods and services* in Programme 2. These pressures relate to several urgent interventions that were not budgeted for, namely the Communities-in-Dialogue Programme (CiDP) interventions in respect of violence at Glebelands hostel and Wembezi.
 - o It should be noted that the virements were mainly undertaken from savings realised against *Compensation of employees*. These savings largely resulted from the slower than anticipated filling of posts, including the CFO post which was filled in August 2016. This was aggravated by delays in the finalisation of the review of phase one of the department's revised organisational structure, which is aligned to the decentralisation strategy as it was finalised in the first quarter of 2016/17. This was initially planned to be completed by the end of 2015/16, in order to allow the department to roll-out phases two and three. However, the posts in respect of phases two and three will be filled in the third and fourth quarters, as they are at an advanced recruitment stage.
 - o In addition to this virement between programmes, extensive virements were undertaken between sub-programmes and economic categories within the two programmes. Details of these virements are provided per programme in Section 4 below. These virements are permissible in terms of the Treasury Regulations and PFMA. Where necessary, Provincial Treasury approval was obtained, such as the increase in *Transfers and subsidies to: Public corporations and private enterprises*. However, *Machinery and equipment* shows a reduction and Legislature approval is required for the net reduction in *Payments for capital assets*.
- *Shifts:* The department did not undertake any shifting of funds, either at programme or economic classification category level.
- *Other adjustments:* There were no changes to the main appropriation of the department. The department indicated that it was able to absorb the pressures in respect of the above-budget 2016 wage adjustment due to delays in filling of phases two and three posts.

Tables 9.1 and 9.2 reflect a summary of the 2016/17 adjusted appropriation of the department, summarised according to programme and economic classification. Details of the economic classification are given in Annexure – Vote 9: Community Safety and Liaison.

Table 9.1 : Summary by programmes

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Administration	68 896	-	-	(1 016)	-	-	(1 016)	67 880
2. Civilian Oversight	141 227	-	-	1 016	-	-	1 016	142 243
Total	210 123	-	-	-	-	-	-	210 123
Amount to be voted								

Table 9.2 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	207 142	-	-	1 490	-	-	1 490	208 632
Compensation of employees	91 735	-	-	(9 283)	-	-	(9 283)	82 452
Goods and services	115 407	-	-	10 773	-	-	10 773	126 180
Interest and rent on land	-	-	-	-	-	-	-	-
Transfers and subsidies to:	14	-	-	116	-	-	116	130
Provinces and municipalities	14	-	-	16	-	-	16	30
Departmental agencies and accounts	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	100	-	-	100	100
Non-profit institutions	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-
Payments for capital assets	2 967	-	-	(1 616)	-	-	(1 616)	1 351
Buildings and other fixed structures	-	-	-	-	-	-	-	-
Machinery and equipment	2 967	-	-	(1 616)	-	-	(1 616)	1 351
Heritage assets	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	10	-	-	10	10
Total	210 123	-	-	-	-	-	-	210 123
Amount to be voted								
								-

4. Changes to programme purposes and service delivery measures

There were no changes to the purpose and budget programme structure for the sector in 2016/17.

There were some changes to the department's service delivery measures due to the *EPRE* being tabled prior to the APP, and the changes reflected in Table 9.7 below are to align the *EPRE* to the APP. It should be noted that the changes relate to the name changes of the performance indicators while the actual targets remain unchanged.

4.1 Programme 1: Administration

This programme comprises five sub-programmes, namely Office of the HOD, Financial Management, Corporate Services, Legal and Security. Corporate Services includes internal monitoring and evaluation, as well as special projects and inter-governmental relations. The Ministry is shared with Department of Transport, who bears the cost of the shared Ministry.

The objective of Programme 1 is to provide essential administrative and management support, while the purpose is to provide strategic direction and support, administrative, financial, executive and legal support, as well as human resource services.

Tables 9.3 and 9.4 reflect a summary of the 2016/17 adjusted appropriation of Programme 1, summarised according to sub-programme and economic classification.

Details of the main adjustments, which resulted in an overall decrease of R1.016 million, are explained below the tables.

Table 9.3 : Programme 1: Administration

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Office of the HOD	5 519			(489)			(489)	5 030
2. Financial Management	9 861			612			612	10 473
3. Corporate Services	45 056			(1 185)			(1 185)	43 871
4. Legal	3 176			93			93	3 269
5. Security	5 284			(47)			(47)	5 237
Total	68 896	-	-	(1 016)	-	-	(1 016)	67 880
Amount to be voted								
								(1 016)

Table 9.4 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments	
Current payments	66 890	-	-	474	-	-	474
Compensation of employees	32 771			(1 026)		(1 026)	31 745
Goods and services	34 119			1 500		1 500	35 619
Interest and rent on land						-	-
Transfers and subsidies to:	14	-	-	116	-	-	116
Provinces and municipalities	14			16		16	30
Departmental agencies and accounts						-	-
Higher education institutions						-	-
Foreign governments and international organisations						-	-
Public corporations and private enterprises				100		100	100
Non-profit institutions						-	-
Households						-	-
Payments for capital assets	1 992	-	-	(1 616)	-	-	(1 616)
Buildings and other fixed structures						-	-
Machinery and equipment	1 992			(1 616)		(1 616)	376
Heritage assets						-	-
Specialised military assets						-	-
Biological assets						-	-
Land and subsoil assets						-	-
Software and other intangible assets						-	-
Payments for financial assets				10			10
Total	68 896	-	-	(1 016)	-	-	(1 016)
Amount to be voted							(1 016)

Virement – Programme 1: Administration: (R1.016 million)

The main appropriation of Programme 1 was decreased by a net amount of R1.016 million as a result of virements to defray excess expenditure in Programme 2 as follows:

- Savings of R1.026 million emanated from *Compensation of employees*, largely ascribed to the slower than anticipated filling of posts, including the CFO post which was only filled in August 2016. Also, to a lesser extent, the late finalisation of the review of phase one of the department's revised organisational structure, which is aligned to its decentralisation strategy, resulted in delays in the roll-out of phases two and three which impacted on spending against *Compensation of employees*.
- Of the savings, R10 000 was moved within the sub-programme: Corporate Services to defray excess spending against *Transfers and subsidies: Provinces and municipalities* to provide for higher than anticipated vehicle licence fees in respect of vehicles purchased.

In addition to this virement between Programmes 1 and 2, savings of R1.616 million were under *Machinery and equipment* due to the non-purchase of vehicles for district offices as initially anticipated. The department indicated that most of the vehicles were purchased late in 2015/16. These savings were moved to defray some in-year spending pressures within the programme as follows:

- *Goods and services* was increased by R1.500 million to offset pressures against computer services for SITA costs, which were higher than anticipated and the purchase of the communication system for the head office. It should be noted that the department's operational costs are centralised against this programme.
- *Transfers and subsidies to: Provinces and municipalities* was increased by a further R6 000 to provide for higher than anticipated vehicle licence fees in respect of vehicles purchased.
- *Transfers and subsidies to: Public corporations and private enterprises* was increased by R100 000 in respect of a donation that was made to a private company that initiated the One Million Voices campaign for the fight against police killings. It should be noted that this donation is within the Treasury Regulations threshold in respect of the approval of the Accounting Officer, and does not require Legislature approval. Treasury approval was obtained for the increase in *Transfers and subsidies* for the introduction of the donation.
- *Payments for financial assets* was increased by R10 000 in respect of the write-off staff debts.

Further virements were undertaken between sub-programmes within Programme 1, to offset areas of identified spending pressures. Savings were identified in *Compensation of employees* and *Machinery and equipment* due to the slower than anticipated filling of vacant posts and, to a lesser extent, the late finalisation of the review of phase one of the revised organisational structure, as previously explained. This resulted in an increase in the sub-programmes: Financial Management and Legal.

These virements are permissible in terms of the Treasury Regulations and the PFMA, while the decrease in *Machinery and equipment* requires Legislature approval, due to the net reduction in capital.

4.2 Programme 2: Civilian Oversight

Programme 2 is the main service delivery programme of the department, and comprises five sub-programmes, namely Policy and Research, Monitoring and Evaluation, Safety Promotion, Community Police Relations, and Programme Support. The main purpose of this programme is to perform the function of oversight over the Office of the Provincial Commissioner and specialised units, as well as community police relations at a provincial level. In addition, it performs the function of safety information analysis and conceptualisation, which has to be done at a provincial level. The major key performance indicators within this programme are the VSCPP, focused and integrated interventions and events, community training programmes, etc. Various crime awareness projects, including school safety, substance abuse, stock theft, etc., characterise these interventions and events. The training programme, which was initiated in 2013/14, is called the Societal Education to Build Safer Communities programme. The Communities-in-Dialogue Programme (CiDP), the capacitation and establishment of CPFs, and street committees form the major part of interventions and partnerships with communities.

Tables 9.5 and 9.6 reflect a summary of the 2016/17 adjusted appropriation of Programme 2, summarised according to sub-programme and economic classification. Details of the main adjustments, which resulted in a net increase of R1.016 million to the main appropriation of this programme, are provided in the paragraphs following the tables.

Table 9.5 : Programme 2: Civilian Oversight

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Policy and Research	3 969			(263)			(263)	3 706
2. Monitoring and Evaluation	16 169			(2 622)			(2 622)	13 547
3. Safety Promotion	76 388			3 810			3 810	80 198
4. Community Police Relations	17 174			3 000			3 000	20 174
5. Programme Support	27 527			(2 909)			(2 909)	24 618
Total	141 227	-	-	1 016	-	-	1 016	142 243
Amount to be voted								1 016

Table 9.6 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	140 252	-	-	1 016	-	-	1 016	141 268
Compensation of employees	58 964			(8 257)			(8 257)	50 707
Goods and services	81 288			9 273			9 273	90 561
Interest and rent on land							-	-
Transfers and subsidies to:	-	-	-	-	-	-	-	-
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	975	-	-	-	-	-	-	975
Buildings and other fixed structures							-	-
Machinery and equipment	975						-	975
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets	-	-	-	-	-	-	-	-
Total	141 227	-	-	1 016	-	-	1 016	142 243
Amount to be voted								1 016

Virement – Programme 2: Civilian Oversight: R1.016 million

The main appropriation of Programme 2 was increased by R1.016 million as a result of the following virement, which affected two sub-programmes: Safety Promotion and Community Police Relations as explained below:

- Savings of R1.016 million were moved from *Compensation of employees* in Programme 1, largely ascribed to the slower than anticipated filling of posts, including the CFO post, as mentioned. Also contributing was the late finalisation of the review of phase one of the department's revised organisational structure, which was initially planned to be completed by the end of 2015/16, as explained. These funds were moved to *Goods and services* to offset in-year pressures in respect of various urgent interventions which were unbudgeted for (namely the CiDP interventions in respect of violence at Glebelands hostel and Wembezi), as previously explained.
- Within Programme 2, savings of R8.257 million were identified under *Compensation of employees* across various sub-programmes emanating from the above decision to review phase one of the revised organisational structure, before the roll-out of phases two and three. These savings were moved to offset areas of spending pressure against *Goods and services*, to cater for the in-year spending pressures mainly in respect of unbudgeted interventions, as mentioned above.

Further virements were undertaken between sub-programmes within Programme 2, with the aim of offsetting areas of identified spending pressures with savings resulting from the non-filling of posts. The resulted in an increase in the sub-programmes: Safety Promotion and Community Police Relations and a decrease in the Policy and Research, Monitoring and Evaluation and Programme Support sub-programmes. These virements between sub-programmes resulted in no change at economic classification level for Programme 2 as a whole.

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

Service delivery measures – Programme 2: Civilian Oversight

Table 9.7 shows the main service delivery information for Programme 2, including the actual achievements at mid-year. The information is aligned, as far as possible, to the generic service delivery measures of the sector for 2016/17, although the wording in many instances is different. It is noted that there are changes to some service delivery measures that were reflected in the *EPRE*. These changes, which are reflected in the 2016/17 Revised target column, are required to ensure alignment with the APP, which was tabled after the *EPRE*. In some instances, the wording of the performance indicators has changed, and these changes are reflected in bold italics.

Table 9.7 : Service delivery measures – Programme 2: Civilian Oversight

Outputs	Performance indicators	Performance targets		
		2016/17 Original target	2016/17 Mid-year actual	2016/17 Revised target
1. <i>Monitor SAPS levels of service delivery in KZN</i>	• No. of stations monitored	91	-	
	• No. of quarterly reports on the implementation of National Monitoring Tool (NMT)	4	-	
	• No. of Domestic Violence Act (DVA) compliance reports produced (<i>district per annum</i>)	52	2	
	• No. of specialised units monitored	12	3	
	• No. of service delivery complaints management reports processed	4	-	
	• <i>No. of management reports compiled on service delivery complaints against SAPS</i>	-	2	4
	• No. of reports on implementation of Independent Police Investigative Directive (IPIID) Act recommendations by SAPS	1	-	
2. <i>Establish and maintain community safety partnerships</i>	• No. of CSFs established (<i>Local/district</i>)	26	-	
	• No. of functional CPFs assessed	91	45	
	• No. of ward safety committee structures established	52	29	
	• No. of reports on initiatives to support provincial community safety structures	4	2	
	• No. of crime prevention programmes implemented	10	6	
	• <i>No. of reports on targeted Integrated Law Enforcement Initiatives produced</i>	-	2	4

Table 9.7 : Service delivery measures – Programme 2: Civilian Oversight

Outputs	Performance indicators	Performance targets		
		2016/17 Original target	2016/17 Mid-year actual	2016/17 Revised target
3 <i>Research into the policing needs of the province</i>	• No. of consolidated provincial safety priorities research reports produced	1	-	
	• No. of research reports on special projects commissioned by the Civilian Secretariat for Police <i>produced</i>	1	-	
	• No. of reports on policing policies and directives reviewed	1	-	
	• No. of reports on monitoring tools and safety models reviewed	1		
	• <i>No. of ad hoc reports completed</i>	-	-	4

5. Specifically and exclusively appropriated allocations

Table 9.8 shows funds that are specifically and exclusively appropriated to the department for specific purposes in terms of the KZN Adjustments Appropriation Act.

Note that the conditional grant allocation (which is also specifically and exclusively appropriated funding) is not included here, as this is discussed in Section 8 below.

There were no adjustment to the department's specific and exclusive appropriation.

Table 9.8 : Summary of specifically and exclusively appropriated funding

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts	Other adjustments		
1. Prog. 2: Local Government Election Monitoring	5 000						-	5 000
Total	5 000	-	-	-	-	-	-	5 000
Amount to be voted								

6. Gifts, donations and sponsorships

The department made a donation of R100 000 to a private company in respect of the One Million Voices campaign for the fight against police killings. It should be noted that this donation is within the Treasury Regulations 21.1.1 threshold in respect of the approval of the Accounting Officer and therefore does not require Legislature approval.

7. Infrastructure

The department has no infrastructure allocation.

8. Conditional grants

The department receives the Social Sector EPWP Incentive Grant for Provinces which was allocated from 2012/13 to 2016/17, with the purpose of creating work opportunities. The funds are used to pay for stipends for additional social crime prevention volunteers who are employed within the VSCPP under Programme 2 and the economic classification *Goods and services*.

Table 9.9 illustrates the adjusted appropriation of the above-mentioned grant, which remains unchanged from the original appropriation.

Table 9.9 : Summary of changes to conditional grants

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts	Other adjustments		
2. Civilian Oversight	11 043	-	-	-	-	-	-	11 043
Social Sector EPWP Incentive Grant for Provinces	11 043						-	11 043
Total	11 043	-	-	-	-	-	-	11 043
Amount to be voted								

9. Transfers and subsidies

Table 9.10 shows the summary of *Transfers and subsidies*. Details of the adjustments, which resulted in an increase of R116 000 in the *Transfers and subsidies* allocation, are provided after the table.

Table 9.10 : Summary of transfers and subsidies by programme and main category

R thousand		Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
			Unforeseeable/			Other			
			Roll-overs	unavoidable	Virement	Shifts	adjustments		
1. Administration		14	-	-	116	-	-	116	130
Provinces and municipalities		14	-	-	16	-	-	16	30
Municipal agencies and funds		14			16			16	30
Public corporations and private enterprises		-	-	-	100	-	-	100	100
Donation - One Million Voices Campaign					100			100	100
2. Civilian Oversight		-	-	-	-	-	-	-	-
Total		14	-	-	116	-	-	116	130
Amount to be voted									116

- *Virement*: R116 000 was moved from savings under *Compensation of employees* (R10 000) and *Machinery and equipment* (R106 000) in Programme 1 to *Transfers and subsidies* as follows:
 - *Provinces and municipalities* was increased by R10 000 from *Compensation of employees* and R6 000 from *Machinery and equipment* to offset pressures in respect of higher than anticipated motor vehicle licence fees.
 - *Public corporations and private enterprises* was increased by R100 000 in respect of a donation that was made to a private company, that initiated the One Million Voices campaign for the fight against police killings. It should be noted that this donation is within the Treasury Regulations threshold in respect of the approval of the Accounting Officer and thus does not require Legislature approval. However, Treasury approval was obtained for the increase to *Transfers and subsidies* for the introduction of the donation.

10. Transfers to public entities

The department does not undertake transfers to public entities.

11. Transfers to local government

There were no transfers and subsidies to local government made by the department. In Table 9.10, an adjusted appropriation of R30 000 relating to motor vehicle licences is shown against *Provinces and municipalities* in Programme 1. These funds will not be transferred to any municipality, and therefore the table for *Transfers to local government* has not been included.

12. Actual payments and revised spending projections for the rest of 2016/17

Tables 9.11 and 9.12 reflect actual payments as at the end of September 2016, projected payments for the rest of the financial year and the total revised spending in rand value and as a percentage of the adjusted appropriation per programme and economic classification. The tables also show the 2015/16 audited outcome.

Table 9.11 : Actual payments and revised spending projections by programme

R thousand	2015/16 Audited outcome	Adjusted appropriation	Actual payments		Projected payments		Projected actual
			April '16 - September 2016		October '16 - March 2017		
			% of budget		% of budget		
1. Administration	59 260	67 880	32 388	47.7	35 492	52.3	67 880
2. Civilian Oversight	131 551	142 243	66 963	47.1	75 280	52.9	142 243
Total	190 811	210 123	99 351	47.3	110 772	52.7	210 123

Table 9.12 : Actual payments and revised spending projections by economic classification

	2015/16 Audited outcome	Adjusted appropriation	Actual payments		Projected payments		Projected actual
R thousand			April '16 - September 2016		October '16 - March 2017		
				% of budget		% of budget	
Current payments	186 841	208 642	98 668	47.3	109 974	52.7	208 642
Compensation of employees	68 574	82 462	36 610	44.4	45 852	55.6	82 462
Goods and services	118 267	126 180	62 058	49.2	64 122	50.8	126 180
Interest and rent on land		-	-	-	-	-	-
Transfers and subsidies to:	168	120	117	97.5	3	2.5	120
Provinces and municipalities	11	20	17	85.0	3	15.0	20
Departmental agencies and accounts		-	-	-	-	-	-
Higher education institutions		-	-	-	-	-	-
Foreign governments and international organisations		-	-	-	-	-	-
Public corporations and private enterprises		100	-	-	100	100.0	100
Non-profit institutions		-	-	-	-	-	-
Households	157	-	100	-	(100)	-	-
Payments for capital assets	3 796	1 351	556	41.2	795	58.8	1 351
Buildings and other fixed structures		-	-	-	-	-	-
Machinery and equipment	3 796	1 351	556	41.2	795	58.8	1 351
Heritage assets		-	-	-	-	-	-
Specialised military assets		-	-	-	-	-	-
Biological assets		-	-	-	-	-	-
Land and subsoil assets		-	-	-	-	-	-
Software and other intangible assets		-	-	-	-	-	-
Payments for financial assets	6	10	10	100.0	-	-	10
Total	190 811	210 123	99 351	47.3	110 772	52.7	210 123

The department's spending trend against the adjusted appropriation was at 47.3 per cent in the first half of the year, and reflecting a projected balanced budget at year-end at programme and economic classification level.

Following the above-mentioned adjustments, the department is projecting a balanced budget at year-end at both programme and economic classification level. Although mid-year spending is 47.3 per cent of the adjusted budget, which is fairly low when compared to the straight-line benchmark of 50 per cent for the period, it is considered likely that the full budget will be spent by year-end, as commented on below:

- The mid-year spending of Programme 1 is 47.7 per cent of the adjusted budget, and the department is projecting to spend the full adjusted budget of R67.880 million by year-end, which is considered to be reasonable. The budget for items such as computer services, fleet services, training and development and communication costs is now centralised under Programme 1, and the bulk of this expenditure is projected for the second half of the year.
- Similarly, although the mid-year spending of Programme 2 was fairly low at 47.1 per cent of the adjusted budget spent, the review of phase one was finalised in the first quarter of 2016/17 and the roll-out of phases two and three is at the advanced stage of the recruitment process, as previously mentioned. Approximately 23 Assistant Director posts, Administrative Officers for various district offices, etc. are at an advanced stage of the recruitment process and posts are anticipated to be filled by the third and fourth quarters. Also, the previous years' trends show that expenditure accelerates in the second half of the year due to November being Safety Month, followed by the festive season, when there is an increased demand for public safety awareness campaigns in the province.

With regard to economic classification:

- Taking into account the substantial virement of R9.283 million from *Compensation of employees*, the category is reflecting mid-year spending of 44.4 per cent of the adjusted budget to date, which is realistic taking into account that some posts were filled later than 1 April, and approximately 27 vacant posts are still at various stages of the recruitment process.
- *Goods and services* spending was marginally low at 49.2 per cent after a virement of R10.773 million was undertaken to this category to offset pressures. The department is projecting to fully spend this budget by year-end. This is likely as previous years' trends show that expenditure accelerates in the second half of the year. Moreover, there has been high spending in some areas, such as travel and subsistence costs, consultants and business advisory services, venues and facilities in respect of unplanned and urgent interventions, as mentioned, and this continued into the third quarter.

Vote 9: Community Safety and Liaison

- *Transfers and subsidies to: Provinces and municipalities*, which relates to motor vehicle licences, shows a balanced budget, and this is likely to be spent considering that 85 per cent of the adjusted budget has been spent to date.
- *Transfers and subsidies to: Public corporations and private enterprises* shows a balanced budget after the above-mentioned virement of R100 000 in respect of a donation that was made towards the One Million Voices campaign for the fight against police killings.
- *Machinery and equipment* shows a balanced budget at year-end, after the virement was undertaken from this category due to non-purchase of vehicles, as previously mentioned.
- *Payments for financial assets* shows a balanced budget after the above-mentioned virement of R10 000 to cater for the write-off of staff debts.

Table 9.A : Summary by economic classification : Community Safety and Liaison

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	207 142	-	-	1 490	-	-	1 490	208 632
Compensation of employees	91 735	-	-	(9 283)	-	-	(9 283)	82 452
Salaries and wages	82 027	-	-	(8 426)	-	-	(8 426)	73 601
Social contributions	9 708	-	-	(857)	-	-	(857)	8 851
Goods and services	115 407	-	-	10 773	-	-	10 773	126 180
Administrative fees	-	-	-	-	-	-	-	-
Advertising	300	-	-	250	-	-	250	550
Assets less than capitalisation threshold	318	-	-	(70)	-	-	(70)	248
Audit cost: External	2 368	-	-	500	-	-	500	2 868
Bursaries: Employees	200	-	-	-	-	-	-	200
Catering: Departmental activities	5 514	-	-	3 373	-	-	3 373	8 887
Communication (G&S)	1 700	-	-	1 004	-	-	1 004	2 704
Computer services	4 574	-	-	1 500	-	-	1 500	6 074
Cons & prof serv: Business and advisory services	7 600	-	-	3 216	-	-	3 216	10 816
Cons & prof serv: Infras and planning	-	-	-	-	-	-	-	-
Cons & prof serv: Laboratory services	-	-	-	-	-	-	-	-
Cons & prof serv: Scientific and tech services	-	-	-	-	-	-	-	-
Cons & prof serv: Legal costs	460	-	-	-	-	-	-	460
Contractors	2 000	-	-	1 134	-	-	1 134	3 134
Agency and support / outsourced services	5 741	-	-	(120)	-	-	(120)	5 621
Entertainment	-	-	-	-	-	-	-	-
Fleet services (incl. govt motor transport)	2 600	-	-	-	-	-	-	2 600
Housing	-	-	-	-	-	-	-	-
Inventory: Clothing material and accessories	1 000	-	-	-	-	-	-	1 000
Inventory: Farming supplies	-	-	-	-	-	-	-	-
Inventory: Food and food supplies	45	-	-	-	-	-	-	45
Inventory: Fuel, oil and gas	-	-	-	-	-	-	-	-
Inventory: Learner and teacher support material	-	-	-	-	-	-	-	-
Inventory: Materials and supplies	-	-	-	-	-	-	-	-
Inventory: Medical supplies	-	-	-	-	-	-	-	-
Inventory: Medicine	-	-	-	-	-	-	-	-
Medsas inventory interface	-	-	-	-	-	-	-	-
Inventory: Other supplies	-	-	-	-	-	-	-	-
Consumable supplies	-	-	-	1 006	-	-	1 006	1 006
Consumable: Stationery, printing and office supplies	1 478	-	-	(185)	-	-	(185)	1 293
Operating leases	11 600	-	-	(2 200)	-	-	(2 200)	9 400
Property payments	3 100	-	-	(1 100)	-	-	(1 100)	2 000
Transport provided: Departmental activity	1 500	-	-	1 200	-	-	1 200	2 700
Travel and subsistence	11 424	-	-	5 789	-	-	5 789	17 213
Training and development	2 200	-	-	700	-	-	700	2 900
Operating payments	43 211	-	-	(5 000)	-	-	(5 000)	38 211
Venues and facilities	6 474	-	-	(224)	-	-	(224)	6 250
Rental and hiring	-	-	-	-	-	-	-	-
Interest and rent on land	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Rent on land	-	-	-	-	-	-	-	-
Transfers and subsidies to	14	-	-	116	-	-	116	130
Provinces and municipalities	14	-	-	16	-	-	16	30
Provinces	14	-	-	16	-	-	16	30
Provincial Revenue Funds	-	-	-	-	-	-	-	-
Provincial agencies and funds	14	-	-	16	-	-	16	30
Municipalities	-	-	-	-	-	-	-	-
Municipalities	-	-	-	-	-	-	-	-
Municipal agencies and funds	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	-	-	-	-
Social security funds	-	-	-	-	-	-	-	-
Entities receiving funds	-	-	-	-	-	-	-	-
Higher education institutions	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	100	-	-	100	100
Public corporations	-	-	-	-	-	-	-	-
Subsidies on production	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-
Private enterprises	-	-	-	100	-	-	100	100
Subsidies on production	-	-	-	-	-	-	-	-
Other transfers	-	-	-	100	-	-	100	100
Non-profit institutions	-	-	-	-	-	-	-	-
Households	-	-	-	-	-	-	-	-
Social benefits	-	-	-	-	-	-	-	-
Other transfers to households	-	-	-	-	-	-	-	-
Payments for capital assets	2 967	-	-	(1 616)	-	-	(1 616)	1 351
Buildings and other fixed structures	-	-	-	-	-	-	-	-
Buildings	-	-	-	-	-	-	-	-
Other fixed structures	-	-	-	-	-	-	-	-
Machinery and equipment	2 967	-	-	(1 616)	-	-	(1 616)	1 351
Transport equipment	1 500	-	-	(1 500)	-	-	(1 500)	-
Other machinery and equipment	1 467	-	-	(116)	-	-	(116)	1 351
Heritage assets	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-
Payments for financial assets	-	-	-	10	-	-	10	10
Total	210 123	-	-	-	-	-	-	210 123
Amount to be voted								

Vote 10

Sport and Recreation

R thousand	2016/17			
	Main appropriation	Adjusted appropriation	Decrease	Increase
Operational budget	426 479	427 536		1 057
MEC remuneration				
Total amount to be appropriated	426 479	427 536		1 057
<i>of which:</i>				
Current payments	314 373	319 839		5 466
Transfers and subsidies	58 997	65 729		6 732
Payments for capital assets	53 109	41 968	(11 141)	
Payments for financial assets	-	-		
Responsible MEC	MEC for Arts, Culture, Sport and Recreation ¹			
Administering department	Sport and Recreation			
Accounting Officer	Head: Sport and Recreation			

1. Vision and mission

Vision

The department's mission is: *An active and winning province through sport and recreation.*

Mission

The department's mission is: *To transform the sport and recreation environment through integrated, sustainable mass participation, development and high performance programmes at all levels by ensuring equitable access and alignment to government outcomes so as to improve the quality of life of all the citizens of KwaZulu-Natal.*

2. Strategic goals

The strategic goals of the department are to promote and contribute to:

- The health and well-being of the citizens of KZN.
- Improved performance through talent optimisation, development and high performance programmes.
- Good governance and accountability in sport and recreation.
- Transformation of the sport and recreation sector through the creation of equal access and opportunities for all.
- Maximising access to sport, recreation and physical education in every school in KZN.
- Social cohesion and national identity through participation in sport and recreation.

3. Summary of adjusted estimates for the 2016/17 financial year

The 2016/17 main appropriation of the department was R426.479 million in 2016/17. During the year, the department's allocation was increased by R1.057 million to R427.536 million. The main adjustments that led to this overall increase in the budget are summarised below, and details are given in Section 4:

¹ The salary of the MEC for Sport and Recreation is budgeted for under Vote 15: Arts and Culture.

- *Virement between programmes:* The department undertook no virements across programmes.

The department undertook virements across sub-programmes and economic categories within programmes with no virements being undertaken between programmes. These virements are permissible in terms of the PFMA and Treasury Regulations, although Legislature approval is required for the reduction in transfers, as detailed later.

- *Shifts:* The department undertook the following shifts across economic classifications:
 - R4.672 million was shifted from *Goods and services*. The department budgeted for some departmental events, such as the U19 International Football Tournament which was held from 28 July to 5 August 2016, and was hosted by non-profit organisations and entities on behalf of the department against, *Goods and services*. The recent audit outcome indicated that the department should budget for events against the appropriate organisation planning the event, hence the movement of funds to *Transfers and subsidies to: Public corporations and private enterprises* (R3.132 million) for transfer to the Hoy Park Management for the U19 International Football Tournament and to *Transfers and subsidies to: Non-profit institutions* (R1.540 million) to introduce a transfer to the Provincial Sport Confederation. The purpose of the funds remains unchanged.
 - R11.141 million was shifted from *Buildings and other fixed structures* to *Transfers and subsidies to: Provinces and municipalities* for the construction of sport facilities by municipalities, such as Cwaka sport complex (Nquthu Municipality), and Nxamalala sport field (iMpendle Municipality). The department decided that it is better in some instances for municipalities to implement the construction of sport facilities themselves as opposed to the department, as the municipalities have the necessary expertise to deal with the local conditions. In addition, the municipalities add their own funds to the construction programme, while they are reluctant to do so if the department is implementing the construction project themselves and this then contributes to the municipalities not maintaining the sport facilities once completed. The purpose of the funds remains unchanged. Legislature approval is not required for the reduction in capital since this is a shifting of funds.
- *Other adjustments:* The following adjustments were undertaken by the department which resulted in a net increase of R1.057 million in the main appropriation of Programme 2:
 - R410 000 was allocated against *Transfers and subsidies to: Households* relating to funds received as sponsorships from various organisations toward the department's annual KZN Sport Awards. These funds were received in the Provincial Revenue Fund (PRF) in 2015/16 and were allocated back to the department for spending on the KZN Sport Awards in 2016/17. The department allocated these funds towards cash rewards given to the sport stars.
 - R3.342 million was allocated to *Compensation of employees* for the above-budget 2016 wage adjustment to fund the shortfall between the 7.2 per cent provided for in the budget as opposed to the actual increase of 7.6 per cent. These funds were provided from provincial cash resources as National Treasury indicated that they would not fund any part of the shortfall. This amount fully compensates the department for this shortfall.
 - R10 million in respect of the construction of the sport development centre in Durban was suspended from 2016/17 against *Transfers and subsidies to: Provinces and municipalities* and will be allocated back to the department in the 2017/18 MTEF budget process. The eThekweni Metro experienced challenges with regard to the eviction of the current tenants of the site at the Durban Kings Park Precinct. Court proceedings are still underway with regard to the matter, hence the R10 million will not be utilised in 2016/17.
 - R7.305 million was allocated to the Mass Participation and Sport Development (MPSD) grant under Programme 2 against *Compensation of employees* (R461 000), *Goods and services* (R6.408 million), and *Transfers and subsidies to: Non-profit institutions* (R436 000). Due to an oversight by the National Department of Sport and Recreation (NDSR), the grant allocations published in the 2016 DORA were incorrect and are now rectified to tie up with the numbers agreed to at a HEADCOM meeting held in 2015.

Tables 10.1 and 10.2 reflect a summary of the 2016/17 adjusted appropriation of the department, summarised according to programme and economic classification. Further details of adjustments at economic classification level are provided in *Annexure – Vote 10. A: Sport and Recreation*.

Table 10.1 : Summary by programmes

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Administration	83 462	-	-	-	-	-	-	83 462
2. Sport and Recreation	343 017	-	-	-	-	1 057	1 057	344 074
Total	426 479	-	-	-	-	1 057	1 057	427 536
Amount to be voted								1 057

Table 10.2 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	314 373	-	-	(73)	(4 672)	10 211	5 466	319 839
Compensation of employees	114 192	-	-	(8 271)	-	3 803	(4 468)	109 724
Goods and services	200 181	-	-	8 198	(4 672)	6 408	9 934	210 115
Interest and rent on land	-	-	-	-	-	-	-	-
Transfers and subsidies to:	58 997	-	-	73	15 813	(9 154)	6 732	65 729
Provinces and municipalities	12 023	-	-	-	11 141	(10 000)	1 141	13 164
Departmental agencies and accounts	296	-	-	(1)	-	-	(1)	295
Higher education institutions	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	3 132	-	3 132	3 132
Non-profit institutions	46 078	-	-	(607)	1 540	436	1 369	47 447
Households	600	-	-	681	-	410	1 091	1 691
Payments for capital assets	53 109	-	-	-	(11 141)	-	(11 141)	41 968
Buildings and other fixed structures	47 609	-	-	355	(11 141)	-	(10 786)	36 823
Machinery and equipment	5 150	-	-	(355)	-	-	(355)	4 795
Heritage assets	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-
Software and other intangible assets	350	-	-	-	-	-	-	350
Payments for financial assets	-	-	-	-	-	-	-	-
Total	426 479	-	-	-	-	1 057	1 057	427 536
Amount to be voted								1 057

4. Changes to programme purposes and service delivery measures

The department made no changes to the purpose of its programmes, which conform to the programme and budget structure of the Sport and Recreation sector. However, there were discrepancies between the department's 2016/17 APP and the tabled *EPRE*. When the *EPRE* was finalised, the department was still in the process of finalising the APP, therefore some are different from those included in the *EPRE*. This is now corrected.

4.1 Programme 1: Administration

The purpose of this programme is to provide overall management of the department. The programme's aim includes management of the department through the office of the Head of Department and the provision of financial management, human resource services, administration services, and security and communication services through Corporate Services.

Tables 10.3 and 10.4 reflect a summary of the 2016/17 adjusted appropriation of Programme 1, summarised according to sub-programme and economic classification. Details of the main adjustments, which resulted in no change to the main appropriation, are provided in the paragraph after the tables.

Table 10.3 : Programme 1: Administration

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Corporate Services	83 462	-	-	-	-	-	-	83 462
Total	83 462	-	-	-	-	-	-	83 462
Amount to be voted								-

Table 10.4 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments	
Current payments	77 643	-	-	(448)	-	(448)	77 195
Compensation of employees	35 883			(2 599)		(2 599)	33 284
Goods and services	41 760			2 151		2 151	43 911
Interest and rent on land						-	-
Transfers and subsidies to:	319	-	-	448	-	448	767
Provinces and municipalities	23					-	23
Departmental agencies and accounts	296			(1)		(1)	295
Higher education institutions						-	-
Foreign governments and international organisations						-	-
Public corporations and private enterprises						-	-
Non-profit institutions						-	-
Households				449		449	449
Payments for capital assets	5 500	-	-	-	-	-	5 500
Buildings and other fixed structures				355		355	355
Machinery and equipment	5 150			(355)		(355)	4 795
Heritage assets						-	-
Specialised military assets						-	-
Biological assets						-	-
Land and subsoil assets						-	-
Software and other intangible assets	350					-	350
Payments for financial assets						-	-
Total	83 462	-	-	-	-	-	83 462
Amount to be voted							-

Virement – Programme 1: Administration

The following virements were undertaken within Programme 1, which resulted in no change to the main appropriation of Programme 1:

- R2.599 million was moved from *Compensation of employees* due to delays in filling critical budgeted vacant posts due to lengthy recruitment processes. This includes posts such as Chief Director: Corporate Governance, Director: Strategic Planning, Deputy Director: Planning and Budgeting. These funds were moved as follows:
 - R2.151 million was moved to *Goods and services* for the relocation of the department's SCM unit from Durban to the Pietermaritzburg Head Office, operating leases for district offices and administration fees for the Tourvest on-line booking system which were under-budgeted for.
 - R448 000 was moved to *Transfers and subsidies to: Households* in respect of higher than anticipated staff exit costs.
- R1 000 was moved from *Transfers and subsidies to: Departmental agencies and accounts* due to savings incurred in respect of the Tourism and Hospitality, Education and Training Authority (THETA) for the skills development levy which was lower than projected with these savings off-set by an increase in TV licences. These funds were moved to *Transfers and subsidies to: Households* in respect of higher than anticipated staff exit costs.
- R355 000 was moved to *Buildings and other fixed structures* for a variation order payment in respect of the completed construction of the Ugu district office. This payment was not anticipated and was therefore not budgeted for in the main budget. These funds were moved from *Machinery and equipment* as a result of delays in the delivery of motor vehicles ordered.

These virements are permissible in terms of the PFMA and Treasury Regulations. The decrease in *Transfers and subsidies to: Departmental agencies and accounts* requires Legislature approval.

4.2 Programme 2: Sport and Recreation

The purpose of this programme is to promote, develop, administer and fund sport in KwaZulu-Natal. It also ensures advancement of participation in sport and recreation, talent identification and the promotion of performance excellence.

Tables 10.5 and 10.6 reflect a summary of the 2016/17 adjusted appropriation of Programme 2, summarised according to sub-programme and economic classification. Details of the main adjustments, which resulted in an overall increase of R1.057 million, are provided in the paragraphs after the tables.

Table 10.5 : Programme 2: Sport and Recreation

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Management	79 062					3 865	3 865	82 927
2. Sport	173 558	-				(7 811)	(7 811)	165 747
3. Recreation	47 514					2 016	2 016	49 530
4. School Sport	42 883					2 987	2 987	45 870
Total	343 017	-	-	-	-	1 057	1 057	344 074
Amount to be voted								1 057

Table 10.6 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	236 730	-	-	375	(4 672)	10 211	5 914	242 644
Compensation of employees	78 309			(5 672)		3 803	(1 869)	76 440
Goods and services	158 421			6 047	(4 672)	6 408	7 783	166 204
Interest and rent on land							-	-
Transfers and subsidies to:	58 678	-	-	(375)	15 813	(9 154)	6 284	64 962
Provinces and municipalities	12 000				11 141	(10 000)	1 141	13 141
Departmental agencies and accounts							-	-
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises					3 132		3 132	3 132
Non-profit institutions	46 078			(607)	1 540	436	1 369	47 447
Households	600			232		410	642	1 242
Payments for capital assets	47 609	-	-	-	(11 141)	-	(11 141)	36 468
Buildings and other fixed structures	47 609				(11 141)		(11 141)	36 468
Machinery and equipment							-	-
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets							-	-
Total	343 017	-	-	-	-	1 057	1 057	344 074
Amount to be voted								1 057

Virement – Programme 2: Sport and Recreation

The following virements were undertaken within Programme 2, which resulted to no change to the main appropriation of Programme 2:

- R5.672 million was moved from *Compensation of employees* due to delays in the filling of critical budgeted vacant posts as a result of lengthy recruitment processes. These posts include the Deputy Director: District Operations Manager, Provincial Co-ordinator: School Sport Participation and Provincial Co-ordinator: Lifestyle Recreation. These funds were moved as follows:
 - R5.440 million was moved to *Goods and services* for departmental events under-budgeted for, e.g. KZN Sport Awards, Provincial Indigenous Games and Provincial Golden Games.
 - R232 000 was moved to *Transfers and subsidies to: Households* for higher than anticipated staff exit costs.
- The department undertook various adjustments against *Transfers and subsidies to: Non-profit institutions* which resulted in a net decrease of R607 000. The decrease was due to non-compliance with regard to the submission of the necessary documentation by several institutions, such as close-out reports and audited AFS by organisations, such as KZN Lifesaving and TAFTA, to qualify for a transfer in 2016/17. These funds were moved to *Goods and services* for departmental events, such as the KZN Sport Awards, Provincial Indigenous Games and Provincial Golden Games, as mentioned above, which were under-budgeted for.

The above virements are permissible in terms of the PFMA and Treasury Regulations, however, the decrease in *Transfers and subsidies to: Non-profit institutions* requires Legislature approval.

Shifts – Programme 2: Sport and Recreation

The department undertook the following shifts within Programme 2:

- R4.672 million was shifted from *Goods and services*. The department budgeted for some departmental events, such as the U19 International Football Tournament which was held from 28 July to 5 August 2016, and was hosted by non-profit organisations and entities on behalf of the department against, *Goods and services*. The recent audit outcome indicated that the department should budget for events against the appropriate organisation planning the event, hence the movement of funds to *Transfers and subsidies to: Public corporations and private enterprises* (R3.132 million) for transfers to the Hoy Park Management in respect of the U19 International Football Association (a portion of the funds were from the MPSD grant and some from the equitable share) and the increase against *Transfers and subsidies to: Non-profit institutions* (R1.540 million) relates to the introduction of transfers to the Provincial Sports Confederation. The purpose of the funds remains unchanged.
- R11.141 million was shifted from *Buildings and other fixed structures* to *Transfers and subsidies to: Provinces and municipalities* for the construction of sport facilities by municipalities, such as Cwaka sport complex (Nquthu Municipality), and Nxamalala sport field (iMpendle Municipality). The department decided that it is better in some instances for municipalities to implement the construction of sport facilities themselves as opposed to the department, as the municipalities have the necessary expertise to deal with the local conditions. In addition, the municipalities add their own funds to the construction programme, while they are reluctant to do so if the department is implementing the construction project themselves and this then contributes to the municipalities not maintaining the sport facilities once completed. The purpose of the funds remains unchanged.

Other adjustments – Programme 2: Sport and Recreation: R1.057 million

The following adjustments were made in Programme 2, resulting in a net increase of R1.057 million:

- R410 000 was allocated against the Sport sub-programme under *Transfers and subsidies to: Households* relating to funds received as sponsorships from various organisations toward the department's annual KZN Sport Awards. These funds were received in the PRF in 2015/16 and were allocated back to the department for spending on the KZN Sport Awards in 2016/17. The department allocated these funds towards rewards given to the sport stars.
- R3.342 million was allocated to the Management sub-programme under *Compensation of employees* for the above-budget 2016 wage adjustment.
- R10 million in respect of the construction of the sport development centre was suspended from 2016/17 against the Sport sub-programme under *Transfers and subsidies to: Provinces and municipalities* and will be allocated back to the department in the 2017/18 MTEF budget process. The eThekweni Metro experienced challenges with regard to the eviction of the current tenants of the site at the Durban Kings Park Precinct. Court proceedings are still underway with regard to the matter, hence the R10 million will not be utilised in 2016/17.
- R7.305 million was allocated to the MPSD grant under Programme 2. Due to an oversight by the NDOSR, the grant allocations published in the 2016 DORA were incorrect and are now rectified to tie up with the numbers agreed to at a HEADCOM meeting held in 2015, a meeting for all heads of Sport and Recreation and the NDOSR. This was allocated to the following economic categories:
 - R461 000 was allocated to the Management and School Sport sub-programmes under *Compensation of employees* in respect of the appointment of volunteers as sport co-ordinators.
 - *Goods and services* was increased by R6.408 million against all sub-programmes for the implementation of school sport programmes which involve the purchase of sport attire, kits, as well as hosting of sport tournaments, such as the Provincial Boxing Tournament.
 - R436 000 was allocated to the Sport sub-programme under *Transfers and subsidies to: Non-profit institutions* in respect of transfers to the KZN Academy of Sport.

Service delivery measures – Programme 2: Sport and Recreation

Table 10.7 shows the service delivery targets for Programme 2, as well as actual achievements for the first six months of the year. A few of the outputs have been adjusted, as reflected in the 2016/17 Revised target column, to align them to the targets included in the APP which was tabled at a later date. Also, the descriptions of some outputs and performance measures have been revised, as shown in bold italics.

Table 10.7 : Service delivery measures – Programme 2: Sport and Recreation

Outputs	Performance indicators	Performance targets		
		2016/17 Original target	2016/17 Mid-year actual	2016/17 Revised target
1. Sport				
1.1 Community Sport Promotion and Development				
1.1.1 To invest in social capital by strengthening the capacity of provincial institutions to promote the transformation and development of sport	<ul style="list-style-type: none"> No. of athletes <i>from rural/disadvantaged communities</i> supported to major events No. of <i>mass participation sport events hosted</i> <i>No. of people actively participating in sport and recreation events</i> No. of people trained <i>to deliver development/high performance/transformation initiatives through sport federations</i> 	1 300 12 9 000 2 100	518 12 8 547 1 161	600
1.1.2 To invest in talent optimisation and high/elite sport performance through elite athlete development progs with sport federations and high performance institutes	<ul style="list-style-type: none"> No. of sport federations/entities receiving financial support <i>by transfer payment</i> No. of athletes receiving medical and scientific support <i>as part of an elite athlete development prog.</i> 	24 80	12 80	21
1.2 Sport and Recreation Infrastructure Planning and Development (Facilities)				
1.2.1 <i>New/renovated/upgraded resourced</i> community/school and recreation facilities <i>to improve access</i>	<ul style="list-style-type: none"> No. of <i>basic</i> sport and recreation facilities constructed No. of kick-about <i>sport fields</i> constructed <i>in rural/disadvantaged communities</i> No. of combination (<i>multi-purpose</i>) courts constructed in schools/communities No. of <i>health and fitness parks installed and established (outdoor gyms)</i> 	2 11 11 11	- 8 3 -	
1.3 Club Development				
1.3.1 To <i>invest</i> in social capital by transforming the sport and recreation landscape through implementation of <i>the</i> club development prog	<ul style="list-style-type: none"> No. of clubs provided with equipment/attire No. of local leagues supported to foster club development (<i>federations</i>) No. of people trained as part of the club development prog. 	369 36 260	173 88 174	252 184
1.3.2 To <i>promote</i> long-term participant development (<i>LTPD</i>) through <i>implementation</i> of the academy system	<ul style="list-style-type: none"> No. sport academies supported No. of athletes supported through sport academies 	8 400	4 245	
1.4 Strategic Projects				
1.4.1 <i>Strategic development of identified sport codes, transformation and social cohesion</i>	<ul style="list-style-type: none"> No. of equity progs supported and implemented at district level No. of clubs/organisations benefitting from community outreach progs. 	11 425	11 216	
2. Recreation				
2.1 Organised Recreation				
2.1.1 To enhance the health of communities and citizens through promotion of active and healthy lifestyles	<ul style="list-style-type: none"> No. of recreation entities/agencies <i>receiving financial support</i> No. of sustainable recreation progs/events organised and implemented <i>at ward level</i> No. of people <i>actively participating in organised events</i> No. of people trained as recreation leaders 	5 62 50 000 850	1 31 15 287 848	
2.2 Community Recreation (Siyadlala)				
2.2.1 To enhance the health of communities through promotion of active and healthy lifestyles	<ul style="list-style-type: none"> No. of clubs/hubs provided with equipment/attire No. of youth attending youth camps No. of sport and recreation <i>events</i> organised and implemented No. of people actively participating in <i>sport and recreation</i> events No. of people trained <i>as part of community sport</i> 	120 250 220 75 000 285	35 134 74 27 514 -	239
3. School Sport				
3.1.1 To improve primary and secondary education through implementation of integrated school sport prog.	<ul style="list-style-type: none"> No. of schools provided with equipment/attire No. of learners participating in the school sport tournaments at district level 	525 3 000	375 3 487	400
3.1.2 To eradicate poverty through job creation/skill development	<ul style="list-style-type: none"> No. of educators trained to deliver the school sport prog. 	400	45	300

5. Specifically and exclusively appropriated allocations

Table 10.8 shows the amounts that are specifically and exclusively appropriated for specific purposes in terms of the KZN Adjustments Appropriation Act. Note that the conditional grants (which are also specifically and exclusively appropriated funds) are not included here, as they are discussed in Sections 8 and 10 below.

Details of the main adjustment, which resulted in an overall decrease of R10 million in respect of the department's specifically and exclusively appropriated funding, is provided in the paragraph following the tables.

Table 10.8 : Summary of specifically and exclusively appropriated funding

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Prog 2: Sport development centre	10 000					(10 000)	(10 000)	-
Total	10 000	-	-	-	-	(10 000)	(10 000)	-
Amount to be voted								(10 000)

- *Other adjustments:* The specifically and exclusively appropriated allocation was decreased by R10 million in respect of the construction of the sport development centre. These funds were suspended from Programme 2 against *Transfers and subsidies to: Provinces and municipalities* and will be allocated back to the department in the 2017/18 MTEF budget process. The eThekwin Metro experienced challenges with regard to the eviction of the current tenants of the site at the Durban Kings Park Precinct. Court proceedings are still underway with regard to the matter, hence the R10 million will not be utilised in 2016/17.

6. Gifts, donations and sponsorships

The department made cash rewards to sport stars at the KZN Sport Awards in 2016/17 amounting to R410 000 in total. While the reward amounted to R410 000, the individual cash awards were less than R100 000 and these therefore do not require Legislature approval.

7. Infrastructure

Table 10.9 shows the summary of infrastructure payments per main category. Details of the main adjustments, which resulted in an overall decrease of R9.645 million, are provided in the paragraphs following the tables.

Table 10.9 : Summary of infrastructure payments by category

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Existing infrastructure assets	-	-	-	-	-	-	-	-
Maintenance and repair: Current							-	-
Upgrades and additions: Capital							-	-
Refurbishment and rehabilitation: Capital							-	-
New infrastructure assets: Capital	47 609			355	(11 141)		(10 786)	36 823
Infrastructure transfers	12 000	-	-	-	11 141	(10 000)	1 141	13 141
Infrastructure transfers: Capital	10 000				11 141	(10 000)	1 141	11 141
Infrastructure transfers: Current	2 000						-	2 000
Infrastructure: Payments for fin assets							-	-
Infrastructure: Leases							-	-
Capital infrastructure	57 609	-	-	355	-	(10 000)	(9 645)	47 964
Current infrastructure	2 000	-	-	-	-	-	-	2 000
Total	59 609	-	-	355	-	(10 000)	(9 645)	49 964

- *Virements:* R355 000 was moved to *New infrastructure assets: Capital* for a variation order payment in respect of the completed construction of the Ugu district office. This payment was not anticipated and was therefore not budgeted for in the main budget. These funds were moved from *Machinery and equipment* as a result of delays in the delivery of motor vehicles ordered.

