

VOTE 1

DEPARTMENT OF THE PREMIER

Vote 1

Department of the Premier

Adjusted budget summary

2014/15				
R thousand	Main Appropriation	Adjusted appropriation	Decrease	Increase
Amount to be appropriated	270 514	304 013		
of which:				
Current payments	267 661	296 073	(1 200)	29 612
Transfers and subsidies	390	512		122
Payments for capital assets	2 463	7 428		4 965
Payments for financial assets				
Revenue Fund	270 514	304 013	(1 200)	34 699
Executive Authority	Premier			
Accounting Officer	Director General : Department of the Premier			
Website address	www.fs.gov.za			

Aim

To enable the Premier to fulfil his constitutional obligations and other functions through the effective and efficient utilisation of resources of the Free State Provincial Government.

Changes to programme purposes, objectives and measures

Adjusted Estimates of Provincial Revenue & Expenditure 2014

Table 1.1(a): Adjusted Estimates

Programme		2014/15					
R'thousand	Main appropriation	Adjustments Appropriation					Adjusted appropriation
		Roll-overs	Unforeseeable / unavoidable	Virements and shifts	Declared unspent	Other Adjustments	Total adjustment appropriation
1.Administration	130 620			(10 656)		14 700	4 044
2.Institutional Development	95 698	4 699		14 156		9 600	28 455
3.Policy & Governance	44 196			(3 500)	(1 200)	5 700	1 000
Total	270 514	4 699			(1 200)	30 000	33 499

Economic classification**Table 1.1(b): Adjusted Estimates per Economic Classification**

Programme		2014/15						
R'thousand	Main	Adjustments Appropriation					Total adjustment	Adjusted
		Roll-overs	Unforeseeable /	Virements and	Declared	Other		
Economic classification								
Current payments	267 661	4 699		(5 087)	(1 200)	30 000	28 412	296 073
Compensation of employees	206 264			(30 000)	(1 200)	30 000	(1 200)	205 064
Goods and Services	61 397	4 699		24 913			29 612	91 009
Interest and rent on land								
Transfers and subsidies to;	390			122			122	512
Provinces and municipalities								
Departmental agencies and account				11			11	11
Universities and technikons								
Public corporations and private enterprises								
Foreign governments and international organisations								
Non-profit institutions								
Households	390			111			111	501
Payments for capital assets	2 463			4 965			4 965	7 428
Buildings and other fixed structures								
Machinery and equipment	1 643			5 785			5 785	7 428
Cultivated assets								
Software and other intangible assets	820			(820)			(820)	
Land and subsoil assets								
Heritage assets								
Specialised military assets								
Payments for financial assets								
Total	270 514	4 699			(1 200)	30 000	33 499	304 013

Programme 1: Administration

Table 1.1.1: Adjusted Estimates

Subprogramme		2014/15				
R'thousand	Main appropriation	Adjustments Appropriation				
		Roll-overs	Unforeseeable / unavoidable	Virements and Declared unspent shifts	Other adjustments	Total adjustment appropriation
1.Premier Support	21 067			267		267
2.Executive Council Support	3 262			3	500	503
3.Director General	85 720			(12 879)	13 200	321
4.Financial Management	20 571			1 953	1 000	2 953
Total	130 620			(10 656)	14 700	4 044
Economic classification						
Current payments	130 487			(11 033)	14 700	3 667
Compensation of employees	117 498			(16 400)	14 700	(1 700)
Goods and Services	12 989			5 367		5 367
Interest and rent on land						
Transfers and subsidies to;	25			47		47
Provinces and municipalities						
Departmental agencies and account				11		11
Universities and technikons						
Public corporations and private enterprises						
Foreign governments and international organisations						
Non-profit institutions						
Households	25			36		36
Payments for capital assets	108			330		330
Buildings and other fixed structures						
Machinery and equipment	108			330		330
Cultivated assets						
Software and other intangible assets						
Land and subsoil assets						
Heritage assets						
Specialised military assets						
Payments for financial assets						
Total	130 620			(10 656)	14 700	4 044

