

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	• % of public sector expenditure spent in accordance to municipal IDP	60%	-	
	• % of public sector capital expenditure within KZN spent in accordance with PGDS identified/aligned projects	55%	-	
2.2.2. Implement progs to support financial viability and management in local govt and traditional institutions (billing, over-spending and under-spending)	• % of municipal expenditure on capital infrastructure (new constructions, maintenance and operation)	61 with 26%	-	54 with 26%
	• % of municipal expenditure on capital infrastructure spent (new constructions, maintenance and operation)	61 with 100%	-	54 with 100%
	• No. of municipalities supported to improve revenue management and debt collection	11 on revenue mgt & 18 on debt mgt	-	
	• No. of municipalities guided to comply with MPRA by target date	54	-	
	• No. of reports submitted on state of municipal finance in terms of section 131 of the MFMA	1	1	
	• No. of reports submitted on compliance with MPRA in terms of section 81 of the MPRA	1	1	
2.2.3. Support municipalities to achieve unqualified audits	• No. of municipalities with clean audits	54	-	
	• No. of municipalities with functional audit committees	54	-	
	• No. of municipalities monitored on implementation of Audit Response Plan based on 2014/15 audit outcomes monitored	54	-	
2.2.4. Implement integrity management progs in dept and municipalities	• No. of reports produced on the extent to which municipalities comply with the implementation of the anti-corruption measure	1	2	4
	• No. of reports on fraud, corruption and mal-administration cases reported and investigated	4	2	
2.3. Public Participation				
2.3.1. Improve consultation, communication and feedback in municipalities and traditional councils	• Report on the no. of community report back meetings convened by councillors in each ward	4	2	
	• No. of municipalities with functional ward committees as per Municipal Structures/Systems Acts	51	-	44
2.3.2. Strengthen functionality of ward committees	• No. of ward committees supported on implementation of ward operational plans	828	-	
2.3.3. Strengthen ward based planning Early warning systems – service delivery protests	• No. of municipalities with ward-based plans aligned to IDP	51	22	44
	• No. of municipalities supported on the development of ward level database with community concerns and remedial actions produced	51	-	44
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)	• No. of municipalities capacitated in line with provincial capacity building strategy	54	-	
	• No. of capacity building interventions conducted in municipalities	1	-	2
	• No. of municipalities supported to roll-out gender policy framework	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)	• No. of IPDI frameworks implemented	new	-	1 framework developed
	• No. of municipalities supported with development of legally compliant IDP	new	-	54
2.5.2. Co-ordinate service delivery through Joint Provincial Forum	• No. of joint provincial service delivery forums supported	new	1	1
2.5.3. Build capacity of district municipalities to build resilient local municipalities	• No. of district shared services implemented	new	10	10
2.6. Municipal Performance, Monitoring, Reporting and Evaluation				
2.6.1. Implement a single mechanism to measure and report on performance of municipalities	• No. of municipalities complying with single reporting mechanism	55	-	54
	• No. of electronic dashboards developed	10	-	
	• Report on implementation of Back To Basics support plans by municipalities	61	2	4
	• No. of validated district profiles prepared	11	11	

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	2016/167 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:
 - o 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.
 - o 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

Table 1: Actual payments and Projected payments 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		October '16 - March 2017		
			% of budget		% 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