- *Shifts:* The department shifted an amount R11.141 million from *New infrastructure assets: Capital to Infrastructure transfers: Capital* (under *Transfers and subsidies to: Provinces and municipalities*) for the construction of sport facilities by municipalities, such as Cwaka sport complex (Nquthu Municipality), and Nxamalala sport field (iMpendle Municipality). The department decided that it is better in some instances for municipalities to implement the construction of sport facilities themselves as opposed to the department, as the municipalities have the necessary expertise to deal with the local conditions. In addition, the municipalities add their own funds to the construction programme, while they are reluctant to do so if the department is implementing the construction project themselves and this then contributes to the municipalities not maintaining the sport facilities once completed. The purpose of the funds remains unchanged
- *Other adjustments:* R10 million in respect of the construction of the sport development centre was suspended from the 2016/17 budget against *Infrastructure transfers: Capital* (under *Transfers and subsidies to: Provinces and municipalities*) and this will be allocated back to the department in the 2017/18 MTEF budget process. The eThekweni Metro experienced challenges with regard to the eviction of the current tenants of the site at the Durban Kings Park Precinct. Court proceedings are still underway with regard to the matter, hence the R10 million will not be utilised in 2016/17.

8. Conditional grants

Tables 10.10 and 10.11 provide a summary of changes to conditional grants. Details of the main adjustments, which resulted in an overall increase of R7.305 million in the conditional grant allocation, are given in the paragraphs following the tables.

Table 10.10 : Summary of changes to conditional grants

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
2. Sport and Recreation	99 019	-	-	-	-	7 305	7 305	106 324
Mass Participation and Sport Development grant	90 785					7 305	7 305	98 090
EPWP Integrated Grant for Provinces	2 000					-	-	2 000
Social Sector EPWP Incentive Grant for Provinces	6 234					-	-	6 234
Total	99 019	-	-	-	-	7 305	7 305	106 324
Amount to be voted								7 305

Table 10.11 : Summary of conditional grants by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	92 072	-	-	-	(2 700)	6 869	4 169	96 241
Compensation of employees	14 898					461	461	15 359
Goods and services	77 174				(2 700)	6 408	3 708	80 882
Interest and rent on land							-	-
Transfers and subsidies to:	6 947	-	-	-	2 700	436	3 136	10 083
Provinces and municipalities	2 000						-	2 000
Departmental agencies and accounts							-	-
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises					1 160		1 160	1 160
Non-profit institutions	4 947				1 540	436	1 976	6 923
Households							-	-
Payments for capital assets	-	-	-	-	-	-	-	-
Buildings and other fixed structures							-	-
Machinery and equipment							-	-
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets	-	-	-	-	-	-	-	-
Total	99 019	-	-	-	-	7 305	7 305	106 324
Amount to be voted								7 305

- *Shifts*: R2.700 million was shifted from *Goods and services*. The department budgeted for some departmental events, such as the U19 International Football Tournament which was held from 28 July to 5 August 2016, and was hosted by non-profit organisations and entities on behalf of the department against *Goods and services*. The recent audit outcome indicated that the department should budget for events against the appropriate organisation planning the event, hence the movement of funds to *Transfers and subsidies to: Public corporations and private enterprises* (R1.160 million) for transfer to the Hoy Park Management for the U19 International Football Tournament and to *Transfers and subsidies to: Non-profit institutions* (R1.540 million) to introduce a transfer to the Provincial Sport Confederation. The purpose of the funds remains unchanged.
- *Other adjustments*: R7.305 million was allocated to the MPSD grant under Programme 2. Due to an oversight by the NDOSR, the grant allocations published in the 2016 DORA were incorrect and are being rectified to tie up with the numbers agreed to at a HEADCOM meeting held in 2015. These funds were allocated to the following economic categories:
 - o R461 000 was allocated to *Compensation of employees* in respect of the appointment of volunteers as sport co-ordinators.
 - o *Goods and services* was increased by R6.408 million for the implementation of school sport programmes which involve the purchase of sport attire, as well as hosting of sport tournaments, such as the Provincial Boxing Tournament.
 - o R436 000 was allocated to *Transfers and subsidies to: Non-profit institutions* in respect of transfers to the KZN Academy of Sport.

9. Transfers and subsidies

Table 10.12 shows the summary of transfers and subsidies by programme and main category.

Details of the main adjustments, which resulted in an overall increase of R6.732 million in the transfers and subsidies allocation, are provided in the paragraphs before and after the table.

- *Virement*: The following virements were undertaken which resulted in a net increase of R73 000:
 - o The following virements were undertaken under Programme 1:
 - R1 000 was moved from *Departmental agencies and accounts* due to savings in respect of THETA for the skills development levy which was lower than projected. These payments are made in accordance with the spending against *Compensation of employees*. These funds were moved toward the payment of departmental television licences which were under-budgeted and *Transfers and subsidies to: Households* for staff exit costs.
 - R449 000 was moved to *Households* to provide for staff exit costs. These funds were moved from *Compensation of employees* (R448 000) due to delays in filling vacant posts and *Departmental agencies and accounts* (R1 000), as mentioned above.
 - o The following virements were undertaken under Programme 2:
 - R607 000 was moved from *Non-profit institutions* due to non-compliance with regard to the submission of the necessary documentation, such as close-out reports and audited AFS by several institutions, such as the KZN Golf Union and KZN Sailing. These funds were moved to *Goods and services* for departmental events, such as the KZN Sport Awards, Provincial Indigenous Games and Provincial Golden Games which were under-budgeted for. Legislature approval is required for the decrease in transfers.
 - R232 000 was moved from *Compensation of employees* due to delays in filling budgeted critical vacant posts to *Households* for staff exit costs.

Table 10.12 : Summary of transfers and subsidies by programme and main category

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Administration	319	-	-	448	-	-	448	767
Provinces and municipalities	23	-	-	-	-	-	-	23
Motor vehicle licences	23							23
Departmental agencies and accounts	296	-	-	(1)	-	-	(1)	295
Skills development levy	291			(2)			(2)	289
TV and radio licences	5			1			1	6
Households	-	-	-	449	-	-	449	449
Staff exit costs				449			449	449
2. Sport and Recreation	58 678	-	-	(375)	15 813	(9 154)	6 284	64 962
Provinces and municipalities	12 000	-	-	-	11 141	(10 000)	1 141	13 141
Sports facilities	12 000				11 141	(10 000)	1 141	13 141
Public corporations and private enterprises	-	-	-	-	3 132	-	3 132	3 132
Hoy Park Management					3 132		3 132	3 132
Non-profit institutions	46 078	-	-	(607)	1 540	436	1 369	47 447
Age in Action-KZN	175			(25)			(25)	150
AmaZulu Trust	750			4 000			4 000	4 750
Children Rights Centre	150			(150)			(150)	-
Comrades Marathon Association				200			200	200
Cycling SA	9 832						-	9 832
Dare to Dream Children's Trust	100			20			20	120
Dundee High School (District Academy)				426			426	426
Eshowe High School (District Academy)				500			500	500
Girls Only				200			200	200
Glenwood High School				500			500	500
KZN Academy of Sport	4 947			(3 836)		436	(3 400)	1 547
KZN Aquatics	3 000						-	3 000
KZN Athletics(including national youth run)	5 850			85			85	5 935
KZN Baseball	300			(300)			(300)	-
KZN Canoe Union	1 000			600			600	1 600
KZN Cricket Union	2 750			(250)			(250)	2 500
KZN DISSA	2 500			(2 500)			(2 500)	-
KZN Golf Union	400						-	400
KZN Gymnastics	600			(300)			(300)	300
KZN Hockey(Coastal and Midlands) Association	300			(100)			(100)	200
KZN Indigenous Games Association	175			(175)			(175)	-
KZN Lifesaving	390			(390)			(390)	-
KZN LoveLife							-	-
KZN Netball				1 000			1 000	1 000
KZN Olympic Style Boxing	800			200			200	1 000
KZN Rowing Association				200			200	200
KZN Rugby Union	3 100			(100)			(100)	3 000
KZN Rural Horse Riding Association	170			(170)			(170)	-
KZN Sailing	400						-	400
KZN Surf Riders Association	300			(300)			(300)	-
KZN Volleyball	500			(100)			(100)	400
LHC Foundation Trust (I-Care)	150						-	150
Natal Canoe (Sport Specific Schedule)							-	-
Natal Sharks Board				20			20	20
Netball SA	2 100			(1 000)			(1 000)	1 100
Maritzburg College (District Academy)				650			650	650
Provincial Sports Confederation					2 700		2 700	2 700
The Prime Development Trust				2 667			2 667	2 667
SAFA-KZN	2 600			(2 250)			(2 250)	350
SAFA - Umgungundlovu				200			200	200
SAFA - Amajuba				200			200	200
SAFA - Zululand				200			200	200
Sail Africa	500			(100)			-100.00	400.00
The Coast Horse Care Unit	300			350			350	650
TAFTA	80			(80)			(80)	-
Other	1 859			(699)	(1 160)		(1 859)	-
Households	600	-	-	232	-	410	642	1 242
Staff exit costs				232			232	232
Bursaries	600						-	600
Sponsorship						410	410	410
Total	58 997	-	-	73	15 813	(9 154)	6 732	65 729
Amount to be voted								6 732

- *Shifts:* The department undertook the following shifts which resulted in a net increase of R15.813 million:

- R11.141 million was shifted from *Buildings and other fixed structures* to *Provinces and municipalities* for the construction of sport facilities by municipalities, such as Cwaka Sport Complex (Nquthu Municipality), and Nxamalala sport field (iMpindle Municipality), as mentioned above. The purpose of the funds remains unchanged.
- R4.672 million was shifted from *Goods and services* to *Public corporations and private enterprises* (R3.132 million) for transfers to the Hoy Park Management in respect of the U19 International Football Association (a portion of the funds were from the MPSD grant and some from the equitable share) and the increase against *Transfers and subsidies to: Non-profit institutions* (R1.540 million) relates to the introduction of transfers to the Provincial Sports Confederation. The purpose of the funds remains unchanged.
- *Other adjustments:* The transfer and subsidy allocation was decreased by R9.154 million as follows:
 - R10 million in respect of the construction of the sport development centre in Durban was suspended from *Provinces and municipalities* and will be allocated back to the department during the 2017/18 MTEF budget process. The eThekweni Metro experienced challenges with regard to the eviction of the current tenants of the site, as mentioned above.
 - R436 000 was allocated to *Non-profit institutions* in respect of transfers to the KZN Academy of Sport, as mentioned above. These funds are part of the additional funds allocated to the department in respect of the MPSD conditional grant.
 - R410 000 was allocated to *Households* relating to funds received as sponsorships from various organisations toward the department's annual KZN Sport Awards. These funds were received in the PRF in 2015/16 and were allocated back to the department for spending on the KZN Sport Awards in 2016/17. The department allocated the funds towards rewards given to the sport stars.

10. Transfers to public entities

The department transfers no funds to public entities.

11. Transfers to local government

Tables 10.13 to 10.15 shows the details of transfers to local government.

It is noted that the amount against *Provinces and municipalities* in Table 10.2 includes provision for motor vehicle licences. This amount is excluded from the transfers to local government table, as these funds will not be transferred to any municipality.

Details of the main adjustments, which resulted in an overall increase of R1.141 million are provided in the paragraphs before the tables.

- *Shifts:* The department undertook the following shifts:
 - R11.141 million was shifted from *Buildings and other fixed structures* to *Transfers and subsidies to: Provinces and municipalities* for the construction of sport facilities by municipalities, such as Cwaka Sport Complex (Nquthu Municipality), and Nxamalala sport field (iMpindle Municipality), as mentioned above. The purpose of the funds remains unchanged.
 - R2 million was allocated against *Unallocated* in the 2016/17 EPRE due to SLAs between the department and municipalities not being finalised in respect of the maintenance of sport fields. The department has shifted these funds to various municipalities due to the finalisation of SLAs between the department and municipalities.
- *Other adjustments:* R10 million in respect of the construction of the sport development centre in Durban was suspended from the department's 2016/17 budget under *Transfers and subsidies to: Provinces and municipalities* and will be allocated back to the department during the 2017/18 MTEF budget process. The eThekweni Metro experienced challenges with regard to the eviction of the current tenants of the site, as mentioned above.

Table 10.13 : Summary of transfers to local government

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
A KZN2000 eThekweni	10 000	-	-	-	300	(10 000)	(9 700)	300
Total: Ugu Municipalities	-	-	-	-	600	-	600	600
B KZN216 Ray Nkonyeni	-	-	-	-	600	-	600	600
Total: uMgungundlovu Municipalities	-	-	-	-	1 441	-	1 441	1 441
B KZN224 iMpindle	-	-	-	-	1 441	-	1 441	1 441
Total: uMzinyathi Municipalities	-	-	-	-	2 167	-	2 167	2 167
B KZN242 Nquthu	-	-	-	-	167	-	167	167
B KZN244 uMsinga	-	-	-	-	2 000	-	2 000	2 000
Total: Zululand Municipalities	-	-	-	-	167	-	167	167
B KZN262 uPhongolo	-	-	-	-	167	-	167	167
Total: uMkhanyakude Municipalities	-	-	-	-	4 000	-	4 000	4 000
B KZN275 Mtubatuba	-	-	-	-	4 000	-	4 000	4 000
Total: King Cetshwayo Municipalities	-	-	-	-	4 300	-	4 300	4 300
B KZN281 uMfolozi	-	-	-	-	4 000	-	4 000	4 000
B KZN284 uMlalazi	-	-	-	-	300	-	300	300
Total: iLembe Municipalities	-	-	-	-	166	-	166	166
B KZN294 Maphumulo	-	-	-	-	166	-	166	166
Unallocated	2 000	-	-	-	(2 000)	-	(2 000)	-
Total	12 000	-	-	-	11 141	(10 000)	1 141	13 141
Amount to be voted								1 141

Table 10.14 : Transfers to local government - Infrastructure

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
A KZN2000 eThekweni	10 000	-	-	-	-	(10 000)	(10 000)	-
Total: Ugu Municipalities	-	-	-	-	-	-	-	-
Total: uMgungundlovu Municipalities	-	-	-	-	1 141	-	1 141	1 141
B KZN224 iMpindle	-	-	-	-	1 141	-	1 141	1 141
Total: uMzinyathi Municipalities	-	-	-	-	2 000	-	2 000	2 000
B KZN244 uMsinga	-	-	-	-	2 000	-	2 000	2 000
Total: Amajuba Municipalities	-	-	-	-	-	-	-	-
Total: uMkhanyakude Municipalities	-	-	-	-	4 000	-	4 000	4 000
B KZN275 Mtubatuba	-	-	-	-	4 000	-	4 000	4 000
Total: King Cetshwayo Municipalities	-	-	-	-	4 000	-	4 000	4 000
B KZN281 uMfolozi	-	-	-	-	4 000	-	4 000	4 000
Total	10 000	-	-	-	11 141	(10 000)	1 141	11 141
Amount to be voted								1 141

Table 10.15 : Transfers to local government - Maintenance Grants

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
A KZN2000 eThekweni	-	-	-	-	300	-	300	300
Total: Ugu Municipalities	-	-	-	-	600	-	600	600
B KZN216 Ray Nkonyeni	-	-	-	-	600	-	600	600
Total: uMgungundlovu Municipalities	-	-	-	-	300	-	300	300
B KZN224 iMpindle	-	-	-	-	300	-	300	300
Total: uMzinyathi Municipalities	-	-	-	-	167	-	167	167
B KZN242 Nquthu	-	-	-	-	167	-	167	167
Total: Zululand Municipalities	-	-	-	-	167	-	167	167
B KZN262 uPhongolo	-	-	-	-	167	-	167	167
Total: King Cetshwayo Municipalities	-	-	-	-	300	-	300	300
B KZN284 uMlalazi	-	-	-	-	300	-	300	300
Total: iLembe Municipalities	-	-	-	-	166	-	166	166
B KZN294 Maphumulo	-	-	-	-	166	-	166	166
Unallocated	2 000	-	-	-	(2 000)	-	(2 000)	-
Total	2 000	-	-	-	-	-	-	2 000
Amount to be voted								-

12. Actual payments and revised spending projections for the rest of 2016/17

Tables 10.16 and 10.17 reflect actual payments as at the end of September 2016, projected payments for the rest of the financial year and the total revised spending in rand value and as a percentage of the Adjusted Appropriation per programme and economic classification. The tables also show the 2015/16 Audited outcome.

Table 10.16 : Actual payments and revised spending projections by programme

R thousand	2015/16 Audited outcome	Adjusted appropriation	Actual payments		Projected payments		Projected actual
			April '16 - September 2016		October '16 - March 2017		
			% of budget		% of budget		
1. Administration	85 937	83 462	36 237	43.4	47 225	56.6	83 462
2. Sport and Recreation	351 559	344 074	160 777	46.7	183 297	53.3	344 074
Total	437 496	427 536	197 014	46.1	230 522	53.9	427 536

Table 10.17 : Actual payments and revised spending projections by economic classification

R thousand	2015/16 Audited outcome	Adjusted appropriation	Actual payments		Projected payments		Projected actual
			April '16 - September 2016		October '16 - March 2017		
			% of budget		% of budget		
Current payments	339 026	319 839	147 108	46.0	172 731	54.0	319 839
Compensation of employees	113 339	109 724	50 851	46.3	58 873	53.7	109 724
Goods and services	225 687	210 115	96 257	45.8	113 858	54.2	210 115
Interest and rent on land		-		-	-	-	-
Transfers and subsidies to:	71 471	65 729	40 277	61.3	25 452	38.7	65 729
Provinces and municipalities	21 677	13 164	1 703	12.9	11 461	87.1	13 164
Departmental agencies and accounts	273	296	289	97.6	7	2.4	296
Higher education institutions		-		-	-	-	-
Foreign governments and international organisations		-		-	-	-	-
Public corporations and private enterprises		3 132		-	3 132	100.0	3 132
Non-profit institutions	48 593	47 447	37 784	79.6	9 663	20.4	47 447
Households	928	1 690	501	29.6	1 189	70.4	1 690
Payments for capital assets	26 999	41 968	9 629	22.9	32 339	77.1	41 968
Buildings and other fixed structures	19 688	36 468	9 150	25.1	27 318	74.9	36 468
Machinery and equipment	7 164	5 150	433	8.4	4 717	91.6	5 150
Heritage assets		-		-	-	-	-
Specialised military assets		-		-	-	-	-
Biological assets		-		-	-	-	-
Land and subsoil assets		-		-	-	-	-
Software and other intangible assets	147	350	46	13.1	304	86.9	350
Payments for financial assets		-		-	-	-	-
Total	437 496	427 536	197 014	46.1	230 522	53.9	427 536

By mid-year, actual spending was at 46.1 per cent of the annual budget which is slightly lower than the straight-line benchmark of 50 per cent after six months. An amount of R10 million has been suspended from 2016/17 to 2017/18 in respect of the construction of the sport development centre in Durban, as mentioned above. The department is projecting to fully spend its budget at year-end as follows:

- Programme 1: Administration reflects expenditure at 43.4 per cent of the annual budget, which is below the straight-line benchmark of 50 per cent. This is mainly attributed to the lease contract for the Pietermaritzburg district office not being signed, as well as low spending against *Machinery and equipment* as a result of non-delivery of motor vehicles ordered. Despite the low spending in the first half of the year, the department is projecting to fully spend its budget allocation.
- Spending against Programme 2: Sport and Recreation was at 46.7 per cent of the annual budget. This is slightly lower than the 50 per cent straight-line benchmark. This is mainly attributed to delays in payments for travel bookings, as well as transfers to the eThekweni Metro and some municipalities not being effected as anticipated in respect of the maintenance of sport fields and the construction of the sport development centre. In addition, the department experienced challenges obtaining suitable service providers for the construction of Nxamalala sport field and KwaMashu bowling club.

With regard to economic classification:

- *Compensation of employees* reflects spending at 46.3 per cent even after the above-mentioned virement from this category to *Goods and services* and *Transfers and subsidies to: Households*. This is slightly low when compared to the 50 per cent benchmark. This is due to delays in the filling of budgeted vacant posts, as mentioned above.
- Spending against *Goods and services* reflects 45.8 per cent of the annual budget spent, which is slightly below the straight-line benchmark of 50 per cent at mid-year. This is due to delays in the delivery of sport equipment and sport kits ordered through the transversal contract, as well as the

late submission of the Tourvest on-line booking invoices. The department is projecting to fully spend its allocation against this category.

- With regard to *Transfers and subsidies*:
 - *Provinces and municipalities* reflects spending at 12.9 per cent of the annual budget. This is substantially lower than the straight-line benchmark of 50 per cent. This category includes payment for motor vehicle licences, as well as transfers to municipalities for the maintenance of sport fields. The department has moved funds from *Buildings and other fixed structures* to *Provinces and municipalities* in respect of the construction of sport fields, as mentioned above. The department is projecting to fully spend against this category.
 - *Departmental agencies and accounts* shows spending at 97.6 per cent of the annual budget. The department reprioritised funds within the category from payments for THETA to the payment for the departmental television licences and *Households* for unanticipated staff exit costs. The department is projecting to transfer the full allocation against this category.
 - *Non-profit institutions* reflects spending at 79.6 per cent of the annual budget. This is higher than the straight-line benchmark of 50 per cent as a result of the department transferring most of the funds to sport federations and organisations in the first half of the year. The department is projecting to transfer the full allocation against this category.
- With regard to *Buildings and other fixed structures*, spending was at only 25.1 per cent of the annual budget. This is substantially low when compared to the 50 per cent straight-line benchmark as a result of the challenges experienced with regard to obtaining suitable service providers for the construction of Nxamalala sport field and KwaMashu bowling club. The department shifted funds to *Provinces and municipalities* in respect of the construction of sport facilities due to the various challenges experienced by the department, as mentioned above, and the department is projecting to fully spend against this category.
- *Machinery and equipment* reflects spending at only 8.4 per cent of the annual budget. This is substantially low compared to the 50 per cent straight-line benchmark, due to non-delivery of motor vehicles ordered, as mentioned above. The department is projecting full expenditure against this category.
- *Software and other intangible assets* shows spending at 13.1 per cent of the annual budget, substantially lower than the 50 per cent straight-line benchmark due to challenges in obtaining a service provider to renew computer software. The department is projecting to fully spend against this category.

Table 10.A : Summary by economic classification : Sport and Recreation

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts	Other adjustments		
Current payments	314 373	-	-	(73)	(4 672)	10 211	5 466	319 839
Compensation of employees	114 192	-	-	(8 271)	-	3 803	(4 468)	109 724
Salaries and wages	91 353	-	-	(6 617)	-	3 042	(3 575)	87 778
Social contributions	22 839	-	-	(1 654)	-	761	(893)	21 946
Goods and services	200 181	-	-	8 198	(4 672)	6 408	9 934	210 115
Administrative fees	3	-	-	50	-	1 700	1 750	1 753
Advertising	3 397	-	-	749	-	75	824	4 221
Assets less than capitalisation threshold	730	-	-	-	-	-	-	730
Audit cost: External	2 800	-	-	-	-	-	-	2 800
Bursaries: Employees	150	-	-	-	-	-	-	150
Catering: Departmental activities	20 451	-	-	-	-	-	-	20 451
Communication (G&S)	4 857	-	-	-	-	-	-	4 857
Computer services	7 197	-	-	(200)	-	-	(200)	6 997
Cons & prof serv: Business and advisory services	8 008	-	-	-	-	-	-	8 008
Cons & prof serv: Infras and planning	-	-	-	-	-	-	-	-
Cons & prof serv: Laboratory services	-	-	-	-	-	-	-	-
Cons & prof serv: Scientific and tech services	-	-	-	-	-	-	-	-
Cons & prof serv: Legal costs	-	-	-	-	-	-	-	-
Contractors	5 597	-	-	-	-	-	-	5 597
Agency and support / outsourced services	58	-	-	2 000	-	-	2 000	2 058
Entertainment	-	-	-	-	-	-	-	-
Fleet services (incl. govt motor transport)	2 400	-	-	-	-	-	-	2 400
Housing	-	-	-	-	-	-	-	-
Inventory: Clothing material and accessories	-	-	-	-	-	-	-	-
Inventory: Farming supplies	-	-	-	-	-	-	-	-
Inventory: Food and food supplies	-	-	-	-	-	-	-	-
Inventory: Fuel, oil and gas	-	-	-	-	-	-	-	-
Inventory: Learner and teacher support material	-	-	-	-	-	-	-	-
Inventory: Materials and supplies	39 899	-	-	-	(2 700)	-	(2 700)	37 199
Inventory: Medical supplies	-	-	-	-	-	-	-	-
Inventory: Medicine	-	-	-	-	-	-	-	-
Medsas inventory interface	-	-	-	-	-	-	-	-
Inventory: Other supplies	-	-	-	-	-	-	-	-
Consumable supplies	82	-	-	-	-	-	-	82
Consumable: Stationery, printing and office supplies	3 609	-	-	-	-	-	-	3 609
Operating leases	6 902	-	-	332	-	-	332	7 234
Property payments	5 271	-	-	-	-	-	-	5 271
Transport provided: Departmental activity	22 424	-	-	-	(1 972)	-	(1 972)	20 452
Travel and subsistence	10 699	-	-	-	-	-	-	10 699
Training and development	8 151	-	-	-	-	-	-	8 151
Operating payments	3 804	-	-	720	-	-	720	4 524
Venues and facilities	43 692	-	-	4 547	-	4 633	9 180	52 872
Rental and hiring	-	-	-	-	-	-	-	-
Interest and rent on land	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Rent on land	-	-	-	-	-	-	-	-
Transfers and subsidies to	58 997	-	-	73	15 813	(9 154)	6 732	65 729
Provinces and municipalities	12 023	-	-	-	11 141	(10 000)	1 141	13 164
Provinces	23	-	-	-	-	-	-	23
Provincial Revenue Funds	-	-	-	-	-	-	-	-
Provincial agencies and funds	23	-	-	-	-	-	-	23
Municipalities	12 000	-	-	-	11 141	(10 000)	1 141	13 141
Municipalities	12 000	-	-	-	11 141	(10 000)	1 141	13 141
Municipal agencies and funds	-	-	-	-	-	-	-	-
Departmental agencies and accounts	296	-	-	(1)	-	-	(1)	295
Social security funds	-	-	-	-	-	-	-	-
Entities receiving funds	296	-	-	(1)	-	-	(1)	295
Higher education institutions	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	3 132	-	3 132	3 132
Public corporations	-	-	-	-	-	-	-	-
Subsidies on production	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-
Private enterprises	-	-	-	-	3 132	-	3 132	3 132
Subsidies on production	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	3 132	-	3 132	3 132
Non-profit institutions	46 078	-	-	(607)	1 540	436	1 369	47 447
Households	600	-	-	681	-	410	1 091	1 691
Social benefits	-	-	-	681	-	-	681	681
Other transfers to households	600	-	-	-	-	410	410	1 010
Payments for capital assets	53 109	-	-	-	(11 141)	-	(11 141)	41 968
Buildings and other fixed structures	47 609	-	-	355	(11 141)	-	(10 786)	36 823
Buildings	-	-	-	-	-	-	-	-
Other fixed structures	47 609	-	-	355	(11 141)	-	(10 786)	36 823
Machinery and equipment	5 150	-	-	(355)	-	-	(355)	4 795
Transport equipment	2 300	-	-	(355)	-	-	(355)	1 945
Other machinery and equipment	2 850	-	-	-	-	-	-	2 850
Heritage assets	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-
Software and other intangible assets	350	-	-	-	-	-	-	350
Payments for financial assets	-	-	-	-	-	-	-	-
Total	426 479	-	-	-	-	1 057	1 057	427 536
Amount to be voted								1 057

Vote 11

Co-operative Governance and Traditional Affairs

R thousand	2016/17			
	Main appropriation	Adjusted appropriation	Decrease	Increase
Operational budget	1 544 101	1 614 166		70 065
MEC remuneration ¹	1 822	1 902		80
Total amount to be appropriated	1 545 923	1 616 068		70 145
<i>of which:</i>				
Current payments	1 403 000	1 431 296		28 296
Transfers and subsidies	47 497	111 150		63 653
Payments for capital assets	95 426	73 622	(21 804)	
Payments for financial assets	-	-		
Responsible MEC	MEC for Co-operative Governance and Traditional Affairs			
Administering department	Co-operative Governance and Traditional Affairs			
Accounting Officer	Head: Co-operative Governance and Traditional Affairs			

1. Vision and mission

Vision

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

Mission

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

2. Strategic objectives

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

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

¹ At the time of going to print with the 2016/17 EPRE, the proclamation determining the 2015 salary adjustment relating to office bearers had not been signed, hence this amount remained unchanged from the 2015/16 EPRE. Similarly, at the time of going to print with this document, the proclamation determining the 2016 salary adjustment relating to office bearers has not been signed. As such, the above-mentioned adjustment now aligns the MEC's salary to the 2015 salary level.

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

3. Summary of adjusted estimates for the 2016/17 financial year

The main appropriation of COGTA was R1.546 billion in 2016/17. During the year, the department's budget increased by R70.145 million to R1.616 billion, which is the amount that is to be appropriated in the 2016/17 Adjustments Estimate. The main reasons for this increase, as well as other adjustments, are summarised below, and explained in detail in Section 4.

- *Roll-overs:* R27.637 million was rolled over from 2015/16 to 2016/17, as explained below:
 - R17.189 million was in respect of the 2016 local government elections. The allocation of R25 million was not fully spent because the election date was announced far later than anticipated. The roll-over is allocated, as follows:
 - R14.689 million was allocated to Programme 2: Local Governance as follows:
 - R9.189 million was allocated to *Goods and services* for the printing of the election toolkits, the rental of the International Conference Centre (ICC) in Durban relating to the counting and processing of the election results, the municipal by-elections, and the implementation of a communication strategy for the ward committees.
 - R5.500 million was allocated to *Transfers and subsidies to: Provinces and municipalities* for the consolidation and migration of record management systems, where municipalities have been merged (R1 million), work study exercises undertaken in respect of the post establishment at the newly merged municipalities (R3.500 million) and the promulgation of municipal by-laws (R1 million).
 - R2.500 million was allocated to Programme 3: Development and Planning, against *Goods and services* for the purchase of 400 Jojo water tanks for voting stations.
 - R5.448 million was in respect of the completion of the Provincial Disaster Management Centre (PDMC) at Mkhondeni for the fittings and fixtures of the boardrooms and the conference centre. This amount was committed in 2015/16 and the invoices were paid in 2016/17. This was allocated to Programme 3, against *Buildings and other fixed structures*.
 - R5 million was in respect of the Mandela Day Marathon event, being the department's contribution toward the event for technical and logistical preparations. This was allocated to Programme 3, against *Transfers and subsidies to: Provinces and municipalities* to be transferred to the uMgungundlovu District Municipality.
- *Virement between programmes:* The following virements were undertaken across programmes:
 - Programme 3 was decreased by R59.137 million as follows:
 - R14.739 million was identified as savings from *Compensation of employees* due to slower than anticipated filling of vacant Disaster Management posts attributed to lengthy recruitment processes, the moratorium on the filling of non-critical vacant posts, as well as resignations.

- R7.541 million was realised as savings from *Goods and services* due to reprioritisation resulting from slow progress with various projects including the spatial development framework support, schemes support programme (housing schemes in support of home-ownership), spatial planning initiatives, Local Economic Development (LED) capacity building, Corridor Development plan, among others. As a result of the need to remunerate 3 100 *Izinduna* in the province in line with the proclamation signed by the President in 2014, the department had to reprioritise funds from these projects. This was due to a Cabinet resolution on 2 November 2016 to remunerate *Izinduna* from December 2016. It was agreed that approximately 50 per cent of the funding (R38.955 million) would be allocated to the department from provincial cash resources, and the balance of R35.735 million would be sourced from within the department's baseline, hence the reprioritisation undertaken.
- R33.649 million was identified as savings against *Buildings and other fixed structures* due to the appointment of contractors being delayed as a result of the high number of bids received (in excess of 330) for the construction and rehabilitation of various Community Service Centres (CSCs). This resulted in the evaluation taking longer than anticipated as this is a comprehensive exercise to ensure compliance and vetting processes as per infrastructure procurement prescripts. Also, the savings resulted from challenges with the finalisation of the site for the Mvozane CSC project at Maphumulo Local Municipality. Again, this reprioritisation was influenced by the need to remunerate *Izinduna*, due to the above-mentioned Cabinet resolution to remunerate *Izinduna* in the province from December 2016.
- R3.208 million was identified as savings from *Machinery and equipment* due to savings associated with the non-filling of vacant posts in respect of non-procurement of related furniture and equipment.

The total savings of R59.137 million was moved as follows:

- o R22.818 million was moved to Programme 1: Administration, against *Goods and services* in respect of the improvement of the department's ICT systems (such as Microsoft licences, Enterprise Content Management and SITA costs) in line with A-G recommendations, communications (telephone accounts, 3Gs etc.), legal costs such as disputes regarding the rightful occupant of the *Inkosi* title and traditional leadership, as well as operating costs (IT infrastructure, renovations to office buildings, installation of fire alarm systems, maintenance and security costs, among others), that were under-budgeted for.
- o R585 000 was moved to Programme 2: Local Governance, against *Transfers and subsidies to: Households* in respect of staff exit costs.
- o R35.734 million was moved to Programme 4: Traditional Institutional Management, against *Goods and services* for the remuneration of *Izinduna* in the province. As explained, this resulted from a Cabinet resolution to remunerate *Izinduna*, where approximately 50 per cent was to be sourced from provincial cash resources, and the balance was to be sourced from within the department's baseline, hence the reprioritisation undertaken.

In addition to these virements between programmes, the department also undertook virements across sub-programmes and economic categories within programmes. Details of these virements are provided per programme in Section 4. All of these virements are permissible in terms of the PFMA and Treasury Regulations, though the virements undertaken from Programme 3 and to Programme 4 require Legislature approval, as these exceed the 8 per cent threshold in terms of the PFMA. Also, in instances where *Transfers and subsidies* were increased, the required Treasury approval was obtained and, where *Payments for capital assets* were decreased, Legislature approval is required. In addition, the donation to the South African Council of Planners (SACPLAN) toward financing the 2016 International Society of City and Regional Planners (ISOCARP) conference exceeds the R100 000 threshold in terms of the Treasury Regulations, and thus requires Legislature approval, though it is supported in principle by Provincial Treasury. Also, the increase in transfers and subsidies was approved by Provincial Treasury.

- *Shifts*: The following shifts of funds across programmes and economic categories were undertaken, where the original purpose of the funds remains unchanged:
 - R2 million was shifted from Programme 4 to Programme 3 in respect of the construction of *Imizi Yesizwe* (projects where houses are built for *Amakhosi*). This reprioritisation was to ensure the alignment of functions. Programme 3 now caters for all construction and rehabilitation projects in respect of CSCs and houses for *Amakhosi*.
 - R45.360 million was shifted from *Goods and services* as follows:
 - A net amount of R8.793 million was moved to *Transfers and subsidies to: Provinces and municipalities* in respect of Small Town Rehabilitation projects including taxi rank upgrades, pothole repairs, market stalls and small traders' facilities at taxi ranks, etc.
 - R14.550 million was moved to *Transfers and subsidies to: Departmental agencies and accounts* to be transferred to the public entity, Agri-business Development Agency (ADA) due to their expertise in agriculture for the implementation of the Okhahlamba community vineyard (R5.200 million), the Empangisweni community citrus fruit and vegetable production (R4.500 million), and the Chiliza piggery (R4.850 million) projects.
 - R5.526 million was moved to *Transfers and subsidies to: Public corporations and private enterprises* to be transferred to the municipal entity, uMhlosinga Development Agency in the uMkhanyakude District Municipality for the upgrade of the Mkuze Airport. This includes the refurbishment and upgrade of the existing terminal building, provision of office accommodation and fire, disaster management and navigation system requirements (such as fire truck for potential airlines health and safety compliance).
 - R16.491 million was moved to *Machinery and equipment* for the purchase of water tankers as part of the drought relief interventions in uMgungundlovu, uThukela, uMzinyathi, Zululand, King Cetshwayo and Harry Gwala district municipalities.
- *Other adjustments*: Adjustments amounting to R70.145 million were made as follows:
 - R2.053 million was allocated to Programme 2, against *Compensation of employees* in respect of the above-budget 2016 wage adjustment determined at 7.6 per cent as opposed to the 7.2 per cent provided for in the budget, leaving a shortfall of 0.4 per cent. These funds were provided from the provincial fiscus, and were allocated in 2016/17 (without carry-through) in accordance with the information provided by the department in costing the gap. This additional funding fully compensates the department for the above-budget 2016 wage adjustment pressures in 2016/17. The full funding was allocated to Programme 2, as funds were reprioritised from this programme during the 2016/17 budget process.
 - R1.500 million was allocated to Programme 3, against *Transfers and subsidies to: Provinces and municipalities* to be transferred to the uMgungundlovu District Municipality for the Mandela Day Marathon event. The MEC for Finance undertook at a sub-committee on Major Events held on 10 August 2016 to suspend R1.500 million from Vote 6: Provincial Treasury to Vote 11: COGTA to assist with funding this event.
 - R38.955 million was allocated to Programme 4, against *Goods and services* for the remuneration of *Izinduna*. As explained, Cabinet took a resolution to remunerate *Izinduna*, and that 50 per cent of the funding would be allocated to the department from provincial cash resources. As such, these additional funds are now allocated to the department in this regard.

It should be noted that a similar position will be taken over the 2017/18 MTEF, with 50 per cent of the annual cost of remunerating *Izinduna* being taken proportionately from all departments for allocation to COGTA, and the balance to be sourced from within the department's baseline.

Tables 11.1 and 11.2 reflect a summary of the 2016/17 adjusted appropriation of the department, summarised according to programme and economic classification. Details of the economic classification are given in *Annexure – Vote 11: COGTA*.

Table 11.1 : Summary by programmes

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Administration	367 321	-	-	22 818	-	-	22 818	390 139
2. Local Governance	249 953	14 689	-	585	-	2 053	17 327	267 280
3. Development and Planning	643 650	12 948	-	(59 137)	2 000	1 500	(42 689)	600 961
4. Traditional Institutional Management	284 999	-	-	35 734	(2 000)	38 955	72 689	357 688
Total	1 545 923	27 637	-	-	-	42 508	70 145	1 616 068
Amount to be voted								70 145

Table 11.2 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	1 403 000	11 689	-	20 959	(45 360)	41 008	28 296	1 431 296
Compensation of employees	674 446	-	-	(30 834)	-	2 053	(28 781)	645 665
Goods and services	728 554	11 689	-	51 793	(45 360)	38 955	57 077	785 631
Interest and rent on land	-	-	-	-	-	-	-	-
Transfers and subsidies to:	47 497	10 500	-	22 784	28 869	1 500	63 653	111 150
Provinces and municipalities	33 021	10 500	-	17 625	8 793	1 500	38 418	71 439
Departmental agencies and accounts	-	-	-	-	14 550	-	14 550	14 550
Higher education institutions	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	2 000	5 526	-	7 526	7 526
Non-profit institutions	-	-	-	-	-	-	-	-
Households	14 476	-	-	3 159	-	-	3 159	17 635
Payments for capital assets	95 426	5 448	-	(43 743)	16 491	-	(21 804)	73 622
Buildings and other fixed structures	76 596	5 448	-	(39 649)	-	-	(34 201)	42 395
Machinery and equipment	16 518	-	-	(3 438)	16 491	-	13 053	29 571
Heritage assets	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-
Software and other intangible assets	2 312	-	-	(656)	-	-	(656)	1 656
Payments for financial assets	-	-	-	-	-	-	-	-
Total	1 545 923	27 637	-	-	-	42 508	70 145	1 616 068
Amount to be voted								70 145

4. Changes to programme purposes and service delivery measures

The department has not changed the purpose of any of its programmes, which conform to the sector specific programme and budget structure for the COGTA sector for 2016/17. Also, the non financial information currently reflected in the 2016/17 *EPRE* largely corresponds to the department's 2016/17 APP with a few discrepancies between the *EPRE* and the APP. According to the department, when the *EPRE* was finalised, it was still in the process of finalising the APP. As such, a few of the targets were amended and these changes were not brought into the *EPRE*. The department is now aligning the non financial information in the 2016/17 Adjustments Estimate to the APP.

4.1 Programme 1: Administration

This programme is dedicated to all supporting services within the department, Office of the Ministry and all special projects.

Tables 11.3 and 11.4 reflect a summary of the 2016/17 adjusted appropriation of Programme 1, summarised according to sub-programme and economic classification.

Details of the main adjustments, which resulted in an overall increase of R22.818 million, are provided in the paragraphs following the tables.

Table 11.3 : Programme 1: Administration

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Office of the MEC	23 534	-	-	(2 729)	-	-	(2 729)	20 805
2. Corporate Services	343 787	-	-	25 547	-	-	25 547	369 334
Total	367 321	-	-	22 818	-	-	22 818	390 139
Amount to be voted								22 818

Table 11.4 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments	
Current payments	342 399	-	-	21 249	-	-	21 249
Compensation of employees	181 992			(10 244)		(10 244)	171 748
Goods and services	160 407			31 493		31 493	191 900
Interest and rent on land						-	-
Transfers and subsidies to:	12 916	-	-	1 315	-	-	14 231
Provinces and municipalities	205					-	205
Departmental agencies and accounts						-	-
Higher education institutions						-	-
Foreign governments and international organisations						-	-
Public corporations and private enterprises						-	-
Non-profit institutions						-	-
Households	12 711			1 315		1 315	14 026
Payments for capital assets	12 006	-	-	254	-	-	12 260
Buildings and other fixed structures	4 000					-	4 000
Machinery and equipment	6 006			910		910	6 916
Heritage assets						-	-
Specialised military assets						-	-
Biological assets						-	-
Land and subsoil assets						-	-
Software and other intangible assets	2 000			(656)		(656)	1 344
Payments for financial assets							-
Total	367 321	-	-	22 818	-	-	390 139
Amount to be voted							22 818

Virement – Programme 1: Administration: R22.818 million

The main appropriation of Programme 1 was increased by R22.818 million as a result of the following virements, which affected both sub-programmes under this programme:

- Savings of R22.818 million were moved from Programme 3, mainly from *Compensation of employees* (R14.739 million) due to the moratorium on the filling of non-critical vacant posts, and *Buildings and other fixed structures* (R8.079 million) as a result of delays with the appointment of contractors for various CSC projects, as explained. These savings were moved to the sub-programme: Corporate Services, against *Goods and services* for the improvement of the department's ICT systems, as well as communication, legal and operating costs, as explained previously.
- In addition to the above virements to Programme 1, the following virements were undertaken across economic categories within the programme, which affected the two sub-programmes:
 - Savings of R10.244 million were identified against *Compensation of employees* due to the slower than anticipated filling of posts such as Head of Department, Director: Security Services, and Chief Director: Finance, and the moratorium on the filling of non-critical vacant posts.
 - Savings of R656 000 were realised against *Software and other intangible assets* due to the costs for the Pastel Evolution software for the traditional levies and trust account in Traditional Councils (TCs) being lower than anticipated.

These savings were moved as follows:

- R8.675 million was moved to *Goods and services* in respect of marketing costs such as SABC airtime and departmental events including communication and awareness campaigns for by-elections, road shows, community radio broadcasts and promotions, adverts and pamphlets, etc.
- R1.315 million was moved to *Transfers and subsidies to: Households* in respect of staff exit costs.
- R910 000 was moved to *Machinery and equipment* to cater for computer upgrades for staff.

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

4.2 Programme 2: Local Governance

The purpose of this programme is to co-ordinate, support, promote and enhance governance, administration and public participation in local government. Tables 11.5 and 11.6 below reflect a summary of the 2016/17 adjusted appropriation of Programme 2, summarised according to sub-

programme and economic classification. Details of the main adjustments, which resulted in an overall increase of R17.327 million, are provided in the paragraphs following the tables.

Table 11.5 : Programme 2: Local Governance

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments	
1. Municipal Administration	43 281	10 989		(730)			53 540
2. Municipal Finance	32 017			(6 127)			25 890
3. Public Participation	144 868	3 700		11 380		2 053	162 001
4. Capacity Development	12 950			(154)			12 796
5. Municipal Perf, Monitoring, Reporting and Evaluation	16 837			(3 784)			13 053
Total	249 953	14 689	-	585	-	2 053	267 280
Amount to be voted							17 327

Table 11.6 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments	
Current payments	248 091	9 189	-	(202)	-	2 053	259 131
Compensation of employees	201 802			(2 370)		2 053	201 485
Goods and services	46 289	9 189		2 168			57 646
Interest and rent on land							-
Transfers and subsidies to:	479	5 500	-	683	-	-	6 662
Provinces and municipalities		5 500					5 500
Departmental agencies and accounts							-
Higher education institutions							-
Foreign governments and international organisations							-
Public corporations and private enterprises							-
Non-profit institutions							-
Households	479			683			1 162
Payments for capital assets	1 383	-	-	104	-	-	1 487
Buildings and other fixed structures							-
Machinery and equipment	1 383			104			1 487
Heritage assets							-
Specialised military assets							-
Biological assets							-
Land and subsoil assets							-
Software and other intangible assets							-
Payments for financial assets							-
Total	249 953	14 689	-	585	-	2 053	267 280
Amount to be voted							17 327

Roll-overs – Programme 2: Local Governance: R14.689 million

The main appropriation of Programme 2 increased by R14.689 million as a result of the following roll-overs from 2015/16 to 2016/17, which affected the sub-programmes: Municipal Administration and Public Participation:

- R14.689 million was rolled over in respect of the 2016 local government elections against the sub-programmes: Municipal Administration and Public Participation, as follows:
 - R9.189 million was allocated to *Goods and services* for the printing of the election toolkits, the rental of the ICC in Durban for the counting and processing of election results, the municipal by-elections, and the implementation of a communication strategy for ward committees.
 - R5.500 million was allocated to *Transfers and subsidies to: Provinces and municipalities* for the consolidation and migration of record management systems for the newly merged municipalities, work study exercises undertaken at the newly merged municipalities and the promulgation of municipal by-laws, as explained.

Virement – Programme 2: Local Governance: R585 000

The main appropriation of Programme 2 increased by R585 000 as a result of the following virements, which affected all sub-programmes, with substantial increase against the Public Participation sub-programme in respect of filled posts:

- Savings of R585 000 were identified in Programme 3, against *Machinery and equipment* ascribed to savings associated with the non-filling of vacant posts. These savings were moved to the sub-programme: Public Participation, against *Transfers and subsidies to: Households* for staff exit costs.
- In addition to the above virements from Programme 3, savings of R2.370 million were realised under Programme 2, against *Compensation of employees* due to slower than anticipated filling of critical vacant posts (such as Deputy Director: Municipal Financial Support and Deputy Director: Administration Investigations, etc.) as a result of lengthy recruitment processes, as well as the moratorium on the filling of non-critical vacant posts. These savings were moved within the programme, as follows:
 - R2.168 million was moved to the sub-programme: Public Participation, against *Goods and services* in respect of the Community Development Workers (CDW) outreach programmes, which were under-budgeted for.
 - R98 000 was moved to the sub-programme: Municipal Administration, against *Transfers and subsidies to: Households* in respect of staff exit costs.
 - R104 000 was moved to the sub-programmes: Municipal Finance and Capacity Development, against *Machinery and equipment* for the purchase of furniture and computer equipment for new appointees.

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

Other adjustments – Programme 2: Local Governance: R2.053 million

Additional funds of R2.053 million to cater for the above-budget 2016 wage adjustment were allocated to this programme, under the sub-programme: Public Participation, against *Compensation of employees*. This additional amount fully compensates the department for the shortfall related to the above-budget 2016 wage adjustment in 2016/17.

Service delivery measures – Programme 2: Local Governance

Table 11.7 shows the service delivery information for Programme 2 as per the APP of COGTA, as well as the actual achievement for the first six months of the year. Some outputs were adjusted, as reflected in Table 11.7 (under the column “2016/17 Revised target”), to align them to the targets included in the department’s tabled APP.

The outputs in bold italics indicate that the output has changed from what was reported in the 2016/17 EPRE to the 2016/16 APP.

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

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

Outputs	Performance indicators	Performance targets		
		2016/17 Original target	2016/17 Mid-year actual	2016/17 Revised target
2.1. Municipal Governance and Administration				
2.1.1. Strengthening oversight and functionality of IGR structures	<ul style="list-style-type: none"> • No. of IGR structures functional in accordance with IGR framework 	10	-	
	<ul style="list-style-type: none"> • No. of municipalities with functional oversight structures 	61	-	54
2.1.2. Enforcement of legislation and policy in local govt	<ul style="list-style-type: none"> • No. of municipalities complying with local govt legislation 	61	-	54
	<ul style="list-style-type: none"> • No. of municipalities complying with local govt policies 	61	-	54
	<ul style="list-style-type: none"> • No. of municipalities supported to complying with MSA regulations 	61	-	54
	<ul style="list-style-type: none"> • No. of progs to support the establishment of municipalities in preparation of 2016 local govt elections 	1	-	
	<ul style="list-style-type: none"> • No. of municipalities with functional rapid response teams in line with the strategy 	61	-	54

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

Outputs	Performance indicators	Performance targets		
		2016/17 Original target	2016/17 Mid-year actual	2016/17 Revised target
2.2. Municipal Finance				
2.2.1.	Co-ordinate and lead Integrated Provincial Service Delivery Plan utilising the IDP as the single window of co-ordination	<ul style="list-style-type: none">% of public sector expenditure spent in accordance to municipal IDP% of public sector capital expenditure within KZN spent in accordance with PGDS identified/aligned projects	60% 55%	- -
2.2.2.	Implement progs to support financial viability and management in local govt and traditional institutions (billing, over-spending and under-spending)	<ul style="list-style-type: none">% of municipal expenditure on capital infrastructure (new constructions, maintenance and operation)% of municipal expenditure on capital infrastructure spent (new constructions, maintenance and operation)No. of municipalities supported to improve revenue management and debt collectionNo. of municipalities guided to comply with MPRA by target dateNo. of reports submitted on state of municipal finance in terms of section 131 of the MFMANo. of reports submitted on compliance with MPRA in terms of section 81 of the MPRA	61 with 26% 61 with 100% 11 on revenue mgt & 18 on debt mgt 54 1 1	- - - 1 1
2.2.3.	Support municipalities to achieve unqualified audits	<ul style="list-style-type: none">No. of municipalities with clean auditsNo. of municipalities with functional audit committeesNo. of municipalities monitored on implementation of Audit Response Plan based on 2014/15 audit outcomes monitored	54 54 54	- - -
2.2.4.	Implement integrity management progs in dept and municipalities	<ul style="list-style-type: none">No. of reports produced on the extent to which municipalities comply with the implementation of the anti-corruption measureNo. of reports on fraud, corruption and mal-administration cases reported and investigated	1 4	2 2
2.3. Public Participation				
2.3.1.	Improve consultation, communication and feedback in municipalities and traditional councils	<ul style="list-style-type: none">Report on the no. of community report back meetings convened by councillors in each wardNo. of municipalities with functional ward committees as per Municipal Structures/Systems Acts	4 51	2 -
2.3.2.	Strengthen functionality of ward committees	<ul style="list-style-type: none">No. of ward committees supported on implementation of ward operational plans	828	-
2.3.3.	Strengthen ward based planning	<ul style="list-style-type: none">No. of municipalities with ward-based plans aligned to IDP	51	22
	Early warning systems – service delivery protests	<ul style="list-style-type: none">No. of municipalities supported on the development of ward level database with community concerns and remedial actions produced	51	-
2.4. Capacity Building				
2.4.1.	Implement a provincial capacity building strategy for local govt and traditional institutions (include progs within dept, as well as sector depts)	<ul style="list-style-type: none">No. of municipalities capacitated in line with provincial capacity building strategyNo. of capacity building interventions conducted in municipalitiesNo. of municipalities supported to roll-out gender policy framework	54 1 54	- - -
2.5. IDP Co-ordination				
2.5.1.	Implement Integrated Provincial Dev. and Investment (IPDI) framework (based on MTEF of provincial and national depts and municipal IDPs)	<ul style="list-style-type: none">No. of IPDI frameworks implementedNo. of municipalities supported with development of legally compliant IDP	new new	- -
2.5.2.	Co-ordinate service delivery through Joint Provincial Forum	<ul style="list-style-type: none">No. of joint provincial service delivery forums supported	new	1
2.5.3.	Build capacity of district municipalities to build resilient local municipalities	<ul style="list-style-type: none">No. of district shared services implemented	new	10
2.6. Municipal Performance, Monitoring, Reporting and Evaluation				
2.6.1.	Implement a single mechanism to measure and report on performance of municipalities	<ul style="list-style-type: none">No. of municipalities complying with single reporting mechanismNo. of electronic dashboards developedReport on implementation of Back To Basics support plans by municipalitiesNo. of validated district profiles prepared	55 10 61 11	- - 2 11
				54 4

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

Outputs	Performance indicators	Performance targets		
		2016/17 Original target	2016/17 Mid-year actual	2016/17 Revised target
2.6.2. <i>Develop an electronic dashboard that reflects the current status of municipalities</i>	• % of COGTA issues resolved	100%	-	
	• % of sector issues facilitated	100%	-	
	• No. of municipalities supported to institutionalise performance management system	55	-	44
	• No. of municipal performance reports compiled as per requirements of Section 47 of MSA	1	-	
	• <i>No. of evaluations conducted</i>	55	-	1

4.3 Programme 3: Development and Planning

The purpose of this programme is to promote informed integrated planning and development in the province. Tables 11.8 and 11.9 reflect a summary of the 2016/17 adjusted appropriation of Programme 3, summarised according to sub-programme and economic classification. Details of the main adjustments, which resulted in an overall decrease of R42.689 million, are given in the paragraphs below the tables.