Programme 2. Institutional Development

Table 1.1.2: Adjusted Estimates

Subprogramme	2014/15						
	Main appropriation	Adjustments Appropriation					Adjusted appropriation
		Roll-overs	Unforeseeable / unavoidable	Virements and shifts	Declared Other adjustments unspent	Total adjustment appropriation	
R'thousand							
1. Strategic Human Resources	29 823			(5 625)	5 300	(325)	29 498
2. Information Communication Technology	27 136	4 699		(11 900)		(7 201)	19 935
3. Legal Services	7 253				1 400	1 400	8 653
4. Communication Services	31 486			31 681	2 900	34 581	66 067
Subtotal	95 698	4 699		14 156	9 600	28 455	124 153
Economic classification							
Current payments	93 513	4 699		9 431	9 600	23 730	117 243
Compensation of employees	55 358			(7 700)	9 600	1 900	57 258
Goods and Services	38 155	4 699		17 131		21 830	59 985
Interest and rent on land							
Transfers and subsidies to;				100		100	100
Provinces and municipalities							
Departmental agencies and account							
Universities and technikons							
Public corporations and private enterprises							
Foreign governments and international organisations							
Non-profit institutions							
Households				100		100	100
Payments for capital assets	2 185			4 625		4 625	6 810
Buildings and other fixed structures							
Machinery and equipment	1 365			5 445		5 445	6 810
Cultivated assets							
Software and other intangible assets	820			(820)		(820)	
Land and subsoil assets							
Heritage assets							
Specialised military assets							
Payments for financial assets							
Total	95 698	4 699		14 156	9 600	28 455	124 153

Programme 3. Policy and Governance

Table 1.1.3: Adjusted Estimates

Subprogramme		2014/15					
R'thousand	Main appropriation	Adjustments Appropriation					Adjusted appropriation
		Roll-overs	Unforeseeable / unavoidable	Virements and shifts	Declared unspent	Other adjustments	
1.Special Programmes	15 556			(1 869)		500	14 187
2.Intergovernmental Relations	8 430			445		2 000	10 875
3.Provincial Policy Management	20 210			(2 076)	(1 200)	3 200	20 134
Subtotal	44 196			(3 500)	(1 200)	5 700	45 196
Economic classification							
Current payments	43 661			(3 485)	(1 200)	5 700	44 676
Compensation of employees	33 408			(5 900)	(1 200)	5 700	32 008
Goods and Services	10 253			2 415			12 668
Interest and rent on land							0
Transfers and subsidies to;	365			(25)			340
Provinces and municipalities							
Departmental agencies and account							
Universities and technikons							
Public corporations and private enterprises							
Foreign governments and international organisations							
Non-profit institutions							
Households	365			(25)			340
Payments for capital assets	170			10			180
Buildings and other fixed structures							
Machinery and equipment	170			10			180
Cultivated assets							
Software and other intangible assets							
Land and subsoil assets							
Heritage assets							
Specialised military assets							
Payments for financial assets							
Total	44 196			(3 500)	(1 200)	5 700	45 196

Details of adjustments to estimates of Provincial Revenue and Expenditure 2014

Roll-overs - R4.600 million

Programme 2: Institutional Enhancement

The approved rollover of R4.600 million will be utilised for the procurement of the Community Development Workers (CDW) laptops.

Unforeseeable and Unavoidable expenditure-

Not applicable to the department

Virements and Shifts-

Table 1.2: Details on virements and shifts within a department

Programmes Summary					Motivation	R' thousand						Motivation	R' thousand	
1.Administration						(10 656)	1.Administration							
2.Institutional Development							2.Institutional Development							14 156
3.Policy and Governance						(3 500)	3.Policy and Governance							
FROM:							TO:							
Programme by Economic classification		Motivation		R' thousand		Programme by Economic classification		Motivation		R' thousand				
Programme 1				(16 400)		Programme 2				7 656				
Compensation of employees		To finance Provincial Communication strategy and operational costs of Programme 2		(16 400)		Goods and services		To finance Provincial Communication strategy and operational costs of Programme 2		7 656				
						Programme 1 - Goods and Services		Finance operational for programme 1		8 744				
Goods and Services		To finance households and capital assets		(3 194)		Programme 1 - Households		To finance households		36				
						Programme 1 -Capital Assets		To finance capital assets		158				
						Programme 2 -Goods and services		To finance Provincial Communication strategy and operational costs of Programme 2		3 000				
Percentage of programme budget				8%										

Programmes Summary		Motivation	R' thousand			Motivation	R'thousand
Programme 2			(5 530)	Programme 2			5 530
Goods and Services	To finance Operational budget in Programme 2		(4 710)	Transfers and subsidies	To finance operational budget within programme 2		100
Software and intangible			(820)	Capital Assets			5 430
Percentage of programme budget			0%				
Programme 3			(6 075)	Programme 3			6 075
Households	To finance items that are overspending such as Capital Assets ,Goods and Services within programme 3		(175)	Goods and services	To finance items that are overspending such as Capital Assets ,Goods and Services within programme 3		6 065
Compensation of employees			(5 900)	Capital Assets			10
Goods and services			(150)	Transfers and subsidies			150
Goods and services	To finance Provincial Communication strategy and operational costs of Programme 2		(3 500)	Programme 2 - Goods and services	To finance Provincial Communication strategy and operational costs of Programme 2		3 495
				Capital Assets			5
Percentage of programme budget			8%				
Total			(14 156)				14 156

Virements

Programme 1: Administration

A virement of **R7.656 million** from compensation of employees in programme 1 was shifted to Programme 2 - goods and services. An amount of **R3.000 million** from goods and services is a virement to Programme 2 to finance Provincial Communication strategy and other operational costs in the department.