Table 11.8 : Programme 3: Development and Planning

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Spatial Planning	48 250			(12 734)			(12 734)	35 516
2. Land Use Management	19 271			3 267			3 267	22 538
3. Local Economic Development	230 033	5 000		(13 992)	2 000	1 500	(5 492)	224 541
4. Municipal Infrastructure	85 884	2 500		13 623			16 123	102 007
5. Disaster Management	241 044	5 448		(45 688)			(40 240)	200 804
6. IDP Co-ordination	19 168			(3 613)			(3 613)	15 555
Total	643 650	12 948	-	(59 137)	2 000	1 500	(42 689)	600 961
Amount to be voted								(42 689)

Table 11.9 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	538 491	2 500	-	(41 885)	(45 360)	-	(84 745)	453 746
Compensation of employees	114 595			(14 739)			(14 739)	99 856
Goods and services	423 896	2 500		(27 146)	(45 360)		(70 006)	353 890
Interest and rent on land							-	-
Transfers and subsidies to:	33 302	5 000	-	19 605	28 869	1 500	54 974	88 276
Provinces and municipalities	32 816	5 000		17 625	8 793	1 500	32 918	65 734
Departmental agencies and accounts					14 550		14 550	14 550
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises				2 000	5 526		7 526	7 526
Non-profit institutions							-	-
Households	486			(20)			(20)	466
Payments for capital assets	71 857	5 448	-	(36 857)	18 491	-	(12 918)	58 939
Buildings and other fixed structures	64 596	5 448		(33 649)	2 000		(26 201)	38 395
Machinery and equipment	7 061			(3 208)	16 491		13 283	20 344
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets	200						-	200
Payments for financial assets							-	-
Total	643 650	12 948	-	(59 137)	2 000	1 500	(42 689)	600 961
Amount to be voted								(42 689)

Roll-overs – Programme 3: Development and Planning: R12.948 million

The main appropriation of Programme 3 increased by R12.948 million as a result of the following roll-overs from 2015/16 to 2016/17, which affected the sub-programmes: Local Economic Development, Municipal Infrastructure and Disaster Management:

- An amount of R12.948 million was allocated as follows:
 - R2.500 million was allocated in respect of the 2016 local government elections under the sub-programme: Municipal Infrastructure, against *Goods and services* for the purchase of Jojo water tanks at voting stations, as explained previously.
 - R5 million was allocated to the sub-programme: Local Economic Development, against *Transfers and subsidies to: Provinces and municipalities* to be transferred to the uMgungundlovu District Municipality in respect of the Mandela Day Marathon event. This is the department's contribution toward the event for technical and logistical preparations.
 - R5.448 million was allocated to the sub-programme: Disaster Management against *Buildings and other fixed structures* in respect of the completion of the PDMC at Mkhondeni for fittings and fixtures of the boardrooms and the conference centre. This roll-over is for the final completion of this centre.

Virement – Programme 3: Development and Planning: (R59.137 million)

The main appropriation for Programme 3 was reduced by R59.137 million due to the following virements that affected all sub-programmes, with the bulk of the reduction moving from the Disaster Management sub-programme as a result contract posts that came to an end and were not renewed:

- Funds of R78.762 million were identified as follows:
 - R14.739 million was identified against *Compensation of employees* due to slower than anticipated filling of posts (such as Deputy Director and Assistant Director: Municipal Infrastructure, etc.), and the moratorium on the filling of non-critical posts.
 - R27.146 million was realised against *Goods and services* due to reprioritisation from various projects as a result of slow progress. These projects include the spatial development framework support, the schemes support programme, spatial planning initiatives, LED capacity building, the corridor development plan, among others.
 - R20 000 was realised against *Transfers and subsidies to: Households* due to lower than anticipated staff exit costs.
 - R33.649 million was identified against *Buildings and other fixed structures* due to delays with the appointment of contractors, as well as challenges with the finalisation of the site for the construction and rehabilitation of CSCs, as explained.
 - R3.208 million was identified against *Machinery and equipment* from savings associated with the non-filling of vacant posts.
- The total amount of R78.762 million was moved as follows:
 - R59.137 million was moved to various programmes as follows:
 - R22.818 million was moved to Programme 1, against *Goods and services* in respect of the improvement of the department's ICT systems, communications, legal and operating costs, etc.
 - R585 000 was moved to Programme 2, against *Transfers and subsidies to: Households* for staff exit costs.
 - R35.734 million was moved to Programme 4, against *Goods and services* for the remuneration of *Izinduna* in the province, as explained.
 - The balance of R19.625 million was moved within Programme 3, as follows:
 - R17.625 million was moved to *Transfers and subsidies to: Provinces and municipalities* for the following:
 - Small Town Rehabilitation programme (R10.125 million) in respect of projects such as taxi rank upgrades, pothole repairs and area cleaning programmes, market stalls and small traders' facilities at taxi ranks, among others.

- Construction of the Bergville CSC (R7.500 million) in order to accommodate the lack of conducive rental space for government and non-governmental services.
- R2 million was moved to *Transfers and subsidies to: Public corporations and private enterprises* as a donation made to SACPLAN for the 2016 ISOCARP conference, as discussed.

These virements are permissible in terms of the PFMA and Treasury Regulations, though the virement undertaken from Programme 3 requires Legislature approval, as it exceeds the 8 per cent threshold in terms of the PFMA. Also, *Payments for capital assets* was decreased resulting in a decrease in capital against the vote as a whole, and Legislature approval is required for this. In addition, the donation made to SACPLAN toward financing the 2016 ISOCARP conference exceeds the R100 000 threshold in terms of the Treasury Regulations, and this requires Legislature approval, though it is supported in principle by Provincial Treasury.

Shifts – Programme 3: Development Planning: R2 million

The following shifts were undertaken within the programme, across economic categories, where the purpose of the funds remains unchanged:

- R2 million was shifted from Programme 4 to the sub-programme: Local Economic Development, against *Buildings and other fixed structures* for the construction of *Imizi Yesizwe*, in order to align functions and consolidate all construction projects in one programme.
- A net amount of R45.360 million was shifted within the programme from the sub-programmes: Local Economic Development and Disaster Management, against *Goods and services* as follows:
 - A net amount of R8.793 million was shifted to *Transfers and subsidies to: Provinces and municipalities* as follows:
 - R21.582 million was shifted from *Transfers and subsidies to: Provinces and municipalities* to *Goods and services* in respect of the Massification programme. The funds will not be transferred to the respective municipalities as the municipalities have not spent the grants previously transferred to them. The department made a decision to undertake the projects in-house using the department's Project Management Unit (PMU) due to capacity challenges in several municipalities.
 - R30.375 million was shifted to *Transfers and subsidies to: Provinces and municipalities* for the Small Town Rehabilitation programme for various projects including taxi rank upgrades, pothole repairs and area cleaning programmes, market stalls and small traders' facilities at taxi ranks, among others.
 - R14.550 million was shifted to *Transfers and subsidies to: Departmental agencies and accounts* to be transferred to ADA for the implementation of the Okhahlamba community vineyard (R5.200 million), the Empangisweni community citrus fruit and vegetable production (R4.500 million) and the Chiliza piggery (R4.850 million) projects.
 - R5.526 million was shifted to *Transfers and subsidies to: Public corporations and private enterprises* to be transferred to the uMhlosinga Development Agency for the upgrade of the Mkuze Airport in the uMkhanyakude District Municipality.
 - R16.491 million was shifted to *Machinery and equipment* for the purchase of water tankers. This forms part of the R150 million allocated specifically and exclusively to the department for the drought relief intervention programme.

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

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

Service delivery measures – Programme 3: Development and Planning

Table 11.10 shows the service delivery information for Programme 3 as per the APP and EPRE of COGTA, as well as the actual achievements for the first six months of the year. Some of the outputs were adjusted, as reflected in Table 11.10 (under the column “2016/17 Revised target”), to align them to the targets included in the department’s tabled APP. The outputs reflected as “n/a” indicate that the targets are not being used. The output in bold italic indicates that the wording of the output has changed. Most targets are not reported on at mid-year, as the department projects to undertake them in fourth quarters.

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

Outputs	Performance indicators	Performance targets		
		2016/17 Original target	2016/17 Mid-year Actual	2016/17 Revised target
3.1. Spatial Planning				
3.1.1. Support municipalities to improve spatial location of services (govt, social and basic) in line with provincial spatial planning guidelines/ frameworks & regulatory framework	• No. of municipal SDFs aligned with provincial spatial planning guidelines	61	-	54
	• No. of municipalities monitored on implementation of densification framework	5	-	
	• Increase in population density within designated development areas	4.28 Households/ha	-	
3.1.2. Implementation of SPLUMA and PDA	• % of total provincial geographical area with LUM schemes and systems	65%	-	
	• No. of municipalities supported to produce a suite of plans	6	-	
3.2. Development Information Services				
3.2.1. Disaster monitoring (GIS to plot early warning and effectiveness, response, impact, frequency of disasters)	• Share of events with early warning systems, where affected parties received prior warning	100%	100%	
	• % of climate related incidents data mapped	100%	100%	
3.2.2. Implementation of SPLUMA and PDA	• % of adopted municipal schemes in the province mapped	100%	100%	
3.2.3. Implement programmes to support financial viability and management in local government and traditional institutions (billing, over-spending and under-spending)	• No. of municipalities supported with MPRA implementation	45	38	38
3.3. Land Use Management				
3.3.1. Improve the response time for processing of development applications	• % of development applications that meet time norms for processing	73%	10%	
3.3.2. Implementation of SPLUMA and PDA	• No. of municipalities supported with implementation of SPLUMA	51	-	44
	• No. of municipalities supported with formalisation of towns	12	-	
3.3.3. Support municipalities to improve spatial location of services (govt, social and basic) in line with provincial spatial planning guidelines/frameworks & regulatory framework	• Spatial distribution of HDI at provincial scale	0.60	-	
3.3.4. Implementation of SPLUMA and PDA	• % of received survey requests attended to	100%	100%	
	• % of received boundary description requests attended to	100%	100%	
	• No. of Izigodi mapped	228	152	
3.4. Local Economic Development				
3.4.1. Co-ordination of public and private stakeholders to drive eco. potential in each district	• No. of district agencies supported to effectively drive LED	10	-	
	• No. of districts/metro supported with informal economy initiatives	11	-	
3.4.2. Create employment opportunities through Corridor Development and Small Town Rehabilitation	• No. of nodal development plans/strategies developed to promote growth of new/small towns	3	-	4
	• No. of municipalities with agri-hubs/fresh produce market facilities aligned to schools and institutional markets	3	-	
	• No. of Corridor Development plans developed	1	-	
	• No. of municipalities supported to implement LED projects in line with municipal LED strategies	10 districts	-	
	• No. of municipalities monitored to reduce cost of doing business through red tape intervention	10 districts & metro	-	
	• No. of Corridor Development plans developed	1	-	n/a

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

Outputs	Performance indicators	Performance targets		
		2016/17 Original target	2016/17 Mid-year Actual	2016/17 Revised target
3.4.3. Revive and activate support of traditional institutions to promote socio-economic prog	• No. of TCs supported with development initiatives	6	-	
3.4.4. Co-ordination of interfaith to promote social cohesion and nation building	• No. of dialogues held to support social cohesion and nation building	4	5	
3.4.5. Support establishment of CSCs in key nodes aligned to provincial framework	• No. of CSCs infrastructure progs implemented	1	-	
	• No. of Grade 1 CSCs supported for effective functionality	26	-	
	• No. of Grade 2 CSCs supported for effective functionality	25	-	
3.4.6. Create employment opportunities through Corridor Dev. and Small Town Rehabilitation	• No. of work opportunities created through CWP in municipalities	34 500	-	
	• No. of employment opportunities created through EPWP inclusive of all sectors (FFW, Corridor, Small Town, CSC construction)	2 000	-	
3.5. Municipal Infrastructure				
3.5.1. Co-ordinate service delivery utilising IGR fora	• No. of functional co-ordinating structures for infrastructure development and service delivery	8	-	11
	• No. of municipalities assessed against service delivery benchmarks	60	-	53
	• No. of municipalities supported with service delivery programmes	38	-	31
	• No. of municipalities supported to implement indigent policies	31	17	30
3.5.2. Co-ordinate with Dept of Water and Sanitation (DWS) for roll-out of 75 litres of water per person per day	• No. of reports on cubic metres per capita per year available	2	1	
	• No. of reports on water service systems in balance (supply and demand balance)	2	1	
	• No. of reports on households with access to 75 litres of water per person per day	2	1	
	• No. of municipalities supported in increasing % of yard water connections	13	-	
	• No. of municipalities supported in provision of basic level of sanitation services	13	-	
3.5.3. Support municipalities with improvement in the production and supply of energy	• No. of municipalities supported in increasing percentage of households with a source of electrical supply	15	6	9
3.6. Disaster Management				
3.6.1. Climate change factored into planning and de. processes (disaster sector plans with budgeted progs) Policy frameworks, plans and strategies to reduce risks	• No. of districts and metro supported with Disaster Risk Management Planning	10 districts & metro	-	
	• No. of districts and metro monitored on the implementation of Disaster Risk Management Plan	10 districts & metro	-	
	• No. of Disaster Risk Management public awareness campaigns conducted	2	1	
	• No. of municipalities supported with Disaster Risk Management capacity building initiatives	10 districts & metro	-	
3.6.2. Early warning systems	• Regular forecast of anticipated impacts of climate change and response plan	100%	-	
3.6.3. Co-ordinate interventions and support through disaster mgt. institutional structures	• No. of functional municipal DMCs	10 districts & metro	-	
	• Average time taken to respond to disaster events	72 hours	-	6 hours
3.6.4. Improve preparedness through capacity building progs	• Provincial fire brigade services established by target date (2017)	10 districts & metro	-	1
3.7. IDP Co-ordination				
3.7.1. Implement an Integrated Provincial Dev. & Investment (IPDI) framework (based on MTEF of provincial and national depts and municipal IDPs)	• No. of IPDI frameworks implemented	1 framework developed	n/a	n/a
	• No. of municipalities supported with dev. of legally compliant IDP	54	n/a	n/a
3.7.2. Co-ordinate service delivery through the Joint Provincial Forum	• No. of joint provincial service delivery forums supported	1	n/a	n/a
3.7.3. Build the capacity of district municipalities to build resilient local municipalities	• No. of districts shared services implemented	10	n/a	n/a
3.7.4. Implementation of SPLUMA and PDA	• No. of TSMPs developed	5	n/a	n/a

4.4 Programme 4: Traditional Institutional Management

The purpose of this programme is to support and enhance the capacity of traditional councils. Tables 11.11 and 11.12 reflect a summary of the 2016/17 adjusted appropriation of Programme 4, summarised according to sub-programme and economic classification. Details of the main adjustments, which resulted in an overall increase of R72.689 million, are provided in the paragraphs following the tables.

Table 11.11 : Programme 4: Traditional Institutional Management

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments	
1. Traditional Institutional Administration	160 676			50 736		38 955	250 367
2. Traditional Resource Administration	83 386			(9 310)	(2 000)		72 076
3. Rural Development Facilitation	19 426			(1 564)			17 862
4. Traditional Land Administration	21 511			(4 128)			17 383
Total	284 999	-	-	35 734	(2 000)	38 955	357 688
Amount to be voted							72 689

Table 11.12 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments	
Current payments	274 019	-	-	41 797	-	38 955	354 771
Compensation of employees	176 057			(3 481)			172 576
Goods and services	97 962			45 278		38 955	182 195
Interest and rent on land							-
Transfers and subsidies to:	800	-	-	1 181	-	-	1 981
Provinces and municipalities							-
Departmental agencies and accounts							-
Higher education institutions							-
Foreign governments and international organisations							-
Public corporations and private enterprises							-
Non-profit institutions							-
Households	800			1 181			1 981
Payments for capital assets	10 180	-	-	(7 244)	(2 000)	-	936
Buildings and other fixed structures	8 000			(6 000)	(2 000)		-
Machinery and equipment	2 068			(1 244)			824
Heritage assets							-
Specialised military assets							-
Biological assets							-
Land and subsoil assets							-
Software and other intangible assets	112						112
Payments for financial assets							-
Total	284 999	-	-	35 734	(2 000)	38 955	357 688
Amount to be voted							72 689

Virement – Programme 4: Traditional Institutional Management: R35.734 million

The main appropriation for Programme 4 was increased by R35.734 million due to the following virements that affected all sub-programmes:

- R35.734 million was moved from Programme 3 to the sub-programme: Traditional Institutional Administration, against *Goods and services*, for the remuneration of *Izinduna* in the province, as explained.
- In addition to the above virements, savings of R10.725 million were identified and moved from the sub-programme: Traditional Resource Administration to the Traditional Institutional Administration sub-programme, as follows:
 - R3.481 million was identified against *Compensation of employees* due to slower than anticipated filling of posts such as Deputy Directors: Urban Regeneration and Local House, and the moratorium on the filling of non-critical posts.
 - R6 million was identified against *Buildings and other fixed structures* due to the construction of *Imizi Yesizwe* that will not be undertaken. This is attributed to reprioritisation to fund the remuneration of *Izinduna*.

- o R1.244 million was realised against *Machinery and equipment* due to savings associated with the non-filling of vacant posts.

The total savings of R10.725 million were moved as follows:

- o R9.544 million was moved to *Goods and services* under the Traditional Institutional Administration sub-programme for the remuneration of *Izinduna* in the province, as explained.
- o R1.181 million was moved to *Transfers and subsidies to: Households* in respect of staff exit costs.

These virements are permissible in terms of the PFMA and Treasury Regulations, though the virement undertaken to Programme 4 requires Legislature approval, as the amount exceeds the 8 per cent threshold in terms of the PFMA. Also, *Payments for capital assets* for the vote as a whole were decreased, and Legislature approval is required.

Shifts – Programme 4: Traditional Institutional Management: (R2 million)

An amount of R2 million was shifted from the sub-programme: Traditional Resource Administration, against *Buildings and other fixed structures* to Programme 3 for the construction of *Imizi Yesizwe*, in order to align functions and consolidate all construction projects under one programme. The purpose of the funds remains the same.

Other adjustments – Programme 4: Traditional Institutional Management: R38.955 million

An amount of R38.955 million was allocated to the sub-programme: Traditional Institutional Administration, against *Goods and services* for the remuneration of *Izinduna*. As explained, Cabinet took a resolution to remunerate the *Izinduna*, and that approximately 50 per cent of the funding would be allocated to the department from provincial cash resources. As such, these additional funds are now allocated to the department in this regard. The department is currently remunerating the 3 100 *Izinduna* at R1 300 per month. This additional funding provides for their remuneration at the new stipend for the remaining four months of 2016/17, ending 31 March 2017.

Service delivery measures – Programme 4: Traditional Institutional Management

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

Some of the outputs were adjusted, as reflected in Table 11.13 (under the column 2016/17 “Revised target”), to align them to the targets included in the department’s tabled APP. The outputs in bold italics indicate that the output has changed from what was reported in the *EPRE*.

The outputs reflected as “n/a” indicate that the targets are not being used. Some targets are not reported on at mid-year, as the department projects to undertake them in the fourth quarter

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

Outputs	Performance indicators	Performance targets		
		2016/17 Original target	2016/17 Mid-year actual	2016/17 Revised Target
4.1. Traditional Institutional Administration				
4.1.1. Implementation of policies, legislation and regulations toward transformation and regulation of sector	• No. of progs implemented to support Traditional Institutions in line with the Act	1	-	
	• % of approved cultural platforms supported	new	100%	100%
	• No. of Izizwe profiled on customary law	20	n/a	n/a
	• No. of progs implemented to support Traditional Institutions in line with the Act	1	-	
4.1.2. Promotion of cultural and customary way of life which conforms to the Bill of Rights, Constitutional and Democratic principles	• No. of Amakhosi installed	7	1	5
	• No. of Amakhosi recognised	7	18	10
	• % of dispute claims finalised	100%	100%	

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

Outputs	Performance indicators	Performance targets		
		2016/17 Original target	2016/17 Mid-year actual	2016/167 Revised Target
4.2. Traditional Resource Administration				
4.2.1. Stabilisation and strengthening of Traditional leadership	• No. of skills audits conducted	11	n/a	n/a
	• No. of capacity building programmes aligned to Provincial Capacity Building Strategy	1	1	
	• No. of Amakhosi attending the UKZN Advanced Leadership programme	20	-	
4.2.2. Promotion of cultural and customary way of life which conforms to the Bill of Rights, Constitutional and Democratic principles	• % of approved cultural platforms supported	100%	n/a	n/a
4.3. Rural Development Facilitation				
4.3.1. Improved capacity of political and administrative governance	• No. of municipalities with participation of traditional leaders	59	n/a	n/a
	• No. of Local Houses supported on the establishment of partnerships	11	n/a	n/a

5. Specifically and exclusively appropriated allocations

Table 11.14 shows the amounts that are specifically and exclusively appropriated for specific purposes in terms of the KZN Adjustments Appropriation Act. Note that conditional grants (which are also specifically and exclusively appropriated funds) are not included here, as they are discussed in Section 8 below.

Details of the main adjustments, which resulted in an overall increase of R17.373 million in respect of the department's specifically and exclusively appropriated funding, are provided in the paragraphs following the table.

Table 11.14 : Summary of specifically and exclusively appropriated funding

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Prog. 1: uMsekeli Mun. Supp. Serv. pensioners' med aid	2 400						-	2 400
2. Prog. 3: Massification programme	28 016				(21 582)		(21 582)	6 434
3. Prog. 3: Development Planning and Shared Services	4 800						-	4 800
4. Prog. 3: Remuneration of Izinduna						38 955	38 955	38 955
5. Prog. 3: Drought relief interventions	150 000						-	150 000
Total	185 216	-	-	-	(21 582)	38 955	17 373	202 589
Amount to be voted								17 373

- *Shifts*: Savings of R21.582 million were realised under the Massification programme in Programme 3, against *Transfers and subsidies to: Provinces and municipalities*, which is a specifically and exclusively appropriated allocation. The department will not be transferring the funds to the various municipalities as they have not yet spent previous transfers in terms of the MOAs. The savings, however, remain within Programme 3, against *Goods and services*, for projects that will be undertaken by the department's in-house PMU on behalf of the municipalities due to capacity challenges in several municipalities. The original purpose of the funds remains unchanged.
- *Other adjustments*: An amount of R38.955 million was allocated as specifically and exclusively appropriated funding for the remuneration of *Izinduna*, as discussed. It should be noted that only the portion allocated from the provincial cash resources is specifically and exclusively appropriated.

6. Gifts, donations and sponsorships

The department donated R2 million to SACPLAN toward financing of the 2016 ISOCARP conference. This was undertaken from 12 to 16 September 2016 at the ICC in Durban. The payment was in respect of the organisation, marketing and signature (such as pre- and post-conference, exhibition, congress

brochure and publication, proceeding, safety officer and plan, etc.). The donation exceeds the R100 000 threshold as required by Treasury Regulation 21.1.1, thus Legislature approval is required. It should be noted that this donation is supported in principle and the increase in transfer was approved by Provincial Treasury.

7. Infrastructure

Table 11.15 below shows the summary of infrastructure payments per main category. Details of the main adjustments, which resulted in an overall decrease of R34.201 million, are provided in the paragraphs following the table.

Table 11.15 : Summary of infrastructure payments by category

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Existing infrastructure assets	21 596	-	-	(13 634)	-	-	(13 634)	7 962
Maintenance and repair: Current							-	-
Upgrades and additions: Capital							-	-
Refurbishment and rehabilitation: Capital	21 596			(13 634)			(13 634)	7 962
New infrastructure assets: Capital	55 000	5 448		(26 015)	-	-	(20 567)	34 433
Infrastructure transfers	-	-	-	-	-	-	-	-
Infrastructure transfers: Capital							-	-
Infrastructure transfers: Current							-	-
Infrastructure: Payments for fin assets							-	-
Infrastructure: Leases							-	-
Capital infrastructure	76 596	5 448	-	(39 649)	-	-	(34 201)	42 395
Current infrastructure	-	-	-	-	-	-	-	-
Total	76 596	5 448	-	(39 649)	-	-	(34 201)	42 395
Amount to be voted								(34 201)

- *Roll-overs*: An amount of R5.448 million was allocated under the sub-programme: Disaster Management in Programme 3, against *New infrastructure assets: Capital* for the completion of the PDMC at Mkhondeni, with this amount providing for the fittings and fixtures of the boardrooms and the conference centre.
- *Virement*: The infrastructure budget was decreased by R39.649 million as follows:
 - o R13.634 million was identified as savings against *Refurbishment and rehabilitation: Capital* in Programme 3 relating to the rehabilitation of CSCs that will not be undertaken.
 - o R26.015 million was realised as savings against *New infrastructure assets: Capital* in Programme 3 in respect of the construction of new CSCs (R20.015 million) and Programme 4 relating to the construction of *Imizi Yesizwe* (R6 million) that will not be undertaken.
 - o The total savings of R39.649 million were moved as follows:
 - R32.149 million *Goods and services* for the remuneration of *Izinduna*, as explained.
 - R7.500 million was moved to *Transfers and subsidies to: Provinces and municipalities* for the construction of the Bergville CSCs, as discussed.

The above virements are permissible in terms of the PFMA and Treasury Regulations, and the net decrease in *Capital* requires Legislature approval.

8. Conditional grants

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

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

Table 11.16 : Summary of changes to conditional grants

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
3. Development and Planning	3 667	-	-	-	-	-	-	3 667
EPWP Integrated Grant for Provinces	3 667						-	3 667
Total	3 667	-	-	-	-	-	-	3 667

Amount to be voted

-

9. Transfers and subsidies

Table 11.17 shows the summary of transfers and subsidies by programme and main category. Details of the main adjustments, which resulted in an overall increase of R63.653 million, are provided in the paragraphs after the table.

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

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Administration	12 916	-	-	1 315	-	-	1 315	14 231
Provinces and municipalities	205	-	-	-	-	-	-	205
Motor vehicle licences	205						-	205
Households	12 711	-	-	1 315	-	-	1 315	14 026
Staff exits costs	2 668			1 315			1 315	3 983
Bursaries and claims against the State	10 043						-	10 043
2. Local Governance	479	5 500	-	683	-	-	6 183	6 662
Provinces and municipalities	-	5 500	-	-	-	-	5 500	5 500
Con. And migration of records mgt systems		1 000					1 000	1 000
Work study exercises at merged municipalities		3 500					3 500	3 500
Promulgation of municipal by-laws		1 000					1 000	1 000
Households	479	-	-	683	-	-	683	1 162
Staff exits costs	479			683			683	1 162
3. Development and Planning	33 302	5 000	-	19 605	28 869	1 500	54 974	88 276
Provinces and municipalities	32 816	5 000	-	17 625	8 793	1 500	32 918	65 734
Massification programme (incl. elec. Progs)	28 016				(21 582)		(21 582)	6 434
Small Town Rehabilitation programme				10 125	30 375		40 500	40 500
Mandela Day Marathon event		5 000				1 500	6 500	6 500
Development Planning and Shared Services	4 800						-	4 800
Construction of Bergville CSC				7 500			7 500	7 500
Departmental agencies and accounts	-	-	-	-	14 550	-	14 550	14 550
ADA					14 550		14 550	14 550
Public corporations and private enterprises	-	-	-	2 000	5 526	-	7 526	7 526
SACPLAN				2 000			2 000	2 000
uMhosinga Dev. Agency					5 526		5 526	5 526
Households	486	-	-	(20)	-	-	(20)	466
Staff exits costs	486			(20)			(20)	466
4. Traditional Institutional Management	800	-	-	1 181	-	-	1 181	1 981
Households	800	-	-	1 181	-	-	1 181	1 981
Staff exits costs	800			1 181			1 181	1 981
Total	47 497	10 500	-	22 784	28 869	1 500	63 653	111 150

Amount to be voted

63 653

- *Roll-overs:* An amount of R10.500 million was allocated to *Provinces and municipalities* in respect of a roll-over from 2015/16 to 2016/17 as follows:
 - R5.500 million was allocated to Programme 2 for the consolidation and migration of the record management systems for the newly merged municipalities, work study exercises undertaken and the promulgation of by-laws, as discussed. This amount will be transferred to various municipalities as reflected in Tables 11.20, 11.21 and 11.22.
 - R5 million was allocated to Programme 3 for transfer to the uMgungundlovu District Municipality in respect of the Mandela Day Marathon event, being the department's contribution toward the event for technical and logistical preparations.
- *Virement:* The department undertook virements in respect of *Transfers and subsidies*. All these virements are permissible in terms of the PFMA and Treasury Regulations, and Treasury approval was granted where transfers were increased. The donation made to SACPLAN toward financing the 2016 ISOCARP conference exceeds the R100 000 threshold in terms of the Treasury Regulations,

and thus requires Legislature approval, though it is supported in principle by Provincial Treasury. These virements, which resulted in a net increase of R22.784 million in respect of *Transfers and subsidies*, are summarised as follows:

- o In Programme 1, savings of R1.315 million were realised under *Compensation of employees* due to slower than anticipated filling of vacant posts. These savings remained within Programme 1, and were moved to *Households* in respect of staff exit costs.
- o In Programme 2, savings of R683 000 were realised under *Compensation of employees* due to slower than anticipated filling of vacant posts. These savings remained within Programme 2, and were moved to *Households* in respect of staff exit costs.
- o In Programme 3, the following virements were undertaken:
 - Savings of R10.125 million were realised under *Goods and services* due to reprioritisation from various projects such as the spatial development framework support, the schemes support programme, spatial planning initiatives, LED capacity building, corridor development plan, among others. These were moved to *Provinces and municipalities* in respect of the Small Town Rehabilitation programme and will be transferred to various municipalities as shown in Table 11.24.
 - Savings of R7.500 million were realised under *Buildings and other fixed structures* due to the appointment of contractors being delayed as a result of the high number of bids received for the construction and rehabilitation of various CSCs, as explained. These were moved to *Provinces and municipalities* in respect of the construction of the Bergville CSCs and will be transferred to Okhahlamba Municipality as shown in Table 11.27.
 - Savings of R2 million were realised under *Goods and services* due to reprioritisation from various projects, as explained. These were moved to *Public corporations and private enterprises* for the 2016 ISOCARP conference, as discussed.
 - Savings of R20 000 were realised under *Households* due to lower than budgeted staff exit costs. These savings remained within Programme 3, and were moved to *Provinces and municipalities* for Small Town Rehabilitation programme, as explained.
- o In Programme 4, savings of R1.181 million were realised under *Compensation of employees* due to slower than anticipated filling of posts. These were moved to *Households* for staff exit costs.
- *Shifts*: The department undertook the following shifts within Programme 3, for which the original purpose of the funds remains unchanged.
 - o R21.582 million was shifted from the Massification programme, as the respective municipalities have not spent the grants previously transferred to them. The department made a decision not to transfer further funds to the municipalities that have not spent their previous years' grants. These funds were moved to *Goods and services* for projects that will be undertaken by the department's in-house PMU due to capacity challenges in several municipalities.
 - o R30.375 million was shifted from *Goods and services* to *Provinces and municipalities* in respect of the Small Town Rehabilitation programme and will be transferred to various municipalities as shown in Table 11.24.
 - o R14.550 million was shifted from *Goods and services* to *Departmental agencies and accounts* to be transferred to ADA for the implementation of the Okhahlamba community vineyard, Empangisweni community citrus fruit and vegetable production and Chiliza piggery projects.
 - o R5.526 million was shifted from *Goods and services* to *Public corporations and private enterprises* to be transferred to the uMhlosinga Development Agency for the upgrade of the Mkuze Airport.
- *Other adjustments*: An additional R1.500 million was allocated to Programme 3, against *Provinces and municipalities* for transfer to the uMgungundlovu District Municipality in respect of the Mandela Day Marathon event. This was moved from Vote 6: Provincial Treasury, as explained.

10. Transfers to public entities

Table 11.18 shows the summary of transfers to public entities. Details of the main movements, which resulted in an overall increase of R14.550 million, are provided in the paragraphs following the table below.

Table 11.18 : Summary of transfers to public entities

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments	
					14 550		14 550
Agri-business Development Agency							
Total	-	-	-	-	14 550	-	14 550
Amount to be voted							14 550

- *Shifts*: An amount of R14.550 million was shifted from *Goods and services* to *Transfers and subsidies to: Departmental agencies and accounts* to be transferred to ADA for the implementation of the Okhahlamba community vineyard (R5.200 million), the Empangisweni community citrus fruit and vegetable production (R4.500 million) and the Chiliza piggery (R4.850 million) projects.

11. Transfers to local government

Tables 11.19 to 11.27 show the details of transfers to local government. It is noted that the amount against *Provinces and municipalities* in Table 11.17 includes provision for motor vehicle licences. This amount is excluded from the transfers to local government table, as these funds will not be transferred to any municipality. It is further noted that allocations to specific municipalities will be gazetted following the tabling of the Adjustments Estimate, in line with DORA requirements.

Details of the main adjustments, which resulted in an overall increase of R38.418 million, are provided in the paragraphs below:

- *Roll-overs*: An amount of R10.500 million was allocated to *Provinces and municipalities* in respect of roll-overs from 2015/16 to 2016/17, as follows:
 - R5.500 million was allocated to Programme 2 for the consolidation and migration of the record management systems, work study exercises undertaken, and promulgation of by-laws. This is reflected in Tables 11.20 to 11.22.
 - R5 million was allocated to Programme 3 to the uMgungundlovu District Municipality in respect of the Mandela Day Marathon event, as the department's contribution toward the event for technical and logistical preparations. This is reflected in Table 11.25.
- *Virement*: The department undertook the following virements affecting transfers to local government:
 - Savings of R10.125 million were realised within Programme 3, from *Goods and services* and moved to *Provinces and municipalities* for transfer to the uMdoni Municipality in respect of the Small Town Rehabilitation programme, as explained. This is reflected in Table 11.24.
 - Savings of R7.500 million were identified within Programme 3, from *Buildings and other fixed structures* due to challenges with the finalisation of the site for the Mvozane CSC project at Maphumulo Municipality. The funds were moved to *Provinces and municipalities* to Okhahlamba Municipality in respect of the construction of the Bergville CSC in order to accommodate the lack of conducive rental space for government and non-governmental services. This is reflected in Table 11.27.

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

- *Shifts*: A net amount of R8.793 million was shifted between *Goods and services* and *Provinces and municipalities* within Programme 3 in respect of the Massification and the Small Town Rehabilitation programmes, as previously explained, as follow:
 - R21.582 million was shifted from *Provinces and municipalities* to *Goods and services* in respect of the Massification programme, as the respective municipalities have not spent the grants

previously transferred to them. The department made a decision not to transfer further funds to municipalities that have not spent their previous years' grants. These funds were moved to *Goods and services* as a decision was taken to undertake the projects in-house using the department's PMU due to capacity challenges in several municipalities. This is reflected in Tables 11.23

- o R30.375 million was shifted from *Goods and services* to *Provinces and municipalities* in respect of the Small Town Rehabilitation programme for projects such as taxi rank upgrades, pothole repairs and area cleaning programmes, market stalls and small traders' facilities at taxi ranks, among others, and will be transferred to various municipalities as shown in Table 11.24.
- *Other adjustments:* Additional funds of R1.500 million were allocated to *Provinces and municipalities* under Programme 3. This was suspended from Vote 6: Provincial Treasury in respect of the Mandela Day Marathon event. This is reflected in Table 11.25.

Table 11.19 : Summary of transfers to local government

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Total: Ugu Municipalities	400	1 100	-	10 125	15 875	-	27 100	27 500
B KZN212 uMdoni	-	-	-	10 125	13 875	-	24 000	24 000
B KZN214 uMuziwabantu	-	-	-	-	2 000	-	2 000	2 000
B KZN216 Ray Nkonyeni	-	1 100	-	-	-	-	1 100	1 100
C DC21 Ugu District Municipality	400	-	-	-	-	-	-	400
Total: uMgungundlovu Municipalities	400	5 000	-	-	(400)	1 500	6 100	6 500
C DC22 uMgungundlovu District Municipality	400	5 000	-	-	(400)	1 500	6 100	6 500
Total: uThukela Municipalities	7 310	2 200	-	7 500	(3 310)	-	6 390	13 700
B KZN235 Okhahlamba	6 110	-	-	7 500	(6 110)	-	1 390	7 500
B KZN237 iNkosi Langalibalele	-	1 100	-	-	2 400	-	3 500	3 500
B KZN238 Alfred Duma	-	1 100	-	-	400	-	1 500	1 500
C DC23 uThukela District Municipality	1 200	-	-	-	-	-	-	1 200
Total: uMzinyathi Municipalities	15 445	-	-	-	(6 611)	-	(6 611)	8 834
B KZN241 eNdameni	-	-	-	-	2 000	-	2 000	2 000
B KZN242 Nquthu	8 611	-	-	-	(8 611)	-	(8 611)	-
B KZN245 uMvoti	6 434	-	-	-	-	-	-	6 434
C DC24 uMzinyathi District Municipality	400	-	-	-	-	-	-	400
Total: Amajuba Municipalities	400	-	-	-	5 350	-	5 350	5 750
B KZN253 eMadlangeni	-	-	-	-	5 000	-	5 000	5 000
C DC25 Amajuba District Municipality	400	-	-	-	350	-	350	750
Total: Zululand Municipalities	7 261	-	-	-	(6 811)	-	(6 811)	450
B KZN261 eDumbe	-	-	-	-	200	-	200	200
B KZN262 uPhongolo	6 861	-	-	-	(6 611)	-	(6 611)	250
C DC26 Zululand District Municipality	400	-	-	-	(400)	-	(400)	-
Total: uMkhanyakude Municipalities	400	1 100	-	-	(400)	-	700	1 100
B KZN276 Big Five Hlabisa	-	1 100	-	-	-	-	1 100	1 100
C DC27 uMkhanyakude District Municipality	400	-	-	-	(400)	-	(400)	-
Total: King Cetshwayo Municipalities	400	-	-	-	3 000	-	3 000	3 400
B KZN281 uMfolozi	-	-	-	-	3 000	-	3 000	3 000
C DC28 King Cetshwayo District Municipality	400	-	-	-	-	-	-	400
Total: iLembe Municipalities	400	-	-	-	(400)	-	(400)	-
C DC29 iLembe District Municipality	400	-	-	-	(400)	-	(400)	-
Total: Harry Gwala Municipalities	400	1 100	-	-	2 500	-	3 600	4 000
B KZN435 uMzimkhulu	-	-	-	-	2 500	-	2 500	2 500
B KZN436 Dr Nkosazana Dlamini Zuma	-	1 100	-	-	400	-	1 500	1 500
C DC43 Harry Gwala District Municipality	400	-	-	-	(400)	-	(400)	-
Total	32 816	10 500	-	17 625	8 793	1 500	38 418	71 234
Amount to be voted								38 418

Table 11.20 : Transfers to local government - Con. and migration of record mgt systems

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Total: Ugu Municipalities	-	200	-	-	-	-	200	200
B KZN216 Ray Nkonyeni	-	200	-	-	-	-	200	200
Total: uThukela Municipalities	-	400	-	-	-	-	400	400
B KZN237 iNkosi Langalibalele	-	200	-	-	-	-	200	200
B KZN238 Alfred Duma	-	200	-	-	-	-	200	200
Total: uMkhanyakude Municipalities	-	200	-	-	-	-	200	200
B KZN276 Big Five Hlabisa	-	200	-	-	-	-	200	200
Total: Harry Gwala Municipalities	-	200	-	-	-	-	200	200
B KZN436 Dr Nkosazana Dlamini Zuma	-	200	-	-	-	-	200	200
Total	-	1 000	-	-	-	-	1 000	1 000
Amount to be voted								1 000

Table 11.21 : Transfers to local government - Work study exercises at merged municipalities

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Total: Ugu Municipalities	-	700	-	-	-	-	700	700
B KZN216 Ray Nkonyeni		700					700	700
Total: uThukela Municipalities	-	1 400	-	-	-	-	1 400	1 400
B KZN237 iNkosi Langalibalele		700					700	700
B KZN238 Alfred Duma		700					700	700
Total: uMkhanyakude Municipalities	-	700	-	-	-	-	700	700
B KZN276 Big Five Hlabisa		700					700	700
Total: Harry Gwala Municipalities	-	700	-	-	-	-	700	700
B KZN436 Dr Nkosazana Dlamini Zuma		700					700	700
Total	-	3 500	-	-	-	-	3 500	3 500
Amount to be voted								3 500

Table 11.22 : Transfers to local government - Promulgation of municipal by-laws

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Total: Ugu Municipalities	-	200	-	-	-	-	200	200
B KZN216 Ray Nkonyeni		200					200	200
Total: uThukela Municipalities	-	400	-	-	-	-	400	400
B KZN237 iNkosi Langalibalele		200					200	200
B KZN238 Alfred Duma		200					200	200
Total: uMkhanyakude Municipalities	-	200	-	-	-	-	200	200
B KZN276 Big Five Hlabisa		200					200	200
Total: Harry Gwala Municipalities	-	200	-	-	-	-	200	200
B KZN436 Dr Nkosazana Dlamini Zuma		200					200	200
Total	-	1 000	-	-	-	-	1 000	1 000
Amount to be voted								1 000

Table 11.23 : Transfers to local government - Massification prog. (incl. elec. programme as directed by Cabinet)

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Total: uThukela Municipalities	6 110	-	-	-	(6 110)	-	(6 110)	-
B KZN235 Okhahlamba	6 110				(6 110)		(6 110)	-
Total: uMzinyathi Municipalities	15 045	-	-	-	(8 611)	-	(8 611)	6 434
B KZN242 Nquthu	8 611				(8 611)		(8 611)	-
B KZN245 uMvoti	6 434						-	6 434
Total: Zululand Municipalities	6 861	-	-	-	(6 861)	-	(6 861)	-
B KZN262 uPhongolo	6 861				(6 861)		(6 861)	-
Total: iLembe Municipalities	-	-	-	-	-	-	-	-
Total	28 016	-	-	-	(21 582)	-	(21 582)	6 434
Amount to be voted								(21 582)

Table 11.24 : Transfers to local government - Small Town Rehabilitation programme

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Total: Ugu Municipalities	-	-	-	10 125	15 875	-	26 000	26 000
B KZN212 uMdoni	-			10 125	13 875		24 000	24 000
B KZN214 uMuziwabantu	-				2 000		2 000	2 000
Total: uThukela Municipalities	-	-	-	-	2 000	-	2 000	2 000
B KZN237 iNkosi Langalibalele					2 000		2 000	2 000
Total: uMzinyathi Municipalities	-	-	-	-	2 000	-	2 000	2 000
B KZN241 eNdumeni					2 000		2 000	2 000
Total: Amajuba Municipalities	-	-	-	-	5 000	-	5 000	5 000
B KZN253 eMadlangeni					5 000		5 000	5 000
Total: King Cetshwayo Municipalities	-	-	-	-	3 000	-	3 000	3 000
B KZN281 uMfolozi					3 000		3 000	3 000
Total: Harry Gwala Municipalities	-	-	-	-	2 500	-	2 500	2 500
B KZN435 uMzimkhulu					2 500		2 500	2 500
Total	-	-	-	10 125	30 375	-	40 500	40 500
Amount to be voted								40 500

Vote 11: Co-operative Governance and Traditional Affairs

Table 11.25 : Transfers to local government - Mandela Day Marathon event

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Unforeseeable/ Roll-overs	unavoidable	Virement	Shifts	Other adjustments		
Total: uMgungundlovu Municipalities	-	5 000	-	-	-	1 500	6 500	6 500
C DC22 uMgungundlovu District Municipality		5 000				1 500	6 500	6 500
Total	-	5 000	-	-	-	1 500	6 500	6 500
Amount to be voted								6 500

Table 11.26 : Transfers to local government - Development Planning and Shared Services

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Unforeseeable/ Roll-overs	unavoidable	Virement	Shifts	Other adjustments		
Total: Ugu Municipalities	400	-	-	-	-	-	-	400
C DC21 Ugu District Municipality	400							400
Total: uMgungundlovu Municipalities	400	-	-	-	(400)	-	(400)	-
C DC22 uMgungundlovu District Municipality	400				(400)		(400)	-
Total: uThukela Municipalities	1 200	-	-	-	800	-	800	2 000
B KZN237 iNkosi Langalibalele					400		400	400
B KZN238 Alfred Duma					400		400	400
C DC23 uThukela District Municipality	1 200						-	1 200
Total: uMzinyathi Municipalities	400	-	-	-	-	-	-	400
C DC24 uMzinyathi District Municipality	400							400
Total: Amajuba Municipalities	400	-	-	-	350	-	350	750
C DC25 Amajuba District Municipality	400				350		350	750
Total: Zululand Municipalities	400	-	-	-	50	-	50	450
B KZN261 eDumbe					200		200	200
B KZN262 uPhongolo					250		250	250
C DC26 Zululand District Municipality	400				(400)		(400)	-
Total: uMkhanyakude Municipalities	400	-	-	-	(400)	-	(400)	-
C DC27 uMkhanyakude District Municipality	400				(400)		(400)	-
Total: King Cetshwayo Municipalities	400	-	-	-	-	-	-	400
C DC28 King Cetshwayo District Municipality	400							400
Total: iLembe Municipalities	400	-	-	-	(400)	-	(400)	-
C DC29 iLembe District Municipality	400				(400)		(400)	-
Total: Harry Gwala Municipalities	400	-	-	-	-	-	-	400
B KZN436 Dr Nkosazana Dlamini Zuma					400		400	400
C DC43 Harry Gwala District Municipality	400				(400)		(400)	-
Total	4 800	-	-	-	-	-	-	4 800
Amount to be voted								-

Table 11.27 : Transfers to local government - Construction of Bergville CSC

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

12. Actual payments and revised spending projections for the rest of 2016/17

Tables 11.28 and 11.29 reflect actual payments as at the end of September 2016 and projected payments for the rest of the financial year and the total revised spending in rand value and as a percentage of the Adjusted Appropriation per programme and economic classification. The tables also show the 2015/16 Audited outcome.

Table 11.28 : Actual payments and revised spending projections by programme

R thousand	2015/16 Audited outcome	Adjusted appropriation	Actual payments		Projected payments		Projected actual
			April '16 - September 2016		October '16 - March 2017		
			% of budget		% of budget		
1. Administration	382 559	390 139	184 185	47.2	205 954	52.8	390 139
2. Local Governance	228 491	267 280	128 372	48.0	138 908	52.0	267 280
3. Development and Planning	641 708	600 961	148 447	24.7	452 514	75.3	600 961
4. Traditional Institutional Management	265 330	357 688	135 889	38.0	221 799	62.0	357 688
Total	1 518 088	1 616 068	596 893	36.9	1 019 175	63.1	1 616 068

Table 11.29 : Actual payments and revised spending projections by economic classification

R thousand	2015/16 Audited outcome	Adjusted appropriation	Actual payments		Projected payments		Projected actual
			April '16 - September 2016	% of budget	October '16 - March 2017	% of budget	
Current payments	995 720	1 431 296	570 265	39.8	861 031	60.2	1 431 296
Compensation of employees	607 298	645 665	321 675	49.8	323 990	50.2	645 665
Goods and services	388 422	785 631	248 590	31.6	537 041	68.4	785 631
Interest and rent on land		-	-	-	-	-	-
Transfers and subsidies to:	453 017	111 150	11 897	10.7	99 253	89.3	111 150
Provinces and municipalities	273 134	71 439	2 039	2.9	69 400	97.1	71 439
Departmental agencies and accounts	6 150	14 550	-	-	14 550	100.0	14 550
Higher education institutions		-	-	-	-	-	-
Foreign governments and international organisations		-	-	-	-	-	-
Public corporations and private enterprises	45 100	7 526	2 000	26.6	5 526	73.4	7 526
Non-profit institutions	114 811	-	-	-	-	-	-
Households	13 822	17 635	7 858	44.6	9 777	55.4	17 635
Payments for capital assets	69 351	73 622	14 731	20.0	58 891	80.0	73 622
Buildings and other fixed structures	43 086	42 395	9 832	23.2	32 563	76.8	42 395
Machinery and equipment	25 847	29 571	4 651	15.7	24 920	84.3	29 571
Heritage assets		-	-	-	-	-	-
Specialised military assets		-	-	-	-	-	-
Biological assets		-	-	-	-	-	-
Land and subsoil assets		-	-	-	-	-	-
Software and other intangible assets	418	1 656	248	15.0	1 408	85.0	1 656
Payments for financial assets		-	-	-	-	-	-
Total	1 518 088	1 616 068	596 893	36.9	1 019 175	63.1	1 616 068

The department spent 36.9 per cent of the Adjusted appropriation in the first six months of the financial year and projects to spend 63.1 per cent in the remaining six months. The high projections in the second half of the year are mainly due to additional funds allocated in the Adjustments Estimate, which are projected in the second half of the year.