Programme 2: Institutional Development

Programme 2 received a virement from Programme 1 of **R10.656 million** which was allocated to goods and services to fund the Provincial Communication Strategy. An amount of **R3.500 million** was shifted from goods and services in Programme 3 to be allocated to goods and services (R3.495 million) and capital assets (R0.005 million) in programme 2.

Shifting of Funds within Main Division

Programme 1: Administration

A shifting of **R0.194 million** from goods and services was made to capital assets of **R0.158 million** and **R0.036 million** to Households respectively. And an amount of **R8.744 million** in Programme 1 was shifted to goods and services in the same programme. A total amount of **R0.183 million** was to cover the total overspending of goods and services, households (R0.011 million) and capital assets (R0.172 million) within Programme 1.

Programme 2: Institutional Development

An amount of **R4.710 million** from goods and services was shifted to transfers and subsidies (R0.100 million) and capital Assets (R4.610 million). A further shifting of R0.820 million was shifted from software and intangible assets to machinery and equipment.

Programme 3: Policy and Governance

An amount of **R5.900 million** was shifted from Compensation of employees to goods and services within Programme 3.

An amount of **R0.175 million** was shifted from households to capital assets (R0.010 million) and Goods and services (R0.165 million) within Programme 3. An amount of **R0.150 million** from Goods and services was shifted to transfer and subsidies.

Other adjustments

The Department of the Premier received an additional R30.000 million for compensation of employees' shortfall.

Adjustments due to significant and unforeseeable economic and financial events

Not applicable

Use of funds in emergency situations in terms of section 16 of the PFMA

Not applicable in the department

Self-financing expenditure

Not applicable in the department

Funds shifted between votes following a transfer of function

An amount of **R1.200 million** was shifted to the Department of Education due to the transfer of an official from the Department of the Premier.

Funds shifted within a vote to follow a functions shift within the same vote

Not applicable in the department

Gifts, donations and sponsorships

Not applicable in the department

Declared unspent

Not applicable in the department

Amounts forming a direct charge against the provincial Revenue Fund

Not applicable

Expenditure 2013/14 and preliminary expenditure 2014/15

Table 1.3: Expenditure trends

	2013/14 Expenditure outcome					2014/15 Preliminary expenditure		
	Adjusted appropriation	Apr - Sep 2013	Apr - Sep 2013 % of adjusted appropriation	Apr 2013 - Mar 2014	Apr 2013 - Mar 2014 % adjusted appropriation	Adjusted appropriation	Apr - Sep 2014	Apr - Sep 2014 % of adjusted appropriation
R thousand								
1.Administration	132 811	64 855	49%	132 678	100%	134 664	67 871	50%
2.Institutional Enhancement	106 631	50 650	48%	98 280	92%	124 153	61 162	49%
3.Policy & Governance	39 973	19 993	50%	40 923	102%	45 196	23 054	51%
Subtotal	279 415	135 498	48.49%	271 881	97.30%	304 013	152 087	50.03%
Direct charge against the Provincial Revenue Fund								
Total	274 779	135 498	49.31%	271 881	98.95%	304 013	152 087	50.03%
Current payments	271 923	134 180	49%	268 965	98.91%	296 073	146 571	49.51%
Compensation of employees	186 799	93 694	50%	186 915	100%	205 064	102 686	50%
Goods and services	85 901	40 486	47%	82 050	96%	91 009	43 885	48%
Interest and rent on land								
Transfers and subsidies	543	461	84.90%	791	145.67%	512	991	193.55%
Provinces and municipalities								
Departmental agencies and accounts						11		
Universities and technikons								
Public corporations & private enterprises				32	0%			
Non-profit institutions	12		0%					
Households	592	461	78%	759	128%	501	991	198%
Payments for capital assets	2 313	857	37%	1 745	75.44%	7 428	4 525	60.92%
Buildings and other fixed structures								
Machinery and equipment	6 111	857	14%	1 745	29%	7 428	4 525	61%
Specialised military assets								
Cultivated assets								
Software and other intangible assets								
Heritage Asset								
Payments for financial assets				380				
Total	274 779	135 498	49.31%	271 881	98.95%	304 013	152 087	50.03%

Main Expenditure Trends for the first half of the 2014/5 Financial Year

Expenditure in the first six months of 2014/15 amounted to R152.087 million or 50.03 percent of the adjusted appropriation of R270.514 million for the current financial year. All the programmes had spent as expected. In comparison to the previous financial year, there is an increase of 0.72 percent increase in terms of spending.