The department was allocated an additional R70.145 million in respect of roll-overs, remuneration of *Izinduna*, above-budget 2016 wage adjustment, and the Mandela Day Marathon event.

Programme 1 reflects spending at 47.2 per cent of the Adjusted appropriation, which is below the straight-line benchmark of 50 per cent for mid-year. This was due to non-submission of invoices for external bursary students by the respective academic institutions, invoices for the purchase of the Pastel Evolution software for the traditional levies and trust account and the Caseware implementation system, as well as slower than anticipated filling of vacant posts. The high projections in the second half of the year can be attributed to the provision for ICT projects, SITA costs, purchase of motor vehicles, and maintenance of the departmental vehicle fleet, operating leases for all official buildings, maintenance and upgrade of official houses and government buildings.

Programme 2 reflects spending at 48 per cent of the Adjusted appropriation, which is marginally below the straight line benchmark of 50 per cent for mid-year mainly attributed to slower than anticipated filling of vacant posts and non-receipt of invoices from service providers for office furniture and computer equipment, among others. The high projections in the second half of the year can be attributed to various projects such as the promulgation of municipal by-elections, and the implementation of the communication strategy relating to ward committees, consolidation of the record management systems, among others.

Spending against Programme 3 was low in comparison to the straight-line benchmark of 50 per cent, at 24.7 per cent at mid-year. This was mainly due to funds earmarked as transfer payments to municipalities in respect of the Massification programme, which were not transferred due to slow spending by some municipalities. The department is anticipating spending to improve from the third quarter in respect of transfers to municipalities, and the drought relief interventions, among others, hence the high projections of 75.3 per cent.

Programme 4 reflects spending at 38 per cent of the Adjusted appropriation, which is well below the straight line benchmark of 50 per cent for mid-year. This is ascribed to delays with the installation of three *Amakhosi*, and non-receipt of outstanding invoices for operating costs, etc. The projections for the remaining six months seem fairly high at 62 per cent, mainly due to additional funding allocated and

reprioritisation undertaken in respect of the remuneration of *Izinduna*. It is anticipated that this remuneration will commence from December 2016 onwards.

Spending on *Compensation of employees* was on target at 49.8 per cent of the mid-year projections. The projections for the remaining six months are fairly reasonable at 50.2 per cent, and include additional funds allocated for the above-budget 2016 wage adjustment.

Spending against *Goods and services* was at 31.6 per cent of the Adjusted appropriation at mid-year, which is well below the straight-line benchmark of 50 per cent, mainly due to non-receipts of invoices and slow progress with various projects. The high projections are also attributed to the additional funding allocated and reprioritisation undertaken for the remuneration of *Izinduna*, among others.

The low spending against *Transfers and subsidies to: Provinces and municipalities* in the first half of the year, at 2.9 per cent, can be attributed to funds not transferred to municipalities in respect of the Massification programme, as explained previously. The high projections in the second half of the year are in respect of the Small Town Rehabilitation projects, etc.

The amount against *Transfers and subsidies to: Departmental agencies and accounts* is in respect of a transfer to ADA for various projects. This transfer is anticipated to take place in the third quarter.

The amounts against *Transfers and subsidies to: Public corporations and private enterprises* are in respect of a donation to SACPLAN toward the financing of the 2016 ISOCARP conference, as well as the transfer to the uMhloosini Development Agency for the establishment of the Mkuze Airport.

Spending against *Transfers and subsidies to: Households* was low at 44.6 per cent of the annual budget at mid-year. The projections for the remaining six months cater for staff exit costs.

Buildings and other fixed structures relates to the construction and rehabilitation of houses for Amakhosi, TACs, CSCs, among others. The low spending of 23.2 per cent in the first half of the year was due to delays with the construction and rehabilitation of CSCs and houses for Amakhosi. The projections in the second half of the year are in this regard.

Spending against *Machinery and equipment* was extremely low, at 15.7 per cent of the Adjusted appropriation at mid-year. The low spending in the first half of the year was due to non-payment of invoices for replacement office furniture and computer equipment, as invoices were not submitted by service providers and delays in the filling of vacant posts which has a direct impact on the purchase of furniture and equipment. The high projections in the remaining six months include payment of invoices for vehicles and equipment ordered in 2015/16 but only delivered in 2016/17, as well as the purchase of office and computer equipment.

Spending against *Software and other intangible assets* is in respect of the purchase of the Pastel Evolution software for the traditional levies and trust accounts in TCs.

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

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

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	1 403 000	11 689	-	20 959	(45 360)	41 008	28 296	1 431 296
Compensation of employees	674 446	-	-	(30 834)	-	2 053	(28 781)	645 665
Salaries and wages	594 403	-	-	(22 759)	-	2 053	(20 706)	573 697
Social contributions	80 043	-	-	(8 075)	-	-	(8 075)	71 968
Goods and services	728 554	11 689	-	51 793	(45 360)	38 955	57 077	785 631
Administrative fees	2 067	-	-	668	-	-	668	2 735
Advertising	14 069	431	-	9 455	-	-	9 886	23 955
Assets less than capitalisation threshold	8 357	-	-	(6 178)	48 886	-	42 708	51 065
Audit cost: External	7 069	-	-	-	-	-	-	7 069
Bursaries: Employees	1 500	-	-	-	-	-	-	1 500
Catering: Departmental activities	7 019	-	-	(2 802)	-	-	(2 802)	4 217
Communication (G&S)	11 546	-	-	4 385	-	-	-	15 931
Computer services	32 027	-	-	9 264	-	-	9 264	41 291
Cons & prof serv: Business and advisory services	247 234	2 468	-	(31 552)	17 682	-	(11 402)	235 832
Cons & prof serv: Infras and planning	-	-	-	342	-	-	342	342
Cons & prof serv: Laboratory services	-	-	-	-	-	-	-	-
Cons & prof serv: Scientific and tech services	-	-	-	-	-	-	-	-
Cons & prof serv: Legal costs	6 154	-	-	3 891	-	-	3 891	10 045
Contractors	192 912	3 700	-	1 975	(114 166)	-	(108 491)	84 421
Agency and support / outsourced services	4 361	-	-	938	-	-	938	5 299
Entertainment	-	-	-	-	-	-	-	-
Fleet services (incl. govt motor transport)	13 512	-	-	(1 559)	-	-	(1 559)	11 953
Housing	-	-	-	-	-	-	-	-
Inventory: Clothing material and accessories	-	-	-	-	-	-	-	-
Inventory: Farming supplies	-	-	-	-	-	-	-	-
Inventory: Food and food supplies	-	-	-	-	-	-	-	-
Inventory: Fuel, oil and gas	-	-	-	-	-	-	-	-
Inventory: Learner and teacher support material	-	-	-	-	-	-	-	-
Inventory: Materials and supplies	-	-	-	-	-	-	-	-
Inventory: Medical supplies	-	-	-	-	-	-	-	-
Inventory: Medicine	-	-	-	-	-	-	-	-
Medsas inventory interface	-	-	-	-	-	-	-	-
Inventory: Other supplies	-	2 500	-	8 541	2 238	-	13 279	13 279
Consumable supplies	5 314	-	-	(797)	-	-	(797)	4 517
Consumable: Stationery, printing and office supplies	8 872	1 490	-	(772)	-	-	718	9 590
Operating leases	27 660	-	-	511	-	-	511	28 171
Property payments	28 351	-	-	997	-	-	997	29 348
Transport provided: Departmental activity	-	-	-	226	-	-	226	226
Travel and subsistence	48 989	-	-	(1 270)	-	-	(1 270)	47 719
Training and development	1 700	-	-	600	-	-	600	2 300
Operating payments	57 446	-	-	56 586	-	38 955	95 541	152 987
Venues and facilities	2 115	1 100	-	(1 874)	-	-	(774)	1 341
Rental and hiring	280	-	-	218	-	-	218	498
Interest and rent on land	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Rent on land	-	-	-	-	-	-	-	-
Transfers and subsidies to	47 497	10 500	-	22 784	28 869	1 500	63 653	111 150
Provinces and municipalities	33 021	10 500	-	17 625	8 793	1 500	38 418	71 439
Provinces	205	-	-	-	-	-	-	205
Provincial Revenue Funds	-	-	-	-	-	-	-	-
Provincial agencies and funds	205	-	-	-	-	-	-	205
Municipalities	32 816	10 500	-	17 625	8 793	1 500	38 418	71 234
Municipalities	32 816	10 500	-	17 625	8 793	1 500	38 418	71 234
Municipal agencies and funds	-	-	-	-	-	-	-	-
Departmental agencies and accounts	-	-	-	-	14 550	-	14 550	14 550
Social security funds	-	-	-	-	-	-	-	-
Entities receiving funds	-	-	-	-	14 550	-	14 550	14 550
Higher education institutions	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	2 000	5 526	-	7 526	7 526
Public corporations	-	-	-	-	-	-	-	-
Subsidies on production	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-
Private enterprises	-	-	-	2 000	5 526	-	7 526	7 526
Subsidies on production	-	-	-	-	-	-	-	-
Other transfers	-	-	-	2 000	5 526	-	7 526	7 526
Non-profit institutions	-	-	-	-	-	-	-	-
Households	14 476	-	-	3 159	-	-	3 159	17 635
Social benefits	4 433	-	-	3 159	-	-	3 159	7 592
Other transfers to households	10 043	-	-	-	-	-	-	10 043
Payments for capital assets	95 426	5 448	-	(43 743)	16 491	-	(21 804)	73 622
Buildings and other fixed structures	76 596	5 448	-	(39 649)	-	-	(34 201)	42 395
Buildings	76 596	5 448	-	(39 649)	-	-	(34 201)	42 395
Other fixed structures	-	-	-	-	-	-	-	-
Machinery and equipment	16 518	-	-	(3 438)	16 491	-	13 053	29 571
Transport equipment	4 177	-	-	(77)	16 491	-	16 414	20 591
Other machinery and equipment	12 341	-	-	(3 361)	-	-	(3 361)	8 980
Heritage assets	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-
Software and other intangible assets	2 312	-	-	(656)	-	-	(656)	1 656
Payments for financial assets	-	-	-	-	-	-	-	-
Total	1 545 923	27 637	-	-	-	42 508	70 145	1 616 068
Amount to be voted								70 145

Vote 12

Transport

R thousand	2016/17			
	Main appropriation	Adjusted appropriation	Decrease	Increase
Operational budget	9 570 118	9 575 718		5 600
MEC remuneration ¹	1 822	1 902		80
Total amount to be appropriated	9 571 940	9 577 620		5 680
<i>of which:</i>				
Current payments	5 170 110	5 088 625	(81 485)	
Transfers and subsidies	1 053 563	1 037 226	(16 337)	
Payments for capital assets	3 343 714	3 445 622		101 908
Payments for financial assets	4 553	6 147		1 594
Responsible MEC	MEC for Transport and Community Safety and Liaison			
Administering department	Transport			
Accounting Officer	Head: Transport			

1. Vision and mission

Vision

The vision of the department is: *Prosperity through mobility.*

Mission

The mission of the department is: *To strive to provide the public with mobility by an affordable transportation system that is safe, integrated, regulated and accessible to meet the developmental needs of the province.*

2. Strategic objectives

Strategic policy direction: The department's strategic policy direction is to support rural development, poverty alleviation and job creation as the department builds roads and bridges, provides safe integrated public transport systems, and manages traffic and the safety of all road users.

The department has set the following goals in order to achieve this:

- Provide mobility and accessibility within the province to achieve 32 890 kilometres of maintained road infrastructure by 2020.
- Promote and develop an integrated transportation system through developing three Integrated Public Transport Networks (IPTNs) operational plans.
- Create and promote a safe road environment by decreasing road fatalities by 30 per cent (545/1 819) by 2020.
- Promote sustainable economic transformation through developing two empowerment programmes.

3. Summary of adjusted estimates for the 2016/17 financial year

The main appropriation of the Department of Transport was R9.572 billion in 2016/17. During the year, the department's budget increased by R5.680 million to R9.578 billion, which is the amount that is to be

¹ At the time of going to print with the 2016/17 EPRE, the proclamation determining the 2015 salary adjustment relating to office bearers had not been signed, hence this amount remained unchanged from the 2015/16 EPRE. Similarly, at the time of going to print with this document, the proclamation determining the 2016 salary adjustment relating to office bearers has not been signed. As such, the above-mentioned adjustment now aligns the MEC's salary to the 2015 salary level.

appropriated in the 2016/17 Adjustments Estimate. The main adjustments that led to this overall increase in the budget are summarised below, and further details are given in Section 4:

- *Roll-overs*: R275.691 million that was withheld by the National Department of Transport (NDOT) in 2015/16 relating to the Provincial Roads Maintenance grant (PRMG) due to non-compliance by the department on the reporting requirement for the grant in terms of DORA will be transferred to the department in 2016/17. This will not be appropriated to the department (hence this amount is not included in the tables in this document), but will be highlighted in the 2016/17 Adjustments Estimate Act. Although the funds were withheld in 2015/16, the department spent R245.450 million of the withheld amount, and under-spent by only R30.241 million, which relates to the disaster portion of the grant. However, Provincial Treasury together with the department proved to National Treasury that the funds had been spent, hence National Treasury has released the funds in 2016/17.
- *Virement between programmes*: The following virements were undertaken between programmes:
 - Savings of R8.747 million were identified in Programme 5: Community Based Programme, as follows:
 - Savings of R3.747 million under *Compensation of employees* resulted from the slower than anticipated filling of vacant posts as a result of lengthy recruitment processes, and the moratorium on the filling of vacant posts.
 - Funds of R5 million under *Transfers and subsidies to: Public corporations and private enterprises* will not be transferred to the Vukuzakhe Emerging Contractors Association (VECA). This resulted from non-compliance by the association in meeting reporting requirements by not providing the department with close-out reports.
 - Of the total savings, R3.065 million remained within Programme 5, resulting in a net reduction of R5.682 million in Programme 5. The funds that remained were moved to *Goods and services* in respect of consultation fees for the EPWP Integrated Grant for Provinces. This involves providing technical support in guiding and mainstreaming the labour intensive construction programme, as well as co-ordinating and monitoring beneficiary training on site. In addition, the funds were allocated for the development of an IT system by SITA to better manage the Zibambele contractors to be compliant with administrative processes.
 - The balance of R5.682 million was moved to other programmes as follows:
 - R900 000 was moved to Programme 1: Administration, against *Goods and services* to cater for the comprehensive evaluation of the department's road safety programme, which was under-budgeted for. The evaluation aims to assess whether road safety programmes that are being implemented by the department are meeting the intended impact in respect of decreasing road carnage and traffic violations. This resulted from the province experiencing high fatalities on its roads in comparison to other provinces.
 - R4.782 million was moved to Programme 3: Transport Operations against *Goods and services* to cater for legal services in respect of attorneys who assist the department in dealing with the continuous violence and conflict in the taxi industry.

The department undertook further virements between sub-programmes and economic categories within programmes, and details are provided under Section 4 below. All of these virements are permissible in terms of the PFMA and the Treasury Regulations. However, the decrease in transfers with regard to *Transfers and subsidies to: Public corporations and private enterprises* requires Legislature approval. Also, the decrease in Programme 5 exceeds the 8 per cent threshold, and therefore Legislature approval is required. The increase in *Compensation of employees* was approved by Provincial Treasury.

- *Other adjustments*: The following adjustments were made to the main appropriation:
 - R1 000 was allocated under Programme 3, against *Transfers and subsidies to: Public corporations and private enterprises* for the PTOG. The allocation was to correct a rounding error in the allocation letter that the province received from National Treasury during the preparation of the 2016/17 MTEF budget, and to ensure that the allocation agrees with the DORA amount.

- o R2 million was allocated under Programme 2: Transport Infrastructure, against *Buildings and other fixed structures* to commence the planning of the cross-border crime fighting project commissioned by the Premier. This relates to the construction of a crime fighting structure on the border between KZN and Mozambique. It should be noted that a further R48 million has been earmarked to be allocated to the department in this regard during the 2017/18 MTEF budget process. The funds are specifically and exclusively allocated to the department and will appear as such in the Adjustments Appropriation Bill. Therefore, these funds may not be used for any other purpose. It was agreed by Cabinet that this project should be undertaken by the province but with the understanding that a MOA must be entered into with the Department of Home Affairs who is responsible for border infrastructure, so that the funds can be recouped. Similarly, a MOA with the South African National Defence Force (SANDF) must be entered into so that the border will be patrolled.
- o R3.679 million was allocated under Programme 1 (R2.884 million) and Programme 3 (R795 000), against *Compensation of employees* in respect of the above-budget 2016 wage adjustment determined at 7.6 per cent as opposed to the 7.2 per cent provided for in the budget, leaving a shortfall of 0.4 per cent. These funds were provided from the provincial fiscus, and were allocated in 2016/17 (without carry-through costs) in accordance with the information provided by the department in costing the gap. This additional amount fully compensates the department for the shortfall related to the above-budget 2016 wage adjustment.

Tables 12.1 and 12.2 below reflect a summary of the 2016/17 adjusted appropriation of the department, summarised according to programme and economic classification. Details of the economic classification are given in *Annexure – Vote 12: Transport*.

Table 12.1 : Summary by programmes

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Administration	310 192	-	-	900	-	2 884	3 784	313 976
2. Transport Infrastructure	7 056 234	-	-	-	-	2 000	2 000	7 058 234
3. Transport Operations	1 353 591	-	-	4 782	-	796	5 578	1 359 169
4. Transport Regulation	811 743	-	-	-	-	-	-	811 743
5. Community Based Programme	40 180	-	-	(5 682)	-	-	(5 682)	34 498
Total	9 571 940	-	-	-	-	5 680	5 680	9 577 620
Amount to be voted								5 680
of which: Unauth. Exp. (1st charge) not avail. for spending								(4 553)
Baseline available for spending after first charge								9 573 067

Table 12.2 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	5 170 110	-	-	(87 164)	-	5 679	(81 485)	5 088 625
Compensation of employees	1 559 427	-	-	71 519	-	3 679	75 198	1 634 625
Goods and services	3 610 683	-	-	(158 683)	-	2 000	(156 683)	3 454 000
Interest and rent on land	-	-	-	-	-	-	-	-
Transfers and subsidies to:	1 053 563	-	-	(16 338)	-	1	(16 337)	1 037 226
Provinces and municipalities	4 691	-	-	-	-	-	-	4 691
Departmental agencies and accounts	5 699	-	-	6	-	-	6	5 705
Higher education institutions	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-
Public corporations and private enterprises	1 016 045	-	-	(5 000)	-	1	(4 999)	1 011 046
Non-profit institutions	-	-	-	-	-	-	-	-
Households	27 128	-	-	(11 344)	-	-	(11 344)	15 784
Payments for capital assets	3 343 714	-	-	101 908	-	-	101 908	3 445 622
Buildings and other fixed structures	3 127 432	-	-	100 000	-	-	100 000	3 227 432
Machinery and equipment	216 282	-	-	1 583	-	-	1 583	217 865
Heritage assets	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	325	-	-	325	325
Payments for financial assets	4 553	-	-	1 594	-	-	1 594	6 147
Total	9 571 940	-	-	-	-	5 680	5 680	9 577 620
Amount to be voted								5 680
of which: Unauth. Exp. (1st charge) not avail. for spending								(4 553)
Baseline available for spending after first charge								9 573 067

4. Changes to programme purposes and service delivery measures

The department made no changes to the purpose of their programmes, which conform to the sector specific programme and budget structure for the Transport sector for 2016/17.

The non financial information currently reflected in the 2016/17 *EPRE* largely corresponds to the department's 2016/17 APP. It is noted, however, that there are a few discrepancies between the *EPRE* and the APP. According to the department, when the *EPRE* was finalised, it was still in the process of finalising the APP. As such, some of the targets were amended and these changes were not brought into the *EPRE*. The department is now aligning the non financial information to the APP information.

4.1 Programme 1: Administration

The purpose of Programme 1 is to provide the department with the overall management and administrative, strategic, financial and corporate support services (including human resource management, labour relations and legal services) in order to ensure that it delivers on its mandate in an integrated, efficient, effective and sustainable manner.

Tables 12.3 and 12.4 below reflect a summary of the 2016/17 adjusted appropriation of Programme 1, summarised according to sub-programme and economic classification.

Details of the main adjustments, which resulted in an overall increase of R3.784 million, are provided in the paragraphs following the tables.

Table 12.3 : Programme 1: Administration

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Office of the MEC	13 291						-	13 291
2. Management	15 704						-	15 704
3. Corporate Support	264 354					1 249	1 249	265 603
4. Departmental Strategy	16 843			900		1 635	2 535	19 378
Total	310 192	-	-	900	-	2 884	3 784	313 976
Amount to be voted								3 784
of which: Unauth. Exp. (1st charge) not avail. for spending								(4 553)
Baseline available for spending after first charge								309 423

Table 12.4 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	268 942	-	-	10 167	-	2 884	13 051	281 993
Compensation of employees	138 059					2 884	2 884	140 943
Goods and services	130 883			10 167			10 167	141 050
Interest and rent on land							-	-
Transfers and subsidies to:	20 549	-	-	(9 722)	-	-	(9 722)	10 827
Provinces and municipalities	85						-	85
Departmental agencies and accounts	5 699						-	5 699
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions							-	-
Households	14 765			(9 722)			(9 722)	5 043
Payments for capital assets	16 148	-	-	94	-	-	94	16 242
Buildings and other fixed structures							-	-
Machinery and equipment	16 148			88			88	16 236
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets				6			6	6
Payments for financial assets	4 553			361			361	4 914
Total	310 192	-	-	900	-	2 884	3 784	313 976
Amount to be voted								3 784
of which: Unauth. Exp. (1st charge) not avail. for spending								(4 553)
Baseline available for spending after first charge								309 423

Virement – Programme 1: Administration: R900 000

The main appropriation of Programme 1 was increased by R900 000 due to the following, which affected the Departmental Strategy sub-programme:

- Savings of R900 000 were identified in Programme 5, against *Compensation of employees* due to the slower than anticipated filling of vacant posts, as explained. These savings were moved to the sub-programme: Departmental Strategy, against *Goods and services* to cater for the comprehensive evaluation of the department's road safety programme, as previously discussed.
- In addition to the virements from Programme 5, an amount of R9.722 million was moved from *Transfers and subsidies to: Households* under the sub-programme: Corporate Support. This category was inadvertently over-budgeted for during the 2016/17 budget process. Hence, the virement was undertaken to correct the over-budgeting and to move savings to areas experiencing spending pressures within the same sub-programme, as follows:
 - o R9.267 million was moved to *Goods and services* in respect of the maintenance and rehabilitation of departmental buildings and offices (RTI offices in Nomgoma, Mkondeni testing grounds and head office in Pietermaritzburg, etc.) in various regions in the province.
 - o R88 000 was moved to *Machinery and equipment* for the replacement and procurement of computer equipment that is obsolete.
 - o R6 000 was moved to *Software and other intangible assets* in respect of Microsoft software licences, which were not budgeted for.
 - o R361 000 was moved to *Payments for financial assets* relating to thefts and losses written-off.

All the virements are permissible in terms of the PFMA and Treasury Regulations. Although there is a decrease in transfers, Legislature approval is not required as the amount incorrectly allocated to *Transfers and subsidies to: Households* was not gazetted.

Other adjustments – Programme 1: Administration: R2.884 million

The department was allocated additional funds to cater for the above-budget 2016 wage adjustment. The bulk of the funds amounting to R2.884 million was allocated against *Compensation of employees* under this programme, as follows:

- R1.249 million was allocated to the sub-programme: Corporate Support.
- R1.635 million was allocated to the Departmental Strategy sub-programme.

4.2 Programme 2: Transport Infrastructure

The purpose of Programme 2 is to promote accessibility, and the safe and affordable movement of people, goods and services through the delivery and maintenance of transport infrastructure that is sustainable, integrated and environmentally sensitive, and which supports and facilitates social empowerment and economic growth.

Tables 12.5 and 12.6 below reflect a summary of the 2016/17 adjusted appropriation of Programme 2, summarised according to sub-programme and economic classification. Details of the main adjustments, which resulted in an overall increase of R2 million, are given in the paragraphs following the tables.

Table 12.5 : Programme 2: Transport Infrastructure

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments	
1. Programme Support Infrastructure	223 115			23 672		2 000	248 787
2. Infrastructure Planning	50 904			(25 405)			25 499
3. Infrastructure Design	37 715			1 733			39 448
4. Construction	3 127 432			100 000			3 227 432
5. Maintenance	3 617 068			(100 000)			3 517 068
Total	7 056 234	-	-	-	-	2 000	7 058 234
Amount to be voted							2 000

Table 12.6 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	3 761 441	-	-	(101 014)	-	2 000	(99 014)	3 662 427
Compensation of employees	795 237			75 266			75 266	870 503
Goods and services	2 966 204			(176 280)		2 000	(174 280)	2 791 924
Interest and rent on land							-	-
Transfers and subsidies to:	13 469	-	-	(1 669)	-	-	(1 669)	11 800
Provinces and municipalities	3 655			176			176	3 831
Departmental agencies and accounts				1			1	1
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions							-	-
Households	9 814			(1 846)			(1 846)	7 968
Payments for capital assets	3 281 324	-	-	101 814	-	-	101 814	3 383 138
Buildings and other fixed structures	3 127 432			100 000			100 000	3 227 432
Machinery and equipment	153 892			1 495			1 495	155 387
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets				319			319	319
Payments for financial assets				869			869	869
Total	7 056 234	-	-	-	-	2 000	2 000	7 058 234
Amount to be voted								2 000

Virement – Programme 2: Transport Infrastructure

The following virements were undertaken within Programme 2, which affected all sub-programmes:

- Savings of R176.280 million were identified mainly from the maintenance budget (R100 million) under *Goods and services* in the sub-programmes: Maintenance and Infrastructure Planning. These savings were largely due to:
 - Re-gravelling of roads contracts that were awarded late due to tender appeals, which delayed various maintenance projects.
 - Delays in the commencement and completion of maintenance projects due to the ongoing drought, cancellation of contracts due to poor performance or workmanship, and the liquidation or abandonment of projects by service providers.
 - Community protests resulted in delays in commencing with various projects such as the P577 (KwaMashu and New Germany), D887 (Mtubatuba in Empangeni area) and P232 (Empangeni area), P21 (Umlaas road and Umbumbulu in Mkhambathini area) and P24 (from Eston to Richmond), as members of the community were demanding that the contractors make provision for sub-contracting on these projects, in order to create job opportunities for the local community.
 - Newly appointed grader operators still being trained, delays with plant hire, poor weather conditions (drought), shortage of water carts and the breakdown of graders, which led to under-performance in road blading projects, as these are done in-house.
 - Implementation of cost-cutting on items such as administration, advertising, etc.
- Savings of R1.846 million were identified against *Transfers and subsidies to: Households* due to lower than budgeted staff exit costs.
- The total amount of R178.126 million was moved as follows:
 - R75.266 million was moved to *Compensation of employees* to cater for a shortfall ascribed to the budget cuts against the personnel budget during the 2016/17 budget process. The department indicated that, although reprioritisation was undertaken during the 2016/17 budget process to offset the cuts, the category was not adequately catered for.
 - R176 000 was moved to *Transfers and subsidies to: Provinces and municipalities* in respect of motor vehicle licences that were higher than budgeted.
 - R1 000 was moved to *Transfers and subsidies to: Departmental agencies and accounts* relating to TV and radio licences not budgeted for.

- o R100 million was moved to *Buildings and other fixed structures* under the Construction sub-programme. This was in respect of the following spending pressures:
 - Carried over costs from 2015/16 in respect of road construction projects. These projects include main road P710 in iLembe and main road P451 in Big Five Hlabisa that were completed and paid for in 2016/17.
 - Construction of road P435 in Jozini due to an additional structure being constructed. This was due to the community requesting a walkway in order to avoid accidents and fatalities as a result of pupils walking on the main road to and from schools.
 - Several construction projects from the previous year, including the patching of several blacktop roads, were completed in the first quarter of 2016/17.
- o R1.495 million was moved to *Machinery and equipment* to cater for the replacement of computer and office equipment which was under-budgeted for.
- o R319 000 was moved to *Software and other intangible assets* in respect of the Civil Engineering Designer software, which was not budgeted for. This is a civil design and documentation solution used by infrastructure professionals to manage project performance and maintain consistent data and processes.
- o R869 000 was moved to *Payments for financial assets* to cater for thefts and losses written-off.

These virements are permissible in terms of the PFMA and Treasury Regulations, and the increase in *Compensation of employees* was approved by Provincial Treasury.

Other adjustments – Programme 2: Transport Infrastructure: R2 million

An amount of R2 million was allocated under the sub-programme: Programme Support Infrastructure, against *Goods and services* to commence the planning of the cross-border crime fighting project commissioned by the Premier. This relates to the construction of a crime fighting structure on the border between KZN and Mozambique, as mentioned in detail previously.

Service delivery measures – Programme 2: Transport Infrastructure

Table 12.7 shows the original service delivery targets for Programme 2 as per the APP of Transport, as well as the actual achievement for the first six months of the year.

Two targets have been adjusted, as reflected in Table 12.7 (under the column “2016/17 Revised target”), to align the target in the *EPRE* to the department’s tabled 2016/17 APP. The output reflected as “n/a” indicates that the target is no longer being used. Some of the targets are annual, and are not reported on at mid-year.

Table 12.7 : Service delivery measures – Programme 2: Transport Infrastructure

Table 12.1 : Service delivery measures – Programme 2: Transport infrastructure				
Outputs	Performance indicators	Performance targets		
		2016/17 Original target	2016/17 Mid-year actual	2016/17 Revised target
2. Transport Infrastructure				
2.1. Construction	• No. of kilometres of new gravel roads constructed	230	annual	
	• No. of lane-kilometres of new surfaced roads constructed	16	annual	
	• No. of square metres of surfaced road upgraded	32 900	n/a	n/a
	• No. of kilometres of gravel roads upgraded to surfaced roads	74	62	
	• No. of square metres of non-motorised transport facility constructed	25 000	35 323	
	• No. of new major vehicle bridges constructed	7	annual	
	• No. of new pedestrian bridges constructed	13	annual	
	• No. of designs of integrated public transport networks	1	annual	
	• No. of square metres of surfaced roads rehabilitated	3 504 000	1 023 271	1 827 540

Table 12.7 : Service delivery measures – Programme 2: Transport Infrastructure

Outputs	Performance indicators	Performance targets		
		2016/17 Original target	2016/17 Mid-year actual	2016/17 Revised target
2.2. Maintenance	<ul style="list-style-type: none"> No. of square metres of surfaced roads resealed No. of kilometres of roads re-gravelled No. of square metres of blacktop patching (including pothole repairs) No. of kilometres of gravel roads bladed No. of kilometres of surfaced roads visually assessed as per applicable TMH manual No. of kilometres of gravel roads visually assessed as per the applicable TMH manual Kilometres maintained by Zibambele contractors 	2 700 000 2 700 240 000 120 000 3 750 8 445 26 650	854 780 731 182 769 32 083 annual annual annual	2 532 690

4.3 Programme 3: Transport Operations

The purpose of this programme is to plan, regulate and facilitate the provision of integrated land transport services through co-ordination and co-operation with national planning authorities, community-based organisation (CBOs), non-governmental organisations (NGOs), and the private sector in order to enhance the mobility of all communities particularly those currently without or with limited access. This includes all costs involved in public transport management and service delivery including the planning, co-ordination of the operator in the transport industry.

Tables 12.8 and 12.9 below reflect a summary of the 2016/17 adjusted appropriation of Programme 3, summarised according to sub-programme and economic classification.

Details of the main adjustments, which resulted in an overall increase of R5.578 million, are given in the paragraphs following the tables.

Table 12.8 : Programme 3: Transport Operations

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Programme Support Operations	22 170			4 787		21	4 808	26 978
2. Public Transport Services	1 258 712					1	1	1 258 713
3. Transport Safety and Compliance	72 709			(5)		774	769	73 478
Total	1 353 591	-	-	4 782	-	796	5 578	1 359 169
Amount to be voted								5 578

Table 12.9 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	342 303	-	-	4 729	-	795	5 524	347 827
Compensation of employees	38 717					795	795	39 512
Goods and services	303 586			4 729			4 729	308 315
Interest and rent on land							-	-
Transfers and subsidies to:	1 011 046	-	-	53	-	1	54	1 011 100
Provinces and municipalities	1			10			10	11
Departmental agencies and accounts				5			5	5
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises	1 011 045					1	1	1 011 046
Non-profit institutions							-	-
Households				38			38	38
Payments for capital assets	242	-	-	-	-	-	-	242
Buildings and other fixed structures							-	-
Machinery and equipment	242						-	242
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets							-	-
Total	1 353 591	-	-	4 782	-	796	5 578	1 359 169
Amount to be voted								5 578

Virement – Programme 3: Transport Operations: R4.782 million

The main appropriation of Programme 3 increased by R4.782 million due to the following virements affecting the sub-programmes: Programme Support Operations and Transport Safety and Compliance:

- Savings of R4.782 million were identified in Programme 5, against *Transfers and subsidies to: Public corporations and private enterprises* mainly due to funds that will not be transferred to VECA as a result of non-compliance with reporting requirements, as explained. These savings were moved to the sub-programme: Programme Support Operations, as follows:
 - R4.729 million was moved to *Goods and services* in respect of legal services relating to the continuous taxi violence and conflict.
 - R10 000 was moved to *Transfers and subsidies to: Provinces and municipalities* for higher than budgeted motor vehicle licences.
 - R5 000 was moved to *Transfers and subsidies to: Departmental agencies and accounts* for TV and radio licences.
 - R38 000 was moved to *Transfers and subsidies to: Households* for higher than budgeted staff exit costs.

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

Other adjustments – Programme 3: Transport Operations: R796 000

The following adjustments were made to the main appropriation of this programme:

- The department was allocated additional funds to cater for the above-budget 2016 wage adjustment, and R795 000 was allocated to *Compensation of employees* under this programme, as follows:
 - R21 000 was allocated to the sub-programme: Programme Support Operations.
 - R774 000 was allocated to the Transport Safety and Compliance sub-programme.
- An amount of R1 000 was allocated to *Transfers and subsidies to: Public corporations and private enterprises*, under the sub-programme: Public Transport Services. This relates to a rounding error in the 2016/17 allocation letter from National Treasury in respect of the PTOG and to ensure that the allocation agrees with the amount included in DORA.

Service delivery measures – Programme 3: Transport Operations

Table 12.10 shows the original service delivery targets for Programme 3 as per Transport's APP, as well as the actual achievement for the first six months of the year. As indicated in Table 12.10, two of the outputs were adjusted under the column "2016/17 Revised target", to align the targets in the *EPRE* to the department's tabled 2016/17 APP. Some of the targets are annual, and are not reported on at mid-year.

Table 12.10 : Service delivery measures – Programme 3: Transport Operations

Outputs	Performance indicators	Performance targets		
		2016/17 Original target	2016/17 Mid-year actual	2016/17 Revised target
3. Transport Operations				
3.1. Public Transport Services	<ul style="list-style-type: none"> • No. of vehicles subsidised • No. of routes subsidised • No. of vehicle kilometres subsidised • No. of kilometres operated per vehicle • No. of passengers per vehicle • No. of passengers per trip operated • No. of staff per vehicle • No. of subsidised passengers • No. of unsubsidised passengers • No. of trips subsidised • No. of trips monitored 	1 320 1 710 41 888 710 31 730 4 340 59 2.2 148 440 23 740 1 198 870 839 210	annual annual 20 668 097 15 672 annual annual annual 257 562 annual 591 372 420 758	

Table 12.10 : Service delivery measures – Programme 3: Transport Operations

Outputs	Performance indicators	Performance targets		
		2016/17 Original target	2016/17 Mid-year actual	2016/17 Revised target
	<ul style="list-style-type: none"> % of trips monitored Subsidy per passenger No. of passenger trips subsidised No. of schools receiving learner transport services No. of learners transported No. of PRE hearings conducted (annual) 	70% R13.80 67 879 790 326 44 490 70	annual annual 32 827 031 annual annual 230	 316 43 990
3.2. Transport Safety and Compliance	<ul style="list-style-type: none"> No. of road safety awareness progs conducted No. of schools involved in road safety education progs No. of school children reached No. of adults reached No. of crossing patrols provided 	9 1 110 270 000 73 000 143	13 691 189 580 36 523 annual	

4.4 Programme 4: Transport Regulation

The purpose of this programme is to ensure the provision of a safe transport environment through the regulation of traffic on public infrastructure, law enforcement, implementation of road safety education and awareness programmes and the registration and licensing of vehicles and drivers. This includes all costs related to overall management of road traffic and safety in the province.

Tables 12.11 and 12.12 reflect a summary of the 2016/17 adjusted appropriation of Programme 4, summarised according to sub-programme and economic classification. Details of the main adjustments, which resulted in no change to the main appropriation, are provided in the paragraphs after the tables.

Table 12.11 : Programme 4: Transport Regulation

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts	Other adjustments		
1. Programme Support Regulation	3 066			(108)			(108)	2 958
2. Transport Administration and Licensing	122 790			377			377	123 167
3. Operator Licences and Permits	59 400			872			872	60 272
4. Law Enforcement	626 487			(1 141)			(1 141)	625 346
Total	811 743	-	-	-	-	-	-	811 743
Amount to be voted								

Table 12.12 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts	Other adjustments		
Current payments	762 344	-	-	(354)	-	-	(354)	761 990
Compensation of employees	569 403						-	569 403
Goods and services	192 941			(354)			(354)	192 587
Interest and rent on land							-	-
Transfers and subsidies to:	3 499	-	-	-	-	-	-	3 499
Provinces and municipalities	950			(186)			(186)	764
Departmental agencies and accounts							-	-
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions							-	-
Households	2 549			186			186	2 735
Payments for capital assets	45 900	-	-	-	-	-	-	45 900
Buildings and other fixed structures							-	-
Machinery and equipment	45 900						-	45 900
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets				354			354	354
Total	811 743	-	-	-	-	-	-	811 743
Amount to be voted								

Virement – Programme 4: Transport Regulation

The following virements were undertaken within Programme 4, which affected all sub-programmes:

- R354 000 was identified as savings under *Goods and services* due to implementation of cost-cutting on travel and subsistence, computer services, stationery, among others. These savings were moved to *Payments for financial assets* within the programme to cater for thefts and losses written-off.
- R186 000 was identified as savings under *Transfers and subsidies to: Provinces and municipalities* due to over-budgeting in respect of motor vehicle licences. These savings were moved to *Transfers and subsidies to: Households* within the programme in respect of staff exit costs.

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

Service delivery measures – Programme 4: Transport Regulation

Table 12.13 shows the original service delivery targets for Programme 4 as per the APP of Transport, as well as the actual achievement for the first six months of the year. One output has been adjusted, as reflected in Table 12.13 (under the column “2016/17 Revised target”), to align to the target included in the department’s tabled 2016/17 APP. Also, one target is annual, and is not reported on at mid-year.

Table 12.13 : Service delivery measures – Programme 4: Transport Regulation

Table 12.10: Service delivery measures – Programme 4: Transport Regulation				
Outputs	Performance indicators	Performance targets		
		2016/17 Original target	2016/17 Mid-year actual	2016/17 Revised target
4. Transport Regulation				
4.1. Transport Administration and Licensing	<ul style="list-style-type: none">No. of licence compliance inspections conducted	1 263	521	
4.2. Operator Licences and Permits	<ul style="list-style-type: none">No. of operator permits converted to licences	100	99	
4.3. Traffic Law Enforcement	<ul style="list-style-type: none">No. of speed operations conducted	18 250	9 478	
	<ul style="list-style-type: none">No. of hours weighbridges operated	15 000	7 946	
	<ul style="list-style-type: none">Undertake goal directed enforcement of public transport (Operation Shanela)	880	427	
	<ul style="list-style-type: none">No. of kilometres patrolled	6 090 000	3 400 851	
	<ul style="list-style-type: none">No. of law enforcement officers employed	835	annual	
	<ul style="list-style-type: none">No. of vehicles stopped and checked	2 040 000	730 379	1 600 000
	<ul style="list-style-type: none">No. of heavy vehicles screened	3 200 000	2 371 841	
	<ul style="list-style-type: none">No. of vehicles weighed	155 000	93 904	
	<ul style="list-style-type: none">No. of drunken driving operations conducted	200	203	

4.5 Programme 5: Community Based Programme

The purpose of this programme is to direct and manage the implementation of programmes and strategies that lead to the development and empowerment of communities and contractors.

Tables 12.14 and 12.15 below reflect a summary of the 2016/17 adjusted appropriation of Programme 5, summarised according to sub-programme and economic classification. Details of the main adjustments, which resulted in an overall decrease of R5.682 million, are given in the paragraphs following the tables.

Table 12.14 : Programme 5: Community Based Programme

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Programme Support Community Based	7 703						-	7 703
2. Community Development	9 882			(1 694)			(1 694)	8 188
3. Innovation and Empowerment	16 777			(3 988)			(3 988)	12 789
4. EPWP Co-ordination and Monitoring	5 818						-	5 818
Total	40 180	-	-	(5 682)	-	-	(5 682)	34 498
Amount to be voted								(5 682)

Table 12.15 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments	
Current payments	35 080	-	-	(692)	-	-	34 388
Compensation of employees	18 011			(3 747)		(3 747)	14 264
Goods and services	17 069			3 055		3 055	20 124
Interest and rent on land						-	-
Transfers and subsidies to:	5 000	-	-	(5 000)	-	-	-
Provinces and municipalities						-	-
Departmental agencies and accounts						-	-
Higher education institutions						-	-
Foreign governments and international organisations						-	-
Public corporations and private enterprises	5 000			(5 000)		(5 000)	-
Non-profit institutions						-	-
Households						-	-
Payments for capital assets	100	-	-	-	-	-	100
Buildings and other fixed structures						-	-
Machinery and equipment	100					-	100
Heritage assets						-	-
Specialised military assets						-	-
Biological assets						-	-
Land and subsoil assets						-	-
Software and other intangible assets						-	-
Payments for financial assets				10		10	10
Total	40 180	-	-	(5 682)	-	(5 682)	34 498
Amount to be voted							(5 682)

Virement – Programme 5: Community Based Programme: (R5.682 million)

The following virements were undertaken from Programme 5, affecting the sub-programmes: Community Development and Innovative and Empowerment.

- Savings of R8.747 million were identified under sub-programmes: Community Development and Innovative and Empowerment in Programme 5 against the following:
 - *Compensation of employees* (R3.747 million) due to the slower than anticipated filling of vacant posts, as explained earlier.
 - *Transfers and subsidies to: Public corporations and private enterprises* (R5 million) in respect of funds that will not be transferred to VECA for not meeting reporting requirements, as mentioned.

Of the total savings of R8.747 million, R5.682 million was moved to other programmes, as follows:

- R900 000 was moved to Programme 1, against *Goods and services* for the comprehensive evaluation of the road safety programme.
- R4.782 million was moved to Programme 3, against *Goods and services* in respect of the department needing to acquire legal services to deal with the violence and conflict in the taxi industry.
- The balance of R3.065 million remained within the programme, as follows:
 - R3.055 million was moved to *Goods and services* to cater for consultation fees relating to the EPWP Integrated Grant for Provinces. As explained, this involves providing technical support in guiding and mainstreaming the labour intensive construction programme, as well as co-ordinating and monitoring beneficiary training on site.
 - R10 000 was moved to *Payments for financial assets* to cater for thefts and losses written-off.

These virements are permissible in terms of the PFMA and Treasury Regulations, though the reduction in transfers in respect of *Transfers and subsidies to: Public corporations and private enterprises* requires Legislature approval. Also, the virements from this programme exceeds the 8 per cent threshold, thus Legislature approval is required.

Service delivery measures – Programme 5: Community Based Programme

Table 12.16 shows the original service delivery target for Programme 5 as per the APP of Transport, as well as the actual achievement for the first six months of the year.

All targets with the exception of one pertaining to this programme have been adjusted, as reflected in Table 12.16 (under the column “2016/17 Revised target”), to align the target in the *EPRE* to the department’s tabled 2016/17 APP. Also, one target is annual, and is not reported on at mid-year.

Table 12.16 : Service delivery measures – Programme 5: Community Based Programme

Table 1: Key Service Delivery Measures – Programme of Community Based Programmes				
Outputs	Performance indicators	Performance targets		
		2016/17 Original target	2016/17 Mid-year actual	2016/17 Revised target
5. Community Based Programme				
5.1. Community Development	• No. of Zibambele contractors employed	41 000	annual	43 360
	• No. of small contractors created through the Vukuzakhe Emerging Contractor Development Prog.	500	310	
5.2. EPWP Co-ordination and Monitoring	• No. of jobs created	62 700	51 974	67 200
	• No. of Full-Time Equivalents (FTEs)	24 000	10 989	24 631
	• No. of youth employed (18-35)	31 350	11 207	28 000
	• No. of women employed	44 640	44 918	45 000
	• No. of people living with disabilities employed	315	6	350
	• No. of employment days created	5 520 000	2 527 485	5 665 200

5. Specifically and exclusively appropriated allocations

Table 12.17 below shows the amounts that are specifically and exclusively appropriated for specific purposes in terms of the KZN Adjustments Appropriation Act. Note that conditional grants (which are also specifically and exclusively appropriated funds) are not included here, as they are discussed in Section 8 below.

Details of the main adjustments, which resulted in an overall increase of R2 million in respect of the department’s specifically and exclusively appropriated funding, are provided in the paragraphs following the table.

Table 12.17 : Summary of specifically and exclusively appropriated funding

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Prog. 2: Cross-border crime fighting						2 000	2 000	2 000
2. Prog. 3: Learner transport	186 000						-	186 000
Total	186 000	-	-	-	-	2 000	2 000	188 000
Amount to be voted								2 000

- *Other adjustments:* An amount of R2 million was allocated to Programme 2, against *Goods and services* to commence the planning of the cross-border crime fighting project commissioned by the Premier. This relates to the construction of a crime fighting structure on the border between KZN and Mozambique, as mentioned. These funds are specifically and exclusively appropriated to the department and, therefore, cannot be used for any other purpose.

6. Gifts, donations and sponsorships

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

7. Infrastructure

Table 12.18 below shows the summary of infrastructure payments per main category. Note that the *Maintenance and repair: Current* category includes the salaries of the Zibambele contractors and other departmental staff that undertake maintenance. Details of the main adjustments, which resulted in no overall change in the infrastructure budget, are provided in the paragraphs following the table.

Table 12.18 : Summary of infrastructure payments by category

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Existing infrastructure assets	6 325 685	-	-	-	-	-	-	6 325 685
Maintenance and repair: Current	3 644 108			(100 000)			(100 000)	3 544 108
Upgrades and additions: Capital	1 733 498			100 000			100 000	1 833 498
Refurbishment and rehabilitation: Capital	948 079						-	948 079
New infrastructure assets: Capital	445 855						-	445 855
Infrastructure transfers	-	-	-	-	-	-	-	-
Infrastructure transfers: Capital							-	-
Infrastructure transfers: Current							-	-
Infrastructure: Payments for fin assets							-	-
Infrastructure: Leases							-	-
Capital infrastructure	3 127 432	-	-	100 000	-	-	100 000	3 227 432
Current infrastructure	3 644 108	-	-	(100 000)	-	-	(100 000)	3 544 108
Total	6 771 540	-	-	-	-	-	-	6 771 540
Amount to be voted								-

- **Virement:** The following virements were undertaken against the infrastructure budget:
 - o Funds of R100 million were identified under Programme 2, against *Maintenance and repair: Current* mainly because of delays resulting from tender appeals in the awarding of period contracts for re-gravelling and reseal projects, delays due to ongoing drought, cancellation of contracts as a result of poor performance or workmanship, liquidation or abandonment of projects by service providers, as well as community protests, as previously explained.
 - o These funds were moved to the sub-programme: Construction against *Upgrades and additions: Capital* largely to cater for the carried over costs from 2015/16 in respect of road construction projects that were completed and paid for in 2016/17, walkways constructed on road P453 in Jozini as requested by the community, as well as patching of several blacktop roads completed in the first of 2016/17, as explained.

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

8. Conditional grants

The department receives national conditional grant allocations for the maintenance and construction of road infrastructure (Provincial Roads Maintenance grant), the subsidising of bus transport in the province (Public Transport Operations grant) and creating job opportunities through EPWP projects (EPWP Integrated Grant for Provinces). The Provincial Road Maintenance grant and the EPWP Integrated Grant for Provinces are under Programme 2 and are classified against *Goods and services*, and the Public Transport Operations grant is under Programme 3 against *Transfers and subsidies to: Public corporations and private enterprises*.

Tables 12.19 and 12.20 illustrate the adjusted appropriation of these grants. Detail of the main adjustment, which resulted in an overall increase of R1 000, is provided in the paragraph after the tables.

As explained, the R275.691 million that was withheld by NDOT in 2015/16 relating to PRMG was released, but this will not be appropriated to the department (hence this amount is not included in this table). However, it will be highlighted in the 2016/17 Adjustments Estimate Act.

Table 12.19 : Summary of changes to conditional grants

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
2. Transport Infrastructure	1 981 433	-	-	-	-	-	-	1 981 433
Provincial Roads Maintenance grant	1 925 378						-	1 925 378
EPWP Integrated Grant for Provinces	56 055						-	56 055
3. Transport Operations	1 011 045	-	-	-	-	1	1	1 011 046
Public Transport Operations grant	1 011 045					1	1	1 011 046
Total	2 992 478	-	-	-	-	1	1	2 992 479
Amount to be voted								1

Table 12.20 : Summary of conditional grants by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	1 981 433	-	-	-	-	-	-	1 981 433
Compensation of employees							-	-
Goods and services	1 981 433						-	1 981 433
Interest and rent on land							-	-
Transfers and subsidies to:	1 011 045	-	-	-	-	1	1	1 011 046
Provinces and municipalities							-	-
Departmental agencies and accounts							-	-
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises	1 011 045					1	1	1 011 046
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 subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets							-	-
Total	2 992 478	-	-	-	-	1	1	2 992 479
Amount to be voted								1

The following adjustment was undertaken against the conditional grant budget of the department resulting in an increase of R1 000 to the main appropriation, as follows:

- *Other adjustments:* R1 000 was allocated in respect of the PTOG under Programme 3 against *Transfers and subsidies to: Public corporations and private enterprises*, increasing the budget from R1 011 045 to R1 011 046 in order to correct a rounding error in the allocation letter that the province received from National Treasury during the preparation of the 2016/17 MTEF budget, and to ensure that the allocation agrees with the amount included in DORA.

9. Transfers and subsidies

Table 12.21 below shows the summary of transfers and subsidies by programme and main category. Details of the main adjustments, which resulted in an overall decrease of R16.337 million in the transfers and subsidies budget, are provided in the paragraphs above and below the table.

- *Virement:* The following virements were undertaken against *Transfers and subsidies* resulting in a decrease of R16.337 million:
 - In Programme 1, savings of R9.722 million were realised under *Households* due to over-budgeting in respect of staff exit costs during the 2016/17 budget process. The bulk of the savings of R9.267 million were moved to *Goods and services* within the programme for the maintenance and rehabilitation of the departmental buildings and offices, as mentioned. The balance of R455 000 were moved to *Machinery and equipment*, *Software and other intangible assets* and *Payments for financial assets*.
 - In Programme 2, savings of R1.846 million were realised under *Households* due to lower than budgeted staff exit costs. These savings were moved within the programme as follows:
 - R177 000 remained within transfers and subsidies as follows:
 - R176 000 was moved to *Provinces and municipalities* for motor vehicle licences.
 - R1 000 was moved to *Departmental agencies and accounts* for TV and radio licences.
 - R1.669 million was moved out of transfers and subsidies as follows:
 - R801 000 was moved to *Machinery and equipment* for office and computer equipment.
 - R868 000 was moved to *Payments for financial assets* for thefts and losses written-off.

Table 12.21 : Summary of transfers and subsidies by programme and main category

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Administration	20 549	-	-	(9 722)	-	-	(9 722)	10 827
Provinces and municipalities	85	-	-	-	-	-	-	85
Motor vehicle licences	85	-	-	-	-	-	-	85
Departmental agencies and accounts	5 699	-	-	-	-	-	-	5 699
Departmental agencies (non-business entities)	5 699	-	-	-	-	-	-	5 699
Households	14 765	-	-	(9 722)	-	-	(9 722)	5 043
Staff exit costs	1 332	-	-	185	-	-	185	1 517
Other transfers to households	13 433	-	-	(9 907)	-	-	(9 907)	3 526
2. Transport Infrastructure	13 469	-	-	(1 669)	-	-	(1 669)	11 800
Provinces and municipalities	3 655	-	-	176	-	-	176	3 831
Motor vehicle licences	3 655	-	-	176	-	-	176	3 831
Departmental agencies and accounts	-	-	-	1	-	-	1	1
TV and radio licences	-	-	-	1	-	-	1	1
Households	9 814	-	-	(1 846)	-	-	(1 846)	7 968
Staff exit costs	9 224	-	-	(1 297)	-	-	(1 297)	7 927
Other transfers to households	590	-	-	(549)	-	-	(549)	41
3. Transport Operations	1 011 046	-	-	53	-	1	54	1 011 100
Provinces and municipalities	1	-	-	10	-	-	10	11
Motor vehicle licences	1	-	-	10	-	-	10	11
Departmental agencies and accounts	-	-	-	5	-	-	5	5
TV and radio licences	-	-	-	5	-	-	5	5
Public corporations and private enterprises	1 011 045	-	-	-	-	1	1	1 011 046
Bus operators (PTOG)	1 011 045	-	-	-	-	1	1	1 011 046
Households	-	-	-	38	-	-	38	38
Other transfers to households	-	-	-	38	-	-	38	38
4. Transport Regulation	3 499	-	-	-	-	-	-	3 499
Provinces and municipalities	950	-	-	(186)	-	-	(186)	764
Motor vehicle licences	950	-	-	(186)	-	-	(186)	764
Households	2 549	-	-	186	-	-	186	2 735
Staff exit costs	2 295	-	-	186	-	-	186	2 481
Other transfers to households	254	-	-	-	-	-	-	254
5. Community Based Programme	5 000	-	-	(5 000)	-	-	(5 000)	-
Public corporations and private enterprises	5 000	-	-	(5 000)	-	-	(5 000)	-
VECA	5 000	-	-	(5 000)	-	-	(5 000)	-
Total	1 053 563	-	-	(16 338)	-	1	(16 337)	1 037 226
Amount to be voted								(16 337)

- *Virement*: continued.

- o In Programme 3, savings of R53 000 were identified under *Goods and services* due to cost-cutting. These savings were moved as follows:
 - R10 000 was moved *Provinces and municipalities* in respect of motor vehicle licences.
 - R5 000 was moved to *Departmental agencies and accounts* for TV and radio licences.
 - R38 000 was moved to *Households* to cater for staff exit costs.
- o In Programme 4, savings of R186 000 were identified under *Provinces and municipalities* due to lower than budgeted motor vehicle licences. These savings were moved to *Households* to cater for staff exit costs.
- o In Programme 5, R5 million was moved from *Public corporations and private enterprises* due to funds that will not be transferred VECA as the organisation is not meeting reporting requirements. The funds were moved as follows:
 - R4.782 million was moved to Programme 3 as follows:
 - R4.729 million was moved *Goods and services* relating to legal services, as discussed.
 - R10 000 was moved to *Provinces and municipalities* to cater for motor vehicle licences.
 - R5 000 was moved to *Departmental agencies and accounts* for TV and radio licences.
 - R38 000 was moved to *Households* to cater for staff exit costs.
 - R218 000 was moved to Programme 1, against *Goods and services* for the comprehensive evaluation of the department's road safety programme, as explained.

These virements are permissible in terms of the PFMA and Treasury Regulations, though the reduction in transfer in respect of *Public corporations and private enterprises* relating to the transfer to VECA requires Legislature approval.

- *Other adjustments:* An amount of R1 000 was allocated to Programme 3, against *Public corporations and private enterprises* in respect of the PTOG in order to correct a rounding error in the allocation letter that the province received from National Treasury during the preparation of the 2016/17 MTEF budget, and to ensure that the allocation agrees with the amount included in DORA.

10. Transfers to public entities

The department made no transfers to public entities in 2016/17.

11. Transfers to local government

The amounts against *Provinces and municipalities* in Table 12.21 above cater for motor vehicle licences. These funds will not be transferred to any municipality, and therefore the table for transfers to local government has not been included.

12. Actual payments and revised spending projections for the rest of 2016/17

Tables 12.22 and 12.23 reflect actual payments as at the end of September 2016, projected payments for the rest of the financial year and the total revised spending in rand value and as a percentage of the Adjusted appropriation per programme and economic classification. The tables also show the 2015/16 Audited outcome. The department spent 44.9 per cent of their adjusted appropriation in the first six months, which is below the 50 per cent straight-line benchmark. The department is projecting to spend 55.1 per cent of the adjusted appropriation in the second half of the year.

Table 12.22 : Actual payments and revised spending projections by programme

Table 12.2.1 Actual payments and revised spending projections by programme							
R thousand	2015/16 Audited outcome	Adjusted appropriation	Actual payments		Projected payments		Projected actual
			April '16 - September 2016		October '16 - March 2017		
			% of budget		% of budget		
1. Administration	306 021	313 976	175 977	56.0	137 999	44.0	313 976
2. Transport Infrastructure	6 977 023	7 058 234	3 151 324	44.6	3 906 910	55.4	7 058 234
3. Transport Operations	1 288 069	1 359 169	600 530	44.2	758 639	55.8	1 359 169
4. Transport Regulation	737 790	811 743	364 811	44.9	446 932	55.1	811 743
5. Community Based Programme	29 589	34 498	10 210	29.6	24 288	70.4	34 498
Total	9 338 492	9 577 620	4 302 852	44.9	5 274 768	55.1	9 577 620

Table 12.23 : Actual payments and revised spending projections by economic classification

	2015/16 Audited outcome	Adjusted appropriation	Actual payments		Projected payments		Projected actual
			April '16 - September 2016		October '16 - March 2017		
R thousand			% of budget		% of budget		
Current payments	4 071 018	5 088 625	2 197 454	43.2	2 891 171	56.8	5 088 625
Compensation of employees	1 492 729	1 634 625	793 178	48.5	841 447	51.5	1 634 625
Goods and services	2 578 286	3 454 000	1 404 276	40.7	2 049 724	59.3	3 454 000
Interest and rent on land	3	-	-	-	-	-	-
Transfers and subsidies to:	1 016 815	1 037 226	419 450	40.4	617 776	59.6	1 037 226
Provinces and municipalities	4 537	4 691	2 450	52.2	2 241	47.8	4 691
Departmental agencies and accounts	1 608	5 705	3 983	69.8	1 722	30.2	5 705
Higher education institutions	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-
Public corporations and private enterprises	993 057	1 011 046	405 613	40.1	605 433	59.9	1 011 046
Non-profit institutions	-	-	-	-	-	-	-
Households	17 613	15 784	7 404	46.9	8 380	53.1	15 784
Payments for capital assets	4 245 464	3 445 622	1 680 223	48.8	1 765 399	51.2	3 445 622
Buildings and other fixed structures	4 032 842	3 227 432	1 659 629	51.4	1 567 803	48.6	3 227 432
Machinery and equipment	200 177	217 865	20 269	9.3	197 596	90.7	217 865
Heritage assets	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-
Software and other intangible assets	12 445	325	325	100.0	-	-	325
Payments for financial assets	5 195	6 147	5 725	93.1	422	6.9	6 147
Total	9 338 492	9 577 620	4 302 852	44.9	5 274 768	55.1	9 577 620

- Spending in the first six months against Programme 1 was above the straight-line benchmark of 50 per cent, at 56 per cent due to higher than budgeted costs in *Goods and services* relating to the maintenance and rehabilitation of departmental buildings and offices in various regions in the province, as well as the evaluation of a comprehensive road safety programme, among others. The projections for the second half of the year are slightly low, at 44 per cent and are in line with the department's operational plan.
- Spending against Programme 2 was below the 50 per cent straight-line benchmark, at 44.6 per cent due to re-gravelling of roads contracts under *Goods and services* that were awarded late as a result of tender delays. Also, newly appointed grader operators still being trained, delays with plant hire, poor weather conditions (drought), shortage of water carts and the breakdown of graders, slower than anticipated filling of critical vacant posts, etc., contributed to the low spending. The projections for the remaining half of the year, at 55.4 per cent, are in respect of maintenance and construction projects that are being undertaken.
- Spending against Programme 3 was below the straight-line benchmark of 50 per cent, at 44.2 per cent due to slower than anticipated filling of vacant posts, as well as the implementation of cost-cutting. The projections for the second half of the year are high at 55.8 per cent, and mainly relate to the payment of bus subsidies in respect of the PTOG, as well as various road safety campaigns. The projections also take into account the payment of the PTOG invoices for both February and March 2017, anticipated to be made in March, in line with an instruction from NDOT that required March invoices to be paid for in March rather than in April in order to reflect the expenditure in the correct financial year.
- Spending against Programme 4 was at 44.9 per cent at mid-year, below the 50 per cent straight-line benchmark. This was mainly attributed to delays in the procurement of new and replacement motor vehicles. The projections for the second half of the year seem fairly reasonable, at 55.1 per cent and cater for the anticipated delivery of new and replacement vehicles, as well as various law enforcement activities.
- Spending against Programme 5 was at 29.6 per cent, which is well below the 50 per cent straight-line benchmark. This can be attributed to delays with the appointment of the service provider for the development and mentoring of emerging contractors. The projections for the remaining six months appear high at 70.4 per cent, due to the anticipated training to be undertaken for the emerging contractors.
- *Compensation of employees* reflects spending at 48.5 per cent, at mid-year, which is slightly below the 50 per cent benchmark, due to the slower than anticipated filling of vacant posts, as well as resignations. The projections for the remaining six months appear realistic, at 51.5 per cent.
- Spending against *Goods and services* was low, at 40.7 per cent at mid-year when compared to the 50 per cent benchmark, even after moving R100 million to *Buildings and other fixed structures*. This is largely due to the lower than expected expenditure on maintenance projects, as discussed. The projections for the remaining six months are higher at 59.3 per cent due to maintenance projects that will be fast-tracked.
- Spending against *Transfers and subsidies to: Provinces and municipalities* was, at 52.2 per cent, at mid-year. This relates to the payment of motor vehicle licences.
- The amount against *Transfers and subsidies to: Departmental agencies and accounts* is in respect of payment of the skills development levy, and is linked to the department's salary costs and fluctuates according to the department's salary bill. Spending is at 69.8 per cent at mid-year. The projections for the remaining six months seem low at 30.2 per cent, as the department is not anticipating any major filling of vacant posts.
- *Transfers and subsidies to: Public corporations and private enterprises* caters for claims in respect of bus subsidies relating to the PTOG. Spending was at 40.1 per cent at mid-year, which is below the straight-line benchmark of 50 per cent. The projections for the remaining six months appear high, at 59.9 per cent ascribed to the projected payment of the PTOG invoices for both February and March 2017, anticipated to be made in March, in line with an instruction from NDOT that required March

invoices to be paid for in March rather than in April in order to reflect the expenditure in the correct financial year.

- Spending against *Transfers and subsidies to: Households* was, at 46.9 per cent at mid-year, below the straight-line benchmark of 50 per cent. The expenditure against this category is mainly in respect of the payment of staff exit costs, injury on duty, claims against the state by individuals, among others.
- Spending in respect of *Buildings and other fixed structures* was high, at 51.4 per cent at mid-year due to costs carried over from the previous year relating to construction projects. The projections for the remaining six months include the virement of R100 million, and are fairly low as they take into account the closure of the construction industry in December and January.
- The spending against *Machinery and equipment* in the first half of the year is very low, at 9.3 per cent when compared to the straight-line benchmark of 50 per cent, as not all the new and replacement motor vehicles and mechanical plant that were ordered were delivered for payment to date. The projections in the remaining six months are high, due to the anticipated delivery of motor vehicles and plant during this period.
- The expenditure of R325 000 against *Software and other intangible assets* relates to the purchase of the Civil Engineering Designer software, which was not budgeted for, as well as new and renewed licences such as Microsoft, etc.
- The expenditure of R5.725 million against *Payments for financial assets* mainly relates to the payment of the department's first charge incurred for previous years' over-expenditure, as well as the write-off of irrecoverable staff debts. The first charge of R4.553 million has been fully paid.

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

Table 12.A : Summary by economic classification : Transport

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	5 170 110	-	-	(87 164)	-	5 679	(81 485)	5 088 625
Compensation of employees	1 559 427	-	-	71 519	-	3 679	75 198	1 634 625
Salaries and wages	1 384 397	-	-	76 147	-	3 679	79 826	1 464 223
Social contributions	175 030	-	-	(4 628)	-	-	(4 628)	170 402
Goods and services	3 610 683	-	-	(158 683)	-	2 000	(156 683)	3 454 000
Administrative fees	2 677	-	-	(1 026)	-	-	(1 026)	1 651
Advertising	7 954	-	-	796	-	-	796	8 750
Assets less than capitalisation threshold	7 107	-	-	5 050	-	-	5 050	12 157
Audit cost: External	7 367	-	-	311	-	-	311	7 678
Bursaries: Employees	1 058	-	-	-	-	-	-	1 058
Catering: Departmental activities	4 681	-	-	1 229	-	-	1 229	5 910
Communication (G&S)	33 460	-	-	(97)	-	-	(97)	33 363
Computer services	49 767	-	-	7 264	-	-	7 264	57 031
Cons & prof serv: Business and advisory services	143 200	-	-	(44 941)	-	-	(44 941)	98 259
Cons & prof serv: Infras and planning	124 316	-	-	71 722	-	2 000	73 722	198 038
Cons & prof serv: Laboratory services	457	-	-	56	-	-	56	513
Cons & prof serv: Scientific and tech services	-	-	-	-	-	-	-	-
Cons & prof serv: Legal costs	27 149	-	-	(6 411)	-	-	(6 411)	20 738
Contractors	2 186 806	-	-	(67 366)	-	-	(67 366)	2 119 440
Agency and support / outsourced services	14 793	-	-	(854)	-	-	(854)	13 939
Entertainment	24	-	-	(24)	-	-	(24)	-
Fleet services (incl. govt motor transport)	67 803	-	-	3 749	-	-	3 749	71 552
Housing	-	-	-	-	-	-	-	-
Inventory: Clothing material and accessories	7 965	-	-	(4 609)	-	-	(4 609)	3 356
Inventory: Farming supplies	-	-	-	-	-	-	-	-
Inventory: Food and food supplies	996	-	-	(39)	-	-	(39)	957
Inventory: Fuel, oil and gas	31 235	-	-	(12 626)	-	-	(12 626)	18 609
Inventory: Learner and teacher support material	609	-	-	(430)	-	-	(430)	179
Inventory: Materials and supplies	90 857	-	-	(9 043)	-	-	(9 043)	81 814
Inventory: Medical supplies	64	-	-	(63)	-	-	(63)	1
Inventory: Medicine	37	-	-	418	-	-	418	455
Medcas inventory interface	-	-	-	-	-	-	-	-
Inventory: Other supplies	1	-	-	(1)	-	-	(1)	-
Consumable supplies	6 137	-	-	1 101	-	-	1 101	7 238
Consumable: Stationery, printing and office supplies	17 594	-	-	(1 273)	-	-	(1 273)	16 321
Operating leases	58 465	-	-	(24 586)	-	-	(24 586)	33 879
Property payments	78 076	-	-	26 059	-	-	26 059	104 135
Transport provided: Departmental activity	250 347	-	-	(12 705)	-	-	(12 705)	237 642
Travel and subsistence	71 503	-	-	(9 458)	-	-	(9 458)	62 045
Training and development	9 500	-	-	(2 991)	-	-	(2 991)	6 509
Operating payments	13 943	-	-	(6 672)	-	-	(6 672)	7 271
Venues and facilities	7 227	-	-	4 852	-	-	4 852	12 079
Rental and hiring	287 508	-	-	(76 075)	-	-	(76 075)	211 433
Interest and rent on land	-	-	-	-	-	-	-	-
Interest	-	-	-	-	-	-	-	-
Rent on land	-	-	-	-	-	-	-	-
Transfers and subsidies to	1 053 563	-	-	(16 338)	-	1	(16 337)	1 037 226
Provinces and municipalities	4 691	-	-	-	-	-	-	4 691
Provinces	4 691	-	-	-	-	-	-	4 691
Provincial Revenue Funds	-	-	-	-	-	-	-	-
Provincial agencies and funds	4 691	-	-	-	-	-	-	4 691
Municipalities	-	-	-	-	-	-	-	-
Municipalities	-	-	-	-	-	-	-	-
Municipal agencies and funds	-	-	-	-	-	-	-	-
Departmental agencies and accounts	5 699	-	-	6	-	-	6	5 705
Social security funds	-	-	-	-	-	-	-	-
Entities receiving funds	5 699	-	-	6	-	-	6	5 705
Higher education institutions	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-
Public corporations and private enterprises	1 016 045	-	-	(5 000)	-	1	(4 999)	1 011 046
Public corporations	-	-	-	-	-	-	-	-
Subsidies on production	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-
Private enterprises	1 016 045	-	-	(5 000)	-	1	(4 999)	1 011 046
Subsidies on production	1 011 045	-	-	-	-	1	1	1 011 046
Other transfers	5 000	-	-	(5 000)	-	-	(5 000)	-
Non-profit institutions	-	-	-	-	-	-	-	-
Households	27 128	-	-	(11 344)	-	-	(11 344)	15 784
Social benefits	12 851	-	-	(926)	-	-	(926)	11 925
Other transfers to households	14 277	-	-	(10 418)	-	-	(10 418)	3 859
Payments for capital assets	3 343 714	-	-	101 908	-	-	101 908	3 445 622
Buildings and other fixed structures	3 127 432	-	-	100 000	-	-	100 000	3 227 432
Buildings	-	-	-	-	-	-	-	-
Other fixed structures	3 127 432	-	-	100 000	-	-	100 000	3 227 432
Machinery and equipment	216 282	-	-	1 583	-	-	1 583	217 865
Transport equipment	204 744	-	-	(6 359)	-	-	(6 359)	198 385
Other machinery and equipment	11 538	-	-	7 942	-	-	7 942	19 480
Heritage assets	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	325	-	-	325	325
Payments for financial assets	4 553	-	-	1 594	-	-	1 594	6 147
Total	9 571 940	-	-	-	-	5 680	5 680	9 577 620
Amount to be voted								5 680
of which: Unauth. Exp. (1st charge) not available for spending								(4 553)
Baseline available for spending after first charge	9 567 387							9 573 067

Vote 13

Social Development

R thousand	2016/17			
	Main appropriation	Adjusted appropriation	Decrease	Increase
Operational budget	2 776 340	2 780 397		4 057
MEC remuneration ¹	1 822	1 902		80
Total amount to be appropriated	2 778 162	2 782 299		4 137
<i>of which:</i>				
Current payments	1 731 444	1 721 227	(10 217)	
Transfers and subsidies	879 872	896 035		16 163
Payments for capital assets	159 867	158 058	(1 809)	
Payments for financial assets	6 979	6 979		
Responsible MEC	MEC for Social Development			
Administering department	Social Development			
Accounting Officer	Head: Social Development			

1. Vision and mission

Vision

The vision of the Department of Social Development (DSD) is: *A caring and self-reliant society.*

Mission

The department's mission is: *To transform our society by building conscious and capable citizens through the provision of integrated social development services.*

2. Strategic objectives

Strategic policy direction: By focussing on its role in the enhancement of the quality of life of the people of KwaZulu-Natal, the department seeks to align its operations and strategic position with the overall aim of government to ensure a long and healthy life for all, as well as to create sustainable rural communities. The strategic objectives of the department include the following:

Social welfare services

- To provide care and support social welfare services to older persons.
- To provide care and support social welfare services to persons with disabilities.
- To provide integrated community based care services to persons affected and infected by HIV and AIDS.
- To provide emergency relief to distressed individuals and households.

Children and families

- To provide equitable services which promote functional families.
- To provide effective child care and protection services.
- To provide equitable access to Early Childhood Development (ECD) and partial care.

¹ At the time of going to print with the 2016/17 EPRE, the proclamation determining the 2015 salary adjustment relating to office bearers had not been signed, hence this amount remained unchanged from the 2015/16 EPRE. Similarly, at the time of going to print with this document, the proclamation determining the 2016 salary adjustment relating to office bearers has not been signed. As such, the above-mentioned adjustment now aligns the MEC's salary to the 2015 salary level.

- To provide access to alternative care for vulnerable children.
- To provide community-based care services for children.

Restorative services

- To provide effective crime prevention and support services.
- To provide effective services to persons affected by substance abuse.
- To provide effective service to victims of crime and violence.
- To provide developmental social welfare services to persons, families and communities dependent and affected by substance abuse.

Development and research

- To promote effective and sustainable community networks.
- To provide effective support to Non-Profit Organisations (NPOs).
- To alleviate poverty through sustainable and effective community development initiatives.
- To provide reliable information on households and communities for effective social interventions.
- To provide integrated and sustainable youth development services through skills development and social behavioural change programmes.
- To provide capacity building and socio-economic empowerment opportunities for women.
- To provide effective youth development services.
- To provide effective support structures for women development.
- To promote population policy implementation for evidence based planning.

3. Summary of adjusted estimates for the 2016/17 financial year

The main appropriation of the Department of Social Development was R2.778 billion in 2016/17. During the year, the department received an additional allocation totalling R4.137 million, increasing the adjusted appropriation to R2.782 billion. The main reasons for this increase, as well as other adjustments, are summarised below, and are explained in detail in Section 4:

- *Virement between programmes:* A total of R6.147 million was moved to Programme 3 within *Transfers and subsidies to: Non-profit institutions* from Programme 2 (R4.781 million), Programme 4 (R1.016 million) and Programme 5 (R350 000). The funding was moved to Programme 3 aimed at correcting the alignment of the budget and activities relating to transfers between core programmes of the department in accordance with the NPO master list, which is the outcome of a process that identifies exactly what services are expected to be provided by each NPO and how much will be transferred to each NPO for those services.

In addition to these virements between programmes, the department also undertook virements across sub-programmes and economic categories within programmes, details of which are provided in Section 4. All of these virements are permissible in terms of the PFMA and Treasury Regulations. The increase in transfers was approved by Provincial Treasury, and the net reduction in capital requires Legislature approval.

- *Shifts between programmes:* R41.087 million was moved within *Compensation of employees* from Programme 1 to Programme 2 (R12.187 million), Programme 3 (R17.400 million) and Programme 4 (R11.500 million). This is to allow for the movement of service office managers and their support staff from Programme 1 to Programmes 2, 3 and 4. This movement aligns the department with the programme and budget structure of the sector. There is no change in purpose for this funding. In addition, R2.575 million was moved from Programme 2 to Programme 1, within *Machinery and equipment*, to address a misallocation of the budget in the 2016/17 EPRE where the department had taken a decision to centralise all vehicle purchases in Programme 1. There was no change in purpose for this funding.

- *Other adjustments:* The budget allocation was increased by R4.137 million, allocated to Programme 1 against *Compensation of employees* for the above-budget 2016 wage adjustment, determined at 7.6 per cent as opposed to the 7.2 per cent provided for in the budget, leaving a shortfall of 0.4 per cent. These funds were provided from the provincial fiscus, and were allocated in 2016/17 (without carry-through costs) in accordance with the information provided by the department in costing the gap.

Tables 13.1 and 13.2 reflect a summary of the 2016/17 adjusted appropriation of the department, summarised according to programme and economic classification. Details of the economic classification are given in *Annexure – Vote 13: Social Development*.

Table 13.1 : Summary by programmes

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Administration	507 896	-	-	-	(38 512)	4 137	(34 375)	473 521
2. Social Welfare Services	680 234	-	-	(4 781)	9 612	-	4 831	685 065
3. Children and Families	1 075 997	-	-	6 147	17 400	-	23 547	1 099 544
4. Restorative Services	286 895	-	-	(1 016)	11 500	-	10 484	297 379
5. Development and Research	227 140	-	-	(350)	-	-	(350)	226 790
Total	2 778 162	-	-	-	-	4 137	4 137	2 782 299
Amount to be voted								4 137
of which: Unauth. Exp. (1st charge) not avail. for spending								(6 979)
Baseline available for spending after first charge								2 771 183

Table 13.2 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	1 731 444	-	-	(279)	(11 500)	4 137	(7 642)	1 723 802
Compensation of employees	1 340 977	-	-	(23 005)	(11 500)	4 137	(30 368)	1 310 609
Goods and services	390 467	-	-	22 615	-	-	22 615	413 082
Interest and rent on land	-	-	-	111	-	-	111	111
Transfers and subsidies to:	879 872	-	-	4 663	11 500	-	16 163	896 035
Provinces and municipalities	723	-	-	-	-	-	-	723
Departmental agencies and accounts	1 706	-	-	2 163	-	-	2 163	3 869
Higher education institutions	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-
Non-profit institutions	854 957	-	-	-	11 500	-	11 500	866 457
Households	22 486	-	-	2 500	-	-	2 500	24 986
Payments for capital assets	159 867	-	-	(4 384)	-	-	(4 384)	155 483
Buildings and other fixed structures	121 277	-	-	(5 000)	-	-	(5 000)	116 277
Machinery and equipment	38 590	-	-	616	-	-	616	39 206
Heritage assets	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-
Payments for financial assets	6 979	-	-	-	-	-	-	6 979
Total	2 778 162	-	-	-	-	4 137	4 137	2 782 299
Amount to be voted								4 137
of which: Unauth. Exp. (1st charge) not avail. for spending								(6 979)
Baseline available for spending after first charge								2 771 183

4. Changes to programme purposes and service delivery measures

The department did not change the purpose of any of its programmes, which are aligned to the sector. However, there have been some changes to service delivery measures to align the targets originally published in the 2016/17 *EPRE* with the department's APP, which was published after the *EPRE*.

4.1 Programme 1: Administration

Programme 1 consists of three sub-programmes, namely Office of the MEC, Corporate Management Services and District Management. The sub-programmes mainly provide overall strategic management and support services to the department, political and legislative interface between government, civil society and all relevant stakeholders, address policy interpretation and the strategic direction of the

department and provide support with regard to corporate management, human resource management, logistics, communication, finance, and legal services, etc.

Tables 13.3 and 13.4 reflect a summary of the 2016/17 adjusted appropriation of Programme 1, summarised according to sub-programme and economic classification. Details of the main adjustments, which resulted in an overall decrease of R34.375 million, are given in the paragraphs below the tables.

Table 13.3 : Programme 1: Administration

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Office of the MEC	11 130			2 347			2 347	13 477
2. Corporate Management Services	228 859			13 044	2 575	4 137	19 756	248 615
3. District Management	267 907			(15 391)	(41 087)		(56 478)	211 429
Total	507 896	-	-	-	(38 512)	4 137	(34 375)	473 521
Amount to be voted								(34 375)
of which: Unauth. Exp. (1st charge) not avail. for spending								(1 314)
Baseline available for spending after first charge								472 207

Table 13.4 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	477 937	-	-	(2 779)	(41 087)	4 137	(39 729)	438 208
Compensation of employees	306 671			(5 505)	(41 087)	4 137	(42 455)	264 216
Goods and services	171 266			2 615			2 615	173 881
Interest and rent on land				111			111	111
Transfers and subsidies to:	6 585	-	-	2 163	-	-	2 163	8 748
Provinces and municipalities	723						-	723
Departmental agencies and accounts	1 706			2 163			2 163	3 869
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions							-	-
Households	4 156						-	4 156
Payments for capital assets	22 060	-	-	616	2 575	-	3 191	25 251
Buildings and other fixed structures							-	-
Machinery and equipment	22 060			616	2 575		3 191	25 251
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets	1 314	-	-	-	(38 512)	4 137	(34 375)	473 521
Total	507 896	-	-	-	(38 512)	4 137	(34 375)	473 521
Amount to be voted								(34 375)
of which: Unauth. Exp. (1st charge) not avail. for spending								(1 314)
Baseline available for spending after first charge								472 207

Virement – Programme 1: Administration:

There was an over-provision against *Compensation of employees* under the sub-programme: District Management following the budget cuts in the 2016/17 main budget. These savings were moved to the other two sub-programmes within *Compensation of employees*, accounting for the movement between sub-programmes. Additional savings of R5.505 million were identified against *Compensation of employees*, due to critical vacant posts yet to be filled, such as the DDG: Developmental Social Services, CFO, as well as two director posts, and moved to other categories within the programme, as follows:

- R2.615 million moved to *Goods and services* for the upgrading of the department's IT connectivity to create an enabling environment for e-governance initiatives and to promote the use of ICT tools and services for effective and efficient services, in line with Auditor-General requirements.
- R111 000 moved to *Interest and rent on land* to address rental for the hiring of a park home to serve as a temporary office in the Camperdown area, which was inadvertently not provided for in the main budget.
- R2.163 million moved to *Transfers and subsidies to: Departmental agencies and accounts* to correct under-budgeting of the HWSETA allocation.

- R616 000 moved to *Machinery and equipment* to provide for the purchase of specialised motor vehicles for officials with disabilities, as well as to top-up in the allocation for furniture, which was under-budgeted.

These movements are permissible in terms of the PFMA and Treasury Regulations, and the increase in transfers has received Provincial Treasury approval.

Shift – Programme 1: Administration: (R38.512 million)

The department shifted funding, resulting in a net decrease of R38.512 million, as follows:

- R41.087 million was moved within *Compensation of employees* from Programme 1 to Programme 2 (R12.187 million), Programme 3 (R17.400 million) and Programme 4 (R11.500 million). This is to allow for the movement of service office managers and their support staff from Programme 1 (sub-programme: District Management) to the Management and Support sub-programmes of Programmes 2, 3 and 4. This movement aligns the department with the programme and budget structure of the sector. There is no change in purpose for this funding.
- R2.575 million was moved to the Corporate Management Services sub-programme in Programme 1 from Programme 2, within *Machinery and equipment*. This is to address a misallocation of the budget in the 2016/17 EPRE where the department had taken a decision to centralise all vehicle purchases in Programme 1. There was no change in purpose for this funding.

Other adjustments – Programme 1: Administration: R4.137 million

An amount of R4.137 million was allocated to *Compensation of employees* in the Corporate Services sub-programme for the above-budget 2016 wage adjustment. This funding was only allocated to Programme 1 as the other programmes were sufficiently funded, mainly due to vacant posts.

Service delivery measures – Programme 1: Administration

Table 13.5 shows the revised service delivery information for Programme 1. Note that all measures in this programme are annual in nature and are only reported on after the closure of the financial year and are indicated as “annual” against the Mid-year actual in Table 13.5. The department revised three measures to align them with the targets published in the 2016/17 APP, due to the EPRE being published before the APP was finalised.

Table 13.5 : Service delivery measures – Programme 1: Administration

Outputs	Performance indicators	Performance targets		
		2016/17 Original target	2016/17 Mid-year actual	2016/17 Revised target
1. Corporate Management Services				
	• No. of social worker bursary holders that graduated	3 024	annual	
	• No. of social worker bursary holder graduates employed by DSD	1 569	annual	1 601
	• No. of EPWP work opportunities created	12 871	annual	12 000
	• No. of EPWP workers on learnership programmes	420	annual	400

4.2 Programme 2: Social Welfare Services

Programme 2 caters for the provision of developmental social welfare services. These services are either provided directly by the department or by subsidised welfare organisations. The programme consists of five sub-programmes, namely, Management and Support, Services to Older Persons, Services to Persons with Disabilities, HIV and AIDS and Social Relief.

Tables 13.6 and 13.7 reflect a summary of the 2016/17 adjusted appropriation of Programme 2, summarised according to sub-programme and economic classification. Details of the main adjustments, which resulted in an overall increase of R4.831 million, are given in the paragraphs below the tables.

Table 13.6 : Programme 2: Social Welfare Services

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Management and Support	150 070			(2 500)	9 612		7 112	157 182
2. Services to Older Persons	162 243			609			609	162 852
3. Services to Persons with Disabilities	131 574			(1 393)			(1 393)	130 181
4. HIV and AIDS	221 970			(3 997)			(3 997)	217 973
5. Social Relief	14 377			2 500			2 500	16 877
Total	680 234	-	-	(4 781)	9 612	-	4 831	685 065
Amount to be voted								4 831
of which: Unauth. Exp. (1st charge) not avail. for spending								(1 476)
Baseline available for spending after first charge								683 589

Table 13.7 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	327 682	-	-	2 500	12 187	-	14 687	342 369
Compensation of employees	257 204			(2 500)	12 187		9 687	266 891
Goods and services	70 478			5 000			5 000	75 478
Interest and rent on land							-	-
Transfers and subsidies to:	277 623	-	-	(2 281)	-	-	(2 281)	275 342
Provinces and municipalities							-	-
Departmental agencies and accounts							-	-
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions	260 636			(4 781)			(4 781)	255 855
Households	16 987			2 500			2 500	19 487
Payments for capital assets	73 453	-	-	(5 000)	(2 575)	-	(7 575)	65 878
Buildings and other fixed structures	68 136			(5 000)			(5 000)	63 136
Machinery and equipment	5 317			-	(2 575)		(2 575)	2 742
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets	1 476						-	1 476
Total	680 234	-	-	(4 781)	9 612	-	4 831	685 065
Amount to be voted								4 831
of which: Unauth. Exp. (1st charge) not avail. for spending								(1 476)
Baseline available for spending after first charge								683 589

Virement – Programme 2: Social Welfare Services: (R4.781 million)

A total of R4.781 million was moved from this programme, mainly from the HIV and AIDS, as well as the Services to Persons with Disabilities sub-programmes, within *Transfers and subsidies to: Non-profit institutions* to Programme 3, aimed at correcting the alignment of the transfers budget and activities between core programmes of the department in accordance with the NPO master list, which is the outcome of a process that identifies what services each NPO provides and outlines how much will be transferred to each NPO.

There were also movements between categories within the programme as follows:

- R2.500 million was moved from *Compensation of employees* in the sub-programme: Management and Support, being savings due to vacant social worker supervisory posts. These were moved to *Transfers and subsidies to: Households* in the sub-programme: Social Relief to address under-budgeting for social relief costs, primarily aimed at children without parents and includes the purchase of food, school uniforms and stationery.
- R5 million was moved from *Buildings and other fixed structures* and relates to under-spending due to slow progress on a number of infrastructure projects including the Ndwedwe, Ubombo and Lower Umfolozi service offices, as well as the Osizweni Handicraft centre and the Ocean View Place of

Safety. These savings were moved to *Goods and services* to address pressures related to drought relief, where Jojo tanks are being placed at approximately 30 facilities, such as services offices.

These movements are permissible in terms of the PFMA and Treasury Regulations, apart from the net decrease in capital, which requires Legislature approval. While there is a decrease in transfers in this programme, the funding is moved to the same category in another programme, with no overall decrease in this category and therefore Legislature approval is not required.

Shifts – Programme 2: Social Welfare Services: R9.612 million

The department shifted funding as follows:

- R12.187 million was moved from Programme 1 within *Compensation of employees* to the sub-programme: Management and Support to provide for the movement of service office managers and their support staff from Programme 1 to Programme 2. This movement aligns the department with the programme and budget structure of the sector. There is no change in purpose for this funding.
- R2.575 million was moved from the sub-programme: Management and Support in this programme to Programme 1, within *Machinery and equipment*, to address a misallocation of the budget in the 2016/17 EPRE where the department had taken a decision to centralise all vehicle purchases in Programme 1. There was no change in purpose for this funding.

Service delivery measures – Programme 2: Social Welfare Services

Table 13.8 shows the revised service delivery information for Programme 2. Note that some measures in this programme are annual in nature and are only reported on after the closure of the financial year and are indicated as “annual” against the Mid-year actual in Table 13.8. Two new measures have been introduced as indicated in bold italics. The department revised several measures to align them with the targets published in the 2016/17 APP, due to the EPRE being published before the APP was finalised. Note that two measures are no longer valid and these are indicated by “n/a” in the Mid-year actual and Revised target columns.

Table 13.8 : Service delivery measures – Programme 2: Social Welfare Services

Outputs	Performance indicators	Performance targets		
		2016/17 Original target	2016/17 Mid-year actual	2016/17 Revised target
1. Services to older persons				
	• No. of residential facilities for older persons	43	annual	
	• No. of older persons accessing residential facilities	2 614	3 077	2 537
	• No. of older persons accessing community-based care and support services	22 156	25 118	23 550
2. Services to persons with disabilities				
	• No. of funded residential facilities for persons with disabilities	19	annual	
	• No. of persons with disabilities accessing residential facilities	1 143	1 222	1 153
	• No. of persons with disabilities accessing services in funded protective workshops	2 390	2 541	2 336
3. HIV and AIDS				
	• No. of funded HCBC organisations	240	n/a	n/a
	• No. of funded HCBC organisations trained on social and behavior change programmes	6 336	n/a	n/a
	• <i>No. of organisations trained on social and behaviour change programmes</i>	n/a	annual	232
	• <i>No. of beneficiaries reached through social and behaviour change programmes</i>	n/a	59 820	117 542
	• No. of beneficiaries receiving psychosocial support services	5 432	61 538	120 566

4.3 Programme 3: Children and Families

The purpose of this programme is to provide comprehensive child and family care and support services to communities in partnerships with stakeholders and civil society organisations. The programme has six sub-programmes, namely, Management and Support, Care and Services to Families, Child Care and

Protection, ECD and Partial Care, Child and Youth Care and Community-Based Care Services for Children.

Tables 13.9 and 13.10 reflect a summary of the 2016/17 adjusted appropriation of Programme 3, summarised according to sub-programme and economic classification. Details of the main adjustments, which resulted in an overall increase of R23.547 million, are given in the paragraphs below the tables.

Table 13.9 : Programme 3: Children and Families

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Management and Support	93 315				17 400		17 400	110 715
2. Care and Services to Families	12 876			(504)			(504)	12 372
3. Child Care and Protection	359 137			(14 349)			(14 349)	344 788
4. ECD and Partial Care	357 729			25 164			25 164	382 893
5. Child and Youth Care	119 614			13 789			13 789	133 403
6. Community-Based Care Services for Children	133 326			(17 953)			(17 953)	115 373
Total	1 075 997	-	-	6 147	17 400	-	23 547	1 099 544
Amount to be voted								23 547
of which: Unauth. Exp. (1st charge) not avail. for spending								(2 594)
Baseline available for spending after first charge								1 096 950

Table 13.10 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	548 784	-	-	-	5 900	-	5 900	554 684
Compensation of employees	475 811			-	5 900		5 900	481 711
Goods and services	72 973						-	72 973
Interest and rent on land							-	-
Transfers and subsidies to:	480 005	-	-	6 147	11 500	-	17 647	497 652
Provinces and municipalities							-	-
Departmental agencies and accounts							-	-
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions	479 407			6 147	11 500		17 647	497 054
Households	598						-	598
Payments for capital assets	44 614	-	-	-	-	-	-	44 614
Buildings and other fixed structures	38 719						-	38 719
Machinery and equipment	5 895						-	5 895
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets	2 594							2 594
Total	1 075 997	-	-	6 147	17 400	-	23 547	1 099 544
Amount to be voted								23 547
of which: Unauth. Exp. (1st charge) not avail. for spending								(2 594)
Baseline available for spending after first charge								1 096 950

Virement – Programme 3: Children and Families: R6.147 million

A total of R6.147 million was moved within *Transfers and subsidies to: Non-profit institutions* to Programme 3 from Programme 2 (R4.781 million), Programme 4 (R1.016 million) and Programme 5 (R350 000). This movement was aimed at correcting the alignment of the transfer budget and activities between core programmes of the department in accordance with the NPO master list, as mentioned.

Shift – Programme 3: Children and Families: R17.400 million

The department shifted funding resulting in an increase of R17.400 million in respect of this programme, as follows:

- R17.400 million was moved from Programme 1 within *Compensation of employees*, to allow for the movement of service office managers and their support staff from Programme 1 to Programme 3, under the Management and Support sub-programme. This movement aligns the department with the programme and budget structure of the sector. There is no change in purpose for this funding.

- A further amount of R11.500 million was moved within the sub-programme: Community-Based Care Services for Children, from *Compensation of employees* to *Transfers and subsidies to: Non-profit institutions* to provide for the arrear payment of stipends for Isibindi workers while they were under the department's control prior to 1 April 2016. These workers are now employed by NGOs and the funding is moved to this category to enable payment to be made via their current employers. There is no change in purpose for this funding.

Service delivery measures – Programme 3: Children and Families

Table 13.11 shows the revised service delivery information for Programme 3. Note that some measures in this programme are annual in nature and are only reported on after the closure of the financial year and are indicated as “annual” against the Mid-year actual in Table 13.11. The department revised all measures to align them with the targets published in the 2016/17 APP, due to the *EPRE* being published before the APP was finalised.

Table 13.11 : Service delivery measures – Programme 3: Children and Families

Outputs	Performance indicators	Performance targets		
		2016/17 Original target	2016/17 Mid-year actual	2016/17 Revised target
1. Care and services to families				
• No. of families participating in family preservation services		22 732	31 045	61 574
• No. of family members re-united with their families		1 397	1 309	2 119
• No. of families participating in parenting skills programmes		28 438	27 165	41 474
2. Child care and protection				
• No. of orphans and vulnerable children receiving psycho-social support services		33 114	46 795	89 660
• No. of children awaiting foster care placement		5 488	7 938	4 679
• No. of children placed in foster care		9 091	4 862	10 666
3. ECD and partial care				
• No. of fully registered ECD centres		600	985	1 003
• No. of fully registered ECD programmes		TBC	978	981
• No. of conditionally registered ECD programmes		1 407	1 565	1 173
• No. of children accessing fully registered ECD programmes		97 130	110 820	94 146
• No. of subsidised children accessing fully registered ECD programmes		79 157	86 242	71 449
• No. of ECD practitioners in funded ECD centres meeting minimum qualification requirements		TBC	3 686	2 655
4. Child and youth care centres				
• No. of child and youth care centres		69	annual	52
• No. of children in need of care and protection in funded CYCCs		3 560	4 028	2 704
5. Community-based care services for children				
• No. of CYCW trainees who received training through the Isibindi model		2 479	annual	1 082
• No. of children accessing services through the Isibindi model		31 864	59 814	58 209

4.4 Programme 4: Restorative Services

The purpose of this programme is to provide integrated developmental social crime prevention and anti-substance abuse services to the most vulnerable in partnership with stakeholders and civil society organisations. The programme consists of the following sub-programmes, namely Management and Support, Crime Prevention and Support, Victim Empowerment and Substance Abuse, Prevention and Rehabilitation.

Tables 13.12 and 13.13 reflect a summary of the 2016/17 adjusted appropriation of Programme 4, summarised according to sub-programme and economic classification.

Details of the main adjustments, which resulted in an overall decrease of R10.484 million, are given in the paragraphs below the tables.

Table 13.12 : Programme 4: Restorative Services

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments	
1. Management and Support	32 643				11 500	11 500	44 143
2. Crime Prevention and Support	126 399			513		513	126 912
3. Victim Empowerment	36 845			(1 959)		(1 959)	34 886
4. Substance Abuse, Prevention and Rehabilitation	91 008			430		430	91 438
Total	286 895	-	-	(1 016)	11 500	-	297 379
Amount to be voted							10 484
of which: Unauth. Exp. (1st charge) not avail. for spending (800)							(800)
Baseline available for spending after first charge							296 579

Table 13.13 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments	
Current payments	219 673	-	-	-	11 500	-	231 173
Compensation of employees	176 193				11 500	11 500	187 693
Goods and services	43 480					-	43 480
Interest and rent on land						-	-
Transfers and subsidies to:	59 464	-	-	(1 016)	-	(1 016)	58 448
Provinces and municipalities						-	-
Departmental agencies and accounts						-	-
Higher education institutions						-	-
Foreign governments and international organisations						-	-
Public corporations and private enterprises						-	-
Non-profit institutions	59 317			(1 016)		(1 016)	58 301
Households	147					-	147
Payments for capital assets	6 958	-	-	-	-	-	6 958
Buildings and other fixed structures	5 029					-	5 029
Machinery and equipment	1 929					-	1 929
Heritage assets						-	-
Specialised military assets						-	-
Biological assets						-	-
Land and subsoil assets						-	-
Software and other intangible assets						-	-
Payments for financial assets	800	-	-	-	-	-	800
Total	286 895	-	-	(1 016)	11 500	-	297 379
Amount to be voted							10 484
of which: Unauth. Exp. (1st charge) not avail. for spending (800)							(800)
Baseline available for spending after first charge							296 579

Virement – Programme 4: Restorative Services: (R1.016 million)

A total of R1.016 million was moved from this programme to Programme 3 within *Transfers and subsidies to: Non-profit institutions*, aimed at correcting the alignment of the transfer budget and activities between core programmes of the department in accordance with the previously mentioned NPO master list, which also account for the movement between sub-programmes within Programme 4.

Shift – Programme 4: Restorative Services: R11.500 million

The department shifted R11.500 million from Programme 1 within *Compensation of employees*, to the Management and Support sub-programme in Programme 4 to provide for the movement of service office managers and their support staff from Programme 1 to Programme 4. This movement aligns the department with the programme and budget structure of the sector. There is no change in purpose for this funding

Service delivery measures – Programme 4: Restorative Services

Table 13.14 shows the revised service delivery information for Programme 4. Note that one measure in this programme is annual in nature and is only reported on after the closure of the financial year and are indicated as “annual” against the Mid-year actual in Table 13.14. The department revised all measures to align them with the targets published in the 2016/17 APP, due to the *EPRE* being published before the APP was finalised. One measure has been revised as indicated in bold italics. Note also one performance measure is no longer valid and this is indicated by “n/a” in the Mid-year actual and Revised target columns.

Table 13.14 : Service delivery measures – Programme 4: Restorative Services

Outputs	Performance indicators	Performance targets		
		2016/17 Original target	2016/17 Mid-year actual	2016/17 Revised target
1. Crime prevention and support				
	• No. of children in conflict with the law assessed	3 651	1 683	2 310
	• No. of children in conflict with the law in secure care centres	2 275	n/a	n/a
	• No. of children in conflict with the law awaiting trial in secure care centres	2 389	526	38
	• No. of sentenced children in secure care centres	2 504	126	nil
	• No. of children in conflict with the law referred to diversion programmes	474	588	839
	• No. of children in conflict with the law who completed diversion programmes	266	485	623
2. Victim empowerment				
	• No. of funded VEP service centres	34	annual	48
	• No. of victims of crime and violence accessing services from funded VEP service centres	967	2 959	2 260
	• No. of human trafficking victims who accessed social services	51	9	57
3. Substance abuse, prevention and rehabilitation				
	• No. of children 18 years and below reached through substance abuse prevention programmes	56 558	121 409	190 569
	• No. of people (19 and above) reached through substance abuse prevention programmes	38 295	90 075	151 701
	• No. of service users who accessed in-patient treatment services at funded treatment centres	1 176	672	334
	• No. of service users who accessed out-patient based treatment services	1 612	1 242	2 054

4.5 Programme 5: Development and Research

The purpose of this programme is to provide sustainable development programmes which facilitate empowerment of communities, based on empirical research and demographic information.

The programme consists of the following sub-programmes, namely, Management and Support, Community Mobilisation, Institutional Capacity Building and Support for NPOs, Poverty Alleviation and Sustainable Livelihoods, Community-Based Research and Planning, Youth Development, Women Development and Population Policy Promotion.

Tables 13.15 and 13.16 reflect a summary of the 2016/17 adjusted appropriation of Programme 5, summarised according to sub-programme and economic classification.

Details of the main adjustments, which resulted in an overall decrease of R350 000, are provided in the paragraphs following the tables.

Table 13.15 : Programme 5: Development and Research

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Management and Support	103 766						-	103 766
2. Community Mobilisation	1 750						-	1 750
3. Institutional Capacity Building and Support for NPOs	58 501						-	58 501
4. Poverty Alleviation and Sustainable Livelihoods	14 586			368			368	14 954
5. Community-Based Research and Planning	1 851			(811)			(811)	1 040
6. Youth Development	35 886			93			93	35 979
7. Women Development	7 844						-	7 844
8. Population Policy Promotion	2 956						-	2 956
Total	227 140	-	-	(350)	-	-	(350)	226 790
Amount to be voted								
of which: Unauth. Exp. (1st charge) not avail. for spending								(795)
Baseline available for spending after first charge								226 345
								225 995

Table 13.16 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments	
Current payments	157 368	-	-	-	-	-	157 368
Compensation of employees	125 098			(15 000)		(15 000)	110 098
Goods and services	32 270			15 000		15 000	47 270
Interest and rent on land						-	-
Transfers and subsidies to:	56 195	-	-	(350)	-	(350)	55 845
Provinces and municipalities						-	-
Departmental agencies and accounts						-	-
Higher education institutions						-	-
Foreign governments and international organisations						-	-
Public corporations and private enterprises						-	-
Non-profit institutions	55 597			(350)		(350)	55 247
Households	598					-	598
Payments for capital assets	12 782	-	-	-	-	-	12 782
Buildings and other fixed structures	9 393					-	9 393
Machinery and equipment	3 389					-	3 389
Heritage assets						-	-
Specialised military assets						-	-
Biological assets						-	-
Land and subsoil assets						-	-
Software and other intangible assets						-	-
Payments for financial assets	795					-	795
Total	227 140	-	-	(350)	-	(350)	226 790
Amount to be voted							(350)
of which: Unauth. Exp. (1st charge) not avail. for spending	(795)						(795)
Baseline available for spending after first charge	226 345						225 995

Virement – Programme 5: Development and Research: (R350 000)

A net amount of R350 000 was moved from this programme, and there was virement within the programme, accounting for the movements at sub-programme level, as follows:

- A total of R350 000 was moved from this programme to Programme 3. The savings in this programme were from *Transfers and subsidies to: Non-profit institutions* aimed at correcting the alignment of the transfer payments budget and activities between core programmes of the department in accordance with the NPO master list, as mentioned. While there is a decrease in transfers in this programme, the funding was moved to the same category in another programme, with no overall decrease in this category and therefore Legislature approval is not required.
- R15 million was moved within the programme and within the sub-programme: Institutional Capacity Building and Support for NPOs, from *Compensation of employees* to *Goods and services*. The savings were due to vacant funded OSD posts including community development practitioners/supervisors/managers, and were redirected to assist NGOs in developing financial and administrative skills to assist them in meeting PFMA Section 38(1)(j) requirements. In addition, the department needs to undertake a verification of funded projects, to ensure that all projects are delivering on their mandate. This is due to suspected fraud and the funding will be used for consultant investigators.