The main decreases/increase related to:

Programme 1: Administration

The expenditure in the first six months of the 2014/15 financial year amounted to R67.871 million or 50 percent of the adjusted budget. Expenditure outcome in previous year was 1 percent less.

Programme 2: Institutional Development

The expenditure in the first six months of the 2014/15 financial year amounted to R61.162 million or 49 percent of the adjusted budget. Expenditure outcome in previous year was 48 percent. An improvement in spending in the current financial year is due to the spending on the communication strategy.

Programme 3: Policy and Governance

The expenditure in the first six months of the 2014/15 financial year amounted to R23.054 million or 51 percent of the adjusted budget which exceeded the norm by only 1 percent. Expenditure outcome in previous year was at 50 percent spending and within the norm.

Current Payments

The 49.5 percent spending on current payments in the first six months is due to procured Goods and Services in the Department of which it contribute 78 percent of appropriated budget.

Transfers and Subsidies

The R0.991 million or 193.5 percent spending on transfers in the first six months is due to unanticipated resignations and death of personnel in the department.

Payments for Capital Assets

The R4.525 million or 60.9 percent is mostly contributed by the procurement of laptops for CDW personnel.

Departmental receipts

Table 1.4: Departmental receipts trends

R thousand	2013/14					2014/15			
	Audited outcome					Actual receipts			
	Adjusted estimate	Apr - Sep 2013	Apr - Sep 2013 % of adjusted estimate	Apr 2013 - Mar 2014	Apr 2013- Mar 2014 % adjusted estimate	Budget estimate	Adjusted estimate	Apr - Sep 2014	Apr - Sep 2014 % of adjusted estimate
Departmental receipts	4 648	2 263	48.69%	5 416	116.52%	5 043	5 179	2 900	56.00%
Tax receipts									
Sales of goods and services other than	4 000	1 612	40%	5 028	126%	4 376	4 962	2 757	56%
Transfers received									
Fines, penalties and forfeits									
Interest, dividends and rent on land	3	6	200%			3	3	1	33%
Sales of capital assets									
Financial transactions in assets and liabilities	645	645	100%	388	60%	664	214	142	66%
Provincial Revenue Fund receipts (non-departmental receipts)									
Restructuring proceeds from SASRIA									
Structured levy account from SARB									
Total	4 648	2 263	48.69%	5 416	116.52%	5 043	5 179	2 900	56.00%

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

Over/ under collection due to following:

Services Rendered: Commission on Insurance

- The original projection on the collation of this item was under estimated and will therefore be increased in the proposed adjustment budget.

Sale of goods produced by the Department

- There is marked increase from the collections for the previous financial year for the adverts in, and subscriptions to, the Provincial Gazette and the Tender Bulletin.

Sale of scrap

- A delay in the delivery of cellphone handsets is resulting in the under collection on this item. It is expected that there will be an increase in the collection under this item, resulting in an increase in the proposed adjustment budget.

Interest

- The small amount collected under this item is as a result of the few interest bearing debts, and the slow payment rate by debtors.

Financial transactions in assets and liabilities

- It is not projected that the budgeted amount on these items will be collected, therefore it is proposed that the amount be decreased in the adjustment budget

Changes to transfers and subsidies, including conditional grants

Not applicable to the department

Revised Infrastructure project list

Not applicable to the department

Changes to Revenue Enhancement Allocation, Including Earmarked funds

Table 1.5: Summary of changes Provincial Earmarked Funds per programme

Subprogramme		2014/15							
R'thousand	Main appropriation	Adjustments Appropriation							
		Roll-overs	Unforeseeable / unavoidable	Virements and shifts	Declared unspent	Other adjustments	Total adjustment appropriation	Adjusted appropriation	
Economic classification									
1.Programme 2;Institutional Enhancement									
Current	15 000			(15 000)			(15 000)		
Goods and Services									
Contractors:graphic design	15 000			(15 000)			(15 000)		
2.Programme 2;Institutional Enhancement									
Current				15 000			15 000	15 000	
Goods and Services									
Advert:Marketing				10 400			10 400	10 400	
Capital Assets									
Machinery and equipment									
Laptops				4 600			4 600	4 600	
Total Provincial Earmarked funds		15 000							15 000