Service delivery measures – Programme 5: Development and Research

Table 13.17 shows the revised service delivery information for Programme 5. Note that some measures in this programme are annual in nature and are only reported on after the closure of the financial year and are indicated as “annual” against the Mid-year actual in Table 13.17.

The department revised 15 measures to align them with the targets published in the 2016/17 APP, due to the *EPRE* being published before the APP was finalised.

Note also one performance measure is no longer valid and this is indicated by “n/a” in the Mid-year actual and Revised target columns.

Table 13.17 : Service delivery measures – Programme 5: Development and Research

Outputs	Performance indicators	Performance targets		
		2016/17 Original target	2016/17 Mid-year actual	2016/17 Revised target
1. Community mobilisation				
	• No. of people reached through community mobilisation programmes	52 459	150 474	281 628
2. Institutional capacity building and support for NPOs				
	• Total no. of funded NPOs	2 898	annual	2 816
	• No. of NPOs capacitated according to the capacity building guideline	4 972	3 543	5 205
3. Poverty alleviation and sustainable livelihoods				
	• No. of poverty reduction initiatives supported	416	1 084	437
	• No. of people benefitting from poverty reduction initiatives	8 696	6 514	8 222
	• No. of households accessing food through DSD food security programmes	7 200	3 856	6 270
4. Community-based research and planning				
	• No. of households profiled	9 504	5 942	10 412
	• No. of communities profiled in a ward	8 889	533	949
	• No. of community-based plans developed	9 333	435	868
5. Youth development				
	• No. of youth development structures supported	352	610	455
	• No. of youth participating in skills development programmes	2 044	4 944	7 231
	• No. of youth participating in youth mobilisation programmes	3 826	32 670	47 112
6. Women development				
	• No. of women participating in socio-economic empowerment programmes	10 194	29 488	51 208
7. Population policy promotion				
	• No. of population capacity development sessions conducted	11	5	
	• No. of individuals who participated in population capacity development sessions	330	229	
	• No. of population advocacy, information, education and communication (IEC) activities implemented	50	21	
	• No. of population policy monitoring and evaluation reports produced	1	annual	
	• No. of research projects completed	11	annual	2
	• No. of demographic profile projects completed	2	annual	3
	• No. of population capacity development sessions conducted	3	n/a	n/a

5. Specifically and exclusively appropriated allocations

Table 13.18 shows the amounts that are specifically and exclusively appropriated for specific purposes in terms of the KZN Adjustments Appropriation Act.

Note that transfers to conditional grants (which are also specifically and exclusively appropriated funds) are not included here, as they are discussed in Section 8 below.

Details of the main adjustments, which resulted in an overall increase of R11.500 million in respect of the department's specifically and exclusively appropriated funding, are provided in the paragraphs above and below the tables.

- *Virement*: All virements in the table, which result in no change in the overall specifically and exclusively appropriated amount, reflect movements within *Transfers and subsidies to: Non-profit institutions* aimed at correcting the alignment of the transfer budget and activities between core programmes of the department in accordance with the NPO master list, which is the outcome of a process that outlines how much will be transferred to each NPO and what services each NPO provides.

Table 13.18 : Summary of specifically and exclusively appropriated funding

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Prog. 2 Absorption of social work graduates	114 331						-	114 331
2. Prog. 2 Support to the NGO sector	66 861				(66 861)		(66 861)	-
3. Prog. 2 Care and Services to Older Persons	111 427			609			609	112 036
4. Prog. 2 Services to Persons with Disabilities	73 808			(1 393)			(1 393)	72 415
5. Prog. 2 HIV and AIDS	75 401			(3 997)			(3 997)	71 404
6. Prog. 2 Inkululeko Elderly Day Care Centre	2 523						-	2 523
7. Prog. 3 Care and Services to Families	6 082			(504)			(504)	5 578
8. Prog. 3 Child Care and Protection	91 340			(14 349)			(14 349)	76 991
9. Prog. 3 ECD and Partial Care	247 949			25 164			25 164	273 113
10. Prog. 3 Child and Youth Care	82 561			13 789			13 789	96 350
11. Prog. 3 Community-Based Care Services for Children	51 475			(17 953)	11 500		(6 453)	45 022
12. Prog. 4 Crime Prevention and Support	17 998			513			513	18 511
13. Prog. 4 Victim Empowerment	23 057			(1 959)			(1 959)	21 098
14. Prog. 4 Substance Abuse, Prevention and Rehabilitation	18 262			430			430	18 692
15. Prog. 5 Poverty Alleviation and Sustainable Livelihoods	14 586			368			368	14 954
16. Prog. 5 Youth Development	33 167			(811)			(811)	32 356
17. Prog. 5 Women Development	7 844			93			93	7 937
18. Prog. 5 Support to the NGO sector					66 861		66 861	66 861
19. Six per cent transfers to NGOs	46 410	-	-	-	-	-	-	46 410
19.1 Prog. 2: Six per cent transfer to NGOs	15 773						-	15 773
19.2 Prog. 3: Six per cent transfer to NGOs	27 808						-	27 808
19.3 Prog. 4: Six per cent transfer to NGOs	2 829						-	2 829
Total	1 085 082	-	-	-	11 500	-	11 500	1 096 582
Amount to be voted								11 500

- **Shifts:** The department shifted a net amount of R11.500 million to specifically and exclusively appropriated funding as follows:
 - The increase of R11.500 million relates to a movement from *Compensation of employees to Transfers and subsidies to: Non-profit institutions* within Community-Based Care Services for Children, to provide for the arrear payment of stipends for Isibindi workers while they were under the department's control. These workers are now employed by NGOs and the funding was moved to this category to enable payment to be made via their current employers. There was no change in purpose for this funding.
 - R66.861 million was moved from Support to the NGO sector in Programme 2 to the same function in Programme 5. This was to correct an error in the Appropriation Act and does not affect any other table in this document. The budget for this expenditure was correctly placed in Programme 5 in the 2016/17 EPRE, and there was no change in purpose for this funding.

6. Gifts, donations and sponsorships

The department is not envisaging any gifts, donation and sponsorships exceeding R100 000 in 2016/17.

7. Infrastructure

Table 13.19 shows the summary of infrastructure payments per main category. Details of the main adjustment, which resulted in no change to the overall infrastructure baseline, are provided in the paragraph below the table.

Table 13.19 : Summary of infrastructure payments by category

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Existing infrastructure assets	54 170	-	-	5 000	-	-	5 000	59 170
Maintenance and repair: Current	16 424			5 000			5 000	21 424
Upgrades and additions: Capital	14 746						-	14 746
Refurbishment and rehabilitation: Capital	23 000						-	23 000
New infrastructure assets: Capital	83 531			(5 000)			(5 000)	78 531
Infrastructure transfers	-	-	-	-	-	-	-	-
Infrastructure transfers: Capital							-	-
Infrastructure transfers: Current							-	-
Infrastructure: Payments for fin assets							-	-
Infrastructure: Leases							-	-
Capital infrastructure	121 277	-	-	(5 000)	-	-	(5 000)	116 277
Current infrastructure	16 424	-	-	5 000	-	-	5 000	21 424
Total	137 701	-	-	-	-	-	-	137 701
Amount to be voted								-

- *Virement*: R5 million was moved from *New infrastructure assets: Capital* being under-spending due to slow progress on infrastructure projects to *Maintenance and repair: Current* to address pressures related to drought relief, where Jojo tanks are being placed at approximately 30 facilities, such as service offices. The overall reduction in capital requires Legislature approval.

8. Conditional grants

Table 13.20 below provides a summary of changes to conditional grants. There were no adjustments to the main appropriation for the Social Sector EPWP Integrated Grant for Provinces. The entire grant funding is allocated to *Compensation of employees* as it subsidises stipends for community care-givers.

Table 13.20 : Summary of changes to conditional grants

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
2. Social Welfare Services	3 958	-	-	-	-	-	-	3 958
Social Sector EPWP Incentive Grant for Provinces	3 958						-	3 958
Total	3 958	-	-	-	-	-	-	3 958
Amount to be voted								-

9. Transfers and subsidies

Table 13.21 shows the summary of transfers and subsidies by programme and main category. Details of the main adjustments, which resulted in an overall increase of R16.163 million in the transfers and subsidies allocation, are provided in the paragraphs before and after the table.

Table 13.21 : Summary of transfers and subsidies by programme and main category

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Administration	6 585	-	-	2 163	-	-	2 163	8 748
Provinces and municipalities	723	-	-	-	-	-	-	723
Motor vehicle licences	723						-	723
Departmental agencies and accounts	1 706	-	-	2 163	-	-	2 163	3 869
HWSETA	1 706			2 163			2 163	3 869
Households	4 156	-	-	-	-	-	-	4 156
Social benefits - staff exit costs	4 156			-			-	4 156
2. Social Welfare Services	277 623	-	-	(2 281)	-	-	(2 281)	275 342
Non-profit institutions	260 636	-	-	(4 781)	-	-	(4 781)	255 855
Care and services to older persons	111 427			609			609	112 036
Services to persons with disabilities	73 808			(1 393)			(1 393)	72 415
HIV and AIDS	75 401			(3 997)			(3 997)	71 404
Households	16 987	-	-	2 500	-	-	2 500	19 487
Social benefits - staff exit costs	2 610			-			-	2 610
Social Relief	14 377			2 500			2 500	16 877
3. Children and Families	480 005	-	-	6 147	11 500	-	17 647	497 652
Non-profit institutions	479 407	-	-	6 147	11 500	-	17 647	497 054
Care and services to families	6 082			(504)			(504)	5 578
Child care and protection	91 340			(14 349)			(14 349)	76 991
ECD and partial care	247 949			25 164			25 164	273 113
Child and youth care	82 561			13 789			13 789	96 350
Community-based care services for children	51 475			(17 953)	11 500		(6 453)	45 022
Households	598	-	-	-	-	-	-	598
Social benefits - staff exit costs	598			-			-	598
4. Restorative Services	59 464	-	-	(1 016)	-	-	(1 016)	58 448
Non-profit institutions	59 317	-	-	(1 016)	-	-	(1 016)	58 301
Crime prevention and support	17 998			513			513	18 511
Victim empowerment	23 057			(1 959)			(1 959)	21 098
Substance abuse, prevention and rehabilitation	18 262			430			430	18 692
Households	147	-	-	-	-	-	-	147
Social benefits - staff exit costs	147			-			-	147
5. Development and Research	56 195	-	-	(350)	-	-	(350)	55 845
Non-profit institutions	55 597	-	-	(350)	-	-	(350)	55 247
Poverty alleviation and sustainable livelihoods	14 586			368			368	14 954
Youth development	33 167			(811)			(811)	32 356
Women development	7 844			93			93	7 937
Households	598	-	-	-	-	-	-	598
Social benefits - staff exit costs	598			-			-	598
Total	879 872	-	-	4 663	11 500	-	16 163	896 035
Amount to be voted								16 163

- **Virement:** The department undertook the following virements affecting transfers and subsidies:
 - In Programme 1, R2.163 million was moved from *Compensation of employees* to *Departmental agencies and accounts* to correct under-budgeting of the HWSETA allocation.
 - In Programme 2, a net amount of R4.781 million was moved within *Non-profit institutions* to Programme 3 aimed at correcting the alignment of the transfer budget and activities between core programmes of the department in accordance with the NPO master list, as mentioned. There was also movement within the core services of the programmes, for the same reason.
 - Also in Programme 2, *Households* was increased by R2.500 million due to savings moved within the programme from *Compensation of employees* to address under-budgeting for social relief costs in the sub-programme Social Relief, primarily aimed at children without parents and includes the purchase of food, school uniforms and stationery.
 - In Programme 3, R17.647 million was moved to this programme from Programme 4, with R6.237 million moved within *Non-profit institutions* from Programme 2 (R4.781 million), Programme 4 (R1.016 million) and Programme 5 (R350 000). This movement was aimed at correcting the alignment of the transfer budget and activities between core programmes of the department in accordance with the NPO master list.
 - In Programme 4, R1.016 million was moved to Programme 3 within *Non-profit institutions*, aimed at correcting the alignment of the transfer budget and activities between core programmes of the department in accordance with the NPO master list. There was also movement within the core services of the programmes for the same reason.
 - In Programme 5, R350 000 was moved to Programme 3 within *Non-profit institutions* aimed at correcting the alignment of the transfer budget and activities between core programmes of the department in accordance with the NPO master list. There was also movement within the core services of the programmes for the same reason.
- **Shifts:** In Programme 3, R11.500 million was moved within the programme from *Compensation of employees* to *Non-profit institutions* to provide for the arrear payment of stipends for Isibindi workers while they were under the department's control. These workers are now employed by NGOs and the funding is moved to this category to enable payment to be made via their current employers. There was no change in purpose for this funding.

10. Transfers to public entities

The department does not make any transfers to public entities.

11. Transfers to local government

The department does not make any transfers to local government. It is noted that an amount of R723 000 is reflected against *Transfers and subsidies to: Provinces and municipalities* in Table 13.22 above. This relates to the payment of motor vehicle licences. As this amount will not be transferred to any municipality, the table reflecting transfers to local government is excluded.

12. Actual payments and revised spending projections for the rest of 2016/17

Tables 13.22 and 13.23 reflect actual payments as at the end of September 2016, projected payments for the rest of the financial year and the total revised spending in rand value and as a percentage of the Adjusted appropriation per programme and economic classification. The tables also show the 2015/16 Audited outcome.

The department spent 45.3 per cent of its adjusted budget in the first six months of the year. This level of spending is fairly low compared to the straight-line benchmark of 50 per cent.

Table 13.22 : Actual payments and revised spending projections by programme

	2015/16 Audited outcome	Adjusted appropriation	Actual payments April '16 - September 2016		Projected payments October '15 - March 2017		Projected actual
R thousand			% of budget		% of budget		
1. Administration	519 148	473 521	226 768	47.9	246 753	52.1	473 521
2. Social Welfare Services	634 856	685 065	288 422	42.1	396 643	57.9	685 065
3. Children and Families	1 003 914	1 099 544	531 693	48.4	567 851	51.6	1 099 544
4. Restorative Services	283 062	297 379	130 341	43.8	167 038	56.2	297 379
5. Development and Research	169 377	226 790	82 246	36.3	144 544	63.7	226 790
Total	2 610 357	2 782 299	1 259 470	45.3	1 522 829	54.7	2 782 299

Table 13.23 : Actual payments and revised spending projections by economic classification

	2015/16 Audited outcome	Adjusted appropriation	Actual payments April '16 - September 2016		Projected payments October '15 - March 2017		Projected actual
R thousand			% of budget		% of budget		
Current payments	1 614 697	1 723 802	820 567	47.6	903 235	52.4	1 723 802
Compensation of employees	1 238 550	1 310 609	641 266	48.9	669 343	51.1	1 310 609
Goods and services	376 059	413 082	179 189	43.4	233 893	56.6	413 082
Interest and rent on land	88	111	112	100.9	(1)	(0.9)	111
Transfers and subsidies to:	827 552	896 035	402 887	45.0	493 148	55.0	896 035
Provinces and municipalities	566	723	267	36.9	456	63.1	723
Departmental agencies and accounts	3 350	3 869	3 671	94.9	198	5.1	3 869
Higher education institutions	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-
Non-profit institutions	803 769	866 457	387 650	44.7	478 807	55.3	866 457
Households	19 867	24 986	11 299	45.2	13 687	54.8	24 986
Payments for capital assets	152 669	155 483	29 037	18.7	126 446	81.3	155 483
Buildings and other fixed structures	113 508	116 277	26 776	23.0	89 501	77.0	116 277
Machinery and equipment	39 161	39 206	2 261	5.8	36 945	94.2	39 206
Heritage assets	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-
Payments for financial assets	15 439	6 979	6 979	100.0	-	-	6 979
Total	2 610 357	2 782 299	1 259 470	45.3	1 522 829	54.7	2 782 299

Programme 1 reflects spending at 47.6 per cent of the adjusted appropriation, which is slightly low. This is ascribed to a number of critical vacant posts yet to be filled, such as the DDG: Developmental Social Services, CFO, as well as two manager posts. In addition, *Machinery and equipment* was lower than expected due to tools of trade that are on order to replace obsolete furniture and equipment for existing staff. This also includes motor vehicles, centralised under this programme, that were only ordered in the second quarter due to the national tender being finalised late by National Treasury.

Programme 2 spent at 42.3 per cent of the adjusted budget by mid-year, which is lower than the straight-line benchmark of 50 per cent. This was due to delays in the submission of claims by organisations and, in some cases, delays in finalising the NPO master list by mid-year. The department has completed the NPO master list process and is currently addressing the backlog in payments, hence the under-spending. There was slow spending on a number of infrastructure projects.

Spending against Programme 3 was slightly low in comparison to the straight-line benchmark of 50 per cent, at 48.4 per cent at mid-year, largely due to vacant funded OSD social worker posts, as well as child and youth care worker posts. Also contributing to the low expenditure were delays in the submission of claims by organisations and, in some cases, delays in finalising the NGO master list by mid-year, as mentioned.

Spending against Programme 4 was, at 43.8 per cent, fairly low when compared to the 50 per cent benchmark, largely due to the previously mentioned delays in the submission of claims by organisations and, in some cases, a delay in finalising the NPO master list at mid-year. Also contributing was cost-cutting against travel and subsistence. In addition, there was slow spending against minor assets such as furniture and equipment (less than R5 000), attributed to delays in the procurement processes.

Programme 5 spending was low at 36.3 per cent of the adjusted appropriation at mid-year, due to vacant funded OSD posts including community development practitioners/supervisors/managers. There were

also delays in the procurement processes relating to the purchase of minor assets, such as furniture and equipment (less than R5 000), as well as the process of acquiring the services of an implementing agent to capacitate NPOs to meet Section 38(1)(j) requirements, taking longer than expected. In addition, there were lengthy processes of consultation with stakeholders in identifying community projects to be funded, such as those under poverty alleviation and sustainable livelihoods, youth and women development.

Spending on *Compensation of employees* was slightly slow, at 49 per cent in the first half of the year, as a result of vacant funded OSD (largely social worker) posts not yet filled, mainly in Programmes 3 and 5, as mentioned. Exacerbating this was the fact that some of the vacancies filled were internal promotions, resulting in further vacancies.

Spending against *Goods and services* was at 43.4 per cent of the adjusted appropriation at mid-year which is below the straight-line benchmark of 50 per cent at mid-year. This is attributed to delays in the procurement processes relating to the purchase of minor assets, such as furniture and equipment (less than R5 000), and the process of acquiring the services of an implementing agent to capacitate NPOs to be able to comply with Section 38(1)(j) requirements taking longer than expected.

Spending against *Transfers and subsidies to: Provinces and municipalities* was low compared to the 50 per cent benchmark, at 36.9 per cent. This was due the acquisition and registration of motor vehicles being slower than expected because of the national tender being finalised late by National Treasury.

The high spending against *Transfers and subsidies to: Non-profit institutions* in the first half of the year, at 94.9 per cent, was because the HWSETA skills development levy was paid earlier than anticipated.

The low spending against *Transfers and subsidies to: Non-profit institutions* in the first half of the year, at 44.7 per cent, was due to delays in the submission of claims by organisations and, in some cases, a delay in finalising the NPO master list at mid-year.

Spending against *Transfers and subsidies to: Households* was low compared to the 50 per cent benchmark, at 45.2 per cent. This was as a result of additional funding moved to this category in the Adjustments Estimate to address under-budgeting for social relief costs in the sub-programme: Social Relief.

Buildings and other fixed structures was low at 23 per cent, due to slow progress on a number of infrastructure projects.

Spending against *Machinery and equipment* was extremely low at 5.4 per cent of the adjusted appropriation at mid-year. This is attributed to tools of trade that still need to be purchased to replace obsolete furniture and equipment. This also includes motor vehicles only ordered in the second quarter, due to the national tender being finalised late by National Treasury.

Taking into account the above-mentioned adjustments and virements, the department is projecting a balanced budget at the end of the year.

Table 13.A : Summary by economic classification : Social Development

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	1 731 444	-	-	(14 354)	-	4 137	(10 217)	1 721 227
Compensation of employees	1 340 977	-	-	(37 080)	-	4 137	(32 943)	1 308 034
Salaries and wages	838 136	-	-	(17 821)	1 005	2 606	(14 210)	823 926
Social contributions	502 841	-	-	(19 259)	(1 005)	1 531	(18 733)	484 108
Goods and services	390 467	-	-	22 615	-	-	22 615	413 082
Administrative fees	397	-	-	2 044	-	-	2 044	2 441
Advertising	4 393	-	-	(797)	-	-	(797)	3 597
Assets less than capitalisation threshold	23 643	-	-	(5 698)	-	-	(5 698)	17 945
Audit cost: External	4 964	-	-	(53)	-	-	(53)	4 911
Bursaries: Employees	4 134	-	-	(974)	-	-	(974)	3 160
Catering: Departmental activities	4 378	-	-	(833)	-	-	(833)	3 545
Communication (G&S)	24 484	-	-	5 175	-	-	5 175	29 659
Computer services	22 153	-	-	2 667	-	-	2 667	24 820
Cons & prof serv: Business and advisory services	19 138	-	-	549	-	-	549	19 687
Cons & prof serv: Infras and planning	-	-	-	-	-	-	-	-
Cons & prof serv: Laboratory services	-	-	-	-	-	-	-	-
Cons & prof serv: Scientific and tech services	-	-	-	-	-	-	-	-
Cons & prof serv: Legal costs	1 541	-	-	(1 093)	-	-	(1 093)	448
Contractors	25 664	-	-	2 037	-	-	2 037	27 701
Agency and support / outsourced services	15 043	-	-	5 302	-	-	5 302	20 345
Entertainment	6	-	-	209	-	-	209	215
Fleet services (incl. govt motor transport)	33 085	-	-	4 799	-	-	4 799	37 884
Housing	-	-	-	-	-	-	-	-
Inventory: Clothing material and accessories	-	-	-	841	-	-	841	841
Inventory: Farming supplies	-	-	-	31	-	-	31	31
Inventory: Food and food supplies	564	-	-	(97)	-	-	(97)	467
Inventory: Fuel, oil and gas	902	-	-	(375)	-	-	(375)	527
Inventory: Learner and teacher support material	-	-	-	-	-	-	-	-
Inventory: Materials and supplies	2 501	-	-	(1 347)	-	-	(1 347)	1 154
Inventory: Medical supplies	1 274	-	-	(706)	-	-	(706)	568
Inventory: Medicine	-	-	-	116	-	-	116	116
Medsas inventory interface	-	-	-	-	-	-	-	-
Inventory: Other supplies	-	-	-	-	-	-	-	-
Consumable supplies	9 725	-	-	2 233	-	-	2 233	11 958
Consumable: Stationery, printing and office supplies	12 669	-	-	(352)	-	-	(352)	12 317
Operating leases	60 302	-	-	(14 597)	-	-	(14 597)	45 705
Property payments	66 287	-	-	6 128	-	-	6 128	72 415
Transport provided: Departmental activity	400	-	-	3 396	-	-	3 396	3 796
Travel and subsistence	39 762	-	-	-	-	-	-	39 762
Training and development	3 005	-	-	10 576	-	-	10 576	13 581
Operating payments	5 732	-	-	2 001	-	-	2 001	7 733
Venues and facilities	2 568	-	-	390	-	-	390	2 958
Rental and hiring	1 753	-	-	1 044	-	-	1 044	2 797
Interest and rent on land	-	-	-	111	-	-	111	111
Interest	-	-	-	-	-	-	-	-
Rent on land	-	-	-	111	-	-	111	111
Transfers and subsidies to	879 872	-	-	16 163	-	-	16 163	896 035
Provinces and municipalities	723	-	-	-	-	-	-	723
Provinces	-	-	-	-	-	-	-	-
Provincial Revenue Funds	-	-	-	-	-	-	-	-
Provincial agencies and funds	-	-	-	-	-	-	-	-
Municipalities	723	-	-	-	-	-	-	723
Municipalities	723	-	-	-	-	-	-	723
Municipal agencies and funds	-	-	-	-	-	-	-	-
Departmental agencies and accounts	1 706	-	-	2 163	-	-	2 163	3 869
Social security funds	-	-	-	-	-	-	-	-
Entities receiving funds	1 706	-	-	2 163	-	-	2 163	3 869
Higher education institutions	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-
Public corporations	-	-	-	-	-	-	-	-
Subsidies on production	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-
Private enterprises	-	-	-	-	-	-	-	-
Subsidies on production	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-
Non-profit institutions	854 957	-	-	11 500	-	-	11 500	866 457
Households	22 486	-	-	2 500	-	-	2 500	24 986
Social benefits	8 109	-	-	-	-	-	-	8 109
Other transfers to households	14 377	-	-	2 500	-	-	2 500	16 877
Payments for capital assets	159 867	-	-	(1 809)	-	-	(1 809)	158 058
Buildings and other fixed structures	121 277	-	-	(5 000)	-	-	(5 000)	116 277
Buildings	120 481	-	-	(4 786)	-	-	(4 786)	115 695
Other fixed structures	796	-	-	(214)	-	-	(214)	582
Machinery and equipment	38 590	-	-	3 191	-	-	3 191	41 781
Transport equipment	19 228	-	-	3 075	-	-	3 075	22 303
Other machinery and equipment	19 362	-	-	116	-	-	116	19 478
Heritage assets	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-
Payments for financial assets	6 979	-	-	-	-	-	-	6 979
Total	2 778 162	-	-	-	-	4 137	4 137	2 782 299
Amount to be voted								4 137
of which: Unauth. Exp. (1st charge) not available for spending	(6 979)							(6 979)
Baseline available for spending after first charge	2 771 183							2 775 320

Vote 14

Public Works

R thousand	2016/17			
	Main appropriation	Adjusted appropriation	Decrease	Increase
Operational budget	1 430 786	1 458 786		28 000
MEC remuneration ¹	1 822	1 902		80
Total amount to be appropriated	1 432 608	1 460 688		28 080
<i>of which:</i>				
Current payments	810 219	848 997		38 778
Transfers and subsidies	539 960	542 481		2 521
Payments for capital assets	82 429	69 210	(13 219)	
Payments for financial assets	-	-		
Responsible MEC	MEC for Human Settlements and Public Works			
Administering department	Public Works			
Accounting Officer	Head: Public Works			

1. Vision and mission

Vision

The department's vision is: *An inclusive economy through sustainable infrastructure development and property management.*

Mission

The department's mission is: *To improve the life of the people in KwaZulu-Natal through sustainable infrastructure development and property management.*

2. Strategic objectives

Strategic policy direction: The Department of Public Works (DOPW) was restructured to be a capable implementing agent of choice for the client departments requiring building infrastructure services and property management such as office accommodation. The department has a responsibility to deliver on certain key social issues in consultation with the client departments. The department does not only deliver social infrastructure such as schools, clinics and hospitals, but it also co-ordinates the provincial infrastructure cluster. These are the core business functions of the department which are in line with the outcome based strategic goals and objectives in the 5-year strategic plan (2015-2020) of the department.

3. Summary of adjusted estimates for the 2016/17 financial year

The main appropriation of DOPW was R1.433 billion in 2016/17. This allocation includes the EPWP Integrated Grant for Provinces of R4.471 million. During the year, the department received an additional allocation totalling R28.080 million, resulting in an adjusted appropriation of R1.461 billion.

The main reasons for this increase, as well as other adjustments, are summarised below, and explained in detail in Section 4.

¹ At the time of going to print with the 2016/17 *EPRE*, the proclamation determining the 2015 salary adjustment relating to office bearers had not been signed, hence this amount remained unchanged from the 2015/16 *EPRE*. Similarly, at the time of going to print with this document, the proclamation determining the 2016 salary adjustment relating to office bearers has not been signed. As such, the above-mentioned adjustment now aligns the MEC's salary to the 2015 salary level.

- *Roll-overs:* An amount of R974 000 was rolled over from 2015/16, in respect of the Provincial Infrastructure Master Plan. These funds were allocated to Programme 3: Provision of Buildings, Structures and Equipment against *Goods and services*. The funds are specifically and exclusively appropriated for this project in terms of the KZN Adjustments Appropriation Act.
- *Virement between programmes:* The department undertook virements across programmes which resulted in an increase of R6.803 million in respect of Programme 1: Administration as follows:
 - Savings of R1.522 million were identified in Programme 2: Property Management against *Compensation of employees* (R399 000) due to delays in the filling of vacant posts, as well as the moratorium on the filling of non-critical posts, which requires the department to make a submission to the Premier and MEC for Finance for critical posts to be filled. Savings were also realised against *Goods and services* (R1.123 million), as a result of the expiring of the Fedsure House lease agreement at the end of June 2016 due to the completion of the head office building. These savings were moved to Programme 1: Administration against *Goods and services* to cater for the purchase of furniture for the newly completed head office building (R1 million), fleet services (R108 000), transport: departmental activities (R15 000) and also to cater for spending pressures against *Transfers and subsidies to: Households* (R396 000), and *Interest and rent on land* (R3 000). This was offset by R24 000 which was moved from Programme 3 to Programme 2 to cater for costs related to computer equipment, resulting in a net reduction of R1.498 million in Programme 2.
 - Savings of R5.305 million were identified in Programme 3: Provision of Buildings, Structures and Equipment against *Compensation of employees* (R5.260 million) due to delays in the filling of vacant posts, as well as the moratorium on the filling of non-critical posts. Savings were also identified under *Buildings and other fixed structures* (R45 000), as a result of slower than anticipated spending on infrastructure projects. Savings of R5.281 million were moved to Programme 1 to cater for spending pressures against *Goods and services* (R5.260 million) brought about by increases in the costs of SITA data lines and increases in fleet services relating to fuel and oil, and *Machinery and equipment* (R21 000) to offset for higher than anticipated computer equipment. The balance of R24 000 was moved to Programme 2 under *Machinery and equipment* to cater for costs related to computer equipment.
 - In addition to the above virements between programmes, the department undertook extensive virements across sub-programmes and economic categories within programmes. Details of these virements are provided per programme in Section 4 below. All virements undertaken by the department are permissible in terms of the PFMA and Treasury Regulations. However, *Payments for capital assets* shows a net reduction in Table 14.2, and Legislature approval is therefore required in this regard.
- *Other adjustments:* The department's budget allocation was increased by R27.106 million, as explained below:
 - Additional funds of R19.220 million were allocated to cover the above-budget 2016 wage adjustment against *Compensation of employees* across all programmes, where amounts of R4.837 million, R8.720 million and R13.549 million were allocated to Programme 1, Programme 2 and Programme 3, respectively.
 - Once-off additional funds of R7.886 million were specifically and exclusively appropriated for the completion of the Provincial Infrastructure Master Plan. These funds were allocated against *Goods and services* in Programme 3.

Tables 14.1 and 14.2 reflect a summary of the 2016/17 adjusted appropriation of the department, summarised according to programme and economic classification.

Details of the economic classification are given in *Annexure – Vote 14: Public Works*.

Table 14.1 : Summary by programmes

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Administration	359 425	-	-	6 803	-	4 837	11 640	371 065
2. Property Management	647 907	-	-	(1 498)	-	8 720	7 222	655 129
3. Provision of Buildings, Structures and Equipment	425 276	974	-	(5 305)	-	13 549	9 218	434 494
Total	1 432 608	974	-	-	-	27 106	28 080	1 460 688
Amount to be voted								28 080

Table 14.2 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	810 219	974	-	(1 333)	12 031	27 106	38 778	848 997
Compensation of employees	584 239	-	-	(7 784)	-	19 220	11 436	595 675
Goods and services	225 980	974	-	6 448	12 031	7 886	27 339	253 319
Interest and rent on land	-	-	-	3	-	-	3	3
Transfers and subsidies to:	539 960	-	-	2 521	-	-	2 521	542 481
Provinces and municipalities	534 154	-	-	-	-	-	-	534 154
Departmental agencies and accounts	497	-	-	-	-	-	-	497
Higher education institutions	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-
Households	5 309	-	-	2 521	-	-	2 521	7 830
Payments for capital assets	82 429	-	-	(1 188)	(12 031)	-	(13 219)	69 210
Buildings and other fixed structures	66 318	-	-	(2 120)	(12 031)	-	(14 151)	52 167
Machinery and equipment	12 111	-	-	932	-	-	932	13 043
Heritage assets	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-
Software and other intangible assets	4 000	-	-	-	-	-	-	4 000
Payments for financial assets	-	-	-	-	-	-	-	-
Total	1 432 608	974	-	-	-	27 106	28 080	1 460 688
Amount to be voted								28 080

4. Changes to programme purposes and service delivery measures

The department has not changed the purpose of any of its programmes. It is noted, however, that there have been a few minor changes to service delivery measures to align the targets originally published in the 2016/17 EPRE with the department's Annual Performance Plan (APP), which was published after the 2016/17 EPRE, affecting Programme 3: Provision of Buildings, Structures and Equipment.

4.1 Programme 1: Administration

The main objectives of this programme are to provide strategic leadership and management support to the MEC, to build a positive corporate culture, to render support and advice in terms of human resource practices, all legal matters, security and logistics and effective communication and information management systems, render sound financial management services and risk management. The programme comprises two sub-programmes, namely Minister Support and Management.

Tables 14.3 and 14.4 reflect a summary of the 2016/17 adjusted appropriation of Programme 1, summarised according to sub-programme and economic classification. Details of the main adjustments, which resulted in an overall increase of R11.640 million, are provided in the paragraphs following the tables.

Table 14.3 : Programme 1: Administration

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Minister's Support	12 058	-	-	164	-	291	455	12 513
2. Management	347 367	-	-	6 639	-	4 546	11 185	358 552
Total	359 425	-	-	6 803	-	4 837	11 640	371 065
Amount to be voted								11 640

Table 14.4 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts	Other adjustments		
Current payments	339 378	-	-	6 386	-	4 837	11 223	350 601
Compensation of employees	268 384					4 837	4 837	273 221
Goods and services	70 994			6 383			6 383	77 377
Interest and rent on land				3			3	3
Transfers and subsidies to:	4 364	-	-	396	-	-	396	4 760
Provinces and municipalities	223						-	223
Departmental agencies and accounts	435						-	435
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions							-	-
Households	3 706			396			396	4 102
Payments for capital assets	15 683	-	-	21	-	-	21	15 704
Buildings and other fixed structures							-	-
Machinery and equipment	11 683			21			21	11 704
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets	4 000						-	4 000
Payments for financial assets							-	-
Total	359 425	-	-	6 803	-	4 837	11 640	371 065
Amount to be voted								11 640

Virement – Programme 1: Administration: R6.803 million

The main appropriation of Programme 1 was increased by R6.803 million as a result of the following virements:

- Savings of R5.260 million were moved from *Compensation of employees* (R3.185 million) and *Buildings and other fixed structures* (R2.075 million) in Programme 3 due to delays in the filling of vacant posts, as well as the moratorium on the filling of non-critical vacant posts, as mentioned previously. These savings were moved to the sub-programme: Management against *Goods and services* to cater for spending pressures brought about by increases in the costs of SITA data lines (R5 million) and increases in fleet services costs relating to fuel and oil (R260 000).
- Savings of R1.123 million were identified under *Goods and services* in Programme 2, as a result of the expiring of the Fedsure House lease agreement at the end of June 2016 due to the completion of the head office building. The bulk of these savings were moved to the sub-programme: Management against *Goods and services* to cater for the purchase of furniture for the completed head office building (R1 million), and spending pressures against fleet services relating to fuel and oil (R108 000). The balance of R15 000 was moved to *Goods and services* in the sub-programme: Minister's Support for transport: departmental activities.
- Savings of R399 000 were identified under *Compensation of employees* in Programme 2 due to delays in the filling of vacant posts. An amount of R3 000 was moved to *Interest and rent on land* to cater for spending pressures and R396 000 was moved to *Transfers and subsidies to: Households* to cater for higher than anticipated staff exit costs in respect of both sub-programmes.
- R21 000 was moved from Programme 3 under *Buildings and other fixed structures* to this programme to cater for costs related to the purchase of computer equipment against *Machinery and equipment* in respect of the Minister's Support sub-programme.

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

Other adjustments – Programme 1: Administration: R4.837 million

Additional funding of R4.837 million was allocated to this programme to cover the above-budget 2016 wage adjustment. These funds were allocated against *Compensation of employees* in both sub-programmes.

4.2 Programme 2: Property Management

The main purpose of Programme 2 is to provide and facilitate the provision of accommodation and integrated property management services to clients through planned property life cycle (acquisition, maintenance and disposal), optimal utilisation of immovable assets, land valuation, maintenance of fixed asset register, payment of property rates and integrated service delivery. Programme 2 also includes the leasing of buildings.

Tables 14.5 and 14.6 below reflect a summary of the 2016/17 adjusted appropriation of Programme 2, summarised according to sub-programme and economic classification.

Details of the main adjustments, which resulted in an overall increase of R7.222 million, are provided in the paragraphs following the tables.

Table 14.5 : Programme 2: Property Management

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Personnel and Admin. Related	642 705			(375)		8 720	8 345	651 050
2. Hiring	4 957			(1 123)			(1 123)	3 834
3. Acquisition of Land, Control and Disposal	245						-	245
Total	647 907	-	-	(1 498)	-	8 720	7 222	655 129
Amount to be voted								7 222

Table 14.6 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	113 921	-	-	(1 529)	-	8 720	7 191	121 112
Compensation of employees	49 350			(406)		8 720	8 314	57 664
Goods and services	64 571			(1 123)			(1 123)	63 448
Interest and rent on land							-	-
Transfers and subsidies to:	533 966	-	-	7	-	-	7	533 973
Provinces and municipalities	533 931						-	533 931
Departmental agencies and accounts	5						-	5
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions							-	-
Households	30			7			7	37
Payments for capital assets	20	-	-	24	-	-	24	44
Buildings and other fixed structures							-	-
Machinery and equipment	20			24			24	44
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets							-	-
Total	647 907	-	-	(1 498)	-	8 720	7 222	655 129
Amount to be voted								7 222

Virement – Programme 2: Property Management: (R1.498 million)

The main appropriation of Programme 2 was decreased by a net amount of R1.498 million, as follows:

- Savings of R1.529 million were identified under the sub-programme: Hiring against *Goods and services* (R1.123 million), as a result of the expiring of the Fedsure House lease agreement at the end of June 2016 due to the completion of the head office building, as well as the sub-programme: Personnel and Admin. Related against *Compensation of employees* (R406 000) due to delays in the filling of vacant posts, and the moratorium on the filling of non-critical vacant posts, as mentioned previously. These savings were moved as follows:
 - R7 000 remained within Programme 2, and these were re-directed to *Transfers and subsidies to: Households* to reduce spending pressures in respect of staff exit costs.

- o R1.123 million was moved to Programme 1 against *Goods and services* to address pressures brought about by the purchase of furniture for the completed head office building (R1 million), higher than anticipated fleet services (R108 000), transport: departmental activities (R15 000).
- o R399 000 was moved from *Compensation of employees* to Programme 1 to cater for spending pressures against *Transfers and subsidies to: Households* (R396 000) and *Interest and rent on land* (R3 000).
- o Offsetting this was R24 000 moved from Programme 3 against the sub-programme: Personnel and Admin. Related under *Buildings and other fixed structures* and allocated to cater for costs related to computer equipment under *Machinery and equipment*.

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

Other adjustments – Programme 2: Property Management: R8.720 million

Additional funding of R8.720 million was added to the sub-programme: Personnel and Admin. Related to fund the above-budget 2016 wage adjustment against *Compensation of employees*.

Service delivery measures – Programme 2: Property Management

Table 14.7 shows the service delivery measures relating to Programme 2 including both customised measures prescribed for the Public Works sector, as well as several measures which are not prescribed by the sector.

Table 14.7 : Service delivery measures – Programme 2: Property Management

Outputs	Performance indicators	Performance targets		
		2016/17 Original target	2016/17 Mid-year actual	2016/17 Revised target
1. Acquisition of properties to satisfy land and building needs of prov. depts. through property acquisition, disposal, hiring and letting	• No. of properties acquired	20	-	
2. Timeous hiring of properties to satisfy land and building needs of prov. depts. through property acquisition, disposal, hiring and letting	• No. of lease agreements concluded	130	50	
3. Implementation of GIAMA to effectively manage immovable assets	• U-AMPs compiled and submitted to PT in accordance with GIAMA	1	1	
	• C-AMPs compiled and submitted to PT in accordance with GIAMA	1	-	
4. Successful implementation of <i>Izandla Ziyagezana</i> prog. to contribute to job creation (massification of EPWP)	• No. of work opportunities created through <i>Izandla Ziyagezana</i> programme	430	-	
5. Vesting of provincial properties to take transfer of all immovable assets	• No. of properties registered into the name of the KZN provincial government	200	113	
6. Effective projection and timely payment of municipal rates to facilitate payment of property rates (conditional grant)	• 100% expenditure on approved property rates invoices submitted by municipalities	R534m	R187m	

4.3 Programme 3: Provision of Buildings, Structures and Equipment

The main purpose of this programme is the erection and/or acquisition of buildings, structures and engineering works and the maintenance of buildings to client specifications. The core services of Programme 3 are:

- Improving integrated service delivery in the provision of buildings and structures.
- Creating jobs through the EPWP.
- Creating an enabling environment for affirmable business enterprises.
- Initiating and co-ordinating strategic partnerships.
- Co-ordinating and aligning operational activities in line with municipal demarcations.

Tables 14.8 and 14.9 reflect a summary of the 2016/17 adjusted appropriation of Programme 3, summarised according to sub-programme and economic classification. Details of the main adjustments, which resulted in an overall increase of R9.218 million, are provided in the paragraphs following the tables.

Table 14.8 : Programme 3: Provision of Buildings, Structures and Equipment

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Personnel and Admin. Related	352 396	974		(3 185)		13 549	11 338	363 734
2. Buildings and Structures	72 880			(2 120)			(2 120)	70 760
Total	425 276	974	-	(5 305)	-	13 549	9 218	434 494
Amount to be voted								9 218

Table 14.9 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	356 920	974	-	(6 190)	12 031	13 549	20 364	377 284
Compensation of employees	266 505			(7 378)		5 663	(1 715)	264 790
Goods and services	90 415	974		1 188	12 031	7 886	22 079	112 494
Interest and rent on land							-	-
Transfers and subsidies to:	1 630	-	-	2 118	-	-	2 118	3 748
Provinces and municipalities							-	-
Departmental agencies and accounts	57						-	57
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions							-	-
Households	1 573			2 118			2 118	3 691
Payments for capital assets	66 726	-	-	(1 233)	(12 031)	-	(13 264)	53 462
Buildings and other fixed structures	66 318			(2 120)	(12 031)		(14 151)	52 167
Machinery and equipment	408			887			887	1 295
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets							-	-
Total	425 276	974	-	(5 305)	-	13 549	9 218	434 494
Amount to be voted								9 218

Roll-overs – Programme 3: Provision of Buildings, Structures and Equipment: R974 000

The department received a roll-over of R974 000 relating to the Provincial Infrastructure Master Plan. These funds are specifically and exclusively appropriated and were allocated against *Goods and services* in the Personnel and Admin. Related sub-programme.

Virement – Programme 3: Provision of Buildings, Structures and Equipment: (R5.305 million)

The main appropriation of Programme 3 was decreased by a net amount of R5.305 million, as follows:

- Savings of R9.498 million were identified under *Compensation of employees* (R7.378 million), and *Buildings and other fixed structures* (R2.120 million) in respect of both sub-programmes. The savings against *Compensation of employees* were due to delays in the filling of posts and the moratorium on the filling of non-critical vacant posts, which requires the department to make a submission to the Premier and MEC for Finance for critical posts to be filled, as mentioned previously. Funds were re-directed from *Buildings and other fixed structures* due to delays in the completion of the head office project by the contractor, who failed to complete the project within the stipulated timeframe, and slow progress in the construction of uMgungundlovu district office's new administrative wing.

Of these savings, R5.305 million was moved from *Compensation of employees* as follows:

- R5.281 million was moved to Programme 1 against the sub-programme: Management and against *Goods and services* to cater for spending pressures brought about by increases in the costs of SITA

data lines (R5.260 million) and to the sub-programme: Minister Support against *Machinery and equipment* to cater for increased costs related to computer equipment (R21 000).

- R24 000 was moved to Programme 2 against the sub-programme: Personnel and Admin. Related under *Machinery and equipment* to cater for costs related to computer equipment.

The balance of R4.193 million was moved within the programme as explained below:

- R1.188 million was moved to Programme 3 against *Goods and services* to cater for increased costs against property payments relating to electricity in the North Coast region.
- Savings of R2.118 million were moved to *Transfers and subsidies to: Households* within the sub-programme to cater for higher than anticipated staff exit costs.
- Savings of R887 000 were moved to *Machinery and equipment* to cater for increased costs related to computer equipment.

These virements are permissible in terms of the PFMA and Treasury Regulations. However, the net reduction in *Payments for capital assets* requires Legislature approval.

Shifts – Programme 3: Provision of Buildings, Structures and Equipment

An amount of R12.031 million was shifted from *Buildings and other fixed structures* to be correctly classified against *Goods and services* for maintenance and repairs. The maintenance of buildings was inadvertently budgeted for against *Buildings and other fixed structures*. The purpose of the funds, which is repairs and maintenance of dilapidated buildings, remains unchanged and, hence, Legislature approval is not required.

Other adjustments – Programme 3: Provision of Buildings, Structures and Equipment: R13.549 million

This programme received additional funding of R13.549 million, as explained below:

- R5.663 million was allocated to this programme to cover the above-budget 2016 wage adjustment. These funds were allocated against *Compensation of employees* in the sub-programme: Personnel and Admin. Related.
- Once-off additional funding of R7.886 million was given for the completion of the Provincial Infrastructure Master Plan and was allocated against *Goods and services* in the Personnel and Admin. Related sub-programme.

Service delivery measures – Programme 3: Provision of Buildings, Structures and Equipment

Table 14.10 shows the revised service delivery targets for Programme 3 including both customised measures prescribed for the Public Works sector, as well as several measures which are not prescribed by the sector. It must be noted that some targets are being amended to fall in line with the APP, which was tabled after the *EPRE* and these are shown in the 2016/17 Revised target column.

Table 14.10 : Service delivery measures – Programme 3: Provision of Buildings, Structures and Equipment

Outputs	Performance indicators	Performance targets		
		2016/17 Original target	2016/17 Mid-year actual	2016/17 Revised target
1. Implementation of IDIP	• No. of IPIPs finalised and approved by due date that respond to provincial depts. (that are implementing the IDMS) that submit approved IPMP to DOPW	3	3	
	• No. planned capital projects completed within agreed budget	20	8	19
	• No. of planned maintenance projects completed within agreed budget	29	4	9
2. Job creation in terms of EPWP	• No. of work opportunities	6 500	4 758	6 000
	• No. of FTEs	900	489	600
3. Implementation of NYS	• No. of learners trained on accredited modules	80	Annual	

5. Specifically and exclusively appropriated allocations

Table 14.11 shows the amounts that are specifically and exclusively appropriated for specific purposes in terms of the KZN Adjustments Appropriation Act.

Note that transfers in respect of conditional grants (which are also specifically and exclusively appropriated funds) are not included here, as they are discussed in Section 8 below.

Details of the main adjustments, which resulted in an overall increase of R8.860 million in respect of the department's specifically and exclusively appropriated funding, are provided in the paragraphs following the table.

Table 14.11 : Summary of specifically and exclusively appropriated funding

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Prog. 2: Payment of Municipal Property Rates	533 931						-	533 931
2. Prog. 2: Government Immovable Asset Manag. Act	44 661						-	44 661
3. Prog. 2: Fixed Asset Register	3 756						-	3 756
4. Prog. 3: Improving Infrastructure Support	21 713						-	21 713
5. Prog. 3: Provincial Infrastructure Master Plan		974				7 886	8 860	8 860
Total	604 061	974	-	-	-	7 886	8 860	612 921
Amount to be voted								8 860

- *Roll-overs*: An amount of R974 000 was rolled-over from 2015/16, relating to the Provincial Infrastructure Master Plan. These funds were allocated against Programme 3 under *Goods and services* in the Personnel and Admin. Related sub-programme.
- *Other adjustments*: A once-off additional allocation of R7.886 million was provided for the completion of the Provincial Infrastructure Master Plan and is allocated against *Goods and services* in Programme 3.

6. Gifts, donations and sponsorships

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

7. Infrastructure

Table 14.12 shows the summary of the 2016/17 infrastructure payments per main category.

There were adjustments made which resulted in a reduction of R2.120 million from the infrastructure budget, and details are provided in the paragraphs following the table.

Table 14.12 : Summary of infrastructure payments by category

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Existing infrastructure assets	56 709	-	-	6 421	-	-	6 421	63 130
Maintenance and repair: Current	6 300				12 031		12 031	18 331
Upgrades and additions: Capital	31 506			6 591			6 591	38 097
Refurbishment and rehabilitation: Capital	18 903			(170)	(12 031)		(12 201)	6 702
New infrastructure assets: Capital	15 909			(8 541)			(8 541)	7 368
Infrastructure transfers	-	-	-	-	-	-	-	-
Infrastructure transfers: Capital							-	-
Infrastructure transfers: Current							-	-
Infrastructure: Payments for fin assets							-	-
Infrastructure: Leases							-	-
Capital infrastructure	66 318	-	-	(2 120)	(12 031)	-	(14 151)	52 167
Current infrastructure	6 300	-	-	-	12 031	-	12 031	18 331
Total	72 618	-	-	(2 120)	-	-	(2 120)	70 498
Amount to be voted								(2 120)

- **Virements:** The main appropriation of the infrastructure budget was decreased by a net amount of R2.120 million as a result of the following virements:
 - R2.120 million was identified under *New infrastructure assets: Capital* due to delays in the completion of the head office project by the contractor, who failed to complete the project within the stipulated timeframe. In addition, there was slow progress in the construction of uMgungundlovu district office's new administrative wing. These funds were moved as follows:
 - Of this, R2.075 million was moved to *Goods and services* to cater for increased costs against property payments relating to electricity in the North Coast region (R1.188 million), as well as to *Machinery and equipment* to cater for increased costs related to computer equipment (R887 000).
 - The balance of R45 000 was moved to *Machinery and equipment* under Programme 1 (R21 000) and Programme 2 (R24 000) to cater for increased costs related to computer equipment.

The department undertook the following virements within infrastructure payments, and these remain within *Buildings and other fixed structures* and hence are not visible in earlier tables:

- An amount of R6.591 million was moved from *New infrastructure assets: Capital* (R6.421 million) and *Refurbishment and rehabilitation: Capital* (R170 000) to offset spending pressures brought about by unforeseen projects that were implemented as a result of drought relief, such as provision of a standby water tank, tank stands and construction of boreholes at the King Cetshwayo, Amajuba, uMzinyathi, uThukela district offices, and upgrading of the underground water services for eThekweni Region against *Upgrades and additions: Capital*.
- **Shifts:** An amount of R12.031 million was erroneously placed under *Buildings and other fixed structures* against *Refurbishment and rehabilitation: Capital*, and these funds were shifted to be correctly classified against *Goods and services* under *Maintenance and repairs: current*. The purpose of the funds, which is maintenance of dilapidated buildings, remains unchanged, and hence this shift.

8. Conditional grants

Table 14.13 provide a summary of the conditional grant budget of the department, which relates to the EPWP Integrated Grant for Provinces. The department's conditional grant budget remains unchanged from the main appropriation.

Table 14.13 : Summary of changes to conditional grants

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
3. Provision of Buildings, Structures and Equipment	4 471	-	-	-	-	-	-	4 471
EPWP Integrated Grant for Provinces	4 471						-	4 471
Total	4 471	-	-	-	-	-	-	4 471

9. Transfers and subsidies

Table 14.14 shows the summary of transfers and subsidies by programme and main category.

Details of the main adjustments, which resulted in an overall increase of R2.521 million in the transfers and subsidies allocation, are provided in the paragraphs following the table.

Table 14.14 : Summary of transfers and subsidies by programme and main category

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Administration	4 364	-	-	396	-	-	396	4 760
Provinces and municipalities	223	-	-	-	-	-	-	223
Motor vehicle licences	223	-	-	-	-	-	-	223
Departmental agencies and accounts	435	-	-	-	-	-	-	435
Social security funds - Comp. Commissioner	40	-	-	-	-	-	-	40
Skills development levy	395	-	-	-	-	-	-	395
Households	3 706	-	-	396	-	-	396	4 102
Staff exit costs	1 259	-	-	396	-	-	396	1 655
Bursaries: Non employees	2 447	-	-	-	-	-	-	2 447
2. Property Management	533 966	-	-	7	-	-	7	533 973
Provinces and municipalities	533 931	-	-	-	-	-	-	533 931
Municipalities - Property Rates	533 931	-	-	-	-	-	-	533 931
Departmental agencies and accounts	5	-	-	-	-	-	-	5
Social security funds - Comp. Commissioner	5	-	-	-	-	-	-	5
Households	30	-	-	7	-	-	7	37
Social benefits	30	-	-	7	-	-	7	37
3. Provision of Buildings, Structures and Equipment	1 630	-	-	2 118	-	-	2 118	3 748
Departmental agencies and accounts	57	-	-	-	-	-	-	57
Social security funds - Comp. Commissioner	57	-	-	-	-	-	-	57
Households	1 573	-	-	2 118	-	-	2 118	3 691
Staff exit costs	1 573	-	-	2 118	-	-	2 118	3 691
Total	539 960	-	-	2 521	-	-	2 521	542 481
Amount to be voted							-	2 521

- *Virement*: The department undertook the following virements affecting *Transfers and subsidies*:
 - R396 000 was moved to *Households* in Programme 1 to cater for higher than anticipated staff exit costs. These savings were identified from *Compensation of employees* due to delays in the filling of non-critical vacant posts in Programme 2, as mentioned previously.
 - R7 000 was moved to *Households* in Programme 2 to cater for social contributions, which were under-budgeted for. These savings were identified under *Compensation of employees* due to delays in the filling of non-critical vacant posts within the Programme, as mentioned previously.
 - R2.118 million was moved to *Households* in Programme 3 to provide for higher than anticipated staff exit costs. These savings were identified under *Compensation of employees* due to delays in the filling of vacant posts within this programme, as mentioned previously.

10. Transfers to public entities

The department does not undertake transfers to any public entities.

11. Transfers to local government

Table 14.15 shows the details of transfers to local government.

It is noted that the amount against *Provinces and municipalities* in Table 14.14 includes provision for motor vehicle licences in Programme 1. This amount is excluded from the transfers to local government table, as these funds will not be transferred to any municipality.

The department did not make adjustments in respect of transfers to local government, however, some of the municipalities were disestablished, merged into newly demarcated municipality, and some municipalities' names have changed, as reflected in Table 14.15.

It is noted that the full allocations reflected relate to the municipal property rates.

Table 14.15 : Summary of transfers to local government

	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
A KZN2000 eThekweni	242 000	-	-	-	-	-	-	242 000
Total: Ugu Municipalities	11 459	-	-	-	-	-	-	11 459
B KZN212 uMdoni	1 824	-	-	-	-	-	-	1 824
B KZN213 uMzombe	3 075	-	-	-	-	-	-	3 075
B KZN214 uMuziwabantu	2 870	-	-	-	-	-	-	2 870
B KZN216 Ray Nkonyeni	3 690	-	-	-	-	-	-	3 690
C DC21 Ugu District Municipality	-	-	-	-	-	-	-	-
Total: uMgungundlovu Municipalities	71 430	-	-	-	-	-	-	71 430
B KZN221 uMshwathi	5 638	-	-	-	-	-	-	5 638
B KZN222 uMngeni	5 945	-	-	-	-	-	-	5 945
B KZN223 Mpofana	103	-	-	-	-	-	-	103
B KZN224 iMpindle	841	-	-	-	-	-	-	841
B KZN225 Msunduzi	58 000	-	-	-	-	-	-	58 000
B KZN226 Mkhambathini	390	-	-	-	-	-	-	390
B KZN227 Richmond	513	-	-	-	-	-	-	513
C DC22 uMgungundlovu District Municipality	-	-	-	-	-	-	-	-
Total: uThukela Municipalities	44 182	-	-	-	-	-	-	44 182
B KZN235 Okhahlamba	5 200	-	-	-	-	-	-	5 200
B KZN237 iNkosi Langalibalele	21 764	-	-	-	-	-	-	21 764
B KZN238 Alfred Duma	17 218	-	-	-	-	-	-	17 218
C DC23 uThukela District Municipality	-	-	-	-	-	-	-	-
Total: uMzinyathi Municipalities	27 723	-	-	-	-	-	-	27 723
B KZN241 eNdumeni	8 170	-	-	-	-	-	-	8 170
B KZN242 Nquthu	9 151	-	-	-	-	-	-	9 151
B KZN244 uMsinga	4 763	-	-	-	-	-	-	4 763
B KZN245 uMvoti	5 639	-	-	-	-	-	-	5 639
C DC24 uMzinyathi District Municipality	-	-	-	-	-	-	-	-
Total: Amajuba Municipalities	11 300	-	-	-	-	-	-	11 300
B KZN252 Newcastle	4 301	-	-	-	-	-	-	4 301
B KZN253 eMadlangeni	2 785	-	-	-	-	-	-	2 785
B KZN254 Dannhauser	4 214	-	-	-	-	-	-	4 214
C DC25 Amajuba District Municipality	-	-	-	-	-	-	-	-
Total: Zululand Municipalities	37 647	-	-	-	-	-	-	37 647
B KZN261 eDumbe	2 500	-	-	-	-	-	-	2 500
B KZN262 uPhongolo	3 430	-	-	-	-	-	-	3 430
B KZN263 AbaQulusi	6 615	-	-	-	-	-	-	6 615
B KZN265 Nongoma	5 513	-	-	-	-	-	-	5 513
B KZN266 Ulundi	19 589	-	-	-	-	-	-	19 589
C DC26 Zululand District Municipality	-	-	-	-	-	-	-	-
Total: uMkhanyakude Municipalities	22 572	-	-	-	-	-	-	22 572
B KZN271 uMhlabyalingana	11 798	-	-	-	-	-	-	11 798
B KZN272 Jozini	5 676	-	-	-	-	-	-	5 676
B KZN275 Mtubatuba	2 356	-	-	-	-	-	-	2 356
B KZN276 Big Five Hlabisa	2 742	-	-	-	-	-	-	2 742
C DC27 uMkhanyakude District Municipality	-	-	-	-	-	-	-	-
Total: King Cetshwayo Municipalities	29 610	-	-	-	-	-	-	29 610
B KZN281 uMfolozi	400	-	-	-	-	-	-	400
B KZN282 uMhlathuze	12 105	-	-	-	-	-	-	12 105
B KZN284 uMlalazi	3 427	-	-	-	-	-	-	3 427
B KZN285 Mthonjaneni	2 678	-	-	-	-	-	-	2 678
B KZN286 Nkandla	11 000	-	-	-	-	-	-	11 000
C DC28 King Cetshwayo District Municipality	-	-	-	-	-	-	-	-
Total: iLembe Municipalities	20 057	-	-	-	-	-	-	20 057
B KZN291 Mandeni	757	-	-	-	-	-	-	757
B KZN292 KwaDukuza	7 800	-	-	-	-	-	-	7 800
B KZN293 Ndwedwe	6 000	-	-	-	-	-	-	6 000
B KZN294 Maphumulo	5 500	-	-	-	-	-	-	5 500
C DC29 iLembe District Municipality	-	-	-	-	-	-	-	-
Total: Harry Gwala Municipalities	15 891	-	-	-	-	-	-	15 891
B KZN433 Greater Kokstad	8 200	-	-	-	-	-	-	8 200
B KZN434 uBuhlebezwe	3 075	-	-	-	-	-	-	3 075
B KZN435 uMzimkhulu	4 113	-	-	-	-	-	-	4 113
B KZN436 Dr Nkosazana Dlamini Zuma	503	-	-	-	-	-	-	503
C DC43 Harry Gwala District Municipality	-	-	-	-	-	-	-	-
Unallocated	60	-	-	-	-	-	-	60
	533 931	-	-	-	-	-	-	533 931

12. Actual payments and revised spending projections for the rest of 2016/17

Tables 14.16 and 14.17 reflect actual payments as at the end of September 2016, projected payments for the rest of the financial year and the total revised spending in rand value and as a percentage of the Adjusted Appropriation per programme and economic classification. The tables also show the 2015/16 Audited outcome.

Table 14.16 : Actual payments and revised spending projections by programme

Table 11: Actual payments and revised spending projections by programme							
R thousand	2015/16 Audited outcome	Adjusted appropriation	Actual payments		Projected payments		Projected actual
			April '16 - September 2016		October '15 - March 2017		
				% of budget		% of budget	
1. Administration	353 689	371 065	171 976	46.3	199 089	53.7	371 065
2. Property Management	637 046	655 129	229 728	35.1	425 401	64.9	655 129
3. Provision of Buildings, Structures and Equipment	415 512	434 494	184 162	42.4	250 332	57.6	434 494
Total	1 406 247	1 460 688	585 866	40.1	874 822	59.9	1 460 688

Table 14.17 : Actual payments and revised spending projections by economic classification

Table 14.17 : Actual payments and revised spending projections by economic classification							
	2015/16 Audited outcome	Adjusted appropriation	Actual payments		Projected payments		Projected actual
R thousand			April '16 - September 2016		October '15 - March 2017		
			% of budget		% of budget		
Current payments	778 916	848 997	377 970	44.5	471 027	55.5	848 997
Compensation of employees	537 353	595 675	283 253	47.6	312 422	52.4	595 675
Goods and services	241 563	253 319	94 714	37.4	158 605	62.6	253 319
Interest and rent on land		3	3	100.0	-	-	3
Transfers and subsidies to:	534 777	542 481	190 530	35.1	351 951	64.9	542 481
Provinces and municipalities	524 828	534 154	186 558	34.9	347 596	65.1	534 154
Departmental agencies and accounts	480	497	1	0.2	496	99.8	497
Higher education institutions		-	-	-	-	-	-
Foreign governments and international organisations		-	-	-	-	-	-
Public corporations and private enterprises		-	-	-	-	-	-
Non-profit institutions	34	-	-	-	-	-	-
Households	9 435	7 830	3 971	50.7	3 859	49.3	7 830
Payments for capital assets	91 484	69 210	17 294	25.0	51 916	75.0	69 210
Buildings and other fixed structures	73 207	52 167	15 272	29.3	36 895	70.7	52 167
Machinery and equipment	12 399	13 043	2 022	15.5	11 021	84.5	13 043
Heritage assets		-	-	-	-	-	-
Specialised military assets		-	-	-	-	-	-
Biological assets		-	-	-	-	-	-
Land and subsoil assets		-	-	-	-	-	-
Software and other intangible assets	5 878	4 000	-	-	4 000	100.0	4 000
Payments for financial assets	1 070	-	72	-	(72)	-	-
Total	1 406 247	1 460 688	585 866	40.1	874 822	59.9	1 460 688

The department's spending at mid-year, with 40.1 per cent of its annual budget spent, is lower than the straight-line benchmark of 50 per cent. However, the adjusted appropriation includes several additional allocations, as well as funds reprioritised between programmes and economic categories, which will only be spent in the second half of the year, as commented below:

- At mid-year, spending against Programme 1 was low at 46.3 per cent compared to the straight-line benchmark of 50 per cent, due to delays with the receipt of invoices from SITA, as well as lower than anticipated expenditure on items such as advertising, consultants, fleet services, operating leases, stationery, consumable supplies, travel and subsistence as a result of financial controls implemented by the department. Furthermore, under-expenditure was also attributed to *Machinery and equipment* expenditure relating to telecommunication equipment that was not paid as anticipated.
- Spending against Programme 2 was low at 35.1 per cent in the first half of the year, due to the verification of invoices from municipalities as a result of the billing system changes in the eThekweni Metro relating to property rates payments taking longer than anticipated, as well as delays in the receipt of invoices for consultants' fees in respect of GIAMA.
- Spending against Programme 3 was low at 42.4 per cent compared to the straight-line benchmark of 50 per cent. This slow spending was mainly due to delays in the filling of vacant posts, as well as delays in the completion of the head office building by the contractor.

With regard to economic category:

- *Compensation of employees* was, at 47.6 per cent, slightly below the straight-line benchmark of 50 per cent, largely due to delays which resulted from the non-filling of vacant posts.
- Spending at mid-year against *Goods and services* was significantly low at 37.4 per cent compared to the straight-line benchmark of 50 per cent, due to control measures implemented on items such as operating payments, travel and subsistence, consumable supplies, rental and hiring and operating leases, as well as delays in the receipt of invoices for consultants' fees in respect of GIAMA.
- Spending against *Transfers and subsidies* was significantly low at 35.1 per cent compared to the straight-line benchmark of 50 per cent. The department transferred less than expected by mid-year due to delays in submission of invoices relating to municipal property rates payments from eThekwin Metro, because of changes in its billing system.
- Expenditure relating to *Buildings and other fixed structures* was significantly low at 29.3 per cent, compared to the straight-line benchmark of 50 per cent. This was due to delays in completion of the head office building by the contractor, who failed to complete the project within the stipulated timeframe. In addition, there was slow progress in the construction of uMgungundlovu District office's administrative wing.
- Spending against *Machinery and equipment* was significantly low, at 15.5 per cent compared to the straight-line benchmark of 50 per cent. This low spending was due to computer equipment that was purchased, but was not paid for as projected by mid-year.
- No expenditure was recorded against *Software and other intangible assets* in the first half of the year, however spending is projected to be incurred in the second half of the year.

The department is projecting a balanced budget at year-end after the adjustments have been made.

Table 14.A : Summary by economic classification : Public Works

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	810 219	974	-	(1 333)	12 031	27 106	38 778	848 997
Compensation of employees	584 239	-	-	(7 784)	-	19 220	11 436	595 675
Salaries and wages	502 794	-	-	(7 434)	-	16 723	9 289	512 083
Social contributions	81 445	-	-	(350)	-	2 497	2 147	83 592
Goods and services	225 980	974	-	6 448	12 031	7 886	27 339	253 319
Administrative fees	769	-	-	136	-	-	136	905
Advertising	5 847	-	-	980	-	-	980	6 827
Assets less than capitalisation threshold	779	-	-	1 086	-	-	1 086	1 865
Audit cost: External	4 373	-	-	2 540	-	-	2 540	6 913
Bursaries: Employees	374	-	-	-	-	-	-	374
Catering: Departmental activities	843	-	-	-	-	-	-	843
Communication (G&S)	9 611	-	-	1 050	-	-	1 050	10 661
Computer services	19 101	-	-	4 447	-	-	4 447	23 548
Cons & prof serv: Business and advisory services	273	-	-	-	-	-	-	273
Cons & prof serv: Infras and planning	228	-	-	-	-	-	-	228
Cons & prof serv: Laboratory services	-	-	-	-	-	-	-	-
Cons & prof serv: Scientific and tech services	-	-	-	-	-	-	-	-
Cons & prof serv: Legal costs	1 519	-	-	-	-	-	-	1 519
Contractors	7 620	-	-	549	12 031	-	12 580	20 200
Agency and support / outsourced services	54 270	974	-	(2 200)	-	7 886	6 660	60 930
Entertainment	303	-	-	-	-	-	-	303
Fleet services (incl. govt motor transport)	11 442	-	-	368	-	-	368	11 810
Housing	-	-	-	-	-	-	-	-
Inventory: Clothing material and accessories	-	-	-	-	-	-	-	-
Inventory: Farming supplies	-	-	-	-	-	-	-	-
Inventory: Food and food supplies	-	-	-	-	-	-	-	-
Inventory: Fuel, oil and gas	-	-	-	-	-	-	-	-
Inventory: Learner and teacher support material	-	-	-	-	-	-	-	-
Inventory: Materials and supplies	-	-	-	-	-	-	-	-
Inventory: Medical supplies	-	-	-	-	-	-	-	-
Inventory: Medicine	-	-	-	-	-	-	-	-
Medias inventory interface	-	-	-	-	-	-	-	-
Inventory: Other supplies	-	-	-	-	-	-	-	-
Consumable supplies	4 432	-	-	276	-	-	276	4 708
Consumable: Stationery, printing and office supplies	5 022	-	-	(103)	-	-	(103)	4 919
Operating leases	4 738	-	-	(975)	-	-	(975)	3 763
Property payments	59 902	-	-	3 545	-	-	3 545	63 447
Transport provided: Departmental activity	-	-	-	15	-	-	15	15
Travel and subsistence	15 766	-	-	(1 419)	-	-	(1 419)	14 347
Training and development	11 439	-	-	(2 425)	-	-	(2 425)	9 014
Operating payments	1 838	-	-	-	-	-	-	1 838
Venues and facilities	415	-	-	(299)	-	-	(299)	116
Rental and hiring	5 076	-	-	(1 123)	-	-	(1 123)	3 953
Interest and rent on land	-	-	-	3	-	-	3	3
Interest	-	-	-	3	-	-	3	3
Rent on land	-	-	-	-	-	-	-	-
Transfers and subsidies to	539 960	-	-	2 521	-	-	2 521	542 481
Provinces and municipalities	534 154	-	-	-	-	-	-	534 154
Provinces	223	-	-	-	-	-	-	223
Provincial Revenue Funds	223	-	-	-	-	-	-	223
Provincial agencies and funds	-	-	-	-	-	-	-	-
Municipalities	533 931	-	-	-	-	-	-	533 931
Municipalities	533 931	-	-	-	-	-	-	533 931
Municipal agencies and funds	-	-	-	-	-	-	-	-
Departmental agencies and accounts	497	-	-	-	-	-	-	497
Social security funds	102	-	-	-	-	-	-	102
Entities receiving funds	395	-	-	-	-	-	-	395
Higher education institutions	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-
Public corporations and private enterprises	-	-	-	-	-	-	-	-
Public corporations	-	-	-	-	-	-	-	-
Subsidies on production	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-
Private enterprises	-	-	-	-	-	-	-	-
Subsidies on production	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-
Non-profit institutions	-	-	-	-	-	-	-	-
Households	5 309	-	-	2 521	-	-	2 521	7 830
Social benefits	2 862	-	-	2 521	-	-	2 521	5 383
Other transfers to households	2 447	-	-	-	-	-	-	2 447
Payments for capital assets	82 429	-	-	(1 188)	(12 031)	-	(13 219)	69 210
Buildings and other fixed structures	66 318	-	-	(2 120)	(12 031)	-	(14 151)	52 167
Buildings	66 318	-	-	(2 120)	(12 031)	-	(14 151)	52 167
Other fixed structures	-	-	-	-	-	-	-	-
Machinery and equipment	12 111	-	-	932	-	-	932	13 043
Transport equipment	6 104	-	-	-	-	-	-	6 104
Other machinery and equipment	6 007	-	-	932	-	-	932	6 939
Heritage assets	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-
Software and other intangible assets	4 000	-	-	-	-	-	-	4 000
Payments for financial assets	-	-	-	-	-	-	-	-
Total	1 432 608	974	-	-	-	27 106	28 080	1 460 688
Amount to be voted								28 080

Vote 15

Arts and Culture

R thousand	2016/17			
	Main appropriation	Adjusted appropriation	Decrease	Increase
Operational budget	784 650	809 522		24 872
MEC remuneration ¹	1 822	1 902		80
Total amount to be appropriated	786 472	811 424		24 952
<i>of which:</i>				
Current payments	410 497	413 797		3 300
Transfers and subsidies	283 998	289 111		5 113
Payments for capital assets	88 147	104 686		16 539
Payments for financial assets	3 830	3 830		
Responsible MEC	MEC for Arts, Culture, Sport and Recreation			
Administering department	Arts and Culture			
Accounting Officer	Head: Arts and Culture			

1. Vision and mission

Vision

The vision of the department is: *Prosperity and social cohesion through arts and culture.*

Mission statement

The department's mission is: *To provide world class services in arts and culture for the people of KwaZulu-Natal by:*

- Developing and promoting arts and culture in the province and mainstreaming its role in socio-economic development.
- Supporting interventions to develop arts and culture capacity in the province.
- Implementing social cohesion and moral regeneration programmes that contribute to the transformation of society and nation building.
- Developing and promoting previously marginalised languages and enhancing the linguistic diversity of the province.
- Collecting, preserving and providing archival, museum, library and other forms of information resources.

2. Strategic objectives

Strategic policy direction: To ensure the cultural advancement of all the people of the province, and to encourage and assist emergent artists and to safeguard the history of the province. The following represent the department's strategic goals:

- Sound corporate governance and achievement of service delivery outcomes.
- Support for emerging entrepreneurs in the arts and culture sectors in order to contribute toward the creation of sustainable livelihoods for the people of the province.

¹ At the time of going to print with the 2016/17 EPRE, the proclamation determining the 2015 salary adjustment relating to office bearers had not been signed, hence this amount remained unchanged from the 2015/16 EPRE. Similarly, at the time of going to print with this document, the proclamation determining the 2016 salary adjustment relating to office bearers has not been signed. As such, the above-mentioned adjustment now aligns the MEC's salary to the 2015 salary level.

- Social transformation and development through support to the arts and culture sectors in the province.
- Equitable access to quality library, information archive and museum services for the people of the province.

Among others, the following strategic objectives are aligned to the strategic goals of the department:

- An effective policy and internal control environment.
- Leveraging of stakeholder engagements and partnerships in support of the department's mandate.
- Effective management of the organisation and its resources.
- Implementation of interventions that grow the arts and culture industry in the province while contributing to job creation and poverty alleviation.

3. Summary of adjusted estimates for the 2016/17 financial year

The main appropriation of the Department of Arts and Culture was R786.472 million as per the 2016/17 EPRE. During the year, the department's main appropriation was increased by R24.952 million to R811.424 million. The main adjustments are detailed below:

- *Roll-overs:* The department received a roll-over totalling R22.952 million against the Community Library Services grant under Programme 3 against *Buildings and other fixed structures*. This grant was under-spent by R39.123 million in 2015/16 due to challenges experienced with the construction of the Port Shepstone and Manyiseni libraries. Slow tender processes delayed the commencement of the construction of the Port Shepstone library. The department had to re-advertise the tender due to an omission of advertising it on the Construction Industry Development Board (CIDB) website. The construction of the Manyiseni library was delayed as a result of internal disagreements within the joint venture appointed by the department, namely Thobelani and Ukhasi organisations. National Treasury approved R22.952 million as a roll-over for the construction of the Port Shepstone library, while the amount for the Manyiseni library was not approved since this would be the second year that a roll-over would be approved for the same project.
- *Virement between programmes:* The department undertook the following virements between programmes, which are summarised below and are explained in more detail under Section 4:
 - R10.393 million was moved to Programme 1 under *Goods and services* for increased audit costs, as well as for various MEC programmes focusing on youth development, the disabled and women. With regard to the increased audit costs, A-G extended its scope of audit with regard to museum services and heritage assets. These funds were moved from Programmes 2 and 3 as follows:
 - R953 000 was moved from Programme 2 under *Goods and services* due to enforced savings.
 - R9.440 million was moved from Programme 3 as follows:
 - R640 000 from *Goods and services* was due to enforced savings.
 - R8.800 million from *Transfers and subsidies to: Provinces and municipalities* as a result of the reduction of transfers to the eThekweni Metro in respect of the provincialisation of libraries. Due to spending pressures, the department and the Metro agreed to the reduction of transfers in 2016/17 for the provincialisation of libraries funding.
 - A net amount of R6.247 million was moved to Programme 2 as follows:
 - R7.200 million was moved from Programme 3 as follows:
 - R4.500 million from *Compensation of employees* due to non-filling of budgeted critical vacant posts as a result of lengthy recruitment processes.

- R1.200 million from *Transfers and subsidies to: Provinces and municipalities* as a result of the reduction of transfers to the eThekweni Metro in respect of provincialisation.
- R1.500 million from *Machinery and equipment* due to delays by SITA in acquiring replacement computer equipment for staff.

These funds were moved to Programme 2 as follows:

- R1.200 million to *Goods and services* for the Disability Summit held in Pietermaritzburg in November 2016 in collaboration with the Department of Sport and Recreation, which was not budgeted for.
 - R1 million to *Transfers and subsidies to: Public corporations and private enterprises* in respect of the launch of the Essence Festival held in Durban in November 2016, which relates to a variety of events each playing a crucial role, such as music and entertainment, beauty and style expo, arts, crafts and culture, which was not budgeted for.
 - R5 million to *Buildings and other fixed structures* for the construction of the Maritime museum in Port Shepstone, which is progressing faster than anticipated.
- R953 000 was moved from Programme 2 under *Goods and services* to the same category under Programme 1 due to enforced savings to provide for increased audit costs, as discussed.

In addition to the above virements, the department undertook virements across sub-programmes and economic classification within programmes. The above virements are permissible in terms of the PFMA and Treasury Regulations. Treasury approval was obtained for the increase in *Transfers and subsidies to: Public corporations and private enterprises* in respect of the launch of the Essence Festival. The decreases in *Transfers and subsidies to: Provinces and municipalities* relating to the eThekweni Metro and *Transfers and subsidies to: Departmental agencies and accounts* in respect of provincialisation of libraries funding and transfer to The Playhouse Company require Legislature approval due to these funds being specifically and exclusively appropriated, as well as the fact that there is a decrease in transfers. It must be noted that the reduction of the provincialisation of libraries funds relates to equitable share funding only, and not conditional grant funding.

- *Other adjustments:* Additional funding of R2 million was allocated to the department under Programme 3 against *Buildings and other fixed structures* toward the construction of an Archive Repository in Pietermaritzburg. This project was supported by the Executive Council. A further R20.881 million in 2017/18, R52.925 million in 2018/19 and R93.543 million in 2019/20 will be allocated during the 2017/18 MTEF budget process. These funds are specifically and exclusively appropriated to ensure they are not used for any other purpose.

Tables 15.1 and 15.2 reflect the summary of the 2016/17 adjusted appropriation of the department, summarised according to programme and economic classification.

Details of the economic classification are given in *Annexure – Vote 15: Arts and Culture*.

Table 15.1 : Summary by programmes

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Administration	134 546	-	-	10 393	-	-	10 393	144 939
2. Cultural Affairs	205 351	-	-	6 247	-	-	6 247	211 598
3. Library and Archive Services	446 575	22 952	-	(16 640)	-	2 000	8 312	454 887
Total	786 472	22 952	-	-	-	2 000	24 952	811 424
Amount to be voted								24 952
of which: Unauth. Exp. (1st charge) not avail. for spending								(3 830)
Baseline available for spending after first charge								807 594

Table 15.2 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	410 497	-	-	2 800	500	-	3 300	413 797
Compensation of employees	214 041	-	-	(11 709)	-	-	(11 709)	202 332
Goods and services	196 456	-	-	14 488	500	-	14 988	211 444
Interest and rent on land	-	-	-	21	-	-	21	21
Transfers and subsidies to:	283 998	-	-	(9 812)	14 925	-	5 113	289 111
Provinces and municipalities	230 719	-	-	(11 556)	15 047	-	3 491	234 210
Departmental agencies and accounts	8 176	-	-	(389)	-	-	(389)	7 787
Higher education institutions	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-
Public corporations and private enterprises	7 650	-	-	2 000	(500)	-	1 500	9 150
Non-profit institutions	36 653	-	-	(1 059)	378	-	(681)	35 972
Households	800	-	-	1 192	-	-	1 192	1 992
Payments for capital assets	88 147	22 952	-	7 012	(15 425)	2 000	16 539	104 686
Buildings and other fixed structures	82 000	22 952	-	5 797	(15 425)	2 000	15 324	97 324
Machinery and equipment	6 147	-	-	1 215	-	-	1 215	7 362
Heritage assets	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-
Payments for financial assets	3 830	-	-	-	-	-	-	3 830
Total	786 472	22 952	-	-	-	2 000	24 952	811 424
Amount to be voted								24 952
of which: Unauth. Exp. (1st charge) not avail. for spending								(3 830)
Baseline available for spending after first charge								807 594

4. Changes to programme purposes and service delivery measures

The department has not changed the purpose of any of its programmes, which conform to the customised programme and budget structure of the Arts and Culture sector for 2016/17.

However, in respect of the non financial information, there were discrepancies between the department's 2016/17 APP and the tabled *EPRE*. When the *EPRE* was finalised, the department was still in the process of finalising their APP, therefore some performance indicators have been discontinued and this is now corrected.

4.1 Programme 1: Administration

The purpose of Programme 1 is to provide for effective management and administration of the department and to ensure effective and efficient use of financial and human resources.

Tables 15.3 and 15.4 reflect a summary of the 2016/17 adjusted appropriation of Programme 1, summarised according to sub-programme and economic classification.

Details of the main adjustments, which resulted in an overall increase of R10.393 million, are given in the paragraphs following the tables.

Table 15.3 : Programme 1: Administration

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Office of the MEC	14 908			8 706			8 706	23 614
2. Corporate Services	119 638			1 687			1 687	121 325
Total	134 546	-	-	10 393	-	-	10 393	144 939
Amount to be voted								10 393
of which: Unauth. Exp. (1st charge) not avail. for spending								(3 830)
Baseline available for spending after first charge								141 109

Table 15.4 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	128 636	-	-	8 879	-	-	8 879	137 515
Compensation of employees	69 665			(3 176)			(3 176)	66 489
Goods and services	58 971			12 044			12 044	71 015
Interest and rent on land				11			11	11
Transfers and subsidies to:	1 400	-	-	799	-	-	799	2 199
Provinces and municipalities	130			50			50	180
Departmental agencies and accounts							-	-
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises	250						-	250
Non-profit institutions	220						-	220
Households	800			749			749	1 549
Payments for capital assets	680	-	-	715	-	-	715	1 395
Buildings and other fixed structures							-	-
Machinery and equipment	680			715			715	1 395
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets	3 830						-	3 830
Total	134 546	-	-	10 393	-	-	10 393	144 939
Amount to be voted								10 393
of which: Unauth. Exp. (1st charge) not avail. for spending	(3 830)							(3 830)
Baseline available for spending after first charge	130 716							141 109

Virement – Programme 1: Administration: R10.393 million

The following virements were undertaken which affected the two sub-programmes, and resulted in a net increase of R10.393 million in respect of Programme 1:

- R10.393 million was moved to *Goods and services* under both sub-programmes in respect of increased audit costs, as well as programmes initiated by the MEC focusing on youth development, the disabled and women. These funds were moved from Programmes 2 and 3 as follows:
 - R953 000 was moved from Programme 2 under *Goods and services* due to enforced savings.
 - R9.440 million was moved from Programme 3 under *Goods and services* (R640 000) due to enforced savings and *Transfers and subsidies to: Provinces and municipalities* (R8.800 million) as a result of the reduction in the transfer to the eThekweni Metro in respect of the provincialisation of libraries funding. Due to spending pressures, the department and the Metro agreed to the reduction of transfers in respect of the provincialisation of libraries in 2016/17.

In addition to the above virements from Programmes 2 and 3, savings of R3.176 million were realised within Programme 1, against *Compensation of employees* as a result of delays in filling of critical vacant posts due to lengthy recruitment process, such as Director: SCM, Director: Security Management and Deputy Director: Security Management, as follows:

- R2.030 million was moved to *Goods and services* for SCM consultants contracted to the department through an inter-departmental agreement with Provincial Treasury as a result of capacity constraints, as well as regional strategic planning sessions held in the various regions with the department's stakeholders, such as entities who receive funds from the department. Offsetting the increase was an amount of R379 000 moved out of *Goods and services* due to enforced savings to various other categories within Programme 1, as follows:
 - R11 000 was moved to *Interest and rent on land* relating to interest charged on overdue accounts in respect of fleet management.
 - R50 000 was moved to *Transfers and subsidies to: Provinces and municipalities* for motor vehicle licences which were under-budgeted for.
 - R25 000 was moved to *Transfers and subsidies to: Households* for staff exit costs.

- o R293 000 was moved to *Machinery and equipment* for the renewal and replacement of computer equipment for staff.
- R724 000 was moved to *Transfers and subsidies to: Households* for staff exit costs.
- R422 000 was moved to *Machinery and equipment* for renewal and replacement of computer equipment for staff.

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

4.2 Programme 2: Cultural Affairs

The purpose of Programme 2 is to provide for projects and interventions in the arts, culture, language and museum services. The aim is to provide an environment conducive to the celebration, nourishment and growth of these sectors.

Tables 15.5 and 15.6 reflect a summary of the 2016/17 adjusted appropriation of Programme 2, summarised according to sub-programme and economic classification.

Details of the main adjustments, which resulted in an overall increase of R6.247 million, are given in the paragraphs below the tables.

Table 15.5 : Programme 2: Cultural Affairs

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
1. Management	6 112			(10)			(10)	6 102
2. Arts and Culture	153 938			1 965			1 965	155 903
3. Museum Services	28 901			4 378			4 378	33 279
4. Language Services	16 400			(86)			(86)	16 314
Total	205 351	-	-	6 247	-	-	6 247	211 598
Amount to be voted								6 247

Table 15.6 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	129 453	-	-	4 701	500	-	5 201	134 654
Compensation of employees	69 504			(93)			(93)	69 411
Goods and services	59 949			4 789	500		5 289	65 238
Interest and rent on land				5			5	5
Transfers and subsidies to:	61 389	-	-	(1 616)	(500)	-	(2 116)	59 273
Provinces and municipalities	12 709			(2 261)	(378)		(2 639)	10 070
Departmental agencies and accounts	8 176			(389)			(389)	7 787
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises	7 400			2 000	(500)		1 500	8 900
Non-profit institutions	33 104			(1 059)	378		(681)	32 423
Households				93			93	93
Payments for capital assets	14 509	-	-	3 162	-	-	3 162	17 671
Buildings and other fixed structures	13 000			2 862			2 862	15 862
Machinery and equipment	1 509			300			300	1 809
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets							-	-
Total	205 351	-	-	6 247	-	-	6 247	211 598
Amount to be voted								6 247

Virement – Programme 2: Cultural Affairs: R6.247 million

The following virements were undertaken which affected all sub-programmes, as follows:

- A net amount of R6.247 million was moved to Programme 2 as follows:

- o R7.200 million was moved from Programme 3 against *Compensation of employees* (R4.500 million), *Transfers and subsidies to: Provinces and municipalities* (R1.200 million) and *Machinery and equipment* (R1.500 million) to Programme 2 under the Arts and Culture and Museum Services sub-programmes as follows:
 - R1.200 million was moved to *Goods and services* for the Disability Summit held in Pietermaritzburg in November 2016 in collaboration with the Department of Sport and Recreation, which was not budgeted for.
 - R1 million was moved to *Transfers and subsidies to: Public corporations and private enterprises* in respect of the launch of the Essence Festival held in November 2016, related to a variety of events each playing a crucial role, such as music and entertainment, beauty and style expo, arts, crafts and culture, which was not budgeted for.
 - R5 million was moved to *Buildings and other fixed structures* for the construction of the Maritime museum in Port Shepstone, which is progressing faster than anticipated.
- o Offsetting the increase in Programme 2, R953 000 was moved from *Goods and services* due to enforced savings to Programme 1 under the same category for increased audit costs, as discussed.

In addition to the above virements, the following virements were undertaken within the programme:

- R93 000 was moved from *Compensation of employees* due to non-filling of budgeted critical vacant posts as a result of lengthy recruitment processes, as explained.
- R2.261 million was moved from *Transfers and subsidies to: Provinces and municipalities* due to cancellation of transfers to the Stable Theatre (eThekweni Metro) and the Vukani museum (Umlalazi Municipality). The Stable Theatre did not comply with the departmental transfer policy, such as the submission of the audited AFS, and there are unresolved legal issues with regard to the provincialisation of the Vukani museum.
- R389 000 was moved from *Transfers and subsidies to: Departmental agencies and accounts*. These funds were originally budgeted for transfer to The Playhouse Company but, due to spending pressures within the department, it was agreed by the department and the entity to reduce the transfer.
- R1.059 million was moved from *Transfers and subsidies to: Non-profit institutions* due to the cancellation of transfers to some organisations, such as Khandampevu Productions, Intercultural food tasting and Wildsfees as a result of non-compliance to the departmental transfer policy, such as submission of audited AFS. These funds will cater for new arts and culture projects, such as the Multicultural Festival to be held in the last quarter of 2016/17, KwaCulture for the annual re-enactment of the Battle of Isandlwana, among others.
- R3.500 million was moved from *Buildings and other fixed structures* due to challenges experienced by the department in the previous year with regard to undertaking the feasibility study in respect of the Arts and Culture Academy, and hence the construction was postponed in 2016/17.

The total savings of R7.302 million were moved as follows:

- R4.547 million was moved to *Goods and services* as follows:
 - o R3.500 million was moved to this category for the department to undertake a feasibility study with regard to the construction of the Arts and Culture Academy.
 - o R911 000 is in respect of the Social Cohesion Summit to be held in December 2016. This was not budgeted for.
 - o R136 000 is to cater for new arts and culture projects, such as the Multicultural Festival to be held in the last quarter of 2016/17 in Pietermaritzburg.

Offsetting the increase in *Goods and services*, was R5 000 which was moved to *Interest and rent on land* relating to interest charged on overdue accounts in respect of fleet management.

- R1 million was moved to *Transfers and subsidies to: Public corporations and private enterprises* for the launch of the Essence Festival held in November 2016 in Durban.
- R93 000 was moved to *Transfers and subsidies to: Households* for staff exit costs.
- R1.362 million was moved to *Buildings and other fixed structures* for the construction of the Maritime museum which is progressing faster than anticipated.
- R300 000 was moved to *Machinery and equipment* for the purchase of equipment above the capitalisation threshold.

All of these virements are permissible in terms of the PFMA and the Treasury Regulations. However, the decreases in *Transfers and subsidies to: Provinces and municipalities*, *Transfers and subsidies to: Departmental agencies and accounts* and *Transfers and subsidies to: Non-profit institutions* require Legislature approval. Treasury approval was obtained for the increase in *Transfers and subsidies to: Public corporations and private enterprises*.

Shifts – Programme 2: Cultural Affairs

The following shifts were undertaken within the programme, for which the original purpose of the funds remains unchanged:

- R500 000 was shifted from *Transfers and subsidies to: Public corporations and private enterprises* to *Goods and services* in respect of the annual Festival of Beads, which was held in October 2016. Due to the organisation not complying with the departmental transfer policy, such as the submission of audited AFS, the department shifted these funds to *Goods and services* for the same purpose. This festival is hosted in collaboration with the Department of Co-operative Governance and Traditional Affairs (COGTA).
- R378 000 was shifted from *Transfers and subsidies to: Provinces and municipalities* relating to the Vukani museum in the Umlalazi Municipality. The municipality had planned to provincialise the Vukani museum, however, due to the process of provincialisation being stalled as a result of unresolved legal issues, the municipality was unable to incorporate the museum. As such, the department shifted the funds to *Transfers and subsidies to: Non-profit institutions* to provide for the operational costs of the museum which would have been provided through provincialisation funds by the municipality. The purpose of the funds remains unchanged.

Service delivery measures – Programme 2: Cultural Affairs

Table 15.7 shows the service delivery targets for Programme 2 as per the department's APP which is aligned to the information contained in the *EPRE*, as well as the actual achievement for the first six months of the year.

Table 15.7 : Service delivery measures – Programme 2: Cultural Affairs

Outputs	Performance indicators	Performance targets		
		2016/17 Original target	2016/17 Mid-year actual	2016/17 Revised target
1. Arts and Culture				
1.1 To implement interventions that advance artistic disciplines into viable industries	<ul style="list-style-type: none"> • No. of community structures supported • No. of artists trained • No. of guidelines documents/procedure manuals developed • No. of exchange programmes facilitated 	29 2 040 16 2	7 2 045 11 3	
1.2 To implement interventions that enhance social cohesion and inclusion in the province	<ul style="list-style-type: none"> • No. of awareness of promotional projects rolled out to communities 	53	58	
1.3 To implement interventions that grow the arts and culture industry in the province and contribute to job creation and poverty alleviation	<ul style="list-style-type: none"> • No. of national and historic days celebrated • No. of SMMEs provided with support per annum 	13 66	6 17	

Table 15.7 : Service delivery measures – Programme 2: Cultural Affairs

Outputs	Performance indicators	Performance targets		
		2016/17 Original target	2016/17 Mid-year actual	2016/17 Revised target
1.4	To improve the quality of education in the arts, culture and heritage sector	52	83	
2. Language Services				
2.1	To implement interventions that promote multilingualism, redress past linguistic imbalances and develop previously marginalised languages in the province			
	• No. of language co-ordinating structures supported	61	69	
	• No. of literary exhibitions conducted	1	-	
	• No. of interpreting services conducted including sign language	20	11	
	• No. of govt. institutions assisted towards the development of institutional language policy	8	3	
	• No. of technical term lists developed	2	1	
	• No. of multilingualism promotion progs implemented	4	1	
	• No. of pages translated into the relevant languages of the province including sign language	2 300	2 169	
3. Museum Services				
3.1	To provide oversight of the provincial museum landscape to drive transformation			
	• No. affiliated museums provided with provincial funding	44	11	
	• No. of brochures and publications produced	1	-	
	• No. of outreach progs conducted	4	21	
	• No. of school visits undertaken by Museum Services	70	42	
	• No. of collection items digitised	3 000	1 532	
	• No. of training sessions offered to museums	4	1	
	• No. of museums renovated	2	-	
	• No. of exhibitions/displays staged	2	3	
	• No. of geographical names submitted to the KZN Provincial Geographic Naming Committee	100	50	

4.3 Programme 3: Library and Archive Services

The aim of this programme is to provide library and information services, as well as archive services. The Community Library Services conditional grant resides within this programme.

Tables 15.8 and 15.9 reflect a summary of the 2016/17 adjusted appropriation of Programme 3, summarised according to sub-programme and economic classification.

Details of the main adjustments, which resulted in an overall increase of R8.312 million, are given in the paragraphs below the tables.

Table 15.8 : Programme 3: Library and Archive Services

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments	
1. Management	1 621			(3)		(3)	1 618
2. Library Services	251 813			(16 510)		(16 510)	235 303
3. Archives	29 979			(127)		2 000	31 852
4. Community Library Services grant	163 162	22 952				22 952	186 114
Total	446 575	22 952	-	(16 640)	-	2 000	454 887
Amount to be voted							8 312

Table 15.9 : Summary by economic classification

R thousand	Main appropriation	Adjustments appropriation				Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments	
Current payments	152 408	-	-	(10 780)	-	-	141 628
Compensation of employees	74 872			(8 440)		(8 440)	66 432
Goods and services	77 536			(2 345)		(2 345)	75 191
Interest and rent on land				5		5	5
Transfers and subsidies to:	221 209	-	-	(8 995)	15 425	-	227 639
Provinces and municipalities	217 880			(9 345)	15 425	6 080	223 960
Departmental agencies and accounts						-	-
Higher education institutions						-	-
Foreign governments and international organisations						-	-
Public corporations and private enterprises						-	-
Non-profit institutions	3 329					-	3 329
Households				350		350	350
Payments for capital assets	72 958	22 952	-	3 135	(15 425)	2 000	85 620
Buildings and other fixed structures	69 000	22 952		2 935	(15 425)	2 000	81 462
Machinery and equipment	3 958			200		200	4 158
Heritage assets						-	-
Specialised military assets						-	-
Biological assets						-	-
Land and subsoil assets						-	-
Software and other intangible assets						-	-
Payments for financial assets						-	-
Total	446 575	22 952	-	(16 640)	-	2 000	454 887
Amount to be voted							8 312

Roll-overs – Programme 3: Library and Archive Services: R22.952 million

The National Department of Arts and Culture rolled over R22.952 million from 2015/16 to 2016/17 in respect of the Community Library Services grant sub-programme, against *Buildings and other fixed structures* for the construction of the Port Shepstone library. Slow tender processes delayed the commencement of the construction of the Port Shepstone library. The department had to re-advertise the tender due to an omission of advertising it on the CIDB website. As mentioned, the amount of R16.024 million relating to the Manyiseni library was not approved for roll-over.

Virement – Programme 3: Library and Archive Services: (R16.640 million)

The following virements were undertaken at programme level resulting in a net reduction of R16.640 million:

- R20.130 million was realised as savings from Programme 3 as follows:
 - R8.440 million was moved from *Compensation of employees* due to non-filling of budgeted critical vacant posts as a result of lengthy recruitment processes, such as Deputy Director: Library Services and Deputy Director: Provincialisation.
 - R2.345 million was moved from *Goods and services* due to enforced savings.
 - R9.345 million was moved from *Transfers and subsidies to: Provinces and municipalities* as a result of the reduction of transfers to the eThekweni Metro in respect of the provincialisation of libraries. Due to spending pressures, the department and the Metro agreed to reduce transfers in 2016/17 in respect of provincialisation of libraries funding.

The total savings of R20.130 million were moved as follows:

- R16.640 million was moved to other programmes as follows:
 - R9.440 million was moved to Programme 1 under *Goods and services* for increased audit costs, as well as programmes identified by the MEC focusing on youth development, the disabled and women.
 - R7.200 million was moved to Programme 2 for the Disability Summit and the launch of the Essence Festival in November 2016, which were not budgeted for, as well as the construction of the Maritime museum in Port Shepstone, which is progressing faster than anticipated.
- The balance of R3.490 million remained within the programme as follows:

- R5 000 was moved to *Interest and rent on land* relating to interest charged on overdue accounts in respect of fleet management.
- R350 000 was moved to *Transfers and subsidies to: Households* for staff exit costs.
- R2.935 million was moved to *Buildings and other fixed structures* for renovations to the leaking roof of the Library Services building in Pietermaritzburg which were not anticipated.
- R200 000 was moved to *Machinery and equipment* for the installation of security gates and information kiosks in libraries, which were under-budgeted for.

These virements are permissible in terms of the PFMA and Treasury Regulations. The decrease in *Transfers and subsidies to: Provinces and municipalities* relating to the eThekweni Metro for the provincialisation of libraries requires Legislature approval due to these funds being specifically and exclusively appropriated for provincialisation of libraries, as well as the fact that it is a decrease in transfers. It must be noted that the reduction of the provincialisation of libraries funds relates to equitable share funding only, and not conditional grant funding.

Shifts – Programme 3: Library and Archive Services

An amount of R15.425 million was shifted from *Buildings and other fixed structures* to *Transfers and subsidies to: Provinces and municipalities*. The department experienced challenges with regard to the construction of the Newcastle (R5.425 million) and Charlestown (R10 million) libraries as a result of capacity constraints. The department decided to use the Newcastle Municipality as the implementing agent for the construction of these libraries. The purpose of the funds remains unchanged.

Other adjustments – Programme 3: Library and Archive Services: R2 million

An additional amount of R2 million was allocated under Programme 3 against *Buildings and other fixed structures* toward the construction of an Archive Repository in Pietermaritzburg. This project was supported by the Executive Council. A further R20.881 million in 2017/18, R52.925 million in 2018/19 and R93.543 million in 2019/20 will be allocated during the 2017/18 MTEF budget process. These funds are specifically and exclusively appropriated to ensure they are not used for any other purpose.

Service delivery measures – Programme 3: Library and Archive Services

Table 15.10 shows the service delivery information for Programme 3 as per the department's APP. Some performance measures are no longer valid and these are indicated by "n/a" in the Mid-year actual and Revised target columns.

Table 15.10 : Service delivery measures – Programme 3: Library and Archive Services

Outputs	Performance indicators	Performance targets		
		2016/17 Original target	2016/17 Mid-year actual	2016/17 Revised target
1. Library Services				
1.1 To provide library and information services that are free, equitable and accessible	<ul style="list-style-type: none"> No. of library materials procured No. of monitoring visits done No. of libraries under construction No. of existing library buildings upgraded No. of promotional projects conducted No. of modular libraries established No. of community libraries provided with funding 	170 000 100 2 2 4 2 222	38 407 50 - - n/a n/a 1	 n/a n/a
2. Archive Service				
2.1 To provide archival and records management services for records of national and provincial significance	<ul style="list-style-type: none"> No. of promotional interventions on national symbols No. of records classification systems evaluated and approved No. of govt. bodies inspected No. records management training courses presented No. of inventories compiled or updated No. of data coded entries submitted to National Automated Archival Information Retrieval System (NAAIRS) database No. of oral history projects undertaken No. of oral history interviews transcribed and documented 	21 8 120 24 3 5 500 210 52	43 n/a 120 18 - n/a 104 21	 n/a

5. Specifically and exclusively appropriated allocations

Table 15.11 below shows the amounts that are specifically and exclusively appropriated for specific purposes in terms of the KZN Adjustments Appropriation Act. Note that transfers to public entities and conditional grants (which are also specifically and exclusively appropriated funds) are not included here, as they are discussed in Sections 8 and 10 below.

Details of the main adjustments, which resulted in an overall decrease of R13.196 million in respect of the department's specifically and exclusively appropriated funding, are provided in the paragraphs following the table.

It should be noted that R3.500 million was moved from *Buildings and other fixed structures* to *Goods and services* to provide for the feasibility study which is required before the construction of the Arts and Culture Academy can commence. These funds were originally budgeted for the construction of the Arts and Culture Academy. Due to challenges experienced by the department in the previous year with regard to undertaking the feasibility study, construction of the Arts and Culture Academy has been delayed. This virement is not visible in the table below, as the virement does not affect the fact that the funds are specifically and exclusively appropriated.

Table 15.11 : Summary of specifically and exclusively appropriated funding

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/ unavoidable	Virement	Shifts	Other adjustments		
1. Prog 2: Arts and Culture Academy	3 500						-	3 500
2. Prog 2: Operational costs for art centres	3 822			(1 911)			(1 911)	1 911
3. Prog 2: Museum subsidies	8 887			(350)			(350)	8 537
4. Prog 3: Archive repository						2 000	2 000	2 000
5. Prog 3: Provincialisation of libraries	180 805			(12 935)			(12 935)	167 870
Total	197 014	-	-	(15 196)	-	2 000	(13 196)	183 818
Amount to be voted								(13 196)

- *Virement*: The department undertook the following virements in respect of specifically and exclusively appropriated funding:
 - R1.911 million was moved from *Transfers and subsidies to: Provinces and municipalities* under Programme 2 relating to the operational costs for the Stable Theatre, which is managed by the eThekweni Metro. Transfers to the Stable Theatre were cancelled due to the theatre not complying with the departmental transfer policy, such as submission of audited AFS. These funds were moved as follows:
 - R911 000 was moved to *Goods and services* within Programme 2 for the Social Cohesion Summit, which was not budgeted for, as mentioned.
 - R1 million was moved to *Transfers and subsidies to: Public corporations and private enterprises* within Programme 2 for the launch of the Essence Festival to be held in November 2016 in Durban, as discussed.
 - R350 000 was moved from *Transfers and subsidies to: Provinces and municipalities* under Programme 2 due to the cancellation of transfers to the Vukani museum in the Umlalazi Municipality. There are unresolved legal issues with regard to the provincialisation of the Vukani museum. These funds were moved to *Transfers and subsidies to: Non-profit institutions* for increased transfers to KwaCulture for the annual re-enactment of the Battle of Isandlwana within Programme 2.
 - R12.935 million was moved from *Transfers and subsidies to: Provinces and municipalities* in respect of the provincialisation funds from various municipalities as follows:
 - R2.935 million relates to the department over-budgeting for the appointment of staff for mobile libraries in various municipalities, such as eNdameni, Mandeni, etc.
 - R10 million relates to the department reducing transfers to the Metro as a result of spending pressures. The department and the Metro agreed to the reduction of transfers in 2016/17, as explained.

The total amount of R12.935 million was moved as follows:

- R10 million was moved to Programme 1 (R8.800 million) for various programmes introduced by the MEC focusing specifically on youth development, the disabled and women and the balance of R1.200 million was moved to Programme 2 for the Disability Summit held in November 2016 in collaboration with the Department of Sport and Recreation in Pietermaritzburg, which was not budgeted for.
- R2.935 million was moved to *Buildings and other fixed structures* within Programme 3 for renovations to the roof of the Library Services building, which were not anticipated.

The above virements resulted in a decrease in transfers which requires Legislature approval. Legislature approval is also required as these funds were specifically and exclusively appropriated.

- *Other adjustments:* R2 million was allocated to Programme 3, against *Buildings and other fixed structures* toward the construction of an Archive Repository in Pietermaritzburg. This project was supported by the Executive Council. A further R20.881 million in 2017/18, R52.925 million in 2018/19 and R93.543 million in 2019/20 will be allocated during the 2017/18 MTEF budget process. These funds are specifically and exclusively appropriated to ensure they are not used for any other purpose.

6. Gifts, donations and sponsorships

The department is not envisaging giving any gifts, donations and sponsorships in excess of R100 000.

7. Infrastructure

Table 15.12 shows the infrastructure payments per main category. Details of the main adjustments, which led to a net increase of R15.749 million, are provided in the paragraphs following the table.

Table 15.12 : Summary of infrastructure payments by category

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Existing infrastructure assets	9 500	-	-	2 935	-	-	2 935	12 435
Maintenance and repair: Current	2 000						-	2 000
Upgrades and additions: Capital	7 500						-	7 500
Refurbishment and rehabilitation: Capital				2 935			2 935	2 935
New infrastructure assets: Capital	74 500	22 952		2 862	(15 425)	2 000	12 389	86 889
Infrastructure transfers	15 000	-	-	(15 000)	15 425	-	425	15 425
Infrastructure transfers: Capital	15 000			(15 000)	15 425		425	15 425
Infrastructure transfers: Current							-	-
Infrastructure: Payments for fin assets							-	-
Infrastructure: Leases							-	-
Capital infrastructure	97 000	22 952	-	(9 203)	-	2 000	15 749	112 749
Current infrastructure	2 000	-	-	-	-	-	-	2 000
Total	99 000	22 952	-	(9 203)	-	2 000	15 749	114 749
Amount to be voted								15 749

- *Roll-overs:* An amount of R22.952 million was rolled over from 2015/16 to 2016/17 in respect of the Community Library Services grant under Programme 3 against *New infrastructure assets: Capital* for the construction of the Port Shepstone library. Slow tender processes delayed the commencement of the construction of the Port Shepstone library. The department had to re-advertise the tender due to an omission of advertising it on the CIDB website. As mentioned, the amount of R16.024 million relating to the Manyiseni library was not approved for roll-over.
- *Virement:* The following virements were undertaken against the infrastructure budget of the department resulting in a net decrease of R9.203 million, as follows:
 - o R2.935 million was moved from *Transfers and subsidies to: Provinces and municipalities* in respect of the appointment of staff for mobile libraries in various municipalities, which was over-budgeted for. These funds were moved to *Refurbishment and rehabilitation: Capital* for unanticipated renovations to the roof of the Library Services building in Pietermaritzburg.

- o The net increase of R2.862 million in respect of the construction of the Maritime museum in Port Shepstone against *New infrastructures assets: Capital* is explained as follows:
 - R3.500 million was moved from this category to *Goods and services* within Programme 2 relating to the feasibility study for the construction of the Arts and Culture Academy, as previously explained.

Offsetting this reduction, R6.362 million was moved to this category relating to the construction of the Maritime museum in Port Shepstone, as follows:

- R5 million was moved from Programme 3 under *Compensation of employees* due to non-filling of budgeted critical vacant posts and *Machinery and equipment* as a result of delays by SITA in acquiring replacement computer equipment for staff, as previously explained.
- R389 000 was moved from *Transfers and subsidies to: Departmental agencies and accounts* within Programme 2 in respect of a transfer to The Playhouse Company, as explained.
- R973 000 was moved from *Transfers and subsidies to: Non-profit institutions* within Programme 2 as a result of the reduction of transfers to the KZN Philharmonic Orchestra (R545 000) and museum subsidies (R428 000), as explained.
- o R15 million against *New infrastructure assets: Capital* budgeted for transfer to the eThekweni Metro in respect of the construction of the mega-library was cancelled due to various challenges experienced by the Metro with the construction of the mega-library. These funds remained within *Transfers and subsidies to: Provinces and municipalities* but now for transfer to the Metro for the appointment of new library staff for various libraries.

These virements are permissible in terms of the PFMA and Treasury Regulations. However, the decrease against *Infrastructure transfers: Capital* and overall decrease in *Capital infrastructure* for the Vote as a whole requires Legislature approval in terms of the PFMA and Treasury Regulations.

- *Shifts*: An amount of R15.425 million was shifted from *Buildings and other fixed structures* to *Transfers and subsidies to: Provinces and municipalities* under Programme 3 against the Community Library Services grant. The department experienced challenges with regard to the construction of the Newcastle and Charlestown libraries as a result of capacity constraints. The department has decided to shift these funds for transfer to the Newcastle Municipality for the construction of these libraries. The purpose of the funds remains unchanged.
- *Other adjustments*: Additional funding of R2 million was allocated to the department under Programme 3 against *New infrastructures assets: Capital* toward the construction of an Archive Repository in Pietermaritzburg. A further R20.881 million in 2017/18, R52.925 million in 2018/19 and R93.543 million in 2019/20 will be allocated during the 2017/18 MTEF budget process. These funds are specifically and exclusively appropriated to ensure they are not used for any other purpose.

8. Conditional grants

Tables 15.13 and 15.14 reflect changes to the conditional grant funding. Details of the main adjustments, which led to a net increase of R22.952 million, are provided in the paragraphs following the tables. The department undertook virements at economic classification and these are explained in detail below.

Table 15.13 : Summary of changes to conditional grants

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
2. Cultural Affairs	2 000	-	-	-	-	-	-	2 000
EPWP Integrated Grant for Provinces	2 000						-	2 000
3. Library and Archive Services	163 162	22 952	-	-	-	-	22 952	186 114
Community Library Services grant	163 162	22 952					22 952	186 114
Total	165 162	22 952	-	-	-	-	22 952	188 114
Amount to be voted								22 952

Table 15.14 : Summary of conditional grants by economic classification

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	53 893	-	-	(5 290)	-	-	(5 290)	48 603
Compensation of employees	10 480			(3 590)			(3 590)	6 890
Goods and services	43 413			(1 700)			(1 700)	41 713
Interest and rent on land							-	-
Transfers and subsidies to:	40 404	-	-	3 590	15 425	-	19 015	59 419
Provinces and municipalities	37 075			3 590	15 425		19 015	56 090
Departmental agencies and accounts							-	-
Higher education institutions							-	-
Foreign governments and international organisations							-	-
Public corporations and private enterprises							-	-
Non-profit institutions	3 329						-	3 329
Households							-	-
Payments for capital assets	70 865	22 952	-	1 700	(15 425)	-	9 227	80 092
Buildings and other fixed structures	69 000	22 952			(15 425)		7 527	76 527
Machinery and equipment	1 865			1 700			1 700	3 565
Heritage assets							-	-
Specialised military assets							-	-
Biological assets							-	-
Land and subsoil assets							-	-
Software and other intangible assets							-	-
Payments for financial assets							-	-
Total	165 162	22 952	-	-	-	-	22 952	188 114
Amount to be voted								22 952

- **Roll-overs:** The department received a roll-over amounting to R22.952 million against the Community Library Services grant under *Buildings and other fixed structures* in respect of the construction and upgrade of Port Shepstone library. As mentioned, the roll-over of R16.024 million relating to the Manyiseni library was not approved.
- **Virement:** The following virements were undertaken between economic classifications:
 - An amount of R3.590 million was moved from *Compensation of employees* due to the expiry of ten library book processor posts which were not renewed. These funds were moved to *Transfers and subsidies to: Provinces and municipalities* for the appointment of staff for libraries in municipalities.
 - R1.700 million was moved from *Goods and services* due to enforced savings. These funds were moved to *Machinery and equipment* for the installation of security gates and information kiosks in various libraries which were under-budgeted for.

These virements are permissible in terms of the PFMA and Treasury Regulations. Treasury approval was provided for the increase in *Transfers and subsidies to: Provinces and municipalities*.

- **Shifts:** R15.425 million was shifted from *Buildings and other fixed structures* to *Transfers and subsidies to: Provinces and municipalities* in respect of transfers to the Newcastle Municipality for the construction of the Newcastle (R5.425 million) and Charlestown (R10 million) libraries. The department has been experiencing challenges with regard to the construction of these libraries as a result of capacity constraints. The department decided to use the Newcastle Municipality as the implementing agent for the construction of these libraries. The purpose of the funds remains unchanged.

9. Transfers and subsidies

Table 15.15 shows the summary of transfers and subsidies per programme.

Details of the main adjustments, which led to a net increase of R5.113 million, are given in the paragraphs following the table:

Table 15.15 : Summary of transfers and subsidies by programme and main category

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Unforeseeable/			Other			
		Roll-overs	unavoidable	Virement	Shifts	adjustments		
1. Administration	1 400	-	-	799	-	-	799	2 199
Provinces and municipalities	130	-	-	50	-	-	50	180
Motor vehicle licences	130			50			50	180
Public corporations and private enterprises	250	-	-	-	-	-	-	250
Umgababa Youth Festival	250						-	250
Non-profit institutions	220	-	-	-	-	-	-	220
Sakhisizwe Organisation	220						-	220
Households	800	-	-	749	-	-	749	1 549
Staff exit costs				749			749	749
Bursaries to non-employees	800						-	800
2. Cultural Affairs	61 389	-	-	(1 616)	(500)	-	(2 116)	59 273
Provinces and municipalities	12 709	-	-	(2 261)	(378)	-	(2 639)	10 070
Museum subsidies	8 887			(350)	(378)		(728)	8 159
Operational costs for art centres	3 822			(1 911)			(1 911)	1 911
Departmental agencies and accounts	8 176	-	-	(389)	-	-	(389)	7 787
The Playhouse Company	8 176			(389)			(389)	7 787
Public corporations and private enterprises	7 400	-	-	2 000	(500)	-	1 500	8 900
Ugu Jazz Festival	1 600						-	1 600
PMB Jazz Festival	1 000						-	1 000
Durban Blues Festival	100						-	100
Amantsfontsho kaMaskandi	1 600						-	1 600
Uthungulu Last Dance	600						-	600
Impucuzeko Maskandi Festival	500						-	500
Festival of Beads	500				(500)		(500)	-
Midmar Festival	200						-	200
Indondo Awards	100						-	100
Indoni	500						-	500
Armco Dam	200						-	200
Gumba Festival	400						-	400
Kwadabeka Cultural Festival	100						-	100
Essence Festival				2 000			2 000	2 000
Non-profit institutions	33 104	-	-	(1 059)	378	-	(681)	32 423
KZN Philharmonic Orchestra	11 245			(545)			(545)	10 700
Museum subsidies	3 820			(428)	378		(50)	3 770
Transfers to Art Centres	4 635						-	4 635
Arts and Culture support to:	11 416	-	-	(86)	-	-	(86)	11 330
Art in the Park	50						-	50
Centre for Creative Arts (UKZN)	100						-	100
Dolosfees Festival	70						-	70
Durban School of Music	650						-	650
Fodo Cultural Village	80						-	80
Hilton Arts Festival	100			50			50	150
Inte-rcultural food tasting	100			(100)			(100)	-
Khandampevu Productions	120			(120)			(120)	-
KwaCulture	150			350			350	500
Love to Live	80						-	80
PANSA Young Performers	316			(316)			(316)	-
Ushaka Marine	300						-	300
Wildsfees	100			(100)			(100)	-
KZN Music House	8 600						-	8 600
East Griqualand Festival	350						-	350
Die Ventersfees	250						-	250
Usiba Writers Guild				150			150	150
Transfers to Art Councils	1 988	-	-	-	-	-	-	1 988
Households	-	-	-	93	-	-	93	93
Staff exit costs				93			93	93
3. Library and Archive Services	221 209	-	-	(8 995)	15 425	-	6 430	227 639
Provinces and municipalities	217 880	-	-	(9 345)	15 425	-	6 080	223 960
Community Library Services grant	37 075			3 590	15 425		19 015	56 090
Provincialisation of Libraries	180 805			(12 935)			(12 935)	167 870
Non-profit institutions	3 329	-	-	-	-	-	-	3 329
Africa Ignite	1 787						-	1 787
Family Literacy project	500						-	500
SA for the Blind	1 042						-	1 042
Households	-	-	-	350	-	-	350	350
Staff exit costs				350			350	350
Total	283 998	-	-	(9 812)	14 925	-	5 113	289 111
Amount to be voted							-	5 113

- *Virement*: The department undertook the following virements affecting *Transfers and subsidies*, which resulted in a net decrease of R9.812 million. Treasury approval was provided for the increase against *Transfers and subsidies* in terms of the PFMA and Treasury Regulations, while the decrease in transfers requires Legislature approval.

- o The following virements were undertaken in Programme 1 resulting in an increase of R799 000:
 - R50 000 was moved from *Goods and services* due to enforced savings to *Provinces and municipalities* in respect of motor vehicle licences which were under-budgeted for.
 - R749 000 was moved from *Compensation of employees* (R724 000) due to non-filling of critical vacant posts and *Goods and services* (R25 000) as a result of enforced savings. These funds were moved to *Households* for staff exit costs.
- o Programme 2 provides for transfers to the KZN Philharmonic Orchestra, the Playhouse Company, arts councils, art centres and other arts organisations. In addition, the department also provides for transfers in respect of Museum Services, to the board of trustees managing museums, as well as for the provincialisation of museum services. The following virements were undertaken, resulting in a net decrease of R1.616 million:
 - R2.261 million was moved within Programme 2 from *Provinces and municipalities* as follows:
 - R1.911 million relates to the cancellation of a transfer to the Stable Theatre which is managed by the eThekweni Metro due to the theatre not complying with the departmental transfer policy, such as submission of audited AFS.
 - R350 000 relates to the cancellation of a transfer to the Vukani museum in the Umlalazi Municipality due to unresolved legal issues with regard to provincialisation of the museum.

The total savings of R2.261 million were moved within Programme 2 as follows:

 - R911 000 was moved to *Goods and services* for the Social Cohesion Summit, which was not budgeted for, as mentioned above.
 - R1 million was moved to *Public corporations and private enterprises* for the launch of the Essence Festival held in November 2016 in Durban, as mentioned above.
 - R350 000 was moved to *Non-profit institutions* for increased transfers to KwaCulture for the annual re-enactment of the Battle of Isandlwana.
 - R389 000 was moved from *Departmental agencies and accounts*. Due to spending pressures within the department, the department and the public entity agreed to reduce the transfer. These funds were moved to *Buildings and other fixed structures* for the construction of the Maritime museum, which is progressing faster than anticipated
 - R2 million was moved to *Public corporations and private enterprises* for the launch of the Essence Festival held in November 2016, as follows:
 - R1 million was moved from Programme 3 under *Machinery and equipment* due to delays by SITA in acquiring replacement computer equipment for staff.
 - The balance of R1 million was moved within Programme 2 from *Provinces and municipalities* due to the cancellation of a transfer to the Stable Theatre which is managed by the eThekweni Metro due to the theatre not complying with the departmental transfer policy, such as submission of audited AFS. Provincial Treasury approval was received for the increase in transfers.
 - A net decrease of R1.059 million under *Non-profit institutions* was due to the following:
 - R973 000 was moved from this category against transfers to the KZN Philharmonic Orchestra (R545 000) due to spending pressures and museum subsidies (R428 000) not complying with the departmental transfer policy, such as submission of the audited AFS. These funds were moved to *Buildings and other fixed structures* for the construction of the Maritime museum in Port Shepstone. The decrease in transfer needs Legislature approval.
 - A net decrease of R86 000 was moved from Arts and Culture support within the category, as a result of R550 000 that was moved to this category due to various virements undertaken. Offsetting this increase, is a decrease of R636 000 moved from this category. These have been explained in the various programmes above.

- R93 000 was moved to *Households* for staff exit costs. These funds were moved from *Compensation of employees*
- o Programme 3 caters for transfers to municipalities in respect of the Community Library Services grant and the provincialisation of libraries. The following virements were undertaken resulting in a net decrease of R8.995 million:
 - R3.590 million was moved to *Provinces and municipalities* under the Community Library Services grant for the appointment of staff for modular libraries in municipalities, as mentioned above. These funds were moved from *Compensation of employees* due to 10 library book processor contract posts expiring and not being renewed.
 - Offsetting the increase, R12.935 million was moved from *Provinces and municipalities* in respect of provincialisation funds from various municipalities as follows:
 - A net R2.935 million relates to the department over-budgeting for the appointment of staff for mobile libraries in various municipalities, such as eNdameni, Mandeni, etc.
 - R10 million relates to the department reducing transfers to the Metro as a result of spending pressures. The department and the Metro agreed to the reduction of transfers in 2016/17, as mentioned above.
 - R350 000 was moved to *Households* from *Compensation of employees* for staff exit costs.
- *Shifts*: The department undertook the following shifts which resulted in a net increase of R14.925 million, for which the purpose of the funds remains unchanged:
 - o R500 000 was shifted from *Public corporations and private enterprises* to *Goods and services* in respect of the annual Festival of Beads which was held in October 2016. Due to the organisation not complying with the departmental transfer policy, such as the submission of audited AFS, the department shifted these funds to *Goods and services* for the same purpose.
 - o R378 000 was shifted from *Provinces and municipalities* relating to the Vukani museum in the Umlalazi Municipality. The municipality had planned to provincialise the Vukani museum, however, due to the process of provincialisation being stalled as a result of unresolved legal issues, the municipality was unable to incorporate the museum. As such, the department shifted the funds to *Non-profit institutions* to provide for the operational costs of the museum, which would have been provided through provincialisation funds by the municipality.
 - o R15.425 million was shifted from *Buildings and other fixed structures* to *Provinces and municipalities* under Programme 3 against the Community Library Services grant. The department experienced challenges with regard to the construction of the Newcastle and Charlestown libraries as a result of capacity constraints. The department has decided to shift these funds to the Newcastle Municipality for the construction of these libraries.

10. Transfers to public entities

Table 15.16 reflects transfers made by the department to public entities. Details of the main adjustments, which led to a net decrease of R389 000, are provided in the paragraphs following the tables.

Table 15.16 : Summary of transfers to public entities

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
The Playhouse Company	8 176			(389)			(389)	7 787
Total	8 176	-	-	(389)	-	-	(389)	7 787
Amount to be voted								(389)

- *Virement*: R389 000 was moved from *Transfers and subsidies to: Departmental agencies and accounts*. These funds were originally budgeted for transfer to The Playhouse Company. Due to spending pressures within the department, the department and the public entity agreed to reduce the transfer to the entity to fund the construction of the Maritime museum in Port Shepstone under *Buildings and other fixed structures* as this project is progressing faster than anticipated.

11. Transfers to local government

Tables 15.17 to 15.21 show the details of transfers to local government. It is noted that the increase from R130 000 to R180 000 against *Transfers and subsidies to: Provinces and municipalities* in respect of motor vehicle licences is not reflected in the table below, as it not be transferred to any municipality. This amount of R50 000 was moved from *Goods and services* under Programme 1, and is excluded from the table below.

The department made adjustments to transfers to local government which resulted in an increase of R3.441 million. Treasury approval was provided for the increase in transfers. These changes will be gazetted after the tabling of the Adjustments Estimate. Details are provided in the paragraphs following the tables.

Table 15.17 : Summary of transfers to local government

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
A KZN2000 eThekweni	114 327	-	-	(11 911)	-	-	(11 911)	102 416
Total: Ugu Municipalities	14 734	-	-	-	-	-	-	14 734
B KZN212 uMdoni	5 019	-	-	-	-	-	-	5 019
B KZN213 uMzombe	-	-	-	-	-	-	-	-
B KZN214 uMuziwabantu	738	-	-	-	-	-	-	738
B KZN216 Ray Nkonyeni	8 977	-	-	-	-	-	-	8 977
C DC21 Ugu District Municipality	-	-	-	-	-	-	-	-
Total: uMgungundlovu Municipalities	28 409	-	-	1	-	-	1	28 410
B KZN221 uMshwathi	894	-	-	-	-	-	-	894
B KZN222 uMngeni	3 201	-	-	-	-	-	-	3 201
B KZN223 Mpofana	1 122	-	-	-	-	-	-	1 122
B KZN224 iMpindle	738	-	-	-	-	-	-	738
B KZN225 Msunduzi	20 296	-	-	-	-	-	-	20 296
B KZN226 Mkambathini	1 264	-	-	1	-	-	1	1 265
B KZN227 Richmond	894	-	-	-	-	-	-	894
C DC22 uMgungundlovu District Municipality	-	-	-	-	-	-	-	-
Total: uThukela Municipalities	9 704	-	-	(22)	-	-	(22)	9 682
B KZN235 Okhahlamba	1 103	-	-	-	-	-	-	1 103
B KZN237 iNkosi Langalibalele	3 297	-	-	-	-	-	-	3 297
B KZN238 Alfred Duma	4 795	-	-	(22)	-	-	(22)	4 773
C DC23 uThukela District Municipality	509	-	-	-	-	-	-	509
Total: uMzinyathi Municipalities	7 590	-	-	505	-	-	505	8 095
B KZN241 eNdameni	4 083	-	-	-	-	-	-	4 083
B KZN242 Nquthu	1 521	-	-	505	-	-	505	2 026
B KZN244 uMsinga	760	-	-	-	-	-	-	760
B KZN245 uMvoti	1 226	-	-	-	-	-	-	1 226
C DC24 uMzinyathi District Municipality	-	-	-	-	-	-	-	-
Total: Amajuba Municipalities	8 042	-	-	-	15 425	-	15 425	23 467
B KZN252 Newcastle	6 566	-	-	-	15 425	-	15 425	21 991
B KZN253 eMahlangueni	738	-	-	-	-	-	-	738
B KZN254 Dannhauser	738	-	-	-	-	-	-	738
C DC25 Amajuba District Municipality	-	-	-	-	-	-	-	-
Total: Zululand Municipalities	10 705	-	-	(831)	-	-	(831)	9 874
B KZN261 eDumbe	1 073	-	-	-	-	-	-	1 073
B KZN262 uPhongolo	1 323	-	-	-	-	-	-	1 323
B KZN263 Abaqulusi	3 681	-	-	179	-	-	179	3 860
B KZN265 Nongoma	738	-	-	-	-	-	-	738
B KZN266 Ulundi	1 979	-	-	(1 010)	-	-	(1 010)	969
C DC26 Zululand District Municipality	1 911	-	-	-	-	-	-	1 911
Total: uMkhanyakude Municipalities	7 251	-	-	-	-	-	-	7 251
B KZN271 uMhlabyalingana	1 592	-	-	-	-	-	-	1 592
B KZN272 Jozini	1 016	-	-	-	-	-	-	1 016
B KZN275 Mtubatuba	2 763	-	-	-	-	-	-	2 763
B KZN276 Big Five Hlabisa	1 880	-	-	-	-	-	-	1 880
C DC27 uMkhanyakude District Municipality	-	-	-	-	-	-	-	-
Total: King Cetshwayo Municipalities	16 402	-	-	674	(378)	-	296	16 698
B KZN281 Mfolozi	1 417	-	-	505	-	-	505	1 922
B KZN282 uMhlathuze	9 113	-	-	-	-	-	-	9 113
B KZN284 uMlalazi	4 396	-	-	(336)	(378)	-	(714)	3 682
B KZN285 Mthonjaneni	738	-	-	-	-	-	-	738
B KZN286 Nkandla	738	-	-	505	-	-	505	1 243
C DC28 King Cetshwayo District Municipality	-	-	-	-	-	-	-	-
Total: iLembe Municipalities	7 419	-	-	-	-	-	-	7 419
B KZN291 Mandeni	2 513	-	-	-	-	-	-	2 513
B KZN292 KwaDukuza	3 641	-	-	-	-	-	-	3 641
B KZN293 Ndwedwe	1 265	-	-	-	-	-	-	1 265
B KZN294 Maphumulo	-	-	-	-	-	-	-	-
C DC29 iLembe District Municipality	-	-	-	-	-	-	-	-
Total: Harry Gwala Municipalities	6 006	-	-	(22)	-	-	(22)	5 984
B KZN433 Greater Kokstad	1 687	-	-	-	-	-	-	1 687
B KZN434 uBuhlebezwe	738	-	-	-	-	-	-	738
B KZN435 uMzimkhulu	1 265	-	-	-	-	-	-	1 265
B KZN436 Dr Nkosazana Dlamini Zuma	2 316	-	-	(22)	-	-	(22)	2 294
C DC43 Harry Gwala District Municipality	-	-	-	-	-	-	-	-
Unallocated	-	-	-	-	-	-	-	-
Total	230 589	-	-	(11 606)	15 047	-	3 441	234 030
Amount to be voted								3 441

Vote 15: Arts and Culture

Table 15.18 : Transfers to local government - Operational costs of art centres

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
A KZN2000 eThekweni	1 911			(1 911)			(1 911)	-
Total: Zululand Municipalities	1 911	-	-	-	-	-	-	1 911
C DC26 Zululand District Municipality	1 911						-	1 911
Total	3 822	-	-	(1 911)	-	-	(1 911)	1 911
Amount to be voted								(1 911)

Table 15.19 : Transfers to local government - Provincialisation of libraries

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
A KZN2000 eThekweni	86 738			(10 000)			(10 000)	76 738
Total: Ugu Municipalities	12 477	-	-	-	-	-	-	12 477
B KZN212 uMdoni	4 482						-	4 482
B KZN214 uMuziwabantu	559						-	559
B KZN216 Ray Nkonyeni	7 436						-	7 436
Total: uMgungundlovu Municipalities	25 625	-	-	(326)	-	-	(326)	25 299
B KZN221 uMshwathi	715						-	715
B KZN222 uMngeni	2 668						-	2 668
B KZN223 Mpofana	768						-	768
B KZN224 iMpindle	559						-	559
B KZN225 Msunduzi	19 315						-	19 315
B KZN226 Mkhambathini	885			(326)			(326)	559
B KZN227 Richmond	715						-	715
Total: uThukela Municipalities	7 522	-	-	-	-	-	-	7 522
B KZN235 Okhahlamba	727						-	727
B KZN237 iNkosi Langalibalele	2 760						-	2 760
B KZN238 Alfred Duma	4 035						-	4 035
Total: uMzinyathi Municipalities	5 696	-	-	(326)	-	-	(326)	5 370
B KZN241 eNdameni	3 146			(326)			(326)	2 820
B KZN242 Nquthu	1 119						-	1 119
B KZN244 uMsinga	559						-	559
B KZN245 uMvoti	872						-	872
Total: Amajuba Municipalities	6 813	-	-	-	-	-	-	6 813
B KZN252 Newcastle	5 695						-	5 695
B KZN253 eMadlangeni	559						-	559
B KZN254 Dannhauser	559						-	559
Total: Zululand Municipalities	6 965	-	-	(979)	-	-	(979)	5 986
B KZN261 eDumbe	872						-	872
B KZN262 uPhongolo	965						-	965
B KZN263 AbaQulusi	3 148			(326)			(326)	2 822
B KZN265 Nongoma	559						-	559
B KZN266 Ulundi	1 421			(653)			(653)	768
Total: uMkhanyakade Municipalities	6 177	-	-	-	-	-	-	6 177
B KZN271 uMhlabyalingana	1 413						-	1 413
B KZN272 Jozini	837						-	837
B KZN275 Mtubatuba	2 405						-	2 405
B KZN276 Big Five Hlabisa	1 522						-	1 522
Total: King Cetshwayo Municipalities	12 651	-	-	-	-	-	-	12 651
B KZN281 Mfolozi	1 059						-	1 059
B KZN282 uMhlatuze	7 506						-	7 506
B KZN284 uMlalazi	2 968						-	2 968
B KZN285 Mthonjaneni	559						-	559
B KZN286 Nkandla	559						-	559
Total: iLembe Municipalities	5 611	-	-	(652)	-	-	(652)	4 959
B KZN291 Mandeni	1 797			(326)			(326)	1 471
B KZN292 KwaDukuza	2 929						-	2 929
B KZN293 Ndwedwe	885			(326)			(326)	559
Total: Harry Gwala Municipalities	4 530	-	-	(652)	-	-	(652)	3 878
B KZN433 Greater Kokstad	1 329						-	1 329
B KZN434 uBuhlebezwe	559						-	559
B KZN435 uMzimkhulu	885			(326)			(326)	559
B KZN436 Dr Nkosazana Dlamini Zuma	1 757			(326)			(326)	1 431
Total	180 805	-	-	(12 935)	-	-	(12 935)	167 870
Amount to be voted								(12 935)

Table 15.20 : Transfers to local government - Museum Subsidies

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
A KZN2000 eThekweni	4 623						-	4 623
Total: Ugu Municipalities	334	-	-	-	-	-	-	334
B KZN216 Ray Nkonyeni	334						-	334
Total: uMgungundlovu Municipalities	750	-	-	-	-	-	-	750
B KZN222 uMngeni	175						-	175
B KZN223 Mpofana	175						-	175
B KZN225 Msunduzi	400						-	400
Total: uThukela Municipalities	684	-	-	-	-	-	-	684
B KZN235 Okhahlamba	175						-	175
C DC23 uThukela District Municipality	509						-	509
Total: uMzinyathi Municipalities	575	-	-	-	-	-	-	575
B KZN241 eNdameni	400						-	400
B KZN245 uMvoti	175						-	175
Total: Amajuba Municipalities	334	-	-	-	-	-	-	334
B KZN252 Newcastle	334						-	334
Total: Zululand Municipalities	175	-	-	-	-	-	-	175
B KZN263 Abaqulusi	175						-	175
Total: King Cetshwayo Municipalities	1 237	-	-	(350)	(378)	-	(728)	509
B KZN282 uMhlatuze	175						-	175
B KZN284 uMlalazi	1 062			(350)	(378)		(728)	334
Total: iLembe Municipalities	175	-	-	-	-	-	-	175
B KZN292 KwaDukuza	175						-	175
Total	8 887	-	-	(350)	(378)	-	(728)	8 159
Amount to be voted								(728)

Table 15.21 : Transfers to local government - Community Library Services grant

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
A KZN2000 eThekweni	21 055			-			-	21 055
Total: Ugu Municipalities	1 923	-	-	-	-	-	-	1 923
B KZN212 uMdoni	537						-	537
B KZN214 uMuziwabantu	179						-	179
B KZN216 Ray Nkonyeni	1 207						-	1 207
Total: uMgungundlovu Municipalities	2 034	-	-	327	-	-	327	2 361
B KZN221 uMshwathi	179						-	179
B KZN222 uMngeni	358						-	358
B KZN223 Mpofana	179						-	179
B KZN224 iMpindle	179						-	179
B KZN225 Msunduzi	581						-	581
B KZN226 Mkhambathini	379			327			327	706
B KZN227 Richmond	179						-	179
Total: uThukela Municipalities	1 498	-	-	(22)	-	-	(22)	1 476
B KZN235 Okhahlamba	201						-	201
B KZN237 iNkosi Langalibalele	537						-	537
B KZN238 Alfred Duma	760			(22)			(22)	738
Total: uMzinyathi Municipalities	1 319	-	-	831	-	-	831	2 150
B KZN241 eNdameni	537			326			326	863
B KZN242 Nquthu	402			505			505	907
B KZN244 uMsinga	201						-	201
B KZN245 uMvoti	179						-	179
Total: Amajuba Municipalities	895	-	-	-	15 425	-	15 425	16 320
B KZN252 Newcastle	537				15 425		15 425	15 962
B KZN253 eMahlangueni	179						-	179
B KZN254 Dannhauser	179						-	179
Total: Zululand Municipalities	1 654	-	-	148	-	-	148	1 802
B KZN261 eDumbe	201						-	201
B KZN262 uPhongolo	358						-	358
B KZN263 Abaqulusi	358			505			505	863
B KZN265 Nongoma	179						-	179
B KZN266 Ulundi	558			(357)			(357)	201
Total: uMkhanyakude Municipalities	1 074	-	-	-	-	-	-	1 074
B KZN271 uMhlabyalingana	179						-	179
B KZN272 Jozini	179						-	179
B KZN275 Mtubatuba	358						-	358
B KZN276 Big Five Hlabisa	358						-	358
Total: King Cetshwayo Municipalities	2 514	-	-	1 024	-	-	1 024	3 538
B KZN281 iMfolozi	358			505			505	863
B KZN282 uMhlatuze	1 432						-	1 432
B KZN284 uMlalazi	366			14			14	380
B KZN285 iMthonjaneni	179						-	179
B KZN286 Nkandla	179			505			505	684
Total: iLembe Municipalities	1 633	-	-	652	-	-	652	2 285
B KZN291 Mandeni	716			326			326	1 042
B KZN292 KwaDukuza	537						-	537
B KZN293 Ndwedwe	380			326			326	706
Total: Harry Gwala Municipalities	1 476	-	-	630	-	-	630	2 106
B KZN433 Greater Kokstad	358						-	358
B KZN434 uBuhlebezwe	179						-	179
B KZN435 uMzimkhulu	380			326			326	706
B KZN436 Dr Nkosazana Dlamini Zuma	559			304			304	863
Total	37 075	-	-	3 590	15 425	-	19 015	56 090
Amount to be voted								19 015

- *Virement*: The virement column in Table 15.17 reflects a net decrease of R11.606 million in respect of *Transfers and subsidies to: Provinces and municipalities*, as follows:

- o R12.935 million was moved from the provincialisation of libraries as shown in Table 15.19, as follows:
 - R10 million was reduced from eThekweni Metro and relates to the reduction of the equitable share portion only, as explained.
 - R2.935 million was reduced from various municipalities, as the appointment of staff for mobile libraries in municipalities was over-budgeted for. This affected municipalities such as eNdameni, Mandeni, etc.

The total funds of R12.935 million were moved as follows:

- R10 million was moved to *Goods and services* under Programme 1 (R8.800 million) for programmes identified by the MEC focusing on youth development, the disabled and women, and the balance of R1.200 million was moved to Programme 2 for the Disability Summit held in November 2016 in collaboration with the Department of Sport and Recreation in Pietermaritzburg, which was not budgeted for.
- R2.935 million was moved to *Buildings and other fixed structures* in Programme 3 for renovations to the roof of the Library Services building, which were not anticipated.
- o R3.590 million was moved from *Compensation of employees* in Programme 3 due to the expiry of ten library book processor posts which were not renewed. This was moved to the Community Library Services grant for the appointment of staff in respect of the modular libraries in various municipalities. This is shown in Table 15.21.
- o R350 000 was moved from Museum Subsidies due to the cancellation of transfers to the Vukani museum as a result of unresolved legal issues, as mentioned above, to *Transfers and subsidies to: Non-profit institutions* for increased transfers to KwaCulture for the annual re-enactment of the Battle of Isandlwana. This is shown in Table 15.20.
- o R1.911 million was moved from the operational costs of art centres in respect of the Stable Theatre, which is managed by the eThekweni Metro. Transfers to the Stable Theatre were cancelled due to the theatre not complying with the departmental transfer policy, such as submission of audited AFS. This is reflected in Table 15.18. These funds were moved as follows:
 - R911 000 was moved to *Goods and services* within Programme 2 for the Social Cohesion Summit, which was not budgeted for, as mentioned above.
 - R1 million was moved to *Transfers and subsidies to: Public corporations and private enterprises* within Programme 2 for the launch of the Essence Festival held in November 2016 in Durban, as mentioned above.
- *Shift*: The following shifts resulting in a net increase of R15.047 million were undertaken under *Transfers and subsidies to: Provinces and municipalities*, where the original purpose of the funds remains unchanged:
 - o R15.425 million was shifted from *Buildings and other fixed structures* to *Transfers and subsidies to: Provinces and municipalities* in respect of the Community Library Services grant. The department experienced challenges with regard to the construction of the Newcastle (R5.425 million) and Charlestown (R10 million) libraries as a result of capacity constraints. The department decided to use the Newcastle Municipality as the implementing agent for the construction of these libraries.

R378 000 was shifted from *Transfers and subsidies to: Provinces and municipalities* to *Transfers and subsidies to: Non-profit institutions* in respect of the Museum Subsidies relating to the Vukani museum in the Umlalazi Municipality. The municipality had planned to provincialise the Vukani museum, however, due to the process of provincialisation being stalled as a result of unresolved legal issues, the municipality was unable to incorporate the museum. This is to provide for the operational costs of the museum which would have been provided through provincialisation funds by the municipality.

12. Actual payments and revised spending projections for the rest of 2016/17

Tables 15.22 and 15.23 reflect actual payments as at the end of September 2016, projected payments for the rest of the financial year in rand value and as a percentage of the Adjusted appropriation and the total revised spending. The tables also show the 2015/16 Audited outcome. As at mid-year, the vote as a whole is projecting to fully spend its budget by year-end.

Table 15.22 : Actual payments and revised spending projections by programme

R thousand	2015/16 Audited outcome	Adjusted appropriation	Actual payments		Projected payments		Projected actual
			April '16 - September 2016		October '16 - March 2017		
				% of budget		% of budget	
1. Administration	124 731	144 939	74 543	51.4	70 396	48.6	144 939
2. Cultural Affairs	196 089	211 598	100 771	47.6	110 827	52.4	211 598
3. Library and Archive Services	442 722	454 887	89 631	19.7	365 256	80.3	454 887
Total	763 542	811 424	264 945	32.7	546 479	67.3	811 424

Table 15.23 : Actual payments and revised spending projections by economic classification

R thousand	2015/16 Audited outcome	Adjusted appropriation	Actual payments		Projected payments		Projected actual
			April '16 - September 2016		October '16 - March 2017		
			% of budget		% of budget		
Current payments	361 084	413 797	187 105	45.2	226 692	54.8	413 797
Compensation of employees	181 581	202 332	98 312	48.6	104 020	51.4	202 332
Goods and services	179 468	211 444	88 774	42.0	122 670	58.0	211 444
Interest and rent on land	35	21	19	90.5	2	9.5	21
Transfers and subsidies to:	331 783	289 111	36 507	12.6	252 604	87.4	289 111
Provinces and municipalities	273 527	234 210	5 575	2.4	228 635	97.6	234 210
Departmental agencies and accounts	7 787	7 787	3 894	50.0	3 893	50.0	7 787
Higher education institutions	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-
Public corporations and private enterprises	11 350	9 150	2 200	24.0	6 950	76.0	9 150
Non-profit institutions	37 696	35 972	23 569	65.5	12 403	34.5	35 972
Households	1 423	1 992	1 269	63.7	723	36.3	1 992
Payments for capital assets	66 845	104 686	37 503	35.8	67 183	64.2	104 686
Buildings and other fixed structures	57 971	97 324	34 438	35.4	62 886	64.6	97 324
Machinery and equipment	8 874	7 362	3 065	41.6	4 297	58.4	7 362
Heritage assets	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-
Land and subsoil assets	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-
Payments for financial assets	3 830	3 830	3 830	100.0	-	-	3 830
Total	763 542	811 424	264 945	32.7	546 479	67.3	811 424

The department spent 32.7 per cent of its annual budget by mid-year. This is significantly lower than the straight-line benchmark of 50 per cent. The variances per programme and economic classification are explained below:

- The percentage spent against Programme 1: Administration is, at 51.4 per cent, higher than the straight-line benchmark of 50 per cent. This is mainly attributed to payments to SITA in respect of computer licences and audit fees being higher than anticipated. In addition, the purchase of new furniture and equipment for the MEC contributed to the high rate of expenditure. The department is projecting full expenditure against this programme.
- Programme 2: Cultural Affairs reflects spending at 47.6 per cent of the annual budget. This is marginally lower than the straight-line benchmark of 50 per cent mainly as a result of the municipal elections which resulted in a change of council members and municipal managers. The names on the draft MOAs in respect of the provincialisation of museums had to be changed and the MOAs had to be presented to the council before being signed. The department is projecting to fully spend against this programme.
- Spending against Programme 3: Library and Archive Services is, at 19.7 per cent of the annual budget, significantly lower than the straight-line benchmark of 50 per cent. This is largely attributed to delays in transfer of funds to the municipalities in respect of provincialisation of libraries as a result of delays in the signing of MOAs between the department and the municipalities due to the

municipal elections. In addition, the low rate of expenditure was due to challenges experienced by the department with regard to the construction of libraries. The department is projecting to fully spend its budget against this programme.

With regard to economic classification, it is noted that:

- The department spent 48.6 per cent of the annual budget against *Compensation of employees* at the end of the first half of the year. This is slightly lower than the 50 per cent benchmark due to non-filling of budgeted critical posts as a result of lengthy recruitment processes. Although the department indicated that it will not be able to fund the above-budget 2016 wage increase, the projections from the second quarter onward are far higher than the first quarter, suggesting that the department will be able to absorb this pressure.
- *Goods and services* reflects spending at 42 per cent of the annual budget at the end of the first half of the year. This is lower than the straight-line benchmark of 50 per cent, attributed to delays in the purchase of library books because of delays in the registration of suppliers on the department's database.
- With regard to *Transfers and subsidies*:
 - *Provinces and municipalities* reflects transfers to municipalities for library building projects, museum subsidies, motor vehicle licences, and for the provincialisation of libraries and museums. The department only spent 2.4 per cent of the annual budget at mid-year. This low rate of spending was mainly due to delays in the signing of MOAs in respect of the provincialisation of museums and libraries between the department and the municipalities due to the municipal elections. The department is projecting to fully spend against this category.
 - Spending on *Departmental agencies and accounts* was on target at 50 per cent of the mid-year projections and the department is projecting a balanced budget at year-end.
 - *Public corporations and private enterprises* relates to transfers to entities such as the Ugu Jazz Festival and Amantshontsho kaMaskandi. The department spent 24 per cent of the annual budget by mid-year. This is far lower than the straight-line benchmark of 50 per cent due to non-compliance of entities with respect to the submission of the required documentation for effecting transfers, as mentioned above. The department is projecting to transfer the full allocation at year-end.
 - *Non-profit institutions* reflects spending at 65.5 per cent of the annual budget, which is higher than the straight-line benchmark of 50 per cent. This is largely due to the department transferring more funds in the first half of the year. The department is projecting to transfer all funds against this category by year-end.
 - *Households* relates to bursaries and staff exit costs. The department has moved funds from *Compensation of employees* to offset unanticipated expenditure for staff exit costs and is projecting to fully spend at year-end.
- *Buildings and other fixed structures* reflects fairly low spending at 35.4 per cent of the annual budget, which is due to various challenges experienced with regard to the construction of libraries, such as Charlestown and Newcastle libraries because of lengthy SCM processes. The department is projecting to fully spend its budget against this category. Taking into consideration the department's decision to shift funds to *Transfers and subsidies to: Provinces and municipalities* for the construction of libraries, full expenditure is possible. It must be noted that the department has received a roll-over of R22.952 million relating to the Community Library Services grant in respect of the construction of the Port Shepstone library. It is questionable whether the department will be able to spend these funds.
- *Machinery and equipment* reflects spending at 41.6 per cent of the annual budget by mid-year. This is slightly lower than the straight-line benchmark of 50 per cent. The department is projecting full expenditure against this category.
- *Payments for financial assets* relates to the first charge which the department is liable for as a result of previous year's over-expenditure. Payment was made in the second quarter.

Table 15.A : Summary by economic classification : Arts and Culture

R thousand	Main appropriation	Adjustments appropriation					Total adjustments appropriation	Adjusted appropriation
		Roll-overs	Unforeseeable/unavoidable	Virement	Shifts	Other adjustments		
Current payments	410 497	-	-	2 800	500	-	3 300	413 797
Compensation of employees	214 041	-	-	(11 709)	-	-	(11 709)	202 332
Salaries and wages	185 972	-	-	(11 709)	-	-	(11 709)	174 263
Social contributions	28 069	-	-	-	-	-	-	28 069
Goods and services	196 456	-	-	14 488	500	-	14 988	211 444
Administrative fees	634	-	-	-	-	-	-	634
Advertising	6 252	-	-	500	-	-	500	6 752
Assets less than capitalisation threshold	40 893	-	-	(1 705)	-	-	(1 705)	39 188
Audit cost: External	4 048	-	-	2 466	-	-	2 466	6 514
Bursaries: Employees	1 004	-	-	-	-	-	-	1 004
Catering: Departmental activities	1 457	-	-	-	-	-	-	1 457
Communication (G&S)	5 547	-	-	-	-	-	-	5 547
Computer services	16 885	-	-	-	-	-	-	16 885
Cons & prof serv: Business and advisory services	2 504	-	-	1 700	-	-	1 700	4 204
Cons & prof serv: Infras and planning	-	-	-	-	-	-	-	-
Cons & prof serv: Laboratory services	-	-	-	-	-	-	-	-
Cons & prof serv: Scientific and tech services	-	-	-	-	-	-	-	-
Cons & prof serv: Legal costs	200	-	-	215	-	-	215	415
Contractors	15 036	-	-	2 200	-	-	2 200	17 236
Agency and support / outsourced services	10 715	-	-	3 936	500	-	4 436	15 151
Entertainment	257	-	-	-	-	-	-	257
Fleet services (incl. govt motor transport)	2 979	-	-	-	-	-	-	2 979
Housing	-	-	-	-	-	-	-	-
Inventory: Clothing material and accessories	-	-	-	-	-	-	-	-
Inventory: Farming supplies	-	-	-	-	-	-	-	-
Inventory: Food and food supplies	-	-	-	-	-	-	-	-
Inventory: Fuel, oil and gas	-	-	-	-	-	-	-	-
Inventory: Learner and teacher support material	-	-	-	-	-	-	-	-
Inventory: Materials and supplies	-	-	-	-	-	-	-	-
Inventory: Medical supplies	-	-	-	-	-	-	-	-
Inventory: Medicine	-	-	-	-	-	-	-	-
Medias inventory interface	-	-	-	-	-	-	-	-
Inventory: Other supplies	-	-	-	-	-	-	-	-
Consumable supplies	8 800	-	-	-	-	-	-	8 800
Consumable: Stationery, printing and office supplies	6 494	-	-	115	-	-	115	6 609
Operating leases	13 659	-	-	-	-	-	-	13 659
Property payments	12 201	-	-	-	-	-	-	12 201
Transport provided: Departmental activity	11 491	-	-	2 200	-	-	2 200	13 691
Travel and subsistence	19 211	-	-	(2 800)	-	-	(2 800)	16 411
Training and development	2 760	-	-	-	-	-	-	2 760
Operating payments	1 956	-	-	-	-	-	-	1 956
Venues and facilities	3 545	-	-	4 411	-	-	4 411	7 956
Rental and hiring	7 928	-	-	1 250	-	-	1 250	9 178
Interest and rent on land	-	-	-	21	-	-	21	21
Interest	-	-	-	21	-	-	21	21
Rent on land	-	-	-	-	-	-	-	-
Transfers and subsidies to	283 998	-	-	(9 812)	14 925	-	5 113	289 111
Provinces and municipalities	230 719	-	-	(11 556)	15 047	-	3 491	234 210
Provinces	130	-	-	50	-	-	50	180
Provincial Revenue Funds	-	-	-	-	-	-	-	-
Provincial agencies and funds	130	-	-	50	-	-	50	180
Municipalities	230 589	-	-	(11 606)	15 047	-	3 441	234 030
Municipalities	230 589	-	-	(11 606)	15 047	-	3 441	234 030
Municipal agencies and funds	-	-	-	-	-	-	-	-
Departmental agencies and accounts	8 176	-	-	(389)	-	-	(389)	7 787
Social security funds	-	-	-	-	-	-	-	-
Entities receiving funds	8 176	-	-	(389)	-	-	(389)	7 787
Higher education institutions	-	-	-	-	-	-	-	-
Foreign governments and international organisations	-	-	-	-	-	-	-	-
Public corporations and private enterprises	7 650	-	-	2 000	(500)	-	1 500	9 150
Public corporations	-	-	-	-	-	-	-	-
Subsidies on production	-	-	-	-	-	-	-	-
Other transfers	-	-	-	-	-	-	-	-
Private enterprises	7 650	-	-	2 000	(500)	-	1 500	9 150
Subsidies on production	-	-	-	-	-	-	-	-
Other transfers	7 650	-	-	2 000	(500)	-	1 500	9 150
Non-profit institutions	36 653	-	-	(1 059)	378	-	(681)	35 972
Households	800	-	-	1 192	-	-	1 192	1 992
Social benefits	-	-	-	1 099	-	-	1 099	1 099
Other transfers to households	800	-	-	93	-	-	93	893
Payments for capital assets	88 147	22 952	-	7 012	(15 425)	2 000	16 539	104 686
Buildings and other fixed structures	82 000	22 952	-	5 797	(15 425)	2 000	15 324	97 324
Buildings	-	-	-	-	-	-	-	-
Other fixed structures	82 000	22 952	-	5 797	(15 425)	2 000	15 324	97 324
Machinery and equipment	6 147	-	-	1 215	-	-	1 215	7 362
Transport equipment	1 050	-	-	-	-	-	-	1 050
Other machinery and equipment	5 097	-	-	1 215	-	-	1 215	6 312
Heritage assets	-	-	-	-	-	-	-	-
Specialised military assets	-	-	-	-	-	-	-	-
Biological assets	-	-	-	-	-	-	-	-
Land and sub-soil assets	-	-	-	-	-	-	-	-
Software and other intangible assets	-	-	-	-	-	-	-	-
Payments for financial assets	3 830	-	-	-	-	-	-	3 830
Total	786 472	22 952	-	-	-	2 000	24 952	811 424
Amount to be voted								24 952
of which: Unauth. Exp. (1st charge) not available for spending	(3 830)							(3 830)
Baseline available for spending after first charge	782 642							807 594